

# Renewable Energy and Energy Efficiency Advisory Committee, *Charter IV*, Recommendation Fact Sheet

## **Recommendation #8 [Approved on September 28, 2017]:**

We recommend that the Department of Commerce's International Trade Administration and National Institute of Standards and Technology engage more aggressively in key market standards development and standards adoption bodies to ensure that locally adopted standards allow for installation of U.S. products (e.g. products that are built to North American standards).

The International Trade Administration (ITA) and the National Institute of Standards and Technology (NIST) should engage in key market standards adoption bodies to ensure that locally adopted standards allow for installation of U.S. products (e.g. products that comply with North American standards). Specific activities and areas of focus should include:

- formal participation with a seat on committees and subcommittees, or informally through meeting attendance and ad hoc discussion;
- focus on the key markets of Brazil, India and Sub-Saharan Africa where much of the RE&EE development will occur in the next three to four decades; and
- soliciting input from the U.S. REEE sector as to which standards committees/ subcommittees would be most helpful and hold calls and meetings at regular intervals to update interested U.S. stakeholders while seeking technical input if necessary.

### **Sub-Committee:** Market Access

#### **Background Information:**

The standards development and adoption process is an increasingly competitive global market. There have historically been two principle models that have influenced standards development in the RE&EE sectors in virtually every country that relies on technical standards: North American-based standards and European-based standards. Every country of course maintains the right to adapt and adopt any standards they choose, though, typically, countries tend to follow either the North American model or the European model, but not both.

These models differ not only in how standards are developed but in what those standards require of compliant (i.e. "listed") products. In some cases, there is enough overlap between equivalent North American and European standards that products that comply with one will comply with the other. However, with technological innovations over the last 10-15 years pertaining to (renewable) generation and efficient transmission and distribution of electricity, more and more standards are being developed under the two models that are not compatible with their respective equivalent. Over the same period, Asian countries such as China have implemented their own organically developed standards.

To add to the competitive dynamic of the global technical standards market, even in instances where products comply with both North American and European-based standards, many countries now require certification specifically to one type of standard. This scenario requires product manufacturers/ exporters to undergo two certification processes for the same product, which is costly and time-consuming.

In light of the above market trends, some governments – particularly China – have become very aggressive in influencing foreign standards development bodies to ensure that their country's products are not precluded. Over the last five years, China's participation on IEC subcommittees and subcommittee leadership positions has increased enormously, to the point that their participation is now on par with, if not outpaces, that of the United States (through ANSI).

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Beyond participation in standards development bodies, U.S. efforts to proliferate North American standards abroad are extremely limited. For example, when USTDA performs a feasibility study of an REEE project in a foreign country, the study often includes a list of applicable North American standards. Similarly, NIST captures and posts public comment periods for foreign country standard-related regulations, facilitating input by U.S. industry. The most direct engagement related to standards-based market access comes from the ITA, who identifies and advocates for the removal of technical barriers to trade, which often involve unfairly restrictive standards.

While the U.S. RE&EE Industry appreciates the U.S. Government efforts summarized above, they are not enough to maintain a competitive advantage for U.S. companies to compete with the scaled-up Chinese approach. Products made and certified only to North American standards are accepted in a diminishing sector of the world market (largely made up of North and Central America, and the Caribbean), while products made to Chinese standards are increasingly accepted (South America, Europe and Asia).

To reverse this trend, U.S. Government agencies must dedicate more thinking and resources to a strategic approach to influence standards development and adoption in key foreign markets. We recognize that the market-driven standards development approach in the U.S. makes it difficult for direct U.S. Government engagement, but we believe that it is still possible for the Government, through appropriate agencies, to take a leading role and be effective in foreign market standards adoption to the benefit of U.S. REEE manufacturers/exporters.

#### **Expected Impact on Export Competitiveness:**

We expect that the level of U.S. Government engagement recommended here will result in an increased allowance of U.S. products in the REEE sector for associated projects particularly in key markets of Brazil, India and Africa.

**Specific Agencies Responsible for Implementation:** Department of Commerce's International Trade Administration and National Institute for Standards and Technology

#### **Metric to Track Success:**

Greater USG involvement in national standards adoption bodies in key market