
Comments on the WTO Report on the Economics of Standards

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General comments

Important to distinguish between regulations and different types of standards:

- voluntary self-regulation vs. obligatory governmental regulation
- e.g. standards are not primarily used for reducing information asymmetries or for the internalisation of negative externalities
- standardisation by formal standards developing organisations vs. standardisation consortia, especially in ICT

Interrelationship between regulation and standardisation:

- application of the New Approach in Europe
- further trend towards self-regulation also via standardisation
- further trend towards consortia standardisation, but unsolved relationship to the regulatory framework



Impacts of standards on trade

most standards contain information, create compatibility, reduce variety and secure quality and decrease risks at the same time -> ambiguous effects

dynamic impact dimension:

- in the short run: cost increasing effects,
 - leading to barriers for market entry
 - but reducing social costs in the case of negative externalities (e.g. reduced environmental and health damages)
- in the middle run: increase in demand via
 - increased consumer acceptance
 - creation of positive network
- in the long run: market structuring effects
 - level the playing field in national markets
 - allowing global sourcing of goods and services
 - catching up effects of less developing countries levels the playing field in global markets

-> positive effects in the long run, but difficult to measure



Impacts of standards on growth

positive impacts of growth from further specialisation triggered by free trade (Jungmittag 2005)

standards allow the exploitation of economies of scale

standards of components solve the trade-off between the variety of products and the exploitation of economies of scale

empirical time series studies on the macro level confirm the positive impact of standards on economic growth (Blind et al. 1999 for Germany, Temple et al. 2005 for the UK; Blind and Jungmittag for four European companies (UK; FR, DE, IT) in the 1990ies)

sector study by Blind and Jungmittag (2005) find stronger impact for mature industries than for emerging industries, where innovations (i.e. patents) are stronger drivers, which calls for a better link between research/innovation and standardisation

