

Congress of the United States
House of Representatives
Washington, D.C. 20515

June 25, 2026

Her Excellency Jovita Neliupšienė
Ambassador
Delegation of the European Union to the United States of America
2175 K Street NW
Washington, D.C. 20037

Dear Madam Ambassador:

We write to express our opposition to the European Union's (EU) attempts to regulate businesses domiciled in the United States (U.S.) through the Corporate Sustainability Due Diligence Directive (CSDDD). We strongly object to the EU's extraterritorial mandate and are considering legislative action to provide relief for American businesses.

The CSDDD's stated objective is to establish reporting and compliance requirements for companies, placing invasive checks on a company's supply chains to allegedly address environmental and climate change concerns.¹ The compliance requirements are onerous and extraterritorial, imposing disproportionate burdens on American companies.

Through the CSDDD, the EU's actions appear to be disadvantaging American and other non-EU businesses to the benefit of European firms. Instead of seeking meaningful domestic reforms that would strengthen European competitiveness, the European Parliament is instead choosing to export its heavy-handed regulatory regime by applying extraterritorial compliance burdens to international businesses² without demonstrating meaningful benefits to justify the regulations. Specifically, the EU is expanding the environmental, social, and governance requirements it has adopted for European firms to companies located outside of the bloc that sell into the European market.

The cost and burdens associated with CSDDD compliance could lead to American companies dramatically limiting or even divesting their European business. In a joint October 29, 2025, letter to senior Trump Administration officials, the American Council for Capital Formation, International Franchise Association, National Association of Manufacturers, Small Business and Entrepreneurship Council, and the United States Chamber of Commerce stated:

[i]f CSDDD proceeds with extraterritorial subjugation intact, American businesses could be forced to respond to protect their interests. They would face difficult decisions about their EU investments and their exposure to the

¹ *Corporate sustainability due diligence*, Eur. Comm'n, https://commission.europa.eu/topics/business-and-industry/doing-business-eu/sustainability-due-diligence-responsible-business/corporate-sustainability-due-diligence_en (last visited Apr. 7, 2026).

² *Id.*

law's mandated penalties for perceived lack of compliance. Economic growth would slow, supply chains would suffer, and transatlantic commerce and relations would only worsen. Neither the EU nor U.S. would benefit from that scenario.³

These organizations represent small and large businesses, reflecting concerns shared across multiple sectors of our economy from major manufacturers to their smaller, local suppliers and service providers.

A recent study has drawn attention to what CSDDD compliance would mean for American businesses. Despite recent modifications to the CSDDD, the law will “still result in substantial costs to U.S. companies and the American economy” and would lead “to measurable initial compliance costs of between \$637 billion and \$1.093 trillion.”⁴ Notably, “[t]hese costs on American firms are comparable to the combined regulatory costs of existing American environmental and financial regulations.”⁵ Annual recurring costs of CSDDD implementation, according to the same study, “range from \$57 million to \$8 billion,” which balloons to “recurring annual costs [that] range from \$6 billion to \$453 billion” if including the implicit costs of changed conduct.⁶ While these massive numbers reflect macroeconomic impact, it's important to remember the thousands of individual businesses and millions of workers who will face the personal impact and costs of CSDDD compliance.

Less than one year ago, on August 21, 2025, the U.S. and the EU released a “Joint Statement on a United States-European Union Framework on an Agreement on Reciprocal, Fair, and Balanced Trade.”⁷ The Framework was designed to:

put [the U.S.-EU] trade and investment relationship—one of the largest in the world—on a solid footing [and] reinvigorate our economies' reindustrialization. It reflects acknowledgement by the European Union of the concerns of the United States and our joint determination to resolve our trade imbalances and unleash the full potential of our combined economic power.⁸

³ Letter from Am. Council for Cap. Formation et al. to Secretary Bessent et al. (Oct. 29, 2025), <https://stopeuoverreach.com/wp-content/uploads/2025/10/Association-Letter-to-Administration-Officials-re-CSDDD-and-EU-Omnibus-Legislation.pdf> (last visited Mar. 24, 2026).

⁴ Harold Furchtgott-Roth, *The EU's December 2025 Changes to CS3D: Quantifying Costs to U.S. Industry*, HUDSON INSTITUTE (Jan. 2026), https://s3.us-east-1.amazonaws.com/media.hudson.org/012826_Furchtgott_EU_CS3D_Memo_v2+dsa+Jan+30..pdf.

⁵ *Id.*

⁶ *Id.*

⁷ Press Release, *Joint Statement on a United States-European Union Framework on an Agreement on Reciprocal, Fair, and Balanced Trade*, The White House (Aug. 21, 2025), <https://www.whitehouse.gov/briefings-statements/2025/08/joint-statement-on-a-united-states-european-union-framework-on-an-agreement-on-reciprocal-fair-and-balanced-trade/>.

⁸ *Id.*

Item 12 of the Framework focused specifically on the significant challenges associated with the CSDDD and Corporate Sustainability Reporting Directive (CSRD), and the need to sufficiently address the legitimate concerns raised by the Trump Administration:

The European Union commits to undertake efforts to ensure that the Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD) do not pose undue restrictions on transatlantic trade. In the context of CSDDD, this includes undertaking efforts to reduce administrative burden on businesses, including small- and medium-sized enterprises, and to propose changes to the requirement for a harmonized civil liability regime for due diligence failures and to climate-transition-related obligations. ***The European Union commits to work to address U.S. concerns regarding the imposition of CSDDD requirements on companies of non-EU countries with relevant high-quality regulations.***⁹

While omnibus legislation passed by the European Parliament in late 2025 eliminated climate transition plan requirements and placed some limits on exposure to liability in European courts, *extraterritoriality was not addressed*.¹⁰ American businesses already operate within a robust regulatory framework. The U.S. system provides substantial oversight of companies of all sizes and is well-equipped to address what the EU hopes to achieve through its own regulations. Extending the CSDDD's requirements to non-EU firms imposes duplicative and potentially conflicting obligations on American companies. To uphold its commitments under the trade agreement framework, the EU must remove the directive's extraterritorial provisions.

The EU's approach toward extraterritorial legislation and regulatory sovereignty only adds unnecessary tension between the U.S. and the EU. A strong Europe and a strong United States are mutually beneficial. For this relationship to strengthen and endure, we must work together to seek the best means for achieving what are many shared objectives. Imposing costly, burdensome, and impracticable extraterritorial laws on allied partner nations is not the best means for accomplishing that.

We respectfully ask that the EU remove the extraterritorial mandate from the CSDDD. Failure to do so will likely create conflicts with U.S. law and impose significant burdens, without justification, on American industry and manufacturing sectors that have greatly contributed to our longstanding, mutually beneficial trade relationship. Should the EU remain firm on imposing extraterritoriality, it would constitute a failure to fulfill the terms of the 2025 trade agreement framework and could force Congress to consider its own, similar legislation – as Congress did in 2012 with the EU Emissions Trading Scheme Prohibition Act — an action rooted in strong bipartisan precedent.¹¹

⁹ *Id.* (emphasis added).

¹⁰ 2026 O.J. (L 470).

¹¹ European Union Emissions Trading Scheme Prohibition Act of 2011 Pub. L. No. 112-200, 126 STAT. 1477 (2012), <https://www.congress.gov/bill/112th-congress/senate-bill/1956/text>.

Letter to Ambassador Jovita Neliupšienė

June 25, 2026

Page 4

Thank you for your attention to this matter, Madam Ambassador. We look forward to your prompt response.


Sincerely,



Brett Guthrie
Chairman
Committee on Energy and
Commerce



Jim Jordan
Chairman
Committee on Judiciary



French Hill
Chairman
Committee on
Financial Services