

What Brexit means for industry standards

Maintaining status and influence
for UK industry

Executive summary:

- Standards are good practice agreements used voluntarily by business and industry to:
 - Enable international trade, by reducing technical barriers
 - Build supply chain trust and confidence with consumers and end-users
 - Enable interoperability
 - Lower production costs
 - Provide a means to demonstrate legal compliance
- The European standards organizations CEN and CENELEC follow the single standard model, which is based on the adoption of one agreed standard on any given industry issue:
 - Every European standard must be adopted identically by all 34 member countries' standards bodies, and
 - Existing conflicting national standards must be withdrawn.
- Using a single standard brings the benefit to UK industry of reciprocal market access across the 34 member countries of CEN and CENELEC. It has meant that businesses no longer need to meet multiple standards to trade into these markets. UK experts have significant influence over the content of these European standards.
- There are challenges and opportunities for the UK economy and society in relation to Brexit and standards:
 - In the short-medium term:
 - Business as usual at least while the UK remains an EU Member State,
 - BSI and UK experts continue to play a full role in the governance and in the technical work of the European standards organizations,
 - Post-Brexit, there will be no change in UK involvement in international standards at ISO and IEC level, or in ETSI.
- BSI's expectation post-Brexit is to remain a full member of CEN and CENELEC enabling UK experts to continue to influence the content of standards that are tools of the market used voluntarily across Europe. This is on the basis that:
 - CEN and CENELEC are not agencies of the EU,
 - Their current membership is broader than the EU.
- BSI's stakeholders (industry and consumers groups) have expressed strong support for UK commitment to international and European standards. To achieve this:
 - A technical amendment to the statutes of CEN and CENELEC might be required,
 - UK government would need to continue a regulatory approach that supports the single standard model with its commitment to the adoption of internationally agreed standards and that maintains the rigour of the standards regime in the UK, and
 - UK government needs to ensure that it does not recognize national standards from other countries as a means of legal compliance in the UK.

What are standards?

Standards are **created by industry and other stakeholders, for use by industry.**

Standards are created by industry and other stakeholders, for use by industry. They are the distilled wisdom of people with expertise in their subject matter and form a body of knowledge of good practices, codes, guidance and specifications addressing products and services, business processes and principles. Standards ensure **quality consensus** across the world's markets, and are developed by **standardizing bodies**.

The WTO describes **standards as voluntary** and technical regulations as mandatory documents for member countries. The international and European standards organisations promote the adoption of consensus standards and the withdrawal of conflicting local standards as a fundamental basis for reducing

or eliminated technical barriers to trade around the world. Ultimately, this makes life easier for producers and exporters by harmonizing compliance and reducing unnecessary obstacles.

“Standards play a vital and often invisible role in supporting economic growth and open up the channels for boosting productivity and innovation.”

Vicky Pryce, the Chief Economic Adviser, Cebr



Economics Benefits of Standards, Cebr report

- **37.4% of UK productivity growth** can be attributed to standards
- Standards underpin **28.4% of annual UK GDP growth**, equivalent to **£8.2 billion** at 2014 prices
- **£6.1 billion of additional UK exports** per year are helped by standards
- **41% of small and medium-sized businesses** and **36% of large business** are more likely to export if they use standards
- Mid to large businesses said standards are enabling them to **diversify into new markets in the UK and abroad**.

A global system of standards

The current system in Europe

European standards are developed through **CEN** and **CENELEC** (European standards organizations) and are adopted identically in **34 countries** by their national members. This is a private, market-led system and is essential in allowing **reciprocal market access** for industry in Europe. There are no pure European standards; each member country must adopt them as national standards and withdraw conflicting standards. This is known as the **single standard model**.

European technical harmonization relies in many cases on the use of voluntary industry standards. 'New Approach' legislation sets high level, 'essential' requirements and manufacturers can choose the precise way in which they demonstrate compliance. One way is by using 'harmonized' standards. This applies to around **20% of European standards**.

Over the past 30 years, the adoption of the single standard model has reduced the number of national standards across Europe from an estimated 160,000 to around 20,000 European standards today. By adopting the single standard model, it has acted as a catalyst for trade: providing a common language for business and reducing barriers to trade, saving organizations time and money.

"The UK has played a leading role globally at each stage of the standards evolution process and has a strong position as a world leader, in the industries where we have competitive advantage."

Vicky Pryce, the Chief Economic Adviser, Cebr



International standards

International standards are developed through **ISO** and **IEC** (international standards organizations). These standards are adopted in many cases by CEN and CENELEC as European standards, sometimes with amendments for European markets. **The European and international standards systems mirror each other.** All standards drafts are **open to public consultation**.

UK's role

95% of UK standards are international or European standards, often, and preferably, both. BSI is a member of the **IEC, ISO, CEN** and **CENELEC**, ensuring **UK expert involvement** at all stages of the standards development process. The **national delegation principle** also reaffirms British involvement, with national consensus positions being fed into the European and international committees and the national members providing the chair and secretariat for specific standards work. **The UK plays a major role in the governance, strategy and policy** of CEN and CENELEC with **permanent representation on their boards**.



An opportunity for the UK

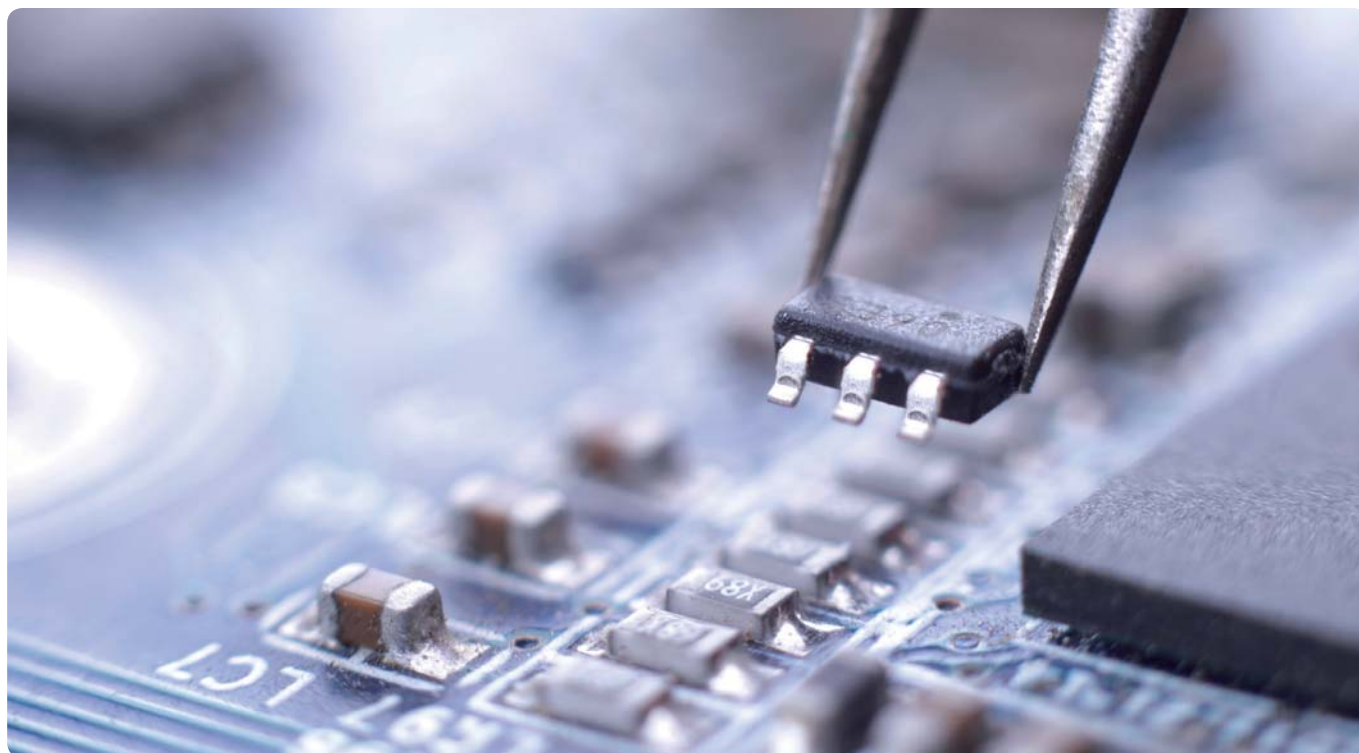
It is essential that the UK maintains its full membership of CEN and CENELEC by continuing to support the single standard model.

This will allow the UK to **maintain a high level of influence** in the world of consensus standards and therefore **remain competitive in the post-Brexit marketplace**, whilst mitigating the risks and costs that divergent or multiple standards would bring. This sentiment is echoed by consumer organizations and by businesses across the UK.

The single standard model does not depend on harmonized regulation; divergence of regulation over time can be accommodated within a single international or European standard model. Such a solution provides maximum flexibility for the UK economy.

“Manufacturers want to make one product for multiple markets based on one standard, one test, rather than products for individual markets based on multiple standards and tests.”

Terry Scuoler, CEO, EEF, the manufacturers' organization



Strengthening the UK's commitment post-Brexit to shaping international standards will **accelerate the UK's strategic international leadership** and **greatly benefit British industry through bilateral, national and regional standards development**. This, in turn, will project a soft economic power that will **increase worldwide opportunity** for UK exports, innovation, growth and productivity.

This renewed commitment will encourage future free trade agreement countries to adopt a **UK-friendly business model**. The UK is recognized as a **world leader in industry standards**, as demonstrated in the global adoption of recent UK anti-bribery practices, collaborative business relationships and resilience standards. As a full member of CEN and CENELEC, the UK acts as both a '**gateway to Europe**' in accessing products and services and a '**bridge to the global economy**' in encouraging countries to adopt international standards as good business practice.

It is vital that the UK's status as a global leader within industry standards is protected during the Brexit process. Strengthening its commitment to industry standards will play a major role in allowing British industry and its businesses to grow and prosper in the future.

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