

# 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.

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



## 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).<sup>5</sup>

## 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.

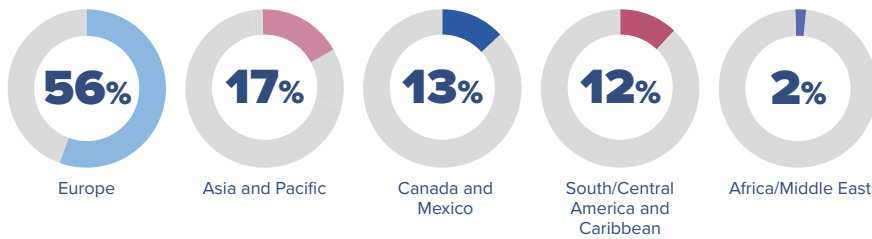
the transatlantic partnership. There is no better place to start than by looking at foreign direct investment.

**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.

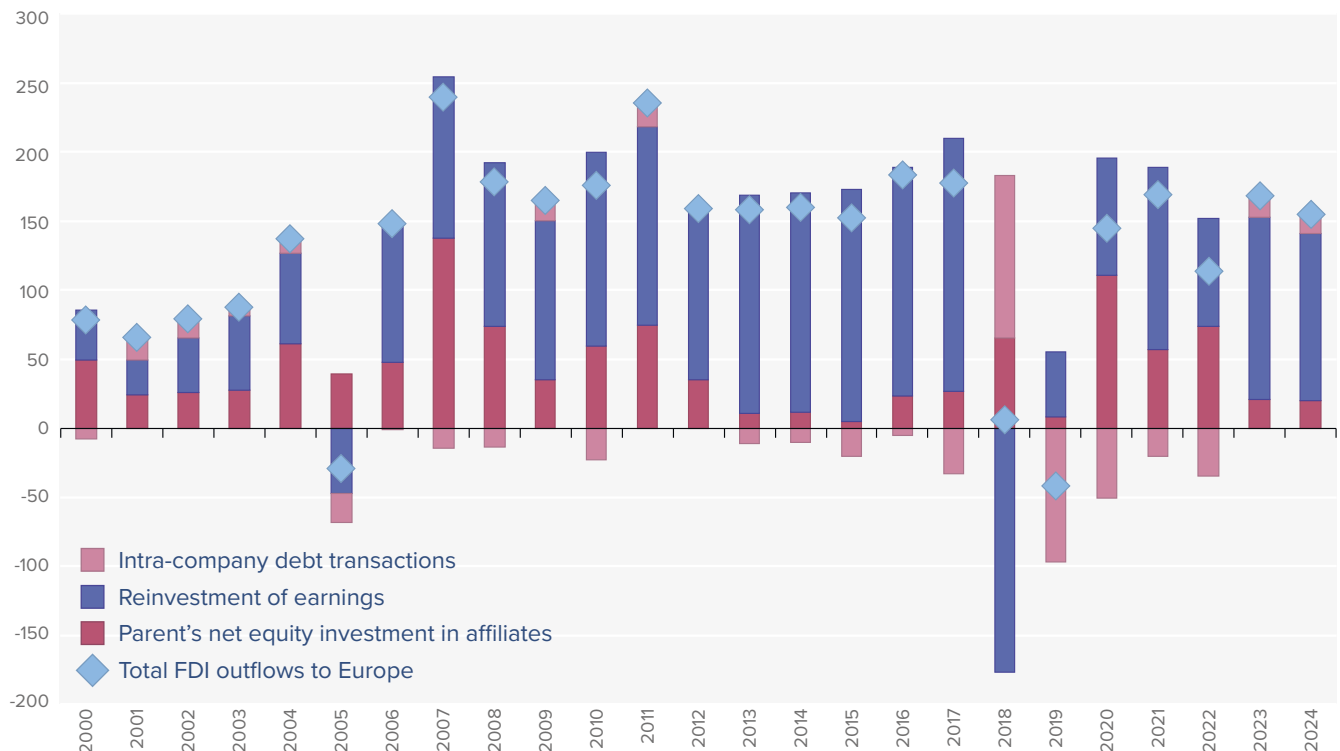
*The United States is the largest single source of inward FDI into the EU, ahead of even the largest European countries.*

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

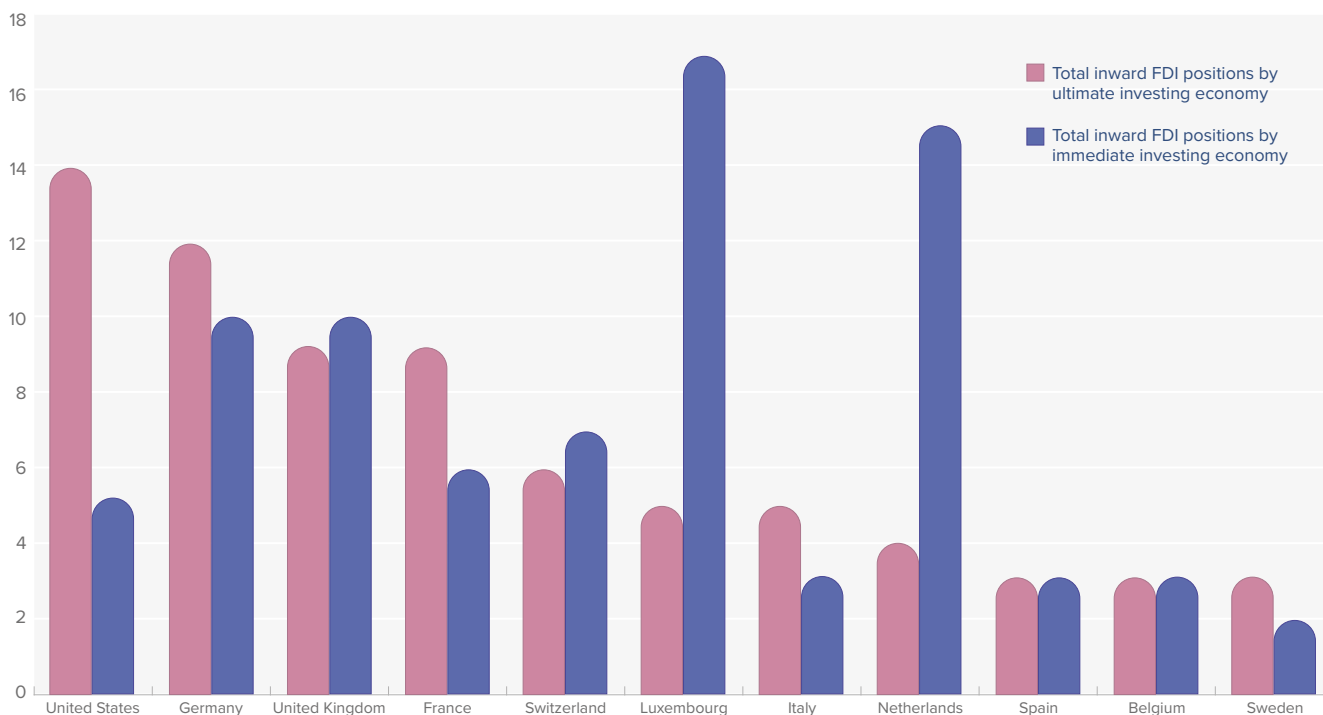
misleading, however, since Luxembourg and the Netherlands are often used as “pass-through” countries in international investment chains. In short, these figures do not necessarily reveal much about the actual owner of a foreign firm that is the original source of an investment and otherwise known as 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-company 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

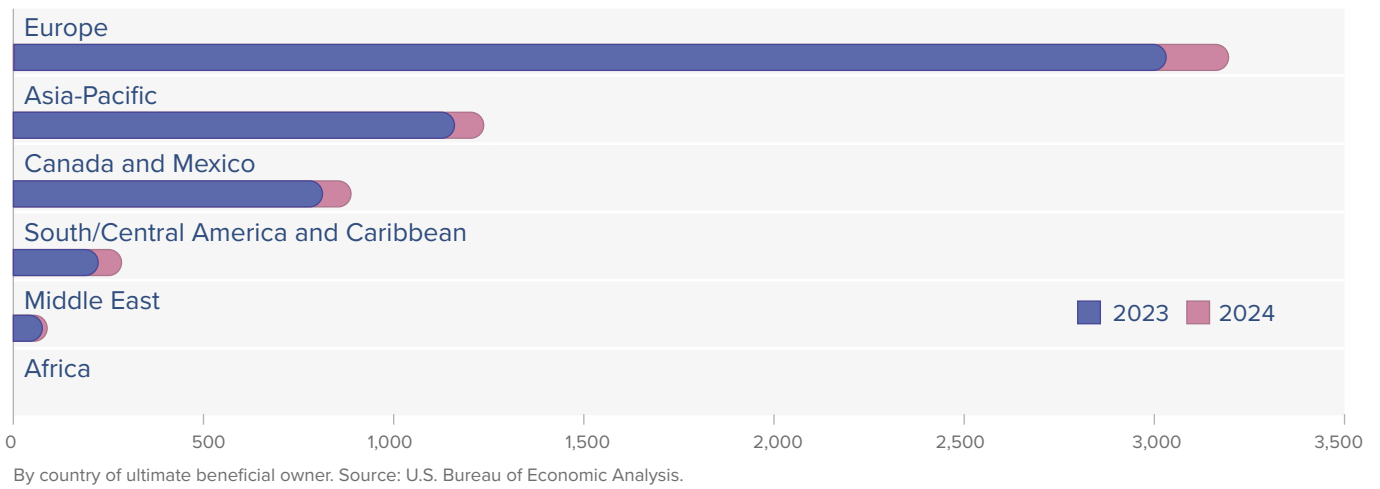
In 2024, the United States remained the single largest recipient of FDI in the world, leading in both greenfield projects and international project finance deals. Global inflows of \$279 billion represented a 20% jump over 2023.<sup>6</sup>

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).

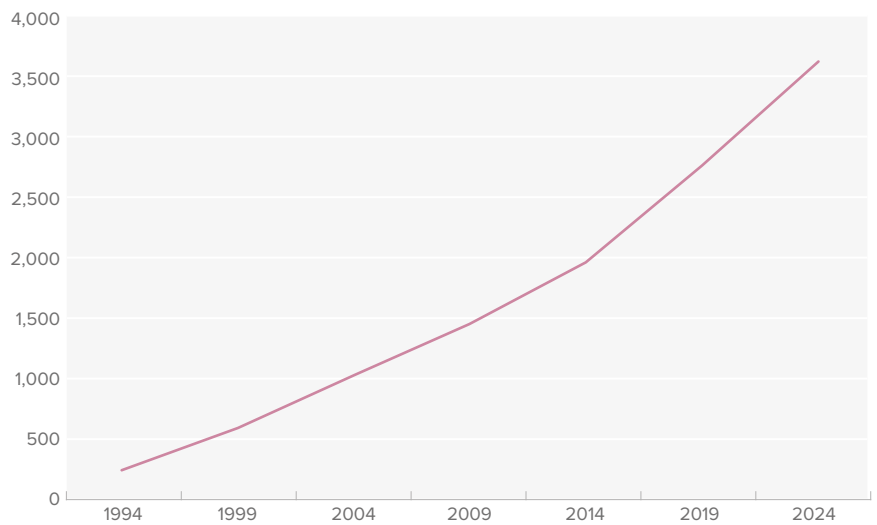
**TABLE 5.**  
Foreign Direct Investment in the United States, by Source Region (\$Billions)



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.<sup>7</sup>

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



Source: U.S. Bureau of Economic Analysis.