

**NEWS – ECIPE PRESS RELEASE – NEW POLICY BRIEF**

# **EU Export of Regulatory Overreach: The Case of the Digital Markets Act (DMA)**

*By Matthias Bauer, Dyuti Pandya and Vanika Sharma, Director, Analyst and Economist at ECIPE, respectively*

**Brussels, 9 April 2025** - The EU's Digital Markets Act (DMA) expands the so-called Brussels Effect, extending the EU's regulatory influence beyond its borders. A growing number of countries are introducing DMA-inspired regulations to assert control over large technology firms and limit their market practices. However, adopting the DMA's broad and rigid approach risks stifling technological progress, discouraging investment, and creating new challenges – particularly for emerging markets striving to develop their digital economies.

Replicating the DMA framework without adaptation may lead to unintended consequences, especially in emerging markets and developing economies (EMDEs) such as India, Brazil, South Africa and Indonesia. These countries often lack the institutional capacity to implement and enforce complex ex-ante rules. Imitating the EU model without tailoring it to local conditions could increase regulatory capture, corruption, and economic inefficiencies.

One of the report's core concerns is that DMA's shift from case-by-case enforcement to very broad obligations based on ambiguous concepts like "fairness" and "contestability" which remain open to interpretation, highlighting lack of clarity in the legislative framework. The authors argue that this reduces legal certainty, raises compliance costs, and undermines dynamic competition – particularly in fast-growing digital services sectors, where innovation, scalability and adaptability are essential for both private and public sector users.

To avoid these and other potential pitfalls, the authors advise countries outside the EU to develop digital competition policies that reflect local market conditions, preserve regulatory flexibility, and align with OECD best practices. These principles include clearly defined legal objectives, proportional and targeted measures, and a strong emphasis on evidence-based enforcement.

1. EU regulators should reassess the DMA's rigid approach, reverting to case-by-case competition enforcement and aligning with OECD best practices to avoid legal uncertainty and overregulation.
2. Globally, "outside-of-EU" regulators should adapt regulations to local market conditions, avoiding one-size-fits-all EU-style competition policies that may be ill-suited to emerging economies with different enforcement capabilities.
3. Businesses should proactively engage in policy debates, highlighting their role in fostering innovation, economic growth, and technology diffusion while advocating for evidence-based competition policies.
4. Civil society should promote regulatory transparency, supporting consumer welfare-driven policies and helping governments navigate competition enforcement without stifling market innovation. Civil society organisations should assist competition authorities by providing market knowledge, empirical research on consumer harm, and expert insights to improve regulatory decision-making.

***"Smart and balanced competition regulation – rather than vague rules that disproportionately affect foreign companies – is essential for developing a dynamic and inclusive digital economy that benefits emerging markets,"*** says Matthias Bauer, lead author of [the study](#).

---

**Publication details:** [EU Export of Regulatory Overreach: The Case of the Digital Markets Act \(DMA\)](#), ECIPE Policy Brief No. 08/2025

**Contact the corresponding author:** Matthias Bauer, [matthias.bauer@ecipe.org](mailto:matthias.bauer@ecipe.org)

**Media inquiries:** [info@ecipe.org](mailto:info@ecipe.org) or +32 2 289 13 50