

USEU ISSUE BRIEF – U.S. - EU Trade and Investment



United States Mission
to the European Union

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The Transatlantic Market

Over the past few decades, the world has become more interconnected than ever before. The transatlantic economy, in particular, has become integrated to an unprecedented degree. Despite the heavy impacts of the global recession, U.S.-European economic linkages have remained strong and vital. Transatlantic flows of financial market activity, investment, trade, job creation and R&D remain the largest in the world. In 2008, total U.S.-EU goods and services flows

reached a record **\$991.6 billion**, or nearly **\$3 billion/day**. Although these flows slowed late in the year, they were still up from **\$910.1 billion** in 2007.

The Transatlantic Market (the U.S. and EU) today accounts for nearly 55% of global GDP, amounting to \$31 trillion/year. Trade across the Atlantic makes up roughly 40% of total world trade.

A study by the Center for Transatlantic Relations at Johns Hopkins University estimates that “*the transatlantic economy generates \$3.8 trillion in total commercial sales a year and employs up to 14 million workers in mutually ‘insourced’ jobs on both sides of the Atlantic.*” European firms employed **3.5 million Americans** in 2006, two-thirds of the over five million U.S. workers employed by foreign affiliates in the U.S.

Trade:

- In 2008 alone, the United States exported over **\$270 billion** worth of goods to the European Union (EU), while the EU exported more than **\$367 billion** in goods to the U.S.
- The U.S. exported **\$198 billion** in services to the EU, and imported **\$154 billion** in services from the EU, in 2008.

Investment:

- U.S.-EU investment flows today account for **over 60%** of global foreign direct investment (FDI). In 2008, U.S. FDI into the EU was **\$147 billion**, lower than in 2007 but still over three times total U.S. FDI into Asia. In 2008:
 - The U.S. investment stake in Europe (historic cost basis) rose to **\$1.63 trillion**, nearly four times U.S. investment of \$403 billion in Asia and more than double U.S. investment in all developing nations.
 - Europe’s investment stock in the U.S. (historic cost basis) totaled a record **\$1.43 trillion**.
 - The EU accounted for **53% of total U.S. investment inflows in 2008**.
 - The stock of U.S. FDI in Ireland alone of **\$146 billion** was more than double the total U.S. investment stake in Russia, India and China combined (**\$71 billion**).
 - Europe invested more in California alone than in China.

Foreign Affiliate Activity:

- **Europe is by far the most profitable region** of the world for U.S. multinationals. U.S. and EU firms depend heavily on earnings from their affiliates on each side of the Atlantic.
- U.S. affiliate income was **\$147 billion** in 2006, roughly 50% of total U.S. affiliate income and more than double U.S. affiliate earnings from Asia. European affiliate income in the U.S. reached a record **\$89 billion** in 2006.

Sources: 1) U.S. Bureau of Economic Analysis; 2) International Monetary Fund; 3) U.S. Chamber of Commerce

U.S.-EU Trade and Investment Figures, 2004-2008

	2005	2006	2007	2008
U.S. Goods Exports to EU	\$183.5	\$210.2	\$242.2	\$271.8
U.S. Services Exports to EU	\$130.1	\$140.0	\$167.6	\$198.4
EU Goods Exports to U.S.	\$307.9	\$330.2	\$356.2	\$367.6
EU Services Exports to U.S.	\$120.2	\$129.3	\$144.1	\$153.8
U.S. Trade Balance with EU (Goods)	-\$124.6	-\$110.0	-\$114.0	-\$95.8
U.S. FDI Stock in EU	\$998.0	\$1120	\$1377	\$1631
EU FDI Stock in U.S.	\$981.4	\$1110	\$1301	\$1434
EU FDI into U.S. (flow)	\$69.9	\$119.4	\$86.5	\$168.8
U.S. FDI into EU (flow)	\$48.1	\$111.9	\$175.8	\$146.8

All figures in USD billions.

Source: U.S. Bureau of Economic Analysis