



April 21, 2025

The Honorable Scott Bessent
Secretary of Treasury
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Kevin Hassett
Director
National Economic Council
1600 Pennsylvania Ave, NW
Washington, DC 20500

Re: Extraterritorial Overreach of European Union's Corporate Sustainability Due Diligence Directive

Dear Secretary Bessent and Director Hassett:

We are writing to express serious concerns about the European Union's ("EU") new Corporate Sustainability Due Diligence Directive ("CS3D" or "Directive") and to request that the Trump administration urge the EU to refocus application of CS3D exclusively on the European marketplace.

As written, CS3D will require all companies that generate €450 million in turnover in the EU to meet overly prescriptive human rights and environmental due diligence requirements that conflict with U.S. federal and state laws. CS3D will require covered U.S. companies to establish corporate policies in line with European principles of corporate governance; set environmental transition plans that may conflict with U.S. corporate law; and will subject U.S. companies to an enforcement and liability regime that will significantly increase their liability and reputational risk. Extraterritorial application of CS3D to U.S. companies would undermine U.S. sovereignty and authority to regulate its own market.

The Directive employs extraterritorial application in a manner contradictory to Europe's own statutory principles. The EU Blocking Statute was adopted in November 1996 to protect EU companies engaged in international trade and other commercial activities from the extraterritorial application of legislation and regulation adopted by non-EU countries. Recital 7 of the Blocking Statute states that legal instruments with an extraterritorial effect on EU companies "violate international law" and "impede the attainment" of achieving international trade objectives.¹ The EU's position on

¹ See: Council Regulation (EC) No 2271/96 of 22 November 1996 protecting against the effects of the extra-territorial application of legislation adopted by a third country, and actions based thereon and resulting therefrom. Recital 7: "Whereas by their extra-territorial application such laws, regulations and other legislative instruments violate international law and impede the attainment of the aforementioned objectives." Available at: [Regulation - 2271/96 - EN - EUR-Lex](#)

extraterritorial application of laws from non-EU countries was reaffirmed as recently as November 2022: "... (A)s a matter of principle, the EU does not recognize the extraterritorial application of laws adopted by third countries and considers such effects to be contrary to international law."²

Members of Congress have recognized this contradiction and have proposed specific recommendations to reduce the scope of CS3D.³ Senator Bill Hagerty has also introduced legislation that would prevent certain U.S. companies from complying with CS3D or similar global measures.⁴ We urge the Administration to highlight this paradox in conversations with European policymakers.

Reciprocal access to markets is crucial for both the U.S. and EU. U.S. laws and regulations have consistently created exemptions to accommodate European access to the U.S. market,⁵ and it is reasonable to expect that EU laws would provide exemptions to accommodate U.S. access to the EU market. Both jurisdictions must maintain sovereignty over the rules and regulations that govern their respective marketplaces.

We ask that the Administration urge the EU to limit application of CS3D to the European market.

Sincerely,



Tom Quaadman
Senior Vice President

² See: European Commission: "Frequently asked questions: Restrictive measures (sanctions)." Available at: [QANDA_22_1401_EN.pdf](#)

³ See: Letter from leadership of the Senate Banking Committee & House Financial Services Committee, February 2025: [Representatives Hill, Wagner, Barr and Senators Scott, Hagerty Express Concerns with the European Union's Corporate Sustainability Due Diligence Directive | U.S. House Committee on Financial Services](#)

⁴ See: [S.985 - 119th Congress \(2025-2026\): PROTECT USA Act of 2025 | Congress.gov | Library of Congress](#)

⁵ See: U.S. Securities and Exchange Commission ("SEC"): "Accessing the U.S. Capital Markets – A Brief Overview for Foreign Private Issuers." February 2013. Available at: [Information about Foreign Issuers - Division of Corporation Finance](#). E.g. Foreign Private Issuers ("FPIs") are permitted to report financial statements in International Financial Reporting Standards ("IFRS") instead of U.S. Generally Accepted Accounting Principles ("U.S. GAAP"). FPIs are exempt from: proxy rules under Rule 3a12-3(b) of the Exchange Act; Filing beneficial ownership reports and are not subject to short-swing trading rules under 16(b) of the Exchange Act; Disclosure requirements of Regulation FD. Further, FPIs are permitted to register and file on separate forms with the SEC. These examples demonstrate how the U.S. has approached regulation to ease burdens on European companies that wish to access U.S. capital markets.

Economic Policy
U.S. Chamber of Commerce