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29<sup>th</sup> July 2013

Dear Sir/Madam,

**Review of the balance of competences: Call For Evidence: Trade and Investment**

BSI (British Standards Institution) has read with interest the review of the balance of competences call for evidence with regard to trade and investment. We would like to make some general points about international trade and EU action in this area. This response is that of BSI as the UK's National Standards Body.

Standards are a key element of international trade. They assist the opening of markets, they promote interoperability, and they bring confidence and trust. Voluntary standards, as opposed to technical regulations, are an integral part of the WTO TBT Agreement.

European standards are adopted in an identical form by all the members of CEN and CENELEC, including in all EU Member States. No CEN or CENELEC member can start new work in areas covered by European standards and conflicting national standards must be withdrawn. Having one standard for Europe on any one topic has been essential to the creation of the European single market and is also important for international trade negotiations. Europe as a bloc has standards that serve a market of over 500 million citizens; this brings substantial negotiating power. UK stakeholders have significant influence over the content of both European and international standards, with consequent impacts on international trade (this relates to Question 1).

One example of where standards are important to trade dialogues is the EU-US trade dialogue discussions. Agreements on standards are set to be one of the components of the dialogue and BSI is playing a major role in these discussions.

**Background on BSI**

BSI is the UK's National Standards Body, incorporated by Royal Charter and responsible independently for preparing British Standards and related publications. BSI has 112 years of experience in serving the interest of a wide range of stakeholders including government, business and society.

BSI presents the UK view on standards in Europe (to CEN and CENELEC) and internationally (to ISO and IEC). BSI has a globally recognized reputation for independence, integrity and innovation ensuring standards are useful, relevant and authoritative.

A BSI (as well as CEN/CENELEC, ISO/IEC) standard is a document defining best practice, established by consensus. Each standard is kept current through a process of maintenance and reviewed whereby it is updated, revised or withdrawn as necessary.

Standards are designed to set out clear and unambiguous provisions and objectives. Although standards are voluntary and separate from legal and regulatory systems, they can be used to support or complement legislation.

Standards are developed when there is a defined market need through consultation with stakeholders and a rigorous development process. National committee members represent their communities in order to develop standards and related documents. They include representatives from a range of bodies, including government, business, consumers, academic institutions, social interests, regulators and trade unions.

I would be pleased to discuss the BSI response contained in this letter should you so wish.

Yours faithfully,

## **Submission from the British Standards Institution**

**What are the advantages and disadvantages of the EU's competence over trade and investment, particularly in relation to international trade and investment negotiations? When answering this question you may wish to consider:** o the impact of acting as part of a bloc on the UK's global influence; o the EU's capacity to deliver trade and investment policy effectively (e.g. its effectiveness in trade negotiations, including whether this varies across different regions); o the resource implications of having competence at the EU level; o the extent to which EU trade and investment policy offers benefits to the UK that go beyond those offered by WTO membership; o the EU's priorities for trade and investment negotiations, for example in terms of negotiating partners and offensive and defensive interests (e.g. in market access), and the extent to which these align with UK priorities; o the extent to which the UK's approach to trade policy is amplified or reduced by working through the EU (e.g. whether the UK, as a free trade advocate, succeeds in making EU trade and investment policy less protectionist); o the extent to which EU trade policy has a trade facilitating or trade diverting effect for the UK.

Free trade is facilitated through European and International standards. CEN/CENELEC/ETSI are responsible for technical standards relating to most technology based products and device. The UK is involved at European level through BSI membership sponsored by BIS.

**What are the advantages and disadvantages of having trade and investment promotion largely at the national level? How well has this delivered on UK objectives?**

Procedures exist to avoid the issues of national standards that may become a barrier to trade. National bodies cannot create new standards without first advising other EU bodies of the proposals. This is to prevent proliferation of standards that may compete in different countries and the system works well. Trying to circumvent the system usually ends up adding delays - it is much easier to influence than to try to compete, a point not always followed. Active participation can lead to technical leadership and first mover advantage, a significant benefit to companies that become involved.

**What are the advantages and disadvantages of the current division of competence over export and import controls and export credits?**

Export/Import controls can be counter productive as tit for tat actions usually arise.

**What are the likely advantages and disadvantages of moving from national to EU competence in relation to investment protection?**

Being involved with a wider selection of experts from around Europe allows the UK to take advantage of a greater knowledge base not only technically but also market intelligence providing a greater chance to export.

**How well are UK objectives met and interests taken into account through a) EU trade defence investigations, and b) the EU representing the UK in trade defence cases against the EU and more generally in trade disputes with other WTO members?**

The EU standards organisations represent the interests of all involved and defend their areas of interest. This has been very well demonstrated recently when micro generation equipment in Sweden caused accuracy issues with

meters. The issue was dealt with at an EU level. A country acting on its own would not have the same influence.

**What future challenges/opportunities might we face on trade and investment policy and what impact might these have on the UK national interest? When answering this question you may wish to consider the impact of: o the institutional changes introduced by the Treaty of Lisbon (e.g. the increased role for the European Parliament and the creation of the European External Action Service) on EU trade and investment policy; o any further internal developments in the EU (e.g. potential further integration of the eurozone) on trade and investment policy; o the increasing ambition of EU trade policies, and the implications that this might have for the UK's offensive and defensive interests; o any further developments in EU law, including for example any effect of the EU's exercise of internal competence on its external competence and vice-versa.**

One of the main issues I see is the lack of UK interest in being involved in the EU standardisation. This potentially leaves the UK out on a limb being forced to accept standards that are not ideal rather than influencing them to ensure they are.

**Are there any general points you wish to make which are not captured above? We would also welcome any specific examples and quantitative evidence where possible.**

The prime example I am involved in is Smart Metering standards where the UK has largely ignored the work coming from the EU. As a result, the process is taking much longer than it should and there is the potential that the UK will end up with a national solution that cannot be exported elsewhere, it will cost more as it is market specific and may run into trouble with issues of barriers to trade with the EU competition legislation.