

# Bocconi



## Corporate **Lobbying** in the **EU**: **Winners and Losers\***

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- Answer: Yes, 1 meeting = 1.5-3% increase in number of contracts and 30-47% increase in value
  - Biggest gains for EU firms w/ links to UK commissioners
- Contribution:
  - Tangible returns to lobbying via commission

# Lobbying & Contracts

- Growing evidence of money and lobbying in the EU
  - 2016-2022, 11K firms of which 6% engage in meetings
  - Less than U.S., but trend suggests it is increasing
- Lobbying: information exchange, helps firms get contracts
- Big contracts (1390 w/ avg. annual value of €26.7 Million)

# Lobbying & Contracts

- Two elements that make EU lobbying interesting
  - Institutional vs. Political: trade-offs to targeting Commissioners vs. MEPs
  - Ability to measure actual interactions!  
Meetings are as actual exchange of information (vs. board seats)
- Lobbying is often in-house (in EU), thus we would expect meetings are positively correlated with contracts

# Uncertainty, Experience , Lobbying

- Regulatory uncertainty leads to information seeking
  - More meetings in periods of uncertainty
  - Or, waiting until we know more
- Uncertainty can serve as a trigger to lobbying, outside of firms' preferences for meeting EU regulators

# Data & Results

# Lobbying & Contracts in EU

- Panel dataset comprising several data sources (2016-2022)
- Bureau Van Dijk + Ted Contracts + Transparency register
  - Identified all publicly listed firms in EU + Matched names to TR using fuzzy matching + TED database
- 11, 533 firms; 6% lobby; 3% win contracts



# Baseline Results

- 1 additional MEP/ Commission = 3%/1.5% increase in winning a contract
  - Controlling for operating revenue, net income, total assets, ROE, no. employees
  - Firm, year and Industry Fixed effects
  - Consistent w/ R&D expenses (smaller sample)

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	<b>Avg. meetings</b>	<b>Post EU meetings</b>	<b>Post UK meetings</b>
EU Firm	61	65	0.48
UK Firm	10.5	11	0.44

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	<b>Avg. contracts</b>	<b>Post Contracts</b>	<b>Contracts Value</b>
EU Firm	6.2	38	6144%
UK Firm	1	5	5662%

# Next Steps

- Lobbying is positive correlated with contract
- **Does this differ by firm:**
  - Years of experience, regulated vs. Non regulated, intangible assets?
  - Experience of the regulator (Commissioner vs. DG)
- **Eliminating other alternative explanations**

# Results

- Lobbying is positive correlated with contract
- **Effect is large: 1-3%**
  - Given that meetings represent an exchange of information (not necessarily specific to contracts) any payoff is surprising
  - UK firms continue to relatively lobby more – but do not see an equivalent payoff in contracts
- **Eliminating other alternative explanations**

Thank you!

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