How to lobby the European Union effectively
- A case study of Novozymes

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**Resumé**


Udvidelsen af EU og det øget omfang af dens beoeffelser har resulteret i, at virksomheder i stigende grad er involveret i lobbyisme på EU-plan. Dette gælder også for Novozymes, der har fast kontor i Bruxelles og i 2011 registrerede sig på det frivillige EU lobbyregister. Dette speciale bruger Novozymes som case-virksomhed for at belyse virksomhedslobbyisme på EU-niveau.

Med afsæt i Novozymes' tidligere lobbyarbejde på to politikker søger dette speciale mere specifikt at undersøge, hvordan Novozymes kan lobbye mere effektivt på EU-niveau i fremtiden.

Analyser er baseret på erfaringer fra Novozymes’ Public Affairs Manager, som er opnået igennem to kvalitative interviews. Novozymes’ Public Affairs Manager var med til at lobbye på Horizon 2020, og ved fornyelsen af den europæiske landbrugspolitik, Common Agricultural Policy, hvilke derfor ligger til grund for analysen.

Analyseren er også understøttet af relevante teorier, der belyser forskellige aspekter af lobbyisme i EU samt gruppendynamik. Bouwen og Klüver fokuserer på adgangsgivende goder, som kan udveksles med EU institutionerne for at opnå adgang til lovgivningsprocessen, mens Guéguens kurve viser, hvornår i lovgivningsprocessen interessegrupper kan opnå størst indflydelse. Ilsen teori om, at små grupper har lettere ved at handle i deres egen interesse end store grupper er også relevant for specialet.

Specialet har bevist, at der opnås størst indflydelse ved at kontakte lov giverne så tidligt i lovgivningsprocessen som muligt, helst inden den første kladde til lovforslaget er skrevet. Det ville i fremtiden være fordelagtigt for Novozymes at være pro-aktiv og holde øje med stromnerne i de relevante generaldirektorater for at være på forfærd med interessante forslag.

Samtidig bør Novozymes indgå i en koalition med andre interessegrupper for at kunne udbyde flere typer adgangsgivende goder, i form af information, økonomisk magt og folkkelig opbakning. Fordelene ved en koalition bør dog vejes mod ulemperne: en stor gruppe har lettere ved at blive hørt, men også vil være nødt til at fremsætte et mere generisk ønske til lovforslagets udførmning for at imødekomme alle gruppens interesser, modsat en mindre koalition.

Kontakt med komitéer, arbejdsgupper og udvalg i EU institutionerne bør prioriteres, da disse er mest involveret i lovforslagets udarbejdelse, især ordførerne fra Europa-Parlamentet og de faste repræsentanter i Ministerrådet er indflydelsesrige adgangspunkter til det specifikke lovforslag. Embedsmænd fra disse grupper er også involveret i de lukkede trepartsmøder, og de bør derfor kontaktes før møderne.

Lobbyarbejdet i EU bør suppleres med lobbyisme på nationalt plan. Kontakt med de danske medlemmer af Europa-Parlamentet, relevante danske ministre og ministerier parallelt med lobbyarbejde på EU-plan vil øge Novozymes indflydelse på lovforslaget.
Novozymes har som bioteknologisk virksomhed en særlig fordel, da der er en stigende interesse for grøn energi og bæredygtighed i EU. En mere aktiv promovering af Novozymes visioner for biobrændsel kunne derfor øge Novozymes’ folkelige opbakning, hvilket kan vise sig nødvendigt for Novozymes for at komme på forkant med den traditionelle, økonomisk stærke energiindustri.

Lobbyarbejdet begrænses naturligvis af mængden af ressourcer. For at undgå unødvendigt spild bør Novozymes udvælge de mest lovende lovforslag og afsætte nok ressourcer til at følge forslaget igennem hele lovgivningsprocessen for at afhjælpe eventuelle hinderinger.

Disse anbefalinger, som er funderet på Novozymes’ fortidige lobbyerfaringer, relevante teorier og et detaljeret kendskab til EU institutionernes opbygning og funktioner, kan tages til overvejelse for en mere effektiv lobbyindsats i fremtiden.
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1. Introduction

The EU currently consists of 28 member states and over 500 million people (Eurostat 2015). The myriad of different interests represented on the political scene each day in Brussels is the reason why lobbyists are paramount to a company that wishes to have an influence on the legislative process.

Lobbyism - also known as interest representation, collective action, and public affairs - is an integral part of a modern democratic system. The term encompasses the different ways for interest groups to influence legislation or persuade policymakers to amend or make a law that benefits their interests. Interest groups can vary both in size and interests as well as in the way they organize and include for instance companies, NGOs, religious groups, trade associations, and labor unions.

Lobbying the European Union is nothing new. In fact, the Lisbon Treaty requires the European institutions to give interest groups the opportunity to exchange their views and be part of an open dialogue, and the Commission is required to consult concerned parties when drafting proposals (Lisbon Treaty 2009: Art 11 EU (1-3)). The different committees that are part of the EU system as consultative bodies are also important as they can be accessed by interest groups, for instance the European Economic and Social Committee. The possibility of groups with different interests to make their case to policymakers is a fundamental part of the policy-making process in the EU. The interest groups work as connectors between the institutions and civil society and function as agents of accountability (Greenwood 2011: 1).

Lobbyists in Brussels have grown along with the increasing powers of the EU to an unprecedented number. According to the EU, there are currently around 25,000-30,000 registered lobbyists working to influence the European policymakers (Maroš Šefčovič 2014). A conservative number expected to grow even larger in the future. This development is the logical result of the concentration of powers on a supranational level in the EU in a wide range of policy areas, e.g. agriculture and trade. According to an analysis made by a Danish think-tank, 50-60% of all Danish legislation has been influenced either directly or indirectly by the EU (CEPOS 2011).

It is also interesting to note that the growing lobbying activity in the EU is due to an increased amount of individual lobbyists representing e.g. companies, rather than traditional interest organizations like NGOs and trade associations (Coen & Richardson 2009: 147) This corporate interest in the EU is what inspired this thesis.

In this thesis, I will focus on the business side of lobbyism. This includes trade associations as they are highly relevant to the way businesses lobby the EU - rather it excludes NGOs, public institutions and organizations that are not tied to private interests of profitmaking.

1.1 Problem statement

It can be a difficult task for a company that wishes to lobby in the EU to maneuver around the different institutions, committees, and informal procedures. Not only are the three institutions – the Commission, the Council of Ministers, and the European Parliament - very different, the legislative process can vary, and readings and the interest from other stakeholders can complicate the
lobbying effort. Is there a certain part of the process where it is easier for a company to gain access? Or is one of the institutions more open to input than the others? According to Bouwen (2004: 338), influence and access have a close relationship. As a heavy weight institution, the EU has multiple access points, and it is those the companies need to make use of to lobby and gain influence.

At the same time, the company has to factor in competition from organizations and other companies to gain access and be able to influence the legislative proposal. One question the company has to ask is whether it would gain a louder voice if it went together with likeminded companies in a coalition or, similarly, joined an organization to speak on its behalf? The risk is that its voice might drown among the many bigger companies’.

There are a lot of factors that affect the success of companies when lobbying the EU.

This is why I decided to work with the problem statement:

- **What is the most effective way for Novozymes to lobby at the EU level?**

Effectiveness is an ambiguous measurement. In this thesis, my research will be based on the experience of Public Affairs Manager at Novozymes, Anders Lyngaa Kristoffersen, and supported by a theoretical foundation. Assumptions will have to be made in the assessment of effectiveness to gain a general picture of successful business lobbying.

### 1.2 Method

In order to get a better understanding of lobbyism in the EU, I will describe the EU’s decision-making processes, the relationship between interest groups and the EU, and lobbying at EU level. In order to answer the problem statement, I will do a case study of the Danish company, Novozymes, and I will interview Public Affairs Manager, Anders Lyngaa Kristoffersen. The case study and qualitative interviews will provide me with a view of the practical side of lobbying based on the company’s own experience, and I will use Novozymes’ lobbying efforts on two specific policies as a basis for my analysis. I have chosen the two particular policies because Novozymes’ lobbying efforts on the policies yielded very different results. This provides useful data for the analysis of Novozymes’ lobbying efforts. I will also identify and explain relevant theories, which will be used to support the analysis. I will answer the problem statement by analyzing Novozymes’ lobbying efforts based on the available data, and this along with the theoretical framework and knowledge of the EU will enable me to make recommendations on how Novozymes could optimize its lobbying effort to become more effective in the future.

The thesis is based on several sources of information and theories which will be accounted for in the following sub-sections. I will also present my considerations and reservations regarding the different sources, in particular the two qualitative interviews, which are of great importance to the thesis.
1.2.1 Literature

The EU is a powerful, bureaucratic, supranational organization with many different aspects, and this is reflected in literature where the EU is widely studied and discussed. This thesis will therefore include a long list of different literature with theories and analyses of lobbying in the EU to ensure a broad perspective that includes all relevant angles. Most of the academic literature used in this thesis has been written in recent time in order to take into account the changes in the power of the EU institutions since the adoption of the Lisbon Treaty in 2009. The Lisbon Treaty made the Parliament a co-legislator on equal footing with the Council of Ministers, and the ordinary legislative procedure is now the most commonly used. This in turn has affected the way interest groups lobby, and should be kept in mind when using older literature to understand interest group activity in the EU.

1.2.2 Theories

My theoretical framework includes Bouwen, Olson, Guéguen, and Klüver, whose theories will be used to analyze Novozymes’ lobbying efforts.

Bouwen’s logic of access is one of the main theories in the study of interest groups specifically in the EU. It explains the relationship between the EU institutions and interest groups and their mutual dependency as information is exchanged for access.

Klüver’s theory on access goods and lobby coalitions is interesting because it expands on Bouwen’s theory by adding economic power and citizen support as access goods. She also argues that interest groups fall into one of two unofficial lobby coalitions that either lobbies for or against a proposal. The aggregate power of the unofficial lobby coalitions decides which one will be successful. This is a useful aspect in the analysis of Novozymes success and failure in the two cases.

Olson’s logic of collective action provides several useful perspectives on group dynamics, and the difference between being a member of a large and a small organization. His theory is relevant to include in the thesis as Novozymes is a member of several organizations and lobbied in a coalition during the legislative process for one of the proposals.

Guéguen advocates anticipation and early contact with lawmakers to increase the chance for interest groups to influence a proposal, which is shown the curve of legislative influence. His theory on different lobbying strategies provides a useful tool to analyze the actions of both Novozymes and other interest groups in the two cases.

1.2.3 Interviews

Novozymes has been listed on the voluntary EU lobby register since 2011. According to the register, Novozymes spent 200,000 - 299,999 € on lobby activities in the EU in 2014, and it has seven registered activities – among them the Common Agricultural Policy and Horizon2020 - as well as three registered lobbyists working in Brussels. Furthermore, Novozymes has an office in
Brussels, and is a member of several networks/organizations (Transparency Register 2015). All of these were important criteria when choosing a case company as I wanted to study a major international company that was heavily involved in lobbying the EU. This is the reason I chose Novozymes.

On January 6, 2015, I conducted a 45-minute, one-on-one interview with Public Affairs Manager at Novozymes, Anders Lyngaa Kristoffersen, to get a useful insight into the thoughts, motives, and actions behind the company’s lobbying efforts in the EU. On May 13, 2015, I conducted a 30-minute phone interview with Anders Lyngaa Kristoffersen to follow up on the previous interview and. The interviews make up the majority of the data used in the analysis as they offer the most direct view into a company’s dealings with the EU institutions and the way Novozymes lobbies to gain access to the policy-making process.

The advantage of qualitative interviews is that they provide more depth and allow the interviewer to ask follow up questions. The first interview was semi-structured, and I mainly used open-ended questions in order to get more depth from descriptive and explanatory answers and allow greater personal detail (David & Sutton 2004: 87). The second interview was less structured than the first as I wanted to go into go into more detail with specific aspects of Novozymes’ lobbying efforts. Both interviews are available on CD as appendices.

It is important to remain critical of the answers provided in the interviews. It is to be expected that a Public Affairs Manager is interested in maintaining a positive image of the company as well as of lobbyism in the EU. At the same time, Anders Lyngaa Kristoffersen has a reason to appear as neutral and objective as possible to avoid displaying possible bias. Another thing worth noting is that Anders Lyngaa Kristoffersen did not want his answers to be kept confidential. This can either indicate a reluctance to go into detail with certain parts of Novozymes’ lobbying efforts or a very high degree of transparency. Novozymes has been very open about its lobby activities in the EU due to its voluntary registration to the EU lobby register where significant details like its lobby budget and registered activities can easily be accessed by the public. This attests to the company’s transparency and willingness to discuss its lobbying efforts, and the answers in the interviews are therefore assumed to have a high degree of validity to them.

1.2.4 Thesis structure

The thesis will be divided into eight sections. I will first explain the relevant theories which will be used as a foundation for the analysis. I will then describe the EU’s legislative procedures, including the ordinary legislative procedure and informal decision-making practices in the EU. I will also explain the relationship between interest groups and the EU, and how to lobby the EU institutions and the EESC. I will then do a case study of the Danish company, Novozymes, looking at the company’s profile, its access goods in the EU, and its organization memberships. I will go into detail with the two policies that Novozymes lobbied, and then analyze Novozymes’ lobbying efforts as described by Anders Lyngaa Kristoffersen in the interviews. Based on the interviews and the theoretical framework, I will make recommendations for Novozymes future lobbying efforts. Finally, I will sum up my findings and answer the problem statement in the conclusion.
1.3 Delimitation

There are many interesting aspects of lobbyism in the EU but this thesis will mainly look at the practical side of lobbying – recommendations on how to lobby and why these recommendations are made - rather than the historical and moral aspects of lobbyism.

The focus of the thesis will be on only three EU institutions: the Commission, the European Parliament, and the Council of Ministers as these are the main legislative bodies and interact with interest groups to a greater extent than other EU institutions.

Furthermore, as the majority of policies – and the two policies that Novozymes lobbied - are adopted using the ordinary legislative procedure I have decided to only look at this procedure. I will therefore not go into detail with the other legislative procedures.

Finally, the focus of this thesis is not on lobbying on a national level. It is made clear in the interviews with Anders Lyngaa Kristoffersen that Novozymes also lobbies in Denmark parallel to its EU lobbying efforts, which will be taken into account during the analysis but not studied in detail.
2. Theories

2.1 Bouwen’s theory of access

Pieter Bouwen is one of the main theorists within the field of lobbyism in the EU. His theory of access explains how companies lobby the European Union and the different ways to get access. Wanting to study businesses’ influence - but realizing influence is hard to measure - Bouwen instead parallels influence and access, and then measures the degree of access to the different European institutions. However, he also states that access does not necessarily equal influence, but “a close relationship exists between influence and access” (Bouwen 2004: 337-338).

The EU is constructed in a way that makes it dependent on information. The Commission, the Council of Ministers, and the European Parliament are therefore interested in an exchange relationship with public and private interest groups. According to Bouwen, businesses have to supply information to one or more of the three institutions to get access to the policy-making process. This information is labeled as access goods because businesses get access in exchange for information (ibid 2004: 339-340).

Bouwen’s theory focuses on the supply and demand of three types of access goods:

**Expert knowledge (EK)** is required from the private sector specialists to understand the technical aspects of a policy area as policymakers do not always have the necessary expertise (ibid 2004: 340).

**Information about the European Encompassing Interest (IEEI)** is necessary to gain an understanding of the public and private needs of a sector within the internal market of the EU (ibid 2004: 340).

**Information about the Domestic Encompassing Interest (IDEI)** is necessary to gain an understanding of the public and private needs of a sector within the domestic market (ibid 2004: 340).

Bouwen specifies that an interest is encompassing when a group of interested parties are concerned about the same particular interest, e.g. a trade association (ibid 2004: 340).

Furthermore, private interests can organize in four different organizational forms: individual firm, European association, national association, and consultants. Each form excels at providing different access goods (see figure 1 on page 11). Companies choose their organizational form depending on their size, economic strategy, and the domestic institutional environment of the company (if the state works closely with private interests, it could affect the way companies lobby the EU). The organizational form, and its best provided access good, then affects the way companies lobby at the EU level (ibid 2004: 341-342).

As individual companies are particularly well-versed in their industry, their strongest access good is expert knowledge. Large companies can also provide information about the domestic encompassing interest or the European encompassing interest, depending on their strategy. A large company with a national strategy might be capable of providing information about the domestic encompassing interest, although as a single firm its information will be limited despite a
significant market share. The same goes for a large company with a European strategy that wants to provide information about European interests; it might be a hard sell as it is only one company in a sea of companies within the European market (ibid 2004: 343).

Trade associations are concerned with several interests because of their different members. They pass along information to the EU based on this shared interest. The information can either be on the domestic or European encompassing interest depending on whether it is a national trade association or a European one (ibid 2004: 344).

Consultants cannot provide information on the encompassing interests because they represent a particular interest group. However, if they are specialized, they can provide expert knowledge (ibid 2004: 344).

It is important to note that supply of an access good is not enough to gain access to an institution - there has to be a demand for the particular access good that the private interest can provide as well (ibid 2004: 341).

The ranking of organizational forms’ capacities to provide different access goods can be seen in figure 1 below.

<table>
<thead>
<tr>
<th>Organizational Form</th>
<th>Best provided access good</th>
<th>Ranking of capacities to provide access goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Firm</td>
<td>EK</td>
<td>&gt; IDEI</td>
</tr>
<tr>
<td>European Association</td>
<td>IEEI</td>
<td>&gt; EK</td>
</tr>
<tr>
<td>National Association</td>
<td>IDEI</td>
<td>&gt; EK</td>
</tr>
<tr>
<td>Consultant</td>
<td>EK</td>
<td></td>
</tr>
</tbody>
</table>

*Figure 1* (based on the table in Bouwen 2004: 343)

When looking at information from the demand side, the three EU institutions each demand the access good which is most critical for the fulfilment of their legislative role (ibid 2004: 345). The supply of this good will therefore provide most access.

The Commission is the initiator of legislation and needs a high degree of expertise to be able to formulate the initial proposal. According to Bouwen, the critical resource for the European Commission is expert knowledge. Due to its small size, the Commission looks to interest groups to provide the necessary information. Additionally, the Commission is the most supranational of the three institutions seeking to promote and develop European interests. Thus, information on the European encompassing interest is also an important access good (ibid 2004: 346).
When a proposal reaches the European Parliament, the Parliament has to evaluate and possibly amend it. As a supranational assembly with an interest in the common good of the EU, the Parliament demands information about the European encompassing interest to assess the proposal's influence on the internal market (Bouwen 2004: 345). At the same time, the assembly is made up of directly elected MEPs, who have an interest in reelection at the national level. Information about the domestic encompassing interest helps the MEPs to understand their constituents’ needs (ibid 2004: 346).

The Council of Ministers is made up of ministers from each member state of the EU. Together they work towards a compromise between the different national interests. In order to do so, the Council needs information about the domestic encompassing interests. Straddling both intergovernmentalism and supranationalism due to its secretariat and presidency, the Council also has an interest in information about the European encompassing interests (Bouwen 2004: 347).

This shows that as soon as a proposal leaves the Commission, the demand for expert knowledge, which is the best provided access good for individual companies, drops significantly. Klüver and Guéguen make similar claims in the following sections.

The ranking of the three EU institutions’ resource dependencies can be seen in figure 2 below.

<table>
<thead>
<tr>
<th>EU institution</th>
<th>Critical resource</th>
<th>Ranking of dependencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Parliament</td>
<td>IEEI</td>
<td>IDEI</td>
</tr>
<tr>
<td>European Commission</td>
<td>EK</td>
<td>IDEI</td>
</tr>
<tr>
<td>Council of Ministers</td>
<td>IDEI</td>
<td>EK</td>
</tr>
</tbody>
</table>

*Figure 2 (based on the table in Bouwen 2004: 345)*

Summing up his findings, Bouwen notes that individual firms have a higher degree of access to the Council of Ministers and the European Commission than to the European Parliament (Bouwen 2004: 357-358). This is consistent with the best provided access good for individual firms – expert knowledge followed by information on the domestic encompassing interest – as seen in figure 1, and the most critical resource for the European Commission and the Council – expert knowledge and information on the domestic encompassing interest respectively - as seen in figure 2.

He also finds that European associations have the highest degree of access to the European Commission seconded by the European Parliament, and very little access to the Council of Ministers (ibid 2004: 357-358). This is also consistent with figure 1 and 2, as European associations can best provide information on the European encompassing interest followed by expert knowledge as seen in figure 1, which are the two critical resources for the European Parliament and the Commission as seen in figure 2.
Bouwen also states that the difference between the access of European associations and individual firms to the European Commission is not very large (ibid 2004: 355).

Bouwen concludes that for private interests to successfully gain access to the policy-making process in the EU, they need to use a combination of different channels (ibid 2004: 359), and one way of increasing their access is by collaborating with other interest groups and organizations in the provision of access goods (ibid 2004: 360-361).

2.2 Klüver’s theory of access goods and lobby coalitions

Similar to Bouwen’s theory, Heike Klüver studies access goods as a way for interest groups to influence the European institutions. However, in addition to policy-relevant information Klüver also considers both citizen support and economic power as important access goods (Klüver 2013: 18).

Her theory takes off further from Bouwen’s as she looks at lobbying coalitions instead of individual interest groups. According to Klüver, an unofficial lobbying coalition is an aggregation of interest groups that all try to pull the policymakers in the same direction without having formed an official alliance (Klüver 2013: 54). Therefore, Klüver focuses on the aggregate influence of a lobbying coalition when looking at the lobbying effect, not the individual interest group influence (ibid 2013: 55-56).

According to Klüver, several factors affect the success of lobbying coalitions in influencing the policy-making process. The three access goods – economic power, citizen support, and policy-relevant information – are all important to gain influence (ibid 2013: 18). The success of a lobby coalition to gain influence is measured by its aggregate supply of these access goods versus the aggregate supply of the opposing coalition (ibid 2013: 56).

Citizen support and economic power are in demand by the European institutions due to the objective of MEPs and national governments in the Council be reelected (ibid 2013: 206). It is worth noting that economic power and citizen support are equally important for lobbying success during the decision-making stage (Klüver 2013: 196).

The economic power of a lobbying coalition increases with its ability to offer the European institutions the backing of an economic sector or important business players. The institutions want to avoid opposition from vital business interests, and economic power thereby increases the coalition’s chance to influence policies (ibid 2013: 49-52, 193).

Citizen support is in demand by the European institutions as it provides the institutions with electoral support and legitimizes their policies (ibid 2013: 45). The more members an interest group has, the more interesting it is to the European institutions due to its potential to mobilize a lot of voters (ibid 2013: 46).

Information is demanded by the European institutions as they need policy expertise as well as information on the preferences of major stakeholders (ibid 2013: 43). The effect of the supply of information is strongest during the policy formulation stage (ibid 2013: 186), and the more information a lobbying coalition can supply to the Commission, the better its chance to influence a proposal (Klüver 2013: 161,162).
Moreover, the complexity of the policy issue also affects the influence of interest groups. When the complexity of an issue increases, so does the influence of the interest groups that supply information, both during the policy formulation and decision-making stage (ibid 2013: 176, 187).

However, Klüver finds that the supply of information is less effective in gaining influence than citizen support during the policy formulation stage (ibid 2013: 165, 167), and less effective than both citizen support and economic power during the decision-making stage (ibid 2013: 196).

As Klüver notes: “[…] even though information is demanded by the European institutions, interest groups are most importantly a source for the support of citizens and economically powerful actors” (ibid 2013: 200-201).

Nevertheless, all three types of access goods are less effective during the decision-making stage than during policy formulation, which is why it is crucial for interest groups to provide the European institutions with access goods as early as possible to increase their chances to influence a policy proposal (ibid 2013: 156, 201). This assertion is also backed by Guéguen in the following section.

2.3 Guéguen’s curve of legislative influence

Daniel Guéguen’s curve of legislative influence shows when in the policy-making process to lobby to gain most influence:

![Figure 3: Curve of legislative influence](Guéguen 2007: 99)

According to Guéguen, if a company wishes to increase its influence on a policy, its lobbying effort should take place as early in the policy-making process as possible, preferably at the initial stage in the Commission by talking to the person in charge of the draft. At that point, there are very few actors involved and nothing has been finalized, which results in the maximum influence for the lobbying company. The company then gradually loses its influence as the proposal moves up the Commission hierarchy, reaching its minimum influence at the College of Commissioners when the proposal is to be approved, as can be seen on the curve. When the proposal has been approved
by the Commissioners and moves to its first reading by the Parliament, the company again has the opportunity to lobby as the margin for influence increases. As can be seen in the curve, a company’s influence then decreases the further in the policy-making process the proposal gets, and ceases to exist at the conciliation phase (Guéguen 2007: 99).

Guéguen also compares influence and cost. He states that anticipation is the key to gain influence: “Anticipation allows maximum influence with marginal costs. On the other hand, the more you wait, the less influence you have, and the more expensive it becomes” (ibid 2007: 100).

The relation between influence and cost can be seen in figure 4 below.

![Figure 4 Curve of legislative influence against financial cost (Guéguen 2007: 100)](image)

Figure 4 shows that it is most optimal to act as early as possible to gain the maximum amount of influence at the lowest cost. After the proposal reaches the first reading, the two curves run parallel to each other as both influence and cost drop. According to the figure, cost and influence meet between the proposal phase and the first reading. This implies that a company will benefit most from acting before the proposal goes into its first reading, but otherwise will be able to gain influence after the first reading though at a greater cost.

### 2.3.1 Lobby strategies

Guéguen recommends that lobbyists choose a lobbying strategy for every dossier they do. According to Guéguen, there are four strategic options: negative, defensive, pro-active, and reactive lobbying strategies.

Most interesting are the first three, as the reactive strategy indicates a static lobbying activity with little to no lobbying effort and therefore a lack of influence on the policy-making process (Guéguen 2007: 123).
The negative lobbying strategy focuses on opposing or trying to block a proposal. It is a common strategy in e.g. the agricultural sector. According to Guéguen, the negative lobbying strategy ought to be an exception, not a commonly used strategy, as it leads to a reputation of being a backwards-looking industry and can end up hurting a company’s credibility (ibid 2007: 119-120).

The defensive lobbying strategy is one where lobbyists try to defend a previously gained right or to oppose changes to legislation. Like the negative strategy, the defensive lobbying strategy is not successful on a long-term basis as it is bound to fail when the forces against the lobbyists’ case become too strong (ibid 2007: 120-122).

Guéguen clearly advocates the use of pro-active lobbying strategies. Common for those strategies are their involvement, result-oriented focus, and acceptance of compromise, among others. Pro-active lobbying strategies also use transversal alliances. The alliance should bring EU legislators with a ready-made consensus among its members on a proposal in order to gain influence. In line with the curve of influence, Guéguen notes that the strategies work best when they are anticipatory (ibid 2007: 123-124).

2.4 Olson’s logic of collective action

Mancur Olson’s logic of collective action focuses on group dynamics, which is a relevant aspect to include when looking at business lobbying in the EU.

At the time of Olson’s book’s release in 1965, it was assumed that a group of individuals with common interests would act on behalf of the group’s common interests, just as individuals act on behalf of their own interests (Olson 1965: 1).

Olson, however, theorized that this was not the case. In short, he stated that “rational, self-interested individuals will not act to achieve their common or group interests” (ibid 1965: 2), even if it seems logical that when a lot of individuals with the same interest form a group, they would all act to achieve their common interest.

It is important to note that Olson looked at large and small groups separately, and his theory mostly focused on the collective action problems in large groups.

The reason behind this seemingly illogical reality is that none of the members of the group have an interest in paying the cost of providing the collective good that the group has a common interest in. An individual member would prefer other members to pay the cost associated with obtaining the benefit as it is a collective good and the member would therefore still gain the benefit (ibid 1965: 21).

The explanation as to why large groups still exist is because of selective incentives. These can be positive or negative, e.g. tax reductions or membership fees respectively (Svendsen 2012: 17). The promise of tax reductions encourages members to stay in the group, and membership fees balance out the members’ tendencies to free-ride. Olson adds that although trade associations are often small, they are “able to derive still further strength because they provide some non-collective services for their members in addition to lobbying”. These services could be advisory services or technical research (Olson 1965: 145).
The theory is different when individuals gather in small groups. Due to the small number of members, the group will be more likely to obtain the collective benefit without the use of incentives than a large group. This is because the small size results in a larger share of the collective good to the individual members. One or a few members may even want to pay the whole cost of obtaining the collective good because they gain more from the collective good than what it costs to obtain it, even if they bear the cost themselves. In a large group the members gain a smaller share of the collective good and will therefore be less likely to bear the costs of obtaining it. This is why small groups are often more successful than larger groups in obtaining a collective good (Svendesen 2012: 77-79).

This is specified by Olson: “[…] the contribution that each participant will make toward achieving or improving these public goods will become smaller as the meeting becomes larger. It is for these reasons, among others, that organizations so often turn to the small group; committees, subcommittees, and small leadership groups are created, and once created they tend to play a crucial role” (Olson 1965: 53). This tendency is also evident in the European Union where committees and subcommittees make most of the groundwork for policy proposals.

Finally, Olson looks at the strength of business groups when lobbying compared to other interests. One thing that works for business interests is the division of them into “industries” which are fairly small and generally oligopolistic. These industries will usually be able to organize voluntarily to lobby (Olson 1965: 53). The small business interest groups are different from other interests such as consumers or farmers as the latter organize in large groups that are latent and will need to be mobilized (ibid 1965: 143). If the business community is looked at as a whole, it has the same organization problems as other interests as it then also constitutes a large, latent group (ibid 1965: 145-146).

2.5 Sub-conclusion

In this section, I have presented my theoretical framework, which will be used as a foundation for my analysis. Bouwen and Klüver both focus on access goods that can be provided by interest groups to gain access to the policy-making process. Whereas Bouwen focuses only on information, Klüver includes both economic power and citizen support as additional access goods. The access goods, however, can only provide interest groups with influence if the EU institutions demand them. At the same time, Klüver sees the aggregate power of one lobby coalition against another as of decisive importance to gain influence. Both theories show that interest groups increase their chances to influence a policy proposal if they act during the policy-formulation phase. This notion is supported by Guéguen whose curve of legislative influence shows that interest groups that take action as early in the policy-making phase as possible - preferably before the draft moves too high up in the Commission hierarchy - will maximize their chances to influence the proposal and at the lowest cost. Guéguen also advocates the use of pro-active lobbying strategies that allow for compromise and are result-oriented and anticipatory in order for interest groups to gain most influence.

Olson’s theory focuses on group dynamics, and he found that large groups have a harder time acting collectively than smaller groups. In order to avoid collective action problems in large groups,
a group will use incentives or break off into smaller groups. This is seen with the EU, which uses both committees and subcommittees during the policy-making process. Interest groups increase their chances of success if they gather in small groups, which for business groups mean dividing into industries to be able to organize voluntarily.
3. Legislative procedures

The European Union is made up of different institutions that work together in a complex system transcending national boundaries and governments, and including input from external actors like advisory groups and interest groups. The complex nature of these institutions has affected the way they interact with each other, especially in the legislative process.

The legislative powers of the European Union are cited in EU treaties, the most recent of which is the Lisbon Treaty from 2009. Under the treaties, the European Union has been granted several different legislative procedures depending on the policy areas. The ordinary legislative procedure, previously known as the codecision procedure, has been the main legislative procedure since 2009 (European Parliament A N/A), and will be the focus of this section.

In addition to the formal legislative procedures, the Commission, the Parliament, and the Council of Ministers have developed informal procedures to make the legislative process more efficient. I will look at both legislative procedures in the following sections.

3.1 The Ordinary Legislative Procedure

Under the ordinary legislative procedure, the European Parliament is given the same power as the Council of Ministers in a large number of policy areas, currently around 85 areas. This means the European Parliament and the Council both have to agree on a policy proposal before it can be made into law. The ordinary legislative procedure is used with the majority of the policies the Commission proposes, and thereby increases the legislative powers of the European Parliament, which has previously been confined to a more advisory role in the legislative process (Sådan arbejder EU 2014: 128-130).

The ordinary legislative procedure is divided into three formal phases: the first, second, and third reading, and a proposal can be made into law during any of the three phases (Sådan arbejder EU 2014: 132).

Legislation is almost always initiated by the Commission¹. When the Commission drafts a policy proposal that falls under the ordinary legislative procedure, the proposal is first sent to the European Parliament for its first reading (see figure 5 below).

The European Parliament either approves the proposal with a simple majority² or makes amendments, and the proposal is then sent to the Council. If the Council accepts the proposal given to them by the Parliament – with or without amendments - it becomes EU legislation (Sådan arbejder EU 2014: 132-133).

¹ The right of initiative is shared between the Commission and one quarter of the Member States in some aspects of justice and interior affairs, and member states can refer to the European Council if vital national interests are at stake.
² When the number of yes-votes are higher than the number of no-votes (European Parliament N/A)
If the Council does not agree with the Parliament’s amendments, it adopts a first reading position by qualified majority\(^3\) and states its reasons for rejecting the proposal. The Commission then states either its support of or opposition to the Council’s position in a communication. The proposal is then sent back to the European Parliament for a second reading (European Parliament N/A).

Figure 5: First reading (based on figure in Sådan arbejder EU 2014: 134)

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\(^3\) At least 55% of the Council members, comprising a minimum of 15 countries, representing at least 65% of the EU population. A blocking minority may be formed by at least four Council members (European Parliament N/A)
The second reading is limited to three months for each of the two institutions but can be extended to four. The proposal is returned to the Parliament, who now has three options. One, the Parliament can accept the Council’s changes with a simple majority and the proposal is adopted; two, the Parliament can reject the Council’s changes with an absolute majority\(^4\) and the proposal is not adopted; or three, the Parliament can amend the proposal with an absolute majority, and the proposal is sent to the Council for its second reading along with the Commission’s written opinion of the amendments. The Council can now either approve the amended proposal with a qualified majority, and it gets adopted, or the Council can reject the amendments, and the proposal then has to be sent to a Conciliation Committee within 6 weeks as part of the third reading (European Parliament N/A).

\(^4\) The majority of all members of the European Parliament, including those absent or not voting (European Parliament N/A).
During the third reading, the Conciliation Committee works to reach a compromise on the proposal. Conciliation and the third reading both have time limits of 6 weeks with a possible extension of two weeks. If the Conciliation Committee fails to reach a compromise, the proposal is not adopted. If the Committee succeeds in reaching a compromise, the joint text is sent simultaneously to the Parliament and the Council for the third and final reading. If the Parliament and the Council both approve the joint text with simple and qualified majority respectively, the proposal is adopted. If either fails to approve it, the proposal is not adopted, and the process will have to be restarted by the Commission (European Parliament N/A).

Figure 7: Third reading (based on figure in Sådan arbejder EU 2014: 136)

3.2 Informal legislative procedures

In addition to the formal legislative procedures stated in the treaties, the European institutions have developed informal procedures to make the legislation process more efficient. Tripartite meetings with representatives from the Commission, the Council, and the Parliament now commonly take place parallel to the formal legislative procedure. The format of the meetings and the representatives depends on the matter at hand (Sådan arbejder EU 2014: 138).

The meetings, known as trilogues, are created on an ad-hoc basis with the purpose of the Council and the Parliament to agree on amendments to a proposal. This is important because if the
Commission does not approve the Parliament’s amendments, the Council has to reach a unanimous agreement in order to adopt them (European Commission 2012).

Trilogues also take place bilaterally between the European Parliament rapporteur and the relevant Council working party as the two institutions try to reach a compromise. Bilateral meetings often take place in the time after the Parliament committee has decided on amendments but before they are voted on in plenary. The meetings therefore help smooth the way for the ordinary legislative procedure as an agreement can sometimes be reached before formal votes are held in the Parliament and the Council (Sådan arbejder EU 2014: 140).

Trilogues were previously used before the Conciliation phase in preparation for the third reading, but are now usually held early in the legislative process. A tripartite meeting is successful when the Council and the Parliament agree to formally adopt the proposal. By meeting early, the three institutions can take into consideration the Parliament’s and the Council’s opinions on the proposal and possibly reach an agreement even before the end of the formal first reading, known as first reading agreements. Similarly, early second reading agreements are sometimes made after the Parliament has finished its first reading but before the Council adopts its first reading position. Second reading agreements are the last option before calling in the time- and resource consuming Conciliation meetings. Tripartite agreements are especially popular because they speed up the legislative process; 81 % of tripartite agreements are the result of an informal first reading agreement between representatives from the Council and the Parliament (Sådan arbejder EU 2014: 141-144).

3.3 Sub-conclusion

The EU has several legislative procedures, but the most commonly used is the ordinary legislative procedure. This procedure makes the European Parliament a co-legislator with the Council of Ministers in the decision-making process. The legislative process starts with a proposal from the Commission and ends when both the Parliament and the Council agrees on the proposal - this can take up to 3 readings. To make the legislative process more efficient, the three institutions hold trilogues to negotiate and possibly reach a compromise before formal votes are held.
4. Lobbying the European Union

Lobbying the European Union is a complex undertaking but is a necessary activity for companies that want to have a say in the legislative process.

As the powers of the European Union have increased along with its institutional expansion, a successful lobbying effort in effect has to expand and make use of several different channels (Kelstrup et al 2012: 131).

Among these channels are three of the European institutions: the European Commission, the European Parliament, and the Council of Ministers. Also the consultative body the European Economic and Social Committee (EESC) can be used as a channel for lobbying. These four institutions will be the main focus of this section.

![Diagram of EU-level lobbying](image)

**Figure 8: Lobbying the European Union (based on Nedergaard 2013: 109)**

The focus of this thesis is on lobbying at the EU-level, but member states should also be considered as important channels as they are more or less indirectly linked with the EU, as shown in figure 8.

The European institutions each offer different access points for interest groups that want to influence legislation. As stated by Coen & Richardson “each major EU institution has over time developed specific formal and informal institutional criteria for access […]” (Coen & Richardson 2009: 7). Different criteria call for different lobby methods depending on the institution, and these will be analyzed in the following sections.
4.1 Lobbying the European Commission

Tasked with the right of initiative, the European Commission is the only institution that can propose legislation (with a few rare exceptions as mentioned previously), and it also functions as mediator between the Council and the Parliament (Sådan arbejder EU 2014: 30). The Commission is therefore an important institution for interest groups that want to gain influence as it is the only institution involved in the formulation phase of the legislative process while at the same time taking part in the decision-making stage as a mediator. Furthermore, the Commission “is eager to interact with lobbyists because it needs these contacts to acquire resources that are indispensable in order to fulfil its institutional role” (Bouwen 2009: 22). This also prompted a discussion paper that emphasized the possibility of interest groups to provide the Commission with expertise and feedback (Klüver 2013: 43).

As mentioned in the introduction, the Lisbon Treaty requires the Commission to consult with concerned parties as the European Union functions on the idea of an open dialog, and the Commission is thus a natural access point for lobbyists. Dialog and participation is made easier through the consultation process which is held when the Commission is contemplating putting forth a proposal and seeks input from external actors. Prior to a consultation, the Commission typically publishes a Green Paper on the matter to get feedback from interested groups and individuals. In some cases, a Green Paper is followed by a White Paper which contains a more detailed plan for the proposal and is more informative of the Commission’s intentions than the Green Paper which calls for participation (Sådan arbejder EU 2014: 41-42).

The Commission is made up of 28 Commissioners, one from each member state, but the institution represents the EU as a whole. The Commissioners are appointed for 5-year terms and are each responsible for a specific policy area (Sådan arbejder EU 2014: 30-33).

The Commission makes decisions collectively, and the Commissioners have no individual decision-making powers. The Commission usually works to reach a consensus, but it can also agree with a simple majority vote (European Commission A 2014).

The Commission is divided into services and departments, Directorate-Generals (DGs), which deal with different policy areas and administrative issues. Each Commissioner has a cabinet with staff members that work as political advisors who prepare the Commissioner’s meetings and help propose legislation within the Commissioner’s assigned policy area. The cabinet also has to keep the Commissioner up to date with the decisions that the Commission has to make collectively regarding other policy areas (Sådan arbejder EU 2014: 37-39).

There are 33 Directorate-Generals and over 20,000 staff members. Each DG drafts laws within its policy area(s), and is headed by a Director-General. Drafts are not made official until the College of Commissioners adopts them on a weekly meeting (European Commission B 2014). The policy areas covered by the DGs are not identical to the Commissioners’ assigned policy areas; a Commissioner’s policy area can therefore cover several DGs or a DG can cover several Commissioners’ policy areas. Interest groups should strive to stay informed about the work of the DGs in order to anticipate possible proposals.

Expert groups are another important component of the Commission and its work to draft legislation. When an idea for a proposal reaches the responsible department, an expert group is
consulted. Expert groups can be formal or informal and consist of national officials, relevant European business interests, and appointed experts (Sådan arbejder EU 2014: 45). As Tömmel (2014: 249) notes: “the Commission is often dependent on the ‘advisory’ role of interest associations and lobbyists”. Expert groups take part in the initial drafting, and although they have no legislative power, this phase is important in order to exchange views and reach a consensus, which may continue to be visible in the draft as it moves up further in the Commission (Sådan arbejder EU 2014: 46).

When lobbying the Commission, interest groups should pay special attention to expert groups as they provide a forum for initial discussion. Early contact with the European Commission is imperative for interest groups to increase their chances to influence a proposal (Bouwen 2009: 20, Guéguen 2007: 99, Klüver 2013: 156, 201). As an interest group, it would be most ideal to be invited to be part of an expert group in order to join the dialog and shape the debate. Alternatively, Guéguen proposes direct contact with the draftsperson before anything has been written down (Guéguen 2007: 99).

When the expert group has discussed the proposal, the draft is written by the relevant DG after internal hearings and possible input from external actors. The draft is sent to the cabinet of the responsible Commissioner for approval and then to the College of Commissioners (Sådan arbejder EU 2014: 46-47).

According to Guéguen’s curve of legislative influence, the margin for influence drops as the draft moves up the Commission hierarchy, and the proposal is practically impossible to change once it reaches the College of Commissioners, as seen in the figure below (Guéguen 2007: 99). The curve of legislative influence is explained in more detail in section 2.3.

Bouwen also states that “most of the lobbying that takes place in the European Commission can be situated at the level of the lower Commission officials. They constitute the large majority of civil servants in the Commission and are more easily accessible than the high officials” (Bouwen 2009: 25). Hence, though it might seem illogical, interest groups will increase their chances to influence a proposal by lobbying staff members that are low in the hierarchy instead of seeking to influence the usually more influential officials like Commissioners. Changes to the proposal are made more easily early in the process, and regular staff members provide lobbyists with better access at a smaller effort.
Also important when lobbying the Commission is Klüver’s theory, which finds that the Commission is not only interested in information but economic power and citizen support. Klüver states that interest groups “are most importantly a source of legitimacy and electoral resources for the Commission” (Klüver 2013: 176). Interest groups are therefore most likely to influence a proposal in the Commission if they belong to a lobby coalition that both has a large degree of citizen support and represents powerful economic actors (ibid 2013: 164, 167).

However, Tömmel adds that although the Commission has the right of initiative as well as additional provisions like the possibility of withdrawing a proposal during the policy-making procedure, the Commission is “constrained to the role of initiator and mediator. As such, it may influence the final outcome to a considerable degree, but not determine it” (Tömmel 2014: 125). This is why interest groups need to diversify their efforts to other European institutions as well.

4.2 Lobbying the European Parliament

Since the ratification of the Lisbon Treaty in 2009, the European Parliament has become a co-legislator under the ordinary legislative procedure on equal footing with the Council of Ministers.

The Parliament is made up of 751 members elected in the 28 member states. Seats are allocated according to the size of the member states, and Members of Parliament (MEPs) are elected for a five-year term by proportional representation in their home country. MEPs are grouped in political groups by political affiliation, though they can decide not to join a political group and be non-attached members (European Parliament B N/A). The Parliament is led by a President and 14 vice-presidents, who are elected for 2½ years at a time and are responsible for negotiations in plenary and directing the Parliament’s activities (Sådan arbejder EU 2014: 81). There are currently 7 political groups in the Parliament. The two largest and most powerful political groups are the EPP (Christian Democrats), and S&D (Socialists and Democrats), which have 221 and 191 seats respectively (European Parliament C N/A). The two political groups have over 50% of the seats in Parliament if they join forces. This results in a European Parliament that is heavily dominated by the two groups as they usually take turns as president, get the most prestigious seats in Committees, and are chosen as rapporteurs on dossiers (Sådan arbejder EU 2014: 81-87). The size of the two groups joined offer them the option of excluding the other smaller groups, significantly reducing the power of these groups in Parliament - an important point to keep in mind when lobbying MEPs.

The European Parliament is the most democratic of the three institutions as MEPs are directly elected by the citizens of the European Union, and each MEP is accountable to his/her constituents in their home country. Where the Commission represents the EU as a whole, the Parliament represents the citizens of Europe.

Lehmann notes that to a large extent, MEPs act as individuals and will therefore use interest groups in cases where there is a chance it will improve their reputation both with constituents and their national party as MEPs want to secure their reelection (Lehmann 2009: 52). Interest groups should thus be aware of the objective of MEPs to get reelected and use it when lobbying individual members in Parliament.
Due to its increasing legislative powers, the Parliament has become a more relevant target for interest groups than previously (Lehmann 2009: 39). Simultaneously, the increasing legislative powers are accompanied by a bigger workload, and the Parliament is thus just as – if not more – dependent on input from external actors during the legislative process as the Commission, which enjoys a larger staff (Kelstrup et al 2012: 137). This allows for a natural exchange between the Parliament and interest groups as input can be exchanged for access (Bouwen 2004).

The Parliament is divided into 20 standing committees, which are led by a chair, a bureau and a secretariat, and have between 25 and 71 members (European Parliament B N/A). MEPs are usually members of only one committee but they also function as substitutes for another and are often very active as substitutes. Standing committees are vital for the Parliament’s role in policy-making process as proposals are dealt with in the standing committees before presented in plenary (Sådan arbejder EU 2014: 85-89).

When the Commission makes a proposal, it is allocated to a standing committee which is responsible for making a report with possible amendments or a position to give to the plenary. The standing committee will usually choose a rapporteur that will negotiate with shadow rapporteurs from the other political groups in order to reach an agreement. The rapporteur will then make direct contact with the Council presidency and meet at a trilogue to possibly reach an agreement with the Council and get the Commission’s acceptance of the amendments before the first reading in plenary (Sådan arbejder EU 2014: 90-92).

Trilogues are important to be aware of as a lobbyist because they are a popular addition to the ordinary legislative procedure and take place behind closed doors. Lobbying efforts may be in vain if the proposal is agreed upon at a trilogue and then adopted in the Council as an A-item without further discussion. Trilogues therefore have to be taken into account when interest groups seek to influence legislation.

Standing committees, and especially rapporteurs and shadow rapporteurs, have a lot of influence on the proposal once it leaves the Commission – and as Lehmann notes: “negotiations at the committee stage offer a wide variety of venues” (Lehmann 2009: 46). These venues should be a main focus of interest groups that wish to lobby the Parliament to increase the chance of influence.

Even though the ability to influence a proposal drops after the first reading (Guéguen 2007: 99), interest groups can also lobby the European Parliament after the first reading and during the second and third readings. However, as the plenary is tightly controlled by political groups and the Parliament faces short deadlines during the second and third readings “lobbying opportunities have to be sought out swiftly and with great precision” (Lehmann 2009: 46).

Finally, Lehmann states that the Parliament is characterized by its opportunities for horse-trading, its party politics, and media attention. In order to lobby the European Parliament effectively, interest groups have to be good at networking and grasping regional and local political priorities, as well as gather in wide coalitions (Lehmann 2009: 40). Additionally, non-technical approaches are more effective at the Parliament level as the institution has a demand for information about the European and domestic interests rather than expert knowledge (Bouwen 2004: 345-346, Lehmann 2009: 40).
4.3 Lobbying the Council of Ministers

Under the ordinary legislative procedure the Council of Ministers amends and adopts legislation along with the European Parliament. The Council consists of representatives from each of the member states’ governments, usually ministers, who seek to safeguard their country’s interests and are held accountable by their governments (Sådan arbejder EU 2014: 58).

The Council of Ministers is made up of ten different councils as only ministers within the same policy areas meet, but the Council of Ministers still constitutes a single legal entity. Meetings are chaired by the minister of the member state that holds the 6-month Council presidency at the time. Voting is mainly done by qualified majority (80 % of the time), and the Council can only vote when a majority of its members is present at the meeting (Council of the European Union A 2015).

The Council of Ministers is aided in its work by two Permanent Representatives Committees, COREPER I and II, which work as preparatory bodies. COREPER consists of each country’s permanent representatives who function as their country’s ambassadors to the EU (Council of the European Union B 2015).

COREPER consists of a large amount of working parties and committees that help with the preparatory work. When a proposal is initiated by the Commission, COREPER assigns it to the relevant working party for initial examination and scrutiny. The working party negotiates an agreement or writes down the discussion points, and the proposal is then sent to COREPER for further discussion and negotiation. A proposal is sometimes sent back and forth between a working party and COREPER until all conflicts are solved and a compromise is agreed upon. If an agreement is reached, COREPER will put the proposal on the Council’s agenda as an A-item, which means it is expected to pass in the Council without further debate. If an agreement is not reached or the proposal is too politically sensitive to be settled in the preparatory bodies, it will be listed as a B-item and the ministers will discuss it at the meeting (Sådan arbejder EU 2014: 63-66, Council of the European Union C 2015).

COREPER and the working parties are without legislative powers, but are still very important for interest groups because they work out agreements and compromises for the Council to adopt. Hayes-Renshaw states that “the real work of the Council takes place at the level of the specialized working parties, an important fact to be borne in mind by those who wish to influence the outcome of Council deliberations” (Hayes-Renshaw 2009: 84).

Another venue for interest groups is the Council Presidency. The Council Presidency is held by a member state and rotates every six months. The presidency plans and chairs meetings in the Council and the preparatory bodies, and represents the Council in trilogues (Council of the European Union D 2015). The presidency’s informal meetings with the other institutions and its agenda-setting powers make it an interesting target for lobbyists. Since 2009, the presiding member state has worked closely in a trio with the two succeeding member states to set long-term goals (for an 18 month period) to ensure continuity (Council of the European Union D 2015). Interest groups therefore gain an advantage if they make contact with officials or even ministers before the start of the presidency period (Hayes-Renshaw 2009: 82).

According to Hayes-Renshaw, the Council of Ministers is the least accessible of the three decision-making institutions for several reasons (ibid 2009: 73-78).
First, it is fragmented into several configurations that make up a large number of ministers. This makes lobbying difficult as interest groups have to keep track of the positions of all 28 ministers in a configuration. At the same time, much of the Council’s work takes place in preparatory bodies that are also composed of officials from all 28 member states and the effort to monitor all relevant bodies and officials is very costly (Hayes-Renshaw 2009: 74).

Second, it has fewer permanent personnel as ministers change regularly due to elections and cabinet reshuffles. Ministers only fly in to Brussels to attend a Council meeting before flying back to attend to their duties in their home country, leaving a very short window for interest groups to contact them (Hayes-Renshaw 2009: 74-75). Hayes-Renshaw states that “effective lobbying is dependent on the building-up of mutual trust and exchange relationships over an extended period of time, but given the relatively rapid turnover of staff associated with the Council, such relationships are difficult to foster, making effective lobbying more problematic for all concerned” (ibid 2009: 75).

Third, the Council of Ministers is focused on national interests, which means each member consults with groups – often domestic - that can provide information on their country’s national interests (Hayes-Renshaw 2009: 77). Interest groups are thereby limited significantly as to which members they can lobby as they will likely have to be able to provide information on the national interest of that particular country to gain access (see also Bouwen 2004: 347). Interest groups with a national scope are more likely to initially lobby their government instead of the Council (Hayes-Renshaw 2009: 79).

In connection with the previous point, it complicates the lobbying effort further that the Council uses the qualified majority vote in the majority of cases when voting (Sådan arbejder EU 2014: 69). Interest groups that wish to influence a proposal through the Council therefore have to focus their effort towards several member states as a single member is unable to veto and therefore holds no significant voting power (Tömmel 2014: 254). It should be noted, however, that the Council in general does not hold votes but agree by consensus (Sådan arbejder EU 2014: 67).

In conclusion, the Council of Ministers is less accessible to interest groups than the Commission and the Parliament. To increase the chance of success, interest groups that wish to lobby the Council of Ministers should focus their efforts on permanent representatives and the preparatory bodies as these provide most access points and the permanence of the officials make it easier for interest groups to build a relationship with the relevant working parties (Hayes-Renshaw 2009: 74, Klüver 2013: 42).

4.4 Lobbying the European Economic and Social Committee

Although the three aforementioned European institutions are the main targets for interest groups, there is also another less known access point.

The European Economic and Social Committee (EESC) is a consultative body that consists of representatives from organizations and civil society from the member states and works as an intermediary between the EU institutions and European civil society (Westlake 2009: 129-130).
The Committee is made up of 353 members from the 28 member states which are distributed according to population size. Members are nominated by their national government and sit for five years at a time. The EESC works closely with the Commission, the Parliament, and the Council as it expresses the views of the European civil society, and it can be - and in some cases has to be - consulted by the European institutions during the decision-making process (European Economic and Social Committee N/A).

The EESC is different from the three other institutions as its members are not paid by the European Union but receive their salary from their own member state-based organization. The members are therefore more accountable to their organization than the European Union. At the same time, members are appointed instead of elected which also set them apart from party-political bodies like the European Parliament (Westlake 2009: 133).

While the EESC as a committee has no legislative power over proposals, it is still an interesting venue for interest groups. The EESC identifies possible problems and offers its opinion on legislation at an early stage in the policy-making process while still being relatively open and accessible to interest groups (Westlake 2009: 139).

However, the EESC also has its limits as an access point. Since it is unable to amend legislation, it provides a more indirect way into the legislative process. The EESC is limited to a consultative role, which means that it can write opinions and consult with the legislative bodies, but none of the institutions are obligated to act on the opinions that they receive. Interest groups ought to be aware of this possible outcome when lobbying the committee.

Nonetheless, the EESC can be a useful source of information to the institutions and has the possibility to influence a proposal in cases when it is considered a valuable partner (Westlake 2009: 128), even if it is a consultative body. The potential of the EESC should therefore not be underestimated by interest groups that wish to influence proposals.

4.5 Sub-conclusion

The EU’s fragmented structure provides interest groups with several channels and access points that can help them gain influence in the policy-making process.

The most important access point is the Commission as it is the only institution to propose legislation, which is the earliest and most open stage in the legislative process. Interest groups that want to lobby the Commission should focus their efforts on expert groups or DGs. These offer the earliest possible access point to the legislative process in which changes to a proposal are made more easily and staff members are more accessible than higher-ranking officials.

In the European Parliament, interest groups may be successful in lobbying MEPs by networking and making use of the members’ interest in reelection. However, interest groups increase their chances to influence a proposal by lobbying standing committees - especially rapporteurs and shadow rapporteurs - as they handle incoming proposals by proposing amendments or writing a report to use in plenary, and they negotiate agreements at trilogues.

The Council of Ministers is the least accessible of the three main institutions due in large part to its fragmentation, fewer permanent personnel, and its focus on national interests. Lobbyism should be
focused on the more permanent working groups and committees as they are responsible for working out agreements and compromises on proposals. As a result, permanent working groups and committees often put proposals on the Council’s meeting agenda as A-items to be adopted without further discussion. Another access point is the Council Presidency which is interesting for lobbyists because it has agenda-setting powers and negotiates with the other institutions at informal meetings. Contact should be made prior to the start of the presidency to increase the chance to have an influence on the agenda.

In addition to these three main institutions, the EESC is especially interesting as it takes part in the very beginning of the legislative process through a consultative role. As it is accessible and sends its opinions to all three European institutions, it is not to be underestimated as an access point.

The many access points in the EU show that interest groups can increase their chances to influence a proposal by diversifying their lobbying efforts into the different institutions.
5. Novozymes

When deciding on a case company, I wanted to study a large international company that was heavily involved with lobbying in Brussels, and had enough resources to lobby both on its own and as part of a coalition or through its organization memberships. I also looked for a company that was open and transparent about its lobbying activities. This is why I chose Novozymes.

Novozymes has been listed on the EU lobby register since 2011. The lobby register was launched jointly by the Commission and the European Parliament in 2011 to make the decision-making process transparent, though it is voluntary for interest groups to register. The register is available to the public and shows the activities, funds, and representatives of the registered interest groups lobbying the EU. Novozymes’ registration on the lobby register not only offers information about the company’s activities in the EU but also signals a willingness to be transparent.

5.1 Company profile

Novozymes is a large international biotech company headquartered in Bagsværd. It employs over 6200 people globally and markets over 700 biotechnology products in 130 countries. With a global market share of 48%, Novozymes is the largest producer of enzymes, and it holds over 6000 patents (Novozymes A 2015).

Novozymes’ bio solutions are used in a broad range of products that are part of a European citizen’s daily life, e.g. food and beverages, household care, as well as in highly debated industries in the EU like agriculture and bioenergy (Novozymes B 2015).

In 2014, the sales by industry were as follows:

- Household Care constituted 35%
- Food & beverages constituted 26%
- Bioenergy constituted 18%
- Agriculture & Feed constituted 14%
- Technical & Pharma constituted 7%

(Novozymes C 2015)

Household care covers laundry and dishwashing among others, e.g. enzymes that make it possible to clean at low temperatures, and food and beverages cover e.g. flavor enhancement. Agriculture is focused on how farmers can produce more to meet the growing demand, and bioenergy covers enzymes for the production of biofuel (Novozymes.com). Bioenergy is a particularly hot topic in the EU currently, and it is likely that Novozymes’ sales by this industry will increase in the future.

Figure 9 below shows that the European, Middle Eastern and African market is the biggest of Novozymes’ four markets, closely followed by North America, and figure 10 shows the development of Novozymes’ net profit from 2010 to 2014, which has been on a steady increase and reached over 2.5 billion DKK in 2014 (Novozymes E 2015). These figures attest to the significant presence of Novozymes in the European market as well as its economic strength.
Novozymes brands itself on its sustainable solutions which reduce the environmental impact of production, and it has set targets for the company’s CO2 emissions and energy consumption (Novozymes D 2015). This resonates with the European vision of a sustainable future and could provide goodwill in terms of Novozymes’ products on the European market.

### 5.2 Novozymes and the EU

Novozymes’ lobby activities in the EU are managed on a daily basis by its office in Brussels and the three registered lobbyists who work there. According to Anders Lyngaa Kristoffersen, Novozymes did a soft entry into Brussels through the use of consultancies. However, he says consultancies are less efficient than having someone stationed in Brussels who knows all the different aspects of the company – the products and the company culture – though this is also more costly (personal communication, January 6, 2015). This opinion is shared with Bouwen who states that consultants have limited capacity for providing access goods as they do not represent their own interests (2004: 344). Furthermore, Anders Lyngaa Kristoffersen notes that a manned office provides more access to the policymakers through the informal network that is established by meeting people at conferences, restaurants, bars etc., and the possibility of attending meetings at the EU institutions on short notice. Nonetheless, he also states that not all companies have the size or resources to set up an office in Brussels, and not all industries are so heavily regulated that companies need to be present on a permanent basis (personal communication, January 6, 2015).

In the EU, especially chemicals and food additives, which are among Novozymes’ interests, are under strict control. However, as Anders Lyngaa Kristoffersen notes, the EU chemicals regulation, REACH, has been applied for several years, and Novozymes is currently just monitoring it at a low priority level in case enzymes are to be labelled differently (personal communication, January 6, 2015).
In 2014 Novozymes spent 200,000-299,999 € on lobbying activities in the EU, which is a slight increase from 2013 when it ranged from 200,000-250,000 €. This might be explained by the increase in lobbying activities, which went up from three activities in 2013 to seven activities in 2014 (Transparency Register 2014, Transparency Register A 2015). In comparison, the largest chemical producer, BASF, which Anders Lyngaa Kristoffersen (personal communication, January 6, 2015) mentions as being a member of the same organization as Novozymes, spent 2.3 million € on lobbying activities in the EU in 2014 (Transparency Register B 2015). This dwarfs Novozymes otherwise significant budget, but does not take away from the fact that Novozymes is willing to set aside a large portion of money to advance its interests in the EU.

Novozymes’ activities in 2014 reflect its main industries, e.g. the Common Agricultural Policy (CAP), the Food and Feed Regulation, the Climate and Energy Policy, and Horizon 2020 (Transparency Register A 2015). The Climate and Energy Policy is a climate action framework that sets targets for reducing greenhouse gas emissions and increasing the share of renewable energy by 2020 and 2030 (European Commission I 2015). The Food and Feed regulation controls and monitors food and animal feed in the EU and aims to protect the health of animals, plants, and the environment (EUR-Lex A 2015). CAP and Horizon 2020 have both recently been agreed upon after a long legislative process and will span until 2020. CAP covers support for farmers’ incomes and the development of rural areas with sections that include environmental protection and sustainability (European Commission 2013). Horizon 2020 is a seven-year research and innovation program that aims to have the public and private sector work together to create growth and jobs by offering a total of €80 billion in funding, and it is open for everyone to apply (European Commission D N/A). Horizon 2020 is divided into program sections like Excellent Science, Industrial Leadership, and Societal Challenges, and these have further subsections, e.g. biotechnology, climate action, energy, and transport (European Commission E N/A). A common characteristic for all of the policies that Novozymes is engaged in is the elements of sustainable development and environmental protection.

According to Anders Lyngaa Kristoffersen, Novozymes’ priorities have changed over the years, and this also reflects on the amount of money they spend in Brussels. He states that the money spent on lobbying the EU should be decided upon on the basis of a cost-benefit analysis and an assessment of where the company can make an impact. Novozymes for instance spent resources during the negotiations for CAP 2014-2020, but now that is has been renewed Novozymes will not have to lobby again until 2018-19 when the EU starts preparing for the next renewal. Novozymes’ current main areas of interest in the EU are agricultural policy, bioenergy, R&D, and the discussion about GMOs (personal communication, January 6, 2015). Agricultural policy is covered by CAP, and bioenergy, R&D, and the discussion about GMOs is covered by Horizon 2020.

5.2.1 Organization memberships

There are several reasons for a company such as Novozymes to become a member of an organization.

Bouwen emphasizes the possibility of increasing the access of private interests to the EU policy-making process by collaborating with others in the provision of access goods (Bouwen 2004: 360-361). As mentioned in the theory section, the best provided access good for individual companies
is expert knowledge, which is the critical resource for the European Commission. In order for companies to gain better access to the other institutions, they can join different organizations, which are able to provide other access goods. According to Bouwen, European associations build consensus between their members and are thus able to provide information on the European encompassing interest (ibid 2004: 344). This gives their members - the companies - better access to the European Parliament as the organization can provide the Parliament with its most critical resource.

Novozymes is currently listed as a member of nine different organizations or networks on the lobby register (Transparency Register A 2015). They range from very large organizations like CEFIC (the European Chemical Industry Council); to large organizations like AISE and Europabio - which represent soap, detergent and maintenance products, and the biotech industries respectively – to medium-sized organizations like Amfep, which represents enzyme manufacturers; to small organizations like Epure, which focuses on renewable ethanol. The organizations reflect Novozymes' different interests, and the varying sizes of the organizations play a part in the way Novozymes can use them to lobby the EU. This will be analyzed below.

According to Olson’s theory of collective action, Novozymes would benefit most if it joined an organization with a small number of members. When a collective good is obtained by a small organization, the small number of members will result in each of them getting a larger share of the collective good than if it is obtained by an organization with a lot of members. Members of small organizations are thus more likely to want to pay the costs of obtaining the collective good because they know they will get a larger share than if there were more members in the organization (Olson 1965). In connection with this, Anders Lyngaa Kristoffersen notes that if Novozymes is interested in advancing a very specific product, the less likely it is that an organization will want to lobby to reach that goal since not all members’ interests are taken into account, in particular in the large organizations (personal communication, January 6, 2015).

Anders Lyngaa Kristoffersen also points out the difference between being a member of a small and a large organization:

“If you are very focused, you can send very focused messages, but then you represent fewer companies, less revenue, fewer jobs, and you have a smaller voice. So it’s a matter of finding that equilibrium between that right size – having a critical mass – on one hand, and, on the other hand, not sort of embracing everybody because then you can’t agree on anything” (personal communication, January 6, 2015).

This shows that the size of the organizations that Novozymes is a member of is important in regards to Novozymes’ objective and chosen lobbying effort. By using a large organization, Novozymes will acquire more economic power and possibly more public support as the organization represents a larger segment of the EU population. This will, according to Klüver’s theory, give the organization better access to the European institutions. The drawback is that the vested interests within the large organization will be more diverse, which in turn makes the message more "generic" (Anders Lyngaa Kristoffersen, personal communication, January 6, 2015), and not necessarily in complete accordance with the message that Novozymes wishes to send. By using a small organization, Novozymes will have less economic power and thus less access to the policymakers through its membership, but the members’ interests are likely to be more aligned and the message more on point.
However, Anders Lyngaa Kristoffersen mentions that it is his understanding that companies are members of several organizations as the use of different channels will give the company the greatest impact (personal communication, January 6, 2015), which echoes Bouwen’s theory on access (2004: 359-361). This is also reflected in the many different organizations Novozymes is a member of.

Another thing to be aware of is the possible disagreements that can arise between members of an organization, as they are also likely to increase along with the size of the organization. In a large organization covering a broad industry, the members are possibly from all over Europe and have different products and interests, and they need to agree internally in order for the organization to send a joint message. An example is the clash between the traditional and the new energy industry as oil producers find their interests at odds with companies like Novozymes that try to advance biofuels. A part of the organization membership costs are thus due to the resources that are spent on internal lobbying and meetings with the organization to agree on a message (Anders Lyngaa Kristoffersen, personal communication, January 6, 2015).

However, there are several benefits of an organization membership. According to Anders Lyngaa Kristoffersen, Novozymes’ membership of Europabio, which is a large umbrella organization for biotech industries, is useful because it is a diverse association that knows the general advantages of using biotech, and it covers all of Novozymes products. At the same time, Europabio has more access to the European institutions than Novozymes would have on its own as Europabio is often invited to participate in conferences, meet with MEPs, and talk to commissioners. The drawback is that Europabio is very broad in its representation and might not be targeted towards Novozymes’ specific interests, which makes it less efficient (Anders Lyngaa Kristoffersen, personal communication, January 6, 2015).

In order to overcome the collective action problem, as previously mentioned, organizations use incentives. The European organizations use membership fees and then lobby on behalf of their members in order to avoid situations where members are unwilling to bear the costs of obtaining a collective good. The organizations in turn have to obtain a collective good that makes it worth the membership cost for the companies. Anders Lyngaa Kristoffersen makes the pragmatic comment that the benefits of Novozymes’ memberships outweigh the costs; otherwise Novozymes would not be a member of the organizations (personal communication, January 6, 2015).

5.2.2 Novozymes' access goods

According to the theories that were explained in section 2, there are certain access goods that can be exchanged with the European Union in order to gain access to the policy-making process. It is therefore relevant to look at Novozymes' access goods in order to determine how to possibly increase Novozymes' access to the EU.

According to Bouwen, an individual company’s best provided access good is expert knowledge (Bouwen 2004: 343). Novozymes is the largest producer of enzymes in the world, and this gives it a strong access good as it is well-qualified to provide expert knowledge on this topic. The second best provided access good for individual companies is information about the domestic encompassing interest (Bouwen 2004: 340). This means Novozymes as a Danish-owned company
in theory also has the possibility of accessing the EU by providing information on the Danish encompassing interest. However, according to Anders Lyngaa Kristoffersen (personal communication, January 6, 2015), the large majority of Novozymes’ products are sold outside of Denmark, and this significantly reduces the possibility that Novozymes can access the EU through its information about Danish interests. From a European point of view, Denmark is also a small player compared to the many larger member states, so even if Novozymes were able to provide information about Danish interests, it might not be relevant information in many cases. At the same time, it is doubtful whether Novozymes has a large enough share of the European market that it can provide information on the European encompassing interest. If this is the case, Novozymes is confined to provide expert knowledge as its only access good in order to increase its chance to access the EU. According to Bouwen’s theory, individual firms have a higher degree of access to the Council of Ministers and the European Commission than to the European Parliament (Bouwen 2004: 357-358). In case Novozymes is too international to provide information on the Danish interests but not a big enough player in the EU to provide information on the European interests, Novozymes will be limited to provide expert knowledge and thus have a high degree of access to the European Commission only. On the other hand, if Novozymes manages to use its Danish origin and its international scope to provide the EU with information on both the domestic encompassing interest and especially the European encompassing interest, it might be able to get access to all three European institutions.

According to Klüver, Novozymes can also gain access by using the economic power and the citizen support of the unofficial lobby coalition it is part of (Klüver 2013: 19). It is nearly impossible to uncover the lobby coalition that Novozymes is part of as it is an unofficial alliance that consists of all the interest groups that try to pull the lawmakers in the same direction (Klüver 2013: 54). At the same time, unofficial lobby coalitions change along with the legislation that is discussed as there will be different interest groups and voices of opposition depending on the proposals. This results in different unofficial lobby coalitions from one proposal to the next.

However, as an enzyme producer, it has to be assumed that Novozymes is interested in selling its products on the European market. The company is thus likely to be part of a lobbying coalition with other large producers of biosolutions that share the same goal, for instance BASF, DSM, and Du Pont (known in Denmark as Danisco). These companies work within the same product areas as Novozymes – personal care, textiles, agriculture, food additives, and energy – and they are therefore likely to want to pull the EU legislators in the same direction in cases where the discussed legislation affects any of these areas. According to Klüver, the European institutions are more responsive to interest groups that have an impact on business investment or employment (Klüver 2013: 49). When looking at the biotech industry, one can infer from the sales and employment numbers that a coalition between biotech companies would hold a certain economic power. German BASF for instance sold for about €74 billion in 2014 and has over 113,000 employees (BASF 2015), and DSM – headquartered in the Netherlands - have annual net sales of about €10 billion with around 25,000 employees (DSM 2015). A coalition between these companies, however, is likely to be carried out through organizations that they are all members of, e.g. Amfep, the association of manufacturers & formulators of enzyme products (Amfep N/A), or as the result of a conscious decision to go together in an official coalition. By agreeing to join in a small coalition with only a few other biotech companies, Novozymes could avoid Olson’s collective action problem but at the same time carry enough economic power and citizen support due to the
added power from the large(r) biotech companies to get access to the decision-making process. A coalition with for instance German BASF and Dutch DSM would also make the companies more able to provide information on the European encompassing interest, and thus expand their capabilities beyond expert knowledge.

In an unofficial lobby coalition as described by Klüver (see page 13), interests that would be part of the coalition, as well as adversaries that make up the opposing unofficial lobby coalition, and the degree of public support and economic power of each of the two coalitions would depend on the proposed legislation, and are almost impossible to uncover.

It can also be argued that Novozymes wields a certain degree of citizen support, or at the very least faces less opposition to its products than companies that belong to the traditional energy industry. Sustainability and biofuels are high on the European agenda; the EU has set a target of having 10% of the transport fuel be from renewable sources like biofuels by 2020 (European Commission H 2015), reflecting general public opinion of wanting to go green. Novozymes’ products help reduce carbon emissions5 and Novozymes is researching the possibilities for bioenergy. This is a favorable trait in today’s political scene in comparison to fossil fuels. However, Novozymes’ citizen support is more of the indirect kind as European citizens are not likely to know which products Novozymes are behind and the extent of Novozymes’ investment in R&D, but they generally support green technologies and sustainable solutions, which are Novozymes’ main areas.

However, according to Klüver, economic power and citizen support are equally important to gain access to the EU (2013: 176). If there were to be a proposal on energy, a lobby coalition with Novozymes and other proponents of bioenergy would likely have the citizen support for sustainable energy solutions, while fossil fuel companies and other opponents of a shift to bioenergy would likely have the economic power to match it.

5.3 Sub-conclusion

This section has shown that Novozymes as a large international biotech company has several access goods to provide to the EU institutions, whether it lobbies on its own, through its memberships of European associations, or in coalitions.

As a company, Novozymes’ strongest access good is expert knowledge, which increases its chance to gain access to the Commission.

In order to be able to provide other access goods to gain access to the other EU institutions, Novozymes can use its organization memberships. An organization works as a common representative for Novozymes and the other likeminded members, and it can present more economic power and citizen support to the European institutions than if the companies lobbied individually. At the same time, organizations can provide information on the domestic or European

5 According to Novozymes, its customers reduced their carbon emissions by 52 million tons in 2013 through the use of Novozymes’ enzyme solutions (Novozymes F 2015).
encompassing interest and thereby gain access to the Council or the Parliament. The drawback, however, is that large organizations present the EU institutions with more generic and less focused messages in order to cover the diverse interests of its members. Olson’s collective action problem of the unwillingness of companies to pay the costs in large organizations seems to relate more to the costs of agreeing internally. Small organizations find it easier to send a specific message but have less economic power and citizen support.

A way to overcome these problems is to gather in small coalitions with powerful, likeminded companies in order to both attain economic power and citizen support, and still avoid Olson’s collective action problem of paying high costs.

Whether Novozymes lobbies on its own, through an organization, or in a coalition, gaining access to the EU institutions is also influenced by the aggregated power of the unofficial lobby coalition that Novozymes is part of. An unofficial lobby coalition is likely to change depending on the discussed proposal, and is nearly impossible to make out as it consists of a plethora of interest groups.

However, Novozymes’ focus on sustainability and bioenergy would appear to be a benefit in the current political climate in the EU as it might align the company’s interests with the EU’s own.
6. Novozymes’ lobbying efforts

In order to analyze how to make Novozymes’ lobbying efforts more effective, it is necessary to look at Novozymes previous lobbying efforts. Based on Novozymes’ interests and its lobby activities in recent years, I decided to focus on the public-private partnership, Bio-Based Industries, which is a program under Horizon 2020, and the Common Agricultural Policy 2014-2020. These cases offer two different approaches on how to lobby the EU and with different results. Bio-Based Industries is an interesting case because Novozymes’ lobbying efforts were mostly successful, while the Common Agricultural Policy (CAP) is interesting because Novozymes’ lobbying efforts did not result in the policy provisions that Novozymes wanted.

There are several similarities between the two policies. They are both based on funding from the European Union that interests can apply for, they are large schemes that run from the period 2014-2020, and they both include segments that focus on sustainability and green initiatives. Furthermore, both policies were adopted through the ordinary legislative procedure, which is relevant for the analysis.

However, there are also differences between the policies which make them interesting to compare. The Common Agricultural Policy has existed since 1962 and is regularly revised and renewed (European Commission C 2014). It was up for its renewal for the new timeframe from 2014-2020 when Novozymes spent resources lobbying it. Horizon 2020, on the other hand, was the result of a prompt to the Commission from the EU Heads of State and Government to gather all the EU’s research and innovation funding under one common scheme (European Commission F N/A). So CAP was already a well-established policy in the EU, while Horizon 2020 was a new initiative, and the two lobbying efforts are thus expected to be different.

6.1 Bio-Based Industries (2014-2020)

Bio-Based Industries is a public-private partnership (PPP) between the EU and the Bio-based Industries Consortium (BIC). It belongs under Horizon 2020, which was adopted in December 2013, and it started in 2014 with a 7-year timeframe to 2020.

Bio-Based Industries (BBI) covers the European bio-based industries, and seeks to reduce the dependency on fossil fuel and make Europe greener through the use of bio-based products. BBI is funded jointly by the EU and private investors, in total €3.7 billion of which the EU funds €975 million and private investments account for €2.7 billion (Bio-based Industries Joint Undertaking 2014).

Anders Lyngaa Kristoffersen remarked that “traditionally Europe has been very bad at supporting R&D activities closer to the market” but that “with Horizon2020 and with this PPP, Commission has taken a step towards what we want them to, namely to work closer with industry and become more integrated in the commercialization process of products” (personal communication, January 6, 2015).

The original proposal for Horizon 2020 dates back to 2011 (European Commission G N/A). The idea for the public-private partnership was mentioned in the very early drafts of Horizon2020, which
is when Novozymes heard about it. Novozymes had a dialog with the Commission to get an understanding of their thoughts on the partnership and what their expectations were. They then started approaching relevant stakeholders in Brussels to form a coalition on the industry-side based on how the Commission saw the partnership’s concrete implementation. The relevant stakeholders consisted of actors on the private side who had an interest in the initiative (Anders Lyngaa Kristoffersen, personal communication, January 6 & May 13, 2015). The private side of the partnership ended up including large companies, SMEs, associations, and universities, which attests to the broad private-side consensus on the proposal.

Novozymes quickly partnered up with CEPI, the Confederation of European Paper Industries, which then took active part in the lobbying effort that had been initiated by Novozymes. Abengoa - which specializes in sustainable solutions in the energy and environment sector – and DSM (see page 38) also became involved in the lobbying process. According to Anders Lyngaa Kristoffersen, Novozymes partnered up with likeminded companies because:

“In this phase where you don’t have any formal organization, it’s very optimistic, so it’s a matter of utilizing the contacts that you have (…) being a rather small company in this environment it’s always better to be together with others” (personal communication, May 13, 2015).

In 2012, the coalition of private interests was formalized with the establishment of the international association Bio-based Industries Consortium (BIC). BIC represents almost 200 members, including companies, associations and universities. Among the members are Novozymes, BASF, DSM, Abengoa, DuPont and Dong Energy. By joining the BIC, the companies have committed to invest in research and development within the areas in the Bio-Based Industries partnership. The partnership between public and private actors seeks to bridge research with the marketplace to commercialize new technologies (Bio-based Industries Consortium A 2014, Bio-based Industries Consortium B 2014).

The proposal was negotiated in a dialog between the coalition of private interests and the Commission, and the lobbying efforts were done by the lobbyists of a few dedicated companies in the coalition, Novozymes included. Most of the coalition members did not take part in the lobbying effort but paid a small fee and made their interests known internally in the coalition. According to Anders Lyngaa Kristoffersen, the lobbying effort was “[…] very practical business work; reaching out to people, understanding in which office it resides, talking to the relevant desk officers, and directors, and what have you, who have a say in this” (personal communication, May 13, 2015).

As the proposal moved further along in the legislative process and became more concrete, more stakeholders joined BIC and the private coalition grew. This resulted in an increase in influence for the coalition as more partners became interested in the final outcome. However, the enlargement of the coalition also meant that Novozymes lost some of its influence internally in the coalition as there were more interests to take into account. Still, the growth of the coalition is viewed by Anders Lyngaa Kristoffersen as a sign of success as the proposal that Novozymes had negotiated was popular with a lot of different stakeholders. When asked why Novozymes had an interest in allowing more interest groups to join the coalition - seeing as Novozymes’ own voice was drowned out to some extent - Anders Lyngaa Kristoffersen said that it is a delicate balance between gathering in a coalition that is big enough and consists of a broad spectrum of interests that it will succeed in influencing a proposal, without losing your support for the main policies of your own
company’s interest (personal communication, May 13, 2015). This echoes Olson’s theory of collective action where large coalitions face issues because companies are unwilling to pay the cost of obtaining a collective good (Olson 1965). With the PPP, however, the coalition managed to balance its size and costs – in this case the loss of influence internally to fully meet the company’s interests – as the coalition was large enough to influence the proposal but still managed to meet most of Novozymes’ interests.

The proposal was lobbied mainly in the Commission but also in the European Parliament. Later in the legislative process, the Council of Ministers also got involved. The Council agreed with the Commission, the Parliament, and the coalition of private partners that the proposal was a good idea but wanted to discuss the member states’ role in the public-private partnership. The lobbying efforts in the Council were therefore based on the disagreement on whether the member states should be in the driver’s seat as the Council wanted, or if they should take a back seat like the BIC wanted.

The Council and the coalition ended up with a compromise where representatives for the member states are consulted, but the public-private partnership is still mainly with the Commission on one side and the industry on the other (Anders Lyngaa Kristoffersen, personal communication, May 13, 2015). The possibility of the coalition to provide information on the domestic encompassing interest to the Council was therefore not relevant during this proposal as the coalition was in disagreement with the Council’s position.

Instead of providing information on the domestic encompassing interest to the Council, companies in the coalition lobbied both on the national level and in the European Parliament to still make use of their country of origin. Novozymes talked with MEPs from Denmark, and other companies talked with the MEPs from their country. According to Anders Lyngaa Kristoffersen, Novozymes was in dialog with the Danish Minister of Science and in frequent dialog with the Ministry. This contact also provided Novozymes with insights on the obstacles to the proposal as the ministry was in contact with other member states, e.g. Germany and Spain, and could relay this information to Novozymes. Furthermore, the different companies knew the stakeholders in their own countries. By lobbying on the national levels, the coalition covered “all bases, meaning all the most important member states”; it is easier to convince a national government that the proposal is in their country’s interest if it is lobbied by a company that originates from that particular country. Anders Lyngaa Kristoffersen also notes that a company is more successful in changing the Council’s position on a proposal if it works through partners from its own member state, like Novozymes lobbied the Ministry and Minister of Science in Denmark (personal communication, May 13, 2015).

This shows that the nationality of a company can clearly be used as a way to gain access to the legislative process, even for Novozymes which sells a large majority of its products outside of Denmark. The strategy of the coalition to lobby on a national level is likely to have had an effect on the final compromise that was made with the Council on the member states’ involvement. The member states’ role is stated in Article 4 and Article 11 of the Bio-based Industries Joint Undertaking where it specifies that one representative from each member state will sit in the States Representatives Group, one of BBI’s four bodies. The body is to consult, review information, and provide opinions on several aspects of the BBI, as well as act as an interface between the BBI and national and regional matters. The States Representatives Group is however stated to be an advisory group (EUR-Lex 2014). This shows how the compromise between the Council and the
private side coalition worked out so that member states are not left out of the policy but the BBI still remains largely in the hands of the BIC and the Commission.

In addition to the Council's reservations to the proposal, Novozymes and its partners also faced opposition to the format of the public-private-partnership. According to Anders Lyngaa Kristoffersen, the Commission had previous experience from PPPs with a certain classification that had not been very well-functioning. The classification of the Bio-Based Industries proposal was therefore up in the air as the Commission was hesitant about the specific type of PPP that the coalition wanted the proposal to be. In the end, the proposal turned out the way the coalition wanted despite the Commission’s misgivings. Anders Lyngaa Kristoffersen’s explanation for their success is that: “[The Commission] is a very old environment, and you make your case and they listen, and then they assess, and so it’s a matter of being convincing and making your case that this should be as we proposed it” (personal communication, May 13, 2015).

Another obstacle came from the industry side where the coalition faced opposition from the traditional chemical industry, which wanted their current, similar initiatives to be included in the proposal. This testifies to the notion that Novozymes as a biotech company with a focus on sustainability is a fairly new and innovative player, and that its entry into certain EU policy areas is possibly stirring up opposition from the “old” industries that wish to maintain status quo. This will be dealt with in more detail in the section on CAP.

At the adoption phase, the financial crisis also affected the proposal, as funding had to be cut down from the Commission’s original €1 billion contribution to €975 million. The private partners therefore had to come up with sacrifices in order to reduce the budget (Anders Lyngaa Kristoffersen, personal communication, May 13, 2015).

The opposition and obstacles that the coalition encountered at different points in the legislative process and from different interests show why it is necessary for interest groups to follow a proposal all the way through the legislative process. Even if Novozymes’ own influence on the Bio-Based Industries proposal decreased as more partners joined the coalition - and the possibility of changing the proposal as it moves further into the legislative process also made it more difficult for Novozymes to make changes to the final policy as Guéguen (2007) claims - staying in the loop made it possible for Novozymes to sort out the obstacles that arose during the process.

According to Anders Lyngaa Kristoffersen, Novozymes’ lobbying efforts started “as soon as there was information out the public sphere”, and they started their outreach to relevant stakeholders when the draft proposal came out. Novozymes participated in Commission’s public hearing and was then involved in the process all the way until the proposal’s final adoption in December 2013 (ibid 2015). Novozymes’ lobbying efforts for the PPP is summarized by Anders Lyngaa Kristoffersen: “This is hard work spanning almost several years. Lots of meetings, lots of interactions, lot of analysis, development of strategic research agenda, endless meetings with Commission and Parliament and other partners” (personal communication, May 13, 2015).

Horizon 2020 was adopted in 2013, and Anders Lyngaa Kristoffersen largely regards the Bio-Based Industries policy as a lobbying success for Novozymes. Although the policy could ideally have been more focused on Novozymes’ interests, he saw the compromise as necessary tradeoff for lobbying through a coalition in order to succeed (personal communication, May 13, 2015).

The Common Agricultural Policy (CAP) dates back to 1962 and seeks to support European farmers and improve agricultural productivity. Since 1992 CAP has also focused increasingly on sustainable development, which the latest reform of CAP reflects. The direct support to farmers is linked to a greater extent than previously with environmentally-sustainable farming methods. CAP is a massive scheme; about 40 % of the EU budget is spent on CAP, in total €58 billion in 2014. The money is divided into the three main dimensions of CAP: market support, income support for farmers, and rural development (European Commission C 2014).

On April 12, 2010 the public debate on the future of CAP was launched by the Commissioner for Agriculture and Rural Development, Dacian Cioloş, and it stayed open until June 11, 2010. The first communication - based on inputs from the public debate and inter-institutional exchanges - was presented by the Commission on November 18, 2010, and the debate was then open for stakeholders (European Commission J 2015).

This shows that the institutional work on the reform of CAP started in the early 2010, a good 4 years before the policy was meant for implementation, and also at a point in time where Novozymes was not yet settled permanently in Brussels. Novozymes did not get listed on the lobby register until the beginning of 2011, and Anders Lyngaa Kristoffersen commented that Novozymes was only just starting its presence in Brussels at the time of the CAP consultation. He also mentioned that even though Novozymes went to Brussels to lobby prior to establishing an office there, the physical representation in Brussels after setting up an office resulted in a more coordinated lobbying effort for Novozymes (personal communication, May 13, 2015).

This is likely part of the reason why Novozymes was not successful with its lobbying efforts on CAP. In a well-established scheme like CAP, which has a lot of very large interests groups and a lot of money at stake, it is even more necessary than with a new proposal to start lobbying as early as possible. Otherwise, your voice drowns in the mass of very vocal voices that seek to either keep their share of the funding or get a piece of the pie when the policy is renewed. According to Anders Lyngaa Kristoffersen the process was already fairly developed when Novozymes got involved which is why Novozymes did not get very deeply involved (personal communication, May 13, 2015).

Another point to make note of is how the lobbying effort ought to be different with an already established policy than with a new initiative. Anders Lyngaa Kristoffersen explained the difference between the two policies: “...Instead of building a supertanker from scratch and starting that off [...] this is changing the course of a super tanker – it’s a totally different process” (personal communication, May 13, 2015). Whereas Novozymes was able to help shape the framework for the Bio-Based Industries proposal after forming a coalition of interested private partners, most of CAP’s legal and political framework had already been decided on as it carried over from CAP’s many years in existence and many of the stakeholders were experienced with the process and each other. According to Anders Lyngaa Kristoffersen, Novozymes did not spend enough resources to try to change the course of CAP, and it did not engage early or heavily enough in the lobbying efforts (ibid 2015).
Furthermore, CAP is dominated by strong players. The EU farmers association, Copa, whose main lobbying activity is CAP, spent between 1,500,000 € - 1,999,999 € on lobby activities in the EU in 2013, and is a member of several groups and committees in both the Commission and the European Parliament (Transparency Register C 2015). Copa represents 60 full members from the EU Member States and 36 partner organizations such as national farmers associations (Copa Cogeca 2015). It is also worth noting that there are 12 million farmers in the EU (European Commission C 2014), who can be assumed to have an interest in the continued subsidy scheme provided by CAP. This all attests to the economic power of the strong players involved in the CAP renewal, who are likely to be in the same unofficial lobby coalition wanting to maintain status quo.

According to Anders Lyngaa Kristoffersen, the strong players that lobbied CAP are conservative in the sense that they are opposed to change (personal communication, May 13, 2015). This is supported by Guéguen, who claims that the agricultural sector is a common user of the negative lobbying strategy which seeks to block or oppose a proposal (Guéguen 2007: 119-120), and this testifies to the conservatism in the sector. In the case of CAP, however, the agricultural sector is more likely to have made use of the similar defensive lobbying strategy (Guéguen 2007: 120-121) as it wanted to defend its previously gained benefits and possibly oppose changes to the policy. Still the result is the same when new players like Novozymes enter the arena to make an attempt to change the course of CAP and is faced by a wall of opposition from the stakeholders who will benefit most by maintaining the status quo. Anders Lyngaa Kristoffersen sums up the problem of lobbying to change the CAP: “Here we need to adjust an existing subsidies scheme which farmers around Europe rely on today so changing flows of money from their pockets to others’ pockets is much harder than gaining support for a new billion initiative [like the Bio-Based Industries]” (personal communication, May 13, 2015).

The reform of CAP for the 2014-2020 timeframe was focused on the shift from product based support towards producer support and environmental considerations, and a new greening instrument was added to CAP as part of the farmers’ subsidies (European Commission 2013). Novozymes interest in the 2014-2020 reform of CAP was centered on this shift and the possibility of using the greening initiative to provide support for a biomass program (Anders Lyngaa Kristoffersen, personal communication, May 13, 2015). In practice, it could be realized by including a subsidy scheme for the production of straw, which can be used in the production of biofuels.

According to Anders Lyngaa Kristoffersen, Novozymes made an attempt to get a dialog with Copa Cogeca in order to pave the way for a support scheme for straw. Copa Cogeca was willing to listen but did not offer any suggestions on how to realize Novozymes’ proposal, and it was not “heartfelt” from the association’s side (personal communication, May 13, 2015). The lack of partners in the lobbying process is likely a part of the reason why Novozymes did not succeed. As Bouwen states, interest groups can increase their access by collaborating with others in the provision of access goods (Bouwen 2004: 360-361). It is especially beneficial to gather in a coalition when the policy is the size of CAP as a company’s voice is more likely to drown among large players like Copa Cogeca if it is not represented by a coalition or an association. In hindsight, Anders Lyngaa Kristoffersen makes a similar observation: “We shouldn’t have done this on our own, and we should have joined an alliance or created an alliance, or at least coordinated messages” (personal communication, May 13, 2015).
The Common Agricultural Policy was agreed upon on June 26, 2013 after almost two years of discussion and negotiation among the three European institutions (European Commission K 2015), and the policy did not include subsidies for straw, which Novozymes had lobbied for.

6.3 Sub-conclusion

The two policies that Novozymes lobbied were both similar and very different, and the resulting lobbying efforts and outcomes reflect the difference between them.

The public-private partnership, Bio-Based Industries, was a new initiative that Novozymes helped to shape from the beginning of the drafting phase in the Commission. In order for Novozymes to increase its influence, it formed a broad coalition with other interested private partners that turned into the Bio-based Industries Consortium. The coalition made it possible for the private side to present a joint suggestion to the Commission on the format of the proposal. Despite running into several obstacles during the legislative process, Novozymes largely views the BBI as a success. With the BBI it did not seem to be a disadvantage for Novozymes that it was a fairly new player. It can even be argued that Novozymes benefitted to some degree by representing a smaller industry that is focused on sustainability - which is of increasing interest to EU lawmakers - and is not as heavily dominated by strong established players than for instance CAP.

Novozymes also lobbied during the renewal of the Common Agricultural Policy but was unsuccessful in its attempt to get subsidies included for straws. There are several likely causes for why Novozymes did not succeed with its lobbying efforts. When the negotiations started for CAP, Novozymes had barely established its office in Brussels, and thus got off to a late start compared to the companies that were well-established and had already coordinated their lobbying efforts, possibly from their experience with past CAP renewals. Novozymes was also unable to gather in an official coalition, and despite engaging in a dialog with Copa Cogeca, Novozymes did not convince the association to support the idea for a straw subsidy scheme. This is likely because CAP is a zero-sum game where someone else would have lost money if Novozymes had been successful. The size of CAP also meant that there were many strong players with an interest in maintaining status quo. The agricultural sector is likely to have been in a coalition that had more economic power to pull the legislators in their direction than the opposing unofficial coalition that Novozymes was part of. Novozymes does not view its lobbying efforts during the CAP renewal as a success.
7. Recommendations

By comparing Novozymes’ previous lobbying efforts to the theories mentioned in section 2, it is possible to analyze how to make Novozymes’ future lobbying efforts more effective.

According to Bouwen (2004), Novozymes has to make use of its access goods in order to increase its chances to influence the Commission, the European Parliament, and the Council of Ministers during the legislative process. Novozymes’ best provided access good as a company is expert knowledge, which gives it access to the Commission – provided that the access good is in demand by the institution (Bouwen 2004: 340-341). At the same time, the Commission is the only of the three institutions that can propose legislation. When adding this to the general notion that interest groups increase the likelihood that they can influence a proposal by acting as early in the legislative process as possible because changes can be made more easily (Bouwen 2009: 20, Guéguen 2007: 99, Klüver 2013: 156, 201, Kelstrup et al 2012: 136), the best option for Novozymes when lobbying on its own is by making contact with expert groups or Directorate-Generals (DGs) in the Commission. Expert groups and DGs are the earliest possible access points in the legislative process, the staff members are more accessible than Commissioners, and Novozymes will be able to gain access by providing information on the technical aspects of a proposal (Bouwen 2009), granted that the proposal is somehow related to the use of enzymes, e.g. in the production of biofuels.

This is also supported by the two cases. In the case of the Common Agricultural Policy (CAP), Novozymes was not yet established permanently in Brussels during the early drafting phase in 2010, and its attempt to enter into the legislative process at a later point in time was largely unsuccessful. At the same time, CAP did not include provisions on the use of straw to make biofuels which made the expert knowledge that Novozymes could provide on the subject less sought after than information about other areas that were already covered by CAP. This is likely to have significantly decreased Novozymes’ access to the Commission. As the Commission sent out its proposal, the demand for expert knowledge significantly dropped as the Parliament and the Council are most interested in information on the European and domestic interests respectively (Bouwen 2004: 345). At this point, Novozymes would have been able to increase its influence by lobbying in a coalition instead of on its own in order to be able to provide the two access goods that were in demand - information on the domestic and European encompassing interest. When Novozymes did not succeed in joining with other interest groups, it realized its lobbying efforts would not be successful (Anders Lyngaa Kristoffersen, personal communication, May 13, 2015).

In the case of the Bio-Based Industries (BBI) under Horizon 2020, Novozymes was able to get access to the Commission at the early drafting phase due to its expert knowledge as a bio-based industry. This increased Novozymes’ involvement in the process. However, this is not the earliest point of access to the legislative process as Guéguen’s curve of legislative influence also shows (see page 14). According to Guéguen, Novozymes could have increased its influence by lobbying even before the early draft for BBI had been written by engaging directly with the responsible draftsperson. This could have provided Novozymes with optimal access as there are very few actors involved and nothing has been put down on paper yet (Guéguen 2007: 99).
At the early stage in the legislative process, Novozymes might also benefit from lobbying the European Economic and Social Committee (EESC), which consists of representatives from economic and social interest groups from Europe. Novozymes has not worked with EESC because it is “a matter of prioritizing your resources and efforts” (Anders Lyngaa Kristoffersen, personal communication, May 13, 2015). Although the EESC is an advisory body without legislative power, it still identifies problems, offers its opinions, and provides the institutions with information at an early time in the legislative process (Westlake 2009: 139). It is also mandatory for the Commission or the Council to consult with the EESC in certain cases (European Economic and Social Committee N/A). The EESC consequently has the potential to influence the draft of a proposal, despite its consultative role. Although Guéguen sees the EESC as largely useless for interest groups, he does advise interest groups to not ignore the EESC in cases where it can be useful for its leveraging effect on the Parliament and in some cases the Council (Guéguen 2007: 107). Therefore, Novozymes might be losing out on a more indirect lobby opportunity by not giving the EESC a try.

Once the proposal is sent out to the European Parliament and the Council, Novozymes is less likely to be able to influence the policy than at the beginning of the legislative process and costs rise (see figure 4 on page 15). At the same time, Novozymes’ best provided access good - expert knowledge - will be the least critical resource for both the European Parliament and the Council as information on the domestic and the European interests is more relevant for these institutions (see figure 2 on page 12).

At this point, Novozymes should lobby through a coalition with other interest groups to increase its chance of influencing the proposal (Guéguen 2007, Bouwen 2004). By joining with others in a coalition, Novozymes will be able to provide the institutions with the two types of access goods that it is unlikely to provide on its own: information about the European encompassing interest and the domestic encompassing interest. As previously argued, Novozymes is not a big enough player that it can provide information on the European encompassing interest, but it is too international to provide information on Danish interests. By joining in a coalition with different European partners, Novozymes is more likely to access the European Parliament as the Parliament’s most critical resource is information on European interests. The membership of a national organization could provide Novozymes with access to the Council of Ministers as the Council’s most critical resource is information on domestic interests (Bouwen 2004: 345).

When gathering in a coalition, Novozymes ought to be aware of the collective action problem that can arise in a large group. The benefits of being part of a large group should outweigh the costs. This means Novozymes should be aware if its voice drowns in the mass, and if its interests are properly represented. When comparing Olson’s theory to the experience of Novozymes on the BBI proposal, it is clear that the small size of the coalition at the beginning made it easier for Novozymes to lobby close to its own interests. This made Novozymes willing to take on the majority of the lobbying efforts. The establishment of the Bio-based Industries Consortium (BIC) as an official coalition, and the addition of more members, meant an increase in reluctance to carry the costs as the share of collective goods became smaller (Olson 1965: 53) – in this case because other interests were added. This is likely why members of the BIC have to pay a membership fee; the fee works as a selective incentive that allows members to be passive while others carry out the lobbying efforts (Svendsen 2012: 17). The lobbying efforts were then largely carried out by Novozymes and a few other members on behalf of the coalition, which seemed to have been an
effective way for Novozymes to lobby. This also follows Olson’s theory which states that large
groups often break into small groups to avoid the collective action problem (Olson 1965: 53), e.g.
in a small leadership group like the one Novozymes was part of.

Another benefit of a broad lobby coalition is the possibility of the partners to lobby using their
different nationalities. Anders Lyngaa Kristoffersen stated that companies can use their nationality
to lobby the MEPs from their country (personal communication, January 6, 2015) and that
Novozymes as a Danish company has “special access” to Danish MEPs (personal communication, May 13, 2015). This is supported by Lehmann (2009: 52) who states that MEPs use interest
groups to advance their national standing in order to be reelected in their home country. This was
also seen with the BBI where companies in the coalition used their nationalities to lobby not only
their own MEPs but also on a national level, e.g. the Minister and Ministry of Science (Anders
Lyngaa Kristoffersen, personal communication, May 13, 2015). In order to maximize its lobbying
effort in the future, Novozymes should gather in a broad coalition with interest groups of different
nationalities. The coalition will then be able to both make use of the different nationalities to lobby
on EU- and national level on an individual basis and simultaneously lobby the EU institutions
with one strong voice as a coalition. This multi-level approach also seems to have been an important
factor in the compromise that was made with the Council of Ministers in the case of the BBI.

The problem with Novozymes’ lobbying efforts during the CAP renewal, which Anders Lyngaa
Kristoffersen also identified, was the lack of partners (personal communication, May 13, 2015).
There are several likely reasons why Novozymes was unsuccessful in both finding partners and
lobbying on its own during CAP. As a newcomer, both in terms of its products and its presence in
Brussels, Novozymes entered a playing field that was dominated by a well-established coalition of
beneficiaries of the status quo. Novozymes sought partners that could help advance its interest in
straw subsidies but it did not allocate enough resources to lobby, and the dialog with Copa Cogeca
(see page 46) was fruitless (Anders Lyngaa Kristoffersen, personal communication, May 13, 2015).
This is likely due to the zero-sum nature of CAP; if Novozymes had been successful, a part of the
allocated money to CAP would shift from some farmers to others, and indirectly to Novozymes as
the straw could be turned into and sold as biofuel. By not lobbying in a coalition, Novozymes was
unable to make its voice heard over the strong players that were opposed to a new scheme.
According to Bouwen, small actors often have to rely on collective action to undertake political
action on different levels (Bouwen 2004: 342), which is evident in the case of CAP. The size of
Novozymes is inherently relative to the other actors that lobby, and in the case of CAP Novozymes
was undoubtedly a small player, which made it hard to undertake political action without partners.

Novozymes’ resources also play a vital part in this. Interest groups with enough resources to be
present in all phases of the legislative process are more prepared to handle obstacles than those
that do not (Kelstorp et al 2012: 136). As already mentioned, Novozymes spent 200,000-299,999 €
on lobbying activities in the EU in 2014 (Transparency Register A 2015). According to Anders
Lyngaa Kristoffersen, Novozymes divides its resources into the policies where it sees the best
opportunities to promote its main priorities based on an ongoing cost-benefit analysis. In the case
of CAP, Novozymes did not prioritize enough resources to gain access, and it ended up giving up
on its lobbying efforts due to an unsuccessful result (personal communication, May 13, 2015). This
is clearly a situation that should be avoided as the resources spent on the unsuccessful lobbying
efforts are wasted.
Another problem with Novozymes' lobbying efforts on CAP was that Novozymes was late in getting involved (Anders Lyngaa Kristoffersen, personal communication, May 13, 2015). Novozymes therefore likely missed out on its chance to lobby early at the formulation stage by using its expert knowledge to gain access. This made the need for a coalition even stronger as the main lobbying efforts for Novozymes are likely to have taken place at the decision-making phase, in which there is a high demand for information on the domestic and European encompassing interest (Bouwen 2004: 345).

Also important in the case of CAP is Klüver's theory on the two other access goods: economic power and citizen support. The lobbying coalition that wanted to maintain status quo, e.g. European farmers, are likely to have had stronger economic power than the unofficial coalition that Novozymes became part of as an interest group that sought to change the status quo. However, according to Klüver, citizen support is equally important as economic power for lobbying success at the decision-making phase (Klüver 2013: 196), in this case during the ordinary legislative procedure. This theory can be paired with Guéguen’s theory that the negative or defensive strategy will not be successful on a long term basis as the changing tide will at some point become too strong to fight against (Guéguen 2007: 122). Novozymes is thus likely to be in an unofficial coalition that at some point - if/when the popular demand for change becomes strong enough - will be successful in changing the status quo, despite going against the strong economic players. It is also important to understand the less tangible aspect of citizen support as it is hard to measure and more difficult to present to the EU institutions than economic power. As a company that to a large extent focuses on future technology, Novozymes is faced with strong economic actors from the traditional industry and would consequently benefit from amassing citizen support. Novozymes could do this more actively by promoting its products and vision and get publicity, particularly in the northern part of Europe where green solutions and sustainability are most popular. This would make its citizen support more tangible and at some point provide a match for the traditional industry's economic power.

As previously mentioned, the demand for expert knowledge drops significantly at the decision-making stage (Bouwen 2004). However, according to Klüver, information is the least valuable access good compared to economic power and citizen support, and the effect of information as an access good is higher at the formulation phase than at the decision-making stage (Klüver 2013: 196, 206). This means that according to theory, Novozymes will maximize its lobbying efforts by focusing on information as an access good only during the formulation phase. More important is it that Novozymes spends resources on locating partners that can increase the coalition’s aggregate economic power and citizen support during both the formulation- and decision-making phase as they are more effective access goods than information.

Klüver’s theory also talks about the two opposing unofficial lobby coalitions that interest groups are somewhat unconsciously divided into when lobbying a proposal. These in turn make the push and pull of the two unofficial coalitions on a proposal an unconscious effort. Instead, Novozymes would benefit from actively identifying the likeminded interest groups that are likely to be in an unofficial coalition with Novozymes on a proposal anyway. By forming an official coalition, they can present stronger economic power and citizen support to the institutions. This also follows the logic of Guéguen’s theory on lobby strategies, which states that an interest group can use a pro-active lobby strategy by joining in a transversal coalition, ideally take anticipatory action, and the coalition can then present the EU institutions with a ready-made consensus on the proposal (Guéguen
2007: 123-124). This seems to have been the case with the BBI where Novozymes located different types of partners – businesses, organizations, universities – and successfully offered the Commission a ready-made consensus from the private-side on bio-based industries.

At the decision-making stage, the lobbying efforts are likely to become more difficult because changes are not made as easily (Guéguen 2007: 99). When lobbying the Parliament, Novozymes could increase its influence by approaching the responsible standing committee, in particular the rapporteur and shadow rapporteurs, as this is the earliest contact at the decision-making phase. Anders Lyngaa Kristoffersen finds the reality more complex as rapporteurs are busy due to deadlines, reports, and for having to negotiate compromises. At the same time, some rapporteurs are more open to input than others. Nevertheless, he adds that it is also possible to go through the rapporteur’s political party, an ordinary MEP that knows the rapporteur, or a Danish MEP (personal communication, May 13, 2015).

According to Bouwen, individual firms have the highest degree of access to the Council, while European associations have the least degree of access (Bouwen 2004: 357-358). The way the coalition lobbied during the BBI proposal seems to support this. In order to reach a compromise with the Council, some of the coalition members lobbied individually on a national level, while coalition representatives – Novozymes, DSM, Abengoa – lobbied on behalf of the coalition at EU level (Anders Lyngaa Kristoffersen, personal communication, May 13, 2015). These multi-level lobbying efforts made it possible for the coalition to influence the Council while at the same time lobbying on the EU level. This resulted in a stronger influence for the coalition on the final proposal.

According to theory, the increasing use of trilogies can complicate interest groups' lobbying efforts as they take place behind closed doors and agreement can be reached between the three institutions informally even before the first reading (see page 23, 28). Anders Lyngaa Kristoffersen confirmed that it is a closed process, but his experience on trilogues is that: “[…] you need to work from outside, that's also possible, I mean, making sure that MEPs and member state representatives are equipped with the right ideas and perspectives moving into this” (personal communication, May 13, 2015). This again confirms that it is important for Novozymes to engage actively with the different institutions and keep track of the activities surrounding the proposal throughout the whole legislative process in order not to miss out on an opportunity to influence the lawmakers.

Although it seems like Novozymes’ focus on sustainability and new biotechnology did not help the company succeed during CAP; rather it ended up pitting the company against the “traditional” industries, it might prove a beneficial characteristic for Novozymes in the future. The current political climate in the EU is more focused on sustainability than previously, and Novozymes might at some point find its interest aligned with the EU’s. This is likely to increase Novozymes’ access to the European institutions in the future and provide a strong access good as it combines the demand for information with strong public support for sustainable solutions.

7.1 Sub-conclusion

According to the theories, there are a number of things Novozymes can do to maximize its influence during the legislative process.
For one, the theorists are in agreement that Novozymes should engage with policymakers as early in the process as possible, preferably before the first draft is written, in order to be most effective. Novozymes was unable to do this with CAP, and could have acted even earlier than it did with the BBI, which means there is potential in the future for Novozymes to be even more effective.

Second, the lobbying effort can effectively be expanded to include several channels and partners (Kelstrup et al 2012: 131 & Bouwen 2004: 359, 361), which the two cases seem to confirm. Anders Lyngaa Kristoffersen identified the lack of partners during CAP as the main reason for Novozymes’ unsuccessful attempt to influence the institutions. He also considered the broad coalition during the BBI as the reason for Novozymes’ success (personal communication, May 13, 2015). In the future, Novozymes will be most effective if it gathers in a coalition as it will then be able to provide information on the domestic and European encompassing interest along with expert knowledge, which according to Bouwen are the three most critical access goods for the EU institutions. A coalition can also present more economic power and citizen support than Novozymes would on its own, which, as argued by Klüver, provide the most access to the legislative process. Guéguen also sees transversal alliances that can provide the EU institutions with a ready-made consensus as an effective way to gain access as the coalition speaks with one strong voice, which the case of BBI seems to prove.

However, the benefits of a coalition have to outweigh the costs. In a large coalition, the joint message is likely to be more generic and not as aligned with Novozymes’ specific interests as in a small coalition. According to Olson’s theory of collective action members will also be more passive in large groups. Nevertheless, with a massive scheme like CAP, the coalition has to be large enough to be heard, which means Novozymes will have to compromise on its interests to be a member. This means Novozymes has to weigh the size of the coalition against the size of the proposal and make sure it is balanced so that the coalition has the most focused voice possible but is still big enough to be heard. A way to avoid Olson’s problem of collective action is to have a few members representing the coalition, like Novozymes did with the BBI. Member fees can make up for the other members’ tendency not to participate in the lobbying efforts and increase the economic power of the coalition.

Third, when lobbying the EU institutions, Novozymes would benefit from prioritizing contact with committees and working groups, as well as the bureaucrats closely involved with the proposal like rapporteurs from the Parliament and permanent representatives in the Council. They provide the best access to the legislative process. It is also the Parliament rapporteurs and Council working groups that meet at closed trilogues to reach an agreement, which means previous contact with them, whether directly or indirectly, could prove beneficial for Novozymes.

And fourth, Novozymes’ focus on sustainability and biotechnology seems to be both a disadvantage and an advantage. It currently pits the company against the traditional industry, but could become an important access good in the future, as supported by Guéguen and Klüver’s theories. As the institutions become more involved in realizing the vision of a sustainable EU and the interest in biofuels increases, so will Novozymes’ influence.
8. Conclusion

The focus of this thesis has been to find the most effective ways to lobby at EU level. The two policies that Novozymes was involved in were lobbied differently and with different outcomes. An analysis of these compared to the theories can give an indication of how Novozymes should lobby in the future.

The EU is built on the principle that the EU institutions need input from external actors to ensure accountability. At the same time, in order to draft and revise legislation they depend on the information from interest groups that seek to gain access. This mutual dependency is the foundation for Bouwen's theory of the exchange between the institutions' demand for information and interest groups' access goods. Part of the reason why Novozymes succeeded with the BBI is because it was able to provide all three types of access goods through a broad coalition, and therefore gain access to the legislative process in return.

Klüver talks about the aggregate power of unofficial coalitions. The two cases show that by actively seeking out the partners that would be in an unofficial coalition with Novozymes anyway, Novozymes gains an advantage. The coalition can then make a conscious effort to present the institutions with a ready-made solution. This is what Novozymes successfully did with the BBI where it located the relevant stakeholders and formed a coalition on the private side. Guéguen sees transversal alliances like this coalition, which involved many different actors, as an important part of a proactive lobby strategy.

Indeed, both cases have shown the importance of joining in a coalition when lobbying in the EU, which is supported by Bouwen, Guéguen, and Anders Lyngaa Kristoffersen's own assessment. The likely reason why CAP was not successful is because Novozymes lobbied on its own and its voice was easily drowned out by strong economic players that sought to maintain the status quo. This also seems to confirm Klüver’s theory that besides information the EU institutions are also interested in the economic power and citizen support of interest groups. Novozymes could therefore gain the upper hand in the next CAP negotiations if the citizen support for biofuels becomes stronger than the economic power of the opposing coalition. A more pro-active approach would be for Novozymes to actively promote its products and make citizens aware of the potential of sustainable solutions like biofuels. Novozymes could thereby amass citizen support to use in Brussels, especially when lobbying against the economically strong traditional industries.

The BBI also proved that it is important to follow the proposal from start to finish, which Anders Lyngaa Kristoffersen agrees with. By staying active throughout the whole legislative process, Novozymes and the coalition were able to deal with the obstacles that arose, for instance the cutback in funding at the onset of the financial crisis, which helped the coalition to prioritize what to sacrifice in the final proposal. At the beginning of a lobbying effort, Novozymes should make a cost-benefit analysis, coordinate its efforts, and prioritize its resources to avoid running into the same problems it did with CAP where it had to give up on its lobbying efforts because they were uncoordinated and underfunded.

There is a consensus among the theorists that it is most effective to lobby early in the legislative process where changes to the draft are made more easily. This is an aspect that Novozymes can improve on to lobby more effectively in the future. Novozymes was not early enough during CAP
negotiations, and could have been even earlier during the BBI than it was. Guéguen advocates anticipation, and Novozymes could increase its chance to influence a proposal in the future by keeping tabs on the DGs and working groups and acting before the first draft is written, unlike with the BBI. Anticipation is also essential at the later stages in the legislative process as readings, trilogues, and other interest groups can change the initial proposal. Novozymes should talk to the Parliament rapporteurs and permanent representatives from the Council as they are closely involved with the proposal. This is especially important if representatives from the three institutions meet at a closed trilogue. Novozymes should also lobby on multiple levels by contacting MEPs, Ministers, and relevant ministries on a national level parallel to its European lobbying efforts to maximize its influence.

It seems likely that sustainability will become more important in the EU in the years to come. The future of Novozymes' presence and importance in the EU will possibly be decided in large part by its current efforts to advance biofuels. Pro-active lobbying efforts are therefore necessary for Novozymes to stay ahead of the traditional industries. To be most effective, Novozymes should choose the policies with most potential and then ensure they have enough resources to lobby during the whole process. This thesis has provided well-founded recommendations on how to lobby more effectively in the future.
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