



THE TRANSATLANTIC ECONOMY 2024

EXECUTIVE SUMMARY

Annual Survey of
Jobs, Trade and Investment
between the United States and Europe

Daniel S. Hamilton and Joseph P. Quinlan



U.S. Chamber of Commerce



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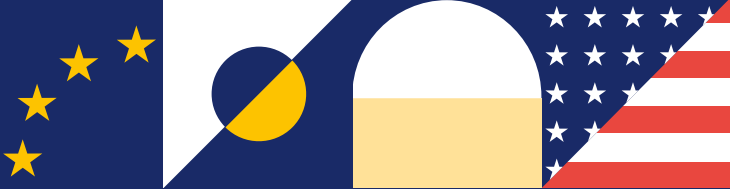
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THE TRANSATLANTIC ECONOMY 2024

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The \$8.7 trillion transatlantic economy is proving to be remarkably resilient in the face of global economic and strategic disruptions. The U.S. and Europe remain each other's most important markets and geo-economic base. No two other regions in the world are as deeply integrated as the U.S. and Europe.



16 million jobs

on both sides of the Atlantic



Half of total

global personal consumption



\$6.9 trillion

in total commercial sales a year



One third of global GDP

(in terms of purchasing power)

- The transatlantic economy is proving to be remarkably robust in the face of global economic and strategic disruptions. The U.S. and Europe remain each other's most important markets and geo-economic base. The \$8.7 trillion transatlantic economy employs more than 16 million workers in mutually "onshored" jobs on both sides of the Atlantic. It is the largest and wealthiest market in the world, accounting for half of total global personal consumption and close to one-third of world GDP in terms of purchasing power.
- Ties are particularly thick in foreign direct investment (FDI), portfolio investment, banking claims, trade and affiliate sales in goods and services, digital links, energy, mutual R&D investment, patent cooperation, technology flows, and sales of knowledge-intensive services.
- 2023 was record-breaking on multiple fronts:
 - Sales by European affiliates of U.S. companies reached a record high of \$3.8 trillion; sales by U.S. affiliates of European firms hit a record high of \$3.1 trillion.
 - U.S.-Europe goods trade reached an all-time high of \$1.22 trillion in 2023 – double U.S.-China goods trade of \$575 billion.
 - U.S.-EU goods trade hit a record of \$946 billion, 39% higher than U.S.-China goods trade of \$575 billion and 16% higher than EU-China goods trade of \$798 billion.
 - U.S. goods exports to Europe reached a record high of \$498 billion.
 - U.S. company affiliates in Europe earned an estimated \$350 billion, a record high; European affiliates in the U.S. earned an estimated \$190 billion, a record high.
 - The U.S. became Europe's most important supplier of liquefied natural gas (LNG) and of petroleum oil, accounting for 50% of EU LNG imports and 18% of EU petroleum oil imports.
 - Europe became the top purchaser of U.S. crude oil and the U.S.'s most important LNG export market, accounting for more than 60% of U.S. LNG exports in 2023, double U.S. flows going to Asia.

Investment



62%

of global investment into the U.S.
comes from Europe (2022)



61.2%

of U.S. global investment goes to
Europe (2021)

Transatlantic Investment: Still Driving the Transatlantic Economy

- Trade alone is a misleading benchmark of international commerce; mutual investment dwarfs trade and is the real backbone of the transatlantic economy. The U.S. and Europe are each other's primary source and destination for foreign direct investment.
- U.S. and European goods exports to the world (excluding intra-EU trade) accounted for 20% of global goods exports in 2022, the last year of complete data. But together they accounted for 65% of both the inward and outward stock of global FDI. Moreover, each partner has built up the great majority of that stock in the other economy. Mutual investment in the North Atlantic space is very large, dwarfs trade, and has become essential to U.S. and European jobs and prosperity.
- Combined output of U.S. foreign affiliates in Europe (est. \$800 billion) and of European foreign affiliates in the U.S. (est. \$730 billion) in 2022 of \$1.53 trillion was larger than the total output of such countries as Mexico, the Netherlands, or Indonesia.
- U.S.-based foreign firms generated \$412 billion in U.S. exports to the world in 2021; European firms accounted for 59% of the total. U.S.-based German companies exported over \$59 billion in goods made in the U.S., followed by those from the UK (\$52 billion) and the Netherlands (\$38 billion).
- U.S. foreign affiliate sales in Europe of \$3.8 trillion in 2022 were 55% more than total U.S. global exports of \$2.1 trillion and roughly half of total U.S. foreign affiliate sales globally.
- Total transatlantic affiliate sales, estimated at \$6.9 trillion in 2022, easily rank as the most integrated commercial partnership in the world.
- Foreign investment and affiliate sales drive transatlantic trade. 65% of U.S. imports from the EU consisted of intra-firm trade in 2021 – much higher than U.S. intra-firm imports from Asia-Pacific nations (around 40%) and well above the global average (48%). Percentages are notably high for Ireland (85%) and Germany (68%).

- Intra-firm trade also accounted for 39% of U.S. exports to the EU+UK, and 54% to the Netherlands, 40% to Germany and to the Netherlands, 34% to France.

The U.S. in Europe

- Over many decades no place in the world has attracted more U.S. FDI than Europe. During the past decade, Europe has attracted 55.9% of total U.S. global investment, slightly less than during the previous decade, but equivalent to the first decade of this century.
- Measured on a historic cost basis, the total stock of U.S. FDI in Europe was \$4 trillion in 2022 – 61.2% of the total U.S. global investment position and more than four times U.S. investment in the Asia-Pacific region (\$951 billion). U.S. investment stock in the EU of \$2.7 trillion in 2022 was 21 times greater than U.S. FDI stock in China of \$126.1 billion.
- U.S. investment stock in the UK alone (\$1.08 trillion) in 2022 was more than U.S. investment in the entire Asia-Pacific region and 8.5 times greater than U.S. investment stock in China.
- In the first three quarters of 2023, U.S. companies invested \$110 billion in Europe – more than six times what they invested in the BRICs (\$18 billion total in Brazil, Russia, India, and South Africa) and nearly 20 times more than what they invested in China (\$5.6 billion)
- U.S. companies in the first nine months of 2023 earned an estimated \$260 billion from their operations in Europe – 2.7 times what they earned from operations in all of Asia (\$85 billion).
- Official figures can be misleading if they do not distinguish between “phantom” and “real” FDI or between “immediate” and “ultimate” investors. Adjusted figures offer new insights. For instance, U.S. companies ultimately controlled \$1.12 trillion (40.8%) of the UK’s total inward FDI stock in 2021 – \$195 billion more than reflected by immediate investor metrics. And while official statistics indicate that immediate U.S. FDI outflows to France and Germany have been relatively low for some time, a good deal of ultimate investment from the United States makes its way to France and Germany

via other countries, and a closer look indicates that U.S. FDI that eventually ends up in France and Germany remains robust.

- The activities of nonbank holding companies have often confounded official accounting. In 2022, they accounted for \$2.2 trillion, or about 55%, of total U.S. FDI stock in Europe. When FDI related to holding companies is stripped from the numbers, the U.S. FDI position in Europe is not as large as officially reported. Nonetheless, even with these adjustments, Europe still accounted for over half of total U.S. FDI outflows between 2009 and 2022. Europe's share was still more than double Asia's share.
- Of the top twenty global export platforms for U.S. multinationals in the world, nine are in Europe. For U.S. companies, Ireland is the number one platform in the world from which their affiliates can reach foreign customers. Switzerland, ranked third, remains a key export platform and pan-regional distribution hub for U.S. firms.
- U.S. foreign assets in Europe rose 4% to an estimated \$19.3 trillion in 2022. In 2021, Europe accounted for roughly 64% – \$18.6 trillion – of corporate America's total foreign assets globally. Largest shares: the UK (22% of global total, \$6.5 trillion) and the Netherlands (10% of global total, \$3.1 trillion).
- America's asset base in Germany topped \$1.2 trillion in 2021, more than a third larger than its asset base in all South America and more than double its assets in China.
- America's asset base in Poland, the Czech Republic and Hungary (roughly \$225 billion) was greater than corporate America's assets in South Korea (\$161 billion).
- America's assets in Ireland (\$2 trillion in 2021) were light years ahead of those in China (\$527 billion).
- Ireland has also become the number one export platform for U.S. affiliates in the entire world.
- Aggregate output of U.S. affiliates globally reached \$1.6 trillion in 2022; Europe accounted for half.

- U.S. affiliate output in Europe (\$771 billion) in 2021 was 76% larger than affiliate output in the entire Asia-Pacific region (\$437 billion).
- U.S. foreign affiliate sales in Europe were an estimated \$3.8 trillion in 2022, roughly half the global total.
- Sales of U.S. affiliates in Europe were roughly 56% larger than the sales of U.S. affiliates in the entire Asian region in 2021. Affiliate sales in the UK (\$723 billion) were double total sales in South America. Sales in Germany (\$387 billion) were roughly double combined sales in Africa and the Middle East.
- U.S. affiliate income from Europe reached a record \$350 billion in 2023, about 2.7 times U.S. affiliate income in all of Asia.
- Europe accounted for roughly 56% of U.S. global foreign affiliate income in the first nine months of 2023.
- U.S. affiliate income from China and India in 2022 (\$20 billion) was a fraction of what U.S. affiliates earned in the Netherlands, Ireland, or the UK.

Europe in the U.S.

- Europe accounted for half of global FDI that flowed into the U.S. in the first three quarters of 2023. Annualizing data, U.S. FDI inflows from Europe are estimated to have totaled \$170 billion in 2023, down from \$219 billion the year before.
- Total European investment stock in the U.S. of \$3.4 trillion in 2022 was more than three times the level of Asian investment stock in the U.S. Of the overall European level, EU FDI investment stock in the U.S. was \$2.4 trillion in 2022, up 4% from 2021.
- The UK was the largest European investor in the United States in 2022, with total investment stock totaling \$663 billion. The Netherlands ranked second in Europe (\$617 billion), followed by Germany (\$431 billion) and Switzerland (\$307 billion).

- The UK's investment stock in the U.S. was 23 times Chinese investment stock in the U.S. of \$28.7 billion. Germany's investment stock was 15 times greater.
- Europe accounted for 62% of the \$5.3 trillion of foreign capital invested in the U.S. as of 2022 on a historic cost basis.
- In 2022, total assets of European affiliates in the U.S. were an estimated \$9.3 trillion. UK firms ranked first, followed by those from Germany, Switzerland, and France.
- In 2021, European assets accounted for over 51% of total foreign assets in the United States.
- We estimate that European-owned assets in the U.S. rose in 2022 to \$9.3 trillion.
- European affiliates in the U.S. earned an estimated \$190 billion in 2023, a record high.
- Both UK and German affiliate output in the U.S. rose 5% in 2022. UK firms accounted for an estimated 25% (\$180 billion) and German companies for 20% (\$140 billion) of total European affiliate output in the U.S. in 2022.
- European companies operating in the U.S. accounted for nearly 61% of the roughly \$1.2 trillion contributed by all foreign firms to U.S. aggregate production in 2021.
- Chinese affiliate output in the U.S. of just \$15 billion in 2021 was less than that of Sweden (\$21 billion).
- Affiliate sales, not trade, are the primary means by which European firms deliver goods and services to U.S. consumers. In 2022, European affiliate sales in the U.S. (\$3.1 trillion) were more than triple U.S. imports from Europe.
- Sales by British and German affiliates in the U.S. were the largest (\$632 billion each) in 2021, followed by Dutch affiliate sales (\$423 billion).

Trade in goods



\$1.22 trillion

U.S.-Europe goods trade
(2022)

\$946 billion

U.S.-EU goods trade (2022)

Transatlantic Trade

- U.S.-Europe goods trade reached an all-time high of \$1.22 trillion in 2023 – double U.S.- China goods trade of \$575 billion.
- U.S.-EU goods trade in 2023 hit a record of \$946 billion, 39% higher than U.S-China goods trade and 16% higher than EU-China goods trade of \$798 billion.
- U.S. goods exports to Europe reached a record high of \$498 billion, 1.2% more than 2022 (\$491.6 billion).
- The EU+UK accounted for 22% of U.S. goods exports and 21% of U.S. goods imports in 2023; China accounted for 7.3% of U.S. goods exports and 13.9% of U.S. goods imports.
- 48 of the 50 U.S. states, including the Pacific coast's largest state of California, export more goods to Europe than to China, in many cases by a wide margin.
- Texas is the top U.S. state exporter of goods to Europe, followed by New York, Louisiana, and California.
- In 2022, New York exported 13 times more goods to Europe than to China. Florida exported 9 times more, Texas 4.5 times more, and Kentucky 3 times more goods to Europe than to China. California exported twice as many goods to Europe as to China.
- Germany was the top European goods customer for 18 U.S. states, the Netherlands for 10, and the UK for 9 in 2022. Germany was also the top European goods supplier to 36 U.S. states, Ireland for 5 states.

Trade in services



\$402 billion

U.S. to Europe
(2022)

\$293 billion

Europe to the U.S.
(2022)

Transatlantic Services

- The U.S. and Europe are the two leading services economies in the world. The U.S. is the largest single country trader in services, while the EU is the largest trader in services among all world regions. The U.S. and the EU are each other's most important commercial partners and major growth markets when it comes to services trade and investment. Moreover, deep transatlantic connections in services industries, provided by mutual investment flows, are the foundation for the global competitiveness of U.S. and European services companies.
- Five of the top ten export markets for U.S. services are in Europe. Europe accounted for 43% of total U.S. services exports and for 42% of total U.S. services imports in 2022.
- U.S. services exports to Europe reached a record \$402 billion in 2022. The U.S. had a \$107 billion trade surplus in services with Europe in 2022, compared with its \$202 billion trade deficit in goods with Europe.
- 16 • U.S. imports of services from Europe rose to \$293 billion in 2022. The UK, Germany, Switzerland, Ireland, and France are top services exporters to the U.S.
- EU27 services trade with the U.S. of \$704 billion in 2022 was 4.6 times larger than EU-China services trade of \$154 billion.
- Putting goods and services together, EU-U.S. trade totaled \$1.61 trillion in 2022. EU-China trade of \$1.06 trillion was only 66% as large, and U.S.-China trade of \$758.42 billion was only 47% as large.
- China-Germany trade in goods and services of \$348.45 billion in 2022 was 12% less than U.S.-Germany trade of \$394.15 billion.
- Moreover, foreign affiliate sales of services, or the delivery of transatlantic services by foreign affiliates, have exploded on both sides of the Atlantic over the past few decades and become far more important than exports.
- Sales of services by U.S. affiliates in Europe totaled \$1.1 trillion, or 57% of the global total, in 2021 – 2.7 times more than U.S. services exports to Europe of \$402 billion.

- Services by U.S. firms based in the UK and UK companies based in the U.S. totaled \$489 billion in 2021 – over three times more than U.S.-UK overall trade in services.
- The UK alone accounted for 30% of all U.S. affiliate services sales in Europe in 2021 – more than combined U.S. affiliate services sales in Latin America and the Caribbean, Africa, and the Middle East.
- European affiliate sales of services in the U.S. of \$753 billion in 2021 were about 70% of U.S. affiliate sales of services in Europe.
- Nonetheless, European companies are the key providers of affiliate services in the U.S. German affiliates led in terms of affiliate sales of services (\$196 billion), followed closely by U.S.-based UK firms (\$172 billion). German and UK affiliates each supplied more services in the U.S. than did USMCA partners Canadian and Mexican affiliates combined. German affiliate services alone were more than 16 times those provided by Chinese affiliates in the U.S.
- European companies operating in the U.S. generated an estimated \$775 billion in services sales in 2022 – roughly 2.6 times more than European services exports to the U.S. of \$293 billion.

Digital



+50%

of digitally-enabled services between the U.S. and the EU are used to produce export products on each side



2x

more data flows via transatlantic cables than over transpacific and intra-Asian routes

The Transatlantic Digital Economy

- Transatlantic data flows are critical to enabling the \$8.3 trillion EU-U.S. economic relationship. They account for more than half of Europe's data flows and about half of U.S. data flows globally. Over 90% of EU-based firms transfer data to and from the United States.
- European and U.S. cities are major hubs of cross-border digital connectivity. Europe is the global leader, with tremendous connected international capacity. Frankfurt, London, Amsterdam, and Paris substantially outpace North American and Asian cities.
- The United States currently accounts for over 53% of the world's operational hyperscale infrastructure, measured by critical IT load. More than one-third of U.S. hyperscale capacity is in one state – Virginia. Virginia has far more hyperscale data center capacity than either China or all of Europe.
- The transatlantic data seaway is the busiest and most competitive in the world. Submarine cables in the Atlantic carry more than twice the traffic of transpacific routes and intra-Asian routes.
- The U.S. and Europe are each other's most important commercial partners when it comes to digitally-enabled services. The U.S. and the EU are also the two largest net exporters of digitally-enabled services to the world.
- In 2022, the United States exported \$307 billion in digitally-deliverable services to Europe – more than double what it exported to the entire Asia-Pacific region (\$141 billion), and more than combined U.S. exports of digitally-deliverable services to the Asia-Pacific, Latin America and other Western Hemisphere, Africa, and the Middle East.
- Europe accounted for 49% of all U.S. digitally-deliverable exports to the world. Within Europe, the EU accounted for 61%, and the EU+UK+Switzerland accounted for 97%, of U.S. digitally-deliverable exports. The U.S. had a \$103 billion trade surplus with the EU in digitally-deliverable services in 2022.
- In 2021, the U.S. accounted for 25% of the EU's digitally-enabled services exports to non-EU countries, and 30% of EU digitally-enabled services imports from non-EU countries.

- The U.S. purchased \$208.4 billion, making it the largest recipient of EU27 digitally-enabled services exports – roughly the same as the entire region of Asia and Oceania (\$210.9 billion).
- Digitally-enabled services are not just exported directly, they are used in manufacturing and to produce goods and services for export. Over half of digitally-enabled services imported by the U.S. from the EU is used to produce U.S. products for export, and vice versa.
- In 2021, EU member states imported about \$1.45 trillion in digitally-enabled services. 44% originated from other EU member states. Another 17% (\$244.2 billion) came from the U.S., making it the largest single-country supplier of these services. EU imports of these services from the U.S. were 30% more than EU imports from the UK (\$169.8 billion) and more than twice EU imports from the entire region of Asia and Oceania (\$119.7 billion).
- Even more important than both direct and value-added trade in digitally-enabled services, however, is the delivery of digital services by U.S. and European foreign affiliates. U.S. services supplied by affiliates abroad were \$1.95 trillion in 2021, roughly 2.4 times global U.S. services exports of \$801.14 billion. Moreover, half of all services supplied by U.S. affiliates abroad are digitally-enabled.
- In 2021, Europe accounted for 67% of the \$434 billion in total global information services supplied abroad by U.S. multinational corporations through their majority-owned foreign affiliates.
- U.S. overseas direct investment in the “information” industry in the UK alone was triple U.S. information industry investment in the entire Western Hemisphere outside the United States, and 15 times more than such investment in China. Equivalent U.S. investment in Germany was 3.8 times more than in China.
- The U.S. leads the world in international trade in products delivered through data flows, followed by the UK, France, Germany, India, Ireland, the Netherlands, and Switzerland.

Jobs



Workers

5 million

U.S. employees of European companies (direct jobs due to investment, 2022)

4.7 million

European employees of U.S. companies (direct jobs due to investment, 2022)

Transatlantic Jobs

- European companies in the U.S. employ millions of American workers and are the largest source of onshored jobs in America. Similarly, U.S. companies in Europe employ millions of European workers and are the largest source of onshored jobs in Europe.
 - U.S. and European foreign affiliates directly employed an estimated 10 million workers in 2022.
 - These figures understate overall job numbers, since they do not include:
 - jobs supported by transatlantic trade flows;
 - indirect employment effects of nonequity arrangements such as strategic alliances, joint ventures, and other deals; and
 - indirect employment generated for distributors and suppliers.
 - U.S. affiliates directly employed an estimated 4.7 million workers in Europe in 2022.
- 22**
- Roughly 33% of the 13.8 million people directly employed by U.S. majority-owned affiliates around the world in 2021 lived in Europe; that share is down from 41% in 2009.
 - U.S. affiliates employed more manufacturing workers in Europe in 2021 (1.8 million) than they did in 1990 (1.6 million), and about the same as in 2000 (1.9 million). Manufacturing employment has declined in some countries but has rebounded in others.
 - Poland has been a big winner. Between 2000 and 2021, U.S. manufacturing affiliates in Poland employed 2.7 times more people (51,000 vs. 136,000). They employed 26,000 fewer people in Germany (388,000 vs. 362,000), 67,000 fewer in France (249,000 vs. 182,000), and 147,000 fewer in the UK (431,000 vs. 284,000).

- U.S. affiliates employ more Europeans in services than in manufacturing and this trend is likely to continue. Manufacturing accounted for 38% of total employment by U.S. affiliates in Europe in 2021. U.S. affiliates employed nearly 312,000 European workers in transportation and 262,000 in chemicals. Wholesale employment was among the largest sources of services-related employment, which includes employment in such areas as logistics, trade, insurance and other related activities.
- European majority-owned foreign affiliates directly employed an estimated 5 million U.S. workers in 2022.
- European firms employed roughly two-thirds of all U.S. workers on the payrolls of majority-owned foreign affiliates in 2021.
- The top five European employers in the United States in 2021 were firms from the UK (1.2 million jobs), Germany (924,000), France (741,000), the Netherlands (603,000) and Switzerland (380,000).
- UK firms were the largest sources of onshored jobs in 21 U.S. states in 2021. Japanese and Canadian companies each led in 10 states, German companies in 5 states. French and Dutch companies each led in 2 states.
- The top five U.S. states in terms of jobs provided directly by European affiliates in 2021 were California (458,700), Texas (392,900), New York (360,300), Pennsylvania (244,000), and Illinois (225,400).

Energy



+60%

of U.S. LNG exports goes to Europe (2023)



+50%

long-term renewable energy purchase agreements in Europe with U.S. companies

The Transatlantic Energy Economy

- The U.S. is Europe's most important supplier of liquefied natural gas (LNG), accounting for 50% of EU total LNG imports – and around 20% of EU total gas imports. In turn, Europe has become the U.S.'s most important LNG export market, accounting for more than 60% of U.S. LNG exports in 2023, double U.S. flows going to Asia.
- The U.S. has also become the EU's largest supplier of petroleum oil, accounting for about 18% of imports. U.S. oil shipments to Europe have jumped 82% since Russia's invasion of Ukraine, and now account for 12% of Europe's oil supplies. Europe is the top purchaser of U.S. crude oil. Russia's share of Europe's oil and petroleum products imports declined from nearly 45% in 2021 to under 4% in 2023.
- U.S. companies in Europe have become a driving force for Europe's green transition, accounting for more than half of the long-term renewable energy purchase agreements signed in Europe since 2007.
- European companies are the leading source of FDI in the U.S. energy sector.
- Between 2017 and 2022, U.S. investors participated in 758 EU-based cleantech deals and EU investors joined 682 U.S.-based cleantech deals. On average, U.S. and EU companies that received transatlantic investments reached growth stage, and received growth funding, faster than those that did not: 20% faster for EU-based companies; 8% faster for U.S.-based companies. Deal sizes for EU innovator investment rounds that included U.S. risk capital were significantly larger than those that did not involve a U.S. investor.

Innovation



R&D spending

\$37.5 billion

U.S. affiliate R&D in Europe
(2021)

\$54 billion

European affiliate R&D in the
U.S. (2021)

The Transatlantic Innovation Economy

- Bilateral U.S.-EU flows in R&D are the most intense between any two international partners. In 2021, U.S. affiliates spent \$37.5 billion on R&D in Europe, 54% of total U.S. R&D conducted globally by affiliates.
- R&D expenditures by U.S. affiliates were the greatest in the UK (\$7.7 billion), Germany (\$6.7 billion), Switzerland (\$6.1 billion), Ireland (\$4.8 billion), Belgium (\$2.7 billion) and France (\$2.2 billion). These six nations accounted for roughly 83% of U.S. spending on R&D in Europe in 2021.
- In the U.S., R&D expenditures by majority-owned foreign affiliates totaled \$78.3 billion in 2021; European affiliates accounted for 69% of that total.
- Swiss firms were the largest foreign source of R&D in the United States in 2021, spending some \$13 billion, or 24% of the total of European R&D. German firms ranked second (\$11.2 billion, 21% of the total).

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21th Edition



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