2 THE TIES THAT BIND

the Transatlantic Economy

1. Trade in Goods

Transatlantic merchandise trade is the exchange of goods between the United States and Europe. Goods trade has become a standard shorthand for commercial connections between countries. When political leaders speak about trade, they usually are talking only about trade in goods. Charts about trade in the media usually depict just trade in goods. It is important to understand, however, that goods trade is just a subset of international commercial interactions, and often not the most valuable. It is important, though, so we begin here.

U.S. goods trade with Europe broadly defined was $1.46 trillion in 2025. Most of that consisted of U.S. goods trade with the EU+UK+Switzerland of $1.39 trillion.

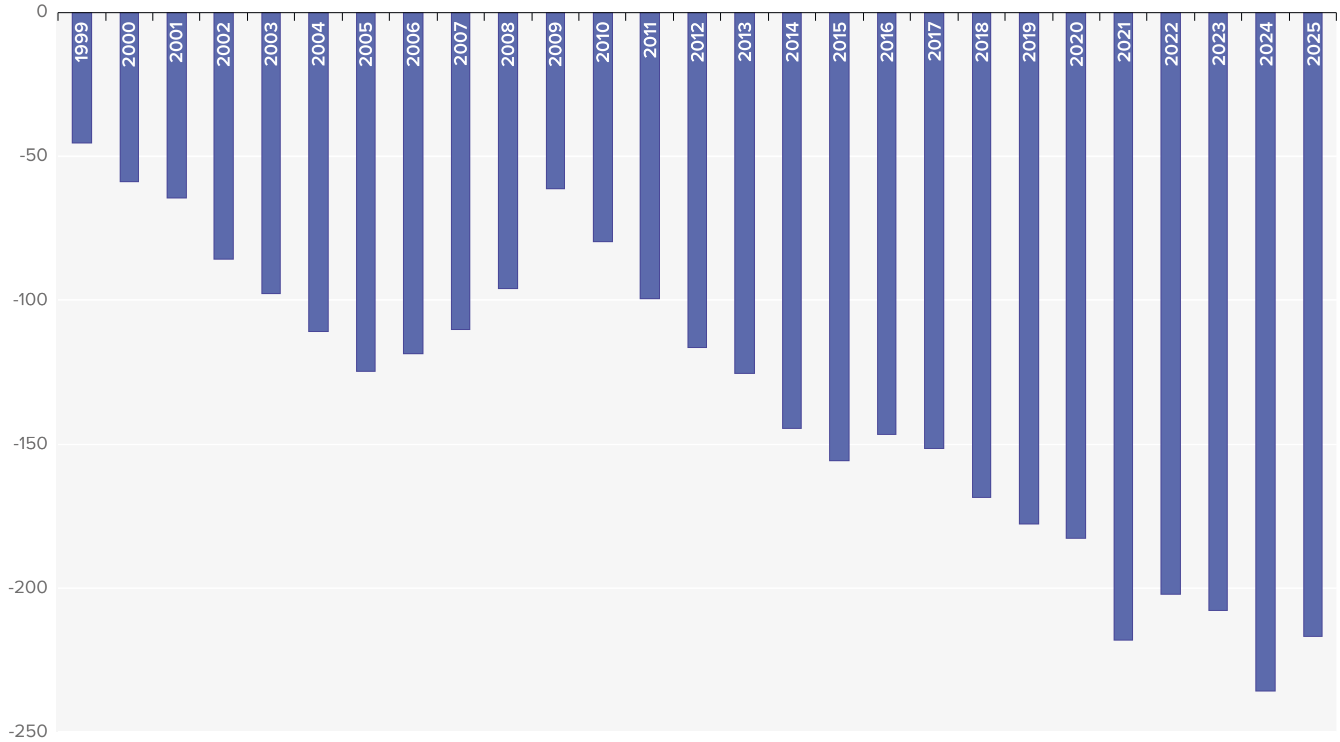
U.S.-EU goods trade reached a record high of $1.05 trillion in 2025.

The United States and the European Union are key partners for each other when it comes to international trade in goods. U.S.-EU goods trade reached a record high of $1.05 trillion in 2025. The U.S. exported $414 billion in goods to the EU and imported $633 billion. This generated a U.S. trade deficit in goods with the EU of $219 billion in 2025, about $17 billion (7%) less than its 2024 trade deficit of $236 billion (Table 1). The overall U.S. trade deficit is much lower, however, since the U.S. has a surplus in services trade with the EU. More on that in the next section.

Just two EU member states – Ireland and Germany – accounted for 86% of the U.S. goods trade deficit with the EU in 2025. Germany is America's leading European goods trading partner. Bilateral goods trade totaled $239 billion, 23% of overall U.S.-EU goods trade. The U.S. exported $83 billion in goods to Germany and imported $156 billion total, resulting in a U.S. goods trade deficit of $76 billion,

TABLE 1.

U.S. Merchandise Trade Balance with the EU ($Billions)



Source: United States Census Bureau.

34% of the U.S. goods trade deficit with the EU as a whole. U.S. goods trade with Ireland was also substantial at $153 billion. The U.S. goods trade deficit with Ireland of $115 billion was larger than that with Germany, and represented 52% of the overall U.S. goods trade deficit with the EU.

U.S. goods exports to Switzerland almost tripled to $72 billion and imports almost doubled to $106 billion from their 2024 levels. U.S. imports from Ireland ($134 billion) increased by about one-third over 2024 ($103 billion).

Among America's key European goods trading partners, the U.S. recorded goods trade surpluses with the Netherlands (+$60 billion), the UK (+$31 billion), Belgium (+$9 billion) and Spain (+$4 billion) (Table 2). The sizable trade surplus with the Netherlands represents surging U.S. LNG exports to Europe; the Netherlands is the largest single recipient of U.S. LNG in the world. Much of that is re-exported elsewhere within the EU.

U.S. goods trade with USMCA partners Canada and Mexico of $1.59 trillion in 2025 was 50% higher than U.S.-EU goods trade. The U.S. exported $337 billion to Canada and $338 billion to Mexico. It imported $383 billion from Canada and $535 billion from Mexico. The U.S. goods trade deficit with its USMCA partners of $243 billion was higher than its goods trade deficit with the EU (Table 3).

China's rise as a global goods powerhouse can easily lead one to conclude that China is the main trading partner of the United States and the EU. This is not true. U.S.-EU goods trade in 2025 ($1.05 trillion) was 2.5 times larger than U.S.-China goods trade ($415 billion) and 24% higher than EU-China goods trade ($858 billion). The U.S. exported $106 billion in goods to China and imported $308 billion from China in 2025. This means that the U.S. goods trade deficit with China ($202 billion) was less than its goods trade deficit with the EU ($219 billion). The EU exported 2.8 times more goods to the United States than to China and imported 1.6 times more goods from China than from the United States. The EU imported $632 billion in goods from China and exported $226 billion to China in 2025, leaving an EU goods trade deficit with China of $406 billion.

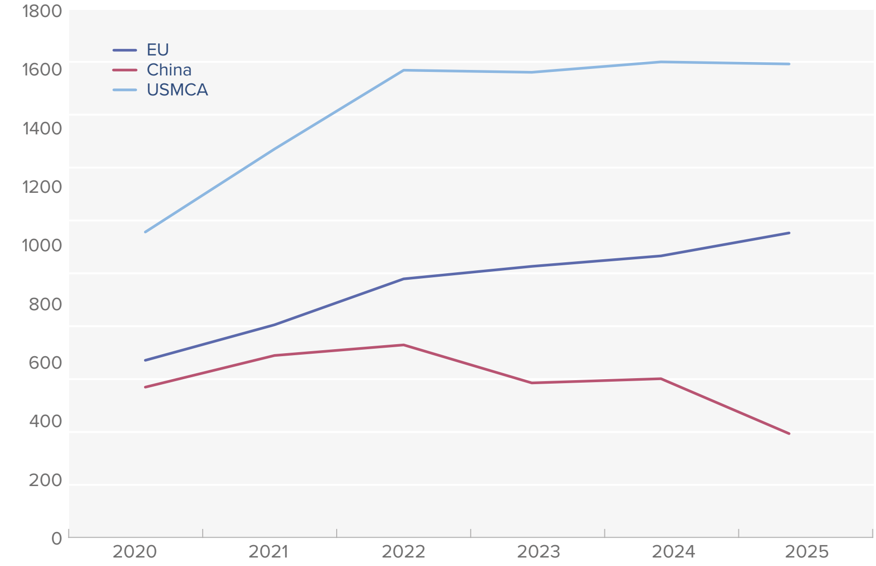
TABLE 2.
U.S. Goods Trade with Europe, 2025 ($Billions)

	U.S. Goods Exports	U.S. Goods Imports	Balance
European Union	**414.4**	**633.2**	**-230.2**
Austria	5.4	18	-12.6
Belgium	36.4	27.7	8.7
Bulgaria	1.1	1.5	-0.4
Croatia	0.8	1	-0.2
Cyprus	0.2	0.1	0.1
Czech Republic	4.4	8.4	-4
Denmark	4.6	12.4	-7.8
Estonia	0.4	1	-0.6
Finland	2.8	8.3	-5.5
France	50	69.2	-19.2
Germany	83.1	159.2	-76.1
Greece	2.5	2.4	0.1
Hungary	3.4	12	-8.6
Ireland	19.3	133.9	-114.6
Italy	43.7	76.4	-32.7
Latvia	0.5	0.7	-0.2
Lithuania	2.6	2	0.6
Luxembourg	1.4	1	0.4
Malta	0.7	0.3	0.4
Netherlands	95.6	35.8	59.8
Poland	14.2	14.5	-0.3
Portugal	2.7	6.5	-3.8
Romania	1.4	4	-2.6
Slovakia	1	6.7	-5.7
Slovenia	0.5	3.2	-2.7
Spain	26.1	22.1	4
Sweden	9.2	16.5	-7.3
Non-EU Europe			
Norway	4.6	6.9	-2.3
Switzerland	71.7	106.4	-34.7
Türkiye	20.4	17.5	+2.9
Ukraine	2.4	1.5	+0.9
United Kingdom	97	66	+31

Data as of February 2026. Source: U.S. Bureau of Economic Analysis.

TABLE 3.

Top U.S. Goods Trade Partners ($Billions)



Sources: U.S. Bureau of Economic Analysis.

EUROPE: A KEY GOODS TRADING PARTNER FOR THE 50 U.S. STATES

Europe is a key goods trading partner for every U.S. state. European countries serve as key export markets for many U.S. states, a dynamic that generates growth across the United States. European countries also supply a range of imports critical to U.S. domestic supply chains, helping to lower costs and expand choices for American companies and consumers. Table 4 ranks the top 20 U.S. states trading goods with Europe in 2024, the last year of available of full-year data. Texas easily ranked number one, followed by New York, California, Indiana, and New Jersey. Texas is also the top U.S. state exporter to Europe. In fact, Texas alone exports more goods to Europe than the UK, France, or Italy export to the United States – another sign of the important roles that energy and technological innovation play in the transatlantic economy. California, New York, Louisiana, and Indiana follow as top exporters. New Jersey is the number one U.S. state importer of goods from Europe, followed by Indiana, New York, Pennsylvania and Texas. Eight of the top 20 states enjoyed double-digit annual growth in trade with Europe over the sixteen years between 2009 and 2024, led notably by Indiana, whose trade with Europe is growing by an average 24% per year.

TABLE 4.

Top 20 U.S. States Total Goods Trade with Europe, 2024 ($Billions)

U.S. State	Total	Exports	Imports	% Change of Total	
				from 2023	from 2009
Texas	151.1	102.7 (1)	48.4 (5)	3%	186%
New York	87.4	30.8 (3)	56.6 (3)	0%	93%
California	84.1	37 (2)	47.1	0%	79%
Indiana	78.5	19.8 (5)	58.7 (2)	24%	385%
New Jersey	73.8	13.5	60.3 (1)	4%	59%
Pennsylvania	63.9	14.9	49 (4)	17%	172%
Illinois	56.2	17.2	39	-5%	127%
North Carolina	54.7	11.5	43.2	18%	204%
Georgia	52.9	14.1	38.8	28%	140%
Kentucky	50.8	16.3	34.5	25%	310%
Florida	47.6	14.5	33.1	8%	137%
Tennessee	38.3	8.7	29.6	5%	177%
South Carolina	34.5	12	22.5	3%	107%
Louisiana	32.8	27.3 (4)	5.5	-12%	190%
Ohio	30.1	9.3	20.8	7%	80%
Massachusetts	29.7	14.8	14.9	-6%	56%
Puerto Rico	29	14.1	14.9	-5%	15%
Maryland	24.2	7.2	17	-7%	216%
Michigan	23	7.4	15.6	-6%	132%
Wisconsin	17.1	5.8	11.3	-11%	145%
U.S. Total	1,273.7	502.9	770.8	4%	116%

Parentheses denote top 5 state exporters to and importers from Europe. Source: Foreign Trade Division, U.S. Census Bureau. Data as of February 2026.

The United States exports 3.5 times more goods to Europe than to China (Table 5). Forty-eight of the fifty U.S. states exported more goods to Europe than to China. New York's goods exports to Europe of $30.8 billion were 10 times more than its exports to China of $3 billion. Florida exported nearly 9 times more and Texas 4.6 times, while the largest state in the union, the Pacific coast state of California, exported roughly twice the amount of goods to Europe than to China.

These figures underestimate Europe's importance as an export destination for U.S. states because they do not include U.S. state exports of services, which we discuss next.

U.S. GOODS EXPORTS TO EUROPE

3.5x

greater than goods exports to China

TABLE 5.

U.S. State Exports of Goods to Europe and China, 2024 ($Millions)

	Europe	China
Alabama	7,376	4,192
Alaska	1,330	1,514
Arizona	7,829	1,717
Arkansas	1,607	226
California	36,962	15,025
Colorado	2,377	759
Connecticut	6,800	1,456
Delaware	1,192	532
Florida	14,527	1,696
Georgia	14,111	3,055
Hawaii	55	20
Idaho	386	179
Illinois	17,238	4,711
Indiana	19,798	5,058
Iowa	2,783	927
Kansas	2,620	815
Kentucky	16,311	4,315
Louisiana	27,262	10,034
Maine	695	139
Maryland	7,233	1,169
Massachusetts	14,765	3,890
Michigan	7,419	2,063
Minnesota	5,093	2,006
Mississippi	2,376	591
Missouri	3,177	671
Montana	420	96
Nebraska	968	653
Nevada	2,793	889
New Hampshire	3,126	369
New Jersey	13,453	2,166
New Mexico	377	1,969
New York	30,841	2,958
North Carolina	11,466	5,920
North Dakota	292	36
Ohio	9,329	2,990
Oklahoma	2,096	215
Oregon	3,599	5,829
Pennsylvania	14,918	3,450
Rhode Island	1,367	125
South Carolina	12,005	3,417
South Dakota	215	153
Tennessee	8,676	3,550
Texas	102,724	22,486
Utah	10,576	1,143
Vermont	382	139
Virginia	6,723	1,376
Washington	8,091	11,874
West Virginia	1,064	443
Wisconsin	5,804	1,554
Wyoming	90	128
Total United States	**502,853**	**143,227**

Data as of January 2026. Source: U.S. Census Bureau, Foreign Trade Division.

2. Trade in Services

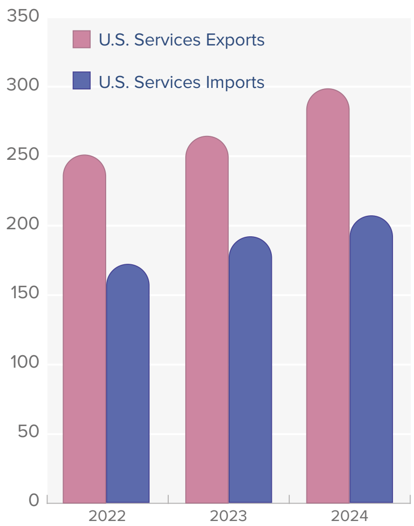
International commerce is more than just trade in goods. It also includes trade in services, which many politicians and pundits tend to ignore. Services account for a smaller share of global trade than goods but have been growing faster. Cross-border services are expected to expand at double the rate of global goods, reaching $11.7 trillion by 2032. This growth isn't limited to services-intensive sectors like finance, tourism, streaming media, and technology; digitally-driven services are increasingly embedded across many goods-producing industries as well.[1]

Cross-border services are expected to expand at double the rate of global goods, reaching $11.7 trillion by 2032.

More American and European jobs depend on services than on goods, and services are a competitive strength for the United States and the European Union – the two largest traders of services in the world. They are also each other's most important services trading partners and services markets. According to the BEA[2], U.S. total services trade with the EU totaled $500.9 billion in 2024, consisting of $294.7 billion in U.S. services exports to the EU (up 12.3% from 2023) and $206.1 billion in services imports (up 8.9% from 2023). The U.S. services trade surplus with the EU was $88.6 billion in 2024, a 20.9% increase ($15.3 billion) over 2023. The United States consistently runs services trade surpluses with the EU (Table 1).

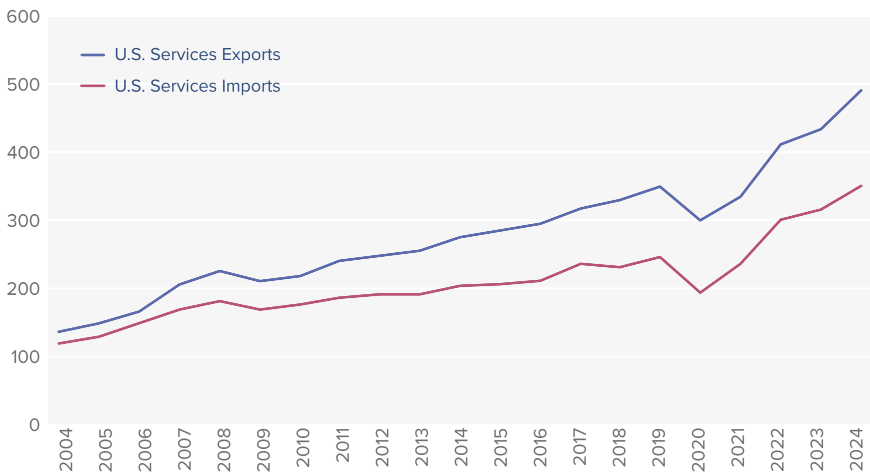
U.S. services trade with other European countries is also substantial. In terms of individual countries, the UK remains the largest market in the world for U.S. services exports and the largest source of U.S. services imports. U.S.-UK services trade, estimated at $192 billion in 2024, consisted of U.S. services exports of $99 billion (up 9% from 2023), and U.S. services imports of $93 billion (up 10% from 2023). The U.S. services trade surplus with the UK was $6 billion in 2024, a 1% decrease over 2023. U.S.-Switzerland services trade is also significant, estimated at $100 billion in 2024, consisting of U.S. services exports of $65 billion (up 15% from 2023) and U.S. services imports of $35 billion (up 4% from 2023). The U.S. services trade surplus was $30 billion, a 31% increase over 2023.

TABLE 1.
U.S. Services Trade with the EU ($Billions)



Source: U.S. Bureau of Economic Analysis.

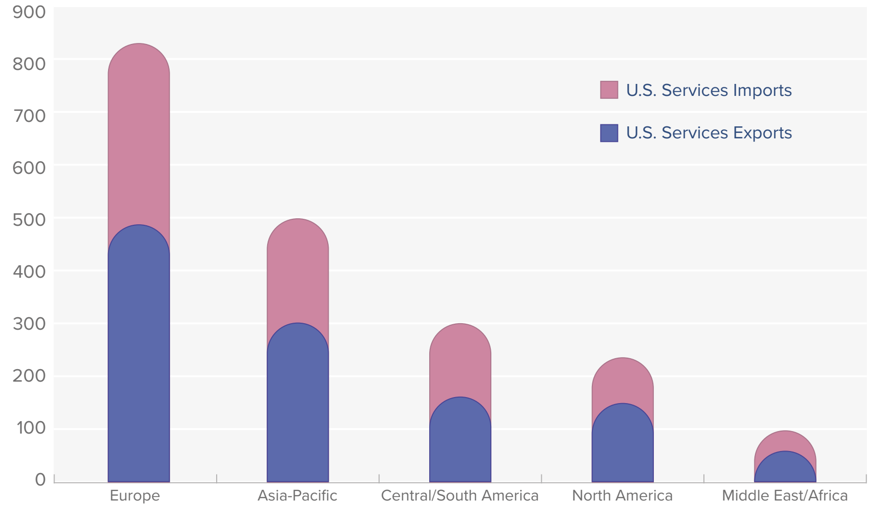
TABLE 2.
U.S. Services Trade with Europe ($Billions)



Source: U.S. Bureau of Economic Analysis.

TABLE 3.

U.S. Services Trade, by Region ($Billions)



2024. Source: U.S. Bureau of Economic Analysis.

In 2024, the last full year of comparable available data, U.S.-EU services trade totaled $500.9 billion. That was 6.5 times more than U.S.-China services trade of $76.9 billion and 4 times more than EU-China services trade of $121 billion[3]. Europe as a whole accounted for 42% of U.S. services trade globally in 2024. The EU accounted for 25%; Switzerland and other non-EU countries represented another 17%.

European countries accounted for four out of the top ten global export markets for U.S. services in 2024, the last year of complete data. The United Kingdom ranked first, followed by Ireland (3rd), Switzerland (4th) and Germany (8th). European states accounted for five of the top ten services providers to the U.S. in 2024. The UK ranked first, followed by Germany (4th), Switzerland (8th), France (9th) and Ireland (10th) (Table 5).

U.S. services trade with Europe was 1.7 times larger than U.S. trade with the Asia-Pacific region.

U.S. services trade with Europe was 1.7 times larger than U.S. trade with the Asia-Pacific region. U.S.-EU services trade was roughly equal to U.S. services trade with the Asia-Pacific region, double U.S. services trade with its USMCA partners Canada and Mexico, and 1.7 times larger than U.S. services trade with South and Central America and the Caribbean (Table 3).

The EU is highly dependent on U.S. imports in intellectual property charges (including trademark rights and licenses for computer software and patents), where 68% of EU imports came from the U.S. in 2023. It also relies on U.S. research and development services; the U.S. share of EU imports reached nearly 47% in 2023. The U.S. also relies considerably on the EU in these services categories. Around 50% of U.S. exports

TABLE 4.

Structure of U.S.-EU Services Trade

- Other business services **33%**
- Charges for the use of intellectual property **28%**
- Financial services **11%**
- Telecommunications, IT and information services **8%**
- Transport services **8%**
- Travel services **6%**
- Other services **6%**

- Other business services **24%**
- Transport services **18%**
- Travel services **15%**
- Telecommunications, IT and information services **14%**
- Other services **12%**
- Charges for the use of intellectual property **10%**
- Financial services **6%**

Share of services type in total U.S. exports to the EU and total EU exports to the U.S. in percent, 2023. Sources: OECD; WTO; Samira Sultain, "Dienstleistungshandel: Wo ist die EU stark, wo bestehen Abhängigkeiten?" Cologne: Institut der deutschen Wirtschaft, January 2026, https://www.iwkoeln.de/fileadmin/user_upload/Studien/Report/PDF/2026/IW-Report_2026-Dienstleistungshandel.pdf.

TABLE 5.

Top Markets for U.S. Services Trade ($Billions)

U.S. Services Exports

Rank	Total Services		Travel		Other Business		Financial		IP Charges		Transport		Telecom/ Information Services	
1	UK	99.4	China	24.3	Ireland	37.5	UK	24.3	Ireland	32.1	Canada	7.6	UK	11.5
2	Canada	90.3	India	23.5	Singapore	27.4	Canada	12.0	Switzer-land	27.8	UK	7.6	Canada	10.2
3	Ireland	83.3	Mexico	22.2	Switzerland	25.3	Luxem-bourg	8.2	Nether-lands	10.6	Japan	7.0	Germany	6.2
4	Switzer-land	64.7	Canada	21.8	UK	24.2	Ireland	7.2	China	7.8	Germany	6.9	Japan	5.4
5	China	55.0	UK	11.4	Canada	23.5	Japan	6.2	Canada	7.5	South Korea	5.1	Switzer-land	4.1
6	Mexico	50.4	Brazil	8.1	Nether-lands	13.8	Germany	5.0	Japan	6.8	China	5.0	Australia	4.0
7	Japan	49.4	South Korea	7.4	Japan	11.8	Australia	4.8	UK	6.3	Mexico	4.7	Brazil	3.6
8	Germany	45.0	Germany	6.3	Germany	11.6	Mexico	4.8	Brazil	5.3	France	4.6	France	3.1
9	India	41.8	Japan	6.0	Mexico	7.3	China	4.4	Mexico	5.1	Brazil	3.7	Singa-pore	3.0
10	Singapore	41.4	Australia	5.9	Denmark	6.4	Nether-lands	3.6	South Korea	4.7	Switzer-land	2.8	Ireland	2.8
	Total	**1,152.7**	Total	**213.8**	Total	**263.9**	Total	**194.5**	Total	**169.5**	Total	**102.2**	Total	**90.8**

U.S. Services Imports

Rank	Total Services		Travel		Other Business		Financial		IP Charges		Transport		Telecom/ Information Services	
1	UK	93.0	Mexico	26.3	UK	23.7	UK	19.9	Japan	10.6	Germany	11.9	India	16.8
2	Canada	57.0	Canada	12.1	India	16.9	Canada	4.7	Switzer-land	7.4	Japan	11.7	Canada	11.4
3	Bermuda	55.8	UK	11.6	Canada	13.0	France	3.3	Germany	5.9	UK	11.1	Ireland	8.6
4	Germany	47.6	Italy	10.6	Germany	11.4	Japan	2.8	UK	4.1	France	10.5	UK	6.3
5	Mexico	45.1	D.R.*	7.9	Ireland	10.5	Singapore	2.7	Ireland	3.1	Mexico	9.2	Japan	2.8
6	Japan	42.5	France	6.9	China	7.3	Hong Kong	2.6	France	2.9	Taiwan	8.9	Germany	2.0
7	India	41.6	Spain	6.4	Mexico	6.5	Germany	1.9	Nether-lands	2.4	Canada	8.6	Nether-lands	1.6
8	Switzer-land	35.0	Japan	5.0	Switzerland	6.2	Australia	1.5	Den-mark	2.4	China	7.7	Australia	1.4
9	France	31.6	Greece	4.3	Nether-lands	5.2	China	1.3	India	1.9	Switzer-land	6.8	Switzer-land	1.3
10	Ireland	29.9	Germany	4.1	France	5.1	Switzer-land	1.2	Sweden	1.8	South Korea	6.1	France	0.9
	Total	**840.9**	Total	**178.9**	Total	**159.7**	Total	**63.4**	Total	**54.0**	Total	**154.7**	Total	**72.6**

Data as of February 2026. *D.R. refers to the Dominican Republic.
Source: U.S. Bureau of Economic Analysis.

of intellectual property charges and 46% of R&D services go to the EU. In fact, the EU's role as an indispensable market for U.S. tech companies has been growing, not weakening. These mutual gains underscore that any escalation of trade conflicts into services would entail significant losses for both sides[4].

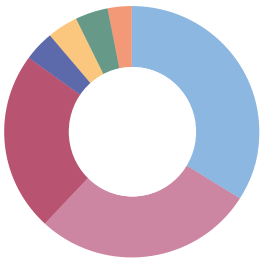
Most jobs in the United States and in European economies are tied to services.

In the previous chapter we depicted U.S. state goods trade with the EU. Those figures, already sizable for several U.S. states, underestimate the EU's importance as an export destination for U.S. states because they do not include U.S. state exports of services. The same is true of EU member state goods trade with the United States. Both are incomplete. Services trade represents a significant additional source of jobs and income for U.S. and European workers. Most jobs in the United States and in European economies are tied to services. Comparable, up-to-date state-by-state data for jobs related to services trade is unavailable. If services exports were added to goods services exports by state, suffice it to say that the European market becomes even more important to the United States. The same is true for America's importance for each of the EU's 27 member states and to services-intensive economies like the UK and Switzerland.

Services are a major strength of the European Union. EU services exports grew 125.5% between 2010 and 2024, more than double the growth in EU goods exports. Despite many barriers to services across the EU, half of the EU's services trade takes place within the European Union itself, underscoring the potential of a true Single Market for services. If intra-EU flows are excluded, then non-EU European countries, notably the UK and Switzerland, account for 35% of EU global services trade. The United States accounts for 28% of the total, ahead of the entire Asia-Pacific region (24%) (Table 6).

TABLE 6.

EU Services Trade, Share by Major Regions



Other Europe **34%**
United States **28%**
Asia and Oceania **23%**
South/Central America and Caribbean **4%**
Western Asia/Middle East **4%**
Africa **4%**
Canada and Mexico **3%**

2023. Exluding intra-EU trade. Source: Eurostat.

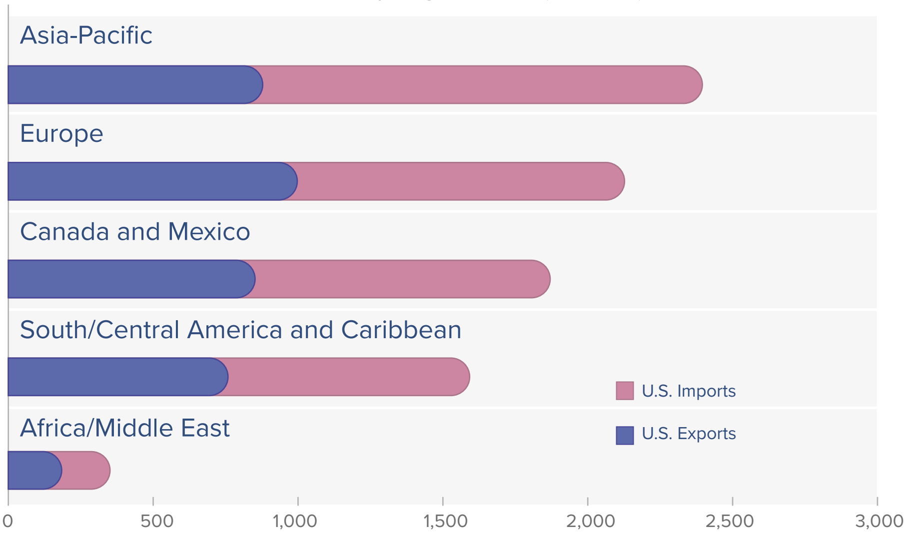
GETTING THE FULL TRADE PICTURE: TRANSATLANTIC GOODS AND SERVICES TRADE

We have discussed the importance of transatlantic trade in goods and transatlantic trade in services. Now it is time to put them together. U.S. goods and services trade with Europe broadly defined topped $2.35 trillion in 2025, according to our estimates. That included $1.46 trillion in goods trade and over $895 billion in services trade. Most of that consisted of U.S. goods and services trade with the EU+UK+Switzerland of $2.24 trillion.

In 2024, the last year of fully comparable data, U.S. goods and services trade with the EU totaled $1.5 trillion, up 5.7% from 2023. U.S. goods and services trade with the UK totaled $342 billion, up 7%. U.S. goods and services trade with Switzerland totaled $189 billion, up 9%.

TABLE 7.

U.S. Trade in Goods and Services by Region, 2024 ($Billions)



Sources: U.S. Bureau of Economic Analysis, U.S. Census Bureau.

U.S.-EU GOODS AND SERVICES TRADE
(est. 2025)
$1.63 trillion

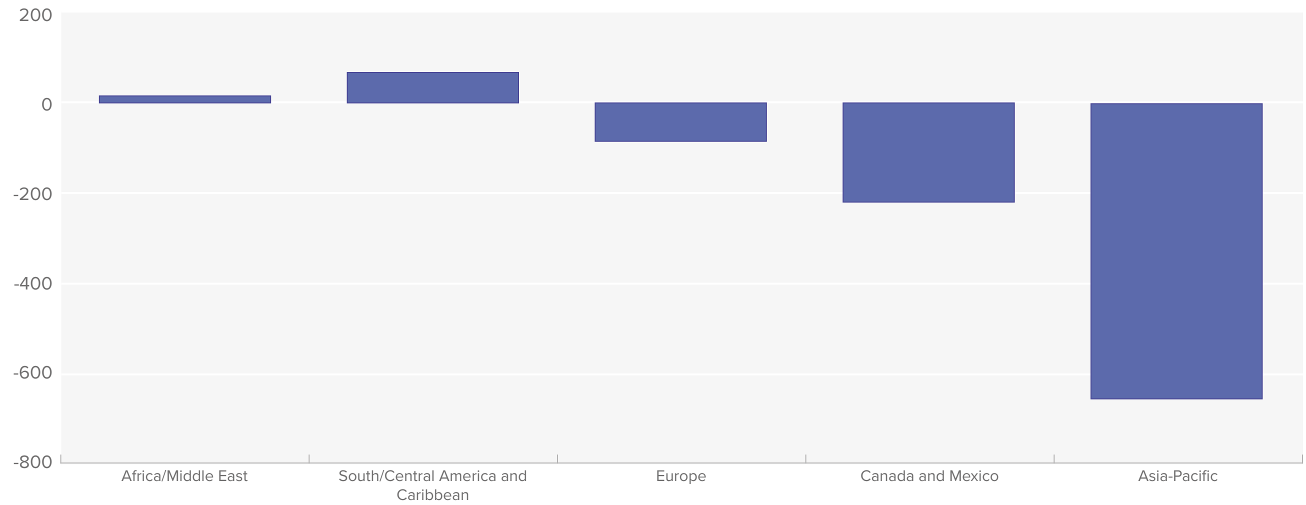
U.S.-EU trade in goods and services in 2025 totaled $1.63 trillion, according to our estimates. The U.S. exported $414 billion in goods and an estimated $325 billion in services to the EU, for a total of $739 billion in overall exports. The U.S. imported $633 billion in goods and an estimated $256 billion in services, for a total of $889 billion in overall imports. We estimate that the overall U.S. goods and services trade deficit with the EU in 2025 was $150 billion – significant, but less than its goods trade deficit of $219 billion.

The EU accounted for roughly 21% of total U.S. exports of goods and services in 2025, according to our estimates, down slightly from 24% at the start of the century. The EU's share of global exports of goods and services to the United States has held steady at 21% since 2000. In other words, notwithstanding the incessant chop and churn of the global economy, the U.S. and the EU have remained steady trading partners this century.

Table 7 compares U.S. trade in goods and services by region in 2024, the last year of comparable data. U.S. trade with the Asia-Pacific region of $2.4 trillion was larger than U.S. trade with Europe of $2.1 trillion, although the U.S. exported more to Europe than to the Asia-Pacific. Trade with USMCA partners Canada and Mexico followed at $1.9 trillion. The U.S. trade deficit was highest with the Asia-Pacific region – $653 billion. The U.S. trade deficit with Canada and Mexico was $212 billion, followed by its trade deficit with Europe of $128 billion. The U.S. deficit in goods and services trade with its Asia-Pacific partners was 5 times larger than its deficit with Europe. Its trade deficit with Canada and Mexico was 1.7 times greater than its trade deficit with Europe (Table 8).

Putting goods and services trade together helps us understand the significance of overall transatlantic trade. Yet just as goods and services are each inadequate and thus misleading measures of trade, trade itself is an insufficient and therefore skewed metric of transatlantic commerce. To round out the picture, we need to take account of investment – the real driver of the transatlantic economy. Not only do U.S. and European companies sell and buy more goods and services via their investments than their trade, they use those investments to boost their trade – as we explain in the next section.

TABLE 8.
U.S. Trade Balance in Goods and Services, by Region, 2024 ($Billions)



2024. Source: U.S. Bureau of Economic Analysis; U.S. Census Bureau.

3. Investment

Transatlantic trade is significant, but trade alone is an incomplete and misleading benchmark of transatlantic commercial interaction. Lost in transatlantic tensions over trade is the fact that U.S. and European companies invest more in each other's economies than they do in the entire rest of the world. Mutual investment, not trade, drives transatlantic commerce.

Trade volumes pale in comparison to the value of transatlantic investment.

Just as trade is more than flows of goods, international commerce is more than trade. It also includes foreign direct investment (FDI), a deeper form of commercial connectivity. Most U.S. companies would prefer to set up shop close to their customers in overseas markets than send their goods or services across an ocean. They have been doing so for over a century. For decades they have been joined by firms from Europe and many other countries. As a result of their activities, the investment ties between the United States and Europe are far more valuable than their trade links. U.S. companies operating in Europe and European companies operating in the United States are the backbone of transatlantic commercial activity. Trade volumes pale in comparison to the value of transatlantic investment.

In a world increasingly enamored with mercantilism and focused on trade deficits, it is more important than ever that policymakers and media commentators look beyond trade and take notice of the deep, sophisticated linkages that bind the U.S. and Europe together. Understanding these variables is essential to comprehending the enduring strength and importance of the transatlantic partnership. There is no better place to start than by looking at foreign direct investment.

U.S. FDI IN EUROPE

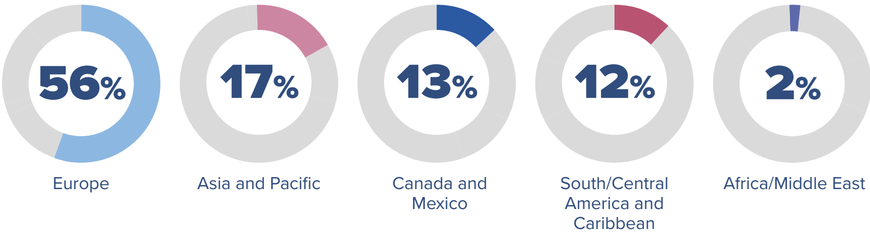
Europe has attracted most of the investments U.S. companies make abroad for seven decades (Table 1). It remains the most attractive region in the world for U.S. companies investing abroad: 53% of U.S. FDI in the world went to Europe in 2025. From 2009 to 2025, Europe accounted for 56% of U.S. global FDI outflows, far ahead of the Asia-Pacific (17%), South and Central America and the Caribbean (13%), USMCA partners Canada and Mexico (12%), and Africa and the Middle East (2%) (Table 2).[5]

TABLE 1.
Cumulative U.S. FDI Outflows ($Millions)

	All Countries	Europe	Europe as a % of World
1950-1959	20,363	3,997	19.6%
1960-1969	40,634	16,220	39.9%
1970-1979	122,721	57,937	47.2%
1980-1989	171,880	94,743	55.1%
1990-1999	869,489	465,336	53.5%
2000-2009	2,056,007	1,149,810	55.9%
2010-2019	2,380,055	1,365,596	57.4%
2020 - Q3 2025	1,463,812	774,058	52.9%

As of January 2026. Source: U.S. Bureau of Economic Analysis.

TABLE 2.
Total U.S. FDI Outflows, 2009-2025*



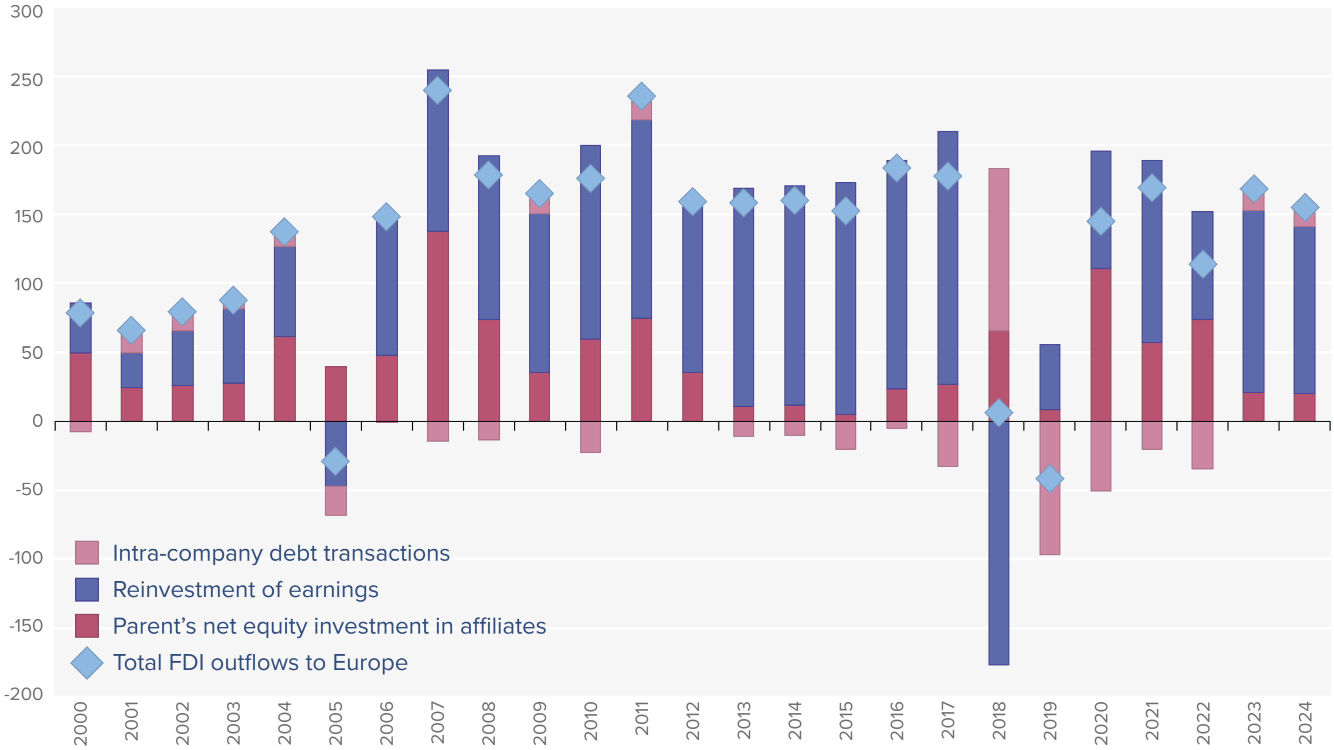
Historical-cost basis. *Data through Q3 2025. Data as of January 2026. Source: U.S. Bureau of Economic Analysis.

The United States is the largest single source of inward FDI into the EU, ahead of even the largest European countries.

U.S. FDI stock in the EU totaled $2.66 trillion, 67% of total U.S. FDI in Europe of $3.97 trillion in 2024. U.S. FDI stock in the UK totaled $1.03 trillion, 26% of the European total. U.S. FDI stock in Switzerland of $213 billion accounted for 5%. U.S. FDI stock in the EU was 22 times U.S. FDI stock in China, more than double that in the entire Asia-Pacific region, and 2.4 times U.S. FDI stock in USMCA partners Canada and Mexico.

As we have explained in our previous annual reports, the numbers you might see in the media about foreign direct investment usually show immediate investments, i.e. the last country from which an investment entered the destination country. According to this metric, Luxembourg was the top investor in the EU, followed, in order, by the Netherlands, Germany, the UK, Switzerland, France, and the United States. This metric is misleading, however, since Luxembourg and the Netherlands are often used as "pass-through" countries in international investment chains. In short, these figures do not necessarily reveal much about the actual owner of a foreign firm that is the original source of an investment and otherwise known as the "ultimate beneficial owner." Tracking FDI by ultimate beneficial owner is a better indicator of where the money comes from and where it goes.

TABLE 3.
U.S. FDI Outflows to Europe by Component ($Billions)

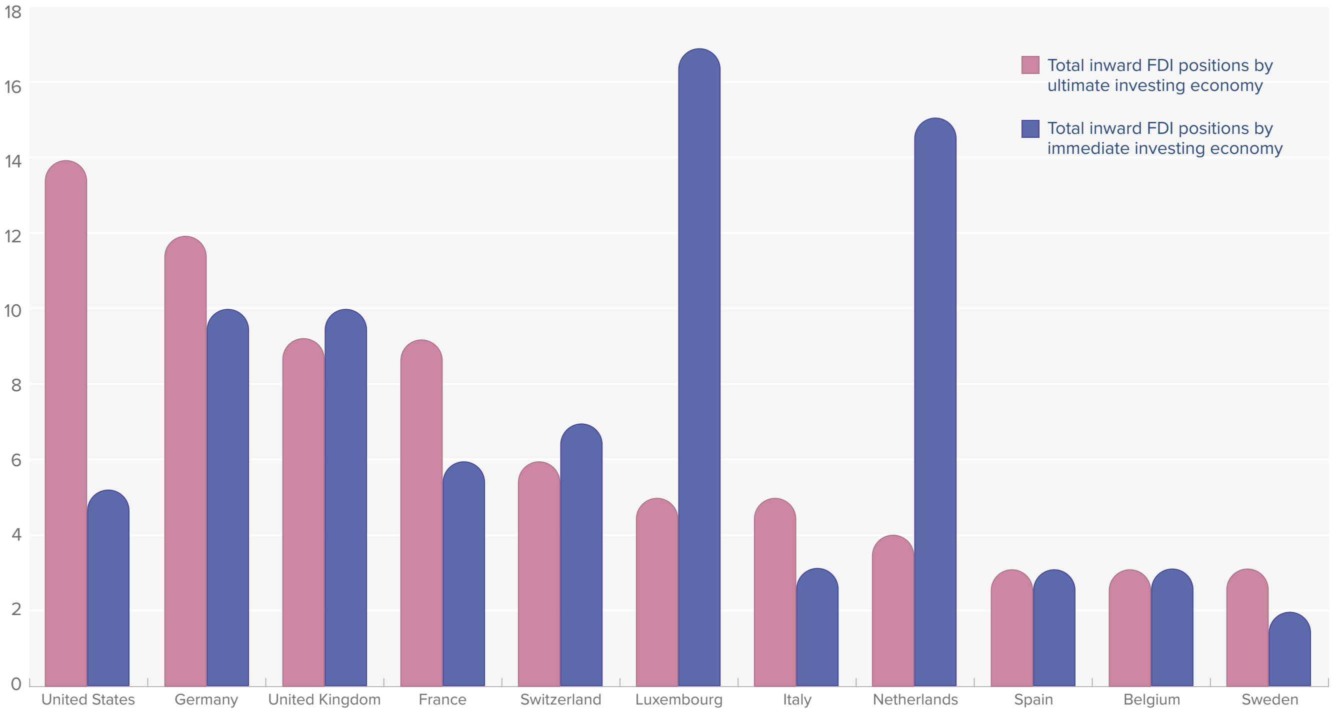


Data as of January 2026. 2024 data reflects authors' estimates for reinvestment of earnings, parent's net equity investment in affiliates, and intra-comapny debt transactions. Source: U.S. Bureau of Economic Analysis.

TABLE 4.

Foreign Direct Investment (FDI) in EU Countries* By Investing Country, 2024

(% of the total inward foreign investment in 13 reporting countries)



*Based on 13 EU member states that reported foreign direct investment by both ultimate and immediate investing economy: Austria, Czechia, Denmark, Estonia, Finland, France, Greece, Italy, Lithuania, Portugal, Romania, Spain, Sweden. Source: Eurostat.

However, European data by "ultimate beneficial owner" are scattershot, and Germany, the EU's largest economy, does not provide this data. Within the EU, 13 countries record inward FDI by this metric. In 2024, that investment totaled $4.38 trillion, up from $3.53 billion in 2023. U.S. investments accounted for $613.5 billion, 14% of the total, ahead of those from Germany ($365.79 billion, 12%), and ahead of the UK and France, each with 9%. In short, by this metric the United States is the largest single source of inward FDI into the EU, ahead of even the largest European countries (Table 4).

EUROPEAN FDI IN THE UNITED STATES

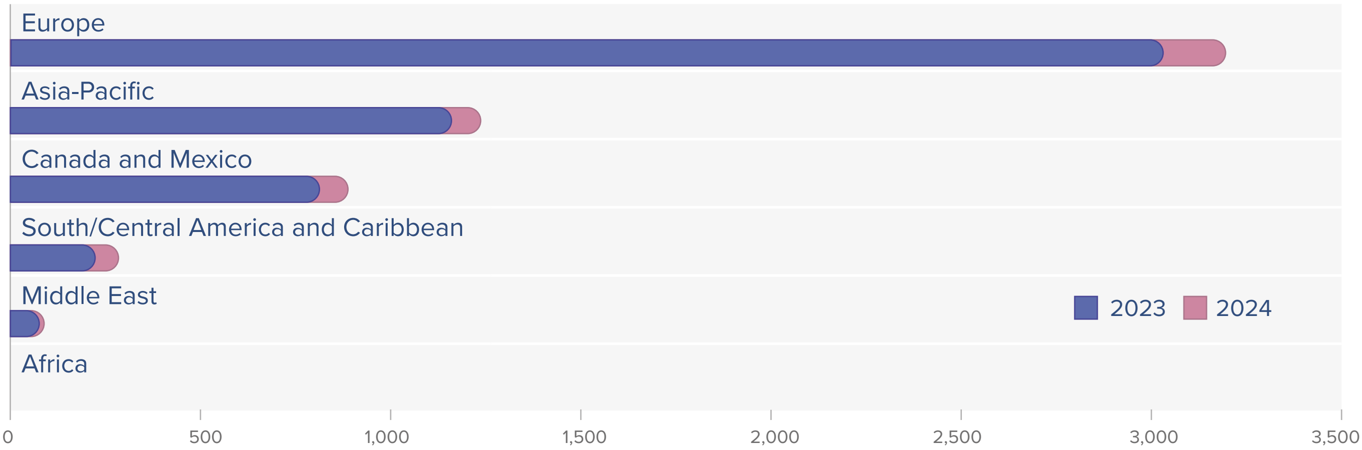
In 2024, the United States remained the single largest recipient of FDI in the world, leading in both greenfield projects and international project finance deals. Global inflows of $279 billion represented a 20% jump over 2023.[6]

European firms are the largest source of foreign direct investment in the United States, accounting for 56% ($3.2 trillion) of all global FDI in the U.S. in 2024, by ultimate beneficial owner, on an historical-cost basis (Table 5).

Companies from Japan ($819 billion) and Canada ($812 billion) were the largest investors from single countries, each with a 14% share of the total. German companies and those from the UK followed, each with a 12% share ($667 billion). Asia-Pacific companies outside of Japan contributed 7% ($383 billion). European investment stock was roughly 3 times more than Asian investment stock in the United States.

After Germany and the UK, the most significant European investing countries in the United States by ultimate beneficial owner in 2024 were Ireland ($390 billion), France ($369 billion), Switzerland ($264 billion), and the Netherlands ($248 billion).

TABLE 5.
Foreign Direct Investment in the United States, by Source Region ($Billions)

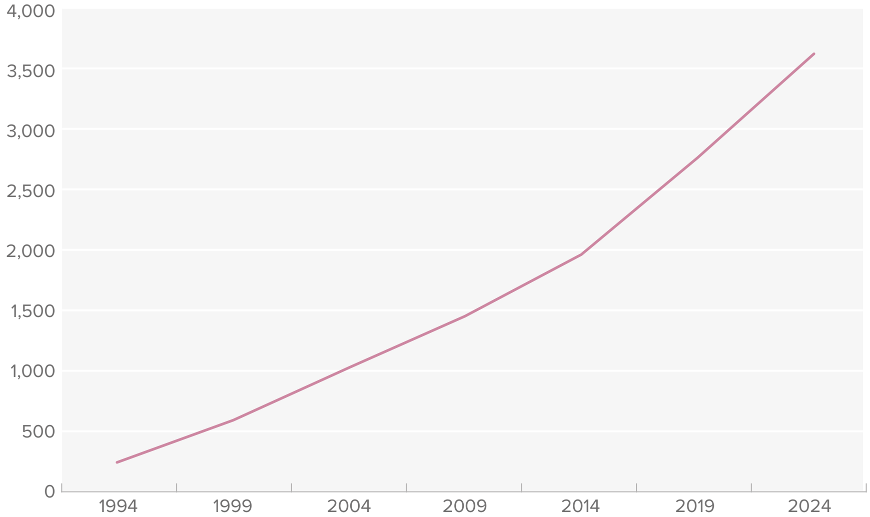


By country of ultimate beneficial owner. Source: U.S. Bureau of Economic Analysis.

European FDI in the United States has increased steadily, year after year, for more than three decades (Table 6).

Chinese FDI in the United States is meager: just 7 deals worth $3.8 billion in 2025 and 8 deals worth $1.6 billion in 2024. Both are far below the 2016 peak of 64 deals worth $55.6 billion. Chinese FDI in the EU in 2024 was higher, but still modest: $10.1 billion, more than the $5.6 billion recorded in 2023, but far below the 2016 peak of $42 billion. EU FDI stock in the U.S. of $2.5 trillion in 2024 was roughly 10 times larger than EU FDI stock in China of $251 billion.[7]

TABLE 6.
European Foreign Direct Investment in the United States ($Billions)



Source: U.S. Bureau of Economic Analysis.

4. Trade and Investment Synergies

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.

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.

Good examples of related-party trade between the U.S. and Europe can be found in the automotive, aerospace, and pharmaceuticals industries. European carmakers like BMW, Volkswagen, and Mercedes-Benz manufacture parts and engines in Europe and ship them to their U.S.-based factories. U.S. workers then install those components into brand new cars Made in America, which the companies then export back to Europe and to markets around the world. U.S. pharmaceutical companies like Pfizer or Moderna, and European companies such as Novartis, Sanofi, Bayer, or Roche, produce active ingredients for their products on each side of the Atlantic, which they then ship back across the Atlantic for either final production or packaging and distribution. And even though the competition between aerospace companies Boeing and Airbus is often characterized as "America vs. Europe," each company is deeply embedded in the transatlantic economy: Boeing facilities in Europe supply parts, systems, and services important to the production of its U.S.-made aircraft, just as Airbus uses U.S. production facilities to complete its European-based jets.

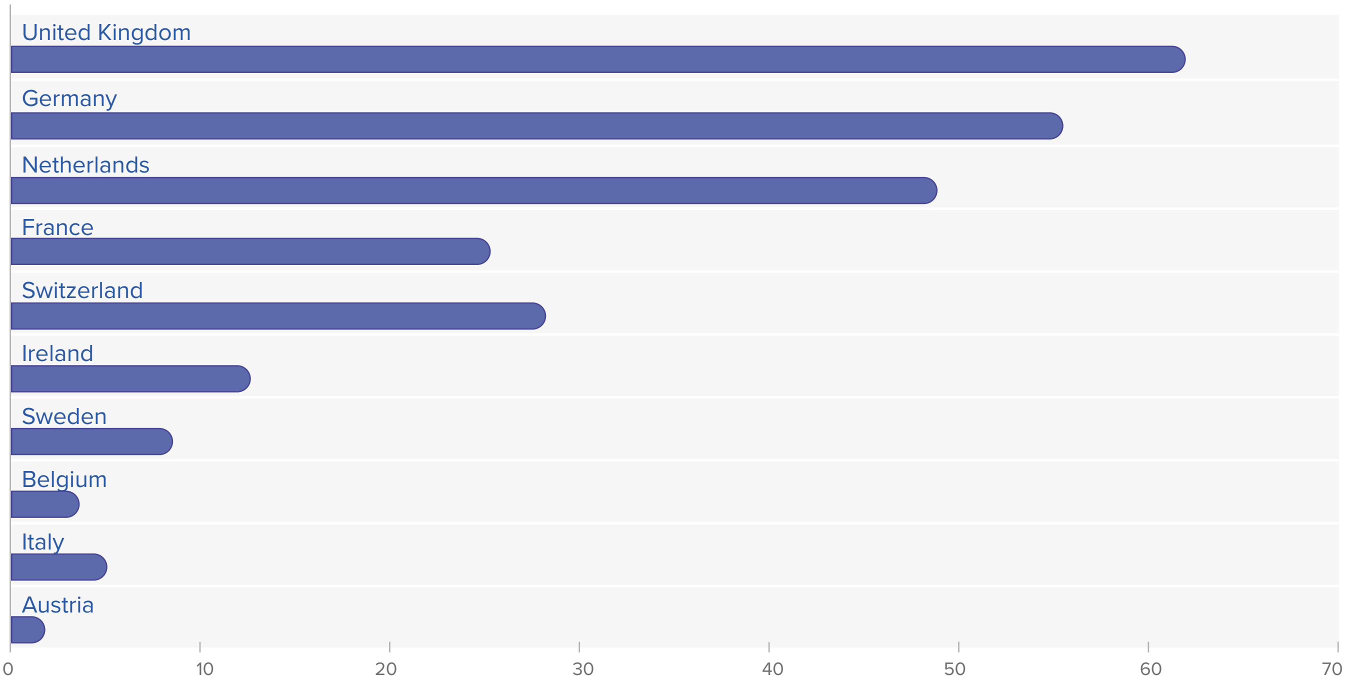
TABLE 1.
Related-Party Trade, 2024

	U.S. Imports: "Related-Party Trade" (% of total)	U.S. Exports: "Related-Party Trade" (% of total)
European Union (incl. UK)	65%	40%
Germany	66%	38%
France	49%	33%
Ireland	93%	36%
Netherlands	66%	56%
UK	58%	31%

Data as of July 2025. Source: U.S. Census Bureau. https://www.census.gov/foreign-trade/Press-Release/related_party/index.html.

The tight linkages between European parent companies and their U.S. affiliates are reflected in the fact that nearly two-thirds (65%) of U.S. imports from the EU+UK consisted of intra-firm trade in 2024, the last year of available data. That is much higher than intra-firm imports from Asia (estimated 40%) and well above the global average (48%). The percentage was even higher in the case of Ireland (a whopping 93%), as well as Germany and the Netherlands (66% each).

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



Data for 2023. Source: U.S. Bureau of Economic Analysis.

Foreign affiliates based in the U.S. typically account for around one-quarter of total U.S. merchandise trade exports.

Meanwhile, 40% of U.S. exports to the EU+UK in 2024 represented intra-firm trade; the level for U.S. exports to the Netherlands was much higher (56%).

European companies based in the United States generate billions of dollars in U.S. exports to the world (Table 2). UK enterprises operating in the United States accounted for over $60 billion in U.S. exports in 2023, the last year of available data. German firms generated $55 billion in U.S. exports and Dutch companies another $49 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.

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. Nine 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 largest export platform for U.S. companies in the world, followed by Singapore, Switzerland, the UK, Canada, the Netherlands and Belgium.

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 a notable channel through 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, despite current transatlantic political turbulence, given that shareholders and stakeholders on both sides of the pond directly benefit from deep transatlantic integration.

TABLE 3.
Global Export Platforms for U.S. Multinationals (U.S. Affiliate Sales Abroad by Destination*, $Millions)

	1982		1990		2000		2023	
Rank	Country	Value	Country	Value	Country	Value	Country	Value
1	United Kingdom	33,500	United Kingdom	51,350	United Kingdom	94,712	Ireland	502,163
2	Switzerland	27,712	Canada	46,933	Canada	94,296	Singapore	452,705
3	Canada	25,169	Germany	41,853	Germany	69,522	Switzerland	304,343
4	Germany	19,117	Switzerland	38,937	Netherlands	67,852	United Kingdom	258,328
5	Netherlands	15,224	Netherlands	33,285	Singapore	56,961	Canada	192,402
6	Belgium	11,924	France	24,782	Switzerland	56,562	Netherlands	173,276
7	Singapore	11,579	Belgium	21,359	Ireland	51,139	Belgium	155,582
8	France	11,255	Singapore	15,074	Mexico	37,407	Mexico	132,832
9	Indonesia	8,289	Hong Kong	9,951	France	35,797	Germany	128,371
10	Hong Kong	4,474	Italy	9,562	Belgium	32,010	China	97,776
11	Italy	3,993	Ireland	9,469	Hong Kong	22,470	Hong Kong	95,185
12	Australia	3,710	Spain	7,179	Malaysia	16,013	France	56,303
13	Ireland	2,842	Japan	7,066	Sweden	15,736	Brazil	55,299
14	United Arab Emirates	2,610	Australia	6,336	Italy	14,370	India	53,354
15	Brazil	2,325	Mexico	5,869	Spain	12,928	Other	45,438
16	Japan	2,248	Indonesia	5,431	Japan	11,845	Australia	43,328
17	Malaysia	2,046	Brazil	3,803	Australia	9,370	Malaysia	39,731
18	Panama	1,662	Norway	3,565	Brazil	8,987	Taiwan	31,600
19	Spain	1,635	Malaysia	3,559	China	7,831	Italy	29,931
20	Mexico	1,158	Nigeria	2,641	Norway	6,238	South Korea	27,467
	All Country Total	**252,274**	All Country Total	**398,873**	All Country Total	**857,907**	All Country Total	**3,296,123**

Data as of February 2026. *Destination = affiliate sales to third markets and sales to U.S. for majority-owned foreign affiliates. Source: U.S. Bureau of Economic Analysis.

5. Foreign Affiliates: Gross Product and Assets

Because U.S.-European commerce rests on the foundation of foreign direct investment, the European-based subsidiaries of U.S. companies and the U.S.-based subsidiaries of European firms play an outsized role in the transatlantic economy. They are among the largest and most advanced economic forces in the world. We can get a sense of their importance by looking at their gross product and their assets.

Gross product is essentially the added value that European economies gain every year from the output of U.S. companies operating in their countries, and how much the United States gains from European companies based in America. A look at affiliate assets, in turn, tells us what size footprint U.S. companies have in Europe and European companies have in the United States, and how those footprints compare to their assets in other parts of the world. It reflects the relative importance a company assigns to a country hosting its affiliates. Both metrics underscore the deep economic ties that bind Europe and America.

TOTAL OUTPUT OF FOREIGN AFFLIATES
(est. 2024)

The U.S. in Europe:
$835 billion

Europe in the U.S.:
$900 billion

GROSS PRODUCT OF U.S. AFFILIATES IN EUROPE

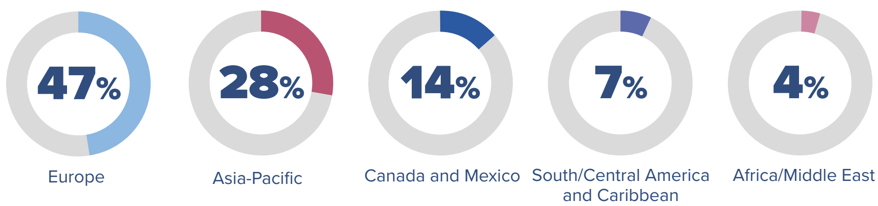
The total output of U.S. company affiliates in Europe (estimated $835 billion) and of European company affiliates in the United States (estimated $900 billion) in 2024 was greater than the total gross domestic product of most countries. Combined transatlantic affiliate output totaled an estimated $1.75 trillion in 2024 – larger than the GDP of Spain, Indonesia, or Türkiye.

On a global basis, the aggregate output of U.S. foreign affiliates was around $1.65 trillion in 2023, with Europe (broadly defined) accounting for 47% of the global total. According to the latest figures from the BEA, U.S. affiliate output of $782 billion in Europe broadly defined was 1.7 times larger than U.S. affiliate output in the Asia-Pacific region of $459 billion in 2023. U.S. affiliate output in the EU of $494 billion (30% of the global total) was 7% larger (Table 1). U.S. affiliate output in the UK was $198 billion, 12% of the global total.

GROSS PRODUCT OF EUROPEAN AFFILIATES IN THE UNITED STATES

According to the latest available data (2023), European affiliates accounted for 60% (EU affiliates 39%) of the $1.47 trillion that foreign affiliates of foreign multinationals contributed to total U.S. GDP, 3 times more than the output of Asia-Pacific firms in the United States. EU affiliates accounted for 39%, double the output of Asia-Pacific firms based in the United States (Table 2).

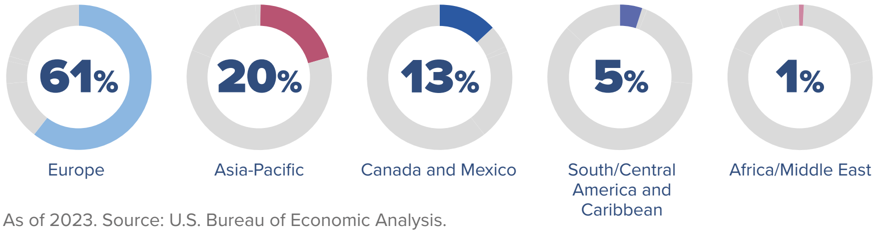
TABLE 1.
Gross Product of U.S. Foreign Affiliates, by Region



As of 2023. Source: U.S. Bureau of Economic Analysis.

TABLE 2.

Gross Product of Foreign Affiliates in the United States, by Region



As of 2023. Source: U.S. Bureau of Economic Analysis.

British, Japanese, and German firms are the largest foreign affiliate producers in the United States. In 2023 British firms' output in the U.S. topped $212 billion, 14% of all foreign affiliate output and 24% of all European affiliates producing in the United States. Japanese companies' output of $187 billion represented 13% of the global total. That equates to roughly 26% of the European total. German affiliate output totaled $179 billion, 12% of the global total and 20% of the European total.

FDI from China has dropped sharply over the past few years due to U.S.-Sino tensions. Chinese affiliate output in the U.S. totaled just $19 billion in 2023, less than that of Sweden ($29.1 billion) or Spain ($19.2 billion).

ASSETS OF U.S. AFFILIATES IN EUROPE

U.S. foreign assets in Europe totaled a staggering $18.6 trillion in 2023, according to the latest figures from the BEA. That represents 64% of corporate America's global footprint based on foreign assets (Table 3). The EU accounted for 36%, the UK for 23%, and Switzerland for 4%. For 2024, we estimate that U.S. foreign assets in Europe rose 5% to over $19.5 trillion.

The UK accounted for 35% ($6.6 trillion) of U.S. assets in Europe in 2023. U.S. assets in the UK were more than U.S. assets in the Asia-Pacific, Middle East and Africa combined. U.S. assets in the Netherlands ($3.3 trillion) were the second largest in Europe, reflecting the strategic role the country plays for U.S. firms looking to export to the rest of Europe. More than half of U.S. affiliate sales in the Netherlands are for export, notably within the EU. U.S. assets in the Netherlands were more than U.S. assets throughout South/Central America and the Caribbean.

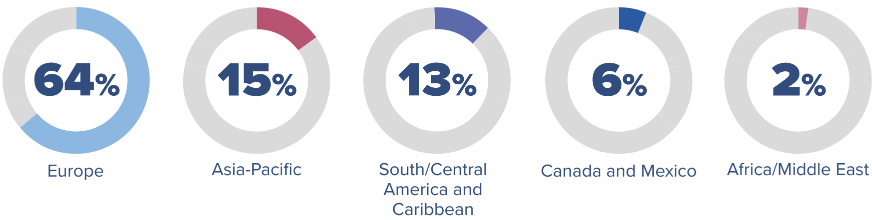
America's asset footprint in Germany topped $1.34 trillion in 2023, slightly more than its asset base in Canada of $1.33 trillion. U.S. assets in Poland, the Czech Republic, and Hungary ($249 billion) were about the same as U.S. assets in India ($252 billion). America's assets in Ireland of $1.9 trillion in 2023 were 4 times higher than its assets in China of $500 billion.

ASSETS OF EUROPEAN AFFILIATES IN THE UNITED STATES

European companies continue to expand their asset base in the United States, by far their largest anywhere. Total assets of European affiliates in the United States were valued at $9.4 trillion in 2024, by our estimation. UK firms ranked first, followed by German, French, and Swiss companies. In 2023, the last year of available data, European assets in the U.S. of $8.9 trillion accounted for half of all foreign-owned assets in the United States (Table 4). EU assets accounted for 31% and those from the UK and Switzerland represented another 17% of the total. In contrast, companies from the Asia-Pacific region accounted for 23%, and firms from Canada and Mexico another 20%, of the corporate world's footprint in the United States.

TABLE 3.

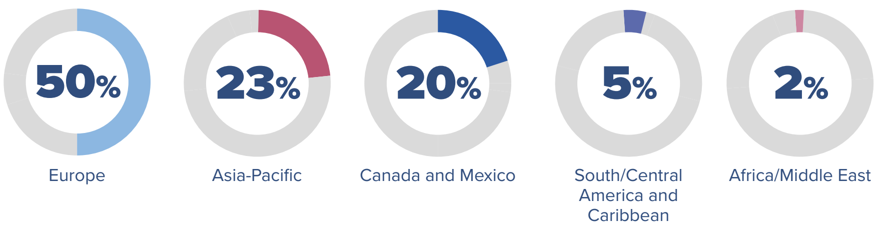
The Global Footprint of Corporate America, by Region (Foreign Assets)



As of 2023. Source: U.S. Bureau of Economic Analysis.

TABLE 4.

The World's Footprint in the United States, by Region (Foreign Assets in the U.S.)



As of 2023. Source: U.S. Bureau of Economic Analysis.

6. Foreign Affiliates: Sales and Income

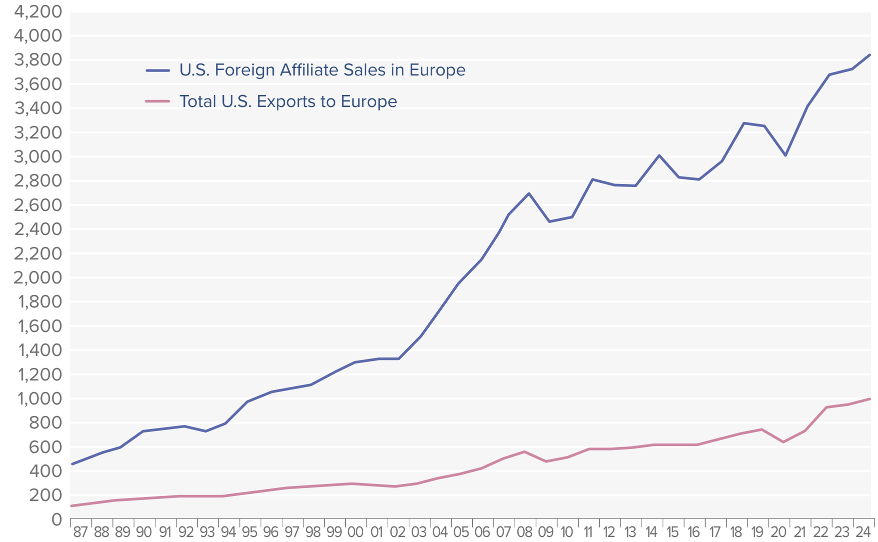
Absent from most economic reporting and analysis is this key fact: foreign affiliate sales, not exports or imports, are the primary means by which U.S. firms deliver goods and services to foreign markets, including to Europe. Likewise, the sales of European companies based in the United States is the principal channel through which European firms deliver their goods and services to American customers, not through exports and imports – even though those are also sizable.

U.S. and European companies sell more via affiliates based in each other's market than they do anywhere else in the world. These sales generate significant income. U.S. and European companies each make more money in each other's market than they do in the entire rest of the world.

U.S. and European companies each make more money in each other's market than they do in the entire rest of the world.

TABLE 1.

Sales of U.S. Affiliates in Europe vs. U.S. Exports to Europe ($Billions)



Majority-owned non-bank affiliates data: 1987 - 2008. Majority-owned bank and non-bank affiliates: 2009 - 2024. Foreign Affiliate Sales: Estimates for 2024 . Source: U.S. Bureau of Economic Analysis.

U.S. FOREIGN AFFILIATE SALES IN EUROPE

U.S. firms prefer to sell their goods and services close to their customers in foreign markets, rather than to send them across the oceans. U.S. majority-owned foreign affiliate sales of goods and services globally of $8.04 trillion dwarfed total U.S. exports of goods and services of $3.1 trillion in 2023, the last available year of comparative data. The gap underscores how corporate America does business globally. It is a further example of why trade is a misleading benchmark of international commerce (Table 1).

Sales of U.S. affiliates in Europe totaling $3.7 trillion in 2023 were 4 times more than U.S. exports of goods and services to Europe of $946 billion. Sales of U.S. affiliates in the EU of $2.3 trillion were 3.2 times more than U.S. exports of goods and services to the EU of $708 billion.

AFFILIATE SALES VS. TRADE
(est. 2024)

U.S. affiliate sales in Europe ($3.9 tn):
➡ **4x greater**
than U.S. **exports** to Europe ($998 bn)

European affiliate sales in the U.S. ($3.5 tn):
➡ **3x greater**
than European **exports** to the U.S. ($1.1 tn)

Because U.S. investment roots are the deepest in Europe, the continent accounts for the bulk of U.S. foreign sales. Of the $8.1 trillion in U.S. global affiliate sales in 2023, 47% was posted in Europe, almost all in the EU+UK+Switzerland ($3.6 trillion). U.S. foreign affiliate sales in the EU of $2.13 trillion were roughly equal to U.S. foreign affiliate sales in the Asia-Pacific region of $2.36 trillion. U.S. foreign affiliate sales in the UK and Switzerland of $1.30 trillion were slightly more than equivalent U.S. sales in USMCA partners Canada and Mexico of $1.16 trillion (Table 2).

EUROPEAN FOREIGN AFFILIATE SALES IN THE UNITED STATES

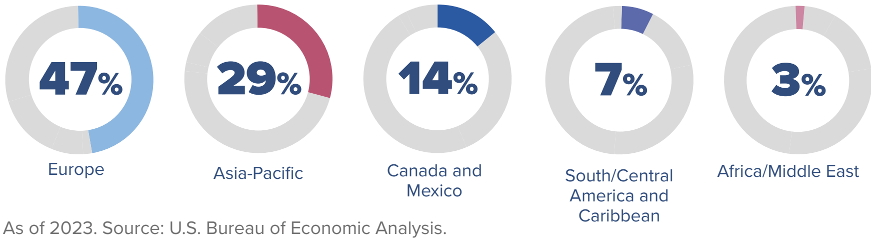
Sales of European affiliates in the U.S. totaled $3.4 trillion in 2023, triple European exports of goods and services to the U.S. of $1 trillion. Affiliate sales of EU companies in the U.S. of $2.3 trillion were also triple EU exports of goods and services to the U.S. of $768 billion.

We estimate that European affiliate sales in the United States in 2024 totaled $3.5 trillion, more than triple European exports of goods and services to the United States of $1.1 trillion (Table 3).

By country, sales of German ($721 billion) and British ($685 billion) firms were the largest among European affiliates in 2023. Sales by U.S.-based affiliates of German companies were 3.5 times more than German goods and services exports to the United States of $205 billion. Sales by UK companies based in the United States were 4.6 times more than UK goods and services exports to the U.S. of $150 billion. For virtually all countries in Europe, foreign affiliate sales in the United States are easily more valuable than their exports to the United States.

TABLE 2.

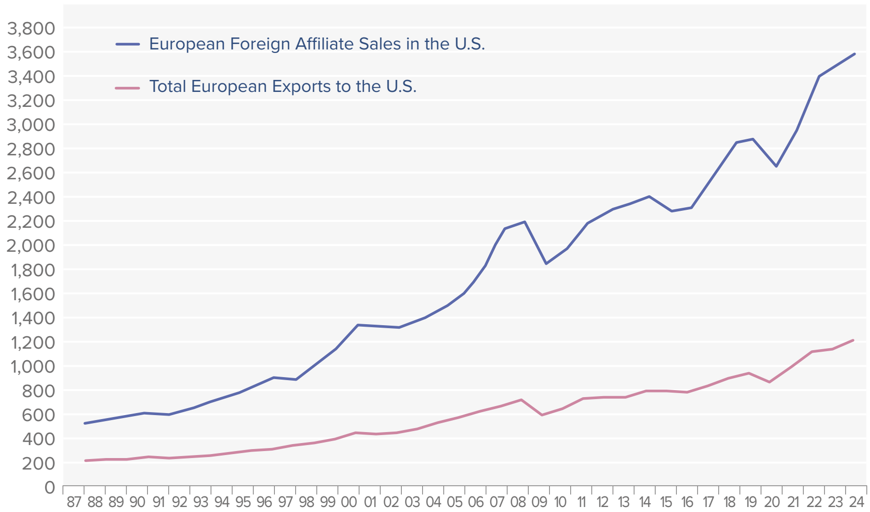
Share of Global Sales by Foreign-Based Affiliates of U.S. Companies, by Region



As of 2023. Source: U.S. Bureau of Economic Analysis.

TABLE 3.

Sales of European Affiliates in the United States vs. European Exports to the U.S. ($Billions)



Majority-owned non-bank affiliates: 1987 - 2006. Majority-owned bank and non-bank affiliates: 2007 - 2024. Foreign Affiliate Sales: Estimates for 2024. Source: U.S. Bureau of Economic Analysis

Of the $6.25 trillion in sales registered by foreign affiliates in the United States in 2023, 54% ($3.4 trillion) was posted by European firms, almost all from the EU+UK+Switzerland ($3.35 trillion). Sales of EU companies with operations in the United States of $2.33 trillion were larger than sales of U.S.-based affiliates of Asian, Canadian and Mexican companies combined ($2.32 trillion). Sales of UK affiliates in the U.S. ($684 billion) exceeded sales by the U.S.-based affiliates of Canadian and Mexican companies ($640 billion) (Table 4).

The importance of affiliate sales over trade flows is particularly apparent if one looks at services. Transatlantic sales of services via foreign affiliates are much larger than transatlantic trade

TABLE 4.

Share of U.S. Sales by U.S.-Based Affiliates of Non-U.S. Companies, by Region

As of 2023. Source: U.S. Bureau of Economic Analysis.

Transatlantic sales of services via foreign affiliates are much larger than transatlantic trade in services.

in services. In 2023, the last year of full data, U.S. services to foreign markets via trade totaled $1 trillion; total services sales provided by U.S. affiliates abroad were double that amount ($2.2 trillion). Similarly, services supplied to U.S. persons by foreign-based companies via trade ($762 billion) were well below those of affiliates ($1.6 trillion). Key services provided by affiliates range from wholesale trade, finance and insurance to business services, retail trade and real estate.

Sales by EU-based affiliates of U.S. companies of $750 billion in 2023 were almost triple U.S. exports of services to the EU of $263 billion. Sales by U.S.-based affiliates of EU companies of $584 billion were also triple EU exports of services to the U.S. of $189 billion.

The United Kingdom was the top country in the world where U.S. affiliates supplied services. The UK was followed by Ireland, Canada, Singapore and Germany. U.S. affiliate sales of services in the UK of $365 billion were 4 times larger than U.S. exports of services to the UK ($91 billion). U.S. affiliate sales of services in Germany of $110 billion were 2.5 times larger than U.S. services exports to Germany ($43 billion).

German companies based in the United States were the single largest foreign supplier of services to Americans, followed by the UK, Canada, Japan, and France. German affiliate sales of services in the U.S. of $227 billion were almost 5 times larger than German services exports of $46 billion. UK affiliate sales of services in the U.S. of $201 billion were 2.4 times larger than UK services exports to the United States ($85 billion).

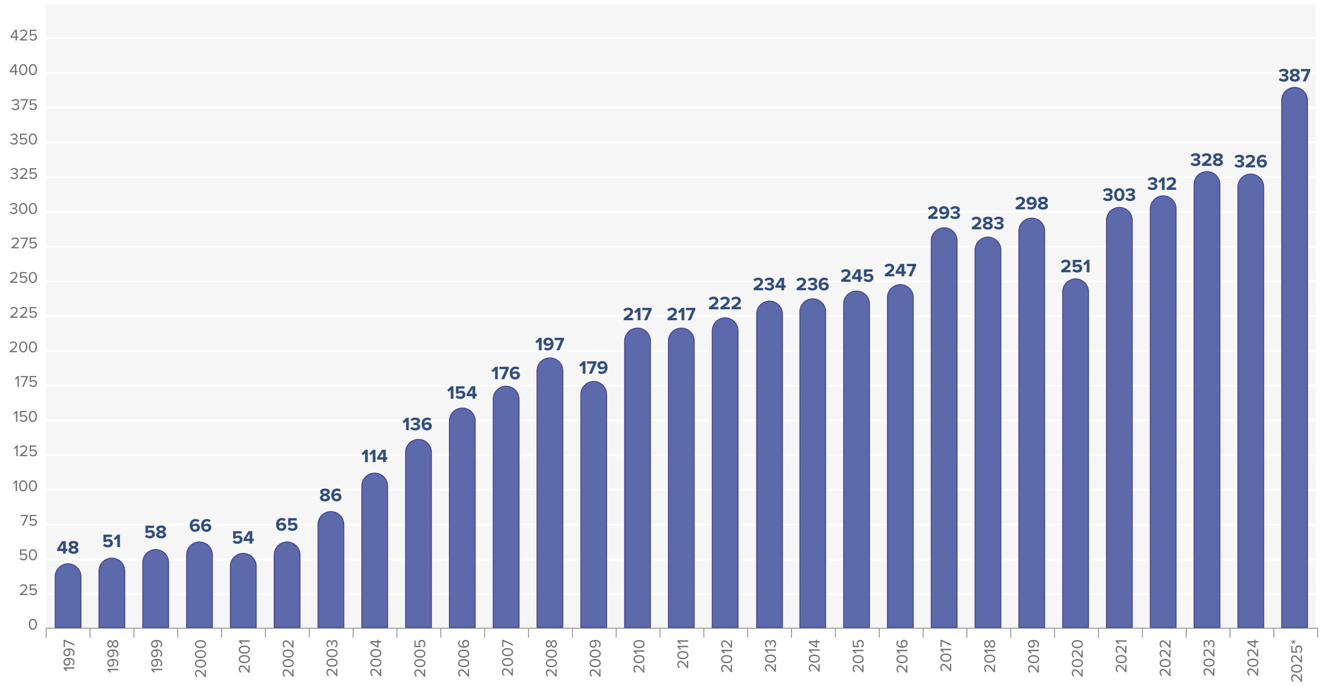
FOREIGN AFFILIATE INCOME

The global profits of U.S. and European firms are generated largely from the places where their investment roots are the deepest – each other's markets.

Europe remains by far the most profitable region in the world for U.S. companies. In 2025 we estimate that U.S. affiliate income in Europe jumped to an all-time high of $387 billion, a full 19% boost from the $326 billion U.S. companies earned in Europe in 2024 (Table 5).

TABLE 5.

U.S. Earnings in Europe Hit a New High (U.S. Foreign Affiliate Income Earned in Europe, $Billions)



*Data for 2025 is annualized using 3 quarters of 2025 data. Source: U.S. Bureau of Economic Analysis.

FOREIGN AFFILIATE EARNINGS (EST. 2025)

U.S. in Europe:
$235 billion

Europe in the U.S.:
$195 billion

In 2023, Europe accounted for 54% ($326 billion) of U.S. foreign affiliate earnings worldwide ($602 billion). U.S. affiliate earnings in the EU of $235 billion accounted for 39%, and those in the UK of $66 billion for another 11% of the global total. The Asia-Pacific region accounted for only 22% ($133 billion) of U.S. foreign affiliate income around the world; USMCA partners Canada and Mexico accounted for 8% ($48 billion) (Table 6).

The United States remains the most important market in the world in terms of earnings for many European firms. Whether Swiss pharmaceutical corporations, German auto manufacturers, or British services providers, European affiliate earnings are significantly higher today than they were at the start of the century. After hitting a record high of $204 billion in 2024, we estimate that European affiliate income in the United States dipped to $195 billion – the 2nd highest ever – in 2025 (Table 7). Solid demand in the U.S. should underpin another annual rise in European affiliate earnings in the U.S. in 2026.

European firms profit the most from their engagement in the United States. European companies accounted for 63% of the $311 billion earned by global companies operating in the United States in 2023. 41% of total global earnings in the U.S. went to EU companies ($123 billion), another 14% to UK firms ($44 billion), 6% ($19 billion) to Swiss companies, and an additional 2% to enterprises from the rest of Europe. 17% of the earnings went to Asia-Pacific firms ($53 billion) and 15% to those from Canada and Mexico ($46 billion) (Table 8).

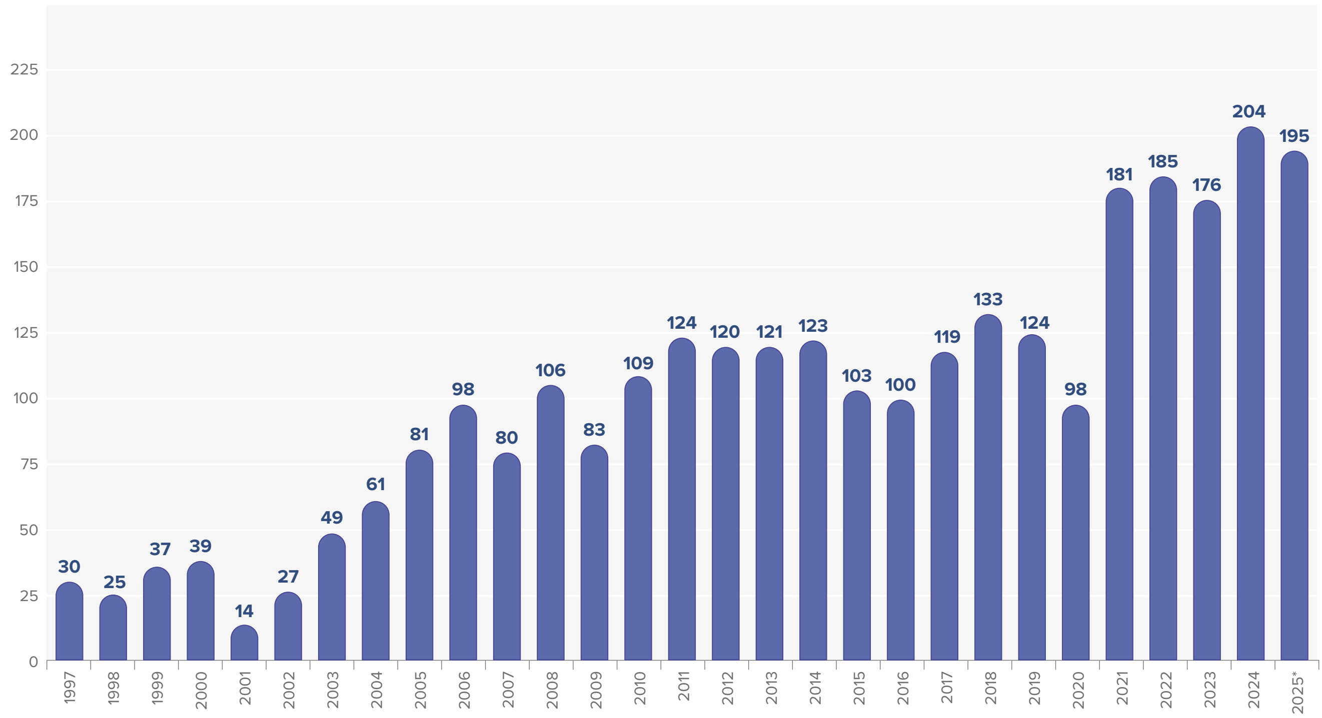
TABLE 6.

U.S. Earnings Around the World, by Region (Foreign Affiliate Income, $Billions)

As of 2023. Source: U.S. Bureau of Economic Analysis.

TABLE 7.

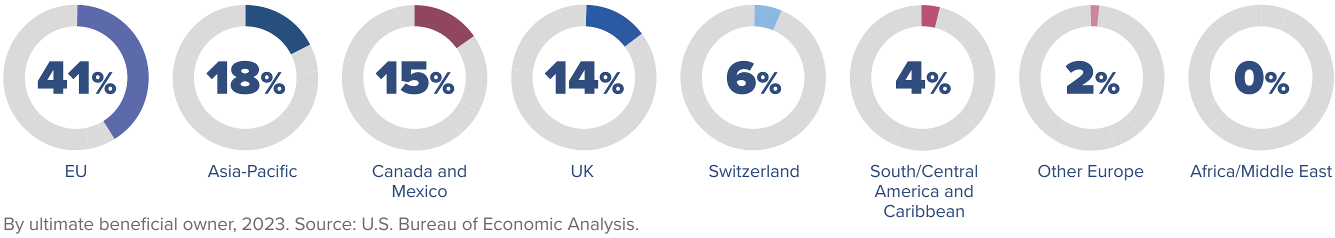
European Affiliate Earnings in the U.S. (Foreign Affiliate Income Earned in the U.S., $Billions)



*Data for 2025 is annualized using 3 quarters of 2025 data. Source: U.S. Bureau of Economic Analysis.

TABLE 8.

Global Earnings in the United States, by Region (Foreign Affiliate Income in the U.S., $Billions)



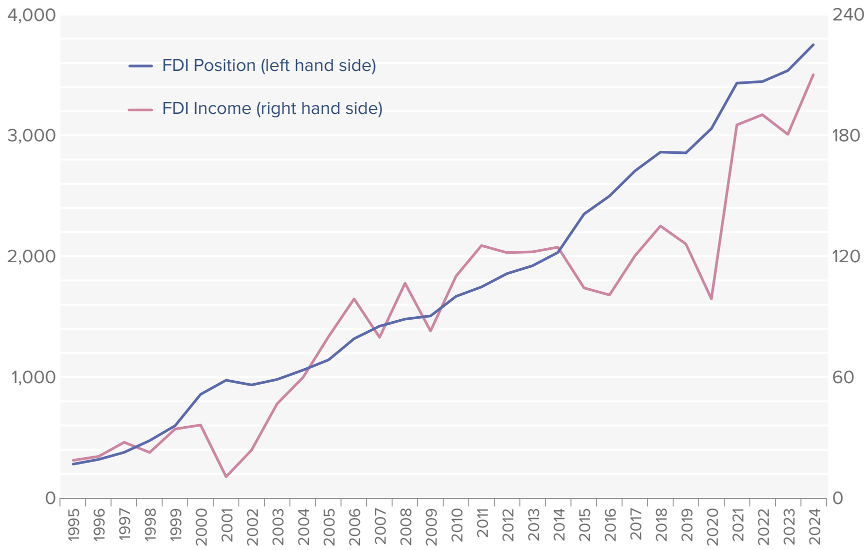
By ultimate beneficial owner, 2023. Source: U.S. Bureau of Economic Analysis.

Foreign affiliate income is a further example of why investment flows drive the transatlantic economy. Table 9 highlights this connection. The two metrics are highly correlated: the greater the earnings, the greater the likelihood of more capital investment, and the more investment, the greater the upside for potential earnings and affiliate income. What's more, higher earnings in the United States have allowed European companies to be more successful back home in Europe – including by expanding their operations and hiring more workers. That's our next tale – transatlantic jobs.

The United States remains the most important market in the world in terms of earnings for many European firms.

TABLE 9.

European Foreign Direct Investment and Income in the United States ($Billions)



Source: U.S. Bureau of Economic Analysis.

7. Jobs

We estimate that more than 16 million European and American workers owe their livelihoods to a healthy transatlantic economy. These numbers include both direct and indirect employment related to investment and trade.[8] European firms are by far the most important foreign source of jobs in the United States, and U.S. companies are by far the most important non-European source of jobs in Europe.

European firms are by far the most important source of jobs in the United States, and U.S. companies are by far the most important non-European source of jobs in Europe.

TABLE 1.
Transatlantic Jobs (Thousands of Employees, 2024*)

Country	U.S. Companies in Europe	European Companies in the U.S.
Austria	30.8	48
Belgium	122.9	77.8
Czech Republic	70.1	3.4
Denmark	31	63.1
Finland	21	37.4
France	496	805.4
Germany	610	952.9
Greece	20.1	3.9
Hungary	60.1	7.7
Ireland	178	391.4
Italy	249.5	100.1
Luxembourg	21.1	82.6
Netherlands	224.3	588
Norway	36.9	9.6
Poland	241.4	1.6
Portugal	38.9	2.8
Spain	63.9	89.1
Sweden	101.7	301.4
Switzerland	98.4	410.8
United Kingdom	1,383	1,340.4
Europe	4,563.5	5,347.7

*2024 Estimates. Majority-owned bank and non-bank affiliates. Source: U.S. Bureau of Economic Analysis.

U.S. and European foreign affiliates are a major source of employment for all 50 U.S. states and for countries all across Europe. The transatlantic workforce directly employed by U.S. and European affiliates totaled 9.62 million workers in 2023, the last year of available data. We estimate that this figure rose to 9.9 million in 2024. These numbers do not include jobs supported by transatlantic trade flows, nor do they account for indirect employment effects for distributors, suppliers, and nonequity arrangements such as strategic alliances, joint ventures, and other arrangements including strategic alliances and joint ventures. We estimate that those additional commercial activities supported more than 6 million additional jobs, bringing the total transatlantic workforce to more than 16 million people.

U.S. AFFILIATE EMPLOYMENT IN EUROPE

Since the start of this century, U.S. affiliates have added roughly 1 million more European workers to their payrolls, bringing the total to 4.43 million in 2023, the last year of complete data. That's a 21% increase. We estimate that U.S. foreign affiliates in Europe boosted their European workforce to 4.56 million in 2024. 63% of those workers – 2.87 million – were in the European Union.

As U.S. companies expand their worldwide operations, they are hiring workers outside of Europe at a faster pace than within Europe. This means that although absolute European employment numbers are up, Europe's share of U.S. affiliate employment globally is down. U.S. majority-owned affiliates employed 14 million workers in 2023. 32% worked in Europe (20% in the EU), compared to 41% at the start of the century. That said, with U.S. unemployment currently hovering around 4%, U.S. firms remain dependent on European workers to drive and grow their businesses.

U.S. FOREIGN AFFILIATE EMPLOYMENT IN EUROPE
(2024 estimates)

4.6 million
workers

EUROPEAN FOREIGN AFFILIATE EMPLOYMENT IN THE U.S.
(2024 estimates)

5.3 million
workers

The overall balance between manufacturing and services jobs is shifting toward services.

U.S. affiliates employ hundreds of thousands of manufacturing workers in Europe. Roughly one-third of all manufacturing workers on the payrolls of U.S. affiliates abroad were based in Europe in 2023. U.S. affiliate employment in manufacturing in Europe totaled 1.7 million in 2023, a modest decline from 1.9 million in 2000. The key U.S. employers are transportation equipment and chemicals companies. However, the overall balance between manufacturing and services jobs is shifting toward services. Services activities accounted for roughly 62% of total U.S. foreign affiliate employment in Europe in 2023. Wholesale employment was among the largest sources of services-related employment, which includes jobs in logistics, trade, insurance, and other related functions.

Most employees of U.S. operations in Europe are based in the United Kingdom, Germany and France. U.S. affiliates in Europe directly employed 1.34 million people in the UK, 592,000 in Germany, and 481,000 in France in 2023. Eight of every ten U.S. affiliate employees in the UK work in services (1.06 million). The U.S. affiliate manufacturing workforce in the UK fell from 431,000 in 2000 to 276,000 in 2023. U.S. affiliate jobs in Germany skew the other direction: 55% (323,000) of German employees of U.S. companies work in manufacturing, 45% (269,000) in services. Two-thirds of French employees working for U.S. companies are in services (322,000). One-third, or 159,000, are in manufacturing – a decline from 249,000 in 2000.

The country composition of U.S. affiliate employment continues to evolve, as firms adjust their supply chains to take advantage of the European Single Market and respond to external shocks. Poland has been a significant winner: 234,000 Poles worked for U.S. affiliates in Poland in 2023. That was more than U.S. affiliate employment in Spain of 195,000 and close to U.S. affiliate employment in Italy of 242,000. Because U.S. affiliate employment in manufacturing in Poland has tripled in the past two decades, the manufacturing-services employment balance in Poland resembles that of Germany: 59% (137,000) of Polish employees of U.S. companies work in manufacturing, while 41% (97,000) work in services. Ireland offers a contrast: of the 172,800 Irish workers employed by U.S. foreign affiliates, 62% (107,000) were in the services sector, compared to only 38% (65,500) in manufacturing.

EUROPEAN AFFILIATE EMPLOYMENT IN THE UNITED STATES

European majority-owned affiliates directly employed 5.2 million U.S. workers in 2023, the last year of available data. We estimate that this number rose to 5.3 million in 2024. The top five European employers in the U.S. in 2023 were firms from the UK (1.3 million), Germany (925,000), France (782,000), the Netherlands (571,000) and Switzerland (398,000). European firms employed 60% of all U.S. workers on the payrolls of majority-owned foreign affiliates in 2023. In that year, European affiliates directly employed 483,000 workers in California, 411,000 in Texas, 383,000 in New York, and a quarter million workers in Pennsylvania and in Florida.

UK firms were the largest sources of onshored jobs in 23 U.S. states in 2023. Canadian companies led in 12 states, Japanese enterprises in 10 states, and German companies in 3 states. French and Dutch firms each led in 2 states.

The presence of European affiliates in many states and communities across the United States has helped to improve America's jobs picture. The more European firms embed in local communities around the nation, the more they tend to generate jobs and income for U.S. workers, increase sales for local suppliers and businesses, expand revenues for local communities, and encourage capital investment and R&D expenditures for the United States.

TABLE 2.
Ranking of U.S. States and Territories by Jobs Supported Directly by European Investment (Thousands of Employees)

	2021	2022	2023
Total States and Areas	**4,869.5**	**5,190.7**	**5,191.9**
California	461.3	498.8	483
Texas	388.8	410.1	411.3
New York	358.5	391.2	382.6
Pennsylvania	242.8	257	248.7
Florida	215.4	241.7	248.7
Illinois	223.2	238.5	240.9
North Carolina	207.8	231.9	236.1
Michigan	200.2	211.4	213.2
New Jersey	198.4	207.3	209.3
Massachusetts	163.8	174.2	175.1
Ohio	159.9	170.5	166.9
Georgia	156.9	161.7	163.1
Virginia	152.3	157.5	157.3
South Carolina	115	130.1	131.5
Indiana	119.2	127	126.6
Tennessee	112.7	121.9	121.9
Maryland	93.5	96.7	99.3
Wisconsin	81.8	90.4	95.5
Minnesota	91	94.2	95.5
Missouri	87.8	91.6	91.9
Connecticut	87	88.8	89.5
Washington	80.3	87.9	86.3
Arizona	80.5	82.1	81
Colorado	72.9	77.3	78.2
Kentucky	60.9	66.2	67
Alabama	53.1	58.7	59.2
Louisiana	45.1	48.3	49
Oregon	44.4	49.1	48.9
Kansas	42.2	45.7	45.1
Oklahoma	38.4	39.5	40.6
Utah	41.4	38.3	38.1
Iowa	35.7	38.3	37.4
New Hampshire	37.6	37	36.6
Nevada	33.3	37.7	35
Arkansas	31.3	30.3	32.9
Mississippi	22.5	23.4	25.2
Delaware	22	25.6	24.8
Maine	23.2	22.9	23.9
Rhode Island	24.6	23.7	23.4
District of Columbia	15.6	17.5	20.2
Nebraska	17.5	18.7	18.1
West Virginia	15.1	16.1	16.7
Other U.S. areas	19.6	12.4	15.4
Idaho	13.4	14.8	14.8
Puerto Rico	15	14.4	14.7
New Mexico	11.2	12.5	12.8
Hawaii	11.6	11.1	10
Vermont	8.7	9.7	9.3
South Dakota	5.6	7.1	7.7
North Dakota	5	5.9	5.7
Montana	4.8	5.4	5.5
Wyoming	5.1	6.3	5.2
Alaska	5.1	5	4.8

Data as of February 2026. Source: U.S. Bureau of Economic Analysis.

8. Innovation

International flows of research and development (R&D) and of human talent have become critical to knowledge economies like the United States and Europe. Many firms now invest as much in intangible assets related to knowledge flows as they invest in traditional capital like machinery, equipment, and buildings.

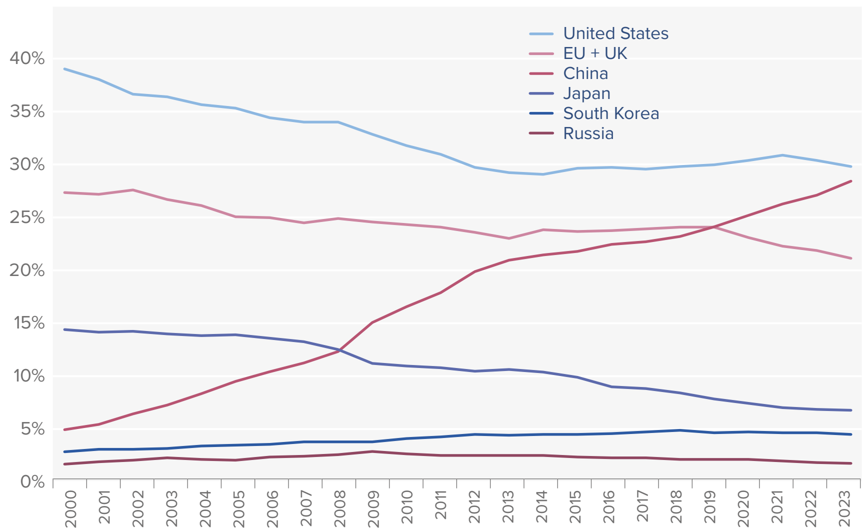
The U.S. vs. China narrative tells us nothing about the degree to which each country's innovative power may derive in part from the flows of intellectual capital it sustains with other countries.

A global race is underway in the key technologies of the future, including artificial intelligence (AI), quantum computing, biotechnology, clean and renewable energy, cybersecurity, and space. The competitive pursuit of each domain has been driven by national security concerns and economic factors that help drive growth and innovation. Over the past two decades, China has steadily advanced its R&D capabilities (Table 1).

Although the race is often characterized as one largely between the United States and China, Europe is a key player in many of these technologies. EU+UK-based organizations accounted for more than one-fifth of total global R&D in 2022 in purchasing-power parity terms. That lagged the share of the United States and China but exceeded the share of Japan and South Korea. Moreover, the U.S. vs. China narrative implies that each country is a self-contained juggernaut. It tells us nothing about the degree to which each country's innovative power may derive in part from the flows of intellectual capital it sustains with other countries. A closer look not only underscores the importance of those flows, it reveals that the tightest innovation links are between the United States and its European partners.

TABLE 1.

Global R&D Expenditures and the Rise of China (% of Total)



R&D share calculated in terms of current purchasing-power parity dollars. Global R&D is a sum of the OECD countries plus Argentina, China, Russia, Singapore, South Africa, Chinese Taipei and Romania.
*2023 authors' estimate for the following countries: Russia, Singapore, South Africa, & UK
Data as of January 2026. Source: OECD.

RESEARCH AND DEVELOPMENT (R&D) OF FOREIGN AFFILIATES

R&D has never been more important to security, to growth, and to the transatlantic economy. Although governments and corporations are the main drivers of R&D spending, foreign affiliates of multinationals are also significant contributors. Affiliate R&D continues to grow in importance as firms seek to share development costs, spread risks, and tap into the intellectual capital of other countries, notably those across the North Atlantic. Alliances, cross-licensing of intellectual property, mergers and acquisitions, and other forms of cooperation have become the transatlantic norm. The digital economy has become a powerful engine of greater technological innovation and collaboration across the pond – more on that in the next section. Developing new products and services, creating new processes, and driving more innovation – all these activities result from more collaboration between U.S. and European scientists, entrepreneurs, and larger enterprises.

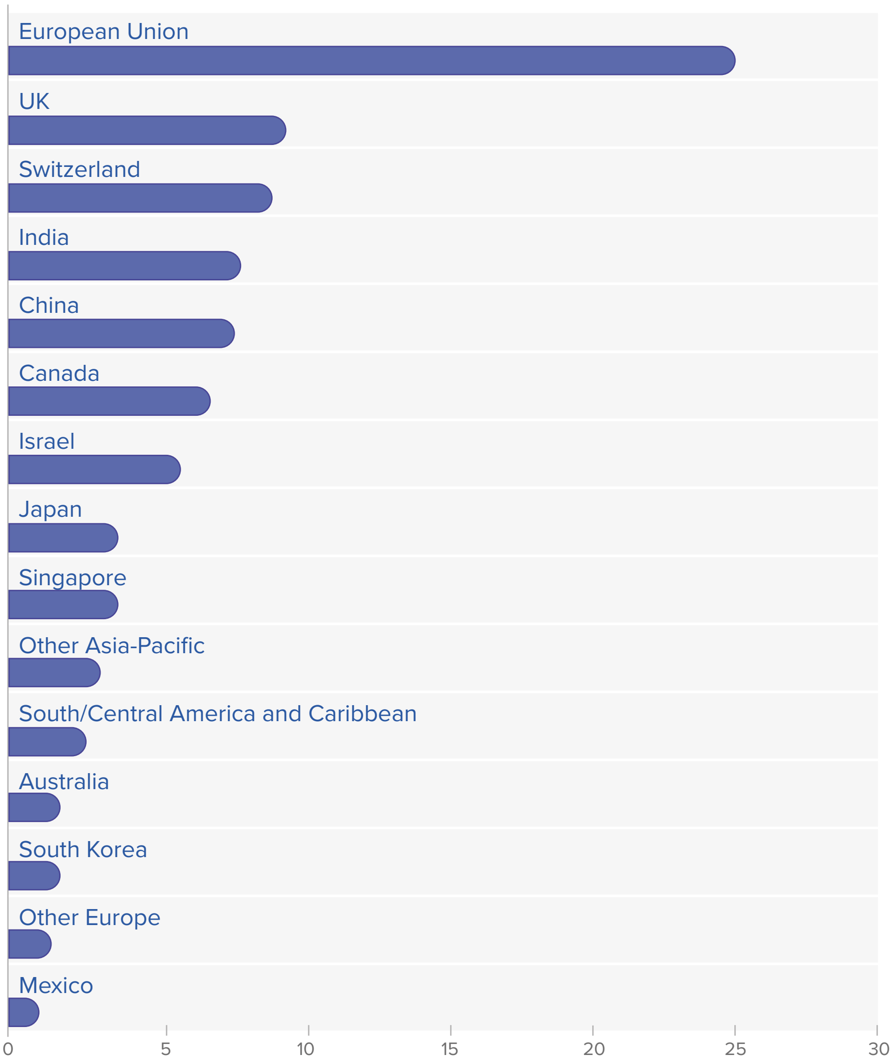
R&D EXPENDITURES BY U.S. AFFILIATES IN EUROPE VS. THE WORLD

Bilateral U.S.-European flows in R&D are the most intense between any two regions in the world. In 2023, the last year of available data, U.S. affiliates spent $43.1 billion on R&D in Europe, including $25 billion in the EU. U.S. R&D outlays were the greatest in the UK ($8.7 billion), Switzerland ($8.5 billion), Germany ($6.8 billion), Ireland ($5.6 billion), Belgium ($2.7 billion), and France ($2.2 billion). These six countries accounted for 80% of U.S. spending on R&D in Europe in 2023.

Europe accounted for roughly 53% of the $81.7 billion in global R&D spending made by U.S. affiliates worldwide in 2023. The EU accounted for 31%, the UK for 10.5%, and Switzerland for 10.4% (Table 2).

TABLE 2.

R&D Expenditures of U.S. Foreign Affiliates in Europe vs. the World ($Billions)



2023. Source: U.S. Bureau of Economic Analysis.

FOREIGN AFFILIATE R&D SPENDING
(2023)

U.S. in Europe:
$43.1 billion

Europe in the U.S.:
$61.2 billion

R&D EXPENDITURES BY EUROPEAN AFFILIATES IN THE UNITED STATES

R&D performed by affiliates of foreign companies accounts for roughly 15% of total R&D conducted by all businesses in the United States.

The ability to attract R&D from companies abroad is important to the innovative culture of the United States. R&D performed by affiliates of foreign companies accounts for roughly 15% of total R&D conducted by all businesses in the United States.

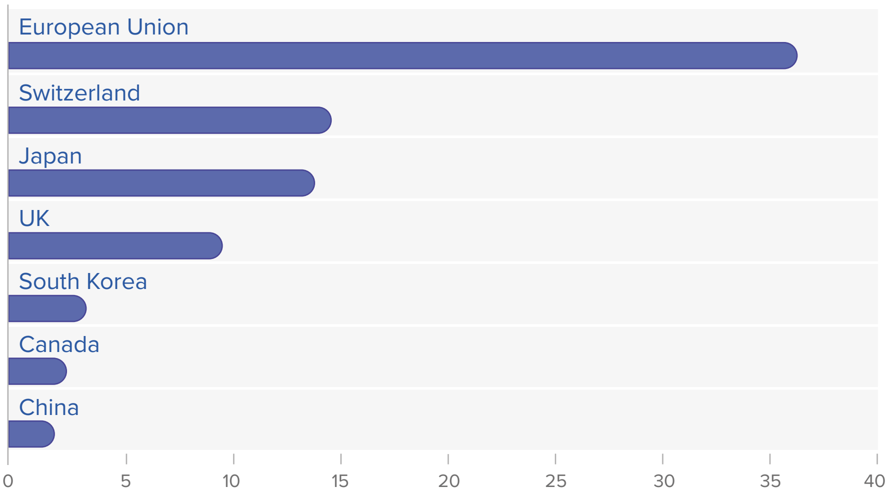
As in previous years, a large share of this R&D spending came from world-class leaders in Europe, given their interest in America's highly trained and skilled labor force and world-class university system. The rapid adoption of AI has also fueled more R&D in the U.S. by European firms. Most of this investment has taken place in such sectors as autos, energy, chemicals, and telecommunications.

R&D spending by all foreign affiliates in the United States totaled $87.8 billion in 2023. European affiliates' spending amounted to $61.2 billion, or 70% of the total. Firms from the EU spent $36.5 billion (42%). Swiss firms were the single largest source of foreign affiliate R&D spending in the U.S., accounting for $14.7 billion (24%) of total European R&D. German firms ranked second, with $12.3 billion (20%), followed by firms from the UK ($9.6 billion, 16%) and Ireland ($5.9 billion, 10%).

This cross-fertilization of intellectual capital is one reason why Europe and the United States remain global innovation leaders. This dynamic transatlantic innovation ecosystem is growing in importance as the race for future technologies accelerates. Innovation, in turn, is being powered by the digital revolution – our next topic.

TABLE 3.

R&D Expenditures of Foreign Affiliates in the United States ($Billions)



2023. Source: U.S. Bureau of Economic Analysis.

9. Digital Commerce and Connectivity

The digital transformation of the global economy is accelerating as rapid developments in artificial intelligence (AI) reshape industries, drive innovation, and redefine how value is created. The digital economy is expected to generate more than two-thirds of new value creation over the next decade. And according to the WTO, AI could expand global trade substantially by 2040, with increases of up to 41% in digitally deliverable services, 32% in overall services, and 24% in manufacturing.[9]

This year we focus on transatlantic connectivity led by digital trade, investment, and subsea digital networks.

Economists and governments have struggled to devise comparable metrics to measure digital commerce. With that in mind, we present several ways to understand the transatlantic digital economy. These metrics are not mutually exclusive; they are better understood as different lenses through which one can appreciate the importance of transatlantic digital connections.

The EU and the U.S. are each other's top trading partner in digitally deliverable services.

These changes will be particularly important for the transatlantic digital economy, which is the most deeply intertwined on the planet. In our previous annual studies, we have offered greater detail on generative AI, the platform economy, the transatlantic infrastructure of subsea cables, digital opportunities for small- and medium-sized enterprises, the evolution of 3-D printing, the metaverse, digital twinning, the influencer economy, digital finance, and the promise of the connected factory. Each of these developments remains significant.[10]

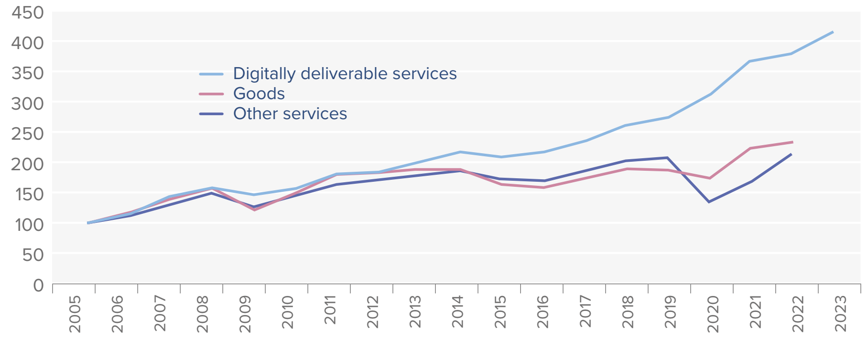
DIGITALLY DELIVERABLE SERVICES

One lens through which to understand the full scope of digital trade is that of "digitally deliverable services." These are services that could have been, but not necessarily were, traded digitally. It is thus an expansive definition but one which offers a rough indication of the potential for digital trade.[11] Digitally deliverable services are the fastest growing segment of international trade, outpacing goods and other services (Table 1).

The EU and the U.S. are each other's top trading partner in digitally deliverable services.

TABLE 1.

Digitally-Delivered Services Are Growing Faster Than Trade in Goods and Other Services (World, Index=100 in 2005)



Source: OECD, "Deriving experimental estimates of digital trade," November 2025, https://www.imf.org/-/media/files/news/seminars/2025/13th-stats-forum/session-3-annabelle-mourougane-deriving-experimental-estimates-of-digital-trade-oecd-preliminary.pdf.

In 2024, the U.S. exported $729.6 billion in digitally deliverable services to the world and imported $447.6 billion. The result: a digitally deliverable services trade surplus of $282 billion. On a country-by-country basis, the UK was the U.S.' top overall trading partner in digitally deliverable services.[12]

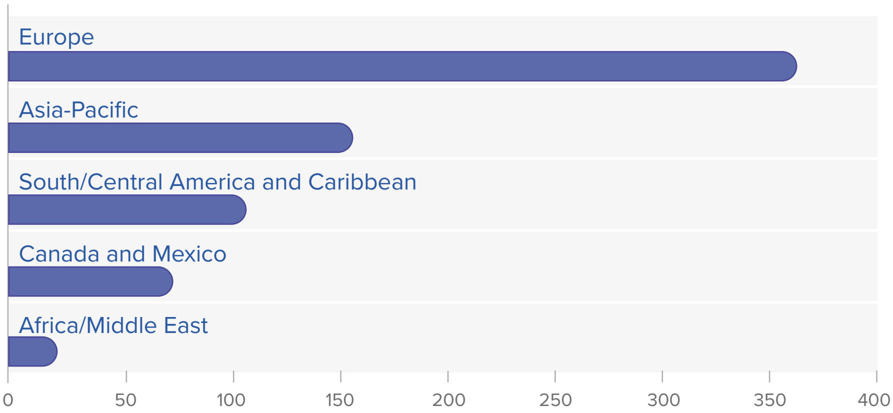
In 2024 the United States exported $361 billion in digitally deliverable services to Europe, which accounted for 49.5% of all U.S. digitally deliverable exports to the world, 2.3 times more than U.S. exports to the entire Asia-Pacific region ($160 billion), and more than combined U.S. exports of digitally deliverable services to the Asia-Pacific, Latin America and other Western Hemisphere, Africa and the Middle East (Table 2).

Close to half (44.7%) of the EU's trade in digitally deliverable services takes place within the EU itself. The United States accounts for one-third of the bloc's extra-EU trade in such services, making it the EU's leading trade partner. The UK ranks second. U.S.-EU trade in digitally deliverable services in 2024 was 17 times larger than the EU's trade in such services with Japan and 4 times larger than such U.S. trade with Japan, 7 times larger than EU trade in such services with China/Hong Kong and 22 times larger than equivalent U.S. trade with China/Hong Kong.[13]

Over the past decade, digitally deliverable services trade between the U.S. and the EU has grown substantially faster than total services trade between the two economies. Today, in fact, most

TABLE 2.

U.S. Exports of Digitally-Deliverable Services, by Region ($Billions)



As of 2024. Africa/Middle East estimate. Source: U.S. Bureau of Economic Analysis.

services trade between the U.S. and the EU consists of digitally deliverable services. For 2024, the most recent year for which data are available, total U.S.-EU trade of $341 billion in digitally deliverable services accounted for 68% of total U.S.-EU services trade of $501 billion, according to the BEA. The EU accounted for 30% of U.S. exports, and 23% of U.S. imports, of digitally deliverable services in 2024.

Of the $295 billion in overall services the U.S. exported to the EU in 2024, 76% ($225 billion) was digitally deliverable. Of the $206 billion in services that the U.S. imported from the EU in 2024, 49% ($101 billion) was digitally deliverable. Total U.S.-EU services trade in 2024 totaled $501 billion; of that amount, the U.S. trade surplus in services with the EU was $89 billion, while its surplus in digitally deliverable services was $124 billion. This implies that the U.S. actually has a trade deficit with the EU in non-digitally-deliverable services.[14]

The most important component of this trade, "other business services," totaled $132 billion in 2024, accounting for 39% of the total, with a U.S. surplus of $43 billion. This category includes research and development; professional and management consulting; legal, accounting, public relations, advertising, and market research/polling services; and technical services, architectural, engineering, agricultural and other services.

Two-way trade in the second most important component, "charges for the use of intellectual property," (IP) amounted to $92 billion (27% of the total), but with a bigger U.S. surplus of $52 billion. This includes transactions related to the authorized use of proprietary rights like patents, trademarks, performances and broadcasts, and licensing agreements for copyrights on various works such as software and cinematographic works. IP-intensive industries are critical high-value components of both U.S. and EU services exports, directly supporting R&D-intensive industries like pharmaceuticals, software, and technology (Table 3).

Over the past decade, digitally deliverable services trade between the U.S. and the EU has grown substantially faster than total services trade between the two economies.

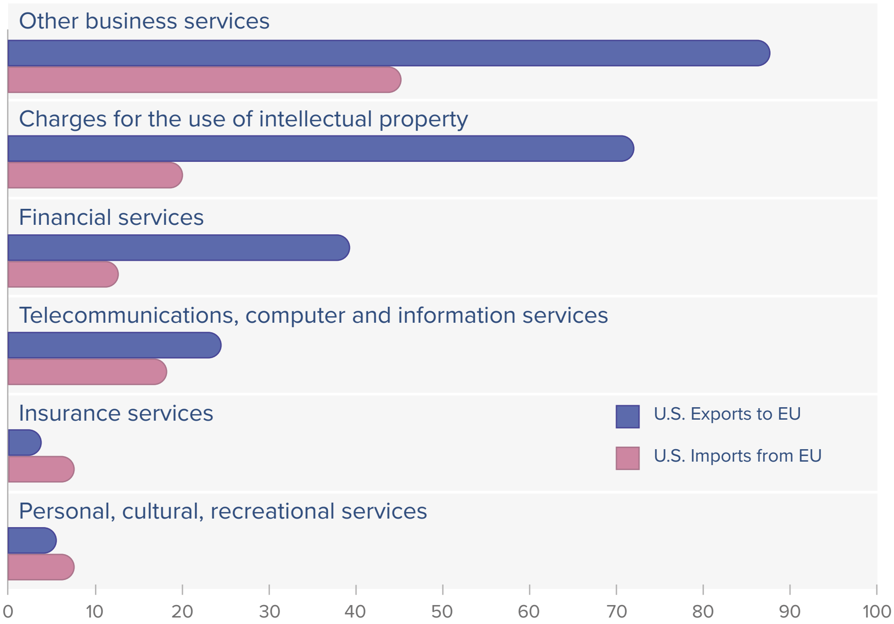
DIGITALLY DELIVERED TRADE

Given that "digitally deliverable services" offers an expansive notion of digital commerce, a narrower lens may also be useful. The OECD and the WTO define digital trade as the sum of digitally delivered trade and digitally ordered trade, net of any double counting for transactions that fall into both categories.[15] The WTO has created a dataset for digitally delivered services trade. It has had more difficulties measuring digitally ordered trade, which we discuss later.

Global trade in digitally delivered services totaled $8.76 trillion in 2024, the last year of available information. Europe ($4.7 trillion) and the United States ($1.2 trillion) accounted for two-thirds of the total. Their share of global exports was slightly higher, at 69%. European exports of $2.55 trillion (around 40% of which was within Europe) accounted for 53% of the global total, followed by U.S. exports of $741 billion (16%). Their share of global imports was 65%, with European imports of $2.15 trillion accounting for 54% of the global total, and U.S. imports of $455 billion for 11%.[16] Table 4 depicts the leading global traders in digitally delivered services, discounting intra-EU trade (Table 4).

TABLE 3.

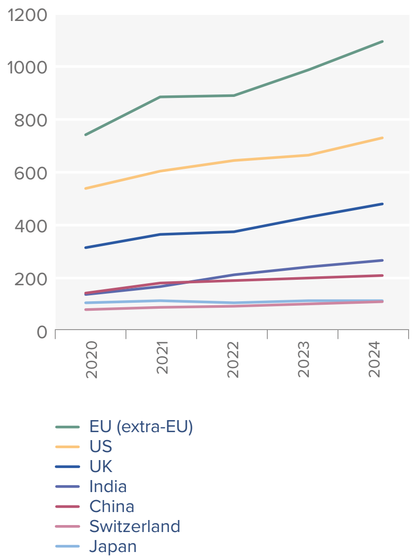
U.S.-EU Trade in Digitally-Deliverable Services, by Type ($Billions)



As of 2024. Source: U.S. Bureau of Economic Analysis.

TABLE 4A.

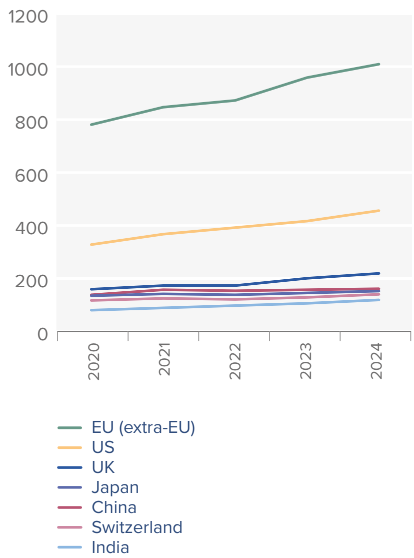
Exports of Digitally-Delivered Services, 2020-2024 ($Billions)



Sources: WTO, OECD.

TABLE 4B.

Imports of Digitally-Delivered Services, 2020-2024 ($Billions)



Sources: WTO, OECD.

DIGITALLY DELIVERABLE SERVICES SUPPLIED THROUGH FOREIGN AFFILIATES

Even more important than digital trade is the delivery of digital services by U.S. and European foreign affiliates – another indicator reinforcing the importance of foreign direct investment, rather than trade, as the major driver of transatlantic commerce.

The significant presence of leading U.S. and European services and technology leaders in each other's markets underscores the dense nature of the digital Atlantic. Official data on services supplied through foreign affiliates differentiate by affiliates' industry classification rather than by type of services. This makes it hard to identify with any precision the full extent of "digitally deliverable services" supplied through U.S. or European foreign affiliates. However, we can look at three significant services industries which are largely "digitally deliverable": information services; finance and insurance, and professional, scientific, and technical services.

The "information services" industry accounted for 35% ($420 billion) of all services supplied by U.S. firms through their European affiliates ($1.21 trillion) in 2023, the latest year of available data. The "finance and insurance" industry accounted for 14.2% ($172 billion), and the "professional, scientific, and technical services" industry for 13.4% ($162 billion). Within the EU, U.S. affiliates supplied $750 billion in services, with information services accounting for 42.5% ($319 billion), finance and insurance for 10.7% ($80 billion) and professional, scientific and technical services for 12% ($90 billion). The high value ascribed to the information services industry is due to the significant role U.S. digital companies play in Europe. Many have located their headquarters or major operations in Ireland, which accounted for 61% ($194 billion) of all information services supplied by EU affiliates of U.S. companies.

The deep digital connections binding the U.S. and the UK are also reflected in the significant value of services provided by the affiliates of U.S. and UK companies in each other's markets. UK affiliates of U.S. companies supplied $365 billion in services within the UK market, with information services accounting for 22.6% ($82 billion), finance and insurance for 24.2% ($88 billion), and professional, scientific and technical services for 16.9% ($62 billion). U.S. affiliates of UK firms supplied $201 billion in services in the U.S. market; information services accounted for 12.9% ($26 billion), finance and insurance for 6.5% ($13 billion), and professional, scientific and technical services for 14.2% ($29 billion).

Even more important than digital trade is the delivery of digital services by U.S. and European foreign affiliates – another indicator reinforcing the importance of foreign direct investment, rather than trade, as the major driver of transatlantic commerce.

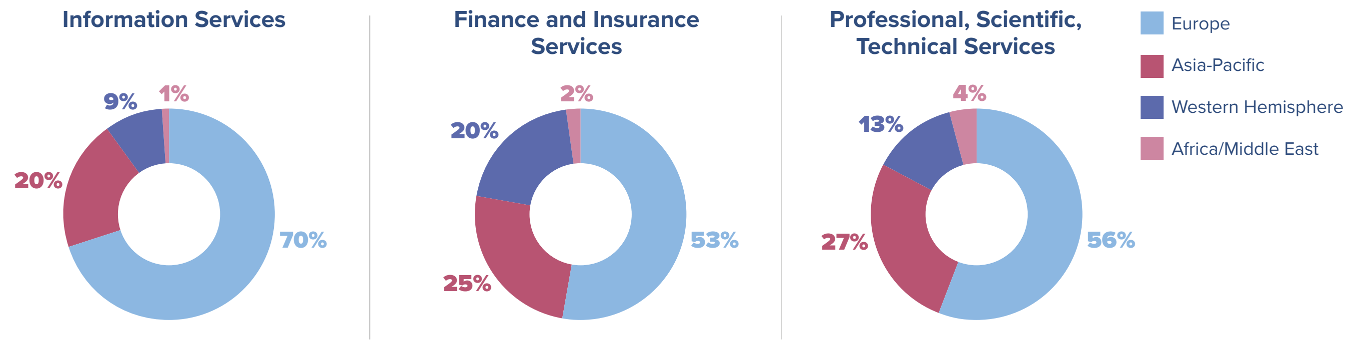
Of total services supplied by European firms through their U.S. affiliates ($867 billion), information services accounted for 17.1% ($148 billion), finance and insurance for 10.7% ($92 billion), and professional, scientific and technical services for 11.9% ($103 billion).

U.S. affiliates of EU-based companies supplied $584 billion in services, with information services accounting for 19.1% ($112 billion), finance and insurance for 9.6% ($56 billion), and professional, scientific and technical services for 12.3% ($72 billion).

In 2023, Europe accounted for 70% (EU: 53%) of the $603 billion in total global information services supplied abroad by U.S. multinational corporations through their majority-owned foreign affiliates. U.S. overseas direct investment in the information industry in the UK alone was 2 times more than U.S. information industry investment in the entire Western Hemisphere outside the United States, and 16 times more than such investment in China.[17]

TABLE 5.

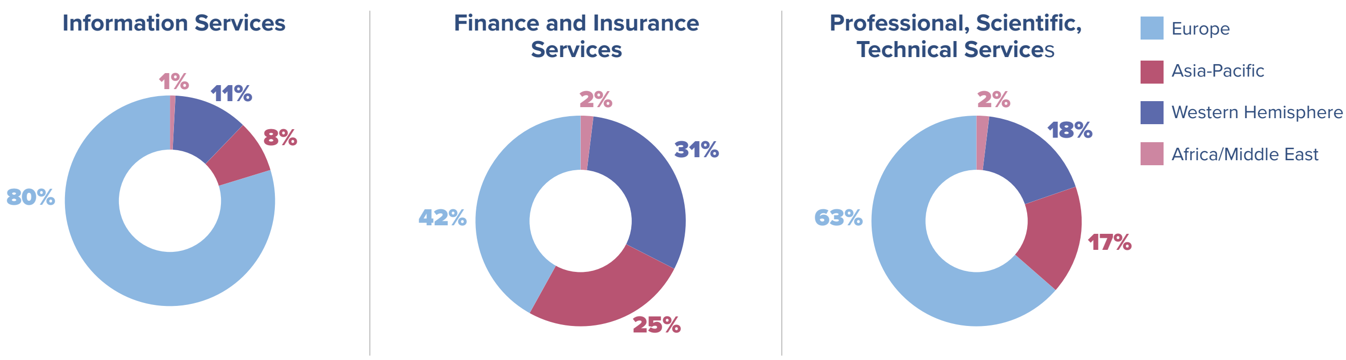
Digitally-Deliverable Services Provided by Foreign Affiliates of U.S. Companies, Share by Region, Selected Industries



As of 2023. Source: U.S. Bureau of Economic Analysis.

TABLE 6.

Digitally-Deliverable Services Provided by Foreign Companies in the United States, Share by Region, Selected Industries



As of 2023. Source: U.S. Bureau of Economic Analysis.

Equivalent U.S. investment in Germany was 4 times more than in China. Europe accounted for 56% (EU: 31%) of the $291 billion in professional, scientific and technical services supplied globally by U.S. firms through their foreign affiliates, and 53% (EU: 25%) of equivalent U.S. affiliate supplies of finance and insurance services (Table 5).

Even more striking is the fact that European companies provided 78% ($148 billion) of the $191 billion in information services supplied in 2023 by all foreign affiliates based in the United States – dwarfing those of all other regions put together. Of that share, the EU accounted for 59% ($112 billion).[18]

European companies provided 61% ($101 billion) of the $170 billion in professional, scientific and technical services and 41% ($92 billion) of the $223 billion in finance and insurance services supplied by all foreign affiliates in the United States (Table 6).

DIGITALLY ORDERED TRADE/E-COMMERCE

According to the OECD and the WTO, digitally delivered trade is one component of digital trade; the other is digitally ordered trade, otherwise known as electronic commerce (e-commerce). This refers to transactions in which goods or services are ordered over a computer network (usually over the Internet).[19]

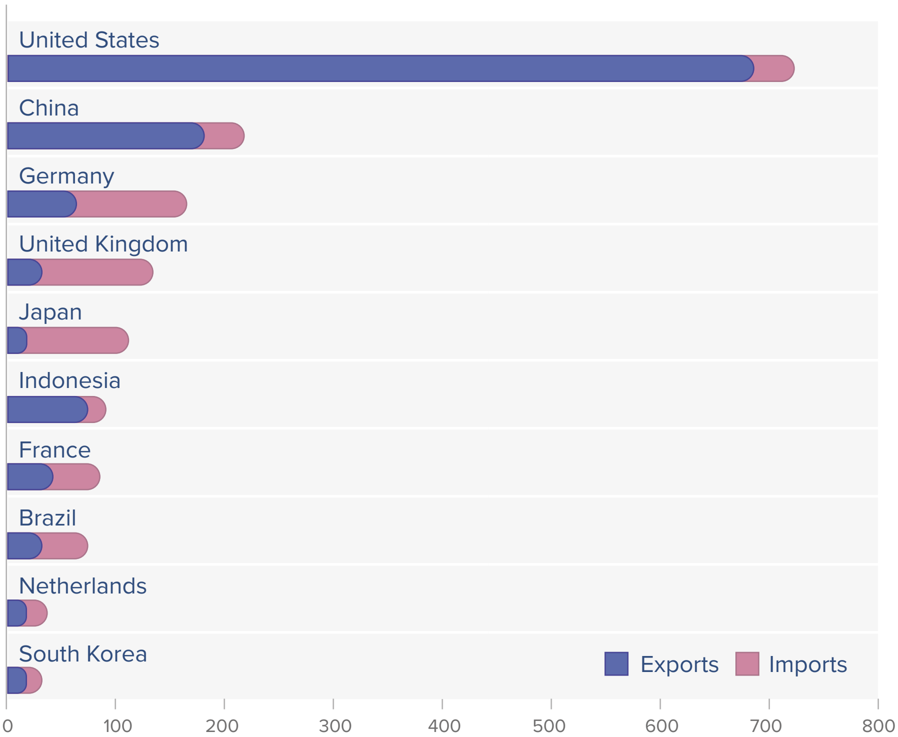
Here again we run into some measurement challenges, due to the proprietary nature of much data, difficulties in distinguishing between international and domestic e-commerce, and the fact that many products or services that are ordered digitally can be delivered physically or digitally. Many metrics do not make it clear whether they cover all modes of e-commerce or only the leading indicators of business-to-business (B2B) and business-to-consumer (B2C) e-commerce. Finally, most countries do not compile reliable statistics on the value of e-commerce, and those that do vary in terms of their definitions, data sources and methods, and approaches to e-commerce value. Many are based on surveys rather than on real data.[20]

Nevertheless, we can evaluate and compare many different estimates and surveys that have been conducted. In 2026, global e-commerce revenue is projected to reach $43 trillion, comprised of B2B commerce of $36.1 trillion and B2C commerce of $6.9 trillion. Projections indicate that total worldwide B2B and B2C e-commerce will be worth over $71 trillion in 2030.[21]

Cross-border e-commerce generated revenues of $1.1 trillion in 2024, accounting for approximately 19% of all global B2C online sales. Europe was the leading region, with cross-border revenues of $504 billion (78% of which was within the EU), ahead of Asia ($343 billion) and the Americas ($224 billion). The United States was the largest country market for cross-border B2C e-commerce in 2024, exporting $684.5 billion and importing $45.8 billion. That was far ahead of 2nd place China, which exported $180.7 billion and imported $29.8 billion. Germany was 3rd, exporting $58.4 billion and importing $93.7 billion. The UK was 4th with exports of $20.4 billion and imports of $118.4 billion (Table 7).[22]

TABLE 7.

Cross-Border B2C E-Commerce by Country ($Billions)



Data for 2024. Sources: ECDB, "Cross-Border E-Commerce 2025, https://ecdb.com/whitepaper/cross-border-ecommerce-2025; Capitol One Shopping, «Cross-Border e-Commerce Statistics," August 29, 2025, https://capitaloneshopping.com/research/cross-border-online-shopping-statistics/.

Even more striking is the fact that European companies provided 78% ($148 billion) of the $191 billion in information services supplied in 2023 by all foreign affiliates based in the United States.

Little reliable data are available regarding cross-border B2B e-commerce. While B2B e-commerce accounts for the bulk of global e-commerce, most B2B e-commerce does not cross a border.

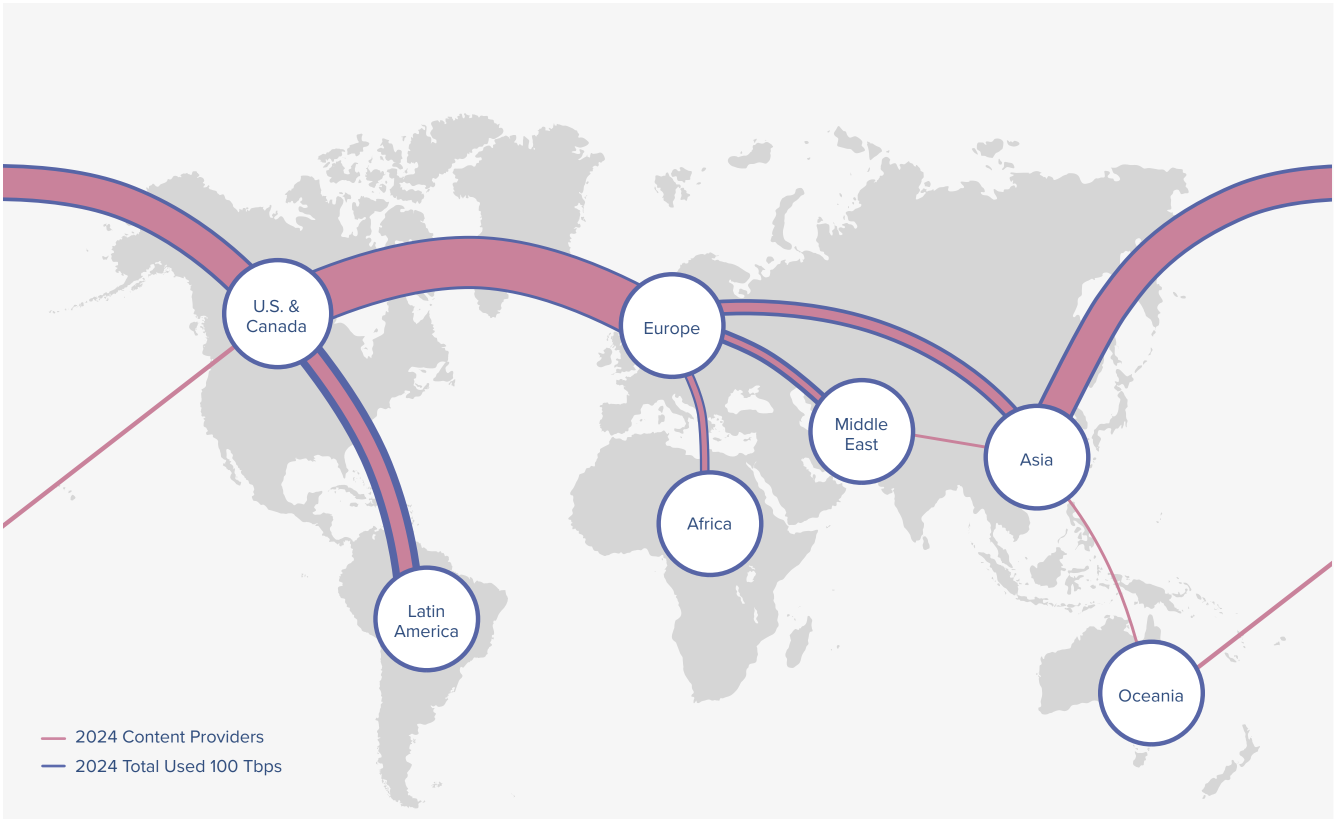
THE DIGITAL ATLANTIC SEASCAPE

Submarine cable capacity across the Atlantic is 2.5 times that of transpacific routes, 3 times that of intra-Asian routes, 3.9 times more than Europe-Africa routes, and 2 times that of U.S.-Latin American routes.

The Digital Atlantic largely operates under the sea, not through the air. More than 500 undersea fiber optic cables transmit 99% of all intercontinental data traffic and serve as the backbone for the global internet. Every day they carry more than 15 trillion financial transactions worth more than $10 trillion. Of these undersea connections, the transatlantic data seaway is the densest in the world. Submarine cable capacity across the Atlantic is 2.5 times that of transpacific routes, 3 times that of intra-Asian routes, 3.9 times more than Europe-Africa routes, and 2 times that of U.S.-Latin American routes.[23] The transatlantic digital seaway is also the busiest in the world. The transatlantic route's lit share of existing cable capacity – the amount of cable capacity actually being used – is almost 2 times intra-Asian routes, 2.4 times transpacific routes, and 4 times U.S.-Latin American routes.[24] Used interregional bandwidth is thickest between Europe and the United States (Table 8).

TABLE 8.

Transatlantic: Still the Most Important Route (Used Interregional Bandwidth, 2024)



Source: Stacey Parket, "Global Connectivity Trends: A European Perspective," Telegeography, October 22, 2025.

10. Energy

U.S. and European companies are the largest foreign investors and foreign suppliers of jobs in each other's energy economy.

The transatlantic energy economy is vibrant and growing rapidly. The United States provides 60% of the EU's liquefied natural gas (LNG), vies with Norway as the EU's top supplier of crude oil, and is the EU's 2nd largest supplier of coal (Table 1). Europe has become America's most important export market for each of these three commodities. U.S. and European companies are the largest foreign investors and foreign suppliers of jobs in each other's energy economy.

The large U.S. share of EU LNG imports means that the U.S., which in 2021 accounted for only 5% of the EU's overall gas imports, now accounts for 27% – a figure that is projected to rise to nearly half by the end of the decade, as the EU's total ban on Russian gas imports kicks in. The UK is also a major importer of U.S. LNG.[25]

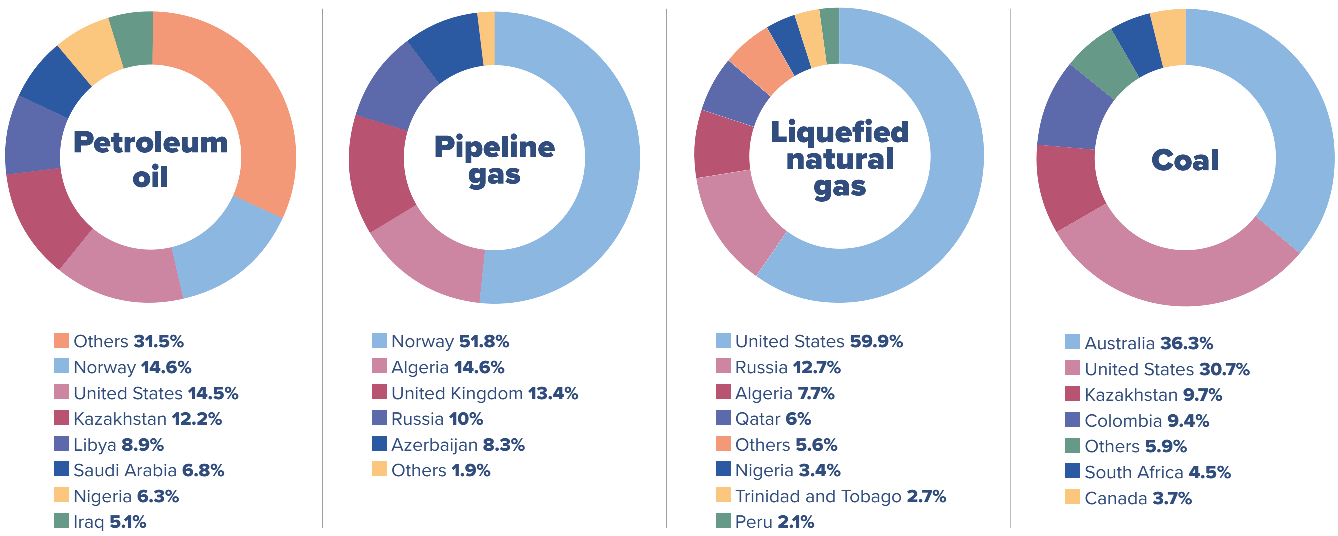
Europe, in turn, remains America's most important LNG export market, accounting for 66% of total U.S. LNG exports in 2025, far ahead of Asia (18%) and Latin America (16%) (Table 3). U.S. LNG deliveries to Europe jumped 38% in 2025. This is a big change. During the five years before Russia's 2022 full-scale invasion of Ukraine, the top three importers of U.S. LNG were South Korea, Japan, and China, which collectively imported 34% of U.S. exports, in comparison to 28% imported by Europe.[26]

Europe is also the largest destination for U.S. crude oil exports, ahead of Asia-Pacific and other world regions (Table 2). The Netherlands is a key transit hub and destination, receiving more U.S. crude oil exports than any other country.

The United States is the EU's 2nd largest source of imported coal, with a 31% share, trailing Australia's share of 36% (Table 1). Meanwhile, Norway has displaced Russia as the EU's largest supplier of pipeline gas.

TABLE 1.

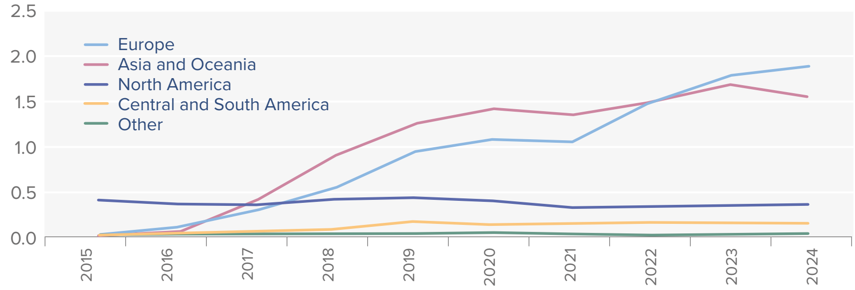
EU Imports of Energy Products by Partner (% of trade in value)



As of Q3 2025. Source: Eurostat.

TABLE 2.

Annual U.S. Crude Oil Exports by Destination Region (Million barrels per day)



Source: U.S. Energy Information Administration, Petroleum Supply Monthly and Petroleum Supply Annual.

EUROPEAN INVESTMENT IN THE U.S. ENERGY ECONOMY

Norway accounted for 52% of the EU's natural gas imports for the first nine months of 2025, followed by the UK (15%), Algeria (13%), and Russia (10%).

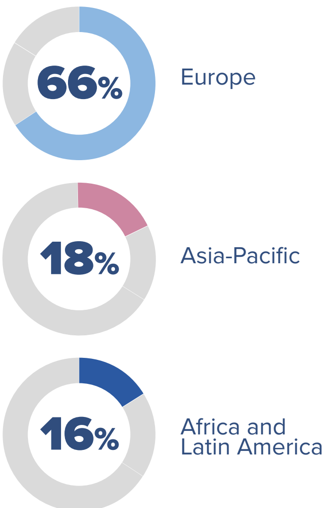
Despite these surging numbers, the EU will have to significantly increase its imports to meet its pledge to buy $750 billion in energy products from the United States by the end of 2028. The EU spent $406 billion on energy imports in 2024, including $82 billion from the U.S., which means the EU would have to triple U.S. energy imports over the next three years.[27]

Transatlantic energy ties are not limited to fossil fuels. Energy innovation is robust on each side of the Atlantic, powered in part by dense transatlantic commercial and R&D linkages. We have detailed these deep transatlantic connections in our previous annual studies.

The transatlantic energy economy is often discussed as a one-way flow from the U.S. to Europe, but each side of the Atlantic gains. European companies are the largest foreign investors in the U.S. energy economy, accounting for over half of all foreign direct investment in greenfield energy projects and seven of the top ten investing countries over the past decade (Table 4). These investments supported over 100,000 U.S. jobs and over $3 billion in U.S. energy exports. German companies led with over 14% of all FDI greenfield energy investments, followed by those from Canada and France (each with 11%) and the UK (10%).

TABLE 3.

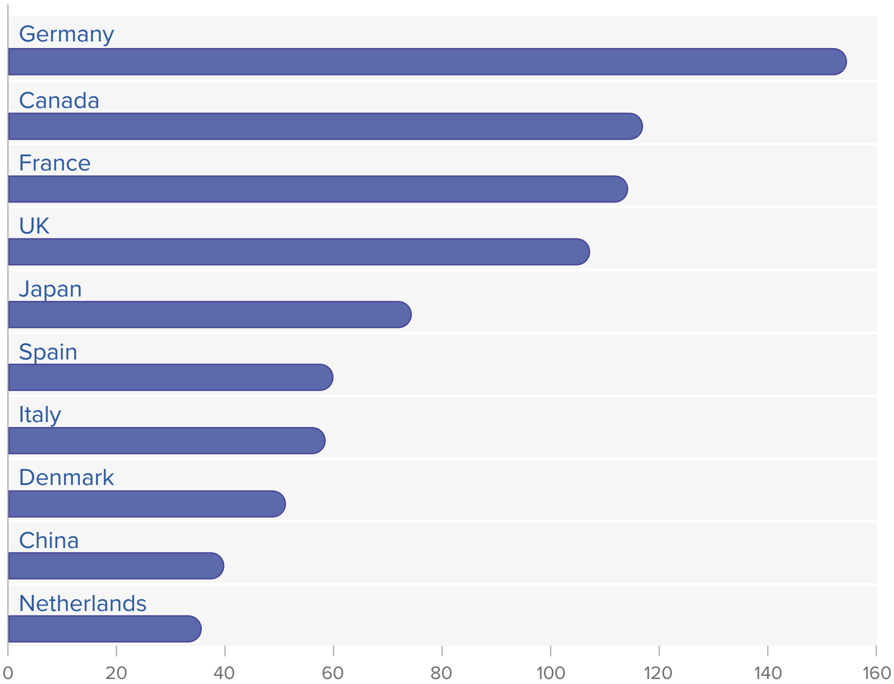
U.S. LNG Exports by Destination, 2025



Sources: LSEG: Marine Insight News Network, "U.S. Becomes First Country To Ship Over 100 Million Tonnes Of LNG In A Single Year," January 3, 2026; Jamison Cocklin, "American LNG Supply Hits High Gear in 2025 With Output Poised to Double," Natural Gas Intelligence, December 30, 2025.

TABLE 4.

Top Sources of FDI in U.S. Energy (1,079 Total Announced Greenfield Projects, January 2015-December 2024)



Sources: U.S. Bureau of Economic Analysis; SelectUSA, U.S. Department of Commerce.

Notes

2. TRADE IN SERVICES

1 Aparna Bharadwaj and Cristián Rodríguez-Chiffelle, "The Global Trade Shift That Could Blindside CEOs," BCG, January 26, 2026, https://www.bcg.com/publications/2026/the-global-trade-shift-that-could-blindside-ceos; Aparna Bharadwaj, et al., "Services Are the New Fault Lines in Global Trade," BCG, September 24, 2025, https://www.bcg.com/publications/2025/services-are-the-new-fault-lines-in-global-trade.

2 In our study, we use figures from U.S. Bureau of Economic Analysis (BEA). The BEA classifies goods and services differently than Eurostat, the European Union's statistical agency. The result: high asymmetries in services numbers, especially the subcategories of financial services and other business services, and some asymmetries in calculations of trade in goods. Differing exchange rate calculations also affect final numbers. We explain these differences further, and offer additional references, in our section on data sources and methodologies in the Appendix. We offered additional examples and compared the two approaches in last year's study: https://www.amchameu.eu/publications/the-transatlantic-economy-2025.

3 The EU-China services trade number comes from Eurostat; it is likely to be far higher than U.S. analysis would show. As indicated in endnote 2, the U.S. and the EU differ significantly in their respective presentations of services trade data.

4 See Samina Sultan, "Dienstleistungshandel: Wo ist die EU stark, wo bestehen Abhängigkeiten? Eine empirische Analyse des globalen Dienstleistungshandels." Cologne: Institut der deutschen Wirtschaft, January 23, 2026, https://www.iwkoeln.de/en/studies/samina-sultan-where-is-the-eu-strong-where-are-there-dependencies.html.

3. INVESTMENT

5 In previous surveys we have discussed at length the role of holding companies and so-called "phantom" FDI. We refer the reader to those surveys for a deeper understanding. The basic conclusion from this work: Europe still accounts for over half of U.S. FDI outflows even when flows from holding companies are removed from the aggregate.

6 UNCTAD, *2025 World Investment Report*, https://unctad.org/system/files/official-document/wir2025_en.pdf.

7 American Enterprise Institute, "China Global Investment Tracker," https://www.aei.org/china-global-investment-tracker/; U.S. Bureau of Economic Analysis; European Commission.

7. JOBS

8 Jobs related to foreign investment are based on data from the U.S. Bureau of Economic Analysis. For methodology related to jobs from trade, please see the Appendix.

9. DIGITAL COMMERCE AND CONNECTIVITY

9 UNCTAD, 2025 *World Investment Report: International investment in the digital economy*, https://unctad.org/system/files/official-document/wir2025_en.pdf; The WTO estimates that the use of AI could boost goods and services trade by nearly 40% by 2040. WTO, *World Trade Report 2025*, Chapter 2.

10 For more, see https://transatlanticrelations.org/activity/transatlantic-economy/.

11 See David Stein, Kaitlin C. Johns, Maryam Fatima, and Shari A. Allen, "U.S. International Services: Trade in Services in 2023 and Services Supplied Through Affiliates in 2022," *Survey of Current Business*, October 2024, U.S. Bureau of Economic Analysis, https://apps.bea.gov/scb/issues/2024/10-october/pdf/1024-international-services.pdf; Javier López-González, "The changing nature of digital trade, current and future barriers and ideas to overcome them," Woodrow Wilson Center, April 21, 2021, https://www.wilsoncenter.org/article/changing-nature-digital-trade-current-and-future-barriers-and-ideas-overcome-them. Also Jessica R. Nicholson, "New BEA Estimates of International Trade in Digitally Enabled Services," May 24, 2016, Bureau of Economic Analysis, http://www.esa.

12 U.S. Bureau of Economic Analysis, "U.S. Trade in ICT Services and Digitally Deliverable Services, by Country or Affiliation," https://apps.bea.gov/iTable/?reqid=62&step=9&isuri=1&product=4#eyJhcHBpZCI6NjIsInN0ZXBzIjpbMSw5LDZdLCJkYXRhIjpbWyJwcm9kdWN0IiwiNCJdLFsiVGFibGVMaXN0IiwiMzU5Il1dfQ==.

13 WTO Trade in Services Statistics. Digitally deliverable services include insurance and pension services, financial services, charges for the use of intellectual property n.i.e., telecommunications, computer and information services, and personal, cultural and recreational services.

14 WTO Trade in Services Statistics. See also Frank Bickenbach, Holger Görg and Wan-Hsin Liu, "Transatlantic Ties Beyond Goods Trade: Significance and Policy Implications of EU-U.S. Services Trade, Kiel Institute for the World Economy, July 2025, https://www.econstor.eu/bitstream/10419/323206/1/193136558X.pdf.

15 An item that is digitally ordered can also be digitally delivered, although it can also be physically delivered. Digitally ordered trade is equivalent to international e-commerce, according to the OECD. Digitally delivered trade is defined as "all international trade transactions that are delivered remotely over computer networks." Many governments are challenged when it comes to measuring these types of trade, which means official statistics can be spotty. https://www.imf.org/-/media/files/news/seminars/2025/13th-stats-forum/session-3-annabelle-mourougane-deriving-experimental-estimates-of-digital-trade-oecd-preliminary.pdf

16 WTO, Digitally delivered services trade dataset, as of July 2025, https://www.wto.org/english/res_e/statis_e/gstdh_digital_services_e.htm.

17 U.S. Bureau of Economic Analysis, "Table 4.1. Services Supplied to Foreign Persons by U.S. MNEs Through Their MOFAs, by Industry of Affiliate and by Country of Affiliate," November 19, 2025.

18 U.S. Bureau of Economic Analysis, "Table 5.1. Services Supplied to U.S. Persons by Foreign MNEs Through Their MOUSAs, by Industry of Affiliate and by Country of UBO," November 19, 2025.

19 UNCTAD, "Measuring the value of e-commerce," October 21, 2022, Non-paper for the third meeting of the Trade and Development Board Working Group on Measuring E-Commerce and the Digital Economy, https://unctad.org/system/files/information-document/Measuring_value_ecommerce.pdf.

20 Daniel Ker, "Measuring the value of e-commerce," UNCTAD, December 4, 2023, https://unctad.org/system/files/non-official-document/09_WG_ECDE_2023_Thursday_PM_Ker.pdf; UNCTAD, "Measuring the value of e-commerce," May 2023, https://unctad.org/system/files/official-document/dtlecde2023d3_en.pdf.

21 "70 Latest e-commerce statistics," WiserReview, January 6, 2026, https://wiserreview.com/blog/ecommerce-statistics/.

22 "European E-commerce Report 2025," https://www.eurocommerce.eu/app/uploads/2025/10/final-corrigendum-executive-summary-european-e-commerce-report-2025.pdf; ECDB, "Cross-Border E-Commerce 2025", https://ecdb.com/whitepaper/cross-border-ecommerce-2025; Capitol One Shopping, "Cross-Border e-Commerce Statistics," August 29, 2025, https://capitaloneshopping.com/research/cross-border-online-shopping-statistics/.

23 Alan Mauldin, "Mother Earth, Motherboard," Telegeography, PTC presentation, January 2025, https://blog.telegeography.com/the-decline-of-a-us-centric-global-network.

24 Telegeography, "Submarine Cable Map 2025," https://submarine-cable-map-2025.telegeography.com/.

10. ENERGY

25 Ben Munster and Victor Jack, "Fears grow over Europe's soaring dependence on US gas imports," *Politico*, January 18,2026; Ben Munster, "EU bans Russian gas imports after last-minute agreement," *Politico*, December 3, 2025.

26 U.S. Department of Energy, "Energy, Economic, and Environmental Assessment of U.S. LNG Exports," December 2024, https://www.energy.gov/sites/default/files/2024-12/LNGUpdate_SummaryReport_Dec2024_230pm.pdf.

27 Munster and Jack.