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REPORT

drawn up on behalf of the Committee on Economic and Monetary Affairs and Industrial Policy

on the proposal from the Commission of the European Communities to the Council (COM(85) 295 final - Doc. C 2-58/85) for a decision relating to the coordinated development of computerized administrative procedures (C.D. Project)

Rapporteur: Mr K. von WOGAU

WG(VS) 2741E
De.-sa/jb

PE 101.206/fin.

By letter of 3 July 1985, the President of the Council of the European Communities requested the European Parliament to deliver an opinion, pursuant to Article 235 of the EEC Treaty, on the proposal from the Commission of the European Communities to the Council for a decision relating to the coordinated development of computerized administrative procedures (C.D. Project).

On 9 July 1985, the President of the European Parliament referred this proposal to the Committee on Economic and Monetary Affairs and Industrial Policy.

At its meeting of 25 September 1985, the Committee on Economic and Monetary Affairs and Industrial Policy appointed Mr von WOGAU rapporteur.

The committee considered the draft report at its meeting of 29-31 October 1985. Unanimously, it both endorsed the Commission proposal and adopted the motion for a resolution contained in the draft report.

The following took part in the vote: Mr SEAL, chairman; Mr von BISMARCK, vice-chairman and acting chairman; Mr BEAZLEY, vice-chairman; Mr von WOGAU, rapporteur; Mr BEUMER, Mrs BRAUN-MOSER (deputizing for Mr WEDEKIND), Mr CASSIDY, Mr de FERRANTI, Mr FILINIS, Mr HERMAN, Mr METTEN, Mrs OPPENHEIM, Mr PATTERSON, Mr RAFTERY, Mr ROGALLA and Mr VISSER (deputizing for Mr GAUTIER).

The report was tabled on 5 November 1985.

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

CONTENTS

	<u>Page</u>
Amendments to the proposal from the Commission to the Council for a decision relating to the coordinated development of computerized administrative procedures (C.D. Project)	5
A. MOTION FOR A RESOLUTION	8
B. EXPLANATORY STATEMENT	10

The Committee on Economic and Monetary Affairs and Industrial Policy hereby submits to the European Parliament the following amendments to the Commission's proposal and motion for a resolution together with explanatory statement:

Proposal from the Commission for a Council decision relating to the coordinated development of computerized administrative procedures (C.D. Project)

Text proposed by the Commission of the European Communities

Amendments tabled by the Committee on Economic and Monetary Affairs and Industrial Policy

Third recital:

Whereas in the case of intra-Community trade, the computerization of administrative procedures should be regarded as an interim solution until such time as internal trade is completely free of controls;

Article 2

Action shall be taken within the framework of the C.D. Project:

2.1 to coordinate the planning and implementation by the customs administrations of the Member States and the Commission of computer systems dealing with imports, with exports and, pending the complete abolition of controls, with intra-Community trade.

Article 4

1. A committee for the implementation of the project shall be established to assist the Commission in the execution of the tasks referred to in Article 1(2).

Amendment No. 1

Third recital:

Whereas in the case of intra-Community trade, the computerization of administrative procedures should be regarded as an interim solution until such time as internal trade is completely free of such controls and must not result in the creation of new data-processing capacity at the Community's internal frontiers or in the submission of further demands for data.

Amendment No. 2

Article 2

Action shall be taken within the framework of the C.D. Project:

2.1 to coordinate the planning and implementation by the customs administrations of the Member States and the Commission of computer systems dealing with imports, with exports and with intra-Community trade. In respect of the last-named, computer systems shall be planned so as to obviate data collection at the Community's internal frontiers.
Delete: '... pending the complete abolition of controls, ...'

Amendment No. 3

Article 4

1. Delete
(Becomes Article 5(1).)

2. The committee shall consist of representatives of the Member States and shall be chaired by a representative of the Commission. The committee shall adopt its own rules of procedure.

3. Without prejudice to the provisions of paragraphs 4 and 5, the Commission and the Member States, meeting within the framework of the committee and working on the basis of consensus, shall undertake, in relation to the subject matter covered by the C.D. Project, the following tasks:

2. Delete
(Becomes Article 5(2).)

3. Delete the words:
'Without prejudice to the provisions of paragraphs 4 and 5,'

Article 4

1. The Commission and the Member States, meeting within the framework of the Management Committee and working on the basis of consensus, shall undertake, in relation to the subject matter covered by the C.D. Project, the following tasks:

Amendment No. 5

Article 5 (new)

(Text of proposed Article 4(1) and (2)
slightly amended)

1. A committee for the implementation of the project shall be established to assist the Commission in the accomplishment of the tasks referred to in Article 1(2).

2. The committee shall consist of representatives of the Member States and shall be chaired by a representative of the Commission. The committee shall adopt its own rules of procedure.

(Proposed Article 4(5) becomes Article 4(3).)

3. The representative of the Commission shall submit to the committee a draft of the provisions to be adopted. The committee shall deliver its opinion on the draft within a time limit set by the chairman having regard to the urgency of the matter. Opinions shall be delivered by a qualified majority, the votes of the Member States being weighted as provided in Article 148(2) of the Treaty. The Chairman shall not vote.

3.1. The Commission shall adopt the provisions envisaged where they are in accordance with the opinion of the committee.

3.2. Where the provisions envisaged are not in accordance with the opinion of the committee, or if no opinion is delivered, the Commission shall without delay propose to the Council the provisions to be adopted. The Council shall act by a qualified majority.

3.3. If within three months of the proposal being submitted to it, the Council has not acted, the proposed provisions shall be adopted by the Commission.

MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on the proposal from the Commission of the European Communities to the Council for a decision relating to the coordinated development of computerized administrative procedures (C.D. Project)

The European Parliament,

- having regard to the proposal from the Commission to the Council¹,
 - having been consulted by the Council pursuant to Article 235 of the EEC Treaty (Doc. C 2-58/85),
 - having regard to its resolutions of 13 June 1985 on consolidating the internal market² and of 24 May 1984 on the implementation of a long-term programme for the use of telematics³,
 - having regard to the report of the Committee on Economic and Monetary Affairs and Industrial Policy (Doc. A 2-144(85),
 - having regard to the result of the vote on the Commission's proposal,
- A. whereas the European Council, meeting in Milan on 28/29 June 1985, was prompted to convene the intergovernmental conference in order inter alia 'to give concrete form to the objectives it has set itself, in particular as regards the completion of the internal market by 1992 ...',
1. Welcomes the proposal insofar as it promotes the development of computerized systems in the field of external trade, with a view to the rapid and effective processing of information required for the administration of the Customs Union, the implementation of the Community's commercial-policy instruments and the management of the agricultural markets;
 2. Endorses the close links between the C.D. Project and the CADDIA programme;
 3. Emphasizes that the new technologies must be utilized and that their role must be confined to increasing the efficiency of the Community information system used in the administration of the Customs Union, the implementation of the Common Agricultural Policy and the compilation and analysis of external-trade statistics;

¹ OJ No. C 167, 6.7.1985

² Resolution of 13 June 1985 (Minutes of the sitting of 13 June 1985)

³ Resolution of 24 May 1984 (OJ No. C 172, 2.7.1984, p. 186)

4. Reminds the Council of the Member States' undertaking, contained in the conclusions of the Milan European Council, not to take measures that would delay attainment by the Community of the objective of completing the internal market;
5. Urges the Commission to adhere to the programme it set itself in paragraph 46 of its White Paper on completing the internal market:

' ... In the first stage, the emphasis should be to shift, where possible by 1988, controls and formalities away from the internal frontiers. In the second stage, the aim would be to coordinate policies and approximate legislation so that the internal frontier barriers and controls are eliminated in their entirety by 1992.';
6. Notes that, in its present form, the Commission's proposal harbours the risk of maintaining internal frontiers through the installation of computer systems;
7. Points out to the Commission that, in its dealings with the Member States on the envisaged management committee for implementation of the C.D. Project, it must seek to prevent authorization of customs authorities' investment projects which might result in the installation of computer systems at the Community's internal frontiers;
8. Calls on the Commission to ensure that the budget appropriations earmarked for the CADDIA programme are not improperly used to create new data-processing capacity at internal frontiers or to submit further demands for data;
9. Believes that, with a view to textual clarity, the provisions relating to the management committee should be grouped in a single Article;
10. Calls on the Commission to adopt, on the basis of Article 149(2) of the EEC Treaty, the amendments which it has tabled to the proposal;
11. Instructs its President to forward to the Council, the Commission and the parliaments of the Member States, as Parliament's opinion, the Commission's proposal as voted by Parliament and the corresponding resolution.

EXPLANATORY STATEMENTI. Overall context

1. The proposal for a Council decision relating to the coordinated development of computerized administrative procedures must first be considered in the wider overall political and economic context.
2. The Commission's proposal is dated 11 June 1985; in the meantime, there have been new developments at Community level.
3. The Commission submitted its White Paper on completing the internal market to the Heads of State or Government for their meeting of 28-29 June 1985 in Milan; the objectives contained therein, and their realization, were expressly endorsed by the European Council.
4. On 9 September 1985 the Presidency of the Council convened the Conference of Representatives of the Governments of the Member States, which had been agreed on in Milan, with a view to drawing up, pursuant to Article 236 of the Treaty establishing the European Economic Community, amendments to this Treaty.
5. It is the European Council's declared intention that the intergovernmental conference should meet *inter alia* '... in order to give concrete form to the objectives it has set itself, in particular as regards the completion of the internal market by 1992 ...'¹.
6. On 18 September 1985, the Commission forwarded to the intergovernmental conference working documents on possible additions to the EEC Treaty as regards the internal market, research and technological development, and the environment.
7. In Article 1, second paragraph, of the working document on the internal market, such a market is defined as 'an area without borders in which persons, goods, services and capital shall move freely under conditions identical to those obtaining within a Member State'².

The Commission proposal submitted must be examined in the light of the objective of completing the internal market by 1992 - an objective now more clearly defined.

¹Bulletin of the European Communities, 1985, No. 6, p. 13

²Bulletin of the European Parliament, No. 39, 26 September 1985, p. 8

II. Examination of the proposal for a decision relating to the coordinated development of computerized administrative procedures¹

8. This proposal must seek to realize the objective of '... achieving completely and effectively the conditions for a single market in the Community by 1992 at the latest ...',; in this connection, 'the removal of physical barriers to the free movement of goods within the Community' is considered a priority area².

9. Furthermore, the proposal must be judged in the light of the Member States' undertaking, given at the Milan European Council, '... not to take measures, throughout the realization of the programme, that would have the effect of delaying the Community's achievement of the above objective'².

10. With regard to the measures to be adopted in order to remove the physical barriers to the free movement of goods in the Community, the Commission states in paragraph 46 of its White Paper: 'In the first stage, the emphasis should be to shift, where possible by 1988, controls and formalities away from the internal frontiers. In the second stage, the aim would be to coordinate policies and approximate legislation so that the internal frontier barriers and controls are eliminated in their entirety by 1992'.

11. The rapporteur welcomes the plan for the coordinated development by the Commission of computerized administrative procedures, since experience shows that computerization saves times and cuts costs. In this respect, the rapporteur gives unqualified support to the Commission's proposal as regards the activities to be covered, collaboration between the Commission and the Member States, and the provision of appropriate interfaces between systems in the private sector and in customs administrations.

12. There are no misgivings, either, with regard to the regulatory powers to be granted to the Commission in this area of activities (see Article 4(5) of the proposal), since, in accordance with the final indent of Article 155 of the EEC Treaty, the commission shall 'exercise the powers conferred on it by the Council for the implementation of the rules laid down by the latter'. With a view to textual clarity, the proposed provisions relating to the management committee should be grouped in a new Article 5; thus, Article 4 of the proposal would describe the activities to be carried out under the C.D. Project and new Article 5 would be devoted entirely to the management committee and the decision-taking procedure.

13. In view of Parliament's previous resolutions, particularly on consolidating the internal market³, the Commission's proposal cannot be endorsed insofar as it harbours the risk that the Community's internal frontiers will be maintained through technical innovation.

¹Known as the 'C.D. Project' ('Coordinated development project')

²Conclusions of the European Council in Milan, Bulletin of the European Communities, 1985, No. 6, pp. 14-15

³Resolution of 13 June 1985 (Minutes of the sitting of 13 June 1985)

14. Despite acknowledgement, in the third recital, that '... in the case of intra-Community trade, the computerization of administrative procedures should be regarded as an interim solution until such time as internal trade is completely free of controls', experience indicates that provisional arrangements in particular become permanent fixtures.

15. Therefore, the computerization of administrative procedures in intra-Community trade must be rejected if this is to involve the installation of data-processing systems at the Community's frontiers, otherwise it is likely that, under the pretext of border-crossing automation, such facilities would be introduced, thereby deflecting the Community from its objective of creating a single market, without border controls, for the free movement of goods.

16. In view of its position that, where possible, controls and formalities should be shifted away from internal frontiers by 1988, the Commission must only agree to the computerized administration of intra-Community trade if the relevant data is not collected via computers at internal frontiers. The objective must be to find 'ways and means other than controls at the internal frontiers to achieve comparable levels of protection and/or information'¹.

17. In order to ensure that the attitude of Member State authorities is in line with the objective of the Heads of State or Government to create a single market in the Community by 1992, the Commission must seek, in its dealings with the Member States on the management committee, to prevent authorization of any investment project which would result in the creation of new data-processing capacity at the internal frontiers.

18. Naturally, other arrangements must be applied to internal frontiers which also form the Community's external frontiers. For example, the use of computers at airports to process goods from third countries gives rise to no misgivings whatsoever.

19. The C.D. Project examined in this report is part of the CADDIA (Cooperation in Automation of Data and Documentation for Imports/Exports and Agriculture) programme², which has already been adopted. Under the C.D. Project, however, the Commission would be granted more extensive regulatory powers, as the provisions relating to the management committee (Article 4(1), (2) and (5) of the proposal) reveal.

20. The estimated appropriations for the CADDIA system are entered in the preliminary draft budget of the European Communities of 1 September 1985 under Chapter 77 (Industry and the internal market), Item 7704. The remarks column (III, p. 639) already includes a reference to the C.D. Project.

¹See paragraph 27 of the Commission White Paper

²Council Decision of 26 March 1985 (OJ No. L 96, 3.4.1985, p. 35)

21. The remarks go on: 'The primary objective is to make use of new technologies to improve the efficiency of the Community-wide information system used in operating the customs union and the common agricultural policy and for collecting and exploiting foreign trade statistics'. The remarks section rightly contains no reference whatsoever to telematic systems at the internal frontiers.

22. Obviously, the text of the proposal submitted must be brought into line with these remarks. The Commission must prevent Community resources from being used to create new data-processing capacity at the internal frontiers; if it feels unable to give an assurance to this effect, Parliament should not authorize the budget appropriations earmarked for the CADDIA programme.

III. Conclusions from the examination

23. Since all Community Institutions have expressly stated that a single internal market without border controls should be established by 1992, the proposal submitted can be endorsed only insofar as it is in line with the remarks contained in the preliminary draft budget. Consequently, the computerization of administrative procedures must not cover intra-Community trade if new data-processing systems are to be installed at internal frontiers.

24. The amendments tabled to the proposal are intended to prevent border-crossing investment projects which might maintain the Community's internal frontiers.

