NISTIR 4305

# TRANSCRIPT OF HEARING ON IMPROVING U.S. PARTICIPATION IN INTERNATIONAL STANDARDS ACTIVITIES

## SECOND DAY: APRIL 4, 1990

U.S. DEPARTMENT OF COMMERCE
National Institute of Standards
and Technology
Technology Services
Office of Standards Services
Gaithersburg, MD 20899

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Robert A. Mosbacher, Secretary

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# TRANSCRIPT OF PROCEEDINGS

NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

DEPARTMENT OF COMMERCE

STANDARDS HEARING

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NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY

DEPARTMENT OF COMMERCE

# HEARING PANEL MEMBERS' MEETING

Wednesday
April 4, 1990

9:00 a.m.

Department of Commerce Auditorium

**Heritage Reporting Corporation**
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Present on Panel:

DR. STANLEY I. WARSHAW, Chairman
Director, Office of Standards Services
National Institute of Standards and Technology
Admin. Bldg., Rm. A-603
Gaithersburg, Maryland 20899

MR. WALTER G. LEIGHT
Deputy Director, Office of Standards Services
National Institute of Standards and Technology
Admin. Bldg.
Gaithersburg, Maryland 20899

MR. JOHN L. DONALDSON
Chief, Standards Code and Information Program
Office of Standards Services
NIST
Admin. Bldg., Rm. A-629
Gaithersburg, Maryland 20899

MR. JOHN McCUTCHEON
Food Safety and Inspection Service
U.S. Department of Agriculture
South Building
Washington, D.C. 20250

MR. PHILLIP B. WHITE
Director, Office of Standards and Regulations
Center for Devices and Radiological Health
Food and Drug Administration, HFZ-80
5600 Fishers Lane
Rockville, Maryland 20857

MS. WENDY MOORE
Director, Telecom and Information Standards
CIP Bureau
U.S. Department of State
2201 C Street, N.W., Room 6317
Washington, D.C. 20520

MR. CHARLES LUDOLPH
Director, Office of European Community Affairs
International Trade Administration
Department of Commerce
Room 3036, Hoover Building
Washington, D.C. 20230

Presenters Present:

LEONARD FRIER
MET Electrical Testing Company

PETER GUZMAN
EARL GMOZER
ETL Testing Laboratories

JAMES JOHNSON
Amador Corporation

CHESTER GRANT
American Association for Laboratory Accreditation

JIM MAYBEAN
Aerospace Industries Association, Quality Assurance Committee and National Security Industrial Association, Quality and Reliability Committee

W.A. SIMMONS
National Conference of Standards Laboratories

GEORGE MORAN
American Society for Nondestructive Testing

STEPHEN COONEY
National Association of Manufacturers

BERNARD FALK
National Electrical Manufacturers Association

RAYMOND ATTEBERY
RALPH TAYLOR
WARREN POLLOCK
BRUCE McCLUNG
Chemical Manufacturers Association

WALTER CEBULAK
TOM STARK
BARBARA BOYKIN
Aerospace Industries Association

MORGAN COOPER
HERBERT PHILLIPS
DONALD MACKAY
Air-conditioning and Refrigeration Institute

Presenters Present: (continued)

C. RUBEN AUTERY
JOHN P. LANGMEAD
Gas Applicance Manufacturers Association

WILLIAM MILLER
DENNIS ECKSTINE
Construction Industry Manufacturers Association

DAVID KING
WILLIAM BRADLEY
SUSAN HERRENBRUCK
PETER LAMB
American Gear Manufacturers Association

WILLIAM MONTWIELER
MATTHEW HALL
Industrial Truck Association

DAVID MARTIN
ROBIN W. GROVER
Plumbing Manufacturers Institute

JOHN MARTIN
Automotive Industry Action Group

ROBIN W. GROVER
Water Quality Association

JIM BROWN
DALE FOX
National Association of Underwriters Instructors

EDWARD ROZYNSKI
ROBERT FLINK
Health Industry Manufacturers Association

GERALD RITTERBUSCH
G. WILLARD JENKINS
J.K. HALE
Equipment Manufacturers Institute

GREGORY GOULD
Gould Energy

MARILYN WARDLE
E.I. du Pont de Nemours and Company

P R O C E E D I N G S

CHAIRMAN WARSHAW: Good morning, ladies and gentlemen. For those that may not have been with us yesterday, let me just make a couple of administrative announcements.

You do have an agenda package and the last page of that agenda package has an information sheet on how to obtain information relative to this hearing and to the written comments we have been receiving, and will be receiving for the extended comment period for 60 days following this hearing, that is through June 5th.

So we welcome additional written comments up until the close of business June 5th.

For today's session, there have been two cancellations and you might wish to note that. The 9:30 presentation by Cash and others has been cancelled, and the 4:15 p.m. presentation by Bussmann Company has been cancelled.

In terms of tomorrow's agenda, there have been three cancellations -- one at 10:15 by AT&T Bell Labs; one at 2:15 p.m. by NKA Incorporated; and the one at 3:00 p.m. by Paul Lahr and others.

The conduct of the meeting today will be the same as yesterday. Each presenter has been asked to present his oral remarks within a ten minute time frame, allowing an

additional five minutes then for presentations from the panel.

Let me re-introduce the panel. From the National Institute of Standards and Technology, of course, is myself, Stanley Warshaw, Walter Leight to my right, and to his right, John Donaldson.

We are also very fortunate to have assisting us and advising us in terms of getting points of clarification, if you will, from those making presentations are representatives from other agencies.

To my far left we have John McCutcheon of the Department of Agriculture. We have Deborah Moore of the Department of State, I mean Wendy Moore of the Department of State -- I didn't get my second cup of coffee.

And Phil White to my far right, somebody was saying Bob White -- that is the new Under Secretary of Technology for Administration who I believe is still designate but is in the process of confirmation.

And so our first two panelists today are already here at the podium. We have Leonard Frier of MET Labs and we have Peter Guzman and Earl Gmozer of ETL Testing Labs.

So I will ask Mr. Frier if he would present the views of MET Labs.

MR. FRIER: Good morning, gentlemen. I was told to start off with a joke this morning, but the joke I heard

down in the cafeteria, I am afraid I can't start off with that one, so I will just go on with my testimony.

My name is Leonard Frier and I am president of MET Electrical Testing Company in Baltimore, Maryland. My remarks are going to be directed towards the issue of testing and certification on electrical, electro-medical and electro-mechanical products only. They are not related to the issue of standards.

We are the first licensed nationally recognized testing laboratory in the United States. This distinguished title did not come easily. From this effort, we know the significance of having an accreditation which has a value and that which does not. The issue of testing and certification, laboratory accreditation with value, and I emphasize value, is the issue.

MET was accredited by A2LA for Electrical Testing and by BOCA -- that's the Building Officials and Code Administrators, amongst others. None of these accreditations provided us any business or any tangible acceptance of our services from persons requiring certification.

MET was one of the original partitioners to establish a LAP at NIST for telecommunication. We saw the need to demonstrate the capabilities of laboratories in some type of authoritative way.

After approximately one year, the LAP was established and MET was accredited. NIST administered the NVLAP program for telecommunications. Under this program, the single Government agency which can require NVLAP accreditation for telecommunications and give is some value, is the FCC.

Yet they don't and apparently they won't. FCC accepts reports from any lab which has a test site on file. Here NVLAP has no value.

The Europeans, on the other hand, know what they are doing. First, most countries in the EC have or are establishing requirements for certain products to be third party tested and identified. It is not left to individual jurisdictions.

Then they have accredited laboratories and will require the certification of their laboratories on regulated products. The United States does none of this. The United States still does not have a United States Certification Mark.

Fifty-four countries in the world, including every country in the EC, has a certification mark and now the EC has a mark. If the United States is going to try to put in a system that has reciprocity with the Europeans under NIST, in plain language, it won't work.

Unless Congress changes something, NIST or the

U.S. Department of Commerce itself cannot require electrical inspectors throughout the United States to accept products they don't want to accept.

NIST or Commerce cannot tell housewives to buy a toaster or Christmas tree lights, when they were taught in elementary school that, if they plugged in a toaster or Christmas tree lights without a UL label, that the house would burn down.

And this is not an exaggeration. This is why the Europeans call us a Star Spangled Barrier to trade. We, the United States, did not let a European manufacturer, manufacture his products in Europe to United States standards, test them in Europe for certification and sell them in the United States.

Now that the Europeans are going to put in a much less restrictive system than we ever had, we're scrambling around trying to figure out what to do.

For years, Underwriters Laboratories determined which electrical products would be sold in this country and which would not. There was no appeal to their decisions. It was final.

They charged the prices they wanted and took as long as they wanted. They stifled innovation by making the ability for a manufacturer to get a product to the market too long and expensive, especially when a new standard was

involved.

If the Europeans did anything close to this by having only one lab which could approve certain electrical products, only one group that wrote certain electrical standards with no appeal, that decided on its own which standards they would write and which they would not, what would the U.S. position be?

If we are going to put in a system, it's got to work.

The only government agency that can bring any value to certification of most regulated products is OSHA. OSHA has the power to pre-empt states and require code inspectors to accept certain marks of certification.

OSHA also has the power to require a U.S. certification mark in any form and get it recognized. The U.S. certification mark can be extended to food products through USDA, medical products through FDA, etc. When seen on these items, it may eventually have some credibility with the consumer.

With strong and valid reasons, I would strongly oppose any attempt by any agency to establish a system that will weaken OSHA in its Laboratory Accreditation Program. Today, it's the only one in the United States on electrical, electro/mechanical or electro/medical products with any value. We must build on this.

If there is going to be a public/private partnership it must be with OSHA, USDA, FDA, FCC -- not NIST, unless congress gives NIST some special powers.

Thank you for allowing me to testify on this critical issue.

CHAIRMAN WARSHAW: Thank you, Mr. Frier. Any questions from the panel? Mr. McCutcheon.

MR. McCUTCHEON: Mr. Frier, I would like to ask a question about your reference to USDA, particularly and possibly FDA. I know in USDA we have two programs that I can think of that you might be referring to. One is the voluntary grading program which is a fee for service activity that is paid for by the industry.

There is the inspection program that has on the products USDA inspected in the past. That is an inspection program with about 8,000 inspectors throughout the country, inspecting all the products on a continuing basis.

It is unclear to me from the point that you outlined, the problem that you are having, and in particular, what remedies are you seeking? Are you trying to allude to a mandatory inspector program or what is your recommendations as a result of the issues pointed out?

MR. FRIER: Of course, my recommendation is not for you to change your programs at all, but that a U.S. mark exists that has universal acceptance and one that mark for

USDA, one side would have a significant logo, you might say, and on the other side would be the typical USDA designation.

And with USDA, certain organizations have the authority to provide services to make the products acceptable in the marketplace and these people could be duly authorized to apply this mark along with the USDA mark.

I am thinking of it with the Europeans particularly when food additives get involved and I think USDA has an issue there, and I know that is a trade issue. I say that if there are laboratories in Europe that have the ability to test these products in accordance with USDA requirements and apply that approval, that they be given the right to apply this mark.

Likewise, this would be the American laboratories that have the ability to test food additives that go into Europe would apply a similar EC mark and that would be something that could be negotiated with governments -- government to government negotiations with the U.S. Trade Representative here, and the EC Commission in Europe or other agencies.

Then, and only then, could the Trade Representative offer something. Right now they have nothing to offer in the trade negotiations relative to reciprocity on what would signify something that is acceptable in this country, because the Europeans absolutely have something that they could offer to say what would signify something

that is acceptable in Europe.

MR. McCUTCHEON: Okay, thank you.

CHAIRMAN WARSHAW: Mr. Donaldson.

MR. DONALDSON: Mr. Frier, you made a reference to 54 countries having national certification marks, I think. Could you, one, give me one or two examples of what you are considering national certification marks in other countries, and secondly, would you be able to cite a reference for where the 54 comes from? Thank you.

MR. FRIER: Yes, sir, I have a published document that I don't have with me. I will be glad to make that available to you, but one mark of course would be the GS mark, another mark would be BSI, another mark would be 4CC which is new, the CSA mark from Canada is a national mark. Of course, they are a more national type of government, and Japan has the T-mark.

There are 54 countries including the Soviet Union, Yugoslavia, Uruguay, I can't mention them all but there are 54 and every one has a mark.

MR. DONALDSON: In terms of a national mark, in your example of the CSA as a case, there are other marks used in Canada in other areas and so I am not quite sure when you say a national mark, would you be able to characterize that a little bit?

MR. FRIER: No. I really am not familiar with

Canada other than within this publication that I have, when you look up Canada as a country, the CSA mark appears and they call that the national mark. This is the U.S. Certification Marks of the World systems and I think that is the name of the publication.

The U.S., however, has a blank page.

MR. DONALDSON: The reason I ask is I don't see a whole lot of difference between the CSA mark as it is used in Canada, and the UL mark that has been used in the past.

So I think the best thing would be if you could provide us with your reference and make that part of the record. It would be very useful. Thanks.

MR. FRIER: I would be pleased to do that.

CHAIRMAN WARSHAW: Thank you. Any other questions? Thank you very much, Mr. Frier.

And now, ETL.

MR. GUZMAN: Good morning, ladies and gentlemen. My name is Pedro T. Guzman. I am president and chief operating officer of ETL Testing Laboratories in Cortland, New York.

I am pleased to appear at this hearing to offer some comments related to improving United States participation in international standards-related activities and possible government actions related to global trade.

ETL Testing Laboratories is an independent,

commercial laboratory providing testing for safety, performance, and certification services for government, manufacturers, as well as for trade associations of commercial, industrial and consumer products.

Organized in 1896 as the lamp testing bureau of the early Edison Companies, ETL's scope has evolved into a multi-disciplined laboratory, having regional laboratories in Atlanta, San Francisco, New York, Hong Kong, and Taiwan.

ETL's product testing and certification services are widely recognized and accepted by commerce, industry, trade and code groups. ETL uses literally hundreds of national and international standards in its testing mission and its staff participate generously on committees that develop these standards. It can be noted that ETL Testing Laboratories has a genuine interest in the subject of today's hearing.

Although the actions and recommendations resulting from this hearing are sure to affect our national as well as our international posture, we would like to believe that they will be positive and not burdensome or costly to us, to our clients, and our peer laboratories.

It is obvious that EC 92 has put an entirely new focus on how the U.S. standards system and our government foreign trade activities serve our needs in the world marketplace.

The acceptance of our product conformity services by other countries has been difficult, if not impossible. The foregoing is not to say that we are denied all entry to foreign markets. ETL does business internationally with some of its other services, specifically where they are rendered to a client for his own use.

It is when the test report or certification mark for safety is to be used that the barriers appear.

Breaking through international market barriers is very complex because of border, treaty, financial and safety regulations, as well as nationalistic attitudes.

They are many success stories of commercial or business entities being able to market their products worldwide, but almost always requiring testing and certification to be performed by a local laboratory and using a local mark.

Because of the nature of these barriers, many of which are governmental regulations, we believe that American industry and commerce cannot, on their own, influence a change in the global system or to these trade barriers.

Thus, it falls to U.S. governmental agencies charged with furthering the nation's international trade to help industrial and commercial interests, and particularly the independent testing laboratories, to overcome these areas.

EC 92 has certainly been the catalyst that brought attention to the need to re-evaluate and change the system of acceptance of product conformity services in the international field. Matters of testing and certification of products is uppermost in our minds.

How products and testing standards, certification, and quality system requirements influence the marketability of our industry's services is consuming a great deal of our time.

With the foregoing comments as background, my remaining remarks will deal with how we believe government and the private sector can work together to benefit the U.S. testing laboratory industry in promoting the acceptance of the services worldwide.

It seems that almost every day a stream of mail passes my desk containing articles about this subject, and notices of seminars, committee meetings, and developments all in the interest of moving the matter forward.

Of these many documents, those drawing our particular attention are the activities of our government trade committees and the American National Standards Institute.

In particular, also are the activities of the Industry Functional Advisory Committee and the U.S. TRade Administration.

For example, the efforts of Dr. Duesterberg of the USTA are particularly helpful in the realm of ISO/IEC and CEN/CENELEC standards activities in conjunction with ANSI, the U.S. member of ISO.

Although much needs to be done, there are governmental agencies, charged with trade responsibilities, are beginning to plan, seek guidance from the private sector, and otherwise bring the influence of their offices to bear in those areas of trade that are of government-to-government in scope.

The efforts of ANSI deserve our support in its role as the nation's principal standards coordinator. It has a proper place in the scheme of development and coordination of the nation's numerous standards.

Its additional task as the U.S. member of ISO/IEC, and recent success in implementing improved access as the channel for U.S. input to CEN/CENELEC standards makes it an important link in the development of European standards acceptable to U.S. interests.

The need to serve the growing trade-related activity was recognized by ANSI with the opening of offices in Washington and Brussels. We, at ETL, are members of and active in ANSI and their many committees, noticeably, the Certification Committee, International Certification Subcommittee, and U.S. National Committee for ISO/IEC.

ANSI can succeed in representing the private sector's interest, and influence the attitudes of other countries in harmonization of product safety, product performance, and conformity standards.

In December 1989, Dr. Stanley Warshaw distributed an information piece outlining a possible counterpart model in the U.S. to the Standards Council of Canada.

Suffice it to say that most of the goals described in the document are very commendable. If these would be implemented, they would do much to advance the cause of improving trade matters and acceptance of independent laboratory services in the international marketplace.

Whether it needs to be a Standards Council of the United States, with the inference that it be the standards coordinator for the U.S. as well as the U.S. member body to international and regional standards development organizations, is debatable.

ANSI already performs several of these functions. However, government needs to participate fully in matters relating to testing, certification and accreditation related to international trade with a governmental unit recognized as representing the U.S. interests in government-to-government relationships.

The private sector also needs to more fully develop its organizations to conduct these affairs.

However, the basic approach should be what has been said so often recently, even in these hearings, that there should be a great partnership between government and the private sector.

The details of forming such a partnership need to be worked out.

In summary, the situation as we see it is that independent commercial laboratories do not have a clear channel to be recognized in the global marketplace. The GATT treaty does not cover the matters of testing, certification and accreditation in enough detail to be helpful.

The way the present product safety approach to EC 92 and other nations appears to be heading, favors a single national laboratory approach with Memorandums of Understanding with equal counterparts in other countries keeping the independent laboratories out of participation.

Lacking an official system of accrediting independent commercial laboratories for global trade, the U.S. may, by default, end up having only one accepted laboratory. With EC 92 rapidly approaching, much more needs to be done by and for the independent laboratory community.

In conclusion, we make the following two recommendations dealing with standards in general, and in testing, certification and accreditation in particular.

One, continue with a strong private sector input for national and international standards activity through the American National Standards Institute.

Two, create an organization, chartered by Congress, to be the focal point for government to government relations on testing, certification and accreditation matters, and the vehicle for which all U.S. independent laboratories providing these services may be accepted in the global marketplace.

ETL, and the laboratory industry in general, is anxious that an effective cooperative program of action will result, and that the world marketplace, and EC 92 in particular, be open for an exchange of our services without trade barriers or cumbersome requirements.

The principal beneficiaries of such activity will be our clients, the manufacturers themselves selling in the world marketplace. They could select from a competitive list of U.S. accredited laboratories, and receive a test report for a certification mark which would be acceptable in the U.S. and in other countries as well.

The free exercise of the private sector and the influence of government are the key ingredients necessary to accomplish this task.

Thank you for allowing us to participate in this hearing.

CHAIRMAN WARSHAW: Thank you, Mr. Guzman. Mr. Leight, do you have a question?

MR. LEIGHT: Yes. I wonder, you separated standardization from testing and certification, specifically, in your two recommendations. In your second recommendation, you talked about a congressional chartered unit that would look into these matters.

I wonder if you would care to expand a little bit on what sort of unit you have in mind.

MR. GUZMAN: You know, in all the inter-relationships with our government units and departments and agencies and etc. work, all I am anxious is for some sort of government function to be able to talk to the other government functions in matters of testing and accreditation.

I don't have any specific department or unit to recommend in that area.

MR. LEIGHT: Thank you.

CHAIRMAN WARSHAW: Thank you. Mr. White.

MR. WHITE: Could you tell us what kind of testing activities that your laboratory does and also if you do just testing for U.S. products, or do you do testing for other products?

MR. GUZMAN: Two questions, first, what kind of testing does ETL Laboratory perform.

As I said earlier in the speech, we perform testing of products, primarily products. We are not a research laboratory. We perform testing on commercial products, industrial products, consumer products. We test to specifications, they being either national specifications or specifications given to us by the customer.

We also test to safety standards. We do perform testing to international products when they are coming into this country.

MR. WHITE: And I was just wondering if your recommendations were based upon your own experience, or have you done some outreach with the European community counterparts? Have you attempted to set up any kinds of working arrangements with testing laboratories over there?

MR. GUZMAN: The answer is yes to all of the above. Let me explain.

My primary nature of the recommendation is why should we, in this country, need to establish memos of understanding with other labs in other countries, when they can come in this country? They can be recognized by this country.

I think we need an equal system so that we can operate on an equal basis, and I think the memos of understanding are not necessarily the best vehicle for the testing laboratory community.

MR. WHITE: Thank you.

CHAIRMAN WARSHAW: Wendy?

MR. MOORE: In your view, would the accreditation system be likely to pre-empt other existing agencies or lab accreditation systems? Would that be your vision of how the testing and certification system should work?

MR. GUZMAN: Wait until the cart goes by.

MS. MOORE: Would your vision of how this U.S. testing and accreditation system worked include pre-emption of existing agency programs such as the OSHA program that Mr. Frier mentioned?

MR. GUZMAN: My recommendation would be that the whole nature of whatever system we set up be debated and I think it should be debated by people in this audience and other people.

I think you will see there are a lot of people crying for a change in the system, and I don't think we are experts to tell you exactly how the system be set up. I think we can tell you what we need and how we feel about it, and I think we ought to debate that whole issue for some time so that we do it intelligently.

MS. MOORE: Thank you.

CHAIRMAN WARSHAW: Mr. Donaldson.

MR. DONALDSON: Mr. Guzman, as you may well know, NIST has cooperated with the Office of the U.S. Trade

Representative for the last ten years in dealing with reports of technical barriers to trade received from the private sector.

While I recognize and acknowledge your statement that testing and certification is not quite as well specified within the gas standard code, I can't recall any instances in which ETL filed any alleged problems with us, for us to review.

So what I would like to ask, given your reference to experiencing a number of technical barriers to trade, I would ask that if you could specific some of these specifically and submit them subsequently for the record, I would appreciate it. Thank you.

MR. GUZMAN: We will certainly do that. Thank you.

CHAIRMAN WARSHAW: Thank you. Are there any questions from the panel?

I want to thank you both very much for your very concise presentations.

Now I would like to ask Mr. Johnson of the Amador Corporation and Mr. Grant of the American Association for Laboratory Accreditation to come forward.

(Pause.)

CHAIRMAN WARSHAW: Good morning.

MR. JOHNSON: Good morning.

MR. GRANT: Good morning.

CHAIRMAN WARSHAW: Mr. Johnson, the Amador Corporation.

MR. JOHNSON: Thank you, Dr. Warshaw, and particular thanks to NIST for holding these hearings.

I am Jim Johnson. I am associate and chief executive officer of Amador Corporation, and in the opinion of Amador, this "honest dialogue", to use the term that USSR Secretary Shvardnadze's used yesterday in the Lithuanian situation, is long overdue.

However, I was disappointed to read a comment from Mr. John Lyons in the latest issue of Laboratory Regulatory News. I quote, "I don't have an agenda but I would like to see the private sector keep running the standards business." That's an agenda. That stifles dialogue.

I would ask that Amador's remarks dated March 21st submitted in response to the Federal Register notice be entered into the hearing record following my oral remarks.

CHAIRMAN WARSHAW: We will.

MR. JOHNSON: I have a correction in the second paragraph of page 13 -- replace Murray with Britain.

I would also ask that our additional written remarks be included at this point.

CHAIRMAN WARSHAW: They will.

MR. JOHNSON: Thank you, Dr. Warshaw.

I, like Walter Poggi, who spoke to you yesterday, am a small businessperson. There is a saying that goes that one has no permanent enemies, one has no permanent friends, one only has one's permanent interests.

Amador, like the other organizations testifying at this hearing, does not escape from this dictum. For Amador, a Minnesota-based EMC testing lab, our permanent interest is survival which is only possible through serving the needs of our clients, electronics manufacturers requiring EMC testing and product certification.

I refer you to a written statement for our general background and our credentials in being able to speak to you this morning. We are proud company, even though we are quite small. We only have 35 associates, but over one-third of our business relates to international testing and certification, a real growth area for our firm.

Our view, as a supplier to America's electronics firms, is that the American electronic industry is in the early stages of a death spiral. I repeat, American' electronics firms are in a death spiral.

The reason is plainly the problem of international competition. In our response to the Federal Register notice, we proceeded through the notice and answered the questions one by one.

We thought the questions were important. We hope

you think our answers are important. We hope you pay particular attention to the questions regarding the TAG participation.

I have an update on my written testimony. On Monday of this week, upon returning from a trip to Eastern Europe where U.S.-based communications is quite difficult, I found a FAX from our TAG secretary outlining that the CISPR/B TAG meeting scheduled in Washington, D.C. for yesterday was moved until next week.

A call to the secretary elicited the response that two members interested in pursuing their EMC testing exemptions would be missing on the 3rd and asked to have the meeting postponed. It was. No problem.

I now, however, have a conflict next week. I won't be there.

Now, the exemption will be debated next week without me, the only EMC lab TAG member, and without the representative from NTIA. Once again, point, game, set, match for the big business interests on EMC exemption issues.

My trip from Minnesota cost $622 coach on Northwest. You all know what hotel rooms cost in this town. Amador does less than one percent of its business, its testing business, in the area of the TAG to which I belong, the CISPR/B ISM, Industrial, Scientific, Medical.

Now you tell me that there isn't bias in the system. My written testimony provides another anecdote to illustrate the case that the TAG program does not work for ISM.

We also cite cases of how up to ten years or so is often required to pass an ANSI standards in the area of EMC. It's not working. You know it. Industry knows it. The Emperor has no clothes, or put another way, you as the Emperor, should tell us, the industry, that we have no clothes.

Our answer is not more government. The answer is a better bureaucracy with a better trained bureaucrat paid to do what he or she is worth, armed with the rules and regulations that give our bureaucracy some teeth so that our bureaucrats can take their places alongside the outstanding bureaucrats of the EC and Japan.

I have been to the EC to Brussels with the USTR in the MAFF talks. EC bureaucrats have visited our labs. These people are good and they are helping, not hurting, their electronic manufacturers.

And what about Eastern Europe and the USSR? Here we may have the best bureaucrats of all. And they care about standards.

Please allow me to enter into the record portions of a communication from a first class bureaucrat from the

USSR. This is a letter that was directed to me and I told this gentleman that I would present this this morning.

To Mr. Johnson of Amador Corporation, proposals for establishing an international system of certifying electronic and electrical equipment to meet EMC standards.

Currently in a number of countries, national systems of certification have been established for electronic and electrical equipment to meet the norms of industrial radio interference which has great importance in effectively solving the EMC problem.

The regional systems of certification of the indicated equipment, according to the parameters of radio interference, are being established by the countries of the European economic community.

One of the constituent parts of the Soviet system of certification of electronic and electrical equipment in accordance with the EMC standards must be to the testing center of the joint venture sand test.

The existing differences in the requirements of national standards which regulate the levels of radio interference in immunity of electronic/electrical equipment as well as testing methods create certain difficulties in international trade.

They understand that problem.

All of the testimony and questions that have been

to date, have been about the EC and Japan. Read the headlines. We have over 500 million people, new consumers, coming into the mainstream, and the bureaucrats representing these people know how to regulate it, for whatever reasons, and we had better learn -- and fast -- and NIST is the change agent to make it happen.

Don't copy someone else's model. Create your own. Use ANSI. They have contributions to make. But take charge, and do it now.

Don't let this hearing process become a metaphor for the standard-setting process of this country. You know, diddle around, diddle around, don't offend anybody and pretty soon the standard's real effect is lost.

What we are talking about is losing an entire industry, the electronics industry and by setting standards is but one way that government can help to save that industry.

It isn't the only way, but it sure is the best thing that NIST can do.

So in my written statement I said go ahead, take a chance. Take some risks. The country needs you.

For my part, I have taken this message to our Senate and Congressional delegation and they are interested. I am Chairman of the American Electronics Association Minnesota Council, 84 electronic companies in the State of

Minnesota.

Our Congressional people are interested in jobs and jobs is what we are talking about.

Thank you very much, and I will be available for any questions.

CHAIRMAN WARSHAW: Thank you, Mr. Johnson. Mr. Donaldson.

MR. DONALDSON: Mr. Johnson, thank you for the comment.

One area that you did not include in your remarks, and obviously time was short, but I wondered if you might comment in terms of government regulation, procurement and other activities in the area which you are concerned, if you have any comments about what the status of the government, what implications that has for you.

MR. JOHNSON: Let me see if I understand your question. What are the status ---

MR. DONALDSON: Well, you have commented pretty much on what ANSI has been doing. You have commented with respect to the international developments, but at the same time, we have heard comments from other people presenting comments at the hearing with respect to what FCC is or is not doing, and other related government agencies.

I wondered if you had anything to say about the implications of the government infrastructure for you.

MR. JOHNSON: In a word, it is an embarrassment.

MR. DONALDSON: That's a succinct comment.

(Laughter.)

MR. JOHNSON: To elaborate, when you compare the way the FCC performs, and my colleagues from ETL and MET, in their excellent testimony, summed it all up. I mean, you just can't begin to compare the way we operate in this country with the way it happens in Germany, the way it happens in Japan.

We are losing the war on every front, my friends, and this is a clear example of where you can do something about it.

CHAIRMAN WARSHAW: Any other questions? Can you do something about these microphones?

MR. JOHNSON: I have engineers back in Minnesota that can.

(Laughter.)

CHAIRMAN WARSHAW: Thank you very much, Mr. Johnson.

MR. JOHNSON: Thank you. Dr. Warshaw.

CHAIRMAN WARSHAW: You had very succinct remarks.

We have the American Association for Laboratory Accreditation.

MR. GRANT: I am Chet Grant. As chairman and on behalf of the American Association for Laboratory

Accreditation, A2LA, I would like to express our appreciation for the opportunity to convey our comments and recommendations on this important issue.

My comments today will be focused, however, on laboratory accreditation.

By way of background, I am superintendent of the Materials Engineering Laboratories for the General Motors Engine Division in Flint, Michigan. Our group there is responsible for the materials engineering and testing needs for both products and processes at the Flint site.

Many of you here may know of A2LA. For those who may not, please allow me to briefly describe the associations' activities. A2LA is a non-profit, scientific, membership organization dedicated to the formal recognition of testing organizations which have achieved a demonstrated level of competence.

Accreditations are granted to laboratories on a discipline basis for all types of tests, measurements and observations. Our basis for accreditation is found ISO/IEC Guide 25, which is generally equivalent to ASTM E-548. To date, we have accredited 211 laboratories in eight fields.

Now I will turn to the A2LA view on this hearing and specifically to a national approach for laboratory accreditation.

Currently, staff or members of the board support a

number of national and international standards committees related to accreditation and testing. Some of these include: International Laboratory Accreditation Conference, ILAC, Committee Number 3 on laboratory practices where a member of staff serves as chairman of the task group on use of computer acquired data.

We also participate in the ASTM Committee E 36 where again member of staff is chairman. We also participate in the ANSI Certification Committee and also in the Department of Commerce Industry Functional Advisory Committee on standards and testing and certification.

We also continue to aggressively pursue formal recognition agreements with both domestic and international systems.

There are, by some accounts, in excess of 130 accreditation systems, both public and private, functioning today in the United States. There is little or no coordination among these systems, in the private sector, in the public sector, or between public and private.

Many systems duplicate other accreditation schemes. Some are narrow in focus, arising out of a specific need for resolving problems facing industry or government.

Those who inquire, find that locating and tracking, who does what, can be time-consuming, incomplete

in satisfying needs, or even inaccurate. Often industry, associations, government agencies, and individuals do not understand laboratory accreditation and its benefits.

Thus, they may not always know what system might serve their needs best. Complicating this is the manner in which the accrediting body is operated, and I will call that the process, and the basis for structuring its service, the product, are based.

There are standards upon which to base both the process and the product. Some systems, such as A2LA, find their base in national and international standards, while others are rooted in narrower, specific, industry or governmental standards.

It is likely that lack of confidence in another system's ability to address what is considered "my area of expertise," is also at work here. This can and does lead to much variability and cost for users of laboratory accreditation. All of this suggests that we in the U.S. are not using our resources as effectively as we might.

Certainly, the view we present to the international community on accreditation matters is not a clear one. The fact that domestic systems, private and public, do negotiate agreements on an international scale must leave them wondering if anyone is in charge.

Consider just the European community interface for

the U.S. The existence of 130 plus or more independently acting accreditation systems creates a dilemma for the EC. Which ones will the European nations choose to negotiate with?

Each U.S. system must be assessed relative to their basis of operation, capability, and general acceptance within the U.S. EC 92 presents us with an opportunity, and perhaps as one of my colleagues reminds me, a mandate to develop a more coordinated and focused approach to accreditation in the United States. Before we can act to change, we need to ask ourselves why this condition exists for the United States.

Perhaps lack of interest, lack of knowledge, shortage of funds, or no common focus to date are all factors. In my opinion, the underlying cause is a lack of trust and a lack of teamwork.

Dr. W. Edwards Deming, noted management consultant and educator, teaches us that a new method of leadership must be adopted in this country. This includes not only business and industry, but also government.

In some of his 14 points, Dr. Deming urges us to constantly strive to drive out fear, eliminate waste, institute modern methods of training, continuously improve our processes, breakdown barriers between groups, and create a constancy of purpose for improvement of products and

services.

He is telling all of us to empower our people to participate in the decision-making and to communicate. We are talking about a process here today that will produce a service as its product. In order to be successful, the ultimate customer must be defined and then satisfied. We must not satisfy only ourselves.

If we proceed ahead from today as normal, we will undoubtedly create, in SCUSA, another bureaucratic agency that isn't needed. It will require more taxpayer dollars to design and implement, and waste more U.S. resources.

Eight years ago, in December 1978, 30 representatives of government, industry, professional societies, standards-writing bodies, testing laboratories, and consumers created and publicly endorsed a U.S. National Policy on Standards.

This committee, NSPAC, believed this national policy on standards would create an environment in which "The nations public and private standards capability could be effectively, economically, and equitably used on behalf of the national interest."

While the National Standards Policy Advisory Committee did not directly address laboratory accreditation, it did suggest that the model developed for U.S. standards could apply to testing, certification and laboratory

accreditation.

We in A2LA believe that an Ad Hoc Committee similar to the National Standards Policy Advisory Committee should be established and implemented in order to develop a national policy on laboratory accreditation. This policy would serve as a guide to existing private sector and government organizations in modifying their existing system to meet the needs of the country.

The mission of this committee should focus on one, cooperation between government and private sector; two, clear definition of roles and responsibilities; three, establishment of a non-competitive environment between government and private sector.

It should also focus on the relationship between the national policy on standards and a national policy on accreditation. It should focus on the private sector strength in providing services in the form of accreditations.

It should also include the government strength and focus on that government strength in providing domestic and international recognition and coordination, establish a trusting and participatory environment for all involved parties, and lastly, to define and satisfy the customer of this process.

In closing, if the proposal for a standards

counsel of the United States of America was drafted to stimulate and motivate all of us to act on an issue long overdue for attention, then the members of this committee are to be congratulated.

There is a need to recognize and coordinate laboratory accreditation systems in the U.S., but not in the manner suggested in the SCUSA proposal.

Thank you.

CHAIRMAN WARSHAW: Thank you, Mr. Grant. Are there any questions from the panel? Mr. Ludolph.

MR. LUDOLPH: Your accreditation program is run in a series of sectors. Are any of those accreditation programs for products that need to be tested or certified to a government requirement or a decentral specification?

MR. GRANT: Yes, particularly in the area of environmental testing. We are working right now with the Office of Solid Waste to create a program there that will satisfy some of their needs relative to the environmental and the solid waste area.

MR. LUDOLPH: So aside from the demands from the private sector, you do get requests from the government or the private sector to develop an accreditation program that responds to testing requirements that come from essentially the government.

MR. GRANT: Yes, sir, we do. We recently

completed work with the Defense industrial supply center to do just that for metal, and we have an active program for those folks.

MR. LUDOLPH: In your experience in that limited application, in your experience, how are the criteria developed for accreditation? Do they come from international systems of quality assurance or testing certification? Do they come from strictly the government's essential requirements, or do they come from your organization and your manufacturers?

MR. GRANT: Actually, it comes from a combination of several of those. It all begins with a process, a technical advisory body and it is generally based on, as I mentioned earlier, the basis for the quality systems in laboratories are based on international standards organization Guide 25.

That is the generic basis for the program. The specific needs and the testing methodology is then based on either a governmental standard or perhaps an ASTM standard. Again, it could be an international standard depending on the need.

MR. LUDOLPH: How does cost come into the request of testing or the cost of quality assurance verification or certification come into the aspect of the designing the accreditation system for the testing certification?

My imagination maybe it is an issue in principle but not a practical problem, is that you would have several systems of accreditation for testing applied to one manufacturer who would have to meet several diverse ways of reaching to the performance of the accrediting entity.

How would that rationalize as you develop them further?

MR. GRANT: Well, of course, one of the things that face us today is the fact that there are both specific and generic-based accreditation systems. A2LA is a generically based process on a disciplined basis as opposed to product.

The cost factor comes in and tends to be much higher when you narrow the focus down, if you get down to say accrediting for one specific item, one specific test/ Now the laboratory being accredited is likely to see several different systems coming through their facility, thus increasing that cost significantly.

If we could develop a process whereby you come in and irrespective of product, accredit the facility to conduct a specific test, be it a tensile test or a spectrographic test or perhaps testing in the biological area, it is less important as to what it is applied to, and thus, affects or I think the cost makes it be a bit lower.

MR. LUDOLPH: Do you engage in accreditation

systems that would recognize or accredit manufacturers' test facilities or manufacturers' facilities as opposed to third party testing?

MR. GRANT: Now, when you say you, do you mean me as a General Motors personnel, or as A2AL because there are some things mixed.

MR. LUDOLPH: In your accreditation programs, do you have the ability or have been engaged in refined criteria that would allow manufacturers to test within their own facilities?

MR. GRANT: Yes, we have. My own company, as a matter of fact, has recently developed an internal standard for accreditation that is based on ISO Guide 25 again, and has the freedom within it to utilize third party systems as well as our own approach, if we choose to. That is based on business decisions.

MR. LUDOLPH: Do you see a trend in your experience with accreditation systems toward third party testing or self-certification, or as it were, testing within the facility?

MR. GRANT: With the limited experience in my own industry and with some additional experience in others, I believe the trend is towards a third party approach, simply from resource availability perspectives. Not everyone has the people nor the time these days to put a force together

to go out and assess laboratories.

We have a number of activities with folks like Shell and Exxon where we are actually doing the assessments for programs they had started.

MR. LUDOLPH: Do you also accredit quality assurance programs?

MR. GRANT: No, we do not. The closest we get to that is in calibration-type laboratories.

MR. LUDOLPH: Thank you.

CHAIRMAN WARSHAW: Mr. Donaldson.

MR. DONALDSON: Mr. Grant, I am mindful of your recommendation that a group be constituted that would produce the equivalent of the National Policy on Standards that was done 12 years ago, and this group should in fact work to produce a national policy on testing, certification, accreditation, what-have-you.

One of the things that concerns me in the constituting of such a group would be relatively easy to bring some people to this group, being those who are the testing laboratories or those who may be concerned with running the accreditation programs themselves.

However, I think we would have missing from that group one of the major parts of the community and that would be those who represent the acceptance bodies. I think we heard Walter Poggi say yesterday that the problem is, in

part, with those who would rely on laboratory accreditation. If we are to come up with a national policy, we need to be able to attract to the table those that rely on laboratory accreditation.

I wonder if, in your suggestion, you have any sense of how we might do that?

MR. GRANT: Specifically today, I cannot, but it is rooted in something I said earlier in that, and those that rely on accreditation are one of the customers of such a process, if I can use that analogy.

There is going to have to be -- I alluded to this earlier -- there is level of education that must be performed here in order for folks to truly understand number one, that accreditation even exists in some sectors. That's part of the problem.

Once done, and we have had experience with this in A2LA, as we put on educational programs and seminars about laboratory quality assurance, people then begin to realize the benefits of such a process and what it can do for them in raising a level of confidence, so part of its lies in educating and exposing this to the appropriate users of accreditation.

That may even have to proceed to full development of such a committee as we are talking.

MR. DONALDSON: Because I think, if it is to have

an effect, I think we have to include all members of the community.

MR. GRANT: I agree with that.

CHAIRMAN WARSHAW: Thank you, Mr. Grant. Thank you, Mr. Johnson, we very much appreciate your contributions here today.

MR. JOHNSON: Thank you.

CHAIRMAN WARSHAW: And again, the record is open until June 5th, should you wish to provide additional comments.

MR. GRANT: Okay, thank you.

CHAIRMAN WARSHAW: I would like now to call the next three presenters -- Jim Mayben, Mr. Simmons of the National Conference of Standards Labs, and Mr. Moran of the American Society for Nondestructive Testing.

(Pause.)

CHAIRMAN WARSHAW: Mr. Mayben, we'd appreciate your comments.

MR. MAYBEN: Thank you Mr. Chairman. Good morning. I'm James E. Mayben, Director of Product Assurance for the Fort Worth Division of General Dynamics Corporation.

I'm testifying today on behalf of the Aerospace Industries Association's Quality Assurance Committee and the National Security Industrial Association's Quality and Reliability Committee.

The AIA is an organization composed of 53 major aerospace and manufacturing companies; as well as for the defense industry. The National Security Industrial Association is comprised of more than 450 member companies, also serving the aerospace and defense industry.

The National Contractors Accreditation System, referred to as NCAS, was developed as a joint project between the AIA and NSIA on third party certification starting in 1985.

Mr. Chairman, I request that my written testimony previously submitted be included in the proceedings of this hearing as I'll not be covering all of it this morning.

CHAIRMAN WARSHAW: It certainly will.

MR. MAYBEN: As well, I do have some additional written testimony to provide.

NCAS is a third party system to accredit contractors, OEMS, to qualify products and/or services. The contractor may provide a service such as nondestructive testing or a product such as fuel sealant. Cost benefits are certain to accrue and product or service quality improvements will be a beneficial outfall.

The need for an approach for contractor accreditation and product qualification/certification has long been recognized. The Department of Defense (DOD) and the private sector began actively pursuing a national

contractor approval system -- that is, non-government sponsored, industry supported and government endorsed in early 1985.

In 1986 the DOD and NIST sponsored an Executive Forum on National Recognition of product certification programs. This forum which was well-attended by executives from both the public and private sectors began a spirit of cooperation between industry, DoD and the non-government standards bodies which continues to lead toward the formation of a U.S. National Certification system.

Organizational efforts began mid-1986 with the major aerospace and defense contractors, AIA/NSIA/EIA, military services, the office of the Assistant Secretary of Defense, and certain non-government standards bodies taking the lead.

In the past three and a half years, more than 70 industrial firms, 11 DOD and government agencies and 7 non-government standards bodies have become involved in planning and implementing four pilot programs aimed at proving this concept and developing workable administrative schemes for industry-wide application.

The efforts have continued to grow to the point now where there are three different national contractor accreditation programs involved in five families of widely diverse commodity areas encompassing 10 pilot product

lines. These programs are known as NADCAP, FACX, and NECQ.

NCAS is the name adopted for the totality of all the third party accreditation/certification programs currently being developed for the aerospace and defense industry.

A National Oversight Committee was formed November 1989 and currently consists of 28 Non-Government Standards Bodies, NGSB's, industrial organizations, and government agencies. The NOC provides a forum for the direction, development and accreditation of new national system programs, and periodic assessment of ongoing programs concerning conformance with appropriate standards, regulations or specifications.

NCAS, as the national umbrella system, currently consists of NADCAP, FACS, and NECQ, each of which has a different third party organization for program administration, and a different national standards body for commodity and program standards.

The National Aerospace and Defense Contractors Accreditation Program, NADCAP, was formed in mid-1986 with SAE as the third party organization to determine the approach, funding, and general merits of a third party accrediting system for producers.

Two pilot commodity areas were chosen which have almost universal usage throughout the aerospace and defense

industry. More recently, three other pilot programs were added.

As a result of this pilot program's success, the fully operational NADCAP System has a targeted implementation date of July 1990 for Non-destructive Inspection suppliers and the aerospace sealant manufacturers.

Other commodities will be phased into NADCAP as their pilot programs are completed.

The Fastener Accreditation/Certification System, FACS, using the third party approach uses ASME as the third party organization. The fastener program will not only encompass the manufacturers , it will also include very rigid controls for distributors. Go-ahead is planned for the second quarter of 1990.

The NECQ, National Electronic Component Quality Assessment System, was developed to provide product certification for electronic piece parts. The Underwriters Lab, UL, is the third part inspectorate and EIA, Electronic Industries Association, is the Standards Body.

The pilot program on microcircuits was completed in 1989 and provided the basis for manufacturer accreditation and the microcircuit QML, Qualified Manufacturers List. The other component families such as transistors, diodes, etc. are sequentially scheduled and all

should be complete by 1993.

The cost benefits of the third party NCAS manifest themselves principally in two ways -- reduced product testing and reduced surveys and audits by the prime contractors of the subcontractors.

Discussing the issue of funding and utilization of NADCAP, there were some basic rules laid down from the onset; and from the onset, all third party programs under NCAS have been structured to be self-sustaining. Savings accrued by both participants and users will ultimately pass through to DOD and involved government agencies.

As long as funding for contractor accreditation remains the primary responsibility of the private sector, DOD and government agency use of NCAS should be based on sound business practices.

We believe the government should continue to fully participate in the development of NCAS. The Technical Advisory Group established by the DOD QA Council for third party accreditation in early 1989 has been extremely beneficial to a well balanced program.

As a result of the TAG, all DOD elements and involved government agencies such as NASA, FAA, and GSA have endorsed the use of NCAS by government contractors.

Looking at the proposal on coordination and accreditation of U.S. certification bodies of the SCUSA

hearing, the NIST proposal calls for government accreditation of third party certification programs which is tantamount to the government regulating the accreditation/certification process.

This is a direct challenge to the independence of the voluntary accreditation/certification community. It is diametrically opposed to the DOD and other involved government agencies' stated positions to have a National System that is non-government sponsored.

The essential elements of the SCUSA proposal calls for governmental centralized control of the voluntary accreditation/certification programs which, it is claimed, would be more efficient and more effective than currently proposed.

Private sector organizations and standards bodies such as ANSI are believed to be more effective and efficient to accredit/assess third party certification programs than would be accomplished by a government bureaucracy.

The third party certification programs will work much better with government participation, not government control. Therefore, the government should continue to support the National Contractor Accreditation System and its programs.

As exemplified to date, government, industry, and the non-government standards bodies have formed a very well-

balanced team.

We strongly encourage government participation in and use of contract accreditation and product certification programs within the United States.

Government support for the NCAS does not mean that the government should take control of the system. Rather the government should continue its support through the participation of experts.

The question arises as to whether or not the government's desire to support NCAS as a voluntary program is high on its priority list. NCAS supports TQM, Total Quality Management, and also the DMR, the Defense Management Report to the President.

Those initiatives as well have the potential to save millions of dollars annually. The Federal Government should use NCAS in their procurement activities to significantly reduce their regulatory activities -- reduce the cost of their regulatory ties.

The essence of our position is that the Federal Government has a responsibility to participate, use, and pay its fair share of the cost of NCAS short of direct funding.

The capability of NIST to provide direct funding dollars should be seriously questioned. At the current time, the Federal Government is running a huge deficit. Everyone is well aware that efforts are underway to find

ways to cut that deficit by reducing government spending.

NCAS provides great potential for the government to help reduce the deficit.

Government participation in the entire third party certification program in the United States is quite low. Likewise, the amount of dollars the government is currently contribution is quite low, compared to industry. Therefore, the government control over the process should come only through its participation with a contribution of a fair share of the expenses for the running of the program, as is the case with industry.

Conclusions and recommendations: AIA and NSIA believe NCAS should be non-government sponsored, industry supported, and government endorsed. To accomplish this goal, it is not necessary to create a governmental bureaucratic structure.

As NCAS develops and gains national recognition, we will also seek international reciprocity and recognition with the European Community. We urge the government to continue to work with the private sector in this cooperative effort.

I would be happy to answer any questions you might have at this time. Thank you for your attention.

CHAIRMAN WARSHAW: Thank you Mr. Mayben. Mr. Donaldson.

MR. DONALDSON: Mr. Mayben, I have two questions: First, I was trying to listen relatively carefully to what you were saying and I could not discern from your remarks what the implications were of your program for international trade except in your conclusion you did bring into what you said a reference to the European Community. I don't know what to relate that back to.

I understand the motivation of your program is to bring better efficiency within the system within the United States, and in that clearly better efficiency is always better for competition. But what direct effect does your program have for international trade?

MR. MAYBEN: One of the things that we adopted when we started the program is that we wanted to be able to learn to crawl before we walked, and walk before we ran.

Just as Mr. Johnson indicated, the electronics industry is dying a slow death in the United States. Right now the main support in the balance of trade between us and the European Community, really the world, is in the civil aviation area in our commercial aircraft manufacturing.

The F-16 that General Dynamics manufactures has 17 countries using that aircraft. They are all on a co-production offset supplier basis so that the involvement of the European Community already in the aerospace industry is very immense.

We know that the race that Japan is putting on and the other European aircraft manufacturers, is to go capture that last stronghold that the United States has relative to a major part of our balance of trade payments.

So what we want to do -- long term approach -- and we've already been working the last year and a half with the ECMOCERT, and that is the association of the European aerospace manufacturers, specifically their representative from Aero Speciale, and the are putting in a specification program for those nine European countries and we have been working with this individual and with ECMOCERT for this year and a half to make sure that we're inter-trading all of our standards and specifications and requirements as they're developed under NCAS, to make sure that what they put into their program, we will have a basis for reciprocity.

To that end, we do have a meeting scheduled late August with the ECMOCERT representatives, the British restoration program in London where we will pursue the basis for such reciprocity.

The EC 92 is a very, very key element in the aerospace industry. The DoD recently recognized this by adopting the ISO Standards 9000 through 9004, the quality assurance standards, to replace United States Military Standards MilKey 9858(a) and Milot 45208(a).

And already there have been companies that have

been responding to RFP's in Europe to these ISO Standards. Since we do not have a nationally recognized certification program in the United States for contractors, not only to ISO Standards but to no standards, then there had to be a kind of real hurry-up-type deal with the local government agency -- the DCAS representative -- to come up with a letter to say that this U.S. manufacturer did indeed meet the equivalent requirements of the ISO Standards.

So we're very rapidly wanting to come up with our system as it grows to where we can then have reciprocity with the Europeans so that we can provide a cost-effective level playing field when we actually start trading in EC 92.

MR. DONALDSON: Thank you. My other question pertaining to your introductory remarks when you were introducing the NCAS program, if I could add a little bit to the alphabet soup, I don't think I detected in your remarks mention of ECCB.

I wondered what the relationship of the ECCB to the NCAS System is?

MR. MAYBEN: The ECCB is the Electronics Component Quality Assessment Board. That is the Board that really directs the NEACQ, the National Electronics Component Quality Assessment Program.

So under the umbrella organization, they really are supporting the NCAS as one of the third party programs.

MR. DONALDSON: So that means then that the NCAS will be -- is in the position of accrediting the ECCB as an organization, or how does that work?

MR. MAYBEN: Well, remember the ECCB is just a Board. It is the administration board for NEACQ.

MR. DONALDSON: Right, but it's the responsible party.

MR. MAYBEN: Yes. It would -- the NCAS would actually accredit the NEACQ to the appropriate national standard which right now happens to be the one proposed by DOD and the one that NCAS is working towards with ANSI as ANSI's Z34.1 and that's where that would ultimately happen.

MR. DONALDSON: Thank you.

CHAIRMAN WARSHAW: Mr. Ludolph.

MR. LUDOLPH: Mr. Mayben, I was struck by the responsiveness of your program to the procurement needs and the demands of the various layers of suppliers to be more efficient, or at least cost-responsive.

Do your see this program -- I was also struck by the fact that this is a certification program for procurement within DOD -- do you see this program moving from the procurement sector in aerospace to being adopted by the FCC for their certifications with civil aircraft?

And if you do, how would the FCC certification programs have to be changed, or would your program have to

be changed to conform to the safety requirements in the FCC program? FAA program.

MR. MAYBEN: Okay. I was going to say I wasn't familiar with FCC.

MR. LUDOLPH: I can't keep track of the alphabet.

MR. MAYBEN: I am familiar with FAA and we have been closely working with FAA.

As a matter of fact, they laid out eight specific areas which the NCAS program would have to meet to make sure that the production approval holders, of which there are 1400 currently under FAA, would have the quality manual and the quality systems and the quality procedures to interface with the third party program, would line it up to where it would meet all the FAA requirements.

So we can work that very rigidly. We now have agreement on going forward with those. As a matter of fact, due to that initial work with FAA, that has formed a basis for all the original equipment manufacturers to go design their internal quality programs to then start bringing in the use of the third party programs for their procurement and control activities of their sub-suppliers.

CHAIRMAN WARSHAW: Thank you, Mr. Mayben.

MR. MAYBEN: Thank you, Mr. Chairman.

CHAIRMAN WARSHAW: I would now like to move to the next panelist, Mr. Simmons of the National Conference of

Standards Laboratories.

MR. SIMMONS: Thank you, Dr. Warshaw and members of the panel on improving U.S. participation in international standards activities.

Is this on? Okay.

CHAIRMAN WARSHAW: Can you hear him?

MR. SIMMONS: I am President of the National Conference of Standards Laboratories. I am employed by SVERdrup Technology Incorporated as the director of technical services at the National Aeronautics and Space Administration, NASA, at John C. Stennis Space Center in Mississippi.

I am here today on behalf of the National Conference of Standards Laboratories.

The NCSL is an organization of over 1100 laboratories throughout the world, but concentrated in the United States. These laboratories range in size from less than ten individuals to in excess of several hundred.

Our purpose is to foster cooperative communication in the solution of the common problems of these types of laboratories.

As an organization of organizations, our members include laboratories in manufacturing industries, aerospace, electronics, biomedical, energy, automotive, telecommunication, in government state weights and measures,

DoD, NASA, in educational institutions and others having interest in measurement science.

Events in Eastern Europe and the impending changes in the west, EC 92, create challenges for the U.S. economically and technically.

The role of standardization laboratories in minimizing the potential for non-tariff trade barriers will take on added significance particularly for us and for our relationship with the European Economic Community, EEC.

Development of measurement services and providing access to those services are among the aims of this meterological organization.

When our less centralized approach to disseminating the national standards of measurement and the reliance on a single national laboratory is contrasted with the Europeans' more officially hierarchical structure and emerging multi-national, multi-laboratory capability, in this regard, it is clear that competition in the calibration and standards arena will be heightened.

For many years, most of the EEC countries in Europe have had agreement of their calibration programs, due to the fact that they have a full blown laboratory accreditation system.

In the past and the present, there are U.S. manufacturing companies that have had problems selling their

products in Europe since the U.S. does not have a similar way of formally recognizing calibration services.

With 1992 and common Europe approaching fast, U.S. companies could find themselves further behind. What will the DOC do to assist these U.S. corporations is the question we ask.

There are new competitors from around the world that are springing up and challenging U.S. manufacturers at home and abroad. This is evidenced in the automotive field as well as the electronic and computer industry.

What and how will U.S. industry compete with this continuing invasion of high quality products from abroad? Import taxes and embargoes are not the answer. We need new innovated research. We need government assistance that encourages these programs together with standards and calibration that will support them.

Improved compatibility of the national standards among all nations involved in mutual trade or other common endeavors are needed. NIST is required to not only maintain the United States National Standards and provide the means and methods for making measurements consistent with these standards, but also to assure the compatibility of United States National Standards with those of other nations.

This compatibility of measurements is an essential base for fair and equitable trade and the recognition and

promotion of quality products.

At present, the United States has a limited number of agreements with other nations for a small number of measurement units and these agreements are in the form of reciprocal statements of recognition of the equivalence of national standards for a specific unit.

These agreements describe the degree of equivalence, the estimated uncertainty, and the relationship to the SI unit.

Continued lack of complete and current information on the compatibility of measurements between the United States, other countries, and especially the European Community, will limit the ability to develop effective international paper standards and limit international trade by acting as a technical barrier and by increasing the costs of overcoming this barrier.

The effects are most noticeable in areas involving high technology and where quality improvements are limited by measurement accuracy.

It is recommended that NIST increase its activities to develop and maintain compatible national standards with other nations and provide the means to recognize the use of national standards of other countries when no United States national standards exists.

I would like to thank you, Dr. Warshaw, for giving

me the opportunity to talk to you today on the U.S. role in international standards activities and we are interested in the conclusions that will be considered by your panel.

The NCSL has the ability to disseminate vital timely information to its members. We are at your disposal to continue to stimulate dialogue on this subject.

If we can assist your panel in any way on this subject, please feel free to call on us. Thank you again for allowing us to participate.

CHAIRMAN WARSHAW: Thank you, Mr. Simmons, for presenting the NCSL's views. Are there any questions from the panel? Mr. Donaldson.

MR. DONALDSON: Mr. Simmons, just to make sure for the record purposes, when you are referring to national standards, I presume you are referring to physical and reference standards.

MR. SIMMONS: Yes.

MR. DONALDSON: Thank you.

CHAIRMAN WARSHAW: Okay. I want to thank -- oh, one more.

MR. DONALDSON: I think I might have one other question.

CHAIRMAN WARSHAW: Oh, go ahead, Mr. Donaldson.

MR. DONALDSON: I would like to ask Mr. Simmons, as I asked an earlier speaker, if you could submit for the

record some specific cases -- not necessary now -- but some specific cases that you are alluding to where measurement difficulties here, the absence or the failure to have a national standard, has made trade difficult with European or other foreign countries.

If you could submit those in writing for the record, some of those specific cases would be useful to back-up your observation. Thank you.

MR. SIMMONS: We will do that. About a third of our members have said that they would have difficulty, but I had difficulty today coming to you with a position on this subject, and coming up with specific examples on this.

MR. DONALDSON: If you could, it would be especially helpful because, as I mentioned earlier, one of our responsibilities has been to examine allegations of trade problems. While we can make general statements, our case is much better and can be made much stronger where we can cite specific cases.

In the absence of those specific cases, it makes either representing the United States abroad more difficult, or coming up with a basis for change here more difficult.

Thank you.

MR. SIMMONS: Thank you.

CHAIRMAN WARSHAW: Thank you. I apologize, Mr. Moran, I realized this being the last grouping, presenters

under the grouping on laboratory certifiers and related matters, I did include three on the panel.

So you have the anchor position, Mr. Moran, the American Society for Nondestructive Testing.

MR. MORAN: And I noticed I was just before the break so I knew I had to make it brief.

(Laughter.)

MR. MORAN: Thank you, Dr. Warshaw.

CHAIRMAN WARSHAW: You are okay. We are a little bit ahead of schedule, having had one cancellation.

MR. MORAN: Good morning, ladies and gentlemen. I want to thank you for this opportunity to present the American Society for Nondestructive Testing's position on the need for an improved and more unified United States approach towards the development of standards in the international arena.

As a way of background, I am employed by Public Service Electric and Gas Company in the research and testing laboratory in Maplewood, New Jersey. I am also the president of the American Society for Nondestructive Testing.

ASNT is predominantly a volunteer driven professional organization with approximately 10,000 members engaged in the engineering discipline of nondestructive testing.

In the area of standards development, ASNT's mission includes the development of personnel qualification and certification standards. We are active in ISO in this area, and we formulate the U.S.A. position for ANSI through an ASTM TAG.

As a comment for the record, we have been placed on the agenda with laboratories, certifiers, etc. I believe ASNT more rightly should be grouped with standards developers and professional societies.

Perhaps when you publish these proceedings, if these groupings are maintained, our testimony could be included with the proper group.

As a matter of interest, in the 1960's, ASNT developed Recommended Practice SNT-TC-1A for the qualification and certification of nondestructive testing personnel. This recommended practice has been adopted by several codes and standards groups in the U.S., including the ASME Boiler and Pressure Vessel Codes, and is in wide usage today particularly in the nuclear industry. It is also referenced in many military standards.

On the international scene, SNT-TC-1A became the model for many other countries to develop their own national NDT personnel certification standards. In fact, it is the single most widely quoted and referenced NDT personnel certification document in the world.

Last year ASNT completed the work on a new consensus standard for PQ&C and this is for NDT personnel. This standard has been submitted for approval as an ANSI standard. We use the canvas method. We are also presently developing a system for the accreditation of NDT programs.

Since the late 60's, ASNT has been involved with the international harmonization of NDT personnel qualification and certification programs. These efforts have been centered in ISO. The U.S.A., that is to say, ASNT, held the secretariat of ISO Technical Committee 135, but gave it up to the USSR, quite frankly, because in the mid-70's there was not a lot of interest here in the U.S. to support our efforts.

The formation of Subcommittee 7 on personnel qualification was initiated by the U.S., again, ASNT, and we held the secretariat, but relinquished it to Canada, again due to the lack of support here in the U.S.

The U.S. is in a very weak position in the international standards arena because, alone amongst the major industrialized nations of the world, the U.S. provides virtually no centralized support for American participation in ISO technical activities.

Hence, American efforts to achieve international standards which are consistent with the best domestic practices frequently fail. A volunteer society like ours

cannot fill this immense gap alone. We need the support of others as well as the support of the government.

We believe in the voluntary standards development process in which all participates have an equal voice. It must not be dominated or directed by any special interest group or by the Federal Government. However, we need the support of the government.

For example, we need the government, in particular, the Department of Commerce, to promote the use of U.S. standards. The government needs to market our efforts and to use its influence with foreign governments to promote U.S. interests.

We could also use tax relief related to our international standards development efforts. Why not use this as an incentive to demonstrate government support?

The off-cited rationale for not providing government support is that industry should support these efforts because industry is the potential beneficiary. This rationale is faulty because American industry, by and large, has not been cognizant of the process of standardization, its benefits, or its role in trade.

Even among enlightened companies, support for standardization activities is often available only for standards that pertain directly to the companies' own products; and this neglects support for the test method

standards, for personnel qualification and certification standards, for laboratory accreditation standards, and the like, without which product standards can accomplish little.

In order to achieve a level playing field in international trade -- and we believe this is crucial to the nation's economy in the 1990's -- it is mandatory that the government, industry and societies like ASNT support international standardization activities. It is the entire nation, and not just the industrial sector, that will benefit.

You have suggested that a U.S. organization similar to the Canadian Standards Council be formed. I'm not sure we need yet another governmental entity to provide assistance as much as we need government to properly support the efforts presently underway.

It would seem that entities presently exist within the government, within industry, and within technical organizations like ours that, if properly focused, and with proper long-term incentives, would promote the use of U.S. technology worldwide.

With the increased attention being shown here in the U.S. with EC 92, and with the rapid changes, and opportunities, I might add, taking place in both Eastern Europe and Asia, the importance of international standards is finally becoming evident to many who in the past just

didn't care or who just considered the short term.

ASNT applauds your efforts to seek better ways to provide international harmonization of our standards. This, in turn, will benefit U.S. industry and the U.S. economy.

As we all know, the U.s. must maintain its leadership position in the world marketplace. The active cooperation and support of government together with that of industry, wording toward established and clear long range goals while harnessing the full energy of the voluntary standards development system is what is needed to position us for the 90's and beyond.

Thank you for this opportunity and thank you for taking this initiative to address this issue. I have some copies of the written testimony I will leave here.

CHAIRMAN WARSHAW: Please do. Thank you, Mr. Moran. Are there any questions from the panel? Mr. Donaldson.

MR. DONALDSON: Mr. Moran, I would be interested if you would be able to take a minute to characterize the affiliations of your membership. You mentioned, I think, 11,000 members, or 10,000 I guess you said, 10,000 members. What is the nature of their organization affiliations?

MR. MORAN: We encompass individuals ranging from technicians to Ph.D.'s.

MR. DONALDSON: No, I'm sorry, I meant the type of

organization.

MR. MORAN: Okay, well, that comes all the way from radiographic testing companies that are working on pipelines, all the way up to universities and professors that are teaching materials on nondestructive testing.

It is a broad spectrum across all industries, predominantly in the private sector.

MR. DONALDSON: All right, let me rephrase my question a moment.

Typically, we have heard both yesterday and previously that representation of national interests abroad is more easily done when you come from a larger company, and that when you are either representing yourself as an individual which typically your university members would be doing, or from a small firm such as some of the laboratories that we've heard from, the challenge for international representation strictly from a financial and time point of view is rather great.

In hearing about your reference about past loss of interest or decreasing of interest, I wondered if this reflected -- and I am not trying to put an answer in your mouth -- but was that the nature of the affiliation of these people, was it a reflection of their personal interests or their organization's lack of interest?

MR. MORAN: I think maybe to answer your question

a little indirectly, if I may, the participants we've seen in our organization participating in the international arena have specific interests, many times trying to sell internationally -- whether it be services or equipment and so forth.

We have had participation from NIST as a representative, but that has been the only government entity and in many cases, many companies that are not involved in international trade, will not support their members because they do not see the direct benefits.

It is only those companies that have direct benefits such as involved in the international scene that will support their people to a limited extent.

MR. DONALDSON: Have you see any increase in that kind of interest in the last five years?

MR. MORAN: Yes, we've seen -- well, I don't know about the last five years, the last year.

MR. DONALDSON: That's included.

MR. MORAN: Yes, but it has been predominately the last year with the events taking place where people are starting to believe EC 92 will happen and with Eastern Europe and the opportunities in Asia and so forth, we see an interest and more or less, not an active interest. Right now it has been a passive interest. More people are asking questions and seeking information, rather than really

getting involved.

MR. DONALDSON: Okay, so ---

MR. MORAN: So they are more or less trying to position themselves.

MR. DONALDSON: It is curiosity at this point.

MR. MORAN: Yes.

MR. DONALDSON: Rather than commitment.

MR. MORAN: Yes.

MR. DONALDSON: Thank you.

CHAIRMAN WARSHAW: Thank you. Any other questions?

Well, if not, I thank the panel very much for their contributions and we will take a break now until 11:00 sharp. I would rather take advantage of the time to extend the lunch hour than the break, so please be back at 11:00 and if we continue, then we will be able to have an hour and a quarter for lunch.

(Whereupon, a brief recess was taken from 10:45 a.m. until 11:00 a.m.)

CHAIRMAN WARSHAW: Ladies and gentlemen, we apologize for the amplifier system. They have been making some corrections, and they will make some more at lunch.

I think we have narrowed it down to one lead wire on a mike and so we are asking people at the podium to share the mike or pass it around.

We now will hear from the National Association of Manufacturers as represented by Stephen Cooney. Mr. Cooney.

MR. COONEY: All right, thank you, Dr. Warshaw.

I would just say that of course I am going to request that my full statement be included in the record. I am just going to summarize it here for the interests of time.

Let me just say that the primary issue faced by NAM members today in the issue area of international standards is the problem of EC 92, and that has been well-established I think in these hearings.

In 1988, we established at NAM EC 92 task force and concerns over today's subject affect a broader group of U.S. industries than any other aspect of EC 92.

An acceleration of the European standards harmonization process should be an encouraging development for U.S. companies doing business in Europe and should facilitate U.S. exports, but a number of concerns have been raised regarding this process.

These concerns involve the process of setting harmonized standards within the EC and the establishment of EC-wide testing and certification rules.

So my statement today will first focus on the progress made in addressing the concerns raised by U.S. industry in these two policy areas, in response to EC 92

developments.

Then I will consider whether, from our point of view at NAM -- not a standard-setting organization -- whether we need further organizational changes in the United States itself in response to the changing international environment.

My overall conclusion, just to anticipate the testimony here, is that at this time we do not need to consider changes to the U.S. standards system, wherein most standard-setting is done on a voluntary basis by industry, and U.S. linkage to international standards is conducted through private sector organizations.

This conclusion is influenced by the belief that the EC is also seeking to emphasize the private sector role in harmonizing standards and establishing mutual recognition of testing and certification.

First of all, let me look at the standard setting process. During the past year, considerable progress has been made in opening the CEN/CENELEC standard setting process, at least in principle, to non-European bodies.

I want to acknowledge that in large part, this was due to the high priority placed on US-EC standards issues by the present Secretary of Commerce, Mr. Robert Mosbacher.

An early step to improve transparency was t[illegible] publication by CEN/CENELEC of a monthly listing of standards

projects at all stages of development. This report, however, is extremely skeletal and business users still need further follow-up information from ANSI, U.S. standard setting bodies, from the Commerce Department and EC sources.

Secondly, a major U.S. EC agreement of the past year has been the achievement of some form of non-EC access to the standards process itself.

In a June 13 letter to all technical committee chairmen, the present of CEN/CENELEC stated that technical committees were to give due consideration to all comments or proposals on standards projects from outside Europe when made through the relevant national member body of the ISO and the IEC.

The technical committees were authorized also to hold joint ad hoc meetings with non-European ISO/IEC member bodies.

Now, in the U.S. case, this means that access to funneled through ANSI, which is the official U.S. member of both international bodies.

ANSI has now established its own office in Brussels to monitor CEN/CENELEC activities and to assist U.S. standards and industry organizations in obtaining information on EC standards developments.

In summary, I think we can say that we now know both the general outline of EC standards policy and how U.S.

companies and trade associations can gain access to EC standards setting procedures.

Unless the EC manifestly and consistently fails to live up to its self-imposed obligations regarding non-European access, the system will probably not change much as the Ec 92 program is implemented.

A summary of case histories recently published by ANSI indicates some degree of EC responsiveness to criticisms and complaints from the United States regarding specific products or standards processes.

I should also say that the EC itself is currently engaged in a review of its standards policies and that the EC is due to publish a green paper on standards by mid-1990. That should be extremely interesting to us to see how they view how well the system is going into practice and perhaps gives us some room for comment again, on whether we find it adequate from the point of view of U.S. access.

With regard to testing and certification, the structure and operation of the new EC system are not yet finished. Here again, considerable progress has been made however. The EC has recognized U.S. concerns and has altered some policy principles to reflect those concerns.

With respect to these issues, the EC Council of Ministers took a major step forward on December 21st, 1989 by endorsing the Commission's proposed global approach to

testing and certification.

Through a series of eight modules, this approach purports to provide a comprehensive framework for all the permissible approaches to product testing and certification that will be allowed within the EC.

Under the general principal of subsidiary which means basically implementation at the national level, if possible, it is the member states themselves that will notify to the Commission those public or private testing bodies that are to serve as accredited testing and certification agencies.

The standards for evaluating and accrediting these agencies will be the new EN 450000 series standards. Now, these standards are based on the ISO/IEC guides on certification and testing which were prepared by ISO's Council on Conformity Assessment and which received substantial input from ANSI's international certification subcommittee.

Similarly, in developing standards for quality assurance programs for self-certification by manufacturers, the EC has established the EN 29000 series which is identical to the ISO 9000 series, and thus also to the equivalent ANSI series.

So the Nascent EC-wide testing and certification scheme is in fact based on international standards and

principles of testing and certification. Testing agencies in some of the more industrialized EC countries already have mutual recognition agreements with non-European bodies such as their U.S. or Japanese counterparts.

It is now the policy of the EC that these existing agreements will remain in force pending renegotiation on an EC-wide basis. And under EC policy, EC private sector bodies are free to negotiate any mutual recognition agreements that they wish covering unregulated products.

There are three avenues of approach so that U.S. products that are regulated in the EC market can be certified as developing under this program.

First is the clearest strategy which is they have products tested in the EC on a non-discriminatory basis by both the GATT Standard Code of 1979 and the agreement between Secretary Mosbacher and Commissioner Bangemann earlier this year.

The EC has confirmed that there should be no discriminatory barriers in testing products manufactured abroad. We will see, but that is at least their policy.

The second approach is delegation or subcontracting of testing abroad by EC notified bodies. This may be the most efficacious means of maintaining existing mutual recognition arrangements, while the EC-wide testing and certification system is developed, and perhaps

over the longer term, in terms of U.S./EC relations.

Under this approach, the EC notified body in any member country may delegate testing in non-member countries to recognized and competent local laboratories, while ultimate certification authority rests with the EC notified body.

But the details and the conditions of this subcontracting approach have not yet been established.

Thirdly, the hardest but most complete way of resolving the issue is negotiation of new mutual recognition agreements at the EC level. Where products are regulated in the EC and covered by voluntary industry standards in the United States, negotiation of such agreement may be pretty difficult.

The EC has adopted a modified form of its reciprocity policy. Not only must the technical competence of the non-EC body be assured, but in cases where the community wishes to have its own bodies recognized, the agreements must establish a balanced situation with regard to the advantages relating to conformity assessment for the products concerned.

Now, this position is softer than the virtual mirror-image reciprocity that was originally set forth as their policy but it is still tougher than the national treatment standard that we believe would be more

appropriate.

On the EC side, the concern has been expressed that agreements with one or more U.S. private certification bodies do not guarantee acceptance of EC certifications through the U.S. market.

Moreover, the EC may require independent and periodic audits of technical competence of non-EC private sector bodies, as well as requirements of acceptance of financial liability.

As for the U.S. side, as an organization, we have not yet endorsed an across-the-board mutual recognition policy. There is concern, for example, among our members, that mutual recognition agreements with the EC would mean broad acceptance of certification from countries not before covered by private mutual agreements, and whose certification system is an unknown quantity in the U.S. market.

Now let me look at how we can improve the U.S. response. Finally, there is the difficult issue of the degree to which the U.S. system itself needs to be modified to ensure that U.S. products are not disadvantaged in the EC market, and with respect to other aspects of international standards activities.

The NAM position is that we need to improve cooperation between the private and public sectors. We do

not, however, need to go as far as establishing a new federal coordinating and accreditation body, on the model of the Standards Council of the USA.

Nor do we support the Code of Good Practice proposed by the EC as an amendment to the existing GATT Standards Code. Both of these proposals would in effect increase the government role in international standard setting and harmonization, even though the whole thrust of the recent EC approach is to reduce the role played by the government.

The roles played to date by the Commerce Department, the U.S. Trade Representative, and the State Department have been helpful in supporting U.S. industry in seeking to reduce foreign standards as barriers to trade.

But there is no evidence yet that we need to change the mix between the public sector and private sector balance in standards, testing, and certification within the United States

This does not mean public/private sector cooperation cannot be improved, and I cite in my written statement as an example the problem of the very slow reaction to the Saudi Arabia request recently.

So I would just say that because standards decisions will be important in establishing future contract specifications in export opportunities for U.S. companies,

as a country we cannot afford anything less than a prompt response based on full government/industry cooperation.

CHAIRMAN WARSHAW: Thank you, Mr. Cooney. Are there any questions from the panel? Mr. Ludolph.

MR. LUDOLPH: I appreciate the full summary that you have given on the EC 1992 program, and this is certainly a large component of what we are looking at on this panel. I was wondering if I could just expand the realm of the subject by asking you if U.S. business and your member manufacturers feel that during the 90's, or as a result of 1992 proposals and as a result of the experience in the 80's, that third party testing, that quality assurance systems are on the increase in terms of developing a response on the part of the U.S. manufacturers to delivering quality products as one of the high priorities in the nature of competition here in the U.S. market, if not in the foreign markets?

MR. COONEY: I think probably the answer at this point is that it is too early to tell because a lot of this, quite frankly, is being driven by EC 92 and they are, I believe I am correct in saying, they are already behind schedule on adopting standards or directive that have already been adopted and are already supposedly either having entered into force or are going into force in the area of toys, in the area of pressure vessels.

They are supposed to adopt 4,000 new standards by the end of 1992, and I think that it is really too early to tell on that because there are a lot of decisions that have to be worked out among themselves. That's a quarter of our export market.

So I think -- and the other thing is that a lot will depend on what types of mandates they have to their own notified bodies and what type of mandates they give with respect to negotiation or mutual recognition agreements. That's the other variable there.

I guess the real, to sum up my answer, I think people want to change as little as they have to change right now. That's the key, and it is not clear how much we will have to change. When you bear in mind that the European community sells $90 billion, more or less, of exports here and we sell $90 billion there, they don't want to cut off their access to our market, and I think that's one of the reasons they're being reasonable on this.

MR. LUDOLPH: Just to follow up briefly, it is a truism, but it has also been said frequently that the Japanese are great competitors, and as a test of their competitiveness, they'll build anything to any specification.

If the Europeans invent a specification over the next two or three years, the Japanese will just go ahead and

build to that specification and they will install a system in Japan, Inc. that will support a low-cost production to any quality or specification the Europeans can dream up.

That should be true, and I would like to know if it is true, in the United States. Does the U.S. intend to support a system as manufacturers, do you see your members supporting a system like the Japanese, that will build to any specification -- if a European specification is adopted by the Los Angeles building code, will the U.S. manufacturers of circuit breakers build right to that specification, just as they will build to that same specification as they sell to the European community?

MR. COONEY: That's economically a very complex question. I would just say first of all, my experience at NAM, is that the majority of the small and medium manufacturers who have talked to me, surprisingly enough, have said what we need is advance knowledge of what the standard is going to be.

They don't believe they are going to influence the final development of the standard and they just say tell us what the standard is going to be, how do I find out what the standard is going to be and if it is going to be metric, we'll make metric.

So the first point I guess I would say, I wouldn't underrate the ability of some of our people to adapt to

whatever standards the Europeans are going to adopt anyway.

On the other hand, I think the adoption of obviously three difference regional standards -- Japan, U.S.., EC -- is self-defeating from the point of view of economic efficiency. I don't think it's the route the Europeans want to go.

The final point is with respect to -- there is difference between the U.S. and Japan in this regard also, in the ability to meet the standard. A lot of people have made this point to me lately.

The Europeans have said the Japanese don't come in and complain about our standards, why are you guys are complaining? The difference is that the Japanese are oriented to the export market and it has been well-established, I think, by the Europeans, by the Commerce Department -- the barriers that the Japanese use to keep foreign competitors out of the Japanese market through non-tariff barriers.

We don't have that in our system, and we have also a very large domestic market which is also open. Just to use a very brief example of cars, the problem that American Car manufacturers have been berated many times for not building better, cheaper small cars. You don't deal with the small car end of the market. That always a marginality in the U.S. market.

It is the same for a producer producing a good that may be 10 percent or less of his products are exported, you can't expect him to change the way he manufacturers his whole product for 10 percent of the market on the grounds that maybe somewhere in the 1990's there will be a European community market that is going to be really huge and he should take advantage of that.

So I think that's another part of the problem, is that even the very big EC market is always a marginal market from the point of view of most U.S. manufacturers. They have to be guided by what is going to be the basic standard in this market.

To ask them to meet a second set of standards is imposing an additional cost on them, whereas since the Japanese are directed primarily by the export market, they will ship to meet that standard, in many cases, more easily than American manufacturers.

MR. LUDOLPH: Is there something inherent in the Japanese dedication to quality or to flexible manufacturing or to processing technology that the Europeans are emulating in their proposal for EC 1992 that would emphasize responsiveness to marketplace through quality systems and third party certification that would put the U.S. manufacturer at a disadvantage in its own market?

MR. COONEY: No, I don't think it's any of -- yes,

I think the U.S. is at an inherent disadvantage against the Japanese, but I don't really think that the key factors are any of the things you listed above.

I think the key factor is the ability of Japanese exporters to absorb cost overheads, and they do it through lower profit margins -- well-documented. They do it through much lower cost of capital, also well-documented.

I think that's the key difference, so they are oriented towards an export market. If they have to absorb cost overheads to meet that market, they can do it easier than an American manufacturer can.

Now, of course, there are differences and one can go back and look at the quality issue and these other things, but I think those are really the key determining issues.

CHAIRMAN WARSHAW: Mr. Leight.

MR. LEIGHT: You referred to the Saudi Arabia Standards Assistance Program.

MR. COONEY: Yes.

MR. LEIGHT: Which has just been implemented. It has been implemented with funding from the private sector, voluntary contributions as directed by legislation. In particular, there is a private sector panel made up of representatives of the contributors.

Do you think they share your views?

MR. COONEY: Well, the only reason I mentioned that program in this was to indicate that we were a little slow -- maybe it was the first time we had such a request -- I think we were a little slow off the mark in responding to it, that's all.

I think that the companies that I have talked with certainly have shared my views with respect to the comments we made about the SASO issue.

MR. LEIGHT: When you say we're slow off the mark, are you talking about ---

MR. COONEY: In responding.

MR. LEIGHT: Picking up the money.

MR. COONEY: Yes, in responding in the sense that we can't go through that type of procedure, I think, and that type of review process each time there is a request from a foreign government where we have a considerable export market, as to help us with standards, give us American standards. That's my point, I think.

Now, maybe and I hope that this example will lead to a more expedited practice -- now that we have gone through the wringer one time, hopefully we will have a quicker response the next time around. I mean, that should be kind of an off-the-self request.

In our opinion, international department at NAM, as opposed to having to get specific authorization to talk

to people about standards.

MR. LEIGHT: Do you have any specific mechanism in mind to fund such activities?

MR. COONEY: Well, I'm not sure what type of funding would be necessary. I mean, I think that should be a part of the job that you people do here, part of the job that ANSI does, part of the job that other standard-setting bodies in the United States do -- provide information to people off the shelf on what standards do you use in America.

MR. LEIGHT: Thank you.

CHAIRMAN WARSHAW: Okay, thank you, Mr. Cooney. We appreciate it.

Mr. Falk, President of NEMA.

MR. FALK: Thank you, Dr. Warshaw.

I am Bernard Falk. I'm president of the National Electrical Manufacturers Association, NEMA. Our membership consists of some 630 companies that are engaged in the manufacture of products used in the generation, transmission, distribution, control and use of electricity.

Our domestic shipment of such products are in the range of $70 billion and our exports are in the range of about $10 billion.

This morning I will quickly summarize our written statement which was submitted for the record on March 21st,

and I will use the balance of my time to comment or perhaps clarify some of the issues that were discussed in the past day or two at these hearings.

In essence, our statement says that our current system for participation in international standards activity insofar as electrical manufacturing is concerned, seems to work reasonably well.

Our statement explains the association's role which we consider to be quite active, with 120 delegates that are NEMA funded and with NEMA actively participating in some 40 IEC technical committees and some 50 subcommittees.

We stress that participation in this activity is market-driven, as is our standards system in general.

With regard to EC 92, we raise certain issues, particularly in the testing and certification area that need resolution before some basic decisions can be made or negotiations that are meaningful are undertaken.

In terms of improving the system, we urge close cooperation between the government and the private sector, particularly active involvement in private sector standards activities consistent with A-119.

While we don't consider the system to be perfect, or systems to be perfect, we think government input to the private sector will be helpful and I am sure that as a result of these hearings, some recommendations which will be

forthcoming will be constructive and will help the private sector.

So our basic position is to recognize that the private sector has a tough challenge. We urge the government to aid in this challenge, rather than subvert the challenge.

With regard to SCUSA, we haven't really seen anything or heard anything that justifies something a long the lines of SCUSA. We suggest that the author, whoever he may be, perhaps might say SCUSA'm moi, and get back to his original business.

(Laughter.)

MR. FALK: And in conclusion, as a personal observation, I instruct by the irony of suggesting a centralized bureau with marketplace impact, while the rest of the world, in particular Eastern Europe, is making every effort to get to a market-driven economy.

Now let me clarify one or two points and then editorialize on perhaps some other issues that were addressed in the past day or two.

Yesterday, I believe the question was raised for Max Rumble of Society of Automotive Engineers about discussions that were held with CEN/CENELEC representatives concerning our relationship with their new European organization for testing and certification.

I was party to some of those discussions here at the ANSI meetings last week, and I also had dinner one evening with the Secretary General of CEN and to clarify the record, their suggestion to us was not at this time to attempt to set up a firm relationship or a structure with EOTC simply because EOTC has yet to be formed. It has not even begun to discuss who its managing director will be.

It has to get organized, and at such time, presumably, perhaps this summer or early fall, we can begin some meaningful discussions on a perhaps a private sector counterpart or some mechanism here in the U.S. that would meet with EOTC in the private sector area.

I again would confine my summary of that conversation to be private sector versus private sector. We did not get involved into the regulated area.

On the matter of funding, I thought I would -- since there were some questions that were raised as to how various organizations fund their delegates, I thought I should tell you how we fund our 120 delegates.

We have a system where product by product, each product section -- and we have some 71 product sections in NEMA -- each product section determines its interest in international standards, and if it is interested in sponsoring the travel expenses of its delegates, it takes a vote. One company, one vote.

If two-thirds of the companies vote in favor of supporting the travel expenses of that delegate, we then have all of the companies that are involved in that particular NEMA section pay for the expense of that delegate.

The division is done on the basis of sales volume, domestic sales volume, if you will, of each member company. It think one of these days we'll be reviewing that question and looking at total sales volume, both international and domestic and not just domestic.

In some instances, we not only pay for travel, we pay salaries, and full-time salaries as well. We have just engaged a retired consultant in the insulated materials area to represent us on committee to handle the secretariat duties of IEC Committee SE 15-C on insulating material testing procedures.

We have a former member of our staff who has been engaged as a full-time consultant as secretariat to the IEC Committee on Residential Controls.

Now, let me get to a favorite subject of NEMA in the past and today, and that is funding by government for delegates. That has been discussed on and off over the past day or two.

From an industry perspective, we are struck by the fact that it is not a good investment for an industry to

send a delegate if it is an industry matter. We have difficulty understanding why that burden should be laid on the taxpayer or why, perhaps, our government has better judgment than the industry that is concerned in determining whether there ought to be representation or not.

That's not to say that I think another question to look at is a question where safety, health are involved and there are perhaps non-industry experts who are involved, I think that's a question worth reviewing and one that I think would on the agenda between our subsequent discussions between your agency and the private sector.

With regard to the tax matter and tax incentives, NEMA has not yet taken a position on this matter. I will give you the burning thought position on it, for what it's worth, and it is my own personal position. I suggest that before supporting tax incentives, the business community consider its views and its stated views with regard to the budget deficit and where tax incentives for standards participation relate to other priorities of the business community such as capital formation, the educational problem in this country, and social problems and so forth.

In fact, I would go so far as to say -- to borrow the advice of a well-known Senator in this town who suggested to me one day after I testified on tax credits for lighting fixture on high energy efficiency, why don't you

stop playing around with the tax system and why don't you just come in with your hand out and ask for the money and stand on those grounds.

So I think the other factor, whether we're talking about funding by government or tax credits, the one question that nobody has discussed yet is what is the quo for that quid?

What are the criteria? What are the requirements that our government is likely to set down, which they should set down, in exchange for payment of expenses for delegates at meetings?

So with that, ladies and gentlemen, I conclude my brief comments and I will be pleased to answer any questions with regard to our written submission or with regard to our comments this morning.

CHAIRMAN WARSHAW: Thank you, Mr. Falk. Mr. Donaldson.

MR. DONALDSON: Mr. Falk, since a considerable amount of the discussion we've been hearing for the last day and a half has dealt with the proper role for U.S. Government and private sector cooperation/coordination, what-have-you, I'm interested in hearing your observation with respect to the EOTC that you see it as purely a private sector activity within the European Community.

I wonder if you would care to comment on what you

would see as its relationship to the governmental structure within the European Community, and how they will afford or carry out the cooperation role there?

MR. FALK: Yes, I don't believe that I said I saw it is as a private sector exclusive, non-government involvement activity.

Obviously, (a) as I think you know, it is funded somewhat by the European Commission and again, where there is quid, there is going to be a quo.

The membership, as I understand it, of the EOTC, will be of the private sector. The European Community presumably will not have any direct involvement in private sector arrangements on non-regulated matters. To that degree, apparently, as the people who are involved in EOTC, have already held out the promise of some sort of perhaps membership or associate relationship for private sector entities in this country, or any other third country.

But I think along the way, it's clear to me, certainly based on comments made to me by a representative of the Directorate General Three, John Parnell, if I understood him correctly, that somewhere along the line the Commission expects to use the work of the private sector, and not necessarily to merge the relationship but to use their output with relation to the work its doing with regard to regulated products.

Further, it wants the EOTC, whether it's regulated or non-regulated, to set up a system that in some manner, way, shape or form, embraces all of the products used in Europe that are subject to testing and certification by third parties.

I think one of the points, if I might add, that we've overlooked that I think has been omitted along the line is the fact that many of us in the business community are very much concerned about the ability of the manufacturer to continue to self-certify.

Testing is an expensive cost of doing business and we join those that have been somewhat critical of the European Commission in over-stressing third party testing when it is not totally necessary.

CHAIRMAN WARSHAW: Mr. Ludolph.

MR. LUDOLPH: The directives in the European Community that bear on the exports of your membership are primarily the low voltage directives, is that right?

MR. FALK: Yes.

MR. LUDOLPH: Are there requirements for third party testing in the low voltage directive?

MR. FALK: Well, the low voltage directives are in a funny status. As you know, those directives were written before the new approach was established.

There are testing requirements in existence. We

have been advised that to be consistent with the new approach, those directives will be re-written. I suspect re-written in such a manner that they will be less detailed as compared to the present directives which I believe were written in 1973 or thereabouts. It was the early 70's.

There are testing requirements in place, but I don't believe -- I haven't heard of it getting to the stage of the CE mark or other marks yet, but there are testing requirements in place.

MR. LUDOLPH: The CE mark, if it ever applies to your membership, would be fixed by notified bodies in the European Community that are designated by members state governments, not by the EOTC.

MR. FALK: Correct.

MR. LUDOLPH: Not by U.S. entities.

MR. FALK: Correct.

MR. LUDOLPH: And not by the EC Commission. Is there a concern in your membership as to whether the access to the member state designation will be as open as access to test procedures?

MR. FALK: Well, obviously the answer is yes. This is one of the question areas that I refer to in our written statement that has to be resolved. The basic question is can arrangements be made that de facto a U.S. manufacturer of electrical products can do one-stop shopping

or one-stop testing, if you will, here in the United States.

Now, that question has not been answered because, as you know, the Commission has now given an indication that notified bodies in Europe will be privileged to work with third party testing agencies for a limited amount of testing.

We don't have a description yet of what the criteria will be to quality third party testing bodies in this country, and when we do that, we don't have a clear understanding of what they mean by limited testing.

Does this mean just certain types of tests? Does it mean all the tests but all the tests but the paperwork finally gets accomplished in Europe? So there is a wide berth of information that has to be resolved.

We are not telling our members that the only way they can get an EC mark is to test in Europe.

MR. LUDOLPH: The decision of the notified body or the member state government rests on the decision that some entity that tests or certifies is meeting the essential requirements. It is in some ways a subjective decision, but in other ways it is helped by the existence of international and European standards, presumably it also might be helped by the existence of U.S. programs are accreditation systems.

There is a presumption that if you meet the EN 45000 or EN 29000, that you are complying in many ways with

the essential requirements.

Can U.S. companies presently meet the EN 29000 and EN 45000 criteria, or would they have to introduce new systems or costs or expenses, investments to meet that?

MR. FALK: That's argumentative. I think I'm not so sure I agree with your presumption that if you meet EN 29000, you are complying with the requirements. There will be additional requirements besides the mere fact that you seem to have a satisfactory quality control system, which I believe is what EN 29000 directs itself to -- various phases in which a manufacturer's plant can be tested as to its level of quality control.

I believe that it is fair to say that U.S. manufacturers in that area should have no difficulty. This is not a strain. I think ISO 9000 originally is not strange to American manufacturers.

I think one of the questions is what does that buy you? I think there was an interesting statement made at the ANSI hearing last week by a representative of a well-known international computer company as to perhaps just meeting those standards might be quite misleading in the area of quality by pointing out in discussion the Malcolm Baldridge award that that is just one facet of demonstrating the ability and quality of a company's product.

So I think particularly there is some concern that

we see in the high tech companies as to whether the usage and application and dependence on EN 29000 and the 45000 for accreditation of testing laboratories gives you what you are ultimately seeking, and that is customer satisfaction.

CHAIRMAN WARSHAW: Thank you, Mr. Falk. Thank you, Mr. Cooney.

MR. FALK: You're welcome.

CHAIRMAN WARSHAW: We will now receive the next presentations from the Chemical Manufacturers Association and the Aerospace Industries Association.

Do we have enough seats?

(Pause.)

CHAIRMAN WARSHAW: Well, first we have the Chemical Manufacturers Association, Mr. Attebery, the spokesperson.

MR. ATTEBERY: Thank you, and good morning.

CHAIRMAN WARSHAW: Please introduce your associates too.

MR. ATTEBERY: I am Ray Attebery. What is that?

CHAIRMAN WARSHAW: If you could introduce your associates.

MR. ATTEBERY: I will do so.

I am director of quality, health, safety environment for Quantum Chemical Corporation.

I am accompanied today by Mr. Ralph Taylor in the

center, who is manager of technical services, chemical division, Proctor and Gamble, Dr. Warren Pollock on my immediate left, senior staff associate, engineering department, the Dupont Company, and Mr. Bruce McClung, principle engineer in energy systems, Engineering and Technology of the Union Carbide Corporation.

We are appearing today on behalf of the Chemical Manufacturers Association where I am the chairman of the total quality council.

CMA is the non-profit trade association whose member companies produce 90 percent of the basic industrial chemicals in the United States. CMA does not develop standards, but supplies resources for a number of voluntary standards organizations.

The chemical industry has an important stake in standardization. More than 50 percent of our industry's products are defined by standards, or assessed in accordance with standard test methods.

In CMA's view, the existing framework for government -- public cooperation on international standards is solid and should not be tampered with. The structure has the potential for an efficient and effective system.

We believe that the system would be strengthened by one, harmonizing U.S. and international standards; two, increased government support and participation in the

voluntary standards system; three, greater government recognition of international standards; four, establishment of a cooperative program for certification, assessment, and auditing; and five, development of a blue ribbon panel to explore cooperation between government and private industry at the international level.

First, CMA supports the concept of harmonizing international standards. With harmonized standards, products enjoy freer movement worldwide, technical innovation is enhanced, manufacturing and distribution efficiencies are realized, and important health, safety and environmental policies are addressed globally.

Second, the U.S. Government should increase its commitment to the voluntary standards process. U.S. Government employees should participate more in specific technical committees to contribute their unique expertise. An active government participation will bring more credibility to the U.S. position in the international standards process.

The existing United States process for developing voluntary standards works fairly well. But, I want to emphasize that in CMA's view, the U.S. Government must be more active in the voluntary standards process.

The government's function has not been, and should not be, to manage or control the American standardization

process. Rather, the U.S. Government should be a valuable participant in a cooperative process which taps the appropriate expertise of government resources.

This will result in a unique, market-oriented standards approach. The role of the government in international standards activities should be enhanced, to ensure adequate representation of U.S. business needs.

Overall management of the standards process should remain with the voluntary organizations, but the government can increase its level of effort.

Third, CMA believes the U.S. Government should better recognize international standards activities. Within the U.S. Government, involvement in standards development should be more effectively coordinated.

Coordination and cooperation at the international level should also be enhanced by a government commitment to complete implementation of the 1979 Trade Agreements Act.

Also, the U.S. Government should be more active in defining and coordinating the role of technical advisory committees. The technical advisory groups should help promote the increased visibility necessary to ensure effective U.S. participation in international standards. In this way, U.S. business needs will be met.

An additional role for the government is to aggressively communicate the existence of the international

counterparts to U.S. standards, as well as the U.S. equivalents of international standards. This will help break down barriers to international market entry.

As a fourth point, CMA recommends that the U.S. Government consider a cooperative industry-government effort aimed at developing certification, assessment, and auditing criteria.

For example, the European Community has adopted the ISO 9000 quality control series. Each EC member country has established a national third-party audit and registration system. Certifications of compliance in one EC country automatically establish compliance in all other EC countries.

In the United States, however, there is no similar system. A nationwide program to register and certify compliance and to accredit U.S. laboratories, is an urgent need.

Mutual recognition agreements should be made under which certifications and audits conducted by U.S. firms assure compliance with the foreign equivalent standards.

Our last recommendation is that NIST should consider establishing a blue ribbon panel to examine the short and long-term strategic national standards issues. The panel should then suggest additional areas where a cooperative approach is required.

CMA would be pleased to actively participate in the blue ribbon panel. The resources of our member companies would be very valuable to the process.

To conclude, the government's role in international standards activities should be enhanced. This can be done without wholesale changes to the existing framework for government-public cooperation on international standards.

CMA's proposals build on the effective, existing framework for government-private sector cooperation on standards.

The U.S. chemical industry looks forward to assisting NIST in its efforts.

We would be happy to answer any questions that you might have.

CHAIRMAN WARSHAW: Thank you very much, Mr. Attebery.

Are there any questions from the panel? Ms. Moore.

MS. MOORE: I have a couple of questions. Could you start by clarifying what you meant when you suggested that the Trade Agreements Act of 1979 should be completed implemented? And just to follow-up, another one of your suggestions was a single accreditation program in some way parallel to those being set up now in the EC. Could you

just elaborate on who you would expect to run that program and how it would work?

MR. ATTEBERY: I am going to defer on that to my associates. I have some very talented people here, and Doctor, would you be glad to take that? Who is going to do it?

CHAIRMAN WARSHAW: If you could pass the microphone.

MR. ATTEBERY: I will pass it down there.

CHAIRMAN WARSHAW: They are going to work on that at noon.

MR. McCLUNG: This of the Trade Agreements of 1979 is something which I feel that the panel could answer better than we, but I would advise in that respect that is that we have confusion among what we would call the volunteer segments as to the results accomplished when the groups do not communicate well.

In other words, we hear the hearsay, we seek answers, we go to the American National Standards Institute and say where do we stand on this? We are informed at that time that the American National Standards Institute is not truly recognized in the foreign countries where they have a government regulation on the standards.

We do not see how the -- we get fully recognized under the circumstance.

MR. TAYLOR: Repeat your second question, would you, Ms. Moore?

MS. MOORE: Okay. The second question was, if I understand your statement correctly, you suggested that a single accreditation system, possibly under public and private criteria parallel to those being set up in the EC would be useful in this country.

Could you elaborate on how you see that system working and who you would expect to be in charge?

MR. ATTEBERY: Currently, of course, the American Society of Quality Control is seeking to set up such an accreditation system, and we understand that Underwriters Laboratories and BSI under a cooperative letter of agreement are working in that area also.

Of course, the problem is that we have a lot of American industry that will, in 1992 or soon thereafter, have to live up to the ISO 9000-type standards, and each one of these American companies is going to have to undergo a complete look at the quality system that we have in place.

We had previous questions this morning about Japan and their system. I can say categorically that the United States industry, for the most part, is taking quality very seriously. Many companies, most companies are getting into the director and vice presidential level in their corporations to set up good quality programs.

For example, Quantum Chemical Corporation established my position about four years ago, but the fact that we are putting together a very good quality system -- and quality systems are essentially the same if you have a good total quality system, they will be the same worldwide.

That still is not going to open the door unless we go through the accreditation process and so it is very important to us.

CHAIRMAN WARSHAW: Is there another questions?

Well, thank you, Mr. Attebery. I will remind you again that --- well, we do have a number of agencies involved in amending the Trade Agreements Act. The U.S. Trade Representative is the coordinator of that.

The record is open until June 5th if you would like to expound upon your concerns. Of course, ANSI is a member body of ISO/IEC which is distinct from government. That's private.

MR. McCLUNG: Pardon me. The area where we see concern -- I'm involved in several standards groups -- the CMA providing direction in each of the code making panels in the National Electric Code, the American Petroleum Institute in the development of standards for use within their member companies, as well as the IEEE.

There is confusion that comes back into each of these sources as to what took place. There was a member

group of eight of these acronym names which did participate last October in sessions with the European Community, ISO, the IEC, the CEN/CENELEC.

From this comes back apparently more confusion to the implementors, the volunteer doers than what existed before. We need a coordinated reply, a series of communications.

CHAIRMAN WARSHAW: I gather then you are suggesting you are getting inadequate information relative to EC efforts.

MR. McCLUNG: Yes.

CHAIRMAN WARSHAW: Okay. Because in the Department of Commerce we do have a couple of sources -- one being in NIST, the information center on that, and ANSI has also been publishing some information. But we got the comment. That's good.

If you could be more specific about some between now and June 5th, that would be very helpful to us.

MR. McCLUNG: We can do that.

MR. ATTEBERY: We will do that.

CHAIRMAN WARSHAW: Okay. We will now move to the Aerospace Industries Association. We have Ms. Cebulak, if you would introduce your associate.

MR. CEBULAK: Thank you, Dr. Warshaw. Good morning, ladies and gentlemen. I am Walt Cebulak, manager

of government technology at Alcoa Laboratories for the Aluminum Company of America.

I am also chairman of the technical specifications division of AIA's technical and operations council.

Accompanying me this morning is Barbara Boykin, director of standardization programs for Aerospace Industries Association. Mr. Tom Stark of McDonnell Douglas who had planned to join us was unable to be here today because of illness.

I am speaking on behalf of the Aerospace Industries Association of America, the trade association which represents the 50 major U.S. manufacturers of commercial, military and business aircraft, helicopters, aircraft engines, missiles, spacecraft, aerospace materials and related components and equipment.

As you can see from the list of member companies under Attachment A of our written testimony, AIA's membership includes both prime manufacturers and major supplies to the industry. So I am speaking on behalf of both the user and supplier segments of that industry.

AIA is interested in the subject of today's hearing from two perspectives. First, aerospace is a major exporting industry. In fact, aerospace is a major exporting industry, in fact, Aerospace is the U.S. leader among exporting manufacturing sectors in terms of positive balance

of trade.

The chemical industry whose testimony you have just heard is larger in total exports.

Total U.S. aerospace sales in 1989 were $120.6 billion as shown in Attachment B, and our 1989 trade balance was a positive $20.9 billion as shown in Attachment C of the written testimony, setting a record for the third consecutive year.

Second, AIA is a major development of aerospace standards at both the national and international levels. AIA's national aerospace standards are the third largest body of U.S. voluntary standards. Also, by delegation from ANSI, AIA serves as secretariat of ISO/TC 20, the ISO technical committee on aerospace.

Standardization is of major importance to the aerospace industry for strong, customer-drive reasons. Nearly every aspect of aerospace design, manufacturing, operations and maintenance are subject to standards and specifications. There are two reasons for this.

First, aerospace products must operate in extreme environments. Human lives depend on them. Safety and reliability are primary concerns. Aerospace designs utilize a large number of standards because standards embody lessons learned from previous designs and from operating experience.

Secondly, both civil and military aerospace

products are subject to detailed oversight by government regulators and customers -- like FAA and DoD. Government oversight is exercised partly through the application of standards and specifications.

The chart in Attachment D illustrates the extensive use of standards in a typical aerospace product where more than 60 percent of most segments of major system are subject to detailed standards.

Now I would like to turn to the purpose of this hearing which is to identify problems in the U.S. standards system. As far as aerospace is concerned, our view of the current situation is that it is not broke. The system is working well.

U.S. aerospace standards are recognized and used all over the world. Such widespread acceptance of U.S. aerospace standards, in turn, supports world demand for U.S. aerospace products. Our standards help promote U.S. technology and encourage trade.

As one example, the passenger aircraft structures and engines are dominated by U.S. standards worldwide. That is true for not only U.S. manufacturers but for foreign manufacturers as well.

At the same time, we realize that strong competition has arisen elsewhere in the world, particularly in Europe in aerospace products -- and by extension, in

standards. The European Association of Aerospace Industries, AECMA, has been deleted by CEN the task of developing European norms for aerospace.

These standards are intended for use in European joint ventures such as the European fighter aircraft and the Airbus. AECMA has already published over 850 European Norm standards.

Recognizing the potential negative effects of divergence between European and U.s. aerospace standards, AIA in 1977 instituted an exchange of draft standards with AECMA. This exchange continues today. Harmonization also takes place through the international standardization committee, ISO/TC 20.

AIA believes that private sector leadership of the U.S. standards system, serves the best interests of U.S. business. The coordinating umbrella provided by ANSI places decision-making in the hands of those who are most affected: private sector business and industry.

This is not to say that government should not play an active role. An excellent of cooperation has been seen in the equal partnership between the Department of Defense and the private sector on standardization.

AIA is opposed to government regulation in an area which has functioned well without it. Government accreditation of standards bodies, is an idea that has

surfaced in various forms over the past decade -- in congressional bills, in an FTC proposed rule, and in OMB Circular A-119 -- and has been repeatedly shown to be unnecessary.

The U.S. voluntary standards community has demonstrated that our system is healthy and beneficial to U.S. technology and trade. The added costs and administrative burden of changing our system to a government regulated one are not justified, and again would divert resources from the real problems which need to be addressed.

While we think that the system generally works well, as with any system, there are problems. Let me briefly identify four specific areas which would benefit from improved cooperation between government and the private sector.

First, technical barriers to trade. As U.S. industry faces competitive challenges from EC 92 and other developments, we must stay alert to the possibility of technical barriers to trade and seek openness and transparency in standards and certification worldwide.

The Secretary of Commerce, by initiating talks on this subject with the EC, has provided an excellent example of the appropriate and vital role of government.

Implementation of those agreements is, we believe, the role of the appropriate private sector bodies, such as

ANSI and its European counterparts, CEN and CENELEC.

It is imperative for government and the private sector to work cooperatively in such negotiations, and to present a united front to the rest of the world. For the United States to appear to be divided could undermine our negotiating position at a critical time.

The second area is in funding and participation. The government should be a full-fledged member of the voluntary standardization system, and bear a share of the technical and financial burden for its support.

Government participation should include representation on committees, attendance at meetings, sponsorship of projects, and payment of a fair share of the costs.

With regard to funding of standardization activities, AIA believes the primary responsibility should remain where it is now -- in the private sector.

Instead of government grants or subsidies, we should explore the feasibility of providing financial incentives, such as tax credits, to encourage companies to participate actively in international standardization.

This would offset the inequity between companies which actively support such international standardization by paying travel, salary and living costs for technical experts to attend meetings, and those companies which benefit from

the resulting standards without actively participation.

The third area is an awareness of the importance of standardization where the government and private sector need to work cooperatively. This subject, too, has been mentioned in several previous statements and I do not need to go into detail.

This brings me to the fourth area, certification.

The aerospace and defense industries need a national system to approve suppliers and quality products. We could save millions of dollars that are spent yearly in redundant audits under the current system.

Toward this goal, AIA has joined with two dozen industry and professional associations, non-government standards bodies and government agencies, to form the National Contractors Accreditation System, or NCAS.

Rather than go into detail, I refer to the testimony presented earlier this morning by Mr. Mayben. AIA believes we need a system that is industry supported, not government sponsored, but endorsed and participated in by the government.

And now some conclusions and our recommendations.

AIA believes the specific problems we have identified could benefit from closer cooperation between government and the private sector. To accomplish this goal, it is not necessary to create a new bureaucratic structure.

The cost, confusion, and delay that would result from an extended debate on a new structure would divert energies and resources that are urgently need to address a limited number of real problems.

The U.S. system as a whole is not broken and does not need fixing. The private sector should retain the primary responsibility for directing the U.S. standardization system.

The government should participate in the system, but should not seek to control or regulate it. The specific problems identified in our testimony and that of others here today, should provide the basis for focused, cooperated efforts.

The aerospace industry stands ready to participate fully in these efforts.

We request that the full test of our written testimony be included in the formal record. We would be happy to answer any questions.

CHAIRMAN WARSHAW: Thank you, Mr. Cebulak, and we will include the text.

Are there any questions from the panel? Mr. Donaldson.

MR. DONALDSON: It strikes me that we have heard from a number of speakers now that one of the ways in which the government could better contribute to the standards

system in the United States is through more participation in the standards activities.

In a sense, that strikes me somewhat as apple pie. It is something that I think everybody would agree to. I wonder what kind of an objective basis could be mounted to demonstrate that either government participation is inadequate below what it has been, or that greater government participation would, in fact, return greater benefit to the system.

Would you be able to cite cases where there is under-representation now or where increased representation might contribute? Thank you.

MS. BOYKIN: As Mr. Cebulak mentioned, AIA is very active in ISO through the TC 20, the technical committee for aircraft and space vehicles. We have a very large work program and ten subcommittees in that activity.

Government participation has been kind of noticeable for its spottiness, if I can say so. We have people who come and go. Sometimes we will have government in one of the subcommittees and not in all of the other ones.

We have no control over this and obviously there are budget constraints, but it does seem to me that the government, as they move their focus from development of government standards, are going to have to fight very hard

to keep the budget that they had for those activities and transfer it to some of the areas that might bring them bigger bang for their bucks, particularly in the international arena.

So we would certainly say a word for our area, but there are obviously a lot of areas that the government is going to have to look at, and maybe that would be a job for a coordinated effort by the interagency committee on standards policy.

MR. DONALDSON: Thank you.

MR. CEBULAK: I might add, I think if you would like some further suggestions on specific areas, we could ask some of our committees who are particularly active internationally to cite specific situations where we see that under-representation.

MR. DONALDSON: I think it is quite clear that each federal agency in the pursuance of the adoption and acceptance of its budget, clearly through that process, those with the standards-oriented people, have been making cases for this participation.

So I think obviously a stronger case needs to be made and it is from comments such as your own that a stronger case can be made. Thank you.

CHAIRMAN WARSHAW: Well, we thank you very much and again, you know, we will be receiving comments until

June 5th so any information or additional information you can provide between now and then would be most constructive. Thank you.

We will now have the Air-Conditioning and Refrigeration Institute.

(Pause.)

CHAIRMAN WARSHAW: Well, Mr. Cooper, we welcome you and ask you to introduce your associates.

MR. COOPER: Thank you very much, Dr. Warshaw.

I am Morgan Cooper, manager of strategic planning for the Barber-Colman Company and chairman of ARI's international standards policy subcommittee.

Accompanying me on my right is Herb Phillips, and who is vice president for engineering of AIR, and on my left is Don MacKay who is ARI's manager of international standards.

The Air-Conditioning and Refrigeration Institute, ARI, is the national trade association representing manufacturers of air-conditioning, heating and commercial refrigerating equipment as well as manufacturers of related equipment including energy management controls.

ARI develops and publishes product performance rating standards and administers voluntary programs using third-party testing laboratories.

ARI made a management decision over a year ago to

increase the Institute's involvement in the standards development activities of both ISO and IEC and to aggressively encourage the development of international standards for air-conditioning and refrigeration equipment.

The implementation of this management is evidenced by ARI's development of 12 new draft international performance standards for consideration by subcommittee of ISO TC 86 on refrigeration and the development of two drafts standards for consideration by IEC's subcommittee 16D on safety of appliances for air-conditioning, household and similar purposes.

ARI has also worked closely with Canada to harmonize the electrical and safety requirements and has produced a single document without reducing the level of safety provided by the original documents.

And to our knowledge, this is the first bi-national U.S./Canadian standard that has been developed.

These activities continue. Just yesterday a commitment was made by ARI to develop and ISO standard for environmental control systems and to harmonize U.S. and Canadian safety standards for compressors.

ARI will adopt international standards or justify why an international standard cannot be adopted. The member companies of ARI realize that the adoption of ISO and IEC standards will involve conversion to metric units as well as

changes in their equipment. ARI is committed to the development of international standards.

ARI is opposed to the SCUSA proposal primarily because the stated purpose of the organization is essentially the objective of ANSI and many of the proposed functions of SCUSA are presently the responsibility of the Federal Government.

The establishment of a new organization to supplant ANSI as an accreditor of national standards developers would create confusion and inefficiency within the present system that is functioning very satisfactorily.

Although the stated purpose of SCUSA focuses on international standards, the SCUSA proposal goes beyond international standards and provides for government intervention in the existing U.S. voluntary standards systems.

It provides for a quasi-government replacement of ANSI. ARI has serious concerns about Federal Government intervention in the control of the U.S. voluntary standards system. The Government has a role to play, but this role can be played within the present system, certainly without creating a council of the type proposed.

In reviewing the eight statements that describe the scope of SCUSA, ARI has the following specific observations to make concerning the role of the Federal

Government in activities related to international standards.

Now in SCUSA Proposal No. 1 covers encourage government participation in the development and use of voluntary standards.

OMB Circular A-119 promotes the use of voluntary standards in federal agency programs and encourages federal agency participation in the development of voluntary standards. The circular also assigns that responsibility to the Department of Commerce for coordinating the implementation of the provisions of the circular by the federal agencies and departments involved.

Therefore, we see no basis for the need of standards council to carry out this function.

SCUSA Proposal No. 2, provide information to U.S. interests on specific standards, product certification and testing and act as the U.S. GATT Inquiry Point.

The National Institute of Standards of Technology is the official GATT inquiry point responsible for providing information on standards, testing and certification programs. Since these functions are being carried out within the Department of Commerce, there appears to be no need to assign them to a new Standards Council.

SCUSA Proposal No. 3, effect agreements through the Secretary of Commerce with foreign government entities for transparency in standards development and the acceptance

of conformity assessment results.

The development of agreements with foreign governments is strictly a governmental function and one that should be handled by the Department of Commerce and the U.S. Trade Commission, with the advice of industry advisory groups. A standards council is not necessary to provide advice to the Secretary of Commerce on such matters as advisory groups already exist.

SCUSA Proposal No. 4, provide financial assistance for U.S. representation in foreign national, regional or international standards activities.

The language of Section 415 of the Trade Agreements Act of 1979 can be interpreted to allow the Department of Commerce to provide financial assistance. ARI would recommend that the Federal Government consider paying the annual dues for the United States in ISO and IEC.

ARI would also recommend that federal agencies contribute to U.S. participation in international standards activities by providing appropriate technical experts to U.S. Technical Advisory Groups and U.S. delegations to meetings of ISO and IEC where expertise lies within the government sector.

It should be noted, however, that for the air-conditioning and refrigeration industry, the technical expertise lies with those who design, develop and produce

the equipment.

SCUSA Proposal No. 5, promote and coordinate U.S. technical and management assistance to the standards programs of developing and middle-income countries.

ARI opposes the use of federal funds to promote and coordinate U.S. technical standards and management assistance to developing and middle-income countries. Instead U.S. efforts should be directed toward the development of international standards which serve the interests of all nations including the United States and the developing countries.

ISO and IEC should be encouraged to provide standards assistance to developing and middle-income countries.

SCUSA Proposal No. 6, coordinate within the United Sates, the harmonization between the United States and Canada of federal, state and local standards and related matters.

As we have indicated, ARI has been very active in the harmonization activities relating to the safety and certification of air-conditioning and refrigeration equipment.

This has been done without any assistance from the government and ARI would encourage the Department of Commerce to actively encourage other industry associations

to initiate similar projects with their Canadian counterparts to harmonize their requirements.

ARI would also encourage the Department of Commerce to promote the harmonization or elimination of state, local and other requirements that differ from national requirements.

SCUSA Proposal No. 7, accredit national standards developers and U.S. member bodies to international and regional standards development organizations.

ANSI presently accredits national standards developers as well as representatives to regional and international standards development organizations. There is no need or justification for a new standards council to take over these activities.

SCUSA Proposal No. 8, recognize national conformity assurance programs, including a product certification, laboratory accreditation, and quality system assessment registration.

ARI does not believe that a standards council is necessary to recognize national conformity assurance programs. It is the marketplace which recognizes and accepts the effectiveness of such programs in this country.

The appropriate role of the federal government is to seek agreements with other nations whereby U.S. product certification, type approval, laboratory accreditation and

manufacturers' quality assurance programs are recognized by foreign governments or entities, particularly where such recognition is required to gain access to their markets.

ARI appreciates the opportunity to present its views on U.S. participation in international standards activities in general and on the SCUSA proposal specifically.

We believe that through hearings such as this, organizations such as ARI can expound on the importance of international standards and ways in which the Federal Government can assist the private sector.

If I may, I would like to add one brief personal comment, not ARI's, and that is that both I and my company are a bit puzzled by the SCUSA proposal, as the Bush Administration seems to favor very strongly moving everything possible into the private sector and the SCUSA proposal appears to conflict with this announced public position.

Thank you.

CHAIRMAN WARSHAW: Thank you very much, Mr. Cooper. Any questions from the panel? Mr. Donaldson.

MR. DONALDSON: Thank you. Your remarks in one area I find a little bit curious and perhaps I should recognize them as being specific to the industrial sector that you gentlemen represent.

I am particularly concerned with your remarks with regard to the provision of technical assistance to emerging countries. I am not particularly interested in addressing whether this is a part of a strawman concept or not, but I am interested in addressing it as a point unto itself.

At the present time, as you may know, there have been efforts to initiate such activities. We have heard reference to that in the previous discussion with the CMA.

Where international standards do exist and where those international standards are sufficient for the purposes of the development country, your points may be well taken.

But I think that we are aware of the fact that there are many areas in which the international standards are not sufficient to do the whole job. I think this is demonstrated by the fact that in a number of developing countries, we see the national standards bodies representatives there actively involved with the standards communities of those countries, so that I wonder if your feelings with respect to the provision of U.S. assistance to such countries and their standards activities, if you feel that this is a comprehensive statement with respect to your industry, and does that mean, therefore, you feel that international standards are sufficient within your sector?

MR. COOPER: I think I would like to ask Herb

Phillips to address that issue. He is very involved in that particular arena.

MR. PHILLIPS: John, your point is well-taken. Our industry is saying there are international standards existing or underway and we see, of course, that that is certainly being accelerated in our industry.

Therefore, the direction should be through the international route rather than through the national route.

MR. DONALDSON: Okay, with that qualification, I can certainly understand.

CHAIRMAN WARSHAW: Well, if there are no further questions, I want to thank you very much for your contribution and now we will adjourn for lunch and we will reconvene at 1:30 sharp when we will have the Gas Appliance Manufacturers Association and the Construction Industry Manufacturers Association presentations.

(Whereupon, the hearing was adjourned at 12:35 p.m., the reconvene at 1:30 p.m. the same day.)

A F T E R N O O N  S E S S I O N

CHAIRMAN WARSHAW: Well, good afternoon, ladies and gentlemen. We are ready to begin the afternoon session with two of the associations, first the Gas Appliance Manufacturers Association, and the Construction Industry Manufacturers Association.

For those of you who may have just joined us, I want to again repeat that we have extended the comment period until June 5th in order that people might wish to provide additional comment as a consequence of this hearing, or any other new information that they may wish to introduce.

So I will ask first for Mr. Autery of the Gas Appliance Manufacturers Association to introduce himself and his associate and please offer his comments.

MR. AUTERY: Thank you very much. I'm Reuben Autery, the president of the Gas Appliance Manufacturers Association. I am relative new to the standards development and certification game, having joined GAMA in 1988 after 30 years of service for the United States Air Force.

With me here today to assist in answering any questions is Jack Langmead. Jack is GAMA's vice president and has been involved with the voluntary standards

development and certification of gas appliances for over 25 years.

GAMA is a national manufacturing trade association representing the interest of firms which produce approximately 90 percent of the gas appliances made in the United States. GAMA also represents the interests of the manufacturers of oil furnaces and electric and oil water heaters.

While GAMA does not develop standards, we and member company representatives do participate actively at the standards development tables of others. GAMA and its members are deeply committed to the development and maintenance of effective safety and performance standards for gas appliances.

GAMA and its members also support and use third party safety certification programs for gas appliances, such as those conducted by the American Gas Association Laboratories, Underwriters Laboratories, and ETL Laboratories.

GAMA also sponsors a program to certify that the published efficiency ratings of central heating equipment, water heating equipment and direct heating equipment have been determined in accordance with the Department of Energy efficiency test procedures.

GAMA is also involved in international standards.

We hold, through ANSI, the secretariat for ISO/TC 161 on non-industrial gas controls and coordinate the work of that committee with IEC/TC 72 on electrical controls.

Consideration of another governmental body for control of a system that is currently working well must not ignore the budget impact in these times of needed budget austerity, nor the potential for political manipulation, possible delays at critical stages of product development and potential legal problems.

We would advocate more governmental cooperation in the system that works, not more government with added costs to the taxpayers.

We were glad to note in the November 27, 1989 Federal Register notice of this hearing that a distinction has been made between standards participation issues and testing and certification issues.

Let me talk about the principal issues dealing with standards participation first.

The standards development system of this country has proven to be world class. It appears that the European Economic Community recognized that a private sector-led standards development system such as ours would work more efficiently than a public sector-controlled system.

In establishing a mechanism to harmonize European standards, the EEC called upon and financed CEN and CENELEC,

the existing private sector organizations more like our system than Europe's government controlled systems.

The U.S. Government should continue to serve as the formulator and the negotiator of U.S. trade policy, but should leave the ANSI-led voluntary standards process to continue along the track it has so successfully followed for the past 70 years.

We believe that the health of the gas industry depends upon our excellent voluntary standards development system and the third party certification programs based on those standards.

Properly handled, gas fuel provides an extremely safe, environmentally advantageous and efficient energy source for comfort heating, water heating, cooking and clothes drying.

One of the reasons for the gas appliance industry's excellent safety record is the comprehensive voluntary safety standards to which gas appliances are built.

Industry's past and current willingness to actively participate with highly qualified engineers, with the attendant expenses, is, in their view, an individual company's responsibility to the consensus gathering process.

If the government needs an additional role, perhaps encouraging the tax treatment of standards

activities as a research expense would be a start.

Since its formation, the Consumer Product Safety Commission has participated extensively in the gas appliance standards development system. After detailed examination of gas appliance safety standards on several occasions, CPSC has repeatedly found that government standards were not necessary because safety issues were adequately addressed in the voluntary standards and compliance with those standards was complete.

The CPSC involvement with voluntary standards covering gas appliances and other equipment led former CPSC Chairman Terrence Scanlon to observe, "Voluntary standards are more quickly implemented, cheaper for the taxpayer, and less litigious than government promulgated safety standards."

In cooperation with the American Gas Association and the Canadian Gas Association, GAMA is very active in the area of harmonizing U.S. and Canadian gas appliance standards.

While we encourage government agencies such as the CPSC to work with us in this harmonization effort, we believe that the coordination of the effort should remain in the private sector as opposed to being transferred to the public sector as noted in Point 6 of the Standards Council Proposal.

The U.S. Government certainly has a role to play in national and international standards development. That role, in addition to formulating and negotiating trade policy, should be supporting input into, and use of standards developed by members of the Amer National Standards Institute, ANSI, federation.

The government's role should not be to dominate and control the process as would result from implementation of a system paralleling Canada's Standards Council which includes government accreditation of national standards developers as noted in Point 7 of the Standards Council Proposal.

It must be remembered that Canada established a Standards Council because it did not have an organization like ANSI, established by standards developers to coordinate the standards development effort.

Since Canada had no organization or funding mechanism through which to participate in international standards, it had to create one. We have a well-functioning, reasonably well-funded, organization in ANSI.

The traditional role of government in voluntary standards should be re-affirmed. What should not be done is to change the basic nature and scope of the highly effective and productive voluntary standards development system in this country.

To summarize our position on the standards participation issues, we believe that our national standards development system and our international standards participation system are not broken and thus do not need to be fixed.

Now, let me focus briefly on the testing and certification issues.

As we harmonize our standards with Canada and the European Economic Community, we certainly need to develop a system for mutual recognition of test data by third party safety certifiers.

Repeated testing to verify compliance with essentially the same requirements wastes both time and money. There is no question that a coordinated government/private sector strategy must be developed to address the issue.

In developing that strategy, it must be remembered, however, that we have a very effective third party safety certification system in place in this country which is very useful to government, but which is neither controlled nor directed by the government.

The Standards Council proposal was developed to respond to changes anticipated as a result of EC 92 initiative. EC 92 will certainly lead to some changes in both our certification and standards development system.

These changes can best be handled through the ANSI process, and through government participation in that process. As established by ANSI's by-laws, the only permanent seat on the ANSI Board is the Director of NIST. This opportunity for linkage at the policy level should be enhanced by consistent, active participation.

Government control of the process should be avoided. In the standards development and certification area, the role of government should be to deal with other governments, and the role of the U.S. private sector should be to deal with the private sector of other countries such as the EC's CEN and CENELEC.

Mr. Chairman, GAMA and our member companies stand ready to support and promote an industry-led cooperative process with governmental agencies to enhance the global competitive position of the United States.

Thank you for your time.

CHAIRMAN WARSHAW: Thank you, Mr. Autery. Are there any questions from the panel?

Yes?

MR. McCUTCHEON: I noticed in the early part of your presentation, you made the statement that we would advocate more government cooperation in the system that works, I think primarily to try and contrast that with cooperation as opposed to control or direction.

But I notice in a number of other presentations, some specific information had been given on the form that that cooperation would take. Do you have any ideas that you could elaborate on what form you think the government cooperation could take that isn't already in existence today?

MR. AUTERY: Mr. McCutcheon, if I may, I would ask Mr. Langmead to respond to that question since he's got 25 years and I've got two.

MR. McCUTCHEON: That's fine.

MR. LANGMEAD: Thank you. I think the principal areas where we would like government cooperation is attending and membership on American National Standards committees and the various subcommittees, allowing those agencies to vote as individuals with their knowledge, to bring their knowledge to the table with the rest of us, on an equal and well-funded footing.

We find that in many cases, representatives of the Consumer Products Safety Commission can't afford to travel to a standards committee meeting because of budget constraints.

MR. McCUTCHEON: Okay, thank you.

CHAIRMAN WARSHAW: Mr. Leight.

MR. LEIGHT: You referred to the need to develop a system for mutual recognition of test data by third party

safety certifiers.

I wonder if you would care to address this in a little bit more detail as to how this might be done, particularly as one of the speakers this morning pointed out, where you have a safety consideration which are voluntarily controlled in one part of the world, and which are regulatory in another.

MR. AUTERY: Jack, why don't you try that?

MR. LANGMEAD: Well, with our products, the products are in the European Economic Community, regulated products. In this country, our safety certification is voluntary, but our efficiency certification is mandatory which seems a little backwards, that that's the way it is here, different than the rest of the world.

We have worked very cooperatively with Canada and there are agreements between the Canadian standards third party certification agencies and those agencies in the United States where cooperative testing and mutual recognition of test data has been accomplished.

There are certain agreements between U.S. third party certifiers and European third party certifiers where mutual recognition, where there is a start towards mutual recognition. There is some sharing of inspection information between the AGA Laboratories -- I'm sure they've already testified -- and some of the organizations in

Europe.

We are progressing along the line that says eventually we think there will be some better communication between third party certifiers.

We have seen nothing at the present time that mandates further government action to straighten out any difficulties we had. Once we have isolated what those problems are, we may be back with specific requests for government involvement in that area.

That's why we said we don't know what it is but we encourage the government to work with us through ANSI, through the ANSI process, to isolate those problems and set courses of action where they are necessary.

MR. LEIGHT: Thank you.

CHAIRMAN WARSHAW: Wendy.

MS. MOORE: A number of presenters earlier this morning suggested that one of the problems with the current system is the difficulty for relatively small entities to have the resources to participate, and particularly testing labs, to some extent, complained that they did not have the resources to participate in the international standards setting process, and that the industries they served were not devoting many resources to testing standards.

I wonder if you could tell me whether your association looks at testing standards and standards for

assessing your products, as well as for the standards for the products themselves?

MR. LANGMEAD: I guess looking at the impact on small business, trade associations exist to be useful to their members. Many of our members are small businesses. As a matter of fact, the biggest share of our members are small businesses.

There are some large businesses also, but in bringing, so that they get their international standards through their trade associations, so where there is a need, an association is formed and they work through that association.

I don't think there is a problem, a particularly insurmountable problem for small business in dealing with international standards or in the international community as long as those businesses band together in the American way through various associations.

CHAIRMAN WARSHAW: I thank you very much for your presentation and now ask Mr. Miller of the Construction Industry Manufacturers Association to present his views.

MR. MILLER: Good afternoon.

CHAIRMAN WARSHAW: You can remain seated, if you like.

MR. MILLER: Thank you. My name is Bill Miller. I am the director of technical services for the Construction

Industry Manufacturers Association. With me today is Mr. Dennis Eckstine who is the director of product safety and reliability for GRW worldwide.

We wish to thank you for this opportunity to present our comments today.

For a multitude of reasons, the Construction Industry Manufacturers Association, CIMA, has strongly and consistently supported the United States' unique and time-tested private sector voluntary standards system.

CIMA believes this system has served our association, our industry, and our nation well, in both domestic and international standards activities.

CIMA is convinced that, in total, the U.S. standards system is superior to those of other countries. However, CIMA also recognizes that it is not a perfect system, and therefore would welcome and support any true refinements to it, at any time.

For this reason, CIMA supports this public hearing to assess the current situation and to seek suggestions for improvement especially regarding mechanisms for coordinating U.S. participation in international standards activities.

CIMA believes that this hearing is particularly timely in view of the European Community's massive Single Internal Market program, which will strongly impact U.S. industry.

CIMA recognizes the need for, and desirability and benefits of, the government's active participation in, and coordination and cooperation with, the private sector's standards system.

It also recognizes the very essential role of our government in dealing with the governments of foreign nations, on issues relating not only to product standards, but to product testing and certification as well.

Major issues which we believe the government should promote wherever and whenever possible include the widespread recognition and use of ISO standards including by our own government agencies such as OSHA; self-certification or declaration where appropriate; the mutual recognition of high-quality testing laboratories; and the reduction of technical barriers to trade through the harmonization of standards and regulations.

However -- and I wish to stress this particular point -- CIMA remains strongly opposed to any greater government control over our nation's voluntary, private sector standards system.

In addition, CIMA wishes to express its concern as to the wisdom of undertaking any major revisions to our nation's standards system at the very time that unusually great demands are being placed upon it, as a result of EC 92.

A major restructuring of this system at this time would be, at the least, very disruptive, and could easily result, at least for a substantial period of time, in a decrease rather than improvement in its effectiveness.

In the interest of avoiding lengthy comments that would largely duplicate those of ANSI, SAE and others more intimately involved with these issues, CIMA is limiting its input to these few, but we believe, very important comments.

Thank you.

CHAIRMAN WARSHAW: Thank you very much, Mr. Miller, for your comments. Are there any questions from the panel?

Well, your remarks not only have brevity, but they were succinct.

MR. LEIGHT: Let me ask one question. I would like to ask you the same question I just asked GAMA, whether in the testing and certification area, you see any specific role that the government should be pursuing to get these things of mutual recognition, reciprocity and so on that you talked about but passed over very quickly. How do we do it?

MR. MILLER: Mr. Eckstine.

MR. ECKSTINE: I don't have a particular plan and I don't think the industry itself has put forth any proposal, so I can't give you any plan other than to indicate that that is the end which we would like to see.

If you would like, perhaps we can get together a comment from the industry on some suggestions in that area.

MR. LEIGHT: If you do have any such suggestions, I think we would welcome them. That is one of our underlying purposes in holding these hearings and, you know, we have dealt with CIMA in the past and I think we have had a pretty good relationship.

If you do have these suggestions, please send them in.

MR. MILLER: This may not answer your question directly, but many of our members make products that are very large, very heavy, very difficult to ship, have very long lead times to design and produce and therefore it is particularly important to our members to have a choice of testing and certification procedures, depending on the product and the location and the items being tested.

Again, like Dennis said, I think we are not prepared to comment on that particular area, but we would be happy to go back and try to provide some constructive comments.

CHAIRMAN WARSHAW: We would very much appreciate it. As I say, the record is open until June 5th, so we would appreciate any thoughts you have along the lines of Mr. Leight's question.

MR. LEIGHT: Of course, we expect constructive

comments from the Construction Industry Manufacturers Association.

MR. MILLER: Okay.

CHAIRMAN WARSHAW: Well, thank you gentlemen.

MR. MILLER: Thank you.

CHAIRMAN WARSHAW: I would like now to ask the representatives of the Industrial Truck Association and the Plumbing Manufacturers Institute and the Automotive Industry Action Group if they could, those three entities, come forth. We would appreciate it.

Oh, I'm sorry. I left out the American Gear Manufacturers Association. That was an oversight. Let's make it the American Gear Manufacturers Association, Industrial Truck and the Plumbing Manufacturers, and the Automotive Industry Action Group. All four, please. I think we have enough seats.

(Pause.)

CHAIRMAN WARSHAW: I apologize for the confusion. Thank you very much for being here. I would like first to ask Mr. King of the American Gear Manufacturers Association if he would offer his comments and introduce his associates.

MR. KING: Certainly. I am David King, vice president of technical services of Terrell Gear Drive Incorporated. I am also a member of the board of directors of American Gear Manufacturers Association.

Seated on my left is Bill Bradley, AGMA technical manager and ISO Secretariat to TC 60's Working Group 9. To his left is Peter Lamb, our legal counsel, and to my right is Susan Herrenbruck, AGAM's manager of public and economic affairs.

On behalf of the American Gear Manufacturers Association AGMA, we express our thanks for the opportunity to comment on standardization and our current process.

AGMA is a voluntary standards-developing trade association representing over 300 domestic and foreign companies, academics, and honorary members. Our members account for 92 percent of all domestic gear manufacturers with more than 20 employees. Last year, U.S. gear industry annual sales approximately $1.7 billion.

For over 70 years, AGMA has developed voluntary gear standards. The first was adopted in 1919 for rawhide gears. Although AGMA has developed more than 100 known standards to date, there are 57 existing standards available today.

Our standards-development activities are increasing. AGMA became the ANSI-accredited U.S. standards-writing body for gears in 1986 and since then has developed over 20 national standards.

This year alone, AGMA plans to develop 6 to 12 new ANSI national standards.

It is AGMA's position that voluntary standards, developed under ANSI procedures by American trade and technical associations, result in open transparent development of consensus standards.

ANSI, as a private sector organization, is best suited to coordinate national standards development activities and integrate them with standards developed by ISO.

We therefore oppose the proposed Standards Council of the United States and stand strongly against any attempt to subject standards development to the federal rulemaking process.

We believe NIST and the Department of Commerce should integrate their activities to further complement ANSI's work, but not to duplicate an established, working private sector system.

AGMA is heavily committed to ISO endeavors. We provide funding to send U.S. ANSI delegates to participate in ISO Technical Committee 60, ISO/TC 60 for gears. AGMA administers the U.S. Technical Advisory Group for ISO/TC 60 for ANSI and participates in all ISO gear standards development work.

In both its structure and procedural methods, such as voting, we find that ISO is adopting more elements of the U.S. standards system. AGMA's procedures for standards

development were adopted by Working Group 6 of ISO/TC 60 facilitating progress on international gear-rationing standards.

Another example of American leadership is that the U.S. TAG for gears just took on the challenge of writing an ISO draft standard for Bevel Gearing. Mr. Bradley here can address any questions you might have on standards development later.

The Canadian standards system has been proposed as a model for the U.S. to examine. First of all, you need to understand that our comments on this proposal are strictly from a gear-related perspective.

Let's consider the facts. Canada does not produce nearly as many standards or cover all subject areas sufficiently. Right now, Canada is having difficulty in obtaining government funds to produce needed standards.

More importantly, at least in one industry area -- that being gears -- most Canadian companies use American standards. To the extent that Canadians use American standards, they do not have to incur the expense of developing their own.

To the best of our knowledge, Canadian representatives do not participate in any of the ISO gear standards-writing bodies. ISO gear ballots from Canada are being issued without consulting Canadian gear companies or

its academic community, and without their consent.

On several occasions, the SCC has elected to pass -- that is, not to vote -- on ISO gear-related ballot questions. The votes case, or in some cases passed upon, are in favor of items which actually conflict with the very standards to which Canadian gear industry manufactures.

Now, let's compare Canada's seven secretariats under the SCC to the U.S. total. In 1989, Americans held 291 secretariats at various levels -- 17 at technical committees, 64 at subcommittees, and 210 at working groups.

Our voluntary system appears to promote international participation. The failure of SCC or Canadian representatives to participate in ISO gear standards development, coupled with overall funding difficulties, leave the Canadian model extremely suspect, at least as applied to gear and gear products. Given these facts, we insist that we not abandon the U.S. system for that of Canada.

Now let us turn to the proposed American model known as Standards Council of the United States, or SCUSA.

SCUSA poses serious concerns for AGMA. About 13 years ago, this entire issue was debated, litigated, and laid to rest after almost being regulated. At that time, a proposed FTC regulation and a DOC regulation was being examined. The standards controversy focused then, as now,

on the appropriate government role.

Once again, the real question underlying these hearings seems to be should the government regulate standards development?

AGMA firmly opposes any effort by any government agency to alter or regulate standards development. Our objections to SCUSA can be summarized as follows: the time necessary to create and implement SCUSA is prohibitive; the level of program efficiency, as well as optimum allocation of resources, would decline if subjected to the federal budget process; the potential for political manipulation would be disruptive and ever-present; and for the most part, SCUSA's stated purposes are already being accomplished by existing organizations.

Last year, over half a million dollars or 57 percent of AGMA's annual budget was committed to supporting domestic and international gear standards development. These costs are significantly understated because they do not capture the voluntary time or expense from participating representatives.

Participants or their parent companies pay travel and meeting costs, as well devote valuable time to these activities.

We are extremely concerned about government accreditation as one of SCUSA's purposes. This stems partly

from the government record on existing standards' policies. All appropriate roles, we feel, are already defined in OMB Circular 119.

This document declares that it is U.S. policy to use and embrace private sector standardization as well as provide the support and funding to meet these objectives.

AGMA is concerned that traditional and useful government roles have already suffered from budget cuts and political concerns to the detriment of gear standardization. One example is found at NIST when as the National Bureau of Standards, maintained traceable metrology artifacts for the calibration of gear-measuring machines. This service is no longer adequately being performed.

If the government wants to do something to assist in gear standardization, a good beginning would be to make a serious effort to promote and implement OMB 119 as it is written.

One of AGMA's greatest concerns is that we cannot get government representation at standards developing committee meetings. Although certain past participants say they would like to come more often, they cite lack of funding and supervisory support for their absence.

Instead of building another layer of government bureaucracy, especially one that disrupts, decelerates, or duplicates the current system, efforts should focus on

strengthening the current system to complement legitimate U.S. trade activities.

If there are communication or linkage problems between organizations, let us work together to eliminate them, but there is no need to re-invent the wheel.

A full review of AGMA's recommendations is provided in our official written testimony which we have submitted and ask that it be entered into the record. The highlights of these recommendations are as follows: There is a role for government, and specifically DOC and NIST. DOC should provide information and feedback pertinent to U.S. and foreign policies on standards, testing and certification issues affecting trade.

The National Institute of Standards can comply with industry requests to supply and maintain traceable metrology artifacts which I alluded to earlier. Furthermore, the government should vigorously implement OMB Circular 119 and actively participate in private sector standards development.

Congress should provide a system for tax credits to encourage private sector participation in national and international standards committees.

The government should translate American national standards into foreign languages and actively promote them in foreign nations, especially third world countries.

Government agencies should support and promote government involvement as a participant and partner to, and endorser of, the private sector activities, but not serve as a regulator or accreditor or standards development bodies.

And last but not least, the government-to-government traditional roles in trade negotiations, especially with the European Community, should work to ensure that technical trade barriers are not erected as a result of standards harmonization.

In conclusion, AGMA believes the current infrastructure for standards is essentially intact and adequate. Any problems which may exist can be corrected by addressing them through existing organizations.

The role of ANSI should continue to be one of coordinator of the diverse standards activities occurring across the United States. Also ANSI should continue to be the official U.S. representative to ISO/IEC. The role of the private sector is to hold ANSI accountable for its internal policies. The best way to achieve this is through active participation in the ANSI process.

The Department of Commerce should not take on a regulatory role for standards, testing, or certification-related matters. Where health, safety or environmental issues are involved, we feel that other agencies are better equipped to deal with them.

All interested parties should work together toward more effective communication and better inter-organizational cooperation. AGAM stands ready to do its part towards these ends. In this way, we feel that we can improve on what needs to be improved on -- change what needs to be changed -- without a duplication of our efforts.

Thank you.

CHAIRMAN WARSHAW: Thank you, Mr. King. Are there any questions from the panel? Mr. White.

MR. WHITE: I heard you say, and I believe you have it in your testimony on page 9, that you've got some costs, some labor costs and direct costs for participation in international standards, and it goes something like this: To the tune of $23,000 for direct costs and $36,000 in labor costs.

Is that your international standards budget?

MR. KING: That is correct. That is the budgeted figures.

MR. WHITE: Has that gone up over the last couple of years?

MR. KING: Yes, it has.

MR. WHITE: It would be helpful for us to the extent you care to share it with us, if you could show us your budgeting for standards activities projected, current and maybe a couple of years ago so we could get a pattern.

I know in my own agency -- I'm with the Food and Drug Administration -- your costs for participation in standards activities are similar to what ours were last year. We are increasing ours and I am trying to get a better gauge on what organizations, other organizations are doing, not always necessarily government organizations, in terms of standards costs. It helps me with my budget too.

MR. KING: Certainly.

MR. WHITE: Thank you.

MR. KING: We can submit that to you, a history of what our participation has been.

MR. WHITE: That would be very helpful. Thank you.

CHAIRMAN WARSHAW: Are there any other questions? John Donaldson.

MR. DONALDSON: Mr. King, is AGMA involved in the testing and certification and application side? Or are your concerns exclusively with the standards development side?

MR. KING: Well, first of all, let me make it clear that all of our standards, we refer to as applications standards. They are based on application data and application history.

As far as certification, we are involved in a self-certification program of which member companies can self-certify that they manufacture or design to AGMA

standards.

MR. DONALDSON: Thank you.

CHAIRMAN WARSHAW: Thank you very much, Mr. King.

MR. KING: Sure.

CHAIRMAN WARSHAW: We appreciate it. And now Mr. Montwieler of the Industrial Truck Association.

MR. MONTWIELER: Good afternoon. My name is Bill Montwieler, and I am the executive director of the Industrial Truck Association.

With me today is Matthew Hall of the firm of Dunaway and Cross, ITA's legal counsel.

ITA is the international, not-for-profit trade association representing the interests and advancing the goals of manufacturers of forklift trucks and their components.

Domestic and foreign companies have equal voting rights in ITA. Among other objectives, ITA is committed to the development of voluntary safety standards that improve forklift truck safety and quality. We also support international trade principles that promote fair competition and the elimination of all unnecessary trade barriers.

We believe that these interests can best be reconciled by avoiding unnecessary or counterproductive Federal Government interference in our private domestic system of voluntary standards development, while

simultaneously stepping up the government's role in assuring that fair access to foreign standardization efforts is given to U.S. companies. These are the two points that I wish to elaborate on today.

Based upon its long experience in safety standards development ITA, firmly believes that the existing systems for developing effective voluntary standards are well-structured, functioning capably, and significantly contributing to overall product safety.

It is with some concern, therefore that ITA views the prospect of increased federal regulatory control over standards-making activities, as foreshadowed by the November 1989 notice of this hearing and the subsequent December proposal for the creation of a Standards Council of the United States of American, or SCUSA.

Although the purpose of this hearing is to gather information relevant to standards development, and while the SCUSA proposal purports to be only a concept to facilitate comments, the fact that consideration is being given to federal regulatory control over standards-making activities is cause for some concern.

The SCUSA proposal leads ITA to envision a new and costly bureaucratic jungle that, rather than improve development of effective safety standards, would only further encumber, delay, and discourage what is already an

inherent laborious process.

ITA would dispute any assumption that voluntary standards development activities are somehow defective and in need of rescue by the Federal Government. ITA's experience is that standardization, testing and certification of programs in the United States are functioning vigorously and effectively to improve product safety.

Before embarking on any plan to regulate voluntary standards systems in the United States, NIST should step back and consider the progress that those system have achieved without federal regulatory control.

ITA's participation in safety standards development leads us to conclude that the existing private-based structure is functioning effectively.

Domestically, ITA is a member of the American Society of Mechanical Engineers/American National Standards Institute B 56 standards committee for powered and non-powered industrial trucks, and of several of its subcommittees.

The B 56 committee's efforts, sponsored by the ANSI, have resulted in nationally recognized voluntary standards for forklift trucks, including the B 56.1 standard for high lift and low lift trucks, the standard for guided industrial vehicles, and the standard for rough terrain

forklifts.

Subcommittee membership is comprised predominantly of representatives from the private sector, including manufacturers, dealers, purchasers, users and safety experts.

The membership is rounded out by representatives from the Army and the Occupational Health and Safety Administration, thus providing an appropriate mixture of public and private sector representation.

Proposed standards are subject to extensive public comment to ensure that all interested parties have notice and opportunity to be heard in order to provide input to the standards development process. The process is one of diversity, balance and openness.

Of course, in a world of constant technological change, the process does not end with a standard's publication. Consistent with the comment to always improve product safety, the B 56 standards are revised regularly to reflect state-of-the-art safety and quality assurance.

For example, the ASME B 56.1 subcommittee most recently revised the national voluntary standard for low and high lift trucks in 1988. This was the fifth revision to the standard since it was first published in 1955, reflecting ASME's thorough review policies. Similarly, the ASME/ANSi B 56.5 and B 56.6 standards have also been

reviewed and revised.

But ITA's efforts go beyond the association's membership on ASME committees and subcommittees. Over the years, ITA has developed recommended practices covering numerous aspects of forklift truck safety. Typically these recommended practices are forwarded to the cognizant ASME and ANSI bodies for their consideration.

And like the ASME/ANSI standards, ITA recommended practices are regularly updated to incorporate the latest advances within the forklift truck manufacturing industry.

The efforts of ITA member companies to develop voluntary safety standards reflecting state-of-the-art quality demonstrates their commitment to product safety, and I am confident in saying that those efforts have been successful.

Given that success, ITA cannot understand what objectives would be served by expanding government input to, and perhaps control over, the private standards development system.

ITA's participation in international standards efforts is principally through the International Organization for Standardization. ITA cooperates in the ISO process through its membership on the B 56.11 committee which comprises the U.S. Technical Advisory Group to the ISO TC 110/SC 2 committee.

The US TAG meets twice a year to discuss issues relevant to international forklift standards and to formulate appropriate U.S. positions on particular issues for input to the ISO committee through ANSI.

Through such activity, the US TAG has assumed a leadership role in formulating and improving international safety standards applicable to forklifts. More importantly, ITA perceives the ISO Committee to be conscientiously pursuing the development of technically valid standards and improving the safety and quality of forklifts.

For example, this last week I attended on behalf of ITA, an ITA hosted meeting of the ISO TC 110/SC 2 committee here in Washington where consideration was given to, among other items, recommendations concerning the strength of fork arms, the safety code for powered industrial trucks, a stability test for high lift order picking trucks, and various other project.

ITA has found its participation in ISO standards activity to be rewarding, notwithstanding the inherent cumbersomeness of a process involving different languages, different markets, and different procedures.

While the Government might play a useful role in enhancing U.S. companies' ability to participate in international standards-setting efforts, assumption of that role should not come at the expense of a well-established

private system that has long served us in this country.

We see no need to replace effective private sector involvement in international standards work with a monolithic government involvement. Such a substitution would, in our view, only add unnecessary complication and delay to a highly specialized and technical process.

Now that I have discussed the activities that the Government should not pursue, let me turn to those activities where government involvement can be beneficial to U.S. industry.

In ITA's view, Government can best assist U.S. industry by facilitating access to, and communication of, regional and international standards development activities. The primary goal of a international standards development programs, as with any national program, should be to improve product safety by establishing technologically valid, commercially feasible product standards.

To prevent development and publication of inadequate standards, as well as the misuse of standards and certification requirements to create technical barriers to trade, it is important to ensure that interested parties have access to such programs as observers, if not as actual participants.

Such access is not always made available. ITA has been particularly frustrated in gaining observer status to

the rapid-fire proceedings of CEN/CENELEC. Consequently, ITA continues to support ANSI's efforts to gain observer status to CEN/CENELEC meetings and encourages the Government to assist ANSI in obtaining such status.

Similarly, ITA continues to encourage the U.S. Government to press for manufacturer testing and self-certification of forklift trucks destined for the European market.

I emphasize, however, that as with national and international standards development efforts, the government should play a supporting role in regional standards-making activities.

In sum, ITA urges NIST to r3ecognize that existing systems for national, regional, and international standards development are functioning well, and consequently to refrain from regulating or otherwise disrupting the present structure.

At the same time, NIST or other appropriate government authorities should use their influence to improve our private sector's access to standards-setting processes abroad. By assisting rather than usurping the private sector's role in international standards-setting, the government will best advance the twin goals of safety and fair trade.

On behalf of ITA, I have appreciated the

opportunity to make this presentation, and would be happy to try to answer any questions you might have.

CHAIRMAN WARSHAW: Thank you very much, Mr. Montwieler, we appreciate it. If you would too, if you could leave a hard copy of the text with the transcriber.

MR. MONTWIELER: I will do so.

CHAIRMAN WARSHAW: Are there any questions of Mr. Montwieler? Mr. Donaldson?

MR. DONALDSON: If I remember correctly, there exist some EC directives and perhaps standards in the area of the safety of the forklift truck. Presumably, as you have indicated, you are interested in the CEN/CENELEC activities.

Are you finding, conceding for the moment that you haven't got a seat at the table, which is fairly well-recognized across the board, are you finding that you are having access to the information that you want? Are you getting informed and are you able to at least keep track of what is going on? Or is the lag time impeding what you might do?

MR. MONTWIELER: We have a small session following the ISO meeting in the ITA office last week and I mentioned that this meeting was coming up and I sure as heck would like to be able to tell the members of this group that we were receiving CEN and CENELEC documents, but that I was

concerned because we had not.

One of the suggestions made by the ISO delegates from Europe was that since ITA consists of companies like Caterpillar and Heister and Clark, all of whom have companies abroad, that we should be able to get the CEN and CENELEC documents from them.

What we find, however, is that since it is a European organization, the subsidiaries of the corporations are somewhat reluctant, maybe even substantially reluctant to supply us with those documents.

What we find is that we get the documents late if we get them at all.

However, after I made that little speech, a FAX went off to one of the headquarter offices of our sister association in England and sure enough in the mail this morning I got inundated with more material than I will be able to organize in the next month.

So it is a question now of perhaps too much data. It certainly would be helpful -- we have asked permission several times to sit and observe and have been rejected. There is an overall European association for manufacturers of forklift trucks and we have been invited to their meetings and they come to ours.

We are an unusual association in that both European, Japanese and American corporations all have equal

representation in ITA, so we have taken democracy one step farther, with all of its problems.

MR. DONALDSON: Part of your answer anticipated my next question which was if you had any sense of, in terms of the difficulty in getting the information, whether it is simply that the process isn't really in place yet and there is a certain amount of ignorance, or in fact, that there is a wilful dragging of the feet.

I think that the last part of your answer may indicate that we just haven't gotten things quite working yet.

MR. MONTWIELER: In the association office, we certainly don't have it. We have got to count on our members to volunteer their peoples' time to come and participate and that of course, is added expense.

MR. DONALDSON: But nevertheless, CEN and CENELEC do have an obligation to keep us informed of their activities through a committed mechanism through ANSI that we should be leaning on that to make that work as well, and you should not have to rely exclusively on membership involvement.

You may have members who aren't going to cooperate as well as this last one has, but there are mechanisms that are in place and we ought to make these work.

MR. MONTWIELER: I agree.

MR. LEIGHT: How many foreign members do you have? You mentioned that you have both domestic and foreign members.

MR. MONTWIELER: There are 22 members of the Industrial Truck Association in the United States. Of that 22, 6 are Japanese, 4 are European, and the remainder are U.S. companies. They range in size from sales of about $5 million up into the billion dollar range.

CHAIRMAN WARSHAW: Okay, thank you very much, Mr. Montwieler. We appreciate it.

I would like, if the American Gear Association and ITA would like to leave, then we could have the Plumbing Manufacturers Institute at the table here. Whoever is hiding behind that podium, I can't see.

We very much appreciate your taking the time to give us your comments.

(Pause.)

CHAIRMAN WARSHAW: You are the Automotive Industry Action Group. Do we have the Plumbing Manufacturers Institute here?

Yes, could you please join us at the podium?

MR. MARTIN: Is this operating here?

CHAIRMAN WARSHAW: Yes. It was operating after lunch. We have David Martin, the Plumbing Manufacturers Institute.

MR. MARTIN: I do indeed. Would you care for a copy of this?

CHAIRMAN WARSHAW: Yes, if you have it with you, that would be fine.

MR. MARTIN: Okay.

CHAIRMAN WARSHAW: Mr. Martin, please feel free to offer your oral comments.

MR. MARTIN: Thank you.

CHAIRMAN WARSHAW: And introduce your associate too please.

MR. MARTIN: Mr. Chairman and members of the panel, my name is David Martin. I am director of government affairs for the Plumbing Manufacturers Institute. With me at the table is our private counsel, Mr. Robin Grover who represents us on various issues from a legal point of view.

The Plumbing Manufacturers Institute is a national trade association representing the majority of domestic manufacturers of plumbing fittings and fixtures. Our industry plays a vital role in supplying the residential, commercial and institutional construction markets with products that ensure that Americans have the safest, cleanest and most effective plumbing systems in the world.

PMI and its member companies have long participated in the important standards development process through active involvement with American National Standards

Institute, the American Society of Sanitary Engineers, and other standards bodies.

The plumbing industry strongly believes that the Federal Government should not replace or duplicate the private voluntary system that has operated so successfully over the years. We contend that the private sector must continue to play the leading role in product standard development on a worldwide basis so that industry can address the emergence of a global economy in the best interests of the United States.

There are several reasons why the Federal Government should allow the private sector to continue to lead the way in the development of international standards. First, the current voluntary standards system is sound and certainly does not need a major overhaul.

Thus, we believe there is no need for the proposed Standards Council of the United States of America.

Second, we believe there is no justification for SCUSA or any government entity to regulate existing private standards organizations through the accreditation of these private bodies.

Third, we believe that the existing testing and certification process is an extremely complex problem in the international arena, and we further believe that the establishment of a government infrastructure before the

international system and its needs are known to American business could well impede and negate the on-going efforts of the private sector to coordinate with foreign standards organizations activities to meet these problems.

The plumbing manufacturing industry is currently in the transition of developing fittings and fixtures that utilize less water in their operation. When I utilize the term fittings, I am referring to such things as showerheads and lavatory kitchen faucets and aerator flow devices. When I talk about the term fixtures, I am talking about ceramic ware -- that is to say toilets or water closets as we call them, and urinals.

ANSI committee panels, as an example, have been very useful by providing not only their technical and professional assistance, but most importantly, a forum in which our industry and other parties can reach a consensus standard for these plumbing product that I have just identified.

These performance standards help ensure that our industry and others provides consumers with showerheads, faucets, aerators, water closets and urinals that reflect the state-of-the art for water conservation and other important operating requirements.

In summary, we believe that the present ANSI structure and operation has enabled industry as well as

government and private officials to participate effectively in the critical standards development process so that domestic plumbing products are tested, certified and labeled in a manner that best reflects the public interest.

For the plumbing industry, there is another basis for its concerns with the proposal under consideration today. The plumbing and building codes in this country rely extensively and often decisively on relevant product standards. From the plumbing manufacturers' standpoint, there has often been considerable confusion in the model plumbing model code area, as opposed to the standards area.

The sources of this confusion include but are not limited to historical attitudes by all parties toward the model plumbing code, inconsistent provisions among the various codes, interpretive differences by the code bodies and disparate views on what truly constitutes a model plumbing code in this country.

In addition not all model codes recognize the same standards or standards development organizations for plumbing products.

Lastly, there are some code bodies that impose testing fees and other administrative requirements which most plumbing manufacturers find both unnecessary and onerous.

We believe that any attempt by the Federal

Government to superimpose SCUSA or any other government entity over international or domestic standards would compound the model code problems by adding another layer of bureaucracy.

The plumbing industry would be remiss if it did not address the many positive roles that the Federal Government could assume in support of both domestic and international standards organizations and their activities.

First, the government should take a more prominent role in sponsoring and promoting educational programs on the importance of standards to the U.S. economy, particularly those now established or anticipated in the international market.

Second, the Commerce Department should propose to Congress, and Congress should adopt an extension of the research and development tax credit for standards-related activities.

Third, there should be a strong commitment and continued participation and involvement of government personnel in the voluntary standards infrastructure in the international area.

Fourth, there should be active government-to-government discussions on international standards activities and their relationship to the domestic economies of all countries and regions of the world.

Lastly, there should be effective intra-government agency cooperation and coordination regarding international and domestic standards policies.

In closing, PMI wants to emphasize the important role that private standards development bodies have played and must continue to play in both the domestic and international arenas.

Any future involvement by the Federal Government in domestic and international standards matters must accommodate itself to the established pre-eminence of the private sector. The Federal Government simply, in our opinion, cannot replace the historical operating effectiveness and depth of knowledge of the private sector in the area of international standards activities.

Thank you for the opportunity to present the views of the plumbing manufacturing industry on this important public policy issue.

We would be pleased to answer any questions that you may have.

CHAIRMAN WARSHAW: Thank you very much, Mr. Martin. Are there any questions? Mr. Leight.

MR. LEIGHT: You mentioned that one of the needs is to address the problem of how to handle the separate codes. We also heard that yesterday from people from CABO and we are also aware of the fact that in many other areas,

not just in the plumbing area, construction area, the Europeans also ask who do we deal with? You have 50 states and 50 different systems.

I wonder if you have any specific suggestions as to how we might go about getting this internal harmonization, if you will, such as in the building codes area?

MR. MARTIN: Well, the industry has for some time addressed this question in another area and that is related to water conservation and it has historically been our opinion that uniform national standards for plumbing products are not the appropriate way to address the solution, but over the passage of time, we have seen a number of states, as an example, come forward with their own solutions to this particular issue.

I guess the best answer that I can provide for you is that uniformity would be the preferred goal for our purposes, but given the existing domestic system with these many number of model codes, I specifically do not have a recommendation to you on how to address that issue.

Do you, Robin?

MR. GROVER: No, but we will supplement that in our comments.

CHAIRMAN WARSHAW: Thank you. Please, yes, and the comment period is open until June 5th.

MR. GROVER: Right.

CHAIRMAN WARSHAW: Mr. McCutcheon.

MR. McCUTCHEON: Mr. Martin, turning the view overseas instead of internally to the states, I was wondering if you or PMI have any news on the testing and certification, particularly as it relates to acceptance of U.S. plumbing products in other national or regional markets?

MR. MARTIN: Would you repeat that please?

MR. McCUTCHEON: Well, I am primarily concerned about if you had any views, because you didn't happen to address it particularly, on testing and certification programs that are exercised overseas, particularly as they relate to U.S. products going into those markets.

MR. MARTIN: Right now the plumbing manufacturing industry in this country prefers to utilize, for the purposes of testing and certification and performance, the American National Standards Institute standard setting entities, and we would prefer to use those for the purposes of international product development as well.

CHAIRMAN WARSHAW: Mr. Donaldson wants to follow-up on that question because I was a little confused myself with the answer.

MR. DONALDSON: I'm aware that there is work in the EC on the Eurocodes which presumably extend rather

broadly. I am not personally aware of the details as to what it covers but presumably it would cover all the facets involved in the building industry.

Do you see implication of what is going on in that context or PMI's area of concern?

MR. MARTIN: Well, PMI has traditionally, as I said, taken an active role in standards setting process in this country by virtue of its members participating or sharing its various panels, the ASME sub-panels to the ANSI code for our products.

So actively involved in the domestic scene in that part of the process, but to my knowledge, we have not heretofore taken an active role overseas vis-a-vis the international code setting bodies such as EC 92 or other entities.

Today our efforts have been limited basically to the domestic scene through ANSI.

MR. DONALDSON: Okay, so up until now, the answer as of now is no.

MR. MARTIN: That is correct.

MR. DONALDSON: Thank you.

CHAIRMAN WARSHAW: Ms. Moore.

MS. MOORE: I have an even more general question to follow that up.

To what extent do your members actually

participate in the international market?

MR. DAVID MOORE: Excuse me, I can't hear you.

MS. MOORE: To what extent do your members actually participate in the international market? Do they export a lot? Have they met with a lot of trade barriers and so forth?

MR. GROVER: Our major members tends to export a lot, particularly to the EC and some to Mexico, but to date, the international market has not been that significant for many of our members, especially the smaller manufacturers.

I think that will change with the increasing globalization of the economy.

MR. DAVID MILLER: Traditionally what has happened is that very few of the manufacturers of fixture products have manufactured on-shore and exported for the simple reason that the weight is such that it doesn't make it cost effective.

Many of our major members manufacturers in Europe, Western Europe, the Far East, and even in South America are in an indigenous basis now. For the fittings or the faucets, it is a different consideration but to my knowledge, most of that production that is now developed is on-site in those particular countries or residences. We are at limited export at this point in time -- not to the extent we would like to see it, let's put it that way.

CHAIRMAN WARSHAW: Mr. Donaldson.

MR. DONALDSON: Just for my own personal edification, in terms of sales within the United States today, what fraction then is captured by the domestic production?

MR. DAVID MILLER: By foreign production.

MR. DONALDSON: By domestic production -- well, either way, domestically or otherwise.

MR. DAVID MILLER: The lion's share of products sold in this country retail through the construction markets and are manufactured in this country. There is a small portion of fittings, as an example, what we call knock-offs, that come in from such countries as Taiwan and others overseas, but that is a limited volume of the products sold in this country.

MR. GROVER: Imported fittings would have a much larger share of the so-called do-it-yourself market, for the fixer-upper segment of the market.

But I would say overall in terms of domestic fittings sales, I would guesstimate -- and that would be a guesstimate which may not be correct -- about 80 to 85 percent would be supplied by the domestic manufacturer.

MR. DONALDSON: That would exclude off-shore production by domestic firms.

MR. GROVER: I believe so, yes.

MR. DONALDSON: Thank you.

MR. GROVER: Again, we will clarify that, but I would say 80 to 85 percent of the domestic fittings sales would be supplied by the domestic manufacturers, also for fixtures as well -- probably 75 to 80.

CHAIRMAN WARSHAW: Are there any more questions from the panel?

I want to thank you very much, Mr. Martin, for your contribution.

MR. DAVID MILLER: Thank you. We will provide you with a follow-up to your questions.

CHAIRMAN WARSHAW: If you have anything to add between now and June, we would appreciate it.

The other Mr. Martin of the Automotive Industry Action Group.

MR. GERUS: Thank you, Dr. Warshaw. First of all, I would like to mention that I am not John Martin, I'm Mike Gerus. I am standards coordinator for AIAG. Mr. Martin, who is our managing director, had to return to Detroit today so I will be speaking in his place.

First, the AIAG would like to thank NIST for holding this forum. It is both healthy and important to review the processes that drive the U.S. economy, to determine if they are still relevant and effective.

A few words about the AIAG. The Automotive

Industry Action Group is a not-for-profit trade association representing the domestic motor vehicle makers. We were established in 1982 to both develop and encourage the use of standardized productivity tools in the North American Motor Vehicle Industry.

Our focus is on Electronic Data Interchange or EDI, automatic identification methods and devices such as bar-coding and radio frequency transponders, packaging -- both expendable and returnable, CAM/CAD technologies, and quality control.

We also work to develop common business practices utilizing those tools.

Currently we have 750 corporate members. They include 18 firms building passenger cars, heavy trucks and off-road vehicles.

They are joined by their suppliers of both production and indirect material as well as service providers in banking, telecommunications, transportation, insurance and academia.

Most of our larger numbers have extensive facilities in Canada, Mexico, Europe, Australia and South America.

Since our inception, we have made a conscious decision to first evaluate the work of other standards organizations such as ANSI's ASCX 12 committee, to determine

if we could live with what industry had already produced.

During the last few years, we have also sought out the work of international standards groups, such as the United Nations Working Party 4 on EDIFACT initiative, ISO's TC 154 and the JTC 1, the VDA in Germany and the AIAG's counterpart in Europe, Odette.

We have also expanded our domestic links to include the American Society for Quality Control, the SAE, the American Supplier Institute, the Aerospace Industry Association and the Society of Manufacturing Engineers.

At the same time, we have begun projects that had the direct involvement of the EPA, DoD and U.S. Customs.

Over 1000 AIAG volunteers meet every month to increase their company's effectiveness and competitiveness. They are the reason that the standards either endorsed by or directly developed through the AIAG are used on a daily basis by over 3,000 North American firms.

Looking back, we can see that our primary strength was allowing all parties -- customers and suppliers -- to develop a consensus solution in a non-threatening environment.

This open marketplace of ideas produced AIAG standards that work. In our written position paper, we spoke directly to the issue of one organization establishing itself as the final authority for standards,. We concluded

that none of us can or should take on that task alone.

We, at AIAG, join with many of our fellow presenters in strongly discouraging the formation of a new government organization to oversee all standards work.

What should be the role of the U.S. Government in the standards making process?

There are several things that could be done. First, the U.S. Government must take effective measures to coordinate its own use of standards.

While we at AIAG enjoy good relations with individuals at EPA, DoD and Customs, these relations are the result of forward thinking on the part of some sincere federal employees looking to do the right thin despite a lack of policy or strategic direction from their own management.

We are afraid that if these individuals were to change jobs, the initiatives they have put forth at AIAG would die. Working with industry as partners in the standards making process must become a way of life for federal agencies.

Part of the problem is education. We know that it was a long, hard road to convince individuals and management at AIAG member companies that appropriate use of standards can make the business process more effective. For much of the auto industry, the not-invented-here syndrome was and is

a way of life. We suspect that it is a as big a problem within the U.S. Government.

Yesterday a presenter commented that he doubted that a single person in this auditorium didn't understand the crucial role of standards. If the people in this room are responsible for all the decisions in industry and government, then that statement is meaningful.

But we know that's not the case. And then the statement becomes dangerous. We cannot become insulated. We -- industry and government -- must make education a primary focus.

From the classroom to the executive suit to the White House, standardization should bring to mind not images of stifling creativity or mediocre products, but instead should call to mind that standards, while hardly a cure-all, can b3e a powerful force that allows us to focus our energies and resources on those aspects of our culture -- such as creative, flexible thinking -- that allow this country to compete and excel in a global economy.

Let's not waste our brain-power re-inventing the wheel.

In addition, the U.S. Government could act as a catalyst or facilitator. For instance, virtually every presenter yesterday spoke about the high cost of travel to attend standards meetings. Several of them suggested that

the U.S.Government subsidize that activity, perhaps through grants.

While we believe that this proposal has merit and should be explored further, we think it may be short-sighted.

Instead, we propose that the Federal Government work with industry and academia to develop an effective and comprehensive teleconferencing strategy. This would include audio and video.

By utilizing appropriate technology, access to the standards development process can be increased at a relatively small cost. For example, we held a teleconference at AIAG that involved parties across the country. The total cost for that dialogue was under $200 versus the several thousand dollars it would have been in airfare.

I personally communicate on a daily basis with individuals at other standards groups -- both foreign and domestic -- via electronic mail and FAX. This is the way we must go.

The AIAG recognizes that because of time zone differences, that some may find teleconferencing unattractive. We do not think that this is as great a problem as some suggest. Perhaps there are cultural or personal practices that are barriers to using

teleconference. These may be overcome by using again the appropriate levels of technology.

In summary, the AIAG feels that there is a lot the Federal Government can do to help improve U.S. competitiveness. However, none of that can occur in a vacuum, nor through the establishment of another bureaucracy.

We are all integral parts of a global economy. Our future depends on how soon we realize that and take the right steps to avoid being an also-ran.

To re-state our position, we oppose the creation of a federal oversight council on standards. We recommend a comprehensive review of current government policies regarding standards and the development of a strategic plan which defines appropriate methods for working with industry.

Third, we recommend that industry, academia and government pull together on the issues of teleconferencing and education.

Thank you for this opportunity to speak to the group.

CHAIRMAN WARSHAW: Thank you very much, Mr. Martin we appreciate it. Are there any questions of Mr. John Martin? Or his substitute?

MR. GERUS: That's okay. I'll answer to any name.

MR. LEIGHT: Jerry who?

MR. GERUS: Mike Gerus.

CHAIRMAN WARSHAW: Would you spell the last name?

MR. GERUS: G as in George, e-r-u-s.

CHAIRMAN WARSHAW: Thank you. Everybody spelled it with a J.

MR. GERUS: It is non-standard.

CHAIRMAN WARSHAW: I appreciate it. Your remarks were very well put and if there are no questions, then I want to thank you both. Oh, excuse me, Mr. Donaldson.

MR. DONALDSON: In terms of the teleconferencing that you referred to that just took place, is this a first or have you been doing this for some time? What has your experience been with that?

MR. GERUS: We have been experimenting with it on and off for about a year. The primary obstacle, it would seem, at least in our experience, has been cost and these have all been audio conferences, however we have sen services come on to the market in the last six months which suggest that certain audio conference and to a limited extent, video conferencing is now economically cost effective.

But that is relatively recent, I mean in the last six months or so. I think as an organization that we will push to use the teleconferencing much more simply because it allows greater access to the process. We've got a lot of

people scattered out all over the country who should participate.

MR. DONALDSON: When you say cost, was this cost compared with what an individual participant would have experienced had he or she had to travel to a meeting and all the out-of-pocket costs, it was still high compared with that initiative?

MR. GERUS: Even then it was only slightly more cost efficient. We have some meetings where 50 people come from across the country, Canada and occasionally Europe every other month and the total cost in terms of travel budget probably exceeds $25,000. That's not counting the lost labor of those individuals which is significantly higher, I would imagine.

So it just seemed that in order to be effectiveness, the meetings have to occur and we have to have a good method to do that. I think teleconferencing is a technology that has arrived.

MR. DONALDSON: You were talking then of out-of-pocket costs and you were considering labor as a sunk cost.

MR. GERUS: Labor was not a factor we had factored in, the actual loss of labor of those individuals.

MR. DONALDSON: All right.

MR. GERUS: That would certainly double it and perhaps triple the cost.

MR. DONALDSON: Are you aware of any other standards developing agencies that have had any experience with this?

MR. GERUS: No, I am afraid not. I did work with the Map Top Cals Group that did do some teleconferencing and that was an ad hoc activity and it seemed to work quite well.

We had people from overseas we well as domestic companies conversing over a six month time span, and I know for a fact that that made my participation feasible. There was just no way I could fit in another meeting in my agenda last year, but nothing on a formal basis across the organization.

MR. DONALDSON: It sounds very interesting.

CHAIRMAN WARSHAW: Thank you very much.

MR. GERUS: Well, you're welcome.

CHAIRMAN WARSHAW: Thank you, gentlemen. We will now take a break. I would like to reconvene at five after three. That would allow us then to finish a little earlier today, so five after three please.

(Whereupon, a brief recess was taken from 2:50 p.m. to 3:05 p.m.)

CHAIRMAN WARSHAW: Will the Water Quality Association please come forward?

MR. GROVER: Yes, sir. I am neither Peter Censky

or William C. Ives which are both listed in the statement which I have given to you.

Instead I am Robin W. Grover, and I am associate general counsel for the Water Quality Association, WQA.

WQA is the international trade association representing the manufacturers, suppliers, distributors and retailers of point-of-use, water quality improvement products.

These products and the systems containing them utilize a variety of technologies to remove a broad range of contaminants from drinking water.

WQA has nearly 3,000 members and a staff os 25. It maintains a very active state and federal government relations effort; tests and certifies industry products; has developed and administers a widely used, both nationally and internationally, professional education certification program; has published guidelines for product advertising and promotion; and funds an independent panel to handle complaints of violations of these guidelines.

More importantly for the purposes of these hearings, WQA and its predecessor organizations have over 30 years' experience in publishing and administering voluntary product standards. These standards cover a variety of industry products including water softeners, reverse osmosis systems, and various types of water filters. Standards for

products utilizing other technologies are in the advanced planning stage.

In addition, WQA staff personnel and members have participated in other standards developments efforts for pint-of-use water quality improvement products. WQA was a founder and is an active participant in Aqua-Europa, a European association currently involved in European standards development for industry products.

WQA congratulates the Office of Standards Services for providing the impetus and facilities for these hearings. It believes these hearings are important for several reasons.

First, merely by being held, they focus public and governmental issues, thereby elevating them to a level of importance that they have long deserved but have not enjoyed.

Second, they provide a forum, a standards summit if you will, where those of us deeply involved in standards development can meet, exchange views, consider fresh ideas and, hopefully, offer constructive suggestions for the good of all.

Third, this meeting and others of a similar nature that could beneficiarlly follow, should provide the springboard for an even more forward looking and meaningful range of standards development activities in this country,

and more effective representation of U.S. standards interests abroad.

The Water Quality Association represents an industry consisting of many small to medium-sized firms, most of which were entrepreneurial in origin and remain so today in spirit.

Attitudes supportive of free enterprise and voluntary association are common throughout the industry. Our industry has a healthy skepticism about any increased government involvement in traditionally voluntary activities such as standards development.

These are some of the reasons our industry and WQA support the American National Standards Institute, ANSI, and the vital role it has played and is playing on both the domestic and international standards developments scenes.

ANSI's leadership and professional staff are largely responsible for the considerable degree of procedural harmony that now exists within the U.S. standards development community. ANSI has been increasingly energetic in promoting U.S. interests on international standards organizations, committees, and working groups.

ANSI's information pieces are frequently the only source of current information on international standards matters.

The Water Quality Association recognizes that in

order to achieve the goals and correct the deficiencies outlined above, a somewhat expanded federal role could be useful.

However, any expanded federal involvement in standards development activities must be thoroughly considered and demonstrably beneficial. It should in no way replace the carefully constructed, time tested and effective and voluntary private standards efforts about which we can all be justly proud.

Some of our industry's firms have modest personnel and financial resources to devote to standards activities Many others have severely limited or no such resources.

The collective technical and practical expertise of personnel working for these firms -- both large and small -- is impressive. They work on the cutting edge of technical developments, and must continue to do so if the quality of the public's drinking water does not deteriorate to the level where health is seriously threatened.

Yet, it is a fact that this substantial expertise is often not tapped for direct use in standards development, especially by regional and international bodies. There are, of course, many reasons for this. Some of them follow: Too often, what industry expertise there is must be filtered through several layers of bureaucracy before it reaches those actually writing standards.

Thus, as a practical example, a technical expert working for a small company would convey his technical and economic feasibility judgments to his trade association's technical director, who would then raise them with the association's Technical Committee, who then would refer them to another, separate technical organization, or to the staff or a committee of a national coordinating body who would then pass them on to the U.S. Representative on an international standards body.

Hopefully, that representative would have them in mind when he or she sits down to begin writing a standard.

Clearly, the judgments that the expert first presented stand a very good chance of being substantially diluted by the time they reach -- if in the fact, they do reach -- those responsible for hammering out the language of a draft standard.

WQA believes it is most important to adjust or restructure the present standards development hierarchy to ensure that the substantial technical and practical expertise possessed by many in the water quality improvement industry promptly and directly reaches those actually writing standards, especially international standards.

As far as costs go, put quite simply and directly, many small firms in the drinking water treatment industry cannot afford to finance their full participation in

standards development activities.

While many permit, and even encourage, their personnel to participate in those standards developments activities -- attend meetings, join organizations, do the necessary paperwork, etc. -- they find the travel and meeting attendance costs virtually prohibitive, especially those associated with the increasingly important international meetings.

Surely it is not in the best interests of the United State to leave representation on international -- and to a lesser extent, national -- standards writing bodies exclusively in the hands of those who may have sound technical background, but who lack the broad experience required to reflect a well-rounded, balanced industry perspective.

A source of funding for those under severe financial constraints should be found and reasonable allocation procedures promptly established, maximizing the use of trade associations and other private organizations for that purpose.

WQA believes it is necessary for American industry to have more comprehensive, more current information on national and international standards development matters.

The ANSI Reporter and the ANSI Standards Action are major steps in that direction. Yet, one must know of

ANSI and be placed on its mailing list. To ANSI's credit, I do not believe ANSI membership is required to be on the list.

Despite the apparent glacial pace of some standards development activities, time is of the essence in these matters. Timely advance notice of key meetings is essential if positions are to be determined, attendees selected and travel plans made.

A national/international standards register is needed which is comprehensive in nature and frequent in publication.

Data such as meeting times, dates, places, secretariat, with contact information, and standards matters to be considered at each step in the development of national or international standards should be included.

Publication frequency should be semi-weekly or at least weekly. It should be sent -- via subscription or otherwise -- to among others, all trade associations, laboratories, government agencies and private standards development or related organizations.

Standards development bodies, of whatever nature, should include in their standards development procedures, a requirement that notices of all standards meetings and actions of or by their organization must be published in this register.

Such publication would not only promote increased involvement in standards development but assist in satisfying certain aspects of what is often called procedural due process.

The concerns I have expressed, as well as others that could have been, must be addressed by the international standards development community. They can be addressed by adjustments to the current system, or by creating a totally new system, but they must be addressed.

Thank you, and I would welcome any questions.

CHAIRMAN WARSHAW: Thank you very much, Mr. Grover. Are there any questions from the panel for Mr. Grover?

Thank you very much, and now I would like to ask Mr. Brown of the National Association of Underwater Instructors if he would present and introduce his associate.

MR. BROWN: Thank you, Mr. Chairman. My name is Jim Brown and I am the national training director for the National Association of Underwater Instructors and with me, on my right, is our northeast regional business consultant, Mr. Dale Fox.

Mr. Chairman and fellow participants of the National Institute of Standards and Technology hearing, again my name is Jim Brown and I am the director of training for the National Association for Underwater Instructors.

NAUI appreciates this opportunity to address this hearing.

I am pleased to be here today to represent the views of the members of the National Association of Underwater Instructors, NAUI, regarding improving U.S. participation in international standards-related activity and possible government actions.

Any issue that may affect the safety and welfare of the general public when engaged in recreational underwater activities is a matter of serious concern for NAUI.

NAUI is a non-profit, democratic, educational association with a worldwide membership of more than 7500 diving professionals. NAUI's global mission is to train and educate the general public in the knowledge and skills necessary for safe participation in recreational underwater activities.

NAUI sets international standards for recreational diving instruction, trains and educates diving leaders and instructors to train and supervise the general public in skin and scuba diving, provides educational resources, books and publications, offers certification services to its instructor members and sponsors the International Conference on Underwater Education.

NAUI members reside in many countries of the

world. They reach recreational diving for retail dive businesses, resort operations, universities and colleges, youth camps, military and scientific organizations, and as private contractors.

NAUI has always recognized the fundamental necessity to meet the needs of the diving student and has developed an educational system that fosters academic feredom for NAUI members solely within the limitations of NAUI diving course standards and our code of ethics.

NAUI is proud to be an influential member of the diving community. The diving industry has matured over the past four decades to a point where millions of people, both here and abroad, enjoy the wonders and beauty of the underwater world.

Hundreds of thousands of recreational scuba divers travel each year to exotic destinations. They purchase millions of dollars worth of scuba diving equipment and use it with the assurance that it is well-designed, functional and a good value. Most people in the United States learn to scuba dive through retail dive stores.

The diving retail aspect of our community has also matured. Retailers strive to offer good service, education and competitive prices. They generally do not allow uncertified divers to participate in diving trips, rent scuba diving equipment or obtain air for their scuba tanks.

In light of these facts, NAUi wishes to point out that the diving industry has achieved all of this voluntarily, without involvement from or by the U.S. Government.

All divers share a common beginning, the scuba diving certification course. The knowledge, skills and attitudes they gain and develop as a result of these diving courses is largely dependent on the scuba instructor.

The instructor, in turn, is trained and authorized to teach and issue diving certifications through various scuba diving certification agencies. These agencies have various interests, most of which are profit motivated, relying heavily on contractual relationships with retailers. In such cases, diving educational standards appear to be of secondary importance.

As Americans venture forth to other parts of the world, they encounter more and varied forms of diving regulations, standards and customs. Divers from outside the United States encounter similar situations when they visit our country.

The general safety and welfare of all divers is usually addressed in the form of standards, regulations and, to a degree, local customers. There is, however, no formal and recognized mechanism to fairly address the need for uniformity in diving standards.

Furthermore, there appear to be misguided efforts by private interests to monopolize diver training under the guise of voluntary standards at the exclusion of several diving standard-setting bodies.

NAUI, which represents public safety interest, is alarmed by these developments and seeks to bring this matter to the attention of those most affected by such matters -- the general public.

NAUI's reason for being here today are to make a statement endorsing the need for increased global awareness and support for a mechanism that will enable international discussions and agreements on recreational diving instruction, safety, and supervisory standards.

To point out the reasons for NAUI's dissatisfaction with the current recreational diving standards mechanism that appears to be self-serving and contrary to the best interests and general welfare of the public.

To make the participants here today aware of the negative consequences of possible misdirected efforts to control recreational diving instructional, safety, and supervisory standards by private interests.

To propose that a working model of a democratic recreational diving standards-setting body that represents international public interests currently exists in the form

of NAUI.

The current process of voluntary standards in the United States may be appropriate for the private sector. However, based on NAUI's experience with this system, it does not appear to be appropriate for the public sector.

NAUI has offered the premiere recreational diving program and led the way in setting education standards in diving for 30 years.

The American National Standards Institute, ANSI, however, has sanctioned a group of diving equipment manufacturers to officially approve and submit diving training standards excluding NAUI.

Today, the ANSI-sanctioned standards process in recreational diving is controlled by self-serving private interests not directly involve in recreational diving education. NAUI believes this is wrong.

The safety and welfare of the general public, in NAUI's opinion, is not well served by the current standards-setting system under the ANSI umbrella. Diving rules, regulations, standards and guidelines that affect public safety must be subject to public input through the democratic process.

Any organization entrusted with developing recreational diving safety standards must have public safety as a primary feature of their mission statement. This is

especially true if we are to be able to conduct meaningful discussions within the international recreational diving community.

NAUI exists because diving professionals want it to. They pay dues, register diving students, purchase educational materials and vote for the representative of their choice who, in turn, direct the path of the association and oversee the standards and conduct of diving instruction.

The global make-up of NAUI reinforces our point that we stand as a working model of what is needed to advance the cause of recreational diving instructional, safety, and supervisory standards in the world diving community.

NAUI does not favor government regulation of diving standards. NAUI is in favor of a partnership with any organization that will work for the betterment of diving educational standards and the overall safety and welfare of everyone.

In summary, I would like to emphasize the following points.

American recreational diving safety, instructional and supervisory standards must be addressed, in the immediate future, by a representative body with the appropriate recognition and authority necessary to ensure

that public safety and welfare is foremost in all global discussions.

The current voluntary standards system does not appear to place public safety as first priority and, in the opinion of NAUI, is unduly influenced by self-serving private interest at the expense of realistic and quality standards.

The United States will not be able to take a leadership role in the international recreational diving education community if it allows profit-motivated bodies to dilute standards in the interest of increased market share.

If left unaddressed or in the hands of self-serving private interest, U.S. diving, instructional, safety and supervisory standards will be grossly incompatible with the rest of the world.

The Department of Commerce and the National Institute of Standards and Technology is encouraged to examine the issues raised in this testimony and consider an active partnership with the diving community to ensure a bright, safe and prosperous future for all.

Thank you for your time and consideration and I would be glad to entertain any questions at this time.

CHAIRMAN WARSHAW: Thank you very much, Mr. Brown. Any questions from the panel? Mr. Donaldson.

MR. DONALDSON: Mr. Brown, you indicated that NAUI

has membership from all over the world. Does that mean that there are -- well, let me ask it in a different way. Are there other organizations in other countries that have voluntary standards activities similar to your own? Or are these non-U.S. members in yours because they don't have such a facility?

MR. BROWN: Well, in the world community, diving standards are many. They proliferate in many different countries.

The single largest non-U.S. certifier of divers, and standards setter, is the World Diving Federation and this is a democratic body with whom we have talks, but part of the problem in pursuing such talks is the incompatibility of standards.

They tend to view activities in the U.S. as being difficult simply because no single entity represents U.S. interests so they have trouble talking with all the different organizations and different standards that seem to proliferate here.

MR. DONALDSON: Does that mean that there are other bodies in the United States such as your own that are involved in voluntary standards development?

MR. BROWN: Yes, there are.

MR. DONALDSON: Are these other bodies participants in the ANSI process from which you said you

were excluded?

MR. BROWN: Yes, they are. In fact, what they have done is formed, they have incorporated and these are all what we would call for-profit organizations and then NAUI, because of the democratic nature of our association, cannot submit the direction of the association or the will and control of people who are not members, so we cannot join such an incorporated body.

Therefore we cannot participate in the voluntary standards process.

MR. DONALDSON: I'm afraid that I missed that. Why are you excluded from ANSI?

MR. BROWN: We are excluded because we won't join an incorporated body which is known as the Z 86.3 Technical Committee for recreational diving standards.

MR. DONALDSON: I trust that your written statement goes into more detail.

MR. BROWN: It does not. The one that I prepare, the follow-up statement will.

MR. DONALDSON: Okay, very good. Thank you.

CHAIRMAN WARSHAW: We do have the comment period open through June 5th so any additional details you could provide along the lines of Mr. Donaldson's question would be helpful.

Are there questions? Well, thank you very much,

Mr. Brown.

MR. DONALDSON: I have another question for Mr. Grover, would you mind?

CHAIRMAN WARSHAW: Oh, you are going back to Mr. Grover. No. Mr. Grover is wearing several hats these days.

MR. DONALDSON: I'm sorry, but I am a little bit slow and sometimes I can't get my questions together quite as fast as I would like.

MR. GROVER: That's all right.

MR. DONALDSON: Mr. Grover, you made a reference to a lack of comprehensive current data on national/international activities. Could you expand on what you meant by that, please?

MR. GROVER: We would like to see an overall register perhaps put out by NIST, perhaps put out jointly by NIST and ANSI or another cooperative body, which would list all international standards activities in one place that would be published on a periodic basis, that would provide us with information on meetings, on standards that are under development, and on the U.S. approach and any input that is being requested by the U.S. entities with regard to those meetings.

We just feel that as of now the information that we get as an association is pretty fragmented in that area, except for what we get through ANSI.

MR. DONALDSON: So what you are saying, there are such services available, some of which are provided by ANSI, some of which are provided by other standards developers and trade associations, but what you are saying is you would like to see one integrated data or information source to which you could access.

MR. GROVER: Right.

MR. DONALDSON: To be more efficient from your point of view.

MR. GROVER: Right, a periodic publication that would come out perhaps on a weekly or a biweekly basis, some akin to the Federal Register. I think that would be an excellent role for NIST in coordinating this.

MR. DONALDSON: The focus being on international standards.

MR. GROVER: International standards and possibly to a lesser extent, national standards.

MR. DONALDSON: Because I thought, when you made the point, you said national and international I think.

MR. GROVER: To a lesser extent, national as well, but international is the prime focus now, especially with EC 92 coming up and the overall, what we perceive, as the overall globalization of the economy.

MR. DONALDSON: Within your area of interest, is there now such information available within your sector?

MR. GROVER: Primarily from the EC. We work very closely with an organization in Europe called AquiEuropa and our executive director, Peter Sinsky, has gone over there about six or seven times in the past year.

They are developing -- they don't currently maintain -- but they are developing voluntary consensus standards for the EC that I believe will be adopted through the CEN/CENELEC process.

So that is our primary source of information now and our primary foreign corresponding organizations is AquiEuropa.

MR. DONALDSON: So is this really then relating more to the developments going on at the EC level, or are you interested at the international level as well because the EC claims not to be international.

MR. GROVER: Sure. For the international level as well. We see a real globalization of the world economy. You can see it with the U.S. and Canada now, and President Salinas in Mexico is talking about joining in with the U.S./Canada free trade agreement, so we would have a North American common market.

MR. DONALDSON: Some of us are working on that, yes.

MR. GROVER: Increasingly we are moving towards a unitary international standard for a lot of these products.

MR. DONALDSON: Well, thank you for your elaboration and we will review that.

MR. GROVER: Sure.

CHAIRMAN WARSHAW: Thank you again, both of you. We appreciate it.

MR. BROWN: Thank you, sir.

CHAIRMAN WARSHAW: If the representatives of the Health Industry Manufacturers Association and the Equipment Manufacturers Institute could come forth, we would appreciate it.

(Pause.)

CHAIRMAN WARSHAW: Welcome gentlemen. I would first like to call on Mr. Rozynski of the Health Industry Manufacturers Association for their comments and introduction of the associates.

MR. ROZYNSKI: Thank you very much. My name is Ed Rozynski. I am the vice president for the international programs at the Health Industry Manufacturers Association. Also with me is Robert C. Flink, Chairman of HIMA's standards and certification task force.

We would like to thank you for the opportunity to testify today on behalf of our 315 companies who are involved in the production, distribution and sale of medical products.

HIMA's members account for over 90 percent of the

medical products sold in this country. We also account for nearly half of the medical products sold in Europe and our exports to Europe are about 40 percent of our total exports around the world.

Our industry has generated a $1.7 billion trade surplus in 1989. We have run a trade surplus throughout the 1970's and 1980's and in 1989 we ran a trade surplus even with Japan.

So I think that our industry is both active and successful at home and abroad and we would like to build on that success.

Standards-related issues are increasingly important to the business environment for medical products. Not only are standards an important component of many major foreign countries' regulatory systems for medical devices, but they also have a significant market access implication for our industry.

Therefore, it is important that U.S. interests are effectively served in international standards activities. On the whole, I would say that the current U.S. standards system has served the interests of our companies well, when our companies have made the necessary commitment to the standards development process.

HIMA encourages its members to participate directly in national and international standards development

activities and to work where appropriate through ANSI. Our stated policy objective is to promote the use of worldwide standards as opposed to national or regional standards.

At the international level, HIMA has worked to improve the participation of its members in the activities of the ISO and the IEC. With respect to EC 1992, we also encourage our members with operations in Europe to participate in European standards activities and to coordinate their action with their home offices.

In addition, we encourage the coordination of horizontal standards activities in CEN and CENELEC in Europe with those in the ISO and IEC. If coordinated properly, these are effective ways to influence international and European standards development

The major global standards-related issues facing the medical products industry are access to the EC 1992 market and a reasonable level of regulations in that market.

The EC market is vitally important to our members because that market accounts for over 40 percent of our industry's exports. In addition, HIMA members account for about 50 percent of the EC market.

More pertinent to this hearing, standards are the linchpin of the European Community's move to create a single, harmonized regulatory regime. This is very different than the situation for our industry in the United

States where the focus of the regulatory approval process is not on standards per se.

The EC's decision to build its new approach on a foundation of standards and to rely on international standards, were possible, has focused increased attention on U.S. participation in the international standards system.

In the U.S., ANSI is among other things the gatekeeper for U.S. participation in the international standards process. In this respect, the U.S. standards system is very decentralized as compared to Europe and Canada.

However, we do not see this difference as a liability. Currently, our members can participate in the development of international standards through a variety of means in the United States. As such, lacking any further information, we would question any attempt to substitute either in the public or private sector, a monolithic structure for the current decentralized structure now in place.

However, if the United States is to meet new challenges posed by EC 1992 and the global marketplace, both the private sector and the U.S. Government can do more to improve U.S. participation in standards activities.

For its part, the U.S. Government should one, include industry in any dialogue on standards issues with

foreign governments. Two, help the EC fulfill its commitment to rely on international standards by carrying forward any specific problems that may be identified by industry.

Three, press for the establishment of non-European notified bodies, and closely monitor the willingness of European notified bodies to subcontract for test and inspection data from non-European test houses. This was a recent development that we thought was very positive in Europe and we appreciate what the U.S. Government did to move this along.

Four, to work with the U.S. industry to build a greater understanding of Japanese standards issues, and five, to supply and support experts for international standards work as FDA has done.

The private sector, with the cooperation of government, should one, increase participation in standards development activities. This I believe is most critical.

Two, support ANSI's efforts to coordinate U.S. participation in international standards activities.

Three, encourage U.S. parented companies in Europe to participate in European standards activities.

Four, encourage U.S. and foreign companies and standards-writing organizations to adopt an international view in their work.

Five, redress U.S. concerns with the current voting structure in the ISO and IEC>

I would like to underline the importance of cooperation between the U.S.Government and the private sector. HIMA participated in joint government/industry meetings with the EC last fall. We believe that these meetings were invaluable and that this type of government/industry cooperation should continue.

In closing, I would say that the decentralized U.S. standards system has proven to be workable when companies have been willing to make the necessary commitment.

While both the private sector and the U.S. Government have roles to play in improving U.S. participation, these roles need to be defined in such a way as to maximize coordination and effectiveness in this rapidly changing environment.

The current system is not the problem. Rather, the problem is that we've failed to utilize the current system.

We thank you for this opportunity to testify. We would be more than happy to answer any questions you may have.

CHAIRMAN WARSHAW: Thank you very much, Mr. Rozynski.

Are there any questions of the Health Industry Manufacturers Association? Mr. White.

MR. WHITE: Mr. Rozynski, could you supply us, if you don't have it today, with statistics on the amount of support that your organization and your members give to the standards development, particularly international standards development?

We are trying to get some better understanding of what the different industry sectors are doing with respect to involvement with ISO or IEC standards development, or American standards activities that will be translated into ISO and IEC activities.

If you've got, you or Mr. Flink have any comments on that today, that would be helpful too.

MR. FLINK: If I may, I don't believe we have a compilation now within HIMA of the individuals who are active on each committee, but we do have a program in place to develop a stronger view of the overall activity. It may be possible for us to get information on the scope.

You are thinking about which committees and how many people participate and that sort of information?

MR. WHITE: Yes, that kind of data would be helpful.

MR. FLINK: I think we could probably provide a review of that. I don't know if it would be completely

comprehensive, but I think we could give you a feeling for the scale of the participation.

MR. WHITE: Thank you.

CHAIRMAN WARSHAW: Mr. Donaldson.

MR. DONALDSON: Mr. Rozynski, you mentioned in your introduction that you had interests in the area of testing and certification, and subsequently in your remarks, you did certainly make reference to what is going on within the European community, but you didn't bring those two together.

Do you have any comments that you would like to make at this time with respect to the testing and certification issues as evolving within the European Community and what implications you see for your industry in the United States?

MR. ROZYNSKI: We purposely didn't go into so much detail on testing and certification, because we wanted to keep the focus on standards.

With regard to testing and certification in Europe, as I mentioned, we are very pleased that the Europeans now have decided that the European notified bodies, the bodies that will be responsible for certifying products for sale in Europe, will now accept subcontract work to competent U.S. test houses so you can have your tests done here in the United States, or have your

inspections done on your quality systems here in the U.S., and we think that's very positive.

In terms of testing and certification, having that done in the U.S., that is a long way off because it will require the negotiation of agreements between the EC and some group in the United States, whether it is the U.S. Government or private sector groups or some combination.

That won't happen, I don't believe, for three to five years. Therefore, this other development of having access through European notified bodies was almost monumental to us.

CHAIRMAN WARSHAW: Thank you. Any other questions?

Thank you very much, Mr. Rozynski. Mr. Ritterbusch, if you could present your association's views as well as introduce your associates, we would appreciate it.

MR. RITTERBUSCH: Good afternoon, members of the panel. On my right is John Hale from Ford New Holland. On my left is Willard Jenkins from Deere and Company. I am Gerald Ritterbusch, from Caterpillar. I am here today as the chairman of the technical council of EMI, the Equipment Manufacturers Institute. I will be presenting comments from that basis.

EMI is the principal trade association in the

United States, representing the interests of manufacturers of agricultural, earth-moving, construction, forestry, materials handling and utility machinery and equipment.

Staff from EMI and member companies are actively involved in the standards development process in the US. In addition, EMI serves as the administrator for the USA TAG for ISO TC 23, Agricultural and Forestry Machinery.

As a result the staff and member company participants have accumulated substantial knowledge of the standards systems in the U.S. and also at the international level.

We would first like to discuss the domestic standards system in which we are involved through our member companies. Staff from EMI member companies directly and actively participate in the standards development activities of SAE, ASAE and ASME.

In addition, where no technical society serves the needs of member companies, EMI committees develop proposals for standards. These are then entered into the voluntary standards development process. The committees follow the ANSI guidelines to ensure that the standard is completed within the ANSI procedures.

One of the essential roles of our institute is to ensure that all member companies have the opportunity to participate in the standards development process. To

accomplish this, EMI provides a means for member companies to make their comments available to the standards development committees.

This serves to include many manufacturers, particularly the smaller ones, that may not have the resources to commit to the direct work of the standards development activity.

Further, we believe this even leverages the resources of the technical societies in that it provides a means of getting information around without the technical societies putting up the resources.

And the member companies of EMI gladly fund this activity as they feel it is a very important benefit to the institute as well as the standards development organizations.

Now, in our standards development activities, we have noted a lack of participation from the public sector. We also recognize the difficulty of the smaller companies are likely to have in maintaining expensive participation. We have found that by relying on EMI to use its resources, we have been able to accomplish some of this.

We've maintained contact with the regulatory agencies.

We would like, our encouragement today is that we would like to have the various areas of OSHA, MSHA,

Department of Defense and EPA that are involved with the products in our sector to become actively involved with the standards development process.

EMI regards the basic structure of the U.S. standards development process as sound and therefore, really in summation, desires that all of the parties which benefit from the process to participate in that.

Now, EMI has long had a policy of encouraging participation in international activities and meetings. One way we have helped this is by contributing funds for U.S. delegates to attend the international meetings. This has certainly helped to provide some participation where a member company may not have been able to accumulate the funds for this.

EMI also believes that it is necessary to have an active domestic standards development process in order to be able to propose standards and revisions into the international arena, and to develop comments that the resulting standards issued by international bodies accurately reflect the knowledge available on this subject in the U.S.

EMI is convinced that in the areas in which it participates, U.S. views are being sufficiently presented into the international arena and that the U.S. position is being given a fair opportunity for success on the basis of

its merits.

EMI member companies have substantial interest in the EC 92 process as many are involved through their multi-national status or because of their export activities.

The agricultural and construction industries are largely international in scope. The member companies recognize that the process in Europe is just what needs to be happen, the approach whereby the European Community establishes the broad objectives to be accomplished and then delegates development on specific technical specifications to the private standards development bodies is applauded by EMI member companies.

The standards development in Europe for EC 92 is relying extensively on ISO standards. As the U.S. has had extensive involvement with the development of the ISO standards, harmonization between Europe and the U.S. could very rapidly develop.

Therefore, EMI members believe that the direction taken in Europe will be of benefit to its member companies.

With regard to the action within the U.S. on the EC 92 process, EMI member companies believe that there needs to be a partnership between the public and private sectors. Proper roles needs to be identified for both the public and private sectors.

There is a need for government-to-government

discussions and negotiations on issues of EC 92. Also there is a need for private-to-private sector discussions on standards issues.

The standards issue can be very effectively handled through the existing structure of ANSI. As a result, EMI feels there is no need for a system such as been established in Canada.

The USTR and the DOC International Trade Administration Office of European Affairs needs to work through GATT and on a bilateral basis with the EC to obtain agreements that non-tariff trade barriers will not be erected and that any that still exist be removed.

ANSI needs to work with ISO to ensure that its programs of developing standards continues to flourish and meet the needs for standards by CEN.

ANSI also needs to maintain the liaison with CEN to ensure that continued harmonization of standards between CEN and ANSI is pursued. By exchanging information on work programs and providing a means to submit comments on each others standards being developed, greater opportunities for harmonization can be obtained.

While this industry firmly supports manufacturers declaration of conformity as the means of determining compliance with standards, it recognizes the need for testing and certification standards for some sectors.

In order for this process to be reasonable, EMI member companies believe that the most important issue is to gain acceptance of U.S.A. generated test data. In order for this to be accomplished, it is necessary to harmonize the standards for the performance of laboratories.

This is an issue on which both the private and public sectors needs to collaborate. The private sector needs to develop the need of standards to govern the testing/certification procedures. The standards need to offer the assurance of consistency between laboratories so that the data which is generated can be accepted.

The public sector needs to develop agreements with the EC and other countries that when test data is obtained according to the test method and procedures defined by the standards, that it, the test data, will be accepted for use in each country.

Such agreements will significantly improve the ability to trade products as it will reduce the lead time required with testing and certification in the recipient country.

Now, in our written comments which were submitted two weeks ago, we detailed our discussion about the OECD agricultural tractor testing scheme. Now, we would like to point out that we consider that this OECD tractor testing program to be a model both for international cooperative

voluntary third party certification programs, and of U.S. industry/government cooperation implementing this country's participation in the program.

We worked actively with the Department of State, Department of Commerce and Department of Agriculture in getting this all arranged and working. Quite frankly, I think the Europeans really are amazed that we have been able to pull this off in the U.S. and have it in both -- in fact, I think all three of us here have had tractors now tested through this new arrangement with utilizing the University of Nebraska as the test laboratory.

We believe this is working. This is a good example, I think, of how things can be worked out.

Now, in conclusion, EMI member companies believe that the existing standard system is effective in producing the needed national standards. Further the domestic standards development processes is adequate in providing support for the international standards activity.

The correction of shortcomings in the current system that occur due to the lack of participation by some who are, incidentally, are benefiting from the standards work, can be accomplished within the current organizational structure.

Public participation is definitely needed. This can be accomplished by working with the public sector to

continue to enumerate the benefits of standards to the public sector and stressing the needs to provide budget consideration for this participation.

Where funding constraints exist in the private sector, joint effort between the public and private sectors needs to be undertaken to develop additional funding support.

Incentives to promote private funding by all those that are benefactors of the standards system is a quite reasonable approach to be explored and developed.

EMI recommends that to improve the U.S. standards development effectiveness, the following points should be followed:

One, government agencies should bring their participation into the standards development process.

Two, government agencies need to adopt international standards for their regulatory requirements.

Three, financial incentives should be developed to assist industry in providing more support to the standards development process.

Four, there needs to be put in place the proper agreements that will allow the acceptance of test data for certification purposes wherever it is most reasonable to conduct the test.

Fifth, both the public and private sectors

recognize the linkage between standards and trade and then act accordingly.

Sixth, both the public and private sectors work together to each effectively carry out their roles for promoting the U.S. in trade.

Thank you very much for this opportunity to participate in this hearing.

CHAIRMAN WARSHAW: Thank you very much, Mr. Ritterbusch. Any questions from the panel? Mr. Leight.

MR. LEIGHT: I'd like to ask you the same question I asked CIMA, prefacing it with the remark that as you know, the negotiations on the OECD business pre-dated your changing your name and our changing our name by many years. It took an awful lot of persistent negotiation and agonizing and aggravation before this was finally accomplished to get this OECD model that you spoke of.

I wonder, based on how long it took to do that, do you have any specific suggestions as to how we might introduce the model into other areas for acceptance of test data and certification on a more rapid track, a fast track of some sort.

MR. RITTERBUSCH: I'm going to have Willard -- Willard, would you like to tackle this because you are most deeply involved in that.

MR. JENKINS: Yes. I was involved in the last

four or five years in that and worked very closely with John Lean and perhaps many of you know, if you look over the whole scope, it did take a long time and I think part of it was that we had to develop the interest here in the United States to go to a more worldwide scheme.

Nebraska did have an existing law that we had to work with, and it took a lot of this whole process, it was just the mental conditioning for all of us involved -- the industry and the State of Nebraska -- that it was time to go to a worldwide scheme.

Hopefully, to shorten the time, we would find other areas where you didn't have to go through all of that conditioning.

Another part of the testing is in seed grading and I don't know whether they had the same long gestation period to get that all put in place, or not. So I can't really say here is the way to make the time shorter, but we are pleased with the way it is working and we would encourage application of this concept to other areas.

MR. LEIGHT: Thank you.

CHAIRMAN WARSHAW: Any other questions? Well, we thank both panelists today for their time, effort, energies expended in putting forth these contributions and we encourage you, if there is any additional information which you have, to submit it to us by June 5th.

Thank you.

I would like to ask the representations of Gould Energy, du Pont and the Advanced Ceramics Association if they could come forward.

You will recall earlier we announced that Bussmann cancelled.

(Pause.)

CHAIRMAN WARSHAW: Mr. Gould, if you could please offer your comments, we would appreciate it.

MR. GOULD: Thank you. I appreciate the opportunity to speak to the group today. I will give you some of my background. I am a licensed private professional engineer registered in New York and Pennsylvania and operate a commercial testing and consulting small business with operations in New York, Pennsylvania, West Virginia, Missouri and Florida.

I have been a member of ASTM since about 1953 and served on the ASTM DO-5 Executive Committee for many years. I have been chairman of a couple of their subcommittees and numerous sections and task groups.

In 1975, I was awarded the ASTM R.A. Glenn award for many years of outstanding service and active participation.

I have also been designated as expert to the U.S. delegations to numerous international standards

organizations technical committee 27 meetings and have been convener of two of its working groups, one of which is still on-going today.

As a preamble to my comments, let me say that there are many areas that are appropriate for government involvement in the promulgation of standards, such as maintaining primary standards for time, length, and temperature, or standard reference materials, military specifications and goods and services required by the government.

Within this area, I am sure there is some basic scope upon which all of us could agree.

The SCUSA proposal, while seemingly rather benign, have potential societal ramifications of crucial importance which have not been addressed in any of the documentation I have seen.

We should take a look at the proposal in the broader perspective of constitutional administrative law and ask ourselves does the end justify the means? I hasten to add that I am not a lawyer, but that does not preclude my sensing danger ahead based on past history.

This nation has become one of the most, if not the most, powerful and affluent societies in the world governed by a unique constitution of guaranteed certain inalienable rights with built-in checks and balances between

legislative, executive and judicial powers.

Typically, this hearing could be the first in a chain of events leading to some fundamental changes in our personal and business lives, not the least of which could be further erosion of constitutional rights.

The hearing constitutes an element of discovery, of the discovery process which will highlight the shortcomings and weaknesses of existing systems as well as the perceive benefits of SCUSA.

This creates an all important administrative record which later can be used as justification for whatever action is contemplated.

If history of any measure, such administrative hearings typically lead next to formulation of proposed legislation, generally of a type known as enabling legislation.

Enabling legislation is where the process ceases to be so benign. It is the means by which the legislative arm of the government, Congress, abdicates its legislative responsibilities to an agency that encompasses legislative authority -- it writes its own rules, executive authority -- it administers and enforces the rules that it has written, and judicial authority -- it sits as both judge and jury in the judgment of those it deems to have violated its rules.

Our founding fathers went to great lengths to

prevent such dangerous power concentration. This has to be the complete antithesis of our constitution, and yet we have been suspending constitutional law this way for a long time.

Back 20 years ago, there were over 100 federal regulatory agencies. Clearly such agencies are now deeply embedded in our system of government. I wonder how many there are today and to what extent they have eroded our constitutional rights.

This is the fundamental danger which I wish to sound a warning. Where do we draw the line?

In the case of the situation of SCUSA, it is a little different. The point being that essentially SCUSA represents an enlargement of scope, not the creation of a new federal agency. To the extent to which this might change the administrative procedures, I am not at all sure, but that hardly matters if the bottom line is the same.

As a society, we saw the virtues of standardization early on. This brought forth an outpouring of voluntary consensus standards and we have indeed benefited mightily from it.

Virtually everything about us is touched by standardizations, from the simplest things like safety pins and paper clips to the most complex things imaginable like jet airplanes and nuclear power plants.

Everything -- the paper wee write on, the

furniture we sit on, the metal and wood from which they are made, our electric lights, the microphones we are speaking into, electronic data processing, computers, automobiles we drive, all the materials of construction of this building, the building itself, the clothes we wear, the food we eat, the air we breath, and the water we drink, literally everything is standardized to one degree or another.

Place all this under the jurisdiction or direction or coordination or whatever catchy euphemism can be contrived for control by a single regulatory agency, and you create the means for the greatest incremental undermining of constitutional law and of our inalienable constitutional rights yet devised.

If commercial standards are not driven by economic forces, they will eventually decouple from economic reality. As far as commercial standards go, SCUSA should not act as accreditor of approved national standards develops, approved national certification bodies, approved national quality system assessment bodies, approved national laboratory accreditation programs, or approved U.S. member bodies to international or regional standards organizations.

The SCUSA proposal would simply politicize the standardization process and open the door to influence peddling, bribery and the kind of chicanery and corruption that has currently surface in the regulation of the banking

industry, coupled with the inefficiencies for which the U.S. Post Office is so well-known.

What is really scary is this would be for absolutely everything that touches us in our daily lives and business activities. The focus should not be on how we can replace the existing system of voluntary consensus standards, but how can we strengthen and nurture it.

One of the things, for example, that the existing voluntary consensus standards infrastructure needs is a favorable tax climate. I would like to suggest, and this may be overstepping the bounds a little, but a stronger concept involving both tax deductions and matching funds to nurture and strengthen the existing voluntary consensus standards infrastructure.

I have heard several people speak here today about situations where funding is difficult to get, travel expenses and I know myself, I have been trying to work with a statistician from the Department of Agriculture and he couldn't even get to go to Philadelphia from Washington. The funds are not available.

This highlights the kind of situation that the government does need more participation. Here is what I would like to suggest and I would hope that you would take this as conceptually, I am going to be a little specific at points and I may even be misguided in some of the details,

so don't take it too literally, but conceptually I hope you will understand what I'm talking about.

I would like to see registration of voluntary consensus standards bodies as one of the elements in this thing. A system of registration of voluntary consensus standard bodies with the Department of Commerce and to be eligible for registration, and organization would have to be a not-for-profit membership corporation, the certificate of incorporation of which would have to show that one of the purposes for which the organization exists is the promulgation and development of voluntary consensus standards, and the bylaws of which would have to show the scope of the standards jurisdiction and include provisions for due process in the development and adoption of standards.

I would note here that there would not be any federal approval of the technical qualifications or anything like that involved. Duplication of scope between organizations is one of the problems I would see with such registration.

Now, the purpose of such registration will become clear as I go through the next two items.

Tax deductions for direct time and expenses. Expenses are generally tax deductible already but beyond that, I have heard several people mention this, that the

travel is the least of the cost. The contributed time of the individuals, the payroll costs are enormous.

I would propose federal income tax deductions that would be extended to corporations and individuals for timely expenses, including travel, documented in accordance with IRS requirements on a assignments recorded in the minutes of the registered voluntary consensus standards organization.

There would be a supplemental tax form similar to a 1099 which I will call a Form A, covering the details of the deductions applied for by the taxpayer which would be filed with the taxpayer's return and a copy of which would be sent to the corresponding voluntary consensus standards organization or organizations.

Now, the purpose of all that would be a provision for government matching funds. Each voluntary consensus standards organization would annually file with the IRS an application for matching funds substantiated on the Form A's that I just mentioned received from their members.

The Federal Government would contribute matching funds equivalent to some maximum percentage -- I'm not trying to define that at this point -- of the total expenses substantiated by the Form A's.

Use of matching federal funds for administrative or operating expenses of voluntary consensus standards organizations would be prohibited. Matching funds could be

used only for defraying the costs of experiments, studies and investigations conducted by their duly formed subcommittees or committees in the pursuit of their assignments and for overseas travel and expenses incurred by committee members to attend business meetings of international standards organizations.

Unused funds would have to be reported, and deducted from the Form A totals applied for in the following year.

You see I am coming up with a lot of specifics here. Again, the idea is to provide -- because I run up against this myself -- the funding of the activities of the standards writing business is a difficult situation.

In my business which is largely industrial fuels, the coal industry, we run into this all the time. The coal industry is one of the industries that is plagued by abundance of supply and therefore a low mark-up so it is a marginal economic industry, even though we are an economically-based society.

I want to thank you very much for the time you have given me today, and if I can answer or clarify any points, I would be glad to try.

CHAIRMAN WARSHAW: Well, thank you very much, Mr. Gould. Are there any questions from the panel?

Thank you, Mr. Gould.

Ms. Wardle, would you please present your comments?

MS. WARDLE: Thank you. I appreciate the opportunity to comment at this hearing. Since I appear to be the clean-up batter, I will attempt to keep short and get us all out of here on time.

CHAIRMAN WARSHAW: Well, somebody may show up.

MS. WARDLE: My name is Marilyn Wardle and I am a senior research scientist at the Advanced Composite Materials division of du Pont Company. I am also the manager of our composite materials testing center which is responsible for R&D and quality control testing of composite materials.

My company is involved in the standards-making process on the national level through the ASTM committees on high modiolus fibers and their composites -- that is Committee D 30, and through the E 49 committee on the computerization of materials properties data.

We are also active in the suppliers of advanced composite materials association known as SACMA.

As producers of advanced composite materials and parts, we are obviously users of standards primarily for testing and materials. This is our major interest here today.

Before I go into the details, I would like to say

that we believe that there may be a role for expanded government participation in the international standards-making activity, but that it should not provide for a measured dislocation of the existing voluntary consensus standards system which is already in place today.

By way of a little bit of background, the advanced composite materials are themselves materials that are in a very early stage of development. They are high performance engineering materials and they can be tailored to specific applications, to have specific desired properties by the selection of the matrix materials, the reinforcement materials, the geometry of the reinforcement, and the means of processing the material.

As I mentioned, this technology is still in a developmental stage. It is definitely not to the point say where the metals industry is today. We believe there is still potential for significant improvement in performance over today's state-of-the-art in the composite materials and it is an industry which has global interests, particularly in the United States, in Europe and in Japan.

In view of the EC 92 impending changes, we are obviously quite interested in the implications of these for our industry. Many of us are involved in implementing the ISO 9000 standards for quality control and are concerned about how we are going to compete on an equal footing with

the industry indigenous in those areas.

The current applications of composites are primarily in aircraft and aerospace industry, including military hardware.

There are also some promising applications in industrial equipment, recreational and automotive equipment.

Because of the state of the technology, being in a very early state of development and the nature of the applications, composite materials are subject to extensive testing requirements. This is very expensive testing.

One U.S. consortium of composite materials users is expecting to spend about $75,000 per material for simply basic screening tests on new composite materials. To do full scale certification and qualification testing, this may be in an order of magnitude, more expensive for these materials.

Already the high cost of evaluating new materials is having a dampening effect on the development of these new materials. The effect of having redundant national test standards in different areas of the world would be a severe burden to this industry and may put the U.S. industry at a competitive disadvantage and will certainly slow the development of new materials.

An additional issue of interest, of course, is the laboratory accreditation and certification and the potential

ability for us to obtain accreditation which would be reciprocally recognized by other national and international bodies.

Because of the novelty of the composite materials, the standardization is in a very early state, particularly in the area of test methods. Within the United States, there is a lot of work going on in the voluntary standards organizations such as ASTM to define common test methods, but the progress is slow, even on the seemingly simplest basic mechanical properties.

For example, there are at least a half a dozen different compression test methods in wide use throughout the industry for composite materials.

There are also developments that are going on in Europe and Japan in parallel with these. There has been relatively little coordination in the test methods up to this point, partly because the materials are so complex, the test methods are so complex, we haven't as a nation gotten our act together, let alone gotten to the point where we can effectively coordinate across national boundaries.

Some other types of standards that are making more progress in the international scene are for data exchange. In particularly, I would like to cite the IGES, the International Graphics Exchange Standard, and the PDES, Product Data Exchange Standards which are being developed

for exchange of data between CAD/CAM systems.

This is being internationally coordinated through NIST and has been very effective in that role.

Similarly, formats are reporting that computerization of data being developed by the ASTME 49 committee are enjoying some coordination with our European counterpart through the participation of individuals who are members of ASTM and are also participating in the European activities.

Some thoughts that I would like to share on the role of government and industry in this process of standardization.

It appears that a more coordinated approach to international standards making would be in the best interests of the advanced composites industry, but there are certain caveats that must be observed.

First, this role of government should not be seen by U.S. companies as an economic liability.

Secondly, whatever role government may take, it must be additive to and not pre-emptive of the voluntary standards process which is already established and in place.

Thirdly, the effort must be technically based. That is the establishment of common standards must have a sound technical basis as well as being politically and economically important.

For such an approach to be successful, we believe it would require a technically credible focal point similar to the role that is being played by NIST in the IGES/PDES standards.

Secondly, it would require participation by all segments of the affected industry -- that is, the producers of the material, the users of the material, and applicants from the governmental organizations such as the Air Force, NASA and other government and academic laboratories who have an interest in the materials.

Funding should be available at a sufficient level to make these activities meaningful.

The model of the leadership of the IGES/PDES effort by NIST is a very good one. What it means is that individual government employees who are technically knowledgeable in the area under discussion, have been allowed an encouraged to take part in the voluntary consensus standard development and have been funded to do so and allowed to take a leadership role and form a focal point for the development of those standards.

Thank you for your time and I would be happy to answer any questions you may have.

CHAIRMAN WARSHAW: Well, thank you, Ms. Wardle, for your very illustrative comments. Are there any questions? Ms. Moore.

MS. MOORE: You observed that you have been working at least indirectly with the Europeans on testing markets and progress on certification standards. Would your ultimate goal be self-certification then or is that, would that be the industry standard.

MS. WARDLE: That would certainly be the long-term goal, but I see that as being quite a long ways down the line yet.

MS. MOORE: Thank you.

CHAIRMAN WARSHAW: Mr. Donaldson.

MR. DONALDSON: Ms. Wardle, is the activity that VAMUS is involved in, does that relate to your area of coordination in the composite materials?

MS. WARDLE: Yes, the E 49 committee is in contact with the VAMUS activities and attempting to do some cross-coordination there so that we end up with comparable products.

MR. DONALDSON: Thank you.

CHAIRMAN WARSHAW: Well, if there are no further questions, we thank you both for your presentations and again, if you have additional comments, we would more than happy to receive them.

We will recess now and reconvene at 4:45, should our final presenter show up. Otherwise, we will adjourn at that point. Is the Advanced Ceramic Association here?

(Whereupon, a brief recess was taken at 4:35 p.m. until 4:45 p.m.)

CHAIRMAN WARSHAW: We are back at 4:45 and Mr. Hellem representing the U.S. Advanced Ceramics Association has not appeared. I will place his statement, however in the record at this time.

We will now adjourn until 9:00 tomorrow morning.

(Whereupon, at 4:45 p.m., the hearing was adjourned, to reconvene at 9:00 a.m., Thursday, April 5, 1990.)

# ADDENDUM

The following presenters have submitted supplementary material for the record in addition to their presentations. This material is available in the U.S. Department of Commerce Central Reference and Records Inspection Facility, Room 6628, Hoover Building, Washington, DC 20230, (202/377-3271).

## LABORATORIES, CERTIFIERS, ETC. (Continued)

Leonard Frier
MET Electrical Testing Company

Peter Guzman, James Tucker, Earl Gmozer
ETL Testing Laboratories

James Johnson
Amador Corporation

Chester Grant
American Association for Laboratory Accreditation

Jim Mayben
Aerospace Industries Assn. Quality Assurance Committee &
Nat'l Security Industrial Assn. Quality & Reliab. Comm.

W. A. Simmons
National Conference of Standards Laboratories

George Moran
American Society for Nondestructive Testing

## TRADE ASSOCIATIONS & COMPANIES

Stephen Cooney
National Association of Manufacturers

Bernard Falk
National Electrical Manufacturers Association

Raymond Attebery, Ralph Taylor, Warren Pollock, Bruce McClung
Chemical Manufacturers Association

Walter Cebulak, Tom Stark, Barbara Boykin
Aerospace Industries Association

Morgan Cooper, Herbert Phillips, Donald Mackay
Air-Conditioning and Refrigeration Institute

C. Reuben Autery, John P. Langmead
Gas Appliance Manufacturers Association

William Miller, Dennis Eckstine
Construction Industry Manufacturers Association

# REPORTER'S CERTIFICATE

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I hereby certify that the proceedings and evidence are contained fully and accurately on the tapes and notes reported by me at the hearing in the above case before the National Institute of Standards and Technology.

Date: April 16, 1990

Shelley B. Heller

SHELLEY B. HELLER
Official Reporter

Heritage Reporting Corporation

1220 L Street, N.W.

Washington, D.C. 20005

William Miller, Dennis Eckstine
Construction Industry Manufacturers Association

David King, William Bradley, Susan Herrenbruck, Peter Lamb
American Gear Manufacturers Association

William Montwieler
Industrial Truck Association

David Martin
Plumbing Manufacturers Institute

John Martin
Automotive Industry Action Group

Peter Censky, William Ives
Water Quality Association

Jim Brown, Dale Fox
National Association of Underwater Instructors

Edward Rozynski, Robert Flink
Health Industry Manufacturers Association

Gerald Ritterbusch, L. D. Baker, P. L. Bellinger, J. K. Hale
Equipment Manufacturers Institute

Gregory Gould
Gould Energy

Marilyn Wardle
E.I. du Pont de Nemours & Co.

Steven Hellem
U.S. Advanced Ceramics Association

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11. ABSTRACT (A 200-WORD OR LESS FACTUAL SUMMARY OF MOST SIGNIFICANT INFORMATION. IF DOCUMENT INCLUDES A SIGNIFICANT BIBLIOGRAPHY OR LITERATURE SURVEY, MENTION IT HERE.)

The National Institute of Standards and Technology (NIST) held a hearing in the Department of Commerce Auditorium on April 3, 1990, through April 5, 1990, to gather information, insights, and comments related to U.S. participation in international standards-related activities and to possible Government actions.

The written comments received regarding the April 3-5, 1990, hearing on U.S. Participation in International Standards activities will be on file after April 5, 1990, in the U.S. Department of Commerce Central Reference and Records Inspection Facility, Room 6628, Hoover Building, Washington, DC 20230, (202/377-3271), for the individual's perusal or copying. Copies of the test of the hearing can be obtained from the National Technical information Service, 5285 Port Royal Road, Springfield, VA 22161, (703/487-4650); a copy of this text will also be made available in the same DOC Reference and Records Inspection facility after April 25, 1990.

12. KEY WORDS (6 TO 12 ENTRIES; ALPHABETICAL ORDER; CAPITALIZE ONLY PROPER NAMES; AND SEPARATE KEY WORDS BY SEMICOLONS)

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