

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.

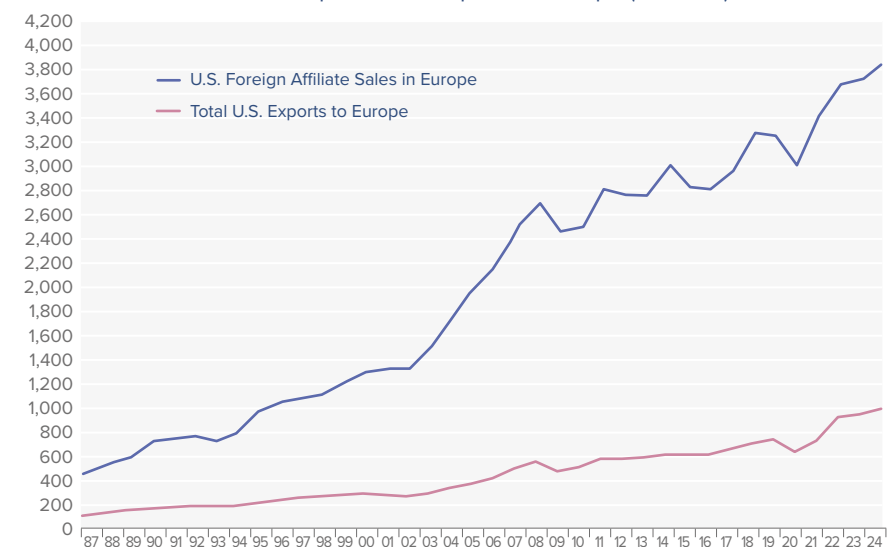


U.S. FOREIGN AFFILIATE SALES IN EUROPE

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

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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.

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

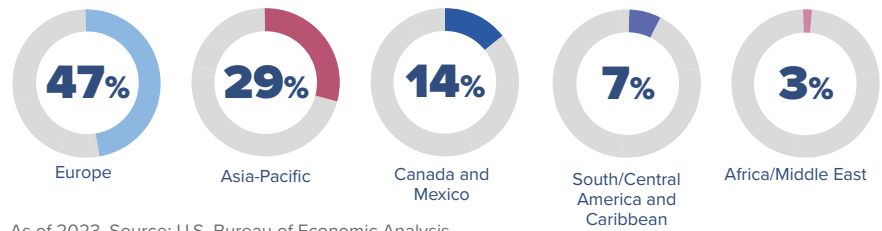
Sales of European affiliates in the U.S. totaled \$3.4 trillion in 2023, triple European exports of goods and services to the U.S. of \$1 trillion. Affiliate sales of EU companies in the U.S. of \$2.3 trillion were also triple EU exports of goods and services to the U.S. of \$768 billion.

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.

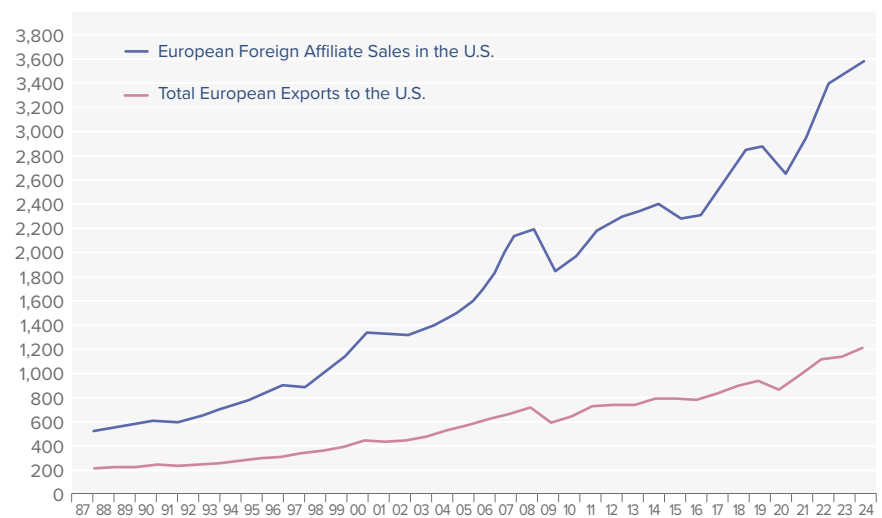
Share of Global Sales by Foreign-Based Affiliates of U.S. Companies, by Region



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

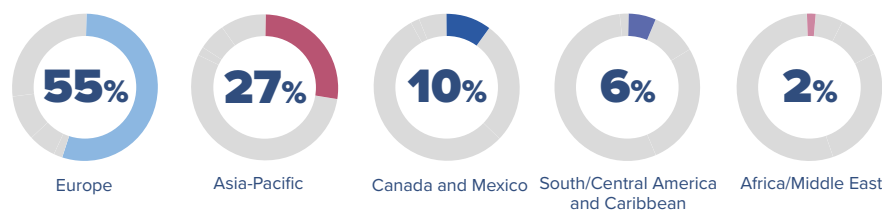
Of the \$6.25 trillion in sales registered by foreign affiliates in the United States in 2023, 54% (\$3.4 trillion) was posted by European firms, almost all from the EU+UK+Switzerland (\$3.35 trillion). Sales of EU companies with operations in the United States of \$2.33 trillion were larger than sales 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).



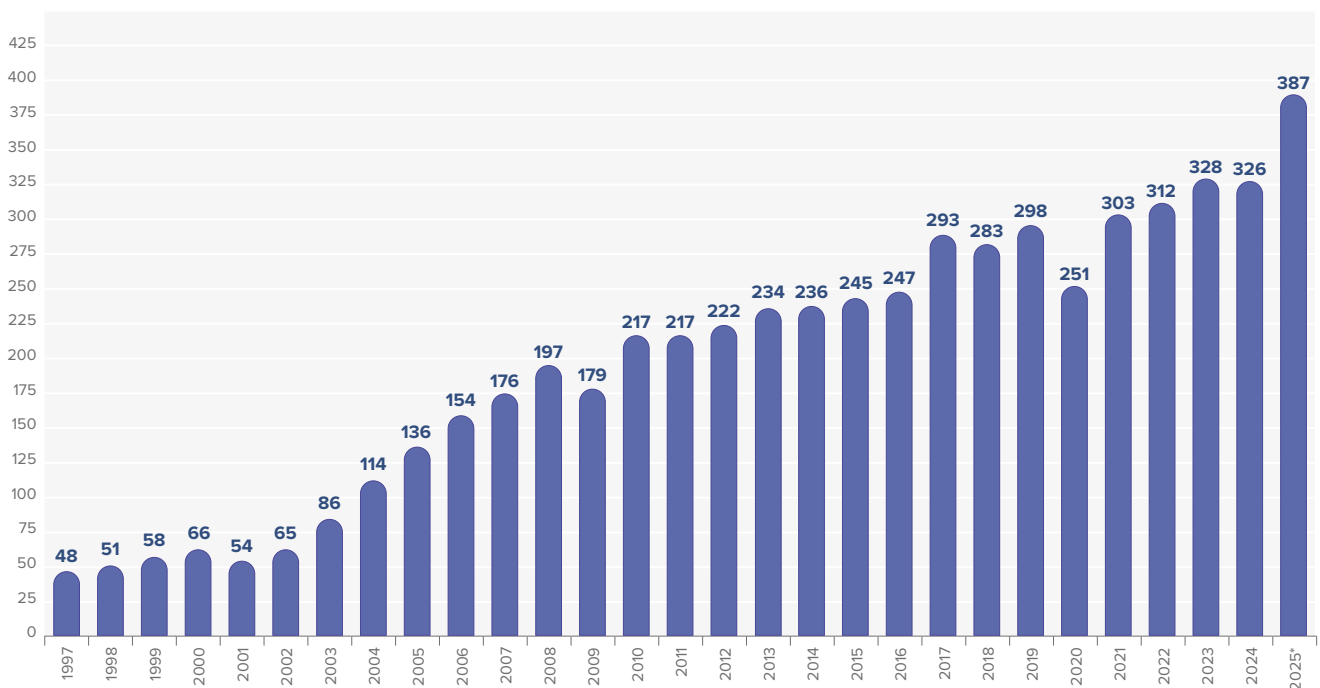
FOREIGN AFFILIATE INCOME

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.

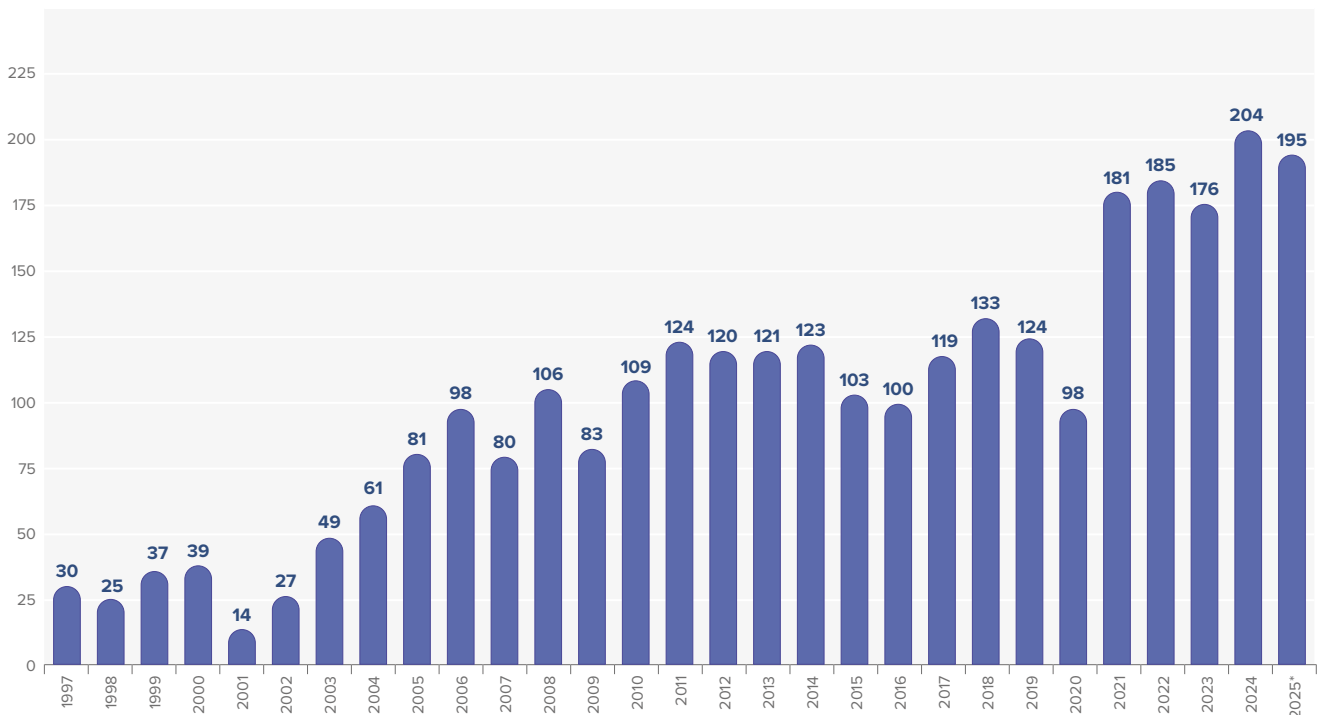
European firms profit the most from their engagement in the United States. European companies accounted for 63% of the \$311 billion earned by global companies operating in the United States in 2023. 41% of total global earnings in the U.S. went to EU companies (\$123 billion), another 14% to UK firms (\$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.

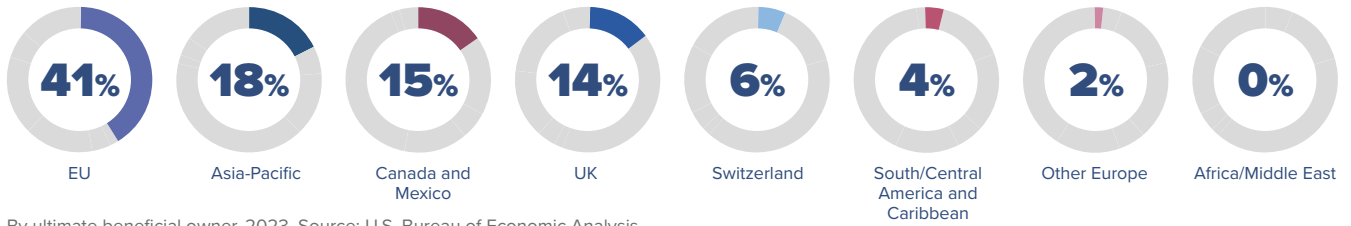
TABLE 7. European Affiliate Earnings in the U.S. (Foreign Affiliate Income Earned in the U.S., \$Billions)



*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)



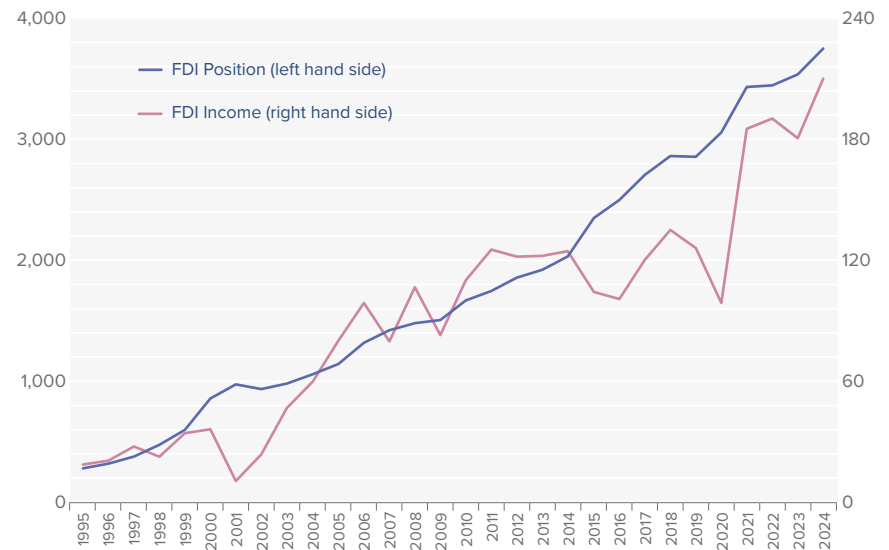
By ultimate beneficial owner, 2023. Source: U.S. Bureau of Economic Analysis.

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.

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TABLE 9.

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



Source: U.S. Bureau of Economic Analysis.