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]

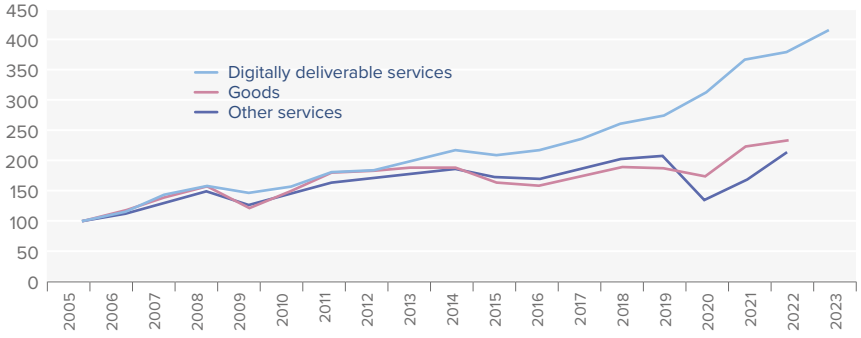
DIGITALLY DELIVERABLE SERVICES

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)



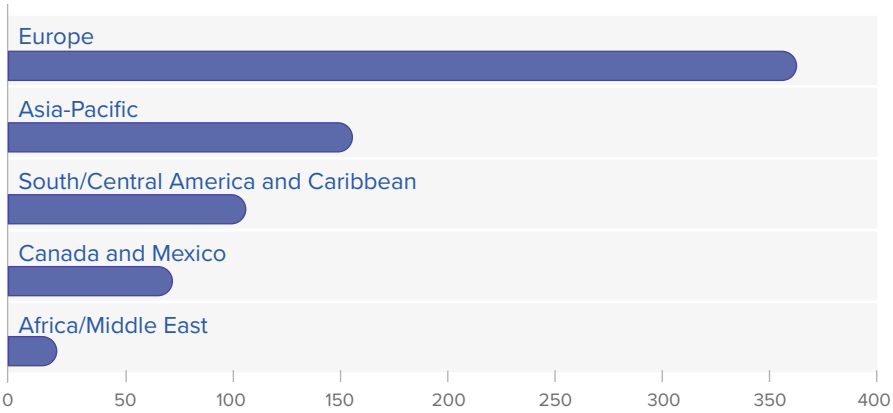
Source: OECD, "Deriving experimental estimates of digital trade," November 2025, https://www.imf.org/-/media/files/news/seminars/2025/13th-stats-forum/session-3-annabelle-mourougane-deriving-experimental-estimates-of-digital-trade-oecd-preliminary.pdf.

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).

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.

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 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]

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.

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).

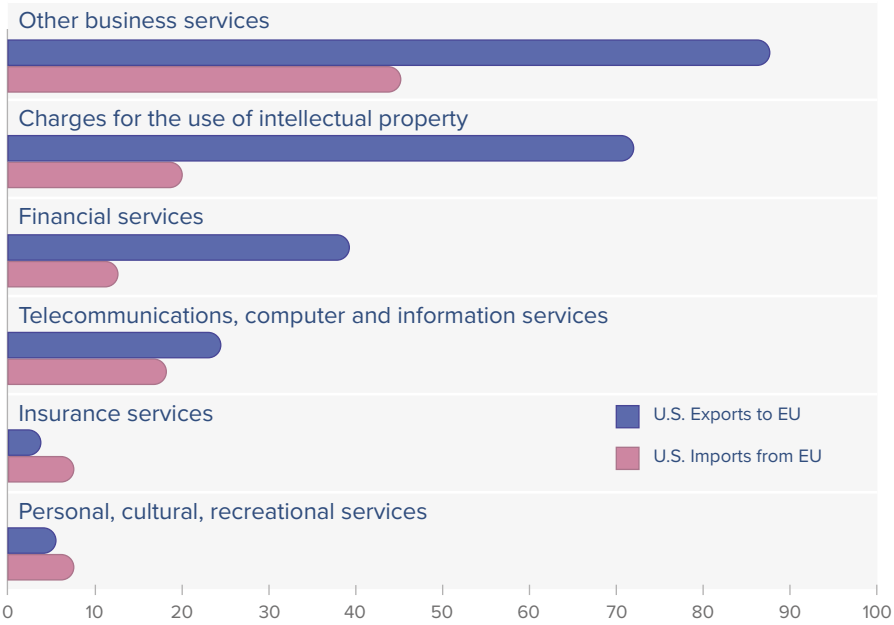
DIGITALLY DELIVERED TRADE

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.

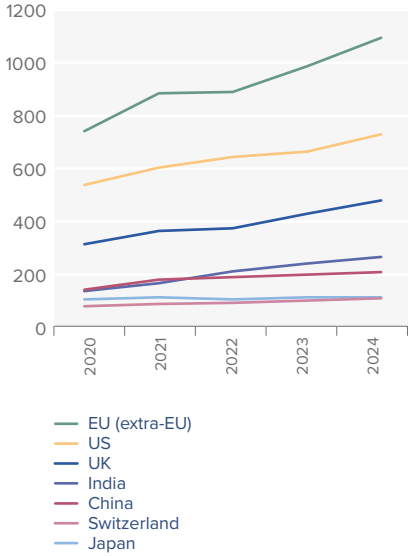
U.S.-EU Trade in Digitally-Deliverable Services, by Type ($Billions)



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

TABLE 4A.

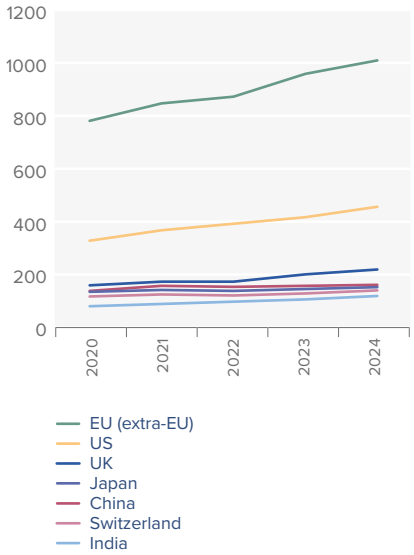
Exports of Digitally-Delivered Services, 2020-2024 ($Billions)



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.

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).

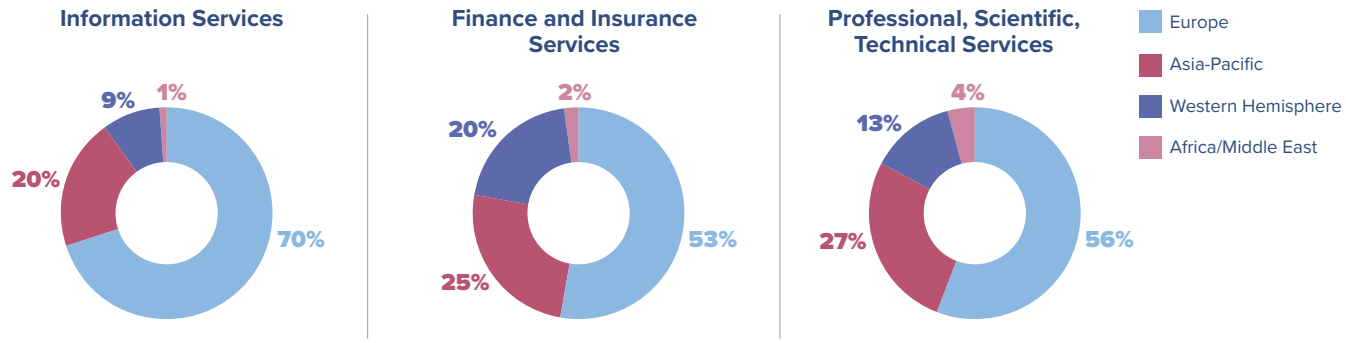
U.S. affiliates of EU-based companies supplied $584 billion in services, with information services accounting for 19.1% ($112 billion), finance and insurance for 9.6% ($56 billion), and professional, scientific and technical services for 12.3% ($72 billion).

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).

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.

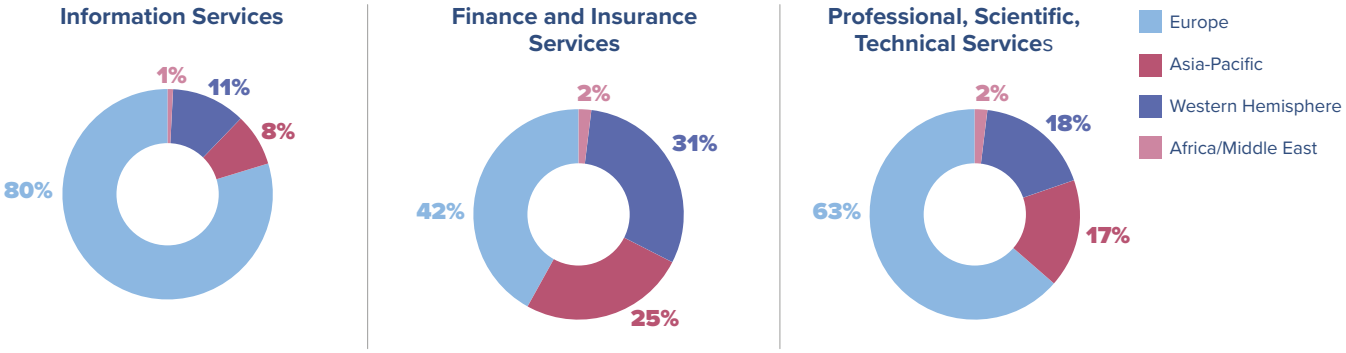
Digitally-Deliverable Services Provided by Foreign Affiliates of U.S. Companies, Share by Region, Selected Industries



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]

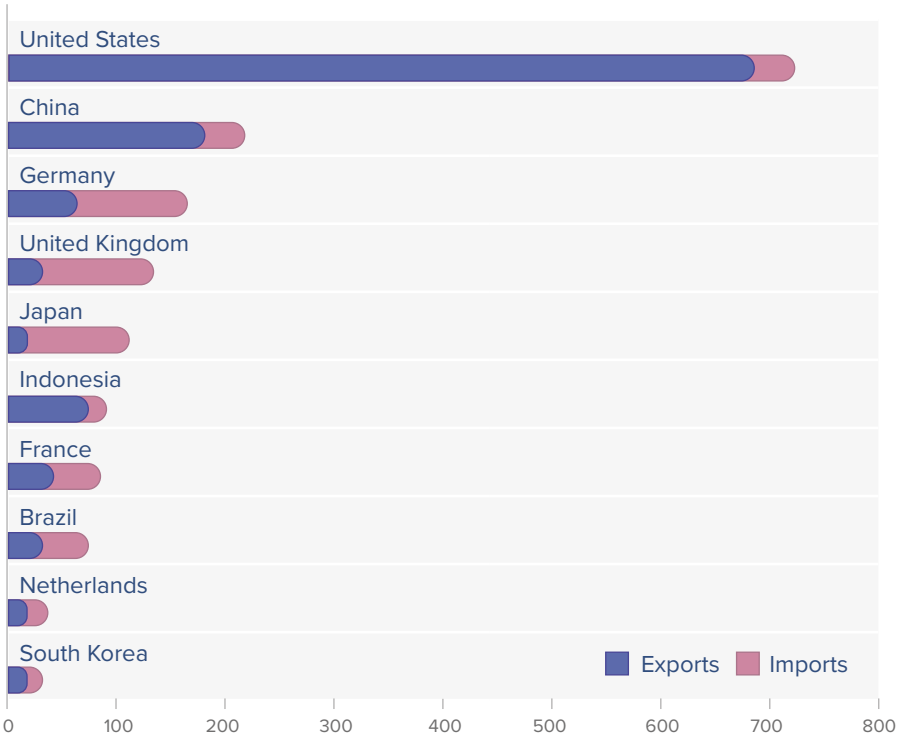
Here again we run into some measurement challenges, due to the proprietary nature of much data, difficulties in distinguishing between international and domestic e-commerce, and the fact that many products or services that are ordered digitally can be delivered physically or digitally. Many metrics do 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/.

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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.

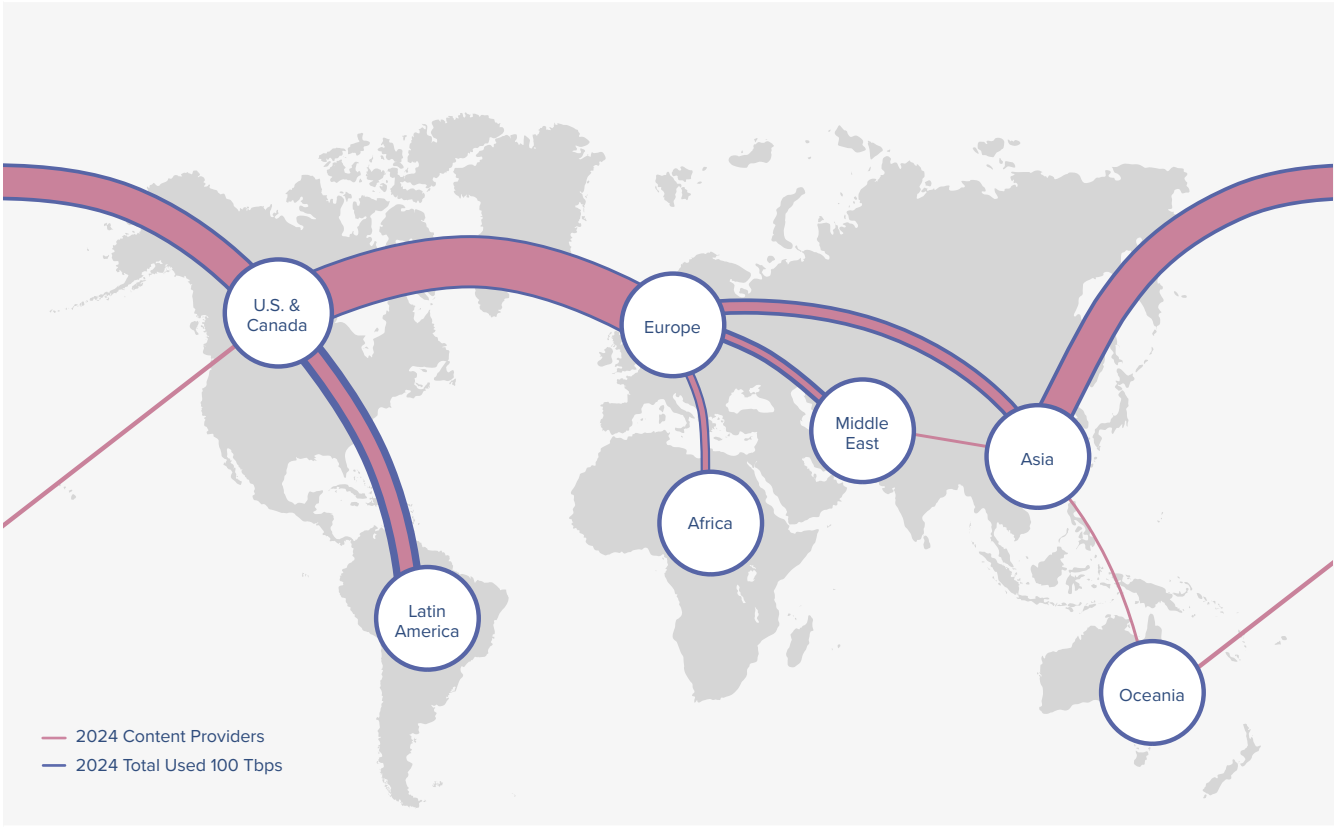
THE DIGITAL ATLANTIC SEASCAPE

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.