Opening Doors in Brussels

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by Elizabeth Judd

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INTRODUCTION: ABOUT THE EU

Established as the European Economy Community in 1957, what is today known as the European Union is generally considered to be the brainchild of Robert Schuman, former foreign minister of France. On May 9, 1950, Schuman proposed that France and the Federal Republic of Germany pool coal and steel resources, creating an organization that other European nationals might join. In 1951, six countries — Belgium, the Federal Republic of Germany, France, Italy, Luxembourg, and the Netherlands — signed a treaty to form the European Coal and Steel Community, the precursor to the modern-day EU.

Today, more than half a billion citizens are part of the European Union (although this number will dip by roughly 64 million if the United Kingdom exits in 2019). While there is no official language, about 38 percent of the EU population is conversant in English, while 24 other languages are used for daily business.

To some, the European Union is a resounding success. As noted by Roger Bootle in the revised version of *The Trouble with Europe*, the European Union is the world's largest economy and trading bloc. The EU accounts for nearly 30 percent of global output and 24 percent of global trade. Its largest — and generally, oldest — members are thriving. And yet there are detractors, too, and the discord has recently attracted media attention.

Growing Complexity

If there were a single comment about how the EU has changed over the past decade, that comment would likely be that complexity has grown exponentially with time.

Today's EU is experiencing emerging and unprecedented challenges, among them:

- The current immigration crisis, which reached new heights in 2015 when more than a million migrants and refugees crossed into Europe, has pitted the wealthier and more established member countries against those with less economic stability.

- While the conflict in Syria is one of the biggest drivers of immigration, resettlement patterns among EU members exacerbated the situation.

- Spirited debate about the success of the EU has given way to Euroskepticism. This negative view of the European Union tends to focus on issues like immigration, challenges with the euro, and the debt crises in member states like Greece and Italy.

The European Union is a unique kind of political system: no other set of nations has ever voluntarily come together to create a joint government system in quite this way. In *More Macchiavelli in Brussels*, Rinus van Schendelen explained that the EU is not a community of shared culture and values, but "a legal community of shared laws based on treaties."

As a legal community, nations have the right to leave the European Union, an option clarified in Article 50 of the Treaty of Lisbon in 2009. Should the U.K. take the unprecedented step of exiting on March 29, 2019, a new era for the EU will begin.

Mark Dober, Brussels-based senior director at Ellwood Atfield, a communications and advocacy headhunter, draws a distinction between being a government-relations professional in the EU and being one elsewhere. "Washington is a more political capital, where access is key, but Brussels in the last few years has gotten more technical in that decision-making has become more complex," he says. "What you know is often more important than who you know; you really have to understand the regulatory framework and be able to play a multi-dimensional, EU chess game."

Another source of complexity is what Dober terms "the devolution of powers to national capitals and member states." He notes that Euroskepticism and the rise of populism have resulted in "a backlash against Brussels and central decision-making." These days, he says, "to be truly effective, most lobbyists have to work national capitals, as well as Brussels, and that's a challenge."

Adding to the "complex international and political context in which government relations professionals are working is the proliferation of social media," says Roger Coelho, policy director at AmCham EU. "People are attuned to far more news," he says, "but it's not necessarily the right information given the onset of 'fake news.'"

On the plus side, lobbyists in the EU can use this ever-increasing complexity to their advantage. "Complexity can be to the benefit of lobbyists who are willing to try all doors," says Andreas Dur, professor of international politics at the University of Salzburg and author of *Insiders versus Outsiders*. "In the EU, there are a lot of access points where you may be able to exert influence."

In addition to approaching the European Commission, MEPs and the Council of Ministers, in the EU there are ways to tinker with rules through the arcane but strategically important *comitology process and by speaking with rapporteurs, individual MEPs elected by other MEPs who write "reports" (the list of proposed amendments to the legislative initiatives the Commission proposes) that are critical to the functioning of the EU Parliament. Once a decision has been made, advocates can still exert influence in the various member states when directives are transposed into national legislation.

> *What you know is often more than who you know; you really have to understand the regulatory framework and be able to play a multi-dimensional, EU chess game.*

MARK DOBER
Senior Director, Ellwood Atfield

Although complexity is on the rise and the need for a strong government relations program is growing, many multinationals felt forced to cut headcounts in both internal public affairs teams and consultant budgets after the financial crisis in 2008, observes Fredrik Lofthagen, CEO of global political affairs consultancy Interel.

"Many multinationals wrongly consider government affairs as something that's 'nice to have,'" says Lofthagen. Given the growing complexity of the political landscape, he maintains that a "long-term, sustainable and thoughtful strategy is for multinationals to consider government affairs a 'must.'"

*The comitology process is the decision-making process through which bylaws, such as customs duties, substance approvals, technical standards and other regulatory rules are passed.

SECTION ONE: GOVERNMENT RELATIONS IN A CHANGING EU

One of the key differences between government relations in the European Union and in other parts of the world is that doors in Brussels and the member states are rarely closed.

"European lawmaking today is very open. You have lots of opportunities to feed in your views," according to Aaron McLoughlin, executive director, public affairs and sustainability, at the European Chemical Industry Council, or CEFIC.

Getting to Know the Three Main EU Institutions

The three main EU institutions responsible for making EU laws and driving integration are the European Commission, the European Parliament and the Council of the European Union (also known as the Council of Ministers).

European Commission

Based in Brussels, the European Commission is run by 28 commissioners (should the U.K. exit, this will be reduced to 27 to correspond to the number of member states) and approximately 32,000 European civil servants divided among services and departments called directorates-general. Having been nominated by the European Council and approved by a vote in the European Parliament, European Commission presidents each serve a five-year term. The current president is Jean-Claude Juncker, who was elected

in 2014 and previously served as prime minister of Luxembourg until 2013.

Nick Blow, partner at the Brussels office of global consulting firm Brunswick, notes that in response to citizens' perceived growing disenchantment with the EU, and member states' growing assertiveness, the Juncker Commission has focused on "only doing things that matter." He says that for government relations professionals, this new attitude can make it more difficult to achieve goals: "It's more challenging to get an issue on the political agenda when the appetite for regulation has waned."

Imperial Brands' Alan Hardacre has also seen the European Commission become more political under Juncker: "We are seeing infinitely more political decision-making from the Commission, which is carving out its own political choices, instead of just acting as a secretary." The challenge here, he says, is that government relations professionals must change course "from having worked with a Commission that was very technocratic and is now more political. And companies really struggle to know how to deal with a more political and emotional environment."

European Parliament

The European Parliament is the only European Institution whose representatives are directly elected. Every five years, each member state holds an election to determine who will represent its citizens in Parliament. Today's Parliament consists of 751 Members of Parliament (MEPs), with each member state allocated MEPs based on each country's population. Today, Germany has 96 MEPs (down from 99 in 2009), while Cyprus, Estonia, Luxembourg and Malta have six each. The total number of MEPs will drop to 705 if Brexit goes ahead.

"The role, power and approach of the European Parliament have changed over the years, and the

Parliament has become much more powerful than it used to be," says András Baneth, managing director for the European Office of the Public Affairs Council.

The higher profile of Parliament is due, at least in part, to the Lisbon Treaty. This treaty, which came into force in late 2009, extended Parliament's legislative powers to more than 40 new policy areas, including immigration, agriculture, EU funds and energy security.

The European Parliament is the only European Institution whose representatives are directly elected.

The Lisbon Treaty also granted Members of Parliament the right to approve or strike down international agreements, and Parliament has not hesitated to flex its new muscles. In 2012, for instance, MEPs were instrumental in halting the Anti-Counterfeiting Trade Agreement (ACTA), which was designed to fight piracy but risked restricting certain online freedoms.

Because MEPs are directly elected, Parliament is also a vehicle for populist movements. The Lisbon Treaty, for instance, allows Parliament to oversee the European Citizens' Initiative, which gives any policy proposal that garners more than a million signatures a chance for official consideration.

Today's Parliamentarians are bolder in exercising powers. "In a more procedural, technocratic process, the Parliament could shout all it wants but not get anywhere," says Hardacre. "Today when the Parliament jumps up and down and says, 'This should be banned,' it doesn't matter that it has no power to ban anything. Things happen." Hardacre is pointing to a new dynamic in which the loud voice of a Parliamentarian can sway the Commission even when that

Parliamentarian has no formal, procedural power over an issue.

Interel's Lofthagen agrees, describing the political environment in the EU today as faster paced and more populist than in the past. He notes that Parliament's reach has grown and it is now taking positions on taxation and privacy issues, even asking Facebook Founder Mark Zuckerberg to personally explain how Facebook user data is protected.

Finally, he notes that "the press takes an interest in what Parliament has to say. If it's juicy information from a headline perspective, then that can be bad news for you as a company. Having good [media] relations has become a requirement."

Council of the European Union

Along with the European Parliament, the Council of the European Union is considered the main decision-making body and co-legislator of the EU.

The Council meets to discuss, amend and adopt laws, and harmonize policies. The Council consists of government ministers from each EU member country; these ministers can commit their governments to a course of action agreed upon at Council meetings.

The Council is governed by a president who serves on a rotating basis. Along with Parliament, the Council is charged with adopting the annual EU budget. It can also finalize agreements between the EU and other countries or international organizations.

Elie Beyrouthy, vice president of European government affairs for American Express, notes that the Council — and member states, generally — are more open to lobbying than in the past. "It's very common and easy now to access financial attachés working at the Council level," he says.

Action in Member States and Brussels

The power dynamic in the European Union has recently switched away from a centralized EU and toward individual member states.

Brunswick's Blow expresses it this way: "Member states, particularly the big ones, have become much more aggressive in the defense of their positions. It's more important than ever for government relations professionals to get it right in the national capitals, as well as in Brussels." He continues: "If you want to push something in Brussels, you need to be working with your colleagues in Berlin, Paris, Rome and elsewhere."

Herbalife's Amélie Baracat-Empereur, senior manager of EU government affairs, has spent nine years in Brussels, during which time she's seen "member states become more and more important in the decision-making process." Practically speaking, she says that this means nowadays "we always have to go to the capitals to raise issues and to present or discuss an issue."

While Herbalife has three government relations professionals based in Brussels, there is no dedicated government relations staff person in any of the member states. For a company of Herbalife's size, this is increasingly rare, she acknowledges. Thus, Baracat-Empereur finds herself traveling frequently and relying on consultancies and outside agencies to bolster government relations work throughout the EU.

SITING FOR IMPACT: WHERE TO LOCATE YOUR TEAM

Not all multinationals choose to base their government relations teams in Brussels, explains Ellwood Atfield's Dober. For instance, many financial-service companies have government relations teams in London because of "cultural affinity" with this financial mecca, while some multinationals choose to house their government relations teams in Switzerland or Ireland for tax reasons.

Brexit is, of course, altering this equation for companies that house government relations in the U.K. "I'm aware," says Dober, "of some companies currently based in the U.K. thinking of moving their whole office, or at least their government relations team."

And even multinationals based in powerful member states may choose to place a small government relations contingent in Brussels. Henkel, which is headquartered in Dusseldorf, Germany, and favors a decentralized public affairs model, has government relations colleagues in Washington, D.C., Beijing, Shanghai and Moscow, according to Peter Boris Schmitt, the company's senior manager, political environment and product affairs. Even though the company decided to place public affairs experts in key markets, Schmitt himself heads the Brussels office as part of a team of four.

There are also financial considerations for where to base EU staff. Maintaining employees in Brussels is expensive. Companies must adjust salaries upward to counterbalance high rates of income taxation

and social security benefits. The Organization for Economic Co-operation and Development (OECD) reported that Belgium had the highest tax burden for single workers who are childless and earn the national average. Those workers pay 55.3 percent in taxation — 19.4 percentage points more than the average for the 34 OECD member countries, according to Ellwood Atfield.

Another illustrative example is Nouryon. Having worked "deep down in the trenches as a diplomat in Brussels," Marcel Halma, director of integrated communications, notes that being based in Brussels is not essential. He estimates that 70 percent of EU legislation today is accomplished by civil servants who fly into Brussels from national capitals. What's more, he emphasizes that in this digital age of email, live streaming and social media, "physical presence is not always necessary once you know your stakeholders."

Halma argues that not only is it a widespread misconception that all important matters are decided in Brussels, the opposite is true: It is difficult to overestimate the importance of what's happening *outside* of Brussels. "If," he says, "you do not understand what's happening in Berlin or London or Stockholm or Madrid, then it's very difficult to understand how member states in Brussels will behave and act."

"If you're outside of Brussels," says Halma, "you have a reality check with the real world."

Allocating Resources in a Brexit World

At the time of publication, the final terms of Brexit have yet to be determined. The United Kingdom was projected to leave the EU on March 29, 2019, but Parliament's rejection of British Prime Minister Theresa May's proposed Brexit plan has added more uncertainty to the tumultuous negotiation and final outcome.

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>
> **MARCEL HALMA**
> Director of Integrated Communications, Nouryon

Michael Burrell, senior adviser at public affairs consultancy Riverside Communications, notes that if Brexit happens, the deepest changes will be felt in January 2021, when the transition agreement between the EU and the U.K. ends. He says that for government relations professionals, the message is clear: "You need to have a good source of monitoring and intelligence because things can move quite quickly and a lot of discussions take place behind closed doors. But if you've forged good relationships with government officials, they'll keep you in touch with what's going on."

"The U.K. has always been a business-friendly country in the sense that the U.K. puts a sanity check on EU legislation," maintains Nouryon's Halma. "If the U.K. is out, there will be a new power shift with the European Union moving more towards central Europe — and that creates different dynamics for EU legislation and regulation. The power balance on the negotiating table changes. Government affairs professionals have to be agile and shift with the dynamic trends on the European continent."

Burrell agrees, noting, "Today, the role of the U.K. has been taken over by the Netherlands, which is also a pro-business, free trading country. But the Netherlands is a much smaller economy — it's the fifth largest in the EU — and so it carries much less weight."

Regardless of the details of the U.K.'s ultimate withdrawal from the European Union, "We shouldn't forget that the U.K. is going to be a hugely important partner of the EU," says Glenn Vaughan, CEO of the British Chamber of Commerce in Brussels. "The bottom line is that the U.K. is right on the EU's doorstep, and that relationship will continue to be very important."

How Brexit Affects EU Lobbyists

As a British company with a broad footprint across the EU, Imperial Tobacco, in anticipation of Brexit, has both increased its U.K. lobbying capacity while strengthening that capacity in Brussels and the member states.

Hardacre points out that Imperial Tobacco will no longer have its U.K. MEPs to turn to, nor will the U.K. enjoy permanent representation inside the institutions. "A lot of the points of access and contact that you had before are no longer there," he says.

More important, though, is the existential shift. "A British company will be considered no different than a U.S. company," Hardacre says, "and a U.S. company may even be seen in a slightly better light than the U.K. cousins who are not very popular around Brussels." He continues: "If you're a British company based out of the U.K. and you have very U.K.-focused interests, moving from a one-country, inside-the-tent campaign to being outside is going to be very difficult."

An April 21, 2017, article in *The Conversation* titled "Why Brexit Will Bring a Boom in Lobbying" noted that London has a two billion pound lobbying industry with

4,000-plus lobbyists. The authors, both academics, pointed out that lobbying contracts increased from 664 in the first half of 2016 to 704 in the second half of the year, after the Brexit vote.

Vaughan says that there is "lots of talk about the need for U.K.-based companies to build their presence in Brussels when the U.K. leaves the European Union." Although British companies may eventually take such steps, he notes that as of the spring of 2018, few had begun to hire either government relations professionals, or even consultants, to bolster their EU presence. He sees companies focusing on how Brexit may affect operations rather than actually shifting personnel. "We've had some big U.K. companies put

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GLENN VAUGHAN
CEO, British Chamber of Commerce in Brussels

more presence in Brussels," says Vaughan, "but they are the outliers at the moment."

At the strategic level, larger multinationals based in the U.K. are taking concrete steps to "emphasize the fact that they have wide-ranging European interests and that the U.K. is an important access point for the European market," says Vaughan. "If you're currently based in the U.K., you don't want to be seen in Brussels as just a cheerleader for the U.K. government line. You want to be seen as a corporation that creates value and opportunities for people across Europe."

Over time, Vaughan expects British companies will invest in support services from lobbying consultancies, as well as having one or more employees "who can at least jump on a train and get to Brussels from London for a few days a month." He also recommends that companies with U.K. advocacy needs strengthen their networks and ties to associations.

Hardacre makes a strong case for taking action sooner rather than later. "Even if there's a transition period from 2019 to 2021, the cliff will be in 2019," he says. "The best time to lobby is the time when everything is up in the air. And that's why trying to push an agenda right now, within the limits of what's possible, is important."

Brexit watchers are waiting to see if U.K. companies build up their presence in Brussels.

CASE STUDY: COPING WITH COMITOLOGY — TWO COMPANIES

The complex comitology process, by which EU bylaws and regulatory rules are adopted, modified or adjusted, "is the kind of thing you need to get your head around if you're a lobbyist in Brussels," says Mark Dober, senior director with Ellwood Atfield. "The Commission has special powers over certain areas of regulatory bylaws, and comitology has a big impact. If you're a lobbyist, you have to get down into the weeds on that stuff."

One unique aspect of comitology, according to Amélie Baracat-Empereur, senior manager, government and industry affairs EU, for Herbalife Nutrition, is that it includes the assistance of committees made up of representatives of EU member states working on technical bylaws.

"Comitology is broadly about implementing [or delegating] acts of specific EU legislation at a later stage," she says. She explains that the conversations can be quite technical, but it's important to remember that the outcomes can have a significant impact on companies.

Herbalife Contests a Commission Move to Ban Use of Artificial Sweeteners in Meal Replacements

One of Herbalife's product lines is meal replacements: shakes or bars fortified with vitamins and minerals. Herbalife became concerned that the Commission is planning to review the categorization of food additives and its implications in terms of additives use, including for meal replacements. Baracat-Empereur notes that the debate is rather technical and concerns how certain sweeteners are evaluated. Furthermore, industry arguments need to be made quickly because the Commission wants to implement changes soon.

Baracat-Empereur has worked closely with Herbalife's EU trade association: Specialised Nutrition Europe (SNE). One important role multinationals can play is assisting associations by providing technical arguments and scientific data that can be used to convince those involved in the comitology process. Baracat-Empereur points out that there is currently no known alternative to artificial sweeteners, and adding sugar is impossible because it would defy an existing EU requirement that meal replacements never exceed a 250-calorie threshold.

She also emphasizes that the European Food Safety Authority — which is somewhat similar to the U.S. Food and Drug Administration — has never issued an opinion that artificial sweeteners are unsafe for consumption and so "there's no scientific evidence or rationale to remove sweeteners from meal replacements."

While this appears to be a strong argument, it's also something of a Catch-22. The fact that there is no scientific reason to ban artificial sweeteners makes it difficult to levy scientific arguments in favor of their use, as well.

While Herbalife and SNE have worked hard to advance their cases, no definitive outcome has yet been made as of December 2018.

When it comes to an issue like this, Baracat-Empereur points out that the experts at the member-state level "are willing to listen….and understand the arguments and the scientific rationale that we are sharing with them. When member states consider the concerns of the industry to be well founded, they are prepared to raise these issues with the Commission, and to ask for improvements in the proposal."

REGULATORY AGENCIES IN THE U.S. AND THE EU

U.S. agencies are both 'risk assessors' (evaluating scientific data to determine potential risk of a substance, additive, drug or other) and 'risk managers' (deciding what policy to follow based on the data, i.e. ban, restrict, allow etc).

Agencies in the EU, such as the European Chemicals Agency, the European Medicines Agency, the

European Food Safety Authority, and the European Supervisory Agencies for financial services are only risk assessors, while the risk management is done exclusively by the European Commission. Hence the Commission is often accused of not truly following evidence-based policymaking, but of making political decisions on controversial issues such as agrochemicals or certain food additives or drugs.

Nouryon (previously AkzoNobel): Talking Technical Outside of Brussels

In 2016, the French regulatory health agency moved to declare titanium dioxide a category-2 carcinogen. Europe's Committee for Risk Assessment — a body of the European Chemical Agency (ECHA) — considered issuing an advisory opinion and the matter then became part of the comitology process with experts from all 28 member states weighing in. The matter was yet to be decided at the time of writing.

During the "complex bureaucratic process" of comitology, "more and more of the real decisions with business impact are being taken," explains Marcel Halma, director of integrated communications for Amsterdam-based Nouryon. He continues: "For most industries, one cannot be effective nowadays if one does not understand and is not able to influence comitology decision-making."

Halma explains that in most cases comitology is not done by Brussels-based diplomats; instead, delegates from capitals fly in to negotiate these measures.

"To influence decision-making in comitology, you have to talk to decision-makers themselves in the various European capitals and ministries, to stakeholders

in the country, and even to politicians and trade associations in the different countries that are active in the matter," says Halma. "Before each of the various member-state experts makes up his or her mind, it's critical for a government relations professional to know each expert's previous stances in order to raise the best arguments possible."

Consistency is also key. "It's important to build a good pan-European campaign to make sure that your efforts and your messages are being rolled out simultaneously in Brussels and the capitals," maintains Halma. "You don't want your business in the U.K. to say something different from your business in Germany or Sweden." In other words, he says, "you need a concerted effort by your government affairs team across the EU and not 28 positions going in all kinds of directions."

Halma explains that an effective campaign rests on talking to markets, NGOs and civil servants within the industry and presenting evidence and materials, as well as discussing alternatives. Follow-up is equally important. He regularly compares notes with the relevant industry associations in Brussels and the EU capitals to "set up a coordinated effort to make sure that we drive the effort in the same direction."

Halma underscores the importance of these discussions. "Too often," he concludes, "when decision-makers get an issue on the table, they only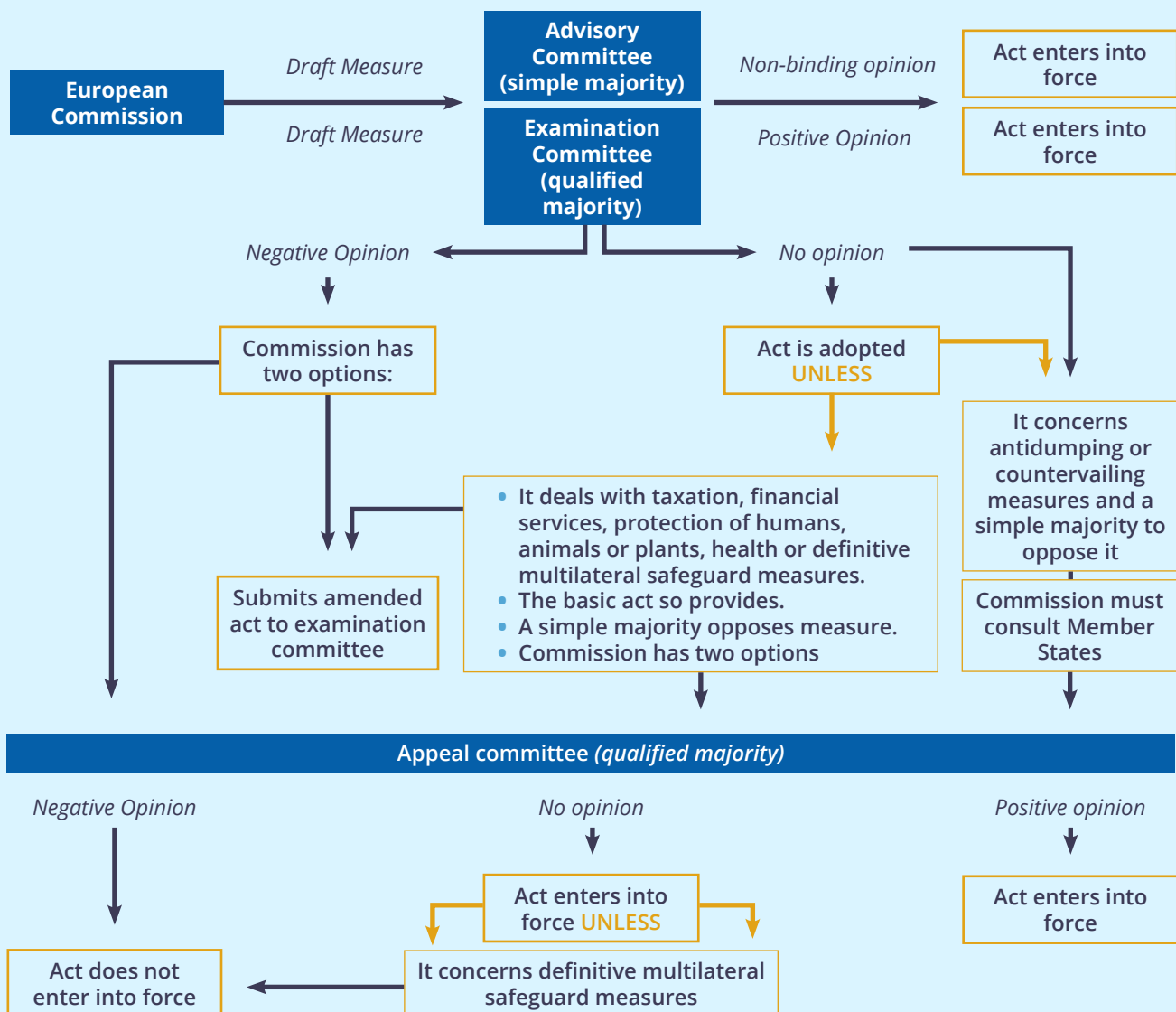 think about the substance of the issue. But we try to help them understand the broader context, too. In the end, it is in all our interests to have decision-makers make well-informed decisions, meeting political and societal needs as well as business requirements."

DELEGATED ACTS (ARTICLE 290 TFEU)

This comitology flow chart from a European Policy Centre policy brief illustrates how complicated this decision-making process can be.

European Commission → *Delegated Act* → **EP (absolute majority) and/or Council (qualified majority)** → *No objection** → **Act enters into force**

Assistance

EP (absolute majority) and/or Council (qualified majority) → *Revocation** → **Act repealed**

Expert Groups

*Depending on the terms of delegation decided in co-decision

IMPLEMENTING ACTS (ARTICLE 291 TFEU)

European Commission → *Draft Measure* → **Advisory Committee (simple majority)** → *Non-binding opinion* → **Act enters into force**

→ *Draft Measure* → **Examination Committee (qualified majority)** → *Positive Opinion* → **Act enters into force**

Examination Committee (qualified majority):

Negative Opinion → **Commission has two options:**

No opinion → **Act is adopted UNLESS** / **It concerns antidumping or countervailing measures and a simple majority to oppose it**

Commission has two options:
- **Submits amended act to examination committee**
- It deals with taxation, financial services, protection of humans, animals or plants, health or definitive multilateral safeguard measures.
- The basic act so provides.
- A simple majority opposes measure.
- Commission has two options

Commission must consult Member States

Appeal committee (qualified majority)

Negative Opinion → **Act does not enter into force**

No opinion → **Act enters into force UNLESS** → **It concerns definitive multilateral safeguard measures**

Positive opinion → **Act enters into force**

Source: European Policy Centre, Brussels, from the 2011 policy brief: Implementing Lisbon: what's new in comitology?
http://www.epc.eu/documents/uploads/pub_1258_implementing_lisbon_-_what_s_new_in_comitology.pdf

SECTION TWO: PRESSING GOVERNMENT RELATIONS CHALLENGES

The EU can sometimes find itself playing catch up with the U.S. For instance, the EU is only just now beginning to demand the same levels of transparency and openness when it comes to registering lobbyists that have long existed in the U.S.

On the other hand, the EU has served as "a global standard-setter" for legislating environmental, social, consumer, privacy and other issues, says Interel's Lofthagen. American or Asian companies with limited EU operations should pay attention to the decisions that the EU is making: Cutting-edge laws and legislative trends that originate in Brussels often work their way into other corners of the world as is evidenced by the General Data Protection Regulation, or GDPR.

How GDPR Affects Government Relations Professionals in the EU

As one illustration of the breadth of EU regulations, Lofthagen points to the General Data Protection Regulation (GDPR), which took effect in May 2018. GDPR was designed to give consumers control of their own personal data collected by companies. Not only does it affect EU companies, but it also applies to companies outside the EU that offer goods or services to the 28 member states or monitor behavior of EU citizens.

"GDPR gives individuals, the Commission and national governments much more power than they had in the past to hold tech firms to account in terms of data privacy," says Riverside's Burrell. He notes that the Commission has imposed "dramatic new sanctions" that mean companies could be fined up to four percent of their revenues should they breach GDPR rules.

Now that GDPR is in effect, the next step is overseeing implementation, says Paul Jordan, managing director Europe for the International Association of Privacy Professionals, based in Brussels. He points out that "there's still a critical role for government affairs professionals to play in ensuring that the right messaging has been brought internally to organizations."

Among the biggest challenges is ensuring that primary and secondary suppliers within one's supply chain are up to speed on GDPR. "The HPs and Microsofts of this world have been working diligently for the past 18 months on their third-party management in light of the GDPR because it's so important," says Jordan, noting that making sure that suppliers are not in breach of GDPR is a greater challenge for smaller and medium-sized companies.

"The next big stress test," says Jordan, will be seeing how regulators enforce GDPR. He urges companies not to worry too much. "When engaging with regulators," he says, "you should be as open and transparent as possible. They understand that with new legislation comes a learning curve." That said, he emphasizes the importance of demonstrating that you have at least started your GDPR implementation in order to have a favorable dialogue with regulators.

Finally, EU companies will soon be facing a fresh wave of changes. Jordan points out that pending e-privacy legislation "could be at least as disruptive as the GDPR," and aspects of the future legislation might supersede GDPR. The good news, though, is "there's no final text as of yet," says Jordan. "E-privacy [legislation] is unlikely to be in this Parliament — so I don't think we'll see this for another year or two down the road."

Growth of Transparency

In June 2017, the European Parliament's Conference of Presidents approved a new inter-institutional proposal to enhance transparency. The proposal requires the Council of the European Union to join the Transparency Register and widens the definition of lobbying to include both direct and indirect representation.

Public Affairs Council's Baneth says that EU lobbying transparency has improved and most companies are already listed on the voluntary registry. The difficulty lies in how to quantify activities: "There's quite a bit of confusion as to which formula to use when qualifying an activity as lobbying, and some official guidance could work well. The most important step is to set up a valid calculation approach with a formula that justifies whatever numbers you come up with, and you're able to defend it when the Commission or the press have inquires."

Christophe Lecureuil, executive director of The European Centre for Public Affairs in Brussels, would like to see the same transparency requirements for lobbying take hold within the member states. At the current time, eight member states have some form of transparency register, according to Transparency International EU.

Digital Advocacy

While some government relations professionals are beginning to use social media, others are concerned about the changes it is bringing to the advocacy landscape.

Anne Crews, vice president of government relations at Mary Kay, says: "The main thing that's changed for us worldwide is the speed of communication and the whole digital connectedness. Because people can create their own blogs and hold themselves out as experts, who do you believe?" She notes that establishing a strong reputation and trusted voice matters more than ever for multinationals.

There's no question that social media and a 24-hour news cycle have dramatically changed how government relations practitioners tell their stories, says AmCham EU's Coelho. "Today," he says, "it's all about getting tweets out, and condensing information to very small packets. The attention span of stakeholders has really decreased."

He also notes that so-called "traditional media" have changed, as well, with the nexus between "real news" and "gossip" having blurred. What many media outlets now do amounts to "a kind of subtle lobbying," he says, noting that "fake news" is often picked up by media and must be promptly countered when it distorts a complex issue.

> *The more sophisticated lobbyists these days are beginning to understand that you can tweet directly to a member of the European Parliament or to a Commissioner and get a dialogue going.*
>
> **MARK DOBER**
> Senior Director, Ellwood Atfield

A case in point is the debate over the Transatlantic Trade and Investment Partnership, or TTIP. While until recently trade negotiations would have been too technical to spur interest from the general public, opponents turned TTIP into a *cause celebre* through "emotional argumentation about GMOs and chlorine chickens," says Coelho. "You could ask Europeans, 'Why don't you favor TTIP?' And people would not be able to explain why, they just knew they didn't like it." For these reasons, multinationals, AmCham EU, and other trade associations found that they had to jettison technical arguments, and instead speak more plainly and, at times, emotionally.

Thibaut L'Ortye, senior content adviser at AmCham EU, agrees: "A lot of the policy debates have become part of a broader public debate. You need to be able to explain what you stand for."

Dober observes that lobbyists in the EU lag behind their counterparts in the U.S. and elsewhere when it comes to digital advocacy. One possible exception to that trend, he says, is the use of Twitter, a tool that *is* catching on in the EU. "The more sophisticated lobbyists these days are beginning to understand that you can tweet directly to a member of the European Parliament or to a Commissioner and get a dialogue going," he says. Increasingly, government relations teams have at least one person monitoring what's being tweeted about their companies — and about issues critical to their future.

For EU lobbyists who want to learn how social media can work for them, Imperial Tobacco's Hardacre advises looking no further than NGOs. "Some of their campaigns are excellent," he says. "They're very good at mobilizing and generating online and grassroots traction. And they're also very good at driving emotional messaging and campaigns."

Hot-Button Issues to Watch

"If you pollute, you pay. It's a fairly simple rule, but it's led to the EU making it the full responsibility of industry to finance the collection system for waste from electronics products," says Lofthagen.

A mandate like this has implications that reverberate far beyond the EU because "of the sheer size of the single market," Lofthagen explains. He notes that from REACH — the chemical regulation that went into effect in 2007 — to new directives on privacy and consumer protections, the EU is increasingly being seen as the standard-setter for regulations eventually taking hold globally.

Since its founding, the EU has adopted 240,000 pieces of legislation, and the rate of passage is likely to increase given Brexit, contends Lofthagen. He notes

that in legislative discussions, the U.K. was known for "being quite successful at keeping the EU at bay when it came to over-regulating itself or trying to regulate the rest of the world." He continues: "With the U.K. out of the picture, a lot of new legislation will start getting momentum."

Here are a few legislative priorities in the EU that multinationals should monitor:

- **GDPR.** As GDPR is implemented and extended to a company's supply chain, government relations professionals are preparing for additional regulatory oversight. For more, see page 16.

- **Environmental protection and the green agenda.** The EU has long been known for its ambitious green agenda. In an example of how multinationals can get negative press from a swiftly-evolving debate over the environment and chemicals, Monsanto (now part of Bayer), which manufactured Round-Up, an herbicide that uses glyphosates, faced a very public campaign to have this chemical banned.

  CEFIC's McLoughlin anticipates that confrontations like those faced by Monsanto are bound to happen again. "On the environment policy front," he says, "I expect the continued trend of vetoes of substance authorizations for GMOs and pesticides."

- **Consumer protection.** The EU prides itself on having "some of the strongest consumer protection rules in the world," as an April 11, 2018, press release from the European Commission attests. [http://europa.eu/rapid/press-release_MEMO-18-2821_en.htm] An excellent example is the Commission's New Deal for Consumers, a proposal designed to ensure European consumers fully benefit from rights granted by earlier legislation.

  Aspects of this "new deal" are proving controversial for companies that engage in direct selling because of language curbing aggressive "doorstep-selling" practices. Public opinion on this specific proposal has been mixed, according to a summary of comments published by the European Commission in early 2018. When asked

whether member states should have the option of banning doorstep selling, 46 percent of the 302 respondents agreed with the idea, while 40 percent disagreed.

For companies such as Herbalife Nutrition that market indirectly, this proposal was greeted with concern. Herbalife's Baracat-Empereur points out that lobbying to stop possible protections against doorstep selling is difficult because the issue is "so political."

- **Trade and tariffs.** When U.S. President Donald Trump proposed steel and aluminum tariffs in early 2018, the EU immediately threatened retaliatory tariffs of its own.

Lecureuil notes that tariffs are an important lobbying issue in which new participants, such as members of Parliament, are voicing opinions. In 2017 spiritsEUROPE launched a very successful advocacy campaign to ratify CETA — or Canada's Comprehensive Economic and Trade Agreement. Here, MEPs who endorsed CETA played a critical role in its ratification, according to a February 15, 2017, article in *The Drinks Business*. [https://www.thedrinksbusiness.com/2017/02/go-ahead-for-eu-canada-trade/]

- **The ethics of artificial intelligence and robotics.** In early 2018, the European Commission formed a group to study artificial intelligence (AI) and to create an initiative that would, among other things, look at the ethical development of AI and its place in "the future of work."

In an interview with *Wired*, French President Emmanuel Macron is quoted as saying that the technology revolution associated with AI is "in fact a political revolution." Autonomous cars are one example of how AI can dramatically change the social and economic landscape. Among the goals of a Commission paper published on April 25, 2018, was to make sure that there is an appropriate ethical and legal framework based on EU values to consider the implications of AI and to prepare for socio-economic changes that AI might bring. The Commission set up a European AI Alliance that is tasked with writing draft AI ethics guidelines by the end of 2018.

The EU has also initiated a Robolaw project intended to review the regulatory challenges posed by emerging robotics technologies.

- **Overseeing the development of the sharing economy.** The rise of the sharing economy — epitomized by Airbnb (accommodations) and Uber (car rides) — raises questions that the European Commission is examining. Among the issues are consumer rights (what are the rules for these new transactions?) and ensuring that users can distinguish between "professionals" and "peers."

The relationship between the U.S. and the European Union has become more strained since President Trump came into office in 2017, particularly around issues of tariffs and trade, making businesses on both sides of the Atlantic take note.

CASE STUDY: ADVOCATES ADVANCE CASE FOR TRANSPARENCY REGISTER

In the wake of the 2008 financial crisis, the European Commission (EC) created an expert group to prevent a similar catastrophe from recurring. Civil society waged a long fight to learn who the EC's chosen experts were, only to find that they consisted almost exclusively of "representatives from the giant banks that created the crisis in the first place," recalls Daniel Freund, head of Advocacy EU Integrity at Brussels-based Transparency International EU. That revelation is a key reason Freund feels "groups should exist to provide the other side of the argument."

Preventing one-sided advocacy is why Transparency International has teamed up with other associations and NGOs to promote a mandatory lobbying register for Brussels, where the annual lobbying budget has been estimated at approximately 1.5 billion euros. What began as an entirely voluntary registry has become a *de facto* requirement. Only those lobbyists or organizations that have officially registered can secure political meetings with the EU Commission or testify in a European Parliamentary committee meeting. The Council, on the other hand, has not adopted this requirement — yet.

"If you really want to," says Freund, "you can fly under the radar, but certain lobbying activities are difficult or impossible to do if you don't sign up." The logic may differ from a flat-out mandate, but it appears to be working. Since the Commission banned high-level meetings for anyone outside the EU Transparency Register, the list of registrants doubled to 12,000 in the past three years.

As a measure of how widely accepted the notion of lobbying transparency has become, Commission President Juncker identified the EU Transparency Register as one of his 10 main political priorities during the last election.

To raise the profile of this issue, Transparency International works closely with many associations and NGOs, including Alter-EU, Business Europe, the European Bar Association and the Sunlight Foundation. Research and analysis have been key, says Freund, who notes that Transparency International has applied pressure through the media, online petitions, a public awareness campaign, and a lengthy report on EU lobbying published in 2016, available at: https://transparency.eu/international-standards-for-lobbying-regulation/.

> *What began as an entirely voluntary registry has become a de facto requirement. Only those lobbyists or organizations that have officially registered can secure political meetings with the EU Commission or testify in a European Parliamentary committee meeting.*

Transparency International also, says Freund, wrote "a joint letter with the big associations representing lobbyists to show that lobbyists in Brussels support a more transparent, mandatory lobby register. At the end of the day, citizens want it, lobbyists want it, and it's the political institutions that are blocking it." The Council's Baneth adds, "This is due to infighting and conflicting interests."

As negotiations on the inter-institutional agreement progress, Transparency International is working to ensure the definition of "lobbyist" is specific and covers

foreign influence, as well as the work of diplomats, religious organizations and political parties. Freund is also concerned that the information reported in the Transparency Register be complete and accurate. "We've looked at the registry and found thousands of entries in which the information is just not plausible," he says, noting that organizations with no budget sometimes inexplicably report that they have held multiple meetings while others report enormous budgets and no staff.

Freund notes that not everyone has embraced the Registry. "Certain commissioners say, 'I basically don't take any lobbying meetings and I try to concentrate on my work.' Others have been accused of seeing only certain actors or being particularly cuddly with those from their own country," he maintains.

When it comes to such veiled meetings, the Transparency Register would be a game changer. "The Register," he concludes, "gives everyone an argument to say: 'Why are you only meeting with lobbyists from your own country?' Or, 'Why are you only meeting with industry and not NGOs?'"
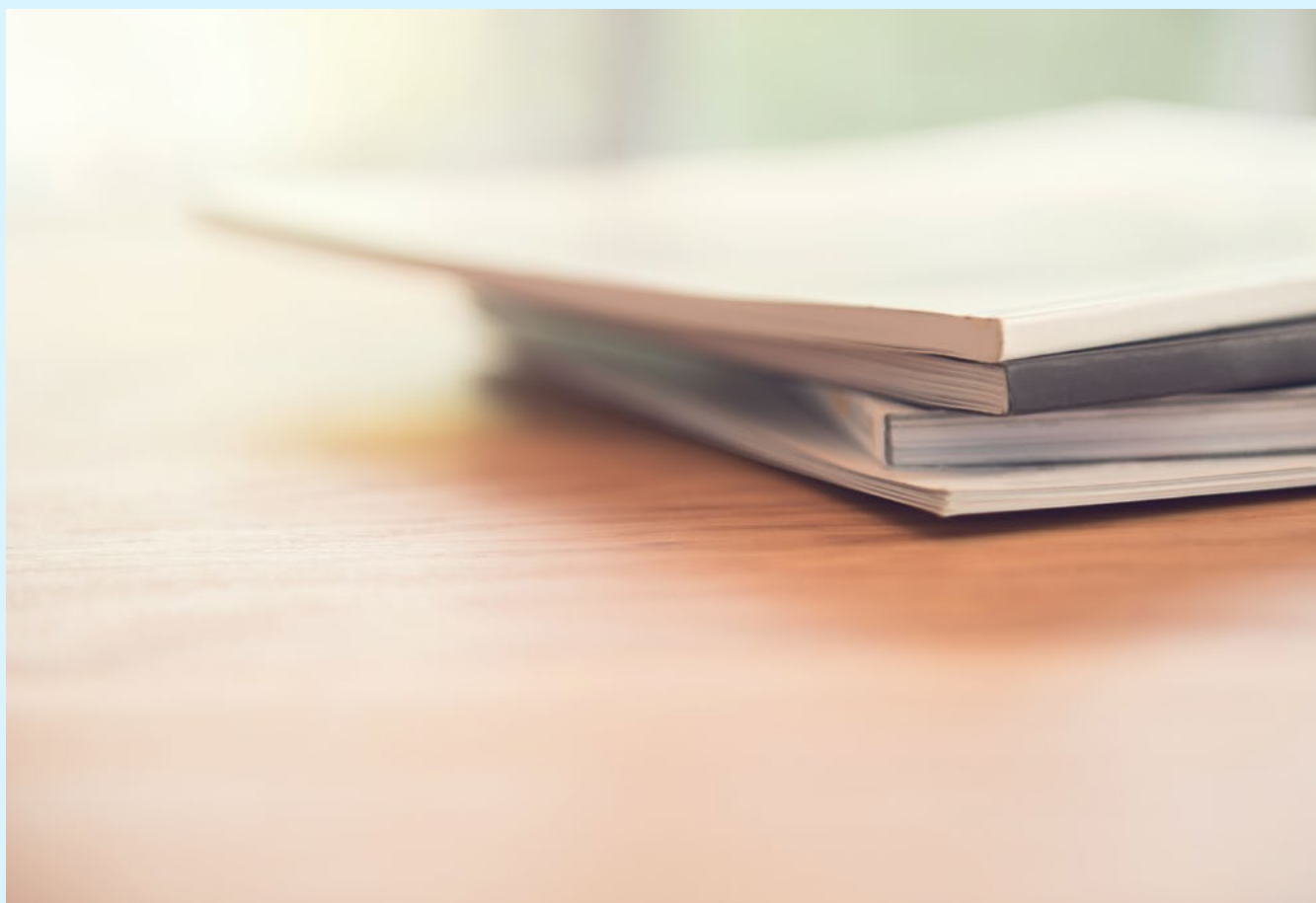
CASE STUDY: AMCHAM EU LAUNCHES SOCIAL MEDIA-FRIENDLY DEFENSE OF SINGLE MARKET

Looking beyond business concerns and focusing on how the 25-year-old EU single market has improved life for 500 million consumers was the overt aim of a written report and multimedia blitz by AmCham EU.

AmCham EU's campaign, which was conceived during dark days for the EU as the U.K. had voted "yes" to Brexit and as single-market foes were doing surprisingly well in elections in France and the Netherlands, emphasized positives. It showed how young people can more easily study abroad thanks to the Erasmus Program and how EU citizens can use their smartphones anywhere in the European Union without being charged roaming fees because of the European Commission's Digital Single Market Strategy. AmCham EU's campaign videos heavily feature individuals who have benefited from the single market and make a direct plea to maintaining the EU in its current incarnation.

Coelho recognized that this campaign should represent a departure from the usual litany of facts and figures on job creation and economic growth.

The AmCham EU single market campaign is "our very humble attempt to have a discussion from a very different perspective," says Coelho. "We have different voices sharing the same message, which was important for us to show openness and a willingness to be inclusive."

L'Ortye notes that while focusing on emotional stories and personal impact was key, AmCham EU also provided facts and figures from an economic study

that AmCham EU and its network of national AmCham counterparts could use. He points out that the study intentionally focused on each of the member-country markets so there would be specific figures for what the single market means for, say, Germany or Slovenia. He also notes that some of the national AmChams went the extra mile by translating materials into various languages so they would be more useful within a wider range of member countries.

> *The power of social media is that it allows us to reach out to people we would have not previously reached out to.*

ROGER COELHO
Policy Director, AmCham EU

"We were using this as a tool for AmCham EU and other actors to go to their national governments and say: 'You need to stand up for European integration and what we've achieved together. And this is why,'" says L'Ortye. "It was not a lobbying campaign where we tried to change very specific legislation or an amendment. It was broader than that."

Social media was key to the success of AmCham EU's single market campaign, which was available on AmCham EU's website and was viewed by over 150,000 people on Twitter. "The power of social media," says Coelho, "is that it allows us to reach out to people we would have not previously reached out to."

CASE STUDY: HENKEL AND MICROPLASTICS — ADVOCACY IN AN AGE OF FAKE NEWS

Henkel's Peter Boris Schmitt, senior manager, political environment and product affairs, perceives distrust towards industry expertise as a growing hurdle in getting his company's perspective across in scientific debates. Working for a chemical company, he finds that the growth of populism and the rise of "fake news" has made it easier for sub-groups to lobby Parliament and to argue for positions counter to existing regulations.

The current furor over microplastics is a case in point. Some member states were already attempting to regulate the intentional addition of microplastics to various products through national legislation. If member states each issue their own mandates for microplastics, however, the European single market would fragment and have "mismatched" policies, rather than a consistent stance for companies to follow, explains Schmitt.

> *For companies in technical fields, social media poses a particular threat because the arguments are difficult to refute in sound bites.*

For this reason, the European Commission asked the European Chemicals Agency (ECHA) to prepare proposals for possible restrictions concerning oxo-plastics and intentionally-added microplastic particles. For

Henkel, this is an important issue, as currently no binding definition of microplastics exists at the EU level. "This causes regulatory uncertainties across all of Henkel's businesses," Schmitt says.

Schmitt notes that members of the European Parliament have also complicated the regulatory process by calling for outright bans on intentionally-added microplastics before ECHA has actually started working on its mandate. "Such actions preempt any outcome of a scientific assessment," he says.

Schmitt continues: "The problem for industry is that we are science-based and laboratory-driven." Recently, he says, "The science-driven and fact-based approach is somewhat overtaken by political decisions that are value-founded and not science-based."

New Ways of Engaging

For companies in technical fields, social media poses a particular threat because the arguments are difficult to refute in sound bites. "The complexity of science doesn't allow you to express yourself thoroughly in 140 characters," says Schmitt. "People pick up what's been published on social media through various campaigns and it is very difficult to correct their views and bring it back to scientific thinking and present risk-management options."

Specifically, Schmitt notes that while the cosmetics industry contributes 0.05 percent of the microplastics in the environment, "in every resolution and in every amendment, cosmetics are mentioned." While most

microplastics are created by the degrading of plastic bottles and other litter, the problem is that "it's hard to get hold of someone who throws a water bottle in the river, but it's easy to get hold of the cosmetics industry. It's a very good example of how discussions move away from the real problem to sideshows."

In the spring of 2018, the European Commission required ECHA to draft a proposal for a restriction on microplastics and so the issue remains open at the European level. More broadly, however, Schmitt sees this as a cautionary tale for government relations professionals working in the EU today.

"The industry was too slow in understanding that being overly scientific in communication doesn't help," he concludes. "You cannot discuss purely risk-management arguments with Parliamentarians. You have to make it understandable for lay people, and it's very difficult to persuade with purely scientific arguments. You need to put your points into the broader context of societal debate to have an impact."
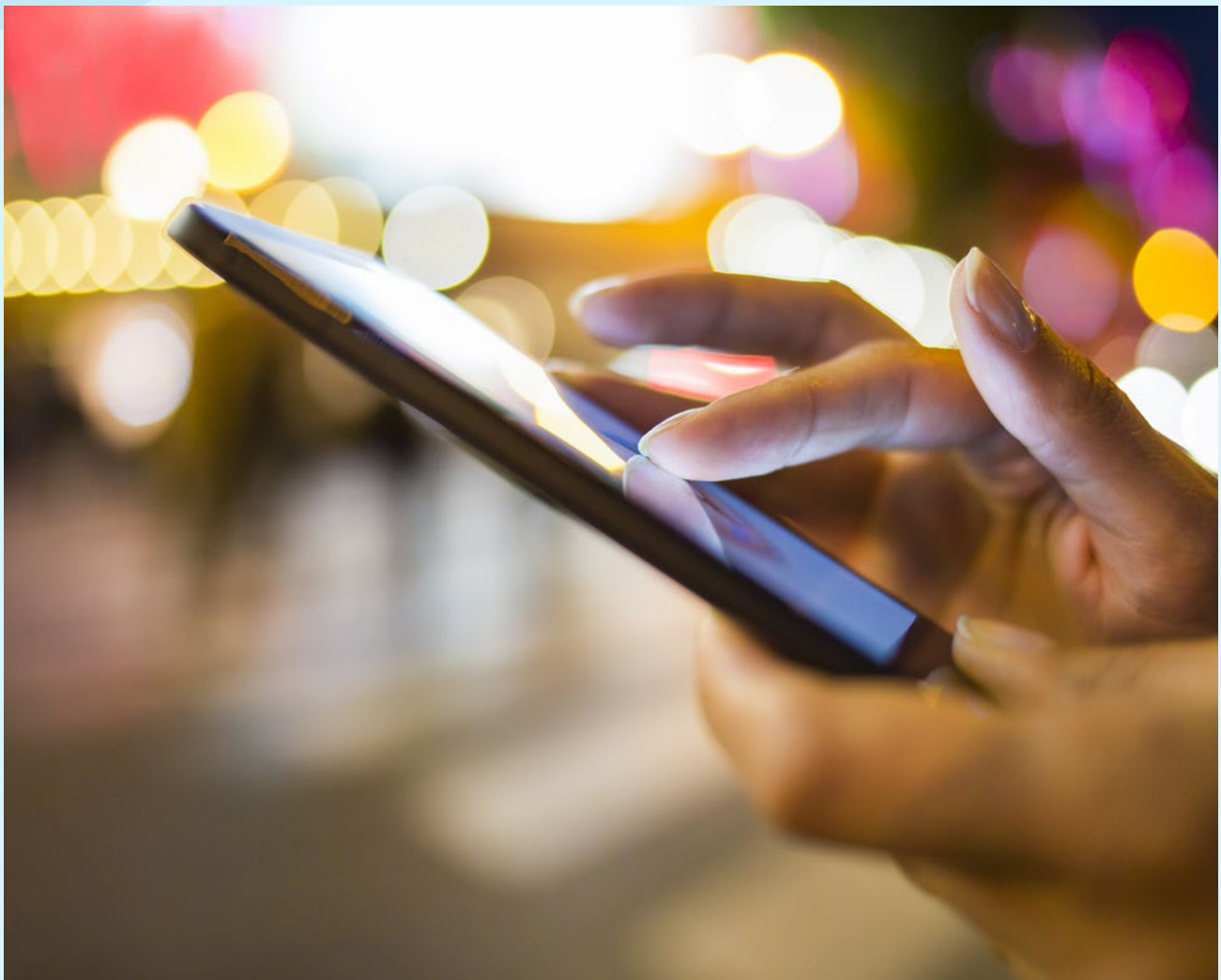
SECTION THREE: WINNING STRATEGIES — AND WHY THEY WORK

Government relations in the EU is undergoing a process of professionalization. "Only recently in Europe has there been a growing uptick in the recognition of the importance of the profession," says Lofthagen.

Along with more recognition comes a focus on hiring the right individuals, working with associations and bolstering a company's reputation.

Hiring the Right Professionals

For many government relations professionals in the EU, working for a large, multinational corporation is considered a dream job. While such positions are deemed desirable, the role has also become "an increasingly difficult balancing act," says Ellwood Atfield's Dober.

Dober explains that "trying to cover Brussels and all of the national capitals was always a stretch, but I think it's become more of a stretch lately." Now that member states have louder voices in policy decisions, government relations hires are tasked with the added responsibility of traveling to the various member state capitals, while also ensuring coordination at the Europe, Middle East and Africa (EMEA) level. "Most government relations teams with one or two people for the whole of EMEA are pretty thin against the requirements," he says.

In describing the CVs of the most coveted candidates for government relations roles, Dober points out that most have post-graduate degrees, usually in law or politics at a top European political university, such as the College of Europe in Bruges or the Maastricht Graduate School of Governance.

Furthermore, because experience working in government is so highly prized, many top candidates

take brief internships after graduation. Government relations professionals in Brussels, for instance, often do what's called a "*stage*" — or a six-month internship — at the European Commission. While pay is usually low, the experience is invaluable. After a Commission *stage*, some work as assistants to members of the European Parliament.

As a starter job, government relations professionals typically join a public affairs consultancy or accept an in-house position at an association. Dober recommends the consultancy route because "companies and associations often like to look for a little bit of that commercial acumen that consultancies give someone."

Jason Descamps, founder and managing partner of European Affairs Recruitment Specialists (EARS) in Brussels, says hiring for multinationals tends to be fairly straightforward because of the abundance of willing candidates. "People want to go in-house," he says. "For many, working in a consultancy is a good school, but inevitably this comes along with pressure and working with billable hours. It offers a great opportunity to build good credentials so they can eventually move into a company or an association."

Because networking is key to government relations success, Descamps notes that time spent in relevant EU bodies can be critical, especially when it comes to securing a senior position. "The more senior you go, the more senior you expect the network to go," he says.

There are different schools of thought about the importance of industry experience. Some prefer to hire a top-notch lobbyist and then let that individual learn about a particular industry on the job. Descamps notes that multinationals in the automotive, environmental and engineering sectors tend to value relevant industry experience, adhering to the belief that "Brussels is easy, but learning about the company is hard." He explains that these sectors often elevate an industry expert to government relations head, and then rely on government relations consultants for expertise and finesse on how government works in the EU.

In general, multinationals are more demanding than ever in compiling their hiring wish lists, says Descamps. Because of cuts in headcount, those hired typically oversee merged portfolios and are "expected to wear more than one hat." He notes that while English is generally a requirement, French, German, and the language of the company's headquarters are considered "nice to haves."

Along with higher expectations come higher salaries. When determining compensation, multinationals have to take into consideration the fact that salaries at EU institutions are taxed at very low rates, while the tax rates in Brussels are notoriously high. As a result, says Descamps, some companies sweeten the deal by offering perks, such as a company car or meal vouchers, and those headquartered near Brussels might

offer a split payroll so an employee can take advantage of lower tax rates outside of Belgium.

One of the most important qualifications for a government relations hire is readiness, says Lecureuil. "Companies are looking for people who can get up to speed very quickly either by knowing the industry, the issues or the institutions."

FILLING AN EU GOVERNMENT RELATIONS ROLE: ONE NEW HIRE SHARES HIS EXPERIENCES

In late 2016, before Elie Beyrouthy was hired as vice president of European government affairs for the newly-minted American Express office in Brussels, he had not yet met Ellwood Atfield 's Dober but the two had connected on LinkedIn.

Beyrouthy, who was hired to lead Western Union's Brussels office in August 2012, had ticked many of the boxes Dober looks for in an ideal government relations hire. He had already worked for two Brussels-based associations, the World Savings Bank Group and the European Banking Federation, both in financial services. A lawyer with a degree from the University of Minnesota and another one from the University of Lyon, Beyrouthy also held a degree from Sciences Po Lyon - Institut d'Etudes Politique and had interned at the European Commission.

Dober emphasizes that someone like Beyrouthy, "who has done the journey to have a rounded view of EU institutions and who also has commercial *nous* becomes an attractive proposition for a headhunter like myself."

For Beyrouthy, who was nearing the five-year mark at Western Union, Dober's LinkedIn message came

at a propitious time. A candidate fluent in English, French and Arabic, Beyrouthy was convinced that working at another American multinational was a smart career move.

"This is the first time anyone headhunted me using LinkedIn, but people do use LinkedIn to publish offers and to headhunt all the time," says Beyrouthy. He recalls that he initially interviewed with Dober before meeting with his current boss and later interviewing with a round of future colleagues. In just under three months' time, he was offered his current position.

Beyrouthy believes that his financial-service background was an asset, but not necessarily a must-have, at American Express. Since joining the company in June 2017, he watched a similar hire come on board and noted that most of the final-round candidates lacked finance experience.

"When hiring," he concludes, "American Express is a company that looks more for government affairs knowledge, the character of the person, and how they fit with the team."

Imperial Tobacco's Hardacre also lists "a commercial mindset" as an increasingly important asset for government relations professionals in the EU today.

"There are people who live and breathe lobbying. They love meeting, talking, shaking hands and they're phenomenally good at it, but they lack the capacity to relate any of this to the going concern of the business they work for," he says. "A rigid, public servant mentality doesn't go very well in a corporate environment."

Associations in the EU

CEFIC's McLoughlin contends that membership in associations in the European Union can be a particularly important advocacy tool because the EU lacks a system of political action committees.

According to the Federation of European and International Associations (FAIB), there are 2,265 associations based in and around Brussels; these associations have a total estimated annual income of $2.9 billion and employ 13,400 people. While these figures include NGOs, there are approximately 1,600 European trade associations in existence today, according to "Key Success Factors for European Associations" by Ellwood Atfield.

One reason why the number of EU associations is so high is the creation of trade associations in newer member countries, says University of Salzburg's Dur. He says that while trade associations from France or Germany once dominated the EU legislative debate, there are now trade associations from Croatia and Latvia playing a legislative role, as well.

Another reason why associations prosper in the EU is that European policies are mind-bogglingly complicated. Ellwood Atfield 's Dober points out that policymakers prioritize the viewpoints of European trade associations because they believe that associations represent the voice of the industry. "The European Commission has even said that it favors dialogue with trade associations over individual companies," he explains.

> *Associations can also voice inconvenient truths that might be impolitic for a representative of a company to express quite so bluntly.*

Dober also observes that associations play different roles in different member countries. For instance, he says that German companies — with the exception of the largest, such as BMW or Volkswagen — rarely speak directly to politicians but leave government relations to the associations instead. "Trade associations in Germany are enormous and well-funded, while the corporate government relations offices in Berlin are relatively small," he explains.

Adding value is critical for associations, as Ellwood Atfield explains in its publications. Central to adding value is doing government relations work a company cannot do (or doing it better); representing the voice of the industry by providing shared objectives; offering alternative ways to achieve aims; sharing the broad objectives of an industry; and offering issue-specific expertise that a company does not already have.

Associations can also voice inconvenient truths that it might be impolitic for a representative of a company to express quite so bluntly.

Greater Professionalization in Advocacy

"In Brussels the currency of influence has always been how to fill the information deficit and bring knowledge to the table," says Brunswick's Blow. "What matters

here is know-how, thought leadership on a specific issue, getting on the front foot. And a lot has to do with style, being collaborative and not combative."

While the emphasis on information and strategy has characterized EU advocacy for quite some time, its importance has grown as the EU faces massive challenges. Blow points out that the EU "looks to business to provide solutions" to social problems ranging from unemployment to the environment and beyond.

As one example, the German government hired McKinsey & Co. in 2015 to streamline its asylum process as migrants seeking refuge from the Syrian civil war flowed into packed refugee centers.

In another example, Nestle converted its apprenticeship program into a pledge to the European Commission to employ and train EU citizens. "Nestle helped the Commission bring businesses together and create a coalition for apprenticeships and employability," says Blow. He sees these reputation-enhancing moves as "a change from legislative lobbying" to providing information and taking a stance that would be positively perceived.

University of Salzburg's Dur agrees, noting "the better your information is, the better access you will have." This prioritizing of information extends to the legislative process itself, where the time to lobby in Brussels is *early*. "Once something is on the legislative agenda, it has a high percentage of passing." He continues: "Unless you influence very early, you're just shifting direction a little, but you won't be able to stop an initiative."

With the increased premium on information, reputation-building, and early action, the demands on government relations professionals are growing.

Imperial Tobacco's Hardacre points to "the genuine, continued professionalization of the lobbying world in Brussels," a positive trend for the function. CEFIC's McLoughlin also observes ever higher levels of professionalism in lobbying in the EU — even if lobbying in the EU remains less sophisticated than in the U.S.

An important advance for government relations professionals in the EU is the ability to analyze data through voting and tracking platforms. McLoughlin says that analytic tools help him "anticipate coalitions in the Council and European Parliament."

CASE STUDY: HOW AN ASSOCIATION BUILDS CONSENSUS — CEFIC AND THE EU INDUSTRIAL POLICY

Sometimes, government relations campaigns center on a few key words. For instance, specific language from the Commission supporting an industrial policy was critically important to large, EU chemical multinationals.

Aaron McLoughlin, executive director of public affairs and sustainability with the European Chemical Industry Council (CEFIC) says the importance of having a written industrial policy for large companies, particularly energy-intensive ones, has increased in the past two years "in response to America-first policy rhetoric." Once President Trump and other U.S. politicians began expressing a fervor for their country's own industrial priorities (e.g. increasing local manufacturing, investing in R&D etc.), CEFIC — along with companies and associations in many other industries as well as the European Parliament and the member states themselves—recognized that a similar commitment from the Commission would carry enormous symbolic weight. Many member states in the EU had explicit industrial policies, and it therefore seemed fitting that the EU would have one, too.

McLoughlin notes that when embarking on a sweeping mission like this, it's essential for an association to get consensus from its major member companies: "It's incredibly important for a trade association to have all its members behind it."

Heinz Haller, president of Dow Europe, EMEA and India, chaired CEFIC's program council for the initiative, and put the idea of the industrial policy to a board

vote, in which it gained unanimous support from all 30 members. "Only after that," says McLoughlin, "can the machine move forward."

McLoughlin emphasizes that initiatives such as gaining recognition for the industrial policy require tremendous forethought and planning. Critical to the ultimate success of the industrial policy was a very detailed, written public affairs plan, identifying key decision-makers and influencers. CEFIC also worked closely with other industry trade associations — especially those in energy-intensive industries — to widen its base of support.

Because the Commission listens to member states, lobbying there was critical. McLoughlin also attributes success to working with a group of business-friendly, cross-party MEPs who came to support the industrial policy, as well.

Even with this coordinated effort, though, as of August 2017 the Commission still had not included the industrial policy within its work program for the following 12 months. CEFIC once again contacted decision-makers in the Commission and learned that while the policy was endorsed by member states and Parliament, some individuals at the highest reaches of the Commission disliked the idea, contending that their actions were sufficient and a written policy was unnecessary.

Hearing this, McLoughlin, who emphasizes the importance of having a sufficient budget for major lobbying efforts, notes that CEFIC decided to run two

weeks' worth of ads in *Politico* for the hefty price tag of 38,000 euros.

"We knew that *Politico*'s daily newsletter "Playbook" is read widely within the Commission," recalls McLoughlin. "In our ads, we put a different spin on the industrial policy, saying that if you wish to achieve a more sustainable, energy efficient and prosperous Europe, you need an industrial policy." McLoughlin calls this an example of a "value communication," an idea he borrowed from his time at World Wildlife Fund. "In the end," he says, "it was important that we engaged with people on their own terms and using their own language."

Just a few weeks later, in September 2017, the Commission's work program was unveiled and the industrial policy included. Many industry experts commented that they had not fully understood the industrial policy and had written it off as merely supporting large companies. McLoughlin believes that reframing the issue was critical to its last-minute success.

"It took old-style political lobbying: going to every decision-maker in the Commission; meeting people in the member states, where real power lies; and talking with members of Parliament," he says, noting that the key lesson was the importance of leaving "nothing to chance or spontaneity."

> *Critical to the ultimate success of the industrial policy was a very detailed, written public affairs plan, identifying key decision-makers and influencers.*

Since the industrial policy became an official priority, "The Commission has been far more supportive of European industry," says McLoughlin. Beyond the greater recognition for industry, the win itself proved meaningful. CEFIC took home top honors for lobbying campaigns at the 2018 European Association Awards and "the members were pleased," he says.

"Large, old industries face challenges in the public eye," concludes McLoughlin. "Here, we made a deliberate decision to enhance the political reputation of the industry, and we won."

SECTION FOUR: CONCLUSION - KEY WAYS OF WORKING AND WHAT LIES AHEAD

With the Commission behaving in a manner that is more political than ever and with MEPs increasingly stirring up controversy even outside their bailiwicks, the lobbying space in the EU is no longer nearly as neat and proscribed as it used to be.

The Public Affairs Council's András Baneth offers top strategies and tips on what to keep in mind when entering the EU market and how to be a successful lobbyist.

Top 10 Issues to Consider When Looking at Advocacy in the EU

1. **Multi-stakeholder environment.** Member states, EU institutions, national authorities, NGOs and more. Map and track them thoroughly.

2. **Master the process.** From the ordinary legislative procedure to comitology, understanding the process and timing are keys to your success.

3. **Everything can be political.** From seemingly technical questions on CO_2 emission levels to pesticides, technical matters can easily be politicized.

4. **Social media's role.** Just like in the U.S., social media has a growing impact on policy makers in the EU and shapes the political agenda.

5. **GDPR.** Privacy is becoming Europe's key priority to approaching any policy, and it impacts the government affairs profession's own working methods as well.

6. **NGOs.** European activist groups are often punching above their weight as they give 'democractic legitimacy' to policy makers. Ignore them at your peril.

7. **Software tools.** There are a growing number of software tools available to track legislation, get a sense of the public mood and to prioritize issues. It's worth exploring what's on offer.

8. **Fragmented EP.** The European Parliament is expected to become more fragmented as of 2019, which means coalition building will become harder, even for lobbyists.

9. **National politics vital.** The 'federalist dream' of the EU is waning, and member states are increasingly more influential in allowing the EU to act on certain matters. Following politics in key capitals is a must.

10. **Transparency rules.** While formal rules to disclose information are easy to comply with, there is growing public pressure on companies to be open about their advocacy efforts and the steps they take to influence policy.

Top 6 Tips for Being an Effective Lobbyist

1. **Try to make arguments that are emotional, as well as rational.** Social media is making it easier for strong, heartfelt messages to carry the day, while highly technical or legalistic arguments tend to be falling out of favor.

2. **Continue to watch the development around Brexit.** Should the U.K. exit, the main proponent of business-friendly policies–and a check on regulations running amok–will be gone and many of the balances of power will shift.

3. **Rely on associations.** Associations are capable of voicing arguments that are difficult or politically unwise for individual companies to put forth.

4. **Look for "readiness" in all government relations hires.** As the government affairs role becomes more complicated and multi-faceted, hiring individuals who can adapt quickly is an enormous plus. You also want hires who understand emerging policies in technical areas such as GDPR, the environment, and even AI and robotics.

5. **Remain mindful of government relations fundamentals.** Relying on solid information, forming strong alliances, having the funds to get your argument across in the media and elsewhere, and waiting for a propitious time to make arguments or influence policy still matter very much in the current EU political environment.

6. **Use complexity to your own advantage.** Navigating the EU political landscape may require technical expertise, but this can be good news for a government relations professional willing to put in the work to understand the role of rapporteurs and the intricacies of the comitology process.

For lobbyists who enjoy a true challenge, operating in the EU today is a near perfect environment. Baneth concludes by summing up the positives for his government relations colleagues this way: "The EU and European politics are undergoing a major shift in power relations between the member states and EU institutions, between members of the different EU regions, members of the Eurozone and those outside of it, and the list goes on. An ally on one issue may be a staunch enemy on another. It's a multi-dimensional chess game that only those who enjoy such challenges can thrive in."

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