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THE TRANSATLANTIC ECONOMY 2016

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

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Table of Contents

Preface and Acknowledgements

This annual survey offers the most up-to-date picture of the dense economic relationship binding European countries to America's 50 states. The survey consists of five chapters. Chapter One offers Headline Trends for the transatlantic economy. Chapter Two updates our basic framework for understanding the deeply integrated transatlantic economy via 'eight ties that bind.' Chapter Three is a special chapter that discusses the importance of the transatlantic digital economy, which in many ways has become the backbone of commercial connections across the Atlantic. Chapter Four offers an overview of U.S. commercial relations with Europe, and Chapter Five an overview of European commercial ties with the United States. The appended charts provide the most up-to-date information on European-sourced jobs, trade and investment with the 50 U.S. states, and U.S.-sourced jobs, trade and investment with the 28 member states of the European Union, as well as Norway, Switzerland and Turkey.

Another special section in this year's survey is a deeper analysis of how individual cities and metropolitan areas are linked to each other across the Atlantic in terms of mutually onshored jobs, trade and investment. This section offers highlights derived from our Transatlantic Metro Database, which provides further details at http://transatlanticrelations.org/content/transatlantic-economy-2015.

This annual survey complements our other writings in which we use both geographic and sectoral lenses to examine the deep integration of the transatlantic economy, and the role of the U.S. and Europe in the global economy, with particular focus on how globalization affects American and European consumers, workers, companies, and governments. In our other new publication, *Rule-Makers or Rule-Takers* (2015), we explore the broader ramifications of the U.S.-EU Transatlantic Trade and Investment Partnership. We also provide regular TTIP analysis via the Center's Transatlantic Partnership Forum.

We would like to thank Lisa Mendelow, Benjamin Hilgenstock, Philip Schnattinger, Heidi Obermeyer, James Medaglio, Andrew Vasylyuk and Lauren Sanfilippo for their assistance in producing this study.

We are grateful for generous support of our annual survey from the American Chamber of Commerce to the European Union and its member companies; and the Transatlantic Business Council and its member companies.

The views expressed here are our own, and do not necessarily represent those of any sponsor or institution. Other views and data sources have been cited, and are appreciated.

Daniel S. Hamilton
Joseph P. Quinlan

EXECUTIVE SUMMARY

- Despite continuing transatlantic economic turbulence, the U.S. and Europe remain each other's most important markets. No other commercial artery in the world is as integrated.

- The transatlantic economy generates $5.5 trillion in total commercial sales a year and employs up to 15 million workers in mutually "onshored" jobs on both sides of the Atlantic. It is the largest and wealthiest market in the world, accounting for over 35% 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.

- Seven years after the 2008-9 financial crisis, the growth gap between the two sides of the transatlantic economy is narrowing, but gaps remain in trade, jobs, monetary policies and approaches to the digital economy.

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. majority-owned foreign affiliate sales on a global basis (goods and services) totaled an estimated $6.3 trillion in 2014, 3 times the value of total U.S. global exports.

- Together the U.S. and Europe accounted for only 25% of global exports and 30% of global imports in 2014. But together they accounted for 70% of the outward stock and 60% 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.

- U.S. foreign affiliate sales in Europe in 2014 topped $2.9 trillion, greater than total U.S. exports to the world of $2.3 trillion and 46% of total U.S. foreign affiliate sales globally.

- Majority-owned European affiliate sales in the United States ($2.4 trillion) in 2013 were more than triple European exports to the United States.

- Foreign investment and affiliate sales drive transatlantic trade. 60% of U.S. imports from the EU consisted of intra-firm trade in 2014 - much higher than U.S. intra-firm imports from Pacific Rim countries (43%) and South/Central America (39%), and well above the global average (50%). Percentages are notably high for Ireland (90.8%) and Germany (70%).

- Intra-firm trade also accounted for one-third of U.S. exports to Europe and nearly half of total U.S. exports to Belgium and the Netherlands, 32% of exports to Germany and 24% of exports to the UK.

The U.S. in Europe

» Over many decades no place in the world has attracted more U.S. FDI than Europe. Since the start of this century Europe has attracted over 56% of total U.S. global investment — more than in any previous decade.

» 60% of total U.S. FDI outflows globally went to Europe in 2015. Only 16.1% went to the Asia-Pacific region.

» Within Europe, however, U.S. FDI is becoming more concentrated. In the first nine months of 2015, five nations accounted for nearly 90% of total US FDI outflows of $138.3 billion: the Netherlands ($43.2 billion, 31.2%); Ireland ($27.3 billion, 19.7%); the UK ($25.3 billion, 18.3% of total); Luxembourg ($15.3 billion, 11%); and Switzerland ($12.4 billion, 9%).

» In 2014 holding companies accounted for $151 billion, or nearly half, of global U.S. FDI of $317 billion, and 51% of total U.S. foreign direct investment to the EU of $147.7 billion.

» Europe still accounted for 46% of total U.S. FDI outflows globally when flows from holding companies are removed from the overall figures.

» U.S. FDI outflows to Europe in 2015 were an estimated $185 billion, 7.7% more than 2014.

» U.S. investment flows jumped 91% to the Netherlands in the first nine months of 2015; 20% to the UK; 13% to Luxembourg.

» U.S. firms also disinvested in Greece (-$89 million), Hungary (-$156 million), and Poland (-$81 million) in the first nine months of 2015.

» Estimated U.S. FDI flows in 2015 to France and Germany ($6.8 billion) together are less than half combined U.S. FDI flows to China and India ($12 billion).

» Of Corporate America's total foreign assets globally, roughly 60% — $14.8 trillion — was in Europe in 2014. Largest shares: the UK (22%, $5 trillion) and the Netherlands (9%, $2.3 trillion).

» America's asset base in Germany ($740 billion) in 2013 was roughly one-third larger than its asset base in all of South America.

» America's combined asset base in Poland, Hungary, and the Czech Republic (roughly $142 billion) was much larger than its asset base in India ($104 billion).

» Total output of U.S. foreign affiliates in Europe ($693 billion) and of European affiliates in the U.S. ($556 billion) in 2014 was greater than the output of such countries as the Netherlands, Turkey or Indonesia.

» Aggregate output of U.S. affiliates globally reached $1.4 trillion in 2014; Europe accounted for 46% of the total.

» The UK accounted for more than a quarter of total U.S. affiliate output in Europe.

» U.S. affiliate output in Europe ($653 billion) in 2013 was roughly double affiliate output in all of Asia ($323 billion). U.S. affiliate output in China ($52 billion) and India ($20.5 billion) pale in comparison to U.S. affiliate output in the UK ($153 billion), Germany ($88 billion), or even Ireland ($76 billion).

» U.S. affiliate sales in Europe topped $2.9 trillion in 2014 and accounted for 46% of worldwide U.S. affiliate sales.

» Sales of U.S. affiliates in Europe in 2013 were almost double comparable sales in the entire Asia/Pacific. Affiliate sales in the UK ($643 billion) alone were almost double sales in South America. Sales in Germany ($338 billion) were two-thirds larger than combined sales in Africa and the Middle East.

» While U.S. affiliate sales in China have soared over the past decade, they have done so from a low base, and still remain well below comparable sales in Europe. U.S. affiliate sales of $290 billion in China in 2013 were below those in Ireland ($313 billion) and comparable to those in Switzerland ($286 billion).

» Europe remains the most profitable region of the world for U.S. companies. U.S. foreign affiliate income earned in Europe in 2015 was an estimated $240 billion — a record high, flat from 2014 but one-third higher than the depressed levels of 2009.

» In the first nine months of 2015, U.S. affiliate income from Europe—$175 billion—was more than combined U.S. affiliate income from Latin America ($53 billion) and Asia ($49 billion).

» U.S. affiliate income in China ($7 billion), however, was more than affiliate income in Spain ($2.7 billion), Germany ($2.5 billion) and France ($1.5 billion) combined.

Europe in the U.S.

» In 2015 Europe accounted for 80% of estimated global FDI inflows into the U.S. of $384 billion.

» One massive one-off investment of $152 billion from Luxembourg distorted total FDI inflows. Even when that transaction is removed, U.S. FDI inflows from Europe were still double those of 2014.

» Europe accounted for nearly 70% of the $2.9 trillion invested in the United States in 2014 on a historic cost basis. The bulk of the capital was sunk by British firms (with total UK stock amounting to $450 billion), the Netherlands ($305 billion), Luxembourg ($243 billion), and then Switzerland, Germany and France ($224 billion each).

» In 2014 total assets of European affiliates in the U.S. were an estimated $8.4 trillion. The UK ranked first, followed by Germany, Switzerland and France.

» The U.S. remains the most important market in the world in terms of earnings for many European multinationals. Yet European affiliate income earned in the United States dropped again in 2015 by around 10% to $100 billion, following a 4.3% decline in 2014.

» The output of British firms in the U.S. in 2014 reached an estimated $143 billion — more than a quarter of the total output of European firms in the U.S. The output of German firms in the U.S. totaled $98 billion, or about 18% of the total.

» Beyond European affiliates, only Japan and Canada have any real economic presence in the U.S.—Japanese affiliate output totaled $114 billion in 2013, well below UK output and roughly similar to German affiliate output; Canadian affiliate output totaled $75 billion.

» European companies operating in the U.S. accounted for nearly two-thirds of the $835 billion contributed by all foreign firms to U.S. aggregate production in 2014.

» Affiliate sales, not trade, are the primary means by which European firms deliver goods and services to U.S. consumers. In 2013 European affiliate sales in the U.S. ($2.4 trillion) were more than triple European exports to the U.S. Affiliate sales rose roughly 5.2% in 2013.

» Sales by British affiliates in the U.S. totaled $619 billion in 2013, followed by German affiliate sales ($457 billion) and those by Dutch affiliates ($290 billion).

Transatlantic Trade

» U.S.-EU merchandise trade totaled $600 billion in 2015, double the level at the start of the new century.

» The U.S. merchandise trade deficit with the EU surged to $153 billion in 2015, a record high and more than double the deficit in 2009.

» America's merchandise trade deficit with Germany of $74.2 billion in 2015 accounted for nearly half of America's overall merchandise trade deficit with the EU, and was even larger than its trade gap with Japan.

» In contrast, the U.S. consistently records services trade surpluses with Europe — $64.5 billion in 2014.

» Ireland is a top global export platform for Corporate America. Between 2000 and 2013, U.S. affiliate exports from Ireland jumped almost five-fold to $244 billion. U.S. affiliate exports from Ireland are 4 times larger than U.S. affiliate exports from China and 3.5 times larger than from Mexico.

» Switzerland ranked as the third largest export platform in the world for U.S. affiliates in 2013. The UK ranked 4th, Germany 6th, the Netherlands 7th, Belgium 8th and France 10th.

» U.S. exports to Europe by state varied in 2014; South Carolina, Kentucky and Washington posted large year-over-year gains, while Florida, New Jersey and Pennsylvania posted large declines.

» 45 of 50 U.S. states export more to Europe than to China, and by a wide margin in many cases.

» In 2014 Florida and New Jersey each exported roughly 8 times more to Europe than to China; New York nearly 7 times more; Indiana 6 times more.

» Texas, the leading U.S. state exporter to Europe, sent 3 times as many goods to Europe than to China. So did Ohio and Massachusetts. The Pacific coast state of California exported twice as much to Europe as to China.

» Germany and the UK were each the top European export market for 14 U.S. states in 2014. The Netherlands was the top European export market for 8 states and Belgium for 7 states.

» Foreign firms operating in the United States generated one-fifth of America's goods exports in 2013; more than 57% of these U.S. exports were generated by European companies. The United Kingdom and Germany dominate European affiliate exports in the United States. UK affiliates in America exported $56 billion worth of goods from the U.S. and German affiliates exported nearly $45 billion in goods from the U.S. German automaker BMW is America's largest exporter of cars to the rest of the world in terms of value.

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 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.

» Four of the top ten export markets for U.S. services are in Europe. Europe accounted for 37.6% of total U.S. services exports and for 43% of total U.S. services imports in 2014.

- U.S. services exports to Europe reached a record $267.5 billion in 2014, up nearly 30% from 2009. The U.S. enjoyed a $64.5 billion trade surplus in services with Europe in 2014, compared with its $134 billion trade deficit in goods with Europe.

- European services exports to the United States also hit an all-time high in 2014 of $203 billion. The UK, Germany, Ireland, Switzerland, France and Italy are top services exporters to the U.S.

- 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. foreign affiliates in Europe rose to $649 billion in 2013 — more than two and half times U.S. services exports of $250 billion to Europe.

- The UK alone accounted for just over 30% of all U.S. affiliate sales in Europe in 2013 — $191 billion, slightly less than combined U.S. affiliate sales of services in South and Central America ($166 billion), Africa and the Middle East (each $16 billion).

- On a global basis, Europe accounted for nearly half of total U.S. affiliate services sales.

- European affiliate sales of services in the U.S. of $506 billion in 2013 were nearly 30% less than U.S. affiliate sales of services in Europe.

- Nonetheless, European companies are the key provider of affiliate services in the U.S. Foreign affiliate sales of services in the United States totaled $878 billion in 2013; European firms accounted for 58% of the total. British affiliates led in terms of affiliates sales of services ($126 billion), followed closely by those from Germany $120 billion).

- European companies operating in the United States generated an estimated $526 billion in sales in 2014, 2.7 times more than European services exports to the U.S. of $192 billion.

The Transatlantic Digital Economy

- The U.S. and the EU each other's most important trading partner when it comes to digitally deliverable services. Cross-border data flows between the United States and Europe, at about 15 terabits per second, are by far the highest in the world – 50% higher than the data flows between the United States and Asia in absolute terms, and 400% higher on a per capita basis.

- The U.S. and the EU are also the two largest net exporters of digitally deliverable services to the world.

- In 2014 the U.S. exported $187 billion in digitally deliverable services to Europe and imported $110 billion from Europe. U.S. exports of digitally deliverable services to Europe comprised 70% of bilateral services exports, and U.S. imports of digitally deliverable services from Europe accounted for 54% of all bilateral services imports.

- Digitally deliverable services are not just exported directly, they are used in manufacturing and to produce goods and services for export. Over half of digitally deliverable services imported by the U.S. from the EU is used to produce U.S. products for export, and vice versa.

» Even more important than both direct and value-added trade in digitally deliverable services, however, is the delivery of digital services by U.S. and European foreign affiliates.

» Roughly 65% of U.S. overseas investment in the information industry was in Europe in 2014. The $313 billion in digitally deliverable services supplied by U.S. affiliates in Europe was 1.67 times greater than U.S. digitally deliverable exports to Europe.

» The $234 billion in digitally deliverable services supplied by European affiliates in the U.S. was 2.13 times greater than European digitally deliverable exports to the U.S.

Transatlantic Jobs

» Despite stories about U.S. and European companies decamping for cheap labor markets in Mexico or Asia, most foreigners working for U.S. companies outside the U.S. are Europeans, and most foreigners working for European companies outside the EU are American.

» 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 8.3 million workers in 2014, up nearly 4% from the year before. Further modest gains in employment were most likely achieved in 2015.

» These figures understate the 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 4.3 million workers in Europe in 2014, about 600,000 (16.2%) more than in 2000.

» Roughly 34% of the 12.4 million people employed by U.S. majority-owned affiliates around the world in 2013 lived in Europe; that share is down from 41% in 2008.

» U.S. affiliates employed more manufacturing workers in Europe in 2013 (1.7 million) than they did in 1990 (1.6 million), but 10.5% less than in 2000 (1.9 million). Manufacturing employment has declined in some countries while gaining in others.

» Poland has been a big winner: U.S. affiliate manufacturing employment more than doubled between 2000 and 2013, rising from 51,000 to over 107,000.

» In 2013 the UK, France and Germany accounted for 47% of U.S. affiliate manufacturing employment in Europe. In

1990 they accounted for 67%. Meanwhile, the combined share of U.S. affiliate manufacturing employment in Poland, the Czech Republic and Hungary jumped from virtually zero in 1990 to nearly 11% in 2013, indicative of the eastern spread of U.S. European operations.

» The largest declines in manufacturing employment among U.S. affiliates were reported in the UK, from 431,000 in 2000 to 300,000 in 2013. U.S. manufacturing employment dropped in France from 249,000 to 189,000, and fell in Germany from 388,000 to 327,000.

» U.S. affiliates employ more Europeans in services than in manufacturing and this trend is likely to continue. Manufacturing accounted for 42% of total employment by U.S. affiliates in Europe in 2013. U.S. affiliates employed nearly 360,000 European workers in transportation and 267,000 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.

» The manufacturing workforce of U.S. affiliates in Germany totaled 327,000 workers in 2013 — more than the number of manufactured workers employed by U.S. affiliates in India (171,000), slightly less than those employed in Brazil (336,000), only slightly more than half those employed in China (625,000).

» European majority-owned foreign affiliates directly employed roughly 4 million U.S. workers in 2013 — some 200,000 less workers than U.S. affiliates employed in Europe. The top five European employers in the U.S. in 2013 were firms from the UK (1 million, up from 910,000 in 2011), Germany (641,000, up from 589,000 in 2011), France (557,000, up from 489,000 in 2011), Switzerland (462,000, up from 416,000 in 2011) and the Netherlands (410,000, up from 350,000 in 2011).

» European firms employed two-thirds of all U.S. workers on the payrolls of majority-owned foreign affiliates in 2013.

» German affiliates created an estimated 25,000 new jobs in the U.S. in 2013, followed by UK firms (24,000) Dutch (15,000) and French (10,000).

» Texas gained 81,700 jobs (34.6% more) directly from European investment between 2006 and 2013. Others with significant gains included Massachusetts – 34,200 (28.7%); Pennsylvania – 33,800 (18.5%); California – 33,300 (9.6%); Illinois 21,200 (12.4%); New York – 17,400 (6.2%); Louisiana - 16,500 (52.2%); Minnesota - 13,900 (27.4%); Illinois – 12,200 (7.1%); and North Carolina - 11,600 (7.5%).

» Other states have lost jobs from European investments since 2006, including Wisconsin – 9,000 (14%) less; Maryland — 5,700 (6.6%) less; Indiana 3,800 (3.9%) less; New Jersey – 1,700 (1%) less; Montana – 1,600 (28.6%) less; and Michigan – 3,100 (2.2%) less.

» The top five U.S. states in terms of jobs provided directly by European affiliates in 2013 were California (378,000), Texas (317,600), New York (299,500), Pennsylvania (216,300) and Illinois (192,500).

» Companies based in each of the following European regions directly supported over 100,000 American jobs via FDI in 2011: London; Paris; Amsterdam; North-Rhine Westphalia in Germany; Brussels; Dublin; Baden-Württemberg in Germany; Southeast England; and Stockholm.

The Transatlantic Innovation Economy

» Bilateral U.S.-EU flows in R&D are the most intense between any two international partners. In 2013 U.S. affiliates invested $30 billion in research and development in Europe, a record annual total, representing 61% of total global R&D expenditures by U.S. foreign affiliates.

» R&D expenditures by U.S. affiliates were greatest in Germany ($8.2 billion), the UK ($5.4 billion), Switzerland ($3.7 billion), Belgium ($2.6 billion), France ($2.4 billion), the Netherlands ($1.5 billion) and Ireland ($1.5 billion). These seven countries accounted for 85% of U.S. global spending on R&D in Europe in 2013.

» In the U.S, R&D expenditures by majority-owned foreign affiliates totaled $53 billion in 2013. R&D spending by European affiliates totaled $39.7 billion, $8.4 billion more than in 2010, and representing 75% of all R&D performed by majority-owned foreign affiliates in the United States.

» Swiss-owned R&D in the U.S. totaled $10 billion in 2013, a quarter of total European affiliate R&D in the United States. British affiliates accounted for 17.6% and German and French affiliates each accounted for 16%.

CHAPTER 1

A TESTING TIME FOR THE TRANSATLANTIC ECONOMY

The transatlantic economy in 2016 remains the largest and wealthiest of the global economy, and home to the largest skilled labor force in the world. Yet, in the post-crisis era, the United States and Europe have remained largely out of sync with each other, with key metrics such as monetary policies, growth, employment and trade diverging over the past few years. These divergences, not surprisingly, have generated skepticism and uncertainty about the cohesion and durability of transatlantic ties at a time when the diffusion of economic power and weakening of the rules-based international economic order demand closer transatlantic coordination and cooperation.

The good news is that real growth in both the United States and Europe is expected to accelerate in 2016. The growth gap, in other words, is set to narrow, although other transatlantic gaps remain and are highlighted below.

Minding the Transatlantic Gaps

The growth gap is narrowing

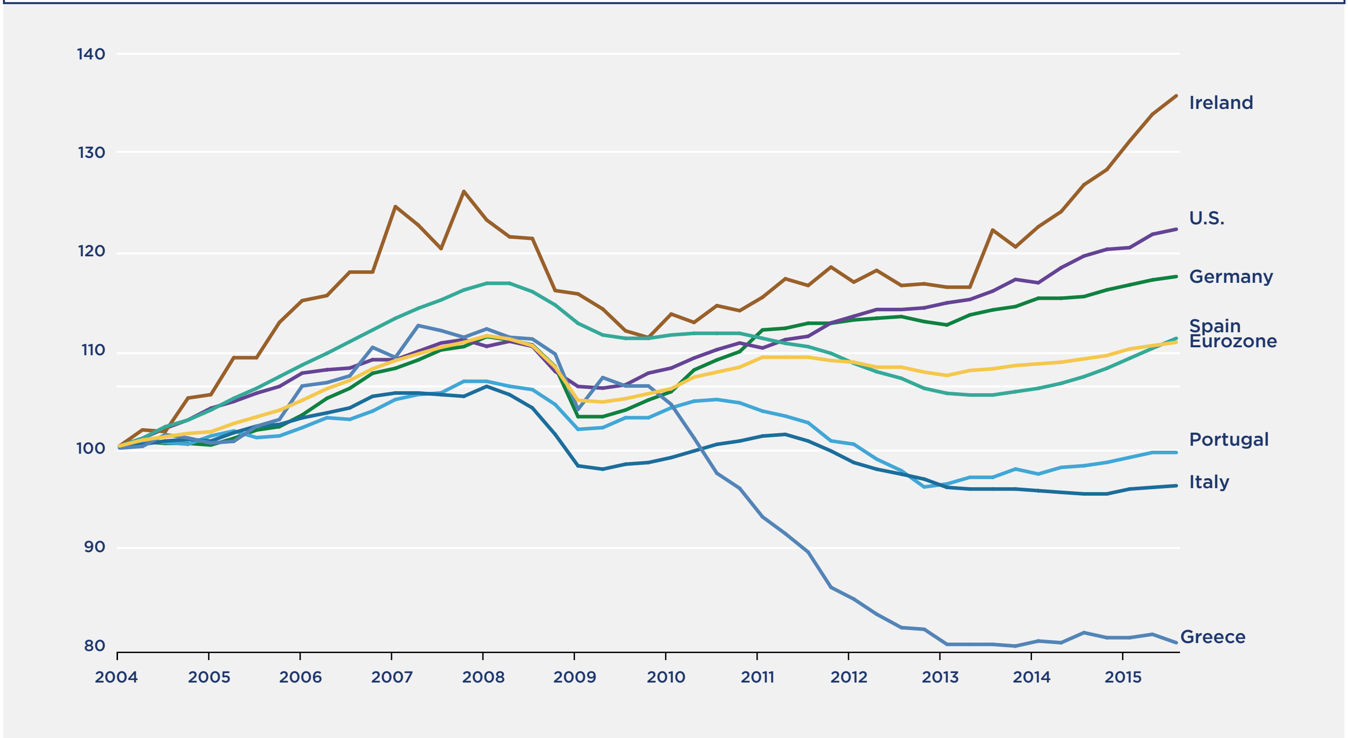
The gap in real growth between the United States and EU is closing: with roughly 2% growth this year in the EU and 2.5% in the United States, the growth gap of 0.5% percentage points is far narrower than the 3% gap experienced in 2012. A key difference between the two parties, of course, is that the United States is well into an elongated economic expansion, while the post-crisis economic performance of the European Union has been uneven at best, with much of Europe in or near recession in 2012 and 2013. Only recently has real growth in the euro area reached pre-crisis levels (see Table 1). Real growth across Europe is now accelerating, however, due to easier monetary policies, lower oil prices, and a weaker euro relative to the U.S. dollar.

Meanwhile, while the U.S. economy has been expanding since mid-2009, the current economic expansion remains one of the weakest on record. Indeed, it has been ten years since the economy expanded at a 3% annual clip, with 2015 growth again falling well short of that mark. Weak manufacturing activity, the recession in the U.S. energy patch, and softening U.S. export growth—all of these factors converged in the second half of 2015 to take some steam out of the U.S. economy. In the fourth quarter of 2015, the U.S. economy expanded by annualized rate of only 0.7%. For the year, the economy grew by 2.4%, the same level as the year before. Bright spots include consumption-led drivers such as the U.S. housing market and record automobile sales.

The U.S. recovery remains sub-par by historical standards, a situation unlikely to change this year. The U.S. consumer is leading growth in 2016, as falling unemployment boosts consumer confidence across the nation. However, political polarization continues to take its economic toll on the confidence of American companies and consumers. As the November 2016 Presidential election nears, the political rhetoric will only heat up and weigh on consumer confidence. Meanwhile, the downturn in the U.S. energy sector is weighing on growth via lower corporate earnings, rising layoffs, and rising credit stress in the financial sector. Manufacturing activity slowed considerably in the second half of 2015 thanks to the stronger dollar and softening exports. On the positive side, lower oil prices have acted like a tax cut for U.S. consumers, although income/wage growth for U.S. workers remains fragile. Add in distressed national infrastructure, widening income inequality and massive student loan debt, and the U.S. economy hardly presents a picture of robust economic health. Plenty of challenges lie ahead.

Challenges also abound in Europe, despite a noticeable rebound in economic growth over the past year. The good news is that monetary easing, a weaker euro, falling oil prices, and potentially more spending due to Europe's refugee crisis have all combined to give Europe a cyclical lift in real growth. 2016 should be a cyclically strong year for the economy. Long term challenges remain, however, and include mounting deflationary pressures, stubbornly high unemployment levels, uncomfortably high debt levels and low productivity. While real growth is set to accelerate

TABLE 1: DEVELOPED ECONOMIES BACK ABOVE PRE-RECESSION OUTPUT LEVELS (REAL GDP LEVEL, Q1 2004 = 100)



Source: Haver Analytics.
Data through Q3 2015.

in Europe to 2% this year, the underlying strength and durability of the expansion remains in question.

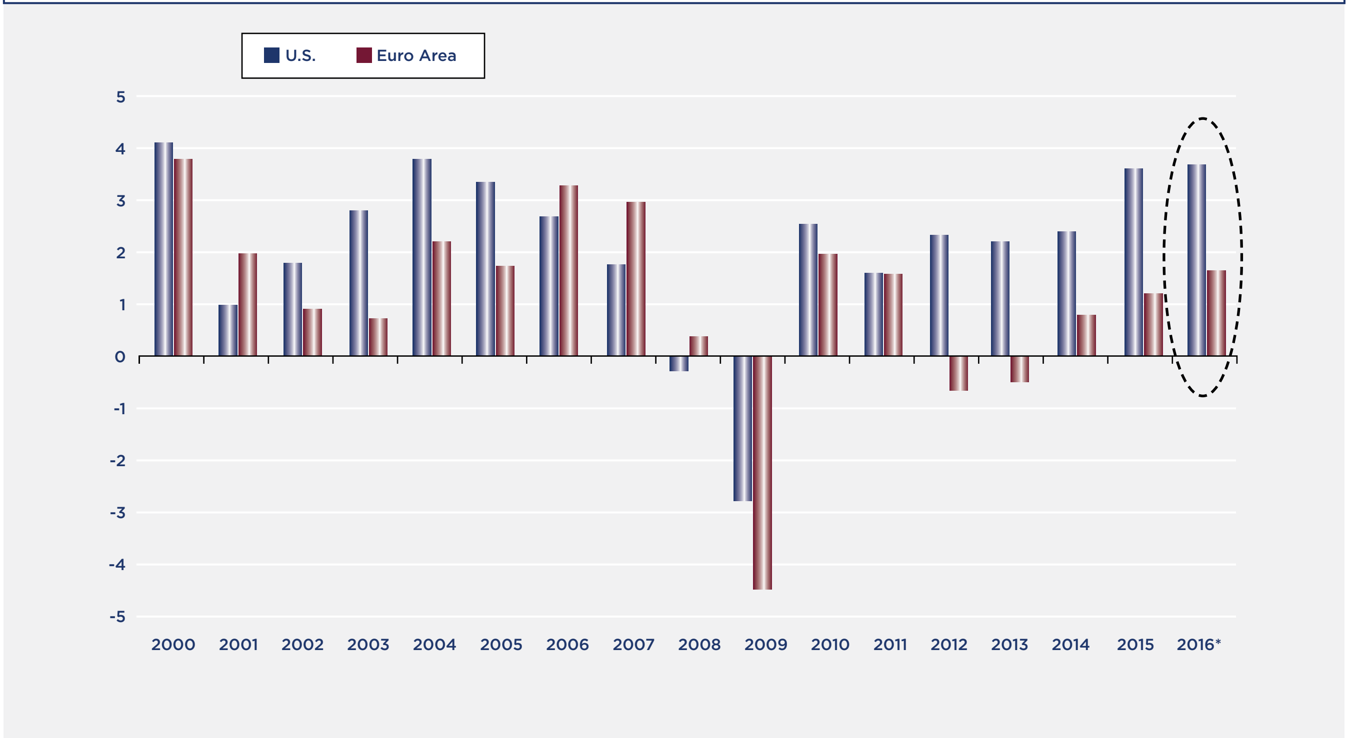
One final note about current growth levels. It is interestingly to note that of the "Big Three" economies in the world—the United States, the European Union and China—it is the latter, China, that is creating the most distress and concern for investors and corporations this year. The country is in the midst of a painful and turbulent economic transition away from export- and investment-led growth toward more consumption- and service-led activities. This shift has resulted in much slower growth of 6-7%, and, in turn, has created all sorts of stress among the world's top commodity producers and exporters. China's muddled exchange rate policies have only added to the uncertainty. Some $1 trillion in capital left China in 2015.

What does China's secular slowdown mean for the United States and Europe? While both parties are hardly immune to the negative side effects of China's economic slowdown, the United States and Europe rely more on each other than on the Middle Kingdom. China, for instance, accounted for only 7.6% of U.S. exports and 3.1% of the European Union's exports in 2014, the last year of available data. Of Europe's larger economies, China accounted for 5.8% of Germany's total exports, 3.7% of France's total exports, 3.5% of total British exports, and 1.7% of Spain's exports. In the end, China matters hugely to the world economy, but given the deep and breadth of the transatlantic partnership, the United States and Europe are hedged, to a significant degree, from China's economic tumult.

Transatlantic gaps in employment, trade and monetary policies continue

While the jobs picture in Europe has improved over the past year, the improvement has been nowhere near the extent and pace of the United States. The U.S. jobless rate has been cut in half, from a peak of 10% in October 2009 to 5% at the end of 2015. For the year, the U.S. economy added over two million new jobs, although wage gains have remained relatively subdued. The U.S. unemployment rate is expected to trend lower this year, to around 4.5%, well ahead of projected jobless rates in most European countries. According to Eurostat, the unemployment rate in the euro area was roughly 10.5% at year-end 2015, with a number of nations struggling to combat joblessness. In November 2015, the unemployment rate in Spain was a staggering 21.4%, 11.3% in Italy, 12.4% in Portugal, and 10.1% in France.

TABLE 2: U.S. VS. EURO AREA - (REAL GDP, ANNUAL PERCENT CHANGE)



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

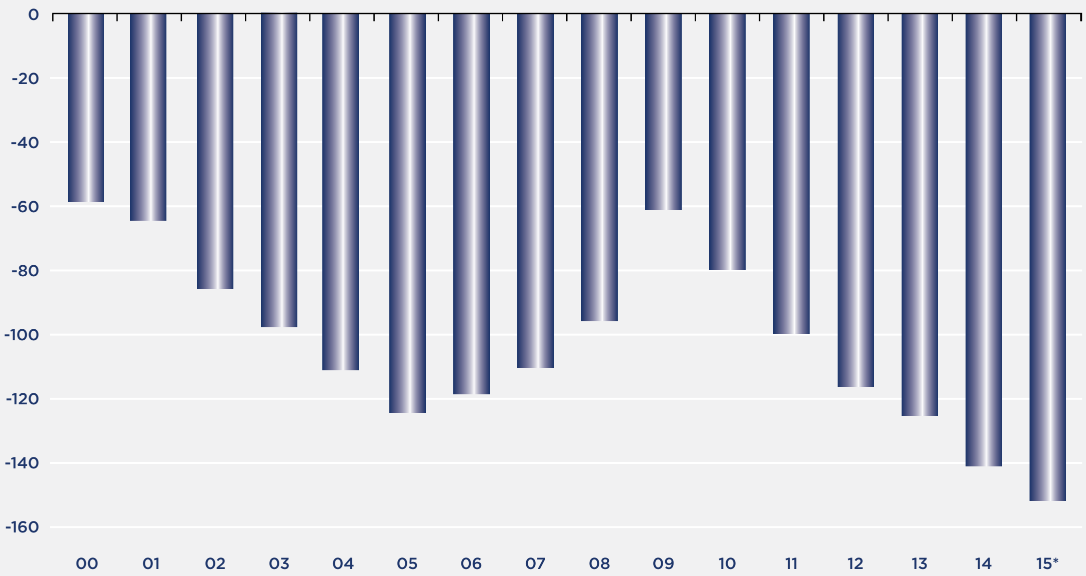
On the trade front, divergent growth and the depreciation of the euro against the U.S. dollar have manifested themselves in America's widening trade gap in goods with the European Union. The trade gap reached $153 billion for the year, another record high. America's trade deficit with the EU has increased six years in a row, and more than doubled between 2009 and 2015. In the first eleven months of 2015, U.S. imports from the EU rose 2.1% from the prior year, while U.S. exports slipped 1.2% from the same period, boosting America's trade deficit with the EU by 8.6%.

Reflecting the growth differential between the United States and Europe over the past few years, U.S. exports to EU last year — estimated at $275 billion — slipped below the pre-crisis levels of $277 billion recorded in 2008. Notable spots of weakness: U.S. exports to Germany, Greece, Portugal and Spain, which still remain below pre-crisis levels. Nearly half of America's EU trade deficit in 2015 emanated from Germany — Europe's largest economy and largest trader. For the year, the U.S. merchandise trade deficit with Germany totaled $74.2 billion in 2015, relatively flat from the year before. However, America's trade deficit with Germany lastyear was larger than America's trade gap with Japan.

Another key difference between the United States and the eurozone lies with monetary policy. In this realm, American and European officials are working in opposite directions. While the U.S. Federal Reserve, after raising rates in December, is expected to raise rates at least two more times in 2016, the ECB is expected to stand pat, and maintain ultra-low interest rates over the balance of 2016. This monetary divergence reflects the different growth paths of the United States and Europe, with America's economic expansion well established and entrenched versus Europe's nascent and less than robust recovery. As the U.S. Federal Reserve raises rates this year while the ECB remains on hold, one consequence could be an even stronger U.S. dollar relative to the euro.

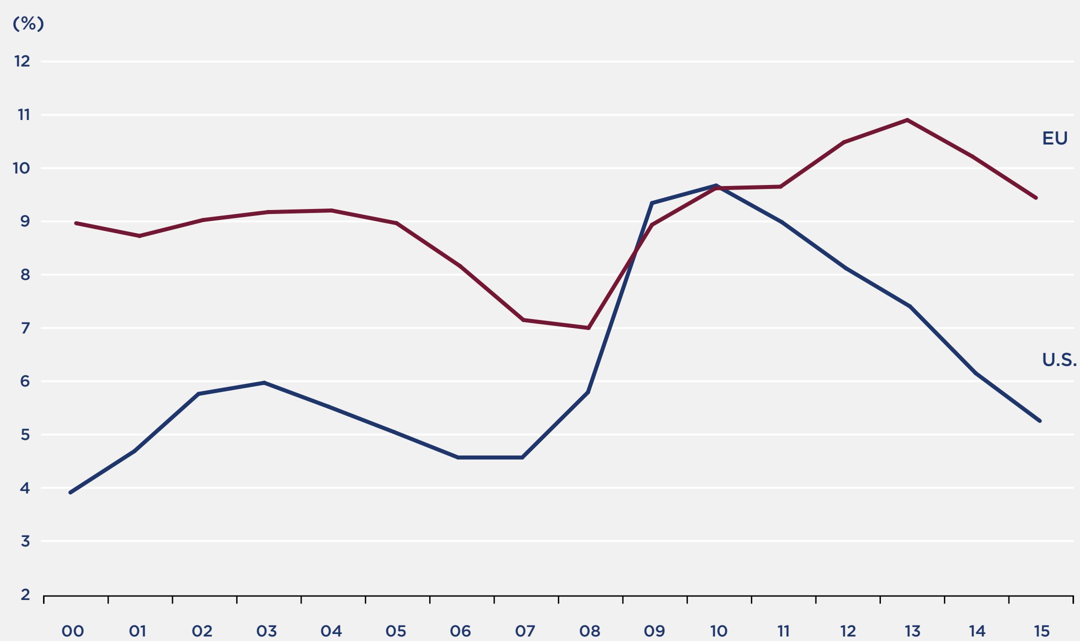
In the end, seven years after the global economic meltdown of 2008-09, the transatlantic economy is gradually healing, albeit slowly. There are still gaps to be closed, policies to be coordinated, and work to be done in tightening the bonds of the United States and Europe. The cyclical rebound in Europe will assist in all three areas; importantly, the transatlantic economy is gaining some cyclical steam, which should engender rising capital inflows and outflows across the Atlantic.

TABLE 3: U.S. MERCHANDISE TRADE BALANCE WITH THE EU - (BILLIONS OF $)



Source: United States Census Bureau.
**2015: Annualized based on eleven months data.*

TABLE 4: U.S. VS. EU UNEMPLOYMENT RATE



**EU average monthly employment rate through November 2015. U.S. data for full year 2015.*
Source: OECD.

TTIP: Not Just Another Trade Agreement

The Transatlantic Trade and Investment Partnership (TTIP) currently under negotiation by the United States and the EU promises to unleash significant opportunities to generate jobs, trade and investment across the Atlantic. Twelve negotiating rounds have been concluded since the talks first commenced in 2013, and more rounds are scheduled for 2016. Odds are slim that the negotiations will be completed before the end of the Obama Administration, and even if the negotiations themselves would be completed, the process of legislative ratification will certainly extend into 2017 and beyond.[1]

TTIP is not just another free trade agreement. While negotiators intend to reduce traditional barriers to transatlantic trade, trade in goods accounts for only about 20% of transatlantic commerce. Even greater gains could be had if TTIP opens the transatlantic services economy, where most jobs could be created; ensures an open rules-based order for investment; tackles technical and other non-tariff barriers and regulatory differences; and repositions the United States and the EU to respond more effectively to greater global competition. These dimensions are central to the TTIP negotiations and explain why TTIP is more than just another free trade agreement.

There are three lines of TTIP negotiations: market access, regulatory cooperation and ‘rules’. TTIP’s market-access pillar could potentially result in clearer, more straightforward and transparent rules-of-origin arrangements that could serve as the basis for future preferential rules of origin. Clear, simple and aligned rules of origin would facilitate global trade and thus serve as a common public good.

TTIP’s second pillar could pioneer new ways for countries to ensure high standards for consumers, workers, companies and the environment while sustaining the benefits of an open global economy. New consultative mechanisms among regulatory agencies, including as part of TTIP’s ’living agreement’ provisions, could eliminate redundant regulations, identify more efficient procedures and avoid conflicts that create unnecessary costs for companies and consumers, while ensuring high standards that can prevail not only across the Atlantic but around the world.

The standards being negotiated as part of TTIP’s third pillar are intended to be more rigorous than comparable rules found in the WTO. Agreement on such issues as intellectual property, services, discriminatory industrial policies or state-owned enterprises could strengthen the normative underpinnings of the multilateral system by creating benchmarks for possible future multilateral liberalisation under the WTO. US-EU agreement on such principles, and agreement to act together to advance such norms globally, could not only take the international trading system further but establish broader political principles regarding the rule of law, human rights, labour, environmental and consumer standards.

TTIP negotiations continue to be tough. Remaining transatlantic tariff barriers, especially in agriculture, often reflect the most politically difficult cases. Some of the most intense transatlantic disagreements have arisen over differences in regulatory policy. Issues such as food safety or environmental standards have strong public constituencies and are often extremely sensitive in the domestic political arena. Responsibility for regulation is split in the EU between European and national levels, and in the United States among federal, state and even local governments as well as a range of independent regulatory agencies. Investment barriers, especially in terms of infrastructure and transport-sector ownership, could be very difficult to change. Critics charge that a transatlantic agreement could well subvert the multilateral economic system.

In short, the issues are complex. TTIP could very well fail to achieve its potential. The potential payoff for jobs and growth, however, is high. At its core, TTIP is about far more than trade. It is about creating a more strategic, dynamic and holistic US-EU relationship that is more confident, more effective at engaging third countries and addressing regional and global challenges, and better able to strengthen the ground rules of the international order.

Table 5 demonstrates that TTIP stacks far more favorably in many metrics than either the recently concluded Trans-Pacific Partnership or NAFTA. The combined GDP of TTIP members, for instance, is 51% larger than those participants of TPP. TTIP members are also wealthier. The average per capita income of TTIP of $36,294 is more than two-thirds larger than the average for TPP ($21,615). While the latter accounts for 15% of global consumption, TTIP accounts for nearly one-quarter. Whether trade and investment flows, the figures for TTIP are larger than TPP. Finally, U.S. FDI income in TTIP is more than double that of TPP, while foreign affiliate sales in TTIP are nearly 27% larger than comparable figures for TPP.

TABLE 5: COMPARING MEGA-REGIONAL TRADE AGREEMENTS
(BILLIONS OF $ UNLESS OTHERWISE SPECIFIED)

	Transatlantic Trade and Investment Partnership	Trans-Pacific Partnership	NAFTA
GDP (Purchasing Power Parity)	18,640	12,325	3,745
% of World Total	17.1%	11.3%	3.4%
Population (thousands)	510,476	491,723	159,324
% of World Total	7.0%	6.8%	2.2%
Per Capita Income ($)	36,294	21,615	19,309
Personal Consumption Expenditures*	10,245	6,540	1,891
% of World Total	23.8%	15.2%	4.4%
Exports	5,914	2,755	872
% of World Total	32.1%	15.0%	4.7%
Imports	5,907	2,898	947
% of World Total	31.5%	15.4%	5.0%
U.S. Outward FDI Stock to...	2,514	1,020	494
% of U.S. Total	51.1%	20.7%	10.0%
U.S. Inward FDI Stock from...	1,724	722	279
% of U.S. Total	59.4%	24.9%	9.6%
U.S. FDI Income Earned Abroad	209	90	40
% of U.S. Total	46.6%	20.1%	8.8%
Foreign FDI Income Earned in the U.S.	95	38	15
% of U.S. Total	58.1%	23.2%	8.9%
Foreign Affiliate Sales of U.S. MNCs in...*	2,315	1,829	879
% of U.S. Total	38.6%	30.5%	14.7%
U.S. Affiliate Sales of Foreign MNCs from...**	2,006	1,073	304
% of U.S. Total	50.7%	27.1%	7.7%

Sources: IMF; UN; BEA.
Data for 2014
**Data for 2013*

Endnotes

1. For a sector by sector analysis, see Daniel S. Hamilton & Jacques Pelkmans, eds, *Rule-Makers or Rule-Takers? Exploring the Transatlantic Trade and Investment Partnership* (Washington DC/Brussels/London: Center for Transatlantic Relations/Center for European Policy Studies/Rowman and Littlefield, 2015).

CHAPTER 2

DEEP INTEGRATION:
Revisiting the Ties that Bind

Notwithstanding all the chatter about the "Rise of the Rest" and the secular ascent of China, the global economy still rests squarely on the shoulders of the transatlantic economy. The transatlantic economy still accounts for roughly 35% of world GDP in terms of purchasing power parity, and remains the largest and wealthiest market in the world. It is also at the forefront of global R&D, and drives global foreign direct investment and global mergers and acquisitions activity.

Taken together, U.S. and European exports to the world accounted for 25% of global exports in 2014, the last year of complete data; combined imports represented nearly 30% of the world total. Meanwhile, the United States and Europe together accounted for 60% of inward stock of foreign direct investment (FDI) and a whopping 70% of outward stock of FDI. Each partner has built up the great majority of that stock in the other economy; in the end, it is the U.S.-EU partnership that drives global trade, investment and capital flows. No commercial artery in the world is as large as the investment artery forged between the United States and Europe. Total transatlantic foreign affiliate sales topped an estimated $5 trillion in 2014, easily ranking as the top artery in the world.

All in, the transatlantic economy remains the dominant force in the global economy. Certainly emerging markets are new sources of supply (labor) and demand (consumers) for U.S. and European firms. American and European firms are building out their in-country presence in rising markets, and for good reason. Their growth rates are still above the global average in most countries, and they are populated with young consumers who desire Western goods and services. In addition, the technological skill levels of many emerging powers are now on par with many developed countries. It all makes perfect sense for U.S. and European firms to invest outside the transatlantic economy. Rising powers are resetting the global economy, yet such a transformation is neither complete nor pre-ordained, as the current slowdown across the emerging market universe indicates.

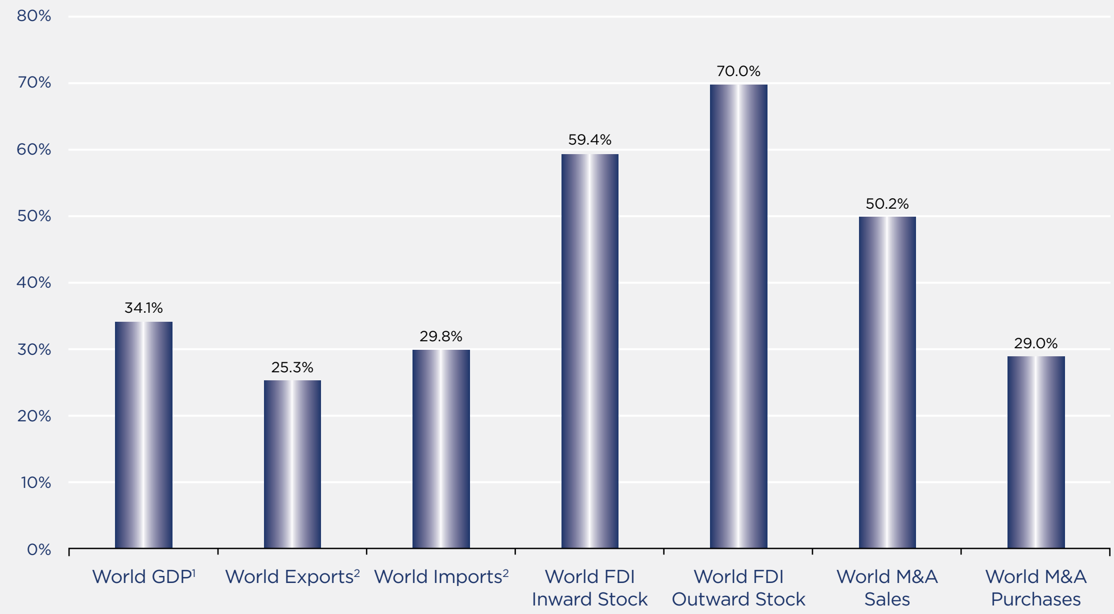
Notwithstanding all the hype about the "Rest", it is the emerging markets that are today's laggards—not leaders—of the global economy. For both cyclical and structural reasons, growth has slowed over the past year in Turkey, Indonesia, South Africa and even China. Both Brazil and Russia have fallen into recession. Commodity exporters are continue to struggle with falling commodity prices, further depressing demand in South America, Asia, Africa and the Middle East.

The simple fact of the matter is that rising markets are not yet capable of driving global growth in a sustainable fashion, which underscores why the transatlantic partnership remains so important, not only to the United States and Europe, but to the world. The U.S..-European partnership is too big and too important to fail, as made all too clear by Tables 1 and 2.

Moreover, while the "Rise of the Rest" is a healthy dynamic for the global economy, this dynamic does not signal a retreat on the part of U.S. and European firms from the transatlantic economy. It is more about global rebalancing, with many transatlantic firms working to deepen their footprint in developing countries, replicating the deep ties that are the hallmark of the U.S.-EU relationship. In fact, U.S. and European firms are using global value chains to integrate the value other countries can add to particular products and services into transatlantic streams of investment and trade.

In the end, the core of the global operations of U.S. and European countries continues to be the United States and Europe. This becomes clear by dissecting the activities of foreign affiliates on both sides of the pond.

TABLE 1: THE TRANSATLANTIC ECONOMY VS. THE WORLD - SHARE OF WORLD TOTAL



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

The Ties That Bind—Quantifying the Transatlantic Economy

It is the activities of foreign affiliates that bind the United States and Europe together. Foreign affiliates are the foot soldiers of the transatlantic partnership, having constructed a formidable foundation over the past half century.

Over the past years we have outlined and examined eight key indices that offer a clear picture of the "deep integration" forces binding the U.S. and Europe together. This chapter updates those indices with the latest available data and our estimates. Each metric, in general, has ebbed and flowed with the cyclical swings of transatlantic economic activity, but has nevertheless grown in size and importance over the past decade.

1. Gross Product of Foreign Affiliates

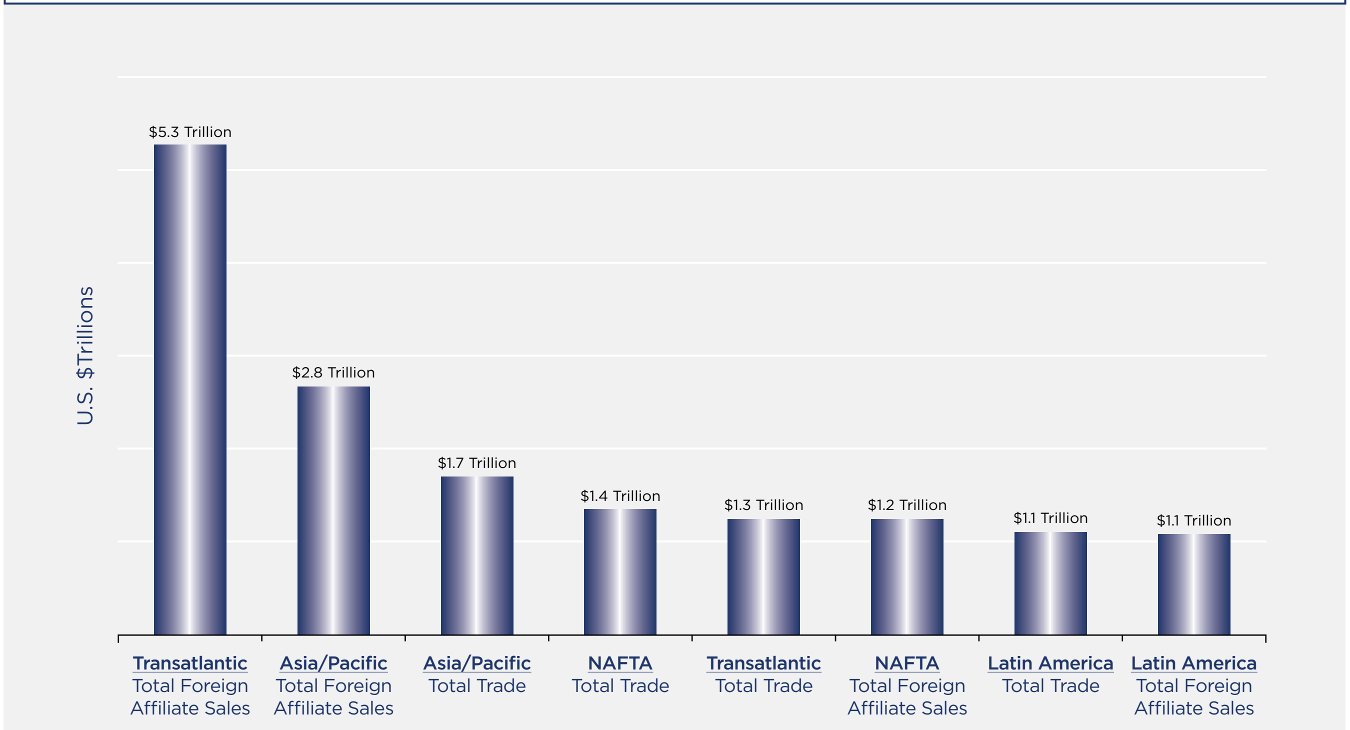
As stand-alone entities, U.S. affiliates in Europe and European affiliates in the United States are among the largest and most advanced economic forces in the world. For instance, the total output of U.S. foreign affiliates in Europe (an estimated $693 billion in 2014) and of European foreign affiliate sales in the United States (estimated at $556 billion) was greater than the total gross domestic product of most nations. Combined, transatlantic affiliate output—nearly $1.2 trillion—was larger than the output of such countries as the Netherlands, Turkey or Indonesia.

By our estimation, U.S. affiliate output in Europe rose by around 5% in 2014, while European affiliate output in the United States rose by a slightly faster pace of 6%. European affiliate output in the United States has recovered and expanded since falling to a cyclical low of $391 billion in 2009, increasing by around 42% between 2009 and 2014. U.S. affiliate output in Europe, meanwhile, has also recovered from its pre-crisis lows.

We expect further gains in U.S. foreign affiliate output in the near-term, supported by Europe's improving economic performance over the balance of 2016. European affiliates in the United States are operating in one of the most dynamic nations in the world and are expected to boost their near-term output as well.

On a global basis, the aggregate output of U.S. foreign affiliates reached $1.4 trillion in 2014, with Europe (broadly defined) accounting for around 46% of the total. The United Kingdom, where U.S. investment ties

TABLE 2: AMERICA'S MAJOR COMMERCIAL ARTERIES



Foreign Affiliate Sales: Estimates for 2014. Total Trade: Data for goods & services, 2014.
Source: Bureau of Economic Analysis.

are deepest, accounted for roughly one-quarter of total affiliate output in Europe in 2013.

Looking at actual figures for 2013 from the U.S. Bureau of Economic Analysis, U.S. affiliate output in Europe ($653 billion) was roughly double affiliate output in all of Asia ($323 billion). While affiliate output in places like China ($52 billion in 2013) and India ($20.5 billion) has increased over the past decade, what U.S. affiliates produce in these two emerging Asian giants pales in comparison to affiliate output in Germany ($88 billion), Ireland ($76 billion), and the United Kingdom ($153 billion).

In the United States, meanwhile, European affiliates are major economic producers in their own right, with British firms of notable importance. The U.S. output of British companies reached an estimated $143 billion in 2014, more than a quarter of the European total. For the same year, output from German affiliates operating in the United States otaled $98 billion by our estimates, or roughly 18% of the total.

Beyond Europe, only Canada and Japan have any real economic presence in the United States. Japanese affiliate totaled nearly $114 billion in 2013, the last year of actual data, while Canadian affiliate output totaled $75 billion. Overall, U.S. affiliates of foreign multinationals contributed roughly $835 billion to U.S. aggregate production in 2013, with European affiliates accounting for nearly two-thirds of the total.

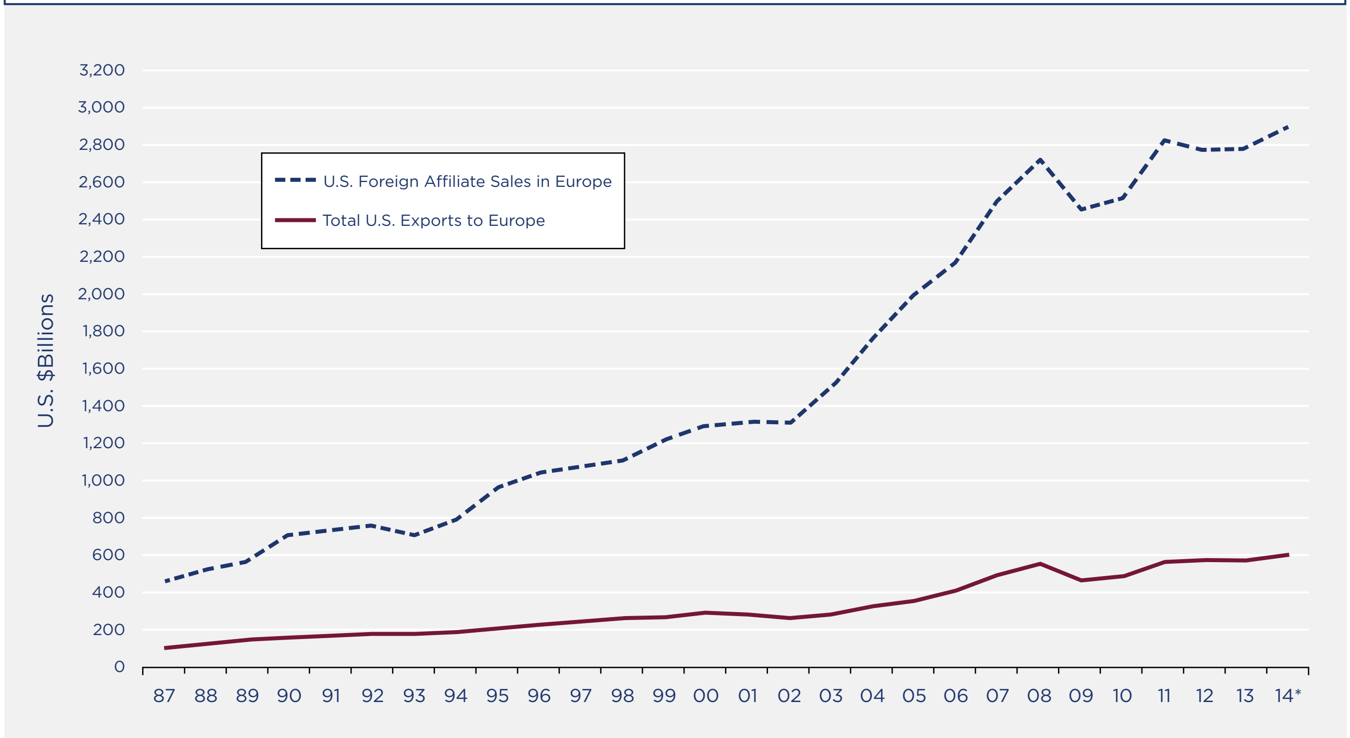
2. Assets of Foreign Affiliates

The global footprint of Corporate America and Corporate Europe is second to none, with each party the other's largest foreign investor. According to the latest figures from the Bureau of Economic Analysis, U.S. foreign assets in Europe totaled $14 trillion in 2013, representing roughly 61% of the global total.

For 2014, we estimate that U.S. foreign assets in Europe reached $14.8 trillion, close to 60% of the global total. Within the region, the bulk of U.S. assets was in the United Kingdom, totaling $5 trillion in 2013, the last year of actual data, or around 22% of the global total.

U.S. assets in the Netherlands ($2.3 trillion) were the second largest in Europe in 2013. America's significant presence in the Netherlands reflects its strategic role as an export platform/distribution hub

TABLE 3: SALES OF U.S. AFFILIATES IN EUROPE VS. U.S. EXPORTS TO EUROPE



**Estimate for sales.*
Source: Bureau of Economic Analysis.
Majority-owned non-bank affiliates data: 1987 - 2008. Majority-owned bank and non-bank affiliates: 2009 - 2012.

for U.S. firms doing business across the Continent. To this point, more than half of affiliate sales in the Netherlands are for export, namely within the EU.

Meanwhile, America's asset base in Germany ($740 billion in 2013) was roughly one-third larger than its asset base in all of South America. America's asset base in Poland, the Czech Republic and Hungary (roughly $142 billion) was much larger than Corporate America's assets in India ($104 billion). America's assets in Ireland ($1.1 trillion in 2013) are much larger than those in either France ($393 billion) or Switzerland ($696 billion), and light years ahead of those in China ($290 billion).

As for foreign-owned assets in the United States, Europe's stakes are sizable and significant. Total assets of European affiliates in the United States were valued at roughly $8.4 trillion in 2014 by our estimates. The United Kingdom ranked first, followed by Germany, Switzerland and French firms. In 2013, the last year of available data, Europe assets in the United States accounted for two-thirds of the total.

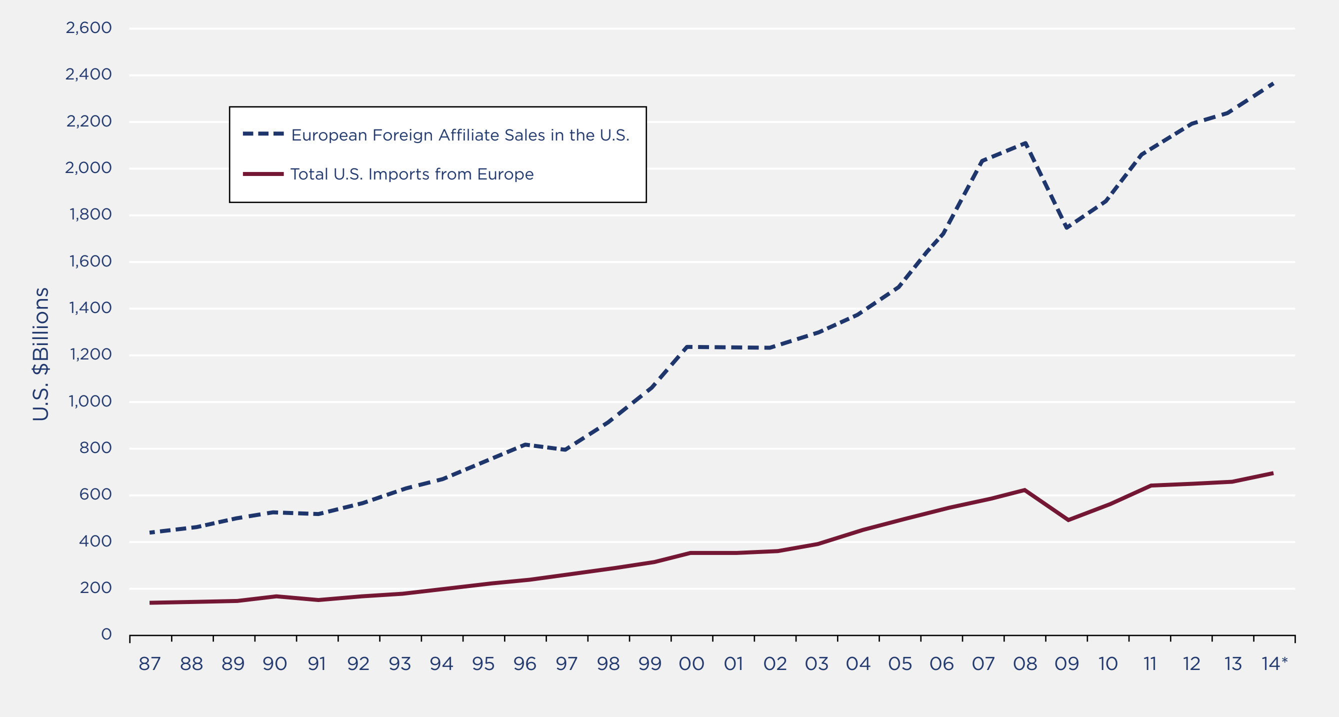
3. Affiliate Employment

U.S. and European foreign affiliates are a major source of employment for the general transatlantic workforce. Affiliates of both U.S. and European parents employ more workers in the United States and Europe than in other place in the world. Most foreign workers on the payrolls of U.S. foreign affiliates are employed in developed countries, notably Europe.

U.S. foreign affiliate employment in Europe has increased steadily over the past decade and a half, with affiliate employment in Europe rising from 3.7 million workers in 2000 to 4.2 million workers in 2013, the last year of available data. That represents a 13.5% increase. We estimate U.S. foreign affiliates in Europe employed 4.3 million workers in 2014.

While U.S.-sourced aggregate employment levels continue to rise, U.S.-sourced manufacturing employment in Europe has fallen since 2000. Since the start of the century, U.S affiliate manufacturing employment has dropped from 1.9 million in 2000 to 1.7 million in 2013, a 10.5% drop. The largest employment declines were reported in the United Kingdom, with the total manufacturing work force falling from 431,000 in 2000 to 300,000 in 2013. During this same period, U.S. affiliate manufacturing employment in France dropped from 249,000 to 189,000 and in Germany

TABLE 4: SALES OF EUROPEAN AFFILIATES IN THE U.S. VS. U.S. IMPORTS FROM EUROPE



**Estimate for sales*
Source: Bureau of Economic Analysis
Majority-owned non-bank affiliates: 1987 - 2006. Majority-owned bank and non-bank affiliates: 2007 - 2014.

from 388,000 to 327,000. In terms of net gains in manufacturing jobs, Poland was a significant winner, with U.S. affiliate manufacturing employment more than doubling between 2000 and 2013, rising from 51,000 to over 107,000 in 2012.

On a global basis, U.S. majority-owned affiliates (including banks and non-bank) employed roughly 12.4 million workers in 2013, with the bulk of these workers—roughly 34%—toiling in Europe. That share is down from 41% in 2008, with the decline reflecting the cyclical slowdown in Europe over the past few years and the fact that a rising share of U.S. overseas capacity is expanding at a faster pace in the faster-growing emerging markets versus slow-growth developed nations. Another factor at work—more and more U.S. firms are opting to stay home due to competitive wage and energy costs, as opposed to shipping more capacity abroad.

The bulk of affiliate employees in Europe is domiciled in the United Kingdom, Germany and France. Meanwhile, U.S. majority-owned firms are on balance hiring more people in services activities than in manufacturing. The latter accounted for just 42% of total U.S. foreign affiliate employment in Europe in 2013. The top two industries in terms of U.S. affiliate manufacturing employment were transportation, employing nearly 360,000 workers, and chemicals, employing 267,000 workers. Wholesale employment was among the largest sources of services-related employment, which includes employment in such activities as logistics, trade, insurance and other related functions.

Although services employment among U.S. affiliates has grown at a faster pace than manufacturing employment over the past decade, U.S. affiliates employed slightly more manufacturing workers in Europe in 2013 (1.7 million) than in 1990 (1.6 million). This reflects the EU enlargement process, and hence greater access to more manufacturing workers, and the premium U.S. firms place on highly skilled manufacturing workers, with Europe one of the largest sources in the world.

While the aggregate number of U.S. manufacturing jobs in Europe has increased over the past decades, the geographic distribution of such jobs has shifted. In general, the shift has been towards low-cost locations like the Czech Republic, Poland and Hungary, at the expense of the UK, Germany and France. The latter

TABLE 5: THE U.S. - EUROPEAN EMPLOYMENT BALANCE THOUSANDS OF EMPLOYEES, 2014[1]

Country	European Affiliates of U.S. Companies	U.S. Affiliates of European Companies	Employment Balance
Austria	47.5	16.5	-31.0
Belgium	128.3	166.4	38.1
Czech Republic	86.9	0.0	-86.9
Denmark	41.2	34.9	-6.3
Finland	19.7	26.7	7.0
France	463.9	590.6	126.7
Germany	625.2	676.4	51.2
Greece	17.4	2.4	-15.0
Hungary	65.0	0.1	-64.9
Ireland	110.0	231.1	121.1
Italy	209.3	132.2	-77.1
Luxembourg	14.4	26.4	12.0
Netherlands	231.3	430.9	199.6
Norway	44.0	0.0	-44.0
Poland	170.1	0.9	-169.2
Portugal	28.7	0.9	-27.8
Romania	49.5	0.0	-49.5
Spain	174.4	72.1	-102.4
Sweden	82.4	210.0	127.6
Switzerland	88.2	489.6	401.4
Turkey	49.5	0.0	-49.5
United Kingdom	1,258.0	1,086.3	-171.6
Europe	**4,272.2**	**4,221.5**	**-50.8**

Note: Employment balance "+" favors the United States
Source: Bureau of Economic Analysis
1. Estimates
Majority-owned bank and non-bank affiliates

three nations accounted for 67% of total U.S. affiliate manufacturing employment in Europe in 1990. By 2013, however, their collective share had dropped to 47%. The United Kingdom took the biggest hit, with the UK's share of manufacturing employment accounting for just 17.3% of the total in 2012, versus a share of 29% in 1990. Meanwhile, the combined share of U.S. affiliate manufacturing employment in Poland, the Czech Republic and Hungary jumped from virtually zero to nearly 11% in 2013, indicative of the eastern spread of U.S. European operations.

Even given these changes, the manufacturing workforce of U.S. affiliates in Germany of 327,000 in 2013 was nearly equivalent to the number of manufactured workers employed in Brazil (336,000), well above India (171,000) but well below China (625,000).

When it comes to affiliate employment, trends in the United States are similar to those in Europe. Despite anecdotes about European companies relocating to lower cost locales in central Europe and Asia, most foreign workers of European firms are employed in the United States. Based on the latest figures, European majority-owned foreign affiliates directly employed roughly 4 million U.S. workers in 2013—some 200,000 workers less than U.S. affiliates employed in Europe. The top five European employers in the United States were firms from the United Kingdom (1 million), Germany (641,000), France (557,000), Switzerland (462,000) and the Netherlands (410,000). European firms employed roughly two-thirds of all U.S. workers on the payrolls of majority-owned foreign affiliates in 2013.

According to our estimates, German affiliates created 25,000 new jobs and UK affiliates 24,000 new jobs in the United States in 2013. Dutch firms added 15,000 and French firms 10,000 new jobs in the United States.

In the aggregate, the transatlantic workforce directly employed by U.S. and European foreign affiliates in 2014 was roughly 8.3 million strong, up from nearly 4% the year before. In 2014, modest gains in employment were most likely achieved on both sides of the pond, with U.S. employment levels most likely rising at a faster pace than in Europe. That said, as we have stressed in the past, these figures understate the employment effects of mutual investment flows, since these numbers are limited to direct employment, and do not account for indirect employment effects on nonequity arrangements such as strategic alliances, joint ventures, and other deals. Moreover, foreign employment figures do not include jobs supported by transatlantic trade flows. Trade-related employment is sizable in many U.S. states and many European nations.

In sum, direct and indirect employment remains quite large. We estimate that the transatlantic workforce numbers some 13-15 million workers. Europe is by far the most important source of "onshored" jobs in America, and the U.S. is by far the most important source of "onshored" jobs in Europe.

4. Research and Development (R&D) of Foreign Affiliates

The United States and Europe no longer have a monopoly on global R&D. As the globalization of R&D has gathered pace this decade, more and more global R&D expenditures are emanating from China, South Korea, and Japan—or Asia in general. There are no boundaries to innovation, thanks to proliferation of the internet and falling global

TABLE 6: THE TOP 20 R&D SPENDERS

		R & D Spending			
2015	**Company**	**2015, $ Billions**	**Change from 2014**	**Headquarters Location**	**Industry**
1	Volkswagen	15.3	13%	Germany	Auto
2	Samsung	14.1	5%	South Korea	Computing and electronics
3	Intel	11.5	9%	U.S.	Computing and electronics
4	Microsoft	11.4	9%	U.S.	Software and internet
5	Roche	10.8	8%	Switzerland	Healthcare
6	Google	9.8	24%	U.S.	Software and internet
7	Amazon	9.3	41%	U.S.	Software and internet
8	Toyota	9.2	1%	Japan	Auto
9	Novartis	9.1	-8%	Switzerland	Healthcare
10	Johnson & Johnson	8.5	4%	U.S.	Healthcare
11	Pfizer	8.4	26%	U.S.	Healthcare
12	Daimler	7.6	9%	Germany	Auto
13	General Motors	7.4	3%	U.S.	Auto
14	Merck	7.2	-4%	U.S.	Healthcare
15	Ford	6.9	8%	U.S.	Auto
16	Sanofi-Aventis	6.4	1%	France	Healthcare
17	Cisco	6.3	6%	U.S.	Computing and electronics
18	Apple	6.0	35%	U.S.	Computing and electronics
19	GlaxoSmithKline	5.7	-7%	UK	Healthcare
20	AstraZeneca	5.6	16%	UK	Healthcare
		176.5	**9%**		

Source: Strategy&

communication costs. Both dynamics have helped spawn more R&D from rising markets, with South Korea and China emerging as leaders.

While governments and corporations are the main drivers of R&D spending, foreign affiliates of multinationals are also in the thick of things. In fact, foreign affiliate R&D has become more prominent over the past decades as firms seek to share development costs, spread risks, and tap into the intellectual talent of other nations. Alliances, cross-licensing of intellectual property, mergers and acquisitions, and other forms of cooperation have become more prevalent characteristics of the transatlantic economy in the past decade. The internet, in particular, has powered greater transatlantic R&D. The complexity of scientific and technological innovation is leading innovators to partner and share costs, find complementary expertise, gain access to

TABLE 7: RELATED PARTY TRADE, 2014

	US Imports: "Related Party Trade," as % of Total	US Exports: "Related Party Trade," as % of Total
European Union	60.0	32.1
Germany	69.8	32.5
France	45.0	29.7
Ireland	90.8	35.9
Netherlands	57.2	45.8
United Kingdom	50.8	24.2

Source: U.S. Census Bureau

different technologies and knowledge quickly, and collaborate as part of "open" innovation networks. Cross-border collaboration with foreign partners can range from a simple one-way transmission of information to highly interactive and formal arrangements. Developing new products, creating new processes, and driving more innovation—all of these activities result from more collaboration between foreign suppliers and U.S. and European firms.

That said, bilateral U.S.-EU flows in R&D are the most intense between any two international partners. In 2013, the last year of available data, U.S. affiliates sunk $30 billion on research and development in Europe, a record annual total. On a global basis, Europe accounted for 61% of total U.S. R&D in 2013. R&D expenditures by U.S. affiliates were greatest in Germany ($8.2 billion), the United Kingdom ($5.4 billion), Switzerland ($3.7 billion), Belgium ($2.6 billion), France ($2.4 billion), the Netherlands ($1.5 billion) and Ireland ($1.5 billion). These seven countries accounted for 85% of U.S. global spending on R&D in Europe in 2013.

In the United States, meanwhile, expenditures on R&D preformed by majority-owned foreign affiliated totaled $53 billion in 2013, up slightly from the prior year. As in previous years, a sizable share of this R&D spending emanated from world-class leaders from Europe, given their interest in America's highly skilled labor force and world-class university system. Most of this investment took place among European firms in such research-intensive sectors as autos, energy, chemicals, and telecommunications. In 2013, R&D spending by European affiliates totaled $39.7 billion, accounting for 75% of total foreign R&D spending in the United States.

Swiss-owned affiliates were the largest foreign source of R&D in the United States in 2013, with Swiss firms pumping some $10 billion in R&D spending in the United States. Swiss firms accounted for a quarter of the European total. British firms accounted for the second largest percentage of affiliate expenditures, with a 17.6% share in 2013. The share of Germany and France was 16%, respectively. As Table 6 highlights, some of the world's most innovative companies are domiciled in the United States and Europe.

5. Intra-firm Trade of Foreign Affiliates

While cross-border trade is a secondary means of delivery for goods and services across the Atlantic, the modes of delivery—affiliate sales and trade—should not be viewed independently. They are more complements than substitutes, since foreign investment and affiliate sales increasingly drive cross-border trade flows. Indeed, a substantial share of transatlantic trade is considered intra-firm or related-party trade, with is cross-border that stays within the ambit of the company. Intra-firm or related party-trade occurs when BMW or Siemens of Germany sends parts to BMW of South Carolina or Siemens of North Carolina; when Lafarge or Michelin send intermediate components to their plants mid-west, or when 3M ships components from its office products or communications sectors from St Paul to affiliates in Germany or the UK.

The tight linkages between European parent companies and their U.S. affiliates are reflected inthe fact that roughly 60% of U.S. imports from the European Union consisted of related-party trade in 2014. That is much higher than the related-party imports from the Pacific Rim countries (around 43%) and South/Central America (39%) and well above the global average (50%). The percentage was even higher in the case of Ireland (90.8%) and Germany (70%).

Meanwhile, roughly one-third of U.S. exports to Europe in 2014 represented related-party trade, but the percentage is much higher for some countries. For instance, almost half of total U.S. exports to Belgium (49%) and the Netherlands (45%) were classified as related-party trade. The comparable figure for Germany was 32% and 24% for the United Kingdom.

6. Foreign Affiliate Sales

U.S. majority-owned foreign affiliate sales on a global basis (goods and services) totaled an estimated $6.3 trillion in 2014, having rebounded from the decline in 2009 caused by the global recession. Total U.S. exports, in contrast, were $2.3 trillion in 2014, or roughly one-third of foreign affiliate sales. This gap underscores the primacy of foreign affiliate sales over U.S. exports. As we have noted many times before, one of the best kept secrets in Washington is how U.S. firms actually deliver goods and services to foreign customers.

As usual Europe accounted for the bulk of U.S. affiliate sales in 2014. We estimate that U.S. foreign affiliate sales in Europe topped $2.9 trillion, up 4% from the prior year. U.S. affiliate sales in Europe, by our estimates, amounted to 46% of the global total.

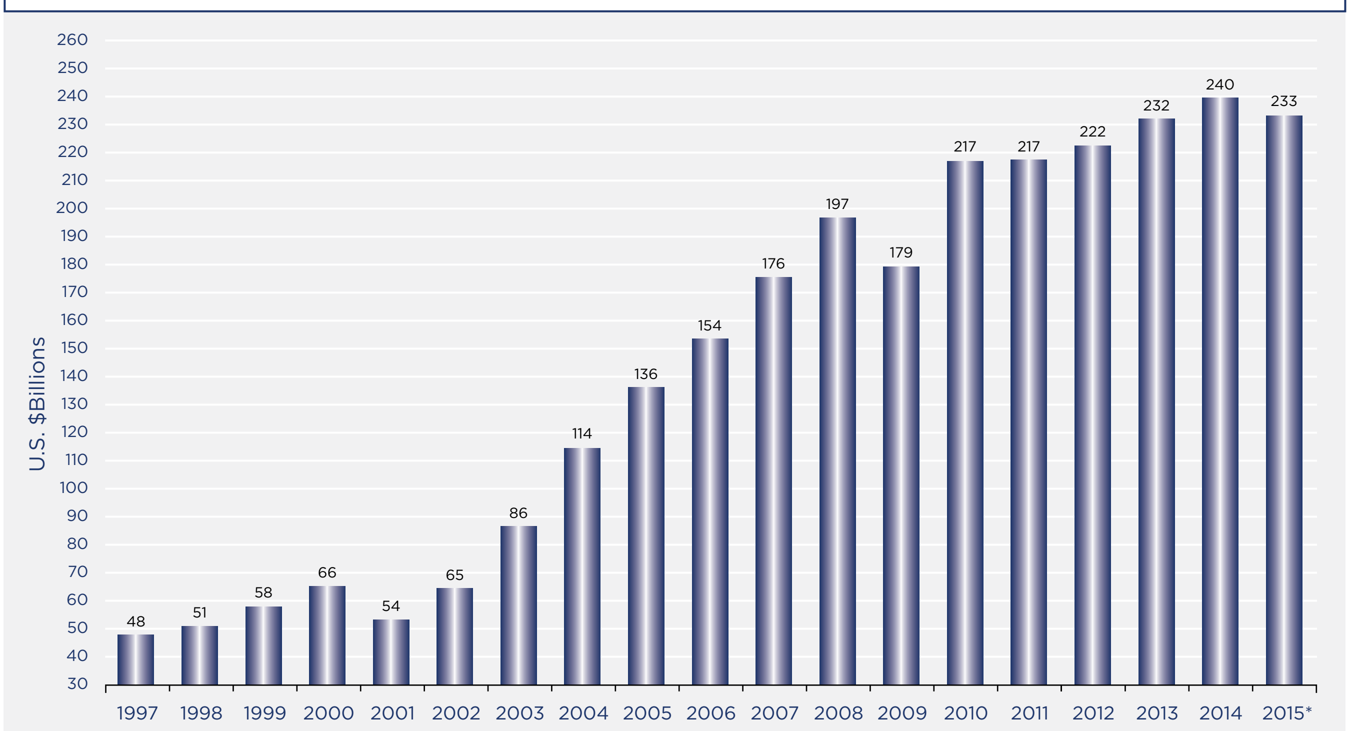
Sales of U.S. affiliates in Europe were almost double the comparable figures for the entire Asian region in 2013, the last year of available data. Affiliate sales in the United Kingdom ($643 billion) were almost double total sales in South America. Sales in Germany ($338 billion) were two-thirds larger than combined sales in Africa and the Middle East. While U.S. sales in China have soared over the past decade, they have done so from a low base, and still remain below comparable sales in Europe. For instance, U.S. affiliate sales of $290 billion in China in 2013 were below those in Ireland ($313 billion) and roughly comparable to those in Switzerland ($286 billion).

Affiliate sales are also the primary means by which European firms deliver goods and services to customers in the United States. In 2013, for instance, we estimate that majority-owned European affiliate sales in the United States ($2.4 trillion) were more than triple U.S. imports from Europe. Affiliate sales rose by 5.2% by our estimates. By country, sales of British firms were the largest ($619 billion), followed by Germany ($457 billion), and the Netherlands ($290 billion). For virtually all countries in Europe, foreign affiliate sales were easily in excess of their U.S. imports in 2013.

7. Foreign Affiliate Profits

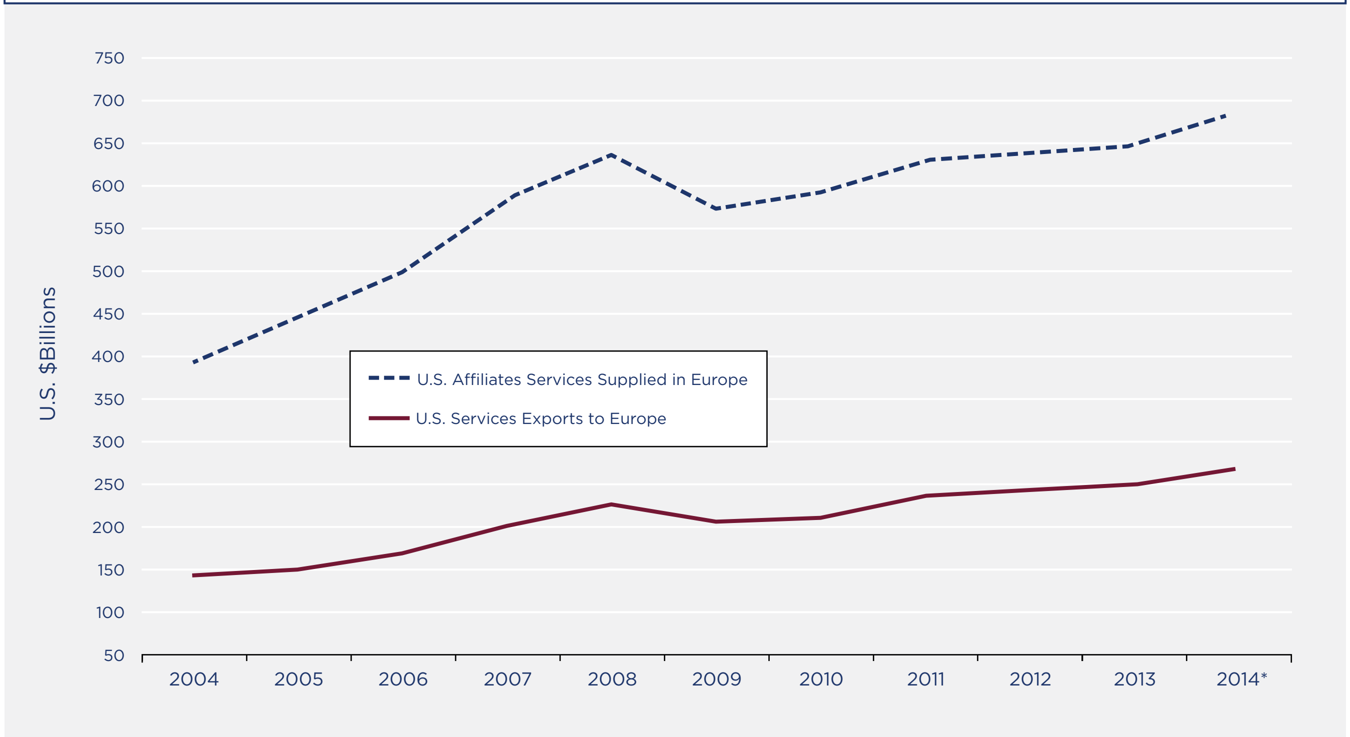
Transatlantic profits have rebounded from the depressed levels of 2009, when the global financial crisis and ensuing recession triggered a sharp downturn in affiliate income/earnings on both sides of the pond. In 2014 and 2015, however, the picture was mixed—U.S. affiliate income in Europe rose 3% to $240 billion in 2014. That is a record high and comes against a very challenging backdrop in recession-weary Europe. The figure for 2014 was one-third larger than the depressed levels of 2009, when affiliate income earned in Europe plunged to $179 billion. We forecast that affiliate income earned in 2015 was basically flat from the prior year, or $240 billion again last year. In the first nine months of 2015, affiliate income was down 2.1%. Meanwhile, European affiliate income earned

TABLE 8: U.S. EARNINGS IN EUROPE (U.S. FOREIGN AFFILIATE INCOME FROM EUROPE)



Source: Bureau of Economic Analysis
** Data through 3Q2014. Data annualized for full year estimate*

TABLE 9: U.S. - EUROPE SERVICES LINKAGES



Source: Bureau of Economic Analysis
**Majority-owned bank and non-bank affiliates. Services Supplied in Europe estimate for 2014.*

in the United States dropped again in 2015 by around 10% to $100 billion, following a 4.3% decline in 2014.

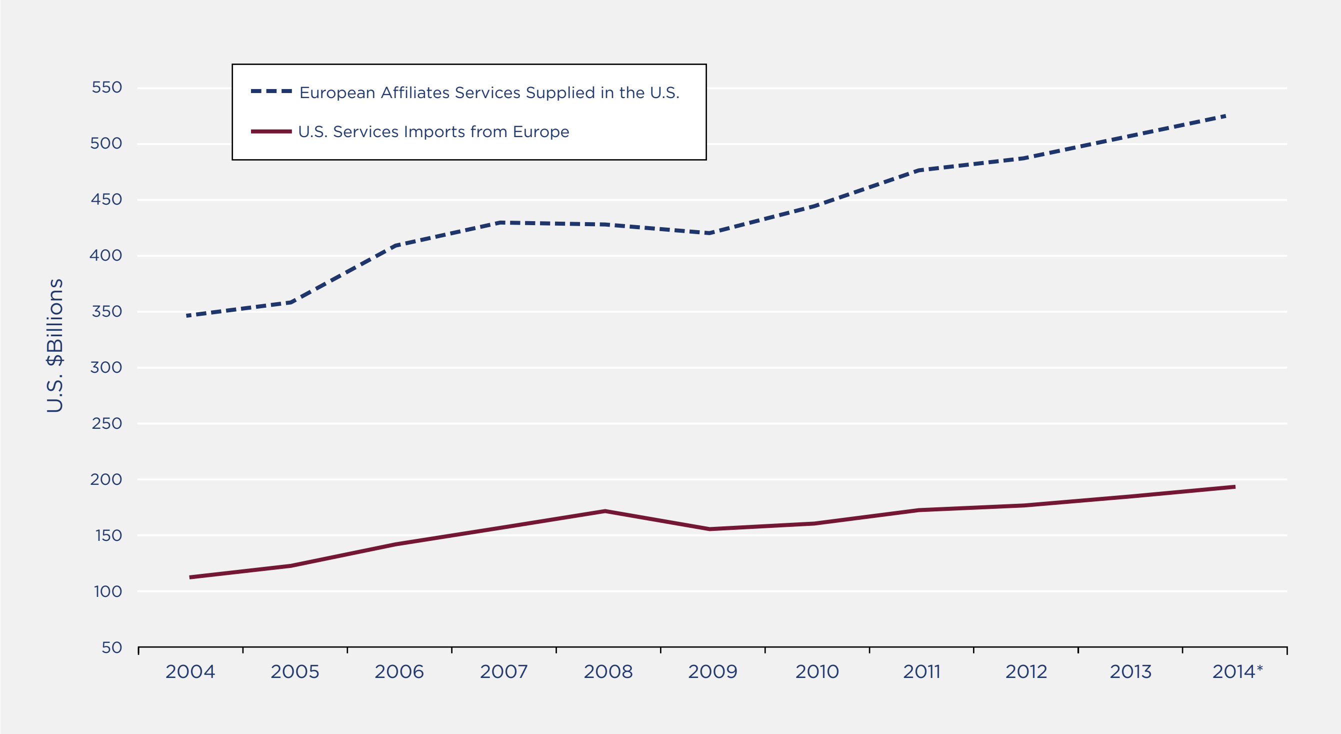
Sluggish growth in Europe, alone with the weak euro against the U.S. dollar, makes for a challenging earnings backdrop for U.S. foreign affiliates in Europe over the near term. That said, the region still accounts for the bulk of U.S. global foreign affiliate income, accounting for roughly 58% of global income in the first nine months of last year. Europe, in other words, remains a very important market to U.S. multinationals. As a footnote, we define Europe here in very broad terms, including not only the EU28 but also Norway, Switzerland, Russia and smaller markets in central and eastern Europe.

On a comparative basis, U.S. affiliate income from Europe is simply staggering, with foreign affiliate income in Europe—$175 billion in the first nine months of 2015—more than the combined affiliate income of Latin America ($53 billion) and Asia ($49 billion). It is interesting to note that combined U.S. affiliate income from China and India in 2014 ($14.3 billion), the last year of full data, was only around 19% of what U.S. affiliates earned/reported in the Netherlands and a fraction of U.S. earnings in such countries as the United Kingdom and Ireland.

Still, there is little doubt that the likes of China and India are becoming more important earnings engines for U.S. firms. To this point, in the first nine months of 2015, U.S. affiliate income in China alone ($7 billion) was well in excess of affiliate income in Germany ($2.5 billion), France ($1.5 billion), and Spain ($2.7 billion). All that said, we see rising U.S. affiliate earnings from the emerging markets as a complement, not a substitute, to earnings from Europe. The latter very much remains a key source of prosperity for Corporate America.

Similarly, the United States remains the most important market in the world in terms of earnings for many European firms. Profits of European affiliates in the United States plunged 21.3% in 2009 before rebounding in 2010 and 2011. In 2013, affiliate income fell to $116 billion, a near 5% drop from the prior year, and declined another 5% in 2014, to $111 billion. By our estimation, profits were down again last year, with European foreign affiliate income estimated at $100 billion, a near 10% decline from the prior year. In the first nine months of 2015, the income of European affiliates in the United States dropped 16% from the same period a year ago. Some of this decline reflects the stronger euro over part of the year and the ongoing consolidation of many European operations in the United States.

TABLE 10: EUROPE - U.S. SERVICES LINKAGES



Source: Bureau of Economic Analysis
Majority-owned bank and non-bank affiliates. Services Supplied in the U.S. estimate for 2014.

8. Transatlantic Services Linkages

As we have highlighted in many other forums, services are the sleeping giant of the transatlantic economy, and a key area offering significant opportunities for stronger and deeper transatlantic linkages.[1]

That said, transatlantic ties in services—both in trade and investment—are already quite large. Indeed, the services economies of the United States and Europe have become even more intertwined over the past decade, with cross border trade in services and foreign affiliate sales of services continuing to expand in the post-crisis environment. By sectors, transatlantic linkages continue to deepen in insurance, education, telecommunications, transport, utilities, advertising and computer services. Other sectors such as aviation, e-health and e-commerce are slowly being liberalized and deregulated.

On a regional basis, Europe accounted for 37.6% of total U.S. services exports and for 43% of total U.S. services imports in 2014. Four out of the top ten export markets for U.S. services in 2014 were in Europe. The United Kingdom ranked 1st, followed by Ireland (5th), Germany (8th), and Switzerland (9th). Of the top ten services providers to the United States in 2014, six were European states, with the United Kingdom ranked first, Germany second, Switzerland fifth, France seventh, and Ireland eight. The United States enjoyed a $64.5 billion trade surplus in services with Europe in 2014, versus a $134 billion trade deficit in goods with Europe.

U.S. services exports to Europe reached a record $267.5 billion in 2014, up 6% from a year ago, and nearly 30% from the cyclical slows of 2009, when exports to Europe plunged 9.3%. Services exports (or receipts) have been fueled by a number of services-related activities like travel, passenger fares, education and financial services. In terms of transport, the top five export markets in 2014, ranked in order, were Japan, Canada, the UK, Germany and China. The United Kingdom ranked as one of the largest markets for exports of insurance services; the UK and Belgium-Luxembourg also ranked in the top five in financial services. Ireland was the top export market for U.S. trade in intellectual property—or charges or fees for the use of intellectual property rights. The United Kingdom ranked number one in telecommunications, computer and information services. As for "other business service exports," i.e., activities like management consulting and R&D, Ireland ranked number one in 2014, followed by the UK and Switzerland.

TABLE 11: AMERICA'S FDI ROOTS IN EUROPE (BILLIONS OF $)

Industry	US FDI to Europe	% of Industry Total
European Total	2,782	57%
Manufacturing	313	47%

TABLE 12: EUROPE'S FDI ROOTS IN THE US (BILLIONS OF $)

Industry	US FDI from Europe	% of Industry Total
Total from Europe	1,977	68%
Manufacturing	813	78%

Note: Historic-cost basis, 2014
Source: Bureau of Economic Analysis

As for U.S. services imports from Europe, figures for 2014 were at all time highs as well. U.S. services imports from Europe totaled $203 billion, up 3.6% from the year earlier. The United Kingdom, Germany, Ireland, Switzerland, France and Italy all rank as top services importers to the United States.

Beyond services trade, there are the activities of foreign affiliates, with transatlantic foreign affiliate sales of services much deeper and thicker than traditional trade figures suggest. Indeed, sales of affiliates have exploded on both sides of the Atlantic over the past few decades thanks to falling communication costs and the proliferation of the internet. Affiliate sales of services have not only supplemented trade in services but also become the overwhelming mode of delivery in a rather short period of time. Affiliate sales of U.S. services rose more than 10-fold between 1990 and 2013, exceeding $1 trillion for the first time in 2007. In 2013, the last year of full data, U.S. affiliate services sales ($1.3 trillion) were roughly double the level of U.S. services exports ($688 billion).

Sales of services of U.S. foreign affiliates in Europe have increased each year since plunging in 2009 on account of the transatlantic recession. Sales rose to $649 billion in 2013, up 1.7% from the prior year. U.S. services exports to Europe in the same year totaled $250 billion, well below sales of services by affiliates. In other words, like goods, U.S. firms deliver services in Europe primarily via U.S. foreign affiliates (and vice versa). The United Kingdom accounted for just over 30% of all U.S. affiliate sales in Europe; affiliate sales totaled $191 billion, a figure roughly comparable to total affiliate sales in South and Central America ($166 billion), Africa ($16 billion) and the Middle East ($16 billion) put together. Affiliate sales in Ireland remain quite large—$86 billion—and reflect strong U.S-Irish foreign investment ties with leading U.S. internet, software and social media leaders. On a global basis, Europe accounted for nearly 50% of total U.S. affiliate services sales.

We estimate that sales by services of U.S. affiliates in Europe rose by around 6%, to $688 billion in 2014. U.S. services exports to Europe for the same year were $265 billion, well below sales of affiliates. U.S. affiliate sales in services in Europe continue to exceed sales of services by U.S. affiliates of European firms. In 2013, the last year of complete data, European affiliate services sales in the United States totaled $506 billion, nearly 30% below comparable sales of U.S. affiliates in Europe. That said, European affiliates are the key provider of affiliate services in the United States. Foreign affiliate sales of services in the United States totaled $878 billion in 2013, with European firms accounting for 58% of the total. By country, British affiliates lead in terms of affiliates sales of services ($126 billion), followed closely by those from Germany ($120 billion).

We estimate that European affiliate services sales in in the United States totaled $526 billion in 2014, well above U.S. services imports from Europe ($192 billion) in the same year. The difference between affiliate sales and services imports reflects the ever-widening presence of European services leaders in the U.S. economy.

In the end, the United States and Europe each owe a good part of their competitive position in services globally to deep transatlantic connections in services industries provided by mutual investment flows. A good share of U.S. services exports to the world are generated by European companies based in the United States, just as a good share of European services exports to the world are generated by U.S. companies based in Europe.

In sum, these eight indices convey a more complex and complete picture of U.S.-European engagement. Transatlantic commerce goes well beyond trade, even though cross-border trade in and of itself is an important ingredient of the U.S.-European relationship. Foreign direct investment and foreign affiliate sales, not trade, represent the backbone of the transatlantic economy. The eight variables just highlighted underscore the depth and breadth of the transatlantic commercial relationship.

Endnotes

1. See Daniel S. Hamilton and Joseph P. Quinlan, eds., *Sleeping Giant: Awakening the Transatlantic Services Economy* (Washington, DC: Center for Transatlantic Relations, 2007).

CHAPTER 3

UNDERSTANDING THE TRANSATLANTIC DIGITAL ECONOMY

As far back as 2007, we wrote that services activities were the sleeping giant of the transatlantic economy—a force so powerful that if awakened would further deepen the commercial stakes between the United States and Europe and enhance the global competitiveness of both parties. Nearly a decade on, our premise has not changed. But much else has.

In 2007 the Apple iPhone was introduced. What was then a novelty is now one of the most ubiquitous appliances in the world, with some 2.1 billion people owners of smart phones. In 2007 less than 1.7 billion people were accessing the internet. Now 3.2 billion do. Table 1 depicts this astounding growth. In 2007 Facebook had yet to go public. Now it is now valued higher than IBM. In 2007 electric cars were a concept. Today they are reality. In 2007 the App Economy didn't exist. Today it employs over 1.6 million workers in both the United States and Europe. In 2007, the Rocket Internet start-up was launched in Germany. Today it has 30,000 employees. On it goes.

Every day 4.2 billion searches are made on Google, 803 million Tweets are tweeted, 36 million purchases are made on Amazon, 115 million videos are viewed on DailyMotion, nearly 100 million users stream music from Spotify, 186 million photos are taken on Instagram, 152 million calls are placed on Skype, and 2.3 billion gigabytes course around the web. Moreover, the digital economy ranges far beyond pure internet or e-commerce companies. McKinsey estimates that three-quarters of the economic value of the internet is captured by manufacturing, financial services and other industries.[1]

Digital information, services and products, and the infrastructure that supports them, have become the backbone of the modern global economy.[2] They are transforming how we live, work, play, travel, interact, and do everything in between. At the heart of this transformation is data and the ability to analyze data, which today is spurring growth, innovation and competitiveness across industries.

Global flows of information and communications, transactions, video, and intrafirm traffic underpin and enable virtually every other kind of cross-border flow. According to McKinsey, these global data flows now contribute more to global growth than global trade in goods.[3]

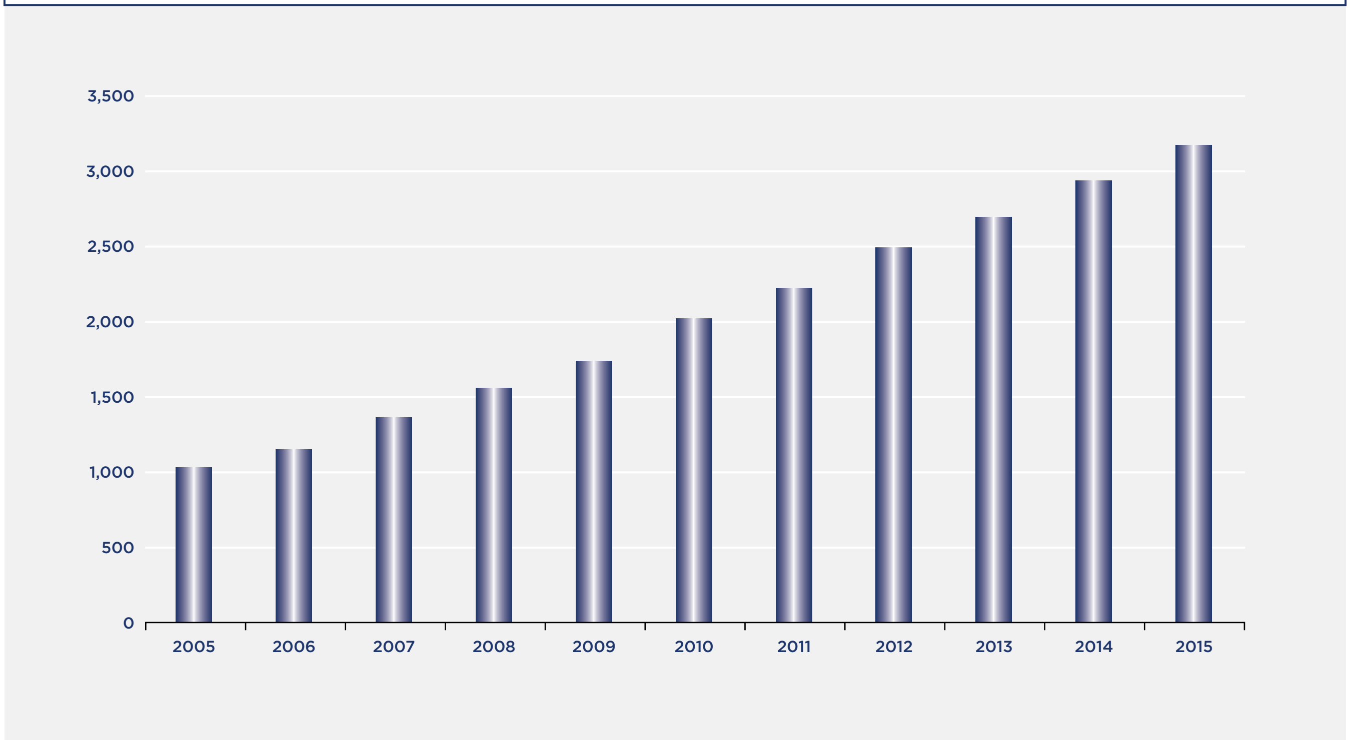
The pace of change associated with these transformations is astounding. Mobile data traffic has grown 4,000-fold over the past 10 years and almost 400-million-fold over the past 15 years. Mobile networks carried fewer than 10 gigabytes per month in 2000 and less than 1 petabyte per month in 2005. By the end of 2015, global mobile data traffic reached 3.7 exabytes per month (one exabyte is equivalent to one billion gigabytes, and one thousand petabytes).[4]

Despite these incredible transformations, we're still in what Scott Cook of Intuit calls "the first minutes of the first day" of the digital revolution. Cisco projects that by 2020 monthly global mobile data traffic will grow nearly eightfold and mobile network connection speeds will increase more than threefold, there will be 1.5 mobile-connected devices per capita, 98% of mobile data traffic will originate from smart devices, and three-fourths of the world's mobile data traffic will be video.[5] The Internet of Things, big data analytics, cloud computing and other innovations will further accelerate digital growth across the Atlantic and around the world.

The Significance of the Transatlantic Digital Economy

The digital revolution is particularly important to the transatlantic economy. The United States and the European Union are not only the world's most important services economies and each other's largest

TABLE 1: GLOBAL INTERNET USERS GROWTH (MILLIONS OF PEOPLE)



Source: Ministry of Commerce/CEIC.
Data as of September 2015.

and most profitable services markets, each is the other's most important trading partner when it comes to digitally deliverable services. Cross-border data flows between the United States and Europe, at about 15 terabits per second, are by far the highest in the world — 50% higher than the data flows between the United States and Asia in absolute terms, and 400% higher on a per capita basis.[6]

Moreover, the United States and the EU are the two largest net exporters of digitally deliverable services to the world. They are well positioned to take advantage of the global internet economy, which is projected to grow 8% a year over the next five years in G-20 economies and 18% a year in developing economies, far outpacing just about every traditional economic sector.[7]

Understanding the Transatlantic Digital Economy

Transatlantic data flows generate international trade and investment in many different ways. They include trade in digitally deliverable services; digitally deliverable services used to add value to the production and the export of goods and other services; and, most importantly, digitally deliverable services delivered via European affiliates of U.S. companies and U.S. affiliates of European companies. Intra-firm cross-border data flows are a particularly dynamic element of transatlantic commerce.

Trade in Digitally Deliverable Services

The internet is to trade in services what the advent of container shipping was to trade in goods — a transforming capability that enables faster cross-border delivery of a variety of activities that were once considered non-tradable.[8] This dynamic is reflected in trade in digitally deliverable services, which are services that can be purchased and delivered online across borders to anyone with internet access. This includes business, professional and technical services, financial and insurance services, telecommunications, software and royalties for intellectual property use. Digitally deliverable services are services "that may be, but are not necessarily, delivered digitally," according to the U.S. International Trade Commission.[9] This means that an export of engineering services from Frankfurt, Germany to Hartford, Connecticut could have been delivered online or in person, or some combination of the two. The statistic does not say exactly whether the specific service was delivered online or in person. But it does offer an indication of the potential for digital trade.[10]

It also underscores the outsized importance of the United States and the EU to the global economy. In 2012, the EU

TABLE 2: THE APP ECONOMY: JOBS BY COUNTRY

Country	App Economy jobs (thousands)
United Kingdom	321.2
Germany	267.9
France	228.9
Netherlands	125.2
Italy	97.5
Poland	84.3
Spain	78.2
Sweden	67.1
Finland	47.4
Norway	41.6
Denmark	33.4
Switzerland	28.5
Portugal	27.4
Belgium	23.3
Czech Republic	19.7
Romania	19.3
Hungary	15.3
Ireland	13.2
Austria	11.9
European Union	1,572
30-country total	1,642

Source: Progressive Policy Institute, Indeed, ILO. Data as of January 2016.

exported $465 billion of digitally deliverable services, and imported just $297 billion. That $168 billion surplus made the EU the largest net exporter of digitally deliverable services in the world. Digitally deliverable services also drive the transatlantic services economy: in 2014, U.S. exports of digitally deliverable services to Europe comprised 70% of bilateral services exports, and U.S. imports of digitally deliverable services from Europe accounted for 54% of all bilateral services imports.

Table 3 categorizes U.S.-EU digitally deliverable services trade into five sectors. For both economies, the most important exports are represented by business, professional and technical services, which accounted for 54% of digitally deliverable services exports from the EU to the United States and 39% of digitally deliverable services from the United States to the EU in 2014. The second most important category consists of royalties and license fees, most of which are paid on industrial processes and software, underscoring how integral such transatlantic inputs are to production processes in each economy. For the United States, the larger share of royalties and license fees (35%) reflects strong European demand for U.S.-produced television and film.[11]

The third largest digitally deliverable services export category for the United States is financial services (23%), whereas for the EU it is insurance and reinsurance services (13%), reflecting each economy's comparative advantage.[12]

Digitally deliverable services have also been catalysts for the growth of the internet economy in Europe. 400,000 Europeans are now building apps, and the broader app economy supported 1.8 million European jobs in 2013, contributing €17.5 billion to the EU economy. By 2018, the app economy is projected to employ 4.8 million people and to contribute €63 billion to the EU economy.[13]

The transformative impact of digital services is not limited to just the services sector but extends to manufacturing and the traditional bricks-and-mortar economy as well. Digitally deliverable services such as consulting, engineering, software, design and finance are used in manufacturing industries such as transport equipment, electrical equipment and food products. In this regard, digitally deliverable services from the United States have become critical to the manufacturing competitiveness of European manufacturing and retail operations and vice versa.

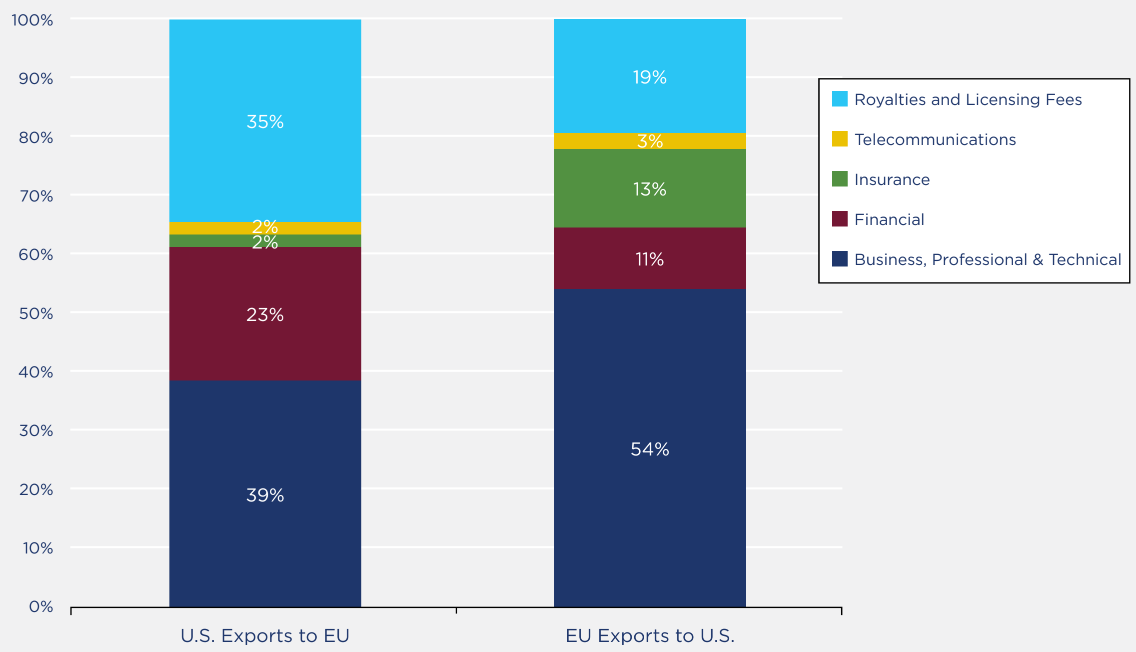
Value-added Trade in Digitally Deliverable Services

Digitally deliverable services are not just exported directly, they are also used in the United States and the EU to produce goods and services for export. Joshua Meltzer at Brookings estimates that almost $11.2 billion, or 62% of digitally deliverable services imported by the United States from the EU, was used to produce U.S. products for export, and that $22.3 billion, or 53% of digitally deliverable services imported by the EU from the United States, was used in the production of EU exports in 2009. If digitally deliverable services used as indirect inputs in goods and services exports are added to direct exports of digitally deliverable services, then Meltzer estimates that U.S. exports of digitally deliverable services to the world totaled $569.2 billion in 2012, or 32% of total U.S. exports, and that EU exports of digitally deliverable services to the world totaled $748.8 billion, or 24.8% of total EU exports.

Digitally Deliverable Services Supplied Through Foreign Affiliates

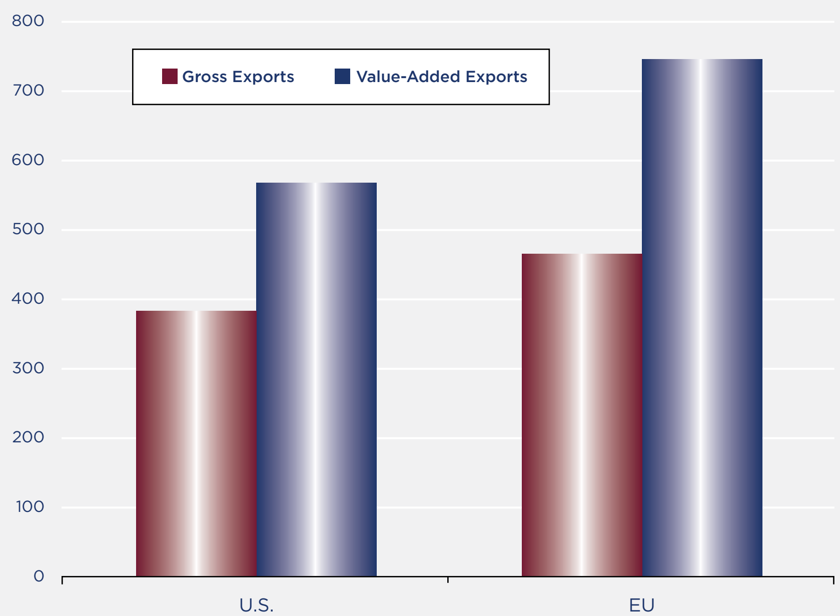
The digital economy has transformed the way trade in both goods and services is conducted across the Atlantic and around the world. Even more important than both direct and value-added trade in digitally deliverable services, however, is the delivery of digital services by U.S. and European foreign affiliates. In fact, affiliate sales of digitally deliverable services has exploded on both sides of the Atlantic in recent years — another indicator reinforcing the

TABLE 3: U.S. - EU DIGITALLY DELIVERABLE SERVICES TRADE BY SECTOR, 2014.



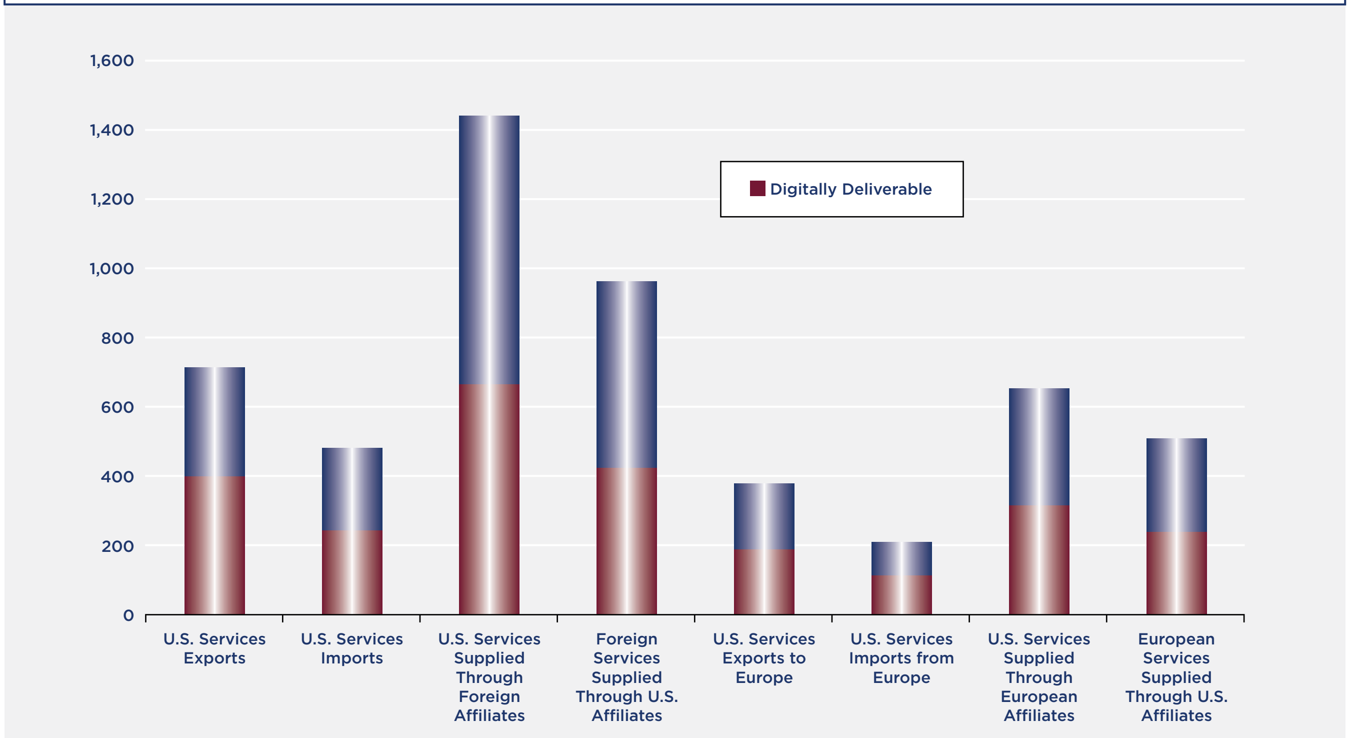
Sources: U.S. Trust Market Strategy Team®; U.S. Bureau of Economic Analysis.

TABLE 4: DIGITALLY DELIVERABLE SERVICE EXPORTS, 2012 - (BILLIONS OF $)



**For the EU, value-added shares from most recent 2009 input-output tables, applied to 2012 gross exports*
Sources: Joshua Meltzer, The Importance of the Internet and Transatlantic Data Flows for U.S. and EU Trade and Investment, Brookings Institution, October 2014; U.S. Bureau of Economic Analysis, Eurostat.

TABLE 5: U.S. DIGITALLY DELIVERABLE SERVICES TRADE AND SERVICES SUPPLIED THROUGH AFFILIATES, 2014 (BILLIONS OF DOLLARS)



**Affiliate data are for 2013, the latest available year.*
Sources: U.S. Trust Market Strategy Team®; U.S. Bureau of Economic Analysis.

TABLE 6: INFORMATION SERVICES SUPPLIED ABROAD BY U.S. MULTINATIONAL CORPORATIONS THROUGH THEIR MOFAS (MILLIONS OF $)

	2006	2007	2008	2009	2010	2011	2012	2013
Canada	3,595	4,140	3,971	5,996	6,316	7,135	7,595	7,420
Europe	67,270	76,156	85,450	84,117	96,310	110,525	119,123	121,935
France	4,045	3,794	4,475	4,713	4,582	5,013	4,768	5,259
Germany	5,260	6,031	6,104	6,456	7,143	7,798	7,970	10,523
Netherlands	5,925	8,152	9,980	8,674	8,719	9,313	10,196	9,119
Switzerland	2,871	2,527	3,197	3,747	4,034	4,419	5,243	5,495
United Kingdom	28,073	30,500	31,479	29,906	24,941	26,446	25,996	24,327
Latin America and Other Western Hemisphere	7,255	10,845	13,165	13,798	17,578	20,943	21,887	21,852
Australia	5,722	6,365	6,369	5,961	6,852	6,960	5,531	7,606
Japan	3,447	(D)	6,224	7,856	4,575	4,828	5,204	5,839
Other Asia-Pacific and MENA Countries	5,217	(D)	(D)	8,875	10,215	11,947	13,244	15,890
TOTAL	**92,507**	**(D)**	**(D)**	**126,603**	**141,846**	**162,338**	**172,583**	**180,541**

Source: Bureau of Economic Analysis
MOFA: Majority-owned foreign affiliate

importance of foreign direct investment, rather than trade, as the major driver of transatlantic commerce.

Table 5 underscores the relative importance of digitally deliverable services supplied by affiliates of U.S. companies located in Europe and affiliates of European companies in the U.S., versus U.S. and European exports of digitally deliverable services. In 2014 U.S. affiliates in Europe supplied $313 billion in digitally deliverable services, whereas European affiliates in the United States supplied $234 billion in digitally deliverable services. Digitally deliverable services supplied by U.S. affiliates in Europe were 1.67 times greater than U.S. digitally deliverable exports to Europe, and digitally deliverable services supplied by European affiliates in the United States were 2.13 times greater than European digitally deliverable exports to the United States.

The significant presence of leading U.S. service and technology leaders in Europe underscores Europe's position as the major market for U.S. digital goods and services. Table 6 underscores this dynamic. In 2013, Europe accounted for two-thirds of the $180.5 billion in total global information services supplied abroad by U.S. multinational corporations through their majority-owned foreign affiliates. This is not surprising given the massive in-country presence of U.S. firms throughout Europe, with outward U.S. FDI stock in information overwhelmingly positioned in Europe. Roughly 65% of U.S. overseas investment in the "information" industry was in Europe in 2014.

Inter-firm Trade in the Transatlantic Digital Economy

While affiliate sales are a more important means of delivery for digital services than cross-border trade, as we discussed in Chapter 2 the two modes of delivery are more complements than substitutes, since foreign investment and affiliate sales increasingly drive transatlantic trade flows. The fact that digital services are following this same broad pattern of transatlantic commercial flows reinforces our point that intra-firm trade is critical to the transatlantic economy. Nearly 40% of data flows between the United States and Europe are over business and research networks.[14] Companies rely on cross-border, intra-firm data flows to manage their communications, finances, data centers, human resources and supply chains, access software, and build synergies in research, development and other tasks among affiliates across the transatlantic space. These activities spur innovation and create economic value and are important attributes of the transatlantic digital economy, but are not captured adequately by national statistics.

A Boon to Stakeholders

The digital economy is opening significant opportunities to key stakeholders across the Atlantic and around the world. Individuals tap global networks to learn, work, play, create, or build personal and business connections. Consumers benefit by easier, faster and cheaper access to products and services. Small and medium-sized businesses and entrepreneurs stand to be major beneficiaries from increased productivity and efficiency, better market intelligence, and greater reach at lower cost.

The digital economy is remaking business on both sides of the Atlantic. For a small business or an entrepreneur, data-driven tools can mean the difference between serving a local market and tapping into a global audience. Hundreds of thousands of small businesses in the United States and the EU use the internet to engage in global trade. According to McKinsey, 80% of tech-based startups are "born global" — attracting users, hiring talent, purchasing inputs, securing funding, and finding mentors across borders from day one. McKinsey uses the example of coModule, an Estonian startup that created technology that brings the Internet of Things to electric bikes and scooters. Its prototype was unveiled in Barcelona, its seed funding came from Germany, its components are sourced from China, and its customer base can be global.[15]

Examples abound. Artisans and customers from around the world find each other on Etsy, a marketplace for handcrafted and vintage goods; nearly 30 percent of its gross merchandise sales is international.[16] Online custom tailor Dragon Inside, based in Sofia, Bulgaria, has customers all over Europe, but its strongest market is the United States. The same is true for Yellowschedule, an Irish online patient scheduling and payment tool.[17] 93% of all EU businesses on eBay export their goods to an average of 18 countries, and eBay's survey of European small online business suggests that "it is now possible to run a growing pan-European and global business from Europe's more rural, remote and sometimes less economically wealthy areas." [18]

With some 315 million internet users spread across the European Union, the EU digital economy has massive potential. The EU's fragmented digital markets and barriers to entry among EU members, however, is inhibiting the growth of cross-border digital services. EU cross-border online services represent a paltry 4% of the digital market in the EU, due in large part to uneven laws and regulations. If the same rules for e-commerce were applied in all EU member states, 57% of companies surveyed by the European Commission indicated they would either start or increase their online sales to other EU countries.

Taken together, these metrics underscore the importance of the digital economy to healthy transatlantic commerce and to the globally competitive position of the United States and the European Union. While a number of issues have arisen regarding appropriate rules of engagement when it comes to the internet and cross-border flows of massive amounts of data, avoiding a transatlantic digital divide is highly important to the transatlantic partnership.[19]

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CHAPTER 4

THE 50 U.S. STATES:
European-Related Jobs, Trade and Investment

"Slow and steady" is one of the best ways to describe the U.S. economy in 2015 and 2016. The U.S. economy is in the midst of a six-year economic expansion, with the economy expected to have grown by roughly 2.4% last year—that is the good news. The bad news is that the current expansion is one of the weakest in decades, owing to the scares of the Great Recession of 2008/09. Annualized U.S. growth has hovered around 2% since the recovery commenced in June 2009—an underwhelming rate of growth, for sure, but one that comfortably exceeds that of the European Union.

2016 will be no different. While real economic growth in Europe is expected to accelerate to nearly 2% this year, the U.S. economy is forecast to expand by another 2.5% in 2016. That's not bad for an $18 trillion economy that was all but condemned and pronounced dead in the aftermath of the financial crisis of 2008. At the time, the common narrative was that over-leveraged America was in secular decline, due, in part, to imperial overreach in the Middle East and the attendant costs of waging wars in both Afghanistan and Iraq. Add in soaring federal budget deficits and overleveraged houses, and it wasn't a stretch to conclude that America's best days were behind it, or that it was China's turn to rule the world, with both the United States and Europe taking a back seat to the Middle Kingdom in particular and the emerging markets in general.

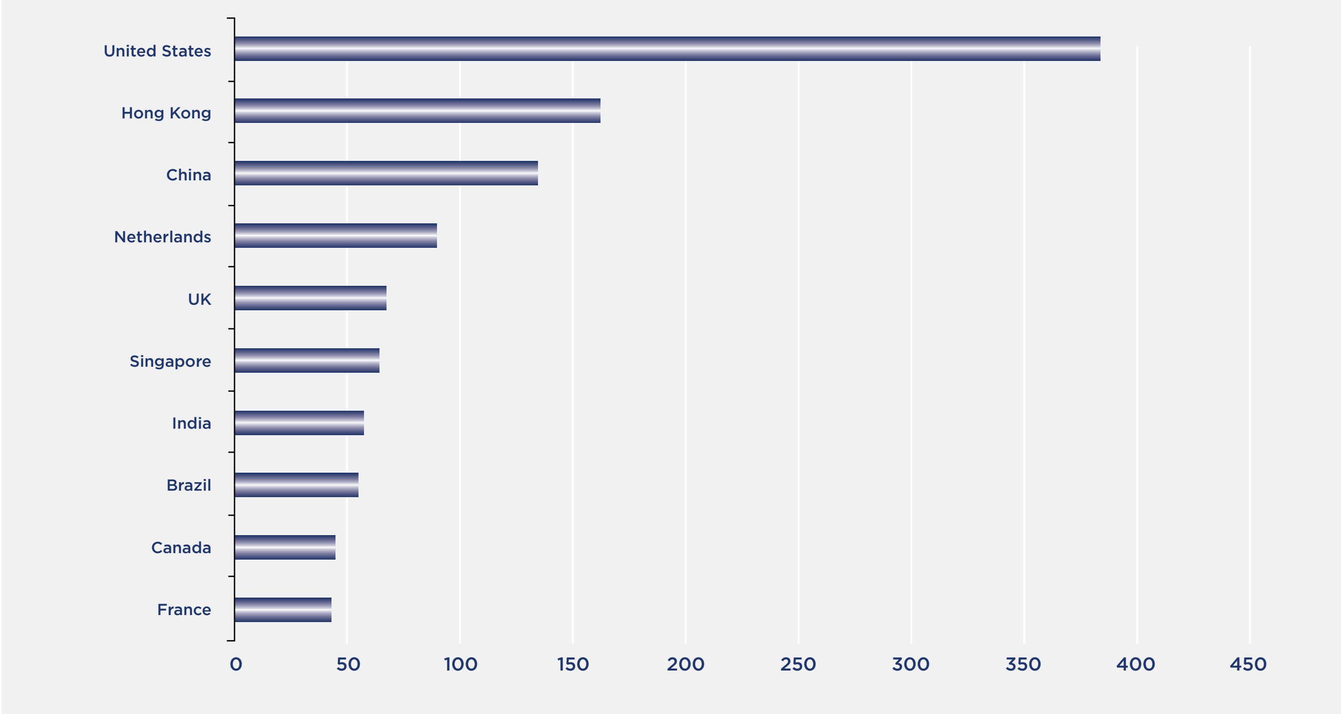
Reality, however, has turned out to be different. Not only did the U.S. economy handily outperform Europe last year, it also expanded at a faster pace than many emerging markets, including Brazil, South Africa and Russia. Notwithstanding the implosion of the U.S. energy sector, which hurt U.S. corporate earnings and was a drag on job growth, America's economy emerged as one of the strongest in the world last year. The expansion was propelled by a thriving U.S. housing market, booming automobile sales, falling unemployment, and continuous innovation from the U.S. tech sector. If nothing else, the United States proved again in 2015 that its economy is one of the most competitive and dynamic in the world.

Against this backdrop, it is little wonder that the United States remains one of the most attractive countries in the world for foreign direct investment (FDI). According to the last figures from the United Nations, the United States ranked Number One in the world in FDI inflows in 2015, attracting some $384 billion. Hong Kong ranked second, with inflows of $163 billion, followed by China. In 2015, FDI flows to the developed countries rose to their second highest level on record ($936 billion), with robust flows not only to the United States but also to the EU ($426 billion). The Netherlands, the United Kingdom, Belgium, Germany and France all posted sharply higher inflows in 2015, reflecting, in part, the cyclical rebound in the EU and the attendant rebound in business confidence.

It is hardly surprising that the U.S. remains the top destination of choice among global firms. First, it has a large and wealthy market that is home to nearly 325 million people with a per capita income in excess of $50,000. With less than 5% of the global population, the United States still accounts for a staggering 25-27% of total global personal consumption expenditures, testimony to the purchasing power of American consumers, who are feeling more secure about their jobs and enjoying a massive tax cut courtesy of the plunge in oil prices.

Second, the U.S. economy is again expanding and fast approaching $19 trillion in size. No other economy in the world comes close. As 2016 began, the United States was among the fastest growing economies in the world, outdoing many BRICs, particularly with Brazil and Russia mired in recession. While the United States is expected to expand by roughly 2.5% this year, the euro area is forecast to expand by around 2%. It is this growth differential that makes the U.S. far more attractive to firms than Europe itself.

TABLE 1: FDI INFLOWS: TOP 10 HOST ECONOMIES, 2015 (BILLIONS OF $)



Source: United Nations Conference on Trade and Development (UNCTAD), Global Investment Trends Monitor No. 22. Data as January 2016.

Third, the United States boasts a hyper-competitive economy, ranked 3rd in the latest Global Competitiveness report, trailing only Singapore and Switzerland. This competitiveness is driven by a strong innovative, risk-taking corporate culture and is underpinned by world class universities, a strong capacity and culture of entrepreneurship, and a dense web of university-industry collaboration in R&D.

Fourth, the United States is home to one of the most skilled, flexible and productive labor forces in the world and a magnet for foreign skilled labor. According to data from the World Intellectual Property Organization, the United States attracted the majority of immigrant investors over the 2006-2010 period, accounting for over 57% of the total. Trailing the United States were a handful of European nations like Germany, Switzerland, the UK and the Netherlands. Together North America and Europe accounted for 92.5% of immigrant inventors during this period.

Finally, the United States is friendly to business, supported by a transparent rule of law, sophisticated accounting, auditing and reporting standards, and respect for intellectual property rights, among other things. The United States ranked 7th in terms of ease of doing business by the World Bank in 2015.

Taking the long view, Table 3 underscores that, in general, the bulk of global FDI flows are directed at the mature, rich developed nations, as opposed to poorer, underdeveloped nations. Of the ten countries listed on the table, seven out of ten are developed nations, with China, Hong Kong and Brazil notable exceptions. Six out of the ten were European nations.

Europe Leads in the Way in America

European firms maintained their dominant position in the United States again last year. Of total estimated U.S. inflows of $384 billion last year, roughly 80% were from Europe, with inflows from Europe totaling $268 billion in the first nine months of 2015. This figure represents a massive increase from the same period a year ago ($57 billion), and includes an outsized $152 billion figure from Luxembourg in the first quarter of 2015. Even after adjusting for the large sum from Luxembourg and removing it from the total, U.S. inflows from Europe totaled $104 billion in the January-September 2015 period, nearly double the level of the same period a year earlier.

Europe accounted for nearly 70% of the $2.9 trillion of foreign capital stock sunk in the United States in 2014. Asia and Canada accounted for the rest, with Japan (think autos) among the largest Asian investors in the United States.

TABLE 2: TOP 20 COUNTRIES WITH THE LARGEST INVENTOR IMMIGRANT COMMUNITIES, 2006-2010

Country	Immigrants	Share of World Total (%)
United States of America	117,244	57.1
Germany	14,547	7.1
Switzerland	12,479	6.1
United Kingdom	9,113	4.4
Netherlands	5,565	2.7
France	5,369	2.6
Singapore	4,334	2.1
Canada	4,107	2.0
Japan	4,092	2.0
China	3,289	1.6
Sweden	3,204	1.6
Belgium	3,173	1.5
Australia	2,441	1.2
Finland	1,969	1.0
Austria	1,905	0.9
Spain	1,590	0.8
Denmark	1,520	0.7
Korea	1,188	0.6
Italy	1,108	0.5
Ireland	1,092	0.5
World	**205,446**	**100**

Source: WIPO Statistics Database, October 2013.

TABLE 3: CUMULATIVE INVESTMENT INFLOWS 1980-2014 RANKINGS

Rank	Country	Cumulative Flows (Billions of U.S. $)	Percent of World Total
1	United States	3,892.9	17.2%
2	United Kingdom	1,665.6	7.4%
3	China	1,605.2	7.1%
4	Hong Kong	908.9	4.0%
5	Belgium	847.8	3.7%
6	Germany	813.7	3.6%
7	Canada	786.4	3.5%
8	Netherlands	682.1	3.0%
9	Spain	665.4	2.9%
10	Brazil	663.0	2.9%

Source: United Nations Conference on Trade and Development (UNCTAD). Data as of January 2015.

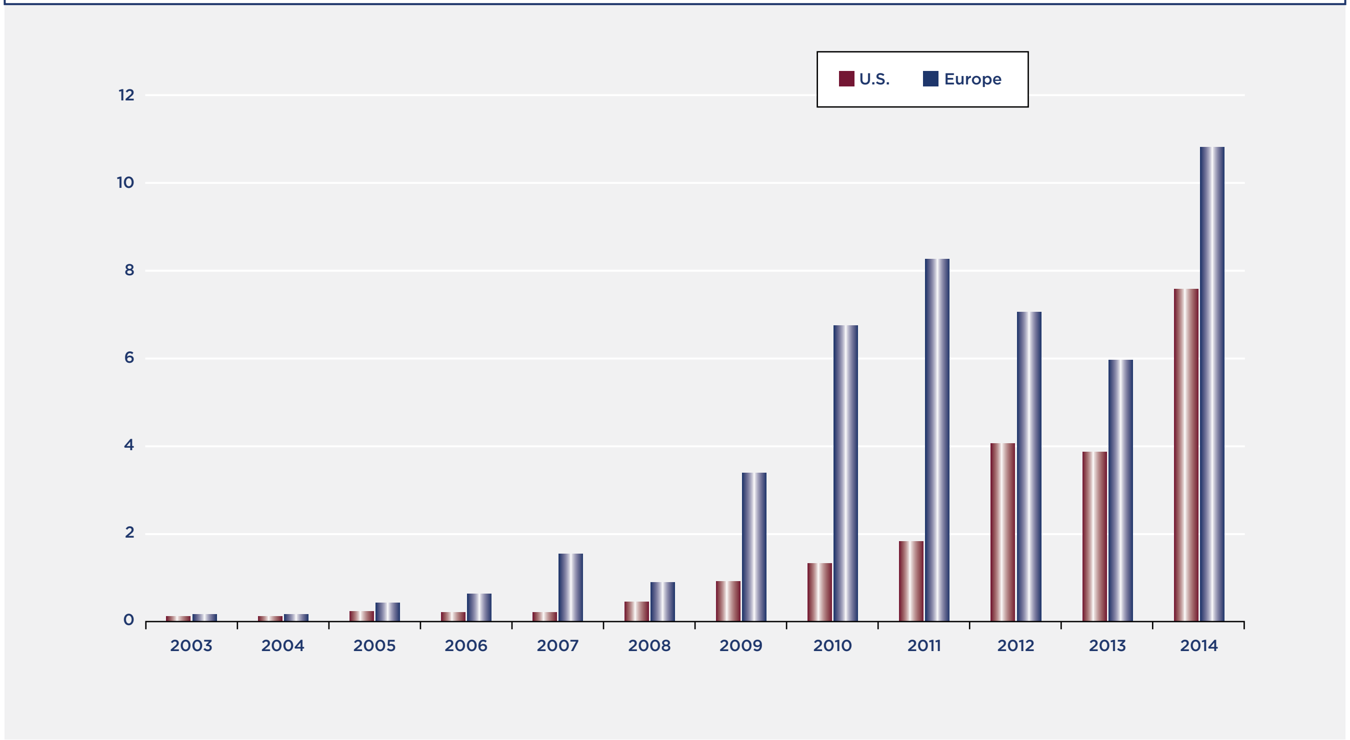
In terms of leading investors in the United States, there was no change: the UK remains by far the largest foreign investor, based on FDI on a historic cost basis, with total FDI stock in the United States totaling nearly $450 billion in 2014. The Netherlands ranked second ($305 billion), followed by Luxembourg ($243 billion), and then Switzerland, Germany, and France ($224 billion each). Many firms from these nations are just as embedded in the U.S. economy as in their own home markets. And with the U.S. economy expanding at a faster clip than Europe, European firms that have investment stakes in the United States have enjoyed somewhat of a buffer from sluggish sales in the EU over the past few years. Whether Swiss drug firms, German capital goods manufacturers, British transportation firms—their corporate and commercial links to America have been hugely important and beneficial to their bottom line as Europe has struggled to recovery from the Great Recession of 2008/09.

What about China, and its push to be a larger global player in both the United States and Europe? While both U.S. and European stakes in China are on the rise, the transatlantic ties that bind the United States and Europe together are much thicker and far deeper than comparable ties with China. The U.S. represents a large, wealthy market, with respect for the rule of law and transparent rules and regulations. Ditto for Europe. China, on the other hand, remains relatively poor, with many barriers to investment in a number of sectors, all wrapped in an opaque regulatory environment that is difficult to navigate. Therefore, while both U.S. and European firms continue to build out their operations in China, and in India as well, each party remains focused on the other. Meanwhile, Chinese FDI to both Europe and the United States has grown sharply over the past few years, with Chinese firms sinking nearly $11 billion in to the European Union in 2014, a record high. In the United States, Chinese FDI inflows totaled a record $7.6 billion (see Table 4).

European firms earned an estimated $100 billion in the United States in 2015, down from roughly $111 billion in 2014. Through the first nine months of 2015, European affiliate income earned in the United States amounted to $70.3 billion, down over 15% from the same period a year earlier. However, taking the long view, affiliate earning levels for most European firms are significantly higher than a decade ago. In other words, as European firms have built out their U.S. operations over the past few decades, they have also increased and enhanced their earnings potential in the largest economy in the world.

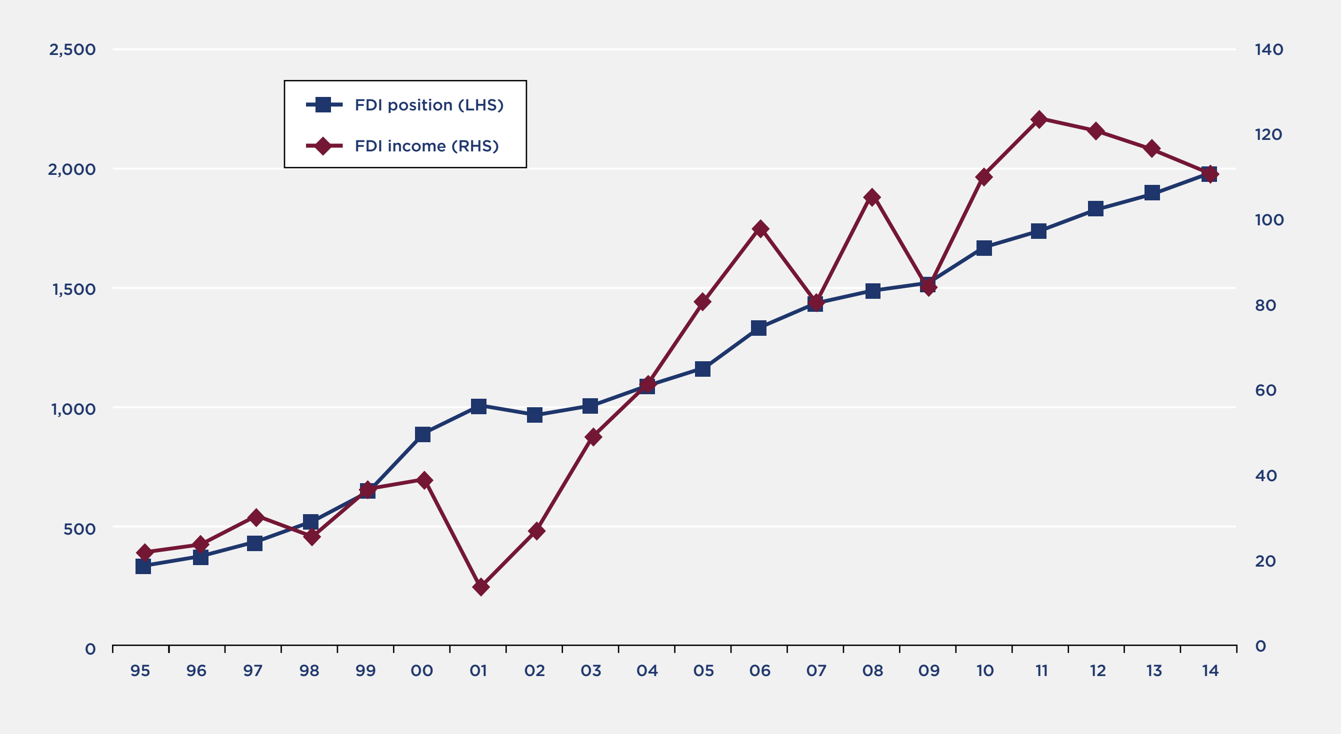
Table 5 highlights the connection between European investment in the United States and European affiliate earnings. The two metrics are correlate highly: the greater the earnings, the greater the likelihood of more capital investment, and the more investment, the greater the upside for potential earnings and affiliate income. The bottom line is that Europe's investment stakes in the United States have paid handsome dividends over the past decades, and notably

TABLE 4: CHINESE FOREIGN DIRECT INVESTMENT OUTFLOWS - U.S. AND EUROPE (BILLIONS OF U.S. $)



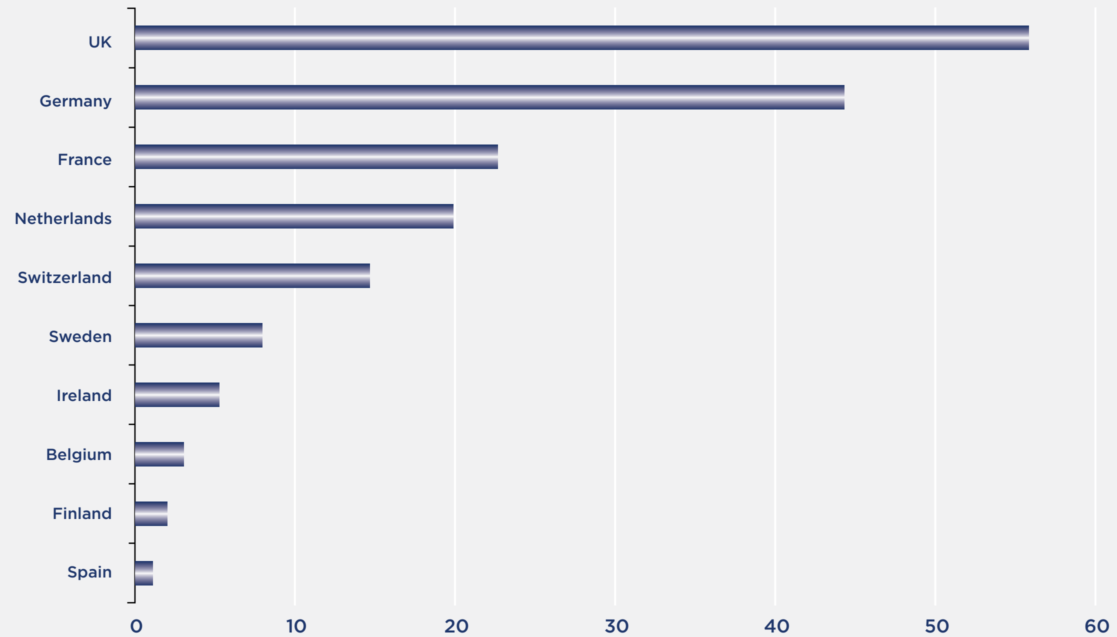
Source: Ministry of Commerce/CEIC.
Data as of September 2015.

TABLE 5: EUROPEAN FOREIGN DIRECT INVESTMENT AND INCOME IN THE UNITED STATES (BILLIONS OF $)



Sources: Bureau of Economic Analysis.
Data through 2014.

TABLE 6: U.S. EXPORTS OF GOODS SHIPPED BY AFFILIATES OF EUROPEAN MULTINATIONAL CORPORATIONS (BILLIONS OF $)



Source: Bureau of Economic Analysis.
Data as of November 2015.

over the past few years, as growth in Europe has lagged behind that in the United States. That said, while European investment in the United States has paid off rather well, the benefits have not been one way. The United States has benefitted as well in the way of increased jobs and wages for U.S. workers, and rising exports via European affiliates operating in the United States.

Europe's Stakes in America's 50 States

European investment is widespread across the United States and by industry. Indeed, European firms can be found in all 50 states, and in all sectors of the economy, in manufacturing and service activities alike.

One of the greatest benefits of this presence is the creation of U.S. jobs. The employment impact of European firms in the United States is quite significant. Table 7 provides a snapshot of state employment provided directly by European affiliates on the ground in the United States. As a footnote, the figures for 2011 only include data for a handful of nations (France, Germany, Netherlands, Switzerland, and the UK); figures for 2012 and 2013 include more nations following the BEA's benchmark adjustments to the figures.

It is also important to note these charts underestimate considerably the true impact on U.S. jobs of America's commercial ties to Europe in at least two ways. First, jobs tied to exports and imports of both goods and services are not included. Second, many other jobs are created indirectly through suppliers or distribution networks and related activities.

California, New York and Texas—among the largest states in the union—is where employment among European affiliates is highest. Roughly 1 million U.S. workers were on the payrolls of European affiliates in the three states combined in 2013. Following the 2008/09 recession, European affiliates pared their U.S. labor force, as did many U.S. firms. However, as the U.S. economy has recovered over the past few years, so have the payrolls of affiliates, with increased hiring in many states and industries. In 2013, for instance, affiliate employment levels in Tennessee and South Carolina jumped 8%, respectively, with employment gains coming from the automobile industry. Employment levels expanded 5% in North Carolina, while Texas employment levels rose 6%. However, given the downturn in the U.S. energy patch, and the attendant downturn in energy-related employment, affiliate employment levels have most likely declined in Texas since 2014.

In general, the presence of European affiliates in many states and communities across the United States has helped

TABLE 7: RANKING OF TOP 20 STATES BY JOBS SUPPORTED DIRECTLY BY EUROPEAN* INVESTMENT (THOUSANDS OF EMPLOYEES)

U.S. State	2011*	2012	2013
California	295.0	375.0	378.8
Texas	236.7	300.4	317.6
New York	226.8	304.1	299.5
Pennsylvania	167.0	210.9	216.3
Illinois	138.9	189.8	192.5
Florida	117.3	166.9	171.2
New Jersey	136.9	166.2	169.1
North Carolina	91.8	157.5	165.4
Massachusetts	117.1	144.5	153.5
Ohio	104.9	135.7	144.6
Michigan	69.2	125.5	137.8
Georgia	88.1	123.7	129.7
Virginia	73.8	119.4	125.3
Indiana	68.3	91.0	94.1
South Carolina	62.1	84.8	91.8
Connecticut	56.6	84.1	81.6
Maryland	67.0	84.6	80.9
Tennessee	53.4	72.3	78.2
Missouri	44.6	61.8	69.0
Minnesota	41.0	64.5	64.6

Source: Bureau of Economic Analysis
**In 2011, European investment includes only France, Germany, Netherlands, Switzerland, and the United Kingdom. In 2012, the new benchmark survey expanded coverage to include an "other Europe" category, thereby boosting the figures for 2012 and 2013 relative to 2011.*

TABLE 8: RANKING OF TOP 20 U.S. STATES TOTAL GOODS EXPORTS TO EUROPE, BY VALUE (BILLIONS OF $)

U.S. State	2000	2014	% Change from 2013	% Change from 2000
Texas	12.3	37.2	-1%	202%
California	27.9	34.6	6%	24%
New York	15.3	29.1	2%	90%
Washington	13.1	14.6	14%	12%
Louisiana	3.3	13.5	0%	310%
Illinois	7.3	11.9	1%	62%
New Jersey	6.4	10.8	-9%	69%
Massachusetts	8.0	10.5	7%	31%
Ohio	5.0	10.1	4%	101%
Pennsylvania	4.7	9.9	-7%	111%
South Carolina	2.8	9.3	25%	234%
Georgia	4.0	9.3	6%	134%
Indiana	3.1	9.0	2%	187%
Florida	3.9	8.8	-15%	127%
Kentucky	3.1	7.9	24%	159%
North Carolina	4.6	7.1	10%	54%
Michigan	5.0	6.5	3%	29%
Connecticut	3.5	6.4	-2%	83%
Tennessee	2.7	6.2	1%	131%
Virginia	3.8	5.2	6%	36%
U.S. Total	**187.4**	**333.3**	**2%**	**78%**

Source: Foreign Trade Division, U.S. Census Bureau

to improve America's jobs picture. The more European firms embed in local communities around the nation, the more they tend to generate jobs and incomes for U.S. workers, greater sales for local suppliers and businesses, extra revenues for local communities, and more capital investment and R&D expenditures for the United States.

Deep investment ties with Europe have also generated U.S. trade, notably exports. Table 6 illustrates the export potential of European affiliates operating in the United States. As a point of reference, in any given year, foreign affiliate exports typically account for roughly one-fifth of total U.S. merchandise trade, with the bulk of these exports typically resembling intra-firm trade, or trade between the affiliate and parent company. In 2013, the last year of available data, U.S. exports of goods shipped by all foreign affiliates totaled $360 billion, with European affiliates accounting for 57% of the total. The United Kingdom and Germany dominate European affiliate exports in the United States, with UK affiliates in America exporting $56 billion worth of goods in 2013, while German affiliates exported nearly $45 billion in goods. By commodity, the largest exports of British-owned affiliates were petroleum and coal products, and chemicals for German-owned affiliates. In the end, the more European affiliates export from the United States, the higher the number of jobs for U.S. workers and the greater are U.S. export figures.

Every U.S. state maintains cross-border ties with Europe, with various European nations key export markets for many U.S. states, a dynamic that creates and generates growth in the United States. However, the growth differential between the United States and Europe over the past few years has meant a widening U.S. trade deficit with Europe. In the first eleven months of 2015, for instance, U.S. merchandise imports from Europe totaled $390 billion, a rise of 2.1% from a year earlier, versus U.S. exports to Europe of $251 billion, down 1.2%. The upshot: a $140 billion goods deficit, up 8.6% in the January-November 2015 period versus a year earlier.

U.S. merchandise exports to Europe by state varied in 2014. Table 8 ranks the top 20 state goods exporters to Europe in 2014, with Texas ranked number one, followed

Metro Connection:

Cities and Regions in the Transatlantic Economy

Which cities and regions are most tied into the transatlantic economy? Our Transatlantic Metro Database[1] charts European-American metro connections in terms of jobs, trade and investment.

Ten European metro regions accounted for 66% of all European-sourced jobs and 39% of all foreign-sourced jobs in the United States, and ten regions accounted for 69% of all European-owned enterprises and 38% of all foreign-owned enterprises in the United States. London and Paris are the top two sources of jobs and enterprises in the United States. Of the other top ten, Stuttgart, Stockholm and Turin provide more jobs with fewer enterprises in America, while Milan provides more enterprises but fewer jobs.

TABLE 9: TOP TEN EUROPEAN REGIONS PROVIDING ONSHORED JOBS IN U.S. METROPOLITAN AREAS

Metropolitan Region	Jobs	Percent of Euro-Sourced Jobs in US	Percent of Foreign-Sourced Jobs in US
1. London, England	460,687	14.7	8.7
2. Paris-Île-de-France, France	429,522	13.7	8.1
3. Amsterdan-North Holland,Netherlands	231,655	7.4	4.4
4. Düsseldorf-Cologne-Westphalia,Germany	165,364	5.3	3.1
5. Brussels-Leuven-Flemish Brabant, Belgium	154,828	5.0	2.9
6. Dublin-Ulster-East, Ireland	141,589	4.5	2.7
7. Stuttgart-Mannheim-Baden-Württemberg, Germany	134,325	4.3	2.5
8. Oxford-Gatwick-South East, England	131,984	4.2	2.5
9. Stockholm, Sweden	123,951	4.0	2.3
10. Turin, Casale Monferrato-Piedmont, Italy	85,832	2.7	1.6

TABLE 10: TOP TEN EUROPEAN PARENT REGIONS OF EUROPEAN-OWNED ENTERPRISES (FOES) IN U.S. METROPOLITAN AREAS

Metropolitan Region	FOEs	Percent of Euro FOEs in US	Percent of all FOEs in US
1. London, England	8,519	15.1	8.3
2. Paris-Île-de-France, France	8,060	14.3	7.9
3. Milan-Bergamo-Lombardy, Italy	5,078	9.0	5.0
4. Düsseldorf-Cologne-Westphalia, Germany	3,680	6.5	3.6
5. Amsterdan-North Holland, Netherlands	2,919	5.2	2.9
6. Frankfurt-Kassel-Hesse, Germany	2,588	4.6	2.5
7. Brussels-Leuven-Flemish Brabant, Belgium	2,417	4.3	2.4
8. Dublin-Ulster-East, Ireland	2,061	3.7	2.0
9. Jersey-Guernsey-Channel Islands, England	1,686	3.0	1.7
10. Oxford-Gatwick-South East, England	1,685	3.0	1.7

The top ten U.S. metro areas in terms of European-sourced jobs accounted for 36% of all European-sourced jobs in the United States and 21% of all foreign-sourced jobs in the United States, as outlined in Table 11. The top ten metro areas hosting European-owned enterprises accounted for 32% of all European-owned enterprises in the United States and 18% of all foreign-owned enterprises in the United States, as outlined in Table 12. Detroit accounted for more jobs with fewer enterprises, while Miami hosted more enterprises, but providing relatively fewer jobs.

TABLE 11: TOP U.S. METRO AREAS IN TERMS OF EUROPEAN-SOURCED JOBS

Metropolitan Region	Jobs	Percent of Euro-Sourced Jobs in US	Percent of Foreign-Sourced Jobs in US
1. New York-Newark-Jersey City, NY-NJ-PA	265,119	8.5	5.0
2. Los Angeles-Long Beach-Anaheim, CA	130,824	4.2	2.5
3. Chicago-Naperville-Elgin, IL-IN-WI	123,535	3.9	2.3
4. Houston-The Woodlands-Sugar Land, TX	110,708	3.5	2.1
5. Washington-Arlington-Alexandria, DC-VA-MD-WV	91,157	2.9	1.7
6. Boston-Cambridge-Newton,MA-NH	89,426	2.9	1.7
7. Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	87,900	2.8	1.7
8. Detroit-Warren-Dearborn, MI	86,386	2.8	1.6
9. Dallas-Fort Worth-Arlington, TX	70,125	2.2	1.3
10. Atlanta-Sandy Springs-Roswell, GA	68,913	2.2	1.3

TABLE 12: U.S. METRO AREAS WITH THE MOST EUROPEAN-OWNED ENTERPRISES IN THE UNITED STATES

Metropolitan Region	Jobs	Percent of Euro FOEs in US	Percent of all FOEs in US
1. New York-Newark-Jersey City, NY-NJ-PA	4,111	7.3	4.0
2. Chicago-Naperville-Elgin, IL-IN-WI	2,076	3.7	2.0
3. Los Angeles-Long Beach-Anaheim, CA	2,003	3.5	1.9
4. Boston-Cambridge-Newton, MA-NH	1,665	2.9	1.6
5. Houston-The Woodlands-Sugar Land, TX	1,571	2.8	1.5
6. Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	1,476	2.6	1.5
7. Atlanta-Sandy Springs-Roswell, GA	1,397	2.5	1.4
8. Dallas-Fort Worth-Arlington, TX	1,384	2.5	1.4
9. Washington-Arlington-Alexandria, DC-VA-MD-WV	1,349	2.4	1.3
10. Miami-Fort Lauderdale-West Palm Beach, FL	1,232	2.2	1.2

London is the most important European regional partner for many U.S. metro regions. It is the largest source of onshored jobs from Europe and European-owned enterprises in the United States. Its companies directly provide around 40,000 jobs in the New York and Houston metro areas, and around 20,000 jobs in the Philadelphia, Los Angeles, Washington DC and Chicago metro areas.

London companies in the U.S. are particularly strong in the travel, finance and energy industries, as well as specialty instruments and architectural, engineering and related services. London-sourced financial industry jobs account for 29% of all European-sourced financial industry jobs in the United States, and London-based enterprises account for 42% of all European-owned financial industry enterprises in the United States.

Paris is the second most important European regional partner for many U.S. metro regions. It is the second largest source of onshored jobs from Europe and European-owned enterprises in the United States. Its companies directly provide around 50,000 jobs in the New York metro areas — more than from London — and around 20,000 jobs in the Houston area. It companies directly employ 15,000-20,000 workers in the Boston, Chicago and Dallas metro areas. Paris companies are particularly strong in the travel, hospitality and food service industries, as well as finance, computers, advertising and public relations.

The metro regions of Turin, Italy and Stuttgart, Germany are particularly important for transatlantic connections in the automobile industry. Turin-based Fiat acquired U.S. car company Chrysler in 2014, and Stuttgart-based Mercedes-Benz, including its subsidiary Daimler Trucks North America, have significant stakes in the U.S. economy. Auto industry jobs sourced from Turin and Stuttgart represent 29% and 23%, respectively — or over half — of all European-sourced auto industry jobs in the United States. Turin-sourced auto industry employment is particularly important for Detroit, Toledo, St. Louis, Kokomo, Indiana, Rockford, Illinois, Philadelphia and Chicago. Stuttgart-sourced auto-industry employment is particularly important for Detroit, Salisbury and Charlotte, North Carolina, Tuscaloosa, Mississippi, Portland, Oregon, New York, and Chicago.

The Brussels and Amsterdam metropolitan regions are of particular importance for transatlantic grocery store industry connections, accounting for 47% and 40%, respectively, of all European-sourced jobs in this sector in the United States.

The Stockholm and Oxford-South East metropolitan regions are extraordinarily important for transatlantic economic connections in the area of investigation and security services, due to the activities of Stockholm-based Securitas AB and Oxford-South East-based G4S, two of the biggest security companies in the world.

Endnotes

1. Available at http://transatlanticrelations.org/content/transatlantic-economy-2015. The analysis is based on a database compiled by Center for Transatlantic Relations fellows Philip Schnattinger and Benjamin Hilgenstock, and on subsequent papers by Benjamin Hilgenstock, drawing on data provided by the Brookings Institution for their research on FDI in U.S. metropolitan areas, available at http://www.brookings.edu/research/reports/2014/06/20-fdi-us-metro-areas-saha-fikri-marchio.

TABLE 13: U.S. STATE EXPORTS TO EUROPE AND CHINA, 2014* (MILLIONS OF $)

U.S. State	Europe	China	U.S. State	Europe	China
Alabama	4,557	3,127	Montana	268	106
Alaska	989	1,467	Nebraska	1,045	610
Arizona	3,891	1,019	Nevada	3,205	584
Arkansas	1,512	437	New Hampshire	1,393	299
California	34,639	16,050	New Jersey	10,789	1,425
Colorado	1,754	655	New Mexico	632	106
Connecticut	6,404	907	New York	29,141	4,291
Delaware	2,188	456	North Carolina	7,086	2,661
Florida	8,831	1,160	North Dakota	294	50
Georgia	9,279	3,082	Ohio	10,088	3,882
Hawaii	30	221	Oklahoma	964	273
Idaho	416	482	Oregon	2,263	4,265
Illinois	11,851	4,714	Pennsylvania	9,894	2,398
Indiana	9,006	1,436	Rhode Island	658	116
Iowa	2,458	946	South Carolina	9,330	4,228
Kansas	2,051	1,184	South Dakota	136	39
Kentucky	7,946	1,654	Tennessee	6,234	2,334
Louisiana	13,461	8,439	Texas	37,151	10,948
Maine	393	184	Utah	3,291	892
Maryland	3,235	732	Vermont	414	275
Massachusetts	10,476	2,291	Virginia	5,200	2,000
Michigan	6,478	3,404	Washington	14,623	20,690
Minnesota	4,640	1,801	West Virginia	2,872	549
Mississippi	1,994	644	Wisconsin	4,366	1,561
Missouri	2,453	872	Wyoming	112	19

Source: U.S. Census Bureau, Foreign Trade Division

by California and New York. The Big Three accounted for roughly 30% of total U.S. merchandise exports to Europe.

Table 9 shows that even in the face of weak European demand, 45 of the 50 U.S. states exported more to Europe than to China in 2014. Goods exports from California to Europe were double those to China; New York's goods exports to Europe were nearly 7 times larger and those Indiana were 6 times larger than to China. Texas, the leading U.S. state exporter to Europe, sent more than 3 times as many goods to Europe as to China. So did Ohio.

Only the Pacific-oriented states of Washington, Hawaii, Alaska, Idaho and Oregon send more goods to China than to Europe.

In addition, while these figures are significant, they actually underestimate Europe's importance as an export destination for U.S. states because they do not include U.S. state exports of services. This is an additional source of income and jobs, with most U.S. jobs tied to services. It is also traditionally a strength of the U.S. economy. Europe is by far the most important market in the world for U.S. services exports, and the U.S. consistently records services trade surpluses with most of Europe. Data on services is less complete than that for goods exports, and so we do not include them here. Suffice it to say that if services exports were added to goods exports, the European market becomes even more important for individual states.

By destination, key markets in Europe for U.S. states include Germany, the United Kingdom, and the Netherlands. Appendix A highlights European-related jobs, trade, and investment for each of the 50 states.

CHAPTER 5

EUROPEAN COUNTRIES:
U.S.-Related Jobs, Trade and Investment

2016 promises to be a challenging year for the European Union. Ongoing sovereign debt crises in Greece and Portugal, terrorism in the streets of Paris and other European cities, RU.S.sian aggression in Ukraine, a staggering refugee crisis, the prospects of the United Kingdom leaving the Union—all of these dynamics have emerged to challenge the unity of the European Union and test the commitment of Corporate America to one of the largest economic blocs in the world.

Summing up the difficulties of Europe, Jean-Claude Juncker, President of the European Union, may have put it best: *"There is not enough Europe in the Union. And there is not enough Union in the Union."*

That said, there is plenty of Corporate America in both Europe and the European Union: Europe remained one of the most attractive regions of the world for U.S. foreign investment again in 2015.

We estimate that U.S. FDI outflows to Europe in 2015 totaled $185 billion, a 7.7% rise from the $171.8 billion registered in 2014. Since hitting a post-crisis peak of $235 billion in 2011, U.S. FDI outflows to Europe have increased four consecutive years. On a global basis, in contrast, U.S. FDI outflows in 2015 were basically flat from a year earlier, totaling an estimated $316 billion for the year. The upshot: Europe accounted for a larger global share of U.S. FDI outflows in 2015—or nearly 60% of the total, up from 54% in 2014. The Asia-Pacific region represented jU.S.t 16.1% of the total, underscoring the bias and preference among U.S. firms for Europe versU.S. Asia. U.S. foreign direct investment in Asia declined by an estimated 6% in 2015 from a year ago, due in large part to plummeting levels of mining-related investment in AU.S.tralia.

However, while Europe remains the top destination for U.S. foreign investment, the headline figures don't tell the complete story. In a nutshell, U.S. investment in Europe—for a variety of reasons, ranging from the cost of labor to country-specific tax rates—is becoming more concentrated, with firms doing more activities in less locations across the region. For instance, in the first nine months of 2015, of total U.S. FDI outflows of $138.3 billion to Europe, five nations accounted for nearly 90% of the aggregate. The five nations in ranking order: the Netherlands, attracting $43.2 billion and 31.2% of total flows to Europe; Ireland ($27.3 billion and 19.7% of total); the United Kingdom ($25.3 billion and 18.3% of total); Luxembourg ($15.3 billion and 11%); and Switzerland ($12.4 billion and 9%). In 2014, these five nations accounted for over 100% of total U.S. FDI outflows to Europe.

U.S. investment flows to the Netherlands were up over 91% in the first nine months of 2015 from the same period a year ago, with the surge due in part to very weak numbers in Q1 2014, when the Netherlands reported a -$17 billion FDI outflows from the United States. Year-over- year comparisons, as a result, were much easier, although the Netherlands, acting as a strategic bridge to the European hinterland and a favorable tax regime, remains a perennial favorite among U.S. multinationals. The United Kingdom is another favorite destination of U.S. firms, with U.S. flows to the UK rising by nearly 20% in the first nine months of 2015. That said, the debate over (and prospects of) the nation leaving the European Union could cast a chill on U.S. flows to the nation over the short term. Total flows to Luxembourg also rose in 2015, increasing 13.3% over the January-September 2015 versus the prior year.

Ireland and Switzerland remain favored locations for multinationals in 2015, although flows to Ireland pulled back after surging in 2014, falling 34% in January-September 2015 from the corresponding period a year earlier. Over this period, Ireland attracted more U.S. FDI, save the Netherlands, than any other nation in Europe, a dynamic that reflects a number of variables including Ireland's flexible and skilled English-speaking labor force,

TABLE 1: U.S. FDI IN EUROPE: THE LONG VIEW (MILLIONS OF $, (-) INFLOWS)

	1990-1999		2000-2009		2010-3Q2014	
	$ Aggregate Total	% of Total	$ Aggregate Total	% of Total	$ Aggregate Total	% of Total
EUROPE	465,337		1,149,810		1,042,439	
Austria	2,908	0.6%	501	0.0%	8,064	0.8%
Belgium	12,028	2.6%	40,120	3.5%	7,519	0.7%
Czech Republic	42	0.0%	1,941	0.2%	2,694	0.3%
Denmark	2,798	0.6%	5,782	0.5%	11,541	1.1%
Finland	1,485	0.3%	1,598	0.1%	-85	0.0%
France	29,063	6.2%	42,963	3.7%	12,588	1.2%
Germany	31,817	6.8%	60,363	5.2%	16,532	1.6%
Greece	413	0.1%	943	0.1%	-747	-0.1%
Hungary	375	0.1%	1,376	0.1%	-737	-0.1%
Ireland	21,369	4.6%	115,085	10.0%	203,481	19.5%
Italy	13,825	3.0%	26,462	2.3%	5,459	0.5%
Luxembourg	14,246	3.1%	107,512	9.4%	185,184	17.8%
Netherlands	70,770	15.2%	295,889	25.7%	316,914	30.4%
Norway	4,198	0.9%	5,118	0.4%	11,797	1.1%
Poland	931	0.2%	4,699	0.4%	238	0.0%
Portugal	1,993	0.4%	2,212	0.2%	448	0.0%
Russia	1,555	0.1%	11,289	1.0%	-2,186	-0.2%
Spain	11,745	2.5%	28,371	2.5%	10,662	1.0%
Sweden	10,783	2.3%	2,472	0.2%	-9,474	-0.9%
Switzerland	32,485	7.0%	97,869	8.5%	64,258	6.2%
Turkey	1,741	0.4%	5,994	0.5%	3,342	0.3%
United Kingdom	175,219	37.7%	237,906	20.7%	184,480	17.7%
Other Europe	11,948	2.6%	16,471	1.4%	10,471	1.0%

Source: Bureau of Economic Analysis

membership in the European Union, low corporate tax rates, and pro-business policies. Add in Ireland's economic rebound, with the nation among the fastest growing economies in the world, and one of Europe's smallest economies emerged as one of the most attractive in the world for U.S. firms. Even when adjusting for U.S. FDI figures for flows of U.S. holding companies, Ireland still ranks as of the most attractive places in the world for U.S. businesses.

At the other end of the spectrum are Russia and numerous other European nations, where U.S. FDI inflows have declined over the past few years. U.S. investment in Russia was basically flat in 2015 following two years of decline given the imposition of sanctions on Russia following the Kremlin's annexation of the eastern Ukrainian territory of Crimea. Flows to Austria, Belgium, the Czech Republic and Finland were all down in the first nine months of 2015 from the corresponding nine months of 2014. Disinvestment flows were reported in Greece (-$89 million in the first nine months of 2015), Hungary (-$156 million), and Poland (-$81 million). Reflecting economic weakness in both Italy and Spain, U.S. FDI flows to the former plunged 48% in the first nine months of 2015, while dropping 22% in the latter. In general, weak levels of growth across southern Europe has forced U.S. firms to consolidate and rationalize their European operations, resulting in weak levels of investment or outright declines (disinvestment) in many nations.

TABLE 2: TOP 20 U.S. AFFILIATE SALES ABROAD BY DESTINATION* (MILLIONS OF $)

	1982		1990		2000		2013	
Rank	**Country**	**Value**	**Country**	**Value**	**Country**	**Value**	**Country**	**Value**
1	United Kingdom	33,500	United Kingdom	51,350	United Kingdom	94,712	Singapore	262,748
2	Switzerland	27,712	Canada	46,933	Canada	94,296	**Ireland**	**244,112**
3	Canada	25,169	Germany	41,853	Germany	69,522	Switzerland	214,125
4	Germany	19,117	Switzerland	38,937	Netherlands	67,852	United Kingdom	191,603
5	Netherlands	15,224	Netherlands	33,285	Singapore	56,961	Canada	149,524
6	Belgium	11,924	France	24,782	Switzerland	56,562	Germany	121,987
7	Singapore	11,579	Belgium	21,359	**Ireland**	**51,139**	Netherlands	118,834
8	France	11,255	Singapore	15,074	Mexico	37,407	Belgium	81,497
9	Indonesia	8,289	Hong Kong	9,951	France	35,797	Mexico	74,286
10	Hong Kong	4,474	Italy	9,562	Belgium	32,010	France	65,295
11	Italy	3,993	**Ireland**	**9,469**	Hong Kong	22,470	Hong Kong	57,438
12	Australia	3,710	Spain	7,179	Malaysia	16,013	China	51,691
13	**Ireland**	**2,842**	Japan	7,066	Sweden	15,736	Australia	40,393
14	United Arab Emirates	2,610	Australia	6,336	Italy	14,370	Brazil	37,355
15	Brazil	2,325	Mexico	5,869	Spain	12,928	Norway	29,837
16	Japan	2,248	Indonesia	5,431	Japan	11,845	Spain	27,270
17	Malaysia	2,046	Brazil	3,803	Australia	9,370	Malaysia	26,371
18	Panama	1,662	Norway	3,565	Brazil	8,987	Italy	26,341
19	Spain	1,635	Malaysia	3,559	China	7,831	Japan	24,642
20	Mexico	1,158	Nigeria	2,641	Norway	6,238	S. Korea	22,301
	All Country Total	**252,274**	**All Country Total**	**398,873**	**All Country Total**	**857,907**	**All Country Total**	**2,317,237**

Source: Bureau of Economic Analysis
**Destination = 3rd Market + Sales to U.S. for majority-owned foreign affiliates.*

In Europe's core—or France and Germany—U.S. foreign direct investment in 2015 remained mixed and lumpy. In France, for instance, U.S. investment flows were negative in Q1 (-$243 million), boomed in Q2 (+$5.2 billion) and then dropped again in Q3 (-$815 million). For all of 2015, we estimate U.S. FDI outflows totaled $4 billon, one of the strongest levels of the post-crisis era. However, U.S. investment flows to France remain well below pre-crisis levels. To this point, in the eight years stretching from 2000-07, cumulative U.S. FDI to France totaled $33 billion, with the nation accounting for 4.1% of aggregate U.S. investment in Europe. In contrast, in the subsequent eight years (2008-15 period), cumulative U.S. flows totaled just $23.9 billion, lowering France's share of U.S. investment to just 1.7% of the European total.

Germany tells a similar story. U.S. FDI flows to Germany totaled $2.7 billion in the first nine months of 2015, but like France, flows were very lumpy. In Q1, U.S. flows were just $293 million in Q1 and -$390 million in Q2, before surging $2.8 billion in Q3. For the year, we estimate U.S. FDI flows to Germany totaled $2.8 billion, up sharply from the past few years and the highest level since 2011. Yet, a pre- and post-crisis analysis reveals some distributing trends. While U.S. FDI to Germany totaled nearly $52 billion over 2000-07, with Germany accounting for 6.4% of total U.S. FDI flows to Europe, U.S. inflows totaled just $26 billion over 2008-15, dropping Germany's share of U.S. investment to 1.8%. Combined, U.S. FDI flows to Germany and France, two of Europe's largest economies, totaled $6.8 billion in 2015 by our estimates. That is well off the very depressed levels of the past few years, with combined U.S. investment in Germany and France totaling just $200 million in 2014 and $209 million in 2013. The weak numbers largely reflect negative flows to Germany in both years. In contrast, combined U.S. FDI flows to China (including Hong Kong) and India totaled roughly $12 billion in 2015, a clear signal that more and more U.S. firms are finding better and more favorable market conditions in Asia's largest economies than in Europe's largest economies. Per India, now growing at a faster pace than China, U.S. investment over the past few years has been averaging roughly $2.5 billion per year, well ahead of the majority of nations in Europe.

Table 1 highlights the long view of U.S. foreign direct investment in Europe. A few items stand out. First, five countries (Finland, Greece, Hungary, Russia and Sweden) have all experienced net outflows of U.S. investment since the start of this decade. After sinking over $11 billion into Russia in the first decade of this century, U.S. investment in Russia has dried up since 2010. As mentioned earlier, the share of U.S. FDI in both Germany and France has declined sharply thus far in this decade, with France accounting for just 1.2% of U.S. FDI flows to Europe since 2010. Germany's share is slightly higher, 1.6%, but still off the levels of previous decades. That said, some of these figures need to be used carefully, since some U.S. investment in countries neighboring Germany, for instance the Netherlands, Luxembourg or Belgium, finds its way ultimately to Germany.

Just as U.S. firms leverage different states across America, with certain activities sprinkled around the Northeast, mid-west, the south and west, so U.S. firms deploy the same strategies across Europe, leveraging the specific attributes of each nation. Economic activity across the EU is just as distinct and differentiated by country. Different growth rates, differing levels of consumption, varying degrees of wealth, labor force participation rates, financial market development, innovation capabilities, corporate tax rates—all of these factors, and more determine where and when US firms invest in Europe.

Table 2 helps make this point. The figures show U.S. affiliate sales to other destinations or the exports of affiliates per nation. Strategically-located Singapore, at the center of Southeast Asia and ideally positioned between China and India, ranks as the number one export platform in the world for U.S. multinationals and their affiliates. But note that of the top ten export platforms in the world, seven are in Europe, led by Ireland, Switzerland, the UK, Germany, the Netherlands, Belgium and France. The attraction of many of these nations is due in part to each nation's role as a strategic beachhead for U.S. multinationals hoping to penetrate the European Union in a competitive and cost-effective manner. For decades, the UK was the traditional export platform for U.S. affiliates to the European mainland., but the introduction of the euro, the Single Market and EU enlargement have enticed more US firms to invest directly in the continent itself. The extension of EU production networks and commercial infrastructure throughout a larger pan-continental Single Market has shifted the center of gravity in Europe eastward within the EU, with Brussels playing an important role in economic policies and decision-making.

Switzerland, meanwhile, remains a key export platform and pan-regional distribution hub for U.S. firms, evident by the fact that in 2013, the last year of available data, Switzerland ranked as the third largest export platform in the world for U.S. affiliates; the UK ranked 4th, Germany 6th, the Netherlands 7th, Belgium 8th and France 10th.

That said, of all the nations on the table, Ireland stands out as Corporate America's strategic beachhead to the rest of the European Union. Ireland ranked well down the list as a corporate beachhead for U.S. firms in 1982, ranking 13th in the world in terms of U.S. foreign affiliate exports. Then, U.S. affiliates exports totaled just $2.8 billion. By 1990 that figure had grown to $9.5 billion and by 2000, was in excess of $50 billion. In the first decade of this century, as the industrial and technological capacities of U.S. affiliates in Ireland surged, so did U.S. affiliate exports, soaring nearly five times between 2000 and 2013. Affiliate exports totaled $244 billion in 2013, trailing only Singapore, but ahead of many others, including Switzerland and the United Kingdom. U.S. firms have leveraged Ireland as an export base to a far greater degree than low-cost locales like Mexico, Hong Kong and China. The latter ranked 12th in 2013. U.S. affiliates export four times more from Ireland than from China and about 3.5 times larger than comparable exports from Mexico, despite strong NAFTA linkages between the United States and Mexico. On a standalone basis, U.S. affiliates exports from Ireland are greater than most countries' exports. Such is the export-intensity of U.S. affiliates in Ireland and the strategic importance of Ireland to the corporate success of U.S. firms operating in Europe and around the world.

Of the top twenty global export platforms for U.S. multinationals in the world, half, or ten, are located in Europe, a trend that reflects the intense cross-border trade and investment linkages of the European Union and the strategic way US firms leverage their European supply chains.

Why Europe Still Matters

The secular and structural case for investing Europe remains relatively positive for a number of reasons. First, while both the United States and China loom large in the hierarchy of the global economy, so does the European Union, still one the largest economies in the world. This fact is often overlooked or ignored by the common consensus, which is more attuned with what's wrong with Europe, as opposed to what's right. In nominal U.S. dollar terms, the EU (plus Norway, Switzerland, Iceland)

U.S. FDI Outflows to Europe adjusted for flows of Holding Companies

In last year's report, we highlighted for the first time the role of U.S. holding companies in determining U.S. investment flows to Europe. The figures are sourced from the Bureau of Economic Analysis (BEA). We have updated the accompanying exhibit to include data for 2014.

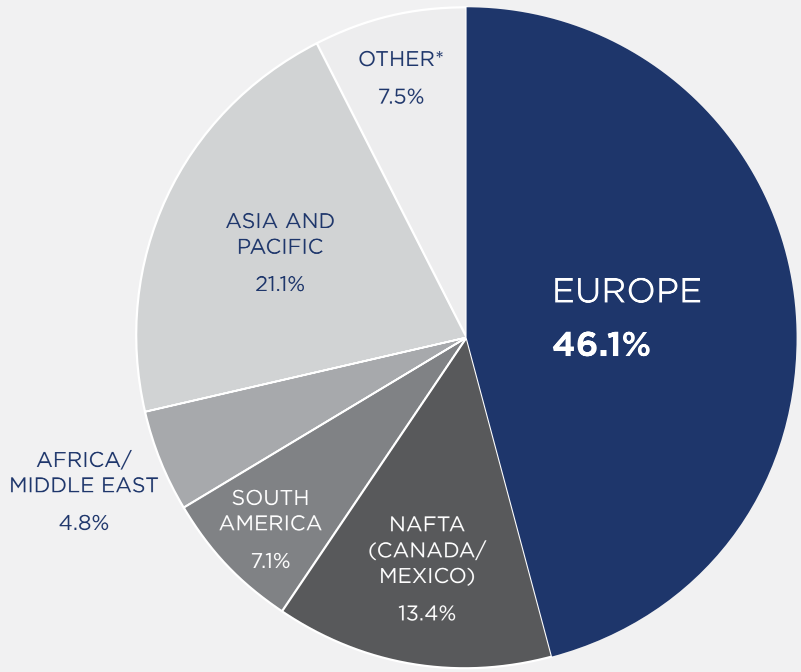
This additional lens is warranted since holding companies account for a growing share of total U.S. FDI outflows to Europe. In 2014, for instance, holding companies accounted for $151 billion, or nearly half, of global U.S. FDI of $317 billion, and 51% of total U.S. foreign direct investment to the European Union of $147.7 billion. As the BEA notes,

"The growth in holding-company affiliates reflects a variety of factors. Some holding-company affiliates are established primarily to coordinate management and administration activities—such as marketing, distribution, or financing—worldwide or in particular geographic region. In addition, the presence of holding-company affiliates in countries where the effective income tax rate faced by affiliates is relatively low suggests tax considerations may have also played a role in their growth. One consequence of the increasing use of holding companies has been a reduction in the degree to which the USDIA position (and related flow) estimates reflect the industries and countries in which the production of goods and services by foreign affiliates actually occurs."

Against this backdrop, total U.S. FDI flows to Europe over the past few years have been driven in part by holding companies. In 2009, for instance, holding companies accounted for 51% of total U.S. FDI flows to the Europe. In 2010 and 2011, the shares were 73% and 62%, respectively. Holding companies accounted for 59% of total U.S. outflows to Europe in 2012, 68% in 2013 and just over half in 2014, the last year of available data. The countries attracting the most investment of holding companies, not surprisingly, are those with some of the lowest corporate tax rates in Europe, Luxembourg, the Netherlands, the UK and Ireland.

The bottom line: when FDI related to holding companies is stripped from the numbers, U.S. FDI outflows are not as large as typically reported by the BEA. Nonetheless, Europe remains the top destination of choice among U.S. firms even after the figures are adjusted. As shown in Table 3, between 2009 and 9014, Europe still accounted for 46% of total U.S. FDI outflows when flows from holding companies are removed from the aggregate. Europe's share was more than double the share to Asia, underscoring the deep and integrated linkages between the U.S. and Europe.

TABLE 3: U.S. FDI OUTFLOWS EXCLUDING FLOWS TO NONBANK HOLDING COMPANIES 2009-2014 - (% OF TOTAL)



**Includes Central America (excluding Mexico) and Other Western Hemisphere*
Source: Bureau of Economic Analysis.
Data as of January 2015.

TABLE 4: CUMULATIVE U.S. FDI OUTFLOWS (MILLIONS OF $)

	All Countries	Europe	Europe as a % of World
1950-1959	20,363	3,997	19.6%
1960-1969	40,634	16,220	39.9%
1970-1979	122,721	57,937	47.2%
1980-1989	171,880	94,743	55.1%
1990-1999	869,489	465,336	53.5%
2000-2009	2,056,009	1,149,810	55.9%
2010Q1-2015Q3	1,850,513	1,042,439	56.3%

Source: Bureau of Economic Analysis

accounted for 25.6% of world output in 2014 according to estimates from the International Monetary Fund. That was greater than America's share (22.5%) and well in excess of China's—13.4%. Even based on purchasing power parity figures, the EU's share was slightly greater than both the United States and China in 2014.

What started out as a loosely configured market of six nations (Belgium, France, West Germany, Italy, Luxembourg and the Netherlands) in the late 1950s is now an economic behemoth of 28 member states. In other words, the sum of Europe's parts is greater than any other economic entity in the world; as such, Europe remains a key pillar of the global economy and critical component to the corporate success of U.S. firms.

As Table 4 highlights, Europe continues to attract more than half of U.S. aggregate foreign direct investment (FDI) outflows. The region's share of U.S. FDI has remained relatively constant at 56% of the total over this decade, basically unchanged from the first decade of this century but up slightly from the 1990s level. When U.S. FDI flows to Caribbean offshore financial centers are subtracted from the total, Europe's share of U.S. investment climbs to over 60% (see table 5).

Even after adjusting for FDI flows related to holding companies, Europe remains the favored destination of U.S. firms. This runs counter to the fashionable narrative that Corporate America prefers low-cost nations like Asia, Latin America and Africa to developed markets like Europe. Reality is different for a host of reasons.

First, investing in emerging markets such as China, India and Brazil remains very difficult, with indigenous barriers to growth (poor infrastructure, dearth of human capital, corruption, etc) as well as policy headwinds (foreign exchange controls, tax preferences favoring local firms,) reducing the overall attractiveness of these markets to multinationals.

Second, real growth in the emerging markets has downshifted, notably in Brazil, Russia and China. Both Russia and Brazil are in recession, and are expected to remain mired in recession over the balance of 2016. Growth prospects in China, meanwhile, have slowed considerably as the nation shifts towards more consumption and service-led growth and away from export- and investment-driven growth. India's economy is on the rebound but the nation is too poor and too closed to make much of difference to the bottom line of Corporate America. In the end, for both cyclical and structural factors, the BRICs and the emerging markets remain a tough sale, a difficult place to do business. Hence the wide divergence between U.S. FDI to the BRICs and the U.S. FDI to Europe (see tables 6 and 7).

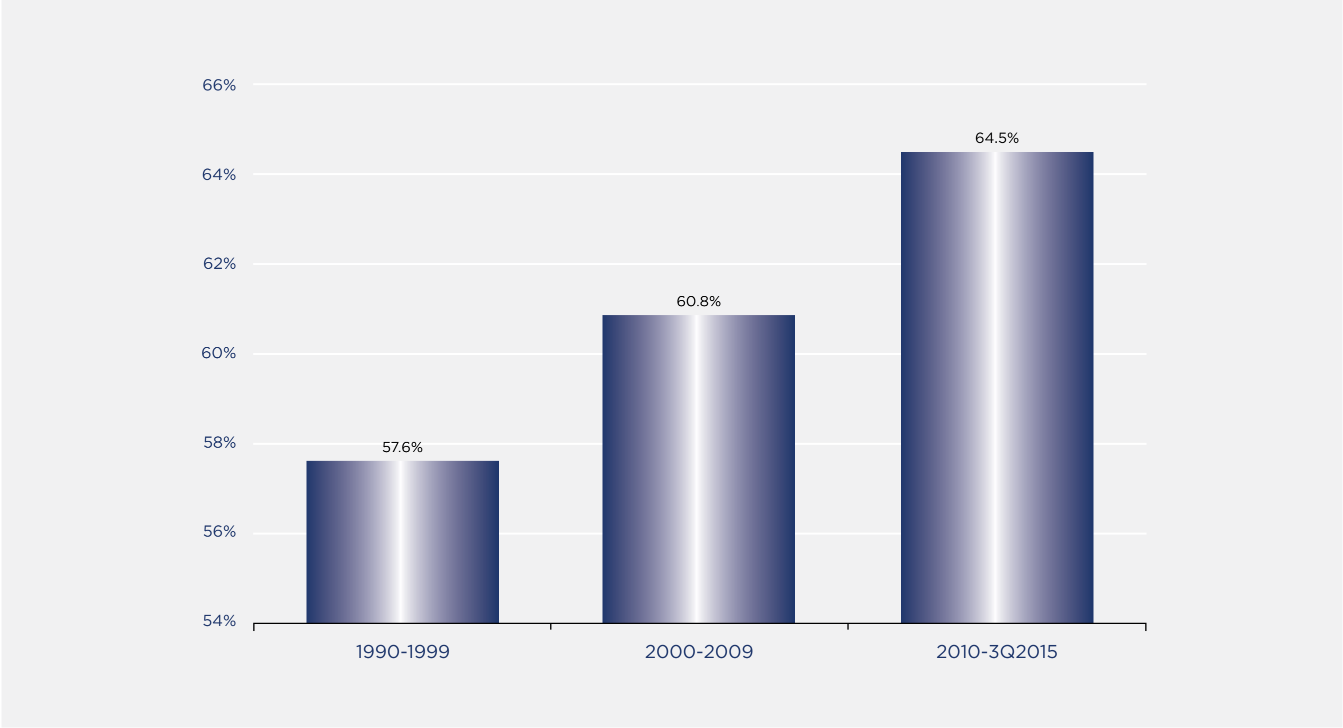
Third, economic growth in Europe is on the rebound. Real economic activity is accelerating thanks to the ECB's more accommodating monetary policies; lower oil prices; and the weaker Euro. All three variables should help produce growth of 1.5-2% in the European Union in 2016, one of the strongest levels in years. Unemployment in many nations has peaked and should trend lower over the near-term. Lower oil prices are akin to a tax cut and should help fuel personal consumption, while the weaker Euro has boosted export prospects across the region.

Fourth, in addition to being on the mend and one of the largest economic blocs in the world, Europe is also wealthy, and wealth matters. Wealth is correlated with highly skilled labor, rising per capita's, innovation, and a world class R&D infrastructure, among other things. In the aggregate, 15 of the 25 wealthiest nations in the world are European. Per capita levels in Europe are light years ahead of those in India and China, and all of Africa.

While much has been made of the rise of China, with the mainland's economy now the second largest in the world, the Middle Kingdom remains relatively poor, with China's per capita income totaling just $7,400 in 2014, according to figures from the World Bank. The Chinese figure ranks 100th in the world and is well below the per capita income levels of Sweden ($61,610), the Netherlands ($51,890), Finland ($48, 420), Germany ($47,640), and the European Union average of around $35,000. With a miserly per capita income of $1,500, India ranks 170th.

Wealth drives consumption, with the EU accounting for nearly 25% of global personal consumption expenditures in 2014, a slightly lower share than that of the United States but well above that of China (roughly 9%0 and India (less

TABLE 5: U.S. FDI FLOWS TO EUROPE - (% OF WORLD TOTAL*)



**Excluding Caribbean and Other Western Hemisphere*
Source: Bureau of Economic Analysis
Data at of December 17, 2015.

than 3%) and the BRICs combined (roughly 17%). Gaining access to wealthy consumers is among the primary reasons why US firms invest overseas, and hence the continued attractiveness of wealthy Europe to American companies.

Another attraction of Europe lies with the ease of doing business in the region. Just as the macroeconomic backdrop influences any business climate, so do micro factors. Country and industry regulations can help or hamper the foreign activities of U.S. multinationals, and greatly influence where U.S. companies invest overseas. Think property rights, the ability to obtain credit, regulations governing employment, the time it takes to start a business, contract enforcements, and rules and regulations concerning cross border trade. These and other metrics influence and dictate the ease of doing business, and on this basis many Europe countries rank as the most attractive in the world.

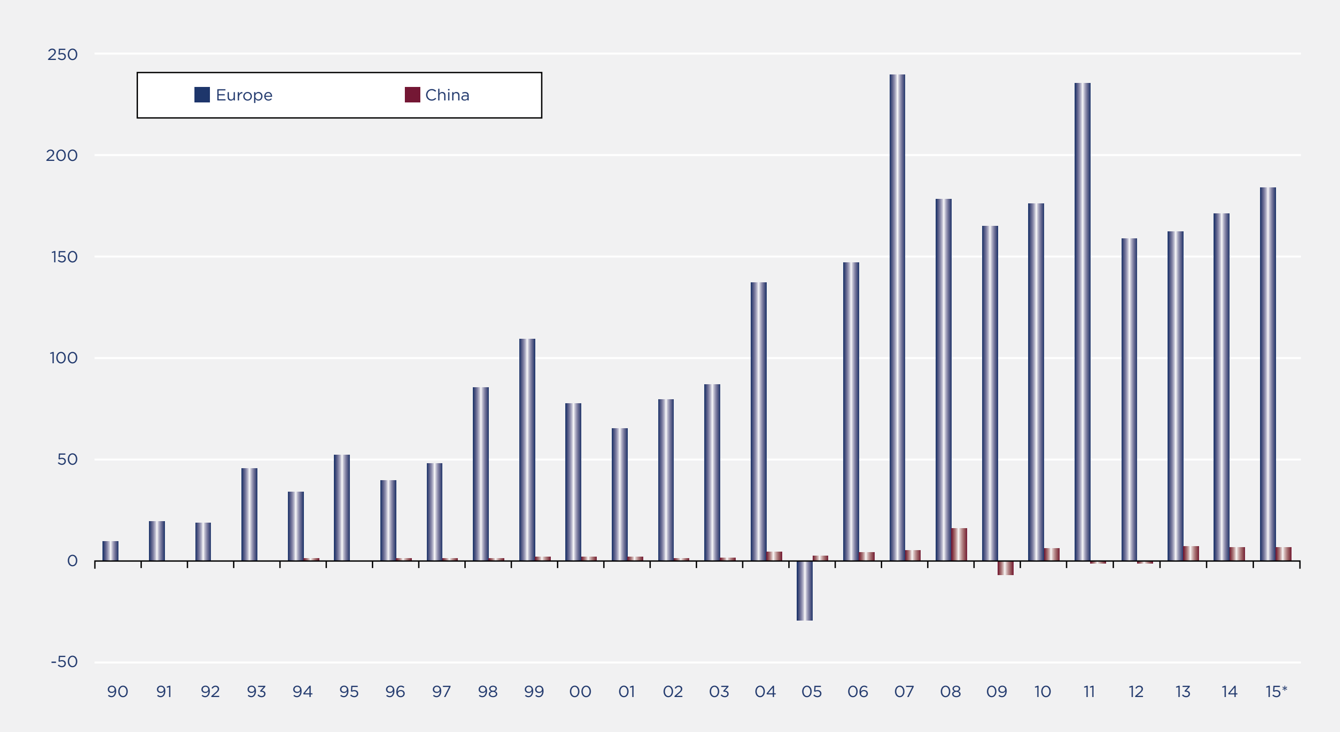
The World Bank annually ranks the regulatory environment for domestic firms in 185 nations, a ranking which serves as very good proxy for the ease of doing business for domestic and foreign companies alike. And in the 2016 Ease of Doing Business rankings, 13 European economies ranked among the top 25 most business-friendly countries. Denmark ranked 3rd overall, followed by the United Kingdom (6th), Sweden (8th), Norway (9th), Finland (10th), Germany (15th), Estonia (16th), Ireland (17th), Iceland (19th), Lithuania (20th), Austria (21st), Latvia (22nd), and Portugal (23rd). See Table 8.

Outliers include Croatia, ranked 40th, Italy, ranked 45th, Russia (51st), and Greece, ranked 60th. Reflecting the challenging business environment of many key emerging markets, China ranked 84th in terms of ease of doing business in the latest rankings, while Brazil ranked 116th India clocked in at 130th.

The nations just mentioned are regularly hyped as among the most dynamic in the world, yet strong real GDP growth does not necessarily equate to a favorable environment for business. Other factors need to be factored into the equation, like the rise of state capitalism in many developing nations, continued intellectual property right infringements, capital controls, and discriminating domestic policies against foreign firms. These factors have become favorite policy tools in many key emerging markets, further enhancing the attractiveness of Europe in the eyes of U.S. multinationals.

In the end the greater the ease of doing business in a country, the greater the attractiveness of that nation to U.S. firms. The micro climate matters just as much as the macro

TABLE 6: U.S. FOREIGN DIRECT INVESTMENT FLOWS TO CHINA VS. EUROPE - BILLIONS OF $



** Annualized based on 1-3Q 2015.*
Source: Bureau of Economic Analysis.
Data as of December 17, 2015.

performance; Europe trumps many developing nations by this standard.

In addition, despite Europe's sovereign debt crisis has obscured a critical fact about the region's global competitiveness: that notwithstanding current market problems, many European economies remain among the most competitive in the world. For instance, in the latest rankings of global competitiveness from the World Economic Forum, six European countries were ranked among the top 10, and seven more among the top twenty-five. Switzerland ranked first, Germany 4th, the Netherlands 5th, Finland 8th, Sweden 9th and the United Kingdom 10th. Meanwhile, Norway ranked 11th, Denmark ranked 12th, Belgium 19th, Luxembourg 20th, France 22rd , Austria 23rd,and Ireland 24th (See Table 8).

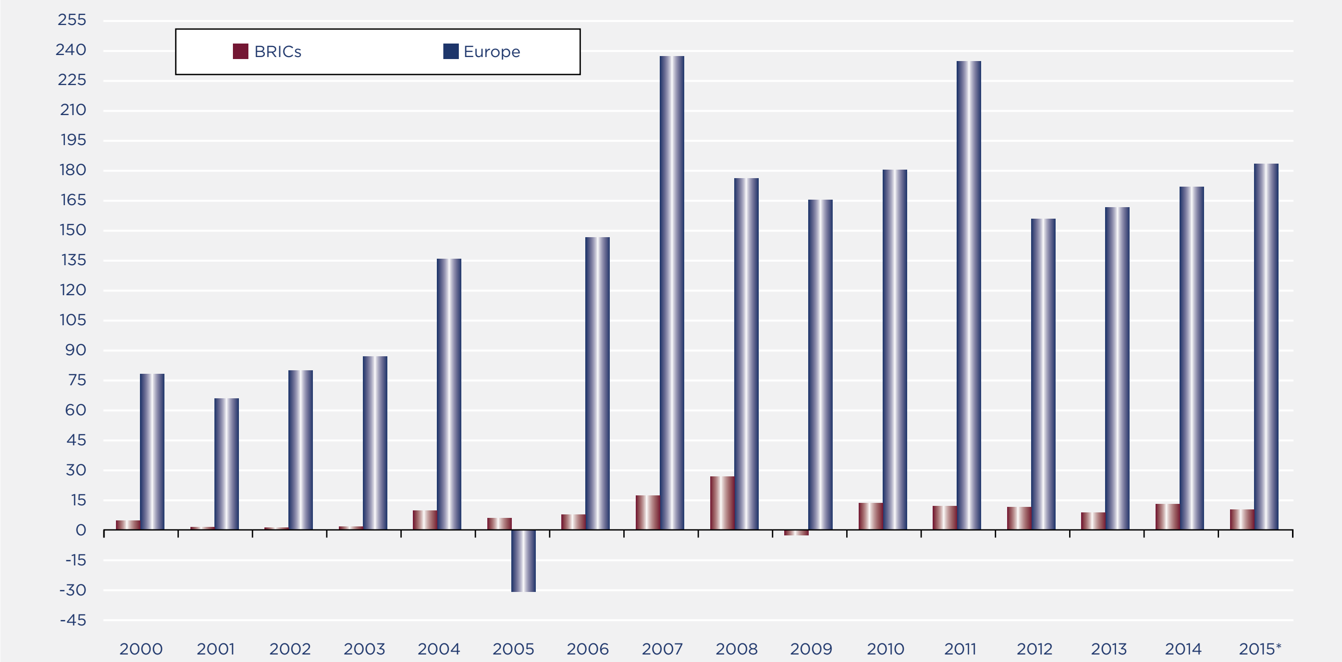
The United States, by way of comparison, ranked 3rd in the latest rankings.

At the other end of the spectrum, a handful of European nations scored poorly, underscoring the fact that Europe's competitiveness is hardly homogenous. A handful of nations did not even score in the top fifty—Romania ranked 53rd, Bulgaria 54th, Slovenia, 59th, Hungary 63th, Croatia 77th, while Greece ranked 81th in the latest survey, the worst performer among EU members.

The spread between Number One Switzerland and floundering Greece underscores the divergent competitiveness of the EU and highlights the fact that various nations exhibit various competitive strengths and weaknesses. For instance, Greece received low marks for its public institutions and inefficient labor markets, which stands in contrast to Ireland's well functioning labor force or Norway's highly ranked public institutions.

Belgium was cited for outstanding health indicators and primary education; France was highlighted for its transport links and energy infrastructure, as well as strengths in quality of education, sophistication of business culture, highly developed financial markets, and leadership in innovation. Estonia, Poland and the Czech Republic were cited for their top notched education system and flexible labor market; Spain's ranking was hurt by macroeconomic imbalances but scored relatively well in terms of ICT usage. Italy's labor force remains quite rigid but the nation scored well in terms of producing goods high up in the value chain. Finally, Germany ranked highly across many variables: quality of infrastructure, efficient goods market, R&D

TABLE 7: U.S. FOREIGN DIRECT INVESTMENT OUTFLOWS TO THE BRICs VS. EUROPE[1] - (BILLIONS OF $)



** Annualized based on 1-3Q 2015*
Source: Bureau of Economic Analysis
[1] Europe does not include flows to Russia
Data as of December 17, 2015.

spending, exports and largest domestic market, among other things.

All of the above is another way of saying that there is a great deal more to Europe than the daily diet of negative headlines. The various nations of Europe offer specific micro capabilities/competencies that are lacking on a relative basis in the U.S. and critical to the global success of U.S. firms.

Finally, Europe is no slouch when it comes to innovation and knowledge-based activities. Based on the Innovation Union Scoreboard for 2014, Denmark, Finland, Germany and Sweden rank as innovation leaders in Europe.

According to the 2014 data, the performance of Sweden ranked Number One in the survey, followed by Denmark, Germany, and Finland. These are the most innovative states in the EU, performing well above that of the EU 28 average. Hence this group was dubbed “innovation leaders”.

So-called “Innovation Followers” include Austria, Belgium, Cyprus, Estonia, France, Ireland, Luxembourg, Netherlands, Slovenia and the UK. The performance of Croatia, Czech Republic, Greece, Hungary, Italy, Lithuania, Malta, Poland, Portugal, Slovakia, and Spain was below that of the EU average; these nations are considered moderate innovators. The laggards, or modest innovators, include Bulgaria, Latvia, and Romania.

While significant discrepancies exist among nations in the EU as to knowledge-based capabilities, the innovation performance of the EU remains ahead of Australia, Canada and all BRIC nations. In addition, based on the latest figures, the EU is closing its performance gap with Japan and the United States.

In that R&D expenditures are a key driver of value-added growth, it is interesting to note that Europe-based companies accounted for roughly 22-23% of total global R&D in 2013 and 2014. That lagged the share of the United States (34% in 2013) but was well ahead of the global share of R&D spending in Japan (10.5%), China (16.5%), and India (2.87). In 2013, Sweden, Switzerland, Finland, and Denmark spent more on R&D as a percentage of GDP than the United States.

Led by European industry leaders like Roche, Novartis, Daimler, Sanofi, and GlaxoSmithKline, Europe remains a leader in a number of cutting edge industries including

TABLE 8: EASE OF DOING BUSINESS 2016

Rank	Country	Rank	Country
1	Singapore	**16**	**Estonia**
2	New Zealand	**17**	**Ireland**
3	**Denmark**	18	Malaysia
4	Korea	**19**	**Iceland**
5	Hong Kong	**20**	**Lithuania**
6	**United Kingdom**	**21**	**Austria**
7	**United States**	**22**	**Latvia**
8	**Sweden**	**23**	**Portugal**
9	**Norway**	24	Georgia
10	**Finland**	**25**	**Poland**
11	Taiwan	**26**	**Switzerland**
12	Macedonia	**27**	**France**
13	Australia	**28**	**Netherlands**
14	Canada	**29**	**Slovak Republic**
15	**Germany**	**30**	**Slovenia**

Source: World Bank, Ease of Doing Business Report 2016.

TABLE 9: 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

life sciences, agriculture and food production, automotives, aerospace, nanotechnology, energy, and information and communications. Innovation requires talent and on this basis, Europe is holding its own relative to other parts of the world. To this point, Europe leads the world in producing science and engineering graduates, with the EU, according to the latest data from the National Science Board, accounting for 15% of global engineering graduates in 2014, the latest available data. America's share was just 3.3% of the global total. According to National Science Board, of the world's global research pool, the EU housed 1.6 million researchers in 2013 versus 1.3 million in the United States. EU accounted for 26% of the global total.

In specific industries, the EU remains notably strong in such high-technology manufacturing industries as pharmaceuticals and scientific instruments and aerospace. Against this backdrop, the EU is the largest exporter of commercial knowledge-intensive services (excluding intra-EU exports). Supporting Europe's top position in Finally, in terms of future workers, the U.S. high school graduation rate lags behind most European nations, including states like Germany, Ireland, Finland, Greece, Norway, the UK, Switzerland, Iceland, Czech Republic, Italy, Denmark, Poland, Slovakia and Hungary. The U.S. graduate rate was 81% in 2012-13 versus an OECD average of 83%.

While U.S. universities remain a top destination for foreign students, the UK, Germany and France are also notable attractions. In the end, Europe remains among the most competitive regions in the world in terms of science and technology capabilities. According to the U.S. National Science Board, "EU research performance is strong and marked by pronounced EU-supported, intra-EU collaboration."[1]

Adding It All Up

Europe, long the weak link of the global economy, is in recovery mode and remains a formidable economic entity. While the global brand of Europe has been battered over the past few years, the region remains quite large, wealthy, richly endowed, open for business, and technologically out in front in many key global industries.

Due to all of the above, Europe will remain a critical and indispensible geographic node in the global operations of U.S. companies. U.S. multinationals increasingly view the world through a tri-polar lens—a world encompassing the Americas, Europe and Asia, along with attendant offshoots. In this tri-polar world, U.S. companies are not about to give up on or decamp from one of the largest segments of the global economy.

Endnotes

1. See the National Science Board's "Science and Engineering Indicators, 2012," page 0-3.

APPENDIX A

EUROPEAN COMMERCE AND THE 50 U.S. STATES:

A State-by-State Comparison

Alabama & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment
European investment in Alabama supported 47,200 jobs in 2013, 5,100 (12.1%) more than in 2006.

Sources of Employment within Alabama, 2013

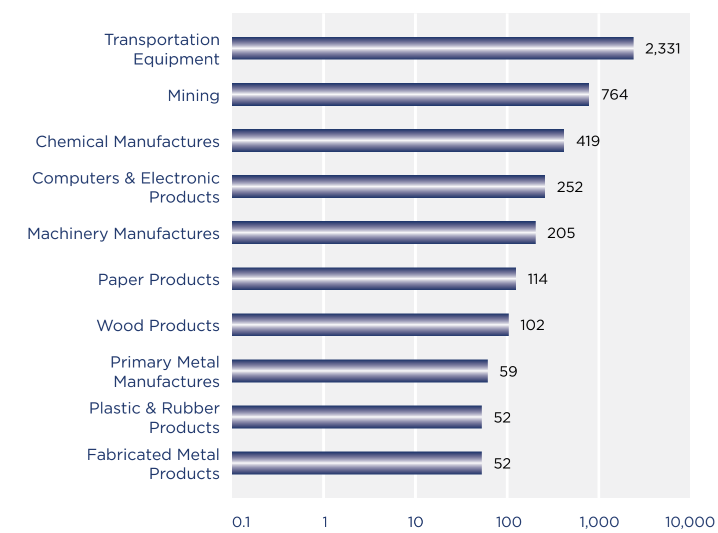
Country	Employment
Japan	16,600
Germany	11,400
United Kingdom	9,500
France	6,900
Canada	6,600

Trade
In 2014, Europe purchased $4.6 billion worth of goods from Alabama. 50% of total exports represented transportation equipment, reflecting the state's linkages with European auto manufacturers.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Germany	2,162
United Kingdom	600
France	457
Belgium	234
Turkey	201

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Alaska & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment
European investment in Alaska supported 7,400 jobs in 2013, 2,400 (48.0%) more than in 2006.

Sources of Employment within Alaska, 2013

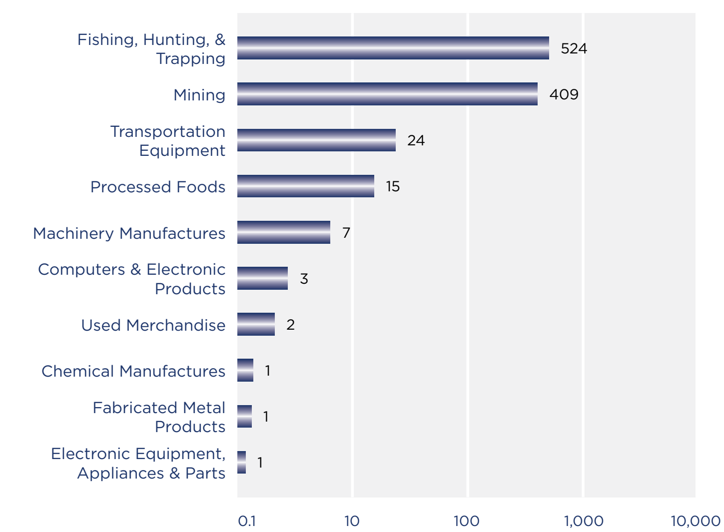
Country	Employment
United Kingdom	5,300
Canada	4,500
Japan	1,400
France	500
Germany	400

Trade
In 2014, Europe purchased $988.7 million worth of goods from Alaska. The bulk of exports consists of primary commodities.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Germany	323
Spain	182
Netherlands	104
Italy	69
Finland	65

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Arizona & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Arizona supported 49,600 jobs in 2013, 2,400 (5.1%) more than in 2006.

Sources of Employment within Arizona, 2013

Country	Employment
Canada	14,300
United Kingdom	12,200
Germany	8,200
France	8,100
Japan	7,900

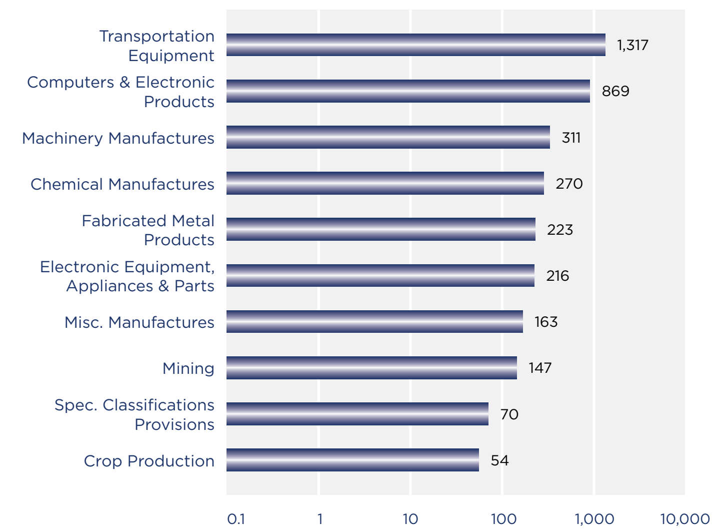
Trade

In 2014, Europe purchased $3.9 billion worth of goods from Arizona. 40% of the state's exports consists of transportation equipment.

Top European Export Markets, 2014

Country	Exports ($ Millions)
United Kingdom	1,101
Germany	753
France	462
Netherlands	330
Switzerland	224

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Arkansas & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Arkansas supported 29,400 jobs in 2013, 5,700 (24.1%) more than in 2006.

Sources of Employment within Arkansas, 2013

Country	Employment
France	5,800
Japan	5,100
United Kingdom	5,000
Switzerland	4,500
Netherlands	2,800

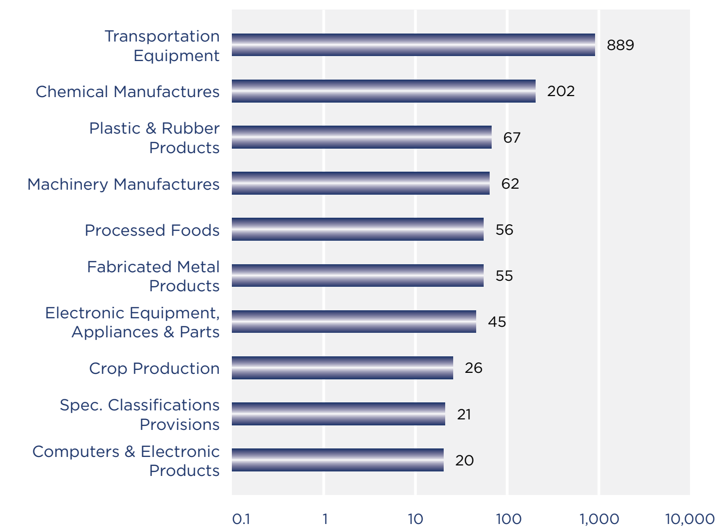
Trade

In 2014, Europe purchased $1.5 billion worth of goods from Arkansas. Transportation equipment was the top export to Europe.

Top European Export Markets, 2014

Country	Exports ($ Millions)
France	439
Germany	171
United Kingdom	171
Belgium	162
Austria	96

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

California & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in California supported 378,800 jobs in 2013, 33,300 (9.6%) more than in 2006.

Sources of Employment within California, 2013

Country	Employment
Japan	121,600
United Kingdom	91,700
Switzerland	66,500
France	65,900
Germany	64,700

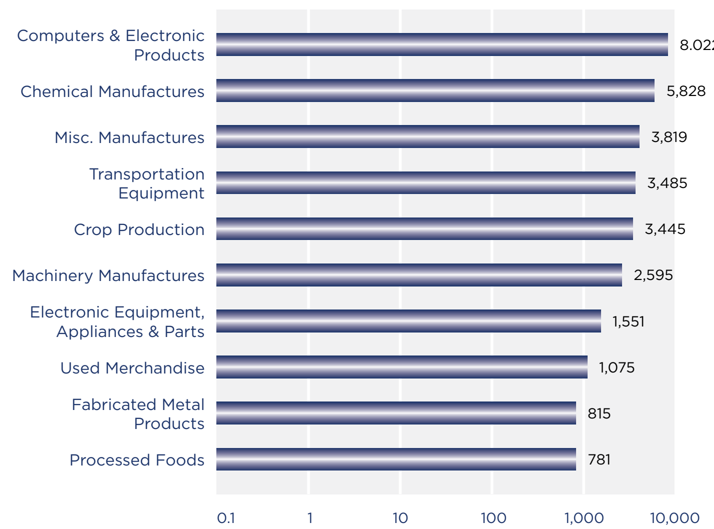
Trade

In 2014, Europe purchased $34.6 billion worth of goods from California. 24% of Californian exports to Europe consists of high-tech goods.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Germany	5,429
Netherlands	5,353
United Kingdom	4,985
Belgium	3,475
France	2,726

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Colorado & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Colorado supported 52,600 jobs in 2013, 5,500 (11.7%) more than in 2006.

Sources of Employment within Colorado, 2013

Country	Employment
United Kingdom	13,300
Canada	9,800
France	7,600
Japan	7,300
Germany	6,300

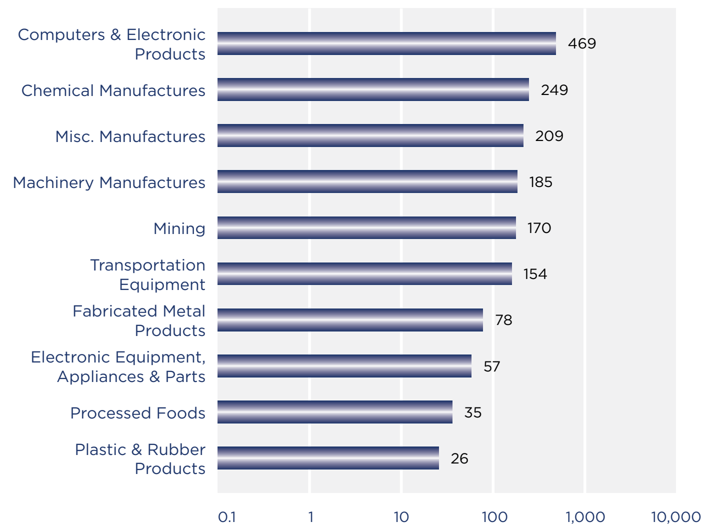
Trade

In 2014, Europe purchased $1.8 billion worth of goods from Colorado. Nearly 30% of the state's exports consists of high-tech goods like computers & electronic products.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Netherlands	341
Germany	254
Switzerland	234
United Kingdom	222
Belgium	208

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Connecticut & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Connecticut supported 81,600 jobs in 2013, 4,300 (5.6%) more than in 2006.

Sources of Employment within Connecticut, 2013

Country	Employment
Netherlands	20,500
United Kingdom	19,200
Germany	12,100
Japan	7,700
France	7,400

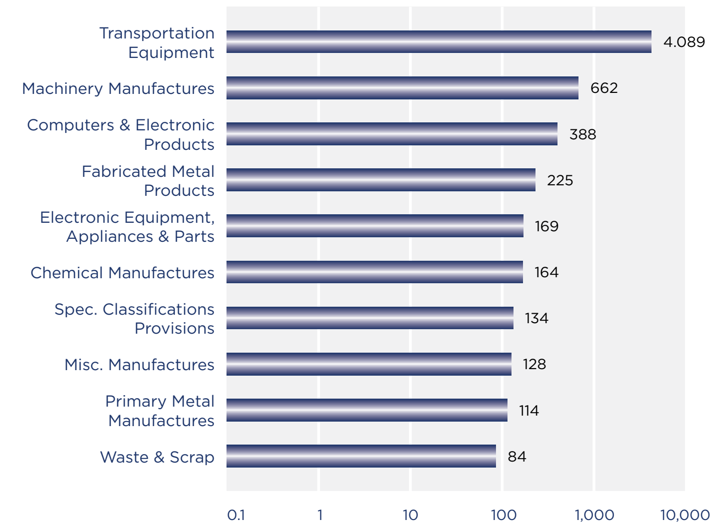
Trade

In 2014, Europe purchased $6.4 billion worth of goods from Connecticut. Exports are heavily skewed towards transportation equipment.

Top European Export Markets, 2014

Country	Exports ($ Millions)
France	2,211
Germany	1,712
United Kingdom	719
Netherlands	489
Belgium	235

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Delaware & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Delaware supported 20,400 jobs in 2013, 1,700 (9.1%) more than in 2006.

Sources of Employment within Delaware, 2013

Country	Employment
United Kingdom	8,500
Germany	2,900
Switzerland	1,900
Canada	1,700
France	1,700

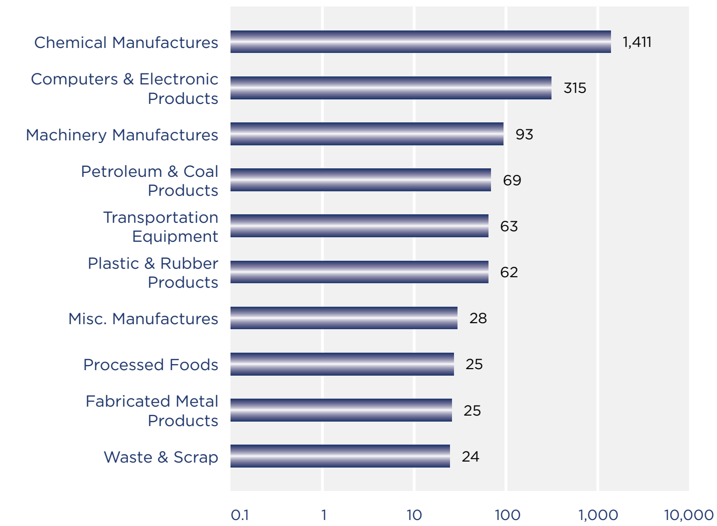
Trade

In 2014, Europe purchased $2.2 billion worth of goods from Delaware. Chemicals are Delaware's primary export to Europe.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Belgium	869
United Kingdom	488
Germany	390
Netherlands	184
Turkey	47

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Florida & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Florida supported 171,200 jobs in 2013, 10,900 (6.8%) more than in 2006.

Sources of Employment within Florida, 2013

Country	Employment
United Kingdom	49,500
Canada	31,300
Japan	25,900
Germany	25,300
France	25,100

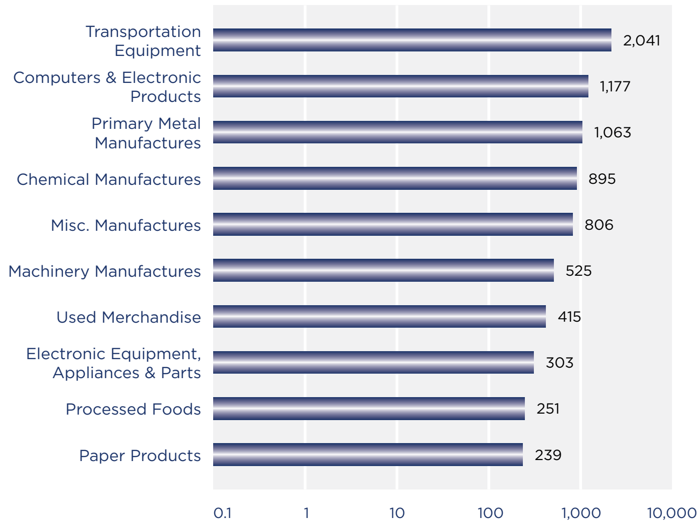
Trade

In 2014, Europe purchased $8.8 billion worth of goods from Florida. Transportation equipment accounts for about 25% of total exports to Europe.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Germany	1,620
United Kingdom	1,468
Switzerland	1,088
Netherlands	997
France	662

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Georgia & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Georgia supported 129,700 jobs in 2013, 17,500 (15.6%) more than in 2006.

Sources of Employment within Georgia, 2013

Country	Employment
Japan	29,000
United Kingdom	26,000
Germany	23,300
Netherlands	21,500
Canada	19,200

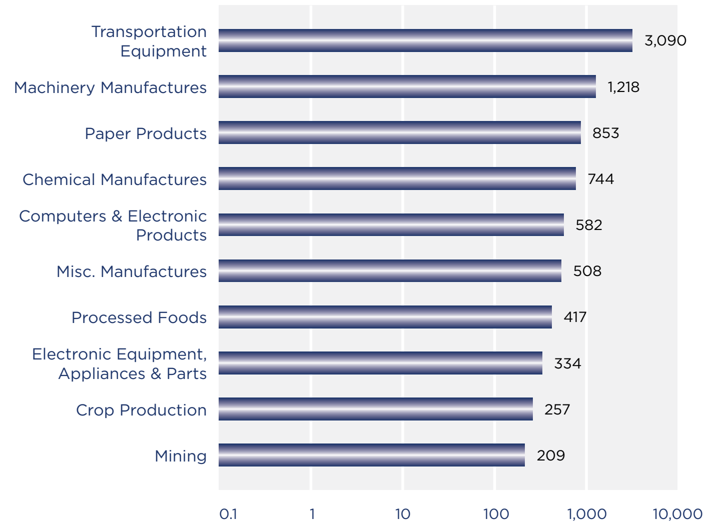
Trade

In 2014, Europe purchased $9.3 billion worth of goods from Georgia. Exports are broadly diversified among such exports as transportation equipment, machinery and paper products.

Top European Export Markets, 2014

Country	Exports ($ Millions)
United Kingdom	1,640
Germany	1,333
Netherlands	849
Belgium	784
Turkey	635

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Hawaii & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Hawaii supported 14,400 jobs in 2013, 5,900 (69.4%) more than in 2006.

Sources of Employment within Hawaii, 2013

Country	Employment
Japan	15,800
France	6,100
United Kingdom	2,300
Switzerland	1,100
Germany	900

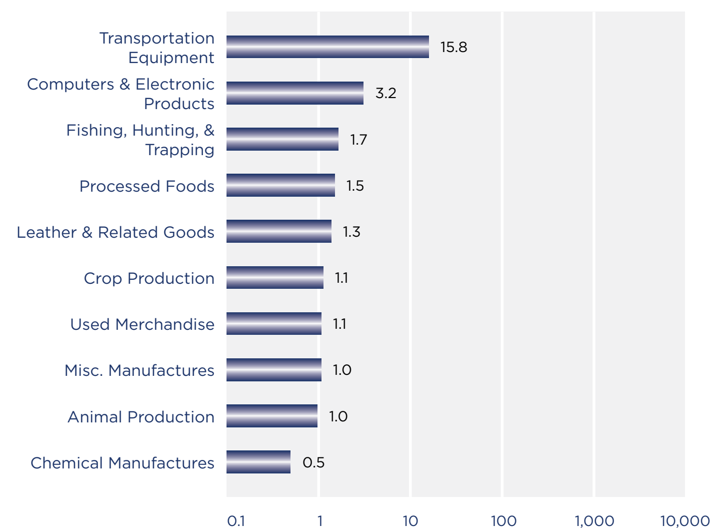
Trade

In 2014, Europe purchased $30 million worth of goods from Hawaii. Transportation equipment accounts for 52% of total exports.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Germany	16
United Kingdom	3
France	3
Netherlands	3
Italy	1

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Idaho & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Idaho supported 11,400 jobs in 2013, 700 (6.5%) more than in 2006.

Sources of Employment within Idaho, 2013

Country	Employment
Canada	2,700
France	2,400
United Kingdom	2,400
Germany	1,800
Japan	1,100

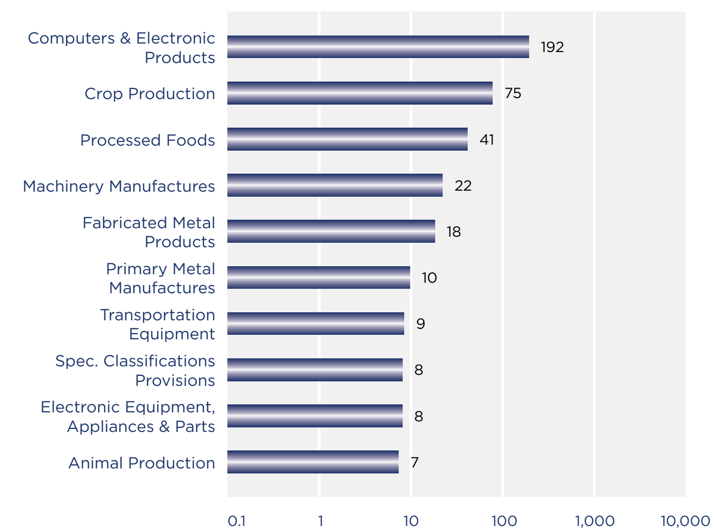
Trade

In 2014, Europe purchased $416 million worth of goods from Idaho. Exports are mostly concentrated in computers & electronic products.

Top European Export Markets, 2014

Country	Exports ($ Millions)
United Kingdom	125
Netherlands	72
France	72
Germany	27
Spain	21

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Illinois & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Illinois supported 192,500 jobs in 2013, 21,200 (12.4%) more than in 2006.

Sources of Employment within Illinois, 2013

Country	Employment
United Kingdom	58,000
Japan	40,100
Germany	36,900
Canada	25,500
France	25,500

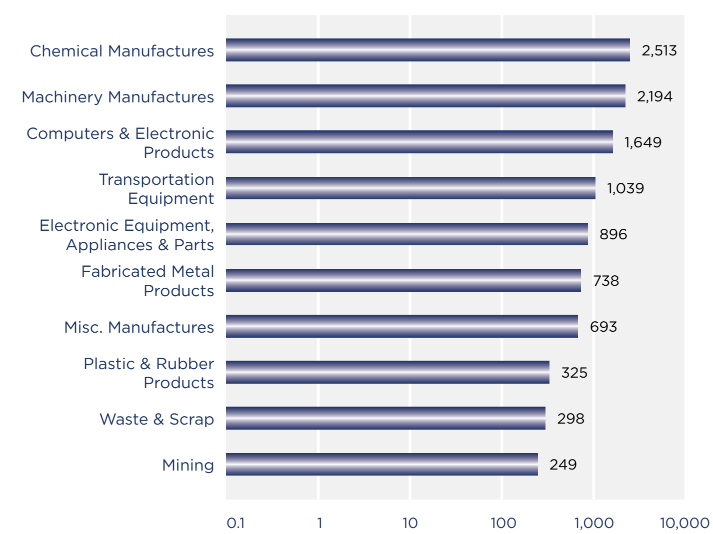
Trade

In 2014, Europe purchased $11.9 billion worth of goods from Illinois. Machinery and chemicals are key exports, followed by computers and electronic products and transportation equipment.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Germany	2,855
Belgium	1,634
United Kingdom	1,610
Netherlands	1,527
France	926

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Indiana & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Indiana supported 94,100 jobs in 2013, 3,800 (-3.9%) less than in 2006.

Sources of Employment within Indiana, 2013

Country	Employment
Japan	43,900
United Kingdom	33,200
Germany	14,600
France	14,500
Canada	12,100

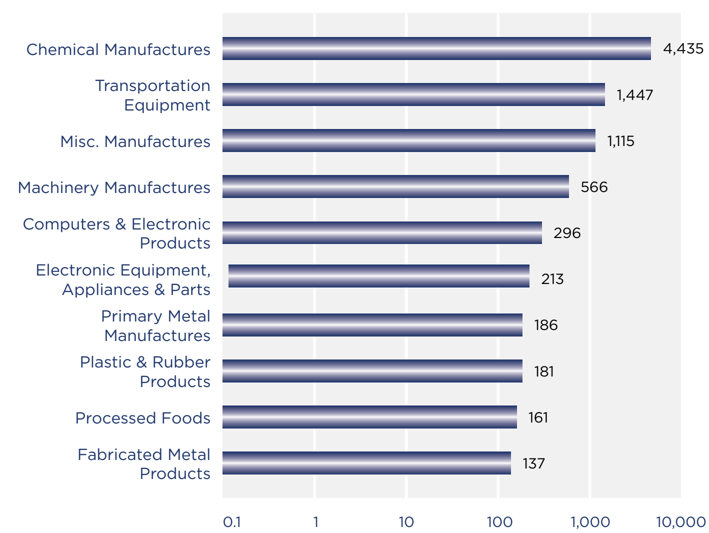
Trade

In 2014, Europe purchased $9 billion worth of goods from Indiana. Exports are heavily skewed toward chemicals.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Germany	1,624
France	1,354
United Kingdom	1,197
Belgium	867
Netherlands	844

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Iowa & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Iowa supported 33,300 jobs in 2013, 2,500 (8.1%) more than in 2006.

Sources of Employment within Iowa, 2013

Country	Employment
United Kingdom	7,300
Netherlands	6,800
Japan	5,400
Germany	4,800
Canada	4,600

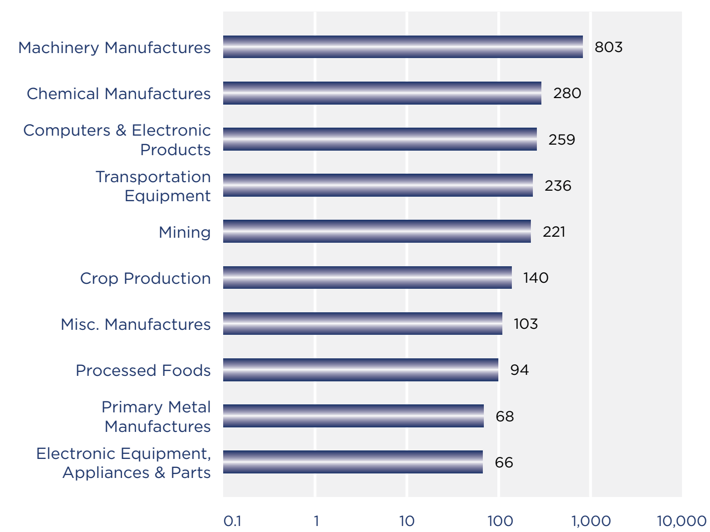
Trade

In 2014, Europe purchased $2.5 billion worth of goods from Iowa. Machinery manufactures account for 33% of total exports.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Germany	494
United Kingdom	384
France	323
Netherlands	265
Spain	119

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Kansas & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Kansas supported 33,900 jobs in 2013, 5,200 (18.1%) more than in 2006.

Sources of Employment within Kansas, 2013

Country	Employment
Canada	18,400
Japan	10,700
United Kingdom	6,500
Switzerland	6,300
Germany	6,000

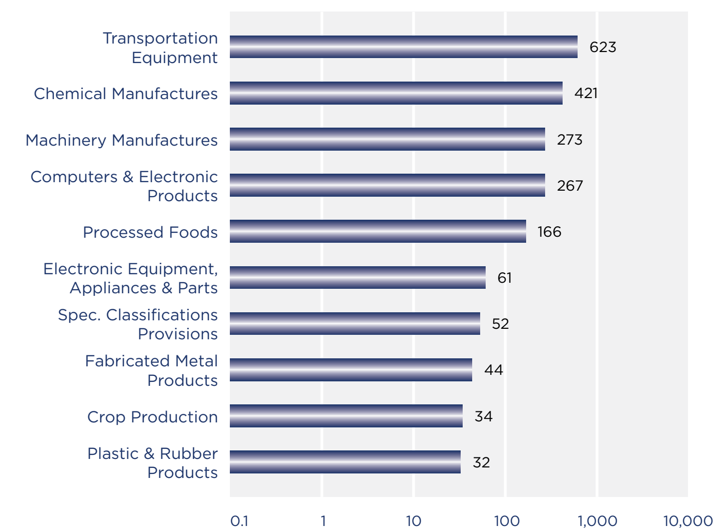
Trade

In 2014, Europe purchased $2.1 billion worth of goods from Kansas. Half of the state's exports consists of transportation equipment and chemicals.

Top European Export Markets, 2014

Country	Exports ($ Millions)
United Kingdom	523
Germany	335
France	245
Netherlands	159
Italy	131

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Kentucky & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Kentucky supported 43,700 jobs in 2013, 4,000 (-8.4%) less than in 2006..

Sources of Employment within Kentucky, 2013

Country	Employment
Japan	36,200
Germany	9,100
United Kingdom	9,100
Canada	9,000
France	6,800

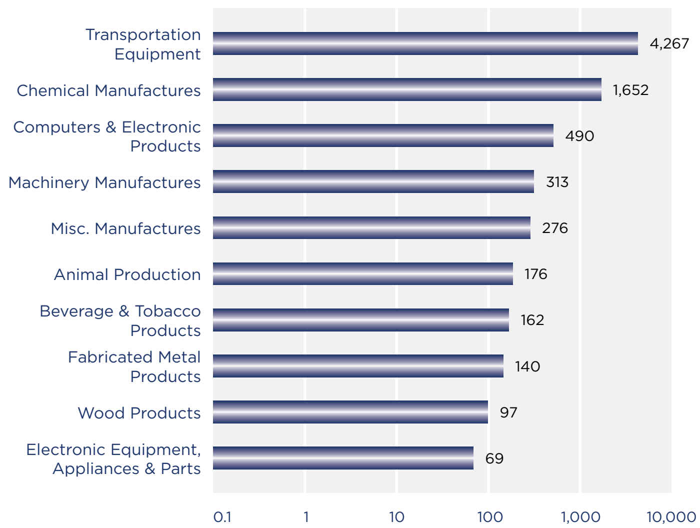
Trade

In 2014, Europe purchased $7.9 billion worth of goods from Kentucky. Reflecting the large presence of automobile manufacturers in the state, Kentucky's top export to Europe is transportation equipment.

Top European Export Markets, 2014

Country	Exports ($ Millions)
United Kingdom	2,337
France	1,973
Germany	935
Netherlands	855
Belgium	599

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Louisiana & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Louisiana supported 48,100 jobs in 2013, 16,500 (52.2%) more than in 2006.

Sources of Employment within Louisiana, 2013

Country	Employment
United Kingdom	17,600
Netherlands	9,400
France	7,000
Canada	6,700
Germany	5,500

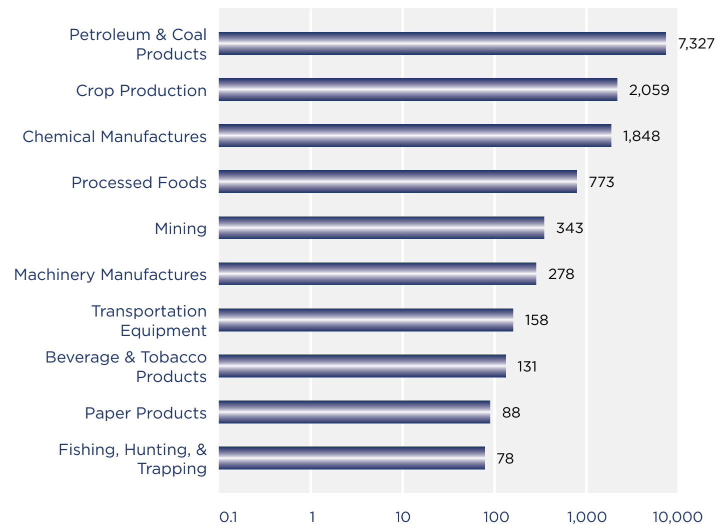
Trade

In 2014, Europe purchased $13.5 billion worth of goods from Louisiana. The state's exports consist of a mix of petroleum & coal products, agricultural products and chemicals.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Netherlands	3,067
France	2,553
Belgium	1,296
United Kingdom	1,250
Germany	945

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Maine & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment
European investment in Maine supported 20,600 jobs in 2013, 1,600 (8.4%) more than in 2006.

Sources of Employment within Maine, 2013

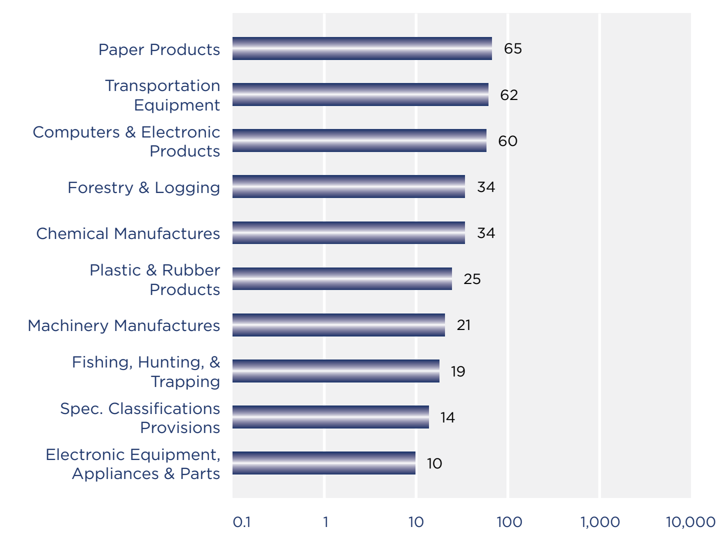
Country	Employment
Canada	7,800
Switzerland	2,300
Japan	1,900
United Kingdom	1,900
Germany	1,800

Trade
In 2014, Europe purchased $393 million worth of goods from Maine. Paper products and computer and electronic products are the state's top exports to Europe.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Netherlands	64
United Kingdom	59
Germany	55
Italy	52
Belgium	41

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Maryland & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment
European investment in Maryland supported 80,900 jobs in 2013, 5,700 (-6.6%) less than in 2006.

Sources of Employment within Maryland, 2013

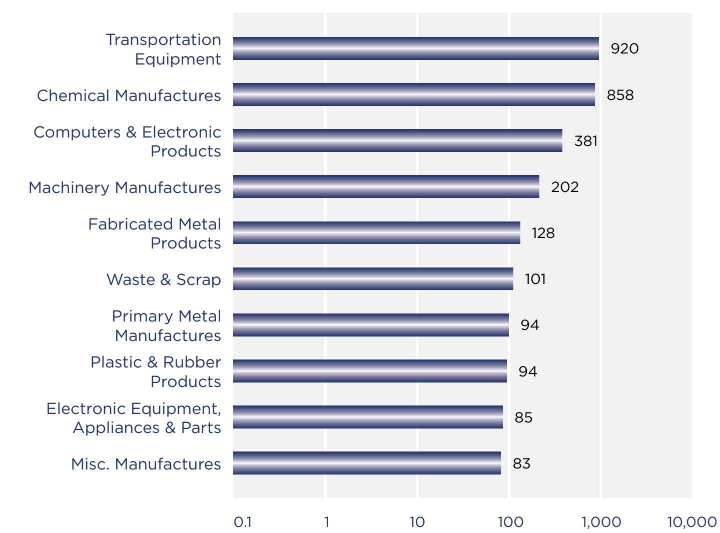
Country	Employment
Netherlands	21,100
United Kingdom	18,700
France	9,700
Canada	8,500
Germany	7,700

Trade
In 2014, Europe purchased $3.2 billion worth of goods from Maryland. Top exports are transportation equipment, chemicals and computers & electronic products.

Top European Export Markets, 2014

Country	Exports ($ Millions)
United Kingdom	486
Belgium	450
Netherlands	424
Germany	337
France	231

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Massachusetts & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Massachusetts supported 153,500 jobs in 2013, 34,200 (28.7%) more than in 2006.

Sources of Employment within Massachusetts, 2013

Country	Employment
United Kingdom	39,900
Netherlands	33,600
France	23,500
Canada	17,700
Germany	17,400

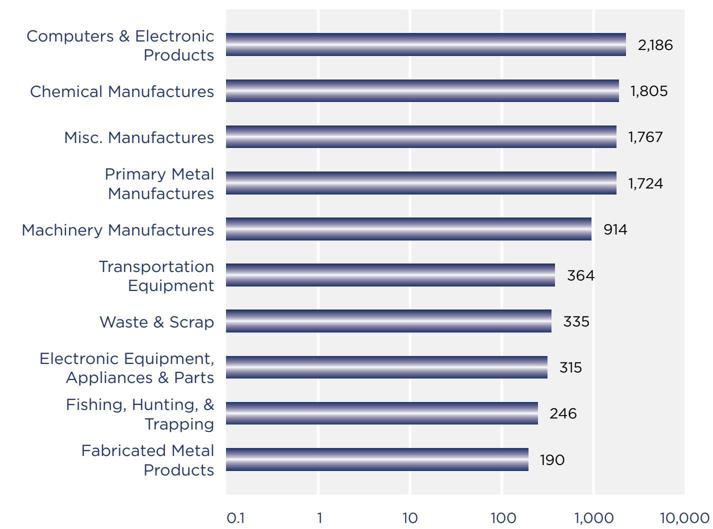
Trade

In 2014, Europe purchased $10.5 billion worth of goods from Massachusetts. Computers & electronic products and chemicals account for 21% and 17% of exports respectively.

Top European Export Markets, 2014

Country	Exports ($ Millions)
United Kingdom	2,349
Germany	1,850
Netherlands	1,329
Switzerland	804
Ireland	794

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Michigan & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Michigan supported 137,800 jobs in 2013, 3,100 (-2.2%) less than in 2006.

Sources of Employment within Michigan, 2013

Country	Employment
Germany	31,300
Japan	28,200
Canada	24,500
United Kingdom	21,800
France	16,600

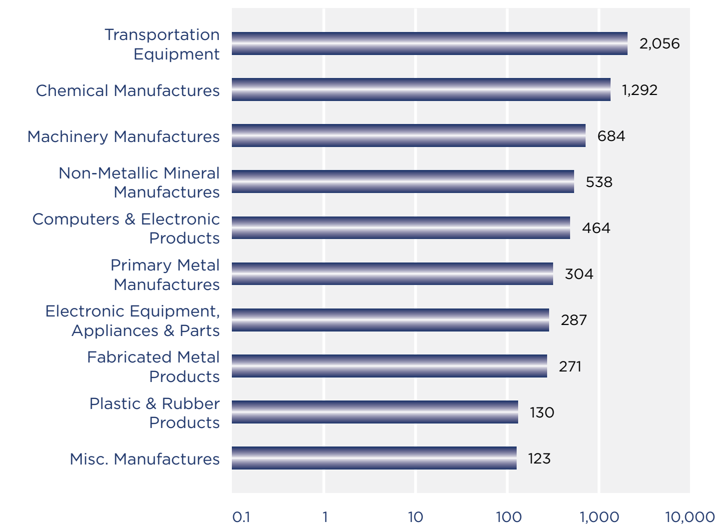
Trade

In 2014, Europe purchased $6.5 billion worth of goods from Michigan. Not surprisingly, transportation equipment makes up 32% of Michigan's exports to Europe.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Germany	1,865
United Kingdom	747
Italy	689
Belgium	664
France	448

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Minnesota & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Minnesota supported 64,600 jobs in 2013, 13,900 (27.4%) more than in 2006.

Sources of Employment within Minnesota, 2013

Country	Employment
Canada	22,500
United Kingdom	17,400
Germany	14,400
France	7,400
Japan	6,400

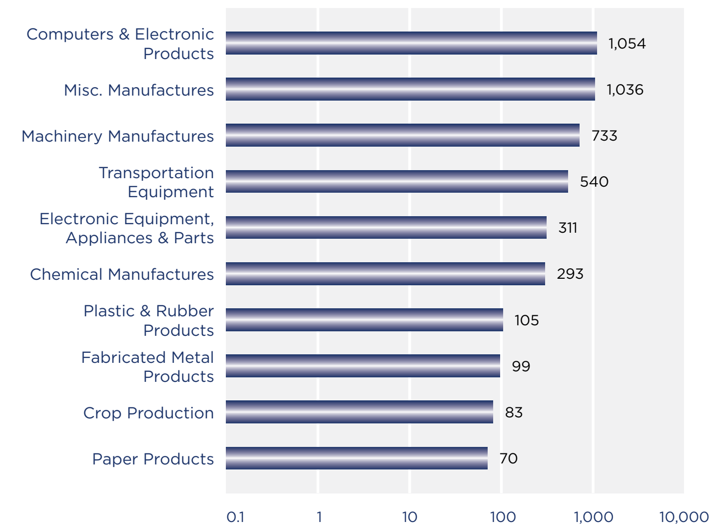
Trade

In 2014, Europe purchased $4.6 billion worth of goods from Minnesota. Computers & electronic products account for 24% of Minnesota's exports to Europe.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Belgium	893
Germany	746
United Kingdom	529
Ireland	411
France	354

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Mississippi & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Mississippi supported 19,200 jobs in 2013, 6,700 (53.6%) more than in 2006.

Sources of Employment within Mississippi, 2013

Country	Employment
Japan	8,000
France	3,900
Germany	3,700
United Kingdom	3,600
Canada	2,100

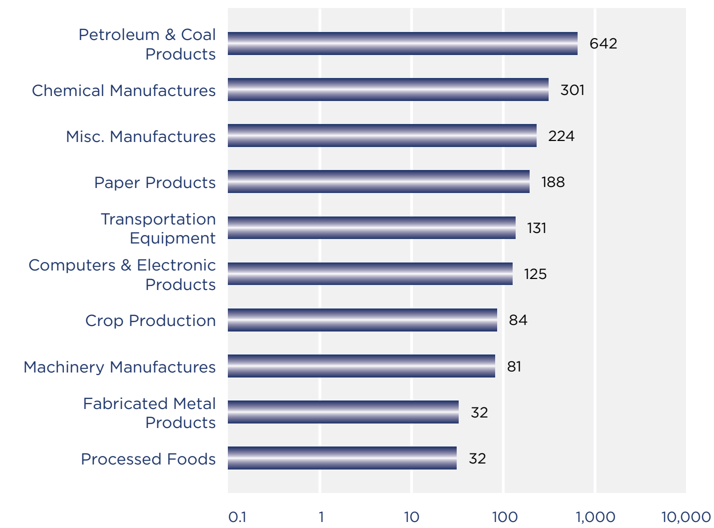
Trade

In 2014, Europe purchased $2 billion worth of goods from Mississippi. Petroleum & coal products, chemicals and paper products rank as the top exports to Europe.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Belgium	330
Netherlands	308
United Kingdom	216
Germany	215
Turkey	159

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Missouri & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

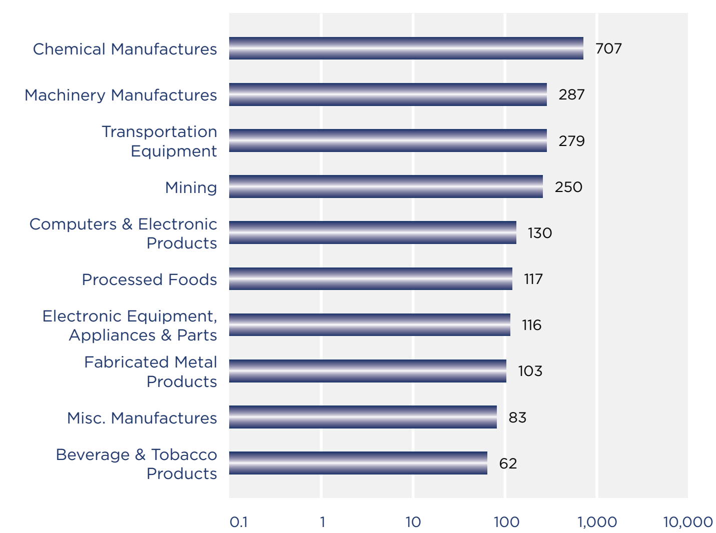
Employment
European investment in Missouri supported 69,000 jobs in 2013, 7,300 (11.8%) more than in 2006.

Sources of Employment within Missouri, 2013	
Country	**Employment**
United Kingdom	20,000
Germany	12,200
Japan	8,900
Switzerland	8,800
Canada	8,700

Trade
In 2014, Europe purchased $2.5 billion worth of goods from Missouri. Top exports to Europe from Missouri are chemicals and machinery manufactures.

Top European Export Markets, 2014	
Country	**Exports ($ Millions)**
Belgium	419
Germany	406
United Kingdom	357
Netherlands	187
France	171

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Montana & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

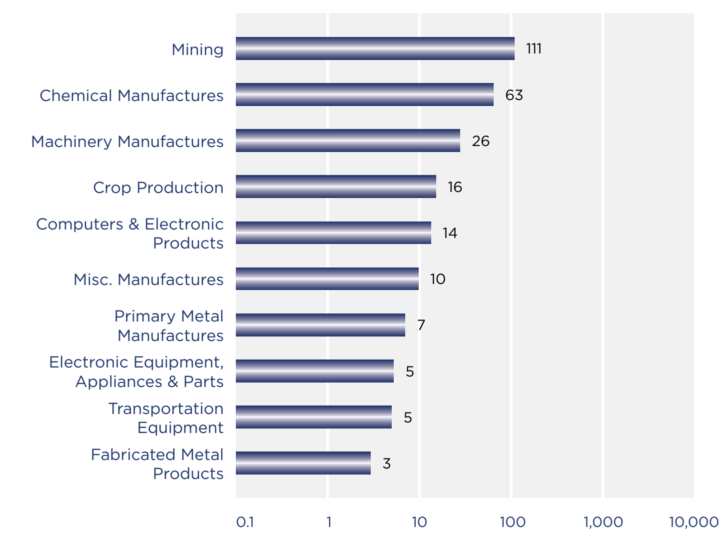
Employment
European investment in Montana supported 4,000 jobs in 2013, 1,600 (-28.6%) less than in 2006.

Sources of Employment within Montana, 2013	
Country	**Employment**
United Kingdom	1,400
France	900
Canada	800
Japan	800
Switzerland	300

Trade
In 2014, Europe purchased $268 million worth of goods from Montana. Exports are relatively small and skewed towards mining and chemical manufacturers.

Top European Export Markets, 2014	
Country	**Exports ($ Millions)**
Switzerland	87
Belgium	44
Netherlands	28
Germany	23
United Kingdom	22

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Nebraska & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Nebraska supported 15,300 jobs in 2013, 4,200 (37.8%) more than in 2006.

Sources of Employment within Nebraska, 2013

Country	Employment
United Kingdom	4,000
Japan	3,900
France	3,000
Switzerland	2,300
Canada	2,000

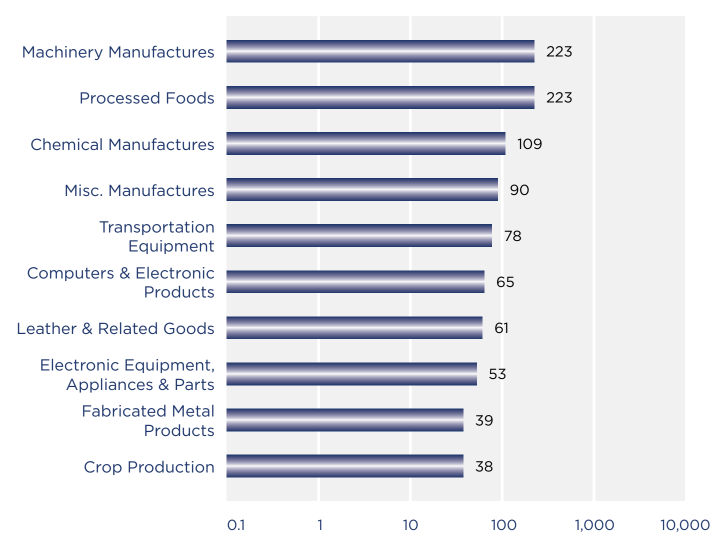
Trade

In 2014, Europe purchased $1 billion worth of goods from Nebraska. Top exports are processed foods, machinery and chemicals.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Netherlands	169
Germany	154
Italy	115
France	102
Belgium	101

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Nevada & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Nevada supported 24,900 jobs in 2013, 4,000 (19.1%) more than in 2006.

Sources of Employment within Nevada, 2013

Country	Employment
Canada	10,800
Germany	7,100
United Kingdom	6,000
France	4,200
Japan	3,300

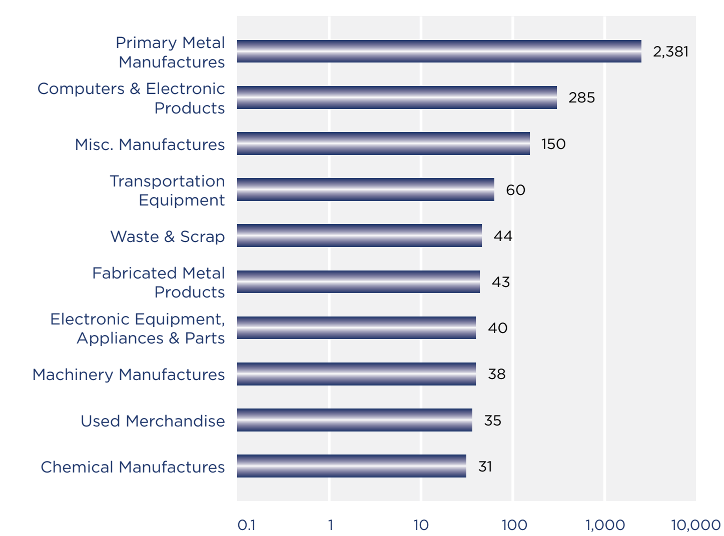
Trade

In 2014, Europe purchased $3.2 billion worth of goods from Nevada. Primary metal manufactures account for 74% of total exports.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Switzerland	2,372
United Kingdom	171
Germany	123
Belgium	121
France	97

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

New Hampshire & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in New Hampshire supported 28,300 jobs in 2013, 900 (-3.1%) less than in 2006.

Sources of Employment within New Hampshire, 2013

Country	Employment
United Kingdom	9,900
Japan	4,800
Canada	4,400
France	3,700
Switzerland	3,700

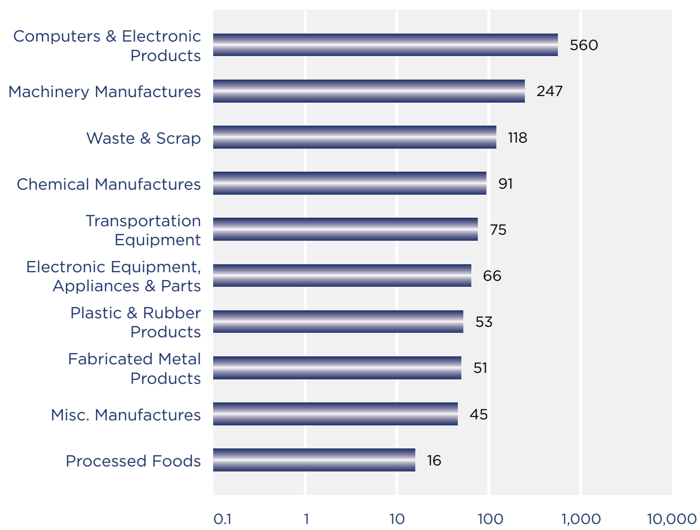
Trade

In 2014, Europe purchased $1.4 billion worth of goods from New Hampshire. Computers and machinery are the top exports to Europe.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Germany	229
United Kingdom	201
Netherlands	198
France	123
Czech Republic	109

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

New Jersey & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in New Jersey supported 169,100 jobs in 2013, 1,700 (-1.0%) less than in 2006.

Sources of Employment within New Jersey, 2013

Country	Employment
United Kingdom	39,000
Switzerland	34,100
France	30,300
Japan	25,500
Germany	23,100

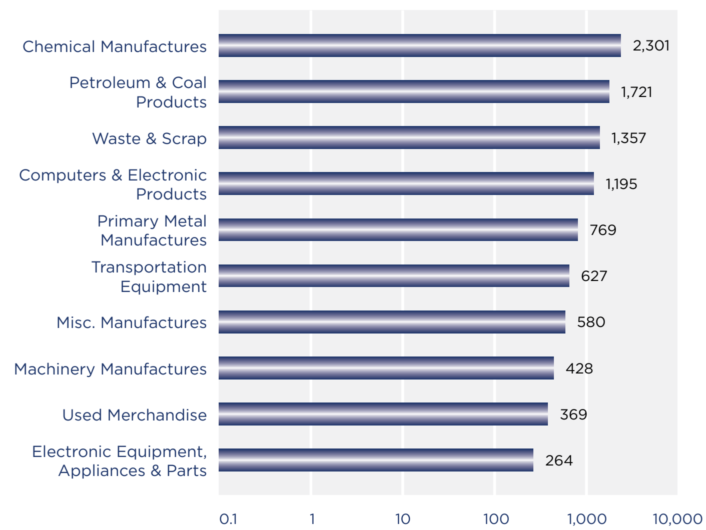
Trade

In 2014, Europe purchased $10.8 billion worth of goods from New Jersey. Top exports consist of chemical manufactures, petroleum & coal products, and waste & scrap.

Top European Export Markets, 2014

Country	Exports ($ Millions)
United Kingdom	2,061
Netherlands	1,881
Germany	1,211
France	1,140
Belgium	851

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

New Mexico & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in New Mexico supported 12,000 jobs in 2013, 4,200 (53.8%) more than in 2006.

Sources of Employment within New Mexico, 2013

Country	Employment
Germany	5,100
Canada	3,700
United Kingdom	2,500
Japan	2,100
Switzerland	1,400

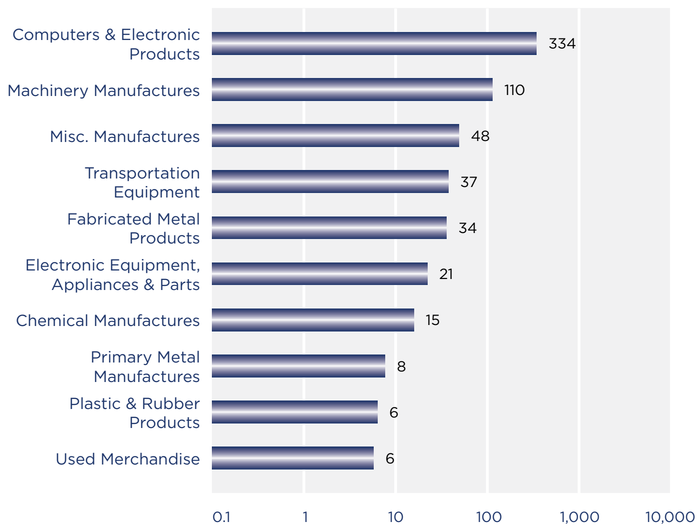
Trade

In 2014, Europe purchased $632 million worth of goods from New Mexico. Exports are relatively small and are skewed toward computers & electronic products and machinery manufactures.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Italy	264
Ireland	101
Germany	63
Belgium	59
United Kingdom	30

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

New York & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in New York supported 299,500 jobs in 2013, 17,400 (6.2%) more than in 2006.

Sources of Employment within New York, 2013

Country	Employment
United Kingdom	86,700
France	49,300
Switzerland	38,100
Canada	35,500
Japan	34,700

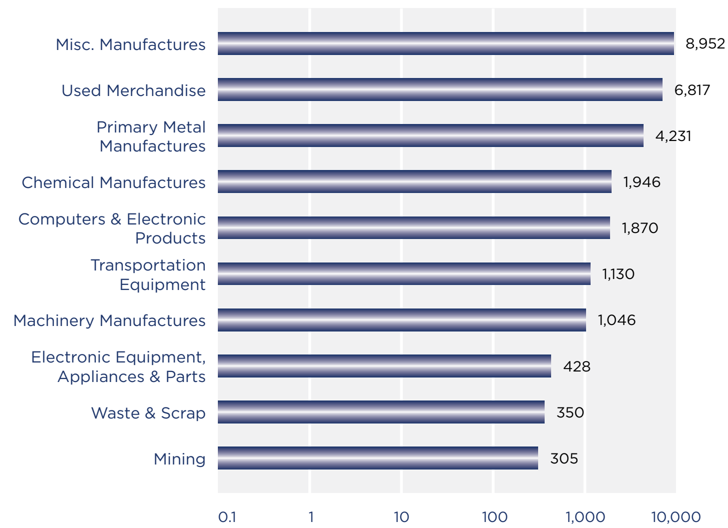
Trade

In 2014, Europe purchased $29.1 billion worth of goods from New York. Miscellaneous manufactures, primary metal manufactures and used merchandise are the top exports to Europe.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Switzerland	8,744
United Kingdom	6,217
Belgium	3,898
Germany	2,183
France	1,949

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

North Carolina & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment
European investment in North Carolina supported 165,400 jobs in 2013, 11,600 (7.5%) more than in 2006.

Sources of Employment within North Carolina, 2013

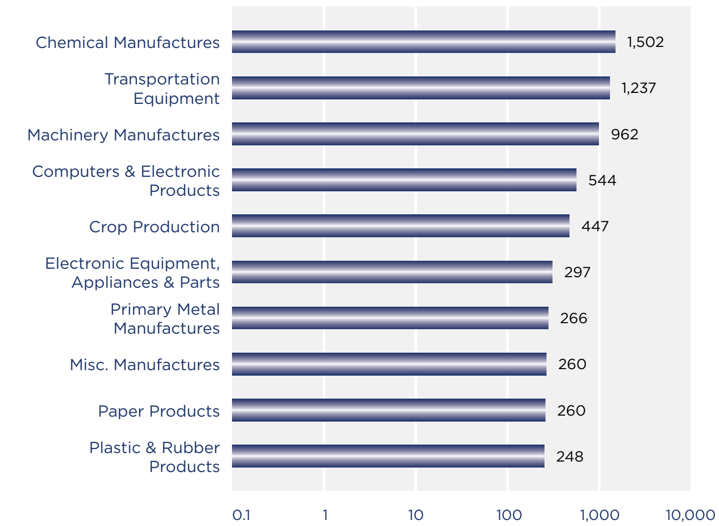
Country	Employment
United Kingdom	32,100
Germany	29,700
Japan	21,600
Switzerland	19,300
France	13,300

Trade
In 2014, Europe purchased $7.1 billion worth of goods from North Carolina. Chemical manufactures account for about a fifth of total exports to Europe.

Top European Export Markets, 2014

Country	Exports ($ Millions)
France	1,138
United Kingdom	1,016
Germany	1,005
Belgium	885
Netherlands	789

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

North Dakota & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment
European investment in North Dakota supported 7,000 jobs in 2013, 3,000 (75.0%) more than in 2006.

Sources of Employment within North Dakota, 2013

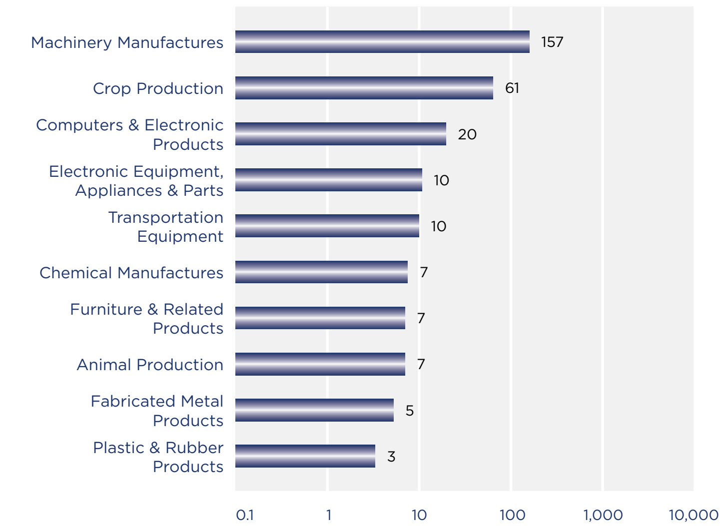
Country	Employment
Canada	1,700
United Kingdom	1,700
Netherlands	1,300
Japan	1,200
Switzerland	800

Trade
In 2014, Europe purchased $294 million worth of goods from North Dakota. 54% of the state's exports consist of machinery manufactures.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Belgium	56
Germany	43
Czech Republic	23
Spain	22
United Kingdom	21

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Ohio & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Ohio supported 144,600 jobs in 2013, 10,600 (7.9%) more than in 2006.

Sources of Employment within Ohio, 2013

Country	Employment
Japan	60,200
United Kingdom	39,300
Germany	31,000
Canada	19,400
France	17,700

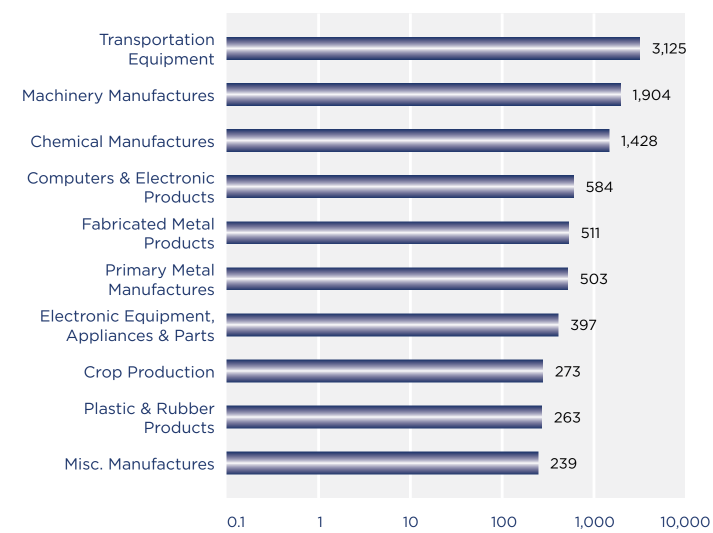
Trade

In 2014, Europe purchased $10.1 billion worth of goods from Ohio. Transportation equipment, machinery and chemicals are the state's top exports to Europe.

Top European Export Markets, 2014

Country	Exports ($ Millions)
United Kingdom	1,773
Germany	1,726
France	1,382
Netherlands	783
Italy	747

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Oklahoma & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Oklahoma supported 28,200 jobs in 2013, 6,700 (31.2%) more than in 2006.

Sources of Employment within Oklahoma, 2013

Country	Employment
France	6,500
Canada	6,200
United Kingdom	6,100
Switzerland	4,700
Germany	3,500

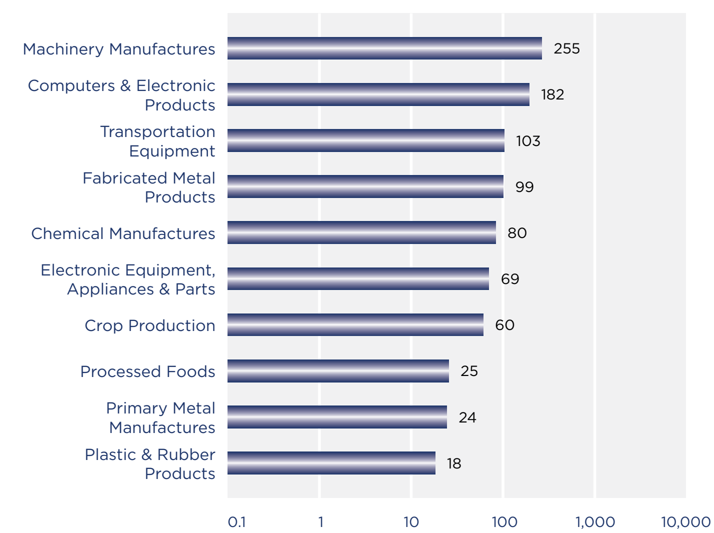
Trade

In 2014, Europe purchased $1 billion worth of goods from Oklahoma. Top exports include machinery, computers and transportation equipment.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Germany	211
Netherlands	153
United Kingdom	115
Belgium	71
France	43

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Oregon & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Oregon supported 35,500 jobs in 2013, 5,200 (17.2%) more than in 2006.

Sources of Employment within Oregon, 2013

Country	Employment
United Kingdom	9,300
Germany	9,000
Japan	6,800
Canada	4,500
Switzerland	4,000

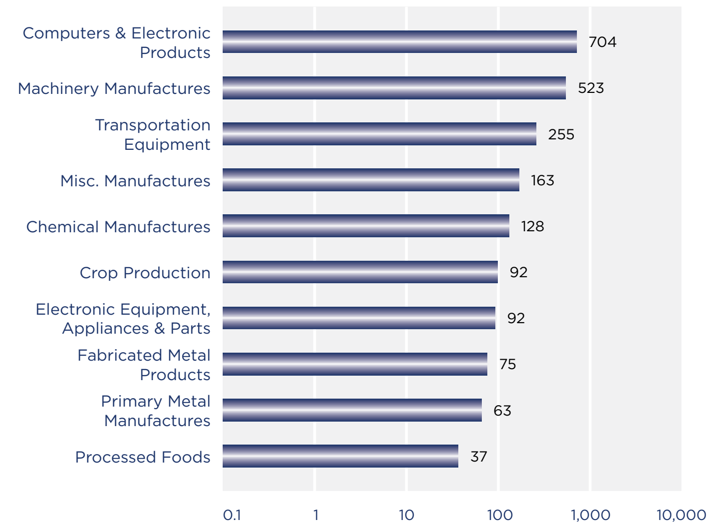
Trade

In 2014, Europe purchased $2.3 billion worth of goods from Oregon. 30% of Oregon's exports to Europe consist of computers and related products.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Germany	381
Netherlands	277
United Kingdom	275
Ireland	243
France	208

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Pennsylvania & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Pennsylvania supported 216,300 jobs in 2013, 33,800 (18.5%) more than in 2006.

Sources of Employment within Pennsylvania, 2013

Country	Employment
United Kingdom	59,200
Netherlands	43,300
Germany	37,700
Japan	25,100
France	21,400

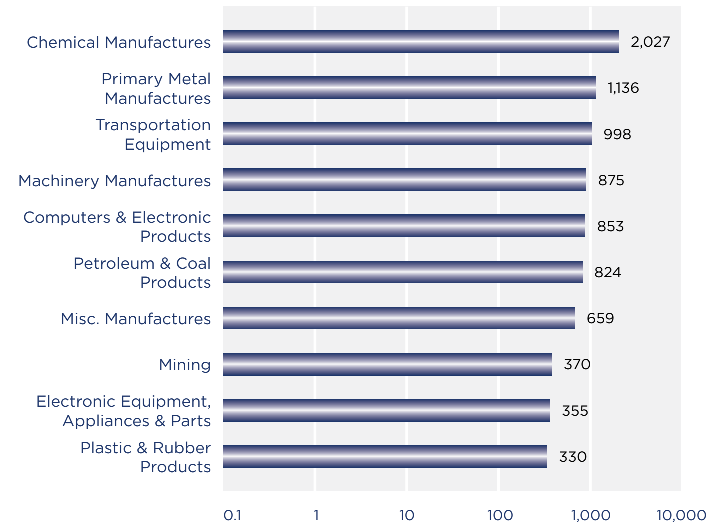
Trade

In 2014, Europe purchased $9.9 billion worth of goods from Pennsylvania. Exports are relatively diverse, ranging from chemicals and petroleum & coal products to primary metals, machinery and computers & electronic products.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Netherlands	1,912
United Kingdom	1,850
Germany	1,447
Belgium	1,215
France	621

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Rhode Island & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment
European investment in Rhode Island supported 24,700 jobs in 2013, 10,300 (71.5%) more than in 2006.

Sources of Employment within Rhode Island, 2013

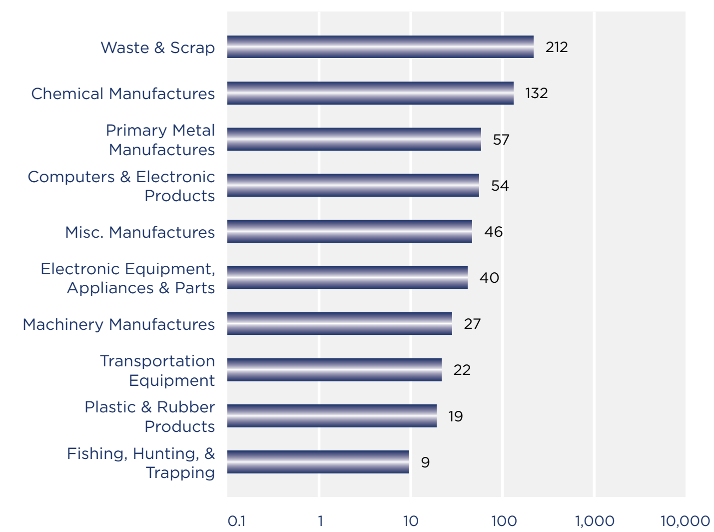
Country	Employment
United Kingdom	9,800
France	2,900
Japan	1,900
Germany	1,200
Switzerland	1,000

Trade
In 2014, Europe purchased $658 million worth of goods from Rhode Island. Waste & scrap account for 32% of exports to Europe.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Germany	127
Turkey	124
Italy	79
Ireland	71
United Kingdom	65

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

South Carolina & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment
European investment in South Carolina supported 91,800 jobs in 2013, 7,600 (9%) more than in 2006.

Sources of Employment within South Carolina, 2013

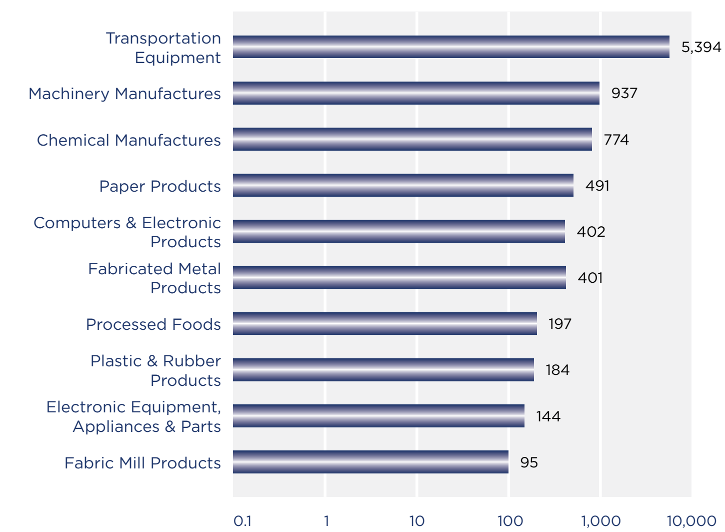
Country	Employment
Germany	24,100
France	18,100
Japan	15,100
United Kingdom	11,600
Canada	8,700

Trade
In 2014, Europe purchased $9.3 billion worth of goods from South Carolina. 58% of the state's exports consists of transportation equipment.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Germany	3,874
United Kingdom	1,863
Belgium	719
Netherlands	610
France	454

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

South Dakota & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment
European investment in South Dakota supported 4,700 jobs in 2013, 1,500 (46.9%) more than in 2006.

Sources of Employment within South Dakota, 2013

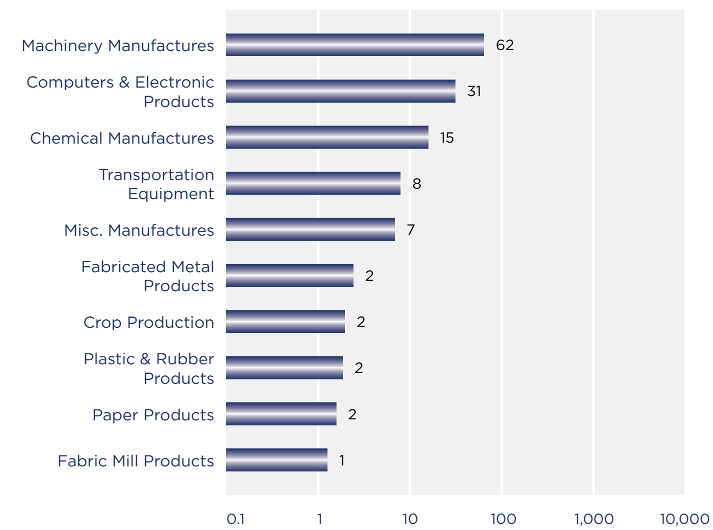
Country	Employment
Canada	2,600
United Kingdom	1,400
France	1,000
Germany	700
Japan	700

Trade
In 2014, Europe purchased $136 million worth of goods from South Dakota. Machinery manufactures are the state's top export to Europe

Top European Export Markets, 2014

Country	Exports ($ Millions)
Belgium	51
Germany	19
France	11
United Kingdom	10
Ireland	5

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Tennessee & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment
European investment in Tennessee supported 78,200 jobs in 2013, 3,500 (4.7%) more than in 2006.

Sources of Employment within Tennessee, 2013

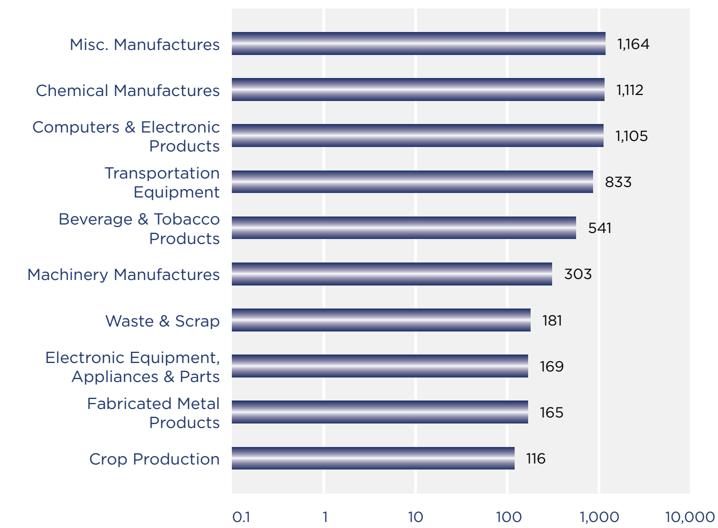
Country	Employment
Japan	38,500
United Kingdom	20,700
Germany	16,200
France	10,600
Netherlands	10,000

Trade
In 2014, Europe purchased $6.2 billion worth of goods from Tennessee. Miscellaneous and chemical manufactures as well as computers & electronic products make up the bulk of exports.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Belgium	1,184
Netherlands	1,024
United Kingdom	925
Germany	807
Italy	349

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Texas & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Texas supported 317,600 jobs in 2013, 81,700 (34.6%) more than in 2006.

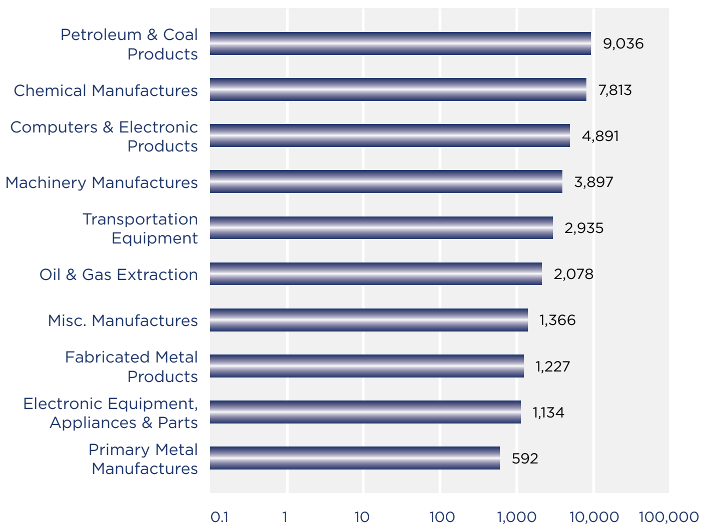
Sources of Employment within Texas, 2013	
Country	**Employment**
United Kingdom	102,200
Japan	45,200
France	44,700
Switzerland	41,300
Germany	40,800

Trade

In 2014, Europe purchased $37.2 billion worth of goods from Texas. Exports are relatively diverse ranging across petroleum, chemicals, computers and machinery manufactures.

Top European Export Markets, 2014	
Country	**Exports ($ Millions)**
Netherlands	8,753
Belgium	4,631
United Kingdom	4,425
France	3,233
Germany	3,185

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Utah & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Utah supported 26,100 jobs in 2013, 800 (-3.0%) less than in 2006.

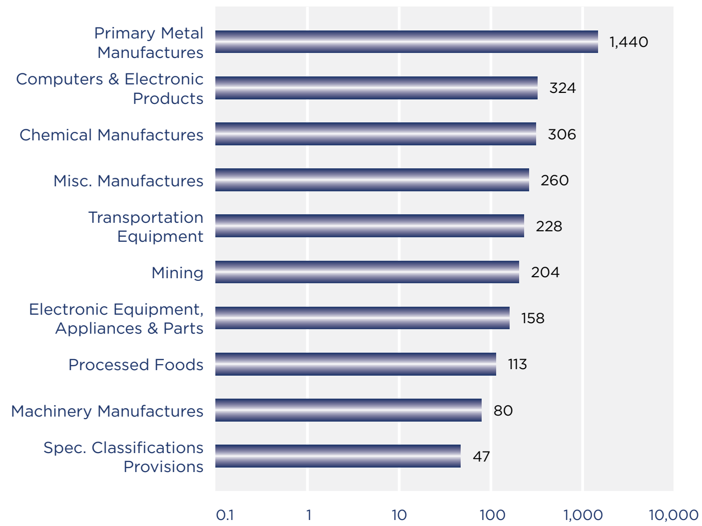
Sources of Employment within Utah, 2013	
Country	**Employment**
United Kingdom	6,700
France	4,500
Germany	4,000
Switzerland	3,600
Japan	3,400

Trade

In 2014, Europe purchased $3.3 billion worth of goods from Utah. Primary metals dominate the state's exports to Europe.

Top European Export Markets, 2014	
Country	**Exports ($ Millions)**
United Kingdom	1,415
Netherlands	388
Belgium	268
Germany	256
Switzerland	255

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Vermont & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Vermont supported 7,800 jobs in 2013, 1,100 (16.4%) more than in 2006.

Sources of Employment within Vermont, 2013

Country	Employment
Canada	2,100
United Kingdom	1,300
France	1,200
Switzerland	1,200
Japan	1,100

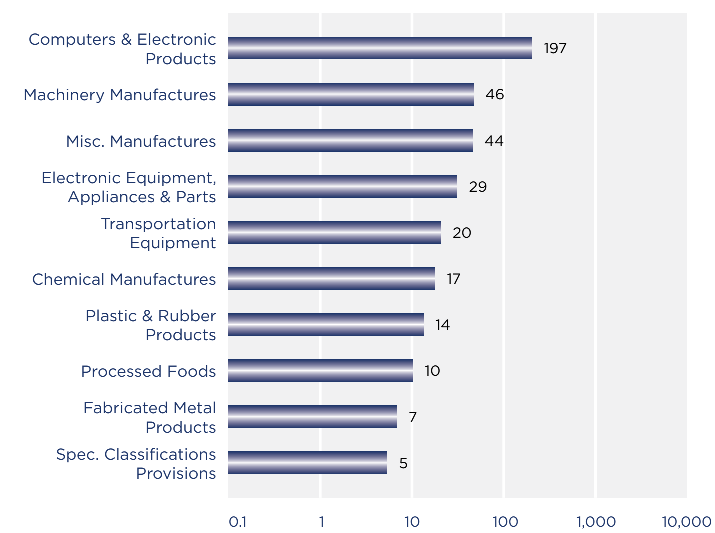
Trade

In 2014, Europe purchased $414 million worth of goods from Vermont. Computers & electronic products are the top export to Europe.

Top European Export Markets, 2014

Country	Exports ($ Millions)
Netherlands	94
United Kingdom	75
Germany	60
France	58
Ireland	27

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Virginia & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Virginia supported 125,300 jobs in 2013, 13,000 (11.6%) more than in 2006.

Sources of Employment within Virginia, 2013

Country	Employment
United Kingdom	27,000
Japan	17,300
Netherlands	16,900
Germany	14,000
France	13,400

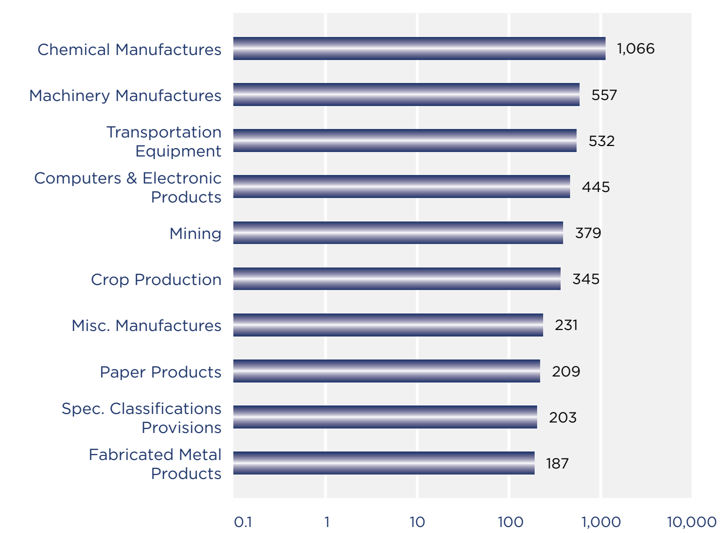
Trade

In 2014, Europe purchased $5.2 billion worth of goods from Virginia. Top exports include chemicals, machinery manufactures, transportation equipment, and computers & electronic products.

Top European Export Markets, 2014

Country	Exports ($ Millions)
United Kingdom	971
Germany	856
Belgium	526
Netherlands	504
Italy	283

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Washington & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

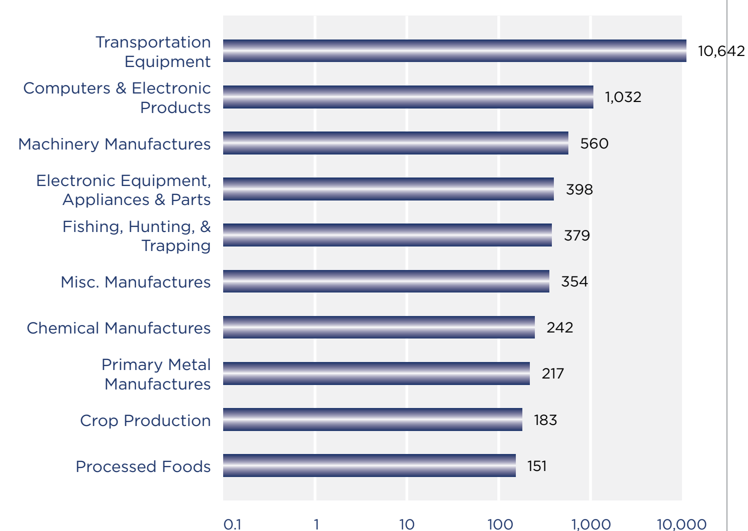
Employment
European investment in Washington supported 60,200 jobs in 2013, 3,800 (6.7%) more than in 2006.

Sources of Employment within Washington, 2013	
Country	**Employment**
United Kingdom	16,100
Canada	15,600
Germany	15,200
Japan	14,700
France	7,900

Trade
In 2014, Europe purchased $14.6 billion worth of goods from Washington. Transportation equipment dominates Washington's exports to Europe.

Top European Export Markets, 2014	
Country	**Exports ($ Millions)**
United Kingdom	2,951
Germany	2,061
Turkey	1,340
Netherlands	889
Norway	822

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

West Virginia & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

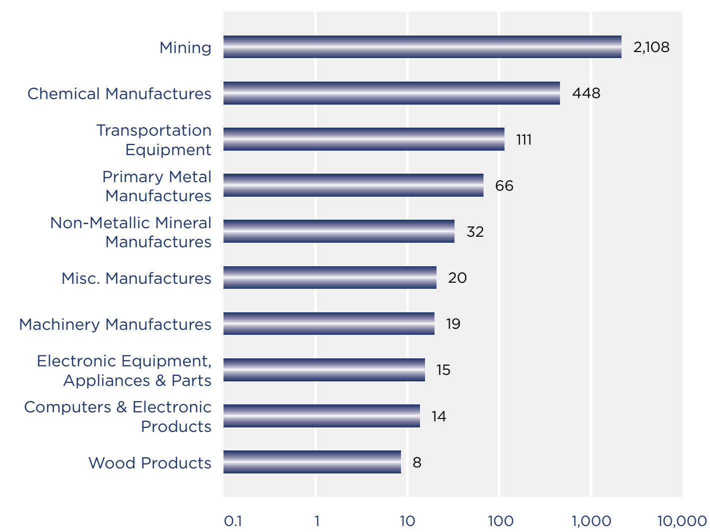
Employment
European investment in West Virginia supported 14,500 jobs in 2013, 2,200 (17.9%) more than in 2006.

Sources of Employment within West Virginia, 2013	
Country	**Employment**
United Kingdom	4,900
Japan	3,900
Canada	3,300
Switzerland	1,800
Germany	1,600

Trade
In 2014, Europe purchased $2.9 billion worth of goods from West Virginia. Minerals & ores are the state's top export to Europe.

Top European Export Markets, 2014	
Country	**Exports ($ Millions)**
Netherlands	548
Italy	424
United Kingdom	327
Germany	259
Belgium	230

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Wisconsin & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Wisconsin supported 55,100 jobs in 2013, 9,000 (-14.0%) less than in 2006.

Sources of Employment within Wisconsin, 2013

Country	Employment
Canada	20,100
United Kingdom	12,800
Germany	9,400
Switzerland	8,700
France	6,800

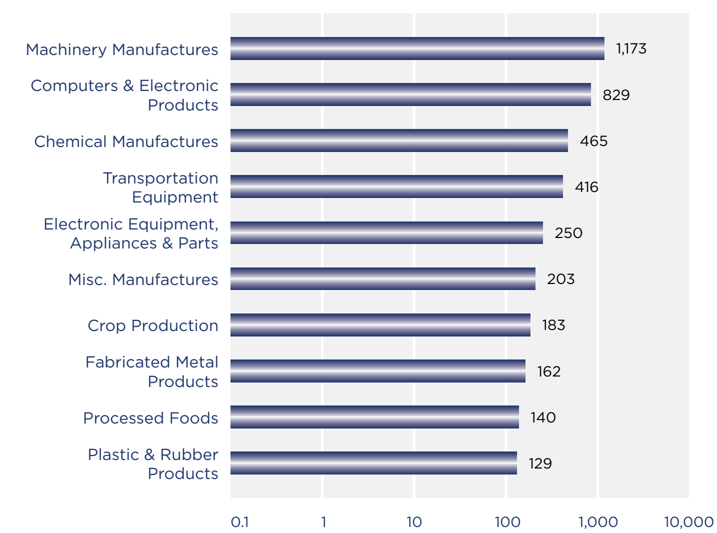
Trade

In 2014, Europe purchased $4.4 billion worth of goods from Wisconsin. Machinery and computers & electronic equipment are the state's top exports to Europe.

Top European Export Markets, 2014

Country	Exports ($ Millions)
United Kingdom	849
Germany	731
France	489
Netherlands	427
Belgium	332

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

Wyoming & Europe

EMPLOYMENT, INVESTMENT AND TRADE LINKAGES

Employment

European investment in Wyoming supported 4,600 jobs in 2013, 300 (-6.1%) less than in 2006.

Sources of Employment within Wyoming, 2013

Country	Employment
United Kingdom	1,600
Canada	900
Switzerland	800
France	600
Japan	600

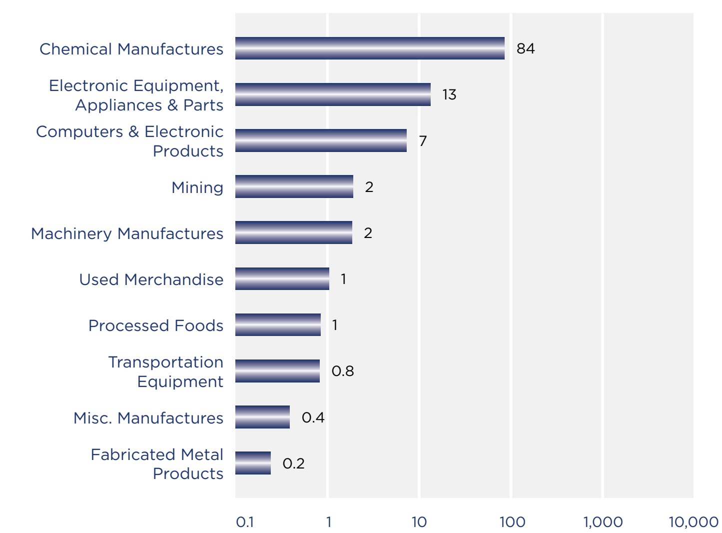
Trade

In 2014, Europe purchased $112 million worth of goods from Wyoming. By a wide margin, chemicals are the top export to Europe.

Top European Export Markets, 2014

Country	Exports ($ Millions)
United Kingdom	45
Netherlands	25
Belgium	9
Germany	8
France	8

Top Ten Exports to Europe, 2014 (in $ millions)



Source: Bureau of Economic Analysis, Foreign Trade Division, U.S. Census Bureau

APPENDIX B

U.S. COMMERCE AND EUROPE:
A Country-by-Country Comparison

Austria & the United States

INVESTMENT AND TRADE FIGURES

Investment

Not surprisingly, America's direct investment position in Austria exceeds Austria's investment stakes in the U.S. American affiliates created 1,000 additional jobs in Austria between 2013 and 2014, and employed roughly three times as many workers in Austria than Austrian firms employed in the U.S., according to 2014 estimates.

Austria - U.S. Global Linkages, 2014 ($ billions)**

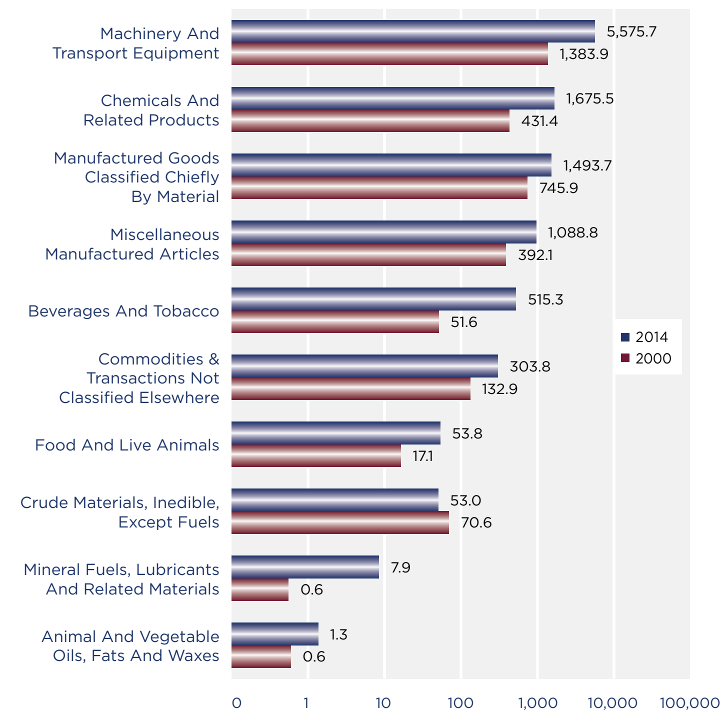
	U.S. in Austria	Austria in U.S.
Foreign Direct Investment*	15.8	6.9
Total Assets of Affiliates	49.5	6.8
Foreign Affiliate Sales	22.3	8.0
Value Added of Affiliates	6.2	1.7
Affiliate Employees	47,532	16,536

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

On a global basis, the U.S. received $8.1 billion, or 4.7% of the total goods Austria exported to the world in 2014, but the share going to the U.S. rises to 17.3% of the global total after excluding intra-EU trade, the highest since 2007, but down from a high of 23.7% in 2004. Imports of U.S. goods constituted $3.7 billion, or 2% of the total amount Austria imported from the world in 2014 and 9.3% when intra-EU imports were removed from the global total, well below its share of 21.0% in 2000.

Top Ten U.S. Imports from Austria, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Belgium & the United States

INVESTMENT AND TRADE FIGURES

Investment

U.S. direct investments in Belgium are increasingly made in the services sector, but the manufacturing sector still accounts for half of U.S. foreign affiliate employment in Belgium. Belgium affiliates employed nearly 40,000 more workers in the U.S. than U.S. affiliates in Belgium, according to 2014 estimates. The Brussels region ranks as the fifth most important source of onshored jobs to America of all European regions. However, value added by U.S. affiliates in Belgium totaled an estimated $26.4 billion in 2014, 33% more than that of Belgium's affiliates in the U.S.

Belgium - U.S. Global Linkages, 2014 ($ billions)**

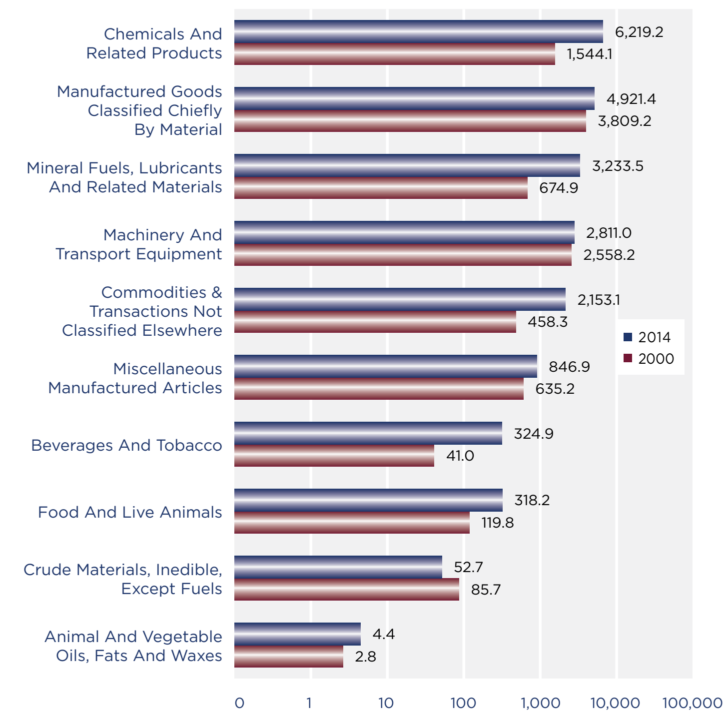
	U.S. in Belgium	Belgium in U.S.
Foreign Direct Investment*	48.1	89.1
Total Assets of Affiliates	436.7	191.2
Foreign Affiliate Sales	140.6	54.8
Value Added of Affiliates	26.4	19.8
Affiliate Employees	128,316	166,425

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

The U.S. accounted for 4.9%, or $22.3 billion, of total exports from Belgium in 2014. The share of total exports rises to 17.9% when intra-EU trade is excluded, down from a high of 31.9% in 2002. Chemicals, manufactured goods, and mineral fuels, lubricants and related materials lead the way as the top export categories. Regarding imports, the U.S. supplied 7.1% of total Belgian imports in 2014 but the share nearly triples to 20.8% after omitting intra-EU trade.

Top Ten U.S. Imports from Belgium, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Bulgaria & the United States

INVESTMENT AND TRADE FIGURES

Investment

America's investment base in Bulgaria is rather small with assets totaling just $4.0 billion in 2014, according to estimates. U.S. affiliates in Bulgaria employed an estimated 6,630 workers in 2014, placing Bulgaria 6th among the EU13 in terms of employment.

Bulgaria - U.S. Global Linkages, 2014 ($ billions)**

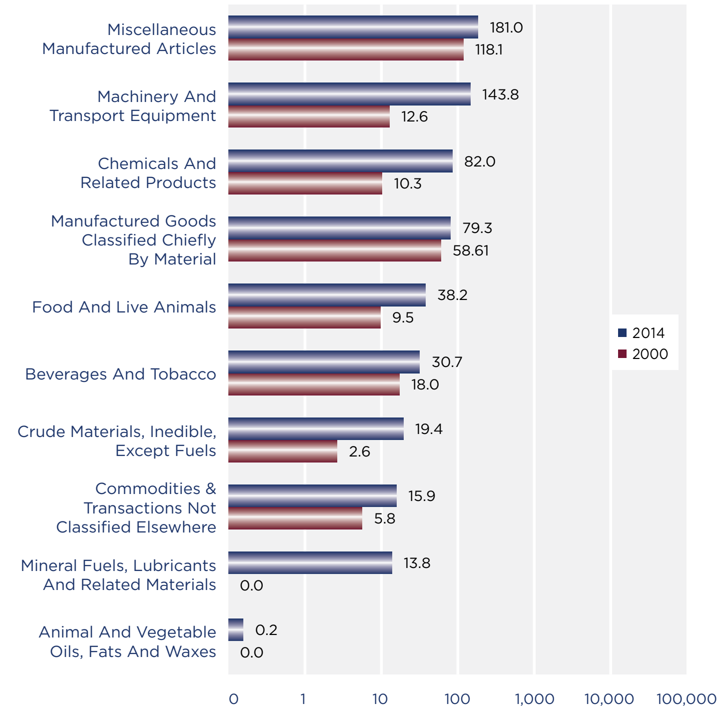
	U.S. in Bulgaria	Bulgaria in U.S.
Foreign Direct Investment*	0.5	-0.004
Total Assets of Affiliates	4.0	-
Foreign Affiliate Sales	1.6	0.001
Value Added of Affiliates	0.9	0.002
Affiliate Employees	6,630	-

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

The U.S. accounted for just 1.3% of Bulgaria's total exports in 2014; the percentage rises to just 3.5% when intra-EU trade is excluded from the total, down from a high of 14.4% in 2001. Imports from the U.S. are rather small, totaling just $370 million in 2014, only 2.9% of Bulgaria's extra-EU imports.

Top Ten U.S. Imports from Bulgaria, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Croatia & the United States

INVESTMENT AND TRADE FIGURES

Investment

U.S. firms have a small investment base in Croatia, with just $578 million of assets in 2014. U.S. foreign affiliates in Croatia employed an estimated 1,734 workers in 2014, ranking 10th among the EU13 countries.

Croatia - U.S. Global Linkages, 2014 ($ billions)**

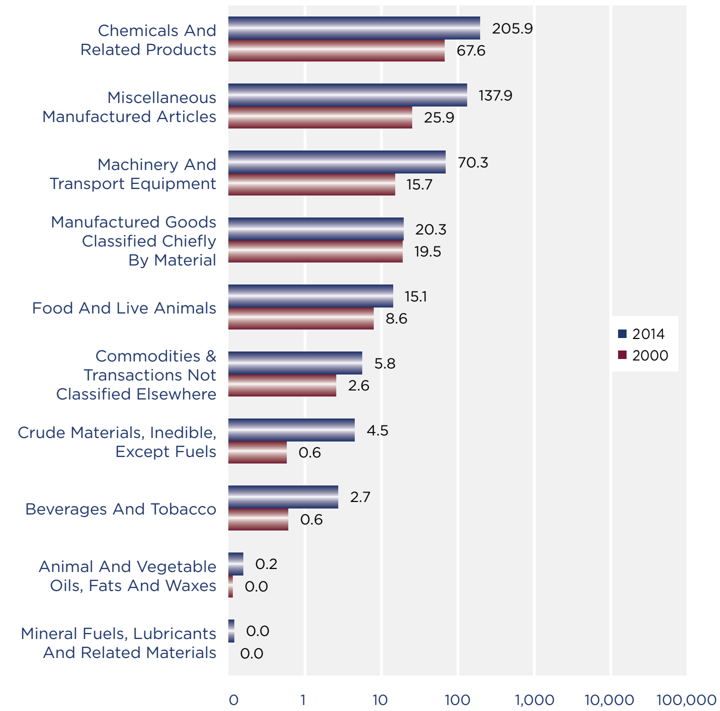
	U.S. in Croatia	Croatia in U.S.
Foreign Direct Investment*	-	-
Total Assets of Affiliates	0.6	0.004
Foreign Affiliate Sales	0.5	-
Value Added of Affiliates	0.2	0.002
Affiliate Employees	1,734	-

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

On a global basis, the U.S. received $294 million, or just 2.1% of the total goods Croatia exported to the world in 2014; 5.8% excluding intra-EU trade. Croatia's main exports to the U.S. consist of chemicals and related products and miscellaneous manufactured articles. Imports of U.S. goods totaled $205 million, or 0.9% of the total amount Croatia imported from the world in 2014 and 3.8% when intra-EU imports were removed from the global total.

Top Ten U.S. Imports from Croatia, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Cyprus & the United States

INVESTMENT AND TRADE FIGURES

Investment

Given the country's small market, the nation has not attracted much with regards to U.S. foreign direct investment relatively, but investment reached a peak of $2.2 billion in 2014. Cyprus's FDI in the U.S. totaled $2.4 billion in 2014. U.S. foreign affiliate sales in Cyprus peaked in 2012, and have since fallen 11% to $1.5 billion, according to 2014 estimates.

Cyprus - U.S. Global Linkages, 2014 ($ billions)**

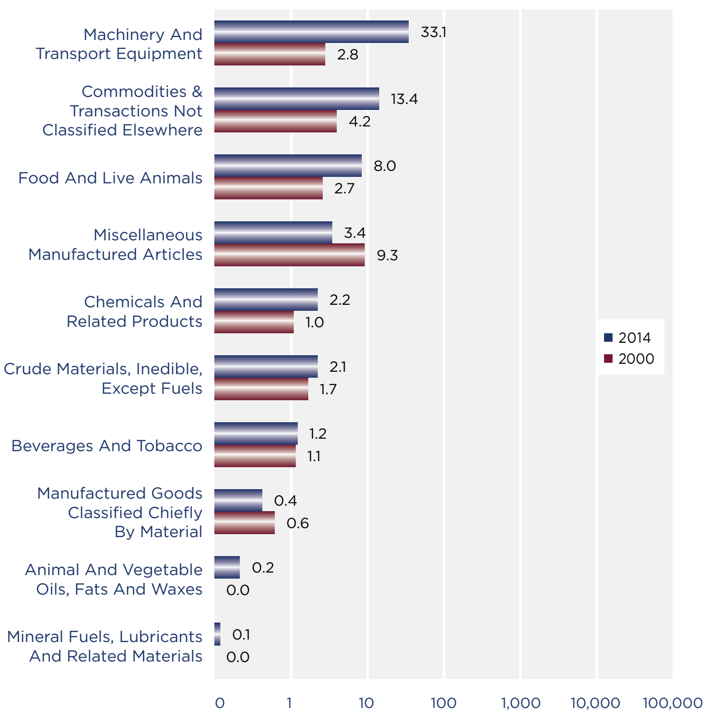
	U.S. in Cyprus	Cyprus in U.S.
Foreign Direct Investment*	2.2	2.4
Total Assets of Affiliates	13.3	4.3
Foreign Affiliate Sales	1.5	-
Value Added of Affiliates	0.6	0.3
Affiliate Employees	1,530	2,954

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

While Cyprus is an insignificant supplier of goods to the United States, with exports registering just $64 million in 2014, the U.S. share of Cyprus' extra-EU exports is 7.3%, nearly matching its previous record. However, Cyprus's imports from the U.S. are also unsubstantial, totaling just $89 million, 1.3% of Cyprus' total imports from the world.

Top Ten U.S. Imports from Cyprus, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Czech Republic & the United States

INVESTMENT AND TRADE FIGURES

Investment

America's investment base in the Czech Republic is small but expanding, tripling over the past ten years. U.S. foreign direct investment totaled $7.2 billion in 2014. Value added by U.S.-owned foreign affiliates totaled an estimated $5.7 billion. Estimated affiliate employment in the Czech Republic is among the highest in eastern Europe, with American firms employing an estimated 86,904 workers in 2014, double the number of employees in 2000. On the contrary, the Czech Republic's investment in the U.S. is still rather small.

Czech Republic - U.S. Global Linkages, 2014 ($ billions)**

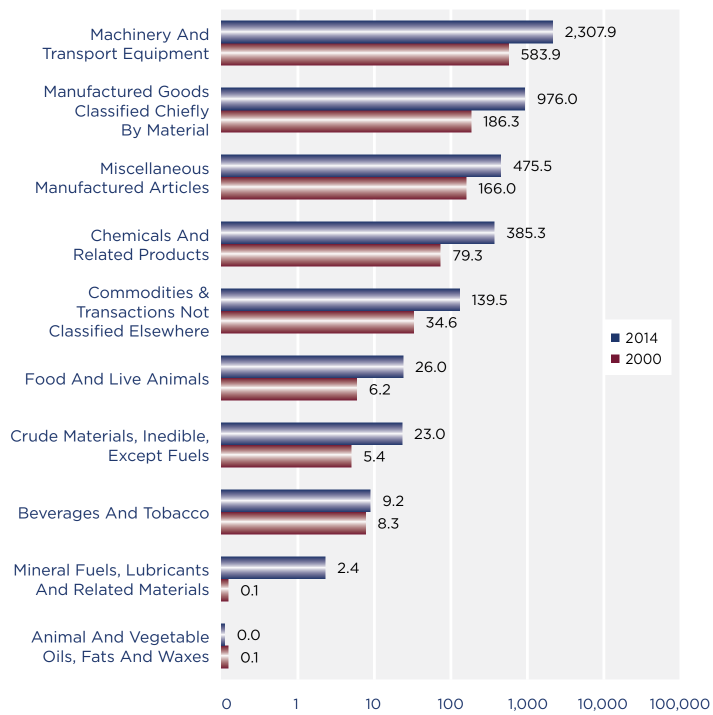
	U.S. in Czech Republic	Czech Republic in U.S.
Foreign Direct Investment*	7.2	0.09
Total Assets of Affiliates	31.7	0.003
Foreign Affiliate Sales	18.2	0.001
Value Added of Affiliates	5.7	-
Affiliate Employees	86,904	-

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

U.S. imports from the Czech Republic were $3.7 billion in 2014, a increase of roughly 12% from 2013, accounting for 12.8% of the Czech Republic's extra-EU exports. U.S. imports consist of machinery and transportation equipment and manufactured goods. Czech imports from the U.S. increased by 26% to $2.4 billion in 2014, or 6.9% of Czech's extra-EU imports.

Top Ten U.S. Imports from Czech Republic, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Denmark & the United States

INVESTMENT AND TRADE FIGURES

Investment

Bilateral investment between the U.S. and Denmark favored Denmark in 2014 with the U.S. investing $1.2 billion more in Denmark than what Denmark invested in the United States. Affiliate sales in the U.S. market were an estimated $22.9 billion in 2014 while U.S. foreign affiliate sales in Denmark were $24.1 billion. The affiliate employment balance favors Denmark, with U.S. affiliates in Denmark employing 18% more people than Danish affiliates in the U.S., according to estimates.

Denmark - U.S. Global Linkages, 2014 ($ billions)**

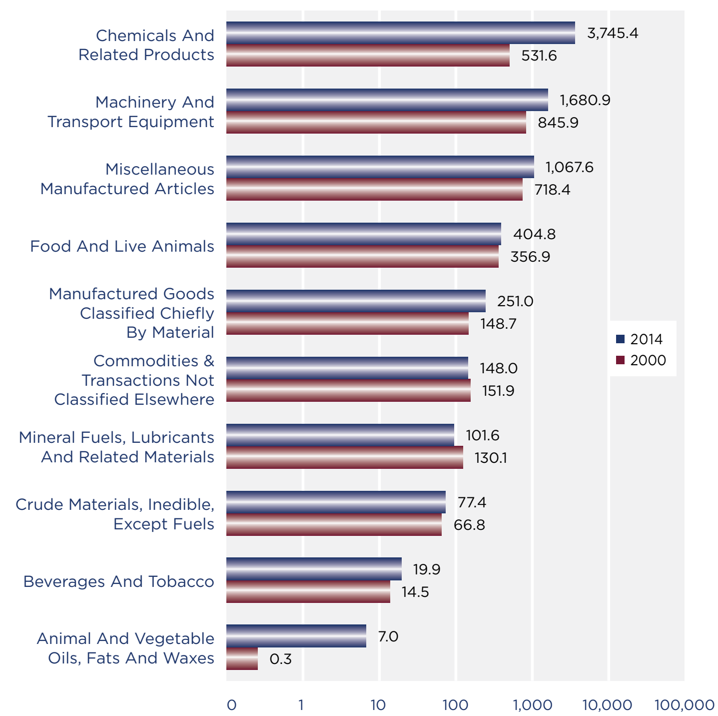
	U.S. in Denmark	Denmark in U.S.
Foreign Direct Investment*	14.1	12.9
Total Assets of Affiliates	73.8	18.4
Foreign Affiliate Sales	24.1	22.9
Value Added of Affiliates	11.0	5.0
Affiliate Employees	41,208	34,874

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

Exports from Denmark to the U.S. totaled $7.2 billion in 2014 or 6.7% of the global total. Excluding intra-EU trade, the share of exports to the U.S. nearly triples to 19.2%. Danish imports from the U.S. totaled $2.4 billion the same year, 2.5% of the global total and 8.9% excluding intra-EU trade. Chemicals, machinery and transportation equipment, and misc. manufactured articles dominate U.S. imports from the country.

Top Ten U.S. Imports from Denmark, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Estonia & the United States

INVESTMENT AND TRADE FIGURES

Investment

America's direct investment base in Estonia is one of the smallest of the EU13. U.S. affiliates employed an estimated 3,774 people in 2014, placing Estonia 8th among the EU13 in terms of employment. Expectations that U.S. investment in Estonia would increase as the Baltic states emerge as a key gateway to eastern Europe and beyond have not yet materialized, in part due to chilly relations with Russia, including Western sanctions and Russian counter-sanctions.

Estonia - U.S. Global Linkages, 2014 ($ billions)**

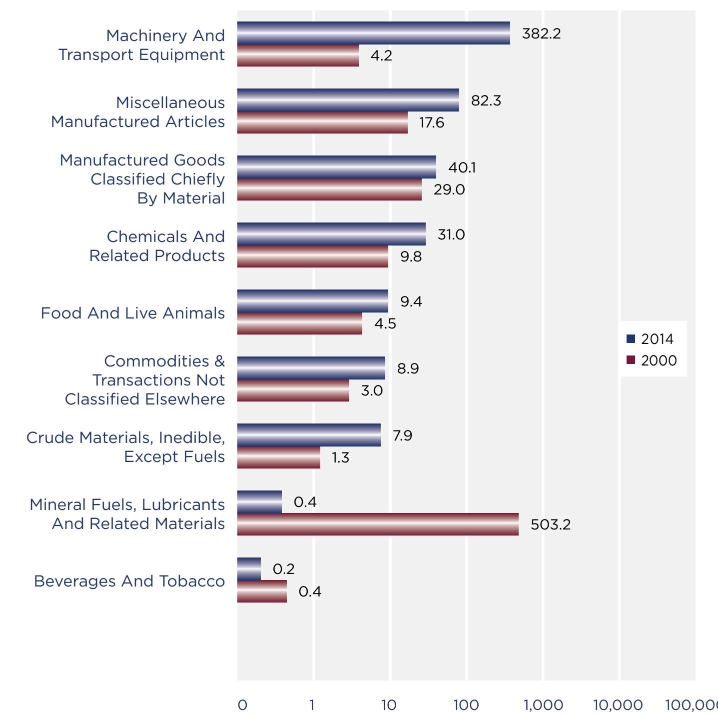
	U.S. in Estonia	Estonia in U.S.
Foreign Direct Investment*	0.1	-0.005
Total Assets of Affiliates	0.7	0.001
Foreign Affiliate Sales	0.7	-
Value Added of Affiliates	0.3	-
Affiliate Employees	3,774	-

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

U.S. imports from Estonia increased to $336 million in 2014, just 2.2% of total imports, but this share more than triples to 8.5% when excluding intra-EU trade. Mineral fuels, lubricants and related materials comprised roughly 90% of U.S. imports from Estonia in 2000 at $503 million but plummeted to $0.4 million in 2014. Meanwhile, U.S. imports of machinery and transportation equipment rose by roughly $378 million from 2000 to 2014. Estonia imports very little from the U.S., as only 1.0% of total imports and 6.3% excluding intra-EU imports come from the United States.

Top Ten U.S. Imports from Estonia, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Finland & the United States

INVESTMENT AND TRADE FIGURES

Investment

The direct investment balance favors the United States, with Finnish investment in the U.S. totaling $9.1 billion in 2014 versus just $1.8 billion of U.S. investment in Finland. The affiliate employment balance also favors the U.S. by nearly 7,000 jobs, as U.S. affiliates in Finland shed 3,000 jobs in 2014.

Finland - U.S. Global Linkages, 2014 ($ billions)**

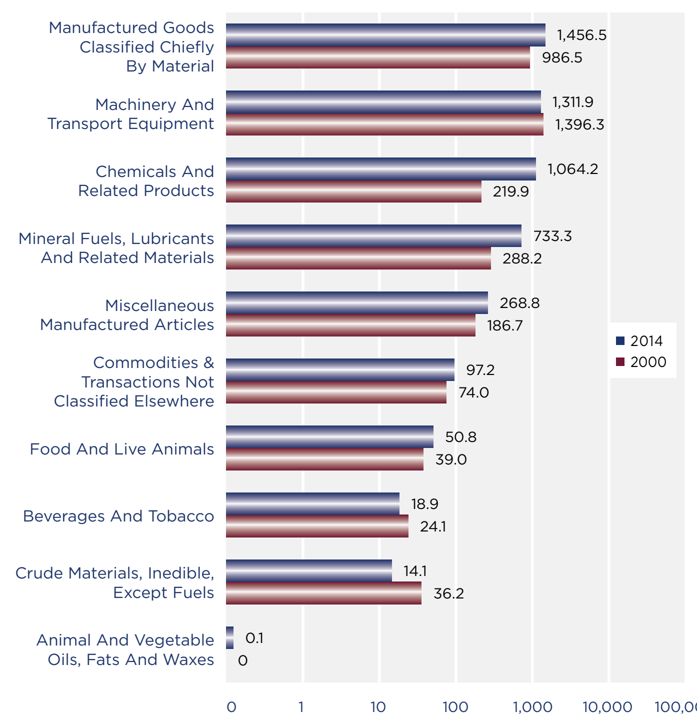
	U.S. in Finland	Finland in U.S.
Foreign Direct Investment*	1.8	9.1
Total Assets of Affiliates	16.0	66.6
Foreign Affiliate Sales	10.3	17.2
Value Added of Affiliates	3.2	4.7
Affiliate Employees	19,686	26,670

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

The U.S. received $4.9 billion, or 6.7% of the total goods Finland exported to the world in 2014, but the share going to the U.S. rises to 15.9% of the global total after excluding intra-EU trade. Imports of U.S. goods in 2014 constituted $1.9 billion, or 2.5% of the total amount imported from the world and 7.9% when intra-EU imports are removed from the global total, down from a high of nearly 22% in 1998.

Top Ten U.S. Imports from Finland, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

France & the United States

INVESTMENT AND TRADE FIGURES

Investment

The direct investment balance favors the U.S., with U.S. investment in France ($76.8 billion) just 34% of total French investment in the U.S. in 2014 ($223.2 billion). The U.S. is a significant market for French firms, with U.S. affiliates of French firms recording an estimated $293 billion in sales during 2014. U.S. and French affiliates combined employed over 1 million workers, with the employment balance favoring the U.S. by 126,736 jobs, according to 2014 estimates. French affiliates in 2014 employed 45,000 more Americans than in 2013, while U.S. affiliates in France employed about 7,000 less workers than in 2013. The Paris region is the 2nd largest source of onshored jobs to America of all European metro regions.

France - U.S. Global Linkages, 2014 ($ billions)**

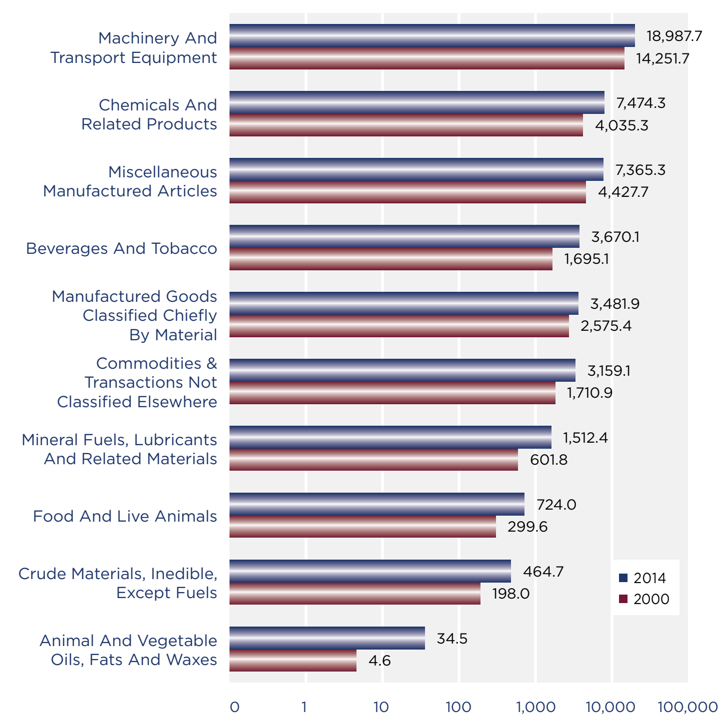
	U.S. in France	France in U.S.
Foreign Direct Investment*	76.8	223.2
Total Assets of Affiliates	415.0	1,403.7
Foreign Affiliate Sales	221.7	292.5
Value Added of Affiliates	55.0	72.2
Affiliate Employees	463,896	590,632

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

The U.S. accounted for 5.8% of total exports from France in 2014, but a share of 15.0% of total exports when intra-EU trade is excluded. Products exported to the U.S. ran the gamut, from heavy machinery and transportation equipment to chemicals and agricultural products. Regarding imports, the U.S. supplied 3.8% of total imports by France in 2014, though the share rises to 12.5% after excluding intra-EU trade, well below its 25.2% share in 1999.

Top Ten U.S. Imports from France, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Germany & the United States

INVESTMENT AND TRADE FIGURES

Investment

The investment balance favors the U.S., with U.S. investment in Germany totaling $115.5 billion in 2014, about 48% less than Germany's $224.1 billion investment in U.S. Germany's asset base in the U.S. was nearly double America's total asset base in Germany in 2014. The value added by U.S. affiliates operating in Germany ($92.6 billion) was less than that of German affiliates in the United States, according to estimates. Affiliates of both countries employed a combined total of over 1.3 million workers, according to 2014 estimates. German affiliates in the U.S. employed roughly 50,000 more people than U.S. affiliates in Germany. North-Rhine Westphalia and Baden-Württemberg rank among the top ten sources of onshored jobs to America of all European regions.

Germany - U.S. Global Linkages, 2014 ($ billions)**

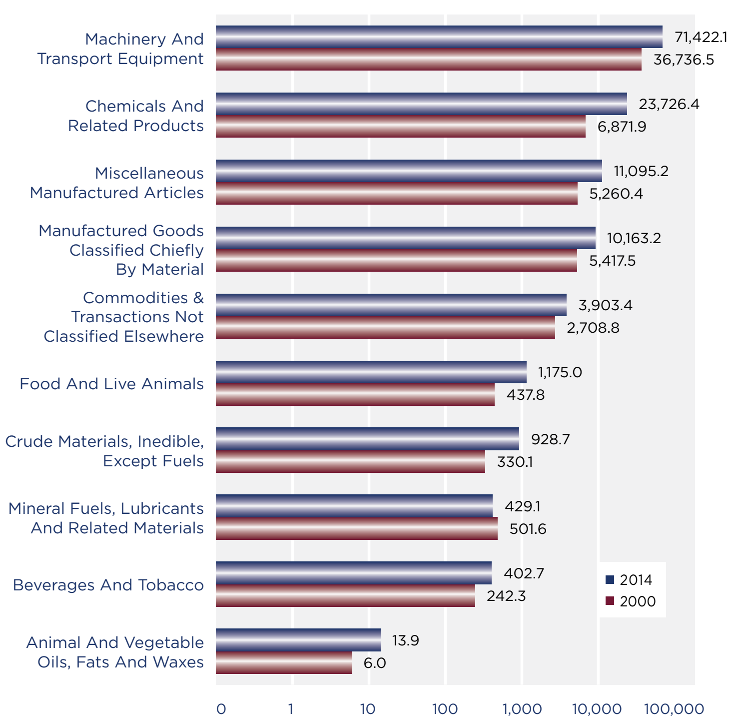
	U.S. in Germany	Germany in U.S.
Foreign Direct Investment*	115.5	224.1
Total Assets of Affiliates	780.0	1,516.7
Foreign Affiliate Sales	349.7	457.6
Value Added of Affiliates	92.6	98.7
Affiliate Employees	625,158	676,361

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

Germany is the largest European exporter to the U.S. Total exports rose 2.9% in 2014, but exports to the U.S. climbed 8.7% to $97.0 billion in the same year. The U.S. accounted for 6.9% of total German exports, and 17.8% when excluding intra-EU trade flows. Imports from the U.S. into Germany registered $43.6 billion—that equates to 3.6% of total German imports or 10.8% excluding intra-EU trade. Roughly 58% of U.S. imports from Germany consist of machinery and transportation equipment and chemicals.

Top Ten U.S. Imports from Germany, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Greece & the United States

INVESTMENT AND TRADE FIGURES

Investment

Greece's continued economic woes are reflected in its transatlantic commercial links. America held a negative investment position of $400 million in Greece according to 2014 estimates. The U.S. asset base in Greece is roughly seven times that of Greece's assets in the U.S. However, estimated U.S. affiliate sales of just $6.8 billion in 2014 ranked among the lowest in the EU.

Greece - U.S. Global Linkages, 2014 ($ billions)**

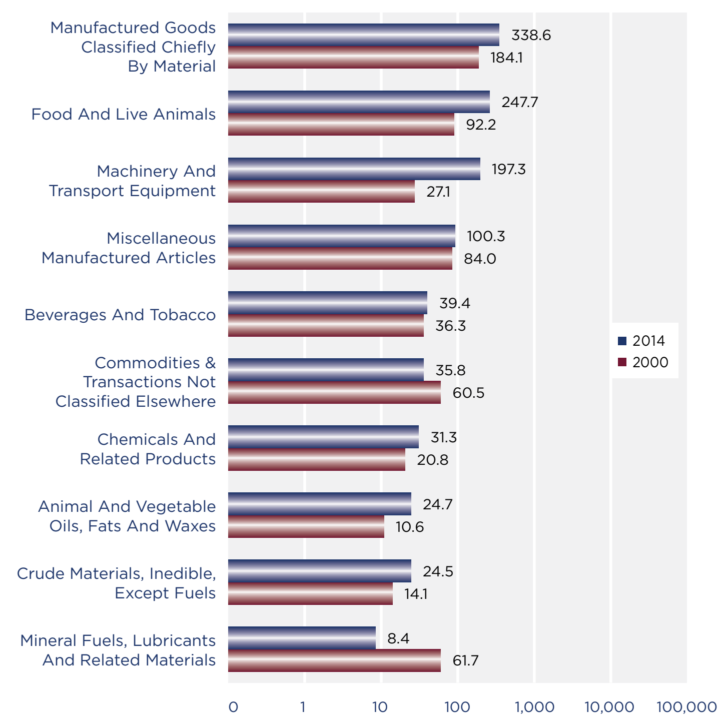
	U.S. in Greece	Greece in U.S.
Foreign Direct Investment*	-0.4	-
Total Assets of Affiliates	10.5	1.4
Foreign Affiliate Sales	6.8	0.9
Value Added of Affiliates	3.1	0.2
Affiliate Employees	17,442	2,438

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

Greek exports to the U.S. fell 8% in 2013 and plunged 21% in 2014 to $858 million. Imports from the U.S. rose 41% to $767 million. The U.S. accounted for 2.4% of total exports, and 4.6% excluding intra-EU exports. Greece's imports from the U.S. were an abysmal 1.2% of total imports from the world in 2014 and just 2.4% excluding intra-EU imports.

Top Ten U.S. Imports from Greece, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Hungary & the United States

INVESTMENT AND TRADE FIGURES

Investment

America's investment base in Hungary is among the largest in central Europe, with U.S. foreign direct investment totaling $5.9 billion on a historic-cost basis in 2014, down from its peak position of $7.5 billion in 2012. Value added by U.S.-owned affiliates totaled an estimated $3.7 billion. Estimated affiliate employment in Hungary ranked third among EU13 countries. Hungarian investment in the U.S. was $19.5 billion in 2014, far below its peak of $70.7 billion in 2009.

Hungary - U.S. Global Linkages, 2014 ($ billions)**

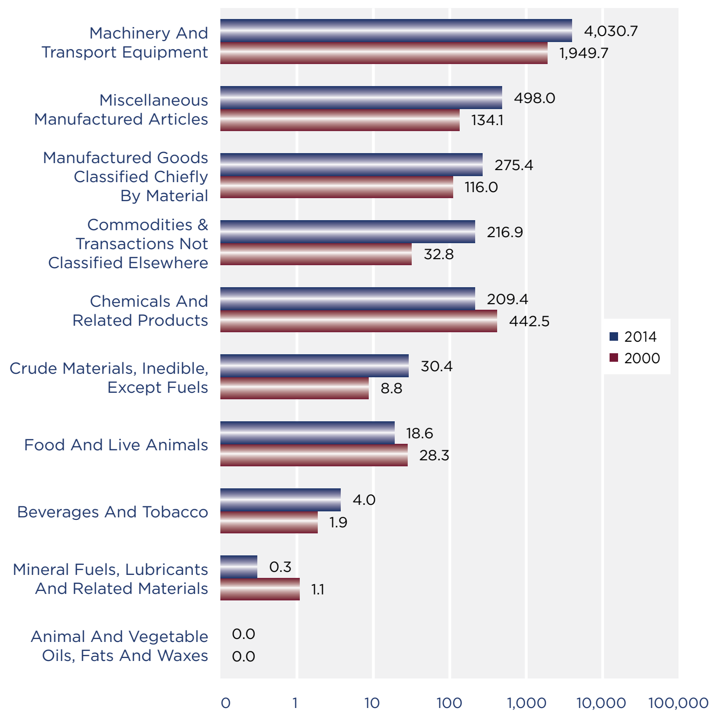
	U.S. in Hungary	Hungary in U.S.
Foreign Direct Investment*	5.9	19.5
Total Assets of Affiliates	52.6	-
Foreign Affiliate Sales	21.3	-
Value Added of Affiliates	3.7	0.002
Affiliate Employees	65,076	106

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

The U.S. share of Hungary's total exports rose to 1.9%, or $2.0 billion, in 2014. The bulk of U.S. imports from Hungary consists of machinery and transport equipment, miscellaneous manufactured articles, as well as commodites. Hungary bought $1.2 billion worth of U.S. goods in 2014, just 4.8% of the country's extra-EU imports.

Top Ten U.S. Imports from Hungary, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Ireland & the United States

INVESTMENT AND TRADE FIGURES

Investment

The investment balance favors Ireland, with U.S. investment in Ireland totaling some $310.6 billion in 2014 versus $16.2 billion of Ireland's investment in the U.S. Value added by U.S. affiliates totaled an estimated $83.0 billion in 2014. Affiliate employment favored the United States, with Ireland's affiliates employing 121,110 more people than affiliates of U.S. firms, according to estimates.

Ireland - U.S. Global Linkages, 2014 ($ billions)**

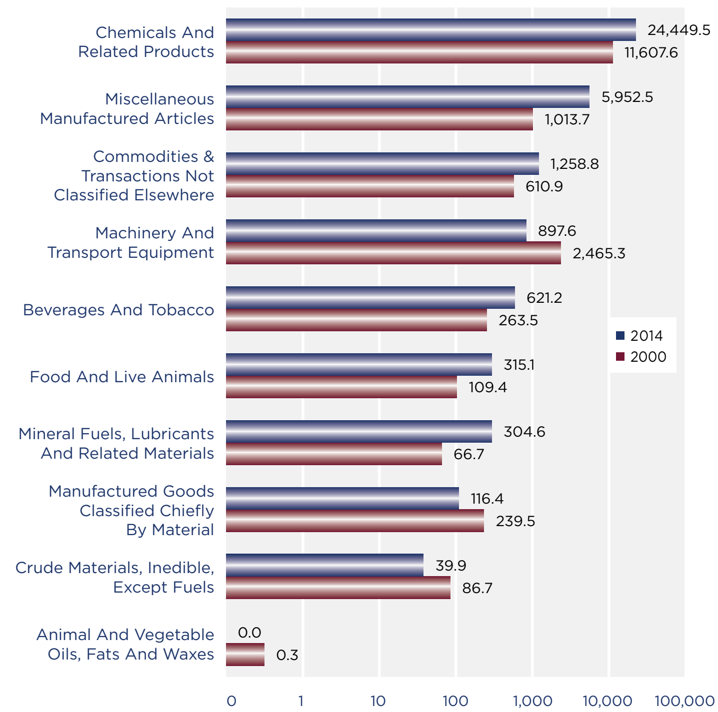
	U.S. in Ireland	Ireland in U.S.
Foreign Direct Investment*	310.6	16.2
Total Assets of Affiliates	1,250.0	205.0
Foreign Affiliate Sales	345.0	90.0
Value Added of Affiliates	83.0	35.0
Affiliate Employees	110,000	231,110

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

Cross-border trade between the two countries is recovering following Ireland's struggles with a property bubble, fiscal austerity, and a dangerously high unemployment rate. Irish exports to the U.S. grew by 8.9% in 2014 as imports from the U.S. grew 17.9%. The U.S. continues to be a key trade partner for Ireland; the U.S. accounted for 49.0% of Ireland's extra-EU exports and 33.0% of its extra-EU imports in 2014. Almost three-quarters of U.S. imports from Ireland consist of chemicals and related products.

Top Ten U.S. Imports from Ireland, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Italy & the United States

INVESTMENT AND TRADE FIGURES

Investment

The investment balance is relatively even, with Italy having the edge in most categories. U.S. investment in Italy was $4.9 billion higher than Italian investment in the U.S. in 2014. U.S. investment was mostly concentrated in manufacturing, wholesale trade, information, and finance and insurance. Value added by U.S. foreign affiliates in Italy was almost twice the value added of Italian affiliates in the U.S., according to estimates. With U.S. foreign affiliates employing an estimated 209,304 workers in 2014, the employment balance clearly favors Italy.

Italy - U.S. Global Linkages, 2014 ($ billions)**

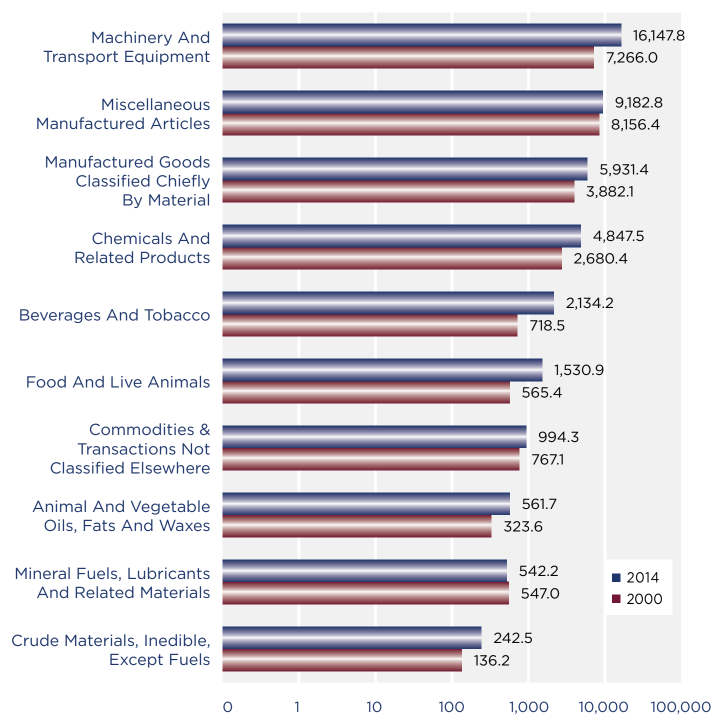
	U.S. in Italy	Italy in U.S.
Foreign Direct Investment*	26.7	21.8
Total Assets of Affiliates	191.8	124.9
Foreign Affiliate Sales	116.1	107.9
Value Added of Affiliates	34.0	18.9
Affiliate Employees	209,304	132,182

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

The U.S. accounted for 7.2% of total exports from Italy in 2014, and 16.1% of total exports after excluding intra-EU trade. Machinery, transportation goods, and manufactured articles were the top exports to the U.S. Regarding imports, the U.S. supplied 3.2% of total imports by Italy in 2014, although the share rises to 7.9% after accounting for intra-EU imports.

Top Ten U.S. Imports from Italy, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Latvia & the United States

INVESTMENT AND TRADE FIGURES

Investment

The small country of roughly 2 million people has yet to attract significant foreign direct investment from the United States. However, investment linkages are expected to gradually expand over the next decade. U.S. affiliates supported 714 jobs, the lowest among EU13 countries according to 2014 estimates.

Latvia - U.S. Global Linkages, 2014 ($ billions)**

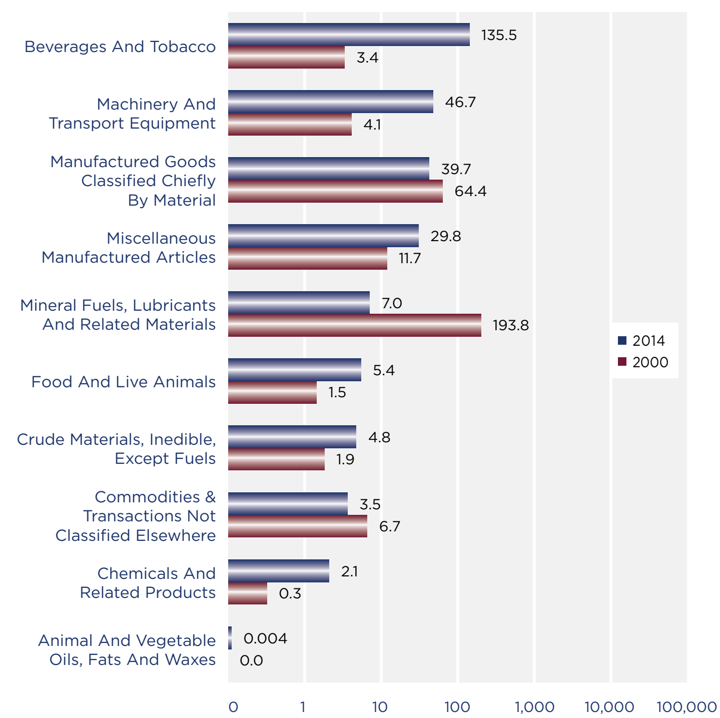
	U.S. in Latvia	Latvia in U.S.
Foreign Direct Investment*	-	-
Total Assets of Affiliates	0.2	-
Foreign Affiliate Sales	0.2	-
Value Added of Affiliates	-	-
Affiliate Employees	714	-

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

U.S. imports from Latvia have increased steadily over the past decade, with beverages and tobacco imports accounting for almost half of the total. The U.S. imported roughly $140 million worth of goods from Latvia in 2014, just 3.0% of extra-EU exports. The U.S. is a small supplier to Latvia as well. Latvia imported $96 million of U.S. goods in 2014, just 2.8% of Latvia's extra-EU imports.

Top Ten U.S. Imports from Latvia, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Lithuania & the United States

INVESTMENT AND TRADE FIGURES

Investment

Lithuania has yet to attract significant levels of U.S. foreign direct investment. U.S. affiliates employed 1,734 workers in Lithuania in 2014, 300 more than in 2013, according to estimates.

Lithuania - U.S. Global Linkages, 2014 ($ billions)**

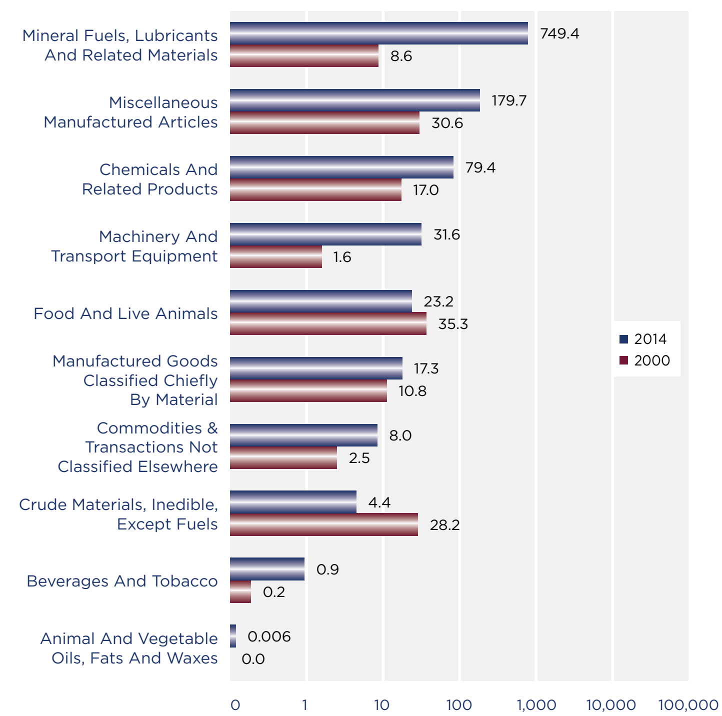
	U.S. in Lithuania	Lithuania in U.S.
Foreign Direct Investment*	-	-
Total Assets of Affiliates	0.2	-
Foreign Affiliate Sales	0.3	0
Value Added of Affiliates	-	-
Affiliate Employees	1,734	0

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

Although Lithuania's total exports to the world decreased by 2.1% in 2014, Lithuanian exports to the U.S. increased to $1.2 billion, a new peak, but just 8.3% of the country's extra-EU exports. Mineral fuels, miscellaneous manufactured articles and chemicals are the country's top exports to the U.S. Lithuanian imports from the U.S. totaled $357 million in 2014, or only 3.1% of the country's extra-EU imports.

Top Ten U.S. Imports from Lithuania, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Luxembourg & the United States

INVESTMENT AND TRADE FIGURES

Investment

Investment between the U.S. and Luxembourg is skewed in favor of Luxembourg. The bulk of bilateral investment flows remain in financial services and related industries. Estimated U.S. foreign affiliate sales in Luxembourg were nearly nine times that of affiliates in the U.S. The employee balance favors the U.S. with almost double the amount of affiliate employees, and Luxembourg affiliates shedding roughly 6,000 jobs in the U.S., according to 2014 estimates.

Luxembourg - U.S. Global Linkages, 2014 ($ billions)**

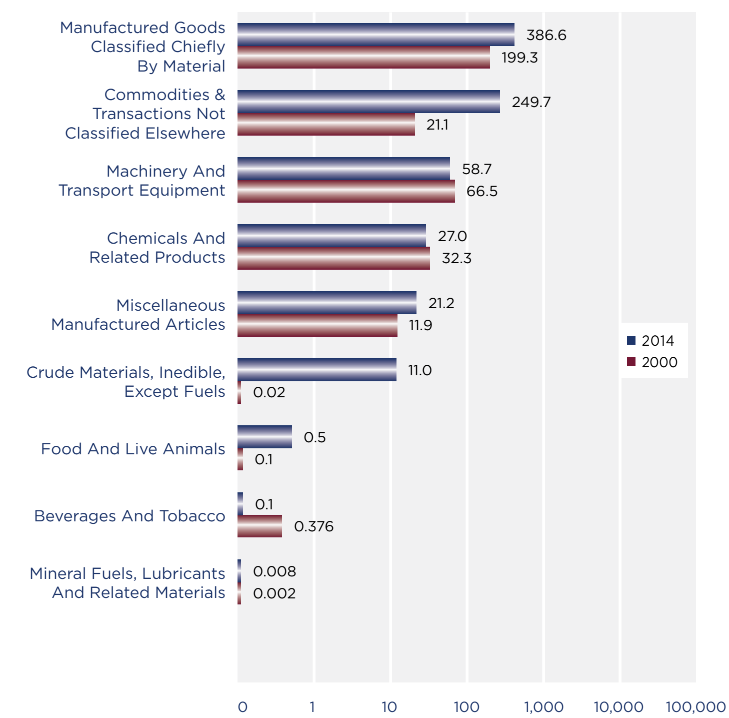
	U.S. in Luxembourg	Luxembourg in U.S.
Foreign Direct Investment*	465.2	242.9
Total Assets of Affiliates	2,073.7	18.1
Foreign Affiliate Sales	45.3	5.2
Value Added of Affiliates	6.8	1.9
Affiliate Employees	14,382	26,394

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

Luxembourg's exports to the U.S. totaled $474 million in 2014, or 13.6% of extra-EU exports. Manufactured goods make more than half of U.S. imports from Luxembourg. Imports from the U.S. fell 14% in 2014 to $1.9 billion, 7.1% of the country's total imports and a staggering 36.0% of extra-EU imports.

Top Ten U.S. Imports from Luxembourg, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Malta & the United States

INVESTMENT AND TRADE FIGURES

Investment

Despite the country's tiny population (just 429,000 people), Malta has attracted a relatively large amount of foreign direct investment from the U.S. The country received $0.9 billion in U.S. investment in 2014 as well as jobs for roughly 1,326 workers, according to estimates.

Malta - U.S. Global Linkages, 2014 ($ billions)**

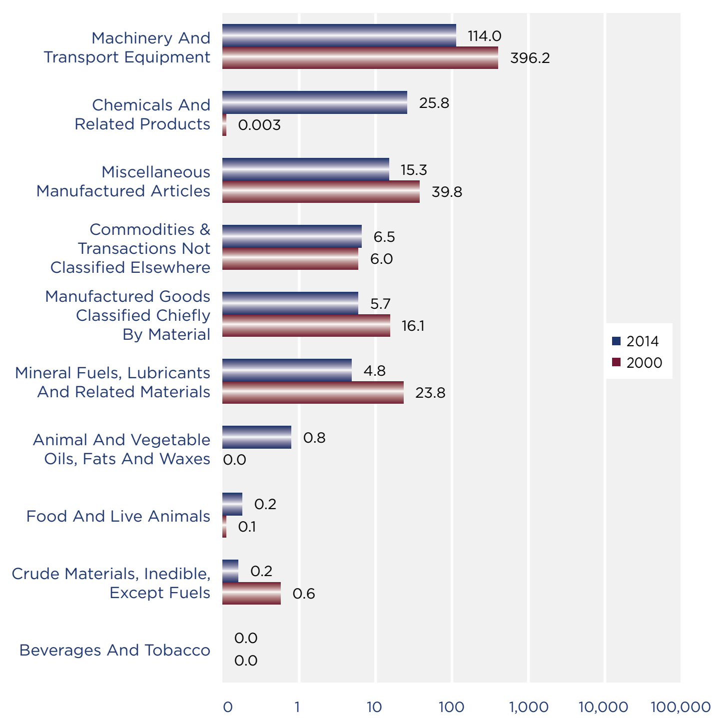
	U.S. in Malta	Malta in U.S.
Foreign Direct Investment*	0.9	0.6
Total Assets of Affiliates	7.4	0.01
Foreign Affiliate Sales	0.6	-
Value Added of Affiliates	0.3	-
Affiliate Employees	1,326	315

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

Trade between the two countries remains rather small. U.S. imports from Malta in 2014 were primarily concentrated in machinery and transport equipment followed by chemicals, which have increased from under $3,000 in 2000 to $25.8 million in 2014. Malta's imports from the U.S. totalled $550 million in 2014, 8.2% of total imports and 22.6% excluding intra-EU imports.

Top Ten U.S. Imports from Malta, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Netherlands & the United States

INVESTMENT AND TRADE FIGURES

Investment

Investment between the U.S. and the Netherlands is skewed toward the latter, with America's investment stake in the Netherlands over twice the amount of Dutch investment in the U.S. The U.S. is a prime foreign destination for Dutch firms, who recorded an estimated $289.1 billion in affiliate sales in the U.S. during 2014. The employment balance clearly favors the U.S. with the gap widening to over 199,584 jobs, and with Dutch affiliates adding 37,000 jobs in the U.S. in 2014, according to estimates. Amsterdam-North Holland is the 3rd largest source of onshored jobs to America of all European metro regions.

Netherlands - U.S. Global Linkages, 2014 ($ billions)**

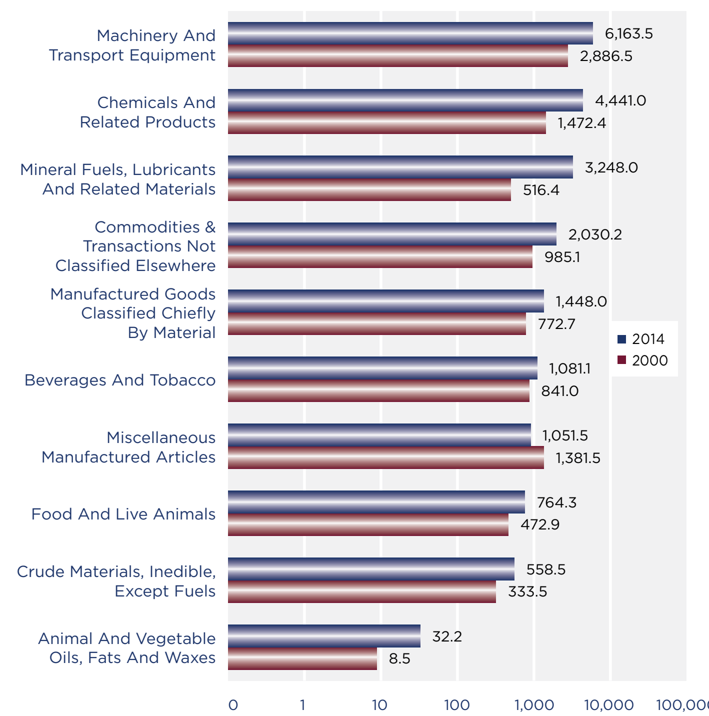
	U.S. in Netherlands	Netherlands in U.S.
Foreign Direct Investment*	753.2	304.8
Total Assets of Affiliates	2,471.0	901.8
Foreign Affiliate Sales	235.8	289.1
Value Added of Affiliates	18.3	46.9
Affiliate Employees	231,336	430,920

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

The U.S. accounted for 3.4% of total exports from the Netherlands in 2014, and a share of 14.9% of total exports when intra-EU trade is excluded. Top exports were diversified across several capital-intensive industries. Regarding imports, the U.S. supplied 6.6% of total imports by the Netherlands in 2014, but the share rises to 12.2% after accounting for intra-EU trade.

Top Ten U.S. Imports from Netherlands, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Norway & the United States

INVESTMENT AND TRADE FIGURES

Investment

The investment balance favors Norway, with U.S. direct investment totaling $39.5 billion in 2014, more than double the amount of Norwegian direct investment in the U.S. The employment balance is heavily skewed in favor of Norway, with U.S. foreign affiliates employing over 43,000 Norwegian workers.

Norway - U.S. Global Linkages, 2014 ($ billions)**

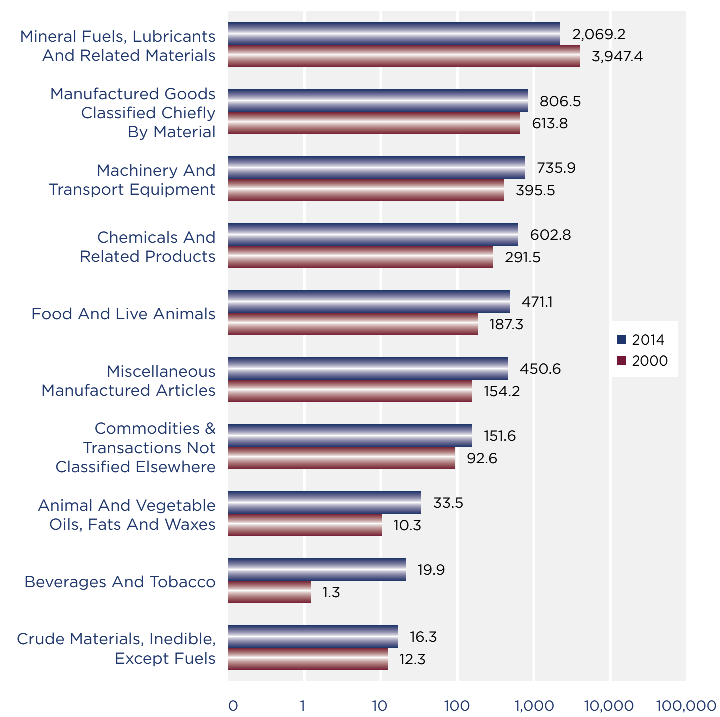
	U.S. in Norway	Norway in U.S.
Foreign Direct Investment*	39.5	17.6
Total Assets of Affiliates	175.4	56.4
Foreign Affiliate Sales	58.9	27.2
Value Added of Affiliates	28.1	3.4
Affiliate Employees	43,962	-

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

Norwegian exports to the U.S. totaled $5.4 billion in 2014, and were skewed toward mineral fuels (i.e. petroleum products). The U.S. accounted for just 3.8% of total Norwegian exports, but made up nearly 22.5% of extra-EU trade. Imports from the U.S. into Norway totaled $5.5 billion, a new peak—that equates to 6.3% of total Norwegian imports or 18.0% excluding trade with the EU.

Top Ten U.S. Imports from Norway, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Poland & the United States

INVESTMENT AND TRADE FIGURES

Investment

As one of the largest markets in central Europe, Poland has attracted significant sums of market-seeking U.S. foreign direct investment. U.S. FDI in Poland was $11.5 billion in 2014. At $78.4 billion, the U.S. asset base in Poland is significantly larger than America's asset base in small developed nations (Finland, Portugal, Greece, Austria) according to 2014 estimates. The estimated U.S. affiliate work force of roughly 170,000 workers ranks number one among EU13 countries, and by a wide margin. Polish affiliates in the U.S. have yet to make significant investments in the country.

Poland - U.S. Global Linkages, 2014 ($ billions)**

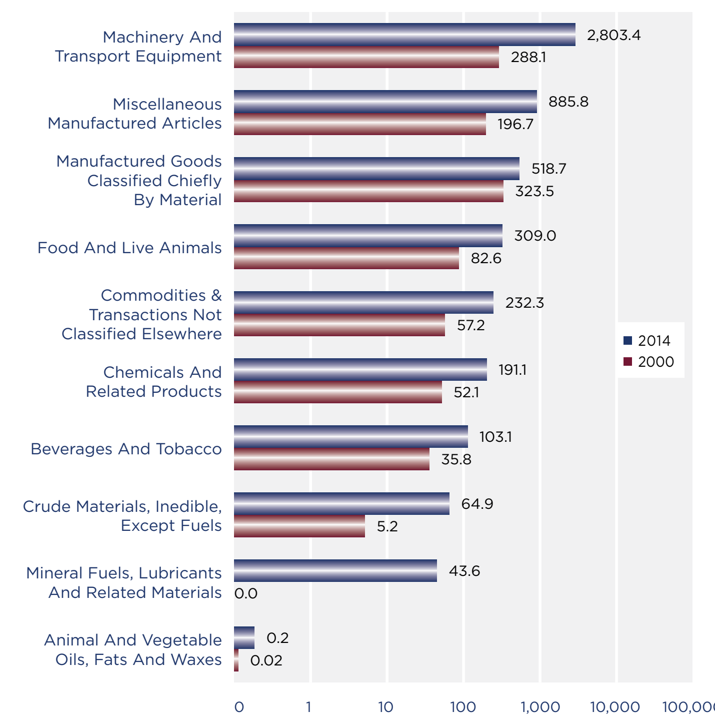
	U.S. in Poland	Poland in U.S.
Foreign Direct Investment*	11.5	0.2
Total Assets of Affiliates	78.4	-
Foreign Affiliate Sales	40.9	-
Value Added of Affiliates	15.2	-
Affiliate Employees	170,136	954

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

Poland's exports to the U.S. have increased sharply over the past several years, more than tripling from $1 billion in 2000 to $3.7 billion in 2014. U.S. imports run the gamut - from heavy machinery, to chemicals, to agricultural products. In 2014, Polish exports to the U.S. represents 8.9% of Poland's extra-EU exports. Poland's imports from the U.S. decreased to $2.4 billion in 2014, accounting for 4.0% of extra-EU trade.

Top Ten U.S. Imports from Poland, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Portugal & the United States

INVESTMENT AND TRADE FIGURES

Investment

The investment balance is heavily favored towards Portugal. U.S. direct investment in Portugal totaled $2.1 billion in 2014, largely concentrated in manufacturing, wholesale trade and finance and insurance. U.S. affiliates employed an estimated 28,662 Portuguese workers in 2014 compared to Portugal's affiliate employment of just 636 Americans. Portugal's direct investment in the U.S. peaked in 2011 ($391 million), and has since fallen to $225 million.

Portugal - U.S. Global Linkages, 2014 ($ billions)**

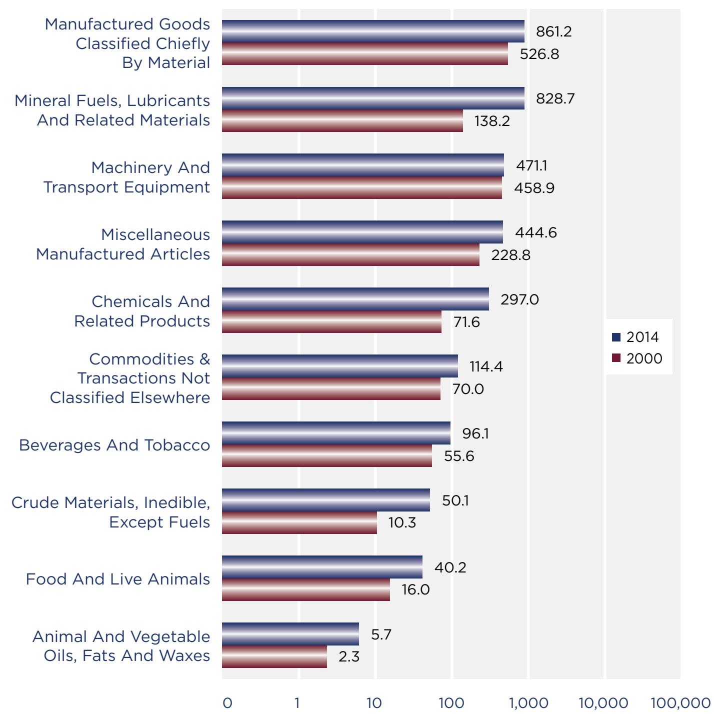
	U.S. in Portugal	Portugal in U.S.
Foreign Direct Investment*	2.1	0.2
Total Assets of Affiliates	58.6	11.6
Foreign Affiliate Sales	10.7	0.7
Value Added of Affiliates	3.9	0.4
Affiliate Employees	28,662	636

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

Portuguese exports to the U.S. increased by 5.1% in 2014 to $2.7 billion, or 14.4% of extra-EU exports. Portugal's imports from the U.S. increased 11.4% in 2014 to $1.1 billion, or 1.4% of total imports from the world and 5.5% excluding intra-EU imports, a significantly lower share than the 13% average in the 1990s.

Top Ten U.S. Imports from Portugal, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Romania & the United States

INVESTMENT AND TRADE FIGURES

Investment

America's asset base in Romania is rather small, with assets totaling an estimated $10.8 billion in 2014. U.S. affiliates employed an estimated 49,470 employees in 2014, placing Romania 4th among the EU13 countries in terms of jobs supported.

Romania - U.S. Global Linkages, 2014 ($ billions)**

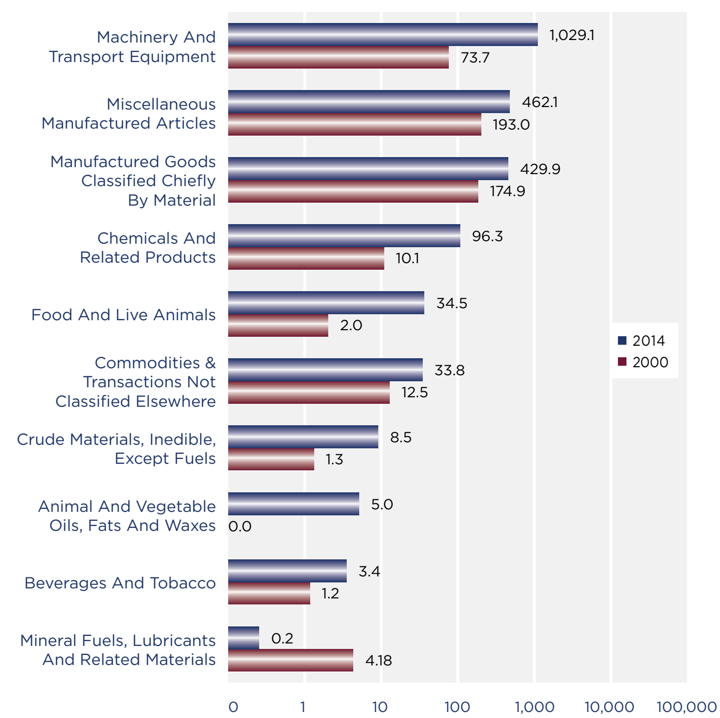
	U.S. in Romania	Romania in U.S.
Foreign Direct Investment*	2.3	0.07
Total Assets of Affiliates	10.8	0.003
Foreign Affiliate Sales	7.3	-
Value Added of Affiliates	2.2	0.001
Affiliate Employees	49,470	-

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

Romania's exports to the U.S. totaled over $1.2 billion in 2014, representing just 1.8% of total world exports and 6.3% of extra-EU trade. U.S. imports from Romania included machinery, transport equipment, and a variety of manufactured goods. The U.S. is a rather small supplier to Romania, totaling $867 million, increasing 8.7% in 2014 from the previous year. The U.S. accounted for just 1.1% of the nation's total imports and 4.6% excluding intra-EU trade.

Top Ten U.S. Imports from Romania, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Slovakia & the United States

INVESTMENT AND TRADE FIGURES

Investment

America's asset base in Slovakia is small but expanding — total assets of U.S. affiliates amounted to $9.7 billion in 2014, while foreign affiliate sales reached $9.4 billion, according to estimates. In the heart of central Europe, the country is well positioned to capture U.S. investment in areas such as distribution, transportation, wholesale trade and other service-like activities. U.S. foreign affiliates employed 41,616 workers in 2014, the 5th largest among the EU13 countries, according to estimates.

Slovakia - U.S. Global Linkages, 2014 ($ billions)**

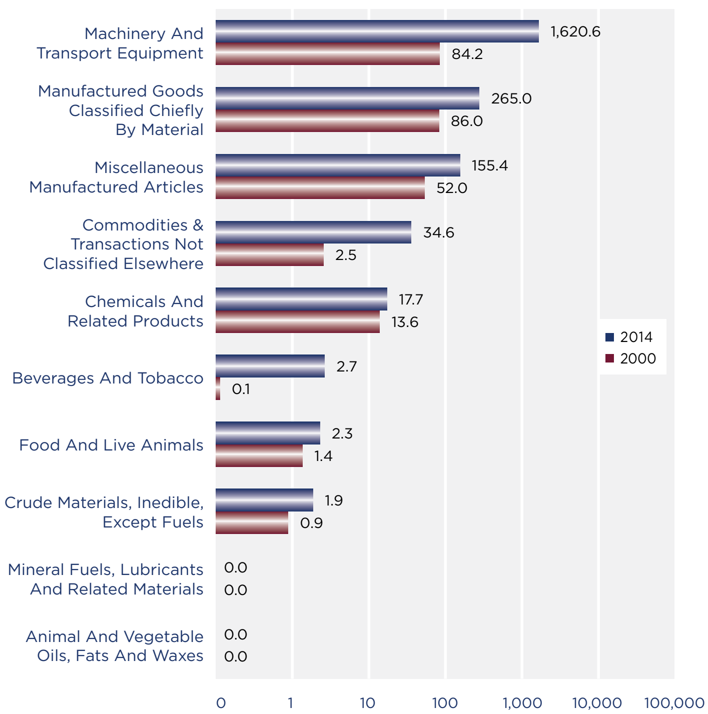
	U.S. in Slovakia	Slovakia in U.S.
Foreign Direct Investment*	0.7	0.02
Total Assets of Affiliates	9.7	-
Foreign Affiliate Sales	9.4	0.001
Value Added of Affiliates	2.2	-0.001
Affiliate Employees	41,616	-

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

In 2014, Slovakia's exports to the U.S. registered $799 million, an increase of 18.7% from 2013 but still well below its 2007 high of $1.4 billion. Imports from the U.S. were $461 million in 2014.

Top Ten U.S. Imports from Slovakia, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Slovenia & the United States

INVESTMENT AND TRADE FIGURES

Investment

Slovenia has experienced a gradual rise in U.S. foreign investment over the past several years. Total assets of U.S. foreign affiliates reached $1.0 billion in 2014, according to estimates. U.S. affiliates employed 4,692 workers in 2014, placing Slovenia 7th out of the EU13 countries in terms of employment, according to estimates. The country is expected to emerge as a bridge to the Balkan states over the next decade.

Slovenia - U.S. Global Linkages, 2014 ($ billions)**

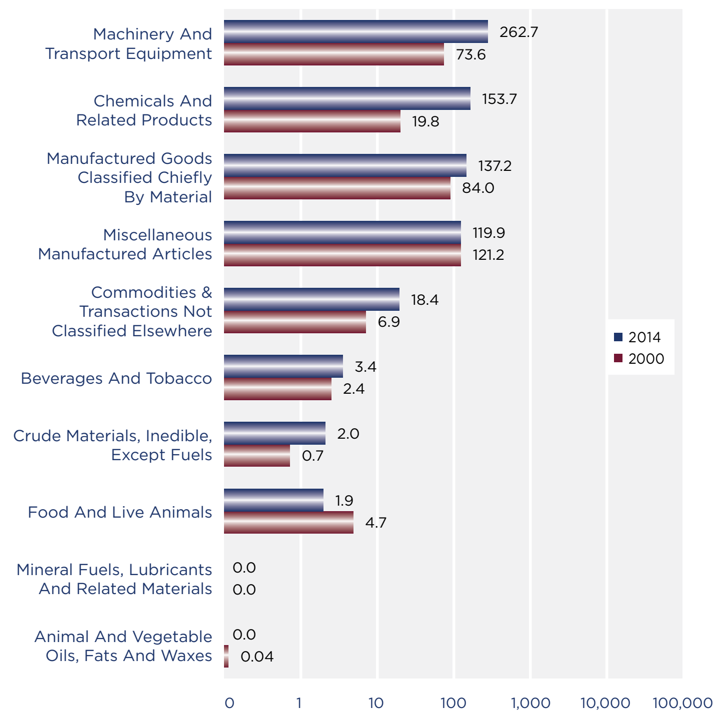
	U.S. in Slovenia	Slovenia in U.S.
Foreign Direct Investment*	-	0.02
Total Assets of Affiliates	1.0	-
Foreign Affiliate Sales	1.0	0.003
Value Added of Affiliates	0.6	-0.01
Affiliate Employees	4,692	-

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

Exports from Slovenia to the U.S. totaled $572 million in 2014, up 20.4% from 2013. U.S. Imports from Slovenia included machinery and transport equipment, chemicals, and various other manufactured goods. Slovenia imported only 1.2% of the country's total imports from the U.S. or 4.0% excluding intra-EU trade in 2014

Top Ten U.S. Imports from Slovenia, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Spain & the United States

INVESTMENT AND TRADE FIGURES

Investment

Since 2011, the investment balance shifted in favor of the U.S., as Spain's economy was squeezed by a severe recession and resulting austerity measures. U.S. direct investment in Spain was $36.4 billion in 2014, up from $28.0 billion in 2012, which was the lowest level since 2000. On the contrary, the U.S., originally not a strategic priority to Spanish firms, has seen foreign direct investment stock grow 10-fold over the last ten years. Spanish investment in the U.S. has increased every year since since 2002. Estimates show the employment balance is skewed in favor of Spain, by a ratio of roughly 2:1.

Spain - U.S. Global Linkages, 2014 ($ billions)**

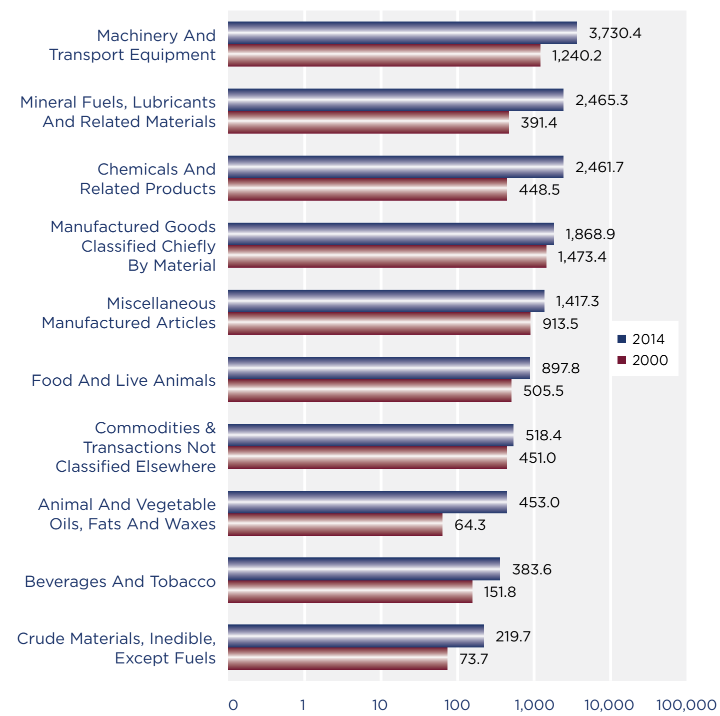
	U.S. in Spain	Spain in U.S.
Foreign Direct Investment*	36.4	58.1
Total Assets of Affiliates	164.5	355.7
Foreign Affiliate Sales	80.8	39.8
Value Added of Affiliates	16.0	9.5
Affiliate Employees	174,420	72,057

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

The U.S. received $11.8 billion worth of goods, or 3.7% of total exports from Spain in 2014, but a share of 10.5% of total exports when intra-EU trade is excluded. The U.S. supplied only 2.8% of total imports by Spain in 2014, although the share rises to 6.7% after accounting for intra-EU trade.

Top Ten U.S. Imports from Spain, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Sweden & the United States

INVESTMENT AND TRADE FIGURES

Investment

The investment balance favors the U.S., with Swedish direct investment in the U.S. totaling $41.9 billion, while U.S. firms invested $28.8 billion in Sweden in 2014. However, Sweden's value added of affiliates exceeded that of U.S. foreign affiliates. The employment balance is heavily in favor of the United States, and with Swedish affiliates adding 18,000 jobs in the U.S. in 2014, according to 2014 estimates. The Stockholm area ranks as the ninth most important source of onshored jobs to America of all European metro regions.

Sweden - U.S. Global Linkages, 2014 ($ billions)**

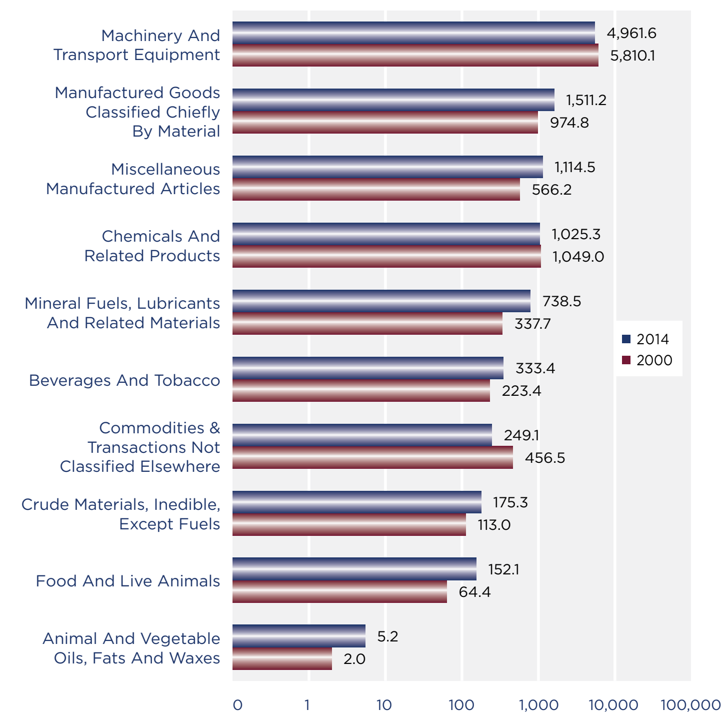
	U.S. in Sweden	Sweden in U.S.
Foreign Direct Investment*	28.8	41.9
Total Assets of Affiliates	155.5	149.8
Foreign Affiliate Sales	36.7	71.1
Value Added of Affiliates	9.2	17.5
Affiliate Employees	82,416	210,000

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

U.S. imports from Sweden increased to $9.5 billion in 2014, accounting for 6.0% of Sweden's total exports and 15.2% of the total excluding intra-EU trade. Sweden imports $3.9 billion from the U.S., accounting for 2.4% of Sweden's total imports in 2014, although the share rises to 7.9% excluding intra-EU imports.

Top Ten U.S. Imports from Sweden, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Switzerland & the United States

INVESTMENT AND TRADE FIGURES

Investment

The investment balance favors the U.S.—direct investment in Switzerland totaled $152.9 billion in 2014 versus $224.0 billion of Swiss investment in the U.S. Switzerland has one of the largest asset bases in the U.S. of any nation at $1.4 trillion (mainly in services like insurance and financial services), according to 2014 estimates. Estimates show the employment balance significantly favors the United States.

Switzerland - U.S. Global Linkages, 2014 ($ billions)**

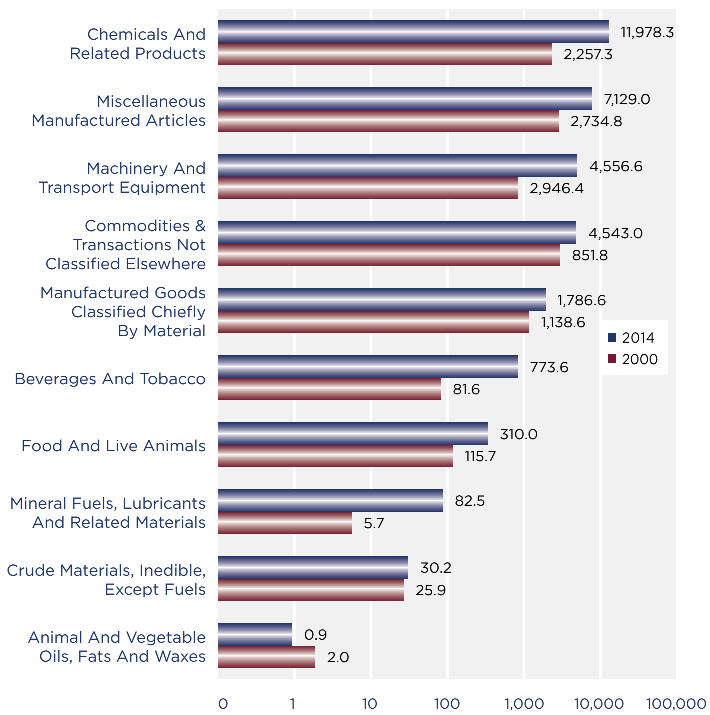
	U.S. in Switzerland	Switzerland in U.S.
Foreign Direct Investment*	152.9	224.0
Total Assets of Affiliates	733.0	1,420.0
Foreign Affiliate Sales	296.5	219.6
Value Added of Affiliates	50.1	74.3
Affiliate Employees	88,230	489,614

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

Although Switzerland's total exports increased 4.3% in 2014, exports to the U.S. increased 15.4% hitting a record $31.0 billion, representing 13.0% of total exports, and 28.6% when taken as a share of exports to regions outside the EU. In the same year, Switzerland imported American goods worth $13.3 billion, also a record, accounting for 6.6% of the global total, yet when imports from the EU were excluded, U.S. goods comprised 23.6% of Swiss imports.

Top Ten U.S. Imports from Switzerland, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Turkey & the United States

INVESTMENT AND TRADE FIGURES

Investment

The investment balance favors Turkey — the U.S. had $4.4 billion of foreign direct investment in Turkey in 2014 vs. Turkey's $680 million investment in the U.S. According to 2014 estimates, affiliates of U.S. multinationals had assets of $21.5 billion in Turkey compared to Turkey's affiliate asset base of only $3.2 billion. In 2014, U.S. affiliates employed a record 49,470 workers in Turkey, according to estimates.

Turkey - U.S. Global Linkages, 2014 ($ billions)**

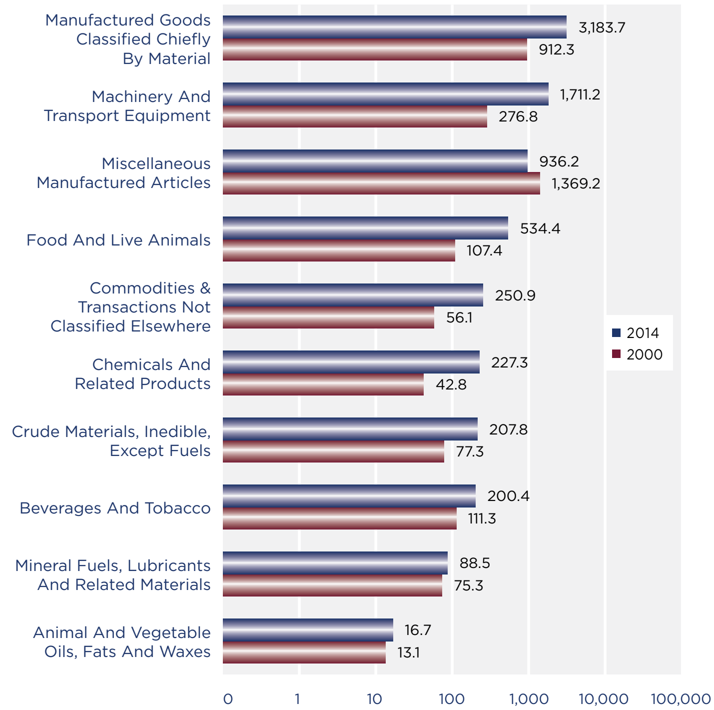
	U.S. in Turkey	Turkey in U.S.
Foreign Direct Investment*	4.4	0.7
Total Assets of Affiliates	21.5	3.2
Foreign Affiliate Sales	26.2	0.6
Value Added of Affiliates	9.5	0.2
Affiliate Employees	49,470	-

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

Turkey's exports to the U.S. totaled $6.4 billion in 2014, 4.0% of total exports and 7.1% when intra-EU exports are excluded. Top exports to the U.S. include food and live animals and beverages and tobacco goods. Turkish imports from the U.S. have more than tripled since 2000, reaching a high of $16.0 billion in 2011, but falling to $12.7 billion in 2014, accounting for 8.3% of imports excluding intra-EU trade.

Top Ten U.S. Imports from Turkey, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

United Kingdom & the United States

INVESTMENT AND TRADE FIGURES

Investment

The U.S.-UK investment balance is fairly even, however the U.S. had a larger net cross-border impact in 2014. U.S. foreign direct investment in the United Kingdom totaled a record $587.9 billion in 2014, as the UK's foreign direct investment in the U.S. declined slightly to $448.5 billion. Estimated sales of American and British affiliates totaled more than $1.3 trillion in 2014. U.S. affiliates employed over 1.2 million workers in the UK while UK affiliates employed roughly 1.1 million Americans, according to 2014 estimates. London is the top source of onshored jobs to America of all European metro regions, and Oxford-Gatwick-South East ranks 8th.

United Kingdom - U.S. Global Linkages, 2014 ($ billions)**

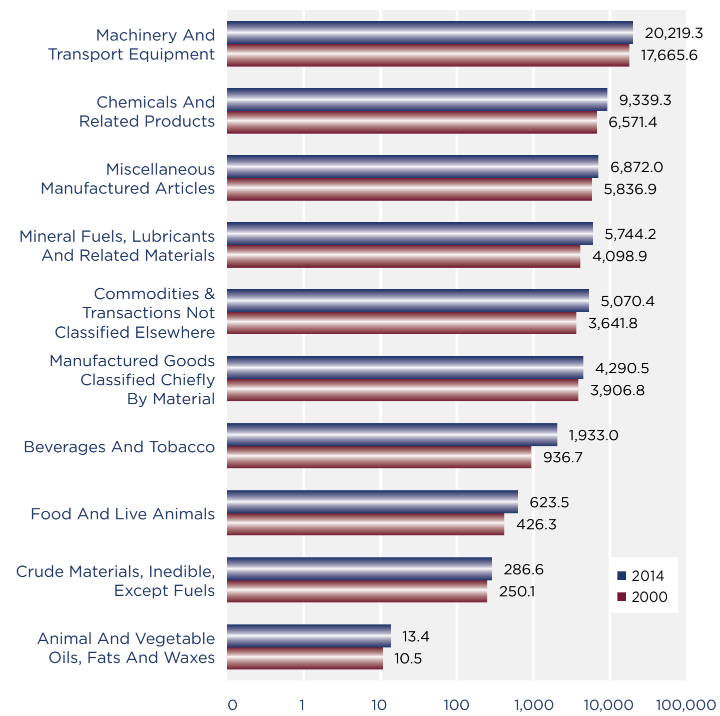
	U.S. in United Kingdom	United Kingdom in U.S.
Foreign Direct Investment*	587.9	448.5
Total Assets of Affiliates	5,181.2	2,311.0
Foreign Affiliate Sales	665.0	650.2
Value Added of Affiliates	163.5	142.9
Affiliate Employees	1,257,966	1,086,334

* Based on a historic-cost basis.
**Assets, sales, value added and employees data are estimates. All data are for majority-owned bank and nonbank affiliates.

Trade

Bilateral trade flows are strong between the UK and the United States. Exports to the U.S. totaled $48.0 billion in 2014, 10.4% of total exports from UK and 21.4% when intra-EU exports are excluded. Top exports to the U.S. include heavy machinery and chemical products. The U.S. was similiarly a key supplier to the United Kingdom in 2014, with $42.5 billion in imports from the U.S accounting for 14.2% of imports excluding intra-EU trade.

Top Ten U.S. Imports from United Kingdom, 2014 (in $ millions)



Sources: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Economic Analysis.

Notes on Terms, Data and Sources

EMPLOYMENT, INVESTMENT, AND TRADE LINKAGES FOR THE 50 U.S. STATES AND EUROPE

Data for investment as well as investment-related jobs are from the U.S. Commerce Department's Bureau of Economic Analysis. Investment data measure gross property, plant, and equipment of affiliates. Europe includes Belgium, France, Germany, Italy, Netherlands, Sweden, Switzerland, and the United Kingdom. Trade data are from the International Trade Administration's Office of Trade and Industry Information at the U.S. Commerce Department. Europe includes Albania, Andorra, Armenia, Austria, Azerbaijan, Belarus, Belgium, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Cyprus, Denmark, Estonia, Faeroe Islands, Finland, France, Germany, Georgia, Gibraltar, Greece, Greenland, Guernsey, Hungary, Iceland, Ireland, Isle of Man, Italy, Jan Mayen, Jersey, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Malta, Moldova, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, Russia, San Marino, Serbia, Slovakia, Slovenia, Spain, Svalbard, Sweden, Switzerland, Tajikistan, Turkey, Ukraine, United Kingdom, Vatican City. The top ten exports to Europe bar chart employs a logarithmic scale to facilitate cross state comparisons.

INVESTMENT AND TRADE FOR THE EU 28, NORWAY, SWITZERLAND, TURKEY AND THE U.S.

Investment data are from the Bureau of Economic Analysis. Trade data are from the IMF Trade Statistics. Data for the top ten U.S. imports bar charts are from the Office of Trade and Industry Information of the International Trade Administration. They employ logarithmic scales to facilitate cross-country comparisons.

TERMS

Throughout this report, the term "EU" refers to all 28 member states of the European Union. The term EU15 refers to the older EU member states: the United Kingdom, Ireland, Belgium, Luxembourg, the Netherlands, Austria, Spain, Italy, Greece, France, Germany, Portugal, Sweden, Finland, and Denmark. The term EU13 refers to the newer EU member states: Croatia, Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Malta, Cyprus, Romania and Bulgaria.

In addition to the above, the term "Europe" in this report refers to the following: all 28 members of the European Union plus Russia, Turkey, Switzerland, Albania, Andorra, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Georgia, Gibraltar, Greenland, Iceland, Kazakhstan, Kosovo, Kyrgyzstan, Macedonia, Malta, Moldova, Monaco, Montenegro, Serbia, Tajikistan, Turkmenistan, Union of Soviet Socialist Republics, Uzbekistan, Vatican City.

About the Authors

DANIEL S. HAMILTON and **JOSEPH P. QUINLAN** have been producing *The Transatlantic Economy* annual survey since 2004. They have authored and edited a series of award-winning books and articles on the modern transatlantic economy, including *Atlantic Rising: Changing Commercial Dynamics in the Atlantic Basin* (2015); *Germany and Globalization* (2009); *France and Globalization* (2009); *Globalization and Europe: Prospering in a New Whirled Order* (2008); *Sleeping Giant: Awakening the Transatlantic Services Economy* (2007); *Protecting Our Prosperity: Ensuring Both National Security and the Benefits of Foreign Investment in the United States* (2006); *Deep Integration: How Transatlantic Markets are Leading Globalization* (2005); and *Partners in Prosperity: The Changing Geography of the Transatlantic Economy* (2004). Together they were recipients of the 2007 Transatlantic Leadership Award by the European-American Business Council and the 2006 Transatlantic Business Award by the American Chamber of Commerce to the European Union.

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THE TRANSATLANTIC ECONOMY 2016

DANIEL S. HAMILTON
AND JOSEPH P. QUINLAN

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

The Transatlantic Economy 2016 annual survey offers the most up-to-date set of facts and figures describing the deep economic integration binding Europe and the United States. It documents European-sourced jobs, trade and investment in each of the 50 U.S. states, and U.S.-sourced jobs, trade and investment in each member state of the European Union and other European countries. It reviews key headline trends and helps readers understand the distinctive nature of transatlantic economic relations.

Key sectors of the transatlantic economy are integrating as never before. The Transatlantic Trade and Investment Partnership currently being negotiated across the Atlantic could transform the U.S-European relationship. Europeans and Americans have become so intertwined that they are literally in each other's business. These linkages underpin a multi-trillion dollar economy that generates millions of jobs on both sides of the Atlantic.

The Transatlantic Economy 2016 offers a clear picture of the 'deep integration' forces shaping the U.S.-European economic relationship today; explains how TTIP and transatlantic flows of investment, goods and services, people and ideas affect local communities on each side of the Atlantic; shows how these interdependencies have shifted in recent years; and suggests how decision-makers can address the accompanying opportunities and challenges.

In the context of today's debates about jobs, competitiveness, financial crisis, changing economic fortunes and rising powers, **The Transatlantic Economy 2016** provides key insights about the United States and Europe in the global economy, with often counterintuitive connections with important implications for policymakers, business leaders, and local officials.

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