European Communities

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Working Documents

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REPORT

drawn up on behalf of the Committee
on Energy and Research

on the proposal from the Commission of the European Communities to the Council (Doc. 1-502/82 - COM(82) 251 final) for a decision concerning a plan for the transnational development of the supporting infrastructure for innovation and technology transfer (1983-1985)

Rapporteur : Mrs Y. THEOBALD-PAOLI

English Edition

PE 81.585/fin

By letter of 30 June 1982 the President of the Council of the European Communities requested the European Parliament, pursuant to Article 235 of the EEC Treaty, to deliver an opinion on the proposal from the Commission of the European Communities to the Council concerning a plan for the transnational development of the supporting infrastructure for innovation and technology transfer (1983-1985).

On 9 July 1982 the President of the European Parliament referred this proposal to the Committee on Energy and Research as the committee responsible and to the Committee on Budgets and the Committee on Economic and Monetary Affairs for opinions.

At its meeting of 24 September 1982 the Committee on Energy and Research appointed Mrs THEOBALD-PAOLI rapporteur. It considered the Commission's proposal and the draft report at its meetings of 30 September 1982, 2 December 1982 and 19 January 1983 and decided on 16 February 1983, by 11 votes in favour with 2 abstentions, to recommend that Parliament should adopt the Commission's proposal subject to the following amendments.

The Commission informed the committee that it was prepared to accept amendments Nos. 1-5.

The Committee then adopted the motion for a resolution as a whole by 11 votes in favour with 2 abstentions.

The following took part in the vote : Mr GALLAGHER (acting chairman), Mr SELIGMAN (vice-chairman), Mr ROGALLA (deputizing for the rapporteur), Mr ADAM, Mr CALVEZ (deputizing for Mr PINTAT), Mr MARKOPOULOS, Mr MORELAND, Mr PEDINI, Mr PROTOPAPADAKIS, Mr ROGERS (deputizing for Mrs LIZIN), Mr SASSANO, Mr TRAVAGLINI (deputizing for Mrs WALZ) and Sir Peter VANNECK.

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

C O N T E N T S

The Committee on Energy and Research hereby submits to the European Parliament the following amendments and motion for a resolution, together with explanatory statement :

Proposal from the Commission concerning a plan for the transnational development of the supporting infrastructure for innovation and technology transfer (1983-1985)

Amendments proposed by the Committee on Energy and Research	Text proposed by the Commission
Preamble and recitals unchanged	
Articles 1 and 2 unchanged	
Amendment No. 1 The first sentence to be amended as follows :	
Article 3 The activities or projects described in Annex I shall be undertaken on the responsibility of the Commission or shall qualify for partial Community financing under the appropriations provided for in the Community budget.	Article 3 The activities or projects described in Annex I shall be undertaken on the responsibility of the Commission or shall qualify for partial Community financing under the appropriations provided for in Article 5.
The following activities or projects may be eligible for consideration : - activities or projects involving partners established in various Member States; - activities or projects involving operations on a Community scale or services open to all Member States.	The following activities or projects may be eligible for consideration : - activities or projects involving partners established in various Member States; - activities or projects involving operations on a Community scale or services open to all Member States.
Articles 4 and 5 unchanged	

Amendment No. 2

Article 6 to read as follows :

The Commission shall implement this Decision and may have recourse to consultation in so doing. The Commission shall submit a report each year to Parliament and to the Council.

Article 6

Responsibility for implementing this Decision shall rest with the Commission, assisted by an Advisory Committee whose composition, duties and procedures are set out in Annex II.

The Commission shall keep the said Committee regularly informed of progress in the work.

The Commission shall present a detailed report each year to the Council and to Parliament.

Annex I up to and including 'Descriptions of actions' unchanged

Amendment No. 3

Insert the following new text :

Initially, the following priority actions are envisaged

1. Start-up support for the establishment and the initial activities of liaison mechanisms :
   (a) Support for STCELA (Standing Technology Conference of European Local Authorities)
   (b) Support for the association of venture finance operations
   (c) Associations of technology and management advisory services to include technological analysis and sensitization services ('Technology awareness agencies')
2. Measures to promote the supply and dissemination of information at Community level

   Information on :

   (a) Supply and demand
      - concerning national and transnational cooperation of small and medium-sized undertakings,

market analysis and market studies, technological surveys and trend analyses and R & D findings

(b)Public invitations to tender

(c)Norms, standards, rules and regulations applying to exports (and imports)

3. Support for better utilization of Community-wide protection of industrial and commercial property rights (Community-wide legal protection).

4. Concertation of measures taken at national and Community level.

Amendment No. 4

Introductory phrase to read as follows :

Subsequent to the availability of initial experiences, the following actions are envisaged :	The following actions are envisaged :

Annex I, Chapters 1-3, unchanged

Annex II

Amendment No. 5

Annex II to be deleted.

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 concerning a plan for the transnational development of the supporting infrastructure for innovation and technology transfer (1983-1985)

The European Parliament,

- having regard to the proposal from the Commission to the Council (COM(82)251 final), [1]

- having been consulted by the Council pursuant to Article 235 of the EEC Treaty (Doc. 1-502/82),

- having regard to the result of the vote on the proposal from the Commission,

- having regard to the report of the Committee on Energy and Research and the opinions of the Committee on Budgets and the Committee on Economic and Monetary Affairs, Doc. 1-1313/82)

A. whereas the guidelines adopted by the European Council on 1 and 2 December 1980 in Luxembourg seek to improve the competitiveness of European products through better use of the opportunities provided by the common market;

B. having regard to the Commission communications on action to be taken on the mandate of 30 May 1980 and on the Community's industrial strategy, each of which draws attention to the importance of innovation and seeks to improv the management of the Community's internal market;

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[1] OJ No. C187, 22.7.82, p.4

C. whereas the guidelines mentioned above should receive top priority since they seek to avert the Community's decline both in the world at large and within its frontiers, in the interests of its inhabitants;

D. pointing out that progress in the field of innovation (of goods and services) and technology transfer is indispensable to the Community's manufacturing industry for at least three reasons:

- the need for its continuous adaptation to the rapid developments in technology in order to maintain its competitiveness vis-à-vis third countries by continually bringing out improved and further developed products,

- the need to reduce the cost of its products, which can be achieved only by constant modernization of the Community's productive machinery given that the continuous rise in wage and energy costs has an adverse effect in this respect,

- the need to promote, develop and utilize the scientific potential of the Community.

E. having regard to the decisive role played by small businesses and local authorities in the economic life of the Community's Member States

F. noting that the communication from the Commission of the European Communities endeavours to meet the twin objectives of assisting both innovation (of goods and services) and technology transfer within the Community, but confines itself to laying down guidelines for action which are still too general;

G. whereas the Commission intends that its plan should have an impact on a wide variety of industries, at the risk of spreading funds too thinly, in view of the relatively small sums allocated for the ambitious objectives it has set;

H. whereas certain aspects of the proposal accordingly deserve to be given greater priority than others;

1. Considers that the Commission should be asked to submit clearer, more explicit and less numerous proposals, defining priority measures;

2. Believes that, in the interest of efficiency, these priority measures for innvoation and technology transfer might be located in the following six areas:

(a) preparation of an inventory of innovation (covering the legal, financial and scientific aspects) consisting of a brief summary of practices in the Member States,

(b) the stimulation of financial aid granted to venture finance operations covering the European region;

(c) improvement of the collection and circulation of data, helping national data banks to acquire a European dimension;

(d) assistance in establishing or developing innovation services in conjunction with banking institutions which are essential economic agents;

(e) assistance to local authorities to enable them to access international data when seeking innovations applicable to their problems (particularly equipment problems) and in their application of such innovations;

(f) the development and exploitation of relations between university research and businesses or local authorities (with particular attention to activities concerning industrial property);

3. Suggests that, in addition to horizontal links between similar organizations in different nations, vertical links should also be encouraged between bodies representing, for example, producers, university research laboratories, market research groups, and final users;

4. Requests the Council to obtain a more precise financial estimate from the Commission for each of the measures that are introduced under the plan and effectively represent the priorities listed under 2;

5. Suggests that a more appealing and more dynamic title for the Commission's communication might be 'Towards a European area for scientific, technical and social innovation and technology transfer';

6. Approves, within the limits defined above and on an experimental basis, the plan proposed by the Commission;

7. Instructs its President to forward to the Commission and the Council the proposal from the Commission as voted by Parliament and the corresponding resolution as Parliament's opinion.

EXPLANATORY STATEMENT

I. Problems posed by the definition of an industrial policy giving pride of place to innovation and technology transfer

1. An examination of the structure of the European Economic Community's trade shows that no other geographical area maintains so high a level of imports and exports. The commercial activity of western Europe accounts for approximately 36% of world trade, divided roughly between intra-Community and extra-Community trade.

2. Import-export flows, which have been difficult to balance since the rise in oil prices, reveal patterns of a strictly specialist and complementary nature.

Raw materials, energy products and agricultural produce account for nearly two-thirds of imports, while more than 80% of exports consist of processed products or machinery and transport equipment.

3. All the Member States of the Community are thus largely dependent on international trade.

This state of dependence is increased by the crisis which the Community countries are currently going through.

At present it may summarily be stated that there can be no progress towards reducing unemployment, raising the standard of living and improving social conditions unless the Community countries are able to make the necessary effort to restore the balance of imports and develop exports.

4. Obviously the development of foreign trade depends not only on the ability of industry and commerce to place goods on the market at a competitive price. It depends no less upon the aptitude of research staff and laboratories in developing their work of invention and discovery with such effectiveness as to nurture the development of industrial products.

Modern industrial development has prodigiously diversified the range of goods and services produced, but not one of them can be manufactured unless it can be sold in sufficient quantities.

This is not always within the grasp of the Member States individually. The world is thus evolving towards systems in which different nations complement one another.

5. Research and technology guidelines can no longer be drawn up exclusively within the national context; it is bound to involve an assessment of the international market and implies a need for a European region for research, technology and industry.

In spite of certain common features, notably including a remarkable similarity in the difficulties which each country has to face - a shortage of energy and raw materials, and a crisis in the traditional industries - the countries of Europe appear to cooperate less than they should in the scientific field.

6. The Community countries are today confronted by a three-fold challenge:

- technological revolution amplified by the development of the information media;

- tougher international competition, allied with increased international interdependence;

- rising energy prices.

7. Until 1973 expansion made it possible to conceal certain problems and generated a mood of complacency which encouraged many companies to rely solely on the effect of growth, without seeking innovation.

From 1974 onwards, the crisis led to the following consequences :

- many companies which had failed to adjust to the growth of competition went into liquidation;

- unemployment grew on a massive scale; and

- the standard of living stagnated.

8. The Council responded to the situation as long ago as 1974 by calling for a vigorous policy of research and, some years later, innovation. The rapporteur is convinced that the Community has a vital duty to conduct a major industrial policy, one of the main programmes of which must consist of strong assistance with innovation and technology transfer, particularly for small businesses (on the supply side) and local authorities (on the demand side), these being the irrigation channels of our productive industry.

9. The transfer of technology to small businesses, which form part of the lifeblood of our economy, deserves particular attention. Obviously this transfer has already been realized on a large scale, at least at the national level, in many advanced technology sectors, where there has been movement towards less advanced undertakings, from major companies to small businesses, and from service companies to industrial undertakings. It has taken many forms, including the conclusion of licensing and know-how agreements, sub-contracting, specific contracts, etc.

10. But such transfers are not automatic and often encounter substantial obstruction.

- Industrial property: some companies holding the rights to advanced technology are secretive whenever they consider that such technology is vital to their existence and its dissemination would weaken them.

- Some public authorities prefer to keep to themselves the technologies which they control in order to derive income from their exploitation rather than transferring them.

11. More generally, this obstacle raises the problem of financial constraints affecting laboratories and the problem of financing technology transfer.

- Research scientists show a reluctance to approach and support industry insofar as in many circles such work is still not considered to be sufficiently rewarded.

- Where an organization holding the rights to certain technologies seeks to disseminate them, it is easier to establish contact with the large undertakings which are easily identified and where 'natural' contacts already exist.

12. On the other hand, in industries largely composed of small businesses, it is difficult to make contact with such undertakings, where qualified spokesmen are often unavailable or non-existent.

- Similarly, most small businesses are short of resources and do not have the intermediate staff needed for a technology transfer operation to be conducted smoothly, such as lawyers, industrial property experts and the like.

- Finally, the transfer of technology runs up against the traditional obstacles to change, particularly where information and decision-making structures are concerned, such as a resistance to self-criticism, and mental and social conservatism

13. None of the small businesses have their own laboratories or genuine scientific capability, even if they have the skilled technicians.

In the case of small businesses management generally carries a wide range of duties and responsibilities, whereas in a large group specialization is the rule[1].

In a large decentralized group it is possible to tackle several projects at once, whereas an innovation programme is a major adventure for a small business, engaging its energies over a long period and to a significant degree.

Finally, the small business often only manages to conduct a limited and halting dialogue with the outside world as it does not have the best information at its disposal, particularly when it moves outside its preferred field of activity.

14. However, on the other hand small businesses can have the advantage of flexibility and hence are particularly capable of adaptation.

Indeed, in many industries, particularly in data processing and micro-electronics, the ability of small businesses to enter new markets more

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1 This is obviously compounded by the intrinsic difficulties of the European dimension such as the barriers caused by different languages, standards, type approval and testing systems.

rapidly appears to invest them with greater technological dynamism, or rather, the large groups tend to behave differently when establishing a position in an advanced industry. Their objective is often to develop the whole range of a new manufacturing process, necessitating very substantial investment, whereas the production stage or products developed by a small business generally require a much lower level of funding.

15. It may be noted that large companies tend to have a limited ability to generate innovation on a wide scale, being too concerned to use their research services solely to maximize the profitability of their existing plant.

16. For this reason the circulation of scientific, technical and economic information must be encouraged as much as possible in order to establish technology data banks supplied from the major groups and the innovation bureaux.

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17. The industry-research interface also poses a problem in each of the Member States and, more especially, at the Community level. However, the future of the Community countries is bound up with their ability to keep pace with scientific and technical progress at school and in higher education.

18. Schools, universities and polytechnics play an essential role not only in increasing knowledge but also through training and the dissemination of ideas.

The structural mobility of the people they train constitutes the main vehicle for disseminating new scientific and technical knowledge to the productive sector.

19. There is a need to encourage the development of closer relations between research in higher education and research in productive industry.

Such relations may take the form of encouraging the mobility of scientists engaged in fundamental research work of the kind generally undertaken at university and in national institutions towards work related to industrial development. Not only is such mobility an indispensable aid to the rapid dissemination of new technology which is increasingly essential in the modern industrial economy; it also reflects a desire on the part of many researchers to play a more significant part in the production process.

20. It is crucial to ensure that such mobility is essentially voluntary and to the advantage of those involved. 'Natural' obstacles such as the degree of mistrust between universities and industries or the Civil Service must be taken into account and overcome. A constant effort will be required if they are to be successfully removed.

21. A number of hurdles must be cleared, including:

- those due to attitudes epitomized by the conflict between basic, disinterested research and applied 'committed' research;

- those due to a fear of uncontrollable risk and the need for security which is unlikely to be automatically guaranteed in industry at present;

- those deriving from the many factors restraining professional and geographical mobility, such as:

    . administrative barriers, such as the difficulty of maintaining pension rights in a career divided between the public and private sectors;

    . residential problems, the employment of the spouse, children's schooling, etc.

22. In addition, emphasis must be placed on the need to consider the rights of researchers with regard to industrial property so as to encourage creativity and the spirit of initiative: the number of research scientists setting up businesses in Europe today is virtually nil.

The questions of industrial property, patent law and the conditions of publication or secrecy are obstacles to cooperation between research and industry.

The transfer of technology between research structures and industry is a necessary condition for improving the industrial productivity of research. That condition is far from being fulfilled, partly owing to the conservatism and secretiveness of such structures.

23. To encourage technology transfer there is a need to:

- avoid enclosing university/industry research relations in simplistic patterns; such relations are complex and will only function if they are maintained in all their complexity (continuing training/assessment, work experience contracts on each side/research contracts/local coresponsibility, etc - all these aspects foster amicable relations); this point is strongly underlined by those with experience of the problem.

- create specialised structures for dialogue on well-defined problems (this is essential to mobilize small businesses) uniting all those involved, industrialists, researchers, users, and local civil servants in a form of de facto association.

- stimulate existing direct links between research establishments (university laboratories and technical centres) and industrial companies in order to increase activity. To the same end, companies could be granted research funds (which they would not be compelled to use) at universities and other public bodies.

- create commercialization units in research establishments.
  Here we may cite the example of INSERM in France, which in October 1981 set up an administrative structure called the 'unit for industrial commercialization', with the aim of protecting discoveries whilst encouraging their industrial exploitation.

- foster the creation of new independent research centres with a competitive and industrial purpose, designed to communicate upstream with completed research and downstream with the main body of industry.

It should be noted, however, that the provision of new funds and fresh legislation have never been enough to change attitudes and behaviour, nor to revitalize ossified transfer bodies.

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II - Critical study of the Commission communication

24. The communication submitted by the Commission of the European Communities endeavours to meet the dual objective of assisting innovation and technology transfer within the Community by bringing the producers of technology and its users closer together.

25. The Commission proposes to concentrate on the final stage of the research process, where it impinges on the economic environment in the world of production.

In this regard, although it has been drawn up by a department which does not come under the authority of the Commissioner in charge of research, the document does not conflict with the main guidelines of the 'outline research programme' but fits in with it. At most it may be regretted that two documents intended to form a whole (European research policy) should not have been submitted together.

26. The Commission proposal is addressed to companies which already have an innovation policy and seeks to offer them an outlet at Community level. It also aims as a priority to push through innovation with companies or local authorities overwhelmed with the problems of day-to-day management (marketing, financial and industrial relations problems) and which have not yet contemplated new technology research as a matter of policy. It also tries to strengthen the role of training institutions so as to demonstrate the importance of innovation to businessmen unable to devote enough time to assess the impact of new technology and evaluate its commercial dimension for themselves. And of course it also aims to ensure that experience is shared at Community level.

The Commission plan therefore consists of three sections:

- 'European cohesion between existing innovation promotion organizations', i.e. logistical support for such organizations (chapter one);

- 'strengthening the foundations: people, knowhow, communication' - which corresponds to the 'direct' action projects undertaken by the Commission to promote innovation (chapter two);

- 'concertation of new Member States and Community action', which consists of the exchange of scientific and practical information and experience between the various Member States under the auspices of a consultative committee (chapter three).

27. In contrast to what is done in the United States or Japan, the Commission is not giving preference to any one of these three sections, which implies covering the widest possible field and trying to keep all the options open. Is this not too ambitious an objective?

28. The document submitted by the Commission contains no less than 26 proposals for action. Consideration of these shows that they are a list of directions in which action should be taken rather than a definition of specific measures. There is much duplication and ambiguity. The resulting imprecision would seem to be an obstacle both to the intended goal of efficiency and to the necessary control to be carried out by Parliament. Parliament's very duty is to ensure that when the programme is carried out, after receiving Council approval, it will effectively fulfil the priorities which Parliament must lay down.

29. The rapporteur considers that the fundamental importance of the problems posed (and described in full detail in the Commission document) underlines the need for a clearer formulation and for seeking a more restricted number of priorities where European action could have a crucial impact. Such priorities might be on the lines suggested below.

30. In the first chapter, on logistical support for organizations promoting innovation, the stimulation of financial aid for venture capital companies would seem to us to be in need of particular attention. This will involve in particular definition of the role of large public and private companies capable of providing assistance for small businesses.

31. In the second chapter, dealing with strengthening the foundations, it might be noted that there are already a large number of patent agencies, consulting engineers, research bureaux and other organizations which are aware of the problems involved and to which companies and local authorities may have recourse; this remains true even if the role of expert advisers, and particularly patent and market evaluation experts, needs developing. To be effective consolidation should concentrate on the following points:

- improving the collection and circulation of electronic data, which may be done by helping national data banks to acquire a European dimension;

- preparing an inventory of innovation (covering the legal, financial and scientific aspects) consisting of a brief summary produced by the Commission of practices in the Member States;
- assisting local authorities by enabling them to access international data when seeking innovations applicable to their problems (particularly equipment problems) and in their application of such innovations;
- assisting with the establishment or development of innovation services in conjunction with banking institutions which are essential economic agents.

32. Finally, as regards the consultative committee for which the Commission document makes provision, there is a need to specify its role in the definition of programmes, the manner in which its members are appointed, its relations with the Commission and its action in controlling implementation of the programme, ensuring optimal operational efficiency through its mobility and its complementary internal structure (research, finance, education and consumption).

OPINION OF THE COMMITTEE ON BUDGETS

Draftsman: Mrs HOFF

On 1 December 1982, the Committee on Budgets appointed Mrs Hoff draftsman of the opinion.

The committee considered the draft opinion at its meeting of 8 December 1982 and unanimously adopted the conclusions contained in it.

The following took part in the vote: Mr Lange, chairman; Mrs Hoff, draftsman; Mr Ansquer, Mr Balfe, Mr Barbagli, Mr Gouthier, Mr R Jackson, Mr Kellet-Bowman, Mr Newton Dunn, Mr Bröndlund Nielsen (deputizing for Mr Louwes), Mrs Nikolaou, Mr Nord (deputizing for Mrs Scrivener), Mr Orlandi and Mr Price.

I. Introduction

With this proposal the commission has taken on a considerable task in response to an initiative taken by the European Council on 1 and 2 December 1980. The European Council called for action to improve the competitiveness of European products through better use of the possibilities of the common market in the form of improved support for innovation and the dissemination of information within the Community. This proposal for a decision is the Commission's first practical step towards the attainment of the objectives set out earlier in its report on the mandate of 30 May 1980. The Committee on Budgets has only to give its opinion on the financial aspects of this programme.

II. Content of the Commission's proposal

In the Member States, services have been created for the evaluation of research results, technology transfer, information, consultancy and specialized financing. The importance of these infrastructures for facilitating innovation is considerable, especially for small and medium-sized undertakings. With its plan for the trans-national development of the supporting infrastructure for innovation and technology transfer, the Commission is attempting to optimize these national efforts to a decisive extent by creating supranational mechanisms for Community-wide communication, cooperation, training and information. The aim will be to facilitate access to research, technology, capital and markets.

The financial requirements set out in the Commission's provisional financial statement total 15m ECU, which is a relatively modest amount measured against the overall scope of the programme. However, the Commission expects a significant multiplier effect, since the actions proposed will stimulate 'the interaction between the factors influencing the progress of innovation: manpower, technology, finance and markets'[1].

As regards the method of financing, the Community may share the cost of programmes to develop innovation infrastructures undertaken by one Member State or jointly by a group of Member States. Community participation should focus in particular on the cost of monitoring and evaluating the effectiveness of such pilot programmes. It will be the Commission's task to provide for the rapid dissemination of the results. Financial support will cover at most 50% of the cost of actions and projects, with a corresponding percentage being repayable from the proceeds (if any) of these operations.

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[1] p.24 of Commission document

As regards staff requirements, the Commission proposes the creation of 4 A, 1 B and 2 C posts[1] and an advisory committee to assist the Commission in the coordination of programmes.

III. Evaluation of the proposal by the Committee on Budgets

The Committee on Budgets welcomes this measure by the Commission in the sphere of industrial policy. The committee has always been in favour of the development and extension of other policies besides the existing common agricultural policy.

It also has no objections to the Commission's proposal for a decision except for one detail: Article 3 of the Decision should not refer to Article 5, which states that the required appropriations of 15m ECU are indicative amounts, but should rather take as a basis the appropriations actually provided for in the budget.

In this connection, it is regrettable that the Council in its second reading has again removed the appropriations partially reinstated by Parliament under item 7521 of the draft budget for 1983.

IV. Conclusions

The Committee on Budgets

- welcomes the Commission's practical initiative to expand the basis for a common industrial policy,
- raises no objections to the Commission's proposal,
- calls upon the committee responsible, the Committee on Energy and Research, to incorporate in its report the following minor amendment to Article 3 of the proposal for a decision.

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[1] Included in the requests and/or creations of posts for the 1983 budget

Text proposed by the Commission	Text proposed by the Parliament
Article 3	Article 3
The activities or projects described in Annex I shall be undertaken on the responsibility of the Commission or shall qualify for partial Community financing under the appropriations provided for in Article 5.	The activities or projects described in Annex I shall be undertaken on the responsibility of the Commission or shall qualify for partial Community financing under the appropriations provided for in the Community 'budget'.
The following activities or projects may be eligible for consideration:	The following activities or projects may be eligible for consideration:
- activities or projects involving partners established in various Member States;	- activities or projects involving partners established in various Member States;
- activities or projects involving operations on a Community scale or services open to all Member States.	- activities or projects involving operations on a Community scale or services open to all Member States.

O P I N I O N

(Rule 101 of the Rules of Procedure)

of the Committee on Economic and Monetary Affairs

Draftsman: Mr NORDMANN

On 22 September, 1982, the Committee on Economic and Monetary Affairs appointed Mr. Nordmann draftsman.

The committee considered the draft opinion at its meeting of 18-19 January 1983 and adopted it unanimously.

The following took part in the vote: Mr HOPPER,(first vice-chairman and acting chairman), Mr MACARIO (vice-chairman), Mr DELEAU (vice-chairman), Mr BEAZLEY, Mrs DESOUCHES, Mr HERMAN, Mr ROGALLA(deputizing for Mr MIHR), Mr SEAL (deputizing for Mr SCHWARTZENBERG) and Mr WAGNER.

The Commission's Proposal

1. The Commission's proposal is aimed at stimulating the process of innovation and technology transfer within the Community by setting up a series of Community support measures in such areas as market analysis, venture financing, establishment of data banks, training, access to patents and licensing markets and information exchange.

2. The proposal has three chapters. The first chapter, for which the Commission originally proposed 6.6 million ECU over the three years 1983-1985, concerns European cohesion between existing innovation promotion organisations. 5.7 million ECU were proposed for the second chapter, entitled "strengthening the foundations: people, know-how, communication", and 2.7 million ECU for the third and final chapter concerning the opening of new channels of communication to accelerate market introduction of new products. This last chapter would also introduce a consultative committee, to act as a clearing house for the exchange of information between Member States on their various programmes, and also to evaluate the activities and projects which would be established pursuant to the Commission's proposals.

3. It should also be noted that the Commission, in its preliminary draft budget for 1983 allocated 5 million ECU in commitment appropriations and 2 million ECU in payment appropriations to help carry out the programme, but that the Council's draft budget eliminated these appropriations, and substituted a token entry.

Observations

4. The Commission's explanatory statement to its proposal cites one of the conclusions of the European Council's meetings of 1-2 December 1980, namely its call "to improve the competitiveness of European products through better use of the possibilities of the common market", and the consequent need "to examine how to remedy the fragmentation of markets and improve support for innovation and the dissemination of information".

5. The Committee on Economic and Monetary Affairs, in a number of its recent reports, has put the highest emphasis on tackling this key problem of market fragmentation. In particular, it has emphasized the need to develop common rather than competing national standards for new technologies, and to open up public procurement on a Community-wide scale.

6. The Commission's present proposal, however, is geared especially to the problems posed by the transfer of technology from the research stage to that of final product development, and from one Community country to another.

There is indeed a considerable degree of evidence that there are various problems involved in the process of technology transfer which impede innovation, and which often mean that the full possibilities opened up by basic research into new technologies are insufficiently converted into commercially successful products. There is evidence, too, that the Japanese, for instance, are often more successful in commercialising new inventions and processes. The Community is likely to continue losing competitiveness unless these barriers to technology transfer, and to commercially successful innovation, are overcome.

7. Among the most significant of such barriers is insufficient awareness and information about markets or new products and processes. In particular firms, especially smaller ones, are often not fully aware of the possibilities opened up to new technological developments, or developments in other countries, which might have a decisive effect on their businesses. A classic example is insufficient awareness of both the opportunities (such as being able to offer new products, or improving old products) and threats (such as market displacement of firms which are slow to adapt) afforded by the use of microchips in particular industries. The implications of developments in biotechnology may also be insufficiently grasped, to give a further example.

A second, and potentially important barrier within the Community, is the insufficiency of venture capital to support the development of new technologies. The Commission's explanatory memorandum to its proposal points this out in stating that innovation financing still represents a gap in the financial services to enterprises in many regions in the Community.

8. That the Commission's proposals address themselves to very real problems is, therefore, without doubt; whether they constitute the best Community response to such problems is, however, less clear.

9. The Commission's analysis is not very selective. It is couched in very general terms and fails to pinpoint the areas of real Community weakness in the process of technology transfer. The explanatory statement to the proposals states (on page 7) that the Commission's plan "is based on extensive investigations and wide consultations", but gives an insufficient idea of the specific conclusions of such investigations.

10. Moreoever, the plan itself would set up a bewildering variety of new organizations, associations and liaison mechanisms, such as:

- "a Community based association of financial organizations specialised in the financing of innovation", (page 12 of the proposals)

- "'platforms of personal contact'(seminars and conferences) in order to establish'human'networks of relations"between services, "public and private, specialised in providing management technology and market know-how to new technology exploiting firms", (pages 10 and 11)

- "reference networks of experts and consultants able to advise on financial,technology and market assessment and to help with management problems", (page 13)

- "further development of the basic structure of Community local authority cooperation in new technologies", (page 14)

- action"to stimulate the creation of a European'network'of specialised technology awareness services",(page 16)

- "the establishment of an information exchange .....
on available expertise regarding technology, markets, finance and public aids for innovation throughout the Community", (page 17)

- a consultative committee to act as a permanent forum for the exchange of information between Member States on the various national and regional programmes in this field.

All these would be set up under differing headings of the proposal. Some or all of them may be justified but the justification is insufficiently provided in the Commission's text.

11. Clearly the economy of Europe needs a strong Community information industry and measures on the lines of those envisaged by the Commission. That this need is already being met, however, to a very considerable degree, is demonstrated by the proliferation of management consultants specialized in the promotion of new technologies and in assessing their implications for public and private enterprises alike, and by the increasing number of conferences and seminars which are being held on related themes. Many of these activities are apparently very profitable and it is unclear to what extent further support should be given by the Community. Furthermore, the Commission programme fails really to identify in which way these already existing activities fall short of real Community needs.

CONCLUSIONS

12. The Committee on Economic and Monetary Affairs would therefore emphasize that, while it agrees with the overall objectives of the Commission's programme, it has certain reservations about the specific proposals that have been put forward.

13. It considers that the case for Community support for these activities needs to be more clearly stated, and that areas of real existing weakness in the process of technology transfer and of innovation should be more clearly identified. The Commission should also transmit to the Parliament the conclusions of its investigations and consultations.

14. The committee believes, furthermore, that the Commission's present proposals are expressed in abstract and undiscriminating terms, and also appear repetitive. The committee calls therefore for a much clearer order of priorities to be established by the Commission.

15. Finally, the committee would welcome more details as to how the Commission intends to manage the programme, how it intends to monitor the results achieved as against the objectives established and how it intends to coordinate this programme with other Community programmes in the field of the new information technologies. The Commission should also explain to Parliament how it intends to make the programme conform with the budgetary appropriations to be provided for it.

16. The Committee on Economic and Monetary Affairs therefore urges that the Commission provide the clarifications requested as soon as possible.