

Defending American Sovereignty

Opposing the EU's Overreach Through the CSDDD

We, the undersigned organizations, write to express our deep concerns regarding the European Union's (EU) recently enacted Corporate Sustainability Due Diligence Directive (CSDDD).¹ This radical law threatens to undermine American economic interests, impose foreign ideological mandates on U.S. businesses, and erode national sovereignty.

If allowed to proceed unchecked, this directive will exert significant influence over the U.S. economy. The CSDDD is designed to impose sweeping ESG obligations on large companies worldwide, regardless of whether they are based in the European Union. Under the directive, covered businesses must adhere to a set of ESG-focused compliance measures, many of which are aligned with political and ideological objectives that have not been approved by U.S. lawmakers.

The CSDDD directly applies to companies headquartered in the European Union with a minimum of 1,000 employees and global revenue exceeding €450 million (about \$475 million). However, it also captures non-EU businesses, including those from the United States, if they generate €450 million or more in revenue from the EU market.²

Not only will many large U.S. businesses be forced under the CSDDD to adjust their internal operations to comply with these mandates, but they will also be required to ensure that their suppliers and business partners—no matter where they are based or the size of their operations—adhere to many of the same restrictive ESG standards.³

The CSDDD's myriad climate and energy provisions would effectively destroy many conventional energy industries and require an economy-wide transition to more expensive, less reliable forms of energy, such as wind and solar. It directly binds U.S. companies to the objectives of the Paris Climate Agreement and other climate-focused international agreements. This part of the CSDDD alone would drive up costs for nearly all U.S. products and services.⁴

Moreover, the CSDDD strengthens labor union power and requires adherence to various binding agreements from the European Union and United Nations, which will further encroach upon the ability of U.S. businesses to operate independently. It also mandates that covered companies comply with vague and sweeping social justice requirements.

The directive includes many other stipulations that expand beyond traditional ESG goals. For instance, the CSDDD contains a provision requiring companies to regulate and restrict information deemed to be "disinformation," opening the door for severe censorship.

1 To read the full law, see: "Directive (EU) 2024/1760 of the European Parliament and of the council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859," *Official Journal of the European Union*, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32024L1760>

2 CSDDD, Article 2.

3 CSDDD, Article 3.

4 Most of these ESG goals—both specific and broad—are discussed within the "preamble" to the CSDDD, which contains 99 separate provisions.

Failure to adhere to these burdensome, authoritarian mandates will result in crippling penalties, including fines of up to 5 percent of a company's net worldwide turnover.^{5,6} Even more troubling, the law allows activist organizations and private individuals to sue companies for alleged violations,⁷ creating a legal minefield that could financially devastate businesses of all sizes.

Many of America's most prominent companies—including Amazon, Apple, Cargill, Google, Ford, McDonald's, Meta, Microsoft, and Sysco Foods—will be directly affected by the CSDDD, along with hundreds of other large U.S. businesses. Yet, as noted earlier, the directive will not only apply to large multinational companies—the CSDDD forces directly covered companies to enforce the same ESG mandates on nearly all their business partners and suppliers.

As a result, thousands of small and medium-sized American businesses will be forced to comply with CSDDD standards as well, regardless of whether they do business in the European Union or how much revenue they generate. This will affect industries across all sectors, including agriculture, energy development, logistics, manufacturing, and many others.

It is imperative that the United States push back against this egregious regulatory overstep. The attempt to enforce European ESG mandates on U.S. companies is a direct assault on America's national sovereignty, as is the attempt to force U.S. companies to abide by dozens of international agreements the United States has not signed or ratified.

American policymakers must take decisive action to protect U.S. businesses from the destructive influence of foreign ESG mandates that serve political interests rather than economic well-being.

We urge Congress and the Trump administration to take immediate steps to counter the CSDDD's implementation. This includes, if necessary, imposing retaliatory trade policies that punish EU nations for eroding America's sovereignty, freedoms, and prosperity. Congress and the Trump administration have the responsibility to safeguard American industry and citizens from coercive ESG mandates that will stifle innovation, increase costs, and erode liberties.

We, the undersigned organizations, stand united in opposition to the Corporate Sustainability Due Diligence Directive and call on you to act swiftly to protect U.S. businesses, American values, and national sovereignty from this unacceptable encroachment.

Sincerely,
James Taylor
President
The Heartland Institute

[Additional Signatures from Coalition Members]

5 In the European Union, net worldwide turnover is similar, but not identical, to business revenue.

6 CSDDD, Article 27.

7 CSDDD, Article 29.