

12 PROF. BENGT SUNDELIUS: Thank you very much for that
13 strong statement. Now I invite some comments or
14 questions about these two -- one act and one proposal.
15 And while you think about this, maybe I will address --
16 there are microphones around. Mr. Furla (SP?), is this
17 good for your company? What are the consequences for
18 your company with the U.S. Safety Act? What will be the
19 implications for your company, looking at your company
20 now, of a security label if it came about? Is this a
21 good thing or not such a good thing? Please.

22 AUDIENCE ANSWER: I should be very honest and answer
23 very honestly because I really don't know. I am working
24 very focused on the European branch of our company and
25 my colleagues over in the U.S. are focused on U.S.

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1 branch. What I heard from the discussion, it seems to
2 be absolutely necessary to come beyond this type of
3 total stupid suing regarding liabilities. So from my
4 point of view I think it's a step in the right
5 direction. Thank you.

6 PROF. BENGT SUNDELIUS: Thank you.

7 Allison, you heard the presentation about the European
8 Security Label. Do you have any reflection and
9 thoughts? Does it make any sense at all? You have a
10 mic there.

11 MS. ALLISON JETTON: We have one of the most open
12 processes, and the Office of Safety Act Implementation,
13 which directly handles the processing of applications
14 for the Safety Act within the Science and Technology
15 Directorate, has a robust dialogue, and we would welcome
16 the opportunity to share with our European colleagues
17 how we've structured our process, how we've structured
18 our review. And indeed with individual applicants there
19 is a robust back and forth process about the information
20 that we look at -- the information that's required for
21 the technical review as well as for the economic
22 evaluation. There are extensive frequently asked
23 questions on our website www.safetyact.gov. There's
24 even a 1-888 help desk number, and you may be surprised,
25 but they are very proactive in getting back to people.

1 Usually it's in a matter of days. So we would welcome
2 the opportunity to share with you our experiences.

3 PROF. BENGT SUNDELIUS: Questions out there?

4 AUDIENCE QUESTION: (Unintelligible) participated in the
5 ESRIF work on the Working Group 3, and I've been
6 wondering about this with the European label done for
7 security equipment and so on. Where would the actual
8 testing take place? In Europe as a central place or in
9 the various countries? Would there be -- what would the
10 procedure be then? Have you any ideas about this? And
11 what about the United States? Will you have central
12 testing facilities or would you have the testing all
13 around the States or how would you organize it?

14 MR. MARK MILLER: Briefly, just to respond to your
15 question, first of all, in terms of how the approach is
16 going to be, we haven't actually developed all of the
17 details of the security label. We do have one example
18 as I mentioned, the Creative project, which is actually
19 the setup of a network of test centers to test security
20 technology across Europe. Of course there are a lot of
21 issues to get to this label. The harmonization of
22 requirements across the EU member states is a very key
23 issue that has to be addressed. Also the mutual
24 recognition of the security label across the EU member
25 states so that if one testing laboratory and one member

1 state does the testing, awards the label, is it
2 recognized by all the other member states? That's
3 another aspect that is required to be worked out.
4 Under Creative we have a pure example because we have
5 laboratories in Austria, we have laboratories in Sweden,
6 we have laboratories in the Netherlands, we have
7 laboratories in Germany, we have laboratories in France.
8 We also have the European Commission itself, which is a
9 member of this project, and in essence we're in the
10 early days of testing how this would work. We're
11 looking at common test protocols. We're looking at
12 standardization of and harmonization of requirements.
13 So there are a lot of steps that have to take place. Of
14 course we have 27 member states.

15 As for the approach of the United States, I leave it to
16 our U.S. colleagues; however I would say this. One of
17 the parts of the European Security Label that we have
18 very much oriented ourselves toward is to looking at how
19 to have a mutual recognition in some way with some of
20 the U.S. requirements. And that hasn't yet developed as
21 we're still in early days. But that is definitely a
22 goal and an objective of the orientation of how we
23 develop this.

24 MS. ALLISON JETTON: In terms of the U.S. perspective,
25 we have over 400 subject matter experts in different

1 areas that do a paper study of operational test data
2 regarding a technology including an analysis of
3 predicate technologies. We do not actually take the
4 technology itself and test it. We rely upon prior
5 operational test evaluation. We look at the results
6 from other government agencies' testing and use. Prior
7 government use is a criteria for designation. And we
8 also look at statements from state, local and federal
9 agencies on their experience using the technology.

10 Given the rigorous analysis that's done on paper, we're
11 not anticipating moving towards an actual
12 laboratory-based testing. But that's our experience,
13 and certainly the European perspective will have to
14 consider its approach to the process as well.

15 PROF. BENGT SUNDELIUS: We have a final question from
16 the audience.

17 AUDIENCE QUESTION: Yes, George (unintelligible) from
18 the European Commission. It's both a reaction to the
19 challenge and also a question. Perhaps also an element
20 of translation. We have heard these cryptic comments
21 about the citizen being reassured by the label that the
22 solution is compliant with requirements. From a very
23 practical point of view, and for our American friends,
24 what this means is, as my director was saying yesterday
25 on behalf of Vice-President Barrot, without citizen

1 acceptability in Europe, in European markets, there will
2 be no regulatory environment. There will be no budgets,
3 there will be no markets, that's it. The European
4 citizen is extremely worried about data privacy,
5 fundamental rights requirements in solution for
6 security. More than in other markets. It is the
7 reality here. And basically, when we are talking about
8 this compliance, the label giving something to the
9 citizen, that is basically it. The label would tell the
10 citizen this solution is compatible with the law as it
11 stands and therefore respects data privacy requirements
12 and others. And therefore, if you are a parliamentarian
13 and you vote the budget allowing this solution to be
14 widespread in Europe, you are not going to have to face
15 political penalties for having voted this. So it's an
16 exercise of we are extremely good in being cryptical
17 about things in Europe, but sometimes you have actually
18 to make it available so that our politician friends from
19 the other side understand what we are talking about.
20 The question on the challenge the European Commission
21 will adopt in the coming weeks, formal communication
22 giving its initial reply to the ESRI final report,
23 obviously this is still being debated. From the vantage
24 point of Vice-President Barrot and the justice home
25 affairs side of my house, it is clear that we find the

1 European Security Label initiative to be extremely
2 interesting. And we argue strongly for the Commission
3 to follow the advice of ESRIIF and to look into it in a
4 determined manner allowing the necessary scrutiny,
5 because a lot of questions are still to be answered, as
6 you have pointed out.

7 On the question on insurance, we do not have the
8 marvelous litigation tradition you do have in the United
9 States, but we do have the insurance problems. So the
10 question is, have you already engaged with insurance
11 industry? Have you looked at the ways of transforming
12 the label into guarantees for access to insurance and
13 how you can mortgage the label in other forms in sort of
14 accelerated throughputs, facilitation systems and other
15 ways for the industry that buys solutions that are label
16 guaranteed to be able to somehow mortgage back that
17 investment through, on the one hand, insurance solutions
18 and on the other other forms of facilitation and
19 commercial improved conditions? Thank you.

20 MR. MARK MILLER: Thank you for your explanation of the
21 fact that this communication is going to respond to some
22 of the challenges that I had mentioned in my discussion.
23 And I must say that we very much support from the
24 industry side that approach. Obviously, yes, we have
25 talked with the insurance industry, but again it's very

1 early days. Part of the Working Group 9 work involved a
2 number of different sessions in which we had insurance
3 industry presentations and feedback. However, that also
4 being said, there is also another element to all of
5 this, which is we also see the potential for the link-up
6 with the European Organization for Securities effort
7 toward a third party liability limitation communication,
8 directive, essentially to support a recommendation to
9 move forward in such a way that not just the security
10 label or the security certification or that approach is
11 developed, but also so that there is some liability
12 limitation associated with it. So from that standpoint,
13 yes, there are -- there is a quite a bit of dialogue
14 going on. In fact, earlier today you may have heard the
15 CEO of the European Organization for Security, Luigi
16 Rebuffi, mention the third party liability limitation
17 initiative. I'm also the vice-chairman of the European
18 Organization for Security, so I already have a direct
19 connection with that, and in that respect we are very
20 much so interested in developing how these two pieces
21 can move forward together. Of course it will require a
22 lot of effort. This is not something that's going to
23 happen overnight. And as was mentioned, with 27 member
24 states the harmonization requirement is also quite
25 extensive. So in that respect I think we do have a lot

1 of potential for this, but it does require a lot of
2 dedicated resources, a lot of dedicated funding and
3 orientation to move forward. And I appreciate very much
4 your comments. Thank you.

5 PROF. BENGT SUNDELIUS: Thank you all. Obviously,
6 extremely important subject, well worth more discussion.

7 But we close the session now.