

Lobbying During the Revision of the European Emissions Trading System

**Easier for Swedish Industrial Insiders than for
Norwegian outsiders?**

Kadri Miard



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Abstract

This report examines and compares the lobbying routes taken by Swedish and Norwegian energy-intensive industry firms during the revision of the European Emissions Trading System. Two key explanatory factors are in focus here – whether the company has its origin in the EU member state Sweden or in non-member Norway; and the size of the company. Six companies are chosen as cases: Norsk Hydro, Norcem and Norske Skog from Norway; and SSAB, Cementa and Svenska Cellulosa Aktiebolaget from Sweden. A key finding is the extensive use of European associations by all these firms in lobbying EU institutions. Also prevalent is the use of national associations, which would indicate benefits in the form of better institutional response to collective lobbying and resource-sharing aspects. Although Norwegian firms seem to have struggled more than Swedish firms when it comes to lobbying EU institutions, due to lack of access to the EU, not all differences can be explained by the fact of originating in an EU member state Sweden or non-member Norway. While company size has a positive effect on the number of available lobbying routes, this appears to depend on cross-border production and possibly other influences as well.

Key Words

Revision of European Emissions Trading System, EU ETS, EU Emissions Trading, energy-intensive industry, lobbying, Norway, Sweden

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1 Introduction

This study discusses firms' lobbying in the European Union – more precisely, how certain firms engaged in lobbying activities in the revision process of the European Union Emissions Trading System (EU ETS) that took place from November 2006 until December 2008.

The European Union (EU) has developed into a large organization with a growing number of competencies that affect a range of actors, from states to individuals. In this light it is not surprising that the number of groups seeking to influence policy-making has increased over the years. Wessels (2004) has studied interest-group formation at the EU level and found that institutional changes in the EU have brought about more interest-group activity: interest groups aim to influence policy at the European level, because the power of the EU institutions has increased. Using various sources, Coen and Richardson (2009: 6–7) estimate that approximately 15,000 to 20,000 interest groups operate in Brussels and about 2,600 specialized groups maintain an office in Brussels. Of the interest groups registered at the European Parliament, about 70% are business-oriented. As the authors note, these figures are disputable, but it is clear that lobbying, with its distinct characteristics, is a significant part of the policy-making process in the EU.

It is fairly obvious that interest groups pay greatest attention to the policies that affect them. One such large policy area has been the European Union Greenhouse Gas Emissions Trading System (EU ETS), a cap-and-trade system for greenhouse gases that targeted primarily at the reduction of carbon dioxide (CO₂). The aim of this scheme is to fight climate change while also supporting member states in complying with their goals under the Kyoto Protocol. Various emitting sectors are included in the scheme. Country-level allowances are divided between the installations in these sectors, and the number of allowances is reduced over time. The original scope of the scheme has been expanded in terms of sectors and installations covered,¹ and rules for allocation and other elements of the scheme have been changed. The total amount of emissions allowances in Europe is divided between the states, which include 27 EU members and three countries that have linked their emissions trading to the EU ETS: these are Liechtenstein, Iceland and Norway (European Commission 2008a).

In the literature there has been little focus on how firms from states that are *not* EU members engage in lobbying, as compared to their counterparts within the EU. Both Norway and Sweden take part in the EU ETS. It seems plausible to expect that Norwegian companies have encountered more obstacles than their Swedish counterparts when participating in the policy-making process. Some authors have held that companies from non-member states do not enjoy the same access possibilities to EU institutions as do companies from EU member states (Hamada 2007; Rok Pang 2004). This important question will be taken up in this report by focusing on lobbying by Norwegian and Swedish companies. Does origin in an EU member state affect firms' choice of lobbying routes compared to firms from outside of the EU?

The literature has also identified other possible influences, such as the size of the firm (Bennett 1999; Bernhagen & Mitchell 2009), policy phase (Mazey & Richardson 2006: 249–250) and differing openness of EU institutions to various interests (firms, national or European associations) (Bouwen 2002a, 2002b, 2004; Eising 2007). Thus there are many factors that could influence how a firm chooses to lobby.

To shed light on these issues, the following research questions are addressed:

1. *How did selected Swedish and Norwegian companies seek to influence the EU ETS revision process? Did they lobby similarly or differently?*
2. *Which factors can best explain similarities and differences in the choice of lobbying routes?*

‘Lobbying’ in this study is understood as *the contact and activities of interest groups and firms with decision-makers on the national and supranational levels, aimed at influencing policy-making*. The focus is on firms and their lobbying. I concentrate first and foremost on two possible influences on firms’ lobbying: origin in an EU member (Sweden) or a non-member (Norway); and company size. Some other possible effects will be considered as well.

A framework of *lobbying routes* is used for analyzing firms’ lobbying choices when participating in the revision process of the EU ETS. These lobbying routes are presented in-depth in chapter 3. Briefly put: lobbying routes consist of *tactics* and *targets*. Tactics include the following options when companies decide how to lobby: lobbying alone (also called lobbying directly or individually in this report), in alliance with another company or organization, via a national association (such as the Federation of Norwegian Industries) or a European association (also referred to as EU association; for example, the European Aluminium Association).² Targets include the following EU institutions that firms can target when they decide where to lobby the European Parliament (EP), the European Commission (henceforth called ‘the Commission’), and the Council of the European Union (‘the Council’).

Although the EU ETS is a ‘European issue’, it is possible that firms also lobby their national institutions such as ministries, politicians and state-related organizations, hoping that these will then represent their interest further at the European level. And in that sense the national institutions can be understood as ‘tactics’. On the other hand, it is also possible for national institutions to be lobbied as final targets when firms do not lobby by means of these, but at them. Therefore, national institutions are placed between ‘tactics’ and ‘targets’, and a thorough discussion for such a choice is presented in section 3.2.2.

A company may choose various lobbying routes – such as lobbying at the Commission alone, or lobbying at the EP via a European association. All lobbying routes should be seen as overlapping, since firms may decide to use different routes simultaneously. Such an approach enables us to construct a more nuanced comparison of how firms lobby and take into account several lobbying routes at the same time.

Fairbrass and Warleigh (2002: 3) have a strong point in their argument that the study of lobbying lies at the core of political science: *‘One significant reason for studying interest representation is the academic challenge of discovering patterns of actual political behaviour, tracing their development, and analysing and constructing theories about them. From a practical perspective, there is also the desire to know about and understand how a political system operates, in order to participate more effectively within it’*. Thus, studying lobbying during the revision of the EU ETS may provide insights both into the policy-making processes occurring at that time and into how firms participated in the revision of the EU ETS, as well as what affected their lobbying choices.

Different actors’ lobbying and the effects thereof in designing both the original and the revised ETS have been well documented (Gullberg 2010; Markussen & Svendsen 2005; Skjærseth & Wettestad 2008; Wettestad 2009; Skjærseth & Wettestad 2010) but there is a need for more in-depth research and insight about how the various actors involved in the revision of the EU ETS chose to lobby and what affected their choices. Energy-intensive industries have been pivotal actors in both the preparation and the implementation of the EU ETS.

In 2000, the European Commission issued a Green Paper on emissions trading, identifying it as an important part of the EU’s climate policy and a tool for meeting the Kyoto targets (European Commission 2000). The main rules for the 2005–2007 pilot phase and the 2008–2012 Kyoto Protocol commitment phase were adopted in 2003 with Directive 2003/87/EC (European Commission 2003). Energy-intensive industries and other interest groups were active participants in the policy-making (Skjærseth & Wettestad 2008). Since then, the EU ETS has been revised and extended for the third phase, to take place from 2013 to 2020. The revision began in November 2006 with the European Commission publishing a report on the ETS, which started wider stakeholder consultations on changing the original Directive³ (European Commission 2006). Formal consultations get underway in 2007, with representatives from academia, the industry, non-governmental organizations (NGOs) and member states participating (European Commission, DG Environment 2010). After the consultations, the European Commission put forward a proposal for the revised directive in 2008 to the EP and the Council (European Commission, 2008b), where a considerably altered system was outlined (Skjærseth & Wettestad 2009: 116–117). After extensive discussions throughout the year, Directive 2009/29/EC was adopted in December 2008. The last week prior to the final agreement has been tellingly referred to as a ‘week of political drama’ (ENDSEurope 2008a).

The companies studied in this report have been chosen from the energy-intensive industry sectors that are included in the third phase of the scheme (European Commission 2009) and can be thus understood as being significantly influenced by emissions trading. The following companies were chosen for study: Norsk Hydro ASA (Norsk Hydro), Norcem AS (Norcem) and Norske Skog from Norway; and SSAB AB (SSAB) (before 2009 known as SSAB Svenskt Stål AB), Cementa AB (Cementa) and Svenska Cellulosa Aktiebolaget (SCA) from Sweden. The companies represent cement, paper and metal (steel and aluminum) production. Data collection was done by in-depth interviews.

To answer the research questions that aim to fill some gaps in our understanding of how the energy-intensive industries lobbied in the revision process of the EU ETS, I begin by presenting the background to the development of the ETS, with a short overview of relevant research. Chapter 3 presents the theoretical approach employed for analyzing the research questions, with a discussion of how to understand lobbying and lobbying routes. This has been developed on the basis of the literature on lobbying in the European Union. Under the theoretical approach two main proposed influences – company origin in an EU member (Sweden) or non-member (Norway) as well as company size – are discussed, and four hypotheses on how these might affect firms' lobbying routes are presented, together with an examination of other possibilities. In chapter 4 follows an explanation of the case-study research framework chosen, the use of interviewing as a main data collection method, the steps taken to establish a sound analysis together with a discussion of the companies selected, as well as validity and reliability issues. In chapter 5 the collected data are presented by creating a 'lobbying profile' for each of the companies. These function as an empirical foundation for the analysis that is guided by the hypotheses in chapter 6. The main conclusions and implications of this report are discussed in the final chapter.

2 Background: The Development of the EU Emissions Trading and the Role of the Industry

The intention behind the EU ETS is to create a cap-and-trade market. Companies belonging to sectors included in the scheme are entitled to emit a certain amount of CO₂, with one emission allowance corresponding to one metric ton of CO₂. Those companies that emit less than their allowances can then sell the surplus on the market, whereas those that emit more have to purchase additional allowances. To date, most of the allowances have been allocated for free, but from 2013 the main allocation mechanism will be auctioning.⁴ Participants in the scheme can decide whether it is cheaper to cut their emissions, or purchase more allowances, or buy Clean Development Mechanism (CDM) and Joint Implementation (JI) credits⁵ instead, which means they will carry out the cheapest reductions first (European Commission 2008a).

The industries affected by the planned policies have been influential in the design process of the EU ETS. Below a brief summary of the political developments leading up to the establishment and revision of the EU ETS is presented, highlighting the areas that are as yet less studied.

2.1 The path leading to the adoption of the EU ETS

Emissions trading was one of the flexible mechanisms included in the Kyoto Protocol. Interestingly, the EU was originally against carbon trading. It had been promoted by the USA, which demanded that the flexible mechanisms should be included in 1997 when the Kyoto Protocol was designed. As it was crucial to have the USA on board, the EU conceded (Skjærseth & Wettestad 2009). Thus the emissions trading became a central policy option for the EU to be developed: *'We have to get involved in emissions trading... we cannot let others dictate the rules'*, said acting Environment Commissioner Ritt Bjerregaard (International Environment Reporter, as quoted in Wettestad 2001: 150). During the development of the ETS the industry was involved extensively, not least because the EU lacked knowledge about the mechanism (Braun 2009: 477).

The formal preparations for emissions trading can be seen as starting with the Green Paper on greenhouse gas emissions trading within the European Union that the Commission issued in 2000. It identified emissions trading as an important part of EU climate policy. The Commission raised various questions about how to design the system, and invited all interested parties to respond (European Commission 2000). The industry was involved with other stakeholders in thorough discussions under the European Climate Change Programme (ECCP) Working Group 1 on flexible mechanisms (Skjærseth & Wettestad 2008: 82). Discussions in the working groups were crucial for gaining support from the industry, but considerable learning also seemed to take place informally. Important input came from major energy companies like British Petroleum (BP) and Royal Dutch Shell (Shell). They had already begun with internal emissions trading, and their experience became very valuable in its further development (Braun 2009: 481). Such support from large multinationals also served to make it more difficult for other industries to oppose the idea (Skjærseth & Wettestad 2008: 75).

However, opposition to the scheme or to certain design options did exist. One such adversary was the German chemical company, BASF, which voiced its opinions both alone and through the German chemical industry and national industry associations, as well as the European Chemical Industry Council (Braun 2009: 480). These formal and informal discussions formed the basis for the proposal for the new directive that the European Commission put forward in October 2001 (European Commission 2001). The proposal was in fact delayed due to intense lobbying on the Commission, as the industry had expected further consultations, and the ECCP Working Group 1 meetings had not resulted in wide consensus concerning the design (Skjærseth & Wettestad 2008: 121).

The proposal gave rise to further debate, also within and among member states. Differences of opinion were common in the EP and among member states. Among the contentious issues were the inclusion of the chemical industry and the adoption of a mandatory scheme in the pilot phase (ENDS Europe 2002a, 2002b). Especially the German industry was active in lobbying against the scheme – not surprisingly, since the EP proposed including the chemical and aluminum sectors already in the pilot phase (Skjærseth & Wettestad 2008: 128). The chemical industry used all possible means of making its views heard. The Federation of German Industries and the Chemical Industry Association continued their protests, which included sending letters to the German Chancellor, publishing media ads against the scheme and ordering studies showing the negative impact (Skjærseth & Wettestad 2008: 108). German industry channeled their lobbying through the government as well. For instance, the minister of economic affairs, Wolfgang Clement, met with the competition commissioner in November 2002, where he expressed the worries of the German industry (ENDS Europe 2002c). These efforts were only mildly successful; most of the German concerns were not taken into account in the end (Skjærseth & Wettestad 2008: 111). However, the chemical and aluminum sectors were not included until the later phase of the scheme, to start from 2013.

After intense discussion inside and among the institutions and with various stakeholders,⁶ the EU ETS was established in 2003 by Directive 2003/87/EC (European Commission 2003), and was launched as planned in January 2005.

2.2 Revising the EU ETS

The revision of the EU ETS was planned from the start of the scheme, since the first phase was seen as merely a ‘learning period’ (European Commission 2006). This learning period had brought out some weak points in the scheme. For example: the member states had reported overly high emissions projections; there were competitive distortions due to lack of a level playing field; lack of harmonization in allocation; and some sectors (especially power) had received windfall profits⁷ (Asselt 2009: 50). The over-allocation brought along a price crash of the emissions allowances, that started in mid-2006 and the prices fell even under one euro during 2007 (European Energy Exchange 2010), which of course was highly deleterious to the environmental aim of the scheme.

Revision of the EU ETS got underway with the Commission's report on the ETS in November 2006, which started wider stakeholder consultations for changing the original directive. The period from the Commission's report to the formal proposal in January 2008 can be seen as a *policy preparation phase* since the Commission was gathering information and feedback for the planned revision. Commission highlighted areas in the need of reviewing, which were to be discussed by the Working Group on the EU emissions trading scheme for the review of the Directive under ECCP II, and accentuated the need for consulting with stakeholders (European Commission 2006). Under the ECCP II four meetings took place where academia, EU member-state representatives, NGOs and industry representatives discussed various topics, from the scope of the ETS to linking it with third-party countries (European Commission, DG Environment 2010). Energy-intensive industries cooperated in their feedback to the Commission and formed a group 'Alliance of Energy Intensive Industries', also called the 'Key Stakeholders Alliance for ETS Review' (the Alliance), and published two position papers (Alliance of Energy Intensive Industries, CEFIC & IFIEC 2007; Key Stakeholders Alliance for ETS Review 2007). Several of the industry organizations that were members of the Alliance also provided their own position papers, as did NGOs, some state institutions and research organizations. It seems that the industry had an effect on the decision-makers, as towards the end of the 2007 the Industry Commissioner (who was also one of the Commission's Vice-Presidents), Günter Verheugen, stated that the needs of energy-intensive industries must be taken into account to avoid carbon leakage⁸ (International Environment Reporter 2007). All the same, the industries were apparently not satisfied, as in the final days before the Commission was to put forward the formal proposal, the European Roundtable of Industrialists published an open letter to Günter Verheugen where issues such as the negative impact of possible auctioning and indirect effect on industries' competitive position were highlighted (European Roundtable of Industrialists 2008).

The Commission put forward the proposal for the revised directive to EP and the Council in January 2008 (see European Commission 2008b). The period from the proposal until the adoption of the directive in December 2008 can be seen as *decision-making phase*. The scheme was proposed to become both stricter and more centralized compared to the first two phases, and several stakeholders opposed certain ideas in the proposal. Energy-intensive industries were describing carbon leakage as a credible threat due to proposed auctioning of allowances, while for example the WWF presented counter-arguments to cement-industry concerns of being exposed to carbon leakage (van Renssen 2008). Also aluminum producers strongly opposed to being included in the trading scheme (Pearce 2008). The various EU member states differed in their views; especially Germany took active positions that were beneficial to their industries. Member-state views contributed to the final design of the revised directive (Skjærseth & Wettestad 2010: 109–110).

Also within the EP there was discussion. For example there were disagreements among the Members of the European Parliament (MEP), on, *inter alia*, whether forestry should be included in the scheme, and how the auction revenues and sectors exposed to carbon leakage should be

treated (ENDSEurope 2008b, 2008c, 2008d). Nevertheless, agreement was achieved in December, and the new Directive 2009/29 set the main rules for the period 2013–2020. The lobbying activities from industry seem to have paid off, as the final directive was less strict than the Commission’s proposal and some of the changes made during the decision-making process benefited energy-intensive industries. For instance, instead of auctioning 100 percent of the allowances by 2020, as per the Commission’s proposal, a minimum of 70 percent of allowances was now to be auctioned in the non-power sector. Clear criteria were set for defining the sectors in significant risk of carbon leakage: these could receive up to 100 percent of their allowances free (ENDSEurope 2008a).

2.3 Short overview of the literature on the EU ETS

There is a literature on the EU emissions trading system that focuses on various aspects of this policy. Here I will focus on some main previous research on the EU ETS and the role of industry lobbying which are relevant for this report. A comprehensive overview of studies and evaluations of the EU ETS is presented in a study conducted under the Adaptation and Mitigation Strategies: Supporting European Climate Policy (Asselt 2009: 32–49), where much of the literature is categorized and commented on, under the following headings: scope and coverage, cap-setting, allocation, competitiveness and leakage, access to CDM and JI credits, compliance and enforcement, and cross-cutting issues. The study itself focuses on the functioning of and the lessons to be drawn from the EU ETS pilot phase and the beginning of the second phase, how these have been taken into account in the revised directive as well as drafting some possible challenges for the future (Asselt 2009).

Several scholars have studied the making of the EU ETS, and have discussed the positions and roles of stakeholders in the policy-making. Christiansen and Wettestad (2003) discuss the path leading to the proposal of the initial directive in 2001 and, *inter alia*, the need to take the positions of member states and the industries into account in designing the scheme. Skjærseth and Wettestad (2008) have analyzed why, how, and with what results the EU ETS was developed. In their book, views from a range of stakeholders, such as industries, member states and environmental organizations, and their role in the policy-making process are discussed extensively. Braun (2009) has examined the development of the EU ETS and how various interests in policy networks that were established by the Directorate-General (DG) Environment contributed significantly to the policy-making process. Markussen and Svendsen (2005) have studied the effect of lobbying by comparing the outcome for the main stakeholders from the Green Paper to the final Directive 2003/87/EC and attempted to categorize the main stakeholders as winners or losers. Although it was difficult to establish a clear difference, they conclude that the electricity producers managed to influence the final directive most, due to their bigger size and cooperation with each other. Similarly, Anne Therese Gullberg (2008a) has examined the positions of electricity producers and consumers in the review of EU ETS, to see how much these were reflected in the Commission’s proposal for the revised directive. She concludes that the energy-intensive industries were more successful than power producers in getting their views taken into account.

Wettestad (2009) has continued the perspective of identifying the winners and losers in the policy-making processes and studied why the energy-intensive industries fared better in the revised Directive 2009/29/EC compared to the proposal. One reason he found was that the energy-intensive industries became more organized and active in the policy-making process than they had been in the designing of the original ETS directive.

Even more recently, Skjærseth and Wettestad (2010) have discussed the development and the revision of the EU ETS and how various actors (from the EU Commission to industry organizations and member states) were engaged in the policy-making. Skodvin, Gullberg and Aakre (2010), on the other hand, have examined how and under what conditions the target group of a policy can influence policy feasibility, using the revision of the EU ETS as an example. They conclude that although the DG Environment did act as an agenda setter, its agenda-setting function was limited by the power that the industry had in the member states.

2.4 Indicating some knowledge gaps

The industry's influence in the making of the EU ETS is clearly established in the examples brought forward both in the discussion on the making of the EU ETS and the literature review. However, the literature on the EU ETS has focused on industries in certain states, especially in Germany, and on the large European associations, such as the Alliance, and sectoral associations – not on individual firms. This is not surprising, as there is little information available on how individual firms have participated in the revision process.

It is also clear that the industry collaborated in various formations – lobbying through associations, their national politicians and targeting a range of EU institutions, as noted in sections 2.1 and 2.2. But how exactly the industry firms designed their lobbying has not been studied. There is a vast literature on firms' lobbying and the influences on the choices made by firms choices, but most of the literature focuses on how companies or interest groups from EU member states do their lobbying, as explained in chapter 3. There is no agreement as to whether firms from *outside* the EU have greater difficulties when they attempt to lobby EU institutions. Hamada (2007) and Rok Pang (2004), for example, write that both Japanese and South Korean firms experience more difficulties when lobbying in the EU than do their counterparts within the EU. On the other hand Bernhagen and Mitchell (2009), who have studied firms' direct lobbying, suggest that non-EU firms with commercial interests in the EU lobby more directly than firms from the EU, and explain this with the fact that firms from non-EU countries do not have a 'state patron' in the EU institutions. If that is so, then non-EU firms should not have to struggle too much when lobbying EU institutions. However, it has remained unclear whether there are differences, and if so of what kind, between companies due to their EU membership status, and how prevalent such differences are compared to other possible influences on firms' lobbying.

That is why this study sets out to address the following research questions:

1. *How did selected Swedish and Norwegian companies seek to influence the EU ETS revision process? Did they lobby similarly or differently?*
2. *Which factors can best explain similarities and differences in the choice of lobbying routes?*

3 Theory: The Route to Lobbying Routes

3.1 Explaining lobbying

Lobbying is often seen as an activity on the part of various interests that affects planned or existing policy, and can thus be described as either successful or not. Christine Mahoney (2007a), for example, has taken such an approach. Some researchers have studied which means of lobbying can be considered more effective than others (Coen 1997, 2009; Bouwen 2002a, 2002b, 2004) or have sought to identify constraints on the influence that lobbying actors can achieve (Michalowitz 2007). Other researchers have taken a broader view, emphasizing that lobbying also includes the acquisition of information about how the system works and the establishing of an interest representing actor as a participant. Such view found support with Andersen and Eliassen (1991: 173), who held that a EU lobbying system was yet to develop. Fifteen years later, lobbying is, according to Mazey and Richardson (2006: 249), as much about minimizing surprise by being informed as it is the attempt to influence a policy. That is by no means an unexpected claim, as the EU has grown over the years, in the number of members, policy areas and decision-making power, so it has become challenging for interests to decide how and whom to lobby.

Some researchers differentiate between institutionalized and non-institutional lobbying. Gullberg (2008b: 2965) understands the former as participating in formal hearing processes and meetings, whereas the latter is seen as constituting informal meetings with politicians and authorities, conferences and media campaigns. Lobbying can be studied by only focusing on institutionalized lobbying, for example the participation in formal working groups, stakeholder meetings, hearings, etc. However, if one studies institutionalized lobbying and only that, it is difficult to grasp the choices made by interest groups in selecting whom to lobby (ibid: 2967). When firms and interests groups participate in institutionalized lobbying, the initiative comes usually from the EU institutions (for example, invitation for participating in a working group, such as the ones under the ECCP and ECCP II during the making and revision of the EU ETS). Focusing solely on this might not capture all the lobbying activities in which firms engage.

In this study, lobbying is defined so that both institutional and non-institutional lobbying are taken into account, while the focus is on actions aimed at influencing a policy: *'Lobbying is interests groups' and firms' contact and activities with decision-makers both on the national and supranational level with a goal to influence policy-making'*. The actors examined here are energy-intensive industry firms; the choice of cases are discussed in depth in chapter 4.

In the research on lobbying in the EU various distinctive terms are used that all describe actors' decisions when taking on lobbying activities. Here I mention some of these. The list is by no means complete, but gives insight into some frequently-used terms. One term common in the lobbying literature is *strategy*. Mahoney (2007a: 40) uses *outside lobbying strategy* to refer to activities aimed at influencing public opinion. It is used synonymously with *outside lobbying tactic* (ibid: 43, 53) and *outside*

lobbying techniques (ibid: 51). The synonymous terms *tactic*, *strategy* and *technique* all refer to one specific choice that firms can take when lobbying – hiring a consultant, lobbying in a coalition, or using outside lobbying (ibid: 41).

Some researchers use the term *strategy* to denote a collection of different lobbying choices that the firms may take. For example Taminau and Wilts (2006: 123) operate with the term *corporate political strategy*, which seems to be synonymous with *lobbying strategy* (ibid: 122) and is seen as consisting of three *decisions*. First, whether to relate to the government on a short-term or long-term basis; secondly, whether to take collective or individual action; and lastly, choosing a type of *strategy* for interacting with the authorities. In their terminology, *lobbying strategy* can be both a collection of certain lobbying choices, but it is also used to denote one type of *strategy*, as they differentiate between providing information, financial incentive, and constituency-building *strategy* (ibid: 123).

In contrast to the previous examples, some researchers prefer the term *lobbying behavior* to describe a collection of lobbying choices. The term *lobbying behavior* is used by Bernhagen and Mitchell (2009: 156) to denote firms' lobbying actions in general. It seems to consist of *lobbying decisions*, which in turn appear to characterize the various actions taken by firms; in focus in the Bernhagen and Mitchell article is the decision to lobby the EU institutions directly, as they study several possible influences on that. *Lobbying behavior* is used synonymously with *political behavior* (ibid:156–157).

Also Gullberg (2008c) operates with the terms *lobbying behavior* and *lobbying strategy*. In her article, *lobbying behavior* appears to consist of *lobbying strategies* (ibid: 167), but it is unclear exactly how these two terms relate to each other. The concept *lobbying strategy* is used to denote specific lobbying action, whether lobbying on individual policy issues or on the whole policy field (ibid: 167). In another article, she uses the term similarly to characterize a particular lobbying activity, where *lobbying strategy* denotes lobbying decision-makers who hold similar or opposing opinions (Gullberg 2008a: 2964, 2966).

3.2 Lobbying routes – taking account of the ‘where?’ and ‘how?’ in lobbying

The myriad of meanings assigned to commonly used terms in the literature on lobbying highlights the need for clear definitions. In this report I prefer to operate with the key term *lobbying route* to describe how and where firms lobbied in the revision process of the EU ETS. Below I present the reasoning for this choice.

One of the most thorough explanation of firms' lobbying choices is given by David Coen (1997:20–24), who lists the following options as lobbying channels and studies the intensity of using these among firms: national associations, national civil service (ministries), local members of parliament, national government, regions, European associations, UNICE (Union of Industrial and Employers' Confederations of Europe: now BUSINESSEUROPE), European Commission, European Parliament,

members of the European Parliament and hired lobbyists. This list offers a good overview of the various choices a firm might have when deciding how and where to lobby. However, I consider the list to be too long for qualitative study (Coen used this for quantitative study.) It could be argued that some of these ‘lobbying channels’ are better understood as institutions which the firms target when lobbying, as in the case of the EU institutions with decision-making power to which firms try to get access to by using channels like associations.

Pieter Bouwen (2002a: 373; 2002b: 10) has taken the previous idea into account. He presents a more parsimonious approach as he depicts lobbying choices in a matrix, where a firm on the one hand has to decide whether to lobby on the national or European level, and on the other hand, whether to engage in individual action, collective action or hire a third party to do the lobbying. He studies and theorizes about which type of *access goods* can be provided through lobbying alone, via national or EU association and third parties, to the different institutions. An access good is seen as a type of information that is exchanged in return for access to policy-making (2002a: 378–383; 2002b: 7–8). The institutions included in his articles are European Commission, European Parliament and the Council. Therefore it can be claimed that Bouwen takes into account both the ‘how?’ and the ‘where?’ in lobbying, since he focuses both on the means of lobbying (when he discusses firms’ possibilities for engaging in individual lobbying, using associations or hiring a lobbyists) and on the institutions which the firms target when lobbying (the European Commission, the European Parliament and the Council). Such an approach is not very frequent in the literature on lobbying in the EU, although a similar approach has been used by Marie Hojnacki and David C. Kimball (1999). They analyze lobbying in the United States and study the *target* – whom the interest groups lobby; and *tactics* – how the interest groups lobby.

Based on the previously mentioned three articles I have come to the conclusion that in studying private firms’ lobbying it is important to take into account various different institutions and organizations as David Coen has done, while also differentiating between the ‘how?’ and ‘where?’ as in the articles referred to above. Therefore I prefer to operate with a dependent variable which I call ‘lobbying route’, in which both these questions are taken into account. The institutions included under the ‘where?’ question are considered as targets and the choices under ‘how?’ as tactics, similar to Hojnacki and Kimball’s (1999) use of the terms in the US context.

The use of the term ‘lobbying route’ in this report certainly diverges from the viewpoints of other authors. The idea of comparing lobbying routes has been previously used by taking account of different channels. For example R.J. Bennett (1999) differentiates between *direct, national association and European route*, as he differentiates between using national and European associations and lobbying directly. M.P.C.M van Schendelen (1993: 11) has depicted different lobby routes that firms can use when lobbying the EU, including lobbying alone or via different collective actions. Inspired by Schendelen, Pijenburg (1998) has added to his scheme some more possible used routes by companies. All the same, these authors have all studied the European institutions as a single

target, without differentiating among the various EU institutions, and thus focusing only on possible tactics. Tenbücken (2002) has demarcated the EU institutions in studying how large multinational car producers have used different influence channels when lobbying the EU. His study focuses in depth on large multinational companies in one sector in order to map the extent of routes used, whereas in this report firms from different sectors are compared.

3.2.1 EU institutions as lobbying targets

Much of the academic literature on lobbying in the EU has focused on lobbying in connection with three EU institutions – the European Parliament, the European Commission and the Council of the European Union, which I consider the ‘targets’ of lobbying. It is erroneous to consider these institutions as having a compact architecture, because the EU works at differing levels and configurations. Although it would be academically quite novel to disaggregate the institutions and study lobbying in the EU on a more specified level, such an attempt would be beyond the scope of this report.⁹ Pieter Bouwen emphasizes that the committees in the European Commission significantly influence the lobbying patterns of interest groups (2009: 23), which suggests that the use of committees and working groups in policy-making has an influence on firms’ lobbying. Below I explain, on the basis of the existing literature, why I have decided to include each of the EU institutions as targets.

The European Commission

The Commission has been previously pointed out as a significant venue for interest groups to lobby since the Commission is the initiator of the legislation in the first pillar¹⁰ and thus often the first contact point for interest groups (Michalowitz 2002: 44–45). Lobbying early in the policy phase is useful not only because it probably gives better results than lobbying later, but also because it is important for different interest groups to minimize surprises (Mazey and Richardson 2006:249). Bouwen notes that is commonly accepted that if interest groups lobby before the Commission has provided any formal documents, it is easier to achieve changes (2009:25).

Empirical research has shown the Commission to be open to interests. For firms or national and EU-level associations it is not difficult to acquire information from the Commission; lobbying activities are most often conducted when policy proposals from the Commission are being designed (Eising 2007). However, it is by no means just a one-way interest on the part of lobbying actors only. The Commission needs external knowledge when developing policies. Consulting different interest groups can provide knowledge as well as support and legitimacy for planned policies (Mazey & Richardson 2006: 249; Bouwen 2009: 22–23).

The European Parliament

The EP has seen an rise in lobbying due to the growth of its legislative powers (Mazey & Richardson 2006:260; Michalowitz 2002: 46). Although the powers of the European Parliament had been gradually increasing, the biggest change in legislative powers came in 1993 with the Maastricht Treaty, when the co-decision procedure was first introduced in certain policy areas. That meant that in these areas the EP and

the Council shared legislative power and the Parliament could veto legislative proposals. The co-decision procedure was further extended in the European Parliament's favor in 1999 with the Amsterdam Treaty and 2003 with the Nice Treaty (Scully 2007: 177–179). The EP has attracted a significant amount of lobbying from various interest groups. Like the Commission, the EP needs to interact with interests groups in order to gain information and legitimacy; indeed, the two organizations can be seen as competing for legitimacy (Lehmann 2009: 50).

It is likely that the European Parliament attracts certain types of interests, especially those that have less access to the Commission (Mazey & Richardson 2006: 260). For example, the European Parliament is regarded as the 'greenest' among the interest groups (Lenshaw 2005: 315; Pedler 2002: 114), which might explain why business organizations lobby the European Parliament less than do non-governmental organizations (NGOs) and why they prefer to work with the European Commission (Gullberg 2008b: 2967). In spite of this, according to a study conducted by Eising (2007), access to European Parliament for business interests seems to be easy and there are extensive contacts between the European Parliament and firms, national and EU associations.

The Council of the European Union

The Council is first and foremost an intergovernmental body that brings together the representatives from the member states. The Council meets in various configurations when different ministers from member states meet. Traditionally it has been seen as a closed body, and this has not changed much (Hayes-Renshaw 2009: 70–73). Access is difficult not only because of the tradition of secrecy in its decision-making, but also because the Council is very fragmented, so obtaining information on exactly what is being discussed by whom can prove too exhausting for some interest groups. In addition, there is considerable turnover in Council personnel (Hayes-Renshaw 2009: 74). However, like the other two institutions, also the Council needs to get essential information for decision-making from somewhere. Mazey and Richardson (2006: 263) identify three main access points to the Council: national delegations in Brussels who are part of the COREPER, members of working groups, and national governments. These options were clearly drafted with focus on interests from member states. Whether and to what degree companies from non-member states employ such options for lobbying EU member states, or whether interest groups and firms also lobby other member states in the Council, has not, to my knowledge, been studied. The permanent representatives are expected to be open to various different opinions, as their duty is to report the views of other member states and EU institutions to the national governments of their home countries (Hayes-Renshaw 2009: 85). According to the study conducted by Eising (2007) it seems that both firms and national and European associations do interact with the Council, although the intensity and frequency is lower than that of interactions with the Parliament or the Commission.

All three institutions will be included among the targets of the lobbying routes, regardless of the fact that the three institutions work on different levels, preparing their policies in committees, in working groups and so on. In this report the institutions will not be disaggregated. To see how these institutions can be lobbied, I now turn to lobbying tactics.

3.2.2 *Choosing lobbying tactics*

Firms can choose among various tactics in conducting their lobbying efforts. Direct or individual lobbying has been described as most favorable to firms (Coen 1997: 19–21; 2007: 339; 2009: 156). This is a sound claim – when a single firm lobbies directly it can present its own position according to its preferences, so no compromises have to be made. Bouwen (2002a, 2002b) notes that firms (especially large ones) are useful for policy-makers, because they have expertise and technological know-how that the EU institutions need. Therefore *lobbying alone* is included under ‘tactics’.

Although it can be claimed that lobbying directly is most useful, firms have to adopt multiple tactics as a risk-avoidance strategy (Mazey & Richardson 2006: 255). Studies have shown that firms use various associations in addition to accessing the EU institutions directly (Bennett 1999; Bernhagen & Mitchell 2009; Coen 1997; Coen 1998; Eising 2007). Firms have the possibility to join both national and EU associations. On the one hand, EU associations have been held to be rather slow and sluggish, because decision-making within these organizations has to take into account the different positions of the members (Mazey & Richardson 2006: 255). National associations can be assumed to suffer from the same problem, as they too have to aggregate a range of interests. On the other hand, previous research has shown that both EU and national associations are used for lobbying the EU. Using these associations provides access to the institutions included as ‘targets’ in this reports (Eising 2007, Bouwen 2002b). There are several possible reasons for firms to lobby through associations. According to Bouwen (2002a; 2002b; 2004) associations are used because these provide access to EU institutions since these combine different interests and can supply knowledge about wider interests, whether European or national. This can be needed by the EU institutions to make decisions that satisfy a wider sphere of interests and not just, for example, one single company. Therefore *lobbying via national and European associations* are the next two tactics included in this report.

Collective representation can also take the form of lobbying in ad-hoc alliance with another firm or company. The main goal with lobbying in alliance is to create credibility in the eyes of decision-makers (Coen 1999: 30). According to Gullberg (2008b: 2969), unexpected alliances between firms or other interest groups that otherwise have differing positions can more easily win a majority in the European Parliament. Such ad-hoc alliances that do not take a long term or institutionalized form have been used by, for example, software firms and environmental organizations in EU lobbying (Coen 1998: 81–82; Pijnenburg 1998) Ad-hoc lobbying alliances are less common in the EU than in the USA, for various possible reasons (see Mahoney 2007b), but they are definitely relevant also to understand the lobbying patterns in the European Union. To my knowledge, lobbying in alliances has not been studied comparatively with other possible tactics. Including *lobbying in alliance* among the tactics might be able to provide information on how common it is and why firms choose to lobby in alliances, or not.

National government and institutions – neither targets nor tactics

All firms can lobby their own government. If they do so, there are two options. First, they can lobby their own government and other national institutions, seeking to get these to represent their interests further to the EU institutions. This is easier for firms from member states, but even though Norway is not a member of the EU, politicians, ministers and members of national institutions do frequently communicate with colleagues from other countries. Secondly, firms might lobby the national government and its institutions, seeking to get these to take their views into account on the national level.

Therefore the national level should not be included as one of the targets: the national level can sometimes be used to gain access to the European institutions, and studying it as one of the targets could obscure some lobbying patterns. It should not be included as a separate tactic either, since national government and institutions can sometimes be lobbied as final targets. Including the national level under tactics could thus exaggerate the importance of the national level as a route to the European institutions, if firms lobby the national level as a final target.

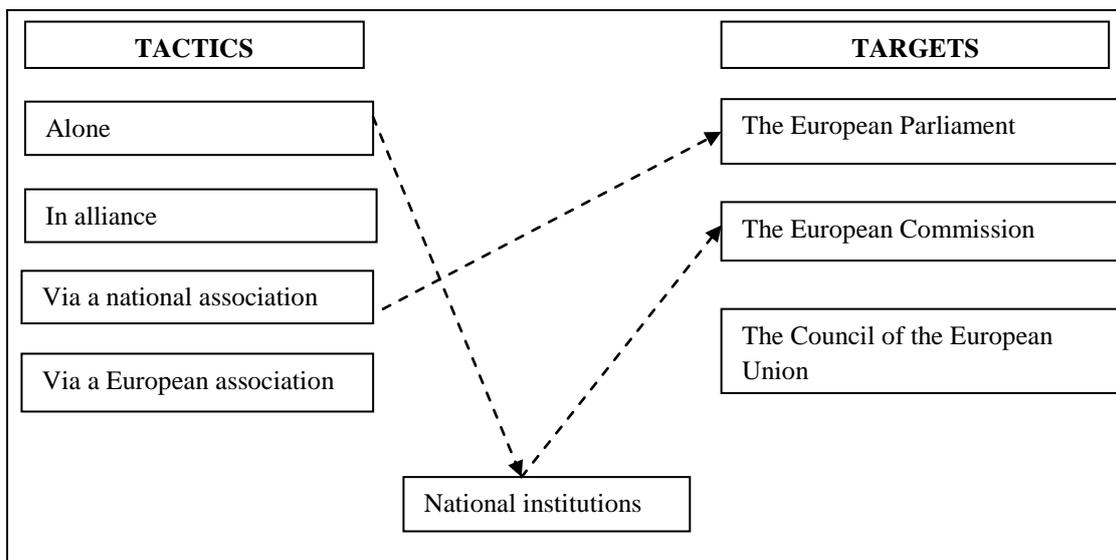
The national institutions are placed between the tactics and targets in the system of lobbying routes. This makes it possible to accept that firms might lobby the national level as a final target, but also use it as a tactic in lobbying aimed at the European Union institutions.

Lobbying routes in brief

When firms lobby they can choose a tactic to use to lobby at the various targets and in addition decide how to relate to the national authorities and institutions. Of course, within the associations the decision of which EU institution to target is most certainly taken jointly. In that sense the firms do are probably not free to choose when deciding where to lobby by means of associations. Possible influences on the lobbying routes used by firms are discussed in the next section. Lobbying routes are depicted in a compact manner in figure 3.1.

This figure corresponds to a company that uses three lobbying routes: first, lobbying alone at the national institutions; secondly, via national institutions at the European Commission; and thirdly, lobbying via national associations at the European Parliament. From each of the tactics, the arrows may go to all of the EU institutions and at the national institutions. There are thus theoretically nineteen possible routes that can be used. It should be noted that the routes could be counted differently – lobbying alone via national institutions at the Commission could be understood as one route. I have decided against that approach, since in a situation where a firm lobbies at the national institution via different tactics and the lobbying is further aimed at the EU institutions, if the national institutions are approached as a final target, they would then be counted as a tactic each time. That would result in over-estimating the role of national institutions in lobbying routes.

Figure 3.1 Example of a lobbying profile of a company with three used lobbying routes.



The approach chosen here permits comparative study of which tactics are used to lobby certain targets. Additionally it provides the possibility of studying lobbying patterns in the area of EU ETS more thoroughly. Previous studies have demonstrated that the energy-intensive industries were influential in policy-making here (see section 2.3). In this report the focus is not only on which routes energy-intensive industries used in the revision of EU ETS, but also on the reasons that influenced their choice of lobbying routes. In the following section I present and discuss various influences on firms' lobbying routes.

3.3 What can explain the differences in firms' lobbying routes?

Here I will present various previously suggested or tested arguments about influences on firms' choices on the lobbying. There is no single theory to explain how and where firms lobby in the European Union. However, there is now a rich body of literature that aims to theorize about or test the lobbying behavior of firms. In the following, I refer to the literature and the controversies among scholars, and establish hypotheses about the lobbying routes used by firms. Two main possible influences are discussed below: first, whether the company originates from Sweden, an EU member state, or from Norway, a non-member; secondly, company size. These are used as the basis for explaining two possible differences in lobbying routes: the use of tactics for lobbying at certain targets; and secondly, the numbers of lobbying routes firms use. In addition, consideration will be given to some other possible influences. These influences should be seen not as mutually exclusive, but complementary.

3.3.1 Differing possibilities for insiders and outsiders – Swedish and Norwegian companies

Differences in the lobbying patterns of firms and other interest organizations due to national characteristics have been discussed in the literature. For example, an anthology by M.P.C.M van Schendelen (1993) includes various authors who discuss lobbying traditions in a range of states. Coen

(1998) has analyzed the lobbying activities of large Italian, German, British and French multinational firms and how these have been influenced by and adapted to their national political systems. Eising (2007) has examined, *inter alia*, differences in the contacts of German, French and British national association with EU institutions and the timing of lobbying activities, and has concluded that the national associations are very similar, despite significant differences in national interest representation patterns.

Whether a firm's lobbying capability is shaped by being based in an EU or a non-EU member country has as of yet received very little attention. It may be that Norwegian firms experience some difficulties in lobbying at the EU level because they are unable to use certain tactics to the same degree or in the same way as, for example, their Swedish counterparts can. Some lobbying tactics seem to be more useful than others for lobbying at certain EU institutions. On the one hand, Eising (2007) has found that firms have most direct contact with the European Commission, less with the European Parliament, and least with the Council.¹¹ His study also showed that firms, the EU associations and national associations differ in how often they have contact with the various EU institutions and how active these are in the various policy-phases. On the other hand, Pieter Bouwen (2002b) has studied the demand side of lobbying by examining what interests the Commission, EP and the Council prefer to consult in connection with policy-making. He concludes that the firms have greater access to the Council than to the Commission, and least to the EP; and that the institutions differ as to which types of interests (firms, national associations and EU associations) they prefer to listen to. Nevertheless, he also points out that the Council and the Commission are interested in communicating with various types of firms, as Council access is limited to what Bouwen calls 'national champions' – large firms that operate mainly on the national level. Although these studies point in different directions as to which tactics provide most access to different institutions,¹² it appears that some tactics are either used more frequently for lobbying at certain EU institutions or are preferred by various EU institutions. If Norwegian firms experienced problems in using one or more of the tactics considered in this report, it seems probable that this resulted in less access to all or to some of the EU institutions compared to their Swedish counterparts. For example, it is reasonable to assume that lobbying via Norwegian national associations is more difficult than via Swedish ones since the Norwegian associations might be seen as 'outsiders'. There are thus grounds for assuming that Norwegian and Swedish firms used different lobbying routes during the revision of the EU ETS. However, there is to my knowledge little research on this matter, so my first hypothesis is formulated in a general manner:

Hypothesis 1: Swedish and Norwegian firms differed in lobbying routes due to their originating in the EU member state Sweden or the non-member state Norway.

Whereas there is little research that could be used for general assumptions about how Swedish and Norwegian firms might differ in the use of lobbying routes, some researchers have studied how *not* originating from an EU member state influences firms' use of direct lobbying. Bernhagen and Mitchell (2009) studied the direct lobbying of large companies.¹³

They found that among the top ten countries with the highest absolute number of companies lobbying directly,¹⁴ there were three non-EU countries – the USA, Japan, and Switzerland. Among the top ten countries based on the percentage of firms that lobby directly in the EU there were two non-EU countries – Norway and Switzerland (ibid: 166–167). Bernhagen and Mitchell explain this with the fact that firms from non-EU countries do not have a ‘state patron’ in the EU institutions and therefore are not as readily able to lobby at these (ibid: 161, 168). Nonetheless, their study could also point to an opposite conclusion, even though they do not interpret it in that manner: in their quantitative study they find that EU membership has a positive effect on firms lobbying directly, but they explain this with the fact that non-EU members are less commercially active in the EU and thus do not find it relevant to lobby in the EU (ibid: 170). However, instead of lack of commercial interest, that might indicate a lack of established lobbying routes, especially the possibility of using direct lobbying.

Yukihiko Hamada (2007) has studied Japanese firms – their lobbying and behavioral adjustment towards the European Union – and offers several unusual findings. First, direct lobbying has been rare among car producers and electronics firms. Sony in particular has been very much capable of individual lobbying, whereas Toyota and Honda have tried, rather unsuccessfully, to become independent actors and to not be seen just as Japanese firms. Most firms have had to rely on Japanese collective channels. This finding stands in clear contrast to the suggestion made by Bernhagen and Mitchell, that when companies from outside the EU have commercial interests in the EU, they lobby alone.

Hamada (2007) also noted that Japanese firms from both sectors have experienced difficulties in using European associations – Toyota’s application for membership in the European Automobile Manufacturers’ Association (ACEA) was rejected several times (ibid: 411). Also electronic firms have been treated as outsiders in the representative European associations (ibid: 412). It is possible that also Norwegian energy-intensive firms were seen as outsiders in European associations and therefore chose to lobby alone during the revision of the EU ETS. Conversely, Andersen and Eliassen (1993: 274) noted (although some time ago) that it was difficult for individual Norwegian companies to establish themselves as serious actors within the Commission, and that lobbying via EU associations would provide better access. These contributions give grounds for different assumptions and highlight the need to study whether Norwegian firms lobbied alone more, or less, than their Swedish counterparts. Therefore the following sub-hypothesis to supplement the first will be employed:

Hypothesis 1.1: Norwegian firms used more direct lobbying at the EU level than their Swedish counterparts due to their outsider status in EU associations and the lack of a ‘member-state patron’ in the EU institutions.

3.3.2 *If you want to be heard, size matters*

EU membership is most certainly not the only issue that influences how firms lobby. Another specific variable has received some attention in the literature on lobbying: company size.

Eising (2007) compared the lobbying patterns of large firms as to associations, and concluded that firms have far more contacts with different EU institutions compared to national and EU associations. In addition, firms rated the possibilities of acquiring information from the institutions better than did associations, although the differences were not large. Coen and Dannreuther (2003) claim that not all firms have resources for being active in lobbying at the European level, as small and medium-sized firms (SMEs) have encountered difficulties in participating in the policy-making process. Coen (2009: 164) also noted that firms have to consider the political channels through which to distribute their funds, as there are always budget constraints. These findings indicate that larger firms are capable of using different lobbying routes more, as they are in frequent contact with the EU institutions and have more funds available for administering a range of lobbying routes.

Hypothesis 2: Larger firms use more different routes than smaller firms.

Whether direct lobbying is influenced by the firm's size has been explored in some studies. Robert J. Bennett (1999) studied influences on firms' choices to lobby directly and found that the larger the firms, the more direct lobbying they undertake. However, that applied only to companies with at least 200 employees, indicating that there is a threshold of resources that can be used for direct lobbying (ibid: 254). Similarly, one of the main results of Bernhagen and Mitchell's (2009) study was that large firms undertake more direct lobbying. This was explained by their being able to allocate more resources to lobbying, but also because larger firms are more attractive to policy-makers. Also Coen (2007:339) emphasizes resources when stating that larger firms can acquire insider status in the Commission due to their size and cross-border production. Thus it seems plausible to assume that larger firms will use direct lobbying more often than smaller firms. The sub-hypothesis to hypothesis 2 thus becomes:

Hypothesis 2.1: Larger firms engage in more direct lobbying at the EU level than do smaller firms.

3.3.3 *Other influences*

The literature on lobbying has identified other influences on firms' lobbying choices as well. Due to the limits of this report it is not possible to test all of these by means of specific hypotheses. However, noting that also some other variables with explanation power may exist, I will consider these at least briefly. The full scope of existing research on EU lobbying is broad, and includes both theoretical and empirical studies that identify various other influences not taken up here.

Policy phase

Several authors have noted the importance of lobbying early in the policy-making process, as early lobbying actions can influence agenda-setting and prioritization. Early involvement can result in bigger pay-offs, because the main original ideas incorporated in a Commission proposal are rarely significantly altered when the final directive is adopted (Héritier et al. 1996 and Peterson 1995, as cited in Taminiou & Wilts 2006: 126). Lobbying early, before decision-makers have taken a position, thus makes it possible not only to gain information on the positions of decision-makers and other actors, but also to define the issues from the very beginning (Gullberg 2008b: 2968–2969).

Especially the Commission's agenda-setting role and therefore its importance in the policy-preparation phase as a lobbying target has been emphasized (Mazey & Richardson 2006: 149). The three EU institutions in focus here must compete for legitimacy with each other (Lehman 2009: 50), so the Commission needs to demonstrate that it has included a wide array of stakeholders in the preparatory processes.

Therefore it is possible that, at least in the case of the EU ETS revision, firms' lobbying was influenced by the policy phases, and that firms lobbied the Commission more during the policy-initiation than during the decision-making phase.

Policy phase, membership size and degree of conflict in European associations

Several researchers have discussed characteristics of EU associations and how these influence firms' lobbying. At times these associations have been described as being ineffective tactics for lobbying. For example Mazey and Richardson (1995: 347) characterize them as follows: '*It is now conventional wisdom that most European-level groups are under-resourced, inexperienced, slow to react, and, above all, so seriously factionalized that they can articulate only what have come to be regarded as lowest common denominator to EC policymakers*'. This they see as being due mostly to differing viewpoints of the members from (at that time) the 15 EU states (ibid: 347) and because decision-making within these associations appears both ineffective and under-resourced (Mazey & Richardson 2006: 255). As the problems seem to arise from the wide range of opinions due high membership numbers, it is reasonable to assume that when an association has a large membership, firms will prefer other tactics. However, in contrast to Mazey and Richardson, Bennett (1999) found that when associations are small, companies tend to lobby more directly, especially when the members are large companies. The level of conflict in European associations is related to Pijenburg's (1998) argument that companies will lobby in alliances ('ad-hoc coalitions') when there are internal divisions in EU associations.

In this report, differences in lobbying routes due to policy phase, to number of members in the EU associations and to conflict in these are considered as primary alternative explanations, in addition to origin in Sweden or Norway and company size. There are also of course many other possible influences on how firms lobby. For example Pijenburg (1998:

315) further theorizes that alliances are used in lobbying when, in policy development (or in his case, policy dispute) large and (especially) pan-European companies are involved, when core business interests are at stake, when there is a small number of coalition partners in (at least one of) the opposing camps, or the product has a short life-cycle. This demonstrates that firms' use of lobbying routes can, at least in theory, be affected by a variety of possible factors, so that other influences might have to be considered during the study.

4 Methodology

4.1 Case study as a suitable format

The following two research questions are addressed in this study:

1. *How did selected Swedish and Norwegian companies seek to influence the EU ETS revision process? Did they lobby similarly or differently?*
2. *Which factors can best explain similarities and differences in the choice of lobbying routes?*

Case study research is chosen as a suitable format for studying these two research questions. Gerring (2007: 20) defines *case study* as a thorough study of a single case where the purpose is to illuminate a larger population of cases. A study consisting of few cases is understood as a *case study*, whereas a study with many cases is a *cross-case study* (2007: 20). In this report six companies from energy-intensive industries have been chosen as cases. Although the border between ‘few’ and ‘many’ can be difficult to define, I consider this report as a case study with few cases, where the cases all represent a defined population – energy-intensive industry firms in Sweden and Norway affected by emissions trading. Additionally, these firms represent three different sectors – pulp and paper, metal, and cement production.

Although the research questions could be also studied on a wider scale, for example including the entire European Union by means of sending out surveys, a case study with only a limited number of companies was preferred, due to several reasons. First, the constraints of time and language would have made a large-scale study difficult. Second, such surveys have been used in lobbying research previously, but have resulted in poor response rates: for instance, one study yielded only a 41 percent response rate (Eising 2007). The likelihood of low response rates would have made it difficult to the study different influences on lobbying behavior because there would probably not be enough companies for each independent variable, and also because of a possible sampling bias.

The literature on lobbying has identified various effects on firms' lobbying at the EU institutions. These effects are often conflicting; different influences are rarely studied together, and there is very little on how companies from non-EU member states lobby, as pointed out in the previous chapter. Therefore, deeper insights are needed. The strength of the case-study approach is that it enables closer examination of details and causal mechanisms in a complex system than do studies with many cases (George & Bennett 2004: 21–22; Gerring 2007: 49). The research questions aim at identifying and explaining differences in the lobbying routes chosen by firms, and for such purposes the case study is more suitable than a large cross-case study (George & Bennett 2004: 25). In order to study what influences the choice of lobbying routes I use the hypotheses presented in the previous chapter. In the light of Gerring's (2007:42) statement that theory testing is not the strong side of case studies, the hypotheses in this report are used as guidance for organizing and taking into account possible explanations, rather than testing a theory with any

high degree of confidence. However, using hypotheses allows us to analyze whether some of the previously identified influences are relevant in explaining the lobbying routes of the companies selected for study.

The case-study approach has several pitfalls. One of these is that due to common selection bias and non-representative samples, conclusions in case studies cannot readily be generalized to wider populations (George & Bennett 2004: 22–25; 30–32). On the other hand, researchers conducting case studies often do not aim at applying the conclusions to a wide population of cases, restricting application of the results to certain subclasses of cases instead (ibid: 32). To overcome the problems of representativeness, George and Bennett (ibid: 69) identify the following crucial steps in case selection: First, the universe to which the cases belong has to be identified. Secondly, the research objective and strategy must guide the selection. Thirdly, the cases should possess variables considered to explain the outcome(s). My choice of companies has been guided by these criteria.

Choosing the cases

The firms in this report represent selected sectors from energy-intensive industries in Sweden and in Norway. Although there are many companies likely to be affected by the EU ETS in one way or another, the focus here is on energy-intensive industries, for the following reasons. First, it is reasonable to assume that a firm will decide to expend resources on attempts to influence a policy only if the issue is of high importance. Therefore, companies from sectors included in the EU ETS deserve study. Since the start of the EU ETS, the number of sectors and installations included under the scheme has been increased. The original Directive 2003/87/EC (European Commission 2003) included the following sectors: energy activities, production and process of ferrous metals, mineral industry (production of cement, glass and ceramics), pulp and paper. The revised Directive 2009/29/EC (European Commission 2009) was expanded to cover also such new sectors as aluminum production and non-ferrous metal refining.¹⁵

Power producers and the industries included are affected by the EU ETS in quite different ways. Power producers are usually able to pass on the cost of the allowances – unlike energy-intensive industries, which are more exposed to global competition (European Commission, DG Environment 2006b). Therefore there has been considerable discussion of ‘windfall profits’ to the power producers, as they receive CO₂ allowances for free in the first and second phase of the EU ETS¹⁶ (Wettestad 2009). The power sector is probably also more diverse than the energy-intensive industries when it comes to the ways it is influenced by the EU ETS.¹⁷ Since the heterogeneity of interests is likely to affect lobbying of firms, power producers were excluded from the population of cases to be analyzed here. The alternative would have been to include several additional cases.

In order to see if and how firms used lobbying routes differently between companies from EU member states and non-member states, companies from Sweden and from Norway were chosen, since as Sweden is a member of the EU and Norway is not. This choice was also a pragmatic deci-

sion guided by two main factors. First, for a researcher based in Norway, Sweden and Norway were easily accessible in terms of language, time and financial resources. Secondly, this report is part of a research project at the Fridtjof Nansen Institute – Climate Change Altering Nordic Energy Systems (CANES), which focuses on Norwegian and Swedish companies.

The companies were chosen from sectors considered to be especially affected economically by the EU ETS and also seen as exposed to ‘carbon leakage’.¹⁸ Some companies and sectors lobbied hard to be included among the sectors deemed at risk of carbon leakage. For example, in December 2008 a massive protest of metalworkers took place in Brussels because steel production was not at the time considered as involving a high risk of carbon leakage (Phillips 2008). When the Climate Strategies research group claimed that the chemical industry was unaffected by carbon leakage, the European Chemical Industry Council (CEFIC) immediately voiced its disagreement (ENDS 2008e). Choosing companies from these sectors will probably provide further information on lobbying, as it is likely that firms took up lobbying activities because the issue of the ETS was of high importance to these sectors.

The three sectors included in this report are, as mentioned, the following: pulp and paper, cement, and metal production of steel and aluminum. Prior to conducting the research it was not possible to be certain how the companies had lobbied, because such activities are rarely documented or publicly visible. It was therefore decided against using most-similar or most-different case selection techniques, which are otherwise very common in the qualitative literature and are based on matching both the independent and dependent variables (George & Bennett 2004:50; Gerring 2007:89–90, 131–144). If I had been able to know more in advance about firms’ lobbying routes, these case selection methods would have been most natural to consider in seeking to identify what influences firms’ lobbying routes. As I did not know beforehand which lobbying routes had been used by the selected firms – indeed, that became also one aim of the report – a technique which John Gerring (2007:89, 97–100) has called *diverse case selection* was applied. This means that the cases are chosen to represent a full range of variation on either the independent or dependent variables, or on both. The chosen companies vary on the independent variables – originate from Norway or from Sweden, size,¹⁹ and additionally in the membership size of the European associations. In addition, they belong to different sectors, thereby representing a wider part of the energy-intensive industries in Norway and Sweden. It is reasonable to expect that the influences on firms’ decisions on how and where to lobby, as identified in previous studies, would have some effect: thus companies should also differ on the dependent variable – lobbying routes. Selecting cases to represent a full range of variation also enhances the representativeness of the chosen sample, even if it might not have the same distribution of variable values as the population has (ibid: 100).

4.2 Selected sectors and companies

4.2.1 Cement production

Cement production is a sector where the EU ETS has a strong direct effect. Increases in production costs were estimated at more than a third compared to a 'no ETS' scenario, due to direct emissions, assuming a CO₂ price of 20 Euro per ton, and no free allowances (European Commission, DG Environment 2006b). In another study, cement was considered to be one of the most affected industries by cost impacts of the EU ETS on production value (Lund 2007). During the revision of the EU ETS, the European Cement Association (CEMBUREAU) published a position paper where they highlighted the negative effects on the competitiveness of the European cement industry and expressed their preference for a global system, seeing the EU ETS as acceptable only as an in-between system, and that only if several significant measures were undertaken (CEMBUREAU 2007a). It would thus be highly likely that cement companies did engage in lobbying during the revision of the EU ETS.

Norcem – cement producer in Norway

Norcem is the only cement producer in Norway, and is today a subsidiary of HeidelbergCement Group (HeidelbergCement), a large multinational cement and concrete producer. Although affiliated with HeidelbergCement, it has remained a separate company with headquarters in Oslo and two production plants in Norway. Its being a subsidiary of HeidelbergCement can be expected to influence the choice of lobbying routes at least to some extent, but it was necessary to use Norcem in order to cover a sector significantly influenced by emissions trading. I did not find any other companies in Norway that could be compared to Swedish counterparts. Moreover, it has become very usual for firms to be subsidiaries or daughter companies of larger companies. In 2007 Norcem reported total revenues of 1.4 billion NOK (Norcem not dated: 4). Norcem is a member of the Federation of Norwegian Industries (*Norsk Industri*) in Norway and CEMBUREAU in Europe. CEMBUREAU has in total 28 members. As a rule these are national associations, but when there is no cement association, a company is a member. Then the company is seen as representing the cement sector in that country, as is the case for both Norway and Sweden (interviews 2010).

Cementa – cement producer in Sweden

Cementa is the only cement producer in Sweden; it too is a subsidiary of HeidelbergCement. In 2007, Cementa had revenues of 1.8 billion SEK (Cementa AB not dated: 4), equivalent at the time to about 1.56 billion NOK.²⁰ The question of whether lobbying routes can be influenced by belonging to HeidelbergCement Group is relevant here as well, but leaving out Cementa would have meant omitting the entire Swedish cement sector, parallel to the case with Norcem and Norway. Cementa is a member of the association of the Swedish building materials industry (*Byggmaterial Industrierna*) and of the Swedish Aggregates Producers Association (*Sveriges Bergmaterialindustri*) as a supplier. Both these organizations are part of the Confederation of Swedish Enterprise (*Svenskt Näringsliv*). During the interview at Cementa, I was informed

that on the EU ETS issue, Cementa has rather been active in other associations: in Plastics & Chemicals Federation (*Plast- & Kemiföretagen*); and in SveMin, which is the association of mining, mineral and metal producers (interview 2010). As Cementa is Sweden's sole cement producer, it represents the entire national cement industry in CEMBUREAU, as Norcem does for Norway.

4.2.2 Metal production: aluminum and steel

Primary aluminum production is a sector included in the scheme with effect from 2013. Some estimates indicate that the sector has already been considerably affected by the ETS. This is because of the indirect effect on power prices, as the sector cannot pass on cost increases to its customers, due to stiff competition. In a study conducted by the DG Environment, the cost increases due to EU ETS were estimated at around 11.4 percent, assuming a CO₂ price of 20 Euro per ton; this increase was due solely to indirect effects of the EU ETS (European Commission, DG Environment 2006b). A high indirect effect on the costs of production was found in another study as well (Lund 2007). During the EU ETS revision process, the European Aluminum Association (EAA) published a position paper in which they emphasized the reductions in emissions already achieved by the aluminum industry, and pointed out that including aluminum in the emissions trading scheme would not contribute towards meeting the EU's Kyoto commitments, whereas it would add significant costs to the production of aluminum. In consequence, the association strongly opposed including aluminum production in the scheme (EAA 2005).

Primary steel production seems to have been significantly influenced by emissions trading due to high direct effects of the EU ETS. Primary steel production estimated to be facing total cost increases of 17.3% with a CO₂ price of 20 Euros per ton, without any free allocations. Due to competition from outside of the EU, it was assumed that only a small amount of the cost increase could be passed on to customers (European Commission, DG Environment 2006b). Also another study (Lund 2007) considered steel as one of the most-affected sectors. Not surprisingly, during the revision process the European Confederation of Iron and Steel Industries (EUROFER) published a presentation of their positions on emissions trading, criticizing the ETS system as a threat to competitiveness and proposing a different design for the emissions trading system (EUROFER, not dated).

Norsk Hydro – aluminum producer in Norway

Norsk Hydro is a large aluminum producer with operations in many countries. In 2007 its revenues were about 94 billion NOK (Norsk Hydro not dated: 1). Hydro belongs to the Federation of Norwegian Industries; at the European level it is a member of the European Association of Metals (Eurometaux), which represents non-ferrous metal industry, and the European Aluminum Association (EAA). Eurometaux has a total of 57 members, including associations, individual companies and associated members (Eurometaux 2010). EAA has in total 41 members: companies, European and national associations and associated members (EAA 2010).

SSAB Steel – steel producer in Sweden

SSAB is a large Swedish steel company, with subsidiaries or offices in 40 countries. Revenues in 2007 were 47.7 billion SEK, at that time equivalent to about 42 billion NOK. SSAB is a member of the Swedish Steel Producers' Association (*Jernkontoret*) in Sweden and thereby also a member of the Confederation of Swedish Enterprise. It also belongs to EUROFER, which has company, national association and associated members – 69 members in total (EUROFER 2010).

4.2.3 Pulp and paper production

In studies conducted in the beginning of the revision process of the EU ETS, the pulp and paper sector was reported to consider the impact of EU ETS as a key issue in long-term decisions. Total cost increases for the sector were expected to be between 1% and 7.5% percent with a CO₂ price of 20 Euros per ton, without any free allocations (European Commission, DG Environment 2006b). This is less than for other sectors. Among selected sectors as to risk of exposure to carbon leakage, the pulp and paper sector was found to be the least affected (Lund 2007). The Confederation of European Pulp and Paper Industries did not contribute any position papers on its own, but did so in cooperation with several other European industry associations under the Alliance (Alliance of Energy Intensive Industries, CEFIC & IFIEC 2007; Key Stakeholders Alliance for ETS Review 2007).

Norske Skog – paper producer in Norway

Norske Skog produces newsprint and magazine paper and has 14 paper mills around the world. Revenues in 2007 were 27 billion NOK (Norske Skog not dated: 2). It is a member of the Federation of Norwegian Industries in Norway and thereby also a member of the Confederation of European Paper Industries (CEPI), which has 19 members, all of them national associations (CEPI 2010).

Svenska Cellulosa Aktiebolaget (SCA) – Swedish paper producer

SCA is a large paper and paper products company that operates in more than 90 countries. Revenues in 2007 were almost 107 billion SEK, or about 92 billion NOK at that time. SCA belongs to the Swedish Forest Industries Federation (*Skogsindustrierna*) and thereby of the Confederation of Swedish Enterprise. Like Norske Skog, it is a member of CEPI.

Table 4.1 Overview of companies and possible explanatory variables

Company	Sector	Country	Revenue in 2007 in billion NOK	EU association and number of members
<i>Cementa</i>	Cement	Sweden	1.56	CEMBUREAU - 28 members
<i>Norcem</i>	Cement	Norway	1.4	CEMBUREAU - 28 members
<i>SSAB</i>	Metal production – steel	Sweden	42	EUROFER - 69 members
<i>Norsk Hydro</i>	Metal production – aluminum	Norway	94	Eurometaux - 57 members EAA - 41 members
<i>SCA</i>	Paper	Sweden	92	CEPI - 19 members
<i>Norske Skog</i>	Paper	Norway	27	CEPI - 19 members

4.3 Collecting the data – qualitative research and interviews

The main method of data collection method were qualitative interviews. Interview data were supplemented with information from company and EU association documents, such as annual and environmental reports, and articles from various media sources. The main reason for using qualitative interviews was that there are no available data that could be used to shed light on how and where the companies had lobbied – such information is not published for example in company reports or other open documents. Secondly, the issue is quite complex and it is the staff members working with emissions trading and lobbying who have most information. Each of the companies had only one or very few persons working with the EU ETS and other environmental issues. Each company referred to one person as the most knowledgeable on the topic.

Seven people were interviewed: six representing companies and one the Federation of Norwegian Industries, as during the interviewing process it became clear that the issues under discussion were quite different in Norway and Sweden. At the time of reviewing the EU ETS in Norway, there had been talk of linking Norway to the ETS, and that was a crucial issue for the companies (as explained further in section 6.1.1). Because lobbying in Norway was often conducted via the Federation of Norwegian Industries, I arranged an interview there as well, to understand the processes in Norway better.

The interview type could be termed ‘key informant interviews’ according to Svein S. Andersen (2006). Interviewees were those persons familiar with how the company participated in policy-making during the revision of the EU ETS, and I used their own subjective experiences understanding firms’ lobbying routes (ibid: 282). Interviewees held high positions with their companies and were working with EU ETS issues on a daily basis (see table A.1 for list) and very knowledgeable indeed. First a request for interviews was sent out to people who, according to company websites or information gained from the first interview,²¹ were working

with the issues of the EU ETS and lobbying. If this was not the right individual, another person was recommended by the company.

Semi-structured interviews with mostly open-ended questions were used (see appendix A for interview guides). In a semi-structured interview the interviewer has an interview guide with quite specific questions and topics to be covered during the interview, although the questions do not have to be answered exactly in the same order (Bryman 2004: 321). Since the interviewees had been presented with a brief overview of the questions, interviews took a conversational form, as the respondents were already familiar with the main focus of the interview.

During all the interviews I used a voice recorder and asked permission to do so, both in the introductory e-mail and at the beginning of each interview. All the interviewees agreed. The digitally recorded interviews were not uploaded electronically, and in interview transcripts I used codes instead of person and company names due to privacy protection requirements (NSD 2010). This was also explained to the interviewees. Using a recorder was practical, because it allowed me to focus more on the conversation and asking follow-up questions and probes, instead of merely writing up answers. However, during each interview, I also took extensive notes. The combination of recorded interview and notes allowed double-checking the information if needed. I do not think that the interviewees omitted anything because of the recorder, since the interviewees had received an explanation of how interviews would be used and they all had the possibility to review any parts where they or the companies were referred to by name. In addition, I sought to make the interviews as anonymous as possible.

The initial interviews were followed up by a second interview in Norway, and via phone and e-mail in Sweden. On the basis of information from the interviews, some changes were made to the interview guide. First, the company representative at the first interview suggested caution in using the term 'lobbying' as it often has negative connotations which could cause resistance among interviewees. Therefore during the contacting process and often during the interviews terms I used terms like 'interest representation' or 'participation in policy-making'.²² However, at the beginning of each interview it was explained that in the study I would use the term 'lobbying' and that, in political science, lobbying is seen as a natural part of any political process. Looking back, it was necessary to explain the definition of lobbying and what the aim of the study is, to reduce possible resistance. Realizing that it might be a sensitive topic, I also explained to the interviewees that I would make the interviews as anonymous as possible.

At each interview I agreed with the interviewee to take contact if anything had been left unclear, and that they would be able to review the company presentations given in chapter 5. All the interviewees were very open to such follow-ups, and they often went very thoroughly through the presentation of their companies. However, the Cementa representative did not have the possibility to do that, so the information on Cementa might be less correct than the others. None of the interviewees requested me to leave out any information.

4.4 Making the study valid and reliable

In order to ensure a high degree of validity and reliability, this report draws on the guidelines of Michael Gibbert, Winfried Ruigrok and Barbara Wicki (2008), who divide the discussion of validity and reliability into internal, construct and external validity; and reliability. Under each category they present various techniques based on several previous authors.

‘Internal validity’/.../ refers to the causal relationships between variables and results. Here the issue is whether the researcher provides a plausible causal argument, logical reasoning that is compelling enough to defend the research conclusions.
(Gibbert, Ruigrok & Wicki 2008: 1466).

To ensure internal validity, one measure recommended was to demonstrate with the research framework that the identified variable brings on the change in the dependent variable and not a third, omitted variable (ibid: 1466–1467). To this end, I gathered various possible influences on lobbying from the literature and included them as independent variables, so as to exclude spurious relationships, as explained in chapter 3. This is very similar to another of their recommendations, theory triangulation (ibid: 1466–1467). I sought to take into account a wide body of literature (often with conflicting views) in developing the possible influences on firms’ choice of lobbying routes. There are, to my knowledge, no established schools of theory on EU lobbying that could be compared. Additionally, during the study some other possible influences were found, as will be explained in chapter 6.

Since internal validity is about providing sound causal arguments, I carried out a form of pattern-matching when gathering and analyzing the data, to detect any relationships that had not been considered prior to data collection. Pattern-matching compares empirical findings with predicted patterns and, where relevant, also alternative patterns (Yin 2003: 116–118). This took firstly the form of my asking interviewees about used and not used tactics and targets, why these were preferred or not preferred, attempting to find causal explanations for lobbying routes that were used or not used. It also allowed the interviewees to talk about their experiences without being guided by the theoretical expectations in the report. Secondly, I compared the established lobbying routes and reasoning for using these with the hypotheses and the literature. Thirdly, as some findings did not match expectations, alternative explanations are offered.

The ‘construct validity’ of a procedure refers to the quality of the conceptualization or operationalization of the relevant concept./.../
As such [it] refers to the extent to which the study investigates what it claims to investigate, that is, to the extent to which a procedure leads to an accurate observation of reality.
(Gibbert, Ruigrok & Wicki 2008: 1466).

Concept quality is ensured by thorough explanation of the concepts used as lobbying routes and lobbying as presented in chapter 3. Operationalization of possible influences on lobbying pattern is discussed below.

The operationalization of company origins (Sweden, Norway) was determined according to the physical location of the company and its headquarters, as well as registration in Norway at the Brønnøysund

Register Centre or at the Swedish Companies Registration Office. Here it should be borne in mind that several of the companies also have production and offices in other countries – as is only natural for companies whose revenues can be measured in billions. As mentioned, Norcem and Cementa AB both are subsidiaries of HeidelbergCement Group, and thus their ‘Swedish’ or ‘Norwegian’ origin might be questioned. Nevertheless, as these firms are in charge of production in Sweden and Norway, and belong to their own national associations and separately to CEMBUREAU, I found it reasonable to count Norcem as a Norwegian company and Cementa AB as Swedish.

Company size is measured in sales, i.e. revenues. This has been used before in the literature on lobbying. For instance, Bernhagen and Mitchell (2009) used sales to measure firm size and did so with confidence, as alternative measures (assets, market value or a composite measure including all three) did not affect the results of their study (ibid: 164). Revenue was therefore considered a suitable proxy for measuring the size of the company. Since most preparations for the Commission’s proposals took place in 2007 (they started in November 2006), I considered 2007 company revenues appropriate for measuring size during the revision process. Here I might add these companies’ revenues did not fluctuate enough in 2006–2008 to alter their rankings based on sales.

I operationalized the policy phases as follows:

The *policy-initiation phase* took place from November 2006 until January 2008. In 2006 the Commission published a report on the EU ETS, highlighting the areas needed for review and inviting stakeholders to participate in the review process (European Commission 2006). In January 2008 the Commission put forward its formal proposal for the revised directive to the European Parliament and the Council (European Commission 2008b).

The *policy development phase* took place from January 2008 from the proposal for the revised directive until December, when the final Directive 2009/29 (European Commission 2009) was adopted.

For membership figures in EU associations I consulted the associations’ websites. I decided to treat associations, firms and associated members equally. It could of course be argued that a national association or associated member is less of a ‘coherent member’ than a firm, but in my view there are more threats to validity involved in assigning a different weight to other members compared to firms. Membership figures in EU associations are used as an additional measure of conflict, as it was anticipated that the interviewees might prefer not to provide information about possible conflicts.

Gibbert, Ruigrok, Wicki (2008: 1467) identified also techniques that could enhance construct validity. I have tried to take into account several of these: making it possible for interviewees to review drafts, indicating the circumstances around data collection, and explaining data analysis. The aim is to present a ‘*clear chain of evidence*’ (ibid: 1468) by thorough explanation of how I collected and used the data. First, the drafts of company profiles as presented in chapter 5 were reviewed by the interviewees, to ensure that I had understood everything correctly but also to

confirm that the firms had no objections. As mentioned above, the Cementa representative was unable to review the draft version of Cementa's lobbying profile, which might thus be less accurate than the other profiles. Secondly, I have outlined the data collection circumstances above by explaining the interviewing process. Third, data analysis is explained further below. However, I did not use one measure that has been specifically recommended for ensuring high construct validity – data triangulation (ibid: 1468), which involves collecting data from different sources. The characteristics of lobbying are a hindrance – lobbying activities are rarely documented and often do not take place in the open. Sources additional to interviews that would enable me to check which lobbying routes the firms had used were simply not available. Other sources, like media articles, company and association reports and position papers were mainly used as background or explanatory material.

It is possible that due to the interviewing process there are some issues that threaten the construct validity in this report. As the review of the EU ETS was a complex process that took place a while ago, it may be that my respondents did not remember everything fully or correctly. There are limits to what one can remember, and memory is also influenced by psychological processes such as rationalizing (Andersen 2006: 292–294). During the interviews it became clear that respondents could not differentiate between policy phases. In addition to seeing the review of the EU ETS as a continuous process, interviewees explained that they could not recall exactly if and when any of the EU institutions was lobbied more than others (interviews 2010).

Another possibility is that the interviewees provided incomplete information. For example, no one mentioned any conflict within the European or national associations (interviews 2010). It may well be that there simply were no significant disagreements. On the other hand it is also possible that the interviewees omitted such information because it could damage relationships within the association. And after all, the interviewees are entitled to decide what information to provide, since participation in any kind of research is a voluntary affair.

‘External validity’ or ‘generalizability’ is grounded in the intuitive belief that the theories must be shown to account for phenomena not only in the setting in which these were studied, but also on other settings (Gibbert, Ruigrok & Wicki 2008: 1468).

The issues of external validity were to some extent already treated when discussing the choice of companies. Three different recommended measures were employed during the research. First, several cases were studied – six different companies. Secondly, the selection of these cases is explained thoroughly; and thirdly, each of the firms is presented (Gibbert, Ruigrok & Wicki 2008: 1467–1468). However, I do not aim to generalize the results to all firms from the world's energy-intensive industries. The selected cases represent only those from Sweden and Norway.

‘Reliability’ refers to the absence of random error, enabling later researchers to arrive at the same insights. The keywords here are transparency and replication (Gibbert, Ruigrok & Wicki 2008: 1468). To ensure reliability in this report, I have tried to explain in this chapter how

I proceeded, although a formal case study protocol or database (as recommended by Gibbert et al.: 1468) was not developed. On the other hand, I present the interview guides as well as the list of interviewees in appendix A.

4.5 Presenting and analyzing the data

The material from the interviews was organized according to the research questions and the theory outlined in chapter 3. On the basis of the interview data a profile of each company, showing lobbying routes is drawn up. For clarity, companies' lobbying routes were depicted in schemes, with a differentiation between 'more important/more used' and 'less important/less used' lobbying routes. However, it was not possible to define exactly where the line goes for each interview. I began by trying to establish a comparative measuring system to gauge the intensity and importance of the use of lobbying routes in the original interview guide. It quickly proves too complex for the interviewees to rank all the tactics and targets or to weight the choices. Instead, data were collected through questions, and lobbying route schemes were drawn with the help of interviewees. Nevertheless, the interviews did provide information on which of the tactics or targets the individual companies used more than others. I decided to indicate the differences in the importance of the lobbying routes so as to keep that layer of information, although these are not readily comparable among or between the companies.

The mapped lobbying routes were then analyzed according to my research questions and hypotheses. As mentioned, the analysis was guided by pattern-matching principles, which involved comparing the collected data with hypotheses and literature used to develop these. When the findings did not match with the expectations, but rather with other possible patterns, alternative possible explanations were brought forward.

5 Use of Lobbying Routes – Company Profiles and Comparison

5.1 Norsk Hydro – to the EU alone and together

In this report, the aluminum sector is represented by Norsk Hydro, a Norwegian company. In 2007 Norsk Hydro had total revenues of 94.316 billion NOK (Norsk Hydro, not dated: 1) and had four primary aluminum smelters in Norway, one in Germany, as well as two in partnership with another company – one in Slovakia and in Norway (Norsk Hydro, not dated: 31–32). Norsk Hydro is a member of the EAA and Eurometaux as well as the Federation of Norwegian Industries. As yet, Norsk Hydro is primarily indirectly affected by the EU ETS through rising power prices. From 2013, aluminum production will be included in the EU ETS and the scheme will most probably become more costly for Hydro. Therefore Hydro aims to be a leader both in reducing emissions and in designing the system (interview 2010).

Although the company representative emphasized that effective participation in the policy-making processes necessitates employing all possibilities (interview 2010), Norsk Hydro has used two tactics in particular: lobbying directly, and lobbying via European associations – using the EAA and Eurometaux. Direct lobbying took place at the EU level, at the national level in Norway, in Slovakia and especially in Germany. When Hydro lobbied directly in Norway, it was only partially with the aim that the Norwegian authorities would represent Hydro's interests further at the EU level. Direct lobbying in Norway was generally conducted with national institutions as the final target. Lobbying alone at the EU level was organized through Norsk Hydro's Brussels office, where two employees were working with the EU ETS, in addition to four employees in Norway. Lobbying alone was directed at the European Commission and the European Parliament, with the Commission seen more as a target than the Parliament. When Norsk Hydro lobbied alone in Germany and Slovakia, this was done with the aim of convincing the authorities there to represent Hydro's views further at the EU level (interview 2010).

Lobbying via EAA and Eurometaux was targeted towards all the EU institutions, and these organizations had most contact with the Commission. Work on EU ETS-related issues is divided between these two organizations. The EAA deals with environmental issues, topics related to direct emissions and benchmarking, and Eurometaux works on issues related to energy and thus on the indirect effects of the EU ETS (interview 2010). These two were equally important as lobbying tactics and there was extensive contact with both associations in the form of phone-calls, meetings and e-mails. Contact took place at least weekly, usually by e-mail (interview 2010). The initiative for cooperation between Norsk Hydro and these associations typically came from the associations, as they follow the policy-making process in the EU, bring up relevant issues for the aluminum industry, and organize meetings where industry response is discussed. Norsk Hydro has been very active in both these organizations and expressed satisfaction with their work, even though there are always some compromises to be made. That was seen as a natural part of the process (interview 2010). In order to participate effec-

tively in the EAA and Eurometaux, Norsk Hydro was very much prepared to secure the quality of their positions inside these associations. Around 2008, Hydro went through all its memberships in various organizations and re-organized the internal work, so that those participating in the organizations could be as well-prepared as possible. As a result, Norsk Hydro has been taken seriously in the organizations: *'The feedback is that when our corporate management people go into meetings, they have clout. They are better prepared than most'* (interview 2010). Thus we see that the usefulness of an association to a firm might not depend solely on the characteristics of the association, but also on the member company itself.

The EAA reported lobbying during the revision of the EU ETS both before and after the proposal. In 2006 it worked to get the aluminum sector excluded from the EU ETS, suggesting other possibilities instead (EAA, not dated a: 11). In 2007 the EAA continued its efforts on this issue and lobbied the Commission and key member states²³ with the aim of finding an alternative solution for the aluminum sector instead of the EU ETS. These attempts were not fruitful, as during the year it became clear that both primary and secondary aluminum production would be included into the EU ETS from 2013. Therefore Hydro's efforts shifted from opposing the inclusion of the aluminum production to finding solutions to compensate for the CO₂ component of (an expected increase in) power prices, as the proposal indicated no clear provisions on this point (EAA, not dated b: 9). Lobbying continued in 2008 and, according to the EAA, resulted in a possibility of free allocation for direct emissions, if it were to be considered exposed to carbon leakage,²⁴ as well as the possibility of receiving compensation from member states for the CO₂ cost in the power price (indirect effect of the EU ETS) for the sectors exposed to carbon leakage (EAA, not dated c: 11). The EAA also provided a position paper during the EU ETS revision (EAA 2005).

Eurometaux has no public documents, such as annual or activity reports from the review period, that could explain the lobbying actions undertaken during the review process. This is not to say that the organization did not participate in the policy-making process, but it highlights one crucial problem in studying lobbying – documentation of lobbying activities is so rare that sometimes even large associations do not provide material on their work. However, it is clear that Eurometaux was present in the review process and put forward two joint position papers together with other industry organizations, among them also the EAA (The Key Stakeholders Alliance for ETS Review 2007; Alliance of Energy Intensive Industries, CEFIC & IFIEC 2007).

Norsk Hydro also has plants in other EU member states, and lobbying took place via their national associations, especially in Germany and Slovakia. This tactic was first aimed at the corresponding national institutions and secondly towards all of the EU institutions through the national institutions. Using the German association was emphasized due to Germany's membership and general importance in the EU (interview 2010).

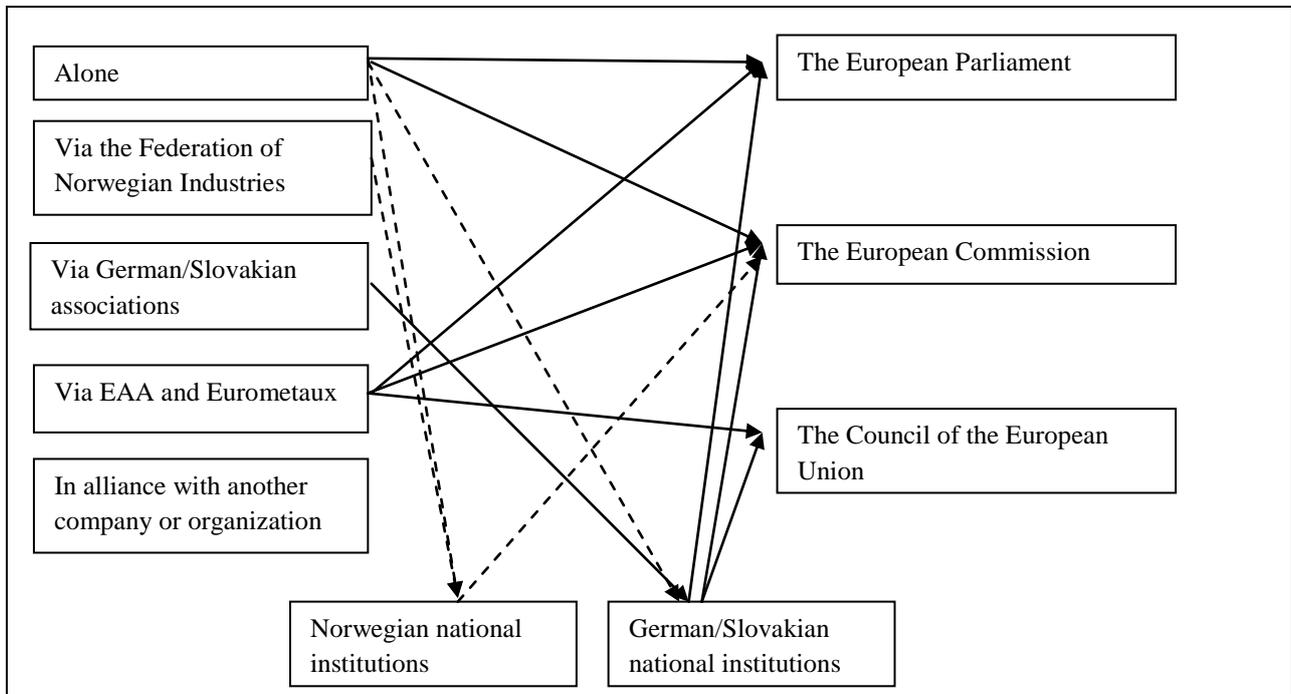
Less use was made of the Federation of Norwegian Industries compared to other tactics, and lobbying via it was targeted solely at the Norwegian institutions. There were considerable differences between the issues discussed via the Federation of Norwegian Industries at the national level

and via tactics at the EU level. In Norway the main issue was linking Norway to the EU ETS with ‘a level playing field’ so that implementation of the EU ETS in Norway would not differ from the European Union. At the EU level lobbying involved issues of the design of the revised directive. Lobbying directly and through the EAA and Euro-metaux was evaluated as far more effective than lobbying via the Federation of Norwegian Industries, as the first two provide much better access to EU institutions. The Federation of Norwegian Industries plays a useful role as a listening post bringing information back to Norway, to firms and authorities alike (interview 2010).

One option included under the tactics was not relevant for Hydro at all: lobbying in alliance with another company or an organization. When Hydro has cooperated with other firms it has been under the umbrella associations, like the EAA. For instance, when Hydro met politicians or officials together with another aluminum company, it was always on behalf of the EAA (interview 2010). As the Hydro representative put it: *‘I don’t think that we have been in situations where we would need an alliance with another company on a specific issue’* (interview 2010).

As to the targets, the Commission stands out, because *‘they make the rules’* and *‘they are doing the formulation of the legislation’* (interview 2010). Therefore it was crucial for Hydro to follow the policy-making process from the beginning. Lobbying actions intensified somewhat after the Commission put forward the proposal, but the change was not prominent. Lobbying after the proposal took a more specific form: *‘When you get the proposal, it is easier to say that this we need to change. /.../ Then you have an objective that this needs to be changed from this to that’* (interview 2010).

Figure 5.1 Lobbying routes of Norsk Hydro



* The straight line marks the most-used lobbying routes, while the dotted line marks routes that were also in use, but not as important as the others.

From the above, we can conclude that Norsk Hydro used the following lobbying routes most:

- Direct lobbying towards the Commission, but also towards the European Parliament.
- Lobbying via the European associations towards all of the European institutions, but especially towards the Commission.
- Lobbying through national associations in Slovakia and especially Germany at the national institutions there.
- Lobbying via German and Slovakian institutions was directed at all the EU institutions.
- There was also lobbying activity through these lobbying routes:
- Lobbying alone towards the Norwegian and German (and also to some degree Slovakian) authorities.
- Lobbying via the Federation of Norwegian Industries was conducted on the national level but it was least relevant of all the routes used.

5.2 Norcem – the quickest way to the heart of the EU goes through a parent and international cement friends

Norcem is, as explained, the only cement producer in Norway and is part of the HeidelbergCement Group. In 2007 Norcem's revenues were approximately 1.4 billion NOK. Norcem has two cement plants in Norway (Norcem, not dated: 4). It belongs to the Federation of Norwegian Industries as well as CEMBUREAU. As Norway's sole cement producer, Norcem represents Norwegian cement production in international associations.

Norcem has been active in climate-related policy-making processes since the 1990s, because cement production results in high CO₂ emissions. Therefore Norcem chose to be involved early in the policy-making discussions concerning Norway's connection to emissions trading. The design of the EU ETS as such has been relevant because of the high emissions from cement production, but not as much as implementing the EU ETS in Norway. Especially important was the matter of getting the same rules in Norway as in the European Union, given Norcem's competitive situation in relation to cement producers in EU countries (interview 2010). The company sees the necessity for the tougher EU ETS scheme compared to the first and second phase from the perspective of environmental effectiveness and the need to reduce emissions. Nonetheless, the company representative noted that the stricter rules from 2013 will definitely have consequences both for Norcem and European cement production in general (interview 2010).

Norcem particularly used the following lobbying tactics during the revision process: lobbying via CEMBUREAU and via the Federation of Norwegian Industries. The 'CEMBUREAU route' was considered to be the most important tactic because the cement producers managed to agree, so interests and views on the ETS could be represented as representing the entire industry (interview 2010). The relevance of 'speaking with one voice' is illustrated well in the following statement by the

company representative: *‘These associations, if they can’t present a common view, they can’t play their role any more’* (interview 2010). Apparently, CEMBUREAU did manage to combine different opinions within the cement industry. There was extensive contact between CEMBUREAU and Norcem. Norcem often receives requests for feedback from CEMBUREAU and is clearly satisfied with CEMBUREAU’s work in representing its (Norcem’s) interests during the EU ETS revision. On the other hand, most of the lobbying work through CEMBUREAU is either coordinated with or conducted via HeidelbergCement’s office in Brussels. There is contact between Norcem and HeidelbergCement in Brussels several times a week in the form of phonecalls, e-mails, web/telephone conferences, and sometimes face-to-face meetings (interview 2010). Feedback and information to CEMBUREAU is coordinated between the various subsidiaries of HeidelbergCement, which points to the importance of ‘speaking with one voice’ not only for associations, but also for affiliated companies. There was also some direct contact between Norcem and CEMBUREAU, but only about a few times a month and mostly via telephone and e-mail (interview 2010).

The lobbying route via CEMBUREAU was targeted at all of the EU institutions, so it is difficult to say from Norcem’s viewpoint at which institution the lobbying efforts were most directed. The decision was made to a large degree at CEMBUREAU, which followed the policy-making process closely (interview 2010). CEMBUREAU felt that the EU had not taken into account various problems from the pilot phase when it embarked on the EU ETS review (CEMBUREAU 2007b: 9, 13). In 2007 CEMBUREAU had extensive contacts with the Commission and especially with the DG Environment, but also to some degree at the European Parliament and with the Presidencies (CEMBUREAU 2008: 16). EU ETS was one of the main issues, so CEMBUREAU participated actively in the consultations. The proposal for the new directive was not seen as satisfactory, and CEMBUREAU noted the significance of continuing with lobbying efforts (ibid: 19). During 2008 CEMBUREAU focused extensively on participating in the debate on the design of the new directive. Especially the second half of that year saw extensive work aimed at demonstrating that cement production would have to be recognized as exposed to carbon leakage (CEMBUREAU 2009: 19). CEMBUREAU participated also in the revision process with other energy-intensive industry sectors and was involved in preparing two formal position papers delivered to the Commission (The Key Stakeholders Alliance for ETS Review 2007; Alliance of Energy Intensive Industries, CEFIC & IFIEC, 2007). It also provided a separate position paper (CEMBUREAU 2007a).

In Norway, Norcem lobbied at national institutions first and foremost through the Federation of Norwegian Industries. Also for Norcem the issues discussed in Norway had to do with linking Norway to the EU ETS under equal rules:

It has always been Norcem’s view, and here we follow the Federation of Norwegian Industries, that we shall not have it easier than the EU, we shall not have it tougher, we shall have the same rules (interview 2010).

As the issue under discussion was of national character, lobbying at the national level was not conducted in order to get interests represented

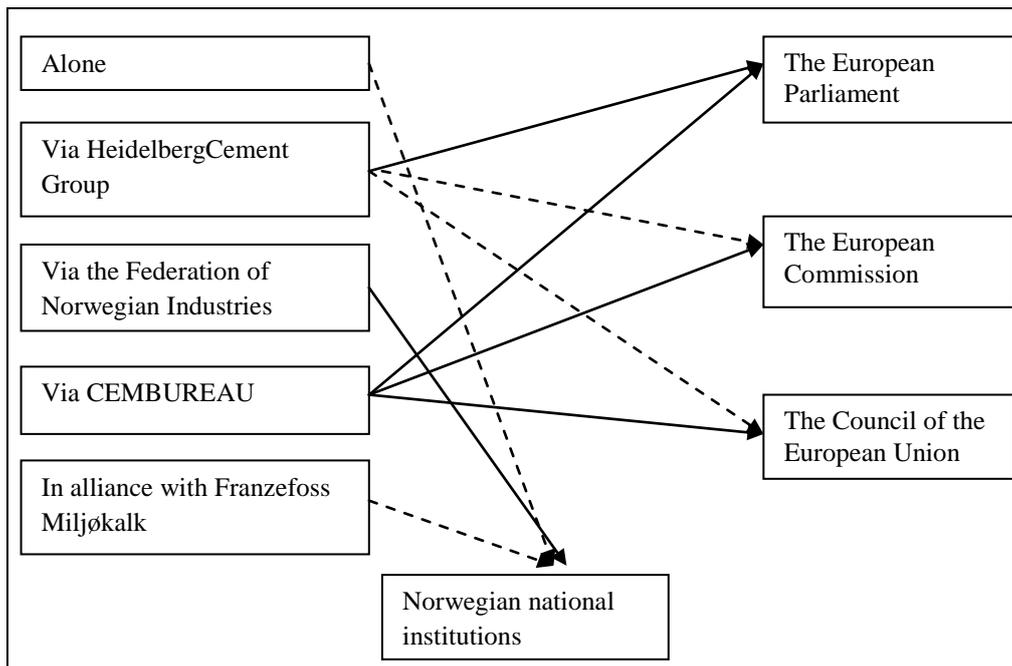
further at the European level. Nevertheless, lobbying took place only to a small degree through the Norwegian authorities' contacts in the EU. That was not considered relevant:

In some questions they [EU] listen to us [Norway], but I don't think this question is one of them. In matters of energy and fishing, then they listen to us (interview 2010).

Norcem was not very active in direct lobbying in Norway. However, like many other industries, Norcem receives visits from members of the Norwegian Parliament (especially prior to elections). On such occasions Norcem always made sure to mention the 'EU ETS issue', with a specific focus on linking Norway to the ETS with a 'level playing field' (interview 2010).

Norcem as a company did not undertake any direct lobbying at the European level, nor does it have an office in Brussels to deal with governmental or EU affairs. However, we should note that the parent company HeidelbergCement Group has an office in Brussels working with European affairs, and that office conducted direct lobbying actions at the European level. Even then, lobbying actions were usually coordinated with CEMBUREAU. HeidelbergCement Group undertook most direct lobbying at the European Parliament, although there was also direct contact with the Commission and the Council (interview 2010).

In addition, Norcem cooperated in conducting lobbying in Norway with the lime industry, mainly with Franzefoss Miljøkalk. This alliance was created because the lime and cement industry face similar challenges in the EU ETS due to similar technological processes, and because a large part of their emissions are process-related (interview 2010). Lobbying in alliance was targeted at politicians and officials both on the broader national level and at the local level in areas where the companies had production plants. That was complementary to activities in the Federation of Norwegian Industries, but always coordinated with them, as Norcem and Franzefoss informed the Federation, before and after meetings, about topics and results (interview 2010).

Figure 5.2 Lobbying routes of Norcem

* The straight line marks the most-used lobbying routes, while the dotted line marks routes that were also in use, but not as important as the others.

All in all, it can be concluded that Norcem used especially certain lobbying routes:

- through Via CEMBUREAU, all of the European institutions were lobbied, although it not possible to state which of the EU institutions was prevalent in this route
- through HeidelbergCement Group, which engaged in most lobbying at the European Parliament, although it also had contact with the Commission and the Council
- through the Federation of Norwegian Industries at the national institutions.
- The following lobbying routes were also used:
- in alliance with Franzefoss at the national institutions
- lobbying alone at the national institutions.

5.3 Cementa AB – subsidiary and team player

Cementa AB is the sole cement producer in Sweden. It too is a subsidiary of HeidelbergCement. In 2007 Cementa's revenues were 1.8 billion SEK, at that time equivalent to about 1.56 billion NOK. Cementa has three cement production plants in Sweden (Cementa AB, not dated: 4). It is a member of CEMBUREAU, where it represents Swedish cement production, as there is no cement association in Sweden.

The EU ETS has been an issue of high importance for Cementa, as it is affected both directly (due to high emissions from production) and indirectly (due to rising power prices). Cementa has followed and partici-

pated in the policy-making from the very beginning. It was crucial for Cementa that cement should be recognized as a sector exposed to carbon leakage, because, without free allocation, both the direct and indirect effect of the ETS would quite probably have resulted in plant closures (interview 2010). Cementa was active during the revision process. Two tactics in particular stand out: lobbying via national associations and CEMBUREAU.

The most important tactic for Cementa was lobbying through national associations during the revision process. That took place firstly with the Swedish Plastics & Chemicals Federation, which is an association for plastic and chemical manufacturers and suppliers. Secondly, Cementa collaborated with SveMin, an association of mining, metal and mineral producers. Cementa has been involved in these organizations for several reasons. First, since Cementa is the only cement producer in Sweden there is, as noted, no national cement association. Secondly, Cementa has common views and faces similar issues with these industries regarding the EU ETS. Swedish Enterprise, which is an umbrella association for the private sector in Sweden, was not used as a lobbying tactic. As it combines very different sectors, Cementa's interests *'would get very diluted'* (interview 2010). Thirdly, SveMin and Swedish Plastics & Chemicals Federation have highly competent experts working on questions of emissions trading. Swedish officials and politicians who represent Sweden in the various EU institutions, especially representatives from Swedish ministries, also approached these associations. They asked for information because there is not always an extensive flow of information from the EU institutions to Swedish national institutions (interview 2010).

Lobbying through the national associations was directed first towards national institutions. However, the national institutions sometimes functioned as tactics, as lobbying was targeted via these to the Council and to the EP. Lobbying via national institutions was the main route to the Council, because it was not possible to go directly to the Council:

The ministries are participating in the Council (...), we can't go directly to the Council, we have to go through the ministries. I think it is because we can lobby on a certain level (...) but then they close the doors and have to decide... (interview 2010).

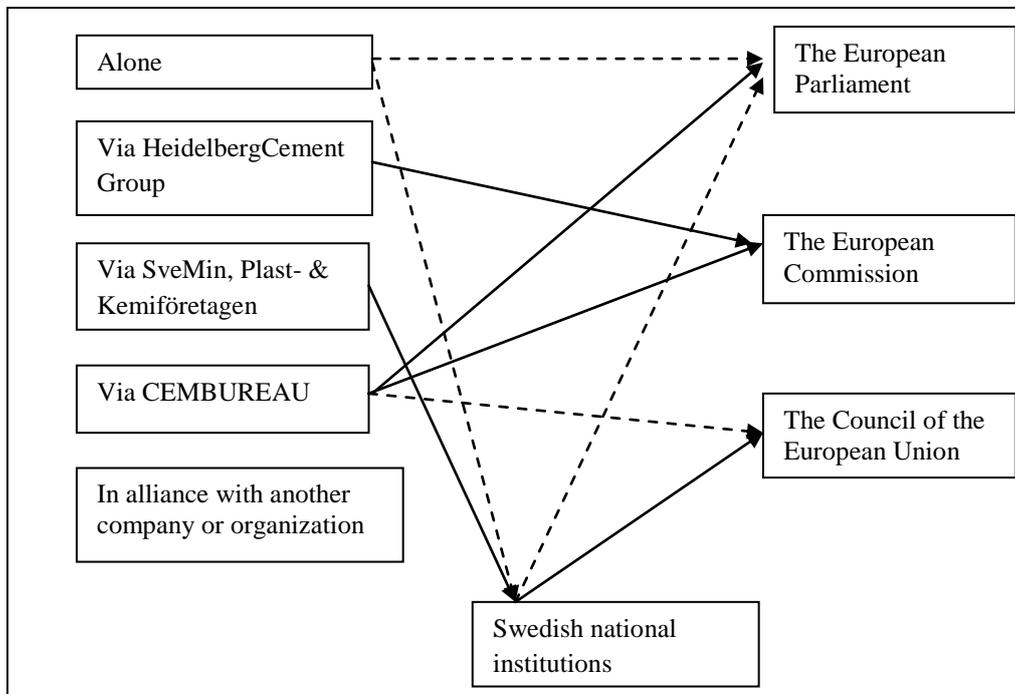
Working through CEMBUREAU was another extensively used lobbying route. This route can be advantageous because it takes a significant workload off the companies, as CEMBUREAU analyzes EU documents, prepares feedback, and gathers data and opinions from members. Such activities would be too burdensome for a single company (interview 2010). Secondly, using CEMBUREAU provides the possibility of *'speaking with one voice'*. When the entire European cement industry is represented, it gives more clout to their views. Lobbying through CEMBUREAU was directed most towards the Commission but also towards the EP and the Council. When Cementa lobbied through CEMBUREAU, the actions were usually coordinated with other companies from HeidelbergCement. HeidelbergCement had established an expert committee to discuss ETS issues before participating in CEMBUREAU. Cementa was very satisfied with CEMBUREAU's work during the revision of the EU ETS (interview 2010).

Decisions on how to act and where to lobby were to a large degree taken at CEMBUREAU, but they acted on behalf of the companies. During the revision CEMBUREAU also asked Cementa to contact Swedish MEPs directly. Lobbying so late in the policy-making phase was not easy (interview 2010). CEMBUREAU had prepared a list of items to be voted on in the EP, and Cementa then provided the Swedish MEPs with their opinions and information. On the other hand, such activities were considered as both being too late in the policy-making process and incompatible with Swedish tradition otherwise. This is well illustrated by a humorous note from the company representative: *'In Sweden we don't like coming this late and try to put a stranglehold: 'You must vote this way!''* (interview 2010).

Cementa rarely used lobbying alone either at the European level or at the national level; and Cementa has no office in Brussels that could work with government affairs. On the other hand, Cementa's lobbying was coordinated via HeidelbergCement's office and then, according to the representative, it was directed at the Commission.²⁵ As mentioned before, direct lobbying by Cementa was somewhat used at the European Parliament at the request of CEMBUREAU. In Sweden, there were some contacts between the top management and Swedish politicians, but only on special issues (interview 2010).

Lobbying in alliance with another company or organization was not relevant for Cementa. Cooperation on the EU ETS was undertaken already under national associations where the probable allies were present. However, in the early years of the EU ETS, there was some cooperation with lime industry in Sweden (interview 2010).

Figure 5.3 Lobbying routes of Cementa



* The straight line marks the most-used lobbying routes, while the dotted line marks routes that were also in use, but not as important as the others.

In conclusion the lobbying routes used by Cementa were the following:

- lobbying via national associations at the national institutions
- lobbying via national institutions was further targeted especially at the Council, but also at the Parliament
- lobbying via CEMBUREAU was directed at all the EU institutions and particularly at the Commission and least at the Council; with lobbying at the EU level, actions were to a large degree coordinated with other companies from HeidelbergCement
- via HeidelbergCement at the European Commission.
- Direct lobbying took place to some degree both at the national institutions and the European Parliament.

5.4 Svenska Cellulosa Aktiebolaget – teaming up everywhere

SCA is a large Swedish pulp and paper manufacturer that produces consumer goods such as tissues, diapers and personal care products. In 2007 SCA's revenues were approximately 107 billion SEK, or about 92 billion NOK at the time (SCA 2008: 18). Most of SCA's sales and assets are in Europe (SCA 2008: 82). SCA is a member of the Swedish Forest Industries Federation and other national associations in countries where SCA has manufacturing. At the EU level, SCA is a member of CEPI, directly and through the Swedish Forest Industries Federation. SCA has also an office in Brussels that works with EU affairs (interview 2010).

The main concern for SCA was the indirect effect on power prices. When the EU ETS started in 2005, the impact on power prices was quite strong, but the market collapsed in early 2006. Prior to the functioning of the EU ETS, SCA had expected CO₂ prices of around 40 Euros per ton. During the collapse the prices fell significantly; at the end of April 2006 CO₂ prices started to fall and stabilized around 15 Euros per ton. Prices fell further in 2007, hitting rock bottom around 1 Euro per ton. They remained at this level until the end of the year and started to rise slowly in late March 2008 (European Energy Exchange 2010). Looking back, in 2007 and 2008 there was less focus on lobbying on the ETS than it should have been. In a way, the European paper industry '*was sleeping in class*' (interview 2010). Nevertheless, some lobbying activities were undertaken by SCA.

SCA used two tactics in particular – lobbying via CEPI, and via the Swedish Forest Industries Federation. The latter was at that period more important as a tactic than lobbying actions through CEPI. Lobbying has been mainly conducted through these associations from the start of the EU ETS (interview 2010).

CEPI was used to gain clout at the EU level: '*To really be strong as an industry we need to act together on the European level and this is through CEPI*' (interview 2010). The SCA representative attended CEPI meetings about four times a year, and there was communication almost every day between SCA and CEPI, mostly via e-mail. The SCA representative participated in the 'Climate Change and Energy Committee' where main EU ETS issues were discussed; this division was created in

2007 (interview 2010). SCA participates in different committees in CEPI and is represented both as a company and as the representative of the Swedish Forest Industries Federation. Concerning ETS issues, all actions are first coordinated with the Federation. When the company representative was participating in the Climate Change and Energy Committee, he was representing the Federation (interview 2010).

SCA is satisfied with CEPI's work in this issue. There were some differences of opinion among the companies, but *'at the end of the day, we managed to agree'* (interview 2010). European paper companies differ in raw material supply, paper types produced and mill types, so opinions on the ETS were somewhat diverging within CEPI. Despite these differences, the various opinions could be merged when designing common positions and CEPI was extensively used in lobbying. CEPI's work was targeted at all the EU institutions, mostly at the Commission and least at the Council (interview 2010). CEPI has a good network and a good standing in the EU and initiatives for contact can take place both ways – CEPI contacts EU policy-makers, and the policy-makers also contact CEPI (interview 2010).

CEPI has not provided any overview of their lobbying activities and contacts in any of their reports during that time, so it is difficult to provide any additional information on which institutions were lobbied by CEPI. However, CEPI was involved, in cooperation with other energy-intensive industry sectors, in preparing two formal position papers delivered to the Commission (The Key Stakeholders Alliance for ETS Review 2007; Alliance of Energy Intensive Industries, CEFIC & IFIEC 2007).

Contact is extensive between the SCA and the Swedish Forest Industries Federation, they meet at least four times a year and e-mail almost every day. In addition to participating in CEPI, the Swedish Forest Industries Federation was also used for lobbying national institutions and authorities in Sweden as well as the European Parliament. The same can be said about SCA's lobbying via national associations in other countries. When the national institutions were lobbied, these functioned as targets on issues that were of a national character, but were used as tactics for representation at all the three EU institutions considered here. Most important of these was the Commission, because it was seen as the policy designer (interview 2010).

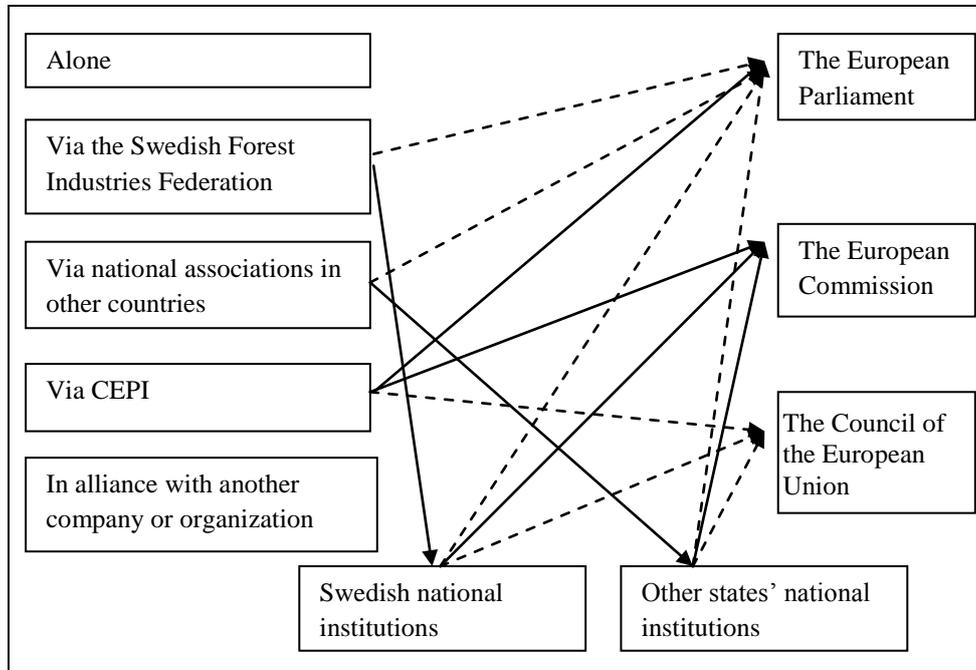
Lobbying alone was not relevant because the associations were seen as useful lobbying tactics, and because a solitary approach is costly and lacks clout:

‘I cannot complain about any of those associations. (...) It is important for us as companies, you cannot have people working full time on lobbying in our business. It is something that costs money and you don't have such resources in this type of business’
(interview 2010).

The forest and paper industry is not large in Europe, both in terms of turnover and people employed. Companies from this sector have more clout when they join forces (interview 2010).

It is also important to note that there were some differences in the lobbying routes used between 2007 and 2008. In 2007 the focus was more on the national association – the Swedish Forest Industries Federation – whereas towards the end of the 2008, the focus shifted more towards CEPI (interview 2010).

Figure 5.4 Lobbying routes of SCA



* The straight line marks the most-used lobbying routes, while the dotted line marks routes that were also in use, but not as important as the others.

In conclusion, the following lobbying routes were used by the SCA during the revision of the EU ETS:

- Lobbying via CEPI was directed at all of the EU institutions, but especially at the Commission and least at the Council.
- SCA lobbied through the Swedish Forest Industries Federation towards the national institutions in Sweden and through national associations in other countries towards the national institutions there. On topics related to the EU ETS in general lobbying via national institutions was directed further at all of the EU institutions, but most towards the Commission.
- Lobbying via Swedish Forest Industries Federation in Sweden and national associations in other states was also directed at the European Parliament.

5.5 SSAB AB – together and a bit alone

SSAB is a Swedish steel manufacturing company. In 2007 its total revenues were 47.7 billion SEK (SSAB 2008: 7), or about 42 billion NOK at that time. SSAB has four steel mills, two in Sweden and two in North America (interview 2010). SSAB is a member of the Swedish Steel Producers' Association in Sweden and EUROFER in the EU. SSAB does not have an office in Brussels that could work with EU affairs.

The EU ETS has been a significant issue for SSAB, because the use of coal, coke, oil natural gas, and liquefied petroleum gas in the steel production process results in high emissions (SSAB 2008: 23). In Sweden, steel production is based on iron ore (SSAB 2010). The ore is reduced by coal in blast furnaces, and carbon dioxide is formed as a by-product (SSAB 2008: 23). Although SSAB's steel production is at the global forefront when compared to other steel production in terms of low emissions of carbon dioxide per ton of steel (ibid), the emissions are still high, so SSAB gives priority to work on reducing emissions (interview 2010). The problem for SSAB is that current technologies do not allow for much further reduction of direct emissions. That was why SSAB advocated for a benchmarking system, and would have preferred an allocation of post-production allowances (interview 2010).

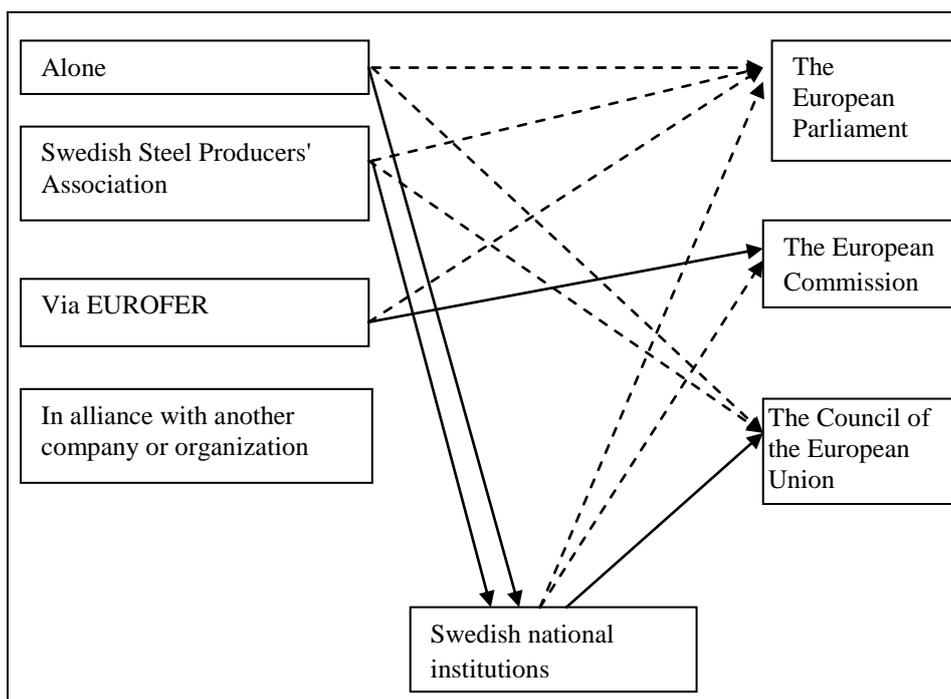
SSAB used three tactics during lobbying on the revision of the EU ETS: lobbying directly, via EUROFER, and via the Swedish Steel Producers' Association. Most important of these was EUROFER, although the company representative noted the importance of being active through all the channels and at all possible levels. Lobbying in alliance with another company was not used as a tactic, as the most likely cooperation partners would have been other steel companies with which SSAB already cooperated in the Swedish Steel Producers' Association and EUROFER (interview 2010). SSAB did not have a separate opinion from EUROFER, as the steel industry in Europe was very united as regards the EU ETS. The common concern for all the steel companies was the risk of ending up with a scheme that would force the steel industry out of Europe. SSAB declared itself satisfied with EUROFER's work on the issue of the EU ETS; it participated in EUROFER both directly and through the Swedish Steel Producers' Association. SSAB would have preferred being able to be more active within EUROFER by attending more meetings and giving more feedback on the various drafts, but such activities were limited by the low number of people in SSAB working on EU ETS issues (interview 2010). On the other hand, when the Swedish Steel Producers' Association participated in EUROFER, they always held SSAB's position. Sometimes it is also advantageous to participate through the Swedish Steel Producers' Association: Swedish industry is then perceived as united and has a stronger voice in EUROFER (interview 2010). There was direct contact between SSAB and EUROFER every week, mostly via e-mail. Lobbying through EUROFER was directed at the European Parliament and the Commission, especially the latter.

After the Commission initiated the revision of the EU ETS, EUROFER became very active in its advocacy activities. It proposed an alternative 'Baseline and Credit' system to the EU ETS in March 2007 that, according to the yearly report, was better at providing a level playing field in competition with other steel producers outside Europe (EUROFER 2008: 18). That is in fact a position that EUROFER has held all the time. In response to the Commission's Green Paper on emissions trading in 2000, EUROFER very specifically emphasized the need to avoid distorting competition (EUROFER 2000). In the course of 2007 it became clear that EUROFER's proposed alternative could not gain enough support, because *'the Commission and Member States were too wedded to a cap-and-trade system, which had the political attraction of setting out the*

reduction target in advance' (EUROFER 2008: 18), so efforts focused instead on advocating a benchmark system. To do so effectively, EUROFER collaborated with other European-level industry associations (EUROFER 2008: 18). Two joint position papers were submitted in 2007 with several other industrial European associations (The Key Stakeholders Alliance for ETS Review 2007; Alliance of Energy Intensive Industries, CEFIC & IFIEC 2007). When the Commission put forward the proposal for the revised directive in January 2008, EUROFER was dissatisfied with it, especially because the criteria for free allocation to sectors exposed to carbon leakage and the means for protecting the competitive situation of industries remained undefined (EUROFER 2008: 19). Lobbying work thus continued. EUROFER was quite satisfied with the final directive, as it provided clarified criteria for defining sectors exposed to carbon leakage and clear statements that those would receive free allocations based on their benchmarks as well as the possibility of free allocation for waste gases (EUROFER 2009: 17). Although EUROFER has not mentioned this explicitly, it seems that it did lobby all the institutions during the revision process. For example, in 2007 it reported having extensive meetings with the Commission and Member States (EUROFER 2008: 17) and in 2008 having good access to all key political players (EUROFER 2009: 17).

As pointed out above, SSAB was very active in the Swedish Steel Producers' Association and as the largest steel producer in Sweden it had a good standing in the association. There was contact between the Swedish Steel Producers' Association and SSAB at least every week by phone calls and e-mails as well as occasional meetings. The CEO of SSAB is the chairman of the Council in the Swedish Steel Producers' Association. Lobbying via the Swedish Steel Producers' Association was directed at the national institutions as well as at the Council and at Swedish members of the European Parliament. Of these three, the Council was the most important target (interview 2010).

Lobbying alone was least important of all the three tactics used while it was first and foremost directed at the national institutions, but also towards the European Parliament and the Council. It is important to note that when the national institutions were lobbied either directly or via the national association, it was sometimes done with the aim that the national authorities would represent SSAB's interests further and sometimes not. When the topic was more of a national character, such as issues related to implementation the EU ETS in Sweden, the national institutions were lobbied as a final target; when the issues were related to the design of the scheme or the allowances allocated to Sweden that had to be approved by the EU, the national institutions were used as a tactic for gaining access to the all the EU institutions, the Council in particular (interview 2010).

Figure 5.5 Lobbying routes of SSAB

* The straight line marks the most-used lobbying routes, while the dotted line marks routes that were also in use, but not as important as the others.

All in all, it can be concluded that the following lobbying routes were used by SSAB:

- First and foremost lobbying, was conducted via EUROFER, which lobbied at the European Parliament and especially at the Commission.
- Lobbying through the Swedish Steel Producers' Association was targeted at the European Parliament and the Council, but most at the national institutions.
- Lobbying alone was directed at the national institutions, but also at the European Parliament and the Council.
- National institutions were sometimes used as a tactic; lobbying via these was targeted at all of the EU institutions, but especially at the Council.

5.6 Norske Skog – modest in lobbying

Norske Skog is a Norwegian paper manufacturer that produces newsprint and magazine paper. In 2007 Norske Skog had total revenues of 27 billion NOK (Norske Skog, not dated: 2) and owned 18 mills worldwide. Eight were in Europe and of these three were in Norway (Norske Skog, not dated: 13). By 2010 this had been reduced to 13 mills, of which seven in Europe – three in Norway and four in other countries (interview 2010). Norske Skog is a member of the Federation of Norwegian Industries and through this federation also a member of CEPI. Norske Skog has not been significantly financially affected by the EU ETS in the present period.

The main effect from 2013 is expected to relate to power prices but also to the number of allocations that must be bought in the period 2013–2020 (interview 2010). Norske Skog does not have an office in Brussels.

During the revision process, Norske Skog focused on two main topics: design of the revised directive; and linking Norway to the EU ETS to get a ‘level playing field’ with producers in the EU. Norske Skog saw the need for a stricter revised scheme, because there was clearly a too generous allocation for the period 2008–2012 incompatible with the goals set by the EU (interview 2010). For Norske Skog the EU ETS has come merely as an addition to their internally set goals for cutting emissions: *‘We decided early that when it comes to climate change, industry has to take the lead. We can in no way sit and wait for the politicians to agree’* (interview 2010).

Norske Skog was involved in lobby activities during the revision of the EU ETS and used two tactics in particular: lobbying via the Federation of Norwegian Industries, and via CEPI. Working through CEPI is the most effective lobbying tactic at the European level for Norske Skog because as Norway is not an EU member, CEPI can provide an important channel into the EU. The company representative noted that CEPI did conduct lobbying activities at all of the relevant EU institutions, although it was difficult for him to say which of the EU institutions was targeted most by CEPI (interview 2010). However, the SCA representative said that CEPI lobbied most at the Commission. Norske Skog is represented in CEPI through the Federation of Norwegian Industries, and the CEO of Norske Skog is on the CEPI board. Work on the EU ETS also took place in different committees in CEPI, and the Norske Skog representative participated in the Environmental Committee on behalf of the Federation of Norwegian Industries. This means that Norske Skog was directly involved in discussions in CEPI. The EU ETS was discussed at meetings about 4–5 times a year, complemented with communication by phone and e-mails (interview 2010). Due to differing paper production²⁶ among the European paper companies, there were several discussions within CEPI. But these discussions did not destroy the cooperation inside CEPI, because *‘everybody realized that if we want to achieve something, we have to reach an agreement’* (interview 2010).

When Norske Skog lobbied through the Federation of Norwegian Industries, this was directly wholly at Norwegian institutions, and these were not used for representing Norske Skog’s views further to the European Union. This was because, since Norway is a non-EU member, its national institutions do not have such good possibilities to influence decision-making in the EU (interview 2010). It is important to note that the issues discussed at the Federation of Norwegian Industries and at CEPI were divergent also for Norske Skog, with a discussion in Norway on linking Norway to the EU ETS with a ‘level playing-field’. That was a crucial issue not only for Norske Skog, but also for all the other companies active in sectors included in the EU ETS (interview 2010). Norske Skog is very satisfied with the Federation of Norwegian Industries’ work on the EU ETS issues and cooperated actively in this association with other companies. The association’s possibilities of influencing the political process in Norway were considered to be good:

They are at least heard, politicians listen to them. Whether they decide [as the Federation of Norwegian Industries prefers] or not, we have to wait and see. But they have an open dialogue with the politicians (interview 2010).

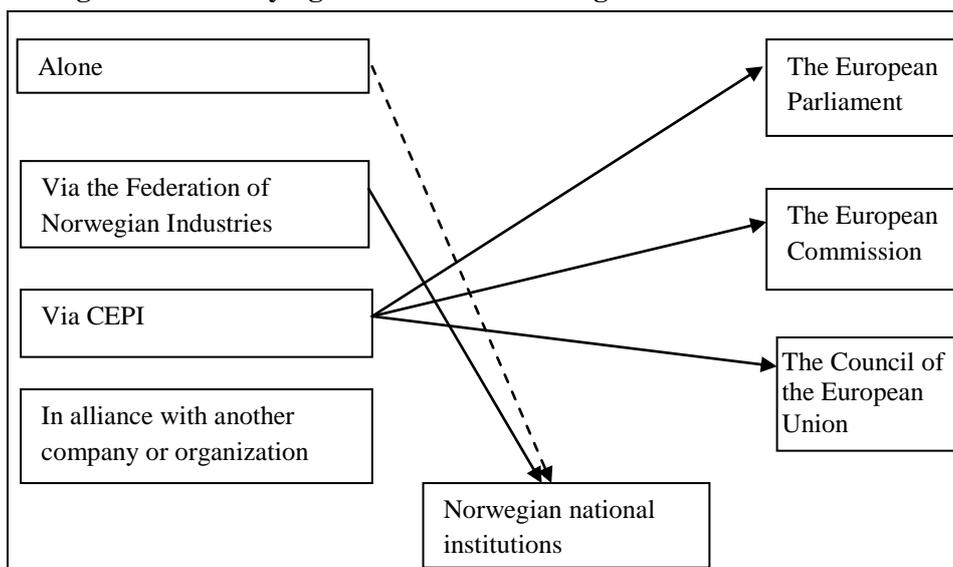
There will always be some differences of opinion within the Federation of Norwegian Industries. These were due to sectoral differences and did not interfere with the possibilities for cooperation (interview 2010).

Lobbying alone was not significant for Norske Skog at the EU level because, as a company mostly based outside of European Union and small at the global level, it would probably not be heard. This is illustrated by the company representative's comment on the question if there were companies able to lobby the European Union alone: 'Yes, if you are Pepsi or Coca Cola' (interview 2010). However, Norske Skog lobbied towards the Norwegian authorities at meetings at various levels, alone or together with other pulp and paper companies, but always with statements that were in line with the view of the Norwegian Federation. Such lobbying should be seen thus complementary to lobbying via the Federation of Norwegian Industries, and was used to a much lesser degree than lobbying via the Federation; however, the company representative considered such activities both as lobbying via the Federation and alone (interview 2010).

Lobbying in alliance was not a relevant option, because the companies that would have been the natural cooperation partners were already present in the Federation of Norwegian Industries, and all cooperation in Norway took place under this association (interview 2010).

It is also important to note that although Norske Skog has mills in EU countries, as in Germany, France, the Netherlands and Austria, it did not lobby via these. The company representative mentioned, however, that such activities were possible. Norske Skog has just one mill in each of these countries and thus is a small player. Furthermore, all national associations are already represented in CEPI (interview 2010).

Figure 5.6 Lobbying routes of Norske Skog.



* The straight line marks the most-used lobbying routes, while the dotted line marks routes that were also in use, but not as important as the others.

All in all, Norske Skog used the following lobbying routes:

- Lobbying via CEPI towards all the EU institutions, although it is not possible to rank the institutions lobbied via CEPI.
- Lobbying via the Federation of Norwegian Industries was directed at Norwegian institutions.
- Lobbying alone was targeted at the national institutions, but it took place less frequently than lobbying via the previously mentioned collective tactics and was always done with common positions to the Federation of Norwegian Industries.

5.7 Similarities and differences in lobbying routes used by companies

To complete the picture of how the firms studied in this report lobbied, in the following I will point out the main similarities and differences among the companies, and offer a general comparison of lobbying tactics used at the EU level.

5.7.1 Similarities

All six companies expressed the importance of employing all available possibilities, and lobbied through several different routes.

The tactic used extensively by all companies was lobbying through their EU association(s). Such lobbying was targeted at the EU institutions, the Commission in particular. Several company representatives found it difficult to single out which EU institution was lobbied most via the respective EU association, since the associations are extensively involved in planning and executing advocacy plans. Nevertheless, all interviewees stressed that all activities were conducted on the behalf of the members (interviews 2010).

Another common trait of all the firms studied here was the extensive use of the national associations. Lobbying through these was directed first and foremost at the national institutions, although SCA and SSAB also lobbied through their respective national associations at the European Parliament. With the exception of Norsk Hydro, lobbying through national associations was either the most important or second most important tactic after lobbying by means of European associations.

When the companies used national associations, they did not use all the existing ones. None of the companies, in Norway or in Sweden, considered the tactic of the big national umbrella associations like the Confederation of Norwegian Enterprise (NHO) or the Confederation of Swedish Enterprise.

Among the six companies, only Norcem reported lobbying in an alliance with the lime sector, and even then that was merely an additional tactic employed to some degree in Norway (interview 2010). The other companies found the option of lobbying in alliance challenging to understand. They explained that such potential partners were already working together with them in the associations. None of the companies collaborated with non-commercial actors in lobbying. When asked why such an

option was not used or deemed relevant, respondents simply indicated that it was just regarded as irrelevant (interviews 2010).

Lobbying alone was used by five companies. In general, this was seen as a complementary tactic with less relevance than lobbying via associations.

5.7.2 Differences

As noted above, all companies employed multiple lobbying routes. However, the number of routes used varied. One lobbying route consists usually of a tactic and of a target, but sometimes also national institutions were used as a tactic, as lobbying via national institutions was further targeted at the EU institutions. If we count all the lobbying routes mentioned by the firms as depicted on the schemes in the form of arrows,²⁷ we note considerable differences among companies. The list based on descending number of used routes is as follows: SCA and Norsk Hydro each used 13 routes,²⁸ SSAB 11, Cementsa 9, Norcem 9, and Norske Skog 5.

The most striking difference between the lobbying routes used by the Swedish and Norwegian companies studied here was in the role played by the national institutions. For Norwegian companies, the national institutions were the target; for the Swedish companies, however, the national institutions also functioned as a tactic when issues related to the whole EU ETS were discussed, and the national institutions were used for contacting all the EU institutions.

A further difference is that Norsk Hydro and SCA lobbied also through national associations and institutions in other countries where they have production.

Lobbying alone was used by five of the companies, but only three used it at the EU level. For Norsk Hydro lobbying alone at the EU institutions was one of the main tactics, was directed first and foremost towards the Commission, although also the Parliament was lobbied directly to some degree. For Cementsa, lobbying alone was rarely used at the EU level, and then directed at the European Parliament. SSAB did also some direct lobbying at the EU level towards the Parliament and at the Council. According to the representatives from SSAB and Cementsa, when direct lobbying was undertaken at the EU institutions, it was targeted at Swedish representatives there (interviews 2010).

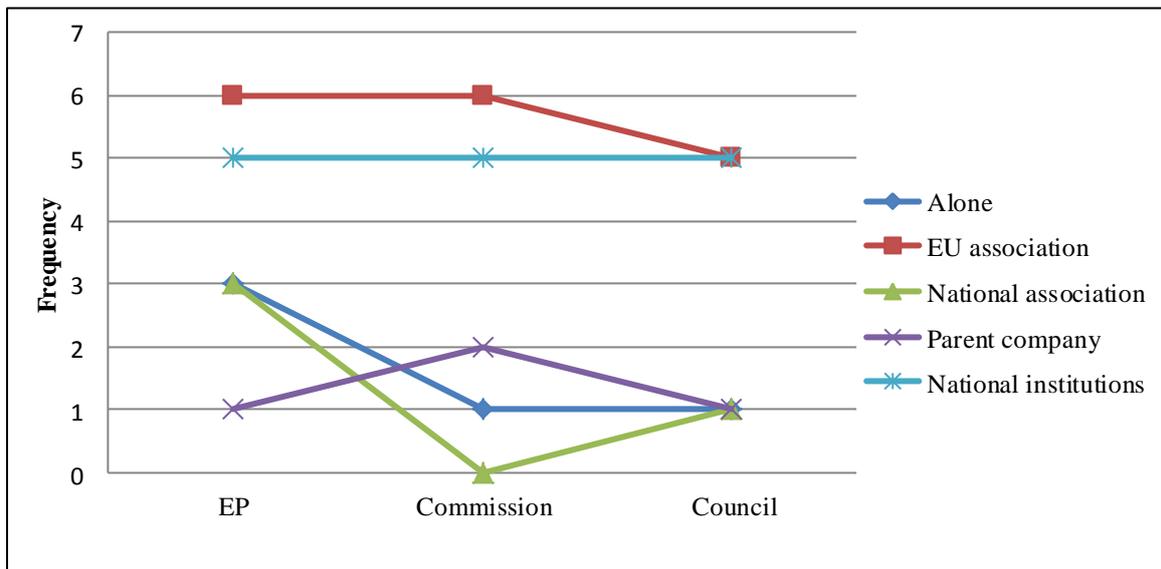
Moreover, related to lobbying alone, we note that Norcem and Cementsa both reported that their parent company, HeidelbergCement, was engaged in lobbying directly at the EU institutions. The representative from Cementsa said that HeidelbergCement had contact with the Commission, while the representative from Norcem mentioned that HeidelbergCement was in contact with all of the EU institutions, the European Parliament in particular. This indicates that the collected data might not be entirely correct. However, there was a limit to how extensive contact I could have with interviewees, who were busy people and little time available. Getting further clarification would have necessitated presenting the differences in answers to both representatives of Norcem and Cementsa. As the companies are related, I felt that this would take too much time and that

one of the representatives would probably simply agree with the other. On the other hand, it is also possible that Norcem placed greater value on the importance of HeidelbergCement as a lobbying tactic, seeing it as providing access to various EU institutions, precisely because Norcem did not have the possibility of lobbying at the EU alone or via its national association, Federation of Norwegian Industries. For these reasons I decided to use this somewhat diverging information as it stands.

5.7.3 Firms' use of the tactics at each of the EU institutions

Earlier in this chapter the lobbying profiles of each of the company were presented. It is useful to establish a more general picture on which tactics were used and at which institutions to further understand the role of each tactic in lobbying at the EU institutions. These are depicted in figure 6.7 (see also table in Appendix b). In the figure the national institutions and lobbying via the parent company are also represented, to show these in comparison with other tactics. When a company has used one tactic twice for lobbying at a certain institution, it is also counted twice – Norsk Hydro lobbied the Commission both via Norwegian and German/Slovakian national institutions; and SCA lobbied at the EP both via national associations in Sweden and in other EU member states. Thus lobbying via national associations and institutions in Sweden or Norway is separated from such activities in other states, but not further by the other countries, for parsimony. Nor have I separated lobbying via national institutions according to the original tactics that were used for lobbying at the national institutions: thus, the national institutions are depicted as tactics.

Figure 5.7 Frequency of using each tactic towards each of the EU institutions



The most common tactic used at the EU level was lobbying via European associations. Interestingly, the second most used tactic at the EU level – lobbying via the national institutions – was employed by only one of the three Norwegian companies (Norsk Hydro, and then mostly in Germany and Slovakia), whereas all three Swedish companies lobbied at the EU

level through their national institutions. Thus it seems that some tactics are more suitable for lobbying at the EU level than others. In the next chapter, possible influences on the differences and similarities among the lobbying routes chosen by the six firms are discussed.

6 The Role of Some Causal Factors

The mapping of firms' lobbying routes in this study has uncovered some similarities and also some differences among the six companies examined. How these might be explained in the Norwegian and Swedish contexts and what the factors were involved in the choice of one or another lobbying route will be dealt with in this chapter.

In the theory chapter, two main hypotheses with one sub-hypothesis under each were established, on the basis of various research on EU lobbying. These hypotheses will be used here as guidance for discussing possible influences on firms' lobbying.

Hypothesis 1: Swedish and Norwegian firms differed in lobbying routes due to their originating in the EU member state Sweden or the non-member state Norway.

Hypothesis 1.1: Norwegian firms used more direct lobbying at the EU level than their Swedish counterparts due to their outsider status in the European associations and the lack of a 'member-state patron' in the EU institutions.

Hypothesis 2: Larger firms used more different routes than smaller firms.

Hypothesis 2.1: Larger firms engaged in more direct lobbying at the EU level than smaller firms.

The following analysis will first discuss differences between Swedish and Norwegian companies by focusing on the first two hypotheses. Thereafter, company size will be scrutinized in terms of the two next hypotheses. Thirdly, some other possible influences are discussed under the hypotheses when these seem to have been relevant alternative explanations, but also separately to analyze some expected influences (such as policy phase and conflict in the EU associations) and some unexpected ones.

6.1 Norwegian outsiders and Swedish insiders?

Hypothesis 1: Swedish and Norwegian firms differed in lobbying routes due to their originating in the EU member state Sweden or the non-member state Norway.

This hypothesis was developed on the basis of on Eising (2007) and Bouwen's (2002b) somewhat conflicting studies, a consequence of Eising's focus on the supply side (firms and associations) and Bouwen's on the demand side (EU institutions) in studying lobbying. Both authors studied private interests lobbying at various EU institutions. Eising (2007) examined how often and with which institutions firms, national associations and EU associations take contact, whereas Bouwen (2002b) focused on which organizational form of interest representation the three EU institutions prefer to consider. Although their results differ, they indicate that some tactics are more used or more suitable for lobbying at certain targets. Because Norwegian firms might encounter problems in employing certain tactics, that could also mean that they have less access to some EU institutions.

The use of each of the tactics by Norwegian and Swedish companies will be outlined below in order to evaluate whether the hypothesis is supported with regard to the companies investigated in this report. In the theory chapter, one specific hypothesis was established as regards differences between Swedish and Norwegian companies in the use of direct lobbying. This provides a suitable starting point for discussing differences and similarities between the Norwegian and Swedish firms, as there seems to be a lack of literature on how firms from non-EU member states employ other tactics besides direct lobbying.

Lobbying alone

Hypothesis 1.1: Norwegian firms used more direct lobbying at the EU level than their Swedish counterparts due to their outsider status in the European associations and the lack of a 'member-state patron' in the EU institutions.

Of the Norwegian companies included in this report, only one company Norsk Hydro used direct lobbying towards the EU institutions. Neither Norcem nor Norske Skog lobbied alone at the EU level. In comparison, two of the Swedish companies lobbied the EU institutions alone, Cementa and SSAB.

Contrary to the hypothesis, the Norwegian firms studied here used less direct lobbying at the EU institutions than Swedish firms. If we turn to Bernhagen and Mitchell's (2009) study, their suggestion that firms from outside the EU use more direct lobbying (and they noted Norwegian firms in particular) does not seem to fit here. In fact, in their quantitative study they found EU membership to have a positive effect on firms' direct lobbying, but saw it as the result of lack of commercial activity in the EU. As the EU ETS was considered an important issue by the Norwegian firms and they did lobby via EU associations at the EU level, it is questionable that there was a lack of interest from the firms' side. Also, the representatives of Norcem and Norske Skog both mention that they could not address EU institutions directly (interviews 2010). Among the cases studied here, there is therefore little support for Bernhagen and Mitchell's conclusion that due to the lack of a national patron in the EU the firms from outside of the EU would develop their own lobbying capabilities. The fact that they studied the world's 2000 largest firms (year 2005) may have played a role, however. Norcem and Cementa were not included in that list, although HeidelbergCement was. And most of the firms they studied tended to be much larger than the firms studied here²⁹ (Forbes 2005). Our findings rather support Hamada's (2007) conclusion that Japanese firms had to struggle to gain direct access to EU institutions.

Interview information supports the above interpretation of these findings, because when the representatives of Cementa and SSAB discussed direct lobbying, they focused on the Swedish EU representatives (interviews 2010). One of the interviewees stated that it would be very odd to lobby representatives from other EU states than Sweden (interview 2010). SSAB lobbied alone at the EP and the Council, and Cementa at the EP. Norsk Hydro's direct lobbying was directed at all of the EU institutions, but especially at the Commission. Although I do not have information on which country representatives they lobbied, this points to the possibility that due to their non-member status in the EU and absence of a 'member-

state patron', Norwegian firms were less able to lobby directly at the EU and had less access to the Council and the Parliament. That the European Parliament was the most frequently accessed by direct lobbying is a somewhat surprising finding. Previously, the European Parliament has been described as less open to companies than to environmental NGOs (Gullberg 2008b: 2967; Lenshaw 2005: 315; Pedler 2002: 114). Moreover, it is, at least in principle, not organized according to member states as the Council is, but according to parties. How common such differences are in direct lobbying at the EU level among Norwegian and Swedish firms, or generally among firms from inside and outside the EU, would certainly be a pertinent topic for future research.

Lobbying via national associations

Lobbying via national associations was a tactic employed by all six companies. Their representatives emphasized it as a very important tactic (interviews 2010) for lobbying at the national institutions, regardless of whether the firm was Norwegian or Swedish in origin. However, while none of the three Norwegian firms used the Federation of Norwegian Industries for lobbying at the EU institutions, two of the Swedish firms did so, through their national associations³⁰ (interviews 2010). These were SCA and SSAB; the former reported lobbying the European Parliament and the latter the European Parliament together with the Council through their respective national associations (interviews 2010).

These findings can most probably be explained by EU membership, or the lack thereof. First, since Norway is not a member of the EU, the Federation of Norwegian Industries serves as a listening post to be able to inform the policy-makers and companies in Norway about developments in the EU (interviews 2010). Additionally, it is doubtful that the Swedish national associations were used for lobbying the representatives of other states in the EP or the Council, as the national associations clearly represent companies in their home country – in this case, Sweden. Interestingly, neither SCA nor SSAB lobbied the Commission via their national associations. Although it is too far-fetched to put forward any definite claims on the basis of the limited findings here, these seem to at least to some degree support Bouwen's (2002b) finding that of the three EU institutions, the Commission is the least open to national associations. On the other hand, Eising (2007: 394) found that national associations do have frequent contact with the Commission, if not more often than with the Parliament, and have least contact with the Council.³¹ Thus the limited findings in this report tend to support Bouwen more than Eising as to which institutions are lobbied via national associations.

These findings also indicate that Norwegian firms had less access to the EP and the Council when lobbying not only directly but also when lobbying via their national associations, since the Federation of Norwegian Industries was not used for lobbying at the EU institutions at all. Indeed, the Federation seems short on legitimacy vis-à-vis EU institutions, whereas the Swedish associations could direct their lobbying at Sweden's representatives in the EP and the Council. National identity appears to be strong in both these institutions.

Here we should note that not all the national associations were used for lobbying to the same degree. During the interviewing process it became

clear that the Swedish companies did not use the Confederation of Swedish Enterprise (*Svenskt Näringsliv*), and that Norwegian firms did not lobby via the Confederation of Norwegian Enterprise (NHO) (interviews 2010). The reasoning was quite uniform: these organizations are too big and represent too many interests, including conflicting ones. One Swedish interviewee put it bluntly when he explained that his company would not work much via the Confederation of Swedish Enterprise, because they represent all kind of interests, including power producers. The interests of energy-intensive industries are at odds with power producers when it comes to the EU ETS: *'The power industry of course gained a lot from different activities and we paid'*, so via that organization they would not be able to convey a clear message (interview 2010). According to Greenwood (2003: 64), the EU associations' ability to be of benefit to their members depends on shared interests inside the association. The same can apparently be said about the national associations in this case. Such differences in the use of different types of national associations also indicates the importance of differentiating between narrower national sectoral associations and more general umbrella organizations as tactics when studying lobbying.

National institutions: tactics for Swedish companies, targets for Norwegian companies

Although all the companies used national associations to lobby at the national institutions, the role of these in firms' lobbying routes varied considerably between the Swedish and Norwegian companies.

When Swedish companies lobbied Swedish national institutions, the national institutions often functioned as a tactic, because lobbying via these was directed at the different EU institutions. This was clearly not the case for the Norwegian companies. There was rarely any lobbying of EU institutions through Norwegian national institutions. Only one Norwegian company, Norsk Hydro, did lobby extensively via national institutions in Germany and Slovakia at all the EU institutions, but not much via Norwegian institutions. By contrast, Swedish SCA lobbied at the EU level both via national institutions in Sweden and in other countries (interviews 2010).

This does not imply that the Norwegian politicians and officials never raised EU ETS issues with their colleagues from the EU institutions or member states. Rather it should be understood as that the firms neither saw nor used the national institutions as relevant means for participating in policy-making at the EU level. From the interviews, it seems there are at least two possible reasons that can explain why Norwegian firms lobbied the Norwegian national institutions as a final target. Firstly, there was an additional issue in Norway under debate – how to link Norway to the EU ETS. When interviewees were asked about how the EU ETS had influenced the firms and what were the important issues, linking Norway always came up (interviews 2010). On the other hand, it may be that Norwegian politicians and officials simply do not have the same access to the EU institutions and are thus unable to represent Norwegian firms' views further, or that there is a lack of interest and attention to EU affairs. These three possibilities are further explained below.

After the adoption of the Kyoto Protocol in 1997, Norwegian officials started to examine possibilities for emissions trading. However, linking Norway to the EU ETS took longer than expected and was not achieved until 2009 (Gullberg 2009).³² The process of linking Norway to the EU ETS brought discussions both within the government and among policy-makers and various companies and organizations. At the end of 2006 Norway had asked the EU for the possibility of allocating fewer free allowances to the Norwegian industry than in the EU, and from 2013 to auction all allowances in Norway. This caused reactions from the industry in Norway, and administrative director Stein Lier-Hansen of the Federation of Norwegian Industries called it a disaster (Ask 2007). There was no consensus within the coalition government either, as the Socialist Left Party (*Sosialistisk Venstreparti*) was in favor of auctioning whereas the Norwegian Labour Party (*Det Norske Arbeiderparti*) wanted to follow the EU rules (Mathismoen 2007). The government did not manage to fulfill its own promises that Norway would be linked to the EU ETS from 2008. Still, in 2008 there was a discussion on what the ETS should look like in Norway. Apparently Norway had designed a stricter national allocation plan that did not follow the EU ETS. The Minister of Finance (Kristin Halvorsen of the Socialist Left Party) had again confirmed that Norway would not have any free allocations from 2013 and there was no planned allocation to new installations in Norway contrary to the EU ETS. Such issues again brought strong criticisms from the industry of the government's plans and sluggishness (Lier-Hansen 2008).

Therefore it is not surprising that during the interviews in Norway, my respondents emphasized that achieving a 'level playing field' in relation to producers in the EU was particularly crucial. Several interviewees expressed their dissatisfaction with Norwegian policy-makers since it was unclear for a very long time how the system in Norway would be and because linking with the EU ETS was postponed (interviews 2010). As one interviewee put it: *'If there is one thing the industry does not like it is uncertainty'* (interview 2010).

In Sweden, on the other hand, there was not such a difference in the issues discussed at the national level. When asked what the important issues were, interviewees emphasized more specific design elements of the EU ETS from the period after 2012, like allocation regimes, rules for determining whether a sector is exposed to carbon leakage, and so on (interviews 2010). Thus it seems that in Norway the national arena was very much occupied with the internal debate on how to link Norway to the EU ETS, and no room was left for discussing how the EU ETS should be designed at the EU level.

However, as mentioned, Norwegian officials and politicians do not have access to the EU institutions to the same degree as their Swedish counterparts do. As one Norwegian interviewee expressed it: *'Norway does not have a channel into the EU'* (interviews 2010) and another interviewee said that on this issue Norway does not have a say in the EU (interviews 2010). However, the representative of the Federation of Norwegian Industries also pointed out that Norwegian officials and politicians could take a more active stance and communicate more with EU institutions since they automatically tend to see Norway as being outside the EU

(interviews 2010). It might also be that there was a lack of either will or ability within the national institutions to represent the industry's views further at the EU level.

This issue has attracted growing public interest recently. In November 2010 the media criticized Norwegian ministers for not focusing enough on EU politics and for even downplaying Norway's possibilities. Of 25 high-level meetings to which Norwegian ministers were invited, they attended only six, according to the major daily *Aftenposten* (Aale 2010). To this criticism, Minister of Foreign Affairs Jonas Gahr Støre explained that Norway makes its EU policy in other arenas besides EU ministerial meetings, since Norwegian ministers sometimes have to opt to perform other duties than travelling to meet EU ministers (Støre 2010). Of course, there are many ways for political communication, but it is questionable that those other arenas can be so much more useful than high-level meetings. Another question is that, if such ministerial meetings are not prioritized, how much attention is given to following more everyday politics in the EU among the ministries? In describing the process of linking Norway to EU and criticizing the slowness and designing a plan that was not accepted by the EU, one interviewee noted: *'The EU issues, these are not prioritized. It is a 'left-hand' duty to some junior officials in many cases'* (interview 2010). It was also indicated that the Norwegian authorities do not actively seek to use the less informal channels of communication, preferring the formal channels that come into effect only late in the policy-making processes (interview 2010).

In general the Swedish firms studied here lobbied via national institutions at all the European institutions, and for two of the firms (Cementa and SSAB) lobbying via national institutions was most directed at the Council. Thus the Norwegian firms probably had less access than Swedish firms to all the EU institutions, the Council in particular, due to lack of representation through national institutions.

The European associations

Absolutely all the companies reported lobbying via their respective European associations (interviews 2010). Lobbying via the European associations was also a tactic that was used for lobbying directed at most targets in general. SSAB lobbied via EUROFER at the Commission and the European Parliament, while for all the other five firms lobbying via their respective European associations was directed at all the three EU institutions (interviews 2010). However, it seems that the Commission is the most common target when firms lobby via the EU associations. When discussing with the interviewees which EU institutions were lobbied via the European associations four out of six interviewees reported that most contact took place with the Commission (interviews 2010). However, three representatives also noted that even though there was most contact between the Commission and EU association, that does not mean that the Commission is more important than the other targets – more time allocated to an institution does not necessarily mean that institution is more important than others (interviews 2010). The European associations were seen as useful tactics for several reasons. For one thing, because the EU associations have duties that would be too difficult for a single com-

pany to conduct alone, such as monitoring policy and organizing feedback to the EU institutions. Moreover, in order to make one's voice heard at the European institutions it is important to be represented together with the entire industry (interviews 2010).

Therefore, the claim that the EU associations are 'slow and sluggish' (Mazey & Richardson 2006: 255) does not gain much support here. In fact, the EU associations were used extensively as a lobbying tactic even though these associations varied in the number of members (ranging from 19 to 69), so certain differences of opinions could have been anticipated. Nevertheless, none of the companies noted any conflict in the association that would have influenced how they conducted their lobbying³³ (interviews 2010). As discussed in the methodology chapter, firms might have been reluctant to share information on internal disagreements within EU associations. Still, if there was any conflict among an association's members, it cannot have had much influence on firms' lobbying via the EU associations because the use of these was so prevalent.

Other tactics – not all differences are due to EU membership

One of the tactics has not yet been discussed: lobbying in alliance. It was employed only by Norcem. In addition to lobbying via the Federation of Norwegian Industries, Norcem also conducted lobby activities in alliance with the lime industry, mostly with Franzefoss Miljøkalk. Such activities were complementary to lobbying via the Federation of Norwegian Industries and were always coordinated with the latter. The basis for such an alliance lay in shared interests due to similar technological production processes and high direct CO₂ emissions (interviews 2010). For the other companies, lobbying in alliance was not seen as relevant; the most usual reason given was that they were already working together with possible alliance partners within the national associations or European associations (interviews 2010).

Therefore we must conclude that although lobbying in alliance might sometimes be a useful tactic also at the European level and might increase the credibility of the positions presented (Coen 1999: 30) and make it easier to win a majority in the European Parliament (Gullberg 2008b: 2969), the firms studied here did not see lobbying in alliance as a relevant option. Lobbying in alliance was not seen as a better alternative to lobbying via national and EU associations. Lobbying in alliance with another company but outside the associations may possibly be seen as undermining collective lobbying efforts and as disloyalty, since lobbying 'together' was repeatedly emphasized during interviews.

During this study, it also became clear that some companies have exclusive tactics. Norcem and Cementa lobbied via their parent company HeidelbergCement Group, and Norsk Hydro and SCA via national associations and institutions in countries where they have operations.

Preliminary conclusions on the influence of EU/non-EU origin

From the above, we can conclude that Hypothesis 1 has been supported, as the Norwegian and Swedish firms studied did differ in their use of tactics and, as a consequence, also in which institutions they targeted.

Norwegian firms did encounter more difficulties than their Swedish counterparts when lobbying during the revision of the EU ETS. This is supported by several findings. First, Norwegian firms lobbied less alone at the EU level, in contrast to the expectations of Hypothesis 1.1. Secondly, Norwegian firms lobbied also less via national associations than Swedish companies. Lobbying less alone and via national associations seems to result in less access to all of the EU institutions, and especially to the European Parliament and the Council. Secondly, Norwegian firms did not lobby at the EU level via Norwegian national institutions, whereas Swedish firms did so via theirs. This seems to result also in less access to all of the EU institutions, the Council in particular. There are three main probable reasons why Norwegian national institutions were almost exclusively seen as lobbying targets. First, the domestic ‘lobbying arena’ was preoccupied with the discussion on linking Norway to the EU ETS. Secondly, Norwegian national institutions could not have been used for gaining access to the EU institutions because Norway is not an EU member and Norwegian politicians and officials have less access to EU institutions. Thirdly, there also seems to have been a lack of ability or will on the part of Norwegian officials to represent the interests of Norwegian firms further at the EU level.

Nonetheless, there are also some similarities among the Swedish and Norwegian companies since the EU and national associations were used in general extensively. It also appears that for Norske Skog and Norcem, the use of the EU associations in lobbying can be understood as particularly important tactics, because these functioned as the main path to access the EU institutions. Secondly, since national associations were important tactics for all the companies (although how lobbying via these was targeted differed between Swedish and Norwegian companies) and lobbying alone was generally not a prevalent tactic (except for Norsk Hydro), this points to the importance of being represented collectively at both the national and the EU levels. Perhaps this is because the authorities prefer to hear wider positions and because of resource sharing among companies.

There are also some differences that are not related to EU membership. Some companies used tactics that were simply not available to other firms – lobbying via a parent company, or via national associations and institutions in more than one country.

Although origin in an EU country seems to have influenced which lobbying routes firms used during the revision of the EU ETS, it did not explain all the differences found among the companies. To gain further insight, the influences of company size are discussed next.

6.2 Resources decide?

In chapter 3, I put forward two hypotheses related to the size of the company as measured by annual revenues in 2007. We now turn to the reasoning for each of the hypotheses and findings among the companies studied in this report.

Hypothesis 2. Larger firms used more different routes than smaller firms.

This hypothesis was developed on the basis of various research. Eising (2007) found that large firms³⁴ have more contacts with different EU institutions than do European and national associations. This suggests that large firms either have more resources available for lobbying or are actively consulted by EU institutions for feedback. Coen and Dannreuther (2003) assert that not all firms have resources for activities at the European level and that small and medium-sized firms have especially struggled in participating in the policy-making processes. For these reasons I anticipated that larger firms would use more lobbying routes as they seem more capable of direct lobbying and establishing a presence at the European level.

To analyze whether the findings support this hypothesis, it is useful to see if the ranking of companies by revenue follows the ranking of companies according to the number of lobbying routes used.

Table 6.1 Company size and number of lobbying routes

Ranking of firms according to size (revenue in billion NOK)		Ranking of firms according to the number of used lobbying routes (number)
1.	Norsk Hydro (94)	Norsk Hydro (13)
2.	SCA (92)	SCA (13)
3.	SSAB (42)	SSAB (11)
4.	Norske Skog (27)	Cementa (9)
5.	Cementa (1.56)	Norcem (9)
6.	Norcem (1.4)	Norske Skog (5)

Firstly, this ranking follows the size of the companies, with one exception – Norske Skog used the fewest different lobbying routes. If the hypothesis were to be supported fully, Norske Skog would have employed *more* lobbying routes than Norcem and Cementa. Secondly, we should not overlook the fact that Norske Skog used the least routes of *all* the companies, and that this might also be due to its being from a non-EU country, Norway. Thirdly, it is also interesting to note that both Norsk Hydro and SSAB used many lobbying routes, and were followed by the cement companies. This indicates that there may have been some sectoral influences as well. However, this explanation loses some of its explanatory power when we consider that one paper company is on the top of the list and one on the bottom, based on the number of lobbying routes used. All these aspects are discussed below.

SCA and Norsk Hydro were able to use so many routes because of their production in other countries, which allowed them use both national associations and national institutions in these countries for lobbying. Most of the other companies did not have such possibilities. Production and revenues are related, since more production provides more revenues, when all else is equal. Cross-border production was put forward by Coen (2007: 339) as a reason for companies gaining insider status in the Commission. From the limited findings here, it seems that the cross-border production also influences the number of lobbying routes available. If we leave out the lobbying routes used in other countries, then Norsk Hydro and SCA are both left with eight lobbying routes only. The

role of lobbying via national associations and institutions in other countries would be even more emphasized if lobbying in each of the countries had been considered separately and not aggregated, as chosen in this report for reasons of parsimony. But also Cementa and Norcem lobbied by means of a tactic not available to other companies – via their parent company HeidelbergCement Group. This tactic is related not to their own size, but to the size and cross-border production of HeidelbergCement, which has subsidiaries in other countries and thereby possibilities for the subsidiaries to lobby via their parent company.

However, the company size and cross-border production fall short when we try to explain why Norske Skog used the fewest lobbying routes of all six companies studied here. Norske Skog has production in other countries, but lobbying through these was not seen as relevant, because the production is small compared to other paper companies in these countries (interviews 2010). That indicates that for a foreign company it is easier to lobby via national associations in other countries, if production there is large. However, Norske Skog's precise reasons for not lobbying via national associations in other countries remain unclear. Norske Skog is a Norwegian company and it is not large enough to lobby alone, so lobbying via CEPI provided better possibilities for lobbying at the EU level (interview 2010). That points to the factor of non-EU origin. Norske Skog could not lobby via the Federation of Norwegian Industries, which was only a listening post. There was lack of access to the EU level also via national institutions, as discussed in section 6.1.1. Therefore, the lack of lobbying routes for Norske Skog was probably due to Norway's not being a member of the EU.

It is also possible that there were some sectoral influences on companies' direct lobbying during the revision of the EU ETS, as metal producers were followed by cement companies in terms of the number of lobbying routes used. However, this does not explain why SCA used so many lobbying routes and Norske Skog so few. The EU ETS might be in fact of differing importance for the companies studied in this report. For example, the representative of Norsk Hydro stated that the issue of the EU ETS is so important that his company has to act and make use of all relevant possibilities (interview 2010). It also fits with the observation that Hydro's main effort in lobbying was at the EU level, as the design of the EU ETS can be assumed to be more important than linking Norway to the scheme. Also the SSAB representative stated that it is important to try to participate in the policy-making at all levels and that the EU ETS has all the time been a very crucial issue. He also expressed surprise that so many of the energy-intensive industry sectors are defined as prone to carbon leakage together with steel (interview 2010). The representative of Norske Skog noted that his firm has been influenced by the EU ETS just to a small degree thus far. However, Norske Skog also considered it an important issue from the period after 2012 (interview 2010). The SCA representative explained that they and the rest of the European paper industry did not see the issue of EU ETS as particularly pressing back in 2007 and 2008 due to low CO₂ allowance prices. Looking back, he added, they admittedly do not consider this a wise decision anymore (interviews 2010).

CO₂ emissions from the sectors studied are likely to vary considerably. Comparison is challenging due to the lack of reliable or comparable data by individual sector. Here data from Sandbag are used (2010a), although they exclude aluminum production and combine cement and lime as well as steel and iron production. In 2009 the CO₂ emissions in Europe from steel and iron production were over 94 million tons, from cement and lime over 151 million tons, and the emissions from paper production were close to just 28 million tons (Sandbag 2010a).³⁵ Sandbag has also a report on companies that were holding far too generous allowances from emissions trading (Sandbag 2010b). Among the top ten companies measured by surplus of allowances in 2008 and 2009 were five steel and three cement companies. Therefore it is reasonable to claim that the EU ETS has affected cement and steel sector in general more than paper production in terms of emission quantities and the amount of surplus allowances.³⁶

That Norske Skog used so few lobbying routes might thus be due to the fact that the company did not see the issue as so pressing as the other companies. However, same could be said of SCA and they used thirteen lobbying routes, compared to Norske Skog's five, and even then SCA admitted to focusing too little on the revision of the EU ETS. Thus, while it may seem plausible that lobbying was influenced by sectoral differences in the extent to which the companies were affected by the EU ETS, it is far from clear whether this really was the case.

Hypothesis 2.1 Larger firms engaged in more direct lobbying at the EU level than smaller firms.

This hypothesis is based on Bennett's (1999) and Bernhagen and Mitchell's (2009) findings that larger firms undertake more direct lobbying at the European level, which both explain as due to the better resources available to large companies. Coen (2007: 339) notes that large firms can acquire insider status in the Commission due to their size and cross-border production, which implies that larger firms might be more capable of direct lobbying. To see whether findings support this hypothesis, it is useful to divide the companies into three categories by size (small, medium and large) as measured in revenues and verify which firms used direct lobby at the EU level. In this study, the 'small' companies are Norcem (1.4 billion NOK) and Cementa (1.56 billion NOK); 'medium' are Norske Skog (27 billion NOK) and SSAB (42 billion NOK); and the 'large' companies are Norsk Hydro (94 billion NOK) and SCA (92 billion NOK). Of course, such a comparison is feasible only among the firms studied here, since in general any firm whose revenues are measured in hundreds of millions can hardly be labeled 'small'.

Table 6.2 Company size and direct lobbying

	Firm used direct lobbying at the EU level	
Company size	Yes	No
Small	Cementa	Norcem
Medium	SSAB	Norske Skog
Big	Norsk Hydro	SCA

The results in table 6.2. do not support the hypothesis that larger firms lobby alone at the EU level more than smaller ones do. In all of the three size divisions there was one company that had lobbied alone and one that had not. Therefore, at least from the data in this study, we may say that company size might not be such a strong influence on firms' lobbying directly. This contrasts with what could be expected from the results of Bennett (1999) and Bernhagen and Mitchells (2009) – both studies found that company size had a strong positive effect on direct lobbying. It is plausible that origin in a EU member state has a stronger effect than size, as discussed above, on firms' decisions to lobby directly.

It is also noteworthy that both metal producers, Norsk Hydro and SSAB, lobbied directly at the EU level, whereas the paper producers, Norske Skog and SCA, did not. Thus, the previously highlighted possibility of companies being affected by the EU ETS to a different degree may also influence where a firm chooses to lobby directly or not.

6.3 Other explanations

In the theory chapter, other possible influences on firms' lobbying routes were identified, in addition to those that were incorporated in the hypotheses. First, conflict in the EU associations due to large membership; secondly, the policy phase that can influence which institutions the firms might choose to target when lobbying. In discussing the use of EU associations above, I noted that all six companies had made extensive use of the EU associations, despite differences in membership numbers, and that none of the companies reported any conflict in these associations during the revision of the EU ETS. Instead, interviewees saw some differences of opinion as a normal part of the process of finding useful compromises (interviews 2010).

To make sure that the policy phase did not affect which institutions were lobbied, also this issue was taken into account during the interviewing process. The policy-initiation phase was understood as taking place from the Commission's report on the EU ETS in November 2006 until the proposal for the revised directive in January 2008. The policy-development phase was seen as running from January 2008 with the proposal for the revised directive to the final Directive 2009/29 was adopted in December 2008. The results were somewhat unexpected. It was not possible to identify whether the policy phase had an impact, for several reasons outlined below. However, the Hydro representative mentioned that work had intensified somewhat after the Commission's proposal, and the representative of SCA said that, prior to the proposal, most work had taken place at the national level via national associations, whereas lobbying efforts later shifted to CEPI. Nevertheless, it is not possible to identify any general differences in the lobbying routes used.

Firstly, interviewees generally found it impossible to differentiate between the policy phases. They could not remember which institutions had been lobbied at a certain point, as this had taken place several years ago (interviews 2010). Peoples' memories are limited and influenced by psychological processes like rationalizing, especially in complex situations (Andersen 2006: 292–294), which the revision process of the EU ETS definitely was. However, it would be one-sided to explain the ab-

sence of results solely by the poor memories of my respondents. During the interviews it became also clear that even though policy phases may be identified and labeled in political science, in practice the interviewees could not differentiate between the policy phases because they saw the EU ETS review as one constant process (interviews 2010). In addition, the revision of the EU ETS did not follow the usual co-decision procedure, and the three EU institutions were engaged more with each other in the policy-development phase. This was because the French presidency had requested a trialogue process. That meant that the proposal for the directive was discussed in the three institutions in parallel (Skjærseth & Wettestad 2010: 116) rather than in sequence. It seems likely that in such an unusual policy-making procedure, the three institutions stood out as more or less equally important lobbying targets, especially in the policy development phase.

Furthermore, my research has uncovered some possible influences on firms' lobbying routes that had been not considered before data collection. Some of these have been mentioned already – cross-border production, being a subsidiary of another company, and sectoral differences in the impact of the EU ETS impact. The interviews revealed also two other possible influences, which are briefly outlined below.

Two interviewees claimed that the size of a sector in terms of revenue and people employed also influences how easy it is for a company can lobby on its own, because EU policy-makers prefer to include and hear opinions from those who can represent interests on a wider scale (interviews 2010). Related to sector size is Bennett's (1999) finding that although company size was the most important factor in firm's choice of direct lobbying, the structure of the sector also had an influence. He found that companies from sectors consisting of a small number of large companies tend to employ direct lobbying more. Therefore, sectoral differences might also stem from the characteristics of the sectors in question.

Secondly, it is possible that there are some differences in company culture. The SCA representative noted that in 2009 and 2010 there had been much more focus on lobbying at the EU level. But that had been undertaken through CEPI, not alone. In fact, he could not recall a single time when SCA had had meetings with EU policy-makers, or sent letters or position papers, on its own (interview 2010). Similarly Cementa representative Cementa explained that lobbying late in EU policy-making and trying to influence how MEPs vote is not a preferred lobbying strategy for Swedish firms (interview 2010). This may also indicate that some companies do not see lobbying alone as a suitable tactic. The internal culture of firms might influence how much they undertake direct lobbying. When one of the tactics is excluded due to company culture, several possible lobbying routes are automatically excluded as well, because each tactic can (at least in theory) be used for lobbying at different institutions.

7 Conclusion

7.1 Summing up the study

The aim of this study was to examine how selected firms from energy-intensive industries in Sweden and Norway lobbied in the revision process of the European Union Emissions Trading System (EU ETS) that took place between November 2006 and December 2008.

Firms from the energy-intensive industries participated in the policy-making of the EU ETS from the beginning, but there has been only sporadic study of how these firms lobbied, at which institutions and what influenced their lobbying choices. Neither is there information on whether firms from non-EU countries lobbied differently than those from EU countries. The literature on possible influences on how and where firms lobby is often both scanty and conflicting, especially as regards analyzing firms from non-EU countries. Therefore the following research questions were established for this study:

1. *How did selected Swedish and Norwegian companies seek to influence the EU ETS revision process? Did they lobby similarly or differently?*
2. *Which factors can best explain similarities and differences in the choice of lobbying routes?*

To answer the research questions I developed a system of lobbying routes as presented in the theory chapter. The approach was chosen to enable the inclusion of various lobbying tactics available to firms, as well as the different EU institutions that firms can target in their lobbying. Analyses involving comparisons of which institutions are targeted by firms and how these institutions were accessed is not common in the literature, despite a few exceptions (like Tenbücken 2002). A range of theoretical and empirical studies were used as analytical building blocks to design a system of lobbying routes and to identify possible influences on which of these routes the firms selected for study actually used. Four hypotheses were developed and used to guide the analysis:

Hypothesis 1: Swedish and Norwegian firms differed in lobbying routes due to their originating in the EU member state Sweden or the non-member state Norway.

Hypothesis 1.1: Norwegian firms used more direct lobbying at the EU level than their Swedish counterparts due to their outsider status in the European associations and the lack of a ‘member-state patron’ in the EU institutions.

Hypothesis 2: Larger firms used more different routes than smaller firms.

Hypothesis 2.1: Larger firms engaged in more direct lobbying at the EU level than smaller firms did.

With this report I have attempted to contribute to the research on lobbying by comparing the Swedish and Norwegian firms’ use of lobbying routes and whether differences can be explained by EU membership, or

the lack thereof. The study was limited to three companies in Norway and three in Sweden, representing the sectors of aluminum, steel, cement and paper production.

The firms' lobbying profiles, created by means of key-informant interviews with company representatives, were analyzed comparatively by examining which tactics and targets the companies employed and what could explain their choices. There were both similarities and differences among the companies as regards their lobbying routes. The limited collected evidence did not permit any far-reaching conclusions; however, several findings will be discussed in depth in the following.

7.2 Reasons for similarities among companies

The most striking similarity among the companies was the extensive use of both EU and national associations. All six companies used their EU associations and national associations as a lobbying tactic. The EU associations were used for lobbying at all of the EU institutions. When firms lobbied via their national associations they did not use large national umbrella associations, such as the Confederation of Norwegian Enterprise or the Confederation of Swedish Enterprise, but relied on industry associations like the Federation of Norwegian Industries, or even narrower industry organizations in Sweden.

The prevalence of collective lobbying was also reflected in the finding that only three of the six companies used lobbying alone at the EU, with Norsk Hydro as the sole company to rely on it extensively. The other two companies (SSAB and Cementa) saw lobbying alone at the EU level more as a complementary tactic. There was more lobbying at the national level, but even then it was not considered more important than lobbying via national associations. Lobbying in alliance was used by only one Norwegian company in Norway, and then as an additional option to lobbying via the Federation of Norwegian Industries. Lobbying in alliance thus emerges as a tactic that was popular among the firms studied: the firms preferred to conduct their lobbying through various associations.

The main conclusion to be drawn here is that companies prefer to be represented 'together with the same interests'. Collective representation seems to be preferred by both the EU and national institutions, as company representatives repeatedly emphasized during interviews that alone they would not be heard (interviews 2010). Such collective lobbying is probably common also because using the associations removes a significant workload from the individual companies. While EU associations were targeted at the EU institutions, the national associations were used most for lobbying at national institutions, so these associations can be seen as primary tactics at either the EU or the national level. However, here we should differentiate between broad and narrow national associations: the former were not relevant for the lobbying of the firms in question during the revision of the EU ETS, on the grounds that these represent too wide and also conflicting interests (interviews 2010). Interestingly, the Federation of Norwegian Industries includes also power producers, but the Norwegian representatives did not mention any conflict in the national organization, nor were there any considerable differences of opinion within in the EU associations (interviews 2010).

Either there were no conflicts, or the representatives did not wish to disclose them. If the latter is true, that even strengthens the importance of the associations, since then these were used as lobbying tactics in spite of conflicts. And although Mazey and Richardson (2006: 255) speak of the sluggishness of EU associations, these were in fact used and valued as a lobbying tactic.

7.3 Reasons for differences among companies

There were differences in the firms' lobbying routes, as regards the use of tactics and at which institutions companies lobbied. Without a doubt, the main finding of this study is that the Norwegian firms differed from their Swedish counterparts in terms of the lobbying tactics used and the institutions chosen for lobbying, which gives support to Hypothesis 1. To my knowledge there has been no literature dealing with how differences in lobbying tactics influence the targets that were lobbied while taking account of possible differences among firms. Thus these findings are interesting, even though it is not easy to compare or generalize in connection with other studies. Which specific differences emerged, and what can explain them?

Firstly, Norwegian companies rarely used their national institutions to access the EU institutions, whereas Swedish firms used Swedish national institutions to lobby at the EU level and especially at the Council. This probably weakened the possibilities of Norwegian firms for lobbying at the EU institutions. The most probable explanations were the Norwegian authorities' lack of access, as well as inadequate motivation or capability to participate in policy discussions in the EU. Here it should be borne in mind that the Norwegian political arena at the time was deeply involved in debates on how to link Norway to the EU ETS. Thus it is likely that such differences would have been either non-existent or at least less, if Norway right from the start had decided to follow the EU ETS as it was designed.

Secondly, national associations were not used for lobbying at the EU level by the Norwegian companies either, whereas two of the three Swedish companies did. Therefore we can conclude that Norwegian companies had less access to EU institutions. Access to the European Parliament and the Council in particular was more difficult, as Swedish companies were able to use their own national associations to lobby at these institutions. This difference seems to stem from the situation of the Federation of Norwegian Industries: lacking access to the EU level, it has 'a listening role' to transmit information to Norway – not to influence policy-making.

Thirdly, Norwegian companies also lobbied less on their own at the EU level, although the difference was not large. The representatives of Norske Skog and Norcem mentioned that they were not able to lobby alone at the EU level. The only firm to engage singly in direct lobbying at the EU level was Norsk Hydro. However, since Norsk Hydro has also production in other countries, it probably is perceived being 'more European' than the other two, and that could well have meant better possibilities for direct lobbying at the EU level. All in all, Norwegian companies had less access to the EU institutions due to less direct lobbying. That also shows that the three Norwegian companies studied

here encountered problems in lobbying directly at the EU level, as anticipated on the basis of Hamada (2007). Bernhagen and Mitchell (2009) suggested that non-EU firms would develop their own lobbying capabilities due to a lack of a ‘member-state patron’ in the EU institutions. It is in these conflicting assumptions that Hypothesis 1.1, about Norwegian firms lobbying more directly than Swedish firms at the EU level, was grounded. However, the hypothesis did not find support in this study, since Norwegian firms in fact lobbied *less* on their own at the EU level. Hypothesis 2.1 raised the possibility that larger firms lobby more directly than smaller ones. This expectation was not confirmed either, so the findings of Bennett (1999) and Bernhagen and Mitchell (2009) did not gain support here. Lobbying alone was used more by the Swedish companies. Direct lobbying might be explained by sectoral differences in the level of impact of the EU ETS: of the firms studied, metal producers used direct lobbying, paper producers did not, whereas one cement company did and the other did not.

Some other differences between the companies cannot be explained by origin in an EU country. Size seems to have an effect on the number of lobbying routes the companies employed, although it was not directly linked to company revenues. The number of lobbying routes seems to have been affected by several factors. One was company cross-border production – both Norsk Hydro and the Swedish SCA, who used the most lobbying routes (13), lobbied via the national associations and institutions in other countries. Cross-border production and revenue are related, because more production tends to create more revenue. Coen and Dannreuther’s (2003) claim that larger firms have been more able to lobby at the EU level thus finds support here.

The number of lobbying routes used was also influenced by other factors. Lobbying in other countries was not available to all the companies in this study, nor was lobbying via a parent company. This tactic was used by the two cement companies. Consequently it is not only cross-border production or company size as such that influenced how many and which lobbying routes a firm used, but also the cross-border size of the parent company.

The number of lobbying routes may also been influenced by how deeply the various sectors are or will be influenced by the EU ETS. The aluminum and steel producers in this study used the largest number of lobbying routes, followed by the cement producers. On the other hand, that cannot explain why one paper company used the fewest lobbying routes, while another paper company used the largest number of lobbying routes. The firm with the fewest lobbying routes was Norske Skog. It can be described as a Norwegian company that experienced all the difficulties of lobbying outlined above – without the possibility of compensating by lobbying through national associations or institutions in other countries or via a parent company. Nevertheless, we cannot state that any of these possibilities were more important than others. In addition, there were indications that policy-phase, company culture and general sectoral characteristics might have had an influence on companies’ lobbying routes. Those possible factors could not, however, be studied in depth here.

7.4 Some proposals for research and practical use

One should be careful to make generalizations on the basis of a few selected cases, but some suggestions may be offered. Since the Norwegian firms studied here were seen to have experienced difficulties in lobbying compared to their Swedish counterparts, I will first focus on how possibilities for lobbying the EU institutions could be enhanced for Norwegian firms (and perhaps also for other interest groups experiencing similar problems with lobbying). Additionally I offer some suggestions for further research.

From the findings and analysis presented here, it can be concluded that Norwegian firms should make maximum use of the main available tactic: the EU associations. Norsk Hydro seems to have done precisely this when it re-organized its internal procedures for participation in the various associations to which it belongs, so that participants from Norsk Hydro could be well-prepared and knowledgeable at all the meetings. Such an active stance can have strengthened Norsk Hydro's position also within the EU associations, as well as contributing to its ability to lobby alone. Secondly, although the Norwegian authorities have less access to EU institutions, opportunities for representing Norwegian firms (and other interests) could be enhanced. EU issues can be emphasized more in the national institutions. An *active stance* in representing Norwegian interests within the EU should be taken whenever possible. That, however, can be achieved only if the Norwegian state defines its policy goals more in line with companies (or other interests it attempts to represent) – which was clearly not the case during the process of linking Norway to the EU ETS.

To come to the EU ETS, some suggestions can be made for further studies. We know that industry and other actors have been involved in the designing and revision of the EU ETS, but further studies on how and where these lobbied are clearly needed to understand the policy-making processes better. It is important to understand which interests have managed to influence the EU ETS, but also how they have proceeded. Such understanding would make it possible to evaluate whether and exactly how certain interests are under-represented in policy-making. The companies in this report represent energy-intensive industry firms that are included in the EU ETS in Sweden and in Norway. The similarities and differences identified here may very well be relevant for other energy-intensive industry firms in Norway and in Sweden that are included in the EU ETS. Moreover, Norway is closely tied to the EU as a member of the European Economic Area (EEA). Perhaps similar patterns can be found among, for example, the energy-intensive industries of fellow EEA-member Iceland?

The extent to which these conclusions apply to other policy areas, countries and interest types needs further investigation. There has been very little comparative research on firms' lobbying and on the relative importance of a firm being from an EU or a non-EU state. This study points to several possibilities for further research. Similarities and differences among firms that might be explained by origin in an EU member state could be studied on a broader level, by including companies from several countries and in another policy area than the EU ETS, and taking account

of other interests than only energy-intensive industries. In focusing on firms, such attempts should consider taking into account size, cross-border production, being a subsidiary, sectoral differences in how deeply the company is affected by a given policy, and possibly also sectoral characteristics and company culture as well. Secondly, if the influence of a policy phase on lobbying routes is to be studied, the research should follow a policy process in real time and identify co-decision. Thirdly, a distinction should be made between narrower and wider national associations when studying lobbying, as this study has indicated that the use of these seems to differ.

One general insight to emerge from this study is that firms from non-EU countries are likely to experience difficulties in lobbying at the EU. Indeed, this is perhaps even more true with other non-EU countries, since Norway has a close relationship with the EU through its EEA membership. How common such difficulties are among non-EU firms and whether there are similarities with the conclusions drawn here are topics in need of further investigation – not only within political science, but also for policy-makers at the EU and the national levels. If the policy-makers do not want to listen and the national levels do not want to represent, and the interests cannot make themselves heard, then it is indeed doubtful whether a policy-making process can be characterized as democratic and legitimate.

Notes

¹ For complete information on sectors and installations covered in the original and the revised scheme see Annex I in Directive 2003/87/EC (European Commission 2003) and Annex I in Directive 2009/29/EC (European Commission 2009).

² Although EU and European cannot be used as synonyms, here both EU association and European associations are considered to be suitable terms. The reasoning is twofold – these associations often also include firms or organizations from outside of the EU as members, while their main activities in interest representation are aimed at the EU institutions.

³ As with any process, pinpointing the exact start or end is generally impossible. Here I have chosen to consider the Commission's report as the start, although the Commission published two documents with results of a survey conducted on the functioning of the EU ETS prior to November 2006 (European Commission, DG Environment 2005, 2006a). The Commission had probably collected or received information and views from various stakeholders on any possible or desired changes to the emission system.

⁴ Auctioning is the main allocation principle, but sectors exposed to carbon leakage can receive up to 100% of their allocation for free (European Commission 2010). Altogether, 57% of economic (sub-)sectors are eligible for free allocation (ENDS Report 2009), which of course entails debates about the scheme being overly generous.

⁵ JI and CDM are two flexible mechanisms included in the Kyoto Protocol in addition to emissions trading. Under the EU ETS, companies can use credits from emission-saving projects carried out under the CDM and JI to cover some of their emissions, although there are restrictions (European Commission 2008a).

⁶ For a good overview of developments during the decision-making see Skjærseth and Wettstad (2008: 104-138)

⁷ In phase I and phase II most of the allowances allocated to participants in the EU ETS were for free, but still had a price as these were bought and sold. Firms that did not have to compete with non-EU firms could choose to pass on the price of an allowance to the price of the product they were selling. The profits from such pass-through are understood as windfall profits: the price of the product rose even though there was no increase in the cost to the participant in the scheme (WWF 2006).

⁸ ‘Carbon leakage’ means that emissions in countries not covered by the EU ETS rise due to the implementation of EU ETS (Asselt 2009: 12). That can happen since some sectors included in the EU ETS risk facing higher production costs, which could result in their losing out in the international competition. One strategy for such firms can to relocate production to countries not covered by the EU ETS.

⁹ Coen (1997; 1999) has analyzed the allocation of lobbying resources not only to the European Parliament, but also to the members of the European Parliament and to its committees. Similarly, Eising (2007) has studied the contacts between firms, national associations and European associations on the one hand, and leadership and working level of the EU institutions on the other hand. This approach in Coen’s and Eising’s quantitative research is not common in the literature, as most researchers consider the EU institutions as unitary actors, especially in qualitative studies.

¹⁰ The EU’s first pillar is called also the Community pillar as it includes the three Communities: the European Community, the European Atomic Energy Community, and the former European Coal and Steel Community (Phinnemore 2007: 32).

¹¹ Although Eising examined both the top and preparatory levels by studying contact with European Commission leadership and working levels, MEPs and EP committees and Council of Ministers and COREPER, combining the results did not change the ranking.

¹² The differences result from focusing on different actors in lobbying – Eising focused on the supply of lobbying from interests, while Bouwen on demand by the institutions.

¹³ They drew a sample of Forbes Global 2000, which lists the 2000 largest firms in the world (Forbes 2005).

¹⁴ Measured by having a Brussels office, a European Affairs representative and an EP lobbyist.

¹⁵ For the installations included see Annex I in the directives (European Commission 2003, 2009).

¹⁶ Christian Egenhofer (2007) gives a good discussion and explanation of the economic effects of the EU ETS on both the power and energy-intensive industry.

¹⁷ E.g. burning fossil fuels, such as coal, results in high CO₂ emissions. Producers would have cover the extensive emissions by CO₂ allowances, or else cut back production. Power producers are able to pass on the costs of purchasing the CO₂ allowances, so electricity prices rise. However, an increase in electricity prices is preferable to renewable electricity producers, as these are less CO₂-intensive and profit from the higher prices without making it necessary to purchase CO₂ allowances (Svein S. Andersen 2009 [personal conversation]).

¹⁸ For more information on which sectors are considered exposed to carbon leakage and the defining criteria, see the Commission’s information page on carbon leakage (European Commission (2010a)).

¹⁹ To measure company size, annual revenue is used (see also section 4.4. discussing operationalization).

²⁰ In this report I use the Oanda historical exchange rate converter (Oanda 2010). I have employed the yearly averages for both Swedish and Norwegian currencies.

²¹ The first interview proved to be more like a pilot interview, since it provided quite extensive knowledge on the developments in Norway, as well as suggestions for the study and whom to contact for further interviews.

²² Anne Therese Gullberg of the Center for International Climate and Environmental Research in Oslo (CICERO) recommended the use of these terms. She has, *inter alia*, done research on lobbying.

²³ The EAA did not identify the key member states in their report.

²⁴ Although the Directive did not mention at that time which sectors were considered as exposed to carbon leakage, it seems that the aluminum sector was quite sure already in advance that it would be among these, since the EAA expressed satisfaction with the revised directive.

²⁵ The Norcem representative mentioned that lobbying via HeidelbergCement was targeted at all EU institutions and most at the Parliament; discussion of this finding and implications are presented in section 5.7.2.

²⁶ For example Norske Skog's paper production is based on mechanical pulping, which requires more energy than chemical pulping. In addition, energy use depends on whether recovered fiber is used (interview 2010).

²⁷ Counting the lobbying routes by the arrows separates the routes lobbying at the national institutions and from them, as 'input' and 'output' are counted separately. This is further explained in section 3.2.3.

²⁸ Here I have counted the use of national associations and national institutions in Germany and Slovakia together for Norsk Hydro. Disaggregating these would yield even larger differences.

²⁹ For example Norsk Hydro ranks 959th and SCA 454th on the composite rankings (Forbes 2005).

³⁰ It is possible that CEMENTA did that too; however, as mentioned, the CEMENTA representative was not able to review the company profile that forms the basis for the analysis before this report went to print.

³¹ As he studied firms' contact on different levels in EU institutions, it is difficult to establish the difference between frequency of contacts with the Commission and with the Parliament.

³² Norway started its own emissions trading that took place in 2005-2007. It was in fact quite narrow in scope as only 10 percent of Norwegian greenhouse gas emissions were included. A key reason was that the Norwegian Parliament was concerned about the competitive position of Norwegian industries. There was also a voluntary agreement between Norwegian industries and the Ministry of Environment to further reduce emissions (Presterud, Torvanger & Vevatne 2005).

³³ However, it appears that at least one of the EU associations was experiencing quite serious conflict in 2010. At some point after the revision, one cement company, Holcim, came into disagreement with most other companies in CEMBUREAU. They disagree on benchmarking, and have actively been lobbying alone and separately from the associations. This led one interviewee to comment that at this point CEMBUREAU is playing music with one false key (interviews 2010).

³⁴ Firms in his study were all labeled large, as he did not differentiate among firms of different sizes.

³⁵ Better data may well be available but I was unable to find any. The European Environment Agency also combines different sectors in some of their publications. And when the sectors and emissions are aggregated in their annual green-

house gas inventory reports, it is too technically detailed for reasonable comparison purposes in this report.

³⁶ Emissions from individual companies were not chosen, because it is reasonable that bigger companies have more emissions, and it was unclear how to define the emissions that are due to larger size, to make emissions comparable between the companies.

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Appendix A: List of interviewees and interview guides

Table A1 *List of interviewees*

Name	Title	Company
Per Brevik	Director Alternative Fuels	Norcem
Lasse Nord	Senior Vice President Corporate Strategy, Climate office	Norsk Hydro
Georg Carlberg	Vice President Environment	Norske Skog
Per-Erik Eriksson	Vice President Energy	SCA
Kim Kärslud	Director of Environmental Affairs	SSAB
Anders Lyberg	Technical Director	Cementa
Svein Sundsbø	Director Industrial Policy	Federation of Norwegian Industries

Basic interview guide

Background questions

1. How does the EU ETS affect *Company X*, and what are the biggest issues?
2. Does *Company X* feel that there was a clear need to change the EU ETS from 2013?
→ (*probe*) Why and how?
3. How much and how have you been involved in the policy-making process for the EU ETS rules for the period starting from 2013?
4. How many people in *Company X* have been working with representing the company's interests to decision-makers either in *Sweden/Norway* or in the European Union?

Questions about interest representation patterns

5. Could you explain if and how *Company X* participated in policy-making during the revision of the EU ETS in 2007 and 2008?
6. More specifically I am interested in whether *Company X* took any specific actions in representing its positions in any of the following ways:
 - a. Exclusively alone
 - b. In alliance with other companies or organizations
 - c. *Via a national association*
 - d. *Via an European association*

→(*ask*) Were there any other national or European associations that were relevant for representing *Company X*'s interests on this matter?
7. Were any of the above-mentioned choices preferred/disfavored over others?
→(*probe*) If so, then why?
→ (*ask*) Why was each choice used or not used?

8. Was *Company X's* interest representation aimed
- a. at national institutions
 - b. and/or at any of the following EU institutions :
 - a. The European Parliament
 - b. The Commission
 - c. The Council
9. If yes, what influenced the choice, and were any of the mentioned venues preferred over others?
 → Why was each choice used or not used?

10. Were the options under question 6 used for interest representation at any of the specific venues mentioned in question 8? Could you explain the choices?

(For example, if participating in the policy-making exclusively alone was done more at the Council, while participating in alliance was prevalent at the national level, then what were the reasons for that?)

→ Why were these options used, and not others?

11. Were there any differences in how interest representation was conducted during the policy preparation in 2007 compared to the policy-making processes in 2008?
 → *(probe)* How? Why?

About company-level issues

12. Were there any companies or organizations (in *Sweden/Norway* and in the European Union) that were also active in policy-making but had different opinions on the matter? Did this in any way affect *Company X's* participation in the policy-making process?
13. Were there any companies or organizations (in *Sweden/Norway* and in the European Union) that were also active in policy-making but had similar interests as *Company X* on the matter? Did this in any way affect *Company X's* participation in the policy-making process?
14. Would you describe *Company X* as more or less active than other companies and organizations in the policy-making of EU ETS in 2007 and 2008?
 → *(probe)* Why so? How good were the company's possibilities for following the policy-making processes?

Questions about the national level:

15. *Company X* is a member of *National association* – how active has *Company X* been in *National association*, especially in relation to the development of the EU ETS rules for the period from 2013? Could you describe the cooperation?
 → Were there disagreements on the issue within the national association?
16. How good were the possibilities for *National association* to participate in designing the rules for the EU ETS in 2007 and 2008?
17. Are you satisfied with *National association's* work on this matter?

Questions about EU-level associations

18. *Company X* is a member of *EU Association* via *National association/or directly*; how did the cooperation between *EU Association* and *Company X* take place on this matter (if there was any)?

- Were there disagreements on the matter within the European association?
19. Has there also been direct contact between *EU Association* and *Company X*?
 20. Do you think *EU Association* had good possibilities for representing *Company X*'s interests in the EU ETS review in 2007 and 2008?
 21. Are you satisfied with *EU Association*'s work on this matter?

Questions about Norwegian and Swedish companies:

22. Do you think there are any differences in how well Swedish/Norwegian companies can participate in and influence the EU policy-making processes as regards *Company X*, and could you explain these?

Basic overview of the study and interview questions, as sent to the companies

The study is about the interest representation strategies of energy-intensive companies in EU emissions trading policy, focusing on the preparation and decision-making processes in 2007 and 2008 when revised rules for the EU Emissions Trading System (ETS) post-2012 were decided. Among the matters taken up is the importance of whether a company belongs to a state within or outside the EU, as well as possible sectoral differences. The study will compare selected Norwegian and Swedish companies in three sectors considered to be strongly influenced by emissions trading: cement; pulp and paper, and metal production.

Below are the main questions I would like to cover during the interview.

1. How does the EU ETS affect *Company X*, and what are the biggest issues?
2. Does *Company X* feel that there was a clear need to change the EU ETS from 2013?
3. Could you explain if and how *Company X* participated in the policy-making during the revision of the EU ETS in 2007 and 2008?
4. More specifically I am interested in whether *Company X* took any specific actions in representing its positions in any of the following ways:
 - a. Exclusively alone
 - b. In alliance with other companies or organizations
 - c. Via a national association
 - d. Via an European association
5. Was *Company X*'s interest representation aimed
 - a. At the national institutions
 and/or at any of the following EU institutions :
 - b. the European Parliament
 - c. the Commission
 - d. the Council
6. Were the options under the question 4 used for interest representation at any of the specific venues mentioned in the question 5? Could you explain the choices?

(For example, if participating in the policy-making exclusively alone was done more at the Council, while participating in alliance was prevalent at the national level, then what were the reasons for that?)

7. Were there any differences in how interest representation was conducted during the policy preparation in 2007 compared to the policy-making processes in 2008?

8. Were there any companies or organizations (in Sweden/Norway and in the European Union) that were also active in policy-making but had different/and or the same opinions on the matter? Did this in any way affect *Company X*'s participation in the policy-making process?

9. *Company X* is a member of *National association* – how active has *Company X* been in *National association*, especially in relation to the development of the EU ETS rules for the period from 2013? Could you describe the cooperation?

10. *Company X* is a member of *EU Association* via *National association/or directly* – how did the cooperation between *EU Association* and *Company X* take place on this matter (if there was any)?

Appendix B Use of tactics by companies

<i>Tactic</i>	<i>Target</i>		
	European Parliament	European Commission	European Council
Alone	Norsk Hydro Cementa SSAB	Norsk Hydro	SSAB
EU association	Norsk Hydro Norcem Cementa SCA SSAB Norske Skog	Norsk Hydro Norcem Cementa SCA SSAB Norske Skog	Norsk Hydro Norcem Cementa SCA Norske Skog
National association	SCA (twice) SSAB		SSAB
Parent company	Norcem	Norcem Cementa	Norcem
National institutions	Norsk Hydro Cementa SSAB SCA (twice)	Norsk Hydro (twice) SSAB SCA (twice)	Norsk Hydro SSAB Cementa SCA (twice)

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