AmCham EU's position on Standards for the Digital Single Market

Executive summary

Standards are of critical relevance for the creation of interoperable solutions for the disparate needs of the Digital Single Market (DSM), involving all industrial sectors. Experience has shown that the most successful standards are those that have broad stakeholder support – especially from industry as the main contributor of technology and commercial expertise to standardisation.

AmCham EU believes that voluntary, market- and consensus-driven standardisation processes should be protected and incentivised, as they are a precondition to allow for the inclusion of the best technologies in standards.

AmCham EU also calls upon all stakeholders to pay close attention to the global context of standardisation.

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AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate US investment in Europe totalled more than €2 trillion in 2015, directly supports more than 4.3 million jobs in Europe, and generates billions of euros annually in income, trade and research and development.

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POSITION PAPER

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The importance of standards

Standards will play a key role in the delivery of the EU Digital Single Market (DSM) strategy, acting as enablers of technology innovation and helping ensure economies of scale across the EU and globally. The DSM strategy outlines the importance of standardisation to increase the interoperability of new technologies in that it facilitates the open development and adoption of new solutions for the digitisation of manufacturing (Industry 4.0), data-driven services, cloud services, etc. Standards ensure interoperability and competition between different devices, applications, products and services.

Standards are developed by standard-setting organisations (SSOs) and have to respect the WTO's founding principles of coherence, transparency, openness, consensus, voluntary application, independence from special interests and efficiency. Examples of SSOs include the formally recognised international standards organisations (ISO, IEC and the ITU), the three European standardisation organisations (ETSI, CEN and CENELEC), Member State standardisation bodies as well as informal standardisation bodies such as IEEE, IETF, OASIS, W3C and Ecma International. Standards used today include standards from both formal and informal SDOs, based in Europe and globally. Of the formal European SDOs, ETSI is the main body for ICT-relevant standards, providing technical specifications of global relevance through its involvement in the global partnership projects 3GPP and OneM2M. The European Commission has also established the EU Multi-Stakeholder Platform on ICT Standardisation (MSP), which advises on ICT standardisation and use of standards in public procurement. All of the above-mentioned SDOs are members of this platform together with Member State representatives as well as industry and consumer associations.

The increasing transformation towards a digital economy will have a broad impact on all industrial sectors, the way processes work and the way technologies will be used and integrated. AmCham EU supports the European Commission in drawing up ICT Standardisation Priorities for the Digital Single Market, as set out in its 19 April Communication,[1] to support and improve this process. In this position paper, we'd like to reinstate some key points which we believe should guide the initiatives the Commission plans to undertake following the Communication. Notably, we advocate that standards should be market- and consensus-driven, voluntary and have a global dimension that avoids unnecessary fragmentation and duplication of efforts.

Market- and consensus-driven, voluntary standardisation

Given the upcoming convergence of different sectors of the economy and the pervasive role of ICT, the setting of priorities can be a good tool for governance and may also help to ensure delivery of new services for the DSM. In this context – and as stressed by the Communication itself – AmCham EU believes that standards are most successful, of high quality and widely adopted when they are open and developed with a clear, identified market need and in a bottom-up process.

AmCham EU believes that the model of industry-led voluntary standards development in formal and informal SDOs has withstood the test of time in that it has to date largely delivered the standards needed to ensure interoperability and innovation for consumer and business markets. Voluntary industry participation in standard-setting activities thus needs to remain the guiding principle and it should not be sidestepped by a top-down approach that doesn't look at industry realities.

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[1] COM(2016) 176 final

We therefore welcome that the European Commission continues to give preference to the voluntary, industry-led approach in its Communication on ICT Standardisation. Furthermore, we support the mapping and outlining of high-level priorities, with the caution that great care should be taken that such measures do not extend into top-down policies. Policy makers have an important role to play in setting out political goals to ensure interoperability but industry players themselves are at the forefront of technological developments and possess the requisite expertise. Industry is therefore best placed to drive standards development bottom-up.

The significant investment needed to develop and evolve standardised technologies is primarily fuelled by industry and the upfront risk taken by participating companies, which makes a direct industry input into the setting of ICT priorities key to the success of the DSM. It is only by encouraging and incentivising companies to take part in standardisation efforts and to contribute to standardisation activities that SSOs can have the broadest choice of technological solutions available. This is essential to the technical and commercial attractiveness of standards. The WTO's founding principles are paramount in this respect, as is standardisation that is based on a bottom-up engagement of industry and other stakeholders and aligned with current market developments and needs.

Secondly, we believe that a balance needs to be struck between efficiency (which includes the setting of priorities, which also helps in delivering on legitimate policy goals) and quality. SSOs and their members are generally best placed to understand this balance, given the technical nature of standardisation. Where a policy or regulatory system seeks to set the balance before standardisation efforts commence, this will affect the desire for participants to take part, especially if there is a sense that work will be distorted by policy imperatives or winners picked based on non-technical criteria.

Focus on global dimension and avoiding fragmentation

The objectives of the DSM would be fundamentally frustrated if what it amounted to was the creation of EU-specific standards that prevent EU companies and citizens from benefitting from global harmonisation and scale in smart grids, smart cities, intelligent transportation, the Internet of Things (IoT), advanced manufacturing and, eventually, 5G. Global standards that are widely implemented and used should be considered and included in the planning and execution of critical new work being done in support of EU policy objectives. The EU Rolling Plan provides the basic planning tool maximising the support of EU policy objectives with global ICT standardisation. The process outlined in Regulation 1025/2012, Articles 13 and 14, moreover, ensures that innovative, state-of-the-art global ICT specifications can be used in Europe as enablers for innovation and growth.

One of the biggest challenges that industry involved in standardisation is currently facing is the duplication of efforts. For example, standards landscaping, roadmaps and reference architectures are developed in parallel in multiple organisations. Even though this can be helpful – for instance, in generating competition between different SSOs in creating and evolving the best standard – if it is done on a large scale and by not involving the proper experts, it can result in fragmentation and poor technology choices that will harm Europe's competitiveness.

There is a need to foster cooperation in order to avoid incompatible solutions. Ensuring consistent use of existing standards is important to ensure proper interworking when existing standards are sufficient. The MSP and its ICT task forces and working groups provide one mechanism to identify priorities that reflect global developments as well as mechanisms for direct industry participation and enhanced representativeness. Fragmentation and duplication of efforts can also be reduced by enhancing coordination and collaboration between standards bodies.

New standardisation work should only be initiated top-down if there is a clear market need and if respective functional gaps have clearly been identified. For any new standardisation activity, there needs to be a critical mass of industry and other stakeholders involved, providing for inclusive, consensus-driven standardisation. Consensus can take time to achieve and therefore a certain degree of flexibility should be applied to setting up timetables for the development of innovative technology standards. The European Commission's Joint Initiative on Standardisation will need to avoid duplication and should consider the existing annual EU Rolling Plan for ICT Standardisation which is now complemented with the priority setting in the Communication of 19 April. Similarly, the MSP already provides a highly successful platform for public-private cooperation on ICT standardisation also involving all stakeholders, including different sectors and international SDOs.

Moreover, strengthening the relation between R&D and standardisation can help to promulgate new innovative standards and to transfer R&D results into standardisation and thus make them available for exploitation. While certainly not every R&D project is suitable for contributing to standardisation and while standardisation should not become a relevant criterion for the assessment of R&D proposals, initiatives like AIOTI and the Horizon 2020 large-scale pilots can help to deepen the relation between R&D and standardisation. A lot of the activities in this context are about education regarding possible transition paths of technologies into open standardisation processes.

Conclusion

Standards are of critical relevance for the creation of interoperable solutions for the disparate needs of the DSM, involving all industrial sectors. Experience has shown that the most successful standards are those that have broad stakeholder support – especially from industry as the main contributor of technology and commercial expertise to standardisation.

As a consequence, AmCham EU believes that voluntary, market- and consensus-driven standardisation processes should be protected and incentivised, as they are a precondition to allow for the inclusion of the best technologies in standards.

AmCham EU also calls upon all stakeholders to pay close attention to the global context of standardisation. Standards should be developed to achieve global scale, and the EU should avoid creating standards that lead to regional or national fragmentation. Existing global standards that are widely implemented and used should be taken into account before initiating new projects. The MSP, with its broad membership of all stakeholders, can provide a solid basis for such a survey and identify further priorities for standards in areas such as cloud, cyber-security and the IoT.