Peterson Institute for International Economics

The "Brussels effect" in a fragmenting world

November 13, 2025

This is an unedited AI-generated transcript that may contain errors. Please confirm quotes in the corresponding event recording. If you find substantive errors, please contact meetings@piie.com.

[00:00:00.00] - Nicolas Véron

And it's my great pleasure and honor today to host Anu Bradford. Anu Bradford grew up and trained in Finland at the University of Helsinki and then at Harvard Law School here in the US, where she earned an SJD degree in 2007 after several years in private practice in Brussels at Cleary Gottlieb Steen Hamilton, a well-known law firm. She joined the faculty of the University of Chicago in 2008. And in 2012, she moved from there to Columbia University in New York. 2012 is also the moment when Anu coined the phrase, the Brussels effect. We'll come back to the Brussels effect, of course. This is our title. And she has been since then at Columbia University, the Henry L. Moses Professor of Law and International Organization. And also, she's the director for the European Legal Studies Center at Columbia Law School. You can see me holding a book. This is Anu's book, The Brussels Effect. We come back to that, which was published in 2020 and has come to embody this idea that through its market heft, the European Union is able to set rules not just for itself, but on a global basis in a number of issues.

[00:01:17.28]

Anu, can you tell us more about this journey and especially what happened since you published the book and how you look back the research and discoveries that basically came to get you identified with that phrase.

[00:01:34.21] - Anu Bradford

So first of all, thank you so much for having me here, Nicholas, and good morning to everyone, good afternoon, good evening. So when I wrote The Brussels Effect and first launched the term in 2012 and then wrote the book, it was really my intervention to this conversation that portrayed the European Union in a very negative light. There was this idea that the Europeans belong to the history, this is not where the momentum is right now. And I observed in my own work that the European Union actually has tremendous global influence, but it is a different type of influence. It's not military power, it's not even pure economic financial power, but it is regulatory power. So the EU is one of the largest and wealthiest consumer markets in the world. And there are very few global companies that can afford not to trade in the EU. So as the price for

accessing the European market, these companies need to comply with European rules, whether they are environmental rules or competition law, antitrust, digital regulation, you name it. But often these companies choose to extend the European rule to govern their global conduct or their global production because they want to avoid the cost of complying with multiple different regulatory regimes.

[00:02:54.03]

So it's these market forces, the benefits of standardization and uniformity, that then give these companies an incentive to convert all their practices to the EU rules. So all the EU needs to do is to regulate the European single market. And it's then these market forces that often transform the European rule into a global rule. So the Brussels Effect was really an attempt to then articulate this theory, show examples of the Brussels Effect, and then It really took off. It was something that even the policymakers started to embrace and say, look, this gives us a narrative to push forward our ambitious regulations because this shows that those regulations are then transported into the global marketplace. That helps the competitiveness of European firms. If also companies in Japan and in Brazil and in the United States are now following EU rules. And many companies did. If you look at the GDPR, the General Data Protection Regulation, um, it has become a global norm. So all the big tech giants, whether you talk about Apple or Microsoft or Meta, Google, the GDPR, stay global privacy policy. Um, so the EU really then started to also self-identify with this idea that, look, We do have some power, and we are able to export our values and norms through these regulations.

[00:04:24.14]

And in addition to companies adopting these EU laws globally, we then had many countries where the government started emulating the European regulations. That was then further entrenching the European global regulatory influence. So I would say that when I published the book, I caught the high watermark of the Brussels effect, when really the EU's regulatory influence was well established. The EU was also on the roll, um, enacting new legislations. We, we really started to roll out these ambitious digital regulations following the GDPR. Um, there was the regulations like the Digital Markets Act, Digital Services Act, AI Act. So content moderation, artificial intelligence, competition, all that in the digital space were taken to the next level. And the big question was whether also this will then benefit from the Brussels effect. But now, Nicholas, if I just very quickly zoom into what's happening today, and I think that will be a lot of our conversation, is that that Brussels effect, since I wrote the book, and it's incredible, it's only been 5 years, the world has changed dramatically. And we now see various threats to that Brussels effect. We see both internal and external challenges that may then erode the European global regulatory influence.

[00:05:48.04]

So, we've got the Trump administration that has made it blatantly clear that the European regulations are unacceptable, they are unfair, they are discriminatory, and they would need to be rolled back. And the Trump administration is also weaving all these regulations into its broader trade war, where the Europeans are told that, look, if you continue to impose these costs on our companies, you will face tariffs. We even see attempts to tie these into security guarantees to say, look, there are real geopolitical consequences if the Europeans don't agree to change their regulations according to the wishes of the US. And then there's, in addition to these external challenges, there are internal threats which are now starting to erode the European confidence in their own regulatory model. And that is in particular after the publication of the famous Draghi report on European competitiveness in the summer of 2024, which then revealed the extent of this gap in innovation and productivity. So the competitiveness of the Europeans compared to Americans. And one of the culprits that Draghi identified was regulation. So now the Europeans have become laser-focused not just pushing for the regulatory agenda and expanding these European values around fundamental rights and sustainability and so forth, but Europeans are really focused on their strategic autonomy, digital sovereignty, and competitiveness.

[00:07:29.02]

And as part of this effort to become more competitive, there's now also an effort to rethink regulation to the extent regulation could be an impediment for those competitiveness goals. So Nicholas, maybe I leave it here as a way to set the stage, sort of how did we come to this and what kind of challenges we are facing right now.

[00:07:54.13] - Nicolas Véron

So I'd like to come back to the how it happened, right? When did it start? How to trace the emergence of this Brussels effect? I remember there was a a famous editorial of the Wall Street Journal back in 2007, I think, accusing the European Union of regulatory imperialism, which I guess is a kind of more negatively connoted synonym to the Brussels effect, regulatory imperialism. When— but probably there were signs way before. Can you give us a sense in kind of the history of this and when the Brussels effect started to emerge from observation?

[00:08:38.27] - Anu Bradford

Yeah, so I would really take us back to 1990s because at the same time when Europe was ramping up its regulations in 1990s when it was really completing the, the single market, so a lot

of the product market regulation, even emerging digital regulation including the 1995 Data Protection Directive, which was a predecessor to the GDPR. That came in 1995. And that's when the environmental agenda started to slowly emerge into policy conversations and actual regulation. But also what happened in 1990s was a change in the United States. Because up until then, the US had been often leading in regulation. But the US started to move away from regulation and becoming very self-consciously committed to deregulation. So this is what David Vogel from Berkeley, who coined the term the California effect, he talks about how the US and EU were trading places in the 1990s, the US retreating and the EU stepping in and filling that void. So the 1990s was already important, but then it only accelerates when we enter the year 2000. And that's when the EU regulations start then multiplying, I would say for Digital regulation, a lot more happens after 2010. So that's when the first big tech case, antitrust case against Google was initiated.

[00:10:13.26]

So the 2010 onwards, we've seen much more ambitious effort to regulate the digital economy. We have 2016 with the GDPR being enacted, entering into force in 2018. And really this past first Ursula von der Leyen Commission, that mandate from 2019 to 2024, that's when we saw just enormous number of new digital laws being enacted. So I would say that from 1990, we've seen this accelerating trend, and only now the Europeans are now then pausing to say, is this all too much? We need to simplify or deregulate. So we're talking about these big omnibus regulations that are right now being debated and unveiled, which may then cause the Europeans to retreat from those regulations.

[00:11:12.29] - Nicolas Véron

So how do we map the Brussels effect? How do you observe it around the world? Do you have indicators of adoption of EU regulations in different countries or regions around the world? Is there a kind of moving map of that? How do you think about that?

[00:11:29.03] - Anu Bradford

Yeah, so in the book, I try to bring a lot of different examples from different parts of as well. So we have examples of, uh, farmers in Brazil who are exporting a lot of agricultural products like honey using then the EU standards in their farming. The same farmers in, in Africa, um, refraining from using pesticides, um, that are not accepted in the EU because the EU is a very important market for them, including then the choice of using or not using the GMOs in agriculture, so genetically modified organisms. Many farmers say that they just can't segregate the fields because there could be unintentional cross-pollination and the entire production would

then be unfit for the European market. So we saw this in agriculture. There are using, in particular, examples from Africa and Latin America. A lot of examples in the chemical industry. So the very far-reaching European chemical regulation known as REACH that really outlaws many chemicals and set very high standards for safety of different chemicals, those are incorporated in so many different products. Even if we talk about, let's say, the paint in automobiles. So the Japanese car manufacturers are affected by REACH, the same with Koreans.

[00:12:53.11]

Many American companies also, whether we talk about cosmetics companies, for instance. Need to follow the REACH in terms of the ingredients that they can use in the, in the cosmetics. Cosmetics is another example where the animal testing regulations, so the environmental regulations, also shape the global cosmetics industry. So I would say in the US we sometimes saw emulation at the federal level, but sometimes at the state level. So California followed the European Privacy Regulation even though there was no federal privacy law that was enacted in the US. If I need to sort of, uh, highlight a few markets where I think the Brussels effect has been particularly strong, I would say South Korea offers many examples, uh, of, of that being a very export-oriented economy, having deep trading relationship with the EU, and also not being kind of big enough like China that would say that, okay, we have a different production just for Korea and different for the rest of the world. But really, often adhering to the Brussels effect, both the de facto, meaning companies following the European standards globally, but also the, what I call, de jure version, meaning the Korean government then emulating the EU by enacting the GDPR type of regulation, now being the most recent example of the artificial intelligence regulation drawing on the inspiration from the European Union.

[00:14:25.14] - Nicolas Véron

So what is your sense of the trend? You referred to a high-water mark around 2020, but take a regulation like REACH, for example, which you referred to for chemicals. Is the adoption of REACH-like regulations or equivalent regulations around the world— has that continued in the last 5 years? I don't know if you follow this, by the way, but so you can escape my question if not, but do you see a continuation in those less maybe, you know, newsworthy segments of the landscape? Do you see the continuation of the effect or do you see a reversal? Are there any indications that you have spotted in recent years?

[00:15:09.26] - Anu Bradford

So really, to be accurate, one would need to follow it industry by industry and even company by company and check whether L'Oréal has made some changes to its its production lines in the last few years. And that I have not followed at that very intricate detail level. But in many ways, when you already adjust your production and you remove some chemicals, the companies are unlikely then, even if the EU's regulatory pressures were easing— and let's be very clear, REACH is still valid law, so these companies still need to follow REACH— so the companies, once they incur those compliance costs and of their production, they are unlikely to then incur another set of costs to go back to something that they had left behind. So often then, once those costs are in place, you don't necessarily have the incentive to do that. That certainly happened in many domains, in chemicals and environmental regulation during the first Trump administration, when the US started to make its own laws more lenient, but the companies already had invested. In complying with the European laws and said, look, the Europeans are anyway demanding us to have, have these laws, and we are not taking advantage of some of the looser regulations.

[00:16:31.07]

So I don't think that companies are rewriting their privacy laws in anticipation of some of the, the changes in regulation before actually sort of being confident that this is the new norm. This is now what is happening globally. The EU is no longer demanding the same kind of commitments, especially if it has been very costly for them in some domains where they feel like this would not have been our preferred way. But also the consumer expectations have, have shifted. So in many ways, companies like Apple, privacy has become one of the comparative advantages and trademarks. So for Apple now to decide that let's see how, what we can get away with if Brussels is now alleviating some of the regulatory burdens on the GDPR, especially the big companies, for them the compliance The compliance costs often were manageable. There might have been some smaller and medium-sized companies that struggled, for instance, with the GDPR, and especially the new companies that don't yet have existing commitments in place. They may well be looking at, will there be lesser standards that we can get away with? So once we get going, we may not go beyond those standards, but we'll see what the EU is demanding from us from now.

[00:17:49.29]

So I would distinguish with kind of legacy companies existing policies that have been entrenched in the production processes, those may not be revisited. But then the new companies, the incumbents that are now looking for cues as to what is the standard of regulation that we are expected to adhere to.

[00:18:09.15] - Nicolas Véron

We have a number of people who join us on Zoom, so I encourage them to ask their own questions for this. You can use the Q&A tool, which is on your Zoom menu, and I will of course relay the questions as they come. But in the meantime, one of the things I wonder about is, for the Brussels effect to work its magic, you need Brussels to be in a way the most demanding regulator, right? I mean, basically the assumption here is that if you comply with EU regulations, you comply with basically any regulations that will be out there. Do we see the EU being out-Brusselled or out-regulated by other jurisdictions? Are there, for example, market segments or industries where China is now more demanding than the EU or things like that? But how do you observe that kind of competitive landscape in terms of any elements of a race to the top, if you consider it with that kind of vocabulary?

[00:19:09.26] - Anu Bradford

Yeah, so obviously the US could have decided that Washington effect is more important than the Brussels effect, but it refrained from outdoing Brussels with its standard because that's not what the US wanted. But we certainly have examples where other jurisdictions are willing to go even further. All along, China was more stringent when it came to limitations on, on online speech, for instance, because of the country's commitment to censorship. But that didn't become a global Beijing effect because companies, uh, including the online platforms, Meta, Facebook, and Google, they retreated from the Chinese market. So in many ways, the Chinese standards was just too demanding to be acceptable for them. Because what the global companies need to do is that if the EU standard is too expensive for them, too costly, too burdensome, they have a choice either to incur those compliance costs or then withdraw from the market. And I always predicted that as the years and decades go on and the EU's relative size of the global economy becomes smaller, the costs of abandoning the EU market are going to be lower and the companies find other market opportunities elsewhere. But still today, the EU is, especially because the GDP per capita is not changing that fast around the world, that even if the EU has a smaller market than India, The advertising revenue, for instance, for online platforms is higher in a developed market like the European Union compared to India.

[00:20:43.13]

So for you, whether you are X or Facebook, to abandon the European market and, for instance, say we're going to go to India, they need to pick up many more users in India to reach the same per-user revenue with advertising. So it has been hard for them to abandon the EU market. So China, with higher standards, the companies did abandon the Chinese market because it was just too costly to be associated with the Chinese censorship regime. So that's one example where higher standards don't necessarily outdo Brussels. But we have examples of companies

now facing the countries who adhere to European like of standards, but then add some additional ones where they are going even further. Australia is going pretty far with, for instance, the social media use, banning it altogether. Their companies cannot offer social media for younger users. So they have been even more proactive than the Europeans. That's sort of one example. In the data protection domain, India followed legislation that is pretty much like the European GDPR, but then added some data localization provisions that were more far-reaching than those in the EU. So the companies may need to do the Brussels effect plus then something what another local market is adding to it with respect to some dimension of regulation.

[00:22:10.04] - Nicolas Véron

And have you seen a Delhi effect or a Canberra effect? Have companies adjusted their global policies in response to those requirements in, say, India or Australia, or you don't really see that?

[00:22:23.11] - Anu Bradford

Yeah, so I think Australia is struggling a little bit because it is still a smaller market. So it's harder to have a Canberra effect. So we saw this, for instance, when Australia tried to become very demanding with news. And this is about the online copyright, whether the platforms need to share some revenue from advertising with those who actually create the content. So news reporting, for instance. And the company's response was to play hardball with Australia the way that they've also played with Canada and say that, look, We are not going to agree to this. We rather leave your market. This is what these companies try to do when a single European country like Spain tried to hold them to a higher standard with the revenue sharing on advertising. But when the EU did it with the collective clout, then these companies say, look, then we can't do this. We actually need to negotiate. And they did negotiate a bargaining code with the Australians as well. This was something that, for instance, Facebook ultimately They didn't fully retreat from the market. They needed to partially engage, but it kind of fell short from having a global Canberra effect.

[00:23:32.12]

So the smaller the market is, the less is the ability to become a creator of the global standard. They rather than just need to face this question whether they can still carve out their jurisdiction and force the companies to adhere to those rules, even if they would not be then engaging the same way in the rest of the world.

[00:23:54.15] - Nicolas Véron

I'm curious about the reactions to the Brussels effect. So I mentioned this Wall Street Journal editorial in 2007, which I think was about Microsoft, and accused the EU of regulatory imperialism. Obviously, that was not intended as a compliment. It was an implication that the EU was illegitimate and that this was unacceptable overreach. But in the EU itself, there have also been expressions of approvals that the EU should wield that power and exert its normative power. French scholar Jacques Hilaïdi talked about the normative empire in the 2000s. How do you see the lines of opinion starting inside the EU between those who feel that the EU should be committed to the global rules-based order and basically project this power as it does with the Brussels effect is kind of not the right way to go. And so kind of alternative view, which would be just to embrace this leverage because the EU has it.

[00:25:00.11] - Anu Bradford

Yeah. So it's very interesting in many ways the Europeans have said that, look, we are now aware that we have this global influence. There's some who portray the EU almost like a benevolent global hegemon to say that, look, climate change matters, the others benefit from that as well. And our rules are ultimately creating a more sustainable, safer world. And if we keep AI safer and mitigate those risks also outside of the EU, maybe we're just providing a global public good. That doesn't then necessarily prevent the criticism that is expressed that the EU is a regulatory imperialist, and this is not the EU's place to tell the rest of the world how they should be going about their farming practices or how they should think about AI. To which the EU can really respond to say that, look, it is not regulatory imperialism if Meta decides to follow the GDPR in another market. That's not our requirement. That's the business interest of a company to streamline operations globally. But that's not our requirement. We have the sovereign right, even an obligation, to regulate the European marketplace, to keep European consumers safe, to keep European democracy intact.

[00:26:22.01]

And if this regulation has externalities in other markets, that's not imposed by us. That's a choice of South Korea to emulate the GDPR, or a choice of Microsoft to then extend privacy regulations across the global marketplace. So that, I think, in many ways has been a response by the Europeans. And right now, when the Trump administration is pushing back, the question is, do the Europeans defend their own regulatory sovereignty? They should still be able to set the rules for the European market. I would say, though, that since there has been some backlash, not just in the United States, but in some other parts of the world, to say that, look, Europeans are imposing too high sustainability standards, the developing countries can't afford to bear those costs. The Europeans, by insisting on their sovereign right to regulate and knowing that they impose costs for other parts of the world, there are a couple of ways you can

sort of mitigate that pushback. One is that you actually help the countries to achieve the levels of compliance, help them meet the sustainability standards, so offer technical assistance and so forth. The other one is that when the Europeans are always conducting these impact assessment while they are enacting regulations, that they are consulting various internal stakeholders in the EU.

[00:27:43.23]

They are now, and I think that's a good thing, also consulting external stakeholders. So at least there's an understanding of how EU rules are impacting the non-EU players and a genuine effort to engage in the kind of dialogue so that those costs are also part of at least the assessment or full understanding of the impact of those rules. I think that can enhance greater legitimacy of the Brussels effect. But ultimately, I think the question with the Brussels effect is that these are often generated by market forces, and Europeans cannot be asked not to regulate their own market necessarily just to avoid some of the unintended consequences of companies internal business decisions that are driven by their own business interests.

[00:28:37.02] - Nicolas Véron

But is that true? I mean, I think of the parallel with, for example, Federal Reserve monetary policy, which has obvious spillovers for the world because the dollar is the world's currency. And the Fed, of course, cannot tell Congress that they're operating with the rest of the world in mind. But in practice, they do do have an understanding and they factor in the global consequences of their decision in a very significant degree for the simple reason that the global economy then reverberates on the US, and the US is affected by the global economy. So it's not like it's illegitimate or misguided to think of the global spillovers of those kinds of decisions, because in a way, they always come back to haunt you if you don't think about that. We had that in Europe recently with the forestry regulation. So do you think the European Commission is making progress in thinking about global spillovers, or in a way they are always— they remain primarily driven by domestic considerations?

[00:29:44.03] - Anu Bradford

So my fair guess is that right now the Commission is very much considering what is the impact in the United States because the Trump administration is very explicit in rejecting or opposing the external effect of the Brussels effect. There are hearings in Congress that basically focus on how the European censorship is spilling over to the US and they are lamenting the Brussels effect. So the Europeans do need to think about the consequences because they are then facing these direct accusations from the US government that their regulatory reach is perceived

as unfair and illegitimate. So whether the Europeans are then walking back some of the regulations because of those external effects is another question. And I think it's a very difficult question for European decision makers for a couple of reasons. So one is that there are well-known dependencies that the Europeans have on US technologies. So the American willingness to weaponize those interdependencies today, as Abe Newman and Henry Farrell have very eloquently described, that is a real threat that has consequences. And if now, for instance, digital regulation is indeed roped into this broader trade war, the Europeans do need to think about whether it's unfair or fair.

[00:31:12.13]

But if the Europeans are then seen, for for instance, European Commission, as capitulating to the Trump administration, that is potentially politically costly inside the EU because it is not popular among the European public or European Parliament to be seen as letting President Trump extort the Europeans and extract those concessions at the expense of European democracy. So I think there's a real balancing act that there is a very astute understanding of the potential pushback and the consequences of the American pushback, but also an awareness of what it looks like if the European Union keeps the sign or signal internally and externally that it is weak and subject to that kind of external pressure.

[00:32:02.06] - Nicolas Véron

So in a way, because it has that power, it has to maintain the appearance of power, otherwise it loses some of it. This is fascinating. In your book, In your book, you mentioned 4 case studies of the Brussels effect. They are market competition, digital economy, consumer health and safety, and environmental issues. Can you give us a sense of whether you see any divergence between those 4? Do you think they have taken separate paths in the last half decade since your book was published, or do you see them basically, those 4 case studies, telling similar stories in recent years?

[00:32:38.29] - Anu Bradford

So I would say that the areas that have been particularly prominent in sort of receiving both the extensive Brussels effect or extensive influence, but also then some pushback, are the environment and the digital. So if you think about how important part the Green Deal was as an initiative of the first Ursula von der Leyen Commission, So Europeans really elevated their ambition when it comes to environmental protection. And the goal was really that we are changing things in Europe, but also taking advantage of the Brussels effect and inducing some of these changes globally. The other one was that this regulatory ambition was particularly

pronounced in digital, including competition law relating to the tech sector. So there we saw a lot of regulatory activity, both in terms of new legislation and enhanced enforcement of existing legislation. And that became then partially a sticking point. There's one element, though, where you almost see like great convergence between the US and the EU, when even the United States started changing their approach to antitrust law, so competition law. So we saw the first Trump administration bring a US administration case against Google's monopolistic practices. And then we started to see this bipartisan consensus emerge within the US Congress that the big tech monopolies were a problem and we needed more robust antitrust enforcement.

[00:34:20.01]

And during the Biden era, we really saw a convergence where it seemed like the US and the EU were pushing for very similar antitrust investigations against the big tech companies. And now President Trump, even though there's been a lot of movement towards deregulation and alignment with the tech companies, it has not dropped those big tech antitrust cases. So that has been kind of an interesting development where the monopoly power has become a concern in many markets. We have these cases in Korea. We have cases in Japan. We have them in Australia, in Brazil, in many parts of the world. And it's now a little bit interesting to see where the US will land in these cases because now they are going through the court proceedings. And we are not quite yet the extent to which the US courts are willing to ultimately deliver judgments that would be similar to the ones that these companies have faced in the European Union.

[00:35:22.11] - Nicolas Véron

So we're talking a lot about the US and that fit and proper, but what about the other mega large economy, China. Is the Brussels— is China immune to the Brussels effect? Obviously, it plays by its own rules, and proudly so. But are there cases in which the Brussels effect crosses the Great Wall?

[00:35:42.08] - Anu Bradford

So absolutely, I think China is a very interesting economy in many ways, because China believes in regulation, but sometimes its motivations are somewhat different. And sometimes they can be partially aligned with the EU. So China did copy elements of the GDPR when it enacted its privacy law. And China is actually not that far apart from the EU when it comes to protecting the users' data that is exploited and monetized by private companies. Where China is different, and then how it changed its own privacy law to deviate from the GDPR, was that it allows for state access. Access to personal data. So there's still a very, uh, wide acceptance of the, the state surveillance that is an infringement of users' privacy. Um, so you can see both

elements of the GDPR when it comes to protecting vis-à-vis the private sector, but a deviation when it comes to the state, uh, intervention in, in this space. Um, so the same you see a little bit when it comes to competition law. For instance, China is very protective of its users from price discrimination by companies. So again, consumer protection is somewhere where you can see very similar legislative initiatives that can be partially internally driven, partially China has followed closely what Brussels has done.

[00:37:11.02]

But really, you can see kind of China being big enough and confident enough with its regulatory capacity that when it's necessary given the political model of the country and the objective that the state has to preserve social stability, it is certainly willing to then go its own path. But I use some examples in the book of the Chinese dairy factories, for instance, converting their equipment to the European food safety rules. That has been helpful for China, both in terms of its exportation, but also to restore consumers' confidence in the quality of the production. There's been some infamous food scandals, and then when China is able to show that now we're meeting the EU regulations, there is a greater trust among domestic consumers, European consumers, but also users, consumers in other markets that now say, okay, we are comfortable importing Chinese food that meets the European standard in terms of, let's say, the packaging or pasteurizing the dairy products. So yes, there are individual examples, but yes, there are also very famous deviations from the EU.

[00:38:26.05] - Nicolas Véron

There's a different channel by which the EU can project global regulatory influence, which is not directly through its market heft, but because in some of those areas there are influential global standard-setting bodies where the EU is typically overrepresented for historical reasons. I'm very familiar with this kind of things in finance, in the Basel Committee, in places like that which set global standards on things like banking capital requirements. But I imagine it is also the case elsewhere that because of the history of the 20th century, you have some of those global bodies where the EU has overproportional representation of its different countries, allowing it, if those countries can coordinate their positions, which they not always do, to have disproportionate influence. Is that something you observe in the cases that you have looked at, or is that completely dwarfed by the kind of market effects that you highlight in your book?

[00:39:31.23] - Anu Bradford

So I mainly focus on the market effects, but I do talk about standard setting in these international bodies. And I agree with your observation that traditionally, The European, sort of

both governmental but companies also have been overrepresented and have exerted tremendous and important influence over that standard setting. But there, and in my new book, The Digital Empires: The Global Battle to Regulate Technology, I look into the standard setting in the technology space. And what you really notice is that China understood how important this standard setting is and very decisively, even if gradually, started increasing its influence. China is now heading many of the working groups in many of these standard setting organizations, hosting meetings in Beijing and making sure that the Chinese companies are now leading in proposing standards to these standard setting bodies. So China understood the importance of changing global production patterns in the way that work with Chinese technology development and have often then ceased greater influence in standard setting bodies. And I think the US and the EU were too complacent thinking that we have the influence, we continue to have the influence, and did not realize how much that influence was relatively now eroding when China started seizing greater control over these bodies.

[00:41:02.21] - Nicolas Véron

Let's talk about the most fascinating and probably impactful of those developments in tech, which is artificial intelligence, AI. This is work in progress. Obviously, there are lots of ongoing debates in Brussels about the AI Act and AI regulation. What is your hunch? I mean, not about the latest news, but more in terms of looking forward. Do you think Do you think the EU will project a Brussels effect in AI, or is that basically a new phase where the EU is not relevant in the way it was in the case studies covered by your book?

[00:41:39.14] - Anu Bradford

So this is really fascinating, and I think it could go partially both ways, partially because AI is such a multifaceted technology that we are unlikely to see a wholesale Brussels effect across all the industries, all the domains where AI is being deployed. But we also, given that the EU is again the, the world's first mover in enacting a comprehensive binding horizontal, meaning economy-wide, AI regulation, the rest of the world is watching very carefully what the EU is doing. And the companies, including these global big tech companies in the generative AI space, OpenAI, Microsoft, Google, they all signed on to this code of practice, which is a companion to the AI Act, which then specifies these obligations are in the generative AI space. It's voluntary, but these companies sign on to it, meaning if they follow the code, they are deemed compliant with the EU's AI Act. And if you adopt this at the model level, you are unlikely to then have a very different set of practices in every single market. So unless OpenAI really wants to have different ways its model operating in all the different jurisdictions, there will be some element of the Brussels effect.

[00:43:02.08]

We see some examples of California, even if there's no federal AI law, and also enact laws that are not copies, carbon copies of the AI Act, but in some elements we see a regulatory alignment there as well. South Korea, I already mentioned as an example of enacting an AI law that draws at least in part inspiration from, from the EU. But India just came up with its own guidelines in the AI space. They are voluntary. Japan is often following voluntary rules, which is not the EU model, even if some elements of that would be sort of based on shared assumptions of how AI needs to have some guardrails in place.. But there, the EU really seems to be the one that is going much further than, for instance, India right now. So I think it remains to be seen. It also remains whether and to what extent the EU is prepared to walk back some of its own commitments. Even today in newspapers, if you look at the editorial of the FT, it's calling for the EU to take the opportunity to rethink whether it is going too far with some of the regulatory obligations.

[00:44:12.01]

So We will learn a lot in the next week where the EU's own sort of regulatory commitments will settle in the actual implementation of that AI Act. If the EU sends the signal to companies and to other governments that it is not as committed to faithful implementation of the AI Act, that most likely is going to affect what the companies will do and what the other governments do. If they say, look, it seems like the EU is no longer fully committed to the laws, Maybe we should not be then paving the way to be the world's regulator of AI. But AI is tricky because it has such important benefits. But at the same time, there is— users around the world have concerns about the risks and harms associated with AI. So any government needs to face this very intricate balancing. How do we make sure we harness all those potential benefits of the AI while also also safeguarding our citizens and our societies against those potential risks that are also potentially very, very severe.

[00:45:20.15] - Nicolas Véron

So the Brussels effect lives on. It's not dead. It's a work in progress as AI illustrates. Thank you so much, Anu Bradford, for a very enlightening conversation. And we look forward to seeing you again at the Peterson Institute.

[00:45:36.12] - Anu Bradford

Oh, it was my pleasure. Thank you for having me, Nicholas.

[00:45:47.04] - Nicolas Véron

Very good.

[00:45:48.03] - Anu Bradford

Okay, excellent. I, I hope you're happy that