European Parliamentary Election Analysis

The outcome of the European Parliament elections, which concluded earlier this week, signals a complex and unstable political environment that will require adaptations in lobbying strategy by companies and trade associations seeking to influence EU legislation.

- **Socialist Setback:** Failing to capitalize on the economic and financial crisis, socialists (the “PES” group) have been wounded, their representation dropping from 216 seats (28%) to 162 seats (22%) at this writing.

- **Pro-Business Opportunity:** Centre-right interests (grouped under the “EPP” banner) remain strong, now holding 264 seats, but still require alliances with the socialists or other smaller parties to command an absolute majority.

- **Non-Aligned Wildcard:** “Eurosceptics” and nationalists also gained ground, in particular in the Netherlands, Britain, Austria and the Czech Republic. In total, Eurosceptics and other non-aligned MEPs hold up to 146 seats (about 20% of the EP). In the next few weeks, many will join existing groups or reorganise, which will help clarify their influence on the political scene.

- **Green is Good:** Green parties also did well, and now form the fourth largest political group with 52 seats, as against 43 in the last term. They are expected to seek – probably unsuccessfully – a broker’s role in combination with the socialists; at the same time, given the EU’s climate change agenda, their influence should not be underestimated.

I. **Key Points for Lobbying Strategy**

It will take time for the above developments to play out and to determine what strategic changes they will require to ensure effective lobbying. Already, however, some points are clear:

- **The EPP is in the “kingmaker” role – no lobbying strategy can succeed without strong ties to them.** Any political group wishing to summon the 369 votes for an absolute majority will find it difficult to do so without EPP support. Where, historically, the PES could meet this threshold in a centre-left coalition with the liberals (ALDE), the Greens and communists (GUE), this grouping now falls short. If the socialists want an absolute majority, they will be forced to ally with the EPP.

- **New rules on allocating Committee seats will reinforce EPP influence.** While the 20 standing parliamentary Committees that currently do the work of the EP remain in place, a change in the Rules of Procedure means that Committee seats will be redistributed in a more proportionate manner. The EPP is likely to have at least one more chair (they now hold 8 of 20) and more seats going forward, including on influential Committees.
such as Budget, Legal Affairs, Economic and Monetary Affairs, and Environment.

- **Five countries hold the key to EPP policy – lobbying strategies must address their interests.** Germans remain the largest national delegation in the EPP; however the Italians and French have now moved into second and third position, shifting Poland and Spain into the fourth and fifth slots. These five countries control the lion’s share of the EPP. The British Conservatives, in contrast, have left the EPP, opting to throw their lot in with the Czechs and Poles. Some commentators have suggested this will weaken British influence at EU level – in fact, however, the UK is a wild card as the Conservative’s influence will depend on whether they are able to forge a new group with other national parties over the coming weeks.

- **The EPP's pro-business orientation should not be taken for granted – "public interest" positioning will be more important than ever.** Notwithstanding its success in the elections, the EPP is acutely aware of the poor voter turnout (43% of those eligible to vote) and continuing unresolved institutional and economic crises. As a result, it is unlikely to assume a “knee-jerk” pro-industry approach. Instead, recent events have made the EPP more supportive of regulatory supervision and intervention. For example, with regard to financial services regulation, even the EPP has expressed the concern that the Commission’s proposals are insufficiently ambitious.

- **It remains unclear how the EPP will achieve an absolute majority.** While other parties must have EPP support to form an absolute majority, the EPP itself will need to go either left (Socialists) or, perhaps more probably, right (most likely allying with the grouping around the British Conservatives, and with the Liberals) to reach the 369 votes needed. Which way the EPP will go is the key question – while behind-the-scenes negotiations have already begun, as of this writing it is unclear whether a durable political cooperation will follow, and if so, with whom.

- **Increased polarisation is a plausible scenario.** If the EPP forms a coalition with British Conservatives and liberals, socialists may respond by intensifying their leftist agenda in an alliance with the communists and Greens. In turn, this may lead to stronger, more left-oriented recommendations, policies and proposal from the socialist group. This polarisation will be reinforced by the breakdown of cross-party political alliances at national level, as could well occur in Germany.

- **The developments described above – along with the complexities introduced by recent procedural reform – will require a rethink of lobbying strategy in Brussels.** For example, the new EP Rules of Procedure provide for major legislative issues to be dealt with by joint Committees, rather than by a single lead Committee as in the past – and on top of the existing system of secondary Committees that offer opinions. This means advocates will have to address at least two Committees with equal powers in a complex and often fragmented political environment.

### II. MEPS to Watch

While around half of elected MEPS will be new to the Parliament, several key MEPS have been re-elected. It will be critical for company advocates to reinforce key existing relationships as well as build new ones with emerging "stars". Ultimately, the influence of individual MEPS remains to be seen pending the allocation of Committee Chairs and seats – but potentially important re-electees and newcomers (and those who have not been re-elected) include:
• **ICT:** Malcolm Harbour (British Conservative – Rapporteur on the controversial revisions to the Universal Services and e-Privacy Directive); Angelika Niebler (German CDU/CSU – former Chair of the Committee on Industry, Research and Energy); Catherine Trautmann (French Socialist – Rapporteur for the Telecom Package’s Framework Directive); and Alexander Alvaro (German Liberal, member of the Committee on Civil Liberties, Justice and Home Affairs).

• **IP:** Klaus-Heiner Lehne (German CDU/CSU, Rapporteur on the proposal on the Legal Protection of Designs Directive) and Sharon Bowles (British Liberal, former patent attorney active in the Computer Implemented Inventions debate and member of the Committee on Economic and Monetary Affairs).

• **Environment:** Miroslav Ouzky (Czech ODS, former Chair of the Committee on Environment, Public Health and Food Safety (ENVI)) and Karl-Heinz Florenz (German CDU/CSU, former Chair of ENVI, former Chair of the Temporary Committee on Climate Change, Rapporteur for the proposed Waste Electrical and Electronic Equipment Directive).

• **Pharmaceuticals:** Linda McAvan (British Socialist, Rapporteur for the proposal on Pharmacovigilance, part of the Pharmaceutical Package), Christofer Fjellner (Swedish Conservative, Rapporteur for the proposal on the Information to Patients Directive, part of the Pharmaceutical Package - subject to official confirmation) and Françoise Grossetète (French UMP, former EPP-ED vice-President, shadow Rapporteur for the proposal on the Falsified Medicinal Products Directive, part of the Pharmaceutical Package).

• **Financial Sector:** Pervenche Bérès (French Socialist, former Chair of the Committee on Economic and Monetary Affairs) and Jean-Paul Gauzès (French UMP, EPP Coordinator for the Committee on Economic and Monetary Affairs, Rapporteur for the Regulation proposal on Credit Rating Agencies).

• **Newcomers:** Four sitting EU Commissioners were elected to the European Parliament: Viviane Reding (Commissioner for Information Society and Media - Luxembourger), Meglena Kuneva (Commissioner Consumer protection - Bulgarian), Danuta Hübner (Commissioner for Regional policy - Polish), and Louis Michel (Commissioner for Development - Belgian). Only Michel is expected to join Parliament, however, with the others hoping to be reappointed to the Commission. In addition, former Belgian Prime Minister Guy Verhofstadt, former Czech Deputy Prime Minister Jiri Havel, and former Latvian Prime Minister Ivars Godmanis will join Parliament, as will former Spanish Minister of Justice Juan Fernando Lopez Aguilar, and subject to official confirmation former Estonian Minister of Finance Ivari Padar, and former Slovenian Minister of Foreign Affairs Zoran Thaler.

• **Non-returning MEPS:** Caroline Jackson (British Conservative, former Chair of ENVI, MEP since 1984); John Bowis (British Conservative, Rapporteur on the Patients’ Rights Directive proposal, MEP since 1999), Erika Mann (German Socialist, a key-player in the Industry Committee, MEP since 1994); Janelly Fourtou (French Liberal, a key-player for the IP industry, MEP since 1999), and Avril Doyle (Irish Conservative, Rapporteur on the proposal on the Greenhouse Gas Emission Allowance Trading System Directive, MEP since 1999).
III. Next Steps

With elections now over, the new members of Parliament will begin preparations for the inaugural session (14-16 July). Next steps include the establishment of political groups and group leaders; and the election of EP President and vice-Presidents and Committee Chairs and vice-Chairs. These elections will highlight the key-players, the strongest national delegations within political groups, and the type of political coalition that could shape the EP going forward.

If you have any questions concerning the material discussed in this client alert, please contact the following members of our European offices:

<table>
<thead>
<tr>
<th>Name</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wim van Velzen</td>
<td>+ 32.2.549.52 51</td>
<td><a href="mailto:wvanvelzen@cov.com">wvanvelzen@cov.com</a></td>
</tr>
<tr>
<td>David Harfst</td>
<td>+ 32.2.549.52 51</td>
<td><a href="mailto:dharfst@cov.com">dharfst@cov.com</a></td>
</tr>
<tr>
<td>Lisa Peets</td>
<td>+ 44.20.7067.2031</td>
<td><a href="mailto:lpeets@cov.com">lpeets@cov.com</a></td>
</tr>
</tbody>
</table>

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