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## **The influence of interest groups on the policy-making in the European Union: the case of the European Emission Trading System**

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# Introduction

Since the beginning of the 1990s, interest groups seem to have acquired remarkable power in democratic systems, up to the point of becoming active agents in the design and development of public policies. In particular, interest groups appear to be surprisingly influential in the context of the European Union. According to some scholars (Moravcsik, 1994) the supranational character of the Union, based on a multi-level kind of governance, creates particular dynamics that would allow interest groups to actively affect the policy-making process.

The following dissertation aims at investigating this phenomenon, in order to ascertain if such theoretical expectations can be found in the reality of European Union public policies. The case study taken under analysis is the one of the European Emission Trading System (ETS). The Union officially adopted the system in 2003 as an emission reduction measure for the respect of the targets imposed by the Kyoto Protocol in 1997. The choice of this specific case study is not accidental. The European Emission Trading System particularly fits the study of interest groups' role in European policy-making for two main reasons. First of all, the system was set as a permanent policy, which is, in fact, still running to our days. This element gave me the chance to analyse interest groups involvement in its policy design through a considerable period of time, which stretches from the late 1990s to the late 2010s. As a consequence, I had the possibility to observe the evolution of their lobbying power and of their shifting coalitions and alliances. Secondly, the complexity of the policy, which combines matters of environmental protection with market-based issues, led to the lobbying activity of traditionally contrasting groups: the powerful businesses on one side, and the environmental NGOs on the other. Such contraposition allowed me to analyse the historical conflict between private and public interest groups, and to investigate which ones of them tend to better represent their interests within EU institutions. The traditional literature tends to identify the former as the most powerful and resourceful groups, whereas the latter are usually portrayed as lacking resources and influence. This conflict becomes, once again, particularly relevant in the context of the European Union, which faces the problem of a democratic deficit.

In the development of the dissertation, I dedicated particular attention to the publications of Jørgen Wettestad, Professor at the Fridtjof Nansen Institute of Lysaker, in Norway, who has conducted an extensive research on the Emission Trading System since its entrance into force in 2005.

The following chapter is devoted to build a general outlook of the events leading to the implementation of the Emission Trading System and, successively, to its various phases and reforms. In the second chapter, I try to provide a general theoretical framework on interest groups and the

difference between those which represent private interests and those which represent public interests. Considerable space is also dedicated to the institutional apparatus of the European Union, in order to comprehend for which reasons it is considered to be more lobbying-responsive than the institutional systems of traditional nation-states. Finally, in the third chapter, I apply such theoretical findings to the lobbying dynamics that took place in the ETS policy-making. By doing so, my purpose is to find out to what degree interest groups have shaped the design and development of the Emission Trading System and, in the case in which their influence has been relevant, if business groups have prevailed on environmental groups (or vice versa).

# 1.

## **The cornerstone of the European Union climate policy: The Emission Trading System**

The European Union (EU) Emission Trading System (EU ETS) is considered the cornerstone of the Union climate policy. Established in 2003 with Directive 2003/87/EC, and implemented in 2005, it was designed to help the European Union in its fight against CO<sub>2</sub> emissions, which are largely responsible for global warming. It is the first and still the most comprehensive international greenhouse gas (GHG) carbon market. It regulates 45% of the EU emissions and about 5% of global emissions (Climate Action, 2017). The ETS covers more than 11,000 factories, power stations and other installations in all the EU members, plus UK, Iceland, Norway and Liechtenstein, for a total of 31 countries. It also regulates the emissions produced by the airlines operating among these countries (International Institute for Environment and Development, 2020).

Emission Trading Systems are market-based instruments for emission reduction. In the last decades, they are imposing themselves worldwide as the main instrument to incentive industries to release fewer emissions, a role which was previously played by carbon taxes. While carbon taxes simply impose an additional fee on polluting industries, emission trading acts on the basis of a “cap-and trade” approach: a cap is imposed on the overall volume of greenhouse gases that can be emitted by covered installations (Wettestad, 2009). In the case of the EU ETS (later on: the ETS), this cap is set at the EU level and reduced each multi-year phase, moving towards a progressive emissions reduction. Firms are therefore required to have an emission allowance for each tonne of CO<sub>2</sub>-eq they release into the atmosphere, which is usually allocated through auctioning. Allowances have a value: within the cap, firms can sell and buy allowances among themselves. “Cleaner” firms with surplus licences can sell them to more carbon-intensive ones which want to increase their ceiling. The ETS promotes “reductions of emissions in a cost-effective and economically efficient manner”.<sup>1</sup> The idea behind the ETS is based on a theoretical framework formulated by the Canadian economist John Dales more than fifty years ago (1968). Contrarily from a carbon tax, which generates a fixed price but an undetermined quantity of abated emissions, emissions trading relies on a market-determined

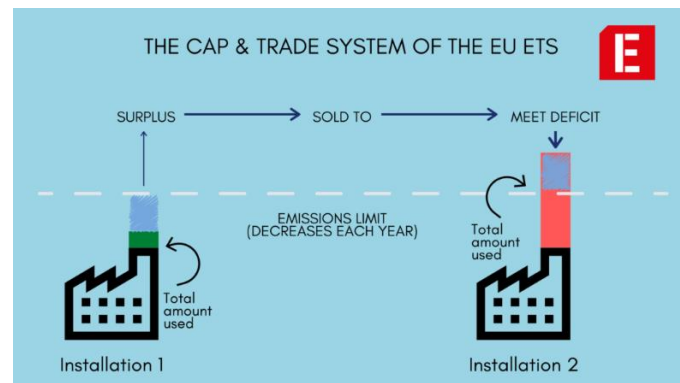
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<sup>1</sup> European Parliament (2003) Art. 1, Directive EC/87/2003

price and on an upper bound of emissions. Subsequently, abatement is allocated to market participants, who are thus incentivized to abate cost. By pricing carbon, a “polluter pays principle” (Skjærseth and Wettestad, 2009) is automatically settled, establishing a penalty to those who do not manage to reduce emissions and a reward for those who manage to do the opposite. Thus, the ETS creates a real impulse for companies to invest in clean, low-carbon technologies that produce less GHG. Indeed, the ETS has demonstrated through the years to be a very efficient system. Under the ETS, between 2005, the year of its launch, and 2020, regulated emissions have been reduced by 21% (Climate Action, 2017). Because of its success, the ETS is inspiring the institution of other Emission Trading Systems around the world, which are being built on its prototype. This opens the possibility to associate the ETS with systems present in other countries and regions. Most importantly, the ETS has helped the European Union in reaching its aim of becoming a leader in the context of global environmental policy.

The ETS is structured in phases, also called trading periods. In each phase, negotiations for the design of the following phase take place. The first phase was a three-year period (2005-2007) in which the ETS has operated accordingly to the principle of “learning by doing” (Climate Policy Watcher, 2019). This stage was conceived as a “trial” or “pilot” period set up to assess if the ETS would have been able to function properly and to prepare the EU to meet the targets it had committed to in the Kyoto Protocol. In fact, phase II corresponded to the Kyoto Protocol commitment period (2008-2012). Phase III, the Post-Kyoto phase (2013-2020), has just concluded and we are currently in phase IV (2021-2030), based on the directive entered into force on 8 April 2018 (Directive 2018/410). The ETS was revised in early 2018, to enable the EU to respect the targets set in the Paris Agreement, to be reached by 2030 (No end date has been established for the ETS, which will keep going forward (International Institute for Environment and Development, 2020). By June 2021, the ETS will be revised by the Commission, together with other relevant policy instruments, to achieve a further greenhouse gas emissions reduction. This revision will happen within the overarching policy of the European Green Deal, announced by EU Commission President Ursula von der Leyen in 2019. In the Green Deal, it is evident that climate action plays a key role. The ambition of the EU is to widen the scope of the ETS and to increase the greenhouse gas (GHG) reduction target to 55% by 2030 (Climate Policy Watcher, 2019).

Despite the special character of the ETS, one of its main traits remains the remarkable influence that lobbying has had on the system, from its design to its implementation. Not surprisingly, within the European Union the environment is one of the policy fields in which the influence of stakeholders is most visible.



*A simplified explanation of how the EU's ETS works.* (2020). [Illustration]. <https://www.investigate-europe.eu/en/2020/eu-emissions-trading-scheme-explained/>

## 1.1 Origins of the ETS

### 1.1.1. The Kyoto Protocol

The origins of the ETS can be tracked down to the United Nations Framework Convention on Climate Change (UNFCCC), which took place in Rio de Janeiro in 1992. Given the increasing awareness about global warming in those years, the Convention was instituted to bring the amount of greenhouse gas "at a level that would prevent dangerous anthropogenic interference with the climate system."<sup>2</sup> To implement the commitments taken under the Convention, the Kyoto Protocol was then adopted in 1997. Entered into force in 2005, the Protocol is the first treaty which imposes legally binding targets to industrialized countries for the reduction of GHG emissions. Under the Treaty, these countries were forced to reduce emissions by at least 5% compared to 1990 levels. Within this obligation, the EU further committed to reduce its emissions by 8% (ETG UK, 2006). This target had to be reached in the period 2008-2012 and it was redistributed within the European Union under the Burden-Sharing Agreement (BSA), a system which establishes different national targets for each member state.

The Protocol encourages countries to meet their Treaty obligations through national measures, but it also provides a set of market-based devices that help them to meet their targets. Three "Flexible Mechanisms" are included in the Protocol: Joint Implementation, the Clean Development Mechanism and International Emission Trading. Under the Clean Development Mechanism (CDM), defined in Article 12, a signatory country can earn emission reduction credits through the implementation of an emission-reduction project in a developing country. The Joint Implementation Mechanism (JIM), established under Article 6, acts on the same principle but it can be applied only among countries

<sup>2</sup> United Nations Conference on Environment and Development (1992) Art.2, Framework Convention on Climate



covered by the Protocol. International Emission Trading (IET), under Article 17, was introduced because of the USA pressure. The European Union initially opposed its inclusion within the Protocol (CAN Europe, 2005). Emission trading was not contemplated by member states as an efficient tool for GHG emission reduction, because it was believed that the most polluting companies would have not felt any incentive to invest in low carbon technologies (Ellerman et al., 2010). The concern was that firms would have considered emission certificates as a “right to pollute” (Braun, 2008). The EU refused to approve emission trading until the third conference of the UNFCCC. In the early 1990s, the EU environmental policy was more based on a “command and control” approach, reason for which in 1992 the European Commission had presented the proposal for a carbon or energy tax as the main instrument for the CO<sub>2</sub> emission reduction (Skjærseth and Wettestad, 2009). However, the proposal failed both in 1992, and when it was represented in 1995. The carbon tax was rejected by many member states in the Council of Ministers, where proposals concerning fiscal matters need to be approved by unanimity. The idea of member states was that any kind of taxation imposed at the European level leads to a significant loss of national autonomy (Skjærseth and Wettestad, 2009). As well as member states, stakeholders were equally contrary a possible carbon tax. NGOs were asking for the adoption of measure imposing an emission cap, while energy-intensive industries considered the tax as too costly and engaged in an intense activity of lobbying both at the EU level and within member states (Svendsen, 2005). At the EU level, many industries reunited themselves under the lobby group *Union des Industries de la Communauté européenne* (UNICE), now called Business Europe. The group imposed itself at the centre of discussions from the very beginning, supporting the position that the tax could attempt at European industry competitiveness (Mäenpää, 2016). Within member states, the strongest anti-carbon tax industrial group was in the United Kingdom, one of the countries which rejected the proposal in the Council (ETG. UK, 2006). The idea of a carbon tax was thus definitely discarded in 1997. This failure caused an important change in the European Union approach to the environmental field. The EU began to consider a shift towards market-based instruments as policy tools (Braun, 2008). Moreover, many countries within the European Union were already contemplating the possibility of instituting their own emission trading schemes. After assisting to the success of the first cap-and-trade system, introduced in the USA in the 1970s with the Clean Air Act to curb SO<sub>2</sub> emissions, carbon markets were perceived as an effective way of addressing environmental challenges, and, after the beginning of the Kyoto negotiations, to meet the targets of the Protocol (Global Policy Forum, 1999). Among these states, the United Kingdom was particularly keen to introduce GHG trading, as demonstrated by the industry resistance to the prospect of a Community-wide carbon tax, but also other countries, such as the Netherlands, Denmark and Sweden, had already set commissions and study groups to discuss possible national emission trading

schemes. Conversely, other member states were waiting for the EU to introduce coordinated policies. Nonetheless, in almost every case the industry was backing emission trading, moved by the desire to avoid the alternative option of a carbon tax (Skjærseth and Wettestad, 2009). Differently from a tax, emission trading was considered as a quite flexible and cost-effective mechanism. Moreover, some companies, such as British Petroleum (BP) and Shell, already had their internal emission trading system, reason that led BP in particular, to lobby heavily for the ETS at the EU-level. The only exception to ETS support from the industry was given by German companies, whose CO<sub>2</sub> emissions were regulated by voluntary agreements. Compared to voluntary agreements, carbon trading was seen by them as a stronger compliance mechanism. Therefore, they exercised a lot of pressure on the German government to oppose the establishment of a carbon market. For the same reasons, Germany had already been one of the main opponents to the carbon tax during its revised proposal in 1995. Because of the industry position and the fear that the single initiatives of member states could have caused a regulatory chaos, the EU decided to set up its own internal trading scheme. Moreover, the adoption of carbon trading would have been easier, since it would have been treated as an environmental policy measure and not as a fiscal matter. In this case, the single opposition of Germany would have not been enough to block the proposal (Ellerman et al., 2010). Another event further pushed the Union to create a carbon market. In 1997, the USA Congress refused to approve the Kyoto Protocol (Begging, 2017). By the end of 1998, it was very clear that a ratification by the USA was very unlikely and, in fact, it will withdraw from the Treaty in 2001. The US decision led the Union to start a “Save Tokyo” campaign to convince the other major players-Japan, Canada, Russia-to ratify the protocol, that, otherwise, would have never entered into force. The campaign was an opportunity for the Union to assume leadership in global climate diplomacy. In this context, the ETS emerged as the key measure to implement and save the Kyoto Protocol, and, as such, it gained the unified support of all EU member states (Svendsen, 2005). Finally, in 1998, the Directorate General of the Environment (DG Environment), part of the Commission, set the agenda for the EU ETS. In June, it sent a report to the EU Members of Parliament and Ministers, in which the ETS was recommended as the instrument to meet the Kyoto Protocol commitments. In May 1999, the Commission submitted a second paper, in which it notified that a Green Paper would have been produced to start discussion on the possible design of the ETS (CAN Europe, 2005).

### **1.1.2. The Green Paper on greenhouse gas emissions trading**

The Green Paper was presented by the European Commission on March 8, 2000 (CEU, 2000). The aim of the Paper was to initiate a consultation process about the modality of implementation of the

ETS. The Green Paper presented four subject matters to discuss, but the most conflictual policy issues were two:

1. the business groups covered by the system
2. the method of allocation of emission permits

The first major decision to take concerned the businesses that had to be covered by the system. If a “downstream” approach were adopted, emission certificates would have applied to emitters. Otherwise, with an “upstream” approach, they would have applied to fuel suppliers and producers (Markussen and Svendsen, 2005). Eventually, the biggest CO<sub>2</sub> emitters were chosen as the target group: they were power producers and energy-intensive industries (iron, steel, chemicals, aluminium, minerals, paper and pulp). These sectors produced 45% of EU carbon dioxide emissions overall.

For what concerns emission allowances, the discussion was about whether emissions had to be allocated freely or sold to industries by auctioning. Free permits allocations can be assigned on the basis of specific benchmarks or through “grandfathering”, a system which relies on historical GHG emission levels (CEU, 2000). Grandfathering is also the system employed in the US trading scheme. Free allocation is the option which benefits rent-seeking industry the most: it minimises costs for existing firms and makes more difficult for new companies to access the market, since they have to buy allowances from existing industries. Contrarily, bidding allowances creates the same costs to all companies, because also existing firms have to pay allocation allowances (Meckling, 2011). All firms are given the same chances to access the market, respecting the “polluter pays principle” cited above. Moreover, auctioning resolves problems related to state aid or state allocation decisions and gives the advantage of generating revenues which can be employed to fund new environmental programmes (Skjærseth and Wettestad, 2009).

All these issues were discussed in the European Climate Change Policy Working Group (WG) on Flexible Mechanisms set up by the Commission. In order to guarantee the economic feasibility of the programme, various stakeholders were invited to the group: representatives from the industry, representatives from environmental nongovernmental organizations (NGOs) and from the Commission. All the main industrial groups had the chance to express their observations on the Paper. Electricity producers reunited themselves under the European Union Electric Supply Industry (EURELECTRIC), energy producers under the International Federation of Industrial Energy Consumers (IFIIEC) and the iron industry under the European Confederation of Iron and Steel Industries (EUROFER). The European Petroleum Industry (EUROPIA), the daughter organization of the International Association of Gas and Oil Producers, presented the positions of the big oil and gas companies, while the European Chemical Industry Council (CEFIC) was the umbrella

organization for chemical companies and the European Cement Association (CEMBUREAU) for cement industries. With the exclusion of EURELETRIC, all these organizations further reunited themselves into a coalition called Alliance of Energy Intensive Industries (AEII) (Markussen and Svendsen, 2005). Business Europe continued its lobbying activity, but in solo. During the whole period of discussions, it issued numerous individual papers. The German Industry Confederation, still resistant to the creation of a carbon market, was invited to the Working Group (WG) as well. Its position represented a major obstacle to the implementation of the ETS, because German industries were the largest EU emitters. Even though the Green Paper focused on the design of the ETS, giving for granted that the decision for the creation of a EU-wide Emission Trading System had already been taken, the Green Paper still contemplated the possibility of cancelling the ETS if the system revealed to be detrimental for European industries (Ellerman et al., 2010). However, the opposition of German industries was defeated by the strong advocacy of the pro-trading coalition. The leader in this coalition were the UK oil and power companies which had reunited themselves under the UK Emission Trading Group (ETG). In addition to the various industrial groups; scientists, consultants and knowledgeable people from NGOs and businesses were invited. With the exception of the US cap-and-trade programme, emission trading was almost an unexplored territory, and DG Environment expertise about the ETS was quite limited (Markussen and Svendsen, 2005). Therefore, they decided to create an informal policy network with experienced actors, which turned out to play a key role on the development of the Green Paper. Most of them had been working with the USA in building its emission trading system. In particular, one of the most influential players was the Foundation for Environmental Law and Development (FIELD), to which four studies were commissioned during the preparation of the Paper. FIELD became the main DG Environment consultant, in particular for what concerns the issue of emission allocation, on which it recommended an allocation system based on the principle of grandfathering. DG Environment also consulted the emission trading expert Environmental Defense, which is a Northern-American NGO. While DG Environment was in contact with some US NGOs as carriers of expertise, European NGOs entered the scene with a different role (Mäenpää, 2016). Environmental groups were quite sceptical. They did not consider a carbon market as the appropriate solution for the GHG emission reduction, even if, compared to a carbon tax, it allowed for a emissions cap. However, they soon realised their inability to contrast the pro-trading coalition, since their lobbying power was much weaker compared to the one of the industrial groups (Ellerman et al., 2010). Therefore, they started working to ensure the environmental validity of the system. At the beginning, the Climate Action Network (CAN) was the only NGO involved with the ETS. However, it soon joined forces with WWF, and the two organisations created a first advocacy coalition, which also included Birdlife International and Friends of the Earth Europe (FoEE).

Consultations with stakeholders within the European Climate Change Programme were concluded in January 2001. In July, the European Commission presented the final report of the WG. On the basis of this report and of the responses to the Green Paper, the Commission submitted a first ETS Directive proposal in October 2001. After going through two readings, the directive was finally adopted in July 2003.

### **1.1.3 The ETS Directive**

The Directive on the Emission Trading System was formally issued on 13 October 2003. It covered both phase I (2005-2007) and phase II (2008-2012) of the ETS.

If we compare the Green Paper and the final directive, we see that, in regard to the first treated issue, the one of target groups, the ETS Directive confirmed almost all the same industrial sectors. The only exceptions were the chemistry and the aluminium industry. With the exclusion of these two sectors, the emission coverage of the ETS decreased from 45% to 43% from the Green Paper to the final directive. Officially, the chemical sector was ruled out because of the extremely high number of chemical installations in the Community, which would have complicated the initial implementation of the scheme (Carbon Market Watch, 2012). The Commission also said that: “the chemical sector’s direct emissions of carbon dioxide are not so significant”. Similarly, the aluminium sector was considered as not producing a relevant amount of CO<sub>2</sub>, and thus it was excluded for the same reason. However, it is easy to notice how these sectors made their way out of the ETS through a stark lobbyist opposition (Braun, 2008). In particular, the chemistry sector was very skilful in stressing how its international competitiveness would have been harmed under a carbon trading system. For what concerns the issue of allocation, the Directive established that allowances had to be allocated free of charge by at least 95% in the pilot phase and 90% in the second phase. Therefore, despite the European Parliament strong advocacy for auctioning, the industry managed to obtain free permits in the first two trading periods. In this context, it is evident that the design of the ETS had been influenced by the main interest groups (Meckling, 2011). These permits had to be assigned on the basis of grandfathering. Moreover, the Directive established that decisions on the quantity and modality of allowance allocation to be taken at the member-state level and not at the EU level. Each member states had to set a National Allocation Plans (NAP), in respect to the rules established under the Burden-Sharing Agreement and a national registry, to keep track of allowances transactions. The number of emissions had to be reported directly by installations, and then national authorities would have made cross checks between buyers and sellers. However, National Allocation Plans would have been subjected to the monitor and control of the European Commission. For this purpose, a central registry was created in Brussels, the Community Transaction Log (CITL), which recorded the sell

and purchase of allowances. If any allowance were out of compliance, the Commission could have blocked the transaction. The Directive established that violators had to pay a penalty of €40 per exceeding emission allowance in the pilot period and €100 in the second period. Despite all these controls, the system implemented by the Directive in the first two phases clearly left room for cheating, since it was based on a complicated procedure of indirect measurements. Not surprisingly, in the USA trading system, which relied on grandfathering as well, a single and neutral authority was in charge of emission allowance allocation (Skjærseth and Wetttestad, 2009).



*Trading volumes in EU emission allowances (in millions of tonnes). Source: Bloomberg LP, ICE, EEX, NYMEX, Bluenext, CCX, Greenmarket, Nordpool, UNFCC. Also using Bloomberg New Energy Finance estimations.*

The Directive also specified other important points concerning the ETS implementation. It established that during the preparatory phase, the ETS would have covered not all the greenhouse gasses, but CO<sub>2</sub> emissions only, in order to simplify the initial implementation of the scheme. Article 27 allowed installations to opt-out during the first phase, a point EURELECTRIC had especially lobbied for. Article 25 authorized installations or Member States to buy allowances from third countries, but it did not specify how such transitions would have taken place. For this purpose, a supplementary “Linking Directive” (Directive 2004/101/EC) was approved in 2004. The Linking Directive connected the ETS to the Kyoto Flexible Mechanisms. By doing so, it allowed installations to use credits obtained through CDM and JI-based projects to comply with obligations under the scheme (Carbon Market Watch, 2012).

In conclusion, we can affirm that the development of the EU Emission Trading System can be attributed to two main causes: the adoption of the Kyoto Protocol and the role of the big industrial groups, especially the energy industry or the energy-intensive companies (Svendsen, 2005). The Kyoto Protocol generated the necessity for the creation of an instrument for GHG emissions reduction. Moreover, it opened the possibility for a market-based mechanism, breaking the EU tradition of a “command and control” approach in environmental policy (Skjærseth and Wetttestad, 2009). Then, the industry had a fundamental role in causing the failure of the carbon tax and in

supporting the implementation of a carbon market, proving that it is very unlikely for the European Union to impose any kind of mandatory emission controls without the approval of the major corporations. According to a key Commission official: “it would have been extremely difficult to be successful hadn’t it been for allies in industry”.<sup>3</sup> Not only the industry was able to impose emission trading in place of a carbon tax, but it also shaped the design of the system to support its own interests. In addition to these two elements, we cannot forget the USA withdrawal from the Protocol, which gave the ultimate push to the establishment of a European Emission Trading Scheme. These reasons explain how in a very short period emission trading evolved from being a non-option for the European Union to the cornerstone of European climate policy (Ellerman et al., 2010).

## **1.2 Development of the ETS**

### **1.2.1 The “pilot” phase (2005-2007)**

This three-years “trial” period demonstrated that a carbon trading scheme among multiple countries could actually work, and thus it was considered successful. However, in the initial phase, the ETS did not prove to be very efficient, given that the price of carbon oscillated dangerously during the whole trading period (Braun, 2008). As to be expected, the decentralization of allocation decisions lead member states to allocate close to or above projected needs. In 2005, allowances, which were about 80 million tonnes, were exceeded by actual emissions by 4% (Carbon Market Watch, 2012). In 2006, the effects of this “over-allocation” started to be perceived. Allowance prices began to drop, reaching almost zero in 2007. It has been estimated that emissions in the EU during this period resulted to be even higher (approximately by 0.2 per cent) than they would have been in the absence of the EU ETS.

### **1.2.2 The Kyoto Protocol commitment phase (2008-2012)**

To solve the problem of over-allocation, the Commission decided to propose a revision of the ETS, which would have shaped the rules for the successive trading phase, that is the 2013-2020 period. Consultations for the reform were divided into three different processes: the first round of discussions about a possible ETS reform occurred within the High Level Group on Competitiveness, Energy and the Environment, established in 2006. Then, the official review group, the European Climate Change Programme (ECCP), started its work in 2007. Finally, the months between the autumn of 2007 and the beginning of 2008, represent the time frame in which most of the lobbying by industrial actors

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<sup>3</sup> Interview with Commission, (Wettestad, 2009)

took place (Carbon Market Watch, 2012). In January 2008, the ETS went through a major reform, whose main purpose was to create a more harmonized system. Firstly, National Allocation Plans were eliminated; instead, a single EU-wide cap and centralized rules for allocation were introduced. The aim was to prompt a shortage of allowances, so that allowance prices would have increased. Secondly, auctioning substituted free allowances as the main allocation method. Basically, the Commission tried to go back to its position presented in the Green Paper of March 2000 (Meckling, 2011). However, despite the Commission success in imposing auctioning, a differentiated treatment was introduced for energy-intensive industries, which continued to be granted free allowances. This time, free permits would have been assigned according to benchmarking, a system which establishes reference levels on the basis of the best performing firms in each sector. In this case, the best performing firms were considered the ones with the most energy-efficient production systems. The benchmarks were set in conformity with the past performance of the 10% best installations.

The distinction between the two macro groups was introduced because of their structural differences. Power industries operate almost exclusively within the EU, which makes them able to “pass through” additional costs to consumers. Instead, energy-intensive industries are exposed to global competition, and thus they are more sensitive to increases in CO<sub>2</sub> prices (Wettestad, 2009). However, this advantage of the power industry was not taken into consideration in the past and the two sectors were not treated any differently in the 2003 Directive. This disparity was then acknowledged once the energy-intensive industry became more active and organised in its lobbying activity in the process leading up to the 2009 reform. In particular, it highlighted that the introduction of auctioning would have exposed energy-intensive industries to the risk of carbon leakage. This risk was particularly threatening, especially since power companies were enjoying windfall profits at the time. Moreover, the unfolding financial crisis made even harder for EU policymakers to overlook this concern (Mäenpää, 2016). The energy-intensive industry was then able to exercise pressure on both member states and at the EU level. The High Level Group was co-chaired by the Commissioners for Enterprise and Industry, Competition, Energy and the Environment, which made easier for the energy-intensive industries to dominate the discussion, as complained by environmental NGOs (Fitch-Roy et al., 2018). Not surprisingly, the first report of the group, published in June 2006, drew the attention to the disadvantaged position of energy-intensive industries compared to power industries when electricity and gas prices are increased. In the ECCP ETS review group, the energy-intensive industries showed to be a very united player, and they created the “Key Stakeholders Alliance for the ETS Review” (Climate Action, 2017). However, their lobbying activity was more aggressively during the last months before the presentation of the reform proposal. During this period, for instance, Business Europe sent a letter to Commission President Barroso, in which it claimed that



increased auctioning could destroy Europe's competitiveness. For what concerns national governments, energy-intensive industries tried to work on key member states, which are usually Germany and UK in the case of the ETS, but also on the newly admitted member states of East Central Europe. Germany, influenced by the industry federation, successfully proposed free allowances for energy-intensive industries until a similar climate agreement outside of the EU would have created a fair global competition. In UK, the industry pushed the government to ask for the establishment of the High Level Group. In the European Council, Poland manifested its concern that the 2009 ETS reform would jeopardize the economic growth of its power companies, while Czech Republic asked free permits for the electricity sector. However, the opinion of these countries in the Council was not as strong as the one of the older member states.

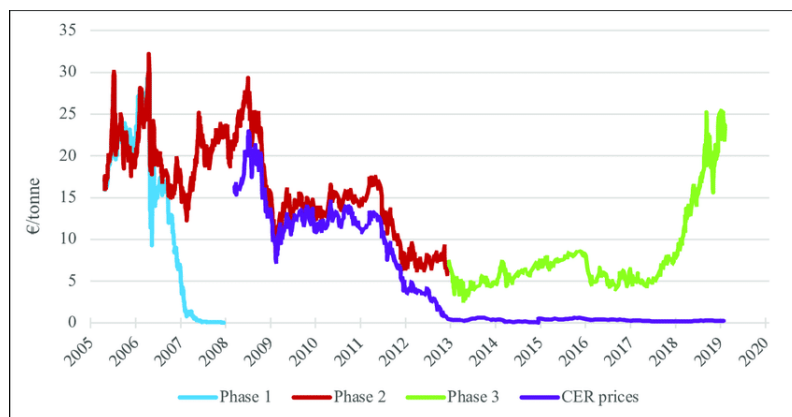
In exchange for free allowances, energy-intensive industry had to concede the creation of a EU-wide emission cap. This trade-off is what has made possible, for the Commission, to create a centralized emission trading system within the 2008 reform (Wettestad, 2009). With the enlargement of the Union in 2004, the number of non-governmental actors involved in the negotiation of this reform increased significantly compared to the 2003 Directive; from 53 in 2003 up to 87 in 2009 (Böll, 2014). Their influence on the Council and the Parliament was therefore even stronger. In particular, the AEII played an important role in bringing the new industrial organisations into its big coalition group. In fact, during this trade period, AEII operated as the core non-governmental actor, assuming the role that had previously belonged to Business Europe (Ellerman et al., 2010). Similarly to the industrial coalition, the NGOs coalition managed to expand as well. Their union included other 130 members, even if only CAN-Europe, WWF and Friends of the Earth were in charge of its decisional core. Another important player of the coalition was Greenpeace, which had already joined in 2006.

	Environment Orientated	Undetermined	Market Orientated
Member States	Austria, Denmark, Estonia, Finland, France, Luxembourg, Portugal, Romania, Spain, Sweden	Cyprus, Greece, Latvia, Lithuania, Malta	Belgium, Bulgaria, Czech Republic, Germany, Hungary, Ireland, Italy, Netherlands, Poland, Slovakia, Slovenia, UK
EU Institutions	EP: ENVI, COM: DG ENV	EP: ECON, EP: REGI, EP: ITRE	EP: INTA, COM: DG ENTR
NGOs	CAN-Europe, WWF, Carbon Trading Sector, UK Environment Agency, ECN, IEA, Environmental Protection Agency, Ireland, FIELD, DEFRA UK, US Environmental Protection Agency, UNEP Risoe Centre, Centre for Clear Air Policy, Greenpeace, Climate Neutral Group, Carbon Trading Sector	CEPS, Ecofys, PWC, Emission Authority the Netherlands, Öko-Institut, McKinsey & Company, PointCarbon, Margaree Consultants, Pew Centre, ECX	EFMA, CEFIC, EAA, Eurocoal, BUSINESSEUROPE, Vattendall, Statoil, Royal Cosun, Tracetebe Engineering, IETA, German Emissions Trading Authority, Energy Market Authority Finland, ECIS, EURELECTRIC, Deutsche-Bank, IFIEC, Europe, EuroChlor, NERA, European Lime Association, CEMBUREAU, CEPI, CPIV, CERAMIE-UNIE, EUROMETAUX, ETUC, Eurofer, Alliance of Energy Intensive Industries, New Carbon Finance
Total	26	18	43

*Actors around ETS Directive 2009.* (2016) Reconstruction of Mäenpää C.

### 1.2.3 Third phase (2013-2020)

Between the end of the second trading period and the beginning of the third, the performance of the ETS raised many concerns. The economic crisis had led to a substantial decline in GHG emissions, which caused, once again, a significant oversupply of allowances. The surplus amounted to approximately 2,800 million tonnes during 2012 and 2013 and it led allowances to be almost equal to expected emissions. Allowance prices dropped below €10 per tonne, in contrast with the European Commission projection of an allowance price of €30 by 2020. This price collapse was too significant to incentive companies to make any investments for low-carbon production systems. The ETS seemed to head towards failure (Wettestad, 2014).



*EUA and CER prices, 2005–2019.* (2021). [Graph]. <https://fsr.eui.eu/eu-emission-trading-system-eu-ets/>

However, the Commission was able to “rescue” the system through a reform package (Wettestad, 2014). In 2013, “backloading” proposal was approved as a short-term measure to create a temporary scarcity of allowances in the market. Backloading basically consisted in postponing the auctioning of 900 million allowances up to 2019 (Carbon Pulse, 2016). Two years later, in 2015, a permanent, structural ETS reform was adopted. Such reform introduced the Market Stability Reserve (MSR), a tool allowing the number of assigned permits to adapt to the amount of allowances in circulation. The “pro-reform” businesses, represented by the power sector, were the driving force behind the approval of the two reforms. This time, contrarily to what had happened in the previous trading period, the energy-intensive industries, which were opposed to the reform, did not manage to build meaningful support for their position (Fitch-Roy et al., 2018). On the opposite, electricity industries reunited in a broad coalition of more than 40 organisations, called “Friends of the ETS” (FoETS), which surprisingly included, in addition to EURELECTIC and EUROGAS, numerous environmental NGOs. In fact, the lobbying group was indeed created by a small NGO with limited resources and which was based in Brussels, called Change Partnership. This “strange bedfellow coalition” (Fitch-Roy et al., 2019) was possible because the electricity industries recognized the increasing influence of environmental groups. While in the previous trading phases public opinion was almost indifferent to the issue of carbon trading, raising concern for environmental matters in the civil society gave NGOs the chance to have a more relevant impact on negotiations. Nevertheless, not all the environmental NGOs decided to join the coalition. For instance, Friend of the Earth Europe considered the allocation surplus as a proof of the ETS environmental inefficiency and tried to push for the abolition of the system. Their hope was that a ETS termination would have incentivized the introduction of more environmentally efficient measures. However, their limited power and their uninfluential lobbying activity did not harm in any way the development of the reform (Skjærseth and Wettestad, 2010).

#### **1.2.4 Fourth phase (2021-2030)**

In the fourth period (2012-2030), the ETS was implemented on the basis of the rules approved in 2018, as the outcome of a revision process started in 2015. This revision was conducted in respect of the EU targets and policy objectives of the European Green Deal. The new measures were particularly oriented to improve the efficiency of the system and to maintain a correct market balance, which had been the main problem in the previous phases (Wettestad and Jevnaker, 2019). The focus was on creating a better targeted and more dynamic allowance allocation, so that the system could easily adapt to changes in production levels and in the economy. For these reasons, the revised Directive established that the amount of allowances to be transferred to the MSR would have been doubled

(Climate Policy Watcher, 2019). Moreover, two support mechanisms were created to incentive companies to move towards a low-carbon production process: the Innovation Fund and the Modernization Fund. The former was established with the aim to provide financial aid to industries relying on innovating technologies, while the latter was designed with the purpose to support investments for the power sector in 10 lower-income Member States (Corporate Europe Observatory, 2020). The Directive also had to address two important issues. Firstly, in 2016, the United Kingdom had decided, through a national referendum, to withdraw from the European Union. This event had raised important doubts about the further participation of UK in the scheme. Eventually, the Directive established that the emissions of British installations would have not be covered by the system anymore. Secondly, the targets established under the Paris Agreement (an emission reduction of 43% compared to 2005), were to be met by 2030. In order to enable the Union to respect its commitments under the Agreement, the Directive imposed a stricter annual rate of allowances cutback (2.2% from 2021 onwards, compared to 1.74% of the previous trading periods) (International Institute for Environment and Development, 2020).

The result of the 2018 ETS revision was quite phenomenal, if we take into account the opposition of energy-intensive industries, which were contrary to a tightening of the system, and the withdrawal of UK, which was the traditional leading member state for the carbon market (Fitch-Roy et al., 2019). Many elements led to this unexpected result. German heavy industries failed to show their opposition to the reform in a strong and decisive way. They limited themselves to recur to the traditional “carbon leakage” narrative without being particularly threatful. In addition to that, a new actor emerged and replaced the United Kingdom as the ETS frontrunner: France. The French government was pressured by its nuclear and renewable energy companies (which clearly benefited from higher carbon prices) to assume a leadership role in carbon trading. Combined with the hesitancy of German industry, this new dynamic was able to counterbalance the effects of the UK departure (Wettestad, 2014). This phase of the ETS confirmed the trend which had already started to develop in the previous trading period: the gradual loss of power by the intensive-energy industry and the growing influence of the power industry (Mäenpää, 2016). There are many examples of their strengthened lobbying activity. In 2015, 11 power companies, including EDF, Fortum, and CEZ, created a new coalition, called “Wake up”. In 2016, the group published a statement in which it presented the revision as the only tool to preserve the survival and the efficiency of the ETS. In the same year, a group of 30 energy firms, among which we can count Vestas and EOn, tried to start discussion about the need for a urgent ETS reform with the EU Council and the Parliament (Climate Policy Watcher, 2019). Simultaneously, other companies, reunited under the group “Magritte”, sent them a letter asking for a more stringent emission cap (up to 2.6%) and an higher MRS withdrawal

rate. Not only industries but also NGOs saw their lobbying power increasing (Jevnaker and Wetttestad, 2017). This strengthened influence was used by them to back up the position of power companies. Numerous analysts and consultants (Sandbag, Point Carbon, ICIS) worked to convince the member states and the Parliament of the validity of such reforms.

After the implementation of the ambitious measures introduced by the reform, the price of carbon started growing, reaching €20 in 2018 and making the ETS considerably more efficient. However, from the analysis carried out by some NGOs and think tanks, such as Sandbag and Carbon Watch, it emerges that the reform does not enable the ETS to respect the Paris requirements or the goal of reaching 80-95% decarbonization by 2050 (BP Global, 2021). Therefore, even more stringent measures need to be introduced. An MRS review has been already planned for 2021, but most NGOs are asking for more, such as a more stringent emission cap (Wetttestad and Jevnaker, 2019).

### **1.3 Concluding remarks**

Despite the partial impact of some external events, like the USA withdrawal from the Kyoto protocol and the 2008 financial crisis, the ETS seems to have been highly influenced by the lobbying activity of interest groups from its very beginning. The European Union, which did not even contemplate emission trading as a possible climate change policy, changed its approach specifically to fit the preferences of business groups. However, throughout the evolution of the system, we have seen a transformation of interest groups power as well; whereas some phases were shaped by the interests of business groups, in other phases environmental groups became the main players in carbon trading. Therefore, the Emission Trading System emerges as a complex game of changing coalitions and alliances that makes hard for us to comprehend whether private interests prevail or not on public interests. In order to get a better understanding of lobbying dynamics in the ETS policy-making process, the next chapter will provide a general framework on interest groups and the EU institutional apparatus.

# 2.

## Theoretical framework

### 2.1 Interest groups

#### 2.1.1 A difficult definition

It is not easy to give a precise definition of the term “interest group” or “pressure group”. The label carries significant ambiguities, especially if we include in the definition also actors such as non-governmental organisations (NGOs). Research in this field has shown how different authors use the term interest group as covering different types of organizations. Frank Baumgartner and Beth Lee (1998) noticed how often political scientists develop their own definitions to suit the research made on particular case studies. The consequence is that we still have difficulties in creating an organic picture of the interest group system or to make scientifically reliable comparisons between different “interest groups”.

In this paper, we adopt a functionally driven definition, which recognizes as an interest group “any organisation that is seen as being active in the policy process with the function or aim of influencing policy outcomes” (Jordan, 2004). A definition based on function allows for the broadest use of the term, such that Wilson (1990) described interest groups as all the organisations trying to influence public policy that are autonomous from government or political parties. Therefore, if we consider interest groups as policy-active organisations, also businesses, corporations, trade associations and labour unions come to fall within the definition. Lindblom (1980) took this definition even further. His explanation of interest groups came to include also “government officials that go well beyond the direct use of their authority” when trying to influence policies developments. He recognised as playing interest groups roles also bodies such as government officials, their associations, and their departments or agencies.

However, for years, the main interpretation of interest groups was quite narrow. According to the traditional definition (Bentley, 1908), an interest group has to present some specific features. It is created with the aim of obtaining a specific political goal, it does not take part to the government in any way and it is formed by gathered individuals. Its membership is voluntary and its internal organization is based on democratic principles. In summary, the traditional literature (Bentley, 1908; Truman, 1951; Berry, 1977; Lindblom, 1977) displays interest groups as voluntary, democratically

accountable and individual-based. Such approach is called “voluntary tradition”, since it identifies their voluntary character as the determining characteristic of interest groups. However, the interest groups which fall into this profile are not many. Most interest groups are not created with a political purpose, they may take part to the government and they do not present a formal membership or an internal organization based on democratic principles. Moreover, most of them are not formed by individuals, but they are a collection of organisations or institutions. Therefore, the traditional definition of interest groups turns out to exclude many actors, such as large businesses, corporations and government ministries or departments, local authorities, or even universities and think tanks, that do not possess membership in the traditional sense. Research has proved that these bodies are actually the most influential in policy processes. Differently from the traditional literature, the functional definition of interest groups identifies ambition to influence policy, and not the *voluntary mobilisation of members*, as the fundamental characteristic of interest groups. As Grant Jordan (2004) highlights, we can say that the former focuses on the characterization of interest groups as a “collective phenomenon”, while the latter more of as a “group by function”.

### **2.1.2 Different traditions**

In order to analyse the role of interest groups in the political process, we can appeal to the three different traditions which have been developed by political theorists: the Republican, also called, unitarist tradition, the Liberal, or pluralist tradition, and the Corporatist tradition. Each of them presents a different view on the position of interest groups in democratic systems.

The Republican tradition (the oldest one) developed at the end of the 18<sup>th</sup> century. It relies on the idea of the French revolution leaders, especially of the French philosopher Rousseau, presented in his work *The Social Contract*, originally published in 1762. Since Republicans believe that the republic is “one and indivisible”, they possess a *unitarist* vision of democracy which leads them to consider interest groups as a threat. According to them, interest groups let particular interests prevail on the “general interest of the people” (Rousseau, 1762). The Republican tradition was replaced, at the beginning of the 19<sup>th</sup> century, by the Liberal tradition, mainly based on the school of thought developed by the French scholar Alexis de Tocqueville, who had studied the democratic government of the USA and presented his findings in the book *Democracy in America* (1835, 1840). Liberals do not consider interest groups as hindering democracy. The more democratic a society is, the more various the interests represented, and the more individuals are free to associate. Conversely, they believe that the representation of different interests protects the government from a “tyranny of the majority”. In this context, the role of interest associations becomes fundamental in democracies to solve conflict and to reach compromises which benefit different parties. However, many scholars

criticize the pluralist approach, because it assumes that all individuals in the society enjoy the same possibilities to associate, or that all interest groups possess the same influential power in the political process. Finally, in the 1970s, a new school of thought, the Corporatist tradition, started to emerge to take over both the unitarist and liberal traditions, as scholars realized that none of these views were able to portray sincerely the role of interest groups in European and American democracies. The political scientist Philippe Schmitter (1974) emerged as the main representative of this new approach. He managed to combine the two traditions in the construction of a more complete system. In fact, neo-corporatists (Schmitter adopted the term “neo-corporatism” to avoid any confusion between the system and the fascist corporate state) build up on the unitarist idea of the republic as a single body (*corpus*), but, differently from republicans, they consider this body made up not by individuals. The *corpus* is made of “organs that perform different, but complementary, functions” (Erne, 2011). The metaphor of the body is employed to convey the idea that, in a democratic system, individuals (the “cells”) are as important as association groups (the “organs”). Corporatists recognize the importance of interest groups and of representing diverse interests, but they reject the idea of free competition. Conversely, they believe that the associating activity should be regulated, in order to avoid an excessive imbalance of power between strong and weak interest groups. However, the problem remains in establishing the most appropriate measures to guarantee a balanced participation of pressure groups in politics (Erne, 2011). According to Smismans (2004) and Leonard (2007), the fact that European institutions are involved in widely regulated political exchange with lobbying groups seems to suggest that the European Union has adopted a neo-corporatist approach for what concerns the interest groups involvement in policy-making. We will discuss the EU approach to interest groups activity later in the chapter.

### **2.1.3 Classifying interest groups**

Interest groups can be broadly divided into private and public interest groups. Private interest groups can be considered sectional group, because they work for the interests of a specific group of people so that, if the group reaches its goal, its members are the only ones to benefit from it. In this kind of groups there is an overlap between the members joining and the objectives sought. In contrast, public groups promote public interests, such as human rights or environmental protection, rather than the interests of defined groups. They advocate for general causes that concern the broader population. A public group is usually defined by Jeffrey Berry as “one that seeks a collective good, the achievement of which will not selectively and materially benefit the membership or activists of the organization” (Berry, 1977). Therefore, they do not show any overlap between the interests represented and their members (Binderkrantz, 2009).



Categorizing interest groups is fundamental is understanding interest groups capability to influence policy processes, since different types of interest associations are characterized by different kinds of actions in the lobbying sphere. In particular, Roland Erne (2011) has created a system that allows us to distinguish between business associations, public interest groups and other pressure groups on the basis of two variables:

- a. “the necessity of members to act collectively”
- b. “the autonomy from the political system”

The first variable indicates to what degree the group necessitates the collective action of its members in order to successfully pursue its goals, while the second one refers to what degree the group is able to create politically relevant situations (while being outside of the political system) that policy makers have to take into account. On the basis of this scheme, it is possible to recognize business groups by an high degree of autonomy from the political system, and a low degree of necessity of members to act collectively, while public interest groups might be characterised by an high autonomy from the system as well, but from an elevated necessity of collective action from their members.

In the policy-making process leading to the ETS development and to its reforms the main non-political governmental actors were business groups and environmental groups. Therefore, we will focus on the role and the power of these two players in EU environmental policy.

#### **2.1.4 Business groups**

In the last years, lobbying has become of fundamental importance for business groups, which are always keener to invest their resources in this activity. From a recent study conducted on business lobbying in Europe, it has emerged that nowadays the definition of a competitive firm also implies a relevant capacity to influence government processes (Bitoni and Harris, 2017). The business performance is strictly correlated to the “knowledge of the political market” (Andrews, 1996) and lobbying contributions are considered the highest-rewarding investments that a firm could make (Jenkins, 2017). Offe and Wiesensthal (1985) highlighted the advantage that business organizations would have in influencing policy processes as holders of corporative resources. They are able to affect economic processes and performances, an element which has to be taken into account by politicians in capitalist societies. Businesses have the possibility to “threaten” the government with an undesirable behaviour in order to fulfil their interests, as energy-intensive industries have often used the threat of moving their plants outside of the EU during various phases of the ETS negotiations. Business associations engage in *political exchanges* with the government (Pizzorno, 1978). Political makers often request the expertise of businesses in the policy-making process. In exchange for valuable information, firms obtain access to the process itself. (Bouwen, 2002). Politicians also would

give up goods to gain social consent. Through all these exchanges, we can say that businesses could be perceived as increasingly entangled with governments, instead of representing alternative and rival actors. In addition to the high degree of autonomy, the fact that business groups do not rely on collective action to function properly, often leads the government to give them the power to adopt binding policy-making decisions. This kind of phenomenon is referred to as *private interest government* (Streeck and Schmitter, 1985). Because of the characteristics cited above, businesses are expected to adopt in lobbying an administrative strategy, which sees bureaucrats as the main target (Binderkrantz, 2008).

### **2.1.5 Non-governmental organisations**

As well as business groups, in recent years non-governmental organisations (NGOs) have grown in number, power and influence, showing the increasing civil society desire to play a part in designing policies, whether national or international. NGOs are the result of civil society groups coming together to act for a broad common set of interests. They are thus created, maintained or terminated on a voluntary basis (Hudson and Bielefeld, 1997). While social movements are characterised by a looser formation, NGOs are entities that emerge from organized relationships. The term refers to all the organizations that are neither a private enterprise, with the purpose of making profits, nor a part of government. The official definition of NGOs is given by the UN. It refers to them as “any non-profit, voluntary citizens group which is organized on a local, national or international level.”<sup>4</sup> Non-governmental organisations originate from a dissatisfaction within some segment of the population about some aspect of society (social, economic, political, technological) and the idea that regulators and legislators have not successfully addressed this deficiency, so they pressure them to appropriately respond to such failures. (Yaziji and Doh, 2009). These groups cannot count on corporative resources as well as business groups, so their advantage relies not in controlling production, but in the possibility to influence society’s opinion. Moreover, the public usually sees public interest groups in a positive light, whereas it tends to be more alarmed by groups which carry special interests. Therefore, non-governmental organisations employ publicly visible indirect strategies, which allow them to appeal to the population at large (Grant, 2000). However, limited resources are not the only reasons for which such groups adopt this type of approaches. Some of them consider cooperation with officials as compromising their ideological stance, and therefore they prefer to appeal to public opinion. In this case, alternative strategies are the result of specific choices and not a second-best option. All these factors lead NGOs to seek influence on the Parliament, where it is more likely that

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<sup>4</sup> United Nations, Arrangements and Practices for the Interaction of NonGovernmental Organizations in All Activities of the United Nations System (New York: Report of the Secretary-General, United Nations, 1998), para. 1.

public interests rather than special interests are pursued. (Binderkrantz, 2005). However, a counter tendency moving towards the specialization and segmentation of Parliament seems to develop. In this case, it is easier for private groups, rather than to public interest groups, to start policy discussions with politicians specialized on particular issues (Binderkrantz, 2008).

Another strategy often employed by non-governmental organisations is getting involved in networks, which can be translated in affiliating themselves to a global organization, collaborating in special activities with other NGOs, or joining NGOs umbrella organizations. The possibility to exchange resources with other members, makes such kind of networks very beneficial for NGOs, especially if we consider their limited resources, diverse goals and constant competition for support. Not surprisingly, in the last years, they have been more likely to recur to different networks (Yaziji and Doh, 2009).

### **2.1.6 Lobbying strategies**

The term lobbying refers to “all activities that aim to influence any branch of government at any level of decision-making”. We will focus our attention on the so-called *direct* or *inside lobbying*, which is the kind of lobbying activity business groups and NGOs usually engage in. Direct lobbying consists in trying to influence governments straightforwardly, by directly addressing the executive branch, the bureaucracy and the Parliament (Cigler and Loomis, 2007). It stands in opposition to *outside lobbying*, used by social movements, which consists in compelling institutions to act through strike actions, such as lockout or public demonstrations.

Most scholars agree on the fact that interest groups are assuming an increasingly important role in the determination of public policies. In particular, the most influential groups are the ones which can count on specific assets, such as financial resources, legitimacy and expertise. According to this reasoning, public interest groups present a disadvantage position in lobbying. Representing the interests of a large, heterogeneous group of people entails concentrated costs and diffused benefits. At the same time, an restricted and homogeneous group present concentrated costs and benefits. Even if public interest groups have overcome the obstacle of collective action and managed to organize themselves, they still have to face a relevant weakness. In addition to limited financial resources, they do not possess the same amount of information as private interest groups. Even though they support environmental protection, members of environmental groups do not spend their income or their time in monitoring the development of environmental policies, because they are not *directly* affected by them. For the same reasons, we can assume environmental NGOs in Brussels to not possess the information that would allow them to exchange technical knowledge for access and influence in European institutions. Darren R. Halpin and Bert Fraussen (2017) have identified three elements-

involvement, access and prominence- that determine lobbying. From the study of these concepts, it emerges that the degree of interest groups influence in a policy processes is both determined by the strategies adopted by groups and the nature of the institutions concerned. The level of *involvement*, for instance, depends on the strategies selected by the group. Strategies can be determined by specific choices, such as prioritizing a policy issues over another, or targeting particular political venues or actors, even though they are also highly constrained by group resources (Binderkrantz and Pedersen, 2016). Subsequently, we can predict interest groups associations to get involved in a broader range of policy issues, compared to the more selected targets of single specialised groups (Halpin and Thomas, 2012). The more effort the group has put in getting involved to the policy process, that is, to get in contact with specific political actors or institutions; the higher its chances to get access to it. There might be a positive relation between involvement and prominence as well, but we it could also occur the case in which some groups rarely involving themselves in policy making are actually some of the most relevant. In fact, the concept of *prominence* refers to the way interest groups are perceived and acknowledge by political elites. An interest group becomes prominent when its voice in the issue at hand is generally regarded as relevant for a particular constituency or viewpoint, because it is considered a carrier of expertise and trustworthiness, or because it is notoriously known as influential (Halpin and Fraussen, 2017). Compared to involvement and access, prominence is to be considered a more stable aspect of a pressure group, and in fact, it is not reachable in the short run. Not surprisingly, not many interest groups manage to become prominent. Within each policy sector, or groups system, we can find a hierarchy, where few groups are acknowledged in a relevant way by policymakers, even if other groups bring the same representative requests or are supported by the same constituencies (Grossman, 2012). Evidence of this phenomenon can be seen by the way political elites name specific interest groups when bringing specific matters during policy discussions. The reason is that, in a public policy context, the given audience cannot be familiar with all the interest groups making specific claims, therefore, the concerned policymakers will look for short, simple and effective ways to make a particular set of interests relevant (Jones and Baumgartner, 2005). By the same token, same issues are considered more “prominent” than others (scholars refer to the phenomenon as “issue salience”) not because of their alleged intrinsic value (health policies do not deserve automatically more attention than, say, education) but because political elites and the public opinion are giving more recognition to that issue compared to others (Wlezien, 2005). This concept explains, for instance, how environmental issues became a stringent problem within the European Union since the beginning of the 1990s, whereas the topic had been largely overlooked in the previous decades. Nevertheless, the most important element that enables interest groups to influence decision-making in public policy is definitely *access* (Halpin and Fraussen, 2017). Without access, a group is

not even on the “radar” of political actors and it is not able to advocate for its preferences (Bouwen, 2004). Access is what makes a distinction between insiders, those able to get access to one or more key points of government decisions, and outsiders, those who do not manage to do so. Access does not guarantee influence. If different interest groups obtain the same level of access to institutions, their chance to influence the policy design may vary if some groups are more prominent and regularly involved than the others. (Grossman, 2012). However, we still identify the groups with more access as the most likely to be influential. If all the other elements are equal, access guarantee the best *possibilities* to influence public policy (Halpin and Fraussen, 2017). Interest groups obtain access when the gatekeepers, that are politicians and civil servants, allow them to get into the spaces of political arena, such as the Parliament and the administration. Therefore, access is a scarce good which has to be earned by interest groups through a mutual *exchange* with gatekeepers for group-supplied resources. Such resources could be, as previously mentioned: information, policy expertise and ideas, the capacity to implement policy, support or the ability to shape public opinion (Binderkrantz and Pedersen, 2016). Finally, when a group has obtained access, this is translated in a direct contact with decisionmakers and in the inclusion in public boards and committees (Rasmussen and Carroll, 2014). For these reasons, while it is not always easy to unquestionably assess if an interest group has exercised some kind of influence in the design of a public policy, access can be estimated through reliable tracks, such as the names of participants in public boards and committees. As we have seen during the various phases of the EU Emission Trading System, European Union policy-makers appear to grant access quite easily and its institutions usually present low barriers to entry, especially in the first phases of consultations (Rasmussen and Carroll, 2014).

## **2.2. Policy-making in the European Union**

### **2.2.1 Interest groups lobbying in Brussels**

Today, there are more lobbying groups in Brussels than ever before. Lobbyists attempting at influencing European institutions are estimated to be about 25,000 at the moment (Corporate Europe Observatory, 2020). The number of interest groups active in the European Union has grown significantly all over the 1980s and the 1990s. Since the amount of time and money that interest groups employ to lobby in Brussels is quite remarkable, it means that the efforts made by interest groups are worthy the result and that their lobbying activity is fruitful. In fact, the major theories of European integration, in particular neofunctionalism and liberal intergovernmentalism, assign a fundamental position to interest groups in the EU. According to these theories, lobbying in the

European Union is considered more relevant than in simple nation-states, because of its multiple levels of governance, which offer numerous points of access to interest groups (Marks and McAdam, 1996). Moreover, the European Union has tried to facilitate their involvement in policy-making through some initiatives, such as the White Paper on European Governance or the Transparency Initiative.

Many scholars emphasize the facilitated access to decision-makers that interest groups enjoy in the European Union (Moravcsik, 1994). Their influence is strengthened because they can engage in their lobbying activity both at the domestic and European level, or even take advantage of additional channels, such as a supranational judicial venue, which allow them to overcome obstacles in lobbying policies at the domestic level. However, other authors argue that lobbying European institutions is actually more challenging (Grande, 1996). Contrarily to general assumptions, the transnational cooperation happening within European institutions could actually make the position of states facing domestic actors stronger. The cause has to be found in the following mechanisms: at the EU, the executive can obtain control over national policy agenda, it can enjoy access to information that cannot be obtained at the domestic level, it can more easily justify policies on an ideological basis. Moreover, at the European level, politicians are not subjected to the constraints that interest groups put on them in the domestic scene. Another argument could be brought in support of this thesis. It could be debated that lobbying on multiple levels makes more difficult for groups to design an efficient lobbying strategy and therefore to reach lobbying success. In the EU, interest groups have to make more strategic decisions, such as which institution to pick as a target, if lobbying directly through national associations or indirectly through the European ones, or if exercise pressure at the national or at the European level. For instance, if they want to present an issue as concerning European interests, it would be more effective to exclude the domestic arena and to lobby exclusively at the European level. (Dür, 2008). David Coen (2003) has added that open access for interest groups to EU institutions makes them too crowded. Subsequently, groups with relevant information could not find a space to make a real impact. Therefore, it is hard to assess if interest groups in Brussels are actually able to influence European policymaking or not.

Moreover, it is not easy to measure interest groups influence. In most cases, the distance between the original agenda-setting and the actual public policy outcome is measured as a sign of interest groups influence on politicians. The level of possible influence on decision-making depends also on the nature of the concerned policy issue. The degree of technicality affects the power of interest groups. If the policy regards technical issues, for instance, policy-makers will be more dependent on interest groups as provider of information and technical expertise (like in the case of the formulation of the Emission Trading System) compared to issues of “high politics” (Smith, 2000).

If the policy issue belongs to either distributive politics, where benefits and costs are concentrated on specific groups in society, or it belongs to redistributive politics, where costs and benefits are diffused on the large population, this has an impact on interest groups influence as well (Wilson, 1973). However, even in this case, there is a large amount of disagreement among scholars. Some argue that policies concerning diffuse interests in the EU are independent from interest groups influence, because the attention of the public leads legislators to design policies which would benefit the general population more than single groups. This is what has happened, for instance, with policies on the protection of women and consumers, which have been quite rigid and truthful to their original agenda-setting. However, in other policies field, such as trade negotiation, EU legislators have not been as successful in defending general interests. An example is the negotiations on the Economic Partnership Agreements with Africans, Caribbean and Pacific countries (Dür, 2008).

### **2.2.2 European Union environmental policy**

Climate policy is a policy field in which we can find diffused interests but concentrated costs. The European Union is generally considered as having done a good job in making environmental protection one of the most important policies of the Union. However, during its development, EU climate policy has not always managed to stay independent of interest groups influence and to reach all the goals that had been set originally. However, once again, it is hard to assess clearly how much interest groups had an impact on its policy design, because climate policy issues do not consist in clear-cut political cleavages, but in complex matters with many dimensions. For instance, in the case of the ETS, the political cleavage emerged concerned not only the implementation or not of the system, but many other decisions, such as the one about the allocation method or the industrial sectors to include. In this context, it becomes more challenging to get a clear idea of the decision-makers original position, or even of interest groups themselves. Interest groups in Brussels highlight that lobbying EU climate policies is not a matter of pushing policy-makers towards well defined positions, but more of reaching a compromise (Gullberg, 2008). An interest group could ally itself with another group on a specific climate policy issue, and then contrasting the position of the same group on the following climate policy issue. Climate policy cleavages are so complex that most of the time they do not respect the confines of political parties, but their multiple dimensions cut through political groups.

### **2.2.3 The process of public policies formulation in the European Union**

In the European Union, the power to formulate and implement policies is shared among three institutions: the Commission, the Council of Ministers and the European Parliament. Environmental

policy is a prerogative of the European Union since the Single European Act, the treaty establishing the European Community, had inserted a separate section on the environment. Policy decisions related to environmental matters are taken by qualified majority voting. The Commission is organised in various Directorates General, of which one is of the Environment. It is often identified as the bureaucratic body, but its functions are wider: it enjoys the right to initiate legislation and to set the policy agenda. Therefore, it is supposed to be, compared to the Council and the Parliament, the institution that better represents “the common EU interests”, even though, in the last years, it appears that the Commission is increasingly influenced by national, party or, especially, portfolio interests. We know that Commissioners take the lead in the political matters that have been assigned to them and that they are particularly subjected to the influence of interest groups (Skodvin, Gullberg and Aakre, 2010). In particular, the Commission is mostly exposed to lobbying after it has developed its draft proposal, when it launches public consultations. The purpose of these consultations is to make the legislative proposal politically feasible before it is submitted to the Parliament and the Council of Ministers. This particular step in the legislative EU process offers groups the biggest chance to influence future policies, since it is easier to shape a legislative debate at the beginning rather than trying to force changes on a legislative proposal which is already on the table (Bouwen, 2009). The Commission is therefore the institution concerned during the intense lobbying activity of this important phase. Its decisions are taken by unanimity. Differently from the Commission, the Council of Ministers is the institution which is meant to represent member states interests. In fact, it is composed of representative of member states which change accordingly to the policy issue treated, so we will find environment ministers in the case of environmental policy matters like the ETS. The Council has veto power on legislation proposals that expect to be approved. The third key player, the Parliament, performs its functions through committees. For policy topics that concern the environment, the committees involved are generally the ones on the Environment, Public Health and Food Safety. As well as the Council of Ministers, the Parliament owns veto power, but its decision-making procedure is based on simple, in some cases, absolute majority, while, in the Council, decisions are taken by qualified majority. The so-called co-decision procedure establishes that neither the Parliament nor the Council can adopt legislation if either one of them is contrary. This division of functions entails that the three institutions need interest groups to supply them with different resources. In order to initiate legislation, the Commission looks for technical expertise, especially because the Commission is usually in shortage of staff members and resources to conduct proper research (Bouwen, 2004). In this context, it is more difficult for public interest groups, such as environmental groups, to provide useful information to the Commission, and to exercise influence on it. Compared to them, business groups members will be more informed about policy development,



because they are specialised on specific subject matters and incentivized to follow the development of the legislative proposal. In addition to technical knowledge, the Commission needs legitimacy and support for its proposals if it wants them to survive the next legislative stages. As we have previously mentioned, support to specific policy proposals can partially come from interest groups accredited as being influential in the policy field concerned. Differently from the Commission, the European Parliament and the Council are responsible to ensure compliance with adopted legislation. Moreover, while the members of the EP and the Council depend on re-elections to keep their seats, the members of the Commission are permanent. This situation could cause two different processes. On one hand, this autonomy from the electorate could make Commission members less responsive to interest groups influence, because they do not need to receive resources from them to carry a re-election campaign. On the other hand, the fact that they are not directly accountable to a specific electorate could lead them to feel free to prioritize specific interests. Irina Michalowitz (2007) claims that the Commission allows interest groups to exercise influence only on a technical level, but that they do not have the power to modify fundamental points of the policy agenda. In the European Parliament, there is no doubt that the electorate limits the action space of interest groups. The elected politicians fear that voters may not re-elect them if they do not stick to the ideology presented in their campaign or if they pass legislation that hinders general interests for the benefit of specific groups (Dür, 2008). Therefore, they have to fulfil the interests of their national parliaments and citizens if they want to be re-elected. The principle of unanimity present in the Commission decision-making makes easy for interest groups to block some policies, as well as qualified majority easily enables minorities to do the same in the Council of Ministers. The legislative procedure of the EU allows the Commission to make adjustments to its proposal during any phase of the process. Therefore, the Commission usually changes its proposals to guarantee their approval. In the context of environmental policy, the industry often tries to block legislation which could hinder their interests. If the Commission does not alter the proposal significantly from its original agenda-setting, it means that it has resisted business elites pressure and that it has preserved the environmental integrity of its policy. Otherwise, it means that it has sacrificed portfolio interests and benefited companies for the sake of political feasibility (Wonka, 2008). Many times, the preservation of environmental integrity depends on which Directorate Generals are chosen as the agenda-setters. If portfolios are assigned to DG Competition and DG Enterprise and Industry, in addition to DG Environment, it is more likely for economic interests to prevail on those of environmental groups. Moreover, in many instances during ETS reforms, businesses managed to exercise a relevant influence even if DG Environment was the only Directorate General in charge of setting the ETS reform proposal. An example is the 2008 reform, during which energy-intensive industries obtained exemption from auctioning (Skodvin, Gullberg

and Aakre, 2010). In fact, with a stricter decision rule, it is easier for dissatisfied interest groups to prevent a legislative proposal from being adopted, because they only have to convince one or a minority of policy-makers for their goal to be reached.

## **2.3 Business groups in opposition to environmental groups**

### **2.3.1 Business groups and environmental groups adopt different lobbying strategies in the EU**

In environmental policy, we can find two main interest groups: environmental groups and the polluting industries (Greenwood, 2003). As we have mentioned before, private interest groups tend to lobby the bureaucracy, while public interest groups the parliament. This tendency is confirmed in the European Union, in which environmental groups find easier to lobby the European Parliament, while business groups lobby both institutions, even though their main focus is on the Commission. Moreover, the European Parliament “is traditionally considered the greenest institution in the EU” (Gullberg, 2008). Compared to the Commission, the EP has always demonstrated to care about environmental protection when discussing various climate policies (Markussen and Svendsen, 2005). In particular, the Greens are the closest party to environmental organisations. This tendency has been confirmed numerous times over the years. For instance, the EP supported the legislative proposal establishing a GHG emission reduction of 30% by 2020, while the Commission had proposed only 20%. Therefore, industrial groups prefer to lobby the Commission, which does not hold such “environmental friendly” positions. Moreover, since the members of the Commission are very few compared to the numerous members of Parliament, it is also economically convenient for business groups to concentrate the lobbying effort on the former.

Within the European Union, environmental and business organisations adopt different lobbying strategies. Business groups focus on single, specific policy issues, which involve the interests of their members, whereas environmental groups attempt at affecting EU wide-ranging issues, such as GHG emission reductions. Basically, the position of business groups changes accordingly to the specific interest at stake, while environmental groups hold a permanent stand on a general policy field. Consequently, businesses get involved in more political arenas and lobby both “friends” and “foes” (Gullberg, 2008), even when the chances to divert the policy-maker position on the policy at stake are not high. They know that, in a long-term perspective, the current enemy could become an ally in a future policy issue. Such approach is called “general lobbying”, to indicate that business groups participate to consultations and meetings based on an agenda comprising several points of discussion. Conversely, environmental groups direct their lobbying efforts only towards

those institutions and political groups which usually have a friendly attitude with them. In rare cases, when they get out of their “comfort lobbying zone”, they change the justifications for their positions in order to fit the political stand of the lobbied group. For instance, if they lobby pro-business members of parliament, they will emphasize the economic sustainability of the policy, pointing out that it does not hinder employability or firms’ competitiveness. However, as we have seen in the case of the ETS, even environmental groups may create unexpected political coalitions. Such coalitions are considered very successful, because unifying parties that traditionally present opposing positions allows to easily create a big majority in the European Parliament.

### **2.3.2 Is the EU policy-making system systematically biased?**

We have assessed that interest groups enjoy numerous points of access within the European Union. European institutions largely rely on the trade-off between interest groups-supplied resources and access in decision-making. However, it is still not clear whether all the interest groups enjoy the same possibilities to express their preferences. Many scholars argue that the system is biased for the benefit of traditionally powerful group types, such as business groups, to the disadvantages of public interest groups, such as environmental NGOs. The European Union counts on the high involvement of interest groups in its policy-making to compensate its democratic deficit, which still represents one of its most urgent problems (Kohler-Koch and Finke, 2007). However, in order to increase democratic participation, all the interest groups must have the same possibilities to represent their preferences, otherwise, instead of helping democracy, interest groups involvement would just result in the implementation of the most powerful groups interests (Klüver, 2012). In fact, it is reasonable to assume that the intricate institutional architecture of the European Union could make EU policy-making less transparent and therefore more subjected to the influence of concentrated interests (Schneider and Baltz, 2003). Heike Klüver (2012) has conducted a research on the possible systematic biases of the European Union policy-making process, starting from traditional interest groups theory. Traditional theory predicts lobbying success on the basis of two elements: the *nature of the interest* concerned and the *organisational form* of the lobbying group. We already know why theory highlights the relation between the nature of the interest and lobbying success. Private interest groups, which possess wide financial resources and technical knowledge, are supposed to be the most influential in policy-making. The second element on which interest group literature bases lobbying success is *organisational form*. According to Bouwen (2002, 2004), the organization of the group determines the kinds of goods supplied by interest groups, which are correlated to their capacity to influence or not European policy-making. European associations are able to trade with European institutions knowledge about European encompassing interests, which are defined as the preferences

of a subgroup of the entire European population, while national associations about domestic interests, referred to as the needs of a subgroup present in the population of a member state (Bouwen, 2004, 343). Indeed, business groups can dispense high-quality information concerning both the national and the European level, which would, once again, would favour them in lobbying in Brussels. However, Klüver's findings contradicts such approach to lobbying success. Her research is based on empirical data gathered comparing the Commission's legislative proposals before and after consultations with interest groups, and the final policy proposals presented by the Parliament. Klüver proves that there is no systematic bias in the European public policy system towards the benefit of specific group types, instead, environmental groups and business elites have the same chances to influence decision-making. Surprisingly, variables such as information supply, resources and staff size were not statistically related to the nature of the interest or the organizational form of interest groups. Moreover, the percentage of successful lobbying groups was evenly distributed across different interest group types. Against expectations, the research shows that what determines their influence on European policies is the size of lobbying coalitions. The larger the coalition, the higher the chances for its interests to be successfully represented. Another surprising finding consists in estimating European groups as statistically more influential than business groups, even if the difference is not considerable. This study seems to suggest that the intense interest group participation in policy formulation increases EU democratic legitimacy, since democratic participation is enhanced by the equal representation of different interest groups preferences. Klüver highlights that the European Union stands as a particular case. In fact, because of its multilevel government type, the EU could create particular situations that cannot be replicated in democratic nation-states. Moreover, Klüver specifies that her research findings are not sufficient to establish if the gap between European citizens and European institutions has been completely filled by interest groups. This would not be the case if, for instance, decisions within interest groups are taken by their leaders without considering the requests of their members. Even though Klüver research has shown that private and public interest groups enjoy the same possibilities of accessing European institutions, the latter seem to have more troubles in getting involved in the "non-institutionalised" part of the policy-making process. In particular, in this phase of the process, it is very difficult for environmental organisations to be admitted to the Commission and the Directorate Generals compared to business groups.

### **2.3.3 A middle way between neo-corporatism and pluralism**

When talking about the European Union, contradictory findings about lobbying or cleavages among interest groups emerge. The reason is that the EU is not a state in the traditional or contemporary sense, but a form of governance difficult to define. The EU is identified by some as a federative or

confederative system, while others frame it from an inter-governmental perspective (Moravick, 1998). Generally speaking, we can associate it to a kind of supra-national authority or a special kind of multilevel governance (Kohler-Koch, 2007). Its particular character is what has led Tom Burns and Marcus Carson (2002) to classify EU policy-making system as a new special type, which differs both from corporatist or pluralist structures. Neo-corporatist systems are meant to work as an integrated body, therefore they are designed to involve multiple agents through centralization, whereas in pluralist systems various actors and agents are given substantial autonomy. Consequently, neo-corporatist systems manage to create very inclusive structures, but, in order to do that, they have to sacrifice flexibility and adaptability. Flexibility and adaptability are qualities that pluralist systems are characterised by. However, while in pluralist structures, access is guaranteed only to economically powerful groups, neo-corporatist governments manage to integrate also peripheral groups, through a strict, institutionalised decision-making process. Therefore, we can say that in neo-corporatism presents a much higher concern for the respect of collective interests. Moreover, it makes possible to solve cleavages through some forms of regulation, something that does not happen in pluralism. (Burns and Carson, 2002). The EU decision-making process finds its place somewhere in between these two different orders. The European Union focuses primarily on collective interests, without, however, denying space to special interests and lobbyists. Similarly, some cleavages are regulated by institutions through technical knowledge and cooptation, but not as rigidly as in neo-corporatist bodies. The EU consists in a hybrid marked by a range of processes between these two pillars: EU policy-making process is more coordinated than the one of a pluralist system. At the same time, it presents a higher degree of flexibility and diversity than a typical neo-corporatist system. The European Union is the best combination of the two. It presents a network of various lobbyists overlapping and working across different areas, which also guarantees access to peripheral groups of society. In conclusion, we can affirm that this theory gives an explanation to Klüver's findings. A form of governance which offers multiple access point to interest groups does not mean that common interests have to be sacrificed.

# 3.

## How lobbying has affected the Emission Trading System

### 3.1. How the European Union changed from foe to friend of the carbon market

#### 3.1.1 The emergence of transnational business coalitions

During negotiations towards the adoption of the Kyoto Protocol, the European Union did not consider carbon trading as an efficient tool for greenhouse gases emission reduction. Within the EU, the instrument was negatively perceived by both companies and the general public. Emission trading was however added to the Protocol under the stringent pressure exercised by the United States. It took two years for the EU to officially contemplate the possibility to introduce a carbon market system in its climate change policy (Skjærseth and Wettstad, 2009). The shift of position in environmental policy by the Union has mainly to be attributed to a powerful pro-trading business coalition which emerged in the mid-1990s. In fact, it is not a coincidence that such policy development happened right when European businesses switched their approach to climate regulation. Without business support, emission regulation would have had very few chances to be implemented. As demonstrated by the carbon tax proposal, major companies detained a *de facto* veto power within EU environmental policy (Meclinkg, 2011). When the urgency of creating a global plan to face climate change became evident at the beginning of the 1990s, businesses initially stood in opposition to any emission reduction initiative. However, they soon realized that they would have not been able to stop an emission reduction measure, but they knew they had the power to partially shape the design of EU climate policy. In this context, they decided to push for the most economically convenient emission reduction option: carbon trading. Up to that moment, businesses held a strongly unified front. Eventually, they split in a “pro-trading coalition”, mainly sustained by oil, energy-intensive and power industries, led by UK companies, and an “anti-trading” coalition, composed of the few remaining companies. Such coalitions can be respectively identified also as “regulatory” and “anti-regulatory” coalitions. Anti-regulatory coalitions tried to avoid environmental regulation by preventing legislative proposals. Pro-regulatory coalitions, instead of contrasting regulatory measures

altogether, they supported the ones which bore the lowest costs. The strategy of the former is probably more convenient than the one of the latter. In the context of the ETS, anti-regulatory coalitions often failed and wasted a lot of resources with the simple result of delaying legislation, whereas members of pro-regulatory coalitions assumed the role of policy developers. In the case of the ETS implementation, the pro-ETS coalition probably miscalculated its lobbying power and did not recognize the inevitability of emission trading. It expected it to fail as well as the carbon tax did. Differently from the case of the EU, the position of the anti-trading coalition prevailed in the USA, which withdrew from the Protocol under the Bush administration. What has happened with the ETS represents the first time in which businesses did not present a unified stand within the European Union. William O' Keefe, the former chief of the anti-trading coalition, declared in an interview (2007) that, before Kyoto, "the business community was focused, united and forceful". Instead, with the ETS implementation negotiations, we assist to what Meckling (2011) defined as "transnational coalition politics". Rather than acting individually towards the same political goal, EU companies joined forces under a coalition which overcame national borders. Traditionally businesses had represented their interests by organizing themselves in trade associations divided by field. At the end of the 1990s, transnational coalitions appeared in all the environmental policy sectors. The particularity of these coalitions consists in their multilevel character. They do not involve business firms exclusively, but they also rely on involving state allies. The pro-trading coalition, led by British oil and gas companies, heavily lobbied the UK government, which became, in turn, the leader member state for the development of a European-wide carbon market. During the Kyoto conference, UK, which was representing the European Union during negotiations, was the main actor of the compromise reached between the USA, which wanted to include emission trading, and the EU, which was strongly opposing the measure. Eventually, the article on emission trading was included in exchange for the establishment of the 8% emission reduction target, which was desired by the European Union. Without the interference of the UK government, the contrast between the United States and the European Union would have probably resulted in a stalemate.

EU businesses took advantage of the supranational character of the European Union, where nation-states play a fundamental part. However, contrast in policy preferences do not emerge among member states, but also *within* them, among governmental branches or agencies. In this context, transnational coalition have more chances to access the multi-level institutional structure which characterises the Union. This advantage explains why, anti-trading coalition was defeated by the pro-ETS coalition, despite being the one with most resources before Kyoto. The anti-trading coalition started to lose legitimacy, right when the pro-trading coalition was acquiring a remarkable influence. Despite being loosely organized, it managed to engage in lively consultations with European institutions. In fact, as

Heike Klüver (2012) partially demonstrates, financial resources are not directly correlated to lobbying success. Contrarily, the size and diversity of lobbying coalitions is what matters the most to influence EU policy-makers. The main purpose of coalitions such as the one created by pro-ETS companies after Kyoto is not merely the gathering of resources. More importantly, such coalitions allow to obtain broad support by an elevated number of actors and to interact with politicians at different levels of governance. Within EU policy-making process, the broad representation of interests and the legitimacy of proposed policies seem to matter the most when approaching politicians (Coen, 2005). Not surprisingly, the pro-trading coalition, mainly formed by industries, soon gained the support of the Commission, which was also keen to set a successful policy-agenda after the “disaster” of the carbon tax. The lobbying victory of industries at the beginning of the 1990s had made the Commission aware that it was almost impossible to introduce environmental legislation without their approval. Moreover, the fact that some companies belonging to the coalition, such as Shell and British Petroleum, had set their own internal trading scheme, made the group able to provide the Commission with relevant technical expertise. In addition to Shell and British Petroleum, Eurelectric carried trading simulations by computers. The positive outcome of the simulations demonstrated that a EU carbon market could have worked. Therefore, EU climate policy is the result of a mutually beneficial relationship between the pro-trading coalition and the administrative body. Pro-ETS businesses lobbied the Commission, which, in turn, was looking for interest groups to support and legitimize emission regulation presented in its policy agenda (Skjærseth and Wettstad, 2009). In conclusion, the events leading to the Emission trading System from rejected measure to the central initiative of EU climate policy, lead us to important considerations. First of all, they have shown that businesses are perfectly able to influence the regulatory style of EU environmental policy. Not surprisingly, the evolution of business coalitions was directly related to the shifting approach of the European Union towards carbon trading. Secondly, they have highlighted the power of transnational, diversified, and institutionalised coalitions within the European public policy process (Meckling, 2011).

### **3.1.2 The role of single policy entrepreneurs**

The success in landing the ETS as the cornerstone of EU climate policy cannot only be attributed to business groups. As we have seen in the previous chapter, government officials can also be considered as playing interest group roles when they exercise their influence in a way which exceeds the direct use of their authority. In the context of the ETS development, we can recognize a series of *policy entrepreneurs* which managed to create political narratives that helped and speeded up the process of implementation and design of the system. Policy entrepreneurs distinguish themselves from simple policy-makers because they do not limit their activity to the design of policies, but they also work for



their ideas to win in the policy-making process. To this purpose, they frame specific issue, they try to gain support from other political actors involved in the policy field, they shape public opinion and they build alliances, as well as any other interest group actor would do.

When the ETS policy was going through consultations, the head of the Environment Directorate General at the Commission, Jos Delbeke, and some of the members of his team, Peter Zapfel and Peter Vis, were all outstanding economists. Delbeke had also drove the study of the single market and the environment in 1990, whereas Peter Zapfel had studied emission trading at Harvard University. (Ellerman, Convery and De Perthuis, 2010). Because of their experience in economic matters, they succeeded in framing the ETS as economically efficient for EU companies and as fundamental for the preservation of the internal market (the emergence of single, domestic emission trading systems in members states was creating a jurisdictional “patchwork”). By creating this narrative, they were able to gain the support of their fellow commissioners, such as Mario Monti and Frits Bolkestein, part of the Directorate General for Competition, who were initially scared of the possible consequences of an emission trading system for the global competitiveness of EU companies. Moreover, they managed to arrange political majorities between the member states and the European Parliament, in order to make sure that the legislative proposal would have passed in the following legislative stages. Within the European Parliament, rapporteur Jorge Moreira de Silva was fundamental in creating alliances and in building consensus on the ETS among ideologically different parties. The role played by these single actors in the process leading to the creation of the Emission Trading System demonstrates that even single individuals are important representatives of interests within the EU and that they are able to significantly shape public policies. However, this can happen if they can take advantage of the policy network and of the resources they have access to in virtue of their position. In fact, even in the case of policy entrepreneurs, knowledge and technical expertise are the elements which consent the governmental official to detain a real advantage in policy influence (Braun, 2008). Policy entrepreneurs can be defined as such not only when they are successful in making a specific policy prevailing on another, but also when they manage to accelerate the process, to create space for manoeuvre, to reach solutions, or to create room for other actors. This will be the case of the Environment Directorate General also in the various ETS phases following its implementation. For instance, after Jos Delbeke, Jim Curry, another economist, appointed as the head of the Directorate during the Kyoto protocol period, was able to create a policy outcome more ambitious than the one expected during the first ETS revision. Curry was followed by Catherine Day, who had previously worked for an Irish industry lobby coalition. Her working experience allowed her to always interact productively with the different interest groups when developing the policy agenda for the ETS (Skjærseth and Wettstad, 2009). This asymmetry of information and knowledge

allowed the Commission to be very active also in the later stages of the policy development and assume the role of policy-maker, in addition to its traditional role as agenda-setter. For instance, it was able to be quite influential during informal Council negotiations, because it was considerably more informed on the Emission trading System than member states.

### **3.1.3 The consequences of lobbying on the economy and the environment**

The legislative phase between the Green Paper and the final ETS directive proposal was the most subjected to the influence of business groups. Such phenomenon should not be surprising, since, as we have already mentioned, interest groups find easier to lobby at the beginning of the legislative process, because it is easier to influence policies when they are still at the beginning of their development. However, this specific case puts business groups lobbying under a particularly negative light. Their influence on the decision-making process led to a directive which was very distant from the original policy goals set in the Green Paper. The chemical and aluminium sectors were ruled out of the system, and emission permits were granted for free and allocated on the basis of a decentralised system (which left a lot of room for cheating). The measures established were so lax that they caused a market breakdown due to the low carbon prices and they did not conduct to any emission reduction. The Commission seemed to have failed in its role of agent of EU-wide common interests (Skjærseth and Wettstad, 2009).

This ETS outcome seems to confirm the theory according to which the interest of the most powerful groups tend to prevail on the general interests of the EU population; in this case, economic growth and environmental protection. (Svendsen, 2003). However, the implementation of the ETS represents a unique circumstance, whose disappointing policy result can be considered the product of many factors. First of all, it represented an extremely technical and still unexplored policy matter, which made the Commission even more dependent on technical knowledge and expertise. In addition to a scientific understanding about the effects of GHG emissions, the setting of a carbon market also required knowledge about industry competitiveness and market mechanisms. Since the ETS would have been the first in its genre, apart from the US example, it was hard to establish ex ante which would have been the consequences of emission trading on production costs and on the overall GDP. This is the reason why thousands of people, counting entrepreneurs, chief executive officers (CEOs), carbon market experts, engineers, academics, and bureaucrats were called in the first round of consultations by the Commission (Ellerman, Convery and De Perthuis, 2010). The Commission was also eager to gather information and experience which for the later states of the ETS. Secondly, letting interest groups shape the modality of ETS implementation was a fair trade-off for their support to the policy. In this context, despite the heavy lobbying by business groups, the Commission still emerged

as a winner, because it succeeded in its main political goal, which was the adoption of an emission regulation system: “the decision to make the system decentralized was probably necessary in order to get any system adopted at all” (Skjærseth and Wettstad, 2009). In fact, for what concerns the first phase, EU policy-makers were more interested in assessing the feasibility of a carbon market system, rather than in creating a perfectly working apparatus. Far away from having failed, the Commission actually embodied the role of a successful political entrepreneur. It took the initiative to propose a carbon trading system, it raised technical knowledge on it and it gathered support among the concerned interest groups. Significantly, right after the adoption of the Kyoto Protocol, the Commission completely renewed the staff of the Environment Directorate general, to send a clear message about its shift of policy approach from a “command and control” strategy to a trading system. Such initiative can be considered as a typical political entrepreneurial measure. Therefore, the negotiations leading to the ETS directive proposal represent a circumscribed case whose particularity is proved by the fact that, in the following negotiations, business groups did not hold the same power on the Commission, despite still occupying a relevant position in its meetings and consultations. Svendsen (2003) suggests that the lobbying success of business groups in this phase of negotiations was due to the nature of the EU system, that, by being an hybrid between a pluralist and neo-corporatist system, presents an higher centralization of power compared for instance, to federal systems such as the United States. According to him, such centralization of power explains why business groups reached their preferred policy outcomes in the context of the ETS directive, whereas the same did not happen in the US, where, for instance, centralization of emission allocation was introduced from the very beginning. Svendsen also argues that lobbying by business groups largely affected the ETS directive design because well-organised and small-seized industrial interest groups are more likely to dominate decision-making. However, his statements seem to be dismissed by the findings of most interest groups scholars. We have proved, contrarily to what Svendsen affirms, that multi-level governance is what creates an advantage to business groups within EU institutions, and not an increased centralization. Moreover, at the EU level, large coalitions, and not small groups, are more likely to successfully represent their interests.

### **3.2.The ETS policy-making: continuously changing lobbying power and coalitions**

#### **3.2.1 Energy-intensive industries: from losers to winners**

In the analysis of the policy-process leading to the implementation of the ETS and its various reforms, the 2008 reform assumes remarkable importance, because it presents many dynamics which can be

found in many other ETS negotiations phases, or, more in general, in EU environmental policy. First of all, the reform shows that EU environmental policy-making is never independent from the influence of interest groups. While the first implementation period presented very mild regulation, as a sort of compensation for businesses for allowing the implementation of the system, this first reform seemed to lead the ETS towards environmentally efficient measures: the new legislative proposal aimed at introducing an EU-wide emission cap and at adopting auctioning as the new allocation method. However, also in this case, EU policy-makers were not able to fulfil all their policy goals. Energy-intensive industries were granted exemption from auctioning with the final reform proposal. Such policy failure demonstrates, according to Skodvin (Skodvin et al., 2010) that in EU policy-making there is always a gap between “the desirable and the possible”, which is created by interest groups preferences. The lobbying success of energy-intensive industries in this case, was reached through the threat of relocating plants outside of the EU territory if costs would have become too hard to bear, the so-called threat of “carbon leakage”. The menace of carbon leakage found space both at the domestic and EU level, thanks to the diffused idea that, with the beginning of the millennium, these industries were more exposed to global competition than in the past. In fact, European Union institutions were always more discouraged from the future development of global environmental policy, whose lack of progress in negotiations seemed to suggest that the European Union was the only one imposing regulations on producers for the sake of environmental protection. Moreover, EU policy-makers also predicted increased costs for energy-intensive industries in the successive years with the imposition of stricter allocation plans. In fact, as mentioned in the first chapter, a dual cost issue was caused to energy-intensive industries with the introduction of the ETS: direct costs coming from emission regulation (which cannot be passed on to consumers) and the indirect costs created by higher electricity prices associated to emission trading in the power sector (which is able to pass on costs to consumers). However, it is worth of notice that, in reality, at the eve of consultations for the 2008 reform, not much had changed in the situation in which energy-intensive industries found themselves. The fear of global competitiveness was present also during negotiations for the ETS first implementation period, as well as the economic asymmetry between the energy-intensive and the power sectors was already known to policy-makers. For instance, in 2002-2003, many doubts were raised whether the Kyoto Protocol would have come into force or not. Their competitiveness had not changed significantly. What changed, however, was the lobbying activity of these companies. First of all, as we have seen, they demonstrated to be extremely skilful in problem framing, building increasing concern for their competitiveness on a global level. The President of the International Federation of Industrial Energy Consumers, Peter Claes, said that “high power prices are really killing energy-intensive industries” (Reuters Planetark, 2005). Secondly, whereas during the first stage

negotiations energy-intensive industries were almost absent, they largely improved their lobbying activity (Wetttestad, 2009). They advocated coherently against auctioning under the AEII. During consultations, 100% of the aluminium companies stood against the measure, whereas 92% of the pulp, paper, steel and cement producers demonstrated their resistance towards actioning. They took part to numerous meetings of the High Level Working Group, in addition to sending an official communication to the Vice-President of the Commission (McKinsey & Company and Ecofys 2006). Moreover, their advocacy was supported by Business Europe. Their unity was decisive in lobbying, because it allowed them to demonstrate that there was a clear policy preference which would have met the opposition of a whole industrial sector, if not satisfied by decision-makers. Subsequently, EU policy-makers positively responded to energy-intensive industries requests. They soon categorized them as a business group characterised by “particular needs” (European Commission, 2008). Such result has to be understood in light of a relationship between EU legislators and interest groups based on resource interdependence (Skodvin et al., 2010). Energy-intensive industries presented a powerful threat. The implicit consequence for the lack of responsiveness by institutions would have been the shutdown of activities, which implies huge losses on an economic and social level. In fact, these companies produced 2.1 % of EU GDP and they employed 1.9% of the working force. In addition to the consequences at the employment level, relocation in territories with less stringent measures would have implied failing in the goal of GHG emission reduction, even if happening outside of the European Union. In conclusion, the lobbying strategy adopted by energy-intensive industries in the case of the first ETS reform is a typical example of resource control by interest groups. In this case, particularly, interest groups constrained policy alternatives up to the point in which their undesired option would have created unbearable costs at the EU level. Most importantly, the threat they created was credible. For instance, power industries failed in lobbying for free allocation because, due to their gains from emission trading, the possibility of shutdown or relocation was highly improbable. Moreover, exemption from full actioning was mainly obtained thanks to blocking minorities in the Council. These minorities were constituted by the countries with the most powerful energy-intensive lobbying groups, which demonstrates that their lobbying activity was also successful at the domestic level. Not surprisingly, Germany, the member state subjected to the strongest influence of the energy-intensive industry, acted to block the adoption of full actioning in the Council, and it was successful. Such dynamic seems to prove the theories which argue that in a multi-level system like the EU, interest groups are facilitated and not hindered by the complex institutional structure which offers additional access points. In this case, the possibility to lobby both at the EU and domestic level helped business groups to reach their policy aims. As Jorgen Wetttestad (2009) highlighted, during the first ETS reform energy-intensive industries evolved from being

“losers” to being “winners”. However, as their ability to influence the policy development of the system increased from one phase to the other, it will change again in the successive stages, as well as the lobbying power of the other interest groups will not remain the same throughout the whole policy-making process.

### 3.2.2 David against Goliath?

By concerning both environmental matters and market dynamics, the Emission Trading System policy has created an interesting lobbying venue in which we can find both environment driven and market driven interest groups. From the design of the ETS to its development in the last years, we can generally identify interest groups as belonging either to an “economy-first” or “environmental-first” coalition (Mäenpää, 2016). The former was organized around business organisations, whereas the latter around environmental groups. As we have mentioned before, their respective lobbying strategies through the whole course of negotiations were very different, because industrial groups and environmental organisations diverge for the kind of interests they represent, their internal structure and the resources they can rely on. As expected, in the case of the ETS industries tended to *overlobby*, to lobby more than it is required to reach their policy goals (Gullberg, 2008). They got involved in lobbying even when the policy issues discussed did not concern the industry directly or when they had low chances for their policy preference to prevail on the other options. UNICE was the group which overlobbied the most, by being present during *all* the discussions about every single policy decision, whereas EUROPIA took part to several meetings and had contacts with numerous decision-makers, with the mere purpose to influence their general view on the ETS policy. Many other industrial groups lobbied issues that were not directly pertaining DG Industry and Enterprise or DG Competition. On the other hand, environmental groups tended to *underlobby*, trying to exercise their influence on few, issue-specific cases and only with those institutions which were the most “friendly” to them. WWF EPO declared that it engaged in general lobbying and that it lobbied on more issues, but it constituted a unique case, because, compared to the other environmental groups, it could count on an exceptional amount of resources. However, once again, we want to argue that such underlobbying approach is not merely based on a divergent disposition of resources, but also, on strategical decisions adopted by public interest groups, which might be ideologically based. Interest groups literature tends to see the conflict business groups-environmental groups in EU climate policy as a typical example of the “David-against-Goliath” phenomenon (Bauer et al., 1963). However, research demonstrated that business organisations have reconsidered the relation between funding and lobbying influence. Therefore, the ETS could be interpreted as a variant of the David-against-

Goliath phenomenon, in which the traditionally most powerful groups do not take success for granted (Gullberg, 2008).

However, at the beginning of its policy development, a typical “David-against-Goliath” situation seemed to take place. The history of the ETS clearly started with a failure from the environmental groups, which, albeit they preferred a cap-and-trade system to a carbon tax, were still sceptical about the effectiveness of these kind of measures for emission reduction. Before environmental groups had taken the choice to support the system, FoEE claimed that the ETS was “an abject failure” and that it was “obstructing other tried and tested measures that would lead to more certain results”. Nonetheless, environmental groups soon realised the lack of feasibility for more stringent policies, since the ETS already represented quite a successful compromise with polluting companies. EU institutions were quite responsive to industrial interests in the Commission, with the exception of DG Environment and in the Council, as admitted by the EU Climate Policy Director at Greenpeace, Joris den Blanken. In the Parliament, environmental groups could count on the mere support of the Parliamentary Committee on the Environment, Public Health and Food Safety (ENVI). In fact, in the early 2000s, the general population was still more concerned about the state of the economy than environmental protection. Awareness about climate change and environmental problems had been raising since the beginning of the 1990s. An 1999 Eurobarometer survey revealed that 69.1% of the interviewed regarded environmental issues as an “urgent problem”, but despite, that, the market issue still had priority over climate change. This is the reason why, despite the 2004 enlargement of the European Union, the environment-first coalition did not grow in size as much as the economy-first coalition. Many national industrial organisations were included into business groups, especially since the newly admitted countries presented a more market-oriented approach, whereas no environmental NGOs joined at all from member states such as Estonia, Cyprus and Slovakia. Parliament’s elections in the same year, made the EP a bit greener, with the Group of the Party of European Socialists (PES) reaching a majority, significant change in environmental concerns in the EU population too place between the first and the second ETS directive. Mr. de Blanken even commented that Greenpeace involvement in the green coalition was not due to any pressure from the public but just by a “policy choice”. Right when EU citizens were starting to see environmental protection as an urgent matter to deal with, the 2009 financial crisis created another obstacle to the development of the environment-first coalition, because, in this case, industry threats such as relocation or workforce reduction became even more credible. During Commission consultations, CEMBUREAU discouraged the Commission from “adding extra burden to the industry’s back”. Eventually, the relevance of environmental groups started to increase significantly both among the public and among EU institutions during the third phase of the ETS (2013-2020). NGOs engaged in

particular lobbying strategies, which saw the involvement of business groups in some instances. Therefore, more than a David-Goliath phenomenon, the conflict between industrial and environmental groups was heavily influenced by external factors, such as citizens' opinion or the breakout of the economic crisis (Mäenpää, 2016). The development of this confrontation seems to suggest that, rather than focusing on the EU institutional structure, we should also take into consideration important external elements (such as the direction of public opinion) when considering if private interests are the ones to prevail in lobbying.

### **3.2.3 Strange bedfellow coalitions substitute sectoral interest groups**

Between the end of the second ETS phase and the beginning of the third, the EU economy started to recover from the financial crisis and environmental groups acquired increasing lobbying influence. Their growth in power is proved by the fact that they created a business-environmental coalition which constituted the main support behind the ETS “rescue mission” of 2013 that will end with the 2015 reform (Jevnaker and Wettestad, 2017). Such reform, which brought the ETS from an almost certain collapse to its renewal, clearly required particular political discussion and persuasion (Fitch-Roy, Fairbrass and Benson, 2019). The coalition, called Friends of the ETS (FoETS) was mainly the outcome of the skilful work of the CEO of the NGO Climate Partnership, who took advantage of his prominence within EU institutions as carrier of technical expertise and political judgement and knowledge (Fitch-Roy et al., 2018). Despite constituting a small group, the NGO managed to convince electricity producers to create an alliance with them for the rescue of the ETS, with financial donations by the Climate Foundation (ECF) and other contributors (Change partnership, 2014). In the previous phases of the ETS, we had assisted to *ad-hoc*, issue specific alliances, such as the one of pro-ETS business before its implementation or the coalition of energy-intensive industries in negotiations leading to the 2008 reform. Up to that point, environmental NGOs had always lobbied for the most stringent measure, while energy producers had always tried to get more lax regulations, such as free permits or a decentralized allocation system (which had been the main policy objectives of the energy-intensive industries as well). For the first time, ETS policy-making was the product of a heterogeneous coalition combining business and non-business organisations, which can be identified as a “strange-bedfellow coalition”, because its members, far from sharing the same interests or a common position on a policy area, were actually representing different preferences (Fitch-Roy et al., 2019). The Friends of the ETS created a lobbying “dream team” (Fitch-Roy et al., 2019): the power industry, which had been defeated by energy-intensive companies in the previous ETS revision, was better organised and could count on more allies. Therefore, it could have had a chance to stand against the opposing block of industrial interest groups.



The Friends of the ETS group has also been identified as a “Baptist-and-bootlegger” coalition, because it combined public interests, represented by the environmental groups (“the Baptists”) with private interests, represented by the industrial firms (“the bootleggers”) (Yandle, 1983). Coalitions that bring on the table both public and private interests are usually very successful, because the aggregation of traditionally opposing groups create wide support for the policy position (Beyers and De Bruycker, 2018). Despite their strong lobbying influence, this kind of coalitions are not arranged frequently, because they require a unanimity of strategies and policy goals which is difficult to find in contrasting interest groups (Beyers and De Bruycker, 2018). Therefore, strategical planning and compromise have to be reached (Fitch-Roy et al., 2019). For the pro-ETS coalition the winning element was constituted by the ability of policy entrepreneurs. First of all, the heads of environmental groups, including Change Partnership CEO were able to recognize that they shared a common political goal with a big fraction of businesses, despite possessing contrasting interests. Environmental groups strived for the ETS to keep running for matters of environment protection (at this point, most NGOs, apart from Friends of the Earth Europe, considered it a quite valid emission reduction tool). Electricity producers supported the ETS because, even after the introduction of auctioning, the ability to pass costs on consumers made the ETS the least costly emission reduction measure for them. The ability consisted in understanding the fracture happening within the industrial sector: whereas electricity producers would have continued to favour carbon trading, energy-intensive industries considered the crisis of the system as a window of opportunity to definitively cancel it from the EU climate change policy. In this context, we can fully identify the heads of environmental groups as resourceful actors who “do more with less” or “punch above their weight” (Boasson and Huitema, 2017), that is agents which reached greater outcomes than the ones possible on the basis of their resources. As we have mentioned earlier, policy entrepreneurs are not only those agents who are able to find policy solutions; they create alliances among disparate groups, they establish winning policy narratives and they build a general identity multiple groups can refer to (Fligstein 2001). In this context, framing the ETS reform in the right way was fundamental. Environmental groups appealed electricity producers to join them by demonstrating that they were not narrowly self-interested, and that they would have not pushed for extremely ambitious measures. On the opposite, they would have aimed at a “change-but-no-change” reform, because saving the ETS would have been quite a policy goal by itself (Convery, 2009). Then, once the coalition was formed, environmental NGOs and electricity producers agreed on adopting a “green-growth” or “environmental capitalism” narrative, based on demonstrating that the ETS was able to favour both the environment and the market at the same time, since big electricity producers were giving jobs to thousands of citizens. Moreover, by framing the ETS as the “environment saviour”, the coalition created a contraposition between pro-

ETS businesses and NGOs, represented as the “good guys” and energy-intensive industries, portrayed as the “bad guys”. The latter were identified as the agents of obsolete modes of productions, which either do not understand the gravity of climate change or are indifferent to its consequences. In particular, instead of undermining or trying to overlook the ETS crisis, pro-ETS groups took advantage of its imminent failure to create a sense of urgency in saving what was the EU environmental policy cornerstone. In this way, a reform for the survival of the carbon market became the overriding priority in environmental policy. By emphasizing the need to focus all the energies on the ETS reform, the coalition pushed decision-makers towards a single-target environmental policy. Such lobbying strategy had a double purpose: by getting rid of all the alternative policy measures, not only an ETS rescue was guaranteed, but also, electricity producers were getting its main competitors, renewable energy industries, out of the picture (Fitch-Roy et al., 2018).

The dual narrative between “good guys” and “bad guys” was soon reflected in EU institutions. Within the Commission, the incoming head of DG Energy, Günter Oettinger, obviously favoured a multi-target policy, in which the ETS was not considered as the only possible option. Oettinger was also blamed to grant special attention to the interests of energy-intensive industries, to the point that he gained from environmentalists the epithet of “Commissioner for the heavy industry”. Conversely, DG Climate Action favoured a single-target approach which focused exclusively on the ETS as the core of EU climate policy.

The 2015 ETS reform is a clear example of environmental groups overcoming their inherent obstacles due to issues of collective action and to their limited financial resources by adopting the right strategies and framing policy issues in a smart way. Not only the ETS was rescued, but also, quite strict and environmentally efficient measures were introduced. However, in order to obtain lobbying success in the context of the ETS, environmental groups had to give up alternative climate policy measures, which could have potentially been more environmentally efficient than carbon trading, such as the increase in the use of renewable energy. In this case, the pro-environment coalition saw a window of opportunity represented by an alliance with electricity producers and they just decided to take it (Kingdon, 2010). Whether they could have acted for an even more ambitious emission reduction measure is not easy to comprehend. If this was the case, it would mean that “businesses have successfully co-opted and instrumentalised the environmental movement in pursuit of a change-but-no-change outcome” (Fitch-Roy et al., 2019).

#### **3.2.4 Smokescreen politics particularly suits the EU institutional structure**

The pro-ETS coalition formed by environmental groups and electricity producers split with the beginning of the fourth phase. However, the 2018 ETS reform saw both groups standing for a

tightening of measures once again. This revision can be considered as creating a surprisingly positive outcome as well as the previous one; the MRS withdrawal rate was increased and a more stringent emission cap was adopted. Such results are particularly impressive if we take into account the context in which this revision took place. The ETS was still meeting the opposition of energy-intensive industries and anti-ETS countries like Germany and Poland, which had been defeated in the previous phase. Because the ETS had survived, we would have expected policy-makers to apply lax measures as a trade-off for these agents, like it had happened right after its implementation. Instead, EU decision-makers went on developing an even tighter system (Carbon Pulse, 2016). Moreover, even though the Brexit vote in June 2016 had not caused the immediate expulsion of UK from the market, it had definitely made its position weaker within EU policy dynamics. Therefore, the ETS could not count anymore on its frontrunner and leader member state (ENDS, 2016). However, despite the low expectations, both the electricity industry and the environmental groups were able to take advantage of the lobbying influence gained in the previous phase. Electricity companies lobbied EU policy-makers to establish an increase in investments in their sector. By doing so, tightening the ETS instead of introducing new measures based on the use of renewable energies was more likely to happen. At the same time, environmental NGOs, consultants and analysts exploited the prominent role gained within the Commission and the Parliament to provide them with important pieces of information concerning carbon trading. Regarding the position of member states, the Brexit vote did not impact the ETS as severely as expected. In fact, French nuclear companies, which would have benefited from higher carbon prices, engaged in a strong lobbying activity at the domestic level, which brought France to become the new leader country in European carbon market politics (Wettestad and Jevnaker, 2017). The lobbying strategy of electricity producers and environmental groups in the Commission and in the Parliament was, once again, quite successful. In particular, in the EP the NGO Sandbag was quite influential on the ENVI Commission and it demonstrated that ETS tightening options were feasible (Carbon Pulse, 2016). Subsequently, ENVI played an important role in shifting the ETS agenda from the previous “survival issue” to the “ambitiousness issue” (Wettestad and Jevnaker, 2017). As it had happened in the past ETS phases with business groups, a trade-off of information and access took place between the Parliament and the various environmental groups. In addition to Sandbag, NGOs such as Point Carbon and ICIS, provided the EP with ideas on possible tightening measure, such as a double-intake for the MSR. In return, ENVI acted as a gatekeeper to the Parliament, so that such groups had the possibility to reopen a discussion on an ETS tightening. ENVI rapporteur Duncan took a step further, acting as a policy entrepreneur. In addition to support ETS stringent measures, he created the perfect framing by taking advantage of the Paris Agreement, ratified in December 2015. He highlighted the importance of respecting the targets if the EU wanted

to maintain its leadership role in global environmental politics. He talked about the “imperative of the Paris Agreement” and that they had “changed the political landscape” (Opinion, 2016). In this context, he claimed that a more environmental efficient ETS regulation would have allowed the EU to easily respect its commitments. By the creation of this narrative, it was easier to convince the Council, where the influence of environmental groups is less remarked, of the urgency of a stringent emission trading system (Wettestad and Jevnaker, 2017). Beside rapporteur Duncan, other policy entrepreneurs, both in the Parliament and in the Commission, managed to create a good framing of the ETS policy issue, which contributed to convince sceptical member states in the Council. Instead of focusing on the costs that a further ETS tightening would have brought, policy entrepreneurs created a narrative which highlighted the benefits of such policy, such as a higher carbon price and subsequently expanded auctioning revenues. At the same time, increased costs coming from allowance cancellation in the MRS were presented ambiguously, as not affecting a specific market sector and as not concerning a precise and close time period. Such political strategy has been called “smokescreen effect” by Wettestad and Jevnaker (2017). Jordan and Matt (2014) added that “smokescreen politics” is easier to build in the case of complex and multi-level policies such as the ones which characterize the EU, because they give policy entrepreneurs more room to shape target groups’ perceptions of the consequences of specific policies. The narrative created by policy entrepreneurs about blurring costs made more difficult for energy-intensive industries to use the traditional “carbon leakage” threat, at least on a domestic level. Therefore, the contrast within industry between electricity producers and energy-intensive companies stood here as less significant than in the previous ETS phase.

The 2018 ETS reform confirmed the shift of lobbying power from the energy-intensive sector to the power sector, together with the rising influence of environmental groups. The dynamics of negotiations leading to this outcome confirmed the important role of policy entrepreneurs, that did not limit themselves to initiate legislation, but that contributed to shape policy narratives and alliances. Moreover, the example of nuclear companies, which lobbied their national government to the point that France replaced UK as the ETS leader, confirms, once again, the complexity of lobbying dynamics within the EU, which gives the possibility to lobby on two dimensions: at the domestic level and at the EU level.

# Conclusions

The dissertation aimed at investigating if interest groups are able to significantly influence and shape European Union policy-making processes, taking as a case study the implementation and development of the European Emission Trading System. The answer is yes; interest groups are particularly relevant in the context of the European Union. In the case of the ETS, the lobbying power of interest groups was tangible in many instances, from the very beginning. Firstly, business groups were able to determine the change of direction of EU climate change policy from a “command and control approach” to a market-based system (Skjærseth and Wettstad, 2009). Then, they also affected the development of the ETS policy itself. In fact, under the pressure of interest groups, the first directive introduced very mild measures, contrarily to the more environmentally efficient regulations wanted by EU institutions. Subsequently, when such measures were eventually adopted with the first reform in 2008, energy-intensive industries managed to obtain exemption from the principle of full actioning. Later, in the case of the ETS imminent failure between the second and the third phase, it was the lobbying activity of environmental groups and electricity producers, unified under the coalition of the “Friends of the ETS”, to push for the rescue of the system. The same groups were the main determinants of the stringent measures approved with the 2018 revision. Moreover, the research has demonstrated that such particular influence of interest groups in the ETS policy-making process is not a mere coincidence. As expected by many scholars (Moravcsik, 1994; Pollack, 1997) interest groups are more influential within the European Union than in single-nation states, because of its supranational character based on a multi-level governance. Interest groups can enjoy multiple points of access in the complex institutional apparatus of the Union, which is based on three main bodies: the Commission, the Parliament and the Council. The Commission, as the agenda-setter institution, is particularly dependent on the technical knowledge and information provided by interest groups. The Parliament, albeit more independent from them, is still highly subjected to their influence, whereas in the Council most member states reflect the position that interest groups have presented at the domestic level. Therefore, within the EU, interest groups also enjoy the possibility to double their lobbying activity, exercising pressure both at the national and at the EU level. However, contrarily to our expectations, we have found out that in the EU, private interest groups do not hold a privileged position compared to public interest groups. It is true that, due to the logics of collective action, public interest groups such as environmental NGOs can rely on more scarce financial resources (Binderkrantz, 2008). However, this alleged disadvantage does not seem to constitute a problem. In fact, in the context of the complex and multidimensional European policies, making the right strategic

choices and having the ability to build a successful policy framing seem to matter more than the mere possess of material resources (Skodvin et al., 2010). In the case of the ETS, business groups appeared to be the most influential in the first stages of the policy, but, in the course of its development, environmental groups seem to have substituted them in their role as the main game players.

In conclusion, the European Union constitutes a system in which no particular interest group is guaranteed to prevail in policy-making (Klüver, 2012). This characteristic seems to suggest that interest groups are able to partially compensate the European democratic deficit, because they allow different interests to be equally represented at the EU level. In Brussels, lobbying dynamics change continuously, sometimes giving unexpected results, like “strange bedfellow coalitions” (Fitch-Roy et al., 2020). Such outcomes can also be influenced by external factors, like the increased awareness of the public towards the issue of climate change, which let environmental NGOs gain more influence in the later stages of the ETS. Drawing on the lessons learnt through the past ETS history, we can expect other interest groups to emerge in its future development (Mäenpää, 2016).

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# Italian Summary

## Introduzione

Dall'inizio degli anni Novanta, il ruolo dei gruppi di interesse nello sviluppo delle politiche pubbliche si è fatto sempre più determinante. Questo lavoro si propone di investigare se questi ultimi abbiano influenzato l'implementazione e l'evoluzione dell'European Emission Trading System (ETS), un sistema creato dall'Unione Europea per ridurre le emissioni di gas serra dando origine ad un "mercato del carbone" (Climate Action, 2017). La scelta di questo caso studio deriva dal desiderio di scoprire se le politiche pubbliche dell'Unione Europea (UE) siano più soggette all'influenza dei gruppi d'interesse rispetto a quanto avviene in altri regimi democratici (Moravcsik, 1994; Pollock, 1997). Infatti, una porzione di letteratura sui gruppi d'interesse vi attribuisce un maggiore potere a livello europeo, dovuto alla particolarità di un'istituzione unica nel suo genere come l'Unione Europea. Lo scopo dell'elaborato è di ricercare se i gruppi d'interesse abbiano effettivamente influenzato l'ETS e nel caso in cui questo sia avvenuto, se i gruppi di pressione che rappresentano interessi specifici abbiano avuto la meglio su quelli che rappresentano interessi pubblici, come le organizzazioni non governative (ONG) ambientaliste.

## Nascita e sviluppo dell'ETS

L'origine dell'ETS deve esser fatta risalire alla Convenzione delle Nazioni Unite sul Cambiamento Climatico che si verificò a Rio de Janeiro nel 1992 per cercare delle soluzioni al riscaldamento globale. La convenzione portò al Protocollo di Kyoto, che venne ufficialmente adottato nel 1997, ma che sarebbe entrato in vigore nel 2005. Per permettere agli stati firmatari, tra cui troviamo anche l'Unione Europea, di far fronte agli impegni di riduzione delle emissioni, il Protocollo prevedeva diversi meccanismi, tra cui la creazione di un "mercato delle emissioni", ovvero di un sistema che imponesse un limite massimo di emissioni, raggiungibile dalle industrie inquinanti tramite dei permessi garantiti dal proprio stato. Questi permessi avrebbero potuto essere comprati e venduti dalle varie società, anche tra uno stato e l'altro, in modo tale che le industrie "eccedenti" avrebbero potuto rientrare nel limite delle emissioni comprandole da industrie che rimanevano al di sotto della loro soglia massima. Quando il Protocollo fu approvato, l'Unione Europea si mostrò contraria a un sistema di questo genere, chiamato "cap-and-trade" (Wettestad, 2009), perché considerato non efficiente dal punto di vista ambientale. Al contrario, per contribuire alla riduzione delle emissioni di gas serra, l'Unione aveva tentato di far passare una legge su una "tassa del carbone", ma la proposta di legge era fallita nel 1995, principalmente a causa della pressione dell'industria, che la considerava una

misura troppo dispendiosa. Di conseguenza, a causa del fallimento della tassa sul carbone e della necessità di tener fede agli impegni di riduzione delle emissioni intrapresi con la firma del Protocollo, l'Unione Europea si convinse a creare un mercato delle emissioni. Determinante per la seguente decisione fu il supporto dei gruppi industriali, che ritenevano tale sistema più economicamente efficiente della tassa sul carbone. Anche i gruppi di pressione ambientalisti, dopo un'opposizione iniziale, supportarono tale cambio di approccio nella politica ambientale europea. La legge sullo stabilimento dell'Emission Trading System venne approvata il 13 ottobre 2003, anche se entrò in vigore nel 2005, in concomitanza con l'entrata in vigore del Protocollo di Kyoto.

La direttiva prevedeva un sistema decentralizzato, con un tetto massimo di emissioni diverso per ciascuno stato membro. Inoltre, venne stabilito che, per quanto riguardava le prime due fasi, i permessi sarebbero stati distribuiti alle industrie in modo gratuito, senza che venissero messi all'asta. Le seguenti misure si mostravano molto diverse dalle proposte presentate dalla Commissione nel Green Paper dell'8 marzo 2000. Sin dalla sua nascita, quindi, la politica dell'ETS si mostrò fortemente influenzata dalla pressione esercitata dai gruppi d'interesse, e in particolare, dai gruppi industriali (Meckling, 2011). La direttiva del 2003 stabilì le regole per le prime due fasi, che si svolsero dal 2005 al 2012 (fase I: 2005-2007; fase II: 2008-2012). Tali regole si rivelarono eccessivamente benevoli nei confronti dell'industria e portarono ad un surplus di permessi e ad un calo nel prezzo del carbone, creando più inquinamento di quanto se ne sarebbe verificato in assenza del sistema. Nel 2008 l'approvazione di una nuova riforma, che sarebbe entrata in vigore nella fase successiva (fase III: 2013-2020), consentì alle istituzioni di adottare misure più restrittive, tra cui la messa all'asta delle quote di emissioni. Tuttavia, grazie ad un'intensa attività di *lobbying*, l'industria pesante riuscì ad ottenere un'esenzione dalla misura, affermando che, nel caso in cui i costi sarebbero diventati troppo alti, avrebbe ricollocato i propri impianti al di fuori dell'UE. Nel corso della terza fase, la crisi economica mantenne il prezzo delle emissioni troppo basso affinché il sistema funzionasse correttamente. L'ETS sembra avviarsi al fallimento. Tuttavia, inaspettatamente, le ONG ambientaliste, che stavano vedendo accrescere la propria influenza, crearono una coalizione con i produttori di energia elettrica per supportare il mantenimento del sistema. La coalizione ebbe successo e l'ETS venne confermato nel 2015 tramite una riforma che introdusse misure più stringenti, come una temporanea sospensione dei permessi di emissione, mentre l'opposizione dell'industria pesante non portò a nessun risultato. Infine, un'altra revisione nel 2018 stabilì per la quarta fase (2021-2030), un ulteriore irrigidimento delle norme vigenti, sempre grazie all'appoggio dell'industria energetica e delle organizzazioni no-profit. La loro attività di *lobbying* riuscì a contrastare l'indebolimento del sistema dovuto al referendum a favore della Brexit del giugno 2016, che portò all'uscita dall'ETS uno degli maggiori sostenitori del mercato del carbone. Il governo britannico,

infatti, era sempre stato fortemente soggetto alla pressione di un'industria altamente favorevole al mercato europeo delle emissioni.

### **Il ruolo dei gruppi d'interesse nelle politiche ambientali europee**

I gruppi d'interesse vengono identificati da Wilson (1990) come tutte quelle organizzazioni che cercano di influenzare le politiche pubbliche nonostante siano autonome dal governo o dai partiti politici. Lindblom (1980) identifica come gruppi d'interesse anche funzionari, dipartimenti o agenzie del governo che cercano di condizionare le politiche pubbliche secondo un grado di influenza che eccede l'autorità da loro posseduta.

Per meglio comprendere le dinamiche di lobbying nelle politiche ambientali europee, dobbiamo compiere una distinzione tra gruppi d'interesse privato e quelli d'interesse pubblico (Berry, 1977 e Binderkrantz, 2009). I primi curano interessi particolari, che riguardano un ristretto gruppo di persone nella società, mentre i secondi agiscono per interessi che riguardano la popolazione generale, come, ad esempio, la protezione ambientale. Di conseguenza, i membri dei gruppi che agiscono per interessi specifici sono più incentivati ad investire tempo e risorse per il raggiungimento degli obiettivi prefissati dal gruppo. Al contrario, i gruppi d'interesse pubblico saranno soggetti alle “logiche dell'azione collettiva”, che li porteranno a una maggiore difficoltà nel radunare risorse e informazioni tecniche sulle politiche sviluppate dal governo. Per questi motivi, la letteratura riguardante i gruppi di interesse attribuisce uno svantaggio ai gruppi d'interesse pubblico nell'attività di lobbying. In particolare, Halpin and Fraussen (2017) ritengono che il successo nell'influenzare le politiche pubbliche dipenda da tre elementi, quali il grado di coinvolgimento dei gruppi d'interesse nello sviluppo di tali politiche, la reputazione che detengono e il livello di accesso alle istituzioni che viene loro garantito. Per raggiungere un alto grado di coinvolgimento serve investire tempo e risorse per partecipare a tutte le fasi di sviluppo delle politiche pubbliche. Al contempo, un gruppo diventa prominente quando ha le risorse per acquisire informazioni tecniche che li rendono degli specialisti di un determinato settore di *policy*. Allo stesso modo, il sapere tecnico viene usato dai gruppi d'interesse come “merce di scambio” per convincere i politici a garantire loro accesso alle istituzioni.

Nell'Unione Europea, il processo decisionale e di sviluppo delle politiche pubbliche dipende da tre istituzioni principali: la Commissione, che ha il compito di proporre e stabilire l'agenda politica, il Parlamento e il Consiglio dei Ministri. Questi ultimi partecipano anch'essi parzialmente al processo legislativo, perché hanno il potere di bloccare o modificare le proposte di legge avanzate dalla Commissione (Skodvin et al., 2010). In quanto iniziatrice delle proposte di legge, la Commissione è particolarmente soggetta all'influenza dei gruppi d'interesse, e, in particolare, dei grandi gruppi industriali, mentre, il Parlamento, in quanto costituito da membri eletti dai cittadini, tende a curare

maggiormente gli interessi di ordine pubblico. Invece, il Consiglio rappresenta solitamente le posizioni degli stati membri, influenzati a loro volta dai gruppi d'interesse che riescono a prevalere nell'arena politica domestica (Michalowitz, 2007; Dür, 2008). Di conseguenza, per quanto riguarda la politica ambientale europea, ci aspettiamo di vedere i grandi gruppi industriali esercitare pressione soprattutto nella Commissione e nel Consiglio, mentre le associazioni ambientali tenderanno a cercare di influenzare la posizione dei membri del Parlamento (Gullberg, 2008).

Con poche eccezioni, la maggior parte della letteratura sui gruppi d'interesse nell'ambito dell'Unione Europea (Moravcsik, 1994; Marks e McAdam, 1996) conferma l'idea secondo cui i gruppi d'interesse trovano più spazio a Brussels rispetto che negli altri sistemi democratici. Ciò sarebbe dovuto al fatto che l'UE, con la sua struttura istituzionale complessa, offre più punti di accesso e la possibilità di esercitare l'attività di lobbying su due dimensioni: a livello europeo e a livello domestico. Tuttavia, nell'ambito delle istituzioni europee, le convinzioni secondo cui i gruppi d'interesse privato tendono a prevalere sui gruppi d'interesse pubblico sembrano essere smentite. Una ricerca condotta dallo studioso Klüver e pubblicata nel 2012, prova che non vi è alcuna correlazione tra tipo di gruppo d'interesse e successo nell'influenzare le politiche pubbliche dell'Unione Europea. La sua ricerca invece stabilisce che tale successo può essere determinato dalla dimensione delle coalizioni formate. Più grande la coalizione, più probabile per i gruppi d'interesse la possibilità di raggiungere il risultato sperato. Di conseguenza, possiamo giungere alla conclusione che i gruppi industriali presenti nel contesto dell'Emission Trading System non presentano alcun vantaggio rispetto alle associazioni ambientaliste, come dimostrato dal loro potere d'influenza acquisito nelle ultime fasi. La particolarità delle dinamiche tra gruppi d'interesse privato e gruppi d'interesse pubblico hanno portato Burns e Carson (2002) a indentificare l'Unione Europea come un *unicum* nel suo genere, che si colloca a metà strada tra un sistema neo-corporatista e un sistema pluralista. Il primo, tramite una rigida centralizzazione e struttura istituzionale, tende a proteggere gli interessi della popolazione generale, sacrificando, però, l'adattabilità e flessibilità del sistema. Nel secondo, un apparato più flessibile e meno centralizzato porta alla prevalenza dei gruppi economicamente più forti. Al contrario, l'Unione Europea sembra aver raggiunto un equilibrio tra i due modelli, essendo in grado di mantenere un sistema flessibile, che al contempo non esclude i gruppi d'interesse tradizionalmente più deboli.

### **Le dinamiche di lobbying nel caso specifico dell'ETS**

La teoria di Burns e Carson (2002) sembra essere confermata dalla realtà delle politiche pubbliche europee, almeno per quanto riguarda il caso specifico dell'Emission Trading System, in cui assistiamo

a delle complesse dinamiche di lobbying e alla continua evoluzione di coalizioni e alleanze nel corso del tempo.

Skjærseth and Wettestad (2009) focalizzano l'attenzione sulla particolare coalizione industriale che ha portato alla nascita dell'ETS nell'Unione Europea. Mentre nell'era pre-Tokyo l'industria aveva sempre costituito un fronte unito, nel caso dell'ETS questo fronte si spaccò tra una coalizione pro-ETS e anti-ETS che iniziarono a fare affidamento ad agenti esterni, come stati membri e *policy entrepreneurs*. L'emergenza di queste coalizioni, che non si limitavano a una suddivisione strettamente settoriale, viene identificata da Meckling (2011) come una politica di coalizioni transnazionali che sfrutta il carattere sovranazionale dell'UE e le possibili divergenze d'interesse interne agli stessi stati. Nel contesto dell'ETS rilevante è anche il ruolo di singoli individui come *policy entrepreneurs*, che conferma l'idea di Lindblom (1980) secondo cui anche ufficiali del governo possono intraprendere il ruolo svolto dai gruppi d'interesse. Anche in questo caso, la conoscenza tecnica sul tema trattato diventa fondamentale per costruire una buona strategia di lobbying, come dimostrato dal Commissario per l'Ambiente nella prima fase dell'ETS, Jos Delbeke. Delbeke, facendo affidamento sulla sua formazione da economista, riuscì a convincere gli altri membri della Commissione che l'ETS non avrebbe influito negativamente sulla competitività del settore industriale (Ellerman et al., 2010).

All'inizio del suo sviluppo, la politica dell'ETS non sembrava vedere la prevalenza dei grandi gruppi industriali, tanto che le industrie pesanti e l'industria energetica erano riuscite a far approvare delle misure che portarono, contrariamente agli obiettivi per cui il sistema dell'ETS era stato creato, ad un maggiore inquinamento e ad una crisi del mercato. Tale risultato, insieme alla vittoria delle industrie pesanti che ottennero l'esenzione dalla messa all'asta dei permessi di emissione, porta inizialmente Skodvin (2010) a vedere in modo estremamente pessimista l'ambito delle politiche pubbliche europee, fortemente influenzate dai gruppi d'interesse, al punto da parlare di un gap tra il "possibile e il desiderabile". Tuttavia, il grande successo di lobbying da parte dell'industria agli inizi dell'Emission Trading System va inserito nel contesto di una politica estremamente tecnica, che rese, almeno inizialmente, la Commissione fortemente dipendente dalle informazioni garantite dai gruppi d'interesse. Per questo motivo, sarebbe sbagliato identificare il contrasto tra i gruppi industriali e quelli ambientali come il classico "fenomeno Davide-Golia", perché non sembra esistere un reale vantaggio per i gruppi d'interesse privato nell'Unione Europea (Gullberg, 2008). Non a caso, la fase successiva dell'ETS vide prevalere un'insolita coalizione industria energetica-gruppi ambientali che prevalse sul "gigante" delle industrie pesanti. Tali coalizioni, chiamate *strangebedfellows coalitions*, risultano solitamente vincenti, perché creano un fronte unito su una determinata posizione politica, che riesce a rappresentare disparati interessi. Nel



caso particolare di questa coalizione, l'elemento vincente fu costituito dalla possibilità di poter riunire interessi ambientali con interessi economici, fattore che fu posto in rilevanza da una narrazione costruita dipingendo le ONG e le industrie elettriche come “i buoni” in contrapposizione ai “cattivi”, rappresentati dalle industrie pesanti (Fitch-Roy et al., 2018).

La successiva riforma dell'ETS, nel 2018, confermò l'influenza acquisita dai produttori elettrici e dai gruppi ambientalisti, nonostante lo scioglimento della coalizione. Ancora più rilevante fu la narrativa creata da diversi policy entrepreneurs, come il *rapporteur* del Parlamento Duncan, il quale riuscì ad enfatizzare lo stato di crisi nel quale si trovava l'Emission Trading System per fare in modo che la politica ambientale europea si focalizzasse esclusivamente sul mercato delle emissioni come misura di protezione ambientale (Wettestad e Jevnaker, 2017).

## **Conclusioni**

In conclusione, possiamo dire di aver risposto al nostro quesito di ricerca. Lo sviluppo dell'Emission Trading System europeo risulta fortemente influenzato dalla pressione esercitata dai gruppi d'interesse sulle istituzioni europee, sin dalla sua implementazione. Inoltre, l'Unione Europea sembra lasciare più spazio ai gruppi d'interesse rispetto a quanto avviene negli altri sistemi democratici. Tuttavia, questa maggiore reattività agli impulsi dati dai gruppi d'interesse non si traduce nella prevaricazione dei gruppi con maggiori risorse. Al contrario, all'interno dell'Unione Europea, altri elementi sembrano essere determinanti nell'influenzare le politiche pubbliche, come le giuste strategie di lobbying o la capacità di creare delle narrative politiche convincenti. Tale fenomeno porta Burns e Carson (2002) ad identificare l'Unione Europea come un *apparatus* originale, che si colloca a metà strada tra un sistema neo-corporatista ed un sistema pluralista.