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INTERIM REPORT

drawn up on behalf of the Committee on Energy, Research and Technology

on scientific and technological cooperation between the European Community and other European countries:

aspects of cooperation with the countries of Central and Eastern Europe

Rapporteur: Mrs J.E.S. LARIVE

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Resolution adopted at the Sitting of 10 July 1990 annexed.

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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 a majority of the current Members of Parliament for rejection or amendment

**I = Cooperation procedure (first reading)

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

By letter of 4 January 1990 the Committee on Energy, Research and Technology requested authorization to submit a report on scientific and technological cooperation between the European Community and the other European countries.

On 2 April 1990 the President of the European Parliament authorized the Committee on Energy, Research and Technology to draw up a report on this matter.

At its meeting of 23 January 1990 the committee appointed Mrs LARIVE rapporteur.

At its meetings of 21 March, 19 April, 31 May, and 28 and 29 June 1990 the Committee on Energy, Research and Technology considered the draft report and agreed that it should be submitted as an interim report on aspects relating to cooperation with the states of Central and Eastern Europe. It adopted the motion for a resolution as a whole on 29 June 1990 unanimously.

The following took part in the vote: La Pergola, Chairman; Adam, Lannoye, Vice-Chairmen; Larive, rapporteur; Bettini, Breyer, Chiabrando, Desama, Falqui (for Anger), Garcia Arias, Goedmakers (for Linkohr), Holzfuss (for Capucho), Nielsen (for Verwaerde), Pierros, Regge, Rinsche, Samland (for Ford), Sanz Fernandez, Wijsenbeek (for Gasoliba i Böhm).

The report was tabled on 29 June 1990.

The deadline for tabling amendments to this report will appear in the draft agenda for the part-session at which it is to be considered.

C O N T E N T S

A. MOTION FOR A RESOLUTION

B. EXPLANATORY STATEMENT

A.

The Committee on Energy, Research and Technology hereby submits to the European Parliament the following:

MOTION FOR A RESOLUTION

on scientific and technological cooperation between the European Community and other European countries: aspects of cooperation with the countries of Central and Eastern Europe

The European Parliament,

- having regard to the framework agreements for scientific and technological cooperation and the specific agreements implementing such cooperation between the European Community and Sweden, Switzerland, Finland, Norway, Austria and Iceland,
- having regard to the trade and cooperation agreements between the EC and most of the countries of Central and Eastern Europe,
- having regard to initiatives already taken by the EC in favour of Central and Eastern Europe, in particular the PHARE programme, but also the European Centre for the Development of Vocational Training and the mobility programme TEMPUS,
- having regard to the creation of the European Bank for Reconstruction and Development,
- having regard to the conclusions of the European Council in Dublin on 28 April 1990,
- having regard to the interim report of the Committee on Energy, Research and Technology (Doc. A3-174/90),
- A. having regard to the serious plight of the countries of Central and Eastern Europe and the aid which the EC has already been called upon to supply,
- B. having regard to the extremely critical situation of the economic systems of the Central and Eastern European countries and having regard to the need for far-reaching, structural changes,
- C. whereas rapid, well-balanced social and economic development of the countries of Central and Eastern Europe is essential for the success of the process of democratization in those countries and, hence, is a contributing factor towards peace in Europe,
- D. having regard to the very serious pollution of the environment in those countries and the unmistakable effect this has on the countries of Western Europe,

- E. having regard to the role of dependable partner which the EC will increasingly perform in the continent of Europe as a whole,
- F. whereas the EC will therefore have to provide support, as soon as possible, for the process of change in Central and Eastern Europe in the form of economic and political measures, not least in response to the expectations of these countries with regard to the EC,
- G. whereas legal and administrative obstacles impeding cooperation between the European Community and the countries of Central and Eastern Europe should be reduced to the absolute minimum,
- H. whereas, on the one hand, these countries must be fully capable of competing at the international level in order to reap the benefits of economic growth and, secondly, the markets of the Central and Eastern European countries afford economic prospects for European industry,
- I. whereas the efforts to support the countries of Central and Eastern Europe complement solidarity which has already been shown, internally and externally, and whereas the obligations already entered into within and outside Europe must not suffer from new obligations towards the countries of Central and Eastern Europe,
1. Welcomes the democratic developments of recent months in the countries of Central and Eastern Europe;
 2. Stresses that the new political situation that has arisen is a new challenge for the European Community and that it will therefore perform a pivotal role in the continent of Europe as a whole;
 3. Is thoroughly convinced that action taken by the European Community is a key factor in assisting the countries of Central and Eastern Europe along the path they have chosen towards democracy and a market economy and that here, too, the EC has a fundamental political responsibility;
 4. Stresses, however, that any action taken by the European Community can only be undertaken if the present reforms of the political and economic systems of those countries are maintained and consolidated;
 5. Recalls the decisive role of scientific and technological research in the economic and social development of modern (post-) industrial society and therefore believes that massive support is needed for an exchange of know-how;
 6. Calls for a realistic and pragmatic approach to the problems, and for a balance to be found between each country's capacity for such exchange and its actual needs;
 7. Believes that in order to maintain a cohesive Community policy Community action in favour of the countries of Central and Eastern Europe in technological research and development should be based on the same criteria for all countries involved;

Medium to long-term

8. Believes that in the new political context the EC should strive towards establishing relations akin to those with EFTA with the Central and Eastern European countries;
9. Calls therefore on the EC to use the principle of 'mutual balance benefit' as the basis for all relations with non-Community European countries, without losing sight of the fact that aid and assistance to the countries of Central and Eastern Europe will be required temporarily for many years to come;
10. Proposes establishing two medium-term aid programmes for the countries of Central and Eastern Europe:
 - 'EAST' (European Assistance for Science and Technology), to assist and accelerate the changes in research structures and to consolidate scientific and technological potential,
 - 'GREEN' (General Research in Environment for Eastern Nations), aimed at the acquisition of know-how and scientific and technical resources as weapons in the struggle against the problems of the environment which are partly the result of energy production (this is particularly true of the use of lignite as a fuel and nuclear power stations of the Chernobyl type) and partly the result of industrial production processes;
11. Proposes that priorities under the EAST programme should include:
 - (a) additional training and mobility of research workers as a means of overcoming the consequences of long-term isolation, with particular reference to the creation of networks between universities, laboratories and European Community research centres (including the Joint Research Centre) and the countries of Central and Eastern Europe, improvements in the status of researchers to keep brain-drain to a minimum, and increasing the numbers of women active in scientific and technological cooperation;
 - (b) financing for the contribution made by university and industrial researchers to projects already being carried out in Community universities and private research laboratories and industrial laboratories,
 - (c) identifying and implementing precisely defined strategic research projects,
 - (d) approving common industrial standards,
 - (e) fostering cooperation between businesses in East and West, e.g. by organizing seminars, works visits and traineeships, management training and the setting up of databases;
12. Proposes that the following should be essential features of the GREEN Programme:
 - (a) environmental technology is developed for cleaner production processes, and a common set of rules for environmental impact assessment is drawn up,

- (b) consistent and generally applicable environment standards are developed and introduced, and
 - (c) facilities for the supervision and management of air, soil and water are developed (e.g. satellite monitoring or air pollution detectors);
 - (d) instruments for environmental management are devised by businesses and governments specifically for the Eastern European situation,
 - (e) a joint programme is drawn up on energy yield in industrial production cycles and in agriculture
13. Believes that the EAST and GREEN programmes should follow on directly from the framework programme for research and technological development (R and TD) and be integrated in the fourth framework programme, with a further adequate budgetary appropriation being allocated;
14. Proposes that in the framework of the EAST and GREEN programmes - which should have a maximum life of 8 years - the Community should make available for the first 4 years an extraordinary financial contribution equivalent to 10% of appropriations of the framework programme for R and TD, with the proviso that this percentage is gradually diminished in the following years;
15. Invites the Commission to submit to the European Parliament before the end of 1990 specific proposals which can be rapidly implemented on the basis of a thorough survey and analysis of the problems and requirements, drawn up in cooperation with the responsible authorities and scientists in each country in question;
16. Believes that the updating of the financial perspectives should be fully utilized so that the budget reflects the consequences of the measures in favour of Central and Eastern Europe;
17. Believes that with a view to the creation of a European Economic Space and in the light of existing agreements on scientific and technical cooperation the EFTA countries should participate, e.g. in the form of substantial funding, in the Community action in favour of the countries of Central and Eastern Europe;

Short term

18. Believes that, given the seriousness of the political and economic situation, there is a need for emergency aid of limited duration from the EC to bridge the period until implementation of the EAST and GREEN programmes;
19. Proposes that this emergency aid be granted under the title 'LET'S GO EAST' (Let European Technicians and Scientists GO EAST) and should include the following action:
- (a) sending teams of scientists and experts from the European Community to the countries in question for three to six months to:
 - assist local research teams;
 - establish networks of research workers and academics from Eastern and Western Europe, in particular through university-industry joint research projects and scientist-exchange schemes;

- assist in securing the most accurate and specific assessment possible of the capacities of these countries (having regard in particular to the quality of the research conducted and its industrial and commercial applications), and their science and technology needs;
 - to help them in identifying as rapidly as possible their sectoral policy priorities, in particular in the areas of telecommunications and technologies for improving energy productivity;
- (b) financial assistance for participation by scientists from Central and Eastern European countries in colloquia, congresses and seminars organized by the EC,
- (c) providing scientific and technical equipment (new and second-hand) to meet the most urgent requirements;
20. Calls on the Commission to finance this emergency aid programme in particular through the funds available for the PHARE programme;
 21. Believes furthermore that the programmes on human resources and mobility (SCIENCE, SPES, Major Installations) in the framework programme for R and TD can be opened up to Central and Eastern European countries;
 22. Expresses its satisfaction following the narrowing-down of the categories of advanced-technology products subjected to COCOM rules, and hopes that this trend will continue, in particular in relation to computers and telecommunications, to enable the economic structures of the Eastern European countries to be rapidly modernized by facilitating technology transfers, and consequently believes that the current COCOM regulations need to be rescinded in order to facilitate the transfer of technology;
 23. Believes that there is also a need in this context to examine to what extent military technology and production capacity can be used for civil purposes;
 24. Calls on the interministerial EUREKA conference to lay down, in the near future, the conditions for admitting the countries of Central and Eastern Europe so that businesses in such countries can be involved in the various EUREKA projects subject to detailed regulations being laid down in future;
 25. Calls on the Council to take steps in the framework of the ministerial meetings between the European Community and the EFTA countries to ensure forthwith that all partners are involved in the efforts for scientific and technical aid to Central and Eastern Europe;
 26. Instructs its President to forward this resolution to the Commission, the Council, the Economic and Social Committee, UNICE, the ETUC and the principal laboratories and research centres of the Community, and to the governments of the countries of central and Eastern Europe.

EXPLANATORY STATEMENT

I. BACKGROUND

1. Although the European Community adopted a world trading policy at a very early stage, notably in the context of the international GATT rounds, and signed agreements with the main groups of countries, it was only from the mid 1980s that it began to question its links with the non-Communist countries of Europe. It appeared easier for the European Community to obtain recognition and establish an identity of its own on the world stage than on a purely European scale.

2. However, four facts have now forced the Community to define a policy towards its neighbours in Europe.

- (a) In the first place the accession of Spain and Portugal marked an important step on the road towards European Unity.
- (b) The adoption of the Single European Act and 'Europe 1992' marked the consolidation of the Community process. This expression of the desire of the Member States for further integration has prompted the EFTA countries to come to terms with the reality of the Community and to address themselves to the need for closer links with the EC.
- (c) EUREKA and successful industrial (Airbus, European Aviation Agency) and scientific cooperation (CERN, JET) have shown that European cooperation in research and development need not necessarily be confined to the Community but that there are possible variants which may be in competition with the EC and its institutions.
- (d) The most recent, and ultimately most decisive, factor are the recent developments in Central and Eastern Europe. Although initial contacts had already been established with the CMEA, they were purely formal in nature with no possibility of fundamental change in the short term. The revolutions which have now taken place have opened up entirely new perspectives and are forcing the Community to take political and strategic choices.

3. Hence, at the beginning of this new decade the geopolitical picture of the European continent appears to be completely changed. This permits new and different economic, political and diplomatic relations between (groups of) countries in Europe.

We can divide Europe schematically; on the one hand, there is the European Community which, institutionally and economically, comprises 12 countries. There is another group of 12 countries which is completely heterogeneous, both economically and culturally - the members of EFTA - and then there are the rest, which, with the exception of Yugoslavia, cooperate in the economic organization CMEA. At present the future of the latter organization can only be a matter of speculation.

We have, then, a completely heterogeneous group of countries; the only feature they have in common is their geographical location.

4. Laying down a policy towards the non-Community European countries is therefore an extremely difficult, but unavoidable task, in both economic and political terms. What is at stake is the future of the European Community and its role in establishing a European identity capable of rising to the challenges of the 21st century.

5. Research and technology are very specific and strategic areas for the European Community, areas which can be used to define the links which need to be created with neighbouring countries in Europe.

6. Given this analysis and the need for creating coherent Community action, your rapporteur feels constrained to concentrate on intra-European relations. The GDR is not discussed below because in the short term it will probably be covered by Community internal policy and will be able to use Community instruments. Policy towards other industrialized countries and the developing countries requires a completely different approach.

7. Your rapporteur would point out that this is only an interim report. It is principally concerned with aspects relating to the countries of Central and Eastern Europe. It has become clear to us that the pressing nature of the problems which have to be tackled with the countries of Eastern Europe, notably to enable the process of democratization that is taking place there to be consolidated, calls for a number of very rapid political decisions so that the action required can be initiated.

This interim report will be followed by a final report (closely modelled on this report) on relations with all third European countries, i.e. the EFTA countries and the countries of Central and Eastern Europe.

II. EXISTING RELATIONS BETWEEN THE EUROPEAN COMMUNITY AND THE OTHER EUROPEAN COUNTRIES

A. EC-EFTA

8. For a number of years scientific and technological relations between the European Community and EFTA were determined by the COST Agreements. After adoption of the Single European Act, these were replaced by framework agreements for scientific and technological cooperation. Most of the specific projects in the EC framework programme for research and technology provide for third country participation.

9. There are three ways in which such participation is possible:

- (a) full participation by an EFTA country in an EC programme or a part thereof under the same conditions as Member States (e.g. SCIENCE or SPES);
- (b) participation on a project basis: the EFTA countries do not have the same advantages as Community participants (e.g. BRITIC and ESPRIT);
- (c) cooperation: an exchange of information between a national programme of an EFTA country and a Community programme. In addition, every two years there are ministerial meetings between the ministers of the Member States, EFTA and the European Commission.

10. Mention should also be made in this context of Community action in which other countries may participate, e.g. the nuclear fusion programme, and action outside the Community framework, such as the European Space Agency, the Airbus or EUREKA. EUREKA is without doubt the one initiative which the Commission regards as being most in competition with all its own research and technology initiatives. The Commission has now regularized its relations with EUREKA to the extent that it is represented in the EUREKA secretariat and therefore, on paper at least, is consulted at all stages of the projects.

B. CENTRAL AND EASTERN EUROPE

11. Three countries (Hungary, Poland and the Soviet Union) have concluded economic cooperation and trade agreements with the EC which include broad based action in the field of energy, science and technology. However, this cooperation still appears to be confined to the exchange of information. In addition, Yugoslavia has taken part in a number of COST agreements on energy consumption in inter-regional transport (COST 307) and quality guarantees in the software of nuclear medical facilities.

12. In early 1990 the Commission forwarded two communications to the Council: one on the implications of recent changes in Central and Eastern Europe for the Community's relations with the countries concerned (SEC(90) 111 final) and one on the development of the Community's relations with the countries of Central and Eastern Europe (SEC(90) 196 final).

13. In the course of this year the Commission will be submitting a number of initiatives in the form of economic and trade cooperation with Czechoslovakia, Bulgaria and Romania. Poland and Hungary are also cooperating with the European Community in the Group of 24 (the PHARE operation) and a European Bank for the Reconstruction and Development of Eastern Europe is to be set up.

14. The 1990 budget includes 300 million ECU for PHARE (200 million for Poland and 100 million for Hungary). Another 200 million ECU have been set aside for other countries which may be eligible for similar aid.

The 1991 budget includes a new line amounting to 800 million ECU for the countries of Central and Eastern Europe.

15. It is not possible to give a complete summary in this paper of all European cooperation activities in the area of science and technology. The Commission is endeavouring to be involved in all programmes and to establish itself as the rightful representative of Europe. The fact is that there is no clear Community policy. It is high time to reply to a number of questions on the nature of the relations that we wish to have with non-Community countries, either individually or as a whole.

III. BASIC PRINCIPLES FOR ENTERING INTO INTRA-EUROPEAN RELATIONS

16. In the first place we need to establish the criteria for a coherent and efficient policy. The most important point is that existing obligations within and outside the Community must not suffer from any new obligations towards the countries of Central and Eastern Europe.

17. Your rapporteur believes that there is a need to define the overall objectives once the political, economic, scientific and social situation in Central and Eastern Europe is more clear. She hopes to make suggestions on these lines in her final report. Relations between the Community and its neighbours will require a common approach towards European issues in the broadest sense of the word. In fact this was the approach adopted by the Ministers of the EEC and EFTA in their joint efforts to establish a European Economic Space.

18. In the short term, however, we shall need to concentrate on setting up networks, frameworks for cooperation - perhaps joint ventures - in particular in environmental technology, energy and economics; and on defining the weak and strong disciplines in each country and throwing open certain Community programmes. It goes without saying that additional funding is absolutely essential. Speedy action is required. We must not let the US and Japan in through our back door.

19. Your rapporteur is of the opinion that the fundamental principle must be a broad approach towards, and equal treatment of, all countries involved. Quite clearly, account will have to be taken of the different needs in the light of the major economic and social differences between the countries. Urgent, temporary aid to Central and Eastern Europe must first and foremost take the form of transfer of know-how in fields such as environmental technology and economics.

20. The principle of 'mature balance benefit' must play a role in relations with neighbouring countries in Europe. Your rapporteur believes that in any case participation by EFTA countries in certain European programmes should be revised in this light.

Balanced relations with due regard to the interests of all parties are vitally important if such relations are to last and to be stable. Opening up Community research programmes to third countries is good in principle but the converse is also true: a number of non-Community European countries are at a high scientific and technological level. The interaction between the EEC and those countries in these fields must be made more effective. For example, information sciences in Czechoslovakia and mathematics in Hungary are very advanced.

21. Entering into or consolidating links with third countries must be accompanied by a consolidation of the internal cohesion of the European Community. There is no denying that the Community's current interest in the countries of Central and Eastern Europe is causing concern to the Southern European Member States in particular. Their fear that the funding intended for them will diminish considerably is understandable. For this reason the principle of solidarity between the twelve Member States needs to be explicitly reasserted.

IV. POSSIBLE RELATIONS WITH THE COUNTRIES OF CENTRAL AND EASTERN EUROPE

22. As stressed above, the most important element of the changes in Europe is the fact that - thanks to the current political reforms and liberalization in the East - in future we shall be able to maintain political relations with all third European countries.

To this extent the European Community is facing a new challenge - an extremely exciting one given the role which it will be able to play in the continent of Europe as a whole and, more importantly, the hope which the countries of Central and Eastern Europe have invested in it as the symbol of democracy.

23. In future, then, we shall have to regard the countries of Central and Eastern Europe as partners and the special treatment which we nevertheless grant to them, albeit only in the context of this report, must be regarded as aid to third European countries whose level of economic development justifies preferential treatment on our part.

24. This approach is necessary for another, fundamental political consideration, namely the psychological distinction between the Community's relations with the countries of Central and Eastern Europe and such relations with the USSR. The radical change which is taking place is, of course, the cutting of the umbilical cord between the USSR and its (former) satellites. If we wish to assist the current developments in those countries we must regard them as independent partners comparable to other European countries belonging to EFTA.

The implication is - and we shall develop this line of thought in our final report - that the rules of 'mutual benefit balance' also apply to the countries of Central and Eastern Europe.

V. THE NEED FOR AID FOR RESEARCH AND TECHNOLOGICAL DEVELOPMENT

25. There is no question of the political responsibility of the European Community towards the countries of Central and Eastern Europe. This is the springboard for the aid which, as is well known, has already started to be paid. It is of fundamental importance if the countries of Central and Eastern Europe are to be in a position to launch the structural reforms they need.

The aid programmes which the European Community is able to promise are of course dependent on the actual implementation of these reforms within a reasonable space of time.

The free elections which have taken place in Poland and Czechoslovakia and which are planned for the other countries strengthen our optimism in this respect.

26. Your rapporteur fully subscribes to the conditions which have been laid down with a view to granting aid in the context of the group of 24, i.e. compliance with a number of principles: the rule of law, respect for human rights, political pluralism, the holding of free elections and economic liberalization with a view to the introduction of a market economy.

27. This Community aid, which in our opinion is intended as aid in the medium to long term with a view to accelerating economic development, should be tightly structured and should relate to clearly defined sectors which are essential for economic and social development.

Aid for research and technology satisfies these criteria. These sectors are of prior importance for economic development in a modern industrialized society, but also for improving living conditions and health. Inadequate aid

