Executive Summary

- Despite transatlantic political turbulence and the COVID-19-induced recession, the U.S. and Europe remain each other's most important markets. The transatlantic economy generates $6.2 trillion in total commercial sales a year and employs up to 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, mutual R&D investment, patent cooperation, technology flows, and sales of knowledge-intensive services.

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.

- Together the U.S. and Europe accounted for 27% of global exports and 32% of global imports in 2019. But together they accounted for 64% of the outward stock and 61% of the inward 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.

- European firms based in the U.S. accounted for 57% of the $395 billion in U.S. exports by U.S.-based foreign affiliates in 2018. German companies exported $50 billion from the U.S. in 2018.

- U.S. foreign affiliate sales in Europe of $3.4 trillion in 2019 were greater than total U.S. exports to the world of $2.5 trillion and roughly half of total U.S.

FDI" stock from the U.S. to Germany was actually $170 billion. Similarly, "real FDI" links from Germany to the U.S. are considerably higher than official statistics might indicate. The same is true for other important bilateral investment links.

- In 2019 nonbank U.S. holding companies reported negative FDI outflows to Europe of -$47 billion due to repatriations and/or divestments. Nonbank holding companies accounted for 54% of total U.S. FDI stock in Europe in 2019.

- Excluding holding companies, total U.S. FDI stock in Europe amounts to $1.6 trillion – a much smaller figure but still more than 2.5 times larger than total U.S. investment in the Asia-Pacific region (FDI stock of $635 billion excluding holding companies).

- From 2000 to 2019, Europe still accounted for over half of total U.S. FDI outflows globally and more than double the share to Asia when flows from holding companies are removed from the overall figures.

- America's capital stock in the UK ($851 billion in 2019) is more than triple combined U.S. investment in South America, the Middle East and Africa ($261 (es)10 (tment)0 (ed fr (c)1o-10p So t)12s ca8Gtenech4(e than)-a fromju6o0.089

- UK firms were the largest source of greenfield foreign investment projects in 18 U.S. states during

- 48 of the 50 U.S. states export more to Europe than to China, in many cases by a wide margin. America's five Pacific coast states exported about 40% more goods to Europe than to China.

- In 2019 New York and Maryland exports to Europe were more than nine times those to China; Florida almost eight times more; Connecticut and New Jersey six times more; Georgia, Indiana Kentucky, Nevada and Texas roughly five times more. Arizona, Kansas, Massachusetts Virginia, Illinois and Missouri each exported roughly four times more to Europe than to China.

- Germany was the top European export market for 20 U.S. states and the UK for 14 in 2019.

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

- In 2019 the U.S. registered a $219.9 billion trade surplus in digitally-enabled services with the world.