

EUROPEAN PARLIAMENT

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Report

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

on the proposals from the Commission of the European Communities to the Council (doc. 433/76) for a four-year programme for the development of informatics in the Community

Rapporteur: Mr P.-B. COUSTÉ

EUROPEAN PARLIAMENT

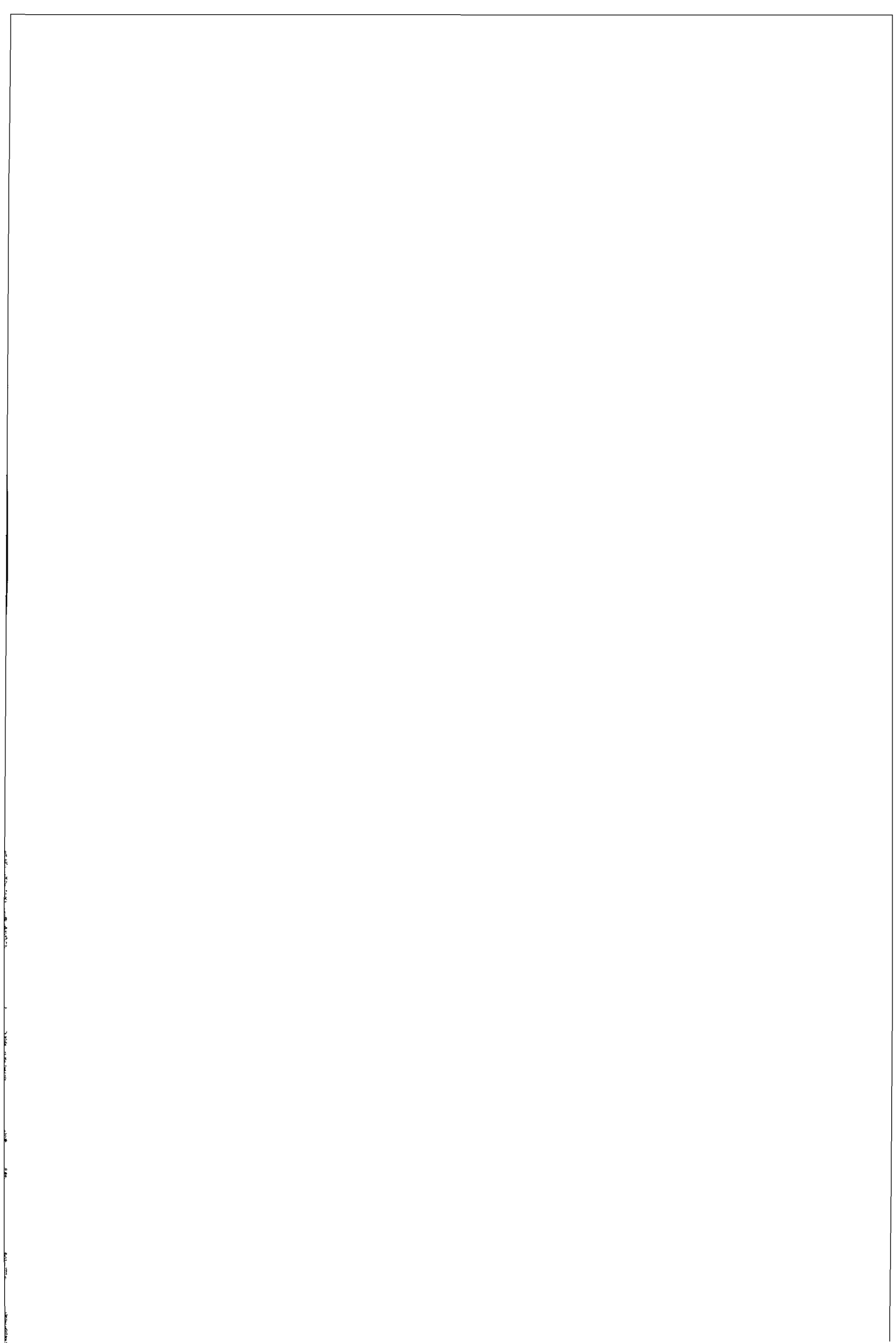
C O R R I G E N D U M

to the English Edition
of the report of Mr COUSTE
(Document 235/77)

Paragraphs 3 and 4 of the motion for a resolution (p. 5) to read
as follows:

- '3. Notes that this key industry, especially the sector involving medium and large scale central processing units, has for several years been dominated by one large undertaking;
4. Notes in this connection that insufficient effort has been made to implement such a policy since the Council's Resolution of 15 July 1974, despite the importance of informatics for the Community and its economic and technological position in the world; looks to the Council to adopt and implement the second data-processing programme as rapidly as possible³;

12.9.1977



By letter of 22 November 1976 the President of the Council of the European Communities requested the European Parliament, to deliver an opinion on the proposals from the Commission of the European Communities to the Council on the four-year programme for the development of informatics in the Community.

The President of the European Parliament referred this proposal to the Committee on Economic and Monetary Affairs as the committee responsible and to the Legal Affairs Committee, the Committee on Budgets and the Committee on Energy and Research for their opinions.

On 3 December 1976, the Committee on Economic and Monetary Affairs appointed Mr COUSTE rapporteur.

It considered this proposal at its meetings of 31 March/1 April, 4 July and 19/20 July 1977.

At its meeting of 19 July 1977 the committee adopted the motion for a resolution unanimously with one abstention.

Present: Mr Glinne, chairman; Sir Brandon Rhys Williams, vice-chairman; Mr Cousté, rapporteur; Lord Ardwick, Mr Amadei (deputizing for Mr Zagari), Mr De Keersmaeker, Mr Deschamps, Mr Guldberg, Mr Franki Hansen (deputizing for Mr Knud Nielsen), Mr Van der Mei, Mr Brøndlund Nielsen (deputizing for Mr Damseaux), Mr Normanton, Mr Schmidt (deputizing for Mr Haase), Mr Shwabe (deputizing for Mr Carpentier), Mr Spinelli, Mr Zeyer and Mr Zywietz.

The opinions of the Legal Affairs Committee, the Committee on Budgets and the Committee on Energy and Research are attached.

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The Committee on Economic and Monetary Affairs hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposals from the Commission of the European Communities to the Council for a four-year programme for the development of informatics in the Community.

The European Parliament,

- having regard to the Council resolution of 15 July 1974 on a Community policy on data processing¹,
- having regard to the proposals from the Commission of the European Communities to the Council²,
- having been consulted by the Council of the European Communities (Doc. 433/76),
- having regard to the report of the Committee on Economic and Monetary Affairs and the opinions of the Legal Affairs Committee, the Committee on Budgets and the Committee on Energy and Research (Doc. 235/77);

A. Report concerning developments in the data-processing sector

1. Notes from the Commission's report on developments in the data-processing sector that in the areas which are expanding rapidly, such as peri-informatics, software and electronic components, there are still considerable possibilities for development in the European data-processing industry;
2. Points out, however, that because the position of the European data-processing industry on the world market is weak at the moment, these possibilities for development will soon be lost if a Community policy for this sector is not implemented in the immediate future;
3. Notes in this connection that insufficient effort has been made to implement such a policy since the Council's Resolution of 15 July 1974, despite the importance of informatics for the Community and its economic and technological position in the world; looks to the Council to adopt and implement the second data-processing programme as rapidly as possible³;
4. Notes that this key industry, especially the sector involving medium and large scale central processing units, has for several years been dominated by one large undertaking;
5. Notes, furthermore, that the report draws attention to the serious lack of information on informatics in the Community;

¹ OJ No. C 86, 20.7.1974, p.1

² OJ No. C 39, 16.2.1977, p.2

³ Proposal submitted by the Commission to the Council on 22.9.1975 (OJ No. C 14, 21.1.1976, p.5) and approved by the European Parliament on 12.1.1976 (OJ No. C 28, 9.2.1976, p.6)

6. Calls upon the Commission and Council to take the necessary steps to ensure that the Community is in possession of the basic statistics which are vital to both users and industries and essential if a sectoral policy for this area is to be implemented effectively;
- B. The four-year programme for the development of informatics
 - (a) The environment of data-processing
7. Stresses the need to establish international standards as a matter of priority and approves the measures provided for in the multiannual programme with a view to introducing a standardization policy to prevent the Community market from being dominated by the standards of a single manufacturer; calls upon the Commission, after consultation with the various sectors of industry, to draw up practical proposals on this matter with the primary aim of standardizing the specifications and procedures essential to the users of European data-processing before they are introduced on the technical level;
8. Approves the measures to coordinate public procurement policies in the Community as proposed by the Commission; considers, however, that more binding and specific public contract measures must be adopted in order to support and develop the European data-processing industry within the context of a standardized market;
9. Notes in this connection that the directive on the coordination of procedures for the award of public supply contracts adopted by the Council on 21 December 1976 will not be applicable to data-processing until 1981; bearing in mind the complexity of the measures to be taken, calls on the Commission to draw up an initial proposal for this market before the end of the following year;
10. Approves the studies proposed in the programme, relating in particular to: the effects of data-processing on employment, the harmonization of legislation with a view to providing effective protection for the public and the legal protection of computer programmes; asks for these studies to be followed up by specific proposals;
11. Calls on the Commission to draw up as soon as possible a directive on 'data-processing and freedom' which will provide maximum protection for the individual against any abuse of or defectiveness in data-processing before any contradictory national legislative provisions can be enacted; stresses, moreover, that in order to safeguard access to data-processing systems, the necessary technical and scientific studies should be carried out;
12. Stresses that the Commission must be provided with the means required to detect and take immediate action against any abuse of a dominant position;

(b) Community support for the data-processing sector

13. Considers that the Community support machinery provided for in the multi-annual programme will be effective in remedying the serious effects of the present lack of coordination between the activities of undertakings and those of the Member States;
14. Regrets, however, in view of the importance of these sectors that the four-year programme does not cover medium to large scale central processing units or the electronic components sector, contrary to the overall objective laid down in the resolution of 15 July 1974;
15. Considers that a rigorous selection of projects eligible for Community support on the basis of their importance and effectiveness, chiefly in the peripherals and components sector, is necessary in order to ensure the economic success and viability of the projects undertaken; in this respect, the Commission must encourage the European undertakings by means of financial incentives not only to cooperate on a permanent basis but also to sub-contract work to each other, making any adjustments which prove necessary;
16. Points out that the appropriations proposed are on the low side and stresses that a viable and competitive European data-processing industry requires large-scale funding at Community level with an increasing proportion of funds being transferred from the Member States to the Community;
17. Feels that the four-year programme ought to make provision for cooperation agreements with the non-dominant companies outside the Community;
18. Supports the principle of establishing a Community Leasing Fund administered by the European Investment Bank and calls on the Commission to submit a proposal on this matter at an early date;
19. Also feels that the Commission should submit additional proposals for the development and use of data-processing in the Community;
20. Stresses the need to step up and extend European data-processing research especially in the important field of electronic components and software particularly through greater coordination of national efforts at Community level, if progress is to be achieved;

C. The electronic components industry

21. Agrees with the Commission that a European capability in integrated circuits is essential to the European economy;
22. Considers it necessary to reorganize the European integrated circuits industry, while respecting the Treaty provisions;
23. Considers also that a joint technological development programme should be put into effect and subsidized by national and Community funds;
24. Greatly regrets, however, that the Commission has so far done no more than draw up a communication - which is simply a declaration of intent - on a matter that is so crucial to the future of the Community's data-processing industry and urges the Commission to submit practical proposals in this area without delay;
25. Strongly urges the Council and Commission to make every effort to ensure that the objective of establishing a viable and competitive Community-based data-processing industry by the early 1980's is given practical effect;
26. Approves, subject to these reservations, the proposal for a Council decision adopting a multiannual programme for 1978/1981, the proposal for a Council decision setting up a Management and Coordinating Committee for the Data-Processing Programme and the proposal for a regulation concerning Community contracts in the data-processing sector, although it regrets the Commission's failure to consult in depth all the industrial and trade associations in the data-processing sector;
27. Requests the Commission to incorporate the following amendment in its proposal, pursuant to the second paragraph of Article 149 of the EEC Treaty, and, subject to this amendment, approved the Commission's proposals;
28. Instructs its Committee on Economic and Monetary Affairs, which alone is competent in matters of industrial policy, to keep developments in the European data-processing sector under review in the light of the Commission's report on the implementation of the four-year programme and to report back to Parliament on this matter if necessary.

Proposal from the Commission of the European Communities to the Council for a Decision on a four-year programme (1978-1981) for the data-processing sector

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Preamble and Articles 1-3 unchanged.

Article 4

The Commission shall submit an annual report to the Council and to the Parliament. The programme shall be subject to review in 1979 to permit the implementation of possible modifications from the beginning of 1980. The Commission, on the advice of the Management and Coordinating Committee of the Data Processing Programmes, shall make to the Council any relevant proposals for appropriate amendments to the programme.

Annex unchanged.

Article 4

The Commission shall submit an annual report to the Council and to the Parliament. The programme shall be subject to review in 1979 to permit the implementation of possible modifications from the beginning of 1980. The Commission, on the advice of the Management and Coordinating Committee of the Data Processing Programmes, shall, after consulting the Assembly, make to the Council any relevant proposals for appropriate amendments to the programme.

¹ Complete text, OJ C39, 16.2.1977, p. 2

EXPLANATORY STATEMENT

The four volumes contained in Document 433/76 provide an analysis of the current situation in the European data-processing sector (Vol. III), the four-year programme for the development of informatics in the Community (Volumes I and II), and the special programme proposed by the Commission in its communication on a Community policy for the electronic component industry (Volume IV).

1. THE CURRENT SITUATION IN THE EUROPEAN DATA-PROCESSING SECTOR

Volume III of Document 433/76 is the report on developments in the data-processing sector in the Community, which should have been submitted to the Council at the end of 1975.

(a) World developments in data-processing

It was predicted in 1974¹ that the data-processing sector would develop as follows:

- a more extensive use of data-processing in virtually all industrial, commercial and social activities in the industrialized countries with market economies;
The total expenditure on data-processing as a percentage of gross national product will treble in the EEC between 1970 and 1980; the rate of increase in the United States is 2.6;
- the estimated average annual growth rate in the EEC for the next five years is 13%; this growth rate will be markedly higher in the peri-informatics sector (mini-computers : 17% ; peripherals : 15.5%) and software (16%). In the United States, the Department of Commerce is anticipating an average growth rate of 10% in this sector between now and 1980²;
- IBM is consolidating its dominant position in the market for medium to large central processors and is now also beginning to dominate the peri-informatics and electronic component markets. American companies hold between 80 and 90% of the market in the data-processing industry - just as they do in the aerospace industry; the leading company is IBM. IBM's dominant position is reinforced by the structure of the data-processing market. Economies of scale play a crucial role in the expenditure that IBM is able to devote to research and development. IBM's financial capacity and advanced technological know-how enable it to update its product range more quickly than its competitors. IBM's supremacy is further strengthened by its system of general computer

¹ COUSTE Report - Doc. 153/74, p. 7 et seq.

² Doc. 433/76 - Volume III, p. 10

leasing (impact on amortization), together with the related technical plans (services); it is thus quite legitimate to speak of a 'captive market' in the case of many products for which IMB has a dominant market share.

(b) Position of the European data-processing industry

Europe's data-processing industry is weak in all sectors.

- the world computer park:

The figures given in the Commission's report, compiled some time ago, show that at the end of 1974 some 70% by value of the computers installed in the world were of American origin while the products of European manufacturers accounted for only 5.8%, as against 4.7% for Japanese companies¹.

- although there is a certain amount of scope for the European data-processing industry in the peri-informatic sector, which is expanding rapidly, the market is still dominated by the American firms which manufacture 70% of the computers on the market. In fact, American imports account for more than 80% of the local peripherals market (IBM's share being about 50%); on the other hand European manufacturers supply some 50% of annual terminal requirements, and the Community cover almost 70% of its requirements in specialized terminals (banks, point-of-sale, factory)².

Although IBM does not dominate the market in distributed computing it is nevertheless developing a range of systematic strategies to penetrate these new markets³.

¹ Doc. 433/76 - Volume III, p. 11

The percentage totals of computers installed in Western Europe by each company as at 1 January 1976 were as follows:

	by value	by number
IBM	53	47
CII - HB	11	13
Siemens	7	6
ICL	7	6

² Doc. 433/76 - Volume III, pp. 28 - 29

³ Doc. 433/76 - Volume I, p. 2, paragraph 1

- in the electronic component sector, integrated circuits constitute 'one of the stumbling blocks in the development of computer technology... whereas the situation in the European industry is reasonable for passive components, with variable degrees of profitability, the same is not true for integrated circuits ... the lag behind American companies is estimated at two to three years'¹. The present concentration techniques have almost reached their limit and research is being directed towards other processes more advanced than the current techniques ('magnetic bubbles'). If IBM were to introduce these revolutionary components in its new generation of computers between now and 1978 it would have a lead of some 5 years over its competitors.

(c) Community measures to date in the data-processing field

The Community has taken very few measures to date in the field of data-processing. Of the measures advocated in the Council resolution of 15 July 1974 only two programmes have been adopted so far. The Commission has not yet submitted any proposals on standards and we have not yet been consulted on any 'industrial development projects on areas of common interest involving transnational cooperation'.²

Furthermore there has been considerable delay in implementing the first two programmes because the necessary appropriations are not available³. After the collapse of Unidata, there seems no doubt that the real initiative in the data-processing sector is still at national level (Germany, France, the United Kingdom). Even from the Commission's report it appears that the European data-processing industry, far from catching up, is falling still further behind. It is becoming increasingly unlikely that the objective laid down in the Council resolution of 15 July 1974, which was fully endorsed by Parliament - namely that by the early 1980's there should be 'a fully viable and competitive European-based industry in all the fields concerned'⁴ will be achieved.

It is in the light of this record of achievement and this objective that we must now consider the four-year programme proposed by the Commission.

¹ Doc. 433/76 - Volume III, p. 33

² OJ No. C 86, 20.7.1974, p. 1

³ See Oral Question with debate on the second programme on data-processing (Doc. 503/76). Debates of the sitting of 13.1.1977.

⁴ OJ No. C 86, 20.7.1974, p. 1

II. THE FOUR-YEAR PROGRAMME FOR THE DEVELOPMENT OF INFORMATICS IN THE COMMUNITY - Volumes I and II

Pursuant to the Council resolution of 15 July 1974 and further to its communication of September 1975 the Commission has drawn up a four-year programme on informatics, designed mainly to improve the environment in the data-processing industry and promote a European-based data-processing industry.

1. The environment of data processing

The first stage in developing informatics in the Community is to adopt a series of measures needed to establish a genuine common market in this sector. To this effect, the multiannual programme for 1978/1981, which is expected to cost in the region of 100 m u.a. (34 m u.a. for the first phase and 66 m u.a. for the second phase) provides for various measures in the following areas:

(a) Standardisation policy

There is no doubt that, as the Commission remarks¹, in the absence of any international standards users are likely to be restricted to the hardware and software of one particular manufacturer; this could make subsequent changes or adjustments to their equipment both expensive and complicated. To remedy this situation the standardisation policy provided for in the four-year programme will involve in particular:

- checks on the application of Approved Community standards (designation of an organization as the technical guardian of a standard for the Community as a whole)
- the dissemination of information of Community interest concerning standardization (designation of an institution in each country and for each standard to coordinate and publish documents; publication of a Community standardization bulletin).

The European Parliament, which has already expressed its approval² of the work on standardization and portability undertaken by the Commission, naturally approves the continuation of this work, although it hopes that in such a crucial field the Commission will not confine itself to initiating preliminary discussions but will draw up further proposals as soon as possible. It would also be undesirable for the projects already proposed in this field, in documents COM(75) 35 and COM(75) 467, to be deferred because of reductions in the appropriations³. The total appropriations provided for standardization over a four-year period amount to 5.20 m u.a.

¹ Doc. 433/76 - Volume II, p. 49

² Doc. 462/75

³ Oral Question with debate on the second programme on data-processing. Debates of the sitting of 13.1.1977

(b) Coordination of procurement policies

The public and quasi-public markets account for some 20 to 30% of the Community market; the main objectives of coordination at Community level, according to the four-year programme, should be :

- assistance to public buyers (application of agreed standards; determination of criteria for assessment, common rules for the assessment of tenders and the drawing up of tender specifications);
- incentives to buy from European-based companies when these are comparable in price and performance to the other tenderers.

In this connection, attention should be drawn to the Council's adoption on 21 December 1976¹ of the long-delayed directive coordinating procedures for the award of public supply contracts. However, it should be pointed out that the scope of this directive will not be extended to the data-processing sector until 1 January 1981 (Article 6 (h)). Similarly Article 2 (b) of the directive states that it does not apply to public supply contracts awarded by 'bodies which administer telecommunications services' although the Commission is invited to submit proposals on this matter².

There has already been considerable delay in this area, and it would be true to say that the procedures finally adopted by Council, because of the restrictions imposed and the exceptions allowed, will cause undue delay in the opening of the data-processing market, although no further proof is needed of the advantages of adopting a common procedure for the award of public supply contracts³.

During the debate, emphasis was laid on the need for close and effective cooperation in the field of defence, especially armaments, where data-processing would play an important part. Parliament has already come out in favour of closer cooperation in this field in its resolution on the effects of a European foreign policy on defence questions⁴.

(c) General measures

The multiannual programme also provides for other measures of a general nature, in particular:

- collaboration between Community research centres,
- medium and long-term studies of the data-processing sector and its effects on society,
- the effects of data-processing on employment,
- consolidation and security of data with a view to world-wide harmonization and effective protection of the public;
- legal protection for computer programmes.

¹ OJ No. L 13, 15.1.1977, p. 1

² OJ No. C 11, 15.1.1977, p. 3

³ The Commission indicates in the four-year programme that it does not consider it desirable for the transitional period allowed to all the parties concerned to extend beyond 1978 (Volume II, p. 64).

⁴ OJ No. C 7, 12.1.1976

Neither the patent nor the copyright is in fact a suitable instrument for the legal protection of programmes. It would therefore be desirable from the Community point of view to harmonize laws in advance.

2. Community support to the data-processing sector

This is the most original aspect of the programme. Up till now the European data-processing industry has suffered severely from the lack of coordination between the undertakings concerned and between the Member States.

The solution proposed in the four-year programme is a Community support mechanism.

(a) Scope of the Community support mechanism

The scope of the Community support mechanism does not extend to the whole of the data-processing sector:

- Applications

To qualify for Community support these applications will have to satisfy joint requirements and hence create a uniform market. The application must:

- be of a transnational character (e.g. monitoring of the environment, control of air, sea and surface transport, container movements, etc.);
- promote the achievement of specific policy objectives of the Community (free movement of workers and capital, international communications, common agricultural and regional policy, energy policy, etc.).

The programme provides for expenditure of 23 m u.a., spread over four years.

- General Software

With a view to helping the industry to develop Europe-wide structures and marketing capabilities, the four-year programme proposes making Community financial support for portable software and other portable products available to consortia of European-based companies from at least two Community countries. The budget for this operation will be 9 m u.a. for the four-year period.

- Support for the systems and hardware industry

The programme proposes setting up a Community Leasing Fund administered by the European Investment Bank and endowed with an initial capital of 100 m u.a. in order to create equivalent competitive conditions with a view to promoting sales (cf. the Japan Electronic Computer Company (JECC) set up in Japan in 1961).

It would be highly desirable for the Commission to draw up a practical proposal on this matter.

- The peri-informatic sub-sector (peripherals, minicomputers, terminals and other intelligent devices)

In 1973 this sub-sector accounted for only 28% of the market. It is expected to account for 61% in 1985. It is proposed to offer financial support to associations of companies based in at least two Community countries. The cost would total 30 m u.a. over four years.

However, the Community will be able to offer only very limited support in the following sectors :

- Electronic components

In fact, with the 12 m u.a. budget proposed by the Commission for the period 1977 - 1981 support for the development of components specifically designed for use in data-processing will be severely limited¹.

- Medium to large central processors

Now that Unidata has been dissolved, the Commission feels that 'there is at present no practical prospect of a far-reaching industrial combination' between the three major European companies, ICL, Siemens and CII-HB. The fact that the support programme does not extend to this sector is highly regrettable in view of its importance².

(b) Community support machinery

- conditions for the award of Community premiums

The mechanism for granting Community premiums in the data-processing sector is intended mainly to provide financial support for research and development initiated either by groups of European users or by independent European-based transnational

¹ Doc. 433/76 - Volume II, p. 119

² See footnote¹ on page 10

consortia. As a general rule this mechanism provides for financial support of up to 50% of the cost in the areas selected, reimbursable in the event of a successful outcome. To qualify for such assistance, projects must:

- be capable of completion within the space of four years,
- carry economic and technical benefits as compared with development at the national level,
- be proposed by firms or users from several Community countries.
- the Management and Coordinating Committee for the Data-Processing Programme

Based on the procedures already in force in the Community for the management committees for agriculture and the Regional Fund, this committee of representatives, appointed by the Member States and chaired by a representative of the Community,

- is responsible for the management and coordination of the programme (choice of projects, project leaders, bodies to which the work is allocated);
- decides by qualified majority on the granting of Community premiums.

In order to implement this four-year programme, the Commission has drawn up three proposals:

- a proposal for a Council decision adopting a multiannual programme (1977-81) for the data processing sector. Article 4 of the decision requires that the Commission must submit an annual report to the Council and Parliament and the programme will be subject to review in 1979.
- a proposal for a Council decision setting up a management and coordinating committee for the data processing programme;
- a proposal for a regulation on the Community premium scheme for the data processing sector. This also provides (in Article 17) that the Commission shall submit an annual report to the Council and the European Parliament on the implementation of the regulation.

The chief shortcoming of this mechanism for granting Community premiums is its restricted scope; as we have already pointed out, two important sectors are excluded, at least for the time being: large-scale data processing and electronic components: this is

at variance with the objective laid down in the resolution of 15 July 1974, namely 'a fully viable and competitive European-based industry in all the fields concerned'.

Furthermore, the size of the appropriations requested by the Commission for this four-year programme still seems extremely inadequate by comparison with the measures undertaken by the individual Member States.

III. COMMUNITY POLICY FOR THE ELECTRONIC COMPONENT INDUSTRY

(Volume IV)

(a) Position of the electronic component industry

The electronic component industry, which covers a wide range of products from resistors and capacitors to cathode ray tubes and highly integrated micro circuits, is expanding rapidly. The share of integrated circuit devices rose from 1.9% of the total market in 1965 to 11.5% in 1973; it is estimated that it will be 19.2% by 1980. The industry is thus comparable in economic scale to the data-processing industry¹.

The Commission's communication draws attention to the weak position of the European component industry in the sectors of semiconductor discrete devices (24% of demand met by imports) and integrated circuits (44%). This is due in particular to:

- the inadequate resources of the Research and Development Funds in the Community and the fact that they are fragmented between a variety of national programmes;
- the small scale of the market;
- the lack of mobility between companies.

(b) Proposed approach

To remedy these shortcomings and meet the challenge of the United States and Japan, the European industry, which has the necessary technical know-how, should overcome the handicaps of the industrial environment and the market and make a collaborative effort.

In fact the solution proposed in this communication seems extremely inadequate from the legal point of view. In the past the European Parliament has frequently had occasion to deplore the inadequacy of communications, a communication being merely

¹ Doc. 433/76 - Volume IV, p. 2

a 'declaration of intent'. There is very little point in relying on 'the belief that the political and industrial will exists' to do this¹ and waiting until proposals have been drawn up before taking any practical steps, pending the results of the discussions currently in progress between representatives of the industry and the governments² with a view to working out a long-term programme with a '1985 goal'³ which seems very unlikely to be achieved in the circumstances.

The Commission's approach will not be effective in realizing the ambitious objectives that have been proposed if it is seriously hoped that 'the component industry will need to work out together a joint technological development programme analagous to that established in Japan and be able to draw on resources comparable to those of US key industries'⁴.

Basically, it is indisputable that an effort must be made to reorganize the European integrated circuit industry and it would be sensible to do this by means of bilateral commercial and industrial agreements between European component companies. The communication also proposes extending the Community premium scheme to this sector in the medium term.

¹ Doc. 433/76 - Volume IV, p. 12

² Volume IV, p. 1

³ Volume IV, p. 12

⁴ Volume IV, p. 13

OPINION OF THE LEGAL AFFAIRS COMMITTEE

Letter from the chairman of the committee to Mr Van der HEK,
chairman of the Committee on Economic and Monetary Affairs

Luxembourg, 22 February 1977

Dear Mr Chairman,

At its meeting on 17/18 February 1977 the Legal Affairs Committee considered the proposal from the Commission of the European Communities to the Council for a four-year programme for the development of informatics in the Community, and adopted unanimously this opinion¹, following the written conclusions of its draftsman, Mr De Keersmaeker.

The Committee considered that the programme raised the following matters of interest to it:

- (a) the use of Community premium contracts to give financial assistance to the industry
- (b) the use of a Management Committee in the implementation of the programme
- (c) the protection of individual privacy
- (d) the protection of computer programmes

¹ The following were present:

Sir Derek Walker-Smith, chairman; Lord Ardwick; Mr Broeks; Mr Calewaert; Mr Deschamps (deputizing for Mr Poher); Mrs Ewing; Mr F. Hansen (deputizing for Mr Zagari); Mr Masullo; Mr Scelba; Mr Tomney.

The Community premium contract is an innovation: the Commission propose the use of a contract incorporating certain conditions between the Community and the firms concerned as the instrument for the granting of financial assistance. The Committee thought that this would probably prove an effective method, but would have welcomed the opportunity of examining a model contract before taking up its position on the subject. For the proposal for a Council Regulation on the Community Premium Scheme for the Data Processing Sector is not entirely clear in all respects. There are several terms which need closer legal definition. Article 3 provides that contracts may be awarded to 'firms', 'users' and 'undertakings', but does not distinguish clearly between these three terms. Article 14 requires contractors receiving grants of over 80% of the project's total cost to make certain property rights available to 'competent and interested Community people and undertakings' without further definition of their competence or interest. These provisions should be redrafted more clearly before the draft Regulation is adopted.

The Commission proposes the establishment of a Management and Co-ordination Committee whose task would be to assist in the management of the support programme for the industry. It would, inter alia, act in conjunction with the Commission in decisions on the choice of projects to be assisted. It would in fact have powers analogous to those of the agricultural management committees and the Regional Development Fund committee. The Legal Affairs Committee has always been of the view that management committees are effective institutions with a sound legal basis in the relevant Treaty provisions. But we would point out that the committee will soon be considering the question in greater depth during the discussions on Mr Shaw's draft report on the Compatibility of the Management Committee procedure with Article 205 of the EEC Treaty.

The protection of individual privacy in the face of developments in data processing has long been of concern to the Legal Affairs Committee. We warmly welcome the setting up by the Commission of an expert working group to study the problem, particularly since Parliament has been pressing the Commission to prepare a directive in this field since the adoption of the Resolution in the Mansfield report on 21 February 1975¹. It should be added that the committee is at present giving further consideration to the question of the protection of the individual against the misuse and abuse of modern automatic data processing systems on which Mr Bayerl has been appointed rapporteur.

¹ OJ No. C 60/48 of 13 March 1975

The last issue on which the Legal Affairs Committee wishes to comment is the protection of computer programmes. The safeguarding of the rights of the owner of computer-stored information against industrial 'pirates' has proved extremely difficult, since neither the patent nor the copyright are appropriate means of protection. The Legal Affairs Committee would encourage the Commission to cooperate fully with such international organizations as the World Intellectual Property Organization (WIPO) so that when a solution is found, suitable legal provisions can be implemented speedily and simultaneously in all Member States.

Finally, the Legal Affairs Committee wishes to express its regret that such important proposals should not have been set out with greater precision, since the implications of it are by no means clear at first sight.

Yours sincerely,

Sir Derek WALKER-SMITH

OPINION OF THE COMMITTEE ON BUDGETS

On 13 December 1976 the Committee on Budgets appointed Lord Bessborough draftsman.

At its meeting of 16/17 May 1977 the Committee considered the preliminary draft opinion and adopted it unanimously.

Present: Mr Lange, chairman; Mr Aigner, Mr Cointat, vice-chairmen, The Earl of Bessborough, draftsman, Mr Dalyell, Mr Hamilton, Mr Maigaard, Mr Mascagni, Mr Schreiber, Mr Wurtz and Mr Yeats.

1. The Committee on Budgets is consulted for its opinion on this important programme in the informatics sector. Whilst that opinion will be largely limited to the budgetary implications of the Commission's proposal, it is necessary for the Committee to examine the feasibility of a Community programme in this sector, particularly since the financial consequences of approval of the Commission's programme would total some 100 mua over 4 years.

2. In order to assist the draftsman in his work, he decided to contact the industry concerned directly to ascertain its views on the Commission's proposals. This he believes will be of help to the Committee on Budgets in determining the feasibility of the proposals. Submissions so far received from IBM, ICL and Lucas Industries were distributed to the Committee on Budgets. Other firms also made submissions but did not authorize publication. Your draftsman has nonetheless taken them into account in drawing up this opinion. It is hoped to receive further replies shortly.

3. This document outlines the content of the Commission's proposals, makes certain commentaries on the budgetary impact of these proposals and their presentation, poses certain questions and reports the definitive attitude of the Committee on Budgets.

The content of the programme

4. This proposed programme which is the follow-up to the "Community policy in the data processing sector" (Doc. COM (75) 467) ¹ aims to implement two main themes spelt out in the aforementioned communication :

- to develop standards, procurement policies and other policies concerned with the environment of data processing with the aim of maximising both the range of choice open to the user and the market opportunities open to the suppliers of equipment and services ;
- to promote the collaborative development of new applications for industrial informatics by the European based industry in the new market areas of opportunity relating to distributed computing. ²

¹ For which Lord Bessborough was the draftsman of the opinion of the Committee on Budgets (PE 42.216/fin)

² Doc. 433/76, page 3

5. In other words, the emphasis is to be placed on a medium term programme of aids for what is described as the "peri-informatic sector" (including peripherals, components, mini-computers and new terminals). for which the market is expected to grow considerably in the next ten years. An estimate of the share of the market going from 28% in 1973 to 61% in 1985. It is not proposed to finance or support developments in the area of medium to large computers : either because of despair at the prospects of limiting IBM hegemony or because of the lack of collaborative schemes between the European based medium size computer firms (ICL, Siemens, CII - HB). The Commission maintains that it is continuing its work in order to set up a possible Community leasing fund, with an initial capital of 100 mva capable of raising resources of up to 500 mva which would catalyse and join in with much wider operations in order to provide a means of public support for the computer industry by means of activity in the field of leasing. However, no proposals have been brought forward at this stage.

6. As the Commission shows in stark terms, in the field of research and development it is not possible for the European competitors to keep up with IBM.

"IBM for example was able to spend 890 million dollars on research and development in 1974, a figure equivalent to only 7% of turnover. The largest European based Company, at this time ICL, spent only some 36 million dollars on R and D but this was 9% of turnover".

7. In the absence of agreed Community solutions to this problem, whilst accepting that purely national solutions to it threaten to create distortion of competition, the Commission limits itself to certain proposals to promote cooperative developments in two areas of interest to the data processing industry, high capacity memorisers, micro-processing and integrated circuits orientated towards applications, as well as to the peri-informatic sector.

8. Therefore three proposals are contained in the present programme :

- (a) Proposal for a Council decision adopting a multi-annual programme (1978-1981) for the data processing sector ;
- (b) Draft Council decision setting up a management and coordinating Committee for the data processing programme ;
- (c) Proposal for a Council regulation on the Community premium scheme for the data processing sector.

9. The bulk of the programme in financial terms will be devoted to three sectors :

- software, applications standardisation (support to users and firms on development of software or data processing applications, support to general standardisation activities) - overall envelope 32 mua.
- support for peri-informatics (support to industrial users of peri-informatics in products likely to increase the competitive capacity of the European based industry) - overall envelope 32 mua.
- electronic components (support to users and manufacturers of electronic components with a view to accelerate development of electronic products designed for the data processing sector)
- overall envelope 12 mua.

10. Apart from these major sectors, minor aspects of the programme concerning general environmental actions (production of software and certain studies are included) a further 5.2 mua is devoted to standardisation (development of Community policy in relation to standards, definition of priority sectors, action aimed at development of standards, dissemination of information on standards).

11. Finally, a further appropriation of 4 mua for the management of the programme (additional staff, consultation of experts, temporary staff) is also envisaged.

Administration and Funding

12. The Commission envisages direct Community funding from the Community Budget "to support collaborative developments and studies meeting the objectives and criteria spelt out in the two major areas described above : applications, software and standardisation development, the peri-informatic industry, electronic components for data processing".¹

It is suggested that the disbursement of funds voted in the Budget will be managed under the "Community premium scheme". Funds will be allocated to other companies based in at least two Community countries or for users based in at least 3 Community countries, or for a combination of users and companies. The normal rate for these funds would be between 20% and 50% of the costs of the products and would be reimbursable. In exceptional circumstances 100% funding would be payable.

¹ See page 20 of Volume I

13. The main novelty as regards the Community premium mechanism is the power that will be given to the Committee for management drawn from officials of Member States, which would be able to force the Commission to seek Council approval for particular projects before making a decision differing from that which the Advisory Committee was prepared to agree to. The Committee on Budgets questions further complication of the execution of Community policies, and its Budget, which is intended, under Article 205 of the Treaty, to be the exclusive domain of Commission responsibility.¹ In this instance the Management Committee would even be granted certain statutory powers.

14. The Commission underlines the need for extra staff even though it raises the possibility of secondment of national experts and also experts from national research centres. It maintains that it will be necessary to increase staff in order to dispose of a larger core of qualified officials. Here the information provided is less than adequate since no details of new staff heads are provided. Indeed, the only information given concerns an overall amount of 1 m.u.a. for extra staff costs, based on the experience of Member States. This information will clearly not be satisfactory for the Committee on Budgets.

Budgetary Impact

15. It is proposed to create a new budget line, Item 3702, to cover expenditure arising from this programme. The Commission outlines that such expenditure is of a non-compulsory nature, thus meeting the wish of the Committee on Budgets. Furthermore, no figure is shown in the accompanying regulations and decisions, thus outlining the non-compulsory nature of expenditure. As regards the breakdown of appropriations, tables 1 and 2 (pages 98 and 99) show the overall budgetary impact for the years 1978 to 1981, with a breakdown for each of the sectors covered.

16. As regards the new programme the total cost for the four years 1978 to 1981 would be 87,880,000 m.u.a. peaking in expenditure terms in 1980 and 1981.

17. As regards the consequences of this programme, the breakdown is as follows :

1978	10,220,000
1979	14,220,000
1980	32,220,000
1981	31,220,000

¹ See Opinion of Mr Aigner on the compatibility of the Management Committee's procedure with Article 205 of the EEC Treaty (PE 47.932/fin)

18. Detailed figures are provided for the different aspects of the programme ; standardisation public procurement, collaboration between research centres, support for software applications and standards developments, support for the peri-informatic sector, electric components and management of the programme.

19. Pages 111 to 120 give a financial summary form for each aspect of the programme, providing a picture of the total cost and the timetable for payments.

20. The Commission could be congratulated on the detail that it has provided which serves, to some extent, as a model for financial summaries for proposals.

21. If some of the figures provided are vague (staff component) for the most part where it is possible to calculate future expenditure a detailed justification as to the means of calculation is shown.

Matters to be examined by the Committee on Budgets

22. Two comments arise from the strictly budgetary angle :

(a) The Commission does not state whether it will seek to introduce commitment authorisations for this new budgetary line although it will be recalled that during the budgetary procedure for 1977 it was agreed to extend commitment authorisations to the second programme for data processing. This would enable the global financial envelope to be decided during the course of the 1978 budgetary procedure. Furthermore, this type of action is typically one for which commitment authorisations seem appropriate.

(b) In view of the likely scale of expenditure it is perhaps unwise to seek to regroup all expenditure on one budgetary line and a breakdown of a new Article in Chapter 37 into ten items would perhaps be the best means of guaranteeing budget transparency. This would seem to be indicated by the fact that the Commission has been able to divide its financial statement into ten separate financial summary forms.

23. However, as regards the budgetary presentation of the Commission's proposals, a general welcome could be provided.

24. Political questions which will determine the feasibility of the programme which can be summarized, though not exhaustively, as follows :

- (a) Despite the Council resolution of July 1974, should the Community, in view of the consultation undertaken by your draftsman, still seek to support a purely European based data processing sector independent from the American and Japanese industries?
- (b) If so, is the degree of Community support sufficient, taking into consideration the level of national support in our Member States, the level of support available for Japanese and American competitors and the current small share of the world market held by the European based firms ?
- (c) Is the Commission right to place the emphasis now on the perinformatics sector without awaiting agreement on some kind of Community leasing fund which would enable European firms to compete on more attractive terms with IBM as regards medium or large scale computers ?
- (d) Is the form of management envisaged sufficiently "Community" in its approach, leaving as it does so much of the decision-making in the hands of the Management Committee, drawn from Member States ?
- (e) Even with the expected increase of qualified staff, will the Commission be in a position to manage effectively a policy to be run on commercial lines and requiring a great deal of expertise for its success ?
- (f) What is the definition of commercial success envisaged by the Commission as a criterion upon which repayments should be based ?

Points arising from the replies received

25. From some of the principal points of the replies so far received from industry (see annex) it is clear that certain preoccupations are shared by the respondents.

(a) In particular the problem of consultation was raised. It seems to your draftsman that the Commission has failed to consult adequately either with the users of with the industry concerned. Whilst a certain dialogue may be in progress at any given time, it seems that the actual content of the Commission's proposals was not the object of consultation with those most directly concerned. It seems to your draftsman that the Commission should recast its proposals so that the primary significance would become the encouragement of the expansion of the use of data processing in the Community, therefore providing the growth opportunities which could stimulate European based companies.

On the point of consultation again, it is surely regrettable that in particular the industry and trade associations should have been left out. Here your rapporteur is referring to the European Computer Manufacturers Associations (ECMA) and the European Association of Business Machines and Data Processing Equipment (EUROBIT).

(b) As regards some of the points made by IBM, it does seem to your draftsman that there is a danger that the Commission is prejudging the issue of whether or not IBM is a European based company in a way which may be prejudicial to the enquiry which the Commission itself is carrying out.

(c) From the points raised by ICL, the largest exclusively European based company, it is clear that the desirability of sustaining a "substantial industrial programme which should run in parallel and concentrate on the early creation of an indigenous semi-conductor and disc capability which frees the European suppliers from their heavy dependence on American sources of supply" ¹ has not been sufficiently taken into account and should have been the priority. However, the Commission maintains that it is possible to support disc manufacture under the terms of the proposed Community premium scheme.*

(d) It is also considered by some firms that it is at least as important to adopt procurement measures in the European public sector, which would have halted the drift of computer projects of strategic and economic significance towards foreign suppliers.

(e) The exclusion of all IBM products from the export side of the Community's trade balance, which forms part of the statistical basis of the Commission's proposal, ² seems dubious in view of the fact that IBM manufacturing plants within the Community supplied over 90% of all products for European customers in 1976. ³ On the other hand, certain of the exclusively European based firms import heavily components from outside the Community.

1 See conclusions of opinion of ICL

2 Summary table 49, page 92, Vol. III of the Commission's proposal

3 Paragraph 9, page 12, PE 48.154/ann.

* This point should be clarified in the Commission's text, since it is clear that ICL at least was not aware of such possibilities.

Conclusions of the Committee on Budgets

26. After taking into account the replies received from industry concerned, and the commentaries made by the representatives of the Commission to those replies, the Committee on Budgets was not satisfied that it would be appropriate at this stage to approve the budgetary consequences of the Commission's proposal which amount to 88 m.u.a. over a period of four years.

This attitude was the result of doubts as to the feasibility of the proposals and the need for more extensive consultation with the industry most concerned. It was not clear that the Commission had adopted the correct priorities. It was decided to ask the Economic and Monetary Affairs Committee with the basic responsibility to take these matters into account and to consider whether the Commission should not be asked to withdraw its proposals, and after further reflection and consideration, resubmit a new draft to Parliament.

As regards the future decision of the Committee on Budgets, a critical assessment of the financial consequences of the proposals would be made at the time of the presentation of the Commission's preliminary draft budget and during the course of the budgetary procedure. At that stage, Parliament and its Committee on Budgets, as part of the budget authority, will need to be satisfied on the questions that have been raised in the course of the examination of this draft opinion.

OPINION OF THE COMMITTEE ON ENERGY AND RESEARCH

Draftsman : Mr R. T. ELLIS

On 21 December 1976 the Committee on Energy and Research appointed Mr K. NIELSEN, draftsman. At the committee's meeting of 17 February 1977 Mr R. MITCHELL was appointed as the new draftsman, and at the committee's meeting of 14 March 1977 Mr R. T. ELLIS took over as draftsman.

The committee considered the draft opinion at its meetings of 20 January, 17 February, 14 March and 5 April 1977 and adopted it with one abstention on 5 April 1977.

Present: Mr Flämig, acting chairman; Mr Ellis, draftsman; Lord Bessborough, Mr Brown, Mr Dalyell, Mr Edwards, Mr Klepsch (deputizing for Mrs Walz), Mr Martens, Mr K. Nielsen and Mr Schwabe (deputizing for Mr Adams).

1. The programme under review concerns data-processing and associated areas in the electronics and telecommunications industries.

The reasons for proposing a programme of this kind derive from the unfavourable competitive position of this industrial sector in the Community. This is because the market is dominated by large, non-European concerns. The European share of the market is generally small, and a move to increase its competitiveness is desirable.

2. There is a certain similarity with the research programmes drawn up by the Communities for the textile and footwear industries. This Committee adopted a position on the former in Mr Glesener's report (Doc. 424/74), and on the latter in Mr Vandewiele's report (Doc. 466/76).
3. In both cases only research was involved, its purpose being to strengthen the competitive position of the Community industries. While the question of export potential on international markets was naturally important, the need to protect Community industry from the effect of textile and footwear imports from low-price countries, which could not simply be stopped, was more important still.
4. In this case the position is somewhat different. While the possibility of increasing market potential within the Community should not be underestimated, the export potential on the world market is far more important. What we should have to offer in this industrial sector are products which are not only labour-intensive, but more especially are the result of highly specialized technical know-how and research.
5. Importance is therefore rightly attached to the need to make the products of various Community manufacturers mutually compatible. Moreover it should be remembered that the Community's public supply markets are likely to be opened up towards 1980. If we are not to be caught out by that event, preparatory work must be put in hand in all the areas concerned. The terms of reference of this committee confine it to consideration of the research work involved. Our opinion must therefore refer only to this aspect of an extremely complex problem.

2. Specific research activities and their coordination

6. Here the immediate need is for the definition of certain development projects, which are intended to go into production as work proceeds. We are therefore dealing with a preliminary stage of planning and technical development.
7. With regard to data-processing projects in general it is not research as such, but the question of collaboration between the research centres of

the various Member States, and of course with third countries, which is of particular interest, as far as the Committee on Energy and Research is concerned. The Commission has informed the committee orally that collaborative work of this kind is just beginning. That in turn is the result of the Communication from the Commission to the Council (Doc. 294/75) on Community policy in the data-processing sector, on which Mr Cousté reported to Parliament (Doc. 462/75) on behalf of the Committee on Economic and Monetary Affairs, which is still the committee responsible on this subject.

8. And indeed, the Committee on Economic and Monetary Affairs has always been the committee responsible when the European Parliament has dealt with subjects relating to sectors that form part of an embryonic industrial policy. The question is whether the time is not now ripe to consider whether its scope is wide enough to deal adequately with such areas. It is primarily concerned with macro-economic problems. Your committee feels that there is an increasing need for a separate parliamentary committee, i.e. an industrial policy committee, to deal with meso-economic problems and industrial sector policies.
 9. The areas with which the collaboration of research institutes is to be concerned are 1) data protection, 2) programming techniques and 3) the analysis of basic data systems. The justification of the choice of subject matter is not our affair, although the problems arising from the collaboration of research centres certainly are.
 10. On this point the Commission stated that extensive, unproblematic collaboration already took place between national research centres in pursuance of Doc. COM (75) 467 and that the present programme was designed to reinforce this. The funds envisaged for collaboration - 500,000 u.a. per annum - could further be doubled if national contributions were increased accordingly.
- The Committee on Energy and Research also welcomes the fact that the national research centres have been included in the CREST subcommittee on data processing's investigations concerning the field of realtime computing and applied research.
11. In these areas the need is not for basis research, nor even for research of an advanced type. What is needed is applied research geared to the development of data-processing and in particular to the use of Network technology for data-processing purposes. It is precisely in the solution of problems arising in this area, as the Commission explained to the Committee, that close collaboration between the various research institutes would be of greatest benefit in terms of Community policy.

12. Nevertheless, the Committee on Energy and Research feels it important to lay emphasis on the desideratum that in future data processing proposals the Commission will include proposals for projects not only in such areas as basic research and magnetic discs but also in new consumer-oriented sub-sectors.

Lastly, the committee hopes that the Commission will shortly submit proposals to encourage research in the extremely important components industry, which occupies a key position and is expanding rapidly. The dominance of American and Japanese technology in this area is particularly striking.

13. The Commission's representative has emphasized the need to coordinate national measures in order to promote industrial development in the area of applied research and distributed computing. This gives rise to a further need, to coordinate national measures to promote research in the same area, since there is a connection between applied research in this area and the activities of the industry.
14. In reply to a question on this point, the Commission explained that the financial resources proposed in the programme were intended to promote (or catalyse) national collaboration efforts. The latter's existence was also a prerequisite for the success of the entire programme.

The Commission also considered that the involvement of national researchers and EDP specialists not only in the preparatory stages of programme formulation, but also in the management and control of these programmes, would ensure coordination of national measures. It was added that there was in any case considerable contact within a relatively small circle of European EDP experts.

15. The committee therefore considers that in its proposal and within the relatively modest limits of the research funds the Commission has acknowledged the importance of cooperation with national authorities. The committee would however have liked to see coordination efforts more solidly guaranteed by greater institutionalisation of collaboration contacts for the whole data processing programme, including proposals to encourage research projects. A clearer picture of how this could be done could have been given in conjunction with the individual sectors of the programme without sacrificing a certain element of flexibility in the management of the programme.

Finally, the provision allowing for a revision of the programme after two years makes a complete reorganization of the whole programme possible if experience shows this to be necessary or desirable. The Commission is to present an annual report to Parliament on the implementation of the programme.

3. Financial aid from the Community

16. The Commission envisages setting up machinery for providing financial assistance from the Community. It is not intended to compete with existing national machinery for granting assistance, but to administer the Community share of financial aid. Since a requirement for the granting of such aid is evidence of a transnational collaborative venture, with the participation of at least three user organisations - as these are also involved in the promotional measures - or of two industrial concerns, similar criteria should also be applied in the promotion of research projects in the same area.

This is all the more likely to be effective insofar as the Community can provide assistance to an extent of up to 50% of the cost, in the form of grants or subsidies. Aid up to 100% of the cost could be given, if a research programme is proposed by the Commission in accordance with its general data-processing programme.

17. This will require the establishment of an administrative and coordinating committee in each case. To the question of how much influence these bodies may exert on the coordination and collaboration of research centres, the Commission replied that as the management and control of the whole programme, including the research programmes proper was in the hands of these committees, consisting of representatives responsible for this sector at national level, the latter would be able to ensure positive coordination of their national centres' research work. In order to reinforce the role of the management and coordinating committees the Commission had also proposed that they should be able to take decisions by qualified majority contrary to the Commission's proposal, thereby allowing Member States a decisive role.
18. The committee is of the opinion that the above-mentioned body for the allocation of financial aid constitutes a useful, effective and swift instrument. The committee hopes that national interests will not be employed in the committee to stop or delay useful Community projects.

19. The committee would strongly emphasize that the basic requirement for a successful data processing industry in the Community is genuine cooperation between the Member States. In the past a divided Europe was the main problem, and no one wants to see what happened in the Euratom area happening again in the data processing sector. National contributions should be channelled through the Community and the committee stresses that it is important for Member States to declare their intention of collaborating with the Commission.
20. When we consider the situation in relation to the USA and the wisdom of discriminating in favour of European research efforts, it has to be admitted that, even though a degree of discrimination is implicit in the whole programme, it is nevertheless minimal (0.5 m u.a. a year) compared with the funds a large non-European firm allocates to research and development (at least 500 m u.a.). The committee considers that more funds should be allocated to this programme. America's dominant position in the data processing field is partly the result of the government's space research programmes, and to European eyes the research input is of alarming proportions. In such a technologically advanced field, inability to develop our own innovations would mean the demise of large sectors of the data-processing industry. The committee notes that coordination of procurement policy is one of the measures put forward to aid the European industry. However, it will only be possible for the European industry to become competitive in the long term if it develops advanced products and the research capability to back these products.

4. Conclusions

21. Arising out of the above, the Committee on Economic and Monetary Affairs, being the committee responsible, is requested to include the following points in its motion for a resolution:

(a) Collaboration between research institutes:

Notes with satisfaction that national research institutes are already involved in collaboration on current research programmes in the field of data processing and hopes that the present programme will strengthen this collaboration.

(b) Coordination of national measures on research on data-processing:

Hopes that national experts and research workers will collaborate to ensure coordination of national research efforts and that the existing contacts between research centres will be strengthened by the implementation of the programme.

- (c) Function of the administrative and coordinating bodies to be established to promote the collaboration and coordination of research on data-processing:

Welcomes the fact that the Committee for the Management and Coordination of the data-processing programmes consisting of national experts is allocated a management and control function for the whole programme to ensure collaboration between industry and national research activities.

- (d) Scope of research efforts:

Draws attention to the need for future proposals to extend the field of research to comprise basic data processing research, including the vital electronic components and software industry.

- (e) Creation of an industrial policy committee:

Is of the opinion that, in view of the growing number of Commission proposals of a purely industrial policy nature, the European Parliament should give serious consideration to the creation of a parliamentary committee on industrial policy.

- (f) General promotion of research in the European data processing industry:

Emphasizes how important it is for research, which is an absolute prerequisite for progress, to be intensified and extended by coordinating national efforts at Community level.

22. In conclusion, this committee would be glad if the Committee on Economic and Monetary Affairs, as the committee responsible, were to make use of the available experience concerning the inclusion of details on financing, in proposals for Council decisions. The Committee on Budgets generally takes the view that in order to safeguard the budgetary powers of the Parliament, a Commission proposal ought not to include any proposal for the allocation of funds. The Committee on Energy and Research has however always considered that it is for the committee responsible to decide whether the financial and manpower resources envisaged are appropriate to enable a given project to be undertaken on a desirable and practicable scale.

23. Since it is expressly stated in Article 2 of the Proposal for a Council decision adopting a multiannual programme (1978-81) for the data-processing sector¹, and in Article 15, second paragraph, of the proposal for a Council regulation on the Community premium scheme for the data-processing sector², that the necessary funds are to be entered annually in the budget of the European Communities, it should not therefore be difficult to convince the Committee on Budgets, which is also asked for its opinion, that the inclusion of data on financing in a given programme cannot be detrimental to the budgetary authority of the European Parliament, where this clause is included in the Council decision.
24. Finally, the Committee on Energy and Research welcomes this multi-annual programme and hopes that it may be put in hand at the appointed time without being subjected to delaying tactics in the Council.

¹ Doc. 433/76, Vol. I, Annex I, p. 29.

² *ibid*/Annex III, p. 50.

