

# T · H · E I · S · S · U · E BAROMETER

Volume 20, Number 9

October 2007

## EU Activist Weighs “Imbalance” of Power

If the European Union (EU) policy landscape is represented by a set of scales weighing the relative influence of business and non-governmental organizations (NGOs), which way are they tipping, how are the effects being measured and what is the outlook for future equilibrium in terms of decision-making processes in the EU capital? A network of high profile NGOs contends the considerable clout of corporations far exceeds the sway of civic groups before the EU Commission. To rebalance the perceived power differential between civil and business interests in Brussels, NGOs are stepping up efforts to achieve more “equitable” access to EU institutions and a stronger role shaping policy around key social, economic, environmental and political objectives.

## Hamdan Examines NGO Sustainability

At a mid-September “Mega Trends” conference in Germany, veteran activist, **Fouad Hamdan, the former director of Friends of the Earth Europe (FoEE)**, spoke of challenges confronting European NGOs and business within a “balance of power” context. Hamdan painted the backdrop for these challenges in a presentation titled, “The Role of NGOs and Interest Groups—Lobbying for Sustainability on the EU Level



Fouad Hamdan

and Crisis Facing the Chemical, Car, Oil and Energy Corporates.” His remarks offered recommendations for redressing “imbalances” and effecting change.

*Barometer* followed up with Hamdan for further insights on key issues raised in his conference speech, including:

- Advancing agendas: Perceived disparities between corporations and NGO interests
- NGO calls for greater transparency and oversight of EU business lobbyists
- NGO actions targeting corporate accountability, pressure and recommendations for change
- Leveling the “scales of influence”: NGO challenges, advances and future prospects

## Disparities & Dissension: NGOs vs. Lobbyists

Assessing the status quo in Brussels, Hamdan noted 15,000 lobbyists operate in the EU capital. Around two thirds are believed to represent business interests. He cited EU chemicals directive, REACH—enacted 1 June 2007—as an example illustrating the relationship between representatives and resources in influencing decision-makers. According to Hamdan, the European Chemical Industry Council (CEFIC) had a 2006 budget totaling €40 million and 150 employees enabling

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the industry body to “significantly weaken” REACH. Opposing groups, seeking to tighten regulations on chemicals including World Wildlife Fund, Greenpeace, Friends of the Earth Europe and the European Environmental Bureau were said to be working with a staff of 15 and funds in the range of €2 million.

Other factors Hamdan identified as advancing EU business agendas at the alleged expense of civil society, include:

- **Communication Capacity:** well-funded media campaigns as “greenwashing” by the chemical and oil industries
- **Corporate Social Responsibility:** CSR reports as a public relations exercise, for example cost-cutting measures to save energy in oil drilling and industrial operations cited as sustainability initiatives
- **Accolades:** “CSR Europe” Awards as “whitewashing” corporate images in lieu of taking action on issues, for example, an oil corporation received an environmental award despite a lawsuit for gas flares



**Radar Blip:** After years of heated debate, EU lawmakers agreed on a far-reaching proposal to review the way chemicals are approved in Europe, placing the burden on businesses to prove their products are safe before they can be placed on the market.

The system, called Registration, Evaluation and Authorisation of Chemicals (REACH) came into force in June 2007. Under REACH, bio-accumulative chemicals will be phased out, as safer alternatives become available.

In June 2008, The European Chemicals Agency becomes operational and a pre-registration phase starts. In June 2018, registration will be required for substances produced in smaller quantities (1-10 tonnes).”

EurActive, 24 September 2007  
www.euractiv.org

## NGOs Step Up “Transparency” Action

Hamdan pointed to EU lobby non-transparency as a key concern in terms of relative power of corporations and NGOs. “The current system puts NGOs at a disadvantage because information is disclosed selectively, and deals are made behind closed doors,” said the former director of FoEE. “This policy of secrecy weakens democracy and increases public distrust of the EU,” he added. Citing the need for significant increases in EU transparency, Hamdan referred to the May 2006 Green Paper on the European Transparency Initiative (ETI) by **Siim Kallas, EU Commissioner for Administrative Affairs, Audit and Anti-fraud**, to address perceived problems with the “current system.” Kallas identified a number of ETI “weaknesses,” including:

- Ineffective compliance mechanisms for existing “voluntary” codes
- Inadequate “revolving door” policies for EU Commission staff moving into the lobbying sector, and vice versa
- Non-binding EU Commission standards for equal consultation of all stakeholders

When asked by *Barometer* about specific steps European NGOs have taken to strengthen transparency requirements for business lobby groups, Hamdan referred to initiatives by the Alliance for Lobbying Transparency and Ethics Regulation (ALTER-EU). Made up of more than 140 civil society groups, trade unions, academics and public affairs firms, ALTER-EU has lobbied the EU Commission and Members to “introduce mandatory registration for all lobbyists, with a requirement for information to be made public about the issues, clients and budgets involved,” Hamdan said.

Additional requirements proposed by other EU NGOs include:

- Code of ethics for all registered lobbyists listing specific examples of prohibited behavior

- Independent public body to investigate alleged breaches of transparency
- Extending the European Ombudsman’s mandate to investigate such breaches

On the subject of resistance, Hamdan commented, “Such systems exist already in the U.S. and Canada and lobbyists objecting to this system in Brussels are complying with it in Washington, D.C. and Toronto.” In terms of future prospects for implementation, he observed, “Make no mistake, the EU Commission is moving slowly in this direction.”

### Increased Professionalism: An Asset for NGO Success

Despite Hamdan’s focus on the apparent power disparity between EU NGOs and business lobbies, he noted “a trend of ‘professionalisation’ among some NGOs, especially in the field of political communications.” And while lamenting the resource gap between the groups, Hamdan observed, “NGOs need fewer resources than their opponents to exert pressure and ignite public debates.” He added, “They do not try to buy credibility...both media and the public rate their integrity highly.”

Other factors Hamdan said will position EU NGOs to flex more policy muscle in the future include:

- Organizational capacity building of member groups with management, media and communication seminars; membership development; strategic and operational planning
- Rapidly growing co-operation and coalition building across civil organizations and NGOs
- Increasingly effective engagement with EU institutions by bottom-up or grassroots advocacy coalitions

A selection of prominent NGO groups active in Brussels were listed as:

- European Consumers Organization (BEUC)
- EU Civil Society Contact Group

- Euro-Mediterranean Human Rights Network (EMHRN)
- The “Green 10”

The “Green 10” is a network of Brussels-based organizations including FoEE, Greenpeace, World Wildlife Fund and Birdlife International. Considered to be an effective force facilitating input into the EU decision-making process, the participating NGOs jointly coordinate media outreach, policy responses and recommendations. However, the former FoEE director points out distinct differences regarding modes operandi. For example, Greenpeace conducts peaceful demonstrations while lobbying and developing policy work, whereas other “Green 10” members focus exclusively on policy. “The unique factor making all ten groups an influential force is that they work as a team and complement each other perfectly,” said Hamdan.

When it comes to the broadest NGO effectiveness, Hamdan noted, “The better they are in capacity building, campaign work and in communications, the more visible NGOs become.” He added, “Strong visibility in the public sphere means more influence on EU decision-makers—and more pressure on corporates.” However, when asked about the future outlook for the business vs. NGO

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*“The better they are in capacity building, campaign work and in communications, the more visible NGOs become.”*

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“balance of power,” Hamdan said, “Equilibrium is not possible because NGOs are competing with firms that seem to have unlimited resources for lobby purposes.”

### “Challenges” For NGO Business Targets

Delivering his thoughts on future challenges for business on an EU and global level, Hamdan said the chemical, oil, utility and auto industries are slated to face “more pressure from NGOs and decision-makers.” Such pressure will vary based on industry and business sector.

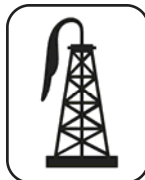
- **Chemical industry:** With respect to perceived shortcomings of REACH, medical associations, consumer groups, NGOs and more progressive companies are expected to continue advocating for a total substitution requirement as the minimum measure against harmful chemicals. Loopholes in REACH allowing use of chemicals believed to cause health problems are also being targeted by NGOs. And civil groups are expected to exercise their “right to request information about the presence of a limited number of hazardous chemicals in products,” said Hamdan. Reviews into REACH, starting 2007 and spanning the next 12 years, provide the opportunity for EU Commissioners and members to amend and tighten the directive.



- **Auto industry:** Civil groups have denounced the industry for what they consider to be lagging efforts to cut emissions. Automakers are set to face pressure from various NGOs to comply with tough CO2 controls proposed by the EU Commission in February 2007. According to Hamdan, Daimler AG, BMW, Volkswagen, Ford and General Motors European units have “broken ranks with other European companies by describing the EU proposal as ‘unrealistic’ and ‘technically unrealisable.’” In terms of a potential trump card for NGOs, Hamdan recalled an exchange between industry groups and **EU Industry Commissioner, Gunter Verheugen**, who said “carmakers failing to achieve the EU’s new emission standards will not be allowed to offset their shortfall through financial payments.”

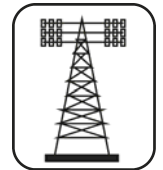


- **Oil companies:** Growing NGO criticism of oil interests stems from opposition to perceived “greenwashing” exercises in lieu of what



activists consider to be genuine action to develop energy alternatives and mitigate environmental and social impacts. EU groups are ramping up efforts to rebuke contentious advertising messages and to expose funding to external “scientific” groups that, in their opinion, skew the evidence on climate change. Linking oil industry funding to skewed research results on environmental issues, Hamdan said, “The Royal Society [a British scientific academy], cited its own survey which found that ExxonMobil last year distributed US\$2.9 million to 39 groups that the Society says misrepresent the science of climate change.”

- **Utility sector:** European NGOs continue to target large energy companies for perceived unresponsiveness to issues around climate change and continued reliance on fossil fuels and nuclear sources and Hamdan predicted opposition will grow. Citing the 19 September EU energy market’s third legislative package, Hamdan noted, “It strongly favors ownership unbundling as the best way to ensure that new entrants, like green energy producers such as ‘Greenpeace Energy,’ can get better access to transmission networks and to prevent energy giants exploiting their control over transmission and distribution assets.”



**! Radar Blip:** Greenpeace Energy eG claims to be the second largest supplier of “green energy” in Germany. Its power mix in 2007 is broken down as: Hydropower, 75%; share of “feed-in-law” electricity, 13.5%; wind, 10%, photovoltaic, 1%; and biomass, 5%. Greenpeace Energy’s “green energy criteria” include: disclosure of all power stations from which electricity is purchased; publication of customer pricing calculations; independent expert certification of quality standards.

Greenpeace Energy eG presentation at “Climate Change: The Major Challenge of the 21<sup>st</sup> Century?” 28 June 2007, European Social and Economic Committee, Brussels, [www.eurocoop.org/Events](http://www.eurocoop.org/Events)

## Activist Advice For Corporate Consideration

Hamdan offered a number of “recommendations” for companies, which would presumably pave the way to recognition as good—or at least, better—corporate citizens. The former director of FoEE said, “The best strategy I advise companies to follow is to enter a serious dialogue with NGOs and introduce real changes with measurable impacts.... People want to see that corporates are delivering real CSR and not hollow PR.”

On the issue of lobby transparency and “undue influence,” cited the August 2007 resistance to voluntary regulation by major Brussels PR firms. The European Public Affairs Consultancies’ Association (EPACA) allegedly said that they intend to boycott an EU Commission plan for an “interests register” slated for 2008. According to Hamdan, “EPACA claims that disclosure of client information would breach competition law.” He advises EU companies to “seriously consider accepting that secrecy is unacceptable in a democratic Europe.” He added “Lobbyists *will* face tougher regulations and fighting them will not work.”

Hamdan’s recommendation in terms of REACH involves stepping up efforts to expedite the substitution of “dangerous chemicals” with substances considered less toxic. Failing such action, he warned, “Public opinion, consumers and shareholders will strike after the next scandal involving any kind of poisoning or environmental contamination.”

Turning his attention to automakers, Hamdan recommended the industry “fully support” EU Commission measures aimed at reducing vehicle CO2 emissions by building lighter and less polluting cars. To avoid penalties, Hamdan said the European Automobile Manufacturers Association (ACEA) is lobbying for a weight-based system for cars resulting in higher emission allowances for heavier cars. Noting the EU tendency toward voluntary compliance,

Hamdan cautioned failure to comply will lead to further regulation. He warned that automakers should prepare for “serious developments because the EU is moving into real CO2 emissions reductions with a legally binding target of 120g CO2/km by 2012.”

Regarding energy and climate change, Hamdan said efforts by large energy companies aimed at promoting “so-called CO2-free coal-fired plants” are “not a wise investment in climate protection and will falter.” Reporting that 26 coal-fired plants are currently under construction or in the planning phase, Hamdan claimed their completion and operation would make it “difficult for Germany to reach its climate protection goals for reducing CO2 emissions.” Instead of continuing along this path, Hamdan recommended, “Utilities should seriously start considering becoming world champions in promoting energy efficiency and renewable sources of energy.”

## Political Shift On Climate Protection?

On political backing for corporate interests, Hamdan cautioned that auto and energy companies should not count on unmitigated support from Brussels. He referenced **German Chancellor Angela Merkel’s** prioritizing of the global warming issue during Germany’s EU presidency, first half of 2007, and her reported defiance of business criticism at a July 2007 energy summit. After she met with “business, consumer and research representatives,” Hamdan quoted Merkel as saying, “If you take climate change seriously, you do not have any options; you must implement the reduction goals [for CO2].” Given summit participants’ failure to agree on joint conclusions, Hamdan suggested the possibility of Merkel now having “to work without, or perhaps even *against* business,” in drafting an energy strategy.

On a positive note for future corporate involvement in meeting climate protection goals, Hamdan pointed to the World Business Council for Sustainable

Development's mission statement seeking to: "provide business leadership as a catalyst for change toward sustainable development, and to support the business license to operate, innovate and grow in a world increasingly shaped by sustainable development issues."

### Proposal For New Economic Models

Wrapping up his 14 September conference presentation, Hamdan put forward his case for debating a "world economy ticking beyond Gross Domestic Product (GDP)." He discussed finding "ways out of the global trend toward the U.S. and European *mega consumer way of life*." He proposed the benefits of the concept of Gross National Happiness (GNH), "based on the premise that true development of human society takes place when material and spiritual development occur side-by-side." The four pillars of GNH are as follows:

- Promotion of equitable and sustainable socio-economic development
- Preservation and protection of cultural values
- Conservation of the natural environment
- Establishment of good governance

When asked about challenges for a broad application of GNH, Hamdan said, "A widespread global implementation of GNH is currently not possible. I do not see a serious willingness to debate this concept at a high political and corporate level in the U.S., Europe or Japan."

Hamdan also spoke of the Ecological Footprint—a tool quantifying human demand on nature and nature's capacity to meet these demands—as a potential model for a sustainable economy. The Global Footprint Network ([www.footprintnetwork.org](http://www.footprintnetwork.org)) is working to "advance the scientific rigor and practical application of the Ecological Footprint," said the former director of FoEE. Businesses, governments and communities are reportedly using the tool to monitor the balance of ecological resources and plan for the future.

According to Hamdan, "The network seeks to make the Ecological Footprint as prominent a metric as GDP." Via the "Ten in Ten Campaign," a mix of industrialized nations and emerging economies identified as early adopters are expected to manage "their ecological wealth in the same way they manage their finances" by 2015. At this stage, the likely early adopters have not been identified.

Hamdan's conclusion: "It would be a bold and courageous step if corporates actively participate in reviving public debates about the way we produce and consume, and sustainable economics—to make the global economy sustainable without sacrificing the benefits of industrialism."

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### FoEE "Honors" EU Lobbyists

The temperature of the "hot button" topic of EU business lobby influence in Brussels appears to be pushing the mercury of NGO "issue meters" up high. And some groups are responding in novel ways. Friends of the Earth Europe (FoEE) has been generating some publicity—and controversy—with its Annual Worst Lobbyists Awards. *Barometer* asked **Christine Pohl, FoEE Transparency Campaigner** about the aim of the "award" concept, the selection process, and the response from the European public and "honorees."

**Barometer:** What "inspired" FoEE to create the award?

**Pohl:** Thousands of corporate lobbyists roam the corridors of power in Brussels and EU decision-making is increasingly dominated by the economic and political power of corporations. As part of that development, controversial lobbying practices are becoming more and more common in

Brussels. Operating out of the spotlight, many of the lobbyists do not hesitate to employ problematic methods, like “buying” science, securing privileged access to EU bodies, “greenwashing” and double standards—lobbying against environmental initiatives while publicly pretending to care about sustainability.)

With the Worst EU Lobbying Awards, we want to throw light on those practices and the organizations and corporations that use them. The awards also show the need for strong EU lobbying transparency and ethics rules. EU citizens have the right to know who is lobbying the EU institutions, who they represent, what budget they have at their disposal and which policies they try to influence.

**Barometer:** What are the criteria for judging nominees?

**Pohl:** This year, we publicly called for nominations in two categories:

- **Worst EU Lobbying:** Any individual lobbyist, company or lobby group for employing deceptive, misleading, or otherwise problematic lobbying tactics in Brussels in 2007
- **Worst EU Greenwash:** Any company whose advertising, PR or lobbying in the EU promotes an environmentally-friendly image, while its core business activities actually are damaging the planet.

From the nominations received, we selected the "Top Five" in each category. The selection committee consisted of representatives of the four organizers of the Worst EU Lobbying Awards: FoEE, Corporate Europe Observatory, LobbyControl and SpinWatch. From 15 October to 24 November, we are calling for public voting. Votes can be cast via our Web site <http://www.worstlobby.eu/2007>.

**Barometer:** In terms of public response to the award, do you have numbers on “voter turn-out” and information about “who” votes?

**Pohl:** For the Worst EU Lobbying Awards 2006 we had a total of 18,138 votes cast in both categories. During the online poll, the site received over 27,145 visitors. This year we aim to reach a similar number of voters.

**Barometer:** What sort of feedback have you had from the EU business community?

**Pohl:** It remains to be seen how much feedback we will actually get this year. Last year we did get some attention from business sites ahead of the awards, and the general signals were maybe, “slightly worried.” But the nominees didn't take the awards very seriously. That turned out to be a mistake, given that we had significant media attention on the awards. The recipients were contacted by media and asked for their positions. This did seriously “ruffle some feathers” in the business community, and we expect that this year, the nominees going into the voting phase will be much more worried than they were last year. At the moment we are finalizing the Top Five list, and voting will start shortly.

**Barometer:** Have any “honorees” turned up at the ceremony to accept their awards?

**Pohl:** Last year, a European Commission Official from a Directorate General who was nominated in the Worst Privileged Access category accepted our invitation to attend the ceremony. In the end this DG did not win the award. Last year's actual winners refused to come and take the opportunity to present their positions. This year we will of course again invite the nominees to the ceremony, which will take place on 4 December.

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## Issue Scope

News, Views and Clues...Issue Indicators?



### Bye-Bye “Boomers,” Enter the “E-Litist”

**M**arketing niches have experienced a population explosion, according to two new books: *Karma Queens, Geek Gods & Innerpreneurs* by Ron Rentel, and *Microtrends: The Small Forces Behind Tomorrow's Big Changes* by Mark J. Penn. Stretching way beyond “old school” monikers like: Yuppie, DINK, Boomer, Gen X and Y, the human tribe has apparently evolved to include categories such as: Parentocrat, E-litist, Geek God, Cougar and Extreme Commuter. Rentel sketches nine groups, exploring advertising messages and product positioning. Penn identifies 75 categories ripe for targeted marketing campaigns.

As the ferociously fashionable Cougar elegantly exits the boarder Baby Boomer pool, will we see an explosion of marketing teams busily brainstorming campaigns to appeal specifically to such “new” demographics? How relevant to “real life” are these emerging niches? And are some cautious voices saying: Beware the Cougar’s wrath and peeved Parentocrat backlash?

### “Virtual” Ventures: Companies in Cyberspace

**F**or some companies, the reality of doing business is becoming more “virtual.” Starwood Hotels, Circuit City, IBM and Sears have set up operations in *Second Life*, a cyber world most typically associated with online gamers and their Avatars. Starwood, for example, has built its new hotel concept, Aloft, in *Second Life*’s simulated landscape and its citizens—Avatars created by online participants—were invited to the launch party. Afterwards they were asked to submit comments about Aloft for potential use in tweaking the hotel’s design. Starwood expects to launch the “real life” version in 2008.

On a related note, The **Conference Board** recently released a list of eight questions it believes companies ought to consider when contemplating entry in the “virtual world” of business:

1. What is your entry strategy?
2. What is the corporate purpose?
3. Do you plan to offer v-products?
4. Who is in charge?
5. Which virtual worlds should be used?
6. How much will it cost?
7. What is the revenue model?
8. Is IT up to the job?

### Study Reveals Voter Reliance on Web Resources

**P**redictions by pundits looking toward the 2008 U.S. presidential race go beyond candidates’ campaigns, political polls and prospects. Some research organizations are focusing not just on *whom* Americans will be voting for, but *where* they’re expected to go for information and *what’s* important to them with regards to making a decision. And some of their findings might have applications beyond the political stumping ground, into the business arena.

A study for Performics by Opinion Research Corp. found a growing number of would-be voters will be heading to the Web—42% indicated they’d spend more time researching online than they did in the lead-up to the 2004 elections. Age is a key component in using the Web to source political information: 88% of respondents were 18-34 year-old voters vs. 25% aged 65 or older. When it comes to information on candidates’ Web sites, 72% of respondents were looking for views on specific issues and only 4% were interested in which organizations endorse the candidate.

**Publisher and Editor:** Teresa Yancey Crane  
**Researcher and Writer:** Linda Fischer

**Production:** Judy Dimsey and Kathy Sauer  
**Circulation:** Hazel C. Coupar

*The Issue Barometer* was founded in 1986 by Rafael D. Pagan, Jr. Published monthly, it is designed to inform business, government and other opinion leaders of the objectives and activities of issue-oriented organizations, thereby initiating dialogues to resolve issues. The opinions that appear herein do not reflect the position of the *Barometer*. Subscription rates are US\$295 annually. Single copies are US\$30 each. Address all editorial and subscription correspondence to: Issue Action Publications, Inc., 207 Loudoun Street, SE, Leesburg, VA, USA, 20175; tel: 703.777.8450. Reproduction of this newsletter without publisher’s written permission is an actionable violation of copyright laws. ISSN 0882-7966. For more information on IAP products, see [www.issueactionpublications.com](http://www.issueactionpublications.com).