



# **The Cumulative Effect of EU Regulations on External Trade**

From free movement towards  
more conditioned trade

2024



## Preface

The EU possesses a broad mandate to regulate trade. However, the scope of EU regulations has, over time, widened significantly compared to the period when the EU Internal Market was first established. Changes in trade patterns, external developments as the Covid-19 pandemic, the war in Ukraine, concerns about security and resilience, as well as the digital and green transitions have all led to new demands on regulatory policy making globally. In the EU, these tendencies can now be seen through the fast-paced development of new policies, which in turn has resulted in a large number of new legislative proposals and adopted regulations.

While there is a broad understanding for the rationale to address new vulnerabilities and risks as well as the need to take the lead in the digital and green transitions, there is also the risk that the EU overlooks the aggregate effects of its regulation on external trade. In this report we analyse the cumulative trade effects of selected regulations in the field of digitalisation, sustainability and resilience.

Although many of these policy regulations in the EU are new, we can already confirm that a complex regulatory landscape materialises in the form of increased uncertainty, compliance costs and an administrative burden for companies. This undoubtedly results in welfare losses for the EU as a whole. In addition, recent EU regulatory strategies and approaches are likely to affect how the EU is viewed as a trading partner and may have a negative impact on foreign investment.

This report is written by Heidi Lund together with Åsa Sandström. Advice has been provided by several colleagues at the National Board of Trade Sweden: Per Altenberg, Karin Atthoff, Linda Bodén, Maria Johem, Lina Kamara, Patrik Karpaty, Kim Larsson, Malin Ljungkvist, Erik Merkus, Kristina Olofsson, Hanna Pettersson, Anna Sabelström, Sara Sandelius, Petter Stålenheim, Neil Swanson, Martin Söderman, Patrik Tingvall and Annika Widell. National Board of Trade Sweden also wishes to thank all external stakeholders who have contributed to this report.

Stockholm, May 2024



Anders Ahnlid  
Director-General  
National Board of Trade Sweden

## Summary

The National Board of Trade has analysed the cumulative effect of selected regulations and proposals for new regulations within the EU where there is an impact on trade and investment with non-EU countries. Below are the main findings of this analysis.

- The main cumulative effect of EU regulations on external trade and investment is increased regulatory uncertainty for companies. On the micro level, the cumulative effects manifest in compliance costs and an increased administrative burden. These costs will undoubtedly also accumulate to create welfare losses for the EU as a whole. Furthermore, on the macro level, the regulatory strategies and approaches may affect how the EU is viewed as trading partner and may have a negative impact on foreign investment.
- Businesses will find it difficult to ensure compliance with complex comprehensive EU regulations related to the green and digital transition and resilience. This is because the compliance process for market access needs to account for multiple regulations with ambiguous and sometimes overlapping obligations. Support to companies will be needed to facilitate regulatory compliance.
- It is important to consider not only what the EU regulates, but how it is done. The EU needs to more carefully consider the impact and practical implications that a regulation has on the ability to achieve multiple policy objectives simultaneously.
- EU Better Regulation Practices could be developed further and used more systematically to evaluate the effects on external trade. This will help ensure that regulatory objectives are met in the least trade restrictive manner.
- The EU should improve its cooperation with trading partners in third countries to clarify regulatory uncertainties, enhance trust and facilitate the implementation and application of EU regulations.

# Table of contents

<b>Preface.....</b>	<b>2</b>
<b>Summary .....</b>	<b>3</b>
<b>Table of contents.....</b>	<b>4</b>
<b>1 Introduction.....</b>	<b>5</b>
1.1 Method and limitations.....	5
1.2 Outline of the report.....	6
<b>2 Trade regulation.....</b>	<b>7</b>
2.1 The right to regulate and Single Market considerations .....	7
2.2 The role of EU Better Regulation Practices .....	8
2.2.1 The content of an Impact Assessment (IA) and the importance of fitness checks .....	9
2.3 Reflections on changes in the regulative basis and the regulatory process .....	10
<b>3 Demonstrating cumulative effects .....</b>	<b>11</b>
3.1 Regulation in the field of sustainable development – efforts towards sustainable global value chains .....	11
3.1.1 The development of the regulatory landscape in recent years.....	11
3.1.2 Selected regulations for analysis.....	12
3.1.3 The Corporate Sustainability Due Diligence Directive (CSDDD) .....	12
3.1.4 The Regulation on prohibiting products made with forced labour (FLR).....	12
3.1.5 The Regulation on Deforestation-free Products (EUDR).....	13
3.1.6 Assessment of external effects of the regulations .....	14
3.1.7 Possible cumulative effects of the regulations within the policy area.....	17
3.2 Regulation for strategic autonomy and resilience .....	18
3.2.1 The development of the regulatory landscape in recent years .....	18
3.2.2 Selected regulations for the analysis .....	19
3.2.3 The Critical Raw Materials Act.....	19
3.2.4 The Chips Act.....	20
3.2.5 Net-Zero Industry Act.....	20
3.2.6 Assessment of the external effects of the regulations .....	21
3.2.7 Possible cumulative effects of the regulations within the policy area .....	22
3.3 Digital regulation – a tug of war between innovation and new safeguards .....	23
3.3.1 The development of the regulatory landscape in recent years .....	23
3.3.2 Selected regulations for the analysis.....	24
3.3.3 The Cyber Resilience Act (CRA) .....	24
3.3.4 The AI Act .....	24
3.3.5 Assessment of the external effects of the regulations.....	25
3.3.6 Possible cumulative effects of regulations in the policy area .....	28
3.4 Reflections on the regulatory effects on investments.....	29
<b>4 Conclusions on the cumulative effects of EU regulations .....</b>	<b>32</b>
<b>5 Recommendations.....</b>	<b>35</b>
<b>References.....</b>	<b>37</b>
<b>Sammanfattning på svenska Summary in Swedish .....</b>	<b>40</b>

# 1 Introduction

The National Board of Trade Sweden has been tasked by the Ministry for Foreign Affairs to analyse the cumulative effect of selected regulations and proposals for new regulations within the EU where there is an impact on trade and investment with non-EU countries.

The assignment ties in well with several recent studies and analyses prepared by the National Board of Trade, which provide evidence that the regulatory landscape in the EU is becoming increasingly complex for businesses. These developments are related to the fact that the EU is working actively to become a world leader in many policy areas, particularly in the field of sustainable development and digital transition.

An important observation is that the scope of the regulations in these spheres has widened in recent years. To exemplify, in the field of sustainability, the EU regulations were initially primarily focused on environmental problems within the EU, while new regulatory initiatives take into account sustainable value chains globally and also include social aspects.

When it comes to the digital transition, the EU regulatory policies of the past focused on regulating the market for information and communication technologies (ICT) and related services, as well as on liberalising sectors that had not previously been open to competition (e.g. telecommunications).<sup>1</sup> Gradually, the EU has introduced new types of measures on the European level to respond to the challenges of the ‘digital revolution’. These regulations have come to include more and more policy and legislative areas.

It is also worth noting that new regulatory proposals within the various policy areas are closely connected to changing trade patterns. Global value chains and e-trade require new types of safeguards other than the regulation of goods and services that we relied on in the past.

At the same time, external developments outside the sphere of world trade, such as climate change, pandemics, cybercrime and war contribute to new challenges, vulnerabilities and threats. As a result, we observe that the EU has applied regulatory strategies to address issues such as infrastructures for cybersecurity and resilience with the aim of strengthening global sustainability and EU strategic autonomy.

These developments have resulted in challenges that contribute to increased regulatory uncertainty within the EU, as has been widely discussed in multiple analyses and policy papers. Taking these challenges into account, the objective of this analysis is to reflect on the cumulative effects<sup>2</sup> of EU regulations on external trade and investment.

## 1.1 Method and limitations

Our analysis of EU legal frameworks focuses on three policy areas: digital regulations, sustainability regulations and resilience related frameworks. The areas are chosen due to the high number of regulatory initiatives put forward in recent years, as well as the strong impact on trade and investment that these initiatives may have. The scope of the analysis is limited to EU regulations related to goods and services. Within these domains, this study focuses on a selection of relevant regulatory proposals and existing legal acts.

---

1. European Commission, 1994.

2. Cumulative effects (also accumulated effects) include compliance with multiple pieces of EU legislation simultaneously, how this leads to cumulative effects and costs for enterprises (distinguished from costs linked to complying with individual pieces of legislation).

The analysis is mainly based on a literature review. We have considered opinions from Swedish embassies, business associations and some individual companies to concretise the cumulative effects and impact, when available and relevant.<sup>3</sup> We have also included input from formal trade policy mechanisms in the WTO, when applicable.

Our main focus in the analysis is the effect of EU regulations on external trade. The assignment also includes an analysis of the cumulative effects of EU regulations on investment. However, due to time constraints, our analysis on investment is brief, more general in nature and does not cover specific regulations.

Our assessment of the effects of regulation will be based on qualitative data, as many of the EU legal frameworks included in this study are very new or still in the proposal stage, making an ex-post assessment impossible. The existing tools for the quantitative analysis of complex interrelations in broad regulatory policy areas are also not sophisticated enough to provide evidence-based output and generate results on the cumulative effects of EU regulations on trade and investment.<sup>4</sup>

An observation we wish to highlight is that, within formal trade policy mechanisms such as the WTO, complaints are often related to a specific EU regulation. Relying on such input alone would make it difficult to form an overall picture of the cumulative effects of various legislation. However, complaints expressed by a number of countries within formal trade policy mechanisms may indicate on ‘macro level’ how the EU is perceived as a trading partner. The cumulative effects of multiple EU regulations, however, are most easily identifiable on ‘micro level’, as seen by companies or sectors that need to comply with various legal frameworks simultaneously.

## 1.2 Outline of the report

**Chapter 1** of this report presents the objective of this assignment and provides the methodology and limitations used to address the topic.

To assess the cumulative effects of EU regulations that are related to a number of EU strategies and policies, **Chapter 2** presents a review of the legislative power and mandate the EU has in regulating trade in goods and services in the EU internal market and in relation to third countries. In Chapter 2, we also investigate the background for the Better Regulation Practices of the EU and the demands these practices place on EU as a regulator in analysing the external effects of its regulation outside EU borders.

**In Chapter 3**, we review a number of EU legislative proposals or existing legal acts in the fields of sustainable development, resilience and digital trade. The acts have been selected because we have observed certain challenges related to regulatory uncertainties with these specific legislative proposals and acts in our earlier opinions and analyses, as well as in external policy papers and stakeholders’ position papers.

At the end of Chapter 3, the review is complemented by an overall reflection on the effects on investments.

The objective is thus to enhance our understanding of the challenges related to these legislative acts and to determine the possible cumulative effects of these regulations on external trade and investment.

**In Chapter 4 and Chapter 5**, we present our conclusions and policy recommendations.

---

3. For this assignment, we sent a request for information to a total of 57 stakeholders, including business organisations, individual companies and Swedish embassies.

4. The European Commission has tried to quantify the cost of the cumulative effects of compliance with EU Law for SMEs and notes that ‘there is no single universal methodology to assess the costs of the cumulative effects of compliance with European Union (EU) law’; see European Commission 2015.

## 2 Trade regulation

Governments intervene in markets for various reasons. Rules and regulation are needed, for example, to secure transparent and efficient competitive markets. Governments intervene to prevent or correct market failures, which can arise from the presence of externalities and public goods, excessive market power, the existence of natural monopolies and inefficiencies from insufficient or asymmetric information.<sup>5</sup>

It is important to acknowledge that in addition to serving social, economic and environmental goals, the practical establishment of rules and regulations is often affected by complex political interests and other interests. Regulations reflect major changes in society, such as sustainability challenges, pandemics, geopolitical tensions and threats that follow from the application of new technologies or war.

### 2.1 The right to regulate and Single Market considerations

The EU and the Member States share the right to regulate the Single Market.<sup>6</sup> The EU's power to regulate is limited by the competencies conferred upon it by the Treaties.<sup>7</sup> This means that the EU must always be able to refer to a legal basis for every legislative action it adopts. The most frequently used legal basis for regulating the Single Market is Article 114 TFEU.<sup>8</sup>

It follows from the case law of the Court of Justice of the European Union (CJEU) that an EU legislative act can have multiple legal bases, although, in principle, there should only be one.<sup>9</sup> Consequently, the choice of Article 114 TFEU as a legal basis does not preclude a legislative act from pursuing several policy objectives. The EU was created to fulfil many different objectives,<sup>10</sup> and the Treaties oblige the EU to integrate, for example, environmental protection requirements in all of its policies and activities.<sup>11</sup> Article 114 TFEU itself allows the Commission to present proposals concerning health, safety, environmental protection and consumer protection.<sup>12</sup>

The choice of legal basis should always be based on objective criteria amenable to judicial review, such as the aim and content of a legislative act.<sup>13</sup> Any legislative act based on Article 114 TFEU must genuinely have as its object the improvement of the conditions for the establishment and functioning of the Single Market. It can be used to prevent the emergence of future obstacles, but only if the emergence of such obstacles is likely and the measure in question is designed to prevent them.<sup>14</sup>

The EU is obliged to respect the principles of subsidiarity and proportionality when it issues legislation.<sup>15</sup> The subsidiarity principle means the EU can act only if and in so far as the objectives of the proposed action cannot be sufficiently achieved by the Member States but can rather be better achieved at Union level. It applies only when

---

5. Swedish Agency for Economic and Regional Growth, 2017.

6. Article 4.2. a) TFEU.

7. See Articles 4 and 6 TEU.

8. See also for example, Article 115 TFEU.

9. See case C-338/01 *Commission v Council*, EU:C:2004:253.

10. Article 3 TEU.

11. Article 11 TFEU.

12. Article 114. 3 TFEU.

13. See C-338/01 *Commission v Council*, p. 54.

14. See C-376/98 *Germany v Parliament and Council*, EU:C:2000:544 pp. 84 and 86. See also C-380/03 *Germany v Parliament and Council* EU:C:2006:772 and C-482/17 *Czech Republic v Parliament and Council*, EU:C:2019:1035

15. See Article 5 TEU.



competence is shared between the EU and the Member States.<sup>16</sup> Even if a legislative act is based on another legal basis than Article 114 TFEU, Single Market arguments can still be used as part of the subsidiarity test. The Deforestation Regulation Act, for example, is not based on Article 114 TFEU, but the European Commission has argued, *inter alia*, that in the absence of the regulation, Member States would adopt national measures that would disrupt the Single Market.<sup>17</sup>

Sometimes, EU legal action is meant to have external effects. Such is the case with EU external trade policy, an area where the EU has exclusive competence to act. Another area is the environment, where one EU objective is to promote measures at international level to deal with regional or worldwide environmental problems.<sup>18</sup> One example is the Deforestation Regulation. It is adopted with this objective in mind and explicitly aims to have global effects.<sup>19</sup> In other cases, external effects are not specifically intended in the legal basis but indirectly occur. It should be noted that the EU is obliged to consider its objectives relating to development cooperation in all its policies when those policies are likely to affect developing countries.<sup>20</sup>

## 2.2 The role of EU Better Regulation Practices

The European Commission is responsible for planning, preparing and proposing new EU laws and policies as well as evaluating EU laws and proposing improvements where necessary in policy reviews. In doing so, the EU applies Better Regulation Guidelines and applies quality assurance procedures for the regulatory process.

The Better Regulation agenda within the EU aims to ensure evidence-based and transparent EU law-making based on the views of those impacted. The agenda consists of a series of initiatives, including guidelines and a toolbox on Regulatory Impact Assessment.

---

16. Article 5.3 TEU.

17. COM(2021) 706 final.

18. Article 191 TFEU.

19. See Article 1 of the Deforestation Regulation.

20. Article 208 TFEU.

The toolbox for Regulatory Impact Assessments provides guidance on the practical application of the guidelines and additional advice for applying ‘better regulation’ in practice. Some elements of the toolbox are mandatory. Many of the tools are, on the other hand, advisory in nature. The toolbox deals with assessment of the competition on the internal market. However, the toolbox does not include guidance for the assessment of the effects on external trade.

In 2015, the Commission established a Regulatory Scrutiny Board to function as a gatekeeper to ensure the quality of the regulatory impact assessments. The Board is an independent body of Commission officials and experts from outside the Commission. The Regulatory Scrutiny Board reviews and issues opinions on the quality of each impact assessment. There is an ongoing discussion about the role and function of the Board.<sup>21</sup>

### **2.2.1 The content of an Impact Assessment (IA) and the importance of fitness checks**

Impact assessments (IAs) are one of the main tools at EU level for ensuring a robust evidence base for ex-ante evaluation of legislative proposals.<sup>22</sup> They are a cornerstone of the EU Better Regulation Agenda.

Another component in better regulation practices is the use of fitness checks. A fitness check is a type of evaluation that assesses several related actions. It focuses on identifying how different laws, policies and programmes interact, any inconsistencies or synergies, and their collective impact.

The quality of impact assessments at EU level is, and has been, a much-discussed issue among policy stakeholders.<sup>23</sup> The Commission has taken steps to reinforce their use and usefulness, including greater emphasis on the green and digital aspects of new proposals.<sup>24</sup>

The content of an IA as outlined in the toolbox seems to focus on EU-related effects and businesses within the internal market. There is some focus on the external effects on trade and cooperation with third countries, but this is limited to certain sections and not comprehensive.

There are some exceptions where the IA toolbox can be set aside. These exceptions are outlined in the first part of the toolbox where it is emphasized that the ‘better regulation’ guidelines should be applied flexibly and in a proportionate manner that reflects the circumstances of each individual initiative. What matters most is that the IA conforms to the spirit of the guidelines. The Commission needs to approve any departures from the recommendations in the toolbox and the grounds for doing so need to be specified, e.g. political urgency, the need to respect confidentiality and security concerns.

When it comes to *cumulative effects*, the Commission has announced that it will ‘work on how to better assess the cumulative impacts of different policy measures at the EU level with a view to develop a methodology’.<sup>25</sup>

---

21. Meyers, *Better regulation in Europe. An action plan for the next Commission*, 2024.

22. ‘They are carried out for initiatives where policy alternatives are available, where expected impacts can be clearly identified beforehand and where these impacts are significant for society.’ From European Commission, *Better Regulation: Joining forces to make better laws*, Communication COM(2021) 219 final, page 13.

23. See, e.g. several policy positions from BusinessEurope [Better regulation](#) | BusinessEurope

24. European Commission, *Better Regulation: Joining forces to make better laws*, Communication COM(2021) 219 final.

25. *Long-term competitiveness of the EU: looking beyond 2030* <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX%3A52023DC0168>. See also: *The 2024 Annual Single Market and Competitiveness Report* – European Commission (europa.eu)

## 2.3 Reflections on changes in the regulative basis and the regulatory process

When the EU applies its broad mandate and right to regulate, it can be difficult to assess whether regulatory objectives in a new proposal resonate fully with the ‘measures which aims to the establishment and functioning of the internal market’ (i.e. Article 114 TFEU).<sup>26</sup> The National Board of Trade has previously expressed concerns that certain EU regulations are only loosely based on Article 114 TFEU. One example relates to the proposal on the Critical Raw Materials Act. Although the regulation is based on Article 114 TFEU, the act provides Member States with the right to prepare national regulations. In this case, we expressed concern that the act could result in fragmentation and that it will have effects on both internal and external trade.<sup>27</sup>

We therefore wish to draw attention to the fact that variations in the legal basis of individual EU regulations are one parameter amongst many when studying cumulative effects on trade, especially when weighing the impact and practical effects that a regulation has on reaching multiple policy objectives. This is also important if we are to identify the necessary distinctions between the internal effects of EU regulation and the external effects on trade with partners outside the Union.

One of the most important tools the EU has to determine the trade effects of its regulations is the Better Regulation Practices. Given the significant impact that EU regulations have on trade with third countries, it would be beneficial if tools were designed to a larger extent to address external trade effects.

When it comes to *cumulative effects*, we therefore welcome the ambition that has been expressed by the Commission to evaluate such effects to a larger extent.

### Not only regulations but also *regulatory tools* affect external trade and investment

In this assignment, our focus is on proposed or implemented EU regulations. In this context, we should emphasise that the smooth application of regulations also depends on existing regulatory tools such as standards, schemes for conformity assessment (procedures for testing and certification) and systems for mutual recognition.

In the EU system for technical harmonisation, standards are used to support legislation in the internal market. In the area of digital policy, the pace of technological development has become so rapid that it will be increasingly challenging for standards to capture emerging and rapidly developing innovations.

Particularly in the areas of cybersecurity and resilience, the development of European regional requirements and standards is a growing phenomenon. Regulatory fragmentation is a real and significant risk with the potential to result in a separation of EU trade flows from international flows. It is thus essential for a functioning external trade that the European standardisation continues to follow the principles and practices of international standardisation. Failing to do so may result in a scenario where European standards are not adjusted to global needs, which is particularly problematic in areas such as the green and digital transition, which are dependent on international regulatory solutions.<sup>28</sup>

26. See also Doughan, 2024.

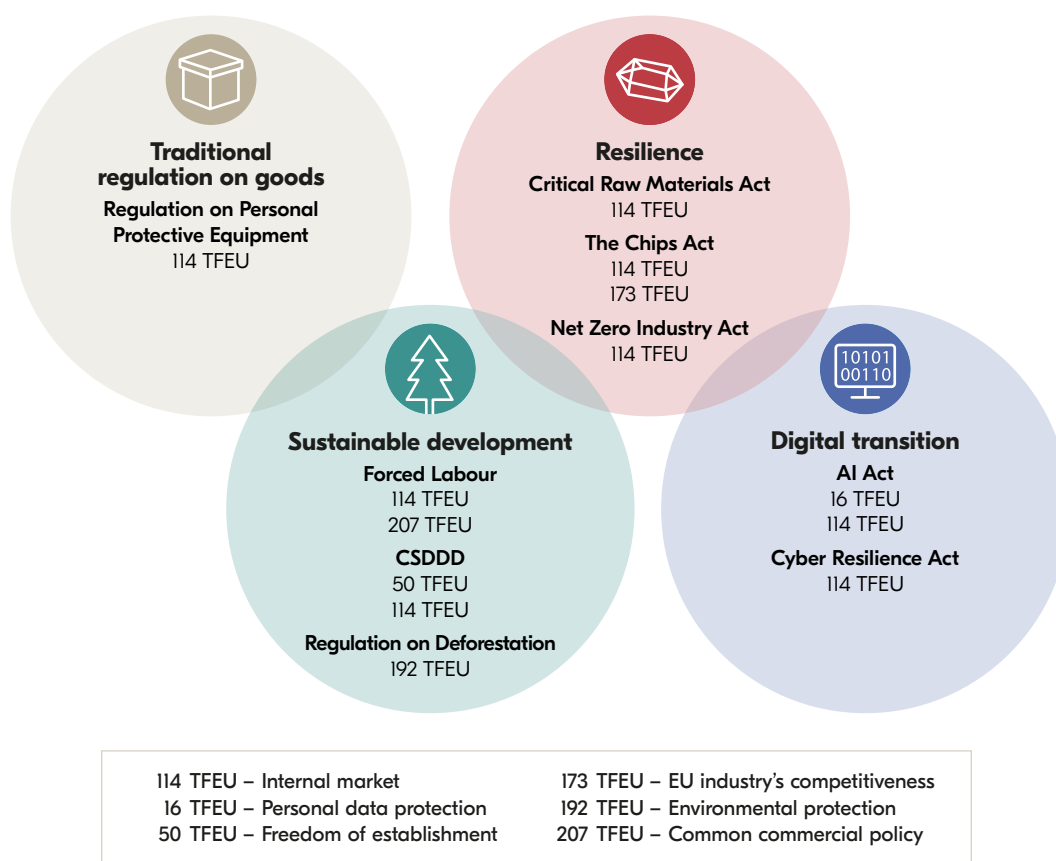
27. National Board of Trade opinion 2023/00488-2.

28. See Lund & Sabelström, 2023.

### 3 Demonstrating cumulative effects

In this chapter, we review a number of selected regulatory frameworks in three policy areas: sustainable development, resilience and digital trade. Each policy area will be introduced with a short description of regulatory developments in recent years. A few legislative acts will then be used to illustrate cumulative effects on trade with third countries. The effects may concern both individual companies (micro effects) and countries and trading partners in general.

**Figure 1. Legal basis for a variety of EU policy goals affecting external trade – examples**



### 3.1 Regulation in the field of sustainable development – efforts towards sustainable global value chains

#### 3.1.1 The development of the regulatory landscape in recent years

Between 2019 and 2024, the EU Commission launched several new EU regulatory initiatives in the field of sustainable development and the green transition. These regulatory initiatives aim to achieve climate neutrality by 2050 and are part of the EU growth strategy, also known as the European Green Deal. While many of the initiatives based on the Green Deal aim to strengthen environmental regulations within the internal market, the Green Deal is also the starting point for the new approach towards sustainability in the EU's external trade policy. In this new approach, which is further elaborated in the Trade Policy Review from 2021 and in the EU Trade and Sustainability Review in 2022, unilateral regulatory measures are seen as an important complement to sustainability

requirements in free trade agreements.<sup>29</sup> This approach should be seen in light of the absence of multilateral agreements on sustainability issues, such as a global price on carbon emissions.

These unilateral regulations have different objectives and could affect trade relations with other countries in different ways. For example, some regulatory measures will apply at the border of the Single market and thus have direct trade effects. The purpose is to establish a level playing field by requiring products imported into the EU to meet the same sustainability requirements as those produced within the EU. Other regulations and initiatives aim to increase sustainability in product value chains by introducing mandatory due diligence requirements. These regulations apply beyond the border and will have indirect trade effects. Some regulations also contain elements of both types.<sup>30</sup>

### **3.1.2 Selected regulations for analysis**

To demonstrate the cumulative effects of sustainability regulations we have selected the Regulation on Deforestation-free Products (EUDR), the proposal for a Corporate Sustainability Due Diligence Directive (CSDDD) and the proposal for a Regulation on prohibiting products made with forced labour (FLR). We have chosen these regulations since they represent ‘new types’ of EU sustainability regulations and since we have identified examples of possible external trade effects of sustainability regulations in our previous analyses of these regulations.<sup>31</sup>

### **3.1.3 The Corporate Sustainability Due Diligence Directive (CSDDD)**

Once adopted, the Due Diligence Directive will require large EU companies to identify, mitigate and prevent actual or potential negative impacts of their activities on the environment and on human rights.<sup>32</sup> These companies will be required to conduct due diligence to identify the adverse impacts of their chain of activities. In some sectors identified as high-impact sectors (textiles, agriculture and minerals), the obligations will apply to a broader group of companies. The obligations will also apply to some third country companies who operate on the internal market. Since the entire chain of operations is to be scrutinised, this means that exporters to the EU may also need to disclose information to EU companies. One of the incentives for the proposal was that some Member States have introduced different national legislation on responsible business conduct.<sup>33</sup> To avoid fragmentation of the internal market, the Commission has proposed harmonised mandatory EU rules for responsible business conduct.<sup>34</sup>

### **3.1.4 The Regulation on prohibiting products made with forced labour (FLR)**

The Forced Labour Regulation will cover all products that are wholly or partly manufactured, produced, harvested or extracted by forced labour, including child labour. It is proposed that these products should not be allowed to be placed on or exported from the Single Market. Products from companies that do not comply with the provisions could be hindered from entering the EU or could be removed from the market.

---

29. *The power of trade partnerships: together for green and just economic growth*, COM(2022) 409 final.

30. van der Ven et al., “*Exploring the interface between unilateral and bilateral approaches to greening EU trade*”, Europe Jacques Delors, policy paper, April 2023.

31. Other examples of new sustainability regulations, not analysed further in this report, are the EU Carbon Border Adjustment Mechanism, the proposed Ecodesign for Sustainable Products Regulation and the Corporate Sustainability Reporting Directive.

32. The proposal was preliminarily agreed upon in the end of 2023, but a new disagreement has since emerged, which has delayed a final agreement.

33. France and Germany have legislation in place and discussions are ongoing in the Netherlands.

34. National Board of Trade, 2021.



According to the Commission’s proposal, competent authorities in each Member State will be responsible for assessing and proving if a product has been made by forced labour. The Commission will develop a database of specific areas and products with an identified risk of forced labour in production. In contrast to the Due Diligence Directive, the Forced Labour Regulation will apply to all economic operators, including micro-, small- and medium-sized enterprises. The regulation will not explicitly require companies to conduct due diligence, but it includes incentives for companies to carry out due diligence.<sup>35</sup>

### **3.1.5 The Regulation on Deforestation-free Products (EUDR)**

The aim of the EUDR is to minimise the EU contribution to global deforestation and forest degradation, as well as to reduce its contribution to greenhouse gas emissions and global biodiversity loss.<sup>36</sup> The Commission states that the regulation aims to ‘make the EU a credible global standard-setter’ by incentivising the transition to sustainable supply chains both within and beyond the EU.<sup>37</sup>

The regulation covers seven types of commodities which are closely linked to the risk of deforestation: oil palm, cattle, wood, coffee, cocoa, rubber and soy, including goods produced with these commodities and cattle feed. Exporting from or placing these products on the Union market is prohibited unless the operator or trader can provide a due diligence statement confirming that they are not produced on land subject to deforestation or forest degradation.

---

35. The National Board of Trade, 2023.

36. The Regulation entered into force 29 June 2023 and will be fully applied from 30 December 2024 for larger operators and traders and from 30 June 2025 for SMEs.

37. Explanatory memorandum to the Commission proposal (EUDR), p. 5.

The Deforestation Regulation builds on the findings of the fitness check of the previous EU forest regulation, the EU Timber Regulation, which prohibited the placing of *illegally* harvested timber and timber products on the EU market. With the Deforestation Regulation, the scope of the regulations is widened so that it applies to all products that are not considered deforestation-free according to the EU definition. The aim is to ensure that the regulation also prevents entry of products that are associated with *legal* deforestation in the country of production. Thus, the purpose of including a definition of deforestation in the regulation is to prevent other countries from lowering their environmental standards to facilitate the access of their products to the EU.<sup>38</sup> The regulation therefore sets new environmental conditions for market access for products entering the EU. These conditions relate to the environmental effect in the country of production. This is different from traditional EU regulations, for example, in the field of Sanitary and Phytosanitary Measures (SPS) and Technical Barriers to Trade (TBT), which focus on the conditions for the product itself, rather than the conditions for its production.

Operators are obliged to establish due diligence systems to ensure compliance with the regulation's obligations in terms of information requirements, risk assessment and risk mitigation measures, as well as reporting obligations. Operators need to provide information about the sources and suppliers of these commodities and products, including information on country of production and the geolocation coordinates of the plots of land where they have been produced. The due diligence system will be combined with a country benchmarking system that the Commission will use to assess the risk of deforestation. Products produced in high-risk countries or areas will be subject to more extensive requirements for operators and more checks by competent authorities in Member States.

The deforestation regulation contains a review clause stating that the Commission will carry out a general review of the regulation at least every five years, which can be accompanied by a legislative proposal.

### 3.1.6 Assessment of external effects of the regulations

#### External trade effects of the CSDDD and the FLR

In 2022, the EU imported goods amounting to EUR 1,255.7 billion within sectors that will be defined as high-risk sectors in the CSDDD (in terms of human rights, labour standards and environmental protection). High impact sectors include textile and apparel, leather, mineral products and wood. Of the imports in these high-impact sectors, 42.5 per cent came from countries that have a high risk of human rights violations, breaches of labour standards and environmental protection. **China** accounted for 10.1 per cent of the high-risk imports, while 3.7 per cent came from **Turkey** and 3.2 per cent from **Brazil**.<sup>39</sup>

According to a study commissioned by the European Parliament, forced labour is most common in the brick industry, the textile and apparel sector (particularly in cotton and garment production) and in the agricultural sector. China was specifically highlighted, particularly the Xinjiang Uyghur Autonomous Region, as forced labour was reported in several sectors, including the production of cotton, electronics, garments and gloves.<sup>40</sup>

38. Preamble of the EUDR regulation, point 34, and Explanatory Memorandum to the Commission proposal.

39. Wolfmayr et al., 2023.

40. JACOB et al., 2022.

We argue that the obligations imposed in the Commission proposal on Forced Labour<sup>41</sup> are unclear, as many issues will be detailed at a later date through delegated acts and guidelines. This uncertainty will create problems for companies, as it reduces the predictability of the application of the regulation.

The proposal seeks to regulate production methods in other countries, which is a new way of regulating the sustainability effects of trade. Thus, it is problematic that the Commission did not carry out an impact assessment regarding the WTO implications, the effects on trade and sustainability, and the costs for companies for implementation of the obligations. Furthermore, the Commission did not follow its own Better Regulation guidelines.<sup>42</sup> The Commission reported that an impact assessment was not performed for the Forced Labour proposal due to the need for urgent action. Instead, the proposal was based on impact assessments done for other regulations, such as the CSDDD and the Sustainable Product Initiative.<sup>43</sup> However, the Commission Regulatory Scrutiny Board expressed negative views of the impact assessment for the CSDDD on two separate occasions, though the Commission decided to proceed with the proposal despite these views.<sup>44</sup>

### External trade effects of the Deforestation Regulation

According to a recent study, total imports into the EU of products covered by the Deforestation Regulation in 2022 were EUR 120.8 billion, which is higher than for the CBAM regulation.<sup>45</sup> The largest product group was wood products (EUR 45.9 billion). The major sources of total imports were **Brazil (15.0%), China (13.5%), the United States (7.6%), Indonesia (6.5%) and the United Kingdom (5.5%)**. Brazil, followed by Indonesia, are the countries estimated to be most affected by forest loss due to production of the commodities included in the regulation.<sup>46</sup> The Commission has not yet published the benchmark in which high-risk countries and areas will be identified.

Our assessment is that it is likely that the regulation can reduce the contribution of EU consumption to deforestation and that the higher environmental standards will create conditions for more environmentally sustainable trade in these products.<sup>47</sup>

However, we also find that the regulation may lead to trade barriers. The standards for deforestation-free products are high and rigid, definitions are unclear, and it is also uncertain if the requirements regarding information and risk assessments are practically and economically feasible. Processed goods and products from high-risk countries are expected to have the highest increase in price due to more rigorous due diligence procedures. The regulation is likely to reduce trade in the products covered by the regulation, but also in products that are not linked to deforestation.

The Deforestation Regulation applies regardless of the quantity or value of the products.<sup>48</sup> The lack of a minimum threshold will have a considerable effect on the administrative burden of companies involved in trade in these products, which in turn will lead to trade effects. In addition to the considerable costs, there is also a risk that the information requirements will lead to the exclusion of smaller companies from the value

---

41. National Board of Trade Opinion Dnr 2022/01840-2

42. National Board of Trade, Opinion Dnr 2022/01840-2.

43. Explanatory Memorandum to the Commission proposal (FLR), COM(2022) 453 final.

44. Explanatory Memorandum to the Commission proposal (CSDDD).

45. This corresponds to approximately 4.8 per cent of the total imports into the EU market from third countries in 2022.

46. Wolfmayr et al., 2023.

47. Kommerskollegium, *Djupgående analys av EU-kommissionens förslag om avskogningsfria varor*, 2022

48. *Deforestation Platform and other EUDR implementation tools* - European Commission (europa.eu)



chains, particularly SMEs in developing countries. This could also be a problem for companies whose products have not contributed to deforestation, since the cost of proving compliance may be too high.

The Commission's impact assessment found that for some developing countries, the export of these products to the EU makes up an important part of their economy, and the products included in the regulation may account for between one third and up to half of their exports to the EU. However, according to our analysis, the impact assessment did not fully analyse the potential effects on trade volume and trade patterns. For example, we found that the assessment of the effect of compliance with the information requirements was lacking for operators with complex value chains, which may be problematic, especially for trade in processed products. While the selection of products to be included in the CBAM regulation was based on such an analysis, this type of analysis was not included in the impact assessment for the Deforestation Regulation. According to business organisations, the requirements may demand new and very costly methods for trade in the included products.<sup>49</sup>

While small producers in developing countries are expected to be the most affected, our outreach indicates that operators in developed economies also anticipate problems due to the obligation for full traceability. For example, the **US paper industry** has raised concerns regarding their market access to the EU, due to the traceability requirements in the regulation. The pulp and paper mill supply chains include wood chips and sawmill residuals that are mixed at several stages in the process. Since the US forest-fibre sourcing industry is dominated by small, private and non-commercial land holdings, this fibre flow process can include tens of thousands of different forest plots. Thus, 'geolocation traceability explicitly linked to the original forest plot of land is effectively impossible', according to the industry.

---

49. Kommerskollegium, *Djupgående analys av EU-kommissionens förslag om avskogningsfria varor*, 2022

On the other hand, several companies and business organisations have also emphasized that they have a positive view of the Deforestation Regulation and the other new sustainability regulations, since the regulations will strengthen the competitiveness of companies that already comply with the due diligence requirements.

In the formal trade policy context of the WTO, a large number of countries have raised concerns over the trade effects of the Deforestation Regulation, for example, in the Committee for Agriculture, the Committee for Technical Barriers to Trade and the Committee for Trade and Environment.<sup>50</sup> Countries have raised concerns regarding the design and impact of the regulation, and they have questioned why the EU would impose a unilateral regulation rather than using dialogue and cooperation with other countries.

Furthermore, the Deforestation Regulation has complicated negotiations for an **EU-Mercosur Free Trade Agreement**, as the regulation has raised the environmental standards that exported products need to comply with to benefit from the already negotiated market access openings in a future FTA with the EU.<sup>51</sup> However, there is also a possibility that the regulation could facilitate EU free trade negotiations, since it may ease environmental concerns related to free trade agreements and thus facilitate internal EU decision making on such agreements.<sup>52</sup>

### 3.1.7 Possible cumulative effects of the regulations within the policy area

In a study from 2023, we compared the due diligence obligations that are included in a range of European legislative acts and discussed their possible impact on EU companies' suppliers in developing countries.<sup>53</sup> These acts included the CSDDD, the Forced Labour Regulation and the Deforestation Regulation. We found that the explicit and implicit due diligence obligations that are included in these acts are not coherent, and that it is in some cases unclear how they relate to each other.

Many of the legislative acts will require EU companies to obtain information from their suppliers for the purpose of monitoring their value chains and supply chains to avoid being party to adverse human rights violations or environmental impacts. In addition, suppliers to larger EU companies who are covered by the CSDDD's due diligence obligations may also be required to sign contractual assurances and to comply with codes of conduct.

Companies exporting goods to the EU (as well as companies within the EU) may be involved in the trade of a large variety of products and may therefore need to consider several legislative acts with partly overlapping rules. As some of the information requirements are extensive, suppliers may struggle to provide the necessary information to EU companies, which could jeopardize their relationships with EU companies.

The results in our study are in line with concerns raised by business organisations, namely, there is a lack of clarity in the obligations and potential overlaps between the proposed Forced Labour Regulation and other regulations (e.g. the CSDDD), which leads to the risk of duplication and unnecessary administrative costs for business operators. In a position paper regarding the proposed Forced Labour regulation, Business-Europe states that the proposed Forced Labour Regulation 'together with other EU

---

50. For example, the US, India, Canada Australia, New Zealand, Indonesia and many countries in South America.

51. See, e.g. Reuters, "Brazil says EU deforestation rules hamper Mercosur trade deal negotiation", 8 Nov 2023.

52. The National Board of Trade, 2022-02-17.

53. National Board of Trade, 2023. The analysis focused on the Corporate Sustainability Due Diligence Directive, the Corporate Sustainability Reporting Directive, the Regulation on Deforestation-free Products, the Ecodesign for Sustainable Products Regulation and the Regulation on Prohibiting Products Made with Forced Labour.

Initiatives, including the Corporate Sustainability Due Diligence Directive and the Regulation on Deforestation, is expected to have a cumulative impact on trade.<sup>54</sup>

BusinessEurope has also raised concerns that companies may withdraw from trade with high-risk markets, since the obligation imposed by the CSDDD to conduct due diligence may conflict with national legislation, especially in China: ‘Companies could be subject to penalties and possibly criminally liable when conducting due diligence there.’ The organisation sees a risk that such a withdrawal would have a negative impact on European access to critical materials: ‘This would jeopardise not only our competitiveness, but also Europe’s ability to access critical materials for our green transition and to address security concerns.’<sup>55</sup>

There is a possibility that the new requirements regarding sustainable value chains will cause European companies to reduce their risk and cut costs by reducing their number of suppliers, focusing more on maintaining closer relations with selected suppliers. Such a development will likely be a disadvantage for suppliers in high-risk countries, but it may also affect smaller suppliers in third countries in general. An overall trend towards fewer suppliers could also have negative impacts on European resilience.

On the other hand, it is also important to stress that several companies and business organisations have expressed that they support the introduction of these regulations. Those who work actively with sustainability due diligence expect to face less competition from companies that have not yet been required to ensure that their supply chains are free from deforestation, forced labour and other sustainability problems.

## 3.2 Regulation for strategic autonomy and resilience

### 3.2.1 The development of the regulatory landscape in recent years

The concept of securitization implies that all policy making is increasingly seen through a security policy prism, thereby making other considerations less important. The development of the regulatory landscape in recent years, including legal instruments currently under discussion, shows that securitisation is an important phenomenon in EU policy making, not least in regulations linked to international trade.

There are several driving forces behind the securitisation of policy making that impact regulations, the main one being geopolitical considerations, such as:

- A need to keep pace with other global powers in strategic sectors from a security policy perspective, which leads to the introduction of different protections in the sector or industry, including subsidies.
- A need to prevent China from acquiring companies and infrastructure deemed strategic from a security policy perspective, which leads to enhanced inward investment scrutiny.
- A need to limit China’s and Russia’s access to technology deemed strategically important, which leads to export control measures and outbound investment reviews.
- A need to secure access to certain inputs used in strategically important industries, mainly in competition with Russia and China but also an increasingly protectionist US.<sup>56</sup>

---

54. BusinessEurope, 2022.

55. BusinessEurope, 2023 <https://www.besnesseurope.eu/publications/eu-due-diligence-could-leave-companies-between-rock-and-hard-place>.

56. Kommerskollegium, *Mot ett handelspolitiskt lapptäcke – omvärldsanalys*, 2023



Certain EU regulations, such as the Critical Raw Materials Act and the Chips Act, can be understood in light of this trend towards securitisation. In addition, other recent events and crises, such as the COVID-19 pandemic, Europe's structural economic problems, lower growth compared to peer economies and a growing awareness of the climate threat contribute to regulatory developments, driving regulation that aims to increase strategic autonomy and resilience.<sup>57</sup>

### **3.2.2 Selected regulations for the analysis**

To demonstrate the cumulative effects of regulations in the field of resilience, we will highlight the Critical Raw Materials Act, the Chips Act and the Net-Zero Industry Act. All three acts are related to concerns about resilience and have a connection to changes in the geopolitical tendencies and security at large. The Net Zero Act incorporates both resilience and sustainability objectives. These three acts are in different stages of the legislative process. The Chips Act is already in force as of September 2023. For the Net-Zero Industry Act, there is a provisional agreement, while the Critical Raw Materials Act is still stalled pending an endorsement from the Council.

### **3.2.3 The Critical Raw Materials Act**

The aim of the Critical Raw Materials Act is to ensure the EU's access to a secure and sustainable supply of critical raw materials. The background to the initiative is the increasing need for critical raw materials in strategic European industrial sectors, such as the net zero industry, the digital industry, aerospace industry and defence sectors. The EU is currently dependent on imports from a small number of suppliers in high-risk third countries such as China and Congo. Thus, the objective of the legislative act is to reduce the supply risks for these materials and enhance circularity and sustainability.

The targets set out in the act are intended to be achieved primarily through the facilitation of application processes and financing for what are called strategic projects. For

---

57. Resilience can be defined as the capacity of a system to tolerate disturbances while maintaining its structure and function. Sprecher et al., 2015. In the case of commodity criticality, it reflects how well the system is able to cope with insufficient supply by adapting quickly and flexibly in the new situation.

these projects, Member States are obliged to provide a one stop shop for applications for concessions, permits, etc. and provide a fast track for these administrative matters. The Commission and Member States shall also assist in access to financing and administrative support for strategic projects. The Commission will work with InvestEU implementing partners to scale up investment support. Another means for securing the financing of strategic projects is a system where the Commission facilitates the conclusion of off-take agreements, where buyers commit to procure certain amounts of the critical raw material. Strategic projects can be initiated for exploration, extraction and processing both within the EU and in collaboration with actors in third countries.

### **3.2.4 The Chips Act<sup>58</sup>**

Chips – also known as semiconductors – are the building block of all electronic products. They are strategic assets for key industrial value chains. Chips underpin the digital transformation and are essential to all industries, such as the automotive industry, communications, data processing, space, defence, health care, energy efficiency, and smart devices and gaming, to name a few.

The recent global chip shortage has disrupted supply chains, resulting in product shortages ranging from cars to medical devices, which has in some cases even forced factories to close. The Chips Act should therefore be seen in light of these recent global semiconductor shortages. This highlighted the extreme global dependency in the semiconductor value chain on a very limited number of actors in a complex geopolitical context. The European Chips Act Regulation was proposed as part of a broader package of measures to strengthen the EU's semiconductor ecosystem, by

- i) supporting technological capacity building and innovation through the Chips for Europe Initiative,
- ii) incentivising investments in manufacturing facilities to ensure the security of supply and resilience, and
- iii) establishing a coordination mechanism to strengthen collaboration on monitoring and crisis response.

The Chips Act entered into force on 13 September 2023.

### **3.2.5 Net-Zero Industry Act**

The Net-Zero Industry Act aims to strengthen the manufacturing capacity within the Union for 'net-zero' technologies, thereby creating greater resilience and addressing vulnerabilities in the EU energy sector. The provisional agreement has an import substitution ambition, which sets targets for manufacturing capacity of strategic net-zero technologies to meet at least 40 per cent of the EU's annual deployment needs by 2030.

The target will be achieved by promoting specific projects (Net Zero Resilience Projects) and through a range of other measures to support carbon capture and storage, attract investment and promote regulatory innovation. Net Zero industry projects will be offered certain benefits, such as an accelerated authorisation procedure. The act applies to specifically defined technologies based on the International Energy Agency's classification of 'technology readiness level'. These include solar and wind power; heat pumps; batteries; renewable hydrogen; nuclear fission; and carbon capture, use and storage technologies. The provisional agreement also includes measures to mobilise, promote and coordinate access to financing and funding and initiatives to address skills shortages.

---

58. Regulation establishing a framework of measures for strengthening Europe's semiconductor ecosystem.



### **3.2.6 Assessment of the external effects of the regulations**

#### **The external trade effects of the Critical Raw Materials Act**

In our analysis of the proposal for the Critical Raw Materials Act<sup>59</sup> we found that the focus on increasing internal EU production and supplies could have negative effects on the cooperation with third countries and hence the supply of raw materials. In some parts, the proposal may also be incompatible with WTO law and may lead to counter-measures from third countries. To fully assess the effects of this proposal, we believe that it needs to be evaluated as part of an overall assessment of the combined impact of several legislative initiatives launched in parallel in recent years, many of which are based on the Green Deal Industrial Plan.<sup>60</sup>

One of the business organisations contributing to this study has raised similar concerns regarding the coherence of the Critical Raw Materials Act and other EU legislation, in particular the Net-Zero Industry Act, but also the Critical Raw materials Act's relation to the various obligations of supply chain traceability, sustainability information and reporting in other legal acts. Other concerns related to the interaction between the Critical Raw Materials Act and other legislative acts that will have an impact on the security of the raw materials supply for European businesses, such as the proposed Forced Labour Regulation, CBAM and the Deforestation Regulation.<sup>61</sup>

#### **External trade effects of the Chips Act**

We have analysed the Chips Act during the proposal stage and expressed that the regulation may result in a number of challenges. The value chains for semiconductors, are global, and we have argued that it is important to acknowledge this and avoid discriminating against third countries.

---

59. National Board of Trade 2023, Dnr 2023/00488-2.

60. The assessment could, for example, include the Single Market Emergency Instrument, the Net-Zero Industry Act, the Chips Act, the Battery Regulation, the Corporate Social Due Diligence Directive, the Foreign Direct Investment Regulation, the Deforestation Directive, the Green Claims Directive and the Forced Labour Regulation.

61. Eurochambers, Position on the Critical Raw Materials Act, 1 June 2023.

We have highlighted the risk for the distortion of competition in the internal market due to considerable financial promotion of production activities. We also warned that the imposition of safeguards on exports can have negative consequences because it can lead to countermeasures. As a result, we emphasized that such measures must follow WTO commitments.

Although the Chips Act has now entered in force, it is too early to properly evaluate the outcome. However, one conclusion we can make is that the regulation will increase the administrative burden for businesses during monitoring and in times of crisis.<sup>62</sup>

### **External trade effects of the Net Zero Industry Act**

The Net-Zero Industry Act (NZIA) includes an explicit import substitution (domestic manufacturing) goal to produce 40 per cent of the EU's annual deployment needs of strategic net-zero technologies. This has direct links to trade with non-EU partners. However, the NZIA does not have a clear policy towards upstream dependencies in the value chains of these net-zero technologies. For instance, an open question remains whether the domestic manufacturing goal is for the final manufacturing stage alone, or whether it also includes more upstream dependencies. Secondly, it is unclear whether the proposed targets would actually be helpful in increasing resilience as they limit diversification and make EU-specific and external supply shocks more likely to be disruptive. The final direct link to external trade is through the knock-on effect of higher production costs for European manufacturing. As European firms may not be cost-competitive now, the import substitution target is unlikely to make them cost-competitive in the future. This, in addition to a reduced incentive to innovate and lower labour productivity, reduces the export potential of European firms. In sum, the import substitution goal in the NZIA raises domestic costs and makes net-zero technologies and the green transition more expensive than necessary.

External trade may also be affected through indirect channels. First and foremost, supporting mature technologies that are already cost-competitive with fossil-based alternatives, but where the EU lacks a comparative advantage vis-à-vis the rest of the world, is an inefficient use of public resources. The NZIA also relies on private investments to achieve the goals. However, the NZIA does not contain a funding/investment strategy that addresses the main concerns of a net-zero manufacturing industry and barely addresses measures needed to accelerate the permitting process. Moreover, the coordination problem for investments has not been resolved, as Member States can prioritise the net-zero projects that fit best in their energy mix. Investments in net-zero technologies are therefore unlikely to benefit from the size of the EU Single Market.

### **3.2.7 Possible cumulative effects of the regulations within the policy area**

The various resilience related EU legal frameworks highlighted in this chapter are different in character, and the trade effects materialize in different ways and for different stakeholders. We acknowledge the concerns that have led to EU regulations to strengthen resilience. However, regulatory uncertainty is increased by the fact that the various resilience related frameworks are interconnected with other regulatory areas. As an example, the Net-Zero Industry Act has both resilience and sustainability components. Furthermore, our analysis of the resilience related EU frameworks raises concerns with respect to the WTO compatibility and thus whether the EU has selected the least trade restrictive measures. It is thus important that it can be verified that new regulatory measures actually result in the impact intended, especially if the measures result in considerable compliance costs.

---

62. National Board of Trade, 2022 opinion 2022/00623-3

## 3.3 Digital regulation – a tug of war between innovation and new safeguards

### 3.3.1 The development of the regulatory landscape in recent years

In recent years, the digital transition has been one of the EU's top priorities. It has resulted in the rapid development of legislation for a digitalised Single Market. The targets of the digital regulations have successively changed in focus.<sup>63</sup> Initially, the EU digital regulatory strategies focused on the development of information and communication technologies (ICT) and related services, as well as on liberalising sectors that had not previously been open to competition, such as telecommunications. Gradually, the list of legislative measures taken to respond to the challenges of the 'digital revolution' at EU level has come to include more and more legislative areas.<sup>64</sup>

In this chapter, we will focus on the trade implications of regulation in two areas: cybersecurity and artificial intelligence (AI). It could be argued that cybersecurity and AI represent opposite forces in the digital realm. While AI facilitates digital development without limits and borders, cybersecurity strives to find the means to scope, control and protect data. However, there are risks and concerns in both areas that are now being addressed with EU regulation.

The EU Cybersecurity Strategy aims to build resilience to cyber threats and ensure that citizens and businesses benefit from trustworthy digital technologies. Following this strategy, the EU has adopted a number of legal acts, both horizontal and sector-specific, such as the General Data Protection Regulation (GDPR), the Security of Network and Information Systems Directive (NIS and NIS2),<sup>65</sup> the Cybersecurity Act (CSA) and the Cyber Resilience Act (CRA).

Regulations on cybersecurity have broader goals than other Single Market regulations. In general, the goal of EU rules on goods and services is to remove barriers to trade on the Single Market, and the EU also strives towards globally harmonised regulatory frameworks. However, this is not the only objective of cybersecurity regulation. The EU cybersecurity strategy incorporates an ambition for the EU to be technologically sovereign and to restrict collaboration in cybersecurity to 'partners around the world that share EU values of democracy, rule of law and human rights.'<sup>66</sup>

In the area of cybersecurity, achieving globally harmonised regulatory frameworks is a challenge. This is as both the information assets that need to be protected and the capabilities available to protect these assets, vary from country to country.<sup>67</sup> Since cybersecurity is very often related to critical infrastructure and national security, it is difficult to achieve full transparency and harmonisation in this policy area regionally or internationally. In the absence of a global solution the EU strives for a European approach, creating its own regional regulatory framework, also to address fragmentation between the Member States.

---

63. This regulatory development is analysed in the report *The EU Single Market in the Digital Era – from legislative complexity to clarity* by National Board of Trade, 2024.

64. A good visualisation of the complexity of the EU digital regulatory landscape is provided by Bruegel: [https://www.bruegel.org/sites/default/files/2023-11/Bruegel\\_factsheet.pdf](https://www.bruegel.org/sites/default/files/2023-11/Bruegel_factsheet.pdf)

65. The NIS Directive aims to promote security measures and boost EU Member States' level of protection of critical infrastructure. In other words, it improves information security of operators in sectors that provide essential services to our society and economy. NIS2 expands the scope of the original NIS Directive. It now includes cloud infrastructure, internet exchanges and domain name system service providers within its rules. NIS2 also requires more stringent security measures from digital service providers of all sizes. It establishes clear deadlines for compliance.

66. See, e.g. ECIPE 2024

67. See National Board of Trade, *The Cyber Effect*, 2018.



In the area of Artificial Intelligence (AI), the EU has considered regulation necessary to encourage the use of AI technology and to manage the associated risks. AI matters for trade because it can contribute to greater productivity, better supply chain management and lower trade costs.<sup>68</sup>

### **3.3.2 Selected regulations for the analysis**

To demonstrate regulatory effects in the digital domain we have chosen to discuss two specific regulatory proposals: the Cyber Resilience Act and the AI Act. The two legislative proposals highlight two new but very different types of horizontal digital regulations addressing digital risks. The Cyber Resilience Act introduces cybersecurity requirements for all products with IT content while the AI Act addresses the risks related to the use of AI technology in various domains.

### **3.3.3 The Cyber Resilience Act (CRA)**

The European Commission has put forward a proposal for a Cyber Resilience Act (CRA) establishing common cybersecurity standards for products with digital elements. The primary aim of this legislation is to protect society from cyberattacks by preventing products with known vulnerabilities from being placed on the market, as well as to require manufacturers to continue to offer product support by providing security updates for the lifetime of the product. The proposal for the CRA was published in September 2022 together with an impact assessment.

### **3.3.4 The AI Act**

In April 2021, the European Commission put forward a proposal for an AI regulation with the aim of strengthening the competitiveness and functioning of the internal market while addressing risks that this new technology can bring. These risks involve, among other things, risks in connection with the placing on the market, commissioning

---

68. See National Board of Trade, *Innovation, AI, Technical Regulation and Trade*, 2023.

and use of systems with AI (AI systems). The AI Act covers a wide range of AI systems used in products, such as automotive vehicles, boats, lifts, medical devices and industrial machinery.

The AI Act, which was approved in February 2024, defines a number of AI applications as ‘high-risk’ systems. Providers and users of these high-risk AI systems will be required to comply with rules on data and data governance; documentation and record-keeping; transparency and provision of information to users; human oversight; and robustness, accuracy and security. The high-risk list includes AI systems used for remote biometric identification, safety in critical infrastructure, educational or employment purposes, eligibility for public benefits, credit scoring and dispatching emergency services. Systems used for law enforcement, immigration control and the administration of justice are also deemed high risk.

### 3.3.5 Assessment of the external effects of the regulations

#### External trade effects of the Cyber Resilience Act (CRA)

The Cyber Resilience Act (CRA) will require companies to dedicate resources to evaluate and interpret the applicable scope of the regulation to determine whether the requirements are applicable to a certain product. The act also imposes requirements for reporting, which may create an additional administrative burden given the many reporting obligations stemming from other regulatory frameworks. It has been pointed out that the regulation’s approach of prescribing a series of general safety measures which, on the one hand, should apply to all products but, on the other hand, should be assessed based on a subjective risk assessment, creates legal uncertainty.<sup>69</sup> Given the complexity of the regulation, the 24-month target for implementation seems short.

In our analysis of the legislative proposal,<sup>70</sup> we have pointed out that the proposal will impose extensive requirements for third party certification on the market. When it comes to the specific digital properties of products with digital elements, it is important that EU cybersecurity requirements consider already existing market practices, standards and rules outside the EU in order not to disrupt the continued supply to EU markets of cutting-edge products, which in themselves provide the platform for EU companies to continue to innovate in products and services. Requirements in the CRA and potential sanctions may be considered so burdensome that non-EU suppliers choose not to supply to EU markets.

At the same time, requirements imposed on EU manufacturers that do not have a value on non-EU markets will risk making EU manufacturers less competitive. The implementation of the CRA relies on the development of a standard or European harmonised standard that provide a presumption of compliance to the legal act. Such standard(s) could reduce many of the potential risks of the regulation regarding trade, while introducing meaningful cybersecurity functions.

The feedback that we have received from ICT businesses in this assignment include worries that EU cyber regulations targeting digital sovereignty discriminate against third countries (in this case **China, Japan and the US**) and do not follow international trade policy commitments. It has been highlighted that the multitude of overlapping cybersecurity rules and regulations risks imposing a heavy burden on businesses.

---

69. Swedish Defence Materiel Administration opinion 2023.

70. National Board of Trade opinion Dnr 2022/01892-2.



One company argues that ‘a protectionist approach’ in EU cyber regulation risks excluding foreign players. The company emphasizes that opposition to this approach is very important, not only for economic success but also for security. Access to leading technological solutions is crucial, and particularly in the upcoming work on the EU’s economic security agenda, consideration should be given to how integration with allied countries can be increased.

The Cyber Resilience Act has also been cited in a formal trade policy context within the WTO Committee for Technical Barriers to Trade (TBT Committee). **China** put forward comments and questions regarding the clarification of definitions, submitted requests for a provision on transparency and rules on notification to the European Union Agency for Cybersecurity (ENISA). The **Philippines** put forward questions regarding the product scope of the act in terms of HS codes.<sup>71</sup>

### External trade effects of the AI Act

In our analysis, we have emphasised that it is difficult to evaluate the effects and impact of the AI Act at this stage. There are strong links to other internal market regulations, and we have emphasized the importance of clarity and predictability so that companies will be able to apply the rules in an effective way. For example, it must be clear to businesses when their products and services are covered by the proposal. Similarly, it must be clear how individual rights under the General Data Protection Regulation (GDPR) and other data protection legislation relate to the AI Act.

We have also observed that there are unfortunate overlaps between the proposed AI Act and some sector specific regulations.<sup>72</sup> Clear, coherent and predictable requirements would be particularly important for SMEs in the implementation and enforcement of

71. National Board of Trade notes from the TBT Committee meetings, G/TBT/EU7936.

72. National Board of Trade, *Innovation, AI, Technical Regulation and Trade*, 2023.

the framework. There are also uncertainties regarding the coherence between the AI Act and rules, recommendations and approaches in relationships with third countries. A clearer ambition would be important regarding forms of exchange of experience and cooperation with third countries to ensure the functioning of global trade.<sup>73</sup>

The AI Act will certainly have a global impact, but the effects are likely to differ significantly from sector to sector. The AI Act covers a wide range of AI systems used in already-regulated product sectors, such as automotive vehicles, boats, elevators, medical devices, industrial machinery, and more. In these cases, the requirements could be incorporated into the existing compliance process. This means that third country companies that are selling regulated products in the EU are already going through a compliance process. The AI Act only changes the specifics of this oversight but not its scope or process. Still, these changes are not trivial. Broadly, they require companies placing AI systems into regulated products to be sold in the EU to implement a risk management process, conform to higher data standards, more thoroughly document the systems, systematically record the AI system's actions, provide information to users about the system's function, and enable human oversight and ongoing monitoring. The result is that AI systems within regulated products will need to be documented, assessed and monitored on their own, rather than just evaluating the broader function of the product.

It is therefore reasonable to assume that many manufacturers in third countries will adapt to the EU AI Act, and once they have, they will often have a strong incentive to keep domestic laws as consistent as possible with those in the EU. Yet, an outcome where the EU unilaterally sets rules should not be taken as a given. There are three factors that will reduce Europe's influence on these new rules – existing markets, international standards bodies and foreign governments.

First, because these new rules will affect already regulated products, many foreign companies that already sell products in the EU will be monitoring these rules closely. This includes major exporters to the EU, such as medical devices from the US, robotic arms from Japan, vehicles from China, and many more. These large international businesses will not be regulated out of the EU without any say in the matter but will actively engage to make sure the rules do not disadvantage their market share.

Secondly, companies will be helped by the integration of European standards into global standards organisations. The AI Act does not directly establish specific standards for the myriad of products that use AI, as it is broadly understood that this would be impossible for any legislative body to do. Rather, the AI Act delegates significant authority to the European Standardisation Organisations (ESOs) for this task. There is a 'high level of convergence' between the ESOs and international standards bodies that dates back decades. This strong connection to international standard bodies gives foreign companies a clear path to express their views as the European standards are written. In fact, the work by standard bodies inside and outside the EU has been ongoing for years, paving the way for global corporations to offer expertise and engage in political influence.

Finally, foreign governments will also work to influence standards development through the ESOs. This is most apparent in the EU-U.S. Trade and Technology Council (TTC), which has included a working group on technology standards. This continues a recent trend in which countries including the United States and China have become far more actively engaged in strategic approaches to international standard setting as a means to influence competition in international technology. With active engagement and influence from international companies, global standards bodies and foreign governments,

---

73. National Board of Trade opinion Dnr 2021/00825-2

the EU will not set these standards alone. As mentioned earlier, it is therefore important to observe the developments related to regulatory tools and within the EU standardisation system.<sup>74</sup>

The EU AI Act has also been discussed in the formal trade policy arena. **China** has raised concerns regarding definitions, the requirements to provide source codes and the sanctions that can be issued in the TBT Committee.

### 3.3.6 Possible cumulative effects of regulations in the policy area

As noted earlier, the complexities in the field of digital regulation have led to several concerns, such as uncertainty about the requirements to be met, an unclear legislative basis and overlaps between horizontal and sector specific requirements.<sup>75</sup> The legislative framework developed for the digitalised internal market can be perceived by stakeholders as burdensome.<sup>76</sup> Representatives from the business community have pointed out that it is usually not one particular regulation that is burdensome, it is rather a case of the cumulative regulatory burden that is demanding to deal with.<sup>77</sup>

As neither the Cyber Resilience Act nor the AI Act are in force, it is impossible to evaluate the full effects they will have for external trade and investment. However, it is not unreasonable to assume that the problems highlighted by various stakeholders within the EU will also be applicable to trade with third countries, especially as the regulatory basis and strategies and tools used for cybersecurity and/or AI will most certainly differ in several aspects between the EU and other markets.

We note that criticism has been raised regarding the quality of the Impact Assessments (IAs) accompanying proposals for new legislation in the digital sphere.<sup>78</sup>

In relation to the CRA, it has been highlighted that the regulatory measures introduced based on the IA<sup>79</sup> do not necessarily improve cybersecurity as intended in terms of the prevention of cyberattacks.<sup>80</sup>

For the EU AI Act, the criticism centres around the perceived incompleteness of the economic analyses in the IAs, which results in exaggerated expected benefits of the regulations and underestimations of administrative and implementation costs.<sup>81</sup>

---

74. Engler, 2022.

75. The EU internal challenges of the digital regulations are analysed by the National Board of Trade: *Innovation, AI Technical Regulation and Trade, 2023* and *The EU Single Market in the Digital Era – from legislative complexity to clarity*, 2024.

76. See also Confederation of Swedish Enterprise, 2023

77. See National Board of Trade, *The EU Single Market in the Digital Era – from legislative complexity to clarity*, 2024.

78. The Regulatory Scrutiny Board has documented that the IAs for several proposals contain 'significant shortcomings' (DMA, DSA, and Data Act) and that there are 'aspects where the impact assessments should be further improved' (AI Act). See National Board of Trade, *The EU Single Market in the Digital Era – from legislative complexity to clarity*, 2024.

79. <https://digital-strategy.ec.europa.eu/en/library/cyber-resilience-act-impact-assessment>

80. As an example, it was stated that cyberattacks such as the ransomware attack WannaCry could have been prevented if the suppliers simply performed security updates available and implemented these in the IT systems. (i.e. measures now incorporated and required in the agreed text for the act). The fact is that although such security updates were available, many users were not aware of the potential risks of not installing the updates. In this case, there is also a strong connection between NIS2 framework (infrastructure requirements) and the CRA (product requirements) – but the division of responsibilities was not sufficiently coordinated in order to reach the regulatory objective. Discussions with James Christie, Strategic Advisor Cybersecurity, National Post and Telecom Authority, February 2024. See also [https://en.wikipedia.org/wiki/WannaCry\\_ransomware\\_attack](https://en.wikipedia.org/wiki/WannaCry_ransomware_attack)

81. The Regulatory Scrutiny Board states that the report does not clearly justify the presented cost levels and does not present their sources and that the remaining uncertainty on the costs of the initiative make it difficult to judge to what extent the (fixed) costs could create prohibitive barriers for SMEs or new market entrants. Regulatory Scrutiny Board opinion, 22.3.2021



Furthermore, the view is that the IAs could have reflected the effect of the regulations on trade, investments and innovation. A conclusion made and to be highlighted is that

**“because of inadequate analyses, legislators are flying in the dark about the reasonable economic effects of regulations.”<sup>82</sup>**

These examples, covering the CRA and the EU AI Act, may have considerable impacts both in the EU and internationally and show clearly that the complexity of new policy regulations requires horizontal and sector specific competence to form a holistic understanding of regulations, their interconnections and actual effects.

Several business organisations and companies have highlighted the cumulative effect of the administrative burden, becomes overwhelming with the number of new EU regulatory proposals in the digital sphere.

It should be noted in this context that so far, it is mostly the great global economic powers that have explicitly raised concerns about the EU digital regulation within the formal trade policy context. The practical effects, which are reflected in position papers from both industry organisations and individual companies, show that the requirements will be especially burdensome for SMEs as they may need to reevaluate their investments and capacity to export to the EU. Developing economies, which in many cases lack both infrastructure and the capacity to ensure compliance, also need to be considered in this context.

### 3.4 Reflections on the regulatory effects on investments

In addition to our review of selected EU legislative acts we have been requested to reflect on the regulatory effects on investments. In this chapter we provide a brief analysis of the cumulative effects on investments.

---

82. Confederation of Swedish Enterprise, *New regulation in Europe's Digital Economy – Design, Structure, Trade and Economic Effects*, 2023. Report authored by Matthias Bauer et al. at ECICE.

There are good reasons for the EU to take a positive position towards both inward and outward foreign direct investment. Multinational companies differ from non-multinational businesses in that they have ownership-specific advantages (patents, trademarks, efficient organisation, etc.) that can be exploited in foreign markets.

Research on international firms shows that FDI leads to increased productivity in activities in both the host country and the home country.<sup>83</sup> It is also established that FDI contributes to a country's economic development and growth.<sup>84</sup> Efficiency gains can arise, for example, when a company is allowed to split its production in different parts of the world and benefit from different skills or cost advantages. Direct investments are also made to reach foreign customers and markets. There are often good reasons for the host country to adopt a positive position towards direct investment. For example, foreign acquisitions can provide the acquired companies with access to a larger market, increased capital and knowledge transfer from the foreign parent company. If market concentration is high, a foreign player can contribute to increased competition.

The EU currently depends on both inward and outward direct investment in many sectors. Moreover, the trend in recent decades has been for a growing share of investment to come from third countries. The inward investment brings with it knowledge, technology and financial capital, which is necessary, for example, to expand the extraction and processing of minerals in the EU. For example, the entry of foreign companies into the mining industry can also compel national companies in the EU to make their production more efficient, and the inward investment then also contributes to better competition in the market.

Investors who assess that an investment meets each of the necessary conditions for sustainable development, strategic autonomy and resilience, etc. must now make an overall assessment of whether the investment complies with all host country regulations, or whether they conflict with each other.

A company from a third country that wants to make a direct investment in the EU therefore needs to learn how to navigate the various regulatory frameworks and may need to obtain permission from several different authorities before the investment can be made. The investor must therefore assess whether future profits really exceed the costs of complying with all EU regulations. Even if the investment meets conditions such as environmental regulations, sustainable production and labour conditions, it still risks being hindered if it results in the owner failing to meet other conditions (e.g. national security conditions). There is also a risk of uncertainty among third country operators about which investments can be approved in the EU. Moreover, as the rules are not harmonised between Member States, search costs can be high every time a new direct investment in the EU is considered.

The problem with the current regulatory heterogeneity is that it gives rise to unpredictable and undesirable effects. An EU country that unilaterally imposes more extensive regulations than other EU countries creates uncertainty for foreign investors in third countries and risks crowding out investments that may instead be directed towards countries (including outside the EU) where the requirements are perceived to be less cumbersome.

---

83. See review by Melitz & Yeaple, 2014.

84. Otieno & Aduda, 2022; Alfaro et al., 2010; Blomström & Lipsey.

If uncertainty leads to a situation where direct investment that would have complied with all of the rules is instead directed outside the EU, that would be very unfortunate! Harmonisation of Member States' national rules, transparency, quick decisions and a low administrative burden can make the EU more attractive to investment. The alternative, whereby countries opt out of the EU as an investment destination, could make it difficult for Member States to meet the objectives of increased autonomy. In the long term, there is also a risk of a weaker economic growth rate in the EU if important financial capital and necessary skills are no longer attracted to the EU.

**Figure 2. Moving from regulating the trade conditions in the internal market to regulating the conditions for sustainable and digital trade worldwide**



## 4 Conclusions on the cumulative effects of EU regulations

Providing an in-depth and holistic understanding of the cumulative effects of EU regulations on external trade and investment is a challenging task, given that there are a variety of legislative acts that are new and have not yet been implemented. Furthermore, these acts reflect the objectives of multiple and sometimes competing policy goals. Below we present our main conclusions of our review.

### **The common denominator for cumulative effects is increased regulatory uncertainty**

Based on our review of selected regulations in three policy areas, we note that the common denominator for the ‘cumulative effects of EU regulations on external trade and investment’ is increased regulatory uncertainty. The impact for companies is increased compliance costs, as they will need to interpret and apply multiple regulations simultaneously. These costs will undoubtedly also accumulate to create welfare losses for the EU as a whole.

Many of the new regulations impose new requirements on information, reporting and certification that are unclear and sometimes overlapping. These requirements may be especially challenging for SMEs, since in many areas, the regulations are likely to differ from regulations applied in third countries.

Regarding EU sustainability regulations, the cumulative effects will be especially challenging for developing countries. In the field of digital regulations and resilience, on the other hand, we note that it is mainly the EU’s largest trading partners that have expressed concern so far. The question is how and to what extent will the uncertainty in the various policy areas affect companies’ willingness to trade with the EU.

### **EU as a global regulatory leader**

We acknowledge that each new legislative instrument introduced by the EU has positive intentions and that different regulations may also reinforce each other in positive ways.

It is important to remember that some of the EU’s regulations are intended to have an impact on global trade patterns. However, when the good intentions behind individual regulations add up to create multiple compliance layers for individual products or services, there is a risk of unintended effects on trade. Furthermore, it is too early to evaluate the long-term positive impacts in the various fields.

### **Consequences for regulatory policy making**

Many of the new policy regulations are extremely complex, including from a technical point of view. As we have pointed out, there is a risk that regulatory policymaking is not sufficiently based on a holistic understanding of the subject matter and the various interrelations between regulatory frameworks.<sup>85</sup> As a result, and given the changes to and complexity of the regulatory landscape, we find it essential that mechanisms such as the EU Better Regulation Practices are designed to account for the effects of multiple policy goals. We thus welcome the ambition that has been expressed by the Commission to evaluate such effects to a larger extent.

---

85. As highlighted in this report, deep competence (e.g. in cybersecurity) related to connected domains, such as trade, is limited. This may cause representatives of various countries to be more hesitant to take strong positions on regulatory proposals on cybersecurity. This will ultimately affect the quality of the regulations that are being drafted.

Further, we see a need for the EU to more systematically use certain tools and practices, including IAs and fitness checks, particularly to ensure that trade with third countries is taken into account. This conclusion is based on our findings that such assessments are not currently carried out to a sufficient extent. Furthermore, we believe that the cumulative effects of selected regulations studied here will result in a number of challenges upon application.<sup>86</sup>

### **EU as a trading partner**

Another important aspect is that regulatory uncertainty can have effects on the macro level, thus affecting the EU as a trading partner, for example, in trade negotiations. An example is the Deforestation Regulation, which has complicated the ongoing negotiations for an EU-Mercosur Free Trade Agreement.

It should be noted that cumulative effects of EU regulations are not necessarily recognized in the forums where individual trade concerns are raised. In various WTO committees the discussions are often limited to a specific regulation or requirement. However, dissatisfaction with a certain EU regulation may result in countermeasure by other countries, potentially in a different policy area.

The regulatory objectives or policy goals that the EU decides to pursue through its regulations also need to be in line with its external trade policy and the commitments thereof. As a global trading partner, the EU's regulations will always have a significant impact on trade with third countries.

The application of the new regulatory policies will require us to observe and respond to various challenges in society. The ability to quickly respond to changing vulnerabilities, threats and social and environmental concerns simultaneously is a global concern, not only a concern for the EU. What is unique, however, is that the new policy areas now being regulated in the EU (e.g. resilience and cybersecurity) are in domains that require more national attention than traditional regulatory domains. This makes harmonisation and transparency more challenging for the EU, both within its 27 Member States and globally.

### **Observations regarding the developments of the EU regulatory landscape – towards integration and separation**

One observation is that many of the regulations reviewed here address new policy objectives that do not have market access and trade barriers as a main focus, even though the instruments are intended to support the functioning of the EU internal market. In other words, it can be interpreted that the EU increasingly uses its internal regulatory instruments for the promotion of other policy objectives at large, which also entails a deliberate aim to influence third countries. This blurring of boundaries with respect to multiple policy objectives increases complexity for both internal and external trade and investment.

To present an example – the objective of the EU system for technical harmonisation developed in the 1980s and onwards was to create a truly internal market with unified requirements for industrial goods. The objective was to boost internal trade, but also to enhance smooth market access to third countries, integrating them closer to the EU for improved trade.<sup>87</sup> This model has been regarded as a true success story, particularly

---

86. These challenges will also be addressed in the forthcoming publication by the National Board of Trade, *Making the EU Safer, Greener, more Competitive and Digitalised – Trade Policy Recommendations to the New European Commission*, Dnr 2023/01504.

87. Legislation that includes essential safety requirements, together with harmonised standards and systems for conformity assessment of the risks of products, has meant that third countries can access the internal market by applying one set of requirements instead of 27 different national requirements.

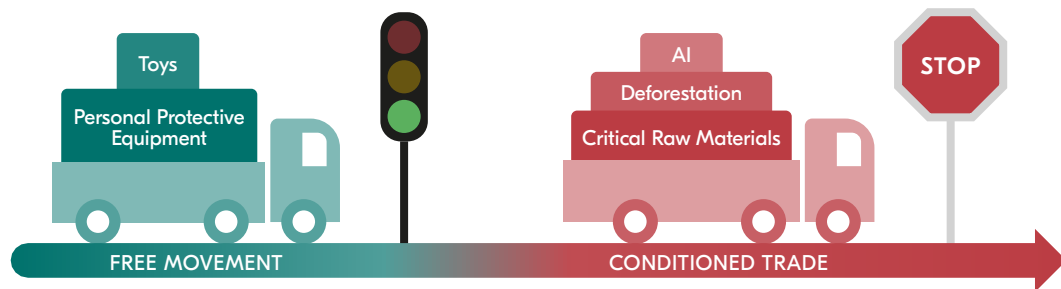
given the fact that many countries have joined the system to share the harmonised regulatory framework.<sup>88</sup>

In contrast to the above, regulations that were introduced more recently to promote strategic autonomy or to address resilience, security of supply or critical raw materials, may separate rather than integrate the EU from third countries.

In the area of sustainability, the EU has introduced regulations which are intended to have external trade effects, since they aim to promote sustainability in value chains beyond its borders. As a result, it is important for the EU to ensure that individual regulations are drafted in a manner that prevents unnecessarily trade restrictive measures.

When introducing new regulatory proposals, it could thus be helpful for the EU to more carefully evaluate whether a specific regulatory strategy promotes closer *integration* to another market or markets or whether the intention may be (explicitly or implicitly) to further *separate* the EU and its Member States from other markets (or their regulatory approach and policy goals).

**Figure 3. From free movement towards more conditioned trade**



### Challenges with the EU regulatory system

In times of rapid developments and crises affecting the trade reality countries tend to focus their attention on the regulatory measures and strategies of other countries. For an individual country an adjustment of its' regulatory model and strategy is more straightforward as there is no need to consult and agree with multiple other countries. For the EU on the other hand, an adjustment, even a smaller one, is more complicated. This is because the EU's regulatory model follows commonly agreed and interconnected building blocks and that have been designed to support far-reaching harmonization.

Challenges related to resilience and digital transition are global, but it is necessary to observe that the regulatory techniques and approaches supporting these areas require more national concern. As our analysis demonstrates the current cumulative regulatory complexity risk conflicting and overlapping regulations as well as increased administrative burden – and in some cases with doubt of the regulatory outcome. As a result, the EU could consider assessing its regulatory model in relation to the changes and demands in the global regulatory environment.

88. The EU's deliberate attempts to change by its regulatory approach is called the Brussels effect: The expression 'Brussels effect' derives from Anu Bradford's 2020 book *The Brussels Effect. How the European Union Rules the World*. The expression refers to the process whereby the EU externalises its laws outside its borders. In this way, the EU aims to ensure that actors from third countries who wish to trade in the Single Market adhere to EU rules on, for example, data privacy, consumer safety, antitrust laws, environmental protection, etc. Critics of the Brussels effect say that the process is driven by protectionist motives and that the EU is engaging in regulatory imperialism by imposing its own rules and standards rather than engaging in international co-operation aimed at developing global trade rules. See also, National Board of Trade, 2024.

## 5 Recommendations

Based on our analysis our recommendations are as follows:

### **Specific mechanisms are needed to support companies and developing countries in the implementation of new policy requirements**

Our findings indicate that businesses face considerable challenges when navigating the current EU regulatory environment. The input received also indicates concern about the effect EU regulatory measures will have on continued trade with important markets that the companies are dependent on. These challenges may be addressed through extended support to companies, especially SMEs, in line with the existing Commission initiative for a help-desk in the field of due diligence.

We would like to emphasise that special consideration should be given to developing countries. This can be justified by the fact that many of the legislative acts reviewed will be especially challenging for these economies.

### **EU Better Regulation Practices, including IA and fitness checks, should be used systematically to address the cumulative effects of EU regulation in complex policy areas**

Regarding the EU Better Regulation Practices, our assessment is that comprehensive IAs are a prerequisite for determining the effects of regulatory proposals and thus determining whether to proceed with new regulatory measures. Our assessment is that the guidelines should be developed further and should also more explicitly require an analysis of external trade effects.

The guidelines state that fitness checks are particularly well suited for identifying legislative overlaps, inconsistencies, synergies, digitalisation potential and cumulative impacts. It is important to note that the Commission states in the guidelines that it will endeavour to conduct more fitness checks in the future. An example of a specific measure to address the cross-cutting challenges would be to use fitness checks to find solutions for better coordination of requirements on reporting and certification as far as possible.

### **The mandate of the Regulatory Scrutiny Board should be strengthened**

Our assessment is that the current mix of increasingly complex regulatory frameworks in the EU has the potential to have cumulative effects by imposing a considerable administrative burden on companies. Unless it is definitively shown that this regulatory burden is warranted due to an increase in the level of safety, sustainability or resilience, the negative cumulative effects can be difficult to justify.

As a result, our recommendation is that the Regulatory Scrutiny Board be given a broader mandate with respect to the regulatory process. This measure would allow the EU to more efficiently address cross-cutting matters and enhance coordination, as well as to address the external trade dimension.

### **Regulatory areas such as those addressing strategic autonomy or digital sovereignty require special consideration in EU regulation**

When the EU uses its broad regulatory mandate in challenging times, it may be difficult for third countries to relate and respond to regulatory proposals in the field of autonomy and sovereignty. Such regulatory measures often deviate from the principles that support free movement and the functioning of international trade. As a result, the

introduction of complex regulatory frameworks in these areas must be carefully evaluated to ensure that the measures also achieve the intended effect without resulting in unnecessary trade barriers and countermeasures.

Good and efficient regulation requires a deep understanding, not only of the subject matter but the interrelations with other regulations. As result, we believe that stronger coordination and analysis of cross-cutting issues is increasingly important.

**The EU should improve its cooperation with trading partners in third countries to clarify uncertainties and to facilitate implementation and application of EU regulations**

Closer cooperation on the macro level is an important measure to address challenges in the multilateral and bilateral arena. This is also an essential step in more actively addressing the concerns of third countries concerning EU regulatory strategies and to strengthen trade relations with markets, while enhancing the EU's profile as a reliable and inclusive trading partner.

# References

## Legislative acts

- Regulation (EU) 2016/425 of the European Parliament and of the Council of 9 March 2016 on personal protective equipment and repealing Council Directive 89/686/EEC.
- Regulation (EU) 2023/1781 of the European Parliament and of the Council of 13 September 2023 establishing a framework of measures for strengthening Europe's semiconductor ecosystem and amending Regulation (EU) 2021/694 (Chips Act).
- Proposal for a directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937, COM/2022/71 final.
- Proposal for a regulation of the European Parliament and of the Council establishing a framework for ensuring a secure and sustainable supply of critical raw materials and amending Regulations (EU) 168/2013, (EU) 2018/858, 2018/1724 and (EU) 2019/1020.
- Proposal for a regulation of the European Parliament and of the Council on horizontal cybersecurity requirements for products with digital elements and amending Regulation (EU) 2019/1020 COM/2022/454 final.
- Proposal for a Regulation of the European Parliament and of the Council laying out harmonized rules on artificial intelligence (Artificial Intelligence Act) and amending certain Union legislative acts, 2021/0106 (COD).
- Proposal for a Regulation of the European Parliament and of the Council on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act), 16.3.2023 COM(2023) 161 final.
- Proposal for a Regulation of the European Parliament and of the Council on prohibiting products made with forced labour on the Union market, 14.9.2022, COM/2022/453 final.
- Regulatory Scrutiny Board Opinion Proposal for a Regulation of the European Parliament and of the Council laying down harmonized rules on Artificial Intelligence (Artificial Intelligence Act) and amending certain Union Legislative Acts, 22.3.2021, SEC(2021) 167.
- Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010

## Other references

- Alfaro, Laura, Areendam Chanda, Sebnem Kalemli-Ozcan & Selin Sayek (2010). Does Foreign Direct Investment Promote Growth? Exploring the Role of Financial Markets on Linkages. *Journal of Development Economics*, 91(2), 242–256.
- Antràs, P., & Yeaple, S. R. (2014). Multinational firms and the structure of international trade. *Handbook of international economics*, 4, 55–130.
- Bauer, Matthias & Pandya, Dyuti, EU Autonomy, the Brussels Effect, and the Rise of Global Economic Protectionism, ECIPE OCCASIONAL PAPER – No. 01/2024.
- Blomström, Magnus, Lipsey, Robert E., and Zejan, Mario (1994). What Explains the Growth of Developing Countries? In W. J. Baumol, R. R. Nelson, & E. N. Wolf (Eds.), *Convergence of Productivity: Cross-National Studies and Historical Evidence* (pp. 243–259. Oxford University Press.
- Bradford, Anu, *The Brussels Effect. How the European Union Rules the World*, 2020.
- BusinessEurope, Feedback on European Commission's proposal on a ban of forced labour products from the EU market, 30 November 2022.

Business Europe, Press Release 12 December 2023, <https://www.besnesseurope.eu/publications/eu-due-diligence-could-leave-companies-between-rock-and-hard-place.Envi>

Confederation of Swedish Enterprise, New Regulations in Europe's Digital Economy: Design, Structure, Trade and Economic Effects, 19 June 2023

Doughan Michael, EU Competences in an age of complexity and crisis: Challenges and tensions in the system of attributed powers, *Common Market Law Review* 61: 93–138, 2024. 2024 Kluwer Law International. United Kingdom

Engler Alex, The EU AI Act will have global impact, but a limited Brussels Effect, The Brookings Institution, 8 June 2022.

Eurochambers Position of the Critical Raw Materials Act, 1 June 2023.

European Commission, The 2024 Annual Single Market and Competitiveness Report, COM/2024/77 final

European Commission, Joining forces to make better laws, Communication COM(2021) 219 final.

European Commission, Cost of the Cumulative Effects of Compliance with EU Law for SMEs -Final report, Brussels, 2015.

European Commission, Europe and the Global Information society – Recommendations to the European Council (the Bangemann Report), 1994. The report was requested by the European Council for its meeting on 24-25 June 1994. It was drafted by the High-Level Group on the Information Society led by Martin Bangemann.

European Commission, Long-term Competitiveness of the EU: looking beyond 2030, COM(2023), 16 March 2023

European Commission, The power of trade partnerships: together for European Commission, Questions and answers regarding the Deforestation Regulation green and just economic growth, COM(2022) 409 final, April 2023.

JACOB et al. (2022) Trade-related policy options of a ban on forced labour products, WWA Brussels, and WIFO, study commissioned by the EP INTA Committee.

Klimat och näringslivsdepartementet, Faktapromemoria Europeiska kritiska råmaterialakten 2022/23:FPM77, 20.3.2023

Kommerskollegium, Djupgående analys av EU-kommissionens förslag om avskogningsfria varor, 2022

Kommerskollegium, Mot ett handelspolitiskt lapptäcke – omvärldsanalys, 2023.

Lund Heidi & Sabelström Anna, EU Standardization is at a Crossroads, LinkedIn-article. December 2023: EU Standardization is at a Crossroads | LinkedIn.

Meyers, Zach, Better regulation in Europe An action plan for the next Commission, 2024.

National Board of Trade, The EU Single Market in the Digital Era – from legislative complexity to clarity, Stockholm 2024.

National Board of Trade, The Cyber Effect- the Implications of IT-security regulations on international trade, Stockholm, 2018.

National Board of Trade, Innovation, AI, Technical Regulation and Trade. Questioning the Invisible Hand in the Digital Economy, Stockholm, 2023.

National Board of Trade, Making the EU Safer, Greener, more Competitive and Digitalised – Trade Policy Recommendations to the New European Commission, Dnr 2023/01504.

National Board of Trade Opinion regarding the Chips Act, Dnr 2022/0023-2.

National Board of Trade Opinion regarding the European Commission proposal on the ban of products made by forced labour, Dnr 2022/01840-2.

- National Board of Trade Opinion regarding the European Commission proposal for a Regulation on Strategic and Critical Raw Materials, Dnr 2023/00488-2.
- National Board of Trade, Potential Impacts of EU Due Diligence Obligations on Companies' Suppliers in Developing Countries, 2023.
- National Board of Trade, Trade Policy and Policies for Responsible Business Conduct. Contributing to a sustainable economic recovery, 2021.
- National Board of Trade notes from TBT Committee meetings, ref. G/TBT/N/EU/936.
- Otieno, O. W., & Aduda, J. (2022). Foreign direct investments and economic growth: a critical literature review. *International Journal of Finance*, 7(3), 34-60.
- Sprecher, B., I. Daigo, S. Murakami, R. Kleijn, M. Vos, and G.J. Kramer. 2015. Framework for Resilience in Material Supply Chains, With a Case Study from the 2010 Rare Earth Crisis. *Environmental Science & Technology* 49 (11): 6740-6750
- Reuters, 8 November 2023, "Brazil says EU deforestation rules hamper Mercosur trade deal negotiation", [Brazil says EU deforestation rules hamper Mercosur trade deal negotiation | Reuters.](#)
- Swedish Agency for Economic and Regional Growth, Regulation and Competition- a literature review, Stockholm, March 2017.
- Swedish Defence Materiel Administration Opinion 2023, 23FMV803-2
- van der Ven et al., "Exploring the interface between unilateral and bilateral approaches to greening EU trade", Europe Jacques Delors, policy paper, April 2023.
- Wolfmayr et al, Trade and Welfare Effects of New Trade Policy Instruments, Austrian Institute of Economic Research, November 2023.

# Sammanfattning på svenska

## Summary in Swedish

Kommerskollegium har fått i uppdrag av Utrikesdepartementet att analysera den kumulativa effekten av utvalda regelverk och förslag till nya regelverk inom EU där det finns en påverkan på handel och investeringar med länder utanför EU.

Uppdraget knyter väl an till flera studier och analyser som Kommerskollegium nyligen tagit fram och som visar att regelverken inom EU blir alltmer komplexa för företagen. Denna utveckling hänger samman med att EU arbetar aktivt för att bli världsledande inom många politikområden, särskilt inom områdena hållbar utveckling och digital omställning.

Vår analys fokuserar på tre politikområden: digitala regler, hållbarhetsregler och rättsliga ramverk relaterade till motståndskraft. Dessa områden har valts ut på grund av det stora antalet lagstiftningsinitiativ som lagts fram under de senaste åren, samt den stora inverkan på handel och investeringar som dessa regleringar kan ha. Analysen är begränsad till EU-regler som rör varor och tjänster. Inom dessa områden fokuserar denna studie på ett urval av relevanta rättsakter.

En iakttagelse som vi vill lyfta fram är att synpunkter och klagomål som lyfts inom formella handelspolitiska mekanismer såsom WTO:s kommittéer ofta är relaterade till en specifik reglering. Att enbart förlita sig på en genomgång av sådana synpunkter skulle göra det svårt att skapa en helhetsbild av de kumulativa effekterna av EU:s olika lagstiftningar. Klagomål från ett antal länder inom ramen för formella handelspolitiska mekanismer kan dock på "makronivå" ge en indikation om hur EU uppfattas som handelspartner. De kumulativa effekterna av flera EU-förordningar är dock lättast att identifiera på "mikronivå", dvs. i effekter som lyfts upp av företag eller näringslivsorganisationer. Ett exempel på detta är att företag lyft att de ser stora utmaningar i att försöka navigera bland flera regelverk samtidigt.

## Våra slutsatser

### **Den gemensamma nämnaren för kumulativa effekter är ökad osäkerhet**

Baserat på vår granskning av utvalda regleringar inom tre politikområden noterar vi att den gemensamma nämnaren för de "kumulativa effekterna på extern handel och investeringar" är en ökad regulativ osäkerhet. Konsekvenserna för företagen är ökade kostnader för att kunna leva upp till olika typer av krav, eftersom de kommer att behöva tolka och tillämpa flera rättsakter samtidigt.

Många av de nya förordningarna ställer krav på information, rapportering och certifiering som är oklara och ibland överlappande. Dessa krav kan vara särskilt utmanande för små och medelstora företag, eftersom reglerna på många områden sannolikt kommer att skilja sig från regler som tillämpas i tredjeländer.

När det gäller EU:s hållbarhetsbestämmelser kommer de kumulativa effekterna att vara särskilt utmanande för utvecklingsländer. När det gäller digitala regler och motståndskraft noterar vi å andra sidan att det främst är EU:s största handelspartners som hittills har uttryckt oro. Frågan är hur, och i vilken utsträckning, osäkerheten inom de olika politikområdena kommer att påverka företagens vilja att fortsätta handla med EU.

## **EU som global ledare inom reglering**

Vi är införstådda med att varje ny rättsakt som EU antar bygger på ett positivt politiskt mål. Även att olika förordningar också kan förstärka varandra på ett positivt sätt.

Det är också viktigt att komma ihåg att vissa av EU:s förordningar är avsedda att påverka de globala handelsmönstren. Men när de goda intentionerna bakom enskilda regleringar tillsammans skapar flera lager av krav för enskilda produkter eller tjänster, finns det en risk för oavsiktliga effekter på handeln. Det är dock ännu för tidigt att utvärdera de långsiktiga positiva effekterna inom de olika områdena.

## **Konsekvenser för utformningen av EU:s policyregleringar**

Många av de nya regleringarna för hållbarhet, digital handel och motståndskraft är extremt komplexa, även ur en teknisk synvinkel. Som vi har påpekat i flera av våra sentida analyser finns det en risk att beslutsfattandet inom EU inte i tillräcklig utsträckning baseras på en helhetsförståelse av ämnet och de olika inbördes förhållandena mellan regelverken. Som ett resultat av detta, och med tanke på förändringarna i och komplexiteten hos regelverken, anser vi att det är viktigt med ett helikopterperspektiv och att EU:s praxis för god regleringssed är utformad för att bättre ta hänsyn till effekterna av flera politiska mål samtidigt. Vi välkomnar därför den ambition som kommissionen har uttryckt att utvärdera sådana effekter i större utsträckning.

Vidare ser vi ett behov av att EU mer systematiskt använder vissa verktyg och metoder, däribland konsekvensbedömningar och lämplighetskontroller, särskilt för att se till att handeln med tredjeländer beaktas. Denna slutsats bygger på våra konstateranden att sådana bedömningar för närvarande inte görs i tillräcklig omfattning och med tillräckligt djup. Dessutom anser vi att de kumulativa effekterna av de regleringar vi valt att granska kommer att resultera i ett antal utmaningar när de ska tillämpas.

## **EU som handelspartner**

En annan viktig aspekt är att osäkerheten kring regelverken kan få effekter på makronivå och därmed påverka hur EU uppfattas som handelspartner, t.ex. i handelsförhandlingar. Det bör noteras att kumulativa effekter av EU-regler inte nödvändigtvis tas upp eller diskuteras i de forum där enskilda problem eller handelshinder tas upp. I olika WTO-kommittéer är diskussionerna ofta begränsade till en specifik förordning eller ett specifikt krav. Missnöje med en viss EU-förordning kan emellertid leda till motåtgärder från ett annat lands sida inom ett annat politikområde.

De mål som EU eftersträvar genom sina regleringar måste därmed vara i linje med dess externa handelspolitik och de åtaganden som följer av denna. Som en global handelspartner kommer EU:s regler alltid att ha en betydande inverkan på handeln med tredjeländer.

Den förändrade handelsverkligheten kräver således att EU observerar och beaktar flera utmaningar i samhället samtidigt. Förmågan att snabbt reagera på föränderliga sårbarheter, hot och sociala och miljömässiga problem samtidigt är dock en global angelägenhet, inte bara en angelägenhet för EU. Det unika är dock att de nya politikområden som nu regleras i EU (t.ex. motståndskraft och cybersäkerhet) ligger inom områden som kräver mer nationella ställningstaganden än traditionella regleringsområden. Detta gör att regelharmonisering och transparens har blivit större utmaningar för EU, både inom dess 27 medlemsstater och globalt.

## **Observationer om utvecklingen av EU:s regelverk – mot integration och separation**

En iakttagelse är att många av de regleringar som granskats i denna analys tar upp nya politiska mål och som inte har marknadstillträde och handelshinder som huvudfokus, även om instrumenten är avsedda för att stödja den inre marknadens funktion. Med andra ord kan det tolkas som att EU i allt högre grad använder sina interna regleringsinstrument för att främja andra politiska mål i stort, vilket också innebär ett medvetet försök att påverka tredjeländer. Att gränserna suddas ut mellan flera politiska mål innebär att komplexiteten ökar för intern och extern handel såsom för investeringar.

För att exemplifiera - Syftet med EU:s system för teknisk harmonisering som utvecklades under 1980-talet och framåt var att skapa en inre marknad med enhetliga krav för industrivaror. Målet var att öka den interna handeln, men även att förbättra marknadstillträdet för tredje land och integrera dessa länder närmare EU för att förbättra handeln. Denna regleringsmodell har betraktats som en verklig framgångssaga, särskilt med tanke på att många länder har anslutit sig till systemet och delar numera det europeiska harmoniserade regelverket.

Däremot finns det andra bestämmelser som snarare separerar än integrerar EU från tredje länder. Det gäller till exempel de bestämmelser som nyss införts och som handlar om att främja strategisk autonomi, att stärka EU:s motståndskraft och försörjningstrygghet bl.a. kopplat till kritiska råvaror.

När det gäller hållbarhet har EU infört bestämmelser som är avsedda att ha effekter på utrikeshandeln, eftersom de syftar till att främja hållbarhet i värdekedjor utanför EU:s gränser. Det är därför viktigt för EU att säkerställa att enskilda förordningar utformas på ett sätt som förhindrar onödiga handelshinder.

Vid införandet av nya lagstiftningsförslag anser vi att det vore bra för EU att mer noggrant utvärdera om en specifik lagstiftningsstrategi främjar närmare integration med en annan marknad eller andra marknader - eller om avsikten kan vara (uttryckligen eller underförstått) att ytterligare separera EU och dess medlemsstater från andra marknader.

## **Våra rekommendationer**

Baserat på vår analys har vi följande rekommendationer:

### **Särskilt stöd till företag och utvecklingsländer behövs i genomförandet av nya policykrav**

Våra resultat visar att företagen står inför stora utmaningar när de ska navigera i EU:s nuvarande regelverk. De synpunkter som kommit in tyder också på oro över den effekt som EU:s lagstiftningsåtgärder kommer att ha på den fortsatta handeln med viktiga marknader som företagen är beroende av. Dessa utmaningar kan hanteras genom utökat stöd och särskilda mekanismer riktade till företag, särskilt små och medelstora företag, i linje med kommissionens befintliga initiativ för en helpdesk inom området för tillbörlig aktsamhet.

Vi vill betona att särskild hänsyn bör tas till utvecklingsländerna. Detta kan motiveras av det faktum att många av de granskade rättsakterna kommer att vara särskilt utmanande för dessa ekonomier.

## **Konsekvensbedömningar och lämplighetskontroller bör användas mer systematiskt**

När det gäller EU:s metoder för bättre lagstiftning är vår bedömning att omfattande konsekvensbedömningar är en förutsättning för att fastställa effekterna av lagstiftningsförslag och därmed kunna avgöra om man ska gå vidare med nya lagstiftningsåtgärder. Vår bedömning är att riktlinjerna bör vidareutvecklas och även mer explicit kräva en analys av externa handelseffekter.

I riktlinjerna anges att lämplighetskontroller är särskilt väl lämpade för att identifiera lagstiftningsöverlappningar, inkonsekvenser, synergier, digitaliseringspotential och kumulativa effekter. Det är viktigt att notera att kommissionen i riktlinjerna anger att den kommer att sträva efter att genomföra fler lämplighetskontroller i framtiden. Ett exempel på en specifik åtgärd för att ta itu med de övergripande utmaningarna skulle vara att använda lämplighetskontroller för att hitta lösningar för bättre samordning av kraven på rapportering och certifiering i så stor utsträckning som möjligt.

## **Mandatet för Nämnden för lagstiftningskontroll bör stärkas**

Vår bedömning är att den nuvarande mixen av alltmer komplexa regelverk i EU har potential att få kumulativa effekter genom att lägga en betydande administrativ börda på företagen. Om det inte kan bevisas att denna regelbörda är berättigad på grund av en ökning av säkerhetsnivån, hållbarheten eller motståndskraften kan de negativa kumulativa effekterna vara svåra att motivera.

Därför är vår rekommendation att Nämnden för lagstiftningskontroll ges ett bredare mandat när det gäller lagstiftningsprocessen. Denna åtgärd skulle göra det möjligt för EU att mer effektivt ta itu med övergripande frågor och förbättra samordningen, samt att ta itu med den externa handelsdimensionen.

## **Regleringsområden som rör strategisk autonomi eller digital suveränitet kräver särskild hänsyn**

När EU använder sitt breda regleringsmandat i utmanande tider kan det vara svårt för tredjeländer att förhålla sig till, och reagera på, regleringsförslag som rör autonomi och suveränitet. Sådana regleringsåtgärder avviker ofta från de principer som stöder fri rörlighet och en fungerande internationell handel. Därför måste införandet av komplexa regelverk på dessa områden utvärderas noggrant för att säkerställa att åtgärderna också får avsedd effekt - utan att leda till onödiga handelshinder och motåtgärder.

Bra och effektiv reglering kräver en djup förståelse, inte bara av ämnet utan också av sambanden med andra regler. Därför anser vi att starkare samordning och analys av övergripande frågor blir allt viktigare.

## **EU bör förbättra samarbetet med handelspartners i tredjeländer**

För att klargöra osäkerheter och underlätta genomförandet och tillämpningen av EU-förordningar bör EU förbättra samarbetet med sina handelspartners i tredjeländer.

Ett närmare samarbete på makronivå är en viktig åtgärd för att ta itu med utmaningar på den multilaterala och bilaterala arenan. Detta är också ett viktigt steg för att mer aktivt ta itu med tredjeländers oro över EU:s regleringar och för att stärka handelsförbindelserna med marknaderna, samtidigt som EU:s profil som en pålitlig och inkluderande handelspartner stärks.

**The National Board of Trade Sweden** is the government agency for international trade, the EU internal market and trade policy. Our mission is to facilitate free and open trade with transparent rules as well as free movement in the EU internal market.

Our goal is a well-functioning internal market, an external EU trade policy based on free trade and an open and strong multilateral trading system.

We provide the Swedish Government with analyses, reports and policy recommendations. We also participate in international meetings and negotiations.

The National Board of Trade, via SOLVIT, helps businesses and citizens encountering obstacles to free movement. We also host several networks with business organisations and authorities which aim to facilitate trade.

As an expert agency in trade policy issues, we also provide assistance to developing countries through trade-related development cooperation. One example is Open Trade Gate Sweden, a one-stop information centre assisting exporters from developing countries in their trade with Sweden and the EU.

Our analyses and reports aim to increase the knowledge on the importance of trade for the international economy and for global sustainable development. Publications issued by the National Board of Trade only reflect the views of the Board.

The National Board of Trade Sweden, May 2024. ISBN: 978-91-89742-35-2



**Kommerskollegium**  
National Board of Trade Sweden

Box 6803, S-113 86 Stockholm, Sweden  
Phone +46 8 690 48 00  
E-mail [registrator@kommerskollegium.se](mailto:registrator@kommerskollegium.se)  
[www.kommerskollegium.se](http://www.kommerskollegium.se)