



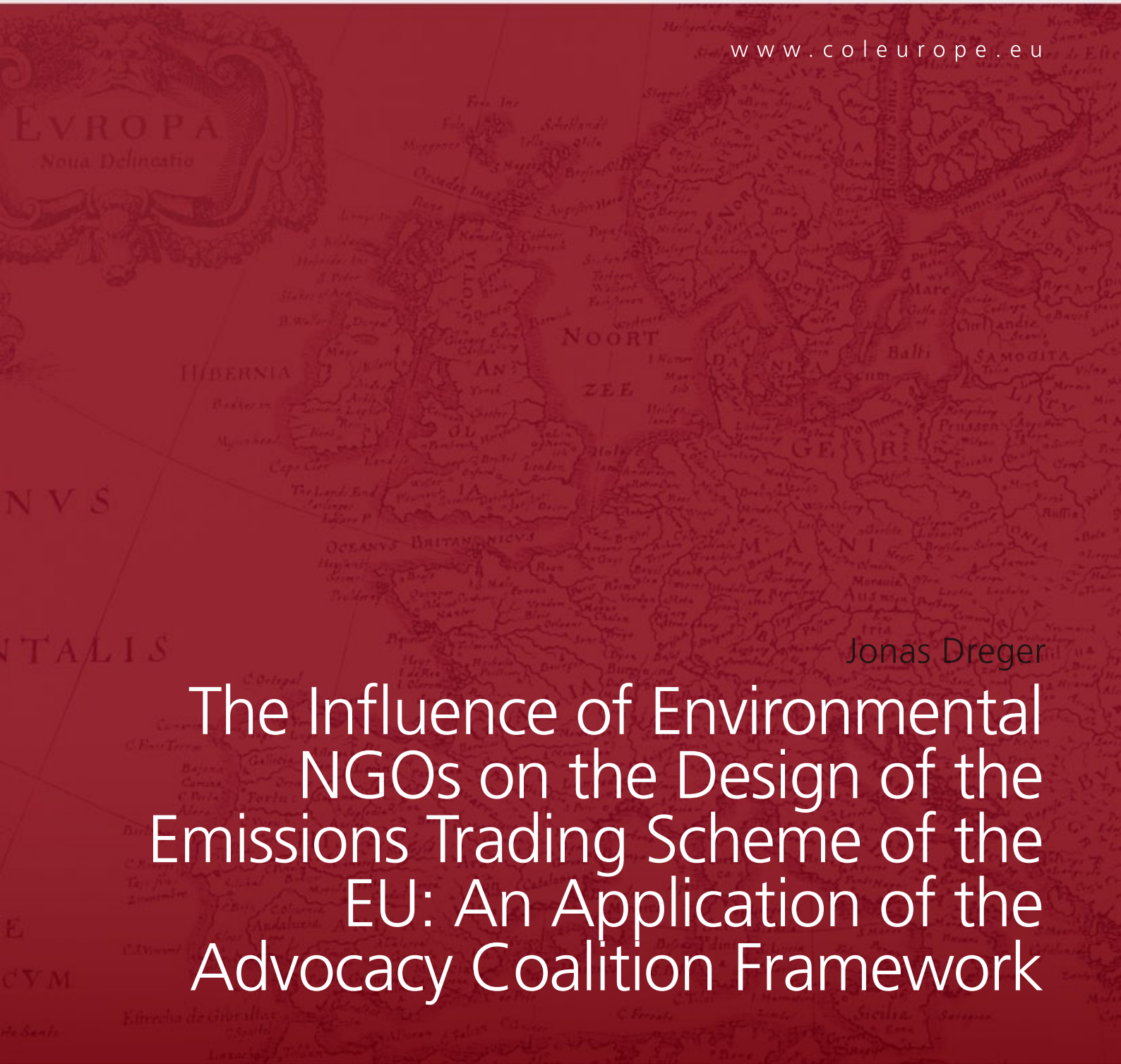
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Jonas Dreger

# The Influence of Environmental NGOs on the Design of the Emissions Trading Scheme of the EU: An Application of the Advocacy Coalition Framework

Bruges Political  
Research Papers

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Cahiers de recherche  
politique de Bruges

No 8 / September 2008



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European Political and Administrative Studies  
Études Politiques et Administratives

Bruges Political Research Papers / Cahiers de recherche politique de Bruges  
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This article reflects the personal view of the author. I want to thank Professor Rudolf Hrbek, Professor Michele Chang, Thomas Kostera, as well as the members of the editorial board for their valuable comments.

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## **Abstract:**

The adoption process of the emission trading scheme (ETS) directive in the co-decision procedure merged the dynamics of problem solution and political gaming, which Kingdon calls policy and political streams. An application of Sabatier's advocacy coalition framework shows that an "economy-first" and an "environment-first" coalition competed for influence on the ETS. Environmental NGOs (ENGOS) as part of one advocacy coalition were subject to the constraints of lobbying in a multi-level governance system. Their ability to influence the ETS depended on relatively stable parameters and external events. As ENGOS are outsiders to the bodies with formal authority in the European Union (EU), they needed powerful coalition members such as DG Environment and the European Parliament (EP) as well as strong external facilitating factors. ENGOS fared better in the policy stream than in the political stream. They aimed for a strong initial Commission proposal to set a path-dependent process in motion and at counterbalancing the Council with the EP. They can contribute to policy-oriented learning and instrumentalise perturbations, but they are not able to create a negotiation stalemate.

The paper is based on the Master's thesis, *The influence of environmental NGOs on the design of the emissions trading scheme of the EU. An Application of the Advocacy Coalition Framework*, College of Europe, Department of European Political and Administrative Studies Bruges, 2007, available in the institution's library. Please consult this document for an elaboration of the analysis below.

Pursuant to Article 17 of the Treaty on the European Union, the parties of the Kyoto Protocol “may participate in emissions trading for the purposes of fulfilling their commitments under Article 3”.<sup>1</sup> In the years preceding the adoption of the emission trading scheme (ETS), the term ‘climate policy’ had been associated with political failure.<sup>2</sup> The ETS was seen as a way out as it innovatively combines environmental protection with an economic approach. Additionally, the establishment of an emission trading market extends the traditional focus of the EU on markets to environmental protection.

Emission trading is based on tradeable permits which are granted to polluters. If the permits are limited to a quantity smaller than the gas normally expected to be emitted, the environmental outcome can be controlled *ex ante*. Polluters have the choice to reduce their emissions or to buy the amount of permits they additionally need from other participants on the market. The European ETS in particular is a company-based scheme. The final ETS-Directive covered 4,000-5,000 industrial installations with high energy intensity. 38 per cent of the greenhouse gases defined in Kyoto are covered by the directive.<sup>3</sup> The ETS has the potential to reduce the implementation costs of the Kyoto-Protocol by 1.7 billion euros a year<sup>4</sup> because of its economic approach.

Between 2005 and 2008, the first pilot phase of the ETS Directive was underway. Publications so far have mostly concentrated on either the international decision-making or the effectiveness of the new policy instrument, yet the EU decision-making itself is left under-researched. In particular, an academic account of the influence of environmental NGOs (ENGOs) is missing thus far.

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<sup>1</sup> United Nations (1998): “Kyoto-Protocol to the United Nations Framework Convention on Climate Change” (New York): Article 17

<sup>2</sup> Rabe, Barry (2007): “Beyond Kyoto: Climate Change Policy in Multilevel Governance Systems,” *Governance*, 20 (3): 423

<sup>3</sup> Gagelmann, Frank and Bernd Hansjürgens (2002): “Climate Protection Through Tradable Permits: The EU Proposal for a CO<sub>2</sub> Emissions Trading System in Europe,” *European Environment* 12: 186

<sup>4</sup> European Commission (2000): “Green Paper on Greenhouse Gas Emissions Trading within the European Union,” COM(2000) 87 final (Brussels 08.03.2000): 11

This paper aims to elaborate on the influence of ENGOs in a multi-level governance system under co-decision, given the multitude of actors, access points and dynamics. Three sub-questions structure the analysis of the case study: 1) Which factor constellations are required for a potentially successful interaction with the institutions? 2) Which type of strategy is successful facing a technocratic initiator of legislation (policy stream)? 3) Which type of strategy is successful facing political decision-making institutions (political stream<sup>5</sup>)?

The analysis is structured by the advocacy coalition framework (ACF).<sup>6</sup> Following the ACF, two advocacy coalitions can be identified: “environment-first” and “economy-first.” By identifying advocacy coalitions and assessing the exogenous and endogenous variables determining their influence in a process analytically distinguished by a policy and a political stream, some theoretical reflections will be made possible.

It is expected that ENGOs, as outsiders to the EU as a multi-level governance system, have only limited power. They depend on an array of (external) factors beyond their influence, such as institutional constellations and the values of society. They need powerful coalition members in both the policy and the political stream. This study works with the assumption that ENGOs might have a better impact during the policy stream than during the political stream because of their emphasis on argumentative rationality.

The author strived for a far-ranging usage of different sources to sufficiently grasp the complexities of the legislative process. In addition to the obligatory review of academic accounts of the topic at hand, this analysis particularly uses information extracted from position papers, legislative process documents and qualitative interviews. The author has been able to obtain time with representatives of the Council, the Commission, the science

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<sup>5</sup> Kingdon, John (2003): “Agendas, Alternatives, and Public Policies,” (New York: Longman)

<sup>6</sup> Sabatier, Paul and Christopher Weible (2007): “The Advocacy Coalition Framework: Innovations and Clarifications,” in: Theories of the Policy Process edited by P. Sabatier (Colorado: Westview Press)

community, as well as business and environmental interest groups. A representative of the European Parliament could, for procedural reasons, not be interviewed.

## **1. Advocacy Coalitions within the EU**

### **1.1 The Advocacy Coalition Framework**

The ACF developed by Sabatier and Jenkins-Smith<sup>7</sup> has undergone several revisions between 1988 and 2007 but has not yet reached the status of a full-fledged theory. Following the ACF in its 2007 version, the plurality of a system can, on a meso-level, best be captured by aggregating actors into advocacy coalitions. The formation of advocacy coalitions takes place on the basis of beliefs “in a nontrivial degree of coordination.”<sup>8</sup> The actors engage in coalitions to realise shared policy objectives in a policy network structure. On a macro-level, the complexity of policy-making forces actors to specialise. They are affected by political and socioeconomic systemic factors in their respective policy subsystem.

On a micro-level, advocacy coalitions are formed on the basis of corresponding belief systems. The belief systems are categorized as three-tiered: deep core beliefs, policy core beliefs and secondary beliefs. Especially the first two are considered to be “the stickiest glue that binds coalitions together.”<sup>9</sup> By operationalizing policy core beliefs linked to actors in the policy subsystem and grouping them accordingly, two to five advocacy coalitions are traditionally identified.<sup>10</sup> Major policy change, then, is caused by a change in the belief systems of the advocacy coalitions which is either endogenously or exogenously caused.<sup>11</sup> Sabatier has identified four paths to policy change: (1) Policy-oriented learning and (2) a

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<sup>7</sup> Sabatier, Paul (1998): “The Advocacy Coalition Framework: Revisions and Relevance for Europe,” *Journal of European Public Policy* 5(1): 98

<sup>8</sup> Sabatier, ACF Innovations, op.cit.: 196

<sup>9</sup> Sabatier, ACF Innovations, op.cit.: 195

<sup>10</sup> *ibid.*: 195

<sup>11</sup> Kübler, Daniel (2001): “Understanding Policy Change With the Advocacy Coalition Framework: An Application to Swiss Drug Policy,” *Journal of European Public Policy* 8(4): 624

hurting stalemate are variables which change the belief system, whereas (3) internal and (4) external shocks do not only cause this change but also redistribute resources.<sup>12</sup>

Policy-oriented learning and the hurting stalemate are strategies applied by the advocacy coalitions when competing over a policy design. The shocks mentioned can rarely be induced by the coalitions. To influence governmental decisions according to their beliefs, advocacy coalitions act instrumentally rational in using the available venues in the constitutional structure.<sup>13</sup> Policy-oriented learning is in this context influenced by institutions: Every institutional access point subjects the advocacy coalition to a “decisional bias”<sup>14</sup> due to differing internal dynamics.

ACF assumes that any political process takes place against a background of relatively stable parameters which define the constraints and resources of the actors. The parameters are “basic attributes of the problem..., fundamental sociocultural values and social structure..., [and the] basic constitutional structure.”<sup>15</sup> Also, Sabatier has added “long-term coalition opportunity structures” into his framework to account for the less pluralist European polity.<sup>16</sup> Essentially, long-term coalition opportunity structures are an extension of the basic constitutional structure and can therefore be treated as yet another stable parameter. They define the potential for finding coalition members and access points in the constitutional structure.

After relatively stable parameters, ACF turns to the dynamic features of a policy subsystem. External system events are identified as “changes in public opinion...changes in socioeconomic conditions...changes in the governing coalition [and] policy decisions from

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<sup>12</sup> Sabatier, ACF Innovations, op.cit.: 208

<sup>13</sup> Sabatier, Paul and Hank Jenkins-Smith (1999): The Advocacy Coalition Framework: An Assessment’, in: Theories of the Policy Process edited by P. Sabatier (Colorado, Westview Press): 142-3

<sup>14</sup> Schlager, Edella (2007): A Comparison of Frameworks, Theories, and Models of Policy Processes, in: in: Theories of the Policy Process edited by P. Sabatier (Colorado, Westview Press): 307

<sup>15</sup> Sabatier, ACF Innovations, op.cit. : 193

<sup>16</sup> *ibid.*: 199



other subsystems.”<sup>17</sup> The inclusion of coalition resources is yet another modification of the 1999 ACF version. These variables are dynamic, as they can change over relatively short periods (such as over a decade). Consequently, ACF assumes that a change in these variables is a “necessary, but not sufficient, cause of change in the policy core attributes of a governmental programme.”<sup>18</sup> These changes can redistribute resources and change belief systems in such a way that the power of the advocacy coalitions in a system is changed.<sup>19</sup>

## **1.2 The Climate Change Policy Subsystem and the Corresponding Advocacy Coalitions**

The policy subsystem is the frame of action for all advocacy coalitions. If actors in a policy subsystem engage in nontrivially coordinated network alliances and share causal and normative beliefs, they can be called advocacy coalitions.<sup>20</sup> Advocacy coalitions aim at influencing the decisions of the policy subsystem. For this study, the working assumption relies on the existence on two advocacy coalitions that are united by their similarities on the dimensions of deep core beliefs and policy core beliefs.

Deep core beliefs relate to normative judgements on, amongst other things, “the relative priority of fundamental values [and the relative priority of the welfare of different groups.”<sup>21</sup> The two opposing belief systems can be called “economy-first” and “environment-first,” depending on their stance towards the relative priority of economic growth and environmental protection. ENGOS belong, by definition, to the “environment-first” coalition.<sup>22</sup> As the most influential ENGOS, Climate Action Network (CAN, formerly Climate Network Europe, CNE) and the Foundation for International Environmental Law and Development (FIELD) were selected. Following the institutionalist logic, DG Environment

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<sup>17</sup> *ibid.*: 202

<sup>18</sup> *ibid.*

<sup>19</sup> *ibid.*: 204

<sup>20</sup> Sabatier, ACF Assessment, *op.cit.*: 120

<sup>21</sup> Sabatier, ACF Innovations, *op.cit.*: 194

<sup>22</sup> G8 (2001): “Introducing European Environmental NGOs. Their Role and Importance in European Union Decision-Making” (Brussels: <http://www.eeb.org/publication/2001/BrochureGreen8-Light.pdf>, retrieved 22.04.2008)

belongs to the “environment-first” coalition as well. Its purpose in the Commission is the representation of environmental concerns. The European Parliament (EP) also belongs to this coalition, as it seems to be structurally favourable to environmental concerns.<sup>23</sup> Countries like Germany, the Netherlands, the Scandinavian member states and, partly, the UK are portrayed as environmental leaders<sup>24</sup> and assumingly place the environment high on their priority list.

In contrast, business associations, whose belief system prioritizes economic growth and competitiveness,<sup>25</sup> are vocal supporters of the “economy-first” coalition. DG Enterprise serves as a mirror to DG Environment in representing the interests of the business world in the Commission. The southern member states and large industrial states like France are consistently named as laggards in environmental legislation.<sup>26</sup>

The application of deep core beliefs to policies reveals a less clear-cut distribution of the actors on a belief systems scale. Yet, policy core beliefs determine the final composition of advocacy coalitions.<sup>27</sup> The policy core beliefs on the ETS can be organised on a scale from “flexible instrument” to “binding instrument.” A binding ETS would include a mandatory scheme for a large scope of sectors with absolute targets and no flexibility provisions.

Apart from the moderate FIELD,<sup>28</sup> the ENGOs, again, are to be found at one extreme of the scale (binding),<sup>29</sup> whereas the business associations occupy the other extreme (flexible).<sup>30</sup> DG Environment has laid out from the very start a rather tough vision of the ETS

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<sup>23</sup> Burns, Charlotte (2005): “The European Parliament: The European Union’s Environmental Champion?,” in: *Environmental Policy in the European Union* edited by A. Jordan (London: Earthscan)

<sup>24</sup> Börzel, Tanja (2005): “Pace-Setting, Foot-dragging and Fence-sitting: Member State Responses to Europeanization,” in: *Environmental Policy in the European Union* edited by A. Jordan (London: Earthscan)

<sup>25</sup> Pocklington, David (2002): “European Emissions Trading - the Business Perspective,” *European Environmental Law Review*: 209–218

<sup>26</sup> Börzel, op.cit.

<sup>27</sup> Sabatier, ACF Innovations, op.cit. : 195

<sup>28</sup> FIELD: “Final Report to the Commission DG Environment: Study on the Legal/Policy Framework Needed for the Establishment of a Community Greenhouse Gas Emissions Trading Regime” (London: Ref.: ENV.A.2/ETU/2000/0050r, 23 November 2001)

<sup>29</sup> Bradley, Rob: Brief Critique of the Commissions Emission Trading Paper COM (2001) 581 (Brussels: CAN, December 2001)

<sup>30</sup> Pocklington, op.cit.

instrument,<sup>31</sup> whereas DG Enterprise lined up with the industry in calling for more flexibility.<sup>32</sup> The EP adopted resolutions which were even more far-reaching than the Commission proposal and are thus closest to the stance of the ENGOs.<sup>33</sup>

Council members were divided in their domestic policy application of their beliefs.<sup>34</sup> Denmark, the Netherlands and the UK developed emission trading schemes to benefit from a first-mover advantage. They generally supported the ETS but faced adaptation pressures. Germany applied its deep core beliefs by establishing voluntary agreements and was facing a misfit with the new, more binding instrument.<sup>35</sup> Germany, although potentially belonging to the environmentally friendly coalition, is to be placed in the “economy-first” group because it followed its industry’s stance and opposed the more environmentally friendly solutions in this particular case. Southern countries like Spain had no or little climate change politics in place and were in a constant learning process, heavily influenced by their “economy-first” belief. France was in the same position but more favourable to ETS because of its industrial structure.<sup>36</sup>

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<sup>31</sup> European Commission (2001): Proposal for a Directive of the European Parliament and of the Council Establishing a Scheme for Greenhouse Gas Emission Allowance Trading Within the Community and Amending Council Directive 96/61/EC,” COM(2001) 581 final (Brussels: OJ C75 E/33)

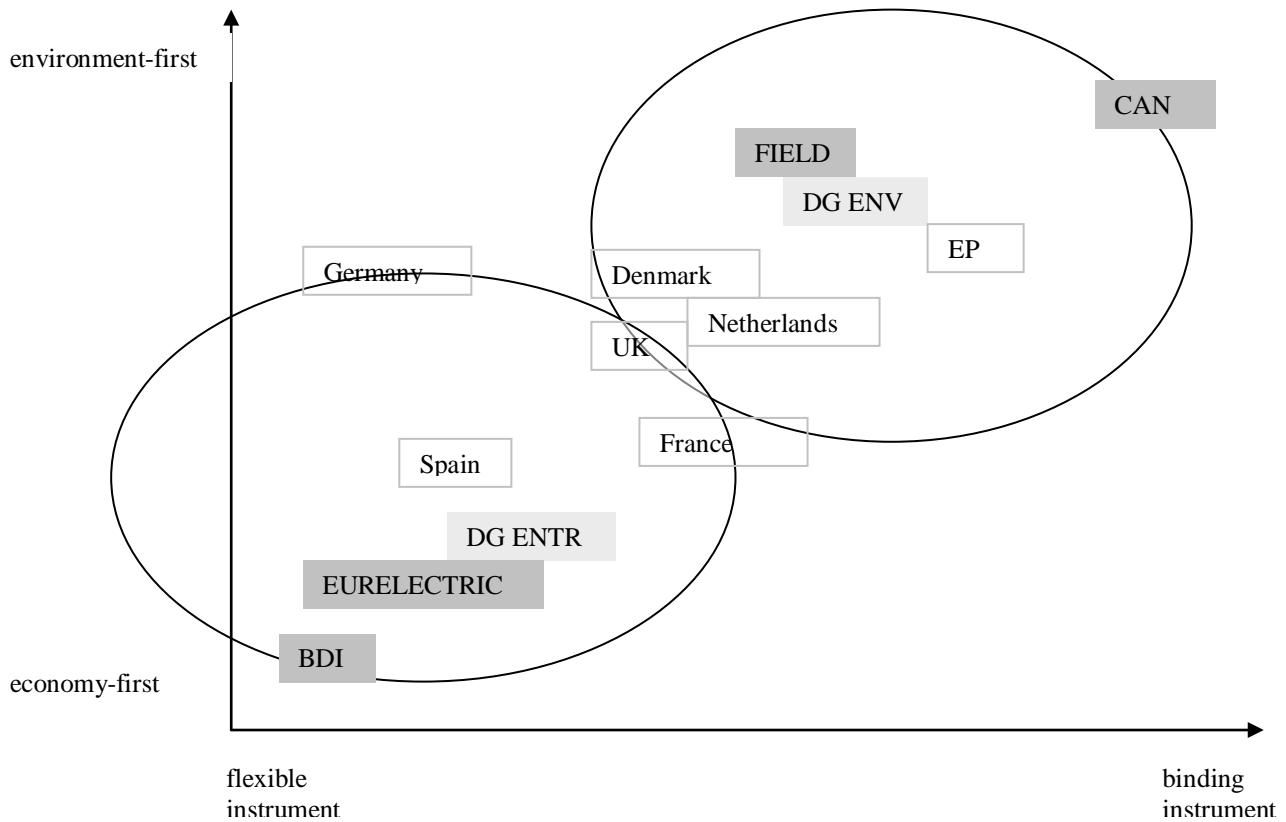
<sup>32</sup> Interview with Dr. Joachim Ehrenberg, European Commission, Brussels 18.04.2008

<sup>33</sup> European Parliament (2002): “\*\*\*I Report on the Proposal for a European Parliament and Council Directive Establishing a Scheme for Greenhouse Gas Emission Allowance Trading Within the Community and Amending Council Directive 96/61/EC (COM(2001) 581” (Brussels: A5-0303/2002, 13 September 2002)

<sup>34</sup> Woerdman, Edwin (2004): “Path-dependent Climate Policy: The History and Future of Emissions Trading in Europe,” *European Environment* 14 (5): 261-275

<sup>35</sup> Interview with Dr. Joachim Ehrenberg, European Commission, Brussels 18.04.2008

<sup>36</sup> *ibid.*



If the (representative) actors are placed in a coordinate plane, a pattern occurs which enables the identification of two advocacy coalitions. In such a coordinate plane, the “environment-first” advocacy coalition consists out of the ENGOS, DG Environment, the EP and countries like the Netherlands, Scandinavian countries (here: Denmark), and possibly the UK. The “economy-first” advocacy coalition consists of the business interest groups, DG Enterprise, Germany, Southern countries like Spain, and to a certain extent France and the UK. It is obvious that both advocacy coalitions are represented in the entire decision-making process.

## 2. The Impact of External Factors on ENGOs' Effectiveness

### 2.1 Relatively Stable Parameters

Firstly, one of the relatively stable parameters which define the constraints for the advocacy coalitions are the basic attributes of the problem. The risks of CO<sub>2</sub> and other climate gases can only be assessed based on scientific interpretations. This manifests prime conditions for policy-learning as foreseen in ACF. The natural consequence of a “scientific mediation” of risk leads to the “scientization” of environmental policy-making.<sup>37</sup> In the management of risk, politics relies on science and science becomes politicized (e.g. IPCC).<sup>38</sup> The inescapable need for action is a constant, independent variable which continually reinforces the beliefs of the “environment-first” advocacy coalition, and potentially questions basic assumptions of the “economy-first” coalition.

Secondly, the relatively stable parameter of fundamental sociocultural values is represented in the general attitude of the public towards the trade-off between the environment and growth. Available Eurobarometer data<sup>39</sup> displayed a clear belief system regarding the preferences of the European public in the trade-off between environmental protection and economic growth: Europeans consistently opted by a huge majority for finding a balance between economic growth and environmental protection whenever possible. Bearing this long-term preference for a balanced solution in mind, the European Union negotiated in Kyoto and designed the ETS.

Thirdly, the basic constitutional structure of the EU influences the lobbying efforts of outsiders to the decision-making process. The EU lacks “a single dominating centre of

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<sup>37</sup> Eden, Sally (1996): “Public Participation in Environmental Policy: Considering Scientific, Counter-Scientific and Non-Scientific Contributions,” *Public Understanding of Science* 5: 189

<sup>38</sup> Reiner, Grundmann (2007): “Climate Change and Knowledge Politics,” *Environmental Politics*, 16 (3): 427

<sup>39</sup> European Commission (1999): Eurobarometer “What Do Europeans Think About the Environment? The Main Results of the Survey Carried Out in the Context of Eurobarometer 51.1,” (Brussels); European Commission (1995): Eurobarometer 43.1bis “Europeans and the Environment” (Brussels); European Commission (1992): Eurobarometer “Europeans and the Environment in 1992” (Brussels); European Commission (1988): Eurobarometer “Les Européens et l’Environnement en 1988” (Brussels); European Commission (1986): Eurobarometer “Die Europäer und ihre Umwelt” (Brussels)

authority and power”<sup>40</sup> and is possibly best understood with the multi-level governance approach<sup>41</sup> that is conjoined with different logics of decision-making. The first stages of decision-making of the ETS Directive within the Commission allowed it to act as a policy entrepreneur.<sup>42</sup> Technocratic officials shape the first proposal for legislation. This process is profoundly different from interinstitutional bargaining, bargaining between Commissioners, and negotiations in the ‘institutional triangle’.

We can also distinguish between a ‘policy stream’ and a ‘political stream’.<sup>43</sup> In the former, persuasion and the diffusion of ideas play a major role, whereas in the latter, consensus is achieved by bargaining. The deliberative process in the policy stream matches the importance of argumentative rationality in the ACF.<sup>44</sup> In the political stream of interinstitutional relations, however, coalitions are not built by persuasion but by granting “concessions in return for support of the coalition.”<sup>45</sup> As conflictual bargaining occurs only rarely due to the consensus-culture<sup>46</sup> and the permanence of negotiations in the EU,<sup>47</sup> there seems to be place for both ACF assumptions of policy learning and hurting stalemate. NGOs face a differentiated process of decision-making with different ratios of consensus and bargaining culture. Promoting their case from the outside requires vast resources and broad access. Especially NGOs bear in mind that the Commission drafts the first proposal and thus sets a potentially path-dependent process in motion.

Fourthly, the opportunity structures impact the potential success of ENGOs. The degree of consensus which is needed for major policy change and the openness of the political

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<sup>40</sup> Olsen, Johan (1997): “European Challenges to the Nation State,” in: *Political Institutions and Public Policy* edited by B. Steunenberg and Frans van Vught (Dordrecht: Kluwer Academic Publishers): 165

<sup>41</sup> Marks, Gary, Liesbet Hooghe, and Kermit Blank (1996): “European Integration from the 1980s: State-Centric v. Multi-level Governance,” *Journal of Common Market Studies* 34: 341-378

<sup>42</sup> Telephone interview with Dr. Henning Arp, European Commission, 08.04.2008

<sup>43</sup> Kingdon (2003), op.cit.: 159

<sup>44</sup> Habermas, Jürgen (1985): “*The Theory of Communicative Action*” (Boston: Beacon Press)

<sup>45</sup> Kingdon (2003), op.cit.: 159

<sup>46</sup> Hayes-Renshaw, Fiona and Helen Wallace (1997): “*The Council of Ministers*” (Houndmills: Macmillan Press)

<sup>47</sup> Héritier, Adrienne (1996): “The Accommodation of Diversity in European Policymaking and Its Outcomes: Regulatory Policy As a Patchwork,” *Journal of European Public Policy* 3 (2): 157

system are defined by Sabatier as decisive for opportunity structures. The degree of consensus needed was determined by the Amsterdam Treaty at the time of the debate on the directive. Rejecting a Council position or accepting the legislation in the Second Reading required an absolute majority in the EP, and the Council required 71 per cent of the votes to legislate. This constitutes a high level of consensus which is needed to legislate – but an even higher barrier to achieve changes in the text initially proposed by the Commission. The Commission itself is involved in a highly fragmented policy-making framework with different DGs following their own institutional interests and a hierarchical decision-making process. In this case, DG Environment was the lead DG. The Commission’s legal service and the DGs for taxation, energy, internal market and enterprise were involved in the drafting.<sup>48</sup> The degree of consensus needed within and between the respective institutions rather diminishes the chances for effective lobbying of interests, which are not likely to win huge margins of support if not done so resourcefully.

Regarding the openness of the system, the multi-level governance system leads to a situation where no actor has sufficient political resources and knowledge to act without external support. Particularly the Commission notoriously lacks staff and expert resources<sup>49</sup> and additionally faces a discussion about its legitimacy. The Commission as an institution thus has to be open to outsider input. Additionally, Mazey argues that DG Environment shares environmentally friendly beliefs to such an extent that ENGOs have captured the agency<sup>50</sup> - and “often, it is even enough to access five officials to influence the text substantially.”<sup>51</sup> The

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<sup>48</sup> Telephone interview with Dr. Henning Arp, European Commission, 08.04.2008

<sup>49</sup> Donnelly, Martin (1993): “The Structure of the European Commission and the Policy Formation Process,” in: *Lobbying in the European Community* edited by S. Mazey and J. Richardson (Oxford: Oxford University Press)

<sup>50</sup> Mazey, Sonia and Jeremy Richardson (2005): “Environmental Groups and the European Community: Challenges and Opportunities,” in: *Environmental Policy in the European Union* edited by J. Andrew (London: Earthscan): 115

<sup>51</sup> Interview with Sanjeev Kumar, WWF, Brussels 28.03.2008

EP is traditionally seen as “the ‘greenest’ of the three main policy-making bodies.”<sup>52</sup> Its Committee for Environment belongs to the most influential committees in the Parliament and is very receptive to ENGOs.<sup>53</sup> It should, however, be emphasised that “open doors do not equal persuasion.”<sup>54</sup> With regard to the Council, openness is much more limited. Firstly, the Council acts in a far less transparent way than any other European institution. Delegates have, as a rule, rather clear orders from the capitals. ENGOs therefore try to ensure that “our national members are heavily involved on the national level,”<sup>55</sup> meaning that openness is highly dependent on the domestic systems. Such a complex system is difficult to target with limited resources and requires a lot of co-ordination. Overall, the Council remains “a sort of a black box” for ENGOs.<sup>56</sup> Concluding, there is a potential influence for ENGOs to realise, but the longer the decision-making process endures, the more difficult it becomes to have an impact for policy outsiders. Additionally, the system is so complex that many resources are necessary to induce policy-oriented learning or persuasion on a large scale.

## **2.2 External (System) Events**

The underlying argument of the ACF on external events is that they influence political resources of support and access, or even the possible change of policy core beliefs.<sup>57</sup> Looking firstly at the socioeconomic conditions, the overall gross domestic product (GDP) in the EU steadily grew from 1997 to 2000 from between more than 2.5 to nearly 4 per cent, whereas growth slowed down significantly after 2000.<sup>58</sup> Governments naturally were concerned about economic development during this stage. Economic growth was one of the dominating discourses of this time. Reports produced in this context are dominated by concerned

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<sup>52</sup> Lenschow, Andrea (2005): “Environmental Policy. Contending Dynamics of Policy Change,” in: Policy Making in the European Union edited by H. Wallace; W. Wallace and M. Pollack (Oxford: Oxford University Press): 315

<sup>53</sup> *ibid.*: 67-86

<sup>54</sup> Interview with a Representative of an ENGO, Bruges 09.04.2008

<sup>55</sup> Interview with Tomas Wyns, CAN, Brussels 18.04.2008

<sup>56</sup> *ibid.*

<sup>57</sup> Sabatier, ACF Innovations, *op.cit.* : 199

<sup>58</sup> IMF (2007): World Economic Outlook Database (<http://www.imf.org/external/pubs/ft/weo/2007/02/weodata/index.aspx>, retrieved 19.04.2008)



assessments.<sup>59</sup> Such socioeconomic conditions did not establish a positive climate for actors arguing that the environment should have priority over the economy.

Secondly, concern about climate change is proven to be consistently prominent over more than two decades, and citizens became ever more worried about climate change. Climate change ranked amongst the four most worrying environmental threats for more than a decade. After 1997, media attention towards climate change increased significantly.<sup>60</sup> The shift of public opinion has clearly focused the attention of the public and of decision-makers on climate change. Such a statement fits neatly to the ACF prediction that the “most important effect of external shock is the redistribution of resources or opening and closing venues within a policy subsystem”<sup>61</sup>

Thirdly, Sabatier points to the importance of changes in systemic governing coalitions. The government coalitions ruling in the years 1999-2003 constituted important political resources for the actors. It is assumed that governments tending to the left are more receptive to environmental concerns and more sceptical about the market. During the ETS discussions, European political affiliations were reflected in a structural left majority in the European Council (eleven vs. four). The Blairite Third Way project, however, was well aware of the globalisation challenges. There was also a socialist dominance in the College of Commissioners in the period of 1999 to 2004: Out of twenty Commissioners, eleven belonged to the PES-family and the important portfolios for the advocacy coalitions were mostly socialist. In that respect, the Prodi Commission was likely to be a relatively receptive access point for ENGOs or the “environment-first” coalition. The EP, on the other hand, was dominated since 1999 by the conservatives (today EPP-ED). As the EP tends to be the most environmentally friendly of the European institutions, the power structure of the subsystem

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<sup>59</sup> European Commission (2003): “European Competitiveness Report 2003 (Staff Working Document),” SEC(2003)1299 (Brussels, 12.11.2003): 6

<sup>60</sup> Carpenter, Chad (2001): “Businesses, Green Groups and the Media: The Role of Non-Governmental Organizations in the Climate Change Debate,” *International Affairs* 77 (2): 319

<sup>61</sup> Sabatier, ACF Innovations, op.cit.: 199

climate change policy was, if not overtly environmentalist, certainly not structurally hostile to environment friendly policy solutions.

Fourthly, the most significant perturbation for the ETS originated in outputs from the international political climate change subsystem. The main EU opponent during the Kyoto negotiations, the US, had rather positive experience with permit trading<sup>62</sup> and made flexible market-based instruments their sine qua non in the negotiations. Eventually, the EU had to accept the emission trading system in a package deal.<sup>63</sup> For the EU, the Kyoto Mechanisms represented a different regulatory tradition and philosophy.<sup>64</sup> The mechanisms, however, resounded well with the well-known limits of a command-and-control approach and the necessary economization of environmental policy. A second international dynamic push factor for the EU to create an ETS was the emergence of the ETS as an instrument of symbolic politics in light of the hesitancies of the US, Canada, Japan and Russia.<sup>65</sup> These dynamics formed the major impetus for the policy change in the EU.

### **3. The Climate Change Policy Subsystem and the Emission Trading Directive**

Any advocacy coalition's action potential is facilitated or hampered by short-term constraints and available resources. Among these resources are organisational resources, such as 1.) staffing and financial endowment, and 2.) expertise (incl. competitive arguments) at hand. Furthermore, there are political resources, such as 3.) access to (or representation in) the Commission, the EP and the Council, 4.) public and institutional trust, 5.) representativeness, and 6.) the degree of co-ordination and unity in the coalition.

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<sup>62</sup> Damro, C. and P. Méndez (2005): "Emissions Trading at Kyoto," in: *Environmental Policy in the European Union* edited by A. Jordan (London: Earthscan): 257

<sup>63</sup> *ibid.*: 264

<sup>64</sup> European Commission (1999): "Commission Communication to the Council and the Parliament "Preparing for Implementation of the Kyoto Protocol", COM(1999) 230 (Brussels 19.05.1999): 14

<sup>65</sup> Woerdman, *op.cit.*: 270

The organisational resources of ENGOs in the form of staffing and finances (1) have been stable and grew steadily over the last years.<sup>66</sup> The Commission also has been active in securing their representation in Brussels financially (with the exception of Greenpeace).<sup>67</sup>

The expertise at hand (2) is well-developed. ENGOs have been able to provide the Commission and the EP with the information they needed.<sup>68</sup> FIELD, for instance, was commissioned for legal studies by the Commission. In relation to the Council, however, ENGOs are weakly placed. Firstly, the relationship between ENGOs and national governments tends to be conflictual.<sup>69</sup> Secondly, environmental interests are of less interest to nation states as they are not as local as business interests but rather a cross-border interest.

The access to the institutional triangle (3) has been covered in general terms already. In concrete terms, members of the “environment-first” coalition with formal authority have been DG Environment and the EP. When tackling the issue of trust (4), ENGOs scored persistently high in Eurobarometer surveys on public trust. This clearly is a political resource for ENGOs. In the institutions, however, individual track records count the most: “It comes down to individuals. Personal relationships matter.”<sup>70</sup> Thus it is more difficult to judge upon the general trust within the institutions towards ENGOs.

The public opinion criterion (5) of Sabatier has been covered already as part of the external system events: With growing concern and media interest in the climate change issue, ENGOs were endowed with a supportive element in their strategy. The representativeness of ENGOs is well-developed: The G8 (or CAN in this respect) in general served as a “one stop

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<sup>66</sup> Long, Tony (1998): “The Environmental Lobby,” in: *British Environmental Policy and Europe – Politics and Policy in Transition* edited by P. Lowe and S. Ward (London: Routledge): 115; Greenwood, Justin (2003): “Interest Representation in the European Union,” (Houndmills: Palgrave Macmillan): 191; Greenwood, Justin (2007): “Interest Representation in the European Union” (Houndmills: Palgrave Macmillan): 206

<sup>67</sup> Greenwood (2007), op.cit.: 181

<sup>68</sup> Bouwen, Pieter (2002): “Corporate Lobbying in the European Union: The Logic of Access,” *Journal of European Public Policy* 9 (3): 369

<sup>69</sup> Mazey, op.cit.: 112

<sup>70</sup> Interview with Sanjeev Kumar, WWF, Brussels 28.03.2008

shop”<sup>71</sup> for the Commission. In 2001, the G8 organisations had 20 million members, which equalled more than 5 per cent of all Europeans.<sup>72</sup>

With regards to co-ordination and internal cohesion (6), the ENGOS fared well in the ETS case. Following ACF, fundamental ideas, core beliefs and principles generally converge among ENGOS.<sup>73</sup> ENGOS work on the basis of the “highest common factor,” contrary to business interests that act on a “lowest common denominator.”<sup>74</sup> The flexible nature and different lobbying styles within the coordinated network allowed for a common yet differentiated approach.<sup>75</sup>

### **3.1 The Advocacy Coalitions: Standpoints and Strategies**

To outline the policy core beliefs of the ENGOS in more depth, the position of CAN is taken as an example. It is also necessary to explain the position of representatives of the “economy-first” coalition (business interests) to explain the basic policy core choices available. The other actors had positions placed somewhere in between these two groups.

CAN had a generally sceptical but “cautiously positive”<sup>76</sup> view on the new policy instrument of emissions trading. The ETS, with the controllable caps and identifiable results, represented a second-best choice after energy taxation. CAN advocated a strong instrument, including a mandatory scheme and absolute targets.<sup>77</sup> CAN warned against allowing for interaction with the Kyoto trading regimes.<sup>78</sup> An allocation system for the permits of grandfathering based on historical emissions instead of auctioning was “totally unacceptable”.<sup>79</sup> CAN argued in favour of strong monitoring rules and penalties.<sup>80</sup>

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<sup>71</sup> Webster, Ruth (1998): “Environmental Collective Action – Stable Patterns of Cooperation and Issue Alliances at the European level,” in: *Collective Action in the European Union – Interests and the New Politics of Associability* edited by J. Greenwood and M. Aspinwall (London: Routledge): 186

<sup>72</sup> G8, op.cit.: 1

<sup>73</sup> Webster, op.cit.: 188

<sup>74</sup> Long, op.cit.: 117

<sup>75</sup> Biliouri, Daphne (1999): “Environmental NGOs in Brussels: How Powerful Are Their Lobbying Activities?,” *Environmental Politics* 8 (2): 175

<sup>76</sup> CAN (2002): “No Credible Climate Policy Without STRONG RULES,” (Brussels, September 2002)

<sup>77</sup> CNE (2000): “Position Paper Emissions Trading in the EU.” (Brussels, October 2000): 3

<sup>78</sup> CNE (2001): “Emission Trading in the EU: Let’s See Some Targets!,” (Brussels, 20 December 2001): 1-2

<sup>79</sup> CNE: Position October 2000, op.cit.: 4

The business interest groups took a stand completely contrary to the ENGOs.<sup>81</sup> Competitiveness and market distortions were the main concerns of the industry.<sup>82</sup> Generally, the industry argued that negotiated or voluntary agreements are effective as well, and they doubted the necessity of a mandatory ETS.<sup>83</sup> According to them, the scope of the directive with regards to sectors and gases should be as wide as possible and the caps be set with relative targets.<sup>84</sup> The energy intensive industry demanded grandfathering as an allocation mechanism,<sup>85</sup> whereas UNICE proposed to have at least a negotiated agreement of industry and governments on the permits.<sup>86</sup> On penalties, there was a consensus on their necessity but not on their form.<sup>87</sup>

Facing the policy stream, the ENGOs focused on providing expertise in order to induce policy-learning in the entire policy-formulation circle in the Commission, consisting of the consultation procedure, the stakeholder working group, and the interservice consultations. By doing so, they were well aware that “the higher a proposal goes within the Commission, the more reduced is the capacity for interest representation.”<sup>88</sup> Influencing the proposal as early as possible was thus crucial in order to establish some path-dependency. The “economy-first” coalition was following a similar approach, but could rely more on its strength in the political stream. Facing the political stream, the ENGOs focused on providing relevant information to those actors accessible and influential. The Council remained an “unpredictable venue for civil society interests focused upon the detail of a legislative

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<sup>80</sup> *ibid.*

<sup>81</sup> Pocklington, *op.cit.*: 209

<sup>82</sup> EUROFER (2002): “Position Paper on Emission Trading” (Brussels, 25 January 2002)

<sup>83</sup> CEMBUREAU et.al. (2002): “Energy Intensive Industries' Concerns Regarding the Proposed Emissions Trading Directive” (Brussels, 18 April 2002)

<sup>84</sup> CEMBUREAU (2002): “Climate Change - Emissions Trading: The Response of the Cement Industry,” (Brussels, 25 April 2002)

<sup>85</sup> CEMBUREAU et.al., *op.cit.*

<sup>86</sup> UNICE (2002): “Comments on the Proposal For a Framework for EU Emissions Trading, Commission Proposal COM (2001)581 of 23 October 2001,” (Brussels, 25 February 2002)

<sup>87</sup> Pocklington, *op.cit.*: 216

<sup>88</sup> Greenwood (2007), *op.cit.*: 33

proposal.”<sup>89</sup> The natural strategy of the ENGOs was thus to build a counterbalancing EP coalition to the Council and trusting in the strong influence exerted earlier. The “economy-first” coalition focused, as outlined earlier, more on the Council, to which they can best provide nationally relevant information.

### 3.2 The Decision-Making Process: The Policy Stream

When the Commission proposed the second climate change policy instruments package that included the ETS, it was frustrated. Its earlier proposals for energy taxation directives had failed in the Council due to a hurting stalemate (in the classical ACF fashion).<sup>90</sup> In 1997, the Kyoto-Protocol put emission trading on the political agenda of the EU. This external perturbation clearly is a focusing event (in ACF terms<sup>91</sup>) which predefined the direction of action. Summarizing the period before 1998, it can be said that external system events like the increasing importance of climate change shifted critical resources.

Also, by 1998, delivering the promised emission reductions had become a question of political credibility.<sup>92</sup> In 1998 and 1999, a number of member states (Sweden, UK, Denmark, the Netherlands) belonging to the “environment-first” coalition attempted to benefit from a first-mover advantage.<sup>93</sup> Surprisingly, some business actors like BP took action as well. This political momentum forced the Commission to move ahead to prevent less efficient domestic or small-scale trading schemes.<sup>94</sup>

The Commission, however, faced a persisting lack of experience with international emissions trading. ENGOs were willing and able to provide expertise. London-based FIELD,

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<sup>89</sup> *ibid.*: 29

<sup>90</sup> Commission, *Preparing Implementation*, *op.cit.*: 7

<sup>91</sup> Kingdon, John (1995): “Agendas, Alternatives, and Public Policies” (New York: Longman)

<sup>92</sup> European Commission (2000): “Communication From the Commission to the Council and the European Parliament on EU Policies and Measures to Reduce Greenhouse Gas Emissions: Towards a European Climate Change Programme (ECCP),” COM(2000) 88 final (Brussels, 08.03.2000): 2

<sup>93</sup> Zapfel, Peter and Matti Vainio (2008): “Pathways to European Greenhouse Gas Emissions Trading History and Misconceptions,” (Fondazione Eni Enrico Mattei Nota di Lavoro 85.2002, [http://www.feem.it/web/attiv/\\_attiv.html](http://www.feem.it/web/attiv/_attiv.html), retrieved 15.03.2008): 7

<sup>94</sup> Environment Commissioner Bjerregaard in June 1998, as cited in: Wettestad, Jorgen (2005): “The Making of the 2003 Emissions Trading Directive: An Ultra-Quick Process Due to Entrepreneurial Proficiency?,” *Global Environmental Politics* 5(1): 3

with an expertise in international public law, was well-placed to provide a study on designing options for the ETS.<sup>95</sup> The Commission published its Green Paper relying on this study. FIELD argued in favour of industry (not government) level trading, reasoning that this would ensure competitiveness.<sup>96</sup> It also laid down different possibilities for intervention mechanisms, employed arguments in favour of auctioning instead of grandfathering, and was in favour of strong penalties.<sup>97</sup> The Commission's Green Paper argued very similarly, sometimes even with the same wording (e.g. for equity level trading, auctioning, interventions and penalties).<sup>98</sup> The Green Paper also followed FIELD in selecting the sectors to be covered by the directive.<sup>99</sup>

NGOs have thus been able to influence the Commission very early by providing convincing expertise. Interestingly, DG Environment commissioned a research institute whose close affiliations with the NGOs was known. The ACF would identify shared deep core beliefs as the reason for such a 'nontrivial' cooperation. The official consultation process started only afterwards and amounted to 700 pages of comments.<sup>100</sup> The basic structure of the response has been outlined in the strategy subchapter already. A stakeholder working group in the context of the ECCP was established thereafter and served as a crucial forum for debates. WWF, CAN and FIELD were members of this group, together with business interests, member states and different DGs. Over time, the ETS emerged as the accepted second-best option both for NGOs and industry. This resonates well with the ACF assumption that institutions provide learning mechanisms.

DG Environment had already been involved both in interservice consultations and had commissioned FIELD for a second study in 2001 when it started its official stakeholder

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<sup>95</sup> FIELD (Farhana Yamin and Jürgen Lefevere) (2000): "Final Report to the European Commission, DG Environment (Contract B4-3040/98/000795/MAR/B1): Designing Options for Implementing an Emissions Trading Regime for Greenhouse Gases in the EC" (London 22 February 2000)

<sup>96</sup> *ibid.*: 15-16

<sup>97</sup> *ibid.*: 20, 31, 33

<sup>98</sup> Commission, Green Paper, *op.cit.*

<sup>99</sup> *ibid.*: 13

<sup>100</sup> Wettestad, *op.cit.*: 12

consultation process. FIELD even proposed a directive to DG Environment. The final draft proposal by DG Environment is in parts literally copied from the study, though other parts underwent a complete overhaul. The main features of the study were accepted: The proposal suggested a cap-and-trade format on the basis of the IPPC Directive.<sup>101</sup> FIELD introduced provisions on access to information in order to allow the public to participate better.<sup>102</sup> The final directive differed from the FIELD proposal insofar as it was more open to other greenhouse gases to be included. It also did not leave the method of allocation completely to the member states.<sup>103</sup> Penalties were planned to be “effective, proportionate and dissuasive”<sup>104</sup> according to FIELD, and the Commission specified what it would consider to meet these criteria concretely.

FIELD, in some aspects, did not act as an advocacy NGO when proposing compromises based on the result of its own consultations with main stakeholders. It did, however, secure a penalty regime and a careful expansion of the sectorial scope, while being cautious about the gas scope. Crucially, it also included transparency provisions which became important later on in the whistle-blowing activities of the ENGOS.<sup>105</sup> Providing a study was a much more efficient strategy than exerting pressure later, as industry did.

The DGs represented different interests. DG Enterprise initially demanded co-responsibility for the dossier but failed in securing this.<sup>106</sup> The influence of the “economy-first” coalition was decisively weakened by this institutional decision. In March 2001, Bush announced the retreat of the US from the Kyoto Protocol and therewith increased the need to deliver political leadership.<sup>107</sup> This put DG Enterprise under additional pressure. Also, DG

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<sup>101</sup> FIELD, Legal Framework, op.cit.: 11

<sup>102</sup> *ibid.*: 9,16

<sup>103</sup> *ibid.*: 13

<sup>104</sup> *ibid.*: 3-4

<sup>105</sup> CAN Europe and CAN Central and Eastern Europe (2003): “Open letter to the EU and Accession States Environment Ministers Re: Public Participation in the National Allocation Plan Process” (Brussels, 14 November 2003)

<sup>106</sup> Interview with Dr. Joachim K. Ehrenberg, European Commission, Brussels 18.04.2008

<sup>107</sup> Steurer, Reinhard (2003): “The US’s Retreat From the Kyoto Protocol: An Account of a Policy Change and Its Implications for Future Climate Policy,” *European Environment* 13(6)



Competition feared the opt-outs and increased flexibility advocated by DG Enterprise.<sup>108</sup> ENGOs have been active in pointing out this danger to DG Competition as they provided Commission officials with arguments before they met their counterparts in the interservice consultations.<sup>109</sup> Obviously, ENGOs did not secure the isolation of DG Enterprise, but their involvement can be safely assumed. Eventually, DG Enterprise did not achieve more than a third of its objectives,<sup>110</sup> presumably because of its relative isolation.

The passion of the desk official of DG Environment is striking and points to his underlying policy core beliefs: “We had a sense of mission, we all knew that we were working on something big”.<sup>111</sup>

It shall be expressly noted here that the policy stream of finding rational solutions in the Commission was diluted from the start by the shadow of the political stream. The decision for grandfathering instead of auctioning, for instance, was an anticipatory surrender to the political constellations.<sup>112</sup> No appeal to deliver leadership by ENGOs could achieve a different outcome. On the other hand, the “environment-first“ coalition had a strong political leader in the Environment Commissioner Wallström who achieved that the initially envisaged opt-out provisions were deleted two days before the draft directive was presented.<sup>113</sup>

### **3.3 The Decision-Making Process: The Political Stream**

The decision-making process of the ETS-Directive is remarkable insofar that it was “an ultra-quick political “pregnancy.”<sup>114</sup> From the first proposal to the adoption of the directive, only two years went by and changes did not decisively alter the initial proposal.

The EP discussed more than 500 proposals to change the proposal by the Commission and adopted more than 70 in its First Reading.<sup>115</sup> ENGOs approached individual MEPs to

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<sup>108</sup> *ibid.*

<sup>109</sup> Interview with Sanjeev Kumar, WWF, Brussels 18.04.2008

<sup>110</sup> Interview with Dr. Joachim K. Ehrenberg, European Commission, Brussels 18.04.2008

<sup>111</sup> Telephone interview with Peter Vis, European Commission, 23.04.2008

<sup>112</sup> Telephone interview with Dr. Henning Arp, European Commission, 08.04.2008

<sup>113</sup> Telephone interview with Peter Vis, European Commission, 23.04.2008

<sup>114</sup> Wettestad, *op.cit.*: 2

<sup>115</sup> *ibid.*: 4

table amendments for them and published a voting recommendation for the plenary session.<sup>116</sup> The EP eventually called for 15 per cent auctioning of the permits instead of allocating them for free from 2005 onwards and upheld the mandatory system, but it did allow for a link to the Kyoto mechanisms. It also demanded a strict penalty system and a broader scope with regards to gases and sectors. Most of these amendments supported the general ENGO stance. In its argumentation, the EP followed the same line from the very start as the ENGOs. The “environment-first” coalition built by the Commission and ENGOs with the EP was stable.

In lobbying the Council, major ENGOs emphasized in an open letter in October 2002<sup>117</sup> that a strong compliance system, a mandatory system from 2005 onwards, uniform EU-wide auctioning, and an exclusion of Kyoto project mechanisms were necessary. The Common Position, however, did not follow the ENGOs’ stance. The Council did offer a compromise of ten per cent auctioning of the permits from 2008 onwards to the EP and a 40€ penalty per emitted ton of CO<sub>2</sub> up to 2008 and 100€/ton thereafter to the EP. Concerning the penalties, this also became the final compromise. The Council watered the proposal down and also included the possibility to form trading pools in the member states, as well as industry-specific opt-out possibilities for member states between 2005-2008. The general reasons for the failure of environmental lobbying have been explained already earlier: ENGOs are complete outsiders to internal Council dynamics.

Unlike in 1999, Germany found itself in an advocacy coalition of hesitant states with significantly different industrial backgrounds, different emission targets, and expertise gaps in most of the countries. Such a coalition was naturally not very strong. France, which holds “economy-first” deep core beliefs, has comparably low emissions due to its nuclear energy

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<sup>116</sup> Birdlife International, CAN and WWF (2002): “Greenhouse Gas Emissions Trading Directive: Use Your Vote for an Effective System – The EU’s Kyoto Commitment Depends on It (Brussels, October 2002)

<sup>117</sup> comp. in the following: Birdlife International et.al.: “It Is Time to Implement Kyoto at Home. An Open Letter to EU Ministers on the Proposal for Domestic Trading of GHG Allowances” (Brussels, October 2002): 1

and consequently was a special case.<sup>118</sup> ETS was thus in its interest. Additionally, the German government was not able to block the ETS because of various external factors like international pressure. What is more, the Greens achieved a general commitment in the coalition agreement to accept a European emission trading scheme in 1998.<sup>119</sup> The UK was won over by the Commission's arguments to not oppose a mandatory system on the Community level.<sup>120</sup> Offering the UK a temporary exemption<sup>121</sup> was crucial for the "environment-first" coalition to divide a potential blocking coalition. The UK thus joined the Scandinavian countries, Austria and the Netherlands in promoting the ETS as proposed by the Commission.

NGOs did not have any stake in these negotiations. Germany had been isolated to some extent, it was in a coalition with weak voting powers and weak competitive arguments. It needed to establish a hurting stalemate in ACF terms to achieve its aims because both external perturbations and policy-oriented learning constituted impediments to its success. Eventually, Germany's strategy of establishing a hurting stalemate and a bargaining situation prevailed over argumentative reasoning. The ACF with its strong belief in norm-driven actors and dynamics seems to find its limits at this point.

The final negotiations of the Council with the EP in a highly political stream did not leave much room for ENGO influence either. In the Second Reading, the EP re-scheduled 25 amendments, pressing for domestic caps for the permits, the possibility to include other sectors from 2008 onwards and a limitation to the opt-outs.<sup>122</sup> The final agreement struck between the Council and the EP in June 2003 established, in essence, a mandatory system, starting with the limited IPPC sectors and CO<sub>2</sub> only. The allocation mechanism was decentralised, as envisaged, but a mix of auctioning and grandfathering.

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<sup>118</sup> Interview with Dr. Joachim K. Ehrenberg, European Commission, Brussels 18.04.2008

<sup>119</sup> Interview with Peter Vis, European Commission, 23.04.2008

<sup>120</sup> *ibid.*

<sup>121</sup> Robinson, Jonathan et.al. (2007): "Climate Change Law: Emissions Trading in the EU and the UK" (London: Cameron): 64

<sup>122</sup> Wettestad, *op.cit.*: 5

The strategy of ENGOs to aim for a strong first proposal and to counterbalance the Council with the EP was rather successful. They managed to achieve a mandatory system with absolute targets, strong penalties and a limited amount of allocation by auctioning. They were not able to prevent opt-outs and flexibility measures, nor the decentralised allocation of permits.

#### **4. Conclusion: General Findings**

This paper was led by the question of the influence of environmental NGOs (ENGOs) in a multi-level governance system under co-decision, given a multitude of actors and access points. Following the advocacy coalition framework (ACF) approach, policy change is attributed to four different variables: external perturbations, internal shocks, policy-oriented learning and a hurting stalemate. Policy change can only occur if the four variables act together or individually to distribute political resources anew or change the composition of the advocacy coalitions. In the policy subsystem climate change, this paper has identified an “environment-first” advocacy coalition and a coalition advocating “economy-first” beliefs. For the purpose of this paper, ACF has been complemented with the policy stream-political stream dichotomy of Kingdon.

Relatively stable parameters and external system events are factors which determine the influence of advocacy coalitions. The most important external factor was the international commitment of the EU to deliver emission reductions. The basic constitutional structure of the EU as a multi-level governance system requires ENGOs to invest huge resources to obtain favourable political results. As outsiders to the bodies with formal authority, they need powerful coalition members. It has emerged that the basic attributes of climate change allow ENGOs to frame policy debates if they are able to turn science into politics. Fundamental sociocultural values preferring a compromise between growth and environmental protection as well as a public concerned about climate change ensured that ENGOs were listened to in

the policy process, whereas the difficult economic situation of the Community limited its impact. The short-term constraints and resources of ENGOs are to be assessed as moderately positive, as they enable them to lobby in a meaningful way.

It seems that ENGOs were able to achieve a lot of their objectives in the policy stream due to two factors. Firstly, the advocacy coalitions within the institutions were favourable to ENGO influence. Secondly, ENGOs were well-placed to contribute to policy-oriented learning in the policy stream. They provided studies which heavily influenced the initial design of the ETS-Directive. Additionally, ENGOs counterbalanced the input of business interests well. A strategy based on arguments was thus the most successful in the policy stream.

In the political stream, the ENGOs had limited access to the Council but rather good access to the EP, and they had to counterbalance the former with the latter. In the political stream, the influence of outsiders in the bargaining process diminishes and arguments are less important than power. It seems that, in general, ENGOs can contribute to policy-oriented learning and instrumentalise internal or external perturbations. They are not able to create a negotiation stalemate, though.

It should be emphasised that the findings of this study cannot be easily generalised. The process of adopting the ETS Directive was unusually quick and strongly influenced by the international policy subsystem. Additionally, ETS was a new policy instrument the EU institutions were not accustomed to. Under these circumstances, it seems that ENGOs can influence EU decision-making if they are part of a strong advocacy coalition which is well integrated into the entire decision-making process. Due to the path-dependency of decisions in the policy stream, it can be sufficient to achieve a strong first proposal by the Commission and find an ally in the EP to counterbalance attempts of the Council to water the proposal down.

Some remarks on the usefulness of the applied theoretical approach shall be made. A counterfactual thought exercise provides a different perspective on the study's findings. If there had been no ENGOs in the entire process, the "environment-first" coalition of DG Environment, the EP and some member states would still have been rather strong considering the circumstances. The ACF assumes that deep core beliefs and policy core beliefs are difficult to change. It is likely that DG Environment and the EP would have made many of its proposals in a similar fashion. ENGOs seem not to have tipped the balance; they did not play a crucial role as outsiders to the system. They have, however, counterbalanced the arguments and lobbying efforts of business interests. They have also made valid arguments which shaped the design of the directive and pointed out potential flaws. Further theoretical research is needed to develop the ACF to account for the influence of different actors in the same advocacy coalition. One starting point could be the integratedness of the actor in the constitutional system.

The application of Kingdon's metaphor has showed that policy and political stream dynamics are distinct enough to change the influence of some variables in the ACF. For example, the openness of the political system is more important in the policy than in the political stream. The resources and strategies needed in the different streams also differ according to the stream the advocacy coalitions swim in. The analysis in the political stream on the grounds of ACF variables like policy-oriented learning did encounter difficulties. The ACF is theoretically weak in accounting for rational cost-benefit calculations, behaviour and bargaining. This study seems to suggest that advocacy coalitions have different functions in the different streams. They provide for intellectual exchange and learning processes in the policy stream, and serve as bargaining coalitions in the political stream.

It remains to be seen whether the developments since 2005 were as beneficial for ENGOs. The window of opportunity which existed due to a lack of legislative experience is closed after the ETS pilot phase of 2005-2008.

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