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**COMMUNICATION FROM THE COMMISSION
TO THE EUROPEAN PARLIAMENT AND THE COUNCIL**

**on the role of European standardisation
in the framework of European policies and legislation**

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(Text with EEA relevance)

1. EXECUTIVE SUMMARY

Standardisation is an integral part of the Council's and the Commission's policies to carry out "better regulation", to increase competitiveness of enterprises and to remove barriers to trade at international level. This was confirmed by the European Parliament in 1999[1] and by the Council both in its Resolution of 28 October 1999[2] and its Conclusions of 1 March 2002[3] on the role of standardisation in Europe. At the same time, **the Council invited the Commission to review the objectives, scope and needs of European standardisation policy.** The Commission has accepted this invitation, analysed the current situation and identified the key areas where the European standardisation system and the instruments available to European standardisation policy can and should be further improved. The results of this analysis comprise two documents. The first one consists in this Communication and underlines the increasing importance of standardisation to support the EU's policies. The second document, a Commission staff working paper dealing with the "challenges for European standardisation", is geared at analysing the challenges European standardisation is facing in the face of an ever-changing economy and intends to provide recommendations on how best to overcome these challenges.

The review has shown that the current standardisation system in Europe which is essentially framed by Directive 98/ 34[4] has delivered what it was expected to do. European standardisation has proven to be a successful tool for the completion of the Single Market for goods.

Nevertheless, there is room for improvement which affects all stakeholders in European standardisation, starting from the European Commission itself, the European Standards Organisations (ESOs), the National Standards Bodies, the national authorities, business, and extending to the non-governmental organisations having an interest in standardisation.

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[1] Resolution on the report from the Commission to the Council and the European Parliament "Efficiency and Accountability in European standardisation under the New Approach", OJ C 150 of 28.5.1999

[2] Council Resolution of 28 October 1999 on "the Role of Standardisation in Europe" (OJ C141 of 2000 05-19)

[3] Council conclusions on standardisation of 2002-03-01, (OJ C66 of 2002-03-15)

[4] Directive 98/ 34 of the European Parliament and of the Council laying down a procedure for the provision of information in the fields of technical standards and regulations and of rules on information services, OJ L 204 of 21.7.1998, amended by Directive 98/48 of the European Parliament and of the Council, OJ L 217 of 5.8.1998

–   European standardisation has made **an important contribution to the functioning of Single Market legislation.** Since 1998, approximately 20 new legislative acts and projects in which standards play a supportive role have been developed and implemented. These relate, in particular, to ICT, the environment and consumer protection. This gives reason to believe that, by means of the New Approach or beyond it, **the use of standards to support legislation could be further extended to new areas of European legislation.** The Commission will continue to promote, in accordance with its commitment to better regulation, the broader use of standards to support legislation. European standardisation can play **an important role to increase the competitiveness of European enterprises**. This implies that the voluntary European standardisation system is developing activities in all areas which are important for the proper functioning of the Internal Market beyond the Single Market for goods, e.g. services, ICT, consumer and environment protection.

–   In this context, however, **European standardisation must respond properly to market needs**, in particular to those of industry. The Commission is aware of some criticism with regard to the effectiveness and speed of the standards developing process, in particular in those areas of new technologies such as ICT where quick standardisation development is necessary in order to meet the requirements of the rapidly changing market conditions. Specifications elaborated by industrial fora and consortia play an increasing role, particularly at international level. **The Commission considers that there is an enormous potential for the improvement of effectiveness and efficiency of the European standardisation system and its mechanisms to satisfy market needs and the needs of enterprises under continuously changing conditions**. Bearing in mind that European standardisation is independent and business driven, the European Standards Organisations are invited, together with stakeholders, to verify whether their working methods, procedures and policies sufficiently reflect the needs of their stakeholders with regard to providing a better response to current market requirements.

–   As a contribution from the EU side to add value to standardisation in the context of EU policies**, the institutional framework must be overhauled** in order to ensure that standardisation can effectively play its role. This involves the creation of a legal basis for the financing of European standardisation and a revision of the standards part of Directive 98/34 establishing an information procedure in the field of the standards and technical regulations.

–   The Commission, in co-operation with the European Standards Organisations, will continue to encourage the development of international standards by the appropriate international standards bodies and promote their use. Where international standards exist, they shall, wherever possible, be uniformly transposed by the European Standards Organisations and used as a basis for Community legislation.

–   The Commission believes that **the European standardisation system and its achievements could even be more visible outside the EU** with a view to presenting the advantages of the European harmonisation model, in particular to the new "neighbours" of the EU after enlargement. In its recent Communication on "European Neighbourhood Policy"[5], the Commission has explicitly highlighted the

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5   COM (2004) 373 final

importance of conformity assessment and standardisation in this context. Furthermore, more synergies should be created through an increased co-operation between the European Standards Organisations, their national members, the Commission and Member States to make European standardisation more visible outside Europe[6].

2.   NEW STANDARDS RECEPTIVE POLICY AREAS

2.1   New legislation and new legislative initiatives

European standardisation, in support of New Approach legislation, has proven to be a successful and essential tool for the completion of the Single Market for goods. In its Conclusions of 1 March 2002 on European standardisation, the Council confirmed this success. It **requested the Commission to examine whether the support given by European standards to European legislation could be extended to new policy areas even beyond the Single Market legislation.**

In this context, it must be underlined that the "New Approach" has proven to be a specific model of legislation by which both the public interest (i.e. protecting public health and safety, consumer and environmental protection) and the interest of private business to produce standards according to the relevant "state of the art", could be merged in an adequate way**.** It allows for more flexible and less stringent forms of legislation in areas where, otherwise, any detail would have to be determined by the legislative act itself.

Already in its "Interim Report to the Council and the European Parliament on Actions Taken Following the Resolutions on European Standardisation adopted by the Council and the European Parliament in 1999", the Commission has reported on its activities to broaden the use of standards to support its legislation and policies[7]. Since the Council's further request of March 2002 to continue with this approach, and **in the context of both the need to simplify legislation with regard to an enlarged European Union and the activities proposed to update and simplify the "acquis"[8], further** progress was made by a large variety of initiatives in Community legislation and policies. These areas concern, in particular in line with the Commission's "better regulation policy"[9], ICT, services, transport, consumer and environmental protection.

Therefore, the extension of making use of standards in areas of Community legislation beyond the Single Market is highly desirable, taking of course into account the specificities of the ares concerned, in accordance with the Commission proposals on governance and better regulation.

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[6]   see Commission staff working paper on "the challenges for European standardisation" http://europa.eu.int/comm/enterprise/standards_policy/index.htm (to be published)

[7]   for more details, see COM (2001) 527 final, p. 9 ff

[8]   COM (2003) 71

[9]   Report from the Commission on European Governance, December 2002, COM (2002) 705 final. As a consequence of better regulation policy, the Commission has committed itself to carry out more systematically an impact assessment for important legislative projects. In this context, alternatives and the least stringent solution must be considered. Reference to voluntary standards is one of the means).

2.2 Standardisation in support of the competitiveness of industry

The benefits of European standardisation go far beyond just supporting European legislation. The development of voluntary standards by stakeholders can provide further added value and increase competitiveness[10]. Standards have, since ancient times, been an integral part of the market system and have played a key role in advancing the wealth of nations. **Standards tend to increase competition and allow lower output and sales cost, benefiting economies as a whole**. Standards function by reducing variety, ensuring inter-operability, maintaining quality, and providing information. A recent study issued by one of the major National Standards Bodies has asserted that in Europe standardisation adds approximately 1 % to the value of the gross domestic product[11]. It was also pointed out that the added value generated by standardisation is at least as important as the value generated by patents. This confirms why standardisation is so important for European policies. **The Commission** is well aware of these facts and **has**, consequently, **incorporated the use of standards in various documents related to its policies.**

2.2.1 Improving the Internal Market for Goods and Services

In its **Internal Market Strategy 2003-2006**[12], the Commission has developed a ten point plan to make the Internal Market work better. Particular priorities **include improving the free movement of goods and making the free movement of services a practical reality.**

The **service sectors** (e.g. business services, transport, energy, telecommunication, tourism and leisure) account for a large percentage of total employment (70% of overall employment is in market services)[13] in the market economy of the European Union. Nevertheless, **the availability of voluntary standards in the area of services lags considerably behind the economic importance and potential of this area[14].** European standards are acknowledged as one of the measures able to enhance intra-EU trade on services and to foster competitiveness. Accordingly, the European Standards Organisations have been asked by the Commission to set up a programme in order to identify, together with stakeholders, priority areas for European standardisation and to initiate a dynamic process of standards setting at European level.

In addition, the Commission notes with regret, despite the existence of a remarkable common set of standards, that the certification systems and national quality marks are still dispersed. Producers who wish to place their products on the EU market therefore often feel obliged to demonstrate the compliance of their product by affixing the relevant national certification mark. It would in particular be an enormous step forward to rely on a common European key mark system to provide a voluntary basis for compliance with voluntary standards. **The European Standards Organisations, their national members, Member States and**

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[10]   E.g., according to a study issued by the Austrian Standards Body ON ("Der Nutzen der Normung für Unternehmen und Volkswirtschaft", p. 20) In Austria, the benefit of standardisation was € 1.74 billion whereas the cost was € 43 million. Thus, the benefit was 40 times higher than the cost.

[11]   Economic benefits of standardisation, published by DIN (German Institute for Standardisation) 2000 ISBN 3-410- 1486- 4

[12]   Commission Communication: Internal Market Strategy - Priorities 2003 – 2006, COM (2003) 238 final

[13]   Market services comprise all services besides services by public authorities

[14]   see in this context, Standards in the Service Sectors, Fraunhofer Institute Systems and Innovation Research, April 2003, p 1, 2

Stakeholders are invited to seek solutions as to how the approach in this area could be improved

2.2.2   Innovation

Standards also play an important role for innovation, thus influencing business investment decisions on R+D. As a source of the most up-to-date technical knowledge, standards broaden the knowledge base of the economy and can integrate new technologies and research results harmoniously into the design and development process of new products and services. As a market instrument standards help business to create a common trading language. **A prominent example is GSM ("Global System for Mobile Communications"), which** created an international market for mobile communications and is a driving force for the development of many mobile applications. Moreover, for **the new satellite navigation infrastructure "Galileo"**, European and international standards provide support in a similar way not only for its implementation, but also for its use in a large variety of applications. The smooth entry of Galileo devices and services on to the global market is dependant on the widest acceptance of related standards. Peri-normative research (research to provide a scientific base for standards) contributes to the business environment conducive to investments in R+D and innovation. It is therefore important to strengthen the link between research activities and standardisation with a view to the optimum benefit for standardisation.

2.2.3   Standardisation and ICT/IT

Standards can help to create and ensure interoperability and hence contribute to avoid the fragmentation of markets. This is of particular importance in rapidly evolving markets with ever changing technologies, notably in the ICT area. Here, the marketplace has fundamentally and permanently changed over the last decade. The liberalisation of this market has brought competition between sectors. The monolithic world of the past has been replaced by a heterogeneous technology development.

There is a significant shift from hardware to software. It implies a shift away from traditional forms of standardisation towards products with short-term development and exploitation cycles. It creates parallel routes to standards to achieve the objective of interoperability which is a key requirement to avoid market fragmentation and requires speeding up the delivery of standards and the promotion of new deliverables. Moreover telecommunications and IT are converging and the markets have become global leading to new market structures and global industry partnership. As a result, consortia and fora are playing an increasing role in the development of standards, challenging the role and structures of the ESOs as well as the intervention of public authorities at the EU level. Standardisation in support of legislation in the ICT sector should be reviewed.

The European standardisation policy as well as the European Standards Organisations have to recognise these facts and re-design policies, processes and organisational structures, in close collaboration with stakeholders and in particular industry in view of providing a better response to changed market requirements.

2.3   Standardisation in support of societal needs

2.3.1   Environment

In its Communication on **Integrated Product Policy**[15], the Commission pointed out that **standards have a high potential to support sustainable development**, comprising economic, social and environmental aspects. It also listed standards as one of the tools whose improvement could help in establishing the framework for the continuous environmental improvement of products throughout their whole life-cycle. Standardisers are now encouraged to give greater consideration to environment. Accordingly, in its recent **Communication on the "Integration of Environmental Aspects into Standardisation**[16]", the Commission has, as a key message, strongly encouraged all stakeholders in standardisation to take sustainable steps aiming to integrate environmental protection into standardisation[17].

2.3.2   Accessibility for all

Standards are an important instrument for making society and economy more inclusive. **In Europe, society is aging**. As a consequence, there is a growing market for goods and services that satisfy the requirements of disabled and/or elderly people. **Standardisation has the potential to respond to this challenge** and to pave the way for the introduction of innovative state of the art technologies that ensure accessibility for all. However, this requires strong commitment from all stakeholders involved in this process.

2.3.3   Security

Standardisation should also play an important role in the context of policies relating to security combat against terrorism and prevention of crime aiming to protect citizens, infrastructures and services which are potential targets.

3.   THE GLOBAL DIMENSION OF STANDARDISATION

The European Union's core international commitments in this area are expressed through the WTO Agreement on Technical Barriers to Trade. This Agreement requires of its signatories inter alia that technical regulations and international standards should be developed and implemented in a non- discriminatory manner, and without creating unnecessary obstacles to trade. It also recommends the recourse to international standards wherever possible while drafting technical regulation.

The Commission, in co-operation with the European Standards Organisations promotes the use of international standards. To this extent, it participates in Business Dialogues such as TABD[18] and MEBF[19], it provides support to the co-operation and partnership agreements between the European and International Standards Organisations, it promotes standards receptive regulatory models like the United Nations Economic Commission for Europe

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[15]   COM (2003) 302
[16]   COM (2004) 130 final of 25 February 2004
[17]   As a practical consequence, the Commission has issued a mandate for programming of standardisation work in the field of eco- design of energy- using products; this mandate has been accepted by the European Standards Organisations and work is expected to start soon
[18]   Trans Atlantic Business Dialogue
[19]   Mercosur European Business Forum

(UN/ECE) and provides technical assistance. **These actions aim to enable market access for European industry and to raise its competitiveness**.

However, in order to be in a position to do this, and to demonstrate the effectiveness of the European system, **the Community needs a strong standards system including sufficient infrastructure at European level** which is able to ensure that international standards, elaborated and transposed into European standards to support Community policies, are coherent with these policies. A diversified system based on many competing national standards bodies could never play such a role. **Member states, their National Standards Bodies and stakeholders are therefore requested to continue to support a strong and coherent European standards system. At the same time, it is necessary that European industry and stakeholders are fully engaged in European standardisation so that they can be a driving force at the level of international standardisation**

4. RECOMMENDATIONS FOR FURTHER ACTIONS

The consultations carried out with member states and stakeholders in standardisation have confirmed the Commission's views with regard to standardisation policy. They also have confirmed that there is a need for improvement requiring a whole set of follow-up activities which are **explained in more detail in the Commission's staff working document on "the challenges for European standardisation"**. The Commission will implement the recommendations for actions outlined below. Furthermore, it invites the European Standards Organisations, Member States and stakeholders to perform these actions within their own areas of competence. The implementation of the recommendations may lead to further actions, to be laid down in an Action Plan*,* developed by the Commission in conjunction with Member States and stakeholders.

The recommendations for actions are:

4.1. **To continue to make more extensive use of European standardisation in European policies and legislation.**

– The Commission is convinced that the extension of making use of standards to support European legislation and policies to areas beyond the Single Market for goods was successful. The Commission is committed to continue with this approach and to support an extended use of standards in its policies.

– In this context, it is important to increase the knowledge of decision-makers of Member States with respect to the advantages of European standardisation in support of Community legislation and policies.

4.2. **Improvement of efficiency, coherence, visibility of European standardisation and of its institutional framework**

– Efficiency: it is essential for European standards to be developed within a reasonable period of time. To this extent, the European Standardisation Organisations must continue to improve their efficiency substantially in order to respond properly to the needs of industry and regulators. This refers also to the availability of procedures by which the needs of consortia can be better accommodated in ESOs. ESOs should

fully exploit the potential for synergies by improving their co-operation and reinforce their mechanisms of coordination for subjects of common interest.

– <u>ICT:</u> The Commission will seek to initiate a strategic review, together with Member States and stakeholders, that would target how all players involved in standardisation could better match the challenges responding to societal and market needs, thus providing efficiently elaborated specifications in the IT sector.

– <u>The effective participation of all interested parties concerned</u> (NGOs, environment, consumers, SMEs, authorities, business representatives in accordance with the spirit of the TBT Agreement) is not yet sufficiently well guaranteed, neither at ESO level, nor within all Member States. Improvements are necessary. We also must step up our efforts for European standardisation to be recognised by entrepreneurs as a strategic tool for competitiveness and for the uniform application of technical legislation in the internal market. The commitment of everybody should be reactivated in this respect.

– <u>Strengthening of the institutional framework</u>: The institutional framework must be reformed in order to ensure that standardisation can effectively play its role. This involves the creation of a legal basis for the financing of European standardisation and a revision of the standards part of Directive 98/34 establishing an information procedure in the field of standards and technical regulations.

– <u>Financial viability of European standardisation</u> The financing of European standardisation must be based essentially on the contributions of the parties involved in it. Given the role played by European standardisation in supporting European policies, the Commission undertakes to co-finance European standardisation activities and European infrastructures. Member States assume co-responsibility with regard to the financial viability of the European standardisation system. The financing of the central infrastructure of CEN/CENELEC which so far depends exclusively on EU contributions and the annual contributions of the National Standardisation Bodies should be reviewed with a view to putting it on a broader basis. Maintenance of strong, centralised infrastructures representing the European interest is essential. The Commission will put forward a legislative proposal providing for a legal basis to financially support European standardisation, with reference to all of these activities and needs, as a tool serving to European policies.

4.3 European standardisation and the challenge of globalisation

– The Commission will continue to promote international standards drawn up by the international standardisation bodies (ISO, IEC, ITU) and to support their transposition in the EU.

– When international standards are developed and transposed into European standards in support of European policies, the European Standardisation Organisations must ensure that these standards are consistent with the objectives of EU policies.

– The role of European standardisation in the international context and the visibility of its achievements to enhance market access and competitiveness must be reinforced. It is important to urge European industry and the parties concerned to reiterate their commitment to European standardisation as a driving force for international

standardisation. It is also appropriate to confirm with the Member States (with a view to the enlarged Union) their commitment to European standardisation. The European Standards Organisations and stakeholders are encouraged to undertake concrete actions to enhance visibility.