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SECOND REPORT

drawn up on behalf of the Committee on External Economic Relations
on restrictions on strategic exports and US-EC technology transfer

Rapporteur: Mr M. TOUSSAINT

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Adopted pursuant to Rule 37 of the Rules of Procedure

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PART A - MOTION FOR A RESOLUTION

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A Series: Reports - B series: Motions for Resolutions, Oral Questions.

- C Series: Documents received from other Institutions (e.g. Consultations)

* = Consultation procedure requiring a single reading

**II = Cooperation procedure (second reading) which requires the votes of the majority of the Members of Parliament

**I = Cooperation procedure (first reading)

*** = Parliamentary assent which requires the votes of the majority of the current Members of Parliament



At its sitting of 13 September 1984 the European Parliament referred the motion for a resolution by Mrs LIZIN on the Pégard company and exports to COMECON (Doc. 2-466/84) to the Committee on External Economic Relations as the committee responsible.

At its sitting of 23 October 1984 the European Parliament referred the motion for a resolution by Mr LINKOHR on American restrictions on the international transfer of technology and the damaging effects on industrial development in the European Community (Doc. 2-721/84) to the Committee on External Economic Relations as the committee responsible and to the Political Affairs Committee, the Committee on Economic and Monetary Affairs and Industrial Policy, the Committee on Energy, Research and Technology and the Committee on Transport for their opinions.

At its meeting of 21 November 1984 the committee decided to draw up a report and appointed Mr TOUSSAINT rapporteur.

The committee considered the draft report at its meetings of 26 April 1985, 26 June 1985, 25 September 1985, 26 September 1985, 19 December 1985, 20 November 1986, 28 January 1987 and 29 January 1987.

The committee held a hearing on this matter on 26 September 1985.

On 29 January 1987 the committee adopted the motion for a resolution as a whole by 12 votes to 0, with 10 abstentions.

The following took part in the vote: Seeler, Chairman; Pons Grau, second Vice-Chairman; Toussaint, third Vice-Chairman and rapporteur; Blumenfeld (for van Aerssen), Cano Pinto (for Motchane), Cohen (for Topmann), Escuder Croft, Ford, Grimaldos Grimaldos, Hindley, Lemmer, Moorhouse, Novelli, Papakyriasis, Roberts, Rossetti, Saridakis (for Pelikan), Silva Domingos, Tridente, Zakhora. Zarges and Wieczorek-Zeul (for Hitzigrath).

The report was referred back to committee on 6 April 1987.

At its sitting of 15 December 1988 the European Parliament delegated the power of decision to the Committee on External Economic Relations, pursuant to Rule 37 of its Rules of Procedure.

At its meetings of 3 December 1987, 30 September 1988 and 22 March 1989, the committee reconsidered the new draft report.

The committee unanimously adopted the motion for a resolution as a whole on 22 March 1989.

The following took part in the vote: Mallet, Chairman; Seeler, Vice-Chairman; Pons Grau, Vice-Chairman; Toussaint, Vice-Chairman and rapporteur; Bird, Cano Pinto (for Grimaldos Grimaldos), Cassidy, Cohen (for Hindley), Lemmer, Motchane, Papakyriasis, Pimenta, Roberts, Thome Patenôtre, Tolman (for van Aerssen), Tridente and Zahorka.

The opinions of the Political Affairs Committee, the Committee on Economic and Monetary Affairs and Industrial Policy and the Committee on Transport are attached. The Committee on Energy, Research and technology will not be delivering an opinion.

The report was tabled with Sessional Services on 28 March 1989 for inclusion on the agenda for the next part-session, pursuant to Rule 37(6) of the Rules of Procedure.

The Committee on External Economic Relations, to which the power of decision has been delegated by the European Parliament pursuant to Rule 37 of the Rules of Procedure, has adopted the following text:

A

MOTION FOR A RESOLUTION

on restrictions on strategic exports and US-EC technology transfer

The European Parliament,

- having regard to the motion for a resolution by Mr LINKOHR on American restrictions on the international transfer of technology and the damaging effects on industrial development in the European Community (Doc. 2-721/84),
 - having regard to the motion for a resolution by Mrs LIZIN on the Pégard company and exports to COMECON (Doc. 2-466/84),
 - having regard to the Trade Bill adopted in July 1988 by the House of Representatives and the Senate and approved by the President of the United States,
 - having regard to the reactions provoked in the European Community and the rest of the world by the adoption of this Trade Bill,
 - having delegated the power of decision to its Committee on External Economic Relations, pursuant to Rule 37 of the Rules of Procedure,
 - having regard to its resolution of 22 January 1987 on relations between the European Community and the CMEA and the European member states of the CMEA(1),
 - having regard to the results of the Versailles meeting concerning COCOM held on 27 and 28 January 1988,
 - having regard to the agreement on mutual recognition and cooperation signed between COMECON and the EC in June 1988 and the resulting prospects for improved economic and political relations between Eastern and Western Europe,
 - having regard to the second report of the Committee on External Economic Relations on the Pégard company, restrictions on strategic exports and US-EC technology transfer, and the opinions of the Political Affairs Committee, the Committee on Economic and Monetary Affairs and Industrial Policy and the Committee on Transport (Doc. A 2-31/89),
- A. whereas there is a close link between scientific and industrial development and freedom to exchange ideas, knowledge and information,
- B. having regard to the interactions between Western Europe and the United States at all levels of industry and science,

(1) SEELER report, Doc. A 2-187/86, OJ No. C 46, 23.2.1987, p.62

- C. whereas the Soviet Union and the United States have attached increased importance to defence policy and related technological developments since the mid-1970s,
- D. whereas the scope of American export control legislation is much wider than that of the laws of most other countries (particularly the Member States of the European Community) and also covers re-exportation from third countries,
- E. whereas it is becoming more and more difficult to distinguish between purely civil and purely military technology,
- F. perturbed by the fact that the United States are placing ever tighter restrictions on transfers of new technologies even to their Western allies, to the detriment of trade between all parties concerned, and by the fact that the various controls carried out by the Member States have the same effect,
- G. whereas, following the Versailles meeting, the COCOM member states have decided to rationalize the current system by concentrating on strategically significant products and technologies and by strictly applying the agreed controls,
- H. whereas all the COMON member states have agreed on the need to improve the organization's effectiveness,
- I. taking due note of the wish expressed at the Versailles meeting on 27-28 January 1988 that COCOM's administrative structure and application procedures be significantly strengthened, but observing that any such a strengthening will prove ineffectual until the member states have incorporated this principle in their national legislative systems,
- J. anxious to arrive at a happy medium between the normal imperatives of a defence policy and the desire to extend free trade as far as possible,
 - 1. Notes that the controls imposed unilaterally by the United States on transfers of technology in addition to the COCOM controls limit Western Europe's access to American technology and thus hamper mutual economic relations and may impair scientific and research cooperation;
 - 2. Acknowledges that the collective security of the COCOM member states makes an agreement to limit or ban certain exports to certain countries essential;
 - 3. Recognizes that American industry suffers the trade consequences of the export restrictions imposed by the Export Administration Act and the COCOM lists and that European industry often suffers serious trade consequences and job losses as a result of these same restrictions;
 - 4. Doubts the effectiveness of some restrictive measures when the same products can be obtained on other markets and Ireland has not joined COCOM; takes the view, accordingly, that the COCOM list should be confined to leading-edge defence technology;
 - 5. Draws attention to the potential conflicts between some Community provisions and COCOM rules;

6. Takes the view that COCOM agreements should be formalized so that they may be revised at regular intervals, and approves the proposals to this end made at the Versailles Conference;
7. Believes that the COCOM members must revise and review the list of restrictions more frequently and more quickly so as to keep pace with technological change;
8. Calls for the criteria for limiting technology exports to be defined as fully and precisely as possible early enough for them to be effectively applied;
9.
 - (a) Draws attention to the fact that a gentleman's agreement that is not directly enforceable in law and under which arrangements are administered by agencies within the Member States has been acceptable hitherto,
 - (b) Deplores the fact that the Community as an entity has not been represented in one form or another at the Versailles Conference, even though questions concerning export policy which fall within the Community's sphere of competence were being debated,
 - (c) Requests the Commission to examine to what extent, bearing in mind the internal market, the Community can be included in COCOM as a separate legal entity,
 - (d) calls on the Member States of the Community to give their consent to this move,
 - (e) Condemns the fact that the Commission is at present not even allowed access to the three COCOM restricted lists;
10. Warns that Community integration in the areas most concerned, i.e. data processing, computerization, biotechnology, aeronautics and astronautics, new materials and telecommunications, must not be obstructed by unilateral action by individual COCOM members;
11. Calls on the Council, the Commission and the Member States to invite the United States to guarantee unlimited transfers of technology and information between the United States and the EEC;
12. Looks to the EEC to set up, in parallel with the abolition of internal borders, an effective system to control exports from the Community which will clear the way for this unlimited transfer of technology and information between the United States and the EEC by banning any illegal transfer to prohibited countries of products on the COCOM list;
13. Calls on the Commission to submit to Parliament proposals concerning the principles that should govern transfers of technology between the EEC and the countries to which the COCOM list currently applies; these principles should be based upon the real industrial interests of Community countries and firms;
14. Takes a favourable view of the efforts made in Versailles to rationalize and simplify the COCOM mechanisms with a view to hindering as little as possible purely commercial East-West trade;

15. Acknowledges the efforts made to persuade states outside COCOM to apply similar rules, thus considerably improving the effectiveness of the system;
16. Instructs its President to forward this resolution and report to the Commission, the Council, the governments of the Member States and of the other member states of COCOM (Canada, Japan, Norway, Turkey and the US) and the COCOM permanent secretariat in Paris.