

# Bursting the Bubble: Lobbying transparency and regulation in Europe

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# Context

- Culture: Brussels as a political Bubble
- A European 'Public Sphere'?
- Political Communication and source relations
- Whither the European Media?
- ...and the European public???

# Overview

- The European Transparency Initiative (ETI)
- The emergence of the Alliance for Lobbying Transparency and Ethics Regulation in Europe (ALTER EU)
- Evaluating the European Commission Lobbyists Register
- Lobbying & ethics regulation UK
- Conclusions

# Background

- Neoliberal European Commission
- Increasing number of lobbyists active in Brussels
- Increased importance of European Parliament (co-decision)
- Streamlining governance
- ‘Democratic Overload’
- EU constitution: Dutch & French ‘No’ vote
- ...enter Commissioner Kallas

# **Siiim Kallas on lobbying**

- “Lobbyists can have considerable influence on legislation, in particular on proposals of a technical nature... But their transparency is too deficient in comparison to the impact of their activities.”  
(Nottingham, March 2005)

# The European Transparency Initiative (ETI)

- Siim Kallas Nottingham Speech, March 2005
- Wide ranging reforms?
- Strategic response to voter scepticism
- What's important about the ETI? Form & Content
  - accountability & trust
  - agricultural subsidies (CAP)
  - information subsidies
- Commission divided?
- Strong position on lobbying reform

# ETI Chronology

- March 2005: Kallas Nottingham Speech
- May 2005: ETI formally debated by EU Commissioners
- November 2005: ETI formally adopted by Commission
- May 2006: Green Paper published (key points)
- - August 2006: Consultation
- March 2007: Commission proposals – voluntary register
- May 2008: EP plenary vote on Stubb report – mandatory, finance & names
- July 2008: EC register launched
- Dec 2008 – April 2009: IIWG
- April 2009: Joint EP-EC register ‘portal’
- Summer 2009: evaluation, plus EP elections, new Commission on the horizon

# ALTER EU

- What is ALTER EU?
  - Membership
  - Organisational Structure
  - Strategy & Activities
- Pan European civil society coalition
- Diverse range of organisations, shared interest in transparency as a necessary first step to an accountable and more democratic EU

# ALTER EU: Founding statement

- Beyond the problem of business spending ever-increasing amounts to influence the political process, the European Commission has developed a tradition of awarding privileged access to corporate interests. The enormous influence of corporate lobbyists undermines democracy and all too frequently results in postponing, weakening or blocking urgently needed progress in EU social, environmental and consumer protections. As the first steps in addressing these problems, the Commission should take determined action to improve transparency around lobbying and ensure that no business groups are given privileged access and influence on EU policy-making. (19 July 2005)



# Early campaigning on lobbying reform

- Coalition building
- Pan-EU and nation state level campaigns
- Micro-mobilization
- Identifying campaign demands and strategy
  - Mandatory disclosure
  - Names, finance and issues
  - Easily searchable by public, timely reporting
- Strategy: campaign coordination, research and publicity

# ETI Green paper and consultation

- Key issues for consultation
  - Is there a problem with lobbying transparency
  - What kind of information should a lobbyists register contain (finance, names, legislation)
  - Sanctions
  - Who should be responsible for such a register
  - Codes of conduct
- No clear consensus emerged, but significant support for mandatory register

# ETI stakeholder positions

- SEAP – self regulation
- EPACA...and Sherpa's?
- Initial debates about and among commercial lobbying consultants
- Law firms, accountancy firms, management consultants
- In-house lobbyists, trade associations
- ...Think tanks!!

# Transparency delivered?

- Key features
  - Corporate rather than individual declarations (a telephone directory without names)
  - Banded financial reporting
  - Different reporting criteria for different categories of lobbyists
- Key principles
  - Voluntary approach
  - Light touch & oversight
  - Trial period: evaluation pending...

# Evaluating the Register

- Commission non-committal on benchmarking register success
- Several up-beat statements recently
- "We have also clearly announced mandatory registration if our gentle persuasion to join us voluntarily is not heard." (Kallas, EU Observer 2009)
- ALTER EU response focused on the quantity and quality (i.e. coverage and nature of information disclosed)

# What the European Commission requires

“All entities engaged in ‘activities carried out with the objective of influencing the policy formulation and decision-making processes of the European institutions’ are expected to register. These activities include: contacting members or officials of the EU institutions, preparing, circulating and communicating letters, information material or argumentation and position papers, organising events, meetings or promotional activities (in the offices or in other venues) in support of an objective of interest representation. This also includes activities that are part of formal consultations on legislative proposals and other open consultations. Certain specific activities do not fall within this scope:

- activities of legal and other professional advice, when they relate to the exercise of the fundamental right to a fair trial of a client, including the right of the defence in administrative proceedings;
- activities of the social partners when they are part of the Social Dialogue;
- activities in response to the Commission’s direct request.



# Joint EC / EP register: the best of both worlds?

- Recent recommendations of the IIWG: Joint register (currently a portal) & code of conduct, trial period, lobbyists named if they have access pass to EP
- Approx 1400 bodies have registered so far (May 2009) on European Commission register, of which circa 500 have offices in Brussels. This means that **less than 20% of Brussels based lobby entities have registered so far**, based on the European Parliament's estimate of 2,600 lobby groups with offices in Brussels.
- Currently 1717 organisations, and 2885 individuals on European Parliament register

# The case of CEFIC

- ‘Cefic has grown to become one of the largest and most efficient advocacy network amongst the industry trade organizations in Europe and in the world’ (<http://www.cefic.org/en/about-cefic.html>).
- 140 Staff in Brussels office, €37.9 million budget.
- 3 named lobbyists registered with European Parliament
- Registered lobbying expenditure < €50,000

# The lobbyists lobby

- SEAP - firm defender of self-regulation and a voluntary register. The figures after almost a year are sobering. SEAP has individual membership: These individuals work for 166 firms and organisations. Approximately 70% of these organisations have NOT joined the register.
- EPACA has 34 corporate members, only nine are in the register [\[1\]](#).
- This low registration rate is even worse than the findings of a survey by EurActiv ([What do EU Actors think of the European Transparency Initiative?](#)), which found that 55% of federations, 53% of consultancies and 41% of businesses do not intend to participate at all in the voluntary lobbyists register

[\[1\]](#) KREAB recently acquired Houston Consulting Europe; the two are registered separately, but are counted here as one.

# The Big Spenders: Hill & Knowlton

- EU lobbying turnover in 2007 = €8,143,400 making H&K the biggest lobbyist in Brussels
- 30 of the 42 clients declared by Hill & Knowlton do not declare any in-house lobbying in the EC register
- Crude average => €194,000 but all contracts up to €814,339 declarable in same band (less than 10% of turnover)
- More up to date and comprehensive data on the H&K website!

# H&K website

- ‘advised a leading investment bank on a business-critical issue, namely the review of the asset management framework in Europe’ ‘and ‘assisted a leading rating agency with its approach of EU and some national policymakers at a time of intense pressure by regulators to introduce regulation for the sector. Hill & Knowlton coordinated campaigns in each of the countries concerned in order to neutralize attempts to introduce stringent rules’ ([http://www.hillandknowlton.be/Creds/Finance\\_Creds.pdf](http://www.hillandknowlton.be/Creds/Finance_Creds.pdf) p. 5).
- No such details need to be disclosed as the EC register does not explicitly require lobbyists to state which issues, legislation, or initiatives they are lobbying on – only the broad areas of lobbying work must be declared.

# Burson-Marsteller

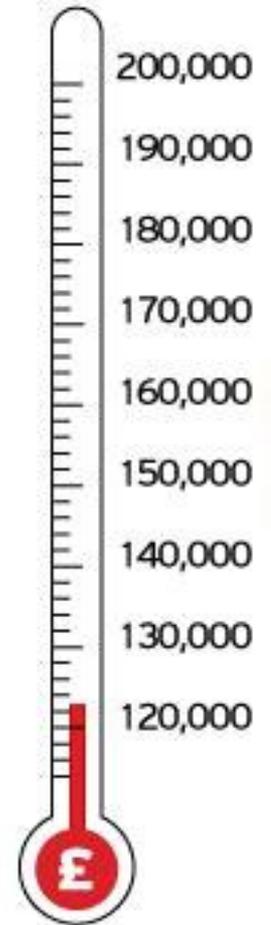
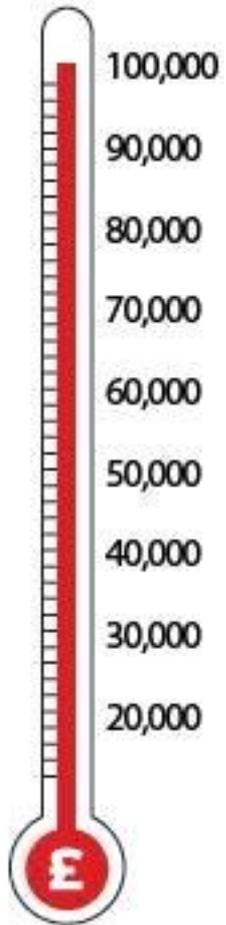
- Turnover in 2007 of €6,963,000, derived from total fee income minus revenue associated with services unrelated to the EU institutions ‘or which involved absolutely no contacts with any official or politician of an EU institution’.
- Burson Marsteller’s lobbying declaration lists 63 different clients, all of whom fall in the 0-10% declaration category. Only 12 of these clients have their own in-house registration on the EC database.

# Register reliability?

- To date, a series of bogus and irrelevant entries (Fake Italian financiers, Irish cheerleaders - <http://blog.brusselssunshine.eu/2009/02/more-than-dozen-dubious-entries-in.html> )
- Some clients not declared (G Plus)
- Many 'big fish' missing, plenty of minnows
- Think tanks resisting lobbyist tag
- De facto boycott by legal and management consultancies
- Exemptions for competition lobbying
- Avoiding double-counting (e.g. trade associations membership fees, coalition activity etc)

# Lobbying Regulation in the UK

- Sleaze and cash-for-questions (1990s)
- Committee on Standards in Public Life (Lord Nolan) – self regulation, focus on MP conduct
- New Labour: cash-for-access
- Devolution: Scotland and ‘Lobbygate’
- Revolving doors, dip-feed of scandals
- PASC inquiry 2007-08
- Jan 2009 Recommended mandatory register....awaiting Cabinet Office response



# MPs expenses: honourable members?

- Moats, chandeliers, dog food, duck-houses, second houses, plasma TV's, horse manure.....
- Genuine crisis in UK system of governance, electorate 'outraged'
- PM now signalling shift away from system of self-regulation to independent outside oversight
- ...and for lobbyists???

# Conclusions

- No public pressure in Brussels; no public sphere, no scandal
- EP elections – rise of web as pan-EU campaigning tool, but...
- EP elections fought on national issues, poor voter awareness of EU
- Problem of self regulation unlikely to be answered by current EC register
- At national level sentiment shifting?? France, UK, Germany