



## **BP - Extracting influence at the heart of the EU**

### **An Introduction**

#### **Introducing BP**

BP is one of the world's leading oil companies, and one of the largest corporations in the world. It was ranked fourth in the Fortune Global 500, 2008, behind Exxon and Shell, making it Europe's second largest corporation and the world's third largest private-sector oil company<sup>1</sup>. BP operates in over 100 countries worldwide including throughout the EU.

#### **BP Inside the EU**

In Europe, BP has a visible presence in most EU member countries, with a network of service stations across Europe as well as franchise-operated service stations which bear the BP brand<sup>2</sup>. In Germany BP retails under the Aral name, with Aral lubricants on sale across central and eastern Europe<sup>3</sup>. BP's Castrol branded lubricants are sold throughout the EU<sup>4</sup>. Most of the EU countries where BP operates are managed as separate business units. Countries where the company has a limited presence are combined<sup>5</sup>.

Europe accounts for 43 per cent of BP's total marketing sales<sup>6</sup>. While retail is the most visible aspect of the company it represents only a fraction of BP's business. More significant is the company's refining capacity: BP is the third most significant refining company in the world<sup>7</sup>, and the third largest in Europe after Shell and Total<sup>8</sup>. It operates a large refinery in Rotterdam, Netherlands, several refineries in Germany, and the Castellon refinery in Spain. Europe represents 36 per cent of BP's refining capacity, reflecting how much the company has to gain - or lose - in its interface with EU institutions<sup>9</sup>.

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<sup>1</sup> Fortune Global 500 (2008) Annual ranking of the world's largest companies, Fortune Magazine, [http://money.cnn.com/magazines/fortune/global500/2008/full\\_list](http://money.cnn.com/magazines/fortune/global500/2008/full_list)

<sup>2</sup> BP (2008) BP Franchising Global - Connecting with franchise strategy, <http://www.bp.com/genericarticle.do?categoryId=9009870&contentId=7019299>

<sup>3</sup> Aral (2008) Homepage - Tradition with a future - Aral - A BP group company, <http://www.aral.de/aral/sectiongenericarticle.do?categoryId=9012262&contentId=7024766>

<sup>4</sup> Castrol (2008) Contact Us (list of countries where Castrol operates in the drop-down list), <http://www.castrol.com/castrol/genericformsdisplay.do?formId=6030026&categoryId=8004001&contentId=6008649>

<sup>5</sup> Personal Correspondence.

<sup>6</sup> BP (2008) Annual Report and Accounts 2007, p31 (calculation based on data in the report) [http://www.bp.com/liveassets/bp\\_internet/annual\\_review/annual\\_review\\_2007/STAGING/local\\_assets/downloads\\_pdfs/ara\\_2007\\_annual\\_report\\_and\\_accounts.pdf](http://www.bp.com/liveassets/bp_internet/annual_review/annual_review_2007/STAGING/local_assets/downloads_pdfs/ara_2007_annual_report_and_accounts.pdf)

<sup>7</sup> BP (2003) Presentation to the Lehman Brothers Refining Seminar, Slide 4, 18 October 2003 [http://www.bp.com/liveassets/bp\\_internet/globalbp/STAGING/global\\_assets/downloads/L/lehman\\_brothers\\_refining\\_seminar.pdf](http://www.bp.com/liveassets/bp_internet/globalbp/STAGING/global_assets/downloads/L/lehman_brothers_refining_seminar.pdf)

<sup>8</sup> Business Insights (2008) Key Findings, Summary of: Key Players in European Oil Refining, p2, February 2008, <http://www.globalbusinessinsights.com/content/rben0201m.pdf>

<sup>9</sup> BP (2008) Annual Report and Accounts 2007, p30, (calculation based on data in the report) [http://www.bp.com/liveassets/bp\\_internet/annual\\_review/annual\\_review\\_2007/STAGING/local\\_assets/downloads\\_pdfs/ara\\_2007\\_annual\\_report\\_and\\_accounts.pdf](http://www.bp.com/liveassets/bp_internet/annual_review/annual_review_2007/STAGING/local_assets/downloads_pdfs/ara_2007_annual_report_and_accounts.pdf)

## **BP's Purpose in Brussels**

BP Europe operates from a Brussels office in the heart of the EU quarter<sup>10</sup>. The 20 or so BP staff who work there are employed to maintain BP's relationship with the European Commission<sup>11</sup>. BP's business is extractive: in the North Sea it extracts oil and gas; in Brussels, the company extracts political resources to support its aims.

Internally, the EU's single market is of enormous benefit to BP. The EU is the second-largest energy consumer in the world<sup>12</sup>, a vast geographical area with common standards for both products and business practices. Ahead of the 2004 EU enlargement Wilhelm Bonse-Geuking, BP group vice-president for Europe acknowledged: "We will certainly benefit from the effects of scale and decrease our costs per unit,"<sup>13</sup>.

The refining and sale of oil has, since 1975, increasingly been regulated at an EU level<sup>14</sup> while a variety of other EU environmental measures have affected the industry, including the EU Emissions Trading Scheme (ETS). As EU legislators have extended their powers over the oil industry, oil companies have responded, arming themselves with scores of lobbyists in Brussels. Wherever possible BP lobbies to avoid any form of legislation which could impact on its profits, favouring instead self-regulation<sup>15</sup>. Where legislation cannot be avoided, as for example in the case of action to tackle climate change, BP fights for soft regulation and maximum flexibility.

As far as EU environmental standards are concerned, BP works to avoid rigorous, binding legislation which might increase its costs or impact on profits. In the case of the European Emissions Trading Scheme (ETS) the company has deliberately worked to shape a scheme which fails to deliver cuts in greenhouse gas emissions, while successfully diverting attention from meaningful action on climate change (see case study<sup>16</sup>). On the Fuel Quality Directive (FQD) BP has been pressing for unlimited access to controversial agrofuel (biofuel) imports without any agreement on sustainability criteria for how and where agrofuels may be produced<sup>17</sup>.

BP also benefits from EU foreign and trade policies, with the EU able to provide political muscle to back BP around the world. The EU is a major trading partner with the USA, Russia and China, where BP has substantial assets. When Commissioners meet with diplomats from these host governments to urge benign treatment of European corporations, these demands represent far greater leverage than BP could effect by itself.

## **Lobbyists should be Heard and Not Seen**

Lobbying is by its nature a secretive activity - the purpose of corporate lobbying is to achieve favourable laws, policies and regulatory frameworks, which is more easily done away from the public eye. Public scrutiny is particularly absent in Brussels, where decision-making is further

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<sup>10</sup> BP (2008) BP Global - About BP - Contact BP in Belgium, BP Europe VOF, <http://www.bp.com/contacts.do?categoryId=432&contentId=2000398>

<sup>11</sup> Personal correspondence.

<sup>12</sup> Piebalgs, A. (2006) Towards a closer EU-China co-operation in the field of Energy, Speech at China-EU Energy Conference - Shanghai, 20 February 2006, p3,

[http://ec.europa.eu/dgs/energy\\_transport/international/bilateral/china/energy/doc/eu\\_china\\_6/ap\\_conference\\_opening\\_speech\\_en.pdf](http://ec.europa.eu/dgs/energy_transport/international/bilateral/china/energy/doc/eu_china_6/ap_conference_opening_speech_en.pdf)

<sup>13</sup> Dow Jones (2004) BP should enjoy benefits of EU enlargement, Alexander's Gas and Oil Connections, Volume 9, Issue 10, 18 May 2004, <http://www.gasandoil.com/goc/company/cne42014.htm>

<sup>14</sup> The Council of the European Communities (1993) Directive 93/12/EEC relating to the sulphur content of certain liquid fuels, 23 March 1993, "Directive 75/716/EEC" <http://www.legaltext.ee/text/en/PH0675.htm>

<sup>15</sup> European Petroleum Industry Association (2008) About EUROPIA - Environment, <http://www.europia.com/Content/Default.asp?PageID=388>

<sup>16</sup> Putting the Fox in Charge of the Henhouse: How BP's Emissions Trading Scheme Was Sold To The EU, January 2009, <http://www.corporateeurope.org/extractinginfluence.html>

<sup>17</sup> European Petroleum Industry Association (2007) EUROPIA DG Environment Stakeholder Meeting - presentation, 29 May 2007,

[http://circa.europa.eu/Public/irc/env/fuel\\_quality/library?!=article\\_7a/stakeholder\\_2007/europia\\_stakeholder/EN\\_1.0](http://circa.europa.eu/Public/irc/env/fuel_quality/library?!=article_7a/stakeholder_2007/europia_stakeholder/EN_1.0)

removed from the electorate, and further removed from the media spotlight than in national capitals.

### **BP's Brussels Office**

BP Europe's office is on Rondpoint Schuman, a location described as "the epicentre of the European institutions"<sup>18</sup>. The Commission's headquarters and the European Council are next door and all of the relevant Commission offices can be found within a few hundred metres. The European Parliament lies less than a kilometre away. Office rents in the EU quarter of Brussels, can be as much as 300 euros per square metre per year<sup>19</sup>. By positioning itself in such a prestigious location, BP aims to send a signal to Commissioners and MEPs that it is the key player in the European energy industry.

Throughout the last decade, discussions in the financial press as well as within the oil industry have swung increasingly towards the suggestion that Europe needs an oil super-major capable of taking on America's ExxonMobil. Commentators have suggested possible merger opportunities among BP, Shell and Total. By positioning itself symbolically at the heart of European decision-making, BP sends a signal to the Commission that it is Europe's dominant energy company.

### **How BP Wins Friends and Influences People**

Lobbying's modus operandi is to utilise a hierarchy of successive tools to achieve its ends. BP often finds conventional lobbying superfluous as senior members of the company also hold positions within European institutions. BP does not need to influence European decision-makers when its own staff are employed to make the decisions. For example, between 2006 and 2008<sup>20</sup> Iain Conn, BP's chief executive of refining and marketing sat alongside Commissioners and members of the Council on the Commission's High Level Group (HLG) on Competitiveness, Energy and the Environment<sup>21</sup>.

BP Chairman Peter Sutherland is the most significant senior example of a revolving door between the company and the EU - a phenomenon which propels a sense of shared interests between the company and EU institutions. Sutherland served as Competition Commissioner under Jaques Delors and was appointed in 2007 as the President's adviser on energy and climate change<sup>22</sup>, giving him unparalleled access to Commissioners and MEPs. Former BP Chief Executive David Simon stepped down from BP to take up a position as the UK's Minister for Trade and Competitiveness in Europe<sup>23</sup>.

Aside from direct participation in EU policy-making, BP's lobbying begins with the approach championed by the European Round Table of Industrialists (ERT), which effectively speaks for BP's long term agenda. The ERT has been fostering ideas of deregulation and liberalisation in the minds of Commissioners and the language of Commission documents since 1983. Peter Sutherland has been a member of the ERT since 1997<sup>24</sup>.

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<sup>18</sup> CB Richard Ellis (2007) Leopold District Office Submarket Report, p2, CBRE Belgium.

<sup>19</sup> CB Richard Ellis (2007) Brussels the political capital of Europe - A comparison with Washington, p3, CBRE.

<sup>20</sup> Europe Information Service (2006) Industry - High-level Competitiveness Energy Environment Group Established, European Report, 05 January 2006, [http://goliath.ecnext.com/coms2/gi\\_0199-5119669/INDUSTRY-HIGH-LEVEL-COMPETITIVENESS-ENERGY.html](http://goliath.ecnext.com/coms2/gi_0199-5119669/INDUSTRY-HIGH-LEVEL-COMPETITIVENESS-ENERGY.html)

<sup>21</sup> European Commission (2005) Rapid - Press Releases - EUROPA - Energy Environment Competitiveness - Commission Launches High Level Group, Press release 24 February 2005, <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/06/226>

<sup>22</sup> DG Communication (2007) Rapid - Press Releases - EUROPA - World renowned experts to advise President Barroso on energy and climate change, 06 April 2007, <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/283>

<sup>23</sup> Balanya et al. (1997) BP CEO appointed as minister, Corporate Europe Observer No. zero, October 1997, <http://www.corporateeurope.org/observer0/small.html>

<sup>24</sup> European Roundtable of Industrialists (2008) All Members Since 1983, [http://www.ert.be/all\\_members\\_since\\_1983.aspx](http://www.ert.be/all_members_since_1983.aspx)

BP's ultimate aim is for lobbying on specific policy proposals to be unnecessary, because the Commission will not - if this first approach has been successful - propose legislation which might be unfavourable to the company.

When BP's efforts to direct the EU's legislative agenda falter, the company turns to third party lobbyists, through trade associations and think tanks. Activity at this tier of the lobbying hierarchy is triggered in response to specific legislative proposals from the Commission. When the company perceives that its interests are threatened by new EU regulations it will act initially for example through the European Petroleum Industry Association (EUROPIA), or the European Chemical Industry Council (CEFIC). By operating through these industry clubs, the company can influence legislative outcomes, while maintaining a distance between the BP brand and damaging accusations of political interference.

BP may also use political affairs consultants to lobby on its behalf, however information about this is not in the public domain. The Commission's voluntary Lobby Disclosure Register, launched in June 2008 provides a little insight. BP has registered, claiming that it spent just 200,000 - 250,000 euro on Brussels lobbying in 2008. In comparison, ExxonMobil declared expenditure of 900,000 - 950,000 euro for the same period, while Microsoft said it spent 1,300,000 euro in 2008. BP has chosen a misleadingly narrow interpretation of "costs directly related to representing interests to EU institutions" in order to downplay its lobbying activities. The figure also excludes payments to trade associations, think tanks and lobby consultancies and the company's disclosure in the register fails to name any of its lobbyists<sup>25</sup>. PR firms are expected to list their clients, but have so far been reluctant to join the register.

When BP is not certain of achieving its ends through third parties, it does have its own lobbyists. Three of the company's Brussels staff are listed in the European Parliament's register of lobbyists, and maintain regular correspondence with the Commission, while other Brussels staff provide intelligence and strategic advice, as well as running the Brussels' office. During negotiations to revise the EU Fuel Quality Directive (FQD), between January 2006 and early 2008, BP representatives met face to face with officials from the Commission's DG Environment on at least five occasions<sup>26</sup>.

More sporadic lobbying may occur when BP feels at risk from legislative proposals. In this situation, the company may issue a public statement. BP only airs its concerns in public if it feels that it has exhausted other lobbying tactics.

In April 2008 Shell, rather than BP, chose to go public when the Commission announced proposals which would force refineries to pay for emissions allowances under the Emissions Trading Scheme (ETS). Shell chief executive Jeroen van de Veer threatened: "an exodus of European jobs and investment" if the plans went ahead<sup>27</sup>. A press release from the European Petroleum Industry Association (EUROPIA) echoed these threats, predicting dire consequences if the ETS damaged the competitiveness of European industry<sup>28</sup>. EUROPIA's position was drawn up under the stewardship of Wilhelm Bonse-Geuking, BP Groups Vice President for Europe<sup>29</sup>.

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<sup>25</sup> European Commission (2008) Register of interest representatives - Alphabetic list, BP plc, 14 November 2008, <https://webgate.ec.europa.eu/transparency/regrin/consultation/displaylobbyist.do?id=3394026642-58>

<sup>26</sup> DG Environment (2008) Information request regarding communication between DG Environment and the oil and chemical industries, Personal correspondence.

<sup>27</sup> Pagnamenta, R. (2008) Shell boss Jeroen van der Veer says EU carbon plan could destroy oil industry in Europe, Times Online, 15 April 2008, [http://business.timesonline.co.uk/tol/business/industry\\_sectors/natural\\_resources/article3746878.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/natural_resources/article3746878.ece)

<sup>28</sup> European Petroleum Industry Association (2008) The European Commission's Climate Change and Renewable Energy package - Uncertainties about European competitiveness still to be resolved, Press Release, 29 January 2008.

<sup>29</sup> European Petroleum Industry Association (2007) Dr. Panos E. Cavoulacos Appointed President of EUROPIA, Press Release, 19 October 2007, "succeeds the outgoing President of the Association Mr. Wilhelm Bonse-Geuking of BP" <http://www.europia.com/content/default.asp?PageID=400>

BP commands a powerful library of lobbying tools and any number of these may be applied successively or simultaneously as required. These tools represent a hierarchy in that - at each successive tier - the risks to BP's reputation increase: if Iain Conn is forced into a compromise when the High Level Group (HLG) on Competitiveness, Energy and the Environment makes its recommendation, this is unlikely to have major reputational repercussions for BP. However, if the press and public learn, for example, that BP's registered lobbyists have been pressing to finalise the revised Fuel Quality Directive without sustainability criteria for agrofuels, this could damage BP's reputation as a leader in the field of corporate social responsibility (CSR). If EUROPIA or another industry association representing BP are exposed instead, the damage to the company is far less significant. If the prize is great or the dangers are acute the company will risk more to achieve its ends.

### **BP's Allies in Brussels**

The bulk of BP's lobbying in Brussels is done through industry associations. In November 2008, following years of secrecy, BP revealed some of its memberships via the Commission's voluntary Lobby Disclosure Register. The company's entry in the register catalogues 10 associations to which BP belongs, yet this list is not comprehensive and the company remains tight lipped about the money it spends on lobbying through these associations. When pushed by CEO, BP said: "On disclosure of memberships, fees, etc. I must say I regard this as a matter for the think tanks and associations concerned."

### **Writing the Script - The European Roundtable Of Industrialists**

The European Roundtable of Industrialists (ERT) was established in 1983 and brings together senior board members from the largest European corporations, covering all sectors of the economy. Roundtable members are in direct contact with European leaders and the European Commission. The ERT is passionate about EU enlargement and has influenced a wide range of policy issues. ERT has fostered direct consultation between companies such as BP, the European Commission and member state governments. The ERT secretariat is based in Brussels. Membership is individual rather than corporate, so BP cannot sit at the Roundtable as a corporate entity, but successive BP chairmen have been members of ERT since 1991<sup>30</sup>. Members meet for plenary sessions twice a year, but much of the work is done by working groups, each of which is chaired by an ERT Member who appoints a group of experts from members' companies<sup>31</sup>. BP Chairman Peter Sutherland chairs the ERT's working group on Foreign Economic Relations<sup>32</sup>.

### **A United Front - The European Petroleum Industry Association**

The European Petroleum Industry Association (EUROPIA) represents the European downstream oil industry, presenting common positions on issues which affect the industry to EU institutions. EUROPIA is the united front which shapes Commission policy on behalf of BP and its peers. The Commission frequently consults with EUROPIA as well as with individual oil companies.

According to the European Petroleum Industry Association, BP and other European oil companies are working for "the development of better regulation in relevant areas of European policy"<sup>33</sup>. In his first major speech as chief executive, Tony Hayward explicitly rejected regulation as an "old-fashioned, command and control approach" arguing that tax and regulatory mechanisms would prove "inappropriate and unworkable" for example in addressing climate change. "BP has a very

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<sup>30</sup> European Roundtable of Industrialists (2008) All Members Since 1983, "Peter Sutherland, David Simon, Robert Horton" [http://www.ert.be/all\\_members\\_since\\_1983.aspx](http://www.ert.be/all_members_since_1983.aspx)

<sup>31</sup> European Round Table of Industrialists (2008) ERT Structure, <http://www.ert.be/structure.aspx>

<sup>32</sup> European Round Table of Industrialists (2008) Working Groups - Foreign Economic Relations, [http://www.ert.be/working\\_group.aspx?wg=5](http://www.ert.be/working_group.aspx?wg=5)

<sup>33</sup> European Petroleum Industry Association (2008) EUROPIA - Issues and policies <http://www.europia.com/content/default.asp?PageID=379>



firm point of view,” he said. “We believe in markets,”<sup>34</sup>. It is therefore not surprising that BP lobbied for the EU’s current market-based climate change policies in the form of the European Emissions Trading Scheme (ETS).

### **Getting its Hands Dirty - BP’s Lobbyists**

BP’s Director of European Government Affairs, Howard Chase, oversees work in the Brussels office<sup>35</sup>. Chase previously worked for BP in Washington and Moscow<sup>36</sup>. BP has a troubled history in Russia, and Chase is experienced in delicate meetings with government. He is not listed in the European Parliament’s voluntary register of lobbyists, but has recently been added to the Commission’s register and is a member of the European Energy Forum (EEF), a body which provides a meeting-place for prominent pro-oil MEPs and industry lobbyists<sup>37,38</sup>. BP provides profiles of many of its senior staff on its website, but Chase’s name is not mentioned, despite his significance in directing EU policy.

BP’s lobbyists Olivera Drazic, Emmanuel Haton and Gunnar Jungk<sup>39</sup> work under Chase, speaking on behalf of BP at conferences and events<sup>40</sup>. Haton regularly addresses the Kangaroo Group<sup>41</sup>, which brings together representatives from the European Commission, Council, MEPs and industry<sup>42</sup>. The group aims to further European unity. BP benefits from a focus on the single market: the free movement of goods, services and capital, as well as from a drive to improve competitiveness by streamlining the European regulatory environment<sup>43</sup>.

### **Friends in High Places - Commissioners back BP**

As a flagship European company BP commands a sense of shared interest at the highest level within the EU. European decision-makers speak out in defence of BP’s interests as if they were the interest of the EU as a whole. In June 2008, when BP was involved in a dispute over control of its Russian joint venture, TNK-BP, the then Trade Commissioner Peter Mandelson said that the dispute had “got to be resolved speedily,”<sup>44</sup>. External Affairs Commissioner Benita Ferrero-Waldner also backed BP in the dispute, raising the issue as a matter of investor confidence in Russia with the Russian government<sup>45</sup>. The extent of EU support for BP in Russia is explored in the case study, BP and the Russian Bear<sup>46</sup>.

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<sup>34</sup> Hayward, T. (2007) Delivering Technologies via Carbon Markets, Speech, GLOBE Berlin Legislators Forum, 4 June 2007, <http://www.bp.com/genericarticle.do?categoryId=98&contentId=7033749>

<sup>35</sup> Burton, B. (2008) Howard Chase - Director of European Government Affairs for BP, Sourcewatch, [http://www.sourcewatch.org/index.php?title=Howard\\_Chase\\_%28Director\\_of\\_European\\_Government\\_Affairs\\_for\\_BP%29](http://www.sourcewatch.org/index.php?title=Howard_Chase_%28Director_of_European_Government_Affairs_for_BP%29)

<sup>36</sup> US-Azerbaijan Chamber of Commerce (2003) Board of Directors, The Internet Archive, archived on 15 December 2003, <http://web.archive.org/web/20031215181110/http://www.usacc.org/chamber/chase.htm>

<sup>37</sup> European Commission (2008) Register of interest representatives - Alphabetic list, BP plc, 14 November 2008, <https://webgate.ec.europa.eu/transparency/reg/in/consultation/displaylobbyist.do?id=3394026642-58>

<sup>38</sup> European Energy Forum - EEF (2008) BP - An Associated Member of the EEF, <http://www.europeenergyforum.eu/background-and-references/entities/companies/bp>

<sup>39</sup> European Parliament (2008) Lobbyists accredited to the European Parliament - BP - Search by organisation, <http://www.europarl.europa.eu/parliament/expert/lobbyAlphaOrderByOrg.do?letter=B>

<sup>40</sup> DG Environment (2008) Information request regarding communication between DG Environment and the oil and chemical industries, 20 May 2008, Personal correspondence, “Harts Fuel Conference 10 May 2007; DG Environment Stakeholder meeting 29 May 2007; EUROPIA Annual Information Meeting 6 June 2007; DG Environment Stakeholder meeting 18 July 2007”

<sup>41</sup> Haton, E. (2008) Fuel technology to help reaching the CO2 objectives, Speech, 27 February 2008, [http://sico.acteco.com/Kangaroo2004/www.Kangaroo2004.be/DB\\_beelden/PD2702AUTOM\\_SPEECH\\_HATON\\_FINAL.pdf](http://sico.acteco.com/Kangaroo2004/www.Kangaroo2004.be/DB_beelden/PD2702AUTOM_SPEECH_HATON_FINAL.pdf)

<sup>42</sup> Kangaroo Group (2008) Who We Are - Members, [http://www.kangaroogroup.eu/E/033\\_members\\_D.lasso](http://www.kangaroogroup.eu/E/033_members_D.lasso)

<sup>43</sup> Kangaroo Group (2008) Who We Are - Goals [http://www.kangaroogroup.eu/E/031\\_goals\\_D.lasso](http://www.kangaroogroup.eu/E/031_goals_D.lasso)

<sup>44</sup> Reuters (2008) Mandelson calls for grand energy bargain between Russia and EU, International Herald Tribune, 19 June 2008, <http://www.ihf.com/articles/2008/06/19/business/ruble.php>

<sup>45</sup> Reuters (2008) EU raises TNK-BP with Russia, 27 June 2008, <http://uk.reuters.com/article/worldNews/idUKL2736400920080627>

<sup>46</sup> BP and the Russian Bear, January 2009, <http://www.corporateeurope.org/extractinginfluence.html>

Mandelson had previously backed BP when he called on China to better enforce intellectual property rules and improve access for European investment and European imports, saying: "Too often Europe's businesses meet a Chinese wall rather than an open door,"<sup>47</sup>

Mandelson, now the UK's Business Secretary is close to BP, and a personal friend of former BP chief executive John Browne. In the revelations which lead to Browne's resignation in 2007, Jeff Chevalier reported that Browne and Mandelson had dinner together on more than one occasion<sup>48</sup> and alleged that "Browne discussed EU policy and Chinese textile quotas" with Mandelson<sup>49</sup>. BP works closely with Chinese partners, and has invested more than US\$ 4 billion in the country. EU-backing gives BP greater confidence in the Chinese investment climate<sup>50</sup>.

### **How National Lobbying Impacts the EU**

Although BP Europe is based in Brussels, the company's efforts to influence the EU are not limited to the European capital. The company's work to establish an EU-wide cap and trade scheme as Europe's primary mechanism to achieve its Kyoto commitments, for example, began in Westminster. Deputy chief executive Rodney Chase chaired the UK Government's Emissions Trading Group (ETG) which designed and implemented a national trading scheme which operated from 2002, prior to the launch of the EU-ETS<sup>51</sup>. Conservative Member of Parliament Edward Leigh was clear that "half the point of this was to try and encourage Europe to do a similar scheme,"<sup>52</sup>. With the combined support of a key member state, one of Europe's largest corporations, plus additional support from others in the sector, cap and trade was soon being championed by the Commission. However, BP continued to lobby at a national level as member states began to allocate emissions allowances under the scheme.

Lobbying at home also helped persuade the External Affairs Commissioner Benita Ferrero-Waldner to discuss BP's difficulties in Russia with his Moscow counterparts, after the then British Prime Minister Tony Blair raised the issue at the G8 summit in June 2007<sup>53</sup>. The support of a member state frequently gives BP additional weight when lobbying in Brussels.

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<sup>47</sup> Mandelson, P. (2006) The EU-China trade and economic relationship, Speech, 7 July 2006, [http://ec.europa.eu/trade/issues/bilateral/countries/china/pr070706\\_en.htm](http://ec.europa.eu/trade/issues/bilateral/countries/china/pr070706_en.htm)

<sup>48</sup> Smith, D. (2007) Four decades of glory ruined by a white lie, The Observer, 6 May 2007, <http://www.guardian.co.uk/media/2007/may/06/pressandpublishing.oilandpetrol>

<sup>49</sup> Reed, S. (2007) BPs Browne Bows Out Early, Business Week, 1 May 2007, [http://www.businessweek.com/globalbiz/content/may2007/gb20070501\\_983929.htm](http://www.businessweek.com/globalbiz/content/may2007/gb20070501_983929.htm)

<sup>50</sup> Dirks, G. (2008) BP Reinforces its Commitment to China - Press Release, 18 January 2008, <http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7040033>

<sup>51</sup> Department for Environment Food and Rural Affairs - UK Government (2008) Climate Change and Energy - UK Emissions Trading Scheme, <http://www.defra.gov.uk/Environment/climatechange/trading/index.htm>

<sup>52</sup> Edward Leigh - Chair (2004) House of Commons Public Accounts Committee - Forty-six Report - Minutes of Evidence - Examination of Witnesses - Question 12, 12 May 2004, <http://www.publications.parliament.uk/pa/cm200304/cmselect/cmpubacc/604/4051202.htm>

<sup>53</sup> Wintour, P. (2007) West fearful of Russia says exasperated Blair, The Guardian, 9 June 2007, <http://www.guardian.co.uk/politics/2007/jun/09/uk.russia>