

EN

EN

EN



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 29.7.2009
COM(2009) 297 final

Proposal for a

COUNCIL DECISION

on the signature on behalf of the European Community of the Agreement between the European Community and the Government of Japan on cooperation in science and technology

EXPLANATORY MEMORANDUM

Subject: Proposal for a Council decision concerning the signature of an agreement between the European Community and the Government of Japan on cooperation in science and technology.

1. The EU and Japan are confronted with similar challenges concerning economic growth, industrial competitiveness, employment, regional and social cohesion, sustainable development, and perhaps the most important, socio-economic adjustments to deal with ageing societies and the current financial crisis.
2. The European Community and the Government of Japan (hereinafter "Japan") have similar research priorities, such as life sciences, information and communication, manufacturing technologies, environment, including climate change and renewable energies, and both are also members of ITER – the International Thermonuclear Experimental Reactor.
3. Japan is already one of the leading countries in terms of investment in research, which reached 3.61% of GDP in 2008, with more than 81.6% originating from the private sector. Therefore, Japan is a very important partner for Europe to cooperate with in the area of science and technology.
4. However, S&T cooperation potential remains under-exploited between the EU and Japan.
5. Considering the importance of science and technology for economic and social development in Europe and Japan, both parties expressed the desire to upgrade and intensify their cooperation in areas of common interest and at the EU-Japan Summit held in Athens on 1 and 2 May, 2003, an Action Plan attached to the Press Statement from that Summit foresaw to expand cooperation in the field of science and technology.
6. On 5 June, 2003, the Council authorised the European Commission to negotiate an Agreement for scientific and technological cooperation between the European Community and Japan.
7. In the intervening period, long and detailed discussions have taken place between both parties, resulting in the attached draft agreement text, initialled on 19 February, 2009.
8. The Agreement is based on the principles of mutual benefit, reciprocal opportunities for access to each other's programmes and activities relevant to the purpose of the Agreement, non-discrimination, the effective protection of intellectual property and equitable sharing of intellectual property rights.
9. This S&T agreement will help to structure and enhance the EC-Japan scientific and technological cooperation, notably through regular meetings of the Joint Committee, in which specific cooperative activities (such as coordinated calls) could be planned.
10. It shall enter into force on the date on which the Parties exchange diplomatic notes informing each other that their respective internal procedures necessary for its entry

into force have been completed. It shall remain in force for five years and shall continue in force thereafter unless terminated by either Party at the end of the initial five year period or at any time thereafter. In any event, the impact of the Agreement and the activities there under may be evaluated every five years by either Party.

In the light of the above considerations the Commission requests the Council:

- To authorise the signature, on behalf of the European Community, of the Agreement between the European Community and the Government of Japan on cooperation in science and technology.

Proposal for a

COUNCIL DECISION

on the signature on behalf of the European Community of the Agreement between the European Community and the Government of Japan on cooperation in science and technology

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 170 in conjunction with the first sentence of the first subparagraph of Article 300(2) thereof,

Having regard to the proposal from the Commission¹,

Whereas:

- (1) The Commission has negotiated, on behalf of the Community, an Agreement on cooperation in science and technology with the Government of Japan.
- (2) The negotiations resulted in the attached agreement initialled on 19 February, 2009.
- (3) It is necessary to sign the Agreement negotiated by the Commission in view of its possible conclusion at a later date.

HAS DECIDED AS FOLLOWS:

Article 1

1. Subject to its conclusion at a later date, the President of the Council is hereby authorised to designate the person(s) empowered to sign, on behalf of the European Community, the Agreement between the European Community and the Government of Japan on cooperation in science and technology.
2. The text of the Agreement is annexed to this Decision.

¹ OJ C , , p. .

Done at Brussels,

*For the Council
The President*

ANNEX
AGREEMENT
BETWEEN THE GOVERNMENT OF JAPAN
AND THE EUROPEAN COMMUNITY
ON COOPERATION IN SCIENCE AND TECHNOLOGY

The Government of Japan and the European Community (hereinafter referred to as “the Community”);

Desiring to further promote the close and friendly relations existing between Japan and the Community, and being aware of the rapid development of scientific knowledge and of its positive contribution in promoting bilateral and international cooperation;

Wishing to broaden the scope of cooperation in science and technology in a number of areas of common interest through the creation of a productive partnership for peaceful purposes and for their mutual benefit;

Believing that such cooperation and the application of the results of such cooperation contribute to the economic and social development of Japan and the Community;

Desiring to establish a formal framework for the conduct of the overall cooperative activities which will strengthen cooperation in science and technology between the Parties;

Have agreed as follows:

Article 1

1. The Parties shall encourage, develop and facilitate cooperative activities under this Agreement in the areas of science and technology for peaceful purposes.
2. The cooperative activities under this Agreement shall be conducted on the basis of the following principles:
 - (a) mutual and equitable contributions and benefits;
 - (b) reciprocal access to research and development programmes and projects and facilities for visiting researchers;
 - (c) timely exchange of information which may affect the cooperative activities under this Agreement;
 - (d) promotion of a knowledge-based society for the benefit of the economic and social development of Japan and the Community.

Article 2

1. The cooperative activities under this Agreement consist of direct cooperative activities and indirect cooperative activities.

2. For the purpose of this Agreement:

(a) the term “the Parties” means the Government of Japan and the Community;

(b) the term “direct cooperative activities” means cooperative activities between the Parties or their agencies;

(c) the term “indirect cooperative activities” means cooperative activities between persons of Japan and the Community carried out under research and development programmes and projects;

(d) the term “research and development programmes and projects” means the Framework Programme for research and technological development operated by the Community or research and development programmes and projects with the competitive funding system operated by the Government of Japan, its agencies or official institutions;

(e) the term “persons” means:

(i) with respect to Japan, any nationals of Japan or any legal persons established under the national laws of Japan; and

(ii) with respect to the Community, any nationals of the Member States of the Community or any legal persons established under the national laws of the Member States of the Community or the Community law;

(f) the term “agencies” means:

(i) with respect to Japan, the governmental agencies of Japan; and

(ii) with respect to the Community, the European Commission;

(g) the term “official institutions” means official institutions whose budgets and operating plans are approved by the competent Ministers of the Government of Japan, and whose research and development programmes and projects with the competitive funding system are included, with their consent, into those programmes and projects for indirect cooperative activities;

(h) the term "intellectual property rights" shall have the meaning given to "intellectual property" in Article 2 of the Convention Establishing the World Intellectual Property Organization, signed at Stockholm on July 14, 1967.

Article 3

1. Forms of the direct cooperative activities may include the following:
 - (a) meetings of various forms, such as those of experts, to discuss and exchange information on scientific and technological aspects of general or specific subjects and to identify research and development programmes and projects that may be usefully undertaken on a cooperative basis;
 - (b) exchange of information on activities, policies, practices, and laws and regulations concerning research and development;
 - (c) visits and exchanges of scientists, technical personnel, or other experts on general or specific subjects;
 - (d) implementation of any other forms of cooperative activities as may be identified, proposed and decided at the Joint Committee on Scientific and Technological Cooperation referred to in Article 6 of this Agreement.
2. For the purpose of developing indirect cooperative activities, any person of a Party can participate in research and development programmes and projects, operated by the other Party, its agencies or official institutions, in accordance with the laws and regulations of the other Party, and subject to Annexes I and II of this Agreement.

Article 4

The details and procedures of each cooperative activity under this Agreement may be decided between the Parties, their agencies or official institutions engaged in that cooperative activity.

Article 5

With regard to the direct cooperative activities under this Agreement, each Party or its agencies may allow, as appropriate, with the consent of the other Party or its agencies, the participation of researchers and organisations from all sectors of the research establishment including the private sector.

Article 6

1. For the purpose of effective implementation of this Agreement, the Parties shall establish a Joint Committee on Scientific and Technological Cooperation (hereinafter referred to as "the Joint Committee"). The Joint Committee shall be co-chaired by officials of the Ministry of Foreign Affairs of Japan and of the European Commission.
2. The functions of the Joint Committee shall be:
 - (a) exchanging information and views on scientific and technological policy issues;
 - (b) identifying, proposing and deciding the cooperative activities under this Agreement;
 - (c) reviewing and discussing the accomplishments of the cooperative activities under this Agreement;

- (d) providing advice and encouragement to the Parties with regard to the implementation of this Agreement;
 - (e) reviewing regularly the reciprocal access to research and development programmes and projects and arrangements for visiting researchers and examining concrete measures to improve that access and to ensure the effectiveness of the principle on reciprocity mentioned in Article 1 of this Agreement.
3. Decisions of the Joint Committee shall be reached by mutual consent.
 4. The Joint Committee shall meet at mutually convenient times, preferably at least once every two years.
 5. The Government of Japan and the Community shall host alternately the Joint Committee meeting, unless otherwise agreed.
 6. For the Joint Committee meeting, the expenses for travel and accommodation of the participants will be borne by the Party to whom they relate. Any other costs associated with the Joint Committee meeting will be borne by the host Party.
 7. The Joint Committee will adopt its own internal rules of procedure.
 8. The Joint Committee may make decisions through diplomatic channels when it is not in session.

Article 7

Implementation of this Agreement shall be subject to the availability of appropriated funds and to the applicable laws and regulations of each Party.

Article 8

1. Scientific and technological information of a non-proprietary nature resulting from direct cooperative activities may be made available to the public by either Party through customary channels and in accordance with the normal procedures of the participating agencies.
2. Intellectual property rights and undisclosed information resulting from, introduced in the course of, or obtained through the cooperative activities under this Agreement shall be treated in accordance with the provisions of Annex II of this Agreement.

Article 9

Each Party shall make every effort, within the framework of its laws and regulations, to accord to the persons, carrying out the cooperative activities under this Agreement, all possible facilities with a view to facilitating the free movement and stay of researchers participating in those cooperative activities and to facilitating the entry into and exit from its territory of materials, data or equipment intended for use in those cooperative activities.

Article 10

The provisions of this Agreement shall not prejudice rights and obligations with respect to existing and future agreements for cooperation between the Parties or between the Government of Japan and the Government of any Member State of the Community.

Article 11

All questions or disputes related to the interpretation or implementation of this Agreement shall be settled by mutual consultation between the Parties.

Article 12

Annexes I and II of this Agreement form an integral part of this Agreement.

Article 13

1. This Agreement shall enter into force on the date on which the Parties exchange diplomatic notes informing each other that their respective internal procedures necessary for the entry into force of this Agreement have been completed.

2. This Agreement shall remain in force for five years and shall continue in force thereafter unless terminated by either Party at the end of the initial five-year period or at any time thereafter by giving to the other Party at least six months' written advance notice of its intention to terminate this Agreement.

3. The termination of this Agreement shall not affect carrying out of the cooperative activities undertaken under this Agreement and not fully executed at the time of the termination of this Agreement, or any specific rights and obligations that have accrued in compliance with Annex II of this Agreement.

4. Each Party may evaluate the impact of this Agreement and activities under this Agreement every five years, and the Party which does so shall inform the other Party of the results of the evaluation. Each Party will make every effort to facilitate the evaluation conducted by the other Party.

5. This Agreement may be amended by mutual consent of the Parties through diplomatic notes exchanged between them. Amendments shall enter into force under the same conditions as mentioned in paragraph 1 above, unless otherwise agreed.

This Agreement and Annexes I and II of this Agreement are drawn up in two originals in each of the Japanese, Bulgarian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovenian, Spanish and Swedish languages with each of these texts being equally authentic. In case of divergence of interpretation, the Japanese and English texts shall prevail over the other language texts.

IN WITNESS WHEREOF, the undersigned, being duly authorised thereto by the Government of Japan and the European Community respectively, have signed this Agreement.

DONE at Thisday of

FOR THE GOVERNMENT OF
JAPAN:

FOR THE EUROPEAN
COMMUNITY:

ANNEX I

Terms and Conditions for the Participation of Persons in Research and Development Programmes and Projects

I. Where within the framework of this Agreement a Party, its agencies or official institutions conclude a contract with a person of the other Party for research and development programmes and projects, the other Party shall, when requested, endeavour to provide any reasonable and feasible assistance as may be necessary or helpful for the former Party, its agencies or official institutions to facilitate the smooth implementation of such contract.

II. Persons of Japan may participate in the Framework Programme for research and technological development operated by the Community. Such participation of persons of Japan shall be in accordance with the rules for participation, dissemination and implementation of the Framework Programme.

III. Persons of the Community may participate in research and development programmes and projects with the competitive funding system operated by the Government of Japan, its agencies or official institutions in scientific and technological fields similar to those of the Framework Programme for research and technological development. Such participation of persons of the Community shall be in accordance with the laws and regulations of Japan and the relevant rules for participation, dissemination and implementation of the specific programme or project.

ANNEX II

Intellectual Property Rights and Undisclosed Information

I. INTELLECTUAL PROPERTY RIGHTS OF THE PARTIES IN DIRECT COOPERATIVE ACTIVITIES

1. The following rules shall apply to intellectual property rights resulting from direct cooperative activities, except copyright and related rights referred to in paragraph 3 below:
 - (a) The intellectual property rights shall be owned by the Party or its agencies which generate the intellectual property. Where the intellectual property has been generated jointly, the Parties or their agencies shall consult to agree upon the ownership or allocation of the intellectual property rights taking into account the respective share of the work of the Parties or their agencies.
 - (b) The Party or its agencies owning the intellectual property rights shall grant a licence to use such rights to the other Party or its agencies for carrying out any direct cooperative activity if this is needed to enable the other Party or its agencies to carry out their own work for the specific project under this Agreement. In case of patents and utility models, this licence shall be granted on a royalty-free basis. The granting of a licence to use any intellectual property rights under this sub-paragraph shall be subject to the applicable laws and regulations of each Party, and the conditions to be agreed upon between the Parties or their agencies prior to the start of the project.
2. The Party or its agencies owning the intellectual property rights introduced in the course of direct cooperative activities shall grant a licence to use such rights to the other Party or its agencies for carrying out any direct cooperative activity if this is needed to enable the other Party or its agencies to carry out their own work for the specific project under this Agreement. The granting of a licence to use any intellectual property rights under this paragraph shall be subject to the applicable laws and regulations of each Party, and the conditions to be agreed upon between the Parties or their agencies prior to the start of the project.
3. The following rules shall apply to copyright and related rights of the Parties or their agencies:
 - (a) Where a Party or its agencies publish scientific and technical data, information and results by means of journals, articles, reports, books, video tapes and digital storage devices, resulting from direct cooperative activities, the Party will make its best efforts to obtain for the other Party a non-exclusive, irrevocable and royalty-free licence in all countries where copyright protection is available to translate, reproduce, adapt, transmit and publicly distribute such works.
 - (b) All publicly distributed copies of a copyrighted work under the provisions of sub-paragraph (a) above shall indicate the name(s) of the author(s) of the work unless an author explicitly declines to be named. They shall also bear a clearly visible acknowledgement of the cooperative support of the Parties.

II. UNDISCLOSED INFORMATION IN DIRECT COOPERATIVE ACTIVITIES

The following rules shall apply to undisclosed information of the Parties or their agencies:

1. When communicating to the other Party or its agencies information necessary to carry out direct cooperative activities, each Party shall identify that information it wishes to remain undisclosed.
2. The Party or its agencies receiving undisclosed information may, under its own responsibility, communicate such undisclosed information to its agencies or persons within or employed by themselves if this is needed to enable those agencies or persons to carry out their own work for the specific project under this Agreement.
3. With the prior written consent of a Party or its agencies providing undisclosed information, the other Party or its agencies may disseminate such undisclosed information more widely than otherwise permitted in paragraph 2 above. The Parties or their agencies shall cooperate with each other in developing procedures for requesting and obtaining prior written consent for such wider dissemination, and each Party will grant such consent to the extent permitted by its laws and regulations.
4. Information obtained through seminars, other meetings, assignment of staff and use of facilities arranged under this Agreement, shall remain confidential where the recipient of such undisclosed or other confidential or privileged information was made aware of the confidential character of the information communicated at the time such communication was made according to paragraph 1 above, and be treated as indicated in paragraphs 2 and 3 above.
5. If a Party becomes aware that it will be, or may be reasonably expected to become, unable to meet the restrictions and conditions of dissemination in paragraphs 2, 3 and 4 above, it shall immediately inform the other Party. The Parties shall thereafter consult to define an appropriate course of action.

III. INTELLECTUAL PROPERTY RIGHTS OF PERSONS IN INDIRECT COOPERATIVE ACTIVITIES

Each Party shall ensure that the intellectual property rights of persons of the other Party participating in research and development programmes and projects operated by the former Party, its agencies or official institutions, and the related rights and obligations resulting from such participation, shall be consistent with the relevant international conventions which are binding on the Government of Japan and the Community or all its Member States, including the Agreement on Trade-Related Aspects of Intellectual Property Rights in Annex 1C to the Marrakech Agreement Establishing the World Trade Organization, as well as the Paris Act of July 24, 1971 of the Berne Convention for the Protection of Literary and Artistic Works and the Stockholm Act of July 14, 1967 of the Paris Convention for the Protection of Industrial Property

LEGISLATIVE FINANCIAL STATEMENT

1. NAME OF THE PROPOSAL:

Proposal for a Council decision concerning the signature of an Agreement between the European Community and the Government of Japan on cooperation in science and technology.

2. ABM / ABB FRAMEWORK

Policy strategy and coordination of, in particular, the Directorates-General RTD, JRC, ENTR, INFSO and TREN.

3. BUDGET LINES

3.1. Budget lines (operational lines and related technical and administrative assistance lines (ex- B.A lines)) including headings:

Costs in connection with the implementation of the agreement (workshops, seminars, meetings, videoconferences), will be charged to the administrative budget lines for the specific programmes of the Seventh Framework programme of the European Community (XX.01.05.03).

3.2. Duration of the action and of the financial impact:

Duration of five years initially, and to be continued unless terminated by either Party at the end of this initial five year period, or any time thereafter, as laid down in Article 13 of the Agreement.

3.3. Budgetary characteristics (*add rows if necessary*) :

Budget line	Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
XX.01.05.03	Comp/ Non-comp	Diff ² / Non-diff ³	NO	YES	YES	[1A]

² Differentiated appropriations

³ Non-differentiated appropriations hereafter referred to as NDA

4. SUMMARY OF RESOURCES

4.1. Financial Resources

4.1.1. Summary of commitment appropriations (CA) and payment appropriations (PA)

EUR million (to 3 decimal places)

Expenditure type	Section no.		2009	2010	2011	2012	2013	n + 5 and later	Total
------------------	-------------	--	------	------	------	------	------	-----------------	-------

Operational expenditure⁴

Commitment Appropriations (CA)	8.1	a							
Payment Appropriations (PA)		b							

Administrative expenditure within reference amount⁵

Technical & administrative assistance (NDA)	8.2.4	c	0.110	0.110	0.110	0.110	0.110		0.550
---	-------	---	-------	-------	-------	-------	-------	--	-------

TOTAL REFERENCE AMOUNT

Commitment Appropriations		a+c	0.110	0.110	0.110	0.110	0.110		0.550
Payment Appropriations		b+c	0.110	0.110	0.110	0.110	0.110		0.550

Administrative expenditure not included in reference amount⁶

Human resources and associated expenditure (NDA)	8.2.5	d							
Administrative costs, other than human resources and associated costs, not included in reference amount (NDA)	8.2.6	e							

Total indicative financial cost of intervention

TOTAL CA including cost of Human Resources		a+c+d+e	0.110	0.110	0.110	0.110	0.110		0.550
TOTAL PA including cost of Human Resources		b+c+d+e	0.110	0.110	0.110	0.110	0.110		0.550

⁴ Expenditure that does not fall under Chapter xx 01 of the Title xx concerned.

⁵ Expenditure within article xx 01 04 of Title xx.

⁶ Expenditure within chapter xx 01 other than articles xx 01 04 or xx 01 05.

Co-financing details

If the proposal involves co-financing by Member States, or other bodies (please specify which), an estimate of the level of this co-financing should be indicated in the table below (additional lines may be added if different bodies are foreseen for the provision of the co-financing):

EUR million (to 3 decimal places)

Co-financing body		Year n	n + 1	n + 2	n + 3	n + 4	n + 5 and later	Total
.....	f							
TOTAL CA including co-financing	a+c +d+ e+f							

4.1.2. Compatibility with Financial Programming

- Proposal is compatible with existing financial programming.
- Proposal will entail reprogramming of the relevant heading in the financial perspective.
- Proposal may require application of the provisions of the Interinstitutional Agreement⁷ (i.e. flexibility instrument or revision of the financial perspective).

4.1.3. Financial impact on Revenue

- Proposal has no financial implications on revenue
- Proposal has financial impact – the effect on revenue is as follows:

NB: All details and observations relating to the method of calculating the effect on revenue should be shown in a separate annex.

EUR million (to one decimal place)

Budget line	Revenue	Prior to action [Year n-1]	Situation following action					
			[Year n]	[n+1]	[n+2]	[n+3]	[n+4]	[n+5] 8
	a) Revenue in absolute terms							
	b) Change in revenue	Δ						

⁷ See points 19 and 24 of the Interinstitutional agreement.

⁸ Additional columns should be added if necessary i.e. if the duration of the action exceeds 6 years

(Please specify each revenue budget line involved, adding the appropriate number of rows to the table if there is an effect on more than one budget line.)

4.2. Human Resources FTE (including officials, temporary and external staff) – see detail under point 8.2.1.

Annual requirements	Year n	n + 1	n + 2	n + 3	n + 4	n + 5 and later
Total number of human resources						

5. CHARACTERISTICS AND OBJECTIVES

Details of the context of the proposal are required in the Explanatory Memorandum. This section of the Legislative Financial Statement should include the following specific complementary information:

5.1. Need to be met in the short or long term

This decision will allow both Parties to upgrade and intensify their cooperation in areas of common scientific and technological interest.

5.2. Value-added of Community involvement and coherence of the proposal with other financial instruments and possible synergy

The Agreement is based on the principles of mutual benefit, reciprocal opportunities for access to each other's programmes and activities relevant for the purpose of the Agreement, non-discrimination, the effective protection of intellectual property and equitable sharing of intellectual property rights. The proposal is also in line with the administrative expenditure borne by the Community which provides for missions by EU experts and officials, and for workshops, seminars and meetings to be organised in the European Community and in Japan. The cooperative activities in the field of science and technology under this agreement are complementary to and in support of other Community activities vis-à-vis Japan.

5.3. Objectives, expected results and related indicators of the proposal in the context of the ABM framework

This decision will allow both Japan and the European Community to derive mutual benefit from the scientific and technological progress achieved through their specific research programmes. It will allow an exchange of specific knowledge and a transfer of know-how to the benefit of the scientific Community, industry and citizens, taking fully into account the provisions for IPR protection.

5.4. Method of Implementation (indicative)

Show below the method(s)⁹ chosen for the implementation of the action.

↑ Centralised Management

Directly by the Commission

↑ Indirectly by delegation to:

↑ Executive Agencies

↑ Bodies set up by the Communities as referred to in art. 185 of the Financial Regulation

↑ National public-sector bodies/bodies with public-service mission

↑ Shared or decentralised management

↑ With Member states

↑ With Third countries

↑ Joint management with international organisations (please specify)

Relevant comments:

⁹ If more than one method is indicated please provide additional details in the "Relevant comments" section of this point

6. MONITORING AND EVALUATION

6.1. Monitoring system

The Commission services will regularly monitor all the actions carried out under the cooperation agreement, which will also be subject to a regular evaluation by the Community. The monitoring will cover:

(a) Performance indicators – number of missions and meetings; number of different fields of cooperation activities.

(b) Gathering of information – based on information from the specific programmes of the Framework Programme and information made available by Japan to the Joint Committee provided for by the Agreement.

6.2. Evaluation

The Commission will evaluate the actions covered by this cooperation agreement before the end of the initial five year implementation period.

6.3. Terms and frequency of future evaluation

The parties to the Agreement will evaluate the application thereof at least every two years in the meetings of the Joint Committee on Scientific and Technological Cooperation referred to in Article 6 of the Agreement. The Commission, through an impact study entrusted to independent experts may evaluate the actions covered by this cooperation agreement before the end of the five year implementation period.

7. ANTI-FRAUD MEASURES

When the implementation of the Framework Programme calls for the use of external contractors or entails granting financial contributions to their parties, the Commission will carry out financial audits, where appropriate, in particular if it has reason to doubt the realistic nature of work performed or described in the activity reports.

The Community's financial audits will be carried out either by its own staff or by accounting experts approved according to the law of the audited party. The Community will choose the latter freely, while avoiding any risks of conflicts of interest which might be indicated to it by the party subject to the audit.

In addition, the Commission will make sure, in carrying out the research activities, that the financial interests of the European Communities are protected by effective checks and, where irregularities are detected, by deterrent and proportionate measures and penalties. In order to achieve this aim, rules on checks, measures and penalties, with reference to Regulations Nos. 2988/95, 2185/96 and 1073/99, will be incorporated in all contracts used in the implementation of the Framework Programme.

In particular, the following points will have to be provided for in the contracts:

- the introduction of specific contractual clauses to protect the financial interests of the EC in carrying out checks and controls in relation to the work performed;
- the participation of administrative inspectors in the field of fraud-fighting, in accordance with Regulations Nos. 2185/96 and 1073/99;
- the application of administrative penalties for all intentional or negligent irregularities in the implementation of the contracts, in accordance with Framework Regulation No. 2988/95, including a black-listing mechanism;
- the fact that possible recovery orders in case of irregularities and fraud be enforceable according to Article 256 of the EC Treaty.

In addition and as a routine measure, a control programme in respect of scientific and budgetary aspects will be carried out by the DG Research staff responsible. Local inspections will be carried out by the European Court of Auditors.

8. DETAILS OF RESOURCES

8.1. Objectives of the proposal in terms of their financial cost

Commitment appropriations in EUR million (to 3 decimal places)

(Headings of Objectives, actions and outputs should be provided)	Type of output	Av. cost	Year n		Year n+1		Year n+2		Year n+3		Year n+4		Year n+5 and later		TOTAL	
			No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost
OPERATIONAL OBJECTIVE No.1 ¹⁰																
Action 1																
- Output 1																
- Output 2																
Action 2																
- Output 1																
Sub-total Objective 1																
OPERATIONAL OBJECTIVE No.2 ¹																
Action 1																
- Output 1																
Sub-total Objective 2																
OPERATIONAL OBJECTIVE No.n ¹																
Sub-total Objective n																
TOTAL COST																

¹⁰ As described under Section 5.3

8.2. Administrative Expenditure

8.2.1. Number and type of human resources

Types of post		Staff to be assigned to management of the action using existing and/or additional resources (number of posts/FTEs)					
		Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5
Officials or temporary staff ¹¹ (XX 01 01)	A*/AD						
	B*, C*/AST						
Staff financed ¹² by art. XX 01 02							
Other staff ¹³ financed by art. XX 01 04/05							
TOTAL							

8.2.2. Description of tasks deriving from the action

Management of the Agreement will entail missions and attending meetings by EU and Japanese experts and officials.

8.2.3. Sources of human resources (statutory)

(When more than one source is stated, please indicate the number of posts originating from each of the sources)

- Posts currently allocated to the management of the programme to be replaced or extended
- Posts pre-allocated within the APS/PDB exercise for year n
- Posts to be requested in the next APS/PDB procedure
- Posts to be redeployed using existing resources within the managing service (internal redeployment)
- Posts required for year n although not foreseen in the APS/PDB exercise of the year in question

¹¹ Cost of which is NOT covered by the reference amount

¹² Cost of which is NOT covered by the reference amount

¹³ Cost of which is included within the reference amount

8.2.4. *Other Administrative expenditure included in reference amount (XX 01 04/05 – Expenditure on administrative management)*

EUR million (to 3 decimal places)

Budget line (number and heading)	2009	2010	2011	2012	2013	Year n+5 and later	TOTAL
1 Technical and administrative assistance (including related staff costs)							
Executive agencies ¹⁴							
Other technical and administrative assistance	0.110	0.110	0.110	0.110	0.110		0.550
- <i>intra muros</i>							
- <i>extra muros</i>							
Total Technical and administrative assistance	0.110	0.110	0.110	0.110	0.110		0.550

8.2.5. *Financial cost of human resources and associated costs not included in the reference amount*

EUR million (to 3 decimal places)

Type of human resources	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later
Officials and temporary staff (XX 01 01)						
Staff financed by Art XX 01 02 (auxiliary, END, contract staff, etc.) (specify budget line)						
Total cost of Human Resources and associated costs (NOT in reference amount)						

Calculation – *Officials and Temporary agents*

(122.000 € per year for officials)

¹⁴ Reference should be made to the specific legislative financial statement for the Executive Agency(ies) concerned.

8.2.6. *Other administrative expenditure not included in reference amount*

EUR million (to 3 decimal places)

	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later	TOTAL
XX 01 02 11 01 – Missions							
XX 01 02 11 02 – Meetings & Conferences							
XX 01 02 11 03 – Committees ¹⁵							
XX 01 02 11 04 – Studies & consultations							
XX 01 02 11 05 - Information systems							
2 Total Other Management Expenditure (XX 01 02 11)							
3 Other expenditure of an administrative nature (specify including reference to budget line)							
Total Administrative expenditure, other than human resources and associated costs (NOT included in reference amount)							

Calculation - *Other administrative expenditure not included in reference amount*

¹⁵ Specify the type of committee and the group to which it belongs.