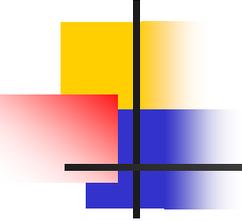


Presentation on
Strategic Value of Global Standards
to the Office of the
U.S. Trade Representative

Donald E. Purcell, Chairman

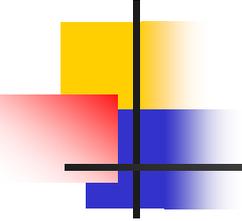
The Center for Global Standards Analysis

November 16, 2006



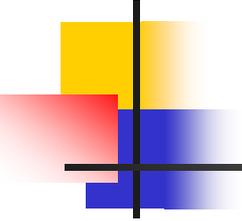
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The Strategic Value of Standards

- Standards influence everything we do. [UK National Standards Framework]
- Standards control markets. [German National Standards Strategy]
- “If you control an industry’s standards, you control that industry lock, stock and ledger.” [Dr. Edwards Deming]
- Standards are the language of international commerce. [US National Standards Strategy]
- Standards create competitive advantage through technology and information transfer and global market intelligence. [Canadian National Strategy]
- *See:* <http://www.iec.ch/benefits/worldsays/#top>



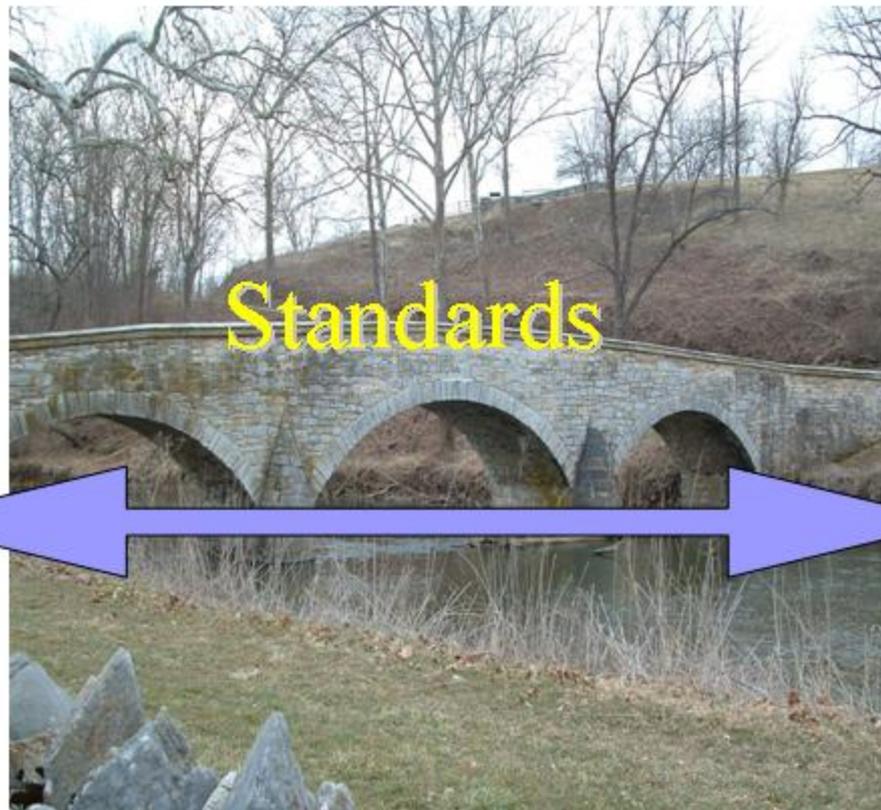
Globalization

- Globalization is rampant and will continue to be so... (*The World is Flat* by Thomas L. Friedman (2005))
- The World is developing a new global marketplace which directly affects all national economies...
- Every nation has to renegotiate its economic position in a new global marketplace...
- Global standards and standardization play a critical role in determining whether a nation will be successful in its renegotiations...

Standards are a Bridge to the Future

User Needs:

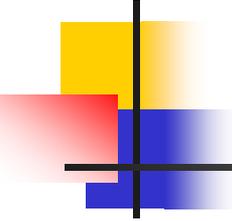
consumers,
companies,
industries,
government,
testing &
certification .



Technology:

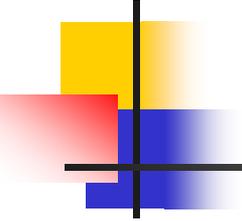
ideas,
concepts,
values,
perspectives,
methods,
products &
services

**Standards form a bridge between technology and users.
Whoever controls the bridge controls the future.**



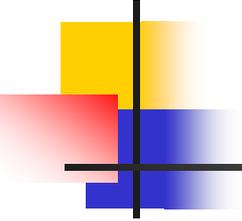
Global Perspectives on Strategic Value of Standards

- “The technology standard has become the source of a core competitive edge for industrial development. To some extent, a technology standard is a kind of development order and rule. Whoever controls the power of standard making and has its technology as the leading standard, commands the initiative of the market. Technology standards have become an important means of global economic competition, and directly influence the competitiveness of an industry, region or country. Therefore, as for Chinese enterprises, possessing the successful standard is a *strategic choice* to seize the leadership of the future industrial development.” [Program, Conference on Information Technology, Beijing, China (May 2005); emphasis added]
- “*Standards have become the new [international] battleground.*” [Phillip J. Bond, Undersecretary of Commerce for Technology Policy, *New York Times* article, “China Poses Trade Worry as It Gains in Technology,” January 13, 2004; emphasis added]



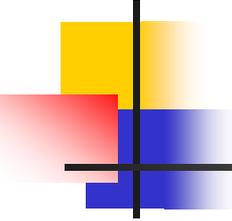
Current Global Technology Base

- IEEE estimates 500,000 standards exist in the world today that form the technology foundation of the global marketplace.
- IEEE estimated that it costs approximately \$1.5 billion (US) to maintain these standards.
- Imagine a world in which the global marketplace will be significantly transformed by technological advancement in the next few years, requiring the revision of many existing standards and potentially affecting trillions of dollars (US) in international trade.
- Imagine all nations may have to significantly restructure their standardization system in order to remain competitive in a new global marketplace.
- Is the United States prepared to maintain its economic position in the World (30% world income) and participate in development of standards which form the basis for a new global marketplace?



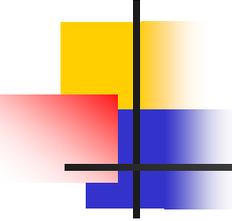
Legal & Policy Issues

- Procedures and due process
- Antitrust and trade regulation
- Health, safety and the environment
- Intellectual property
 - Rambus (FTC Docket No. 9302; *see* enclosed FTC press release, August 2, 2006)
- Trade and technical barriers
- Transparency & access



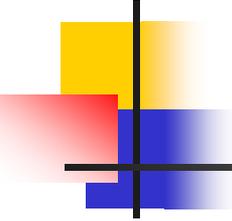
The Strategic Value of Standards Education Programs

- South Korea: 47 universities, more than 7,000 engineering students.
- Asia-Link Program: 2 European universities, 6 Asian universities (Internet based program; available 2007).
- Japan: JSA-METI, Hitotsubashi University (multidisciplinary graduate program)
- United States: ABET, Catholic University School of Engineering (*Strategic Standardization*, graduate course; see enclosed bibliography)



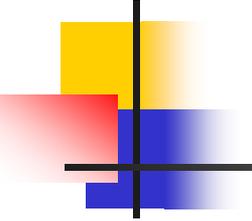
Education of Technology Ambassadors

- If a nation's economic future is at risk, is it worth investing in educating that country's best and brightest students to be effective future representatives (Technology Ambassadors) in global technology negotiations which will determine a nation's economic future?
- If global standards are a nation's bridge to a brighter future, then nations need to recognize that it is in their best interests to prepare their best and brightest students to be the best bridge builders possible.



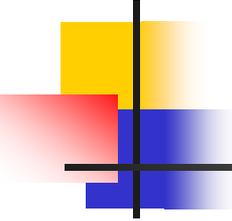
Global Governance and Coalitions

- In the future, what role(s) will national coalitions and/or regional standards organizations play in development of a new global marketplace, e.g., the Northeastern Asian Standards Coalition (China, Japan & South Korea)? [*The Political Economy of Standards Coalitions: Explaining China's Involvement in High-Tech Standards Wars*, Scott Kennedy, Associate Professor, Indiana University (2006); see also article - *China, South Korea and Japan formalize alliance*, http://www.findarticles.com/p/articles/mi_m0PAT/is_2005_Nov/ai_n15966600]
- Can the current WTO system for technical trade barriers respond effectively to development of new global standards by coalitions and/or regional standards organizations?



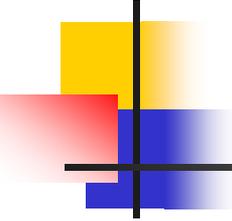
Global Competition & Diversity

- “The United States has been fortunate to have a pluralistic, [diverse] industry-led standards setting process that has served us well in the past. Whether it will continue to do so in the future in the face of bruising international economic competition is uncertain.” [U.S. Congress, Office of Technology Assessment, *Global Standards: Building Blocks for the Future*, March 1992]
- Will US standards development organization (SDO) diversity survive?



SDO Diversity?

- There are literally hundreds of national, regional and international standards development organizations (SDOs) in the world.
- In order to develop a new global marketplace, it will be necessary to review & amend the existing technology base of 500,000 standards in the world today, and introduce new standards as necessary.
- Who is going to manage the standards development work necessary to develop a new global marketplace? Existing SDOs? Consortia?

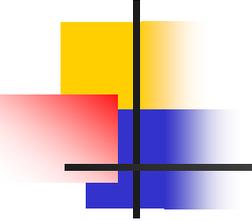


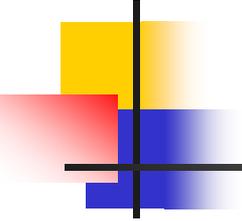
Internet Governance

- Standards play a critical role in the design, functions and operations of the Internet. [*Internet Governance – A Primer*, Akash Kapur, pp. 12-14 (2006); *see* enclosed article].
- Each day the Internet grows more important to the U.S. and global economies. In the past 5-7 years, global governance of the Internet has become increasingly controversial.
- In the future, what role will standards play in global governance of the Internet? Who is going to govern the Internet?

The Center for Global Standards Analysis

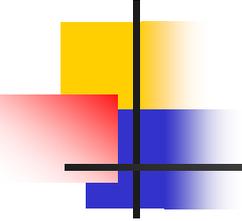
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Websites

- Center for Global Standards Analysis
engineering.cua.edu/StandardsCenter/center_for_global_standards_anal.htm
- Catholic University Lectures
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