

Globalization and Europeanization: Why Extra-European Processes of Integration Affect how EU Environmental Policy is Implemented

Panel 12E: Globalization and Europeanization

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Introduction

To what extent and by what mechanisms has the implementation of European Union policy caused member states to adjust national policy styles and perhaps even to converge? The importance of this question to scholars of European politics and policy practitioners alike has increased dramatically since the pace of integration accelerated in the 1980s and 1990s. The EU has not replaced the European nation state as the main locus of sovereignty, but its legislation has come to dominate certain policy fields such as trade, competition, the environment and more recently monetary policy. The implementation of its directives and regulations represents a potentially serious challenge to the standard operating procedures of its member states' national bureaucracies and styles of governance. Despite the development of a robust 'Europeanization' literature that addresses this question, just how great a challenge and which factors influence national implementation processes are not well understood.

Indeed examining the impact that Europe has on national styles of governance is no easy task. Like all research related to the EU the relatively new Europeanization scholarship suffers from the inconvenient fact that the EU is neither a state nor a typical international organization but rather has elements of both and some unique characteristics of its own. This has left political scientists conceptually ill equipped to analyze the workings and effects of the EU as very few scholars have the background necessary to mesh international theory with theories of domestic politics and policymaking. The early integration literature drew heavily from international relations scholarship to explain the creation and development of the then European Economic Community.¹ The Europeanization literature by contrast draws heavily on the institutional theory developed in comparative politics to explain how European legislation gets filtered

¹ To avoid confusion I will follow the standard practice in the literature and use the term EU to refer to the first pillar of the European Union, officially known as the European Communities. For the sake of consistency I also use it in historically inaccurate ways. That is I use the term EU even when referring to time periods in which its official name was the EC or the EEC.

through national structures and the circumstances under which national adjustments are likely. And rarely have the two lines of enquiry met.

The central argument of this study is that the effects of Europeanization and the impact EU policy has on member states cannot be understood without taking certain international factors related to globalization into account; domestic institutional accounts do not tell the whole story. In particular the nature of EU policies, the embeddedness of EU legislation in wider international policy regimes and international market incentives are all important variables for explaining how individual member states implement European policies. The EU, of course, does not exist in an international vacuum and in an era of economic and political globalization, it would be surprising if these international and transnational forces had no influence on the implementation of EU legislation. Yet despite this fact and the level of scholarly attention paid to processes of globalization in the last decade, these factors are rarely examined in the Europeanization literature.

To make this argument I examine the implementation of two prominent EU environmental policies, the Large Combustion Plant Directive (LCP) and the Eco-Management and Audit Scheme (EMAS) in Germany and the UK. In addition to examining how these policies affect the implementing governments, I also examine how they impact firms—both policies' ultimate targets—in the two countries. I have chosen the environmental field both because the EU has a well developed and wide ranging set of policies in this area and because the field is strongly influenced by extra-European international forces. Additionally because a number of Europeanization studies have used the UK and/or Germany's implementation of EU environmental policy (Knill 2001; Duina 1999; Boerzel 2003), this case selection also allows me to clearly illustrate how the incorporation of international variables can serve as a useful alternative/additional explanation of these outcomes.

Europeanization Theory

Definitions, Mechanisms and Explanatory Theses

Until the early 1990s EU scholarship was focused almost entirely on developments at the supra-national level and very little was written on the effects that integration has on the Union's member states. In the last decade scholars have made up for lost time and developed a vibrant literature on the question of Europeanization. Although this literature is more coherent than many, the definition of its core concept has inevitably varied from study to study. Some such as

Risse, Cowles and Caporasso (2001) define Europeanization as the creation of European governance structures and networks. Most Europeanization studies, however, use the concept to describe how EU structures affect politics in the member states. Ladrech (1994) and Falkner et al. (2005) define Europeanization simply as a top-down process of EU influence in member states. Others such as Boerzel (1999; 2003) define it more broadly and include both top-down processes of EU influence on member states as well as bottom-up processes of member state influence on EU institutions and decision making processes. Still others see the interaction of EU institutions, member states and transnational actors in less linear terms and argue that the process of Europeanization has to be seen more holistically as a process of fusion (Kohler-Koch and Eising 1998).

For the purposes of this paper I define Europeanization as the process by which key domestic policy actors confront and react to adaptation pressure induced by EU policies and norms. While largely adopting the more simplistic top-down definition, I explicitly include non-state actors in the concept instead of focusing on policies and national administrations as most Europeanization studies, especially in the environmental field, have done up to now (for exceptions see Cowles 2001; Grote and Lang 2003; Coen and Dannreuther 2003).

Despite slightly different starting points, the categories authors use to describe the impact of Europeanization on member states have been surprisingly similar. Almost all studies have concluded that the EU and its policies have a differential impact on member state actors and policy areas. The reaction can take the form of inertia, absorption, accommodation, transformation and retrenchment (Boerzel 1999; Radaelli 2003; Knill and Heritier 2001). That is member state actors can try to ignore the adaptations demanded by the EU, they can absorb them with minimal change to core national norms or structures, they can accommodate more substantial changes within stable national structures or they can be forced or persuaded to transform key parts of that structure. Retrenchment is the one non-convergent reaction where EU structures cause national actors to not only resist European mandates for change but go in the opposite direction. As such these measures of Europeanization are closely associated with the related but distinct concept of (degrees of) convergence, although this is only intermittently acknowledged in the literature.

The literature as a whole has identified four broad mechanisms through which the EU can influence its member states: institutional compliance or mimicry, altering domestic political

opportunity structures, normative socialization and regulatory competition (Knill and Lehmkuhl 1999; Radaelli 2000). The first occurs when EU institutions are either forced on or mimicked by member states. The second refers to situations in which the EU shifts the relative power or influence of key domestic actors and therefore political outcomes in individual polities. Normative socialization happens when EU legislation or soft-law norms cause domestic policy makers to redefine their interest or identities. Regulatory competition occurs when economic integration and mandatory mutual recognition of national regulation leads to a regulatory race to the bottom as member states seek to attract business and capital to their national markets. These mechanisms are not mutually exclusive and indeed all four have been documented in the literature.

Because scholars have found the EU's impact differs across member states, policy areas and time, most of the research has focused on how certain factors mediate these mechanism of EU influence. The literature is dominated by the 'goodness of fit' approach which relies heavily on rational and sociological institutional theory to explain when and how the EU affects political outcomes in member states. Drawing on earlier works such as Francesco Duina's *Harmonizing Europe* (1999) and Andrienne Heritier et al's *Ringing the Changes in Europe* (1996) Risse, Cowles and Caporaso argue that the challenge a particular EU policy poses to an individual member state depends on the compatibility of the EU policy and a country's national administrative style (2001; see also Boerzal and Risse 2003). Adjustments and convergence can only occur when an EU policy differs from national standard operating procedures and institutional structures.

The extent to which a member state government will adjust to a 'misfitting' EU policy depends on how domestic structures and actors mediate the pressure for change. Different authors focus different mediating factors. Many have emphasized the importance of the number of domestic veto points as barriers to domestic change (Risse et al 2001; Haverland 2000). The capacity of implementing institutions is highlighted by others (Radaelli 2003). Still others have examined the role that domestic interest groups play in 'pulling down' or blocking the implementation of EU policies (Boerzel 2003; Duina; Falkner et al 2005). Boerzel also looks at the role that the EU Commission plays in 'pushing' certain policies on its member states. Risse and Jeffrey Checkel argue that differential learning processes within member states affect how norms and EU policies are received domestically (Risse 2001; Checkel 1998; 2001). Christoph

Knill argues that ‘misfitting’ policies can result in adjustments to national administrative styles if the EU doesn’t affect a member state’s core administrative norms or structures. To this he adds that certain member states have more adjustable cores than others (2001).

A surprisingly large number of these studies have examined the implementation of EU environmental policies to draw their conclusions (Knill 2001; Knill and Lenschow 2001; Boerzel 2003; Haverland 2000; Duina 1999). Somewhat surprisingly, given the globalized nature of environmental policy, these studies all but ignore how supra-national and extra-European international factors influence the implementation process. Not one of the scholars examines how broader international environmental regimes or transnational markets influence the adaptation pressure EU environmental policies place on member state governments and domestic policy actors. These authors also either fail to consider or summarily dismiss the effect that policy type can play in influencing EU environmental policy impact.² Instead they use some variant of the ‘goodness of fit’ argument and look to domestic factors to explain when and how ‘mis-fitting’ policies either foster change or are blocked.³

A new study by Falker et al., which examines the implementation of EU social policy in all 15, pre-accession member states, highlights the perils of relying too heavily on the ‘goodness of fit’ and domestic mediating factors model (2005). Drawing on evidence from over 90 cases of implementation, the authors find only limited support for this hypothesis (2005). Member states it appears are often able to adapt to policies that do not fit neatly with standard operating procedures or more ingrained normative structures. Veto players and points also do not figure prominently in their results nor did they find administrative capacity or resources to be particularly important for explaining EU policy implementation outcomes. Several factors not highlighted regularly by the Europeanization literature did emerge as significant including the clarity of EU directives and mandates, the political parties in power during implementation and domestic issue linkage (2005: 289-316).

Europeanization and Globalization : A Missing Link?

² Some authors including Christoph Knill have examined the impact of policy type outside the environmental field. Most of these authors, however, distinguish between market creating and market correcting policy areas and argue that the causal mechanisms of Europeanization vary across these different types of policy fields. Very few scholars looking at the implementation of EU environmental policies, however, have looked at variation in policy type within the field to explain outcomes.

³ Boerzel’s use of the Commission pressure in pushing for certain EU policies is the one partial exception to the reliance on domestic variables.

This paper seeks to pick up on some of the themes raised by Falkner et al's findings and argues that too much emphasis has been placed on the 'goodness of fit' thesis in the Europeanization literature. The study further seeks to examine how certain international / supranational variables related to globalization affect the implementation of EU policies. Globalization,⁴ has profoundly influenced the course of national environmental policies since the modern policy field was created in the early 1970s. As a result of the early internationalization of the field policy learning across countries has been extensive. International cooperation on environmental issues has also led to a virtual explosion of bi-lateral and multi-lateral treaties since the 1970s that states have incorporated into national environmental policy and law. The internationalization of markets has further affected domestic environmental regulation as governments and private actors have sought to find common rules (or common lack of rules) by which to regulate the goods and services that flow across borders in the face of an ever more vocal and transnational environmental movement. These aspects of globalization and their effects on domestic environmental regulation are well-known and widely researched. Despite this fact, very little of this largely IR scholarship has been incorporated into the environmental Europeanization literature.

In order to examine the interactive effects of Europeanization and globalization I look to scholarship on regime effectiveness, new work on international institutional interaction and the environment-trade literature to help describe how both supranational and extra-European factors influence the way member states react to EU environmental policies. Although the potential for overlap between these IR theories and the Europeanization literature is vast, I will concentrate on three insights from this scholarship that I think are important for understanding the implementation of EU environmental policy.

The first lesson comes from work on international regime, which are generally defined as 'principles, norms and rules around which actors' expectations converge (Krasner 1982). Much of the more recent work on regimes examines the circumstances under which these international institutions are thought to be effective. Many scholars writing on this topic have argued convincingly that 'regime design matters' (Mitchell 1994). Ronald Mitchell, who pioneered much of this work, posits that certain regime attributes, especially the transparency of regime

⁴ Borrowing from Held and McGrew I understand globalization to be the growing magnitude, speed and influence of interregional and cross-border patterns of social interaction (see Held and McGrew, *The Global Transformations Reader*, Oxford: Oxford University Press, 2003).

mandates, devising enforceable sanctions and involving non-state actors in monitoring, can significantly improve the effectiveness of international environmental regimes. Raustialia et al. similarly maintain that enrolling the help of non-state actors is key to the success of environmental regimes as is the creation of robust systems of implementation review (1998). As will be argued below the content and nature of an EU policy profoundly affects how much adaptation pressure that policy exerts on domestic actors and political processes.

The second insight is taken from recent work on the interaction of international institutions. In a new book on international and EU environmental policy regimes, Sebastian Oberthuer and Thomas Gehring argue that although often negotiated as discreet units, international and EU environmental policies often profoundly influence one another (2006). They describe three different mechanisms through which this interaction can take place. First, one institution may learn from the workings or experience of another institution. A commitment made by a member state of one international institution may increase that state's willingness to make a similar commitment in a different institution to which it is also a member. Finally, and most importantly for this paper, a policy promoted by one institution may change the behavior of certain non-state actors that influence the workings and/or effectiveness of a second institution (Oberthuer and Gehring 2006: 31-42). Many of the environmental policies adopted by the EU are embedded in or influenced by broader international regimes. Oberthuer and Gehring's work gives us the conceptual tools necessary to examine how these processes take place. Because this paper focuses on the implementation of EU policies rather than their negotiation, I am primarily interested in their third mechanism of interaction, namely how one international institution's policy outcomes affect the outcomes of a second institution.

The final lesson is drawn from the trade-environment discourse in international relations and the debate it has fostered about the process of 'trading up.' In a widely cited book, David Vogel argues that economic integration does not always lead to deregulation by governments seeking to attract mobile capital to its markets as the race to the bottom thesis would have it. In the area of environmental regulation in particular there are reasons to think the opposite, 'trading up', may happen. Transnational corporations in fact often favor uniform international rules to a multitude of national regulations provided that the former are not too burdensome. Trading up is particularly likely to happen when certain industries/TNCs have green technologies they would like to promote through regulation, rich markets also happen to have stringent product standards

which exporters must meet or a particular issue is subject to widespread political and consumer attention or protest (Vogel 1995).

The increased need for rules to regulate rapidly integrating markets has also led to the creation of international private authority regimes (Cutler, Haufler and Porter 1999; Haufler 2001; Kollman and Prakash 2001). In the environmental field numerous voluntary codes and labeling schemes, which are supposed to give market actors incentives to improve their environmental performance, have been created by green INGOs, business organizations, governments and intergovernmental organizations. Throughout the 1990s the EU began to promote these kinds of labeling and voluntary schemes in its own environmental policy. While the effectiveness of such labels and codes is still very much a matter of debate several scholars have argued that the norms contained in them can induce a learning process across transnational business networks and markets (Haufler 2001; Braithwaite and Drahos 2000; Dashwood 2007).

The case study presented below illustrates how differences across these three supra/international variables—policy type, interaction with broader international environmental regimes and transnational market pressure—affect the implementation of EU environmental policies in Germany and the UK. While I cannot claim that these findings are widely generalizable beyond the environmental field or my country cases, the outcomes of this study do suggest we need a better understanding of how globalization influences Europeanization. It also suggests that the field needs to better job of integrating comparative politics and IR theory in its pursuit of describing and explaining this phenomenon.

Implementing EU Environmental Legislation in Germany and the UK: The Tale of Two Policies

Case Selection

This paper's case study examines the implementation of two EU environmental policies, the Large Combustion Plant Directive (LCP) and the Eco-Management and Audit Scheme Regulation, in Germany and the UK. The study's dependent variable is the level of national adaptation and convergence produced by the implementation of these supranational policies. The independent variable is EU policy, which varies according to type. I chose to compare the implementation of EMAS and the LCP in Germany and the UK precisely because they represent two very different types of environmental regulation. Modeled on very similar German national

legislation, the LCP is prototypical of so-called 'command-and-control' environmental regulation which relies on legally binding mandates to curb media specific pollution, in this case air pollution.

EMAS, which is modeled on a private British standard, is a voluntary scheme run by member state governments in which firms can participate by pledging to make 'continuous improvement' in environmental performance. EMAS represents a third generation of environmental policies that seeks to reduce environmental degradation by changing the incentives certain actors have to lessen their environmental impact. The comparison of the two policies, one with substantive goals to be met and one that is more procedural in nature, thus allows me to examine the extent to which policy type affects the level of adaptation pressure a policy brings to bear on member state actors. While the two largely were chosen to ensure clear variation on policy type, they also differ on the other two international variables of interest, transnational market pressure and influence from extra-European environmental regimes, which I conceive of as intervening variables. As will be argued below these two variables have affected EMAS to a far greater extent than the LCP, which in turn affects the type of adaptation pressure each exerts.

I have chosen to compare the implementation of these two policies in Germany and the UK because, as hinted at above, the two countries have very different environmental policy styles. Environmental policy in Germany has tended to be defined in terms of industrial pollution control. Using the precautionary and polluter pays principles, the ultimate goal of environmental policy is to eliminate all human related emissions where possible even when definitive scientific evidence of damage is lacking. The instruments used by the environmental administration to fulfill this goal have likewise been stringent and aimed at curbing factory-level pollution through emissions limits and technology standards such as the 'best available technology' (BAT) (Kollman 2003; Knill 2001; Heritier, Mingers and Knill 1996).

In the UK, by contrast, the term environmental protection is not as tied to industrial environmental control as in Germany and incorporates a number of other issues such as countryside and cultural heritage concerns. Perhaps because environmental issues are not solely defined by industrial pollution, the bureaucracy's approach to dealing with pollution control is much less draconian. This approach is based on the idea of risk assessment and critical loads. Thus, no action is seen as necessary until scientific evidence shows that 'critical loads' have been reached and damage has occurred. The emphasis on pragmatism and flexibility in the UK has

meant that the permitting authorities historically have had a great deal of discretionary power to make decisions on a case by case basis taking both local environmental and economic conditions into consideration. The costs of corrective action must be justified by the benefits gained in environmental quality. The UK traditionally eschewed the use of legally binding, point source emissions limits and technology standards preferred by the Germans. UK environmental policy, alternatively, has often emphasized voluntary initiatives and flexibility in regulating polluting industries (Jordan 2004; Kollman 2003).

Additionally both the UK and Germany at various times have been quite good at ‘uploading’, their respective models to the EU. Thus they make excellent cases in which to examine the potential of EU policies to cause member states to adjust and converge because both have been faced with implementing EU environmental policies that did not fit their national policy styles. In this study the misfit occurs between the LCP and the UK on the one hand and EMAS and Germany on the other. Because Germany and the UK are large, relatively wealthy democracies with high levels of environmental consciousness and strong environmental movements I am holding a number of potential alternative domestic level variables relatively constant⁵. Additionally, the level of ‘mismatch’, the dominant explanatory approach in the literature, is very similar across the two cases. Like all ‘most similar’ case designs, however, it is impossible to hold every alternative variable constant. The German system does have more veto points than the UK system. Although the outcome of the case study is line with the argument that systems with greater numbers of veto points are more likely to resist adaptation and less likely to converge, I argue that the supra/international factors must also be taken into consideration to understand the policy outcomes found in Germany and the UK.

Implementing the LCP Directive in the UK: Adaptation and Convergence

In this section I examine the extent to which the LCP induced change in the British environmental policy style outlined above. I define national policy broadly as problem definition, policy instruments, implementation mechanisms and government-interest group

⁵ Many observers might object to the characterization of the equal strengths of the German and British environmental movements. Most obviously Germany has a well established Green Party that has no counterpart in the UK. However the two countries do not differ significantly in terms of green NGO membership or levels of environmental consciousness. The lack of a Green Party in the UK has a great deal to do with the electoral system in that country. In the two cases under study here environmental groups played a more significant role in the implementation of the LCP in the UK than in the implementation of EMAS in Germany.

relations. In addition to examining government policy style, I also examine the extent to which this policy has affected power stations, the target group of the legislation. Unlike most studies in the Europeanization literature I do not assume that the adaptation pressure EU legislation exerts flows solely through implementing governments. Adjustments in policy and administrative style by a government do not necessarily mean that similar adjustments will occur in the target group. It is also possible that governments will resist adjustments to a greater extent than target firms, particularly when the latter come under additional transnational market pressure to change.

The EU adopted the Large Combustion Plant and its daughter directives in the late 1980s and early 1990s to combat the problem of acid rain which results from the transboundary emissions of sulfur dioxide, nitrogen oxides and particulates. Power plants, particularly those that use coal as their basic fuel, are the main source of these air pollutants. The legislative ground for the LCP had actually been set in the early 1980s with EU's adoption of the Industrial Plant Directive. This Directive created a permitting system for industrial power plants of a certain size. New plants had to demonstrate that they had taken proper measures to prevent air pollution and were using the 'best available technology not entailing excessive costs'. The LCP used this permitting system to impose emission limits for sulfur dioxide, nitrogen oxides and particulates on all new power plants whose thermal output was greater than 50 MW (EEC 88/609/EEC ; Boerzel 2003). Additionally the LCP created national reduction targets for each member states that had to be met at three 5-year intervals. The reduction targets necessitated that power plants in most member states would eventually need to install flue-gas desulfurization equipment (Boehmer-Christiansen and Skea 1991).

The LCP was modeled heavily on similar German legislation that had been adopted earlier in the midst of the acid rain induced *Waldsterben* (forest dieback) crisis. As such it relied on the precautionary principle, legally binding and uniform point source emissions limits and technology standards to reach its goals. The misfit with the air pollution regime in the UK, which relied on broader quality standards, flexibility in implementation and eschewed uniform technology standards, was considerable. Not surprisingly, the UK government had opposed the adoption of this legislation for years before finally acquiescing. Several factors made the Thatcher government's resistance futile in the end, including the persistence of members states like Germany and Denmark, lobbying by British environmental groups and the negotiation of the broader Long-Range Transboundary Air Pollution Treaty. The latter included non-EU, European

states such as Norway as well the US and Canada in a larger international effort to combat acid rain. Although the UK and the US had tried to block the inclusion of binding emission standards in this treaty, years of pressure from Scandinavia, Canada and environmental groups—not to mention a worsening of the problem—made this position impossible to maintain in the long run (Boehmer-Christiansen and Skea 1991; Zito 2000). Once the Thatcher government had signed the LRTAP Treaty, it relented in the European sphere as well and agreed to the more stringent LCP. Thus Oberthuer and Gehring's interaction mechanism of dual commitment had a profound effect on the negotiation processes of the LCP.

The combined pressure from the LRTAP and the LCP led to fundamental changes in the British environmental regulatory regime. In 1990, just a year after the adoption of Large Combustion Plant Directive, the Thatcher government published a White Paper entitled *Our Common Inheritance* that outlined a major restructuring of industrial environmental pollution control in the UK. For the first time, the government committed itself to employing a precautionary approach to environmental protection, albeit one which paid a great deal of attention to economic costs. In this way, the British government incorporated one of the key principles of the German environmental administrative style into its own legislation (Her Majesty's Stationary Office 1990: 2). The main adjustments made, however, came with the adoption of new policy instruments and implementation mechanisms.

The Environmental Act of 1990, the legislative follow-up to *Our Common Inheritance*, introduced several new regulatory instruments into British law that were necessary to comply with EU legislation. First, a larger number of industrial facilities were now required to apply for permits before beginning operations. Second, these permits were to be based on legally binding definitions of 'best available technology not entailing excessive economic cost' (BATNEEC), although the British government was mostly free to define what these standards would be.⁶ Third, and perhaps most importantly, the Act empowered the Department of Environment to issue legally binding point source emissions and quality standards.⁷ Although the British environmental administration had made use of quality standards before 1990, most were informal guidance standards that did not have the force of statutory law. The presence of emissions limits

⁶ Germany has also partially defined BAT in their own law according to emissions levels. Many observers have praised this tactic as encouraging technological innovation. For a discussion of this issue see J. Braithwaite and P. Drahos, *Global Business Regulation* (Cambridge: Cambridge University Press, 2000).

⁷ Point source emissions limits set ceilings for pollutants from individual sources such as a factory site. Quality standards set ceilings for a pollutant in a certain geographic area.

in several pieces of EU legislation adopted in the 1980s made granting the environmental ministry this new power essential.

To properly implement these measures, the government created a new bureaucracy, Her Majesty's Inspectorate of Pollution (HMIP), to carry out industrial, environmental permitting and inspection procedures. This new agency, which was actually created in 1987 in response to the original Framework Directive on Air Pollution, pledged that it would take a more 'hands off' and formal approach to regulating industrial facilities. Responding to public calls for more aggressive regulation and with the legal support of new statutory emissions standards, the new body sought to change the nature of the relationship between the government inspectorate and industry. In the end, it was not given much of a chance to change the culture of environmental regulation in the UK. In an effort to concentrate environmental oversight duties into one body, the HMIP and the National Rivers Authority were combined to form the Environment Agency in 1996.

To use the language of the Europeanization literature, the British industrial environmental policy style was transformed as a result of influence from the EU. And it was transformed in a way that caused the UK to converge to the German model of industrial environmental control. The government was forced to adopt a number of German-influenced policy instruments such as formal technology standards, legally binding and uniform point source emissions limits as well as statutory ambient quality standards. Consequently, the administrative style in the UK is much more formal, transparent and legalistic than it was prior to the implementation of these international environmental policies. While the 'misfit' of EU legislation with the British administrative style was perhaps necessary for this change, it was not sufficient. As is well established in the Europeanization literature misfit does not always lead to adjustment in national policy styles. Usually additional factors are needed. In this case three further factors were crucial. The first, mentioned above, was the additional diplomatic pressure placed on the UK government by the LRTAP negotiations to commit to reducing its transboundary emissions. Once the Thatcher government had obligated itself to implementing emissions limits in the larger international forum, it no longer resisted making similar commitments in the EU. British environmental groups also played an important role in 'pulling the legislation down' to the UK, although it actually had more influence in lobbying the government to commit to the international agreements than in helping ensure its proper implementation. It was UK environmental groups

that picked up on and popularized the ‘Dirty Man of Europe’ label used during the acid rain debate in the mid 1980s. This pressure bore fruit with the 1989 elections to the European Parliament when the UK Green Party won 15% of the vote. With this combined pressure from the international community, Europe and an increasingly vocal British environmental movement the Thatcher government yielded to the message that change was necessary.

The third factor that I argue was necessary for the transformation of the British environmental policy style is the substantive nature of the LCP directive. One of the central arguments of this paper is that the nature of EU policies themselves has to be taken into consideration to understand their impact on the national administrative institutions that implement them. In short, regime design matters. Different kinds of policy regimes make different demands on domestic institutions and actors. International environmental policies that are more substantive in nature—that is prescribe specific behavioral outcomes for governments and/or target groups—are more likely to cause the convergence of national administrative structures than procedurally oriented policies that call for the erection of schemes to enhance collective decision making but do not contain specific behavioral outcomes. The more detail a piece of legislation contains about final outcomes, the less room there is for implementers to play with its content. There are only so many ways that an emission limit can be interpreted and implemented. The implementation of substantive policy usually has to be fairly similar across countries if compliance with the law is to be met. Thus the nature of the policy made it easier for domestic groups to pull it down to the UK government and to monitor its proper implementation once the government had signed up to the commitments contained in it. As will be shown in the next section, more procedurally oriented policies like EMAS simply do not exert the same kind of transformative pressure. The lack of precise outcomes in procedural policies allows governments to mold them to their preferred standard operating procedures. The substantive nature of the LCP Directive did not allow the British government this luxury and as a result the environmental bureaucracy underwent significant change.

The changes made to the British environmental administrative style were significant and wide-ranging. Industry practice in the UK was also transformed by this legislation. All power plants that came online after 1990 were forced to apply for operating permits based on the application of BATNEEC and were obligated to keep their emissions of SO₂, nitrogen oxides and particulate matter within certain limits. They were also faced with a new inspectorate body

which had enhanced enforcement powers. The relationship between industry and government was substantially altered through this change. Like power plants in other EU member states, the UK plants had to implement sulfur dioxide and nitrogen oxide abatement programs. Almost all of this pressure for change came from government mandates and not from broader international regimes or transnational market pressure. The LRTAP Treaty, which used the same regulatory instruments as the LCP and was less stringent, put industry under very little additional pressure to change its practices.

The mechanisms of ratcheting up environmental regulation through market integration identified by Vogel also did not play a significant role in changing UK power plants' environmental practices. Although some green technology firms, namely the producers of the flue gas de-sulfurization filters (FGD), did stand to gain from the implementation of the LRTAP and the LCP, this technology was not well developed in the UK and therefore the British green technology sector did not play a large role in the negotiation or implementation of the Directive. Further because the LCP does not specifically define BATNEEC in terms of FGD, the latter was not used in British plants' abatement strategies to the same extent as in Germany. Instead UK plants came to rely lower sulfur coal and newer technologies to meet the new emissions standards (Boehmer-Christiansen and Skea 1991). The flexible way in which BATNEEC is defined in the legislation has meant that the power industry did not converge around a single way of meeting the new standards.

Further because the electricity production market was not yet integrated in Europe and because the LCP requires substantive changes to industrial processes rather than products, no independent market pressure existed to ratchet up standards in order to sell energy in higher regulating markets such as Germany or Scandinavia. Vogel's California effect only applies to product standards being exported to relatively integrated markets (Vogel 1995). Thus the partial convergence in practice that took place across European power production plants largely was the result of government implementation of the LCP and not influence from broader international environmental regimes or transnational market pressure.

In the case of the LCP supra-/international factors were crucial to the development of the Directive but were limited to the interaction with LRTAP and substantive policy type. The former influenced the negotiation of the Directive while the latter—of interest to this study— influenced the extent of convergent pressure brought to bear on the UK environmental

administration during implementation. As will be explored in the next section, the implementation of EMAS in Germany has also been profoundly affected by EU policy type and interaction with extra-European environmental regimes but it has been additionally influenced by transnational market pressure. These factors are crucial to explaining why EMAS has had such different effects on German environmental policy actors than the LCP had on British actors.

Implementing EMAS in Germany: Convergence through the Back Door?

Although the EMAS Regulation was adopted only five years after the LCP Directive in 1993, it was supposed to represent the start of a new era of environmental policymaking within the EU. By the early 1990s, so called 'command and control' legislation such as the LCP, had fallen out of favor. It was seen as difficult to implement, inefficient and, if designed incorrectly, a hindrance to innovation. Direct market mechanisms such as the green taxes and tradable permits of second generation environmental policies have also proven politically difficult to use and complicated to implement when adopted. Coming on the heels of the Rio Conference in 1992, EMAS represented a new generation of policy instruments that sought to promote sustainable development by encouraging non-state actors to improve their environmental performance without the legally binding government mandates of the first and second generation policies. In particular this generation uses instruments such as information disclosure schemes, product labeling, codes of behavior and voluntary participation in improvement schemes to encourage different non-state actors to improve their environmental performance but do not specify how that is to happen.

As outlined above EMAS is a voluntary environmental management system (EMS) that is based on the principle of making 'continuous improvement' in environmental performance. Participating firms seek to make good on this pledge by setting specific environmental improvement targets that include a timetable for completion. They then create a management system within the organization to insure all employees know their role in meeting these organizational targets. Each site must carry out periodic internal audits of their management system to assess progress towards these goals and to set new targets for the upcoming improvement cycle. EMAS, unlike many of the EMS codes created in the 1990s, also requires participating sites to publish an environmental statement that contains information about the site, its environmental impacts and the environmental management system in place. Finally

participating organizations must hire an accredited, 3rd party verifier to ensure that individual sites meet all the scheme's requirements. If the organization successfully fulfills these requirements and the authorities can verify that it is not in breach of any environmental laws, the organization is allowed to use a participation logo in certain forms of non-product advertisements such as letterhead (EEC 1836/93 1993).

Although a voluntary scheme member states still have certain obligations in implementing the EMAS Regulation. First they must set up an accreditation system for EMAS's third party verifiers. Governments must also name a competent body that is responsible for registering sites into the scheme and maintaining a national register. Finally the regulation also requires that member state governments promote and disseminate information about the scheme. Although these requirements are not terribly burdensome, the implementation of EMAS in Germany was not a particularly easy task. As a voluntary code that rewards firm participation without requiring them to meet specific performance standards and which largely relies on participating firms to set their own standards, EMAS fits uneasily with Germany's legalistic and technology-driven environmental policy style.

When writing about the implementation of EMAS just as it was coming into force in 1996, Heritier, Knill and Mingers predicted that the "Eco-Audit [EMAS] will revolutionize the German industrial landscape and introduce, quite new elements into the Federal German legal system"(1996: 1). Although EMAS did contain a number of elements that are quite foreign to the German regulatory style, its implementation has had a much more muted effect on the German environmental administration than the LCP had on the British government. Because of its procedural nature, EMAS has exerted less adaptation pressure on German policymakers than the more substantive LCP exerted on the UK government. As will be argued below despite the fact that EMAS has caused very little convergence between the German and UK environmental administrations, transnational market pressure and pressure from other international EMS codes has caused corporate environmental governance structures in the two countries to change and become more alike.

The detailed legislation that accompanied the implementation of EMAS in Germany went far beyond the rather limited tasks laid out in the Regulation and has created a set of in-depth, legally binding rules that governs the implementation of the scheme in minute detail. These rules apply not only to the creation of the accreditation body for third party verifiers, but also to how

this body operates, the content of its testing procedures, the exact measures that have to be carried out by the accredited certifiers during firm certification processes as well as the procedures that have to be followed by the registration body to ensure that participating firms are in compliance with all environmental legislation. Germany, in fact, is the only member state that has used detailed legislation to implement EMAS. These efforts reflect the government's attempt to mold this voluntary scheme into a legal oversight instrument .

In this way, the rather banal task of appointing the domestic accreditation and registration bodies for EMAS in Germany became a topic of intense political debate. The debate began in the summer of 1993 when the peak industry and chamber of commerce associations, the *Bundesverband Deutschen Industrie* (BDI) and *Deutsche Industrie- und Handelstag* (DIHT) published consultation papers outlining their proposals for how the scheme should be implemented. Not surprisingly, both proposals called for the EMAS scheme to be administered by industry and/or institutions close to industry. The core of both papers proposed that the regional chambers of commerce act as the main administrative body for both the accreditation of the third party certifiers and the registration of firms into the scheme. Although this plan was logical, it called for a scheme that was to be completely dominated by industry interests and left little room for the government or other societal groups to influence it (BDI / DIHT 1993).

Not surprisingly, it met with a storm of protest. In December of 1993, the trade unions and a number of environmental groups including Greenpeace, the Federation of Environmental Citizen Initiatives (*Bundesverband Burgerinitiativen Umwelt*), the German Nature Protection Ring (*Deutsche Naturschutzring*) and the World Wide Fund for Nature-Germany, issued a joint statement sharply criticizing the industry proposal and calling on the Environmental Ministry (BMU) to erect a 'neutral' and 'independent' accreditation body. These groups argued that allowing industry to have complete control over the accreditation process would undermine the standard's credibility and make the whole scheme little more than a farce (*Oekologische Briefe* 1993).

The Eco-Audit Law (*Umweltauditgesetz*) that the Bundestag adopted in April 1995 had all the earmarks of German compromise legislation (Bundesministerium fuer Umwelt, Naturschutz und Reaktorsicherheit 1997). The law called for the creation of a private firm named the German Accreditation and Certification Company for Environmental Certifiers (*Deutsche Akkreditierungs und Zulassungsgesellschaft fuer Umweltgutachter*, DAU) to carry out the

accreditation of EMAS's third party verifiers. To guard against industry bias, the workings of this firm as well as its accreditation procedures are laid down by a second newly created body, the Environmental Certifier Committee (*Umweltgutachterausschuss*). This committee, although nominally under the direction of the Environmental Ministry, is made up of representatives of industry, members of environmental and economic bureaucracies, trade union members and representatives from environmental groups. Its main duties are to draw up legally binding guidelines for the accreditation procedures used by the DAU as well as guidelines specifying how the third party certification is to be carried out.

Finally, the law named the regional chambers of commerce as the official registration bodies albeit under the oversight of the federal states' environmental bureaucracies. The law stipulates that the local environmental agencies have to be informed when a firm in their jurisdiction applies for registration and given four weeks to raise objections if the firm is on record as breaching any environmental permits or laws (Bundesministerium fuer Umwelt, Naturschutz und Reaktorsicherheit 1997a). Thus, the compromise that the government was able to reach in implementing EMAS was to involve industry intimately in its implementation while at the same time treating it like a command and control oversight tool. The law created a scheme that was designed to ensure legal compliance rather than to create incentives for participating firms to set their own standards of improvement beyond those contained in law.

The legally binding guidelines adopted by the pluralistic Environmental Certifier Committee in the two years following the passage of this initial legislation served to reinforce this interpretation and use of EMAS in Germany. These guidelines lay out in great detail the subjects to be covered in the accreditation testing of the third party certifiers. Environmental law as well as technology standards make up a considerable portion of this testing material while the subject of environment management itself is almost completely absent (Bundesministerium fuer Umwelt, Naturschutz und Reaktorsicherheit 1997c). The Committee has also issued similarly oriented guidelines for the firm certification process itself. These contain specific rules for how the legal compliance part of the audit is to be carried out which include both assessing the management systems' ability to ensure legal compliance as well as carrying out actual on-site spot checks (Bundesministerium Umwelt, Naturschutz und Reaktorsicherheit 1997c).

No other member state has issued such detailed guidelines for the EMAS accreditation or certification processes and none has put as much emphasis on the legal compliance part of the

third party certification audit. As one industry official somewhat sarcastically noted, the German government had created a law containing thirty-nine articles from a European Regulation that originally only contained twenty-one articles (*Frankfurter Allgemeine Zeitung* [Frankfurt] 27 June 1995). Once this legislation was in place, the German government and the chambers of commerce vigorously promoted EMAS to industry. The government in particular sought to sell EMAS as the only credible voluntary environmental standard and as a cut above private schemes like the International Standards Organisation's ISO 14001 and the international chemical industry's *Responsible Care* program, both of which are based on similar management system frameworks.

Not surprisingly, the UK's implementation of EMAS has differed dramatically from the German experience. Just as the German government was not forced to implement additional legislation when transposing the LCP Directive into German law, the UK government did not adopt any new legislation when implementing EMAS. It has relied on the rules and institutions created for the pre-existing, national BS 7750 standard to implement EMAS. The British government has continued to emphasize the beyond compliance nature of the scheme and its ability to create incentives for firms to set their own environmental standards in a process of continuous improvement. In these key aspects EMAS and other private EMS standards such as ISO 14001 are very similar and the British government has made no attempt to promote EMAS over these other international EMS standards.

The two governments have implemented EMAS as two almost completely different policy instruments. The procedural nature of the regulation and its lack of concrete outcomes has allowed the German government to mold the scheme to its own regulatory style. As such, the novel elements of voluntary standard setting, beyond compliance and private oversight have all been watered down in the German legislation. To use the language of the Europeanization literature EMAS has been absorbed into the German administrative style without changing its core elements. The implementation of EMAS has resulted neither in the transformation of the German environmental bureaucracy nor has it caused a great deal of convergence to the British model.

The policy type variable is at least as important for explaining these outcomes as other mediating factors often cited in the Europeanization literature. Some authors examining the implementation of EMAS in Germany argue that the Regulation did not really contradict the core

principals of the German environmental policy style (Knill 2001; Knill and Lenschow 2001). This argument, however, is difficult to maintain given the nature of EMAS and contradicts these author's own initial assessments of the obvious 'misfit' between the scheme and German environmental legislation. The importance of veto points cannot be dismissed completely. Clearly the concentration of authority in the UK allowed the government to take decisive action once it decided to change its environmental regulatory style. But the outcome in Germany does not fit neatly with the veto points thesis. EMAS was not blocked in Germany but rather was transformed and then enthusiastically endorsed, at least initially. Clearly the porousness of the German system helped this transformation process, but so too did the nature of the policy. EMAS was bendable in a way that legislation containing emissions limits, quality standards and technology prescriptions are not. Finally, it also cannot be argued that domestic interest groups made the difference between the implementation of the LCP in the UK and EMAS in Germany. Business groups in Germany tried hard to 'pull down' the more voluntaristic policy elements of the EMAS regulation in the hopes of getting away from what they saw as the burdensome legally binding standards preferred by their government. In the end they were not very successful in doing so.

Despite the different manners in which the two governments have implemented the EMAS Regulation, it has caused firms in the two countries to adopt similar environmental policies and implement a similar set of best management practices.⁸ German and British firms have both been comparatively enthusiastic adopters of EMS standards. Despite German industry's initial objections to the EMAS Regulation during its negotiation, more German firms have participated in the EU scheme than firms from any other country (see table 1). Less surprisingly, given the compatibility of EMS standards with the British corporate governance style and their experience with the national EMS standard, BS 7750, British firms were also enthusiastic early EMS adopters.

One important difference does exist between German and British adoption rates, however. While German firms flocked to EMAS in the mid 1990s, their British counterparts by and large have chosen to participate in the global but very similar ISO 14001 standard. The reasons for this

⁸ Corporate environmental governance structures in the UK and Germany traditionally have been quite different reflecting the respective policy styles of their governments. German firms traditionally have had more formal environmental management structures in place, been more proactive in their attempts to deal with environmental pollution and have concentrated more on technological solutions than their British counterparts (Peattie and Ringler 1994; James, Prehn and Steger 1997).

difference are quite straight forward. The heavy promotion of EMAS by the German government and chambers of commerce and vague promises from the government that participating firms would be given some regulatory relief encouraged German firms to sign up to the EU scheme. Because the British government did not promote ISO 14001 over EMAS and the former more closely resembles the national BS 7750 standard, ISO 14001 has been more popular with British firms (Kollman and Prakash 2001; 2002).

Differences in how the British and German governments implemented and used the two EMS standards as policy instruments have affected how firms have reacted to them. The success of EMAS in Germany and ISO 14001 in the UK cannot be explained without these domestic factors. The impact of the domestic setting, however, seems to have played a bigger role in the early phases of implementation than it has subsequently. Domestic factors cannot, for example, explain why after initial reluctance, German firms decided to participate in ISO 14001 in increasing numbers in the late 1990s and why participation rates in EMAS peaked at about the same time. By 2001, it had become clear that ISO 14001 was the EMS standard of choice in both countries.

Perhaps more importantly a content analysis of German and British firms' environmental policies and interviews with managers suggest that firms in both countries have learned quite similar things from participating in EMS programs (see graphs 1 and 2). The evidence presented below indicates that the core norms that make up both EMAS and ISO 14001 have been disseminated to firms in both countries and that these norms and best management practices now make up the backbone of the corporate environmental policies of participating firms.⁹ Both ISO 14001 and EMAS explicitly require participants to develop and publish a firm environmental policy in which it pledges to make continuous improvement in environmental performance (Bundesministerium fuer Umwelt, Naturschutz und Reaktorsicherheit 1997; International Standards Organization 1996). Although the language of the continuous improvement clause is stronger in EMAS, the two standards are almost identical in their firm policy requirements. The requirements for firm environmental policies in each standard are also sufficiently vague to allow each firm to highlight what they feel is most important. As such, these policies offer insight into

⁹ ISO 14001 and EMAS were the first two broad-based international EMS standards to link such norms as 'continuous improvement,' 'beyond compliance' and third-party 'auditing' to environmental issues.

the kinds of norms and principles underpinning the EMSs being adopted by the firms that participate in them.

In total, one hundred and sixty-eight firm policies were evaluated, ninety-six from German firms and seventy-two from British firms. The policies were selected so that the mix of industry sector and year of EMS adoption are roughly similar in both the German and UK samples. The vast majority of these firm policies were selected from the central list of EMAS participants kept by the competent bodies designated by the German and British governments. Just over half of the entire sample, eighty-five firm policies (50.5%), came from firms that participate in both EMAS and ISO 14001.

To add support to the contention that ISO 14001 is spreading the same core norms and ideas of best management practice as EMAS, an effort was made to find policies from firms that are only certified to ISO 14001. Twenty-five such policies, eighteen from British firms and seven from German firms are represented in the sample. Although this sample is too small to make any definitive conclusions about potential differences between ISO 14001 and EMAS, a comparison was made between the ISO 14001-only firm policies and EMAS-only firm policies. The results of this comparison largely conform to what is predicted. In short, ISO 14001 seems to be spreading the same core norms as EMAS, although in some cases in a slightly weaker manner. Overall, however, the results show a surprising amount of similarity both across countries and across the two EMS schemes.¹⁰

Both charts are divided into three categories of entries. The first pairs of columns represent the core norms and environmental management procedures promoted and largely introduced by both ISO 14001 and EMAS. This set of seven norms includes firm commitments to maintaining *legal compliance* at all times, making *continuous improvement* in environmental management and/or performance, performing to standards that are *beyond compliance*, setting improvement programs with specific *targets*, systematically *monitoring* the firm's environmental impacts and progress towards improvement goals, increasing environmentally-related *employee training* and engaging in a dialogue with key stakeholders by increasing *transparency*. As such,

¹⁰ To test the coder reliability of this content analysis a second coder was employed to code 25% of the policies used in the analysis. The entries of this test coder agreed with the entries of the original coder (the author) 92.2% of the time. A kappa statistic, which measures the number of disagreements expected by random entry with the actual number of disagreements between the two coders, was calculated. The kappa statistic ranges from 0 to 1 with 0 representing no difference between random entry and the level of actual agreement and 1 equaling perfect agreement between the two coders. The kappa yielded was .844 with a p-value of .001.

this set of norms and best practices largely focuses on management procedures and improving systems rather than on actual performance standards. The second set of entries, which is a much less coherent grouping, represents norms and management procedures that are not central to the EMS standards but are mentioned regularly by firms in their policies. The third category represents particular environmental problems highlighted by firms in their policies.

As this bar graph illustrates, the seven core EMS norms appear with a very high frequency in the policies of both British and German firms. A majority—and in most cases a vast majority—of participating firms in both countries have made a public commitment to making continuous improvement in environmental performance beyond what is contained in law by setting targets, monitoring their progress towards these targets, training their employees and engaging in an open dialogue with the public about their progress (transparency). In only one instance, making an explicit pledge to go ‘beyond compliance,’ is there a noteworthy difference between the German and British firms. Given that the British government has emphasized the beyond compliance aspect of both EMAS and ISO 14001, it is somewhat surprising that German firms are more willing to include this pledge in their environmental policies than British firms (61.9% to 42.3%). Although well over 80% of British firms do commit to complying with all environmental regulations and making continuous improvement, which together imply setting standards that go beyond compliance, only 42% of the firms are willing to make this pledge an explicit one.

The fact that German firms often make the self-regulatory ‘beyond compliance’ principle a central part of their environmental policies may be a response to their own government’s emphasis on the legal compliance part of EMS standards. On the whole, however, it would appear that EMS standards and the transnational network that promotes them have been successful in disseminating these new principles of environmental management. Despite their very different points of departure, and British firms greater familiarity with management systems, participating British and German firms seem to have converged around this core set of norms.

The differences between German and British firm policies become much greater as one moves away from these core EMS norms. In general, as the second set of entries on the bar graph indicates, German firms are more willing to commit to carrying out specific procedures associated with environmental best practice such as product stewardship, product life cycle

analyses and environmental impact assessments than their British counterparts. These differences are not terribly surprising given the more stringent regulatory and critical public opinion climate in which German firms exist. A content analysis of a broader group of TNCs indicates that these EMS norms have been disseminated to firms

It is much too early to declare that these norms have been deeply internalized by firm actors. However, evidence taken from interviews with environmental managers conducted in Germany and the UK suggests that this process is beginning to take place. The language used by these environmental managers suggests, at least at a broad level, that the core norms contained within the EMS schemes are being internalized by British and German managers. The continuous improvement norm was by far the most commonly mentioned of the core EMS norms by firm managers during interviews in both countries, and the one to which managers seemed to have the deepest commitment. In most cases this conviction is part of a larger sense that environmental care and reducing the firm's environmental impact is a core part of the business and necessary for survival. In fact, only one of the sixteen managers was convinced that participation in a certified EMS and their firm's commitment to continuous improvement could be justified with a straightforward cost-benefit analysis. This manager believed that the continuous improvement process resulted in cost saving efficiencies that far outweighed the costs of EMS certification.

Almost all of the environmental managers interviewed, however, felt that EMS certification had resulted in more costs than measurable financial benefits thus signifying a deeper commitment to the norm. Despite this conviction, most managers took a pragmatic approach to justifying their participation in an EMS scheme that combined a commitment to environmental care with a sense that such care has become a business necessity. Normative motivations mesh with material motivations. What business norms such as continuous improvement seem to do is to convince managers that certain actions are necessary to the firm's survival even if these end up costing the firm money. These two quotes, the first from a British manager and the second from a German manager, are typical. Neither felt EMS certification could be justified in terms of cost savings alone.

“We are always after continuous improvement...We see it as improving our business.”

“We were of the opinion that people were going to be more sensitive about the topic of the environment and we wanted to stay on top of this issue. The thinking was this [EMS certification] was an investment in the future” (translation by author).

Two other managers, again one German and one British, seemed to have a more absolutist commitment to reducing the environmental impact of their firm's activities. The first was a small German firm whose two environmental managers claimed that being a good environmental citizen was simply 'the right thing to do' no matter what the consequences for their firm's bottom line. They insisted that economic factors would not interfere with this commitment. However because the firm competed in a niche organic fertilizer market, they admitted that maintaining their environmental reputation was an immediate business necessity. The second case, which involved the manager of a medium-sized British chemical firm, was more interesting as this firm did not compete in a niche environmental market. The ethical undertone of the manager's understanding of 'continuous improvement' comes across very clearly in the following statement

We actually do a lot of cost-benefit analyses on environmental improvements but I would still say the capital investment that we have made far outstrips the returns. But I don't believe in it. It's a coupling of the economic and ethical. It's ethical production. It sounds like a flight of fancy but it's true. We reconcile this commitment to continuous improvement [with the profit motive] by the fact that you can convince your multinationals to come back and keep coming back.

The rhetoric of this particular firm seemed to be backed up by the fact that it had won several prestigious environmental prizes from outside organizations including the RSA Better Environment Award in the UK.

In only a few cases did the lack of obvious financial benefits from EMS participation put these firms off. Of the sixteen interviewed, only one was seriously considering not being re-certified to ISO 14001 or EMAS when their current certification expired.¹¹ A second was more doubtful about long term participation given the costs but was going through the re-certification at the time of the interview. The large majority of the firms interviewed, however, were committed to remaining in the scheme and sought to justify their participation using softer criteria like long-term market viability and reputation gains.

The answers to the question of how continuous improvement is demonstrated in their improvement program yielded more mixed results. One British manager admitted that his firm was coming to the end of all the cost saving improvements that could be made at his site. At the suggestion of their outside auditors, the second improvement program this firm put together

¹¹ Firms must have their organizations certified every three to four years to remain in either EMAS or ISO 14001.

contained much less ambitious goals than the first. This was the same firm that was questioning its future participation in ISO 14001. Most of the managers, however, seemed to take their improvement plans seriously and were able to describe in detail how continuous improvement was operationalized at their site. Still many of the improvement plans seemed to be centered on better monitoring or better employee training and did not specify many concrete performance improvements. These modest goals reflect the process-focus of ISO 14001 and EMAS.

To sum up, in most cases managers demonstrate a level of commitment to EMS norms that would indicate at least partial internalization of these norms. Further this level of internalization appears to have changed how environmental managers define corporate environmentalism. Although EMS certification seems to have a varying impact on firm behavior, almost all of the environmental managers with whom I spoke reported that three aspects of their environmental management practices had improved as a result of their participation in EMAS/ISO 14001. All felt that the monitoring of their environmental impacts had become more comprehensive and systematic; all felt that the environmental training on site had improved; those that were asked agreed that the setting of specific targets and the third-party review of those targets helped environmental managers gain the resources they need to reach these goals. In some cases, the managers, usually those working at small firms, reported that these changes had been significant and had dramatically changed their firm's environmental practices.

These improvements are, of course, self-reported by firm managers who may have incentives to overstate the effectiveness of their EMSs as well as their efforts to curb environmental harm. If, however, the implementation of EMS standards did nothing to change firms' environmental practices, I would expect to hear different things from different managers. The fact that managers in both Germany and the UK, which traditionally have had very different approaches to corporate environmental governance, highlight the same improvements suggests that EMS implementation is changing environmental management practices in similar ways. A clear pattern can be found in the statements given by the environmental managers in the two countries.

How can we explain why EMAS appears to have caused some convergence of corporate environmental practices across the two countries when their respective governments implemented it in such different ways? The answer lies in the fact that a government's implementation of an

EU policy does not fully determine how that policy's target group will react to it. This is particularly true when the policy instrument seeks to create private authority structures to influence the behavior of non-state actors as is the case with EMAS. In particular two international factors have greatly influenced the impact that EMAS has had on German and British firms, namely the presence of broader international EMS regimes and growing transnational market pressure to adopt EMS norms.

ISO 14001, which is global in scope and much more popular than EMAS, increased the demand for EMS certification significantly and did a great deal to disseminate the EMS norms across transnational markets. The advent of EMAS and ISO 14001 in the mid 1990s helped strengthen a fledgling transnational network of business actors that have sought to promote the corporate environmental sustainability norm and disseminate it across borders. This network, which has played a key role in persuading TNCs to grant EMS norms prescriptive status within their organizations, includes the environmental managers of major transnational corporations, environmental consultants and the third-party certifiers of the codes. With the proliferation of EMS codes in the 1990s this network began promoting the more specific norms of continuous improvement, target setting, transparency and environmental auditing contained in both EMAS and ISO 14001 as a way of improving sustainability. Unlike the German government, this network did not seek to promote a certain EMS code over others but rather emphasized the importance of having a management system that could deliver continuous improvement.

In addition to creating additional demand for environmental consultants and certifiers, the international scope of the EMS standards, and ISO 14001 in particular, has helped the larger consultancy firms such as KPMG, Det Norske and Lloyds to expand into foreign markets more easily. A study by BTI Consulting in the US determined that in 2000, for the first time firms spent more money on environmental consulting than on any other environmental service. These services are by no means exclusively aimed at the establishment of a certifiable EMS; however, BTI does list increasing interest in ISO 14001 as one of the key drivers of this growth (BTI Consulting 2000). A more recent study conducted by a leading UK industry association for the environmental services sector, estimated the global environmental services market to be worth \$5000 million in 2002 and projected that the sector would grow by another 30% by the end of the decade (Environmental Industries Commission, 2002).

The importance of this network in establishing the prescriptive status of EMS norms within firms becomes immediately apparent when talking with environmental managers of these firms.¹² During my interviews with the managers of EMS-certified firms in Germany and the UK the importance of consultants and the supply chain for the establishment of EMSs was reiterated time and again. The environmental managers themselves talk, email and meet regularly to exchange information about environmental issues. In the late 1990s and early 2000s it was clear that much of this conversation centered around continuous improvement, management systems and certification.

The external consultants played a similarly important role in the creation of site EMSs. Barring two exceptions, all the firms I interviewed in Germany and the UK had hired outside consultants to help them develop their management system and to gain certification. Many of the managers reported that these consultants were intimately involved in drafting and implementing key elements of the management system including the internal monitoring procedures, work instructions and management handbooks. The existence of this transnational network helps explain why British and German firms, which traditionally have had very different styles of environmental corporate governance, have created quite similar EMS systems that are devoted to continuous improvement, a functioning internal management system and auditing procedures (Kollman 2003). Using a mix of both normative and material incentives, this network has been very successful at disseminating EMS norms and notions of best management practices to firms across borders and creating a market demand for certification.

As Oberthuer and Gehring posit in their study of international institutional interaction, an environmental regime can influence outcomes of a second regime if the first institution's rules affect the behavior of actors key to the success of the second regime (2006). This is exactly the effect that ISO 14001 has had on the implementation of EMAS in Europe. ISO 14001 did a great

¹² Khalid Nadvi and Frank Waeltring, also note the importance of transnational networks for the creation and development of international EMS codes. Their analysis, however, is not constructivist in nature and they do not emphasize the normative influence of the network. Rather their analysis identifies the different kinds of networks that produce various EMS standards. This approach leads them to conclude that EMS codes are diverging in content as different networks, some business oriented and others including environmental INGOs and government, produce different kinds of standards. This conclusion contrasts sharply with what I am arguing in this paper. By ignoring the common normative structures of all EMS codes, these authors overlook the extent to which more stringent INGO standards rely on the normative foundations laid by the weaker, process-oriented schemes like ISO 14001. The distinction they note in the content of these standards is, of course, an important one. See K. Nadvi and F. Waeltring. *Making Sense of Global Standards*. In (H. Schmitz ed.) *Local Enterprises in the Global Economy*. Cheltenham: Edward Elgar, 2004.

deal to both disseminate EMS norms across transnational markets and to create a market demand for EMS certification. The network of market actors described above helped to change the normative structures of transnational markets so that EMS certification and rhetorical commitment to EMS norms is now rewarded in the global market place. Without the existence of ISO 14001, it is hard to imagine that German and British firms would have converged around the EMS norms and management practices contained in EMAS. EMAS, however, did play a role in this convergence. The promotion of its core principals by the EU and certain member states enhanced the profile of EMS codes within the European common market as is evidenced by the high rates of EMS participation by European firms. The promotion of EMAS in Germany in particular encouraged German firms to adopt EMS codes despite the initial skepticism of environmental managers there.

Convergence therefore was the result of the interaction between EMAS and ISO 14001 and the transnational market demand that this interaction created. Thus, supranational policy type, the interaction of EMAS with broader international EMS regimes and transnational market pressure are all necessary to explain why EMAS exerted very little adaptation pressure on the German environmental administration but has caused the corporate environmental governance structures of German firms to converge to norms and management practices contained in the Regulation.

Conclusions

It is difficult to explain the variation in outcomes across these two cases of implementation without taking supra/international factors into account. Although the LCP and EMAS challenged core elements of the British and German environmental policy styles respectively, these 'misfitting' policies had very different effects on the two countries. The LCP caused the British environmental bureaucracy and the domestic power industry to change significantly and to converge towards the German practices embedded in the Directive. The implementation of EMAS in Germany by contrast resulted in very little change to the German environmental bureaucracy but did lead to some changes in German corporate environmental practices. German firms have adopted many of the largely British EMS norms contained in the Regulation.

The usual suspects of the Europeanization literature cannot fully explain these outcomes. The level of misfit between the two cases was not significantly different, domestic groups in both Germany and the UK tried to pull down the respective EU policies to their country and the greater number of veto points in Germany seems to only partially explain how EMAS was transformed into a policy instrument that the German government came to endorse enthusiastically. Policy type also affected the level of adaptation pressure each policy exerted on the implementing bureaucracies. The substantive nature of the LCP, which contains clearly stated and mandated outcomes, simply left the British government with very little choice about what had to be done or even how this was to be accomplished. EMAS by contrast, which is procedural in nature and only requires that a scheme without mandated outcomes be put in place, allowed the German government to manipulate it to fit its standard operating procedures. The German government absorbed the Regulation into its pre-existing system of governance. This happened not because the fit between EMAS and the German environmental bureaucracy was better than that between the LCP and British bureaucratic practice but rather because the policy is more malleable.

The usual suspects of the Europeanization literature do an even poorer job of explaining why EMAS did lead to some convergent change in firm behavior despite the different manners in which the two governments implemented the Regulation. Most Europeanization studies simply assume either explicitly or implicitly that the effects an EU policy has on domestic groups will follow directly from how their government implements that policy. Under conditions of globalization, however, this assumption is highly questionable. As the EMAS case illustrates the pressure firms feel to conform to an EU policy will also be influenced by extra-European regimes and by transnational market pressure for change. Indeed policies like EMAS seek to harness transnational consumer and market desire for better environmental performance. This new policy type brings with it new mechanisms of change.

Globalization's effects on environmental policy are well known and widely studied in international relations. In the past twenty years scholars have created rich and vibrant literatures on international environmental policy regimes, the effectiveness of these regimes, trade and environment and private environmental regulation. What remains virtually unknown, because it has not been studied, are the effects that these globalization processes have on EU environmental policy and particularly on the implementation of these policies. Most of the Europeanization

literature has sought to bracket the question and usually simply ignores the fact that transnational markets and extra-European regimes influence the implementation of EU policy. Some studies do note the difficulty of untangling the influence of globalization and Europeanization. But few thus far have embraced the messiness and sought to map out the interaction of these twin processes of integration. The problem, of course, is that in many policy fields it is impossible to understand implementation outcomes without taking both processes into account. The Europeanization literature will remain necessarily incomplete until we have better theories to understand how and when globalization and Europeanization interact to produce domestic outcomes.

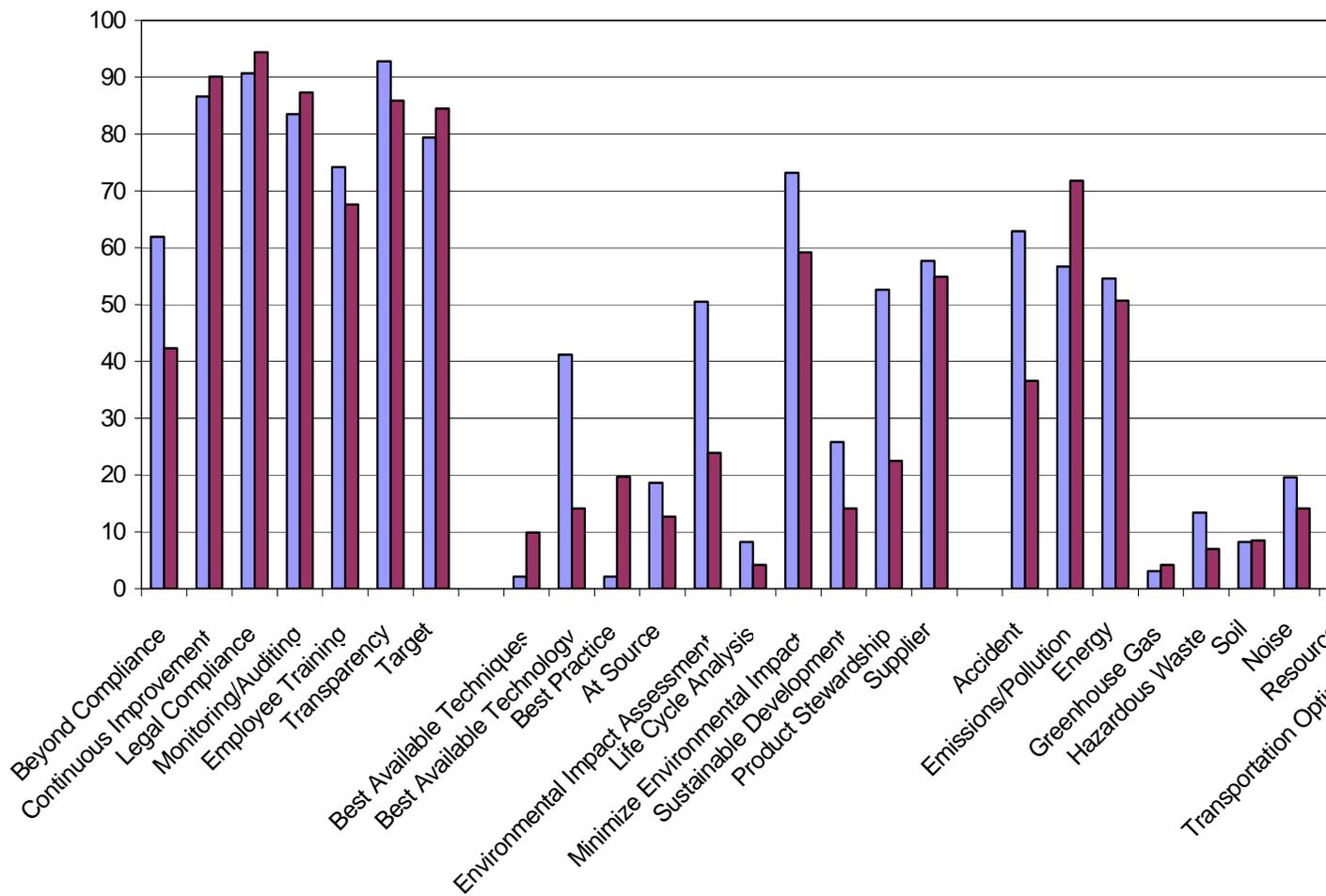
Table 1. Rates of EMAS / ISO 14001 Growth in German and the UK

	EMAS*		ISO 14001	
	Germany	UK	Germany	UK
1996	600	6	166	322
1997	1500	15	352	644
1998	2000	17	651	921
1999	2400	23	962	1492
2000	2500	27	1260	2534
2001	2600	32	3380	2722
2002	2500	40	3700	2917
2003	2100	46	4144	5460
2004	1999	51	4320	6253
2005	n/a	56	4440	6055
2006	1491	61	n/a	n/a

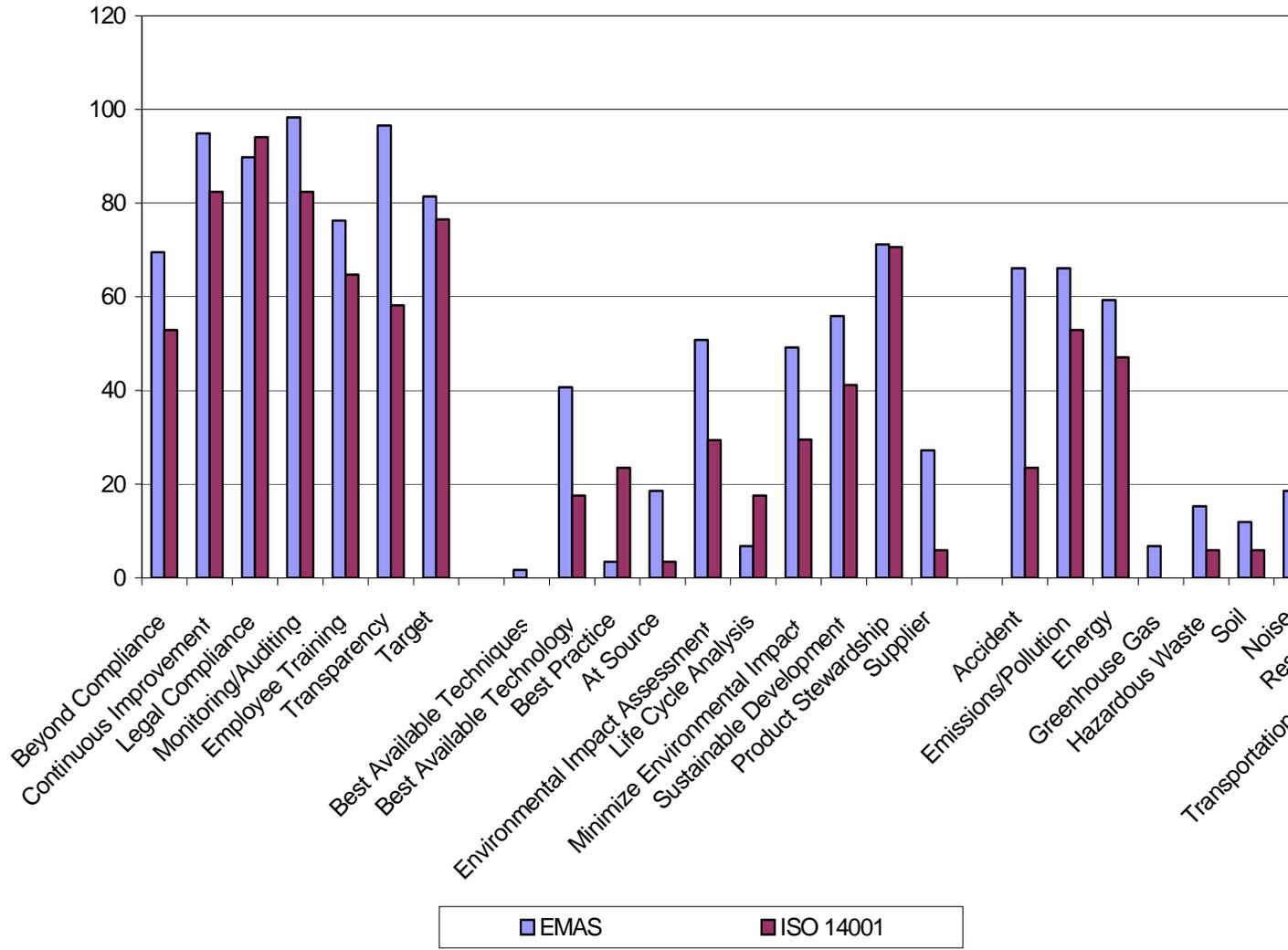
*The EMAS figures are estimates based on data derived from three different sources.

Sources: EMAS statistics (EMAS Help Desk. http://ec.europa.eu/environment/emas/pdf/5_5articles_en.pdf) ; ISO World (C:\Documents and Settings\kk48w\My Documents\Peglau EMAS ISO14001 registered companies 106.htm); UK EMAS Register (http://www.emas.org.uk/emas_register/ukemas.htm). International Standards Organisation, ISO Survey 2001; International Standards Organisation, ISO Survey 2005; pdf.

Graph 1: Content of Environmental Policies Published by German and British Firms Participating in EMAS/ISO 14001 (German and British Firms Compared)



Graph 2: Content of Environmental Policies of German and British Firms Participating in EMAS/ISO 14001 (EMAS and ISO 14001 Compared)



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