

4. Trade and Investment Synergies

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.

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.

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.

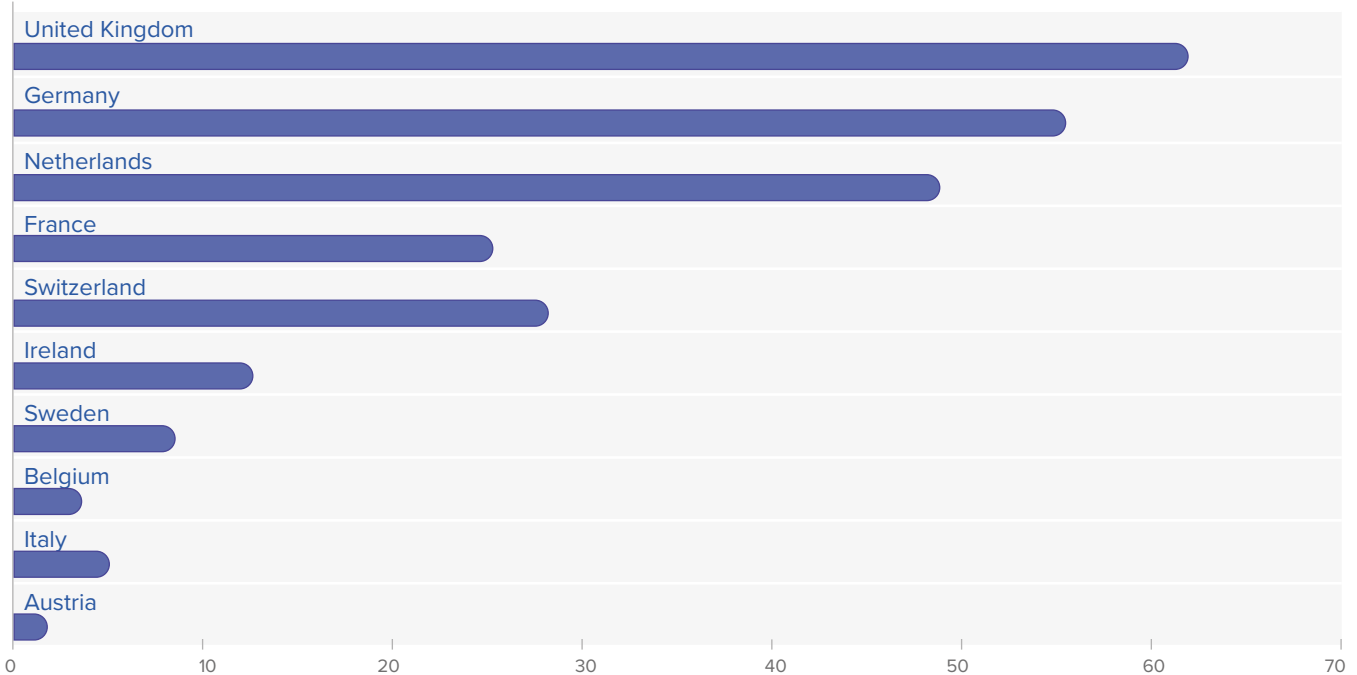
The tight linkages between European parent companies and their U.S. affiliates are reflected in the fact that nearly two-thirds (65%) of U.S. imports from the EU+UK consisted of intra-firm trade in 2024, the last year of available data. That is much higher than intra-firm imports from Asia (estimated 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 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.

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)

Rank	1982		1990		2000		2023	
	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.