

CS3D'S SEVERE CONSEQUENCES FOR TEXAS AND THE AMERICAN ECONOMY

BARON

JANUARY 2026

The European Union's Corporate Sustainability Due Diligence Directive (CS3D) grants the EU regulatory power over American companies. The law's extraterritoriality requires American companies to abide by European regulations – even for operations on American soil.¹

After significant pushback both within and outside the EU, legislators agreed to modify the text in December 2025.² Although the EU has characterized the updated law as significantly less costly and burdensome, a close analysis reveals that this new version of CS3D only reduced projected costs by around one-third.

A new [economic study](#) titled “The EU’s December 2025 Changes to CS3D: Quantifying Costs to U.S. Industry” concluded that even after recent changes, the regulation will still impose costs in the range of one trillion dollars on the U.S. economy, directly threatening American businesses and workers.³

1. A trillion-dollar problem. Even with revisions, CS3D will impose trillion-dollar costs on U.S. companies.

- One-time costs alone to implement CS3D compliance range between \$637 billion to \$1.1 trillion.
- Estimates for recurring annual costs range from several billions to hundreds of billions.
- To put this into perspective, the annual cost of all federal regulations in 2022 was \$3.1 trillion.

2. CS3D undermines American sovereignty. With CS3D, regulations not approved by Congress govern many American companies, including for activity in the United States. The American people are denied a voice in this process.

3. At the national level, CS3D will lead to job losses and higher prices. CS3D will eliminate between 680,000 to 865,000 U.S. jobs across five major economic sectors – agriculture, mining and energy, manufacturing, IT and tech, and finance. For perspective, this represents 9-12% of the 7.5 million unemployed Americans (as of January 2026). By distorting markets and raising costs, CS3D will reduce competition, stifle innovation, and ultimately raise prices for U.S. consumers.

4. Worker pay losses under CS3D are large and economy-wide. One-time losses to worker pay could exceed \$75 billion. Annual losses to total U.S. worker pay range from \$75 billion to \$95 billion.

5. CS3D's costs jeopardize Texas's economy. One-time costs of complying with CS3D approach \$69 billion, and more than \$1 trillion in revenue is threatened by CS3D.

6. CS3D endangers Texas industry. In Texas's manufacturing sector, one-time compliance costs are forecast to be \$26 billion, and annual recurring costs to the sector will range from \$231 million to \$12 billion.

7. CS3D's labor shock will impact Texas. Implementation of CS3D could cost Texas over 63,500 jobs. That is equivalent to raising the state unemployment rate by 0.4% without consideration of subsequent recurring job losses.

8. Texas would suffer significant payroll losses. Total losses to Texas worker pay could exceed \$6 billion. Annual losses subsequently to Texas worker pay could range from \$57 million to \$3 billion. Combined with one-time losses, this would be equivalent to a near-term 0.5% decrease and a long-term 0.6% decrease in the statewide payroll.

9. For Texas's small businesses, CS3D is existential. In total, there are over 490,000 Texas small businesses in the industries most at risk to CS3D: agriculture, mining and energy, manufacturing, IT and tech, and finance. Small businesses are particularly vulnerable to CS3D because they lack the resources to address new and complicated regulations. For many, complying will not be financially viable.

CS3D IMPACTS ON TEXAS

63,500+ Jobs at Risk

\$1 Trillion+ Revenue at Risk

\$6 Billion+ Wages Lost

490,000+ Small Businesses Impacted

\$26 Billion in Costs for Texas's Manufacturing Sector

Endnotes

1 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 (OJ L 1760, 5 July 2024), Official Journal of the European Union, <https://eur-lex.europa.eu/eli/dir/2024/1760/oj/eng>.

2 European Commission, “Commission Welcomes Political Agreement on Omnibus I Package,” European Commission Press Corner, December 8, 2025, https://ec.europa.eu/commission/presscorner/detail/en/ip_25_2981.

3 Harold Furchtgott-Roth, “The EU’s December 2025 Changes to CS3D: Quantifying Costs to U.S. Industry,” SSRN, January 12, 2026, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=6065548.