

BUSINESS INTEREST ASSOCIATIONS AND ECONOMIC LOBBYING IN EUROPEAN UNION

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This article contains a short review of business interests in the EU and economic lobbying as a mechanism of efficient interaction between supranational business associations and governmental structures of the certain countries and the EU. The causes of development and evolution of business interests' representation system are being analyzed; the existing type of governmental structures of the EU which is available for the influence of organized interest groups is justified in the article. The article will be interesting to students and postgraduates who are studying modern world economics and political science.

The first phase of the EU was driven by a search for economic prosperity and global competitiveness. Creating one single Europe-wide home market and replacing protected national markets with open borders has been based on enhancing competition and the capability of European business to compete in the global economy of the twenty-first century, and reducing transaction costs of market exchange. The mechanics of achieving this liberal vision has meant that business related issues have been at the forefront of European integration and its everyday policy making. An estimated 80 per cent of economic measures passing through member state legislatures have a 'made in Brussels' stamp on them.

Around 1,000 formally constituted business associations are organized at, and addressed to, the EU level, accounting for approximately two-thirds of all EU groups. Available indicators suggest that their numbers have reached a plateau since the mid-1990s, and that the proportion of business groups in Brussels has declined relative to citizen groups. The variety amongst these is astonishing. They range from unique and exclusive business wide clubs of multinational firms geared to creating the macro environment in which business can flourish, such as the ERT, to highly specialist interest organizations whose operational work is undertaken by a domestic business association located far from any centre of EU decision-making. An example of this latter type of organization is provided by the Hamburg-based European Natural Sausage Casing Association (EN-SCA). EU business associations are quite dif-

ferent from those to be found in domestic politics. The main differentiating factors are that EU business associations are mainly federated (i.e. associations in which other associations are members), and have functions restricted primarily to political representation. Associations including other associations as members account for 84 per cent of all EU business interest associations. Together, these factors generally result in tendencies towards narrow specialization, high membership densities, low collective action problems, and a low level of resourcing and autonomy, considered further below.

The most familiar of these concerns the initial phase of formation of the ERT that included senior Community bureaucrats, with Commissioner Davignon reportedly recruiting most of the members of the original group. At the sectoral level, notable examples were provided in the 1980s in the biotechnology and retail domains, and a decade or so later in the eco-friendly energy domain, and the European Services Forum (ESF), established by UNICE to provide them with assistance throughout the present General Agreement on Tariffs and Services (GATS) negotiations process.

Today European Union is not only a common economic market, but a specific system of political governance, which differs a lot from the national systems. It is less ordered and less hierarchical.

Lobbying structures which represent European business interests started forming in Brussels almost at the same time with the beginning of European integration process with signing a European economic society foundation agree-

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ment in 1957. By the year 1958 there had been two pressure groups in Brussels, which are still considered as two of the most influential lobbying structures.

The first structure is the European Confederation of Agriculture which is lobbying European farmers' interests. This association is making a big impact on the process of agricultural politics development and implementation. It is a well known fact that to develop and implement the common agricultural politics 50% of the EU expenses are spent. As was observed by U. Kurchevska, the Polish researcher of Euro lobbyism, "this sum is the best proof of the efficiency and power of the European confederation of agriculture". Confederation is a federative organization consisting of different domestic agricultural unions. Nowadays it remains one of the most powerful and skilled lobbies in the EU. The confederation pays a lot of attention to the contacts with European Commission and first of all with the board of directors of agriculture, has good relations with all EU members' ministers of agriculture, with members of agricultural commission, and with secretariats of all political groups.

The second organization is UNICE (Union of Industrial and Employers' Confederations of Europe, from 2007 it's renamed to Business Europe) is a supranational structure. It was founded in compliance with the Treaty of Rome. Nowadays the Union represents European business. It represents business in all supranational structures, more often it doesn't interfere in questions connected with certain economic sectors. It promotes common interests of the represented national associations, it coordinates its politics, maintains efficient contacts with EU institutions, expresses its opinion on different programs and bills, initiates bills' promotion that are important for business in the EU. The union is a federative structure. Today it is one of the most influential lobby organization which includes 40 different federations, partners of the EU including Russia. The associated member for example is the Russian Union of Industrialists and Entrepreneurs. The union publishes official newsletters on different issues, about 100 numbers a year; 45 of its employees monitor constantly the ongoing changes.

The surge of activity dates back to 1986 when the Single European Act was signed. Ac-

ording to this document the supranational structures terms of reference cover some key spheres for business (such as common European market regulation), which before that had been under control by national governments. After that Act common European institutions became in charge of scientific and technical, ecological and regional policy.

The economic development of the lobbyism in EU had two stages. The first stage from the late 50-s - beginning of 70-s when European business groups involved mainly in reducing economic risks which were connected with the formation of the common European market, and developing normative documents which established unified rules. During the first decades of integration the big corporations were trying to influence the EU mainly via national governments and business associations. Although it was not enough for big corporations, that's why major companies started working out strategies to directly influence the EU decisions. The best example of such kind is the activity of UNICE, which was trying to coordinate the activity of national industrial federations and trade associations, to take part in some decision makings and to consult the EU providing expert services.

The second stage is from the late 80-s till nowadays when big European business has been coming to active lobbying. The opening of the common market gave new opportunities for the intensive economic growth. In these conditions corporations were extremely interested in higher competitiveness of the European business. They concentrated their efforts to introduce the common European system of export control, to expand the indirect taxation, to improve European infrastructure and dataware, to stabilize unified European currency. Due to the changes of business priorities the main direction of the lobbying activity is becoming a development joint with the EU of the new course in the sphere of economic and competitive policy. All these changes increased the number of lobbying structures and people involved in this activity.

Corporative lobbyists are mainly situated in the capital of the EU. According to the competent research institute "Corporate Europe Observatory" about 70% of them support interests of big business, 20% are lobbying the interests of the regions, cities and interregional

associations, 10% represent non-government structures including trade associations, health and environmental organizations etc. All this can be explained by better organization, unity, greater resources of corporative lobbyists.

The EU representatives collaborate with lobbyists very actively. For them the regulation of the interest sphere has always been the priority in terms of creation of regulatory acts. Business representative structures are the most influential ones due to their resources and informal relations.

Pluralistic character of the interaction of the European Parliament with business structures can be explained by the fact that it consists of 787 parliamentarians from 27 EU members. European parliamentarians act independently pursuing their own interest.

Due to the fact that there are a lot of different interests represented in the EU, the European Commission stimulates the development of different forums in a form of a dialogue of European Commissioners and high-ranking officials of the European Commission with the most influential business representatives, and forces the organization of special forums and consultations with European business federations. These forums have turned into brain where European economic policy is worked out.

During these consultations the risk of receiving unreliable information is being reduced because of the involvement of different groups. The specific character of lobbyism in the EU is that lobbyists have to take into account not only interests of the certain companies, but also to take into consideration their national markets.

To receive full information the European Commission forced and helped to create European business federations.

“Upwards” lobbying through committees is more efficient than “top-down” that is through

ministers, members of the European Commission and other high-ranking officials. It permits to define the direction and style of a legislature document at an early stage of its agreement. Corporate groups tend to join the decision making process as soon as possible. So they have the opportunity 1. to correct their aims in accordance with the document 2. to influence lower officials who prepare the preliminary project, and that is much easier than to influence high-ranking officials. No doubt that to lobby efficiently in the EU ideal preparation is needed. Lobbyists should understand who is responsible at which stage for the content of the document.

To sum up, one can say that in Europe there is no traditional governmental model when the central role is played by the national government that has the majority of resources. Unified EU government plays a role of the mediator. The process of governance is the search of assent, where the main characters are the Council of Europe and the European Commission which is not accountable to anyone.

Economic interest groups were the first to understand the meaning of informal and semi-formal channels of influence on the decision making process in the EU. Business interest groups have a great impact on the decision making process at the supranational level.

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