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rade association effectiveness at the European level

A report by Mark Boleat for the Trade Association Forum

April 2002



Trade
Association
Forum

The Trade Association Forum

Trade Associations have an important role to play in developing effective industries that contribute to the success of the UK economy. The business sectors that individual trade associations represent may be unique, but the organisational issues that they face are not.

Through the development and sharing of best practice among its members, the Forum aims to help UK trade associations increase their own effectiveness.

A key role of the Forum is to encourage research such as the present report and the Forum greatly appreciates the support for this project provided by the Department of Trade and Industry.

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Boleat Consulting

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I ntroduction

The decision taking process at the European level has always posed challenges for British trade associations. The long time frame for taking decisions has meant that members often cannot easily see the value of the work being done. Proportionately more resources have to be devoted to securing an outcome than is the case at national level, and staff need different tools when working at the European level compared with working at the national level.

Partly as a result of industrial restructuring, trade associations are facing a more difficult environment generally as traditional boundaries between sectors and markets are eroded or even disappearing. Policy making at the European level has also changed, with the European Parliament growing in power.

These factors have all put pressure on trade associations' traditional methods of working at the European level. Many are dissatisfied with their effectiveness but find it difficult to improve the situation. Attempts to do so can well be very time consuming and bear little fruit at the end of the day.

Much has been written about the theory of business representation at the European level. This report builds on this work by seeking to provide information and analytical tools that can help associations improve their effectiveness.

The author is grateful to the many trade association representatives and others who have provided ideas for this report and also to the DTI for providing support that has enabled the research to be undertaken. He is particularly grateful to the members of the Steering Committee for the project and others who commented on a draft of this report.

Mark Boleat

April 2002

Executive summary

Representation at the European level

Until recently, representational work at the European level concentrated on the Commission and national governments. Over the last few years, the European Parliament has become significantly more important.

A key element of representational work is an efficient intelligence gathering system comprising –

- **Contacts with the Commission.**
- **Contacts with other trade associations and interest groups.**
- **Contact with national governments.**
- **Website and media monitoring.**

In developing and presenting policy there are two mistakes that are commonly made at the European level –

- **Promoting a sectional view, for example a British or a specific industry view. This is far less effective than presenting a concerted European view.**
- **Setting out a lowest common denominator position. The position itself is relatively worthless and, in any event, is negated when national associations make their own very different representations to the Commission, national governments or the Parliament. Where there are real differences then it is far better that policy makers are aware of these and why they exist. If a trade association, whether domestic or European, has difficulty in reaching a consensus then it is equally certain that the Commission, the Council of Ministers and the Parliament will have the same difficulty.**

Good representational work at the European level should include establishing as wide a consensus as possible for a view across countries and interest groups, and also giving a range of views where there is no clear consensus.

European trade associations are at their strongest in influencing the Commission, although they now have to compete with many other lobbying groups, including national trade associations. The White Paper on European Governance envisages changes in the way that the Commission deals with trade associations and consults generally.

National trade associations must take responsibility for influencing the Council of Ministers, although the good European association may play a co-ordinating role. The Presidency of the Council has assumed a greater role in recent years and accordingly the country of the presidency and of the next few presidencies should be a major channel for influencing the Council.

National and European trade associations must work in partnership to influence the European Parliament. National MEPs will be most influenced by the party line and the national interest. However, European associations can both lobby directly, particularly where they have a major interest in a subject, and can co-ordinate the activities of national associations.

However, policy making does not work in neat compartments. In practice, the interaction of national governments, the Commission and the European Parliament is continuous. Representational work needs to recognise this.

Assessing effectiveness of European representative work

British trade associations do not consider themselves as effective at European level as they do at national level. It is difficult to measure the effectiveness in output terms. The major inputs are –

- **Having an effective intelligence mechanism so that the association knows what is going on in Brussels.**
- **Top quality policy representations.**
- **Lobbying ability.**

There are four key points in effectiveness –

- **Europe is very important to almost every trade association but this is not yet fully understood.**
- **Any approach to European representation that involves promoting heavily the British view gets off on the wrong footing.**
- **Single issue coalitions are becoming a common method of work at the European level.**
- **Large companies are increasingly bypassing traditional trade association structures. A British trade association must try to keep its own large members inside the trade association structure.**

European associations

A third of all British associations do not consider that their European association is good value for money or that it has adapted well or that it is as effective in Europe as the domestic association is nationally.

Many European associations have governability problems. Academic work suggests that the associations that are the most governable are those where there is over-capacity in the industry, there are clear benefits of membership, the industry is regulated, where the activity covered is specialist and the secretariat has a sufficient degree of trust from the members such that it has some autonomy from them.

A major issue for European associations is keeping three differing groups of stakeholders content –

- The chief executives of national trade associations.
- Staff of member companies involved in European work.
- The big companies.

In sectors where multinational companies are important there has been a clear trend towards direct membership of European associations by big companies.

There are five basic administrative necessities for European trade associations –

- A location in Brussels.
- The vast majority of meetings in Brussels with other meetings being held in other cities only where there is a good reason to do so.
- A general shift towards using English only.
- Modern governance arrangements allowing for quick decision taking.
- A top quality website.

European associations must be expert in the communications and lobbying business, working in partnership with national associations. The most effective associations have outstanding chief executives and are strong in intelligence gathering, networking and influencing. They concentrate on policy outcomes, and recognise that to be effective they have to work in partnership with national associations, other European associations and interest groups. They are well resourced and trusted by their members to get on with the job.

Improving representation

It is good practice for a British trade association to conduct regular reviews of its effectiveness at the European level.

A major issue for some associations is the ineffectiveness of their European associations. Attempting to secure change in this respect is very difficult. Some national associations wish to keep European associations weak and there will be resistance to any change from those individuals who benefit from the status quo. Seeking to promote reform is a time consuming and expensive process.

Where a British association is seeking reform of its European association it is wise for this not to be seen as a purely British initiative. A coalition must be built up of national associations and direct company members where they exist. A good approach is to suggest the need for a review rather than produce a British paper on what a review should conclude.

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Chapter 1: Representation at the European level

The domestic environment

The operating environment for trade associations in Britain is undergoing considerable change as a result of a number of factors –

- Increasing concentration in some sectors, which reduces subscription income and can create governance issues where a sector is dominated by a small number of companies.
- Globalisation of many industrial sectors through both trade and ownership.
- A blurring of the boundaries between products and markets allied to cross sector mergers.
- Unprecedented legislative and regulatory changes, not just at national level but also often at sub-national and supra-national level.
- Pressure from members and government for more effective representative mechanisms.
- The method of working of the government, which frequently bypasses traditional representative mechanisms.
- The implications of the Internet.

Representation at the European level is part of this changing environment but at the same time needs to be viewed in the context of the other factors.

European representation – the traditional approach

Britain joined the European Union in 1972, 14 years after the Treaty of Rome. The European institutional framework was by then well settled. In most industrial sectors there were European trade associations comprising the various national associations of the six member states. In a number of sectors the British were involved in these associations, either as full members, partly in anticipation of British membership of the European Union, or as associate members.

Europe was often not on the agenda for national trade associations and frequently it was left to one or two enthusiasts to engage at the European level. After accession, all the major trade associations had to develop a mechanism for dealing with Europe. One board member was frequently given a lead role, perhaps assisted by a member of the secretariat. European affairs were generally not fully integrated into the business of the association.

From the mid-1970s until about the early-1990s, British trade associations operated at the European level in a fairly stable and reasonably effective way. Membership of the European association was in many sectors the main channel for influencing what went on in

Europe. There was a common view, never true, that the Commission would speak only with European trade associations, not national ones. But it was the case that the Commission preferred to have a strong European association from which it could get a European view.

Many of the better British trade associations supplemented work through their European associations with direct contact with the Commission, and also with UKREP (the permanent office of the UK government in Brussels) and with the various other institutions of the European Union including the Economic and Social Committee and the European Assembly. In practice, contact with the British Government often was the most effective means of influencing developments in Europe. The close relations between many British associations and government departments meant that there was a steady two-way flow of information, which often did not occur in other countries. European associations tended to work fairly well although many were bureaucratic with complex governance structures often involving a president, vice-presidents, councils of management, specialist committees and finally the people who did the work. A fairly typical pattern would be to have one meeting a year in Brussels, with most meetings being in other countries, often in the more desirable locations with accompanying spouses and generous hospitality.

When policy was being developed slowly it all worked well. The Commission as a bureaucracy found it easy to consult with European trade associations that were equally bureaucratic. Input was generally not required urgently and most European associations tended to be reactive rather than proactive.

At national level, most major British trade associations gradually merged European and British work, such that the same people handled work regardless of whether it needed to be done in Brussels or in London. However, one person was generally designated to have overall responsibility for co-ordinating European work and to maintain relations with the European trade body.

As British associations became more experienced in dealing with Europe so they naturally adapted their method of work. If the European association was ineffective, increasingly they would use direct contact with the Commission and the British government. By contrast, if the European association was seen to be very influential and effective then significant resources would be devoted to trying to get the best British solution in policy papers prepared by the association. However, often it was a case of recognising the need to operate through several channels rather than one being the “best”.

The changing environment for policy making in Europe

The environment within which representational work is done changes over time in response to market and political developments. There have been significant changes in the policy making environment at the European level in recent years, partly as a result of the Maastricht and Amsterdam treaties.

The European Parliament has gradually become more powerful over the last few years and now has a significant influence on legislation. MEPs tend to be concerned with their national interest rather than the European interest, and therefore European associations are not strongly placed to influence the Parliament.

Many large businesses have seen the need for more direct representation at the European level other than through a national trade association belonging to a European association, and have established their own lobbying offices in Brussels or have got together with other large European firms. Many have also secured direct membership of European associations. European consultancies have skilfully exploited the market for expertise on European matters.

Pressure groups, particularly those concerned with the environment, have grown in numbers, size and importance, and policy making in many areas is now partly at the global level as well as the European and national levels.

These various factors have made the operating environment for European associations more challenging.

Representation at the European level

Exercising the representative function at the European level is very different from working at the national level. In the UK, representational work concentrates on the government, that is ministers, special advisers and civil servants. Parliament, particularly under present circumstances, has a very modest role. The agenda is fairly clearly defined. For most issues timescales are fairly short and consequently there is little abortive work.

By contrast, at the European level the process is much slower with proposals often taking many years, if not decades, from inception to implementation. It is also more complex, with it not being clear where responsibility for an issue lies. Consequently, there is a great deal of abortive work.

On paper, the decision taking process at European level is fairly clear –

- The Commission alone has the power to propose European legislation.
- The Council of Ministers, that is the national

governments acting jointly, makes the final decisions.

- The European Parliament has increasing powers of co-decision with the Council of Ministers.
- The Committee of the Regions, the Economic and Social Committee and, on some issues, one or two other organisations have some influence but all of these are far less important than the principal organisations.

But this is to over-simplify the process. The Commission, national governments and the Parliament are all part of the “chattering classes” that influence the climate of opinion as well as respond to it. National governments and the Commission communicate directly even at a very early stage in the policy making process. A good example of this is the 2001 Commission Green Paper on consumer protection. National governments have responded to this and what they say is likely to have more influence on policy than what European trade associations say, as the Commission’s proposals ultimately will have to be approved by national governments.

The decision taking process also has more than its fair share of horse trading. It is not sufficient, for example, for the British government to be strongly in favour of a Commission proposition that would benefit a British industrial sector. The government also has to be so strongly in favour as to be willing to sacrifice other issues that it also favours. Similarly, a rapporteur for a European Parliament committee may be willing to trade his own judgement based on the work he has done either for the benefit of his party grouping or indeed his own advancement. There is also a significant element in the Parliament of MEPs offering to support one proposition in exchange for other MEPs supporting a different proposition.

Representational work in respect of the different institutions has common features but there are also major differences, in particular in respect of the channels that must be used.

A key element of any trade association work is a sound *intelligence system* so that the association is always on top of developments and preferably well ahead of its members and others. At the European level an intelligence system now comprises a mixture of –

- Contacts with the Commission. There is no substitute for good quality contacts with the Commission, for which a basis of trust has to be established. Good contact with the Commission should help to ensure good quality advance information about developments and also should help in interpreting developments.
- Good contacts with other trade associations and interest groups in related areas. Associations trade

information. However, there is always a danger of competition between associations with some being less than frank.

- Contacts with national governments. Good government departments have their own sources of intelligence and on some issues may be better informed than national trade associations or even the Commission.
- The Press, although information requires a great deal of sifting and analysis. The skilled trade association executive can easily spot a significant press article. In respect of developments in Brussels, there are two local publications, *European Voice* and *The Rapporteur*. The *Financial Times* also has good coverage of European matters. Generally, however, the European media are not well-developed and are not nearly as relevant to the policy making process as are the national media in Britain.
- Website surveillance, which in some sectors now needs to be done on a daily basis. Many documents published by the Commission are now made available only on the Internet. An association must also be aware of what other associations and interest groups are doing.

The second key element of good representational work is the *development and presentation of policy positions*. There are two mistakes that are commonly made at the European level –

- Promoting a sectional view, for example a British view or the view of a specific industry. This is far less effective than presenting a concerted European view or the combined view of, for example, industry, consumers and environmental groups.
- Setting out a lowest common denominator position. This has been the tradition in many European trade associations. The position itself is relatively worthless and, in any event, is negated and the association devalued when national associations make their own very different representations to the Commission, national governments or the Parliament. A good European association should ensure that where there are differences these are for real reasons rather than because of misunderstandings about the proposal or the policy making process. Where there are real differences then it is far better that these are reflected in policy papers. A service is then provided to policy

makers by indicating differing views and why they exist. If a trade association, whether domestic or European, has difficulty in reaching a consensus then it is equally certain that the Commission, the Council of Ministers and the Parliament will have the same difficulty.

The third key issue is perhaps the most important, that is that representational work at the European level is now best done through *single issue coalitions* specifically formed for each issue. However, coalitions cannot be formed out of nothing. European and national associations must maintain contacts, handle routine work and also handle many issues directly, but on big issues the wider the coalition in terms of business interests and other interests the better. For many European, and indeed national, associations this is a novel method of working which is not yet fully accepted.

A final element of good representational work as far as national trade associations are concerned is to *keep fully informed the British government, regulators and members*. Keeping members informed is important because they can use their own representative mechanisms. This is particularly true for multinational companies.

Influencing the Commission

The process of influencing the Commission has been very well summarised by Zygmunt Tyszkiewicz (former Director General of UNICE, the “CBI equivalent” at the European level) –

“It is worth mentioning here that in Europe, unlike in the USA, very few civil servants and politicians have any first-hand experience of business. Words such as ‘competitiveness’ have no real meaning for them. They are therefore quite likely, when drafting legislation, unwittingly to make serious mistakes that could be very damaging to companies and to the economy.

However, EU business organisations that are doing their job properly ensure they get invited, in confidence, to give their views and advice to the Commission already at this early stage. To earn that privilege, business associations must be seen by the Commission to be useful partners, able to help the legislators make better legislation, and not as negative forces bent only on preventing any legislation from being passed. They must also be seen to be fully representative, putting forward views that are shared and supported by their membership.

Earning that reputation is not simple. Business associations of course must cultivate close personal relations with key Commission officials. But they must also be well organised internally, so that they can respond in time and convincingly to the Commission’s request for views. That can be most

challenging, especially when, as is often the case, there are conflicting views within the organisation. Indeed, it is its ability to bring to the Commission a 'business solution' to a conflictual problem that establishes an association's reputation as a useful partner.

In addition, the association must earn a reputation for high quality, original research that supports the views it expresses. The capacity to carry out this type of pro-active work, which does so much to add substance to an association's views, is still sadly lacking at the EU level although almost all national associations have high powered research organisations working either for them or closely with them. (By contrast, the trade unions have a fully fledged research institute (ETUI) supporting their work in Brussels.)

This early stage in the legislative process is the most fruitful for business associations. Matters remain technical, in the hands of technicians. Issues are confidential and low profile. Drafts can be amended with no loss of face and no political fallout. Business views are readily taken on board provided they are well argued, carefully presented and kept confidential.

Action at this stage is taken mainly at the Brussels level by the EU business associations, whose task it is to find out what is being prepared, to inform their members and mobilise them so that a common position is developed for transmission in good time to the Commission. All that sounds fairly easy, yet takes enormous effort and absorbs scarce resources."

Source: Zygmunt Tyszkiewicz, "National Members and the EU Association" in Justin Greenwood (ed), *The Effectiveness of EU Business Associations*, Palgrave/Ernst & Young, 2002.

It used to be said that the EU Commission not only preferred to talk only with European associations but would not deal directly with national associations. This was never true. British associations have never found much difficulty in gaining direct access to the Commission. In practice, the less effective the European trade association the more the Commission would use other sources of information. Exactly the same is true at the domestic level. If a national trade association in Britain is ineffective at representing the interests of an industry and providing information about the industry the government will turn to whoever can provide the necessary input to the policy making process.

The requirements for representative work at the European level have changed significantly in recent years. The changes have usefully been summarised by Daniel Guéguen (although his comments about national trade associations not operating in Brussels can be challenged) –

"In 1990, when the Commission wanted to find out the

opinion of a professional sector, it went to the competent European association. At the time, the EU trade associations were few and far between, generally speaking, there was only one per activity sector. One for the car industry, one for sugar, one for milk, one for banking, one for insurance, and so on.

Thus, everything was simple, at the top of the pyramid, there was the EU trade association made up of the national associations, which were in turn made up of companies. This EU trade association had the monopoly on representation of the sector with regard to the European Institutions. In this golden age, no business leader or national association would have dared – or even dreamt of – conducting their own lobbying in Brussels and short-circuiting the EU trade association. At that time, it was all simple, coherent and let us admit it, effective.

Nowadays it has all changed. Brussels is teeming with lobbies. And all of them are behaving like flies around a honey pot. Multiplication of EU trade associations, multiplication of NGOs, direct involvement by companies and national associations in the Commission, and so on. From now on, everyone is playing their own game and attempting to influence their specific interests, taking ever less account of the collective interest of the profession."

Source: Daniel Guéguen, "Governance and the Role of Associations in Economic Management: a Response from an EU Public Affairs Practitioner" in Justin Greenwood (ed), *The Effectiveness of EU Business Associations*, Palgrave/Ernst & Young, 2002

Generally, European associations still are the most important representational mechanism in respect of influencing the Commission. To them must fall the responsibility of having the appropriate intelligence mechanisms, contacts and quality of policy making. Sensibly, they will keep their members, particularly national trade associations, fully informed, draw on them for information where necessary and occasionally also for lobbying help, for example Commission staff are known to be more receptive to talking to people from their own country. If the relevant Commission official handling an issue is Danish it can make sense for the European association to work with the Danish association to seek to influence him or her.

It is useful to note here that the Commission is intending to reform the way that it consults generally and deals with European associations in particular. The Commission White Paper *European Governance* (Com (2001) 428 final), published in July 2001, committed the Commission to providing up-to-date on-line information on preparation of policy through all stages of decision making. The Commission is also committed to establishing and publishing minimum standards for consultation on EU policy and establishing partnership arrangements going beyond the minimum standards in selected areas committing the Commission to additional consultation in return for more guarantees of

the openness and representativity of the organisations consulted. The Commission has also instituted an on-line database of “civil society” organisations active at the European level which, it argues, “should act as a catalyst to improve their internal organisation”. Similarly, it is argued that the partnership arrangements “will prompt civil society organisations to tighten up their internal structures, furnish guarantees of openness and representativity, and prove their capacity to relay information or lead debates in the Member States”.

The Commission is already behind schedule in implementing its commitments and it remains to be seen how they will impact on trade associations.

Influencing the Council of Ministers

Influencing the Council of Ministers largely means influencing national governments. The Council of Ministers does not often act as a collective body and there is often little point in seeking to influence its Secretariat General with technical dossiers. Where there is a co-ordinating committee, however, such as the EcoFin Council’s Economic and Finance Committee – then contact with its elected chairman can be worthwhile.

National governments are usually not interested in hearing what the European view is, although their position may be influenced by assessments of the other governments’ viewpoints. They want to know their own national interest. At this stage, European associations have only a modest role to play, except perhaps in helping keep national associations informed of each others’ efforts and progress. The responsibility must rest ultimately with national associations, which must seek to influence their respective governments.

They must ensure that the relevant government department or agency is well informed about their position. They must also ensure that it has any additional background information, that is which countries are likely to take a different view and why or, alternatively, who the natural allies might be.

But it is not sufficient for a British trade association to seek to influence the British Government. Other national governments must be influenced as well. They will not be receptive to approaches by British trade associations. The channels of influence are other national associations and multinational members, which may have their own channels of influence.

The Presidency of the Council of Ministers is held for six month periods by each member country in turn. The influence of the Presidency seems to have grown in recent years. In particular, the Presidency can decide which issues will have priority. It follows that the country of the Presidency (and forthcoming presidencies) should be seen as a major

channel for influencing the Council of Ministers. The trade association of the country is naturally in the best position to do this and in turn should be seen as a channel that UK trade associations can use.

The UK government can be influenced directly and also through UKREP, the permanent office of the UK government in Brussels. Some associations find UKREP very useful, while for others it is almost unnecessary because contacts with government departments are good and the government machinery as a whole works in a seamless way. However, even the best governments are not always perfect and sometimes direct contact with UKREP can usefully supplement work with government departments and agencies. UKREP is expert at what is going on in Brussels. It can give a useful overview of what is driving other members states as well as Britain, how the different institutions impact the politics and positions of other members states, and an up-to-the minute guide to negotiations and the key players in Brussels.

Influencing the European Parliament

The European Parliament is nearer to the Council of Ministers in respect of influence by trade associations than it is to the Commission. For the most part, MEPs are more interested in the national view and also their own party interest than the European view. Normally they will go along with the party line so influencing that can be important.

The one exception to this general rule concerns the role of the rapporteur, a concept unknown in the British Parliament. The rapporteur is an MEP who has responsibility for drafting the views of a parliamentary committee. In practice, the rapporteur has a great deal of discretion and some take their responsibilities very seriously, either in vigorously promoting a sectional or national interest or in genuinely seeking a European solution. In the latter case, a European association may well have a significant role to play with a rapporteur.

MEPs are generally receptive to representations from interest groups in their own countries. They will also be interested in the views of a European association where it has particular relevance to the issue being discussed or where there is a clear European view supported by the national associations. The good European association has to secure the appropriate balance between doing lobbying itself and assisting national associations by providing them with the necessary briefing information and contact details, although often major national associations do this for themselves. That balance will vary depending on the subject.

MEPs are invited to numerous social functions, often from people who simply want to “establish contact”. This is often a waste of time. MEPs have a short time horizon and are issue focussed. If they are considering European legislation they do not want a lengthy position paper but rather they want amendments that can be tabled if they are

in agreement with them.

Ideally, a sector should seek a long-term relationship with MEPs although this is not always easy given the short time horizon of MEPs. In some cases MEPs will have a particular interest in a subject, for example British trade associations should seek to have a permanent relationship with the spokesmen on the relevant major committees.

It is difficult to exploit constituency links simply because of the very large parliamentary constituencies with multi members. (In some cases the members themselves have divided their constituencies into smaller more manageable areas.) Where a constituency interest can be identified it should be exploited. Local government is relevant here as there are much closer links between local governments and MEPs than there are between businesses and MEPs. The European parliamentary constituencies are co-terminous with the Regional Development Agencies. Local government organisations are very strong in Brussels. Scotland is particularly strong. Working with local government should be regarded as an additional sensible method of influencing MEPs.

MEPs, particularly those representing the ruling parties in their countries, are also influenced by national governments. This reinforces the point that there is strong interaction between MEPs, national governments and the Commission at all stages of the policy making process. Accordingly, the sensible trade association keeps its national government informed about parliamentary lobbying.

The use of consultancies

There are numerous consultancies in Brussels. Some operate in Brussels only; others operate at both national and European level (and sometimes global level as well). Trade associations provide similar services to consultancies and for that reason do not generally use their services. However, consultancies can be used effectively in a number of areas –

- To manage single issue coalitions.
- To provide additional resources where an association is overloaded or is working outside its traditional area.
- To help establish a new association or a strategy for an existing one.
- To manage an association that needs a presence in Brussels but cannot justify its own stand-alone operation.

There is one organisation specifically relevant to British trade associations. The British Business Bureau (BBB) is part of the CBI in Brussels. The organisation was founded in 1991 and currently about 25 trade associations are members. The basic membership package costs

£8,260 a year, which can usefully be used as a benchmark against which consultancies can be compared. The BBB provides a comprehensive information service to its members, it arranges visits and organises seminars. The BBB is located in the offices of the CBI next to the European Parliament. It can make meeting rooms and working facilities available and more recently is offering offices and desks that can be used as a permanent base in Brussels for British associations.

The survey carried out as part of this project (see Appendix 2) showed that the BBB received a good rating from its members.

The people factor

There is one key element in representational work, that is high quality people. This applies at the national, European and international level.

Technical skills in the subject are often not necessary and indeed can be a problem if people are inclined to use too much jargon and to go into detail that cannot easily be grasped by policy makers. Good representational work, above all, requires a sound understanding of how the process works and how it can be influenced. Policy makers hate having their time wasted by people wishing to see them simply for the sake of it or so they can report back at national level that they have “had a very valuable meeting with the Commissioner/MEP”.

In addition to knowing how the system works and managing the process effectively, those responsible for representational work must have the right personal skills. They must be personable, good networkers and able to work with others. A final point concerns languages. It is all too easy for the British in Europe as English has now become the basic language which, in practice, almost everyone speaks. However, representational work is greatly enhanced if those doing it can speak one or more of the other principal languages of the Community, that is German, French and Spanish.

Trade association views

There is a general acceptance in trade associations that they need to be effective at the European level if they are properly to serve the interests of their members.

As part of the research for this project a questionnaire was sent to trade associations. 130 responded. The full results are set out in Appendix 2. The table below shows the average scores on a 1-5 scale (5 equals agree strongly, 1 equals disagree strongly) in respect of two questions about effectiveness and input.

Effectiveness at the European level (5 = agree strongly; 1 = disagree strongly)

	Large	Medium	Small	All
The association is as effective, directly or through a European Association, at the European level as it is in Britain	3.2	2.5	2.8	2.8
The association has a good input into the work of our principal European association	4.4	3.7	3.8	3.9

Note: Large associations are those with subscription income in excess of £1 million a year. Medium sized associations have subscription income between £200,000 and £1 million a year. Small associations have subscription income of under £200,000 a year.

The questionnaire shows that associations believe that, while they have a good input into the work of their principal European association, they are not as effective at the European level as they are in Britain. This was particularly strongly felt by the medium sized associations.

The questionnaire also asked about the importance of nine channels that may be used to influence developments at the European level. The results are shown below.

Use of European channels (5 = very important; 1 = unimportant)

	Large	Medium	Small	All
A European association or associations	4.4	3.7	3.7	3.9
The relevant UK Government Department	4.1	3.7	3.8	3.8
Co-operation with other UK trade associations	3.0	3.1	3.5	3.2
Co-operation with other national associations	3.3	2.8	3.1	3.0
Direct contact with the Commission	3.7	2.8	2.3	2.9
Direct contact with MEPs	3.8	2.7	2.4	2.9
Co-operation with other UK organisations	2.6	2.9	2.9	2.8
UKREP	2.4	2.0	1.8	2.0
A consultancy in Brussels	1.9	1.7	1.3	1.6

The most important channels used by all size groups of association are European associations and the UK Government. The least important are European consultancies and UKREP (the permanent office of the UK Government in Brussels).

Large associations made the most use of all of the channels, except the three concerned with co-operation. This is not surprising. Many smaller associations do not have the resources to do the work in Brussels that larger ones can do directly, and often have their input through federations or joint membership of European associations with other UK trade associations.

Measuring effective representation

The key output in terms of effective representation is a significant influence on developments at the European level to the benefit of the members of the association. This output is almost impossible to measure. Also, European representational work is very long term with hard work in one year perhaps not really benefiting members until five years later.

Effectiveness, therefore, has to be measured in terms of inputs. Three key inputs can be identified –

- An effective intelligence mechanism so that the association knows what is going on in Brussels.
- Top quality policy representations.
- Lobbying ability.

Relevant to these inputs are cost and value for money.

Key issues in effectiveness

It is difficult to be effective at the European level, more difficult than it is at national level. It may well be the case that the interests of a British trade association are different from those of the associations in other countries, if there are equivalent associations. Also, the convoluted and lengthy decision taking process means that many more resources have to be devoted to getting the right outcome at European level than is the case at domestic level.

However, there are four key points –

- Europe is very important to almost every trade association and even if the work is long term it is essential that it is done properly if the members are not to be disadvantaged.

- Any approach to European representation that involves waving a Union Jack starts off on the wrong footing. The best British trade associations try to present a European view, and preferably one that goes wider than business interests. Sometimes, of course, this will not be possible because there is a unique British view. In such cases it is still preferable to seek the support of others even if they have no direct interest in the subject.
- Single issue coalitions are becoming the accepted method of work, both for national trade associations at the European level and European associations.
- Large companies are increasingly bypassing traditional trade association structures, particularly at the European level. A British trade association must try to keep its own large members and large companies in other countries inside the trade association structure.

A tool kit for improving effectiveness

The following tool kit is designed to help associations measure their effectiveness at the European level.

Tool kit for measuring the effectiveness of representative work at the European level

Output

Is the association able to have directly or indirectly (for example, through a European association) a significant impact on developments in Brussels, to the benefit of its members?

[This can be measured only in the long term and is in any event very difficult to measure. Perhaps only a survey of policy makers in Brussels would identify which have been the really effective associations.]

One useful short term output indicator is access to senior Commission staff and MEPs. If an association representing a major industrial sector finds it difficult to get meetings this is probably because it is regarded as having little to contribute.

Value for money

The total cost of representational work at the European level comprises –

- A subscription or subscriptions to European organisations.
- The cost of any consultancy.
- The cost of travel and accommodation for meetings in Europe.
- The time spent on meetings in Europe.
- (More remotely) time spent in the UK dealing with European matters, a variable which it is becoming almost impossible to measure. However, time spent in dealing with European association matters should be measured.

In assessing the value of subscriptions paid, it is helpful to note the range of subscriptions paid to European associations.

Subscriptions paid to principal European association

	Large	Medium	Small	All
Lower quartile	£17,500	£2,000	£1,200	£2,900
Median	£27,500	£9,000	£2,800	£10,000
Upper quartile	£62,500	£18,000	£10,200	£25,000

An association should sensibly look at the total direct cost of European representational work in relation to its total budget, its subscription in relation to the figures above and then make an assessment of value for money. An association should also consider trends in its subscription to the European association in relation to its own subscription income and Britain's subscription in relation to that of the other major members of the European association.

Intelligence

Does the association have up to the minute information on developments in Brussels relevant to it and, if so, does it come from –

- The European association.
- A consultancy.
- The UK government or regulators.
- Other UK associations, eg federations.
- Media and website monitoring.

If a European association or a consultancy that is paid to monitor developments is not providing up-to-date intelligence (for example, if information is obtained through direct visits to Brussels or is first received from the UK government) then this must call into question the effectiveness of the organisations. Similarly, if domestic surveillance of Commission and Parliament websites provides information before it is received from the European association then this is an unsatisfactory position.

Handling of European matters by UK associations

There are four broad tests of effectiveness –

- Is there one person who has an overview role of developments at the European level, for example in respect of intelligence and lobbying work, and is that person effective?
- Do all relevant staff have a sufficient understanding of how matters are dealt with in Europe and the differences compared with the UK such that they use the appropriate tools and are as effective on work at the European level as they are on domestic work?
- Do the board and the members generally have a reasonable understanding of the importance of European work, the long time frame that is involved and the difficulties of getting a desired outcome? Unless there is that understanding the resources may not be made available and there may be unjustified frustration with the performance of the association. A board is more likely to have a good understanding of European issues if it is faced with major issues at the European level.
- Are the right people involved in the European association? Ideally there should be a mixture of secretariat and practitioners, with the secretariat ensuring proper feedback and dissemination of information. The industry practitioners must be the relevant people; people who cease to be relevant must be ruthlessly removed. The "leadership" of the

national delegation must be in the hands of a current industry leader and must not become a personal fiefdom of an elder statesman or someone whose sole aim is the presidency of the European association.

The approach to handling issues at the European level

- Does the association explicitly consider how to handle each individual issue at the European level?
- Is the relevant UK government department or regulator always kept informed of the association's work?
- Is the association effective in making the British view the European view?
- Are coalitions and alliances used where it is considered that they will promote the association's interests?
- Is careful consideration given as to how an issue should be handled within the European association?

Communications

A national association must receive information in a timely and user-friendly way from its European association. National associations are generally under much greater media pressure than European associations and this needs to be reflected in the information flow from European associations – a detailed and considered view that takes three days to prepare may be useless compared with instant thoughts circulated within half an hour. More generally –

- Does the European association not only distribute information (for example, details of a new consultation document) but also add value with a brief commentary highlighting its relevance to the sector?
- Are reports of European association meetings circulated promptly and are they useful?
- Does the national association get prompt and proper feedback from delegates on European committees?
- Does the national association have a good system for disseminating information to members about developments at the European level?

Contacts

Representational work is all about contacts, and associations are unwise to leave developing contacts until they have an urgent issue to deal with. A national association needs excellent contacts with, among others -

- The European association.
- Other national associations, particularly in the "major" countries.
- The Commission.
- UKREP, although this is less relevant in some sectors, particularly where the relevant government department is very active in Brussels.
- MEPs.
- The Economic and Social Committee and the Committee of the Regions (currently not greatly important).

Some associations may not need direct contact with the Commission or some of the other institutions, if they can safely rely on their European association or a federation to which they belong.

European associations

Is the European association (or associations) effective – see the separate checklist at the end of the next chapter?

Consultancies

If a consultancy is used, does it deliver the services it is contracted to deliver in a timely way; in particular how good is it at feeding intelligence to the association?

The effectiveness of a consultancy can usefully be measured against the effectiveness of a European association.

Does the consultancy provide value for money? Some European consultancies can be very expensive.

If the British Business Bureau (a consultancy offshoot of the CBI) is used then the same tests should be applied. The fees charged by the BBB (the basic fee is £8,260) are a useful benchmark in considering the value for money of consultancies.

Review

Does the association conduct a regular review of the effectiveness of its work at the European level? The nature and extent of the review will depend on circumstances. A major review is probably needed every few years or when there is a special factor, such as a merger with another association or concerns about the effectiveness of the European association. In between major reviews a brief annual review is probably in order.

3

Chapter 3: European associations

European associations merit their own chapter in this report because they are very important to British trade associations for work at the European level in three respects –

- They are one of the principal channels by which national associations have influence and obtain information.
- They can do damage to the British interest if British associations are not active in them or if they are run in such a way that they damage, deliberately or by neglect, the British interest.
- They are expensive, absorbing a significant proportion of the budgets of many domestic associations.

Types of European association

Most European associations are similar in nature to their British counterparts. However, one significant difference is that their activity is almost entirely concentrated on representative work. To the extent that they provide information or statistical services to their members then this is generally on the back of representative work and is much more limited than what national associations provide. This means that they are significantly smaller than their British counterparts; even associations representing large sectors may have fewer than 10 staff.

The major European associations, like their national counterparts, are operating through committees serviced by the secretariat. However, some associations have either no permanent staff at all or just an administrator. The members do all of the work in such associations. Some associations are run under a management contract by consultants. This form of organisation is particularly popular with American trade associations that want a presence in Brussels, but it is also now being used by some European associations.

There is no “right” way to organise a European association, but the sensible association periodically reviews whether it is running its affairs in the most efficient way.

British views of European associations

Many British trade associations have a relatively poor opinion of their European associations.

Views on European associations – percentage of associations that disagree with the statement

	Large	Medium	Small	All
Our primary European association is as effective in Europe as we are nationally	34	56	42	37
Membership of our primary European association is good value for money	28	37	28	32
Our primary European association has adapted well to changing circumstances	38	33	39	34

Source: Appendix 2.

It will be seen that nearly a third of associations do not believe that their European association is good value for money. Medium sized associations have the worst experience.

The environment for European associations

The operating environment for European trade associations is becoming more difficult. The factors outlined in Chapter 1 that affect national trade associations (globalisation, increasing concentration, blurring of boundaries, unprecedented regulatory and legislative changes, pressure from members for more effective associations, a changing method of working by the government and the implications of the Internet) also apply to them. There are, in addition, a number of factors that apply specifically to European associations.

Increasingly, they have to *work in competition with or alongside a host of other lobbying organisations* in Brussels, including national trade associations, informal groupings of large companies outside the traditional trade association structure, the public affairs offices of multinational companies and pressure groups. Robin Pedler, reviewing a number of lobbying cases (see Appendix 3), concluded: “European associations are no longer considered privileged partners for the Commission. Those that represent the industries of individual member states seem to be enhancing their influence”.

They also have to deal with an *ever-increasing workload*. The number of issues originating in Brussels never seems to diminish and the growing power of the European Parliament has added an extra dimension to European representational work.

The *growing power of the European Parliament* has presented a separate problem for European associations. While the Commission was the key policy making body, European associations, which fitted well into the Commission’s method of working, were powerful. Now, the European Parliament has substantial powers but, as Chapter 1 has illustrated, MEPs are more interested in the national view than the European view. European associations therefore need to work in a very different way with the European Parliament than they do with the Commission.

Finally, there are the *accession states*. Most European associations have arrangements by which associations in the accession states have some associate form of membership. However, they are generally not fully involved in the governance of the association nor are documents translated into their languages. As the accession states become states of the European Union so the problems facing the Commission and the Council of Ministers will also arise for the European associations. Their governing bodies and committees will increase in size and the range of interests that need to be represented will be widened. On the plus side, subscription income should be increased.

The governability of EU associations

Some European associations are more cohesive and governable than others – as is the case for national associations. There has been some useful academic work on this by Professor Justin Greenwood. This work is summarised in Appendix 3. In his conclusions, Professor Greenwood outlines a number of “families” of related factors that explain the variations in the governability of EU business associations –

- Overcapacity, the degree of competition and the extent of concentration within a sector. The presence of high overcapacity coupled with a low degree of competition and a relatively high degree of concentration appears to be associated with a high degree of governability.
- The cost of non-membership (that is the problems a national association faces if it is not a member of the European association) combined with the benefits of membership. In other words there are both positive and negative reasons for belonging to the European association.
- The degree of specialism together with “issue niche” organisations. A high degree of specialism enables cohesion in an association and may be both a cause and a consequence of trust.
- Autonomy and the degree of trust between members and between the members and the secretariat. Greenwood notes that high trust between the members and the secretariat can only be built up over time.
- The degree of regulation.

The logical constituency for a European association

As at national level, defining the correct trade association structure in a broad industry sector is exceptionally difficult. There are two conflicting forces –

- As the Greenwood study confirms, associations are

more cohesive the narrower their focus. Where an association has a narrow focus (mortgage lending, for example) then it is easier for the association to be seen to be working for its members all of the time and for those interests to be effectively represented than where an association has a very wide focus (such as banking).

- By contrast, an association must have adequate resources if it is to do its job effectively and the more narrowly based it is the more difficult it is to have those resources. Some European associations have no staff, a staff of three or four is typical, seven to ten is the norm for large associations, but there are some with well over twenty staff. In small organisations it is difficult to have the necessary skills to cover the ground adequately and also to offer career development. However, the good small association overcomes these problems by outsourcing some work and working with others.

The three major groups of stakeholders in European associations

A European trade association has to maintain the support of three differing groups of stakeholders –

- The chief executives of the national trade associations.
- Representative of companies that belong to the national trade associations.
- The big companies.

The relative importance of these groups will depend on a number of factors, critically including the strength and effectiveness of the national trade associations and the extent to which the industry is dominated by multinational players. Broadly speaking, if a national trade association is very strong and has the support of its members then the chief executive of that association is a key stakeholder in the European association. By contrast, if the national association is weak with big companies doing their own lobbying extensively and operating throughout Europe then the big companies are more important stakeholders.

Direct representation of large companies is a critical issue for most European associations. Professor Justin Greenwood (*Inside the EU Business Associations*, Palgrave/Ernst & Young Association Management) calculated that in 1999 58% of associations comprised national associations, 26% had both national associations and companies and the remaining 16% comprised companies only. However, he went on to say: “over time there has been a distinct trend for EU associations to admit companies into some form of direct membership”.

There are three different types of involvement of big companies in European associations –

- A subscription service which any company is able to participate in by payment of the appropriate fee in exchange for which it receives information directly from the European association rather than through the intermediary of the national association and also has limited access to the staff of the association. In practice, such a service has no implications for the management of European associations and this type of arrangement can be offered by any European association.
- A formally established forum for large companies, the members of the forum generally being the public affairs directors based in Brussels. There would be an enhanced information service and much more use of confidential briefings and exchanges of information.
- Full membership of the European association, including representation on the board. This obviously carries a much higher price for the companies.

It is worth noting a fourth type of involvement. Where the chief executive of a European association knows that big companies need to be directly involved but cannot get the agreement of the governing body that they should be, then sensibly he or she will set up an informal network with the public affairs directors of large companies.

The most contentious issue is full membership with substantial subscriptions being paid and involvement in the governing body. There are five broad arguments in favour of going down this road –

- An increase in revenue for the association. This is a major factor with many associations as they are under pressure to do more work yet are not easily able to increase subscription income from national associations, themselves under similar pressures. In some associations this has been the main driving force behind direct membership.
- If big companies are involved in the European association and feel comfortable with this then they are more likely to be supportive of the European association and possibly its subscription demands on the various national associations.
- The involvement of top business leaders on the board of a European association both enhances the credibility of the organisation in the eyes of the

European institutions and also may contribute to a more businesslike approach, counteracting the political and process driven approach of some trade association executives.

- The resources, including intelligence and lobbying, of the big companies can be drawn on by the European association. The sensible public affairs director of a large multinational will frequently use trade associations as “camouflage”. They know that they are more likely to get their views accepted if they are put forward by a wide ranging industry group rather than a single company.
- Involvement of industry leaders will increase access to MEPs and Commission staff who are more likely to accept an invitation to a meeting or a dinner with, say, the head of a large multinational than they are with the president of a European association who is not a significant industry player.

There is an important negative reason for involving large companies directly in a European association. Large companies will do their own lobbying in Brussels regardless of the views of national and European associations. This can dilute the efforts of the European association. If they regard the European association as an effective representational mechanism and are involved in it then they will be less likely to undermine it.

The key argument against direct membership is that there is a risk that the association will be captured by the interests of multinationals mainly concerned with cross-border operations, and that the interests of smaller companies will be diluted. Related to this, there is a risk that the association will be perceived, rightly or wrongly, as not representative of small businesses. In extreme cases, small businesses may be inclined to establish their own association although there are few known examples of this happening.

A second risk is that discussion of the membership issue will absorb huge resources, create internal conflict and divert the association away from its mainstream activities.

An examination of the structure of a number of European associations shows that member involvement on the whole follows a logical pattern. BIPAR, the European association for insurance intermediaries, has no individual company members but then the sector is dominated by a large number of small companies. At the other extreme, the EICTA, representing information technology companies, has direct membership and a governing body that comprises ten nominees of national associations and ten representatives of companies, with the presidency alternating between the two groups. Some associations have

little choice but to have direct company members – because there are no national associations in some countries

Where multinational companies are very strong in the industry but direct membership is not possible, then it is almost certain that an informal club will develop outside the European association. The most recent example of this is the European Round Table of Financial Services (ERF), which comprises the heads of 13 of Europe's largest banks and insurance companies. The Round Table has recently published a study evaluating the costs of failure to complete the single market in financial services and the benefits the single market will create. Among the objectives of the Round Table are pension portability, equal tax treatment of domestic and other pension savings vehicles, the single capital market and a two tier regulatory system with a central body responsible for setting broad standards and the rules issued by national or regional bodies.

The balance between trade association executives and practitioners is rather different and much will depend on the strength of the national association and the way that it is run. Some European associations leave it to national delegations to decide who should represent them while others stipulate that it should be either executives or practitioners. Trade association executives have the advantage of understanding trade association work and in any event they must be fully involved in the work of the European association. The downside is that they can be political and sometimes process driven. Practitioners offer the obvious advantage of being closer to the coal face, but may not always understand political issues.

Perhaps the best combination, and one employed in many associations, is to have a combination of practitioners and trade association executives. In this case it is essential that the practitioners are industry leaders who are on the boards of national associations. Too many European associations have been caught with having “has been” or national association rejects hoisted on them as a sort of consolation prize or a reward for an elder statesman.

Whatever the formal arrangements with the national associations, the good European association will keep the national chief executives closely involved. Often, this is done informally. The good European association director general will know each of the national directors general and make sure that there is a personal contact at least once or twice a year, will regularly telephone them or e-mail them with information or to seek views, and generally will regard them as key players in the European association. In a number of European associations there are regular meetings of the national chief executives both to discuss European issues and also to exchange views about issues generally.

Administration and management

There are five basic administrative factors that an association must get right if it is to be effective regardless of its membership, governance arrangements and methods of operation. If they are not right then the association may still be effective but it will be less than fully effective and may be wasteful.

There is only one location for a European trade association, Brussels. Arguably, the preferred *location* is a much smaller area around the European institutions in the centre of Brussels. If an association is not in Brussels the staff cannot network, and their access to information and their ability to lobby is reduced.

Similarly, the vast majority of *meetings* must be in Brussels. For the European association this has the particular advantage of reducing costs which fall on its budget (travel costs of national representatives generally do not) but, in addition, Brussels is easily accessible and people attending meetings of the European association in Brussels may well also take the opportunity to do some representative work of their own. Many associations have a practice of having, say, one meeting of their governing body a year in another location, perhaps the national capital of the country from which their president comes or a city which may, for example, be hosting a meeting of the European Parliament or occasionally the capital of an accession state, in particular Warsaw, Prague or Budapest. Meetings in exotic locations, with no direct air connection with national capitals, are the sign of an ineffective association.

It is perhaps difficult for the British to comment on the *language* issue. The reality, however, is that English is now the language of the European Union. Many associations operate only in English with no simultaneous translation under any circumstances and no translation of documents into other languages. Some will translate key documents where these are targeted outside the association rather than at members. Operating in English not only reduces the costs of running the association but also increases the speed with which documents can be produced. Having said this, the really good association executives are multilingual.

The *governance* arrangements for European associations must provide for quick decision taking where this is necessary, the minimum of bureaucracy and ensuring, as far as possible, that only industry leaders are involved. Meetings of the governing body should concentrate on strategic and policy issues rather than subscription rates, budget setting and detailed scrutiny of the work of the chief executive.

The association's *website* must be top class as it will be the first port of call for anyone seeking information about the association or industry views. The good website will have a public section, including the necessary information about the association, a list of members (and

hyperlinks to them) and policy documents and submissions. The private section should have all information that is available to members only, which may include agenda papers, minutes of meetings and briefings. Very few European associations claim top quality websites and some rank as very poor, being hopelessly out of date, difficult to find and not easy to navigate.

The method of operation of an effective European association

The effective European association will be output driven, the overall objective being to serve best the interests of the members in the longer term. This is of course very difficult to measure. The remainder of this section covers inputs that, if an association gets right, should lead to effective outputs. There is, however, one useful short term output test and that is whether the association is easily able to gain access to key people in the Commission and the Parliament. If requests for meetings (to discuss issues rather than as social events) are routinely and quickly accepted then the association is seen as being effective. If, by contrast, there is a reluctance to meet the association then it is seen to be ineffective.

As has already been explained, the best European representational work is now increasingly done through *coalitions* on specific issues. The sensible European association will not hesitate to combine with anyone else to achieve a desired objective although always bearing in mind any long term implications of a one-off relationship. Other European associations with the same interest will be natural partners, but where appropriate a European association should also work with national associations, individual companies (whether members or not), consumer groups, environmental groups and local government. The wider the coalition supporting an issue the more likely it is to be successful.

Intelligence gathering is a critical success factor for any trade association, particularly at European level. The best European associations gather intelligence through contact, particularly with Commission officials but also with MEPs, other trade associations and any coalition partners. There will be some occasions when national trade associations know things before European associations, particularly where they have strong links with national governments. In such cases, the national associations become a source of intelligence.

The chief executive will be the main intelligence gatherer but the good association will ensure that all of its staff have this role and that it is regarded as a key characteristic of good trade association staff.

There is also the more obvious intelligence gathering mechanisms such as website monitoring (at its best done on a daily basis) and monitoring the press, particularly trying to spot deliberate leaks or briefings from the Commission or the Parliament (*European Voice*, *The Rapporteur* and the *Financial Times* are particularly good sources).

Trade associations are in the *communications* business. They must ensure excellent feedback from any meetings. There is no point in, say, the president of a European association who might be a practitioner having a meeting with a senior Commission official and then not telling anyone what was discussed. Trade association officials tend to be better at the feedback mechanism than the practitioners. The European association must analyse and distil a great deal of information and feed it to its members and, where appropriate, other stakeholders. This is not done by forwarding a 60 page document from the Commission. It is best done by very short notes setting out key issues which people need to know and then giving website links to relevant documents. The good association will have a database of information on current policy issues, easily searchable so that members can immediately find out the latest information and background.

Finally, the association must be effective at *lobbying* in accordance with the principles set out in the first chapter. The European association should be at its best in respect of the Commission. However, the Commission will value European associations only if they have a positive contribution to make to the policy making process. What the Commission wants is the views of industry, not only on what should happen but what is happening, how European Union policies are working and so on. Where a European association is seen as a good conduit for information, that is it is quickly able to gather, aggregate and pass on information, then it is valued. If, however, it is seen as an interpreter and massager of information trying to exaggerate a problem for the purpose of getting a preferred policy outcome then the European association will quickly be discounted. This is why associations must be close to their members and not simply be organisations of bureaucrats.

Very rarely will the good European association be able to play any part in influencing national governments. Here it has to work closely with the national associations. The associations for the countries holding the presidency and those which are the next two or three in line to hold the presidency are particularly important.

Practice varies in respect of lobbying the European Parliament. Some European associations lobby the European Parliament directly, some lobby in conjunction with national associations and some confine their activities to providing briefing material and logistical help for national associations. Certainly a European association should expect to have a relationship with the rapporteur of any committee considering an issue of key importance to it and perhaps with a small number of other MEPs with a particular interest in a sector. MEPs are comparatively well resourced and the good European association will develop relationships with the staff of relevant MEPs, seeking to become an established source of readily accessible information about the industry.

The attributes of an effective European association

What attributes does a European association need to operate in the way described so far in this chapter?

The most important answer is an *outstanding chief executive* because he or she will make sure that, as far as possible, everything else is in place and will deal effectively with problems that cannot be avoided. The chief executive of a European association needs to be an outstanding manager of people, an excellent communicator, be able rapidly to absorb, analyse and process information and almost certainly be a linguist and somebody who believes in the European Union. A chief executive who is parachuted in from a company or a national association as a sort of pre-retirement job is unlikely to have these characteristics. Many of the best chief executives are young and now seek to hold a position for a limited number of years before moving on to something else.

European association *staff need trade association skills*. It is not sufficient, and often not necessary, for staff to have technical knowledge of the sector they represent. The good chief executive will encourage and train his or her staff, making sure that they become part of the intelligence gathering and representative function and also that they help to develop excellent relations with members.

An outstanding chief executive can work with a very poor governance framework but it is not ideal, particularly where the governing body consists of the wrong people who cannot easily be removed. The good trade association will therefore bring in *modern governance arrangements* which can ensure quick decision taking, clear delegation of authority and with only industry leaders involved. The right time to put these arrangements in place is when there is good leadership from the president of the association.

A European association cannot operate effectively without *adequate resources*. Every trade association is under financial pressure. Some associations seek to increase their resources by running conferences, managing projects for the European Union and so on. These can work but they can also divert attention and, in extreme cases, cost an association a great deal of money. They do need to be carefully evaluated and not simply assumed to be revenue earners. Direct membership by companies is a means of increasing income. The good chief executive will make his or her case for the resources they need, will ensure that there is no waste (for example, by meeting in exotic locations and unnecessary interpretation and translation) and will demonstrate effectiveness.

There is a final point about which a good chief executive can do nothing in the short run and that is whether the association has a *viable market position*.

Checklist for measuring the effectiveness of a European association

Output measures

Because European representational work is long term in nature and complicated with many participants, measuring effectiveness is very difficult. The true measure of effectiveness is the extent to which policy outcomes at the European level have been influenced in favour of the members of a European association, but this is almost impossible to judge.

A good short term measure is the access that the European association has to policy makers, particularly senior Commission staff and MEPs. If they do not have easy access this is because they are considered to have little to offer.

Because output is so difficult, effectiveness must largely be measured in relation to inputs.

Market position

Does the association occupy a viable position in the market place? In particular, is there the necessary degree of cohesion between the members? The framework developed by Professor Greenwood (see Appendix 3) can be used to assess this.

Is there a significant overlap with the activities of another European association such that closer co-operation, possibly extending to a merger, is appropriate?

Membership

Does the association have members in each member state of the European Union and the accession states (assuming that the business covered is undertaken in each of those states) and if so do its members cover a very large proportion of activity in their countries?

Does the association either allow direct membership of large companies or otherwise have arrangements that ensure that large companies are sufficiently connected to the association such that they do not unnecessarily bypass it?

Location

Is the association located in Brussels, and ideally that part of Brussels where the European Union institutions are centred?

The only general exception to this rule is where the activity being represented is concentrated in one country, for example some specialist financial activities are concentrated in London.

Governance

Does the governing body of the association comprise industry leaders?

Are practitioners, chief executives of national trade associations and representatives of large companies involved in the governance of the association?

Are the governance arrangements such that decisions can be taken quickly when necessary?

Are governance arrangements such that the association is not plagued by long and inconclusive debates on process?

Is the president of the association an industry leader?

Strategy

Does the association have an established and generally accepted strategy and method of working?

Resources and cost effectiveness

Does the association have adequate resources to do its job properly?

Does the association use opportunities open to it to obtain additional sources of revenue such as direct membership by large companies, publications and conferences?

Are there areas of waste, for example unnecessary simultaneous translation at meetings, unnecessary production of publications in several languages and too many meetings being held outside Brussels?

Staff

Is the director general the leader of the association with a high level of trade association skills, in particular networking, analysis and persuasion?

Do all the staff of the association have the necessary trade association skills?

Policy making

In developing policy, does the association have a process which enables it to draw on practitioner views rapidly, to obtain evidence where this is needed, to consult, to understand the framework within which policy is being created and, where necessary, to do all these things quickly?

Does the association as a matter of course seek to work with others to achieve desired objectives?

Intelligence gathering

Is the association always on top of developments in Brussels?

Does the association have and use the necessary contacts with the Commission, MEPs and their staff and other trade associations?

Does the association have an effective method of monitoring websites and the press?

Communication

Does the association keep national trade associations properly informed on developments?

Does the association circulate any feedback from meetings or notes of meetings within a week of the meetings taking place?

Does the association supply commentary on key Commission and other documents as well as details of the documents themselves?

Does the association have a top quality, up-to-date, website which includes –

- Information about the association.
- Policy documents.
- A list of members and links to them.
- Links to other websites?

Where the association is dealing with a major issue is there a separate area of its website that is used to keep everyone informed?

Transparency

Is it clear to members and others how the association functions?

Is it clear to outsiders, in particular policy makers, who the association represents? This information should be available on the association's website.

Is the association accessible? This means in practice accessible through a website. This requires links from the websites of the national associations, the association being picked up by search engines and the association being included on the European Commission Coneccs database (see Appendix 1).

Lobbying

Does the association provide policy makers with the information and hard evidence that they need?

Does the association indicate the range of views of its members where there is not unanimity?

Does the association work with national associations, particularly in influencing the Council of Ministers and MEPs?

Does the association work with others?

Review

Does the association review its effectiveness at regular intervals?

Does the association ask members and other stakeholders for their views of the effectiveness of the association?

Characteristics of an ineffective European association

1. A headquarters anywhere other than Brussels.
2. A long-serving chief executive who runs the association in much the same way as it was run ten years ago.
3. Staff who are regarded as valuable solely because of their technical and linguistic skills with no importance given to analytical and influencing skills.
4. Simultaneous translation as a matter of course at all meetings of the governing body.
5. Lengthy annual reports and out of date statistical publications produced in three languages.
6. A bureaucratic structure with work being handled by standing committees that meet at dates fixed months ahead and which report upwards to a board.
7. Governing body and annual general meetings being dominated by oral reports from the chief executive and standing committee chairmen.
8. Meetings held at locations that cannot be reached by direct flights from national capitals.
9. Long serving leaders of national delegations who have ceased to hold a leadership role in the domestic industry.
10. A president who is not an industry leader.
11. A mechanical cost-plus approach to budget setting and subscriptions.
12. Fierce opposition to national trade associations lobbying in Brussels.
13. Not communicating to members in a timely way, for example using only a fixed quarterly bulletin, or forwarding Commission documents without a commentary.
14. No clear mission statement or strategic plan.
15. A culture of secrecy.
16. The chief executive being the only member of the secretariat being allowed to be seen and heard.
17. A poor quality website.
18. A reluctance to engage with MEPs, large companies in the sector, and consumer and other interests groups.
19. Ignoring the accession states.

Effective European associations and coalitions

European Vending Association

The European Vending Association is a small association with an annual budget of €550,000. It represents the interests of vending machine manufacturers. 90% of its funding comes from companies and only 10% from its trade association members. Key features are –

- A small governing body of seven people, all practitioners, which meets five or six times a year, always in Brussels, with the exception of one meeting which might be held in conjunction with a national association.
- A committee of the chief executives of the national associations.
- Ad hoc committees of practitioners set up as and when needed.
- A staff of four, chosen because of their personal qualities rather than technical knowledge.
- Meetings are all conducted in English and most documents are prepared in English only. The annual report and some other major documents are translated into French, German and Italian.

The Association keeps on top of developments at the European level through monitoring websites and publications and a wide range of contacts in the Commission and in other European associations.

The Association works through coalitions wherever possible. One such coalition dealt with the introduction of Euro coins. The EVA worked with the European Blind Union (the EBU) and the coin manufacturers. The EVA and the EBU had a common interest in ensuring that the coins could easily be distinguished and were successful in persuading the Council of Ministers to change a regulation that previously had been adopted.

Emphasis is placed on staff training, which includes visits to member companies. The Association's staff also attend trade shows giving them a good opportunity to have contact with their members.

All meetings are carefully planned so that people wish to attend them and get some benefit out of them.

The Association has had to educate members, for example comments on documents may be required much more quickly than used previously to be the case.

The Association has regular contact with MEPs through the director, generally accompanied by a practitioner.

The director attributes the effectiveness of the organisation, among other things, to four key points –

- A very lean structure with an executive committee of just seven and the director having power to manage.
- A well resourced organisation.
- Good staff training and continual contact with member companies.
- Practitioners being involved rather than trade association executives, who it is felt that at times can be too political.

European Mortgage Federation

The European Mortgage Federation (EMF) is a specialist association representing mortgage lenders, a function which is now increasingly dominated by more general banks rather than specialist institutions.

The members of the EMF comprise national federations and also individual lenders. In a number of countries there are no national associations of mortgage lenders.

The EMF has an annual budget of €1.1 million.

The EMF has a large board of 32 people, three nominated by each of the larger countries and either one or two by the others. The countries can nominate who they wish provided there is a national vice president and a national co-ordinator. The board has a mixture of practitioners and trade association executives with generally the practitioners being the top people in the industry. The presidency is always in the hands of a practitioner.

The board holds two of its meetings each year in Brussels with a third being held in another national capital. There has been a change over the years from board meetings being held all round Europe.

The board concentrates on the major strategic issues with administrative and financial matters having been delegated to a budget committee.

The Federation works closely in partnership with national trade associations, particularly in respect of lobbying the Council of Ministers and MEPs. The Director welcomes the activities of national associations

in Brussels and seeks to visit four or five national associations a year.

The Federation seeks to work closely with other European trade associations and other representative bodies including consumer groups. It has developed a code of practice in conjunction with consumer organisations.

The Federation has a strategic plan that has secured the necessary buy in from members. This allows for delegation to the secretariat in the knowledge that the broad policy objectives have been agreed.

The Federation collates and analyses statistics on interest rates, house prices and other mortgage variables, which, in its case, helps it with representative work and also helps it secure media coverage.

The Federation aims to keep on top of developments in Brussels and to keep its members fully informed. It gives members details of relevant Commission papers, together with a summary of key points, and also aims to distribute reports of meetings within two to three days. In recent years the emphasis has switched from providing technical information to providing intelligence.

In its representative work, the Federation sets out the views of the different countries where these differ so that policy makers in the Commission, the Council and MEPs are on notice rather than discover these differences only at a late stage.

Over the years the staff of the Federation have become more political and less technical as requirements have changed. All staff are expected to participate in intelligence gathering and representative work.

The Federation operates now almost entirely in English. This has happened for pragmatic reasons and has not been an issue of principle.

Like other Federations, the EMF faces major challenges. Mortgages have been losing their distinctiveness and the trend for mortgage lending to be dominated by general banking institutions has continued. Some national trade associations of mortgage lenders have ceased to exist. There is an overlap with the European Banking Federation with some countries sending the same people to both organisations.

European Information and Communications Technology Industry Association (EICTA)

EICTA represents the rapidly changing information technology industry at the European level. It is the product of two recent mergers. In 1999, ECTEL (representing telecommunications manufacturers and professional electronics industries) merged with EUROBIT (representing information technology and computer manufacturers). At the end of 2001 the EACEM (representing the consumer electronics industry) merged with EICTA.

The Association is based in Brussels and has eight staff.

The membership comprises 22 national associations from 16 European countries and in addition 30 global companies active in the industry. A board of 20 is made up equally of nominees of the national trade associations (usually practitioners) and nominees of the direct members. The Association has committees representing seven broad policy areas and in addition a large number of issue groups dealing with specific subjects.

Associations in the accession states can become full members. The Association has carried out a project within the Commission's PHARE business support programme for Central and Eastern European countries to help national ICT associations in the accession states acquire an organisation structure and understand the legislative framework of the European Union.

The Association regards the involvement of practitioners from the major companies as essential to give it the necessary expertise and global perspective.

The Association works closely with the national trade associations, particularly in respect of lobbying national governments and the Parliament. The national association of the country that has the European Council of Ministers presidency is regarded as particularly important. There is a steady two way flow of information between the EICTA and the national associations and a once-a-year meeting is held with the directors general of the national associations. The director general of the EICTA and his staff take the opportunity to visit national associations and readily accept invitations to speak to them.

All meetings are in Brussels unless there is a good reason for meeting elsewhere.

The Association uses a number of channels for intelligence gathering. It has contacts with the Commission at all levels. All staff are involved in intelligence gathering. It regularly analyses websites and it cooperates closely with other trade associations including the EU Committee of the American Chamber of Commerce and other associations in the electronics sector.

Unlike a number of other European associations, the EICTA does most of its lobbying of MEPs directly rather than through national associations. However, it does work with the national associations to gain access to MEPs.

EICTA's Director General, Oliver Blank, has set out his views on how trade associations have changed –

“In the past there were big and powerful industry associations with large staff, huge facilities, complex structures and high fees. Their problem was that they had become so big that they no longer represented the interests of their members. Accordingly, they were perceived as slow and inflexible monster bodies, getting bigger and fat, creating more internal work rather than service to their members but with increasing demands to feed their structures financially, far from its members' needs, with no service mentality and unwilling to change.”

The dinosaur age of associations is over. Industry associations of the twenty-first century need to be competitive, lean, flexible, open and ready for the changes that global markets bring. It is true that the new technologies have changed the pace, that is, in one Internet year as much happens as in seven calendar years. Industry associations today need structures that can cope with the challenges of the new e-Economy. If they do so, they are strong, powerful and important players, helping their members to get industry views across as well as helping policy-makers better understand the world for which those create the rules of the game.”

Source: Justin Greenwood (ed), *The Effectiveness of EU Business Associations*, Palgrave/Ernst & Young Association Management, 2002.

The European Partnership for Energy and the Environment (EPEE)

EPEE is a broad-based group of responsible companies, national associations and European associations active in the European air-conditioning, heat-pump and refrigeration industry. It was formed in September 2000 to contribute to the development of effective European policies to reduce greenhouse gases from the use of refrigerants. EPEE's strength lies in the direct and active membership of companies, a rapid and efficient decision making structure combined with an effective secretariat. To reinforce the voice of the industry, EPEE also seeks alliances with other European, international or national industry associations, some of which have already been accepted as associate members.

EPEE's aim is reached by participating at an early stage in the European and national regulatory and legislative decision making process and by promoting the understanding of the environmental and societal benefits of HFCs as refrigerants. So far the group has played an active role in the recent dialogue on the European Climate Change Programme, has developed strong relationships with key stakeholders in Europe, successfully tackled policy threats both at a European level and at a member state level and is planning a high-level Brussels event on HFCs later in 2002.

How does a British trade association address the issue of its effectiveness at the European level? The questionnaire response demonstrates a degree of concern among British associations about their effectiveness at the European level. This is a useful starting point.

Changes at national level

The first step an association should take is to review its effectiveness, aided by the tool kit in Chapter 2. The good association striving to improve its performance can probably do this work in-house. Sensibly it will consult, among others, its European association, the relevant government department, perhaps MEPs if any specialise in the relevant subject, and also the members, particularly those for whom European developments are most important.

A well conducted review involving relevant staff, which should help to secure their buy-in, is likely to give a number of pointers as to where the national association is weak, for example contact with MEPs, working with the British Government or being up-to-date with developments. It may also identify possible changes to the environment in the future that the association needs to take into account, for example the growing importance of local government organisations and the Committee of the Regions.

The review should include considering the performance of any consultancies and considering whether a consultancy or the British Business Bureau should be retained.

If there is a case for employing a consultancy then this needs to be looked at in conjunction with any domestic consultancy arrangements.

A key part of the review should be relations with the European association. The review should assess whether the right people are involved, whether the association should seek to have a stronger input into the European association, for example by having better representation on committees and working groups, and whether the flow of information with the European association is optimal.

Changes at European level

Generally, the good national association does not need to do a review to know how effective its European association is. It will know this from its day-to-day dealings with it. However, instituting a comprehensive review of a European association seems an extremely difficult task. A number of British associations have attempted it and have served merely to further enhance the reputation of the British for being the “awkward squad” in Europe. Seeking to reform European associations is a very political process and the political environment needs to be carefully and fully understood –

- Some national trade associations may be keen to keep a European association ineffective for their own particular reasons.
- Similarly, large companies may frustrate an attempt (by applying the appropriate pressure on national associations) to reform a European association because they may be able to have more influence where the European association is weak.
- While the good national association wishes its European association to be an essential part of the representative function, others, including national delegations and members of the governing body (including some from Britain), may view it more as a travel club and will firmly resist the loss of their twice-yearly visits to the more enjoyable parts of Europe.
- While many British trade associations have gone through fundamental changes over the last few years, this appears not to have happened in some other countries or at the European level, so the thought of trying to reform the European association may be alien to some.
- Seeking to reform a European trade association is likely to be a time consuming process and those who begin it must devote the necessary resources.

There also needs to be a clear understanding that an ineffective European association will generally mean an ineffective chief executive, although there are some associations that are simply very difficult to manage because of the nature of the issue being covered or because of the members. The ineffective chief executive will resist a review on such grounds as “we had a review only 10 years ago”, “it is only the British who are moaning” and “we are too busy to have a review”.

Where the European association is felt to be weak then a British association must carefully develop a strategy for dealing with it. The strategy must involve other national associations and ideally should be led by them. A good approach is to engineer a review into the European association, whereas circulating a British paper suggesting wholesale reforms is likely to fail.

If a national association really feels that its European association is very ineffective then it must consider whether to withdraw, and over the years a number of British associations have done this. This decision needs very careful thought. It should not be used as an idle threat because relations will never be the same again once the threat has been made. There are also adverse consequences from withdrawal –

- Sometimes membership of a European association should be regarded as an insurance policy, that is to stop the European association from promoting views that are contrary to those of the British association rather than actively promoting its interests. Without membership a British association might find a European association promoting views that are damaging to the association's members. This "cost of non-membership" can be very high.
- Even poor European associations are normally clever enough to seek to replace any departing British association with another association from Britain, however small and however remote, simply to say that it still represents every nation in the European Union. For the small association (which will generally get membership for almost nothing) their position is enhanced as being the British association recognised at the European level.

Having said that, the evidence from a number of sectors seems to be that withdrawal or threat of withdrawal is the only way in which the reform process can begin in a European association that is seriously ineffective.

Creating a new European association

There are a number of circumstances where a British association should consider taking an initiative to create a new European association.

Where a British association leaves a European association then it should consider setting up a parallel European association with other national associations, or joining and seeking to strengthen a small European association. There are also examples of large businesses that have been dissatisfied with their European association setting up a parallel association.

There are some sectors where activity is concentrated in Britain. This is true of a number of financial services activities. There are some international associations based in London, such as the International Primary Markets Association, the Futures and Options Association and

the International Swaps and Derivatives Association. They are recognised as representing their sector and are accepted as such at the European level. The London Investment Bankers Association is in a broadly similar position. Such associations must spell out their credentials as being international in nature rather than representing a British interest.

The cheque cashing business is unknown in most of Europe. The British Cheque Cashers Association has taken an initiative to establish a European association based in its offices. Membership will be open to trade associations in other countries where the function exists. This will strengthen the ability of the British association to influence developments at the European level.

The Association of Private Clients and Investment Managers (APCIMS) is very active at the European level. In the absence of a European association of stockbrokers it has sought to make joint submissions to the Commission and other parties with interested organisations from other countries. More recently APCIMS has announced that it is merging with the European Association of Securities Dealers, based in Brussels. The new association will have offices in Brussels and London and will be administered by the APCIMS secretariat. Angela Knight, the Chief Executive of APCIMS, has explained the rationale for the merger as follows: "Influencing in Europe is not that easy. It is obviously important that the UK co-ordinates well but it is also important that what the UK says is not just seen as a case of "Brits special pleading again". Being able to produce a response to the consultations and proposals ahead on behalf of practitioners in a number of European countries and not just one will be an essential part of the work of 2002 and underpins the reason . . . for the proposal for EASD to join forces with APCIMS."

Finally it is worth noting the beginning of a trend for British associations to merge with their counterparts in other countries. LAPADA, the Association of Art and Antique Dealers, has signed an agreement with its Dutch equivalent committing themselves to close co-operation with the ultimate aim of a full union.

Appendix 1: A guide to information sources on European representation

The European Public Affairs Directory is published by a Belgian firm, Landmark - www.contacteu.com. This A4 publication, running to nearly 500 pages, has sections dealing with –

- European public affairs offices of major companies.
- Details of all types of professional groups including European trade and professional associations and national trade and professional associations. (For the most part the only information given is contact details with a brief indication of the sector covered. One weakness is that there is no index of activities so an association can be traced only if its name is known.)
- Media.
- European Union institutions (including a directory of Commission staff with direct telephone numbers).
- European Union information.
- European on-line information.
- Guide to public affairs at the European level (including an excellent summary of the institutions and the decision taking process).

The Directory is available on several on-line databases and can be imported into an Intranet.

Dod's European Companion is published by Vacher Dod Publishing Ltd - telephone 020 7828 7256, website www.PoliticalLinks.co.uk. The publication runs to over 900 pages. Its major parts are –

- 330 pages of biographies.
- Details of the structure and key people in all of the European Union institutions and the decentralised agencies.
- Key information about member and applicant States.
- Details of European organisations.
- European Union information.

Euroconfidential - www.euroconfidential.com - produces a range of directories, the most relevant to trade associations being –

- The Directory of 10500 Trade and professional Associations in the European Union.
- The Directory of EU Information Sources.
- The EU Institutions Register.
- The Guide to EU Information Sources on the Internet.
- Lobbying in the European Union.

CBD - www.cbdresearch.com - has produced directories of European industrial and trade associations and pan European associations but the most recent editions are now somewhat dated.

The consultants Weber Shandwick produce an interactive guide to the European Union, available at www.webershandwick-eu.com. This includes information on the composition of governments of member states, details of non-EU European states, a section on enlargement, hyperlinks to key national media and national competition authorities and a calendar of Council meetings.

The European Union makes extensive use of the Internet, as a result of which information is now more readily accessible than ever before for trade associations and others. The main European Union site is <http://europa.eu.int>. From this site all of the institutions of the European Union can be accessed as well as official documents and other information.

The site for the Commission has links to each of the directorates general and services. The site for the Enterprise Directorate General, of particular relevance to trade associations, has a directory of officers, although unfortunately not e-mail links. It also has the work programme, admittedly for 2001 rather than 2002, and a 104 page paper containing for each directorate and unit of the directorate general key priorities and activities for the year. The sites for the individual directorates general differ significantly in the extent to which they are useful and up-to-date.

The Parliament has a comprehensive site - www.europarl.eu.int - covering members, activities and reference documents.

The Commission runs a database for Consultation, the European Commission and Civil Society (CONECCS) which it has stated includes information “about the Commission’s formal or structured Civil Society consultation bodies and [enables] search of a directory of pan European civil society organisations representing a wide range of interests in Europe.” The site, which otherwise cannot easily be found, is www.europa.eu.int/comm/civil_society/coneccs. The section on consultative bodies is currently under construction. There is, however, a database comprising roughly 1,000 organisations. According to the information these are listed by policy area or alphabetically. Sadly, the policy areas relate to the directorates general and there is therefore a single policy area entitled “Enterprise” with over 300 entries. It is not possible to use the database to search for, say, the European representative body for the brewing industry or the mechanical engineering industry. The database is also faulty, relying on information inputted by organisations with no check. It is possible for an organisation to be classified as a pan European interest group with two members, provided they are from two different countries. It remains to be seen whether the Commission will develop the database such that it becomes more useful.

Introduction

As part of the project, a questionnaire was sent to all members of the Trade Association Forum asking for views on various aspects of European representation. The questions used a 1 to 5 scale (1 equals unimportant or strongly disagree, 5 equals very important or strongly agree) to obtain views on most of the issues.

130 associations responded, of which 33 were large (subscription income in excess of £1 million), 56 were medium sized (subscription income between £200,000 and £1 million) and 41 were small (subscription income under £200,000). The size groups relate entirely to the UK associations, not to their European counterparts. Not all associations responded to every question. However, except in respect of the questions on consultancies there were very few questions that were not answered by each association.

Use of European channels

Table 1 shows the importance of each of nine channels that may be used to influence developments at the European level.

The most important channels used by all size groups of association are European associations and the UK Government. The least important are European consultancies and UKREP.

Table 1 Use of European channels
(5 = very important; 1 = unimportant)

	Large	Medium	Small	All
The relevant UK government department	4.1	3.8	3.8	3.8
UKREP	2.4	2.1	1.9	2.1
A European association or associations	4.3	3.8	3.6	3.9
A consultancy in Brussels	1.8	1.7	1.3	1.6
Direct contact with the Commission	3.7	2.8	2.4	2.9
Direct contact with MEPs	3.7	2.7	2.4	2.9
Co-operation with other UK trade associations	3.1	3.2	3.4	3.2
Co-operation with other national associations	3.3	2.8	3.0	3.0
Co-operation with other UK organisations	2.6	2.9	2.8	2.8

Large associations made greater use of all of the channels, except the two concerned with co-operation with other UK organisations. This is not surprising. Many smaller associations do not have the resources to do the work in Brussels that larger ones can do directly.

Effectiveness at the European level

Table 2 shows the responses to two questions about effectiveness at the European level.

Table 2 Effectiveness at the European level
(5 = agree strongly; 1 = disagree strongly)

	Large	Medium	Small	All
The association is as effective, directly or through a European Association, at the European level as it is in Britain	3.2	2.6	2.7	2.8
The association has a good input into the work of our principal European association	4.4	3.7	3.7	3.9

The table shows that the larger associations are more likely to believe that they are as effective in Europe as they are in Britain and that they have a good input into the work of their European association. Generally, these results show a fairly unsatisfactory position in respect of effectiveness at the European level.

Subscriptions

Table 3 shows the key data for subscriptions paid to European associations.

Table 3 Subscriptions paid to principal European association

	Large	Medium	Small	All
Lower quartile	£17,500	£2,000	£1,200	£2,900
Median	£27,500	£9,000	£2,800	£10,000
Upper quartile	£62,500	£18,000	£10,200	£25,000

The questionnaire asked associations to distinguish between the subscription paid to the main association and the subscription paid to all associations. 24% of associations paid a subscription to more than one European association (25% of large associations, 31% of medium sized associations and 8% of small associations). If total subscriptions were analysed rather than subscriptions to one association the median figures in the table above would be increased by about 10%.

As expected, the table shows a strong relationship between the size of the subscription to the European association and the size of association. The most striking feature of the table is the huge difference between the lower and upper quartiles for each of the groups of association, particularly the smaller ones.

European associations

Table 4 shows the key information in respect of questions about European associations.

Table 4 Views on European associations
(5 = strongly agree; 1 = strongly disagree)

	Large	Medium	Small	All
Our primary European association is as effective in Europe as we are nationally	2.7	2.6	2.8	2.7
Membership of our primary European association is good value for money	3.1	2.9	3.6	3.2
Our primary European association has adapted well to changing circumstances	3.0	2.9	3.1	3.0
There is a need to rationalise European trade associations in our sector	2.6	2.4	2.5	2.5

The figures here show little difference between the size groups, except perhaps that the European associations to which smaller UK associations belong seem to perform rather better. Generally, the scores are on the low side, indicating dissatisfaction with European associations.

The figures can be expressed another way. Table 5 shows the proportion of respondents who answered “strongly disagree” or “disagree” for the first three of these questions.

Table 5 Views on European associations – percentage of associations that disagree with the statement

	Large	Medium	Small	All
Our primary European association is as effective in Europe as we are nationally	34	56	42	37
Membership of our primary European association is good value for money	28	37	28	32
Our primary European association has adapted well to changing circumstances	38	33	39	34

The table shows that over a third of all associations believe that their European association is not as effective as they are and nearly a third believe that their European association is not value for money. Again, the medium sized associations are in the worst position. However, it needs to be remembered that British trade associations are not exactly unbiased observers, particularly in respect of the first question.

26% of associations thought there was a need to rationalise the European trade association structure in their sector; there were no significant differences between the size groups.

Consultancies

Only 15 associations (six large, eight medium sized and one small) use consultancies in Brussels and in some cases these were used indirectly, that is through a member company or through a federation. Only two consultancies (GPC and DLA Upstream) were used by more than one association. The small sample means that it would be unwise to read too much into the figures. Table 6 shows the average scores in respect of three questions.

Table 6 Views on consultancies
(5 = strongly agree; 1 = strongly disagree)

	Large	Medium	All
The consultancy provides good value for money	2.5	4.0	3.0
The consultancy provides services that our European association should be providing	2.5	3.1	2.9
The consultancy seems to have better access to decision takers than our European association	2.0	3.3	2.7

The medium sized associations seem to have a better experience with consultancies than the large associations.

Sixteen associations use the British Business Bureau, a part of the CBI. Nine of these were large, six were medium and one was small. The BBB got a good rating from associations, in particular scoring better than consultancies on each count. The figures are shown in Table 7 below.

Table 7 Views on the BBB
(5 = strongly agree; 1 = strongly disagree)

The BBB provides good value for money	4.0
The BBB provides services that our European association should be providing	3.4
The BBB seems to have better access to decision takers than our European association	3.4

Justin Greenwood, *Inside the EU Business Associations*, Palgrave, 2002

This book is a detailed academic study of the governability of European trade associations. The analysis draws on a literature review and interviews with associations and their members.

The author analyses a series of factors that affect the “governability” of a European association and then establishes weightings according to the impact on governability that those factors have. The table below lists the factors under the assigned impact scores (5 equals maximum impact, 1 equals minimum impact) and also whether the impact is positive, that is making governability easier, or negative, that is making it more difficult.

European associations – governability factor weightings

Weighting	Association with governability (+ or -)
5	
Degree of specialism in the product chain	+
Specific regulatory regime activity/seeking; self-regulation	+
'Common enemy'	+
Threat of exit	-
Overcapacity	+
Degree of concentration	+
Autonomy from members	+
Markets European rather than national	+
4	
Counter-lobbying by members	-
Prone to lowest-common-denominator positions	-
Membership to avoid costs of non-membership	+
Membership for benefits of membership	+
Extent of evaluation undertaken	-
Degree of firms of similar size	+
Trust between members	+
3	
Issue-niche organisation	+
Involvement with cross-sectoral organizations	+
Association used for lobbying	+
Membership density	+
Transaction-cost saving	+
Member/non-member activity in Brussels	-
2	
Association used by members for information	+
Extent of competition within sector	-
Disruptive merger and acquisition activity	-
Other incentives, eg access to other organisations	+
Technology divisions	-
1	
Collective cloak	+
EU identity in global trade	+

Source: Justin Greenwood, *Inside the EU Business Associations*, Palgrave, 2002, Table 4.3.

It will be seen that the main positive factors associated with governability are to do with specialism, a specific regulatory regime, a common enemy, over-capacity in the industry, the degree of concentration in the industry, the autonomy of the association from the members and markets being European-wide rather than national. The key negative impact is the threat of exit.

Interestingly, some relatively low impact issues are those thought to be important for many trade associations, that is a “collective cloak” and the association being used as an information source.

Some of the factors have to be taken as given. There is, for example, nothing an association can do (short of changing its market) about the degree of concentration or the extent to which a market is European rather than national. However, many of the factors are capable of being influenced by an association directly (eg autonomy from members) or by becoming more effective, which, for example, reduces counter-lobbying by members. There is thus a circular process; the more governable an association, the more effective it should be, which in turn will increase its governability. Conversely, an ineffective association will trigger a series of actions from its members that will reduce its governability.

Professor Greenwood assigns a score on a 1 – 5 scale (where a factor is negative then a large degree of presence would score 1 or 2) for each of the governability factors to some 50 of the largest trade associations and weights these factors according to the impact assessment. The result is an average score.

More precisely the weighted average governability score equals the score the association records for each factor in the previous table, multiplied by the weighting for each factor, divided by the number of factors for which a score was recorded.

Thus an association scoring a maximum 5 for a high impact factor would score 25 points, scoring 1 for a high impact factor would score 5, scoring 1 for a low impact factor would score 1 and so on.

European associations – governability score

	Weighted average governability score
European Cement Industry Association	17.9
Alliance for Beverage Cartons and the Environment	17.6
European Broadcasting Union	16.0
European Advertising Agencies Association	15.7
European Chlorine Association	15.4
Committee of Cereals, Oilseeds, Animal Feed, Olive Oil, Oils & Fats & Agrosupply Trade in the EU	15.3
European Association of Craft, Small and Medium-Sized Enterprises	15.1
European Tyre and Rim Technical Organisation	14.9
European Mail Order Traders Association	14.8
European Confederation of Iron and Steel Industries	14.8
European Brands Association	14.6
European Federation of Pharmaceutical Industry Associations	14.6
European Chemicals Industry Council	14.4
European Community Shipowners Association	14.4
European Round Table of Industrialists	14.1
EU Committee of the American Chamber of Commerce	13.8
Committee of the Mustard Industries in the European Economic Community	13.7
European Express Organisation	13.4
European Petroleum Industries Association	13.3
Association of the Chocolate Biscuit and Confectionery Industries of the EU	13.1
European Group of Television Advertisers	13.0
European Dairy Association	12.8
European Confederation of Spirits Producers	12.7
European Coffee Federation	12.5
Union of Industrial and Employers' Confederations of Europe	12.5
European Carpet Association	12.2
European Federation of Magazine Publishers	12.2
Brewers of Europe	12.0
European Cosmetic Toiletry and Perfumery Association	12.0
European Association for Bioindustries	12.0
Liaison Group of the Mechanical, Electrical, Electronic and Metalworking Industries	12.0
Union of the Electricity Industry	11.9
European Federation of Consulting Engineers	11.6
European Insurance Committee	11.5
Association of European Airlines	11.2
European Apparel and Textile Organisation	11.2
Europe's 500	11.1
European Automobile Constructors Association	10.7
Confederation of the Food and Drink Industries of the EU	10.6
Committee of Agricultural Organisations in the EC/General Committee of Agricultural Co-operation in the EC	10.5
European Association of Consumer Electronic Manufacturers ¹	10.4
European Driving Schools Association	9.8
Standing Committee of the European Glass Industries	9.5
European Advertising Tripartite	9.5
European Construction Industry Federation	9.5
Association of National Organisations of Fishing Enterprises in the EEC	9.4
European Banking Union	9.0
Association of European Chambers of Commerce and Industry	7.5
European Federation of Retailing and Distribution	7.3

Source: Justin Greenwood, *Inside the EU Business Associations*, Palgrave, 2002. Table 3.1.

The table on the left shows the figures for the associations studied.

In his conclusions, Professor Greenwood outlines a number of “families” of related factors that explain the variations in the governability of EU business associations –

- Overcapacity, the degree of competition and the extent of concentration within a sector.
- The cost of non-membership but in conjunction with the benefits of membership.
- The degree of specialism together with “issue niche” organisations. A high degree of specialism enables cohesion in an association and may be both a cause and a consequence of trust.
- Autonomy and the degree of trust between members and between the members and the secretariat. Greenwood notes that high trust between the members and the secretariat can only be built up over time.
- The degree of regulation.

Professor Greenwood also draws attention to the low level of resources of many EU associations and the risk that this poses to their autonomy –

“The narrow functions of EU business associations means that they have a low level of resources, and in many cases substantially less than their best-endowed members. To compound the problem, a substantial amount of the resources of EU business associations are taken up with translation requirements. These relativities mean that EU business associations tend to be overdependent upon their members for resources, and in consequence lack autonomy... an association needs to have autonomy from its members in order to be able to bring value to them. Those that are too closely controlled by their members become a mouthpiece for their short-term demands, while those that have acquired some autonomy from their members’ short-term demands have the flexibility to participate in policy-making with EU institutions. In acquiring this property, associations are able to bring value to their members. A cause and a

consequence of this autonomy is the ability to construct a sense among their members as to what their long-term interests are. That is, the association is constructing the preferences of its members, rather than being a prisoner of them. It may withstand short-term member pressures in order to undertake their long-term interests.

To be able to undertake this delicate task, an EU association needs to avoid capture by any one specialised interest, to exceed its members' appreciation of EU public affairs, to have an independent supply of resources of funding and expertise, a decision-making structure which provides insulation from control by any one member, and highly skilled leadership."

The associations covered by the study have a useful independent analysis of their "governability". Other associations can use the framework to calculate their own governability score. All associations can draw on the analysis to identify the factors that make governability difficult and also to compare their position with that of competing associations and associations generally. The more difficult process is then to take steps to improve governability or to recognise that governability will be an ongoing problem.

Robin Pedler (ed), *European Union Lobbying*, Palgrave in association with the European Centre for Public Affairs, 2002

This book comprises a number of case studies of lobbying activity at the European level. Lessons are drawn from each of the examples, and a concluding chapter by Robin Pedler draws out more general lessons.

The cases are very varied including those with global implications, for example the American concerns about European data protection legislation, a number of environmental issues and also a number of cases involving the accession states.

One important conclusion is that many European issues are now in fact global issues and representative work needs to recognise this.

One chapter particularly relevant to British trade associations is the analysis of e-commerce by Susan Pointer, the CBI's Head of European Affairs. She makes the point that on national e-commerce issues the CBI often joins forces with a number of sectoral industry association members through the Alliance for Electronic Business. She also said that it was important for the CBI that the issue was not seen as one just for British business. One of the main channels it worked through was the European confederation UNICE.

In lobbying the Council of Ministers, Susan Pointer said that the real focus had to be with member states. Also, it was not sufficient that the UK was fully behind the view of British business. This was not an issue

on which "the UK particularly wanted to use the explosive veto option".

Among the conclusions that Susan Pointer reached were –

- "one can never be involved too early in a process;
- or overestimate the range of policy areas which might have an impact on your activities (the CBI has certainly paid closer attention to the new EU-competence area of justice and home affairs developments at their earliest draft stages in the light of the above case);
- it is never enough to work just at the national level; as a national organisation, we can never afford to rely on convincing our own MEPs/national delegation alone, who constitute just one-fifteenth of the decision-making machine;
- every vehicle should be used to raise concerns and seek support;
- alliances are helpful in reaffirming the policy message and for sharing information on developments;
- national business organisations always need to continue to develop better ways of harnessing business concerns on EU issues, and to increase resources on EU activities."

Chris Boyd, from the construction materials company Lafarge, explains how that company has worked closely with environmental NGOs, including a formal partnership with the World Wildlife Fund.

A chapter on the single market and financial services illustrates how one large bank, the Dutch bank ABN Amro, found it necessary to start representational work directly and in conjunction with other large banks to supplement work done by the European trade association. Noting that time was short for something it wanted the Bank "decided to engage, parallel to our discussions with associations, in negotiations with other European banks where decisions could be made in a speedier way. If we manage to convince leading European banks to sign a joint paper... it would become easier to get agreement from associations."

In his concluding chapter, Robin Pedler noted two key points that emerged from the case studies –

- The EU lobbying arena has expanded to become global and the players who recognise that fact and use it to advance their case are those most likely to influence the EU process.
- The influence of the presidency of the Council of Ministers is significant in lobbying the EU and appears to have increased over the years.

Pedler draws the following conclusion in respect of industry associations –

“Industry associations appear in nearly all the cases and the conclusion to be drawn is that when they are focused and intervene at the appropriate time, they are effective. However, there are several cases in which they are clearly not effective. There is probably a very long-term change in the arena, in that the Commission does not appear to regard a ‘European Federation of...’ as a privileged or even essential dialogue partner. Whether associations are becoming more or less effective is shown to be less relevant than whether their leaders are skilled and well-organised lobbyists.

All the cases show that the move from representing interests to influencing policy is made when the lead player forms an effective alliance. The author understands an alliance to be an arrangement that generates mutual effort but is not formalised to become an association or federation. The alliance may be broad and long-lasting or very focused and temporary.”

Pedler’s conclusions are that changes in the lobbying arena mean –

- “A global dimension to the EU arena. Successful players recognise and exploit that change.
- New fora in which to set agendas. The ability to be in that part of the arena gives players the opportunity to contribute at the ‘ideas’ stage, even before policy-making begins.
- Rebalancing between the institutional players in the arena. The EP is powerful and effective in co-decisions, especially when these reach the stage of conciliation. It is also beginning to exercise power over comitology decisions. Lobbyists must and do recognise this. The presidency is emerging as a more significant player at the level of Council. The Commission, although it has formally lost a little power, remains the motor of the system and the priority for effective lobbyists.
- NGOs have more influence on the process. They exercise it both formally and informally.
- European federations are no longer considered privileged partners for the Commission. Those that represent the industries of individual member states appear to be enhancing their influence. All federations, when well directed, can be effective players and form part of winning alliances.
- Alliances are the key to achieving influence. They work when they give a new aspect to the case, by presenting a global front, or by combining

commercial and civil society. They may be short-term or long-term.

- Self-regulation is increasingly a means of dealing with challenges from the institutions. This is especially true in cases that concern the ‘new economy’.
- The winners are the players who recognise, indeed cause, these changes.”

The fifth bullet point is crucial. European federations are no longer considered privileged partners and national trade associations have been enhancing their influence.

Justin Greenwood (ed), *The Effectiveness of EU Business Associations*, Palgrave/Ernst & Young Association Management, 2002

This book is a selection of keynote contributions to a conference on the effectiveness of EU business associations held in Brussels from 18 to 22 September 2000.

Chapters cover a wide range of subjects on EU business associations with authors coming from both universities and industry.

The contributions are divided into three major subject areas –

- Understanding the environment.
- Change agents and managing change.
- Cross sectoral and employers’ organisations.

The concluding chapter notes that associations have a very narrow remit generally confined to lobbying and also that many are poorly resourced.

The chapter argues that to undertake their delicate task –

“An EU association needs to avoid capture by any one specialised interest, to exceed its members’ appreciation of EU public affairs, to have an independent supply of resources of funding and expertise, a decision-making structure which provides insulation from control by any one member, and highly skilled leadership. This is a rare combination indeed, but those who have these qualities, in conjunction with the environmental factors that favour collective action... appear to have the winning formula.”

Appendix 4: Methodology

The objective of the study has been to develop a practical guide for British trade associations to improve their effectiveness at the European level.

The terms of reference have required the output to include—

- A synthesis of academic and other research of decision taking at the European level\
- An analysis of the changing environment for trade associations in working at the European level.
- An analysis of the development of global policymaking (for example in financial services, travel and IT and more generally in response to terrorism) and the interaction between representation at the global level and at the European level.
- An analysis of the approaches that a trade association can use to deal with the new European environment, drawing on practical examples.
- A toolkit for analysing effectiveness at the European level.
- A checklist for analysing the various approaches for improving effectiveness.

The study has been undertaken as follows –

- Review and synthesis of the available literature.
- Questionnaire to members of the Trade Association Forum seeking views on the current situation, possible initiatives and requesting case studies.
- Focus group meetings in London. Three focus group meetings were held covering European trade associations, working with others and coalitions. More than 60 trade association executives attended these meetings.
- Meetings with decision takers in Brussels and London to obtain views on the effectiveness of British business representation. The decision takers included officials in government departments and UKREP.
- Meetings with trade association chief executives in Britain.
- Meetings in Brussels with bodies relevant to British trade associations including the British Business Bureau, local government offices and consultancies.
- Meetings in Brussels with chief executives of European trade associations and Professor Justin Greenwood.

The study has been overseen by a Steering Group of representatives of trade associations comprising -

Anne Buckenham	Director General, Crop Protection Association
Martin Casey	Public Affairs Manager, British Cement Association
Adrian Coles	Director General, The Building Societies Association
John Gardner	Head of the Political Office, Chemical Industries Association
Janette Gledhill	Director, Automatic Vending Association
Tom Gunner	Economic and Political Affairs, Society of British Aerospace Companies Limited
Michael Johnson	Chief Executive, British Printing Industries Federation
Ian Locks	Chief Executive, Periodical Publishers Association
Keith Mather	Director General, Consumer Credit Trade Association
Tim Nicholson	Chief Executive, The Recruitment and Employment Confederation
Bruce Petter	Executive Director, The Management Consultancies Association
Gordon Polson	Director General, National Association of Steel Stockholders
Dai Somerville-Jones	Chief Executive, Energy Industries Council
Nick Morgan	Department of Trade & Industry
June-Alison Sealy	Head of Sectoral Affairs, Confederation of British Industry
Richard Fairclough	Project Director, Trade Association Forum

The Steering Group met twice and members also commented on a draft of the report.

Comments on the draft report were also received from a number of European association chief executives, Professor Justin Greenwood and officials in the Cabinet Office, the DTI and UKREP.

The project has been supported with a grant by the Department of Trade and Industry.

Appendix 5: Boleat Consulting

Boleat Consulting is an independent consultancy specialising in trade association structures and strategies and the handling of public policy issues. The consultancy was established by Mark Boleat in June 1999.

Mark Boleat holds a BA degree in Economics and an MA in Contemporary European Studies. He is also a fellow of the Chartered Institute of Bankers.

Mark Boleat spent 25 years working for major national, European and international trade associations. He joined the Building Societies Association in 1974, holding a number of positions before being appointed Director General in 1986. He also became Director General of the Council of Mortgage Lenders when that organisation was created in 1989. He held both positions until 1993. Between 1986 and 1989 he also held the positions of Managing Director of the European Federation of Building Societies and Secretary General of the International Housing Finance Union. In 1993 Mark Boleat joined the Association of British Insurers, the largest British trade association, to become its first Director General. He left the ABI in June 1999 to set up the consultancy business.

Mark Boleat is also a non-executive director of Scottish Mutual Assurance plc, Scottish Provident Ltd and Abbey National Life plc (the life insurance subsidiaries of Abbey National plc), a non executive director of the Comino Group plc and Countryside Properties plc, and a member of the National Consumer Council, the Gibraltar Financial Services Commission, the Management Board of the National Security Inspectorate and the Global Consumer Advisory Board of AMD.

Mark Boleat has pioneered work in Britain on trade association strategy and management. He published the book *Trade Association Strategy and Management* in 1996 and founded the Trade Association Forum in 1997. In 2000 he published a report *Models of Trade Association Co-operation* for the Trade Association Forum and in 2001 he published *Good Practice in Trade Association Governance*.

In addition to his books on trade associations, Mark Boleat's publications include *The Building Society Industry*, *The Mortgage Market*, *National Housing Finance Systems: A Comparative Study*, and *Wanted - A Consumer Protection Policy*. He was also the founder editor of the journal *Housing Finance International*.

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