October 29, 2025

The Honorable Scott Bessent
Secretary of the Treasury
U.S. Department of the Treasury
1849 C Street, NW
Washington, D.C. 20240

The Honorable Chris A. Wright
Secretary of Energy
U.S. Department of Energy
1000 Independence Ave., NW
Washington, D.C. 20585

The Honorable Howard W. Lutnick
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, D.C. 20230

Ambassador Jamieson Greer
United States Trade Representative
Office of the U.S. Trade Representative
600 17th Street NW
Washington, D.C. 20508

Dr. Kevin A. Hassett
Director, National Economic Council
The White House
1600 Pennsylvania Ave., NW
Washington, D.C. 20500

Dear Secretary Bessent, Secretary Lutnick, Secretary Wright, Ambassador Greer, and Director Hassett:

Our organizations represent a significant portion of the American economy, and both large and small businesses across multiple sectors. For more than a year, we have been concerned about the far-reaching consequences of the European Union's (EU) Corporate Sustainability Due Diligence Directive (CSDDD). We have appreciated the administration's attention to the matter and its engagement, including Secretary Wright's recent communication to EU leaders regarding the implications for energy supplies and the export of liquefied natural gas.

The inclusion of the EU's CSDDD in the "Joint Statement on a United States-European Union Framework on an Agreement on Reciprocal, Fair, and Balanced Trade" sent a firm signal that, absent its full repeal by the European Union, additional effort is needed to revise the law to a state in which it is both practical and realistic – as many have said previously. In Item 12 of the joint statement, the EU committed to "undertake efforts to ensure that the CSDDD and the Corporate Sustainability Reporting Directive (CSRD) do not pose undue restrictions on transatlantic trade," and "work to address U.S. concerns regarding the imposition of CSDDD requirements on companies of non-EU countries with relevant high-quality regulations." The EU's current omnibus legislation, which had been intended to reign in some of the law's egregious mandates, fails to address the latter point regarding extraterritorial mandates.

Our organizations and members recognize the well-meaning intent of due diligence and efforts to drive operational improvements. Under the current CSDDD framework, however, American businesses will be held legally liable under EU standards for environmental and human rights obligations across their entire global supply chains. The mandates extend well beyond traditional "due diligence" into actual, complex mitigation. The CSDDD's compliance requirements will extend deep into supplier – even franchise – networks, triggering potential compliance and administrative burdens across U.S. small and medium-sized enterprises that have no direct relationship or interaction with European regulators. A recent report estimates that the EU's CSRD and the CSDDD "will likely cost America *more than $1 trillion in measurable costs*, and *quite likely much more in immeasurable costs*, and that "[m]easurable one-time *costs of implementation of supply chain compliance for [CSDDD] are nearly $1 trillion or more*."[1] U.S. legal frameworks will also be effectively subordinated to EU jurisdiction – a breach of sovereignty that would impose the requirements of multiple international agreements and conventions on American businesses *without U.S. government assent*.

[1] Harold Furchtgott-Roth, *The European Union's CSRD and CS3D: The Invisible Threats to the United States*, October 2025, pp. 2-3

The next procedural stages of EU action will be decisive. On October 22, the European Parliament rejected a motion to bypass a Parliament plenary vote on the Omnibus proposal, opening the door for negotiations and further amendments to the Parliament's position on CSDDD. The plenary vote is now scheduled for November 12, after which the trilogues between the Commission, Council, and Parliament will begin to negotiate a final Omnibus text. This is a critical moment to emphasize the expressed concerns with CSDDD. After the co-legislators adopt a final text following the trilogue, EU member states will commence transposition of the modified CSDDD into national law over the next 18–24 months. This would complicate reversal and make any additional modification extremely difficult.

Congress has already recognized the gravity of this threat. U.S. Sen. Bill Hagerty (R-TN) and Rep. Scott Fitzgerald (R-WI) have introduced, respectively, S. 985 and H.R. 4279, the "Prevent Regulatory Overreach from Turning Essential Companies into Targets (PROTECT USA) Act of 2025. Congress' interest in curtailing foreign intrusion into our regulatory system is telling, and such a legislative approach is not without firm bipartisan precedent.

The window for engagement and legislative action in the EU is fast closing. We hope the administration will continue to engage with Brussels and EU member-state governments to underscore that the current proposals to revise the CSDDD address neither concerns raised by the U.S. business community nor the U.S. government, and that the United States will take measures to protect American companies.

If 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 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.

Our organizations and our members understand the CSDDD's adverse implications, and we stand ready to assist, frame, and communicate a U.S. response strategy before the EU advances the CSDDD into force. Again, we are grateful for your support thus far, and hope that your future engagements with European policymakers will underscore the urgency behind requests for additional modification of the pending omnibus legislation to remove its extraterritorial provision and preserve U.S. regulatory sovereignty.

The U.S. should not permit the EU to export its own self-imposed regulatory burdens to help shore up its own competitiveness. We should be a model for other nations' systems, not a target.

Sincerely,

American Council for Capital Formation

U.S. Chamber of Commerce

National Association of Manufacturers

Small Business and Entrepreneurship Council

International Franchise Association