



United States House of Representatives
One Hundred Nineteenth Congress
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

September 30, 2025

Ambassador Jamieson Greer
Office of the U.S. Trade Representative
600 17th Street NW
Washington, DC 20508

Dear Ambassador Greer,

We congratulate you, and the Trump Administration, on your recent efforts to facilitate a Framework on an Agreement on Reciprocal, Fair, and Balanced Trade Framework Agreement (the “Framework Agreement”) with the European Union (“EU”).¹ As part of that Framework Agreement, we understand that the EU has committed to ensure that its Corporate Sustainability Reporting Directive (“CSRD”) and the Corporate Sustainability Due Diligence Directive (“CSDDD”) no longer “pose undue restrictions on transatlantic trade.”² Accordingly, we write to reiterate our concerns with these Directives, including the significant risks they pose to economic competitiveness and prosperity. We urge you to support efforts to indefinitely pause these significant non-tariff barriers during your continued engagement with the EU.

As you know, the CSRD and the CSDDD primarily aim to provide sustainability and corporate social responsibility information to investors. CSRD advances that goal by imposing a misguided “double materiality” reporting standard, requiring in-scope companies “to disclose information on what they see as the risks and opportunities arising from social and environmental issues, and on the impact of their activities on people and the environment.”³ These reporting standards deviate from well-established principles of financial materiality, instead mandating that companies disclose normative information that investors may not find relevant or important when making investment and voting decisions. If left unchanged, the very investors that disclosures are meant to protect will ultimately bear the cost of requiring roughly 3,000 American companies to report 1,200 data points under the CSRD.⁴

¹Joint Statement on a United States-European Union framework on an agreement on reciprocal, fair and balanced trade (Aug. 21, 2025), *available at* https://policy.trade.ec.europa.eu/news/joint-statement-united-states-european-union-framework-agreement-reciprocal-fair-and-balanced-trade-2025-08-21_en.

² *Id.*

³ European Comm’n, *Corporate sustainability reporting*, https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en (last visited Aug. 20, 2025).

⁴ Dieter Holger, *At Least 10,000 Foreign Companies to Be Hit by EU Sustainability Rules*, Wall Street J., <https://www.wsj.com/articles/at-least-10-000-foreign-companies-to-be-hit-by-eu-sustainability-rules-307a1406> (last visited Aug. 20, 2025).

CSDDD will similarly harm businesses across the globe, provided they have sufficient touchpoints in the EU. CSDDD requires in-scope companies to identify, mitigate, and eliminate human rights and environmental abuses upstream and downstream in their supply chains. These requirements are unduly burdensome, if not impossible, to comply with. They also risk impairing the EU's competitiveness—not just the competitiveness of companies affected by CSDDD—as global businesses flee the EU to avoid sanctions for allegedly failing to mitigate and eliminate vaguely defined environmental or human rights abuse.

Importantly, the Directives generally apply based on a company's net turnover in the EU, posing additional burdens on privately held companies in the US. For example, CSRD requires privately held companies to report data points that would expose material information related to their business models (including to their competitors). This would create another barrier, discouraging companies from transacting in the EU.

Finally, the significant civil liability and litigation risks resulting from these Directives cannot be overstated. For example, in-scope companies face liability for their failure to adopt and progress toward "Net Zero Transition Plans," which are much more dependent on available technology than a company's own sustainability actions.⁵ They also allow Americans to sue in foreign court to influence domestic labor and corporate practices that are legal in the US. This has already occurred, with the United Auto Workers recently suing Mercedes Benz under German law for activity at an Alabama manufacturing plant that is legal under US law.⁶ Such extraterritorial judicial reach is a direct threat to U.S. sovereignty.

Congressional Republicans have repeatedly raised concerns regarding CSRD and CSDDD, including in a joint letter led by House Financial Services Committee Chairman French Hill and Senate Banking Committee Chairman Tim Scott in February 2025,⁷ a bicameral letter led by Senator Bill Hagerty and Congressman Andy Barr in September 2024,⁸ a letter from Financial Services Committee Republicans in June 2023,⁹ and a letter from Chairman Scott and House Committee on Oversight & Accountability Chairman James Comer in June 2023.¹⁰

⁵ These Transition Plans incorporate Scope 1, 2, and 3 emissions by requiring companies to measure Scope 1 (direct emissions from company-owned sources), Scope 2 (indirect emissions from purchased electricity), and Scope 3 (all other indirect value chain emissions) to reach net zero.

⁶ UAW, *UAW Files Charges in Germany Against Mercedes-Benz: Company's Anti-Union Campaign Against U.S. Autoworkers Violates New German Law on Global Supply Chain Practices* (Apr. 3, 2024), <https://uaw.org/uaw-files-charges-in-germany-against-mercedes-benz-companys-anti-union-campaign-against-u-s-autoworkers-violates-new-german-law-on-global-supply-chain-practices/>.

⁷ Letter from Rep. French Hill, Chairman, H. Comm. on Fin. Servs., et al., to Hon. Scott Bessent, Sec'y, U.S. Dep't of the Treasury, & Kevin Hassett, Dir., Nat'l Econ. Council (Feb. 26, 2025), https://www.banking.senate.gov/imo/media/doc/csddd_letter_to_treasury-nec_draft_22525_zg.pdf.pdf.

⁸ Letter from Rep. Andy Barr & Sen. Bill Hagerty to Hon. Janet Yellen, Sec'y, U.S. Dep't of the Treasury (Sept. 27, 2024), https://barr.house.gov/_cache/files/2/b/2bc2222e-4a78-4d44-9741-246ceeffea84f/31C6BBC97612F0FD16EB13EC99A252C4.barr-hagerty-final-letter-to-yellen.pdf.

⁹ Letter from Rep. French Hill, et al., to Hon. Janet Yellen, Sec'y, U.S. Dep't of the Treasury (June 13, 2023), <https://files.constantcontact.com/27ea5431901/788314cf-3f39-4897-9608-f05a29a65588.pdf>.

¹⁰ Letter from Sen. Tim Scott, Chairman, S. Comm. on Banking, Hous., and Urb. Affs., et al., to Hon. Janet Yellen, Sec'y of the Treasury (June 5, 2023), https://www.banking.senate.gov/imo/media/doc/letter_to_treasury_on_csrd_cs3d.pdf.

Moreover, even former Treasury Secretary Janet Yellen expressed concerns about the impact of the CSDDD to U.S. business activity. In her June 2023 testimony before the House Financial Services Committee, Secretary Yellen said the Biden administration was “concerned that it has extraterritorial scope and potential for unintended negative consequences for U.S. firms.”¹¹ That potential is real, concerning, and deserves to be extinguished.

We appreciate your continued attention to this matter. As you continue to engage with the EU on non-tariff trade barriers, we ask that support efforts to indefinitely pause these significant non-trade barriers, highlighting their potential to discourage transatlantic economic cooperation and invite extraterritorial threats to U.S. sovereignty.

Thank you for your attention to this matter.

Sincerely,



French Hill
Chairman
House Committee on Financial Services



Tim Scott
Chairman
Senate Committee on Banking, Housing,
and Urban Affairs

cc: The Honorable Maxine Waters, Ranking Member, House Committee on Financial Services
The Honorable Elizabeth Warren, Ranking Member, Senate Committee on Banking, Housing, and Urban Affairs
The Honorable Scott Bessent, Secretary, Department of the Treasury
The Honorable Howard Lutnick, Secretary, Department of Commerce
The Honorable Paul Atkins, Chairman, Securities and Exchange Commission
Dr. Kevin Hassett, Director, National Economic Council

¹¹ H. Comm. on Fin. Servs., *The Annual Testimony of the Secretary of the Treasury on the State of the International Financial System*, H. Comm. on Fin. Servs., 118th Cong. (June 13, 2023), <https://www.congress.gov/event/118th-congress/house-event/LC72660/text>.