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REPORT

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

on the proposal from the Commission of the European
Communities to the Council (Doc. 1-553/82 - COM(82)
356 final) for a Decision amending Council Decision
79/783/EEC of 11 September 1979 adopting a multi-
annual programme (1979 to 1983) in the field of
data processing

Rapporteur: Mr F.H.J. HERMAN

By letter of 9 August 1982 the President of the Council of the European Communities requested the European Parliament to deliver an opinion, on the proposal from the Commission of the European Communities to the Council for a Decision amending Council Decision 79/783/EEC of 11 September 1979 adopting a multiannual programme (1979 to 1983) in the field of data processing.

On 13 September 1982 the President of the European Parliament referred this proposal to the Committee on Economic and Monetary Affairs as the Committee responsible, and to the Committees on Budgets, Legal Affairs and Youth, Culture, Information and Sport, for their opinions.

At its meeting of 21-22 September 1982, the Committee on Economic and Monetary Affairs appointed Mr Herman rapporteur.

The committee considered the Commission's proposal and the draft report at its meeting of 16 February 1983.

At this meeting it unanimously approved the Commission proposal and the motion for a resolution.

The following were present: Mr Jacques Moreau, chairman; Mr Hopper, first vice-chairman; Mr Herman, rapporteur; Mr von Bismarck, Mr Caborn, Mr Carossino (deputizing for Mrs Hoffmann), Mrs Desouches, Mr Franz, Mr Leonardi, Mr Nordmann, Mr Seal (deputizing for Mr Rogers), Mr Van Rompuy, Mr Wagner, Sir Fred Warner (deputizing for Sir Brandon Rhys-Williams under Rule 93(2) of the Rules of Procedure), Mr Welsh and Mr von Wogau.

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

The Committee on Youth, Culture, Education, Information and Sport has decided not to draw up a report.

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A

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

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 amending Council Decision 79/783/EEC of 11 September 1979 adopting a multiannual programme (1979 to 1983) in the field of data processing

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council (COM (82) 356 fin)¹,
 - having been consulted by the Council pursuant to Article 235 of the EEC Treaty (Doc. 1-553/82),
 - having regard to the Communication from the Commission to the Council on Community Data-processing policy (COM (82) 452 fin),
 - having regard to the report by the Committee on Economic and Monetary Affairs and the opinions of the Committees on Budgets and of the Legal Affairs Committee (Doc. 1-1312/82)
 - having regard to the result of the vote on the Commission's proposal
- A - having regard to the slow development of the European data-processing industry by comparison with the competing industries in Japan and the United States
- B - having regard to the difficulty of recovering the lost ground on the basis of strictly national policies and through the efforts of undertakings alone
- C - having regard to the urgent need for stringent Community measures coordinated with national policies

¹ OJ No. C 193, 28.7.82, p. 4

1. Approves in principle the Commission's proposal extending the second part of the multiannual programme;
2. Regrets that the Commission's efforts to obtain the Council's approval for a first multiannual programme did not succeed until three years after the first proposals had been submitted, even though it was already apparent in 1976 that Europe was falling behind;
3. Regrets that the Commission's proposals for the programme were substantially reduced and watered down by the Council, with the result that it became difficult to achieve the declared objectives;
4. Wonders whether it is strategically appropriate to call for the extension and reinforcement of the second part of the annual programme without having implemented and completed the first part or without at least implementing it concurrently;
5. Notes with regret that efforts to standardize telematics equipment and to open up public markets for such equipment have so far not produced any significant results, particularly as the lack of progress in this area is one of the main reasons why there is no flourishing data-processing industry in Europe, and calls on the Commission to submit new proposals to this end as soon as possible;
6. Questions the advisability of a policy for research 'on all fronts' at a time when the limited nature of our resources compels us rather to limit ourselves to sectors in which we have the greatest chance of success;
7. Draws attention, in this connection, to Parliament's reservations and questions regarding the Esprit programme; more particularly, and taking account of the rapid developments in the field of microprocessor miniaturization (VLSI), questions the usefulness of the direction taken by research on new languages (ADA) which still seem to place too much emphasis on sequential processes and outdated computer designs;

8. Approves and supports the extension of the second part of the multiannual programme, subject to these reservations, but firmly requests the Commission to submit as soon as possible its proposals for the completion of the first part of the annual programme and report on the obstacles it encountered;
9. Instructs its President to forward, to the Commission and the Council as Parliament's opinion, the Commission's proposal as voted by Parliament and the corresponding resolution.

EXPLANATORY STATEMENTIntroduction

1. The Commission's proposal calls for the continuation and expansion of the second part of the existing multiannual programme (1979 to 1983) in the field of data processing, namely that part of the programme which provides a Community support mechanism for applications. The programme's duration would be extended from 4 to 7 years, and the appropriations provided for promotion projects would be increased from 15 million ECU to 55 million ECU.
2. The Commission's justification is that the funds allocated to this second part of the programme have already been used up. The Commission would now like to build on the progress that has been made. In particular it would like to increase the resources available in order to launch ADA more fully as a new programming language of broad application, and also to provide Community support for the development of cross-frontier information systems using distributed data-base techniques.
3. The Commission's present proposal does not cover extension of the first part of the multiannual programme, which aims to create as favourable an environment as possible for the development of data processing at Community level through such measures as promoting standardization and coordinating procurement policies. This has taken a long time to get off the ground, and implementation is only just beginning. The Commission now states that it will present a further proposal covering the extension of this first part of its programme, and in particular standardization activities, by the end of this year.
4. As outlined below your rapporteur is generally favourable to the specific extensions to the second part of the multiannual programme put forward by the Commission in its present proposal. Nevertheless he does not wish simply to restrict his comments to these specific points, but to make a few general observations about the way in which Community activities in the

field of data processing, and in particular the multiannual programme, are being implemented. He largely bases his comments on the recent communication from the Commission on Community data-processing policy, which reports on the status of Community programmes as at 31 May 1982⁽¹⁾ and also on the report prepared for the Commission on the current competitive position of the European data processing industry⁽²⁾.

General Observations

5. The Council Resolution of 15 July 1974 on a Community policy on data processing⁽³⁾ now makes for ironic reading, and in particular its paragraph 3.

"Considers it desirable to prepare, in the medium term, a systematic Community programme to promote research, industrial development and applications of data processing. This programme would provide for the coordination of national promotion and Community financing in appropriate fields of joint European interest, with the central aim of ensuring that by the early 1980's there is a fully viable and competitive European-based industry in all the fields concerned."

6. By 1982 this central aim has clearly not been achieved. The current weak position of the Community in most areas of data processing is well illustrated by the figures contained in the recent report presented to the Commission on the current state of the industry⁽⁴⁾.
7. The recent report shows that the U.S. industry still represents more than 72% of the worldwide data processing industry, and

(1) COM (82) 452 final

(2) European Data Processing Indicator Year 1980, Final Report, June 1982 Report prepared for the Commission by the Pierre Audoin Conseil

(3) OJ C 86/1 of 20.7.74

(4) European Data Processing Indicator Year 1980, OP. Cit.

with a turnover of over 43 billion ECU dwarfs the 11 billion ECU of Community industry. In some sub sectors, notably general purpose computers, the situation is even more striking, and the EEC turnover is only 1/8th that of the U.S. industry. Furthermore U.S. based industry represents more than 60% of the general purpose computer production settled in the EEC itself.

8. The report also demonstrates the considerable extent of technological dependence of the European industry, as defined in terms of industry turnover realized with imported products or under external licence as a percentage of total industry turnover. For general purpose data processing this dependence has apparently risen from 30% in 1978 to 34-37% in 1980, and in peri-informatics from 23% to 25-26%. The situation is more stable in the software services and computing services subsectors but the dependence figures are still at 21% and 15% respectively. Correspondingly the "true" market shares of EEC originated products is as low as 4-4.5% (in 1980) for general purpose data-processing and between 18 and 23% in the other subsectors.
9. The report also defines a concept of "key-areas", elements without which the development of a major data processing network would be impossible (such as integrated circuits) or are necessary for strategic independence (e.g. very large computers for defence, and space research needs) or simply constitute necessary networks for the future such as data banks. The report then looks at the percentage share of EEC products and services in four key areas, very large computers (less than 1%) remote computing services (15-16%), data banks (10-12%) and integrated circuits (3½ - 4½%). These figures are disturbingly low.
10. Yet another alarming development shown by the report is the worsening balance between community imports and exports of data processing products, with the "covering" rate of EEC exports towards United States and Japan declining sharply between 1977

and 1980, from 11.2% to 4.6% in the first case, and from 152.0% to 32.1% in the latter case. The covering rate with regard to all countries has declined from 77% in 1977 to 70% in 1980.

11. While the global figures cited above mask considerable differences from subsector to subsector, in some of which the Community is in a much stronger position than in others, it is clear that the overall position of the Community data processing industry is not an encouraging one. And of course it is even misleading to talk of a Community data-processing industry as if it were a cohesive whole since meaningful coordination of national efforts at Community level is far from having been achieved. In this light the multiannual data processing programme has been inadequate in scale and in achievement.

12. While some progress has been made in getting Community data-processing projects off the ground, this progress has been slow and on a limited scale. It took almost three years for the Council to approve the Commission's original proposals for a multiannual programme ⁽¹⁾, which were first submitted in November 1976.

Furthermore, when the Council did take its decision ⁽²⁾ the Commission's original proposals were drastically curtailed. For example, while the

(1) Proposals for a four-year programme for the development of informatics in the Community - 29 November 1976
Doc. 433/76

(2) Council Regulation (EEC) No. 1996/79 (OJ L 231/1 of 13.9.79)

Commission did not propose any Community funding or support for developments in the areas of medium to large computers it did propose considerable Community support (32 million EUA) for the developments in the perinformatic sector (peripterals, minicomputers, terminals and other intelligent devices) and for electronic component developments (12 million EUA). These proposed projects were deleted by the Council. Finally the support for software, standardization and data processing applications was reduced from 32 to 15 million EUA. In overall terms the proposed appropriations for the second part of the programme (promotion projects) was reduced from 76 million ECU to 15 million ECU. The final programme was, therefore, entirely different from that originally proposed by the Commission, and generally supported by Parliament (although point 16 of its resolution ⁽¹⁾ pointed out that the appropriations proposed were "on the low side", and emphasized that a viable and competitive European data-processing industry required "large+scale funding at Community level with an increasing proportion being transferred from the Member States to the Community". The proposal as finally approved therefore, was very different from and more limited than from what had been originally envisaged.

13. Of course it remains a highly arguable strategic question as to what represents the best way for the Community to support the development of the new information technologies, and whether the programme originally envisaged should have been supported in its entirety. What is not open to question, however, has been the failure to make any significant progress on a part of the programme that involved much less financial commitment, and that was broadly supported by the Council, namely the first part of the programme dealing with the environment of data processing and such key measures as standardization and coordination of public procurement.

(1) OJ C 241/41 of 10.10.1977, on the basis of a report from the Committee on Economic and Monetary Affairs (Doc. 235/77, rapporteur Mr. Cousté)

14. The importance of these measures has been strongly underlined in all of Parliament's resolutions on data processing ⁽¹⁾ and in the accompanying reports from its Committee on Economic and Monetary Affairs, which have constantly placed a high emphasis on standardization and on coordination of public procurement.
15. And yet the Commission is forced to report in its latest proposals on the multiannual programme that the whole first part of its programme has been delayed, and that the work on public procurement has not even begun. This is to be greatly regretted.
- 16 . The inability of the Community either to develop a bold programme of large-scale support, or even to promote the rather less controversial measures to provide a more unified market, is reflected in the clear failure to achieve "a fully viable and competitive European-based industry..." by the early 1980's as shown by the figures cited above.

(1) e.g. Point 6 of its resolution on initial proposals for priority projects in data processing, OJ C 239/16 of 20.10.1975, based on the report by Mr. Cousté, Doc. 199/75, point 3 of its resolution on Community policy for data processing OJ C 28/6 of 9.2.1976 based on the report by Mr. Cousté, Doc. 463/75, points 7,8, and 9 of its resolution on the four year programme for the development of informatics in the Community OJ C 241/41 of 10.10.1977, based on the report by Mr. Cousté, Doc. 235/77.

The Commission's specific proposals

17. While your rapporteur has considerable reservations about the progress (or lack of it) of the pluri-annual programme as a whole - and about the order of priorities that has been established, he nevertheless approves the Commission's specific proposals concerning the second half of the multi-annual programme.
18. Your rapporteur notes the two strategic decisions that have been made by the Commission, firstly to issue calls for proposals on specific projects rather than to issue calls for industrial proposals on projects not identified in advance, and secondly to concentrate resources on two key areas rather than spread them too thinly over a large number of smaller projects.
19. In general your rapporteur approves the approach adopted by the Commission, and agrees, in particular, with the principle of concentrating resources on a few projects of central importance, as Community efforts in the past have often been on far too small a scale.
20. What this approach does imply, however, is that such projects must really be well chosen. The projects selected by the Commission would appear to meet this criterion.
21. These projects should then be supported. Nevertheless the Parliament should be kept continuously informed of the extent to which the Commission's objectives are being met, and also of background developments in this fast moving field. Developments in micro-chip technology, for instance, and consequent changes in computer architectures could necessitate new programme languages (some, such as OCCAM, have already been created), which could have considerable, and negative implications for the development of a language such as ADA.

22. With this reservation your rapporteur would recommend extension of the duration of the pluri-annual data-processing programme from 4 to 7 years, and the proposed increase in appropriations provided for promotion projects from 15 million ECU to 55 million ECU.

OPINION OF THE COMMITTEE ON BUDGETS

Letter of 12 October 1982 from the chairman of the Committee on Budgets,
Mr Erwin LANGE, to Mr Jacques MOREAU, chairman of the Committee on Economic
and Monetary Affairs

Subject: Proposal from the Commission of the European Communities to the
Council for a Decision amending Council Decision 79/783/EEC
of 11 September 1979 adopting a multiannual programme (1979-1983)
in the field of data-processing (Doc. 1-553/82)

Dear Mr Moreau,

The Committee on Budgets considered the abovementioned Commission proposal
for a decision at its meeting of 29/30 September 1982.

An additional 40 m ECU has been earmarked for the prolongation and extension
of the programme proposed by the Commission in the field of data-processing
between 1983 and 1986.

The Committee on Budgets approves this financial measure. It would, however,
like to draw the attention of the committee responsible to Part IV, paragraph 3(c)
of the Joint Declaration of the European Parliament, Commission and Council of
30 June 1982 which points out specifically that the fixing of maximum amounts
in regulations must be avoided in future. The Council decision must emphasize
the purely indicative nature of the figures given. The Committee on Budgets
approved the Commission proposal with these reservations.

Yours sincerely,

(sgd) Erwin LANGE

The following took part in the vote: Mr Lange, chairman; Mrs Barbarella,
vice-chairman, Mr Adonnino, Mr Barbagli, Mr Newton Dunn, Mr Langes, Mr Orlandi,
Mr Pfennig, Mr Konrad Schön and Mr Simonnet.

OPINION OF THE LEGAL AFFAIRS COMMITTEE

Letter from Mrs S. Veil, chairman of the committee, to Mr J. Moreau,
chairman of the Committee on Economic and Monetary Affairs.

on the proposal (Doc. 1-553/82) by the Commission of the European Communities
to the Council concerning a decision amending Council Decision 79/783/EEC of
11 September 1979 adopting a multiannual programme (1979 to 1983) in the field
of data processing

Draftsman: Mrs Baduel Glorioso

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25 February 1983

Dear Mr Chairman,

On 13 September 1982 the Legal Affairs Committee was asked for an
opinion on the proposal in hand. At its meeting of 24 November, Mrs Baduel
Glorioso was appointed draftsman of the opinion. At its meeting of 24 February
1983 the Legal Affairs Committee considered the Commission's proposal on the
basis of a briefing by its draftsman. At this meeting the Legal Affairs
Committee unanimously¹ adopted the present opinion which it instructed me
to forward to you.

The aim of the proposal from the Commission is to extend for three
years the second part of the multiannual programme in the field of data
processing adopted by Council Decision of 11 September 1979.

¹The following were present: Mrs Veil, chairman; Mrs Baduel Glorioso (deputizing
for Mrs Cinciari Rodano), draftsman; Mr D'Angelosante,
Mr Janssen van Raay, Mr Poniridis, Mr Prout,
Mr Sieglerschmidt, Mrs Vayssade and Mr Vié.

In principle, the Legal Affairs Committee is in favour of strengthening the data processing sector in the Community. It has no legal objection to the Commission's proposal. It would, however, stress the European Parliament's constant concern to safeguard and strengthen the rights of individuals in the face of the development of data processing and the trans-frontier flow of information.

Now the legislative machinery, at both the national and Community levels, is a long way behind in relation to the rapid advances made in the data processing sector.

The Legal Affairs Committee takes the view that the data processing sector must be strengthened and the alterations to the law required to protect personal rights carried out in tandem. That is why it reiterates the call¹ contained in the European Parliament's resolution of 9 March 1982 for a directive on this matter.

The studies carried out as part of the first part of the multiannual programme (general measures), some of which deal specifically with confidentiality and data protection, are an adequate foundation on which to draw up such a directive.

The Legal Affairs Committee is of the opinion that the first part of the multiannual programme is also worth extending and requests the Commission to present proposals to this effect. Extending it in this way would make it possible to look closely at the problems raised by data processing offences, which have grown in number in recent years and in the face of which undertakings and the courts are strangely powerless. The offences mainly concern computer manipulation, fraudulent use of programmes and economic crime with the aid of computers².

¹ Approving the motion for a resolution contained in the second report (Doc. 1-548/81) presented by Mr Sieglerschmidt on behalf of the Legal Affairs Committee on the protection of the rights of the individual in the face of technical developments in data processing (OJ No. C 87 of 5.4.1982, p. 39)

² e.g. falsification of balance sheets, increasing balances of account in bank computers, etc.

Finally, the Legal Affairs Committee considers that the time has come to ask the Commission to give an account to Parliament of the implementation of its recommendation of 29 July 1981¹ in which it called on Member States to ratify the Council of Europe convention for the protection of individuals with regard to automatic processing of personal data before the end of 1982.

Simone VEIL

¹ see OJ No. L 246 of 29.8.1981

