

European Union: political lobbyists oppose disclosure

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With France and the Netherlands having voted overwhelmingly to reject the European constitution, it is worth drawing attention to a dispute that exposes the profoundly undemocratic character of the European Union, as well as its role as a piggy bank for big business's self-enrichment and a front to prosecute an offensive against the working class.

Slim Kallas, EU commissioner for administrative affairs, audit and anti-fraud, announced in March that he is preparing a European Transparency Initiative. This will require—among other things—that professional lobbyists disclose what issues they lobby on, for which clients and with whose money.

Nothing very startling about that, you would think. After all, the press is full of calls for transparency and accountability for the “bureaucratic” and “inefficient” public sector.

But Kallas told the European Foundation for Management at a speech given at Nottingham Business School that there were a staggering 15,000 lobbyists in Brussels, and around 2,600 interest groups with permanent offices there. He thought that lobbying activities generated €60-90 million in annual revenue for these lobbyists. But as there is no mandatory regulation of lobbying and no compulsory register, no one really knows.

Similarly, non-governmental organisations (NGOs), many of which rely on public funding, provide little information about the interests they represent. Kallas admitted that the EU Commission channels over €2 billion to the so-called developing countries “for good causes” through NGOs, about which it knows little.

As Kallas noted, the web sites of some NGOs in receipt of EU funding describe one of their main tasks as “lobbying the Commission.” “Or, to put it another way,” he told his audience at Nottingham Business School, “The Commission is paying lobbies in order to be lobbied.”

Just who are some of these lobbyists? What issues do they push?

The Corporate Europe Observatory (CEO), an Amsterdam-based research and campaign group, has written a fascinating guide—in the style of the *Lonely Planet* series—to the world of corporate lobbying in the Quartier Leopold, the four square kilometres that is the EU quarter in Brussels called Brussels the EU quarter. It is a world that remains virtually unknown to the general public.

Since the 1990s, the whole area has been substantially rebuilt for the EU bureaucrats and their entourage of lobbyists, consultants and political powerbrokers. More than 85,000 people work there. Only 15,000 live in this once residential area and most of these are well-heeled Eurocrats.

The reason is that the complex decision-making structures of the EU, designed to keep out the general public, provide a fertile breeding ground for corporate lobbyists.

With more than 1,000 lobby groups plus hundreds of public relations, financial services and law firms offering lobbying services, dozens of corporate-funded think tanks as well as hundreds of corporate “EU affairs” offices, Brussels now competes with Washington for the title of lobbying capital of the world.

According to the CEO, 70 percent of the 15,000 lobbyists represent big

business. Every conceivable industry or sector has a lobby group. Twenty percent represent NGOs, including trade unions, public health organisers, environmental groups, etc. Ten percent represent the interests of regions, cities and international institutions.

Just one of the largest groups, Hill & Knowlton, may employ more than all those employed by the social and environmental groups that have a presence in Brussels. They act as lobbyists for hire for whoever can afford them—trade associations and large corporations.

Their prime target is the EU Commission, because only the Commission can propose and develop new legislation for the European parliament.

Another key target is the Council of Ministers, which has the final say—behind closed doors—over the proposals made by the Commission, with 90 percent of decisions taken by the Committee of Permanent Representatives, made up of the member states' ambassadors to the EU, before the ministers even meet.

More recently, as the European parliament's powers have increased, it too has become a focus for the lobbyists. So much so that in March 2004, the Society of European Affairs Professionals (SEAP) complained in a letter to the president of the European parliament that there were not enough seats and headphones for the lobbyists. There are nearly 5,000 accredited lobbyists who have full time access passes to the parliament buildings. While the official seat is Strasbourg, there are huge parliamentary buildings in Brussels too.

The whole parliamentary process has become so dependent upon lobbying for drafting the resolutions and amendments that Chris Davies, a Liberal Democrat MEP, explained at a training course for lobbyists, “I need lobbyists. I depend upon lobbyists.” Some idea of the debased nature of the whole political culture may be gleaned from the CEO report's account of Davies' talk: “Due to the work pressure and complexity of issues on the agenda of the European parliament, Davies explained, he was eager to receive specific amendments from industry on proposed legislation. Davies submits these amendments for voting in the European Parliament and many become EU law.”

The “revolving career door” is a common phenomenon, as MEPs and Eurocrats go on to take up lucrative posts in the Brussels lobbying industry. Perhaps the most notorious example is the UK's Sir Leon Brittan, the former Trade Commissioner. He went on to become consultant on World Trade Organisation issues at the Herbert Smith law firm, the vice chairman of the investment bank UBS Warburg, advisory director at Unilever, and chairman of the LOTIS Committee of International Financial Services London (IFSL), a lobby group representing the UK financial industry.

According to the CEO, another example is the UK's Liberal Democrat MEP, Nick Clegg, who joined the Brussels PR and lobbying firm GPlus Europe last year. It also said that when Labour MEP David Rowe lost his seat in June 2004, he announced in the *European Voice* that he was looking for a job in consultancy. “All offers will be considered,” he wrote.

The CEO cites a number of the lobbying strategies that the firm

Kimmons & Kimmons outlined in one of its training courses. It makes interesting reading:

“The gunship” is aggressive lobbying, including threats of relocation if policy proposals are not dropped, and is only to be used if other tactics do not work.

“The Kofi Annan,” also known as “the Trojan Horse,” or constructive engagement, means offering governments a mutually acceptable compromise.

“The good cop-bad cop” where one company or group takes a hard line approach and another makes a “constructive compromise” solution.

“The dentist,” whereby a company or group that dislikes some legislation will try to “pull out the worst teeth” first and come back for the rest later.

“The third party” means working with NGOs and trade unions to find a compromise on a disputed issue.

“The donkey” is a combination of stick and carrot strategies to win over key decision makers. Since the firm claimed that such strategies “usually” stopped short of seduction and bribery, it can safely be assumed that these were frequently used.

One of the largest industry associations is UNICE, the European employers’ federation. Not surprisingly, it favours a “flexible” labour market within an internal market as free as possible from all physical, technical, fiscal and social “distortions.”

UNICE produces detailed analyses and commentaries on virtually every policy emanating from Brussels. It does not just lobby in Brussels, but through its members’ national federations it also lobbies the 25 European national governments. It has demanded a moratorium on any new social initiatives until the EU had become the world’s most “competitive” economy.

According to CEO, UNICE chose its offices because they were located directly opposite the Commission’s Directorate General for the Internal Market, which is fiercely pro-business. Until last autumn, it was run by Fritz Bolkestein, who had sought through the Directive on Services of General Economic Interest, known as the Bolkestein Directive, to liberalise and open up public services to the corporations. While the directive has been sent back for revision, due to widespread popular opposition, his successor is unlikely to do anything other than tinker with it.

UNICE, with the European Round Table of Industrialists, took the lead in campaigning to make “competitiveness” the EU’s primary goal, a goal that it achieved in March 2000 with the Lisbon Agenda that adopted competitiveness as the EU’s central aim to which all other policy areas must be subordinated. To this end, UNICE demanded and got the EU to introduce in spring 2004 business impact assessments for all existing and new EU policies. This means, following the UK’s example, that it will be impossible to introduce any legislation or policies that impose costs on business that outweighed the benefits.

Jose Manuel Barrosa has announced that the Lisbon Agenda will be his top priority during his presidency of the Commission.

All the largest multinationals and industries have offices in the Quartier Leopold. Boeing and Airbus both have their EU affairs office in Rond-Point Schuman, ideal for nipping into the European Commission and European Council to further their claims for global dominance of the airline industry.

The chemical industry has been one of the most vociferous lobbyists, mounting perhaps one of the most scandalous lobbying campaigns in EU history. Up to 99 percent of all chemicals sold in the EU have not passed any official environmental or health scrutiny.

According to the CEO, the German chemical giant, BASF, which has its lobbying office in Brussels, took over the leadership in the chemical industry association, CEFIC. CEFIC, with the support of the Bush administration, mounted a campaign against the EU’s attempts via its

Registration, Evaluation and Authorisation of Chemicals (REACH) to regulate toxic chemicals. It spent millions of euros lobbying and campaigning in the media to delay and weaken the proposal. Under BASF’s leadership, CEFIC argued that REACH would affect “competitiveness” and hinder the EU’s Lisbon Agenda goal of becoming the world’s most competitive economy by 2010. Industry-funded consultants’ studies presented wildly exaggerated estimates of the likely costs to industry and the job losses that would follow from REACH. The chemical industry soon had the UK, German and French governments on its side and got REACH’s proposals significantly watered down.

The CEO also discusses the activities of one lobbying firm, Burson-Marsteller, which has offices on Avenue de Cortenburgh. One of the most controversial PR firms in the world, whose recent clients have included Ahmad Chalabi’s Iraqi National Congress, the Burmese dictatorship and the Saudi royal family, it employs 45 people, some of whom run “front groups” on behalf of corporate clients.

One of these is the Bromine Science and Environmental Forum (BSEF), a corporate front group created by Burson-Marsteller for the world’s four largest bromine producers—US, Israeli and Japanese chemical corporations—which oppose a ban on bromine, a fire retardant with serious health and environmental side effects. They hired Burson-Marsteller when several European countries started preparing to regulate bromine fire retardant (BFR) use and consider an EU wide ban on some of their products.

The BSEF sponsored research that argued bromines helped the environment by reducing fires and therefore pollution. In May 2003, its lawyers wrote to the media and warned them that “... [our clients] will not hesitate to pursue all remedies available to them should there be any incorrect or inaccurate statements in relation to BFRs that adversely affect our clients’ business.” Last year, the EU overturned a ban on one kind of bromines.

A review of the career of Burson-Marsteller’s Brussels office head, David Earnshaw, shows the interconnections between the lobbyists, industry, NGOs (some of which are big businesses in their own right), and the EU. He had previously been in Oxfam’s Brussels office and before that had driven the industry lobby campaign for the EU’s Patents on Life Directive.

Another powerful group has been the biotech lobby, including the European Seeds Association (ESA) and EuropaBio, an umbrella group of the entire sector. Four of the world’s largest agribusiness and biotech concerns—Monsant, Syngenta, Pioneer (Du Pont) and Bayer—are members of both groups and also have their own offices.

ESA wants the EU Seeds Directive, which determines the labelling requirements and limits for genetically modified (GM) seeds, watered down. Initially very successful in getting the policies it wanted, the biotech industry has faced a consumer backlash and national governments have stalled any new products. Now the industry, after bitter and expensive campaigns against environmental groups, has developed several important EU proposals on “coexistence” between GM and conventional and organic agriculture, and the Seeds Directive, which will establish the thresholds above which labelling is required for GM seeds.

As well as trade associations, there are also corporate think tanks. One of the highest profile think tanks that have set up shop in Brussels is the European Policy Centre. Funded by industry, it provides the media with the “instant expert” ready to comment on the latest developments in the EU.

Another is the well-funded Centre for the New Europe (CNE), modelled on the US’s aggressively right-wing Heritage Foundation and the Competitive Enterprise Institute. Fanatically pro-market, its aim is to privatise everything. It attacks EU environmental policies, which it claims are based on “junk science.”

TechCentralStation, a right-wing think tank, runs a web site (www.

techcentrastation.be), funded by Microsoft, Exxon and McDonalds, which features articles written by US and European hard-line right wingers denouncing any progressive legislation under discussion.

Whereas once such organisations were seen as fringe outfits, they are increasingly becoming part of the mainstream. For example, TechCentralStation co-organises conferences with the Christian Democrat parliamentary group in the European parliament.

Others corporate think tanks include Friends of Europe, Forum Europe and the New Defence Agenda.

The New Defence Agenda (NDA) is part of Brussels' growing military-industrial complex. Set up in 2003, it is funded by arms producers Lockheed Martin and BAE Systems in order to promote higher European military spending. Others arms industry lobby groups include the European Association of Aerospace Industries (AECMA) and the European Defence Industries Group (EDIG).

The arms industry is also using the Lisbon Agenda and competitiveness to argue their case for increasing the EU's current defence spending of about 3 percent of GDP to the US level of 6 percent.

Commissioner Kallas' timorous announcement on seeking disclosure by lobbyists—as he said, all his suggestions were open to discussion—has provoked furious opposition from the very groups that the Transparency Initiative attempts to rein in. In opposition to this proposal, they call for self-regulation, voluntary codes of conduct and “corporate social responsibility.”

A UNICE spokesperson commented: “Proposals that aim for more regulation are nonsense.”

Rogier Chorus of the Society of European Affairs Practitioners (SEAP), a trade association of 150 lobbyists created to prevent any form of regulation on lobbying, said he was “a bit puzzled” by the move since SEAP had launched a voluntary code of ethical practice for lobbyists. He said, “I wouldn't accept that [disclosure register] at this stage.”

He arrogantly called for the Commission to “do its homework” and accused it of corruption, saying it should clean its own house first by making “officials less vulnerable to bribes.”

Standing reality on its head, he said that mandatory lobbying disclosure would make it harder for smaller interest groups to make themselves heard. The fact that “smaller interest groups,” such as ordinary working people, could not afford the lobbyists' fat fees seemed to have passed him by.

SEAP's members are required to follow a course at the European Training Institute on its code of conduct. Some idea of what such training consists can be gleaned from an interview with ETI's chief Daniel Gueguer. According to the CEO, Gueguer predicted ever more aggressive lobbying tactics. He said in a recent interview that “in the future.... we will tend to adopt ever tougher lobbying strategies and ever more sophisticated approaches to economic intelligence that will probably involve practices such as manipulation, destabilisation or disinformation.”



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