

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

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

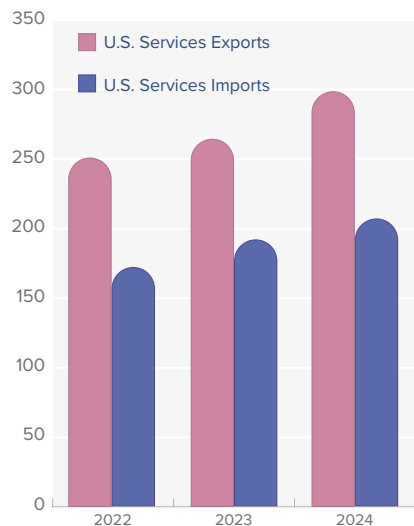
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trading partners and services markets. According to the BEA², U.S. total services trade with the EU totaled \$500.9 billion in 2024, consisting of \$294.7 billion in U.S. services exports to the EU (up 12.3% from 2023) and \$206.1 billion in services 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.

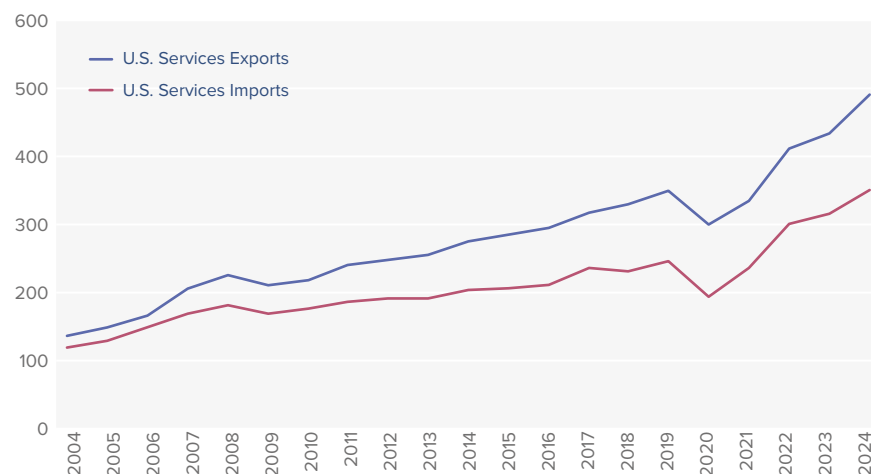
services exports and the largest source of U.S. services imports. U.S.-UK services trade, estimated at \$192 billion in 2024, consisted of U.S. services exports of \$99 billion (up 9% from 2023), and U.S. services imports of \$93 billion (up 10% from 2023). The U.S. services trade surplus with the UK 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.

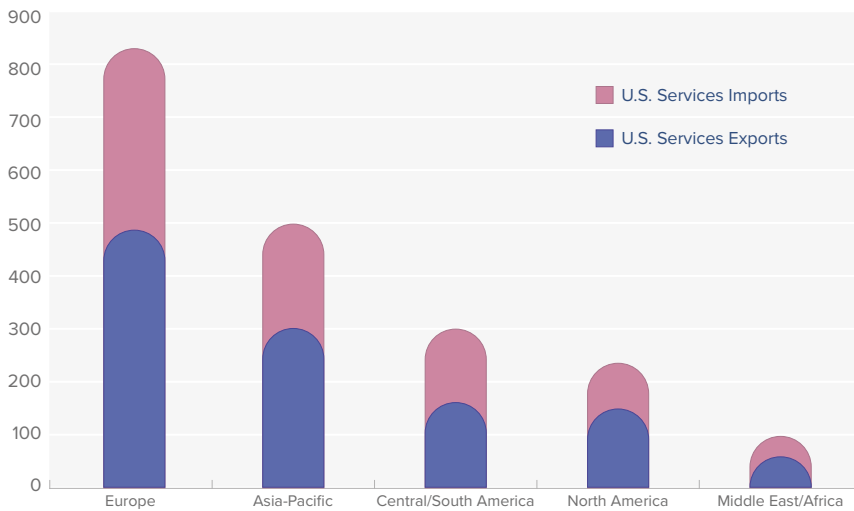
TABLE 2.
U.S. Services Trade with Europe (\$Billions)



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 billion³. 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).

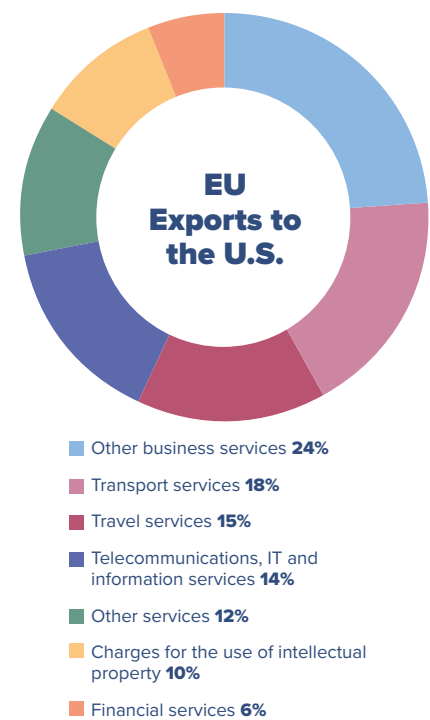
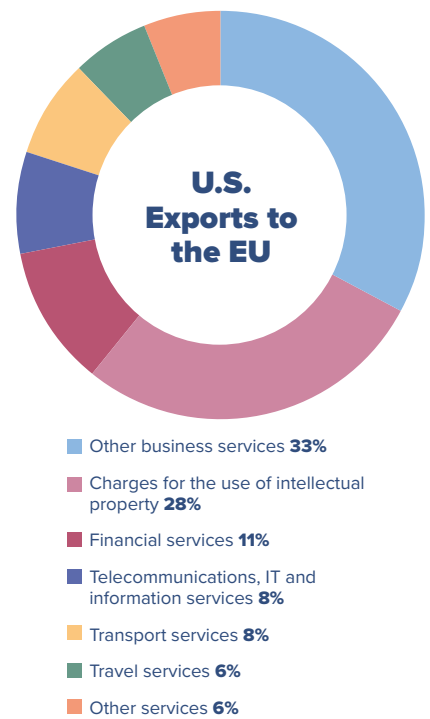
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U.S. services trade with Europe was 1.7 times larger than U.S. trade with the Asia-Pacific region. U.S.-EU services trade was roughly equal to U.S. services trade with the Asia-Pacific region, double U.S. services trade with its USMCA partners Canada 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



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	
	Country	Value	Country	Value	Country	Value	Country	Value	Country	Value	Country	Value	Country	Value
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	Switzerland	27.8	UK	7.6	Canada	10.2
3	Ireland	83.3	Mexico	22.2	Switzerland	25.3	Luxembourg	8.2	Netherlands	10.6	Japan	7.0	Germany	6.2
4	Switzerland	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	Switzerland	4.1
6	Mexico	50.4	Brazil	8.1	Netherlands	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	Singapore	3.0
10	Singapore	41.4	Australia	5.9	Denmark	6.4	Netherlands	3.6	South Korea	4.7	Switzerland	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	
	Country	Value	Country	Value	Country	Value	Country	Value	Country	Value	Country	Value	Country	Value
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	Switzerland	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	Netherlands	2.4	Canada	8.6	Netherlands	1.6
8	Switzerland	35.0	Japan	5.0	Switzerland	6.2	Australia	1.5	Denmark	2.4	China	7.7	Australia	1.4
9	France	31.6	Greece	4.3	Netherlands	5.2	China	1.3	India	1.9	Switzerland	6.8	Switzerland	1.3
10	Ireland	29.9	Germany	4.1	France	5.1	Switzerland	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 sides⁴.

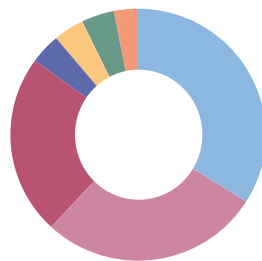
Most jobs in the United States and in European economies are tied to services.

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%**

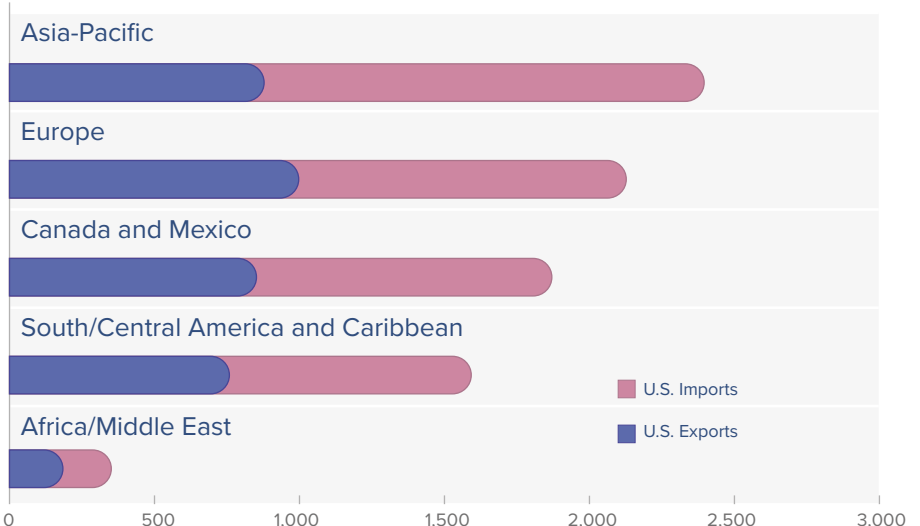
2023. Excluding intra-EU trade. Source: Eurostat.

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.

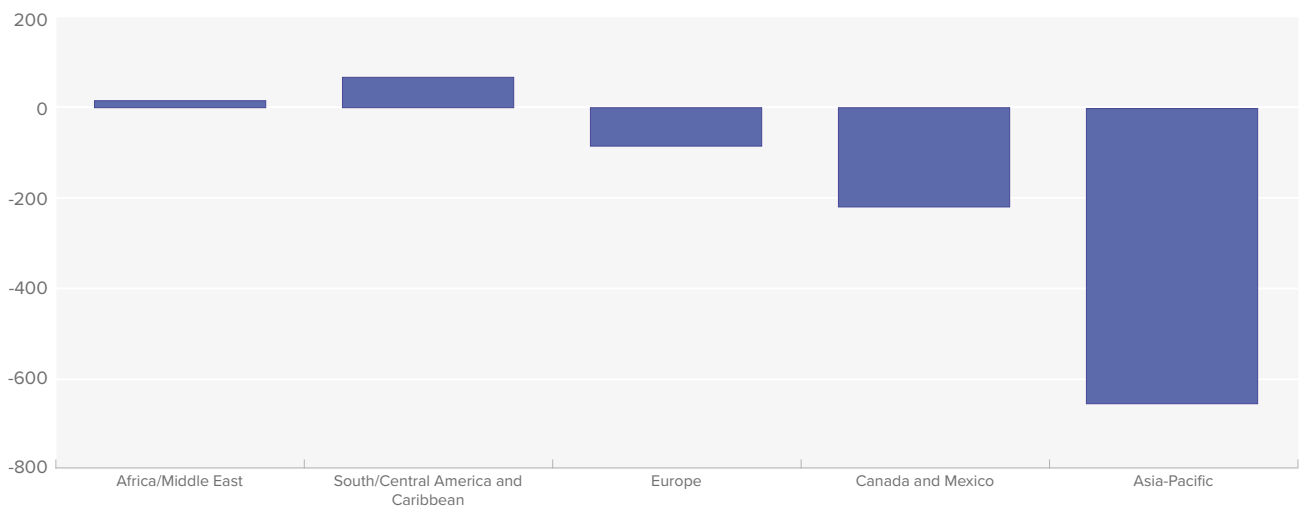
Table 7 compares U.S. trade in goods and services by region in 2024, the last year of comparable data. U.S. trade with the Asia-Pacific region of \$2.4 trillion was larger than U.S. trade with Europe of \$2.1 trillion, although the U.S. exported more to Europe than to the Asia-Pacific. Trade with USMCA 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.