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COMMUNICATION FROM THE COMMISSION
TO THE EUROPEAN PARLIAMENT

pursuant to the second subparagraph of Article 189 b (2) of the EC-Treaty

Council common position with a view to adopting a European Parliament and Council Decision concerning the 5th Framework Programme of the European Community (EC) for research, technological development and demonstration activities (1998-2002)

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Introduction

In accordance with Article 189b of the EC Treaty, the purpose of this Communication is to set out the Commission's position on the Council's common position of 23 March 1998 concerning the 5th RTD Framework Programme. Political agreement on the Euratom framework programme has been reached in parallel with the adoption of the common position on the EC framework programme. On 18 December 1997 the European Parliament adopted its opinion on the Commission's proposal on first reading, following which the Commission submitted an amended proposal on 14 January 1998.

The Commission's position on the common position

The common position represents a vital stage in order to preserve the rhythm imprinted in the procedure for the adoption of the 5th Framework Programme since it was launched and the continuity of the Union's research activities. However, the Commission feels that it has to dissociate itself from this position on a certain number of points.

General assessment

As regards the broad thematic lines and structure, the Council has, in line with Parliament, endorsed the general principles advocated by the Commission for this new framework programme (integrated approach focusing on the Union's major socio-economic needs, implementation through targeted, multidisciplinary actions). Nevertheless, certain amendments increase the number of research priorities, and this, combined with the significant reduction suggested in the overall budget, would result in the funds being spread too thinly and the research efforts being less concentrated. This applies in particular to the addition of a priority concerning land transport in the key action devoted to marine technologies, as well as the addition of a key action devoted to marine ecosystems.

The Commission regrets that the common position departs from its proposal on certain major points; it cannot accept the following aspects:

- **Funding:** for the first time the overall amount represents a reduction in real terms compared with the allocation for the preceding framework programme and raises a problem of adequacy with the scientific and technological content as expanded by the Council. This position is inconsistent with the desire to regard research as a Union priority. Moreover, the reduced budget allocated to the Joint Research Centre (JRC) might call into question its operation in its present configuration.
- **Implementation:** While comitology is not formally part of the common position, the Council envisages - as expressed in statements in the Council minutes - implementation mechanisms for certain activities. In particular, it would like to set up two separate committees for the fourth thematic programme, entitled by it "*Energy, environment and sustainable development*" and an *ad-hoc* subcommittee for socio-economic research under the fourth activity, entitled by it "*Improving human research potential and the socio-economic knowledge base*". Setting up these committees could be detrimental to the overall coherence of these programmes and their efficient management.

Detailed analysis

- Overall amount and breakdown

1. The Council has reached agreement on a maximum overall amount of ECU 12.740 billion. Simply carrying forward the 4th Framework Programme in real terms - taking account of inflation - would give an amount of ECU 13.229 billion (The Council envisages ECU 1.260 billion for the Euratom framework programme, giving an overall allocation of ECU 14 billion. The Commission proposed ECU 1.467 billion for the Euratom framework programme, giving an overall allocation of ECU 16.3 billion.)

The Commission regards this as a negative signal to industry, the scientific community and users at a time when the Union's main competitors are recognising the importance of research for competitiveness and employment and are continuing to invest more in it than the Union. For example, President Clinton announced an unprecedented increase in American public research spending in his State of the Union address. A research fund is to be set up, which should reach \$38 billion in 2003.

In addition, a significant reduction in the overall amount is difficult to reconcile with the addition and enlargement of certain priorities, in particular with regard to a certain number of key actions.

The Commission can only confirm its proposal of an overall amount of ECU 14.833 billion corresponding to the scientific and technological content. It would stress that this amount represents a very reasonable increase of 3% relative to the Union's GNP growth.

2. The considerable reduction in the overall amount would have particularly significant repercussions for certain JRC activities.

The JRC has consolidated its role in the service of Union policies. Its mission is to supply the scientific and technological support needed for the implementation of European Union policies. It has demonstrated its capabilities in this respect in the past, in particular in areas such as energy and environment, and agricultural policy. It is now being asked to extend its sphere of activities to include public health, consumer protection and fraud control, areas in which it has recently made significant contributions.

The JRC has excellent assets for the performance of this task. It can provide objective, impartial and independent expertise, acting solely in the interests of the Union, and it has at its disposal specialised facilities, some of which are very rare, not to say unique in Europe. To perform this mission it needs a minimum of resources.

Now, the funding of ECU 688 million proposed for JRC activities is much less than the ECU 815 million proposed by the Commission. The latter amount corresponds to a virtually stabilised budget, which represents the minimum necessary for the JRC to adapt to its new tasks. (The Council envisages ECU 281 million for the JRC under the Euratom programme, giving a total allocation of ECU 969 million. The Commission proposed ECU 326 million for the JRC under the Euratom framework programme, giving a total allocation of ECU 1141 million.)

The Commission pleads in favour of a critical mass of resources for the JRC, failing which some of its activities, including the "competitive" activities, would no longer be able to achieve the requisite level of excellence. A significant reduction in the resources placed at the disposal of the JRC might even give serious grounds for considering stopping certain activities.

3. The agreement reached in the Council entails the establishment of constraining links between the adoption of the Union's future financial perspectives and the adoption of the 5th Framework Programme. Under the agreement the overall amount is to be allocated in two stages: 1998-1999 and 2000-2002. The first amount is a fixed one, while the second is conditional upon the adoption of a new financial perspective which is consistent with it for the period in question. Without wishing to call this link into question, as guardian of the Treaties and in accordance with Article 130i of the Treaty, the Commission will endeavour to safeguard the multiannual nature of the framework programme, which is the instrument which makes it possible to plan Community research policy.

- Structure of the framework programme

Where the number and titles of the thematic programmes of the first activity are concerned, the Council's common position is close to Parliament's opinion and the Commission's amended proposal. In particular, the Commission welcomes the fact that the three institutions are now very close to agreement on the content of the programme "Creating a user-friendly information society". However, the Commission regrets the fact that the fourth thematic programme "Preserving the ecosystem" would be covered by two "sub-programmes".

The discussions at the Kyoto Summit on climate change last December, at which the Union adopted forthright positions, firmly highlighted the interdependence between energy and environmental issues. The challenge for the years ahead is above all to minimise the impact on the environment, and especially on the climate, of a level of energy consumption that makes it possible to guarantee a satisfactory level of activity and quality of life for a population that will soon total 10 billion inhabitants. This will only be possible with sustained research efforts, but also an integrated approach to the issues arising in these two areas, taking into account their many interactions where implementation is concerned. That is why the Commission remains attached to its overall and multidisciplinary approach.

- Content of the framework programme

- (1) The institutions share the desire to increase the importance of the areas "The ageing population" and "Global change and climate" by designating them as key actions.
- (2) Parliament and the Commission, in its amended proposal merged the key actions "Health and food" and "Environment and health" into a single key action entitled by the Commission "Health, food and environmental factors", while the Council has kept the two key actions separate. The Commission wishes to maintain this integration, which is thoroughly justified in the light of the many interactions between the three areas in question.
- (3) The Council, like Parliament, has suggested placing the key action "The city of tomorrow and cultural heritage" in the thematic programme devoted to preservation of the ecosystem. The Commission would have preferred to keep it in the thematic programme "*Promoting competitive and sustainable growth*" in order to stress its innovative and multidisciplinary nature. The Commission notes that in the common position urban transport remains part of this key action, which would be detrimental to the concentration of efforts.
- (4) The positions of the Council and Parliament converge where the expansion of the key action on marine technologies to include land transport is concerned, producing a key action entitled "Land transport and marine technologies". While taking note of this position, the Commission hopes that this will not result in a watering-down of priorities.
- (5) The Council wants to boost the area of marine science by adding a key action "Sustainable marine ecosystems". As far as the Commission is concerned, this boils down to building this key action around components of the key actions "Integrated development of coastal and rural areas" and "Global environmental change and climate".
- (6) Where energy is concerned, the three institutions' views are now converging on organising the research priorities around two key actions and the importance that should be assigned to renewables.

- (7) Socio-economic research has also been reinforced both in the thematic programmes and in the fourth activity relating to human potential, where these activities are grouped together in a new key action "Improving the socio-economic knowledge base". Establishing a "key action" specifically for socio-economic research is not the best approach for an area which is horizontal in nature and is inconsistent with the desire to increase the effectiveness of this research by linking it as much as possible to the activities under the different programmes. Nevertheless, the Commission takes note of this choice.

- **Implementation and management**

The agreement reached on the common position prejudices, at the level of the framework programme, certain aspects of implementation of the specific programmes. This is reflected in particular in the wish expressed in the statements in the Council minutes for a doubling of the committees proposed for the thematic programme devoted to energy and the environment (two separate committees) and for the fourth activity devoted to human potential (an *ad-hoc* sub-committee for the socio-economic part).

The Commission regrets the fact that the common position departs from its proposal with regard to the mechanism for implementing the fourth thematic programme devoted to energy and the environment and the conditions envisaged for the management of the key action devoted to socio-economic research. It remains convinced that the compatibility between the specific features of certain components of the programmes on the one hand, and the need for overall coherence and effectiveness for the programmes on the other, must be guaranteed. For these reasons, the Commission cannot agree with the Council's wish to have two committees for the fourth thematic programme and a subcommittee composed of representatives of each Member State for socio-economic research under the fourth activity, which would impose clear constraints on programme implementation in such a horizontal area.

Conclusions

Building on what has been achieved, on a series of tried and tested basic principles, and on the results obtained, the 5th Framework Programme has also been designed in such a way as to make a break with the past. The overall approach proposed by the Commission and the innovations introduced in terms of content and implementation mechanisms have been broadly endorsed by the European Parliament and the Council. This will make it possible to achieve rapid and substantial progress in the decision-making process, both for the framework programme and the specific programmes, the aim being to ensure effective implementation from the beginning of 1999.

The main subject of concern is the maximum overall amount for the framework programme. The Commission would point out that the overall amount of ECU 14.833 billion (the overall amount totals ECU 16.3 billion, of which ECU 1.467 billion for the Euratom framework programme) that it proposed corresponds to:

- the scientific and technological objectives set
- the challenges facing Union research in a competitive world
- the investment essential needed to achieve tangible results
- the political signal wished for vis-à-vis society, researchers, industry and the Union's competitors.

If the final amount is too far removed from this figure, it may be necessary to cancel one or more actions because they cannot be allocated a minimum critical amount.

The Commission is also concerned about the risk of fragmentation of the fourth thematic programme devoted to the environment and energy. It is also concerned about the cumbersome additional constraints imposed on programme management.

The Commission appeals to Parliament and the Council to ensure that spending on Community research is kept at the appropriate level and distributed in an appropriate fashion. It would also stress that political will is needed in order to enable the work to be completed within deadlines compatible with the continuity of Community research efforts.