

The benefits of transatlantic investment – Brussels, 13 May 2008

Transatlantic Investment fuels U.S. and European economic prosperity by creating well-paid jobs, importing new technology and business methods, and providing healthy competition that fosters innovation, productivity gains, lower prices, and greater variety for consumers.

Largest investment partners: The European Union (EU) and United States are each other's largest foreign investor. In 2006, the stock of EU direct investment in the United States reached \$1.11 trillion, accounting for almost half of the total stock of foreign direct investment (FDI) in the United States. In 2007, EU investment represented 42 percent of global investment flows to the United States. The transatlantic investment relationship is also symmetrical: in 2006, the U.S. stock of FDI in the EU totaled \$1.12 trillion. In 2007, over half of all private direct investment outflows from the United States were directed to the EU.

Millions of jobs in the United States: Of the more than 5 million Americans employed in the United States by foreign companies in 2005, roughly 3.1 million (58 percent) worked for EU companies. With a payroll of \$194 billion, EU companies on average paid U.S. workers 18 percent more than workers were paid at other U.S. firms.

Millions of jobs in Europe: Likewise, in 2005, majority-owned U.S. affiliates employed 3.7 million workers in the EU, and support a total payroll of \$203 billion.

Manufacturing jobs: 37 percent of U.S. jobs at EU-owned firms are in manufacturing, a sector that accounts for 13 percent of U.S. private sector jobs. EU direct investment is responsible for 57 percent of all U.S. manufacturing employment supported by majority-owned foreign firms. U.S. affiliates employ 1.8 million manufacturing workers within the EU, accounting for 40 percent of all manufacturing jobs abroad that are supported by U.S. foreign direct investment.

Stronger and more competitive economies

Innovation: In 2005, EU-owned firms in the United States spent nearly \$20 billion on R&D. U.S.-owned firms in the EU spent over \$17 billion (61 percent of global U.S. affiliate expenditures on R&D)

Productivity/Capital Expenditures: In 2005, EU-owned firms in the United States produced \$311 billion in goods and services, and expended almost \$60 billion on plant and equipment. U.S.-owned firms in the EU produced \$434 billion in goods and services and expended \$46 billion on plant and equipment.

Exports: EU-owned firms in the United States contributed more than \$85 billion to U.S. exports in 2005.

Long-term commitment to the transatlantic economy

EU-owned firms reinvested nearly half of their U.S. income – \$34 billion – back into the U.S. economy in 2006.

Data Source: US Bureau of Economic Analysis/European Commission.

