



## Transparency Register remains opaque and poorly scrutinised

An ALTER-EU report<sup>1</sup> published in June found that one year after the Transparency Register was introduced, it fails to reflect the reality of lobbying in Brussels. Three months later, are the glaring errors and obvious omissions continuing to go unchallenged?

Well, according to the register, of all companies, the biggest spender on EU lobbying is camera equipment producer Panavision, which declares spending 35 million euros – more than ExxonMobil, Shell and GDF Suez combined. But the largest player overall is Georgios Stilianou, a self-employed consultant with just one client, and a goal “to provide job to unemployment persons in Cyprus”. Stilianou reports spending 100 million euros on EU lobbying in 2011.

Some of the other reported big spenders have changed their entries since June, informing us of data entry mistakes (e.g. Schneider Electric and DEKRA e.V.). Others, like GOWEX, a telecommunications company that reported only one client (a Spanish municipality), 90 lobbyists and 50 million euros lobby expenditure, simply updated their entries to more realistic numbers (5000 euros and two lobbyists).<sup>2</sup> Others, such as Ayudantía Gip S Coop, who listed 18 million euros, have disappeared.

Some entities are declaring practically, or literally, nothing, with large numbers of companies, consultancies and law firms declaring between zero and three euros. Since June, some of these have disappeared (e.g ATP Consulting, Authentic Kopi Luwak), some have increased their numbers (e.g. Avanssa), whilst others have remained at zero, without the justification required by the register's guidelines (e.g. GTF Management, Marketing & Communication GmbH<sup>3</sup>).

Deloitte, on the other hand, who list three lobbyists but zero costs, try to argue their case, stating that “Submissions to the EU are only an extremely small part of the work of three individuals and, in our view, has no marginal cost. We only respond to Taxation issues and would not expect to make more than 2 submissions in a year.” This justification appears contrary to what the guidelines considers acceptable, namely lobbying by unpaid volunteers or the entity not existing in the previous year.<sup>4</sup> What's more, a cursory google search reveals Deloitte submissions to Commission consultations in 2012 in areas as diverse as reforming the structure of the EU banking sector,<sup>5</sup> gender imbalance in corporate boards in the EU,<sup>6</sup> and accounting standards.<sup>7</sup>

Aside from comically low declarations, unrealistically low ones are also a problem. Active European lobbies like the European Crop Protection Association (ECPA) and the European Fund and Assets Management Association (EFAMA), declare between 100 and 150 thousand euros, whilst employing 10 and 14 lobbyists respectively in their Brussels offices. Given that staff costs must be included in calculations,<sup>8</sup> and some

1 ALTER-EU, Dodgy Data – time to fix the EU's Transparency Register, June 2012, <http://www.alter-eu.org/press-releases/2012/06/25/lobbyists-register-fails-to-improve-transparency>

2 Gowex entry in Transparency Register, last updated on 10/08/12, accessed 06/09/12,

<http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=89799798134-30&isListLobbyistView=true>

3 Transparency Register, accessed 07/09/12 <http://ec.europa.eu/transparencyregister/public/consultation/listlobbyists.do?letter=A&alphabetName=LatinAlphabet>

4 Transparency Register Compliance Guidelines, Edition N°2 – 27 April 2012, [ec.europa.eu/transparency-register/pdf/guideline\\_en.pdf](http://ec.europa.eu/transparency-register/pdf/guideline_en.pdf)

5 Deloitte Response to Consultation on Reforming the structure of the EU banking sector, June 2012 <http://bit.ly/Ux7IOu>

6 Deloitte Response to Consultation on gender imbalance in corporate boards in the EU, May 2012 <http://bit.ly/SpaZIC>

7 European Union member firms of Deloitte letter on public consultation paper about the suitability of accrual-accounting International Public Sector Accounting Standards for EU Member States, May 2012, <http://bit.ly/NYNgRK>

8 TR GUID Fin 3/2011 (rev March 2012): Cost estimate. The “estimate of the cost of the activities falling under the scope of the Register” by the registrants should be established by adding together the following 5 elements: 1. Staff cost. 2. Administrative

estimates of the costs of employing a corporate lobbyist in Brussels up to 100 thousand euros per year,<sup>9</sup> these declarations seem too low.<sup>10</sup> Similarly, biotech lobby Europabio<sup>11</sup> lists lobbying expenditure of only 50 thousand euros and just two lobbyists, despite having a 16-strong office in Brussels.<sup>12</sup>

There is also an issue with under-reporting numbers of lobbyists; the guidelines clearly state that any person benefiting from an accredited pass to the Parliament must be counted as one full lobbyist. Yet the Association of European Airlines lists six people with passes but totals this at 1.5 lobbyists.<sup>13</sup> A slightly worrying calculation given the necessity of accurate mathematics for safe aviation.

Many large companies known to lobby the European institutions, as well as renowned lobby consultancies, remained unregistered, including Monsanto, HSBC, Deutsche Bank, Heinz, Bell Pottinger, Ketchum Pleon Belgium and MacBrien Cupar Isnard. Law firms that provide lobbying services have been even more reluctant, with Covington & Burling, DLA Piper, Field Fisher Waterhouse, Freshfields Bruckhaus Deringer, Mayer Brown and WilmerHale all absent. Of those that have registered, many are in flagrant violation of the requirement to disclose their lobby clients. Since ALTER-EU's report, at least two such firms - 'White and Case' and 'Reed Smith LLP' – were suspended from the Register for breaching this guideline.<sup>14</sup> The Register's secretariat has indicated that such suspension is for eight weeks, pending appropriate amendment of their entries.

Reed Smith LLP has now been reinstated on the Register,<sup>15</sup> having amended their entry to include a client list. However, despite declaring a lobby budget of ten million euros, they list only one client, bringing in a turnover of less than 50 thousand euros. Their single client is a former US secret service agent, who has served as CEO of a US arms company, and was prosecuted for trying to bribe foreign officials to win business contracts.<sup>16</sup> Even more curiously, Reed Smith LLP list zero persons involved in their ten million euro lobbying practice, and leave blank the section on main EU initiatives lobbied on. It is staggering that Reed Smith's revised entry, riddled with contradictory information and glaring omissions, was reinstated merely because they listed one client!

Moreover, the suspension of these two law firms has not translated to wider addressal of this problem. Linklaters LLP simply added to their undisclosed client list that it “does not engage in lobbying related activities but exclusively provides legal advice to its clients”. Yet, under 'Main EU initiatives covered the year before by activities falling under the scope of the Transparency Register' (i.e. lobbying activities), they list various policy dossiers, including contentious financial regulation MifID and the CRD.<sup>17</sup> What's more, Linklaters website states that they have “a proven track record of advocacy before the European Commission”.<sup>18</sup>

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costs. 3. Outsourced activity costs, consulting fees and subcontracted activities. 4. In-house operational expenditures. 5. Full Membership fees, contributions and participation costs overall.

9 See as references: Mark Dober, Are you paid what you deserve?, undated, accessed on 12 June 2012.

AALEP, What do Lobbyists do?, undated, accessed on 12 June 2012.

10 EFAMA entry in Transparency Register, last updated on 07/08/12, accessed 06/09/12,

<http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=3373670692-24>

ECPA entry in Transparency Register, last updated on 07/08/12, accessed 09/10/11,

<http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=0711626572-26&isListLobbyistView=true>

11 EuropaBio entry in Transparency Register, last updated on 07/08/12, accessed

09/10/11, [http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=1298286943-](http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=1298286943-59&isListLobbyistView=true)

[59&isListLobbyistView=true](http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=1298286943-59&isListLobbyistView=true)

12 Corporate Europe Observatory, “Agribusiness interests vs. Family Farms, Workers, Consumers, Local and Environmental Interests in the EU: Towards a ratio in lobbying expenditures”, June 2012 [www.corporateeurope.org/](http://www.corporateeurope.org/)

13 Association of European Airlines entry in Transparency Register, last updated on 05/09/12, accessed 06/09/12,

<http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=78089286892-19>

14 Telephone discussion between CEO and Transparency Register secretariat, 17/09/12

15 Reed Smith LLP entry in Transparency Register, last updated 13/09/12, accessed 17/09/12

<http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=99160973770-55&isListLobbyistView=true>

NB. When the Register was accessed on 06/09/12, there was no entry for Reed Smith, i.e. it was still suspended.

16 Their listed client is R. Patrick Caldwell, see <http://www.prnewswire.com/news-releases/us-secret-service-veteran-r-patrick-caldwell-named-ceo-of-protective-products-of-america-62219717.html>, [http://www.washingtonpost.com/local/crime/federal-jury-deals-setback-to-large-justice-departments-sting-operation/2012/01/31/gIQA8HYMgQ\\_story.html](http://www.washingtonpost.com/local/crime/federal-jury-deals-setback-to-large-justice-departments-sting-operation/2012/01/31/gIQA8HYMgQ_story.html) and

<http://www.bloomberg.com/news/2011-12-22/ex-secret-service-official-wins-dismissal-of-conspiracy-charge.html>

17 Linklaters entry in Transparency Register, last updated on 11/07/12, accessed 06/09/12

<http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=75449787878-94&isListLobbyistView=true>

18 Linklaters website, accessed 06/09/12 <http://www.linklaters.com/Locations/Pages/Belgium.aspx>

Many professional consultancies have also failed to give a full list of all clients. The guidelines state that unidentifiable collective designations such as “corporates” or “confidential information” do not meet requirements, yet FDI Top Consult SRL lists only “private clients”.<sup>19</sup> KEA European Affairs gives an incomplete client list, evidenced by their lobby expenditure and sums per client do not add up.<sup>20</sup> Main EU initiatives being lobbied is often left blank or vague, with the European Atomic Forum declaring the spectacularly informative “*Nuclear energy*”,<sup>21</sup> and BusinessEurope taking the prize with “*All topics that matter to European companies*”.<sup>22</sup>

However, at least one Brussels consultancy noted in ALTER-EU's report as absent has now registered: Aspect Consulting (nominated for the 2008 Worst EU Lobbying Awards).<sup>23</sup> Rather than casting light on their activities however, they have apparently mistaken the Transparency Register for for an advertising opportunity, entering promotional text instead of EU policy initiatives covered, including “*Getting yourself heard and consistently understood is no simple task,*” but failing to refer to any policy dossiers whatsoever.<sup>24</sup>

One year on, the Transparency Register is not what Commissioner Šefčovič described as ‘de facto mandatory’, despite the condition that access passes to the European Parliament are dependent on registration. Unless failing to meet the requirements of the Register has any real consequences in practice, it cannot serve its purpose. Šefčovič stated in November 2011 that “*are now with a view to identify, and limit, possible mistakes appearing in the Register*”. Evidence of Šefčovič's promised regular quality checks is disappointing, for whilst the secretariat has suspended some organisations breaching the guidelines, this by no means applies to all incorrect or insufficient entries. Nor does their reinstatement apparently depend on making complete and correct amendments.

Furthermore, with so many major players remaining outside the Register, it is clear that its voluntary nature, combined with lack of consistent and stringent oversight, means that those who wish to avoid disclosure can easily do so. After four years of “voluntary lobbying transparency”, the inevitable conclusion is that the EU must move towards mandatory registration and disclosure. In the meantime, the Commission and Parliament must introduce far tougher pressure to force lobbyists to register, and to make accurate, complete and up-to-date entries.

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19 FDI Top Consult SRL entry in Transparency Register, last updated on 15/11/11, accessed 07/09/12, <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=04440807140-96&isListLobbyistView=true>

20 KEA European Affairs entry in Transparency Register, last updated on 15/06/12, accessed 07/09/12, <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=9213770154-45>

21 European Atomic Forum entry in Transparency Register, last updated on 11/06/12, accessed 06/09/12, <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=42433582-82>

22 BUSSINESSEUROPE entry, last updated 11/01/12, accessed 06/09/12, <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=3978240953-79>

23 Philippa Runner, NGOs put forward EU ‘worst lobbying’ candidates, EUobserver, 20 October 2008.

24 Aspect entry in Transparency Register, last updated 22/08/12, accessed 07/09/12, <http://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=15392729381-19&isListLobbyistView=true>