The Transatlantic Economy 2016

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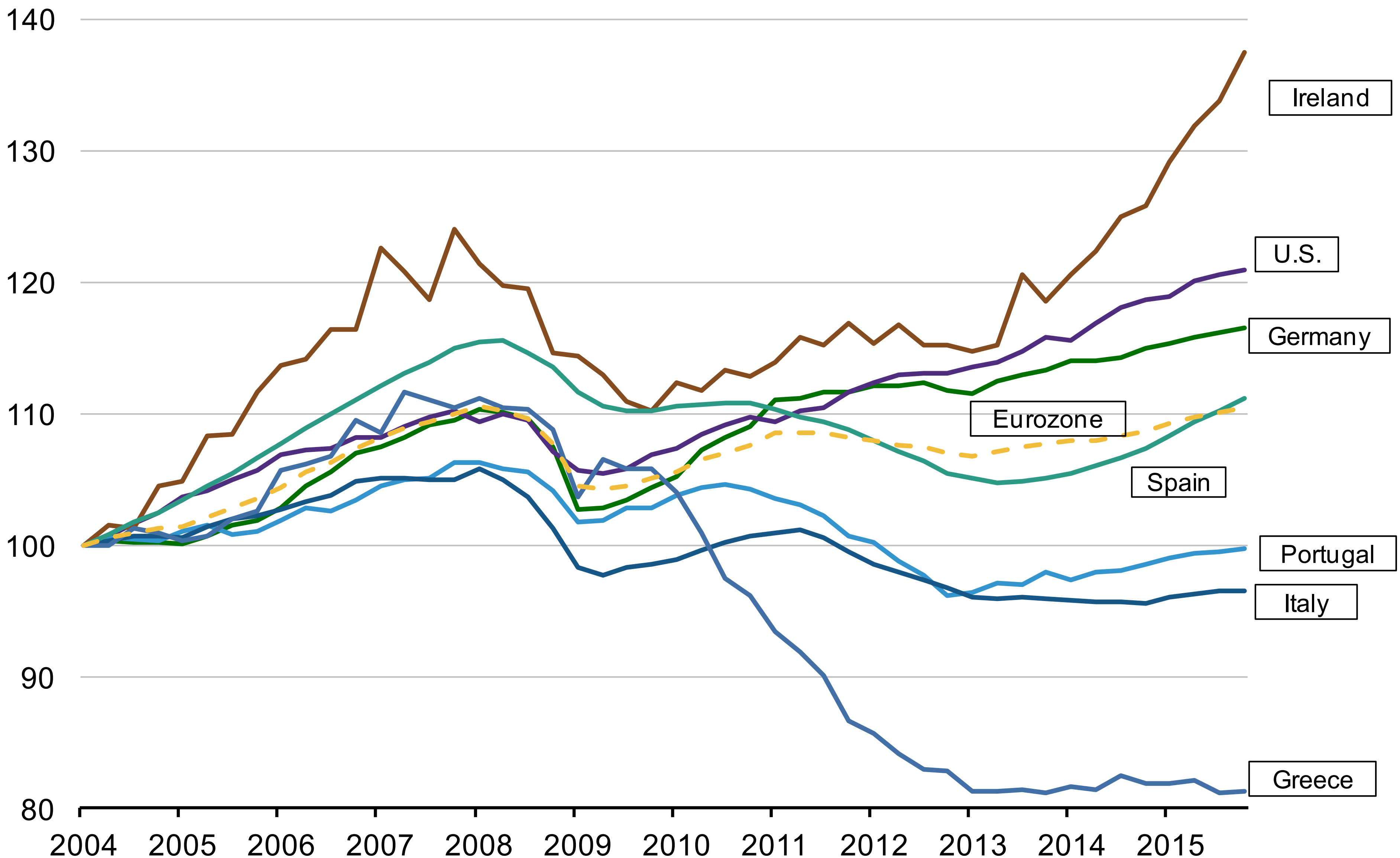
The State of the Transatlantic Partnership:

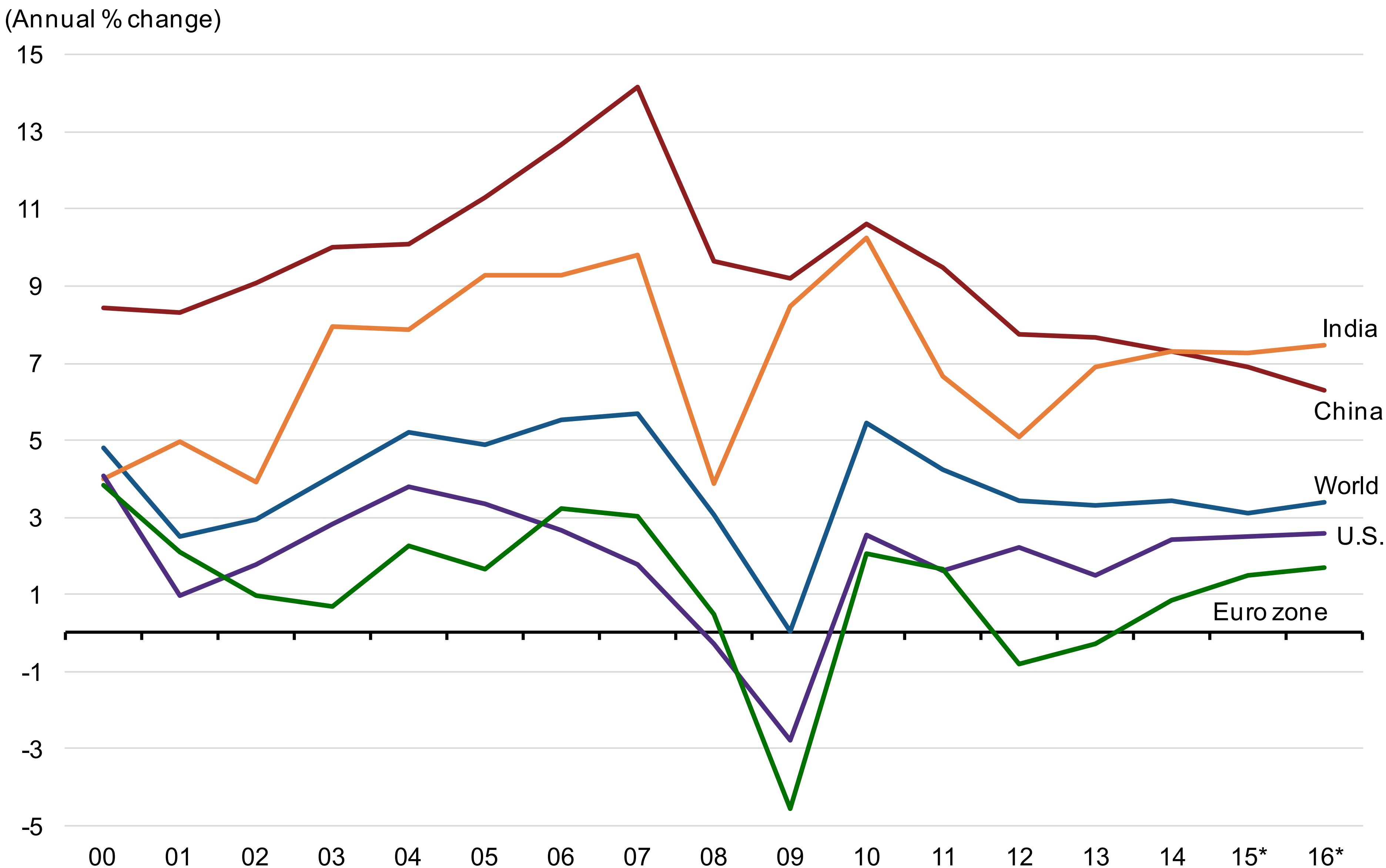
- Good not great
- Foundation is strong but needs care
- Mixed picture across Europe
- Many gaps remain:
  - Growth
  - Trade
  - Monetary
  - Employment
  - Technology
- Key risks:
  - Brexit;
  - Refugee crisis
  - Rise of transatlantic political populism

Developed Economies Back Above Pre-Recession Output Levels.
(Real GDP level, Q1 2004 = 100)

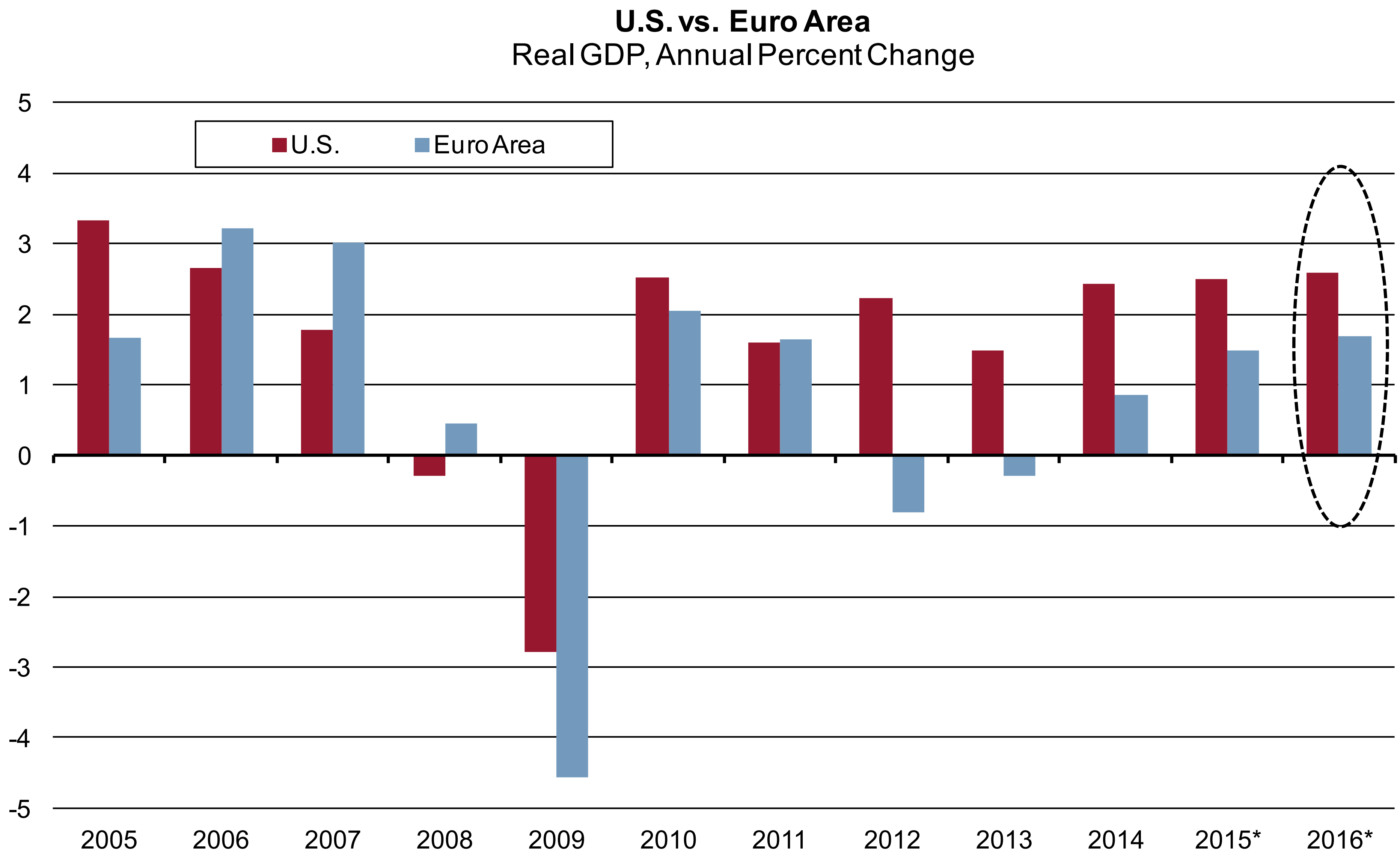


Source: Haver Analytics.
Data through Q4 2015.

Real GDP Growth

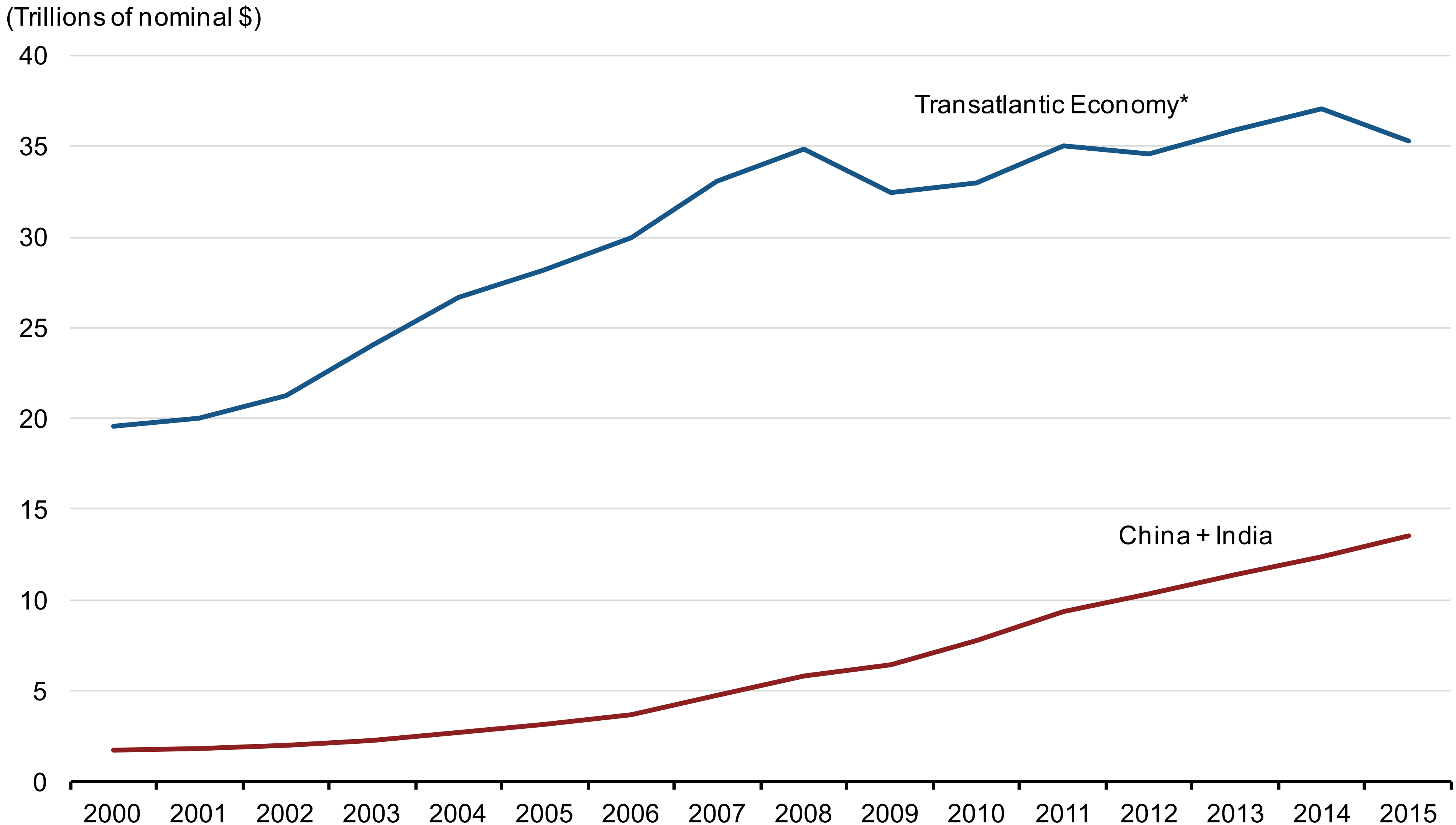


*2015 estimate. 2016 forecast.
Source: International Monetary Fund.

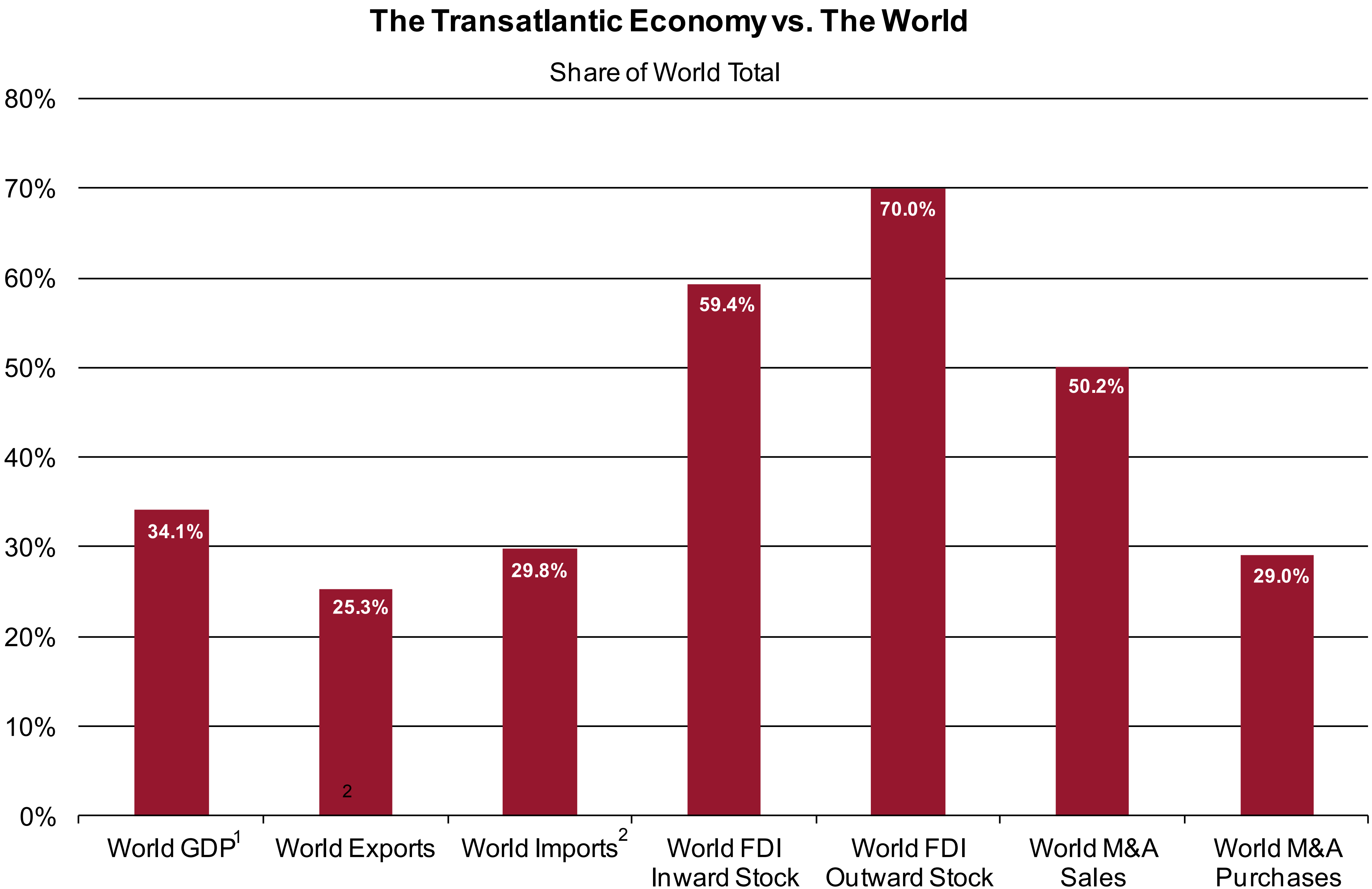


2015 estimate. 2016 forecast.
Data os of January 2016.
Source: IMF

The World's Largest Economic Entity
(Gross Domestic Product)



*Transatlantic Economy = EU28 + U.S. + Iceland + Norway + Switzerland.
Source: International Monetary Fund.
Data as of January 2016.



Sources: UN, IMF, figures for 2014.
1. Based on PPP estimates.
2. Excluding intra-EU, Norway, Switzerland and Iceland trade.

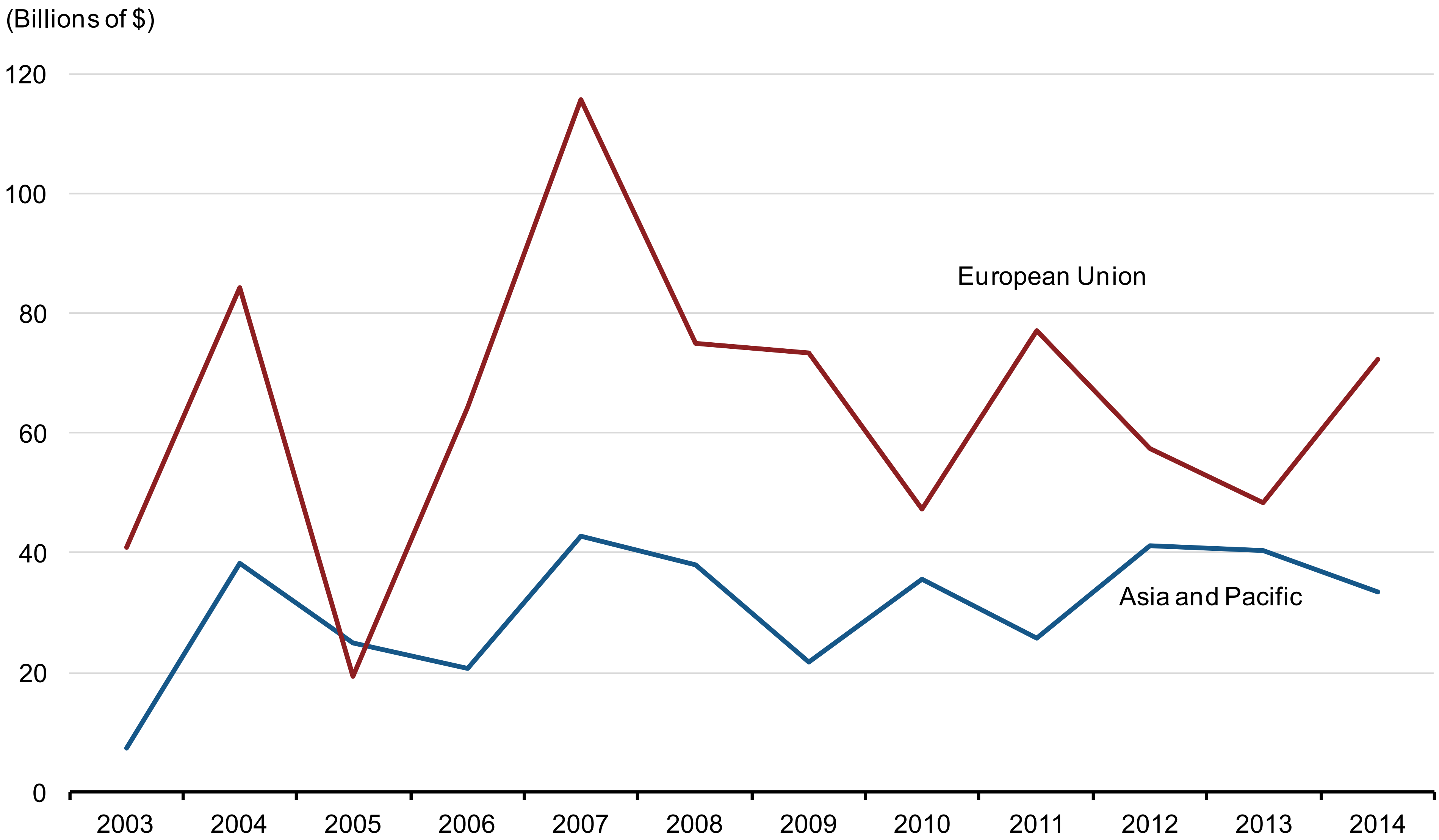
Transatlantic Economies are the Most Competitive in the World

Global Competitveness Index 2015-2016			
Rank	Country	Rank	Country
1	**Switzerland**	16	New Zealand
2	Singapore	17	United Arab Emirates
3	**United States**	18	Malaysia
4	**Germany**	19	**Belgium**
5	**Nertherlands**	20	**Luxembourg**
6	Japan	21	Australia
7	Hong Kong	22	**France**
8	**Finland**	23	**Austria**
9	**Sweden**	24	**Ireland**
10	**United Kingdom**	25	Saudi Arabia
11	**Norway**	26	Korea
12	**Demark**	27	Israel
13	Canada	28	China
14	Qatar	29	**Iceland**
15	Taiwan	30	**Estonia**

Source: World Economic Forum, *Global Competitiveness Report 2015-2016*

U.S. Direct Investment Abroad: EU versus Asia

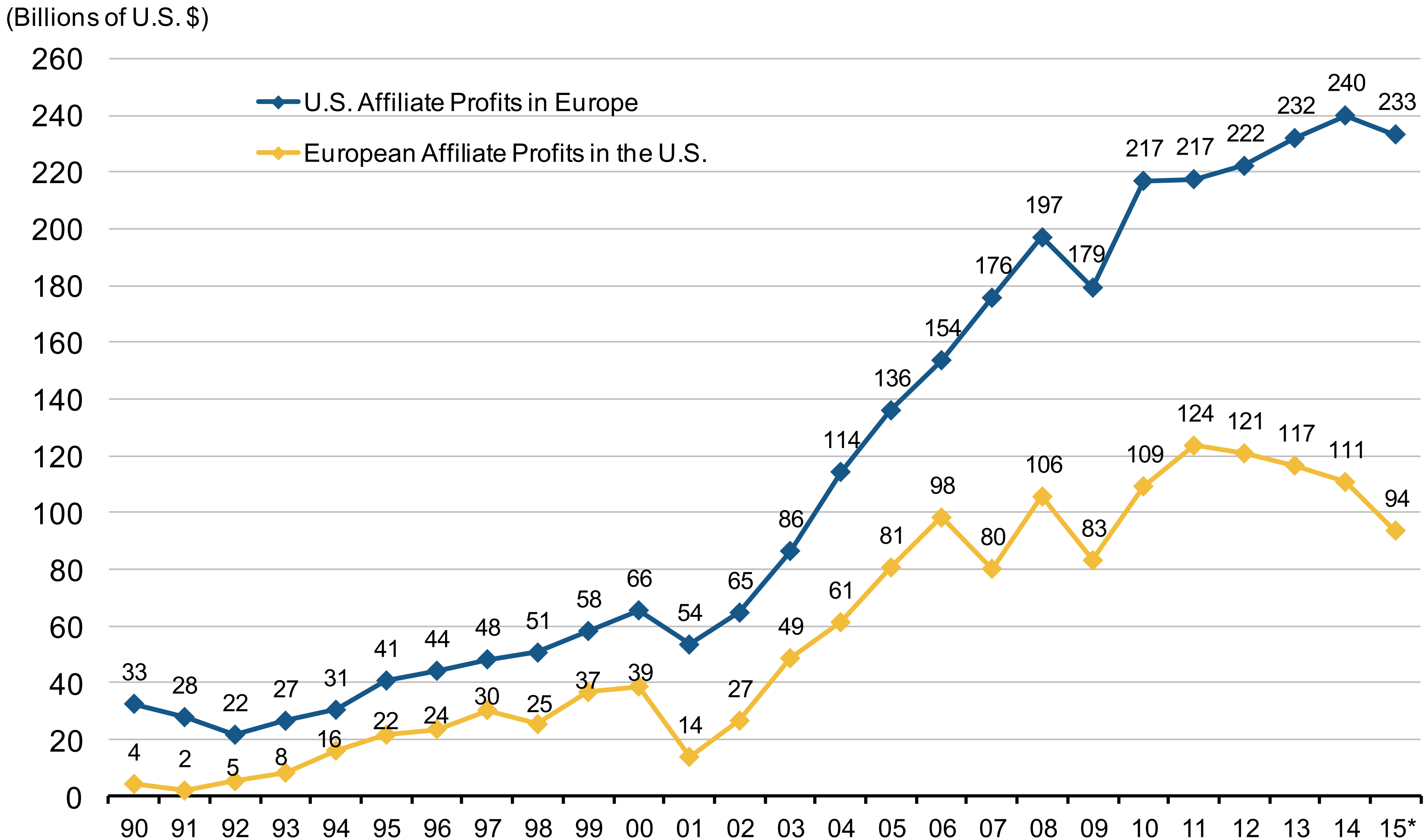
European Union vs. Asia and Pacific[1]



[1]U.S. FDI excluding nonbank holding companies.

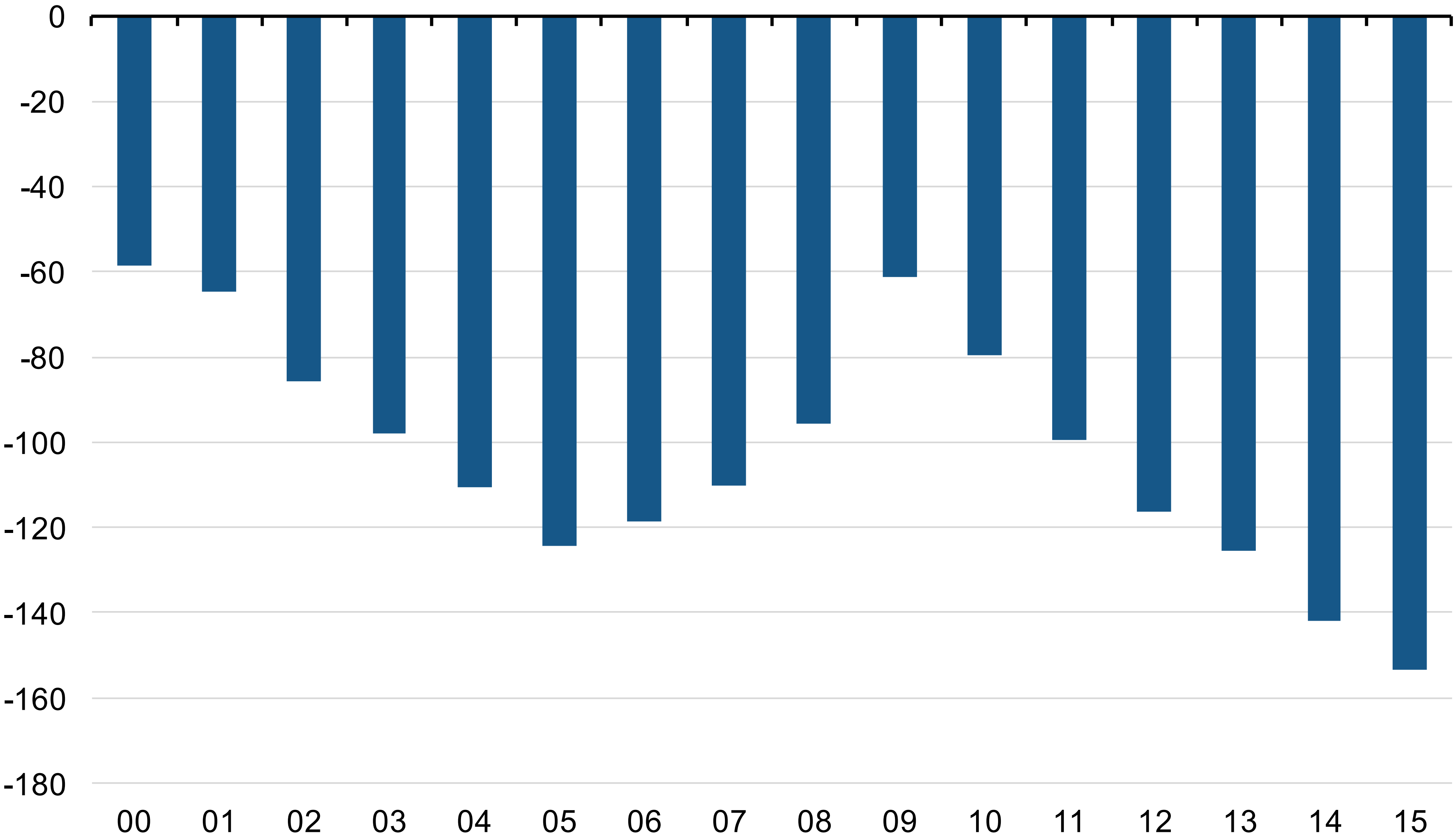
Source: Bureau of Economic Analysis.

U.S. Profits in Europe / European Profits in America[1]



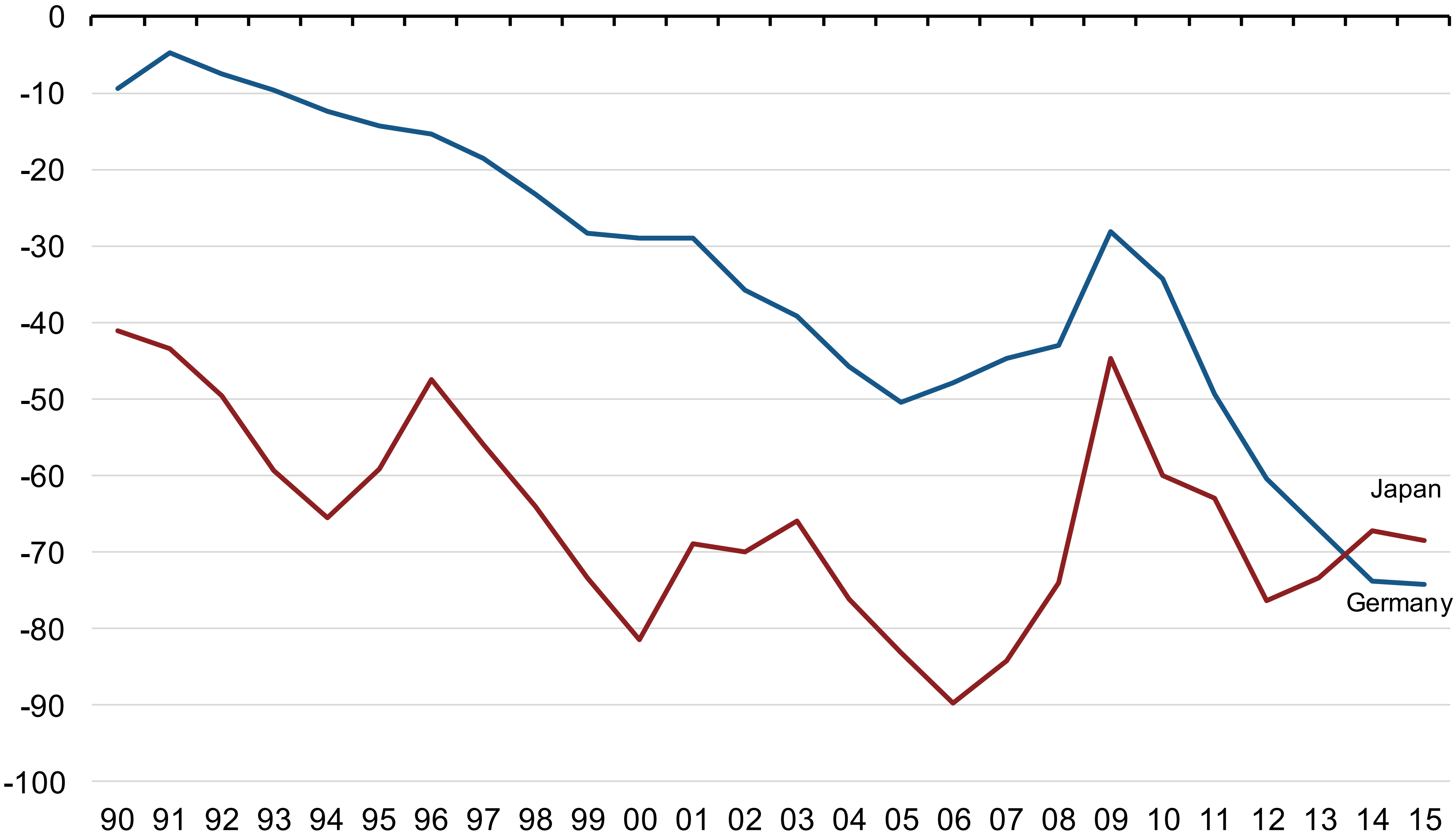
*Data through Q3-2015 annualized for full year estimate.
[1]Income of affiliates
Source: Bureau of Economic Analysis

U.S. Merchandise Trade Balance with the EU
(Billions of $)



Source: United States Census Bureau.

U.S. Merchandise Trade Balance with Germany and Japan
(Billions of $)



Source: United States Census Bureau.
Data as of February 2016.

The Real Reason for TTIP:

- Last (best) chance for U.S./Europe to control global commanding heights.

- U.S./EU relationship is in a structural decline.

Comparing Free Trade Agreements

(% of World Total Unless Otherwise Specified)	Transatlantic FTA	Transpacific FTA
GDP (Purchasing Power Parity)	17.1%	11.3%
Per Capita Income ($)	36,294	21,615
Personal Consumption Expenditures*	23.8%	15.2%
U.S. Outward FDI Stock to…	51.1%	20.7%
U.S. Inward FDI Stock from…	59.4%	24.9%
U.S. FDI Income Earned Abroad	46.6%	20.1%
Foreign FDI Income Earned in the U.S.	58.1%	23.2%
Foreign Affiliate Sales of U.S. MNC's in…*	38.6%	30.5%
U.S. Affiliate Sales of Foreign MNC's from…*	50.7%	27.1%

Sources: IMF; UN; and BEA.

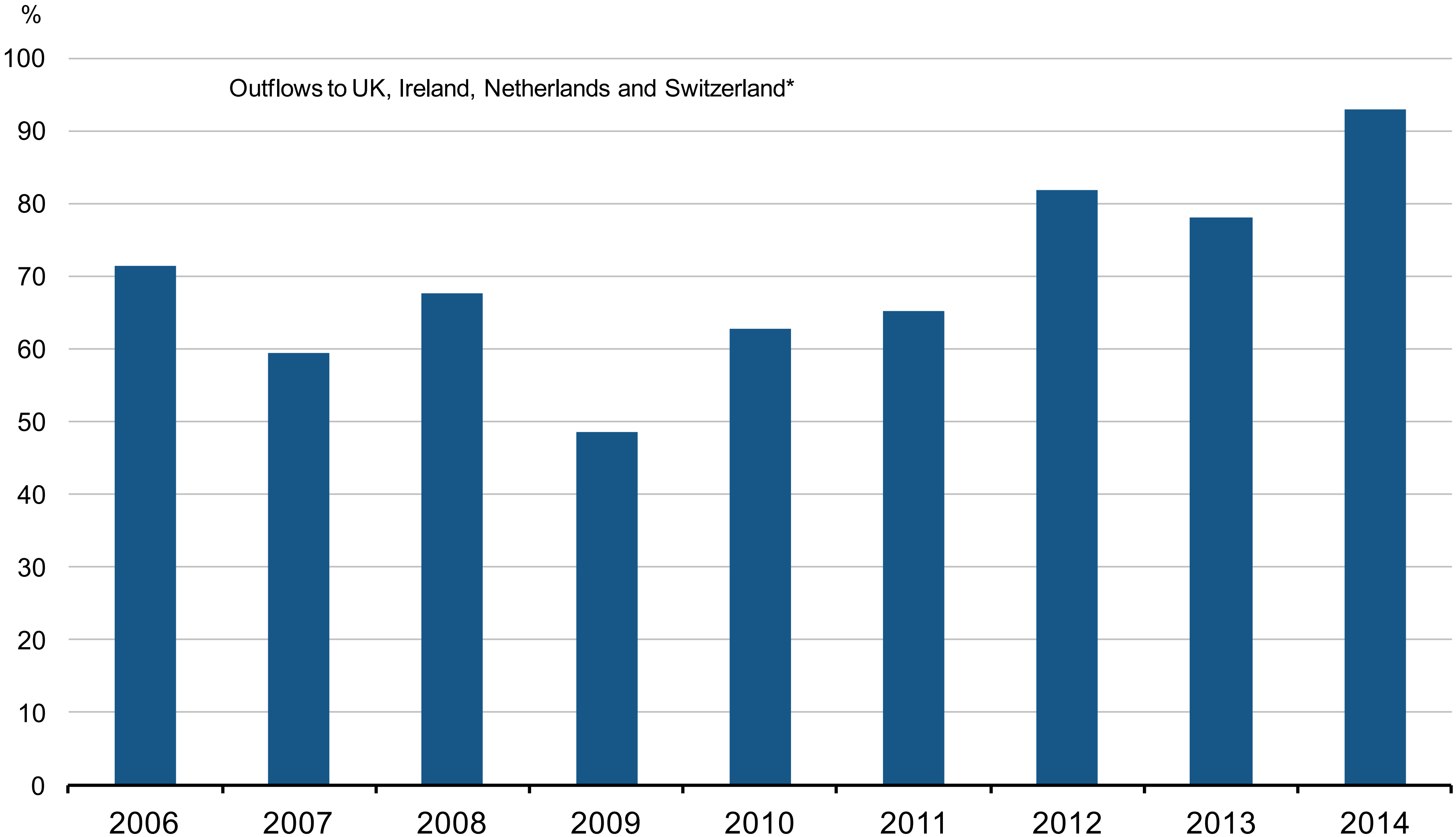
Data for 2014

*Data for 2013

U.S. Corporate Strategies:

- Do more with less
- Do more in less locations
- Do more at home

U.S. FDI Outflows*: Consolidation and Concentration in Europe



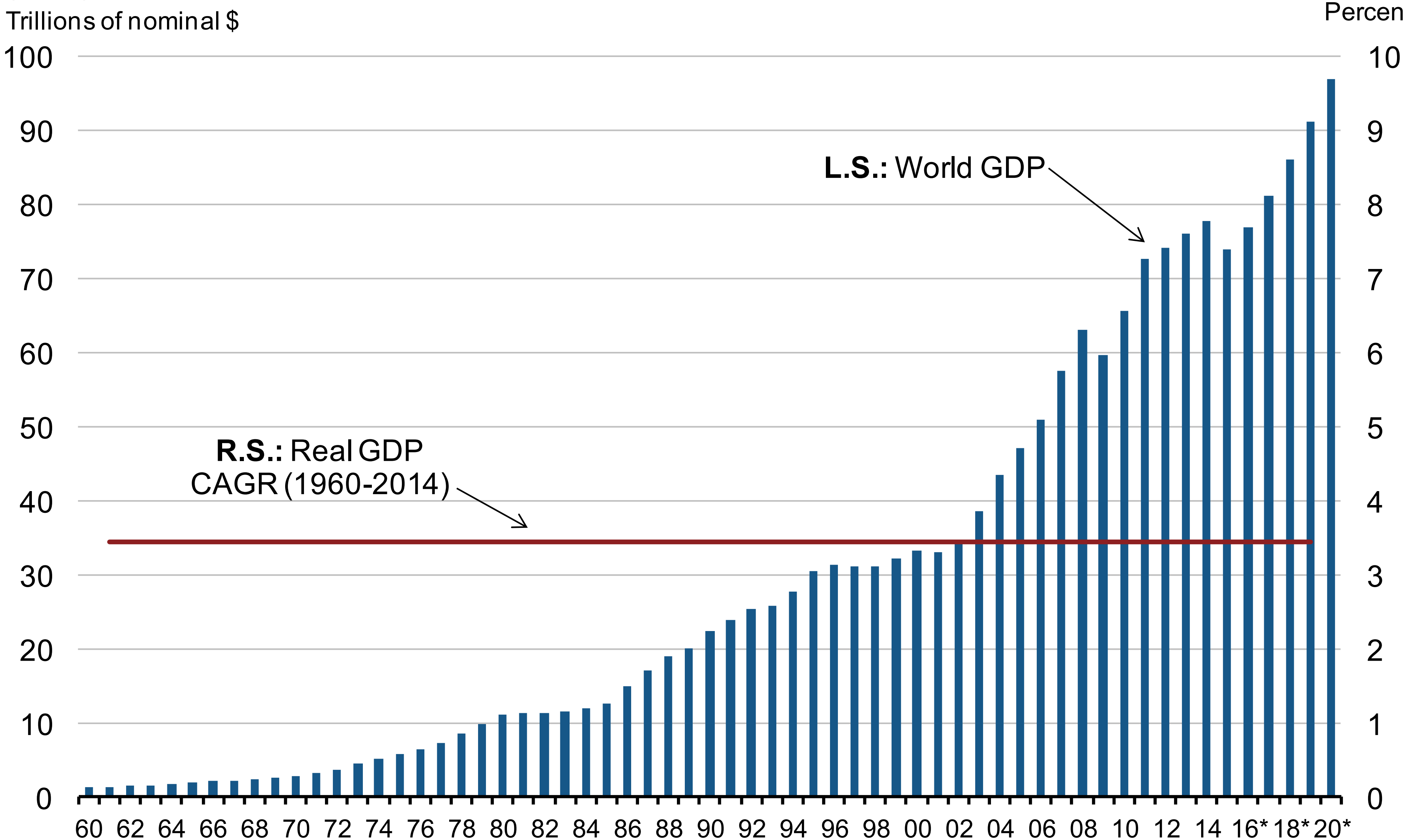
*Excluding nonbank holding companies, % of Europe total
Source: Bureau of Economic Analysis
Data as of September 2015.

EU: A Fragmented Market for Digital Products

Copenhagen, Denmark, and Malmo, Sweden are separated only by an 8-kilometer bridge, but a package sent from Copenhagen to Malmo costs €27 whereas a package sent from Malmo to Copenhagen costs €42.

Source: World Bank, *The Digital Dividend*

The World We Made - Larger and Wealthier for All
(GDP)



*2015 estimate. 2016-2020 projections.
Source: World Bank.
Data as of January 2016.