

4

# Trade and Investment Synergies

The transatlantic economy is strong because Europe and the United States are each other's major source and destination of trade and investment. Trade and investment should not be viewed independently – they are interrelated and can be synergistic. Companies deliver goods and services across the Atlantic both via trade and through the sales of their foreign subsidiaries, and their foreign subsidiaries are themselves major exporters and importers. These avenues are more complements than substitutes. Foreign direct investments that generate foreign affiliate sales also increasingly drive transatlantic trade.

As shown in Table 1, a great deal of transatlantic trade is considered intra-firm or related-party trade, which is cross-border trade that stays within the ambit of the company. Most global supply chains are constructed around this model.

Table 1. Related-Party Trade, 2023

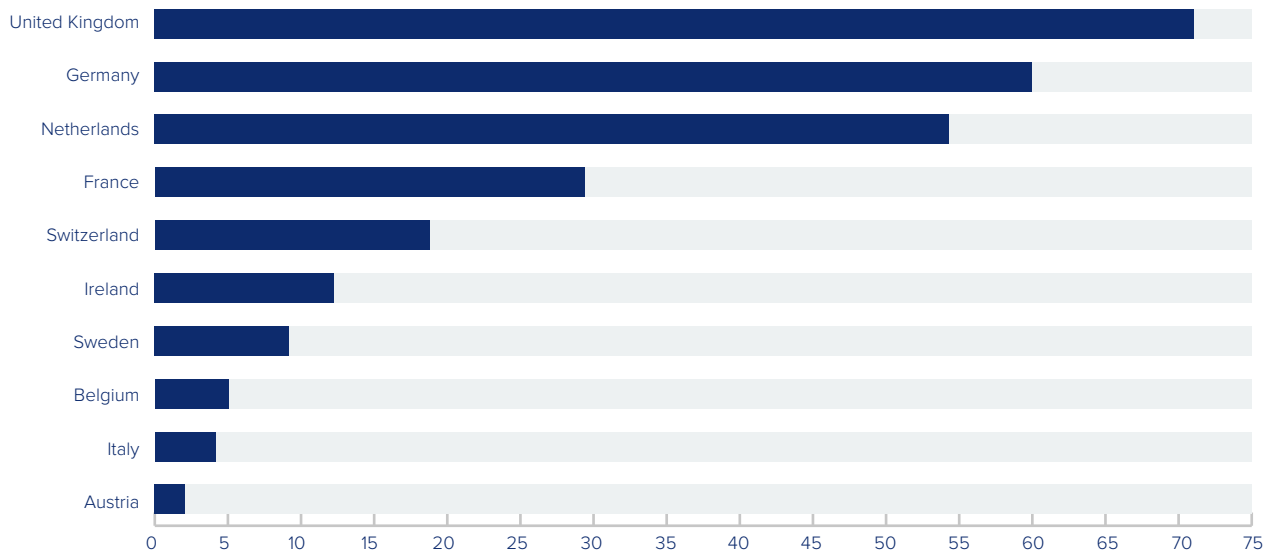
Country	U.S. Imports: "Related Party Trade" (% of total)	U.S. Exports: "Related Party Trade" (% of total)
EU+UK	64	41
Germany	68	40
France	51	31
Ireland	90	33
Netherlands	68	56
UK	54	32

Source: U.S. Census Bureau.  
Data as of July 2024.

BMW of Germany, for instance, sends engines and front bumper assemblies from its plant in Munich to its factory in Spartanburg, South Carolina, which is bigger than its plant in Munich. U.S. workers then install those components into a shiny new BMW Made in the U.S.A, which is exported to 120 markets in the world – making BMW America's largest car exporter by value, a position it has held for a decade. Many European and U.S. parent companies exchange parts, components and services in similar ways with their in-company subsidiaries across the Atlantic.

The tight linkages between European parent companies and their U.S. affiliates are reflected in the fact that nearly two-thirds (64%) of U.S. imports from the EU+UK consisted of intra-firm trade in 2023, the last year of available data. That is much higher than intra-firm imports from Asia (estimated 40%) and the well above the global average (48%). The percentage was even higher in the case of Ireland (90%), as well as Germany and the Netherlands (68% each). Meanwhile, 41% of U.S. exports to the EU+UK in 2023 represented intra-firm trade; the level for U.S. exports to the Netherlands was much higher (56%).

BMW is a good example of how a European company uses its investment in the United States to export its products around the world. Billions of dollars in U.S. exports to the world are generated by European companies based in the United States (Table 2). UK enterprises operating in the United States accounted for over \$70 billion in U.S. exports in 2022, the last year of available data. German firms generated \$60 billion in U.S. exports and Dutch companies another \$55 billion. In other words, U.S. exports to the world are not just generated by U.S.-owned companies; European firms are major exporters of goods and services made in the U.S.A. In any given year, foreign affiliates based in the U.S. typically account for around one-quarter of total U.S. merchandise trade exports.

**Table 2. U.S. Exports of Goods Shipped by European Companies Operating in the United States (\$Billions)**

Source: U.S. Bureau of Economic Analysis.  
Data for 2022.

U.S. companies based in Europe operate in much the same way. Table 3 depicts U.S. affiliate sales from a given country to other destinations, or how much U.S. affiliates based in other countries export from those countries to other markets around the world. Ten of the top twenty global export platforms for U.S. firms in the world are in Europe, a dynamic that reflects Europe's intense cross-border trade and investment linkages and the strategic way U.S. firms leverage their European supply chains. Ireland is the second largest export platform for U.S. companies in the world, trailing only Singapore. Following Ireland are Switzerland, the UK, Belgium, the Netherlands and Germany.

In short, deep U.S. and European investment ties in each other's market are another conduit for trade. The synergistic relationship between trade and investment is another way in which the two sides of the North Atlantic remain deeply intertwined and embedded in each other's markets. This is not likely to change any time soon, given that shareholders and stakeholders on both sides of the pond directly benefit from deep transatlantic integration.

**A great deal of transatlantic trade is considered intra-firm or related-party trade, which is cross-border trade that stays within the ambit of the company.**

**Table 3. Global Export Platforms for U.S. Multinationals** (U.S. Affiliate Sales From Abroad to Other Destinations\*) (\$Millions)

Rank	1982		1990		2000		2022	
	Country	Value	Country	Value	Country	Value	Country	Value
1	United Kingdom	33,500	United Kingdom	51,350	United Kingdom	94,712	Singapore	503,917
2	Switzerland	27,712	Canada	46,933	Canada	94,296	Ireland	442,793
3	Canada	25,169	Germany	41,853	Germany	69,522	Switzerland	311,928
4	Germany	19,117	Switzerland	38,937	Netherlands	67,852	United Kingdom	276,864
5	Netherlands	15,224	Netherlands	33,285	Singapore	56,961	Belgium	187,125
6	Belgium	11,924	France	24,782	Switzerland	56,562	Netherlands	162,494
7	Singapore	11,579	Belgium	21,359	Ireland	51,139	Germany	131,643
8	France	11,255	Singapore	15,074	Mexico	37,407	Mexico	121,131
9	Indonesia	8,289	Hong Kong	9,951	France	35,797	Hong Kong	113,860
10	Hong Kong	4,474	Italy	9,562	Belgium	32,010	China	96,220
11	Italy	3,993	Ireland	9,469	Hong Kong	22,470	France	56,937
12	Australia	3,710	Spain	7,179	Malaysia	16,013	India	49,670
13	Ireland	2,842	Japan	7,066	Sweden	15,736	Brazil	47,054
14	United Arab Emirates	2,610	Australia	6,336	Italy	14,370	Australia	46,363
15	Brazil	2,325	Mexico	5,869	Spain	12,928	Malaysia	43,475
16	Japan	2,248	Indonesia	5,431	Japan	11,845	Thailand	27,041
17	Malaysia	2,046	Brazil	3,803	Australia	9,370	Italy	25,921
18	Panama	1,662	Norway	3,565	Brazil	8,987	Spain	24,994
19	Spain	1,635	Malaysia	3,559	China	7,831	Luxembourg	23,536
20	Mexico	1,158	Nigeria	2,641	Norway	6,238	South Korea	22,945
	All Country Total	252,274	All Country Total	398,873	All Country Total	857,907	All Country Total	3,370,804

Source: U.S. Bureau of Economic Analysis.

Data as of January 2025.

\*Destination = affiliate sales to third markets and sales to U.S. for majority-owned foreign affiliates.