# UNDER THE INFLUENCE:

# THE DISTORTED PRIORITIES OF THE FRENCH EU COUNCIL PRESIDENCY



Corporate Europe Observatory OBSERVALOIRE DES MULLINALIONALES

# **GLOSSARY**

**AFEP** – Association Française des Entreprises Privées, a French corporate lobby group for large corporations

**API** – Association des Plateformes d'Indépendants, a French corporate lobby group for digital platform service providers such as Deliveroo and Uber

**Assemblée nationale** – the upper house of the French Parliament

**Atos** – a French tech, digital, and consultancy multinational

**Basel III** – an international agreement which aims to reduce risk and place capital requirements on the banking sector

CAC40 – a French stock exchange

**CAP**– the EU's controversial Common Agricultural Policy, France is the biggest recipient of CAP subsidies

**CEA** – Commissariat à l'énergie atomique et aux énergies alternatives, a French public agency working on research and development, mostly in relation to nuclear energy and nuclear arms

**CCI France** – the Chambre de commerce et d'industrie, a French corporate lobby group

**CCS** – Carbon Capture and Storage, a controversial, expensive, and unproven technology

**CDPF** – the Cercle des délégués permanents français, a network of influencers representing French interests, mostly corporate

**CO<sub>2</sub>** – Carbon dioxide, a greenhouse gas

**Concession contracts** – privatisation contracts between the public sector and a private company to deliver services such as water provision **Copa-Cogeca** – the biggest farming lobby group in Brussels

**COP26 and COP27** – UN climate conferences, recently held in Scotland, and to be held in Egypt in 2022

**Coreper** – Committee of the Permanent Representatives of the Governments of the Member States to the European Union, part of the Council of the EU

**Corporate Europe Observatory** – corporate lobbying watchdog and NGO, co-authors of this report

**Council of the EU** – the EU institution where member state governments negotiate and then co-adopt EU laws, and coordinate EU policies

**Council of Ministers** – part of the Council of the EU, this is a set of 10 configurations covering different policy areas, to which each member state sends their minister responsible. Examples include AGRIFISH, and Ecofin

**Dieselgate** – Scandal which engulfed the car industry when many companies were found to have cheated on pollution emissions tests

**DMA** – the EU's Digital Markets Act, currently being negotiated

**DSA** – the EU's Digital Services Act, currently being negotiated

**E171** – the food additive of the chemical titanium dioxide

**EBF** – European Banking Federation, a European corporate lobby group in the finance sector

**EDF** – Électricité de France, the biggest French energy provider, largely owned by the French state **EDF** – the European Defence Fund, a multi-billion euro EU initiative which aims to coordinate and increase member state investment in defence research and cooperation between national armed forces

**EGD** – European Green Deal, flagship policy of European Commission President Ursula von der Leyen, which aims to make the EU carbon neutral

**Elysée Palace** – the office of the French President

**EU-ETS** – Emissions Trading System, the EU's controversial climate policy based on the creation of a carbon market

**European Defence Fund** – a new multi-billion funding instrument of the EU to support research in the arms industry as well as common arms purchases by member states

Farm to Fork strategy – the EU's agricultural strategy, part of the European Green Deal, which aims to reduce pesticide use, among other objectives

**FBF** – the Fédération bancaire française (FBF), a French corporate lobby group for the banking sector

**Fit for 55** – part of the European Green Deal, a series of policies and legislations aimed at helping the EU to reach its goal of achieving a 55 per cent reduction in greenhouse gas emissions by 2030

**FNSEA** – the Fédération nationale des Syndicats d'exploitants agricoles, a farmers' lobby group and, effectively, co-manager with the French state of France's agricultural system

France 2030 – President Macron's multi-billion euro investment plan for priority industry sectors, including automotive, aerospace, digital, , biotechnology, culture and healthcare

France Digitale – a French corporate lobby group in the digital sector

France Industrie – a French industry lobby group

**FTT** – Financial Transactions Tax, a small levy on all transactions on financial markets, to create public funds and discourage short-term speculation

**Gaia-X** – an EU project to develop a European cloud data infrastructure

**Green hydrogen –** produced from supposedly excess renewable electricity via electrolysis

**Green taxonomy** – the EU's classification system which aims to define what counts as 'green' which will serve to redirect financial flows towards projects and technologies that qualify

**HERA** – Health Emergency preparedness and Response Authority, a new EU initiative aimed at preventing, detecting, and responding to health emergencies

**Hydrogen** – a controversial alternative energy source which is touted as climate-friendly but which is currently generated largely by fossil fuels

**Institut Montaigne** – a French corporate-funded think tank

Institut Choiseul – a French think tank with corporate links

**IOGP**–International Association of Oil and Gas Producers, a corporate lobby group for the energy sector

**IPCEI** – Important Project of Common European Interest, an EU initiative to involve more public funding for research and development, and looser competition and state aid rules, for particular industry sectors

**LVMH** – the French luxury goods multinational

Mandatory due diligence – a requirement that transnational corporations have policies in place to actively avoid human rights or environmental violations caused by their operations or that of their subsidiaries and subcontractors

**MEDEF**–Mouvement des Entreprises de France, a French corporate lobby group

**MEP** – Member of the European Parliament

NextGenerationEU – the EU's post COVID-19 recovery plan, worth €800 billion

**Numeum** – a French corporate lobby group in the digital sector, formerly known as TECH IN France/Syntec Numérique

**Observatoire des multinationales** – A French corporate and lobby watchdog and co-author of this report

**OECD** – Organisation for Economic Co-operation and Development, an international group of rich country governments which agrees rules, including in the area of corporate taxation

**pCBCR** – Public Country by Country Reporting, rules which aim to ensure the largest companies publish information on their profits and taxes

**Permanent Representation** – every EU member state maintains an office in Brussels to handle its day-to-day interactions with the EU institutions

**Pillar 2** – the OECD framework to set a global minimum corporate tax rate

**PFA** – the Plateforme de l'automobile, a French corporate lobby group for the car industry

**QMV** – qualified majority voting, the most common way of voting in the Council of the EU, requiring agreement from 55 per cent of EU countries with at least 65 per cent of the EU's population **Rotating presidencies** – every six months, a member state takes on the Presidency of the Council of the EU, a key role in preparing for, and setting the agenda of, Council meetings

**Scale-Up Europe** – an initiative by President Macron, a group of 150+ European leading tech founders, investors, researchers, corporate chief executives, and government officials

**Sénat** – the lower house of the French Parliament

**SGAE** – the Secretariat General of European Affairs, the unit which coordinates European policies for the French Prime Minister, Jean Castex

**Siècle** – an elite network of key politicians, journalists, and corporate leaders in France

**Solvency II** – an EU directive which sets out capital requirements for the insurance sector

**Strategic Compass** – the first European defence strategy, currently under discussion

**Trilogue** – negotiations to finalise a piece of EU legislation involving the European Commission, Council of the EU, and European Parliament

**UNION** – a French trade union for self-employed workers, funded by CFDT, the biggest trade union in France

Working parties of the Council – 150 groups in the Council which bring together officials from each member state to scrutinise draft EU proposals for new regulations and directives

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# **1. SUMMARY AND KEY FINDINGS**

his January 2022, France will take the rotating Presidency of the Council of the European Union for a period of six months. This Presidency will have a particular resonance both in France itself – coinciding as it does with national elections – and at the European level, with many critical pieces of legislation and policy on the line, for instance on climate issues, healthcare, recovery funds, and more. For this reason it is worrying that the French Presidency has been prepared in close collaboration with the French corporate sector, and is setting a policy agenda that strongly reflects business demands.

Unfortunately, it would seem that France has missed an opportunity to break clean from the worst practices of previous presidencies, such as bringing in corporate spon-

sors and cultivating opaque, cosy relationships with industry lobby groups. At the same time, the French Government is bringing its own, specific forms of corporate capture of public decision-making to the European level, particularly its tradition of close collaboration between government and industrial 'champions'.

This publication is intended as a general introduction to the French Presidency of the EU: What can we expect (or fear)? What are the stakes? Who are the key

# THE FRENCH PRESIDENCY HAS BEEN PREPARED IN CLOSE COLLABORATION WITH THE FRENCH CORPORATE SECTOR, AND IS SETTING AN AGENDA THAT STRONGLY REFLECTS BUSINESS DEMANDS.

players? It deals both with specific files and sectors – climate and energy, Big Tech, etc. – and with cross-cutting issues of transparency and accountability in relation to the Council of the EU in general and its rotating Presidency in particular.

#### **Key findings**

1/ France has chosen not to do away with the controversial practice of bringing in corporate sponsors for its Presidency of the Council of the EU. Carmakers Renault and Stellantis – both with a huge stake in EU policy developments during the Presidency – will be allowed to showcase their logos and boost their profile to decision-makers.

2/ The little information we have about the meetings between officials and stakeholders during the preparation of the Presidency suggests a very strong bias in favour of industry lobby groups. Of the 40 lobbying meetings disclosed by the French representative in Brussels and his deputy, for instance, 31 were with corporations or industry groups, and only 2 with civil society. Evidence suggests meetings with industry groups began well before the subject of the French Presidency of the EU was even on the agenda of the French Parliament. 3/ French institutions – both the French Representation in Brussels and ministries in Paris – offer numerous examples of problematic 'revolving doors'. For instance, an adviser on energy at the French Representation in Brussels has previously worked for TotalEnergies, and former energy advisers have moved on to become lobbyists for Engie and Arianespace. Similarly, former advisers on financial issues now work for Société Générale, Amundi, and even for France's main banking lobby group Fédération bancaire française. Revolving doors create a risk of privileged access for industry lobbyists, as well as conflation between the public interest and the private interests of French corporations – but French representatives deny this is even an issue.

4/ The French Presidency of the Council of the EU will be entangled with the campaign for national elections in France. In spite of official assurances that there would

be no confusion, there are signs that the agenda of the French Presidency and the agenda which Emmanuel Macron is preparing to push for his reelection bid are closely interrelated – in particular the push for nuclear technology and industrial champions. Some 'quick wins' – such as the implementation of a minimum corporate tax rate – might be spun out of proportion for electoral purposes. On

# THE AGENDA OF THE FRENCH PRESIDENCY AND THE AGENDA WHICH MACRON IS PREPARING TO PUSH FOR HIS REELECTION BID ARE CLOSELY INTERRELATED.

other files, likely much more could have been achieved with political will and time. This will inevitably hurt the quality of democratic debate during the French Presidency.

5/ In the name of climate action, the French Government is pushing for more public support and funding for controversial industries, including a renewed push for the nuclear sector. For the sake of nuclear energy, the French Government appears willing to undermine the integrity of the Green Deal and the 'fit for 55' package, for instance with the inclusion of gas in the Green Taxonomy, and generally through the prioritisation of industry-pushed 'techno-fixes' instead of structural changes.

6/ While the French Government has been vocal on the need to regulate USbased Big Tech, there is concern it seeks to replace these with home-grown digital champions, rather than tackling core issues of privacy and democracy. Despite talk of 'digital sovereignty', a flurry of lobbying activities in the run-up to the Presidency appears to be pushing a European 'digitalisation' agenda that appears no more benign than that of Silicon Valley's in terms of privacy, basic freedoms, privatisation, and workers' rights.

7/ The French Government is advocating for a 'Europe of Health', but it doesn't seem to have drawn the lessons of the Covid pandemic in terms of addressing the excessive bargaining power of pharmaceutical companies or properly investing in public health systems. On the contrary, its vision seems to entail even more public funding to private corporations and for new markets in the care and health sector, particularly 'e-health' – with several events on the topic planned during the French Presidency.

8/ The French Government is bringing its own traditions of close public-private collaboration in so-called 'strategic' industrial sectors to the EU level. There is growing momentum at European level for ever closer public-private collaboration and ever more funding for corporate players in so-called 'strategic industries' (including

hydrogen, batteries, or cloud technology), often with a dubious technological agenda and without proper democratic debate.

9/ French Commissioner Thierry Breton – chosen by Emmanuel Macron and the first corporate Chief Executive to be directly selected as Commissioner – is closely aligned with the French Government's agenda. An explicit supporter of the nuclear industry, he has had numerous meetings with French corporate interests since the beginning of his mandate, and been very active in promoting public-private cooperation and the development of corporate champions in strategic sectors.

10/ In stark contrast with Macron's discourse about the need for more European democracy, the French Government has systematically opposed efforts to improve transparency and accountability at the level of the Council of the EU. The French Presidency appears as a missed opportunity to change gears and push an ambitious democratic agenda. On the contrary, its push for supporting 'European corporate champions' risks creating new forms of corporate capture of EU institutions and policy-making.

# **2. FRANCE'S PRESIDENCY OF THE EU: WHY DOES IT MATTER?**

#### 2.1 CRITICAL EU LEGISLATION AND POLICY DURING THE FRENCH PRESIDENCY

Several pieces of legislation and policy critical to the short-term and long-term future of Europe will be examined or decided during the period of the French Presidency. These are also pieces of legislation that are bound to strongly affect powerful business interests in France and at large.

#### These include:

Climate action and green transition.

The 'fit for 55' climate package, a series of policies and legislation aimed at helping Europe reach its goal of achieving a 55 per cent reduction in greenhouse gas emissions by 2030. This is part of the wider 'European Green Deal', which aims to transform Europe's economy to make it carbon-neutral by 2050 (see section 3.1 on climate action for further detail).

• Digital regulation. The Digital Services Act (DSA) and Digital Markets Act (DMA), the twin pieces of legislation that are meant to encapsulate Europe's response to the rise of the digital economy and to the growing power of Big Tech, could be moved forward during the French Presidency (see section 3.2 for further detail).

▶ Social legislation. The European Commission is due to table a legislative proposal on the rights of platform workers, a topic which the French Government has said it is keen to push forward (see section 3.9 for further detail). Other topics include the introduction of a European minimum wage, although there are few indications that, beyond paying lip service to this cause, French authorities will actually push the issue, which is hotly debated.

► The COVID crisis and the future of recovery funds. Another fundamental

issue – as Europe is still battling with the COVID pandemic – is the lessons the EU draws from the crisis. The new Health Emergency preparedness and Response Authority (HERA) will become operational in the beginning of 2022, while the French Government and other players are pushing for the development of a 'European Health Union' ('*Europe de la santé*'). Meanwhile, the EU recovery funds and their centrepiece the NextGenerationEU fund will be in full swing, and policy initiatives to provide public funding to key industrial electricity), finance, and arms and security, among others (see section 3). As we detail further in this report, they often resist or obstruct reforms which they see as adverse to their immediate interests eg. in terms of changes to the Common Agricultural Policy, financial regulation and climate action. They have often done so with the implicit or explicit support of French authorities.

Historically, on the other hand, French leaders have often seen the EU as a stepping stone and a source of funding

# FRENCH ECONOMIC INTERESTS ARE PARTICULARLY PROMINENT IN SECTORS SUCH AS FARMING AND FOOD, ENERGY, FINANCE, AND ARMS AND SECURITY

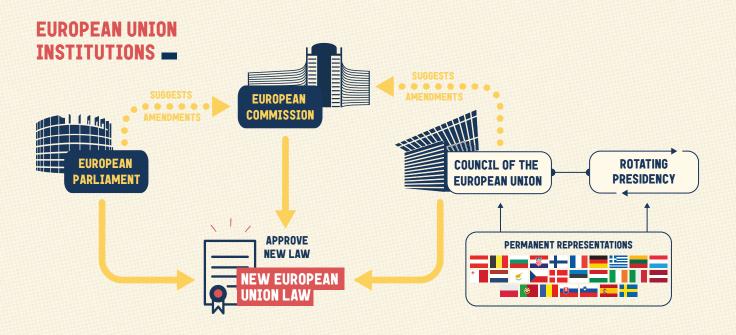
sectors, such as IPCEIs, are multiplying (see box 4 for further detail). If the COVID crisis abates, the return of austerity measures will likely also become a more central issue (see section 3.7 for further detail).

#### 2.2 FRANCE WILL NOT BE SHY About Pushing Domestic Economic Interests

Assuming the rotating Presidency of the Council is usually an opportunity for national governments to promote themselves and push the interests of domestic corporations at the level of EU institutions. France is no exception, with the extra weight of being one of the founders and largest economies of the EU.

French economic interests are particularly prominent in sectors such as farming and food, energy (nuclear, oil and gas, for their national industrial champions. They have accepted EU-driven liberalisations because they thought this would allow French companies in the telecom or energy sectors, for instance, to expand internationally. They have long advocated for EU-level funding for the arms and security industry, recently achieving success with the establishment of the European Defence Fund. They are now pushing for a loosening of merger and state aid rules to allow for the emergence and public funding of 'European champions' in strategic sectors,1 and new instruments detailed further in this report offer an opportunity to achieve this (see below, box 4, section 3 on industry alliances and IPCEIs).

On other files, the French Government has traditionally been or could be a more progressive force at EU level. These include issues such as corporate taxation >>>



# **BOX 1. EVERYTHING YOU NEED TO KNOW ABOUT THE COUNCIL OF THE EU AND ITS ROTATING PRESIDENCY**

he **Council of the European Union** is the key institution which brings together all 27 member state governments within the EU. It agrees with the European Parliament on legislative proposals produced by the European Commission. Often the Council's positions are less progressive than the Parliament, for example watering down social or environmental proposals, or opposing Parliament's efforts to improve them. Corporate influence plays a major role in delivering this outcome.

Decision-making is generally based on a 'qualified majority' requiring agreement from 55 per cent of countries comprising at least 65 per cent of the EU's population.

Detailed work on EU legislation is delegated to the Council's 150+ working parties which are organised thematically and include an official from every member state (either from the member state's permanent representation in Brussels, or from a national government ministry). The working groups play a key role in thrashing out the Council's initial negotiating position on a piece of legislation, as well as the revisions required during negotiations with the Parliament and the Commission to agree a final version of the proposal (called trilogue).

Final decisions on the Council's position on legislation and on policy matters are ultimately agreed by the Council of Ministers, a series of 10 different committees or configurations depending on the subject being discussed which include AGRIFISH (member states' agricultural and fisheries ministers), plus the informal Eurogroup (Eurozone finance ministers).

Every six months, a member state takes on the role of **EU Council Presidency**; an important role which involves chairing all Council of the EU working parties, Council of Ministers' meetings, and others – including the preparation of meeting agendas and discussion papers – as well as representing the Council in trilogue negotiations with the European Parliament and the Commission. Council presidencies are always a target for corporate lobbies, keen to influence the priorities and aims of the presiding member state. Prominent influencing tactics include high-profile lobby events, either in Brussels or in the home country; industry campaigns based on sectoral demands; lobby consultancy firms greasing the wheels for corporate clients; and corporate sponsorship of Presidencies.

The Council of the EU is a notoriously opaque institution and is often referred to as a 'black box'. Citizens find it nearly impossible to track and influence the role of member state officials in the Council's law-making. (see section 4)

This opacity and complexity provides some explanation as to why the public interest is often lost in the deliberations of the Council. Without significant media and public oversight, tucked away in secret meetings in Brussels, too often member state governments side with corporate lobby agendas. This is unsurprising, considering the corporate sector's advantages: greater lobby spending power; larger number of lobbyists; capacity to hire lobby expertise; and crucially, trade association networks to run coordinated lobby onslaughts, both in Brussels, and in member state capitals.

>>> and accountability, the regulation of Big Tech, social and labour rights, and food security and pesticides. For example, the French Government recently secured a full EU-wide ban on the food additive E171, after introducing a domestic ban due to safety concerns.<sup>2</sup> It is often necessary, however, to distinguish between spin and reality, as what French representatives are actually pushing at EU level is often more ambiguous than a general anti-EU discourse focusing on the need to protect borders from both migrants and international economic forces, and reassert French sovereignty. Emmanuel Macron is likely to pose as a defender and promoter of the EU, while at the same time validating his contenders' emphasis on the need for more sovereignty, autonomy, and control – but arguing that Europe is necessary to French sovereignty.

# THE BEST DEFENCE AGAINST THE FAR RIGHT IS DEMOCRATIC SCRUTINY AND ACCOUNTABILITY TO THE PEOPLE. YET MACRON HAS NOT ANNOUNCED ANY INITIATIVES ON THIS

what could be assumed from their public stances. Examples are provided in this report (see in particular the sections on corporate accountability (3.8) and platform workers (3.9)).

#### 2.3 THE FRENCH PRESIDENCY COINCIDES WITH NATIONAL ELECTIONS

France's Presidency of the EU will coincide with national presidential elections (April 2022) and parliamentary elections (June 2022) where President Emmanuel Macron and his Government will be seeking a second mandate. Everything suggests Europe in general, and the French Presidency of the EU in particular, will feature prominently in his campaign. It is both central to Macron's own political platform and a key differentiator with potential rivals from the left and the right, the majority of whom will be very critical of the EU (albeit for different reasons). Macron himself chose not to change the timing of the French Presidency, which was a possibility.3

At the time of writing, it seems that Macron's strongest challengers will be coming from the right and the far-right of the political spectrum. The contenders to face Macron in the second round of the presidential elections currently share (with varying degrees of intensity) Candidates on the left of the political spectrum are, at the time of writing, doing less well in the polls; some of them are also vocal in their criticism of the EU, focusing on the democratic deficit of EU institutions and the corporate capture of decision-making in Brussels.

Thus the way the French Presidency of the EU has been prepared and will be run will be far more intertwined than is usually the case with narrow national-level political considerations. Although the presidential campaign has not officially begun, Macron has made several announcements, particularly the new €34 billion 'France 2030' investment plan and the decision to build new nuclear reactors in the country, that have been widely seen as something of a campaign pledge by a candidate for a new five-year term. Characteristically, the EU and France's vision for the EU were mentioned during both announcements as intrinsically linked to the political and investment choices he was putting forward.

So far Macron appears unwilling to respond to electoral arguments about a 'remote' and unaccountable EU. The best defence against the far right is real democratic scrutiny and accountability to the people. Yet Macron has not announced any initiatives to open up Council decision-making during the French Presidency (see section 4).

The elections will impact the Presidency in other ways as well. In practice, almost everything will take place in the first three months, between January and March 2022, before the election campaign comes into full swing. Macron and his Government will be even more focused on achieving quick policy wins, which they will try to showcase, such as on corporate taxation (see 3.6), or on pesticides (see 3.4).

The elections will add to the sense of urgency that already governs many of the political decisions taken in response to the COVID crisis and in terms of industrial priorities, as well as to the need for compromise to secure decisions in a short time frame, in both cases at the expense of democratic debate.

#### 2.4 THE FRENCH PRESIDENCY IS PREPARED IN CLOSE COLLABORATION WITH BIG BUSINESS

Even though the French Presidency of the EU only starts in January 2022 preparations began months ago. The evidence we have collected for this report shows that close collaboration between French authorities and French big business has been the norm from the beginning (see section 5). While the issue was still very remote from the public radar, business lobbyists were already busy influencing the future French Presidency and enjoying privileged access to key players in its preparation.

This government-corporate collaboration has taken many forms:

Preparatory lobby meetings and discussions between industry interests, either at the initiative of business organisations and their lobbying firms or at the initiative of public authorities themselves. The little information we have about these meetings reveals a huge disproportion between meetings with industry and meetings with public interest organisa-

tions. Out of 13 meetings disclosed by the French Permanent representative, 10 were with industry and only one with civil society. Of the 27 meetings disclosed by his deputy, 21 were with industry and only one with civil society.

Multiple events – both public and behind closed doors – where French representatives came to hear about business demands and priorities and to provide insider information about the preparation of the Presidency. Some of these lobbying events are actually co-organised by government agencies and big business. Examples include the July 2021 event 'EU Forum 2022 Working together to help the success of the French Presidency to the EU',<sup>4</sup> organised by the French Permanent Representation to the EU together with two lobby groups: France Industrie and Numeum.

Proactively seeking contributions from think tanks, some of which, under the appearance of neutrality and objectivity, are close to major French corporate interests. These contributions have not been made public but some think tanks have been invited to a closed door meeting at the Elysée Palace to discuss the French Presidency.

All of this suggests a deeply ingrained conflation between the public interest and the private interests of French business in the preparation of the French Presidency of the EU. This conflation is reinforced by the high number of cases of 'revolving doors' between the public and private sectors both in the French Representation in Brussels and inside the Parisian ministries tasked with preparing the Presidency. For example, an advisor on EU energy policies at the French Representation in Brussels previously worked for TotalEnergies.<sup>5</sup> Conversely, former energy advisors at the Representation now hold strategic positions for Engie<sup>6</sup> and ArianeEspace<sup>7</sup> in Brussels (see part 5 for more revolving doors cases.)

This closeness to industry goes hand in hand with a disturbing pattern of opacity. Many events – even those organised within public institutions such as the French National Assembly – were held behind closed doors, without public record. Information on lobbying meetings has been scarce.

#### 2.5 THE FRENCH GOVERNMENT SEEMS VERY COMFORTABLE WITH THE OPACITY OF EU COUNCIL DECISION-MAKING

There is much criticism in France, including by French politicians themselves, of the workings of EU institutions and in particular of the influence of industry and lobby groups in European decision-making.

However, the French Government has chosen not to do away with the most infamous practices of previous Presidencies of the EU, including bringing in corporate sponsors (specifically carmakers Renault and Stellantis, see box 5 in section 4). In exchange for having some costs covered by these corporate 'partners', the French Government is offering them a platform to showcase their products, as well as - more crucially - privileged access to decision-makers. This is despite the fact that these corporations have an obvious interest in influencing some of the key legislations examined during the Presidency, particularly the 'fit for 55' climate package.

More importantly, the French Government has a history of hindering progress to-

# THE GOVERNMENT HAS CHOSEN NOT TO DO AWAY WITH THE MOST INFAMOUS PRACTICES OF PREVIOUS PRESIDENCIES, INCLUDING BRINGING IN CORPORATE SPONSORS



#### RENAULT

#### COMPANY

Declared annual EU lobby costs (2020): €300,000 - €399,999

Number of EU lobbyists: 4 staff

Meetings with high-level of European Commission since December 2014: 17

Affiliations include: Association des Constructeurs Européens d'Automobile (ACEA), Cercle des Délégués Permanents français (CDPF), Plateforme de l'automobile

**Topics of interest:** vehicle manufacturing, emission standards, batteries

**Declared annual French lobby costs** (2020): €500,000 – €600,000

All info accurate as of 1 December 2020 Source: EU lobby register & French lobby register

wards transparency and accountability at the level of the Council of the EU, widely considered the most opaque of EU institutions (see section 4). In the name of protecting the confidentiality of negotiations, it has regularly opposed attempts to bring at least the same level of lobbying regulation as for the Parliament and the Commission, as well as the systematic disclosure of Council documents.<sup>8</sup> It has also opposed strict rules on corporate sponsorships of Presidencies, preferring voluntary guidelines.<sup>9</sup>

#### 2.6 THE FRENCH GOVERNMENT BRINGS ITS OWN FORMS OF CORPORATE CAPTURE TO THE EU LEVEL

While the French Government seems quite happy with the opaque ways of Brussels decision-making, it is also bringing to the European level its own forms and shades of corporate capture. This includes in particular its tradition of close collaboration between government and industrial champions and heavy subsidising of the latter by the former, as well as its focus on technological solutions at the expense of other policy reforms and



#### **STELLANTIS**

#### COMPANY

**Declared annual EU lobby costs (2020):** €800,000 - €900,000

Number of EU lobbyists: 4 staff

Meetings with high-level of European Commission since December 2014: 13

Affiliations include: Association des Constructeurs Européens d'Automobile (ACEA), Cercle des Délégués Permanents français (CDPF), Plateforme de l'automobile

**Topics of interest:** vehicle manufacturing, emission standards, batteries

**Declared annual French lobby costs** (2020 for Peugeot SA): €200,000 - €300,000

All info accurate as of 1 December 2021 Source: EU lobby register & French lobby register

instruments when it comes to addressing issues such as the climate crisis. This traditional orientation has been strongly reasserted by French authorities during the COVID crisis, and given a new sense of urgency with a raft of funding announcements and plans aimed at building the 'industrial champions' of tomorrow and promoting French economic sovereignty.

It is also a paradigm that the French Government has long sought to promote at the European level, and this agenda has gained traction in recent years, with the creation of the European Defence Fund, the development of industry alliances and the establishment of policy instruments such as 'Important projects of common European interests' (IPCEIs) for so-called strategic sectors such as batteries or hydrogen (see box 4 in section 3). As we show in this report, French authorities and business groups have been key promoters of IPCEIs and industry alliances and are hoping to create more at the occasion of the French Presidency of the EU. The French Government is also arguing

for a revision of merger rules in order to smooth the path for the development of bigger European champions, particularly after the Commission's refusal of the proposed Siemens-Alstom merger in 2019.

#### 2.7 WHAT IS GOOD FOR EUROPEAN Corporations is not necessarily Good For its citizens

The slogan of the French Presidency will be "relance, puissance, appartenance", that is, "revival, power, belonging". All three terms are variations of the concept of sovereignty, as is the concept of "strategic autonomy" which the French Government is advocating for with other players at the EU level. Indeed, "sovereignty" in various forms - climate sovereignty, digital sovereignty, industrial sovereignty, and so on - has become a recurring theme in everything the French Government has to say about Europe. It has also been explicitly endorsed by French big business, through MEDEF and sectoral trade associations.10

The emphasis on greater control over global economic forces and competition, and on boosting the resilience and autonomy of the European economy is laudable at face value. Unfortunately, the version pushed by the French Government comes at great risk of deeper corporate capture of EU policy-making, as well as of focusing on technology as the only possible response to environmental and social challenges. In this vision, the "sovereignty" slogan combines a neoliberal element (pro-business, pro-market reforms) and a neoconservative element (globalisation as a competition between great powers represented by their corporations), while seeking to articulate a form of response to the perceived expectations of European citizens for more 'protection' from external forces.

The vision of sovereignty pushed by the French Government seems to be based on the assumption that what is good for European corporate champions will necessarily be good for both Europe and its citizens, in a sort of expanded version of trickle-down economics. In effect, under the pretext of promoting Europe's autonomy in the face of growing global risks and increasing international competition, France is pushing for ever greater public funding and political support for a handful of large corporations and for ever closer public-private collaboration in strategic industrial sectors.

On the other hand, however, this increased financial and political support to corporate champions does not seem to entail any form of obligation or conditions for the beneficiaries themselves. At national and European level, the French Government has openly refused to impose any conditions (in terms of climate, jobs, or tax justice) to the companies that receive bailout or recovery funds,11 just as it has let pharmaceutical companies essentially dictate their terms when it came to the supply of vaccines. In other words, this version of 'sovereignty' seems to imply a carte blanche to the corporate sector.

Hence, far from making the EU more democratic and more responsive to the needs and aspirations of European citizens, this vision of sovereignty actually risks exacerbating some of the ills plaguing the EU as it stands, including its unquestioned faith in liberalisation and in the private sector, its open doors to big business, and its economic policies heavily biased in favour of large corporations, at the expense of all others, including ing SMEs and cooperatives.

# **BOX 2. THE LONG HISTORY OF PUBLIC-PRIVATE COLLABORATION IN FRANCE**

The close connections between big business, government, and public administration in France are in many ways similar to those in Brussels and in other European countries. One finds the same patterns of revolving doors between the public and private sector, confusion between national interests and those of large companies, and regulators that have been captured by the very industries they are supposed to regulate. However, in France these connections are also rooted in specific historical traditions that explain why the relationship between government and big business is perhaps even more entangled than elsewhere:

▶ The weight of the state-owned industrial sector. Even after 30 years of privatisations and liberalisation, the French state remains a major shareholder in many of France's largest companies, particularly in the energy (EDF, Engie), automotive (Renault, Stellantis), and arms and aeronautics sectors (Airbus, Thales, Safran). It is also present, indirectly, through public financial institutions such as Bpifrance and Caisse des dépôts et consignations, in virtually every single corporation listed in the flagship French stock index CAC40. to make them 'global leaders' and as a source of international prestige. The assumption being that such high-level industrial achievements by large French corporations will somehow benefit the rest of the French economy. This paradigm is still very present in French political discourse, although it is now increasingly complemented by a reference to the European level and the need to have 'European champions' as well. The Government's current emphasis on supporting industrialists in strategic sectors to produce breakthrough innovations is a continuation of this tradition. So is its focus on technology (nuclear, hydrogen, etc.) as the solution to climate problems.

French corporate interests are closely interwoven, particularly in sectors such as nuclear. Boards of major CAC40-listed companies include a high number of chief and other top executives from other CAC40 companies. The nuclear sector is of major importance not only for EDF, but also for Engie (another energy company), Vinci and Bouygues (construction), Air Liquide, Saint-Gobain, and Schneider Electric (suppliers of key equipment). Similarly, many major corporations are invested to various degrees in the defence and security industry, particularly in the aeronautics and digital sectors.

The fabric of the elite. Traditionally, politicians, top civil servants, and business executives mostly come from the same 'grandes écoles' (high-level engineering or administration schools) such as École nationale d'administration (ENA). As a consequence, they share a common culture and social circles, often knowing each other personally. This closeness

Unfortunately the French Government does not defend the public interest in its role as shareholder; rather it is more worried about raking in dividends than protecting workers or the environment. This situation contributes to the conflation between the interests of France

# THE ASSUMPTION IS HIGH-LEVEL INDUSTRIAL ACHIEVEMENTS BY LARGE FRENCH CORPORATIONS WILL BENEFIT THE REST OF THE ECONOMY

is reinforced by the role of 'Grands corps d'État', the top public service bodies which most pupils of these schools join after finishing their studies, such as Inspection générale des Finances or Corps des Mines. Many of their members move to the private sector at some point of

and its citizens, and the interests of the large corporations in which its Government holds a stake.

▶ The paradigm of 'national champions'. The notion of national industrial champions was strongly cultivated in France in the post-war period, with technological flagship projects such as the high-speed train TGV, nuclear plants, the Ariane space launcher, and the supersonic airplane Concorde. This paradigm entails strong government support for the corporations (whether state-owned or not) developing these technologies, in order their careers. A significant proportion of chief executives of the CAC40 belong to these 'grands corps'.<sup>12</sup> President Emmanuel Macron and the chief executives of Orange, BNP Paribas, and Société Générale all belong to Inspection générale des finances.<sup>13</sup> As a result, there is in some sectors (the financial or energy sectors for instance) a monopolisation of all key positions by members of the same *corps* – across all sides of the table: in the companies, in their sector associations, in the independent regulators and in government - which results in privileged access for big business and in weaker regulation.<sup>14</sup>

# **3. KEY SECTORS AND FILES TO WATCH DURING THE FRENCH PRESIDENCY**



### **3.1 CLIMATE ACTION: PROMOTING FALSE** SOLUTIONS TO THE CLIMATE CRISIS

EU files: Fit for 55, Green Taxonomy, Carbon border adjustment mechanism, funding for hydrogen, emission standards for vehicles

French corporate interests: EDF, TotalEnergies, Engie, Association française des entreprises privées, Renault, Stellantis, Plateforme de l'automobiles

Other corporate interests: Eurelectric, HydrogenEurope, CemBureau, IOGP

French Government agenda: To secure maximum political and financial support for the nuclear energy, gas, and hydrogen industries

he French Presidency of the Council will come at a critical time to tackle the climate emergency. After the disappointing talks at Glasgow's COP26 climate conference in November 2021, and in the run up to COP27 in late 2022, it is urgent for the EU to take the necessary steps to ensure it is on track to tackle global heating. With the Green New Deal and its 'fit for 55' package, the EU has embarked on a seemingly ambitious overhaul of its policies and legislation across sectors. It features, among others, a revision and extension of the European carbon market, as well as the introduction of a 'carbon border adjustment mechanism' (see below), the revision of several energy-related EU directives, new emissions standards for vehicles, a European forest strategy, and new regulations to address changes in land use that result in higher emissions. This agenda is part of the wider European Green Deal, which aims to transform Europe's economy to make it carbon-neutral by 2050, and which also includes the new Farm to Fork strategy for agriculture (see 3.4), the EU biodiversity strategy, and policies on sustainable finance including the 'Green Taxonomy', a policy instrument which defines what

counts as a genuinely climate-friendly investment (see Glossary).

As is often the case, however, the devil lies in the detail, and as European policy-makers and legislators get into the nitty gritty of climate reforms, vigorous lobby battles are to be expected regarding what counts as climate-friendly, or potential exemptions or loopholes that would allow polluting industries to stick with business as usual for years to come.

These policy reforms will impact prominent French interests in the energy sector (EDF, TotalEnergies, Engie), but also in the automotive (Renault, Stellantis), aeronautics (Airbus, Safran, Thales, Dassault) and maritime (CMA-CGM) industries. Unsurprisingly perhaps, these are precisely the corporate names that come up in the French Representation's newly available list of lobbying meetings (see 5.1) - currently our sole source of information on the lobbying meetings related to the preparation of the French Presidency of the EU. Stellantis and Renault are also corporate sponsors of the Presidency. Another sponsorship deal was discussed with EDF, but eventually dropped. Additionally these same corporations are involved in a high number of cases of revolving door moves both in Parisian ministries and in the French Representation in Brussels. For instance, an advisor on EU energy policies at the French Representation previously worked for TotalEnergies.<sup>15</sup> Conversely, former energy advisors at the French Permanent Representation now hold strategic positions in Engie<sup>16</sup> and ArianeGroup<sup>17</sup> (a joint-venture between Airbus and Safran). Furthermore, a former employee of EASE,<sup>18</sup> a lobby group whose members include EDF, Engie, BASF, and others, is now a trade adviser in the French Representation.

The political position of the French Government and Emmanuel Macron on



#### ÉLECTRICITÉ DE FRANCE (EDF)

#### COMPANY

**Declared annual EU lobby costs (2019):** €2,000,000 - €2,499,999

Number of EU lobbyists: 14 staff

Meetings with high-level of European Commission since December 2014: 50

Affiliations include: Hydrogen Europe, Eurelectric

**Topics of interest:** energy, carbon pricing, sustainable finance/ taxonomy

**Declared annual French lobby costs** (2020): €1,000,000 - €1,250,000

All info accurate as of 1 December 2021 Source: EU lobby register & French lobby register



#### **TOTALENERGIES**

#### COMPANY

Declared annual EU lobby costs (2020): €2,000,000 - €2,499,999 Number of EU lobbyists: 6 staff

Meetings with high-level of European Commission since December 2014: 32

Affiliations include: Eurogas,

Hydrogen Europe, BusinessEurope Topics of interest: energy, plastics,

transport

**Declared annual French lobby costs** (2020): €1,250,000 - €1,500,000

All info accurate as of 1 December 2021 Source: EU lobby register & French lobby register

climate issues is marred by a glaring contradiction. On the one hand, they are keen to advertise themselves as climate champions; on the other hand, they are very much decried by environmentalists and civil society groups in France for their reluctance to take even the most basic steps in this regard (including the proposals of the Citizen Climate Convention a body of lay citizens set up in 2020 by the Government itself to make consensus-based recommendations on how to reduce France's greenhouse gas emissions).<sup>19</sup>

Underlying this contradiction is the political choice to make industry-driven technology the sole possible response to climate change. Policy and public funding have been captured by industry for technofixes and false solutions such as 'zero emission hydrogen' (currently 95 per cent of hydrogen is derived from fossil fuels), or 'agrofuel-based aviation' (which would require large swathes of land to be switched from food production), 'zero emission electric cars' (which would undermine alternative public and community transport solutions), carbon capture and storage (an expensive technology which has not been shown to work and is used by the oil and gas industry to keep

burning fossil fuels for the next decade and longer), or market-based solutions such as compensation or offset schemes. None of these, on closer scrutiny, actually offer effective or long-lasting ways to reduce our greenhouse gas emissions, and create a range of other problems. But they are used as an excuse not to take genuine transformative action now, e.g. limit air travel or the need for individual cars. The French Government is pushing the same approach at European level: a focus on public funding for false technological innovation rather than making the significant structural policy changes required to deliver the urgent climate action in a socially just way.

# Nuclear, Gas, and the Green Taxonomy

In spite of all its climate spin, the French Government is apparently finding it hard to wean itself from fossil fuels. It is still considering funding new fossil fuel projects abroad, and authorising some forms of gas extraction in France itself.<sup>20</sup> Infamously, it has come under fire for building a cynical alliance with Eastern European countries including Poland and Hungary in order to push for the inclusion of both natural gas (a fossil fuel) and nuclear electricity in the EU Green Taxonomy. This is the EU policy instrument that will define what counts as 'green' or not and which will serve to redirect financial flows and public and private funding towards the projects and technologies that qualify. In other words, the French Government has made a bargain with these countries, accepting that gas projects may continue to benefit from public funding, in exchange for their support for the inclusion of nuclear as well all the while claiming that nuclear should be in the Taxonomy because it is the only viable way to phase out fossil fuels!<sup>21</sup>

In a sense, this French support for the inclusion of gas in the Green Taxonomy should not come as a surprise given that there are major French corporate interests invested in the continuation of gas use for decades to come, including oil

major TotalEnergies and energy giant Engie. Both have argued that gas is a necessary component of Europe's energy transition as it emits less carbon than oil or coal (although scientific evidence suggests this is far from being always the case, and it misses the point that we need to phase out all fossil fuels and prioritise energy efficiency and renewables now).

#### Renewed push for Nuclear Energy

France remains an exception in Europe in terms of the high share of nuclear energy in its electricity mix - and more generally in terms of the centrality of nuclear power in its political vision. Nuclear energy has often been a bone of contention between the French and other European governments, especially as several of the latter - Germany foremost - decided to phase out nuclear energy in the aftermath of the 2011 Fukushima disaster in Japan. That's notwithstanding other concerns about nuclear power, such as its huge use of water and generation of waste which remains radioactive for hundreds of years. For a while, with the many problems plaguing the new nuclear reactors being built in France and Finland,<sup>22</sup> it seemed the nuclear industry was in retreat, as France and the allies of the nuclear industry had failed to win the argument presenting nuclear energy as a solution to climate change.

Are things about to change? The French Government definitely seems to think the time has come to go on the offensive again. In October and November 2021, Emmanuel Macron announced massive investments in the development of small nuclear reactors and in the construction of a new fleet of conventional reactors. In this context, the objectives of France's current push is to have nuclear, at least, not excluded from the massive financial flows that will result from the European Green Deal and to keep the possibility for France to fund its own nuclear sector. This is precisely why the French Government is so adamant to have nuclear power integrated in the Green Taxonomy. It is likely the French Government will also push for greater inclusion of nuclear power in the revision of the Renewable Energy Directive (as part of the 'fit for 55' package). It is also advocating that public investments in the climate transition - which, in the French Government's view, include investment in nuclear energy - should not be counted when measuring deficit or public debt. This would make it possible to fund the building of new reactors while remaining within the criteria of the EU Growth and Stability Pact.

One of the reasons for the French Government's strong support for hydrogen is that it sees hydrogen production as a new market for nuclear-generated electricity, nuclear-sourced hydrogen being accepted as 'low carbon' by European authorities. In other words, projects that will probably mean stronger emphasis on nuclear energy from industry as well. In this context, it is no coincidence that French top representatives in Brussels have already met twice with EDF since July 2021. The French Representation in Brussels has hired an adviser to work specifically on nuclear issues in the perspective of France's Presidency of the Council. And French Renew MEP has just created a new 'club' to organise pro-nuclear efforts and serve as a mouthpiece for the nuclear industry at the European Parliament with colleagues from Sweden and Eastern Europe.<sup>23</sup>

A centrepiece of the latest flurry of lobbying activities around nuclear energy was the organisation, in October 2021 in Brussels, of a two-day event on "the valorisation and funding of nuclear pro-

# THE NUCLEAR SECTOR IS SO INTERTWINED WITH THE FRENCH STATE THAT IT IS ALMOST IMPOSSIBLE TO DISTINGUISH BETWEEN PRIVATE AND PUBLIC LOBBYING

might be funded in France under hydrogen-based mechanisms will also benefit the nuclear sector. (This is also the case for the electric car sector.) France's recovery plan under NextGenerationEU already included a funding line for the nuclear sector.

The nuclear sector is so intertwined with the French state apparatus that it is almost impossible to distinguish the private sector-led and public sector-led lobbying in this area. The key players are all public-owned bodies such as Commissariat à l'énergie atomique et aux énergies alternatives (CEA), uranium giant Orano (formerly Areva), and of course EDF, the former national electricity company, still 84 per cent owned by the French Government. Furthermore, EDF's Chair and Chief Executive Jean-Bernard Lévy has recently become the new head of Eurelectric, the EU's main electricity lobby group, which jects in Europe". Funded by the European Commission and attended by several Commission officials - as well as nuclear industry representatives and lobbyists from across Europe, the US, Russia, and China - it was an occasion to foster a pro-nuclear lobbying coalition in Brussels (including mostly French, Polish, Czech, Hungarian, and Finnish industry lobbyists and government officials). Among the demands emerging from the conference was the inclusion of nuclear energy in the Green Taxonomy and the recognition by the EU of nuclear electricity generation as a "service of general interest". While there was no official attendance from the French Government, public financial institution Bpifrance was there.

#### Hydrogen

In 2020, the French Government joined other member states in a big funding push for the hydrogen sector as part of COVID recovery plans. In September 2020 a €10 billion plan – largely co-written with industry - was announced by the French Government, €2 billion of which is part of the French recovery plan funded by NextGenerationEU, the main EU-level recovery fund.24 In October 2021, Emmanuel Macron announced additional investments in the hydrogen sector, and his Government is also keen on promoting many hydrogen projects as IPCEI (Important Project of Common European Interest, which involves access to higher public funding, see below box 4, section 3). Whereas hydrogen is often presented by industry and some governments as a 'green' and ready-foruse climate solution, this is very far from the truth. Currently only a tiny fraction of the hydrogen produced in Europe (and worldwide) comes from renewable sources and therefore would truly qualify as green, and it is unlikely that this share could grow significantly without creating massive problems (this would require a massive ramp-up of renewable electricity generation that would crowd out other uses). Well aware of this, industry and governments have successfully pushed for so-called 'blue hydrogen' ie. hydrogen made from fossil fuel and unproven capture and storage of the resulting CO<sub>a</sub>, as well as hydrogen produced by nuclear power, to be considered 'low-carbon' hydrogen and eligible for funding.

There is a broad consensus behind hydrogen in France, both on the government side and among major French corporations. First, it is seen as the ideal solution for decarbonising a number of industrial sectors with a minimal level of change to business models and industrial processes. It is seen as key, in particular, to the decarbonisation of the transport sector (maritime, road, and aeronautics), as well as of the chemical and other heavy industries. Second, hydrogen could become an ideal outlet for nuclear-generated electricity and thus an argument in favour of building new nuclear plants. This explains why French corporations including EDF, Engie, TotalEnergies, and chemical corporation Air Liquide are playing a key role in the push for hydrogen at EU level, alongside counterparts from other countries.

#### Carbon markets

One of the key features of the 'fit for 55' package is a tightening of European carbon markets (the EU Emissions Trading System or EU-ETS) and its extension to new sectors such as maritime, road transport, and construction. The EU-ETS was designed to force polluting industries to 'pay' for their own emissions by having to buy a limited supply of 'carbon credits', but it has been plagued with many issues including the large amounts of free allowances (free permits to emit greenhouse gases instead of buying them) that have been handed out to big polluters in order to prevent the delocalisation of their industries outside of Europe. There are now plans for a reduction or suppression of free allowances, which could be substituted by a new carbon border adjustment mechanism (CBAM) which would essentially oblige non-European companies to pay a similar price for carbon as European ones when they import in the EU.

The introduction and implementation of the EU-ETS has been widely criticised from the start as a way to protect polluting industries from actually having to take real action to reduce their emissions. Still, polluting industries and their lobby groups (particularly in the steel and cement sectors) still oppose any genuine reform of the ETS both in France and at EU level. The issue comes at the top of the list in a July 2021 document in which AFEP (Association française des entreprises privées, the lobby group for large corporations in France) outlines its "priorities" for the French Presidency of the EU,25 arguing, among other things, for the preservation of free CO<sub>2</sub> emission allowances on top of the new carbon border adjustment mechanism - so that polluting industries both have little or no need to reduce their own emissions, make windfall profits, while being protected against foreign competitors.

# • Obstruction from the automobile sector

Another crucial policy issue that might be decided during the French Presidency relates to emission standards for cars. The French automobile lobby has been vocal in the past few years in its obstruction to ambitious norms, threatening massive job losses in the industry if the potential standards adopted were too stringent. Another pending issue is the proposed date for the phasing out of all gas and diesel cars - which is not only a climate issue, but also a public health issue. The European Commission is proposing 2035, but France is said to be pushing for a slightly later date, including a temporary exemption for hybrid vehicles, an important market for Stellantis, the company born of the merger between PSA and FiatChrysler, which still employs tens of thousands of people in France.

At an event with the French automobile industry at the Elysée Palace in July 2021, the industry group Plateforme de l'automobile (PFA) – whose boss is a former minister – asked for more public funding for the industry to help it cope with new regulations. PFA also met with the Deputy Permanent Representative of France to the EU In November 2021<sup>26</sup> and with Commissioner Thierry Breton in October 2021.<sup>27</sup> According to media reports,<sup>28</sup> Macron has pledged to defend hybrid vehicles and to oppose adding new constraints to the industry. It might be no coincidence that carmakers Renault and Stellantis could be the only corporate sponsors of the French Presidency, and that they will provide the Presidency with electric and / or hybrid cars.

#### Deflecting attention from real solutions

An underlying theme behind the focus on gas, nuclear, hydrogen, and carbon markets is that in addition to securing public funding and political support for a dubious technological agenda, it also deflects attention from real solutions to the climate crisis; solutions that involve structural changes such as reducing reliance on resources and energy consumption, scaling down air travel and the use of individual cars, and decentralised small-scale, community-owned energy.

# **3.2 DIGITAL: REGULATING BIG TECH WHILE PUSHING**A corporate-led digitalisation agenda

#### EU files: Digital services act, Digital markets act French corporate interests: Scale-up Europe, France Digitale, Numeum

Other corporate interests: Google, Facebook, Amazon, Microsoft, Apple, DigitalEurope

French Government agenda: To develop EU/French industrial rivals to Silicon Valley tech companies

The EU has embarked on a major legislative effort to regulate the digital economy and, in particular, rein in the excessive economic (and indeed political) power of Big Tech. The twin Digital Services Act (DSA) and Digital Markets Act (DMA) have become the object of a major lobbying battle in Brussels. Lobby spending by US tech giants Google, Facebook, Amazon, Microsoft, and Apple have dramatically increased their influencing firepower in Europe in recent years. According to a recent report by Corporate Europe Observatory and LobbyControl, about 612 companies, groups and business associations are trying to influence the EU's digital economy policies, which spend over €97 million annually on lobbying. Vodafone, Qualcomm, Intel, IBM, Amazon, Huawei, Apple, Microsoft, Facebook, and Google alone spend more than €32 million annually to lobby EU institutions.<sup>29</sup>



#### NUMEUM (Formerly syntec numérique and tech in France)

#### TRADE ASSOCIATION

**Declared annual EU lobby costs (2019):** €50,000 - €99,999

Number of EU lobbyists: 2 staff

Meetings with high-level of European Commission since December 2014: 3 Affiliations include: Fédération Syntec,

MEDEF, Digital Europe

**Topics of interest**: digital, software, platforms

Declared annual French lobby costs (2020 for Syntec Numérique): €100,000 - €200,000

All info accurate as of 1 December 2021 Source: EU lobby register: & French lobby register

The Council has reached general agreement on both pieces of legislation, which could be finalised during the French Presidency of the EU. The Digital Services Act addresses the regulation of the services provided by digital companies, including issues of disinformation, counterfeiting (a subject important to French luxury groups),<sup>30</sup> and advertising. The more contested Digital Markets Act could include measures aimed at moderating the market power of Big Tech, for instance by banning or reducing practices such as self-preferencing (when companies such as Amazon or Apple favour their own products or offers at the expense of those of third party sellers that use their platform). Within the Council, countries such as Ireland and Luxembourg - the base of many US tech giants taking advantage of beneficial tax regimes - have been traditional defenders of their interests.

In parallel, in order to reduce its dependence on the US or Asia, the EU and its member states, including France, have shown increased willingness to support the development of EU-based web infrastructure (including cloud services, for instance with the Gaia-X project of a 'sovereign' European cloud architecture) and manufacturing capacity in areas critical to the digital economy, such as semiconductors – especially after the COVID crisis triggered significant shortages which affected EU corporations.

The French Government has a generally ambiguous position on these matters. On the one hand, it has been one of the leading voices, among governments, behind the push to regulate Big Tech, to protect European companies and creative industries, and to reduce dependence on foreign corporate giants. On the other hand, it has mostly focused - as always in the name of digital sovereignty - on creating or supporting European digital champions to compete with the US and China. It has been reported, for instance, that in the Council, France was pushing for thresholds that would limit the effects of some of the new regulations on the US giants, while exempting their emerging EUbased competitors.<sup>31</sup> A summit on Digital Sovereignty is due to be organised in Paris in February 2022 as part of the French Presidency initiatives, focusing on issues such as cybersecurity, independence from the United States, and sovereign cloud services (a cloud is a network of remote servers hosted on the internet to store, manage, and process data, rather than a local server or a personal computer).<sup>32</sup>

tions to the arms and security industry raises questions about the implications for privacy and freedoms.

More generally, the vision of the digital sector pushed by the EU (for instance through COVID recovery funds, a significant part of which was directed towards 'digitalisation') does not always seem that different from that pushed by US Big Tech. For example, the concept of a 'digital transition' is often presented as an equivalent to the 'climate transition', as if switching to digital technology would automatically reduce use of materials and greenhouse gas emissions, which we know is not true.33 Often, digitalisation goes hand in hand with further privatisation or outsourcing of public services (with the risk of reducing the quality of the service, depriving access to those services to some parts of the population, and replacing civil servants with workers with worse job conditions). And it is used as an opportunity to open markets such as education or health to private companies, as with e-health, which features high in the French Presidency's agenda.

That is probably why the French Government remains quite close to Big Tech. It has numerous partnerships with the likes of Microsoft and Amazon, including in sensitive areas (such as in health data and economic recovery funds.) Meanwhile French corporations

## THE GOVERNMENT HAS NEVER ADDRESSED THE QUESTION OF HOW DIFFERENT FROM US BIG TECH THESE EU COMPETITORS WOULD BE

The French Government has never really addressed the question of how different from US Big Tech these EU competitors would be in reality. The fact that many of the corporations in line to participate in this effort to create European champions – including Atos, Dassault Systèmes, and Thales in France – all have close connechave partnered with Microsoft (Orange and Capgemini) and Google (Thales) to create 'sovereign' cloud services in France that would respect French requirements in this domain.<sup>34</sup>

Digital issues have been a major area of focus during the preparation of the French

# FRANCE IS NOW THE MEMBER STATE WITH THE LARGEST DEFENCE INDUSTRY IN THE EU AND IT HAS CONSTANTLY PUSHED TO INCREASE EU SPENDING ON DEFENCE

Presidency of the Council of the EU. The French High representative in Brussels met with EU lobby group DigitalEurope twice in September 2021, and again in December 2021.<sup>35</sup> French European Affairs Minister Clément Beaune also met with the Chief Executive of Facebook France in October 2021.<sup>36</sup>

Scale-Up Europe – a Macron-initiated group of 150+ European leading tech founders, investors, researchers, corporate chief executives (such as Airbus, Sodexo, Accor, BMW, SAP, BASF, BNP Paribas and Air Liquide), and government officials – was invited to present its recommendations on how to create European tech giants, including tax credits and a special status for tech workers, during an event on 15 June 2021 at the Elysée Palace, in front of a panel of EU leaders. Some of those recommendations are poised to be included in the priorities of the French Presidency of the EU.<sup>37</sup>

Think tank Institut Choiseul and digital lobby group France Digitale have also presented their own proposals on the very same topic to Cédric O, Secretary of State for digital issues, in view of the French Presidency, in October 2021.38 France Digitale represents the interests of French companies and a few US-based ones including Uber and Airbnb. Its current European director was formerly a lobbyist for Microsoft. Institut Choiseul is a think tank dedicated to global economic issues, which features many corporate executives in its strategic committee. Its President Pascal Lorot is a special adviser to French Foreign Affairs Minister Jean-Yves Le Drian for Central Asia. He was previously a lobbyist for oil group TotalEnergies. French Secretary of State in charge of Industry, Agnès Pannier-Runacher, also sits on the strategic committee. France Digitale and Institut Choiseul partnered with Capgemini for their report on the French Presidency.<sup>39</sup> Capgemini coordinated an European industrial technology roadmap, compiling the view of 27 companies on the key priority areas requiring strategic public-private investments by 2025 to strengthen Europe's technological leadership in cloud and edge technologies. This roadmap was presented to Thierry Breton in May 2021 (see box 4, section 3).<sup>40</sup>

Another think tank that has contributed to the French Presidency is Renaissance numérique, a strong advocate of digitalisation as a transformative force in society at large. Its board includes senior executives from corporations such as Huawei, Microsoft, Google, Tiktok, Doctolib, and Orange. Unsurprisingly perhaps, it has been much more critical of the Digital Markets Acts. It prepared a report on digital sovereignty for the French Presidency, which was presented at a December 2021 event in Brussels organised by digital lobby group Numeum, on European champions and digital transition.<sup>41</sup>

On 2 February 2022, a governmental conference on "ethical citizenship and health data" will be organised and an ethical framework on health data could be published for the conference<sup>42</sup>. The French digital business lobby Numeum has also received an official 'French Presidency' label (meaning that it can use the French Presidency logo and is listed as an officially recognised event by the Government), for an event they will co-organise with the French health business lobby in March 2022 on e-health and health data.<sup>43</sup> The French Presidency will coordinate in the Council on a legislative proposal on a European Health Data Space (EHDS).44 Numeum is likely to have a close partnership with the French Government on this file as the eHealth Europe & International Director of the French Ministry of Health since September 2020 worked for Numeum from May 2016 until September 2020.45 She was one of the guest speakers in a closed event organised by the European digital lobby, DigitalEurope, in November 2021.46 The Chief Scientific Officer, French Health Data Hub, also spoke in this event. The Hub is a 2019 French public-private partnership established to facilitate, among other objectives, the use of health data.47

# 3.3 ARMS AND SECURITY: EYEING UP EU OPPORTUNITIES FOR FRENCH DEFENCE SECTOR

#### EU files: Strategic compass

French corporate interests: Thales, Airbus, Safran, Dassault

Other corporate interests: Aerospace and Defence Industries Association of Europe (ASD) French Government agenda: To further the EU's common defence strategy, with French companies at the fore

P ost-Brexit, France is now the member state with the largest defence industry in the EU. France has constantly pushed to increase EU spending on defence, both for geopolitical reasons and as a source of funding for its arms companies, which are central to the French economy.<sup>48</sup> It receives the most EU defence money of any member

state.<sup>49</sup> In April 2021 the French Minister of the Army, in a European meeting on defence, said that she welcomed the implementation of numerous new tools since 2017 (the European Defence Fund, the permanent structured cooperation, the European capacity process) but she invited her counterparts to go further at the European level, especially in terms of support for innovation in the defence sector.<sup>50</sup>

Defence is a priority of the Presidency. According to the French Permanent Representative to the EU, during the Presidency, the French permanent representation will have more military staff than usual as EU defence issues have gained in importance".51 One of the top files will be the finalisation of the Strategic Compass, the first pan-European defence strategy, and the process is very much member state-led.52 Following the European Defence Summit in February 2022,53 EU leaders are likely to endorse the Compass on 25 March 2022 at the European Council, during France's Presidency.54 European Council President Charles Michel branded 2022 'the year of European defence'.55

The key French defence corporations – Thales, Airbus, Safran, and Dassault – have received both political and financial support from EU institutions. In November 2021 Breton spoke in an event organised by the EU defence lobby arguing that the industry needed "fair access to finance, like for any strategic EU industry".<sup>56</sup>



#### THALES

#### COMPANY

**Declared annual EU lobby costs (2020**): €300,000 - €399,999

Number of EU lobbyists: 7 staff

Meetings with high-level of European Commission since December 2014: 28

Affiliations include: ASD (Aerospace and Defence Industries Association of Europe), AFEP (Association Française des Entreprises Privées), CDPF (Cercle des Délégués Permanents Français)

Topics of interest: defence, space, digital

**Declared annual French lobby costs** (2020): €300,000 - €400,000

All info accurate as of 1 December 2020 Source: EU lobby register & French lobby register Thales and Safran are the French companies which have benefited the most from EU military research and development (R&D) projects.<sup>57</sup> Thales will receive almost €24 million from 2008 to 2023 in EU security funding; Airbus Defence and Space €10 million from 2009 to 2023, and Safran received almost €4 million between 2010 and 2017.<sup>58</sup>

Support has also been political. For instance, Airbus has had 50 meetings in 2020 with Commissioners or/and their Cabinet members, revealing privileged access to the highest levels of the Commission.<sup>59</sup> Since 1 July 2021, the Permanent Representative of France has met with both Dassault and Airbus Defence and Space, and its Deputy with Airbus.<sup>60</sup> Furthermore, revolving door cases illustrate the close links

between the French Government and French defence corporations: in January 2020, the head of the Internal Market (among other policies) department in the European Union office of the Prime Minister left his job to become the head of the Brussels lobby office of Safran.61 In Brussels' Permanent Representation, an adviser on justice and home affairs worked for Safran for ten years between 2001 and 2011.62 Lastly, Dassault has shown interest and has then been integrated into the industrial alliance on 'the cloud', created by Commissioner Breton. Dassault's role would be to contribute to the development of a European defence cloud.63 Public money will be potentially available as a follow up to this alliance, as explained in the section on industry alliances and IPCEIs below.

### **3.4 FOOD AND FARMING: WILL FRENCH PRESIDENCY STAND FIRM AGAINST CORPORATE AGRICULTURE LOBBY?**

EU files: Farm to fork strategy, reduction in pesticide use, glyphosate re-authorisation French corporate interests: FNSEA

Other corporate interests: Copa-Cogeca

French Government agenda: Unclear, as the government gives contradictory signals

ood and farming policies are at the heart of the European Green Deal, specifically via the Farm to Fork strategy which sets out ambitious plans to reduce pesticide use, tackle agriculture's greenhouse gas emissions, reform the Common Agricultural Policy (CAP), and boost nutrition. The question to what extent EU countries should take into account the Farm to Fork objectives when handing out billions in farm subsidies under the CAP, has been at the core of a fierce lobbying battle in Brussels 64 and national capitals. The big farm lobby was vehemently opposed to aligning the CAP with the Farm to Fork Strategy. French Agriculture Minister Julien Denormandie supported them.

#### Powerful French farming lobby

France receives the highest amount of CAP subsidies in the EU and its gov-

ernment considers the CAP a strategic national priority in EU budget negotiations.65 The French farming lobby is led by FNSEA (Fédération nationale des Syndicats d'exploitants agricoles). FNSEA is much more than just a farmers' trade union: it has been the co-manager, together with large sections of the French state, of France's agricultural system for the past 50 years.<sup>66</sup> Successive French governments' positions in Brussels have remained close to those of the FNSEA.67 In light of this, it is likely to have an important influence on EU food and farming policies during the French Presidency; it already met with Minister Beaune in February 2021.68 In the European Parliament, a key French MEP from Macron's party in the agricultural committee, Jérémy Decerle, is a former President of Jeunes agriculteurs, the youth wing of FNSEA.69

FNSEA is a leading member of Copa-Cogeca, the biggest farming lobby group in Brussels. The New York Times has written "European leaders have historically treated [Copa-Cogeca] not as mere recipients of government money, but as partners in policymaking."70 Copa-Cogeca is granted private audiences with the EU Council's president prior to important meetings of European agriculture ministers (AGRIFISH) Council meetings. Environmental groups or other farm unions like the European Milk Board (EMB) and the European Coordination Via Campesina (ECVC) are denied the same opportunity, and have even been told that Copa-Cogeca's privileged access is a "matter of tradition". Under the 2019 Finnish Presidency, during a Council of Agricultural Ministers in Finland, representatives of the Commission were invited to a farm visit with farm leaders from Copa-Cogeca.<sup>71</sup> It is thus highly likely that FNSEA, whose President is also the President of Copa-Cogeca, will have privileged access to the Council of the EU.

#### Many shades of grey

On chemicals in food products, France has been in favour of a precautionary



#### FÉDÉRATION NATIONALE DES SYNDICATS D'EXPLOITANTS Agricoles (FNSEA)

#### TRADE ASSOCIATION AND UNION

**Declared annual EU lobby costs (2019):** €100,000 - €199,999

Number of EU lobbyists: 11 staff

Meetings with high-level of European Commission since December 2014: 17

Affiliations include: Jeunes Agriculteurs, Copa-Cogeca, Conseil de l'Agriculture Française, Bureau Européen de l'Agriculture Française

Topics of interest: agriculture

**Declared annual French lobby costs** (2020): €600,000 - €700,000

All info accurate as of 30 November 2021 Source: EU lobby register & French lobby register approach towards endocrine disrupting chemicals, known to affect humans' hormonal system, and found in food packaging and other products. The French Government recently secured a full EU-wide ban on the food additive E171, after introducing a domestic ban due to safety concerns.<sup>72</sup>

But the political position of the French Government on pesticides is characterised by glaring contradictions. Macron has said that the French Presidency will lead on an initiative for an accelerated end to pesticides use<sup>73</sup> as the European Commission will present a proposal to reduce pesticide use across the EU during the French Presidency. Yet Agriculture Minister Denormandie intervened soon after on Twitter to "reassure" farmers that there would be "no ban without an alternative".<sup>74</sup> France is also part of a working group of four member states which defends a renewal of controversial weedkiller glyphosate, at the end of 2022.

It remains to be seen how the French Government will concretely handle these issues during its presidency and what weight it gives to the corporate farming lobby's demands.

#### **3.5** FINANCE: DOING THE BIDDING OF FRENCH FINANCE LOBBY

EU files on agenda of French Presidency: Basel III, Solvency II

French corporate lobbies: BNP Paribas, Crédit Agricole, Société Générale, Fédération bancaire française, AXA

Other corporate interests: European Banking Federation

French Government agenda: To support corporate lobby agenda by minimising obligations on finance industry

Two of the biggest finance files that the French Presidency will handle will be the revisions of the Basel III and Solvency II directives. These files govern the capital requirements (ie. the amount of assets required to be kept available as a buffer against crisis) for the banking and insurance industries respectively, and on both files the French Government has been more than happy to act as an advocate for industry demands.

The French banking sector is heavily concentrated among a handful of big players such as BNP Paribas, Crédit Agricole, and Société Générale, while the Fédération bancaire française (FBF) is a key finance lobby, acting on behalf of the industry.

The French Permanent Representation in Brussels appears to be very close to the French banking lobby, if the many revolving door cases are any indication. A former advisor on EU financial policies at the French Representation now works for Société Générale, as Head of Global Transaction and Payment Services,<sup>75</sup> while another is now Head of Group Public Affairs for Amundi,<sup>76</sup> the massive asset manager. Another former advisor on EU financial policies at the Permanent Representation is today a lawyer and partner for Gide Loyrette Nouel in Brussels.77 Its clients include Renault, KPMG, Uber, and FNSEA, among others.78 In this role, the former advisor has had a lobby meeting with a French MEP Gilles Boyer (Renew) on Basel regulation.<sup>79</sup> Meanwhile, a former high-level advisor on financial and monetary policies at the French Permanent Representation for more than five years left his job in 2014 to become the Deputy Director of the FBF.<sup>80</sup> In Paris, Macron's former technical advisor on Europe from 2017 to 2021 is now the Chief of Staff to the Chief Executive of Euronext, a pan-European stock exchange.<sup>81</sup>



#### FÉDÉRATION BANCAIRE FRANÇAISE (FBF)

#### TRADE ASSOCIATION

**Declared annual EU lobby costs (2020):** €1,250,000 - €1,499,999

Number of EU lobbyists: 17 staff

Meetings with high-level of European Commission since December 2014: 82

Affiliations include: BNP Paribas, Crédit Agricole, Société Générale, HSBC, Deutsche Bank, Santander

**Topics of interest:** finance, banking, taxation

**Declared annual French lobby costs** (2020): €1,500,000 - €1,750,000

All info accurate as of 30 November 2021 Source: EU lobby register & French lobby register

#### Basel III

Basel III was introduced after the 2008 financial crisis and is an international agreement on banking regulation, first agreed in 2011. It has since then been clarified through new talks between the parties, including the EU. Once agreements are adopted at the international level, the next step is to implement them via EU legislation. In this case, certain elements of the original agreement were first specified and clarified in an agreement in 2017. The part of the agreement on the methods used by banks to assess the riskiness of their own assets is now to be implemented through a revision of the existing Capital Requirements Directive.82

The FBF, along with the rest of the banking lobby, has been lobbying hard to limit the 'damage' of the Basel reforms. The banks would prefer to use their own models to determine how risky their assets are, so they can make their balance sheets look much healthier than they really are.<sup>83</sup> As a result, the FBF has argued that the "French and European funding model [could be] under threat" and has called Basel a "major risk hanging over the European economy",<sup>84</sup> and has invoked the theme of "economic sovereignty" to make its case.<sup>85</sup> In 2019 the European Banking Federation (EBF, the EU level banking lobby group) commissioned an 'impact assessment' on the file to demonstrate the risks of what it calls an "unbalanced" approach.<sup>86</sup>

In July 2019, then French Prime Minister Édouard Philippe was already arguing that Basel III (and Solvency II, discussed below) should not penalise the French economy.<sup>87</sup> In June 2021 there was a last-ditch attempt by the Governments of France, Germany, Luxembourg, and Denmark to try to weaken the package, with French officials arguing they were simply trying to avoid 'excessive' regulation.88 Meanwhile, industry pressure continued as the EBF issued an updated version of its impact assessment.89 It is notable that in July 2021, the banking lobby FBF had meetings with both the French Permanent Representative<sup>90</sup> and with Minister Beaune;<sup>91</sup> there is no transparency on the topics discussed.

During Summer 2021 when the Basel III proposal was being finalised by the Commission, apparently there were frequent contacts between the French Treasury and the Commission at the technical and senior levels to lobby for an industry-friendly approach. It is understood that the issue was even discussed directly rective was published in October 2021.<sup>92</sup> Nonetheless some industry-friendly carve-outs were included.

The French Presidency will need to steer this file through the Council which will provide new opportunities to weaken the text in favour of big banks.

The FBF is continuing its lobbying on Basel III. According to a European Parliament source, in November 2021 it organised a session for MEPs to present industry lobby demands, including on Basel III, with speakers from French banks Crédit Mutuel and BNP Paribas.

#### Solvency II

The revision of the Solvency II directive and linked regulations, which enforced capital requirements on the insurance industry, was published in September 2021 by the Commission.<sup>93</sup> These regulations are the subject of a similar lobby battle.<sup>94</sup> The Commission's draft proposal was already industry-friendly, with Vice-President Dombrovskis very open about how the proposal would deliver a €90 billion capital relief for insurers in the short term.<sup>95</sup>

Nonetheless the French Government is keen to deliver even more for the indus-

# IN JULY 2021, THE BANKING LOBBY FBF HAD MEETINGS WITH THE FRENCH PERMANENT REPRESENTATIVE AND MINISTER BEAUNE; THERE IS NO TRANSPARENCY ON THE TOPICS DISCUSSED

between Commission President von der Leyen and Macron who was keen to support the banking sector in order to mobilise finance for COVID recovery plans.

Ultimately Macron's lobbying was not successful and the Commission retained the essence of the capital requirement provisions when the draft ditry and has advocated that the proposal should not lead to a significant increase of capital requirements, matching industry's own demand. If the Slovenian Presidency of the Council in the second half of 2021 completes Council scrutiny of this file before the end of the year, the French Presidency will handle the trilogue with the other EU institutions. According to a European Parliament source, MEPs were invited to a November 2021 workshop organised by French insurance multinational AXA, as well as Allianz and Generali, to discuss the "significant impact" of the Solvency II proposals on the EU's insurance market and its ability to "remain competitive". Undoubtedly they will be counting on the support of the upcoming French Presidency for their demands.

### **3.6 CORPORATE TAXATION: CHAMPIONING TAX** JUSTICE IN NAME ONLY

EU files: Corporate minimum tax rate, EU business taxation decision-making
French corporate interests: Fédération bancaire française, MEDEF
Other corporate interests: BusinessEurope
French Government agenda: To spin a Council agreement on 15 per cent corporate tax rate
as a 'quick win' for progressive taxation

There will be several tax files on the agenda of the French Presidency, all of which are likely to be of great interest to the corporate lobby in France and across the EU. While the French Government speaks of the need to mobilise investment to support the post-COVID recovery, it is likely to keep corporate tax increases to a minimum, rather than challenging the corporate sector to pay its way.

#### MEDEF's privileged access to tax decision-making

A recent exposé by Le Monde and Contexte revealed how a French Government position paper on new EU tax transparency rules (so-called public Country-by-Country reporting or pCBCR) was in fact based on a paper drafted by MEDEF's leading tax expert and had been consulted on with several business lobbies.<sup>96</sup> The paper outlined France's "red lines" and supported the Council's corporate-friendly position on the pCBCR proposal which included several loopholes. In response to the revelations Manon Aubry MEP, who was in the negotiations to finalise the pCBCR file, stated: "It says a lot about the lobby influences over these discussions, that they actually set the red lines for the governments, and that they do everything to block any advance to tax transparency. It is worrying both from the point of view of the fight against fiscal evasion, and for democracy itself."97 It is now expected that the same government

department will lead on the Presidency's approach to finalising the minimum corporate tax rate file, discussed below.

MEDEF also has close links with other parts of the French Government. In the context of this report, it is notable that Clément Beaune's Director of Cabinet since August 2020 was previously MEDEF's Deputy Director of Labour Relations for more than three years (2014-2017).<sup>98</sup> Prior to this she was an advisor to the French Labour Minister. Beaune has had several encounters with MEDEF in 2021, in January on Brexit, and also in September and November.<sup>99</sup>

#### Minimum corporate tax rate

A major priority for a pre-election 'quick' win for the Macron Presidency will be the EU implementation of the recent OECD/G20 deal to introduce a minimum corporate tax rate of 15 per cent on the overseas profits of the world's biggest multinationals.<sup>100</sup> This international deal (also known as 'pillar two') will deliver a boost to the French public finances of up to €4 billion each year,<sup>101</sup> and the government has been keen to take significant credit in securing the deal. However Libération called out the French Government for failing to support a proposal which would have made it far more progressive. A US proposal to increase the rate from 15 to 21 per cent would have raised far more money for public services.<sup>102</sup> Oxfam France criticised France's "lack of active support" for the US proposal,<sup>103</sup> while the final deal has faced

significant criticism from both trade unions<sup>104</sup> and NGOs<sup>105</sup> because it failed to distribute the tax revenues from EU multinationals to countries in the global south where the profits had been earned.

Clearly the OECD pillar two deal is far from perfect from a tax justice perspective. Nonetheless corporate interests look set to try to weaken the EU implementation of the 15 percent tax rate further. We already know that MEDEF has a long wish-list of carveouts and loopholes aimed at protecting corporate profits in the implementation of the OECD's minimum corporate tax rate.<sup>106</sup> MEDEF's EU counterpart BusinessEurope is also active on this file.<sup>107</sup>

Meanwhile the European Commission's proposal to implement the deal in the EU could go further than the OECD by applying the minimum corporate tax rate not just to profits earned overseas, but also to profits earned domestically too. Green MEPs have asked the French economy ministry to publish the effective domestic tax rates of French multinationals,<sup>108</sup> as research indicates that some effectively pay less than 15 per cent.<sup>109</sup>

It's highly likely that we will see French and EU industry lobbying to exclude domestic profits from the scope of the EU rules and include



#### MOUVEMENT DES ENTREPRISES DE FRANCE (MEDEF)

#### TRADE ASSOCIATION

**Declared annual EU lobby costs (2020):** €500,000 – €599,999

Number of EU lobbyists: 6 staff

Meetings with high-level of European Commission since December 2014: 31

Affiliations include: BusinessEurope

Topics of interest: all industrial interests

**Declared annual French lobby costs** (2020): €1,000,000 - €1,250,000

All info accurate as of 30 November 2021 Source: EU lobby register & French lobby register industry-friendly carve-outs, with the risk that the French Presidency will do their bidding.

#### Financial transactions tax

In a similar vein, but on a different file, it seems unlikely that the French Presidency will progress the Financial Transactions Tax (FTT), also known as the Robin Hood Tax: a tiny tax on financial transactions to dis-incentivise financial speculation and to boost tax revenue for public services. France was an early advocate of this tax in the years after the financial crash; it implemented a national version (albeit one which excluded derivatives in its scope) and joined with nine other member states to push for a pan-European version. However, it did not take long for the finance lobby, including the Fédération bancaire française (FBF),<sup>110</sup> Paris Europlace,<sup>111</sup> and Société Générale,112 to undermine these efforts. They found well-placed allies who refused to allow a prospective EU tax to go further than the French version by taxing derivatives. In 2017 Macron made a strong pitch for an EU FTT,<sup>113</sup> but unfortunately that now seems to be a distant memory.

Recently the Portuguese Presidency of the Council tried to move the FTT file forward but was met with opposition from the French Government, among others, and the effort failed. Recent attempts to strengthen the French domestic transactions tax via the budget bill were rebuffed by Macron's own MPs.<sup>114</sup> These recent experiences do not bode well for the French Presidency.

#### Business taxation decision-making at EU level

A recent exposé by *Mediapart*<sup>115</sup> and Der Spiegel has revealed how French Government officials sitting in a secretive EU Council working group have repeatedly defended corporate tax avoidance schemes. These include 'patent boxes', where corporations can exempt profits derived from intellectual property from tax, likened to a "cheque" from the state to corporations by one analyst. This apparently relaxed approach to corporate taxation has been going on for decades, no matter the administration in charge. With important corporate tax files on the agenda of the French Presidency, and a review of the criteria used to screen tax havens and governance also underway, a change of approach is now imperative.

### **3.7 PUBLIC SERVICES AND PRIVATISATION:** PROMOTING PRIVATE ACTORS IN PUBLIC SERVICES

EU files: Review of Concessions directive, Veolia-Suez merger

French corporate interests: Veolia

Other corporate interests: Aquafed

French Government agenda: support the emergence of corporate champions in the services sector

A longside the energy sector, agriculture, finance, and the arms industry, there is yet another economic domain where French economic interests are prominent and where successive French governments have had a damaging impact on EU policy-making: privatisation.

French governments have quietly accepted, if not encouraged, the successive liberalisation of the airline industry, telecommunications, the energy sector, postal service, and railways, based on the notion that it would help former French national operators such as France Télécom (now Orange), EDF, Engie, and SNCF (railways) expand in other European and international markets, which would in turn ease the financial load of running them for French taxpayers. Indeed, these former national companies have become European players, very influential both with their own government and with EU institutions.

Furthermore, France was also the birthplace of its own specific model of privatisation, first invented in the water sector, then expanded to other sectors as well: "délégation de service public" or "delegation of public service". This model, by which a public authority outsources the running of a service to a private operator, has made the fortune of corporate giants such as Suez and Veolia. With the support of successive French governments, they have long sought to export this model elsewhere, although they often met with significant resistance. An important policy instrument in this regard, which French corporations have long sought to bend in their favour, is the EU directive on concession contracts. It currently allows for the exclusion of the water sector from mandatory competition rules, but is being reviewed by the Commission.<sup>116</sup> At the same time, Veolia is currently seeking to acquire its main rival Suez (and then spin-off some of its operations in France) in order to create a 'European champion', with the project of becoming the key provider of 'climate solutions' for local authorities and industries, and thus capture some of the funding dedicated to the Green Deal and to the climate transition in general. At the time of writing, the merger still has to be approved by the European Commission.

Nevertheless, the privatisation push is currently shifting to other sectors, particularly that of health and social care. In spite of prominent scandals regarding their handling of the COVID crisis, private care groups - in charge of private hospitals or private elderly care homes - are on the rise in Europe.<sup>117</sup> Many of them are French (including Korian, Orpéa, and DomusVi), as they take their origin in the same traditional model of privatisation (some of these companies or their executives actually have links to Veolia). The current emphasis on building a 'Europe of health' as envisaged by the French Government, does not involve providing adequate funding for public healthcare systems but encouraging so-called innovation (including e-health or home-based care) and competition, which means it is bound to benefit these new corporate giants.

### **3.8 CORPORATE ACCOUNTABILITY: TEPID SUPPORT** FOR CORPORATE DUE DILIGENCE REFORM

EU files: mandatory corporate due diligence

French corporate interests: Association française des entreprises privées, TotalEnergies, Danone

Other corporate interests: BusinessEurope, CSR Europe

French Government agenda: To avoid strong due diligence obligations on corporations

he European Commission has committed to tabling, under the responsibility of Justice Commissioner Reynders, a directive on "mandatory due diligence" that would require European companies to comply with human rights and environmental standards. In recent years, several laws aiming to make transnational corporations more effectively accountable for their negative social and environmental impacts, particularly for their operations abroad, have been passed or proposed in several EU member states. The idea of an EU directive on the subject was meant to bring more coherence in this area. The Commission proposal has been delayed several times. It was due to be made public in December 2021, but was again postponed to March 2022.



#### ASSOCIATION FRANÇAISE DES ENTREPRISES PRIVÉES (AFEP)

#### **TRADE ASSOCIATION**

Declared annual EU lobby costs (2020): €1,000,000 - €1,249,999

Number of EU lobbyists: 11 staff

Meetings with high-level of European Commission since December 2014: 43

**Affiliations include:** Members include: AXA, Danone, Dassault, TotalEnergies

Topics of interest: all industrial interests

Declared annual French lobby costs (2020): €1,500,000-1,750,000

All info accurate as of 1 December 2021 Source: EU lobby register & French lobby register The common objective of these legislative efforts is to close the legal gaps that exist because of the structure of transnational corporations (legal and financial relationships between parent companies and subsidiaries and between purchasers and subcontractors in particular), which often make it impossible to render a corporation and its executives accountable for environmental harm or human rights violations for which they are effectively and morally - if not legally - responsible. In other words, their objective is to transform/replace existing voluntary corporate social responsibility (CSR) initiatives such as codes of conduct into harder law. Within this framework, however, there can be a vast difference between, on the one hand, creating a genuine legal avenue for people whose rights have been violated by corporations and facilitating their access to justice, or, on the other hand, just making sure that all companies operating in the EU have a standardised CSR policy in place, without getting into the detail of how those policies are actually implemented. Big business is divided between favouring the latter, weaker version of such a legislation, or advocating for no legislation at all.

France was actually something of a pioneer in this domain, with the 'duty of vigilance' law, passed in 2017. The legislative proposal was tabled by civil society organisations and a small group of MPs and was strongly opposed for many years with fierce resistance from business lobby groups, particularly AFEP. Macron, as Minister for the Economy, opposed the legislation, and it was only when he left the ministry to run for President that the legislation was passed albeit in a watered-down version.<sup>118</sup>

This law is still regularly challenged or criticised by business lobby groups in France, which would like to see it abolished. Recently, TotalEnergies (the subject of two lawsuits under the regulation) tried unsuccessfully, through friendly MPs, to have the responsibility of enforcing the law switched to business tribunals rather than normal courts.<sup>119</sup> The same players have also shifted their efforts to the European level to advocate for the future EU directive to be as weak as possible.

The June 2020 report 'Off the hook? How business lobbies against liability for human rights and environmental abuses', offers an overview of the lobbying offensive of big business around the proposed directive.<sup>120</sup> It shows that both TotalEnergies and AFEP-as well as other French corporations such as Danone - advocated against strong legislation at European level, preferring a very narrow version of accountability that would exclude most of the corporation's supply chain as well as any form of liability for climate impacts. If they and other business interests had their way, future EU legislation on the subject could actually be used to protect oil and gas companies such as TotalEnergies or Shell against climate prosecutions.

The French Government has always been tepid at best about promoting the duty of vigilance law, presenting it as too extreme even though it was considerably watered down. The file is now un-

THE FRENCH GOVERNMENT HAS ALWAYS BEEN TEPID AT BEST ABOUT PROMOTING THE DUTY OF VIGILANCE LAW der the shared responsibility of Justice Commissioner Reynders and of Thierry Breton, whose close relationships with big business are documented elsewhere in this report. The French Minister in charge of the file, Olivia Grégoire, has co-signed op-eds with Veolia chief executive Antoine Frérot to advocate for "responsible capitalism" and the notion that mandating common metrics for CSR performance is a matter of "sovereignty".<sup>121</sup>

### **3.9 PLATFORM WORKERS: WILL FRANCE GET BEHIND EMPLOYMENT RIGHTS FOR PLATFORM WORKERS?**

EU files: directive on status of platform workers

French corporate interests: Association des Plateformes d'Indépendants, August & Debouzy, Stuart

Other corporate interests: Uber, Deliveroo

French Government agenda: Unknown but concern that it will support internet platforms, over platform workers

The French Presidency will coordinate member states' position on a new directive on the status of platform workers. They are the workers for example delivering food for Deliveroo, driving passengers for Uber, etc. This law is of utmost importance as it could either entrench a new precarious and weak status for platform workers or give them the possibility to obtain decent working conditions and labour rights.

The European Parliament, led by French MEP Sylvie Brunet from Macron's party on this file, has initiated a legislative process to improve the working conditions in the platform economy. The Parliament has approved a report on this initiative in September 2021 and the Commission has issued a draft proposal in December 2021.<sup>124</sup>

The position of the French Government on this file at the EU level is not yet known. However, platform companies such as Uber and Bolt would like the French model to be applied at the EU level.<sup>125</sup> France has chosen to create a 'social dialogue' between platforms and the people who work for them on a self-employed basis instead of transforming their working conditions by requiring the platforms to formally employ them. Platform workers' collectives have asked the French government to stop "playing the game of the platforms".<sup>126</sup> This idea of 'social dialogue' between self-employed workers and their platform employers was first mentioned two years ago by the corporate-funded think tank Institut Montaigne.<sup>127</sup> On the board of the think tank sits Emmanuelle Barbara, a Senior Partner at August & Debouzy, a law firm particularly active on the EU directive on platform workers.<sup>128</sup>

On 16 September 2021 Barbara spoke in an event on the status of independent workers organised by the corporate group 'Association des Plateformes d'Indépendants (API)', the Association of Platforms of Independents, whose members include Deliveroo, Uber, and Stuart (subsidiary of the French postal company La Poste).<sup>129</sup> Other speakers included Sylvie Brunet, Clément Beaune, the French Secretary of State for European affairs, <sup>130</sup> the president of UNION, the union of independents, Stéphane Chevet (who also works for La Poste and shared an electoral list in 2015 with the current Minister Delegate in charge of Citizenship)<sup>131</sup> as well as representatives of Deliveroo and Uber.132

API and August & Debouzy seem to be powerful voices to ensure that the French Government will use its Presidency role in the Council in the interests of platform giants and not platform workers. Hervé Novelli, for instance, the President of API is the former French Secretary of State for SMEs and the founder whilst in office in 2008 of the labour category 'self-employed' (used by a lot of platform workers, a form of freelance work with few social rights). On 25 October 2021 he received the French Legion of Honour, a high-level government distinction, from the hands of Thierry Breton.<sup>133</sup> August & Debouzy can also count on a powerful influencer in their ranks: Pierre Sellal. Twice Ambassador of France to the EU (between 2002 - 2009, and between 2014 - 2017), he has been called "the most knowledgeable man in France on the details of European reality" (for further detail see the section on revolving doors at the French Representation, in Part 5).



Sylvie Brunet is the MEP in charge of the report on fair working conditions, rights, and social protection for platform workers. Her role as a Rapporteur is to hear the different opinions on this issue. However, out of 21 meetings on the issue in 2021, 10 were with platform companies and their trade associations, and only 2 were with trade unions.<sup>122</sup>

During her hearing in the French National Assembly on the upcoming French Presidency, she mentioned her work on a different file, that of adequate minimum salaries in Europe. She said: "I follow this file with companies, notably BusinessEurope", the EU's biggest business lobby, without referring to trade unions.<sup>123</sup> This lack of balance in the consultations of one of Macron's own MEPs raises questions over the outcome of the French Presidency for platform workers.

# **BOX 4. INDUSTRY ALLIANCES AND IPCEIs: A WORRYING TREND TOWARDS EVER GREATER PUBLIC-PRIVATE COLLUSION**

n recent years, the EU has had an increased focus on a number of industrial sectors deemed 'strategic'. Building on long-established patterns of corporate involvement in policy-making and of uncritical support for the 'innovations' put forward by industry, the Commission has sought to boost European-level cooperation in these sectors and created new avenues for public funding of corporate projects.

The approach typically rests on two pillars (although they are not both present for all sectors). The first is setting up an 'industry alliance', usually funded by the Commission and facilitated by Commission staff, that brings together European businesses involved in a certain sector, research organisations, and sometimes a few non-governmental organisations. These alliances are invited to define the roadmaps and priorities of their own industries - in other words define where the funding should go. The second is the policy instrument known as 'Important Projects of Common European Interest', or IPCEI, which take different forms in different sectors, but basically involves more public funding from national or European sources for industrial research and development and "first industrial deployment" (the stage between development and mass production) and a loosening of competition and state aid rules in the name of facilitating the rise of European 'champions' in those sectors.

The so-called 'strategic' sectors include: batteries (already with two multi-billion euro IPCEIs, and an industry alliance launched in 2017), microelectronics (first IPCEI in 2018), and semiconductors (with an alliance established in July 2021 and a new IPCEI underway), hydrogen (with the European Clean Hydrogen Alliance launched in 2020 and a number of projects considered as IPCEIs), data and cloud (alliance launched in July 2021), plastics, strategic materials, zero emission aviation, and space launchers. France is pushing for the creation of a new IPCEI for health as part of the EU's response to the COVID crisis.<sup>142</sup>

The principle of IPCEIs was established by the Juncker Commission. An industry-dominated 'Strategic Forum for Important Projects of Common European Interest' was set up in 2018 to identify key strategic value chains that should become the objects of industry alliances and IPCEIs. Its membership included national business groups (including France Industrie) as well as EU-based sector associations such as Cefic (chemical industry), and Hydrogen Europe. A recent report by Friends of the Earth Europe finds that the membership of this Forum is a "far cry from the Commission expert group rules introduced in 2016, which require the Commission to strive for a 'balanced composition' of interests."<sup>143</sup> In response to a request from French MEP Damien Carême, who pointed out the lack of transparency of these policy initiatives, the Commission replied that industry alliances were a way to respond in fields where there was an "urgency to act".

The fact that these industries are considered 'strategic' (for various reasons: sometimes because of the climate urgency, but also because of excessive reliance on foreign supply chains) is used as an excuse to put industry, yet again, in the driving seat and define what 'solutions' are worth pursuing and funding. Inevitably, industry will prioritise the technologies that best fit its own interests, crowd out other players and other solutions, and therefore become even more protected from criticism, because criticising them would mean undermining Europe's 'sovereignty'. Hydrogen is a good example of the kind of false solution promoted by industry that receives massive public subsidies (see section 3.1). Even for batteries, the kind of projects promoted through industry alliances and IPCEIs are large-scale projects that

# HYDROGEN IS A GOOD EXAMPLE OF THE KIND OF FALSE SOLUTION PROMOTED BY INDUSTRY THAT RECEIVES MASSIVE PUBLIC SUBSIDIES

are not coherent with a shift towards decentralised energy systems based on renewables, or are premised on a massive roll-out of individual electric cars rather than reducing the need for them.

#### France's role

The French Government has generally been very supportive of creating industrial alliances and participates in most IPCEIs.<sup>144</sup> In March 2021 in a press conference with Thierry Breton and his German counterpart Peter Altmaier, French Minister for the Economy Bruno Le Maire praised the new Alliance on Batteries in those terms: "It has, in my eyes, a special importance; it is at the intersection of our technological challenges, our investment challenges and our political independence challenges."<sup>145</sup> A large part of the 'France 2030' investment plan announced in October 2021 by Emmanuel Macron is supposed to be financed through IPCEIs and public funding. Indeed, this paradigm fits well with many aspects of French economic and political traditions: its culture of close collaboration between government and industry, its cult of 'corporate champions', its focus on technology as the sole solution to all problems, and its reluctance to integrate environmental and citizen concerns.

It is also a high priority of French business lobby groups, as evidenced by the meetings between Thierry Breton and MEDEF (June 2021),<sup>146</sup> with CCI France (April 2021),<sup>147</sup> and Engie (October 2020).<sup>148</sup> France Industrie, which was a member of the Strategic Forum for Important Projects of Common European Interest, is a particularly active supporter.<sup>149</sup> French corporations are actively involved in virtually all IPCEIs.



#### **FRANCE INDUSTRIE**

#### **BUSINESS ASSOCIATION**

**Declared annual EU lobby costs (2020):** €100,000 - €199,999

Number of EU lobbyists: 3 staff

Meetings with high-level of European Commission since December 2014: 47

**Affiliations include:** Cercle des Délégués Permanents Français.

Members include: EDF, Total, Thales

Topics of interest: all industrial interests

**Declared annual French lobby costs** (2020): €200,000 - €300,000

All info accurate as of 1 December 2021 Source: EU lobby register: & French lobby register

# **4. TRANSPARENCY AND ACCOUNTABILITY OF THE PRESIDENCY AND THE COUNCIL**

he Council is arguably the EU's most powerful institution; its legislative and policy-making role means that it has a real impact on the day-to-day lives of EU citizens. Yet the absence of genuine transparency and accountability of member states' ministers and officials who participate in Council deliberations has long been a cloud hanging over its work. Despite recent EU reforms, in the vast majority of member states - including France - it is still not possible for parliamentarians let alone journalists, civil society organisations, and citizens to know the positions that individual member state governments argue for inside the Council on emerging legislation, or which lobbyists are seeking to influence this decision-making.

When decision-making occurs behind closed doors, and when accountability mechanisms are weak, there is a major risk that well-resourced corporate lobbies will take advantage, and that policy-makers will let them. The Council, and the member state governments who are part of it, have fallen into this trap and are increasingly seen as providing a channel for corporate interests.<sup>150</sup> The member state holding the Presidency of the Council has a clear responsibility to tackle this deep-seated problem.

#### Weak legislative transparency

A lack of proactive transparency characterises almost all areas of the Council's legislative work.

The Council's 150+ working parties and groups (which perform in-depth scrutiny of legislative proposals) do not systematically keep minutes or other records of their discussions, which prevents outsiders from understanding which country's government is advocating which position, and to hold them to account.<sup>151</sup> This can also give rise to 'Brussels' being the catch-all scapegoat for unpopular European policies, further diverting accountability and scrutiny from how member state governments act, including in the Council.

Meanwhile Council of Ministers' meetings are live-streamed, but many detailed negotiations between member states happen off-camera so there is next-tono public understanding of the quid pro quo deals between states trading-off different interests and different topics. These deals are part of how the Council operates, and contribute to EU member states' lack of appetite for transparency. In addition, there is also a lack of trans-

ty,<sup>154</sup> and the media have increasingly criticised this opaque approach and demanded reform. Some of the strongest criticism has come from national parliamentarians across Europe who have highlighted how the lack of transparency at the EU level prevents them from holding their own ministers and officials to account, and are demanding urgent reform.<sup>155</sup> In a compelling 2017 report, the MPs argued that "the EU currently does not live up to [the] democratic standard and that the Council, in particular, regularly violates EU transparency regulations". A reform process to make the Council more transparent has been championed by the governments of the Netherlands, Denmark, and eight other, mostly smaller EU member states.<sup>156</sup> But even this unambitious agenda failed to gain the support of a majority of member states, including France.

# WHEN DECISION-MAKING OCCURS BEHIND CLOSED DOORS, AND ACCOUNTABILITY MECHANISMS ARE WEAK, THERE IS A MAJOR RISK THAT CORPORATE LOBBIES WILL TAKE ADVANTAGE

parency at the trilogue level (when the Commission, Parliament, and Council negotiate together to agree a final text of the proposal) preventing non-insiders from understanding how these deliberations are progressing.

In recent years the European Ombudsman,<sup>152</sup> MEPs,<sup>153</sup> civil socie-

#### Weak lobby transparency

Compounding the Council's weak legislative transparency, is its muted approach to lobby transparency.

The Council recently joined the EU lobby Transparency Register, but has done so on a very limited basis. The Council's Secretariat has a set of rules to follow when meeting lobbyists, although these officials are not significant lobby targets. By contrast, member state officials in the permanent representations and national ministries are heavily lobbied, but are largely outside the scope of EU lobby rules. For instance, the Permanent Representative and Deputy of the member states holding (or about to hold) the rotating presidency have agreed to only meet with registered lobbyists.<sup>157</sup> But the rules do not formally apply to lower-level officials, nor to non-presidency member states (see part 5 for a detailed examination of these flaws in relation to the upcoming French Presidency.)

This means that lobby transparency among member states on EU issues is very much a voluntary matter, dependent on national lobby transparency rules – where they exist. Some member states such as Ireland and Italy have voluntarily opted to proactively publish a list of the lobby meetings of their respective representatives and deputies. This is a positive but limited measure. The Netherlands is perhaps unique in maintaining a full list of lobby meetings held by all Permanent Representation officials, not just the leaders. In the 2 years to July 2020, business Europe Observatory, that all lobbyists should be declaring all lobby expenditure on EU decision-making, including that spent influencing ministers and officials in national capitals. Frustratingly, the Secretariat has not used the opportunity of the recent revision of the EU register to properly ensure that lobbyists fulfil this requirement; it is highly unlikely that this rule is properly applied by registrants.<sup>159</sup>

# Corporate influence and privileged access

There is a democratic deficit in how member states relate to the EU. While citizens are largely excluded from decision-making on EU matters, corporate interests are often successful in ensuring that EU rules serve them, as Corporate Europe Observatory has mapped in its report 'Captured states' and subsequent publications.<sup>160</sup>

Corporate lobbyists, whether directly representing companies, or their pan-European trade associations, have many tools at their disposal to promote their positions to Council ministers and officials. Aside from familiar activities such as lobby meetings, letters, and position papers, lobbyists may also commission research – sometimes

# THOSE PROMOTING PUBLIC INTERESTS - NGOS AND TRADE UNIONS - CANNOT MATCH THE ACCESS AND INFLUENCE ENJOYED BY THE CORPORATE SECTOR

lobbyists had over 570 meetings with the Dutch Permanent Representation which was nearly 4 times as many as NGOs.<sup>158</sup> Imagine these numbers replicated within the other 26 representations and the picture starts to emerge of just how much lobbying goes on to influence member state positions in the Council, most of it under the radar of public awareness.

The EU lobby Transparency Register's Secretariat recently confirmed, in response to a complaint from Corporate from industry-friendly think-tanks – to back industry lobby positions; hold high profile events (or conversely private, invitation-only events with key decision-makers); employ lobby firms to design influencing strategies; join EU advisory bodies; or reframe policy debates in order to make the case for industry lobby demands.

In some cases, national corporate interests somehow become conflated with the national public interest, and are seen as one and the same thing. This can be

reinforced by a revolving door of staff who move smoothly between the public and private sector; a shared culture reinforced by personal friendships; corporate funding of political parties; government dependency on the 'expertise' of industry; and a historical legacy of state ownership. Notorious examples include the car industry and the German Government, or the City of London lobby and the UK Government. Macron's support for French industrial 'champions' fits this pattern. In these scenarios, those promoting public interests - NGOs and trade unions - cannot match the access and influence enjoyed by the corporate sector.

However this corporate influence manifests itself, the results deliver for corporate agendas, blocking, delaying, or weakening legislation; agreeing favourable subsidies or other benefits; or opening up new markets.

# The French Government as an obstacle to transparency and accountability

The French Government has repeatedly placed itself on the wrong side of the debate on Council transparency and accountability.

In 2017 Macron asserted that "the essence of the European project is democracy". He also said: "we must stop being afraid of the people. In terms of our approach, we must simply stop building our Europe in isolation from them".<sup>161</sup> And yet his administration has failed to deliver on this.

As discussed above, in 2019 the French Government refused to join an initiative by ten other member states which put forward proposals to improve the "current disconnection between the EU's transparency policy and citizens' expectations".<sup>162</sup> The Macron Government was also among the most reluctant of member states to publish more documentation on both Council deliberations on legislative proposals, and on the trilogue process which is when the Council prepares to finalise new EU laws with other institutions.<sup>163</sup> As detailed below, the French Government's support for corporate sponsorship of rotating presidencies has also helped ensure a set of weak guidelines on this matter.<sup>164</sup>

The French Government's retrograde approach in Brussels is mirrored in Paris. French decision-making in Brussels – for instance the positions it will take in the EU Council – is decided by the government and the Élysée, without Netherlands.<sup>169</sup> And unlike their counterparts in Germany,<sup>170</sup> French MPs are not given automatic access to key documents, making it very hard to hold the French Government accountable for its EU decision-making.

In the upcoming elections Macron will get attacked from the far right about a 'remote' and unaccountable EU. The strongest bulwark against the far right is

# IT IS VERY PROBLEMATIC THAT FRENCH MPS ARE NOT CONSISTENTLY INFORMED ABOUT THE POSITIONS OF THEIR GOVERNMENT ON UPCOMING EU LEGISLATION

proper transparency and accountability mechanisms. Sometimes French representatives vote differently from how they were officially instructed, as part of wider compromises in the Council.<sup>165</sup> It is very problematic that French MPs are not consistently informed about the positions of their Government and Representation on upcoming EU legislation, and have no binding power to influence them.<sup>166</sup> This contrasts unfavourably with MPs in Denmark,<sup>167</sup> Sweden,<sup>168</sup> Finland, and the real democratic scrutiny and accountability to the people. Yet Macron's vision for 'sovereignty' which, when it comes to issues of transparency and accountability, seems to boil down to keeping EU Council matters as secret as possible to preserve his government's room for manoeuvre in negotiations, is deeply problematic. Despite his lofty words about democracy, citizens, journalists, and parliamentarians are almost entirely excluded from knowing about, let alone influencing French Government positions on EU matters. The French Presidency looks unlikely to reverse this.

#### Rotating Presidency as a lobby magnet

Too often in the past, the rotating Council presidency has been both a target for, and a partner of, corporate lobbies. As the government which sets the agenda of the Council for six months, with a key opportunity to turbo-charge its own EU political priorities, its ministers and senior officials are often sought out by corporate lobbies in similar ways to those mapped out here and in our previous report 'Under the influence', such as private lobby meetings and events.<sup>171</sup> Just one example is a December 2021 event which uses the hook of the French Presidency to promote business greenwash on biodiversity to the French Minister.<sup>172</sup>

A key prize for industry is when the presidency adopts an agenda which spearheads its own interests. For example the 2018 Austrian Presidency promoted a hydrogen initiative,<sup>173</sup> while the Dutch Presidency helped secure the interests of the defence industry in the EU's military spending programme.<sup>174</sup> In this regard, the French Government is following a familiar, but contemptible, path.

# **BOX 5. DRIVING FOR INFLUENCE? CORPORATE SPONSORSHIP OF COUNCIL PRESIDENCIES**

orporate sponsorship has become a stain on the EU Council presidency. Whether it's in the form of cash donations, or goods and services as freebies, almost all recent presidencies have taken sponsorship. The 2019 Romanian Presidency was sponsored by Coca Cola, as well as fossil fuel companies Enel and OMV.<sup>175</sup> The 2020 Croatian Presidency signed 16 separate sponsorship deals, including with Renault, Citroën, and the fossil fuel company INA.<sup>176</sup> In return sponsors get their logos plastered on official presidency websites, and / or their products and services promoted to important decision-makers and officials.

MEPs,<sup>177</sup> the European Ombudsman,<sup>178</sup> and civil society<sup>179</sup> have all raised concerns about these private deals, which provoke serious questions of conflicts of interest. It is remarkable that such sponsorship continues, and even more remarkable that, when given a chance to do the right thing and ban all sponsorship agreements, almost all governments have instead decided to stubbornly continue with it. Earlier this year member states in the EU Council debated a set of guidelines on this topic instead of cash donations. But sponsorship, of whatever kind, involves corporate gifts and is totally inappropriate.

After all, the EU car industry has been mired in scandal and is notorious for its ongoing lobbying to minimise pollution reduction targets and regulations. Dieselgate revealed how the EU industry had been installing software in vehicles designed to cheat emission tests, with French carmakers Citroën, Peugeot, and Renault among those now facing legal action.<sup>183</sup> While such companies are surely keen to maximise their influence and boost their reputations, they are surely a dubious 'partner' for any presidency.

Overall the EU car industry spends millions of euros a year in influencing decision-makers in Brussels and in member state capitals, and there are several hot topics on their lobbyists' agenda. The EU's COVID recovery plan is likely to to support a major expansion of electric vehicle production and charging infrastructure (at the expense of measures to reduce the need for individual vehicles, for instance),<sup>184</sup> whilst new vehicle pollution targets are on the agenda in Brussels.<sup>185</sup> It is not difficult to imagine how the 'loan' of a fleet of electric cars to a Council presidency would be a very useful element in a much wider strategy by the car industry to influence EU policy-making.

The French Government has even appeared to toy with the idea of taking sponsorship from EDF, the nuclear and fossil fuel energy company, to offset its Presidency's carbon emissions. In late November 2021 it was reported that this would

but some, including the French Government,<sup>180</sup> were strongly opposed to a full ban and instead voted through weak guidelines which keep decisions about whether to take sponsorship as purely a national decision.<sup>181</sup>

# TENS OF THOUSANDS OF CITIZENS HAVE WRITTEN TO PRESIDENT MACRON AND MINISTER BEAUNE TO OPPOSE ANY FRENCH PRESIDENCY SPONSORSHIP DEALS

no longer be the case, although the reason for the change of mind has yet to be made public.<sup>186</sup>

Opposition to corporate sponsorship is mounting, not least from President Macron's own MEPs. In May 2021 *Politico* reported that the Renaissance dele-

Despite tens of thou-

sands of citizens writing to President Macron and Minister Beaune to oppose any French Presidency sponsorship deals, there are very worrying signs that it will take sponsorship from corporate interests.<sup>182</sup> Sponsors seem likely to include Renault and Stellantis (which owns Peugeot and Citroën) to provide electric or hybrid vehicles for the presidency.

The French Government argues that this is not technically 'sponsorship' because these companies provide goods gation in the European Parliament, part of the liberal Renew group, had warned the French Presidency to be "attentive to the public's perception" and that it "should not resort" to corporate sponsorship.<sup>187</sup>

It remains to be seen whether the French Presidency will heed this advice and have a last-minute change of heart. If it does, it will follow in the footsteps of the German Government which rejected all sponsorship when it took the helm of the Council in the second half of 2020.

# **5. FRENCH DECISION-MAKERS ON EU MATTERS AND THE PREPARATION OF THE PRESIDENCY**

# **5.1 THE FRENCH REPRESENTATION IN BRUSSELS**

Each EU member state has a permanent representation in Brussels, an office of national government officials. The permanent representations are the primary link between member state governments and the EU institutions. Staff in the French Permanent Representation in Brussels are the voice of France in EU institutions and they are the ears of the French Government, gathering information and intelligence on EU policies.

For the French Presidency of the EU, 75 staff members have been recruited from inside and outside the government. During its Presidency, 275 people will be working in this French embassy to the EU.<sup>188</sup>

In terms of transparency, the French Permanent Representation never answered an April 2021 request for documents (summaries of internal and external meetings, reports and memos) related to the preparation of the French Presidency of the EU.<sup>189</sup>

In Permanent Representations, there is a lively revolving door in operation which sees officials moving to the private sector or vice versa, taking their know-how and contact books with them. Because the permanent representations remain part of their national governments, rather than being an EU institution in their own right, they are not subject to EU rules regarding revolving doors and conflicts of interest.

The French Permanent Representation is not immune from this revolving door phenomenon. There are limited rules regarding conflicts of interest or cooling-off periods applicable to French public service as a whole and to the Representation to the EU in particular, despite the fact that revolving doors pose risks of conflicts of interest which in turn can undermine public trust and democratic, public-interest decision-making. These rules are mostly applicable to higher hierarchical (GDSs) and travel distributors such as Booking.com, expedia, Tripadvisor,<sup>192</sup> etc. EU Travel Tech has had nine meetings with Commissioners and/or their cabinet members.<sup>193</sup>

• The Head of the Brussels office of Orange, the French telecommunications giant, since 2020 was an advisor in

# THE FRENCH PERMANENT REPRESENTATION NEVER ANSWERED A REQUEST FOR DOCUMENTS RELATED TO THE PREPARATION OF THE FRENCH PRESIDENCY

echelons. High, medium, and low level officials regularly jump from a job for a private French company to a position in the French Permanent Representation and vice versa, as exemplified by the examples below.

#### Revolving doors

Several examples of revolving doors at the French Representation have been highlighted above, in the thematic sections in Part 3, particularly in the Climate (section 3.1) and Finance (section 3.5) sectors. Below are a few additional examples.

In the energy sector:

 A current advisor on nuclear energy previously worked for Deloitte.<sup>190</sup>

In the digital and communications sector:

 A former advisor on industrial issues in the French Permanent Representation is now the secretary general of EU Travel Tech.<sup>191</sup> It represents the interests of global distribution systems the French Permanent Representation in Brussels between 2012 and 2020.<sup>194</sup> He worked there on EU policies related to digital and postal services. In 2020, he had two lobby meetings with MEP Andrus Ansip (Renew) as well as several meetings with French MEPs.<sup>195</sup>

Covering all sectors:

- The new Deputy Advisor on relations with the Parliament in the French Permanent Representation left the Institut Montaigne in August 2021.<sup>196</sup> She was their research assistant on European affairs. The Institut is a prominent corporate-funded think tank in France.
- The new Sports Adviser in the Permanent Representation was working on European affairs for MEDEF, the biggest business lobby in France, from August 2019 to November 2021.<sup>197</sup>
- Pierre Sellal, the former Ambassador of France to the EU, between 2002 and 2009 and between 2014 and 2017, "the

most knowledgeable man in France on the details of European reality", <sup>198</sup> sits on the board of French companies Areva (nuclear energy) and EDF. The year after he left office, Pierre Sellal went on to work as a Senior Advisor for August Debouzy, a leading law firm whose clients remain unknown (see above sections on Nuclear and Platform workers in Part 3). Since January 2021, he is the President of the Siècle, an elite network of key politicians, journalists, and corporate leaders in France.<sup>199</sup>

#### Preparation for the French Presidency

The French Permanent Representation has been helping French industry to prepare for the Presidency by co-organising events with French big business. For instance on 6 July 2021, the French Permanent Representation to the EU organised an event 'EU Forum 2022

# ALL YEAR ROUND, THE FRENCH PERMANENT REPRESENTATION SUPPORTS AND PROMOTES THE LOBBYING EFFORTS OF FRANCE'S BIGGEST LOBBY GROUP MEDEF

Working together to help the success of the French Presidency to the EU',<sup>200</sup> together with two lobby groups: France Industrie (one of the three main French big business associations), and TECH IN France/Syntec Numérique (the French digital business lobby, now renamed Numeum). The press contact for this event was Bertrand Deprez, the Head of Schneider Electric's office in Brussels. even though the corporation was not officially listed as a sponsor.<sup>201</sup> Speakers included a representative of MEDEF.<sup>202</sup> the most powerful French business group and a representative from the EU Commission's DG Competition.

All year round, the French Permanent Representation supports and promotes the lobbying efforts of France's biggest lobby group MEDEF. One of the mandates of the department of companies and cooperation of the Permanent Representation is to "support activities (conferences on European issues) of the cercle des délégués permanents français pour les affaires européennes (CDPF) (The circle of French permanent delegates for European affairs)"203 and those of other business associations such as the EU section of the 'Conseillers du Commerce Extérieur de la France' (Advisers of France's external trade). According to the EU Transparency

### REVOLVING DOORS AT THE FRENCH REPRESENTATION IN BRUSSELS



Register, the delegate administrator of the CDPF is Marie-Christine Vaccarezza,<sup>204</sup> Permanent Representative of MEDEF to the EU.<sup>205</sup> Alain Bentejac, the President of the Committee on external trade of the MEDEF is also the President of the national committee of 'Advisers of France's external trade'.<sup>206</sup> Indirectly, the French Permanent Representation is thus supporting the French big business lobby association's influencing activities towards EU institutions.

After some initial procrastination, and in accordance with EU rules, the French Permanent Representative has been publishing a list of his lobby meetings, and that of his Deputy, since 1 July 2021, six months before the Presidency starts. They also agreed to only meet lobbyists who are members of the EU's lobby Transparency Register. The topics discussed in these meetings are not disclosed, nor are the minutes, in contrast to standard practice within the EU Commission. This disclosure shows a strong bias in favour of industry. Out of 13 meetings disclosed by the French Permanent representative, 10 were with industry and only one with civil society. Of the 27 meetings disclosed by his deputy, 21 were with industry and only one with civil society.

#### **5.2 THE FRENCH GOVERNMENT**

# • The Élysée and the preparation of the Presidency

The Élysee is very involved in the preparations of the French Presidency. One notable illustration is the presence of Macron on 28 October 2021 in a meeting between ministers on the French Presidency of the EU. Those meetings are happening almost weekly but it is unusual for the President to attend them.<sup>207</sup> This is explained by Macron's extensive grip on power but also by the upcoming presidential elections which mean any European issue during the EU Council Presidency could become a hot topic in the French election campaign.<sup>208</sup>

The Élysée has also been very busy helping big business, especially the tech

lobby, to prepare for its presidency of the Council of the European Union. Scale-Up Europe is a Macron-initiated group of 150+ European leading tech founders, investors, researchers, corporate chief executives (from for example Airbus, Sodexo, Accor, BMW, SAP, BASF, BNP Paribas, and Air Liquide), and government officials,<sup>209</sup> which was invited to present its recommendations on how to create European tech giants, including tax credits and a special status for tech workers, during an event on 15 June 2021 at the Elysée Palace, in front of a panel of EU leaders.<sup>210</sup>

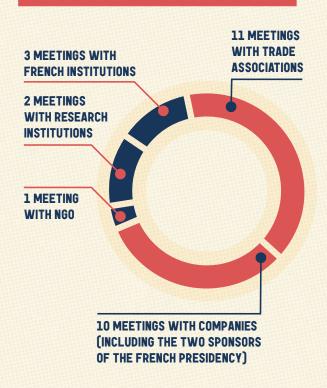
#### **French Ministers**

One of the leading figures on the preparations for the French Presidency is the Secretary of State for European Affairs, Clément Beaune. He worked on European affairs for Macron as Economy Minister between 2015 and 2016. After Macron, he is the key public figure in France leading the debate on the French Presidency. He has appeared in several

#### MEETINGS OF THE PERMANENT REPRESENTATIVE OF FRANCE TO THE EU\*



#### MEETINGS OF THE DEPUTY PERMANENT REPRESENTATIVE OF FRANCE TO THE EU\*



public events in Brussels and Paris (including some organised by lobbying firms such as FIPRA), has appeared before the French National Assembly on the French Presidency and has already organised several meetings with his counterparts in other member states on issues related to the French Presidency.<sup>211</sup>

In the lead up to the Presidency, he has met with several big businesses and lobby organisations. For instance, days before an EU meeting of the Ministers

### **BOX 6. THINK TANKS**

In preparation for France's Presidency of the EU, Clément Beaune invited a number of think tanks to contribute ideas. Those contributions were not made public. Clément Beaune had a meeting with the think tanks in April 2021, and another in September. According to *Politico*, some of the same think tanks were invited for the latter meeting behind closed doors at the Elysée Palace to discuss the French Presidency of the EU as well as the topic of 'sovereignty'. And Macron attended the 25th anniversary of the Institut Jacques Delors in December 2021.<sup>235</sup>

Think tanks may appear as neutral and objective contributors, but many of them are closely connected to the corporate sector and can sometimes be considered as convenient lobbying vehicles for corporate interests.<sup>236</sup> The think tanks which contributed inputs to the French Presidency include well-known Brussels stalwarts such as Confrontations Europe, Institut Jacques Delors, Fondation Robert Schuman, and the European Council on Foreign Relations, as well as French think tanks such as Institut Montaigne, Institut français des relations internationales, Terra Nova, IDDRI, and Fondapol, as well as new players such as Renaissance numérique, a think tank in the digital sector. They all have one thing in common: their close connections to major French corporations.237

of European Affairs, on 21 September 2021, Clément Beaune met with Geoffroy Roux de Bézieux, President of MEDEF. Two weeks previously, he met with Pierre Gattaz, president of BusinessEurope and formerly of MEDEF. In October 2021, he also had meetings with the chief executives of EDF, Alstom, and Facebook France.<sup>212</sup>

Meetings between key officials in charge of preparing the French Presidency and lobbyists are not disclosed, although this was the case for some other Presidencies in the

The corporate funders of Confrontations Europe, for instance, include banks such as BNP Paribas, construction firm Bouygues, telecom giant Orange, and car-maker Renault.238 Its President is a former executive of Enedis, a subsidiary of the national energy company EDF, while one of the vice-presidents is BNP Paribas' chief Europe lobbyist.239 The former Director of the think tank came from rival banking group Société Générale. As an example of its activities with regard to the French Presidency, in June 2021 Confrontations Europe published a policy paper on the need to build a 'Europe of health', co-signed by an executive of the French pharmaceutical firm Sanofi, a professor, an MEP, and a partner from an e-health start-up.<sup>240</sup> In October 2021 it also published an interview on YouTube with Clément Beaune on the objectives of the French Presidency.<sup>241</sup> The same month, Beaune also spoke at Confrontations Europe's event on 'Social Europe and the environmental transition'.242

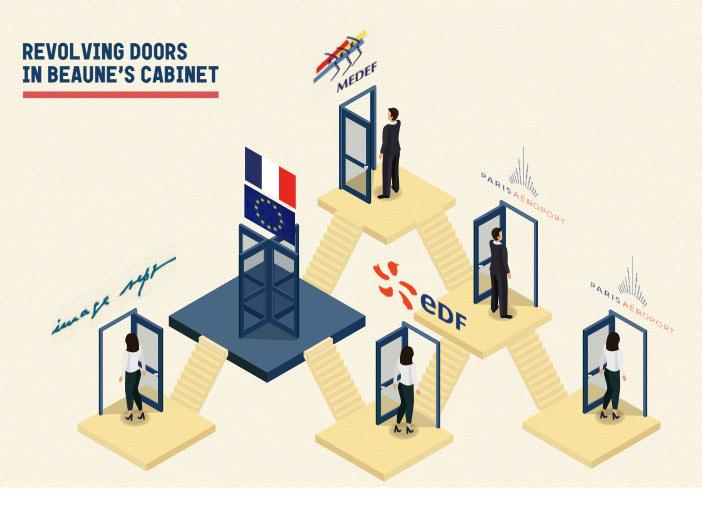
Meanwhile, Fondapol is a conservative think tank presided over by an executive from the luxury group LVMH, with a board made up of key players in France's highest business circles.<sup>243</sup> Its recommendations for the French Presidency of the EU are very aligned with Macron's priorities, such as public support for key industrial sectors, promoting European digital platforms, and re-localising supply chains in the near vicinity of Europe (such as in North Africa).<sup>244</sup>

past.<sup>213</sup> Our requests for more transparency in this regard have not been answered. Although top advisers in Clément Beaune's team have denied they were meeting more industry and business representatives than civil society representatives, there is no way to verify that (as there is in the case of the French Representation in Brussels, see above). French environmental NGOs report having had to wait more than two months to see a request for a meeting on the preparation of the French Presidency finally accepted, and this was a meeting with all of them at once.<sup>214</sup> It seems unlike-Iv that the same treatment is applied to industrialists.

#### Revolving doors

There are also numerous examples of revolving doors in the team of the French Secretary of State for European Affairs Clément Beaune:

- Beaune's Chief of Cabinet worked for Paris Airports (ADP) for eight months in 2020 as Chief of Staff to the Deputy Chief Executive Officer, and in 2016-2017, he was an executive at the Brunswick Group.<sup>215</sup>
- Beaune's press and communications advisor was a lobbying and public relations consultant with Image Sept for over five years up until 2021.<sup>216</sup> Image Sept is a leading communications and lobbying firm in France working for big businesses such as Accor, Goldman Sachs, EDF, individuals such as former Renault boss Carlos Ghosn, and the governments of Niger and Ivory Coast<sup>217</sup>.
- Beaune's Director of Cabinet since August 2020 was previously Deputy Director of Labour Relations for MEDEF, the biggest business lobby in France, for more than three years before advising the French Labour Minister in 2017.<sup>218</sup>
- A former Chief of Staff of the Minister for European Affairs and Adviser to the Minister of Foreign Affairs is now the Senior Vice President on EU Affairs for EDF.<sup>219</sup>
- Clément Beaune himself was Deputy Chief Executive of Paris Airports (ADP) Management 2016-2017.<sup>220</sup>



Finally, there are also examples of revolving doors in other parts of the French Government in charge of EU files. For instance, in the team coordinating European policies for the French Prime Minister (SGAE), the Deputy Head of section on competition and state aid has moved in and out of the private sectors, working three times since 2016 in three different law firms. In the Ministry of Culture, the adviser on European and international issues was the head of European affairs for a French multimedia company, Canal +, from 2007 to 2015 and she worked in the French Permanent Representation from 2015 to 2020 as the adviser for culture, audiovisual, and copyright.221

### Parliament

The French Parliament has limited powers regarding EU-level decision-making, particularly when it comes to the positions defended by French representatives in the Council (see above in part 4). MPs have had a very limited role in the preparation of the French Presidency, which has mostly been the prerogative of ministries and the Elysée Palace.

France's two parliamentary chambers, Assemblée nationale and Sénat, both have a committee on European affairs, which is mostly tasked with the transposition of EU legislation. The very first hearing held by Assemblée nationale's committee on the preparation of the French Presidency of the EU did not take place until 9 June 2021, after officials had already had several meetings on the topic with industry representatives. The Head of the Government's Secretary on European Affairs (under the authority of the Prime Minister) Sandrine Gaudin, appeared before the French National Assembly together with Xavier Lapeyre de Cabannes, the Secretary General of the French Presidency of the Council of the European Union. This hearing has never been made public<sup>222</sup> and the Head of the European Affairs Parliamentary Commission has not answered our repeated demands as to why this is so.

On 28 September, the committee held another hearing behind closed doors with France's Permanent Representative in Brussels Philippe Léglise-Costa. The discussion of the priorities of France's Presidency of the EU in a plenary session has not taken place before mid-December 2021 - well after these priorities had been set, and days after President Macron has presented them during a press conference.<sup>223</sup> There is no better evidence that the preparation of France's Presidency of the EU - just like EU affairs in general - is the prerogative of the executive branch of government, with Parliament sidelined.

### **5.3 THIERRY BRETON, THE FRENCH** COMMISSIONER

The European Commission is made up of representatives from every member-state. The French Commissioner, nominated In 2019 with the support of Macron, is Thierry Breton, the Commissioner for Internal Market. This is one of the top positions in the European Commission.



#### **ATOS**

#### COMPANY

**Declared annual EU lobby costs (2020):** €900,000 – €999,999

Number of EU lobbyists: 9 staff

Meetings with high-level of European Commission since December 2014: 24

Affiliations include: GAIA-X, European Alliance for Industrial Data Cloud & Edge, European Organization for Security (EOS) Topics of interest: Information tech,

security, digital

**Declared annual French lobby costs** (2020): €200,000 - €300,000

All info accurate as of 30 November 2021 Source: EU lobby register & French lobby register

As a Commissioner, he is not directly involved in the French Presidency of the Council of the EU, but he is very close to the French Government and to French corporate interests. As a Commissioner he has been pushing the same agenda of public funding to European 'champions' in key industrial sectors. Unusually for a European Commissioner on such a divisive issue, he has openly expressed support for the inclusion of nuclear and gas in the Green Taxonomy.<sup>224</sup>

Breton came directly from his position as Chief Executive of Atos, a French tech, digital, and security firm, to the Commission. It is the first time that a serving corporate chief was chosen to join the College of Commissioners.<sup>225</sup> This raises several issues in terms of conflicts of interest.

First, Breton is now responsible for EU laws on cybersecurity, defence, data, artificial intelligence, industrial policy, tech, space, and 5G etc. which have a direct impact on the operations of his former company. Second, the recruitment of Breton happened without any cooling off period. Breton went directly from Atos to the Commission, along with the Head of Public Relations of Atos who became his communication advisor.<sup>226</sup> And last but not least, Breton is still in contact with Atos. Breton has met twice (on 16 December 2020<sup>227</sup> and 7 May 2021)<sup>228</sup> with a group of companies which included representatives from Atos in order to discuss the creation of an industry alliance. Not only could this alliance lead to Atos potentially receiving millions of public money for its research activities, Breton himself invited the company to the December roundtable he chaired.<sup>229</sup>

Before he was the Chief Executive of Atos, Breton was France's Minister for the Economy (2005-2007), and before that, Chief Executive of Orange (then France Télécom). He is a living illustration of France's tradition of revolving doors between the public sector and state-owned corporations. He is already playing a key role in helping the French Government and French big business push their agenda at EU level. He has met with many corporations, think tanks, and lobby groups (a lot of them French) but the level of transparency about the objectives and minutes of some of these lobbying meetings has been generally low.<sup>230</sup>

According to EU regulations, EU civil servants in the Commission should disclose public documents, upon request, and within 15 days. However, demands for official documents made tween October 2020 and July 2021 have not been fully answered as the summary of the meeting was not disclosed.

French corporations (Total, Orano, Orange, Renault, Schneider, AirFrance Klm, among other French multinationals) held a meeting with the Director of the Breton cabinet, Valère Moutarlier on 16 March 2021<sup>231</sup> but it does not appear, at the time of writing, on the Commission website.<sup>232</sup> French companies seem to enjoy not only a privileged but also a discreet entry in the corridors of the cabinet of the French Commissioner.

### 5.4 FRENCH BIG BUSINESS IN BRUSSELS

The picture would not be complete without an overview of the lobbying presence of French big business in Brussels.

French politicians and media are always prone to blame "*Bruxelles*" and "*les lobbys*" for everything that they find wrong with the EU. They tend to conveniently forget that those influential lobbyists and interest groups have not appeared out of nowhere. Many of them are French and lobby for 'French' interests. Just like their counterparts from other member states or elsewhere in the world, all large French companies have a strong lobbying presence in Brussels – as do several major national industry associations.

# THIERRY BRETON IS A LIVING ILLUSTRATION OF FRANCE'S TRADITION OF REVOLVING DOORS BETWEEN THE PUBLIC SECTOR AND STATE-OWNED CORPORATIONS

in March 2021 to DG Grow headed by Commissioner Breton, have not been answered at the time of writing, despite current rules. Two of those demands relate to meetings with representatives from the French telecommunications company Orange. Almost half of the demands for documents related to meetings between Breton and external stakeholders beThe following table presents the organisations with headquarters in France and an office in Brussels that declare the most lobbying expenses in Brussels according to the latest figures. All data is correct as of 5 December 2021.<sup>233</sup>

## TABLE 1. DECLARED LOBBY SPENDING IN BRUSSELS BY FRANCE-BASED ORGANISATIONS

NAME	TYPE	SECTOR	LOBBYING EXPENSES (declared)
ÉLECTRICITÉ DE FRANCE (EDF)	CORPORATION	ENERGY	€2,000,000 - 2,249,999
ENGIE	CORPORATION	ENERGY	€2,000,000 - 2,249,999
TOTALENERGIES SE	CORPORATION	ENERGY	€2,000,000 - 2,249,999
BNP PARIBAS	CORPORATION	FINANCE	€1,250,000 - 1,499,999
FÉDÉRATION BANCAIRE FRANÇAISE (FBF)	TRADE ASSOCIATION	FINANCE	€1,250,000 - 1,499,999
ORANGE	CORPORATION	TELECOM	€1,250,000 - 1,499,999
ASSOCIATION FRANÇAISE DES ENTREPRISES Privées (AFEP)	TRADE ASSOCIATION	GENERAL	€1,000,000 - 1,249,999
SOCIÉTÉ GÉNÉRALE	CORPORATION	FINANCE	€1,000,000 - 1,249,999
SANOFI	CORPORATION	PHARMA	€1,000,000 - 1,249,999
ATOS SE (FRANCE)	CORPORATION	DIGITAL AND SECURITY	€900,000 - 999,999
EURODOM	PUBLIC INSTITUTION	OVERSEAS TERRITORIES	€900,000 - 999,999
EURONEXT	CORPORATION	FINANCE	€900,000 - 999,999
EUROPEAN ORGANISATION FOR RARE DISEASES	NGO	HEALTH	€800,000 - 899,999
PERNOD RICARD	CORPORATION	FOOD	€800,000 - 899,999
VEOLIA ENVIRONNEMENT	CORPORATION	WATER/WASTE	€800,000 - 899,999
AXA	CORPORATION	FINANCE	€700,000 - 799,999

NAME	TYPE	SECTOR	LOBBYING EXPENSES (DECLARED)
CAISSE DES DEPOTS	CORPORATION	FINANCE	€700,000 - 799,999
SUEZ	CORPORATION	WATER/WASTE	€700,000 - 799,999
LA POSTE	CORPORATION	COMMUNICATIONS	€600,000 - 699,999
ORANO	CORPORATION	NUCLEAR	€600,000 - 699,999
SCHNEIDER ELECTRIC	CORPORATION	ENERGY	€600,000 - 699,999

The data confirms that big business is by far the largest lobbying spender in Brussels, with public institutions, trade unions, academic organisations, and NGOs coming very far down the list. It also confirms that French energy and finance corporations have a particularly strong lobbying presence in Brussels. Looking at the number of meetings with the higher echelons of the European Commission, the picture is very similar. All data is correct as of 5 December 2021.

# TABLE 2. LOBBY MEETINGS OF FRANCE-BASED ORGANISATIONS WITH THE TOP ECHELONS OF THE EUROPEAN COMMISSION

NAME	түре	SECTOR	MEETINGS WITH THE TOP OF THE EC
FÉDÉRATION BANCAIRE FRANÇAISE (FBF)	TRADE ASSOCIATION	FINANCE	82
ORANGE	CORPORATION	STELECOM	77
ENGIE	CORPORATION	ENERGY	63
BNP PARIBAS	CORPORATION	FINANCE	58
SCHNEIDER ELECTRIC	CORPORATION	INDUSTRIAL EQUIPMENT	56
ÉLECTRICITÉ DE FRANCE (EDF)	CORPORATION	ENERGY	50
FRANCE INDUSTRIE	TRADE ASSOCIATION		47

NAME	TYPE	SECTOR	MEETINGS WITH THE TOP OF THE EC
SUEZ GROUP	CORPORATION	WATER/WASTE	46
ASSOCIATION FRANÇAISE DES ENTREPRISES Privées (Afep)	TRADE ASSOCIATION	GENERAL	43
UNION EUROPÉENNE DU COMMERCE DU BÉTAIL et des métiers de la viande	TRADE ASSOCIATION	FARMING	37
SOCIÉTÉ GÉNÉRALE	CORPORATION	FINANCE	36
LVMH	CORPORATION		36
ARIANESPACE	CORPORATION	SPACE	35
MARSH & MCLENNAN COMPANIES FRANCE	CORPORATION	CONSULTANCY	35
NOTRE EUROPE – INSTITUT JACQUES DELORS	THINK TANK	GENERAL	33
ALSTOM	CORPORATION		32
TOTALENERGIES SE	CORPORATION	ENERGY	32
MOUVEMENT DES ENTREPRISES DE FRANCE (medef)	TRADE ASSOCIATION	GENERAL	31
EURODOM	PUBLIC	OVERSEAS TERRITORIES	30
CONSEIL DE COOPERATION ECONOMIQUE	THINK TANK	GENERAL	28
THALES	CORPORATION	DEFENCE	28

# FRENCH BUSINESS LOBBYING SEEMS MORE FOCUSED ON THE SPECIFIC INTERESTS OF LARGE COMPANIES.

Of course, many of these large corporations are only 'French' in a limited sense: they are international corporations with a presence across Europe that primarily pursue their own interests and that of their shareholders, many of which are based in Wall Street or Luxembourg rather than in Paris. Nevertheless, the fact that they are headquartered in France or that their top executives are French, can be used as an argument to convince the French Government to support and protect their interests at EU level.

A quick comparison with the German presence in Brussels suggests that French corporations are far less adept at playing a collective game or prioritising the common interests of their sector and industry (except perhaps in banking). Among the key German lobbying players in the European capital, one finds industry groups such as Verband der Chemischen Industrie or Verband Deutscher Maschinen- und Anlagenbau, that spend far more in lobbying and have far more lobbyists than most individual corporations – excepting Bayer-Monsanto. By contrast, French business lobbying seems more focused on the specific interests of large companies.

Several groups or networks have been set up as an attempt to introduce better coordination between French interests in Brussels. Some of them are facilitated by the French Representation, such as CDPF mentioned above; others have been set up by industry or by lobbying firms. It was only in 2016 that MEDEF inaugurated a '*Maison des entreprises de France*' in Brussels to showcase French business as a whole.<sup>234</sup>

French business representatives are always prone to lament the greater influence of their European counterparts in Brussels, but - to the extent that it is true they are not as well organised as, say, German industrialists - they usually use this as an excuse to demand even more support from the French government to prioritise their interests at EU level.

# 6. CONCLUSIONS AND RECOMMENDATIONS

**R ight after the Slovenian Presidency** of the Council of the EU, and during a presidential electoral campaign, France will head the Council of the EU from January to June 2022. Our investigations reveal that there are serious concerns, at the onset, on which interests exactly France will represent in the Council: the French and European public interest? the private interests of French big business and of the corporate world in general? or Macron's sole political interest?

A common strand in what the French Government has said of its priorities for the Presidency of the EU is a focus on promoting and supporting 'corporate champions', mostly in the financial, defence, energy, agriculture, private services, and digital sectors, to compete in the global market. This is the reality behind the French concept of "strategic autonomy", which the French Presidency seeks to push at European level. Like other member states before, France is likely to be the voice of its nation-

al industry when it is President of the Council of the EU – but perhaps even more consequentially, it looks like it will also encourage new forms of corporate capture of EU policy-making.

Presidencies are mired with uncertainties: the electoral campaign, COVID recovery (or not), and any new issues might come up during the Presidency.

# THE FRENCH COUNCIL PRESIDENCY LOOKS LIKE IT WILL ENCOURAGE NEW FORMS OF CORPORATE CAPTURE OF EU POLICY-MAKING.

One thing that is certain is that Macron will lead the Council in a very personalised manner, cautious of any wrongdoings which could hamper his campaign and thus closely managing EU files. Consequently, a lot of political communication efforts will be devoted to shedding the best light possible on France's handling of the Council Presidency. Some EU files, with some spin, will be at the forefront (ie less pesticides, more 'social' Europe) whilst others will be placed in the background of public discourse (ie defence, eHealth data).

There has been historically a high degree of corporate capture of Council Presidencies (including sponsorships which unlike Germany, France has accepted) and more generally of the Council (including events between Permanent Representations and industry lobby groups, revolving doors, etc). The distinction between public and private interests is often blurred, like the lines between national and EU interests. Unfortunately, France is no exception to this rule.

Without effective transparency, accountability, and parliamentary scrutiny, European citizens will be largely excluded from France's Presidency of the Council of the EU. More than just rules, what is needed is political will to really engage the Council and its political decisions with EU citizens. France has not shown such a will until now. Let's hope that the Presidency will change this trend.

# SOME BASIC STEPS THE FRENCH PRESIDENCY HAS FAILED TO TAKE (SO FAR) TO AVOID EXCESSIVE CORPORATE INFLLUENCE:

## 1. Lobby groups:

- Ensure transparency of all meetings with lobby groups, including think tanks, related to the preparation and organisation of the Presidency of the EU (both at the French Representation in Brussels and in ministries in Paris, including advisers), including minutes and access to official documents.
- Avoid privileged access for corporate interests and those who seek to represent them.
- Stop meeting with any fossil fuel industry representatives because this industry's interests are incompatible with the public interest in tackling the climate crisis.

# 2. Corporate events and sponsorship:

- Avoid events with corporate partners or which promote a corporate agenda, including with the fossil fuel industry.
- Corporate sponsorships of EU Presidencies in any form are not acceptable.

### 3. Revolving doors:

- Introduce stronger rules to prevent revolving door moves which provoke conflicts of interest. This includes significant 'cooling-off' periods and bans on contacts with former colleagues or on working on certain files where there is a potential conflict of interests.
- Avoid and address potential conflicts of interests among officials in the preparation and management of the French EU Presidency.

## 4. Transparency and accountability at the Council:

- Introduce rules to prevent privileged access to ministers and officials by corporate interests.
- Transform decision-making so that MPs are consulted on government positions on EU matters.
- Ensure that there is effective MP scrutiny after EU discussions and votes.
- Present an agenda to open up Council deliberations, especially working party meetings and trilogues.



**CLIMATE ACTION, GREEN DEAL AND RECOVERY PLANS, REGULATION OF** THE DIGITAL SECTOR, HEALTH... MANY CRUCIAL PIECES OF EU **LEGISLATION WILL BE DECIDED DURING FRANCE'S PRESIDENCY OF** THE EU IN 2022. THIS IS WHY IT'S **MORE IMPORTANT THAN EVER TO** PROTECT EU DECISION-MAKING FROM CORPORATE CAPTURE, **INCLUDING AT THE LEVEL OF** THE COUNCIL.

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