

**THE EUROPEANIZATION OF INTEREST REPRESENTATION: A  
STRATEGIC DECISION-MAKING ANALYSIS OF UK BUSINESS AND  
ENVIRONMENTAL INTERESTS**

By

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## ABSTRACT

The point of departure for this paper is that the European Union (EU) has affected national politics, policies and polities. This process, labelled Europeanization, has led to changes in two interconnected political dimensions. First, it has led to modifications in the relationships between state and non-state actors within the national arena. Second, it has changed the interactions between the sub-national, national and supranational actors (state and non-state). To explore these propositions the paper conducts an analysis of the interest representation patterns exhibited by non-state actors. The paper compares firms (in the telecommunications, gas and electricity sectors) and environmental groups (focused on nature conservation or biodiversity policy), both based in the United Kingdom (UK), in order to determine how, to what extent and why Europeanization has affected their interest representation behaviour. The activities displayed by the two sets of interests are compared and contrasted in terms of chosen lobbying targets (i.e. national government departments and EU institutions), routes and allies (i.e. direct contact or via intermediaries such as Euro-groups) and the timing and character of the contact. Ideas and tools drawn from management science (i.e. strategic decision making analyses) are employed to assist in deriving the causal explanations for the Europeanized patterns of behaviour. It is argued that a combination of the three strategic decision making factors (i.e. internal organizational resources, objectives (and perceived rewards) and external political environments explain the contrasting behaviour of the firms and environmental groups.

## **INTRODUCTION**

The EU, its development and operation, has been the subject of academic debate for almost as long as the polity itself has existed. For several decades International Relations (IR) scholars have rivalled one another in their efforts to 'explain' the EU. This enduring dispute, between and within the neofunctionalist and intergovernmentalist camps that comprise the IR school, had reached something of an impasse by the late 1980s. Partly as a reaction against this stalemate, in the past decade a number of researchers and authors from national and comparative politics have begun to contribute to the discussion about the EU. What distinguishes the latter from the former is their understanding of the processes in operation in the EU: the IR scholars have tended to view the EU as the product of a bottom-up mechanism in which national level factors create the supranational polity. By contrast, the 'Europeanization turn' in EU studies investigates the top-down impact of the EU on the domestic political systems.

During the 1990s, research on Europeanization gathered momentum as academics variously investigated the EU-effect on national policies, politics and polities. This paper contributes to that research exercise by examining interest representation on the part of national non-state actors and by exploring two interrelated contentions. Firstly, that the process of Europeanization has led to modifications in the relationships between state and non-state actors within national arenas. Secondly, that the interactions between state and non-state actors at the sub-national, national and supranational levels have also been altered. To explore these propositions the paper examines empirical evidence gathered about non-state actors and their relationships with other actors at both the national and EU levels. The empirical findings that provide the foundations for this paper are drawn from two sources. The first is a study (Fairbrass, 2002) of the Europeanization of business interests (i.e. individual firms), as a response to the EU's Single Market Programme and its attendant, numerous liberalization measures. The study analysed the interest representation behaviour of the firms in terms of their size, industrial sector (telecommunications, energy and insurance) and country of registration (UK and France). It also explored the interaction between the firms and policy makers at the national and the EU levels, and the relationships between the firms and intermediaries such as national and European wide trade associations. Given the constraints of this paper, the full results of the

study will not be presented here. Rather, evidence about the UK based utilities (i.e. telecommunications, gas and electricity firms) will form the focus of this paper. In addition, this paper draws on other extensive research concerned with the Europeanization of environmental policy in relation to the UK (Fairbrass and Jordan 2001a and 2001b; Jordan, 2002; Fairbrass and Jordan 2002). Again, given the constraints here and the extensive nature of the data collected, this paper will confine itself to evidence collected concerning the Europeanization of interest representation in one environmental policy area: that is, biodiversity policy and the two main directives that form the core of that policy area (the 1979 Wild Birds and 1992 Habitats Directives).

This paper focuses on the revealed behaviour of firms and environmental groups. Their chosen lobbying targets (i.e. national government departments and EU institutions), routes and allies (i.e. direct contact or via intermediaries such as Euro-groups) and the timing and character of the contact are compared and contrasted with a view to determining how, to what extent and why Europeanization has affected their behaviour. To address these questions, this paper employs some tools and ideas borrowed from management science: namely, strategic decision making. Crucially, strategic decision making (SDM) analyses provide a framework that exposes and highlights the role played by internal organizational resources, objectives, and external environments in determining the actions and strategies of organizations. As a consequence, this paper explores both cause(s) and effects of Europeanization with regard to interest representation.

The selected case study was chosen because it entails an examination of two policy sectors that are subject both to largely dissimilar conditions and forces (although they do share some common circumstances). Crucially, business and environmental interests typically possess dissimilar levels of internal resources, pursue distinct policy objectives, and face contrasting external national environments. For example, firms and the UK government have tended to share more common ground in terms of objectives than have the environmental groups and the government. UK governments of the 1980s and 1990s advocated and undertook a market liberalization programme and this coincided with the objectives of the formerly nationalized UK firms in the utilities sector. By contrast, UK based environmental groups found themselves taking

an opposing line to that of the national ministry responsible for environmental policy (i.e. the Department of the Environment (DoE)) with regard to nature conservation. Moreover, UK business interests have tended to enjoy a more privileged position (Wilson 1990:102; Grant 2000:2) in the national policy making process than have environmental groups, although the potency of the business sector should not be overestimated (Smith 1993: 136 and 152-153). By contrast, environmental groups tend to have been marginalized in UK policy-making (Cox *et al.* 1986: 184; Smith 1993: 101-103) by the existence of an agricultural policy community that centred on the National Farmers' Union (NFU) and the Ministry for Agriculture, Food and Fisheries (MAFF). These differing circumstances were expected to generate interesting variations in interest representation behaviour of the two sets of interests. However, they do share some common conditions in terms of the political environment at the EU level. Crucially, industrial and environment policies have broadly similar histories at the EU level. Whilst market regulation and competition issues did feature prominently in the founding Treaties of the EU (for example, the 1957 Treaty of Rome), neither industrial nor environmental measures were specifically included in them. Subsequently, industrial policy and environmental policy have all been significantly Europeanized. In both cases, the 1987 Single European Act played a significant part in supplying a solid legal basis to each of the policy areas and subsequent Treaties have consolidated this development.

The remainder of this paper proceeds as follows. Section 1 briefly reviews a number of analytical concepts and tools drawn from political science and management science. The subsequent section applies strategic decision making analyses with a view to examining the causes of the Europeanization of interest representation. Section 3 explores the effects of Europeanization. The paper concludes with a discussion about how, to what extent and why the interest representation of some UK non-state actors has been Europeanized.

## ANALYTICAL TOOLS AND CONCEPTS

### *Europeanization: definitions and implications*

The concept of Europeanization, which began to emerge during the 1990s, in political science literature concerned with the EU, is a contested one. Since that time, a variety of definitions have been proffered (see *inter alia* Ladrech 1994; Rometsch and Wessels 1996: 328; Borzel 1999: 575-6; Cole and Drake 2000: 26-27; Radaelli 2000: 3-4; Cowles *et al.* 2001:1; Bomberg 2002, 31-31; Buller and Gamble 2002). Disagreement arises between those authors that treat Europeanization as a 'process' and those who do not (and who regard it as a situation reached). For those scholars that perceive Europeanization to be a process, views are divided between those who approach Europeanization as a mechanism in which the EU impacts on the national, those who characterise it as a phenomenon that creates structures at the EU level, and those who regard it as an interactive, two way process. The absence of agreement, combined with the view that there is also a lack of consistent and systematic frameworks with which to account for the varying patterns of adaptation across countries and sectors (Knill and Lehmuhl 1999: 3), could make testing Europeanization problematic. Clearly, at least, there are analytical difficulties in separating 'cause' from 'effect'. For example, changes to national politics, policies and polity are likely to be the product of a variety of factors, many of which may have no link to the EU (e.g. global pressures or technological factors).

Nevertheless, the lack of a commonly accepted definition of the term Europeanization has not presented a barrier to empirical work. A number of studies have examined the impact of the EU on domestic political structures (e.g. Meny *et al.* 1996, Lesquesne 1996; Bulmer and Burch 1998). Other work has focused on particular policy areas. Those that are particularly relevant to this paper include research on industrial (e.g. Kassim and Menon 1996; V Schmidt 1996) and environmental policy (e.g. Jordan 2002; Knill and Lenschow 2001). A few studies have examined the impact of the EU on interest representation (e.g. Kohler-Koch 1994; Lehmkuhl 2000; Cowles 2001). This paper contributes to the discourse by examining the EU-effect on interest representation in one country (i.e. the UK) and comparing two policy sectors (industrial policy and environmental policy) and by applying strategic decision making concepts and tools.

This paper does not dwell on a lengthy definitional debate or an extensive literature review. Rather, the paper adopts the stance that Europeanization is ‘non-controversial’ (Borzel and Risse, 2000, 4) (i.e. that the EU has had an effect on national political systems) and selectively focuses on some of the most useful points to emerge from some of the Europeanization literature. The paper proceeds from the basis of the definition offered by one of the earliest discussions on the subject, which defined Europeanization as

“...an incremental process reorienting the direction and shape of politics to the degree that *EC political and economic dynamics become part of the organizational logic of national politics and policy-making.*” (Ladrech 1994: 69 emphasis added)

Usefully, Ladrech treats ‘organizational logic’ as a term broad enough to encompass governmental and non-governmental actors (*ibid.* 71) and, in common with the approach adopted in this paper, contends that political actors such as pressure groups respond to changes in their environment. Crucially, and specifically, Ladrech argues that Europeanization (and the attendant altered domestic organizational logic) supplies the conditions for

“new or developing behaviours and practices that are inspired by new rules and procedures emanating from the EC” (*ibid.* 72)

and that this creates

“expanded opportunities for national and subnational actors to exploit EU resources” (*ibid.* 72).

The significance of opportunities and resources had been highlighted by some earlier work on social protest movements (Kitschelt 1986). Kitschelt suggests that political opportunity structures (POS’s) comprise

“...specific configurations of resources, institutional arrangements and historical precedents for social mobilization, which facilitate the development

of protest movements in some instances and constrain them in others...[Crucially]...*political opportunity structures can influence the choice of protest strategies* and the impact of social movements on their environments.” (Kitschelt 1986:58 emphasis added)

Following the lead of Ladrech and Kitschelt, this paper argues that the process of Europeanization has fashioned an altered set of circumstances, namely political opportunity structures, intertwining the national and the EU. Further, the paper contends that firms and environmental groups in the UK have adapted their behaviour in order to benefit from the ‘newly’ created opportunities.

#### *Management Science: Strategic Decision-Making*

Management science (Luffman *et al.* 1996: 6) normally focuses on the strategic (commercial) management<sup>1</sup> of business organizations (although see Fairbrass 2002 for the application of management science ideas and tools to interest representation). Strategic management typically calls on a number of decision-making tools. For the purposes of this paper, only a few particularly pertinent ones are selected and highlighted. The basic model of the strategic management process generally comprises three main phases: strategic *analysis*; strategic *choice*; and strategy *implementation* (Johnson and Scholes 1993: 14-23). These in turn can be further broken down into their constituent parts. See Figure 1.

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The strategic analysis phase is typically carried out by combining two tools: a SWOT (Strengths, Weaknesses, Opportunities and Threats) and PEST (Political, Economic, Social and Technological) analysis. The SWOT analysis guides an organization's decision makers through a monitoring process of the opportunities and threats present in an organization's internal and external environment (Luffman *et al.*, 1996, 62-76) with a view to assessing internal strengths and weaknesses. Organizational strengths and weaknesses are generally categorized in terms of organizational structures, staffing (quantity and quality), marketing, production, and finances. The PEST analysis is used to review systematically the political, economic, social and



technological factors present in the external environment. For the purposes of this paper, external political factors provide the focal point of the analysis.

Following the completion of the strategic analysis phase, organizations make strategic choices. This amounts to the selection of a 'deliberate strategy' (i.e. planned) that is designed to achieve the organizations's selected objectives. However, depending on the nature of the external environment (i.e. the degree of stability and complexity) and the organization's ability to effectively manage its internal resources, actual behaviour (i.e. its revealed strategy) may deviate from what was planned. During implementation the organization's revealed strategy (i.e. observable behaviour) may take the form of one of three alternatives: an emergent strategy (i.e. resembles but deviates to some degree from the original plan); an opportunistic strategy (i.e. behaviour which occurs on an *ad hoc* way in response to unexpected circumstances) or an unrealised strategy (i.e. the organization fails to achieve its planned outcomes). See figure 2.

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In the case of an interest group that chooses to lobby a particular set of policy-makers (be they local, national or supranational) the revealed behaviour, ideally, should lead to securing the desired rewards (e.g. political influence). Actual outcomes may include an altered external environment (e.g. new favourable legislation) and/or revised organizational objectives, and/or a modified resource base (e.g. additional or improved knowledge). At this point the decision-making cycle begins again as the organization takes stock of its new environment, objectives and/or resources.

#### APPLYING STRATEGIC DECISION-MAKING TOOLS AND CONCEPTS: CAUSES OF EUROPEANIZATION

This paper contends that the extent to which any firm's or environmental group's revealed interest representation behaviour is Europeanized (i.e. altered to benefit from political opportunities created by the EU) is likely to be the product of three factors highlighted by the SWOT analysis: the organization's internal resources, their objectives, and the external political environment. These aspects are examined below.

### *Internal Resources*

In comparing the internal resources commanded by a sample of UK utilities firms and environmental groups, it is clear from the data that the business interests tend to be better resourced than the environmental groups, although within each sector there is some diversity. For example among the environmental groups that focus on biodiversity issues in the UK, only a handful can command substantial resources such as the Royal Society for the Protection of Birds (RSPB) and World Wide Fund for Nature (WWF).

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One study of interest groups presents aggregate data that suggests business and public interests (i.e. environmental, consumer and social/civil groups) are both capable of achieving comparable income and staffing levels (Greenwood 1997; see tables 1 and 2). When reviewing environmental group separately from other public interests it is evident that they had experienced a considerable increase in their resources during the 1980s (Rawcliffe 1992: 3), accomplishing increases in their membership base (ranging from 35%-3900%), staffing (of between 25%-900%), and income (of between 127-2470%), albeit from relatively low bases (Lowe and Goyder 1983, 33-56). Comparative data gathered by this author suggest that there are substantial disparities between the largest UK utilities firms and environmental groups (see table 3).

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As the largest UK telecommunications firm, BT, is substantially bigger than one of the major UK based environmental groups, the RSPB, when measured in terms of staff numbers and income. In 2001, BT employed over 130,000 people compared to the RSPB's 1,300 paid employees and nearly 9,000 volunteers (RSPB 2002). BT's annual turnover was over £20 billion compared to the RSPB's £47.8 million income. The better-resourced private interests can more easily afford to establish a Brussels government relations office. BT, for example, set up a Brussels office in 1989. The RSPB does not operate its own Brussels office, but works with or through other groups such as Birdlife International and the WWF, which do have a Brussels office.

(See tables 4, 5 and 6 for data about those collective groupings that operate a Brussels office and when they were established). Typically, the business sector established a Brussels presence earlier than the environmental sector: a finding that is not surprising in the light of the historical development of the EU.

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The significance of the resources available to the various telecommunications and energy firms and the environmental groups, and their ability to take advantage of the POS's (especially at the EU level) is underlined by the following interview material. One of the senior members of the BT staff, based in the Brussels government relations office commented that:

“[The] new entrants are small and do not have an office [in Brussels]. They rely on the trade association to speak [on their behalf].” (BT, 1997)

This view was confirmed by the employee of a small and medium sized enterprise (SME) in the telecommunications sector who said that:

“I do most of my EU-related work from London. [...] The firm does belong to a telecommunications trade association [which] has an office in Brussels and represents the interests of the [industry].” (Satellite Information Services, 1996)

The impact of organizational resources (i.e. size) was also apparent to UK government officials. One official made a link between size and another resource: knowledge. He observed that, “[t]he larger companies understand how the game works” (Department of Trade and Industry (DTI), European Community Research & Technological Development Unit (EC R&TDU), 1997)

Similar variations emerged among the UK environmental groups. One campaigner employed jointly by the RSPB and WWF to campaign for EU biodiversity legislation in the 1980s and 1990s, when talking about the overall approach to lobbying the EU, highlighted the significance of resources. He commented that:

“...you could take the policy battleground and probably set out a number of battle strategies that every campaign ought to follow [...] There are a number of broad targets and issues. These are the buttons you have got to hit. You decide quite how important they are and prioritise them according to the weight that they can bring to what you are trying to achieve. Your time and resources will determine which battles you get involved with...” (RSPB/WWF Joint campaigner 2000)

The RSPB considered itself (RSPB 2000) to be both “small enough to be well coordinated” but also “large enough to be an effective organisation at the national and/or European level”. In contrast, an even smaller environmental group such as the Marine Conservation Society (MCS), which in the 1980s employed about three or four members of staff, regarded itself as being “too small to lobby Brussels directly”. The MSC respondent commented that:

“...at that time [i.e. the 1980s], as a pretty small organisation, we certainly weren’t going off to the European Commission and doing things at that level...didn’t have the capacity to do that, so we were typical of an NGO that finds a piece of legislation coming out of Europe and then thinking what do we think of this. [...]We had no part in saying there should be a habitats directive in the European Union...” (Marine Conservation Society 2000).

### *Objectives*

An organization’s commercial (and other) objectives can play a major role in strategy selection. In the case of the utilities firms and the environmental groups, their chosen objectives had an impact on their interest representation behaviour in a number of ways, not least in determining their allies. For example, the UK government, telecommunications and energy sectors were in favour of market liberalisation and as a result the firms and the UK's DTI could work together. This is reflected in the comment below about government-industry partnerships.

“The UK government is pro-liberalisation and the telecoms industry is pro-liberalisation. [We] are in agreement.” (DTI, EC R &TDU, 1997)

Equally, political targets could be selected on the basis of commercial objectives. One senior member of staff in Directorate General (DG) XIII had observed that the telecoms firms that were prepared to establish direct contact with EU officials were "especially those companies who wanted to be ‘pan-European’ players.” (DG XIII, 1997)

Similarly, the importance of objectives for environmental groups is highlighted in the comments below. An RSPB officer stated that the organization “had a really strong stake” in the EU’s biodiversity policy and legislation, and wanted the “modernisation” of the overall nature conservation regime (RSPB 2000). As a result, during the 1970s, the EU’s 1979 Birds Directive was seen as “the RSPB’s top policy priority” and “substantial resources were thrown at the issue” (RSPB 2000). However, in contrast to commonality of interest shared by the UK firms and the government, the environment groups could not count on the UK government as an ally. One WWF-UK campaigner noted that the UK government

“were dragged kicking and screaming into that policy [i.e. the Habitats Directive]. [The government] did everything they could to water it down and block it. They had it foisted upon them and decided to implement it in the most minimalistic way it could.” (WWF-UK 2000)

Ultimately, the lack of sympathy between the UK government and environment groups provided the latter with a strong incentive to seek allies elsewhere: namely in the shape of the European Parliament and Commission.

#### *External Political Environment*

For the utilities firms and the environmental groups there were both political opportunities and threats in their national and EU environments. (See tables 7 and 8 for a summary).

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On balance there were probably more opportunities available to the firms than to the environmental groups. For the firms there were substantial political opportunities at both the national and the EU political levels, although it was most likely that in the EU arena that the UK utilities firms would face their strongest threats (in the form of opposition to market liberalization among some influential EU member states). These circumstances are evidenced by the comment below. One DGXII official said that the large telecommunications operators had sought to exploit EU opportunities by

“...coming to the EU centre - wanting harmonisation - wanting detailed regulations and a regulator at the European level” (DG XIII, 1997)

One of the regulated firms confirmed this perception: that the EU and its regulatory function presented significant opportunities to the UK firms.

“The decision to open the Brussels office was taken at corporate (i.e. most senior management level) level. [It was due to] the increasing influence of the European Commission - especially in telecoms.” (BT, 1997)

Clearly the UK firms were aware of the threats present at the EU level and responded accordingly. The senior government relations officer in BT's Brussels office commented that

“[BT] put a lot of effort into ETNO [the Euro-group for telecoms] because of its influence with the Commission - for ‘damage limitation’ [purposes] - as other members of ETNO [were] hostile to [market] liberalisation.” (BT, 1997)

One UK government official described the opposition to market liberalization in the electricity sector as follows:

“The negotiations [with regard to the electricity liberalisation directive] were very difficult. For two years the directive languished (1990-1992) with the European Parliament. It was far too radical for the EU. The Parliament produced over 300 amendments – the firms and the trade associations had

much interaction with the EP. Then the Commission revised the proposal – it was much watered down. The French were the most strongly opposed – formidable opponents. The negotiations really began in 1993 – they produced even more watered down proposals.” (DTI, Electricity/Nuclear Energy Division, 1997)

Another UK government official summarized opposition in the gas sector in the following way:

“[With regard to the gas liberalisation directive] the dominant lobbyists were the energy companies. They lobbied for an ‘open market’. There was a difficulty for state owned gas companies. The Germans opened competition by access to pipelines. The Dutch were quite close. The French were more cautious. [The French] wanted some competition to benefit large industrial users. The French and the Belgians were a major stumbling block [to gas liberalisation]. The Austrians and Italians were negative. The Spanish wanted liberalisation. For the French the main concern was over security of supply and their public service commitment. The French and Belgians wanted to frustrate competition.” (DTI, Oil and Gas Division, 1997)

Significantly for the utilities firms they could count on some support from consumers as indicated in the comments below:

“Progressively during the late 1980s/early 1990s, the objective was to achieve consensus among governments and operators, equipment manufacturers, and users. [They were] all agreed that action was needed. Liberalisation was favoured by all of the interested parties. The operators wanted space to operate commercially. The users wanted better, cheaper services. So did the consumers.” (DG XIII 1997)

In contrast to the range of opportunities available to the firms at both the national and EU levels, the environmental groups found that the national political arena offered a lack of opportunity (and some distinct threats). As a consequence the environmental groups were highly motivated to seek out the EU level opportunities that existed. One

campaigner commented that the WWF-UK had thought that the proposed Habitats Directive was

“very important [and saw it as] a good opportunity to get new primary legislation [in the UK]”. (WWF-UK 2000)

Brussels-based environment groups, speaking on behalf of the UK based groups, were also aware of the opportunities and threats present. One campaigner said:

“[We are] up against huge lobby groups - not just the hunters, in the case of the Birds Directive. We have to think of others like farmers. We have to think of landowners in general [and] industries. All [of] these huge interest groups [would] face problems by the implementation of the directives”. (Birdlife International 2000).

In summary, for both the UK registered utilities firms and the UK based environmental groups, their internal resources, objectives and external political environments helped to shape their selected interest representation strategies and actions. The UK firms could command greater resources than the environmental groups and were better placed to exploit EU POS's. Despite their more restricted resources, there is evidence that the UK based environmental groups did seek out EU opportunities because they had a greater incentive to do so. In the section that follows data are presented and analysed about the actual interest representation behaviour of the two sets of interests.

#### EFFECTS: EUROPEANIZED INTEREST REPRESENTATION

This section compares empirical data for the interest representation behaviour of UK firms and environmental groups. Indicators such as the selected targets, routes and allies, and the nature of their contact with targets and intermediaries for the two sets of interests are contrasted in order to establish in what ways and to what extent their interest representation has been Europeanized. See Figures 3 and 4 for a summary of the targets, routes, and allies employed by the two groups of interests. Where the



firms and environmental groups demonstrated a preference for exploiting EU political opportunity structures (e.g. targeting EU policy makers, making contact via European wide groupings or allying themselves with EU policy makers) this is treated as evidence of Europeanization

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### *Targets*

Survey and interview data suggest that the UK utilities firms and environmental groups target both national and EU policy makers. On occasions contact with EU policy makers was supplementary to interaction with national government officials. On other occasions it was preferred to contact with national officials. One DTI official had observed that

“[The] UK nuclear industry[’s] contact with Brussels has not displaced Whitehall. Direct contact with Brussels is in addition to [UK] government.”  
(DTI, Atomic Energy Unit, 1997)

A second DTI respondent commented on the telecoms sector saying that,

“There had been no change in the type of contact received from firms - no reduction in the amount of contact from individual firm - some increase. Firms may go to Brussels but it is in addition to contacting the DTI.” (DTI, EC R & TDU, 1997)

By contrast a European Commission official had noted that

“The telecoms sector [was] nationally based [but] since 1997 the ‘big operators’ [have started] stepping over the national regulators [and are coming direct to the Commission].” (DGXIII 1997)

One environmental campaigner reported that there tended to be an

"ebb and flow [of interaction, with the] national government and the Commission [largely determined by the policy cycle]". (MCS 2000)

One of the campaigners for the RSPB and WWF confirmed that contact with national officials was extremely important, as were their relationships with EU institutions. See Figure 4.

“My intention was to ensure that I did not neglect any of the targets or routes [neither national nor EU]. To do so might incur the risk of defeat or opposition” (RSPB/WWF Joint Campaigner 2000).

Clearly, in choosing targets the UK utilities firms were selective and purposeful. Within the UK government contact was successfully sought primarily with the DTI, owing to its role as one of the key negotiating departments for the 1992/Single Market Programme and the attendant market liberalization measures. Other secondary targets included, *inter alia*, the Cabinet Office and the DoE. The former was important because of its responsibility for Competitiveness Policy and the latter was especially important for the energy sector firms. In addition, for the telecommunications, gas and electricity firms, contact with the UK regulatory bodies (e.g. Office of Telecommunications (OFTEL), the Office of Gas Supply and the Office of Electricity Regulation (OFFER)) was also vital.

A similarly selective process was in operation among the firms in relation to EU level targets. A government relations officer for BT commented that “[BT's] focus is on DG XIII and IV.” (BT, 1997). An energy sector respondent similarly remarked that contact is focused on particular DGs. The interviewee stated that:

“With regard to the Commission, we target DGVXII and IV. DGXI is less important and, so too, DGXII” (Centrica, 1997)

UK firms tended to place more emphasis on contact with the Commission than the European Parliament (EP). One respondent admitted that:

“[BT] has less frequent contact with Members of the EP (MEPs) than the European Commission - maybe monthly.” (BT, 1997)

One MEP, who was first elected in 1979 to the European Parliament, had noted that:

“In the beginning individual firms and trade associations didn’t take much notice of the EP – [this] cost them as a platform form propaganda – the Greens are very good at propaganda. The traditional attitude is to talk to the Commission and the Council – to ignore the EP.” (MEP R &TD /Energy Committees 1997)

The UK firms were as selective in their targeting within the European Parliament as in their targeting of other bodies. For example, individual MEPs were picked out for their personal interests and their membership of particular Committees.

"Selected individuals are contacted informally, especially British MEPs. BT is focused on a core of 12 to 15 MEPs. They have been selected for their interests and committee membership.” (BT, 1997)

The MEPs themselves were aware of the process in operation. One MEP observed that:

“Individual companies and trade associations will have very specific requests. [They] will find out about the voting patterns of an MEP and have a hit list. [The firms] try to get contact with rapporteur. This is a highly influential route. Giving briefing papers to MEPs in the Strasbourg sessions is too late, but is a ‘topping off’ process, having already established a solid relationship with MEPs.” (MEP Research & Technological Development (R & TD) and Energy Committees, 1997)

Another respondent commented that:

“The companies had feelers out everywhere – they were very politically tuned in. The companies had learnt very quickly about the political machinery - they had good contacts with the European Parliament – mostly British MEPs on

relevant committees. They cultivated contacts – because of the co-decision procedure. Both the firms and the trade associations worked on the MEPs. The Commission has lost some power and companies recognise the power of the Council of Ministers and the European Parliament. The electricity directive came under co-decision – hence the emphasis on the European Parliament.” (DTI, Electricity/Nuclear Energy Division, 1997).

In common with the UK utilities firms, the environmental groups also prioritised their targets. At the national level (within the UK Government), the DoE was seen as the most important target (WWF-UK 2000; MSC 2000; RSPB 2000), although access was also sought to (and not denied by) MAFF, the DTI, and the territorial offices within the UK, such as the Scottish Office. Environmental groups sought access to national officials because they recognised the value of the latter as important determinants of EU policy (particularly at the policy decision stage of the policy cycle in the Council of Ministers) (see Table 9).

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In common with the UK firms, the environmental groups also prioritised their activities in relation to EU level institutions and tended to devote most effort to establishing and maintaining relations with the European Commission. Within the Commission, DG XI was the most sought after target (RSPB 2000), although some resources were also expended in developing relations with the DGs responsible for agriculture, fisheries, transport, the EU budget and regional policy (Birdlife International 2000). Amongst the other EU institutions, the groups selectively sought access to particular MEPs within the European Parliament. The groups tended to focus on those MEPs who had shown a personal commitment to environmental issues or who played a significant role of the European Parliament’s Environment Committee (WWF-UK 2000; RSPB/WWF Joint Campaigner 2000; Birdlife International 2000). The environmental groups (RSPB/WWF Joint Campaigner 2000) placed less value on contact with the Economic and Social Committee (EcoSoc).

For several of the environmental groups, access (albeit indirect access) to the European Court of Justice (ECJ) has played an extremely important role in shaping

EU biodiversity policy. A range of groups supported the Commission or UK courts in legal action against member states (the UK included) that had failed to comply with the Birds and Habitats Directives. For the RSPB for example, the decision to pursue legal action against the UK and other EU member state governments, via the ECJ, was a “strategic decision” (RSPB 2000), taken at the Board level, because of the degree of commitment of resources required by such an action. This approach was seen by the respondent as part of a long term strategy in which,

“as the directives mature then the main centre will be focused on the law and the courts... [in order] to create new bridgeheads” (RSPB 2000).

In effect, a ‘cost-benefit analysis’ was conducted before the RSPB had recourse to the ECJ. This was partly because the group anticipated an adverse reaction from member state governments. In the event there was a backlash (i.e. the UK Government’s vigorous campaign to dilute the 1992 Habitats Directive) after the *Leybucht Dykes*<sup>ii</sup> ruling (RSPB 2000). Similarly, the WWF also made a calculated decision to exploit legal channels, via EU institutions, against the UK Government. This action was described in the following terms,

“We do, very often, consciously think about what we do [...] every time we [make] a complaint [...] about a particular site or about transposition. We know that we want the Commission to put pressure on the UK government [because] they [the Commission] weren’t in a position, without the information, to do anything about it” (WWF-UK 2000).

#### *Timing and quality of Contact*

Survey data (see Tables 10 and 11) indicate that the UK utilities firms tend to have more frequent contact with national officials than with EU level policy makers but interview evidence suggests that contact with both sets of policy makers is shaped by the policy cycle.

-----insert tables 10 and 11-----

For well-resourced UK firms in the telecommunications and energy sectors, contact with the Commission can be as frequent as with national officials. For example, the BT office in Brussels described its contact with the European Commission as

“...daily, [ranging] from formal written papers to informal ‘chats’, at all levels from Commissioner down to lower DG staff. [They tend] to match the level (i.e. Chief Executive Officer meets Commissioner). (BT, 1997)

Similarly, staff in Centrica's Brussels office commented that their contact with the Commission tended

“...to match staff [i.e. same level of seniority]. There is contact with the Commissioner, the Director General, and the Head of Section or Division. [It] can be weekly. [It] can be two-way. There is a range of activities – including letters, papers, lunch and telephone calls. Both initiate. (Centrica, 1997)

Contact between the utilities firms and EU policy makers tended to intensify during periods when market liberalisation directives were being negotiated. One of the government relations managers of Centrica commented that contact became

“more intensive [with the Commission] because of liberalisation negotiations.” (Centrica, 1997)

BT government relations staff made similar comments:

“There has been a development in the level of [our] contact with the Commission. Before the 1987 Green Paper [concerning the liberalization of the telecommunications market] there was little exchange - since then a major change - increased frequency.” (BT, 1997)

This pattern of contact was confirmed by a Commission staff member who observed that:

“The density of contact from firms depends on the actions in DGXIII – when a directive or a proposal is on the table, then there is greater lobbying activity.” (DGXIII, 1997)

Within the national arena, contact with state bodies also tended to be determined by the policy cycle. For example, one DTI official commented that

“The DTI is more likely to be heavily involved and a target for pressure groups [at an early stage of the policy process]. OFTEL [the telecommunications regulatory body in the UK] is more heavily involved during implementation.” (DTI Domestic Policy-Telecommunications 1997).

It is also evident from the interviews conducted with the environmental groups and the policy-makers that the policy making cycle's peaks and troughs had an impact on the groups' interest representation activities. The actual pattern of activities tended to reflect the importance of the policy phases (i.e. policy stage would determine access target and the need for contact).

“[It was] very important to try to get in on the process at the very beginning – if you can find out that it is going on – since directives are very difficult to undo. DGXI was the main target. Once [the Habitats Directive] had been agreed, then the main focus of activity returned to the national level because of transposition [and] implementation. The Commission is currently being targeted because of [its] key role in the *Natura 2000* sites moderation process. It is likely that focus will shift back again once the member states have to undertake the reporting part of the process”. (MSC 2000).

### *Routes*

Earlier academic research suggests that interests groups and individual firms will choose to use one or more of three potential routes to gain access to EU level policy-makers: the ‘direct’ route; the ‘national’ route; and the ‘European’ route (see Grant 1989; Bennett 1997 and 1999; Fairbrass 2002). The UK utilities firms exploited a number of conduits to make contact with EU policy makers. The survey data suggest that the larger firms such as the major telecoms operators and gas producers preferred

to make direct contact (i.e. choosing not to make representations via an intermediary) but almost equally important was the use of trade associations at the national and EU level and the national government officials. See table 12 and the observations below.

-----Insert table 12-----

The use of the Brussels office to lever the national government reflects the significance of regulation arising at the supranational level. One interviewee stated that

“The Brussels office was established in 1992...It handled a number of issues – for example, liberalisation, VAT on fuel, tax on energy, waste, and appliance regulation. Some issues are long term and need alliances with trade associations and other firms. There is always the danger of missing issues – you find out too late. There is so much law. You need to watch out. Sometimes [she] would even lever the UK from Brussels – particularly as the EU was delaying competition and the UK wanted to accelerate it.” (Centrica, 1997)

One MEP noted that:

“Big players do it [lobbying] both ways – via direct contact and via trade associations.” (MEP Energy Committee 1997)

and a Commission official recognized that:

“BT comes direct to the Commission. BT uses the DTI when it suits them.” (DGXIII, 1997)

The empirical evidence shows that the UK based environmental groups also sought and gained access to EU level policy-makers via one or more of three potential conduits. They had established direct contact with EU officials, placed some reliance on lobbying via the national executive, and operated via European groupings. There is evidence that smaller UK based groups, which are relatively poorly resourced, such



as the MSC have worked to influence biodiversity policy via a wider UK grouping, namely Wildlife and Countryside Link (MSC 2000). At the national-EU level interface, there were ample examples of national groups co-operating to access EU policy-makers, to shape EU policy. The RSPB worked with and through the Brussels-based Birdlife International. The RSPB was also part of a more heterogeneous grouping lobbying for biodiversity protection that included the Council for the Protection of Rural England (CPRE), WWF, and Wildlife Trust (RSPB/WWF Joint Campaigner 2000). WWF's Brussels offices host the European Habitats Forum, which is another example of a wider grouping. It is clear that environmental groups have been able to work collectively despite having a variety of aims and approaches (RSPB/WWF Joint Campaigner 2000). The groups are careful not to undermine each other and will actively support one another where they are able to do so. For example, WWF supported the Greenpeace action in the UK High Court in 1999 (WWF-UK 2000).

### *Allies*

One feature that distinguishes the firms from the environmental groups was their contrasting use of alliances. Since the firms and the UK government had shared objectives with respect to market liberalization they were able to ally themselves. By contrast, the UK based environmental groups and the UK government held different policy positions and the environmental groups therefore tended to seek out other partners, such the European Commission or other environmental groups (especially those with a Brussels base). This pattern is revealed in the data below.

One of the largest UK based energy players described their relationship with the British government in the following terms:

“Generally, there is frequent contact [with Her Majesty's Government (HMG)]. [...]There is a close alignment between HMG and Centrica.”  
(Centrica, 1997)

There is evidence that the environmental groups were also able to establish close relations with the Commission and the European Parliament, particularly at early stages of the policy cycle in relation to the 1979 Birds and the 1992 Habitats

Directives. Early contact was crucial to the policy development. Alliances with individuals in both institutions were thought by the environmental groups to be highly influential in policy development as indicated below:

“Without those two [i.e. a senior member of staff in DGXI and the Commissioner for DGXI] the [Habitats] Directive would not have got off the blocks.” (RSPB/WWF Joint Campaigner 2000).

and

“My suspicion is that the Commission probably wouldn’t have taken this [i.e. the Habitats Directive] forward – if it hadn’t been for pressure from the NGO movement outside plus a willing, dedicated, enthusiastic MEP.” (RSPB/WWF Joint Campaigner 2000).

## CONCLUSIONS

Outwardly, at least, the evidence would seem to suggest a number of similarities between the UK registered firms and the UK based environmental groups. The interest representation of both sets of actors has been Europeanized. That is, relations between them and state actors in the national arena had been affected by extension of EU competence in their policy area (i.e. industrial/macro-economic management and environmental policy). Similarly, the relations between the national actors and the EU actors had been affected. However, some important differences emerge when the following questions are addressed. How, to what extent and why has there been a Europeanization of interest representation behaviour among UK utilities firms and UK environmental groups?

Both sets of interests have been Europeanized in as far they exploit ‘new’ or additional EU-level political opportunities. The firms and the environmental groups both established direct relations with the European Commission and Parliament, although there is evidence that the firms were better placed to make direct contact with EU level policy makers than the nature conservation groups. The firms and the environmental groups both worked with or through Brussels-based and/or European-wide interest groupings to supplement and support their direct contact with EU level

policy makers, although it was the environmental groups that placed greater emphasis on this routing than the firms. In attempting to shape policy, the firms could rely on support from the UK government: the environmental groups were more likely to face opposition or hostility from the national government departments. Therefore, in terms of 'how' and 'to what extent' the interest representation activities of the firms and the environmentalists had been Europeanized, the differences are quite subtle. There are relatively small variations in the effects of Europeanization in this case study. More striking contrasts are apparent when the causal mechanisms are examined.

When examining 'why' the two sets of interests have been Europeanized that stronger differences can be discerned. The UK registered firms and the environmental groups enjoy dissimilar levels of resources: the telecommunications, gas and electricity firms command greater staffing and funding than can the nature conservation groups. Connected to this, is the issue of objectives. The UK firms and the UK government shared the objective of market liberalization, and the firms were able to call on national government departments as a source of political support. Nature conservation groups and the UK government did not share as much common ground. The environmental groups were determined to strengthen EU biodiversity protection legislation. By contrast, the UK government was hostile to some aspects of the EU's draft biodiversity protection legislation which was perceived to an intrusion into national policy making, as indeed the 1992 Habitats Directive was considered to be by the UK government (Fairbrass and Jordan 2001a and 2001b). In that respect, the environmental groups could well have counted the UK government, even the DoE, as one of its opponents.

This leads to the issue of the external political environment. For the UK firms, both the national and the EU political environments offered substantial political opportunities, particularly with regard to securing market liberalization. The DTI, UK, OFTEL, the European Commission, and consumers of telecommunications and energy services and products (some of whom were major firms in their own right) supported market liberalization. Opposition to market liberalization had come from a number of EU member state governments (e.g. France). However, during the 1980s and 1990s opposition waned. By contrasts, for the UK nature conservationists, the UK political environment contained several significant threats (or at best a lack of

opportunities) and the EU arena comprised a more favourable political environment. The European Commission and the EP supplied some influential allies for the environmental groups and opportunities to create powerful biodiversity protection legislation. Such circumstances gave the less well resourced UK environmental groups compelling reasons to try to exploit the EU opportunities, often working with Brussels based groupings to try to achieve their objectives.

In sum, the interest representation of the UK firms and environmental groups had both been Europeanized (i.e. their behaviour has been affected by the EU), although there are subtle but discernible distinctions between the behaviour of the two sets of interests. Crucially, differences in the causal motors of Europeanization (i.e. dissimilar internal resources, external environments and objectives) led to variations in the effects of Europeanization (i.e. choice of lobbying targets, routes, partners and types of contact). As a result of being able to command greater internal organizational resources and enjoy more favourable external environments at the national and EU levels, including shared objectives with a wider range of influential state and non-state actors, the UK firms operated as political actors at both the national and EU levels of governance. Whilst their interest representation had clearly been Europeanized, in one sense they had less need for EU level political opportunities than the environmental groups. By contrast, in so far as the UK based environmental groups possessed fewer internal resources and faced distinct threats at the national level, they were compelled to try to secure their objectives by allying themselves with EU level state and non-state actors. As a result they were more Europeanized: there were powerful incentives for them to be so. In conclusion, by combining ideas and tools drawn from political science and management science it has been possible to evaluate and explain the process of Europeanization. As ever, the challenge remains to establish whether the patterns of behaviour identified and analysed here are restricted to these two sectors or whether they are part of a broader and more general pattern of Europeanization in other policy sectors and other member states.

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**Table 1**  
**Employment levels among a sample of business and public-interest Euro-groups**

Number of staff	Business groups %	Public-interest groups %
0	7	9
1 or 1.5	9	6
2 or 2.5	29	20
3 or 3.5	12	8
4	12	5
5	4	7
6 to 10	13	20
11+	13	26
Total	100	100

Source: Adapted from Greenwood 1997, pages 102 and 180

**Table 2**  
**Turnover of a sample of business and public-interest Euro-groups**

Turnover (ecu)	Business groups %	Public-interest groups %
0 to 20,000	20	10
20,001 to 50,000	14	14
50,001 to 100,000	12	12
Over 100,000	53	64
Total	100	100

Source: Adapted from Greenwood 1997, pages 103 and 180

**Table 3**  
**Resources of business and environmental groups**

Organization	Number of employees (a)	Number of staff in government relations function (b)	Brussels office (b)	Annual Income/turnover – year ending 2001 (a)
BT	133,400	120	Yes – with 8 staff in 1989	£20.4 bn
Kingston Communications (Hull) plc	1,906	1		£232.2m
BG Group	19,745	Centrica (part of BG group) – employed 25 in government relations function	Centrica – 4 staff in Brussels office. Established in 1992.	£4.7bn
British Energy	5,310	Data not supplied by respondent	Data not supplied by respondent	£2.1 bn
Powergen	7,034	10	No	£4.9 bn
Scottish Power	22,407	1.5		£6.3 bn
RSPB	1,300	Data not supplied by respondent	No – but RSPB works with/through Birdlife International	£47.8m
CPRE	60	Data not supplied by respondent	No	Data not supplied by respondent
FoE	130	Data not supplied by respondent	Yes	Approx £5m
WWF	Data not supplied by respondent	Data not supplied by respondent	Yes – has European Policy Office in Brussels	£27.8m

Notes

- (a) Data for utilities firms extracted from Thompson Financial 2001 for year ended 2001. Data for environmental groups gathered from their websites (2002) relates to year ended 2001.
- (b) Data gathered for utilities firms from postal survey and interviews conducted by the author over four year period from 1995-1999. Data for environmental groups gathered from interviews conducted by the author during 2000.

**Table 4**  
**Brussels offices of environmental groups (April 1996)**

Name of organisation	Year of establishment of Brussels Office	Number of Staff
European Environmental Bureau	1974	11
World Wide Fund for Nature	1989	8
Transport and Environment	1992	1.5
Birdlife International	1993	2
Greenpeace	1988	4
Friends of the Earth	1989	8
Climate Network Europe	1989	2

Source: Extracted from Webster 1998 (pp 178-182)

**Table 5**  
**Brussels offices of umbrella business groups**

Name of organisation	Year of establishment of Brussels Office	Number of Staff
UNICE	1958	30 employees
EUROCHAMBRES	1958	Not available
ERT	1983	Not available
AMCHAM	1948	17 employees

Source: Extracted from Greenwood 1997 (pp 104 – 117)

**Table 6**  
**Brussels offices of sectoral business groups (1995-1997)**

Name of organisation	Year of establishment of organization	Total number of Staff
ECTEL	1985 (Brussels office set in 1986)	2
ETNO	1989 (Brussels office set up in 1991)	7
Eurogas	1990	5
Eurelectic	Not available	5

Source: Survey by author, 1995-1997

**Table 7**  
**Environmental Groups: National and EU political opportunities and Threats**

Opportunities	Threats
Public Support for nature conservation legislation	Counter groups e.g. farmers, forestry interests, and port authorities.
European Commission's and European Parliament's demand for expertise and technical information on biodiversity	UK government hostility to the draft Habitats Directive
European Commission's and European Parliament's need for political support	Lack of implementation at national level in the UK
Europeanization of the DoE: strengthening of department in relation to hostile UK central government departments	Opposition in other EU member states with strong pro-hunting lobbies e.g. France and Italy

Source: Author

**Table 8**  
**Political National and EU opportunities and Threats for utilities**

Opportunities	Threats
UK government supportive of market liberalization in the utilities sector	Some EU member states opposed to market liberalization e.g. France
European Commission in favour of market liberalization in the utilities sector	UK government hostile to idea of pan-EU regulator
European Commission need for political support for market liberalization	Countervailing interests e.g. trade unions opposed to market liberalisation
Major consumers of utilities supportive	

Source: Author

**Table 9**  
**Attitudinal response of groups to the importance of the EU**

Statement	Groups agreeing	Groups disagreeing	Not answered
The EU is now more important than the UK government in the creation of EU policy	60% (18)	20% (6)	20% (6)

Source: Ward and Lowe 1998: p 158

**Table 10**  
**Frequency of contact with UK government**

Frequency	% of firms surveyed
Never	6
Daily	0
Weekly	19
Monthly	17
Bi-monthly	6
Annually	3

Source: Survey by author, 1995-1997

**Table 11**  
**Frequency of contact with EU officials**

Frequency	% of firms surveyed
Never	11
Daily	3
Weekly	6
Monthly	17
Bi-monthly	3
Annually	22

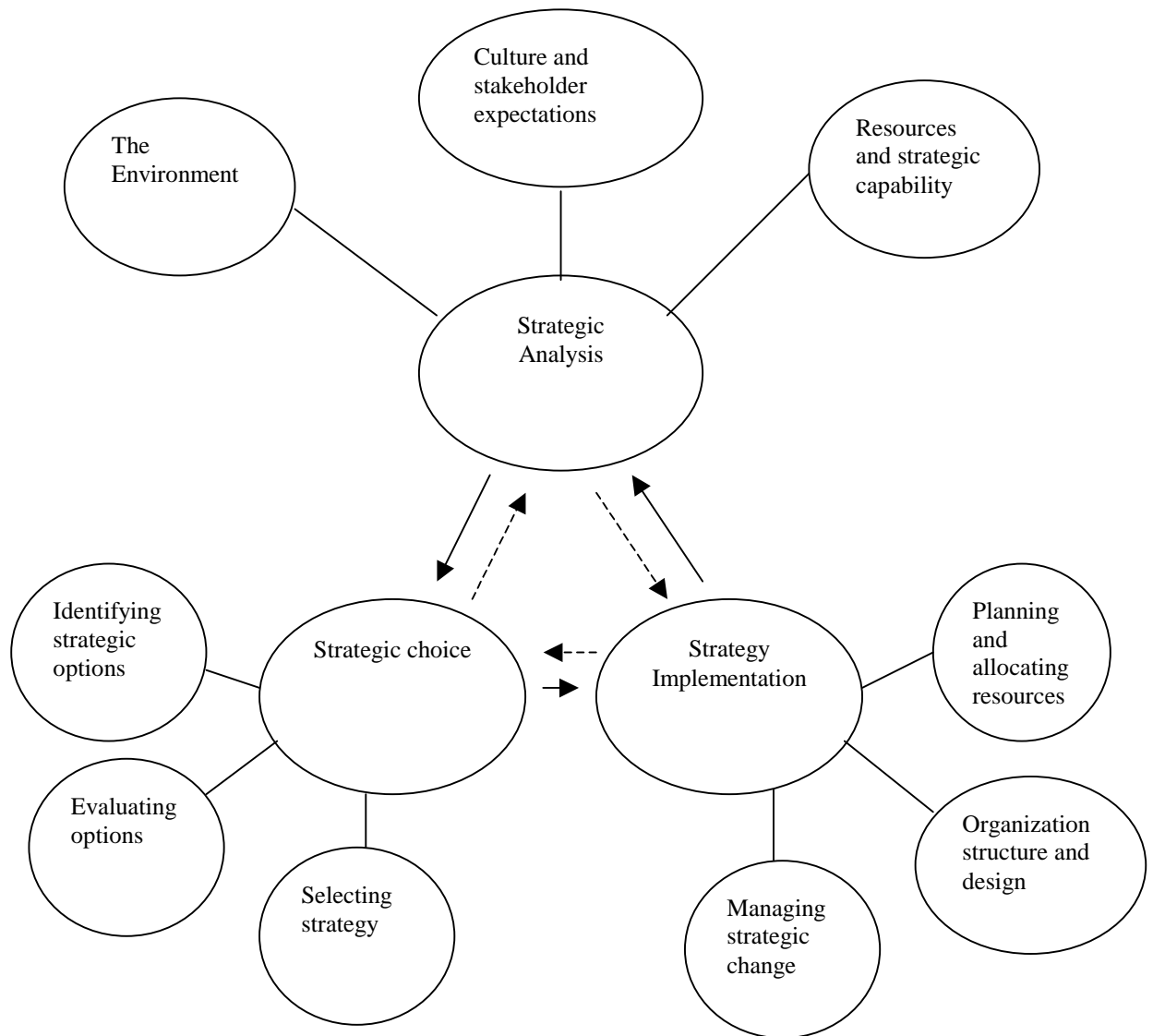
Source: Survey by author, 1995-1997

**Table 12**  
**Routes used by firms to contact EU policy makers**

Function	% of firms surveyed
Direct contact (no intermediary)	44
Via UK trade association	28
Via local chamber of commerce	3
Via European grouping	22
Via UK government officials	25
PR firm	11

Source: Survey by author, 1995-1997

**Figure 1**  
**The Elements of Strategic Management**



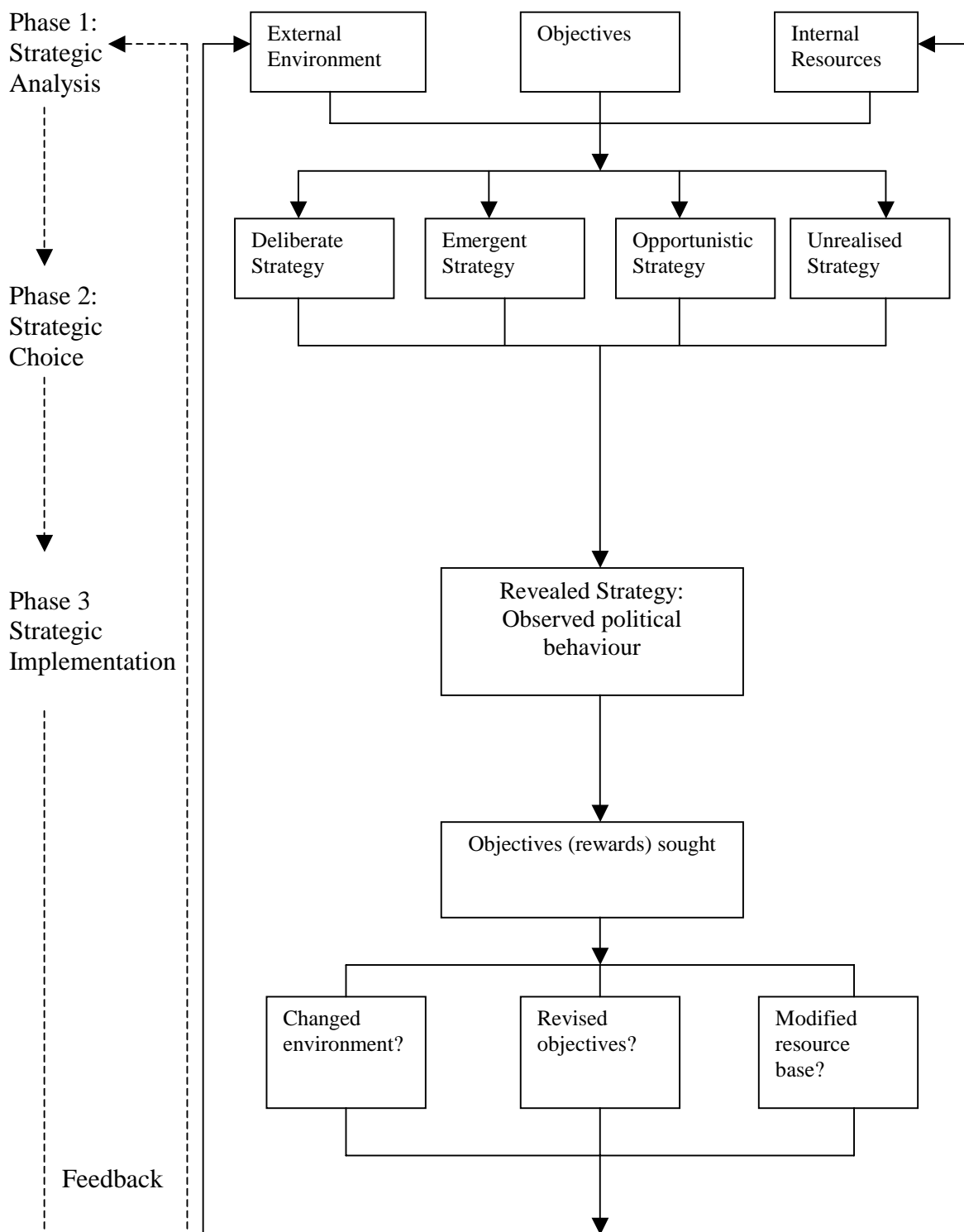
**Key**

Decision-making process →

Feedback and learning ←-----

Source: Adapted from Johnson and Scholes, 1993: 23

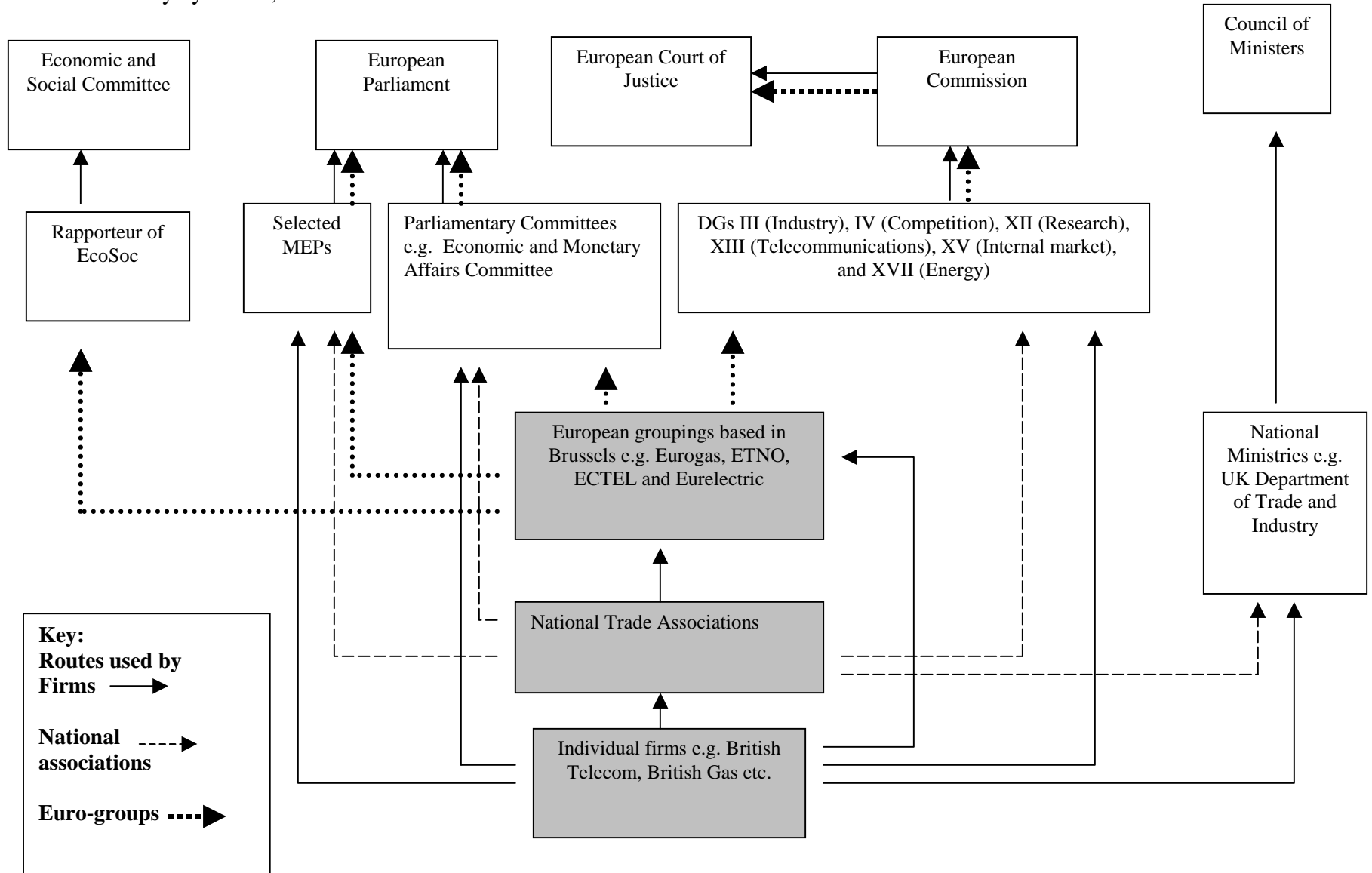
**Figure 2**  
**Internal Resources, objectives, and external environment**



Source: Author and model adapted from Johnson and Scholes, 1993, 38.

**Figure 3 Targets, routes and allies: Business groups**

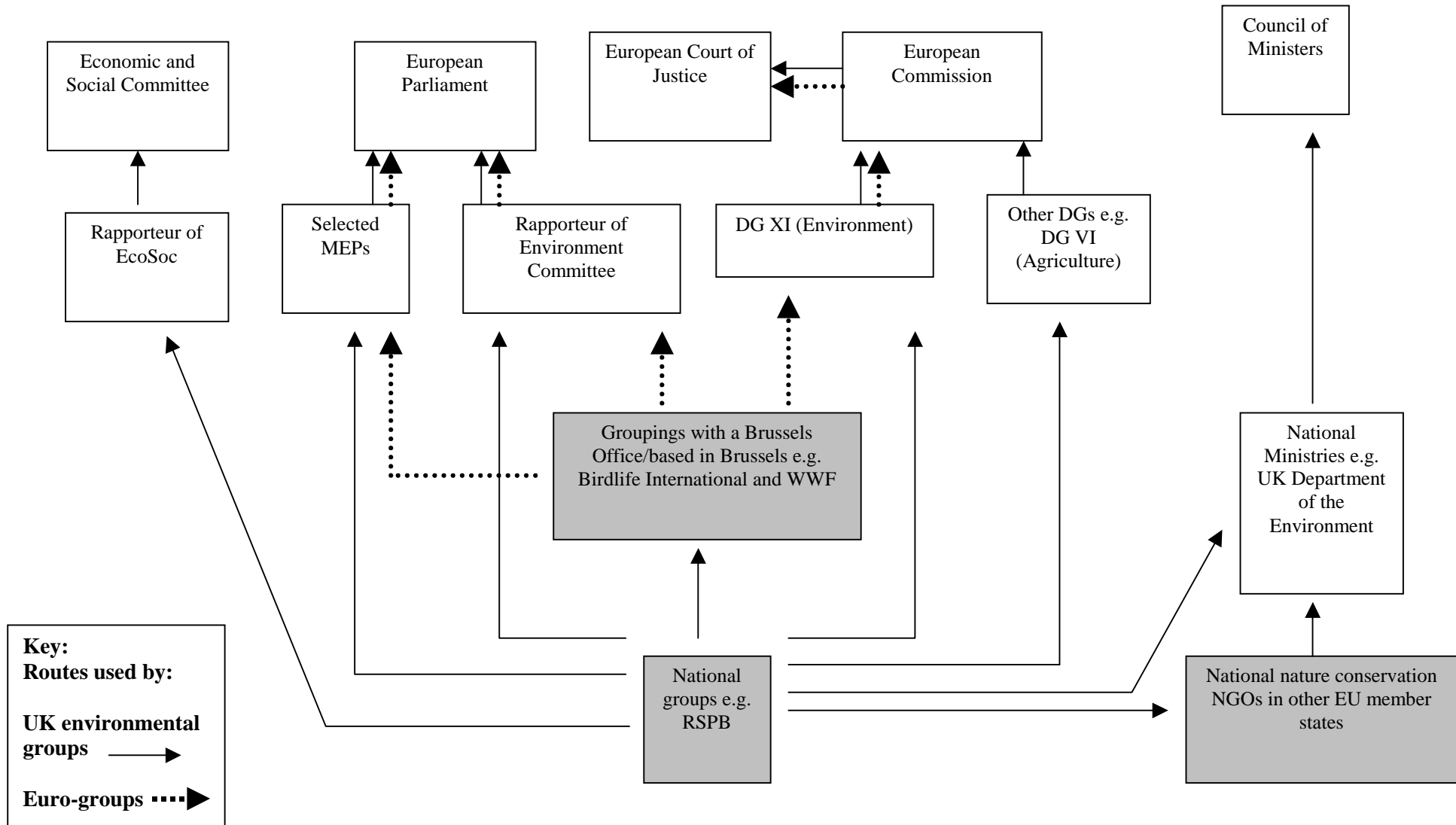
Source: Survey by author, 1995-9





**Figure 4 Targets, routes and allies: Environmental groups**

Source: Survey by author, 1999-2000



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<sup>i</sup> Strategic management can be defined as that set of *decisions* and *actions* that lead to the development of an effective *strategy* (or strategies) to help achieve (corporate) *objectives*.

<sup>ii</sup> In the *Leybucht* case, the ECJ rejected the Commission's argument that the protection of SPAs was an absolute duty other than when there were risks to human life. But it also rejected the German government's demand for a wide margin of discretion when identifying SPAs. Many Member States were so alarmed by the ECJ ruling that they worked to secure amendments. The Habitats Directive responds to these by permitting states to take social and economic factors into account when managing SPAs.