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Report

drawn up on behalf of the Committee on Energy and Research

on the ~~the~~ creation of a Foundation of the European Communities for
International Technological and Scientific Cooperation

Rapporteur: Mr J. PURVIS

12.9

On 24 September 1979 the motion for a resolution (Doc. 1-251/79) tabled by Mr van Aerssen pursuant to Rule 25 of the Rules of Procedure on the creation of a Foundation of the European Communities for International Technological and Scientific Cooperation was referred to the Committee on Energy and Research as the committee responsible and to the Committee on Development and Cooperation for its opinion.

On 18 December 1979 the Committee on Energy and Research appointed Mr Purvis rapporteur.

It considered the draft report at its meeting of 31 January 1980, 3 December 1980 and 29 January 1981. At the latter meeting it adopted the draft report unanimously.

Present: Mrs Walz, chairman; Mr Normanton, vice-chairman; Mr Purvis, rapporteur, Mr Capanna, Mr Coppieters (deputizing for Mrs Bonino), Mr Herman (deputizing for Mr Fuchs), Mr Lalor (deputizing for Mr Turcat) Mr Moreland, Mr Peterson, Mr Seligman, Mr Vandewiele, Mr Veronesi and Mrs von Alemann.

The opinion of the Committee on Development and Cooperation is annexed to this report.

CONTENTS

A. Motion for a resolution.....	5
B. Explanatory statement.....	7
I. Objectives of technological cooperation.....	7
II. Commentary on the proposal for the creation of a European Foundation.....	8
III. Conclusion.....	12
 <u>ANNEX</u>	
Motion for a resolution on the creation of a Foundation of the European Communities (Doc. 1-251/79)	13
 Opinion of the Committee on Development and Cooperation	14

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

MOTION FOR A RESOLUTION

on the creation of a Foundation of the European Communities for International Technological and Scientific Cooperation.

The European Parliament,

- having regard to the motion for a resolution on the creation of a Foundation of the European Communities for International Technological and Scientific Cooperation (Doc. 1-251/79),
 - having regard to the relevant chapter of the North-South Report (BRANDT Report), pp 193 et seq,
 - having regard to the report of the Committee on Energy and Research and the opinion of the Committee on Development and Cooperation, (Doc. 1-862/80),
1. Notes that the existing agreements between the European Communities and the developing countries, and particularly the Lomé II Convention, already cover to a significant extent, cooperation in the technological and scientific fields;
 2. At the same time stresses the importance and desirability of giving technological cooperation a more prominent place in the implementation of such development cooperation agreements;
 3. In line with the Programme of Action adopted by the United Nations' Conference on Science and Technology for Development, stresses the desirability of enhancing the capacity of developing countries to carry out research and development activities themselves and would therefore advocate that aid policies of the Community in this sector should be towards helping universities and technological establishments in these countries to develop their own endemic research and development capabilities, rather than just transferring the results of such research and development from research establishments in the developed world;

4. Considers therefore that scientific and technological cooperation can be strengthened within existing cooperation procedures;
5. Calls on the Commission's development cooperation services to encourage technological cooperation by a reformulation of their aims and duties and a reorganization of their working methods, in line with the developing countries' requirements and capabilities;
6. Believes that must be given to the organization or undertaking which is behind the technology provided and any commercial interests involved;
7. Draws Member States' attention to the fact that this is an area where Community coordination of indirect action is particularly appropriate in achieving the greatest benefit to both the under-developed countries and the Member States themselves and calls upon them to consider first and foremost the most appropriate organization in the European Community to carry out any particular programme, to submerge any feelings of chauvinism and preference for state bodies over independent bodies such as universities and private sector research establishments and corporations;
8. Is opposed to the creation of a new Community institute for international scientific and technological cooperation which would probably just increase bureaucracy and lead to duplication of work and the waste of scarce intellectual and financial resources;
9. Calls on the Commission to submit within six months a report on how it intends to implement the recommendations of this resolution by reorganising, redirecting and reinforcing existing machinery, such report to encompass the financial, staffing and legal (e.g. patents) aspects;
10. Instructs its President to forward this resolution to the Commission, Council and the ACP-EEC consultative Assembly.

EXPLANATORY STATEMENTI. OBJECTIVES OF TECHNOLOGICAL COOPERATION

1. The motion for a resolution tabled by Mr Van AERSSSEN¹ states that there is an 'urgent need to transfer.... the necessary scientific and technological knowledge to the countries of the Third World'.
2. The Second Lomé Convention is even more specific about objectives in this field. It states in Title VII on financial and technical cooperation that 'The objective shall be to promote the economical and social development of the ACP States on the basis of the priorities laid down by those States and in the mutual interest of the parties'. Of the projects which may be executed in pursuance of this objective, specific mention is made of (Article 93) 'training, applied scientific research and applied technology, technological adaptation or innovation and the transfer of technology'.
3. At international level:
 - (a) The US Congress passed a reorganization plan designed to simplify American development aid. This included the creation of a new Institute for Scientific and Technological Cooperation. Although the President of the United States has set up the new Institute for Scientific and Technological Cooperation, the US Congress has turned down any allocation of funds on the basis that existing systems and institutes are capable of providing the self-same service.
 - (b) The UN Conference on Science and Technology for Development (part of the North-South dialogue) adopted a 'Programme of Action'. Harmonisation of the UN's development work would, it was hoped, strengthen the restructuring of the developing countries' technological capacity. The target is that these countries should conduct 20 per cent of the world's R & D activities by the end of the century (as against 3 per cent today).
 - (c) The BRANDT report stresses that the developing countries' efforts towards greater technological self-reliance need to be fully supported through international cooperation. It describes the market for technology as very imperfect and calls for international codes of conduct and effective national laws which should be agreed to ensure the broader sharing of technology.

¹See Annex, Doc. 1-251/79

4. So it would seem that there is great interest in the strengthening of public assistance in this field and letting the transfer be dictated to a greater extent by the requirements of the developing countries and on their conditions.

5. At the same time the developing countries' need for assistance has increased dramatically in the course of a few years. The OECD has estimated that in 1979 the developing countries (excluding the OPEC countries) had an overall indebtedness of about 250,000 million dollars as against 77,000 million dollars in 1973. It is of interest to note that in 1973 public assistance to the developing countries stood at 13,000 million dollars, whereas the developing countries' oil bill came to 8,000 million dollars. For 1980 it is calculated that public assistance will total 32,000 million dollars and the oil bill 53,000 million dollars. These figures speak for themselves. A final point is that by and large the least developed countries have to depend on public assistance, whereas private credits and investments tend to flow towards the more industrialised developing countries.

II. COMMENTARY ON THE PROPOSAL FOR THE CREATION OF A EUROPEAN FOUNDATION

6. In view of the above, and the existence of appropriate international and regional organs and procedures for the transfer of technology, your rapporteur would like to put forward the following observations:

The objective of the transfer of technology

7. The objective must clearly be to create economic, social and political stability in the developing countries. It is also in the industrialised countries' political and economic interests to help these countries to contend with their poverty and to help create the right conditions for better social conditions for the individual.

8. Another objective must be to help the developing countries to increase their self-reliance on a broad basis by encouraging the promotion of self-developing undertakings in the commercial and economic sectors. Such self-reliance should be even further extended to the research and development spheres themselves as far as this is possible. This is the only way of bringing about a permanent improvement in the standard of living and quality of life.

9. One factor which must not be overlooked if there is to be a really effective policy in this sector is that there can be negative as well as positive consequences for economic activity and employment within the EEC in certain sectors. There is little point helping the less developed countries adopt technologies, and thereby improve their agricultural and industrial output, if we then prevent their commercial exploitation in world, and especially EEC, markets. We should therefore be fully aware of the implications of the transfer of such technology. Our industry will have to develop and adjust to the changes in the developing world in order to take advantage of the markets which there will be for more and more sophisticated products and services, while accepting increasing competition in the sectors more appropriate to the developing countries.

The sectors in receipt of aid:

10. Any development aid must of course be adapted to prevailing conditions in the developing country and to that country's capacity. The following sectors are particularly in need of assistance:

- agriculture, fishery, forestry, including the exploitation of cleared land post harvest
- raw materials and their processing
- health in general
- infrastructures: science/technology
education
transport/services
energy
housing
- small and medium-sized crafts and industries (including management) adapted to the developing countries' capabilities and requirements.

11. Finally, general reference is made to the opinion of the Committee on Development and Cooperation which lists a number of areas in which the Community already undertakes active development cooperation.

Organisational structures and procedures for the transfer of technology

12. The Community has already established contractual relations with a number of developing countries, and principally with the Lomé Convention countries. Transfer of technology to these countries is already provided for in the existing Convention as explained above. Of special interest is the Centre for Industrial Development (CID) set up under the first Lomé Convention in 1977. Criticism of the CID can be mainly ascribed to a lack of resources and staff. The allocation for the CID has been considerably increased in the new Lomé II Convention so there is reason to hope for increased activity in industrial projects mainly devoted to information, the provision of services, the promotion of contacts between leading industrialists in the ACP and EEC countries and the management of projects, including technology and training.

13. The Community also has formal cooperation agreements with other groups of developing countries, including ASEAN, the Mashreq and Maghreb countries and the non-associated developing countries. In the UN and also as part of the North-South dialogue the EEC is taking part in the formulation of a new international development strategy (see paragraph 4). It must however be added that no agreement has been reached on this strategy and that one of the main problems concerns the transfer and development of technology.

14. So the EEC has extensive cooperation links with the developing countries, both globally within the UN and regionally with specific groups of countries. The Lomé cooperation arrangement, with its very specific terms of reference, lies somewhere between these two categories.

15. Even if it may be possible to criticise the existing forms of cooperation your rapporteur doubts the wisdom of setting up a new organ, either global or regional, specifically to deal with scientific and technological cooperation. The question is rather whether this field will or must be given more importance? If so, your rapporteur believes that this can be done within the existing framework by strengthening existing cooperation and improving its coordination and organisation.

Improved forms of cooperation:

16. Although your rapporteur is opposed to the creation of a new EC organ and increased bureaucracy, he could however accept the idea of a 'clearing-house' or information centre within the appropriate development policy departments of the Commission. This information unit could have the following functions:

- (a) Compiling a catalogue of existing technology and its potential use in the developing countries.
- (b) A list of current and feasible technological projects in the developing countries and in the EC.
- (c) Compiling a list of requirements and wishes for technology or its development as formulated by the developing countries or, for example, by research institutes in the developing countries or the EEC.
- (d) Updating and exchanging information on similar technological cooperation in other international organs.

17. On the above basis it should be possible for the Commission to attempt an assessment of the need for and desirability of drawing up and submitting proposals for new technological projects or the modification of existing projects. Such proposals would have to pass through the Community's normal decision-making procedure to determine their programme content, execution (including control) and financing arrangements together with a no less important factor, the dissemination of the knowledge obtained.

Conditions for the transfer or development of technology for use in the
developing countries

18. The transfer or development of technology is linked with and indeed sometimes dependent on financial conditions. Your rapporteur considers that it would be unrealistic to believe that it could be done without payment. Developed technology can presumably only be transferred on normal commercial terms, respecting the property rights vested in the technology. Even if such a transfer can possibly be arranged on favourable terms as part of an existing agreement with facilities for financial backing from the European Development Fund, the European Investment Bank or direct from the Communities' budget, your rapporteur is convinced that the transfer of technology must be linked to certain patent rights. If we do not accept the existence of patents it is to be feared that it will only be possible for Community-financed projects to be carried out if they can be applied by the largest possible number of developing countries, and it will be more difficult to cater for individual requirements. It would be unfortunate if a maximum number of research institutes and/or undertakings in the EEC could not be persuaded to take an interest in the development of the necessary technology. It must be expected that patent fees will be demanded in many cases. The alternative would be not only a lack of interest but also the keeping secret of technology which could be applied.

III. CONCLUSION

19. It will be evident that your rapporteur agrees with the author of the motion for a resolution on the desirability and need for the transfer of technology to the developing countries.

20. On the other hand your rapporteur does not agree with the author of the motion for a resolution that another bureaucratic organ should be set up for this purpose, partly because a number of agreements already exist between the Community and individual developing countries or groups of developing countries through which a transfer of technology can be channelled, and partly because there are suitable units within the Commission which, possibly with a minor reorganisation of their work or reformulation of their tasks, could take on duties such as those listed in the motion for a resolution.

MOTION FOR A RESOLUTION

tabled by Mr van AERSSEN (Doc. 1-251/79)

on behalf of the Group of the European People's Party
(Christian-Democratic Group)

pursuant to Rule 25 of the Rules of Procedure

on the creation of a Foundation of the European Communities for
International Technological and Scientific Cooperation

The European Parliament,

- aware of the urgent need to transfer, in a suitable manner, the necessary scientific and technological knowledge to the countries of the Third World,
 - having regard to the plans for a Foundation for International Technological Cooperation (FITC) proposed by the President of the United States of America,
 - having regard to the objectives of the ACP and EC countries as jointly defined at the Lomé II Conference,
1. Requests the Commission to submit to the European Communities in the near future a proposal for the creation of a foundation of the European Communities for international technological and scientific cooperation defining also its mode of operation;
 2. Calls on the Commission to make use of its relations with the countries of the Third World, and particularly the countries of the Lomé II Convention to find out these countries' views regarding the structure and operation of such a foundation, and to take this information as far as possible into account when drawing up its proposal;
 3. Recommends the Commission to contact the American Foundation for International Technological Cooperation with a view to possible coordination of the activities of both foundations;
 4. Points out that such a new foundation can only operate successfully in its field of if it cooperates closely with similar foundations already in existence.

OPINION OF THE COMMITTEE ON DEVELOPMENT AND COOPERATION

Rapporteur: Mr A. SHERLOCK

On 19 December 1979 the Committee on Development and Cooperation appointed Mr Marshall draftsman of the opinion. On 30 September 1980 it appointed Mr Sherlock to replace Mr Marshall as draftsman.

The Committee on Development and Cooperation considered the draft opinion at its meeting of 30 September 1980 and adopted it unanimously.

Present: Mr Poniatowski, chairman; Mr Bersani, vice-chairman; Mr Sherlock, draftsman of the opinion; Miss Castellina, Mr Ferrero, Mr Flanagan (deputizing for Mr Clement), Mrs Focke, Mr Michel and Mrs Rabbethge.

1. The objectives set out in the motion for a resolution tabled by Mr van AERSSSEN correspond completely with those advocated many times by our committee and, in turn, by the European Parliament.

The transfer of scientific and technological knowledge from the Community to the developing countries and the use made of the transferred information are in fact two of the questions which in a very large measure determine the economic development of the countries of the Third World.

If one considers, for example, the extremely critical energy situation of the developing countries and the vital need to overcome the problem by using and developing new sources of energy, it can be seen that the possibility of this very largely depends on a transfer of appropriate technologies from the industrialized countries to the developing countries. On the specific subject of energy, our committee would refer to the report submitted on its behalf by Mr FLAMIG and adopted unanimously by the European Parliament on 10 May 1979.

In addition to this first communication from the Commission of the European Communities to the Council concerning cooperation with developing countries in the field of energy², which formed the basis of the Flämig report, reference should also be made to the new provisions in this area contained in the Second Lomé Convention. Articles 57 to 59 of Lomé II provide for technical and financial assistance from the Community to the ACP States 'to help with the exploitation of the mining and energy potential' of these States. Clearly this aid also presupposes a transfer of technology.

Lastly it should be recalled that for several years now the Joint Research centre (JRC) has been involved in Community activities in the field of development cooperation.

These activities concern in particular:

- renewable energy sources
- data processing
- teledetection
- plus, on a more general level, scientific cooperation.

¹ Doc. 74/79 (OJ No. C 140, 5.6.1979)

² COM(78) 355 final.

Some examples may be quoted of JRC participation in Community development cooperation policy.

- designation of research programmes (Tunisia, Morocco, Syria, Jordan)
- training course at Ispra for nationals of developing countries;
- assistance of experts on renewable energy sources (Upper Volta, Kenya, and, shortly, Zaire and Ethiopia);
- teledetection projects (Upper Volta, Niger) and agro-meteorology projects.

Apart from these examples, much Community-inspired technology is transferred by multinational companies, especially by important energy-using industries and international contractors.

II. This brief outline of instruments already available at Community level leads the Committee on Development and Cooperation to express disagreement with the method recommended by Mr van AERSSEN, even though, as stated above, the committee agrees entirely with the objectives proposed.

Development cooperation already suffers from an excess of bureaucracy and administrative regulations and there does not seem to be any value in adding to these sectors where instruments are already available. In the area of technology transfer it is certainly far more important to strengthen and improve existing arrangements than to create new institutions. Furthermore, the Committee on Development and Cooperation notes that Mr van AERSSEN's reference to the plans for a 'Foundation for International Technological Cooperation' in the United States is no longer appropriate, since the United States Congress has so far refused to approve such a foundation. This opposition on the part of the United States Congress naturally detracts from the significance of the motion for a resolution tabled by Mr van AERSSEN.