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# **EU Autonomy, the Brussels Effect, and the Rise of Global Economic Protectionism**

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**Brussels, 13 February 2024** - The once-celebrated Brussels Effect, symbolic of the EU's influence on international regulations, now contributes to regulatory fragmentation worldwide. In response to the evolving regulatory landscape and its impact on global trade, [this Occasional Paper](#) highlights the urgent need for the European Union to recalibrate its trajectory towards a liberal and rules-based trading order, prioritising widespread liberalisation and harmonisation to counteract the risks of global protectionism and regulatory spirals.

Widely outlined in recent research, the Brussels Effect underscores the EU's influence on other governments in shaping regulations, resulting in heightened trade restrictiveness and regulatory fragmentation globally. The EU's shift towards Strategic Autonomy after the 2008 financial crisis has inadvertently led to increased regulatory burdens and fragmentation, affecting businesses within and beyond its borders.

The authors propose a multidimensional approach involving EU internal market and global strategies to address these challenges. Internally, the EU is urged to reaffirm its commitment to a liberal global economic order, focusing on economic freedom, government accountability, knowledge, innovation capacities, and prosperity. **“A comprehensive Single Market strategy should involve liberalisation, de-bureaucratisation, legal harmonisation, and tax code simplification,”** says Matthias Bauer, author of the study.

Furthermore, a flexible approach to economic integration is recommended, emphasising mutual recognition to effectively respond to evolving global dynamics while preserving open markets. **“We encourage the EU's engagement in constructive dialogues and promotion of regulatory coalitions among willing member states to expedite decision-making processes and foster regulatory coherence,”** adds Dyuti Pandya, co-author of the paper.

The EU should enhance regulatory cooperation on the global front, emphasising mutual recognition in services trade and actively seeking common ground to establish global technology standards. Additionally, the EU should advocate for a Strategic Free Trade and Technology Alliance among market-oriented democracies, fostering international coordination of trade policies.

As the EU's share of global GDP is anticipated to decrease by 2050, the authors stress that EU governments must enhance regulatory capabilities and foster innovation. The proposed policy recommendations aim to guide EU policymakers in navigating the complex global trade landscape, ensuring fairness, sustainability, and economic progress.

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