

The Transatlantic Relationship

seen through the lens of
Trade, Investment, Foreign Affiliates, Jobs and Traded Commodities

Trade

Size

- As of 2006, “the EU and the USA account for the largest bilateral trade relationship in the world” (source: Facts and Figures on the European Union and the United States).
- In 2006, bilateral U.S.-EU trade was nearly \$600 billion and bilateral U.S.-EU investment was \$2 trillion (source: EU Factsheet).
- 40% of global trade passes through the U.S. or the EU (source: EU Factsheet).
- The U.S. and the EU account for over half of the world’s GDP, while having only 10% of the world’s population (source: EU Factsheet).
- In 2006, the combined EU and U.S. economies accounted for 33% of global trade in goods and 42% of global trade in services. (source: DG Trade; Issues)
- In 2006, more U.S. imports came from the EU (27) than from any other country (17.8%) (source: The World Trade Organization, <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=E27,US>).
- In 2006, 20.7% of U.S. exports were to the EU (27) and 17.7% of U.S. imports were from the EU, in both cases exceeding China (source: http://www.wto.org/english/res_e/statis_e/its2007_e/its07_world_trade_dev_e.pdf, page 17).
- In 2007, goods exports from the U.S. to the EU were nearly \$250 billion, while goods imports from the EU to the U.S. were over \$350 billion (source: USEU Issue Brief).
- As of 2006, the U.S. is the EU25’s largest trading partner (with 444 billion euros, or 18% of the EU25’s external trade). The EU25 makes up 19% of the U.S.’s total external trade (source: Eurostat Trading Data, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113465.pdf, pages 4 and 5).
 - The EU25 includes all of the EU27 except for Romania and Bulgaria.
- In 2006, 40% of total U.S. service exports were to Europe, and 44% of total U.S. service imports were from Europe (source: The Transatlantic Economy 2008, page 9).

Growth

- Between 2005 and 2008, 29% of growth in U.S. exports was to Europe, more than to Asia-Pacific (22%), NAFTA (20%), or South and Central America (14%) (source: Worldwide trading trends).
- Between 2005 and 2006, U.S. exports to the EU25 grew by 13.4% (source: Eurostat Trading Data, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113465.pdf, page 4).
- Between 1996 and 2006, service exports from the U.S. to the EU doubled (going from \$70 billion to \$137 billion) (source: The Transatlantic Economy 2008, page 9).

- Between 1996 and 2006, service imports from the EU to the U.S. increased by one and a half times (from \$56 billion to \$137 billion) (source: The Transatlantic Economy 2008, page 9).

Comparisons

- In 2006, exports from the EU27 to the U.S. exceeded those to the next three biggest recipients combined (Switzerland, Russia, and China). (source: The World Trade Organization, <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=E27,US>).
 - The U.S. received 23.1% of EU exports, Switzerland 7.6%, Russia 6.1%, and China 5.5%.
- In 2006, exports from the U.S. to the EU27 exceeded those to China and Mexico combined (source: The World Trade Organization, <http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Language=E&Country=E27,US>).
 - U.S. exports to EU are 20.7%, to Mexico 12.9%, to Japan 5.8%, to China 5.3%.
- In 2007, exports from the U.S. to the EU exceeded those to China (including Hong Kong) by six times.
 - Source: BEA;
 - http://www.bea.gov/international/bp_web/simple.cfm?anon=71&table_id=10&area_id=5,
 - http://www.bea.gov/international/bp_web/simple.cfm?anon=71&table_id=10&area_id=35,
 - http://www.bea.gov/international/bp_web/simple.cfm?anon=71&table_id=10&area_id=36
 - Exports to the EU: \$751.32 billion
 - Exports to China (excluding Hong Kong): \$85.10 billion
 - Exports to Hong Kong: \$37.55 billion.
- In 2007, exports from the U.S. to the EU were more than double those to South and Central America (source: BEA, http://www.bea.gov/international/bp_web/simple.cfm?anon=71&table_id=10&area_id=48).
 - Exports to South and Central America: \$324.65 billion.
 - Central America does not include Mexico.
- In 2007, imports to the U.S. from the EU were more than twice those from Canada (source: BEA).
 - Imports from the EU: \$806.27 billion
 - Imports from Canada: \$371.33 billion
- As of 2006, the U.S. received more service imports from the UK than from any other country, with 12% of the total (source: BEA, <http://www.bea.gov/international/xls/tabD.xls>).
- As of 2006, four of the top 10 sources for U.S. service imports are EU countries, with 40% of such imports from the top ten countries (source: BEA, <http://www.bea.gov/international/xls/tabD.xls>).
- As of 2006, the U.S. sent more service exports to the UK than to any other country, with 12% of the total (source: BEA, <http://www.bea.gov/international/xls/tabD.xls>).

- As of 2006, four of the top 10 markets for U.S. service exports were EU countries, with 45% of service exports to the top ten countries (source: BEA, <http://www.bea.gov/international/xls/tabD.xls>).

Investment

Size

- “The European Union and the United States are each other’s largest foreign investor” (source: The Benefits of Transatlantic Investment).
- 60% of global foreign direct investment (FDI) is between the U.S. and the EU (source: USEU Issue Brief).
- In 2006, the stock of EU direct investment in the U.S. was \$1.11 trillion (source: The Benefits of Transatlantic Investment).
- In 2006, investment inflows from the EU to the U.S. were \$119 billion (source: USEU Issue Brief).

Growth

- Between 2006 and 2007, investment from the EU27 to the U.S. grew 43% (from 79 billion euros to 113 billion euros). (source: EU27 Foreign Direct Investment)
- Between 2006 and 2007, investment from the U.S. to the EU27 grew 96% (from 74 billion euros to 145 billion euros). (source: EU27 Foreign Direct Investment)

Comparisons

- In 2007, U.S. foreign direct investment (FDI) to the EU (\$176 billion) was three times that into Asia (source: USEU Issue Brief).
- In 2006, almost half of the stock of foreign direct investment in the U.S. was from the EU (source: The Benefits of Transatlantic Trade).
 - Note: Stock refers to accumulated investment, whereas flows refer to new investment occurring in a given year.
- In 2006, the stock of U.S. foreign direct investment in Ireland alone of \$83 billion exceeded the total stock of U.S. investment in Brazil, Russia, India and China combined (\$73 billion). (source: USEU Issue Brief).
- In 2006, investment outflows from the U.S. to the EU were 59% of total investment outflows (source: The Transatlantic Economy 2008, page 4).
- In 2006, investment inflows from the U.S. to the EU were more than 33% of total investment inflows (source: EU27 Foreign Direct Investment, page 4).
- In 2007, investment outflows from the EU to the U.S. were 113 billion euros, while from the EU to China they were only 2 billion euros (source: EU27 Foreign Direct Investment).
- “In 2006, Europe invested more in California alone than in China” (source: USEU Issue Brief).
- “European investment in Texas alone exceeds all U.S. investment in China and Japan put together” (year unspecified, source: EU Factsheet).
- In 2005, investment from Europe to Texas was \$54.2 billion (source: The Transatlantic Economy, 2008).

- Direct investment without current-cost adjustment into China in 2005 was \$4.7 billion and \$12.2 billion into Japan (source: Bureau of Economic Analysis).
- As of 2006, Luxembourg had more FDI in the U.S. than do Taiwan, Korea, and China (including Hong Kong) combined.
 - Source: BEA, http://www.bea.gov/international/datatables/fdictry/fdi_etry_0206.htm
 - Direct investment on historical-cost basis
 - Luxembourg: \$130.9 billion
 - Taiwan: \$4.2 billion
 - China: \$0.6 billion
 - Hong Kong: \$3.5 billion
 - Korea: \$8.6 billion
- As of 2006, the U.S. had more FDI in Norway than in India
 - Source: BEA, <http://www.bea.gov/international/datatables/usdctry/usdctry.htm>
 - Direct investment on historical-cost basis
 - Norway: \$10.28 billion
 - India: \$8.85 billion
 - Note: Norway is in the European Economic Area, but not a member of the EU.
- In 2006, FDI from the U.S. to the Netherlands was more than 20 times greater than that to Russia.
 - Source: BEA, http://www.bea.gov/international/ii_web/timeseries7-2.cfm
 - Netherlands: \$215.72 billion
 - Russia: \$10.06 billion
- In 2006, the FDI from the U.S. to Germany exceeded that from the U.S. to all of Latin America.
 - Source: BEA, <http://www.bea.gov/international/datatables/usdctry/usdctry.htm>
 - Historical-cost basis
 - Germany: \$99.25 billion
 - Latin America: \$79.15 billion
- In 2006, FDI from the U.S. to Ireland (\$13.3 billion) was twice that from the U.S. to all of South America (source: The Transatlantic Economy 2008, page 4).
- In 2006, FDI from the U.S. to the Netherlands (\$33 billion) exceeded that to all of developing Asia (\$26 billion), or to Canada and Mexico combined (\$25 billion) (source: The Transatlantic Economy 2008, page 4).
- As of 2005, U.S. assets in the UK are the world's largest (= \$2.4 trillion). They equal 25% of the global total and surpass the total U.S. assets in Asia, South America, Africa, and the Middle East combined (source: The Transatlantic Economy 2008, page 14).
- As of 2006, the stock of U.S. investment in Europe was three times greater than that in all of Asia (source: The Transatlantic Economy 2008, page 88).

Foreign affiliates

Size

- In 2005, sales of U.S.-owned affiliates in Europe were \$2.1 trillion, nearly six times larger than exports from the U.S. to Europe and double U.S.-owned affiliate sales in the entire Asia/Pacific region (source: The Transatlantic Economy 2008, x).
- In 2005, sales of European-owned affiliates in the U.S. surpassed \$1.5 trillion, three times larger than imports from Europe to the U.S. (source: The Transatlantic Economy 2008, xi).

Growth

- In 2006, revenues of U.S.-owned affiliates in Europe increased by 20% (to reach \$147 billion). (source: USEU Issue Brief).
- As of 2006, revenues of U.S.-owned affiliates in Europe accounted for half of the total revenue of all U.S.-owned affiliates in foreign countries. (source: USEU Issue Brief).

Comparisons

- In 2006, revenues of U.S.-owned affiliates in Europe were more than double those in Asia. (source: USEU Issue Brief).
- In 2006, income of U.S.-owned affiliates in Poland, the Czech Republic and Hungary was \$2 billion, which is 25% greater than incomes of U.S.-owned affiliates in India (source: The Transatlantic Economy 2008, page 4).
- In 2005, income of European-owned affiliates in the U.S. was 70% greater than their income in all of Asia (source: The Transatlantic Economy 2008, page 6).
- “The total output of transatlantic foreign affiliates is equivalent to the entire national product of countries such as Mexico or South Korea” (source: The Transatlantic Economy 2008, page 12).
- In 2007, “U.S. foreign affiliate output in Belgium...(\$18.4 billion) was roughly equivalent to combined U.S. foreign affiliate output of China and India (\$18.8 billion)” (source: The Transatlantic Economy 2008, page 13).

Jobs

Size

- “Europe is by far the most important source of ‘insourced’ jobs in America, and the U.S. is by far the most important source of ‘insourced’ jobs in Europe” (source: The Transatlantic Economy 2008, xi).
- As of 2005, EU companies employed 58% of the 5 million Americans directly employed by foreign companies (source: The Benefits of Transatlantic Investment).
- As of 2005, the average employee of an EU company in the U.S. earned 18% more than the national average salary (source: The Benefits of Transatlantic Investment).
- As of 2005, 37% of employees of EU companies in the U.S. worked in the manufacturing sector, above the 13% of American employees in general. (source: The Benefits of Transatlantic Investment)
- “EU-U.S. business supports 14 million jobs in Europe and America” (source: EU Factsheet).

- As of 2005, European companies employed over two thirds of Americans employed by affiliates of foreign companies.
 - Source: BEA, http://www.bea.gov/international/xls/all_affiliate_cntry.xls
 - Note: Europe includes some non-EU countries.
- As of 2007, the transatlantic economic relationship supports about 14 million jobs in the U.S. and the EU (source: DG Trade; Issues).
- As of 2005, American companies employ 10 million employees abroad, of which 42% are in Europe (source: The Transatlantic Economy 2008, page 14; BEA).

Most traded commodities

Trade from the EU to the U.S.	Euros (millions)	% of bilateral trade
<i>TOTAL</i>	176,514	100
Machinery and transport equipment	78,683	44.6
Chemicals and related products	34,516	19.6
Manufactured articles	24,379	13.8
Manufactured goods classified chiefly by material	11,934	6.8
Commodities and transactions	9,056	5.1
Inedible crude materials, except fuels	7,595	4.3
Food and live animals	4,211	2.4
Mineral fuels, lubricants and related materials	4,031	2.3
Beverages and tobacco	1,123	0.6
Animal and vegetable oils, fats and waxes	187	0.1

Trade from the U.S. to the EU	Euros (millions)	% of bilateral trade
<i>TOTAL</i>	267,895	100
Machinery and transport equipment	112,684	42.1
Chemicals and related products	54,859	20.5
Manufactured articles	31,294	11.7
Manufactured goods classified chiefly by material	29,329	10.9
Mineral fuels, lubricants and related materials	17,787	6.6
Beverages and tobacco	7,170	2.7
Commodities and transactions	4,389	1.6
Food and live animals	4,108	1.5
Crude materials inedible, except fuels	2,861	1.1
Animal and vegetable oils, fats and waxes	763	0.3

(Source: http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113465.pdf)

- As of 2006, 83.5% of EU exports to the U.S. and 83.3% of EU imports from the U.S. were manufactured goods, while 13.9% and 11.1% respectively were primary products.
- Of manufactured goods, in descending order, machinery, chemicals, and transport equipment (including automobiles) were the largest items of trade in both directions.
- Of primary goods, energy and agricultural products were the largest items of trade in both directions.