The Global Reach of the European Union's Artificial Intelligence Act:

An Empirical Process-Tracing Case Study of OpenAI and the Brussels Effect

A Master Thesis

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Abstract

As firms start implementing the first obligations under the European Union's Artificial Intelligence Act, scholars predict potential a potential Brussels Effect, where companies voluntarily align with EU regulations beyond EU borders. This study investigates the reasons for external policy alignment with the AI Act by answering the research question: *Why do non-EU actors align with the European Union's Artificial Intelligence Act outside the EU?* Using OpenAI as a case study, the research applies a process-tracing method to assess whether the five drivers of the Brussels Effect motivated OpenAI's alignment with the AI Act. Primary and secondary document analysis was conducted, in combination with semi-structured interviews with five policy experts, allowing for the analysis of empirical data. A causal mechanism was constructed, outlining two stages: (1) the decision to maintain EU market access through internal policy alignment, and (2) alignment with the AI Act outside the EU. The analysis finds strong evidence that OpenAI's internal alignment was influenced by the EU's market size and its regulation of inelastic targets, while regulatory capacity provided a limited explanation. For external alignment, moderate support was found for the impact of the AI Act's stringency and the non-divisibility of its targets. While the Brussels Effect explains much of OpenAI's alignment with the AI Act, this study acknowledges its limitations and the potential role of alternative explanations. As one of the first studies to empirically assess the Brussels Effect in relation to the AI Act, this research contributes to ongoing debates about the Brussels Effect and the EU's ability to shape global norms.

Keywords: Brussels Effect, Policy Alignment, Artificial Intelligence Act, European Union,

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1. Introduction

The EU's Artificial Intelligence Act (AI Act or the Act) is the world's first comprehensive AI law and aims to regulate a broad spectrum of AI technologies (European Parliament, 2025). Over a hundred companies have already committed to complying with the AI Act, indicating that they are motivated to work together with the EU in regulating safe use of AI (European Commission, 2024d). Additionally, the first set of obligations came into force in early 2025, which applies to all companies operating in the EU. Notably, AI provider OpenAI has updated its usage policy in line with the AI Act (OpenAI 2024b; OpenAI, 2025b). This policy is not limited to the European market but is applied globally across different non-EU markets. This suggests that the Act is already influencing policies of companies beyond EU borders. Scholars suggest that the AI Act may become a global norm and trigger the Brussels Effect, a concept which describes the EU's ability to shape norms in corporations (de facto) or in governments (de jure) by leveraging access to the European Single Market (Almada & Radu, 2024; Susskind, 2018; Tarafder & Vadlamani, 2024; Wolff et al., 2023; Siegmann & Anderljung, 2022).

Scholars compare the AI Act to the GDPR, which triggered a Brussels Effect and became a global standard through controlling data protection and user privacy beyond the EU (Vatanparast, 2020). The GDPR provided the most comprehensive framework for data protection which forced market actors to comply, purely because of the size and strength of the European market (Tarafder & Vadlamani, 2024). It was impossible for Big Tech companies to pull out of the EU stringency of laws, making compliance with the GDPR the only remaining path.

There is a debate on whether the AI Act can trigger a Brussels Effect. The Act imposes obligations based on classifications of AI technologies, which ensure compliance from companies that wish to operate within the EU's Single Market (European Parliament, 2024). The Act does not only target EU companies, but rather any AI technology which is used within the EU (Almada & Radu, 2024). Thus, any company wishing to put their AI technology on the EU market must comply with the rules of the AI Act, which is a driver of the Brussels Effect (Bradford, 2020). Siegmann & Anderljung (2022) additionally predict a Brussels Effect, because of the EU's large consumer market and the Act being stricter than regulations of other jurisdictions.

However, counterarguments to the potential presence of the Brussels Effect exist. For instance, by classifying AI technologies based on risk levels and not on human-rights, the Act

makes it less likely for the Act to experience a significant global reach (Wolff et al., 2023). Furthermore, scholars worry that the novelty of AI technology might hinder a potential Brussels Effect (Engler, 2022; Tarafder & Vadlamani, 2024). Because AI governance lacks a pre-existing global framework for regulating AI, evaluating the global effects of the AI Act as the first comprehensive AI regulation might be difficult.

1.1. Thesis Outline

Considering the AI Act is a European regulation, its global reach raises the question of why and how external compliance, such as the case of OpenAI, takes place. The Brussels Effect may explain this phenomenon. However, as shown from current academic research, there is a debate on whether the AI Act will trigger a Brussels Effect and why its influence reaches beyond the EU. Much of the research in this debate remains predictive and does not include empirical evidence on the global effects of the AI Act. This additionally raises the question of whether, and how compliance with the AI Act can be explained by the Brussels Effect in practice. The objective of this study is therefore to demonstrate with empirical data which reasons explain why non-EU actors align with the AI Act globally. This research aims to answer the following research question: *Why do non-EU actors align with the European Union's Artificial Intelligence Act outside the EU?*

To investigate this question, this thesis is structured as follows. Chapter 2 develops a theoretical framework based on literature of policy alignment and EU norm diffusion. It presents a newly constructed causal mechanism that explains the decision-making process of alignment with the AI Act through the lens of the Brussels Effect in two stages. Chapter 3 describes the research design, including the case selection of OpenAI, and explains the use of process-tracing methodology, allowing the testing of the causal mechanism. To date, predictive studies on alignment have only relied on document analysis. This thesis aims to contribute to existing literature and achieve practical insights by combining document analysis with expert interviews. Chapter 4 applies the methodology to empirical data to assess the presence of five hypothesized drivers of alignment. Chapter 5 discusses the findings and considers their implications for existing theories.

Understanding how the Act influences international AI policies is crucial because it determines whether the EU's regulatory leadership can create safer, fairer AI practices worldwide or whether there will be fragmentation in AI governance. Societal actors, especially EU citizens,

are impacted by this study because AI technologies are used significantly more in daily life (European Parliament, 2021). The results contribute to knowledge about whether the AI Act can become a global standard, which could reduce risks related to unregulated AI use and human rights abuses with AI. The AI Act as a global standard would match the EU's objective to ensure complex technologies align more with the EU's human centric values (European Commission, 2022). Moreover, this research has direct policy implications for governments, (international) organizations, citizens, and businesses operating in a changing digital arena. The results are especially important for policy makers, for instance, to ensure that EU AI regulations are futureproof and can be adapted in a world of increasingly transformative AI technologies.

While scholars have extensively studied the Brussels Effect for digital policies like the GDPR, it is still unclear if the AI Act has experienced the same global effects. This thesis further contributes to the academic debate over the possible impact of the Act. Providing empirical data on how the AI Act has influenced third party policies adds to the current empirical research gap. It provides crucial insights that test the current predictive studies. A possible global influence would be explained through the Brussels Effect and would demonstrate an increase in the EU's ability to exert its influence on digital governance. This analysis is relevant for scholars and policymakers, as they will be more capable of evaluating the factors causing digital policy alignment. It will additionally contribute to the understanding of important concepts, such as the Brussels Effect, policy alignment and AI Governance.

2. Theoretical Framework

This chapter delves into the existing literature on the concept of policy alignment, followed by an explanation of theories of why this alignment occurs beyond the EU. It ends with a presentation of the causal mechanism, where specific factors are identified that explain policy alignment.

2.1. Policy Alignment

Policy alignment stands central to this study and is a heavily contested concept. It refers to the process by which policies are assembled, adjusted, or harmonized across different jurisdictions or sectors (Savage & O'Connor, 2008). It is the extent to which one actor adjusts his domestic regulatory framework in line with the policies of another actor. However, some authors define alignment as synonymous with alliance, a more cooperative security concept, referring to the expectation held by policy makers concerning the question "who will defend whom?" (Snyder et al., 1991; Chidley, 2014). In policy fields such as agriculture and nature conservation policies, alignment can mean similarities between policies in approaches and requirements (Hodge et al., 2015). Moreover, in innovation policy, Freitas and von Tunzelmann (2008) refer to the concept as coordination between policy design and policy objectives.

The concept of policy alignment is ambiguous and represents a broader arena of conformity, reflecting concepts like compliance and policy implementation. Compliance refers to the conformity between the behavior of an actor and a rule, which results from the internalization of norms (Treib, 2006; Raustiala & Slaughter, 2002). In the context of EU policy, compliance is the adaptation by member states of both the form, objectives and content of EU rulemaking (McGowan & Wallace, 1996; Zhelyazkova & Thomann, 2021a). Secondly, policy implementation provides a more nuanced description, in a way where compliance is less about the process than the outcome (Treib, 2006). Compliance is the desired result, while implementation is the process of translating policy into action.

While these concepts are distinct from alignment, research containing them mostly aims to achieve the same goal; investigating how a norm is being put into practice and the degree of conformity in the outcome between actors.

Policy alignment within the EU is in essence a legal obligation. However, the degree of alignment can differentiate depending on the administrative capacity and willingness of the

member states to comply with EU policies (Treib, 2006). This is seen in environmental policy (Zhelyazkova & Thomann, 2021b), data protection policy (Custers et al., 2018), and even in examples from non-EU countries, such as competition policy in the western Balkans (Stojanović et al., 2021).

In this study, internal policy alignment is defined as actors aligning their policies with EU standards within the EU, while external policy alignment refers to when this internal alignment is extended to other jurisdictions. The latter is important, because it reinforces the EU's strategy of diffusing their norms across member states and other jurisdictions, through the process of Europeanization (Borneman & Fowler, 1997; Schimmelfennig, 2012; Risse et al., 2001).

2.2. Theories of external policy alignment

Europeanization suggests that governments and firms change domestic institutions in response to EU rules and regulations (Börzel & Risse, 2011). This is regarded as an instance of norm diffusion, a process through which normative standards or policies spread across time and space. Whether or not actors align with EU regulations depends on the EU's ability to diffuse its norms.

The concept of Normative Power Europe (NPE) refers to the EU's influence in global governance because it gains normative power from diffusing rules and regulation instead of relying on military or economic power (Manners, 2002). For example, Reinfeld (2024) highlights how the EU leverages Technical Normative Power (TNP) with the GDPR, where companies and organizations are compelled to design their products and services for the benefit of the European residents and single market continuity, even outside its borders.

A prominent theoretical explanation for global policy alignment is the Brussels Effect. This concept indicates that EU standards diffuse globally through market forces rather than explicit conditionality (Bradford, 2020). To maintain access to the EU's large consumer market, multinational companies voluntarily align with EU regulations, extending the EU's influence globally. The EU does not need to impose its standards on anyone, but market dependence is sufficient to ensure compliance, which goes beyond soft normative power (Hadjiyianni, 2021).

Bradford identifies two forms of the Brussels Effect. The de facto effect occurs when international corporations voluntarily align with EU regulations because of their reliance on the EU single market (Bradford, 2020). The de jure effect refers to the adoption of EU-style

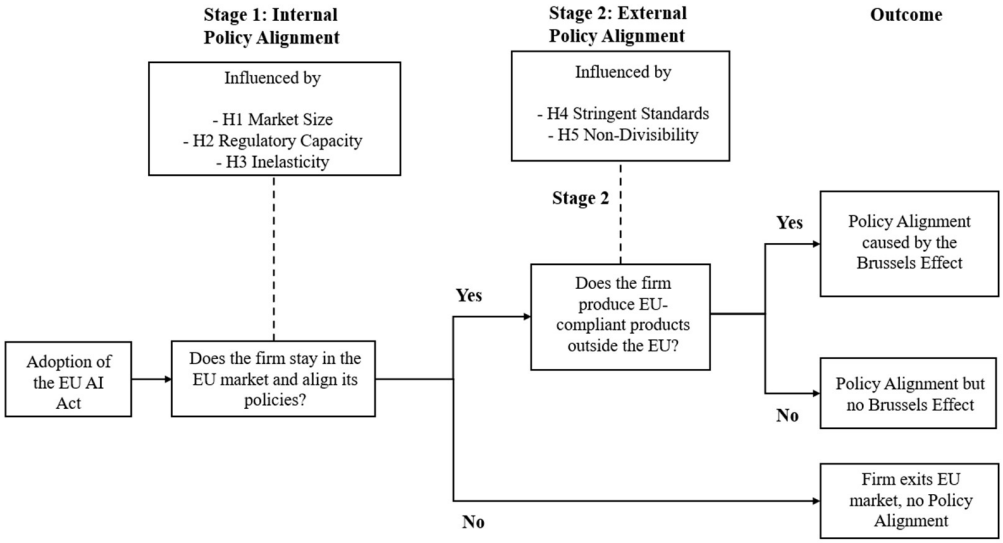
regulations by foreign governments after lobbying from domestic companies that have aligned with EU rules. Additionally, Bradford (2020) defines five drivers which must be present for the Brussels Effect to occur, namely market size, regulatory capacity, stringent standards, inelastic targets, and non-divisibility. These five drivers are mutually reinforcing and together influence the decision-making of third parties when a new regulation is adopted. In essence, there is no hierarchy between them, however it may depend on the context as to which driver is more important.

2.3. Conceptual Framework and Theoretical Argument

While Bradford's theory explains the reasons behind external policy alignment and indicates that the presence of the five drivers together will trigger a full Brussels Effect, it does not specify a sequence in which the drivers operate. Therefore, this section builds upon this theory and presents a conceptualized two-stage causal mechanism composed of the five drivers for why non-EU actors align with the AI Act. As seen in figure 2, it describes a decision-making process that occurs when companies operating in the EU are presented with a new regulation. Additionally, testable hypotheses are constructed for each driver within these two stages based on predictive studies by Siegmann and Anderljung (2022) and Almada and Radu (2024).

Figure 2

A Two-Stage Causal Mechanism Explaining the Brussels Effect under the AI Act.



Note. Made by author, built upon decision tree by Siegmann and Anderljung (2022) and theory by Bradford (2020). The Brussels Effect requires both internal and external policy alignment. Internal alignment alone does not trigger the Brussels Effect.

Stage one: Internal Policy Alignment

In the first stage, a firm decides whether to remain in the EU market and align its policies with the Act. The firm is expected to align its policies because of the size and importance of the EU market, the strength of EU regulatory capacity, and if inelastic targets are regulated (Bradford, 2020). These are conceptualized into three hypotheses (H1 – H3), each corresponding with different drivers of internal alignment. If drivers are absent despite internal policy alignment, this may suggest that the Brussels Effect is not operative in this case or that other factors play a greater role.

First, a global regulator must command a large consumer market to incentivize foreign companies to adapt to its stringent rules (Bradford, 2020). A trade-off takes place where a company compares the costs of aligning with the regulation with the costs of leaving the market entirely. Predictive studies demonstrate that the EU's market size is large enough to stimulate alignment. The EU is the world's largest importer, one of the richest jurisdictions and is influential in AI markets, as the EU accounts for 5 to 20% of worldwide AI spending (Bradford, 2020; Siegmann & Anderljung, 2022). Companies do not want to lose access to the 450 million consumer market, making the corporations reliant on the EU's large consumer market (Almada & Radu, 2024). It is therefore unable to leave the market nor misalign their policies without economic consequences.

H1. Non-EU actors align their policies with the AI Act due to their dependence on access to the EU's large consumer market.

However, market size alone is not sufficient, institutions must possess sufficient regulatory capacity to translate this market power into regulatory influence (Bradford, 2020). Companies will not go through the difficult compliance process if the EU cannot enforce its own regulation. Only jurisdictions with the capacity to impose fines or to exclude non-complying firms from their markets can force policy alignment.

Predictive studies state that the EU's strong regulatory capacity, built on prior legal frameworks and AI expertise, supports alignment. The AI Office and the AI Board, institutions created under the Act, work together closely with parties and have the competence to enforce regulations (Almada & Radu, 2024). Moreover, the EU's regulatory capacity is strong because it has sufficient expertise, ability and motivation to sanction non-compliance (Siegmann & Anderljung, 2022). Furthermore, because of the novelty of AI technology and the limited established knowledge on AI governance, the adoption of the AI Act gives the EU a first-mover

advantage. This makes the regulatory process go ahead of that of other jurisdictions. Sufficient regulatory capacity allows the EU to project its regulations onto others, as companies know that non-compliance will inevitably lead to sanctions (Bradford, 2020).

H2. Non-EU actors align their policies with the AI Act because of the EU's competent institutions, expertise and willingness to enforce compliance.

Lastly, the imposed regulations must target inelastic markets so that companies cannot simply flee the jurisdiction to circumvent the regulation (Bradford, 2020). If the company wishes to conduct business in the market, it is forced to align with the policy. The AI Act demonstrates this through multiple clauses, which state that its rules are applicable to any AI system that is sold within the EU, even if its providers or users are based in a third country (Almada & Radu, 2024).

H3. Non-EU actors align their policies with the AI Act because inelastic targets are regulated, making circumvention through relocation ineffective.

Stage Two: External Policy Alignment

In the second stage, a company decides whether to produce the same AI Act compliant products, as seen in stage one, within other jurisdictions. Firms are expected to extend internal alignment with the AI Act globally if the Act is highly stringent compared to other jurisdictions, and cost-effective to implement uniformly (Bradford, 2020). These are conceptualized into hypotheses (H4 and H5), which each refer to individual drivers for external alignment. However, if the drivers are absent, but policy alignment beyond the EU has occurred, another explanation may have played a role. If internal policy alignment occurred in the first stage, but did not externalize in the second, the Brussels Effect was weak or absent.

The adoption of stringent regulatory standards is needed for policy alignment (Bradford, 2020). The EU often adopts regulations that exceed the stringency of other jurisdictions, for example in areas such as consumer protection, environmental protection, or data privacy. Aligning with the strictest policy globally ensures automatic compliance with those of other less stringent jurisdictions.

Predictive studies show that the AI Act is the most stringent policy, which would incentivize non-EU actors to align with the Act in other jurisdictions. The Act is legally binding, imposes numerous obligations, such as bans on extreme risk AI technologies and audits for higher-

risk systems, has harsh penalties in place for non-compliance, and has a scope that reaches multiple sectors within AI governance (European Union, 2024). This presents a very strict approach to regulation of AI. Moreover, the United States and China, two of the world's other biggest markets, appear to be lagging (Feldstein, 2023). EU citizens and lawmakers are more open to regulating AI and are more likely to produce stricter regulations than the USA (Bradford, 2020; Siegmann & Anderljung, 2022). While the Act imposes strict rules on high-risk AI, lower-risk AI remains loosely regulated, allowing for stricter policies elsewhere, for instance, in China (Feldstein, 2023). Although the Chinese AI policy might be stricter for some parts of AI governance, the censorship and autocracy of the government party lead to many companies deciding to produce different products in China (Siegmann & Anderljung, 2022).

H4. Non-EU actors align their AI policies beyond the EU because the AI Act is the most stringent regulation among major jurisdictions, creating incentives for global compliance.

Finally, in addition to stringency, the targeted products must be non-divisible, suggesting that it is impractical and inefficient for companies to create multiple products for each different jurisdiction (Bradford, 2020). In most cases, it is cheaper and more practical to create one global product that aligns with the most stringent regulation.

Predictive studies indicate that the AI Act aims to regulate non-divisible targets. The targeted AI technologies often use large amounts of data from EU customers to build their models, which makes it difficult to not apply the Act's rules on the use of EU data, even when conducting business in third countries (Almada & Radu, 2024). Companies are unable to separate data across jurisdictions or find that doing so increases costs beyond acceptable levels. Furthermore, the costs of complying with the AI Act beyond the EU once compliance is secured within the EU is lower compared to maintaining different product standards (Siegmann & Anderljung, 2022).

H5. Non-EU actors align their policies with the AI Act externally because it regulates non-divisible targets, making it more practical and cost-effective to maintain a single, globally compliant product.

2.4. Alternative theoretical argument

The Brussels Effect provides a significant market-based explanation for policy alignment with EU regulations. However, the process of socialization and persuasion may offer different explanations for why actors align with the AI Act.

Socialization promotes EU norms by embedding them into structures through engagement with local actors and advocacy networks (Börzel & Risse, 2011). The EU actively promotes its rules and ethical standards through repeated discourse with third parties. Companies frequently lobby at the EU at EU-hosted consultations, AI-office meetings, and feedback dialogues (European Commission, 2025a). Through participation in EU policy consultations or expert groups, companies are exposed to the EU's discourse on its views on AI, thereby normalizing the AI Act's rules and stimulating alignment.

Furthermore, persuasion works through rationality and normative argumentation in communication. In interactions with actors, especially actors outside of Europe where incentives are insufficient, persuasion through dialogue becomes crucial (Börzel & Risse, 2011). By framing the AI Act as legitimate and ethical, the EU aims to convince actors of the validity of its approach. Rather than being coerced or incentivized, actors may be persuaded to voluntarily align with the AI Act.

This study recognizes these alternative explanations but primarily focuses on understanding external policy alignment with the AI Act through the Brussels Effect.

3. Methodology

This chapter provides a description of the methodology used in this thesis. First, the case selection is presented, followed by a description of the research design, operationalization, and the data collection and analysis methods.

3.1. Case Selection

Using the case study strategy is relevant for this research because it allows for an in-depth exploration of a phenomenon within its real-world context (Baxter & Jack, 2010). It can provide insights into the extent to which the AI Act produces policy alignment among non-EU actors.

In this study, policy alignment refers to the process where actors adjust or harmonize their regulatory frameworks in line with EU regulations. This includes the process of how a norm is put into practice and the degree of conformity between policies.

Testing whether the drivers were present in the company's decision-making process is only possible if the chosen company has followed through both stages of the causal process. This complements the process tracing method, which works best for cases where the outcome variable (policy alignment) is most present (Beach & Pedersen, 2013). The chosen company should have remained in the EU market and thus aligned its policies internally (stage 1) and aligned its policies with the AI Act externally (stage 2).

The company OpenAI was chosen because it has signed the European Commission's AI Pact, a voluntary pledge with over a hundred signatories, signifying it is committed to comply with the AI Act (European Commission, 2024d). OpenAI pledged to comply with three core actions, namely creating an AI governance strategy, ensuring high-risk AI mapping, and promoting AI literacy. Additionally, it has continued its business in the EU market and works together with the EU, for example through meetings with the AI Office (OpenAI, 2025b). Secondly, OpenAI complies with the currently effective obligations under the AI Act. These obligations are the introduction of AI literacy programs and the banning of extreme risk AI systems. OpenAI applies these and other obligations found under Article 5 of the AI Act in its usage policy (OpenAI 2024b; OpenAI, 2025b, European Union, 2024). Lastly, OpenAI produces EU-compliant AI systems not only within the EU, but internationally. OpenAI's policies are universal and are therefore not only

applicable in the EU. Additionally, the company deploys the same AI products in other countries that are aligned with the AI Act (OpenAI, 2025b).

These factors demonstrate that OpenAI has effectively followed through both stages of the causal mechanism. Process tracing is used to examine whether this alignment can be linked to the presence of the five drivers, to test if the Brussels Effect can effectively explain this.

3.2. Research Design: Process tracing

Process tracing, specifically theory-testing, allows for structured evaluations of the presence of observable manifestations within a mechanism (Beach & Pedersen, 2013). Theory testing follows the process from the adoption of the AI Act to the outcome where companies have decided to align with the Act externally.

3.2.1. Observable manifestations

Section 2.3 introduced five hypotheses to explain the reasons behind external policy alignment with the AI Act. As outlined in the case selection (chapter 3.1), the analysis follows a two-stage causal mechanism of the Brussels Effect, presenting two decisions that lead to internal and external policy alignment. For the application of process tracing, each hypothesis must first be operationalized into observable manifestations, which describe what should be observed in the empirical data if the drivers were present throughout the decision-making process.

The first hypothesis stated that non-EU actors align with the AI Act internally because of their dependence on the EU's large consumer market. This implies that there must be traceable evidence that the market was so large and attractive that OpenAI became reliant on it for a significant part of its income. Furthermore, the expectation is that the EU constitutes as one of the wealthiest and largest importers of AI technologies. Additionally, if the EU is one of the primary consumer bases for OpenAI, this market reliance would be further supported.

The second hypothesis implied that non-EU actors align with the AI Act internally because of the EU's strong regulatory capacity. Expected is that OpenAI decided to align with the AI Act because it knew the EU's strong regulatory capacity would lead to punishments in case of non-compliance. EU institutions should therefore be able to enforce the AI Act and impose sanctions. Supporting evidence should demonstrate a jurisdiction that has significant competencies, motivation, staffing and budget to enforce the Act.

The third hypothesis posed that non-EU actors align their policies with the AI Act within the EU because it regulates inelastic targets. The Act should therefore consist of clauses which indicate that companies that operate outside the EU, like OpenAI, fall under its obligations. This would mean that OpenAI was unable to circumvent the rules by relocating outside the jurisdiction, which forced it to align with the Act.

The fourth hypothesis suggests that non-EU actors align with the AI Act externally because it represents the most stringent regulation globally. The Act is expected to exceed all other regulatory frameworks in terms of its binding effect, obligations, scope, and enforceability. OpenAI would have decided to align with the Act beyond the EU because aligning with the strictest would automatically mean alignment with all others. Supporting evidence should show that the regulation is legally binding and outlines concrete obligations for companies, such as bans, compliance rules, or audit requirements. Additionally, it should demonstrate that the regulation includes enforcement mechanisms (e.g., fines for non-compliance or bans from the market), applies broad definitions of AI technologies, covers multiple sectors and products, and targets a wide range of actors.

The final hypothesis states that non-EU actors align their policies with the AI Act in other jurisdictions because it regulates non-divisible targets. The expectation is that OpenAI decided to maintain one uniform, globally compliant model rather than create separate versions for different markets, due to high costs and complexity. Evidence should show that creating different AI technologies for multiple jurisdictions is expensive and impractical and that OpenAI did not differentiate its products. The presence of this data would increase confidence that non-divisibility contributed to OpenAI's decision to align voluntarily with the AI Act beyond the EU.

3.3. Data Collection and Analysis

To test these observable manifestations with empirical data, a document analysis and numerous semi-structured interviews were conducted. In this section the data collection and analysis methods are discussed.

3.3.1. Document analysis

Various documents were selected that were suitable and necessary to successfully test the observable manifestations (Bowen, 2009). First, for the market size driver, data was collected on GDP, import, AI use, and the userbase of OpenAI. This was done for the biggest regulators, the EU, United States, China, Brazil, India, and the United Kingdom. This data was found in the CIA's factbooks, Eurostat, IMF, World Bank, and OpenAI company data. Second, for testing the strength of the EU's regulatory capacity, data was collected on budget, staffing, competencies and willingness of both the AI Office and the national authorities that have obligations under the AI Act. Data was collected from EU institution websites, academic articles, and news sites. Furthermore, the AI Act's policy document and OpenAI's public statements were needed for the assessment of the inelasticity and non-divisibility drivers. Lastly for the assessment of stringency, 11 AI policies of the USA and China were collected, because only the biggest markets can trigger a Brussels Effect. These policies were collectively similar in aim to the EU's AI Act to successfully compare them and were found through the White & Case database and government websites.

These sources were validated on the condition that they matched the expectations, and were credible (i.e. from government agencies, peer-reviewed academic work, and reputable news sites) and traceable (i.e. author and published data available). Websites were also used under more careful consideration. The collected sources were systematically stored per driver in a logbook, so they could be traced.

3.3.2. Interviews

Interviews are one of the most used methods in process tracing, as it allows the researcher to ask direct questions about the observable manifestations in practice (Beach & Pederson, 2013). Semi-structured interviews were conducted in this study, which is a new approach in existing literature for assessing on the Brussels Effect in relation to the AI Act. The interviews served as a second method to test the observable manifestations, thereby contributing to the triangulation of

this thesis. It additionally helps with interpreting data on ambiguous concepts such as a 'large market' and 'strong regulatory capacity'.

15 policy experts were approached through purposive sampling through mail and LinkedIn. These 15 were selected based on this study's objective to collect insights from a broad spectrum of AI experts, ranging from think tanks, academia, OpenAI policymakers and EU Commission Officials. All requests were documented in an interview log to increase transparency. Two AI policy experts and one EU Commission Official were available for a personal interview, and two provided written answers. The three interviewees were asked to sign an informed consent form about the use of their data and request their consent to record the interview. Interviews were held in English (2) and Dutch (1) and were transcribed in their respective language.

Each interview contained the same questions to maintain similar understandings of the discussed concepts. These questions were open-ended and were made to match each observable manifestation. Before asking the core questions, the experts were asked about their general knowledge on the AI Act, policy alignment and the Brussels Effect. This allowed the interviewer to give additional context if needed for understanding the core questions and setting the scope of the study. To comply with GDPR restrictions and ensure the respondents' privacy, names and company names were left out of the study. In the analysis, respondents are referred to as Respondent 1-5, to be able to reference the respective respondent and use quotes. The interview list and guides are added as appendix I, II and III

3.3.3. Data Analysis

In this process tracing analysis, Bayesian logic was used by the researcher to evaluate how strongly evidence matched the expectations for each driver. The researcher interpreted the data to determine if the parts of the causal mechanism were present.

If the evidence fits the expectation of what should be observed if the hypothesis was true, then it becomes more likely that the hypothesis is correct (Beach & Pedersen, 2013). For example, the market size driver (H1) predicts that OpenAI will align with the AI Act if the EU represents a significant portion of their user base. If evidence shows that the EU is OpenAI's largest consumer market, this is a strong confirming observation. It increases our confidence that H1 is more likely to be true than it is false. Ultimately, this approach was applied for all five hypotheses.

The collected data for hypotheses 1, 2, 3, and 5 could be analysed directly without the need for additional transformation. However, hypothesis 4 required a different approach, as no universal standard exists for comparing the stringency of AI regulations across jurisdictions. To address this, a comparative scoring model was creating based on prior examples (OECD, 2020; CLAI et al., 2024). Each jurisdiction was evaluated on four dimensions defined in Chapter 3.2.1: binding effect, obligations, enforceability, and scope. Based on the observable manifestation, a score of high, medium or low was given to each factor. These correspond to how often and detailed the policy discusses the categories.

According to this method, a total of 11 AI policy documents from the United States and China were compared with the EU's AI Act. To ensure validity in the analysis, the aim of each regulation had to be similar. Because the scope of the AI Act is much broader than the American and Chinese fragmented frameworks, multiple policies of the other jurisdictions had to be combined to ensure precision. Chinese regulations were translated using DeepL software, which may have introduced minor translation errors or overlooked contextual nuances. By using pre-defined codes in Atlas.ti, relevant sections of each regulation were grouped under the four dimensions. These coded segments were then systematically compared across jurisdictions to assess the stringency. The resulting scores acted as evidence, allowing for the evaluation of the observable manifestation of hypothesis 4.

Moreover, interviews had to be coded to interpret the data. Given that each interview had the same structure based on pre-set codes, using Atlas.ti did not offer significant benefits. The transcripts were coded manually using a color-coding system for each of the drivers. Interview data was used in the evaluation of each observable manifestation, to provide additional practical insights from experts.

The researcher conducted all data interpretation and coding independently. While this ensured consistency in the process, it also introduced a degree of subjectivity. Critics of the Bayesian logic worry about the high degree of subjective bias of the researcher (Beach & Pederson, 2013). Interpretive bias was minimized by the utilization of pre-defined codes based on the theoretical framework and observable manifestations, and by maintaining transparency in how evidence is assessed. However, subjectivity bias remains a potential limitation of this study.

3.4.Validity and Reliability

To achieve accurate results in this study, validity and reliability were addressed to demonstrate the quality of the research. First, to increase reliability and transparency, the data collection and analysis methods were transparently documented throughout this chapter. Every step of the research process was documented in log- and codebooks. This allows the reader to verify the validity of the research process if necessary. Second, triangulation was guaranteed by combining the findings of the document analysis and interviews to ensure reliability and validity, allowing for a theoretical and practical assessment of the results. Third, to ensure internal validity, an extensive literature review was conducted to be able to create sufficient and accurate hypotheses, a causal mechanism and operationalizations of the main variables. Additional alternative arguments were considered in the analysis, thereby reducing the subjectivity bias that might occur when conducting a process tracing study (Beach & Pedersen, 2013). Lastly, while it is not completely possible to generalize the findings because of the case study strategy, this study provides data that is not only relevant for OpenAI but also discusses the general global impact of the AI Act through a Brussels Effect (Baxter & Jack, 2010). Other potential limitations of this study and the depiction of the steps taken to reduce these are highlighted in chapter five.

Additionally, ethical guidelines were followed by ensuring that interviewees have signed informed consent forms. To guarantee respondents' privacy, their names were removed from all transcripts and were not quoted by name. By reducing the amount of leading questions and following a structured interview guide, the researcher was able to minimize potential bias.

4. Results and analysis

This chapter delves into the results of the document analysis and interviews. It will logically follow the two-staged causal mechanism as described in chapter 2 and trace the process of OpenAI's external policy alignment, which has occurred as established in chapter 3.1.

4.1. Stage one: Internal Policy Alignment

In the first stage, the process of OpenAI's decision to remain in the EU market and align its policy within the EU is analyzed. Three observable manifestations, which together explain this decision, are tested based on the degree of alignment between the data and the expectations.

4.1.1. Market size

The observable manifestation for H1 predicted that OpenAI decided to align its policies with the AI Act internally because of its reliance on the EU's large consumer market. This section presents an analysis of empirical evidence on the EU's market size, to be able to assess, based on Bayesian logic, if this data supports the evidence that is expected to be found.

The EU presents itself as the world's largest economic and trading block, with approximately 449 million consumers and a real GDP (PPP) over $24 trillion (European Commission, 2024c; Eurostat, 2025b; CIA, 2025). The EU's real GDP (PPP) places the EU among the top three global markets, behind only the USA and China (CIA, 2025). When assessing the GDP per capita (PPP), the EU with $64.550 surpasses China's of $28.980 (IMF, 2025). However, as Bradford (2020) argues, GDP alone is not sufficient to establish a large market size. Its significance lies in whether the market is important enough to incentivize OpenAI to align its regulations.

Alongside GDP statistics, import data can equally be of value to demonstrate the size of the market (Bradford, 2020). Companies are more likely to want to stay in a market which has a large consumer base and is a large importer. The EU is the largest global importer of goods and services, importing about $9 trillion, while America and China fall behind with $3.8 trillion and $3.1 trillion respectively (CIA, 2025). The EU is not only a large general importer of goods and services, but is also technologically advanced, which is relevant for companies conducting business in the technology sector. For instance, 94% of all EU households have access to the internet, indicating a large potential consumer base for OpenAI, which requires only internet

access for its free product (Eurostat, 2025a). Additionally, 13% of businesses in the EU currently utilize AI, showing that the size of the AI market in the EU becomes increasingly important for AI companies (Eurostat, 2025c).

OpenAI's current userbase is also important for alignment with the Act. If a big portion of this user base is consumers from the EU, OpenAI is much more likely to remain in the region, as losing access to the market would lead to a loss of its EU consumers. Currently, a report by OpenAI shows that 43 million of its users are from the Union (OpenAI, 2025a). The EU represents the second largest user base, at 10% of OpenAI's global userbase. Only the consumer base of the USA (18%) is larger (SimilarWeb, 2025). The following table summarizes these statistics to allow for a careful analysis of their implications.

Table 2

Demographic Data of Largest Markets

Region	Population (million)	Real GDP (PPP in billion US$)	Total Spent on Import (in billion US$)	Access to internet (% of population)	Share of OpenAI global userbase
European Union	449	24.436	9.000	94	10%
United States	343	24.98	3.857	93	18,11%
China	1.422	31.23	3.125	78	na*
United Kingdom	69	3.728	1.076	96	3,39%
Brazil	211	4.016	377	84	5,4%
India	1.438	13.000	859	56	7,99%
World	8.062	140.000	66.320	68	100%

Note. Adapted from (1) United Nations (2024) & Eurostat (2025b), (2), CIA (2024b), (3) CIA (2024a), (4) World Bank (2024) & Eurostat (2025a) and (5) OpenAI (2025a) & SimilarWeb (2025). *OpenAI's products are banned in China; therefore, no data is available.

These statistics are supported by experts, who state that in general, the EU is seen as one of the biggest international players and is extremely important to companies. One of the respondents added: "…the power of the EU market is really very strong, and I think EU politicians know that that's kind of their most important leverage" (Respondent 1, 2025). Moreover, the European market is important for big companies like OpenAI, Microsoft and others, because they have "a big share in Europe" and would therefore have to respect EU law (Respondent 2, 2025). Additionally, the importance of the market is demonstrated because companies continue to lobby within the EU to reduce the obligations of the AI Act (Respondent 1 & 3, 2025). Companies decide to lobby instead of leaving the market because they want to keep their European consumers.

While the data indicates that the EU is one of the largest consumer markets for OpenAI, full market dependence cannot be proven. The EU does not rank first on all indicators, but the evidence suggests that OpenAI would have lost a significant portion of its consumer base if it left the EU market. Therefore, aligning its policies according to the AI Act was likely a strong option for continuing to do business in the EU. This is consistent with the expected findings according to the observable manifestation, making it more likely that H1 is true rather than not.

4.1.2. Regulatory Capacity

The second observable manifestation suggested that the regulatory capacity of the EU was significant enough to drive OpenAI's policy alignment with the AI Act. OpenAI would have known it would be fined for non-compliance and would therefore have aligned with the policy. This section presents the data to find support for these expectations and the evaluation of the validity of H2.

The AI Act's regulatory framework is divided into two main parts, the AI Office and national authorities. Both are tasked with enforcing different aspects of the regulation. The AI Office ensures the coherent implementation of the AI Act and ensures coordination and cooperation with important stakeholders (European Commission, 2024b; Future of Life Institute, 2024c). The national authorities have 88 categories of responsibilities, with various tasks such as creating an AI governance system, implementing national law or secondary legislation, enforcing risk-based AI technology assessments, ex-post evaluations, and regulating narrow AI (Future of Life Institute, 2024b; Respondent 1, 2025).

Each member state designates a competent national authority, and the capacity of these national bodies depends on the national implementation and political will (Respondent 1, 2025). There are diverse levels of preparedness among member states and disparities in AI policy frameworks across the EU (Costa & Mendonça, 2025). The first chapters of the AI Act entered into force and require enforcement from member states (European Union, 2024). Currently, 25 out of the 27 member states have identified national public authorities that enforce the protection of fundamental rights in relation to high-risk AI systems (Future of Life Institute, 2024a). While this may present positive indicators of willingness and competence, only 3 out of 27 have clearly identified national market surveillance bodies or notifying authorities that will enforce the AI Act's obligations that enter into force in August 2025 (Future of Life Institute, 2024a). Although there is no legal obligation to comply until then, the lack of national authorities with the ability to enforce may disincentivize companies to comply with those rules.

One of the respondents adds how member states often only have a few experts that can build up the machinery needed to enforce the Act (Respondent 2, 2025). Due to the absence of a clear model, both the AI Office and the national authorities are building regulatory machinery for the first time. This, however, does not mean that companies will not comply with the regulation. Companies don't look at the current capacity, but evaluate that in the future, the capacity to enforce will be there (Respondent 2, 2025). Companies assume, based on previous experiences with other regulations, that the EU and its member states will build up the capacity to enforce regulations.

The AI Office is a designated body under the Directorate-General for Communications Networks, Content and Technology (DG Connect) of the European Commission (European Commission, 2024a). This Directorate General receives about 20% of the total yearly EU budget (European Union, 2021). While the budget of the AI Office is not publicly available, credible sources have stated it to be around 46.5 million Euro (Politico, 2024). Interviewees worry about the regulatory capacity of the AI Office being too weak, stating that the Codes of practice will take a lot of monitoring and technical capabilities, such as evaluations that the Office is not able to handle with its current budget (Respondent 1 & 2, 2025). According to these experts, the AI Office only hired around 30 people, which would not be enough to build machinery for enforcement and continue to enforce the codes of practice with significant administrative capacity.

Furthermore, experts express that the commitments by companies are selective, in that companies meet the cheapest most visible duties first while watching whether the European Commission will impose a fine (Respondent 5, 2025). If the company does not believe the regulations will be enforced due to a lack of regulatory capacity, it would not have incentives to lobby or engage in conversations about compliance. However, while the regulatory capacity of the AI Office might be insufficient, OpenAI continues to lobby and engage in meetings with the Commission. According to data from the EU's transparency register, the company has engaged in 30 meetings with the commission since 2022, with 24 of those specifically regarding AI, the AI Act or AI governance (European Commission, 2025b). This lobbying shows OpenAI's commitment to working together with the Commission, to discuss (the implications of) the AI Act. This may indicate that OpenAI indeed expects the regulatory capacity to be enough for effective enforcement, however this cannot be proven with the available data.

The evidence indicates that there is sufficient regulatory capacity in the AI Office and in member states to enforce the first set of obligations that are currently operational. The data supports the expectation that OpenAI's decision to align its policies with the AI Act because it suspected that non-compliance at this moment would be punished. The data on the current obligations match the expected observable manifestation, which increases confidence in the validity of H2. However, when the next set of obligations go into force, the lack of expertise and budget may indicate a weaker regulatory capacity. Confidence in H2 will decrease when staffing and budget are not increased, making future obligations unable to be enforced.

4.1.3. Inelastic Targets

This section aims to demonstrate if the AI Act regulates inelastic targets, such as consumer markets, that make it difficult for companies to circumvent the regulation. It should be impossible for companies to produce AI products outside the EU and distribute them in the EU, thereby not being bound by the regulation. The expectation is that the regulation not only applies to actors within the EU but also applies to non-EU actors who conduct business in the EU.

After careful assessment of the AI Act's contents, several paragraphs are found that indicate that the regulation has an extraterritorial scope. For example, Article 2.1 (a) states that: "The regulation applies to providers placing on the market or putting into service AI systems or placing on the market general-purpose AI models in the Union, irrespective of whether those

providers are established or located within the Union or in a third country" (European Union, 2024). Especially this last part is of importance, as this signifies that it does not matter if the providers are in the EU. The Act's obligations will apply to any actor placing AI systems on the market in the Union. Additionally, Article 2.1 (c) supports this notion, whereby the regulation applies to providers and deployers where output produced by the AI system is used in the Union, irrespective of their location (European Union, 2024). However, the regulation does not apply to areas outside the scope of Union law, meaning that it does not affect third-party governments or non-EU citizens.

Experts support this evidence, arguing that it is impossible for companies such as OpenAI to circumvent the Act's obligations by deploying their AI services from a location beyond the EU's borders (Respondents 1, 2, 3 and 5, 2025). If they wish to do business in the EU or use EU data, compliance with the Act's requirements is required. However, in essence, a company can always block EU users from using the products, but for global platforms, the reputational hit and loss of European data makes abandoning the market unattractive (Respondent 5, 2025). This is evidently discussed by OpenAI itself, stating that: "organizations outside the EU will still have to comply with the AI Act under a variety of conditions that can be quite wide-reaching" (OpenAI, 2024a). It further adds that the broad extraterritorial reach of the Act means that non-EU companies will need to comply to serve EU customers.

In summary, this evidence matches the expectation that OpenAI had to align with the AI Act due to the regulation of inelastic targets. OpenAI knew it was unable to circumvent the Act because it applies to all actors who place its products on the EU market, even if the company is non-EU, like OpenAI. According to Bayesian logic, this evidence provides strong support for H3, in that the regulation of inelastic targets influenced OpenAI's decision to align its policies within the EU.

4.2.Stage Two: External Policy Alignment

As demonstrated in Chapter 3.1, in addition to internal alignment in stage one, OpenAI decided to align its policies externally. This alignment beyond the EU's borders is supported by two observable mechanisms. These are evaluated based on the alignment between empirical evidence and the expected results to assess the validity of the hypotheses.

4.2.1. Stringent Standards

This section tests the expectation that the AI Act would be stricter than the policies of other jurisdictions. OpenAI would have aligned with the Act because of the cost-effectiveness of aligning globally with the strictest regulation. The stringency is compared with policies of the other two largest markets, namely China and the USA. This assessment is based on a systematic coding of the full texts using four factors: binding effect, obligations, enforceability, and scope. Inferences are made on the stringency of these factors, which allows for the testing of H3.

The assessment of policy stringency requires careful consideration of the aim of the regulation. Because the EU's AI Act is aimed towards regulating a broad spectrum of AI technologies focusing on human rights and a presenting a risk-based approach, similar broad national policies of China and the USA were attempted to be found.

However, the USA has not adopted any federal AI regulations. The only federal approaches to regulating AI consist of one initiative, one main executive order and a future federal bill which includes a small sector on AI regulation. Because of this limitation, the policies of two US states were additionally assessed. California was chosen due to its large market and because its policy's objective is regulating AI technologies at a broad level (Bradford, 2020). Furthermore, Colorado was the first US state to introduce a state-level extensive AI policy, and its Colorado AI Act is therefore also included in this study (White & Case, 2025b). With these policies, there is an attempt to assess policies with similar aims, however because of these limitations, full equality of aims cannot be guaranteed.

Additionally, compared to the EU AI Act, China's AI regulations are more fragmented and sector specific. There is no national framework that governs or regulates AI systems. Instead, this analysis is based on five main policy documents which primarily target AI-generated content, such as the 2023 Interim Measures for the Administration of Generative AI Services (Cyberspace Administration of China, 2023) and the 2025 Measures for Identifying Synthetic Content Generated by Artificial Intelligence (Cyberspace Administration of China, 2025). In addition to these, three policies were analyzed that focus on the content requirements of AI systems (CNIETS, 2025a; 2025b; 2025c). While these policies collectively come close to the aims of the AI Act by regulating generative AI and setting content requirements, it cannot be guaranteed that their aims are equal.

The European Union

The EU's AI Act represents the world's first comprehensive and legally binding framework for regulating AI (European Union, 2024). It adopts a risk-based approach to classify AI systems and includes rules for General Purpose AI, thereby broadening the scope across a broad spectrum of different AI systems. Moreover, the regulation also applies extraterritorially to non-EU actors. Article 2 (1) states that the regulation applies to any provider placing on the market on putting into service AI systems in the Union, even if those providers are located within a third country (European Union, 2024). This approach demonstrates a broad scope, regulating many aspects of AI governance.

Furthermore, the AI Act is a comprehensive all-in-one framework that sets requirements for providers, deployers, regulators and authorities. The obligations for these actors are detailed and mandatory. For example, the Act bans numerous types of extreme risk AI systems and requires documentation, data protection and a quality management system to be in place for high-risk AI systems.

In addition to its broad scope and detailed obligations, the Act has strong enforcement measurements and is legally binding. Based on the coding criteria applied in this analysis, the Act demonstrates strict centralized and structured enforcement mechanisms, dedicating Articles 28 to 41 of the Act to tasks and requirements of enforcement bodies, such as national notified and notifying authorities, the AI Office and scientific panels (European Union, 2024). It also imposes fines for non-compliance up to 35 million euros or 7% of global turnover (Article 99 (3)). As EU legislation, the Act is directly applicable in all EU Member States and legally binding for third-party actors, reinforcing the expectation of a stringent regulation.

China

Based on the coding schemes applied in this study, the scope of China's AI regulations is narrow. The documents primarily target service providers involved in synthetic content generation and Generative AI, rather than establishing a broad, risk-based framework. General-purpose AI systems and requirements for deployers or authorities are not present in these policies.

In terms of obligations, the documents impose moderate requirements. For example, some policies require transparency on synthetic content and prohibit the generation of illegal or harmful

information (Cyberspace Administration of China, 2025). In addition, the system must adhere to "the core socialist values" and must "respect the legitimate rights and interests of others" (Cyberspace Administration of China, 2023, Article 4(1)). However, there is limited discussion of broader AI risks, which is a crucial aspect of the AI Act.

Enforcement mechanisms are loosely defined. None of the reviewed documents establish independent oversight bodies or formal regulatory authorities specifically for AI. Instead, enforcement is delegated to "relevant competent departments" based on already existing institutions, as stated in Article 13 of the 2025 Synthetic Content regulation (Cyberspace Administration of China, 2025). The regulations do not specify sanctions, but refer to Chinese criminal law, which can lead to penalties such as fines or imprisonment (White & Case, 2025a).

Overall, China's AI regulatory framework scores lower on scope, enforceability, and obligations than the EU's AI Act. While the Chinese regulations can be more detailed on certain specific content-related subjects, it demonstrates an overall weaker stringency.

The United States of America (Federal)

As mentioned, the United States lacks a single, broad regulatory framework for AI. Federal AI governance is currently fragmented across a range of non-binding initiatives and executive orders. The 2020 National Artificial Intelligence Initiative signifies an innovation-based approach, building on research and development rather than imposing enforceable rules for providers and deployers (U.S. House of Representatives, 2020). In 2023, President Biden signed an Executive Order on Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence, which offers guiding principles and priorities for governing AI use and development (Executive Office of the President, 2023). However, this order was rescinded by President Trump's Removing Barriers Executive Order, indicating no further federal action for ensuring safe and trustworthy use of AI (Executive Office of the President, 2025; White & Case, 2025b).

Tied to this, federal lawmakers have introduced a new Bill, which will prevent states from creating their own AI laws for the next ten years (U.S. House of Representatives, 2025). When this new bill becomes law, it will demonstrate a continuing lack of federal commitment towards regulating AI. Because there is no national framework for AI regulation, the regulatory stringency

of obligations, binding effect and enforceability at the federal level is determined to be low. The scope is not applicable.

The United States of America (California)

Two relevant Californian AI regulations have similar aims as the AI Act, namely the AI Transparency Act (California State Assembly, 2024b) and a 2024 bill on generative AI training data transparency (California State Assembly, 2024a).

Both regulations have a narrow scope, by targeting specific aspects of AI developments, such as the generation of AI-created images and the disclosures of datasets used to train generative AI systems. The obligations these laws impose are limited, as transparency requirements are emphasized, but highlight no specific requirements such as risk management, auditing or documentation, like the AI Act. The enforcement of the AI Transparency Act includes moderately detailed specifications. While there is no concrete mention of enforcement bodies or institutions to govern the regulations like the AI Act, violations can be fined for $5000 per offense (California State Assembly, 2024b). Given this assessment, the overall stringency of the Californian approach is moderate to low.

The United States of America (Colorado)

Colorado acts as one of the most ambitious states to regulate artificial intelligence in the United States. In 2024, the state passed Senate Bill 205, which was the first U.S. law to impose risk-based obligations, like the EU's AI Act (Colorado General Assembly, 2024).

The law's scope is broader than that of other state regulations. It defines high-risk AI systems as those that make a consequential decision and apply obligations to both developers and deployers of AI systems. However, it does not cover general-purpose AI or impose measurements on data protection.

The regulation introduces transparency, impact assessments, and risk mitigation obligations. Developers of high-risk systems must provide documentation on intended uses, known limitations, and mitigation strategies. Deployers must notify affected individuals when decisions are made using high-risk AI and allow for human review. In terms of enforcement, although Colorado Attorney General is authorized to oversee compliance and bring enforcement

actions, no specialized AI regulatory body is created. The law does not include criminal penalties but allows for civil enforcement and potential fines. Compared to the Californian approach, the Colorado Senate Bill covers a broader, moderately strict approach to regulating AI and is more similar in scope to the AI Act.

Comparison

Table 3 presents the previously described stringency analysis in a structured manner to compare different jurisdictions.

Table 3

Stringency assessment per jurisdiction.

Jurisdiction	Binding Effect	Obligations	Enforceability	Scope
EU	High	High	Strong	Broad
China	High	Medium	Moderate	Narrow
USA (Federal)	Low	Low	Weak	-
USA (California)	Medium	Low	Medium	Narrow
USA (Colorado)	Medium	Medium	Medium	Moderate

Note. Based on inferences of the author. Adopted from official policy documents.

This analysis indicates that the EU's AI Act scores highest in all four categories. The other two largest global markets did not present stronger regulatory frameworks for governing AI. This conclusion is supported by experts, who express that the AI Act is the strictest 'horizontal' regulation, in terms that it does not focus on a specific sector, but on AI as a broad spectrum (Respondent 1, 2025). It is therefore difficult for actors who use AI to have nothing to do with the EU's regulation. Only Canada's stalled AI regulation and Brazil's draft bill come close to the EU's broad risk-based approach but are still drafts and introduced by smaller markets (Respondent 5, 2025). The strictness of the AI Act can, according to experts, only drive alignment with the Act if enforcement proves to be credible.

The observable manifestation predicted that OpenAI was incentivized to align with the most stringent regulation, as doing so ensures compliance across all jurisdictions. The analysis confirms that the EU AI Act presents the most stringent among the examined policies, scoring highest on all four factors. This matches the expectations of the fourth hypothesis. However, the

analysis was not able to sufficiently determine if this stringency influenced OpenAI's decision to align with the Act. While the theoretical explanation describes that companies align with the strictest policy externally, the evidence provided limited clues towards this expectation.

4.2.2. Non-divisibility

In support of the last four drivers, the expectation for non-divisibility indicates that once OpenAI has decided to remain in the EU and align its policies, it found it to be impractical and expensive to produce an additional fragmented model for non-EU jurisdictions. Evidence supporting the observable manifestation should demonstrate that OpenAI has developed AI models and policies aligned with the AI Act, and that these are implemented not only within the EU, but across non-EU jurisdictions.

In practice, compliance with the AI Act requires changes to product design, data handling, documentation practices, and risk mitigation protocols. These adjustments have become a huge financial burden for companies, and especially start-ups (Wu & Liu, 2023; Siegmann & Anderljung, 2022). Therefore, once these requirements are implemented to comply with the Act, maintaining multiple versions of a model for different jurisdictions creates even higher compliance costs. Furthermore, it is difficult to build a global model where EU data is not able to be used in models in non-EU jurisdictions (Respondent 1 & 5, 2025). It is therefore cost-effective and practical to adopt a global standard in AI governance, whereby companies decide to align with the strictest standard.

OpenAI's approach to complying with the Act confirms the expectations, as its global policies have been altered to comply with the EU's regulation (OpenAI, 2024b; 2025b). Some of the websites for other jurisdictions, such as the site where UK AI Law is explained, might deviate slightly from the website from EU users. However, OpenAI's universal usage policy is compliant with the EU's regulation and thus applied in other jurisdictions (OpenAI, 2025b). The interviews support this, as it is very impractical and costly for companies to create multiple AI products that are different for each jurisdiction (Respondents 1 & 2). However, while some other companies such as Facebook, might not deploy their newest AI models in Europe at first, this is often used as a bargaining tool used in negotiations with the EU to reduce the stringency of regulations (Respondent 2 & 1, 2025).

Evidence from academic research, OpenAI's practices, and interviews aligns with the expected observable manifestations. It was possible to assess the non-divisibility of the targets of the AI Act, because creating multiple AI models across different jurisdictions proved to be impractical and expensive. However, this data can only be matched indirectly with OpenAI's decision to align with the Act in other jurisdictions. Therefore, there is only moderate support for the validity of H5.

4.3. Alternative factors

When asked the question on which factors might explain policy alignment with the Act, if not the Brussels Effect, multiple explanations were given. Geopolitical drivers might influence (non-)compliance with the Act (Respondent 1, 2025). For example, US model providers are under a lot of pressure from the US government to not endorse EU policy compliance. However, Respondent 5 argues that a deregulatory framework from the US government might influence companies such as OpenAI to align with the AI Act, as a way of reassuring investors in preparation for future US policy swings. Furthermore, experts argue that Big Tech companies lobby in the EU to try to adapt the AI Act's obligations to align more with their own internal policies and current practices (Respondent 1, 3 & 5, 2025). Companies will align with the Act because it was able to shape the regulation to match their own interests. Other factors might include the intrinsic values of the company, where the company has similar interests in regulating safe use of AI and therefore wants to align with the Act.

Although these responses offer valuable insights into other factors that might influence policy alignment, they do not mention the socialization and persuasion factors of diffusion as described by Börzel and Risse (2011). Additionally, these factors did not appear in the collected data of the document analysis. These alternative explanations can neither be confirmed nor denied with the current available data.

5. Conclusion, Discussion and Recommendations

The goal of this study was to assess why policy alignment with the European Union's Artificial Intelligence Act occurred beyond the EU. An in-depth analysis of the five drivers of the Brussels Effect was conducted in this process-tracing case study of the company OpenAI. After a structured document analysis of primary and secondary data sources and interviews with five experts were conducted, five hypotheses were analyzed, allowing for an answer to the research question of this study: *Why do non-EU actors align with the European Union's Artificial Intelligence Act beyond the EU?*

The theoretical framework found that the Brussels Effect serves as the best explanation for this external policy alignment. The concept indicates that non-EU actors align with EU norms because of the EU's large consumer market, strong regulatory capacity, regulation of inelastic targets, high regulatory stringency, and non-divisibility of targets. A causal mechanism was constructed which reflects the decision-making process of companies aligning with the regulation. Such companies go through two stages after being confronted with the new AI Act, each impacted by different drivers of the Brussels Effect. Tracing the steps within this causal mechanism allowed for testing whether the Brussels Effect was present in this case.

The first stage refers to the decision by OpenAI to stay in the EU market and align with the policy internally. H1, H2, and H3 were tested and provided empirical explanations for this decision. The analysis found strong support for the validity of H1, indicating that it is likely that the market size of the EU influenced OpenAI's decision to stay in the EU and comply. Alternatively, moderate support was found for H2, suggesting that the current obligations that OpenAI aligns with were likely impacted by the idea that the EU's strong regulatory capacity would punish non-compliance. However, the regulatory capacity may be less capable of enforcing future obligations under the Act, which might decrease the validity of H2. Moreover, the evidence provides strong support for H3, as the Act regulates inelastic targets, ensuring that the rules apply even for OpenAI, which is located outside of the EU. This likely influenced the company's decision to align its policies internally.

The second stage represents the decision by OpenAI to align with the EU's AI regulation externally in non-EU jurisdictions, which was tested by the last two hypotheses (H4 and H5). Support was found for H4 by comparing the AI Act with regulations of the USA and China. While

the stringency of the Act scored highest in all four assessed categories, the evidence only provided moderate clues towards proving the hypothesis in saying that this stringency caused external alignment with the Act. Moreover, the analysis of non-divisibility showed similar results. It was possible to determine if the targets of the AI Act were non-divisible, because data demonstrated impracticalities and the high costs of creating multiple AI models across different jurisdictions. However, this data can only be matched indirectly with the decision to align with the Act in other jurisdictions. Table 3 summarizes the results of the analysis based on the alignment with expectations and strength of confirming the hypotheses

Table 3 summarizes the results of the analysis based on the alignment with expectations and strength of confirming the hypotheses.

Table 3

Summary of results

Stage of CM	Hypothesis	Description	Evidence Matches Expectations for Drivers?	Strength of validity
1	H1	Market Size	Yes	Strong
	H2	Regulatory Capacity	Yes, but limited	Moderate
	H3	Inelastic Targets	Yes	Strong
2	H4	Stringent Standards	Yes	Moderate
	H5	Non-Divisibility	Yes	Moderate

Note. Based on results from chapter 4 and the abovementioned discussion.

Overall, the two-stage mechanism holds up relatively well in its first stage, where drivers are present and show support for shaping OpenAI's internal alignment. However, the mechanism's explanatory ability weakens in the second stage, where causality is harder to establish between the drivers and OpenAI's decision-making. This may reflect certain limitations of the Brussels Effect in explaining external policy alignment in newer domains like AI.

This study does not rule out persuasion or socialization as reasons for policy alignment (see chapter 4.3.). While the focus was primarily on the Brussels Effect, the evidence could not rule out that these or other factors such as geopolitical influences or intrinsic values influenced OpenAI's decision to align with the Act externally.

The result of this study is relevant to actors who are affected by the AI Act, such as providers, deployers, or users of AI. The demonstrated presence of the drivers through empirical evidence provides valuable insights into the current debate in existing predictive literature on the Brussels Effect. This study is one of the first to establish a clear answer to the question of whether the AI Act triggered a Brussels Effect. It additionally supports the notion that the EU remains a normative power in global governance, as it can still diffuse its norms beyond the EU's borders, without economic or military pressure.

This study can motivate EU officials to increase their efforts in regulating AI and other forms of digital governance, by continuing to focus on in-elastic targets, broadening regulations to reach beyond the EU's borders, and creating stringent standards.

Although this thesis was able to conduct in-depth analyses, provide empirical evidence to an on-going academic debate and reach conclusions that influence global AI governance, certain limitations must be mentioned. As stated before, the AI Act is a relatively recently adopted regulation. Although this allowed for research that had not been conducted before, this thesis was only able to assess the first set of obligations that entered into force early 2025. Because of this early-stage adoption, the availability of relevant sources was limited. Furthermore, due to scope restrictions, such as time and length constraints, this study was unable to delve deeper into more practical observations. More time for interviews may have allowed for conversations with OpenAI employees, who could have provided more in-depth information about the decision-making process. Moreover, while efforts were made to reduce limitations of subjectivity bias, the making of inferences and expectations about the data could have led to biased assumptions of the researcher. While these assumptions were made based on objective theory, certain crucial factors may have been missed due to this bias.

As such, future research should be conducted after all articles of the Act are applicable, including the Codes of Practice, allowing for a full assessment of the Act. This research can test if the results of this study remain relevant. Additionally, more companies should be explored, as this reduces the risk of this case study of OpenAI being an outlier. This exploration of multiple companies can also provide insights into the roles and structure between different companies and would add to the theoretical understanding of the Brussels Effect.

It is additionally important to assess how the regulatory capacity of the EU's AI Office and national authorities develops in the next months as new obligations and enforcement requirements enter into force. This research shed light on the limitations the AI Office might face and might influence other researchers to analyze the implications of these limitations for the future of the AI Act. This future research may influence the decisions of EU officials to provide more support for the enforcement of the Act, which increases its global impact.

While this study found an explanation to how the Brussels Effect explains external policy alignment with the Act, current or future geopolitical events and technological advances could impact the global effects of the regulation. Because of this, policymakers should ensure that the AI Act and future regulations are adaptable to new research. Policymakers outside of the EU can be inspired by the AI Act if they wish to achieve the same global effects. In general, the role of the EU in global governance remains to be a very interesting and relevant topic, which is destined to continue to attract the attention of researchers.

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7. Appendices

7.1. Appendix I: Interviews

Respondent 1 (5 May 2025). Video call interview.

Respondent 2 (14 May 2025). Video call interview.

Respondent 3 (26 May 2025). Video call interview.

Respondent 4 (26 May 2025). Written Answers.

Respondent 5 (30 May 2025). Written Answers.

7.2. Appendix II: English Interview Guide

Interview Guide

Main Information:

Interview guide for my Master Thesis on the Global Effects of the AI Act for the program International Public Management and Public Policy. It mainly focuses on how the concept of the Brussels Effect explains (non-)alignment of big tech companies with the AI Act. I specifically use OpenAI as a case study, but I'm interested in your general views on the topic.

Introduction (Start from easy to harder questions)

Could you briefly introduce yourself?

What is your role / expertise in relation to AI policies and governance?

Transition questions

Are you familiar with the EU Artificial Intelligence Act and the position and compliance of Big Tech companies like OpenAI with the Act? And if so, how would you assess the alignment of companies' AI regulations with the EU AI Act so far? What factors do you think have influenced this alignment (or non-alignment)?

- If not: explain main facts. OpenAI has publicly announced its commitment to fully align with the AI Act, and has done so with the parts of the Act that have gone into effect as of February 2025, such as AI literacy, extreme risk AI technologies etc. It has also signed the AI Pact, a voluntary commitment from 2024 to align with three main requirements of the Act before it has gone into force.

  Other companies such as Meta and Apple have not signed this AI Pact, and have recently been in the news for opposing EU regulations.

In my research, I look at the Brussels Effect, a theory which refers to the idea that non-EU companies and countries will voluntarily align with EU regulations, just because keeping access to the EU market is important. Are you familiar with this concept and have you experienced or observed this effect in your work?

Core Questions

Market Size & Incentives

Q1: To what extent do you think access to the EU market influences decisions of companies like OpenAI to align their AI regulations with the EU AI Act?

Regulatory Capacity

Q2: How do you perceive the EU's (or its bodies') regulatory capacity in enforcing the AI Act?

- Think of the competency to implement policies or capacity to enforce sanctions in case of non-compliance.
- To what extent do you think this is a driving factor for companies such as OpenAI to align their policies with the Act?

Stringency

Q3: Do you believe the EU's AI Act is the most strict AI regulation compared to those of other jurisdictions?

- Think of Binding Effect, obligations, sanctions and scope.
- To what extent is this stringency significant enough to drive alignment among companies?

Inelasticity of Targets

Q4: To your knowledge, how easily could companies avoid applying (circumvent) EU AI regulations by exiting the EU market or adjusting their products/services?

- To what extent is this (in)elasticity a factor for alignment with the Act?

Non-Divisibility

Q5: How easily could companies implement separate AI regulations or products in the EU market from those implemented in other jurisdictions?

- Think of cost-benefits and (im)practicalities.
- To what extent is non-divisibility a factor for companies such as OpenAI to align with the Act?

Closing Question

Alternative Drivers

Q6: Now that we have discussed the factors of the Brussels Effect, are there any other key factors that could explain companies' policy alignment with the AI Act?

Conclusion:

Briefly summarize answers and ask the final question:

- At this time, is there anything I have missed or that you would like to add?
- Do you have any questions for me about the research or about the discussed topics?

7.3. Appendix III: Dutch Interview Guide

Interview Gids

Algemene Informatie:

Interview gids voor mijn Master Thesis over de Globale Effecten van de AI Act voor de studie International Public Management and Public Policy. Het focust op hoe het concept 'Brussels Effect', (non-)alignment van big tech bedrijven met de AI Act uitlegt. Ik gebruik OpenAI specifiek als een case study, maar ik ben geïnteresseerd in je algemene inzichten over het onderwerp.

Introductie (makkelijke naar moeilijkere vragen)

Kan je je kort introduceren?

Wat is je rol/expertise m.b.t. AI policies en governance?

Transitievragen

Ben je bekend met de EU Artificial Intelligence Act en de positie en naleving van Big Tech bedrijven zoals OpenAI met de Act? En zo ja, hoe zou je de alignment van de AI regulaties van bedrijven met de EU AI Act tot nu toe beoordelen? Welke factoren hebben volgens jou invloed gehad op deze alignment?

- Zo niet: leg de belangrijkste feiten uit. OpenAI heeft publiekelijk aangekondigd zich volledig aan te sluiten bij de AI-Act, en heeft dit gedaan met de delen van de wet die in februari 2025 in werking zijn getreden, zoals AI-literacy, AI-technologieën met extreme risico's enz. Het heeft ook het AI-pact ondertekend, een vrijwillig bestand uit 2024 om zich aan te passen aan drie belangrijke vereisten van de wet voordat deze in werking treedt. Andere bedrijven zoals Meta en Apple hebben dit AI-pact niet ondertekend en zijn onlangs in het nieuws geweest omdat ze zich verzetten tegen EU-regelgeving.

In mijn onderzoek kijk ik naar het Brussel-effect, een theorie die verwijst naar het idee dat niet-EU-bedrijven en -landen zich vrijwillig zullen aansluiten bij EU-regelgeving, alleen maar omdat het belangrijk is om toegang te houden tot de EU-markt. Ben je bekend met dit concept en heb je dit effect ervaren of waargenomen in je werk?

Kernvragen

Market Size & Incentives

Q1: In hoeverre denk je dat toegang en de grootte van de EU Markt de besluiten beïnvloeden van bedrijven zoals OpenAI om hun AI beleid in lijn te brengen met de AI Act?

Regulatory Capacity

Q2: Hoe sterk is de capaciteit van de EU om de AI Act te handhaven?

- Denk aan de competentie om beleid uit te voeren of het vermogen om sancties af te dwingen in geval van niet-naleving.
- In hoeverre denk je dat dit een drijvende factor is voor bedrijven als OpenAI om hun beleid in lijn te brengen met de wet?

Stringency

Q3: Denk je dat de AI Act de meest strenge AI regulatie is in vergelijking met regulaties in de rest van de wereld?

- Denk hierbij aan in hoeverre het juridisch bindend is, verplichtingen meebrengt, of het sancties voorstelt en de scope.
- In hoeverre is deze 'strengheid' belangrijk genoeg om de 'alignment' met de AI Act van bedrijven te stimuleren?

Inelasticity of Targets

Q4: In hoeverre kunnen bedrijven de AI Act omzeilen door buiten de EU markt te produceren, maar toch hun producten uit te brengen in de EU?

- In hoeverre is dit een factor die 'alignment' kan stimuleren onder bedrijven?

Non-Divisibility

Q5: Hoe makkelijk is het voor bedrijven om verschillende AI producten uit te brengen voor de EU dan voor landen buiten de EU?

- Denk hierbij aan kosten-baten en (on)praktische zaken.
- In hoeverre is non-divisibility een factor voor bedrijven als OpenAI om zich aan te sluiten bij de wet?

Afsluitende Vragen

Alternative Drivers

Q6: Zijn er nog andere belangrijke factoren die een rol spelen bij de keuzes van bedrijven om te 'alignen' met de AI Act?

Conclusie:

Geef een korte samenvatting en vraag of ik nog dingen gemist heb of dat er nog vragen voor mij zijn.