

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(75) 450

Brussels, 17 September 1975

ESTABLISHMENT OF A EUROPEAN COMMUNITY INSTITUTE

FOR ECONOMIC ANALYSIS AND RESEARCH

(submitted to the Council by the Commission)

COM (75) 450

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EUROPEAN COMMUNITY INSTITUTE
FOR ECONOMIC ANALYSIS AND RESEARCH

EXPLANATORY MEMORANDUM

(1) The increasing number and complexity of the problems of European integration have not been matched by the progress of research in this field.

The problem is not of recent origin: the need for analysis and research with regard to the European integration process has grown steadily more acute since the beginning of the 1970's.

At that time, the Community was to devise an operational plan leading to the establishment of an economic and monetary union and to prepare medium-term economic policy programmes to be used as instruments for coordinating economic policies.

Its task was, therefore, to assess certain implications - not clearly perceived at the outset - of the Community integration process (traditional economic policy instruments had become less effective, certain disequilibria were not being reduced and some were actually being aggravated, and a new pattern of relationships was emerging between national, Community and world production arrangements).

Today this need for research is even more urgent in view of the challenges confronting the Community: the main problem areas are the re-organization of industry as a result of the new relative prices for fuels and other raw materials, the prospect of new equilibria in the use of the gross Community product because a number of member countries are now compelled to increase exports, and the need to make progress towards achieving greater harmony in growth between the central and outlying areas of the Community.

Never before has the Community been faced with a combination of unemployment, inflation and external disequilibria on the present formidable scale.

(2) The European Communities do not possess facilities for a systematic academic approach to research which would enable it to cope with these problems. Yet, economic policy measures taken within the Community must be supported by forward analyses with proper scientific bases.

Accordingly, as early as 1972, the Commission asked the Member States to set up a working party consisting of experts who were the personal representatives of their Ministers to prepare the establishment of a European Community Institute for Economic Analysis and Research.

On the basis of the working party's findings, the Commission proposes the establishment of this Institute, for three main reasons:

- (i) Day-to-day operational work is not easy to reconcile with research. The Commission's departments are not the first to have reached this conclusion: most of the Member States have encountered the same difficulty, and solutions similar to those proposed have been found by establishing institutes alongside the ministerial departments, but not closely involved with them.
- (ii) The need for independent assessment is an obstacle to the subcontracting of studies to national agencies or institutes which are naturally guided by habits of thought specific to each country.
- (iii) Lastly, recourse to the existing structure of research institutes in the Community might create a delicate situation: for the purposes of proper coordination, one or another of the institutes would have to oversee or take charge of the work. The result would be that two or three national institutes would be given "European" responsibilities, although they would remain national agencies outside the Community Institutions.

The draft Regulation laid before the Council today is based on this working party's discussions. It offers solutions to the various problems connected with the Institute's purpose and tasks, its status, its work and the use to which the work should be put, its working relations with universities and national research centres, its staff, and legal basis and financing.

(3) The establishment of such an Institute is of major importance: it will enable the Community to rely on the closest collaboration from a Community agency specifically equipped with the human and technical resources to carry out research, analysis and study in the major areas of concern to the Community Institutions.

The Parliament and the Economic and Social Committee have both stressed on several occasions the value of an instrument of this kind.

(4) In the light of the Institute's intended purpose, it was felt that it should be free to work as independently as possible. It has therefore been conceived as an agency with its own legal personality which will nevertheless still retain close links with the various Community Institutions.

(5) In the main, the studies to be carried out will be concerned with problems of interest to the Communities. They will originate from the various Community Institutions, who will be required to submit to the Institute each year a programme of the work they would wish to entrust to it.

Any arbitration which might be necessary will be the responsibility of the Institute's Management Board. The Institute will also be free to carry out studies, in return for payment, for agencies other than European institutions. In order to protect the Institute's independence, it is proposed that this work should not exceed 20 % of the total.

(6) Once it has completed its discussions on the "Europe + 30" project, the Commission may decide to propose changes in some of the work planned for the Institute, and it reserves the right to present a further communication to the Council on this matter.

(7) The Institute must be able to operate with the greatest possible flexibility. For this purpose, three main methods of work will be available:

(i) certain studies can be carried out by researchers working within the Institute on temporary contracts - these could be about twenty in number when the Institute was fully operational;

(ii) Since excellent research institutes already exist in a number of member countries, the Institute will have to enter into cooperation arrangements with them in order to direct part of their work towards European problems. Such arrangements must be of a kind that can lead to joint work on specific topics. In this respect, the establishment of the Institute should, therefore, provide a catalyst generating more intense and more fruitful work: it is regrettable that a large number of topics are at present analysed simultaneously by numerous national research centers which do not cooperate with one another and sometimes do not even exchange information. This is particularly true in the case of changes on the industrial front.

(iii) Finally, certain research tasks could be entrusted to individual researchers, through sponsorship of doctoral theses or on the basis of any other arrangements to be determined.

(8) The Institute will be financed mainly by an annual subsidy drawn from the Budget of the European Communities. This budgetary connection will provide an indication both of the scale of the Institute's collaboration with the Community and of the importance which the Community attaches to this collaboration.

(9) In view of the political and operational implications of this choice, the location of the Institute has not been determined; it rests with the Council to settle this point.

(10) The Council is accordingly requested to:

- approve the creation of the European Community Institute for Economic Analysis and Research;
- determine its location;
- appoint representatives from each Member State to the Institute's Management Board.

PROPOSAL FOR A REGULATION OF THE
COUNCIL

setting up a European Communities Institute for Economic
Analysis and Research

THE COUNCIL OF THE EUROPEAN COMMUNITIES

Having regard to the Treaty establishing the European Economic Community,
and in particular Article 235 thereof;

Having regard to the proposal from the Commission;

Having regard to the Opinion of the European Parliament;

Having regard to the Opinion of the Economic and Social Committee;

Whereas the problems raised by economic integration are growing in
complexity and number without corresponding progress being made in research
into this field;

Whereas the European Communities do not possess a research instrument which
would make possible a systematic scientific approach; whereas it is important
that Community action in the field of economic policy in connection with
progression towards economic integration should have a scientific basis
whereas the setting up of a European Community Institute, the activities of
which should be based on a concern for the general interest of the Community,
would seem appropriate to meet these requirements;

Whereas such an Institute should possess the necessary independence to
accomplish the task assigned to it;

Whereas the Institute should be assisted in its studies by the economic
research and forecasting bodies in existence in the Member States so that
existing services available are utilized to the best possible advantage;

Whereas it is necessary to set up the Institute in order to attain the Community's objectives and in particular to achieve a gradual alignment of the economic policies of the Member States and successful operation of the Common Market and to achieve economic and monetary union; whereas the Treaty makes no provision for the necessary powers to set up this Institute,

Whereas the Institute will be set up within the framework of the European Communities and will function in accordance with Community law; whereas the conditions under which certain general provisions will apply should be defined,

HAS ADOPTED THIS REGULATION :

Article 1

1. A European Communities' Institute for Economic Analysis and Research, hereinafter called the Institute, is hereby set up.
2. In each of the Member States, the Institute shall enjoy the most extensive legal capacity accorded to legal persons.
3. The Institute shall be non-profit making. It shall have its seat in

Article 2

1. The Institute's task shall be to produce studies on the problems connected with the principal economic and social aspects of the economic integration of the Community, as a contribution to the development of scientific bases for action in the field of economic policy in the Community.
2. The Institute shall pay particular attention to the problems of methodology connected with economic forecasting in an area in the process of integration and shall undertake studies concerning the Community's problems and shall relate such studies to the relevant theoretical background.

Article 3

1. In carrying out its task, the Institute shall cooperate as closely as possible with the economic research and forecasting bodies in the Member States, it shall seek to ensure that the services of these bodies are utilized to the best possible advantage.
2. Whenever necessary, the Institute shall organize symposia and seminars in order to facilitate contact with the universities and research institutes within the Community to stimulate research work in the field of economic integration.
3. The Institute may contact or cooperate with universities or research institutes outside the Community.

Article 4

The Institute shall be managed by a Management Board and the Director.

Article 5

1. The Management Board shall consist of twelve members : one from each Member State, two from the Commission, one from the European Investment Bank.
2. The members of the Management Board shall be chosen with regard to their competence in the field of economic analysis and research.
3. The members other than those appointed by the Commission or the European Investment Bank shall be appointed by the Council.
4. The term of office of members shall be four years. It shall be renewable. Upon the expiry of their term of office or in the event of their resignation, members shall remain in office until their appointments are renewed or until they are replaced.

5. The Management Board shall elect its Chairman and three Vice-Chairmen from among its members, to serve for a period of one year.

6. The Chairman shall convene the Management Board at least twice a year or at the request of at least one-third of its members.

7. Save as otherwise provided in the Institute's rules of procedure, the Management Board shall take decisions by a simple majority of its members.

Article 6

The Management Board shall adopt its rules of procedure, which shall enter into force when approved by the Council, acting on the opinion of the Commission.

Article 7

1. The Director shall be appointed by the Commission on the advice of the members of the Management Board.

2. The term of office of the Director shall be renewable every five years.

Article 8

1. The Director shall carry out the decisions of the Management Board and shall be responsible for the day-to-day administration of the Institute. He shall be the legal representative of the Institute.

2. He shall prepare and organize the work of the Management Board and provide the Secretariat for their meetings.

3. He shall coordinate the activities of the working parties.

4. He shall be responsible for all staff matters and for engaging and dismissing staff.

5. He shall be accountable to the Management Board for his activities.

Article 9

On the basis of a draft submitted by the Director, the Management Board shall adopt the annual work programme. The programme shall lay down the scientific and administrative guidelines and directives necessary for the Institute to operate successfully. The programme shall take into account the priority needs indicated by the Community institutions.

Article 10

The Management Board shall, by 31 March at the latest, adopt an annual general report on the activities and financial situation of the Institute and shall submit it to the Commission.

Article 11

The Institute shall publish the studies which it carries out. In exceptional cases, the Management Board may, on the suggestion of the Director, decide to postpone publication.

Article 12

The Management Board shall draw up a statement of all revenue and expenditure, which shall be in balance, for each financial year, which shall be the same as the calendar year.

Article 13

1. The Management Board shall, by 31 March each year at the latest, send the Commission an estimate of revenue and expenditure. This estimate, which shall include an establishment plan, shall be forwarded by the Commission to the Council with the preliminary draft budget of the European Communities.
2. The budget of the European Communities shall each year, under a specific heading, include a subsidy for the Institute.

The procedure in force for the transfer of appropriations from one chapter to another shall apply to the appropriation for this subsidy.

The budget authority shall draw up the establishment plan of the Institute.

3. The Management Board shall adopt the estimate of revenue and expenditure before the beginning of the financial year, adjusting it to the subsidy granted by the budget authority. The estimate thus adopted shall be forwarded by the Commission to the budget authority.

Article 14

1. The financial provisions applying to the Institute shall be adopted under Article 209 of the Treaty.

2. The Management Board shall, by 31 March at the latest, send the accounts of all the revenue and expenditure of the Institute for the preceding financial year to the Commission and to the Audit Board. The latter shall examine them in accordance with the second paragraph of Article 206 of the Treaty.

3. The Commission shall submit the accounts and the report of the Audit Board, together with its own comments, to the Council and to the European Parliament by 31 October at the latest. The Council and the European Parliament shall give a discharge to the Management Board of the Institute under the procedure laid down in the fourth paragraph of Article 206 of the Treaty.

Article 15

The provisions governing the staff of the Institute shall be adopted by the Council, acting on a proposal from the Commission.

Article 16

Members of the Management Board, the Director, the staff and all other persons participating in the activities of the Institute shall be required, even after their duties have ceased, not to disclose information of the kind covered by the obligation of professional secrecy.

Article 17

The Protocol on the privileges and immunities of the European Communities shall apply to the Institute.

Article 18

1. The contractual liability of the Institute shall be governed by the law applicable to the contract in question.

The Court of Justice of the European Communities shall have jurisdiction to give judgment pursuant to any arbitration clause contained in a contract concluded by the Institute.

2. In the case of non-contractual liability, the Institute shall, in accordance with the general principles common to the laws of the Member States, make good any damage caused by the Institute or its servants in the performance of their duties.

The Court of Justice shall have jurisdiction in disputes relating to compensation for any such damage.

3. The personal liability of servants towards the Institute shall be governed by the relevant provisions applying to the staff of the Institute.

Article 19

1. Member States, members of the Management Board and third parties directly and personally involved may refer to the Commission any act of the Institute whether express or implied, for the Commission to examine the legality of that act.

2. Referral shall be made to the Commission within 15 days of the day on which the party concerned first became aware of the act in question.

.../...

3. The Commission shall take a Decision within one month. If no Decision has been taken within this period, the case shall be deemed to have been dismissed.

Article 20

This Regulation shall enter into force on

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council,

The President

FINANCIAL NOTE

European Community Institute for Economic Analysis and Research

1. Legal and administrative information

- (a) Budgetary head : A budget line will be opened in the Commission budget, Chapter 42, "Subsidies for balancing budgets".
- (b) Financial year : 1976 and subsequent years.
- (c) Authorizing department : DG II.

2. Description

- (a) The Institute was set up because the Community Institutions needed academic research and study work on all the problems raised by European integration.
- (b) Not only will the requisite analysis and research be promoted, but the new organization will also permit close working relationships to be established throughout the Community between its various research centres and institutes, universities and independent researchers. It will thus contribute to disseminating the European idea, particularly in the academic world.
- (c) The very nature of the Institute's function argues in favour of a legal status not subject to Commission constraints. The Institute proposed is therefore an independent agency with its own legal personality. Its independent status will be one of the conditions governing its effectiveness in the task of cooperating with all the Community Institutions.

3. Expenditure

(a) Multi-annual forecasts

The Institute is to be established as a permanent project.

In the light of the Institute's legal status, and in order to guarantee its desired independence, it will receive an annual subsidy for balancing its budget which will be entered in Chapter 42 of the Commission Budget.

This subsidy will cover the expenditure involved in starting up and operating the Institute.

The expenditure is estimated as follows (u.a.) :

<u>1976</u>	<u>1977</u>	<u>1978</u>
1.158.916	2.518.177	3.281.485

The greater part of the expenditure involved in starting up the Institute is entered in the estimates for the first year.

(b) Estimates for the 1976, 1977 and 1978 financial years

The Commission considers that to permit the recruitment of professional staff, of grade B personnel and of secretariat staff, financial resources should be put at the disposal of the institute corresponding to the staff costs of :

- 1 A1
- 20 A
- 10 B
- 10 C
- 2 D

As regards the conditions of employment of these staff, the Commission will make a separate proposal which will be designed to give the institute wide discretionary powers in the matter.

As regards the Research department this will be recruited progressively and will reach 25 % of its full complement in 1976, 75 % in 1977 and 100 % in 1978.

<u>Estimates of expenditure</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
Staff expenditure	347.816	1.226.177	1.544.385
Administrative expenditure	411.100	592.000	837.100
Operational expenditure	400.000	700.000	900.000
<u>Total :</u>	<u>1.158.916</u>	<u>2.518.177</u>	<u>3.281.485</u>