

THE INDUSTRY LOBBYING IN BRUSSELS

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ABSTRACT

This work introduces the lobbying procedure related to the most powerful industrial associations' players in the EU capital, Brussels, home to one of the highest concentrations of political power in the world. This work also explains the EU lobbying process, the multiple ways – some controversial - in which the lobbyists work to steer decisions to their advantage, and the often-serious impacts this has on people across Europe and in the rest of the world. As the power of the EU institutions has grown, Brussels has become a magnet for lobbyists, with the latest estimates ranging between 15,000 and 30,000 professionals representing companies, industry sectors, farmers, civil society groups, unions and others, along with those representing big business.

1. INTRODUCTION

1.1. Industrial lobbying in Brussels

Why lobbying? International trade is more and more important and new emerging-market nations take a significant position, including in the EU. Why do the main global firms expand across Europe and what is the current phase of globalization in the EU market¹? It is now commonplace for large numbers of firms, national associations, regions, and political, economic and legal consultants to have Brussels offices – and many more entities are frequent commuters to and from Brussels. In response, interest groups and social movements have come to participate more or less regularly in EU the making and implementation of EU policy.

1.2. Lobbying: Definition

Lobbying is influencing legislation, typically by reducing regulation and compliance costs in highly regulated sectors like finance, engineering or utilities, usually in return for payment. Corporate lobbying in Brussels has long passed the one billion EUR mark in annual turnover, which makes the city the world's second biggest center of corporate lobbying power, after Washington DC, world lobbying center with 3.21 billion USD spent in 2013.

Lobbying is also the "strategic communication of specialized information" (M. Nilsson, L. Nilsson, Ericsson 2009: 4455). Several terms are used in the research literature to describe the activities of

¹ Growing demand in emerging markets makes them magnets for European business, but dynamic growth in these economies is creating important and significant local companies and big players with global aspiration. They usually want to export their own business and products in Europe.

interest groups, like “lobbying” (e.g. Mazey and Richardson 1993; Coen 1998), “representation” (e.g. Greenwood 1997; Grant 2000) and “mobilization” (Marks 1992). However, both terms, “lobbying” and “mobilization”, are very controversial. The word “lobbying” has acquired negative connotations (Charrad 2011) and usually for the general public means some negative or problematic actions, related with corruption or dealing with public authorities. The term “interest representation” is more sophisticated and has no problematic connotations.

1.3. The Importance of Industrial Associations

A professional association is usually a non-profit organization seeking to further a particular profession, the interests of the individuals engaged and the public interest. An industrial or trade association, also known as an industry trade group, business association or sector association, is an organization founded and funded by the businesses that operate in a specific industry. Associations may offer other services, such as networking, organizing events or offering classes or educational materials.

Industrial and trade associations represent the largest lobbying subcategory in Brussels, and they began registering much earlier than companies, which comprise the second largest lobbying group. One of the primary purposes of a trade group is to influence public policy in a direction favorable to the group's members. Empirical data confirm that today's firms prefer direct political action where possible (Coen 1997). Generally speaking, it is possible to establish the relative importance of the Brussels institutions against the other national channels.

1.4. Description / Lobbying History and Structure

Lobbying in Brussels was born in the late 1970s. The fragmented nature of the EU's institutional structure provides multiple channels for organized interests to influence policymaking. The most important institutional targets are the Commission, the Council and the European Parliament. The Commission has a monopoly on initiatives in Community decision-making. Since it has the power to draft initiatives, it makes it ideally suited as an arena for interest representation.

Many large companies, NGOs and trade associations, either have dedicated public affairs people, or outsource lobbying to consultancies active in Brussels and member states. The industry exploded after the 2004 accessions, resulting in over 2600 special interest groups now active. Their distribution was roughly as follows: European trade and industry federations (32 per cent), consultants (20 per cent), companies (13 per cent), NGOs (11 per cent), national associations (10 per cent), regional representations (6 per cent), international organizations (5 per cent) and think tanks (1 per cent) (Lehmann, 2003). The Brussels lobby scene is populated by a bewildering variety of different organizations and individuals engaged in lobbying. Most are “in-house” lobbyists, employed by corporations (e.g. BASF, Novozymes etc.) and industrial associations to represent their employers' interests directly to policy and decision makers.

1.5. Problem Description / Lobbying Scandals

The public opinion in Belgium have a negative approach to lobbying due to the concentration of international pressure groups. In the last 10 years the business elite have become worried that lobbying in the EU exacerbates issues of unequal access to the political institutions. Considering general lobbying theories there are a number of reasons for concern.

A debate about corruption and the Parliament's weak rules around financial interests and relations with lobbyists started after one of the biggest lobbying scandals in EU history in March 2011, when three MEPs had agreed to table amendments in return for promised payments.

2. EU LOBBYING IN EXISTING LITERATURE

2.1. Overview And Types Of Available Literature

EU interest representation and lobbying have been studied extensively in recent years (Andersen and Eliassen 1993, 1995; Greenwood 1997; Greenwood and Aspinwall 1998; Mazey and Richardson 1993; Panebianco 2000). According to several researchers, there is now a greater variety of cleavages in EU policy-making and groups that mobilize opinion around ideas and norms.

Some authors discuss the relation between lobbying and protest, and conclude that reason for lack of protest in Brussels is because the EU lobbying institutions are more adequate and effective than the unconventional protest actions common at national and subnational levels' (Rucht 2001).

EU institutions seek information, and interest groups seek influence. If they want to take influence, they have to provide information (Bouwen 2002; Michalowitz 2002). Some authors emphasize other aspects of 'European route' like the complexity and informality of EU decision-making (Peterson 1995) and describe the activities of actors as a "hustle" (Warleigh 2000).

2.2. Academic Contexts

Critical political economy theories suggest that European integration promotes transnational neo-liberalism and spurs a new transnational dynamics of European capital. From a different perspective, centered on the EU decision-making processes, it is not clear who wields the influence: it is questioned whether European integration enhances the influence on public policy of state institutions or that of interest organizations. Sometimes the views of major European institutions in charge of European integration are opposed and incompatible. Until the early 2000s, the Commission was against the pressure groups accreditation (McLaughlin and Greenwood, 1995).

Bender and Reulecke (2003) summarize the kinds of lobbying relating to policy process in 3 groups: "lobbying as prevention", "lobbying as reaction" and "lobbying as action". According to the authors, the most difficult is preventive lobbying which aims to prevent or postpone particular legislation before the call for legislative action exists. Lobbying as reaction means that the legislative proposal already exists and lobbying reacts to the legislative process.

3. EU LOBBYING - RESULT OF PERSONAL RESEARCH

3.1. Data Collection

In order to get into the subject and obtain relevant information about the situation in the lobbying sector, I interviewed the following target interlocutors from renewable energy sectors:

- two journalists from the field of energy and environmental protection
- one representative from the NGO sector (the EU institutions advisor)
- one officer from DG Enterprise and Industry
- one member of the European parliament.

Meetings were held during the special terms or other public events in Brussels that that daily gather many officials and lobbyists. On this occasion, I wrote the notes, and interlocutors often suggested some literature that helped me better understand the process of lobbying in Brussels. Secondary data collection involved conducting an in-depth literature review, EU lobbying databases and statistical data analyzes and interpreting results.

3.2. Descriptions of Results

Results are very much as expected, since answers confirm the intensive lobbying activity in the European energy area in last decade, and especially in RE. There is a strong group called The Green 10, including other large environmental groups with some inherent weaknesses due to their size, Greenpeace and Friends of Earth.

NGO sector can be very influential, especially when it comes to issues of corruption disclosure or of some unfavorable details in the new legislation. Climate changes and carbon emissions are topics of concern for a different lobbying stakeholders because of their global political and socio-economical

impact. Analyzing different lobbying situations we can ask a simple question: do NGO lobbyists do enough to produce some common social benefit?

3.3. Main Industrial Lobbying Area

Industrial interests, especially connected to strong players from the energy, chemical or IT sectors dominate throughout industrial lobby activity in the EU. Capital investments in new technologies and innovation is a crucial EU orientation for future industrial development, in contrast with the high operating costs of conventional industries like the shipbuilding industry.

LOBBYING FOR RENEWABLE ENERGY

Energy is one of main economic tools for EU economy. At the same time, the environmental non-governmental (ENGO) RE lobby in the EU is very strong and visible. Conventional energy systems burn fossil fuels for energy (coal, oil, natural gas; and uranium), releasing green-house-gases (GHGs) into the atmosphere as a byproduct; other related problems are securing fossil and uranium energy and building massive infrastructure projects to support fossil fuel pipelines. There are environmental problems associated with conventional energy systems. The ENGO lobby disadvantages lobbying for RE because it remains entrenched in the carbon framework, its size limits its power, and its focus remains on the environmental frames.

LOBBYING IN THE INDUSTRY (AUTOMOTIVE, WOOD PROCESSING AND FORESTRY SECTOR)

Among the many sectors of corporate lobbying operating within the European Commission, the automotive industry is particularly emphasized. It is one of the most globalized sectors in the world. There are also other important industrial sectors; wood industry with important professional organizations operating in the forest based sector: CEI BOIS (the European Confederation of Woodworking Industries), EOS (the European Organisation of the Sawmill Industry), EPF (the European Panel Federation), EUSTAFOR (the European State Forest Association) and CEPF (the Confederation of European Forest Owners).

3.4. Register of Interest Representatives

In order to bring some more transparency in the lobbying processes, the European Commission has set up a Register of interest representatives (Commission’s policy paper of 21st March 2007) (Figure 1).

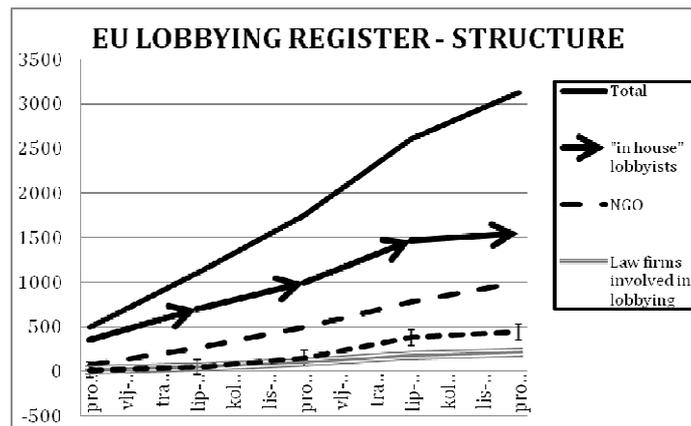


Figure 1. EU lobbying register – structure

At the moment the Register is still voluntary but there are many initiatives to make it mandatory. The Secretary General of one influential Brussels NGO² in our interview recommended that the Commission encourage non-registered entities to register because this is considered an important contribution in raising the level of transparency in the lobbying processes. It is estimated that five hundred large corporations have their own lobbying offices in Brussels. There are more than 1,500 industry lobby groups and several hundred ‘public affairs’ consultancies and law firms that advise and lobby for corporate clients

The Brussels lobbyists’ prime target is the EC – the source of almost all legislation and policy in the EU. But as the powers of the EP have grown, MEPs have also become an important target – with some 4,000 lobbyists registered to hold access badges for the Parliament.

3.5. Personal Lobbying Experience in European Parliament

During professional work, I had the opportunity to participate in the activities of the EP. I have been present at many committees’ and intergroups’ meetings, and spoke at conferences organized by the MEPs, NGOs from national (Croatian Wood Cluster) and international level.

This experience gave an insight into the power and process of lobbying. A wide range of influential individuals showed interest in meeting and additional discussions with me. Everyone wanted to get more information about the situation in the SEE countries and the development of Balkan countries’ economies, especially regarding the use of wood biomass and renewable energy.

Small countries, or their professional associations are unable to pay the cost of a permanent presence in Brussels, and for this reason, various interest groups have shown interest in more information about the field of investment or strategic partnership.

After processing the collected data, I think it is necessary to clarify the main mechanisms and tools of lobbying process, with some recommendations that are also derived from the viewpoints expressed by the people I interviewed.

4. CONCLUSIONS

4.1. Work Summaries

Existing lobbying processes have the support of most stakeholders. Of course, the non-governmental sector is not satisfied with the results, so it is trying a lot to improve the situation. The decision making process seeks the cooperation of all parties, including lobbyists and political decision-makers. Policymakers need specialized information and lobbyists supply this in the exchange for political influence. One way that lobbyists can articulate this information is through framing policy language. In terms of lobbying, framing refers to the specific language employed to gain the desired policy results.

There is no doubt that by lobbying some good things can be achieved. Lobbying efforts and constant lobbying by various industrial associations and NGOs in Brussels have helped the EU to become the world leader in the economy, human rights, foreign aid and climate change. The Commission registry listed more than 3.900 groups with approximately 80 per cent stemming from business and 20 per cent representing diffuse or public interests.

4.2. Recommendation for Future Research

Lobbying is without any doubt a very important challenge for the EU future, especially in the policy making and legislative area. In same time, corruption is still a big problem. Lobbying is often mixed up with corruption and so people tend to forget that the lobbying processes serve also, for example, for the protection of the interests of minorities and for representing the range of the different positions of all stakeholders that are relevant in the process of European policy-making. So where is then the

² NGO operate in Green-Economy sector

limit between corruption and lobbying and how could the system be improved? This is one possible challenge and topic for a future researcher.

4.3. Final Conclusions

Over time, the predominant lobbying organizational formats also changed. Initially, EU interest organizations were mainly sectorial or cross-sectorial peak associations of national interest groups. Today many are mixed membership groups that include combinations of national associations, multinational corporations, other interest organizations as well as cities and regions

During my recent formal and informal education, especially during my last master education on Oxford University (Diploma in Global Business - Said Business School), I discussed with different EU officials and with representatives of Brussels' most powerful NGOs. Many of them also supported more transparency in lobbying activity and showed an interest in raising the level of rules, which would include some other stronger issues. The EU lobbying register should become mandatory as soon as possible, said my chosen interlocutors.

Today, interest groups are an important and highly institutionalized aspect of the EU decision-making process. Generally speaking, the lobbying process in EU is relatively fair, impartial and, most importantly, transparent. As far as the forest based industry lobbying, it stands out, compared to other lobbying industries, with a strong and unified voice of its interest groups, which operate in a distinctive way by pooling together when it comes to representing and defending the interests of forest based industry, as well as its members, towards the European Union.

In the end, if we take into consideration all the research results, I can see some positive development in the lobbying process. The EU Lobbying Register is an important tool for democratic development in Europe and for future legislative processes. Industrial associations still play a crucial role in the European Quarter, but some NGOs have also become big lobbying players in Brussels, especially in the environment, industry and energy sector. This is also challenge for future researcher.

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