



The missing millions – how the new lobby register needs to tackle the 'under-reporting' by industry lobby groups

The Alliance for Lobbying Transparency and Ethics in the EU (ALTER-EU)

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Summary

A survey conducted by the [Alliance for Lobbying Transparency and Ethics Regulation](#) (ALTER-EU) of 40 of the largest industry lobby groups with Brussels offices reveals that for many groups, their lobby expenditure data reported in the Commission's transparency register is seriously unreliable. A significant number of the largest industry groups report unrealistically low figures, apparently preferring to appear as small insignificant players in EU lobbying. The Commission allows this to happen, even in cases where the figures reported are plainly bizarre. Overall, ALTER-EU calculates that millions of euros are missing from the declarations of just the '10 worst offenders' amongst industry lobby groups. The overall problem of under-reporting across the whole register could mean that tens of millions of euros are missing.

ALTER-EU demands that the Parliament and Commission tackle this situation with the launch of the new joint register on Thursday 23 June.

Under-reporting

The ALTER-EU survey (see annexe 1) is based on a list of EU-level industry associations ranked in size by the number of staff employed in Brussels lobby offices.¹ ALTER-EU has compared these groups' staffing levels with the lobby expenditure declared in the Commission's register. Extreme divergences are revealed.

At the upper end of the declarations, the small business lobby group UEAPME and telecoms industry group ETNO report lobby expenses of 87 250 euros and 75 000 euros respectively per staff member employed in their Brussels lobby office (see annexe 1). However, a significant number of lobby groups report only a fraction of these amounts.

The 'worst offenders'

Of the 40 groups considered, Fertilizers Europe is the most extreme case of under-reporting, bizarrely claiming to have spent just 400 euro on lobbying in 2010 – or an average of 44 euros per staff for their nine employees. Airlines lobby group AEA claims to

¹ For the purpose of survey consistency, where at all possible ALTER-EU has used the staffing levels reported in: "European Lobbying", Daniel Guéguen, 3rd edition, chapter 2 -Kapitel 2: Die europäischen Verbände, http://www.e-t-i.be/download/lobbying_ge_kapitel_2..pdf This study dates back to 2007. The figures quoted are, in many cases but not all, underestimates of current staffing levels according to the data on some industry group's websites in June 2011.

have lobby expenses of less than 50 000 euro per year or 2 273 euro per staff. Meanwhile, pesticides lobby ECPA reports lobby expenses of less than 50 000 euro per year or 3 571 euro per staff member.

The following table sets out the data for the '10 worst offenders' out of the 40 industry groups analysed:

Lobby organisation	Number of staff ²	Amount spent on lobbying in euros (according to declaration ³)	Year of expenditure	Lobby expenditure per staff member
Fertilisers Europe	9	400	2010	44
Association of European Airlines (AEA)	22	<50 000	2009	2 273
European Crop Protection Association (ECPA)	14	50 000	2010	3 571
European Aluminium Association (EAA)	17	100 000 - 150 000	2009	8 824
Confederation of European Paper Industries (CEPI)	19	150 000 – 200 000	2009	10 526
Confederation of the Food and Drink Industries of the EU (CIAA)	23	200 000 – 250 000	2009	10 870
Eurelectric	23	200 000 – 250 000	2010	10 870
European Cosmetic Toiletry and Perfumery Association (COLIPA)	18	150 000 – 200 000	2009	11 111
European Copper Institute	13	100 000 – 150 000	2011	11 538
BusinessEurope	45	550 000 – 600 000	2010	13 333

The official definition which is used in the Commission's current register says that lobbying is "*activities carried out with the objective of influencing the policy formulation and decision-making processes of the European institutions*".⁴

ALTER-EU is aware that not everyone employed at Brussels lobby offices is actively involved in lobbying, but the Commission's broad definition of lobbying means that a large part of staff costs should be included in a calculation of lobby expenditure. We also consider that in many cases (although not in all) the figures we have used (which date from 2007) will be underestimates of today's staffing levels. We also note that corporate lobby groups tend to have higher staff costs than other sectors.⁵ Finally, industry groupings

² Taken from: "European Lobbying", Daniel Guéguen, 3rd edition, chapter 2 -Kapitel 2: Die europäischen Verbände, http://www.e-t-i.be/download/lobbying_ge_kapitel_2..pdf

³ All declarations were viewed in May-June 2011 in the Commission's lobby register.

⁴ This definition was taken from the Commission's code of conduct for interest representatives.

⁵ See this report on remuneration levels in Brussels: <http://209.197.90.236/files/E&A%20Brussels%20Remuneration>

also have lobbying expenditure other than staff costs which is another reason why ALTER-EU considers that many of the reported lobby expenditures are unrealistically low.

Large corporate lobby groups that prefer to look small

These industry associations all are deeply involved in lobbying to influence the EU institutions.

Fertilizers Europe	According to Fertilizers Europe's declaration in the register, it has a total budget of four million euros per year, yet it declares only 400 euros of lobby expenditure ⁶
Association of European Airlines (AEA)	According to its website, AEA brings together 36 European established scheduled network carriers with a turnover of 82 billion euros. Email correspondence to MEPs obtained by ALTER-EU shows that the lobby group is actively meeting with representatives of the European Commission ⁷
European Crop Protection Association (ECPA)	ECPA, which brings together pesticides producers like BASF, Bayer, Monsanto and Syngenta, was particularly active in lobbying on the new pesticides package accepted by the EU in 2009
Confederation of European Paper Industries (CEPI)	As part of its lobbying, paper lobby CEPI has been recently inviting MEPs' assistants to go on study trips to forests and paper mills ⁸
Confederation of the Food and Drink Industries of the EU (CIAA)	According to its annual accounts for 2009 (as lodged with the Belgian authorities), the CIAA spent over 1 800 000 euro in wages, yet declares only 200 000 – 250 000 on lobbying expenditure. Irish MEP Nessa Childers described the CIAA's lobbying in 2009-10 on the EU's food labelling directive as "one of the biggest lobbying efforts ever seen in Brussels, we have been bombarded with thousands of e-mails, letters and phone calls and sponsored reports, lectures and conferences on this single issue." ⁹ CIAA has been actively contacting MEPs in 2011, sending them "voting recommendations" ahead of the vote on 'Food Information to Consumers'
Eurelectric	Eurelectric is a very active player in EU lobbying, recently lobbying members of the European Parliament, in particular in the ENVI, ITRE, IMCO, ECON, AFET committees on energy efficiency and electrification issues
European Cosmetic Toiletry and Perfumery	COLIPA lobbies on behalf of L'Oréal, Procter & Gamble, Unilever, Chanel and others on issues such as rules for safety of hair dyes,

[%20Report.pdf](#)

⁶ Fertilizers Europe's declaration in the Commission register, viewed 15 June 2011.

⁷ This correspondence showed that: "Europe's airlines and airports, represented by the Association of European Airlines (AEA) and ACI EUROPE (Airports Council International), met today with senior European Commission officials to review progress made in the handling of the latest volcanic eruption in Iceland."

⁸ Email sent to MEPs' offices (members of ENVI committee) on 6 May 2011. "We would like to offer you the unique chance to visit a forest and a paper mill in one day on Friday, 4 June. You will be able to discuss with foresters and paper makers about forest protection and certification, legal logging, bio-energy, recycling and paper making. For more details, please view the attached invitation. The study trip is free of charge and breakfast and lunch will be provided."

⁹ <http://www.irishtimes.com/newspaper/health/2010/0622/1224273020890.html>

Association (COLIPA)	animal testing, etc. COLIPA has eight accredited lobbyists at the European Parliament ¹⁰ ; in the Commission register it declares only 150 000 – 200 000 lobbying expenditure.
BusinessEurope	BusinessEurope boasts that it is the voice of the European business community: “Through its 40 member federations, BusinessEurope represents 20 million companies from 34 countries. Its main tasks is to ensure that companies’ interests are represented and defended vis-à-vis the European institutions with the principal aim of preserving and strengthening corporate competitiveness”. BusinessEurope lobbies intensively on a wide range of issues, as can be seen from the records of correspondence kept by MEPs. ¹¹ Just last month BusinessEurope lobbied MEPs to ask them to reject amendments to move beyond 20 per cent greenhouse gas emission reductions ¹²

ALTER-EU member group Corporate Europe Observatory has, in recent months, submitted three complaints about lobby groups that are considered to be under-reporting (COLIPA, AEA and CIAA), all of which are currently being investigated by the Commission.¹³

The Commission has so far taken a soft approach on these issues, only very rarely intervening effectively on the basis of such complaints.

An earlier complaint by ALTER-EU member Friends of the Earth Europe (FoEE) against BusinessEurope's reporting of low estimated lobby expenditure was dismissed with the argument that the Commission was convinced that BusinessEurope did have a methodology for calculating the figures reported. When the Commission would not reveal the full paperwork relating to the issue in the complaint, FoEE went to the European Ombudsman, who ultimately ruled in its favour and asked the Commission to inform FoEE about its review of BusinessEurope's registration and to make its procedures for investigating complaints public. As stated by the European Ombudsman: “*The amount of an estimated lobby budget, even if calculated on the basis of a clear methodology may still be misleading if the data on which the calculation is based are not accurate. In other words, the use of an acceptable methodology does not necessarily ensure that the total lobbying budget declared is accurate*”.¹⁴

Under-reporting is also widespread among large corporations with Brussels lobbying offices. This was documented by ALTER-EU member group Friends of the Earth Europe in the report “Lobbying in Brussels - how much do the top-50 companies in the EU spend” in

¹⁰ See: <http://www.europarl.europa.eu/parliament/expert/lobbyAlphaOrderByOrg.do;jsessionid=C9FD4DB2C8D65CC3BAC3428E9F338405.node1?letter=C&language=EN>

¹¹ <http://www.sven-giegold.de/2011/lobbytransparenz/>

¹² “European companies are therefore convinced that any further increase of the EU’s unilateral 20% emission reduction target would be premature and even counterproductive. Consequently, we would like to suggest that you reject compromise amendment 2a, considering that climate change is a global problem that must be addressed by a joint effort by the international community ... In a world where global consumption will continue to rise, business is the solution, not the problem, to reducing greenhouse gas emissions.”

¹³ CEO submitted complaints against COLIPA on March 23 2011, CIAA on 15 April 2011, Association of European Airlines (AEA) on 29 April 2011. No decision was made so far in any of three cases.

¹⁴ http://www.foeeurope.org/corporates/pdf/Ombudsman_decision_BE_registration_April_2011.pdf

April 2010.¹⁵ FoEE has submitted complaints against Shell and BP. After the European Commission found no violation of the Code of Conduct by the two companies, FoEE sent an appeal to the European body as well as an access to information request to enquire about how the Commission had investigated these two complaints.

Why does this matter?

Financial disclosure of lobbying expenses has always been a central component of the Commission's lobby transparency register. In the debate leading up to the launch of the register in 2008, the Commission repeatedly and very vocally defended the inclusion of financial disclosure in response to attacks from industry lobbyists. *"Nobody would pay real money for lobby without expecting "something" in return and that "something" is influence! Financial disclosure will be a useful rough indicator of the forces at play,"* said Commissioner Siim Kallas in July 2007.¹⁶

This ALTER-EU survey shows that many of the largest lobby groups are seriously under-reporting how much they spend on lobbying. This makes a mockery of financial disclosure which is an essential element in lobby transparency and indeed of ethical lobbying.

The Commission's failure to intervene against under-reporting results in the register giving a misleading picture of who are the largest players in EU lobbying. UEAPME and ETNO appear far larger than lobby groups that, in reality, are likely to be far better resourced.

Non-reporting

There are further concerns with the register, aside from the issue of under-reporting. Seven out of the 40 lobby groups analysed (or 18 per cent) are not in the Commission's lobby transparency register at all, reflecting the fact that registration is not yet mandatory. These groups are: Aerospace and Defence Industries Association of Europe (ASD), Plastics Europe, European Cement Association, Conservation of Clean Air and Water in Europe (CONCAWE), European Association of Metals (EUROMETAUX), European Construction Industry Federation (FIEC) and Brewers of Europe.

Some of these (but not all) are likely to join the new joint Parliament and Commission register that will be launched on 23 June 2011, as registration will become a condition for receiving permanent Parliament access passes. Three of the seven are in the Parliament's current register (ASD, Plastics Europe, FIEC); the other four are not. The new joint register will cover a larger share of EU lobbyists, but the continued voluntary nature of the register will allow those who want to stay out of the register (and beyond public scrutiny) to do so.

Further register flaws

But even if more groups do participate in the new joint register, the value of this might be

¹⁵ http://www.foeeurope.org/corporates/pdf/Lobbying_in_Brussels_April2010.pdf

¹⁶ Commissioner Kallas, "The European Transparency Initiative", speech in the European Parliament, 16 July 2007: <http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/07/491&format=HTML&aged=0&language=EN&>

very limited as so much of the data reported is unreliable and the quality is poor.

The ALTER-EU survey reveals that many lobby groups report very unclear numbers, such as “>=1,000,000 euros”. This could actually relate to any figure between 1 000 001 and 10 000 000 euros! These groups are: Committee of Professional Agricultural Organisations in the European Union/ Confederation of Agricultural Co-operatives in the European Union (COPA-COGECA), EuroChambres, European Banking Federation and European Landowners Organisation. Meanwhile, the Airports Council International – European Region only states its total budget and not its lobby expenditure.

ALTER-EU demands

In October 2010, following a previous ALTER-EU report¹⁷ exposing serious problems with the data in the register, the Commission announced that it would conduct “*random spot-checks of the information [...] and that the highest declared lobbying expense figures will be verified.*”¹⁸ This was a welcome development, but this new ALTER-EU survey shows that spot-checks are not sufficient to secure reliable data in the register.

The Commission and the Parliament must tackle all of these flaws and ensure that there are robust monitoring systems in place to verify declarations.

ALTER-EU calls for:

- clear guidance to be issued on disclosure requirements, including on the issue of lobbying expenditure
- regular checks on registrations to prevent under-reporting
- meaningful enforcement to prevent under-reporting.

ALTER-EU also urges the Commission and Parliament to start preparations for a transition to mandatory registration, which should happen at the latest by 2015.¹⁹

The Alliance for Lobbying Transparency and Ethics Regulation (ALTER-EU) is a coalition of over 160 public interest groups, trade unions, academics and public affairs firms concerned with the increasing influence exerted by corporate lobbyists on the political agenda in Europe, the resulting loss of democracy in EU decision-making and the postponement, weakening, or blockage even, of urgently needed progress on social, environmental and consumer-protection reforms.

¹⁷ “Petloonies and other distortions: why the EU lobby register needs fixing!”:

http://www.alter-eu.org/sites/default/files/documents/petloonies_and_other_distortions_in_the_ec_lobby_register-1.pdf

¹⁸ “Technical issues may delay transparency register implementation”, Europolitics, 6 October 2010:

<http://preprod.europolitics.abccom.cyberscope.fr/institutions/technical-issues-may-delay-transparency-register-implementation-art283359-34.html>

¹⁹ ALTER-EU assessment of European Parliament – Commission agreement on a common “Transparency Register”:

http://www.alter-eu.org/sites/default/files/documents/alter-eu_position_on_joint_ep-ec_register.pdf

ANNEXE 1

Lobby organisation	Number of staff	Amount spent on lobbying (euros) from declaration	In which year	Lobby expenditure per staff member
European Chemical Industry Council (CEFIC)	140	4000000	2010	28571
Committee of Professional Agricultural Organisations in the European Union/ Confederation of Agricultural Co-operatives in the European Union (COPA-COGECA)	57	>= 1000000	2008	17544
Union of Industrial and Employers' Confederations of Europe (BusinessEurope)	45	550000-600000	2010	13333
European Federation of Pharmaceutical Industries and Associations (EFPIA)	42	550000-600000	2010	14286
Aerospace and Defence Industries Association of Europe (ASD)	40	ABSENT	ABSENT	ABSENT
EuroChambres	32	>= 1000000	2009	31250
Plastics Europe	25	ABSENT	ABSENT	ABSENT
Confederation of the Food and Drink Industries of the EU (CIAA)	23	200000-250000	2009	10870
Eurelectric	23	200000-250000	2010	10870
Association of European Airlines (AEA)	22	< 50,000	2009	2273
Community of European Railway and Infrastructure Companies (CER)	22	300,000	2010	13636
European Insurance and Reinsurance Federation (CEA)	20	1,000,000	2010	50000
European Cement Association	20	ABSENT	ABSENT	ABSENT
European Association of Craft, Small and Medium-sized Enterprises (UEAPME)	20	1,745,120	2009	87256
Confederation of European Paper Industries (CEPI)	19	150000-200000	2009	10526
Eurocommerce	19	450000-500000	2008	26316
European Automobile Manufacturers Association (ACEA)	19	550000-600000	2010	31579
European Banking Federation (EBF)	18	>= 1000000	2010	55556
European Cosmetic Toiletry and Perfumery Association (COLIPA)	18	150000-200000	2009	11111
European Aluminium Association (EAA)	17	100000-150000	2009	8824
Conservation of Clean Air and Water in Europe (CONCAWE)	15	ABSENT	ABSENT	ABSENT
European Landowners Organisation (ELO)	15	>= 1000000	2009	66667
European Crop Protection Association (ECPA)	14	50000	2010	3571
European Association of Metals (EUROMETAUX)	13	ABSENT	ABSENT	ABSENT
European Copper Institute	13	100000-150000	2011	11538
Europabio	13	400000-450000	2010	34615
European Telecommunications Network Operators' Association (ETNO)	12	900,000	2010	75000

European Apparel and Textile Organisation (EURATEX)	12	350000-400000	2009	33333
Airports Council International – European Region (ACI Europe)	12	only total budget	2010	
European Petroleum Industry Association (EUROPIA)	11	500000-550000	2010	50000
Comité Européen des Fabricants de Sucre (CEFS)	10	100000-150000	2009	15000
European Wind Energy Association (EWEA)	10	500000-550000	2008	55000
European Photovoltaic Industry Association (EPIA)	10	300000-350000	2009	35000
Fertilizers Europe	9	400	2010	44
European Construction Industry Federation (FIEC)	9	ABSENT	ABSENT	ABSENT
European Compound Feed Manufacturers Federation (FEFAC)	8	250000-300000	2010	37500
Association of the Chocolate and Confectionery Industries of the EU (CAOBISCO)	8	250000-300000	2010	37500
Brewers of Europe	8	ABSENT	ABSENT	ABSENT
European LPG Association (AEGPL)	7	100000-150000	2009	21429
European Dairy Association (EDA)	7	50000-100000	2009	14286