

AGENDA ITEM 4
REPORT OF THE ISO SECRETARY-GENERAL
TO THE ISO GENERAL ASSEMBLY, MILAN,
28 SEPTEMBER 2000

Ladies and Gentlemen
Distinguished guests
Members of ISO,

It is always a personal pleasure for me to report to you at our General Assembly on what I like to call the "State of the ISO Union" as we approach the end of another year in the remarkable history of our Organization.

This year, here in Milan, we are indeed fortunate to be hosted by UNI and before going further I do want to express appreciation, on behalf of all of us, for the excellent work they have done to make this occasion both enjoyable and successful. We all know, or can at least guess, that the logistics challenges of organizing a series of meetings around an ISO General Assembly, and for the General Assembly itself, is a formidable task in any city of the world; and in Milan at the height of the autumn fashion season in Europe we have to be even more appreciative that we are so comfortably situated.

ISO's Amazing Membership – keeps on growing – now up to 137

As you will have seen in the working documents, the ISO membership stands today at an all time high of 137 members. This, to me, is something that should be a source to pride for all of us. We know that to be a member of ISO is not the same as a being a member of one of the specialized agencies of the UN organization, where "membership" is more or less automatic if your country is a member of the UN. Special efforts are needed by national bodies wishing to be ISO members. They have to decide to: apply for membership on their own; arrange for paying their own dues in a foreign currency; accept to work, very often in a foreign language; and define the level of their own participation in the standards development work of our technical committees.

We see also that ISO members are amazingly loyal: they accept their membership obligations, and nearly all of them pay on time. It is clear to us that they are proud of their ISO membership, and they come regularly to our General Assemblies to share their experiences with the ISO family.

In addition, very many ISO members are actively involved in regional standards organizations including ACCSQ, AIDMO, ARSO, CEN, COPANT, EASC and PASC (memberships are given in the working documents). These regional organizations are

themselves networks for cooperation and mutual assistance within the overall ISO network. They add value, transparency and open communications to the ISO system as a whole and for their respective members. An opportunity will be provided, at the conclusion of this presentation, for representatives of these organizations to comment on their current work as it relates to furthering ISO objectives.

It is true that ISO has one of the largest country-based memberships of all international non-governmental organizations (NGOs). This fact is one source of the unique strength of ISO, and I will speak more about that in a few minutes.

This year our new and upgraded members are Burkina Faso, Cameroon, Comoros, the Congo, Honduras, Lesotho, and Mali. On behalf of all of us, I want to extend a warm welcome to each of them. We are indeed happy to have you in our family.

Family responsibilities in the ISO system

We all know, of course, that ISO membership is not only a matter of paying fees, coming to General Assemblies, and enjoying a certain prestige in your own country. It also involves being a responsible family member, and taking certain ethical obligations on yourselves with respect to all of your brothers and sisters.

You may remember that, in my formal report to you at our GA meeting in Beijing, there was a document entitled "List of Fundamental Principles of the ISO System" that had been developed for, and approved by ISO Council. In my view this document captures the real essence of the ISO system and, together with our truly global membership, explains why we are indeed unique in today's world. Because of its importance, I would like to take a few minutes here to go through the list to remind ourselves about our rights, obligations, and collective strengths as members of the ISO family.

I will quote from that official document, and add a few of my personal comments and observations.

1. Principles of due process, transparency, and consensus-based voluntary standardization at the global level

Recalling ISO's vision statement (ref. Long Range Strategies 1996-1998, and 1999-2001):

ISO intends to be recognized as an influential and responsive producer in the development of globally applicable international standards, which meet or exceed the expectations of the community of nations. ISO shall strive at all times to perfect the application of consensus and transparency principles in standardization and, in this way, promote the values of rationality, safety and environmental protection for the benefit of all peoples.

1.1 The principles of consensus and due process, organized and safeguarded by the national members of ISO, who are responsible for casting all national/country votes in the ISO standards development and policy development processes.

1.2 The principle that an ISO TC/SC must follow authorized procedures in carrying out its work, and that the consensus of the relevant TC/SC members must be supportive of any special procedural exceptions proposed for authorization by the TMB or Council.

1.3 The principle that a member of ISO has the right to adopt, and is encouraged to adopt, any ISO International Standard or other ISO normative publication as its own national standard.

***Comment:** These basic principles of the ISO Organization are well known to most of us. They set out the terms and conditions of our membership, and establish the authority of our governance bodies, i.e. we are an organization based on national membership, and our rules and procedures are decided by democratically elected representatives of our full membership. Moving on to further detail on these principles, we can then speak about family rights and responsibilities: as follows:*

2. Member rights, responsibilities and operating principles of the ISO system having been stable and widely appreciated for several decades

In brief, without resort to a word-by-word review of the *Statutes* and related decisions of Council, the rights and responsibilities of ISO members may be summarized as follows:

Right 1: Only one ISO member per country is recognized by ISO. Each ISO member can be assured that it is ***the ultimate representative of ISO for its own country.***

Responsibility 1a: An ISO member undertakes to be the organization most broadly representative of standardization in its country. An ISO member may delegate its membership rights and obligations to other organizations in its country if it so wishes but remains responsible to the other members of ISO for its primary responsibilities. These responsibilities include providing open and consensus-based representation of ***their own country's views in both technical and policy related matters.***

***Comment:** This particular right and its corresponding responsibility of membership are undoubtedly the most fundamental characteristic of the ISO system. The concept has often been challenged, with suggestions that direct membership by companies or from a number of organizations or associations should be allowed within ISO. Until now, however, the principle has always remained as it was first established. The right carries with it the large and sometimes difficult-to-realize responsibility, particularly in large countries with diverse standards development structures and organizations. However, the ISO membership concept does appear to work well when it is fully understood and applied with an inclusive sense of neutrality and fairness by the ISO members themselves.*

Responsibility 1b: An ISO member accepts to pay **“its fair share”** of the costs to maintain the ISO infrastructure, including the core function costs of the ISO Central Secretariat, according to subscription levels decided by Council.

Right 2: ISO members may distribute and sell national adoptions of ISO standards (see 1.3 above) **without paying royalties or additional fees to ISO or to any of its other members.**

Responsibility 2a: When selling **ISO publications which are not adopted** as national standards, **ISO members are required to pay royalties or copying fees to ISO** according to rules established by Council.

Responsibility 2b: Each member shall ***take appropriate actions to ensure the correct use of the ISO name and Mark (logo)*** in its country, and to prevent unauthorized sale of the texts of ISO publications in any form.

Comment: *Here is another of the special benefits of ISO membership; what we have accomplished together belongs to all of us, and we trust each other completely to play by the rules when selling our standards and their nationally adopted versions. Again on several occasions, particularly when money is tight, we have received suggestions that we should change the policy and somehow bring more money into the Central Secretariat from the sales of national adoptions. But each time the suggestion was made, it has been refused, and in my mind for the right reasons.*

Here also, I think we will need to add an additional family responsibility to our list. You may be aware that, in June of this year, the ISO Council approved a resolution dealing with the protection of ISO's image and integrity, particularly as it relates to the conformity assessment business in each of our countries. Council Resolution 28/2000 deals with that question and encourages ISO members to become more proactive in helping to protect our collective image. I will be suggesting to the Council members that something like the following should be included as an addition to the copyright protection noted in Responsibility 2b, above:

...[ISO members] are also encouraged to use all legal means available to them to deal with misrepresentations that can happen in the Quality Cycle (standardization – accreditation – certification – market control), and in particular with mendacious publicity¹ that undermines the image and integrity of ISO. In consequence, ISO members are encouraged to use their influence with accreditation bodies to deal with such problems.

I am aware that, for some ISO members, talking about this kind of responsibility causes a nervous reaction and fears of complicated and expensive legal proceedings if they were to become involved "too proactively" in trying to ensure that certification and accreditation activities where ISO standards are being used are conducted ethically by the market operators in their own countries. I am rather sure, in this respect, that Council did not intend that the ISO members should take on some kind of policeman, judge and jury role; but rather that they recognized that protecting ISO's image and ensuring our reputation for integrity has to be a job for all of us, and undertaken to the best of our collective ability.

It should be mentioned here that ISO and IEC have already had a very significant impact in defining the basic concepts of ethical and mutually recognizable behavior in the conformity assessment business. Through the work of ISO CASCO, in which IEC is actively participating, a rather extensive and growing collection of ISO/IEC International Standards and Guides on conformity assessment practices have been prepared and are widely accepted throughout the world. It is estimated that these ISO/IEC Standards and Guides are currently used in over 70 countries, and have served in the certification of over 350 000 sites to ISO 9000, and of hundreds of millions of products to ISO product standards. Some 40 to 50 national accreditation bodies are now using ISO/IEC procedures to ensure the competence of certification bodies, and of tens of thousands of laboratories. These accreditation bodies are also using procedures developed by ISO and IEC within ISO CASCO as the basis for their efforts to establish a worldwide system for mutual recognition of the equivalence of their results.

So, in reality, it should not be too difficult to recognize an occurrence of "unethical and mendacious behavior" in the conformity assessment business, and there is an abundance of information and guidance available from ISO and its members that can point the way to correct existing problems. In fact, in most cases we know about, simply providing this information to those who need it results in problems correcting themselves. Nevertheless, it

¹ *mendacious publicity*: intentionally misleading to benefit one's own cause.

seems important that we don't appear to be unconcerned or unwilling to help where we can in protecting and even enhancing ISO's image for the benefit of all of us.

Right 3: ISO members have the right to seek **appointment or election to ISO's governing bodies**, i.e. Council and the Technical Management Board (TMB). They may be appointed or elected as members of these bodies according to democratic procedures set out in the *ISO Statutes*.

Responsibility 3a: When serving as elected **representatives of the ISO membership** on Council or the TMB, members are expected to **act on behalf of the membership as a whole**.

Responsibility 3b: In matters pertaining to the **delineation of work** between ISO Technical Committees (TCs) and the **performance** and assignment of **TC/SC Secretariats**, ISO members are obliged to **respect the decisions of the TMB**.

Responsibility 3c: In matters pertaining to **strategic and policy development** initiatives of the Organization, and to the rules applied to its members in financial and commercial matters, ISO members are obliged to **respect the decisions of Council**.

Comment: *Here we speak about our two main governance bodies, the Council and the Technical Management Board (TMB). The members we elect to these leadership positions take on a major responsibility and a significant extra workload. As time goes on and as the ISO work grows, I observe that not so many ISO members are seeking nomination for these positions, and I can understand that this is probably due to some worries about being able to contribute effectively to the work. Nevertheless, I do want to encourage all of our members to make themselves available for election to the Council and the TMB. You know that our election procedures do provide an opportunity for all members to be elected from their respective groups. Yet, in some cases the number of members willing to be nominated from the various groups has become less and less. We need you, please don't be hesitant to step up to the responsibilities of these important jobs.*

Here also, I would like to say a few words about our policy development committees, DEVCO, CASCO, COPOLCO and INFECO. As you will probably recall, it was decided last year to change the reporting lines of these committees directly to the Council. This has in fact happened, with each of the Chairmen of these Committees presenting their reports and work programmes to Council at its meeting in January 2000. As a result of these presentations, the work programmes of DEVCO, CASCO and COPOLCO were approved, thereby confirming the need for continuation of the Committees, and some additional clarifications of the terms of reference of COPOLCO were decided. Council also decided to recommend to the General Assembly that the work of INFECO be redistributed and organized in different structures, and we will be discussing that proposal later in our agenda.

You will note, in this regard, that the Chairmen of each of these Committees are not scheduled to make formal presentation to the General Assembly this year. However, I am happy to note that each of them is present with us today as a member of their own national delegation, and that they will be more than happy to give further information to those of you who are interested in their work but have not had an opportunity to attend their most recent meetings. In case you may not remember who they are, let me point them out to you: first, I am guessing that you all know the Chairman of DEVCO, Gene Hutchinson from Botswana; next the well known Chairman of COPOLCO, Nils Ringstedt in the Swedish delegation; then our friend John Donaldson, Chairman of CASCO, in the USA delegation; and finally, Kari Kaartama, Chairman of INFECO and Head of the Finnish delegation.

Right 4: ISO members have the right *to participate* in any standards development work that is intended to result in the *approval of an ISO standard*, or in another normative publication to be approved by ISO (e.g. new deliverables such as PAS, TS, TR and ITAs²). They also have *the right to appeal*, within time limits set by the Council, against any action or inaction of a technical committee or the TMB, with final appeals being decided by Council.

Responsibility 4a: For the ISO work in which they choose to participate, ISO members are expected to organize *national consultation mechanisms*, according to their national needs and possibilities, which prepare national *positions that reflect a balance* of their country's national interests and are presented by their national delegations for consideration by relevant ISO TC/SCs (or other technical bodies established by the TMB).

Responsibility 4b: When participating in the standards development work of ISO, ISO members are obliged to adhere to *procedural rules established by the TMB*. These rules *may be different in various cases*, depending on the kind of normative agreement being developed, or for specific standards (e.g. fast track procedures, or special case procedures applicable to particular standards development or adoption objectives).

Right 5: ISO members have the right to comment and *vote, within specified time limits*, on any normative publication of ISO, according to voting rules and procedures approved by ISO (on a one-vote per country basis with negative votes requiring objective justifications).

Responsibility 5a: When developing national positions on proposed ISO standards, members are expected to organize *public review processes in their own countries* in order to achieve the widest possible exposure to all interested parties, including governments, consumers, and other potential users.

Responsibility 5b: ISO members *must respect the results of ISO's consensus-building processes*, i.e. that an ISO normative document is approved when there is an absence of sustained opposition by any important part of the concerned interests, and according to a process that involves seeking to take account of the views of all parties and to reconcile any conflicting arguments.

Right 6: ISO members have the right to seek *appointment as Secretariats of ISO technical committees and subcommittees* (TCs and SCs) in accordance with the rules set out by the TMB. They may do this on behalf of another organization in their country, but remain responsible for the effective discharge of the responsibilities accepted.

Responsibility 6: When appointed as a TC or SC Secretariat, the member or its delegated representative undertakes to *provide the necessary human and monetary resources* to adhere to the *TC/SC Service Agreements required by ISO for the performance* of

² PAS: Publicly Available Specification

TS: Technical Specification

TR: Technical Report

ITA: Industry Technical Agreement

Secretariat duties, which include acting in an unbiased capacity for the administration of the relevant ISO work.

Comment: *In the above set of rights and responsibilities (4 through 6) we have the basis from which we claim to be, and are widely recognized as, an **International Standardizing Body**, and from which ISO standards are considered to be **International Standards**. This, as you know, is not a trivial matter. I have found myself on numerous occasions, and more often recently, feeling the need to defend ISO's position on these matters. I am happy to do so because I am fully convinced that we are on firm ground. Even so, I hope that with time and better understanding we can anticipate less need to defend conflicting positions among the standards makers of the world, and to pull more constructively toward our common goals and objectives.*

Standards makers and standards takers in the globalization phenomenon

President Elias has rightfully referred to the phenomenon known as globalization as being ineluctable, or useless to struggle against. Many people have an idea about what globalization means, and some of them are not so happy about what they think it means. However, I think we can use the understanding given by the International Monetary Fund, where globalization is defined as follows:

"The growing economic interdependence of countries worldwide through the increasing volume and variety of cross-border transactions in goods and services and of international capital flows."

To note a relevant example of how this phenomenon advances, we are told that world exports were 14 times greater in 1994 than they were in 1950. Putting it simply, it means that more and more goods and services are crossing national borders. And, when you have cross-border trade, International Standards that promote compatibility, interoperability, reliability, quality and safety should come into their own.

While we have not always used the word "globalization" to describe the phenomenon, it has nevertheless been a main driving force behind ISO work more or less from the beginning. That driving force is the demand for standards: that facilitate trade between more and more producers, suppliers and customers in more and more nations; that help ensure health and safety for larger and larger groups of people; and that promote free and fair competition in larger and larger integrated markets.

In the broad sense, the standards world has always been made up of standards makers and standards takers. Sometimes the standards makers are just in one company and all the rest of us are standards takers. Remember that Henry Ford once said, "Customers can have any colour car they want so long as it is black." Or you can think about today's more prominent example of the MS Windows Operating System for your personal computer (PC).

But, when the interest in having common standards extends to many competing companies and to their customers in many countries, the standards they need are best developed in voluntary consensus processes, and that is where ISO and most of its members come into the picture. However, even then, we know that not everyone who is happy to become a standards taker also has an interest in being a standards maker. In economist's terms these happy takers, who decline to also be makers, can be described as "free riders" in the market player sense. They get a benefit from something that their competitors or someone else paid for, and they ride a standards benefit train without have bought a full fare ticket.

Please do not think I am suggesting that all standards takers should have to also be standards makers. Many examples exist in ISO and elsewhere where everyone is satisfied with allowing a relatively small group of highly qualified experts make the standards for all of us. An example is ISO/TC 12, which developed and maintains *ISO 31 - the International Standard for the SI system for units, quantities and symbols*. TC 12 has only 26 P-members, out of 90 ISO members who could participate, but the SI International Standard is used by nearly everybody throughout the world.

Also included in the standards takers' category is the worldwide conformity assessment community. This community is, in general, a competitive business community with an international market that transacts several hundreds of millions of Swiss Francs worth of business every year. In some important cases, but not many, a significant part of the revenues from this business are used to support the standards makers that provide the standards upon which the conformity assessment business must rely. I believe that over time, and as International Standards become more widely used as the basis for conformity assessment schemes with global impact, some kind of mechanism will need to be found to channel some part of the revenues from the conformity assessment business to the standards makers. I am not convinced, as some people suggest, that there is an inherent conflict of interest in such arrangements, because I trust free market mechanisms to find their own balance in demand for standards and related conformity assessment services. And again, contrary to the views of some, I think that the ISO 9000 example is a good one.

Why do I talk about this? Because I think we need more, rather than less, standards makers in the world if we are to have any hope of keeping up with the demands of the standards takers, particularly as the globalization phenomenon marches forward in the 21st century. I don't believe we have a shortage of technical experts who are ready and willing to do standards development work, but they won't be made available to do it unless their employers decide that their best long-term interests are served by making these people available.

These employers, be they private or public organizations in industrialized or developing countries, will not be convinced to support the standards makers if they have significant doubts about the effectiveness of the standards development organizations that invite their support and participation. They will also turn away from the standards making effort if it is seen as being "tied in knots" over organizational politics. It has been, and continues to be, my dream that the tremendous standards makers resource that I perceive is "out there and ready to go" when asked, will increasingly become integrated into a coherent and cooperative international framework. If we all believe that this is possible, it will become a self-fulfilling prophecy. I invite you all to share in that dream.

Thank you for your kind attention.