Klemens Joos

Representing the Interests of German Companies vis-à-vis the Institutions of the European Union

With examples from the insurance, energy and road safety sectors

Joos, Klemens:
Interessenvertretung deutscher Unternehmen bei den Institutionen der Europäischen Union: mit Beispielen aus der Versicherungs-, Energie- und Verkehrssicherheitsbranche / Klemens Joos. -
Berlin : Berlin Verl. A. Spitz, 1998
Zug!.: München, Univ., Diss., 1997
ISBN 3-87061-773-X Gb.

To my wife Manuela and my family

Acknowledgements

This book would not have been possible without the many conversations I had with numerous individuals, nor without their advice and support. I would like to express my sincerest thanks to them all.

I would particularly like to thank my doctoral supervisor, Professor Helten, whose advice guided me every step of the way towards the completion of this thesis and whose stimulating and fruitful insights often served as the driving force behind my academic progress. This book would never have been written without him.

I would also like to express my sincere thanks to all those individuals from the realms of politics, administration and business who, as part of the empirical section of this thesis, were willing to answer my extensive range of questions, despite the highly sensitive nature of the topic. Their contributions provided a valuable basis for my theoretical considerations, which. This was all the more important as no academic analysis of the topic of 'interest representation' had previously been undertaken in this manner, and the existing body of academic literature on which I was able to draw was therefore very limited. Much of the information was provided to me on the understanding that I would maintain the anonymity of those concerned. Although I cannot name them, I would like to express my profound gratitude for their invaluable contributions.

Finally, I would like to thank Mr Bernd Keßler for his legal assistance and Mr Matthias Pawlik for his organisational support.

Munich, September 1997 *Klemens Joos*

Preface

The division of economics into macroeconomics and business administration has contributed significantly to the tendency to regard macroeconomic framework conditions as a given in business administration. Consequently, all business management considerations aimed at optimising the efficiency and profitability of business processes take place within these conditions. The existing economic order and the resulting organisation of companies and markets are not called into question. It is only within the framework of the more recent field of institutional economics that the interdependence of companies and institutions has been discussed at all. Companies and markets are regarded as competing coordination mechanisms.

Market liberalisation, the internationalisation of companies and the 'globalisation of the economy' have transformed the classic, largely resource-focused or production-related question of selecting a suitable regional location into a general national debate on business location. The importance of national or European institutional framework conditions in international competition stems from the fact that the establishment of business premises abroa1d or the purchase of foreign companies only ensures the survival of domestic companies under certain circumstances.

In microtheory and business administration, far too little thought is given to how the institutional framework conditions for companies could be changed to make the national economy more competitive internationally, and how these theoretical findings might be integrated into the legislative level. Instead, most companies resign themselves to the situation, regard the framework conditions as unalterable, and adapt their organisations to international market conditions rather than attempting to play a part in defining the national and European framework conditions.

In contrast to the USA, lobbying presumably has such a poor image in Germany that companies do not openly acknowledge this form of interest representation. On the other hand, in an economy that is becoming increasingly differentiated, the legislative level requires information

about production processes and service details. Business administration must therefore not only address the issue of customer communication, but also make greater efforts to communicate with the legislative level. This monograph seeks to offer an initial approach towards structuring the representation of interests.

Elmar Helten

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List of abbreviations

%	per cent
§	paragraph
a.M.	am Main
approx.	approximately
Art.	article
BAG	Bundesarbeitsgemeinschaft der Mittel- und Großbetriebe des Einzelhandels (Federal Working Group of Medium-Sized and Large Retail Enterprises)
BAT	Bundes-Angestelltentarifvertrag (Federal Collective Wage Agreement for Contractual Public Sector Employees)
BDA	Bundesvereinigung der Deutschen Arbeitgeberverbände (Confederation of German Employers' Associations)
BDI	Bundesverband der Deutschen Industrie (Federation of German Industries)
BEF	Belgian francs
BFS	Bundesverband der Filialbetriebe und Selbstbedienungs-Warenhäuser (Federal Association of Franchise Operations and Self-Service Department Stores)
BGW	Bundesverband der deutschen Gas- und Wasserwirtschaft (Federal Association of the German Gas and Water Industry)
BMW	Bayerische Motoren Werke

BT-Drs.	Bundestag document number
BUND	Bund für Umwelt- und Naturschutz Deutschland e.V. (German Federation for the Environment and Nature Conservation)
CDU	Christlich Demokratische Union (Christian Democratic Union)
CEA	Comité Européen des Assurances (European Insurance and Reinsurance Federation)
COD	codecision
COM	Commission
CoR	Committee of the Regions
Coreper	Permanent Representatives Committee
CSU	Christlich-Soziale Union (Christian Social Union)
D	Decision
D.C.	District of Columbia
DG	Directorate-General
DGB	Deutscher Gewerkschaftsbund (German Trade Union Federation)
DIHT	Deutscher Industrie- und Handelstag (German Association of Chambers of Industry and Commerce)
DM	Deutschmark
Dr	Doctor
e.g.	for example
e.V.	eingetragener Verein (registered association)
EC	European Community
ECHO	European Community Humanitarian Aid Office
ECJ	European Court of Justice

ECSC	European Coal and Steel Community
Ed.	Editor
EEC	European Economic Community
EEC Treaty	Treaty establishing the European Economic Community
EESC	European Economic and Social Committee
EL	entry level
EMSU	European Medium and Small Business Union
EMU	Economic Monetary Union
EP	European Parliament
EstG	Einkommensteuergesetz (German Income Tax Act)
etc.	et cetera
EU	European Union
Euratom	European Atomic Energy Community
EUROGAS	European Association of the Natural Gas Industry
EUR-OP	Office for Official Publications of the European Communities
f. (ff.)	following page(s)
FAZ	Frankfurter Allgemeine Zeitung
FDP	Freie Demokratische Partei (Free Democratic Party)
Fig.	figure
Fin.	final version
GdV	Gesamtverband der deutschen Versicherungswirtschaft (German Insurance Association)
GG	Grundgesetz (Basic Law for the Federal Republic of Germany)

HDE	Hauptverband des Deutschen Einzelhandels (German Retail Federation)
HL	higher level
I	information
i.e.	that is
IHK	Industrie- und Handelskammer (Chamber of Industry and Commerce)
IRC	Interest Representation Coordinator
JRC	Joint Research Centre
LMU	Ludwig-Maximilians-Universität
Ltd.	limited liability company
m	metre
MEP	Member of the European Parliament
ML	middle level
n.v.	new version
no.	number
NPE	New Political Economy
OJ	Official Journal of the European Communities
p.	page
PLC	Public Limited Company
re	on the subject of
SCA	Special Committee on Agriculture
SEA	Single European Act
SME	small and medium-sized enterprises
SPD	Sozialdemokratische Partei Deutschlands (Social Democratic Party of Germany)

subs.	subsection
SZ	Süddeutsche Zeitung
T	time factor
TEC	Treaty establishing the European Economic Community
UNICE	Union of Industrial and Employers' Confederations of Europe
USA	United States of America
VDMA	Verband Deutscher Maschinen- und Anlagenbau e.V. (German Mechanical and Plant Engineering Association)
VdTÜV	Verband der Technischen Überwachungsvereine e.V. (German Federation of Technical Inspection Associations)
vol.	volume
X	uncertainty factor

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1. Introduction

1.1. Research objective

As early as 1989, the then President of the European Commission, Jacques Delors, stated 'that in future, eighty per cent of all economic legislation will be enacted in Brussels.'[1] And indeed, European Union (EU)[2] legislation is growing in significance for everyday life in the Member States. An increasing number of people have become aware of this – at the latest since the completion of the European Single Market with its free movement of goods, persons, services and capital in January 1993. Although progress has been slow, the EU is undergoing a continuous process of change and renewal, last evidenced by the radical step of the Maastricht Treaty, which came into force on 1 November 1993. As early as 1996, however, the EU Member States convened an intergovernmental conference to deliberate on the further development of the Maastricht Treaty and the EU. The results of these deliberations formed the basis for the decisions made by the European Council of Heads of State or Government concerning the reform of the Treaty on the European Union at their meeting in Amsterdam in 1997. The dynamic nature of this constantly expanding and changing entity, the 'EU', is evident. And so, since 1985, when a White Paper first seriously addressed the establishment of a European Single Market with all of its consequences for economic and social life in the individual Member States, Brussels has witnessed a boom in the profession whose added

[1] Günter Triesch and Wolfgang Ockenfels, *Interessenverbände in Deutschland: Ihr Einfluß in Politik, Wirtschaft und Gesellschaft* (Olzog, Munich and others, 1995), p. 158.

[2] In the context of this thesis, the term 'EU' can also be used retrospectively for the 'forerunners' of today's EU.

value lies in representing the interests of others vis-à-vis the new powers and decision-makers of the EU: the lobbying industry.[3]

In view of the EU's enormous power to shape economic legislation, this thesis aims to explore the field of corporate interest representation vis-à-vis the EU institutions – a field that has thus far remained largely neglected in academic observation and debate – with a particular focus on the issues of potential approaches and available instruments that are important for business practice. There is a great need for academic research in this area. A small, almost anecdotal example illustrates this point: during the initial research for this thesis at the Bavarian State Library, only around on hundred out of approximately seven million publications were found on the topic of interest representation or the synonymous term lobbying. However, many of these works lack a scholarly approach,[4] deal exclusively with theory and are of scarcely any practical business use,[5] or do not address in sufficient depth the research subject of this thesis, i.e. representing the interests of German companies vis-à-vis the institutions of the EU.[6] This thesis therefore seeks to lay an academic foundation for further research work in this field and is focused on the theory-driven development of action-oriented approaches to interest representation.[7]

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[3] 'Lobbying in Brüssel', *NATI-EURO SPECIAL,* 13 (October/November 1995), p. 23.

[4] See F. J. Farnel, *Am richtigen Hebel: Strategie und Taktik des Lobbying* (Landsberg/Lech, 1994) pp. 11 ff.

[5] See J. Potters, 'Lobbying and pressure: theory and experiments', *Tinbergen Institute Research Series*, 36, (1992), pp. 39 ff.

[6] See M. Strauch, 'Lobbying - die Kunst des Einwirkens', in *Lobbying: Wirtschaft und Politik im Wechselspiel*, ed. by M. Strauch (Frankfurt a.M. and others, 1993), pp. 17 ff.

[7] For this reason, corresponding publications from the areas of political science, sociology and organisational psychology have only been given secondary consideration in the context of this thesis. This thesis can serve as a basis for more in-depth academic research in the aforementioned disciplines.

The intended investigation is carried out from the perspective of private German companies,[8] because many of the points addressed in this thesis must be differentiated depending on national circumstances. For example, companies from diverse sectors within the Member States do not have a uniformly dense and specialised association structure at European level. In addition, the federal structure of the Federal Republic of Germany, for example, essentially offers a company based in Germany different approaches to interest representation than those available to a company from a centrally organised state.[9] It is therefore necessary to delimit the subject area in this regard, as addressing the issue from a pan-European point of view would exceed the scope of this monograph.

Numerous bodies within the EU institutions, as well as business representatives, were interviewed about interest representation for this thesis. Due to the highly sensitive nature of the topic, obtaining written statements proved extremely difficult – despite anonymity being assured. Even the modest empirical part of this thesis would have proved impossible without the support of prominent figures from the fields of politics, academia, administration and business.[10]

The study will first formulate the definitional foundations, followed by a brief outline of the contextual framework of the topic and its position within the relevant academic disciplines. As the starting point for considerations of appropriate representation of interests at EU level, the historical background, the emerging future development of the EU institutions, and the related changes in the framework conditions governing European power and decision-making structures will subsequently be analysed. This concludes the introduction to the essential thematic and academic foundations.

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[8] In the context of this thesis, the term 'company' is always taken to mean private companies, i.e. companies in which the public sector is not involved in any way. For a more precise explanation of the term, see Chapter 1.2.

[9] For example, a German company has the option of contacting the Brussels representations of the German federal states for assistance or mediation. No similar option is available to a company from a centrally organised state.

[10] The author would therefore like to take this opportunity to express his thanks for the considerable support which made this thesis possible in this form.

In accordance with the organisational science approach developed in this study, the determining variables of an organisational or structuring problem to be identified in the context of interest representation will be analysed in isolation.[11]

Once the relevant determinants of interest representation have been discussed in theoretical terms, the options determined for structuring interest representation will be evaluated from both qualitative and quantitative perspectives. The objective of this is to test the proposed solutions to the organisational or structuring problem through qualitative and quantitative evaluation. The academic outcome of this thesis is thus a sector-neutral overall model for structuring effective and efficient interest representation vis-à-vis the institutions of the EU. Based on specific case studies of three German companies from the insurance, energy and road safety sectors, the subsequent section will show interest representation approaches currently in practice and examine them using the previously developed model.

1.2. Explanation of terms

It is now necessary to explain and define some of the terms used in the context of this thesis.

The term 'company' for the purposes of this thesis always refers to companies that are not governed by public law.[12] A clear distinction must be made as the interests of such public-sector companies are usually represented exclusively through public representation bodies[13] and the majority of the interest representation aspects that this thesis aims to analyse are therefore essentially of no concern to them.

[11] These are the variables institutions, objectives and instruments.

[12] Public-sector companies also include companies limited by shares in which corporations under public law hold a stake.

[13] For public-sector companies in Bavaria see for example the representation of the Free State of Bavaria vis-à-vis the EU institutions.

The term 'interest representation' also requires precise clarification. In this thesis, it is used synonymously with 'lobbying' in a positive sense. However, numerous other terms have also been used in the literature to indicate interest representation in the broadest sense. These range from 'bargaining'[14] and 'collective action'[15] to 'power tactics'[16] and even 'bribery'.[17] For the purposes of this thesis, however, only 'lobbying' will be used as an alternative to interest representation. There are many different opinions about how this term is defined. The most important are outlined here.

In the straightforward language of an English dictionary, 'lobbying' might be translated as 'influencing members of parliament (through lobbies)'.[18] However, this would be far too narrow a definition. A brief look at the history of the term offers further insight. The word 'lobbying' itself is attributed to Ulysses S. Grant, the American President and Civil War general, in the late nineteenth century. Following a fire that destroyed the first White House, he lived in a hotel and complained about the numerous representatives of interest groups who were waiting for him in the hotel lobby to influence him for their own ends. The word became an established term.[19]

The origins of 'lobbying', however, date back much further: even in antiquity, the representation of interests through suitable instruments was well known and can be traced back to traditions in Greek culture.[20] However, the type of interest representation that now also prevails in Europe can best be explained from the American mindset. 'The regulatory principle of the United States is the representation of interests and the balance between the executive, legislative and judicial branches; at the

[14] See L. Johanson, 'The bargaining society and the inefficiency of bargaining', *Kyklos*, 32 (1979), pp. 497 ff.
[15] See M. Olson, *The logic of collective action* (Cambridge, MA, 1965).
[16] See H. Michener and R. Suchner, 'The tactical use of social power', in *The social influence processes*, ed. by J. Tedeshi (Chicago, 1972).
[17] See S. Rose-Ackerman, *Corruption* (New York, 1978).
[18] P. Terrell and others, *Pons Collins Deutsch-Englisch/Englisch-Deutsch Grosswörterbuch*, 2nd edition (Stuttgart, 1991), p. 394.
[19] See Farnel, *Am richtigen Hebel*, p. 19.
[20] See ibid., p. 19.

same time, the right to assert those interests that are not represented by the government and to incorporate them into the development of draft legislation is guaranteed.'[21] This is so entrenched that the institution of interest representation is even described as 'one of the pillars of American democracy'.[22] In contrast to American practices, however, seeking to influence representatives of the judiciary in the context of interest representation is generally uncommon in Europe and is regarded very negatively. Courts must be independent, and any attempt to represent interests above and beyond the normal extent of a lawyer's activities – which, particularly in the Federal Republic of Germany, are bound by strict codes of conduct – is outlawed as manipulation. This form of interest representation will therefore be disregarded in the context of this thesis.

It is already clear from the brief explanations above regarding the origins of lobbying that the representation of interests vis-à-vis political and administrative decision-makers, as undertaken in the EU

– based closely on the American model, with the exception of the judiciary – is an entirely legitimate and positive option for conveying information from companies, experts and affected parties directly to the responsible decision-makers in Brussels, who can then take such information into consideration in their decision-making process to the best of their knowledge and judgement. The literature therefore occasionally refers to this as 'informational lobbying'.[23] This leads to another concise definition: 'Lobbying is (...) influencing decision-makers and decision-making processes through precise information.'[24] The fact that this is also viewed positively by the responsible politicians and officials is clearly reflected in the example of an official of the European Commission, Directorate-General XV, who, at a workshop on company pension schemes in Brussels on 5 December 1995 attended by representatives of an internationally operating insurance company, politicians and the EU administration, stated: "We are very pleased to

[21] Ibid., p. 20.
[22] Ibid., p. 19.
[23] Potters, 'Lobbying and pressure: theory and experiments', p. 36.
[24] Strauch, 'Lobbying – die Kunst des Einwirkens', p. 19.

establish direct contact with representatives from the insurance industry and thus hear about the problems and concerns of German business during the preparatory phase of a possible directive. Interest representatives from other EU nations put forward their ideas unequivocally a long time ago. We have been waiting for German business to follow suit and are grateful for this information."[25] The background to such a statement requires closer analysis. When developing draft legislation at federal or state level in Germany, the responsible officials have access to a very large ministerial bureaucracy with a solid foundation of expert knowledge. This ministerial infrastructure for drafting directives is lacking in Brussels. Officials there usually have to develop draft directives, which are ultimately intended to apply throughout Europe, without the necessary staff of experts. This can be illustrated by simple figures: approximately 15,500 people work within the European Commission. If this number is considered in relation to the population, the corresponding number of officials and civil servants employed in the city administration of the Bavarian state capital, Munich, would be just forty-four.[26] EU officials are therefore virtually reliant on interest representatives, who supply them with valuable information from business practice in the Member States, if they are to submit realistic draft decisions to politicians.[27] In this sense, interest representation also serves, as European Commissioner Martin Bangemann put it, 'to prevent frictional losses and performance-inhibiting conflicts between the state, business (...) wherever possible, thus making cooperation a contribution to more efficient policymaking.'[28]

However, interest representation for the purposes of this thesis not only encompasses the option of helping to shape politicians' and officials' decisions through the targeted provision of information. This area is

[25] Written confirmation by the official of the accuracy of the quotation is included in Appendix B 1. An invitation to this workshop is included in Appendix B 2.

[26] See C. D. Grupp, *EUROPA 2000: Die Europäische Union der fünfzehn Staaten*, 4th edn (Presse- und Informationsamt der Bundesregierung, Bonn, 1996), p. 69.

[27] See 'Mehr deutsche Rechtsanwälte in Brüssel tätig', *FAZ*, 2 August 1997, p. 14.

[28] M. Bangemann, *Mut zum Dialog. Wege zu einer europäischen Industriepolitik* (Bonn, 1992), p. 161.

necessarily preceded by another. To be able to participate in the decision-making process in any way at all, it is first necessary to obtain information about current processes, long-term developments and the responsible decision-makers. The term 'interest representation' must therefore also encompass the indispensable element of the procurement, selection and evaluation of information that directly or indirectly affects a company and which, when used correctly, can lead to a competitive advantage. Amongst other things, this may include general domestic and foreign policy decisions as well as certain legislative procedures and subsidy programmes, particularly with regard to the EU level analysed in this thesis.

Accordingly, for the purpose of this thesis, the following definition is established for the term 'interest representation':

Interest representation is, firstly, the procurement, selection and evaluation of information that can lead to a competitive advantage or prevent a competitive disadvantage for the represented company; secondly, it is the direct or indirect exertion of influence by a company on political and/or administrative decision-makers[29] by means of information with the objective of achieving competitive advantages or averting competitive disadvantages. Interest representation is marked by a dynamic structural feature. It is an ongoing process, particularly as, firstly, it is based on personal contacts with the relevant decision-makers and can therefore acquire more informational content and influence as these relationships are cultivated and intensified; secondly, because personnel circumstances within the institutions are constantly changing due to frequent transfers of officials and the election of new Members of the European Parliament; and thirdly because the institutional structure of the EU will remain subject to further, potentially fundamental, changes in the foreseeable future.[30]

[29] These may include, for example, MEPs and officials.
[30] See Chapter 6.

In simplified terms, this definition can also be expressed in the concise, illustrative formula used by Patrice Allain-Dupré for making or influencing decisions:[31]

$$D = I(t) + x$$

Here, D represents the decision which is made possible for the company by the information I, or the decision influenced by I in the case of EU decision-makers. The variable I is dependent on time t. Added to this is an uncertainty factor x. Although this formula does not establish a direct dependence of the variable I on x from a mathematical perspective, the information is also subject to an uncertainty factor. For instance, the information I could be specified incorrectly due to an error. However, this *de facto* dependence of the information I on the uncertainty factor x can be disregarded since D, as the result of the formula, is equally dependent on I, t and x and this ultimately represents the relevant objective of the analyses. Conversely, the variables t and x are independent. They are determined externally by the circumstances of the specific case. In the ideal case represented by Allain-Dupré's formula, D = I, and t and x are both zero. This could essentially indicate an immediate decision or influence on a third-party decision, free from any temporary delay and based on absolute, infinite information without any further uncertainty such as an error or a transfer failure. In this ideal case, interest representation would not be necessary.

It should be noted critically, however, that the assumption that D is equal to I is untenable due to the indifferences of the parameter I. Nor does Allain-Dupré's formula specify the nature of the information's time dependence, and the uncertainty is related positively to the information rather than negatively. If the formula is followed with mathematical logic, it is consequently incorrect, because if t equals zero, I would also equal zero. In the actual ideal case, this would mean that no decision takes place at all, as the underlying information equals zero. It is therefore unclear

[31] Patrice Allain-Dupré teaches and researches at the École Polytechnique in Paris and is regarded as an expert in the field of lobbying. With regard to the formula, see Patrice Allain-Dupré, 'Les modèles de la communication de l'entreprise', *La Documentation Française* 258 (1992), p. 36.

exactly what the time factor t in Allain-Dupré's formula includes. Due to these unresolved questions, Allain-Dupré's equation cannot be used as an explanatory formula. In this thesis, it will instead be used at relevant points solely to illustrate the trivial fact that for the purposes of decision-making, the uncertainty must be reduced wherever possible and the information used for this should be procured as quickly and comprehensively as possible.

This thesis uses the terms 'objectives', 'institutions' and 'instruments' as determining variables of an organisational and structuring problem in interest representation, which will be explained below.[32] These are to be understood in the sense that the solution to this organisational problem is dependent on the respective configuration of the objectives, institutions and instruments, and is therefore determined by it.

The term 'objective' is used uniformly in the context of this thesis. In the interests of developing a sector-neutral, theoretical overall model for structuring effective and efficient interest representation, it is essentially both possible and necessary to dispense with determining the specific content of a company's objective,[33] the temporal limitation of the objective and the extent to which the objective is achieved.[34]

The term 'instruments' takes on different meanings in the respective contexts. A distinction is made between structural and process instruments. In this thesis, a structural instrument is taken to mean an organisational-structural prerequisite of interest representation.[35] In addition, an instrument is regarded as a process instrument if it can be

[32] See W. Hill, R. Fehlbaum, and P. Ulrich, *Organisationslehre*, Vol. 1: *Ziele, Instrumente und Bedingungen der Organisation sozialer Systeme* (Bern and others, 1989), pp. 27 ff.

[33] For further details, see Chapter 3.2.1. For specific examples, see Chapter 5.

[34] See E. Reinen, 'Industriebetriebslehre als Entscheidungslehre', in *Industriebetriebslehre: Entscheidungen im Industriebetrieb*, ed. by E. Heinen, 8th edn (Wiesbaden, 1985), p. 28.

[35] E.g. membership in an association or a company's own representative office in Brussels, etc.

used as a specific and practically feasible tool for achieving an objective.[36]

In this thesis, the term 'institutions' is used in a specific sense as a collective term for the legislative and executive bodies of the EU.[37] As a determining variable of the aforementioned organisational and structuring problem, it also implies the legislative norms established by the EU institutions.

1.3. Changing framework conditions

The options for interest representation are always dependent on the economic, political and societal circumstances of a country at the respective time. Every change, particularly in the political sphere, must be followed by the adaptation of interest representation to the new power and decision-making structures if it is to remain effective. Such changes can significantly increase the scope for activities of this kind. Consider, for instance, the transition from an authoritarian to a democratic state and the associated greater transparency of decision-making and the multiplication of decision-makers.

Since its foundation almost half a century ago, the Federal Republic of Germany – and with it, its market-oriented economy – has undergone countless such transformations. These include, for example, the foundation of the European Coal and Steel Community (ECSC) in 1951, the legendary 'economic miracle' and the restoration of German unity. From its very beginnings, the Federal Republic's politics were characterised by integration with the West and the European ideal. Numerous political, economic and military treaties ultimately set the course for a European Union.[38]

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[36] For example, a workshop on a specific topic with representatives from business, politics and administration.

[37] In everyday usage, the term 'institutions' is also used for any organisations that have established themselves as such in some form, e.g. as an association.

[38] See J. Weindl, *Europäische Gemeinschaft: institutionelles System, Binnenmarkt sowie Wirtschafts- und Währungsunion auf der Grundlage des*

Only a very few of the aforementioned changes will be discussed in greater detail here. On the one hand, their topicality demonstrates the perpetual dynamism of this change process and, on the other, their direct effects on the field of interest representation clearly show the explosive power and contemporary relevance of this issue.

The creation of the European Single Market on 1 January 1993 transformed a large part of Europe into an economically uniform area. Both the harmonisation measures required to establish the Single Market and the renewed expansion of the Community's remit through the Maastricht Treaty,[39] which came into force on 1 November 1993, represented a significant step towards achieving European legislative unity. Looking to the future development of the Community, the then President of the Commission, Jacques Delors, as mentioned above, stated as early as 1989 that eighty per cent of all economic legislation would soon be drafted in Brussels. According to the Federation of German Industries (BDI), Delors will be proved right: according to a report from 1992, European legislators are responsible for fifty to sixty per cent of economic and social legislation.[40] This explains the growing need for companies to pursue appropriate interest representation at EU level.

With an area of around 3.2 million km², the EU is approximately ten times the size of Germany and covers one third of the area of the USA as a whole. These figures suggest that it is worth taking a closer look at the geographical aspect of interest representation. As has already been explained, the options for interest representation are based almost exclusively on personal contacts with the relevant decision-makers. It is self-evident that the establishment of such contacts always requires personal meetings at which the parties can get to know one another in as relaxed and informal a manner as possible. At regional level, and also certainly at the level of a federal state, but not at Federal Government level, such contacts may arise from chance encounters or long-standing

Maastrichter Vertrages, 2nd edn (Munich, 1994), pp. 1 ff.; see also E. Thiel, *Die Europäische Union*, 2nd edn (Munich, 1994), pp. 9 ff.

[39] For example, the European Economic and Monetary Union, and joint measures in the areas of energy, tourism and consumer protection.

[40] See Triesch and Ockenfels, *Interessenverbände in Deutschland*, p. 158.

ties, e.g. from having studied together at one of the top universities. In the first case, acquaintances are made, for example, at balls, receptions, festivities or other social events which are attended by members of the various areas.[41] The extensive size of the EU reduces both the likelihood of socialisation through 'growing up together' and of chance encounters. A comparison with the USA should illustrate this point: a company from the West Coast that has no representation in Washington, D.C., as the centre of administration and decision-making power, has virtually no opportunity to meet an individual official from a specific unit in a specific ministry with information that is relevant, and possibly even vital, to the company and to establish fruitful contact with this person. This is because the official is unlikely to attend a reception or a party in the company's geographical catchment area several thousand kilometres away purely by chance. The reverse situation is similar: having to take several hours of travel into account for an evening in Washington, D.C. after a day's business work – and without any guarantee of success, particularly as such an acquaintance cannot be forced – will rarely prove to be a realistic option for a member of the company's management team.

While the distances in the EU are not quite as extensive as in the USA, the consequence is the same: chance encounters between business people, politicians and particularly officials at EU level are no longer sufficient to achieve appropriate interest representation. More than ever before, the professionalisation of the continuous maintenance of both political and administrative contacts, and consequently the use of special interest representation instruments, will become necessary if companies' interests are to be successfully represented vis-à-vis the institutions of the EU.

At this point, one might reasonably object that interest representation is already carried out by the respective associations to which a company belongs. To a certain degree, this idea is not unfounded. Numerous associations enjoy good contacts with decision-makers in Brussels and cultivate them carefully. Some even maintain their own liaison office in the Belgian capital to this end.[42]

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[41] I.e. from companies, authorities and politics.

[42] For instance, the BGW, the GdV and the VdTÜV have their own offices in Brussels.

However, a profound change is currently emerging in the realm of associations. For example, the German Retail Federation (HDE), the Federal Working Group of Medium-Sized and Large Retail Enterprises (BAG) and the Federal Association of Franchise Operations and Self-Service Department Stores (BFS) all agree that 'the interests of the retail sector are not always represented optimally in Bonn and Brussels.'[43] The associations, which were classic interest representation instruments, particularly for industry and commerce in post-war Germany, are facing a structural revolution in light of increasingly fast-paced globalisation[44] and especially the Europeanisation of the market. Due to various liberalisation efforts, which have been ramped up since 1993 thanks to an EU Single Market with 370 million consumers, the interests of the individual European and national companies are drifting further apart. 'National politics is increasingly condemned to powerlessness.'[45]

This increasing heterogeneity of the interests of companies that are organised in the same association inevitably limits the effectiveness of the associations' work. The German Automotive Industry Association, which is based in Frankfurt and Bonn, can be used as an example of this. 'Because the officials failed to reconcile the interests of Volkswagen, Ford, Mercedes and BMW in good time, the car industry lobby botched its rebellion against the new Euro 3 emissions standard.'[46] In an Ifo survey conducted in 1996, one third of the companies surveyed stated that it would be more profitable if they could purchase their consultancy services independently from a consultant.[47] In the early summer of 1996, Saxony's mechanical and electrical engineering companies founded the private-sector consultancy M&E Consult in order to represent their interests independently of the association.[48] Individual associations are

[43] 'Deuss und Conradi vollends im Clinch', *SZ*, 10 January 1997, p. 24.
[44] See P. Ustinov, 'Who will set the rules in the battle of the dinosaurs?: "Many corporations are becoming more powerful than some governments"', *The European,* 26 December 1996/1 January 1997, p. 10.
[45] 'Fesseln und Chancen der Globalisierung', *SZ*, 20 January 1997, p. 25.
[46] A. Neubacher, 'Wie Piraten', *Die Woche,* 15 August 1997, p. 12.
[47] See U. Weidenfeld, 'Wütende Proteste', *Wirtschaftswoche,* 11 July 1996, p. 23.
[48] See ibid., p. 23.

actually in danger of breaking apart because their member companies are withdrawing due to their diverging interests. Examples include Metro AG's termination of its BAG membership and Karstadt AG's withdrawal from the HDE, in which context Karstadt boss and BAG President Walter Deuss stated that 'a restructuring of the retail association landscape has been set in motion.'[49] Serious differences are also emerging between the two German umbrella associations, the Confederation of German Employer Associations (BDA) and the BDI, with regard to a common strategy.[50]

These brief examples should suffice to illustrate the changing framework conditions in the world of German associations.51 At the same time, they show the urgent need for a company to establish interest representation divorced from associations, or at least to consider doing so, in view of the increasing heterogeneity of internal association interests, due in particular to the fundamental and continuous changes in economic structures within a unified Europe.

1.4. Academic positioning

Against the backdrop of the fundamental interdependence that can be discerned between politics[52] and business in the field of interest representation, an interdisciplinary component rapidly becomes apparent. The economic sciences have always emphasised the independence of business from politics, which is why models developed in an isolated environment were capable of leading to great efficiency. Conversely, both

[49] 'Deuss und Conradi vollends im Clinch', p. 24.

[50] See A. Daniels, 'Krach bei den Wirtschaftsverbänden', *Informationen zur politischen Bildung*, 253 (Bundeszentrale für politische Bildung, Bonn, 1996), p. 24.

[51] For the sake of completeness, it should be mentioned that a similar change can be seen even amongst trade unions. See U. Weidenfeld, 'Zum letzten Gefecht', *Wirtschaftswoche*, 1 May 1997, pp. 42 ff.; see also B. Nolte, 'Streik? Ich bin froh um meinen Job', *SZ*, 13 May 1997, p. 33.

[52] Here, the term politics also encompasses public administration.

the New Political Economy (NPE) and institutional economics seek to assert a broader perspective through a new interdisciplinary approach.

In the past, economics did not take standards and institutions, as the rules of human behaviour, into consideration as phenomena to be explained in economic terms. They were usually only considered marginally as exogenous variables; any real independent significance was dismissed. More recently, however, these rules of human behaviour have come to be regarded as endogenous variables and 'therefore as variables that need explaining in economic terms.'[53]

With regard to the formula D = I(t) + x, this study will examine:

1) how decisions in a company are made possible by information in the first place; and

2) how the decisions of decision-makers at the EU institutions can be influenced through specific information.

If we were now to use the prevailing economic concept of *homo oeconomicus*, whom the early critic Friedrich Gottl-Ottilienfeld dubbed 'the clown in the circus of pure theory'[54] more than fifty years ago, to explain the genesis, the dissemination and the transformation of rules, and thus as a fundamental behavioural model for decisions, there would be no uncertainty x and infinite information transparency would be assumed. The decision D would then be equal to I. However, as human beings have only limited cognitive capabilities that prevent absolutely rational behaviour in reality and have also internalised cultural and other influences, towards which their actions are also ultimately oriented, this thesis aligns with the increasingly forceful criticism levelled against the prevailing concept of *homo oeconomicus*.[55]

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[53] D. Schmidtchen, 'Neue Politische Ökonomie von Normen und Institutionen', in *Jahrbuch für Neue Politische Ökonomie*, Vol. 12 (Tübingen, 1993), p. 1.

[54] Ibid., p. 2.

[55] See ibid., p. 2. In this regard, see G. A. Akerlof, 'Procrastination and Obedience', *American Economic Review – Papers and Proceedings*, 81.2 (1991), pp. 1 ff.; see also R. H. Frank, *Passions within Reason* (New York, 1988); see also R. A. Reiner, 'The Origin of Predictable Behavior', *American Economic Review*, 73 (1983), pp. 560 ff.; see also R. A. Reiner, 'Rule-

The twelfth conference of the NPE symposium made a particularly significant contribution to explaining the genesis, the dissemination and the transformation of standards and institutions. At this conference, detailed questions were asked about the consequences arising 'from the criticism more recently levelled against the behavioural model of "*homo oeconomicus*" for a new political economy of standards and institutions.'[56] Gebhard Kirchgässner, in particular, incorporated judicial patterns of thought into the perspective of 'opportunistic-rational' behaviour. In doing so, he came to the conclusion that, when analysing the role of standards and institutions in the context of economic behaviour, a distinction can be made between three types of rules:

1) legal regulations;
2) societal rules backed by sanctions (conventions); and
3) decision-making rules (rules of thumb) that individuals either set for themselves or adopt from an external source without being compelled to do so.

It is apparent that the establishment and effect of the first two types of external rules are compatible with the economic behavioural model. Kirchgässner's view adds to this, however, the proposition that the same also applies to internal rules. His central message is that internal rules play a significant role in the concept of rational behaviour.

In both the institutional economics[57] and the NPE,[58] the rational action hypothesis is replaced by a sociological theory of human action and

Governed Behavior in Evolution and Human Society', *Constitutional Political Economy* (1990), pp. 19 ff.

[56] Schmidtchen, 'Neue Politische Ökonomie von Normen und Institutionen', p. 3.

[57] See R. Heidenreich, *Ökonomie und Institutionen: eine Rekonstruktion des wirtschafts- und sozialwissenschaftlichen Werks von K. W. Kapp* (Frankfurt a. M. and others, 1994), pp. 183 ff.

[58] See Schmidtchen, 'Neue Politische Ökonomie von Normen und Institutionen', pp. 1 ff.

behaviour. *Homo oeconomicus* is replaced by the more realistic concept of *homo behavioralis* or *homo institutionalis*.[59]

The variables t and x in the formula D = I(t) + x have therefore become parameters of the equation that cannot be eliminated as they could when *homo oeconomicus* was used as the basis – as a result of which interest representation would not be necessary – but which must be approximated to the value zero as part of an approximation approach. This clearly defines the objective of this thesis. Expressed mathematically, appropriate interest representation must lead to the greatest possible approximation of t and x to zero for a company:

$$t, x \rightarrow 0$$

This approximation problem, along with the related shaping or structuring of company-specific interest representation on the basis of a sector-neutral overall model for structuring effective and efficient interest representation, constitutes the task of this thesis.

According to organisational science, approximation is realised by optimally configuring the determining variables of the organisational problem. In addition to the objectives, these variables include the conditions and instruments of interest representation.[60]

[59] See Heidenreich, *Ökonomie und Institutionen*, p. 184.
[60] See Hill, Fehlbaum, and Ulrich, *Organisationslehre*, pp. 27 ff.

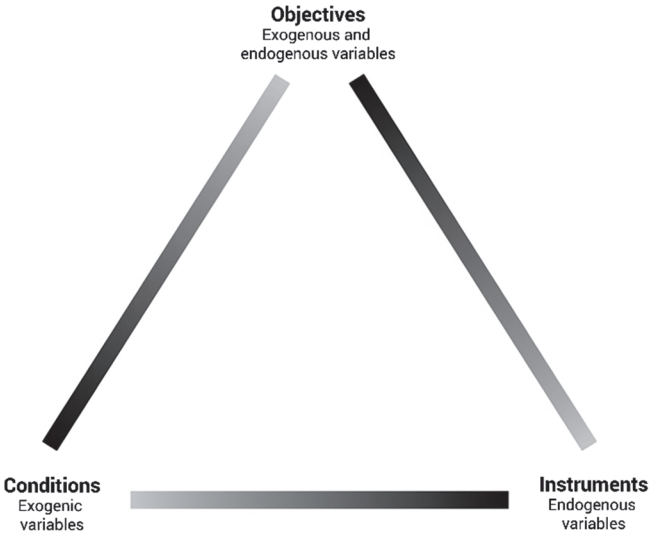


Fig. 1: The determining variables of the organisational problem[61]

The organisational problem thus represents the pragmatic question of organisational theory. According to the general decision theoretic approach, it encompasses three logical categories of determinants and therefore three sub-problems:

1) Which objectives must organisation be based on?
2) Which instruments can be used to achieve the objectives?
3) Under which conditions[62] that cannot be influenced in the course of organising must the organisation be carried out?[63]

[61] See ibid., p. 29.
[62] In the case of the interest representation analysed here, these are the EU institutions.
[63] See Hill, Fehlbaum, and Ulrich, *Organisationslehre*, p. 27.

While the EU institutions, as conditions within the context of the structuring problem for interest representation, are exogenous, i.e. they are determined for the company from the outside, the instruments used to achieve the objectives must be regarded as endogenous. The instruments arise within the intermediary system of interest representation[64] which will be explained later on, and are therefore the parameter that can be varied appropriately in accordance with the respective objective of a company's interest representation.

In the context of the organisational problem, the objectives themselves can be both exogenous and endogenous. In particular, they are exogenous when, for instance, a standard that would invalidate a company's own patent is to be enacted by an EU institution. In such a case, the objective, i.e. to influence this standard in a manner favourable to the company, would be exogenous. Endogenous objectives may include securing funding for a company's planned research and development project. The cross-sectoral corporate objective is to achieve the best possible, i.e. the most complete, fulfilment of the company's interests. In each case, however, the optimal instruments must be used to achieve these objectives in order to influence the institutions with regard to the exogenous or endogenous objectives. In other words, the equation parameters t and x of the decision formula $D = I(t) + x$ must be approximated as closely as possible to the value zero through the best possible selection of the instruments used.

In terms of the previously illustrated change in the framework conditions under which interest representation currently takes place at EU level, which interest representation options are available for German companies vis-à-vis the EU institutions and how interest representation can be structured will be determined based on this organisational science approach. To do this, the development of the EU and its institutions as well as their interinstitutional interaction in the EU legislative procedure should first be analysed as framework conditions of interest representation. The possible intra-institutional approaches should then be examined.

[64] See Chapter 3.1.

2. EU institutions as framework conditions for interest representation

2.1. Development of the European Single Market

2.1.1. From the European Coal and Steel Community to the Maastricht Treaty

Amidst the vast field of ruins left across Europe by the Second World War, the desire to secure lasting peace through reconciliation and cooperation between nations was stronger than it had been after the First World War in view of the hitherto unprecedented scale of devastation and destruction. This desire found its first major expression in the foundation of the United Nations in 1945, but this was not yet sufficient to secure lasting peace in Europe. In 1946, Winston Churchill declared in Zurich: 'There is only one sovereign remedy. We must build a kind of United States of Europe.'[65]

The French Foreign Minister, Robert Schuman, ultimately provided the decisive impetus for the establishment of a European Community when he proposed the creation of a common administration for the German and French coal and steel industries. This was based on the insightful idea that a nation which no longer has free access to energy and steel can no longer declare war. In 1951, the six states previously involved in the war – Belgium, Germany, France, Italy, Luxembourg and the Netherlands – agreed to establish a European Coal and Steel Community (ECSC), which began work the following year. The first step towards a united Europe had been taken.[66]

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[65] H. Reuther and G. Sandvoß, *Europa im Schaubild: Europa wird eins* (Bonn, 1996), p. 24.

[66] See M. Boden, *Europa: eine kleine politische Landeskunde der EU- und der EFTA-Länder*, 2nd edn (Munich, 1994), pp. 9 ff.

In 1955, these states resolved to first advance the establishment of Europe in the field of economics. On 25 March 1957, the Treaties establishing the European Economic Community (EEC) and the European Atomic Energy Community (Euratom) were signed in Rome. This was a crucial step on the road to European unification, as the EEC Treaty defined the establishment of a Common Market and the alignment of the Member States' economic policies.[67] Further pioneering objectives included the abolition of internal customs duties, uniform foreign trade tariffs and the liberalisation of the movement of goods, people, services and capital within the Community.[68] The six founding states were joined over the next few decades by Denmark, the United Kingdom and Ireland (all in 1973), Greece (1981), Spain and Portugal (both in 1986) and finally Austria, Finland and Sweden in 1995.

The Single European Act (SEA) came into force in 1987. It reformed the founding treaties of the European Community (EC)[69] and laid the foundation for completing the European Single Market and for the start of European political cooperation. An important deadline was set out in this Act, and subsequently met: the four fundamental freedoms were to be implemented by the end of 1992. The SEA significantly facilitated the harmonisations required for this, i.e. the alignment of national legal regulations, and made numerous projects possible in the first place. This is because, apart from a very few exceptions, it now provides for only a qualified majority for decisions in the Council of the European Union rather than the previous requirement for unanimity.[70]

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[67] See Reuther and Sandvoß, *Europa im Schaubild*, p. 25; see also Presse- und Informationsamt der Bundesregierung (ed.), *Europa in 100 Stichworten: von Agrarpolitik bis Zollunion: Handbuch zur Europa-Politik* (Bonn, 1996), p. 8f.

[68] These are referred to as the four fundamental freedoms; see Reuther and Sandvoß, *Europa im Schaubild*, p. 25.

[69] This was the collective term for ECSC, EEC and Euratom from July 1967 onwards, when the executive institutions of the three different communities were unified under the Merger Treaty.

[70] See Presse- und Informationsamt der Bundesregierung, *Europa in 100 Stichworten*, p. 45f.; see T. Läufer, *22 Fragen zu Europa: Europäische Gemeinschaft und Europäisches Parlament* (Bonn, 1990), pp. 9 ff.

The guiding idea behind European unification was and remains the preservation of peace through the closest possible economic cooperation between the Member States. Strong political unity was also intended to form the backbone of the new Europe. A significant step in this direction was achieved with the Maastricht Treaty, which came into force on 1 November 1993. Among other aspects, the Treaty provides for a completed European Single Market with an Economic and Monetary Union, a Common Foreign and Security Policy, and closer cooperation in justice and home affairs.[71]

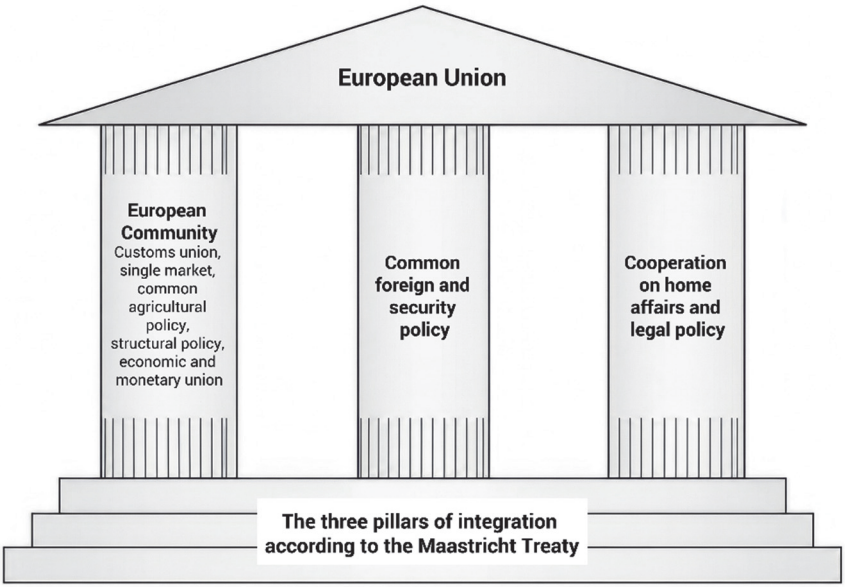


Fig. 2: The three pillars of the EU[72]

[71] See Treaty on the European Union (Maastricht Treaty), Art. B.
[72] See Reuther and Sandvoß, *Europa im Schaubild*, p. 28.

At the present point in time, the EU is thus a union of fifteen independent Member States that have committed to cooperate in various policy areas. In some of these areas,[73] they now exclusively act jointly and make decisions that are binding for all Member States. In others, close cooperation and the greatest possible degree of coordinated action have been agreed.[74] In the remaining areas, each state continues to decide for itself, but is obliged to give consideration to the interests of the other members of the Community.[75]

The delimitation described here must not, however, be understood as a strict and precise separation of areas of responsibility. Instead, the Maastricht Treaty provides for a further transfer of decision-making powers from national to Community level, as well as for closer cooperation, but this has not yet been implemented. This is therefore a process that offers new opportunities for interest representation. In this sense, a company should act on it according to its needs.

2.1.2. Development and functions of the most important EU institutions

2.1.2.1. Council of the European Union

The Council of the European Union is the Community's central decision-making and steering institution. Until the Maastricht Treaty came into force on 1 November 1993, it was the sole legislative body of the European Community. While the European Parliament (EP) had certain options for participating in the legislative procedure, the Council was ultimately able to make decisions even against Parliament's will.[76] Although legislative power has shifted quite some way in favour of the Parliament, the Council's position is still very strong.

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[73] These include, for instance, competition law.

[74] Examples of this include the aforementioned pillars of the EU, the Common Foreign and Security Policy, and justice and home affairs (Art. B of the Maastricht Treaty).

[75] See Reuther and Sandvoß, *Europa im Schaubild*, p. 27.

[76] See also Chapter 2.1.2.3.

The Council of the European Union, also known as the Council of Ministers, is composed, depending on the subject under consideration, of the relevant ministers responsible for the respective policy areas from the Member States. They decide how the objectives or framework conditions set out in the Community treaties for their specific areas of responsibility are to be achieved or implemented. As the legislative body, the Council adopts the Community's legal acts, with the European Commission involved through its sole right of initiative and the EP involved within the scope of its powers.

In particular, the Council has the task of coordinating cooperation between the Member States. It 'fulfils a significant mediating role between the EC and the Member-State executive levels, the respective political majority and the national bureaucracies. Without this interlinking between national and Community decision-making, the political enforceability of Community legal acts would be jeopardised.'[77] The Council Presidency rotates every six months among the fifteen Member States. In terms of the central task of Common Foreign and Security Policy, the Council adopts common positions and also ensures that the measures it has decided on are implemented.[78] In the fields of justice and home affairs, it issues recommendations for common measures to the Member States.[79]

As a general rule, decisions by the Council are now subject to the majority principle. However, in particularly sensitive areas[80] or where there is disagreement between the Commission's decision proposals and the position of the Council, unanimity is still required even today. This prevents the Community from overriding the specific concerns of individual Member States in the interests of a swift procedure. There are

[77] B. Beutler, *Die Europäische Gemeinschaft – Rechtsordnung und Politik*, 2nd edn (Baden-Baden, 1982), p. 120.

[78] The most recent example of this is the Community's aid to the people in the civil war-torn former Yugoslavia.

[79] See Presse- und Informationsamt der Bundesregierung, *Europa in 100 Stichworten*, p. 132.

[80] Among others, these include taxes, home affairs and justice as well as foreign and security policy.

therefore three different majorities that apply to decisions in specific areas in the Council of the European Union: firstly, the unanimity requirement as outlined above; secondly, a qualified majority, whereby the Member States have up to ten votes depending on their size;[81] and thirdly, a simple majority, whereby each state has one vote.[82] Which areas require which majority is set down in the EC Treaties.[83]

In its work, the Council of Ministers is supported by the General Secretariat in Brussels and the Committee of Permanent Representatives (Coreper), which consists of ambassadors from the Member States.[84] This committee is of great importance, particularly because it prepares the content of meetings of the Council. Specifically, this means that legislative proposals that are submitted to the Council by the European Commission are first submitted to and discussed in the Coreper. If a consensus is already reached there, they are decided on formally by the Council in what is called the 'A-item procedure' without any further debate. Only if no agreement is reached in the Coreper – and in coordination with the EP – does the Council of Ministers have to discuss these so-called 'B-items' and reach a compromise that gives adequate consideration to the different national interests. Once the procedure has reached this stage, the items that have now been clarified are in turn formulated as A-items by the Coreper and submitted for formal decision-making at the next meeting of the Council.[85] This clearly shows the influence of the Coreper on the Council of Ministers' decision-making process. The resulting consequences for interest representation vis-à-vis this Committee will be examined again in Chapter 2.2.2.1.

[81] There are a total of 87 votes in such a qualified voting procedure; at least 62 votes are required for a majority. The qualified voting procedure is applied, for example, to decisions concerning Economic and Monetary Union.

[82] This voting procedure is applied if no other voting ratio is specified.

[83] See Reuther and Sandvoß, *Europa im Schaubild*, p. 35.

[84] See Thiel, *Die Europäische Union*, p. 50.

[85] See G. Ettl and others, *EU-ABC*, 2nd edn (Bonn, 1994), p. 11; see also Presse- und Informationsamt der Bundesregierung, *Europa in 100 Stichworten*, p. 132.

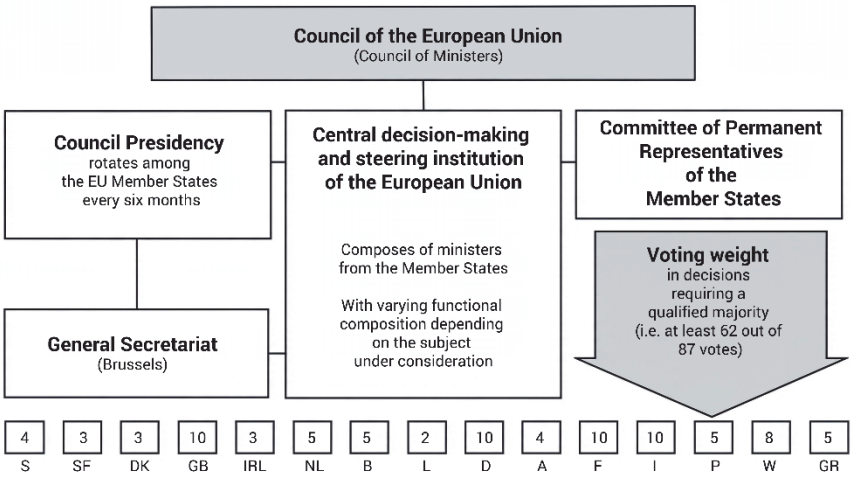


Fig. 3: The Council of the European Union[86]

2.1.2.2. European Commission

The present-day European Commission has its roots in the foundation of the European Coal and Steel Community in 1952. To administer it, the High Authority was set up as a separate institution, from which the European Commission emerged through the Treaties of Rome, signed in 1957. In 1967, under the Merger Treaty, it became the executive body of the three European Communities alongside what subsequently became the Council of the European Union.

Today, the European Commission consists of twenty members. These comprise one European Commissioner per Member State plus one additional Commissioner from each of the most populous Member States: Germany, France, the United Kingdom, Spain and Italy. At the same time, one of the Commissioners serves as President of the Commission. All members are proposed by the governments of the Member States and

[86] See Reuther and Sandvoß, *Europa im Schaubild*, p. 35.

appointed with the approval of the EP. The members of the Commission work independently of political instructions from individual Member States for the general good of the Community, as stipulated in the EC Treaty.[87]

The Commission also has an administrative apparatus comprising approximately 15,500 officials and other employees.[88] As the administrative body of the EU, the Commission is currently subdivided into twenty-four Directorates-General (DGs), each of which is responsible for a specific policy area.[89] Each member of the Commission is responsible for a specific area of responsibility with the corresponding Directorates-General. However, important decisions in a specific policy area can only be made jointly by the members of the Commission.[90]

The Commission holds an undisputed key position within the structure of the EU institutions. This is due, firstly, to its broad-based field of executive responsibilities and, secondly, to the fact that it has the sole right of initiative in the EU legislative procedure.[91] The European Commission therefore has the following three main areas of activity:

1) As the driving force behind European integration, it draws up proposals for the development of Community policy and, through its right of initiative, sets the legislative procedure in motion.[92] It may also be instructed by the Council of the European Union and the EP to prepare a draft directive if it does not itself identify a need for action. In addition, the Commission acts in the interests of the Community vis-à-vis the Council, which remains the EU's most powerful

[87] See Art. 157(2) TEC.

[88] See Grupp, *EUROPA 2000*, p. 69.

[89] E.g. the area of transport, DG VII; the Single Market and financial services, DG XV; and energy, DG XVII.

[90] See Presse- und Informationsamt der Bundesregierung, *Europa in 100 Stichworten*, p. 64.

[91] The only exceptions to this are the areas of the Common Foreign and Security Policy and home affairs and justice, which are enshrined as common objectives in the Maastricht Treaty.

[92] See W. Woyke, *Europäische Gemeinschaft – Europäisches Parlament – Europawahl* (Leverkusen, 1984), p. 71f.

legislative body. Within the framework of the Common Foreign and Security Policy, it may even have the Council convened in order to submit proposals to it.

2) In addition, the Commission is also often casually referred to as the 'guardian of the Treaties', particularly as its responsibilities also include monitoring compliance with EU law. If Treaty provisions or decisions made by EU institutions are breached by a Member State, the Commission may bring an action before the European Court of Justice (ECJ).

3) Finally, in its function as the executive body, it is responsible in a variety of ways for implementing Community policy. To do this, it possesses substantial powers of its own to apply the Treaties;[93] in other areas, it acts in accordance with the instructions of the Council. The Commission also administers the majority of the EU's financial resources, particularly the Structural Funds and subsidy programmes.

The Commission also represents the EU in international organisations.[94]

Thanks to the combination of its extensive executive power and legislative scope for action resulting from its sole right of initiative in the EU legislative procedure, the Commission remains a key point of reference for interest representation even after 1 November 1993. On that date, it was joined in this role by the EP, which emerged as a powerful influencing factor. The new options for interest representation arising from this development will be examined exhaustively in Chapter 2.2.2.3.

[93] For example, in the areas of competition policy and the traditional European coal and steel sector.

[94] See Reuther and Sandvoß, *Europa im Schaubild*, p. 36; see Thiel, *Die Europäische Union*, pp. 53 ff.

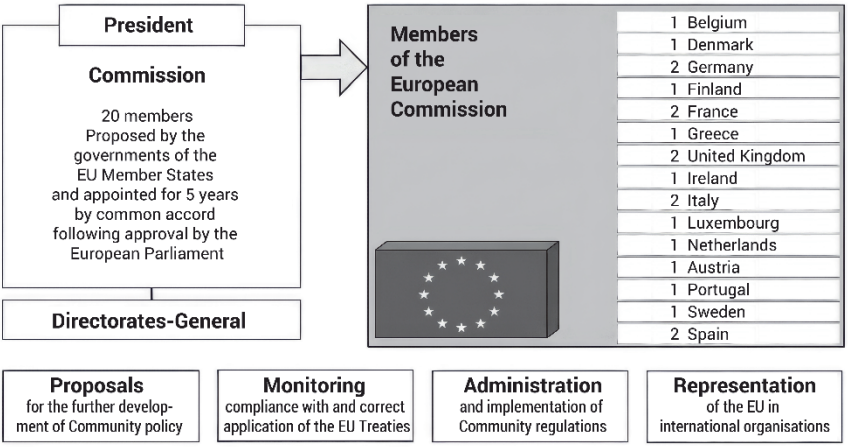


Fig. 4: Composition and responsibilities of the European Commission[95]

2.1.2.3. European Parliament

The European Parliament has its roots in the Parliamentary Assembly of the ECSC, which was founded back in 1952. With the entry into force of the Treaties of Rome establishing the EEC and Euratom on 1 January 1958, the EP was established as the institution responsible for all three Communities. Its 142 members were initially appointed by the respective national parliaments of the six Member States. Direct elections of Members of the European Parliament by the citizens of the Member States were first held in 1979. This made the EP the first and only Community institution to be directly legitimised by the electorate.[96] Due to the accession of additional states and German reunification, the number of Members of Parliament eventually rose to 626.

[95] See Reuther and Sandvoß, *Europa im Schaubild*, p. 36.

[96] See Woyke, *Europäische Gemeinschaft – Europäisches Parlament – Europawahl*, p. 80 f.

The individual Member States each post a certain number of Members of Parliament to the EP, depending on their respective national populations. However, the smaller states are favoured by the allocation formula, which results in their over-representation in relation to their population. As is also usual in the national parliaments, the Members of Parliament are grouped into transnational political groups according to basic political similarities and not, for instance, according to their nationality.

The question of the seat of the EU's representative body was a matter of great dispute for a long time until a final decision was reached at the European Summit in Edinburgh in December 1992. Under this arrangement, the regular monthly sessions and the budget debates take place in Strasbourg. Plenary sessions that additionally become necessary and the standing committee meetings are held in Brussels. Finally, the seat of the parliamentary administration is located in Luxembourg.[97] However, this geographical separation has little effect on the field of interest representation, particularly as what is *de facto* the largest and most important part of parliamentary work – the work undertaken in the so-called standing committees[98] – takes place in Brussels.

The areas of responsibility and powers of the EP have changed considerably over the course of its history, moving towards an increasingly independent and powerful exercise of parliamentary authority. Treaties such as the SEA or the Maastricht Treaty represent milestones in this gradual process.

Initially, the EP only had the right to express an opinion on the majority of legislative acts. Going above and beyond mere consultation, it was first granted a say in the budgetary procedure in 1975, giving it wide-ranging scope.[99] Final adoption of the Community budget is not possible without Parliament's approval. The accession of further states to the Community and the association of third countries also require its approval.

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[97] See Reuther and Sandvoß, *Europa im Schaubild*, p. 32.

[98] The EP's standing committees prepare reports and motions for resolutions for the plenary meetings. An overview of these committees can be found in Chapter 2.2.2.3.

[99] See Presse- und Informationsamt der Bundesregierung, *Europa in 100 Stichworten*, p. 78 f.

The SEA ultimately strengthened the Parliament's rights of participation in the legislative procedure via the introduction of a cooperation procedure[100] with the Council of the European Union. Due to the Council's final decision-making power and a technical limitation of the procedure to legislative acts concerning completion of the Single Market as well as a very few policy areas,[101] however, these were still severely restricted.[102]

Parliament's rights of participation were significantly extended by the Maastricht Treaty. The establishment of a codecision procedure for certain EU legislative acts[103] is of outstanding importance. The EP and the Council of the European Union are involved in this in a multi-stage process. In this procedure, a so-called Common Position of the Council is forwarded to the Parliament. If this differs from the position of the majority of MEPs, a Conciliation Committee – similar to the procedure for laws requiring approval in the Federal Republic of Germany – draws up a compromise proposal which is then voted on in both of the institutions involved.

As a result of this, the EP was equipped with its most extensive power to shape legislation: it possesses a right of veto through its power to make a final negative decision. If it rejects the proposal, the legislative procedure has conclusively failed.[104] This has made the EP a key factor in wide areas of EU legislation.

The Treaty on the EU has further increased the EP's power with regard to the appointment of the European Commission. While the members of

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[100] See Art. 149(2) EEC Treaty.

[101] These include, for example, parts of research and technology policy as well as social policy.

[102] See Presse- und Informationsamt der Bundesregierung, *Europa in 100 Stichworten*, p. 79 f.

[103] E.g. legislative acts concerning the Single Market, the free movement of workers, wide areas of environmental protection, consumer protection, culture and healthcare.

[104] See Presse- und Informationsamt der Bundesregierung, *Europa in 100 Stichworten*, p. 80 f.

the Commission are still appointed by the European Council,[105] the Parliament must give its approval. It can even dismiss the Commission as a whole by passing a vote of no confidence. This means that the EP exercises a supervisory function over the Commission. However, the rejection of individual members of the Commission is not possible.[106]

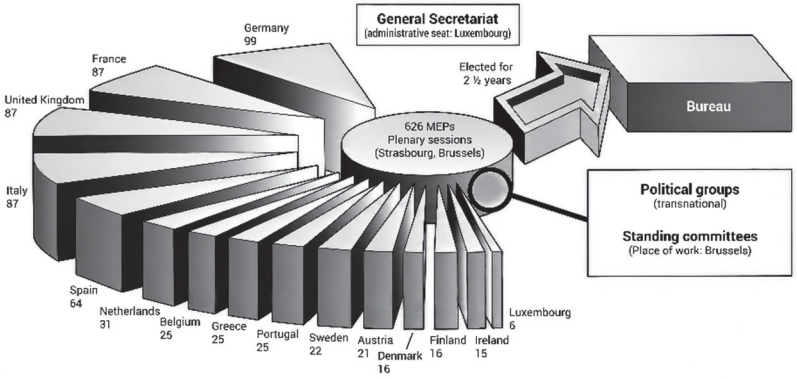


Fig. 5: Composition of the EP by nations[107]

2.1.3. Current harmonisation efforts

This chapter will outline the current harmonisation efforts being undertaken in the three sectors analysed as examples in this thesis: insurance, energy and road safety. Limitation to these three areas is necessary to organise the research while still enabling the desired

[105] The European Council is the conference of the heads of state and government of the Member States. The President of the European Commission is also a member.

[106] See Presse- und Informationsamt der Bundesregierung, *Europa in 100 Stichworten*, p. 81; see Thiel, *Die Europäische Union*, pp. 57 ff.

[107] See Reuther and Sandvoß, *Europa im Schaubild*, p. 32.

development of a sector-neutral overall model for structuring effective and efficient interest representation, given the diversity of the sectors examined. A brief overview of the specific problems will only be provided in Chapter 5 in connection with the specific examples of interest representation for selected companies from the three sectors via-à-vis the EU institutions. In general, it is difficult to obtain citable information on the most recent ideas, particularly as initial approaches are often developed at expert level and are not yet intended for the general public. Once a White or Green Paper has been published, however, the information is available to everyone. On the one hand, the necessity of interest representation vis-à-vis the responsible EU institutions for the companies affected becomes very clear based on selected current processes in the three sectors. On the other, this also provides insight into where the fundamental objectives of interest representation might lie in the specified sectors. The current harmonisation plans will therefore be briefly outlined in the following.

In the insurance sector, the adoption of a directive on the supplementary supervision of insurance companies belonging to an insurance group is being prepared. The creation of a single insurance market has been a high priority within the Community for some time. Its entry into force on 1 July 1994 merely laid the foundation for its further development through Community legislation. The Commission's current draft directive is aimed primarily at strengthening the protection of policyholders and establishing identical competitive conditions for insurance companies throughout the EU. This is to be achieved through 'the introduction of measures with which the insurance supervisory authorities will be better equipped to assess the actual solvency of an insurance company that is part of an insurance group'.[108] The insurance supervisory authorities are responsible for ensuring that the minimum solvency requirements of the insurance companies under their supervision are met, so that these companies are able to fulfil their obligations towards their policyholders. The ECJ has also pointed to the need for binding regulations for continuous supervision that give consideration to the sensitive character

[108] European Commission, *Proposal for a EUROPEAN PARLIAMENT AND COUNCIL DIRECTIVE on the supplementary supervision of insurance undertakings in an insurance group*, COM (95) 406 fin., p. 2.

of this sector.[109] While all insurance companies must meet the solvency requirements independently as a result of their legal independence, companies that are part of a larger group[110] may nonetheless be affected by other parts of that group. The draft directive submitted by the Commission on 4 October 1995 therefore seeks to achieve the comprehensive supervision of insurance companies – in contrast to the 'solo supervision'[111] that has been implemented so far. To a certain extent, the Commission's draft directive is still currently in the initial discussion stage. An opinion on this from the EESC has been available since 17 June 1996.[112] This time period shows that sufficient time for interest representation might still be available even following the submission of a draft directive by the Commission.

Current debate in the energy sector is generally concerned with the development of a general 'energy policy for the European Union',[113] according to the title of the White Paper presented by the Commission on 13 December 1995. An amended Commission proposal for a directive amending Directive 93/38/EEC has also been available since 29 January 1997.[114] 'The objective of the proposed directive on the internal market for natural gas is the establishment of a uniform single market that guarantees security of supply. As the Council confirmed on 3 December 1996, the purpose of this is to increase the global competitiveness of the EU as much as possible.'[115] To prepare for the EU Energy Council meeting on 27 May 1997, the high-level preparatory meeting on 29 April 1997 issued an interinstitutional dossier,[116] the most important aspects of which characterise the

[109] See European Commission, *Proposal*, p. 2.
[110] This group may consist not only of individual insurance companies, but also of credit institutions and securities firms, etc.
[111] European Commission, *Proposal*, p. 3.
[112] See European Commission, *OJ C 174,* 17 June 1996, p. 16.
[113] European Commission, *White Paper: An Energy Policy for the European Union*, COM (95) 682 fin., title page.
[114] See European Commission, *OJ C 028*, 29 January 1997, p. 4.
[115] Council of the European Union, *Interinstitutional Dossier No. 93/0385* (COD), p. 2.
[116] This is the *Interinstitutional Dossier No. 93/0385* (COD*)* of 22 April 1997.

objectives of the aforementioned directive. The key terms of this are market deregulation; regulation of contracts containing unconditional payment obligations ('take-or-pay' contracts); regulations for newly emergent markets and regions; regulation of supply monitoring and unbundling to avoid double subsidisation and distortions of competition.[117]

In the area of road safety, a legislative procedure was recently concluded with the enactment of Directive 94/23/EC of 8 June 1994 amending Directive 77/143/EEC on the approximation of the laws of the Member States relating to roadworthiness tests for motor vehicles and their trailers. The Member States were given the task of transposing this Directive into national law by 1 January 1997. The new Directive includes provisions on the minimum requirements for a vehicle's braking force and also specifies that the Member States must apply appropriate procedures to ensure 'that the brake performance of the vehicles registered in their territory meet the requirements specified in Directive 77/143/EEC'.[118] In a communication to the Council of the European Union, the EP, the EESC and the CoR, the European Commission presented a programme for 1997 to 2001 to promote road safety in the EU that was aimed at expanding the first road safety action programme from 1993.[119] According to the Commission, there are approximately 45,000 traffic deaths per year in the Community and approximately 1.6 million persons are injured in road traffic accidents. In the programme that has now been presented, fatal accidents, in particular, are attributed to the failure of complex systems of human decision-making and behaviour as well as to different infrastructures and vehicle types. The human factor is regarded as a key element in this complex system, as accidents caused by unforeseeable technical failure and involving no human fault account for only approximately 1% of the total number of accidents in the EU each year.[120] The programme therefore encompasses

[117] See Council of the European Union, *Interinstitutional Dossier*, pp. 2 ff.
[118] Directive 94/23/EC, Art. 2.
[119] See European Commission, *Promoting road safety in the European Union: The programme for 1997–2001,* COM (97) 131 fin., p. 1.
[120] See ibid., p. 20.

the following main elements, which are to be implemented at the beginning of the next millennium for the benefit of EU citizens:[121]

- A Commission recommendation to take account of the enormous costs of road traffic accidents through the more widespread use of cost-benefit analyses with regard to road safety measures.
- An integrated EU information system containing information on risk data, accident statistics, the implementation of road safety measures, research, best practice, and enforcement.
- Measures to combat driver fatigue and driving under the influence of medicines, alcohol and drugs.
- Technological and telematics applications to increase safety when driving motor vehicles.
- Coordination and support for an assessment procedure on the basis of which consumers can be provided with scientifically sound information on vehicle safety.

2.2. Institutional framework conditions of interest representation

2.2.1. Interaction between the institutions in the EU legislative procedure in the light of the Maastricht Treaty

2.2.1.1. Fundamentals

The objective of the legislative procedure in the EU is to establish secondary legislation in the form of directives, regulations and decisions

[121] See ibid., p. 22.

based on the Founding Treaties of the Communities and their amendments, which form the primary legislation.[122]

The European Commission, the Council of the European Union, the EP and various advisory committees, including in particular the Coreper, the European Economic and Social Committee (EESC) and the Committee of the Regions (CoR), interact in the EU's legislative procedure in order to develop Community policy. There are also several other EU institutions, which are briefly summarised in the following figure:

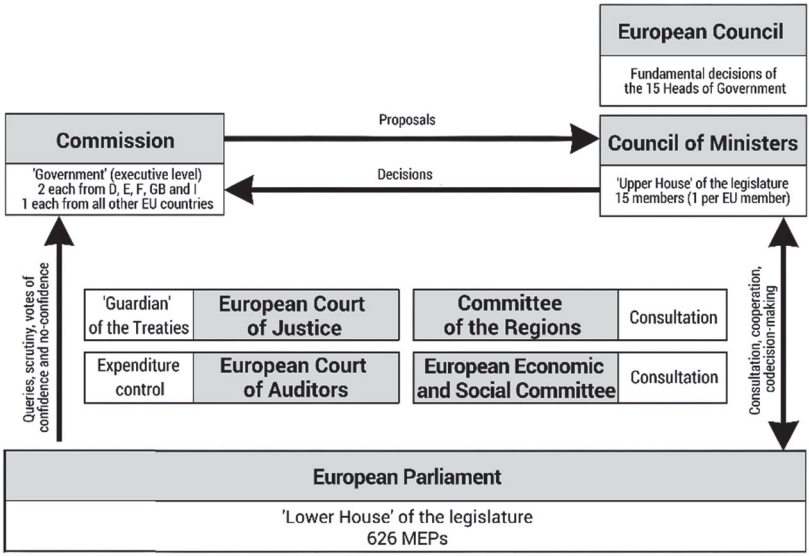


Fig. 6: Interaction between the EU institutions[123]

[122] See Presse- und Informationsamt der Bundesregierung, *Europa in 100 Stichworten*, p. 96.

[123] See Grupp, *EUROPA 2000*, p. 30.

First of all, the highest institution is the European Council. Within it, the Heads of State and Government of the 15 Member States and the President of the European Commission meet at least twice a year and set out the guidelines for future Community policy. Although the European Council has never yet made use of its theoretical option of enacting binding decisions itself, it is nevertheless the primary driving force behind the Community. It advances the process of European integration by issuing political instructions to the Council of the European Union and the European Commission.[124]

The Council of the European Union is closely connected to the European Council. This is where the respective ministers responsible for the relevant policy areas in the Member States make binding decisions within the legislative procedure based on the guidelines set out by the European Council.

The Commission is the central hub of the EU. Its members are committed exclusively to the interests of the Community and are not permitted to receive any instructions from Member States. Although it is primarily responsible for ensuring compliance with the provisions of the Community Treaties, the Commission is also responsible for implementing decisions made by the Council of Ministers.

The functions of the EP as an unequal partner to the Council in the context of the legislative procedure will be examined in detail later in this chapter. At this point, therefore, it should merely be emphasised that the EP can also make its voice heard by the other EU institutions through informal channels. For instance, it may submit unsolicited opinions on draft directives from the Commission and the Council at any point in time. These are then often incorporated into the opinion-forming process of the decision-makers there, not least due to the public visibility of the parliamentary work.

As a supranational judicial institution, the ECJ is responsible for monitoring and ensuring the correct application of Community law.[125]

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[124] See Reuther and Sandvoß, *Europa im Schaubild*, p. 29; see Ettl, *EU-ABC*, p. 89 f.

[125] See Weindl, *Europäische Gemeinschaft*, pp. 45 ff.

The European Court of Auditors, whose fifteen members are appointed for six years by the Council of the European Union following consultation with the EP, examines the legality and the regularity of the revenue and expenditure incurred by the EU or by individual Member States acting on its behalf within the context of financial autonomy. It thereby strengthens the EP's powers of scrutiny vis-à-vis the European Commission, which manages the budget.[126]

The EU additionally has a number of advisory institutions. The EESC will first be considered briefly here. It consists of 222 representatives of various professional, social and other stakeholder groups, who are not bound by instructions and who are appointed by the Council for four years after being proposed by the national governments. Under the EU Treaty law, the Council of the European Union and the European Commission may act in a number of areas only after consulting this committee. The committee may also issue opinions on legislative proposals on its own initiative. This makes it possible to involve expert and socially important groups with their respective interests in the European development process ahead of many political decisions. In this sense, this committee can be used as an institutionalised body for interest representation.

The CoR constitutes another of the important advisory institutions of the EU. It gives the representatives of countries, regions and individual communities the opportunity to participate in EU decisions in a direct advisory capacity. In particular, the CoR must be consulted by the Council of the European Union and the European Commission when decisions concerning structural and regional policy as well as other areas, especially culture, education and healthcare, are to be made. As in the case of the EESC, this offers a range of options for articulating and representing interests early on in a specific area.[127]

The impetus for a legislative procedure always comes from the Commission, which has the sole right of initiative.[128] It may also act at the suggestion of the Council pursuant to Art. 152 TEC or the Parliament pursuant to Art. 138(2) TEC.

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[126] See Reuther and Sandvoß, *Europa im Schaubild*, p. 39.
[127] See ibid., p. 40.
[128] Except in the previously mentioned special cases.

The Commission draws up proposals for areas requiring regulation and submits these to the Council of the European Union. The Council then develops a Common Position of its members and forwards it to the EP.[129]

The subsequent legislative procedure has to be considered in differentiated terms since the Treaty on the EU came into force on 1 November 1993. Due to the strengthening of the EP's rights, particularly through the introduction of the codecision procedure, there are now a total of six different ways in which such a Commission proposal can develop. The three most common of these are:

1) The consultation procedure
2) The cooperation procedure
3) The codecision procedure

2.2.1.2. Consultation procedure

Under this procedure, the Council makes decisions on a proposal of the Commission and after consulting the EP, the EESC and, where applicable, the CoR.[130]

[129] If the Council accepts the Commission's decision-making recommendation without changes, this proposal constitutes the Common Position. Otherwise a different Common Position must be adopted unanimously.

[130] See e.g. Art. 75 (3) TEC.

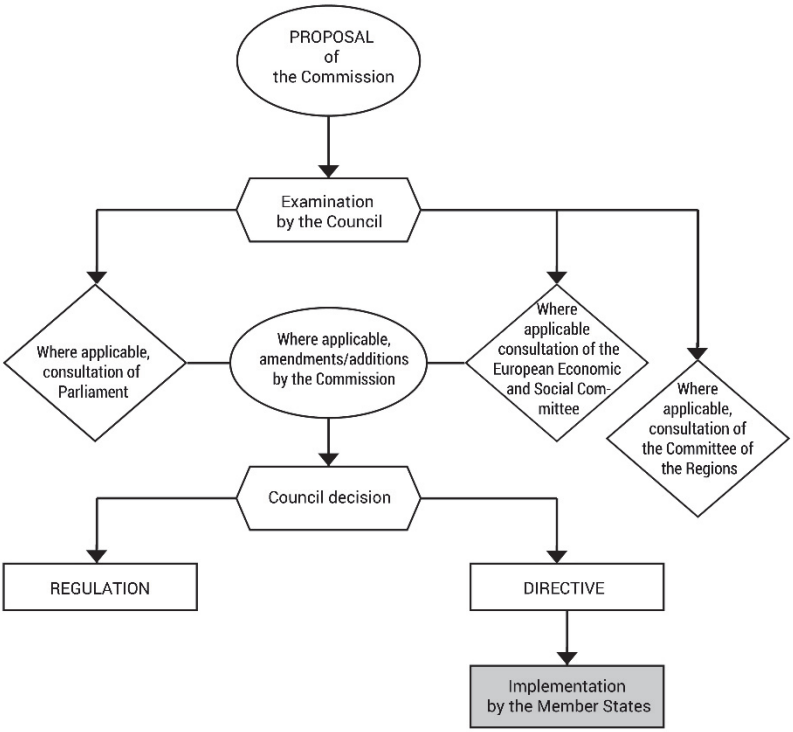


Fig. 7: The consultation procedure[131]

2.2.1.3. Cooperation procedure

In this procedure, the Council makes decisions by qualified majority on a proposal of the Commission in cooperation with the EP and after consulting the EESC. The cooperation procedure provides for two readings of the draft in the Council and the EP. For the second reading, the Common Position is forwarded to the Parliament by the Council.

[131] See Bavarian Ministry of Economic Affairs, Transport and Technology (ed.), *Bayern und der Europäische Binnenmarkt* (Munich, 1996), p. 4.

There are then three possibilities: if the EP approves the Common Position or at least does not issue an opinion on it within a prescribed period, the legislative act is adopted. The second alternative is the rejection of the Common Position by the EP by an absolute majority. In this case, the legislative act may nevertheless be adopted by the Council of the European Union, but only unanimously. Conversely, two alternatives become available if Parliament amends the Common Position by an absolute majority. Firstly, the Commission may adopt the amendments forwarded by the EP; in this case, the Council may adopt the proposal in question by a qualified majority. Secondly, the Council may still accept the legislative act unanimously if Parliament's amendment proposals are rejected by the Commission.

Overall, the Council of the European Union therefore has the power of final decision-making under the cooperation procedure. In this legislative procedure, the EP's importance increases particularly due to the fact that if, firstly, the EP rejects the Common Position and, secondly, the Commission does not accept its amendment proposals, the legislative act can then only be adopted by the Council unanimously.

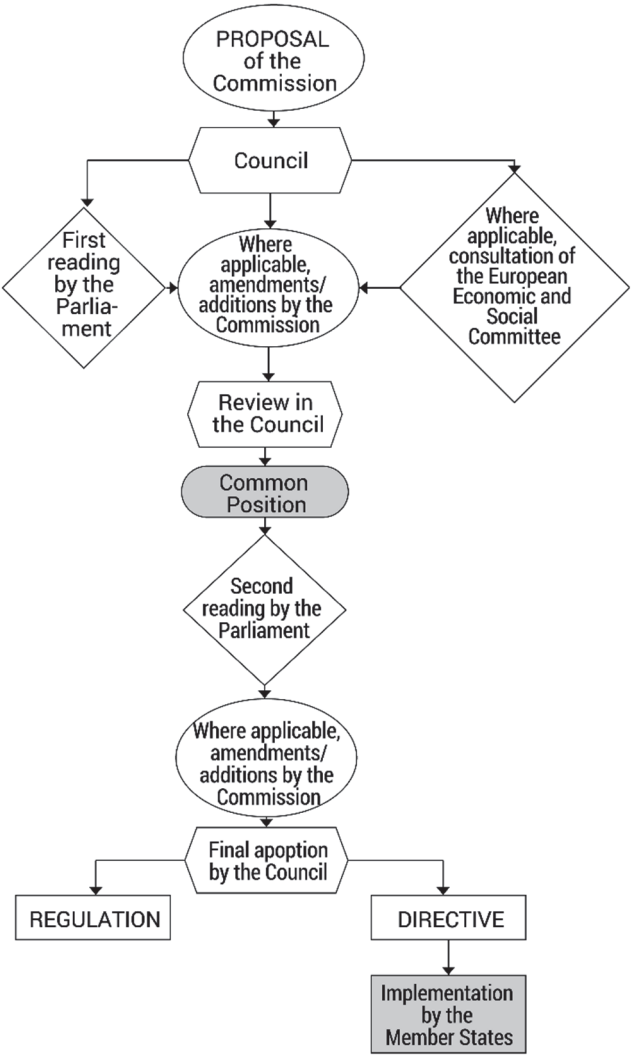


Fig. 8: The cooperation procedure[132]

[132] See ibid., p. 4.

2.2.1.4. Codecision procedure

This procedure will be considered in particular detail, as it constitutes a fundamental change in the EP's rights of participation brought about by the Maastricht Treaty.

Unlike the aforementioned cooperation procedure, this constitutes a genuine legislative procedure between the Council of the European Union and the EP, since the latter possesses the power of final decision-making with regard to the ultimate rejection of the legislative act and consequently has a genuine right of veto against the legislative proposal after three readings.[133]

Against this altered legislative background, it becomes clear that a fundamentally new, holistic approach that gives consideration to the increased influence of the EP must be found for successful interest representation. In any event, existing approaches to interest representation must be reviewed.

The extent of Parliament's codecision power arises simply from the fact that, in this procedure, there are only three possible constellations in which the proposed legislative act can be adopted. The legislative act is adopted if either the Council approves all of the amendments made by Parliament,[134] both institutions accept[135] the draft produced by the Conciliation Committee[136] or, following the failure of the conciliation process, Parliament does not reject the confirmation of the original Common Position by the Council.

According to the wording of the Treaty, the codecision procedure, as already explained previously, is applied only to a limited range of issues, i.e. the free movement of workers (Art. 49 TEC), the freedom of establishment (Art. 54(2), Art. 57 (1) and (2) TEC), the approximation of laws in the Single Market (Art. 100a(1) TEC), support measures in the

[133] See Weindl, *Europäische Gemeinschaft*, p. 82 f.
[134] See Art. 189b(3) TEC.
[135] The Conciliation Committee consists of an equal number of Ministers from the Member States and MEPs.
[136] See Art. 189b(5) TEC.

fields of education and youth (Art. 126(4) TEC), culture (Art. 128(5) TEC), healthcare (Art. 129(4) TEC), consumer protection (Art. 129a(2) TEC), guidelines for trans-European networks (Art. 129(1) TEC), framework programmes for research and technology (Art. 130i(1) TEC) and environmental programmes (Art. 130s(2) TEC).

The specific procedure for adopting a legislative act under the codecision procedure will be briefly outlined in the following.

The procedure is first initiated by the Commission, which possesses the sole right of initiative.[137] The proposal it has drawn up is forwarded to the Council and Parliament. The EP then conducts a first reading of the draft. Parliament then forwards its opinion on the Commission proposal to the Commission and the Council. The latter in turn decides on the Common Position of its members and forwards it to Parliament and the Commission. At this point, it should again be noted that the Council's decisions are regularly prepared by Coreper. As already mentioned, this starting point for interest representation vis-à-vis the Council of the European Union will be discussed in Chapter 2.2.2.1.

The second reading in the EP now takes place. There are three possible ways in which the procedure can proceed from then on. It is important to note here that the Parliament is subject to a three-month deadline for reaching a decision.[138]

Firstly: Parliament approves the Council's Common Position or does not issue an opinion at all. In these cases, the Council of the European Union may conclusively adopt the legislative act.

Secondly: Parliament rejects the Council's Common Position by an absolute majority of its statutory number of members. In this case, the Conciliation Committee is convened.[139]

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[137] However, the procedure may also be initiated by the EP or the Council of the European Union, subject to the prerequisites of Art. 138b(2) TEC or Art. 152 TEC, by requesting the Commission to submit proposals on its own initiative.

[138] See Art. 189b(2) TEC.

[139] The conciliation procedure is not explained in greater detail here, particularly as it is identical to the subsequent, third variant.

Thirdly: the EP amends the Council's Common Position by an absolute majority. This draft is then forwarded to the Council and the Commission, in which case the Council must make a decision on this proposal within three months.[140] If the Council wishes to approve Parliament's amendments, the Commission's decision on the amendments must be taken into consideration. If it approves them, a qualified majority of votes in the Council is sufficient for adoption. If, however, the Commission rejects the amendments, the Council may adopt them only unanimously. If the Council has approved the Parliament's amendment proposals with the respective necessary majority, the legislative act is adopted in its new form.

If, on the other hand, the Council rejects Parliament's amendment proposals, the conciliation procedure is initiated. A Conciliation Committee must be convened immediately by the Presidents of the Council and Parliament. As previously mentioned, the Conciliation Committee consists of an equal number of representatives from each institution. The Commission also participates in it.[141] Within a period of six weeks, the committee draws up a proposed compromise, which it must approve by at least a qualified majority. This proposal is then forwarded to the Council and Parliament.

The EP then conducts the third reading, which can have two possible outcomes. Either the Council[142] and the EP[143] accept the proposed compromise within six weeks, in which case the legislative act is adopted, or Parliament rejects the Conciliation Committee's proposal. This means that the legislative act has basically failed.[144] However, the Council can make one final attempt at implementing the legislative act according to its wishes by confirming its original Common Position, which it had determined prior to the initiation of the

[140] See Art. 189b(3) TEC.

[141] The detailed arrangements governing the working methods of the Conciliation Committee are defined in the Interinstitutional Declaration of 25 October 1993, which need not be discussed in detail here.

[142] A qualified majority is required for this.

[143] The EP must adopt the decision by an absolute majority.

[144] See Art. 189b(6), first sentence, TEC.

conciliation procedure, within another six weeks. In this case, it may also include individual amendments proposed by Parliament where appropriate. If the EP does not reject this by an absolute majority of its members within a further six weeks following confirmation of the Common Position, the legislative act is adopted.

If the EP rejects the Common Position within the aforementioned six-week period, however, it exercises its negative power of final decision-making – its *de facto* right of veto. The legislative act has therefore conclusively failed.[145]

The foregoing discussion leads to the conclusion that, through its negative power of final decision-making, the EP experienced a significant increase in its power when the Maastricht Treaty entered into force on 1 November 1993 and thus acquired even greater relevance for effective interest representation. This has essentially given rise to an entirely new approach to interest representation.[146]

[145] See Thiel, *Die Europäische Union*, pp. 62 ff. For all legislative procedures described here, see Weindl, *Europäische Gemeinschaft*, pp. 69 ff.

[146] See I. Friedrich, 'Das Europäische Parlament im Wandel der Europäischen Entwicklung', in T. Waigel (ed.), *Unsere Zukunft heißt Europa: Der Weg zur Wirtschafts- und Währungsunion*, 2nd edn (Düsseldorf, 1996), pp. 51ff.

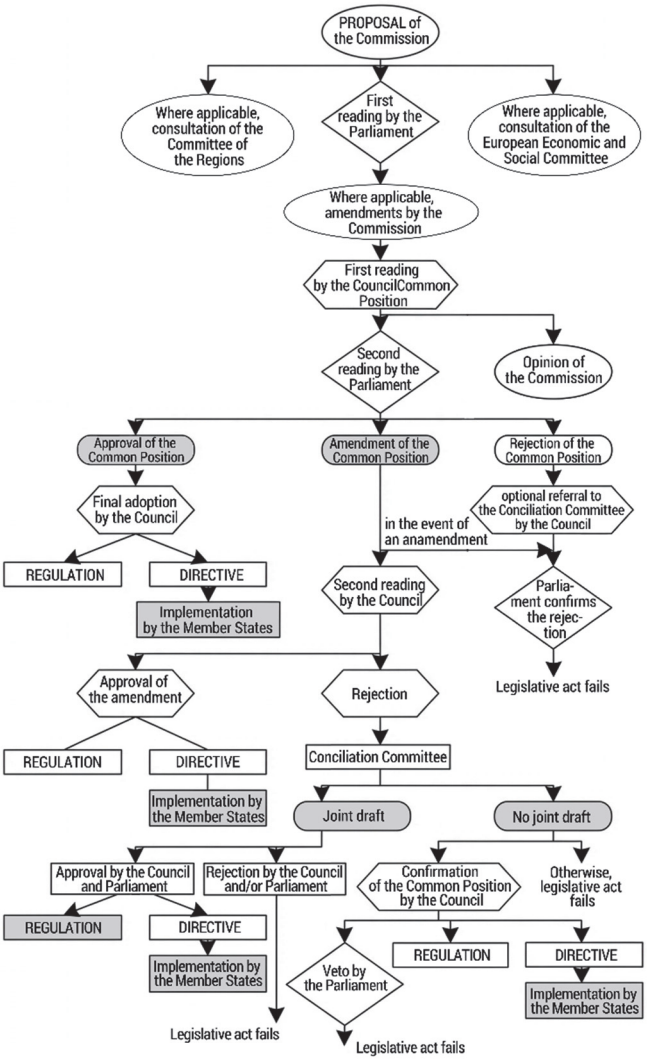


Fig. 9: The codecision procedure[147]

[147] See Bavarian Ministry of Economic Affairs, Transport and Technology (ed.), *Bayern und der Europäische Binnenmarkt*, p. 4.

2.2.1.5. Further legislative procedures

In addition to the procedures described above, there are three further procedures, but these are used far less frequently and will therefore be mentioned only briefly. These are:

1) The assent procedure: The Council of the European Union may adopt certain legislative acts only with the approval of the EP. These include, for instance, EU citizens' rights, international treaties, the appointment of the European Commission and the functions of the European Central Bank as well as the Structural and Cohesion Funds.[148] If a Commission draft concerns an area requiring approval, a consensus must be reached between Parliament and the Council; otherwise, the Council's draft, i.e. the Common Position, has failed. If necessary, a compromise must be reached between the Council and Parliament.

2) The conciliation procedure: This procedure is used for legislative acts with general and extensive financial implications whose adoption cannot be adequately based on previous legislative acts.[149] The procedure is initiated if the Council wishes to deviate from Parliament's opinion in its decision in the above-mentioned cases. A so-called Conciliation Committee is then formed, comprising representatives of both of these institutions. The Commission also participates in its meetings.

3) Informal consultation: As per the European Commission declaration of 30 March 1973, this procedure is initiated when no participation of Parliament in the relevant legislative procedure is provided for in the Community Treaties.[150] In this case, the Commission proposes to the Council that Parliament be consulted

[148] See Reuther and Sandvoß, *Europa im Schaubild*, p. 33.

[149] This procedure is applied in accordance with the Joint Declaration of the European Parliament, the Council and the Commission of 4 March 1975.

[150] This was more often the case in the years prior to the entry into force of the Maastricht Treaty.

on key issues. However, Parliament's scope for participation within the context of this procedure is clearly limited.[151]

2.2.2. Institutions of the EU

2.2.2.1. Council of the European Union

Having provided a brief overview of the most important legislative procedures of the EU and the respective interinstitutional interaction of the various institutions, this part of the thesis will examine the possible intra-institutional approaches to interest representation with regard to the determining variable of 'institutions' of the organisational and structuring problem of interest representation. The point in time at which the outlined legislative procedures make use of such an approach, and which approach is chosen, is entirely dependent on the specific case.[152]

In particular, an empirical survey conducted among officials of the various authorities as well as MEPs within the context of this thesis serves as the basis for this chapter and the following chapters on the EU institutions. The specified group of persons surveyed was asked about the possible options for interest representation within their respective institutions as well as about their dealings with interest representatives and the information provided by them. Finally, at several points, the respondents were asked to assess the interest representatives from the perspective of their respective institution.[153] Reference will be made to this empirical basis at the appropriate points.

The institutional framework conditions of interest representation are understood to mean the significant influencing factors that open up or

[151] In connection with the discussion of the legislative procedures, the author would like to thank Mr Bernd Keßler (lawyer), Brussels, for his legal assistance.

[152] For example, differences arise depending on the point in time at which a company becomes aware of a need to act (exogenous objective).

[153] The questionnaire used is reproduced in Appendix A 1.

limit possible organisational or corporate solutions and which cannot be changed within the context of corporate actions or organisation.[154] When structuring interest representation at EU level, these conditions are the EU institutions, which have therefore become a variable in the organisational problem outlined above. As the first component of this exogenous variable, the Council of the European Union will be analysed in the following as a possible institutional approach to interest representation.

In order to assess its suitability for interest representation, it appears expedient to first briefly outline what objectives an interest representative can actually achieve through the Council of the European Union and, in a second step, to examine what options an interest representative has for influencing the Council.

As previously mentioned, the Council of the European Union is the Community's almost exclusive decision-making institution.[155] This gives the Council particular relevance for interest representation when the objective is to influence the adoption of a specific legislative proposal. However, the Council can also exert a significant influence well in advance of the legislative procedure. Although the European Commission possesses the sole right of initiative in the EU legislative procedure, approximately 94% of the directives it initiates are attributable to a proposal from the Council or the Member States.[156] It follows that the Council can be influenced to bring an issue, whose regulation throughout Europe is of concern to a company, before the European Commission and trigger a corresponding legislative initiative there. The Council of the European Union therefore assumes a dual significance for interest representation.

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[154] See Hill, Fehlbaum, and Ulrich, *Organisationslehre*, p. 28.

[155] Since the entry into force of the Maastricht Treaty, the EP is involved in the EU legislative procedure as a key institution within the framework of the codecision procedure. However, the Council continues to occupy by far the strongest position in the structure of the Community institutions.

[156] See M. Strauch, 'Lobbying in Bonn und Brüssel', in M. Strauch (ed.), *Lobbying: Wirtschaft und Politik im Wechselspiel* (Frankfurt a.M. and others, 1993), p. 82.

In the case of voting in the Council, the choice of interest representation must take account of the respective majority requirements applicable to the vote. This is particularly important when attempting to prevent the adoption of a draft directive that would be disadvantageous for the company. If the unanimity requirement applies in this case, it is sufficient to secure a veto by the respective national minister, for instance. As the majority principle, possibly with a qualified majority, applies to most decisions, it is often not sufficient to influence the Council of the European Union solely at national level.[157] This essentially means that effective interest representation must also be able to influence the Council at supranational level.[158]

Exerting an influence on the Council is therefore basically conceivable on two levels, these being the European and the respective national level. Particularly as the Council, through its composition of the national ministers responsible for the respective policy areas, is the most powerful Community body for representing national concerns, influencing it 'is more feasible within the respective national framework than in Brussels'.[159] Or, as a Council Secretariat employee expresses it: '"Lobbying" the Council as such does not exist (...), only lobbying of the governments'.[160] These statements make it clear that successfully influencing the Council of the European Union is primarily conceivable via the national levels. The initial points of contact for the interest representative are therefore the relevant portfolio minister in person and their closest employees.

The numerous officials who are involved in the preparatory work in advance of Council meetings are usually a far more easily accessible starting point, however. The most important preparatory body of the Council is the Coreper, which is likewise based in Brussels. Its outstanding position is already indicated by its legal status. It was

[157] See ibid., p. 71.

[158] See ibid., p. 81.

[159] K. Forster, 'Lobbying in Brüssel', in Strauch, *Lobbying: Wirtschaft und Politik im Wechselspiel*, p. 192; see T. Jones, 'Applying the science of reputation management', *European Voice*, 20 February 1997, p. 29.

[160] Appendix A 2.

elevated by Art. 4 of the Merger Treaty of 8 April 1965 to a mandatory body under primary Community law.[161] Its members are the ambassadors of the Member States. They play a key role in the preparation of Council meetings, particularly as they make every effort to 'prepare the issues of relevance to decision-making up to the achievement of a consensus as far as possible'.[162] Following consultations in Coreper, the respective issues are placed on the agenda of the Council meeting as 'A items' or 'B items', as has already been mentioned. Coreper therefore constitutes the suitable discussion forum for specifically integrating pertinent information into the Council's draft decisions. There is considerable scope for shaping the content in this regard. It is conceivable that suggestions from a company that are incorporated into the discussion by members of Coreper might even be included verbatim in the draft decision.[163] Even minor modifications can therefore have a significant impact on subsequent legal practice in the Community. It is also conceivable that members of Coreper who are in close contact with the respective minister can cause the latter to trigger a legislative procedure in the Council as a result of a targeted information policy pursued by the interest representative. This illustrates the eminent importance of Coreper for interest representation vis-à-vis the Council of the European Union. The members of Coreper are characterised by their 'dual nature'.[164] As diplomatic representatives of the Member States bound by instructions, they act in accordance with the instructions of their respective national governments. On the other hand, as members of an EU institution, they are committed to the interests of the Community and therefore, to a certain extent, to finding a compromise in the event of conflicting national interests.[165] Owing to their extensive knowledge of details, the Permanent Representatives 'often have a greater understanding of the position of the other Member States than of their own government'.[166] This 'occasionally leads to

[161] See Mentler, p. 27 f.
[162] Forster, 'Lobbying in Brüssel', p. 191.
[163] See Neubacher, 'Wie Piraten', p. 12.
[164] Mentler, p. 29.
[165] See ibid., p. 44 and p. 29.
[166] Forster, 'Lobbying in Brüssel', p. 191.

unusual "fraternisation effects"'.[167] As a result of this, and particularly because the Permanent Representatives are usually posted to Brussels for a relatively long time, purely professional contacts often lead to personal and friendly relationships under these circumstances. In such a positive social climate, it can be easy for a member of Coreper to communicate pertinent information provided by a company to the representatives of other Member States as well. The interest representative also has the direct 'possibility of exerting horizontal influence through the concerted and parallel provision of information to officials of various nationalities'.[168] If the company's point of view is supported by the representatives of several Member States in Coreper, its position in the discussion is all the stronger and the likelihood that it will be incorporated into the draft decision for the Council of the European Union is far greater. This supranational approach of interest representation vis-à-vis the Council of the European Union is summarised in the following overview.

[167] Ibid., p. 191.
[168] Ibid., p. 192.

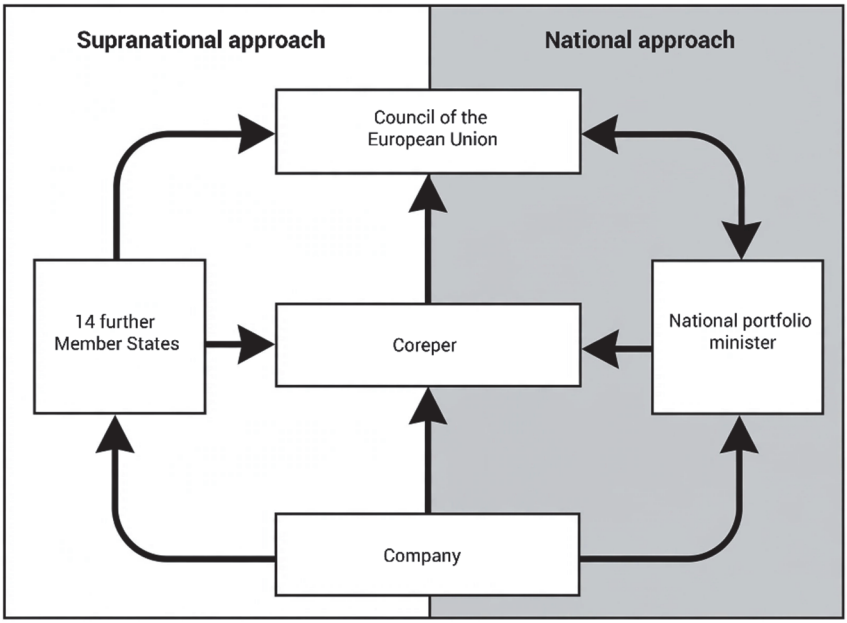


Fig. 10: The supranational approach of interest representation vis-à-vis the Council of the European Union

Access to the Council of the European Union, but also the European Commission and the EP, can always be achieved in accordance with this model, as decision-makers of various nationalities are found in every EU institution. Of course, this requires the interest representative to be able to adjust the 'information to the respective cultural background and the recipient's frame of reference'.[169] [170]

Besides Coreper, there are two other bodies of equal standing that prepare Council meetings. These are the Special Committee on Agriculture

[169] Strauch, 'Lobbying in Bonn und Brüssel', p. 82.

[170] This aspect will be discussed in particular in Chapter 4.1.1. on the personal framework conditions of interest representation in Brussels.

(SCA) and the Trade Policy Committee. The establishment of these special committees reflects the Community's two main historic areas of responsibility and should also be understood in this regard. These two committees deal exclusively with their respective subject area, meaning that there is usually hardly any overlap with the competencies of Coreper. However, the SCA is in a stronger position than the Trade Policy Committee, which is reflected in particular in the fact that the SCA, in contrast to the Trade Policy Committee, communicates directly with the relevant Council of Agriculture Ministers and not via Coreper. In keeping with its stronger position, the SCA is also involved in consultations of a general political nature that touch on agricultural matters. In this regard, competing responsibilities can occur between the SCA and Coreper in this area.[171] Since agriculture is not the focus of this thesis, however, this will not be examined in any greater depth. Solely for the sake of completeness, the Advisory Monetary Committee and the Economic and Financial Committee in the field of the Economic and Monetary Union, the Political Committee in the field of the Common Foreign and Security Policy and the K.4 Committee in the field of justice and home affairs should also be mentioned as further committees involved in preparing Council activities.[172]

The Council's work is supported by a General Secretariat, which is subdivided into individual Directorates-General (DGs). These are not to be confused with the DGs of the European Commission. The DGs carry out the necessary work for Coreper and the other committees of the Council. Accordingly, a Legal Service, a Press Service and a Translation Service exist here, for instance. The following list shows the individual DGs.[173]

[171] See Mentler, pp. 53 ff.
[172] See ibid., pp. 58 ff.
[173] See Deutscher Wirtschaftsdienst, *EURO-Adressen: Handbuch der Behörden, Institutionen und Experten des europäischen Binnenmarktes*, loose-leaf edition (Grundwerk Cologne, 1989), supplement of July 1997, pp. 2221/1 ff.

	General Secretariat of the European Council
	Cabinet
	Legal Service
DG A	Personnel management, organisation, working methods, statistics; human resources and administration; protocol, security, infrastructure; translation and production of documents
DG B	Agriculture; fisheries
DG C	Single Market: Customs Union; industrial policy; approximation of legal regulations; right of establishment and freedom to provide services; company law; intellectual property
DG D	Research; energy; transport
DG E	Foreign economic relations; Common Foreign and Security Policy (CFSP)
DG F	Relationships with the European Parliament, the European Economic and Social Committee and the Committee of the Regions; institutional affairs; budget and Staff Regulations; information policy; public relations
DG G	Economic, monetary and social affairs; EMU
DG H	Justice and home affairs
DG I	Environmental policy, consumer information and consumer protection policy, harmonisation of legal regulations, food, health; drug dependency, AIDS
DG J	Social policy; employment; social dialogue; regional policy and economic and social cohesion; education and youth; culture; audiovisual media

Fig. 11: The DGs of the Council of the EU

2.2.2.2. European Commission

The outstanding importance of the European Commission for the representation of interests results from its position as the sole official body with the right of initiative in the Community's legislative procedure, because this is related to the task of shaping the content and formulating the wording of directives and regulations at EU level. As a result, the eminent importance of the Commission for the representation of interests is apparent even when the impetus for a legislative initiative comes from another institution.[174]

Due to the size of the European Commission and its structure, it is vital for an interest representative to select the appropriate intra-institutional approach[175] vis-à-vis the Commission for the task in question. One or more of its twenty-four DGs are assigned to each of the twenty European Commissioners.[176] The guidelines that are used for orientation for the Commission's proposals are specified by its President and by the relevant Commissioners in the individual DGs. Within their DG, a European Commissioner enjoys the widest possible freedom to shape policy.

As the head of a DG, a European Commissioner is therefore a possible personal starting point for interest representation. Due to their position as the superior of all officials within a DG, the provision of targeted information to a Commissioner is almost certainly both highly effective and usually difficult to achieve. The reason for this is that, because of their outstanding position as the head of a supreme EU authority, personal access to the Commissioner, just like to a minister within the German government, will generally only be achievable by large companies of great macroeconomic importance or through suitable political channels. This aspect must be taken into consideration when selecting the structural instrument of interest representation. Besides the Commissioner themselves, the persons acting in their immediate working environment

[174] The Council of the European Union or the EP; an initiative from a Member State is also conceivable.
[175] The relevant DGs, specialised units, etc.
[176] See Grupp, *EUROPA 2000*, p. 65.

can also be considered as possible contacts. Each European Commissioner has their own office with employees qualified according to their areas of expertise. The office is managed by a head of cabinet,[177] who is the central figure in the Commissioner's environment. The work of heads of cabinet is similar to that of the Permanent Representatives. Together, they prepare the European Commission meetings, likewise using the 'A item' and 'B item' procedure. What was stated in Chapter 2.2.2.1. with regard to the options for influencing the Permanent Representatives in the legislative procedure therefore also applies accordingly to the Heads of Cabinet.[178]

The specific wording of the Commission's draft directives is drawn up by the responsible staff members from the 15,500 officials and other employees working at the Commission.[179] These therefore constitute another starting point for interest representation at the European Commission. The individual Commission employees have extensive scope in formulating legal texts. This can be exploited, particularly where even finely nuanced variations in wording may provide an advantage for the company.

With regard to the strategy of interest representation vis-à-vis the European Commission, the foregoing considerations show that optimal achievement of objectives can be attained using a two-dimensional approach: firstly, crucial 'broad-brush' specifications can be attained by political leadership,

i.e. the Commissioner responsible for the DG of the relevant area of expertise. Secondly, by providing targeted information to the officials responsible for drafting the relevant texts within the respective specialised units, the interest representative can exploit the influence they possess to shape the draft text.

Whether a company is consulted by the Commission within the context of the legislative procedure essentially depends on whether this is beneficial to the process, and particularly whether the point in time and

[177] See Forster, 'Lobbying in Brüssel', p. 188.
[178] See Chapter 2.2.2.1.
[179] See Grupp, *EUROPA 2000*, p. 69.

the respective material are suitable for consulting the company. In some decisions, all of the companies wishing to become involved in the legislative procedure are consulted, although the responsible officials naturally always have unlimited discretion as to which information is accepted from the companies. In this case, it is the task of the interest representative to use their information to successfully present the interests of the company they represent to the Commission officials even and especially in the face of the differing interests of other companies.[180] Today, the European Commission has already been widely recognised as a point of access for interest representation and is also consistently used as such by companies.

Depending on their area of responsibility, Commission officials are sometimes approached by interest representatives on an almost daily basis. This in turn means that a company's respective interest representative and their information must stand out from the others, by whatever means necessary, in order to be genuinely heard.[181]

As can be seen from the response of a Commission official surveyed for this thesis, information from companies is most certainly taken into consideration by Commission officials and can, under certain circumstances, even affect the amendment of a draft directive.[182]

A summary overview of all European Commission DGs is provided in the following.[183]

	The Directorates-General of the European Commission
DG I	Directorate-General for External Relations: Commercial Policy and Relations with North America, the Far East, Australia and New Zealand

[180] See Appendix A 3.
[181] See ibid.
[182] See ibid.
[183] See Deutscher Wirtschaftsdienst, *EURO-Adressen*, pp. 2212/1 ff.

DG IA	Directorate-General for External Relations: Europe and the New Independent States, Common Foreign and Security Policy and External Missions
DG IB	Directorate-General for External Relations: Southern Mediterranean, Middle and Near East, Latin America, South and South-East Asia and North-South Cooperation
DG II	Directorate-General for Economic and Financial Affairs
DG III	Directorate-General for Industry
DG IV	Directorate-General for Competition
DG V	Directorate-General for Employment, Industrial Relations and Social Affairs
DG VI	Directorate-General for Agriculture
DG VII	Directorate-General for Transport
DG VIII	Directorate-General for Development
DG IX	Directorate-General for Personnel and Administration
DG X	Directorate-General for Audiovisual Media, Information, Communication and Culture
DG XI	Directorate-General for Environment, Nuclear Safety and Civil Protection
DG XII	Directorate-General for Science, Research and Development
DG XIII	Directorate-General for Telecommunications, Information Market and Exploitation of Research
DG XIV	Directorate-General for Fisheries
DG XV	Directorate-General for Internal Market and Financial Services
DG XVI	Directorate-General for Regional Policy and Cohesion
DG XVII	Directorate-General for Energy
DG XVIII	Directorate-General for Credit and Investments
DG XIX	Directorate-General for Budgets
DG XX	Directorate-General for Financial Control

DG XXI	Directorate-General for Customs Union and Indirect Taxation
DG XXII	Directorate-General for Education, Training and Youth
DG XXIII	Directorate-General for Enterprise Policy, Distributive Trades, Tourism and Cooperatives
DG XXIV	Directorate-General for 'Consumer Policy' Service
EUR-OP	Office for Official Publications of the European Communities
ECHO	European Community Humanitarian Aid Office
Euratom	Euratom Supply Agency
JRC	Joint Research Centre

Fig. 12: The DGs of the European Commission

2.2.2.3. European Parliament

The EP can now hardly be overestimated as an institutional starting point for interest representation vis-à-vis the institutions of the EU. While Farnel[184] states that 60% of the amendment requests submitted by the EP at the first reading are adopted by the Commission and almost 50% by the Council, and that 50% are adopted by the Commission and more than 25% by the Council at the second reading, Strauch[185] sees approximately 80% of all EP amendment proposals being accepted by the Commission. These figures refer to the legislative status in the Community before the Maastricht Treaty entered into force on 1 November 1993. As this Treaty significantly expanded the powers of the EP,[186] the EP's influence in shaping the legislative procedure in the EU is even more extensive today.

[184] See Farnel, *Am richtigen Hebel*, p. 63.
[185] See Strauch, 'Lobbying in Bonn und Brüssel', p. 81.
[186] See Chapter 2.2.1.

Involving the EP in interest representation at European level is therefore crucial.

The following four points of access are essentially possible in the EP itself:

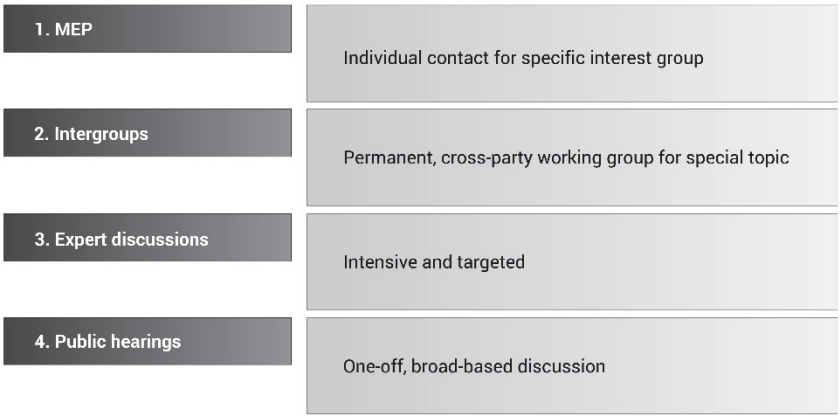


Fig. 13: Possible types of opinion formation in the EP

First, of course, the individual MEPs and political groups should be taken into consideration. It may be appropriate for a company to contact an MEP with corresponding expertise who can then incorporate information from the company into the work of the respective EP committee. An MEP's particular interest can usually be aroused if the company is based in their constituency or the problem raised by the company otherwise affects the MEP's constituency.[187] Even if this MEP is not a member of one of the committees of relevance to the issue in question, they can almost certainly establish the required contact with their relevant colleagues. MEPs' opinions are formed primarily in the parliamentary

[187] See Appendix B 3.

committees[188] and in the individual political groups or their respective expert working parties, which are usually named after the parliamentary committees and prepare the positions of the respective political group for the meetings of the corresponding parliamentary committee. The political groups in the EP are organised according to party political affiliation and not, for instance, according to national considerations. This also enables an interest representative to gain access to MEPs from other Member States through an MEP – who is often likely to have the same nationality as the interest representative – and thus to exploit the advantages of a supranational interest representation approach, as explained above.

The so-called intergroups are permanent cross-party working groups, each devoted to a specific subject, in which experts from the individual political groups come together informally. The quality of the work undertaken in the intergroups is entirely dependent on the expertise of the respective MEPs and the involvement of competent, usually external, experts.[189]

In addition, opinion formation in the EP occurs through discussions with expert and public hearings.[190] Such expert discussions, in which recognised experts, e.g. academics, present the company's points of view on its behalf in the form of neutral information, can prove helpful for interest representation, particularly as the objectivity and neutrality of the information appear to be ensured to an even greater extent for the MEPs than in the aforementioned cases. However, the importance of the public hearings for interest representation vis-à-vis the EP should probably be

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[188] An overview of the EP's parliamentary committees can be found at the end of this chapter.

[189] See Appendix B 4.

[190] In contrast to the Federal Republic of Germany, where such expert consultations have a statutory basis under § 24 of the Joint Rules of Procedure of the Federal Ministries, no such legal 'enhancement' of these consultations exists at EU level; see Council of the European Union, *Rules of Procedure of the Council of 6 December 1993* (Office for Official Publications of the European Communities, Luxembourg, 1994); see also Commission of the European Union, *Rules of Procedure of the Commission* 17 February 1993, OJ L 230/15, 11 September 1993; see also European Parliament, *Rules of Procedure*, 12th edn (n.p., 1996).

regarded as rather low, as there are numerous better options for exerting an influence than presenting one's own point of view as one among many in such a public hearing.

A distinction must generally be made between the MEPs and their employees in interest representation vis-à-vis the EP. Due to the high workload of the former, it will often prove easier to gain access to the MEP via an employee than to approach them directly, insofar as personal contact has not yet been established.

In the following figures, an attempt has been made to visualise the current interest representation situation vis-à-vis MEPs with regard to the following points:[191]

- Frequency with which interest representatives appear
- Consultation of interest representatives by MEPs
- Success of interest representation

The empirical survey amongst the MEPs was encumbered by the sensitivity of the issue of interest representation. In a variety of personal discussions conducted by the author with MEPs and employees of the European Commission during the preparation of the empirical part of this thesis, the majority of the respondents clearly stated that they were not willing to issue written information about interest representation even if their anonymity were assured. This is understandable, because nobody in such a position wishes to see their good reputation jeopardised through statements on this 'delicate' issue that might possibly be misunderstood. A survey was therefore only possible at all by guaranteeing absolute anonymity. Due to the aforementioned reasons, however, only five Members of the European Parliament (MEPs) took part, and so a certain deficit in the statistical validity of the statements must be acknowledged. As the majority of the data clearly points in the same direction, however, significant trends can be determined with adequate empirical proof in the following with regard to the specified points.

[191] The figures were prepared according to the information provided by the surveyed MEPs; see Appendices B 5, B 6, B 7, B 8 and B 9.

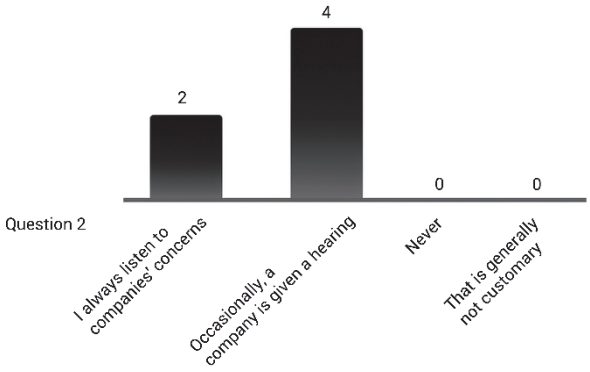


Fig. 14: General behaviour of MEPs towards corporate concerns brought to their attention[192]

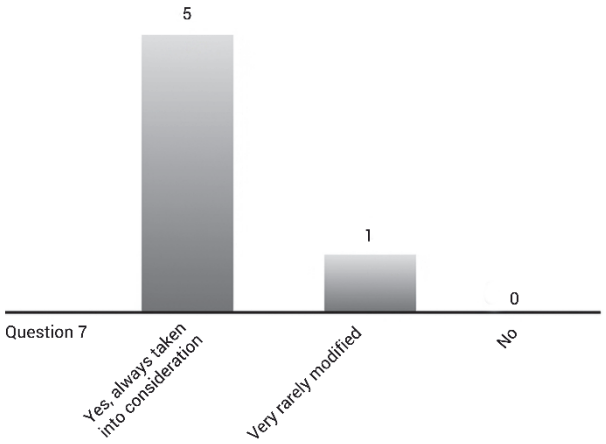


Fig. 15: Effects of a company's presented position on the formation of MEPs' opinions

[192] Four of the respondents only provided one response each; the fifth gave two alternatives. This is why there are six responses from only five respondents.

The options for interest representation vis-à-vis the MEPs essentially consist of personal discussions with the MEPs. This response was given without exception by all of the MEPs surveyed as part of the empirical study for this thesis.[193] These discussions serve to convey interest representation information, i.e. the MEP addressed can establish contact with both the responsible employee of the Commission and with the expert committee members who are relevant to the respective topic area.[194] The individual MEP can also establish contact with the political group leaders and the key opinion leaders in the relevant matter in the EP. This is of crucial importance when one considers that the plenary session follows the recommendation of the responsible committee in the majority of cases and that the respective expert opinion leader is also followed almost without exception within the political groups.[195] This establishment of such contacts and communication channels clearly reflects the role of interest representation as an information process, as defined at the beginning of this thesis.

With reference to the decision formula $D = I(t) + x$ used to illustrate interest representation, an assessment of the personal discussion between the interest representative or the company and an MEP results in the desired minimisation of the time factor t and the uncertainty factor x.[196] The immediacy of the flow of information between the MEP and the company minimises both time delays caused by the use of intermediaries and the risk of information loss.

The parliamentary committees in the EP are summarised in the following:[197]

[193] See Appendices B 5, B 6, B 7, B 8 and B 9.
[194] See Appendix B 9.
[195] See Appendix B 4.
[196] Of course, this also applies to personal discussions with representatives of the Council of the European Union and the European Commission.
[197] See Deutscher Wirtschaftsdienst, *EURO-Adressen*, pp. 2230/8 ff.

	EP committees
C 1	Committee on Foreign Affairs, Security and Defence Policy
SC 1A	Subcommittee on Security and Disarmament
SC 1B	Subcommittee on Human Rights
C 2	Committee on Agriculture and Rural Development
C 3	Committee on Budgets
C 4	Committee on Economic and Monetary Affairs and Industrial Policy
SC 4	Subcommittee on Monetary Affairs
C 5	Committee on Research, Technological Development and Energy
C 6	Committee on External Economic Relations
C 7	Committee on Legal Affairs and Citizens' Rights
C 8	Committee on Social Affairs and Employment
C 9	Committee on Regional Policy
C 10	Committee on Transport and Tourism
C 11	Committee on the Environment, Public Health and Consumer Protection
C 12	Committee on Culture, Youth, Education and the Media
C 13	Committee on Development and Cooperation
C 14	Committee on Fundamental Rights and Internal Affairs
C 15	Committee on Budgetary Control
C 16	Committee on Institutional Affairs
C 17	Committee on Fisheries
C 18	Committee on the Rules of Procedure, the Verification of Credentials and Immunities
C 19	Committee on Women's Rights
C 20	Committee on Petitions

CT 1	Temporary Committee of Inquiry into the Community Transit System
CT 2	Temporary Committee of Inquiry into BSE (bovine spongiform encephalopathy)

Fig. 16: The EP committees

2.2.2.4. Committee of the Regions

The most important committees that take part in the EU legislative procedure in an advisory capacity include the CoR and the EESC.[198] Although they are unable to exercise any 'direct' influence on Community directives, they too offer another option for incorporating company information into the legislative procedure, particularly as consulting these committees – which are not to be confused with the parliamentary committees in the EP – is obligatory in the relevant procedures.[199]

The establishment of the CoR is governed by Chapter 4 of the TEC.[200] Germany posts a total of twenty-four members to this committee; they represent the concerns of the regions, i.e. particularly the individual federal states. The task of the CoR is primarily 'to introduce the specific concerns and experiences of local and regional authorities concerning the impact of legislative proposals on these regional authorities into the European legislative process and to defend their options for shaping affairs themselves (principle of subsidiarity). Out of the European Union's broad legislative activity, the CoR concentrates on those fifty to sixty proposals per year that directly have the most significant impact on local and regional concerns. Issues that primarily affect companies are

[198] The EESC is discussed in Chapter 2.2.2.5.
[199] See Chapter 2.2.1.
[200] See there.

only of indirect importance.'[201] These remarks by the head of the CoR Secretary-General's office make it clear that this committee is only suitable for representing the interests of an individual company to a very limited extent.

The work of the CoR results in opinions, which are forwarded to the decision-making bodies. The majority of these opinions are drawn up by the members of the CoR with the support of their local administrations and the associations of city, regional and municipal councils. Those members with substantial administrative resources of their own (such as, e.g. Germany) seek the support of the CoR far less than those without administrations specialising in European issues.[202]

Particularly as the CoR has the character of a political assembly, a company's concern is likely to have the greatest possible impact if a member of the CoR takes up the relevant matter and thereby highlights its political significance for the regional authorities. The reason for this is that the political weight of, for instance, a German state government that adopts a company's concern is not to be underestimated.

The respective members of the CoR are potential access points for interest representation. Forwarding information indirectly via the CoR's administration appears to be of little value. Membership of the CoR is often, however, not very well known to the general public, with the result that individual companies have approached it only rarely thus far in the committee's three-year history.[203] By contrast, intensive mutual information relationships exist between the CoR and numerous associations, meaning that, if necessary, a company can also access the CoR in this way. In terms of the formula D =I (t) + x, however, an increased delay (t) and the risk of information losses are to be feared.

In summary, it can therefore be ascertained that the CoR is usually less suitable for effectively representing the interests of individual companies than the aforementioned institutions. This is particularly because it has no decision-making authority within the context of the legislative procedure.

[201] Appendix A 4.
[202] See ibid.
[203] See ibid.

However, concomitant interest representation vis-à-vis the CoR in addition to other institutions may prove useful in individual cases, especially if the company's concern is of great importance to a specific regional authority.

2.2.2.5. European Economic and Social Committee

Exerting an influence on the EU institutions through interest representation vis-à-vis the EESC is also a possibility. The general observations made above about the effectiveness of interest representation vis-à-vis a merely advisory institution such as the CoR apply similarly to this committee which, just like the CoR, must be involved in numerous legislative procedures under the Treaty on the EU, but only in an advisory capacity.

As in the case of the CoR, the Federal Republic of Germany also posts twenty-four representatives to the EESC.[204] Some members of the EESC are themselves entrepreneurs or managers, resulting in the possibility of direct contact with the EESC for the companies that they represent. In its rules of procedure, the EESC also provides for the possibility of involving experts as required when dealing with all issues. These are usually representatives of associations. Through them, the companies grouped in the respective association can indirectly influence this committee.[205]

The EESC is essentially receptive to companies' concerns and independently incorporates the information provided to it by companies into its decision-making process. In this case, the objective of the EESC's work is to achieve a consensus between the divergent interests.[206] Conversely, this means that the EESC is only of limited suitability for the targeted and effective representation of individual company interests.

[204] See EC Treaty, Chapter 3.
[205] See Appendix A 5.
[206] See ibid.

2.2.3. National representations at EU level

2.2.3.1. Permanent Representation of the Federal Republic of Germany to the EU

A company also has the option of exerting influence on EU institutions via national representative bodies. From a German perspective, the Permanent Representation of the Federal Republic of Germany to the EU and the representations of the German federal states are of particular interest. However, national representative bodies of other EU Member States can of course also be used to represent company interests. This option can prove particularly relevant for companies that are located in several Member States at the same time. The observations made with regard to the German committees apply accordingly in this case. As these national representations cannot be assigned to the list of EU institutions that are the subject of this thesis, however, they will only be considered as an aside here.

The Permanent Representation of the Federal Republic of Germany will be examined as a national representation. The tasks of Germany's official diplomatic representative are located primarily in the area of public national concerns. In its reports, for instance, it can draw the attention of the German Federal Government or the responsible German authorities to the position of the European Commission and the other Member States on a specific issue and make suggestions for reviewing Germany's position.[207] The Representation's influence on the process of opinion formation concerning the Community's legislative agenda is therefore generally very low, particularly as the, from the point of view of the Representation, crucial phases of this process take place in Bonn.[208] The importance of the Permanent Representation for representing the interests of an individual company vis-à-vis the EU institutions can consequently be regarded as very low. The route via the Permanent Representation may only prove worthwhile for a company where the mediation of contacts with the Commission and members of the EP is concerned. The effective

[207] See Appendix B 10.
[208] See ibid.

representation of company interests is essentially not possible due to the nature of the Permanent Representation as the ambassador of the Federal Republic of Germany and therefore the advocate of German public interests.

2.2.3.2. Representations of the federal states

In keeping with Germany's federal structure, the individual federal states are also present with their own representations in Brussels, albeit without any diplomatic titles like the Permanent Representation. Within the framework of 'two-way communication',[209] their tasks involve forwarding information from the European institutions to their respective state governments and in turn incorporating the positions of these governments into the EU's opinion-forming process, particularly within the Commission and the EP. The analogy between these tasks and those of the Permanent Representation of the Federal Republic of Germany is readily apparent. Among others, these tasks are also undertaken within the context of the CoR by the members of the respective state governments who are posted there.[210]

In addition to their remit, which is clearly oriented towards matters concerning the public sector, the state representations, like the Permanent Representation, can also assist a company in making contact with representatives of the Commission or the EP. This is particularly interesting for companies that do not have their own representative offices in Brussels and therefore essentially have limited access to such contacts. The state representative offices can also provide assistance in the context of allocating EU subsidy programmes. For instance, Commission officials approach the state representations when a company located in that state has submitted a problematic subsidy application. The state representation then acts as a mediator between the applicant and the Commission.[211]

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[209] Appendix A 6.
[210] See Appendices A 6, A 7.
[211] See Appendix A 6.

As these national representations are not involved in the actual EU legislative procedure, using them to influence the EU institutions through a policy of targeted information is not usually possible – with the exception of influence via the CoR.[212] The general suitability of these institutions as a starting point for effective structural interest representation for a company vis-à-vis the EU institutions is therefore doubtful.

The following section uses the example of the Free State of Bavaria to provide a graphical summary of the options available to a company to represent its interests vis-à-vis the EU institutions with the aid of its federal state's institutions.[213] In order to avoid misunderstandings, it should be pointed out at this stage that this does not involve an institutionalised practice of opinion formation but is merely an occasional, useful informal process.

As previously mentioned, a company located in Bavaria therefore has the option of representing its specific interests via the state representation in Brussels, which is in contact with all EU institutions. Influence can also be exerted via the CoR, which must be consulted in the preparatory phase of certain directives. The Federal Government's institutions can also be used in parallel, particularly as members of the German Bundestag, the German Bundesrat and the German Federal Government are very often in close contact with EU politicians, not least due to party political reasons.

Due to the Council of the European Union's still very extensive importance in the legislative procedure, exerting an influence on the national ministers is often the key to success. This is the gist of what Volker Stoltz, Managing Director of Shandwick, Europe's largest private lobbying company, says when he states: "Since it is the European Commission which initiates legislation, but the Council of Ministers which must endorse it, public affairs firms must be able to make their presence felt back in the national capitals (...) As long as Europe is not a democracy and continues to be ruled by the Council of Ministers and

[212] This follows from the reverse conclusion from the empirically validated data. See Appendices A 6 and A 7.

[213] This also applies accordingly to the other federal states that maintain a representation in Brussels.

unfortunately not by the European Parliament, then this sort of work will have to be carried out."[214]

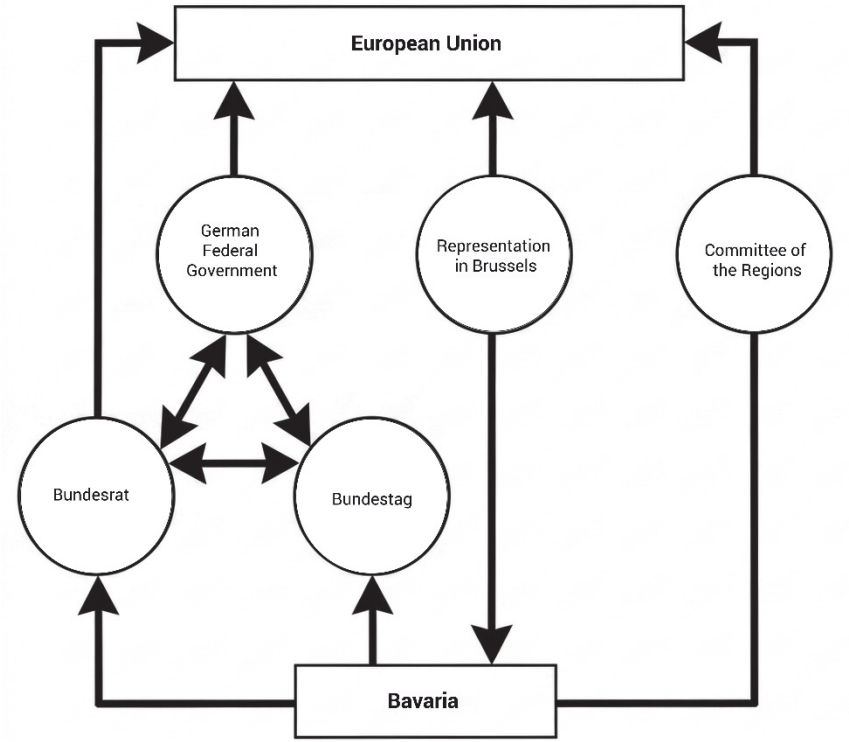


Fig. 17: The opportunities for a German federal state to participate in the EU, using the Free State of Bavaria as an example[215]

[214] Jones, 'Applying the science of reputation management', p. 29.
[215] See Thiel, *Die Europäische Union*, p. 95.

3. Objectives and structural and process-oriented instruments of interest representation

3.1 Interest representation as an intermediary system

This thesis proceeds from the assumption that interest representation serves as an intermediary system for the mediation of economic policy interests in the broadest sense. As such an intermediary system, interest representation links the two external systems of politics and economy by overcoming the existing communication barriers through its mediation role. It represents a type of translation mechanism between the two systems, one which enables the other external system to receive the interests articulated by its partner by transforming the information from both external systems. The impetus for communication may come from both parties in this process. Although interest representation is often accused of being a one-sided exertion of influence, EU politicians and officials are also interested, in their efforts to establish meaningful and proportionate legislation, in practical information through which they can acquire expertise or are able to deepen their existing expertise. It is therefore not only interest representatives who approach representatives of the legislative and executive levels, but also politicians and officials who seek dialogue with interest representatives in the period preceding the drafting of a directive.[216] Consequently, the respective interests of politics and the economy do not simply exist alongside one another. Due to the interposition of interest representation, they communicate with one another and often acquire their specific shape only through their reciprocal relationship. In the light of the determining variables of the organisational problem, this means that there is an interaction between the EU institutions and the corporate objectives. Therefore, the intermediary system of interest representation gives rise to the reciprocal relationship not only between the variables 'objectives' and 'instruments', as emphasised by organisational science, but also, through

[216] See Appendices B 3 and B 9.

the instruments, between the variables 'objectives' and 'institutions'.[217] In this context, the variable 'institutions' not only encompasses the institutions as such, but also their objectives.

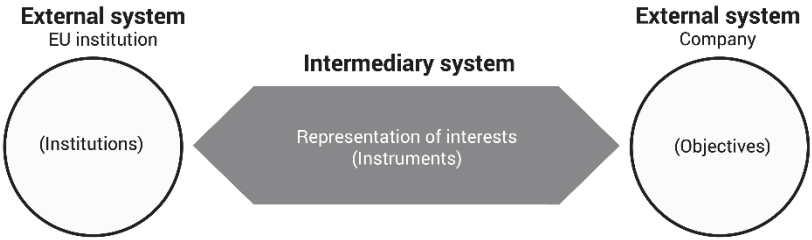


Fig. 18: The intermediary system of interest representation in the light of the determining variables of the organisational problem

As an intermediary system for the mediation of economic and political interests, interest representation can therefore be delineated in two ways. On the one hand, it can be negatively separated from the two external systems, i.e. that of the private sector and the political-administrative sector. On the other hand, it can be defined positively as an activity that gives the various interests of both sides an organisational structure, formulates and articulates them, and mediates them into the respective other sector. The communication process is conceivable in both directions in this case. On the one hand, the interests of business are forwarded to the political-administrative sector. On the other hand, however, the state also specifically pursues its own interests vis-à-vis business on the basis of 'the state's interest in itself'.[218] [219] This can occur, firstly, as has already

[217] See Hill, Fehlbaum, and Ulrich, *Organisationslehre*, p. 29.
[218] C. Offe, *Berufsbildungsreform. Eine Fallstudie* (Frankfurt a.M., 1975), p. 13.
[219] See D. Rucht, 'Parteien, Verbände und Bewegungen als Systeme politischer Interessenvermittlung', in O. Niedermayer and R. Stöss (eds.), *Stand und*

been mentioned, due to the fact that politicians and officials make use of the practical experience and expertise of the interest representatives or those of the represented companies by communicating with them to achieve meaningful draft legislation. On the other hand, however, the state can also influence internal corporate policies by communicating with companies via their interest representatives, for example, by promising state subsidies or tax breaks in return for desired behaviour on the part of the companies. In this way, the state can communicate to a company its wishes for job creation, environmentally friendly production, etc., or influence site decisions. As the respective objectives pursued by the state cannot be foreseen by the company, however, the state, too, requires communication with the companies, which is also carried out via interest representatives.

The structural instruments of interest representation themselves also have their own organisational structure. This must not be confused with the organisational structure of a company's interest representation. This intra-individual organisational structure of the structural instruments of interest representation will be disregarded, however, as the objective here is to devise the structure of effective and efficient interest representation for a company. From the company's perspective, however, it is essentially irrelevant how the structural instrument of interest representation itself is organised or structured; only the interest representation result achieved with this structural instrument is important. As a result, the individual structural instrument of interest representation is treated as a 'black box'[220] in this thesis.[221]

Interest representation is the central mediation instrument in the interaction between business and politics. Its options for exerting

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Perspektiven der Parteienforschung in Deutschland (Opladen, 1993), pp. 256 ff.

[220] See J. Baetge, 'Überwachung', in M. Bitz, M. and others (eds.), *Vahlens Kompendium der Betriebswirtschaftslehre*, Vol. 2, 2nd edn (Munich, 1990), p. 174.

[221] The investigation of the intra-individual structure or organisation of the structural instruments of interest representation might form the basis for further academic research.

influence and its prospects of success depend extensively on the choice of appropriate structural and process-oriented instruments. These instruments, and their interaction in the intermediary system of interest representation, will therefore be examined on the basis of the objectives of interest representation that are to be achieved through their use vis-à-vis the EU institutions.

3.2. Objectives of interest representation

3.2.1. Exogenous and endogenous objectives

The objectives of interest representation take on a particular importance in the context of the organisational or structuring problem of interest representation, particularly as the institutional approaches and the potential instruments of interest representation must be oriented towards them.

For the purposes of this thesis, the impetus for a directive is regarded as exogenous. Of course, it is also conceivable for a legislative procedure for a specific directive to be initiated by a company. In this case, the objective would be endogenous. Another more frequent possibility for an endogenous objective is securing funding. However, this is dependent on numerous factors such as, for instance, the sector and the size of the company, making it very difficult to issue generally valid or transferable statements in this regard. Conversely, in the case of an exogenous objective, the problem, that of positively influencing a nascent EU legislative act, is identical for all of the companies concerned. With regard to the development of a sector-neutral overall model for structuring effective and efficient interest representation, this thesis therefore confines itself to assuming an exogenous objective for interest representation.[222] These exogenous objectives for a company are

[222] Due to the many relevant factors of individual cases, the achievement of endogenous objectives could potentially be explored in further academic studies. The examples of interest representation by selected companies vis-à-

expressed, *inter alia*, in the qualitative assessment standard for effective interest representation, which is explained in Chapter 4.1.2. In the aforementioned overall model, which is still to be developed, the objectives will be treated neutrally as the requirement profile of interest representation. This means that, in the existing system of EU institutions, a company can select the relevant structural instruments of interest representation *a priori* irrespective of its specific objectives.[223] The overall model therefore represents a type of template, into which only the objective of the interest representation has to be inserted in the specific case. The decision formula D = I(t) + x should once again be emphasised here. If an undesired development is identified on the basis of general information transparency and is to be specifically influenced, the best possible constellation of instruments and institutional approaches should be found and implemented as quickly as possible (t ➔ 0) in order to achieve the set objective. The time factor t plays an additional role here, i.e. in terms of the point in time at which the action is required. In the case of an exogenous objective, the company has no influence over this. Optimal interest representation is therefore characterised by its ability to respond with the most flexible interest representation instruments possible to what are usually exogenous objectives that arise at short notice as a result of a particular situation.

It is assumed that a company can never be indifferent to an exogenous objective, especially because each company may be negatively affected, in particular, by an exogenous factor[224] and should therefore implement suitable defensive or preventive measures. For this reason, this thesis also refers to the assumed exogenous objective as a preventive objective.

The objectives of interest representation in this thesis are aimed primarily at EU secondary legislation in the form of regulations and directives, particularly as primary legislation, i.e. the Treaty texts, which specify the framework for the Community's legislation, are unlikely to present an

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vis the EU institutions listed in Chapter 5 are based exclusively on exogenous objectives.

[223] In the context of this thesis, the selection in Chapters 4.1. and 4.2. is undertaken in order to arrive at the result of the overall model in Chapter 4.3.

[224] This refers here to EU legislation.

achievable objective for a company's individual interest representation. This focus on secondary legislation also results from the fact that there is further potential for problems and conflicts in the continued shaping and harmonisation of Community law and that a company is affected much more directly by amendments to secondary legislation than by changes to primary legislation. Particular consideration must also be paid to national institutions in the EU legislative procedure in this case. With regard to the Federal Republic of Germany, this means that interest representation must also give consideration to the Bundestag's[225] recently increased options for participation. As the Federal Government's legislative institutions are not the subject of this thesis, however, they will not be examined in any further detail.

In principle, it can be stated that, in the case of an exogenous objective, the need for action at company level is determined from the outside. Conversely, when the objective is endogenous, the company determines the individual need for action itself.

3.2.2. Reciprocal information transparency

By definition, the establishment of substantive information transparency is the foundation of all interest representation.[226] Substantive information

[225] These are characterised by the 'Europe Article', Art. 23 GG n.v., the establishment of a permanent committee for EU affairs (which enjoys a powerful special position, particularly as the Bundestag may transfer to it competencies arising from Art. 23 GG n.v.) under Art. 45 GG n.v. and the German Act on the Cooperation of the German Federal Government and the Bundestag in Union Affairs. See N. Wieczorek, 'Mitwirkung des Deutschen Bundestages in der Europäischen Union: Zum Wandel der Rolle der nationalen Parlamente im Integrationsverlauf', in T. Waigel (ed.), *Unsere Zukunft heißt Europa: Der Weg zur Wirtschafts- und Währungsunion*, 2nd edn (Düsseldorf, 1996), pp. 315 ff.; see also P. Kirchhof, 'Das "Maastrich"-Urteil des Bundesverfassungsgerichts in der Entwicklung der europäischen Integration', in T. Waigel (ed.), *Unsere Zukunft heißt Europa: Der Weg zur Wirtschafts- und Währungsunion*, 2nd edn (Düsseldorf, 1996), pp. 111 ff.

[226] See Chapter 1.2.

transparency means the most complete possible availability of all information of relevance to a decision. Information transparency should be as broad in scope and as comprehensive in depth as possible.

The more information that is available to a company in its decision-making process, whether in terms of the specific area of interest of the respective company or of a general political nature,[227] the more differentiated its approach and the possible points of access for its interest representation in the individual case. This particularly involves obtaining knowledge of relevant – in the widest possible sense – specific political or administrative agendas early on through a broad information approach. The more extensive and detailed the company's information, the smaller the time factor t needed to procure the information required in the specific case. Ideally, all of the information of relevance to decision-making regarding a problem facing the company is already available as a basis before or when the problem arises. In this case, the variable t in Allain-Dupré's formula would equal zero and the decision D would therefore only be dependent on the uncertainty factor x. This is also reduced by the greatest possible substantive information transparency, however, particularly as in a system of extremely diverse information, for instance, incorrect information can be exposed by other corroborating information.

Maximum substantive information transparency is also of importance to politicians and officials. This is because they are only able to correctly assess the importance of the company's concerns and recognise the implications of planned legal regulations if they are provided with comprehensive information about the actual situation and, where applicable, the backgrounds to and future prospects of a company's concerns.

As information transparency should consequently be ensured by both the company and the institutions and is brought about on both sides by communicating with one another, this thesis refers to reciprocal information transparency.

[227] E.g. information about the stability of a government; this can be crucial for a company's longer-term strategy.

For the company, the purpose of information transparency is to avoid suffering a disadvantage compared to well-informed competitors and also to derive the greatest possible advantages itself. The information flow in this case is from the outside in.

Political and administrative decision-makers are provided with targeted information with reference to the company's individual needs. Information in this case is the means by which contacts with politicians and officials are established and intensified. Continuous dialogue between the two sides leads to personal relationships that are maintained and deepened through this constant contact. The psychological component is also of great importance in this respect. Through the constant flow of information to the decision-makers, the company or interest representative does not give them the impression that they are only attempting to exert an influence in the short term for a specific problem, but often gains their goodwill, resulting in a mutual exchange of information. The company can therefore be seen as a partner by the decision-makers, not as a supplicant. If information provided by a company has proved to be objectively true and not purely oriented to its interests, the addressed decision-maker will usually be more inclined to give consideration to such information from a company in an individual case. In other words, 'Much of the pressure placed upon government and its agencies takes the form of freely provided "objective" studies showing the important outcomes to be expected from the enactment of particular policies.'[228]

The greater the personal goodwill shown towards a company representative, the greater their advantage over the competition in achieving objectives. It is understandable that a politician or official will be more willing to give some of their limited time to an interest representative who is a likeable and modest than to one who is downright obtrusive. In the communication process itself, a confident and likeable interest representative will always find it easier to create a relaxed atmosphere for discussion in which their concerns will gain a receptive hearing than an unlikeable interest representative. In addition, personal

[228] R. Bartlett, *Economic foundations of political power* (New York, 1973), p. 133.

goodwill towards an interest representative can also result in a sense of solidarity in a politician or official, particularly if they have already been able to benefit from information provided by the interest representative over a longer period of contact. The interest representative's concerns are also more likely to find a receptive hearing against such a background. This is why, besides the aforementioned objective requirements, certain subjective requirements that an interest representative must meet are of such great importance for interest representation. This will be examined in greater detail in Chapter 4.1.1. Such goodwill may, for example, ensure rapid access to a politician or official even under time pressure. This makes it clear that the transmission of company information to decision-makers is also suitable for minimising the time factor t in the formula D = I(t) + x. The information flow in this case is from the inside out from the company's perspective.

3.3. Structural instruments

3.3.1. Associations

3.3.1.1. The problem of heterogeneity

Interest representatives are the outstanding mediators of demands to the legislative and executive levels.[229] Associations, which bundle interests organisationally, therefore play a particularly important role in the political process in this case. This is because it makes the state's decision-making far easier if the numerous demands from business and society have been consolidated into a limited number of prepared alternatives.[230] The various points of view are discussed within the associations and no longer have to be debated laboriously and – in view of the variety of associations and group interests – on an unmanageably broad scale in the

[229] See I. Hartmann, *Verbände in der westlichen Industriegesellschaft: ein international vergleichendes Handbuch* (Frankfurt a.M., 1985), p. 15.

[230] See U. v. Alemann, *Organisierte Interessen in der Bundesrepublik Deutschland*, 2nd edn (Opladen, 1989), p. 187.

political opinion-forming and decision-making process. For companies that are unable to assert their demands or are only able to do so by means of a weak compromise, in the internal conflict of individual interests within associations, however, this results in a deficit in the representation of their interests vis-à-vis politicians and the administration.

From a macroeconomic perspective, one might welcome the fact that associations are effectively immunised 'against individual interests [by] a policy of the lowest common denominator (…)',[231] but two serious disadvantages quickly become apparent if their decision-making and implementation are regarded from a business management perspective. Firstly, there is the previously indicated low probability of a company being able to assert its own interests against the divergent interests of members of the same association other than in the form of what is often an unsatisfactory compromise. The fact that this problem is becoming ever more acute in view of the increasing heterogeneity of the interests of association member companies and due to increasing economic globalisation has already been discussed in Chapter 1.3.[232]

Secondly, there is the limitation of the association's freedom of action that is inherent in compromise solutions. Whether this can lead to the reduced ability to prevail and therefore ultimately also to the reduced importance of the association as a whole is viewed differently depending on perspective. While the vast majority of the officials and MEPs questioned as part of the empirical surveys for this thesis do not see the associations' position in Brussels as being weakened due to the increasing heterogeneity of their members' interests,[233] the opposite opinion is held in the literature[234] and by a variety of companies.[235] This different assessment might be attributable to the fact that administrative and political decision-makers have a natural interest in being provided with

[231] Ibid., p. 188.
[232] See Chapter 1.3 for proof.
[233] See Appendices A 3, A 4, A 5, B 5, B 7, B 8.
[234] See U. v. Alemann, *Organisierte Interessen in der Bundesrepublik Deutschland*, p. 188; in this regard, see Strauch, 'Lobbying in Bonn und Brüssel', p. 76.
[235] See Chapter 1.3.

the most comprehensively bundled and objective information possible in order, firstly, to structure the process of receiving information as efficiently as possible and, secondly, not to become the 'plaything' of individual interests. Due to the reasons described above, *inter alia*, the institutions are more likely to have confidence in the associations' ability to fulfil these functions.[236] From the companies' point of view, however, the weakening of the associations can be anticipated due to these same reasons. This is because the companies are essentially not interested in the mediation of compromises, but instead seek to sensitise the decision-makers to their individual interests.

Another characteristic of an association is its independence, meaning that it is not bound by the instructions of its members. In dealings with representatives of the legislative and executive levels, this almost certainly lends it a greater objective credibility than it would be afforded as a company representative with an imperative mandate. In a specific case, however, this may mean that an individual company is unable to assert its own interests, that is incapable of achieving a consensus, through the association.

The work of associations analysed in this thesis is aimed at interest representation, as defined above, vis-à-vis the EU decision-makers.[237] The essential criterion of successful association work is the assertion of its members' interests.[238]

This firstly necessitates good routine contacts with MEPs and officials. Secondly, contacts with European Commissioners and, at the national level, ministers are virtually essential to be able to exert an influence on the political and administrative system from the 'top' and the 'bottom' as it were.[239] Establishing contact at the higher political levels, in particular,

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[236] See Appendices A 4, B 3.

[237] With regard to the institutional approaches of interest representation, see Chapter 2.2.2.

[238] See H. Abromeit, *Interessenvermittlung zwischen Konkurrenz und Konkordanz: Studienbuch zur Vergleichenden Lehre politischer Systeme* (Opladen, 1993), p. 37.

[239] See Bundeszentrale für politische Bildung (ed.), *Informationen zur politischen Bildung*, 253 (Bonn, 1996), p. 38.

is easier for an association if its macroeconomic importance is accordingly high.

An association is therefore caught in a constant dilemma. On the one hand, it has to be as large and all-encompassing as possible in order to achieve a macroeconomic importance capable of securing its influence. On the other hand, however, it has to minimise the heterogeneity of the interests within the association to be able to assume precise positions that can be asserted for its members. This leads, for instance, to national associations such as the BDI maintaining their own representative office in Brussels, in addition to their representation via the European association UNICE, to be able to independently represent their interests even if there is a lack of consensus in the UNICE.[240]

For the association structure, this means that 'the logic of effective influence often necessitates the formation of inclusive, centralistic association structures';[241] however, the integration of members is easier for 'specialised and decentralised associations, as their internalised interests are more homogeneous and their members have greater opportunities for participation.'[242]

The exclusive functionalisation of the associations with regard to representing the interests of their members results in two reciprocally influencing factors for an association: the membership logic and the influence logic. The former encompasses the 'definition of objectives and priorities, i.e. internal compromise- and consensus-building, (...) but also control over members, thereby ensuring "internal accountability".'[243] The influence logic is to be understood as the representation of members' interests vis-à-vis the decision-makers. The interdependence of these two factors lies in the fact that, for effective interest representation, the

[240] See Strauch, 'Lobbying in Bonn und Brüssel', p. 75.

[241] F. Traxler and C. P. Schmitter, 'Perspektiven europäischer Integration, verbandlicher Interessenvermittlung und Politikformulierung', in V. Eichener and H. Voelzkow (eds.), *Europäische Integration und verbandliche Interessenvermittlung* (Marburg, 1994), p. 45.

[242] Ibid.

[243] Abromeit, *Interessenvermittlung zwischen Konkurrenz und Konkordanz*, p. 37.

association representatives must be able to rely on their members to behave in the agreed way, which includes negotiation by the association with representatives of the executive and legislative levels. This necessitates internal sanction options that oblige association members to comply. Conversely, internal accountability will dwindle if the association fails to achieve successful interest representation. At the same time, however, this weakens the association's negotiating position and ultimately its importance, making it all the more difficult to realise interests.[244]

In this context, reference should also be made to Olson's logic of collective action, which assumes that members of a group who would all benefit from the achievement of the group's objective will not direct their individual actions towards achieving that objective unless the group is small and therefore exclusive or unless they can be compelled to behave accordingly, i.e. sufficient internal accountability is ensured.[245]

It can therefore be stated that interest mediation by associations often fails to do justice to the interests of an individual company or fails to do so adequately in the case of a compromise solution due to the interdependence between membership logic and influence logic as well as the pursuit of individual interests instead of the targeted pursuit of a formulated group objective by members, which arises as the heterogeneity of the individual interests increases, particularly in the case of inclusive, centralistic associations.

Interest representation by associations can basically be implemented in two different ways. Firstly, lobbying from the inside and, secondly, lobbying from the outside.

Lobbying from the inside takes place from within the institutions. For example, there are hardly any MEPs who do not belong to some association or other, particularly as this can be regarded as an almost

[244] See ibid., p. 37 f.

[245] See M. Olson, *Die Logik des kollektiven Handelns. Kollektivgüter und die Theorie der Gruppen* (Tübingen, 1968).

crucial prerequisite for securing the required electorate.[246] Leading representatives of associations have also risen to important political roles.[247] However, appropriate interest representation by an association in the EP or, at national level, in the Bundestag is not guaranteed even if the association has secured the allegiance of certain MEPs. This is partly because there need not necessarily be an actual correspondence of interests in a particular case. Ultimately, politicians also constantly pursue their own objectives, in which case an association's interest might at times prove inopportune. Added to this is the fact that no MEP is bound by an imperative mandate. Furthermore, there is no guarantee that the individual MEPs will be able to assert the association's concern within their own political group, particularly as MEPs may also act there as representatives of the interests of other associations[248] and the day-to-day political situation might be unfavourable to an association's interest. In addition, broad social acceptance of parliamentary interest mediation is only accomplished if a balance of interests between the opposing groups is achieved in Parliament and compromises are reached, but not if particular interests dictate policy.[249]

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[246] See H. Sahner, 'Vereine und Verbände in der modernen Gesellschaft', in H. Best (ed.), *Vom Geheimbund zur freien gesellschaftlichen Organisation* (Bonn, 1993), p. 75.

[247] Reference should be made here to the acting EU Commissioner Monika Wulf-Mathies, as well as the former trade union officials Erich Potthoff, Wilhelm Haferkamp and Alois Pfeiffer, who became members of the High Authority or the Commission. Mention should also be made of the former MEPs Heinz-Oskar Vetter, former chairperson of the DGB, and Philipp von Bismarck, former
chairperson of the Economic Council of the CDU. See Triesch and Ockenfels, *Interessenverbände in Deutschland*, p. 160 f.

[248] E.g. representatives of employee and employer associations.

[249] See Bundeszentrale für politische Bildung (ed.), *Informationen zur politischen Bildung*, p. 38. See S. S. Schüttemeyer, 'Parlamentarische Interessenvermittlung: Lücken in der Repräsentation und Veränderungen im Verfassungskonsens?', in R. Kleinfeld and W. Luthardt (eds.), *Westliche Demokratien und Interessenvermittlung: zur aktuellen Entwicklung nationaler Parteien- und Verbändesysteme* (Marburg, 1993), p. 51.

The other type of lobbying is lobbying from the outside. This refers to the actual work of the associations in the classic sense – establishing and maintaining contact with representatives of politics and the administration as well as the transformation and articulation of association interests. In this case, the larger an association, the more credible it is. The balance between the representativeness and the precision of an association's position described above should be recalled in this context.[250] However, the size of an association does not equate to influence in the individual case, particularly since, as has already been mentioned, severe difficulties are often experienced, especially at EU level, in developing a common strategy that adequately does justice to the interests of all members.[251]

The increasing problem of heterogeneity in the interests represented within associations has already been dealt with exhaustively.[252]

If opinions within an association diverge, the 'lowest common denominator' can become so small that 'it practically no longer has any substance.'[253] This also explains the trend at national level in Germany identified by the former Executive Director of the German Mechanical and Plant Engineering Association (VDMA), Justus Fürstenau, for individual European competitors from the same sector to form their own small associations that specifically represent their particular interests instead of subordinating themselves to national or European associations that encompass the entire sector and have far broader-based interests.[254] The foregoing considerations apply to assessing the effectiveness of such a small but homogeneous association.

Associations in the Federal Republic of Germany can generally be considered to have greater influence than those at EU level. In addition to

[250] See Strauch, 'Lobbying in Bonn und Brüssel', p. 75.

[251] See ibid., p. 74 f. See Traxler and Schmitter, 'Perspektiven europäischer Integration, verbandlicher Interessenvermittlung und Politikformulierung', p. 46.

[252] See Chapter 1.3.

[253] Strauch, 'Lobbying in Bonn und Brüssel', p. 76.

[254] See Weidenfeld, 'Wütende Proteste', p. 23. See also Strauch, 'Lobbying in Bonn und Brüssel', p. 75.

the intensification of the problem of heterogeneity in the European context, the cause of this is that a comparatively static state is prevalent in the field of interest representation in Germany.[255] This is attributable to the fact that the institutional structure in Bonn has matured over a period of around fifty years and has since undergone hardly any further changes. A distinguishing feature of the static nature of this system is that the national associations have become so firmly established that their relationship with the German authorities is actually legally regulated in § 24 of the Joint Rules of Procedure of the Federal Ministries.[256] Another characteristic is the small number of non-association interest representatives in Bonn; this has only grown in recent years due to the increasing problem of heterogeneity, but is still far lower than in Brussels.[257] This static association system could only emerge over a long period of time and on the basis of the established parliamentary system in Germany.

Conversely, at EU level, there is a certain democratic deficit,[258] which often necessitates a different form of effective interest representation. While, with the entry into force of the Maastricht Treaty in autumn 1993, the EP attained genuine legislative power for the first time through the codecision procedure, thanks to its negative power of final decision-making,[259] the EU is still essentially governed by the Council of the European Union and the Commission, which are not directly legitimised by the electorate. In addition, the European political system is still in a state of constant change, as indicated by the Maastricht Treaty, which is only a few years old, and the current debate surrounding its reform. As explained at the beginning of this thesis, European integration remains a process, albeit one that is progressing only slowly, in which the institutional structure is continuously changing.[260] Interest representation

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[255] See ibid., p. 67.

[256] See Bundeszentrale für politische Bildung (ed.), *Informationen zur politischen Bildung*, p. 38.

[257] See Strauch, 'Lobbying in Bonn und Brüssel', p. 68.

[258] See M. Bangemann, *Mut zum Dialog*, p. 161.

[259] See Chapter 2.2.1.

[260] See Traxler and Schmitter, 'Perspektiven europäischer Integration, verbandlicher Interessenvermittlung und Politikformulierung', p. 45; the

must respond to this flexibly and adapt in order to be effective. This also explains why there are far more non-association interest representatives in Brussels than in Bonn, for instance. In this context, the former Head of the EC Liaison Office of the German Association of Chambers of Industry and Commerce's (DIHT), Frank Friedrichs, spoke in 1989 of a 'third wave', which saw more interest representatives arriving in Brussels each day.[261]

3.3.1.2. European association

The European associations, which usually consist of one or more national associations within a sector, sometimes also including companies that dominate the market at national level, are particularly focused on interest representation vis-à-vis the institutions of the EU.[262]

In the words of European Commissioner Martin Bangemann, it can essentially be stated that the associations have not yet become so established at EU level 'that they (...) exert the same pressure on political decisions as in the Member States.'[263] By way of an explanation, Bangemann states that 'in Europe's capitals, European policy does not carry the same weight as national policy. The astonishment, and occasionally also the rude awakening, is all the greater when Brussels once again abolishes privileges, reduces subsidies or strengthens competition.'[264] Another indication that the importance of the EU has not been sufficiently recognised may be found in the fact that many associations do not approach the institutions on their own initiative, as is the case at national level, but that it is instead the European Commission which acts 'as the driving force behind networking and the organisation

current work on reform of the Maastricht Treaty should be mentioned here, see Chapter 6.

[261] See Strauch, 'Lobbying in Bonn und Brüssel', p. 77.

[262] See the articles of association of CEA, as at October 1996, and EUROGAS, as at 15 November 1994.

[263] M. Bangemann, *Mut zum Dialog*, p. 161.

[264] Ibid.

of interests'[265] and which systematically organises the associations' 'involvement via diverse and differentiated forms of cooperation and co-optation.'[266] The establishment and expansion of an EU-wide system of associations appears urgently necessary. However, the difficulties 'in integrating members (…) are obvious. In quantitative terms alone, it is becoming more complex and difficult due to the pan-European clientèle. In addition, the costs and benefits of European integration may well be distributed extremely unevenly across the national and sub-national units of one and the same European interest group, thereby also exacerbating the problems involved in harmonising the interests of associations in this qualitative regard.'[267]

Another difficulty of interest representation through the European associations arises from the above-outlined democratic deficit at EU level. The majority of the factors identified by v. Alemann[268] as determining the potential of associations to assert organised interests are only present to a minor extent amongst the European associations. Due to the democratic deficit, for instance, there are hardly any options for withdrawing support from the political system.[269] Like their penetration of the institutions in terms of personnel, the European associations' level of organisation and mobilisation is generally low to date. Due to the usually very heterogeneous interests within the associations, their members' ability to engage in conflicts is virtually non-existent. The joint

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[265] I. Tömmel, 'Interessenartikulation und transnationale Politikkooperation im Rahmen der EU', in V. Eichener and H. Voelzkow (eds.), *Europäische Integration und verbandliche Interessenvermittlung* (Marburg, 1994), p. 278.

[266] Ibid.

[267] Traxler and Schmitter, 'Perspektiven europäischer Integration, verbandlicher Interessenvermittlung und Politikformulierung', p. 46.

[268] See U. v. Alemann, 'Organisierte Interessen in der Bundesrepublik. Reflexionen zu ihrer politikwissenschaftlichen Rezeption und politischen Perzeption', in R. Kleinfeld and W. Luthardt (eds.), *Westliche Demokratien und Interessenvermittlung: zur aktuellen Entwicklung nationaler Parteien- und Verbändesysteme* (Marburg, 1993), p. 163.

[269] According to v. Alemann, possibilities for withdrawing support may include, for example, the threat of withdrawing votes, withholding investment, boycotts and influencing the media. See ibid.

political socialisation of association and political elites is particularly difficult. This results from the geographical size of the EU, which was already mentioned in Chapter 1.3. and which makes personal contacts significantly more difficult than at national level.

Objectivity in association work is even more important vis-à-vis the EU institutions than at national level, since in Brussels there are no legally established rules[270] governing the integration of associations into the political process of opinion formation on the basis of which each association would be able to make itself heard. Instead, the 'focus is not on the assertion of clearly defined and delimitable group interests (…), but on the articulation of expert opinions and views that differ, if at all, due to different perspectives and motivations.'[271]

In addition, decision-making within the European associations is usually very unreceptive to the individual interests of members. Often, making decisions is actually subject to a requirement for unanimity.[272] However, this not only minimises the lowest common denominator of the association's interests, but usually also leads to association inertia due to constant internal discussions. Not least because of this, demands have been made for internal reforms of some European associations for a number of years and have already been implemented in certain cases.[273]

The legitimacy of associations is measured against their ability to take up the interests of their members and transform them into politically feasible

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[270] As e.g. in the Federal Republic of Germany, § 24 of the Joint Rules of Procedure of the Federal Ministries. See the *Rules of Procedure* of the Council of the EU, the European Commission and the EP, op. cit.

[271] Tömmel, 'Interessenartikulation und transnationale Politikkooperation im Rahmen der EU', p. 279.

[272] The articles of association of EUROGAS, for instance, provide for decisions to be taken unanimously and, subsidiarily, by a two-thirds majority; the articles of association of CEA refer exclusively to unanimous decisions.

[273] One example of this is UNICE, which is considering the introduction of majority decisions instead of the requirement for unanimity, in parallel with the majority decisions in the Council of the European Union. See E. Meiler, 'Lobbying in Brüssel aus Sicht der deutschen Verbände', in M. Strauch (ed.), *Lobbying: Wirtschaft und Politik im Wechselspiel* (Frankfurt a.M., 1993), p. 210.

objectives.[274] In view of the foregoing, it is evident that this usually presents considerable difficulties for a European association, which often hinder the adequate representation of a company's individual interests. As a result of this, numerous companies pursue a dual or multi-track approach strategy to interest representation by associations by involving their respective national association alongside the European association in Brussels and/or by working closely with the national decision-makers, who are in turn able to influence EU legislation.[275]

In summary, it can be stated that a European association is suitable for asserting individual company interests at EU level only in exceptional cases.[276] However, a professional association is usually highly suited to fulfilling the defined sub-task of interest representation, i.e. that of collecting information and, in part, also forwarding information to decision-makers. In order to avoid suffering an information disadvantage vis-à-vis competing companies that meet their information requirements with the assistance of a European association, it is generally advisable for a company to join its European professional association[277] and have this association meet its basic interest representation needs. The cost/benefit ratio of membership of an association will be discussed in Chapter 4.2.1.

3.3.1.3. National association

The following section will briefly address the representation of a company's interests at EU level by a national association. National associations are often also members of the corresponding European federations,[278] with the result that overlaps may occur here. The options for national associations to exert an influence at EU level can therefore

[274] See Traxler and Schmitter, 'Perspektiven europäischer Integration, verbandlicher Interessenvermittlung und Politikformulierung', p. 45.
[275] In this regard, see Chapter 2.2.1.
[276] If the members' interests are very homogeneous.
[277] Or, alternatively, a national association operating at EU level.
[278] For instance, the BDI is a member of UNICE and represents its interests, *inter alia*, through this European association.

essentially be broken down into the following two methods: indirect interest representation through involvement in a European association and direct interest representation through the activities of national association representatives at the EU institutions.

The first alternative particularly poses the problem for national associations of asserting their own interests within the European association in view of the variety of members' divergent interests – not only individual interests but also interests determined by national circumstances. The formal difficulties involved in decision-making within European associations have already been mentioned. In the majority of cases, it will therefore only be possible to arrive at a compromise that does not overlook any of the members. However, this places tight constraints on the effective representation of individual company interests, as well as those shaped by national circumstances.

Due to the difficulties involved in adequate decision-making and in order to avoid making the success of national association work dependent on the European association, numerous associations, in addition to actively shaping European association policy,[279] choose the path of representation vis-à-vis the EU institutions via their own representatives, and sometimes also through their own national association office in Brussels.[280] In this way, any deficits in interest representation by the European association can be offset.

The most recent example from the insurance sector, where there was apparently a serious misunderstanding between the representatives of the GdV and the political and administrative levels with regard to the planned introduction of a withholding tax on income from life insurance policies, raises the question of the effectiveness of associations.[281] While the umbrella associations are calling for a reform of the association

[279] E.g. through active involvement in the European association's working groups, as practiced by the BDI, for instance. See Meiler, 'Lobbying in Brüssel aus Sicht der deutschen Verbände', p. 210.

[280] E.g. the GdV, the BGW and the VdTÜV are each present in Brussels with their own representative office.

[281] See: 'Die Versicherungswirtschaft hadert mit ihren politischen Freunden', in *FAZ,* 3 February 1997, p. 13.

landscape,[282] the partially declining effectiveness of national association work appears to underscore this demand. It is important to bear in mind that the low effectiveness of an association at national level will only realistically improve at EU level in exceptional cases given the repeatedly cited difficulties of European association policies.

With regard to the association's points of access at national level, the following picture emerges – particularly when the explanations of lobbying from the inside and the outside are taken into consideration:

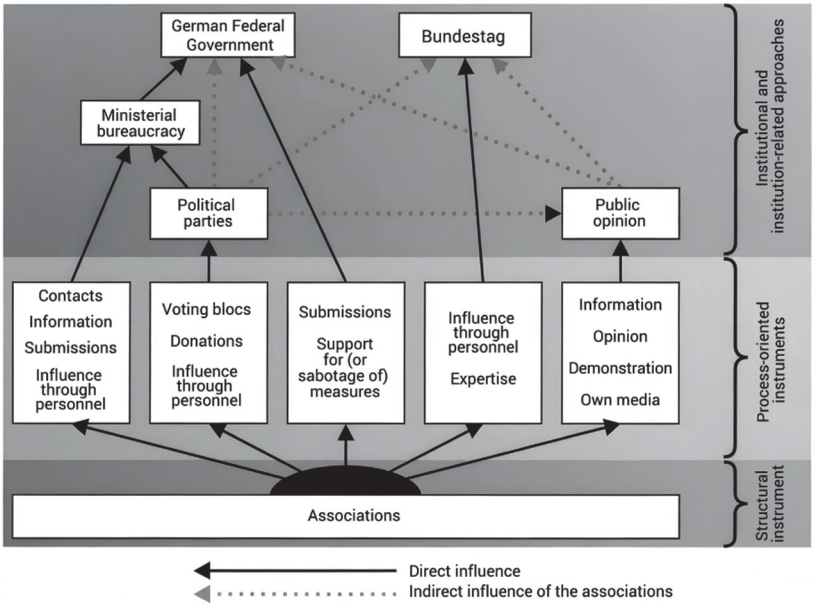


Fig. 19: Institutional approaches and process-oriented instruments of associations[283]

[282] See Weidenfeld, 'Wütende Proteste', p. 22 f.

[283] Visualisation according to W. Rudzio, in Bundeszentrale für politische Bildung (ed.), *Informationen zur politischen Bildung*, No. 253 (Bonn, 1996), p. 37.

This figure makes it possible to identify the central weakness of interest representation by associations in the light of the organisational problem outlined above. Both the institutions and the instruments of interest representation are depicted here. However, the objectives are missing, particularly as – due to the reasons set out above – the national associations are increasingly frequently lacking in uniform, feasible objectives. This weakness is also transferred to the European level, where it is further exacerbated by the involvement of the Community's other fourteen national associations and, in some cases, even associations beyond the EU's borders[284].

3.3.1.4. Other interest groups

There are also other groups that represent interests vis-à-vis the EU institutions in addition to the national and European associations. These include political interest groups such as the European Medium and Small Business Union (EMSU), for instance. This example very clearly highlights the essential problems facing such political associations. Due to its highly conservative political orientation,[285] the EMSU has frequently deprived itself of the option of addressing MEPs of non-conservative political groups. This severely limits such a politically oriented organisation's scope for action, which can sometimes reduce the effectiveness of its efforts. Added to this is the fact that this association is not industry-specific, with the result that the targeted representation of common interests could fail simply because no uniform area of interest can be identified. Consequently, the main task of such a political interest group can only be the provision of general political information or the establishment of contact with politicians, usually only those belonging to the same political camp. In the example of the EMSU, the explicitness of its political orientation has diminished following a change in leadership, as a result of which potential access to political decision-makers from

[284] For instance, EUROGAS and CEA also permit the membership of national associations from European states that are not part of the EU.

[285] The EMSU was headed, *inter alia*, by a CDU MEP.

other parties has improved. However, it is still important to bear in mind that the targeted pursuit of individual interests by a political interest group will usually not be possible due to its member structure.[286]

In addition to associations organised under private law, 'public-law' bodies such as the Chambers of Industry and Commerce (IHK) or the DIHT also operate at EU level. Due to their status, these enjoy other, institutionalised access options in Brussels and are therefore sometimes able to access decision-makers more easily. However, it must also be borne in mind in this case that these bodies have such a broad scope of tasks that the targeted pursuit of individual interests is barely possible.

3.3.2. Corporate representation

In particular, numerous larger companies have their own corporate representative office[287] in Brussels; this is often used in addition to the work of the relevant associations to represent individual company interests. The greatest advantage of such an office and the other structural instruments of interest representation described in the following over associations lies in the fact that they are bound by the company's instructions. Another advantage of having one's own representative office lies in the regular, targeted and rapid transmission of relevant information to the company. Unlike associations, which only rarely forward targeted information to the individual members concerned, or only do so with a delay, the company's own office has an interest in the active and rapid transmission of information to the decision-makers in order to secure the greatest possible advantage for the company. In terms of the decision formula $D = I(t) + x$, this means a desired minimisation of the time factor t.

[286] See Appendix B 11.

[287] This term will be used synonymously with the term 'corporate representation' throughout the remainder of this thesis.

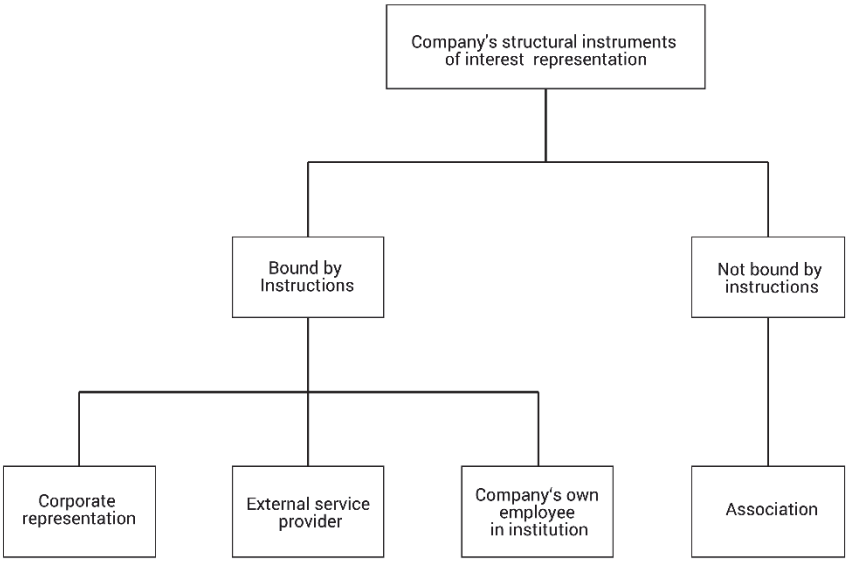


Fig. 20: Structural instruments of interest representation within a company that are bound by instructions and those that are not bound by instructions

It can essentially be stated that, in contrast to Bonn, for instance, where associations are *de facto* dominant,[288] the opportunities for exerting influence available to all interest representation instruments in Brussels are subject to the same conditions. In their work, associations, corporate representative offices and external service providers are all equally reliant on the willingness of parliamentarians and officials to cooperate.[289]

Two factors are therefore of particular importance for the potential effectiveness of interest representation: firstly, the representativeness of the interest representative and, secondly, their individual, subjective

[288] See Chapter 3.3.1.1.

[289] See statements on lobbying in Brussels, in *Lobbyist in Brüssel*, Bayerisches Fernsehen, 17 January 1994, 20.15–21.00.

prerequisites. The first proposition can readily be substantiated. The representative of a large association or an economically very important company is almost certainly more likely to be heard in Brussels than the representative of a small company.

Conversely, the subjective prerequisites or personal framework conditions of effective interest representation require a more detailed analysis, although Chapter 4.1.1. should not be pre-empted. What is crucial here is the interest representative's personal contact with MEPs and officials, although these are often difficult to access, particularly in view of the high numbers of competitors. The reason for this is that well-established channels of communication prevail within the EU institutions.[290] When a company opens its own office, it is vital to consider this when selecting its head, in order to minimise disadvantages vis-à-vis competitors who are already established and keep any initial difficulties to a minimum. Employing a former official or MEP can prove helpful in this case, particularly as such individuals usually enjoy a broad personal network of relationships and therefore good opportunities for access. When selecting a former official, however, it must be remembered that they will only essentially have an advantage in terms of their DG. Often, they are only able to exploit existing goodwill for a certain period of time for the company. Because they no longer actively belong to the institution, numerous colleagues will gradually lose interest in maintaining a collegial relationship with them. Such employees sometimes operate as external service providers. Conversely, an incumbent MEP is of little suitability for structural cooperation within a corporate representative office, as an elected official who is visibly paid to espouse the interests of a specific company will lose their reputation. This may result in the MEP no longer being heard within their political group, no matter how justified the company's concern may be.

[290] See statement by Andreas Goldig of the Bund für Umwelt- und Naturschutz Deutschland e.V. (BUND), in *Lobbyist in Brüssel*, Bayerisches Fernsehen.

3.3.3. External service provider

3.3.3.1. Structural differences

Another option for representing one's interests locally is to cooperate with an external service provider. This can prove invaluable for a company, even if it maintains its own representative office in Brussels, because 'when a client uses a public affairs firm, they are benefiting from extra knowledge and expertise about the system itself',[291] as Volker Stoltz, Managing Director of Shandwick Europe, stated in a recent newspaper interview. He continues: 'Obviously, for them, the subject of their lobbying is second nature, but our staff have a strong understanding of the way the institutions work.'[292] In addition to individual differences, however, external service providers are also subject to structural differences that have corresponding qualitative consequences. One such distinction, for example, is whether the service provider is an individual person or a company; moreover, as with the employees of a corporate representative office, the personal environment of the acting interest representatives is also of crucial importance.[293] If an external service provider has networks in Brussels and several European capitals at the same time, they 'objectively have significantly better options for intensive information exchange',[294] which can have a very positive effect on the willingness of EU officials and parliamentarians to engage in dialogue. As a result, they also have the option of not only bringing concerns to the attention of EU institutions directly in Brussels, but also of influencing them via the national levels. The use of an external service provider can also be advantageous if they only work on a needs-based or project-specific basis. This enables optimal use of an external service provider's individual capabilities or special contacts by selecting them according to the requirements of the specific problem. Once a project has been completed, or where only unsatisfactory services are provided, the external service provider can usually be terminated immediately, which

[291] Jones, 'Applying the science of reputation management', p. 29.
[292] Ibid.
[293] See Chapter 4.1.1.
[294] Strauch, 'Lobbying in Bonn und Brüssel', p. 80.

is why they can be deployed more flexibly than, for instance, a corporate representative office and its employees.

3.3.3.2. Law firm

Brussels-based law firms often act on behalf of their clients in dealing with legal affairs. Their usability as structural instruments of interest representation arises, to a certain extent, as a by-product of this activity.

As a lobbyist in the stricter sense of the term, the law firm represents the interests of one or more clients preceding the adoption of legislation in Brussels. If this only takes place in a specific individual case, the law firm has the sole advantage of its location in the European capital, which may possibly compensate for the lack of any corporate representation in Brussels.

Here too, the background of the law firm's employees and their personalities are crucial in order to achieve appropriate diplomatic access to decision-makers.

3.3.3.3. Consulting firm

Unlike a law firm, a consultant does not provide legal advice, nor is there any legally defined professional profile for a consultant. A consultant specialises exclusively in interest representation as defined above. Since consultants usually represent several companies, they generally maintain very good contacts with the various institutions. Of course, specialist employees or former members of EU institutions can also be encountered in a consulting firm, which may also prove advantageous to a company in this regard.

3.3.3.4. Individual consultant

There is also the option of the company engaging an individual freelance consultant who may have previously worked at an EU institution. Such a

consultant has first-hand experience of the standard decision-making process within this institution and usually has a wide circle of acquaintances. An individual consultant can specifically represent the company's particular interests.

However, they do not usually have the capacities required for effective and continuous interest representation extending across several areas.

In the following explanations, the term 'individual consultant' is used to refer to a freelance consultant who is responsible for a specific issue or a specific project depending on the circumstances and requirements of the individual case.

3.3.4. Posting a company's own employees to the institutions

Finally, there is also the option of making an employee from one's own company available to the Commission or the European Parliament as an expert. For instance, a national insurance expert,[295] acting on behalf of a major British insurance company, is working on the development of a Green Paper for harmonising the single insurance market in DG XV of the European Commission. However, as the employee is not usually paid by the EU institutions for the relevant period of time, which can be as much as several years, posting such an interest representative will only be a feasible option for very large companies. In addition, such an employee is only responsible for a specific, limited area at the Commission or the EP, with the result that they will not usually be able to maintain any extensive contact with other departments or DGs, etc. and can therefore only be useful in their specific area of work.

[295] The name of the insurance expert is available to the Institute for Business Risk Research and Insurance Economics at the University of Munich.

3.3.5. Possible combinations of the structural instruments

The possible structural instruments of interest representation discussed above are summarised in the following overview:

Possible structural instruments of interest representation									
Associations			Corporate representation			External service provider			Posting a company's own employees to the institutions
European association	National association	Other interest groups	Led by company employees	Led by a former officials or MEPs	Led by an incumbent MEPs	Law firm	Consulting firm	Individual consultant	

Fig. 21: Possible structural instruments of interest representation

However, the aforementioned interest representation instruments do not always have to be used separately. On the contrary, interest representation is often only successful because of the interaction of several interest representation instruments.[296]

An overview of the possible combinations of the structural instruments of interest representation described above is therefore provided in the following.[297]

Variant	Structural instrument of interest representation
1	Association
2	Corporate representation

[296] See Appendix B 12.

[297] The option of sending one's own employee to the EU institutions will not be taken into consideration in any further detail, as such a posting does not represent a structural approach to interest representation in terms of developing the overall model for structuring effective and efficient interest representation.

3	External service provider
4	Association and corporate representation
5	Association and external service provider
6	Corporate representation and external service provider
7	Association, corporate representation and external service provider

Fig. 22: Possible relevant variants for structuring interest representation

With regard to the structuring of interest representation, the question arises as to which structural instrument(s) of interest representation can be used to achieve effective representation in the specific case. At the present stage of the thesis, all theoretically relevant possible combinations have been discussed. In the following, these variants will be analysed with regard to their respective effectiveness and then with regard to their efficiency. In the context of the underlying organisational problem, it must again be stated that the objectives of interest representation are neutral, i.e. they are not dependent on sector-specific requirements. This is essential for developing the theoretical overall model in Chapter 4.3.

3.3.6. Interest representation instrument coordinator

Interest representation instruments are variables that can be varied by a company in such a way as to ensure the achievement of its corporate objectives. The structural instruments of interest representation generally have to overcome two organisational/corporate sub-problems that can be described as differentiation and coordination. In this case, differentiation is to be understood as the division of the tasks to be fulfilled by the company into sub-tasks and their allocation to various task managers. In addition, the sub-tasks and sub-task managers must be coordinated with one another, and the partial performances completed by the individual

task managers must be combined to form the overall performance. This is referred to as coordination.[298]

It follows that, above all, the communication and decision-making structure within the company and between the structural instruments of interest representation that are used is also crucial to the effectiveness of one of the structural interest representation approaches described above. However, only a very few generally valid statements can be made in this regard, particularly because the bundling and control of the communication process between the company and its structural instruments of interest representation must always be assessed according to the respective individual circumstances.

In order to minimise information and time losses resulting from complex and cumbersome communication structures, it is always advantageous to have a central body for controlling and bundling the communication process between the company and its structural instruments of interest representation and, if several instruments are used, also between the instruments themselves. This central body, which differentiates between the tasks to be fulfilled and coordinates them among the individual task managers, is referred to as the Interest Representation Coordinator (IRC) in the following.

The question now arises as to where in the corporate hierarchy the IRC should be positioned. In addition to the structural type of the company's organisation,[299] this is also dependent on the strategic thrust of the interest representation approach. The IRC should always be positioned as high as possible in the corporate hierarchy, particularly when the interest representation instruments are used to obtain information as the basis for far-reaching planning decisions by the company. This is necessary because, where interest representation affects the company's strategic concerns, a comprehensive overview of the company's overall situation is crucial for effective and efficient coordination of instruments. This requirement can also be explained based on the illustrative decision formula $D = I(t) + x$. Direct contact between the company's senior

[298] See Hill, Fehlbaum, and Ulrich, *Organisationslehre*, p. 28.
[299] See Hill, Fehlbaum, and Ulrich, *Organisationslehre*, p. 212 f.

management and the structural instruments of interest representation through the IRC minimises the time delay (t) in the flow of information. The risk of information losses or misallocation (x) is also minimised. Ideally, a member of the executive board, optimally the CEO themselves or the managing director of a company, acts as the IRC. Alternatively, an IRC who is directly subordinate to the CEO or the managing director is also suitable. Besides a personal assistant, this could also be a staff unit set up specifically for this purpose or the head of the public relations department. It would also be conceivable to establish a separate department for coordinating interest representation. Given that the position of the IRC within a company's head office is dependent on the respective individual case, no generally valid, optimal communication and decision-making structure can be developed in the context of this thesis. Based on examples of interest representation by selected companies vis-à-vis the EU institutions, however, Chapter 5 will briefly examine how companies currently position an IRC within their head offices in practice.

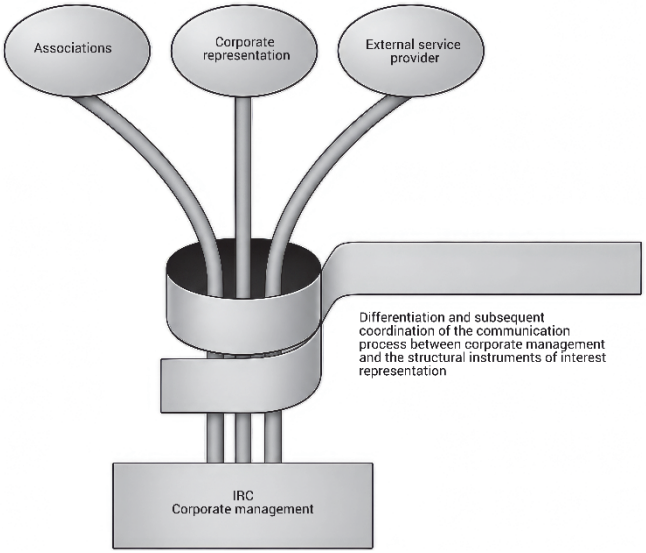


Fig. 23: Interest Representation Coordinator (IRC)

3.4. Process-oriented instruments

3.4.1. Delimitation

The process-oriented instruments[300] that can be used for specifically implementing interest representation can essentially be subdivided into two categories. The first comprises mono process-oriented instruments that can only be used by the interest representative vis-à-vis an individual MEP or official. The second comprises poly process-oriented instruments that can be used vis-à-vis several target persons, including persons from various institutions. Each of the aforementioned structural instruments is essentially capable of using all of the following process-oriented instruments for interest representation. However, individual differences arise with regard to the implementation of effective interest representation due, for instance, to the size of an association or the macroeconomic importance of a company with its own representative office.[301] This may result in preferences as to which process-oriented instrument is used in each case in daily operations to achieve the respective objectives. The mono process-oriented instruments for exchanging information will be considered first.

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[300] This thesis describes several process-oriented instruments. However, the explanations make no claim to completeness but merely aim to address the most frequently used and important process-oriented instruments. Significant further research is needed, particularly in terms of the weighting of the process-oriented instruments, which offers scope for future academic work. Due to the objective of this thesis – developing an abstract, sector-neutral overall model for structuring effective and efficient interest representation – it is also not possible to assess the process-oriented instruments in terms of their concrete use in specific situations. The empirical research required for this would also offer scope for further academic work.

[301] With regard to the special process-oriented instruments of a national association, see Fig. 19.

3.4.2. Mono process-oriented instruments

3.4.2.1. Telephone call

The telephone call is probably the most frequently used mono process-oriented instrument of interest representation. Regular telephone contact between the interest representative and elected representatives and officials creates a reciprocal exchange of information.[302] By transmitting objective information that falls into the target person's sphere of interests, the interest representative can establish a reputation as a reliable provider of information with the target person and thus become a 'partner' in the decision-making process to some extent. The interest representative may also obtain valuable information, for example concerning the status of a legislative procedure, which enables them to act quickly and specifically, or which may be of benefit elsewhere. Particularly when a relationship of trust and partnership already exists between the interest representative and their target person, the direct provision of or request for information for specific interest representation is more likely to receive a hearing than the words of a different, unknown interest representative.

3.4.2.2. Visit

Just like a telephone call, visits to parliamentarians or Commission officials at the EP or the Commission may also be appropriate. This can lead to an informal conversation between MEPs or officials and the interest representative, during which information is exchanged to the benefit of both parties. As a general rule, however, this instrument is only suitable if there is genuinely a legitimate reason for the visit, particularly since this ultimately takes up considerably more of the target person's time than e.g. a telephone call with the same content. Under no circumstances should the interest representative waste their dialogue partner's time, in the truest sense of the word, with 'trivialities'. A visit to the EP is particularly favourable, since it is easy to become familiar

[302] See Chapter 3.2.2.

with further persons through an acquaintance in this location, in which all parliamentarians congregate, and therefore establish personal relationships with them.[303] Another advantage for effective interest representation, compared with a telephone call, may lie in the fact that the interest representative may be able to possibly enhance their power of persuasion through their personal appearance and their charisma. The interest representative may also draw helpful conclusions from their dialogue partner's behaviour, such as their gestures and facial expressions, and easily adapt their own behaviour accordingly. It should additionally be noted that skilfully addressing decision-makers in person can often lead to success even when telephone calls have already been rejected by the individual's assistant or secretary.

3.4.2.3. Briefing

The briefing is a similar instrument. This refers to the provision of information on a specific issue to the decision-maker during the early preparatory phase of decision-making, i.e. even before a draft law, White Paper or Green Paper on the respective concern is available. It has already been mentioned that EU officials and parliamentarians do not have such an in-depth substructure to their administrative apparatus as, for instance, in Germany.[304] They often have to prepare a legislative procedure that is to apply throughout Europe without sufficient personal knowledge of the material being processed. The briefing provides the decision-maker with objective information from an authoritative source, namely the companies' practical experience; this information would not otherwise be included in their considerations and professionally extends the scope of their knowledge. The briefing presupposes that the interest representative has already acquired an appropriate reputation with the target person, so

[303] This advantage is particularly effective at the EP, where the MEPs all come together in the Parliament building for their meetings. Conversely, the officials of the individual DGs have their offices in numerous different buildings, so that the opportunities for making acquaintances via known officials are rather more limited.

[304] See Chapter 1.2.

that the latter is interested in information provided by the interest representative on a specific issue and gives the interest representative their attention. The effectiveness of the briefing is to be regarded as extensively dependent on the structural instrument of interest representation selected. Just like the interest representative of a company or an external service provider, who has gained a reputation with the decision-maker in question as competent partners, the representative of a large and influential association can also achieve success here, whereas the efforts of other established service providers or representatives of less important associations, who do not enjoy such a reputation with the person concerned due to their size or as a result of their previous cooperation with this party, are often doomed to failure.[305]

3.4.2.4. Opinion

An opinion is an addition to, or the counterpart of, a briefing. This instrument can be used when a draft that a company would like to influence is already available from the institutions in a legislative procedure. Some opinions are submitted without being requested, some in response to a request. The European Commission, in particular, makes every effort to listen to the largest associations affected by a matter and therefore occasionally requests opinions itself.[306] However, this will be of little use to a company seeking to specifically represent its own interests. It can therefore be appropriate to submit a separate opinion to the decision-makers without being requested to do so. This presupposes that, first of all, the company is informed of official submissions sufficiently and as swiftly as possible through its structural instruments of interest representation.[307] With regard to the possible success of an opinion, the

[305] For example, representatives of environmental associations are scarcely able to gain access to the European Commission. See statements on lobbying in Brussels, in *Lobbyist in Brüssel*, Bayerisches Fernsehen.

[306] See Tömmel, 'Interessenartikulation und transnationale Politikkooperation im Rahmen der EU', p. 278.

[307] Reference should once again be made to the decision formula D = I(t) + x at this point.

same considerations apply as to the briefing: as a general rule, effective interest representation requires that either the company or the interest representative possess considerable economic significance,[308] or the company or representative has acquired a corresponding reputation, so that attention is given to the presented position.[309]

3.4.3. Poly process-oriented instruments

3.4.3.1. Workshop

The organisation of workshops is an outstanding poly process-oriented instrument. This refers to a cross-institutional information and discussion event on a special issue which is usually conducted by or on behalf of a company, and in which the relevant representatives of the Commission and the EP as well as of the company take part. In turn, the purpose of such a workshop is to provide decision-makers with expert and practical knowledge from the company. It is often helpful to have a neutral person with an outstanding, preferably academic, reputation conduct the workshop. This places the company's interests in the background vis-à-vis the politicians and officials, making them more likely to indicate their willingness to take part. The particular advantage of this interest representation instrument is the bundling of communication. The relevant officials, politicians and experts are seated at 'one table', and can discuss the individual aspects of the issue with one another immediately and without time being lost through the reciprocal circulation of position papers. Objective information and discussion also strengthen the professional recognition accorded to the company representatives by representatives of the EU institutions, which is beneficial to their

[308] At most, great economic importance will only be enjoyed by particularly strong associations, but in all probability never by an external service provider.

[309] See statements on lobbying in Brussels, in *Lobbyist in Brüssel*, Bayerisches Fernsehen. See also Appendix A 3.

reputation for the future.[310] In this sense, the workshop can also be used as an instrument for enhancing the company's image in Brussels.[311]

3.4.3.2. Parliamentary evening

There is also the option of the parliamentary evening. This is institution-specific and is only ever aimed at MEPs and their employees.[312] The purpose of such an evening is to enable a company's representatives to engage in general dialogue with parliamentarians and to make the company known to them. It therefore serves more as a public relations measure than as interest representation in the narrower sense; however, image management is of the utmost importance to a company's reputation and thus to the potential success of interest representation. As a parliamentary evening does not usually involve a specific issue, it is not necessarily essential to select the participating MEPs according to their committee membership. Instead, the evening should be used to raise the company's profile in general.[313]

[310] For an example of such a workshop, see Appendix B 2.

[311] Presentation brochures issued by companies after a workshop are included in Appendices B 13, B 14, B 15 and B 16 as examples of such image management.

[312] However, officials who might be of interest to the company may also be invited where applicable.

[313] See Appendix B 17.

4. Attempt at an evaluation of the structural instruments and proposal for an overall model for structuring effective and efficient interest representation

4.1. Qualitative evaluation

4.1.1. Person-specific framework conditions of interest representation

Although, unlike in Bonn, there is no official register of recognised interest representatives in Brussels, estimates indicate that there are approximately 4,000 associations, corporate representations, state offices, law firms and advisory bodies with approximately 14,000 employees in the EU capital.[314] This is more than three times the number of representatives in Bonn who are involved in lobbying in the broadest sense.[315] While, at national level, interest representation primarily takes place directly or through the corresponding associations on the basis of structures that have evolved over a period of decades, independent private interest representatives are playing an increasingly greater role in Brussels. This is due to the fact that there were no established power structures in the EU, unlike at national level in the majority of European countries, which were maintained beyond the Second World War. One exception to this is Germany, whose power and communication structures between business and politics were completely destroyed after the war. The newly established structures for interest representation in Germany and at EU level are in fact so alike that similar methods can be applied in Brussels and Bonn. This offers a not inconsiderable advantage for a

[314] See Neubacher, 'Wie Piraten', p. 12.

[315] See Bundesanzeiger (ed.), *Bekanntmachung der öffentlichen Liste über die Registrierung von Verbänden und deren Vertretern vom 31. März 1996* (Bonn, 1996).

German company that wishes to represent its interests at both national and EU level and for an interest representative who operates at both levels.[316]

The above figures alone indicate that, unless they originate from the institutional environment itself and use this position to approach the other institutions, an interest representative will only be able to establish and maintain relationships in Brussels on the basis of special circumstances. This applies to private consultants as well as to the representatives of associations which, in Germany, are readily described as having 'a parastatal status, as it were, at the seat of the German Federal Government (…).'[317] In Brussels, they too must establish their own networks, particularly as the institutionalised contacts often encountered at national level do not exist there.[318] Under certain conditions, specialist knowledge or a chance friendship with a politician or an official can prove to be a favourable circumstance for an interest representative. Such contacts are usually established and maintained at receptions, lecture evenings and regular lunches or through shared leisure activities.[319] This results in the personal requirement for the interest representative to be flexible and willing to adapt their daily routine, and possibly even the entire rhythm of their life, to their target person or persons and to subordinate their private life to them if necessary. The working hours at the institutions in Brussels are also worth mentioning in this context. For instance, the working day at the European Commission starts between 8.30 and 9 a.m. and, for senior officials, rarely ends before 7 p.m. A Commission official who takes part in a variety of meetings on working days is only genuinely approachable on Friday afternoons, particularly with regard to their interest, patience and willingness to communicate. It may sometimes be appropriate to attend weekend events if important contacts are expected to be present there.[320]

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[316] See Strauch, 'Lobbying in Bonn und Brüssel', pp. 67 ff.
[317] B. Adam, 'Die Tricks der Lobbyisten', in *Industrie Magazin*, 9, 1991, pp. 55 ff.
[318] See Strauch, 'Lobbying in Bonn und Brüssel', p. 68.
[319] See Appendix B 18.
[320] See Appendix B 19.

Irrespective of which structural approach to interest representation in Brussels is chosen, the personalities of the relevant actors who approach the decision-makers at the various institutions are of great importance. In the EU capital, an extraordinary degree of articulateness as well as sufficient knowledge of human nature and flexibility are required to be able to cope adequately with the widely differing mentalities of the EU officials. Sensitivities must not be underestimated in this environment. To paraphrase Prince Otto von Bismarck, an interest representative must not only be the envoy of a company, but must also be a skilful one. Even a minor 'diplomatic' faux pas[321] can permanently destroy contacts. Of course, it is often particularly advantageous to the interest representative when they encounter an MEP or official of their own nationality.[322]

Working in Brussels also places high linguistic demands on an interest representative. The general administrative language is French, whereas English is spoken in the technologically oriented Directorates-General. Apart from their mother tongue, a few older officials only speak one of the aforementioned languages, and often only poorly or with a strong accent. This is where the high value of personal articulateness particularly comes into play. For instance, speaking even a few incomplete sentences in an official's mother tongue, in Spanish or Swedish for instance, can gain an official's goodwill, whereas another less articulate interest representative might fail to gain a hearing.[323]

A lobbyist's integrity is of considerable importance to the acceptance and therefore potential success of an interest representative is their integrity. Understandably, hardly any politicians or officials will wish to conduct discussions with an interest representative who is reputed to engage in

[321] This may, for example, consist in an unwittingly tactless approach to an official's national pride.

[322] See F. Algieri and D. Rometsch, 'Europäische Kommission und organisierte Interessen: Die Rolle des Ausschußwesens und Ansätze für einen strukturierten Dialog', in V. Eichener and H. Voelzkow (eds.), *Europäische Integration und verbandliche Interessenvermittlung*, p. 147; see also Triesch and Ockenfels, *Interessenverbände in Deutschland*, p. 163.

[323] See Appendix B 20.

unfair conduct. This has repeatedly, and from various sides, led to the development and partial implementation of a code of honour and conduct for interest representatives in Brussels. In close cooperation with the EP,[324] the European Commission itself has formulated several minimum requirements for such a code.[325] The central points of this code of conduct[326] are as follows:[327]

1) Interest representatives must not use titles, symbols or expressions in public that are likely to confer upon them false authority or mislead clients or officials as to their true status.
2) Honesty and competence on the part of interest representatives are of the utmost importance in dealings with the EU institutions.
3) Interest representatives must avoid working in situations in which a conflict of interest is unavoidable or at least likely.
4) When contacting EU authorities, interest representatives must always specify the name of the client for whom they are acting and whether they have previously been in contact with other members of that authority regarding the same matter.
5) Interest representatives must not attempt to enlist the cooperation of officials or offer incentives to secure preferential treatment.
6) Interest representatives must not disseminate misleading information.
7) Interest representatives must not obtain information by dishonest means.
8) Interest representatives must not sell official documents for profit.

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[324] With regard to the EP's Code of Conduct, see Appendix A 8. See also 'Ein Verhaltenskodex für Euro-Lobbyisten', in *FAZ*, 16 May 1997.

[325] See Algieri and Rometsch, 'Europäische Kommission und organisierte Interessen', p. 146.

[326] Algieri and Rometsch, 'Europäische Kommission und organisierte Interessen', p. 145.

[327] See M. Strauch, 'Stand der Lobby-Diskussion in Europa – ein Standesrecht für Lobbyisten?', in M. Strauch, *Lobbying* (Frankfurt a. M., 1993), p. 142 f.; see also Appendices A 8 and A 9.

To assess the reality of interest representatives' activities within the EU institutions, the empirical survey for this thesis asked members of the Council of the European Union, the European Commission, the EP, the EESC and the CoR whether they had the impression that interest representatives were attempting to manipulate the institutions' decision-making autonomy or were actively making themselves useful to the institutions by providing objective information and practical experience in a partnership-based relationship. The total of ten respondents were also asked to assess the quality[328] of the interest representatives known to them. While the Council employee did not generally regard themselves as a point of access for interest representation and therefore provided no data,[329] all other respondents replied to the first question by stating that interest representatives exclusively or additionally seek to make themselves useful to the institutions by providing objective additional information and practical experience.[330] Some respondents also considered it fundamentally possible that interest representatives might seek to manipulate decision-making autonomy within the institutions.[331] However, such attempts are usually 'easily seen through, thus ruling out manipulation'.[332]

It can therefore essentially be assumed that interest representatives focus on providing their advice and practical experience to the EU institutions and do not attempt to exert any kind of pressure. Or, as one of the respondents put it: 'Since every decision should be made on the basis of weighing up all available information, (…) all additional information and practical experience is valuable and is assessed for its objectivity. It is (…) entirely legitimate for parties directly affected by EU legislation to express their opinions early on and provide information regarding the potential impact of European decisions on the considerable diversity of companies in the various regions.'[333]

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[328] I.e. particularly communication skills, comportment, knowledge and social skills.
[329] See Appendix A 2.
[330] See Appendices A 2, A 3, A 4, A 5, B 3, B 5, B 6, B 7, B 8 and B 9.
[331] See Appendices A 5, B 5 and B 8.
[332] Appendix A 3.
[333] Appendix A 4.

The question concerning the quality of interest representatives resulted in a very mixed picture, with responses ranging from 'always very professional'[334] to 'unfortunately only satisfactory: (...) trapped in "management culture", i.e. too formalistic, (...) overly reliant on scientific expertise'.[335] The quality is rated as varying in the majority of cases,[336] with dependencies on nationality and corporate strategy being identified.[337] One respondent quantified their differentiation as follows: 'Ranges from high quality (± 25%) and normal/acceptable (50%) to inadequate.'[338] Another respondent went into detail: 'Com.+manner: good, French sometimes lacking; knowledge: outstanding specialist knowledge; social skills: sometimes there is a tendency for always the same people to meet.'[339]

In addition, an interest representative must be optimally familiar with the organisational processes between and within the relevant institutions in order to be able to immediately select the correct inter- and intra-institutional approach for the task, particularly as even minor delays can equate to a crucial and irreversible disadvantage, e.g. vis-à-vis interest representatives pursuing different objectives, in the specific case.[340]

As early as 1982, Klaus Broichhausen formulated a short general overview of the requirements placed on an interest representative for lobbying in Bonn. It remains important to this day, including at EU level. Broichhausen's '20 ground rules' for interest representatives are presented briefly along with their headings in the following.[341]

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[334] Ibid.
[335] Appendix B 9.
[336] See Appendices A 3, B 3, B 6 and B 8.
[337] See Appendix B 8.
[338] Appendix A 3.
[339] Appendix B 21.
[340] See Appendix B 22.
[341] See K. Broichhausen, *Knigge und Kniffe für die Lobby in Bonn* (Munich, 1982), pp. 18 ff.

1) Give and take: Interest representatives must be mediators of knowledge who also bring knowledge with them when they request information.
2) Fill information gaps: Interest representatives must make every effort to fill information gaps in politics and administration through the mediation of knowledge.
3) Establish an information advantage: Interest representatives must help both their clients and their partners in administration and politics to gain information advantages.
4) Shorten information channels: Interest representatives can be of great assistance to officials by shortening convoluted official communication channels through the transmission of knowledge.
5) Always be present: Interest representatives must be constantly present so that their partners at the executive and legislative levels can obtain the information they require from them.
6) Experienced people start earlier: Interest representatives must obtain knowledge of relevant processes early on and act immediately.
7) Perfect and prudent: Interest representatives must be almost perfectly informed about the situation in the capital.
8) Make reasonable demands: Interest representatives must not make excessive demands.
9) Gain trust: Without trust, fruitful cooperation between interest representatives and public authorities is not possible.
10) Credibility: Interest representatives must be credible. They should therefore avoid speaking with forked tongues.
11) No underhand manoeuvres or obstruction: Interest representatives must not resort to tricks or foul play.
12) Clarity and openness: The interest representatives' partners must know where they stand. Openness creates trust.
13) Self-assurance and self-confidence: A confident manner is essential to success.

14) Expertise above all else: For interest representatives, expertise is even more important than personal skills.

15) Concise and precise: Interest representatives must formulate their concerns concisely and precisely.

16) Party-political neutrality: Anyone who claims to convey factual, objective information must operate neutrally with regard to party politics.

17) Convince the public: Interest representatives often require the support of other organisations and the media.

18) Bring the right people together: Interest representatives must be familiar with the competent dialogue partners from the worlds of politics and business for the problems that are to be addressed and must be able to bring them together at the right time.

19) Work discreetly: Interest representatives must work discreetly on the fringes of the capital's scene, as it were.

20) Sparing use of favours: To avoid falling into discredit, interest representatives should exercise restraint with gifts and favours.

On the whole, lobbying in Brussels is significantly more aggressive than in Bonn; it is therefore vital for the relevant interest representative to stand out from all the others in order to become widely known and not be dashed against the rocks of strong competition.[342] In the widest sense, the interest representative must act as a kind of ambassador for a company. A charming manner coupled with sufficient expertise is crucial here.

In view of the large number of interest representatives in Brussels and the aforementioned aggressive lobbying practiced there, the representatives of medium-sized companies in particular often find it very difficult to assert their interests. Conversely, large corporations are in a better

[342] Amongst other methods, aggressive lobbying is expressed through 'pushy' behaviour towards decision-makers, e.g. invitations to Mediterranean islands, etc. See Appendices A 3 and B 3.

position here thanks to their reputation and macroeconomic importance.[343]

From the perspective of German legislative tradition, particular attention should be paid to the circumstance that certain Southern European or Anglo-Saxon peculiarities are to be encountered within the Brussels institutions and require sufficient flexibility on the part of the interest representative.[344]

4.1.2. Assessment criteria

The exogenous objectives of interest representation will now be developed into a sector-neutral overall model for structuring effective and efficient interest representation. The endogenous objectives will be disregarded due to their aforementioned dependence on the individual case.[345] It is first important to formulate the individual specific objectives of effective interest representation against the background of the person-specific framework conditions of interest representation in Brussels outlined above. What matters here is not the substantive content of the respective objectives, but the specifically measurable objectives arising from the context of the determining variables of the organisational problem and the person-specific framework conditions of interest representation. The following figure therefore seeks to draw a conclusion for the various requirements.

[343] See statements concerning lobbying in Brussels, in: Bayerisches Fernsehen, 17 January 1994, 20.15–21.00 hours: Lobbyist in Brüssel.

[344] See Appendix B 18. See also M. Stabenow, 'Wirtschaftspolitik für Europa', in *FAZ*, 25 August 1997, p. 13.

[345] See Chapter 3.2.1.

The objective of effective interest representation must be that the company, through its interest representative,

1) in addition to the continuous procurement of information and the identification of decision-making processes based on a general network of relationships,
2) at the decisive moment,
3) rapidly establishes contact
4) with the responsible official(s)/MEP(s) and
5) with regard to general administrative affairs and
6) politically sensitive issues
7) encounters genuine interest in their concerns
8) within a large number of bodies and institutions (Directorates-General, European Parliament, committees, etc.)
9) with the possibility of following up or making enquiries
10) even when the official or MEP is under significant time pressure.

Fig. 24: Criteria for effective interest representation[346]

Points 1 to 4, as well as 6 and 7 should be regarded as the standard for good interest representation. Achieving points 5, 8, 9 and 10 can be considered very good interest representation. The practical relevance of these criteria was confirmed by leadership at all four of the major German companies that were surveyed as part of the empirical study.[347] This standard can therefore be applied for the purposes of a qualitative

[346] The author would like to express his sincere thanks to Mr Bernd Keßler (lawyer), Brussels, for the intensive and fruitful exchange of ideas concerning the development of this standard.

[347] The questionnaire reproduced in Appendix A 10 was designed for this purpose. See Appendices B 12, B 23, B 24 and B 25. It was not readily possible to obtain these statements even with an assurance of anonymity. The author would therefore like to express his sincere thanks to those individuals who provided information.

evaluation of interest representation in order to assess the structural instruments used for achieving the sector-neutral exogenous objectives.

The following chapter will assess the possible combinations of structural instruments of interest representation identified in Chapter 3.3.5. against the standard for effective interest representation.

4.1.3. Assessment of the possible combinations of structural instruments and qualitative interim result

The possible combinations of the structural instruments of interest representation will now be assessed against the backdrop of the problem of guaranteeing effective structural interest representation for a company vis-à-vis the EU institutions. The standard for this will be the ten objectives set out above. Together with their requirements for the respective structural instrument of interest representation, the person-specific framework conditions of interest representation discussed above play an important role in this. The efficiency of the individual structuring variants for interest representation will not yet be taken into consideration.

In principle, it cannot be ruled out that the ten objectives, as the standard for effective interest representation, can be achieved with each of the specified variants in an individual case. With regard to the first objective, the continuous procurement of information and the identification of decision-making processes, however, it can already be stated that the use of an association, as described in Chapter 3.3.1.2., is recommended to meet the basic need for interest representation, particularly due to the breadth of an association's information approach. In addition, an association should also usually find it easier to gain access to the EU

institutions, as 'formal authority'[348] is ensured by the association.[349] The variants for structuring interest representation that do not provide for the use of an association are therefore essentially less suitable for structural interest representation than variants that include a professional association. Exceptions may also arise in individual cases, particularly when the heterogeneity of an association's members' interests is very extensive. However, the variants that do not provide for the involvement of an association can essentially be ruled out for the development of a sector-neutral overall model for structuring effective and efficient interest representation.

As a rule, however, an association only rarely ensures rapid contact with decision-makers because, owing to the diversity of the member companies, information often has to be processed before it can be passed on to them. In terms of Allain-Dupré's decision formula $D = I(t) + x$, this slowing down of the flow of information equates to a serious disadvantage in terms of minimising the time factor t. In addition, both national and European professional associations are not usually company specific. This means that an association is often unable to meet a company's individual requirements for interest representation vis-à-vis the institutions of the EU, if only because the other members are pursuing other objectives. The fact that an association is not bound to a company's instructions can place it at a disadvantage compared to interest representation instruments that are bound by instructions, particularly in terms of objectives 2 to 10. The first variant, which provides exclusively for the use of one or more professional associations, is therefore inefficient as a means of structural interest representation for a company vis-à-vis the EU institutions.

Due to the combination of interest representation instruments that are bound by instructions and those that are not, the remaining variants – association and corporate representation, association and external service

[348] The term 'formal authority' was coined by the author. 'Formal authority' is intended to describe the authority conferred on the persons acting by the organisations they represent, and which exists by virtue of this conferral.

[349] However, limitations may arise in the case of small and less important associations. See Chapter 3.3.1.

provider and association, corporate representation and external service provider – are suitable structuring variants when regarded exclusively in terms of the effectiveness of structural interest representation. These variants will now be subjected to a quantitative evaluation and thereby transferred to the area of relevance to business practice. In principle, these variants are capable of generating genuine interest in the concern represented by them amongst a variety of institutions and of obtaining an opportunity to follow up or make enquiries even when the official or MEP is under significant time pressure. These variants therefore essentially meet the objectives of very good interest representation.

4.2. Quantitative evaluation

4.2.1. Costs of an association

Particularly against the background of the qualitative interim result,[350] which identifies as effective variants for structuring interest representation only those variants that provide for the involvement of industry-specific associations[351] to cover the basic need for interest representation, it makes sense to determine the costs involved in using an association. The empirical surveys conducted as part of this thesis yielded only approximate figures in this regard, as only a very few precise data were provided by the surveyed companies. One of the four companies was not willing to provide any such information at all. The surveyed associations[352] themselves did not respond to this question.[353]

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[350] See Chapter 4.1.3.

[351] Sector-neutral associations may also be used, see e.g. Chapter 3.3.1.4. However, it may be assumed that the use of sector-specific associations will not be dispensed with in this case either, due to the advantage conferred by their specialisation.

[352] These were the GdV, the BGW and the VdTÜV. The questionnaire that was used is reproduced in Appendix A 11.

[353] See Appendices A 12, B 26 and B 27.

Accordingly, only a few outstanding examples will be given here. Subject to a guarantee of anonymity, a member of the executive board of a major company stated that their company spends approximately DM 20 million *per annum* on its German association's work. In the same context, however, this person remarked that the association's efficiency with regard to Europe could be significantly improved.[354] In a personal conversation with the author, they explained the company's willingness to pay this high contribution as being due to corporate policy requirements. A company from the energy sector stated that it invests approximately DM 500,000 in association work each year.[355] An insurance company reported annual expenditure amounting to approximately DM 40,000.[356]

These statements may indicate a need to review the cost/benefit ratios of the associations' work in Brussels. They also make it clear that it is fundamentally impossible to determine uniform costs for the use of associations with regard to the empirical basis of this thesis. Only an individual case-specific evaluation can be regarded as meaningful due to the at times vast range of these costs, depending on the sector in question, the size of the company and other factors. Within the framework of this thesis, particularly with regard to the development of a sector-neutral overall model for structuring effective and efficient interest representation, the association costs will be excluded from the quantitative evaluation of the variants that qualify on qualitative grounds. This is possible, as the qualitative interim result proposes only those variants that involve the respective associations, with the result that the costs for the individually relevant association or associations must be added to the costs of the selected variant *a posteriori* depending on the respective sector. They can therefore be disregarded in a quantitative comparison.

4.2.2. Full costing of a corporate representative office in Brussels

[354] See Appendix B 23.
[355] See Appendix B 12.
[356] See Appendix B 25.

The costs for implementing interest representation vary according to the nature and scope of the tasks assigned, as well as the structural and process-oriented instruments selected. It can essentially be stated that there is no uniform salary structure in the field of interest representation. Ultimately, the quality of interest representation is particularly characterised by connections and access to the various executive and legislative bodies. The more contacts an interest representative maintains, the more cost-intensive they will be for a company. None of the companies surveyed as part of the empirical study provided any information whatsoever with regard to the annual personnel costs incurred for the employees of a representative office.[357] For this reason, an attempt will be made to estimate the personnel costs of a corporate representative office in Brussels based on the salaries of officials and public servants in Brussels. Such an approach is legitimate, particularly as an analysis of the institutional origins of Brussels-based interest representatives reveals that a significant number are former employees of state offices as well as former federal civil servants and officials of the European Commission.[358] It must nevertheless be expressly pointed out that the salaries of these senior personnel vary extensively, due primarily to the respective circumstances of the individual case and from personal considerations.

The following table compares a few selected pay grades of officials and employees of both the EU institutions and the Federal Government working at the EU institutions.

[357] Six companies with representative offices in Brussels were surveyed. Only three of these companies responded. The questionnaire that was used is included in Appendix A 13. See Appendices A 14, B 28 and B 29.

[358] See Appendix B 30.

	EC official (place of work: Brussels)		German civil servant		Employee		Foreign-service remuneration (place of work: Brussels)	
Pay grade	Gross	Net	Gross	Net	Gross	Net	Gross	Net
A1 (EC) B9 (official) AT B 9 (employees)	32,671 (BEF 673,622)	23,230 (BEF 478,968)	17,034	12,099	(poss. as for civil servants)		23,302	18,352
A2 (EC) B6 (official) AT B 6 (employees)	29,542 (BEF 609,123)	21,365 (BEF 440,508)	14,993	10,769	(poss. as for civil servants)		20,467	16,576
A4 (EC) A16 (official) BAT I (employees)	22,491 (BEF 463,730)	17,160 (BEF 353,816)	11,470	8,946	11,504	7,830	16,797 16,928	14,147 12,904
B1 (EC) A13 (official, HL) BAT IIa (employees)	16,177 (BEF 333,543)	13,270 (BEF 273,610)	6,470	7,036	6,537	6,060	12,690 13,056	11,226 10,364
C1 (EC) A9 (official, ML) BAT Vb (employees)	10,000 (BEF 206,196)	8,726 (BEF 179,909)	5,741	5,202	5,804	4,581	9,040 9,202	8,219 7,725
D1 (EC) A5 (official, EL) BAT VIII (employees)	6,014 (BEF 165,227)	7,125 (BEF 146,684)	4,444	4,316	4,331	3,014	7,364 7,420	6,944 6,559

Status: April 1997

Fig. 25: Selected pay grades of officials and employees of the EU and of German government employees working at the EU[359]

[359] Source: Response by the State Secretary of the Federal Foreign Office, Dr v. Ploetz (BT-Drs. 13/7624), to a minor parliamentary question by Dietmar

The data in this table are provided in both DM and Belgian francs.[360] These figures clearly show that, particularly in the upper pay grades, remuneration is significantly higher for staff employed directly by the EU compared to German civil servants working at EU level. This also has implications for the remuneration of the employees of a Brussels-based corporate representative office. In addition to former MEPs, suitable candidates for the position of head of office and other employees include leading figures from EU institutions or national institutions operating in Brussels, as they have a wide-ranging and interinstitutional network of relationships and in-depth knowledge of intra-institutional administrative and organisational procedures as a result of their usually long-term activities.[361] A former official of an EU institution who has been remunerated more generously for their work in the public sector than, for instance, a German civil servant working abroad, will probably expect a higher salary for their corporate activities than the latter.

As it can be assumed that such experienced individuals have worked in an EU institution or a national institution at the EU for a number of years and will have belonged to one of the upper pay grades, the higher pay grades from the above table can be used as the basis for estimating the personnel costs of a corporate representation. The annual personnel costs cannot be determined precisely in the context of this thesis because they depend on the respective individual case, e.g. the number and qualifications of the respective employees. A short example calculation for a corporate representative office, consisting of a head of office, two advisors and a secretary, will therefore be used in the following to give a rough estimate of possible annual personnel costs.[362]

As the gross salary plus the employer's contributions to social security are the relevant figure from the company's perspective, an average gross

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Schütz MP and others, and the SPD parliamentary group (BT-Drs. 13/7449), reproduced in Appendix A 15.

[360] Further comments on this table can also be found in Appendix A 15.

[361] See Chapter 3.3.2.

[362] This personnel requirement was determined based on the average value of the three responses from the surveyed corporate representative offices in Brussels. See Appendices A 14, B 28 and B 29.

amount will first be calculated from the salaries of the EU officials and German civil servants receiving foreign-service remuneration. For the head of the representative office, this is approximately DM 24,000 per month.[363] However, it must not be forgotten that, in addition to the aforementioned salaries, civil servants receive extensive benefits from the state, such as significant tax relief, particularly for EU officials, as well as guarantees, e.g. appointment for life and above-average pensions. Of course, many accordingly experienced officials with a good network of relationships will also be of an age at which they have started a family or have other social commitments. In order to give up their secure and very well-paid positions in the service of the state for a position at a company, attractive compensation for the benefits provided by the state will be necessary.[364] This compensation will be referred to as a 'security supplement' in the following. Two models are essentially conceivable for the form of the security supplement: either the payment of what is likely to be a relatively high one-off premium when the former official enters into a corresponding contractual relationship with the company, or an appropriate supplement to the calculated average monthly salary of the relevant pay grades. The latter variant appears preferable, particularly as the employee's continuous motivation and long-term commitment, which are desirable from the company's point of view, may be open to question

[363] This amount is calculated as follows: the gross average salary, rounded to the nearest thousand, of pay grades A1 (EC) to A4 (EC) ([32,000 + 29,000 + 22,000] : 3 ≈ DM 28,000) and the gross average salary, rounded to the nearest thousand, of the corresponding pay grades of the German civil servants employed in Brussels ([23,000 + 20,000 + 16,000] : 3 ≈ DM 20,000) results in an average of (28,000 + 20,000) : 2 = DM 24,000.

[364] It is, of course, not absolutely necessary to give up the position of a civil servant entirely. A leave of absence for several years is also conceivable. In this case, the civil servant will not suffer any direct financial disadvantages, particularly as they would usually continue to progress through the seniority steps and, after their leave of absence, could re-enter public service at the pay grade they had achieved up to that point. However, it is to be expected that they would no longer be employed in a key department or role after a break of several years, as more experienced or 'loyal' civil servants would then be available for these posts. This *de facto* downturn in their careers would also require financial compensation by the company.

if a one-off premium is paid in advance. In turn, the amount of the security supplement is dependent on numerous factors. Besides the respective circumstances of the individual case and the personal circumstances of the official in question, the duration of the contractual relationship between the company and the head of office, any provisions for retirement made by the company and other benefits can also play a role in this, although this list should not be regarded as exhaustive. In consideration of these circumstances, a supplement of between ten and fifty per cent on top of the average official's salary can reasonably be assumed. This thesis will therefore assume a supplement of thirty per cent. Including the employer's contributions to social security, monthly costs of approximately DM 35,000 can therefore be estimated.[365] Monthly expenditure amounting to half of the costs incurred for the head of the representative office can be assumed for each of the two advisors, who support the head of office in fulfilling their tasks.[366] With two advisors, this likewise results in a monthly amount of approximately DM 35,000. The cost of a qualified secretary in Brussels is estimated to be DM 6,000 per month. Based on the payment of twelve monthly salaries, this example calculation results in estimated personnel costs of approximately DM 912,000.

As with the figures for annual personnel costs, the average operating expenses for a corporate office in Brussels were very difficult to validate empirically. Although it was possible to obtain data on the approximate number of employees and the floor space of some corporate representative offices, none of the three companies that responded provided even approximate figures for their annual operating expenses for the office.[367]

It is clear that the operating expenses incurred for an office in Brussels can only be determined on a case-by-case basis. This will be illustrated

[365] The employer's contribution to social security is approximately 20% of the gross salary; see Appendix A 16.

[366] This corresponds approximately to the salary of a German civil servant receiving foreign-service remuneration of pay grade A13 plus the employer's contribution to social security.

[367] The survey was conducted based on the previously mentioned questionnaire in Appendix A 13. See Appendices A 14, B 28 and B 29.

by a few examples of selected cost factors: With regard to annual rent, for example, significant differences arise depending on the location of the property, e.g. whether it is situated among the EU institutions or on the outskirts of the city. With regard to office equipment, the company can, for instance, purchase telephones, telefaxes and photocopiers from well-known manufacturers or a low-cost supplier. Not buying these devices at all, but instead renting them from an office-services provider, is also conceivable. There is therefore an enormous cost range of possible operating expenses. Only approximate estimated operating expenses can therefore be used as the basis for determining the costs of an averagely equipped office in a central location in Brussels city centre. A floor space of approximately 100 m^2 is assumed as the space required for an office with four employees.[368] The other costs, e.g. for office furniture and technical equipment, are likewise calculated based on a representative office with four employees.[369] Estimated annual operating expenses of approximately DM 230,000 can be assumed. This example calculation for a corporate representative office in Brussels therefore results in estimated total annual costs of approximately DM 1,130,000.

4.2.3. Full costing of an external service provider

The costs incurred for using an external service provider usually depend on their quality, the nature and extent of their network of working relationships and the respective task assigned, particularly the level of difficulty and any possible time specification for achieving the objective. Further cost factors may also arise.[370] Consequently, it is likewise impossible to establish a uniform cost estimate for the use of an external service provider. To quantitatively evaluate the full costing for an external service provider, a recent survey of the *per diem* rates of important

[368] This figure was calculated as the average of the data in Appendices A 14, B 28 and B 29.

[369] The individual operating expenses can be found in Appendix A 17.

[370] For instance, whether the service provider works for the company under an 'only one interest' agreement. This option will be explained later on.

management consultancies,[371] which can serve as a benchmark to estimate the costs of an external service provider, will be used as the basis to determine an average value.

The following table provides an overview:[372]

Company	**Position**	**Daily fee in DM**
McKinsey	Director	At least 10,000
	Principal	At least 7,000
	Consultant	3,500 to 6,000
	Associate	3,500
Roland Berger	Senior Partner	10,000
	Vice President	8,000 to 9,000
	Manager	5,500 to 7,000
	Project Manager	4,000 to 5,000
	Consultant	3,000 to 3,800
	Associate	2,200 to 2,800
Arthur D. Little	Senior Partner	10,000 to 12,000
	Manager	8,000 to 10,000
	Project Manager	3,600 to 4,000
	Business Analyst	2,000
Boston Consulting Group	Senior Partner	At least 10,000
	Vice President	8,000 to 10,000
	Manager	5,000 to 7,000
	Project Manager	4,000 to 5,000
	Consultant	3,000 to 4,000
	Associate	2,500 to 3,000

Fig. 26: Per diem rates charged by some major management consultancies

[371] Some of these management consultancies also work as interest representatives.
[372] See 'Ein Tag Henzler ab 10 000 Mark', in *Wirtschaftswoche*, 23 May 1996, p. 12.

It must be taken into consideration that these *per diem* rates already include all operating expenses and personnel costs for the external service provider. Only expenses such as travel and overnight accommodation costs, costs for conferences and events as well as further expenditure, e.g. for invitations and gifts, all of which are also incurred by a corporate representative office, are added to these amounts. For the calculation undertaken in this thesis, the amount of these expenses is assumed to be identical to the corresponding costs incurred for a corporate representative office.[373] As the external service provider usually works on a project-specific basis or as required for a company, the average costs incurred for such a provider must be calculated according to the client's requirements. However, it is also possible for a service provider who works for a company regularly or over a long period of time,[374] i.e. is employed as a structural instrument, to charge a basic fee, to which the cost of the work performed must additionally be added. However, a lower hourly rate will be incurred for this, as the service provider's operating expenses and personnel costs, which are essentially included in hourly fees, are already remunerated, at least in part, as a flat rate in the basic fee. A company seeking to employ an external service provider as a structural instrument for its interest representation will have an interest in this arrangement, as it makes the costs for meeting one's individual needs easier to forecast. If a company has a high level of interest representation needs, an agreement providing for a combined fee with a basic fee and lower hourly rates will usually be preferable. The amount of the basic fee is agreed between the contracting parties in each individual case, thereby preventing any generally valid statements from being made in this regard. However, the service provider's aforementioned 'only one interest' activity should be identified as a possible cost factor in the basic fee due to its outstanding practical relevance. Under such an arrangement, the service provider works exclusively for the company and is often remunerated at an accordingly high level. An external service provider engaged on a case-by-case basis will usually only invoice their client for their actual working time. This can range from a few hours per week or

[373] In this calculation, these amount to DM 84,000 *per annum*, see Appendix A 17.

[374] This may be the case e.g. with continuous monitoring of legislation.

even per month to the equivalent of full-time employment, e.g. in the case of difficult or extensive projects.

As with the determination of the full costs of a corporate representative office, this chapter will conclude with an example of the possible full costing for an external service provider to provide an indication of the possible costs involved in this variant of structuring interest representation.[375] Based on empirical values,[376] an average of approximately 80 hours per month or 960 hours a year is assumed for the work of a service provider employed on a structural basis. DM 600.00[377] is calculated as an average hourly rate in an estimate without a basic fee and without 'only one interest' representation. This results in a cost estimate of approximately DM 576,000 *per annum* plus expenses as outlined above amounting to DM 84,000, i.e. a total of DM 660,000, for the use of an external service provider.

4.2.4. Result

An attempt will now be made to quantitatively evaluate the three relevant structuring variants – association and corporate representation, association and external service provider, and association, corporate representation and external service provider – identified in the qualitative interim result.[378] The following two criteria are essentially relevant to decision-making: firstly, the costs of the respective variants must be analysed with regard to the development of a sector-neutral overall model for structuring effective and efficient interest representation. Attention must then be turned to the situational parameters, which, by its very

[375] See Chapter 4.2.2.

[376] See Appendix B 31.

[377] This value arises by approximating the average value of the respective average hourly rates of the management consultants compared in the above table on assuming ten hours of work per day. The average value is used because employees of different 'ranks' might work at the external service provider, therefore resulting in different costs for the customer. See Appendix B 31.

[378] See Chapter 4.1.3.

nature, the sector-neutral overall model is unable to take into consideration. The costs of the three aforementioned variants will now be compared in accordance with this approach.

As explained in Chapter 4.2.1., the inclusion of the usually sector-specific costs incurred for the use of associations can be dispensed with in the interests of developing a sector-neutral overall model for structuring interest representation. In principle, it can be stated that the costs for the use of an association, which is indispensable in all three variants due to the breadth of its information approach and its coverage of the basic need for interest representation, should be kept as low as possible so that the potential use of a corporate representative office or an external service provider can be adequately financed. Express reference is once again made to the advantages and disadvantages, as discussed in Chapter 3.3., of active interest representation instruments that are bound by instructions, such as a corporate representative office or an external service provider, and an association, as a usually passive instrument of interest representation that is not bound by instructions, which suggest the necessity of using both in parallel.[379]

The annual full costs of the variants – association and corporate representation and association and external service provider – have therefore been demonstrated on the basis of example calculations. This showed that the costs estimated for using an external service provider are lower than those for setting up a corporate representative office. It can almost certainly be assumed that the association, corporate representation and external service provider variant, as a union of the two other variants, will lead to higher costs for the company than the aforementioned variants. This can essentially be justified from a business management perspective if this variant increases the company's marginal business value through interest representation to a corresponding degree. This is possible if the overlap of the two structural instruments of interest representation – corporate representation and external service provider – with regard to their respective possibilities for representing interests is as small as possible. However, this cannot be assumed due to the fact that these two instruments are bound by instructions and because of the often

[379] See Chapter 3.3.

essentially similar, institutional backgrounds of the persons acting in the respective variants, as described above. Instead, the overlap of both variants can be relatively large for these reasons.

Consequently, whether the association, corporate representation and external service provider variant is the best choice for structural interest representation depends on the second decision-making criterion, namely the situational parameters. In individual cases, particularly if there is only a small overlap between the options offered by the corporate representation and external service provider, this may indeed be the case.

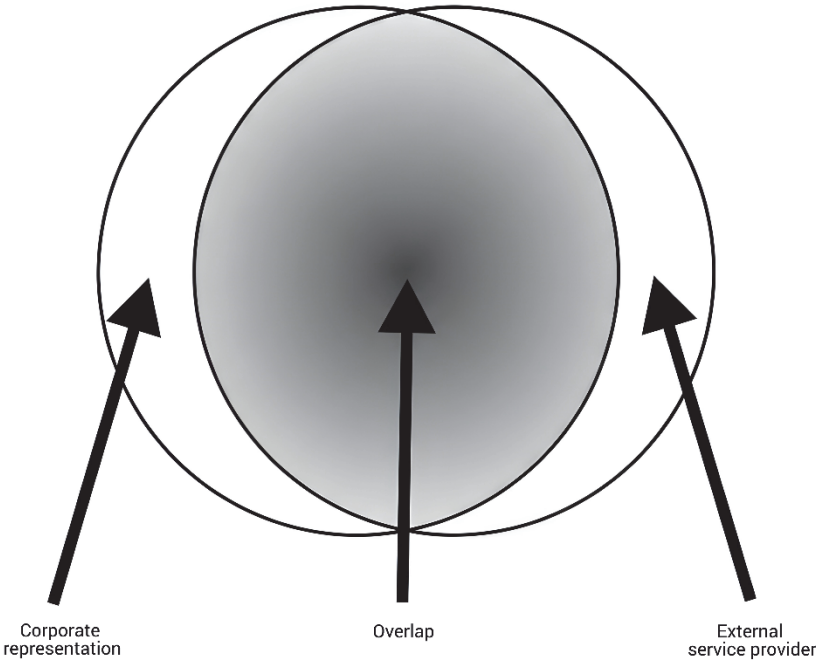


Fig. 27 Probable overlap between the options for interest representation when the instruction-bound structural instruments of interest representation corporate representation and external service provider are utilised simultaneously

According to the quantitative evaluation, only the variants association and corporate representation and association and external service provider can in principle be regarded as relevant for the development of a sector-neutral overall model for structuring effective and efficient interest representation for a company vis-à-vis the EU institutions, which is the objective of this thesis.

4.3. Proposal for an overall model for structuring effective and efficient interest representation

Now that interest representation has been defined as an organisational problem and the three determining variables of the organisational problem of institutions, objectives and instruments have been discussed in detail in the preceding chapters of this thesis, it is possible to describe a holistic approach to structuring effective and efficient interest representation by qualitatively and quantitatively evaluating the identified interest representation variants.

This approach is shown in Fig. 28 in the form of a sector-neutral overall model, and is then supplemented by a guideline for structuring company-specific interest representation. In combination with the guideline, this overall model aspires to enable a company to structure effective and efficient interest representation. This practical orientation essentially necessitates the organisational-science approach based on the three determining variables of institutions, objectives and instruments, as the task within a company will always be to determine the instruments with which a specific objective can be achieved vis-à-vis the institutions.

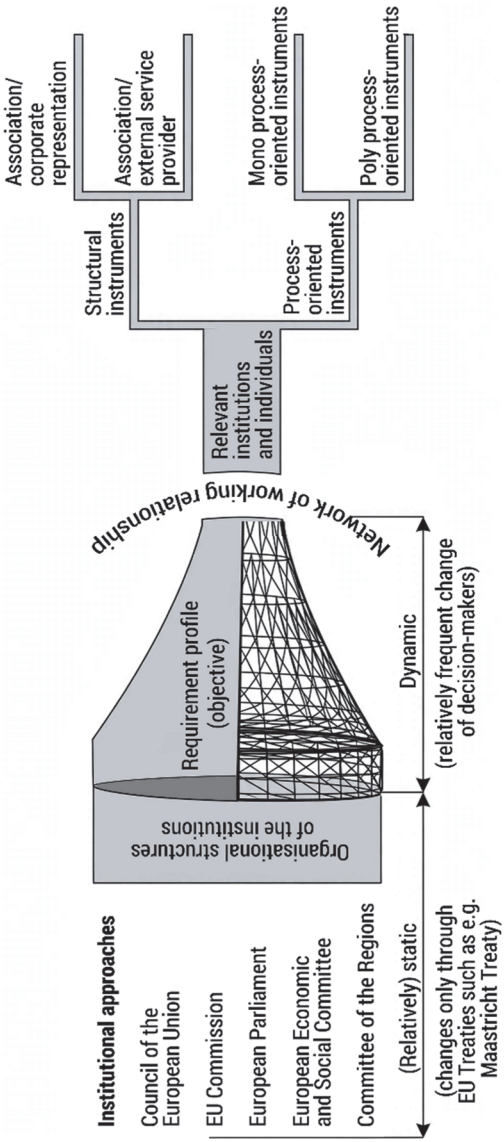


Fig. 28: Overall model for structuring effective and efficient interest representation

As described in Chapter 2.2.2., the Council of the European Union, the European Commission, the EP, the EESC and the CoR may be considered as institutional approaches. Depending on the sector and therefore the company's activities, the company will have an individual requirement profile (objective) for interest representation. In a selection process to be carried out *a priori*, a basic structural spectrum of all institutional approaches relevant to the company is determined from among all theoretically possible institutional approaches. The structure of the respective institutions, e.g. the division of the DGs into Directorates and units, must be taken into consideration to be able to identify the relevant decision-makers. Before addressing the structural and process-oriented instruments for achieving its objectives, a company must carry out this fundamentally necessary analysis of the organisational structure of the institutions.

It is particularly important to emphasise once again that the relevant institutions are represented by the persons acting for them in each case. This clearly shows the personal element of interest representation, to which particular reference was made in Chapter 4.1.1. If identification of the individual structural spectrum reveals that no personal contact with a representative of one of the relevant institutions exists, this raises the question of which structural instruments, besides the continuous maintenance of existing working relationships, can be used to establish and maintain the relationships that do not yet exist. On selection of the suitable structural instrument,[380] the required network of working relationships must be established as fully as possible in the shortest space of time. This 'fertile ground' forms the basis for being able to solve individual problems that arise at any time using the appropriate process-oriented instruments.

In the model, the connecting lines between the institutions depicted in the funnel express, firstly, the fact that several institutions are involved in a legislative procedure, communicating with one another and thereby being interconnected. Secondly, these connecting lines also represent the relatively frequent changes of decision-makers within an institution, e.g.

[380] As a rule, only the variants of association and corporate representation as well as association and external service provider are capable of meeting the requirements of effective and efficient structural interest representation.

the transfer of a head of unit from one DG to another or within the same DG. The reason for this is that such a change likewise leads to connections between the institutions or between their organisational subdivisions, particularly as a decision-maker does not immediately lose their personal ties with former colleagues and these ties are also ‘refreshed’ time and again through the aforementioned cooperation between the institutions.

As has already been mentioned, the overall model’s targeted perspective results from its practical orientation. In the model, the organisational structures and connecting lines between the institutions are therefore assessed under the aspect of the requirement profile and the network of working relationships of the relevant institutions and individuals is identified from this.

This network of working relationships must be continuously maintained by the selected structural instrument(s) of interest representation so that approaches to solving problems can be implemented rapidly in a specific case. If the process of establishing the required network of working relationships is only begun when a problem has already arisen, this will generally make it impossible to extensively minimise the time factor t in the information process. In the model, the structural instrument or instruments of interest representation employ the suitable process-oriented instruments both to maintain the network of working relationships and to solve specific tasks.

This overall model, which constitutes the outcome of this thesis, can now serve as a guide for structuring effective and efficient interest representation for a company from any sector. In this model, the objectives, institutions and instruments, as the determining variables of the underlying organisational problem, are optimally configured with regard to sector neutrality and the objective of prevention. With regard to the preceding qualitative and quantitative evaluation, the two variants that are generally meaningful from a business management perspective are presented, taking into account the sector-neutral objectives of interest representation. Which of the two variants is now most suitable for structural interest representation for a company vis-à-vis the EU institutions must then be determined in the individual case according to the respective requirements of the company.

The recommended procedure for structuring company-specific interest representation, and thus for transforming the sector-neutral overall model into a sector- and company-specific model for structuring effective and efficient interest representation, will be explained in the following and is depicted in Fig. 29.

First, the sector-specific requirement profile of the company must be defined, where appropriate including a company-specific requirement profile. At this stage, however, the definition will essentially be oriented to the company's respective sector, as only the fundamental strategic course of the company will be defined here, e.g. whether an energy supply company should maintain contacts with the responsible bodies in the energy, transport or fisheries sectors.

In a second stage, those institutional approaches at EU level theoretically available in five forms[381] that appear relevant to the company must then be selected. This results in the spectrum of the relevant company-specific institutional approaches and, consequently, of the relevant decision-makers acting on behalf of the institutions.

The next step is to analyse which working relationships, i.e. contacts with relevant decision-makers, already exist through the relevant company's structural instruments of interest representation. At this third stage of structuring company-specific interest representation, the prerequisites that are exclusively in place at the relevant company take on their particular importance above and beyond the sector-specific requirements already taken into consideration in the first stage.

In a fourth step that follows on directly from this analysis, contact deficits are determined. This is done by comparing the institutions relevant to the specific sector and company and their respective decision-makers identified in the first and second stages with the existing network of working relationships analysed in the third stage.

In a final, fifth, step, the structural instrument(s) of interest representation that are most suitable in terms of effectiveness and efficiency for both

[381] These are the Council of the European Union, the European Commission, the EP, the CoR and the EESC.

maintaining and intensifying the existing contacts in the network of working relationships and for overcoming the determined contact deficits must then be selected and implemented.

The following figure summarises the step-by-step procedure for structuring company-specific interest representation.

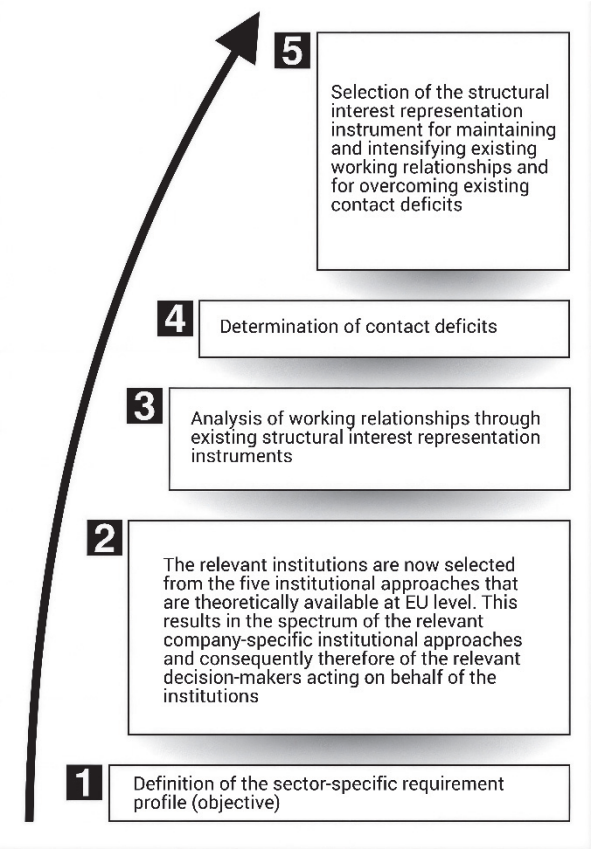


Fig. 29: Guide to transforming the sector-neutral overall model for structuring effective and efficient interest representation into company-specific interest representation

With regard to the specific objectives, the variant selected for structural interest representation must be used to choose the most suitable process-

oriented instruments in order to optimally achieve each of the objectives. Based on the approximation approach for the decision formula D = I(t) + x, optimal achievement of the objectives means the minimisation of t and x. This can primarily be accomplished by selecting the optimal structural instruments of interest representation and then the mono and poly process-oriented instruments already outlined in Chapter 3.4. The process-oriented instruments that can be used can only be determined precisely in the specific case; this must therefore be omitted in the context of the overall model.

As already explained in Chapter 3.1., interest representation gives organisational form to the communication between companies and institutions. Interest representation represents the vehicle via which any information can be conveyed. The examples from the German insurance, energy and road safety sectors described in the following in Chapter 5 are intended to illustrate this use of interest representation and the structural and process-oriented instruments of interest representation in specific cases. Three examples from different stages of the legislative procedure have therefore been selected. The first case presented is one in which only a Green Paper has so far been submitted by the European Commission for the relevant directive. This will be followed by a case study in which the European Commission has already submitted a specific draft directive to the Council. Finally, an example is discussed in which the directive had already been adopted by the Council of the European Union. The focus of the analysis is on the structural and process-oriented instruments of interest representation that are used in each case. A detailed discussion of the problems in the three example cases has therefore been dispensed with. A few brief details concerning the problem definition are only given, in accordance with the organisational problem, to illustrate the company's respective objectives which are represented vis-à-vis the institutions by the interest representation instruments. The objectives themselves are not analysed in the context of this thesis. Due to the high sensitivity of interest representation and the practical impossibility of providing the necessary academic documentation, the description of the relevant institutions had to be limited to naming the responsible committees within the EP and the relevant DGs, Directorates and units. For the reasons stated above, it was not possible to identify the decision-makers by name.

5. Examples of interest representation by selected companies vis-à-vis the EU institutions

5.1. Example of an insurance company: Directive on the harmonisation of company pension schemes

5.1.1. Problem

In this specific case, the objective of the globally operating insurance company was to achieve *de facto* participation in shaping future EU regulations on the harmonisation of company pension schemes within the EU.[382] In 1995, the responsible European Commissioner, Monti, instructed his subordinate authorities to prepare a draft directive on the harmonisation of company pension schemes in Europe. These efforts resulted in the submission of a Green Paper.[383] However, in the autumn of 1995, there was a diametric conflict of interests between the European Commission's position and the wishes of the insurance company. In particular, the following points had not been regulated according to the company's wishes:[384, 385]

- The existing implementation methods in Germany, particularly provisions for pensions, were to remain untouched.
- The issue of migrant workers and expatriates was to be regulated in social policy and tax terms in such a way that seconded employees could

[382] See Appendix B 15.

[383] See European Commission, *Green Paper: Supplementary Pensions in the Single Market*, COM (97) 283.

[384] As well as those of the other participants of a series of workshops conducted by the insurance company in Brussels on the relevant topic, see Appendix B 2. See also 'Brief aus Brüssel', in *Versicherungswirtschaft*, 15 (1996), p. 1042.

[385] See Appendix B 14.

remain in their home country's pension scheme – as long as it could be assumed that they would retire in their home country – and that the cost of their pension expenses would be recognised by the host country for tax purposes.

- Expense-oriented pension systems, i.e. genuine defined contribution schemes such as those found in the USA, for instance, were to be recognised, including where this depended on the company's results.
- Improvement in tax-based implementation methods for strengthening external financing within the existing systems.

5.1.2. Relevant EU institutions

In the Council, this directive falls within the remit of DG G (Economic, Monetary and Social Affairs; EMU). The relevant German portfolio minister is the Federal Minister for Labour and Social Affairs. Firstly, the European Commission, in this case Commissioner Mario Monti (Single Market, Customs, Taxation, Financial Services and Financial Integration), is responsible for preparing a draft directive. Directorate-General XV (Single Market and Financial Services), in this case Directorate C (Financial Institutions), Unit 2 (Insurance and Pension Funds), is specifically responsible. No draft directive has been submitted to the EP as yet. It must first be submitted to the Council of the European Union for decision-making. This is set to take place in the autumn of 1997.[386] Within the EP, the committees on Legal Affairs and Citizens' Rights, on Economic and Monetary Affairs and Industrial Policy and on Employment and Social Affairs would be potential institutional points of access.

[386] Statement by the previously mentioned British insurance expert, employee of DG XV of the European Commission.

5.1.3. Structural and process-oriented instruments used

The company uses only an external service provider in Brussels as its structural instrument of interest representation. This provider is described as 'very helpful'[387] and was able to meet key elements of the objective by using the poly process-oriented instrument 'workshop'. A series of workshops was launched and took place for the third time in 1997.[388] This brought together the responsible parties from the European Commission, representatives of the insurance sector and, in particular, representatives of industrial companies, as customers of insurance companies, with their practical experience, as well as the responsible politicians from the EP who will be involved in a respective legislative procedure following the submission of a draft directive.[389] At one of the workshops, the responsible official from Directorate-General XV said 'We are delighted to come into direct contact with representatives from the insurance sector and thus to hear about the problems and concerns of German businesses during the preparatory phase of a possible directive. Lobbyists from other EU nations have specifically presented their views a long time ago. We had been waiting for German businesses to take a similar step and are grateful for this information.'[390] These workshops were each chaired by a neutral person, such as a well-known scholar from the relevant specialist field.[391]

Compared to the status of the autumn of 1995, the 1997 Green Paper entitled *Supplementary Pensions in the Single Market* reveals fundamental changes with regard to the aforementioned points that favour the insurance company concerned. The four points listed above, which the insurance company sought to shape according to its wishes,

[387] Appendix B 25.
[388] See Appendix B 2.
[389] See 'Brief aus Brüssel', p. 1042. See also Appendix B 2.
[390] Written confirmation by the official of the accuracy of the quotation is included in Appendix B 1.
[391] See 'Brief aus Brüssel', p. 999. See also Appendix B 2.

were essentially incorporated into the Green Paper in a positive sense for the company.[392]

The communication process is not bundled uniformly within the company. In Germany, interest representation for the life insurance division is directly subordinate to the Director of Life Insurance. This person therefore acts as the IRC for this area. International representation of the company's interests in this division is coordinated by the Head of Life Insurance in the International Division.[393]

5.2. Example of a company from the energy sector: Directive on the internal market for natural gas

5.2.1. Problem

The objective pursued by the company from the energy sector is to ensure a rapid and continuous provision of information on the current progress of consultations concerning the planned EU directive on the internal market for natural gas. This offers the possibility of quickly adopting a position on crucial points of the various draft directives and thereby being able to influence the drafts at the earliest possible stage. The EU Member States have not yet reached an agreement on the shape of the Gas Directive at the current point in time.[394]

5.2.2. Relevant EU institutions

Within the Council of the European Union, DG D I (Research; Energy; Transport; Research and Energy Policy) is responsible for the EU

[392] See Appendix B 32; see European Commission, *Green Paper*.
[393] See Appendix B 25.
[394] See Appendix B 12.

directive on the single natural gas market. The responsible German portfolio minister is the Federal Minister for Economic Affairs. Within the European Commission, Commissioner Christos Papoutsis (Energy and Euratom Supply Agency, SMEs, Tourism), and, in particular, Directorate-General XVII (Energy), Directorate B (Industries and Markets: Fossil Fuels), Unit 3 (Gas), are responsible for this directive.

In contrast to the company from the road safety sector to be analysed below, whose objective has already been conclusively achieved, the decision-making process of the institutions concerning the EU directive on the single natural gas market has not yet been concluded. As no final draft directive yet exists, the EP is not yet involved.[395] As soon as the final draft directive is available, the EP's Committee on Research, Technological Development and Energy will begin preparations for the plenary session in the context of the legislative procedure.

5.2.3. Structural and process-oriented instruments used

In order to represent its interests with regard to the EU directive on the single natural gas market, the company, in addition to its sector's association, also uses an individual consultant specialising in the energy sector on site as a structural instrument of interest representation. In addition, a consultant is also available on site as a structural instrument of interest representation in order to establish contacts with those decision-makers in Brussels who are not directly responsible for the energy sector; this is deployed as required.[396] However, the services of the sector-independent consultant have only been used sporadically so far. The company is convinced that the joint use of these interest representation instruments has proved worthwhile.[397] While the association already provides sufficient coverage of all relevant information and the representation of the interests of the gas sector, since the company's strategy and that of the association are extensively

[395] For the legislative procedure, see Chapter 2.2.1.
[396] See Appendix B 12.
[397] See ibid.

convergent, company-specific information is also obtained or extracted by the two other interest representation instruments. Involving both of these interest representation instruments bound by instructions has 'proved extremely useful.'[398]

In order to achieve the objectives, these interest representatives primarily use mono process-oriented instruments, particularly telephone calls, personal visits and opinions. A parliamentary evening was held as a poly process-oriented instrument.[399]

Interest representation is controlled and the required communication process is bundled with the company's public relations work in a single main division. This division reports directly to the CEO.[400]

5.3. Example of a company from the road safety sector: Directive on side and frontal impact

5.3.1. Problem

A company from the road safety sector will be used to present an example of a successfully completed interest representation project vis-à-vis the institutions of the EU. With regard to the development of Directive 96/.../EC of the European Parliament and of the Council on the protection of occupants of motor vehicles in the event of a frontal impact and amending Directive 70/156/EEC,[401] the Commission first submitted a draft directive on side and frontal impact which stipulated that only vehicles that are not powered by their own engines may be used for crash

[398] Ibid. It must be emphasised that only the sector-specific individual consultant and the association are used as structural instruments of interest representation in a genuinely structural sense, i.e. in the long term and continuously. Conversely, the sector-independent external service provider works for the company only on an occasional basis.
[399] See Appendix B 35.
[400] See Appendix B 12.
[401] See Appendix A 20.

testing. If this wording had become final, the company's tests would no longer have been permissible.[402] The objective was consequently to reformulate this point of the directive in accordance with the company's wishes.

5.3.2. Relevant EU institutions

Within the Council of the European Union, the crash test directive fell within the remit of DG D II (Research; Energy; Transport; Transport Policy). The responsible German portfolio minister was the Federal Minister of Transport. Within the European Commission, it fell within the remit of Commissioner Neil Kinnock, responsible for Transport, and Directorate-General VII (Transport), which was subordinate to him. This was particularly the responsibility of Directorate B (Land Transport) and, there, Unit 3 (Safety, Technology and Environmental Issues). Within the EP, the Committee on Economic and Monetary Affairs and Industrial Policy was responsible for this directive.

5.3.3. Structural and process-oriented instruments used

The question now arises as to which structural instrument of interest representation the respective company from the road safety sector was able to use to exert a lasting influence on the draft directive. While there is generally 'no problem that could not have been solved through the company's own efforts, important and time-consuming preliminary work was carried out by interest representatives. This included, in particular, making contact with the desired bodies.'[403] Besides its own employees in Brussels, the company nevertheless engaged a service provider as a structural instrument of interest representation.[404] The solution to the

[402] See Appendix B 33.
[403] Appendix B 24.
[404] See ibid.

problem was brought about by the external service provider (consultant).[405] In 1996, the external service provider was able to convince the EP's Committee on Economic and Monetary Affairs and Industrial Policy to request an amendment to the Commission's draft directive with the following wording: 'The vehicle must be propelled either by its own engine or by any other propelling device.'[406] The requested amendment was conclusively adopted with this wording at the second reading.[407] As per the legislative procedure, the EP's version was also forwarded to the Council of the European Union. The Council approved this version in December 1996, as a result of which the EP's amendment came into force. This ensured that the side and frontal impact tests conducted by the company from the road safety sector would remain permissible. The company's market potential was thus assured.

This directive was subject to the new codecision procedure established through the Maastricht Treaty. If the directive had been enacted before 1 November 1993, the EP would scarcely have been able to exert decisive influence under the cooperation procedure applicable at that time. In all probability, this would have meant that the company would have failed to achieve its exogenous objective, particularly as the Council of the European Union had already adopted the version of the directive submitted by the Commission and the legislative procedure would therefore essentially already have been concluded prior to the application of the codecision procedure. This clearly highlights the great importance of the EP for interest representation at the EU level in the light of changing framework conditions.

In resolving the problem and achieving the objective, the external service provider used only mono process-oriented instruments such as personal discussions.

In this company, interest representation is coordinated by a separate unit within the holding company of the corporate group.[408]

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[405] See Appendix B 33.
[406] Appendix A 20.
[407] For the legislative procedure, see Chapter 2.2.1.4.
[408] See Appendix B 24.

6. Summary and outlook

This thesis has attempted to present an overall model for structuring effective and efficient interest representation for German companies vis-à-vis the EU institutions. Allain-Dupré's formula D = I(t) + x served as the starting point for visualising decision-making. Institutional economics subsequently helped to show that interest representation is subject to an organisational problem; this was visualised in organisation-science terms using three determining variables: conditions or EU institutions, objectives, and instruments. These determining variables were individually analysed in detail against the backdrop of a sector-neutral interest representation approach.

As the target perspective for structuring effective and efficient interest representation, it was assumed that the essential objective of a company must be to be able to respond as quickly and reliably as possible[409] to exogenous objectives caused by stimuli stemming from the EU institutions. The qualitative and quantitative evaluation showed which structural instruments of interest representation are capable of achieving corporate objectives. It was determined that the isolated use of just one individual structural instrument of interest representation cannot meet the requirements of effective and efficient interest representation. Instead, it is the combination of structural instruments of interest representation that are bound by instructions and those that are not bound by instructions that guarantees this. With regard to the quantitative evaluation, this is the combination of the structural instruments of interest representation of an association in conjunction with a corporate representative office as well as an association in conjunction with an external service provider. These two variants should essentially ensure successful structural interest representation to enable exogenous objectives to be adjusted in the interests of the company. Each company must determine which of these

[409] Expressed in terms of Allain-Dupré's decision formula D = I(t) + x, this means minimising the time factor t and the uncertainty factor x.

variants is preferable based on its individual requirement profile for structural interest representation.

Several process-oriented instruments were also discussed. However, this was only possible in very general terms, as a more detailed analysis of these instruments is dependent on specific objectives. By linking interest representation as an intermediary system with the intertwined determining variables of the organisational problem in structuring interest representation, it became apparent that interest representation is a necessary mediator between the EU institutions and companies. With the overall model developed for structuring effective and efficient interest representation and the respective guide for transforming the sector-neutral overall model into company-specific interest representation, this thesis has established a basis according to which companies can configure their individual interest representation.

Empirical examples from the insurance, energy and road safety sectors were used to show the structural and process-oriented instruments that are currently being used or have already successfully been used to achieve specific corporate objectives vis-à-vis the EU institutions. These examples are intended to demonstrate the practical relevance of the overall model proposed for structuring effective and efficient interest representation. This is particularly relevant in the context of the Maastricht Treaty, which necessitated a fundamental reconsideration and restructuring of the interest representation approaches that had previously proved successful. The EP's negative power of final decision-making in the codecision procedure has given this institution a new quality of codecision-making in the interinstitutional structure of the EU. The empirical analyses on which this thesis is based confirmed the EP's new role. The intra-institutional approaches of the structural instruments of interest representation additionally showed how company-specific objectives can be achieved.

It remains to be seen how the framework conditions for interest representation in Brussels will continue to evolve. With regard to the possible structural instruments, the question will be whether the associations succeed in curbing the growing problem of heterogeneity and bringing it under control in good time, e.g. through internal

reforms.[410] Changes also appear to be on the horizon amongst external service providers, particularly from a German perspective. One recently emerging trend that has been observed is that an increasing number of German lawyers are working in Brussels and taking on lobbying activities there.[411] The growing importance of the EU to economic life now also appears to be increasingly recognised by German businesses.

The transformation of the institutional framework conditions on which this thesis is based has not yet concluded. The European integration process continues to advance. If the Maastricht Treaty is regarded as a revolution of the Community, the next revolution is on the horizon just four years after its entry into force. The Amsterdam Summit on 18 June 1997 once again set the EU on course towards the democratisation and simplification of decision-making procedures and consequently towards greater freedom of the Community's institutions to act. The EP is granted greater codecision powers in twenty-four areas,[412] meaning that it will have codecision rights in approximately 70% of legislation. This development underscores the necessity of this thesis, which particularly attributes the changing framework conditions for successful interest representation vis-à-vis the institutions of the EU to the EP's increase in power and the resulting new possibilities for interest representation.[413] The number of parliamentarians, currently 626, is not to increase to more than 700 even with the anticipated accession of additional countries. The President of the European Commission will be significantly strengthened thanks to a right of codecision in the selection of Commissioners and the power to set political guidelines and policy agenda. The maximum future number of Commissioners is limited to the current twenty. In the event that further states accede, the five biggest Member States each intend to forgo their second Commissioner.

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[410] See E. Meller, 'Lobbying in Brüssel aus Sicht der deutschen Verbände', in M. Strauch (ed.), *Lobbying: Wirtschaft und Politik im Wechselspiel* (Frankfurt a.M., 1993), p. 210.

[411] See 'Mehr deutsche Rechtsanwälte in Brüssel tätig', in *FAZ,* 2 August 1997, p. 14.

[412] However, the Structural Funds are excluded from this.

[413] See Chapter 5.3.

If the Community expands, the majority ratios within the Council of Ministers will also be readjusted. The principle of decision-making by majority vote in the Council is to be further expanded. New areas that are no longer subject to the requirement for unanimity include certain areas of social policy and parts of the legislative and administrative regulations as well as the areas of transport, culture, industry, research and industry, and research and the environment. Some areas, such as tax and industrial policy, are to remain subject to the unanimity rule. This advance in European integration was only made possible by the flexibility clause, under which individual Member States are already able to cooperate more intensively even without the participation of all other members.[414]

In terms of the expansion of the EU, the accession of Slovenia, Cyprus, Hungary, the Czech Republic, Poland and Estonia is anticipated over the next few years.[415] The Amsterdam Summit also led to changes in terms of strengthening the CoR and the influence of the regions within the EU in general. FOCUS magazine, for instance, published a recent article on the Summit under the headline 'Red card for Brussels: Europe's cities and regions no longer want to be patronised by the EU'.[416] Although significant criticism is levelled at the options for regional authorities to exert influence at EU level, the Bulletin 14/97 of the Bavarian state government stated: 'The Amsterdam Treaty clearly illustrates the principle of subsidiarity. In the future, the EU may only implement regulations if it can verify that the European regulation is better and the Member States are unable to adequately fulfil the task alone.'[417] However, there is no mention of who has the *de facto* authority to ultimately decide whether a European regulation is better and necessary. While the municipal umbrella associations praise the outcome of the Amsterdam European Summit and believe that the regions' influence on EU policy

[414] The flexibility clause is not, however, applied to the Common Foreign and Security Policy; see Appendix A 21.

[415] See H. Nathe, 'Dreifaches Gewicht', *Focus* 30, 1997, p. 25. See also A. Oldag, 'Gerangel um die Kandidaten', *SZ* 16 July 1997, p. 6.

[416] M. Hilbig, 'Rote Karte für Brüssel: Europas Städte und Regionen wollen sich von der EU nicht länger bevormunden lassen', *Focus* 21, 1997, p. 34.

[417] 'Goppel in Brüssel: EU-Umweltpolitik ist rechtswidrig', in Bavarian State Government (ed.), Bulletin No. 14/97 of 11.07.1997, p. 28.

has been strengthened,[418] European Commissioner Wulf-Mathies is already warning against renationalisation.[419] It can almost certainly be stated that, compared with the original EU institutions – the Council, Commission and EP – it cannot be claimed that the regions exert a dominant influence on European legislation.[420] What is certain, however, is that the CoR will be strengthened.[421]

In its *Agenda 2000*, the European Commission presented its ideas for the future development of the EU to the EP on 16 July 1997 in Strasbourg. In it, it states that 'Not only does the planned enlargement of the Union represent a challenge to the institutions' capacity for decision-making, solutions must also be found for important policy areas such as the common agricultural policy, local government policy and the budget. In the "Agenda 2000", the Commission sets out the prospects for the further development and future policies of the EU up to 2006 and states its position on the applications for accession submitted by the ten Central and Eastern European states.'[422] This agenda alone shows that the topic of interest representation at EU level is characterised by the dynamic structural characteristic already mentioned in the introduction to this thesis.

The approaches to interest representation have been redefined since 1 November 1993 with the strengthening of the EP. Over the coming years, the structuring of a company's interest representation will therefore have to be constantly reviewed and, if necessary, adapted. Particularly with regard to the research carried out on the topic of interest representation at the Bavarian State Library mentioned at the outset of this thesis, which yielded only a very few publications, the area of economic research concerned with the interest representation of companies vis-à-vis the EU

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[418] See C. Schneider, 'Einfluß der Regionen auf EU-Politik gestärkt', *SZ*, 23 June 1997, p. 32.

[419] See C. Schneider, 'Stoiber fordert europäische Hausordnung: EU-Kommissarin Wulf-Mathies warnt vor Renationalisierung', *SZ*, 17 May 1997, p. 48.

[420] See Chapter 2.2.2.4.

[421] See Appendix A 21.

[422] Appendix A 21.

institutions raises a number of questions. This thesis has addressed some of those that are particularly relevant to business practice. The observation by MEP Elmar Brok that 'We must now talk of the EP as a major player'[423] demonstrates the particular and increasing importance of the EP as a point of access for future interest representation in the EU. French Minister of Justice Elisabeth Guigou captures the new role of the EP in a nutshell by succinctly pointing out the abrupt increase in its power: 'Amsterdam has given it more power than the Maastricht Treaty did.'[424]

[423] P. Buonadonna, 'MEPs seize on crumbs of comfort', *The European,* 26 June 1997, p. 7.
[424] Ibid.

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Appendix A

Appendix A contains information that does not include any personal details. At the request of the persons concerned, this information is not reproduced due to the public nature of this book.

The complete text of Appendix A is available to Prof. Elmar Helten, Institute for Business Risk Research and Insurance Economics at the University of Munich.

Appendix A 1

Cover sheet of the questionnaire

Please provide the following information even if you wish to remain anonymous, as the questionnaire cannot otherwise be evaluated.

Name: .....

Institution: .....

I would like my information to be treated anonymously.

O Yes O No

Please return this questionnaire to:

Klemens Joos
Joseph-Dollinger-Bogen 30
D-80807 Munich

Thank you!

Questionnaire

1. What options do you see for a company to bring its practical experience to bear in the EU legislative procedure at or through your institution?

   a) Directly (via employees, interest representatives, etc.):
   ……
   ……
   ……
   ……
   ……
   ……
   ……

   b) Through the association to which the company belongs:
   ……
   ……
   ……
   ……
   ……
   ……
   ……

2. If company representatives contact you directly to provide your institution with specific company experience tht they wish to incorporate into the EU legislative procedure, are you generally dismissive of such representatives or are you willing to listen to their arguments?

   O We always listen to companies' concerns
   O Occasionally, a company is given a hearing
   O Never
   O That is generally not customary

3. Do you believe that companies have fully recognised the importance of the EU institutions in the context of legislation (please provide a short explanation)?

   a) German companies
   ……
   ……
   ……
   ……
   ……
   ……
   ……

   b) Companies from other EU Member States
   ……
   ……
   ……
   ……
   ……
   ……
   ……

4. Do you think that there are generally rather aggressive (pushy) interest representatives in Brussels?

   O Yes
   O No

5. Do the interest representatives of German companies differ from those of companies from other EU Member States? If yes, how?
   ……
   ……
   ……
   ……
   ……
   ……
   ……

6. How often have you been contacted in the past by interest representatives

   a) of German companies?

   ……
   ……
   ……
   ……
   ……
   ……
   ……

   b) of companies from other EU Member States?

   ……
   ……
   ……
   ……
   ……
   ……
   ……

7. Have you often reconsidered your position on the basis of arguments presented to you by a company's interest representatives?

   ……
   ……
   ……
   ……
   ……
   ……
   ……

8. Do you have the impression that interest representatives seek to manipulate decision-making autonomy in the institutions or do they seek to make themselves useful to your institution through objective additional information and practical experience in a relationship that is, in a sense, based on partnership?

   ……
   ……

……
……
……
……
……

9. How do you currently assess the quality (communication skills, comportment, knowledge, social skills, etc.) of the corporate interest representatives known to you?

……
……
……
……
……
……
……

10. Do you believe that the importance of the associations' position in Brussels is declining due to the increasing heterogenisation of the interests of an association's member companies?

……
……
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……
……
……
……

Thank you for your cooperation!

Appendix A 8

LES LOBBYISTES DOIVENT JOUER LA FRANCHISE

La **commission du règlement** a adopté, mardi 18 mars, la proposition de décision relative à l'instauration d'un code de conduite pour les représentants d'intérêt. Le texte, faisant l'objet d'un projet du rapport de M. Glyn FORD (PSE, UK), a été approuvé par 7 voix contre 2 et 2 abstentions. Le projet de code de conduite invite les lobbyistes a avoir une attitude franche, loyale et exempte de toute dissimulation à l'égard du PE.

Au préalable, la commission a renforcé la distinction entre les assistants parlementaires et les lobbyistes en précisant à l'article 2 de l'annexe IX, qui règle les dispositions relatives au lobbyistes, que "Seuls" les assistants "accrédités et travaillant exclusivement comme assistants" ont accès au PE dans les mêmes conditions que le personnel du secrétariat général ou des groupes politiques.

Le code de conduite, pour les personnes dont le nom doit figurer dans un registre tenu par les questeurs en vertu de l'article 9 du règlement, fait l'objet d'un nouvel article 3 à l'annexe IX. Il y est précisé que les lobbyistes:

- doivent faire état de l'intérêt ou des intérêts qu'ils représentent;
- doivent s'abstenir de toute démarche en vue d'obtenir des informations de façon malhonnête;
- ne peuvent se réclamer d'une quelconque relation officielle avec le PE dans quelque transaction que ce soit avec des tiers;
- ne peuvent distribuer à des fins lucratives à des tiers des copies de documents obtenus auprès du PE;
- doivent se conformer strictement à l'article 2 de l'annexe I du règlement selon lequel "les députés s'interdisent de recevoir tout autre don ou libéralité dans l'exercice de leur mandat";
- doivent s'assurer que toute assistance fournie dans le cadre de ces dispositions est déclarée dans le registre prévu à cet effet à l'article 9 du règlement;
- se conformeront lors du recrutement d'anciens fonctionnaires des Institutions aux dispositions du statut des fonctionnaires ainsi qu'à toute règle arrêtée par le PE sur les droits et les responsabilités des anciens membres;
- doivent obtenir, pour éviter tout conflit d'intérêt éventuel, l'accord préalable du ou des membre(s) intéressé(s) en ce qui concerne tout lien contractuel ou emploi d'assistant parlementaire et veiller à ce que cela figure dans le registre;
- doivent présenter annuellement dans la perspective de la prorogation de leur laisser-passer un rapport sur leurs activités axées sur l'influence du processus décisionnel au PE.

Comme sanction, le texte prévoit que tout manquement au code de conduite pourra conduire au retrait du laisser-passer délivré aux personnes intéressées et, le cas échéant, à leur entreprise.

Les porte-paroles des groupes socialiste et du PPE ont demandé que la proposition de décision ne soit pas inscrite à l'ordre du jour avant la session de mai, afin de permettre un large débat au sein des groupes politiques.

Pour plus d'informations: Werner de CROMBRUGGHE - Tél. 284 46 52

Appendix A 9

CODE OF CONDUCT

This code of conduct applies to public affairs practitioners dealing with EU Institutions. As public affairs practitioners providing essential democratic representation to the EU Institutions, the signatories to this code (as annexed) are all committed to abide by it, acting in an honest, responsible and courteous manner at all times.

In their dealings with the EU institutions public affairs practitioners shall :

(a) identify themselves by name and by company;

(b) declare the interest represented;

(c) neither intentionally misrepresent their status nor the nature of their inquiries to officials of the EU institutions nor create any false impression in relation thereto;

(d) neither directly nor indirectly misrepresent links with EU institutions;

(e) honour confidential information given to them;

(f) not disseminate false or misleading information knowingly or recklessly and shall exercise proper care to avoid doing so inadvertently;

(g) not sell for profit to third parties copies of documents obtained from EU institutions;

(h) not obtain information from EU institutions by dishonest means;

(i) avoid any professional conflicts of interest;

(j) neither directly nor indirectly offer nor give any financial inducement to:
- any EU official, nor
- Member of the European Parliament, nor
- their staff;

(k) neither propose nor undertake any action which would constitute an improper influence on them;

(l) only employ EU personnel subject to the rules and confidentiality requirements of the EU institutions;

Any signatory will voluntarily resign should they transgress the code.

The signatories will meet annually to review this code. As revised 10 November 1995

I hereby subscribe to the above code (name):
on behalf of (firm):
Address / Tel :

Please return c/o GPC Market Access Europe, 50 rue d'Arlon, 1000 Brussels - Fax : 32 2 230 57 06

Public Affairs Practitionners who have signed the Code of Conduct of 10 November 1995

Companies	Represented by	Fax	Phone
Access EEIG	Anthony Pearce	32 2 230 75 60	32 2 230 64 91
Adamson Associates	Paul Adamson	32 2 230 14 96	32 2 230 07 75
The Amsterdam Group	Richard Owen	44 171 486 00 03	44 171 486 30 25
APCO Europe	Mark Dober	32 2 626 00 75	32 2 626 00 70
Bates Europe	Eamonn Bates	32 2 743 15 85	32 2 743 15 49
Beaumark Ltd	David Bennett	44 171 222 1440	44 171 222 1371
Belmont CLO	Stanley Crossick	32 2 231 07 04	32 2 231 03 40
Business Environment Europe SA	Bruno Liebhaberg	32 2 230 83 70	32 2 230 83 60
Cabines Stewart	Catherine Stewart	32 2 230 50 43	32 2 230 70 20
Central Lobby Consultants Ltd	Helen Donoghue	44 171 222 12 50	44 171 222 12 65
Charles Barker plc	Andrew Johnson	32 2 512 53 44	32 2 511 06 45
Cinema Exhibitors´ Association	John Wilkinson	44 171 734 61 47	44 171 734 95 51
Deirdre Deady	Deirdre Deady	32 2 646 13 55	32 2 646 08 80
Edelman Public Relations Worldwide SA	Constance Kann	32 2 227 61 89	32 2 227 61 70
Entente Internat. Communic. S.A.	Peter Verhille	32 2 502 48 69	32 2 502 15 58
ESL & Network S.A.	Simon Wreford	32 2 230 53 19	32 2 230 56 29
Euralia S.A.	Bruno Dupont	33 1 4563 65 05	33 1 4563 6500
Euralia-Guérin Sprl	Bruno Dupont	32 2 506 88 25	32 2 506 88 20
European Public Policy Advisers	Matthew Lambert	32 2 735 44 12	32 2 735 82 30
The European Publishers Council (EPC)	Angela C. Mills	44 1865 310 732	44 1865 310 739
European Strategy SA	Maurits Bruggink	32 2 732 71 76	32 2 732 70 40
European Smoking Tobacco Association (ESTA)	Bas Tonnaer	31 2 230 82 14	32 2 230 80 92
Federation of European Motorcyclists	Simon Milward	32 2 736 90 47	32 2 736 94 01
Fleishman Hillard Brussels SA	Michel Deurinck	32 2 552 03 91	32 2 552 03 90
GJW Europe	Patrick Brooks	32 2 735 94 94	32 2 734 27 15
GPC Government Policy Consultants	Maria Laptev	32 2 230 57 06	32 2 230 05 45
Herbison Europ. Public Affairs Cons.	Douglas Herbison	32 2 230 76 58	32 2 231 12 99
Hill and Knowlton	Elaine Cruikshanks	32 2 640 50 72	32 2 640 04 95
Houston Consulting sprl Europe	John Houston	32 2 238 77 27	32 2 238 78 95
Interel PR and PA Consultants	Danièle Overath	32 2 732 13 94	32 2 732 11 88
Kontz, Planungsberater	Ludwig Udo Kontz	49 228 22 24 79	49 228 26 48 04
Longin Associés	Pierre E. Longin	32 2 230 81 65	32 2 230 72 73
Anogla C. Mills - Europ. P.A. Consultant	Angela . Mills	44 1865 310 732	44 1865 310 739
National Farmers Union (NFU)	Peter Fane	32 2 230 39 28	32 2 285 25 80
Nicholas Phillips Associates	Nicholas Phillips	32 2 219 18 42	32 2 218 13 70
Perchards	Patricia Murtagh	44 1 727 843 193	44 1 727 843 227
Plaza de las Cortes	José Louis Sanchis	34 1 522 71 56	34 1 522 10 08
Prisma Transport Consultants SA	Peter Wilmott	32 2 647 42 63	32 2 647 21 53
Pristop d.o.o. (Slovenia)	Andrej Drapal	386 61 161 10 52	386 61 161 10 60
Public Policy Europe	Thierry Lebeau	32 2 238 77 00	32 2 238 78 12
Rank Xerox	Richard J. Royall	44 1 628 893 600	44 1 628 893 839
Shandwick Public Affairs	Louise Harvey	32 2 743 42 22	32 2 743 42 20
SPEM Komunikacijska Skupina	Bozidar Novak	386 62 22 32 09	386 62 22 33 66

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Appendix A 10

Cover sheet of the questionnaire

Please provide the following information even if you wish to remain anonymous, as the questionnaire cannot otherwise be evaluated.

Name: .....

Company: .....

I would like my information to be treated anonymously.

O Yes O No

Please return this questionnaire to:

Klemens Joos
Joseph-Dollinger-Bogen 30
D-80807 Munich

Thank you!

Questionnaire

1. Please give an example of an instance where you were able to solve a significant problem at European level through interest representation?
   ……
   ……
   ……
   ……
   ……
   ……
   ……

2. Which interest representation instruments (associations, company employees, consultant, etc.) did you use for this?
   ……
   ……
   ……
   ……
   ……
   ……
   ……

3. Which interest representation instruments does your company currently use vis-à-vis the institutions of the European Union and how would you assess each of them?
   ……
   ……
   ……
   ……
   ……
   ……
   ……

4. Which associations (German and European) is your company a member of and roughly what costs are incurred for this each year?
   ……
   ……
   ……
   ……
   ……
   ……
   ……

5. Do you agree with the following ten criteria for good interest representation? An effective interest representative is one who,

   1) in addition to the continuous procurement of information and the identification of decision-making processes based on a general network of relationships,
   2) at the decisive moment,
   3) rapidly establishes contact
   4) with the responsible official(s)/MEP(s) and
   5) with regard to general administrative affairs and
   6) politically sensitive issues
   7) encounters genuine interest in their concerns
   8) within a large number of bodies and institutions (Directorates-General, European Parliament, committees, etc.)
   9) with the possibility of following up or making enquiries
   10) even when the official or MEP is under significant time pressure.

O Yes O No

6) Where within your company is interest representation internally bundled and controlled (dedicated department, staff unit attached to the Executive Board, etc.)?

Thank you for your cooperation!

Appendix A 11

Cover sheet of the questionnaire

Please provide the following information even if you wish to remain anonymous, as the questionnaire cannot otherwise be evaluated.

Name: .....

Position: .....

Association: .....

I would like my information to be treated anonymously.

O Yes O No

Please return this questionnaire to:

Klemens Joos
Joseph-Dollinger-Bogen 30
D-80807 Munich

Thank you!

Questionnaire

1) At which levels does your association operate?
   O State level
   O National level
   O European level (EU)

2) If your association also operates at EU level:
   a) Do you maintain your own office in Brussels?

      O Yes O No

   b) Do you maintain an office for your EU work in another country or city?

      O Yes O No

      If yes, in which country or city? ……
      ……
      ……
      …….....

   c) Approximately how many employees work in these liaison offices in total?
. ……. employees.

   d) Do you regularly send representatives of your association to Brussels to supplement or replace an office there?

      O Yes O No

   e) Is your association represented vis-à-vis the EU institutions in any other way?

      O Yes O No

      If yes, in what way (bullet points)?
      .....

.....
.....
.....

3) Roughly how high are the annual membership fees in your association for

a small company (fewer than 500 employees)? DM ..... p.a.

a medium-sized company (500 to 3,000 employees)? DM ..... p.a.

a large company (more than 3,000 employees)? DM ..... p.a.

Thank you for your cooperation!

Appendix A 13

Questionnaire

Please provide the following information even if you wish to remain anonymous, as the questionnaire cannot otherwise be evaluated.

Name: .....

Company: .....

I would like my information to be treated anonymously.

O Yes O No

Please return this questionnaire to:

Klemens Joos
Joseph-Dollinger-Bogen 30
D-80807 Munich

Please provide the following information about your Brussels office:

Number of employees :.....

Of which secretaries: .....

Floor space (m^2): .....

Approximate total costs (rooms and personnel) p.a.: .....

Thank you!

Appendix A 15

German Bundestag
13th legislative period

Document 13/**7449**
16 April 1997

Minor parliamentary question

of Members of the German Bundestag Dietmar Schütz (Oldenburg), Hans-Werner Bertl, Lilo Blunck, Hans Büttner (Ingolstadt), Günter Gloser, Rolf Hempelmann, Monika Heubaum, Uwe Hiksch, Gerd Höfer, Detlev von Larcher, Winfried Mante, Dr Jürgen Meyer (Ulm), Dr Edith Niehuis, Leyla Onur, Karin Rehbock-Zureich, Dr Edelbert Richter,
Dr Hansjörg Schäfer, Gudrun Schaich-Walch, Dieter Schloten, Dr Sigrid Skarpelis-Sperk, Wieland Sorge, Ludwig Stiegler, Dr Peter Struck, Margitta Terborg, Dr Gerald Thalheim, Hans Georg Wagner, Gert Weisskirchen (Wiesloch), Dr Norbert Wieczorek, Heidemarie Wieczorek-Zeul, Dr Christoph Zöpel, Rudolf Scharping and the SPD parliamentary group

Remuneration of staff members at the bodies and institutions of the European Union

The remuneration of staff members at the bodies and institutions of the EU is significantly higher than that of their colleagues in the EU Member States. In addition, EU staff members receive a wide range of allowances, benefits in kind, and other payments (i.e. household, child and education allowances, a flat-rate travel allowance, free flights and an installation allowance). All in all, these give the impression that these remuneration arrangements contradict the principle of equal pay for equal work applicable in the European Union and that EU staff enjoy unjustified preferential treatment.

We therefore ask the German Federal Government:

1. How many staff members are currently employed at the bodies and institutions of the EU and how are they distributed among them?

2. How many staff members of the bodies and institutions of the EU are assigned to each of the individual pay grades and categories (A: senior level; B: higher level; C: middle level; D: entry level)

   a) in absolute terms,
   b) in relation to the total number of staff members?

3. Which pay grades in the public service of the Federal Government are comparable in each case to those in the bodies and institutions of the EU?

4. On what basis is the remuneration of the staff members in the bodies and institutions of the EU determined?

5. What is the total gross and net remuneration of a married staff member with two children at the highest level of pay grades A5, A9, A13, A16, B6, B9 and the comparable BAT levels for salaried employees

   a) in the public service of the Federal Government,
   b) in the bodies and institutions of the EU,
   c) in the foreign service of the Federal Republic of Germany within Europe?

6. How does the total gross and net remuneration of a married staff member with two children in the bodies and institutions of the EU compare to the salary of a staff member in a comparable role within the individual EU Member States in pay grades A5, A9, A13, A16, B6, B9 and the comparable BAT levels for salaried employees?

7. What allowances, benefits in kind and other payments are granted to staff members of the bodies and institutions of the EU?

8. What amounts were paid for allowances, benefits in kind and other payments from 1990 to 1995

   a) in absolute terms,
   b) as a proportion of personnel and administrative costs?

9. What are the rates of remuneration for official travel for staff members of the bodies and institutions of the EU compared to those in the public service of the Federal Government?

10. What arrangements exist concerning the future pension entitlements of staff members of the bodies and institutions of the EU compared to those in the public service of the Federal Government?

11. What financial allowances for dependent children are granted to staff members of the bodies and institutions of the EU compared to those in the public service of the Federal Government?

12. What financial benefits in the event of illness and for preventive healthcare are granted to staff members of the bodies and institutions of the EU compared to those in the public service of the Federal Government?

13. How are the salaries of staff members of the bodies and institutions of the EU taxed, and how does that compare to taxation in the Member States of the European Union?

14. How does the cost of living in Brussels, Belgium, compare to the cost of living in the EU Member States?

15. Does the German Federal Government believe that the remuneration scheme for staff members of the bodies and institutions of the EU is appropriate, in keeping with the times, and justified?

16. What initiatives has the German Federal Government taken so far, and which additional initiatives is it intending to take, to eliminate

unequal compensation for equivalent activities at European and national level?

Bonn, 16th April 1997

Dietmar Schütz (Oldenburg)
Hans-Werner Bertl
Lilo Blunck
Hans Büttner (Ingolstadt)
Günter Gloser
Rolf Hempelmann
Monika Heubaum
Uwe Hiksch
Gerd Höfer
Detlev von Larcher
Winfried Mante
Dr Jürgen Meyer (Ulm)
Dr Edith Niehuls
Leyla Onur
Karin Rehbock-Zureich
Dr Edelbert Richter
Dr Hansjörg Schäfer
Gudrun Schaich-Walch
Dieter Schloten
Dr Sigrid Skarpelis-Sperk
Wieland Sorge
Ludwig Stiegler
Dr Peter Struck
Margitta Terborg
Dr Gerald Thalheim
Hans Georg Wagner
Gert Weisskirchen (Wiesloch)
Dr Norbert Wieczorek
Heidemarie Wieczorek-Zeul
Dr Christoph Zöpel
Rudolf Scharping and parliamentary group

German Bundestag
13th legislative period

Document 13/**7624**
09.05.97

Response
of the German Federal Government

to the minor parliamentary question of the Members of the German Bundestag Dietmar Schütz (Oldenburg), Hans-Werner Bertl, Lilo Blunck, Hans Büttner (Ingolstadt), other Members of Parliament and the SPD parliamentary group
– Document 13/7449 –

Remuneration of staff members at the bodies and institutions of the European Union

The remuneration of staff members at the bodies and institutions of the EU is significantly higher than that of their colleagues in the EU Member States. In addition, EU staff members receive a wide range of allowances, benefits in kind, and other payments (i.e. household, child and education allowances, a flat-rate travel allowance, free flights and an installation allowance). All in all, these give the impression that these remuneration arrangements contradict the principle of equal pay for equal work applicable in the European Union and that EU staff enjoy unjustified preferential treatment.

1. **How many staff members are currently employed at the bodies and institutions of the EU and how are they distributed among them?**

According to the budget, the EU has a total of 29,486 posts, 28,435 of which are currently occupied. Their distribution is shown in the following table:

The response was communicated on behalf of the German Federal Government in a letter from the Federal Foreign Office dated 5 May 1997.

The document also contains the text of the parliamentary question in a smaller font.

	Posts in total (acc. to BP)	Of which permanent posts	Of which occupied	Tempo-rary posts	Of which occupied	Total posts occupied
European Parliament	4,105	3,493	3,289	612	557	3,846
General Secretariat of the Council	2,464	2,445	2,408	19	17	2,425
European Commission						
1. Administration	18,427	17,552	15,320	875	2,014	17,334
2. Joint Research Centre	2,080		553		1,184	1,737
European Economic and Social Committee*)			455		102	557
Committee of the Regions*)			124		36	160
European Court of Justice	950	842	722	108	212	934
European Court of Auditors	503	412	370	91	115	485
European Investment Bank**)	957					957
Total	29,486	24,744	23,241	1,705	4,237	28,435

*) For 1996, the budget identifies 507 joint posts for the organisational structures of the European Economic and Social Committee and the Committee of the Regions (CoR) (EESC), and an additional 135 posts for the EESC and 81 for the CoR.

**) The personnel of the European Investment Bank are not subject to the staff regulations that apply to the other institutions. However, they can be subdivided into senior executives, advisors and other bank personnel.

2. How many staff members of the bodies and institutions of the EU are assigned to each of the individual pay grades and categories (A: senior level; B: higher level; C: middle level; D: entry level)
a) in absolute terms,
b) in relation to the total number of staff members?

The assignment to the respective pay grades and categories is shown in the following table:

	A	%	B	%	C	%	D	%	Total
EP	1,374	35.73	538	13.99	1,651	42.93	283	7.36	3,846
GS COUNCIL	851	35.08	190	7.83	1,254	51.69	131	5.4	2,426
COM					5,461				
1. Administration	7,546	43.53	3,424	19.75	589	31.5	903	5.21	17,334
2. JRC	515	29.65	595	34.25	239	33.91	38	2.19	1,737
EESC	207	37.16	68	12.21	60	42.91	43	7.72	557
CoR	85	53.13	12	7.5	262	37.5	3	1.88	160
ECJ	428	45.82	173	18.52	124	28.05	71	7.6	934
ECA	253	52.16	76	15.67		25.57	32	6.6	485
EIB	957								957

3. **Which pay grades in the public service of the Federal Government are comparable in each case to those in the bodies and institutions of the EU?**

The answer is set out below:

Federal public service	Bodies and institutions of the EU
Senior Level	Category A
Senior Ministerial Director B 9	Director General A 1
Deputy Ministerial Director B 6	Director A 2
Ministerial Councillor B 3	Head of Department A 3
Ministerial Councillor A 16	Senior Administrative Officer A 4
Government Director A 15	Senior Administrative Officer A 5
Senior Government Councillor A 14	Administrative Officer A 6
Government Councillor A 13	Administrative Officer A 7
Higher Level	Category B
Senior District Officer A 13	Administrative Officer B 1
District Officer A 12	Senior Administrative Inspector B 2
Government Officer A 11	Senior Administrative Inspector B 3
Senior Government Inspector A 10	Administrative Inspector B 4
Government Inspector A 9	Administrative Inspector B 5
Middle Level	Category C
Administrative Inspector A 9	Principal Administrative Secretary C 1
Principal Government Secretary A 8	Administrative Secretary C 2
Senior Government Secretary A 7	Administrative Secretary C 3
Government Secretary A 6	Administrative Assistant C 4
Government Assistant A 5	Administrative Assistant C 5
Entry Level	Category D
Senior Administrative Officer A 6	Administrative Officer D 1
Senior Administrative Officer A *5*	Administrative Officer D 1
Administrative Officer A 4	Principal Administrative Assistant D 2
Principal Administrative Assistant A 3	Principal Administrative Assistant D 3
Senior Administrative Assistant A 2	Administrative Assistant D 4

4. On what basis is the remuneration of the staff members in the bodies and institutions of the EU determined?

The legal basis for the annual adjustment of the remuneration of EC staff members is always the so-called Staff Regulations of Officials of the European Community, which governs the rights and duties of EC staff members in the form of a regulation (Article 189 TEC). The Staff Regulations provide for a statistical procedure (the so-called *method*) for reviewing and adjusting the remuneration level of EC staff members; it was adopted by the Council in 1991 and applies for the period from 1 July

1991 to 30 June 2001. According to the method, the Council makes a decision by the end of each year on the salary adjustments proposed by the Commission based on the following elements:

- changes in the cost of living for EC officials in Brussels,
- changes in the purchasing power of the salaries of national civil servants in the central administrations,
- changes in purchasing power parities between Brussels and the other places of employment in the Member States.

These elements are determined by the Statistical Office of the EC in agreement with the statistical offices of the Member States and form the basis for the Commission's proposal. The Staff Regulations lay down precise formulas, which give the Council no leeway whatsoever, for calculating the value of the salary adjustments and the so-called correction coefficients (= purchasing power adjustment). This therefore involves an automated adjustment procedure, in which the Council can do no more than verify the correct application of the method. In contrast to the procedure for adjusting gross national salaries in national public services, the EC staff members' salaries are subject to nominal net adjustment.

5. **What is the total gross and net remuneration of a married staff member with two children at the highest level of pay grades A5, A9, A13, A16, B6, B9 and the comparable BAT levels for salaried employees**
   a) in the public service of the Federal Government,
   b) in the bodies and institutions of the EU,
   c) in the foreign service of the Federal Republic of Germany within Europe?

Pay grade	EC official (place of work: Brussels)		German civil servant		Employee		Foreign-service remuneration (place of work: Brussels)	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
A 1 (EC) B 9 (official) AT B 9 (employee)	32,671 (BEF 673,622)	23,230 (BEF 478,968)	17,034	12,099	(if applicable, same as civil servant)		23,302	18,352
A 2 (EC) B 6 (official) AT B 6 (employee)	29,542 (BEF 609,123)	21,365 (BEF 440,508)	14,993	10,769	(if applicable, same as civil servant)		20,467	16,576
A 4 (EC) A 16 (official) BAT I (employee)	22,491 (BEF 463,730)	17,160 (BEF 353,816)	11,470	8,946	11,504	7,830	16,797 16,928	14,147 12,904
B 1 (EC) A 13 (official, HL) BAT IIa (employee)	16,177 (BEF 333,543)	13,270 (BEF 273,610)	8,470	7,036	8,537	6,060	12,890 13,056	11,226 10,364
C 1 (EC) A 9 (official, ML) BAT Vb (employee)	10,000 (BEF 206,196)	8,726 (BEF 179,909)	5,741	5,202	5,804	4,581	9,040 9,202	8,219 7,725
D 1 (EC) A 5 (official, EL) BAT VIII (employee)	8,014 (BEF 165,227)	7,125 (BEF 146,884)	4,444	4,316	4,331	3,814	7,364 7,420	6,944 6,559

As of April 1997.

Notes on the table:

1. Salaries in DM and local currency. The EC salaries were converted to DM at the exchange rate of BEF 100 = DM 4.85.

2. The salaries of the EC officials are calculated as follows: The net amounts are calculated after the deduction of Community tax, the temporary levy and pension, health and accident insurance contributions.

3. The salaries of civil servants were calculated on the basis of remuneration for ministry officials (basic salary + local allowance + general post allowance + child allowance + ministerial allowance + 1/12 of the thirteenth month salary + 1/12 of the holiday allowance + DM 220 child benefit per child). The net salaries are calculated after deducting income tax III/2, the solidarity surcharge (7.5%) and the care insurance contribution of DM 62.74.

4. The salaries of employees were calculated on the basis of remuneration for ministry employees (basic salary + location allowance + child location allowance + general allowance + ministerial allowance + contributions to capital formation + 1/12 bonus + 1/12 holiday allowance). The net salaries are calculated after deducting income tax III/2, the solidarity surcharge, the care insurance contribution, the pension insurance contribution and the unemployment insurance contribution. As private health insurance contributions were not taken into account for the officials, these contributions were not deducted from the employees' salaries.

5. Foreign-service remuneration

   EU remuneration is not comparable to German foreign-service remuneration, as the German foreign-service remuneration takes particular account of hardships arising from life-long rotation abroad with periods of approximately three years spent at each foreign posting. However, EU employees who work permanently in Brussels or another EU location are not subject to comparable hardships.

   The following emoluments were used as the basis for the officials:

   (basic salary + local allowance + general post allowance + overseas child allowance + 1/12 of the thirteenth month salary + 1/12 of the

holiday allowance). The net salaries are calculated after deducting income tax III/2 and the solidarity surcharge (7.5%).

The following compensation was used as the basis for the employees: basic salary + local allowance + overseas child allowance + general allowance + 1/12 of the bonus + 1/12 of the holiday pay). The net salaries arise after deducting income tax III/2, the solidarity surcharge, the care insurance contribution, the pension insurance contribution and the unemployment insurance contribution. As private health insurance contributions were not taken into account for the officials, these contributions were not deducted from the employees' salaries either.

6. How does the total gross and net remuneration of a married staff member with two children in the bodies and institutions of the EU compare to the salary of a staff member in a comparable role within the individual EU Member States in pay grades A5, A9, A13, A16, B6, B9 and the comparable BAT levels for salaried employees?

It is not possible to carry out a remuneration comparison between the German public service and staff members in a comparable role in the other EC Member States on the basis of the remuneration data available here. While the remuneration data collected in the context of the annual EC remuneration adjustment are published in a Eurostat report, these data are not organised according to function and remuneration elements (see the report on remuneration adjustment 1996, Council doc. 12144/96 ADD 1 STAT 46 FIN 585 of 4 April 1997). Eurostat has therefore recently rejected a proposal by the German delegation to carry out a remuneration comparison between the Member States, citing the difficulty of comparing the data.

7. What allowances, benefits in kind and other payments are granted to staff members of the bodies and institutions of the EU?

1. Allowances

The allowances are taken into account in the table for question 5.

The monthly allowances that are granted on the basis of nationality (expatriation allowance) or marital status are:

- Expatriation allowance amounting to 16% of the basic remuneration (but at least DM 717 [BEF 14,782]),
- Household allowance for married staff members amounting to 5% of the basic remuneration (but at least DM 312 [BEF 6,425]). Where both spouses are in the service of the EC, the allowance is granted to the spouse with the higher basic salary.
- Child allowance for each dependent child amounting to DM 401 (BEF 8,160).
- Education allowance (school fees) for each dependent child up to DM 359 (BEF 7,394). In practice, up to 50% of this allowance is paid (for children over the age of eleven) without proof of expenditure, even if school attendance is free (as in the case of European schools or at a public national school) and 100% for children attending higher-education institutions. The allowance can be doubled under certain conditions, which must be documented.

The (monthly) allowances that are granted on the basis of function are:

- Flat-rate allowance amounting to DM 187 (BEF 3,856) for staff members in pay grades C 4 and C 5 and amounting to DM 287 (BEF 5,912) for staff members in pay grades C 1, C 2 and C 3.
- Allowance for a teaching position amounting to 0.45% of the basic monthly salary for each hour of tuition.

2. Other payments

Some of the other payments vary in amount and eligibility according to marital status and place of residence. They include:

- Installation allowance on taking up residence at the place of employment amounting to two months' salary (if entitled to a household allowance) or amounting to one month's salary (if not entitled to a household allowance).
- Resettlement allowance on permanently leaving service amounting to two months' salaries or one month's salary.
- Flat-rate reimbursement of travel expenses from the official place of employment to the place of origin once per calendar year if the distance is more than 50 km but less than 750 km, or twice per calendar year if the distance is at least 750 km.
- Reimbursement of relocation expenses on taking up employment, on relocation involving a change of residence and on leaving the service.
- *Per diem* allowances following a transfer involving a change of residence, payable until the move. The amount of the *per diem* allowance is staggered according to pay grade (as in the case of official travel, see number 9), duration and marital status.
- Reimbursement of official travel expenses (see number 9).
- Flat rate for official expenses if these occur regularly (determined by the appointing authority).

8. What amounts were paid for allowances, benefits in kind and other payments from 1990 to 1995
a) in absolute terms,
b) as a proportion of personnel and administrative costs?

Allowances, benefits in kind and other payments to European Commission staff members from 1990 to 1995

	1990	1991	1992	1993	1994	1995
a) Amount in mECU	167.3	178.5	195.0	210.7	226.0	250.8
b) Proportion of personnel and administrative costs – in % –	11.1	10.8	10.5	9.6	9.5	10.1

Remarks:

The data under a) are actual results; they are based on the accounts for the respective budgetary years relating to Section III – Part A of the EU budget.

ECU exchange rates:

Average rate 1990: ECU 1 = DM 2.05212
1991: ECU 1 = DM 2.05076
1992: ECU 1 = DM 2.02031
1993: ECU 1 = DM 1.93625
1994: ECU 1 = DM 1.92483
1995: ECU 1 = DM 1.87361

9. What are the rates of remuneration for official travel for staff members of the bodies and institutions of the EU compared to those in the public service of the Federal Government?

The rates of remuneration for official travel by EC staff members are differentiated according to pay grade and are divided into the following three levels:

1. Pay grades A 1 to A 3 (level I),
2. Pay grades A 4 to A 8 and category B (level II),
3, Other pay grades (level III).

Level I staff members receive a flat-rate *per diem* allowance and reimbursement of their hotel costs up to a specified maximum. Level II and III staff members receive a *per diem* allowance that essentially encompasses all expenses for official travel (including accommodation), with different flat rates applying to the respective levels.

This distinction according to pay grade has been abolished for the reimbursement rates for official foreign travel undertaken by federal employees. Uniform foreign travel *per diem* and accommodation allowances apply in this case. The differences between the rates of remuneration for EC staff members and federal employees are shown below using the example of an official trip to France (except Paris):

In the example of a multi-day official trip to France, the following reimbursement rates would apply to an EC staff member without any deductions:

Level I: *per diem* allowance of DM 116 (BEF 2,395) and max. DM 156 (BEF 3,210) hotel cost reimbursement with proof of expenditure or 40% of this rate without proof.

Level II: flat *per diem* allowance and accommodation rate of DM 209 (BEF 4,300).

Level III: flat *per diem* allowance and accommodation rate of DM 193 (BEF 3,980).

For federal employees, the *per diem* rate for a comparable multi-day foreign trip is a uniform DM 65. A flat rate amounting to DM 100 applies to accommodation costs with proof of expenditure or DM 50 without proof of costs.

10. What arrangements exist concerning the future pension entitlements of staff members of the bodies and institutions of the EU compared to those in the public service of the Federal Government?

The pension benefits for EC staff members are covered by the EC budget. It is stipulated that the staff members contribute one third towards financing their pensions.

This amount is currently 8.25% of the basic remuneration. This contribution flows into the EC budget as income.

The following regulations apply to the accrual of pension benefits:

- On application, a staff member can retire without any deductions on reaching the age of sixty. The maximum age is sixty-five.
- The pension for each year of pensionable service time is 2%. The maximum pension is 70% of the final basic salary and is usually achieved after thirty-five years of service. The time required to accrue the maximum pension is shortened if the staff member has completed fewer than thirty-five pensionable years of service on reaching the age of sixty. In this case, an annual rate of increase of 5% is applied to the pension entitlements accrued on reaching the age of sixty.
- A pension entitlement is acquired after ten years of service. A staff member leaving the service before reaching the age of sixty may request that payment of the accrued pension entitlements be deferred until reaching the age of sixty or, if the age of fifty has been reached, that payment commence immediately, subject to a reduction of the pension benefits.

In the event of incapacity for work, the staff member is entitled to the immediate payment of pension benefits. The amount of the pension benefits payable on the grounds of incapacity for work corresponds to the amount of the pension benefits that the staff member would have received if they had remained in service at the same pay grade up to the age of sixty-five.

In addition to their pension benefits, pension recipients also receive the family allowances defined for active staff members.

Pensions for civil servants in the German public service are financed from general budget funds, which must be allocated in the respective employer's public budget.

The following regulations apply to the accrual of pension benefits:

- A civil servant receives a pension on retirement due to reaching the applicable age limit (sixty-five years; and for executive services – e.g. police, fire brigade – sixty years of age).

- The prerequisite for entitlement to a pension is the completion of a five-year qualifying period.
- The pension amounts to 1.875% of the pensionable official emoluments for each year of pensionable service time, but a maximum total of 75%. This maximum rate is reached after a pensionable service time of forty years, starting at the age of seventeen at the earliest.

As a rule, pensionable official emoluments comprise the basic salary to which the civil servant was last entitled under the pay regulations or the corresponding official emoluments, the family allowance up to level 1 and other official emoluments that are deemed pensionable under the pay regulations.

If a civil servant has retired due to invalidity before reaching the age of sixty, they are entitled to a pension that is essentially calculated according to the general rules. Due to social considerations, a so-called non-contributory supplementary period is also granted up to the age of sixty, but younger civil servants who have suffered invalidity do not thereby achieve the maximum pension.

In addition to pension benefits, pension recipients also receive the child-related family allowances defined for active civil servants.

Employees in the public service are members of the statutory pension scheme. Half of their contributions is deducted from their wages or salary; the other half is additionally paid by their employer. The public-sector employer also grants an additional benefit, with which the statutory pension is increased to specified maximum amounts.

11. What financial allowances for dependent children are granted to staff members of the bodies and institutions of the EU compared to those in the public service of the Federal Government?

The following allowances are granted to EC staff members for dependent children:

- Child allowance amounting to DM 401 (BEF 8,160) for each dependent child. This allowance is granted automatically for a child under the age of eighteen and, subject to justified application, for a child aged between

eighteen and twenty-six who is in full-time education or vocational training.

- Education allowance for each dependent child who regularly attends school on a full-time basis, amounting to the cost of school fees of up to DM 359 (BEF 7,394). This allowance is paid from the start of primary school attendance up to the age of twenty-six, and therefore also encompasses university education. The aforementioned maximum amount can be doubled subject to certain eligibility criteria. The problem with this allowance is that EC staff members receive a flat rate of 35% (children under eleven years of age) or 50% (children over eleven years of age) of this allowance, which is based on the fees for the European School in Brussels, without any proof, although school attendance, as in the case of a European School, is free for EC staff members' children.

In addition to state child benefit (first and second child DM 220, third child DM 300, fourth and each additional child DM 350 each), staff members of the German public service are also paid a child-related component as part of their family allowance. Due to the new regulations introduced by the German Reform Act, this is DM 153.17 for the first and second child and DM 203.17 for the third and each additional child as of 1 July 1997. A small supplement is planned as of the second child in pay grades A 1 to A 5.

12. What financial benefits in the event of illness and for preventive healthcare are granted to staff members of the bodies and institutions of the EU compared to those in the public service of the Federal Government?

A separate health insurance scheme exists for EC staff members; this guarantees the reimbursement of up to 80% of expenses in the event of illness affecting the staff member, their spouse, their children or other dependent persons. This rate increases to 85% for certain services and 100% for illnesses recognised as serious.

Two thirds of the contributions to the health insurance scheme are covered by the employer and one third by the staff member. The staff member's contribution is a maximum of 2% of the basic salary. After

leaving the service, the same regulations apply to staff members who have remained in the service of the EC up to the age of sixty or who receive an invalidity pension.

EC staff members are additionally insured by their employer against occupational diseases and accidents occurring outside the workplace. The staff member's contribution to this insurance is 0.1% of their basic salary.

For civil servants in the German public service, healthcare is provided under civil service legislation by the civil servant healthcare scheme. This scheme provides for the *pro rata* reimbursement of necessary and appropriate healthcare costs. According to the Federal Government's civil servant healthcare regulations, the assessment rate for persons entitled to civil servant healthcare is 50% (70% with two or more children), 70% for pension recipients and eligible spouses and 80% for children. Health insurance is required for healthcare costs that are not reimbursed through the civil servant healthcare scheme. This is usually taken out with a private insurance company.

The health insurance scheme for employees in the German public service is based on general social security law.

13. How are the salaries of staff members of the bodies and institutions of the EU taxed, and how does that compare to taxation in the Member States of the European Union?

Pursuant to the Protocol on the Privileges and Immunities of the EC, the salaries and emoluments of EC staff members are exempt from international income taxes of the Member States. Instead, they are subject to an internal EU tax.

This tax is essentially comparable to the German income tax system. The tax is charged by means of a monthly deduction from the taxable emoluments. Instead of applying tax classes as under German tax law, the taxpayer's marital status is taken into consideration for taxation by exempting family allowances from taxation and additionally deducting child allowances from taxable salary. Instead of a fixed flat-rate amount for income-related expenses or the option of being able to claim the actual

amount of these income-related expenses, the EC tax code provides for a flat-rate deduction of 10% of emoluments.

Corresponding to the deduction for special expenses under German tax law, the amounts deducted from taxpayers' emoluments for pensions, retirement benefits or social security contributions are deducted from the tax base.

The EC tax scale is progressive and has a top rate of 45%.

It is not known here how internal EC taxation compares to taxation within other EU Member States.

14. How does the cost of living in Brussels, Belgium, compare to the cost of living in the EU Member States?

Under EC pay legislation, the principle applies that every staff member is entitled to receive official emoluments which, irrespective of the official place of employment, have the same purchasing power as in Brussels. This relationship is expressed by the so-called correction coefficient, which is applied when official emoluments are paid out in local currency. With a coefficient of 100, Brussels is the basis for calculating the correction coefficient, which reflects the different costs of living in the Community, some of which are attributable to the exchange rates used for the payment of emoluments. The following table contains the correction coefficients for the EU Member States, whereby the respective country coefficient refers to the capital city, i.e. the correction coefficient for Germany is defined based on the development of the costs of living in Berlin. Correction coefficients for the EC places of employment of Bonn, Karlsruhe and Munich are defined in deviation from this.

Correction coefficients:	
Belgium	100.0
Denmark	125.4
Germany	111.5
Except: Bonn	100.8
Karlsruhe	99.0
Munich	110.4
Greece	86.5
Spain	91.3
France	116.4
Ireland	92.1
Italy	97.0
Except: Varese	92.7
Luxembourg	100.0
Netherlands	104.9
Austria	114.7
Portugal	84.0
Finland	117.0
Sweden	117.6
United Kingdom	115.3
Except: Culham	91.5

15. Does the German Federal Government believe that the remuneration scheme for staff members of the bodies and institutions of the EU is appropriate, in keeping with the times, and justified?

The German Federal Government takes the view that there is an urgent need for action to restore a reasonable balance between EC remuneration and national remuneration. As regards the criticism levelled at the EC's current remuneration policy, the following distinctions must be made:

1. The current pay gap is particularly attributable to the principle of nominal net adjustment of EC salaries and the automatic salary adjustment mechanism (in this regard, see number 4 above). The German Federal Government is therefore committed to ensuring that

this mechanism will be fundamentally amended, at the latest when the new method is adopted in 2001, and that the Council is once again given greater discretion in determining salary policy.

2. There is a significant need for reform in the case of individual allowances. The German Federal Government is therefore advocating a degressive form of expatriation allowance and calling for the abolition of the flat-rate reimbursement of travel expenses for journeys home.

3. The pension regulations pose a particular problem, as the pension costs are expected to double within the next ten years due to the age structure of EC staff. Work is currently underway on a Council opinion calling on the Commission to issue proposals for curbing pension costs.

4. The practice of applying the Staff Regulations is largely beyond the influence of the Member States, although there is also a need for action in this area. One example of a practice that deviates from the wording of the Staff Regulations is the granting of the education allowance despite school attendance being free of charge (see response to question 11). A further example is the practice concerning secondary employment by EC staff, where the institutions have thus far failed to adequately ensure adherence to the approval procedure prescribed by the Staff Regulations.

16. What initiatives has the German Federal Government taken so far, and which additional initiatives is it intending to take, to eliminate unequal compensation for equivalent activities at European and national level?

Only the Commission is permitted to submit proposals for amending the existing EC Staff Regulations. According to applicable Community law, amendments to Commission proposals can only be adopted unanimously, while the Commission retains the right to withdraw any amended proposals until a decision is made in the Council. The only instrument currently available for requesting the Commission to take action is Article 152 TEC, but this leaves it up to the Commission's discretion as to how it responds to the Council's request. Particularly with regard to the Staff Regulations, the Council has submitted several requests to the

Commission (most recently with its resolution of 20 December 1996) without the Commission having so far taken up the Member States' amendment proposals. Until this situation under Community law is changed, the German Federal Government's demands for necessary cutbacks in financial benefits, which are outlined in the response to question 15, cannot be asserted.

The German Federal Government will therefore submit a proposal in the ongoing intergovernmental conference to extend the Member States' options for exerting influence in the area of the EC Staff Regulations.

Appendix A 18

LE MARCHÉ IMMOBILIER BRUXELLOIS

THE BRUSSELS PROPERTY MARKET

FAITS MARQUANTS - BELANGRIJKE FEITEN - HIGHLIGHTS

FAITS MARQUANTS

- Le complexe Aeropolis (43.000 m²) situé à Schaerbeek et propriété de Rogib a été acquis pour occupation par le Mouvement Ouvrier Chrétien qui quittera ainsi ses locaux de la Rue de la Loi en 1998.

- Au début du mois de juillet 1997, la Commission Européenne a confirmé qu'elle occuperait les 120.000 m² du Berlaymont d'ici l'achèvement de sa rénovation en l'an 2000. Nous nous attendons donc à la remise sur le marché de certains petits immeubles anciens, ce qui devrait induire une pression sur les loyers des bureaux de seconde main.

- Le groupe suédois Prifast a revendu la quasi totalité de son portefeuille immobilier (évalué à un peu plus de 3 milliards de BEF) à Bernheim. Une partie importante de ces immeubles sera intégrée dans le portefeuille de la sicafi Befimmo.

- Le fonds allemand Despa a acquis certains immeubles de Banimmo dont l'Avenue d'Auderghem 2-16 (loué à la Représentation Britannique auprès de l'Union Européenne) et le Rue Guimard 7.

BELANGRIJKE FEITEN

- Het Aeropolis-complex in Schaarbeek (43.000 m²), eigendom van Rogib, is aangekocht door de Christelijke Arbeidersbeweging, die haar kantoren in de Wetstraat in 1998 zal verlaten.

- Begin juli 1997 heeft de Europese Commissie bevestigd dat zij haar intrek zal nemen in het Berlaymont-gebouw (120.000 m²) zodra dat in het jaar 2000 gerenoveerd zal zijn. Naar verwachting zal er daardoor een aantal kleinere oude gebouwen op de markt komen, waardoor de huren van tweedehands kantoren waarschijnlijk onder druk zullen komen te staan.

- De Zweedse groep Prifast heeft vrijwel al haar kantoren aan Bernheim verkocht (geschatte waarde: ruim 3 miljard BEF). Een groot deel daarvan wordt ondergebracht bij de vastgoed bevak Befimmo.

- Het Duitse fonds Despa heeft een aantal gebouwen aangekocht van Banimmo, waaronder het pand Oudergemselaan 2-16 (verhuurd aan de Britse Vertegenwoordiging bij de Europese Unie) en het pand Guimardstraat 7.

HIGHLIGHTS

- The Aeropolis complex (43,000 m²) located in Schaerbeek and owned by Rogib has been purchased by the Christian Labour Movement, which will therefore be leaving its premises in rue de la Loi in 1998.

- At the beginning of July 1997, the European Commission confirmed that it would be taking over the 120,000 m² Berlaymont on completion of its renovation in the year 2000. Some small old properties are therefore expected to come back onto the market and this is likely to put pressure on rents of second-hand office space.

- The Swedish Group Prifast has sold nearly all of its properties to Bernheim (valued at just over BEF 3 billion). Most of these properties will be included in the portfolio of the Befimmo sicafi.

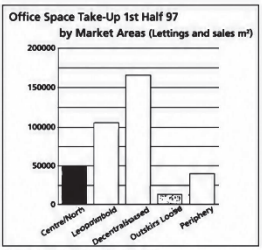
- The German company Despa has purchased some properties from Banimmo, including 2-16 Avenue d'Auderghem (let to the British Permanent Representation to the European Union) and 7 rue Guimard.

LE MARCHE DES BUREAUX

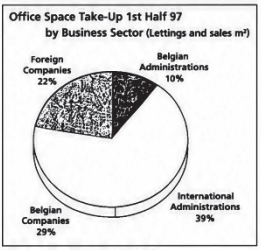
THE OFFICE SPACE MARKET

PRISE EN OCCUPATION — OPNAME — TAKE-UP

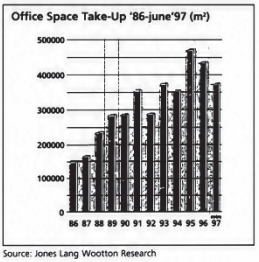
PRISE EN OCCUPATION Au cours du premier semestre 1997, les locations dans les 19 communes et la périphérie ont représenté une surface de 196.000 m² tandis que les ventes se sont élevées à 174.000 m² (y compris le contrat de location acquisitive du Berlaymont, soit 120.000 m²). Au total, 370.000 m² ont été pris en occupation sur les six premiers mois de l'année, ce qui correspond à une augmentation de près de 40% par rapport à la même période de 1996. La prélocation du Berlaymont fera de 1997 une année exceptionnelle au niveau des transactions, tout comme l'était 1995 lorsque l'Union Européenne avait pris en occupation un nombre important d'immeubles dont le Charlemagne rénové. Nous nous attendons d'ores et déjà à ce que le niveau des locations et des ventes pour occupation de 1996 (431.000 m²) soit largement dépassé.
Plus des trois quarts des prises en occupation concernent des immeubles de moins de cinq ans, rénovés en profondeur ou encore à l'état de chantier. Les immeubles construits avant 1980 et non rénovés semblent de plus en plus difficiles à louer.
Nous constatons une certaine tendance au regroupement dans des immeubles de taille importante des bureaux de sociétés qui avaient jusqu'ici leurs services disséminés sur plusieurs implantations. Ceci reflète le désir des entreprises de gagner en efficacité en limitant leurs coûts d'occupation par la centralisation de leurs services sur un nombre restreint - voire unique - d'immeubles très flexibles. KPMG a ainsi prélоué un complexe de 12.000 m² à Evere, Levi Strauss a prélоué 17.000 m² dans deux immeubles contigus en construction situés à Etterbeek tandis que la Communauté Française a acquis 19.000 m² dans l'Espace Nord.
des institutions européennes elles-mêmes ont restreint leur demande à des bâtiments d'au moins 10.000 m².
Le mouvement actuel de concentration dans la plupart des secteurs économiques devrait encore accentuer cette tendance.
La conséquence sur le marché immobilier devrait être, selon nous, que la demande pour les nouveaux immeubles de taille supérieure à 10.000 m² devrait être très soutenue et que leur valeur locative serait soumise à une certaine pression à la hausse étant donné leur rareté actuelle.



Source: Jones Lang Wootton Research



Source: Jones Lang Wootton Research



Source: Jones Lang Wootton Research

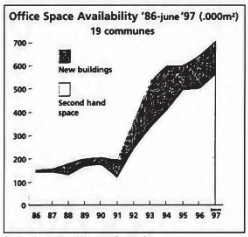
OPNAME In het eerste halfjaar van 1997 is in de 19 gemeenten en de periferie in totaal 196.000 m² kantoorruimte verhuurd en 174.000 m² verkocht (waarbij inbegrepen het huurkoopcontract van het Berlaymont-gebouw, dat goed is voor 120.000 m²). In totaal is er in de eerste zes maanden van het jaar 370.000 m² kantoorruimte opgenomen; dat betekent een stijging met 40% ten opzichte van dezelfde periode in 1996. Door de voorverhuring van het Berlaymont-gebouw zal 1997 een uitzonderlijk goed jaar worden voor wat betreft de onroerend-goedtransacties. Dat was ook al het geval in 1995, toen de Europese Unie een groot aantal panden betrok, waaronder het gerenoveerde Karel de Grote-gebouw. Nu al mag worden verwacht dat de totale opname door verhuur en verkoop ruimschoots hoger zal zijn dan in 1996 (431.000 m²). Bij meer dan driekwart van de opname gaat het om gebouwen van minder dan vijf jaar oud, de grondig zijn gerenoveerd of die onder constructie zijn. Niet-gerenoveerde gebouwen vóór 1980 lijken steeds moeilijker te verhuren.
Er valt een zekere tendens waar te nemen om de kantoren van ondernemingen die eerder op verschillende locaties waren gevestigd, in grotere gebouwen samen te brengen. Dit wijst op de wens van ondernemingen om efficiënter te werken door de huisvestingskosten omlaag te brengen, hetgeen wordt gerealiseerd door de diensten te centraliseren in één of enkele zeer flexibele gebouwen. Zo heeft KPMG in Evere een complex van 12.000 m² voorgehuurd en heeft Levi Strauss hetzelfde gedaan in Etterbeek met 17.000 m² in twee aan elkaar grenzende panden in aanbouw. Ook de Franse Gemeenschap heeft onlangs 19.000 m² verworven in de Ruimte Noord.
De Europese instellingen hebben slechts belangstelling voor gebouwen met een oppervlakte van minimaal 10.000 m². Het feit dat de aandacht in de meeste economische sectoren momenteel vooral gericht is op concentratie van activiteiten, zal deze tendens waarschijnlijk alleen maar versterken. Dit zal naar onze mening consequenties hebben voor de onroerend-goedmarkt. Het ligt in de lijn der verwachting dat de vraag naar nieuwe gebouwen met een oppervlakte van minimaal 10.000 m² groot zal blijven en dat de huurwaarde daarvan onder opwaartse druk zal komen te staan, aangezien er slechts weinig van dergelijke gebouwen voorradig zijn.

TAKE-UP During the first half of 1997, lettings in the 19 communes and the Periphery represented a total area of 196,000 m² whilst sales amounted to 174,000 m² (including the Berlaymont hire-purchase contract relating to 120,000 m²). A total of 370,000 m² was taken up in the first six months of the year, corresponding to an increase of nearly 40% compared with the same period in 1996. The advance letting of the Berlaymont will make 1997 an exceptional year for transactions, as was 1995 when the European Union took up a large number of buildings, including the renovated Charlemagne. It is already expected that the 1996 level of lettings and sales for occupation (431,000 m²) will be significantly exceeded. More than three quarters of this take up relates to properties which are under five years old, extensively renovated or still at the building stage. Properties built before 1980 which have not been renovated appear to be increasingly difficult to let.
A tendency has been noted in some companies, which have up to now had their departments scattered over several buildings, to gather these together in large properties. This is a reflection of the companies' desire to improve efficiency. They limit their costs of occupation through centralising their departments within a few or even one highly adaptable building. KPMG has thus rented in advance a complex of 12,000 m² in Evere, Levi Strauss has rented in advance 17,000 m² in two adjacent properties in the process of construction at Etterbeek, and the French Community has purchased 19,000 m² in the Espace Nord.
The European Institutions themselves have restricted their demand to buildings of at least 10,000 m². The present movement towards concentration in most of the economic sectors should further accentuate this trend.
The impact upon the property market is, in our opinion, likely to be very buoyant demand for new properties of more than 10,000 m² and their present scarcity should result in upward pressure on their rental value.

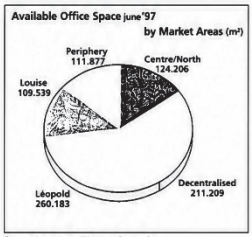
DISPONIBILITE DE BUREAUX COURANTS ET FUTURS

DISPONIBILITE Le taux de disponibilité a sensiblement progressé au cours du premier semestre 1997, atteignant les 8,66% contre 7,96% à la fin 1996. En volume, 85.000 m² ont été mis sur le marché sur les six derniers mois. Cet accroissement s'explique par la livraison d'importantes nouvelles constructions de taille supérieure à 5.000 m² ou d'immeubles qui étaient précédemment en rénovation. Certains immeubles de bureaux dans les 19 communes ont également été vides par leurs occupants qui se sont installés en Périphérie. Les quartiers décentralisés ont été les plus touchés par cette tendance et le taux de disponibilité est ainsi passé de 12,5% à 14%, soit une augmentation de 28.000 m². Le taux de disponibilité au Quartier Léopold est monté à 8% alors qu'il atteignait 7% à la fin 1996. Les espaces disponibles dans le Centre Ville et l'Espace Nord couvrent 4,5% du stock, ce qui correspond à une légère augmentation par rapport aux 4% de décembre 1996.
Le taux de disponibilité au Quartier Louise est quant à lui resté stable à 16,5%. Enfin, dans la périphérie, on compte 18% d'espaces disponibles contre 15,5% à la fin du second semestre de 1996.
Nous nous attendons à ce que les immeubles de qualité trouvent rapidement preneur. Le taux de disponibilité du neuf devrait diminuer sensiblement à l'avenir tandis qu'il devrait augmenter pour les espaces de seconde main non rénovés.

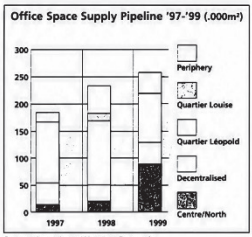
BESCHIKBAARHEID In de loop van de eerste zes maanden van 1997 is de beschikbaarheid fors toegenomen: 8,66%, tegen 7,96% eind 1996, een toename in absolute termen met 85.000 m². Deze stijging kan worden verklaard uit het feit dat verschillende grote nieuwe gebouwen van meer dan 5.000 m² en panden waarvan de renovatie onlangs is voltooid, zijn opgeleverd. Verder is een aantal kantoorpanden in de 19 gemeenten leeg komen te staan doordat de gebruikers daarvan zich in de periferie hebben gevestigd. De buiten het centrum gelegen wijken hebben hiervan het meest te lijden: de beschikbaarheidsgraad is gestegen van 12,5% naar 14%, wat neerkomt op een toename van 28.000 m². De beschikbaarheidsgraad in de Leopoldwijk ligt nu op 8%, tegen 7% eind 1996. De beschikbare ruimten in Centrum en Noord vormen samen 4,5% van de totale voorraad; dit betekent een lichte stijging ten opzichte van de 4% in december 1996.
De beschikbaarheidsgraad in de Louizawijk is stabiel gebleven op 16,5%. In de periferie, ten slotte, is 18% van alle kantooruimte beschikbaar, tegen 15,5% eind 1996.
Naar verwachting zullen de kwaliteitsgebouwen spoedig weer huurders weten aan te trekken. De beschikbaarheidsgraad van nieuwe gebouwen zal in de toekomst waarschijnlijk aanzienlijk afnemen, terwijl die van tweedehands, niet-gerenoveerde ruimten zal stijgen.



Source: Jones Lang Wootton Research



Source: Jones Lang Wootton Research



Source: Jones Lang Wootton Research

AVAILABILITY The availability rate increased significantly during the first half of 1997, reaching 8.66% against 7.96% at the end of 1996. In terms of volume, 85,000 m² has been placed on the market over the last six months. This increase is explained by the fact that large new properties of more than 5,000 m² or properties undergoing renovation have now become available. Some office properties whose occupants have relocated to the Periphery have also become available in the nineteen communes. The Decentralised areas have been most affected by this trend and the availability rate has thus risen from 12.5% to 14%, an increase of 28,000 m². The availability rate in the Quartier Léopold has risen to 8%, having been 7% at the end of 1996. Office space available in the Centre and the North area accounts for 4.5% of stock, which represents a slight increase compared with 4% in December 1996. As far as the availability rate in the Quartier Louise is concerned, this has remained steady at 16.5%.
Finally, in the Periphery, available office space stood at 18%, against 15.5% at the end of the second half of 1996.
It is expected that high quality buildings will be let very rapidly. The rate of availability of new properties is likely to fall significantly in the future, whereas that of second-hand non-renovated properties is likely to rise.

OFFRE FUTURE DE BUREAUX COURANTS ET FUTURE SUPLY

OFFRE FUTURE Pour le restant de l'année 1997, on attend la livraison spéculative d'un immeuble de 10.000 m² dans les quartiers décentralisés (Boulevard de la Plaine). Un peu plus de 20.000 m² de bureaux neufs dont la livraison est prévue pour la fin de l'année ont déjà trouvé preneur, reflétant ainsi le grand intérêt des occupants pour les constructions de la meilleure qualité.
Peu de chantiers ont été entamés au cours du semestre, malgré le niveau toujours plus bas des taux d'intérêts à long terme. Les constructions entamées à la fin de l'année 1996 devraient apporter environ 400.000 m² de bureaux neufs dans les 19 communes en 1998.
Par ailleurs, la tendance à la rénovation se confirme et de nombreux projets sont à l'étude.

TOEKOMSTIG AANBOD Dit jaar nog verwacht men in de speculatieve sector de oplevering van een pand van 10.000 m² in de Pleinlaan, in één van de buiten het centrum gelegen wijken. Voor ruim 20.000 m² nieuwe kantoorruimte waarvan de oplevering is gepland voor eind 1997, zijn reeds huurders gevonden, hetgeen wijst op een grote belangstelling van de gebruikers voor eersteklas gebouwen.
In de loop van het eerste halfjaar is slechts weinig nieuwbouw van start gegaan, ondanks de voortdurende dalende lange-termijnrente. De werkzaamhede- die eind 1996 zijn aangevangen, zullen in 1998 naar verwachting ongeveer 400.000 m² nieuwe kantoorruimte opleveren in de 19 gemeenten.
Overigens zet de trend om te renoveren door. In dit kader worden de mogelijkheden van een groot aantal projecten bestudeerd.

FUTURE SUPPLY As far as the rest of the year is concerned, we are still awaiting the completion of a speculative property of 10,000 m² in the Decentralised areas (Boulevard de la Plaine). Just over 20,000 m² of new office space whose completion is planned for the end of the year has already been let, thus reflecting the occupants' significant level of interest in high quality buildings.
Few new building projects have been launched during the first half of the year, despite the even lower level of long-term interest rates. Building which started at the end of 1996 should provide approximately 400,000 m² of new office space in the nineteen communes in 1998.
Furthermore, the trend towards renovation is strengthening and numerous projects are under consideration.

LOYERS Les loyers sont resté stables dans la plupart des quartiers: les loyers pour les meilleurs immeubles stagnent à 8.250 BEF/m²/an. On s'attend à une pression à la hausse sur les valeurs locatives des immeubles de la plus haute qualité étant donné que l'offre pour ce type de locaux est encore limitée. A preuve, nous avons enregistre une hausse de 3,4% dans les loyers du quartier supérieur par rapport à juin 1996.
Par ailleurs, les loyers pour les immeubles anciens non rénovés subissent actuellement une forte pression à la baisse étant donnée leur inadéquation à la demande et la compétitivité des coûts des immeubles neufs et en projet. L'attrait de la périphérie joue également un rôle important et nous nous attendons à ce que cette tendance s'accentue au cours de l'année prochaine avec la livraison d'espaces de bureaux neufs ou rénovés.

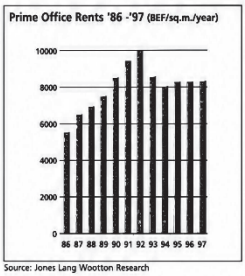
Rental bands for good office space Brussels

BEF/m²/year	Office Space
Léopold	5.500 - 8.250
Centre/North	4.500 - 7.500
Louise	4.500 - 7.500
Decentralised	5.000 - 7.650
Periphery	4.500 - 7.000

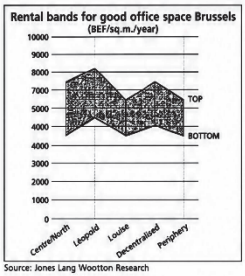
HUURPRIJZEN In de meeste wijken zijn de huren stabiel gebleven: de huren voor de beste gebouwen blijven steken op-8.250 BEF/m² per jaar. Men verwacht een opwaartse druk op de huren van eersteklas gebouwen, aangezien het aanbod van dit soort ruimten nog beperkt is. Dit wordt onderstrepet door het feit dat ten opzichte van juni 1996 de huurprijzen van het bovenste kwartiel met 3,4% zijn gestegen.

Overigens zijn de huren voor oude, niet-gerenoveerde panden momenteel onderwerp van een sterke neerwaartse druk. Dit komt doordat zij niet voldoen aan de gestelde eisen en doordat de kosten van nieuwe en geplande gebouwen op ongeveer hetzelfde niveau liggen. Ook de aantrekkingskracht van de periferie speelt een belangrijke rol. Naar verwachting zal deze trend zich in de loop van het komende jaar versterken, wanneer nieuwe of gerenoveerde kantoorruimte wordt opgeleverd.

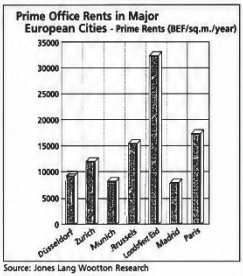
RENTS Rents have remained stable in most areas : rents for the highest quality buildings are stable at BEF 8,250/m²/year. It is expected that there will be upward pressure on the rental value of the highest quality buildings, given that supply of this type of property is still limited. Top quartile rents have risen by 3.4% compared to june 1996.
On the other hand, rents for non-refurbished old buildings are currently under strong downward pressure in view of their inadequacy in meeting market requirements and the competitiveness of new and projected buildings. The attractiveness of the Periphery also plays an important role and we anticipate that this tendency will increase during the course of 1998 with the delivery of new or refurbished offices.



Source: Jones Lang Wootton Research



Source: Jones Lang Wootton Research



Source: Jones Lang Wootton Research

IMMOBILIER COMMERCIAL

RETAIL MARKET

IMMOBILIER COMMERCIAL La faible croissance de la consommation en Belgique se répercute sur le marché des surfaces commerciales. Les loyers sont soumis à une pression à la baisse et les formules associant le calcul des loyers au chiffre d'affaires reviennent en force. Cependant, la demande pour les meilleurs emplacements (AAA) ne fléchit pas. La société de textile espagnole Adolfó Dominguez a ainsi loué une surface de 700 m² 11 Avenue Louise tandis que Cache Cache (prêt-à-porter pour femmes enceintes) a loué 60 m² dans le Stéphanie Square. Il s'agit dans les deux cas d'une première implantation.

COMMERCIEEL VASTGOEDMARKT De slechts lichte toename van de consumptie in België werkt door op de markt voor winkelruimten. De huurprijzen staan onder neerwaartse druk en er wordt weer veel meer gekeken naar de verhouding tussen huur en omzet. Toch blijft de vraag naar de beste locaties (AAA) groot. De Spaanse textielhandel Adolfo Dominguez, bijvoorbeeld, heeft 700 m² gehuurd in de Louizalaan, terwijl Cache Cache (positiekieiding) 60 m² heeft gehuurd aan het Stephanie Square. In beide gevallen gaat het om een eerste vestiging in Brussel.

RETAIL MARKET The low growth in consumption in Belgium is affecting the market for retail space. Rents are subject to downward pressure and there is a strong revival of lease contracts linking the rent to the retailer's turnover. There has, however, been no fall in demand for the highest quality locations (AAA). The Spanish textile company Adolfo Dominguez has rented an area of 700 m² in the Avenue Louise and Cache-Cache (off-the-peg maternty wear) has rented 60 m² in Stéphanie Square. In both cases, these are the companies' first shops in Brussels.

Rental values for good industrial buildings in Brussels (1st half of 1997)	
BEF/m²/year	
AAA (Rue Neuve, Place de la Monnaie)	35.000 - 40.000
AAA (Goulot Louise)	25.000 - 30.000
AA (Chaussée d'Ixelles)	15.000 - 23.000
Retail Warehousing (Boomsesteenweg)	2.500 - 4.000

INDUSTRIEL

INDUSTRIAL

INDUSTRIEL La tendance dans l'immobilier industriel est restée stationnaire au cours du semestre: on enregistre encore une pénurie dans les immeubles récents, bien équipés et répondant aux besoins des occupants que ce soit au niveau des petites (< 1000 m²) ou des grandes surfaces (> 4000 m²). Ceci est particulièrement perceptible dans les 19 communes bruxelloises. Par ailleurs, l'offre de terrains reste très limitée dans les 19 communes et autours des grands axes autoroutiers ceinturant la ville. En conséquence, les prix sont élevés et à la hausse.

Investimmo a acquis un terrain d'un hectare et demi à Drogenbos, en bordure du Ring. Le prix (4.100 BEF/m²) étant élevé pour la réalisation d'immeubles semi-industriels, une étude est en cours pour offrir un développement d'immeubles mixtes de bureaux avec des locaux polyvalents. Dans l'E 40 Business Park à Zaventem, Habasit a pris en occupation 800 m² d'entrepôts et 300 m² de bureaux pour des loyers de respectivement 2.000 et 4.500 BEF/m².

INDUSTRIEEL De in een eerder rapport gesignaleerde trend in industrieel onroerend goed is in de loop van de eerste zes maanden niet veranderd: er zijn nog steeds onvoldoende nieuwe gebouwen die van het nodige zijn voorzien en beantwoorden aan de behoeften van de gebruikers. Dit geldt voor zowel kleine (< 1000 m²) als grote (> 4000 m²) panden, met name in de 19 Brusselse gemeenten. Overigens blijft het aanbod van grond in die 19 gemeenten en rond de grote autowegen om de stad zeer beperkt. Als gevolg daarvan zijn de prijzen hdo en blijven zij stijgen.

Investimmo heeft in Drogenbos, langs de ringweg, een stuk grond van 1,5ha aangekocht. Aangezien de prijs daarvan (4.100 BEF/m²) te hoog is om daar semi-industriële panden te realiseren, wordt bestudeerd of het mogelijk is om er gebouwen neer te zetten waarin zowel kantoren als multifunctionele ruimten worden ondergebracht. In het E40 Business Park te Zaventem heeft Habasit 800 m² opslagruimte en 300 m² kantoorruimte opgenomen, die worden verhuurd voor respectievelijk 2.000 en 4.500 BEF/m².

INDUSTRIAL Trends in industrial property remained stationary during the first half of 1997: there is still a shortage of new, well-equipped buildings which respond to occupants' requirements, with regard to both small (< 1,000 m²) and large (> 4,000 m²) areas. This is particularly noticeable in the nineteen Brussels communes. Furthermore, land remains in very limited supply in the nineteen communes and around the large motorways surrounding the city. As a result, prices are high and are rising.

Investimmo has purchased land of an area of one and a half hectares in Drogenbos, bordering the ring road. Since the price (BEF 4,100/m²) is high for the construction of semi-industrial premises, a study is being undertaken into the possibility of a mixed building development consisting of both offices and multiple-use premises. In the E 40 Business Park in Zaventem, Habasit has taken up warehouses of 800 m² and offices of 300 m², at rents of respectively BEF 2,000 and 4,500/m².

Rental bands* for good industrial space Brussels		
BEF/m²/year	Warehouse	Office Space
Brussels, 19 communes	2.000 - 2.250	4.500 - 4.900
Brussels North (Vilvoorde, Machelen)	1.600 - 1.800	3.600 - 4.000
Brussels East (Zaventem, Diegem)	1.800 - 2.100	4.000 - 4.600
Brussels West (Zellik, Groot Bijgaarden)	1.600 - 1.800	3.600 - 4.000
Brussels South (Drogenbos, Ruisbroek)	1.600 - 1.800	3.600 - 4.000

*for large warehouses (>2,000m²), the rental bands should be reduced by 10%.

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PROPERTY TAX RATES BRUSSELS REGION

	PROPERTY TAX RATES %					ADITIONAL TAXES COMMUNAL	ADITIONAL TAXES REGIONAL
	Region	Province	Commune	Agglo.	Total % RC*	BEF/m²/an	BEF/m²/an**
Brussels							
ANDERLECHT	1,25%	0	32,50%	7,36%	41,11%	300	200
AUDERGHEM	1,25%	0	22,88%	7,36%	31,49%	280	200
B'CHEM-ST-A	1,25%	0	30,63%	7,36%	39,24%	300	200
BXL-VILLE	1,25%	0	36,25%	7,36%	44,86%	250	200
ETTERBEEK	1,25%	0	37,08%	7,36%	45,69%	500	200
EVERE	1,25%	0	26,88%	7,36%	35,49%	200	200
FOREST	1,25%	0	34,00%	7,36%	42,61%	300	200
GANSHOREN	1,25%	0	28,63%	7,36%	37,24%	300	200
IXELLES	1,25%	0	30,75%	7,36%	39,36%	250	200
JETTE	1,25%	0	28,63%	7,36%	37,24%	600	200
KOEKELBERG	1,25%	0	31,13%	7,36%	39,74%	0	200
MOLENBEEK	1,25%	0	32,48%	7,36%	41,09%	350	200
SAINT-GILLES	1,25%	0	33,50%	7,36%	42,11%	300	200
SAINT-JOSSE	1,25%	0	37,25%	7,36%	45,86%	300	200
SCHAERBEEK	1,25%	0	32,13%	7,36%	40,74%	250	200
UCCLE	1,25%	0	26,25%	7,36%	34,86%	150	200
WATERMAEL	1,25%	0	32,94%	7,36%	41,55%	300	200
WOLUWE ST. L	1,25%	0	30,63%	7,36%	39,24%	250	200
WOLUWE ST. P	1,25%	0	27,50%	7,36%	36,11%	500	200
Vlaams Brabant							
ZAVENTEM	2,5%	7,05%	18,75%	0	28,30%	0	0
MACH'N (DGM)	2,5%	7,05%	25,00%	0	34,55%	0	0
WEMMEL	2,5%	7,05%	15,63%	0	25,18%	200	0
ASSE (ZELLIK)	2,5%	7,05%	13,53%	0	23,08%	0	0
DILBEEK (GB)	2,5%	7,05%	24,38%	0	33,93%	0	0
OVERIJSE	2,5%	7,05%	18,75%	0	28,30%	0	0
ST. GEN. RODE	2,5%	7,05%	20,88%	0	30,43%	0	0
GRIMBERGEN	2,5%	7,05%	19,38%	0	28,93%	0	0
Brabant Wallon							
LA HULPE	1,25%	16,3%	21,25%	0	38,75%	200***	0
WATERLOO	1,25%	16,3%	21,25%	0	38,75%	200	0
WAVRE	1,25%	16,3%	11,25%	0	28,75%	0	0

There exist over 30 different taxes on commune level which are not published.
This schedule includes the most important taxes.
This schedule is in our opinion correct but does not reflect all taxes due.

*RC=Revenue Cadastrale/Kadastraal Inkomen

**As from 300m² and limited to 14% of the RC

***Paid by the landlord

Appendix A 20

THE EUROPEAN PARLIAMENT THE COUNCIL

EUROPEAN UNION



Brussels, 21 October 1996

COD 94/0323

PE-CONS 3624/96

ENT 164
CODEC 593

DIRECTIVE 96/ /EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

ON THE PROTECTION OF OCCUPANTS OF MOTOR VEHICLES

IN THE EVENT OF A FRONTAL IMPACT

AND AMENDING DIRECTIVE 70/156/EEC

equipped for recording the data necessary to determine the performance criteria with measuring systems corresponding to the specifications in Appendix 5. The ankle of the dummy must be certified in accordance with the procedure in Appendix 7.

2.1.2. The car will be tested with restraint systems, as provided by the manufacturer.

3. PROPULSION AND COURSE OF VEHICLE

3.1. The vehicle must be propelled either by its own engine or by any other propelling device.

3.2. At the moment of impact the vehicle must no longer be subject to the action of any additional steering or propelling device.

3.3. The course of the vehicle must be such that it satisfies the requirements of 1.2 and 1.3.1.

4. TEST SPEED

Vehicle speed at the moment of impact must be 56 - 0 + 1 km/h. However, if the test was performed at a higher speed and the vehicle met the requirements, the test is considered satisfactory.

Appendix B

Appendix B contains empirical information that was provided to the author only on the assurance of anonymity. These documents are therefore not reproduced in this thesis.

The complete text of Appendix B is available to Prof. Elmar Helten, Institute for Business Risk Research and Insurance Economics at the University of Munich.