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Veröffentlichungsversion / Published Version

Sammelwerksbeitrag / collection article

#### Empfohlene Zitierung / Suggested Citation:

Vidačak, I. (2006). Lobbying and channels of influence of Croatian interest groups in an enlarged European Union. In K. Ott (Ed.), *Croatian accession to the European Union. Vol. 4, The challenges of participation* (pp. 85-111). Zagreb: Institute of Public Finance, Zagreb. <https://nbn-resolving.org/urn:nbn:de:0168-ssoar-60793>

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## Chapter 4

# LOBBYING AND CHANNELS OF INFLUENCE OF CROATIAN INTEREST GROUPS IN AN ENLARGED EUROPEAN UNION

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## ABSTRACT

This paper analyses opportunities for and challenges of representing interests and the lobbying of Croatian interest groups in the decision-making processes at the European Union level. Taking into account the predominant trends and channels for the representation of interests in the competitive environment of the enlarged EU, as well as the experiences of new EU member states, the logic of access and influence of interest groups from Croatia on the EU policy-making procedures in the pre-accession period will be highlighted. The paper draws attention to the potential of the EU accession process to act as a catalyst for the Europeanisation of domestic public policy shaping and the adoption of new and modern patterns of interest articulation. It also provides incentives for considering the introduction of an adequate regulatory framework for lobbying, as a basis for legitimising the practice in Croatia.

### **Key words:**

lobbying, interest groups, European Union enlargement, Europeanisation, Croatia

## INTRODUCTION

The accelerated dynamics of the European integration process in the late eighties gave strong impetus to the proliferation of interest groups<sup>1</sup> at the EU level. The EU institutions headquarters is characterised by an increasingly competitive environment for lobbying. With approximately thirteen thousand lobbyists, Brussels is the second largest centre of lobbying activity, after Washington, where the number of lobbyists is twice as big. The explosion in the number of lobbyists working in Brussels over the past decade reflects the increasing number of policy areas the Union is becoming involved in – and hence the number of organisations affected by its decisions and that accordingly want to influence the policy-making process. The spectrum of lobbying actors seeking to influence key EU decision makers is rather wide, ranging from companies, trade associations, employers and trade union associations, NGOs such as environmental or consumer protection associations to national ministries, local and regional administration and public agencies. Lobbyists do not come to Brussels only from all levels of member and candidate states but also from other countries like the USA, Japan and other parts of the world. Often European Commission, Parliament and Council officials act as lobbyists themselves.

The EU 2004 enlargement taking in 10 new member states has changed the lobbying rules for everyone with a stake in the EU policy-making processes. Generally speaking, the new, more complex environment of the enlarged EU requires lobbyists to develop even more advanced strategies for each particular legislative and policy initiative and to provide for adequate human and financial resources. In addition, there is a growing emphasis on the need for tighter control of lobbying activities – both for lobbyists and EU institutions. The European transparency initiative launched by the European Commission announced more stringent rules for all actors involved in lobbying in Brussels. The purpose of the initiative is to strip away the secrecy from the lobbying activities in Brussels, to put additional pressure on the EU institutions and lobbyists to become more open and aspire to even higher ethical standards, as well as to promote lobbying as legitimate component of democratic policy processes in the EU.

This article seeks to explore the predominant trends in and channels for the representation of interests in the enlarged EU and to analyse the logic of access and influence of interest groups from Croatia on the decision-making procedures at EU level. On the basis of the expe-

periences of new EU member states, ex-candidate countries, the potential impact of the EU accession process on the Europeanisation of national policy-making arenas and the adoption of new, modern patterns of interest articulation and lobbying will be highlighted. Also, the paper will analyse to what extent it is justifiable to introduce a better regulatory framework for lobbying in Croatia, in accordance with best practices of various EU member states.

## **PREDOMINANT TRENDS OF INTEREST REPRESENTATION AND LOBBYING AT THE EUROPEAN UNION LEVEL**

One of the main conclusions of the research on the European system of interest groups carried out since the beginning of nineties is that the institutional architecture of EU policy-shaping has a crucial influence on the organisation and articulation of interests at the Union level.<sup>ii</sup> In general, interest groups at the EU level have been largely conditioned by the unique multi-level system of governance and particularities of the EU decision-making processes. The adoption of EU public policies includes a range of subnational, national and supranational layers of government, while their complex mutual interaction provides for multiple points of access to decision-makers. Due to this multi-layer character of the policy-making process and the diffusion of centres of powers among different institutions, it is difficult for each group to build a dominant position or privileged relationships with institutions in this process. Economic and political importance, the scope of membership, representativity, adequate human and financial resources, internal cohesion and organisation, expertise and informedness, lobbying skills and strategies – these are only few factors that determine the potential influence of interest groups in the EU (Sidjanski, 1995; Greenwood, 2003).

Since the beginning of nineties, the phenomenon of the fragmentation of the system of interest representation in the EU policy-making processes has gained in importance. In addition to an abundance of so-called Euro-groups – umbrella European interest organisations, other patterns of interest representation are becoming increasingly significant – due to the assumption that they are more flexible, more efficient and less expensive. In that context, the common feature of the

predominant trends in interest representation is that they bypass the existing European umbrella associations (Grande, 2001). Apart from national interest groups and associations, which are increasingly active at a European level, there is a growing trend of creating smaller, informal clubs, forums and ad-hoc coalitions – particularly among business interest groups. As these groups are generally very selective in choosing their members<sup>iii</sup> and focus on achieving very particular objectives, they usually reach a consensus more easily and tend to be much more efficient in their activities. The next trend concerns individual companies and especially the big multinational companies that lobby European institutions directly, emerging as important political actors in the EU – particularly since the establishment of the single market in the middle of eighties (Bouwen, 2002). The proliferation of professional lobbyists in Brussels is an additional significant tendency to have emerged during the nineties. These are PA/PR agencies, law firms, commercial consultancies, which enable their clients, usually big firms, to receive very targeted information and strategic advice without having to open permanent representative offices and go through the long process of consensus building within an umbrella group. The increase in the number of specialised, technical and expert interest groups (Weisbein, 2001) is a response to a growing need for a much more specialised type of information. In this regard, it should be emphasised that an accelerated technological development contributes to a greater efficiency of interest groups, due to the possibility of shortening the process of consultation and using member expertise. The already present diversification is even more emphasised by the regionalisation and decentralisation of the activities of the EU, which leads to a greater presence of representative of regions and regional interest groups in Brussels and Strasbourg.

Broadly speaking, the pronounced pluralism, diversity of interests and a number of other tendencies in EU interest group activities demonstrate the emergence of new European social structures. In that sense, we can already speak about a transnational European system of interest groups, about a transnational European society, which is being developed in parallel with national, regional and local societies through communication networks connecting people and their organisations.

## REGULATORY FRAMEWORK FOR LOBBYING IN THE EUROPEAN UNION

The large increase in lobbying activity and the proliferation of lobbyists in Brussels, the growing attention of the EU institutions to public perception and the trust of citizens, as well as the need to demystify lobbying and enhance its transparency are among the most important incentives for developing a regulatory framework for lobbying, at the level of the lobbyist community as well as at the level of the target lobby structures, i.e. EU institutions and their officials. Despite the progress achieved during the past decade in this area, lobbying activity at the EU level has not yet been sufficiently regulated, in comparison with that in the USA or some EU member states. This is partially due to the Commission's reluctance to introduce the stricter formal measures that might discourage organised interests from active involvement in the EU policy-making processes, and also to the need to gain support for the process of European integration and deal with the problem of the democratic deficit.

Proposals to introduce an accreditation system for interest groups, similar to that existing at the Council of Europe and the UN have never met with the approval of the Commission. The often-quoted Communication of the Commission in 1992 emphasised that the "general policy of the Commission is not to grant privileges to special interest groups, such as the issuing of entry passes and favoured access to information, nor does it confer on associations an official endorsement by granting them consultative status". In the same document, the Commission justifies that approach by the need to maintain an open dialogue with all interested social actors<sup>iv</sup>.

On the other hand, the Commission has tried to encourage self-regulatory measures within the lobbyist community. On the basis of the minimum requirements set in the Annex of the 1992 Communication, the Commission has proposed to interest groups that they should draft their own codes of conduct in the process of lobbying. A certain number of interest groups gathered around two umbrella organisations – Society of European Affairs Professionals (SEAP) and Public Affairs Practitioners (PAP), have drafted a Code with twelve principles (largely drawing on the EC proposal) to which its signatories should adhere in communicating with the EU institutions<sup>v</sup>. In February 2004, SEAP announced tighter sanctions for breaching Code principles – following strong criticism of inappropriate lobbying methods used by choco-

late manufacturers in the European Parliament<sup>vi</sup>, as well as the growing dissatisfaction of civil society organisations at the lack of transparency and ethics in representing certain corporate interests. This was realised by the adoption of the revised Code which was presented to the public in February 2005. The most important changes in the new Code relate to the introduction of sanctions – from verbal warnings to exclusion from SEAP, the obligatory education of SEAP members about the new Code as well as the establishment of a special committee which would monitor the conduct of Code signatories.

While there is a wide spread belief that the current code should become legally binding, some argue that is not necessary as far as its dispositions are consistently being respected and put into practice – referring to the assumption that is in the interest of lobbyists themselves to maintain good relationships with the EU institutions and not to be suspected of bad practices.

Although still weak, the level of regulation of lobbying at the European Parliament is still much better than at the European Commission or the Council. For more than six years, a series of initiatives for the introduction of a regulatory framework for lobbying in the European Parliament have been launched without success. The final agreement was made in 1996 when the new code of good practice for lobbyists was introduced as an annex to the Rules of Procedure of the Parliament<sup>vii</sup>. The Code is composed of ten points and requires lobbyists to abstain from any activity that might imply inappropriate access to information and references to formal relationships with the Parliament in dealing with third parties.

Lobbyists, defined as people who wish to enter Parliament frequently to provide members of the European Parliament (MEPs) with information relating to their parliamentary duties, in their own interests or those of third parties, are required to register and are granted special passes<sup>viii</sup> which distinguish them from occasional visitors.

The new amendments of the Rules of Procedure also regulate the problem of financial interests. For example, MEPs are obliged to submit a detailed declaration on their professional activities, and their assistants are also asked to report other paid activities they undertake. The reason a consensus on lobbying regulation has taken so long to be found probably lies in the longstanding national differences of political culture and the diverging cultural and judicial attitudes towards lobbying in general.

Taking into account the current lack of transparency of lobbying activities, the new commissioner for administrative affairs and fight against fraud, Siim Kallas, launched the European initiative for transparency which aims at encouraging more responsible conduct on the part of the officials of the EU institutions as well as more open and transparent activities by lobbyists<sup>ix</sup>. There are three key components of the initiative. The first requires a stronger involvement of member states and deals with the proposal to improve information on beneficiaries of EU funds, especially on EU agricultural subsidies and EU structural funds payments. The second component is focused on stepping up the ethical standards and accountability of EU institutions, with special emphasis on the members of the European Parliament and officials of the Commission. The third concerns the increased transparency of the activities of lobbyists and the need for disclosing the interests they represent, their mission and the sources of their financing. By the beginning of May 2006, the Commission published the Green Paper which opened public debate on the transparency of lobbying. The document makes three proposals in that area: a voluntary registration system run by the Commission with incentives for lobbyists to register; common codes of conduct for all lobbyists developed by the lobbyist profession and possibly consolidating and improving the existing codes; and a new system of external monitoring and sanctions for cases of incorrect registration and/or breach of the code of conduct. The main criticism of the Green Paper is related to the lack of credible incentives for the registration of lobbyists, the failure to propose mandatory rules for disclosing full details about funding and the inadequate solution of the problem of employment of the Commission officials in the private sector after leaving their duty (*the revolving doors phenomenon*)<sup>x</sup>.

Several new EU member states opted for regulating lobbying activities by special legally binding acts. Lithuania and Poland were the first countries to introduce special laws on lobbying, which largely draw on the model accepted in the USA (Wiszwaty, 2005). The Hungarian Lobbying Act was finally adopted in February 2006, after years of unsuccessful attempts and disputes caused by the first draft of the law. Lobbying acts have been proposed, for example, in Ireland and Italy, but did not meet sufficient support of the governments of those countries. Germany and Great Britain have been usually mentioned among the old EU member states that have introduced a certain regulatory framework for lobbyists and interest group representatives in the Parliament. Bundestag Rules of Procedure implement a system of

mandatory registration of interest groups that want to represent their interests at Bundestag or Federal Government institutions. The content of the Register is published and updated once a year in the Official Gazette. In 1996 Great Britain introduced a code of conduct for parliamentary deputies which regulates their interaction with lobbyists. A similar proposal has been under consideration in Slovakia.

Generally, current global trends open up new possibilities for better regulation of transparency and monitoring of lobbying activities in other EU member states as well. While considering the problem of regulating lobbying in the EU, it should be stressed that the regulatory tendency has not been focussed on eliminating the phenomenon, rather on fighting corruption and introducing a clear set of lobbying rules. As the open competition of interest groups is an important component of democratic policy processes, lobbying regulation should aim at raising the awareness of the accountability of all the participants of democratic decision-making and the transparency of the process.

## **CHANNELS OF INFLUENCE ON EUROPEAN UNION POLICY-MAKING PROCESSES**

The development of the multi-level system of governance and the new institutional architecture with a growing number of public actors and institutions have considerably changed the target structures (Grande, 2001) and possibilities of influence of interest groups on the policy-making processes in the EU. The new differentiated institutional environment of the EU provides interest groups with a wide spectrum of potential channels of influence on the shaping of public policies. Generally speaking, two major channels of influence might be pointed out: national and European (or Brussels) – each of them implying an interaction with a series of institutional and political actors the importance of which depends on the modalities of decision-making processes.

Interest-group lobbying through national channels of influence depends largely on the role of the national level bodies and member states in the decision making in certain areas, as well as on the openness of national institutions to interaction with organised interests. According to Greenwood, the main factors determining the European, Brussels strategy of lobbying are: (i) the level of competence of the EU and supranational institutions in the relevant field; (ii) the role of the

Commission in initiating the policy proposals and enhancing the development of the EU interest groups settled in Brussels; (iii) presence of formal institutionalised structures for representing interests such as consultative committees and (iv) the need for networking and gathering the information.

Results of some research projects show that the national strategy and the use of national channels of influence dominated until the adoption of the Single European Act which paved the way for the creation of the EU Single European Market. With successive revisions of the Founding treaties and the progressive extension of the EU competences and the strengthening of supranational or Community methods of decision-making, the European, that is Brussels, strategy of interest groups started to gain importance.<sup>xi</sup> In the absence of reliable indicators and a methodological framework, it is difficult objectively to identify and assess those two main channels of influence in the strategies of interest groups. Nevertheless, various actors clearly show different preferences and patterns of action with respect to certain lobbying strategies. Empirical research conducted among British business and trade associations shows that 42% of these associations opt for national channels of influence, 27% use the services of European umbrella interest groups, 17% decide to lobby directly in Brussels, while 11% of them rely on individual activities of enterprises (Bennet, 1997). The research showed, among other things, that human and financial resources usually prove to be crucial in selecting the type of strategy, and it is the financially stronger groups with the biggest number of members that tend to use European channels more often.<sup>xii</sup>

On the other hand, according to the research carried out among a great number of German, British, French and European umbrella trade associations during 1998 and 1999, most trade associations follow a double strategy of European interests representation (Kohler Koch and Quitkatt, 1999). Sixty-nine per cent of all interviewed national trade associations focus on both European and national institutions, while only 18% of them still follow only the national approach. The same research shows that even European trade associations follow the double strategy by maintaining regular contacts with European and national political institutions. Also, 62% of European trade associations have continuous contacts with their national governments, 42% develop cooperation with their national parliaments, and 41% contact their national regulatory agencies. These data clearly confirm the assumption that the progress of the process of European integration makes the process of inter-

est representation more complex, requiring interest groups to develop a multi-dimensional strategy of parallel action at several political levels and the use of multiple channels of influence. The already existing complexity of the concept “channels of influence” has been made even more complex by the fact that EU member states and EU institutions are not only targets and objects of interest representation but also their subjects, since they actively participate in lobbying for various policy initiatives.

In general, due to the role of the Commission in proposing legislative initiatives and the dependency of that institution on the input of external interests, the Commission has been considered the first target of lobbying at the EU level. In its early stages, the policy-making process implies the possibility of influencing the definition of the problem at stake, creating an adequate contextual framework and drafting the content of new policies. This allows interest groups with specialised, technical knowledge to gain a privileged position, especially in cases when the Commission does not have enough resources and depends on organisations that enjoy almost a monopoly on a very special type of information and expertise. The European Parliament is generally considered as the second important institutional target of interest groups. This is mostly due to its openness, stronger democratic legitimacy and natural orientation to outside organised interests, but also due to its power as co-legislator in certain policy areas. The third pillar of the EU institutional triangle and an important lobbying target is the Council of Ministers which has a final say in decision-making processes. Clearly, at the very end of the legislative process, it is very difficult to exert any influence, as most key questions have been already defined and each intervention would actually imply changes in positions taken by certain institutional actors.

The growing numbers of experts dealing with interest representation dynamics at the EU level describe the interaction between the interest groups and the EU institutions as a process of exchange of information and analyse the logic of access as an important component of potential influence on policy-making procedures. According to Bouwen (2002), a potential level of access of certain interest groups to EU institutions may be explained by the theory of supply and demand of the so-called “access-goods”. In other words, the access of interest groups to policy-making processes is largely dependent on their capacities and potential to provide various forms of access goods to the EU institutions (Bouwen, 2003). Access goods comprise information of key im-

portance for the Union agenda setting and policy shaping: specific expert knowledge in the subject matter of decision-making processes, needed for preparing an effective and realistic legislative act; information about the encompassing interest and needs of the sector in which the private actors operate in the European internal market and which is likely to be affected by a decision taken (European encompassing interest), and information about the legislative situation in the respective member states, and the related needs and interests of certain sectors in domestic markets (European domestic encompassing interest).<sup>xiii</sup>

In order to gain access and a potential influence, interest groups use different forms of lobbying and try to position themselves as providers of specific expertise, depending on the needs of certain institutions. This encourages the development of the informal exchange process based on supply and demand principle which enables access to those agents who are the most able to adapt to the institutional needs for external input. Theoretical and empirical research outlines lobbying as a political exchange which implies that both public and private actors behave rationally and in their own interest. Such a system of interest representation, based on the exchange of information and influence within a closed circle of expert elites leaves little room for contributions of new participants.

## **LOGIC OF ACCESS OF CROATIAN INTEREST GROUPS TO EUROPEAN UNION DECISION-MAKING PROCESSES**

During last several years, as a response to a number of political and economic factors, Croatian interest groups have increasingly started to develop their activities in a new, European context. The signature of the Stabilisation and Association Agreement, the opening of new EU programmes of financial aid, continuous strengthening of economic cooperation with the Union, gaining the status of candidate country for EU membership and the opening of the EU accession negotiations – these are only some circumstances that have contributed to a gradual strengthening of the European dimension in the strategies of Croatian interest groups.

The process of EU accession has also brought to the surface a number of challenges facing interest groups from Croatia in their ad-

aptation to a new, more demanding and dynamic environment for interest representation and lobbying at EU level. As in other countries of Central and Eastern Europe (Perez-Solorzano, 2005), there is still a pronounced lack of clear strategies, skills and organisation, lack of understanding of the rules and standards for interest representation developed in Western democracies, and finally the lack of understanding of the concept of lobbying and the possibilities it may provide. This is mostly due to the old patterns of behaviour and mindset characterised by passivity and expectations that the Government will offer solutions for certain social problems (Bežovan, 2004). Even business actors, often considered an avant-garde of sectoral interest representation, often meet difficulties in building fundamental lobbying skills (IMO, 2004).

Responding to the need to change the patterns of action, adopt new strategies and develop modern lobbyist skills, interest groups with stronger financial and human resources focused on strengthening communication, networking and exchange of know-how with their partner organisations from the EU, gradually developing a more proactive attitude towards decision-making processes at the EU level.

A literature review in the field of representation of interests of the countries of Central and Eastern Europe at the EU level (Fink-Hafner, 1994; Perez-Solorzano, 2002) illustrates several possible channels of influence of those countries in the EU decision making during the pre-accession period: national government bodies and diplomatic missions, opening own interest representation offices in Brussels and collaboration with related umbrella European interest associations.

## **Possibilities and constraints of national channels of influence**

In the beginning of the nineties, at the very start of the process of political and socio-economic transition, the only legitimate representatives of the interests of Central and Eastern Europe in the EU were national governments and parliaments. Clearly, state institutions were the most important channels of influence of interest groups on the EU decision-making processes – since they had at their disposal more advanced communication networks and are key interlocutors with the EU institutions during the accession negotiations process and the process of legislative adjustments.

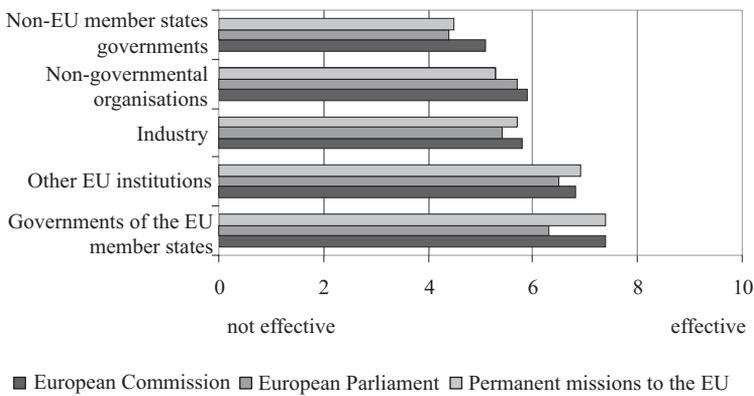
As for lobbying in the EU accession negotiations of Croatia, interest groups face several problems which make difficult the choice of national state bodies as adequate channels of influence on the outcome of the negotiations process. Although a relatively big number of organised interests from Croatia have been involved in the work of the negotiating teams in certain areas, the process remains predominantly elitist and does not leave space for contributions from a wider circle of organisations interested in certain chapters of the acquis<sup>xiv</sup>. Working groups that prepare the negotiating positions for each chapter base their work on very technical and specialist background. The composition of these groups is made public only after the official start of the screening process of individual chapters – on the day of the explanatory screening session in Brussels. The access and potential influence of interest groups on the negotiations process is largely made difficult by an ambitious target date of the EU accession set by the Government, which implies an accelerated dynamics of negotiations and absence of public debate on specific negotiating positions. This reflects the aspiration of the Government for the legitimacy resulting from the expected satisfaction of key actors in society and citizens by the final outputs of negotiations (*output legitimacy*), and its indifference to input legitimacy – which would be based on participation and contribution of a wider circle of interested organisations in the process of the accession negotiations.

The predominant focus on national government institutions and diplomatic representations as possible channels of influence at the EU level is rather paradigmatic also for other countries of Central and Eastern Europe that have recently acceded or are on the path to gaining full-fledged EU membership. Some analysts (Fink-Hafner, 1994) emphasise the tendency in post-socialist countries of Central and Eastern Europe to rely solely on diplomatic, government channels to communicate with different actors and institutions involved in the EU policy-making processes, which reflects the lack of culture of dialogue and political communication in those countries. In the context of lobbying for Croatian interests in the EU, the dominance of diplomatic communication channels might be justified by the present level of integration of Croatia into the EU structures, which does not provide sufficient incentives for a wider involvement and the use of all available channels of influence.

The research conducted by the agency Burson-Marsteller among the high officials of the European Commission, members of the European Parliament and representatives of the permanent missions of EU

member states to the EU showed that these institutions attach little importance to the lobbying of the governments of non-member countries (Burson-Marsteller, 2005). The findings of this research are important because they show that the potential influence of governments outside the EU is very limited and interest groups can hardly rely on them to represent their interests at the EU level.

*Figure 1 Attitudes of the European Union institutions on the effectiveness of lobbying*



*Source: Burson-Marsteller (2005)*

On the other hand, according to the same research, governments of the EU member states have been scored as the most effective lobbyists in Brussels. In this sense, it is justifiable to focus attention on diplomatic and lobbying communication channels in the EU-25 capitals. In doing so, the possibilities and constraints of lobbying for political and economic interests should be taken into account. According to the position of the key representatives of the European Commission in Croatia (Wunenburger, 2005), lobbying for political interests in the pre-accession period is effective only if it is supported by well-supported data on the real reforms made in the field of the adoption of EU standards, real achievements and potential for future EU membership. On the other hand, diplomatic lobbying for economic interests often causes doubts about the selection of priorities for realisation of particular Croatian economic interests, without real analysis and objective criteria which

might justify privileged access of different private enterprises and interests.

## **Opening interest representation offices in Brussels**

With the progress of a country's EU accession negotiations, more sophisticated forms of pluralist interest representation start developing. In that regard, interest groups from Croatia are increasingly claiming a more active role in the interaction with the EU institutions, closer cooperation with partner organisations at the EU level and a small number of them decide to open their own interest representation office in Brussels. A growing trend of opening interest representation offices in the EU headquarters indicates the development of a new "parallel diplomacy", new forms of direct representation of interests of various sectors and actors in society.

The Croatian Chamber of Economy was among first to recognise the advantages of a physical presence in Brussels. Its representation office in Brussels was opened as early as 2000, in parallel with the majority of similar representation offices from Central and Eastern European candidate countries that started EU accession negotiations at the time. After gaining candidate-country status, Croatia was given the possibility to use a wide spectrum of pre-accession aid programmes, which was an additional incentive for a number of institutions to take a more proactive approach towards decision-making structures at the EU level. In 2005, the Croatian Chamber of Crafts and Trades also opened its office in Brussels, within the premises of their counterpart umbrella organisation – UEAPME. It was in the same year that Istria County finally realised a few year old initiative for the County's representative office in Brussels. Regional interests soon became strong advocates of a stronger lobbying presence in Brussels and the example of Istria County is to be followed by the Osijek and Baranja County, as well as by the City of Split in cooperation with the County of Split and Dalmatia. In view of successful Polish and Hungarian examples, there were recently discussions on the possibilities for opening a representative office of Croatian NGOs in Brussels.

The dominance of economic and regional interest representation offices in Brussels is a phenomenon common to most Central and Eastern European countries that have already entered or are on the path to gaining full EU membership. In some countries, such as Slovenia,

Hungary and Romania, economic representation offices represent in the same time the interests of the research and science sector.<sup>xv</sup> Representation offices of cooperatives, NGOs, consultancies and PR agencies are also present, but to a much smaller extent.

In general, the benefits of opening one's own representative office might be linked to several main aspects: comparative advantages and better positioning in the sector in which the organisation works, more direct contacts with relevant actors and possible business partners, networking and development of better cooperation with related organisations, building capacities of organisations in terms of transfer of know-how, skills, better access to information on the possible EU funding sources and potential changes of relevant legislative acts, but also the possibilities of stronger influence on European media present in Brussels<sup>xvi</sup>.

In addition, better networking and presence at the European level provide interest groups from Croatia with a source of legitimacy in national and supranational contexts. Empirical evidence from Slovenia shows that closer cooperation with EU interest groups has been usually presented in domestic circles as a proof of the maturity, respectability and "Europeanness" of those groups (Fink-Hafner, 1997).

Apart from a number of advantages and opportunities stemming from the opening of a representative office in Brussels, several potential challenges should also be taken into account when considering the potential sustainability of such an initiative. Of course, the most obvious are financial challenges, since the stability and efficiency in running a representative office in Brussels requires a continuous and steady inflow of financial resources. Representative offices from Croatia and other countries of Central and Eastern Europe have fewer human and financial resources, a more diverse and less informed client base, less-developed contacts and sources of information, but also a more demanding mission due to the fact that their countries, clients and constituencies are passing simultaneously through two very complex processes – transition and integration into the EU.

The experience of the Croatian Chamber of Economy indicates the continuous problem of the lack of interest and the insufficient knowledge and skills of those that should primarily benefit from services of the interest representation office in Brussels (Martinović, 2004). In other words, capacities of Croatian interest groups to absorb and adequately use new possibilities provided through the opening of an interest representation office in the EU are still limited. Therefore, one of

the most important challenges that current and future interest representation offices will need to meet is the necessity of continuous education and transfer of know-how and skills acquired in Brussels among their own constituencies.

## **Networking with European umbrella interest associations: prospects and challenges**

Experiences of Croatian interest groups in the field of networking and interest representation at the EU level indicate several dominant trends and problems. First, economic interest organisations – such as employers associations, chambers of commerce and chambers of crafts and trades as well as trade unions (such as HGK, HOK, HUP, SSSH) are much more advanced in regard to the level of development of contacts with related umbrella organisations active at the EU level. Second, for some organisations, especially for associations of public interest, it is the lack of horizontal cooperation and networking at national levels that hampers better collaboration with counterpart European umbrella associations. Additional obstacles include insufficient information about the benefits of membership and enhanced communication with these umbrella organisations, as well as the lack of financial resources necessary for covering membership fees in these organisations.

Given the fact that interest groups from Croatia, as well as from other countries of Central and Eastern Europe, do not work in a sufficiently motivating environment for the development of lobbying activities and skills at national levels, membership in European umbrella associations could be considered a unique opportunity for gaining experience and learning from partner associations from developed Western European democracies.

In analysing European umbrella interest associations as potential channels of influence of Croatian interest groups, the new circumstances in which those associations operate after the last and biggest EU enlargement should also be taken into account. The admission of new, very heterogeneous groups from new member states as full-fledged members of umbrella organisations implies a number of internal organisational difficulties and strategic doubts. European umbrella associations must adapt their internal operative structures and working methods to new members from Central and Eastern Europe and their

requirements or interests may sometimes diverge from those of current members (for example in the field of agriculture). In those circumstances, it is challenging to maintain the internal cohesion of the group and credibility in relations with the EU institutions. In addition, these organisations have been faced with increased financial costs, a growing need for networking and internal communication and the related language/communication challenges, the necessity of opening new branches in capitals in new member states and dealing with a number of problematic issues specific for the environment in which new member states work. In other words, European interest groups face the problem of enlargement of the club similar to those facing member states in the context of the new EU enlargement.

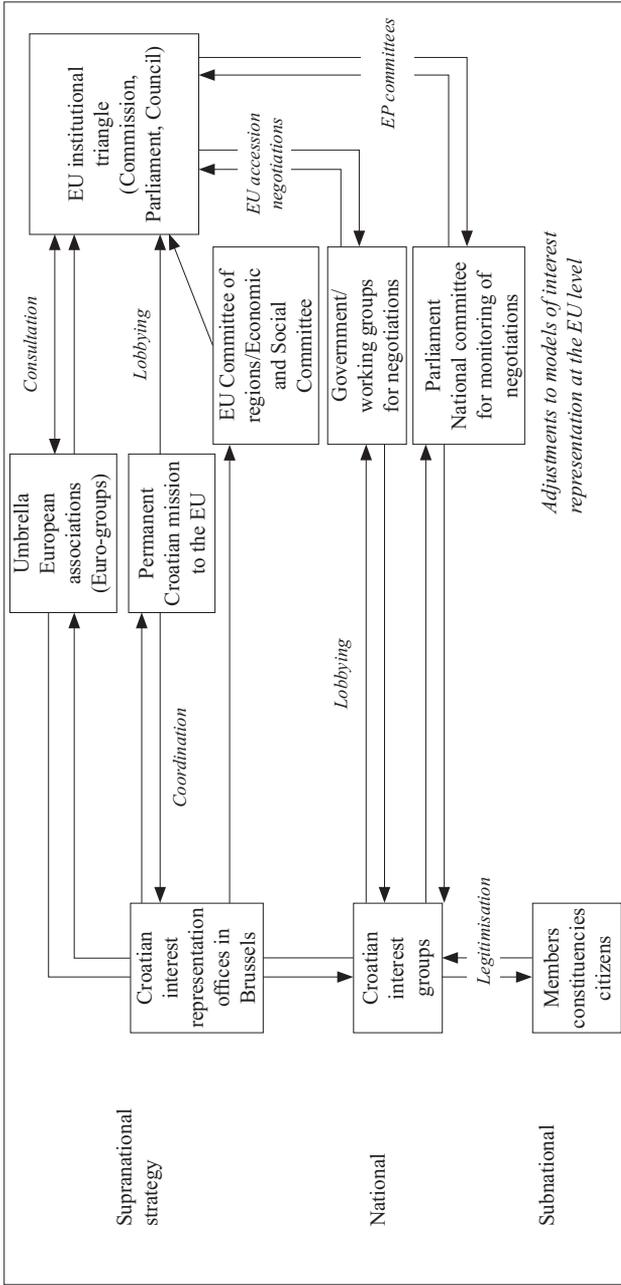
Newcomers expect access to all benefits of club full membership (influence, networks and contacts, human resources, offices), while their capacity for contribution to the work of the club remains questionable (Perez-Solorzano, 2002). Although due to their representative character and the density of their membership European umbrella associations often have privileged access to EU institutions, the mentioned difficulties decrease their potential for timely reactions on key developments in the legislative process and for being able to have an impact on EU policy shaping.

From the perspective of Croatian interest groups, the necessity to defend their own specific interests through structures that aim to advocate more general interests of an umbrella association with 25 and more full members remains a challenge. Their area of activity will also be rather narrowed down due to the pronounced tendency of umbrella associations to put their own “EU identity” before a particular sector’s identity which often causes the impression that Euro-groups do not care for specific sectoral or national interests.

## **Towards developing multi-level lobbying strategies**

Considering the growing proliferation of the lobbyist scene in Brussels after the last and biggest enlargement round, the resulting changes in structures of the key personnel of the EU institutions as well as the announced changes of the mechanisms and dynamics of the decision-making process, lobbyists are facing an even more complex and competitive environment.

Figure 2 Multi-level strategy of Croatian interest groups in the process of European Union accession



Source: adapted from Perez Solorzano (2002)

The complexity of the lobbying environment requires Croatian interest groups to develop new strategies that involve a simultaneous activity at national and supranational level. The model of multi-level, multi-dimensional strategy of action implies parallel representation of interests and lobbying at several political levels and various channels of influence, but also a legitimate, responsible and active relationship towards constituency, clients or beneficiaries and that is still a challenge for a great number of Croatian interest groups.

Among the most important challenges interest groups are facing in that respect are the lack of human and financial resources, the need for more advanced knowledge about the structures and methods of decision-making processes at the national, and especially at the EU level, weakly-developed lobbying skills, inadequate level of foreign language proficiency, the highly technical and bureaucratic character of the EU adjustments, and also the lack of time for consultation with members due to the routine practice of adopting most so-called “EU laws” through the urgent government and parliamentary procedure.

Regardless of the expected difficulties, most authors stress that the lobbying game in the EU should remain open for new actors, so that European system of interest groups does not turn into a hermetic, elite system. A more proactive European lobbyist activity by Croatian interest groups even in the pre-accession period is considered a potential catalyst of transformation of the model of interest representation and policy paradigms at national levels which may lead to the gradual institutionalisation and acceptance of lobbying as a legitimate democratic practice.

## **TOWARDS EUROPEANIZATION OF POLICY PROCESSES AND LEGITIMISATION OF LOBBYING IN CROATIA**

Empirical research conducted among Slovenian interest groups in the pre-accession period (Fink-Hafner, 1998) shows that European networking enables interest groups from candidate countries to establish contacts with EU officials, learn more intensively about European problems, political culture, decision-making methods and conflict resolution. New experiences and perspectives opened through networking with Euro-groups are usually considered valuable for two main rea-

sons: (i) strengthening of the tradition of democratic political culture in countries that are still in the process of consolidation and (ii) learning and adjustments of the candidate countries to the predominant political culture at the emerging, supranational EU level. European Union networking has been recognised as a channel for importing new knowledge, new ways of thinking, expert assistance, free of charge information and results of expert analysis from the EU to candidate countries.

It has also been recognised that the context of Europeanisation<sup>xvii</sup> brings not only new knowledge, new autonomous sources of European information and new ways of thinking, but also the reorganisation of interest groups from transition countries of Central and Eastern Europe following the model adopted by the related organisations from the EU, but also the changes of perception of sound policies and good models of interaction between civil society and governmental actors in the legislative process. The mentioned impact of Europeanisation also has political implications since it contributes to the European empowerment of domestic interest groups in national policy arenas. The influence of European networking has been especially important for strengthening capacities of interest groups in the phase of official agenda setting of Government and Parliament, and in promoting participatory type of political culture of interest groups.

The case of Slovenian interest groups, as well as the results of other similar research carried out in the past few years, indicate that cross-border networking and collaboration of European organisations of civil society are becoming an important factor of the Europeanisation of the structures, processes and content of political decision making in candidate countries in the Union (Grabbe, 2001), as part of the wider process of adjustments of these countries on multi-level decision-making processes and the introduction of European standards in particular areas.

In view of the predominantly negative perceptions related to lobbying, it is assumed that better regulation in this area would contribute to the gradual acceptance of lobbying as a legitimate democratic practice in Croatia. Such an assumption is grounded on the best-practice examples in several EU member states and also on dominant trends in EU policy-making processes.

The necessity of introducing a regulatory framework for lobbying could be justified by the need to improve the transparency of that activity, and introduce the public and interest groups to lobbying concepts, methods and practices. Due to the lack of any tradition of lobby-

ing in Croatia, a number of prejudices and stereotypes have been created around the concept. Therefore, it is to be expected that the introduction of a public register of lobbyists at Parliament, as well as of tighter rules and codes of conduct for lobbyists and parliamentary deputies and/or public administration officials, would contribute to the better perception and legitimisation of lobbying as a common democratic practice in Croatia.

On the other hand, the progress towards regulation of lobbying might be considered as a possible output of proactive investment of efforts of professional lobbyists and experts into the promotion of lobbyist profession and lobbying as such. Namely, the trend of over-regulation which is usually not accompanied by adequate implementation is still rather pronounced in Croatian policy processes, partly due to the ambitious EU accession agenda of the Government which implies an enormous and urgent legislative and regulatory dynamics. Such an environment does not leave much space and time for the maturing process that would enable the legitimisation of lobbying. In addition to the upholding and promotion of the practice and profession of lobbying, the necessary preconditions for the effectiveness of a regulatory framework for and the legitimisation of lobbying should be, on the one hand, the fight against corruption, and on the other, the modification of electoral law which, in its present form, entails a high level of party discipline and makes the majority of lobbying efforts directed towards individual deputies almost a waste of time.

Debates on the necessity to introduce more stringent regulation of lobbying at the EU level showed that professional lobbyists generally oppose the idea of enforcing tighter rules in the field. Arguments in favour of this attitude have been primarily drawn from the basic understanding of lobbying as a less institutionalised model of interest representation or rather as an informal process which can hardly be precisely defined and placed within a rigid normative framework (van Schendelen, 2002). Some countries failed to adopt a legislative act on lobbying mostly due to the fact that it was impossible to agree on a clear and unambiguous definition of subjects and objects of lobbying and methods that might be encompassed by that notion. In this sense, the laws on lobbying adopted in Lithuania, Poland and Hungary are interesting examples that are worth analysing, particularly in terms of influence on the development of lobbying practice and its better legitimisation in the public of those countries.

On the whole, the modernisation of policy processes and the foreign policy challenges, particularly the EU accession process, entail the necessity of harmonising lobbyist practices in Croatia with some good European standards in the area. For the regulation and gradual legitimisation of lobbying in domestic policy arena may be considered as a pre-condition for successful lobbying in international forums. Such attitudes follow to a great extent the logic of thinking of a number of authors (Young and Wallace, 1997; Greenwood, 2003, etc.) that consider the patterns of action of organised interests in the EU as largely conditioned by the national environment and modalities of positioning of interest groups in the national context.

## CONCLUSIONS

Procedures and patterns of interest articulation at the EU level are unique and closely related to the particularities of the political system of the Union. The complexity and dynamics of mutual relations between the EU institutions and supranational, national and subnational actors, pronounced diffusion and fragmentation of the decision-making process, variability of positions of different actors of the political system depending on the relevant sector or area, and a number of other institutional particularities of the European model of non-hierarchical, multi-level governance, have many implications for the models of interest representation and the development of the lobbying system at the EU level. Differentiated institutional environment of the EU provides interest groups with a wide spectrum of potential channels of influence on the policy-making, while each particular lobbying channel implies interactions with a series of institutional and political actors the importance of which depends on the modalities of decision-making process.

In those circumstances, the entry and positioning of interest groups from Croatia requires the development of a multi-dimensional strategy of parallel action at several political levels and channels of influence, along with maintaining a legitimate, responsible and active relationship with their constituencies, members or clients. Notwithstanding a number of deficiencies and limitations of the mentioned national and supranational channels of influence, a more proactive approach to the EU has important implications on the process of learning and the efficient adaptation of Croatian interest groups to the highly populated,

heterogeneous and competitive lobbying environment of the enlarged EU.

Experiences of other countries of Central and Eastern Europe show that the context of Europeanisation does not only bring new knowledge, autonomous sources of European information and new ways of thinking, but also a reorganisation and redefinition of the role of interest groups in national policy processes, changing perception on good governance and good models of interaction between organised interests and the state. In that sense, interest representation and lobbying at EU level may prove to be a very important factor in the Europeanisation of the structures, processes and contents of political decision-making in Croatia, and of accepting lobbying as a legitimate democratic practice.

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- \* *The author would like to thank the referees who anonymously reviewed this paper.*
- i *Political science has not yet provided for a consistent and precise definition of the term "interest groups". For the purpose of this work, interest groups will be understood as "organisations, not including political parties, which have a direct influence on the process of policy making". That definition draws on the dominant approaches to the analysis of complex EU interest groups system and enables us to take a sufficiently comprehensive approach for studying that topic. Sometimes, the notion "organised interests" will be used synonymously since it has become a commonly used term in the field of European studies – to respond to the need of analysis of EU interest representation which comprises also groups such as corporations, consultancies and law firms that provide lobbying services but are not perceived as member organisations with clear constituency.*
  - ii *See Schmitter and Streeck (1991); Greenwood [et al.] (1992); Mazey and Richardson (1993); Van Schendelen (1993); Hayward (1995); Greenwood (1997); Wallace and Young (1997).*
  - iii *For example, the European Round Table of Industrialists gathers around fifty heads of major European industrial sectors, exclusively on invitation.*
  - iv *Some authors argue that the Commission initiative CONECCS is actually the beginning of the accreditation system of the European Commission. See web page: [http://europa.eu.int/comm/civil\\_society/coneccs/index\\_en.htm](http://europa.eu.int/comm/civil_society/coneccs/index_en.htm).*
  - v *The source text of the Code can be found on the following web page: [http://europa.eu.int/comm/secretariat\\_general/sgc/lobbies/code\\_consultant/codecon\\_en.htm](http://europa.eu.int/comm/secretariat_general/sgc/lobbies/code_consultant/codecon_en.htm).*
  - vi *The vigorous lobbyist tactics of some members of the European associations of chocolate producers (especially Association of the Chocolate, Biscuit and Confectionary Industries of the EU – CAOBISSCO and Confederation of the Food and Drink Industries of the EU – CIAA) made the parliamentary committee for scientific and technological options assessment withdraw the report which analysed the cases of deaths of small children caused by choking on the plastic toys that can be found in some chocolate products. The vice-president of the mentioned parliamentary committee and member of the European Parliament, Eryl McNally, called that decision irresponsible in the extreme and a direct result of intensive pressure from the man-*

- ufacturers, almost to the level of harassment. More information on the mentioned “affair” can be found in the article *Lobbyists seek to add teeth to their code of conduct*, [www.euractiv.com](http://www.euractiv.com); March, 15 2004.
- vii For the original content of the Code, see the Annex 9 of the Rules of Procedure of the Parliament, <http://www.europarl.eu.int>.
- viii According to the data from the year 2005, the annual number of passes (accreditations) delivered by the Parliament amounts to 4,800.
- ix More information available at the following web page: [http://ec.europa.eu/commission\\_barroso/kallas/transparency\\_en.htm](http://ec.europa.eu/commission_barroso/kallas/transparency_en.htm).  
See also the article *Brussels lobbyists to come under tighter scrutiny*, [www.euractiv.com](http://www.euractiv.com), March, 7 2005.
- x Among flagrant cases of the “revolving doors” phenomenon is the example of the former British commissioner for trade, Leon Brittan. Soon after leaving the Commission, he was appointed chief consultant for WTO affairs in the law firm Herbert Smith, and also vice-president of the investment bank UBS Warburg, assistant director in the firm Unilever and president of the lobbying agency IFSL which represents interests of the British financial sector in the EU.
- xi It is estimated that approximately 80% of all economic and 50% of all political decisions made by the EU member states are shaped, implemented or directly influenced by the EU. See for example Van Schendelen (2002).
- xii Greenwood identifies other possible circumstances that may have an impact on the positioning of interest groups with regard to particular channels of influence, such as eventual changes in the composition of national government and their openness for interaction with interest groups, progress of information and communication technologies and better access to information via Internet and general progress in the implementation of a more coherent EU policy of access to information, etc. See Greenwood (2003:34).
- xiii Bouwen identifies two crucial factors that determine the encompassing nature of an interest group – a clear demarcation of its organisational domain and its representativity or scope of membership.
- xiv According to the Report on the progress in the EU accession negotiations, presented by the chief negotiator, Mr. Vladimir Drobnjak, at a special Government session held on 22 December 2005, the negotiations structures include representatives of 53 associations (unions, networks), 6 economic interest associations, 9 chambers of commerce, 9 trade unions, etc. The Report emphasises the involvement of a great number of experts outside public administration as an “essential and distinctive feature of Croatian negotiations structure”.
- xv See for example the representative office of the Slovenian Business and Research Association (SBRA) in Brussels, [www.sbra.be](http://www.sbra.be).
- xvi It is estimated that around 500 journalists, reporters from various European media, are working in Brussels.
- xvii According to Radaelli, the concept of Europeanisation could be defined as the “process of construction, diffusion and institutionalisation of formal and informal rules, procedures, policy paradigms, styles and ways of action, but also shared beliefs and norms that are first defined and consolidated in the making of EU public policy and politics and then incorporated in the logic of domestic discourse, identities, political structures and public policies” (Radaelli, 2000).

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