

Services standardization in the United-States and in Europe: an institutional analysis of private authority.

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Services standardization in the United-States and in Europe: an institutional analysis of private authority.

This contribution explores the role of international standards in the rules governing the internationalisation of the service economy. It analyses on a cross-institutional basis patterns of authority in the institutional setting of service standards in the European and American context. The entry into force of the World Trade Organisation (WTO) in 1995 gave international standards a major role in harmonising the technical specifications of goods and services traded on the global market. Despite the careful wording of the WTO, a whole range of international bodies still have the capacity to define generic as well as detailed technical specifications affecting how swelling offshore services are expected to be traded on worldwide basis. The analysis relies on global political economy approaches to identify constitutive patterns of authority mediating between the political and the economic spheres on a transnational space. It extends to the area of service standards the assumption that the process of globalisation is not opposing states and markets, but a joint expression of both of them including new patterns and agents of structural change through formal and informal power and regulatory practices. The paper argues that service standards reflect the significant development of a form of transnational hybrid authority, that blurs the distinction between private and public actors, whose scope spread all along from physical measures to societal values, and which reinforces the deterritorialisation of regulatory practices in contemporary capitalism. It provides evidence of this argument by analysing the current European strategy regarding service standardization in response to several programming mandate of the European Commission and the American views on the future development of service standards.

INTRODUCTION

This paper explores the political implications of the growing influence of international standards in the service sector. It analyses on a cross-institutional basis patterns of authority setting standards in the European and American context. The entry into force of the World Trade Organisation (WTO) in 1995 gave international standards a major role in harmonising the technical specifications of goods and services traded on the global market. The few studies specifically focused on the role of international standards in the service sector share the assumption that, although almost non-existent until very recently, they are expected to surge in parallel to the importance of services in the economy and society at large, greater reliance on standards in a context of regulatory reform and a more intense internationalisation of the sector (Blind, 2003; ISO Focus, 2006). This view strongly echoes positions upheld by high-ranking officials of standardisation bodies. When asked what fields of standardisation will be most active in the coming years, Alan Bryden, Secretary General of the International Organisation for Standardisation (ISO), is straightforward in considering that ‘one of our biggest challenges is precisely how to address the service sector’ (personal interview with the authors, Geneva, 8 June 2007). While standards supposedly seek greater rationality and coherence in distinct industries and services, all of them involve ongoing struggles in complex configurations of power involving such actors as multinational enterprises, organised interests, and state regulators. The study of the European and American institutional framework for setting international standards come into play in this context. Studies on standardization never fail to stress the fundamental differences between the European and the American institutional framework for setting standards. Institutional analyses shed light on these two systems as a case of “regulatory competition” where domestic institutional complementarities play a key role (Czaya and Hesser, 2001; Mattli and

Büthe, 2003; Tate, 2001; Werle, 2001; Winn, 2009). From this view, the tension between the European and American systems reflects a dichotomy between coordinated market economies and liberal market economies. While the former favours a coordinated standardization system with greater reliance on territorially-based legitimacy and state oversight, the latter supports competing sources of standards and relies on market mechanism to ensure the definition and adoption of standards. In other words, the institutional underpinning of international standardization would depend on the national frameworks and show strong national-international and market-state dichotomies. While institutional analyses shed light on significant framework conditions differentiating the European and American setting, they often entail implicit or explicit normative claims about what is a good standardization system. They also tend to reify the differences between the European and the American model and to restrict the internal conflicts to the US system. As Egyedi emphasized, conventional approaches tend to underestimate the opening of most industry consortia and overestimate the practical implications of democratic procedures within formal organizations (Egyedi, 2005). A more historical perspective underlines the complementarities between regulation and free trade and the role of standardization in the construction of the US and EU internal market (Egan, 2001). Such analyses prompt us to analyze more specifically the connection between the freedom of private actors to set technical specifications within a market economy and the political environment of the institutional framework required to ensure some order to these practices on a transnational basis (Cutler, et al., 1999; Graz and Nölke, 2008; Krause Hansen, 2008).

By relying on global political economy approaches which try to uncover the power relations underpinning such connection, the paper extends to the area of service standards the assumption that the process of globalisation is not opposing states and markets, but a joint expression of both of them including new patterns and agents of structural change through formal and informal power and regulatory practices. Understanding how institutional setting affects the development of service standards calls for bringing more systematically together three distinct categories: the actors defining the standards, the objects concerned, and the space of their deployment. The paper argues that service standards reflect the significant development of a form of transnational hybrid authority, that blurs the distinction between private and public actors, whose scope spread all along from physical measures to societal values, and which reinforces the deterritorialisation of regulatory practices in contemporary capitalism. It provides evidence of this argument by analysing the current European strategy regarding service standardization in response to several programming mandate of the European Commission and the American views on the future development of service standards.

The data presented in this paper are drawn from interviews with top officials in charge of standardisations and regulatory policies¹, printed and Internet-published material published by the institutions to which the interviewees belong and as well as by the specialised press. The first section of the paper emphasises the relevance of the case of service standards. The second section reviews the literature on the institutional differences between the U.S. and European setting regarding standardization. The third section presents our theoretical framework. Sections 4, 5 and 6 present and discuss our findings on the CEN service project and American understanding regarding service standardisation. We conclude on the limitations and future research questions raised by the analysis.

¹ Including the American National Standard Institute (ANSI); American Society of Mechanical Engineers (ASME), American Society for Testing and Materials (ASTM international), National Institute of Standards and Technology (NIST), Consumer Electronics Association (CEA), Consumer Specialty Products Association (CPSA).

SERVICE, GLOBALISATION AND STANDARDISATION - BACKGROUND

The growing significance of the service economy has become a prominent feature in the current structural change towards a knowledge-based global economy. Services now account for more than 70% of GDP and employment in the advanced economies of the OECD and for more than 50% in developing as well as central and eastern European countries. The significance of services not only pertains to their growing share in the economy and their close connection to technology and knowledge. It is also related to their swift internationalisation and to an important regulatory reform. Many services, which are now supplied on a commercial basis, used to be predominantly provided by the state as public utilities and social services. Prominent examples are transport or telecommunications but also health services and education. Even though privatised, some of these services have remained highly regulated by state bureaucracies, and in the same time depend on corporate standards emanating from management decisions and industrial specialisation, or from domestic standard-setting bodies. The internationalisation of services challenges these national regulatory arrangements. International voluntary standards come into play in this context. The entry into force of the World Trade Organisation (WTO) Technical Barriers to Trade (TBT) Agreement and the revision of the Sanitary and Phytosanitary Measures (SPS) Agreement in 1995 and the Agreement on Government Procurement (GPA) established a formal devolution of power to international standards-setting organisations. Unlike the loose provisions regarding technical regulation of the old GATT, the TBT and SPS Agreements, like some provisions of the General Agreement on Trade and Services (GATS) and the plurilateral Agreement on Government Procurement (GPA article VI :2b) give international standards a major role in harmonising the technical specifications of goods and services traded on the global market. . State regulation in this domain must comply with “legitimate objectives”. With regard to goods, such concerns are related to health, safety and environmental issues. In contrast, competence, capacity to deliver and quality are the major issues in the sphere of services. The goal of removing “unnecessary” barriers to trade should furthermore be pursued insofar as possible by substituting international standards for domestic standards. GATS article VI:4 assigns to the Council for Trade and Services (through its Working Party on Domestic Regulation) the largely market-inspired task to develop ‘any necessary discipline’ to ensure that domestic regulations ‘do not constitute unnecessary barriers to trade [and are] not more burdensome than necessary to ensure the quality of the services’. The agreement furthermore specifies that “account shall be taken of international standards of relevant international organizations” determining whether a Member is in conformity with such discipline (GATS article VI:5b). Since the launch of services negotiations in 2000 independently from the so-called Doha development agenda, no decision has been reached within the WTO on further defining discipline in the global market for services. Despite the careful wording of the WTO², a whole range of international bodies still have the capacity to define generic as well as detailed technical specifications affecting how swelling offshore services are expected to be traded on worldwide basis. The study of the European and American institutional settings for service standard is closely related to the significance of international standards in this context and to the ability of different models to promote their standards at an international level.

Standardization in the United States is usually sketched as fragmented and organized on a sectoral basis. It is market-driven and evolves free from state intervention. It is characterized by a variety of competing standards organizations (formal and informal) and follows a so-called model of direct participation, where companies have direct access to the standard-

² In a footnote, the Agreement specifies that “the term “relevant international organizations” refers to international bodies whose membership is open to the relevant bodies of at least all Members of the WTO”.

setting activities with international claim. By contrast, the European standardization system is coordinated, centralized and operates under a higher degree of government control. The European standardization bodies³, as well as ISO, follows a so-called model of national participation where a national body holds the voting rights within the international / regional standardization bodies such as ISO, IEC and CEN. In spite of their differences, the European and American standardization system share common characteristics. They rely on private organizations (Mattli and Büthe, 2003) and share what Czaya and Hessler call an “ethos” of standardization (Czaya and Hesser, 2001) or in Werle’s words they display a strong “institutional isomorphism”(Werle, 2001). Both of them frame the development and adoption process on a voluntary basis. They follow a due process open to all interested parties and their deliberations are based on the “state of the art”. The draft standards are subject to public consultation and the general interest is supposed to prevail over particular interests. Finally, the primacy of international standards is recognized by all standard-setting bodies, even though the understanding of what “international” means remains controversial. It should be added that the private nature of these organizations involves business models aimed at generating revenues to ensure their survival.

Despite these similarities, several conflicts remain between European and American SDOs. From the American point of view, the national participation model in the European standardization bodies gives them a substantial advantage at the international level. The Vienna and Dresden agreements between the ISO and CEN, respectively between the International Electrotechnical Commission (IEC) and CENELEC have provided procedures for the adoption of European standards as international ones and have ensured a coordination of the standardization work between those organisations. Moreover, the European New Approach sets technical barriers to American firms by the distinct role it grants to the European standardization bodies. From a European point of view, the decentralized and the fragmented nature of standard setting procedures in the United States represents an obstacle to their access to US market. Moreover, the commercial interests prevailing in American SDOs often hinder their claim to serve the public interest. Finally, the international reach of informal standards developed in the United States tends to undermine the authority of formal standardization areas such as ISO and CEN.

LITERATURE

Standard is an object of enquiry closely related to globalisation studies highlighting new patterns and agents of change beyond state and market power. Scholarship on standards is dominated by business, economic, and applied science studies focused on industrial choices, market forces, and technological innovation (Blind, 2004; Cargill, 1989; Drèze, 1989; OECD, 1999; Swann, 2000; Toth, 1984; Vries, 1999). From a political science oriented perspective, the drive for technical specification and international standardisation is understood as a distinct institutional framework to ensure some order in market practices at the transnational level. Neo-institutional approaches have tried to explain the nature of the relations between private actors involved in standardisation and the institutional environment in which their actions take place. Borrowing the concept of transaction costs from institutional economics, these studies consider how the practices of agents can be defined by their environments to a considerable extent. From this perspective, standardisation provides an institutional guarantee for improving trust in transactions and curbing free riding risks among actors not willing to pay the full cost of expected benefits. Rational choice and game theories formalise systematic

³ The three European standardization bodies are : the Comité Européen de Normalisation (CEN), the Comité Européen de Normalisation Electrotechnique (CENELEC) and the European Telecommunications Standards Institute (ETSI). The ETSI differs significantly from CEN and CENELEC in that it accepts corporate as well as national members (Egan, 2001; Schoechle, 2009, p. 24).

explanations of cooperative games and conflicts of distribution in the institutional framework of standardisation (Abbott and Snidal, 2001; Mattli, 2001; Mattli and Büthe, 2003). In this view, the logic of action trumps its content and the understanding of the power relations involved in standardisation is confined to quantifiable and *a priori* defined criteria based on rationalist assumptions.

Other studies adopt a more critical perspective on the socially and historically constructed framework of standardisation and its diversity across the globe. They provide accounts of the formation of the institutional architecture of standard-setting, beliefs underpinning standards, democratic controls of so-called independent regulatory authorities, conflicts of power in specific negotiations, or the broader scope of ISO-like standards (Brunsson, et al., 2000; Schmidt and Werle, 1998). Such analyses shed light, for instance, on the debate between the strongly institutionalised ISO and European systems, the more competitive pattern in the United States, and the oligopolistic nature of consortia agreements (Egan, 2001; Egyedi, 2005; Nicolaïdis and Egan, 2001; Tate, 2001). Comparing the role of standards in the unification of the contemporary European market and the construction of the US market in the nineteenth century, Egan highlights the complementarities between regulation and free trade and the role of standardization in achieving this goal: “While European and American Businesses have both used the courts to circumvent trade restrictions, they have themselves been used by the federal government, which has frequently delegated regulatory responsibilities to industry expert involved in private standards bodies, industry and trade association and professional societies” (Egan, 2001, p. 37). Beyond the institutional differences between the U.S. and Europe, standardization is used in both cases as a tool for the construction of the internal market.

Neo-institutional approaches have also been widely used to put the so-called variety of capitalism into perspective. From this standpoint, American and European standardization system differ according to the distinction between liberal market economy and coordinated market economy. The tension surrounding international standardization reflects the persistence of national differences related to the content of standards, to the institutional arrangements in charge of standardization, and to different perceptions of standardization by business. Thus, “Corporate strategies in liberal market economies treat standards as a proprietary good or service to be traded like any other. (...) Corporate strategies in coordinated market economies, by contrast, treat standards as an infrastructure for deeper cooperation” (Tate, 2001, p. 472). The either competitive or coordinating objective assigned to standards in turn affects their source of legitimacy. As Winn point out, “in the U.S., the legitimacy of the activities of SDOs, formal or informal, is generally perceived to be a function of resulting standards’ responsiveness to market conditions. Outside the U.S., the nature of the formal legal mandate to an SDO is generally perceived as pivotal in assessing the legitimacy of its work” (Winn, 2009, p. 21). While Winn relates these two sources of legitimacy to the divide between consortia and *de jure* ICT standards, the opposition also pertains to the distinction between the European national participation model and the American direct participation model.

We can infer a more fine tuned analysis of the transatlantic divide from Egyedi’s social constructivist approach on the articulation between consortia *versus* formal standards (Egyedi, 2005). She stresses that the dominant rhetoric underestimates the opening of most industry consortia and overestimates the practical implications of democratic procedures within formal organizations. This rather provocative statement emphasizes that the empirical reality often remains far from the usual depiction of both forms of standardization. Her analysis shows that the functioning of the committees is in both cases consensus-oriented and that the same stakeholders are excluded in practice. She also calls into question the supposedly sooner availability of standards developed within consortia and greater efficiency of their procedure.

In this context, consortia standards are problematic not because they represent an opposite practice, but in view of the use that governments make of standardization. The deliberate governmental use of standardization as an instrument of regulation involves the choice of institutions that reflect the democratic context from which emanates the regulation. Thus, asides from cases where standards are explicitly used as an instrument of regulation, democratic development procedures should not be a criterion for the acceptance of a standard. By contrast, where democratic legitimacy of standards is required, the democratic procedures must be mirrored in the composition of the technical committee.

In brief, neo-institutionalist and comparative approaches provide fruitful accounts of some of the fundamental differences opposing the American and European models. Comparative approaches rightly stress how different trajectories and national institutions affect standards practices and the important role of states in this regard. However, they tend to confine the practices of SDOs within the sovereign territory and accordingly to reify their characteristics of SDOs. Moreover, they underestimate the involvement of U.S. governmental agencies in the American system and overestimate the practical implications of the more democratic procedures of formal SDOs. In this regard, we agree with Egyedi's criticism. However, the openness of decision-making is not only important for standards related to public regulation. First, the governmental use of standards can be more or less explicit, but links always appear at some point (Dudouet, et al., 2006). Public authorities are involved in the construction of the authority of standards. They can refer to standards in regulations or in public procurement policies. They can participate to the technical work of the committees or have a seat at the board of directors. Thus, it is difficult to make any a priori assumption about the role of a standard in the regulation. Second, standards that surround our daily lives have an influence on our health and safety, no matter of their place in the regulation. It is therefore important to sustain the inclusiveness of the standards development process.

More generally, as some political scientists and legal scholars have pointed out, the analysis of standardization requires to move beyond the dichotomies underpinning such conceptual framework: "Standards hover between state and the market; standards largely collapse the distinction between legal and social norms ; standards are very rarely either wholly public or wholly private, and can be both intensely local and irreducibly global. (...) standards can be seen as links between these spheres and institutions." (Schepel, 2005, p. 4). The distinct practices of standardization calls to mind the *nébuleuse* that Cox portrayed in the mixture of official and unofficial transnational and international networks, with representatives of business, the state and academia working towards the formulation of a consensual policy for global capitalism (Cox, 1992). Such structural power of standardisation epitomises one among other new forms of non-state authority that have evolved over the past decade in the global political economy. The scope of international standards not only pertains to their potential worldwide reach, but also to the whole range of conflicts emanating from the capitalist system (Murphy, 1994; Murphy and Yates, 2009). Assessments of the relationship between standard-setting agencies and society as a whole are therefore bound to be controversial. The rise of international standardisation as a privileged form of devising technical specification thus typically encroaches upon two core issues which crystallise social struggles in capitalism: the opposition between labour and capital on the one hand, and the separation of the economy from the state as a necessary precondition for the reproduction of capitalism on the other hand. Standards intervene into the struggle between capital and labour. Workers may look to standards to ensure a safer workplace (e.g. standards on machine safety or maximum noise pollution) or obtain quality guarantees on the wage goods they purchase. In contrast, entrepreneurs, merchants, and financiers will equate standards with risk reduction, technological progress, strategic competitive behaviour, and profit. Regarding the separation between the economy and the state, the voluntary market-oriented dimension of standards

may reinforce free market claims to keep economic constraints and appropriation separated from politico-legal coercion. In the same time, however, the authority conferred to standard-setters by state agencies may narrow down the conventional Weberian view of state autonomy. This prompts us to elaborate further on how the rise of standards reflects the rise of non-state authority in the global political economy.

THE TRANSNATIONAL HYBRID AUTHORITY OF STANDARDS

Non-state actors lead to new forms of power and authority in international relations. The literature on the rise of non-state actors, private authority and less conventional forms of sovereignty and governance has mushroomed over the last decade. A shared assumption of this scholarship, whatever its theoretical positions, is that at least two conditions must be met for such new forms of authority to be effective: the consent of actors subject to the rules without having been involved in their making; an explicit or implicit recognition by the state (Cutler, et al., 1999; Djelic and Sahlin-Andersson, 2006; Grande and Pauly, 2005; Graz and Nölke, 2008; Hall and Bierstecker, 2002; Higgott, et al., 1999; Krause Hansen, 2008; Schirm, 2004). A critical source of non-state authority in the global political economy is therefore what Sassen (2003; 2006) calls “denationalisation”, i.e. the process which contributes to the endogeneisation of private and transnational agendas within the political public sphere.

Governments and intergovernmental institutions often support and fully recognise the power of non-state actors, who in turn may gain legitimate authority. The territorial basis of politics, of the state, and of the structural power of governments and markets still exists beyond various forms of transnational private governance highlighting serious obstacles on issues of substance and procedures. Standards are likely to generate insights into the analytical foundations of such new forms of transnational authority. We turn now to the core dimensions along which analysing in more detail the authority of international standards.

The nature and the implications of the rise of non-state actors as standard-setting authority shaping the global political economy calls for aggregating three distinct categories: the objects – i.e. what is standardised; the actors – i.e. who has the authority to set standards; the space – i.e. where and from where standards are implemented. These three categories at best only capture some aspects of a complex and multifaceted process evolving extremely rapidly. Nonetheless, they try to point towards the significance of new forms of power in our societies. They draw upon previous attempts to conceptualise the rise of global hybrids as “a form of authority that blurs the subjects legitimately involved in it, pertains to objects undermining the distinction between science and society, and pursues a fragmentation of the space where the endogenous logic of territorial sovereignty gives way to an exogenous logic reinforcing the transnational underpinning of capitalism” (Graz 2006). Accordingly, the authority of standards entails numerous agents who play or claim to play a role not only as new actors, but also on the nature of objects and the spatial structure on which exerting their power. These three dimensions should be considered in more detail.

The first dimension along which framing international standardisation concerns the actors involved in defining standards and the distinction between the private and public spheres in which they operate. Market mechanisms and policy choices both affect the agents involved in the field, but they do so in various ways, which may be seen as located on an institutional continuum defining who can standardise. Technical specifications belong to the private sphere of economic activities governed by market constraints, and affect social and technological change from that angle. They nonetheless remain related to the public sphere of political action directed to the general interest of society—for instance by determining a certain level of risk or by setting principles of liability. Hence, even in the circumscribed field of technical specification, norms relate as much to capital accumulation and technical progress as to social improvement or various instruments of the welfare state. When mandatory, enforceable and

general, technical specifications are thus a matter of public law and enjoy the status of government regulation. While some environment, health and safety performances are defined under such procedures, they are often established on a voluntary basis and are more particular in scope. In such cases, technical specifications involve standards-setting bodies, whose private or public statutes vary considerably according to countries.

The second dimension shaping international standardisation relates to the objects covered by technical specifications. Whereas the private/public nexus of the actors involved in defining standards can be located on an institutional continuum, this second dimension maps out a material continuum delineating what can be standardised. This dimension aggregates the relation between human beings and nature, for so-called technical specifications range from natural and invariable physical measures to constructed and historically bound societal values. This dimension also highlights the extension of the scope of international standardization. If standards were initially confined to “physical” standards like screw thread, they are now covering more “societal” topics. Corporate social responsibility standards, quality and environmental management system standards are emblematic in this regard. Applied to the standardization of services, this aspect raises questions about what is a service standard. In other words, do service standard concern the material support enabling its furniture (protective equipment used in leisure sector, IT interface of call center, etc.) or do they concern common intangible aspects of services (like billing, complain redress, information provision)?

The third dimension on which situating international standardisation is the extent of the space on which technical specifications can be defined, diffused and recognised among sovereign states. In very general terms this dimension sheds light on the specific selectivity of diffusion and recognition processes. It refers to the spatial competence for conformity assessment procedures as well as for the recognition of standards. Standardisation occupies the cracks between the principle of exclusiveness of territorial sovereignty and the inclusiveness of rules governing the global economy. In order to understand this issue, we need to distinguish between exogenous and endogenous principles of standards recognition. The endogenous principle is related to a process of standard diffusion that is linked with the principle of territorial sovereignty (i.e. what makes an international standard is that its development process is based on territorial sovereignty principle). Conversely, the exogenous principle is related to the diffusion of standards through market mechanisms (i.e. what makes an international standard is its use by market actors across the globe).

To sum up, a prominent feature of globalisation is the growing significance of services in the rise of a worldwide knowledge-based economy. This shift involves new patterns and agents of change through formal and informal regulatory practices of a wide range of non-state actors. Among them, service standards are likely to play a crucial role as they reflect a form of transnational hybrid authority whose scope spreads all along from physical measures to societal values, blurs the distinction between private and public actors, and reinforces the deterritorialisation of regulatory practices in contemporary capitalism. It is against this analytical framework that the remaining of the paper will provide an overview on developments in the field of service standardisation in the activities of formal standards development organisations (SDOs) within the European Union and the United States⁴.

THE EUROPEAN SETTING

More developments clearly take place at the regional level, especially in Europe as the European Union is in the forefront of both service integration and international

⁴ There are other regional standardisation bodies, most notably in the Americas (Pan American Standards Commission, COPANT) and in Asia-Pacific (Pacific Area Standards Congress, PASC). As compared to the European system, however, their influence is still weak.

standardisation. In 1985, Council Resolution 85/C 136/01 on a 'New Approach' to technical harmonisation and standardisation has instigated a completely new regulatory technique and strategy⁵. The resolution was a response to the growing role of the European Court of Justice in solving conflicting regulatory policies in the internal European market. It was also an early move towards the completion of the Single Market by devising procedures to avoid turning technical specifications into a structural impediment to trade. Although member states were wary about seeing regulation in this domain transferred to the European authorities, they did perceive the threat of a race to the bottom in public purpose standards as integration progressed. The New Approach provides a framework for the harmonisation of EU public law only on the general and essential requirements of goods and services traded on the European market, in particular in the field of health, environment, safety, and consumer protection. Depending on the sectors affected, technical specifications, performance criteria and quality requirements are either based on mutual recognition of national standards, or delegated to European standard-setting bodies. In most sectors, the procedure for monitoring standards is a matter of business self-regulation, since products put on the market are granted a presumption of conformity through the sole declaration of the manufacturer (CE marking). Thus, the European New Approach has not only strengthened the importance of voluntary standards in the Single Market. By avoiding costly third party testing and certification, and providing the procedural means for a simultaneous adoption of European standards as international ones (through the so-called Dresden and Vienna Agreements), the EU has also won over third countries to its standardisation system. The (largely unintended) outcome has been a powerful strategic positioning of European standards in the global market (Egan, 2001; Vogel, 1995). The European Commission was well aware that the emergence of an increasingly dense and extensive European standardisation complex with global reach should also be able to support the Lisbon Agenda agreed at the European Council meeting of March 2000. Services were a core feature of the Lisbon Agenda "to become the most competitive and dynamic knowledge-based economy in the world". New emphasis on service standards occurred after the 2005 mid-term review of the Lisbon Agenda and developments leading to the adoption of the Directive 2006/123/EC on services in the Internal Market, the so-called Bolkestein Directive eventually agreed on second reading in December 2006 and fully implemented since the end of 2009. A horizontal approach to the harmonisation of different regulations on the European level lays at the centre of this directive aiming at minimizing limits to the free movement of services and service providers by discrimination based on nationality or local residence. The controversial "country of origin" principle has now been substituted for the formula "freedom to provide services". The service must conform to regulations of his/her "place of establishment". But in order to further unify the internal market for services, the Directive sees the promotion of quality as a key objective. To this end, it explicitly encourages the work of professional independent or community bodies of standard-development and certification (like CEN, CENELEC, or ETSI) in order to develop voluntary quality marks and labels (preamble 102 and article 26).

It is against such background that DG Enterprise and Industry of the European Commission addressed in October 2003 a first Programming mandate (M 340) to CEN, CENELEC and ETSI in the field of services in order to identify priority sectors where intra-community trade in services is already occurring or likely to surge. Issues could include horizontal cross-sectoral generic standards and vertical sector-specific standards, as well as service providers or end-users. After several events organised in 2004 in response to this mandate, a second programming mandate (M 371) was addressed to CEN in the field of services in 2005 following the transfer of responsibility for business related services to DG Internal Market

⁵ For a discussion of the increasing reliance on standardisation in European law making and public policy from a deliberative supranationalist perspective, see: (Joerges, et al., 1999).

and Services. In 2007, eleven projects have been developed across half a dozen of European standardisation bodies in response to this second mandate.

The CEN Horizontal European Service Standardization Strategy (CHESSS) is the largest of the eleven projects formed in response to EU Mandate M/371. This initiative is organised as a consortium of national standards bodies led by the British Standards Institute (BSI), in association with those from Spain (AENOR), Germany (DIN), Denmark (DS), Estonia (EVS) and the Netherlands (NEN), as well as participation from CapGemini, one of the world leader in IT services consulting and management. The initiative has examined the feasibility of taking a generic approach to European service standardization, in focussing on the extent to which standardization could apply across multiple service sectors and the benefits of doing so as opposed to following a sector-specific approach. By taking a generic approach, CHESSS seeks to establish the underlying principles for an ongoing programme of European service standardization capable of facilitating the delivery of services across the European Union, unimpeded by national borders⁶. In its final report published in 2009, CHESSS formulates five recommendations (CHESSS Consortium, 2009). It supports the establishment of a guidance document for drafting future standards, the creation of a standardised Pan-European Customer Satisfaction Index (CSI), the clarification of services glossary and equivalence issues, and the elaboration of a guidance document for customer centricity and interface. Last but not least, it recommended the development of a single generic European service standard including the design of the service, information provision to customer, billing, complain and redress, as well as innovation and review.

In addressing the standardization of services from a generic point of view, the CHESSS project has raised questions about the specific identity of service standards. The importance of quality in services has inevitably led to question their specificity with regard to quality management standards (i.e. ISO 9000 series). One module of the project specifically claims that service standards are not about the “how” but about the “what”, i.e. a service standard is not on how to achieve a goal as for management standards, but specify the goal to be achieved and the means for assessing its achievement. In this regard, the definition of a customer satisfaction index will undoubtedly be as crucial in framing conformity assessment procedures in services as weights and measures underpinn similar procedures for products. It’s worth noting that the specific identity of service standards is not limited to their content but also extends to the definition of writing models as well as specific terminology. In this regard, the CHESSS project provides essential tools in order to ensure that service standards gain their specificity in the realm of standardization, as management or performance standards.

Unsurprisingly, the CHESSS report points out to the likely difficulty of involving a wide range of stakeholders when a lot of them lack the awareness and resources to do so. This clearly bodes no good to the expected deliberative quality in the production of such a standard. It’s worth noting, however, that throughout the modules, significant differences exists regarding the approach to horizontal standards: some are in favour of multiple horizontal standards as opposed to a single horizontal standard; some prefer horizontal standards completed by vertical standards, while others remain very sceptical about the capacity of horizontal standards to deal with the diversity of the service economy. A distinct module of the report focused on B2B services even suggests a so-called ABC-standard system as a suitable response to the antagonism opposing horizontal generic standards to vertical sectoral standards (the idea would be to establish an institutional hierarchy between different types of standards, A-standards being for all services, B-standards or semi-horizontal standards for a group of services and C-standards being sector specific). The difficulty of

⁶ Quincy Lissaur, Senior Business Consultant, BSI-British Standards, interview with the author, London, 23 January 2007.

stakeholders involvement as well as antagonisms related to the strategy of standardization have led to question the existing structures for the development of service standards. Some modules emphasize that the current system is as appropriate for services as for products. In contrast, the module for B2B services suggests a new system based on a dual representation that would allow to better include a range of stakeholders besides national bodies, such as European organizations representing industry, SMEs and consumers: “This double representation system ensures a balanced representation of sectors on the one hand and of national interest on the other hand” (CHESSS Consortium, 2009, p. 223). By and large, it remains unclear whether the CHESSS strategy will be successful; yet the interest in a single horizontal generic standard with a certification scheme is clearly an attempt to promote services standards at a par to the worldwide achievement of the ISO 9000 series. In contrast, the other ten projects responding to the EU Mandate M/371 address the specificity of distinct markets of services. As a pioneer in national standards developed and supported by private and public service providers in well-defined service sectors, Afnor, the French national standardisation body, initiated those projects in consultation with a few European standardisation bodies, in particular those from the Netherlands and Denmark. The recommendations made in the final report on the feasibility of European service standards thus identify a number of service activities likely to be standardised at various levels of institutionalisation, be it European Standards per se, or guidance materials and workshop agreements⁷. The quality of the deliberation process is an important rationale in defending the superiority of a vertical and sectoral approach. According to Pascal Gautier, in charge of the Management and services unit at Afnor, generic standards in services would soon become burdensome and unrealistic as “they require phenomenal efforts which would eventually generate opposition”; in his view, “it is much better to privilege a niche approach in service standards so as to keep a sector-specific proximity, to privilege a so-called Swiss army knife effect where each blade has its distinct use”.⁸ Yet, the ambiguous mixture of private and public actors involved in standardisation processes privileged by this approach remains important and the issues concerned continue to be ambivalent with regard to their societal or more strictly technical objects of reference.. In this regard, a narrower sectoral approach is certainly not a sufficient condition for securing standards which would become alternate instruments of auto-protection of society. A proper differentiation of actors among stakeholders and issues spanning physical measure to societal values, as well as clear-cut incentives to mitigate representation biases would be necessary to ensure a fair, substantial and thorough representation in standardisation processes.

THE AMERICAN SETTING

In contrast to the European standardisation processes viewed as driven by a coherent and centralised institutional framework, the American standardisation setting is routinely depicted as fragmented and decentralised. In Mattli’s words, “the disagreement between Europeans and Americans is about whether an international standard is simply one that benefits from *de facto* or *de jure* international acceptance and use by an industry, or whether it must come from an organization that is truly international in the sense that it has an international representation of national members and an international voting structure based on those national members. A resolution of this disagreement is not in sight; it will require, among other things, a clearer

⁷ CEN/CEN Management Centre, *Summary, Background and Proposals related to European Commission Programming Mandate M/371 in the Field of Services* [n.d. April 2009]. According to the Report, standardisation work should be initiated in the following areas: accessibility of transport and tourist services, project management services in the field of engineering consultancy, services for residential homes and older persons, reception services, IT- and non-IT service outsourcing, and smart house services.

⁸ Pascal Gautier, Head of unit ‘Management and services’, Afnor, interview with the author, Paris, 18 April 2007.

understanding of the relationship between national, regional and international standardization organizations” (Mattli, 2001, p. 330). The contrast drawn by Mattli between the American and European systems is based on a partially false dichotomy. The conventional transatlantic divide in fact bears similarities on a number of issues.

First, the American National Standards Institute (ANSI), while a strictly non-for-profit private organisation, nonetheless plays a significant role in centralising standardisation processes. Its mandate explicitly makes ANSI in charge of the coordination and representation of US interests at the ISO and IEC. ANSI also plays a crucial role in enhancing the coherence of standard-setting processes both within the US and among US participants in international arenas. Although not developing standards itself, it coordinates and accredits US-based SDOs, which in turn must comply with the ANSI essential requirements for standards development processes (ANSI, 2008). As a matter of fact, key actors of the US standardization system themselves question its depiction as fragmented and decentralised. According to the Vice President of International Policy of ANSI, American standardisation processes rather take place in an “organised distributed system”⁹. While ANSI is responsible for the coordination of over 200 accredited SDOs, the National Institute of Standards and Technology (NIST) is the federal agency that fulfils a similar role at the level of governmental agencies. Over the last decade, the National Technology Transfer and Advancement Act of 1996 which requires federal agencies to adopt private standards and the Circular A-119 of the Office of Management and Budget have played a significant role to enhance NIST’s profile; those pieces of legislation and regulation grant to NIST the mission to promote the use of voluntary standards in lieu of government unique standards within federal agencies. NIST annual reports highlight the important participation of federal agencies within formal and informal SDOs. According the eleventh annual report on the use of voluntary standards in the United States, over 3’300 employees among 26 federal agencies have contributed to the development of voluntary standards in nearly 500 formal and informal SDOs (Donaldson, 2008). Another report on the impact of the participation of NIST employees upon standards development processes indicates that over 400 of them took part to just about 1’400 technical committees of formal and informal SDOs (Puskar, 2009). According to the same report, NIST participation contributes to broaden the scope of standards, accelerate their development, and improve the products and services related to them. The direct involvement of governmental agencies is only part of the relationship between public authorities and standardization. More than 8’600 standards are referred to in U.S. law, and over 10’500 in public procurement procedures. It is also worth noting that ANSI Steering Committee not only includes representatives of industry and civil society, but also a number of government agencies.¹⁰ Similarly, ASTM Board of Directors includes representatives from governmental agencies. While the American institutional setting is not as dissimilar as conventionally understood from the European and ISO framework, current developments in the distinct domain of service standards remain in sharp contrast on both sides of the Atlantic. Services are for the most part nonexistent in the agenda of American SDOs. Even the largest standard-setters seem to overlook the challenge that addressing the service sector may represent for the future standardisation. In 2009, the strategic plans of the Board of Directors of the American Society of Mechanical Engineers (ASME) focused on nuclear and renewable energies, the

⁹ Gary Kushnier, Vice-President of unit ‘International Policy’, Ansi, interview with the author, Washington, 7 August 2009.

¹⁰ Among others, governmental agencies represented are: Environmental Protection Agency (EPA), Food and Drug Administration (FDA), Department of Defense (DoD); among others industry members are: Motorola, IBM, Rockwell Automation, and Boeing; among others represented SDOs are: Institute of Electrical and Electronics Engineers, ASTM International, ASME, Underwriters Laboratories; among others civil society representatives are the National Consumer League and Consumers Union.

development of the engineering workforce and globalization¹¹. As Bernhard E. Hrubala, Vice-President of AMSE and Division Manager at TÜV Rheinland puts it, “our ultimate goal at the end of the day is, don’t matter what the standard is in every country, we want their standards to be consistent with the ASME standards”¹². As it turns out, supporting greater international recognition of ASME standards supposes translating standards, including non-US members in the technical committees, locating a few meetings outside of the United States and carrying out training and workshops tailored to the specific needs of third countries. But none of these activities specifically focus on services. While ASTM International (originally known as the American Society for Testing and Materials) shares this claim to play a leadership role at the global level with an active policy of memoranda of understanding signed with over sixty national SDOs, it ignores the issue of service standards and prefers giving prime importance to sustainability. It is for this standpoint that ASTM International plans to revise most existing standards and chart new activities related to carbon footprint and alternative fuels. Katharine E. Morgan, ASTM Vice-President of the Technical Committee Operations, goes to great length to explain this strategic shift: “We are seeing green, from roofing to isolation to degradable plastics, we are seeing that across a lot of our committees”¹³. For its part, Belinda Collins, Director of Technology Services at NIST, emphasises its role in streamlining strategic issues set by the Obama administration in domains such as smart grid standards, healthcare IT standards and security standards (including “preparedness” and “business continuity”) initiated by the Department of Homeland Security¹⁴. Finally, ANSI considers that abiding by its coordination mandate is at odds with setting any priority at all as long as its members have not done so –that is so far indeed the case and de facto excludes service standards among potential hot topics¹⁵.

Officials in charge of addressing standardisation needs in the various bodies of the American institutional setting invariably explain the lack of concerns over service standards by a lack of demand. All our interviewees confirmed this. James McCabe, the Director of ANSI Consumer Relations, was even surprised to see services on the ANEC¹⁶ agenda: “I remember the first time when I saw one of the ANEC reports about standardization of services, I was really just surprised. The idea that you would get those industries interested enough to participate in standards writing activities, which take a lot of time and resources, it surprised me that there would be this feeling that could be something that would be accepted by the market – especially since it’s not driven by the market”¹⁷. It is only in response to specific questions that ASTM officials laboriously refer to some activities in the field of services, such as emergency medical services, translation, and site assessment; they do not take part, however, to ISO activities as no demand has ever been formulated to do so by its membership. Interestingly, the few service standards dealt with among US SDOs are essentially confined to domestic issues. For instance, the development of a standard for site assessments merely responds to a requirement set by the US Environmental Protection

¹¹ William Berger, Managing Director, Asme, and Bernard E. Hrubala, Sr. Vice President, ASME, and Division Manager of unit ‘Industrial Services’, TÜV Rheinland, interview with the author, New-York, 18 August 2009.

¹² Bernhard E. Hrubala, Sr. Vice President, ASME, and Division Manager of unit ‘Industrial Services’, TÜV Rheinland, interview with the author, New-York, 18 August 2009.

¹³ Katharine E. Morgan, Vice President of unit ‘Technical Committee Operations’, Astm International, interview with the author, West Conshohocken, 19 August 2009.

¹⁴ Belinda Lowenhaupt Collins, Director of unit ‘Technology Services’, Nist, interview with the author, Gaithersburg, 3 August 2009.

¹⁵ Gary Kushnier, Vice-President of unit ‘International Policy’, Ansi, interview with the author, Washington, 7 August 2009.

¹⁶ ANEC is the European consumer voice in standardization.

¹⁷ James McCabe, Director of unit ‘Consumer Relations and IDSP’, Ansi, interview with the author, New-York, 17 August 2009.

Agency¹⁸. For its part, ASME has no activities related to services and when we mentioned the issue of maintenance or inspection services, our interlocutor indicated that their standards include those issues, contrary to ISO standards: “Many of our standards do cover the whole game... use, maintenance, inspection, testing ... I don’t think we have the single standard for just maintenance versus manufacturing, as opposed to, I think, ISO is more like that, they have many standards that cover one field”¹⁹. Overall, standardization in services does not lie at the heart of our interviewees’ preoccupations: “ASTM don’t take a position with evaluating those... we would let those industries just go and do their participation in ISO on that”²⁰. In ASME words, the statement is: “Our scope is essentially mechanical engineering, those services type things don’t really fall within our area”²¹. ANSI claims more support, but also calls to mind the warning given to ISO against premature venture into all sort of service areas, most notably because of the lack of industry support²².

Accordingly, the distinct issue of supporting either horizontal cross-sectoral generic standards or vertical sector-specific standards is assumed to be merely of pragmatic concerns. In ANSI’s words: “We don’t prefer one over the other, it’s what is needed”²³. Yet, this issue is often referred to the ISO standard for corporate social responsibility and more broadly to certification policies. In this regards, ANSI and NIST remain highly critical standards likely to be used for certification purpose. Taking the example of ISO 9000, ANSI emphasises the lack of added value brought by certification: “It didn’t add value if you are a large company and you already have an excellent quality management system, what does it bring to spend a few more millions of dollars or euros to get certified to something you do better already?”²⁴. For ASME, ISO is better equipped to deal with horizontal generic standards than vertical and closely defined industry-specific standards: “ISO is more politically driven than technically driven. A lot of the countries that participate in ISO ... their standards body is either government or quasi like government body ... they don’t have the technical experts at least at the top level that has voted ... I am not sure the balance – the technical versus the political within ISO – runs itself to the best technical standards”²⁵. ASTM echoes this position: “We’ve never been asked to do that [thinking through generic service standards], and maybe because ISO has become ... it’s gonna be the place for the development of these broad system standards...”²⁶.

DISCUSSION

What kind of transnational authority can be hypothesised with regard to the ongoing processes taking place in the domain of service standardisation in the European and American contexts? How do those distinct institutional settings affect future developments of service standards? We now turn more specifically on how the developments presented above matter

¹⁸ Katharine E. Morgan, Vice President of unit ‘Technical Committee Operations’, Astm International, interview with the author, West Conshohocken, 19 August 2009.

¹⁹ William Berger, Managing Director, Asme, and Bernard E. Hrubala, Sr. Vice President, ASME, and Division Manager of unit ‘Industrial Services’, TÜV Rheinland, interview with the author, New-York, 18 August 2009.

²⁰ Katharine E. Morgan, Vice President of unit ‘Technical Committee Operations’, Astm International, interview with the author, West Conshohocken, 19 August 2009.

²¹ William Berger, Managing Director, Asme, and Bernard E. Hrubala, Sr. Vice President, ASME, and Division Manager of unit ‘Industrial Services’, TÜV Rheinland, interview with the author, New-York, 18 August 2009

²² Gary Kushnier, Vice-President of unit ‘International Policy’, Ansi, interview with the author, Washington, 7 August 2009.

²³ *Idem.*

²⁴ *Idem.*

²⁵ William Berger, Managing Director, Asme, and Bernard E. Hrubala, Sr. Vice President, ASME, and Division Manager of unit ‘Industrial Services’, TÜV Rheinland, interview with the author, New-York, 18 August 2009.

²⁶ Katharine E. Morgan, Vice President of unit ‘Technical Committee Operations’, Astm International, interview with the author, West Conshohocken, 19 August 2009.

in assessing the potential authority of international standards in the service sector along the three core dimensions of the issues concerned, the agents involved, and the space on which such standardisation processes are likely to be recognised.

Regarding the objects concerned by the current debate on the development of service standards, it appears that the potential scope of international standardisation in the domain of services considerably differs on both sides of the Atlantic. This emphasizes the significant role that standards play in creating new markets and, if so, with different emphasis on either narrow market requirements or broader societal concerns. In both cases, however, a strong public support represents a driving force behind SDOs' agendas. The standardization of services in Europe has its roots in mandates of the Commission and underlines a strong (inter)governmental concern on the instrumental role of standards in achieving a single market for services. In contrast, a single market for services already exists for most domains in the United States. As a result, the demand for creating new service standards is low. It is worth noting that the very few activities related to service standards in the United States specifically target the domestic market. Thus, despite the different position of services on the European and American standardization agendas, service standards are in both cases related to the construction and maintenance of their respective internal market. While this provides support to Egan's claim on the role of standards in the construction of American and European markets, it also sheds light on the ongoing difficulties to boost the development of international service standards with a truly global relevance.

What can be standardised in the domain of services seems to target a much larger set of issues in Europe than in the United States. While the intangible and relational nature of a number of services is often viewed as a major hindrance to standardisation, the development of technical interfaces to industrialise the provision of services and the promotion of stereotyped behaviours denying the specificity of the service relationship depend on standards too. Decision trees in offshore contact centres and quality and security requirements in data transfer and processing services would be such examples. Yet, a more progressive response in setting standardised behaviours in service deliveries across borders would include broader societal concerns and suppose a greater involvement of service providers and beneficiaries alike in responding to increasing doubts on the misuse of services.

The antagonism between vertical and horizontal standards precisely reflects the struggles at stake in defining what should be standardized in services: should it be the outer layer of some generic attributes suitable on a horizontal basis for the widest range of services (information requirements, billing, complaint handling, etc.), technical interfaces supporting the interaction between service providers and customers, or, much more comprehensively on a so-called vertical basis, the precise way that services are produced and used in distinct activities? Probably all of them, but some responses allow for greater societal concerns than others and the more intangible the service tends to be, the more difficult to measure. This is where the question of evaluation becomes all the more important. In spite of all its flaws, the European CHESSE project still provides in this regard a significant step in building a coherent framework for the standardization of services, as its recommendation for the development of a pan-European customer satisfaction index may clearly become instrumental in providing a standard of evaluation likely to overcome the controversy between vertical and horizontal service standards. Devised to gauge the quality of services, this index provides a basis for demonstrating the positive impact that the use of a standard may have on customer satisfaction, be it horizontal or vertical. Finally, it is worth noting that the case of energy and smart metering exemplifies well how the societal dimension of service standardization is likely to be more pronounced in Europe than in the United States, where the focus is on narrower technical and market-driven aspects. The interest in smart metering lies in a better use and control of energy resources. Our American interlocutors stressed the strategic

importance of this issue, which was also identified as such in a module of the European CHESSE project. Surprisingly, however, standardization activities in this domain was not identified as having any relation with the provision of services and public utilities by our US interviewees; for them, they relate to the physical characteristics of the resources delivered by such services. In contrast, the CHESSE project explicitly anchors the subject to the more generic matter of billing services and devising more sustainable practices in this domain. Regarding the agents involved in the standardization of services, this paper provides strong evidence of the significance of public support, in particular the European political institutions. However, the difficulties identified within the CHESSE project also shed light to a common feature on both sides of the Atlantic as well as within the ISO context: the support and expertise of private actors are crucial to the development of a standard. The low level of US involvement in the field of service standards mirrors the difficulty of European and ISO projects to bring on board stakeholders from the private sector. This highlights that behind the distinct labels of direct participation for the American setting and national participation for the European and ISO setting, agents of actual standardisation processes are the same: large firms dominate the technical committees, government agencies usually take part in drafting standards, and not-for-profit associations from the civil society remain largely under-represented. In contrast to the direct political influence of the European setting, United States system relies on the indirect influence of the legal and regulatory environment that supports and legitimizes the work of formal and informal SDOs. Thus, beyond fragmentation we should underline the double coordination system existing in the United States. This work is ensured by the ANSI at the level of formal SDOs and by NIST with regard to governmental agencies. The distinction between national participation and direct participation is then perhaps more relevant to describe the strategies for building a space of standards recognition than to emphasise the level of political involvement.

This brings us to the third dimension defining the authority standards: the extent of the space on which technical specifications in the domain services are likely to be defined, diffused and recognised among sovereign states. The rivalry regarding international standards refers to different sources of legitimacy, as well as various modes of cooperation. The adoption of standards by the market is the main source of legitimacy of standards developed by US-based SDOs. They primarily rely on the exogenous process of market mechanisms to ensure the recognition of their standards beyond the sovereign space of the United States. As one of our interlocutors emphasised, standards can this be considered as good entry points into new markets²⁷. The translation of standards and training tailored to the distinct needs of well-chosen countries are integral part of this strategy. This does not mean, however, that US SDOs overlook a legitimacy of their standards based on participation. The holding of meetings abroad and the inclusion of non-American members at the technical as well as boards of directors' levels are part of this participatory strategy. The ASTM MoUs signed with a great number of national standards bodies are strongly echoing the principle of national representation in use at the CEN and ISO, even if they are part of a contractual and bilateral strategy. Conversely, in Europe, the legitimacy of standards follows participatory strategies that give a central place to the national representation principle. In this way, the diffusion and adoption of standards is ensured according to the principle of territorial sovereignty. However, standardization in the domain of services is likely to generate a hybrid model, in which the national participation model would be complemented by a model of direct participation, as suggested by the double representation system proposed by one module of the CHESSE project. However, the implementation of the double representation systems relies more upon the requirement to involve stakeholders than the objective to broaden the spectrum

²⁷ William Berger, Managing Director, Asme, and Bernard E. Hrubala, Sr. Vice President, ASME, and Division Manager of unit 'Industrial Services', TÜV Rheinland, interview with the author, New-York, 18 August 2009.

of standard recognition by other means. As the CHESSE project falls short to define the most suitable structures for setting future service standards, the double representation system may just be a one-off procedure used in case of negotiations directed towards the definition of a single generic service standard – as it has been the case in the current ISO 26000 negotiation. Finally, the question of the certification of the future European horizontal service standard will become a contested issue between the US and Europe. The reluctance of our US interviewees to standards established for certification purpose and the insistence of the CHESSE project on the desirability of a certification scheme makes this quite clear. The US reluctance is justified on the basis of the lack of added value that certification brings to a company. In Europe, by contrast, certification is justified by its contribution to market transparency that would sustain and foster intra-European trade in services. The opposition between Europe and the United States can again be interpreted in terms of their market. If one considers the certification standard on a unified market, then the question of its contribution to shareholder value now becomes central. Conversely, if one considers the certification in a market under construction, namely that of services in Europe, then the question of its contribution to the achievement of this market becomes central. Is the main added value of certification the creation of a market? Whatever the answer, the use of certification in Europe can also be interpreted as an effort to ensure the recognition of the future European standard through market mechanisms.

TOWARDS A NUANCED VIEW OF THE AMERICAN AND EUROPEAN SETTING

In sharp contrast to conventional views opposing the European and American standardization systems, this paper has drawn upon the concept of transnational hybrid authority to offer a rather different picture of how those two institutional settings may affect future developments of service standards within the overall significance of services in the global economy. Our theoretical framework applies to products as well as services. However, it enables to underline important implications of the specificity of services (i.e. intangible and relational nature) on the three analytical dimensions of the actors setting standards, the issues concerned, and the space of their recognition. The perceived idiosyncrasy of services explains to a large extent the reluctance of service providers to engage in standard-setting activities. Where product manufacturers see standards as a way to achieve economies of scale or to impose technical solutions, service providers fear a loss of identity and fail to see potential benefits associated with standardization, thus favouring ‘exit’ over ‘voice’ strategies (Hirschman, 1970). CEN mandates then belongs to the few available alternatives able to sustain the development of service standards. The specificity of services also imply a distinct framing of what can be standardized and how. Whilst terminological issues are at the basis of all standards, the attention paid to equivalence issue (rather than translation) underlines the greater social embeddedness of service standards. Physical measure are not suitable for services, thus implying the development of evaluation tools which in turn and according to the tools’ content will impact upon the development of future service standards. The third dimension highlights that whilst CEN future services standards are primarily aimed at constructing a European market for services, they will represent an important driver and framework for the development of services standards at the international level – contrary to products standards, where the CEN follows a framework originally set by the ISO, the development of ISO service standards is likely to incorporate the framework currently under discussion within the CEN (a first mover advantage with regard to the service field). More specifically, our results shed light on the extent to which public and private actors overlap in the standardization arenas on both sides of the Atlantic. A closer attention to the object of standardization underlines the uncertainty and ongoing struggles surrounding the specific features of services standards, or in other word what can be standardized. A

significant issue in this regard is the opposition between advocates of so-called horizontal generic standards supposedly valid for any kind of service provision, and those in favour of so-called vertical standards on more narrowly defined issues for distinct industries or processes. Finally, future developments in service standards are likely to reinforce the deterritorialisation of regulatory practices. Our results provide evidence for a nuanced understanding of this catchword view on globalization. Whilst the wider spatial recognition of US based standards primarily relies on market mechanisms involving to some extent global market forces, the American setting also includes territorially-based legitimacy processes, such as the involvement of non-US SDOs in standard development processes. Similarly, opposing views on the range of recognition for future service standards developed within the European setting are likely to generate various compromises around hybrid models, where market- and territorially-based systems would heavily intermingle with each other. An first lesson to be drawn from our findings is clearly the more nuanced view of the conventional distinction between the European and American system and the importance to look more specifically at antagonisms within each standardization system. Another implication is that both systems tend to differ the most on the definition of what exactly a service standard is. American practitioners tend to deny the very service identity of standards which in the European context would specifically be tagged within this distinct category. We have seen that smart metering could a particularly fruitful case for future research. A further implication is how the issue to be standardized affects, in turn, the institutional setting. This is particularly the case with the European CHESSS project that appears to be instrumental in setting a coherent framework for the standardization of services, although its mandate was originally confined on the more likely areas to be standardized. From this standpoint, it remains to be seen whether horizontal and vertical standards represent opposite or complementary options. The guide for the development of service standard, the customer satisfaction index, terminological definition, are all tools designed to promote the standardization of services, whether horizontal or vertical. The potential benefits of a horizontal standard will be more visible if recurring contents can be identified throughout vertical standards. The development of a unique horizontal standard will be paradoxically sustained by the development of vertical standards and thus could reflect of the maturity of service standardization.

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