

Y4  
.C 73/2

1041

47  
92-26  
92-47  
92-47  
92-47

92-47

# INTERNATIONAL VOLUNTARY STANDARDS COOPERATION ACT OF 1971

GOVERNMENT

Storage

DOCUMENTS

MAY 8 1972

## HEARINGS

BEFORE THE

### SUBCOMMITTEE ON

### FOREIGN COMMERCE AND TOURISM

OF THE

### COMMITTEE ON COMMERCE

### UNITED STATES SENATE

NINETY-SECOND CONGRESS

SECOND SESSION

ON

### S. 1257

TO AUTHORIZE AN APPROPRIATION FOR FISCAL YEAR 1972  
TO CARRY OUT THE METRIC SYSTEM STUDY

### S. 1798

TO FOSTER FULLER U.S. PARTICIPATION IN INTERNATIONAL  
TRADE BY THE PROMOTION AND SUPPORT OF REPRESENTA-  
TION OF U.S. INTERESTS IN INTERNATIONAL VOLUNTARY  
STANDARDS ACTIVITIES, AND FOR OTHER PURPOSES

JUNE 18 AND JULY 16, 1971

### Serial No. 92-47

Printed for the use of the Committee on Commerce



U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1972

74-465 O

KSU LIBRARIES

A11900 966694

THE LIBRARY  
KANSAS STATE UNIVERSITY

AY  
5/27/59.  
74-59

COMMITTEE ON COMMERCE

WARREN G. MAGNUSON, Washington, *Chairman*

JOHN O. PASTORE, Rhode Island	NORRIS COTTON, New Hampshire
VANCE HARTKE, Indiana	JAMES B. PEARSON, Kansas
PHILIP A. HART, Michigan	ROBERT P. GRIFFIN, Michigan
HOWARD W. CANNON, Nevada	HOWARD H. BAKER, Jr., Tennessee
RUSSELL B. LONG, Louisiana	MARLOW W. COOK, Kentucky
FRANK E. MOSS, Utah	MARK O. HATFIELD, Oregon
ERNEST F. HOLLINGS, South Carolina	TED STEVENS, Alaska
DANIEL K. INOUE, Hawaii	J. GLENN BEALL, Jr., Maryland
WILLIAM B. SPONG, Jr., Virginia	

FREDERICK J. LORDAN, *Staff Director*

MICHAEL PERTSCHUK, *Chief Counsel*

EMANUEL ROUVELAS, *Staff Counsel*

ERIC H. M. LEE, *Staff Counsel*

ARTHUR PANKOPF, Jr., *Minority Staff Director*

DAVID CLANTON, *Minority Staff Counsel*

---

SUBCOMMITTEE ON FOREIGN COMMERCE AND TOURISM

DANIEL K. INOUE, Hawaii, *Chairman*

VANCE HARTKE, Indiana	ROBERT P. GRIFFIN, Michigan
HOWARD W. CANNON, Nevada	HOWARD H. BAKER, Jr., Tennessee
RUSSELL B. LONG, Louisiana	TED STEVENS, Alaska
FRANK E. MOSS, Utah	J. GLENN BEALL, Maryland

(II)

# CONTENTS

	Page
Opening statement by the chairman.....	1
Text of bills:	
S. 1257.....	2
S. 1798.....	3
Agency comments on S. 1798:	
Atomic Energy Commission.....	13
National Aeronautics and Space Administration.....	13
Department of Defense.....	13
Department of the Treasury.....	14
Department of State.....	14
Deputy Attorney General.....	15
Department of the Interior.....	16
Federal Communications Commission.....	17
Environmental Protection Agency.....	19
Comptroller General.....	20
Secretary of Transportation.....	20
Federal Trade Commission.....	21
Secretary of Commerce.....	24

## CHRONOLOGICAL LIST OF WITNESSES

### JUNE 18, 1971

Henriques, Vico, director of standards, Business Equipment Manufacturers Association, Washington, D.C.....	75
Prepared statement.....	78
Letter of June 25, 1971.....	92
Lynn, Hon. James T., Under Secretary of Commerce, Department of Commerce; accompanied by Richard O. Simpson, Deputy Assistant Secretary of Commerce for Product Standards.....	24
Prepared statement.....	41
Questions and the answers thereto.....	45
Trowbridge, Roy, president, American National Standards Institute, Inc., New York, N.Y.; accompanied by Donald Peyton, management director.....	54
Vannah, William E., manager of Corporate Programs, Foxboro, Co., Foxboro, Mass., on behalf of the Scientific Apparatus Makers Association.....	93
Prepared statement.....	94
Questions and the answers thereto.....	97

### JULY 16, 1971

Adduci, V. J., president, Electronic Industries Association; accompanied by Raymond E. Johnson, general counsel; and Allen M. Wilson, manager, Engineering Department.....	120
Prepared statement.....	125
Falk, Bernard H., vice president, National Electrical Manufacturers Association; accompanied by Howard Michener, manager, Engineering and Safety Regulations Department.....	100
Letter of July 27, 1971.....	103
LaQue, Francis, president, ISO, American National Standards Institute, New York, N.Y.....	130
Prepared statement.....	136

	Page
McAdams, William A., president, U.S. National Committee of the International Electrotechnical Commission, New York, N.Y.; accompanied by Leon Podolsky, vice president, U.S. National Committee-----	139
Letter of August 9, 1971-----	144
Prepared statement-----	146
Recommended changes of S. 1798-----	151
Morris, Joseph T., executive vice president, National Association of Photographic Manufacturers, Inc.; accompanied by Thomas J. Duffy-----	111
Prepared statement-----	116
Questions and the answers thereto-----	118
Ragan, William, Ragan & Mason, Washington, D.C., on behalf of Sea-Land Service, Inc.-----	105
Sherr, Sava I., on behalf of the Institute of Electrical Electronics Engineers, Inc.; accompanied by Bertram Stanleigh-----	106

#### ADDITIONAL ARTICLES, LETTERS, AND STATEMENTS

Chapter 32: Business Machines—Conventional Business Machines, article from U.S. Industrial Outlook-----	80
Kuiper, B. E., INFCO, secretariat, International Organization for Standardization, letter-----	88
Landis, J. W., American Nuclear Society, letter of January 14, 1972-----	164
Letson, William N., General Counsel, Department of Commerce, letter of December 1, 1971-----	165
Merrill, P. Edward, president, Micro Devices Corp., letter of June 8, 1971--	165
Nader, Ralph, letter-----	161
Pillard, Charles H., international president, International Brotherhood of Electrical Workers, letter of August 20, 1971-----	166
Rhodes, Allen F., president, The American Society of Mechanical Engineers, letter of June 3, 1971-----	163
U.S. Foreign Trade in Business Machines Hits Peak in 1970, article from U.S. Department of Commerce News-----	86

# INTERNATIONAL VOLUNTARY STANDARDS COOPERATION ACT OF 1971

FRIDAY, JUNE 18, 1971

U.S. SENATE,  
SUBCOMMITTEE ON FOREIGN COMMERCE AND TOURISM,  
COMMITTEE ON COMMERCE,  
*Washington, D.C.*

The subcommittee met at 10:10 a.m., in room 5110, New Senate Office Building, Hon. Daniel K. Inouye (chairman of the subcommittee), presiding.

Present: Senators Inouye, Cannon, and Stevens.

## OPENING STATEMENT BY THE CHAIRMAN

Senator INOUE. The subcommittee will come to order.

This morning we take up two bills: S. 1257, to authorize an appropriation for fiscal year 1972 to carry out the metric system study, and S. 1798, to foster fuller U.S. participation in international trade by the promotion and support of U.S. interests in international voluntary standards activities, and for other purposes.

S. 1257 would authorize \$144,000 for the completion of the metric study, the final report of which is due in August of this year.

S. 1798 is legislation intended to improve our position in international trade and is a recognition of the importance of international standards to trade. Inadequate U.S. participation in the process of developing international standards can place our products at a serious disadvantage in the markets of the world.

For example, the Department of Commerce has stated that the differences in standards in European and American color television systems is estimated to have cost U.S. industry many millions of dollars. When satellite communication became possible, complex converters were needed to allow interchange of programs. Even today, U.S. television programs cannot be taped here and fed directly into transmitters of European origin.

Moreover, it is clear that new developments in the standards and certification area, particularly in Europe, pose a clear threat of becoming serious nontariff barriers to our exports.

S. 1798 sets forth a program intended to strengthen U.S. participation in international standards and thus promote the adoption of standards compatible with American interests. The bill would provide authority to the Department of Commerce in this regard and would also authorize some Government financial support.

(The bills and agency comments follow:)

Staff members assigned to these hearings: Emanuel Rouvelas and Eric H. M. Lee.

92<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1257

---

IN THE SENATE OF THE UNITED STATES

MARCH 16, 1971

MR. MAGNUSON (by request) introduced the following bill; which was read twice  
and referred to the Committee on Commerce

---

## A BILL

To authorize an appropriation for fiscal year 1972 to carry out  
the metric system study.

- 1        *Be it enacted by the Senate and House of Representa-*  
2        *tives of the United States of America in Congress assembled,*  
3        That there are hereby authorized to be appropriated for the  
4        use of the Department of Commerce during fiscal year 1972,  
5        such sums, not to exceed a total of \$144,000, as may be  
6        necessary to carry out the purposes of the Act of August 9,  
7        1968 (82 Stat. 693; Public Law 90-472).

92<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# S. 1798

---

IN THE SENATE OF THE UNITED STATES

MAY 6, 1971

Mr. MAGNUSON (by request) introduced the following bill; which was read twice and referred to the Committee on Commerce

---

## A BILL

To foster fuller United States participation in international trade by the promotion and support of representation of United States interests in international voluntary standards activities, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       SECTION 1. This Act may be cited as the "International  
4       Voluntary Standards Cooperation Act of 1971".

5       SEC. 2. The Congress finds that participation in the de-  
6       velopment of international voluntary standards and appropri-  
7       ate use of such standards by United States industry can con-  
8       tribute significantly to the growth of international trade and  
9       prosperity. The Congress further finds that the effectiveness

1 of United States participation in the development and adop-  
2 tion of voluntary standards is increased by cooperation be-  
3 tween Government and industry in standards matters and  
4 that such cooperation can be improved by providing within  
5 the Government a focus for international voluntary standards  
6 activities. The Congress, therefore, declares that a purpose of  
7 this Act is to promote and support adequate representation of  
8 United States interest in international voluntary standard-  
9 ization activities for the benefit of producers, distributors,  
10 employees, users, consumers, and the general public. Another  
11 purpose is to promote international trade through appropriate  
12 implementation of international voluntary standardization  
13 agreements within the United States.

14 SEC. 3. As used in this Act:

15 (a) "Secretary" shall mean the Secretary of Commerce.

16 (b) The term "voluntary standards" shall mean indus-  
17 trial and commercial standards for products, processes, proce-  
18 dures, conventions, test methods, and the physical, functional,  
19 and performance characteristics thereof where acceptance and  
20 use of such standards by all persons or by a specified class of  
21 persons is not required by State or Federal law or regulation.

22 (c) The term "international voluntary standard" shall  
23 mean a voluntary standard developed for use within the terri-  
24 tory of two or more countries or for appropriate recognition  
25 within the territory of two or more countries as a standard  
26 upon which national standards should be harmonized.

1 (d) The term "international standards system" shall  
2 mean an agreement between competent governmental or  
3 nongovernmental bodies in two or more countries which  
4 provides for the mutual recognition of national or regional  
5 programs to assure that a product, process, convention, or  
6 test method, or the physical functional, or performance char-  
7 acteristic thereof complies with an identified standard.

8 (e) "International standardization activities" shall  
9 mean the negotiation, development, adoption, or utilization  
10 of international voluntary standards or international standards  
11 systems.

12 SEC. 4. The Secretary is hereby assigned principal  
13 responsibility within the Federal Government for interna-  
14 tional standardization activities. He shall:

15 (a) Identify international standardization activities  
16 which may substantially affect the commerce of the United  
17 States and wherein participation by domestic organizations  
18 is insufficient to assure that the interests of the United States  
19 are adequately protected.

20 (b) Provide for appropriate participation by private or  
21 governmental bodies of the United States in such standard-  
22 ization activities.

23 (c) Encourage the use of international voluntary stand-  
24 ards and international standards systems within the United  
25 States where he determines that it is in the public interest  
26 to do so.

1       SEC. 5. In performing his functions under this Act the  
2 Secretary shall:

3       (a) Inform the Secretary of State of any contemplated  
4 action which involves the international relations of the United  
5 States and shall take such action with the advice and con-  
6 currence of the Secretary of State.

7       (b) Assure that optimum use is made of private capa-  
8 bilities and resources.

9       SEC. 6. (a) The Secretary is authorized to establish  
10 arrangements to provide for appropriate representation of  
11 United States interests in international standardization ac-  
12 tivities through private nonprofit organizations. Arrange-  
13 ments established under this subsection shall include pro-  
14 vision to assure that the interests of producers, distributors,  
15 users, and consumers are adequately represented. Such ar-  
16 rangements shall include guidelines for private organizations  
17 representing United States interests in international stand-  
18 ardization activities under this Act to insure that the negoti-  
19 ating positions of such organizations will be in the public  
20 interest, or shall provide a reasonable opportunity to the  
21 Secretary or his designee to review the proposed negotiating  
22 positions of such organizations to determine that they are in  
23 the public interest.

24       (b) The Secretary is authorized to conduct such in-  
25 vestigations and studies by contract or otherwise as may be  
26 necessary to carry out his functions under this Act.

1 (c) The Secretary may enter into grants, contracts, or  
2 other arrangements (including the supplying of services of  
3 Government employees) to assist any private nonprofit or-  
4 ganization in the performance of international standardiza-  
5 tion activities in furtherance of an arrangement established  
6 under subsection (b) of this section.

7 (d) Where United States participation in international  
8 systems is deemed to be in the public interest, the Secretary  
9 may establish a system for the evaluation and accreditation  
10 of private domestic organizations which seek to confirm  
11 their technical capability to conduct tests or to evaluate the  
12 test procedures used by others for the purpose of document-  
13 ing compliance with a standard.

14 (e) Notwithstanding the provisions of Revised Statutes,  
15 section 3648, the Secretary may make payments in advance  
16 of the performance of service or the delivery of articles but  
17 he shall regulate the timing and amount of such payments  
18 with the objective of minimizing the time elapsing between  
19 disbursement from the Treasury and use of the funds by  
20 the recipient.

21 SEC. 7. In determining whether an international stand-  
22 ardization activity would be in the public interest, among  
23 the factors to be considered shall be the following:

24 (a) The technical adequacy of and need for any pro-  
25 posed international voluntary standard or international stand-

1 ards system and whether such standard or system is appro-  
2 priate to meeting the need.

3 (b) The effects of the international standardization ac-  
4 tivity on the public and occupational health and safety or  
5 the quality of the environment, taking into account applica-  
6 ble public health, safety, or environmental quality regulations,  
7 directives, and standards.

8 (c) Whether the standard may unreasonably limit com-  
9 petition to give rise to an unfair method of competition.

10 (d) The extent to which an international voluntary  
11 standard or international standards system being considered  
12 is supported by affected producers, users, distributors, and  
13 consumers.

14 SEC. 8. Where the Secretary determines, after consul-  
15 tation with affected private organizations and the Inter-  
16 agency Committee on Standards Policy established under  
17 section 12, that private participation in international stand-  
18 ardization activities under arrangements established under  
19 section 6 (a) has been insufficient to serve the purposes of  
20 this Act, he shall establish arrangements and procedures for  
21 governmental participation in international standardization  
22 activities to the extent necessary.

23 SEC. 9. Unless it is not in the public interest to do so,  
24 the Secretary shall list, under a classification system to be  
25 devised by him, each international voluntary standard, inter-

1 national standards system, or any modification thereof nego-  
2 tiated or developed pursuant to this Act. Each listed standard  
3 and a full description of each listed international system shall  
4 be available to the public, preferably from one or more of the  
5 private organizations involved in its development. If such  
6 standards and standards systems are not available privately,  
7 the Secretary shall make them available.

8       SEC. 10. (a) Each department and agency of the  
9 Federal Government shall encourage appropriate use of ap-  
10 plicable voluntary standards listed pursuant to section 9 and  
11 shall give appropriate recognition to international standards  
12 systems listed pursuant to section 9 in the procurement of  
13 supplies or services for its use.

14       (b) Any department or agency of the Federal Govern-  
15 ment may provide technical assistance to the Secretary on a  
16 reimbursable or nonreimbursable basis and may supply spe-  
17 cial technical services of its employees to assist private non-  
18 profit organizations in the performance of international  
19 standardization activities under this Act. The Secretary shall  
20 be currently informed of any special technical services of em-  
21 ployees furnished by a department or agency of the Federal  
22 Government in assisting private nonprofit organizations in the  
23 performance of international standardization activities.

24       SEC. 11. (a) The Secretary may establish such policies  
25 and prescribe such rules, regulations, and procedures as he

1 may deem necessary for the administration of this Act and  
2 to carry out the functions authorized hereunder.

3 (b) Where information is furnished or services rendered  
4 under section 6 (d) and section 9, he may establish reason-  
5 able fees or charges therefor. Amounts received as a result  
6 of such fees or charges may be deposited to the credit of  
7 the appropriation or fund against which the cost of perform-  
8 ing the services were charged.

9 SEC. 12. (a) To provide policy guidance and to assist  
10 the Secretary in carrying out his responsibilities under this  
11 Act, there shall be established an Interagency Committee  
12 on Standards Policy consisting of members representing the  
13 Departments of Defense, Justice, Interior, State, Housing  
14 and Urban Development, Commerce, Labor, Treasury,  
15 Health, Education, and Welfare, and Transportation, the  
16 General Services Administration, the National Aeronautics  
17 and Space Administration, the Federal Communications Com-  
18 mission, the Atomic Energy Commission, the Environmental  
19 Protection Agency, the Federal Trade Commission, and such  
20 other agencies as the Secretary deems advisable. The Secre-  
21 tary or his representative shall be the Chairman of the Com-  
22 mittee.

23 (b) The Secretary may also consult with the Committee  
24 in considering whether a particular international standardi-  
25 zation activity would be in the public interest, and in any

1 event shall consult with the Committee concerning an in-  
2 ternational standardization activity upon the request of a  
3 member of the Committee who shall be kept advised of  
4 all proposed international standardization activities pending  
5 before the Secretary.

6       SEC. 13. On or before the 31st day of January of each  
7 year, the President shall transmit to the Congress an annual  
8 report for the preceding fiscal year. Such reports shall include  
9 a comprehensive statement of the activities under this Act  
10 and may include such recommendations as the President  
11 deems appropriate. The Secretary shall provide such informa-  
12 tion and assistance as the President may require for the  
13 preparation of the report.

14       SEC. 14. (a) Each recipient of moneys under a grant  
15 or contract awarded pursuant to this Act shall keep such rec-  
16 ords and make such reports as the Secretary may prescribe,  
17 including information on the total cost of the approved pro-  
18 gram and the portion of the cost which is supplied by other  
19 sources. In the case of moneys received in advance of per-  
20 formance, such records and reports shall identify the unearned  
21 balance of advances on hand, the liabilities and obligations  
22 outstanding under such grant or contract, and the application  
23 of the funds received.

24       (b) The Secretary and the Comptroller General of the  
25 United States, or any of their duly authorized representatives,

1 shall have access to any books, documents, papers, and rec-  
2 ords of the recipient that are pertinent to its voluntary stand-  
3 ards activities under this Act for the purpose of audit or to  
4 determine whether a proposed international voluntary stand-  
5 ard or international standards system is in the public interest.

6       SEC. 15. The negotiation, development, or listing of any  
7 voluntary standard or international standards system pursuant  
8 to this Act shall not affect any order, requirement, or regula-  
9 tion promulgated by an agency of the Federal, State, or local  
10 government, nor shall this Act affect in any way interna-  
11 tional military standardization activities conducted by the  
12 Department of Defense.

U.S. ATOMIC ENERGY COMMISSION,  
Washington, D.C., June 7, 1971.

HON. WARREN G. MAGNUSON,  
Chairman, Committee on Commerce,  
U.S. Senate,

DEAR SENATOR MAGNUSON: Thank you for the opportunity to express our views on S. 1798, a bill "To foster fuller United States participation in international trade by the promotion and support of representation of United States interests in international voluntary standards activities, and for other purposes."

The Atomic Energy Commission supports the purposes of the bill. We defer, however, to other Federal departments and agencies more directly concerned with respect to the enactment of this particular legislation.

The Office of Management and Budget has advised that there is no objection to the presentation of this report and that enactment of S. 1798 would be consistent with the Administration's objectives.

Cordially,

GLENN T. SEABORG, *Chairman.*

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION,  
Washington, D.C., June 10, 1971.

HON. WARREN G. MAGNUSON,  
Chairman, Committee on Commerce,  
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in further reply to your request for the comments of the National Aeronautics and Space Administration on the bill S. 1798, "To foster fuller United States participation in international trade by the promotion and support of representation of United States interests in international voluntary standards activities, and for other purposes."

S. 1798 would authorize the Secretary of Commerce to assume the primary responsibility for fostering fuller United States participation in international trade by promoting and supporting the representation of United States interests in international voluntary standards activities. In carrying out such duties, the Secretary would be authorized to make grants and contracts to private non-profit organizations which would act as representatives of the United States in any international voluntary standards activities or to send his own representatives where he deemed it necessary. There would be created an "Interagency Committee on Standards Policy" to assist the Secretary in carrying out his responsibilities under the Act. All Federal agencies would be encouraged to use the standards developed under the Act (except where they are inconsistent with mandatory standards published by Federal, state, or local agencies).

We believe that there is a real need for the authority which would be assigned to the Secretary of Commerce under this bill, and that the proposed activity should be beneficial to the United States in general, and in a limited way, to NASA, owing to our interest in engineering standards. In view of NASA's heavy aerospace and aeronautical involvement in international cooperation, we note with approval that the National Aeronautics and Space Administration is included in Sec. 12 as an agency to be represented on the new Interagency Committee on Standards Policy.

The National Aeronautics and Space Administration would have no objection to the enactment of S. 1798.

The Office of Management and Budget has advised that the enactment of S. 1798 would be consistent with the Administration's objectives.

Sincerely,

H. DALE GRUBB,  
*Assistant Administrator for Legislative Affairs.*

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE,  
Washington, D.C., June 17, 1971.

HON. WARREN G. MAGNUSON,  
Chairman, Committee on Commerce,  
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request for the views of the Department of Defense on S. 1798, 92d Congress, a bill "To foster fuller United States participation in international trade by the promotion and support of rep-

resentation of United States interests in international voluntary standards activities, and for other purposes."

This bill, in accordance with the finding of Congress that the development and use of international voluntary industrial standards can promote trade, provides for expanded participation in international standardization activities by both private and governmental agencies. It assigns to the Secretary of Commerce principal responsibility within the Federal Government for international standardization activities and requires him to establish mechanisms for implementation of the purposes of the Act within stated guidelines.

Since Section 15 of the bill provides that none of its provisions shall "affect in any way international military standardization activities conducted by the Department of Defense", the department interposes no objection to the legislation and defers to the Department of Commerce.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Committee and that the enactment of S. 1798 would be consistent with the Administration's objectives.

Sincerely,

L. NIEDERLEHNER,  
(For J. FRED BUZHARDT).

---

THE GENERAL COUNSEL OF THE TREASURY,  
*Washington, D.C., July 17, 1971.*

HON. WARREN G. MAGNUSON,  
*Chairman, Committee on Commerce, U.S. Senate,*  
*Washington, D.C.*

DEAR MR. CHAIRMAN: Reference is made to your request for the views of this Department on S. 1798, "To foster fuller United States participation in international trade by the promotion and support of representation of United States interests in international voluntary standards activities, and for other purposes."

The proposed legislation would give Congressional sanction to U.S. participation in the development of international voluntary standards for products, processes, procedures, conventions, test methods, and physical functional and performance characteristics, and would assign to the Secretary of Commerce the principal responsibility within the Federal Government for such participation.

This Department strongly supports the objective of the bill, to foster United States participation in the making of international standards. Standards can either serve as insurmountable barriers to international trade or they can assure that products can readily cross national boundaries and be usable everywhere. The development of standards by other countries without United States participation could have a catastrophic impact on our balance of trade. The lowering of tariff barriers can prove meaningless in any case where standards prove an absolute bar to market entry. Where international trade in highly complex electronic components and other products requiring high technology is assuming rapidly growing importance, it is crucial that the United States Government provide support to its private industry for the promotion and development of truly international standards, which producers in all countries will be free to apply. This is not an aspect of international trade that should be allowed to develop on a narrow regional basis.

The Department, therefore, recommends enactment of the proposed legislation.

The Department has been advised by the Office of Management and Budget that there is no objection to the submission of this report to your Committee and that enactment of the proposed legislation would be consistent with the Administration's objectives.

Sincerely yours,

ROY T. ENGLERT,  
*Acting General Counsel.*

---

DEPARTMENT OF STATE,  
*Washington, D.C., June 28, 1971.*

HON. WARREN G. MAGNUSON,  
*Chairman, Committee on Commerce,*  
*U.S. Senate,*

DEAR MR. CHAIRMAN: The Secretary has asked me to reply to your letter of May 12, 1971, requesting the comments of the Department of State on S. 1798, a bill "To foster fuller United States participation in international trade by

the promotion and support of representation of United States interests in international voluntary standards activities, and for other purposes."

The Department of State supports the enactment of the proposed legislation. Increased cooperation between Government and industry in standards matters should enable the United States to play a role in international standardization activities more commensurate with its economic position in the world than is the case at present and to exert greater efforts to ensure that international standards are compatible with those developed in the United States. Such cooperation would facilitate United States participation in international arrangements for the mutual recognition of programs to assure the conformity of products to agreed standards. If the United States were not able to participate in such arrangements its international trading interests could be adversely affected.

Recognizing the importance of standardization as the means of facilitating international trade, the leading European countries have increased their already substantial contributions to international voluntary standardization activities steadily over the past five years. The United States cannot afford to neglect this activity if it wishes to maintain or increase its share of world markets.

The Office of Management and Budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report and that the enactment of S. 1798 would be consistent with the Administration's objectives.

Sincerely,

DAVID M. ABSHIRE,  
*Assistant Secretary for Congressional Relations.*

---

OFFICE OF THE DEPUTY ATTORNEY GENERAL,  
*Washington, D.C., July 14, 1971.*

HON. WARREN G. MAGNUSON,  
*Chairman, Committee on Commerce,  
U.S. Senate, Washington, D.C.*

DEAR SENATOR: This is in response to your request for the views of the Department of Justice on S. 1798, a bill "To foster fuller United States participation in international trade by the promotion and support of representation of United States interests in international voluntary standards activities, and for other purposes."

Section 2 states that the purpose of the legislation "is to promote and support adequate representation of United States interest in international voluntary standardization activities for the benefit of producers, distributors, employees, users, consumers, and the general public" and "to promote international trade through appropriate implementation of international voluntary standardization agreements within the United States.

Section 4 assigns to the Secretary of Commerce the principal responsibility within the Federal Government for "international standardization activities" which is defined in Section 3.

Under Sections 4, 6 and 8, the Secretary shall provide for appropriate participation by private or governmental bodies in standardization activities. Section 6 authorizes the Secretary to establish arrangements for United States participation through private nonprofit organizations. These arrangements "shall include provision to assure that the interests of producers, distributors, users, and consumers are adequately represented" and "shall include guidelines . . . to insure that the negotiating positions of such organizations will be in the public interest, or shall provide a reasonable opportunity to the Secretary or his designee to review the proposed negotiating positions of such organizations to determine that they are in the public interest." Government participation is authorized where private efforts have been insufficient. Section 8 provides that the Secretary's determination that private participation is inadequate be made after consultation with the "Interagency Committee on Standards Policy." This Committee is established under Section 12. The Secretary may consult with the Committee in determining public interest and shall do so upon the request of a member of the Committee.

Section 7 lists a number of factors to be considered in determining whether international standardization activities are in the public interest.

Section 9 authorizes the Secretary to make available to the public, unless it is not in the public interest to do so, each "international voluntary standard" and "international standards system" developed pursuant to the legislation. (The quoted terms are defined in Section 3). Section 10 provides that each department and agency of the Federal Government "shall encourage appropriate use of applicable voluntary standards" and "shall give appropriate recognition to international standards systems . . . in the procurement of supplies or services for its use."

Section 11 authorizes the Secretary to prescribe regulations necessary for administering the legislation. Section 13 provides for the submission of annual reports to the Congress. Recognizing that "voluntary" standards are the subject matter of the legislation, Section 15 provides that the standards activities shall not affect mandatory standards promulgated by agencies of Federal, state or local governments.

While the establishment of international standards for products, materials and processes can result in enhanced competition in both domestic and international commerce, the establishment of unnecessary or unnecessarily rigid standards can not only significantly disadvantage existing and potential competitors, but it may also serve to impede innovation. Manufacturers should have the greatest possible latitude in choosing among different materials, processes and modes of production consistent with the objectives of needed standardization. The Department believes that the provisions of the legislation which require participation by divergent interest groups (see Section 6(a)) and the criteria for determining the public interest (see Section 7) should assure that the interests of smaller competitors, consumers and the national interest in free competitive markets are protected.

The Department of Justice recommends enactment of this legislation.

The Office of Management and Budget has advised that there is no objection to the submission of this report and that enactment of this legislation would be consistent with the Program of the President.

Sincerely,

RICHARD G. KLEINDIENST,  
*Deputy Attorney General.*

U.S. DEPARTMENT OF THE INTERIOR,  
OFFICE OF THE SECRETARY,  
*Washington, D.C., July 14, 1971.*

HON. WARREN G. MAGNUSON,  
*Chairman, Committee on Commerce,  
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in response to your request for the views of this Department on S. 1798, a bill "To foster fuller United States participation in international trade by the promotion and support of representation of United States interests in international voluntary standards activities, and for other purposes."

We recommend the enactment of this bill.

In recognition of the fact that the development of international voluntary standards would benefit U.S. industry and international trade, this bill would assign principal Government responsibility for international standardization activities to the Secretary of Commerce. In essence, the bill authorizes the Secretary to arrange for private and governmental participation in standardization activities, including the utilization of private nonprofit organizations in studies and investigations pertaining to standardization and the publication of lists of international voluntary standards, and to insure that such activities are in the public interest. The bill also establishes an Interagency Committee on Standards Policy to assist the Secretary in carrying out his responsibilities under the Act.

We believe that there would be considerable benefit in having a specific official designated to supervise and coordinate domestic participation in international voluntary standards activities. Moreover, in the interest of conserving national resources and protecting the environment, we favor standardization efforts because they promise to increase the efficiency of production and utilization of our resources. This bill appears to protect the public interest while at the same time drawing upon private capabilities.

The Office of Management and Budget has advised that there is no objection to the presentation of this report and that enactment of S. 1798 would be consistent with the Administration's program.

Sincerely yours,

HARRISON LOESCH,  
*Assistant Secretary of the Interior.*

---

COMMENTS OF THE FEDERAL COMMUNICATIONS COMMISSION ON S. 1798, 92D CONGRESS, 1ST SESSION, A BILL TO FOSTER FULLER UNITED STATES PARTICIPATION IN INTERNATIONAL TRADE BY THE PROMOTION AND SUPPORT OF REPRESENTATION OF UNITED STATES INTERESTS IN INTERNATIONAL VOLUNTARY STANDARDS ACTIVITIES AND FOR OTHER PURPOSES

S. 1798, the "International Voluntary Standards Cooperation Act of 1971," is a bill to foster fuller United States participation in international trade by the promotion and support of representation of United States interests in international voluntary standards activities, and to promote international trade through appropriate implementation of international voluntary standardization agreements within the United States. "Voluntary standards" are, for purposes of the bill, industrial and commercial standards for products, processes, procedures, etc., and their functional and performance characteristics where acceptance and use of such standards are not required by State or Federal law or regulation.

The Commission fully supports the purposes of the bill, although we believe that at the present time the telecommunications industry, of which we have expert knowledge, is actively pursuing the goals of the bill and does not require the kind of assistance which the bill empowers the Secretary of Commerce to provide.

The Secretary of Commerce, who is assigned principal responsibility within the Federal Government for international voluntary standardization activities, is directed (1) to identify those activities which may substantially affect the commerce of the United States and where more participation by domestic organizations is needed to assure that the interests of the United States are adequately protected, (2) to provide for appropriate participation by private or governmental bodies of the United States in such activities, and (3) to encourage domestic use of international voluntary standards. (Sec. 4)

In substance, the Secretary of Commerce can make arrangements and provide financial assistance for appropriate representation of United States interests in international standardization activities through private nonprofit organizations. If he makes such arrangements, they must include guidelines for the private organization or must provide him with an opportunity to review the proposed negotiating position to insure that the negotiating position of such organizations will be in the public interest. He also may make or have made investigations and studies necessary to the performance of his functions. In addition when he determines the United States domestic participation in an international standards system is in the public interest, he may establish a system to determine what private domestic organizations have the technical capability to determine compliance with the standard. (sec. 6)

The bill also establishes four criteria which are to be among the factors considered in determining whether an international standardization activity is in the public interest. These are (1) technical adequacy, need, and appropriateness in meeting the need; (2) effects on public and occupational health and safety or the quality of the environment; (3) competitive effects; and (4) extent of support by affected producers, users, distributors and consumers. (Sec. 7)

The Secretary also shall establish arrangements for governmental participation in international standardization activities if he determines, after consulting with the Interagency Committee on Standards Policy, that private participation as provided for in Sec. 6 is inadequate. (Sec. 8)

The bill establishes an Interagency Committee on Standards Policy to provide policy guidance and to assist the Secretary in executing his responsibilities under the Act. The Secretary is authorized to consult with the Interagency Committee in considering whether a particular international standardization activity is in the public interest. The Secretary is required to keep the Committee advised of all proposed international standardization activities pending before him;

and he is required to consult with the Committee concerning an international standardization activity upon the request of a member of the Committee. Among others, the Federal Communications Commission is named as a member of the Interagency Committee. (Sec. 12)

The bill also specifically reserves the regulatory authority of an agency such as the Federal Communications Commission by providing that the negotiation, development or listing of any voluntary standard or international standards system pursuant to the bill shall not affect any order, requirement or regulation promulgated by an agency of the Federal, State, or local government. (Sec. 15)

The bill authorizes any department or agency of the Federal Government to provide technical assistance to the Secretary and to supply special technical services of its employees to assist private nonprofit organizations in the performance of international standardization activities. If such assistance is given to nonprofit organizations, the Secretary of Commerce is to be kept currently informed. (Sec. 10)

We do not interpret the Secretary's authority as proposed in this bill to preclude the activities of industry groups that have for many years actively participated in the development of international voluntary standards and encouraged the domestic use of such standards or the existing government-industry cooperation in standards matters.

We have in mind specifically the work of the telecommunications industry in the adoption and use of domestic and international voluntary standards and the special technical assistance the Federal Communications Commission gives to the industry in preparing for negotiations on international voluntary standards. The Federal Communications Commission already plays an established role in encouraging and assisting in the adoption of domestic voluntary standards and urging industry initiative to obtain international acceptance of these voluntary domestic standards.

We believe a brief review of the existing organization of the telecommunications industry and the work of the Federal Communications Commission as they relate to international voluntary standards activities will be helpful in establishing for the record the kind of initiative within the radio communications industry and the kind of government cooperation which promote representation of the United States interest in voluntary standards activities.

The Federal Communications Commission was created under the Communications Act of 1934 (47 U.S.C. § 151) to regulate interstate and foreign commerce in communications by wire and radio in the public interest. The Commission's jurisdiction extends to all interstate and foreign communications by wire and radio and all interstate and foreign transmission of energy by radio which originates and/or is received within the United States. (47 U.S.C. § 152(a)). Communications by wire and radio include all instrumentalities, facilities, apparatus, and services incidental to the transmission of the communication. (47 U.S.C. §§ 153(a), (b), (d)).

Under the authority of the Communications Act, the Commission has enacted mandatory rules and regulations in the public interest. Among those rules and regulations are technical performance standards for certain equipment and operations. In addition to compliance with these mandatory technical standards, the telecommunications industry also works diligently for the adoption of voluntary technical standards by the industry.

One industry group, e.g., the Electronic Industries Association (EIA), sponsors the work of many technical committees. The standards adopted by EIA are generally recognized by consensus; and manufacturers of transmitting equipment generally comply with the standards. Often these voluntary standards, after appropriate procedures, form the basis for mandatory rules which the Federal Communications Commission adopts in the public interest.

The technical committees of EIA maintain close liaison with the Office of the Chief Engineer of the Federal Communications Commission. Technical personnel of the Commission are often invited to serve on various groups within the industry organization. The Federal Communications Commission has encouraged this kind of industry-government cooperation so that voluntary standards adopted by the industry will harmonize with the rules and policies which the Commission has found to be in the public interest.

EIA and similar associations for other industries comprise a domestic association known as The American National Standards Institute. ANSI represents United States industries in the International Electrotechnical Commission (IEC).

ANSI and its foreign industry counterparts meet and negotiate within the IEC on international voluntary standards. The standards proposed by ANSI in these negotiations are those recommended by EIA or other member organizations. Any agreements reached within the IEC are, of course, private and do not have treaty status, even though some of ANSI's foreign counterparts may be government controlled. From the international standpoint, thus, these industry standards are still voluntary even though a nation may make them mandatory within its own jurisdiction.

In summary, the telecommunications industry exemplifies the kind of industry initiative and government encouragement of that initiative, both domestically and internationally, which the bill seeks to foster. We read nothing in the bill which would impede the activity already established in this industry with Commission cooperation to develop and adopt voluntary standards both domestically and internationally. If the telecommunications industry should not participate sufficiently in voluntary standardization activities to protect United States interests, we believe the encouragement and financial assistance contemplated by the bill would be useful. We therefore support passage of this legislation.

Adopted: July 14, 1971.

Commissioners R. E. Lee and Wells absent.

---

ENVIRONMENTAL PROTECTION AGENCY,  
OFFICE OF THE ADMINISTRATOR,  
Washington, D.C., July 20, 1971.

HON. WARREN G. MAGNUSON,  
Chairman, Committee on Commerce,  
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Your Committee has requested the views of the Environmental Protection Agency on S. 1798, a bill "To foster fuller United States participation in international trade by the promotion and support of representation of United States interests in international voluntary standards activities, and for other purposes."

S. 1798, the proposed "International Voluntary Standards Cooperation Act of 1971," would promote and strengthen adequate representation of United States interests in international voluntary standardization activities for the benefit of producers, distributors, employees, consumers, and the general public and would promote international trade through appropriate implementation of international voluntary standardization agreements within the United States. S. 1798 designates the Secretary of Commerce as the Federal officer with primary responsibility for these activities, to identify activities in which more United States participation is needed, to provide for appropriate participation by the United States, and to encourage appropriate use of voluntary international standard. To assist the Secretary in fulfilling these responsibilities, S. 1798 would establish an interagency advisory committee comprised of representatives of various Federal departments and agencies with which he would consult to determine whether a particular international standardization activity would be in the public interest.

The Environmental Protection Agency has no objection to the enactment of S. 1798 by the Congress.

We are particularly pleased with the provision in Section 7(b) of the bill which ensures that any voluntary, international, industrial, or commercial standard would be consistent with applicable environmental quality authorities, policies, and standards. EPA representation on the proposed Interagency Committee on Standards Policy, provided in Section 12(a) of the bill, reflects the very positive role that EPA would play in assisting the Secretary of Commerce in carrying out his responsibilities. The provision in Section 12(b) that Committee members be advised of all proposed standardization activities pending before the Secretary would ensure that environmental protection considerations would be given due and proper review when EPA is so advised and consulted by the Secretary of Commerce.

We would therefore have no objection in enactment of S. 1798 by the Congress.

The Office of Management and Budget has advised that there would be no objection to the presentation of this report from the standpoint of the President's program.

Sincerely yours,

WILLIAM D. RUCKELSHAUS, *Administrator.*

COMPTROLLER GENERAL OF THE UNITED STATES,  
*Washington, D.C., July 21, 1971.*

HON. WARREN G. MAGNUSON,  
*Chairman, Committee on Commerce,  
 U.S. Senate.*

DEAR MR. CHAIRMAN: By letter of May 12, 1971, you requested our comments on S. 1798, 92d Congress, which, if enacted, would be cited as the "International Voluntary Standards Cooperation Act of 1971."

We have no special information as to the advantages or disadvantages of the measure and therefore make no comments regarding its merits. However, we have the following comments concerning specific provisions of the bill.

Section 2 of the bill states that a purpose is to promote and support adequate representation of United States interest in international voluntary standardization activities for the benefit of producers, distributors, employees, users, consumers, and the general public. Section 6(a), however, does not include provision to assure that the interests of employees and the general public are adequately represented in the arrangements authorized to be established. Employees and the general public are also omitted from section 7(d) which states one of the factors to be considered in determining whether an international standardization activity would be in the public interest.

Section 4(a) requires the Secretary to identify international standardization activities which may substantially affect the commerce of the United States and wherein participation by domestic organizations is insufficient to assure that the interests of the United States are adequately protected. Section 6(c) permits the Secretary to enter into grants, contracts, or other arrangements to assist any private nonprofit organization in the performance of international standardization activities. It is not clear whether the grants, contracts, and other arrangements are available to domestic organizations whose participation is found to be sufficient as well as to those whose participation is determined by the Secretary to be insufficient. We also believe that section 6(c) should specify the nature and extent of expenses for which financial assistance may be provided.

Section 11(b) provides that amounts received as a result of fees or charges established by the Secretary may be deposited to the credit of the appropriation or fund against which the cost of performing the services was charged. We recommend that the bill be revised to require that such fees or charges be deposited as miscellaneous receipts into the Treasury. The committee may wish to add a section to the bill to provide the authorization of appropriations for carrying out the provisions of the bill.

Section 12(a) provides for the establishment of an Interagency Committee on Standards Policy consisting of members representing various Departments. We recommend that the Department of Agriculture be included as a member of the proposed committee. Our recommendation stems from previous reviews of international trade matters wherein the interests of the United States Department of Agriculture are all too often overlooked. In our report to the Congress on "Need for Interagency Consideration of Applications for Investment Surveys and Guarantees Involving Potential Displacement of United States Agricultural Exports" (B-166077 dated April 27, 1971) we recommended that the USDA be given an effective role in deliberating the merits of investment guarantees covering projects which might displace existing United States agricultural markets.

Sincerely yours,

ROBERT F. KELLER,  
*Deputy Comptroller General of the United States.*

OFFICE OF THE SECRETARY OF TRANSPORTATION,  
*Washington, D.C., October 18, 1971.*

HON. WARREN G. MAGNUSON,  
*Chairman, Committee on Commerce,  
 U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in response to your request for Departmental views on S. 1798, a bill to foster fuller U.S. participation in international trade by the promotion and support of representation of U.S. interest in international voluntary standards activities, and for other purposes.

The Secretary of Commerce is assigned principal responsibility within the Federal Government for international standardization activities. To provide policy guidance and to assist the Secretary in carrying out his responsibilities, the bill would establish an Interagency Committee on Standards Policy consisting of members representing the Departments of Defense, Justice, Interior, State, Housing and Urban Development, Commerce, Labor, Treasury, Health, Education and Welfare, Transportation, GSA, NASA, FCC, AEC, EPA, FTC, and such other agencies as the Secretary deems advisable.

The development of an international system of standards would provide an atmosphere in which the United States could trade in world markets on an equal footing with other nations, not handicapped by standards that are incompatible with our own. In the past, U.S. participation in international nontreaty standards work has come from those firms which have found that their business success is related to the use of international standards. However, participation has been uneven; some areas have received little support. Also, the impact of standards upon small firms, consumers, and U.S. foreign policy has often received insufficient attention. On the other hand, this bill would provide for appropriate participation by all affected U.S. interests in international standardization activities, thus promoting international trade while assuring that the legitimate interests of consumers and small businesses are protected. We, therefore, support enactment of S. 1798.

The Office of Management and Budget has advised that there is no objection to the submission of this report to the Congress and that enactment of S. 1798 would be consistent with the Administration's objectives.

Sincerely,

JOHN W. BARNUM,  
*General Counsel.*

---

FEDERAL TRADE COMMISSION,  
OFFICE OF THE SECRETARY,  
Washington, D.C., December 6, 1971.

HON. WARREN G. MAGNUSON,  
*Chairman, Committee on Commerce,  
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This reply is in response to your request for the Commission's comments on S. 1798, 92d Congress, 1st Session, a bill "To foster fuller United States participation in international trade by the promotion and support of representation of United States interests in international voluntary standards activities, and for other purposes.

The Commission's response has been delayed to permit members of its staff to meet with representatives of the Department of Commerce to discuss and explore the many considerations which bear upon the bill. The Department of Commerce has held meetings with representatives of various organizations which have testified on S. 1798 (H.R. 8111, a companion bill) before Senator Inouye's Subcommittee on Foreign Commerce. The results of those meetings, together with recommendations for amendment, were communicated to Congressman Moss and Senator Inouye by letters from Secretary Stans (see enclosed copies). The Commission's comments on S. 1798 are made in the light of the amendments recommended in Secretary Stans' letter.

As amended, S. 1798 designates the Secretary of Commerce as the person principally responsible within the Federal Government for international voluntary standardization activities. In the discharge of this responsibility, the Secretary is to identify international standardization activities which may substantially affect the United States commerce and provide for United States participation therein through a private or governmental body. The Secretary is further authorized to encourage the domestic use of international voluntary standards when it is in the public interest to do so.

In carrying out his responsibilities under the Act, the Secretary is authorized, *inter alia*, to provide for United States participation through private nonprofit organizations provided the interests of affected parties, *e.g.*, users and consumers, are adequately represented. Where appropriate, the Secretary is further authorized to establish a system for the evaluation and accreditation of private domestic organizations which would test and evaluate compliance with a standard. Here again, pursuant to the proposed amendments, the Secretary would be required to assure the adequate protection of affected interests and specifically to consult with the Committees established by Section 12 of the bill.

In determining whether a particular activity is in the public interest, the Secretary is to consider the factors identified in Section 7, namely: technical adequacy of and need for the standard; the effects of the standard on the public and occupational health and safety or the quality of the environment; the effect of the standards activity on competition; the extent to which the standard is supported by affected persons; and the effect of the standard on fostering United States interests in international trade.

Section 9 of the bill directs the Secretary to list all international voluntary standards developed pursuant to the bill. As amended, Section 9 would further require that, prior to listing, the Secretary consult with affected persons and with the Committees established under Section 12; publish in the Federal Register a notice of the Secretary's intention to list; and receive written comments on the proposed listing.

Section 10(a) of the bill requires that departments and agencies of the Federal Government encourage appropriate use of applicable standards. Section 10(b) provides that any such department or agency may provide technical assistance to the Secretary on a reimbursable or nonreimbursable basis.

Section 12 establishes an interagency committee to provide guidance and assistance to the Secretary in carrying out his duties under the bill. And, as amended, that section would also establish a committee of private parties to provide additional assistance to the Secretary; such committee would consist of consumers, users, manufacturers, suppliers, distributors and experts.

Section 15 provides that the negotiation, development or listing of any standard or standards system shall not affect any order, requirement or regulation promulgated by any agency of Federal, state, or local Government.

Finally, Section 16, added by amendment, would authorize review pursuant to Title V, Chapter 7 of the United States Code, of any determination made by the Secretary under Sections 6(d) or 9 of the bill.

Except as hereinafter noted, the Commission endorses S. 1798, as amended by the proposals contained in Secretary Stans' letter.

The Commission recognizes the importance of engineering standards to international trade and the need for participation and coordination by the Federal Government of international standardization activities affecting the foreign commerce of the United States. The Commission also recognizes from its not inconsiderable involvement over the years with standards generally, that standards can and have adversely affected competition. Thus, in analyzing S. 1798, the Commission realized the need for harmonizing the needs in international commerce with the longstanding national commitment to competition in both the foreign and domestic commerce of the United States. To that end, we have worked closely over the past several months with representatives of the Department of Commerce to develop certain limited amendments to S. 1798 which would permit meaningful United States participation in international voluntary standards activity while, at the same time, assuring that such activities would not trench sharply on the vigor of competition. It is our belief that the amendments set forth below, together with the proposed amendments previously submitted by Secretary Stans, strike the proper balance. Each of the following specific amendments has been considered by the Department of Commerce and is advanced with its concurrence and endorsement:

1. Amend Section 3(b) by inserting the word "voluntary" between the words "commercial" and "standards" in line 17 on page 2.

2. Amend Section 3(d) by inserting the words "international voluntary" between the words "identified" and "standard" in line 10 on page 3.

3. Amend Section 6(a) by inserting the word "suppliers" between the words "producers" and "distributors" in line 18 on page 4.

4. Amend Section 7 by inserting the words "is or" between the words "activity" and "would" in line 4 on page 6.

5. Amend Section 7(c) on page 6 to read as follows: "(c) Whether the standard may give rise to an unfair method of competition or tend to limit competition unreasonably."

6. Amend Section 7(d) by inserting the word "suppliers" between the words "producers" and "users" in line 19 on page 6.

7. Amend Section 10(a) by inserting the word "international" between the words "voluntary" and "standards" in line 17 on page 7.

8. Add a new Section 13 to read as follows:

"13(a) the Federal Trade Commission may at any time petition the Secretary of Commerce for the removal of a voluntary international standard listed under

Section 9 on the grounds that such standard is contrary to the public interest, giving due regard to the provisions of Section 7 of this Act.

"(b) The petition shall contain facts and information supporting the action requested.

"(c) After receipt of the petition, the Secretary will initiate an informal hearing under 5 U.S.C. § 553 on the issues raised in the petition. The Secretary shall designate a hearing examiner and give reasonable notice of the hearing, an opportunity for interested persons to participate in the hearing through the submission of written data, views or arguments, and, if requested by the Federal Trade Commission, the Secretary shall hold a hearing in which interested persons shall have a reasonable opportunity to present the same orally in an appropriate manner. The testimony in any such hearing shall be reduced to writing, shall be filed in the Office of the Secretary, and, together with written submissions, shall constitute the record. After consideration of all relevant matter presented upon such record, the hearing examiner will make findings of fact and conclusion of law. Such findings and conclusions, together with the record, shall be reviewed by the Secretary who shall make a decision based on the record whether or not to delist the voluntary international standard as requested by the petitioner, such decision shall include findings and conclusion of the Secretary.

"(d) The Federal Trade Commission, through its own attorneys, may file, within 60 days after the publication of the decision of the Secretary not to delist a voluntary international standard, a petition with the United States District Court for the District of Columbia for a judicial review of such decision. The Secretary shall file in the court the record of the informal hearing conducted under 5 U.S.C. § 553, including the findings and conclusions of the hearing examiner and the decision and findings and conclusions of the Secretary. Upon the filing of a petition the court shall have jurisdiction to review the decision of the Secretary not to delist a voluntary international standard in accordance with Chapter 7 of Title 5 of the U.S.C., including that provision that the decision of the Secretary be supported by substantial evidence on the basis of the entire record before the court (including any additional evidence adduced). Upon a showing that the decision of the Secretary is not supported by substantial evidence on the record taken as a whole, the voluntary international standard so listed may be ordered removed by the court and other appropriate relief granted."

9. Renumber Sections 13, 14, 15 and 16 to read 14, 15, 16 and 17.

10. Amend Section 13 (renumber to Section 14) by the insertion of the words "with the assistance of the Committees" between the words "Secretary" and "shall" in line 18 on page 9.

With the foregoing amendments, the Commission believes that the stated purposes of the bill may be advanced and the interests of competition protected.

Sincerely,

CHARLES A. TOBIN, *Secretary.*

Enclosures.

Hon. JOHN E. MOSS,  
*Chairman, Subcommittee on Commerce and Finance, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: In view of your consideration of H.R. 8111, the proposed International Voluntary Standards Cooperation Act of 1971, I am forwarding a copy of my recent letter to Senator Daniel K. Inouye, Chairman of the Senate Subcommittee on Foreign Commerce and Tourism.

This letter to Senator Inouye was in reply to his request that this Department meet with the various organizations which had testified on S. 1796, a bill identical to H.R. 8111. The purpose of this meeting was to see if it were possible to arrive at a consensus on the various amendments to the bill which had been suggested by these organizations. The results of this meeting are outlined in the enclosed letter.

I hope that this information will be of use to your Subcommittee in its deliberations on H.R. 8111.

Sincerely,

MAURICE H. STANS,  
*Secretary of Commerce.*

Enclosure.

THE SECRETARY OF COMMERCE,  
Washington, D.C., September 21, 1971.

HON. DANIEL K. INOUE,  
Chairman, Subcommittee on Foreign Commerce,  
U.S. Senate, Washington, D.C.

DEAR SENATOR INOUE: This is in response to your letter to Under Secretary James T. Lynn, dated August 16, 1971, in which you suggested the Department hold a meeting of various organizations which had testified on S. 1798, the proposed International Voluntary Standard Cooperation Act of 1971, to see if it were possible to arrive at a consensus on the suggest amendments to the bill.

On August 27, 1971, the following organizations were advised of your letter and invited to attend a meeting at the Department of Commerce on September 3, 1971:

- The American Society of Mechanical Engineers.
- Electronic Industries Association.
- Scientific Apparatus Makers Association.
- National Association of Photographic Manufacturers, Inc.
- Business Equipment Manufacturers Association.
- International Organization for Standardization.
- American National Standards Institute, Inc.
- U.S. National Committee of the International Electrotechnical Commission.
- National Electrical Manufacturers Association.
- Institute of Electrical and Electronics Engineers, Inc.

We are pleased to inform you that all of the above organizations, except the International Organization for Standardization, sent a representative to the meeting.

The meeting was conducted by Deputy Assistant Secretary Richard O. Simpson on an informal basis and there was a free and spirited exchange of views on S. 1798 and the proposed amendments thereto. Although no precise language was formulated, the group reached a consensus on what it considered to be the major amendments to the bill (see Tab A).

A copy of this letter is being sent to each of the attendees at the meeting.

Please advise me if this Department may be of further assistance to the Committee.

Sincerely,

MAURICE H. STANS,  
Secretary of Commerce.

Senator INOUE. The subcommittee is pleased to welcome this morning as our first witness the Honorable James T. Lynn, the Under Secretary of Commerce.

Mr. Secretary, welcome, sir.

**STATEMENT OF HON. JAMES T. LYNN, UNDER SECRETARY OF COMMERCE, DEPARTMENT OF COMMERCE; ACCOMPANIED BY RICHARD O. SIMPSON, DEPUTY ASSISTANT SECRETARY OF COMMERCE FOR PRODUCT STANDARDS**

Mr. LYNN. Thank you, Mr. Chairman.

Mr. Chairman, I also have with me today Mr. Richard O. Simpson, who is the Deputy Assistant Secretary of Commerce for Product Standards.

Senator INOUE. Welcome.

Mr. LYNN. In the event there are questions later on with respect to S. 1257 authorizing additional funds for the metric study, I also have other gentlemen with me from the National Bureau of Standards who could field those questions.

Senator INOUE. Thank you, sir.

Mr. LYNN. I am pleased to appear before your subcommittee today in support of S. 1798, the International Voluntary Standards Cooperation Act of 1971, and S. 1257 which would authorize additional funds for the metric study.

We all recognize the importance of engineering standards in our modern industrial society. Without standard means of evaluating quality or performance, commerce in technological products would be difficult or impossible. What is not so well recognized is that engineering standards are also of vital importance in international trade.

The existence of a particular industrial standard may force all who would sell in that market to comply or face exclusion from the market. In many countries the standards-making bodies are government or quasi-government agencies. In such countries standards tend as a practical matter to have a mandatory status.

In our studies of various nontariff barriers that distort and impede trade we have found that industrial standards may often cause serious problems. Anyone who has tried to plug his electric shaver into a European outlet will understand why U.S.-made electrical goods designed for power systems based on U.S. practices cannot be marketed in many parts of the world. Often the standards are embedded in technical and administrative regulations and the barriers are not immediately discernible.

Even when there is no conflict among the national standards themselves, a trade barrier may arise because of local requirements that products be submitted to a local testing organization for approval and certification. The expenses involved in submitting to tests in each local market may add substantially to the costs of serving that market.

A current example of a foreign standards-making program which could substantially affect competition for sales of a product line in Europe is the so-called International Scheme for Electronic Components.

Briefly, the aim of this program is to create a single international system of standards and quality assurance for electronic components. The system was formulated by a tripartite committee composed of representatives of the United Kingdom, France, and Germany. When the work had reached a fairly advanced stage it was decided to associate other member countries of the European Economic Community and European Free Trade Area. Subsequently an organization known as CENEL—the European Coordinating Committee for Electrical Standards—took on the responsibility for trying the new system out in Western Europe.

When the system is in operation, electronic components manufactured and tested in one member country will be entitled to bear a mark of conformity which will be fully recognized in other member countries. These certified products will enjoy a strong, almost preemptive, market advantage and will have a decided preference as to official procurement.

The crux of the problem is this: The United States is not a party to the international system. That is a problem which S. 1798 will help us to correct by providing the Secretary of Commerce with authority to participate in such international arrangements and to support greater U.S. participation in international standards-writing efforts.

At present, however, membership in CENEL is restricted to countries of the European Economic Community and the European Free Trade Association.

Mr. Chairman, I want to emphasize the vital importance of this development to our ability to expand exports and provide employment in our industries. We produce about 60 percent of the free world's output of electronic components. Exports rose to \$780 million in 1970 and could reach close to \$1 billion in 1971. Unless the United States is able to take part in the international systems this strong U.S. position is in jeopardy. I should add that some European producers of electronic components are already publicizing their ability to provide products whose quality is attested to by the CENEL certification.

Electronic components, it should be stressed, is only the first product area to come under such a system and many other products are now being worked on. The European Economic Community is embarked on a program of eliminating technical obstacles to trade by harmonizing the national legislative and administrative provisions which fix the standards, so as to arrive at common standards applicable throughout the entire Community. Products covered by this effort include motor vehicles, textiles, tractors, agricultural machinery, crystal glass, electrical apparatus and machines, measuring instruments, and others.

It is interesting to note that the EEC Commission recognizes that harmonization of standards alone will not equalize the conditions of access to the national markets of the European Community, as long as a product can be sold or used in a member state only on the basis of an inspection made by the designated agencies of that state.

Therefore, a plan for reciprocal recognition of inspections has been drawn up. Again, reciprocity would extend only to member states. The United States, therefore, must create the machinery which would enable us to become a part of these arrangements, so that our products will be eligible for the marketing benefit which results from the reciprocal recognition of inspections.

We are attempting to meet the challenge of these developments on several fronts. To begin with, we are working closely with those groups which have a vital concern with the problems I have described, notably the American National Standards Institute and the Electronics Industries Association. I understand that these and other interested trade groups concur in the need for S. 1798.

Also, Commerce, State, and the Office of the President's Special Trade Representative are engaged in negotiations with the United Kingdom and other countries for the purpose of obtaining U.S. entry to the electronic components certification arrangement. We are meeting with the CENEL member countries later this month to press our case.

Since the United States belongs to the worldwide electrical and electronics standards-writing organization, the International Electrotechnical Commission, we are supporting a study of the feasibility of the IEC administering the system.

In the GATT the United States is providing strong leadership in an attempt to deal constructively with the problem of standards as a barrier to trade. As part of this work, an effort is being made to obtain agreement on a code or set of guidelines governing the adoption and

application of standards and regulations. The establishment of ground rules with respect to standards should assure that they will promote, rather than hinder, international trade.

The Economic Commission for Europe (ECE), a United Nations organization of which the United States is a member, has held one meeting of Government Officials Responsible for Standardization Policies and a second is planned for December 1971. The ECE's primary aim is to obtain maximum harmonization of product standards, both private and governmental. To achieve this it is preparing a standardization priorities list of product sectors, from the standpoint of public health, safety, consumer protections, and the promotion of international trade. We are supporting this effort.

The first interim report on the U.S. metric study has been published and transmitted to Congress. In addition to stressing the metrication issue, the report recommends increased U.S. attention to international standards activities and concludes that it will probably be necessary for the United States to participate in international product certification agreements.

We believe that S. 1798 will provide us with the vital tools to master the international standards problem. First, congressional approval of the bill and the statement of national purpose and policy in section 2 will signal to industry at home and our fellow trading-nations abroad that the United States is prepared to practice international cooperation in standards matters.

The recognition in section 4 of the Commerce Department as the focal point in government for international standardization activities assigns responsibility in the appropriate place. Under this authority we plan to develop information not now available to guide our standards policies. Basically this will involve identification of products having a high export growth potential which could be favorably affected by standardization. We would also estimate the import effects that might flow from such standardization.

Perhaps the heart of the bill is the authority in section 6 to establish arrangements to provide for appropriate representation of U.S. interests in international standardization activities. It also would authorize the Secretary of Commerce to enter into grants or contracts with private nonprofit organizations to carry out such activities. Under the bill, the United States, by helping to write new internationally-agreed standards, will make sure that they take into account U.S. engineering practice.

There is no question that the private standards effort internationally is of impressive scope. The International Organization for Standardization (ISO) has currently more than 700 technical committees, sub-committees and working groups. More than 10,000 delegates attend between 300 and 400 meetings each year, representing the broad categories of industry, government, producers, users and consumers. The other leading private standards organization, the International Electro-technical Commission (IEC) has an active program of comparable dimensions.

It is generally conceded, however, that participation by U.S. industry has not been commensurate with U.S. interests or needs. We believe that the major part of the effort must continue to come from private

industry, but S. 1798 will enable us to both support and supplement that effort where it will do the most good.

This entire issue must take into account that our trade surplus has shrunk considerably in recent years. In 1968 and 1969 it averaged only about \$1 billion. Last year's surplus of \$2.7 billion was a substantial improvement. However, we expect a less favorable result this year.

Looking back at the composition of our exports we find that export performance has improved most markedly in manufactured goods that embody high technology. In the period 1957 to 1970, such exports rose by 158 percent. This compares with an increase of 68 percent for manufactures not technology-intensive, 87 percent for raw materials, and 55 percent for agricultural products (including Public Law 480 exports).

Assuming the continuance of present trends, this means that our greatest export markets are in product areas that are the most standards-sensitive, that is, the high technology products. Yet, the pressing problem we face today is inadequate participation in international standards activities by the United States in many important technical fields, plus inadequate financial support for most of the technical activities which are being pursued. This deficiency must be corrected.

Mr. Chairman, this bill is one of a series of important forward moves to upgrade our export performance. It should be viewed in that context. Other measures are now before the Congress that would also significantly enhance our export position. I refer to S. 581, to provide additional export financing powers to the Export-Import Bank, which received the approval of the Senate on April 5, and the proposal to permit exporters to form domestic international sales corporations which would be entitled to a tax deferral privilege on export receipts. S. 1798 and the other proposals I have mentioned share a common purpose—that of placing U.S. exports on a competitive level with exports of the other major trading nations.

As I have indicated, our decision to take action with respect to international standardization activities was based in part on the first interim report on the U.S. metric study which the Department of Commerce has been conducting as provided by Public Law 90-472. That act called for a comprehensive survey and investigation to determine the impact on the United States of the increasing worldwide use of the metric system of measurement.

Another purpose of my appearance today is to request the enactment of S. 1257 which would authorize the appropriation of funds needed in fiscal year 1972 to complete this important study on schedule. We expect to submit the final report of the metric study to the Congress this August, but one of its major recommendations is already clear.

Regardless of the specific decision the Congress may make about encouraging more use of the metric system in the United States, we must participate more actively and effectively in international standardization activities if we are to protect and enhance our export trade. This bill, of course, does not obligate the United States in any way to adopt the metric system.

In closing, I would emphasize that a failure on our part to take these constructive steps could mean a continuing attrition of our trade balance. Moreover, our balance of payments would suffer further losses

as the affected industries transfer abroad in order to preserve their position in foreign markets. I know you share my strong feeling that we should act to avoid such an eventuality.

Thank you, Mr. Chairman.

Senator INOUE. Thank you very much, Mr. Secretary.

With the passage of S. 1798, assuming that it does become law, do you feel certain that the United States could become a member of CENEL?

Mr. LYNN. Certainty in international negotiations is something that is very difficult to come by, Mr. Chairman.

I believe that Mr. Simpson who has been actively engaged in those negotiations could provide a little more enlightenment with regard to where we stand.

But I can say that I am under the impression from Mr. Simpson that we have high hopes to be able to participate in that arrangement.

Mr. Simpson?

Mr. SIMPSON. Yes; Mr. Chairman, Mr. Lynn has mentioned in his statement that we do have a meeting later this month; in fact, it is next week, on June 23, 24 and 25 in London, with representatives of the Western European countries to talk about exactly this point.

I am optimistic about it, but we cannot forecast with certainty. We will know a lot more by the end of next week.

Senator INOUE. Mr. Secretary, how do you explain the apparent failure on the part of American companies to more fully participate in international standardization when it should be in their interest to do so?

Mr. LYNN. I would say, Mr. Chairman, that the problem that we address ourselves to in this bill is twofold.

One is a belief on our part that further effort is required.

The other is that we believe assurance of broad representation is also required.

Your point really goes to the first prong, the present level of industry participation.

I should emphasize that there is a large sum of money and a good deal of effort coming forth from private industry in these areas. But it also is a field of endeavor that is growing at an extremely rapid rate, where activity is proliferating on many fronts. And with that being so, there is a diffusion of effort which requires a substantial amount of additional funding and representation.

But I would like to emphasize that the industry contribution has been substantial.

I might also add that we would hope that by our helping, by our providing focus to the effort, we will again show to American industry through our increased participation the importance of this effort. We expect this to result in further support financially and further efforts by the private sector.

Senator INOUE. I can well understand that the standardization activities on the part of European countries could well serve as non-tariff barriers. Now we have standards ourselves.

Mr. LYNN. Indeed.

Senator INOUE. And I would assume that some of these standards might also serve as nontariff barriers for European and Asian products. But somehow these countries seem to be able to surmount this

obstacle, and today we find, for example, with all the electronics standards we have set concerning electronics, radios, components, et cetera, one can hardly find a table radio that is manufactured in the United States. No matter where I go, whether the appliance has a General Electric or Magnavox brand name, if you look underneath, it is made in Japan.

Mr. LYNN. From a purely standards viewpoint, Mr. Chairman, as opposed to my concern for balance of trade and the like, I would take this as a tribute to our standards-making. Standards have not presented an obstacle to commerce but benchmarks of performance which can be met by producers throughout the world.

There are probably also areas, however, where we do get a two-way blocked street where the standard is different in Europe. In this case the standard tends to put a wall around particular markets, including our own.

I think you have pointed to an instance where the facts speak for themselves. Such standards certainly have not operated as nontariff barriers.

Senator INOUYE. In one of your examples, sir, you cited the frustration many of us face in Europe when we take our electric razors, because of the round holes they have in the walls instead of the slots that we have. The Europeans somehow are able to sell their products here, and they always have a little attachment that you can attach to the European hair dryer or the European brush holder, and it works both in Europe and the United States.

It seems rather simple. Why can't American industry do the same thing?

Mr. LYNN. Let me say at the outset that this is one of the many subjects I am not an expert on, especially since I do not use an electric razor. But I would guess one of the reasons why there may be a greater effort on the part of the Europeans has been the relative size of the market with regard to a product.

Dick, I do not know anything further than that that I can mention.

Mr. SIMPSON. I might just add to that, Mr. Chairman. There are other differences other than the plug configuration. That is one. The power supplies that are generally used in outlets vary around the world. Generally the United States, on your razor situation, is about 110 volts. Generally you find in Europe 200 volts, so that there are transformers.

There are other things involved other than the plug configuration. But I think the correct reason is the size of the United States as an integrated market and as a standardized market makes it more practical to build a product for this.

In other words, it is not necessarily at that point in time an overflow of your production, but it becomes practical to manufacture a product for sale here.

Mr. LYNN. Let me make one more point, if I might, Mr. Chairman. In my next presentation of this, I am going to use another example.

It occurs to me that the electric razor may not be a very good thing to use for a further reason; and that is, electric razors in Europe have had a much greater degree of success—as a percentage of total market—as I understand it, than they have had here. The widespread use of electric razors has, if I recall correctly, historically been a phenome-

non that has been peculiar to Europe rather than here. And I think the next time around I will use another example.

Senator INOUE. In preparing for these hearings I undertook some very amateurish investigation and went to many appliance stores. I noticed, for example, hair dryers coming from Germany, I believe, with plug attachments that you can use all over the world, plus little switches for use with 110 or 220 volts. There is an item that can meet all the standards requirements of Europe or the United States or Asia.

My question is, with all the know-how we have, why has this idea not been adopted by American manufacturers?

Mr. LYNN. I think it has. I would guess that if we did a survey of American products for which there is market potential for in Europe in competition with European products—we would find that U.S. manufacturers have gone to the same kind of adaptation. I have not had the opportunity to do that kind of shopping in Europe, but my guess would be that in products that have acceptance in the European markets, American manufacturers have adapted their product to meet that kind of an obstacle.

Senator INOUE. Mr. Secretary, I believe that at the present time our participation in international standardization activities is generally funded by private industry. Now, this measure calls for the authorization of appropriations. Is there an assurance that the funds appropriated by this bill would not merely become a substitute for funds now being spent by the private sector, and thereby defeating the purpose of increasing or enhancing our efforts in this area?

Mr. LYNN. We certainly intend that these funds be supplements to and not replacements for the private funding.

As I mentioned a little earlier, my own feeling would be that as we provide additional focus, as we provide additional information to industry as to the importance of this effort, as we see the results of joint efforts on the problem, that industry will, instead of having us substitute our funds, add to them.

Senator INOUE. Have you received any assurance to that effect?

Mr. LYNN. Mr. Simpson, you have been working on the industry groups.

Mr. SIMPSON. Mr. Chairman, one of the reasons that I think we will find it is not contemplated to be a substitute for industrial funds is because the level of funding we would ask for would be only a small percentage of what is already being spent by private industry.

Also, the things that we would envision the funds being spent for might be for new secretariats of committees that trade analysis would tell you that is important; possibly to supplement the travel costs for those people who should participate and have the technical expertise but may not be able to do so; it may include small businessmen; it could include consumer groups; it could include representatives from academia who have the technical expertise to participate in this technical process, but who are financially inhibited from doing so.

So we do not contemplate a substitution.

Senator INOUE. Has the United States filed a complaint in GATT with respect to the tripartite accord and the international scheme for electronic components?

Mr. SIMPSON. Yes, Mr. Chairman, we have. It was filed about a year ago. My understanding is that we have been joined in that complaint by Canada and Japan, and I am not sure about other countries.

It is a complaint that the system will become a nontariff trade barrier.

The system is just now being completed, and if the CENEL stays on schedule, we would expect to see the first electronic components that bear this mark of conformity in October of this year, and we will be able to, in fact, measure the impact after that time.

Senator INOUE. What is the present status of this complaint? Is it just pending?

Mr. SIMPSON. Yes, Mr. Chairman; it is. I do not know the exact GATT terminology that would tell me the status. I could find out; but I think it is pending.

And the nature of the complaint, Mr. Chairman, is not that the system itself is in effect, but the nature of the complaint is as to the exclusive membership nature of the system.

As I mentioned before, we do have a meeting next week which is a negotiation aimed at that point, and perhaps our complaint will be minimized after that.

Senator INOUE. I would gather that it is your desire that we become members of CENEL, and this bill is a vehicle that may assist you in this endeavor. What would you recommend if the United States is ultimately denied membership in CENEL?

Let us assume that this bill becomes law, and every effort is made by our Government, sincerely and appropriately, to seek membership in CENEL, and it fails. What then?

Mr. LYNN. Well, I think we would try every effort at hand to avoid the nontariff barrier effect of it.

Mr. Simpson just mentioned to me that there are some alternatives with regard to it.

Mr. SIMPSON. Yes, Mr. Chairman; as Mr. Lynn mentioned in his testimony, we are in the middle of a negotiation in the GATT to deal with the problems of restricted groupings of countries in the standards and certification business to try to get an agreement that would keep these from becoming nontariff barriers.

Also, another effort that U.S. industry has spearheaded over the past year is an effort in the International Electrotechnical Commission, a world body in Geneva. They are currently meeting in Brussels; and 2 days, or on the 15th—3 days ago—the IEC adopted a resolution that they would in fact set up a worldwide electronic component certification business. It will take them some time to implement that.

I also understand that President Goodall of the IEC, along with a management committee which includes the United States, has been authorized by IEC to negotiate with CENEL for the possible takeover of that system and to expand it to a worldwide membership. We support that effort.

Senator INOUE. Mr. Secretary, it has been suggested that S. 1798 may have an anticompetitive effect on industry. If this is so, what guidelines, if any, is your Department developing to assure that activities under this measure will not have undue anticompetitive effects?

Mr. LYNN. I think there are really two parts to that, Mr. Chairman. First of all, as to anticompetitive effects, we are talking about voluntary standards, but voluntary standards that we know can become extremely important in the marketplace by way of their adoption.

To the extent that standards facilitate production by providing objective guideposts to which people can produce, without stifling initiative as to better ways of doing the same thing, they are useful in the competitive effort because they permit mass runs of products to get the lowest price. They allow maximum flexibility and interchangeability of parts.

There is always the specter, however, that the standards process can be abused. It can particularly be abused with regard to design standards as opposed to performance standards; but I would suppose even with performance standards they could be abused.

The best answer to this, it seems to me, in the light of day, is first of all having sufficient U.S. participation to look out for potential anticompetitive effects, and that I would think would be one of the things that we can bring about more assuredly by way of increased U.S. participation. We can take a harder look at those possible anticompetitive effects.

Second—and I should add in that connection that this would mean a look at these possible effects, not only by our Department but, where there is an importance to other departments and agencies, by them—there will be an opportunity for people to know about these standards. We have to have mechanisms whereby before any approval is given or recommendation is made for their use by the United States, those people who could have an interest from the competitive standpoint have a chance to get up and say, "Wait a minute, I am afraid you may be going too far in this particular standard. This is not in the public interest."

Senator INOUE. In your testimony, sir, you mentioned our shrinking trade surplus. There have been some who have suggested that the accounting system that we have adopted to determine surplus or deficit is not a realistic one, and that we should change our trade accounting to count imports on a CIF basis and exclude Public Law 480 commodities from total exports. What are your views on this proposal, sir?

Mr. LYNN. Mr. Chairman, I am well aware of the interest in this subject and testimony that was presented I believe to the Senate not too long ago; in fact, a continuation of testimony over the last 3 to 4 months, which I have listened to and read with great interest.

At this point in time, I would offer only that with the newness of my present position as opposed to my old one, I really have nothing to add to what was already said in that connection.

I think the pros and cons as to keeping the present system or moving to the other one have been well aired by Secretary Stans on the one hand, and I think Mr. Shultz has also appeared in that connection.

But I really am new to that particular area.

Senator INOUE. I bring this up because I think it would be in the best interests of this country to know whether we do have a surplus or deficit. I think we should know whether our trade balance is good or bad, whether we are doing well or doing poorly, and it is no use deluding ourselves with false assurances.

That is my position, sir.

Mr. LYNN. I certainly agree with that position.

I am advised, however—and I believe I have seen it in practice—that we can present the figures both ways, and have for purposes of testimony, for purposes of analysis and the like; and that the issue becomes more one of what we use for an official presentation than whether or not we can also present for analysis a different way of doing it that takes into effect such things as taking into account the freight factor more fully.

I believe Secretary Stans, when he appeared before this committee some months ago on another matter, did show the impact of the figures, taking into account these adjustments.

We should know the effect of them.

Senator INOUE. I think we should let the chips fall where they may; and it might be healthy for all of us to know whether we are well or ill; and if we are ill, we should do something to help our trade.

Mr. LYNN. I certainly concur with that last statement, and that is certainly the prime purpose of my being here today, Mr. Chairman.

Senator INOUE. Mr. Cannon?

Senator CANNON. Thank you, Mr. Chairman.

I might suggest that, in addition to the reasons for differing presentations that you mentioned there, one additional might be for the purpose of confusion.

Mr. LYNN. A point well taken, Mr. Senator. I must admit I think a little bit in this area about when I used to practice law and we would get into the nice problems of the presentation of financial statements, with one company using one approach and another company using another.

Senator CANNON. I am somewhat confused now after going over your testimony and listening to your discussion with the chairman. I think I am a little more confused than when I came into the hearing about what we are trying to accomplish. So let me ask you a few questions on it.

Is there any organization in this country such as CENEL, for example, to certify standards for foreign competitors in the market or are they simply bound by the marketplace?

Mr. LYNN. I think it is more or less the marketplace generally. There are some voluntary efforts of industry to show certifications as to compliance with particular standards.

Dick, would you like to comment on that further?

Mr. SIMPSON. Just to elaborate a little bit, Senator. The particular reference in the CENEL scheme and the need that this legislation is aimed at is the rules, the CENEL rules, which the countries who participate in the CENEL scheme follow, say that there needs to be in each country what they call an authorized institution which represents both government and industry.

We do not have that in this country at this time. We have several very fine private organizations. We have several very fine governmental operations. But we do not have any organization that speaks for both government and industry in this area.

Senator CANNON. Are you saying, then, that any competitor in the marketplace from abroad who wants to compete in this market just

simply has to assure that whatever his product is—I am talking now about electronic products—that it is usable, that he is able to use it under the terms and conditions of use here in this country? Is that correct?

Mr. SIMPSON. Yes; he has to meet the customer's requirements, whether it be military, government, or private customers; yes, sir.

Senator CANNON. And there is no proposal to establish an organization such as CENEL to set standards in this country for the certification of products, for example, and say that all products that meet these standards are certified?

Mr. SIMPSON. No, sir. The proposal would be for a U.S. manufacturer that manufactures components in this country and exports them into the CENEL, the Western European region. If the customer in Europe only buys components that have a certified mark on them, then the proposal would be to establish a system so that the U.S. manufacturer could in fact put the certified mark on it. And that requires several things.

One of the things that it requires is an organizational mechanism that represents both Government and industry in this country.

Senator CANNON. And then going a step further, can a man who is a manufacturer here in this country under present conditions compete in a CENEL country? Is he permitted to compete simply by meeting whatever the requirements are, but not having a CENEL certification?

Mr. LYNN. At the present time?

Senator CANNON. At the present time.

Mr. SIMPSON. Yes, sir. At the present time the CENEL system has been under preparation for about 3½ years now and it is in the implementation stage, and we do not see yet products on the market bearing this mark of conformity. We anticipate that if they meet their schedule we will see these products in about October of this year.

The system is "voluntary." That depends on what preferences the customers use.

Our understanding is that much of the official procurement by governments in the Western European region will be to buy only components that bear the mark of conformity. And we also understand it may apply to equipment made out of electronic components. So it is very hard to measure the actual impact.

We have alleged in GATT that it is a nontariff trade barrier because of its exclusive nature.

Senator CANNON. And you do anticipate, then, that once CENEL is operative, that it would in effect eliminate competitors from this country unless they were certified by CENEL?

Mr. SIMPSON. It is going to influence them, Senator, it is certainly going to influence them. I do not want to say "eliminate," but if all customers who bought electronic components in Europe only bought components that had a certification mark on them, it would in fact eliminate them if they cannot be certified by CENEL. I mean, they would not have this same mark because the rules require that the product has to be manufactured in the country where the mark is applied. In the rules it calls for certification at what they call the critical stage of manufacture, which for most products is in the plant inspection.

Senator CANNON. Are you saying that one of the CENEL rules is that the product must be manufactured in a country where CENEL operates?

Mr. SIMPSON. Yes, sir. I am saying that in the rules, the very thick volume of rules that describe this system call for the—it is a quality control system that is being described. It is a system that provides a mechanism for reaching—it really could be described as a three-step process.

The first step is to agree among the participating countries on a standard that describes the technical specification itself of the product.

The second thing is to agree upon the rules of quality control. Now, those rules are described in a document.

And a third step in the process is to allow a mark, a mark of conformity, to be applied to those products which follow that quality control system, which are produced to that standard.

In the quality control rules, in the rules for quality control, it says that before the mark can be applied, that the inspection process has to be done at all points past the critical stage of manufacture.

If you examine what the “critical stage of manufacture” means, it means in the process of putting it together. It means, for instance, that some of our present practices in some of our solid state devices, where a U.S. firm does a partial manufacturing of the unit in the United States, diffusion technology, where the crystal is grown, and then he may send this semicompleted product, let us say, to Western Europe and it is completed over there and sold in that market, that product cannot be labeled with the mark.

Senator CANNON. Well, do you see any problem with the United States being permitted to join CENEL?

Mr. SIMPSON. Well, we have been trying for about 3 years now to become a participant, or at least an observer in the process, and so far we have not been denied that.

We do have a meeting next week in London, a 3-day meeting, June 23, 24, and 25, with the CENEL countries, a meeting of the governments.

The question we are asking is when the United States—if the United States is able to meet the rules of the scheme, can we in fact participate? That is the key question.

And if we got an answer to that, Senator, that was “yes,” then we do have, or the United States still has a second point; that means the “able” part; if the United States is able to meet the rules of the scheme, like the other countries who are presently participants. It requires at least that there be an organization in this country that represents Government and industry in matters of international standards and certification on electronic components.

This bill addresses itself to that and gives the Secretary of Commerce the authority to really appoint that authorized institution.

Senator CANNON. Well, now, is what we are really talking about then the establishment of a little Common Market?

Mr. LYNN. I think, Senator, that would depend on the ultimate resolution of the questions involving CENEL. If CENEL has a limited membership with or without the United States involved for the purpose of trade in those components and for the purpose of those purchasers who will buy only according to that stamp, it is indeed a trading area that would be defined by that membership.

In this particular case, Mr. Simpson points out to me that that would be at least the EEC and the Outer Seven as we presently know them.

Our own position is one pretty clearly that we should have processes whereby standardization can be used to help manufacturers; but we should not have those processes be such that they foreclose others from competing.

Senator CANNON. But that is what it sounds like this organization is really set up to do.

Mr. LYNN. In its present stature it could have the effect of seriously affecting our exports from this country, yes, sir.

Senator CANNON. Because right now, certainly if we are bound by the demands of the marketplace, our producers have to be competitive, just as European producers have to be competitive in the market in this country.

Mr. LYNN. Right.

Senator CANNON. It would seem to me that the standardization is rather a small item in that total problem. For example, the case of the electric shaver, that you say you are not going to use again, it is either a problem of their having to fit our plugs and our having to be able to fit theirs, and we have to be able to meet the voltage shift, is that not right? American outlets use 110 volts, while European outlets differ. You have the warning on the shaver not to use it without taking precautions. You have a little converter you can take along to plug your shaver into. I have done that many times myself.

But it would seem to me that the demand of the marketplace would really be the controlling factor, and that what you are really trying to head off here is the possibility of some restrictions being imposed that really might keep a lot of our manufacturers out of the marketplace.

Mr. LYNN. Yes, sir. But still to keep the good of the idea of bringing about a standardization that allows manufacturers in many countries to compete for that business there. Because there is a good side to it, which is the side of having people who are technical experts, who are the users, and who are the people affected by a particular kind of device, get together and come up with standardization where that standardization will help competition and efficiency rather than hurt it.

Senator CANNON. Maybe what we really need is a universal Good Housekeeping magazine so it can say it bears the Good Housekeeping stamp of approval which you see advertised so much here.

Mr. LYNN. I think that I will refrain from discussions one way or another with regard to Good Housekeeping today, sir.

Senator CANNON. You say there is no standards organization here; yet on a lot of electric appliances, you see this little "UL-approved." What is that?

Mr. SIMPSON. Mr. Senator, I did not want to indicate there are no standards organizations in the United States. There are many very fine organizations; about 400 different organizations, as a matter of fact.

What I did want to indicate is that there is no organization that presently can meet the rules of the CENEL scheme even if we are invited into the scheme. And the bill addresses itself to that.

The U.L., the Underwriters Laboratory certificate is a testing organization headquartered in Chicago. It has laboratories in California

as well as New York and Long Island; and they provide a service, a certification service, that indicates that the products that bear this label meet a standard; and these are safety standards. They have been in business for a very long time. It is a very fine organization.

Senator CANNON. Just one further point, Mr. Secretary. If this legislation were to pass and you joined CENEL, does that mean that these same standards would be applicable in this country as well as in the European CENEL countries?

Mr. LYNN. I should state at the outset that what we are talking about from the standpoint of the U.S. participation is voluntary standardization. So therefore there would be no requirement on the U.S. market at all that they buy according to the standards that have been fixed within the CENEL arrangement.

If after a separate look at those standards by the American standards organizations, and with our participation I would suppose, it looked like this would make sense from the standpoint of a standard for our own country, the way to make these products or the design of them or the performance of them, we would adopt the standard; but that is entirely a separate question.

Mr. SIMPSON. I might just add to that, Senator, that in the CENEL countries it is a three-step process.

One is to find good standards that can be agreed upon. The other is the quality control, and the certification mark.

CENEL outwardly—and I believe it to be true—will look toward ISO and IEC as the source of their standards. In the electronic components it would be the International Electrotechnical Commission.

We hope that the United States does participate adequately in that process so that those standards might well be the same as the United States. In fact, many of the electronic components standards—in fact, most of them in the world—are based on U.S. practices at the present time. So we anticipate that at the present time the standard itself would be either identical to or very similar to the U.S. standard. There would be no change contemplated.

We are only dealing with this certification mark.

Senator CANNON. Apparently we are making a lot of headway in this field, Mr. Chairman. We are even talking of this in terms of our space vehicles and the Russians in the case of a joint recovery mission. So maybe this is the coming thing.

Thank you, Mr. Chairman.

Senator INOUE. Thank you, Senator.

Just as a matter of clarification, in response to Senator Cannon's opening question, Mr. Simpson, you indicated that salability of a foreign product would depend on the marketplace and not standards. I have served on this committee now for about 2 years, and although we do not have a CENEL in the United States, I get the impression that the U.S. Committee on Commerce is the CENEL of the United States. We are always setting up standards, which members of industry feel are anti-industry.

Now we are setting up a bumper standard; warranty standards; and breakfast foods; tobacco; and everything else under the sun.

I gather that we have a stiffer CENEL in the United States than the Europeans have.

In fact, if you look over most of the Government contracts they set forth certain standards; for example, that applicances must be U.L.-tested, approved, and certified.

I did not want the impression to be made in the testimony here that we have no standards here. In fact, I feel that we have too many in the United States, and they are serving as obstacles to industry.

Mr. SIMPSON. Mr. Chairman, I hesitate to comment on that, but you have drawn the distinction between what we say is commonly referred to as mandatory standards, those standards set by some governmental authority, and voluntary standards. This bill is aimed at voluntary standards, and it is aimed at international voluntary standards.

We do in fact have in the United States about 20,000 national voluntary standards that form the basis of most of the commerce. Many of these standards, as you rightfully indicated, are used for procurement purposes by government agencies as well as industry; and many of them form the basis of the mandatory standards. But we have generally aimed at the mandatory.

In fact, I will refrain from commenting on whether or not we have too many government-set standards.

Senator INOUE. Ask the people in the back, and they will tell you. [Laughter.]

Mr. Secretary, I would like to submit to you several questions which I hope you will respond to at a later time for the record. These are very technical questions relating to language and specifications. So if I may, I would like to submit them to you.

Mr. LYNN. I am glad you are submitting them that way, Mr. Chairman, because if I had another question on electric shavers, I do not know what I would do with it.

I would like to add, if I might, that Mr. Simpson has a prepared statement on more of the details of the bill, and the analysis of the bill, and what it would do, and we would like to submit that statement for the record.

Senator INOUE. Without objection, it will be made a part of the record.

As a final question, could you just briefly tell us why the money is needed for this metric system study? Just for the record, sir.

Mr. LYNN. I would like to call upon, if I might, Mr. Kushner who is from the National Bureau of Standards and who is Mr. Branscomb's Deputy for that purpose.

Senator INOUE. Mr. Kushner?

Mr. KUSHNER. Thank you, Mr. Chairman.

We are requesting in S. 1257 authorization for fiscal year 1972 in the amount of \$144,000 to complete the metric study called for under Public Law 90-472.

Under the terms of the law, the report is to be completed by August 9, 1971. The report is very nearly completed. We expect to meet the scheduled completion date for the report.

There is some work that remains on it in the next fiscal year. We estimate that to be \$144,000.

Senator INOUE. What sort of activities are involved in the \$144,000 expenditure?

Mr. KUSHNER. At this stage of the report's progress, it is a matter of finishing the preparation of the report, finishing the drafting, having it printed, appropriately illustrated, and so on.

Senator INOUE. Could you give us just a thumbnail sketch of what the report will say?

Mr. KUSHNER. I am afraid I am not able to, Mr. Chairman. The report will be released on schedule, by the early part of August.

There has already been issued the first interim report under the study. It dealt with the issue of international standardization. That report was issued in December of 1970.

Senator INOUE. And you are convinced that the \$144,000 is the absolute minimum amount that you will need to complete the study?

Mr. KUSHNER. That is the estimated amount that we will require to complete the study.

Senator INOUE. Thank you very much, sir.

Mr. Secretary, we would like to submit to you as we go along more questions, if questions are necessary. We may have questions after listening to other witnesses. So we would like to submit them to your Office.

Mr. LYNN. Of course, Mr. Chairman, we would like to cooperate in any way we can.

Senator INOUE. Thank you very much.

Senator Cannon?

Senator CANNON. Is that an in-house study? Or have you brought in outside consultants?

Mr. KUSHNER. The study has been designed to obtain the opinions, facts that are available from a broad spectrum of interests in the country concerned with the question of metrication. We have been to manufacturing industries, nonmanufacturing businesses, consumer groups, and labor groups.

This is not a study that has been done behind closed doors. We have had very active participation from many groups.

Senator CANNON. I understand that. That was not the point I was trying to get at. Is it an in-house study or have you gone out to outside consultants? I want to find out where the \$144,000 is going to go.

Mr. KUSHNER. The report is being prepared by staff at the National Bureau of Standards.

Senator CANNON. All right. Now does the \$144,000 include salaries for staff? Consultant fees? Is that all for printing fees and illustration or what else?

Mr. KUSHNER. \$134,000 of the \$144,000 is for salaries at the National Bureau of Standards. Only \$10,000 is being utilized for printing costs.

Senator CANNON. And do those salaries continue beyond the date the report is to be submitted? Or does that just carry them up to the date of the submission of the report?

Mr. KUSHNER. It merely carries them to the date of the submission of the report.

Senator CANNON. How many people have you got working on it?

Mr. KUSHNER. There will be the equivalent of four full-time people working on it, technical positions.

Senator CANNON. Four full-time people for the month of July, and that amounts to \$134,000? That is pretty good pay.

Mr. KUSHNER. Mr. Senator, I cannot give you a detailed breakdown of that amount. I can submit it for the record.

Senator CANNON. Would you do that? Because, you see, your fiscal year carries up to July 1, and you say the report is going to be sub-

mitted on August 1. If you have four technical people working on it and \$134,000 of that is for salaries, that raises a pretty grave question as to what kind of pay these people are getting.

Mr. KUSHNER. I think your question is well taken, Mr. Senator. I can submit for the record a detailed budget for that.

Senator CANNON. Very good. Thank you.

Senator INOUE. May I suggest the answer be a good one, sir?

I thank you once again, gentlemen.

Mr. LYNN. Thank you, Mr. Chairman.

(The statement referred to earlier and the questions and answers thereto follow:)

STATEMENT OF RICHARD O. SIMPSON, DEPUTY ASSISTANT SECRETARY OF COMMERCE  
FOR PRODUCT STANDARDS

Mr. Chairman and members of the subcommittee, I am especially pleased to appear before your subcommittee in support of S. 1798.

In his testimony, Under Secretary James T. Lynn has emphasized that if the United States does not take certain constructive steps in the area of international voluntary standards, we will be faced with a continuing attrition of our trade balance. One of these constructive steps is the enactment of S. 1798.

I would like to describe for you briefly the system of international standardization, how it works, the organizations involved, and finally some of the provisions of S. 1798 which will enable this country to participate more meaningfully in international voluntary standards activities.

S. 1798, in effect, would authorize the Secretary of Commerce to establish a mechanism which would foster fuller United States participation in international trade by the promotion and support of representation of United States interests in international voluntary standards activities. It also would authorize the Secretary of Commerce to identify international standardization activities where more participation by the United States is needed, to provide for appropriate participation therein, and to encourage appropriate use of voluntary international standards.

The bill would require the concurrence of the Secretary of State in any actions involving international relations of the United States. It would authorize the Secretary of Commerce to establish arrangements for United States representation through private nonprofit organizations and would provide that the arrangements contain certain minimum safeguards to protect all affected persons including consumers. The Secretary would be able to conduct studies or investigations to carry out his functions and he would be authorized to provide grants to nonprofit organizations to assist them in international standards activities. The bill would also clarify the authority of the Secretary of Commerce to establish a system for evaluation and accreditations of testing laboratories or for organizations which oversee the work of the testing laboratories.

Further, in determining whether an international standard would be in the public interest, the bill would require the Secretary to consider certain express criteria. The bill would also establish an interagency Committee on Standards Policy to assist the Secretary of Commerce, and would require that an annual report be submitted by the President to the Congress of the activities taken under this act.

INTERNATIONAL STANDARDIZATION

International standards making is largely centered in the two international nontreaty organizations, ISO and IEC. Both are headquartered in Geneva, Switzerland, and coordinate their activities closely. Both had their origins within a few years of 1900. The membership of these organizations consists of the national standardization bodies of the participating countries. Generally, these are non-governmental bodies, but the extent of government participation in each varies widely from country to country.

The U.S. participates in ISO through ANSI (the American National Standards Institute) and in IEC through the U.S. National Committee for IEC which is affiliated with ANSI. ANSI provides total U.S. dues for these international standards activities, receiving no funds for this purpose from government.

ANSI has its origin dating from 1918 when AESC (the American Engineering Standards Committee) was formed. It was reorganized with expanded membership in 1929 as ASA (the American Standards Association). It became the USA Standards Institute in 1966 and, finally, in 1969 adopted its present name, the American National Standards Institute; ANSI. The U.S. National Committee for IEC was founded in 1907, and became affiliated with the then ASA in 1931.

The ISO and IEC have similar procedures and operate through Technical Committees manned by experts from the member countries. About 54 national standards bodies comprise the world membership and cooperate in formulating the technical program. The documents which are produced by the various Technical Committees are issued as "Recommendations," although they may in the future be titled "International Standards." The ISO and IEC together have published over 1500 Recommendations and these form the largest part of the existing body of international standards. Their use and influence are increasingly prevalent.

The recommendations of the ISO and IEC have no official status as such and are not binding. No real attempt is made by these organizations to see that member countries adopt them or enforce their use. While such recommendations have the prestige of the ISO and IEC behind them, countries may, and frequently do, continue to follow their established national standards.

In the four years since ANSI was constituted, U.S. participation in the work of ISO and IEC has grown steadily. Where in 1966 the U.S.A. held 10 Technical Committee secretariats in ISO, it now holds 17. The U.S. participates in almost 100 ISO committees and is active in 500 subcommittees and working groups. In IEC, the U.S. participates in virtually all committees.

However, when the number of ISO Secretariats held by the United States is compared with those held by other countries, the imbalance in U.S. participation becomes obvious. Where the U.S. holds 14 ISO secretariats, the United Kingdom holds 31 and France holds 24. In IEC, the situation is better; the U.S. holds 8 secretariats and the only country holding more is France with 11. Since nations holding the secretariats are in a favorable position to influence standards committee work, our relatively low level of participation has not given us the leverage needed to influence the standards which are written.

More than 80% of all ISO and IEC standards existing today have been adopted during the past decade. An extrapolation of this trend in the rate of international standards production indicates that during the next 10 years there will be nine times as many ISO-IEC standards as are now available and that they will meet most of the standards needed by the world economy in 1980. Since a growing number of nations are adopting these standards, it is urgent that U.S. participation in international standardization be expanded to keep pace with the rapid increase in this movement to preserve a favorable U.S. foreign trade position.

#### REGIONAL AND TREATY STANDARDIZATION

Apart from the ISO/IEC private standards sector, international standards work is increasingly being carried on by regional organizations, many of which have treaty status. In the Western Hemisphere, a nontreaty organization called COPANT (the Pan American Standards Committee) was formed in 1956 but did not become functional until 1961. In Europe, in addition to CEN and CENEL, the list is long. It includes ECE (Economic Commission for Europe); CEE (International Commission on Rules for the Approval of Electrical Equipment); CISPR (the International Special Committee on Radio Interference); and the "Tripartite Committee." In addition, there is considerable standards work being carried on by such organizations as ECAFE (the Economic Commission for Asia and the Far East); OECD (the Organization for Economic Cooperation and Development); NATO (North Atlantic Treaty Organization); FAO (the Food and Agricultural Organization); WHO (the World Health Organization); ILO (the International Labor Organization); ITU (the International Telecommunications Union); International Atomic Energy Agency; and others.

While much of the standardization effort of these organizations is of long standing origin there are some recent changes that are bound to have serious effects on U.S. companies which have manufacturing plants abroad or which sell in overseas markets. The changes are the result of "total harmonization" programs set up to eliminate technical nontariff trade barriers caused by differences in product standards and their application.

## HARMONIZATION

Total harmonization among countries may be described as a three-step process: Step 1—Agree on multinational standards for the product concerned; Step 2—Agree upon a multinational quality assurance program, Step 3—Apply a "certification mark" or "mark of conformity" to products produced according to the standard and which have followed the quality assurance procedures. CEE was one of the first organizations to mount a multinational harmonization program. It is a European organization with membership from all Western European countries and six other nations and is now operating a Certification Body which is making considerable progress in reciprocal acceptance of tests on many electrical devices and appliances, primarily safety standards for electrical equipment used in and around the home.

Recently, because of the lack of progress in harmonization efforts of CEN and CENEL, the Governments of the U.K., France, and Germany formed a group in late 1966 called the Tripartite Committee to accelerate the process. The first harmonization proposals of the Committee were a draft "Declaration of Accord on the Harmonization of the Electronic Component Systems" and an implementing document called "Electronic Components Quality Assessment." The Tripartite Committee completed the draft rules in late 1969 and in February of 1970 CENEL agreed to implement this scheme titled "Harmonized System of Quality Assessment for Electronic Components." This system could constitute a serious trade barrier to manufacturers in nonsignatory countries, and especially to those of the United States since this impacts one of the most important U.S. export commodity groups; electronic components and electronic equipments.

As a nonmember of the system, the U.S. would be at a competitive disadvantage because its products would have to undergo local testing in each country and might not qualify for official procurement. Membership is at present restricted to Western European countries.

Even if the U.S. were permitted to become a member (and substantial progress in this direction is being made), it is not now equipped to do so. The plan requires each country to designate an "authorized institution," representing government and industry, to certify that products conform to standards. No such institution exists in the U.S. which represents the private and governmental interests involved. Other countries either possess such an institution or are moving to create one.

Besides electronic components, there are European plans to apply common standards, test methods, and perhaps mutual recognition of certification to about 25 other product areas which have been scheduled for harmonization. These include motor vehicles, textiles, agricultural equipment, measuring instruments and other products important to U.S. export trade.

## THE EXISTING VOLUNTARY STANDARDIZATION "SYSTEM" IN THE UNITED STATES

Voluntary standards affecting the United States are written by a large number of organizations. The Directory of United States Standardization Activities lists over 400 of these organizations that either write or sponsor voluntary standards. One way of classifying these is the following:

(a) *Voluntary Standards Writing and Promulgating Bodies.* The American Society for Testing and Materials (ASTM), the American National Standards Institute (ANSI), and the Office of Engineering Standards Services (OESS) of the National Bureau of Standards are unique because their activities are exclusively concerned with standards and standardization.

(b) *Professional societies* such as the Institute of Electrical and Electronic Engineers (IEEE), the Instrument Society of America (ISA), the Society of Automotive Engineers (SAE), the American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE), and the American Society of Mechanical Engineers (ASME).

(c) *Trade associations* such as the Aerospace Industries Association of America (ATAA), the American Gear Manufacturers Association (AGMA), the Electronic Industries Association (EIA), and the National Electrical Manufacturers Association (NEMA).

(d) *"Listing bodies"* such as Underwriters' Laboratories (UL), and Factory Mutual Engineering Corporation (FMEC).

(e) *Scientific bodies* such as the American Chemical Society (ACS) and the International Union of Pure and Applied Chemistry (IUPAC).

The writing and promulgating bodies (ASTM, ANSI, and OESS) have produced about 33 percent of the voluntary standards that are currently in effect and are writing over a thousand consensus standards annually in a great variety of technical areas. Most of these standards, however, are industrial market product standards including many test methods for specific quantities and materials. While ASTM is the most active organization writing standards, ANSI serves as the coordinating organization for the system, promulgating standards submitted to it by other organizations as "American National Standards."

I would now like to comment briefly on some of the provisions of S. 1798 which will strengthen United States participation in international standards activities.

#### ESTABLISHMENT OF A SINGLE FOCAL POINT IN U.S. GOVERNMENT

In the past the Department of Commerce and many other agencies have provided assistance to the private sector in developing voluntary international standards. With the substantial increased activity among modernized nations in the field of international standardization, this informal governmental assistance is no longer adequate to protect U.S. interests. Section 4 of S. 1798 would therefore assign to the Secretary of Commerce principal responsibility within the Federal Government for international standardization activities.

The Secretary would be responsible for identifying international standards activities which may substantially affect our commerce and where participation by domestic organizations is insufficient to protect our interests. When the Secretary has identified such an activity, he would provide for appropriate participation therein by private or governmental leaders of the U.S. The Department of Commerce, because of its general responsibilities for fostering foreign and domestic commerce, is the appropriate agency for this focal point. However, the Secretary of Commerce by Section 5 of S. 1798 is required to have the concurrence of the Secretary of State in any actions involving the international relations of the United States.

Further, under Section 12 of S. 1798 the Secretary of Commerce would be provided policy guidance and assistance by an Interagency Committee on Standards Policy. The Secretary of Commerce would be Chairman of the Committee. It would be composed of representatives from the Departments of Defense; Justice; Interior; State; Housing and Urban Development; Labor; Treasury; Health, Education, and Welfare; and Transportation; the General Services Administration; the National Aeronautics and Space Administration; the Federal Communications Commission; the Atomic Energy Commission; the Environmental Protection Agency; the Federal Trade Commission; and such other agencies as the Secretary of Commerce deems advisable.

#### ARRANGEMENTS FOR APPROPRIATE UNITED STATES REPRESENTATION

The proposed legislation would assure that United States interests in international standardization activities are adequately represented. Section 6 of S. 1798 would authorize the Secretary of Commerce to establish such assignments through private nonprofit organizations. These arrangements would also assure that the public interest of the United States is protected. Further, under Section 6(d), when United States participation in international systems is deemed to be in the public interest, the Secretary of Commerce may establish a system for the evaluation and accreditation of testing laboratories or for organizations which oversee the work of testing laboratories.

#### THE PUBLIC INTEREST

In several sections of S. 1798, the term "public interest" is used. Section 7 of S. 1798 sets out certain minimum criteria which must be considered in determining the "public interest." We believe that these factors make the term "public interest" meaningful and constructive. Specifically in determining "public interest" under the bill the Secretary would be required to consider the following:

(a) The technical adequacy of and need for any proposed international voluntary standard or international standards system and whether such standard or system is appropriate to meeting the need.

(b) The effects of the international standardization activity on the public and occupational health and safety or the quality of the environment, taking into account applicable public health, safety, or environmental quality regulations, directives, and standards,

(c) Whether the standard may unreasonably limit competition to give rise to an unfair method of competition.

(d) The extent to which an international voluntary standard or international standards system being considered is supported by affected producers, users, distributors, and consumers.

#### GOVERNMENT PARTICIPATION

In order to assure the protection of United States interests, Section 8 would authorize the Secretary of Commerce to determine that where private participation in international standardization activities has been insufficient, that there may be governmental participation. Such a determination, however, could only be made after consultation with affected private organizations and the Interagency Committee on Standards Policy.

This concludes my prepared remarks. I would be pleased to answer any questions that the Subcommittee may wish to ask.

*Question 1. Using figures for calendar year 1970, please provide the following: (a) the total dollar volume of U.S. exports which the Department considers "standards-sensitive", (b) a breakdown of (a) by broad commodity groups, (c) the total dollar volume of U.S. imports which the Department considers "standards-sensitive", (d) a breakdown of (c) by broad commodity groups.*

*Answer.* The following table contains a listing of imports and exports judged to be "standards sensitive." The U.S. in 1970 exported some \$14.7 billion in products which were "standards sensitive." During the same year it had some \$7.2 billion in "standards sensitive" imports.

#### U.S. Exports and Imports of Measurement-Standard Sensitive Products, 1970

[In millions of dollars]

PRODUCT DESCRIPTION AND SIC NUMBER		Amount
<b>Exports:</b>		
Lumber and wood products (24)	-----	\$278.4
Rubber and plastic products (30)	-----	24.7
Primary metal products (33)	-----	783.2
Fabricated metal products (34)	-----	785.1
Machinery, except electrical (35)	-----	6,635.0
Electrical machinery (36)	-----	2,420.3
Transportation equipment (37)	-----	3,086.2
Instruments and related products (38)	-----	731.9
Total	-----	14,744.8
<b>Imports:</b>		
Lumber and wood products (24)	-----	280.6
Primary metal products (33)	-----	159.5
Fabricated metal products (34)	-----	337.6
Machinery, except electrical (35)	-----	2,208.7
Electrical machinery (36)	-----	1,361.2
Transportation equipment (37)	-----	2,710.2
Instruments and related products (38)	-----	192.0
Total	-----	7,249.8

#### Source:

Exports.—U.S. Department of Commerce, U.S. Exports, EA 675 (January–December 1970); U.S. Foreign Trade: Exports, SIC-Based Products, (Annual 1970) FT 610–70.

Imports.—U.S. Department of Commerce, U.S. Imports for Consumption and General Exports, IA 275 (January–December 1970); U.S. Foreign Trade: Imports, SIC-Based Products, (Annual 1970) FT 210–70.

NOTE.—Figures exclude U.S.-Canada shipments of motor vehicle and farm machinery since they are mostly interplant transfers of American companies. These and certain other interplant shipments would probably be unaffected by changes in standards. Military aircraft sales are also excluded. The above tables are generally comparable to tables 10 and 11 (U.S. export and import summary of measurement-standard sensitive products 1965–69), of the U.S. Metric Study Interim Report on International Trade. However, that study reflects a more detailed products analysis.

*Question 2. Please provide a brief comparison of the roles of the Governments of the U.K., France, Germany, Japan and the U.S. with respect to: (a) financial support of voluntary standardization activities, (b) number of government employees devoted to such activities, (c) the role that each government plays with respect to direct participation, review or supervision of negotiating position in international standards activities.*

*Answer.* In the United Kingdom, the non-governmental BSI (British Standards Institution), is the national standards body, and the United Kingdom member of ISO and IEC. BSI has a staff of about 850 people, and for the year ending March 31, 1971, operated on a budget equivalent to \$6.7 million dollars, of which \$2.93 million dollars, or 43%, was the government contribution. Representatives of the British government participate at the policy level if BSI, as well as in the national and international technical negotiations.

In France, the non-governmental AFNOR (Association Francaise de Normalisation), is the national standards body, and the French member of ISO. (A separate organization, Comite Electrotechnique Francais, is the French member of IEC). AFNOR has a staff of approximately 300 people, and is controlled by a 30 member board, of which 25% are officials selected from those ministerial agencies most concerned with standardization. The other members of the board represent the various sectors of the economy. AFNOR's budget for 1970 was equivalent to \$3.3 million dollars, of which approximately two-thirds was government support in the form of a para-fiscal tax applied as an additional percentage point of the value added tax. The remaining one-third of AFNOR's income comes from the sale of standards, and industrial subscriptions or memberships. There is also participation on the part of representatives of the French government in technical negotiations, both national and international.

In Germany, the non-governmental DNA (Deutscher Normenausschuss) is the national standards body, and the German representative of ISO. (The German National Committee for IEC is VDE, Verband Deutscher Elektrotechniker). DNA has a staff of approximately 300, and in 1970 operated on a budget of \$2.73 million dollars, of which approximately 5% was a government subsidy. There is government participation at both the policy level, and in technical negotiations.

In Japan, there are two standards organizations; JISC (the Japanese Industrial Standards Committee), and the JSA (the Japanese Standards Association). JISC is a consultative body to the nine competent Ministers, who under the Japanese Industrial Standardization Law, established JIS (Japanese Industrial Standards) in the industry and living fields. AIST (Agency of Industrial Science and Technology), under MITI (Ministry of International Trade for Industry), provides the secretariat and administrative functions for the JISC, has a staff of approximately 100, and is wholly government funded. JISC is the Japanese member of ISO and IEC, and currently has a fixed membership of 238 regular members, and 13,000 extraordinary and specialist members. It is responsible for the development of JIS, which are approved and implemented by the various Ministers. JSA was formed in 1945 as a public service corporation for the promotion of industrial standardization under government authorization. It is non-governmental, and functions primarily as the publication and promulgation agent for JIS standards. Support for JSA is mainly by means of subscription, and at the end of fiscal year 1969, JSA had approximately 5,000 subscribers.

In the United States, ANSI (American National Standards Institute), is the national standards body, and is the U.S. member of ISO (and through the U.S. National Committee for IEC, is the U.S. member of IEC). ANSI has a staff of approximately 100 people, and is operating on a budget for 1971 of approximately \$2 million. It receives no government support. The ANSI controlling body is its 45-man Board of Directors, of which 3 members represent agencies or departments of the Federal Government. There is some government participation in the ANSI Councils and Advisory Boards, as well as in national and international technical negotiations.

In summary:

	National standards body	Staff	1970 budget (millions)	Government support (percent)
United Kingdom	BSI	850	\$6.7	43
France	AFNOR	300	3.3	67
Germany	DNA	300	2.73	5
Japan	JISC/JSA	100	?	100
United States	ANSI	100	2.0	0

Exact figures as to participation by government employees are non-existent and estimates vary so widely so as to render them invalid. In the United States, however, the total figure is estimated to be around 1,000 individuals actively engaged, on a part time basis, in the voluntary standards program. In the National Bureau of Standards, for example, there are 350 people involved in the work of some 950 standards committees.

*Question 3. Are international voluntary standards usually adopted by majority or consensus?*

Answer. International Voluntary standards are usually adopted by consensus. Under ISO procedures, a draft proposal which has received substantial support from the participating (P) Members of a Technical Committee, is transmitted to the Central Secretariat for registration as a Draft ISO Recommendation, and re-circulated to the P Members for final letter ballot, and to all the Member Bodies for approval. A Draft ISO Recommendation which has been adopted by the majority of the P Members of a Technical Committee, and approved by at least 60% of the Member Bodies, is transmitted to the ISO Council for acceptance and publication as an ISO Recommendation.

Under IEC procedures, a Draft Recommendation or Report, which has received substantial support of the members of a Technical Committee, is transmitted to the IEC Central Office. The text of all Recommendations and Reports issued by the Commission are approved before publication by means of a postal vote amongst the National Committees. Texts are considered to be approved if not more than one-fifth of the National Committees cast a negative vote. IEC Recommendations are intended to serve as the basis of national standards of the different member countries and pending the attainment of sufficient international agreement on a subject of a Recommendation to be issued, a Report may be published as an intermediate step.

*Question 4. Please comment on each of the amendments to S. 1798 which have been proposed by the American National Standards Institute and the Business Equipment Manufacturers Association.*

#### COMMENTS

##### *Amendment 1*

In Section 2, we believe there should be a sentence added on line 6, page 2, after the word "activities" which reads as follows:

"The Congress finds that the public interest is best served when affected consumers, users, producers and distributors participate in the development of international standards."

This language would emphasize the vital importance of the participation of all interested parties in the standards development process—to assure a broad national consensus on this subject, and to be sure that no legal problems would be presented by confining the standards development to one group. This method of standards development has been found by ANSI to be the most practical and fair—one leading to the best standards.

*Comments.*—No objection.

##### *Amendment 2*

In Section 3(b) we feel the description of "voluntary standards" should read "engineering and commodity standards . . ." not "industrial and commercial standards. . ." The language ordinarily used is "engineering and commodity standards." In fact, the title of the La Que Panel on Standards by the Secretary of Commerce in 1963 was "The Panel on Engineering and Commodity Standards." This is understood by technical people and more meaningful.

*Comments.*—No objection.

##### *Amendment 3*

In Section 3(b) we also recommend that following the words used above on line 17, page 2, there be added the phrase: "prepared by groups recognized as having been properly constituted and having the qualifications to prepare the standard. . ."

*Comments.*—The suggested phrase is not appropriate for a definition.

##### *Amendment 4*

In Section 3(c) we believe there is a point to be clarified. In past cases we have found international standards which were inadequate for national use. We would not want this Section construed to mean that we would have to change a

better, tighter American National Standard to conform to a weaker international standard. As you know, the bill requires that the Secretary make sure the standardization is in the public interest and this is defined in Section 7. The problem may be adequately covered by the language of Section 7; however, it might be well to clarify the point.

*Comments.*—This is a definition and the suggested change would not be appropriate.

*Amendment 5*

In Section 3(d) we believe the terminology “international standards system” should be clarified by calling this “international standards assurance system” throughout the bill. The addition of the word “assurance” would clarify the meaning of the phrase. What we are talking about are international certification programs.

*Comments.*—We have no objection to this change.

*Amendment 6*

In Section 4(a) we are of the opinion that when the Secretary does identify the international standardization activities he should do so “in consultation with appropriate private groups” so that he can have the benefit of their experience and expertise.

*Comments.*—No objection if changed to read “after consultation with appropriate private groups.”

*Amendment 7*

In Section 4(b) we recommend that the first word on line 20, page 3, “Provide,” be changed to “Assure provision” and the word “or” on line 23 be changed to “and”. In this way there will be no question that there must be participation by all interested parties as outlined above.

*Comments.*—We have no objection to this change.

*Amendment 8*

In Section 4(c) we recommend the addition of the phrase “in consultation with private groups” after the word “determines” on line 25, page 3. This would assure that the Secretary would have the benefit of the thinking of the groups who are familiar with the standards in question.

*Comments.*—The criteria set out in Section 7 for determining the “public interest” includes ascertaining the extent to which an international voluntary standard is supported by the private sector. Accordingly, there seems to be no reason to include the suggested additional phrase.

*Amendment 9*

In Section 6(a) we recommend that the phrase “preferably accredited members of recognized standardization organizations” should be added to the end of the first sentence on line 12, page 4. This would assure that the organizations designated would be those experienced and qualified to handle the task.

*Comments.*—We have no objection to this suggestion and have included it in the letter of September 21, 1971, from Secretary Stans to Senator Inouye outlining the results of a meeting with concerned organizations suggested by Senator Inouye's letter of August 16, 1971.

*Amendment 10*

In addition, in 6(a), line 16, page 4, after the word “include” should be added the words “review of” as ANSI already has excellent guidelines in these areas and there is no need for the work to be done again. The Secretary would, of course, have the option of revising or changing the guide in any reasonable manner.

*Comments.*—We have no objection to this suggestion and have also included it in the previously mentioned letter of Secretary Stans to Senator Inouye.

*Amendment 11*

Also in Section 6(a) we wish to recommend the deletion of the last phrase commencing with the words “or shall provide . . .” on line 20, page 4.

This would be very difficult to accomplish as the negotiations are most often done at meetings overseas and the U.S. delegation has to be free to work out the best arrangement possible on the spot before the opportunity is lost.

*Comments.*—We have no objection to this suggestion and have also included it in the previously mentioned letter of Secretary Stans to Senator Inouye.

#### Amendment 12

In Section 6(c) we feel that perhaps the Secretary's authority to assist non-profit organizations in the performance of international standardization work is unnecessarily restricted by limiting it to "investigation and studies" as required by the phrase "in furtherance of an arrangement established under subsection (b) of this section." We feel the intent of the Section would be strengthened if this phrase were stricken.

*Comments.*—This question arises because of an error in Section 6(c) of the draft bill, the last line of which refers to ". . . arrangements established under subsection (b) of this section." The reference should be to "subsection (a) of this section," in which case the limitation noted by ANSI would not apply.

#### Amendment 13

Section 6(d) we believe, should be amended to read as follows: (d) where United States participation in international *standards assurance* systems is deemed to be in the public interest, *the Secretary is authorized to recognize and authorize qualified national private non-profit organizations to administer such systems, and in addition*, the Secretary may establish a system for the evaluation and accreditation of private domestic organizations which seek to confirm their technical capability to conduct tests or to evaluate the test procedures used by others for the purpose of documenting compliance with a standard." (italic added)

*Comments.*—We have no objection to this suggestion and it is also included in the previously discussed letter from Secretary Stans to Senator Inouye.

#### Amendment 14

Concerning Section 9, we feel this should be amended as follows:

"Unless it is not in the public interest to do so, the Secretary shall list or arrange for listings under a classification system acceptable to him, each international voluntary standard, international standards system, or any modification thereof negotiated or developed pursuant to this Act. Each standard and a full description of each international standards assurance system shall be available to the public. If such standards and standards systems are not available privately, the Secretary shall make them available."

The reason for this change is that we feel a new classification system for standards is not needed in view of the excellent ISO classification system now in existence.

*Comments.*—Standards not in the public interest would not be listed under this section. Accordingly, the listing should be controlled by the Secretary subject to the modifications recommended in the previously mentioned letter from Secretary Stans to Senator Inouye.

#### Amendment 15

We, therefore, recommend that a paragraph be added to Section 12(a) as follows:

"Section 12(a) To provide policy guidance and to assist the Secretary in carrying out his responsibilities under this Act *two committees* should be established:

(1) An Interagency Committee on Standards Policy consisting of members representing the Departments of Defense, Justice, Interior, State, Housing and Urban Development, Commerce, Labor, Treasury, Health, Education and Welfare, and Transportation, the General Services Administration, the National Aeronautics and Space Administration, Federal Communications Commission, Atomic Energy Commission, Environmental Protection Agency, Federal Trade Commission, and such other agencies as the Secretary deems advisable. The Secretary or his representatives shall be Chairman of the Committee, and,

(2) An *International Standards Advisory Committee* consisting of a group not less than fifteen (15) persons representative of all interests in the private sector including representatives of consumers, employees, manufacturers, distributors and certification experts." (italic added).

*Comments.*—The thrust of this suggestion was recommended for addition to the bill in the letter from Secretary Stans to Senator Inouye.

#### Amendment 16

Lastly, in Section 14(b) we believe the last phrase commencing with the words "for the purpose of . . ." on line 3 of page 10 should be eliminated as being too restrictive and not necessary.

*Comments.*—We believe that the phrase should be retained to afford a basis for access to a recipient's records.

## BEMA AMENDMENTS

*Amendment 1*

In Section 3(e), the definition of "international standardization activities" the term "certification" should be added to those words describing the activities of international standards systems.

*Comments.*—This addition is not believed necessary.

*Amendment 2*

In Section 9, we would like to suggest an addition to Section 9, line 6, in that the words "*in consultation with appropriate organizations,*" be inserted after Secretary.

*Comments.*—No objection if changed to read "after consultation with appropriate organizations."

*Question 5. Section 2 refers to the implementation of international voluntary standardization agreements within the United States. What do you view as the effect of international standards upon outstanding American Standards?*

*Answer.* There is not expected to be any significant immediate effect on current American Standards. With continued and expanded American participation in the development of International Standards we expect International Standards to increasingly reflect American Practices and as a result we expect that American Standards will increasingly reflect international practices in applicable and appropriate areas. However, in transition, each International Standard must be evaluated as to its applicability. Those International Standards which are not applicable to the United States, for example, standards relating to 200 volt, 50 cycle requirements, will not be promulgated except for reference purposes. International Standards which are consistent with American practices will undoubtedly be promulgated in the future as American Standards and those International Standards in which there is a significant difference between them and American practices will be subject to review and negotiation with possible modification of one or the other, or both, in order to bring them into conformity. There will, of course, be International Standards which specify a level of quality, precision, or safety, which is unacceptable to the United States. In these cases, American practices will prevail until the differences can be resolved.

*Question 6. How does the Secretary propose to encourage the use of international voluntary standards and international standards systems within the United States as provided in Section 4(c)? What is the anticipated affect on competition for those who do not utilize the international standards in domestic and foreign markets?*

*Answer.* Encouragement of the use of international voluntary standards and international standards systems, will be accomplished in a number of ways. First, the availability and applicability of International Standards and International Standards Systems will be widely publicized in government publications, as well as the technical and trade press. Secondly, the implementation of International Standards and use of International Standards Systems in government procurements at the discretion of each agency will be given preference over other standards and systems if it is in the public interest to do so. And, thirdly, more active government participation and greater participation by consumers and users at the standards policy level, as well as in technical negotiations, will facilitate greater consistency and correspondence between International Standards and American practices and requirements.

It should be emphasized that under Section 9 of S. 1798 the Secretary will not list international voluntary standards which are not in the public interest.

Because of fewer country variations in requirements for product performance and specifications, we see greater competition generally and more effective participation on the part of the smaller manufacturer in a market-place described by International Standards. Manufacturers who do not utilize the international voluntary standard may be at a competitive disadvantage in dealing with countries who have adopted a particular international voluntary standard, since their product may not conform to such a standard.

*Question 7. Section 6(a) authorizes the Secretary to establish arrangements to provide for appropriate representation of U.S. interests in international standardization activities through private nonprofit organizations. Please elaborate.*

*rate on the way in which this authority might be used and the types of arrangements that are envisioned.*

*Answer.* We envision a number of ways in which the Secretary may provide for more appropriate representation of U.S. interest in International Standards activities. For example, greater participation on the part of technical experts from academia, small business, and representatives of consumer interests can be accomplished through appropriate supplemental funding of their costs of participation. Also, it will be possible for the U.S. to undertake additional standards committee secretariats, particularly on subjects on which there is a strong public interest or on topics which cut across industry boundaries. The Secretary can arrange for the appropriate private nonprofit organization to undertake these secretariats by providing appropriate funding or by providing for an appropriate Government agency to perform the secretariat function. The Secretary could also assist the private nonprofit organizations by providing for the translation of standards.

*Question 8. Has the Department developed guidelines for use under the second sentence of section 6(a) to assure that the interests of producers, distributors, users, and consumers are adequately represented. If so, please provide them.*

*Answer.* The Department of Commerce has not as yet prepared these guidelines. Implementation of this Bill will, however, place this matter at the highest level of priority.

*Question 9. With respect to sections 6(a) and 7(d) of the Bill:*

*(a) How will the Secretary of Commerce ascertain the support of the affected parties (Sec. 7(d)), if the negotiated positions (Sec. 6(a)) are not publicized and disseminated prior to adoption by international agreements?*

*Answer.* It is anticipated that the arrangements established by the Secretary under section 6(a) will include provisions for publication of timely notices in a wide-spread publication, such as the Federal Register, which will advise the general public that a particular negotiation on an international voluntary standard is in progress. This notice will include the address of an individual from whom more comprehensive information on the particular negotiation may be obtained. As we anticipate that we will be dealing with over 1,000 such standards a year more detailed notification would not be practicable.

*Question. (b) Should these negotiating positions or proposed international standards be placed on the public record before the Secretary or his representative provides support for the standard?*

*Answer.* As stated in the answer to the previous question, we intend that there be timely public notice of negotiations in progress on proposed international voluntary standards.

*Question. (c) Our private standards organizations frequently give voice to the conflicting interests of their members. The interests of consumer groups may be adverse to the interests of producers. Consequently, standards are reached by consensus of all competing interests. How will this Bill ensure that our representatives will adequately reflect the views of all competing interests, and what recourse is there for groups which believe that the representative is not adequately protecting their interests?*

*Answer.* The Secretary is required to establish arrangements which will assure that the interests of producers, distributors, users and consumers are adequately represented. We contemplate that these arrangements will provide at least three avenues of appeal. One avenue will be through any private nonprofit organization that may be representing the United States interests under the Bill. If appropriate relief is not granted by the private nonprofit organization concerned, there will be provided another avenue of appeal to the Secretary. Should this avenue of appeal not prove satisfactory, the new Section 16 recommended in the Secretary's letter to the Chairman of the Subcommittee would provide an additional avenue of appeal in Section 6(d) and Section 9 cases.

*Question. (d) Why is it necessary to have government certification of testing organizations as provided in Section 6(d)?*

*Answer.* The intent of Section 6(d) is not to require government certification of testing organizations. Section 6(d) was designed to meet those situations where a nationally recognized certification body is required as a condition for a country's participation in a reciprocal international certification system. An example of such a system is the certification required for electronic components under CENEL. Under Section 6(d) the Secretary can assure that an evaluation and accreditation program is established for private domestic organizations which

seek to confirm their technical capability to issue certifications as to product compliance with voluntary international standards.

*Question. (e) Will the government accredit testing laboratories which certify domestic voluntary standards or only organizations certifying compliance with international standards?*

*Answer.* As stated in the previous question, the government does not intend to accredit testing laboratories. The Bill addresses itself to U.S. participation in International Standards activities. If an international certification system or agreement requires a national certification program for certifying compliance to mutually agreed upon international standards, we would have the authority to comply if in public interest. Under the Bill, such a system, if established, would be limited to those instances where U.S. participation in international systems is deemed in the public interest.

*Question 10. Section 9 provides that unless it is not in the public interest to do so, the Secretary shall list each international voluntary standard. In view of the exemption of military standardization activities from the requirements of this Act, what type of standards would not be listed?*

*Answer.* Standards which do not conform to the public interest criteria in Section 7 would not be listed.

*Question 11. Under Section 10, what is the envisioned nature and extent of government "encouragement," and "recognition" of international standards listed in accordance with Sec. 9? If there is a difference between international and domestic standards, which must the Federal Government recognize?*

*Answer.* Section 10 is intended to promote, to the extent feasible, the use by Federal agencies of standards developed under the Act. While agencies are encouraged to use applicable international voluntary standards, they are not required to do so. "Appropriate recognition" (Sec. 10a) means that such agencies consider employment of such standards in its procurement activities. If there is a difference between international and domestic standards, each agency or department may choose that standard which best serves the purposes of the intended procurement.

*Question 12. What role is envisioned for the Interagency Committee on Standards Policy? Should the Secretary in all cases seek the support of the Committee as a prerequisite for approval of negotiating positions?*

*Answer.* The Interagency Committee was developed to provide guidance and to assist the Secretary in carrying out his responsibility under the Act. We envision that the Interagency Committee will have an active role in assisting the Secretary in carrying out his responsibilities. Moreover, the Committee will be made cognizant of all international standard activities taken under the Act.

*Question 13. The Statement of Purpose and Need transmitted with S. 1798, refers to the Tripartite Accord's requirement of an "authorized institution" and states that such institution "must be authorized to speak with authority on behalf of all interests in the country, government and industry." Please elaborate on the meaning of the phrase "speak with authority."*

*Answer.* Under the rules of the CENEL scheme, the "authorized institution" in each country is responsible for the general management of the certification system and for questions of standardization. Representatives of the Authorized Institution of each participating country will compose the CENEL Electronics Components Committee (CECC) which will be charged with actually running the system. Each Authorized Institution will, therefore, have to be constituted so as to represent accurately and fairly the interests and views of government, consumers, manufacturers and users; must have procedures which will develop a consensus of the various interests concerned; and must have the confidence of the groups concerned in its ability to represent them fairly. The phrase, "speak with authority" is intended to connote that the Authorized Institution is the spokesman for all the interests of a given country. It does not mean that Authorized Institution is empowered to impose its views on those interests. Of course, compliance with the standard would be voluntary.

*Question 14. You stated that the International Scheme for Electronic Components is a current example of a foreign standards-making program which could substantially affect competition. Would you cite some other examples?*

*Answer.* 1. The European Economic Community's Product Directive Program—Includes a wide range of products, e.g., motor vehicles, textiles, agricultural machinery, crystal glass, measuring instruments.

2. European Standards Committee (CEN) Certification System—Provides "European Standards" for selected nonelectrical products and authorizes certifications through a body known as "CENCER."

3. International Commission on Rules for the Approval of Electrical Equipment (CEE)—Operates the "CB" (Certification Body) scheme for the reciprocal recognition of tests in the electrical field.

4. EFTA convention for the mutual recognition of inspections of the manufacture of pharmaceutical products.

5. EFTA Agreement for the reciprocal recognition of tests and inspections carried out on pressure vessels.

6. EFTA Agreement for the reciprocal recognition of tests and inspections carried out on ship's equipment.

*Question 15. Has the Department developed dollar projections of the impact on U.S. exports if the United States is not ultimately admitted to CENEL?*

*Answer.* The Department of Commerce has been unable to develop figures projecting the potential effect of the CENEL electronics components scheme upon U.S. exports without our participation in the plan. Such a projection is made nearly impossible by the uncertainties which currently surround the CENEL plan. At this time neither the precise scope nor the time-table for including products within the plan have been fully settled. Nor is it known which countries will become members. Probably most important, how voluntary this "voluntary" system will be in practice is unknown. For instance, it is not yet possible to predict the extent to which the CENEL scheme will influence government procurement or how it will affect private procurement.

Initially, the CENEL plan will apply to shipments of electronic components in Western Europe, principally between the EEC countries. U.S. exports of electronic components in 1970 equalled \$757 million. Of that total, \$212 million went to EEC countries and another \$141 million went to the remainder of Western Europe (including \$65 million to the U.K., which is a party to the Tripartite Accord). These exports to Western Europe, especially those shipped to the EEC and the U.K. would be the general category most likely to be immediately affected should the U.S. fail to join the CENEL plan. In addition it should be noted that there would be trade effects not only on electronic components but also on the products that use such components. If a "worst case" is assumed, all U.S. exports of electronic components and equipment to member countries of the CENEL plan would be adversely affected.

*Question 16. On page 5 of your statement, you indicated that the U.S. is attempting in the GATT to obtain agreement on a code or set of guidelines governing the adoption and application of standards and the problem of standards as a barrier. Please elaborate on that U.S. effort, the U.S. negotiating position, and, if available, provide the most recent draft of a code or guidelines that the U.S. has proposed.*

*Answer.* It has been the position of the United States that the GATT is the proper forum for the discussion and establishment of principles or guidelines with respect to standards. While the process of standards-making itself is clearly outside the scope of GATT activities, the trade barrier effects of standards are the concern of all countries committed to the promotion of international trade. For this reason, the U.S. supported the creation of the Working Group on Standards within the framework of the GATT Committee on Trade in Industrial Products.

At a meeting of the Working Group on Standards in May 1970, the U.S. proposed the adoption of a code of good conduct or set of guidelines regarding the trade barrier aspects of standards. This proposal reflected U.S. concern with the possible trade restrictive effect of certain standards and regional standards organizations. Largely due to efforts of the U.S., subsequent meetings of the Working Group resulted in expansion and refinement of the original proposal. Agreement was reached in November 1970 that a code of conduct on mandatory and voluntary product standards should be developed. Work is proceeding on efforts to develop such a code and the next meeting is scheduled for January 10, 1972.

Our initiative in the GATT looks toward international commitments to assure that standards will promote, rather than hinder, international trade.

*Question 17. Please provide a more detailed statement of the purposes for which the funds authorized by S. 1257 would be used.*

*Answer.* The legislative authority for the U.S. Metric Study, P.L. 90-472, provides for termination of the study program 30 days after submission of the report

which is due August 9, 1971. Estimates of the FY 1972 costs of completing the study made when S. 1257 was submitted as draft legislation contemplated lower printing costs (\$10,000) and more labor (4 man years) than will be the case.

Under present plans, sixteen NBS technical staff members will work full-time on the final aspects of the report up to the time of its submission. For a period of

The estimates below reflect this plan. The estimates below reflect this plan. 30 days thereafter a staff of nine NBS technical people will continue work on final administrative details to close out the study program.

Direct labor and personnel benefits.....	\$48,900
Applied bureau overhead.....	19,600
Subtotal.....	68,500
Printing costs.....	75,500
Total.....	144,000

Senator INOUE. Our next witness is Mr. Roy Trowbridge, president of the American National Standards Institute, of New York, and he will be accompanied by Mr. Donald Peyton, the managing director of the American National Standards Institute.

Welcome to the subcommittee, gentlemen.

**STATEMENT OF ROY TROWBRIDGE, PRESIDENT, AMERICAN NATIONAL STANDARDS INSTITUTE, INC., NEW YORK, N.Y.; ACCOMPANIED BY DONALD PEYTON, MANAGEMENT DIRECTOR**

Mr. TROWBRIDGE. Good morning, Mr. Chairman, Senator Cannon.

I might add that the American National Standards Institute, as you will hear it mentioned in this testimony, is also referred to as "ANSI." It is a private, nonprofit federation of professional, technical, trade, labor, and consumer organizations, and it is incorporated under the membership corporation laws of the State of New York.

It is our purpose today to testify in support of S. 1798, the International Voluntary Standards Cooperation Act of 1971. The institute will offer a number of amendments to the bill, as drafted, which we believe will strengthen its primary purpose. We understand this to be fostering fuller U.S. participation in international trade through promotion and support of representation in international voluntary standards and related activities.

Participation in international standards activity is not new to ANSI. As an organization, the institute was a founder of the original international organization—International Standards Association—in 1926. When ISA was superseded in 1946 by the International Organization for Standardization—which you have heard mentioned as "ISO"—ANSI, then known as the American Standards Association, became the first national standards body to ratify the ISO charter. ANSI has been the U.S. member of ISO ever since that time.

ANSI has represented the United States in the International Electrotechnical Commission since 1931 when at that time the U.S. National Committee affiliated with the institute. Our organization has provided continuous administrative support to the U.S. National Committee for IEC as well as the full U.S. share of dues which support IEC activity.

Lately at the behest of several governmental agencies ANSI has participated in and provided the bulk of financial support to a third organization, the Pan American Standards Commission, known also

as COPANT, which, while largely regional in nature, is a vital factor in U.S. trade and technical relations with Latin American countries.

Interest in international standards has been a natural result of increased international trade; increasing international agreements related to economic, social and environmental factors; and particularly the growth in industrial capacity of Western Europe, Japan, and the Eastern bloc nations. This growth has quite naturally brought growing competition among nations for both industrial products and services. Standards have become truly the international language—the international requirement—for effective participation in world trade.

I want to underscore this international language, because not all standards involve products. They involve the specifications which are the basis for determining these products. Specifications may also include tests, nomenclature, and so forth.

Participation in expanding markets of emerging nations and the ability of the United States to meet the competition of other industrialized countries, as well as competition for standards adoption from well organized, well financed and officially recognized standards bodies in these countries, could well depend upon enactment of sound legislation by the Congress to authorize an effective, cooperative government-industry relationship for international participation.

Because the United States has paid primary attention to meeting the needs of its own population for goods and services and has largely concentrated its attention on national standards, it is understandable that some countries have gotten a "headstart" by virtue of this on both development and implementation of international standards. This has not been particularly disadvantageous to the United States until recently for the reason that our engineering practices and industrial capacity have been able to meet and beat the competition in most product areas. We know, of course, of some instances where international agreement on standards would certainly have made it easier for American manufacturers to compete, particularly in European markets.

We understand there will be some testimony later which will underscore some of these areas.

Standards, per se, however, have not caused any traumatic disruption in international trade insofar as U.S. manufacturers are concerned. It has rather been the practice of most multinational companies in the United States to build production facilities and market their products directly in countries or regions of those markets. In these instances the standards of the country of origin become the "norm" rather than international standards.

I hasten to add that this has been the past practice. As you have heard from the Department of Commerce, the patterns in international trade and the patterns in harmonization of standards, particularly under the aegis of the European Common Market and European Free Trade Area, may require changes in patterns and degree of U.S. participation in international standards and certification programs. We cannot anticipate that our national standards, that our engineering practices, or that our products will be automatically accepted worldwide. We can, however, continue to successfully negotiate for their adoption and acceptance through the international voluntary forms of ISO and IEC—where ANSI is an active participant.

The United States can also have an effective voice in requirements and procedures for international certification programs by full participation in specialized committees of ISO and IEC which are actively working to develop objective and acceptable criteria.

You heard from Mr. Simpson about the activity which is going on in IEC. There is a parallel activity under ISO in which the United States is participating. It is called "CERTICO" and it has set up the criteria for certification programs which would be in the ISO arena rather than the IEC. Their purpose is to avoid additional unilateral or highly restrictive certification schemes which can and have become effective barriers to free movement of goods. Development of objective principles for certifying compliance with standards—acceptable in all countries—will require strong and effective participation by U.S. interests through our representative in ISO and IEC as well as by our Government representatives in treaty groups.

Debate on effectiveness of present U.S. participation in international standards and related activities has raged for several years. Even the severest of critics, however, give credit to the fact that the United States, through ANSI, has increased both its quantitative and qualitative participation, particularly since 1966. Certainly, the volume of international effort has grown. Where in 1965 the United States took part in only some 60 ISO technical committees, it is now active in almost 100. In fact, the standards institute is now engaged in over 600 technical groups, such as technical committees, subcommittees and working groups in ISO, where the bulk of negotiation actually takes place. U.S. leadership has been most effective in committees organized since 1966. Since that time ANSI has assumed responsibility for the international secretariat of seven key committees and many subcommittees of primary importance to the international trade. Not overlooking both human and environmental factors on the international scene, ANSI has provided world leadership in important areas of safety in machine operations and just recently ANSI has been awarded the secretariat of an international committee on water quality.

In the International Electrotechnical Commission, the U.S. National Committee participates fully and has assumed its rightful share of international secretariats. It has been instrumental in organizing many new technical activities important to U.S. industry.

There is no question that the United States has a long way to go to carry its share of international standards activity proportionate to its world influence. I would summarize U.S. participation and leadership as being "selectively excellent." In areas where there is strong industrial interest—and support—such as petroleum products, plastics, photography, cinematography, data processing, mechanical equipment, including farm and agricultural machinery, automotive, to name a selective few areas, the United States has provided world leadership in the development of international standards. In these instances we have for the most part successfully negotiated for agreement on engineering and manufacturing practices. There are still, however, many committees and subcommittees where U.S. participation should be more effective.

Our ANSI problem is largely one of capacity rather than ability to handle international activity. In fact, few countries can offer a better

or more efficient coordination and administration of international participation. The basic problem to date has been the lag in required technical and financial support on the part of some industrial groups and the fact that ANSI stands virtually alone in the world of national standards bodies in having no official recognition or financial support from its government. This has been particularly trying in instances where the "public interest" may well dictate that the United States should participate in a given activity, but for which there is no identifiable or obtainable industrial support. There is also the continuing problem of across-the-board committees dealing with terminology, drawing practices, symbols and the like which are very difficult to tie to specific industrial or public support, but agreement on which are very necessary and important to international exchange of technology and to international trade.

We have provided the subcommittee staff with copies of the Institute's governing documents, including procedures. In brief, we in the United States have a strong standards program in the private sector, but one which is unique in that it is almost completely decentralized. ANSI provides the organizational mechanism for coordinated development of standards and independent determination of national recognition and acceptance of standards—including international recommendations. ANSI does not itself develop standards.

I might mention at this point that an international standard is usually issued, particularly through ISO, as an international recommendation. These recommendations are used as the basis for national standards and, as was mentioned by Mr. Simpson, there is another step beyond the adoption of an international standard before it becomes an American national standard or one which is used widely in the United States. It has to be again reviewed, tested and compared with existing practices to make sure that it is indeed not something inferior, or indeed it is not something which is in restraint of some appropriate public interest.

In keeping with its original purpose, ANSI depends upon the technical, administrative and economic capability of its many member organizations along with agencies and departments of Government to develop national standards as well as U.S. positions on international standards. Participants in international standards committees are drawn from virtually every affected segment of society. In the past 5 years more than 3,200 highly qualified experts from industry and Government have been delegates to ISO and IEC committees. Of this number, some 250 were from Government departments and agencies. So you can see that on a technical level we do have a good working relationship, and we would hope to improve this.

While ANSI depends upon the voluntary and cooperative efforts of technical, professional, consumer, and Government groups to develop positions and carry out continuing activity, it does have a requirement for highly qualified staff personnel to organize and manage the many and diversified international programs in which it participates. Where ANSI holds an international secretariat it, in fact, serves the needs of all participating nations and hence must maintain a neutral position.

I might add here, too, that the U.S. position in this case is not neutral. The U.S. position is governed always by a so-called American

national or U.S. national committee for the particular technical subject in hand, and this then develops the terms of reference for U.S. presentations.

The guidelines for this would be reviewed by the Secretary of Commerce if indeed this bill were passed, and would be altered or changed to suit what is required under this bill.

The cost of international programs has grown at a much more rapid pace than has corresponding industrial support. In brief, the international budget of ANSI for 1971 is in excess of \$500,000. Of this, \$130,000 represents a direct contribution to ISO, IEC, and COPANT in the form of annual subscriptions. ANSI assumes this cost as a full service to all U.S. standards interests. We realize, of course, that the Institute's \$500,000 is small when compared with the total U.S. investment in international technical activity, delegate travel, and meeting expenses. Estimates provided during recent trade hearings put the direct cost of international participation in ISO and IEC at some \$5 million per year. To this must be added at least an additional \$10 million invested by industry and public institutions in personnel and research required for effective standards development.

The ANSI international budget is dictated by availability of resources rather than what is critically needed. We now estimate that ANSI will need to double its outlay in the next 2 to 3 years to properly represent this Nation's growing interest and involvement in international standards programs. The growing need for certification policy coordination and representation could add substantially to this amount.

Here are examples of added services which we feel must be provided.

1. *Additional secretariats.*—There are a number of ISO technical committees which would benefit from U.S. leadership. It costs ANSI some \$15,000 per year on average to administer an effective secretariat and some \$5,000 per year on average just for effective participation.

2. *Additional delegate expenses.*—We must recognize that continuity in technical participation is vital to successful negotiation. Going hat in hand to individual companies—particularly smaller firms—is extremely difficult. Public employees and scientific and technical experts from universities and research facilities are especially difficult to attract because of limited or nonexistent travel budgets.

3. *Effective translation service.*—Technical translation of sound U.S. standards into foreign language as well as translation of documents into English is both extremely costly in the United States and very difficult to accomplish. We also have a specific need to provide Spanish and Portuguese translations of U.S. documents for our Latin American neighbors.

We realize that S. 1798 will not solve all the many problems facing the United States in the international standards field. It does, however, provide what we believe to be an effective problem solving mechanism, particularly since it provides for strong and effective industry-Government participation. ANSI has found itself at a distinct disadvantage at times in that as a private group working in strictly nongovernmental organizations, such as ISO and IEC, it has been unable to fully participate or provide the technical guidance often required by Government in its dealings with treaty groups, such as the

Economic Commission for Europe, OECD, or with governments of individual countries.

In other countries governments do recognize their national standards organizations and in many cases provide substantial financial support. This does not imply that governments do not remain free to accept or reject recommendations of their respective standards groups—this they must do—but more important a partnership exists which inures to the benefit of all concerned.

We are particularly pleased to see official recognition in the bill for an Interagency Committee on Standards Policy. Certainly, the Government must have a focal point for policy such as ANSI provides in the private sector. We have recommended that a similar advisory group be established from the private sector to advise the Secretary. In this way policies and programs will be better coordinated and the public interest in all international standards negotiations assured.

Mr. Chairman, Senator Cannon, we have several additional pages here of detailed, suggested revisions. I will not bother to go through these now but would like to submit these for the record.

Senator INOUYE. Without objection, so ordered.

(The revisions follow:)

#### RECOMMENDED AMENDMENTS TO S. 1798

As we have pointed out, we do strongly urge the passage of this bill. However, to make the law more effective and understandable we have several suggestions which we would like to present to the Committee.

In Section 2, we believe there should be a sentence added on line 6, page 2, after the word "activities" which reads as follows:

"The Congress finds that the public interest is best served when affected consumers, users, producers and distributors participate in the development of international standards."

This language would emphasize the vital importance of the participation of all interested parties in the standards development process—to assure a broad national consensus on this subject, and to be sure that no legal problems would be presented by confining the standards development to one group. This method of standards development has been found by ANSI to be the most practical and fair—one leading to the best standards.

In Section 3(b) we feel the description of "voluntary standards" should read "engineering and commodity standards . . ." not "industrial and commercial standards . . ." The language ordinarily used is "engineering and commodity standards." In fact, the title of the LaQue Panel on Standards by the Secretary of Commerce in 1963 was "The Panel on Engineering and Commodity Standards." This is understood by technical people and more meaningful.

In this section we also recommend that following the words used above on line 17, page 2, there be added the phrase: "prepared by groups recognized as having been properly constituted and having the qualifications to prepare the standard, . . ."

In Section 3(c) we believe there is a point to be clarified. In past cases we have found international standards which were inadequate for national use. We would not want this section construed to mean that we would have to change a better, tighter American National Standard to conform to a weaker international standard. As you know, the bill requires that the Secretary make sure the standardization is in the public interest and this is defined in Section 7. The problem may be adequately covered by the language of Section 7; however, it might be well to clarify the point.

In Section 3(d) we believe the terminology "international standards system" should be clarified by calling this "international standards assurance system" throughout the bill. The addition of the word "assurance" would clarify the

meaning of the phrase. What we are talking about are international certification programs.

In Section 4(a) we are of the opinion that when the Secretary does identify the international standardization activities he should do so "in consultation with appropriate private groups" so that he can have the benefit of their experience and expertise.

In Section 4(b) we recommend that the first word on line 20, page 3, "Provide" be changed to "Assure provision" and the word "or" on line 20 be changed to "and." In this way there will be no question that there must be participation by all interested parties as outlined above.

In Section 4(c) we recommend the addition of the phrase "in consultation with private groups" after the word "determines" on line 25, page 3. This would assure that the Secretary would have the benefit of the thinking of the groups who are familiar with the standards in question.

In Section 6(a) we recommend that the phrase "preferably accredited members of recognized standardization organizations" should be added to the end of the first sentence on line 12, page 4. This would assure that the organizations designated would be those experienced and qualified to handle the task. In addition, on line 16, page 4, after the word "include" should be added the words "review of" as ANSI already has excellent guidelines in these areas and there is no need for the work to be done again. The Secretary would, of course, have the option of revising or changing the guide in any reasonable manner.

Also in Section 6(a) we wish to recommend the deletion of the last phrase commencing with the words "or shall provide . . ." on line 20, page 4.

This would be very difficult to accomplish as the negotiations are most often done at meetings overseas and the U.S. delegation has to be free to work out the best arrangement possible on the spot before the opportunity is lost.

In Section 6(c) we feel that perhaps the Secretary's authority to assist non-profit organizations in the performance of international standardization work is unnecessarily restricted by limiting it to "investigation and studies" as required by the phrase "in furtherance of an arrangement established under subsection (b) of this section." We feel the intent of the section would be strengthened if this phrase were stricken.

Section 6(d) we believe should be amended to read as follows:

"d) Where United States participation in international *standards assurance* systems is deemed to be in the public interest, *the Secretary is authorized to recognize and authorize qualified national private non-profit organizations to administer such systems, and in addition,* the Secretary may establish a system for the evaluation and accreditation of private domestic organizations which seek to confirm their technical capability to conduct tests or to evaluate the test procedures used by others for the purpose of documenting compliance with a standard." (italic added)

The purpose of this is to clarify the fact that the Secretary can designate certain organizations in the U.S. to operate international standards assurance (certification) systems. This can be implied from the language of the bill but nowhere is it clearly spelled out.

Concerning Section 9, we feel this should be amended as follows:

"Unless it is not in the public interest to do so, the Secretary shall list or arrange for listings under a classification system acceptable to him, each international voluntary standard, international standards system, or any modification thereof negotiated, or developed pursuant to this Act. Each standard and a full description of each international standards assurance system shall be available to the public. If such standards and standards systems are not available privately, the Secretary shall make them available."

The reason for this change is that we feel a new classification system for standards is not needed in view of the excellent ISO classification system now in existence.

In our review of the bill we noted in Section 12(a) that the provision has been made for assistance to the Secretary by a special Interagency Committee on Standards Policy made up of representatives of various Government agencies. We heartily concur with this, but we do feel that the Secretary should also have a similar committee representing all segments of the private sector to give him expert advice and counsel on the very complicated policy matters which will arise.

We, therefore, recommend that a paragraph be added to Section 12(a) as follows:

"Section 12 (a) To provide policy guidance and to assist the Secretary in carrying out his responsibilities under this Act *two committees* should be established:

(1) An Interagency Committee on Standards Policy consisting of members representing the Departments of Defense, Justice, Interior, State, Housing and Urban Development, Commerce, Labor, Treasury, Health, Education and Welfare, and Transportation, the General Services Administration, the National Aeronautics and Space Administration, Federal Communications Commission, Atomic Energy Commission, Environmental Protection Agency, Federal Trade Commission, and such other agencies as the Secretary deems advisable. The Secretary or his representatives shall be Chairman of the Committee, and, (2) *An international Standards Advisory Committee consisting of a group not less than fifteen (15) persons representative of all interests in the private sector including representatives of consumers, employees, manufacturers, distributors and certification experts.*" (italic added)

Lastly, in Section 14(b) we believe the last phrase commencing with the words "for the purpose of . . ." on line 3 of page 10 should be eliminated as being too restrictive and not necessary.

Mr. Chairman, the Standards Institute appreciates the opportunity to present its views on S. 1798. The amendments we have offered are intended to be constructive and for the purpose of strengthening the bill. I will be pleased to answer any questions you may have.

Mr. TROWBRIDGE. I would like to just state briefly that our major concern is that the legislation clearly emphasizes the critical need for close industry-Government cooperation in international standards and certification programs. The legislative language should require continuing input from both sectors into national policy.

We do feel that either an advisory committee composed of qualified individuals from sectors outside Government should be appointed to advise the Secretary of Commerce, or that the Committee suggested in the bill should be a joint Government-industry Committee.

In conclusion, Mr. Chairman, I have been authorized to state that the position of ANSI on this bill has the full support of the National Association of Small Business, a federation of more than 40,000 individual firms vitally concerned with the future development and implementation of international standards.

We understand that the National Association of Small Business will be submitting a statement in its own behalf.

I thank you, gentlemen, and would be glad to try to answer any questions you may have.

Senator INOUYE. Thank you very much, Mr. Trowbridge.

It has been estimated that the cost of the first full year's operation under this proposed law will be approximately a million dollars. It is required that we make an estimate for 5 years. You have been in this business for a long time. What would your estimate be for 5 years' operation?

Mr. TROWBRIDGE. I would think, sir, that over the 5 year period you might see a threefold growth at least in the commitment of the United States in international standardization; and if the \$1 million were figured for the first year, you might see an escalation up to \$3 million at the end of 5 years.

You might have some thoughts on that, Don.

Mr. PEYTON. We do not really know how much the Department of Commerce has in mind and getting into what types of activities. But if the growth factor is as we say, it will probably be about that much.

We have not heard from the Department of Commerce what in fact they want to fund with this money. The thing is growing at about that rate. We figure the dues and the workload of the international orga-

nizations will go up about that. They have been growing at that rate right now.

Mr. TROWBRIDGE. Seven percent per year for just the dues.

I might add, the thrust of this bill is toward areas where we are now, in the determination of the Secretary of Commerce, inadequately represented.

Therefore, there will be a strengthening here as they move into it, a strengthening of that particular activity.

I mentioned some areas where we are, we feel, rather adequately represented, and these would probably require a minimum of additional effort on the part of the Secretary of Commerce.

Senator INOUE. In your testimony you have indicated, Mr. Trowbridge, your annual budget at the present time exceeds \$500,000.

Mr. PEYTON. That is our international budget.

Mr. TROWBRIDGE. Yes, that is international, sir.

Senator INOUE. If this measure becomes law and appropriations are made, do you anticipate that the funds provided by this law would supplement or substitute for your international funds?

Mr. TROWBRIDGE. Supplement, sir.

Senator INOUE. So you will continue financing some of the activities?

Mr. TROWBRIDGE. Definitely.

Senator INOUE. In financing your national and international standardization work, do the companies which contribute—I presume industry contributes—do they contribute directly to the organization, or do they contribute for specific activities or purposes?

Mr. TROWBRIDGE. We actually have two ways of doing this. For the most part, the international standards work of ANSI is financed through our dues structure, which depends about 50 percent on member companies and member bodies, such as technical societies and professional associations, and 50 percent on sale of standards.

However, where the membership of ANSI does not include companies from industrial areas in which standardization projects are being taken on behalf of the United States, we have gone to these industrial areas which for one reason or other may not choose to join ANSI and we have said to them, "We will be glad to administer the activity in this international standard if you will grant us so much money for this purpose." This has been done on occasion. But this is the exception rather than the rule.

Senator INOUE. Mr. Trowbridge, I am asking these questions because there is a possibility that if S. 1798 becomes law, ANSI may well be called upon to serve in an official capacity to represent the United States. Now, what percentage of your membership would you characterize as "small business"?

Mr. TROWBRIDGE. Do you have a figure, Don?

Mr. PEYTON. Senator, in company members, going to the classic definition of small business, some 90 percent of our membership are actual small businesses. We have roughly a thousand company members and at least—well, somewhere around 90 percent of those would be smaller firms.

We have giant corporations, to be sure, but the bulk of our membership are small groups.

And also trade associations representing small business.

We try our best to diversify and to have a broad base of support and membership.

Mr. TROWBRIDGE. I might say, too, Mr. Chairman, that the membership dues are scaled properly to attract the small business people; whereas they each one have a full democratic vote in the affairs of the institute, the smallest member may come in for \$5 plus a \$100 service fee.

Senator INOUE. I asked Secretary Lynn whether this law might have an anticompetitive effect. Some individuals have contended that it would have. Do you have any procedure that you employ to assure that these standardization activities will not have an anticompetitive effect?

Mr. TROWBRIDGE. Yes, we do, sir. I do not feel that this particular law will have any marked effect on the procedures except to strengthen them and make them less likely to have an anticompetitive effect because it will be given very close scrutiny by the public servants who are responsible for this particular function.

But currently our representation on the U.S. National Committees, in the American National Committees for International Standards, and for our domestic standards, require that all parties at interest, including the public interest, be represented on all standards, and that these parties at interest must reach a consensus before they are approved.

With very few exceptions, very few of these standards which are developed are ever appealed. But we do have appeal procedures through several lawyers, right up to the board of directors, to make sure that nobody's interests were overlooked or that there is no unfair treatment in the development of these standards, both international and national.

Senator INOUE. On the matter of small businesses, are they just members or do they really participate in your activities?

Mr. TROWBRIDGE. It depends, sir, on the activity under consideration. I might use as an example the metal cutting tool industry which is made up of numerous small industrial concerns which supply the machine tool elements which are used in the cutting of metal. They have a trade association which probably has 60 or 70 members, all of them in the small business category, and from the membership of this association; that is, the technical people who are involved in the metal cutting tool design and development of specifications, these are actually the people who participate in the development of the standards. Opposite them are the big users and the little users. People that come from General Motors may participate; and then you may find someone that comes from a small manufacturing concern who sit as members of the committee which develops the standards.

Another source of people who sit on these standards are the technical societies and affected trade associations.

Therefore, there is a broad mix.

I might add also, Government, particularly Government where it affects their interest.

So that there is a good mix of interest and it is ANSI's purpose to assure that this balance of interest and that all parties at interest have a chance to review and approve, review the standard before approval.

Mr. PEYTON. I would like to add one more thing. One thing about our procedure which is unique, we are the only organization in the

United States that goes one step further; and that is that every standard before it is adopted is sent out for public review and comment from the private sector.

Our mailing list includes all the trade associations, the individual companies, Government agencies. So even if you do not get a man on a committee—which you cannot get them all or you would have to hire Soldiers Field. They get anywhere from 60 to 120 days to comment on the standard, and those comments have to be reviewed and have to be settled before the standard is actually adopted as an American national standard.

So that small business has under this new procedure a better go than they have ever had before. They do not have to participate. It is well if they can, but even if they do not, the standards are not just run through by a select few people. They have to go out for public review and comment.

This has helped considerably. We have had good response from State and Federal Government and small business groups. It is a very valuable adjunct, particularly to small business where they cannot afford to send a delegate to every committee meeting.

Senator INOUE. How large is your board of directors?

Mr. PEYTON. Our board is 45 at the present time.

Senator INOUE. I notice that you have consumer representatives on this board. How many do you have?

Mr. TROWBRIDGE. I can give you some figures here. If you will accept Government, we have Lea Donahue of the General Services Administration Dr. Lewis Branscomb of the National Bureau of Standards; Malcolm Jensen, Director of Product Safety of the Food and Drug Administration; Margaret Dana, who is a consumer affairs consultant, a rather well-known one around the country.

Can you name some others in the consumer area?

Mr. PEYTON. Defining "consumer" is always a tough one, but we have a number of people who represent large retailers like Macy's and Sears, Roebuck, people involved in consumer affairs in manufacturing, but we have five that are actually on as consumer reps on our board. But they also have representation on the consumer council.

The Consumers Union is a member of that; they are really engaged in practically all aspects of the Institute.

The board is the final governing body, but they are involved in technical committees and the consumer council in reviewing all standards.

Senator INOUE. A matter of major concern in recent years has been protection of the environment. Do you have any representatives primarily interested in the environment serving on your board?

Mr. PEYTON. How do you mean, sir? I do not understand. On the board of directors itself?

Senator INOUE. Yes, sir.

Mr. PEYTON. Not professional environmentalists that I know of, not at the present time. But we do have people from Federal Government like Dr. Branscomb and so on who are involved in environmental affairs.

I think we are all concerned with the environment, really. We do not have any specific categories of that, though, no.

Actually, in the field of environmental protection, really the standards setting area is not the regulatory one. We are working with orga-

nizations such as ASTM and the rest in trying to provide the proper test methods and the proper technical background. The Government itself has to do the actual regulation of the environmental factors. We provide the technical input. We do not get into regulatory matters.

Mr. TROWBRIDGE. At the technical level, too, the environmental specialists are very evident by their membership on these various committees. We have committees on noise; we have committees on occupational safety and health. We mentioned this water purity one. There will be a committee—in fact, we have an activity on that under two of our member associations. And there is a strong technical input from the environmental area; yes, sir.

Senator INOUE. Your organization is involved in national and international standardization activities, and I would assume that you would have differences between national and international standards. How do you reconcile these differences?

Mr. TROWBRIDGE. May I take that one on? Maybe you can add to it.

In the past we have been helpful in developing international standards, although sometimes realizing that the state of the art in the rest of the world cannot achieve quite the perfection of standardization that we have achieved here in the United States. In these instances, an international standard may be developed which is inferior, let us say, for a product, to the standard which exists in the United States. In these instances, the U.S. standard would not be changed, because I have never yet known one to be downgraded.

However, by far, most of these standards, as I have tried to indicate in my prepared text here, are communications means, and these places where we find differences in approaches, differences in test methods, these are negotiated until things are ironed out, and then these are brought back and we use them as a basis for rewiring our national standard.

So that the reconciliation is taking place, let us say, in a preliminary stage during the development of the international standard, and in the final stage in the revision of our American national standard to conform with the international standard. This will become more and more the method of operation I think in the future.

In fact, in Europe, they are subordinating their national standardization programs to the international standardization programs, feeling that if they can come to international agreement first, then they will not have to remake the wheel or reinvent the wheel, as it were, in tearing apart their national standard and redoing it.

So I think in the future you will see a great deal more emphasis on the international standards development.

Senator INOUE. Are you involved in providing leadership and reconciling differences between national standards and local standards?

I notice that the various States have standards on trucks and the height of containers, et cetera. What are your thoughts on that, sir?

Mr. TROWBRIDGE. These are regulatory standards, of course. And ANSI is in some instances involved in developing the base voluntary standard on which the regulatory standards might be based.

But many of ANSI's member bodies also provide this, and these standards don't necessarily at all become ANSI standards. So we have sort of a "duke's mixture" here.

But the voluntary standards process does get into the technical development of standards which later become regulatory standards in many cases.

Don, do you have something?

Mr. PEYTON. This is a good case in point. We work with State groups as well as Federal Government, and in fact, on occupational safety and health, have had remarkably good success in transport. We have had minimal success other places.

But what we are trying to do is get the State regulators, like the State Conference of Highway Administrators or State labor officials, when they get ready to write a new law, we urge them to adopt nationally recognized codes, for the reason companies do not have to remake or redo their efforts every time they go across State lines. This has met with varying degrees of success. But in many areas—like the National Electrical Code is used by virtually every community in the Nation. It is the standard. It has been adopted by localities and becomes the regulation on wiring and everything to do with protection of the electrical inputs in the buildings.

We have had good success in some areas; in others we are still working. Our goal, of course, is to try and get regulators to adopt nationally recognized standards. We have had varying degrees of success with that.

Senator INOUE. You have mentioned in your testimony, sir, that ANSI has increased its participation in ISO and IEC. Would you say that the American position or the American self-interest has prevailed whenever there was a disagreement?

Mr. TROWBRIDGE. No; I do not think we could say that. We have negotiated from certain positions and have had sometimes to come home and regroup and try again.

In some instances we have not been able to approve the international standard which was developed.

Incidentally, it only requires 60 percent of the countries voting in ISO to put out an international recommendation. So just because we are at the table does not always mean that the standard developed is going to be to our satisfaction.

Senator INOUE. I asked this question because, if I recall—and I may be wrong—the United States pioneered in the shipment of containerized cargo. As a result of this pioneering activity, we at one time, and we still do, command the bulk of the containerization activity on the high seas.

A few years ago, I believe your organization and the Federal Government proposed standards which would have been favorable to the Europeans and, in effect, would have put our major container companies out of business. I am speaking of one Hawaiian company, Matson; the other was Sea-Land on the Atlantic side.

And the members of his committee felt compelled at that time to take legislative action to see that this was not carried out.

Now, here was a situation where we felt that the U.S. representatives had no business giving in to the European demands when we were the pioneers and we had the bulk of the business and we were still doing good business all over Europe. The only result of this standardization, if put into effect through subsidies and otherwise,

would have very effectively put these container businesses out of operation.

Now what are your thoughts on that, sir?

Mr. TROWBRIDGE. I would ask Don to take that one.

Mr. PEYTON. I would like to talk about that one. That was a very tragic situation.

This was really before our time in this business when these first committees were set up.

The original ISO recommendation did come out with a modular construction which was not in the interests of American shippers, some American shippers.

I will add, Senator, that at that time those same American shippers were not very active themselves in international standards. They really thought they had a system which would sell.

Since that time we have corrected our way of doing business, to be sure this does not happen again, and frankly, at this time, I believe you will find that the American scene does predominate internationally.

As a matter of fact, the new international standards which are now up for adoption—I have them here—do contain all the sizes and, frankly, are much better.

But what had to happen was we had to come back and regroup, get these organizations involved.

This is a good example of the fact that they were not participating with the right kind of people. You can get had in an international meeting. We sometimes get outvoted if we do not have the right delegates.

But at the present time I think the ISO container thing is resolved. As a matter of fact, we have the international secretariat. The new international standard will have all the sizes; as a matter of fact, it does have. And not only that, but our own procurement people are using this, which contains everything we need, and much better test methods.

It will take ISO some time to catch up with us because in this case you are negotiating among nations. We have our standards and they have theirs. As near as we know, they do have national acceptance of all parties now. This was not the case 5 years ago.

Senator INOUE. You just made a few points there.

Mr. TROWBRIDGE. Mr. Inouye, this points up and underlines the problem which we have had in the past of the proper attention being paid to the importance of international standards at the right time.

Unfortunately, we had to go around and try to shut the barn door after the horse was halfway through, but we finally got him stuffed back in, as you heard Don say.

But it is not an easy thing to anticipate these things, particularly when the industries involved say, you know, "we just do not really think that international standard is going to get off the ground anyway."

So this was our problem in this instance.

Senator INOUE. Senator Stevens has several questions he would like to ask but he has just been called out. Do you have any questions?

Mr. PEYTON. May we submit a list of the board of directors?

Senator INOUE. Yes; and if you could give a description of who they are and what they represent.

Mr. PEYTON. In general terms, we have a board of 45. Sixteen of those represent what we call standards development or technical organizations because they are part of our institute. They come from a variety of sources, such as American Chemical Engineers and the rest. Twelve of the directors represent industrial firms; in other words, they are company members. Four directors represent the consumer council; four are elected at large.

On top of that, we have the Director of the National Bureau of Standards, by virtue of his position; and we have the chairman of our operating council.

We are trying to get a broadly based representation of those who are working in all affected areas of standards.

That is in general. We will submit that for the record, along with the membership. It is a rotational board. Roughly 25 percent rotates each year. So we have a continual flow of directors.

(The list follows:)

AMERICAN NATIONAL STANDARDS INSTITUTE, INC.,  
New York, N.Y.

1971 PERSONNEL LIST, BOARD OF DIRECTORS

President: Mr. Roy P. Trowbridge.

Vice Presidents: Mr. Frank J. Feely, Jr., Mr. Clyde F. Schlueter, Mr. Baron Whitaker.

Secretary: Mr. Donald L. Peyton (ANSI).

Director	Representing	Term expires (Dec. 31)
Mr. V. James Adduci, president, Electronic Industries Association, 2001 I St., NW., Washington, D.C., 202/659-2200.	Member body council.....	1973
Mr. Roger J. Amorosi, president, Electrical Testing Laboratories, Inc., 2 East End Ave., New York, N.Y., 212/288-2600.	Member body council.....	1974
Mr. Fred W. Batten, senior vice president and chief operations officer, Columbia Gas Systems, Inc., 20 Montchanin Rd., Wilmington, Del., 302/429-5000.	Company member council....	1971
Mr. Guenther Baumgart, president, Association of Home Appliance Manufacturers, 20 North Wacker Dr., Chicago, Ill., 312/236-2921.	Member body council.....	1974
Mr. Charles T. Blake, vice president, engineering, Warner & Swasey Co., 11000 Cedar Ave., Cleveland, Ohio, 216/431-5580.	Company member council....	1972
Dr. Lewis M. Branscomb, director, National Bureau of Standards, Washington, D.C., 202/921-2411.	Director, National Bureau of Standards.....	
Mr. Daniel Chaucer, vice president and director, Bureau of Standards, R. H. Macy & Co., 151 West 34th St., New York, N.Y. 212/695-4400, extension 2616.	Consumer council.....	1971
Mrs. Margaret Dana, consultant, R. D. No. 3, Doylestown, Pa., 215/348-5264	.....do.....	1974
Dr. Lee L. Davenport, president, General Telephone & Electronics Labs., 730 Third Ave., New York, N.Y. 212/551-1202.	Company member council....	1974
Mr. C. Mathews Dick, Jr., president, Business Equipment Manufacturers Association, 1828 L St., NW., Washington, D.C., 202/466-2288.	Member Body council.....	1973
Mr. Lee F. Donahue, staff director for standards activities, General Services Administration, Federal Supply Service, Washington, D.C., 703/557-7882.	Consumer council.....	1972
Mr. Frank J. Feely, Jr., director and vice president-engineering, Esso Research & Engineering Co., Post Office Box 101, Florham Park, N.J., 201/474-0100, extension 6001.	Vice president.....	1973
Mr. Frank S. Fitzgerald, executive vice president, Architectural Aluminum Manufacturers Association, 410 North Michigan Ave., Chicago, Ill., 312/828-9637.	Member body council and chairman, certification committee.....	1971
Mr. George T. French, senior vice president, Deere & Co., John Deere Rd., Moline, Ill., 309/792-4228, 1230-36 Ave., Rock Island, Ill.	Member body council.....	1971
Mr. Curtis W. Fritze, vice president, corporate planning, Control Data Corp., 8100-34th Ave., South, Minneapolis, Minn., 612/888-5555.	Company member council....	1973
Mr. Ralph L. Harding, Jr., executive vice president, Society of the Plastics Industry, 250 Park Ave., New York, N.Y., 212/687-2675.	Member body council.....	1973
Mr. F. Donald Hart, managing director, American Gas Association, 1515 Wilson Blvd., Arlington, Va., 703/524-2000.	.....do.....	1973
Dr. Seymour Herwald, vice president, engineering, Westinghouse Electric Corp., 3 Gateway Center, Post Office Box 2278, Pittsburgh, Pa., 412/255-3632.	Company member council....	1974

Director	Representing	Term expires (Dec. 31)
Dr. Milton B. Hollander, vice president, technology, American Standard, Inc., 40 West 40th St., New York, N.Y.	.....do.....	1973
Mr. Dwight F. Hollingsworth, standards manager, E. I. du Pont de Nemours & Co., Inc., Louviers Bldg., Wilmington, Del., 302/366-2714.	Member body council.....	1971
Mr. Harold K. Howe, executive secretary, Outdoor Power Equipment Institute, Walker Bldg., 734-15th St., NW., Washington, D.C., 202/737-6510.	.....do.....	1974
Mr. John W. Landis, president, Gulf General Atomic, Inc., Post Office Box 608, San Diego, Calif., 714/453-1000.	.....do.....	1972
Mr. Malcolm W. Jensen, Director, Bureau of Product Safety, Food and Drug Administration, U.S. Department of Health, Education, and Welfare, Washington, D.C., 202/963-3193.	Consumer council.....	1973
Dr. Francis L. LaQue, consultant, The International Nickel Co., Inc., 1 New York Plaza, New York, N.Y., 212/742-4093.	Past president.....	
Mr. William L. McGrath, assistant to chairman, Carrier Corp., Carrier Parkway TR-4, Syracuse, N.Y., 315/463-8411.	Member-at-large.....	1972
Mr. Herbert L. Misch, vice president, engineering and manufacturing staff, Ford Motor Co., The American Road, Dearborn, Mich., 313/322-3597.	Member body council.....	1972
Mr. Stanley J. Nelson, vice president and general manager, Residential Division, Honeywell, Inc., 2701 4th Ave., south, Minneapolis, Minn., 612/332-5222.	Company member council....	1973
Mr. Austin J. Paddock, chairman of the board, Blount Bros. Corp., 79 Commerce St., Montgomery, Ala., 205/264-8401.	Member-at-large.....	1973
Mr. Robert W. Pearson, chairman, P-W Industries Inc., 11,500B Roosevelt Blvd., Philadelphia, Pa., 215/464-1900.	Chairman, company member council.....	1971
Mr. Louis Polk, president, Louis Polk, Inc., Post Office Box 967, Dayton, Ohio, 513/224-1900.	Member-at-large.....	1971
Mr. Howard Pyle, president, National Safety Council, 425 North Michigan Ave., Chicago, Ill., 312/527-4800	Member body council.....	1972
Mr. Allen F. Rhodes, vice president, corporate planning and development, ACF Industries, Inc., 750 3d Ave., New York, N.Y., 212/986-8600	.....do.....	1974
Mr. Roger F. Ringham, vice president engineering, International Harvester Co., 401 North Michigan Ave., Chicago, Ill., 312/527-0200	Company member council....	1974
Mr. Clyde F. Schlueter, president, Employers Insurance of Wausau, Wausau, Wis., 715/845-5211	Vice president.....	1971
Mr. M. N. Sigovich, general manager automotive products, Consumer Products Division, Union Carbide Corp., 270 Park Ave., New York, N.Y., 212/551-2345, extension 3708	Member body council.....	1972
Mr. Milton W. Smithman, assistant staff vice president, Builders Services Division, National Association of Home Builders, 1625 L St., NW., Washington, D.C., 202/737-7435	Chairman, member body council.....	1971
Mr. Douglas R. Starrett, president, L. S. Starrett Co., Athol, Mass., 617/249-3551	Company member council....	1971
Mr. William H. Strang, vice president, American Petroleum Institute, 1801 K St., NW., Washington, D.C., 202/833-5600	Member-at-large.....	1974
Mr. George H. R. Taylor, Executive director, Staff Committee on Atomic Energy, AFL-CIO, 815-16th St., NW., Washington, D.C., 202/293-5175	Member body council.....	1971
Mr. Roy P. Trowbridge, director, engineering standards, General Motors Engineering Staff, General Motors Technical Center, Warren, Mich., 313/575-1314	President.....	1971
Mr. Michael H. Westrich, director of laboratories, Sears Roebuck & Co., Department 817, 925 South Homan Ave., Chicago Ill., 312/265-2535	Company member council....	1972
Mr. Baron Whitake, president, Underwriters' Laboratories, Inc. 207 East Ohio St., Chicago, Ill., 312/642-6969	Vice president.....	1972
Mr. Foster C. Wilson, group manager, Product Testing Laboratories, Owens-Corning Fiberglas Corp., OFC Technical Center, Post Office Box 415; Granville, Ohio, 614/582-0610	Chairman, consumer council..	1971
Mr. Gilbert Wolter, vice president of research, Sunbeam Appliance Co., 2001 South York Rd., Oak Brook, Ill., 312/654-1900	Company member council....	1971
Mr. Porter R. Wray, director, metallurgical engineering, United States Steel Corp., 600 Grant St. Pittsburgh, Pa., 412/433-2078	Company member council....	1972

Senator INOUE. I have one final question. If after the passage of this measure the U.S. Government decides to call upon your organization to serve in an official capacity in representing our interests, do you feel that your organization will be able to do this? That there will be no conflict of interest?

Mr. TROWBRIDGE. No, sir. We feel that we would be fully capable of doing it.

Senator INOUE. And you have no reservations?

Mr. PEYTON. There may be some structural changes that will be necessary. We understand that.

Mr. TROWBRIDGE. These must be made to satisfy the Secretary.

Mr. PEYTON. But we are not worried about that. This is an evolving process.

What we need more than anything else is to effect for the first time in history—we have never had a national policy. We have policies of individual agencies and private policy. We need to put it together. We would not see any great harm in this, though.

Senator INOUYE. I agree with you, sir. As I have said many times, it does indicate something that after nearly 200 years of existence as a nation, finally this year the Senate of the United States decided to create a Subcommittee on Foreign Commerce. I will be expounding my thoughts on this at a later time, but it is about time we got into the business of foreign commerce.

Mr. PEYTON. It was even worse 3 years ago. They had in the Federal Register one day about 40 pages of so-called nontariff barriers to trade and were going to have hearings before the Trade Information Committee. We had to go down and listen the first day to testimony that standards in fact could be barriers to trade, nontariff barriers. That was only about 3 years ago. I still have the hearing testimony.

So it has been a relatively new emphasis. We think it is high time, too. We have been working on it.

Senator INOUYE. I will be very happy to be your partner, sir. There are a few things that gall me a little.

For example, we have throughout the embassies in foreign lands approximately 190 commercial attachés. From what I gather, according to the protocol system in the embassy, the commercial attaché is the lowest animal on the totem pole. If I listen correctly to business interests, many of our commercial attachés are not worth the pay they are receiving. One would expect the commercial attachés to be appointed by the Department of Commerce, as military attachés are appointed by the Defense Department, and agricultural attachés by the Department of Agriculture.

Somehow in this important area of commerce, the commercial attachés are appointed not by the Commerce Department but by the State Department, and so we find many times men who are waiting for retirement and serving in this capacity.

As you say, we should begin actively to get into foreign commerce and go out aggressively and win the markets.

We will now have Senator Stevens. Any questions?

Senator STEVENS. Thank you, Mr. Chairman.

It is nice to meet you, Mr. Trowbridge. Don, I am happy to have you here.

Have you discussed the recommendations with the Department of Commerce?

Mr. TROWBRIDGE. Yes, we have.

Senator STEVENS. Could you tell us what their attitude was concerning these amendments?

Mr. TROWBRIDGE. Don, can you do that?

Mr. PEYTON. Nothing official, Senator. But when we ran these by the Department of Commerce, we were told they had no objection to them.

Of course, the General Counsel and the rest would like to study them in detail and submit comments. But we found favorable response to the amendments.

Senator STEVENS. According to the chairman's remarks and from my understanding, I take it that the direction of these amendments would be to make certain your organization would have an opportunity to be involved in the representation of the United States in the activities envisioned by this bill?

Mr. PEYTON. It is not only our organization; it is the whole private sector developing activity which encompasses many, many organizations, but most of it is through our organization. The private sector should be involved in this.

Senator STEVENS. Basically you have alternate recommendations, though. As I understand it, one alternate would provide for an advisory committee if there is not direct participation; is that right?

Which would you prefer?

Mr. TROWBRIDGE. Our proposal here says that we would feel that the Secretary of Commerce should have a parallel private sector advisory committee, parallel to the one made up of the various agencies and departments of the Government.

But as we said in our closing remarks, if this were found to be not practicable, that perhaps a committee made up jointly of the Government departments and agencies and the private sector could act more efficiently as an advisor to the Secretary.

Senator STEVENS. The chairman echoed my feelings in his off-the-record remark back here, and that is that advisory committees really do not work. They give advice, but they really are not involved.

Are you saying that you would prefer to be involved in an advisory capacity? Or you would prefer to be directly involved?

Mr. TROWBRIDGE. No, sir. In the administration of the international standardization development, ANSI would be directly involved. This advisory committee activity we would anticipate would be to advise the Secretary on policy and to review procedures which he would then bless under the law for carrying out his responsibilities, and that is the only sense in which we would think this advisory committee would work.

Senator INOUE. Would the Senator yield?

Senator STEVENS. Yes.

Mr. TROWBRIDGE. Making technical decisions; no. The technical decisions belong to the so-called U.S. National Committees or American National Committees for a technical subject. And these are developed for each subject in accordance to the involvement of the various parties at interest, including the consumer, the producer, and the manufacturer.

Mr. PEYTON. Another thing we can definitely say, Mr. Stevens, is that whenever we have tried to make the unilateral decision on these things, we have usually run a cropper. This was largely the case in the cargo container case, people making unilateral decisions on both sides of the fence. If we had gotten together, I do not think we would have had all the trouble we did.

But we have to be directly involved. ANSI has to be directly involved to represent this country in the international organizations. We are a member of the two organizations.

Senator INOUE. In the short while I have been here, I have noticed most of the advisory committees look beautiful on the letterhead, and

that is about it. If you are simply looking for titles and beautiful letter-heads, I would pursue that route of establishing an advisory committee, but otherwise I would suggest that the organization be directly involved.

Senator STEVENS. I just have a couple other questions. You mentioned your board. Do you have a labor representative on your board?

Mr. PEYTON. Yes. The AFL-CIO is represented on our board; and as organization members we have five international unions as members of ANSI. But on the board at the present time is AFL-CIO.

Mr. TROWBRIDGE. We have tried to recruit more, but some of them are a little standoffish.

Mr. PEYTON. We do have five very active unions in our membership, and they are very active in certain areas of standards, particularly industrial safety standards.

Senator STEVENS. To what extent would the adoption of international standards facilitate the flight of our domestic industries offshore? It seems to me that one of our greatest problems is that American industry has seen fit to put up subsidiaries all around the world and use cheap labor overseas and bring us back everything that is made with a U.S. name but made by foreign labor.

Are these standards going to facilitate that flight to the foreign shores?

Mr. TROWBRIDGE. No, sir. I would think that if we took a hypothetical case, where the United States was able to satisfy its own markets with its national standards but was unable to ship its product out because of conflicting with the national standards of another country and had to then send its manufacturing capability outside to meet those markets, if we took that case and turned it around and made the standard in the United States and the standard internationally the same so that we were all working to one international standard and the products were acceptable, I would think in those cases we would be much more competitive in foreign markets and we would not be setting up our plants outside.

Mr. PEYTON. I doubt very seriously from what I know about this that standards have been the real impetus for this type of decision-making. There are a lot of other factors involved in marketing considerations, an awful lot of barriers are put up by countries, like restrictions on investments and the rest so that in some cases they have been forced, if an organization wants to market in the country, to build in a country.

Standards as such I doubt have had impact on that particular problem. Although it would, as has been said, I think, give us a bite at the foreign markets, which certainly the foreign markets have at ours. And it is really opening up possibilities rather than making it feasible for more of the competition.

Senator STEVENS. Are not some of our own domestic standards almost like a hidden tariff barrier in that our own domestic companies are manufacturing abroad and yet, in order to comply with the standards in the country where they are manufacturing, they are manufacturing items that do not comply with ours. Therefore, aren't our companies manufacturing abroad prevented from bringing their products back here?

That is my understanding.

Mr. TROWBRIDGE. It may be the case in some instances. But I think this is a case where you are able to pass a lower performance level standard, which usually is regulatory in nature, a lower performance standard in this foreign country. It would not be acceptable here in the United States. This has to do with the state of the art and the technology and capability of the country. And also the attitudes in these other countries.

So the development of an international standard may involve indeed a number of different levels of performance which, if we adopt some of these standards as regulatory standards and say "you cannot produce and market below a certain level in this country," they definitely would be restrictive against products which were made to inferior standards on the other side. They would have to upgrade their standards to meet ours.

Senator STEVENS. You may have gone into this when I was called away. What is your relationship with the State Department, and how does it operate?

We have a publication here of the Department of Commerce which I think is very complimentary concerning the work of the American National Standards Institute.

But what is your relationship to the State Department, both here and overseas? How do you function?

Mr. PEYTON. Senator, we have no official relationship with the State Department whatsoever. We do, however, at the present time—as a matter of fact, starting next Tuesday, we have representatives, or have had, from the State Department on our international standards policy committee. They have worked with us very effectively at that level.

But as far as official capacity, none.

Overseas, we check in with the Embassy whenever we go to a country. We have people in all countries all the time, it seems like, if you see our travel budget.

I did not want to say anything about the Senator's comments about commercial attachés. We found them to be pretty helpful. But those are in the countries where we have been, particularly in places like the Soviet Union and others where the commercial attachés were very helpful to us because they were our primary contact.

But officially we have no position with State, except in liaison with them when we have international meetings like we had in this country in June of last year. We also check our meetings with the State Department. We work with them all the time. But nothing official.

Senator STEVENS. Are the people with whom your delegates are negotiating over these standards primarily private or Government representatives?

Mr. PEYTON. It is a mixed bag. At the present time—we can submit a list for the record—at the present time worldwide, in ISO there are 55 member countries. In 27 of those countries, standardization is a state function. This is primarily the Iron Curtain countries and developing countries. Twenty-eight are private organizations. Although they all have recognition of their governments.

But in ISO they are working in a nongovernment capacity. This is a nongovernment subject.

For example, the Soviet Union is all state; there is no question about that.

Senator STEVENS. Are the other subsidized? Are you the only one that is not subsidized?

Mr. PEYTON. In varying degrees; yes. Roughly 100 percent in Russia to some 70 percent in France, where the money comes from a tax base and is given to the standards bureau, to, I think, around 50 percent in the United Kingdom, to zero in the United States. It ranges all over the lot as to how much is involved.

Actually, ours and the German standards institutes are the most nonsubsidized—we are the most nonsubsidized. They have help in a lot of programs like translation of standards and in getting their standards out to other countries, which we do not have. They translate all the German standards and get them into the Latin American countries and they are subsidized by the government to make it possible. So they work in different ways.

But the subsidy goes from, as I say, from zero to the full amount in the Eastern bloc countries, and in some developing countries, of course, where everything is a state function because it is just beginning to build.

But most of the standards bodies in industrial nations are, I would say, primarily private organizations, except for the Soviet Union.

Senator STEVENS. Mr. Trowbridge, I am sorry I interrupted you.

Mr. TROWBRIDGE. Actually, I do not quite recall the point I was going to make.

But I might add that at the technical level the representatives from most of these countries come from industry. The representatives at the policy making level, though, come from the member bodies, so that you do have two types of representation in the international standards: one which is technical; and the other is administrative and policy.

So that ANSI represents directly this country in the policy and administrative matters of ISO; whereas on the technical level we turn to the technical societies, who in turn turn to the industries, the Government, or universities and elsewhere to bring in the technical talent. So that most of the actual technical development is done by the private people in most of the countries, except for those countries where all industry belongs to the Government.

Senator STEVENS. Thank you very much.

Senator INOUE. Following Senator Stevens' question, if we agree to international standards, is it not conceivable that American industry would go abroad where labor is cheaper, manufacture goods, and then return them to be sold here?

Mr. TROWBRIDGE. This I do not know.

Senator INOUE. It is happening right now. For example, without mentioning the companies, we have automobiles built in foreign countries, Japan and Europe, brought back here, and sold under one of the big names. As far as the consumer is concerned, these automobiles are made in the United States but they are made in countries with cheap labor. Now, could this not happen more frequently?

Mr. TROWBRIDGE. This could happen. However, I might point out that the types of standards, the voluntary standards to which we are operating here in this country, which govern the manufacture of our domestic automobiles, are different for the most part than the voluntary standards which are used to manufacture these foreign-made vehicles.

The only thing that these foreign-made vehicles have to comply with are the mandatory regulations of the various States and the Federal Government, and it is up to the customer as to whether or not he wishes to buy a foreign-made vehicle, which may or may not have a sufficient pipeline of spare parts following around to service it out in the middle of Don's home State of Wyoming.

So these are some of things which are under consideration.

Senator STEVENS. Our question, though, goes to the other side. We understand that about Volkswagen or Toyota. But we are referring to vehicles that are marketed under American trade names which the consumer does not really know is built overseas. And I do not think it is limited to automobiles. You can buy a clock in my hometown. The front of it is made in Alaska, but if you look at the inscription on the back, it says, "Made in Japan."

Mr. TROWBRIDGE. I think, sir, that the consumer knows the products are being made overseas. For example, the Opel Kadet, which is imported by General Motors from Germany; this is, of course, slotted into an area of the market which we do not manufacture in this country, and for reasons which were cited by Don, having nothing to do with standards, it is found necessary to manufacture these overseas.

I think you touched on them, Senator Inouye.

So these are commercial realities and do not necessarily—are not necessarily very much affected by the standards themselves.

Senator INOUE. Thank you very much, gentlemen. We appreciate it.

Our next witness is Mr. Vico Henriques, director of standards, Business Equipment Manufacturers Association, Washington, D.C.

Welcome, sir. Please proceed.

**STATEMENT OF VICO HENRIQUES, DIRECTOR OF STANDARDS,  
BUSINESS EQUIPMENT MANUFACTURERS ASSOCIATION, WASHINGTON, D.C.**

Mr. HENRIQUES. It is a pleasure for the Business Equipment Manufacturers Association to appear before this subcommittee in support of the draft legislation on the international voluntary standards activity.

We support in concept the bill identified as S. 1798, and we, as the representatives of ANSI did, have some specific comments with the language which we offer merely to amplify or to clarify, and I would prefer to submit them with the prepared statement and not discuss those in detail at this time.

Senator INOUE. Without objection, it will be received and placed in the record, sir.

Mr. HENRIQUES. Specifically, we heartily endorse the recommendation that a private sector committee also be formed to help the Secretary in formulating his policy and position in carrying out the responsibilities under this bill, and offer to supply representation to such a committee if and when formed.

I should like now to speak briefly of the organization of the Business Equipment Manufacturers Association and its activities in the area of international standardization. BEMA is an organization of manu-

facturers of data processing equipment (including the main frames, peripherals, devices and media), office machines and office furniture and equipment. The Business Equipment Industry represents a \$15 billion market. Our interests range broadly across industrial concerns and include both domestic and international standardization. The major effort of the national standards activity in information processing is carried on under the American National Standards Committees X3, Computers and Information Processing and X4, Office Machines, which we support. BEMA provides the resources to direct and operate these committees. The international representation and positions are developed in these committees.

Our participation includes (1) activity in the technical committees of the International Organization for Standardization (ISO), notably Technical Committees 95 and 97, Office Machines and Computers and Information Processing, respectively, (2) the development of U.S. position for presentation to the technical committees of the International Electrotechnical Commission (IEC), primarily in the areas of electrical safety, (3) we provide liaison representation with the proposed development of certification systems in ISO, IEC, and monitoring the multipartite accord in Western Europe, (4) we provide the technical support of the U.S. Department of State in its participation in the Consultative Committee on International Telephony and Telegraphy (CCITT). Through its domestic activities under ANSI and through the provision of delegates to meetings of the international committees and their subcommittees, BEMA provides technical and managerial guidance to the development and presentation of the U.S. position in these committees. The work resulting from the activities takes the form of international recommendations and specifications which will hopefully be conformal to domestic standards and will reflect, to a significant degree, American technical input.

It may be of interest to the committee to get a feel for the level of effort involved in support of this specialized sector of international standardization activities. I have some data on TC 97 which illustrates the magnitude of the effort. During calendar year 1970, there were 15 meetings of the committee and its subcommittees and working groups. In support of these meetings, the United States provided 74 delegates in total. Of these, 37 came from BEMA member companies, 14 from the Federal Government and 23 from user and general interest groups participating in the domestic effort. A conservative estimate of the cost merely of those serving on U.S. delegations we estimate at \$750,000. These costs do not include the salaries of other individuals, both for participation and preparation for the meetings, nor the administrative and overhead costs of maintaining files, communication of positions, preparatory meetings and their attendant expenses.

We would like to point out that this level of participation has provided the United States with a strong position in this area of standardization. We would like, however, to emphasize that our participation in these activities has been at a minimal level and that in the future we see major changes in direction coming about leading to increased demands for time and talent.

We have been following the development of certification programs suggested within the European community, IEC and ISO. We have

no doubt that, developed to their fullest, they could impact significantly the American position in trade and technology in worldwide commerce. We are working actively with the American National Standards Institute and the Electronic Industries Association in following and responding to the developments in the certification area.

We agree that these constitute a potential threat in the area of non-tariff barriers, and suggest that only by adequate participation in all aspects of the international voluntary standards activities will we be able to maintain a satisfactory position.

We have noted in recent meetings on the technical level, in the field of information processing, that there is an increase in the numbers of participants, the level of competence, and the thrust and direction of foreign national interests, not only from the Western European community, but also from Eastern European countries and the Far East. The American position of leadership, at least in our area of technology, is being seriously challenged and will require effort and input in order to maintain a relative position of leadership in these activities that we have had in the past.

The developing technology in our area of interest makes it imperative to broaden the number of activities in which we are involved. The need for standards development also compresses the time scale upon which the standards are being produced. Both of these things work together to place an increased demand on the amount of work and the expenses involved in participation in the international voluntary standards activity.

Finally, we would like to make two comments concerning Government involvement in the U.S. activities in international voluntary standardization.

The first of these concerns Government support on a general and broad basis. Since it is in the public interest for the United States to participate in international voluntary standards activities, it seems appropriate that the Government should assist in providing support for our participation in these activities. That is to say, the cost of membership in such organizations as ISO and IEC.

Second, relative to specific participation in particular areas of interest, the most appropriate form of Government involvement is through the provision of expert technologists who can join with those provided from the private sector in forming balanced representation to participate in international activities. It is most important that the Government participants be funded adequately so that there is a continuity of representation both in time and level of effort to give balance to the total American representation.

In summary, the two places where Government support is important is at the general level of membership in international standards activities, and through provision of experts to complement the private sector in specific technical activities for presentation of the American position in international standards activities.

This concludes my statement, Mr. Chairman. I would be happy to expand on any part of the statement or to answer any questions that the subcommittee may have.

Senator INOUE. Thank you very much, Mr. Henriques.

The committee will be submitting to you, if we may, a set of questions, rather technical ones, for your response.

Mr. HENRIQUES. We would be happy to receive them.

Senator INOUE. I believe your organization's membership is open only to American companies?

Mr. HENRIQUES. That is right, sir.

Senator INOUE. Do you have any American companies that manufacture abroad who are members of your organization?

Mr. HENRIQUES. Yes, sir. For the most part, in the area of computers and information processing, the companies are involved in multinational operations.

Senator INOUE. Are their thoughts identical as far as standardization goes?

Mr. HENRIQUES. The companies who are members of BEMA have a broad base of enthusiastic support for both domestic and international standards activities.

Senator INOUE. Whether they manufacture abroad or in the United States?

Mr. HENRIQUES. That is true.

Senator INOUE. Are their views identical to yours?

Mr. HENRIQUES. Yes, sir.

Senator INOUE. You suggest that this Government pay for the cost of membership for ISO and IEC. Can you give us an estimate of what this cost would be?

Mr. HENRIQUES. I believe that in the testimony of Mr. Trowbridge, his figure was \$130,000 a year for the annual subscriptions for ISO, IEC, and COPANT.

Senator INOUE. Do you have any questions?

Senator STEVENS. No, thank you, Mr. Chairman. No questions.

Senator INOUE. Thank you very much.

(The material referred to earlier follows:)

STATEMENT OF VICO E. HENRIQUES, DIRECTOR OF STANDARDS, BUSINESS EQUIPMENT MANUFACTURERS ASSOCIATION

Mr. Chairman and members of the subcommittee, I am Vico E. Henriques, director of standards of the Business Equipment Manufacturers Association. It is a pleasure for the Business Equipment Manufacturers Association to appear before this subcommittee in support of the draft legislation on the international voluntary standards activity.

The Business Equipment Manufacturers Association supports in concept the bill as drafted in S. 1798. We do have some comments relating to the specific language contained in the bill and consider it a privilege to pass these recommendations on to you for your consideration. We would like also to inform the subcommittee of our activities in the area of international voluntary standards so that you may have a feeling for the level of effort in which we are involved and the importance of these activities to that sector of the American industry which is concerned with information processing.

First, we would like to deal with the bill itself. We have had an opportunity to review the bill as introduced and referred to your committee, and also to review the suggestions and recommended changes produced by the American National Standards Institute. We find that we are in general agreement with the language changes suggested by ANSI with the following specific modifications:

1. In section 3(e), the definition of "international standardization activities," the term "certification" should be added to those words describing the activities of international standards systems.

2. In section 9, We would like to suggest an addition to page 6, line 24, in that the words "in consultation with appropriate organizations," be inserted after Secretary.

In general terms, we endorse heartily the recommendation that a private sector committee also be formed to help the Secretary in formulating his policy and

position in carrying out the responsibilities under this bill, and offer to supply representation to such a committee.

I should like now to speak briefly of the organization of the Business Equipment Manufacturers Association and its activities in the area of international standardization. BEMA is an organization of manufacturers of data processing equipment (including the main frames, peripherals, devices and media), office machines, and office furniture and equipment. The business equipment industry represents a \$15 billion market. Our interests range broadly across industrial concerns and includes both domestic and international standardization. The major effort of the national standards activity in information processing is carried on under the American National Standards Committees X3, Computers and Information Processing and X4, Office Machines. BEMA provides the resources to direct and operate these committees. The international representation and positions are developed in these committees.

Our participation includes: (1) Activity in the technical committees of the International Organization for Standardization (ISO), notably Technical Committees 95 and 97, Office Machines and Computers and Information Processing, respectively; (2) the development of U.S. position for presentation to the technical committees of the International Electrotechnical Commission (IEC), primarily in the areas of electrical safety; (3) liaison representation with the proposed development of certification systems in ISO, IEC, and monitoring the multipartite accord in Western Europe; and (4) the technical support of the U.S. Department of State in its participation in the Consultative Committee on International Telephony and Telegraphy (CCITT). Through its domestic activities under ANSI and through the provision of delegations to meetings of the international committees and their subcommittees, BEMA provides technical and managerial guidance to the development and presentation of the U.S. position in these committees. The work resulting from the activities takes the form of international recommendations and specifications which will hopefully be conformal to domestic standards and will reflect, to a significant degree, American technical input.

It may be of interest to the Committee to get a feel for the level of effort involved in support of this specialized sector of international standardization activities. I have some data on TC 97 which illustrates the magnitude of the effort. During calendar year 1970, there were 15 meetings of the committee and its subcommittees and working groups. In support of these meetings, the United States provided 74 delegates in total. Of these, 37 came from BEMA member companies, 14 from the Federal Government and 23 from user and general interest groups participating in the domestic effort. A conservative estimate of the cost merely of those serving on U.S. delegations we estimate at \$750,000. These costs do not include the salaries of other individuals both for participation and preparation for the meetings nor the administrative and overhead costs of maintaining files, communication of positions, preparatory meetings and their attendant expenses. We would like to point out that this level of participation has provided the United States with a strong position in this area of standardization. We would like however to emphasize that our participation in these activities has been at a minimal level and that in the future we see major changes in direction coming about leading to increased demands for time and talent.

We have been following the development of Certification Programs suggested within the European community, IEC and ISO. We have no doubt that, developed to their fullest, they could impact significantly the American position in trade and technology in worldwide commerce. We are working actively with the American National Standards Institute and the Electronic Industries Association in following and responding to the developments in the certification area.

We agree that these constitute a potential threat in the area of non-tariff barriers, and suggest that only by adequate participation in all aspects of the international voluntary standards activities will we be able to maintain a satisfactory position.

We have noted in recent meetings on the technical level, in the field of information processing, that there is an increase in the numbers of participants, the level of competence, and the thrust and direction of foreign national interests, not only from the Western European community, but also from iron curtain countries and the Far East. The American position of leadership, at least in our area of technology, is being seriously challenged and will require effort and input in order to maintain a relative position of leadership in these activities.

The developing technology in our area of interest makes it imperative to broaden the number of activities in which we are involved. The need for standards development also compresses the time scale upon which the standards are being produced. Both of these things work together to place an increased demand on the amount of work and the expenses involved in participation in the international voluntary standards activity.

We would like to make two comments concerning Government involvement in the U.S. activities in international voluntary standardization. The first of these concerns Government support on a general and broad basis. Since it is in the public interest for the United States to participate in international voluntary standards activities, it seems appropriate that the Government should assist in providing support for our participation in these activities. That is to say, the cost of membership in such organizations as ISO and IEC. Second, relative to specific participation in particular areas of interest, the most appropriate form of Government involvement is through the provision of expert technologists who can join with those provided from the private sector in forming balanced representation to participate in international activities.

It is most important that the Government participants be funded adequately so that there is a continuity of representation both in time and level of effort to give balance to the total American representation.

In summary, the two places where Government support is important is at the general level of membership in international standards activities, and through provision of experts to complement the private sector in specific technical activities for presentation of the American position in international standards activities.

This concludes my statement Mr. Chairman. I would be happy to expand on any part of the statement or to answer any questions that the subcommittee may have.

#### COMMENTS FROM THE BUSINESS EQUIPMENT MANUFACTURERS ASSOCIATION

The Business Equipment Manufacturers Association supports in concept the bill as drafted in S. 1798. We do have some comments relating to the specific language contained in the bill and consider it a privilege to pass these recommendations on to you for your consideration. We would like also to inform the subcommittee of our activities in the area of international voluntary standards so that you may have a feeling for the level of effort in which we are involved and the importance of these activities to that sector of the American industry which is concerned with information processing.

First, we would like to deal with the bill itself. We have had an opportunity to review the bill as introduced and referred to your committee, and also to review the suggestions and recommended changes produced by the American National Standards Institute. We find that we are in general agreement with the language changes suggested by ANSI with the following specific modifications.

In section 3(e), the definition of "international standardization activities" the term "certification" should be added to those words describing the activities of international standards systems.

In section 9, We would like to suggest an addition to section 9, line 6, in that the words "*in consultation with appropriate organizations*", be inserted after Secretary.

[Extracted from "U.S. Industrial Outlook, 1971," U.S. Department of Commerce]

#### CHAPTER 32: BUSINESS MACHINES—CONVENTIONAL BUSINESS MACHINES

Shipments of conventional business machines in 1971 are expected to increase by 4 percent over 1970 to \$1.6 billion. Accounting and bookkeeping machines should lead in growth while typewriters, cash registers, adding machines, electronic calculators, and miscellaneous office machines follow at a slower pace.

Shipments of electro-mechanical calculators have been rising while production of electronic calculators has declined as a result of growing Japanese imports. Such imports account for 50 to 80 percent of the U.S. market. In 1970 Japan provided 97 percent of the total value (\$58 million) of electronic calculators imported. Japan also provided 27 percent of the total value (\$91 million) of electro-mechanical calculators imported into the United States, with Italy and the Netherlands providing 28 and 7 percent, respectively. While the Japanese

effort is concentrated almost exclusively on general-purpose business calculators, U.S. strength lies in its sophisticated scientific machines and calculators designed for special-purpose applications, such as mortgage payment and bond yield tables.

Reflecting the advanced technology of metal oxide semiconductors (MOS) and large-scale integrated (LSI) circuits, prices of advanced electronic calculators are coming down as the size of the machines decreases.

Sales of accounting and bookkeeping machines are increasing. U.S. manufacturers hold a large part of the domestic market as these machines are gradually becoming more closely related to data processing. As is the case for calculators, electronic accounting and bookkeeping machines with limited memories and programming capacities are increasingly replacing the electro-mechanical machines.

Manual and portable typewriter production is decreasing while specialized and electric typewriter shipments are increasing annually. Electric typewriters represented 50 percent of the total value of typewriter shipments in 1970. Increasingly, typewriter firms are shifting production overseas to more efficient plants. Imports are substantial, especially portables from Japan, the Netherlands, and Spain and standards from Germany and the United Kingdom.

Cash registers, produced by three U.S. firms, have experienced moderate growth. A significant portion of the market is supplied by imports under either a foreign brand name or the mark of a domestic manufacturer. Imports are supplied mainly by Sweden and Germany.

#### BUSINESS MACHINES: PROJECTIONS 1970-80

[Value of product shipments in millions of dollars]

SIC code and industry	Percent increase		Percent increase		Percent increase		Percent increase	
	1970 <sup>1</sup>	1969-70	1971 <sup>1</sup>	1970-71	1975 <sup>1</sup>	1970-75 <sup>2</sup>	1980 <sup>1</sup>	1970-80 <sup>2</sup>
3572—Typewriters.....	480	4.3	500	4.2	600	4.6	700	3.9
3573—Electronic computing equipment.....	3,800	-5.0	4,200	10.5	7,300	14.0	10,200	10.5
3574—Calculating and accounting machines.....	700	5.0	735	5.0	900	5.0	1,200	5.5
3579—Office machines, n.e.c.....	370	0	380	2.7	400	1.6	500	3.0

<sup>1</sup> Estimated by BDC.

<sup>2</sup> Compound annual rate of growth.

Note: n.e.c. = not elsewhere classified.

Shipments of miscellaneous office machines, especially dictating machines, duplicating machines, and check handling machines, are either flat or decreasing. Imports are responsible for this situation because foreign countries are underpricing the United States in low technology conventional business machines.

The outlook for conventional business machines for the 1970's is for a growth rate of about 4 percent per annum, resulting in shipments of \$1.9 billion in 1975 and \$2.4 billion in 1980. Imports and uncompetitive prices are the major cause of this modest rate of growth.

#### ELECTRONIC COMPUTING EQUIPMENT

Shipments of electronic computing equipment are expected to total \$4.2 billion in 1971, an 11 percent increase over 1970, which was a depressed year not only for sales but especially for profit margins. These shipments represent complete systems shipped by mainframe manufacturers only, not peripheral equipment sold separately or peripheral equipment manufactured by independent peripheral manufacturers. This increase is predicated on the beginning of a turnaround in the computer industry as the new systems announced by the industry start to come off the assembly lines in 1971. Thus 1971 will be characterized as the year of the third-and-a-half generation, with the new computer systems announced by the leading mainframe manufacturers exhibiting evolutionary rather than revolutionary design characteristics.

Input-output statistics reveal the leading suppliers to the electronic computing industry to be the calculating, accounting, computing and related machines

industry and the electronic components and accessories industry. Leading customers include the electrical and electronics, aerospace, automotive, and petroleum industries. Much of the electronic computing equipment industry output also goes to the Federal Government defense segment and to exports.

#### *New Trends for the Seventies*

The 1970's will also be characterized by a trend toward the total systems concept. This will be reflected in decreasing market stability for many of the specialized independent peripheral manufacturers which do not possess a rounded capability and product line or sufficient capital to market and service their equipment.

A continuing tendency toward consolidation as the mainframe and peripheral manufacturers strive to generate an across-the-board capability in hardware and software is expected in the 1970's. The constant need for infusions of capital as the industry progresses through the new equipment cycle will make strong demands for adequate marketing analysis and performance in order to maintain viable profit margins. Those companies with only technological competence may well fail or be absorbed by the stronger, more broadly based companies.

Estimates and projections based on Bureau of the Census data are lower than those based on industry data. This is because Census figures do not reflect peripherals manufactured by mainframe computer manufacturers and shipped separately from the computer system or peripherals manufactured by independent peripheral producers.

Based on Census Bureau data, shipments in 1975 are expected to total \$7.3 billion, a growth of 14 percent a year, reflecting the upsurge in sales as the new systems shipments cycle peaks and begins to taper off in the last years of the 1970's. Shipments in 1980 are expected to total \$10.2 billion, reflecting a 7 percent annual growth rate from 1975 to 1980. This slackening in the growth rate in the latter half of the decade will be the result of saturation of the new computer models introduced in 1970. It will also bring the annual rate of growth for the decade to about 10.5 percent.

#### *Minicomputers Grow in Importance*

The minicomputer has obtained a significant niche in the total EDP market in the past few years, with growth in sales ranging from 30 to 40 percent per year. Minicomputers, priced from \$4,000 to \$50,000, are relatively inexpensive, dependable, simple to operate, and capable of speeds comparable to larger computers. Uses are varied but most applications are routine administrative or process-control types. Often minicomputers control various peripheral equipment. Approximately 10 to 15 percent of these machines are tied into communication equipment, a proportion that is expected to rise dramatically to almost 75 percent by the mid-1970's.

#### *Shakeout Among Manufacturers*

With such rapid growth, a multitude of minicomputer manufacturers has enthusiastically entered the field. Although many have advanced technology and a viable product, this does not insure survival, especially in a year of decreased demand such as 1970. Tight money and easing of corporate capital expenditures have slowed the growth rate of domestic minicomputer shipments. Many of the minicomputer manufacturers are thinly financed and have weak marketing arms. The shakeout which commenced in 1970 will continue into 1971 and perhaps beyond.

#### *Scrambling to Survive*

Retrenching is evident in many phases of the minicomputer industry including product line, marketing, personnel, and finances. Significant numbers of personnel were laid off by several firms in 1970. Some firms have contracted with other business firms to market various portions of their product line. Many mergers and combinations are expected in 1971 and bankruptcies probably will occur as price-cutting lowers profit margins. The battle for survival has begun among the 40-odd minicomputer firms. Digital Equipment Corporation, which holds over 50 percent of the market, faces increasing competition with the entry in late 1970 of IBM into the minicomputer market.

#### *Future Is Promising*

Survival in this market will be worthwhile. Shipments are expected to increase some 15 to 25 percent per year into the mid-1970's. Once the weak suppliers are eliminated, the remaining participants will enjoy an even faster growing inter-

national market which is said always to be some 2 to 4 years behind that of the United States. So far the minicomputer market is free from Japanese entrants, but this is expected to change in 1971 when competition from that country is expected to commence as the Japanese initiate market probes.

#### *Peripherals to Resume Rapid Growth*

Although the computer peripherals market has burgeoned in the last few years and will continue to do so in the next few years, the industry faces many problems. Because most peripheral equipment—over 80 percent—is produced by the mainframe manufacturers, the outlook is similar to that for mainframes. Liquidity problems and a slackening in demand have slowed shipments. Yet the introduction of new computer lines by the computer manufacturers should stimulate peripheral sales in 1971 when delivery of the new lines commences.

#### *Independents Depend on IBM*

Perhaps the largest factor affecting the peripheral equipment market is the influence of the independents. These manufacturers specialize in various types or lines of peripherals which are almost all compatible, plug-to-plug, with computing equipment manufactured by IBM, the industry leader. A stable IBM price umbrella serves as a level under which the independent prices are aimed. These factors have stimulated a rapid growth in shipments and the ballooning of a large industry in only about 5 years.

This same relationship has created monumental problems, however, for the independent peripheral manufacturers. The equipment price structures are fragmented and often irrational. In undercutting the leader's basic prices, the independents have taken to undercutting each other. Some of the price cutting is due to overcrowding and the weak market but regardless of the reason many of the independents are reporting losses in their quarterly financial statements. This has resulted in layoffs, bankruptcies, executive changes, and rising indebtedness. Future price margins may decline even more as a result of recent IBM peripheral equipment price reductions. In addition, the spreading use of rentals rather than outright sales is pushing profits farther into the future.

In order to compete successfully, the independents pour significant sums into research and development. Once introduced, however, a peripheral's life is a tenuous one. Designed to plug into IBM's equipment, it can be rendered of little use if the leader changes its equipment design. Product cycles are interrupted and profits cut short if this happens. Such situations may be developing as evidenced by recently introduced IBM computers and peripherals.

#### *Trend Toward Full Product Line*

Small one- or two-product peripheral manufacturers will have increasing difficulty remaining viable in the future regardless of the present quality or demand for a product. Change in customer demand is so rapid because of competing products and new computer lines that equipment can become obsolete in a short time. This, in addition to a trend toward complete peripheral subsystems, will require future survivors to offer a fuller product line.—James N. Carr and Stephen T. McClellan, *Scientific and Business Equipment Division*.

#### *1970 profile—Business machines*

SIC Codes.....	3572, 3573, 3574, 3579.
Value of shipments (\$ millions).....	5,350.
Number of establishments.....	600.
Employment (thousands).....	185.
Major producing areas.....	Middle Atlantic and North Central States account for 75 percent of total U.S. production.
Exports as a percent of shipments.....	27.
Imports as a percent of apparent consumption .....	11.
Net profits as a percent of net worth.....	16.
Annual growth rates 1963-70 (percent):	
Value of shipments (current dollars)...	14.
Value of exports (current dollars)....	21.
Value of imports (current dollars)....	24.
Employment .....	5.

## ELECTRONIC COMPUTING EQUIPMENT: TRENDS AND PROJECTIONS 1963-71

[In millions of dollars except as noted]

	1963	1967	1968	1969	1970 <sup>1</sup>	Percent increase 1969-70	1971 <sup>1</sup>	Percent increase 1970-71
<b>Industry:<sup>2</sup></b>								
Value of shipments.....	NA	3,761	4,151	<sup>1</sup> 4,421	4,200	-5.0	4,614	10.5
Total employment (thousands).....	NA	151.5	160.6	182.7	160.0	-12.0	NA	-----
<b>Production workers</b>								
(thousands).....	NA	72.2	71.9	77.1	65.0	-16.0	-----	-----
Value added.....	NA	1,920.7	2,234.3	<sup>1</sup> 2,698.0	NA	NA	-----	-----
Value added per produc- tion worker man-hour (dollars).....	NA	26.60	31.08	<sup>1</sup> 35.00	NA	NA	-----	-----
<b>Product:<sup>3</sup></b>								
Value of shipments, total....	NA	3,617	3,755	<sup>1</sup> 4,000	3,800	-5.0	4,200	10.5
Value of imports.....	<sup>8</sup>	<sup>8</sup>	11	15	17	7.0	18	12.0
Value of exports.....	189	433	486	728	1,017	40.0	1,353	33.0

<sup>1</sup> Estimated by BDC.<sup>2</sup> Includes value of all products and services sold by the electronic computing equipment industry (SIC 3573).<sup>3</sup> Includes value of shipments of electronic computing equipment made by all industries.

Note: NA=not available.

Source: Bureau of the Census, Bureau of Labor Statistics, BDC.

TABLE 1.—VALUE OF BUSINESS MACHINE SHIPMENTS 1965-68

[In thousands of dollars]

	1965	1966	1967	1968
<b>Product:<sup>3</sup></b>				
Value of shipments, total.....	3,405,756	4,719,788	5,019,571	5,240,960
Accounting and bookkeeping machines.....	<sup>9</sup> 295,507	<sup>9</sup> 390,257	<sup>2</sup> NA	<sup>2</sup> NA
Adding machines.....	49,019	56,341	51,691	49,291
Calculating machines.....	68,973	90,027	80,976	77,786
Other calculating and accounting machines, n.e.c.....	58,148	47,396	<sup>6</sup> NA	<sup>6</sup> NA
Coin and currency handling machines.....	9,673	10,926	<sup>10</sup> 33,635	<sup>10</sup> 48,499
Parts and attachments for calculating and ac- counting machines.....	<sup>13</sup> 628,299	<sup>13</sup> 824,920	394,783	449,897
Cash registers.....	<sup>5</sup> NA	<sup>5</sup> NA	<sup>3</sup> NA	<sup>2</sup> NA
Typewriters, total.....	288,019	385,959	436,054	444,794
Standard.....	195,625	251,127	255,719	250,574
Portable and specialized.....	92,394	134,832	180,335	194,220
Parts and attachments for typewriters.....	29,404	35,279	50,571	49,504
Electronic computing equipment total.....	NA	NA	2,946,340	3,072,152
Electronic data processing systems (complete).....	1,218,939	1,942,025	1,972,807	1,892,866
Digital, general purpose.....	1,184,408	1,837,223	1,905,007	1,831,951
Analog.....	34,531	<sup>11</sup> 104,802	<sup>11</sup> 67,800	<sup>11</sup> 60,915
Coded (stored) media data processing machines, other than punched card, sold separately <sup>14</sup> .....	479,361	610,561	931,414	1,131,484
Parts and attachments for electronic computing equipment.....	<sup>1</sup> NA	<sup>1</sup> NA	670,441	683,099
Office machines, n.e.c., total.....	280,413	326,097	354,613	355,938
Autographic registers.....	1,753	1,835	1,735	1,585
Dictating machines.....	35,028	51,571	52,723	48,543
Duplicating machines.....	<sup>7</sup> 43,236	<sup>7</sup> 49,990	<sup>8</sup> 46,358	<sup>8</sup> 49,046
Parts and attachments for duplicating machines.....	<sup>7</sup> 11,597	<sup>7</sup> 14,532	15,929	18,309
Check handling machines.....	22,398	25,466	25,016	28,481
Time recording and time stamp machines.....	12,587	12,823	13,401	13,618
Mail handling machines.....	<sup>4</sup> NA	63,852	72,065	73,739
Other office machines, n.e.c.....	<sup>12</sup> 119,981	65,193	<sup>8</sup> 87,066	<sup>8</sup> 84,855
Parts and attachments for office machines, n.e.c.....	33,833	40,829	40,796	37,762

<sup>1</sup> Data for parts and attachments for electronic computing equipment are included with parts and attachments for calculating and accounting machines.<sup>2</sup> Included in parts and attachments for calculating and accounting machines.<sup>3</sup> Includes value of shipments of business machines made by all industries.<sup>4</sup> Included in other office machines, n.e.c.<sup>5</sup> Included in accounting and bookkeeping machines.

TABLE 2.—ESTIMATED EDP HARDWARE SHIPMENTS 1968-71, BASED ON INDUSTRY DATA

Year	Total shipments (billions)	Percent increase from preceding year
1968	\$6.76	-----
1969	7.20	6.5
1970	6.84	-5.0
1971	7.56	10.5

TABLE 3.—BUSINESS MACHINES INDUSTRY: SELECTED FINANCIAL RATIOS 1963-69

Year	Financial ratios (percent)					Current assets to current liabilities
	Net income (millions)	Net income to net sales	Net income to net worth	Capital expenditures to gross plant	Sales to total assets	
1963	\$404	9.9	16.6	17.4	99.9	2.59
1964	473	10.4	16.9	19.7	105.0	2.43
1965	537	10.5	16.9	25.2	104.2	2.01
1966	607	10.1	14.8	26.4	95.5	1.93
1967	749	10.1	15.6	22.1	97.7	1.91
1968	988	10.5	17.0	17.7	102.2	2.15
1969	1,059	10.8	16.0	21.4	93.6	2.05

Source: Company reports of a representative sample of firms accounting for over 60 percent of conventional business machines and 80 percent of electronic data processing sales.

TABLE 4.—U.S. EXPORTS OF ELECTRONIC COMPUTERS AND PERIPHERAL EQUIPMENT 1970

[By value in millions of dollars]

Country of destination	Type of equipment							Total
	Electronic computers.—			Parts and accessories n.e.c. basic electronic computer	Input, output, and com- bination devices and parts, n.e.c.	Auxiliary storage devices and parts, n.e.c.	Commu- nication devices and parts, n.e.c.	
	Digital	Analog	Hybrid					
United Kingdom	75	2	1	43	26	26	1	174
West Germany	38	6	1	53	38	13	1	150
Japan	56	-----	1	29	28	13	3	130
Canada	52	15	5	26	17	3	3	121
France	39	2	-----	33	28	3	1	108
Hong Kong	-----	-----	-----	21	9	10	-----	40
Netherlands	15	1	1	14	5	3	1	40
Italy	11	-----	-----	11	6	1	-----	29
Australia	18	-----	1	3	3	-----	1	27
Mexico	10	1	-----	4	2	4	1	22
Belgium	5	-----	-----	9	1	7	-----	22
Sweden	9	-----	-----	4	5	1	-----	20
Brazil	11	1	-----	2	2	2	-----	18
Switzerland	12	-----	-----	2	2	1	-----	18
Spain	8	-----	1	2	3	-----	-----	14
All others	38	8	3	15	15	5	-----	84
Total	397	37	16	272	190	93	12	1,017

<sup>6</sup> Included in coin and currency handling machines.

<sup>7</sup> Data for gelatin and other type machines, including ribbon and ink machines, to avoid disclosing operations of individual companies, are included with data for parts and attachments for duplicating machines.

<sup>8</sup> Data for gelatin and other type machines, including ribbon and ink are included with other office machines, n.e.c.

<sup>9</sup> Includes cash registers.

<sup>10</sup> Includes other calculating and accounting machines, n.e.c.

<sup>11</sup> Includes digital computers, all other.

<sup>12</sup> Includes mail handling machines.

<sup>13</sup> Includes parts and attachments for electronic computing equipment.

<sup>14</sup> Much computer peripheral equipment is not classified under this category but appears among other Bureau of the Budget Standard Industrial Classifications.

n.e.c.—Not elsewhere classified.

NA—Not available.

Source: Bureau of the Census.

[From U.S. Department of Commerce News, Washington, D.C., Apr. 9, 1971]

#### U.S. FOREIGN TRADE IN BUSINESS MACHINES HITS PEAK IN 1970

U.S. foreign trade in business machines in 1970 reached new highs of \$1.6 billion in exports and \$506 million in imports, the U.S. Department of Commerce reported today.

Exports were up 45 percent over the \$1.1 billion of 1969, and imports were up 35 percent over the \$375 million for the same year, according to the Department's Bureau of Domestic Commerce (BDC).

Electronic computers, peripheral equipment, and parts accounted for the largest segment of exports, 67 percent, for a total of \$1.1 billion in 1970. Of the total, digital computers comprised \$428 million, parts \$281 million, and input/output peripheral devices \$224 million. Major customers included West Germany, United Kingdom, France, Canada, and Japan.

Bookkeeping and accounting machines and parts were second, as in 1969, comprising 9 percent of the exports, or a total of \$145 million in 1970. The leading markets were United Kingdom, Canada, Japan, France, and Belgium.

Photocopying equipment and parts totaled \$75 million or 5 percent of total exports. Principal customers were Canada, United Kingdom, West Germany, Brazil, and Japan.

Statistical machines used with punch card or tape, including auxiliary machines, and parts, shared 8 percent of exports at \$131 million. The leading customers were Canada, The Netherlands, United Kingdom, West Germany, and Japan.

Typewriters and parts comprised 3 percent of exports, or a total of \$50 million. The leading markets were Canada, The Netherlands, West Germany, United Kingdom, and Mexico.

Typewriters and parts led U.S. business machines imports in 1970, accounting for 20 percent of imports, or a total of \$99 million. The leading suppliers were West Germany, Japan, United Kingdom, The Netherlands, and Spain.

Calculating machines were second, totaling 18 percent or \$93 million. Italy, Japan, West Germany, The Netherlands, and Argentina were the chief suppliers. Electronic calculators (solid-state) comprised 70 percent of the total calculating machines imports, and were valued at \$65 million. Japan and West Germany were the leading suppliers.

Adding machines comprised 1 percent of imports of \$3 million. The leading supplier to the United States was Japan.

Office copying machines totaled \$18 million or 4 percent of total business machines imports. The principal supplier was Japan.

Data processing machines, including punch card machines, tape readers, tape punches, card readers, and other ADP machines totaled \$43 million or 8 percent of imports in 1970, increasing 91 percent from 1969. Canada, Italy, France, Japan, and the United Kingdom were the principal countries of origin.

Parts for all office machines, except typewriters and duplicating machines, totaled \$120 million or 24 percent of all imports. Leading suppliers were France, Japan, West Germany, United Kingdom, and Canada.

This report was prepared by the Bureau of Domestic Commerce's Business and Scientific Equipment Division. Tables showing the export-import data by type of business machines for 1968-1970 follow. (The commodities in these tables conform with those listed in Census Forms MA-35 and MC-38D).

## UNITED STATES EXPORTS OF BUSINESS MACHINES, 1968-70

[Quantity in units; value in thousands of dollars]

Schedule B No.	Commodity	1968		1969		1970	
		Units	Value	Units	Value	Units	Value
714. 1010	Typewriters, electric.....	43, 005	9, 041	31, 840	7, 235	28, 864	6, 851
714. 1020	Typewriters, manual.....	43, 773	4, 855	19, 791	2, 405	28, 256	3, 288
714. 1030	Typewriters, portable.....	37, 345	1, 852	26, 008	1, 290	19, 100	990
714. 1035	Typewriters, specialized.....	5, 085	2, 645	8, 257	4, 955	12, 640	6, 136
714. 1040	Typewriters, used and rebuilt.....	12, 885	700	22, 236	1, 040	35, 978	1, 801
714. 9260	Typewriter parts.....		23, 960		20, 266		30, 953
	Bookkeeping and accounting machines:						
714. 2015	Nondescriptive.....	9, 923	25, 496	7, 930	20, 699	12, 818	35, 836
714. 2020	Descriptive.....	3, 274	13, 910	3, 658	18, 472	4, 830	20, 419
714. 9220	Parts.....		48, 932		79, 684		89, 423
	Adding machines:						
714. 2025	Electric.....	33, 634	3, 578	38, 731	3, 144	60, 600	5, 064
714. 2030	Nonelectric.....	6, 476	539	3, 987	318	6, 491	470
714. 9230	Parts.....		8, 468		14, 071		6, 131
714. 3020, 40	Statistical machines with punch card.....	18, 546	43, 257	25, 510	58, 238	42, 433	99, 247
714. 9218	Parts, computer related and statistical machines, n.e.c.....						32, 460
	Calculating machines:						
714. 2035	Nonprinting, electric.....	6, 826	3, 531	5, 278	2, 762	8, 430	8, 416
714. 2040	Nonprinting, nonelectric.....	1, 577	144	712	155	850	132
714. 2045	Printing.....	25, 415	7, 125	31, 789	9, 611	24, 944	9, 080
714. 9240	Parts.....		2, 743		2, 342		7, 506
	Electronic computers; main frame and and central memories:						
714. 2002	Digital.....		229, 175		337, 109		427, 608
714. 2008	Analog.....		115, 352		51, 365		34, 876
714. 2012	Hybrid.....						13, 812
	Computer peripheral equipment:						
714. 9204	Input/output and combination devices.....						223, 806
714. 9208	Auxiliary storage devices and parts.....						109, 520
714. 9212	Communication devices and parts.....						14, 609
714. 9216	Parts.....		141, 905		300, 045		280, 792
714. 9150	Addressing machines.....	45, 093	4, 005	21, 530	4, 446	35, 271	5, 336
714. 9280	Parts.....		1, 441		2, 094		2, 226
	Duplicating machines:						
714. 9110	Offset.....	2, 661	5, 760	2, 823	6, 376	2, 823	6, 720
714. 9120	Stencil.....	3, 321	649	6, 035	809	3, 803	816
714. 9130	Spirit.....	3, 124	565	2, 380	389	3, 231	428
714. 9140	N.e.c.....	15, 861	4, 937	5, 619	1, 204	11, 769	1, 780
714. 9270	Parts.....		6, 264		8, 950		8, 463
714. 2050	Cash registers.....	5, 537	2, 554	5, 462	3, 696	10, 751	8, 240
714. 9250	Parts.....		7, 628		9, 934		8, 938
891. 1110	Dictating machines for office use.....	26, 784	5, 046	20, 454	3, 772	13, 363	2, 321
891. 1210	Parts.....		25, 449		31, 871		22, 613
714. 9170	Office machines, n.e.c.....	874, 734	7, 570	878, 175	9, 419	1, 014, 684	10, 082
714. 9290	Parts, n.e.c. <sup>1</sup> .....		13, 039		19, 482		14, 990
714. 1050	Checkwriting machines.....	19, 229	1, 848	22, 196	2, 248	19, 386	1, 812
714. 2055	Mail handling machines.....	5, 378	2, 124	7, 646	3, 409	11, 972	4, 190
714. 9160	Staplers, office type.....		1, 836		2, 150		2, 290
861. 6920	Photocopying equipment and parts.....		57, 055		57, 827		75, 031
	Total.....		834, 978		1, 143, 282		1, 645, 502

<sup>1</sup> Includes statistical machine parts for years 1968 and 1969.

Source: Bureau of the Census, FT 410.

## UNITED STATES IMPORTS OF BUSINESS MACHINES, 1968-70

[Quantity in units; value in thousands of dollars]

TSUSA No.	Commodity	1968		1969		1970	
		Units	Value	Units	Value	Units	Value
676.0520	Typewriters, portable	1,270,000	32,725	1,473,474	36,331	1,564,251	40,544
676.0540	Typewriters, electric	259,592	24,987	223,813	20,856	217,426	33,299
676.0560	Typewriters, nonelectric	106,161	6,003	154,341	11,029	280,465	17,443
676.5000	Typewriter parts		1,253		2,438		7,341
676.0700, 1200	Typewriters, non-calculating, n.e.s., numbering, dating and checkwriters	159,874	2,407	119,504	1,382	138,519	1,083
676.2010	Electronic machine employing solid- state circuit (electronic calculators)			70,421	21,523	247,431	64,691
676.2025	Calculating machines, 10 keyboard, printing	434,532	51,058	466,732	44,648	692,482	59,177
676.2045	Calculating machines, 10 keyboard, nonprinting	29,780	6,675	130,998	18,363	89,930	14,424
676.2065	Calculating machines, rotary, full keyboard	6,377	2,193	5,039	1,450	97,678	4,936
676.2085	Calculating machines, n.e.s.	85,096	14,053	195,131	22,155	164,348	14,823
676.2200	Cash registers	33,364	14,103	37,084	16,773	39,641	19,051
676.2320	Adding machines, electric 10-key keyboard	124,080	8,130	51,775	2,837	20,483	1,088
676.2340	Adding machines, electric, n.e.s.	39,445	3,162	15,248	950	25,821	1,270
676.2370, 80	Adding machines, nonelectric	1,865,697	659	1,873,376	674	2,265,641	579
676.2500	Machines inc. a calc. mechanism	17,354	847	34,792	2,166	31,780	2,627
676.1500	Accounting, computing, and other data processing machines (computers)	13,339	11,197	21,534	14,806	79,621	17,629
668.2005, 10	Duplicating machines, stencil and spirit	21,931	2,952	17,490	2,519	18,511	3,003
668.2015, 20	Duplicating machines, except stencil and spirit	2,191	1,380	4,628	2,793	24,548	1,906
668.5040	Duplicating machine parts		1,243		2,592		1,223
676.1000	Addressing machines	7,605	969	9,534	1,060	10,245	2,186
676.3020	Office copying machines	41,108	8,654	55,778	15,263	54,525	17,678
676.3030	Data processing machines	1,845	7,108	10,277	22,355	17,643	42,778
676.3050	Office machines, n.e.s.	2,063,877	6,755	3,213,323	11,021	3,953,489	16,885
676.5200	Parts of office machines, n.e.s.		50,324		99,185		120,031
	Dictation recording and transcribing machines, using magnetizable medium		(1)		(1)		(1)
	Dictation recording and transcribing machines, using nonmagnetizable medium		(1)		(1)		(1)
	Total		258,837		375,169		505,695

<sup>1</sup> Separate figures for office dictating machines not available.

Source: Bureau of the Census FT 246.

INTERNATIONAL ORGANIZATION FOR STANDARDIZATION,  
Geneva, Switzerland.

Mr. DONALD L. PEYTON,  
Managing Director, American National Standards Institute, New York, N.Y.

DEAR SIR: Your enquiry about the programme of INFCO was referred to me. The last programme was agreed upon in Paris in December 1970 and is recorded in the enclosed Brief Minutes (INFCO/Resolution 14).

The next meeting of INFCO will be held in Geneva on 27 and 28 September 1971. It will be preceded by a meeting of INFCO/WG 1 on 23 and 24 September.

I will be glad to send any further information you may wish to have.

Yours sincerely,

B. E. KUIPER, *INFCO Secretariat.*

(Enclosure.)

LIST OF RESOLUTIONS ADOPTED AT THIRD MEETING OF INFCO IN PARIS

RESOLUTION NO. 1—SURVEY OF THE PRESENT STATE OF INFORMATION ON STANDARDIZATION IN ISO MEMBER BODIES

INFCO resolves to ask the ISO Central Secretariat to carry out, without delay, the work necessary for the presentation of the survey.

RESOLUTION NO. 2—SURVEY OF TRAINING OF STANDARDS ENGINEERS AND TECHNICIANS

2.1. INFCO resolves to ask the ISO Member Bodies to propose amendments and to comment on the survey not later than 31 January to the Polish Member Body.

2.2 Programmes of educational courses for school children should not appear in this Survey.

2.3 The Survey is to be sent for publication to the ISO Central Secretariat after incorporation of necessary additions and corrections.

2.4 The Polish Member Body is asked to put forward, for the fourth meeting of INFCO, proposals for future action concerning information on training courses on standardization.

RESOLUTION NO. 3—CATALOGUE OF EXHIBITIONS OF STANDARDIZATION

INFCO resolves to ask the ISO Central Secretariat to carry out, without delay, the work necessary for the presentation of the Catalogue of exhibitions.

RESOLUTION NO. 4—CATALOGUE OF CINEMATOGRAPHIC AND TELEVISION FILMS ON STANDARDIZATION

INFCO resolves to ask the ISO Central Secretariat to carry out, without delay, the work necessary for the publication of the Catalogue of cinematographic and television films.

RESOLUTION NO. 5—CATALOGUE OF LECTURES ON STANDARDIZATION AND COLLECTION OF THE TEXTS OF MOST INTERESTING LECTURES

5.1 The ISO Member Bodies are asked to forward to Japan corrections and amendments to the Catalogue not later than 31 March 1971.

5.2 Japan should send in the first half of 1971 the revised Catalogue to the ISO Central Secretariat for publication.

5.3 The U.S.S.R. Member Body should be responsible for the translation of the final version of this Catalogue into Russian.

5.4 The ISO Member Bodies are also asked to submit to the Japanese Member Body, in English and French, those texts of lectures which are in their opinion of sufficient interest to other countries to be inserted in the Collection not later than 31 May 1971.

RESOLUTION NO. 6—INTERNATIONAL EXCHANGE AND COORDINATION CONCERNING TRANSLATION OF STANDARDS

*INFCO resolves*

6.1 That all future work on information concerning translation should be confined to national standards.

6.2 To ask the ISO Central Secretariat to study how translations might be exchanged and how the information on translations might be included in the annual standards catalogues of Member Bodies (in collaboration with ISO/TC46-Documentation).

6.3 To ask the ISO Central Secretariat to study the question of the necessity and methods of payment for the supply and dissemination of translations. The question of copyright should also be studied.

6.4 To ask the ISO Central Secretariat to circulate proposals to ISO Member Bodies to inquire of their interest in cooperating in the exchange of translations, and to seek comments on the proposals.

RESOLUTION NO. 7—MECHANIZATION AND USE OF COMPUTERS FOR THE STORAGE, RETRIEVAL AND DISSEMINATION OF INFORMATION ON STANDARDIZATION

INFCO resolves to ask the German Member Body to prepare a detailed questionnaire in cooperation with the ISO Central Secretariat, and to circulate it to all ISO Member Bodies, in order to present a detailed analysis and report to the next meeting of INFCO in 1971.

RESOLUTION NO. 8—PREPARATION OF A QUESTIONNAIRE ON THE ACTIVITY OF ISO MEMBER BODIES IN THE FIELD OF INFORMATION ON STANDARDIZATION

*INFCO resolves*

8.1 To ask the Member Bodies responsible for the preparation of the existing catalogues and surveys (Austria, France, Germany, Japan, Poland, United Kingdom, U.S.S.R.) to suggest a scheme for updating the information in the catalogues, paying particular attention to the frequency of updating and the contents of the questionnaire to be circulated.

8.2 To forward proposals not later than November 1971 to the U.S.S.R. Member Body responsible for the compilation of the updating scheme into a single document.

8.3 To discuss this question during the fifth meeting of INFCO in 1972.

RESOLUTION NO. 9—ANNOTATED CATALOGUE OF PUBLICATIONS ON STANDARDIZATION

9.1 *Form of the Catalogue:* INFCO asks AFNOR to circulate to the ISO Member Bodies document ISO/INFCO (France-2) 67, revised, if necessary, concerning the final form to be given to the Catalogue of publications on standardization, accompanied by a circular letter to explain the questions asked, taking account of the decisions taken at the meeting of INFCO in December 1970.

The ISO Member Bodies are asked to send to AFNOR their answers to these questions before 1 March 1971.

9.2 *Publication of the Catalogue:* AFNOR is asked to establish an Annotated Catalogue of publications on standardization by 1 August 1971 on the lines which will have been adopted following the questionnaire mentioned in paragraph 1 of this Resolution.

RESOLUTION NO. 10—STUDY OF THE POSSIBILITY OF ESTABLISHING A MOBILE EXHIBITION ON STANDARDIZATION

Having discussed the report of the Austrian Member Body concerning the proposals on the establishment of an international mobile exhibition on standardization INFCO resolves:

10.1 To ask the Austrian Member Body to prepare detailed proposals concerning the establishment of an exhibition (subject, form, materials to be presented, organization, etc.) for the fourth meeting of INFCO.

10.2 To ask the ISO Central Secretariat then to investigate the financial aspects of organizing such an exhibition.

RESOLUTION NO. 11—UDC SECTION ON STANDARDIZATION AND STANDARDS

INFCO notes the report given by its representative to FID for the purpose of establishing a common draft for the subdivision of UDC 605 "Standardization and Standards".

AFNOR is asked to circulate to the Members of INFCO, for study and comment, the document which will be prepared by the Secretariat appointed by the FID (namely NIDER).

RESOLUTION NO. 12—INDEXING

After studying the results of the work carried out by Working Group INFCO/WG 1—Indexing in 1970, INFCO resolves that the following tasks be carried out:

12.1 *Basic list of ISO descriptors*

12.1.1 The ISO Central Secretariat is to establish a "Basic list of descriptors for the ISO Thesaurus" with an indication of the numerical coding, taking as a basis the document prepared by the U.S.S.R. Member Body "List of descriptors selected from TEST" (INFCO(USSR-8) 28) and the document "Second draft keyword list" (INFCO/WG 1 (Central Secretariat-1) 12).

12.1.2 To facilitate this work the Members of INFCO/WG 1 are invited to send to the ISO Central Secretariat (with a copy to the INFCO/WG 1 Secretariat) their possible comments, corrections and additions to these documents before 1 March 1971.

12.1.3 The ISO Central Secretariat is requested to complete this Basic list of descriptors by 1 May 1971.

12.2 *The ISO Thesaurus:* The Members of Working Group INFCO/WG 1 are requested:

12.2.1 To proceed with the drafting of a thesaurus in the three ISO languages and in German, on the basis of the Basic ISO list of descriptors, including each descriptor with its synonyms, broader terms, narrower terms and related terms. The number of synonyms may vary for the different languages.

12.2.2 It is desirable to use the "Thesaurus of Engineering and Scientific Terms" (TEST) as the principal reference for clarifying the meanings of the descriptors and the relationships between them.

12.2.3 It is desirable that the thesaurus should be completed by 1 December 1971 at the latest.

12.3 *Translation of descriptors:* The rules for translating descriptors into French will be established by AFNOR, and into German by DNA and ON, before 1 June 1971.

12.4 *Rules for indexing standardization documents:* The ISO Central Secretariat is requested to amend and make precise the Rules for indexing standardization documents which have been studied by the Working Group INFCO/WG 1 and to draft application codes to be used in each case.

The Members of INFCO/WG 1 are invited to forward to the ISO Central Secretariat (with a copy to the INFCO/WG 1 Secretariat) the technical information necessary for developing implementation codes as soon as it has been collected.

12.5 *Experimental indexing of standards*

12.5.1 The Members of Working Group INFCO/WG 1 are invited to comment on the possibility of indexing experimentally their own standards in selected subject fields.

12.5.2 The French Member Body agrees to index standards relating to building and civil engineering and the U.S.S.R. standards dealing with machine components.

12.6 *The UNESCO Guide:* Note is taken of the observations of Working Group INFCO/WG 1 (doc. ISO/INFCO (WG 1-2) 54) on the document "Guidelines for the establishment and development of monolingual scientific and technical thesauri for information retrieval" and it is recommended that these observations be taken into consideration when the overall observations of ISO are drafted.

Document ISO/INFCO (TC 46-2) 62, submitted by Technical Committee ISO/TC 46, will be circulated to all Members of INFCO. Comments on this document should be sent to the ISO/TC 46 Secretariat by 31 March 1971.

12.7 *Principles of indexing standards:* Note is taken of INFCO/WG 1 document "Principles for indexing standards" (ISO/INFCO (WG 1-1) 53) which will be amended and extended according to the results of the work of INFCO/WG 1 at its third meeting and later.

RESOLUTION NO. 13—PUBLICATION OF THE INDEX OF MARKS INDICATING CONFORMITY WITH STANDARDS

INFCO advises Technical Committee ISO/TC 73 to submit the question of publication and distribution of document ISO/TC 73 (Secretariat-141) 279 "Index of marks indicating conformity with standards in existence in various ISO member countries" to the ISO Central Secretariat for decision in consultation with CERTICO.

RESOLUTION NO. 14—INFCO PROGRAMME OF WORK FOR 1971

INFCO adopts the following programme of work for 1971:

14.1 Preparation of proposals for continuing the work in the field of information on methods of teaching standardization. (See INFCO Resolution 2/1970) Responsible: *Poland*

14.2 Editing and publication of a Catalogue of lectures on standardization. (See INFCO Resolution 5/1970) Responsible: *Japan*

14.3 Preparation of a Collection of the texts of the lectures on standardization. (See INFCO Resolution 5/1970) Responsible: *Japan*

14.4 Continuation of the study of ways of coordinating the translation of standards. (See INFCO Resolution 6/1970) Responsible: *ISO Central Secretariat*

14.5 Continuation of the study of the use of computers for storage, retrieval and supply of information on standardization. (See INFCO Resolution 7/1970) Responsible: *Germany*

14.6 Preparation of an updating scheme for the various catalogues and surveys. (See INFCO Resolution 8/1970) Responsible: *U.S.S.R.*

14.7 Editing and publication of an Annotated catalogue of publications on standardization. (See INFCO Resolution 9/1970) Responsible: *France*

14.8 Preparation of a proposal for organizing an international exhibition on standardization. (See INFCO Resolution 10/1970) Responsible: *Austria*

14.9 Continuation of the work of establishing an ISO international thesaurus taking into account its use for document retrieval and as a basis for defining the content of standards. (See INFCO Resolution 12/1970) Responsible: INFCO/WG 1 "Indexation"

14.10 Study of the possibility of carrying out a survey of the standardization activities of bodies other than national standards organizations. Responsible: *France*

---

BUSINESS EQUIPMENT MANUFACTURERS ASSOCIATION,  
*Washington, D.C., June 25, 1971.*

HON. DANIEL K. INOUE,  
*Chairman, Senate Subcommittee on International Trade and Tourism, U.S. Senate, Washington, D.C.*

DEAR SENATOR INOUE: In response to the questions given to me at the hearings on June 18th, I submit the following information.

1. The total dollar volume of exports related to the Automatic Data Processing area is contained in the Department of Commerce publication *U.S. Industrial Outlook 1971* (extract attached), and in the Commerce News Release dated April 9, 1971 (attached). The figures represent the total of the American industry exports which are sent to overseas markets. The figures, as a matter of fact, show a healthy ratio in the import-export balance. We should note, however, there is no way to separate BEMA members from the general industrial figures. BEMA does not conduct market research or collect statistics in the area of computers and associated equipment. In this regard we rely on the Department of Commerce and on the collection of data through the normal administrative channels.

2. You are quite correct in noting the technical error in the second amendment we have proposed on page one. I had, unfortunately, been referring to the House version of the Bill and their typographical format is different, although the Bill is identical. The reason for our comment is that we interpret the language in that particular section of the Bill to mean that the Secretary will publish a comprehensive catalog of standards, standards systems and procedures for the development of standards. We have concern that the Secretary might act without due regard for the ongoing activities in the classification of such standards and standards systems. Therefore, we suggest the language: ". . . the Secretary in consultation with the appropriate organization shall list. . ." Much work has gone on within ISO under the Committee on Information (INFCO) to assist and define such a classification system, and we think that the results of this effort should be included and considered by the Secretary in preparing such documentation. (See attached notes from INFCO.)

3. As noted in our prepared statement, we have made quite broad use of Government experts in international standardization activities. In general terms, we have attempted, in every technical area, working group, subcommittee and major committee in which the Government might have an interest, to include at least one Government member in the delegations to these meetings. We feel that this representation gives a balance to the delegation and provides a picture of cooperation, harmony and strength to the other nations whose delegations attend the meetings. Our experience has been generally good since these Government experts participate at a domestic level prior to international meetings and contribute through the national development of positions prior to the international meetings. There are noteworthy examples where Government experts have served as Chief Delegate and Chairman of some of these activities and have conducted themselves both technically and personally in the highest fashion.

Should there be any other questions that you may have regarding the subject matter of your hearings, I would be more than happy to prepare the material for you. Please let me know if there is anything more we can do to assist you.

Very truly yours,

VICO E. HENRIQUES,  
*Director of Standards.*

Senator INOUE. Our next witness is Mr. William E. Vannah, manager of corporate programs, Foxboro Co., Foxboro, Mass.; and Mr. Vannah will be speaking on behalf of the Scientific Apparatus Makers Association.

Welcome to the committee, sir.

**STATEMENT OF WILLIAM E. VANNAH, MANAGER OF CORPORATE PROGRAMS, FOXBORO CO., FOXBORO, MASS., ON BEHALF OF THE SCIENTIFIC APPARATUS MAKERS ASSOCIATION**

Mr. VANNAH. Thank you, Mr. Chairman. If I have your permission, Mr. Chairman, I would prefer not to read my prepared statement, particularly in the interest of saving time, and allowing for questions, if you have them.

Senator INOUE. May I assure you that your full statement will be made part of the record, and we will be submitting, if we may, technical questions for your response, sir, at some later date.

Mr. VANNAH. We would be happy to consider those and attempt to answer them, Mr. Chairman.

Senator INOUE. Please proceed, sir.

Mr. VANNAH. You have identified me as employed by the Foxboro Co. in Foxboro, Mass. I am volunteered by my company to the trade association to which we belong. That is the Scientific Apparatus Makers Association at 1140 Connecticut Avenue N.W., Washington, D.C.

I am volunteered without compensation by this trade association to serve as chairman of its standardization committee.

Our trade association is composed of 200 of the principal firms that manufacture scientific, industrial, and laboratory instruments. The scope of these products are analytical instruments, laboratory apparatus, measurement and test instruments, optical instruments, process measurement and control systems, and scientific laboratory furniture and equipment.

The markets into which these products are delivered are represented by manufacturing firms, government, educational institutions, research and development establishments, and health care facilities.

I may say that of the approximate \$3 billion worth of products sold by this industry, our trade association represents some \$2 billion of that activity.

The export of the products of this industry ranges rather widely, between 10 percent for some firms, to slightly greater than 50 percent for those firms which have technological leadership. The average export volume for all members of our association, taken as a whole, is approximately 25 percent of the total sales volume.

In the case of my company, the Foxboro Co., our export volume is slightly in excess of 50 percent as of 1970.

We think that this favorable export volume has been accomplished largely by technological leadership, but also by aggressive marketing and by a very great emphasis upon delivering the service to back up the product at the point of delivery of the product, a continuous service to back it up.

The Department of Commerce identifies this industry as one of the six U.S. industries with the greatest export potential growth. Our

export-import ratio for the whole industry is approximately 4 to 1. However, the trend of the export to import ratio of this industry shows a slight decrease. This is because our foreign competitors are improving their products. They are becoming competent technologically in the design and manufacture of products such as we make.

Our technological leadership is paid for out of the profits of these U.S. companies, whether those profits are in fact made in the United States or due to export volume.

As the bulk of the machining of our products is done in the United States, we think that any restriction to export imposes some rather significant questions.

I might say at this point that 90 percent of the machining of the products of my company, the Foxboro Co., is done in the United States, even though slightly greater than 50 percent of our product is delivered overseas.

These two factors—the need to draw profits from our exports; and the need to sustain high volume machining in the United States—indicate that if there is any significant restriction to export imposed by, say, technical standards, then we run the risk, the very serious risk, of reducing the funds that we have available to us to sustain and perhaps increase our technological leadership, and we certainly run the immediate risk of reducing the employment in our machine shops.

Senator INOUE. Mr. Vannah, I regret to interrupt at this moment, but that buzzer is calling us to a floor vote at the present time.

I have here five questions which I intended to ask you. May I submit this, and others, for your response?

Your statement in full, in whatever fashion you want to present it, and it will be made part of the record. I regret this turn of events very much. I hope you will accept our apologies, sir.

Mr. VANNAH. Certainly, Mr. Chairman.

We will be happy to respond.

Senator INOUE. Let me assure you, sir, that your statement will be read carefully and given very serious consideration. In fact, we have already read your prepared statement, and the questions were prepared with that in mind.

If I may, at this point, recess the hearings, and it will be recalled at a later date. We have not set the date because of a conflict in the availability of committee rooms, but as soon as this is resolved, we will announce the time and place of the next hearing on these two measures.

So until then, we shall recess.

(The material referred to earlier follows:)

STATEMENT OF WILLIAM E. VANNAH IN BEHALF OF SCIENTIFIC APPARATUS  
MAKERS ASSOCIATION

Mr. Chairman and members of the subcommittee, I am William E. Vannah, Manager of Corporate Programs for the Foxboro Company of Foxboro, Massachusetts. I am appearing on behalf of the Scientific Apparatus Makers Association, 1140 Connecticut Avenue, N.W., Washington, D.C. I serve as Chairman of the Standardization Committee of this Association.

*I. The Industry and Its Association*

The Scientific Apparatus Makers Association (SAMA) is a national trade association and is the principal association for the scientific, industrial, and laboratory instruments industry. SAMA has a membership of approximately 200 American firms. Their product scope includes analytical instruments, laboratory

apparatus, measurement and test instruments, optical instruments, process measurement and control instruments, and scientific laboratory furniture and equipment. Markets for this industry are manufacturing firms, government, educational institutions, research and development establishments, and health care facilities. The total annual sales for the industry are approximately \$3.0 billion. SAMA represents approximately \$2.0 billion of this total.

The export market is very important to the SAMA companies. The Commerce Department has identified our industry as one of the six American industries with the greatest potential for export growth based on recent performance and technological leadership. Export sales account for about 25% of our total business and the individual company range extends from 10% to as high as 50% for some firms. This export achievement, which is largely the result of our technological leadership and marketing aggressiveness, has not only benefited our industry but has also made an important contribution toward improving our national balance of payments position. In 1970 United States exports of our products exceeded imports by a ratio of 3.8 to 1. However, the international market in our product area has been highly competitive and our foreign competitors are rapidly improving their products and intensifying their marketing efforts in both this country and in the international market. The maintenance of this favorable position in international trade is dependent upon technological competition in which international standards is an inherent part.

## *II. The Impact of International Standards*

The National Bureau of Standards has issued a preliminary report on international standards as part of the U.S. Metric Study (NBS SP 345-1, December 1970). In this report scientific, industrial, and laboratory instruments are considered to be "measurement-standards sensitive." This means that the design, manufacture, marketing, and use of these products is affected by standards of measurement language, dimension, calibration, or test. NBS estimates that 30% of U.S. exports should be considered in this class. The favorable balance of trade is 3 to 1 for products which are measurement-standards sensitive, while it is approximately even for the total of all U.S. products. The importance of measurement-standards sensitive products in relation to the U.S. position in international trade is apparent.

A national awareness of the effects which international standards have on international trade is vitally necessary. Only in this way can maintenance of the United States' trade leadership in standards-sensitive products be assured.

Measurement standard affect international trade in several ways, some more by plan than others. Control of the effects on U.S. trade requires participation in all of the endeavors which develop and utilize international standards. The United States has been represented in international standards activities by a than line of industry volunteers in recent years. The Federal Government must also play a role in U.S. participation, principally because the national governments of all other developed countries do so extensively.

The metric system is a measurement language standard. Increasing worldwide use of this standard appears to be affecting trade. Standards-sensitive products are more likely to be affected by use of the metric system than other products. The importance of the metric system in international trade is attested to in a SAMA position paper presented at the NBS Metric Study Conference held in August 1970. In this paper we stated that as many as 50% of our member companies were already using some metric measurement to meet this challenge.

NBS has further indicated that the two major voluntary international standards writing organizations, the International Standards Organization (ISO) and the International Electrotechnical Commission (IEC), expect to triple their production of engineering and commodity standards every five years. Increasingly, both developed and developing nations are adopting international recommendations as their national standards. These two facts alone indicate a strong need for Federally-assisted U.S. participation in international standards deliberations. The greatest impact on international trade will increasingly occur as international product testing programs based on international standards are adopted.

These product testing programs are most likely to involve standards-sensitive products.

Unilateral codes and standards frequently have the effect of non-tariff trade restrictions. The use of standards as a non-tariff barrier is a common practice

of nations abroad which have developed an instrument design capability. To compete successfully in such markets, the SAMA company is forced to:

(1) attempt to marshal the efforts of the USA and associated nations to write international recommended standards that accommodate the many unilateral national standards. During the extensive time taken, the *bias to open competition persists*; and

(2) vary product design for each unilateral code and standard. SAMA companies follow this practice to keep a market open when there is insufficient time to negotiate non-discriminatory standards. The result is the manufacture of multiple designs, consequent loss of high-volume production, and consequent higher costs. Specific examples where bias has affected U.S. instrument manufacturers are:

*Color coding of wires*—USA had a standard for the uniform color coding of live and ground wires in electrical equipment. European nations suddenly adopted a different color coding. To fill European orders for U.S. designed test instruments and process control instruments, the wiring had to be replaced and subsequent designs changed. This was a particular burden for small U.S. manufacturers.

*Industrial plant transmitters*—U.S. design industrial plant transmitters had operated on a standard electrical current range. Without sufficient participation by the U.S., European nations recently agreed to a different standard. The European market was quickly closed to U.S. manufacturers. Recovery of our market position required a redesign and associated retooling.

SAMA considers that the development of internationally pervasive standards and the negotiated agreements for compliance to these standards are essential. For small and large manufacturers alike they are a fair method of eliminating biases to open competition.

### III. SAMA and the Industry Response

On behalf of its industry SAMA has provided U.S. representation regularly during the past 11 years to help overcome the kinds of bias to competition described above. Delegates to international standards meetings related to instrumentation have come from user organizations, as well as from instrument manufacturers. Support for travel of delegates to international meetings has been provided by both the industry collectively through SAMA and by individual firms. The attached table summarizes this activity.

When U.S. delegates participate in international standards activities on a long-term technical basis, our experience has been that multilateral negotiations with other nations are sound and constructive. However, our industry is increasingly faced with international standards activities which cause commercial crises. These situations force crash responses by U.S. industry. This action tends to be costly and ineffective.

### IV. Future Needs

The Scientific Apparatus Makers Association believes that the United States is capable of protecting our international trade position in the instrumentation field in light of challenges offered to it by international standards activities. From the standpoint of the scientific, industrial and laboratory instruments industry, four factors are essential to the overall goal of sustaining the U.S. trade position. These are: (1) continuity of representation; (2) addition of more user and government representatives to U.S. delegations; (3) joint industry-government accreditation of delegates; and (4) adoption of an international standards compliance system.

Continuity of representation is important to assure that qualified delegates gain professional acceptance. It also provides consistency in the U.S. technical position. Continuity of representation is as important as the technical and negotiating capabilities of the official delegates.

In many international standards activities related to the instrument industry, considerable talent is found among user firms and government agencies. However, user organizations as well as the government have been reluctant to take initiative in international standards activities. Additional user and government representation is required to achieve the most effective participation by the USA.

International standards organizations require that national delegates be accredited by recognized organizations in their home countries. Such accrediting organizations in other countries are officially recognized by their respective governments. U.S. delegates, while accredited, lack such government endorsement.

Other nations are beginning to use the results of standardization activities in other than voluntary ways. International recommendations are being adopted as

national standards throughout the world. These documents form the basis for international standards compliance systems to which products must conform in order to be sold in the adopting countries. Such systems constitute non-tariff trade barriers to U.S. products when U.S. standards are not compatible with the system.

SAMA believes that the U.S. must develop a capability to participate in international standards systems. A U.S. plan for voluntary standards compliance is necessary for acceptance and effective operation internationally. SAMA feels that international standards systems will be directed increasingly toward standards-sensitive products. Because our trade leadership is highly dependent on these products, urgent consideration should be given to national support for this aspect of the challenge.

#### V. Recommendations and Conclusions

The Scientific Apparatus Makers Association supports and urges the adoption of S. 1798 the "International Voluntary Standards Cooperation Act of 1971". We believe that this legislation can provide the basis for more effective U.S. participation in international standards activities and systems. The enactment of this legislation can assist significantly in consolidating U.S. positions for international engineering and commodity standards. The support of U.S. delegates in international standards activities, strengthened by the implementation of standards systems in the United States, will help maintain a favorable U.S. balance in international trade. A U.S. standards program based on participation by producers, users, and government will assure the technical soundness which has long characterized American engineering and commodity standards. Such a program would provide the needed national focus to safeguard against the unfavorable impact of international standards in U.S. world trade.

Thank you very much, Mr. Chairman, for permitting me to appear here today and for the courtesies extended by you and your staff.

#### SUMMARY OF SAMA ACTIVITY IN INTERNATIONAL STANDARDS

Product area	Activity began	Type of activity
Laboratory glassware and thermometers (ISO TC48).....	1960	Sponsor U.S. committee. Formulate U.S. positions. Support delegate travel. Propose industry standards as international recommendations. Sponsor ISO recommendations as industry standard.
Intrinsically safe instruments (IEC TC31).....	1965	Formulate U.S. position. Support U.S. delegates.
Fluid flow measurement (ISO TC30).....	1967	Support U.S. delegates. Host international meeting in United States.
Process control systems (IEC TC65).....	1968	Formulate U.S. positions. Support U.S. delegates. Host international meeting in United States. Sponsor working group secretariat.
Industrial process control instruments (ISO TC124).....	1968	Formulate U.S. position. Support U.S. delegates.
Electronic measuring instruments (IEC TC66).....	1968	Support U.S. delegates. Sponsor subcommittee secretariat. Formulate U.S. positions. Host international meeting in United States.
Electrical reference instruments (IEC TC13).....	1969	Comment on international proposals. Support U.S. delegate. Sponsor IEC recommendations as American National Standards.
Process control instrument dimensions (IEC TC13).....	1970	Formulate U.S. position. Support U.S. delegate. Organize user supported U.S. position.
Pollution instrumentation (proposed in IEC TC 66).....	1971	Sponsor working group secretariat. Support U.S. delegates. Formulate U.S. positions.

Note: ISO equals International Standards Organization; IEC equals International Electrotechnical Commission.

#### QUESTIONS FOR MR. VANNAH

1. At page 4 of your statement in discussing industrial plant transmitters you cited insufficient participation by U.S. interests. What factors do you think resulted in this lack of participation?

2. At page 5, you stated that your industry is increasingly faced with international standards activities which cause commercial crises and which force

crash responses by U.S. industry. Can you elaborate on the reasons for this situations?

3. At page 6 you indicated the need to use government talent in international standardization activities and stated that the government has been reluctant to take the initiative. Can you cite some examples?

4. At page 6 you state that U.S. delegates, although accredited, lack any government endorsement, and seem to imply that this is a problem. Why?

5. What procedures does SAMA employ in formulating a negotiating position on international standards? What are the procedures for appeal by a party who sees his position as unrepresented?

RESPONSE TO QUESTIONS ON THE STATEMENT OF WILLIAM E. VANNAH IN BEHALF OF SCIENTIFIC APPARATUS MAKERS ASSOCIATION ON S. 1798

1. As late as 1968 there were two principle electrical current ranges for industrial plant transmitters. These were 4-20 ma and 10-50 ma, with the latter being the more common. In actual domestic practice any existing current range was acceptable to most users because the variety of control problems encouraged a diversity of solutions. In general the U.S. customer had left the question of electrical current ranges for industrial plant transmitters to the manufacturers of this equipment. Even when these user firms installed the U.S. made equipment in their plants in other countries, the specification of electrical current range was left to the equipment manufacturer.

Both U.S. makers and users of industrial plant transmitters neglected to select a single standard electrical current range because there was sufficient volume production to support the multiple designs. A technical argument in favor of the predominate U.S. practice could have been presented to the appropriate international standards activity, even without a single U.S. position, if there had been a mechanism for representing user-maker interest at the international level.

2. Instrumentation users in other countries are more likely to specify design dimensions than users in the United States. An example of a critical situation now facing the U.S. instrument industry is proposed international standard for the dimensions of panel mounted instruments. Compliance with these standards will be necessary for U.S. manufacturers to maintain their present market position. The relatively short design cycle caused by international agreements such as this one does, in turn, cause a crisis in the coordination of design and manufacturing of product which must be supplied on the international market. The United States industry has not been able to lead the way toward international standards in such areas because of the need to supply many more different markets than competing producers in other countries.

3. In the field of precision electrical reference instruments, SAMA has provided the forum for establishing the U.S. position and has funded the travel of the chief U.S. delegate to international meetings for two years. Also in the field of precision laboratory thermometers and industrial fluid flow meters the initiative for funding of international travel has been taken by SAMA. The national responsibility for calibration and certification of this type of equipment rests with the National Bureau of Standards. While NBS has not taken leadership in these areas, it has provided advice and manpower support.

4. The delegates to international standards activities from countries that do provide government endorsement are able to speak with a complete national position. United States delegates, while they may have a national position, lack a *joint* industry-government position. This lack is of growing importance because of the increasing magnitude of Federal Government consumption in all product areas.

5. SAMA utilizes the established procedures of the American National Standards Institute and the American Society for Testing and Materials, which are mutually consistent. These are based on requirements for reaching a consensus from a balanced representation of users, producers, and general interest. To implement this mechanism, SAMA provides the U.S. Secretariat for three American National Standards Committee activities. The ANSI procedures require that all dissenting opinions be resolved. Typically, resulting positions accommodate the viewpoints of appealing parties in order to assure broader support within the United States.

(Whereupon, at 12:30 p.m., the subcommittee was recessed, to reconvene at the call of the Chair.)

## INTERNATIONAL VOLUNTARY STANDARDS COOPERATION ACT OF 1971

FRIDAY, JULY 16, 1971

U.S. SENATE,  
COMMITTEE ON COMMERCE,  
FOREIGN COMMERCE AND TOURISM SUBCOMMITTEE,  
*Washington, D.C.*

The subcommittee met, pursuant to recess, at 10 a.m. in room 5110, New Senate Office Building, Hon. Daniel K. Inouye (chairman of the subcommittee) presiding.

Present: Senators Inouye and Moss.

Senator INOUE. This morning this subcommittee will continue hearings on S. 1798, a bill to foster fuller U.S. participation in international trade by the promotion and support of representation of U.S. interests in international voluntary standards activities, and for other purposes.

Earlier, we heard testimony from the Under Secretary of Commerce, the American National Standards Institute, and a number of industry associations. We have also received numerous written statements from interested parties which the subcommittee is reviewing.

In general, the purpose and intent of S. 1798 have received broad support. There can be little doubt of the importance of international standards to our trade. Similarly, it seems evident that inadequate U.S. participation in the process of developing international standards can and has put our products at a serious disadvantage in the markets of the world. Furthermore, there is evidence that this problem will become more serious because international standardization activity is rapidly accelerating.

In this area, as in so many others where our trade is concerned, we have been remiss.

There has, however, been some good news in the standards field since our last hearing. Apparently, some progress was made in the late June negotiations with respect to the multipartite accord and the CENEL system. We heard a great deal of testimony in our last hearing about the impact that this system could have as a nontariff barrier to our products. Apparently, the European nations involved in this agreement have consented to truly internationalize the system and not to exclude our products.

Our first witness on S. 1798 this morning is Mr. Bernard Falk of the National Electrical Manufacturers Association.

Welcome to the committee, sir.

**STATEMENT OF BERNARD H. FALK, VICE PRESIDENT, NATIONAL ELECTRICAL MANUFACTURERS ASSOCIATION; ACCOMPANIED BY HOWARD MICHENER, MANAGER, ENGINEERING AND SAFETY REGULATIONS DEPARTMENT**

Mr. FALK. Thank you, sir.

Mr. Chairman, Senator Moss, my name is Bernard H. Falk, vice president, Government and membership services of the National Electrical Manufacturers Association. With me is Mr. Howard Michener, manager of our engineering and safety regulations department.

NEMA is a trade association of the electrical manufacturing industry representing approximately 475 American manufacturers who are members of one or more of NEMA's seven divisions.

While we are in support of the objectives and intent of the present bill, as a new move into previously uncharted waters, there may be implications in some of the provisions which we and perhaps even the bill's drafters cannot completely foresee. Therefore, we would like to leave with you a few questions and comments that have occurred to us for your consideration as you proceed to consider appropriate legislation to carry out the valuable, basic objectives.

The first of such points may be illustrated in section 2 of the bill, where the first sentence stresses appropriate use of international voluntary standards by U.S. industry, and the last sentence states that a purpose is to promote international trade through appropriate implementation of international voluntary standardization agreements within the United States. These are indications of only a one-way street; implementation in the United States of internationally developed standards is far from what should be the total objective of the bill. We believe that in this section, which states the findings and purpose, there should be clear indication of fostering appropriate reciprocal implementation.

In looking at the definition of "voluntary standards" in section 3 (b), we feel some sense of disappointment in that it is not an adequate, quotable definition reflecting the real core of strength of the voluntary standards movement as we know it. We think that the definition is specifically defective in being limited to commercial and industrial standards. There are, for instance, many basic engineering and scientific standards which have been developed through voluntary standards procedures and which will be involved in the standards and "systems" covered in the following section of the bill. Moreover, there are many standards, developed through voluntary procedures, which, because of their merits, have later been adopted in State or Federal law or regulation. These should not be excluded; they should rather be among those to which the Federal Government would most strongly wish to lend its presence in international discussion. We would be pleased later to provide some suggestions for a more adequate definition if desired.

We have however, more serious concern about the definition in section 3 (c) of the term "international voluntary standard," which speaks of a standard developed for use within the territory of two or more countries. There are many standards developed by two or more foreign countries, the implementation of which, in this country, would not to the slightest degree foster the well-being of the American indus-

try or public. We believe, therefore, that for the purposes of this bill the only international voluntary standards which should be covered are those in which the United States is one of the participating parties.

The term defined in section 3(d) is "international standards systems," but the definition is not of a standards system, but rather of an assurance system, such as certification. The meaning might thus be much more clearly self-evident if the term were "international standards assurance system." Again, and whatever their name, since the bill calls for Federal encouragement of appropriate recognition of such systems, we think they should comprise only those to which the United States is a party, not merely "two or more countries."

In section 4(c), the Secretary is assigned the duty to encourage the use of international voluntary standards and international standards systems within the United States, where he determines that it is in the public interest to do so. This is a very substantial and serious duty. If our suggestions regarding the definitions of these terms are not accepted, it might involve his encouragement of international but strictly foreign standards in preference to well-established and suitable American practice. The international standards in question might also have merit but might involve changeover difficulties and costs to the American public without bringing commensurate advantages. We think there should be, in the bill, additional guidance to the Secretary in how he should determine the public interest. Certainly some consultation with the private sector affected is essential.

We heartily endorse the concept that the Federal Government should have a unified concept and input from all affected Federal agencies, such as covered in section 5(a) and 12(a). However, referring to section 5(a) and considering the fact that the standardization involved in the bill is voluntary standardization in contrast to treaty obligations, we think that perhaps the veto power, which is given to the Secretary of State, should be modified. The central focus for voluntary international standardization should properly be concentrated in the Secretary of Commerce and we think that the language should properly require his consultation with the Secretary of State but should not require "concurrence" from the latter, which might involve the stymying of any action simply because of lack of sufficient interest on the part of State.

We feel sure that the intent of section 6(a) is to provide for the Secretary to appropriately fill a void in some presently inadequate U.S. representation in an international standardization activity. However, as written, this paragraph might be interpreted as a mandate for him to displace an existing adequate and viable U.S. representation through representatives supported by profitmaking organizations, by representation of his choice through private nonprofit organizations. We think that perhaps the authority in this subsection should extend only where it is found that there is not presently existing, adequately supported U.S. representation and that, moreover, there should be indication that if the Secretary does establish arrangements he should give preference to accredited representatives of recognized U.S. affiliates of international standardization organizations.

We think that section 6(d), relative to the establishment of a system for the evaluation and accreditation of organizations may eventually

prove to have such importance due to possible impact on domestic certification systems and organizations that the Secretary's determination of the public interest should be formalized by a requirement for a hearing or at least by requirement for publication in the Federal Register with opportunity for comment prior to establishment of the system. We believe that, in announcing his intent to establish such a system, the Secretary should be required to list findings, based on appropriate criteria, as to why the establishment of such a system would be in the public interest. We believe that the Congress should also give consideration to inclusion of a provision for judicial review for those persons adversely affected by the certification system established by the Secretary.

In section 7, several factors are listed by way of example to be considered in determining whether an international standardization activity would be in the public interest. We believe those listed are quite appropriate but, in view of the subject matter of the act, we think that perhaps one additional factor should be spelled out, namely the effects of the international standardization activity on fostering U.S. interests in international trade.

We would suggest that in section 9 the listing be done under a classification system acceptable to the Secretary rather than one devised by the Secretary, as we think there may already exist a classification system (perhaps the ISO system) that would be quite satisfactory.

Promulgation of a listing of standards and standards systems may have an important impact on American industry, which should not lightly be entered into. We suggest, therefore, for addition into section 9, somewhat formalized determination of the public interest. We recommend again the addition of a provision requiring the Secretary to publish in the Federal Register his intent to list giving opportunity for public comment during some suitable period, such as 90 days, before the listing is finalized.

In keeping with the expressed intent in section 2 of cooperation between Government and industry, we believe it would be appropriate and essential for the Secretary to consult with a committee of private individuals, in addition to the Governmental Interagency Committee on Standards Policy established in section 12. This additional committee we suggest should include consumers and other users, manufacturers, distributors, employees, and perhaps individual personal experts in certification and international standards development.

With regard to section 12(a), we do not feel competent to be sure of all Federal agencies that should be represented on the Interagency Committee, but from our observations we would like to suggest that there might be competent and helpful input from the Office of the Special Trade Representative. This Office has developed substantial experience and expertise in the matter of nontariff barriers, including standards, and its inputs to the Secretary may prove quite valuable.

Finally, looking at section 15, we agree that the negotiation, development, or listing of any international voluntary standard or system should not automatically displace any governmental requirement but to say that they "shall not affect" such requirements does not seem fully consistent with section 10 which pointedly encourages departments and agencies of the Federal Government to make appropriate use of these standards and systems.

Thank you.

Senator INOUE. Mr. Falk, I am most grateful to you for your presentation this morning, and I must say that your statement presents many problems that the subcommittee to date had not anticipated. It would be very helpful to this subcommittee if you could furnish the staff specific language as to amendments, for example, on the matter of the pocket veto and the veto and its modification, and on the matter of judicial review on reciprocal implementation and tightening up the definition of international voluntary standard.

I think all these would be helpful to this subcommittee.

We would like to look over your language and give it much greater study and, if we may, at some later date confer with you again.

Mr. FALK. All right, thank you.

Senator INOUE. Senator Moss, do you have any questions?

Senator MOSS. No, no questions.

Senator INOUE. I have some prepared questions here if I may submit them to you and you could respond to them for the record, sir.

Mr. FALK. Yes, sir.

Senator INOUE. All right; thank you very much, Mr. Falk.

Mr. FALK. Thank you.

Senator INOUE. Before you leave, about when do you think we could expect some response on your amendments?

Mr. FALK. I would think by the end of next week.

Senator INOUE. Fine, sir. Thank you very much.

(The following information was subsequently received for the record:)

NATIONAL ELECTRICAL MANUFACTURERS ASSOCIATION,  
New York, N.Y., July 27, 1971.

Hon. DANIEL K. INOUE,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR INOUE: Supplementing our letter of July 21st with which we sent a mark-up of S. 1798 proposing changes in the text to reflect the comments we had given in our testimony, we would like at this time to attempt to answer the nine questions which you submitted to us following our testimony:

*Question 1. In your statement, you refer to an incomplete definition of voluntary standards in Section 3(b). Can you please elaborate on some suggestions for improvement?*

Answer. In our mark-up, we provided suggestions for a definition of this term. You will note that we deleted the original restriction to "industrial and commercial" standards and that we have indicated that voluntary standards are the result of consensus reached by affected parties at interest, which we think is an essential characteristic of voluntary standards. We also deleted some of the original language regarding state or federal laws or regulations and will discuss this more below under question 9.

*Question 2. You suggest that the definition of "international voluntary standard" in Section 3(c) be limited to those in which there has been U.S. participation. Is it not possible that occasionally an international voluntary standard might be acceptable to the American industry or public without the United States being one of the participating parties?*

Answer. We can certainly conceive that a standard initially developed in a foreign country might be acceptable to the American industry or public, but we think that it is essential that such acceptability be already indicated by American participation in the standards activity before the standard is considered as meeting a definition which under the bill calls for governmental encouragement of its use as in Sections 4C and 10A.

*Question 3. In your statement, you suggest that the Secretary of Commerce should not have authority to displace existing U.S. representation in international standardization activities. If that suggestion is adopted, how would you deal with situations in which existing U.S. representation may not adequately represent all points of view, or is for some other reason unsatisfactory?*

Answer. Our comment was that the original statement might be interpreted as a mandate for the Secretary to displace existing *adequate* and *viable* U.S. representation. We think that in our mark-up of Section 6A, we may have clarified our comment and carried out the original intent of the bill by saying "where existing participation by domestic organizations is insufficient to assure that the interests of the United States are adequately protected". This language we have borrowed from Section 4A and we believe should serve to give the Secretary authorization to displace or improve representation which does not adequately represent all responsible American points of view.

*Question 4. Why do you believe that the Secretary should give preference to accredited representatives of U.S. affiliates of international standardization activities as you suggest?*

Answer. We believe that the United States has already achieved a great deal of strength in international standardization and has done it through such organizations as the U.S. National Committee serving as a member of the I.E.C. and ANSI serving as a member of the ISO. We believe that the U.S. should build on these already existing strengths wherever possible and that the legislation should give clear indication that such organizations are the ones to which he should first look.

*Question 5. Your last suggestion is to change Section 15 of the bill with respect to the relationship between voluntary standards and governmental regulations. What do you think the relationship should be?*

Answer. Our thought with respect to Section 15 was simply that encouragement of the use of international standards provided in other sections of the bill might well eventually "affect" requirements and regulations of governmental agencies and that the use of this word did not seem quite consistent with some of the objectives of the bill. You will note that in our mark-up we have suggested that the listing of any voluntary standard or international standard system shall not per se alter, amend, modify or reveal such governmental regulations. We think this wording should be sufficient to preserve the integrity of regulations but leave the governmental agencies with the opportunity to eventually change such regulations so as to "encourage appropriate use of applicable international voluntary standards" and to "give appropriate recognition to international standards assurance systems" when deemed advisable.

*Question 6. How does NEMA finance its national and international standardization work? Do companies pay directly for the activities in which they are interested or are these funds funneled through NEMA?*

Answer. The figures given in our testimony were NEMA's direct contribution by the Association of cash for a specific international project. These monies, of course, are raised by NEMA through dues from our members. In addition to such direct expenditures by the Association for travel to meetings or the conduct of meetings, there is a great deal of time spent by experts in our industry and also additional expenses in connection with domestic travel for preparatory meetings and secretarial work. Reference to the people, attached to our original statement, will show that the vast majority of the representatives come from our membership rather than our own staff and the time and local expense of such people are paid for, of course, by individual company employers. Thus, we believe that we obtain a great deal of leverage from the direct monies spent by NEMA as an Association.

*Question 7. What procedures does NEMA employ to assure that standardization activities do not have undue anti-competitive effects?*

Answer. Assuming that only a brief answer is required in the context of this particular bill, we would refer you to the policies guiding our standards-writing activities shown on pages 3-5 of our enclosed Engineering Bulletin. These policies are administered by staff personnel who are in attendance at all meetings. Close monitoring of our adherence to these policies and to the requirements of law is carried out by independent outside counsel through review of all standards proposals and of the minutes of every meeting at which they are developed. We should additionally point out that in these international standardization activities determination of the U.S. position is by advisory groups, including many interests other than the manufacturers represented by NEMA.

*Question 8. How does NEMA reconcile differences between National and International Standards in the adoption of which it has participated?*

Answer. NEMA has no special procedures to affect such reconciliation and we can claim only partial success. In general, following an international agreement

at which the American delegation feels there is a reasonable compromise, they will make recommendations for revision of our American National Standards, as the case may be, to harmonize with such compromise.

*Question 9. In your statement you mention the degree of involvement by NEMA in international voluntary standardization. How do you explain the failure of American companies to participate more fully in international standardization when it is in their interests to do so?*

Answer. We feel that at least within the areas with which we are familiar, that there generally does not exist a failure of American companies to participate in international standardization activities which are identifiable as being related to a particular industry. We feel that American weakness in representation is more in those areas of standardization covering general topics of importance perhaps to all industry and to the public but not easily identifiable with a given segment of industry. We would endorse the statement given by Mr. McAdams as to the particular areas in which strengthening is needed.

We hope that the above comments respond fully to your questions and may serve to explain more fully our original comments. We should be most happy, of course, to provide you with any further information that would assist in the Subcommittee's study of this bill.

Respectfully,

BERNARD H. FALK.

Senator INOUE. Our next witness is Mr. William Ragan of the law firm of Ragan and Mason, of Washington. He will speak on behalf of Sea-Land Service, Inc.

**STATEMENT OF WILLIAM RAGAN, RAGAN AND MACON, WASHINGTON, D.C., ON BEHALF OF SEA-LAND SERVICE, INC.**

Mr. RAGAN. Good morning.

We have a very short statement to make, three pages, which for purposes of saving time, I will paraphrase.

Our concern is not with this legislation, but with protecting previous legislation, Public Law 90-268. The chairman is quite familiar with the container standards legislation. We would like to see some language added to the ultimate bill that would clearly indicate nothing in the bill as intended to modify or repeal that particular statute that you remember was quite controversial at the time.

Because there has been some attempt to chip away at the effect of that legislation which we mentioned in the statement, and copies of correspondence which I have given to counsel, we feel that this amendment is rather important.

Senator INOUE. Without objection, your statement will be included in the record in toto.

Mr. Ragan, I assure you that the subcommittee is well aware of the trouble we had in the enactment of Public Law 90-268. We still remember rather vividly the attempt made at that time, on the part of our Government, intentionally or otherwise, to give foreign governments an advantage which they did not deserve.

Therefore, if I have anything to say about the ultimate outcome of this bill you may be assured that your three-line amendment will be part of the bill, sir.

Mr. RAGAN. Thank you very much, Mr. Chairman.

Senator INOUE. Thank you.

Any questions?

Senator Moss. No, no questions. I concur.

(The statement follows:)

## STATEMENT OF SEA-LAND SERVICE, INC.

Sea-Land appreciates the opportunity of appearing here today in connection with S. 1798, concerning full U.S. participation in certain standard activities. Our purpose of appearing today is neither pro nor con on the proposed legislation. We are somewhat concerned, however, that this legislation be not used in any way as a vehicle to amend or diminish the application of Public Law 90-268. This particular statute, with which the Chairman is familiar, was approved March 16, 1968, and prohibits the U.S. Government from discriminating between steamship carriers by unnecessarily specifying the size of the containers.

We would, therefore, suggest that, should S-1798 or if a bill similar thereto be reported, an additional section be added to the bill as follows:

"SEC. 16. Nothing in this Act shall alter, amend, modify or repeal Public Law 90-268."

We feel, in light of some of the testimony that has been solicited from this legislation, that there might be those who might try to use this legislation as the "edge of wedge" in this regard.

I think the Committee will appreciate the importance of this amendment when it notes under Section 14, the Comptroller General and the Secretary of Commerce will have access to all books, documents and records that are pertinent to its voluntary standards activities, or to determine whether a voluntary standard is in the public interest. With this type of authority, the container standards law certainly must be recognized as being beyond the reach of this particular legislation.

In fact, Mr. Chairman, we have had some trouble retaining the effect of Public Law 90-268 with the Comptroller General. We would like to submit for your Committee's review a set of correspondence illustrating that by interpretation the GAO was authorizing a serious departure from the statutory intent. The GAO, in fact, was condoning a bid for 20' x 8' x 8' containers without a finding of military necessity by the Secretary of Defense stating only Government owned cargo was involved. This was, in fact, an error since the carriage of Government property without the finding by the Secretary of Defense is not exempt from the statute but more than that, the GAO ignored the fact that commercial cargo was involved as well.

Commercial cargo which would be cargo in Government owned containers on Government owned vessels. His ruling indicates this activity would be outside of Public Law 90-268. Section 14 of this bill gives a very broad authority on standards to the Comptroller General. Hence, you can understand our concern for the amendment we suggest here.

We thank you for the opportunity of appearing here today.

Senator INOUE. Our next witness is Mr. Sava I. Sherr, manager of standards operations, Institute of Electrical Electronics Engineers of New York City.

Welcome to the committee, Mr. Sherr.

**STATEMENT OF SAVA I. SHERR, ON BEHALF OF THE INSTITUTE OF ELECTRICAL ELECTRONICS ENGINEERS, INC.; ACCOMPANIED BY BERTRAM STANLEIGH**

Mr. SHERR. Thank you, Mr. Chairman.

Mr. Chairman, Senator Moss; I am manager of standards operations of the Institute of Electrical Electronics Engineers, Inc., commonly known as IEEE. I am appearing on behalf of IEEE which is located at the United Engineering Center, 345 East 47th Street, New York, N.Y. I serve as secretary of the IEEE standards committee, and accompanying me is Bertram Stanleigh, a member of the IEEE staff.

The IEEE, with a membership of 150,000 scientists, engineers, and technicians, is the largest technical society in the western world, and is also the largest nonprofit organization engaged in voluntary stand-

ardization activities in the United States. More than 200 technical committees within IEEE's 30 professional groups and societies are actively involved in development of standards within the scope of the institute's activities, and close to 200 of its members serve as its representatives on almost 100 standards committees organized under the procedures of ANSI, American National Standards Institute.

Many standards that have achieved worldwide recognition through adoption by the IEC, International Electrotechnical Commission, and the ISO, International Organization for Standardization, were developed within IEEE or within its two predecessor societies, the American Institute of Electrical Engineers and the Institute of Radio Engineers, that merged in 1963.

Many of the documents of the IEC and ISO incorporate methods of measurement, tests, and definitions developed within IEEE. Our work has also played an important part in the international standards activities of special standards groups concerned with such matters as modern telephone and radio communications, radio interference, electrical machinery, and power generation.

Because IEEE is an organization of individual scientists and engineers whose prime interest is technological advancement, the organization limits its standards activities to areas having broadest potential for international acceptance. It is concerned specifically with standards whose applications lead to greater commonality of information within the scientific community. It is active in standardization of symbols and units, terminology and definitions, methods of measurement and test procedures.

Acting in response to your request to present its views, IEEE believes that S. 1798 can serve a useful and valuable purpose in promoting and supporting the participation of U.S. interests in international standardization. We support the proposed bill together with the spirit of those modifications recommended by the American National Standards Institute.

In particular, we believe it imperative to formalize and strengthen U.S. participation in international standards activities.

In reviewing the history of the U.S. participation one finds that our capacity to function effectively in the international standardization arena diminishes in direct proportion to the generality of the subject matter to be standardized.

As the scope of standardization projects becomes more closely tied to a specific product, effectiveness of U.S. standardization is enhanced. This is largely due to the fact that individual industrial concerns can readily identify areas related to their products and provide funding to send delegates to represent the United States at technical meetings.

As standardization projects become more general, and therefore more far-reaching in their impact, an anomaly develops because, as the area of interest broadens, the interest of individual industrial organizations becomes more diluted. As a result, the United States may often be represented at such meetings by those people who happen to be on the scene in connection with some other activity, rather than by delegates who are best qualified to handle the subject.

Senator INOUE. Can you give us an example of this?

Mr. SHERR. Not specifically, sir.

In those areas where we have very general standards, in areas such as definitions and generalized methods of measurements (where we formulate graphic symbols which are used in standards and used as a basis for software, for instance), the impact of these things is so broad that you normally will not find an individual company, or even an individual group that recognizes that this is an important area. They see the importance, but it is only a very small part of what they do.

The result is that an organization such as ours, where we have the experts to provide this kind of representation, finds itself in a position where, if we recommend an expert to represent the United States at a technical meeting, there is a real problem in getting funding for such an expert.

Sometimes the expert is a college professor. The college or university does not have the money to send this man abroad, and we go chasing around trying to find some way of sending an accredited representative who is appropriately qualified.

Senator INOUE. Does your organization provide expert personnel or do you also finance these trips?

Mr. SHERR. We do not finance our personnel, because after all, we are an organization of individual members. We are basically a non-profit organization. Our income comes from the annual dues of individual engineers and technicians throughout the United States, and our bylaws do not allow us to pay for travel expenses for these people to attend meetings.

Senator INOUE. How are the other countries represented at these conferences when subjects of general interest are discussed?

Mr. SHERR. Well, many countries, of course, have an officially designated standardization agency. The result is that they are either partially or wholly funded by the Government of their respective countries, and they are very, very well represented. They will bring people in who are really the most expert in the field, and who are in a position to take whatever advantage they can of their expertise.

Senator INOUE. Is it your contention that as a result of this situation we have been injured?

Mr. SHERR. Yes.

Senator INOUE. Thank you. Please proceed, sir.

Mr. SHERR. As subjects become still more general, so that they cover the entire range of technology, industrial funding for representation becomes virtually nonexistent. Yet, it is precisely in these most general areas that the United States tends to suffer in the international standardization area and in its impact on trade. Other nations are expertly represented in these areas and have used standardization as a mechanism for gaining competitive advantage, independent of the technical merits of the standards proposed.

It is obvious that standardization in the areas of terminology, units, symbols, test methods, reliability, and similar areas that generally apply to all technology deserves the most expert representation this country can provide.

Because industry recognizes that professional societies are the most qualified to provide expertise in the broad, general technological standardization areas IEEE is often called upon to provide technical experts to participate in international standards meetings.

Since its membership is made up of individuals engaged in education, research, manufacturing, public service, government, maintenance and repair, and distribution, IEEE's position on matters within its scope is a consensus of the electrical and electronics profession and the organization has available to it human resources best able to represent that position on an international standardizing level.

However, in delegating representatives for international standards meetings, IEEE must limit its selection to those experts who are affiliated with organizations prepared to underwrite the expense of such representation, even though this may sometimes result in the elimination of the best qualified individual in representing our technical interests.

Senator INOUE. Excuse me. May I interrupt at this point?

Mr. SHERR. Yes.

Senator INOUE. When the best individuals are knowingly disqualified, have you made attempts to converse with the people in the Department of Commerce?

Mr. SHERR. No, we have not.

Senator INOUE. Please proceed, sir.

Mr. SHERR. During the past 5 years, there have been a number of occasions when it has been vital to our interest for experts to present this country's position at the working group level at international meetings on such subjects as terminology, units, symbols and methods of measurement.

We have been successful in obtaining contributions from private sources to pay transportation costs for properly qualified experts to attend these meetings. This meager effort has resulted in the development of the international standards with a far greater degree of compatibility with the U.S. practices.

However, this has not provided sufficient funding to properly support needed effort. The proposed bill should provide a mechanism to allow professional societies to effectively carry out such activity, an effort for which technical societies are best able to provide appropriately qualified manpower.

In the electrical and electronics world, the standards pioneered by IEEE are basic to all scientific communication and commerce. Electrical units, symbols for these units, symbols for schematic drawings and definitions of technical terms assure us that the buyer in one country is specifying the item the seller in another country is prepared to sell, and the test methods and methods of measurement make it possible for all concerned parties to make meaningful comparisons between similar products and services.

IEEE supports the recommendations of ANSI to provide an International Standards Advisory Committee. It recognizes the importance of those groups that manufacture, use, buy, sell, distribute and certify, but it is also conscious of the major role played by the scientific and engineering professionals whose interests are frequently broader than those of any single group and whose inputs are also likely to produce more meaningful and lasting standards, because of the greater concern with underlying technical principles on the part of these professionals.

The only organizations that can speak for these professionals are the technical societies, and these should have representation on the advisory committee.

It is hoped that through the provisions of this proposed bill, it will be possible for the United States to achieve the type of representation in all areas of international standardization activities that the technological stature of this country deserves and needs.

Thank you very much, Mr. Chairman, for permitting me to appear here today.

Senator INOUE. Thank you very much.

In your statement you suggested that as a result of the lack of funds, or improper funding, this Nation is not being properly represented or we don't have the most qualified person representing the broad interests of the industries involved.

Mr. SHEER. On many occasions, this has limited the quality of representation.

Senator INOUE. Therefore, it appears from your statement that the experts furnished by companies who are willing to provide funds are the people who are attending these conferences.

Mr. SHEER. I have to caution you that my statement refers to those areas which are most general in technological fields. The experts that are provided by industry usually are highly qualified.

The problem that we run into is that very often there is a meeting at which there seems to be no real impetus to have some one provide an expert to represent the United States.

Senator INOUE. When you say representing experts from industry, are you speaking of total industry or some company?

Mr. SHEER. Well—

Senator INOUE. Let us say we are having a meeting on automobile standards, and you have all these companies, but just General Motors has the necessary funds to pay for some expert to go to this meeting. Is this man representing the automobile industry or General Motors?

Mr. SHEER. I am afraid I can't answer the question in relation to General Motors, because it is a bit out of my field. But generally speaking, I would say that the experts that are sent by such people as IBM, or Westinghouse, or General Electric, do tend to represent the industry and not just their individual companies.

Senator INOUE. Mr. Falk of the National Electrical Manufacturers Association presented a rather interesting statement with many suggestions, and he will be submitting at some later date, specific language for amendments.

I would be most interested if your organization and all others who will be testifying this morning, would comment upon Mr. Falk's presentation, because these suggestions have not been made here before.

And your statement does not touch upon the matter of the veto power or review, and I would be interested to know what your technical organization would say about these suggestions.

Mr. SHEER. We would be glad to comment on them.

Senator INOUE. Thank you very much, sir.

Our next witness is Mr. Joseph T. Morris, executive vice president of the National Association of Photographic Manufacturers, Inc., of Harrison, N.Y.

Mr. Morris, welcome to the Committee, sir.

**STATEMENT OF JOSEPH T. MORRIS, EXECUTIVE VICE PRESIDENT,  
NATIONAL ASSOCIATION OF PHOTOGRAPHIC MANUFACTURERS,  
INC.; ACCOMPANIED BY THOMAS J. DUFFICY**

Mr. MORRIS. Thank you, Mr. Chairman, Senator Mess.

I am Joseph T. Morris, executive vice president of the National Association of Photographic Manufacturers, Inc. I brought Mr. Thomas J. Dufficy of our staff. We are here today to testify in support of S. 1798, The International Voluntary Standards Cooperation Act of 1971.

The National Association of Photographic Manufacturers is a voluntary association of United States companies engaged in the manufacture of photographic goods, equipment, and supplies. The products manufactured by our membership accounts for over 90 percent of the total U.S. shipments on a dollar and volume basis.

In the interests of saving the committee's time, I would like to skip over the background material, which explains our activity in standardization and I would rather move to the bottom of page 3 and begin to talk about the international trade implications for the photographic industry.

In the beginning of my statement I did make a comparison between 1970 export and 1970 import figures. Table I attached and made a part of this statement, is a comparison table of export-import values for the years 1960-70. It is interesting that in only 2 years, 1962 and 1968, has the dollar increase in value of imports of photographic products exceeded exports for the same year. It is also important to note the total growth both of exports and imports during this 11-year span. Both have risen at approximately the same rate of 400 percent, but in terms of real dollars our balance of trade in 1970 was \$189.9 million compared to \$44.7 million in 1960. That is a favorable balance of trade, of course, gentlemen.

Many factors were responsible for this continued growth, a high degree of technology, sophisticated manufacturing and marketing concepts, and many other factors, not the least of which is a high degree of reliance upon standardization within our industry. We believe it is significant, however, that this growth took place during a period when the U.S. photographic industry enjoyed—if that is the proper word—increasing competition from abroad, competition which was aided by relatively low U.S. tariffs on imports without reciprocity.

With the changing patterns in world trade, such as the emergence of economic trading blocs, we are understandably concerned that the free and competitive flow of our products abroad could be inhibited, not through a loss of U.S. technical or marketing competence but rather through the pressures of political and economic programs of a standardization and certification nature developed without U.S. participation. Such programs, if implemented, could effectively ban our products from potential markets.

Within the framework of international photographic standardization, the United States is noticeable as a Nation without Government support or direct interest in this important activity. S. 1798 seeks to

remedy this defect, and in addition, because this legislation proposes to channel the U.S. Government's energy and resources through existing organizations, it assures us of the continuing scientific and technological input from the private sector. It is our firm conviction that we have succeeded as well as we have in standardization programs because private enterprise has made available the manpower and money to do the job. In the face of increased foreign government participation, U.S. industry would be hard pressed to remain competitive. The passage of S. 1798 will insure adequate financing and Government participation in future endeavors. It also will insure that companies will continue to supply the necessary technical expertise.

We have, gentlemen, experienced various certification programs which have had the net effect of reducing the product flow for various products of our industry. We experienced this already.

Senator INOUE. Can you give us an example of that, sir?

Mr. MORRIS. I can, indeed, Mr. Chairman. Approximately 2 years ago the Japanese put through a proposal functioning through the Japanese Camera Inspection Institute, the JCI, was established basically to certify outgoing products from Japan. It was a guarantee of product quality exported from Japan.

The particular certification program on imports applied to a variety of products using an electrical source. Slide projectors would be illustrative. Perhaps I can illustrate this by saying—a manufacturer produces product "A," and it is distributed and imported into Japan by four importers and distributors. The administration of this program required each importer/distributor to submit a request for certification for product "A" regardless of the fact that the first inspection, first examination logically would have gone to the merits of the product.

There was a fairly substantial fee per distributor/importer, so automatically there is a restrictive element.

Equally important, I think, was the shelftime, since there was no guarantee how fast your product would move through the certification system. I was in Japan last June, a year ago June, and saw this certification system in operation.

It had been modified substantially by then; actually this particular program affected our industry in a limited way—our domestic industry—but had a rather substantial effect on the German industry, and they were able to reach into their hat and pull out a longstanding code provision which gave them a little bit of reciprocity and resulted in some modifications in the Japanese application of the program.

We see this type of nontariff barrier reoccurring, and I am sure that this has been foreseen in developing this legislation. We see the U.S. Government's involvement as being a direct way to combat it.

Senator INOUE. When this Japanese certification program was instituted, what was the response of our Government? I presume our Government is aware of this nontariff barrier?

Mr. MORRIS. I don't believe there was any response, Mr. Chairman, but I think it was on a very logical ground. The certification program was equally applied in the case of product examination of domestic products. The enabling legislation provided that it was a safety inspection so that in its application it applied to domestic products as well

as imported products which I think would somewhat preclude the Government—our Government—from making any strong objections since it had an element of equality; I think the inequality was the shelf-time basically, plus the dual fees.

Senator INOUE. What was the Government's response to these two aspects—shelftime and the inspection?

Mr. MORRIS. They joined with us, especially our representatives in Japan on the scene, and in a series of industry meeting, we were able to resolve the duplication of inspection, to reduce the fees, and obtained reasonable assurance that our products would be processed rather promptly.

Senator INOUE. Do we have any sort of certification program in this country?

Mr. MORRIS. No sir; not for our industry.

Senator INOUE. Do any of our practices restrict the import of foreign photographic products?

Mr. MORRIS. No, anything but, Mr. Chairman. We have low tariffs and no other barriers except those in the marketplace.

Senator INOUE. We just make it easy for them.

Mr. MORRIS. Exceptionally so, Mr. Chairman.

Senator INOUE. You may proceed.

Mr. MORRIS. Mr. Chairman, did you have more questions?

Senator INOUE. Yes, if I may, I have a list of questions here that I would want to submit to you for your study and response for the record.

Mr. MORRIS. Thank you.

Senator INOUE. You haven't finished your statement.

Mr. MORRIS. I would like very much to continue on with the limited number of recommended modifications, if I may.

Senator INOUE. Please proceed, sir. I am sorry.

Mr. MORRIS. As we have indicated above, we strongly urge the passage of this legislation. We believe, however, that the following modifications, all directed at more clearly spelling out the primary intent of this legislation, are necessary.

In section 4(b), we recommend that the first word on line 20, page 3, "provide", be changed to "assure provision"; and the word "or" on line 20 be changed to "and".

In section 5(b) on page 4, we recommend that the entire sentence on lines 7 and 8 be replaced with "Assure that private domestic nonprofit organizations are afforded the initial responsibility for the work."

In section 6(a) on page 4, line 9, we recommend that the words "is authorized to" be changed to "will".

The above recommended changes are intended to amplify for the private sector its continuing responsibility for the development of international standards in concert with the appropriate Government agencies. We believe that this is the position put forth by the U.S. Department of Commerce. Its inclusion in the legislation would serve as a reminder to industry of its continuing responsibility.

Senator INOUE. Sir, in referring to your first table attached to your statement, what factors account for the growth of exports since 1965? Do you believe that international standardization has anything to do with these figures?

Mr. MORRIS. Indeed I do, Mr. Chairman. I think it is fair to say that we are a Nation that takes pride in its marketing ability, and I know this is particularly true in our industry. We are marketers first and foremost. We have in this span of years rather uniquely been able to carry our products abroad and do it competitively because there is standardization.

To cite a few types of products—film is probably the outstanding example.

Senator INOUE. Doesn't film constitute the bulk of our exports?

Mr. MORRIS. It constitutes a great part of it, yes, although there is a good deal of film manufactured by domestic manufacturers with plants overseas, of course. But there are considerable products exported besides film, notably processing equipment, which is a high-cost item, \$40,000 or \$50,000 per machine.

We are unquestionably the biggest supplier of processing equipment, worldwide. This again is tied closely to standardization because if your film is not standard, your high-speed processing equipment cannot be built to a standard.

So if we did not have the great many standards covering such things as sprocket holes, sizes, as well as the conventional format sizes, it would be impossible to process film as we know it today, and that whole segment of the market would suffer.

We have been able, I think, because of marketing, but also because of standardization—perhaps I can give you an illustration of this growth that might be useful.

Several years ago the Instamatic cartridge-type camera was developed and brought into the marketplace.

At the same time, there was an introduction by Agfa, the largest photographic manufacturing company in Europe, they introduced a system which I would call competitive, a very fine system called the rapid system. It was a fine system, but did not have the ease of use that the drop-in cartridge system has. As a result, in the first year of those two competitive systems being introduced, our drop-in cartridge system, or the Instamatic system, as it is probably more readily known, outsold the rapid system in Germany itself.

And this is, I think, a prime example of standardization.

Senator INOUE. In your statement, you mention that we have low tariff barriers without reciprocity. Are you suggesting that other countries have high tariff barriers?

Mr. MORRIS. Indeed, they do.

Senator INOUE. Can you give some comparisons or specific examples here?

Mr. MORRIS. Yes, sir. I will go back to film again.

Film imported into the United States was at 6 percent and has gradually been reduced under the Kennedy round so that it now is, I believe, somewhere around 3 percent. Nominal, in any case.

As an example, this would be the amateur color film that we are talking about. That same film flowing into Japan—the tariff was 26 percent, and in April it was reduced to 23 percent.

Senator INOUE. What have you done about this?

Mr. MORRIS. Well, Mr. Chairman—

Senator INOUE. In other words, Japanese film comes into the United States at 3 percent?

Mr. MORRIS. I believe that is the figure.

Senator INOUE. And our film goes there at 23 percent?

Mr. MORRIS. Yes, sir; and some of the duties are higher in nonproducing countries. Japan and the EEC countries are basically the photographic producing countries other than the United States.

Senator INOUE. In addition to a polite protest issued by our Government, what else have you done, sir?

Mr. MORRIS. I would like to be able to answer that, Mr. Chairman, at length, but the answer is rather short. I don't believe there has been anything done.

Senator INOUE. All right. I presume your industry has complained about this to our Government?

Mr. MORRIS. I believe that is correct, sir.

Senator INOUE. What has been the response of our Government to your industry request?

Mr. MORRIS. I don't think I could really give you an answer on that. I don't think I would be conversant with it. I don't know that we have moved aggressively—I can make a positive statement and say that our association has not moved through the Government to ask them to apply the governmental pressure, if you will, on the Japanese to reduce their tariff.

Senator INOUE. What is the tariff in Germany?

Mr. MORRIS. The EEC tariffs are not extremely prohibitive. It is the nontariff barriers there that are really more important. The other things raise it significantly. U.S. manufacturers of film generally have plants in Europe which serve the common market, so they enjoy a preferential rate. There is some movement from the States, of course.

Senator INOUE. Assuming that this bill becomes law and funds are made available pursuant to the provisions of this bill, would your organization continue to provide funds as you have been doing or would you stop providing funds?

Mr. MORRIS. No, we would continue; we would continue, Mr. Chairman, to provide funds because I think our basic thinking is that the need for greater standardization and greater involvement is coming on us rather fast so we wouldn't cut back our funds, we would hope that the funds available through the legislation would supplement what we already are doing and enable us to remain competitive.

Senator INOUE. In many of the statements, witnesses have suggested that foreign certification programs or standardization activities have served very effectively as nontariff barriers. Have we carried out similar activities here in the United States to impede the flow of foreign goods into the United States?

Mr. MORRIS. Speaking only for my own industry, not to my knowledge at all, no. I would say none, period.

Senator INOUE. Then to the best of your knowledge it has been a one-way street.

Mr. MORRIS. Absolutely. We have, as I am sure you are aware, Mr. Chairman, a considerable movement of foreign photographic products to this country; they are generally on a selective basis, various types

of cameras and equipment where low-cost labor abroad make them competitive, but there is no need to inhibit this at all.

Senator INOUE. We in the political field are well aware of foreign cameras because when cameramen come around to take our pictures, you seldom see an American camera. It gets pretty lonesome at times.

Mr. MORRIS. It does for me, also, Mr. Chairman.

Senator INOUE. Mr. Morris, I have a few questions I would like to submit to you for your response at some later date.

Mr. MORRIS. Yes. Thank you.

Senator INOUE. I thank you for your participation. It has been very helpful.

(The statement and questions and answers thereto follow:)

STATEMENT OF JOSEPH T. MORRIS, EXECUTIVE VICE PRESIDENT, NATIONAL ASSOCIATION OF PHOTOGRAPHIC MANUFACTURERS, INC.

I am Joseph T. Morris, Executive Vice President of the National Association of Photographic Manufacturers, Inc. I am here today to testify in support of S. 1798, "The International Voluntary Standards Cooperation Act of 1971."

The National Association of Photographic Manufacturers is a voluntary association of United States companies engaged in the manufacture of photographic goods, equipment, and supplies. The products manufactured by our membership accounts for over 90 percent of the total United States shipments on a dollar and volume basis.

Many of our members are engaged in international trade, and the United States photographic industry as a whole has maintained over the years a very favorable balance of trade. Exports in 1970 amounted to 446.8 millions of dollars contrasted with imports in the same year amounting to 256.9 millions of dollars.<sup>1</sup> The United States photographic industry has also historically been active in the development and implementation of standards both domestic and international, and we therefore greatly appreciate this opportunity to express our views on the proposed legislation being considered by this distinguished committee.

It is our understanding that the purpose of this proposed legislation is to foster fuller United States participation in international trade through promotion and support of representation in international voluntary standards activities. Our members believe that S. 1798 is a significant step in providing government backing to existing international standards activities. We interpret its intent as a major effort aimed at strengthening the present voluntary standards activities rather than supplanting it. A brief background of our industry's involvement in standardization follows. I would then like to comment on what we believe are significant implications to be drawn from this legislation and suggest a limited number of modifications for your consideration.

U.S. PHOTOGRAPHIC INDUSTRY STANDARDS ACTIVITY

The member companies of the NAPM have supported on the international level for almost one quarter of a century both technically and financially the voluntary standardization activities in the field of motion pictures (cinematography) and photography. Our support and activity has been carried out under the procedures of the American National Standards Institute (ANSI) and its predecessor organizations.

Some of our members have been actively working for over 40 years in the domestic standards field, and many of our domestic standards have been accepted in the international area. NAPM as an organization became directly involved in standardization in 1968 when it began to assume the Secretariat for various domestic committees organized under the procedures established by the American National Standards Institute. The Secretariat's responsibilities include organization of the working groups and administration of their efforts. To carry out these responsibilities, NAPM employs two professional engineers together with the necessary clerical support.

<sup>1</sup> NAPM study based upon data from Foreign Trade Division, Bureau of the Census, U.S. Department of Commerce.

Our members were instrumental in bringing about in 1947 the establishment of two technical committees, ISO/TC 36 on Cinematography and ISO/TC 42 on Photography, by the International Organization for Standardization (ISO) and the designation of ANSI as the USA Secretariat for both committees.

Here again we have lent full support to the work of these committees and have advised and assisted in their administration by ANSI's staff. Our representatives have served as USA delegates at six Plenary Meetings on ISO/TC 36 and five Plenary Meetings on ISO/TC 42 both here and abroad and are doing so again at meetings of both committees currently in session in London. In addition, NAPM agreed in 1970 to assume the administrative duties of the Secretariat for ISO/TC 42 on Photography on behalf of ANSI.

#### INTERNATIONAL TRADE IMPLICATIONS FOR THE PHOTOGRAPHIC INDUSTRY

I stated at the outset that our industry has enjoyed a favorable balance of trade. Table I, attached and made a part of this statement, is a comparison table of export-import values for the years 1960-1970. It is interesting that in only two years, 1962 and 1968, has the dollar increase in value of imports of photographic products exceeded exports for the same year. It is also important to note the growth both of exports and imports during this 11-year span. Both have risen at approximately the same rate of 400 percent, but in terms of real dollars our balance of trade in 1970 was 189.9 million dollars compared to 44.7 million dollars in 1960.

Many factors were responsible for this continued growth, a high degree of technology, sophisticated manufacturing and marketing concepts, and many other factors, not the least of which is a high degree of reliance upon standardization within our industry. We believe it is significant, however, that this growth took place during a period when the United States photographic industry enjoyed increasing competition from abroad, competition which was aided by relatively low United States tariffs on imports without reciprocity.

With the changing patterns in world trade, such as the emergence of economic trading blocs, we are understandably concerned that the free and competitive flow of our products abroad could be inhibited, not through a loss of United States technical or marketing competence but rather through the pressures of political and economic programs of a standardization and certification nature developed without United States participation. Such programs if implemented could effectively ban our products from potential markets.

Within the framework of international photographic standardization, the United States is noticeable as a nation without government support or direct interest in this important activity. S. 1798 seeks to remedy this defect, and in addition, because this legislation proposes to channel the United States government's energy and resources through existing organizations, it assures us of the continuing scientific and technological input from the private sector. It is our firm conviction that we have succeeded as well as we have in standardization programs because private enterprise has made available the manpower and money to do the job. In the face of increased foreign government participation, United States industry would be hard-pressed to remain competitive. The passage of S. 1798 will insure adequate financing and government participation in future endeavors. It also will insure adequate financing and government participation in future endeavors. It also will insure that companies will continue to supply the necessary technical expertise.

#### RECOMMENDED MODIFICATIONS

As we have indicated above, we strongly urge the passage of this legislation. We believe, however, that the following modifications, all directed at more clearly spelling out the primary intent of this legislation, are necessary.

In Section 4(b) we recommend that the first word on line 20, page 3, "provide," be changed to "assure provision"; and the word "or" on line 20 be changed to "and."

In Section 5(b) on page 4, we recommend that the entire sentence on lines 7 and 8 be replaced with "Assure that private domestic non-profit organizations are afforded the initial responsibility for the work."

In Section 6(a) on page 4, line 9, we recommend that the words "is authorized to" be changed to "will."

The above recommended changes are intended to amplify for the private sector its continuing responsibility for the development of international standards in concert with the appropriate government agencies. We believe that this is the position put forth by the U.S. Department of Commerce. Its inclusion in the legislation would serve as a reminder to industry of its continuing responsibility.

Thank you for affording me this opportunity to appear before this distinguished committee and to present our views on a legislative proposal which has such long-range implications for our industry and the nation as a whole.

Respectfully submitted,

JOSEPH T. MORRIS,

*Executive Vice President, National Association of Photographic Manufacturers, Inc., 600 Mamaroneck Avenue, Harrison, N.Y.*

TABLE I.—COMPARISON OF EXPORT-IMPORT VALUES

[Dollars in millions]

	Total value	Increase	Percent of increase
<b>Exports:</b>			
1970	\$446.8	\$39.0	8.7
1969	407.8	36.7	9.9
1968	371.1	38.2	11.5
1967	332.9	38.4	13.0
1966	294.5	57.6	24.3
1965	236.8	47.2	24.9
1964	189.6	28.3	17.5
1963	161.4	29.3	22.2
1962	132.1	6.8	5.4
1961	125.3	13.3	11.9
1960	112.0	16.1	16.7
<b>Imports:</b>			
1970	256.9	36.0	16.3
1969	220.9	34.5	18.5
1968	186.4	38.7	26.2
1967	147.7	12.2	9.0
1966	135.5	16.6	14.0
1965	118.9	7.3	6.5
1964	111.6	20.8	22.3
1963	90.8	-3.8	-4.0
1962	94.6	21.5	29.4
1961	73.1	5.8	8.6
1960	67.3	6.0	9.8

Note: NAPM study based upon data from Foreign Trade Division, Bureau of the Census, U.S. Department of Commerce.

*Question 1. Referring to Table 1 attached to your statement, what factors account for the declining rate of export growth since 1965? Does international standardization have anything to do with these figures?*

Answer 1. The declining rate is indicative of trade barriers, tariffs and non-tariff; a degree of market saturation; and the inescapable mathematics that it is more difficult to continue increasing the growth rate as the real dollar value increases significantly . . . in this instance almost doubling.

We cannot clearly identify that international standardization had an effect upon these figures; however, if we recognize market saturation as basically meaning saturation in the more fully developed nations, then we must express concern that in the future international standardization, if detrimental to United States interests, could affect our trade with emerging nations. This could be a factor preventing us from reversing the declining rate, simultaneously inhibiting the real dollar growth.

*Question 2. Has international standardization ever impeded exports of your products?*

Answer 2. I find it difficult to isolate specific instances where international standardization has in the past ever impeded exports of our products, except for the specific instance concerning the Japanese Certification Program, which I testified to at the hearings on July 16. We are concerned that in the future this could happen, especially if nations attempt to utilize standardization as a substitute for tariff barriers.

*Question 3. You mention considerable participation by your members in ISO technical committees. Can you cite examples where this participation has resulted in standards more beneficial to United States interests than would have otherwise been the case?*

Answer 3. Some photographic chemicals have been standardized internationally at the United States level of quality, higher than that of some foreign countries. There are also instances where United States perforation and film dimension standards were accepted internationally over those standards put forth and in use in certain other countries. There are undoubtedly other illustrations, but these two general examples illustrate the benefit which has accrued to the United States industry.

It should, I believe, be pointed out here that these benefits do not solely accrue to the industry but are of considerable value to the product user, who can reasonably expect that "this common language" assures him of compatibility between equipment and sensitized materials and also that he has the right to expect that the chemistry involved should be of the highest order.

*Question 4. You mention that competition was aided by relatively low American tariffs on imports with reciprocity. Although your exports are growing in absolute terms, do you feel that tariff barriers are more damaging than standardization barriers?*

Answer 4. It is the opinion of our industry that tariff barriers are considerably more damaging to our export growth as an industry than are standardization barriers. Since our exports are inhibited by both tariff and non-tariff barriers, it might be well to comment here again on the non-tariff barrier aspect of standardization and certification programs. While there are other non-tariff barriers that perhaps today function more effectively than the threat posed by standardization, it nonetheless represents a potential long-term problem which could work against United States manufacturers. Our full participation in international standardization as a nation could provide an effective deterrent before the fact.

*Question 5. In your statement, you indicate that the implementation of certain foreign standardization programs could ban your products from potential markets. Would you elaborate on that, giving some specific examples?*

Answer 5. To the best of my knowledge, this has not happened to date or at least has not happened to any significant degree due to the photographic industry's active participation and leadership in standardization both domestically and internationally. Once again our concern is for the future. Had we not actively and strongly participated, it is conceivable that international standards relating to ASA (U.S.) speed ratings on sensitized materials would not have been adopted internationally; and in its stead an irregular or noncompatible rating system could have been adopted, which could have seriously influenced the market both from the standpoint of expense if a United States manufacturer desired to reach that market and from the standpoint of user confusion. In effect a United States manufacturer could have been required to manufacture to a dual standard basis, one for domestic consumption and one for consumption in another market.

While the above illustration is past history, constantly improving technology could present the same type of problem in the future.

*Question 6. If government funds were available pursuant to S. 1798, would your organization continue and expand its own funding of international standardization activities?*

Answer 6. Our industry would not wish to delegate its industry responsibility for standards-making to the Federal government or to any other body; therefore, we would continue to financially support standardization relying upon the Federal funding to enhance our effectiveness in the total international effort.

*Question 7. The amendment you have suggested to Section 4(b) of the bill would require that the Secretary assure private and governmental participation in standardization activities. Wouldn't this require the Secretary to fund private representation in all instances where private funds were not forthcoming?*

Answer 7. Our suggested amendment to Section 4(b) was aimed at clarifying the primary intent of the bill, which as we understand it is to do the work through private organizations with government backing and support. Our suggested change in phraseology was designed to provide a clear mandate to the Secretary that private standards-making bodies will be invited to participate. We were in no way attempting to suggest that this phraseology should require government funding where private funds were not forthcoming.

It would appear to be within the intent of the legislation to reassure our industry that it will be invited to participate whether or not government funds are involved.

*Question 8. The amendment that you have proposed to Section 5(b) would, in effect, limit the Secretary's flexibility in utilizing private capability and resources. Why do you believe this is desirable?*

Answer 8. Our proposed amendment to Section 5(b) was in no way intended to limit the Secretary's flexibility in utilizing private capability and resources. We would certainly not wish in any way to inhibit his use of the private sector, rather our suggested wording was intended to remind industry that it has the responsibility to continue standardization work. At the same time we believe that the change in wording would insure that the primary responsibility for international standardization work would remain with the private sector working in close cooperation with the Secretary and appropriate government agencies.

I am certain that we would have no objection to the wording as it appears in Section 5(b) of S. 1798 if elsewhere these safeguards and reminders were incorporated.

Senator INOUE. Our next witness is Mr. V. J. Adduci, president of the Electronic Industries Association, accompanied by Raymond Johnson, general counsel, and Allen M. Wilson, manager, engineering department, of Washington, D.C.

Welcome to the committee, sir.

Mr. ADDUCI. We are pleased to see you.

**STATEMENT OF V. J. ADDUCI, PRESIDENT, ELECTRONIC INDUSTRIES ASSOCIATION; ACCOMPANIED BY RAYMOND E. JOHNSON, GENERAL COUNSEL; AND ALLEN M. WILSON, MANAGER, ENGINEERING DEPARTMENT**

Mr. ADDUCI. Mr. Chairman, and members of the committee, my name is V. J. Adduci. I am the president of the Electronic Industries Association and appear today on its behalf. With me are two members of my staff, Allen M. Wilson, manager of our engineering department, and Raymond E. Johnson, our general counsel.

With your permission I would like to summarize that statement.

Senator INOUE. Without objection your full statement will be made a part of the record.

Without objection the statements of all other witnesses will be made a part of the record.

Mr. ADDUCI. Thank you, Mr. Chairman.

The Electronic Industries Association is a trade association representing almost 300 manufacturers of electronic parts, equipment and systems. Member companies are located in virtually every State of the Union and employ approximately 1 million people. EIA speaks for 90 percent of an industry which produced more than \$25 billion of products in 1970. Since 1924, we have provided the electronic components and equipment industry with a wide variety of services including the development of voluntary standards for electronic components and equipment. It is by virtue of the association's heavy involvement in the latter area that we feel qualified to take a position on the proposed legislation.

In providing these secretariat services for U.S. electronics industry participation within the IEC, EIA collects and disseminates documents originating both within the IEC and the ISO, and assists in the preparation of U.S. positions on draft standards. The member companies of EIA largely finance and provide services of U.S. delegates to committees of interest to the electronics industry to both the IEC and ISO, as well as to the Pan American Standards Organization (COPANT), the International Consultative Committee for Radio (CCIR) and the International Consultative Committee for Telecom-

munications (CCITT), which are intergovernment treaty organizations in the telecommunications field. In contrast with but a few exceptions, other governments totally fund the activities of their delegates to IEC, ISO and other international organizations.

Against this background of experience and concerns, EIA has closely evaluated this legislation. We are unable to support the bill at this time in its present form. Our members feel that there are still too many unknowns to permit the necessary evaluation of the impact of this proposed legislation on the U.S. electronics industry, particularly under developing international certification programs and on current and future programs in the international voluntary standards area.

As a matter of fact, the hard business judgments we have been able to make concerning this legislation reinforce our belief that action at this time is both premature and is being taken without adequate information. Because of these very broad ramifications, we strongly feel that such legislation should be more carefully approached.

We do support a concept of utilizing legislative means when and to the extent that they are needed to permit U.S. participation in an international certification scheme. Furthermore, we do favor Government involvement and support for industry implementation of such an international certification scheme.

However, we have had extreme difficulty in separating the standardization function and the product certification function as contained in the proposed legislation. We believe it highly desirable to clearly separate and define those aspects which apply to standards generation and those which pertain to inspection and certification procedures and the funding problems related thereto.

We see no need for change in the methods currently being utilized for the development of voluntary international standards in the electronics field.

On the other hand, the application of international certification concepts to products is relatively new and in the formative stages with implementation of such programs beginning in Europe in the electronic components area. Application is scheduled to follow in other product areas as rules, procedures and operating experience are developed, particularly within the CENEL plan.

We note that the proposed legislation, while addressing the international certification schemes, does not for instance address the problem of where the currently operating U.S. military specification system fits into an international certification plan. Both from the point of view of business impact and in the viability of the mil spec system, this unknown impact is of concern to our industry.

The U.S. business community has in place the expertise and organization, as represented in EIA and other trade associations active in electronic components and apparatus areas, to take the necessary leadership role in evolving the voluntary standards system, the qualification plans and the inspection requisites which can form an ultimate certification program for electronic products. We recommend that the Government role truly complement and utilize rather than replace this accumulation of human talents, costly experience and knowledge.

We draw your attention to the fact that in responding to the Secretary of Commerce's invitation to comment on proposed legislation,

EIA recommended in a letter of March 11, 1971, that the Secretary establish a committee of representatives of industry and Government to formulate a total U.S. position.

Unfortunately, no such action was taken. As a consequence, it is our judgment that there is still a lack of meaningful information on the impact of costs and the timing of any arrangement which could come about under this proposed legislation. We make particular reference to the fact that the proximate and perhaps major occasion for this legislation is in response to the multipartite/CENEL plan for quality assessment of electronic components and equipment. We have not been able to develop specific information relative to anything but the very general outlines and program of the plan. In fact some of our information is contradictory.

We again propose the establishment of a committee by the Department of Commerce to include American National Standards Institute, Business Equipment Manufacturers Association, National Electrical Manufacturers Association, Electronic Industries Association, Underwriters' Laboratories, U.S. National Committee-International Electrotechnical Commission and any other trade associations involved in electronics, as well as appropriate government representatives, to get answers to (a) the problem of international participation by the United States in such a scheme as multipartite/CENEL and similar accords, (b) the total structure and implementation plan for the required National Authorized Institution, and (c) the content of the legislation and timetable for same which will best serve the complete national interest.

In an attempt to determine the impact of the CENEL plan upon U.S. producers, we have recently compiled the results of a survey of 400 U.S. companies which showed a varied and disturbing estimated increased incremental cost in the electronic component category for operation under an international certification scheme.

We note that the bill specifically fails to recognize the potential for self-certification and thus at least, by omission, could trend toward the establishment of unnecessary and redundant product qualifications.

The bill also provides in section 8 and section 12 for the establishment of an interagency committee—of the Government—on standards policy. This body, while broad in Government representation, has no provision for industry participation—even in a consultative role.

I think this is the same point Mr. Falk made in his statement. The potential impact of legislation, particularly within the electronics industry, presents a sharp departure from U.S. industrial practice. It is our judgment that legislation of this fundamental importance necessitates a total Government/industry consideration of timing, business impacts and costs as we have suggested to the Secretary of Commerce.

Moreover, if there is an apparent need for an immediate U.S. legislative response to any international situations beyond our appreciation, we again recommend that your subcommittee first consider the actual immediacy and the need to respond and then perhaps explore the possibility of legislation establishing an appropriate study commission with representation from trade associations, Government and other interested parties.

This commission should provide answers to the vital cost, timing and business-oriented issues already raised, and also on such things as the

impact on imports into the American economy, and the U.S. military specifications system. Not the least of its consideration should be the detailed study of the costs of such a system.

Thank you very much for the opportunity to present our views and I will be glad to try to answer some of your questions.

Senator INOUE. I must say your statement has been a most interesting one. You have suggested that in the development of this bill there was not enough involvement by the private sector.

Were you not a member of the industry committee that helped draft this bill?

Mr. ADDUCI. No, sir.

Senator INOUE. Was not the American National Standards Institute a participant in the creation of the committee and did the committee not include all the groups recommended?

Mr. ADDUCI. Sir, if you are referring to a meeting that took place sometime back where the Department of Commerce asked the American National Standards Institute to appoint a small group to be known as the ANSI-Government Relations Task Force, to include in that task force several of the board members of ANSI, yes, I am a member of the board of ANSI, and being in Washington I was selected to be on that committee. We met one day with the Department of Commerce to talk about the need for legislation. There were several industry people, and there were quite a few Government people. The interagency committee of the Department of Commerce was there.

There was no proposed legislation addressed to it at that point, there was more or less a general discussion on principles, how people felt about it.

Following that meeting a draft was circulated, drafted by the Department of Commerce or the interagency committee, but I am not aware of any industry participation in that draft. As a matter of fact, after we got the draft on a private basis, we had so little time to respond that it was impossible to get a position from my industry on that draft. As a matter of fact, it was even suggested that it was not for the purpose of circulating it to industry, they merely wanted the opinion of those people who were at that meeting. If that is the one you are referring to, Senator, and I am sure that you are.

Senator INOUE. Members of your organization and also the photographic manufacturers and Institute of Electronic Engineers and so on participated.

Mr. ADDUCI. I have never checked the membership of those two organizations, and it is possible that our industry produces products that would qualify for membership, but I am not aware of any specifically.

Senator INOUE. I believe most, if not all, of the witnesses who have testified in support of this measure have suggested that the one thing necessary would be Government support in the funding of personnel to attend these standardization meetings. You have indicated that you are quite leery of Government support. If the Government is not going to provide the funds, who do you think will provide the necessary funds? Experience shows private groups haven't been able to provide their own funds.

Mr. ADDUCI. Well, Mr. Chairman, let me be sure that you understand the intent of the statement that I have just presented. We do

not oppose the need for legislation. We merely oppose this particular bill. We cannot support this particular bill.

Now as to the question of funding, I think there probably may be a need for some Government funding especially in the delegate travel, the participation in IEC secretariats or the secretariats when they are considering standards. There may be a need. What I am saying is that we don't know enough about it. We are reacting to something we just don't know enough about.

I don't know anybody really making a cost impact study. We have made a preliminary study of that nature and our cost impact study indicates frightening things to us, what the system that this suggests might cost. Certainly in my industry.

Senator INOUE. Will you share the study with us?

Mr. ADDUCI. Of course.

Senator INOUE. I ask this because I certainly read the statements of other witnesses. They have suggested that if the status quo is maintained it would work to our disadvantage.

Mr. ADDUCI. We support the idea that Government has to be involved, and we think the Department of Commerce is the proper agency. We are not opposed to that. We just feel like this is very premature at this time.

Senator INOUE. Would you prefer the status quo at this time?

Mr. ADDUCI. Yes; until industry has had an opportunity to really get together with Commerce and study this and come up with the right kind of legislation. We think legislation is probably needed.

Senator INOUE. In your statement you indicated that your members have produced about \$25 billion worth of products?

Mr. ADDUCI. Yes; \$24.292, something like that.

Senator INOUE. This was in calendar 1970?

Mr. ADDUCI. Yes, 1970.

Senator INOUE. Of this amount, how much was produced in the United States?

Mr. ADDUCI. Do you know?

Mr. WILSON. No, I don't.

Mr. ADDUCI. How much of the \$24 or \$25 billion was produced in the United States?

VOICE. That would not be readily available.

Mr. ADDUCI. My director of marketing says we can probably break that out.

Senator INOUE. In round figures what would you say?

Mr. ADDUCI. I don't know. Half?

VOICE. It is so sparse it is not concentrated in any division.

Mr. ADDUCI. Half?

Mr. WILSON. It is probably less.

Mr. ADDUCI. It is probably less than half. We will have to break it out.

Senator INOUE. I would be interested to know what the breakdown is. You may be assured, sir, that your statement will be studied very carefully. I would like to make an additional request, if I may.

First, I have questions here to which I hope you can respond; second, if the subcommittee should decide to act favorably on this measure, we would like to know what amendments you would suggest to this bill.

Mr. ADDUCI. Certainly.

Mr. Chairman, Mr. Wilson reminded me that apparently in my statement I said something that should be clarified, that is, that what is unknown is the cost of the certification plan. I believe that I referred to the standardization plan.

Senator INOUE. All right. Thank you very much, sir.  
(The statement follows:)

STATEMENT OF V. J. ADDUCI, PRESIDENT ELECTRONIC INDUSTRIES ASSOCIATION

Mr. Chairman and member of the Committee, my name is V. J. Adduci. I am the President of the Electronic Industries Association and appear today on its behalf. With me are two members of my staff, Allen M. Wilson, Manager of our Engineering Department, and Raymond E. Johnson, our General Counsel.

The Electronic Industries Association is a trade association representing almost 300 manufacturers of electronic parts, equipment and systems. Member companies are located in virtually every state of the union and employ approximately 1 million people. EIA speaks for ninety percent of an industry which produced more than \$25 billion of products in 1970. Since 1924, we have provided the electronic components and equipment industry with a wide variety of services including the development of voluntary standards for electronic components and equipment. It is by virtue of the Association's heavy involvement in the latter area that we feel qualified to take a position on the proposed legislation.

Since the issuance of its first standard, over forty years ago, EIA has recognized the importance of standards to both the manufacturers and consumers of the products concerned. We would point out in this connection that our own industry and the members of our Association are in fact the consumer of the greater portion of the electronic components manufactured in the U.S. These components are in turn used in electronic equipment sold to the public and other industries.

EIA has expended major resources and sums of money in the fulfillment of this role of developing voluntary industry standards, thereby facilitating interchangeability and improvement of products, and assisting the purchaser in selecting and obtaining with minimum delay the proper product for his particular need. EIA through its Engineering Department has conducted its standardization activities in over 175 committees made up of 4,000 industry engineers. These committees are comprised of representatives of both user and producer, member and non-member companies and of government agencies, and actively contribute to standardization in the following three areas:

(a) Industry Standards. Over 350 EIA Standards and Engineering Publications are available covering a wide variety of products and techniques in the entertainment, industrial and government fields.

(b) National Standards. Many EIA Standards have become national standards directly, and others have been submitted to the American National Standards Institute (ANSI) and have become American National Standards.

(c) International Standards. The degree of interest of EIA in international voluntary standards is exemplified by the fact that the Association has an International Standards Council responsible to the Board of Governors, and an International Standards Committee which provides engineering policy and guidance in this area, and employs staff engineers who work exclusively in the international standards area. The Association's activities in international standardization of electronic products, parts and test methods are carried out principally through participation in the International Electrotechnical Commission (IEC) and the International Standardization Organization (ISO). EIA is represented by officers and council members on the U.S. National Committee of the IEC. EIA technical committees have prime responsibility for formulating the U.S. position in a large number of IEC Committees, and many members of these committees represent the U.S. as delegates in IEC meetings. EIA has responsibility for the sponsorship and operation of the U.S. Secretariat of 28 IEC Committees out of 40 on behalf of the U.S. electronics industry and for the operation of four International IEC Secretariats.

In providing these Secretariat services for U.S. electronics industry participation within the IEC, EIA collects and disseminates documents originating both within the IEC and the ISO, and assists in the preparation of U.S. positions on draft standards. The member companies of EIA largely finance and provide serv-

ices of U.S. delegates to committees of interest to the electronics industry to both the IEC and ISO, as well as to the Pan American Standards Organization (COPANT), the International Consultative Committee for RADIO (CCIR) and the International Consultative Committee for Telecommunications (CCITT), which are intergovernment treaty organizations in the telecommunications field. In contrast with but a few exceptions, other governments totally fund the activities of their delegates to IEC, ISO and other international organizations.

Speaking with particular reference to the European Multipartite Accord, the Association solicited its membership on the question of U.S. participation in international certification plans. We received a positive response to the effect that we should be prepared to join such plans under conditions consistent with current U.S. business practices. The EIA Board of Governors formalized our position that we needed a U.S. national body to meet the changing requirements in foreign trade for electronic components and equipment—the first items to be affected by the European Multipartite Accord. On March 11, 1971, the EIA Board of Governors adopted the following resolutions:

The EIA Board of Governors reaffirms the necessity for a national coordinating body in the field of voluntary national standards and recognizes the American National Standards Institute as that body.

The EIA Board of Governors sees no present need for change in the present method, either in EIA or in the activities of the U.S. National Committee of the IEC in the development of international standards in the electronics field. However, the Board strongly recommends an expansion and strengthening of the level of U.S. industry participation.

The EIA Board of Governors urges EIA solicitation and support of government funding and participation in activities concerned with the development of voluntary national and international standards in all their aspects.

In this context we would also recommend to your attention the remarks of the Honorable Carl J. Gilbert, the U.S. Special Representative for Trade Negotiations, as an excellent capsule of the complex developments that have led to the submission of the legislation before you. Ambassador Gilbert appropriately included in his comments a portion of the House Ways and Means Committee's report on the Trade Act of 1970 (H.R. 91-1435) to the effect:

In order for the United States to effectively participate in international harmonization and certification schemes there must be full cooperation and coordination between government and industry in standards matters. Both government and industry should now take whatever steps are necessary to ensure that U.S. exports are not denied the opportunities offered by international efforts will require adequate funding of U.S. participation in international standards writing and insuring that the United States possesses the institutional facilities necessary to take part in testing and certification arrangements. The Department of Commerce is the logical agency within the U.S. Government to initiate and coordinate these efforts as they relate to industrial products.

We could almost substitute Ambassador Gilbert's remarks for our own at this time, particularly as he sounded the warning:

I can see many dangers, as I am sure you can, in an indiscriminate broadening of governmental activities in the fields of standards setting and inspection. Personally, I would hate to see it come—nor do I believe that any such extreme measures are required to meet this problem if the business community takes the leadership role it can perform, and helps design a system which will meet the requirement that we have a so-called "authorized institution" but, in so doing, holds down government participation to the absolute minimum needed to qualify.

Against this background of experience and concerns, EIA has closely evaluated this legislation. We are unable to support the bill at this time in its present form. Our members feel that there are still too many unknowns to permit the necessary evaluation of the impact of this proposed legislation on the U.S. electronics industry, particularly under developing international certification programs and on current and future programs in the international voluntary standards area. As a matter of fact, the hard business judgments we have been able to make concerning this legislation reinforce our belief that action at this time is both premature and is being taken without adequate information. Because of these very broad ramifications, we strongly feel that such legislation should be more carefully approached.

We do support a concept of utilizing legislative means when and to the extent that they are needed to permit U.S. participation in an international certification scheme. Furthermore, we do favor government involvement and support for industry implementation of such an international certification scheme.

However, we have had extreme difficulty in separating the standardization function and the product certification function as contained in the proposed legislation. We believe it highly desirable to clearly separate and define those aspects which apply to standards generation and those which pertain to inspection and certification procedures and the funding problems related thereto.

We see no need for change in the methods currently being utilized for the development of voluntary international standards in the electronics field. Historically, the development of international voluntary standards has been conducted principally through the International Electrotechnical Commission (IEC) and the International Standardization Organization (ISO) in which many U.S. industries and U.S. government activities participate.

On the other hand, the application of international certification concepts to products is relatively new and in the formative stages with implementation of such programs beginning in Europe in the electronic components area. Application is scheduled to follow in other product areas as rules, procedures and operating experience are developed, particularly within the CENEL plan. We note that the proposed legislation, while addressing the international certification schemes, does not for instance address the problem of where the currently operating U.S. Military Specification system fits into an international certification plan. Both from the point of view of business planning and in the viability of the Mil Spec System, this unknown impact is of concern to our industry.

The U.S. business community has in place the expertise and organization, as represented in EIA and other trade associations active in electronic components and apparatus areas, to take the necessary leadership role in evolving the voluntary standards system, the qualification plans and the inspection requisites which can form an ultimate certification program for electronic products. We recommend that the government role truly complement and utilize rather than replace this accumulation of human talents, costly experience and knowledge.

We draw your attention to the fact that in responding to the Secretary of Commerce's invitation to comment on proposed legislation, EIA recommended in a letter of March 11, 1971, that the Secretary establish a committee of representatives of industry and government to formulate a total U.S. position. Unfortunately, no such action was taken. As a consequence, it is our judgment that there is still a lack of meaningful information on the impact of costs and the timing of any arrangement which could come about under this proposed legislation. We make particular reference to the fact that the proximate and perhaps major occasion for this legislation is in response to the Multipartite/CENEL plan for quality assessment of electronic components and equipment. We have not been able to develop specific information relative to anything but the very general outlines and program of the plan. In fact some of our information is contradictory.

We again propose the establishment of a committee by the Department of Commerce to include American National Standards Institute, Business Equipment Manufacturers Association, National Electronic Manufacturers Association, Electronic Industries Association, Underwriters' Laboratories, U.S. National Committee-International Electrotechnical Commission and any other trade associations involved in electronics, as well as appropriate government representatives, to get answers to (a) the problem of international participation by the U.S. in such a scheme as Multipartite/CENEL and similar accords, (b) the total structure and implementation plan for the required National Authorized Institution, and (c) the content of the legislation and timetable for same which will best serve the complete national interest. In an attempt to determine the impact of the CENEL plan upon U.S. producers, we have recently compiled the results of a survey of 400 U.S. companies which showed a varied and disturbing estimated increased incremental cost in the electronic component category for operation under an international certification scheme.

With specific regard to the proposed legislation, we have concern and particularly address your Subcommittee's attention to the amount of government regulation in relation to international standardization activities provided for in the proposed bill. We refer to Sections 4, 6 and 8.

We note that the bill specifically fails to recognize the potential for self-certification and thus at least, by omission, could trend toward the establishment of unnecessary and redundant product qualifications.

The bill also provides in Section 8 and Section 12 for the establishment of an Interagency Committee (of the government) on Standards Policy. This body, while broad in government representation, has no provision for industry participation—even in a consultative role.

The proposed legislation throughout is heavily weighed in providing for unilateral action by the Secretary. He shall, for example, "Identify international standardization activities . . ." (Sec. 4.a.), "Provide for appropriate participation . . ." (Sec. 4.b.). He is authorized to ". . . establish arrangements . . ." (Sec. 6.a.), ". . . conduct such investigations and studies . . ." (Sec. 6.b.). He may also establish ". . . a system for the evaluation and accreditation of private domestic organizations . . ." (Sec. 6.d.). Additionally, "Where the Secretary determines, after consultation . . . that private participation . . . has been insufficient . . . he shall establish arrangements and procedures for government participation in international standardization activities to the extent necessary" (Sec. 8.).

This language, and other, when viewed in its totality, certainly establishes new prerogatives for the Secretary in the area of electronic components and equipment. It provides no adequate assurance that present industry expertise will be considered and the many and varied interests of the electronics industry solicited or otherwise made part of his deliberations.

The potential impact of the legislation, particularly within the electronics industry, presents a sharp departure from U.S. industrial practice. It is our judgment that legislation of this fundamental importance necessitates a total government/industry consideration of timing, business impacts and costs as we have suggested to the Secretary of Commerce.

Moreover, if there is an apparent need for an immediate U.S. legislative response to any international situations beyond our appreciation, we again recommend that your Subcommittee first consider the actual immediacy and the need to respond and then perhaps explore the possibility of legislation establishing an appropriate study commission with representation from trade associations, government and other interested parties.

This commission should provide answers to the vital cost, timing and business-oriented issues already raised, and also on such things as the impact on imports into the American economy. More significantly from a national security standpoint, the impact of any electronics arrangement contemplated by this legislation on the U.S. Military Specification system must be more clearly defined. Not the least of its considerations should be a detailed study of the costs of such a system, particularly of the inspectorates necessary thereto and the administrative burdens including the use of the mark of conformity.

Thank you for the opportunity to present our views, and I would be happy to discuss the matter and answer any questions you may have.

(The following information was subsequently received for the record:)

#### SUMMARY OF EIA INTERNATIONAL QUALITY ASSESSMENT SURVEY

##### BACKGROUND

The CENEL quality assessment plan for electronic and electrical components is scheduled for implementation for resistors and capacitors in October 1971 with coverage of semiconductor devices, integrated circuits, power tubes, switches, and other components to follow. If the United States is admitted to this program, participation by individual manufacturers of electronic components will be voluntary. At this time, it is not known what percentage of European users of U.S. components will specify acceptance of only components that are certified as complying with the Multinational Accord. It can be assumed that European Governmental procurements may be the first to specify certified components in electronic equipment procurements with the practice thereafter expanding into industrial, commercial and consumer product areas.

Should U.S. producers of components be unable to participate fully in the program, the use of their components in the countries involved could be excluded.

The sale volume involved, had these requirements been in effect in 1970, would have been over \$294 million, or approximately 8.4% of total industry sales of U.S. producers of such electronic components. If U.S. electronic equipment manufacturers are excluded from exporting equipment to Western Europe because their equipment is not made from electronic parts produced under the quality assessment program, the sales loss would be \$2.2 billion, based on 1970 data. Electronic equipment exports to Western Europe comprise about 70% of the total of world-wide exports of 3.2 billion. The export balance of trade to Western Europe in 1970 was a positive \$1.335 billion.

Costs of U.S. operation of an international quality assessment program for electronic components include (1) incremental costs at the manufacturer level for compliance with component producer requirements, (2) operating costs of the National Supervision Inspectorate (NSI), and (3) costs of developing harmonized specifications and travel for coordination of necessary international harmonized documents and interface with international policy organizations.

Please note that the cost data cited below relates only to incremental manufacturers' in-house costs. The total annual cost of the program would be based on (1) the actual market volume of quality certified parts, (2) the cost of operating the U.S. NSI, and (3) the costs of developing the necessary international harmonized specifications and other procedural and administrative costs.

#### SURVEY SUMMARY

A detailed survey questionnaire and explanation of the probable program of quality assessment and certification was mailed to 400 U.S. manufacturers of electronic components of the types expected to be covered by the program. Companies were asked to answer the survey on the assumption that their calendar year 1970 sales were produced under the international quality assessment program. Completed questionnaires were received from nearly 115 different manufacturers operating 125 different manufacturing facilities in this country producing components of the types identified. A careful analysis of the pattern of response indicated that it is representative of the U.S. electronic components industry and that it includes responses from small as well as large companies from producers of all listed components, and covers facilities in 28 states and several foreign countries.

Responses were received from companies who jointly account for over 31% of this country's production of electronic components, with participation ranging from a high of 47.5% for producers of monolithic integrated circuits to a low of 10% of some minor components such as antennas, loudspeakers and quartz crystals.

Data compiled from survey responses and projected, proportional to industry sales volume, believed to represent that of the total electronic components industry, may be summarized as follows:

##### 1. *NSI man-days*

Nearly 19,000 man-days of service from the U.S. National Supervising Inspectorate (NSI) would be required each year for this program. Approximately 10% of this effort would be devoted to initial manufacturer qualification, nearly 5% to the maintenance of manufacturer qualifications; 67% would be devoted to component certification approval, and about 18% would be required for qualification conformance inspection and surveillance.

##### 2. *NSI visits*

Over 3800 visits might be required from representatives of the U.S. NSI with the percentage pattern of visit justification similar to that for the pattern of man-days of service. Approximately 30% of these visits will be required in the Western States of Texas, Arizona, and California and the remainder scattered through the Eastern United States from Maine to Florida.

##### 3. *Incremental costs*

Costs to the manufacturers of electronic components would approach \$75 million per year, or over 2% of the volume of total domestic and foreign volume of sales by these U.S. manufacturers. Incremental costs might range from a low of 0.4% for producers of resistors to a high of over 6% for producers of connectors.

## CONCLUSIONS LIMITATIONS

All readers or users of information contained in this Summary are cautioned that considerable data averaging has been done in the preparation of this Summary. Additionally, it should be noted that the questionnaire responses, which formed the data base for this Summary, were received from only part of the manufacturers which make up the total U.S. production base for each component category. This fractional data was extrapolated to fit the total production for each component category. For these reasons, readers are cautioned to not attempt to draw finite conclusions from this Summary for direct application to individual company quality or production situations.

It is estimated that 91 percent of the \$24.3 billion sales in the United States in 1970 were produced in the United States. This estimate is based on the value of total imports of electronic products and related items as compiled by the Department of Commerce which represent \$2.2 billion or 9 percent of the \$24.3 billion.

Senator INOUE. Our next witness is Mr. Francis L. LaQue, president of ISO, American National Standards Institute of New York, N.Y.

**STATEMENT OF FRANCIS LaQUE, PRESIDENT, ISO, AMERICAN NATIONAL STANDARDS INSTITUTE, NEW YORK, N.Y.**

Senator INOUE. Welcome, sir.

Mr. LaQUE. Mr. Chairman, I pronounce my name, LaQue.

Senator INOUE. I apologize, sir. We both have problems.

Mr. LaQUE. Yes.

I am appearing actually in two capacities. Perhaps the more important one is as president of the International Organization for Standardization. And the second one is that between 1963 and 1965 I was involved as chairman of a panel on engineering and commodity standards, which was organized under the Commerce Technical Advisory Board to make a thorough study of all aspects of standardization in the United States, particularly concerning its international standardization, but excluding foods and drugs and agricultural products.

This panel issued a report which I have referenced in my statement and which you may or may not wish to have a part of your record.

Senator INOUE. I will be happy to make it a part of the record, sir.

Mr. LaQUE. You have been told of this organization, ISO. But, basically, it is a sort of confederation of the national-standards bodies of 54 countries, which encompasses all the principal exporting countries of the world with the notable exception, up to now at least, of Communist China.

The member bodies of ISO are identified as being the most representative organizations for standardization in the countries represented. This is a decision that is made by the council of ISO in case there is more than one applicant for membership.

The United States has been represented in ISO from its outset by the American National Standards Institute, or its predecessors.

The original American Standards Association has gone through a number of name changes and reorganizations and is now called the American National Standards Institute—ISO—is a nonpolitical, non-governmental international organization. However, with the notable

exception of the United States, the membership representing other countries in ISO has some form of official recognition and some degree of financial support for their activity. The extreme are represented by the United States, which provides no government support, and the Soviet Union, which provides 100-percent financial support.

As you have been no doubt told by others, the principal objective of international standardization is to remove nontariff barriers to trade and to provide a language of international communication so that people can describe what they expect to get and what they are being required to furnish and how the requirements are to be established as having been met.

Nevertheless, as you have been told, I am sure, standards can be used in a negative way, to serve as nontariff barriers to trade.

For both reasons, it is imperative that the United States be properly represented in the development of international standards which will be compatible with U.S. products and practices.

I think it is proper to say that in the development of regulations for international trade amongst governments, standards are becoming more and more important as instruments for effecting the policies established.

ISO, of which I have been president now for only about 6 months, or since the first of the year, has greatly accelerated the rate of development of international standards in the last few years. In the last 3 years they have developed or promulgated as many international recommendations as they did in the previous 21 years. They have taken another step just within the last couple of months to change this name. They will not be called international recommendations anymore. ISO will call them international standards submitted for voluntary acceptance. The change in words is designed to improve the stature of the product of ISO activity.

Even though, as I have indicated, the rate of development of these international standards has increased, the gap that remains between the number available—which is now about 1,600—and the number that might conceivably be required, may now be as many as the 20,000 national standards in use in some countries. But certainly it is probably closer to the 20,000 than it is to the 1,600.

I am sure that the rate of development must be accelerated to satisfy these growing needs, I hope—

Senator INOUE. May I interrupt at this point, sir?

Mr. LAQUE. Yes.

Senator INOUE. You have indicated that ISO, during the past 3 years, has issued as many international-standards recommendations as during the preceding 21 years.

What percentage of these standards or recommendations made by your organization have been adopted by member countries of ISO?

Mr. LAQUE. Mr. Chairman, that is a rather difficult question to answer precisely.

Taking the United States, for example, where our national standards are in a much more highly developed stage than the international standards as a whole are, the United States has had no need to

adopt international standards, when the national standards are compatible with them. They could put another name on the national standards and call it an international one. But the fact remains that in many of the highly developed countries the adoption of an international standard would be only a gesture, because the national standards are already compatible with them.

Senator INOUE. What has happened generally when our national standards were found to be incompatible with the international standards promulgated by your organization?

Mr. LAQUE. Well, if, for example, something made to a U.S. national standard were incompatible with the international standard that a country chose to use, the effect would be to bar the goods made to our standards which are incompatible—

Senator INOUE. Can you give me an example?

Mr. LAQUE. I can't give you one now where this would happen. But it could happen.

But what I would hope to say—and if I may continue, if you have finished this question—

Senator INOUE. Proceed, sir.

Mr. LAQUE. My notion as to how to accelerate this provision of a greater number of international standards would be to develop some mechanism whereby good national standards already in considerable international use will be given an international label without having to go through another process.

This points up the need for greater activity to insure that if this mechanism is ever used that the promotion of our national standards as international standards will be accelerated. I hope I made this point clear.

Senator INOUE. May I ask a question on the organizational structure of ISO?

When the time comes for the adoption of standards, I presume a vote is taken. Is that right?

Mr. LAQUE. Yes.

Senator INOUE. Do the member countries all have equal votes?

Mr. LAQUE. Yes, sir.

Senator INOUE. In other words, as happens every so often in the United Nations, all these little countries and bloc nations can get together and just give the needle to the United States?

Mr. LAQUE. Well, it is conceivable, Mr. Chairman.

Senator INOUE. Has this happened?

Mr. LAQUE. But it is unlikely.

I don't recall that this has happened. I think that the developing nations rather look upon the good standards produced, for example, by the United States as an excellent vehicle for technology transfer. And they welcome the guidance in the development of their national industries that is provided by the availability of good national standards.

Senator INOUE. I bring this question up because, if you recall the second witness this morning representing Sea-Land, one of our Nation's largest container organizations, a few years ago. U.S. representatives participated in an international meeting to determine the standardization of containers. The outcome was the adoption of standards,

measurements, sizes, volumes, which would have effectively put the major companies in the United States out of business.

At that time the United States almost had a monopoly on containers in the world. But the foreign countries got together and decided they would adopt standards that were not in line with the standards that we had adopted in the United States and the various States. Therefore, our Government was almost insistent on adopting these standards and adopting regulations with the effect that if the companies did not fulfill these requirements, they may not get military contracts, et cetera.

It would also have put Sea-Land, Matson, and a couple other companies out of business in about 5 years.

Here is a situation in which countries that had few, if any, containers of their own participated in the formulation of standards for containers which largely affected one country, the United States. And our representative, I suppose, just went along with them.

We had to pass a special law as a result of that.

Mr. LAQUE. I am somewhat familiar with the case you mentioned, since I had occasion to be involved in testimony at the time—not asked questions on the details, but only with one particular section of the bill.

These things can happen. Unfortunately, in the case you have cited, the United States was so far in advance of the rest of the world that it had equipped itself with containers which didn't coincide with the dimensions of what ultimately was thought to be a better size by an international group.

The fact remains, however, that the use of an ISO standard remains voluntary. It can be made obligatory by Government action. But, basically, the standards are only offered for voluntary use by any country which chooses to do so.

Senator INOUE. Have we adopted an ISO standard and refused to admit products of member countries who have not adopted these same standards?

Mr. LAQUE. I am not aware of this.

Senator INOUE. You have suggested that if we fail to adopt an ISO standard that a member country adopting this standard could prohibit importation.

Mr. LAQUE. I would think so.

Senator INOUE. Has this happened, sir?

Mr. LAQUE. Not to my knowledge.

May I continue?

Senator INOUE. Please do.

Mr. LAQUE. I am dealing now with what has been referred to as an international-standards system, others have suggested it could be described otherwise in terms of certification programs of an international character.

Activity along this line has already been initiated in Western Europe. But the form which it will eventually take and the rules that will govern participation by countries that may become involved inside and outside Western Europe have not yet been established.

It seems safe, however, to assert that a crucial element of any such system, if use of certification schemes is not to become another form of

barrier to international trade, will be the use of international standards as the basis for international certification.

You see that I quoted in my prepared statement from the mission of CERTICO, which was organized to study:

The means of securing greater mutual acceptance of the validity of national and regional certification marks.

The definition of the rules and procedures necessary for securing a widening matrix of such agreements, recognizing that the use of national certification systems as a protective measure will thereby be reduced.

It is ISO's hope that these systems, by agreement among members of ISO, will not let certification systems become barriers to trade if this can be avoided.

I had a meeting with the president of the IEC Commission a month ago. We have agreed to try to present a common front on these matters, even though ISO and IEC are separate organizations.

I go back now to the job as chairman of the panel on standardization.

There were some principal recommendations of this panel.

One was that there should be financial support by the Government for the international-standardization program of the United States, because the panel felt that it was inadequate. That was the main recommendation.

We also recommended that the body representing the United States in international-standardization organizations be given official recognition as having this position. ANSI has de facto recognition because ANSI pays the dues. But there is nothing that recognizes on the part of the Government that the United States is being represented by any particular organization in either of these international bodies.

Every other country has given its representative some degree of official recognition.

Senator INOUE. Would the provisions of this bill fulfill that requirement, sir?

Mr. LAQUE. The provisions of the bill will deal with one of them. It provides for financial support.

Senator INOUE. How would you provide for this official recognition?

Mr. LAQUE. I have suggested minor wording of section 6(a) to read "The Secretary is authorized to establish arrangements with the private nonprofit organization holding membership in an international standardization organization for appropriate representation . . ." The word "the" refers to the existing member.

Senator INOUE. You are speaking of your organization?

Mr. LAQUE. Yes.

Senator INOUE. ISO?

Mr. LAQUE. Or it could be IEC as well.

Senator INOUE. Do you think the section should be limited in that sense, too?

Mr. LAQUE. Yes; that doesn't mean though that forever ANSI—that may change. "The" right now is ANSI. "The" some other day may be something else but I hope not. As I recall the present wording, it would suggest a multiple choice of organizations to be supported or recognized. I think this might have a negative character viewed from afar. I am speaking now from the view of ISO. I have had people

come to me from ISO representatives of other countries—take, for example, the chairman of CEN, which is the father of CENEL, complained to me in Ankara last September, he said, “It is too bad that the United States doesn’t have a responsible member in ISO,” and I got him to correct his use of the word “responsible” as not suggesting that ANSI was irresponsible but what he wanted to say was a “recognized representative.”

The other members of ISO would be greatly pleased if ANSI were given or the representative were given the status it should have, the same as themselves as being officially to some degree recognized.

Senator INOUE. You don’t feel it should be on a case-by-case basis but rather a representative of a duly recognized organization should be appointed on a permanent basis?

Mr. LAQUE. If you have an organization like ISO made up of representative bodies by the rules of their own game there can’t be a multiple representation of the United States in ISO or IEC as they are constituted. That is the way the game’s played.

Mr. ROUVELAS. Mr. LaQue, in some of these like the British Standards Institute, isn’t there a great deal more governmental input and restrictions than there are in ANSI?

Mr. LAQUE. Certainly a lot more Government money. And as to Government input, I think that the technical content of the BSI standards comes from the competence of the private sector.

Mr. ROUVELAS. What about policing procedures?

Mr. LAQUE. I don’t think the Government is involved.

Mr. ROUVELAS. No policing of procedures; they don’t do any policing of procedures for BSI?

Mr. LAQUE. They police their own activities.

Mr. ROUVELAS. You would characterize the relationship between the British Government and BSI as being similar to the relationship between ANSI and the U.S. Government?

Mr. LAQUE. BSI is recognized as having the functions that it has in international standardization.

Mr. ROUVELAS. Thank you.

Mr. LAQUE. In France there is a greater government involvement as you may have been told. France collects a special tax from industry for support of their body AFNOR. And AFNOR must report and get approval from the government of some of the things it does.

Mr. ROUVELAS. And the level of French Government funding is higher than the British one?

Mr. LAQUE. Yes; French funding is almost 100 percent.

Mr. ROUVELAS. What is it of BSI?

Mr. LAQUE. It has been running around 43 percent. Something of this order. Don’t hold me to this precisely but it is less than half. So, I hope that you will accept the suggested minor wordings to give the recognition to the U.S. representative and in the international bodies that it has to have.

If you would like, Mr. Chairman, I made notes while others were talking and could possibly give you answers to a couple of questions you raised.

Senator INOUE. Proceed, sir.

Mr. LAQUE. You asked Mr. Sherr for an example of what he called a general activity where support of the activity by the Government

may be very useful. It came to my mind that just within the last 2 months ISO established two new secretariats for international agreements on the methodology of measuring the quality of air, and the quality of water. Eventually there will be international regulations for control of pollution of air or water quality and it would be highly desirable that these be implemented by internationally agreed upon methods of monitoring and measuring compliance. This is a general area for U.S. participation to be at a high level.

The United States is holding the secretariat in the water quality area.

There is another recently established ISO secretariat on surgical implants where it would be necessary to provide medical surgeons, not industry people, to insure that the international standards for surgical implants are adequate.

So these are examples that I recall of general areas where government support would be very useful.

With respect to expenses of delegates, one of the greatest advantages of a delegate has to do with continuity of his attendance. He gains the respect and confidence of the other people. If a particular organization becomes unwilling to keep providing a particular individual, providing his time and travel expenses, it becomes difficult to maintain this continuity. I would think funds made available to insure continuity of representation would be very useful.

So that ends my testimony.

Thank you, sir.

Senator INOUE. You have been very helpful, sir, and you may be assured that your suggestion will be given our very serious consideration.

Mr. LAQUE. I am somewhat inhibited by being a representative of a foreign organization to suggest much changes in wording of U.S. law.

Senator INOUE. Thank you, sir.

(The statement follows:)

STATEMENT BY DR. F. L. LAQUE, PRESIDENT, INTERNATIONAL ORGANIZATION FOR STANDARDIZATION, AND FORMER CHAIRMAN, PANEL ON ENGINEERING AND COMMUNITY STANDARDS, COMMERCE TECHNICAL ADVISORY BOARD

Mr. Chairman, subcommittee members, my name is Frank LaQue. I am appearing to testify on the bill, S. 1798, the International Voluntary Standards Cooperation Act of 1971, in two capacities. I am currently serving as President of the International Organization for Standardization. Between 1963 and 1965 I served as Chairman of the Panel on Engineering and Commodity Standards of the Commerce Technical Advisory Board. Experience in each of these capacities is pertinent to the bill under discussion. I, therefore, welcome the opportunity which has been kindly provided to appear before this committee and offer some comments on the bill and some suggestions for revision which I feel will warrant your further consideration.

The International Organization for Standardization, usually referred to as ISO, is made up of what are called "Member Bodies" from fifty-four countries. This membership includes all of the countries of the world substantially engaged in international trade with the exception of Communist China. The headquarters of ISO are in Geneva, Switzerland.

The "Member Bodies" of ISO are in every case what is defined as the organization considered to be "most representative of standardization" in the country which they represent in ISO.

The American National Standards Institute (ANSI) represents the United States of America in ISO. This membership goes back to the founding of ISO

in 1946 as a successor to the International Standards Association which had been founded in 1926. At that time ANSI was known as the American Standards Association (ASA). ASA was one of the founding charter members of ISO and, by the rules of the newly formed ISO, was admitted as a member by reason of its participation in the London Conference in 1946 upon which the organization of ISO was based.

The United States, through ASA, had the distinction of being the first country to have its Member Body ratify the charter of ISO.

ISO is a non-political non-governmental organization. However, with the notable exception of the United States, the ISO member from each country has some form of official recognition and receives some degree of financial support by the country which it represents. This is in line with the functions and objectives of ISO.

The principal objective of international standardization is to provide an international language of communication by which characteristics of items that are exchanged in international commerce can be dealt with sufficiently precisely to enable the buyer to specify what he expects to receive and the seller to describe what he agrees to furnish and the means by which compliance with the requirements of the standard is to be determined.

This is the positive aspect of standardization. A negative aspect could be the use of national standards as barriers to the importation of items from other countries which would encounter difficulties in complying with restrictive national standards.

Increasing recognition of the advantages of minimum restrictions on international trade has led to greatly increased efforts to provide international standards for use in place of or as an extension of national standards. It is pertinent in this connection to note that ISO has very recently decided to call its product "International Standards" instead of the previously used term, "International Recommendations."

During the past three years ISO has issued as many international standard recommendations as during the preceding twenty-one years. The rate of production of international standards must continue to increase to narrow more quickly the gap between the 1500 or so ISO Recommendations already issued and the much greater number that will be needed. This need is illustrated by the fact that, in the United States, for example, the number of national standards currently in use is about 20,000.

It should be evident that the interests of the United States in international trade likely to be affected by international standards will require the most effective possible U.S. participation in the future development of international standards that will be compatible with U.S. practice and export products.

What is referred to in the bill in Section 3(d) as an "international standards system" can also be described as an international system for certification of compliance with an appropriate standard, hopefully an international one, to facilitate exchange of goods among countries participating in the system.

Activity along this line has already been initiated in Western Europe, but the form which it will eventually take and the rules that will govern participation by countries that may become involved inside and outside Western Europe have not yet been established.

It seems safe, however, to assert that a crucial element of any such system, if use of certification schemes is not to become another form of barrier to international trade, will be the use of international standards as the basis for international certification.

In recognition of this development ISO has established a new committee called "CERTICO" which has as its mission "to study means of securing greater mutual acceptance of the validity of national and regional certification marks" and "the definition of the rules and procedures necessary for securing a widening matrix of such agreements, recognizing that the use of national certification systems as a protective measure will thereby be reduced."

The International Electrotechnical Commission (IEC) was engaged at the time these notes were prepared in reviewing the possibility of setting up what was referred to as "an organization for a Quality Assurance Scheme for Electronic Components." Once established such a scheme could be extended to cover many other items.

It was hoped that such a scheme would be truly international rather than regional and that the management of the scheme would be in the hands of "national authorized institutions" and equally important that "the first requirement for such a scheme is the preparation of the necessary detailed standards."

Certain provisions of the present bill will become more and more important if, and when, international schemes for certification of compliance with international standards come into being.

It is evident, therefore, that attention to standards and particularly international standards and schemes for certification of compliance must be a matter of major concern in the formulation and implementation of the national policies and programs related to international trade of any country.

The present bill is responsive to the recognition of this need and deserves support for this reason. The bill also recognizes the fact that while the development of international standards through ISO is not an inter-governmental activity, the product of the effort is needed for the implementation of governmental and inter-governmental policies, decisions and, sometimes, formal agreements. This has already been the subject of discussions in GATT. This means also that in any country participation in international standardization activities will require an effective partnership relationship between the government, the sources of national standards that contribute to the development of international standards, and the organization that represents that country in international standardization organizations, e.g., ISO, or its counterpart for the electrical industry, the International Electrotechnical Commission (IEC). The representative organization in the U.S. is the American National Standards Institute.

The bill in its present form provides for the necessary partnership relationship in a somewhat lopsided and incomplete fashion. It establishes a well defined focal point for the government side of the partnership in the Secretary of Commerce by Section 4. It fails to recognize an equally well defined focal point for representation of the United States in international standards bodies, such as ISO, even though an already established focal point exists in the form of the American National Standards Institute as the member from the United States already recognized by ISO as such. Similarly, ANSI is already recognized by the International Electrotechnical Commission as the administrative agent for the United States National Committee of IEC.

As noted previously, the United States is the only country holding membership in ISO which has not given financial support or some form of official recognition to the organization representing it in ISO and IEC.

The Panel on Engineering and Commodity Standards, mentioned previously, emphasized the need for both financial support and recognition of the USA representative in the international standardization organizations. The following is quoted from the summary report of the Panel,<sup>1</sup> page 7. "The U.S. Government should officially recognize the Institute [ANSI] as the body responsible for representing and sustaining, at the level of efficiency and effectiveness that the national interest requires, the interests of the United States in international standardization . . ." and on page 8, "Direct government financial support to the Institute should be so applied to assure the adequacy of the international activity by the Institute."

The present bill would implement the panel recommendation with respect to financial support but, by its present wording, fails to provide for the equally important recognition.

Advantage should be taken of the opportunity provided by this bill to do what is needed. This could be accomplished by revising the first sentence in Section 6(a) to read: "The Secretary is authorized to establish arrangements with the private non-profit organization holding membership in an international standardization organization for appropriate representation of United States interests in international standardization activities."

It would be desirable also to amend Section 6(c) by changing the wording of line 6 on page 5 to read "under subsections (a) and (b) of this section."

In conclusion I hope that the committee will see some merit in what the Panel on Engineering and Commodity Standards proposed—and which on the basis of my experience since 1965 I strongly endorse once again—and make the changes in the bill which I have proposed.

I am grateful for the opportunity that I have been given to present these views and recommendations.

<sup>1</sup> Panel on Engineering and Commodity Standards of the Commerce Technical Advisory Board, Section A, PB 166811, Clearing House for Federal Scientific and Technical Information.

Senator INOUE. Our final witness this morning is Mr. William A. McAdams, president of the U.S. National Committee of the International Electrotechnical Commission, New York City.

Welcome to the committee, Mr. McAdams.

**STATEMENT OF WILLIAM A. McADAMS, PRESIDENT, U.S. NATIONAL COMMITTEE OF THE INTERNATIONAL ELECTROTECHNICAL COMMISSION, NEW YORK CITY, N.Y.; ACCOMPANIED BY LEON PODOLSKY, VICE PRESIDENT, U.S. NATIONAL COMMITTEE**

Mr. McADAMS. Thank you, Mr. Chairman.

My name is William A. McAdams and I am appearing here today as the president of the U.S. National Committee of the IEC. It is the organization responsible for formulating worldwide standards in the electrical and electronic fields.

I have with me Dr. Leon Podolsky, active in IEC work for many years, and who is now a vice president of the U.S. Committee in charge of most of our electronic work.

With your permission, I would like to summarize this statement which I have submitted to you.

Senator INOUE. Without objection, your full statement will be made a part of the record, sir.

Mr. McADAMS. The IEC had its beginning in the United States. It was formed as a result of a resolution at the Louisiana Purchase Exposition in 1904 in St. Louis and has steadily shown progress in its efforts over the years.

At the present time it is doubling its output in standards about every 4 years. It has some 16,000 pages of active international standards, and these are published in about 600 international booklets.

The voting members of IEC are national bodies from each country qualified for participation. At the present time there are 41 member countries, including a number of members from the Socialist bloc; they include Red China, North Korea, and Cuba. So that we do have a very broad membership.

Each of these committees in applying for membership must demonstrate that it has broad representation of all the segments of the electrical interests. This includes producers, users, engineering societies, governmental bodies, the test laboratories and so forth.

Senator INOUE. May I interrupt at this point? Do you represent those members who are members of the EIA?

Mr. McADAMS. Yes; the United States National Committee has 21 member organizations which include seven industry associations including EIA and NEMA, both of whom are here today.

We also have five professional societies, we have five branches of the U.S. Government, we have two laboratories, and we have several other organizations.

In order to round out our membership, we have many experts, one in charge of our participation in each IEC committee and subcommittee on whom we rely on to firm up our U.S. positions. We have some members at large to our U.S. National Committee to make sure that we have balanced representation from all parts of the national interests in this kind of activity.

In my written testimony I have given you quite a bit of background on the IEC, how it operates and how the U.S. National Committee operates.

I won't go into detail on that today. I will call your attention to the part of the testimony beginning, on page 6 of my written testimony in which I describe our present effort with the Federal Government.

The Federal Government has been quite actively involved in the work of the U.S. National Committee of IEC and this participation has been most helpful to us. The participation has included:

1. U.S. National Committee membership by branches of the Federal Government, and USNC Executive Committee membership by individuals of the Federal Government.

2. Sponsorship of technical committee and subcommittee secretariats on behalf of the U.S. National Committee.

3. Consulting time and travel expense for technical experts of the Federal Government to IEC meetings.

At the present time some 15-20 percent of our delegates at our meetings are from the Federal Government. The Federal Government also sponsors some of the events when we host meetings of the IEC committees, whether they be general meetings or group meetings, and they have given a great deal of encouragement to U.S. industry to participate in the work of IEC.

We believe that the Government should continue to provide such help and we also think that the time has come for a more positive role on the part of the U.S. Government. It is for this reason that we strongly endorse the general intent and most of the objectives of the bill.

We would like to call your attention to parts of the bill which we feel are most important to us and also point out other parts of the bill which we believe need modification, or at least clarification.

To begin with, in section 2, we think it is fine that this bill would provide that Congress recognize for the first time the growing importance of international standards, the need for U.S. participation in their development, and a need for Federal support and encouragement to make sure that we have adequate participation.

We believe this recognition by Congress will not only improve the Government participation in the work but it will stimulate better participation on the part of industry.

We are concerned about the last part of section 2, which would encourage the implementation of international voluntary standardization agreements. We believe that this statement needs clarification to spell out better what kind of agreements are intended here and whether they would make the use of certain standards mandatory.

It has been our—

Senator INOUE. Could you elaborate on that? You mention here that your experience has shown that there are a few cases in which international agreements to use international standards would benefit the U.S. economy.

Mr. McADAMS. Some examples would be in the utilities field. The U.S. standards in this field are more demanding than those being prepared at the international level. Over the years the international standards have gradually become more demanding but they still

are not up to the standards in the United States. It would be a great disadvantage to the United States from a quality standpoint to enter into an agreement to use the international standards. And we must make sure these things do not happen.

On the other hand, there are cases where we are working out satisfactory agreements by use of international standards. We have had two cases in the last year with which the Department of Health, Education, and Welfare is involved. One has to do with the radiation limits from diagnostic X-ray equipment. The international group was about to set a standard that was in conflict with the discussions going on within HEW. But we have managed to settle this by having participation from HEW actively in the work of the committee.

Senator INOUE. Would you provide language you feel could clarify this section?

Mr. McADAMS. I would be glad to do so, sir.

Senator INOUE. Thank you.

Mr. McADAMS. The next section of the bill which we are concerned about has already been discussed by some of the other witnesses here this morning, section 4(c). This would assign responsibility to the Secretary of Commerce to encourage the use of international standards systems within the United States where he determines that it is in the public interest to do so.

We are not sure whether this would mean Congress would give general support to the development of new international certification agreements, certifying products to international standards.

There have been some special situations where laboratories in several countries have established procedures for accepting each other's test results, but there really has been very little experience in operating more comprehensive certification or quality assurance programs on an international scale.

We have learned just recently that CENEL is having considerable difficulty in developing its system for certification of electronic components. They have been forced to postpone operation of this system for at least another year. This suggests there is a need for more knowledge and experience about such systems, and for this reason we recommend that section 4(c) and also the other parts of the bill dealing with certification be redrafted to provide for an industry-Government study of the problem.

We believe it would be unwise to, at this time, encourage the development of more international certification standards until we have a better understanding of what they are going to mean to us.

At the same time, we believe that the bill should give the Secretary of Commerce the authority to work with the private sector in formulating ways to deal with international certification systems proposed or set up by groups of foreign countries, as was the case with the tripartite and CENEL electronic component system. This is one that developed through the efforts of other countries and we must have some way to deal with this.

Senator INOUE. Here again would you submit your suggested language for this amendment?

Mr. McADAMS. I would be very glad to do so.

We would like to see modification of 6(a) which authorizes the Secretary to set up arrangements for U.S. representation in international

standards. The representative from the National Electrical Manufacturers Association pointed out this morning it should be made clear that the Secretary will not displace those present arrangements which are working satisfactorily.

We believe that the U.S. Committee of IEC is properly organized to represent all parties of interest, is operating well and participating effectively in all but a very few areas.

If I have your permission, I would like to comment on a statement made by one of the other witnesses this morning.

The question was asked Mr. Sherr this morning how we arrive at a position in the United States: Is this a position of one company or is it a position of a broad group of people?

At each IEC Committee we establish an advisory group made up broadly of all of the interested parties and we expect this advisory group to furnish us the position for the United States and it is a consolidated position of all the interested parties.

While we may have an individual from some company representing us in an international meeting, he must reflect the views of our advisory group. And that is the way we operate in our IEC work.

In section 6(c) we found language which we believe is one of the most important parts of the bill.

Of the many countries that take part in international standards work, the U.S. groups are the only ones that do not receive financial support from the National Government. As a result, our delegations repeatedly find themselves unable to support needed new projects in international standards bodies. They are also unable to take on chairmanships, committee secretariats, or other positions of leadership until special financing plans are worked out.

We would hope that under this section of the bill, the Secretary would be able to provide financial help to private, nonprofit organizations for a number of things. In my written statement, I have tabulated several of these.

First, dues to international standardization bodies. The programs of IEC and ISO are expanding rapidly to serve the needs for more and better standards. The U.S. dues for both of these organizations are paid by the ANSI. An annual grant by the Federal Government to pay these dues would free up ANSI funds which are quite limited, so that they could better handle the administrative work required to take care of the staff effort necessary to support these programs.

A second area where we think funds may be helpful is in travel support for nonindustry delegates to the international meetings. It is often difficult for educators, representatives of professional or public service organizations and also independent experts to obtain travel expenses to attend international meetings. Yet some of these people are the best qualified persons we can find for our international projects. We, therefore, recommend that some funds be provided to the Commerce Department to supply funds for such support.

We also would like to see some funding provided to stimulate industry to participate in this international work. We are talking of seed money to get industry started. We have found once industry gets involved in the international standards work, they tend to want to continue in it. But there is often a need to get the programs underway. We are suggesting that perhaps funds to initiate the effort may be helpful. We are thinking of such things as perhaps having the Department of Commerce finance the initial effort for 1 year and provide

matching funds, maybe for another 1 or 2 years, so that then industry and the private sector will be adequately involved to carry on.

Senator INOUE. This suggestion sounds enticing, but I might have difficulty with the committee because experience has shown us that in many cases the Government has provided seed money only to have that program continue for decades.

Somehow we haven't been able to stimulate industry or other sectors of our community to pick up the tab from then on.

Mr. McADAMS. I think it is the general philosophy of our committee that the bulk of the support for international standards work ought to come from private industry. We have also taken that view. We have had reasonable success to date in getting that support. We find that we are reaching a sort of saturation point where it is becoming more difficult to provide necessary support in some cases. But we have found that once we get a group in the private sector involved in the work, they tend to find some way to carry it on. And I think seed money here might be helpful.

Another one I would like to point out is that of hosting international standards meetings. The United States, at the present time, accepts invitations from all over the world for international meetings, but we do not reciprocate to the extent that we should. The thought is we ought to carry our share of the load in this area.

Most of the international participants are able to get financial support from their governments for hosting international meetings. Sometimes all of the funds are provided by the government, and in other cases it is a joint government-industry sharing proposition.

But as a result of our having to go it alone in the private sector, we do not have as many invitations extended to the international groups as we ought to have. We estimate at the present time that the organizations and members of the U.S. National Committee of the IEC are contributing annually something like \$5 million a year for participation in just the IEC programs.

Some additional assistance, we think, is now required in order to make sure that we can continue to have a strong influence in IEC work, in the degree of participation in balance with that of the other leading countries.

The other section I would like to comment on is section 12(a) where the interagency committee on standards policy is provided. We think that, first of all, this is a fine idea, but we believe it is necessary to provide for equivalent advice to the Secretary from the private sector, and to accomplish this, we would recommend that this Committee on Standards Policy be expanded to include some representatives from the private sector, or that an equivalent advisory committee of some kind be established to do this job.

So that, in brief, is a summary of the statement I have submitted to you.

Senator INOUE. I would like to get back to the matter of funding, because eventually this will be a crucial question. You have made some specific recommendations as to the purposes for which the funds might be applied. Do you have any idea as to what would be an adequate amount for the five purposes listed?

Mr. McADAMS. I think we are thinking in terms of \$1 million for the first year. The dues to ISO and IEC will be on the order of \$200,000 next year. In 1975, we would expect that to be—I am wrong, about

\$140,000 next year, and it will be about \$200,000 by 1975. Now, the operation of the secretariat of any international committee on the part of the United States costs in the order of \$15,000 a year. In addition to that, the delegate expense and consulting time that he has to devote to the work can be quite considerable. So I think a rough estimate of \$1 million for the first year is about what we are talking about.

Senator INOUE. For this bill?

Mr. McADAMS. For this bill. For the type of support I outlined.

Senator INOUE. What assurance do you see that this amount, if appropriated, would be supplementary and not a substitute for funds which are now being used?

Mr. McADAMS. As I pointed out, the private sector is now putting up on the order of \$5 million just for the IEC work. Now, this was much greater for the ISO and other international standards work. So \$1 million comes to a rather small percentage of the total.

So I would suggest that it is proper that the ratio be relatively small.

Senator INOUE. May I request from all the witnesses who have participated today a submission of what they would consider to be an adequate funding program for this measure, because when this subcommittee is called upon to present this measure to the full committee, I am certain the first question, if not the most important question in the minds of many, will be, "How much will this cost?" I would like to be able to present a figure with some support and so if you will provide this subcommittee with some idea as to what amount would be adequate and why you feel this specific amount is necessary, be it \$50,000, \$250,000, or more for a program; \$60,000 for something else, \$250,000 for hosting conventions, et cetera.

Mr. McADAMS. We can give those figures, certainly, for the U.S. committee of IEC.

(The following information was subsequently received for the record:)

U.S. NATIONAL COMMITTEE  
OF THE INTERNATIONAL ELECTROTECHNICAL COMMISSION,  
*New York, N.Y., August 9, 1971.*

S. 1798: The International Voluntary Standards Cooperation Act of 1971.

Hon. DANIEL K. INOUE,  
*U.S. Senate,  
Washington, D.C.*

DEAR SENATOR INOUE: On July 16, during my oral testimony on S. 1798 before the Senate Subcommittee on Foreign Commerce and Tourism, you requested me to provide language in the bill to cover the changes I suggested. I am enclosing a copy of S. 1798 with the language I believe would accomplish the points I made in my testimony.

You also asked that I and others submit an estimate of what would be adequate funding under this bill. My estimate would be about \$1.5 million for the first year, increasing to about \$3 million in five years.

My estimate is based on the present costs borne by private industry and the needs for federal assistance that I described in my testimony. Private industry now invests about \$5 million annually in IEC work. I would suggest federal grants of about 10% of this. For IEC work in 1971, this would be apportioned as follows:

Dues to IEC.....	\$65,000
Travel to international meetings by nonindustry delegates.....	85,000
Stimulus to U.S. industry to start work in IEC projects (seed money).....	100,000
Export of U.S. standards (translation, printing and distribution).....	150,000
Hosting of international meetings in the United States.....	100,000
IEC total.....	500,000

I estimate the needs for ISO and other international standards work would be about double that for IEC, or about \$1,000,000. The total for all the work would then be about \$1.5 million.

I would be pleased to discuss my proposed changes to S. 1798 and these cost estimates with you, other subcommittee members, or members of the subcommittee staff, at any suitable time.

Very truly yours,

W. A. McADAMS, *President.*

Mr. ROUVELAS. I understand you were one of the persons, Dr. Podolsky, to recognize the importance of the CENEL system. Can you tell me if you agree with the assessment presented by the EIA?

Mr. PODOLSKY. Sir, if I may answer the question as an individual and not representing any organization, I will answer it.

I do not support the statement made by EIA on a personal basis in spite of the fact that I have participated continuously in EIA engineering and business affairs for nearly 40 years. I find myself for the first time in a divergent position from an overall statement arrived at by EIA. My reason is that I feel the statement is not sufficiently or positively constructive.

And as it stands, it doesn't add sufficient information or sufficient recommendations for improvement of the bill. Consequently, my answer to your question is no.

Mr. ROUVELAS. What about their assessment of the CENEL systems and the problems being run into there, and the like?

Mr. PODOLSKY. Well, the CENEL system, certainly, is a very important non-tariff barrier to trade in electronic components from the United States. It is not yet operative; it is pretty well organized. They are having internal problems in structuring and in agreeing upon specifications.

I believe they will solve those problems. I believe the initial impetus in the CENEL system was to deliberately erect a non-tariff barrier to trade in components from the United States. It had other purposes, but in my personal belief, that was the principal purpose.

I believe that when the CENEL system is fully implemented, it will shut off totally the flow of components covered by the system from the United States to Western European countries.

Mr. ROUVELAS. Are you familiar with the negotiations that occurred in late June in London between representatives of our government and CENEL?

Mr. PODOLSKY. Yes, I have read the Commerce Department release and I have received information on the discussions from the Department of Commerce and I am familiar with it.

Mr. ROUVELAS. Do you believe, that based on that release, that any of these problems of the CENEL system as a nontariff trade barrier to American exports will be alleviated?

Mr. PODOLSKY. I believe the progress made in London is very important and significant because it establishes for the first time after 2 years of efforts on the part of the United States precisely what the CENEL system will do with regard to participation by the United States in two eventualities: (A) either that there is an IEC system worldwide where we can operate as a matter of right, and (B) if there is no system established, there will be some basis for the United States to participate in the CENEL system. I believe that is a great forward stride

and our governmental representatives should be congratulated on the progress they have made.

Mr. ROUVELAS. Thank you, Doctor.

Senator INOUE. Do you have any further statement?

Mr. McADAMS. I would like to make one comment regarding the plan. The IEC did agree at its Brussels meeting last month to embark on a certification scheme similar to CENEL, but has delayed implementation of that until they can see how CENEL makes out in the scheme. But IEC did authorize development of an international scheme which would be open to all countries.

Senator INOUE. We are all aware of the potential impact this bill may have in the economy of the United States. Although this subcommittee will now adjourn, our record will be kept open to receive additional statements if witnesses prefer to do so, and to receive your reactions or responses to statements made by other witnesses.

The subcommittee will be happy to receive any and all statements and information that you may wish to submit to us. May we assure you that everything submitted will be given our very careful study and scrutiny because, as indicated by some of the witnesses, we do not wish to rush into this, although we realize that something has to be done.

And so, with that in mind, the subcommittee will be adjourned.  
(The statement and markup of bill follow:)

STATEMENT OF WILLIAM A. McADAMS, PRESIDENT, U.S. NATIONAL COMMITTEE OF  
THE INTERNATIONAL ELECTROTECHNICAL COMMISSION (IEC)

INTERNATIONAL VOLUNTARY STANDARDS COOPERATION ACT OF 1971

My name is William A. McAdams. I am appearing here as President of the U.S. National Committee of the IEC. The IEC is the International Electrotechnical Commission, the worldwide organization for formulating international standards for the electrical and electronic industries. With me is Dr. Leon Podolsky, a Vice President of the U.S. National Committee in charge of much of our electronics work.

We in the U.S. National Committee of IEC support the basic intent and most of the objectives of S. 1798, but we have noted some points which we feel need modification or clarification. Before discussing these points with you, I would like first to give you a little information about the IEC, its organizational structure, and the way the United States takes part in its work.

The IEC was an outgrowth of the International Electrical Congresses held during the latter part of the 19th and the early 20th centuries. The Sixth Congress, meeting during the Louisiana Purchase Exposition at St. Louis in 1904, passed a resolution to form an international commission for the development of international electrical standards. The initial statutes were adopted in 1906 and the first meetings were held in 1908. Lord Kelvin was elected the first President.

The IEC began its work by setting up technical working parties on specific subjects. In the early years, the attention was directed mainly to the heavy current side of the industry, but later all branches of electrical and electronic fields were included. The Commission has grown steadily in size and technical effort over the years, but its growth has been especially impressive over the last 15 years. During this period, the available IEC technical standards have been doubling about every four years. At present, IEC has more than 16,000 pages of international standards, published in more than 600 booklets.

*How the IEC operates*

The members of IEC are National Committees, one for each country, organized especially for participation in IEC. There are 41 such members now. These National Committees have various roles and status within their countries, but all

are broadly representative of the groups having interests in the electrical and electronic fields—producers, users, educators, branches of government, professional organizations, the general public, etc. Most are affiliated in some way with the national standards organization in their country.

The governing body of the Commission is the Council, composed of the Commission officers and the Presidents of the National Committee. The technical operations are delegated to a Committee of Action made up of nine National Committees elected by the council. The standardization work is carried out by Technical Committees and Subcommittees under direction of the Committee of Action. There are about 170 Technical Committees and Subcommittees at the present time. Almost half of them have been established since 1960.

Each Technical Committee and Subcommittee is administered by a Secretariat which is a National Committee appointed by the Committee of Action. The Secretariat has considerable influence over the work of the committee and the rate at which it progresses. For this reason there is often competition among several member countries for Secretariats of new committees and subcommittees.

#### *The U.S. National Committee of IEC*

The U.S. National Committee of IEC was organized in 1907 under the sponsorship of the American Institute of Electrical Engineers (now Institute of Electrical and Electronic Engineers). The U.S. Committee became an independent body from 1920 to 1931. In 1931, it affiliated with the American Standards Association and has maintained the affiliation over the years with ASA and its successor organizations, including the present American National Standards Institute.

The U.S. National Committee is sponsored by 21 organizations, including five professional societies, seven industry associations, two testing laboratories and five branches of the federal government. These organizations and their members provide most of the resources for our participation in IEC work.

Our U.S. National Committee is now active in practically all of the IEC Technical Committees and Subcommittees. We manage these activities by appointing what we call a Technical Advisor and an Advisory Group for each IEC Committee and Subcommittee. The Technical Advisor for a particular committee is the best expert we can find in that field and the Advisory Group is a suitable committee of some recognized organization or a group of experts brought together specifically for the IEC project involved. It is the job of the Technical Advisor to form the U.S. positions through consultation with the Advisory Group and to see that these positions are effectively presented at the international meetings. Altogether, there are more than 3,000 of the U.S. Technical Advisors and Advisory Group members.

The U.S. National Committee itself is composed of its Executive Committee (elected by the other members), representatives of the sponsor organizations, the Technical Advisors and members-at-large (elected by the other members to add breadth to the National Committee membership).

#### *Importance of IEC work*

Most of the members of IEC have come to realize that differences in standards from country to country are some of the most troublesome trade barriers they have to deal with. Both the European Common Market and Free Trade Association gave special recognition to this problem as soon as they were organized. Their joint efforts resulted in the formation of the European Standards Coordinating Committee (CEN) to unify standards throughout Western Europe in all but the electrotechnical fields, and the European Electrical Standards Coordinating Committee (CENEL) to unify the electrotechnical standards. It was agreed that the international standards would be used as the bases for this unification. CENEL has made tremendous progress in its unification program, largely because it has found that many of the IEC standards are well developed and in suitable form for acceptance as is or with adaptation. During the last few years, the CENEL countries have thus begun to make wide use of the IEC standards or to seek changes in those IEC standards which they find difficult to accept.

Meanwhile, other countries, in and out of IEC, are committing themselves to the IEC standards. For example, some developing countries are republishing the IEC standards as their national standards and are ordering equipment based on them. The Eastern European countries, while not fully decided, are using the IEC standards as references in opening up their trade channels with Western Europe. NATO and other treaty organizations are specifying IEC requirements

for some products. It should be noted here that many IEC countries are now convinced that it is much more economical and efficient to formulate standards at the international level first rather than to develop differing national standards which later have to be harmonized at the international level.

We should not be surprised at these developments. The power-generating capacity of the world is doubling about every 10 years and communications networks and systems are just beginning to open up in many parts of the world. In the last 15 years, world trade in electrical and electronic goods has risen from \$2.6 billion in 1955 to an estimated \$15 billion in 1970. The competition for larger shares of this huge, rapidly growing market is something we in the United States just cannot ignore—and there is no doubt that much of this international trade is going to be based on the international standards as developed by IEC.

#### *Federal role in international standards work*

The federal government has been quite actively involved in the work of the U.S. National Committee of IEC and this participation has been most helpful to us. The participation has included:

1. U.S. National Committee membership by branches of the federal government, and USNC Executive Committee membership by individuals of the federal government.
2. Sponsorship of Technical Committee and Subcommittee Secretariats on behalf of the U.S. National Committee.
3. Consulting time and travel expense for technical experts of the federal government to IEC meetings.
4. Sponsorship of some events during meetings hosted by the U.S. National Committee.
5. Encouragement to U.S. industry to take a more active role in IEC work.

We believe the federal government should continue to provide this kind of participation and help for U.S. programs in international standardization. However, we also believe that the time has come for the federal government to develop a more positive role in international standards that will help the United States achieve its trade and economic objectives.

S. 1798 goes a long way in defining such a role for the federal government and it is for this reason that the U.S. National Committee of IEC supports the intent and most of the objectives of this bill. We would like to call your attention to parts of the bill which we think are most important to our continued successful participation in IEC work. We would also like to point out other parts of the bill which we believe need modification or clarification.

#### *Comments on S. 1798*

Under *Section 2*, Congress would formally recognize the growing importance of international standards, the need for United States participation in their development, and the need for federal support and encouragement to assure adequate participation. We believe such recognition of the international standards problem by Congress would stimulate greater involvement by both industry and government in the IEC and other international standards bodies.

However, we are concerned about the *last part of Section 2* which would encourage the "implementation of international voluntary standardization agreements." Our experience indicates that there are few cases where *international agreements to use international standards* would benefit the U.S. economy. This statement should be clarified to explain the nature of the agreements intended and whether they would make the use of standards mandatory.

Under *Section 4(c)* the Secretary of Commerce is assigned responsibility to "encourage the use of . . . international standards systems within the United States where he determines that it is in the public interest to do so." This would seem to give the endorsement of Congress to the broad development of international schemes for the certification of products to international standards. While there have been some special situations where laboratories in several countries have established procedures for accepting each others test results, there has been little experience in operating more comprehensive certification or quality assurance programs on an international scale. We have learned just recently that CENEL is having considerable difficulty in developing its system for quality certification of electronic components and has been forced to postpone operation of the system for at least another year. This suggests the need for more knowledge and experience about such systems and their operation. Accordingly, we recommend that *Section 4(c)* and other parts of the bill dealing with product

certification be redrafted to provide for a joint Industry-Government study of the problem. We believe it would be unwise to encourage the development of more international certification schemes until there is a much better understanding of them. In doing this, however, the bill should still give the Secretary of Commerce the authority to work with the private sector in formulating ways to deal with international certification systems proposed or set up by groups of foreign countries. This authority would be advantageous in establishing a course of action in such situations as developed with the Tripartite/CENEL electronic components system.

We would like to see modification of *Section 6(a)* which authorizes the Secretary to set up arrangements for U.S. representation in international standardization activities through private nonprofit organizations. It should be made clear that the Secretary will not displace those present arrangements which are working satisfactorily. We believe our U.S. National Committee of the IEC is properly organized to represent all parties of interest, is operating well, and is participating effectively in all but a very few areas.

We believe *Section 6(e)* is one of the most important parts of the bill. Of the many countries that take part in international standards work, the United States groups are the only ones that do not receive financial support from the national government. As a result, our delegations repeatedly find themselves unable to support needed new projects in international standards bodies. They are also unable to take on Chairmanships, Committee Secretariats, or other positions of leadership until special financing plans are worked out. We would hope that under *Section 6(c)* the Secretary would be able to provide financial help to private, nonprofit organizations for the following:

1. *Dues to international standardization bodies.*—The programs of IEC and ISO are expanding rapidly to serve the needs for more and better international standards. The U.S. dues for both of these organizations are paid by the American National Standards Institute from its very limited funds. An annual grant by the federal government to cover the U.S. dues to these and other selected international standardization bodies approved by the Secretary of Commerce would enable ANSI to divert the funds it now spends for these dues to necessary improvements in staff operations for international standards work. The dues for IEC and ISO will be about \$140,000 for 1972 and can be expected to be \$200,000 or more by 1975.

2. *Travel support for nonindustry delegates to international standards meetings.*—It is often difficult for educators, representatives of professional or public service organizations and independent experts to obtain travel expenses to attend international standards meetings. Yet some of these are the best qualified persons we can find for some of the international standards projects. We recommend that some funds be provided in the Commerce Department budget for this purpose.

3. *Stimulus to U.S. industry to participate in international standards projects.*—Private industry is sometimes slow in recognizing the importance of international standards work to their future trade opportunities and very reluctant to provide the initial funds to begin participation. Usually, when they do decide to become active, they are quickly convinced of the value of the work and continue to underwrite the cost. There is a pressing need for "seed" money to stimulate industry participation in international standards work and to encourage the U.S. participating bodies to seek international committee chairmanships and secretariats. For example, the Commerce Department might be authorized and encouraged to pay the cost for the first year and provide matching funds for the second and third years.

4. *Export of U.S. standards.*—Some European countries are making a strong effort to have their standards accepted in other parts of the world. They do this by providing translated copies and special assistance to the national standardizing bodies and other organizations that are drafting standards. In this way, the European countries build support for their national practices when standards on the same subject are developed in the international bodies. The Secretary of Commerce should have the authority and resources to set up similar programs for the export of U.S. standards.

5. *Hosting of international standards meetings.*—International standards bodies depend on invitations of their members to hold meetings of the technical groups and the governing bodies. In most countries, the cost of such meetings is borne entirely by the national government or through contributions from both industry and government. The U.S. member bodies of IEC and ISO receive no such assistance from government. As a result, the U.S. hosts far less than

its share of international meetings. Some federal funds should be provided to correct this problem.

We estimate that the private organizations and their members supporting the U.S. National Committee of IEC are now contributing \$5,000,000 annually in consulting time and expenses for participation in the IEC programs. We believe that we have just about reached the saturation point for such contributions. Some additional assistance as provided for in *Section 6(c)* is vitally needed if we are to continue to have a strong influence in the IEC programs and a degree of participation in balance with the other leading countries.

In view of our comments on *Section 4(c)* we would recommend deletion of *Section 6(d)*. It is our feeling that the accreditation called for here needs to be studied along with the whole international certification problem. This could be done in the joint industry-government committee we proposed in our comments on *Section 4(c)*.

We believe the Interagency Committee on Standards Policy provided for in *Section 12(a)* should be especially helpful in providing coordinated government positions on international standards matters and we strongly endorse this idea. However, we believe it is necessary to provide for equivalent advice to the Secretary from the private sector. To accomplish this, we recommend that this Committee on Standards Policy be expanded to include representatives from the private sector or that an equivalent Advisory Committee be established to assist the Secretary.

#### *Conclusion*

The U.S. National Committee appreciates the opportunity you have given us to comment on this proposed legislation. We strongly support the concept of S. 1798 to provide federal assistance to our national programs for participation in international standards work, but feel that the important changes noted above are necessary.

MARKUP WITH CHANGES RECOMMENDED BY U.S. NATIONAL  
COMMISSION OF IEC

---

92<sup>d</sup> CONGRESS  
1<sup>ST</sup> SESSION

S. 1798

---

IN THE SENATE OF THE UNITED STATES

MAY 6, 1971

Mr. MAGNUSON (by request) introduced the following bill; which was read twice and referred to the Committee on Commerce

---

**A BILL**

To foster fuller United States participation in international trade by the promotion and support of representation of United States interests in international voluntary standards activities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 SECTION 1. This Act may be cited as the "International  
4 Voluntary Standards Cooperation Act of 1971".

5 SEC. 2. The Congress finds that participation in the de-  
6 velopment of international voluntary standards and appropri-  
7 ate use of such standards by United States industry/can con-  
8 tribute significantly to the growth of international trade and  
9 prosperity. The Congress further finds that the effectiveness

II

1 of United States participation in the development and adop-  
 2 tion of voluntary standards is increased by cooperation be-  
 3 tween Government and industry in standards matters and  
 4 that such cooperation can be improved by providing within  
 5 the Government a focus for international voluntary standards  
 6 activities. The Congress, therefore, declares that a purpose of  
 7 this Act is to promote and support adequate representation of  
 8 United States interest in international voluntary standard-  
 9 ization activities for the benefit of producers, distributors,  
 10 employees, users, consumers, and the general public. Another  
 11 purpose is to promote international trade by encouraging the use  
 12 of established standards in whose  
 13 development the United States participated.

14 SEC. 3. As used in this Act:

15 (a) "Secretary" shall mean the Secretary of Commerce.

16 (b) The term "voluntary standards" shall mean indus-  
 17 trial and commercial standards for products, processes, proce-  
 18 dures, conventions, test methods, and the physical, functional,  
 19 and performance characteristics thereof where acceptance and  
 20 use of such standards by all persons or by a specified class of  
 21 persons is not required by State or Federal law or regulation.

22 (c) The term "international voluntary standard" shall  
 23 mean a voluntary standard developed for use within the terri-  
 24 tory of two or more countries or for appropriate recognition  
 25 within the territory of two or more countries as a standard  
 26 upon which national standards should be harmonized.

1 (d) The term "international standards system" shall  
 2 mean an agreement between competent governmental or  
 3 nongovernmental bodies in two or more countries which  
 4 provides for the mutual recognition of national or regional  
 5 programs to assure that a product, process, convention, or  
 6 test method, or the physical functional, or performance char-  
 7 acteristic thereof complies with an identified standard.

8 (e) "International standardization activities" shall  
 9 mean the negotiation, development, adoption, or utilization  
 10 of international voluntary standards or international standards  
 11 systems.

12 SEC. 4. The Secretary is hereby assigned principal  
 13 responsibility within the Federal Government for interna-  
 14 tional standardization activities. He shall:

15 (a) Identify international standardization activities  
 16 which may substantially affect the commerce of the United  
 17 States and wherein participation by domestic organizations  
 18 is insufficient to assure that the interests of the United States  
 19 are adequately protected.

20 (b) Provide for appropriate participation by private or  
 21 governmental bodies of the United States in such standard-  
 22 ization activities.

23 (c) Encourage ~~the use of established international voluntary standards~~  
 24 ~~and international standards systems in whose development the United~~  
 25 States where he determines that it is in the public interest

26 to do so, the use of established international voluntary standards  
and international standards systems in whose development the United  
States has participated and to which a consensus of the affected  
United States industry has agreed.

4

(d) Establish a committee composed of equal representatives of the federal government and private industry groups to study and recommend future policy in regard to the development of international standards systems, their mechanics of operation, and their practicality and usefulness, if any, in improving the United States trade position.

1        SEC. 5. In performing his functions under this Act the

2 Secretary shall:

3        (a) Inform the Secretary of State of any contemplated

4 action which involves the international relations of the United

5 States and shall take such action with the advice and con-

6 currence of the Secretary of State.

7        (b) Assure that optimum use is made of private capa-

8 bilities and resources.

9        SEC. 6. (a) The Secretary is authorized to establish

10 arrangements to provide for appropriate representation of

11 United States interests in international standardization ac-  
12 tivities through private nonprofit organizations, <sup>where existing representation is</sup> ~~Arrangements~~ <sub>found not to be adequate.</sub>

13 ments established under this subsection shall include pro-

14 vision to assure that the interests of producers, distributors,

15 users, and consumers are adequately represented. Such ar-

16 rangements shall include guidelines for private organizations

17 representing United States interests in international stand-

18 ardization activities under this Act to insure that the negoti-

19 ating positions of such organizations will be in the public

20 interest, or shall provide a reasonable opportunity to the

21 Secretary or his designee to review the proposed negotiating

22 positions of such organizations to determine that they are in

23 the public interest.

24        (b) The Secretary is authorized to conduct such in-

25 vestigations and studies by contract or otherwise as may be

26 necessary to carry out his functions under this Act.

5

1 (c) The Secretary may enter into grants, contracts, or  
 2 other arrangements (including the supplying of services of  
 3 Government employees) to assist any private nonprofit or-  
 4 ganization in the performance of international standardiza-  
 5 tion activities in furtherance of an arrangement established  
 6 under subsection (b) of this section.

7 (d) Where United States participation in international  
 8 systems is deemed to be in the public interest, the Secretary  
 9 may establish a system for the evaluation and accreditation  
 10 of private domestic organizations which seek to confirm  
 11 their technical capability to conduct tests or to evaluate the  
 12 test procedures used by others for the purpose of document-  
 13 ing compliance with a standard. [Delete - make a part of the  
government-industry study proposed as  
4(d)]

14 (e) Notwithstanding the provisions of Revised Statutes,  
 15 section 3648, the Secretary may make payments in advance  
 16 of the performance of service or the delivery of articles but  
 17 he shall regulate the timing and amount of such payments  
 18 with the objective of minimizing the time clapsing between  
 19 disbursement from the Treasury and use of the funds by  
 20 the recipient.

21 SEC. 7. In determining whether an international stand-  
 22 ardization activity would be in the public interest, among  
 23 the factors to be considered shall be the following:

24 (a) The technical adequacy of and need for any pro-  
 25 posed international voluntary standard or international stand-

1 ards system and whether such standard or system is appro-  
2 priate to meeting the need.

3 (b) The effects of the international standardization ac-  
4 tivity on the public and occupational health and safety or  
5 the quality of the environment, taking into account applica-  
6 ble public health, safety, or environmental quality regulations,  
7 directives, and standards.

8 (c) Whether the standard may unreasonably limit com-  
9 petition to give rise to an unfair method of competition.

10 (d) The extent to which an international voluntary  
11 standard or international standards system being considered  
12 is supported by affected producers, users, distributors, and  
13 consumers.

14 SEC. 8. Where the Secretary determines, after consul-  
15 tation with affected private organizations and the Inter-  
16 agency Committee on Standards Policy established under  
17 section 12, that private participation in international stand-  
18 ardization activities under arrangements established under  
19 section 6(a) has been insufficient to serve the purposes of  
20 this Act, he shall establish arrangements and procedures for  
21 governmental participation in international standardization  
22 activities to the extent necessary.

23 SEC. 9. Unless it is not in the public interest to do so,  
24 the Secretary shall list, under a classification system to be  
25 devised by him, each international voluntary standard, inter-

1 national standards system, or any modification thereof nego-  
2 tiated or developed pursuant to this Act. Each listed standard  
3 and a full description of each listed international system shall  
4 be available to the public, preferably from one or more of the  
5 private organizations involved in its development. If such  
6 standards and standards systems are not available privately,  
7 the Secretary shall make them available.

8       SEC. 10. (a) Each department and agency of the  
9 Federal Government shall encourage appropriate use of ap-  
10 plicable voluntary standards listed pursuant to section 9 and  
11 shall give appropriate recognition to international standards  
12 systems listed pursuant to section 9 in the procurement of  
13 supplies or services for its use.

14       (b) Any department or agency of the Federal Govern-  
15 ment may provide technical assistance to the Secretary on a  
16 reimbursable or nonreimbursable basis and may supply spe-  
17 cial technical services of its employees to assist private non-  
18 profit organizations in the performance of international  
19 standardization activities under this Act. The Secretary shall  
20 be currently informed of any special technical services of em-  
21 ployees furnished by a department or agency of the Federal  
22 Government in assisting private nonprofit organizations in the  
23 performance of international standardization activities.

24       SEC. 11. (a) The Secretary may establish such policies  
25 and prescribe such rules, regulations, and procedures as he

1 may deem necessary for the administration of this Act and  
2 to carry out the functions authorized hereunder.

3 (b) Where information is furnished or services rendered  
4 under section 6 (d) and section 9, he may establish reason-  
5 able fees or charges therefor. Amounts received as a result  
6 of such fees or charges may be deposited to the credit of  
7 the appropriation or fund against which the cost of perform-  
8 ing the services were charged.

9 SEC. 12. (a) To provide policy guidance and to assist  
10 the Secretary in carrying out his responsibilities under this  
11 Act, there shall be established <sup>(1)</sup> an Interagency Committee  
12 on Standards Policy consisting of members representing the  
13 Departments of Defense, Justice, Interior, State, Housing  
14 and Urban Development, Commerce, Labor, Treasury,  
15 Health, Education, and Welfare, and Transportation, the  
16 General Services Administration, the National Aeronautics  
17 and Space Administration, the Federal Communications Com-  
18 mission, the Atomic Energy Commission, the Environmental  
19 Protection Agency, the Federal Trade Commission, and such  
20 other agencies as the Secretary deems advisable. The Secre-  
21 tary or his representative shall be the Chairman of the Com-  
22 mittee, and (2) a Nongovernment Advisory Committee on International  
Standards Policy composed of representatives of those  
organizations in the private sector active and knowledgeable in international standards  
23 (b) The Secretary may also consult with the Committee matters.  
24 in considering whether a particular international standardi-  
25 zation activity would be in the public interest, and in any

1 event shall consult with the Committee concerning an in-  
2 ternational standardization activity upon the request of a  
3 member of the Committee who shall be kept advised of  
4 all proposed international standardization activities pending  
5 before the Secretary.

6       SEC. 13. On or before the 31st day of January of each  
7 year, the President shall transmit to the Congress an annual  
8 report for the preceding fiscal year. Such reports shall include  
9 a comprehensive statement of the activities under this Act  
10 and may include such recommendations as the President  
11 deems appropriate. The Secretary shall provide such informa-  
12 tion and assistance as the President may require for the  
13 preparation of the report.

14       SEC. 14. (a) Each recipient of moneys under a grant  
15 or contract awarded pursuant to this Act shall keep such rec-  
16 ords and make such reports as the Secretary may prescribe,  
17 including information on the total cost of the approved pro-  
18 gram and the portion of the cost which is supplied by other  
19 sources. In the case of moneys received in advance of per-  
20 formance, such records and reports shall identify the unearned  
21 balance of advances on hand, the liabilities and obligations  
22 outstanding under such grant or contract, and the application  
23 of the funds received.

24       (b) The Secretary and the Comptroller General of the  
25 United States, or any of their duly authorized representatives,

1 shall have access to any books, documents, papers, and rec-  
2 ords of the recipient that are pertinent to its voluntary stand-  
3 ards activities under this Act for the purpose of audit or to  
4 determine whether a proposed international voluntary stand-  
5 ard or international standards system is in the public interest.

6       Sec. 15. The negotiation, development, or listing of any  
7 voluntary standard or international standards system pursuant  
8 to this Act shall not affect any order, requirement, or regula-  
9 tion promulgated by an agency of the Federal, State, or local  
10 government, nor shall this Act affect in any way interna-  
11 tional military standardization activities conducted by the  
12 Department of Defense.

(Whereupon, at 12 noon, the hearing was adjourned.)



## ADDITIONAL ARTICLES, LETTERS, AND STATEMENTS

HON. DANIEL INOUYE,

*Chairman, Subcommittee on Foreign Commerce and Tourism,  
Senate Commerce Committee, Washington, D.C.*

DEAR SENATOR INOUYE: I would like to express my opposition to S. 1798, a "bill to foster fuller United States participation in international trade by the promotion and support of representation of United States interests in international voluntary standards activities and for other purposes." There are at least three reasons for disapproving the bill:

(1) The public standards setting process should be a public governmental function, rather than a private function. Government should refrain from giving any support to so-called "voluntary" standards setting processes whether at a national or international level.

Furthermore, the provision of public tax funds and the services of government employees to assist private interest organizations in the performance of international standardization activities is a diversion of public funds for private use, and will perpetuate the monopoly of technical expertise held by these private groups.

(2) Any authorization to a private group such as American National Standards Institute (ANSI) to represent U.S. governmental interests in international standardization activities is an improper delegation of public power to a private group. In any government representation in international standardization activities, the government Department involved should be one to which individual consumers and consumer groups have as equal access as business corporations.

(3) The potential anti-competitive effects of S. 1798, while alluded to vaguely in the Senate Hearings, have not been given careful consideration in a public forum. The role of the multinational corporation, and its ability to use a bill such as S. 1798 to inhibit innovation, and even act against the national interest in its international standardization activities needs to be thoroughly explored.

*(1) The Standards Setting Process Should Be a Governmental Function Rather Than a Private Function.*

At a time when the Congress is considering a broad product safety act, which would vest authority in the government to set safety standards on a wide range of consumer products, it is most important that Congress not endorse in other legislation the voluntary standards effort of private industry at the international level.

The National Commission on Product Safety in its Final Report described the more than 1,000 industry standards applicable in one way or another to product safety, representing the efforts of 48 standard-setting organizations in the U.S. as "chronically inadequate, both in scope and permissible level of risk. They do not usually address themselves to all significant foreseeable hazards. They have given insufficient consideration to human factors, such as predictable risk-taking, juvenile behavior, illiteracy, or inexperience."

The inadequacy of voluntary standards for consumer protection is directly traceable to the fact that the voluntary standards are created by industry dominated private standards organizations such as ANSI, to which labor and the consumer have no meaningful avenue of input. Only government can provide a standards setting mechanism to which the consumer, labor, and business have equal access.

The major practical barrier to government's attempt to assert control over the standards making process is the near monopoly of readily available technical expertise held by private standards making organizations. Such a monopoly can only be perpetuated by a provision such as Sections 6(c) and 10(b) of S. 1798, which authorizes the Secretary of Commerce to grant government funds and the free services of government employees to private non-profit organizations in the

performance of international standardization activities. Rather than granting government funds and employees to private groups, government should be using its funds and employees to participate in formal, intergovernmental international standards activity at the GATT level.

(2) *Any authorization to a private group such as ANSI to represent U.S. Governmental interests in International Standards Activities is an improper delegation of public power to a private group. In any governmental representation in international standardization activities, the Government Department involved should be one to which individual consumers and consumer groups and labor have equal access with business corporations.*

The initial impetus for S. 1798 appears to have been the fear by the Commerce Department that the U.S. would be excluded from a European proposed international scheme to create a single international system of standards and quality assurance for electronic components. The fact that the Commerce Department reacted to the restrictive effort by the European Standards Coordinating Committee (CENEL) by demanding entrance to the restrictive club, rather than by denouncing the whole effort as restrictive illustrates the danger of relying on business-dominated Departments like the Commerce Department at the international level.

After negotiations in late June 1971 made it appear likely that the U.S. would not be shut out of the club, the new rationalization for S. 1798 was that the CENEL rules demanded that an "authorized institution" in each country operate the "harmonized" system, and this "authorized institution", while it could be either governmental or private, or a combination of both, must be able to speak on behalf of all the interests in the country—government and industry.

Even on its own assumption that U.S. participation in CENEL was in the national interest, the Commerce Department's business orientation is reflected in the fact that it sought authority to make a private standards group the "authorized institution" rather than taking on this role itself. The Department never, of course, raised the critical question of whether participation in such "harmonization" was in the national interest, what would its effects be on competition, on consumer protection, on employees, etc.

The major ANSI rationalization for S. 1798 is that the U.S. is the only country that does not provide governmental financial support to its "representative" at international standards organizations such as IOS. ANSI points out government subsidization ranges from 100% in Russia to 50% in Great Britain to 0% for the U.S. It notes, however, that "most of the standards bodies in industrial nations, are, primarily private except for the Soviet Union." Also left unstated is what governments extract for their support. For example, in Great Britain, the British Standards Institute is a voluntary, non-partisan body incorporated by Royal Charter. It is governed by a Council of representatives from the main employer, trade union, professional organizations and large Government Departments. It is quasi-governmental; the government makes grants toward its expenditures. It is, however, expected to pay its own way as far as possible, and it levies charges for various services which it performs on behalf of private industry. Needless to say, this set-up, inadequate as it still is, differs from ANSI, which has no significant employee, independent professional, or consumer input.

Nor has the other ANSI and other trade association rationalizations for the bill, that they need the government funds, any substance in fact.

(3) *The potential anti-competitive effects of S. 1798 have not been carefully considered in a public forum.*

The House Hearings on H.R. 8111, the companion bill to S. 1798, and the Senate Hearings on S. 1798, contain little beyond vague generalities on the anti-competitive aspects of these bills. In the House Hearings, for example, Chairman Moss' comment that the proposed ANSI amendments have a considerable thrust or impact upon possible insulation from anti-trust activities and that, therefore, small businesses must be protected received a noncommittal "yes sir" response from Mr. Trowbridge of ANSI.

The FTC has not been much more helpful to your Subcommittee. In our opinion, the FTC amendments proposed in a letter to your Subcommittee on December 6, 1971 do little to alter the possible anti-competitive effects of S. 1798. Amendments 1, 2, 4, 5, and 7 appear to be primarily technical in nature. Amendments 3 and 6, while adding suppliers as an interest group which must be represented, fail to address themselves specifically to anti-competitive effects. Amendment 8, while adding an important section in terms of getting FTC participation in de-

listing a standard, seems to concede the right of the Commerce Department to list such a standard in the first place.

I hope your Committee will not consider S. 1798 in the absence of much stronger evidence from the FTC on the bill's potential impact on competition and that your Committee will hold further public hearings to receive such evidence. I would hope such hearings would also develop information on the role of multinational corporations in international standardization activities. For example, the Committee might want to call President James Merritt of the Cosmetic, Toiletry and Fragrance Association.

According to the January 24, 1972 issue of F-D-C Reports, Mr. Merritt in a speech on January 14, 1972 to the German cosmetics trade association stated that trade associations in general are changing from an historical emphasis on broad, over-all programs to solving specialized problems, involving specific, well-defined parameters. F-D-C reports that the "apparent thrust" of the speech "was to further his long term goal of establishing an international federation of cosmetics trade associations similar to the group that have already been organized in the pharmaceutical and proprietary drug industries." Merritt noted that "the day is gone when one standard of safety can be applied in the U.S. and another standard applied in other countries. Mass communication is too effective to permit it." Merritt also noted that the "growing demand of technology, combined with the new emerging forces in government and among consumers make it impossible for a trade association to exist on a single program—giving all members the same services". In the new era, FDC reports quotes him as saying, "the same menu will not satisfy the appetite of all members." These statements, in our opinion, raise a serious question as to whether the major "appetite" that will be served by such trade associations as they "change roles" and move into the international arena is the "appetite" of the large, multinational corporation that dominates such trade groups. The committee hearings could well take up questions such as to what extent multinational corporations dominate organizations such as ANSI? Do such corporations through ANSI seize ISO secretariats and get their own engineering standards adopted internationally, and, therefore, open up foreign markets to themselves while screening out small American and foreign corporations that cannot meet the standard? What is the impact of international standardization activities on innovation, ease of entry of new companies into national and international markets, and the cost of consumer products? To what extent do such corporations use their international standards activities to eliminate domestic and foreign competition?

These are questions which cannot be answered by patchwork amendments to S. 1798 or to ANSI-type mechanisms. For these are questions ultimately tied to existing government policies and involvement (competition, consumer protection, due process, etc.) Any standardization function that will often have the force of law and will always have the imprimatur of the U.S. government (as envisioned by ANSI strategists) should be formulated by open government, openly arrived at with full access to all interests in the tradition of administrative due process. In short, such standards work should clearly be a governmental function and not the radical preserve of industrial and commercial interests with a governmental seal of approval.

Very truly yours,

RALPH NADER.

---

THE AMERICAN SOCIETY OF MECHANICAL ENGINEERS,  
New York, N.Y., June 3, 1971.

Re International Voluntary Standards Cooperation Act of 1971 (H.R. 8111 S. 1798.)

Hon. DANIEL K. INOUE,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR INOUE: The following is a statement by The American Society of Mechanical Engineers relative to the above subject.

The American Society of Mechanical Engineers wishes to express wholehearted support for this bill "to foster fuller United States participation in international trade by the promotion and support of representation in international voluntary standards."

As an organization long recognized for its role in the production of voluntary standards in the United States and its fine efforts in promoting international standards we are particularly pleased with this bill which will enable the United States to participate with other countries in the formation of vitally needed international standards. As a society of professional engineers we have worked over the years with the American National Standards Institute in this endeavor.

Our resources have not been extensive and it has been particularly difficult to provide support for meetings of the International Electrotechnical Committees and the International Organization for Standards when held abroad.

There have been occasions when the United States has not been able to assume the Secretariat of committees because of lack of financial support. The secretariat is particularly influential in decisions of a given committee.

There is no question that greater participation in standards activities will contribute greatly to the growth of international trade. It is also important to realize that voluntary standards change as needed. This flexibility is important so that voluntary standards change as needed. This flexibility is important so that improvements can be made in products. Part (b) of Section 4 "Assure that optimum use is made of private capabilities and resources" is very much needed to provide the flexibility in the standards as well as to obtain via the private sources the voluntary services of individuals in writing standards. It should be realized that this task should not be assumed by government because of the tremendous financial outlay that would be required and because such a large organization would evolve that the redtape will result in "freezing" of standards.

We are pleased with Section 6(a) wherein the Secretary is authorized to provide for appropriate representation of United States interest through private non-profit organizations.

In Section 6(d) we suggest that the Secretary utilize the American National Standards Institute as the key organization in establishing "a system for the evaluation and accreditation of private domestic organizations which seek to confirm their technical capability," etc.

Our professional engineers have long recognized the need for standards which are "open to change and innovation (as contrasted to building codes)". Industry has been active on the domestic scene and to a much more limited extent in international standards. This act shows that government also joins us in the generation of standards which are essential to maintain our international trade in high technology items.

The Society has designated Mr. W. H. Seacord, Chairman of the International Standardization Committee, as its representative to this hearing. Also in attendance will be Mr. M. R. Green, Director of Codes and Standards of The American Society of Mechanical Engineers.

Very truly yours,

ALLEN F. RHODES, *President.*

AMERICAN NUCLEAR SOCIETY,  
*Hinsdale, Ill., January 14, 1972.*

Mr. EMANUEL L. ROUVELAS,  
*Trade Counsel, Committee on Commerce,  
U.S. Senate, Washington, D.C.*

DEAR MR. ROUVELAS: Thank you for inviting me to comment on S. 1798, the International Voluntary Standards Cooperation Act of 1971.

If the record of the Committee's hearings on this bill is still open, I would like to enter the following thoughts:

1. In general, industry representatives are more capable of developing a standard than are government personnel, primarily because of industry's direct involvement with the problems that create the need for the standard. Section 8 of this bill makes no provision for review (by industry representatives or anyone else) of a decision made by the Secretary of Commerce. What if an "affected private organization" does not agree with the Secretary?

2. The language in Section 9 where it is stated that the Secretary shall make international standards available to the public is misleading. Existing copyrights, proprietary interests and trade agreements must be taken into account. I suggest that line 4 on page 7 be modified to read "be available for purchase by the public. . . ."

3. The Interagency Committee on Standards Policy established in Section 12 will obviously be concerned only with governmental interests. There are no pro-

visions for a corresponding committee representing commercial interests. The bill would be strengthened by making provisions for such a "mirror" committee.

As President of the American Nuclear Society, I have an additional worry. Ours is a relatively young society (17 years old) and in our capacity as Secretariat for the International Standards Organization Technical Committee 85 (ISO/TC-85) under ANSI we represent a major, growing, high-technology overseas market area. From my observations of international standards meetings, the foreign attendees are experienced, long-term participants with an in-depth commercial interest while U.S. representatives are usually not well versed in either commercial operations or standards activities. This generally is the heart of the U.S. overseas standards problem. I had hoped that S. 1798 would have put more emphasis on the vital need to have the U.S. represented on international standards committees by the most qualified individuals regardless of their affiliation. Often, a private organization will not sponsor the travel of one of its experts to an international standards meeting—for seldom is a specific company product involved in the early negotiations—but this same organization will usually permit its expert to go if travel expenses are paid. With funding to cover certain administrative and travel costs of ISO/TC-85, the American Nuclear Society would see to it that U.S. interests in nuclear matters would be well represented and protected in all pertinent international standards meetings.

In general, I believe that S. 1798 will help the U.S. improve its position in international standards activities and international trade.

I appreciate the privilege of commenting on this bill. If I can be of further assistance at any time, please feel free to call or write.

Sincerely,

J. W. LANDIS.

---

GENERAL COUNSEL OF THE DEPARTMENT OF COMMERCE,  
*Washington, D.C., December 1, 1971.*

HON. DANIEL K. INOUE,  
*Chairman, Subcommittee on Foreign Commerce,  
U.S. Senate, Washington, D.C.*

DEAR SENATOR INOUE: A member of your Subcommittee's staff has furnished us with a copy of Committee Print No. 1, S. 1798, the proposed International Voluntary Standards Cooperation Act of 1971.

The Committee Print contains many of the proposed amendments set out in the Secretary's letter to you dated September 21, 1971. These amendments were the result of a meeting held at your request of various organizations which have testified on S. 1798.

Additionally, the Committee Print contains the amendments to the bill suggested by the Federal Trade Commission.

This letter is to advise you that this Department has no objections to the amendments of S. 1798 as reflected in Committee Print No. 1.

Sincerely yours,

WILLIAM N. LETSON,  
*General Counsel.*

---

MICRO DEVICES CORP.,  
*Dayton Ohio, June 8, 1971.*

Re proposed bill H.R. 8111.

MR. EMANUEL ROUVELAS,  
*Staff Counsel, New Senate Office Building  
Washington, D.C.*

DEAR MR. ROUVELAS: We have recently become aware of the proposed International Voluntary Standards Cooperation Act of 1971.

You are doubtless aware of the fact that vast quantities of electrical appliances are being imported into the U.S. market from many countries including Japan, Taiwan, Hong Kong, Germany, Denmark, England, Italy, and Yugoslavia, and our neighbor Canada.

Many of these appliances are lethal devices because for various reasons, they do not conform to suitable safety standards. In some instances, our own safety standards are inadequate, because in many instances our standards agencies base their requirements on experience with U.S. manufacturers.

Another consideration is the tendency to concentrate on producing the most inexpensive item possible, so that it can be sold in a highly competitive world market.

There is a substantial program in Europe to develop many uniform standards. Almost without exception, the individual standards agencies are government sponsored and financed.

Since our country has the most to gain or lose of any one country, it behooves us to participate to the fullest extent in developing uniform worldwide standards.

Our company supplies thermal safety limiters to the worldwide market, and though small in size, we have had considerable experience in dealing with various standards agencies in the above mentioned countries.

In view of the urgent requirement to develop common standards both from a safety and economic viewpoint, we would welcome the opportunity of providing your staff with specific detailed technical information if you would wish to call upon us.

Very truly yours,

P. EDWARD MERRILL,  
*President.*

---

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS,  
*Washington, D.C., August 20, 1971.*

Hon. DANIEL K. INOUE,  
*Chairman, Subcommittee on Foreign Trade and Tourism,  
U.S. Senate, Washington, D.C.*

DEAR SENATOR INOUE: I wish to express my strong opposition to Senate Bill, S 1798 because it is premature and completely inappropriate given the flux of the present conditions in international trade. I also have many serious reservations regarding the increasing cooperation between the government and big business. Such alliances inevitably diminish individual freedom and thus, will destroy this great free democratic society.

Apparently, according to Under Secretary of Commerce J. T. Lynn's testimony, Senate Bill 1798 is a response to CENEL. It is ironic that this scheme between three nations to restrain trade is the moving force for legislation which is supposed to advance free trade. Instead of sanctioning their actions through duplicity, we should condemn the entire program and warn them that, if it is implemented, the United States will retaliate in kind. It is obvious that most trading nations, including the United Kingdom, France and West Germany, are more dependent on the U.S. market, than we are on theirs. Under this type of pressure, I feel sure CENEL will reconsider their actions and thus, the immediacy for enactment of S 1798 will be removed.

Given additional time, the U.S. Senate should study the impact of harmonization of international standards on the U.S. economy. Who will benefit? The consumers? National economies? Multi-national corporations? Will international standards restrain innovation and creativity? Will the cooperation required to harmonize standards reduce competition and increase economic concentration at a time when it is rapidly becoming a serious threat to the freedom of sovereign nations? Will federal government participation and identification with voluntary standards confuse and weaken its effectiveness in regard to regulatory standards?

Are the goals of free trade consistent with our national goals? Traditional theory based on comparative advantage holds that mutual benefits occur to trading nations. Unfortunately, this has become a convenient myth for consciousness international profit seekers. Generally, when the comparative advantage is simply cheap labor, international transactions benefit neither trading nation, but the multi-national corporations which owe allegiance to no nation.

How will harmonization of standards affect the U.S. worker? It is my feeling that, given the mobility of capital and technology, it will result in an enormous loss of jobs for the U.S. worker. Organized labor can document a whole list of horror stories involving the multi-national corporations' cunning exploitation of the bottomless pit of human misery and suffering in an endless pursuit of low wages. Apparently, myopic multi-national corporate directors only consider wages as a cost and not as income. The wretched poor of this world, willing to work in miserable conditions for poverty wages, will never be able to purchase the products they produce, such as color TV's, radios and appliances. Their national economy benefits very little since its total production is exported to the U.S. leaving

no more goods for internal consumption. As a result, the income from production of exported goods merely causes inflation. On the other hand, since the U.S. worker is unemployed, he also is no longer an active consumer. The end result is a diminishing of the total world market.

My second area of concern deals with the continuing obfuscation of the roles and responsibilities of the federal government and big business. S. 1798 is another encroachment in this area. In this case, the role of the federal government is to protect the public interest and not to collaborate with private industry in what is basically an international marketing and engineering venture. We must guard against excessive and unwarranted entanglements between the government and big business. In the past year, we have all too frequently seen private business—hat in hand before the U.S. Congress—seeking and winning various forms of special assistance which are classic examples of the socialization of business at the expense of the general public. It is entirely possible S. 1798 could become a government subsidized umbrella for anti-trust activities.

If it can be established more clearly that harmonization of standards is in the interest of the U.S. public and/or will advance the welfare of the world community, then the federal government should participate, but to the extent of public interest only. The entire issue of private participation should be determined by the market. It is obvious that if it is profitable for business they will participate. In non-profitable areas, the federal government participation should be determined by the degree of public interest. I suggest legislation be limited to permitting greater U.S. government participation in ANSI activities and to assume greater financial responsibilities. Then it could sponsor secretariats, pay travel expenses and a wide range of other expenses incurred protecting the public interest.

If my comments have failed to convince you that further action on S. 1798 is harmful to national interest, then the following are specific comments on the Bill. These comments are intended to diminish private influence in government responsibility.

Section 4A: Interest vs. commerce interest of the U.S. should be more clearly defined.

Section 4B: Drop private to read—Provide for appropriate participation by government bodies of the United States in such standardization activities.

Section 4C: Voluntary standards tend to become compulsory given strong government encouragement. Also there could be confusion between the interests of commerce and the interests of the general public.

Section 5B: The federal government should not be responsible for assuring optimum use of private capabilities and resources, rather that the general public is adequately represented on issues germane to its interests.

Section 6A: I am strongly opposed to the entire section because government responsibility and authority should not become delegated to private organizations regardless of whether they are profit or non-profit.

Section 6C: Again, the federal government should not become involved in areas of private responsibility.

Section 6D: I am strongly opposed to the entire section because product certification at an international level is an extremely complex area and very little is known. Also, there is the strong possibility of confusing the government's appropriate role in regard to regulatory standards with its questionable role regarding voluntary standards. This confusion could result in a severe weakening of the federal government's regulatory authority. Finally, there is always the possibility of conflict of interest in authorizing a private organization to assume a government function.

Section 10B: I see no need to provide the technical service of government employees to non-profit organizations.

Section 12A: The advisory committee should be expanded to be more representative of the general population.

Best wishes.

Sincerely yours,

CHARLES H. PILLARD,  
*International President.*



Faint, illegible text covering the majority of the page, appearing to be bleed-through from the reverse side.

Page 1 of 1  
Date: 10/10/10

