The End of the Brussels Effect? An Analysis of the Brussels Effect in an Era of Geoeconomic Competition

Masterarbeit

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Abstract

In this project, I analyze the EU's power to exert global regulatory influence today. This is examined through the causal mechanisms of the impact of increasing geoeconomic competition on the strength of the Brussels Effect. This study is centered on sectors that are economically strategic for countries. Therefore, I identify a strategic sector to test as a case study and analyze the global diffusion of EU regulations within. The study builds on Anu Bradford's theory of the Brussels Effect and Chad Damro's concept of Market Power Europe. To expand these theories with the added variable of geoeconomic competition, it analyzes the digital sector, whose strategic importance has increased substantially for both the European Union and the United States over time. Two major EU regulations are chosen as case studies: the General Data Protection Regulation (GDPR) and the Digital Markets Act (DMA). The analysis compares the international diffusion of these regulations under different levels of geoeconomic competition. The findings suggest that in a setting of lower geoeconomic competition, there was less resistance from interest groups and governments facilitating the global spread of EU regulatory standards. However, when testing if increased geoeconomic competition impacted the regulatory diffusion in a strategic sector, there was not enough evidence to confirm the hypothesis. Evidence showed that interest groups and governments had a stronger resistance to the DMA, reducing the strength of the Brussels Effect. It was not sufficiently proven to be linked to increased geoeconomic competition. However, this study offers valuable insight, drawn from the digital sector, into the future of the EU as a global regulator in strategically important markets. The findings of this research can be used to point to other areas of research in relation to the future of the Brussels Effect and other factors that may limit it.

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CHAPTER 1: INTRODUCTION

Introduction

Since the European debt crisis, many news sources and policy analyses have discerned that the European Union (EU) is a failing power. When the EU recovered from the crisis, the damage was already done. The EU's international attractiveness for investors' firms along with the influence of the EU's foreign policy was weakened (World Bank Group, 2026; Popescu, 2011). Scholars, news outlets, and policy analysis questioned the future of Europe with a relatively negative outlook. Some scholars predicted the "end of European integration," (Wright, 2012), and others argued that the euro crisis revealed a fundamental weakness in European integration (McNamara, 2010). The prevailing narrative questioned the EU's relevance as a global power. Europe as a "normative power", an actor that influences politics by promoting and spreading norms, values, and standards, was consistently being challenged (Manners, 2002; Broeders, Cristiano, & Kaminska, 2023). The crisis weakened the EU's legitimacy and attractiveness as a model of other countries.

Yet, during and after the Euro crisis, the EU continued to export regulations across multiple policy areas (Bradford, 2019). Notably, REACH Regulation, the General Data Protection Regulation (GDPR), and competition policy accelerated in global diffusion during the 2010s, demonstrating that the EU remained capable of externalizing its regulatory standards (Bradford, 2019). These developments prompted scholars to conceptualize the EU as a power of regulatory and market-based influence, most notably Market Power Europe (Damro, 2012) and the Brussels Effect (Bradford, 2019). These theories emphasize how the EU retained the world's largest integrated consumer market, allowing it to shape global regulation.

Despite this, reports throughout the 2020s continue to portray Europe as falling behind economically, technologically, and geopolitically. One report specifically noted that, "Europe is losing" economic dynamism, technological leadership and military influence compared to its U.S. and Chinese counterparts (Luhnow & Fairless, 2025). Europe's dependencies are now vulnerabilities (Draghi, 2024). The Future of European Competitiveness Report, Mario Draghi (2024), labels security as a precondition for sustainable growth and with Russia's invasion of Ukraine and the U.S. no longer a stable partner, security is not certain (Draghi, 2024, p. 13). This has created a shift in which economic policy is increasingly shaped by geopolitical and security

considerations rather than market efficiency alone (Draghi, 2024, p. 15). Reports such as the one by Draghi and various news outlets lead to questions on if the EU will be able to maintain its influence in the world.

The Brussels Effect and Market Power Europe (MPE) explain the conditions under which the EU externalizes its regulatory standards globally. Both Damro and Bradford highlight the significance of the single market and the mechanisms the EU uses to externalize market-related policies. However, the Brussels Effect and MPE are limited in their treatment of geoeconomic competition and the growing emphasis on economic security, regulatory sovereignty, and strategic autonomy in the global political economy. Additionally, existing literature largely assumes open global markets and regulatory convergence is driven by efficiency but pays insufficient attention to how sectoral strategic importance may alter firm and state responses.

This thesis aims to answer the research question: How does intensifying geoeconomic competition affect the strength of the Brussels Effect in strategically important sectors? In an increasingly competitive international political economy, regulation is no longer utilized solely as a tool for market governance, but it is also utilized as an instrument of economic security, technological leadership, and strategic autonomy. As sectors become more strategically important, governments and firms may perceive convergence toward EU regulation as creating strategic dependence and limiting regulatory autonomy. Therefore, examining how this shapes the Brussels Effect, can help to establish under which conditions this EU power may be under threat. The empirical evidence gathered shows that, Geoeconomic condition alone is not sufficient for explaining a weakening of the Brussels Effect in strategically important sectors. The Digital Markets Act (DMA) is used to test this. As a result, resistance to the DMA appears more directly tied to the higher compliance costs it imposes on firms compared to the General Data Protection Regulations (GDPR). The GDPR was used as a comparative case to the DMA of a time with lower geoeconomic competition. Nonetheless, growing politicization of digital regulation suggests that geoeconomic dynamics may play a larger conditioning role of regulatory diffusion in the future.

This thesis is organized into 7 chapters. Chapter 1 includes the introduction, and chapter 2 presents the literature review. Chapter 3 will explain how key concepts used throughout the thesis are being conceptualized, the theory this thesis is based on. Chapter 4 contains the methodology section and Chapter 5 covers the background context of the case study and geoeconomic development. Process

tracing to compare the EU's regulatory diffusion of the General Data Protection Regulation (GDPR) and the Digital Markets Act (DMA) in the digital sector is found in Chapter 6. Finally, Chapter 7 presents the conclusion with the findings and the discussion of these findings.

CHAPTER 2: LITERATURE REVIEW

Literature Review

The EU as a Global Regulatory Power

There is lots of literature on the role the EU plays as a global regulator, and many have a similar starting point: the EU primarily governs through regulation. Majone's regulatory-state model is the foundational claim that the EU governs mainly through regulation because it lacks fiscal/military tools to do so otherwise (Majone, 1997). Scholars continued to expand this theory and look more into how regulations impact countries beyond the EU. Meunier & Nicolaïdis' "EU as a conflicted trade power" marks an earlier attempt to theorize EU market leverage and highlighted that the EU was able to generate influence through trade, even when its institutions were under criticism (Meunier & Nicolaïdis, 2006). The EU's ability to regulate through trade is directly related to its market power. Newman & Posner analyze when cross-border economic interdependence becomes a source of power (Newman & Posner, 2011). To do so, they built a model that assesses the effects of market size and market scope separately and then adds jurisdictional boundaries (Newman & Posner, 2011). The model also helped to explain the growth of EU international influence, despite fragmentation seen with the Euro crisis (Newman & Posner, 2011). The creation of the EU single market increased the regulatory power of the EU, as it presented a coherent and coordinated regulatory framework that shapes the behavior of foreign firms that want access to it (Newman & Posner, 2011).

Literature on EU external regulatory power for this research focuses on two main perspectives, Market Power Europe (MPE) from Chad Damro and Brussels Effect from Anu Bradford (Damro, 2012; Bradford, 2019). These two theories are the most relevant because together they cover both halves of the mechanism relevant for research on how the EU exerts regulatory influence abroad. The Brussels Effect explains the condition needed for the EU's market size and regulatory capacity to translate into external influence; while MPE explains why foreign firms and governments adopt EU rules even absent formal EU pressure. MPE also explains how formal EU presence is crucial

when unintentional externalization of EU standards is absent. Therefore, accounting for the origin and the transmission of regulatory power.

Market-driven diffusion: the Brussels Effect

Anu Bradford's *The Brussels Effect: How the European Union Rules the World,* provides a unique perspective for analyzing EU regulations and their role in the world (Bradford, 2019). The EU has been seen as a declining power struggling to remain relevant; yet Bradford claims the EU remains an influential superpower through their ability to regulate global markets (Bradford, 2019). The EU wields the power to "unilaterally transform global markets by setting the standards in competition policy, environmental protection, food safety, the protection of privacy, or the regulation of hate speech in social media" (Bradford, 2019, p. xiv–xv). She defines this phenomenon as the "Brussels Effect": the power to regulate the global market, without relying on international agreements or cooperation from third countries; instead, through the attractiveness of the internal market and the market size (Bradford, 2019).

Furthermore, Bradford explains why the EU exercises this power compared to other large markets such as the United States or China (Bradford, 2019, p. 25). One key reason is the combination of the EU's large consumer market and strong regulatory institutions. The Brussels Effect operates through a process of unilateral regulation, whereby rules for the internal market are set across the entire EU. Market size and economic importance force multinational firms to comply with stringent regulations of the EU to maintain market access. In this case, rather than firms producing different standards for different markets, they adopt the most stringent regulation (Bradford, 2019 p. 31). The benefits of operating under a single global standard outweigh the gains from exploiting laxer rules elsewhere (Bradford, 2019, p. 26). Therefore, the EU can externalize its regulations beyond its borders simply by regulating its own market (Bradford, 2019). Moreover, firms cannot easily avoid EU rules by relocating elsewhere because the EU regulates inelastic targets, such as consumer access and market participation, while markets like the US are more elastic, regulating more mobile targets such as capital (Bradford, 2019). This distinction is key for the formation of the Brussels Effect. Furthermore, this distinction between inelastic and elastic targets is not made in other theories on the externalization of EU power, such as MPE and NPE.

Bradford further distinguishes between two forms of the Brussels Effect. The *de facto* Brussels Effect is the market-driven effect, causing companies abroad to follow EU rules globally because

of economies of scale (Bradford, 2019, p. 67). Firms change their behavior due to market incentives resulting in private global compliance. On the other hand, the d*e jure* Brussels Effect is the law-driven effect, where governments outside the EU formally copy or align with EU standards in their own legislation (Bradford, 2019, pp. 78-79). Governments change their behavior due to legislation or regulation, resulting in public legal harmonization. This framework is central to understanding the different forms of the EU's contemporary global influence through regulatory governance. Additionally, for de jure and de facto Brussels Effect to be strong, the regulations must have certain legal qualities that incentivize global diffusion. This distinction is important for understanding two different aspects that the EU externalizes its standards, within corporations and in governments themselves. Additionally, it is important to note that the de jure and the de facto Brussels Effect are influenced by different actors, which come into play when process tracing these results.

Conditions for Brussels Effect

For the Brussels effect to unfold, there are five elements that must hold: market size, regulatory capacity, stringent standards, inelastic targets, and non-divisibility (Bradford, 2019, p. 25). First, the EU's market size makes compliance with multinational corporations necessary (Bradford, 2019). Second, the regulatory capacity of the EU is what ensures that these regulations are effectively enforced and designed for efficient implementation (Bradford, 2019). Third, the stringent standards that is often in EU regulations are what forces firms to adopt the rules globally and continue to do so (Bradford, 2019). Fourth, the inelastic targets, which are usually the EU consumer, makes it challenging for firms to have different standards across separate markets (Bradford, 2019). Finally, non-divisibility makes it economically, legally, or technically challenging for firms to produce different standards (Bradford, 2019). These conditions together have become a dominant explanation for market-driven regulatory diffusion.

The size of a country's internal market is often correlated with power and global regulatory influence (Bradford, 2019, p. 26). For the EU, the single market provides this foundation as the size pulls producers towards the EU regulatory standards and then externalizes it outside Europe. Market size is directly linked to the Brussels Effect. Bradford states that, "the greater the ratio of exports to the jurisdiction relative to sales in the home and third-country markets, the more likely the Brussels Effect will occur" (Bradford, 2019, p. 27). Additionally, for a foreign producer to

have an incentive to comply with the EU's standards, market access must outweigh the adjustment costs (Bradford, 2019, p. 27). The high value of the EU's single market explains why producers are willing to comply with the stringent standards: the single market is the world's second largest economy (Council of the European Union, 2026), with a GDP of €18 trillion. The EU is the world's top trader of services and the world's second largest trader in goods after China (European Commission, 2023a). Thus, the EU's market size can leverage regulatory power, providing a basis for the Brussels Effect.

Inelastic Targets

For the market size of the EU to translate into regulatory power, the targets of the regulations must be inelastic. Inelastic targets are those that cannot easily relocate or avoid EU jurisdiction, such as products sold to consumers in the single market (Bradford, 2019). This implies that it does not matter where the products are produced or where the data center is, just that they enter the single market (Bradford, 2019). If a firm wants to sell within the EU, they need to comply with EU standards, and these consumers cannot be transferred somewhere with lesser protections (Bradford, 2019). Therefore, firms have a strong incentive to comply with EU regulations, allowing the EU to project its regulatory influence globally (Bradford, 2019).

Non-divisibility

However, in practice firms could differentiate their product by jurisdiction. Anu Bradford states that non-divisibility is the mechanism that most directly explains EU's external influence (Bradford, 2019). It directly affects whether firms apply EU standards globally or only with the EU market (Bradford, 2019). The corporations voluntarily opt to extend the regulatory requirement of the most stringent regulator globally (Bradford, 2019, p. 53). Non-divisibility specifically refers to the practice of standardizing production or business practices across jurisdictions (Bradford, 2019, p. 53). There are different logistical reasons for non-divisibility such as legal, economic, or technical.

Legal non-divisibility occurs when legal requirements drive firms to adopt a uniform standard (Bradford, 2019, p. 56). Firms cannot easily apply different legal standards across jurisdictions, so they often conform to the EU's stricter regulations due to the stringency of its legal regime and the economic importance of its market (Bradford, 2019, p. 56). This often materializes as a spillover effect from firms complying with the most stringent regulation (Bradford, 2019, p. 56). For

example, if the EU requires a company to sell an asset as a condition for approving a merger, the company cannot satisfy that requirement by divesting only its operations within the EU (Bradford, 2019, p. 56). This example illustrates legal non-divisibility because the company cannot comply with the EU's decision by selling only the EU part of the asset. It must sell the entire asset, even if this had effects outside the EU. This often makes the Brussels Effect a function of the legal requirements of a regulation.

Technical non-divisibility refers to the practical challenges of separating a firm's production across multiple markets (Bradford, 2019, p. 57). This is often applicable to digital policy; Google for example must apply European data protection standards to the "European data subject" (Bradford, 2019, p. 58). However, it is not easy to isolate the data collection for just the EU; consequently, Google adjusts its global operations to the most demanding EU standard (Bradford, 2019, p. 58). Therefore, due to technical challenges the EU has external regulatory influence.

Economic non-divisibility becomes a factor when companies can produce a technical solution to produce different varieties for different markets, yet there are underlying economics that makes this division not feasible (Bradford, 2019, p. 58). Economies of scale can be the most common reason why manufacturers opt for a global standard (Bradford, 2019, p. 58). Standardization allows companies to buy products in bulk, lower manufacturing costs and have simpler R&D and testing (Bradford, 2019, pp. 58-65). Bradford also notes that global brand reputation incentivizes firms to apply the highest standard across all markets (Bradford, 2019, pp. 58-65). Economic non-divisibility links firm-level cost calculations to externalization.

Non-divisibility treats as a condition that facilitates regulatory diffusion; however, its strength is likely to vary across sectors (Bradford, 2019). In strategic sectors, firms may be more willing to absorb the cost of differentiated compliance strategies to preserve technological autonomy or a competitive advantage. However, whether firms continue to favor global standardization remains an open question and if intensifying geoeconomic competition is conditioning their behavior.

EU Regulatory Capacity

The regulatory capacity of the EU is consistently identified as a prerequisite for the EU's external influence. Bradford (2019) argues that the regulatory capacity underpins the Brussels Effect. The EU as a regulator is a conscious choice that has been pursued by European countries and is not

inherent to their market size (Bradford, 2019, p. 30). Regulatory capacity refers to the ability to both promulgate and enforce regulation (Bradford, 2019, p. 31). Since the adoption of the Single European Act (SEA) in 1986, the EU has built extensive regulatory capacity to form the single market (Bradford, 2019, p. 31; Majone, 1997). This goal has been achieved by member states vesting EU institutions with the powers to formulate and enforce market regulations. Bach & Newman similarly argue that the institutionalization of regulatory authority gives institutions regulatory expertise, coherence of policy making, and expansive sanctioning authority enabling the EU to project its rules beyond its borders (Bach & Newman, 2007; Ellinas & Suleiman, 2011).

The EU specifically exerts significant regulatory power in policy areas that concern the single market and environmental policy. Article 114 of the Treaty on the Functioning of the European Union (TFEU), gives the EU the competence to adopt measures aimed at improving the functioning of the internal market, also known as the "harmonization article" (TFEU, 2016). Furthermore, Article 191 TFEU gives the EU the legal foundation to create environmental policy, including laws to protect and improve the environment and prevent health risks (TFEU, 2016). Therefore, the legal basis for regulatory action and the vesting of the EU institutions with a broad mandate to act help ensure the EU's substantial regulatory capacity (Bradford, 2019, p. 35).

However, these qualities alone do not guarantee regulatory influence unless the EU also holds the political will to deploy it (Bradford, 2019, p. 37). For this reason, the propensity to promulgate stringent regulatory standards is necessary (Bradford, 2019, p. 37). Wealthier economies are more likely to impose costly but protective regulations, making them more capable of influencing global standards (Guasch & Hahn, 1999, p. 138). Specifically, since the 1990s, the EU has become more stringent, while the US has become relatively less interventionist (Vogel, 2012, p. 10). Vogel (2012) explains how the EU became a global regulator complementing Bradford's theory. Regulatory influence is not only attributed to market size, rather the EU's increasingly stringent standards reflect a broader historical, political, and institutional development (Vogel, 2012). This includes heightened public concerns for health and environmental risks and deeper European integration through the Single European Act (Vogel, 2012). This strengthened the EU's ability to create harmonized rules. Regulatory capacity is significant to the Brussels Effect because it gives the EU the ability to translate market power into effective rule making (Bradford, 2019, p. 30).

Politically driven diffusion: Market Power Europe

Market Power Europe (MPE), developed by Chad Damro, complements Bradford's analysis by providing a principal explanation of how the European Union can exercise power through economic and social market-related policies (Damro, 2012, pp. 682-99). However, where Bradford emphasizes market-driven regulatory diffusion, Damro focuses on the deliberate intent to project market power globally (Damro, 2012). Additionally, scholars such as Ian Manners note that the EU's influence stems from Normative Power Europe (NPE), which attributes the EU's influence on its values and identity (Manners 2002). NPE argues that the EU influences international relations through norms, values and standards using non-coercive means such as diffusion and regulatory influence (Manners, 2002). Damro builds on this concept by suggesting that the EU also operated from the power of its market and regulatory strength (Damro, 2012). Thus, the concept of MPE is a theoretical underpinning for understanding the Brussels Effect framework, as it provides the structural foundation and further explains the mechanisms behind EU externalization of regulations. The basis in which Damro defines the EU as MPE is rooted in three characteristics: material existence, institutional features, and interest contestation (Damro, 2012, p. 686).

A useful starting point for understanding the existence of the EU as a MPE is the foundation of the EU identity. The EU's institutional features, including regulatory expertise, policy coherence, and sanctioning authority, strengthen its ability to project market power externally (Damro, 2012, p. 688). Sanctioning authority is the ability to impose costs on third parties for non-compliance (Damro, 2012, p. 688). This is emphasized by Bach and Newman (2007) and includes banning market entry, imposing fines, or exacting reputational costs, signifying coercion as an important part of externalization (Damro, 2012, p. 688). In turn, firms may resist through political pressure and lobbying, but because of the EU's sanctioning authority, they ultimately comply. Scott identifies this mechanism of coercion empirically as territorial extension, rather than passive market-driven diffusion (Scott, 2014).

The MPE framework also focuses on the role interest contestation as a central factor shaping the externalization of EU market power (Damro, 2012, p. 688). Unlike Bradford, who primarily explains the Brussels Effect as a largely market-driven process of regulatory diffusion, Damro highlights the political dynamics within the EU that influence whether and how regulatory power

is projected externally (Bradford, 2019; Damro, 2012). Interest group contestation emphasizes the role of competing interest groups within the EU through consultation, lobbying, and coalition-building (Damro, 2012). The EU functions as an arena in which domestic and foreign actors compete to shape regulatory outcomes, through consultation and lobbying (Coen & Richardson, 2009). This adds a political dimension to theories on the externalization of EU regulations.

This thesis is concerned with the EU's capacity to project regulatory influence beyond its border. Damro theorizes that as the growth in EU market size, expansion of regulatory capacity, and pressure from pre-externalization coalition increase so will EU externalization (Damro, 2012). Externalization is defined in two stages in which regulations are first developed internally before being projected externally through the EU's market power. Damro explains it through observable measures resembling the process of the Brussels Effect; an EU regulation is created; the EU promotes that regulation abroad, and then non-EU actors eventually adopt it (Damro, 2012, pp. 690–691). MPE externalization can be either intentional or unintentional. The unintentional dimension of MPE aligns closely with Bradford's de facto Brussels Effect, where firms adopt EU standards globally due to market incentives rather than deliberate EU coercion (Damro, 2012, p. 690; Bradford, 2019, pp. 67–79). The Theoretical Synthesis below looks at whether the EU can compensate for a weakening market-driven convergence through deliberate externalization as sectors grow more strategic.

Damro highlights two concepts as tools of MPE within the externalization of MPE – positive and negative conditionality (Damro, 2012, p. 691). Positive conditionality includes promising benefits, such as trade agreements, reducing tariffs or providing aid; while negative conditionality involves reducing or terminating those benefits if the actor in question violates the conditions (Damro, 2012, p. 691). Lavenex and Schimmelfennig (2009) also acknowledge this type of externalization within the term hierarchical governance, defined as "a formalized relationship of domination and subordination… based on the production of collectively binding prescriptions and proscriptions" (Lavenex and Schimmelfennig, 2009, p. 797). Damro's conditionality mechanism sits within the hierarchical mode. Lavenex and Schimmelfennig argue that it includes "the existence of precise rules, formal procedures, monitoring and sanctioning associated with hierarchy are also necessary prerequisites for the effective exercise of conditionality..." (Lavenex and Schimmelfennig, 2009, p. 792). Consequently, they are stating that conditionality (positive or negative) can only work as

a tool if paired with a real capacity to sanction (Lavenex and Schimmelfennig, 2009). Different measures are highlighted by both scholars: the EU enlargement process and bringing states into international dispute settlement mechanisms (Lavenex and Schimmelfennig, 2009; Damro, 2012). The EU as an MPE therefore externalizes its rules and standards through these variety of tools. This is also directed at non-state actors through positive and negative conditionality, international legal measures, and internal regulatory measures (Lavenex and Schimmelfennig, 2009; Damro, 2012). Firms who wish to operate in the single market must abide by the regulatory standards (Lavenex and Schimmelfennig, 2009). The power of the MPE's sanctioning authority is crucial for externalization in cases of non-compliance (Damro, 2012). Without a sanctioning authority, third parties would not face costs for non-compliance, making coercion an important part of externalization (Damro, 2012).

These tools of externalization are particularly significant for assessing whether the EU can continue to exert this regulatory influence with the evolving global political economy characterized by geoeconomic competition, populism, and challenges to globalization. Bradford largely assumes that market incentives are sufficient for the Brussels Effect to occur, whereas Damro connects externalization to the EU's political tools used to promote regulations. Combining these theories allows the analysis to assess how an EU regulation may be challenged at the adoption or implementation by interest groups in strategic sectors. Additionally, considering the MPE's tools for externalization and if they are sufficient in an environment of heightened geoeconomic competition. Therefore, we can see if market-driven regulatory convergence is weakened.

Critiques and limits of EU regulatory power theories

The Brussels Effect and MPE also specify conditions where EU regulatory power might fail to materialize. Damro's own theory locates a limitation due to interest contestation, and other scholars go further to question if the underlying claims to EU power hold up.

Damro highlights the internal dynamics that influence not only the content of EU regulation but the likelihood of MPE externalization (Damro, 2012). He acknowledges that externalization also varies depending on the type of regulation (Damro, 2012). As the costs and benefits of these regulations differ, the incentives of interest groups also vary, this aligns with the broader distinction of interest group literature between lobbying influence and lobbying success (Damro, 2012, p. 688; Dür & De Bièvre, 2007). Additionally, the MPE externalization strategy may be

determined by the relative influence of specific interest groups (Coen & Richardson, 2009). The EU's unintentional MPE may increase when external actors observe internal contestation and anticipate outcomes (Damro, 2012). When pro-externalization of interest groups dominates, the EU's intentional use of MPE increases; whereas opposing coalitions may limit its external influence (Damro, 2012).

This distinction closely parallels Bradford's de jure and de facto Brussels Effect (Bradford, 2019). Intentional externalization is related to tools such as trade agreements, resulting in a de jure Brussels Effect (Bradford, 2019; Damro, 2012). On the other hand, the unintentional aspect is more directly related to opportunity costs that force firms to adopt EU standards resulting in a de facto Brussels Effect (Bradford, 2019; Damro, 2012). It extends her framework by adding the tools of externalization and the concepts of positive and negative conditionality, which go beyond the market incentives that cause regulatory diffusion (Bradford, 2019; Damro, 2012). Importantly, interest contestation also helps to explain limitations to the Brussels Effect. MPE suggests that the externalization of stringent regulations is not automatic and may be resisted by opposing coalitions (Damro, 2012). Therefore, the extent that the EU is successful in externalizing policies is also dependent on the contestation of interest groups (Damro, 2012). Bradford explains the structural conditions enabling the Brussels Effect, whereas Damro's MPE explains the political mechanisms through which that regulatory power is intentionally exercised, contested, or resisted (Bradford, 2019; Damro, 2012). However, Damro's most recent application of MPE to geopoliticisation (Damro, 2025), touches on how geopolitics and economic security are now linked to how the EU exercises power. This research looks inward, specifically in how the EU wrote their 2023 European Economic Security Strategy; while my research will look at how the world has responded to regulations once they are issued (Damro, 2025). Therefore, this paper expands on the questions that Damro addresses in his paper, by examining external regulatory diffusion (Damro, 2025).

The Brussels Effect theory has also generated several critiques including arguments that it hinders innovation, reflects EU protectionism, and is just another form of imperialism (Bradford, 2019). Bradford addresses these challenges by asking if the Brussels Effect advances people's welfare both in and outside the EU. Bradford notes that the costs of high regulatory barriers may present a challenge for businesses and voters to consider; however, these high prices are not necessarily an indication that people's welfare is being reduced (Bradford, 2019, pp. 235-63).

Other scholars have also questioned some of Bradford's theory. Lindseth's book review of Bradford's the Brussels Effect calls the book a "glass half-full" read (Lindseth, 2022). He states that Bradford frames enduring EU strength where many see a decline, and that the claim that the EU "rules the world" isn't fully backed by the empirics (Lindseth, 2022). However, the review acknowledges some of the claims of the Brussels Effect through the case studies (Lindseth, 2022). It also critiques non-divisibility as a key limiting condition, as many case studies show divisibility that prevents the Brussels Effect; and this is driven by the decision of private firms not EU regulators (Lindseth, 2022). The Brussels Effect is real but narrower than Bradford relays in her research and it does not necessarily indicate a rising EU power (Lindseth, 2022).

Scott's *Extraterritoriality and Territorial Extension in EU La*w, provides a stronger opposition to Bradford's theory (Scott, 2014). She claims that true extraterritorial legislation by the EU is "extremely rare" and challenges that narrative of unilateralist regulator projecting rules with no territorial basis at all (Scott, 2014). Instead, EU reach is intentional legal architecture, rather than passive market mechanism that is described by Bradford (Scott, 2014). This analysis, which Damro's MPE helps explain alongside market-driven diffusion, shifts the explanation of EU power from market gravity alone to intentional legal and institutional strategy (Scott, 2014).

Theoretical Synthesis: Linking MPE and the Brussels Effect

This paper combines the theories of MPE and the Brussels Effect, as they can both occur simultaneously. Combing these theories allows for a deeper analysis on regulatory diffusion. Instead of only looking at automatic market regulatory diffusion that is a quality of the Brussels Effect it also adds the institutional or political driven diffusion that MPE highlights. The mechanisms that occur may also depend on qualities of the given sector or implications of the regulation such as, economic costs or political implication. Firms compare the cost of maintaining separate product lines against the cost of just adopting the EU's stringent standard globally (Bradford, 2019). In this case, governments have no reason to resist either. The mechanism stays automatic and unintentional (Damro, 2012). For strategic sectors a second cost becomes relevant: loss of technological autonomy, industrial-policy control, or economic security (Farrell & Newman, 2019; Draghi, 2024). Once this becomes a factor, firms and states consider if they can absorb the costs of divisibility. Additionally, Governments, not just firms, may start actively intervening by blocking, delaying, or diluting the proposed regulations, rather than passively

letting market incentives run (Beaumier & Cartwright, 2024). This thesis focuses on if this behavior is conditioned by an increase in geoeconomic competition and if that therefore weakens the externalization of EU standards.

CHAPTER 3: THEORY

Conceptual Framework

The Brussels Effect

The Brussels Effect is defined as the EU's unilateral power to regulate global markets (Bradford, 2019). The EU has the power to implement regulations that shape the global business environment, without the use of international institutions or seeking other nations cooperation, but from size and attractiveness of the EU single market (Bradford, 2019). Within the analysis of this thesis the evidence is differentiated by two different forms of the Brussels Effect – de jure Brussels Effect and de facto Brussels Effect (Bradford, 2019). De jure Brussels Effect refers to when foreign governments emulate EU regulations domestically and de facto Brussels Effect is when companies converge their global production and policies to EU regulations (Bradford, 2019). Therefore the strength of the Brussels Effect is based on the extent to which both the de jure and de facto Brussels Effect occur.

Geoeconomic Competition

Geoeconomic competition specifically emphasizes the growing politicization of trade, technology, supply chains, and regulation (Tett, 2026). In this study, politicization is observed through indicators such as industrial policy, export controls, technology restrictions, supply-chain securitization, and official rhetoric. A clear indicator used is an emphasis on digital sovereignty or economic security. This indicator means that the strategies related to the digital sector, including the regulations proposed, may no longer be a matter of market efficiency but also of national security and geopolitical power (Farrell & Newman, 2019). In response, economic, regulatory, technological, and trade instruments are being used by states to advance geopolitical influence, economic security, and strategic autonomy.

Strategic Sector Importance

The politicization of regulations, trade, supply chains, and other aspects is particularly evident in strategic sectors. Clayton, Maggiori, and Schreger (2023) argue that strategic sectors are those that can be used to exert leverage over other actors or shape global economic equilibrium. They further describe strategic sectors as those supplying inputs that are "widely used, with high value added for targets, and with poor available substitutes" (Clayton, Maggiori, and Schreger, 2023). Strategic sectors are directly linked to geoeconomic competition. Where in a setting of increased geoeconomic competition strategic sectors are expected to have greater political value and more contestation because regulations impacting them have both market outcomes and state interests in geopolitics and economic security (Farrell & Newman, 2019; European Commission & High Representative, 2023). Consequently, further conditioning the strength of the Brussels Effect, as states and corporations may actively resist automatic diffusion.

This thesis refers to a combination of both objective indicators of strategic importance and how it is framed by policymakers. Politically, strategic importance is reflected through references to economic security, sovereignty, resilience, and strategic autonomy by a state (European Commission & High Representative, 2023). Objective indicators are demonstrated through contribution to a country's GDP. When both material dependence and political securitization are present, a sector is regarded as highly strategically important.

Responses to EU Regulation

Corporate Interest Group Mobilization

Interest groups play a major role in policymaking, seeking to shape the rules that govern markets. This research specifically analyzes the role of corporate interest groups, referring to firms, business associations, and affiliated organizations that seek to influence policymaking and regulatory outcomes to protect or advance shared economic interests. Interest group contestation is prominent in Damro's MPE, where the externalization of EU regulations is influenced by interest groups (Damro, 2012). Although literature on EU interest groups often distinguishes between lobbying influence and lobbying success, this thesis does not seek to establish direct causal influence of interest groups on specific legislative outcomes (Dür & De Bièvre, 2007). Instead, the focus is on corporate mobilization, and its ability to shape policy narratives and whether increased geoeconomic competition is impacting the narrative and amplify resistance to EU regulatory

externalization. Damro (2012) argues that the EU serves as an arena in which various groups compete for regulation that serves their interests. Therefore, how interest groups respond to the perceived economic or market threats posed by the regulation, is key to process tracing the Brussels Effect. This includes direct and indirect lobbying, coalition-building, trade association advocacy, think tank funding, public communication strategies, and narrative framing (Dür & De Bièvre, 2007). Process tracing will assess how corporate actors mobilize in response to EU regulation and the extent to which their actions shape domestic political discourse and influence both the de jure and de facto Brussels Effect.

State Mobilization

State Mobilization refers to the strategies through which governments actively resist or converge toward EU standards. In this research this may include public statements by government officials, legislative initiatives, regulatory enforcement, trade actions, diplomatic pressure, and geoeconomic strategies designed to support domestic firms and technological capabilities. As sectors become geoeconomically strategic, governments are more likely to mobilize to protect interests such as economic security, technological leadership, and strategic autonomy. State mobilization can directly influence de facto or de jure Brussels Effect.

Analytical Framework

EU regulations used as cases are first analyzed through the framework of Bradford's Brussels Effect theory and the five underlying conditions: market size, regulatory capacity, stringency, inelastic targets, and non-divisibility (Bradford, 2019). Damro's MPE helps to explain that through its market power the EU exerts regulatory influence. Accordingly, each regulation is assessed against these conditions and alongside the concept of MPE. Therefore, the market size and the regulatory capacity of the EU are understood as qualities of MPE and will not be assessed in the cases. The EU remains one of the world's largest consumer markets for more than 20 years (Bradford, 2019, Damro 2012). Additionally, the EU has a constant ability to draft, monitor, and enforce regulations; this is done through the commission, courts, agencies, and coordinated member-state enforcement mechanisms that persist across sectors (Bradford, 2019, Damro 2012). Accordingly, the main conditions that will be assessed to say whether the Brussels Effect has the qualities to unfold per policy are inelasticity, non-divisibility, and stringency.

Once these policy characteristics have been established, the analysis examines how rising geoeconomic competition conditions firm and state response in a strategic sector. Damro (2012) argues that the EU's external influence comes primarily from the attractiveness of the Single Market. The theory in this research is that under conditions of intensifying geoeconomic competition compliance with EU regulation is no longer about market power, but also economic security, technological competition, and geopolitics (Damro, 2012). Specifically, this occurs in strategic sectors where convergence toward foreign regulatory standards is influenced by geoeconomic competition. Additionally, convergence toward external rules may constrain domestic industrial policy, reduce regulatory and technological autonomy, increase strategic dependence on external rule-makers, or impose disproportionate costs on domestic firms. These higher costs cause an increase in resistance from interest groups. At the firm level, companies are more likely to localize compliance to the EU market, even when non-divisibility qualities would otherwise favor standardization, weakening the de facto Brussels Effect. In turn, governments are more likely to mobilize against EU-led convergence, further limiting both de jure and de facto regulatory convergence.

Scope Conditions and Hypothesis

The research question in this thesis is relevant to sectors that are both strategically and economically significant to states, particularly under the current conditions of intensified geoeconomic competition. In that regard, the intent is not to explain all EU regulations over time but to analyze the Brussels Effect within a bounded set of cases meeting two fixed criteria. The first criterion is that the EU possesses sufficient market leverage in the sector, giving it the structural power to influence the standards abroad. The second criterion is that countries have the institutional and economic capacity to resist convergence. This is necessary for determining that the Brussels Effect occurs because of the market power of the EU and not because there was simply no alternative. These conditions determine which sectors and countries are eligible for analysis; within the chosen sector, the degree of strategic securitization is treated as variable over time and functions as the moderating variable specified below. Accordingly, this thesis tests the following hypothesis:

H1: As geoeconomic competition increases, the Brussels Effect in strategic sectors weakens, because states and firms are more likely to resist EU-led convergence and promote alternative domestic standards.

Figure 1. Theoretical Causal Mechanism: Why Geoeconomic Competition Weakens the Brussels Effect

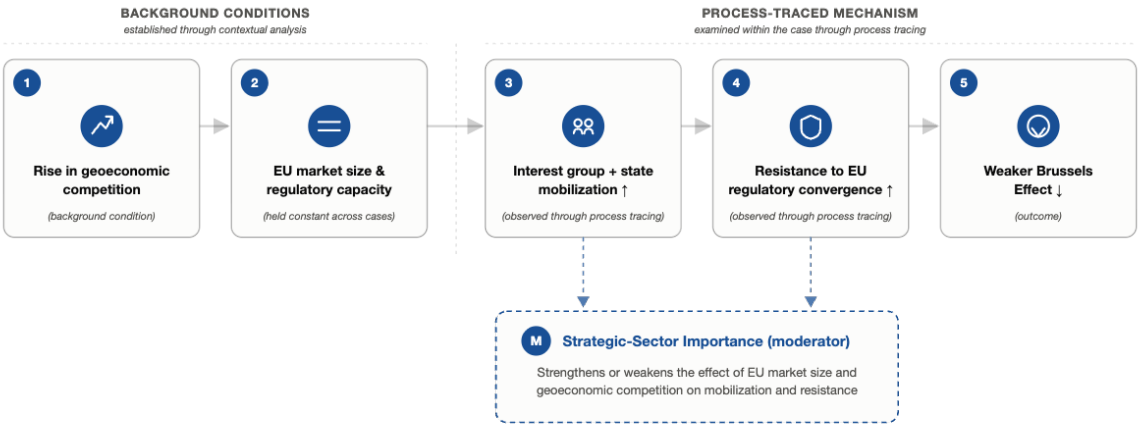


Figure 1 was developed by the author with the assistance of generative AI for visual design and formatting. The conceptual framework, causal mechanism, and analytical content are the author's own.

CHAPTER 4: METHODOLOGY

Case Selection Strategy

The digital sector was chosen as the strategic sector case to test the hypothesis. This is because of both economic indicators that the digital sector has become more valuable and a change in political rhetoric. The reference to the "digital sector" within this study is used interchangeably from the OECD's ICT sector definition; which is "…a combination of manufacturing and services industries that capture, transmit and display data and information electronically" (OECD, 2002). Additionally, the digital economy is used to analyze its economic growth as Bukht and Heeks (2017) argue that the digital sector sits at the center of the digital economy. Between 2013 and 2023, the OECD recorded that the digital economy had an average annual growth rate of 6.3%, with growth accelerating to 7.6% in 2023 alone (OECD, 2024a). Furthermore, recent estimates place digital economy accounts at 15% of global GDP, demonstrating its significance worldwide (Strukhoff, 2025). The economic importance along with the sudden increase in economic value of the digital economy makes digital policy a sufficient case to test the hypothesis. The digital sector

has increased in its strategic value both in economic terms and geopolitically. The political value of the digital sector is evident from the EU's recent strategies to "Strengthen Europe's Tech Sovereignty," and more recently the European Commission adopted measures to "bolster the EU's digital autonomy" (European Commission, 2026a). Additionally, the EU regards its reliance on non-EU countries for 80% of key digital products as a problem (European Commission, 2026a). Recognizing this vulnerability, Commission President Ursula von der Leyen argues that "reducing this dependency is essential for Europe's economic strength, security, and long-term competitiveness" (European Commission, 2026a). This illustrates the growing securitization of digital technologies and that the digital sector has become more economically and strategically important within the EU's economic security agenda.

Other sectors, such as semiconductors and energy, have also increased in strategic importance in a similar way. However, the digital sector was chosen because it contains prominent EU regulations that allow the Brussels Effect to be empirically tested. The General Data Protection Regulation (GDPR) is used as the benchmark case for demonstrating the Brussels Effect. While the Digital Markets Act (DMA) is the regulation used to test the current Brussels Effect. The GDPR was chosen as the benchmark case because it is widely regarded as the clearest example of the Brussels Effect (Bradford, 2019). While the DMA is a digital regulation introduced after the intensification of geoeconomic competition and with the rapidly growing strategic importance of the digital sector. These two regulations are selected specifically because of the difference in geoeconomic competition levels: pre-2018 (the GDPR), when geoeconomic competition was relatively low, versus post-2020 (the DMA), when geoeconomic competition was elevated.

Both regulations are flagship EU digital regulations that have had significant implications for global technology firms, and both regulate based on access to the EU market rather than location. This makes them comparable cases despite regulating different aspects of the digital economy–data protection and digital market competition. By holding the sector constant, the differences observed are less likely to be caused by a difference in sector-specific characteristics. The multinational corporations targeted by the regulations are also largely the same–Apple, Meta, Google and Microsoft–helping to control for differences in regulated actors. These firms are predominantly U.S. based which allows for reasonable focus on the comparison of U.S. government responses and diffusion of the GDPR and the DMA beyond the EU. Consequently,

differences in the de jure Brussels Effect are less likely to be explained by the variation in the firms regulated or interests of the state. On this basis, an analysis will be conducted to assess whether the U.S. and other countries exhibited similar patterns of regulatory diffusion following the DMA. Thereby, comparing these two regulations allows this research to assess whether the Brussels Effect weakens as the digital sector becomes more strategically important in an environment of intensified geoeconomic competition.

Methodological Approach

This study takes a processual look at the GDPR and DMA, situated within their respective geoeconomic competition contexts. This includes an examination of how business and civil society actors framed and contested these regulations throughout the policymaking and implementation process. This helps to identify which regulatory concerns were considered most salient and provides insight into how rhetorical framings influenced both resistance and convergence toward EU standards, thereby affecting the strength of the Brussels Effect.

A comparative qualitative case study design is adopted to assess whether the Brussels Effect is still prevalent within strategic sectors, where the EU exercises stringent regulatory standards and under conditions of increasing geoeconomic competition. The research combines a cross-case comparison of the GDPR and the DMA. Within each regulation, the Brussels Effect will be observed within the United States and other third countries where the Brussels Effect was noted in the benchmark case through process tracing.

Operationalization of Variables

The independent variable is the salience of geoeconomic competition. The geoeconomic environment during the GDPR and DMA is established through three factors. Protectionism and trade weaponization are the first factors and demonstrate that trade is no longer purely about efficiency. The evidence of this comes from trade monitoring data on tariffs. The next factor is securitization of economic interdependence. Henry Farrell and Abraham Newman establish this concept in their article, *Weaponized Interdependence, How Global Economic Networks Shape State Coercion* (Farrell & Newman, 2019). This concept operationalizes geoeconomic competition via security framing and it is useful for this study as it tells us how geoeconomic competition can impact firm and state behaviors (Farrell & Newman, 2019). Lastly, strategic industrial intervention demonstrates how states actively intervene in strategic sectors as a method of Weaponized

Interdependence. From the GDPR period to the DMA period there is a clear shift to protectionism and trade weaponization. The DMA period features direct tariff and export restriction threats that are tied to EU digital regulations (Meta, 2025; Trump, 2025). Securitization of economic interdependence developed from market and consumer trust framing during the GDPR period to security framing during the DMA period. Strategic industrial intervention is also absent during the GDPR period, but during the DMA period it coincides with industrial policy and sovereignty initiatives. This variation establishes the empirical basis for treating geoeconomic competition as increasing from the GDPR to the DMA period.

Strategic sector importance functions as a moderating variable for this analysis and is established prior to process tracing through economic indicators and policymaker framing. The argument is that the effect of the EU's market power on external regulatory influence is also dependent on the strategic importance of the sector. Therefore, in sectors of greater geoeconomic significance, concerns over economic security, technological competition, and strategic autonomy are expected to weaken the Brussels Effect.

The dependent variable for the study is the Brussels Effect, both de jure and de facto. This will therefore be measured by legal convergence of third countries and firm-level global compliance. This includes analyzing if similar laws have been adopted in the United States and other third countries where the Brussels Effect was seen with the GDPR.

Process Tracing Method

Within the GDPR and DMA, to assess the continued relevance of the Brussels Effect, a process-tracing approach is used to examine the causal mechanism of geoeconomic competition and its effect on regulatory diffusion within strategic sectors. The process tracing method used in this research is adopted from David Collier, *Understanding Process Tracing* (Collier, 2011). Collier defines process tracing as a fundamental tool for qualitative analysis (Collier, 2011). It provides a systematic examination of diagnostic evidence that is selected and analyzed considering research questions and hypotheses (Collier, 2011). This method is specifically used for evaluating claims, identifying causal mechanisms, and understanding the sequences of events over time (Collier, 2011). Process tracing is suitable for this study because it enables analysis of the sequence of events leading to regulatory diffusion and the emergence of the Brussels Effect. Thereby, in an environment of heightened geoeconomic competition, the response of interest groups will be

traced throughout the proposal, approval, and implementation of the DMA. Tracing throughout this process allows us to see the reaction of firms and countries, how they responded, and how they have implemented DMA related changed. Therefore, testing both the de jure and de facto Brussels Effect.

For this method to be carried out effectively, this thesis conducts a detailed narrative analysis of the DMA. This includes legislative development, corporate responses, and state reactions. Diagnostic evidence is drawn from EU legislative documents, consultation submissions, lobbying disclosures, corporate statements, trade association reports, government statements, and enforcement actions to trace how corporate and state mobilization shape resistance or convergence toward EU standards.

Additionally, this thesis also evaluates the causal mechanism through three sequential tests: Straw-in-the-wind test, Hoop test, and Smoking-gun test. A hoop test first assesses whether the DMA satisfies Bradford's necessary conditions for the Brussels Effect (Collier, 2011). If these conditions were absent, then the Brussels Effect could not occur at all, and the hoop test will have failed (Collier, 2011). Straw-in-the-wind evidence consists of observations that are consistent with the proposed mechanism (Collier, 2011). While no single observation is sufficient to establish causality, the accumulation of such evidence increases confidence in the hypothesis (Collier, 2011). Lastly, finding strong causal evidence that increasing geoeconomic competition led to increased firm or state resistance and therefore weakened the Brussels Effect, would further solidify the hypothesis and indicate a "smoking-gun" case (Collier, 2011). Therefore, with all these tests concluded, the conclusion will consider the results of these tests along with the overall strength of the Brussels Effect to confirm or reject the hypothesis.

CHAPTER 5: GEOECONOMIC CONTEXT AND DIGITAL SECTOR

Geoeconomic Competition

The international environment surrounding the General Data Protection Regulation (GDPR) can be compared to a more conflictual context in which the DMA emerged. The GDPR emerged in an international political economy that was still shaped by the liberal order (Ikenberry, 2018; Farrell & Newman, 2019). This was the post-WWII system that was characterized by open markets, free trade, multilateral institutions, economic interdependence (Ikenberry, 2018; Farrell & Newman,

2019). As a result, digital regulation was focused on market efficiency, consumer welfare, and rights protection rather than geopolitical rivalry (Bradford, 2019; Regulation (EU) 2016/679). This was evident through previous EU directives such as Directive 95/46/EC and Obama's 2012 Consumer Privacy Bill of Rights (Directive 95/46/EC, 1995; Office of the Press Secretary, 2012). In this environment, the Brussels Effect operated in relatively permissive conditions, allowing EU regulatory standards to diffuse globally with limited state-level resistance (Bradford, 2019).

However, this changed significantly when the liberal order was weakened by events such as the global financial crisis, the pandemic, Russia's invasion of Ukraine, a rise in protectionism, increased strategic rivalry and geopolitical fragmentation (Ikenberry, 2018; Farrell & Newman, 2019; Tett, 2026). The rise in protectionism became evident in states' growing use of tariffs and other trade restrictions (Fajgelbaum et al., 2020; World Trade Organization, 2025). A recent report by the World Trade Organization highlights this change, illustrating how economic instruments are increasingly being deployed as tools of geoeconomic competition (World Trade Organization, 2025).

Another key shift from the GDPR period to the DMA period was the growing securitization of economic governance. Economic interdependence was previously viewed as efficient and welfare-generating but became increasingly recognized as a source of structural power, strategic dependency, and strategic risk (European Commission & High Representative, 2023; Farrell & Newman, 2019). In June 2023, the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy jointly issued the "European Economic Security Strategy" (European Commission & High Representative, 2023). The Strategy lists priorities of an EU Economic Security Strategy, which includes promoting competitiveness, protecting the EU from economic security risks, and partnering with countries who have similar concerns (European Commission & High Representative, 2023). It also identifies risks to European economic securities and emphasizes supply chain dependencies, technological dependencies, and economic coercion as a vulnerability (European Commission & High Representative, 2023). These dependencies are also noted as a greater threat due to rising geopolitical tensions (European Commission & High Representative, 2023). Stating this concern is a clear indicator of the shift in the geopolitical environment and a rise in geoeconomic competition.

A sector where the use of regulations to limit dependencies is clear was the semiconductor sector (Beaumier & Cartwright, 2024). In this case state intervention was becoming common using industrial policy and export controls to secure supply chains and reduce strategic dependencies (Beaumier & Cartwright, 2024). This was seen with the CHIPS and Science Act in the U.S and the European Chips Act in the EU (New York University, 2022; European Commission, 2026d). The strategy of using policy to reduce dependencies is already used in other sectors and this is important to note when evaluating the role of geoeconomic competition in regulatory diffusion. It shows us that this may not only be occurring within digital policy but also elsewhere. The European Economic Security Strategy and the use of industrial policy points to a broader shift away from market-based governance toward security-driven economic policymaking that also becomes visible in the digital policy sector.

This shift is key to the Brussels Effect because compliance with EU regulation is no longer a market-based calculation. In strategically important sectors, firms and states may perceive EU regulations as affecting national competition and technological leadership, thereby increasing political resistance and reducing likelihood of regulatory diffusion (Bradford, 2019; Farrell & Newman, 2019).

Development of Digital Policy

The history of EU digital policy is first prominently seen in the 1990's. However, discussions regarding EU digital policy were embedded in the logic of market integration and competition policy. A key moment of this process was the Bangemann Report, prepared at the request of the European Council for the meeting on June 24-25, 1994, in Corfu. The report contained measures to be taken into consideration by the Community and the Member States on how to carry Europe forward into the information society (European Commission, 1994a).

The Bangemann Report included information on establishing a proper regulatory framework to enable and protect competition, creating a predictable environment for investment, and supporting tariff adjustment (European Commission, 1994a). This was important for deciding the direction the EU took on digital regulation with references to innovation and creating a single market for digital services as a primary objective (European Commission, 1994a). Pursuing a single market became a key quality that gave the EU its market power and ability to apply stricter regulations in the future such as the GDPR and the DMA. The Bangemann Report was one of the first of its time

on the direction of EU digital policy and it became a foundational blueprint for modern EU digital policy. The report led to a Commission follow up that same year, *Europe's Way to the Information Society: An Action Plan* (COM(94)347, July 1994), which placed the report's recommendation into a policy framework (European Commission, 1994b). This plan shows the direction of the EU's digital policy goals in the 1990's with a strategic project linked to European integration, competitiveness, and economic modernization (Goodwin & Spittle, 2002; European Commission, 1994b).

As the digital sector expanded there was an emergence of data protection concerns; these concerns were directly referenced in the 1994 Action Plan as a goal to propose a directive (European Commission, 1994b). This later became the European Data Protection Directive (Directive 95/46/EC) which included privacy protection concerns, legal fragmentation among Member States, and the governance of transnational data flow (European Commission, 1994b; Directive 95/46/EC, 1995). These concerns were specifically stated in Recital 7 of the Directive 95/46/EC (1995). The Directive was adopted in 1995 and protected individuals regarding the processing of their personal data and ensured the free movement of such data across the EU internal market (Directive 95/46/EC, 1995). The adoption of Directive 95/46/EC reflected a broader shift toward binding EU-wide harmonization of data protection.

The early 1990's focused primarily on telecommunications liberalization, market integration, and the development of digital infrastructure. Since the early 2000's, digital technology is increasingly connected to economic modernization and competitiveness (Directive 95/46/EC, 1995). The Lisbon Strategy from 2000 further highlights the EU transitioning from telecom liberalization toward "knowledge-based economies" (European Parliament, 2000). Specifically, the Lisbon European Council stated that the EU aimed to become "the most competitive and dynamic knowledge-based economy in the world" (European Parliament, 2000, para. 5). Here digital technology begins to be tied to competitiveness, innovation, employment, and economic modernization (European Parliament, 2000, para. 5). As digital technologies became increasingly embedded within economic and social life throughout the 2000's, policymakers increasingly treated data and digital services as strategically important. By 2010, the platform-driven digital economy was increasingly recognized as a source of market power, as data accumulation became central to firms' competitive advantage (Bukht & Heeks, 2017).

The 2012 GDPR Proposal demonstrates the strategic importance of data, digital economy concern, and the need for harmonization (European Commission, 2012). It states that, “Building trust in the online environment is key to economic development,” framing data protection as becoming a necessity for the digital economy (European Commission, 2012, sec. 1). The EU’s main concerns were governing personal data, protecting fundamental rights, creating trust in the digital economy, and harmonizing the internal market. The GDPR represents an attempt by the EU to establish a stronger and more harmonized regulatory framework for the digital economy while also continuing their commitment to upholding fundamental rights. The regulation strengthened the EU’s ability to shape international digital governance by leveraging the size and importance of the internal market.

The United States primarily perceived digital policy as a product of economic growth, innovation, and the promotion of cross-border digital commerce. This was demonstrated early in the Clinton administration’s 1997, *A Framework for Global Electronic Commerce,* and in a presidential memorandum (Clinton, 1997; The White House, 1997). This was issued that same day and stated that, “The United States Government is committed to a market-driven policy architecture that will allow the new digital economy to flourish while at the same time protecting citizens' rights and freedoms” (Clinton, 1997).

Later, during the Obama administration the 2012 Consumer Privacy Bill of Rights was unveiled, signifying the presence of privacy concerns in the U.S. (Office of the Press Secretary, 2012). This was not a binding law, only a White House policy blueprint. The EU had already enforced Directive 95/46/EC and proposed the GDPR, both legally binding entities. Comparably, this demonstrates that the U.S. had some concerns related to data privacy, yet it was not at the forefront of policy initiatives. Furthermore, the 2012 Consumer Privacy Bill of Rights framed digital policy primarily through the promotion of innovation, consumer trust, and economic growth; the main goal was to “ensure that the internet remains an engine for innovation and economic growth” (Office of the Press Secretary, 2012). This connects back to the primary concerns from the Clinton administration of driving the digital economy forward (Clinton, 1997). This focus in 2012 shows that, during the time the GDPR was adopted, digital policy remained a market-governance issue, within the U.S. During this period there is no evidence of digital policy initiatives being linked to geoeconomic competition or technological sovereignty.

Additionally, within the U.S., there is no independent regulatory authority with power to enforce privacy rights. Instead, this is left to the broader mandate of the Federal Trade Commission (FTC) to protect consumers (Federal Trade Commission, 2012). Comparatively the EU's Directive 95/46/EC created independent Data Protection Authorities; while the FTC does not enforce privacy as a distinct legal right. There is a distinct difference in legal authority with respect to data protection in the U.S. and EU, which can point to a justification for the difference in regulatory approaches of the EU and U.S. The EU in this case has a specialized regulator with dedicated enforcement powers and therefore can act consistently as there is one agency with full focus on data protection (Bradford, 2012). This is key for understanding how regulatory capacity shaped how the EU became an international rule-setter (Newman, 2008).

The Federal Trade Commission's 2012 privacy framework had a strong emphasis on balancing consumer privacy with innovation and economic growth (Federal Trade Commission, 2012). The framework argued that industry self-regulation, privacy by design principles and baseline privacy legislation were better suited than a comprehensive rights-based design regulatory regime (Federal Trade Commission, 2012). Thereby, the framework asserts that privacy protection should strengthen consumer trust while also supporting digital commerce. This reflects how the U.S. sees privacy rights as part of the marketplace discourse and the rights of consumers are seen in a commercial context; while in the EU institutions have a central role in safeguarding the fundamental rights of citizens (Schwartz & Peifer, 2017).

Digital Policy During the DMA Period (2020s)

The Digital Markets Act (DMA) and the Digital Services Act (DSA) were released together to form a safer and more open digital single market that emphasizes user rights and fair business competition (European Commission, 2024c). Leading up to the proposal of the regulations in 2020, discussions on achieving 'digital sovereignty' began appearing in political dialogue and in the EU's 2019 digital strategy (European Commission, 2024c; Broeders, Cristiano, & Kaminska, 2023). The EU saw existing digital regulation as no longer sufficient for a platform-driven economy that is dominated by a small number of large technology companies (European Commission, 2020).

Digital transformation became a central EU strategic priority under the European Commission led by Ursula von der Leyen (von der Leyen, 2020). Specifically, the goal was to modernize Europe's

economy while ensuring that digital technologies aligned with European values of fairness, competition, consumer protection, and fundamental rights (von der Leyen, 2020). In March 2021, the commission proposed a path to the digital decade that was guided by the 2030 Digital Compass (European Commission, 2021). This political agenda aimed to strengthen the EU's digital sovereignty (European Commission, 2021; Broeders, Cristiano, & Kaminska, 2023). Concerns about big tech market power also became a focal point, as a small number of large online platforms had become a critical gateway between businesses and consumers (European Commission, 2020). However, traditional EU competition law was regarded as too slow to address problems such as barriers to entry for small competitors, dependence of businesses on platform ecosystems, and network effects (European Commission, 2020). Thereby, the Digital Markets Act (DMA) was designed to address this inefficiency through ex-ante obligations on designated "gatekeepers" (European Commission, 2020). The goal of the DMA is to make digital markets more contestable and fairer.

The proposal of the DMA also addressed the growing economic importance of the digital sector, that was also seen statistically. The digital economy was estimated to be between 4.5% and 15.5% global GDP in 2019 with a growth trend (European Commission, 2020). Inefficiencies in the digital sector were prioritized due to the size of the digital economy, the DMA targets a sector that is critical for the EU (European Commission, 2020). The DMA was placed within a broader EU strategy titled "Tech Sovereignty", formally adopted by the Commission in June, 2026 (European Commission, 2026a). It includes digital autonomy, market integration, long-term competitiveness, alongside the Digital Services Act, European Chips Act, the AI Act, and many more (European Commission, 2026a). This is a large initiative by the EU with roughly 20 acts, strategies, and initiatives covering eight different topic areas: this includes Artificial Intelligence, Strategic infrastructure and hardware, Data, Open source and startups, Digital markets and platforms, Cybersecurity, Digital infrastructure targets, and Sector roadmaps. The scale of this initiative demonstrates that digital policy is an EU priority and is not just specific to platform regulation (European Commission, 2026a)

U.S. Digital Policy Context

In the U.S. the digital economy had become extremely valuable during the time that the DMA was adopted. In 2022, it generated approximately $2.57 trillion in value added which represented about

10% of U.S. GDP (International Trade Administration, 2022). This outpaced the growth of the overall U.S. economy, making it evident the importance that the digital economy was to the U.S (World Bank, 2024; U.S. Bureau of Economic Analysis, 2023). Signifying the importance in digital policy strategies to U.S. firms and policymakers and their interest in EU policies. Additionally, the U.S. Department of State (2024) characterized technology as key for national competitiveness. Specifically, China and Russia present a persistent threat to cyber security to the U.S., and this impacts their decision-making (U.S. Department of State, 2024). These threats have led the U.S. to pursue a strategy that highlights innovation and promotes cross-border data flows with allies (U.S. Department of State, 2024). The U.S. also specifically states following a risk-based approach to digital and data governance; compared to the alternative more rigid model that is pursued by the EU (U.S. Department of State, 2024).

The rise of a growing digital sovereignty narrative, that the EU has embraced, is seen as potentially undermining key digital economy and cybersecurity objectives (U.S. Department of State, 2024). Thereby, they argue against data localization, network usage fees, digital service taxes and other market access barriers (U.S. Department of State, 2024)1. Therefore, instead of emphasizing a comprehensive platform regulation, U.S. digital policy between 2020 and 2025 was primarily driven by concerns over economic competitiveness, national security, and strategic technological rivalry, particularly with China. The U.S. National Security Strategy (2022) listed "Out-Competing China" as a global priority, specifically in the economic and technological domains (The White House, 2022). The National strategy also linked technology as "central to today's geopolitical competition", demonstrating the shift in technology and the digital economy being used as a geoeconomic tool (The White House, 2022).

Beyond the National Strategies of the U.S. and the State Department's digital policy strategy, the direction of U.S. policymaking with regards to digital policy was also seen through industrial policies (New York University, 2022). The CHIPS and Science Act was a cornerstone of the National Cybersecurity Strategy and actively demonstrated U.S. dedication to national competitiveness and economic security (U.S. Congress, 2022; The White House, 2022; The White House, 2023). The act was implemented with the goal to lure microchip manufacturing back to the U.S. with the intention of advancing U.S. competitiveness in developing semiconductor

technologies (New York University, 2022). Emphasizing the 2022 National Security Strategy of U.S. technological leadership (The White House, 2023).

GDPR vs DMA Digital Policy Context

Comparing the digital policy context from the adoption of the DMA to the adoption of the GDPR demonstrates the significant growth of the digital sector and the new concerns that come with it. Across OECD economies, the information and communication technology (ICT) sector's share of value added increased from around 3.9% in 2010 to 5.4 % by 2019 (OECD, 2024b). During the GDPR's adoption, the EU's main concern was privacy protection, EU market integration, and consumer trust. With the DMA, concerns shifted to being focused on digital sovereignty, strategic autonomy, and competition. The U.S. also reflected a similar change in policy direction. This was seen through the growth of the digital economy and in statements of technological and economic competition being a focal point in their 2022 National Security Strategy. This shift from the EU and the U.S. demonstrates how digital policy became more strategic in a geoeconomic competition context.

CHAPTER 6: ANALYSIS OF GDPR AND DMA

GDPR Case Study

The EU's 2016 General Data Protection Regulation (GDPR) had an immense impact on global digital companies and their consumers (Bradford, 2019, p. 131). It called for personal data to be processed lawfully, fairly, and in a transparent manner, in relation to the data subject. It also limited the reason that data could be collected, limiting it for a "specific, explicit, and legitimate purpose" (Regulation (EU) 2016/679 [GDPR], 2016, art. 5). In Bradford's, *The Brussels Effect,* a section is devoted to the EU's impact on how digital policy is regulated on a global level (Bradford, 2019). Noting a key instance where the Brussels Effect was seen as a regulating power within digital policy.

The GDPR is analyzed in an established environment where the salience of geoeconomic competition and the strategic significance of the digital sector are not as strong as compared to the years leading up to and during the adoption of the DMA. This provides a baseline to analyze the Brussels Effect in digital policy. The GDPR was based on the concept of privacy as a fundamental

human right, as stated in the Charter of Fundamental Rights of the European Union (GDPR, 2016; Goddard, 2017). The GDPR covered the personal data of all EU residents. Furthermore, it contained six general data protection principles, fairness and lawfulness, purpose limitations, data minimization, accuracy, storage limitation, and integrity and confidentiality (GDPR, 2016). These principles are supported by requirements of transparency and accountability (Goddard, 2017).

The GDPR possessed the conditions identified by Bradford as necessary for the Brussels Effect to emerge, non-divisibility, inelasticity, and regulatory stringency (Bradford, 2019). Consequently, the purpose of this section is not to establish whether the Brussels Effect occurred, but rather to trace how it manifested in the U.S. and other third countries, and to identify the degree of convergence and resistance observed in each case.

Brussels Effect Conditions of GDPR

The main characteristic that makes the GDPR inelastic is found in Article 3 of the GDPR. It ensures that the regulation applies based on access to the EU market and EU data subjects and not on company or server location (Bradford, 2019, pp. 131-69; GDPR, 2016, art. 3). Therefore, the regulation applies to foreign corporations even if the firm is located outside the EU, if they have EU based market activity (GDPR, 2016, art. 3). This inelasticity ensures that if firms want to offer their products to EU consumers, the company cannot evade EU rules by relocating data controllers and processors outside the EU (Bradford, 2019, p. 49). Inelasticity and the economic importance of the EU single market ensure that firms comply with the regulation. Whereby the combination of these two conditions ensures that firms comply with the GDPR to access the single market, and they have an incentive to maintain compliance.

The non-divisibility condition of the Brussels Effect is demonstrated in the GDPR through several key articles that require or incentivize firms to implement unified global compliance systems. Article 24 establishes accountability obligations which require firms to demonstrate compliance across operations (GDPR, 2016, art. 24). Article 25 requires “data protection by design and by default,” this indicates that privacy policies must be integrated directly into the processing system (GDPR, 2016, art. 25). Article 30 obliges firms to maintain a record of processing activities with a certain criterion, while Article 32 ensures that firms implement certain security measures across the processing system (GDPR, 2016, art. 30 and 32). Together, these articles make it technically

and economically difficult for firms to maintain different standards across jurisdictions, encouraging the global adoption of the GDPR.

Another key condition enabling the Brussels Effect with the GDPR is the stringency of the regulation. The GDPR has a particularly stringent regulatory framework that imposes obligations regarding consent, transparency, accountability, data subject rights, breach of notification, and enforcement (Bradford, 2019). Specifically, Article 83 allows the EU to enforce fines of up to €20 million or 4% of a firm's annual turnover (GDPR, 2016, art. 83). The EU also demonstrates a strong enforcement capacity. By January 2026, European supervisory authorities had imposed approximately €7.1 billion in cumulative GDPR fines since the Regulation became applicable in 2018, with enforcement remaining consistently high at around €1.2 billion in fines during 2025 alone (DLA Piper, 2026).

All these qualities make the GDPR one of the most demanding privacy regimes globally since the time of its adoption (Bradford, 2019). This incentivizes firms and third countries to adopt GDPR-compliant practices and for firms to standardize data privacy policies globally.

De Facto Brussels Effect GDPR

Evidence of de facto Brussels Effect is reflected through U.S. firm's responses to the GDPR in their global policy and public statements. The GDPR directly impacted several U.S. big tech firms due to their global products and reliance on the EU market. The most notable being Apple, Microsoft, Meta (Facebook), and Amazon.

Apple subscribed to a single global privacy policy following the GDPR and implemented the GDPR's Article 25 principle "privacy by design". This resulted in all their products being designed with GDPR consistent privacy rules by default (Apple Inc., 2026b). Additionally, a privacy impact assessment is carried out across all Apple products and updates are included as required by the GDPR on its mobile operating system (iOS) to Apple users worldwide (Hern, 2018).

Microsoft was another prominent example of the Brussels Effect. It publicly stated that it would extend GDPR rights beyond Europe (Brill, 2018). The statement also strongly supported the GDPR on a broader scope recognizing that, "the GDPR is an important step forward for privacy rights in Europe and around the world" (Brill, 2018). Furthermore, Microsoft began developing their products with features that help their clients maintain GDPR compliance (Microsoft Azure, 2018;

Pagallo, 2016). Signifying a powerful manifestation of technical non-divisibility as EU data protection standards are incorporated into the products at the manufacturing stage (Pagallo, 2016).

Additionally, in preparation for the GDPR, many companies made global preliminary changes to comply with the new regulatory standards. For example, Facebook announced the addition of a new privacy center globally that would put core privacy settings in one place (Egan, 2018). The changes included updated consent procedures, clearer privacy controls, and enhanced transparency regarding data processing (Egan, 2018). Facebook also introduced divisibility with regards to GDPR obligations, thereby limiting some policy changes to a jurisdiction. For example, Facebook was ordered to stop collecting WhatsApp data in the EU; Facebook continues to combine the data acquired through both platforms in the U.S. This offers an example of the possibility for legal divisibility. Amazon similarly revised their privacy policies and implemented GDPR compliance mechanisms across its consumer and cloud-computing services. However, compared to other corporations such as Apple or Microsoft, the evidence is less explicit. By 2020, Amazon's Privacy Notice included enhanced transparency provisions, expanded user controls, and references to users' rights to access and delete their personal data (Amazon, 2020). Therefore, Amazon made many of the obligated changes of the GDPR globally. These changes suggest that GDPR-related principles influence Amazon's approach to data governance. The global changes visible in Facebook and Amazon’s business practices in response to the GDPR, demonstrate the influence of the EU and its market power.

The compliance of firms both in privacy policy and public statements demonstrates more than legal compliance. Firms went beyond the legal adoption of the GDPR by implementing the policy globally and publicly framing the regulation in positive terms. The GDPR also represented a normative standard, as companies shifted to more transparency, user control, privacy, and trust (Bradford, 2019). This points to compliance extending beyond the minimum requirements and reflects a broader acceptance of the regulation's underlying objectives.

De Jure Brussels Effect GDPR

EU data protection standards were globally influential, as most of the rest of the world began to follow it. This was not surprising as many countries looked up to the GDPR as the “gold standard”, and it was the highest and most widely accepted standard to follow (Bradford, 2019, p. 148). It was also easy for governments to implement standards into their own domestic legal frameworks,

because many large firms that handle EU citizen data had already adopted EU privacy standards (Bradford, 2019, p. 148). Consequently, there were no additional compliance costs from the de jure Brussels Effect. Companies had an incentive to lobby for the EU standard in their home market.

The United States was a prime example. The presence of interest groups and state mobilization was very prominent in the facilitation of the de jure Brussels Effect. A key example of this is the interest group activity of Apple, Facebook (Meta), and other large tech firms who publicly supported GDPR style federal privacy legislation (Bradford, 2019, p. 148). In 2018, Apple CEO Tim Cook publicly called for a comprehensive federal privacy law that is modeled on the GDPR, and similarly CEO Mark Zuckerberg endorsed GDPR-style regulation (Bradford, 2019, p. 148).

The timing of these statements and rise of interest group activity suggests that the companies themselves had already begun to adapt their business practices to GDPR requirements. Thus, regulatory harmonization was preferable to a fragmented patchwork of state laws (Bradford, 2019, p. 149). This is one of the main reasons that the California Consumer Privacy Act (CCPA) was opposed by these companies (Bradford, 2019, p. 149). However, there was pressure from corporate actors as interest groups created political pressure for a de jure Brussels Effect. The CCPA is a partial legal convergence toward EU privacy standards and constitutes evidence of a de jure Brussels Effect (Bradford, 2019, p. 149).

In the U.S. there was no federal privacy law comparable to the EU's GDPR (Bradford, 2019). This led to intense lobbying in the U.S. surrounding data protection regulations (Bradford, 2019). The U.S. did not treat the GDPR as a geopolitical threat and instead debated on how they should protect consumer privacy within the U.S. The debate surrounding the CCPA demonstrates how both advocacy groups and corporate actors influenced the development of privacy regulation in the U.S. (Bradford, 2019). While consumer groups pushed for stronger privacy protections, industry actors sought for a single national framework over state-level initiatives (Bradford, 2019). In the end, the resulting legislation was the CCPA.

The GDPR largely entered U.S. policy discussions through regulatory, congressional, and state-level privacy debates (U.S. Senate Committee on Commerce, Science, & Transportation, 2018; Freeman, 2018). However, debates regarding the GDPR and the CCPA focused on how they should influence U.S. federal consumer privacy legislation (Freeman, 2018). This suggests that,

although the United States did not fully converge with EU privacy regulation, resistance remained relatively limited compared with later disputes over digital market regulation and technological competition that is seen with the DMA.

De Jure Brussels Effect in Other Third Countries

The de jure Brussels Effect of the GDPR materialized around the world as countries desired to obtain an "adequacy decision" from the EU (Bradford, 2019, p. 149). The adequacy decision refers to the formal determination by the EU, saying that a country's data protection standards are sufficient to safely allow transfers from the EU to that country (Bradford, 2019, p. 149). The European Court of Justice (ECJ) exercises judicial review over "adequacy" of third countries' data protection regimes (Bradford, 2019, p. 149). Countries have a strong incentive to align their laws with the GDPR because of difficulties with cross-border data transfers (Bradford, 2019, p. 150).

Argentina received the EU's adequacy decision in 2003 (European Commission, 2003). Then after the adoption of the GDPR, in 2016, the country worked to make the necessary reforms to retain its adequacy status (Bradford, 2019). Japan amended its Act on Protection of Personal Information (APPI) in 2015, with subsequent reforms to strengthen its compatibility with the GDPR (Bradford, 2019, p. 150). This was largely supported by the Japanese business environment because of international trading relations with European companies (Bradford, 2019, p. 150). South Korea's Personal Information Protection Act (PIPA) closely resembles the GDPR (Bradford, 2019, p. 151). The director of the Personal Information Protection Cooperation Division stated there were 90% or more similarities between the two regulations (Bradford, 2019, p. 151). South Korea was granted adequacy in December 2021. Therefore, South Korea provides another example of de jure convergence with EU data protection standards (European Commission, 2022).

Brazil was another prime example of a country that mirrored their data protection standards with the EU's following the adoption of the GDPR. In August 2018, Brazil signed the country's comprehensive data privacy regulation, Lei Geral de Proteção de Dados Pessoais (LGPD), into law, and it mimicked the GDPR in many ways (Erickson, 2019). Consequently, like the GDPR, the LGPD applies extraterritorially, adopts a broad definition of personal data, incorporates privacy-by-design principles, grants data subject rights, and imposes substantial penalties for non-compliance (Brazil, 2018, arts. 3, 5, 7, 17–22, 46, 49, 52). The LGPD provides a clear example of the de jure Brussels Effect.

Argentina, Brazil, South Korea, and Japan all provide examples of the EU's ability to exert regulatory influence globally. The value of maintaining unrestricted data transfers with the EU influenced third countries to make regulatory changes that align data protection standards to the GDPR. Together with the partial convergence observed in the United States, these cases demonstrate a strong de jure Brussels Effect and illustrate how the EU translated the attractiveness of its Single Market into global regulatory influence through the adequacy mechanism.

GDPR Conclusion

The GDPR demonstrates a strong manifestation of the Brussels Effect. At the firm level, GDPR inspired policy practices were extended beyond the EU, illustrating substantial de facto Brussels Effect. At the governmental level, countries including Argentina, Brazil, South Korea, and Japan aligned their data protection frameworks with the GDPR; while the United States saw partial convergence in the CCPA. Demonstrating an overall strong de jure regulatory convergence. Together, these findings establish the GDPR as a benchmark case in which the Brussels Effect operated strongly. Responses to the GDPR also showed no indications to digital sovereignty or economic security, signifying that geoeconomic competition was not a factor in the diffusion of the GDPR. The following chapter examines whether similar patterns of regulatory convergence emerged under the Digital Markets Act alongside an intensification of geoeconomic competition.

The GDPR illustrated the Brussels Effect operating in more favorable international conditions, compared to the DMA, which emerged in a fundamentally different geopolitical and economic environment. By the time of the DMA's adoption, the digital sector had become increasingly associated with economic security, technological leadership, and strategic competition. In this context, the following case study begins with an analysis on whether the DMA possesses the condition Bradford identifies as necessary for the Brussels Effect to occur. It then traces the response of firms, interest groups, and governments and moves on to a final assessment of the regulation's de facto and de jure Brussels Effect.

DMA Case Analysis

The Digital Markets Act is an EU competition regulation aimed at making the markets in the digital sector fairer and more contestable (Regulation (EU) 2022/1925 [DMA], 2022). The DMA is a part of a package with the Digital Services Act and shares a concern for data protection with the GDPR and in some cases strengthens it (GDPR, 2016, art. 20; Council of the European Union, 2022;

Bostoen, 2023). It established a clear set of objective criteria to identify gatekeeper companies, who are large digital platforms that provide core platform services such as online search engines, app stores, and messenger services (European Commission, 2023b). Additionally, it provides a list of obligations and prohibitions for the Gatekeepers to comply with; specifically targeting the largest digital companies (European Commission, 2023b). However, it does not change the EU competition rules but complements them (Bostoen, 2023).

The DMA was proposed in December 2020 and was enacted in November 2022 (DMA, 2022). After it became fully applicable on 2 May 2023, companies providing core platform services had two months to provide all relevant information on whether they meet the quantitative threshold of being regarded as a gatekeeper (DMA, 2022). The Commission then had 45 working days to adopt a decision on designating gatekeepers (DMA, 2022). After that, selected gatekeepers had a maximum of six months, after the Commission decision, to fully comply with the obligation and prohibitions established in the regulation (DMA, 2022). Accordingly, with this timeline, selected gatekeepers had to be in full compliance with the DMA in March, 2024. Consequently, the primary observation period for firm-level compliance and de facto Brussels Effect is September, 2023 onward, with March, 2024 marking the first major compliance deadline.

However, the role of interest groups and corporate actors extends beyond formal compliance deadlines. Their efforts to shape policy narratives, amplify the resistance to EU regulatory externalization, and influence implementation and compliance strategies can be traced from the initial proposal of the DMA in 2020 through to the present. As a result, this case study analyzes not only post-implementation compliance behavior but also the broader process of corporate and political mobilization surrounding the regulation.

Brussels Effect Conditions of the DMA

Non-Divisibility of the DMA

Using Bradford's framework from The Brussels Effect, the DMA can be analyzed in terms of whether it contains characteristics of inelasticity, non-divisibility, and stringency. These qualities help assess the likelihood of the Brussels Effect emerging or if the development of technology and digital regulation has reduced the strength or effectiveness of the regulation in producing the Brussels Effect.

The DMA contains characteristics that support both non-divisibility and divisibility, making its potential for global diffusion more ambiguous than that of the GDPR. Many of the DMA obligations require companies to change the underlying architecture of digital platforms through interoperability requirements that necessitate changes to operating systems, application programming interfaces (APIs), hardware access layers, and platform architecture (DMA, 2022). Recitals 55 and 57 lay out obligations that support a non-divisibility argument (DMA, 2022, recitals 55 & 57). Another example is data portability. Recital 59 states that end users and authorized third parties should be granted "effective and immediate access" to data generated through their use of a gatekeeper's core platform services (DMA, 2022, recital 59). It further requires gatekeepers to ensure data portability through "appropriate and high-quality technical measures, such as application programming interfaces" (DMA, 2022, recital 59). This allows users to port data continuously and in real time (DMA, 2022, recital 59). These requirements likely necessitate significant changes to be made to backend infrastructure, data-management systems, and API architecture (DMA, 2022, Bourreau & Krämer, 2023). Additionally, since these technical systems operate globally, maintaining separate data-portability infrastructures for different jurisdictions may be costly and inefficient. This suggests a tendency toward technical non-divisibility as defined by Bradford (2012).

Another requirement of the DMA is that gatekeepers must allow the installation and use of third-party software applications and app stores (DMA, 2022, art. 5). This is noted in Article 5 and recital 50, where restrictions on third-party software applications and software application stores can limit both developer access and user choice, and as a result, it should be prohibited (DMA, 2022, recital 50). Compliance with this provision requires modification to the operating system architecture, software distribution systems, and security frameworks, which may be difficult to limit solely to the European market (DMA, 2022, art. 6(4); European Commission & European Data Protection Board, 2024).

Non-divisibility of the DMA is most visible in Recital 65 (DMA, 2022, recital 65). This recital states that gatekeepers should ensure compliance with the DMA "by design" and that the necessary measures should be integrated "as much as possible into the technological design used by the gatekeepers" (DMA, 2022, recital 65). The condition of "by design", can make it more difficult for firms to differentiate by jurisdiction because of technical non-divisibility (Bradford, 2019).

They would have to change the core design of each product (Bradford, 2019). The GDPR also contained the "by design" quality and this contributed to its non-divisibility according to Bradford (2019). Although this is true and can signal to the DMA having some non-divisibility aspects, there are also some characteristics that say otherwise.

For example, the DMA regulates gatekeepers' conduct rather than the products, and this can make it easier for firms or states to maintain different regulatory arrangements across jurisdictions (DMA, 2022). Conduct obligations include restrictions on self-preferencing, requirements on business-user access, and rules governing app-store practices (DMA, 2022). Behavior rules can theoretically be applied differently depending on the location of the user, because they are conduct rules, not product-design rules. Therefore, the platform is not required to rebuild its underlying technology. A platform can then operate distinct compliance regimes for the European Union and other markets. Additionally, many DMA obligations can be activated based on the user's location, through IP address, app-store account region, device/OS locale settings, or billing address (Apple Inc., 2026c). This means that different ranking practices, app-store policies, or interoperability features can be applied to users located in the European Union while maintaining alternative behaviors elsewhere. This increases the potential divisibility of DMA obligations.

However, Apple was designated for their App Store, iOS, and Safari but not every Apple service (European Commission, 2023b). Article 6(4) requires alternative app stores, sideloading, and alternative app distribution mainly impacting Apple (DMA, 2022, art. 6). This was specifically impactful for Apple because its integrated iOS-App Store system prohibited third-party app distribution, requiring substantial architecture changes (Apple Inc., n.d.). In practice, Apple could maintain separate EU and non-EU products; however, this could be costly and indicates partial non-divisibility of the DMA.

DMA Article 7 covers interoperability but much narrower than Article 6(4) (DMA, 2022). It targets number-independent interpersonal communications services (NIICS) which are essentially messaging platforms (DMA, 2022, art. 7). The article requires designated gatekeepers to make interpersonal communications services interoperable with competing services upon request (DMA, 2022, art. 7). Meta is by far the most impacted by this as their relevant services include WhatsApp and Messenger (European Commission, 2023b). This is a strong example of technical non-divisibility, because messaging architecture is hard to split by geography.

Lastly, as digital platforms have become increasingly tied to economic competitiveness, technological leadership, and digital sovereignty, the divisibility of regulations in strategically significant sectors may increase. However, this does not eliminate the DMA's substantial non-divisible qualities. Consequently, the DMA occupies an intermediate position within Bradford's framework. While more divisible than regulations such as the GDPR or traditional product-safety standards, it remains significantly non-divisible. The DMA therefore retains meaningful potential to generate a Brussels Effect.

Inelasticity of the DMA

Can gatekeepers credibly avoid the DMA? There are several characteristics that suggest that the DMA has high inelasticity. Like the GDPR, the DMA is applied based on market presence and service provision in the EU, not where the company is headquartered (DMA, 2022). Gatekeepers such as Apple and Meta cannot avoid DMA obligations by moving servers or legal entities outside Europe if they still provide Core Platform Services (CPS) in the EU. For digital platforms whose business model depends on scale, advertising, and ecosystem participation, exiting the single market would be too costly for gatekeepers.

Article 3 of the DMA defines gatekeepers as firms with significant impact on the internal market, important gateways for business users to reach end users, and an entrenched and durable position (DMA, 2022, art. 3). These qualities make it difficult for consumers to choose alternative services. The characteristics used to select gatekeeper companies ensure that only the CPSs are affected. Additionally, there are economic features such as strong network, effect, scale economies, user lock-in, lack of multi-homing, and high barriers to entry, that help designate gatekeepers (DMA, 2022). These economic features are clear indicators that there are dependencies for business users and end users. For example, Amazon's Marketplace was designated as a CPS under the DMA, and third-party sellers are forced to depend on Amazon because of its dominance in the market (European Commission, 2023b). This makes this CPS difficult to substitute or exit. Additionally, Bradford highlights that because of the market power of the EU there is less mobility for the regulatory target, since gatekeepers cannot easily abandon the EU without losing significant ecosystem value, this contributes to the DMA's inelasticity (Bradford, 2019).

Stringency of the DMA

The traditional competition laws of the EU impose *ex post* enforcement with Articles 101 and 102 TFEU, while the DMA imposes ex ante obligations (Akman, 2021). Often ex post enforcement requires a lengthy investigation as the regulator must first prove conduct case-by-case. On the other hand, the DMA can impose direct obligations on gatekeepers that they must comply with (Akman, 2021; DMA, 2022). In Recital 5 of the DMA, it states Articles 101 and 102 TFEU are limited in instances of market power and existing Union law does not address the challenges posed by the conduct of gatekeepers on the functioning of the internal market (DMA, 2022). An ex ante regulation can increase the stringency because firms have less room for legal interpretation, as the obligations are applied from the designation of the gatekeeper platform with specific required changes that the firm must make (Akman, 2021).

Additionally, the obligations of the DMA are structurally interventionist because they require gatekeepers to redesign the architecture of their business model at times. It requires gatekeepers to redesign key competitive advantages rather than only altering superficial business practices. For example, Apple was required to allow sideloading, and Apple having the exclusive channel for iOS distribution was a competitive advantage (Apple Inc., 2026a, p. 28). There are also severe penalties for non-compliance. This includes fines up to 10% of global annual turnover and 20% for repeat infringements (DMA, 2022). For gatekeepers, such as Apple, Meta, and Google whose annual turnover is above 150 billion this can mean tens of billions of euros (Business Stats Research Desk, 2026). However, compared to the GDPR, stringency can be uneven. It varies across gatekeepers depending on which Core Platform Services are designated, the obligations required for the corporation, and the impact of the existing business model (DMA, 2022). For Meta, costs were greater because of structural changes the DMA required them to make to their business model (Meta, 2026, p. 59). A cost differential may explain why firms resisted the DMA more forcefully than the GDPR. However, the strict requirements the DMA enforced on firms and the tool of sanctions used by the EU form MPE.

De facto Brussels Effect DMA

Early Corporate Mobilization

Compared with the GDPR, firms began strongly resisting the DMA before it went into force. As the proposed obligations became clearer, gatekeepers increasingly perceived the regulation as

threatening their existing business models and platform ecosystems. Early lobbying therefore provides important evidence for understanding why subsequent compliance was largely regionalized rather than globalized.

Early visible reactions came during the DMA's legislative process by affected firms and industry associations who signaled concern over the regulation's potential impact on their business processes. Firms began to see potential threats the DMA could impose. This was observable in the formal lobbying submission to the EU about the DMA in March 2021 by the Information Technology Industry Council (ITIC), a traditional corporate trade association and lobbying group (Information Technology Industry Council [ITIC], 2021). The submission comprised of warnings that its obligations could "redesign business models altogether." Indicating that firms affected by the regulation perceived it as a direct threat to their existing market structures (ITIC, 2021). Additionally, the ITI highlighted that the regulation "...only targeted a narrowly defined set of companies." This became a common point of criticism for the DMA (ITIC, 2021).

By 2021, firms could calculate if they would be designated one of the "gatekeepers" under the DMA (European Commission, 2020). The draft DMA used quantitative thresholds that were public at the time. This included EU turnover greater than or equal to €6.5 billion (later raised to €7.5 billion) or market cap greater than or equal to €65 billion (later €75 billion), greater than or equal to 45 million monthly end users in the EU, and additional thresholds (European Commission, 2020, Art. 3). Firms who expected to qualify as gatekeepers included Apple, Meta, Amazon, Microsoft, and Alphabet (Mariniello & Martins, 2021; European Commission, 2020). However, these firms were subject to the same regulatory framework. The specific risks posed by the DMA differed significantly depending on their business models and sources of market power.

Firm-Level Responses to DMA Compliance

Following the DMA's approval, the responses of Big Tech firms became increasingly confrontational. Apple and Meta took a particularly contentious stance, publicly criticizing the regulation and emphasizing negative effects on innovation, consumers, and the business model. This response was reflected in the level of de facto Brussels Effect that was visible within these corporations.

Apple

Apple has formally made all the required changes to the core architecture of iOS and App store to maintain current access to the Single Market (Apple Inc., 2026a). There were six main articles that impacted Apple making them a prime test subject due to the high DMA compliance cost (Apple Inc., 2026a). Additionally, many of their obligations required deep operating system and platform architecture changes (Apple Inc., 2026a). However, even though Apple made changes formally, many are still being contested by the Commission (European Commission, 2025a). In June, 2024, a preliminary finding by the Commission indicated that Apple's App Store breached DMA Article 5(4), anti-steering rules (European Commission, 2024b). Stating that offers outside the App Store are still not freely accessed by developers (European Commission, 2025a). Apple also introduced the Core Technology Fee for apps that were distributed via alternative marketplaces (Apple Inc., 2026a). This was heavily criticized by other corporations. For example, CEO of Epic Games, Tim Sweeney, in a post on X called Apple's plan a "devious new instance of Malicious Compliance" (Sweeney, 2024). Overall, Apple may have preserved much of its gatekeeper's power by leveraging fee structures, restrictive contractual terms, and user-facing friction. The Commission fined Apple €500 million for failing to comply with this obligation due to failing to prove that these restrictions are necessary and proportionate (McMahon, 2025; European Commission, 2025a).

For Apple, key DMA concerns included the obligations related to alternative app store requirements, sideloading, third-party payment systems, and browser engine interoperability; this was demonstrated in Apple's compliance documentation (Apple Inc., n.d.). Under Articles 5 and 6 of the DMA, gatekeepers must allow third-party distribution channels, alternative payment mechanisms, and greater interoperability (DMA, 2022). The obligations of allowing third-party payment systems, sideloading, and alternative app store threatened Apple's ability to maintain exclusive control over iOS characteristic such as payments and software distribution. In a 2021 security paper Apple made these concerns clear by arguing that permitting alternative app distribution would undermine the security and privacy architecture of iOS (Apple Inc., 2021). This suggests that interoperability obligations directly challenge Apple's closed ecosystem model.

Overall, through a legal report on the DMA, Apple has indicated having low to moderate spillover of DMA-induced regulatory changes beyond the EU (Apple Inc., 2026a). A small number of

compliance adjustments diffused beyond the EU; however, the major user-facing changes were regionalized to the EU market (Apple Inc., 2026a). Major compliance measures limited to EU users include browser choice screens, alternative app marketplaces, and expanded app app-deletion rights (Apple Inc., 2026a). Alternative app marketplaces were introduced to comply with Article 6(4); however, Apple was able to geographically isolate this measure because the iOS architecture allows for jurisdiction-specific feature gating (Apple Inc., 2026a). Additionally, Apple has a high incentive not to globalize sideloading due to App Store commission revenue, control over payments, and ecosystem lock-in giving it market power. Article 6(3) requires gatekeepers to uninstall preinstalled apps, change defaults, and choose alternative default services (DMA, 2022). Like Article 6(4), this is highly divisible for Apple and therefore these changes were confined to the EU (Apple Inc., 2026a). Apple claimed these changes were "creating a worse experience for European users," and exposed them to "privacy concerns and security threats," and ultimately made it harder for them to do business in Europe (Apple Inc., 2025a). This rhetoric positioned the DMA not as a regulation whose purpose is fair competition, but as a regulatory intervention that undermines product quality, consumer safety, and technological innovation (Apple Inc., 2025a).

Although most of Apple's DMA compliance remain regionalized, some obligations produced evidence of de facto Brussels Effect. Apple's expansion of App Store Connect analytics appears primarily linked to DMA Article 6(10), which requires gatekeepers to provide business users with access to data generated through their activities on the platform (DMA, 2022, art. 6(10)). The new analytics reports reduce Apple's informational advantage by giving developers greater access to engagement, commerce, and usage of metrics (Apple Inc., 2026a). In Apple's 2026 compliance report on Article 6(10) of the DMA, it stated "to reflect the DMA's changes, Apple has expanded the analytics available for developers' apps both in the EU and around the world" (Apple Inc., 2026a). The DMA, in other words, generated limited de facto Brussels Effect. Evidently, some obligations that would theoretically be expected to produce broader regulatory convergence remained regionally confined.

Interoperability requirements are typically considered highly non-divisible. However, to comply with Article 6(7), Apple established a formal interoperability request mechanism only available to developers located in the EU (Apple Inc., 2025c). It allows only EU developers to request access to hardware and software features that are controlled by iOS and iPad for iOS (Apple Inc., 2025c).

APIs previously reserved for Apple's own services can also be requested (Apple Inc., 2025c). Apple conducts eligibility reviews for phased approval procedures, and security-based jurisdictions which allow them to retain substantial discretion (Apple Inc., 2025c). However, the Commission and other private bodies have filed complaints over these terms (European Commission, 2025a). The European Commission opened a specification proceeding against Apple in 2024 to clarify how Apple must comply with interoperability obligations (European Commission, 2024b). Apple has subsequently challenged the Commission legally and argues that the decisions were overly burdensome, harmful to security and unfairly forcing Apple to give rivals access to sensitive systems (Apple Inc., 2025c).

Therefore, despite interoperability obligations being relatively non-divisible, Apple largely regionalized compliance rather than globalizing it, indicating that their behavior cannot be explained by divisibility alone. There is no clear indication of Apple's resistance being linked to increased geoeconomic competition. Instead, there is evidence of it being linked to revenue and market power concern, due to impacts on their payment controls and allowing alternative app marketplaces.

Meta

As with Apple, Meta also resists the DMA to protect core revenue and market power concerns. For Meta, one of the most significant impacts of the DMA was the "Consent or Pay" model for Instagram and Facebook. Article 5(2) restricted gatekeepers from combining personal data across services without consent (DMA, 2022). As a result, these obligations posed a significant challenge to Meta's core revenue model, which depends heavily on cross-platform data aggregation, targeted advertising, and network effects. Meta's compliance was limited to EU and EEA users (Meta, 2024). To comply with this Meta developed two options in their 2024 compliance, Option 1: use Facebook/Instagram for free with personalized ads and tracking or Option 2: pay a monthly subscription for an ad-free version (Meta, 2024). This was criticized as users were effectively forced to pay for privacy and they were later found in breach of the DMA in June 2024 (European Commission, 2024a). The Commission imposed a €200 million fine for non-compliance with Article 5(2) (Schmalenberger & Horn, 2025; European Commission, 2024a). Meta again made changes to the model in 2025 and 2026, adding a third option with less personalized ads using

fewer personal data signals which is still being reported as violating the DMA (Meta, 2025; Meta, 2026; Datta, 2026).

Article 7, which introduced interoperability changes to WhatsApp and Messenger, was also explicitly introduced to the EU rather than as a global platform for reform. Meta itself acknowledged the costliness and technical complexity of complying with Article 7, stating "the interoperability solutions are the result of significant investment by Meta to build complex technical infrastructures required to support interoperability" (Meta, 2026, p. 59). Even though Article 7 required costly architectural changes, the company limited obligations to the EU. Suggesting that even the technical demanding DMA obligations did not automatically produce global regulatory convergence.

Beyond the lack of global diffusion seen with Meta, there was also an aggressive narrative-framing campaign contesting the DMA. They described the regulation as an attempt to "handicap successful American businesses" and a "multi-billion-dollar tariff" that would force the company to provide an "inferior service" (Meta, 2025). This narrative could point to geopolitical impacts because of the use of terms such as "tariffs" and the isolation of American businesses.

Taken together, the developments of Meta indicate that they did not extend DMA compliance measures globally. Instead, the company continued to publicly criticize and challenge the regulation. This pattern is consistent with Meta protecting the cross-platform data aggregation and targeted-advertising model described above. Additionally, it is also consistent with the expectation that, in an environment of increased geoeconomic competition, firms may be less willing to extend EU regulatory changes globally. However, the firm-level evidence here does not distinguish between these two explanations.

Google and Microsoft

Apple and Meta represent a more contentious cases of DMA compliance; while other gatekeepers demonstrated compliance changes with comparatively less public conflict. Microsoft made DMA-related changes that include unbundling Microsoft Edge from Windows defaults, adding easier default browser switching, adding uninstall options for apps like Microsoft Bing, and implementing interoperability changes in Windows (Microsoft, 2026). However, Microsoft's changes were EU/EEA only, not global (Microsoft, 2025; The Register, 2025). Furthermore, in contrast to Apple and Meta's fines, there is no mention of fines, breach findings, or non-

compliance investigations against Microsoft (see European Commission, 2024b). Microsoft's own EU Policy Blog stated, "we remain committed to working with the European Commission, National Competition Authorities, European businesses, and consumers to remain compliant with the DMA" (Microsoft, 2024). This demonstrates that Microsoft's public tone was cooperative.

Google's implementation was not as smooth as Microsoft's but less contentious than Apple's and Meta's. They faced a different set of regulatory constraints under the DMA, centered on obligations prohibiting self-preferencing and restricting bundling practices under Article 6(5), Article 5(8) and Article 6(3) (DMA, 2022). This was significant to Google's business model as it targeted their highly integrated platform ecosystem across Search, Android, Maps, and Shopping (European Commission, 2023b). In a 2020 policy discussion hosted by the Center for Data Innovation, Google's EU Public Policy manager, Bartłomiej Telejko, argued that restricting practices such as bundling could reduce innovation and worsen user experience by limiting the integration of services such as Search and Maps (Chivot, 2020). Once designated, Google's concern centered on the impacts the DMA could have on their services and on market dominance and advertising revenue that this dominance generates, as Google cited in a blog post the potential loss in revenue (Bethell, 2025; Cennamo et al., 2025).

Google later ensured compliance with the DMA. However, it was evident that Google did not approve of the regulation. In 2025, Google stated that "DMA compliance should improve digital markets, not come at the expense of security, integrity, quality or usefulness" (Google, 2025). The Commission opened specification proceedings in January 2026 to define how Google should comply with the DMA's interoperability and search data-sharing obligations (European Commission, 2026b). This process concluded in July 2026 and resulted in the Commission fining Google €890 million for self-preferencing and Play Store anti-steering violations (European Commission, 2026c). Google was also issued a binding order requiring them to share anonymized search data with rivals and open Android AI-assistant interoperability by 2027 (European Commission, 2026c).

At the same time, Google has publicly stated that it is implementing measures to comply with the DMA, while also being critical of the regulation (Google, 2025; European Commission, 2026b). Furthermore, Google mainly confined compliance to the EU, with limited de facto Brussels Effect visible.

Assessment of the De Facto Brussels Effect

The process tracing of the de facto Brussels Effect demonstrates how the DMA generated firm-specific concerns that varied on how it impacted a firm's underlying business model. Apple's main concern was related to alternative app store requirements, sideloading, third-party payment systems, and browser engine interoperability. The "Consent or Pay" model which was now not allowed under the DMA posed one of the greatest challenges for Meta. For Microsoft and Google, the prohibition of self-preferencing and restriction of bundling practices was a main concern. Although, firms sometimes used language that linked geoeconomic competition to the DMA, such as Meta describing the DMA as a "multi-billion-dollar tariff"; the firms may have resisted the DMA because the changes required by it imposed higher costs on them (Meta, 2025).

De Jure Brussels Effect DMA

In the U.S. there were also similar debates regarding the market power of digital platforms. One example was Lina Khan's article, *Amazon's Antitrust Paradox* (Khan, 2017). The timing and content of this article demonstrate that any similar actions of the U.S. with regards to digital platform regulation could not be attributed to a de jure Brussels Effect from the DMA (Khan, 2017). Khan, like the concerns of the EU, saw antitrust law as ill-equipped to regulate digital platforms and their gatekeeper power in the U.S. (Khan, 2017). The influence of this article is notable as it was referenced in subsequent congressional investigations (U.S. House of Representatives, Committee on the Judiciary, 2026; Columbia Law School, 2026).

In 2019, the House Judiciary Committee launched a bipartisan investigation into competition in digital markets (U.S. House of Representatives, Committee on the Judiciary, 2019). It was aimed at investigating market concentration and assessing whether existing antitrust laws remained adequate (U.S. House of Representatives, Committee on the Judiciary, 2019). Multiple hearings were held to examine platform dominance, barriers to entry, app stores, digital advertising, and several issues that were also addressed by the DMA (U.S. House of Representatives, Committee on the Judiciary, 2022). Additionally, these hearings referred to firms such as Apple, Meta, and Amazon, and used the same term "gatekeepers" to refer to them (U.S. House of Representatives, Committee on the Judiciary, 2022). The investigation was extremely comprehensive and lasted more than a year (U.S. House of Representatives, Committee on the Judiciary, 2022). Compulsory documents were requested from companies and from academics, businesses and experts,

demonstrating that an evidentiary basis for legislative reform was being developed (U.S. House of Representatives, Committee on the Judiciary, 2022). This points to a parallel development of digital market regulation in the EU and U.S., creating a potential for regulatory diffusion.

Following the hearing, the Open App Markets Act (OAMA) was introduced in 2021 (Open Apps Market Act [OAMA], 2021). The Act had many key similarities to the DMA such as addressing gatekeeper control over app ecosystems, limiting restrictions on alternative payments systems, and prohibiting anti-steering practices (OAMA, 2021). The act demonstrates that U.S. lawmakers were considering ex ante regulation of digital platforms (OAMA, 2021). It passed the Senate Judiciary Committee in February, 2022 (U.S. Congress, Senate Committee on the Judiciary, 2022). There was never any explicit reference to the DMA; however, in the analysis the Congressional Research Service noted that “The European Union is also considering comprehensive legislation that would impose *ex ante* regulations on digital "gatekeepers," with several of the rules mirroring provisions in the OAMA” (Sykes, 2022). This comparison notes that the EU initiative was recognized as an example of a regulatory model.

However, the OAMA did not become law amid strong resistance from large domestic firms such as Apple and Google (Feiner, 2022). In a letter to the Senate Judiciary Committee, Apple expressed concerns regarding security, consumer privacy, and innovation (Klar, 2022). Another act mirroring the DMA was the American Innovation and Choice Online Act (AICOA), a U.S. federal antitrust reform proposal that aimed to regulate large digital platforms (Bipartisan Policy Center, 2022). It passed the Senate Judiciary Committee in January, 2022 and received support from the United States Department of Justice (Klobuchar & Grassley, 2022a). However, it also faced intense lobbying from major tech companies citing similar concerns to the OAMA (Klobuchar, 2022b). Ultimately, it never received a vote in the full Senate and did not become law (S.2992 - American Innovation and Choice Online Act, n.d.). The introduction of the OAMA and the AICOA took place while the DMA was still in the EU legislative process (European Commission, n.d.). Therefore, the U.S. reform agenda was in parallel rather than a direct response to the EU.

In 2025, the OAMA was reintroduced two years after the DMA was implemented (Blackburn et al., 2025; European Commission, n.d.). The OAMA had a similar objective to the DMA and referred to concerns of domestic competition and reducing “gatekeeper power” (S.2153 - Open App Markets Act, n.d.). However, the reintroduced OAMA still never explicitly referred to the

DMA nor did any scholarly sources. The OAMA is therefore not regarded as evidence of a de jure Brussels Effect: the original bill was introduced simultaneously with the DMA, remains in the Senate Judiciary Committee, and has not progressed to a floor vote (S.2153 - Open App Markets Act, n.d.). The fact that the bill has been repeatedly introduced, after the DMA took effect, suggests that there is still a push for DMA-like regulations within the U.S.

The development of U.S. legislation like the DMA, highlights the changing federal priorities regarding digital platform regulation. As the OAMA and the AICOA were able to gain some traction in the early 2020s, support for comparable federal legislation has weakened considerably (Klar & Evers-Hillstrom, 2022). This decline increased significantly during the Trump Administration. U.S. policy shifted from considering comparable domestic reforms to actively resisting EU-led regulatory convergence (Center for Strategic and International Studies, 2026). Having established that DMA-like proposals gained momentum in the U.S. but ultimately failed to become federal law, the analysis now focuses on the political and corporate mechanisms that constrained convergence.

Corporate and Political Resistance

Interest groups' first course of action was seen in their attempts to weaken or block the DMA before its adoption. This was demonstrated through lobbying, coalition-building, and direct engagement with EU institutions. Major platform firms were therefore key drivers of early resistance to the regulation. According to Corporate Europe Observatory and LobbyControl (2021), high-level European Commission officials held 271 meetings, 75% of them being industry lobbyists. This high volume of activity illustrates how corporate actors sought to influence the regulatory framework during the drafting process.

Corporate Europe Observatory (2022) further documents aggressive lobbying efforts within the EU aimed at shaping both the content and implementation of the DMA. In efforts to soften the final DMA text during trilogues, last-minute attempts were made by various Big Tech firms to influence the final stage of the EU policy-making process (Corporate Europe Observatory, 2022). Google, Apple, Facebook, Amazon, and Microsoft were among the many firms that were present (Corporate Europe Observatory, 2022).

Meta was one of the most active and aggressive corporate lobbyists. From the proposal phase of the DMA, Meta Platforms, Inc. attempted to weaken the regulation before adoption. It was among the top-spending Big Tech lobbyists in Brussels during the drafting period. Meta's EU lobbying spending is reported at €8-10 million annually in the EU Transparency Register (LobbyFacts, 2026; European Union Transparency Register, 2026). Additionally, they maintained dedicated public policy engagement with the European Commission, Members of Parliament, and Member State representatives (European Union Transparency Register, 2026). Google, Apple, Facebook, Amazon, and Microsoft spent more than €27 million on EU lobbying in a single year, with Apple recording the largest increase in expenditure (Corporate Europe Observatory, 2022). These numbers demonstrate the significance of EU digital regulations to Big Tech firms, and this was also demonstrated through the lobbying actions of public interest groups. Corporate resistance also extended to the construction of public narratives by industry-funded think tanks and trade associations. Direct lobbying was only one form of resistance. Firms and affiliated regulations also publicly presented the DMA as a threat to innovation, consumer welfare, security, and U.S. competitiveness to shape the regulation.

Strategic Framing and Politicization

Trade associations themselves had different approaches; they either rejected the DMA or wanted to reshape it. As debates surrounding the DMA became increasingly politicized during the drafting phase, resistance became even more explicit right before and after the regulation was passed on 5 July, 2022. The Information Technology and Innovation Foundation (ITIF) is seen as a proxy interest group for the tech sector because it receives significant portions of its funding from massive technology firms such as Amazon, Alphabet, Apple, and Meta (Information Technology Innovation Foundation [ITIF], 2026). In an August, 2022 report, the ITIF argued that DMA obligations risked undermining innovation and harming consumer welfare (Portuese, 2022). They framed the regulation as an example of precautionary regulation that prioritizes regulatory intervention over digital market efficiency and technological innovation (Portuese, 2022).

DIGITALEUROPE, which represents both U.S. tech giants and European digital firms, adopted a more pragmatic stance (DIGITALEUROPE, 2021, 2026). They accepted the regulation and urged the European Commission to provide clearer compliance guidelines (DIGITALEUROPE, 2022). This demonstrated a broader support for the DMA, but they still attempted to influence its

application (DIGITALEUROPE, 2022). The actions of DIGITALEUROPE are an example of how trade associations sometimes only sought to reshape the regulations.

One strategy seen by trade associations was reinforcing the narratives of individual firms that the DMA was economically harmful rather than merely costly for individual firms. The Computer & Communications Industry Association is a trade association lobbying on behalf of modern internet, software, and telecommunications companies (Computer & Communications Industry Association [CCIA], 2024). Key members include Google, Amazon, Meta, and Apple (CCIA, 2024). The CCIA, stated in their March 10, 2021, position paper on the DMA, that the Commission's expanded regulatory powers could create unintended consequences (CCIA, 2021). They also claimed that the regulation would fundamentally reshape relations between platform operators and business users (CCIA, 2021). This argument mirrored the concerns listed by firms such as Microsoft and Meta. As noted earlier in this analysis, Microsoft listed the harm to EU consumers as a specific concern and Meta specifically warned about the threat to American businesses. The CCIA is reinforcing the corporate narrative that the DMA risks undermining innovation and imposing disproportionate regulatory burdens on digital platforms.

NetChoice criticized the EU's DMA as disproportionately targeting U.S. technology firms, and they argued that its obligations could undermine innovation, reduce consumer choice, and in some cases weaken security protections (NetChoice, 2020). This framed the DMA in nationality-based terms. This narrative did not yet dominate the industry rhetoric, as ITIC and CCIA's 2021 comments remained focused on technical concerns. However, this narrative became more common: TechNet also made a nationality-based argument in 2022, also criticizing the DMA for disproportionately affecting U.S. firms (TechNet, 2022b). Eventually, this pattern became clearer, through political statements made by U.S. officials which is highlighted more in detail in the next section (Chu, 2022).

To assess if the nationality-based framing is a distinct response to the DMA or has been reused as a broader lobby strategy, we can compare their response to the Open App Markets Act (OAMA) (2021). A similar response was seen with this purely domestic U.S. proposal. The OAMA also addressed "gatekeeper" power of dominant app-store operators (Open App Markets Act, 2021). The same trade associations who argued against the DMA, such as NetChoice, TechNet, the Consumer Technology Association, and the U.S. Chamber of Commerce also argued against the

OAMA. They stated that the legislation would harm consumers, undermine innovation, and unfairly target American firms (Winterton, 2022; U.S. Chamber Staff, 2022; Ambrosio, 2019; TechNet, 2022a). The similarity in this argument, across both the DMA and OAMA, demonstrates how corporate resistance relied on recurrent framing strategies across regulatory contexts. Rather than presenting an opposition based on the threat it poses to their business model, digital-market regulations were framed as a threat to consumers, innovation, and U.S. competitiveness (Winterton, 2022; U.S. Chamber Staff, 2022; TechNet, 2022a, 2022b). Digital platform regulation was increasingly extended beyond competition policy and began to be linked to broader concerns over national competitiveness and geoeconomic competition. These concerns were visible through industry submissions, association campaigns and public debates, similar concerns also appear in U.S. political discourse. This does not prove that lobbying caused policymakers to adopt similar positions but demonstrates the alignment of corporate and political framing, against digital platform regulations.

Corporate Narratives in Washington

Early evidence of U.S. government concern regarding the DMA is seen in 2021, in Congressional Research Service Report *EU digital policy and international trade* (Fefer, 2021), with politicization increasing over time. Congressional and executive branch assessments recognized the potential impact of the regulation on American technology firms (Fefer, 2021). This somewhat echoed the concerns of interest groups with key narratives such as “harms innovation”, “targets American firms” and “creates trade tensions” (TechNet, 2022b). Initial government recognition came from the Congressional Research Service (CRS), a nonpartisan analytical body whose role is to brief Congress rather than advocate for industry interests. Initial concern likely stemmed from the observable fact that the DMA would primarily affect large American technology firms. Although the early congressional assessments focused on the economic implications of the DMA, the political discourse broadened over time. Following the adoption of the DMA and the designation of gatekeepers, U.S. political discourse began to include concerns of discrimination, protectionism, and trade distortion.

In February 2022, Senate Finance Committee leaders Ron Wyden and Mike Crapo publicly urged the Biden administration to push back against “discriminatory digital trade policies” in the European Union (Chu, 2022). In their statement they warned that the Digital Markets Act (DMA)

would distort trade, disadvantage U.S. companies and workers, and provide an unfair competitive advantage to foreign rivals (Chu, 2022). The rhetoric in the Congressional Research Service Report was less defensive (Fefer, 2021). The report references a "potential for partnership between the United States and the EU" and aims to address "common concerns" (Fefer, 2021). Additionally, the EU's strategy is only described as "more regulatory" (Fefer, 2021). On the other hand, the language used by Senate Finance Committee leaders Ron Wyden and Mike Crapo frames the regulation as discriminatory and inconsistent with international trade principles (Chu, 2022). This is a vastly different description then the one made in the Congressional Research Service's description. This is a clear example of a rhetorical shift. Although, these were not formal acts of opposition to the DMA, they marked a shift to political contestation.

Institutionalization of Resistance

At this point enforcement of the DMA had begun and major U.S. platforms are formally designated as gatekeepers (European Commission, 2023b). For example, resistance to the DMA becomes more public: there is a U.S. House Judiciary Committee hearing in 2025 that addresses the possible threats of the DMA and Trump expresses concerns about the DMA on Truth Social (U.S. House of Representatives, 2025; Trump, 2025). In response, the concerns over the regulation evolved into a broader geopolitical issue regarding technological sovereignty and strategic competitiveness. The interests of major technology firms were also increasingly being articulated as national economic and strategic interests.

The U.S. House Judiciary Committee hearing in 2025, *Anti-American Antitrust: How Foreign Governments Target U.S. Business,* demonstrates this rhetorical shift (U.S. House of Representatives, 2025). The title of the hearing itself illustrates the rhetorical transformation. During the hearing, Representative Scott Fitzgerald referred to the DMA as a blueprint for a "growing effort to rewrite the rules of the global economy in a way that punishes success, targets American innovation, and leaves consumers worse off" (U.S. House of Representatives, 2025). He further stated that the DMA only asks, "whether a company is large, successful, and most importantly, American" and it "should concern us most is that this model is now spreading globally" (U.S. House of Representatives, 2025). He argued that this is why the Trump Administration has been pushing back on the DMA, reflecting a significant escalation in U.S. discourse (U.S. House of Representatives, 2025). This illustrates a significant transformation in

the political framing of the DMA. Additionally, Fitzgerald warned that the EU's regulatory model is "spreading globally" (U.S. House of Representatives, 2025). This is evidence that U.S. policymakers perceived and politicized the international spread of the EU regulatory model.

As resistance became more apparent within the U.S. policy rhetoric, it also began to appear within the trade policy of the Trump Administration. In the presidential memorandum from February 2025, *Defending American Companies and Innovators from Overseas Extortion and Unfair Fines and Penalties* (The White House, 2025), foreign digital regulations, fines, and taxes imposed on U.S. technology companies are explicitly framed as forms of "overseas extortion" and "unfair penalties" (The White House, 2025). The use of terms such as extortion and penalties instantly demonstrates that the U.S. views the DMA as a weaponized instrument that is used against U.S. firms. It also implies that American companies must be defended from this, signifying that resistance now extend to the U.S. government. In that regard, opposition to the DMA is not just an interest of corporations and trade associations but also the U.S. president. The interests of major U.S. technology firms are also being aligned with the national economic and strategic interests. This alignment of narratives between the firms and the U.S. government demonstrates how resistance to the DMA has become more than just a concern of the firms impacted.

In a post President Trump made to Truth Social on 25 August 2025, he labeled the "Digital Markets Regulations" as discriminatory to American technology companies (Trump, 2025). He also argued that such regulations, "give a complete pass to China's largest Tech Companies," framing digital regulation not merely as a trade issue but as a geopolitical threat to U.S. strategic competitiveness (Trump, 2025). Trump warned that countries maintaining such regulations could face retaliatory tariffs and export restrictions (Trump, 2025). The response of the U.S. is related to Henry Farrell and Abraham Newman's theory of Weaponized Interdependence, where Trump's strategy is to retaliate with tariffs and export restrictions (Farrell & Newman, 2019). Trump's response led to digital platform regulation to become increasingly securitized and incorporated into broader geoeconomic competition.

The use of Weaponized Interdependence threats in response to digital policies was also used by Trump towards countries beyond the EU. In the 2025 United States Trade Representative (USTR) Section 301 investigation into Brazil's digital trade policies, foreign digital regulation was framed using rhetoric like that deployed against the DMA (USTR, 2025). The USTR defined actionable

foreign conduct as policies that are, “unreasonable and discriminatory” and that “burden or restrict U.S. commerce” (USTR, 2025). Additionally, witnesses who represented U.S. business and technology interests criticized measures concerning data access, interoperability requirements, and asymmetric obligations imposed on digital platforms (USTR, 2025).

The U.S. demonstrates a case with very limited evidence of de jure Brussels Effect, despite there being potential. Similar discussions of digital market regulations and proposed legislation evinced that the U.S. was moving the same direction as the EU with digital policy. However, as geoeconomic conditions intensified with Trumps second term and digital policy was regarded as a tool of economic power, the rhetoric surrounding EU digital policy and the DMA became increasingly negative. Thereby, demonstrating that political and corporate resistance significantly constrained the de jure Brussels Effect. However, this outcome does not necessarily represent the full extent of the DMA’s regulatory influence. Examining developments beyond the U.S. provides a broader scope for assessing the full de jure Brussels Effect.

Comparative Evidence Beyond the United States

Beyond the U.S. there has been a moderate de jure Brussels Effect. South Korea demonstrates a similar level of resistance as the U.S. A DMA-modeled ex-ante bill was pursued in South Korea, but received heavy backlash (Lee, 2024). The Online Platforms Fairness Act, then remodeled as the Platforms Competition Promotion Act (PCPA), proposed a pre-designation system for dominant platforms also mirroring the DMA’s gatekeeper model (Lee, 2024). However, there was heavy pushback from the industry and the U.S., and it was abandoned after four years in September, 2024 (Lee, 2024; CCIA, 2025). This demonstrates evidence of resistance of the de jure Brussels Effect.

Countries such as the United Kingdom and Japan have seen implemented regulations like the DMA. While others have proposals of regulations mirroring the DMA but not yet enacted. For example, in 2024 the United Kingdom adopted the Digital Markets, Competition and Consumers Act (DMCC Act) [Digital Markets, Competition and Consumers Act 2024, c. 13]. The Act creates a UK Strategic Market Status that is structurally similar to the DMA’ gatekeeper model. It also designates firm and then imposes binding requirements on them, with fines for non-compliance (DMCC Act, 2024).

Japan demonstrated strong state mobilization from 2018-2021. The Ministry of Economy, Trade and Industry, Japan Fair Trade Commission, & Ministry of Internal Affairs and Communications (2018) jointly issued the Fundamental Principles for Improvement of Rules Corresponding to the Rise of Digital Platform Businesses (Ministry of Economy, Trade and Industry et al., 2018). The report highlighted the risk for monopolies within digital platform businesses, along with the need for consumer protection, innovation, and fairness within operators (Ministry of Economy, Trade and Industry et al., 2018).

In 2019 the Japan Fair Trade Commission (JFTC) published an interim report that identified app-store dominance, dependence of business users, gatekeeper control over market access, and platform practices that could exclude competitors or harm competition (Japan Fair Trade Commission [JFTC], 2019). To address these concerns Japan leaned towards pursuing platform-specific regulatory intervention (JFTC, 2019). This strategy is directly related to the methods of the EU in regulating Digital Platform Services. There is also evidence that this policy method was chosen due to the influence the EU had on Japanese digital policy, along with the recommendation of the report. The JFTC found that it is useful to set rules in a specific regulation to shape the "voluntary effort" of digital platform operators rather than following a risk-based approach (JFTC, 2019, p. 106). The report specifically references the EU's regulations in promoting fairness and transparency (JFTC, 2019, p. 106). Reference to EU regulations and the similarity of regulation strategy for Digital Platform Services demonstrates the parallel between Japan's approach and the broader EU regulatory trajectory that later results in the DMA (JFTC, 2019).

Simultaneously, interest groups' involvement in the digital policy strategy of Japan was evident through lobbying statistics. The JFTC collected over 900 submissions from developers and platform operators during their study (JFTC, 2019). They had concerns regarding the app-store market and oligopolistic qualities (JFTC, 2019, p.24). The report shows the early development of business user complaints, government recognition, and a demand for stronger platform regulation in Japan (JFTC, 2019). Leading up to the adoption of Japan's Mobile Software Competition Act (MSCA), industry mobilization increased. Apple and Google opposed the regulation using similar arguments they did for the DMA and for the U.S.'s OAMA and AICOA (Inagaki et al., 2024). The arguments were centered on cybersecurity, privacy, user safety, innovation, and implementation

burdens (Inagaki et al., 2024; Apple Inc., 2025). This demonstrates a similar pattern of resistance by digital platform firms beyond the EU.

Taken together, this evidence suggests that Japanese industry groups and think tanks have been less publicly confrontational toward the DMA than those in the U.S. One of the most significant Japanese business organizations to comment on the DMA is Keidanren (Keidanren, 2022). In a report in 2022, Keidanren discussed the EU's DMA, and rather than opposing, it was more of a discussion on whether Japan should converge to the EU's model (Keidanren, 2022). Therefore, in Japan, government regulators and businesses recognize both benefits and risks of convergence (Keidanren, 2022).

The MSCA, enacted in 2025, is an ex-ante regulatory model closely mirroring the DMA (JFTC, 2025; Erixon et al., 2026). Both regimes seek to address market failures such as self-preferencing and barriers to entry (JFTC, 2025). The DMA became a useful source of information for JFTC and the Cabinet Secretariat as they drafted and proposed the implementation and enforcement of the Mobile Software Competition Act. The JFTC stated that "the knowledge and experience gained from the European Commission's work on the Digital Markets Act will be leveraged in preparing for the enforcement of the Act" (JFTC, 2024). This statement makes Japan's MSCA one of the clearest examples of the de jure Brussels Effect; because of the direct reference to the European Commission and the DMA. Japan demonstrates a process of selective regulatory adaption as domestic concern first created the demand for intervention, while the DMA provided a legal and institutional model.

Other countries have shown a more moderate example of the de jure Brussels Effect. Countries such as India, Australia, and Canada exhibit evidence of studying the DMA and pursuing similar ex-ante regulatory measures against digital platforms. However, they are either still in the proposal stage, or no equivalent statute has been adopted. For example, India proposed the Digital Competition Bill in 2025, which closely resembles the DMA's architecture (Ganesh et al., 2025). In Australia, the Australian Competition and Consumer Commission (ACCC) Chair, Gina Cass-Gottlieb, stated in 2025 that "we continue to recommend that targeted regulation of digital platform services is needed to increase competition and innovation, and protect consumers in digital markets" (ACCC, 2025).

Among the cases examined, the United States exhibited the strongest and most explicit political opposition to the DMA. Although similar regulations were adopted simultaneously with the DMA, more recent developments and evidence shows governmental criticism of the DMA, opposed to Japan who has embraced the DMA as a regulatory reference point. These contrasting cases, together with more moderate examples of jurisdictions that are still developing or implementing EU-inspired digital market regulation, indicate an overall moderate de jure Brussels Effect.

CHAPTER 7: FINDINGS AND CONCLUSION

Based on the findings from these cases, the hypothesis that geoeconomic competition weakens the Brussels Effect in strategically important sectors is not proven; although, geoeconomic competition may play a stronger role in the regulatory convergence of firms and countries in the future. It is notable that influence is more critical in policy areas that are strategically important to countries and as they are more likely to be impacted by other extraneous factors. The strategy of each country and firm may differ and will impact the strength of the Brussels Effect.

To test this, the digital sector was analyzed by comparing the GDPR and the DMA through process tracing. This research is important for understanding the future of the EU as a global power and if theories such as MPE and the Brussels Effect will continue to be applicable in an environment where geopolitical rivalry, economic nationalism, and strategic competition increasingly influence international markets. Case study specific evidence was used to address one aspect in the debate on the EU's global position: if they still hold the same market power and Brussels Effect qualities as theorized by Bradford and Damro.

Empirical Findings

The findings of this case study indicate the Brussels Effect remains present but in a more challenged and complex way, but the justification cannot be confidently linked to geoeconomic competition. The EU regulation that impacted strategic sectors examined in this study showed evidence of a weakened Brussels Effect. Firms, state officials, and trade associations consistently use political justifications for resisting the DMA; however, the process-tracing evidence better supports direct commercial costs than geoeconomic competition as the underlying driver.

The EU still possesses significant market power, ensuring firms adopt the necessary measures to maintain access to the Single Market. The DMA had various qualities, specifically interoperability, that satisfied Bradford's condition of the Brussels Effect. This made the DMA a satisfactory regulation to analyze in comparison to the GDPR, which already has an established Brussels Effect. Therefore, the findings of the de facto and de jure Brussels Effect of the DMA and GDPR are presented below.

Finding 1: The de facto Brussels Effect weakened

Overall, compliance with the DMA mainly remained confined to the EU market. Gatekeepers legally complied with DMA obligations where required; however, unlike the GDPR, firms rarely extended DMA changes globally. Apple restricted alternative app store and payment changes to EU users; Meta introduced its subscription and consent model only within the European Economic Area; and Microsoft limited several DMA-related interoperability and platform changes to Europe. Evidence of EU rules being the default global standard declined from the GDPR to the DMA, while differentiated products, services, and business models across jurisdictions increased. As a result, companies such as Apple, Meta, and Microsoft maintained separate regulatory regimes for the EU and non-EU markets. Firms demonstrated that they could segment digital services geographically even when there is technical and economic non-divisibility visible. This was demonstrated through Meta who noted the high costs of running two differentiated systems from only applying changes required in Article 7 of the DMA to the EU.

Furthermore, even after the adoption of the DMA and compliance with the regulation, firms continued to challenge it. Legal action, public criticism, compliance disputes and narrow interpretations of obligations have remained a strong sign of firm level resistance to EU regulation. Therefore, compliance is an ongoing dispute rather than a more immediate acceptance of the new standard seen with the GDPR. Companies such as Microsoft, publicly supported the GDPR after its adoption. However, with the DMA the period was accompanied by broader political sensitivity surrounding regulation of digital markets. Therefore, it was publicly contested by firms and industry associations. They framed the DMA as not only a market regulation but also as affecting competition, innovation, and strategic positioning. Specifically, when analyzing the same firms that were assigned as gatekeeper firms by the commission, evidence shows that their responses

vastly differed. Overall, the process tracing shows that there were substantially higher direct costs imposed by the DMA.

Finding 2: The de jure Brussels Effect became more uneven

The evidence supports a moderate de jure Brussels Effect with the DMA compared to the GDPR. Japan demonstrated a strong positive case through the implementations of the Mobile Software Competition Act (MSCA). Additionally, Japan indicates that the DMA provided a legal model for the MSCA. Other cases such as India and Australia are examples of weaker de jure Brussels Effect. Some legislation has been proposed; however, compared to the time frame of GDPR de jure Brussels Effect within these countries, the process has been much slower. Finally, the U.S. and South Korea present a strong negative case, where early momentum toward EU-like legislation gave way to renewed industry and political resistance, limiting regulatory convergence.

Therefore, compared with the GDPR, which generated strong de jure regulatory convergence in countries including Argentina, Brazil, Japan, and South Korea, the DMA produced a more moderate de jure Brussels Effect. Even with U.S. there was moderate de jure Brussels Effect of the GDPR through the California Consumer Privacy Act (CCPA). Although the CCPA is state-level legislation, it was strongly influenced by the GDPR and incorporates several similar privacy principles. Taken together, these findings indicate that the DMA has generated a weaker and slower de jure Brussels Effect than the GDPR, with more limited regulatory convergence and greater political resistance across key third countries.

Process-tracing conclusion

The weakened de jure and de facto Brussels Effect was not traced to being caused by increased geoeconomic competition. The proposed causal mechanism was that intensifying geoeconomic competition leads to increased corporate and state resistance and in response there is a weaker Brussels Effect within strategic sectors. Firstly, the DMA passed the hoop test because it satisfied Bradford's necessary conditions. Therefore, a weaker regulatory diffusion cannot be fully explained by the absence of the conditions required for the Brussels Effect to occur.

The cumulative evidence was inconsistent with the proposed causal mechanism, with some variations. Firms consistently resisted full convergence to the DMA, and their opposition increasingly invoked arguments related to economic security, technological leadership,

innovation, and national competitiveness. However, resistance points towards economic factors and the increased technological capacity of firms to differentiate product by jurisdiction. The research does demonstrate a change in behavior and rhetoric from the GDPR where corporate resistance remained more limited and was less politicized, allowing stronger market-driven regulatory diffusion. The contrasting behaviors of firms from the DMA to the GDPR is still important to note for the future of the EU as a global standard setter.

Variations in the causal mechanisms, are visible with the de jure Brussels Effect. Japan had low state resistance and actively used the DMA to adopt similar legislation, demonstrating the Brussels Effect. The U.S. exhibited strong resistance to convergence. The progression from early consideration of DMA-like legislation to increasingly explicit political resistance toward EU digital regulation was the closest link to the proposed sequence of geoeconomic politicization, state mobilization, and weakened de jure convergence. However, there are other alternative explanations that prevent the U.S. case from being a definitive smoking-gun test. This includes domestic political polarization, legislative gridlock, and differences in antitrust traditions. Therefore, these findings did not increase confidence in the hypothesis.

Theoretical implications

Bradford examines how in the past EU market size has generated internal regulatory influence globally (Bradford, 2019). Additionally, she examines how firms comply with EU rules to maintain access to the Single Market, as is also seen with the DMA. However, the findings presented in this research suggest that market incentives alone can no longer be a prediction of regulatory diffusion in strategically important sectors. Instead, other factors must be considered such as the structural power of firms impacted and regulation qualities beyond those described by Bradford. Market Power Europe (MPE) is key for understanding why the Brussels Effect has weakened, as regulations are also shaped by political contestation and not just market incentives alone (Damro, 2012). Evidence shows that corporate mobilization and state mobilization were much stronger during the DMA than during the GDPR. This illustrates the different factors can condition EU regulatory influence. MPE complements the Brussels Effect by explaining how political conflict, corporate resistance, and state interests shape whether EU regulations diffuse internationally (Damro, 2012). As a result, it may be harder to predict if the Brussels Effect will occur in strategic sectors.

Conclusion

There are some limitations to this research that should be considered in future analysis of the Brussels Effect. The DMA is a relatively new regulation, and therefore as time goes on, the results may change. Long-term diffusion cannot be observed as it can with the GDPR. This research only includes a limited number of comparisons between countries and firms. However, to address this factor, countries who saw strong regulatory diffusion with the GDPR were then used to measure the Brussels Effect compared to the DMA with some exceptions. Lastly, this study only focuses on the digital sector as the strategic sector case study. Adding another sector would strengthen the results; however, the analysis focuses on the economic value of the sector and strategic political use. Therefore, if these qualities were to be transferred to another sector, a similar conditioning of geoeconomic competition on the Brussels Effect could be expected. A limitation of this study was that there was no control case that isolated cost from politicization. However, this is also limited on the timeline of the study, as more evidence of economic incentives and economic impacts of the DMA will be more visible in long-term effects of the regulation.

Evidence also demonstrates that firms might have resisted the DMA due to the higher costs it imposed on them compared to the GDPR. The DMA directly impacted the business models and revenue streams of corporations such as Apple and Meta. For example, Apple was forced to allow alternative app marketplaces on iOS devices in the EU, reducing its control over App Store distribution and potentially leading to significant losses in App Store commission revenue. An explanation for the weakened government diffusion of the DMA (de jure) could also be linked to economic factors, though this study does not isolate costs from politicization. Additionally, from the GDPR to the DMA firms such as Apple, Meta, Alphabet, and others have gained more structural power. Possibly giving them a stronger capacity to resist the DMA.

Future research conducted on this theory in the future will be more significant as EU regulations develop, and long-term diffusion can be measured. Additionally, as geopolitical relations play out, and the world adapts to a new norm where the U.S. is no longer a reliable ally of the EU, the Brussels Effect may also be impacted further. It may also be the case that the EU, through its market power and regulatory strength, is still a global regulator, just in a more limited capacity. The firm and state resistance seen in the case of the DMA may only be delaying the Brussels Effect and not fully weakening the result. For the digital sector, the AI Act, Chips Act, and Data Act can

be utilized in future research to measure the strength of the Brussels Effect. Additionally, the Carbon Border Adjustment Mechanism is a possible case study for the environmental sector (European Commission, 2025b). Where the EU is often the global standard setter.

The findings of this paper do not support that geoeconomic competition conditions the strength of the Brussels Effect in the digital sector case examined here. Primarily firms resisted the regulation due to commercial reasons, and resistance is stronger in strategic sectors that have gained economic significance and increasingly serve as instruments of geopolitical competition. The EU primarily encountered resistance from U.S. industry organizations and the U.S. government, and the overall global diffusion of EU regulation was weakened. However, the U.S. places a high value on technological competition and therefore the DMA is of high interest. Looking ahead, resistance to EU regulatory initiatives may intensify as geopolitical competition continues to grow, driven by ongoing conflicts and strategic rivalries, including tensions between the United States and Iran, the continuing Russia–Ukraine war, and the U.S.–China technological competition. However, the main reason for resistance points to the economic implications imposed by the DMA not geoeconomic competition. Overall, the EU's regulatory power is becoming more contested, and therefore, they may have to rely on externalization through diplomacy, trade agreements, partnerships, and political coordination, as suggested by Damro. The EU remains influential, but its regulatory leadership is becoming more difficult to sustain as they fall behind economically, and corporations gain more structural power.

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