

Executive Summary: The Transatlantic Economy 2026

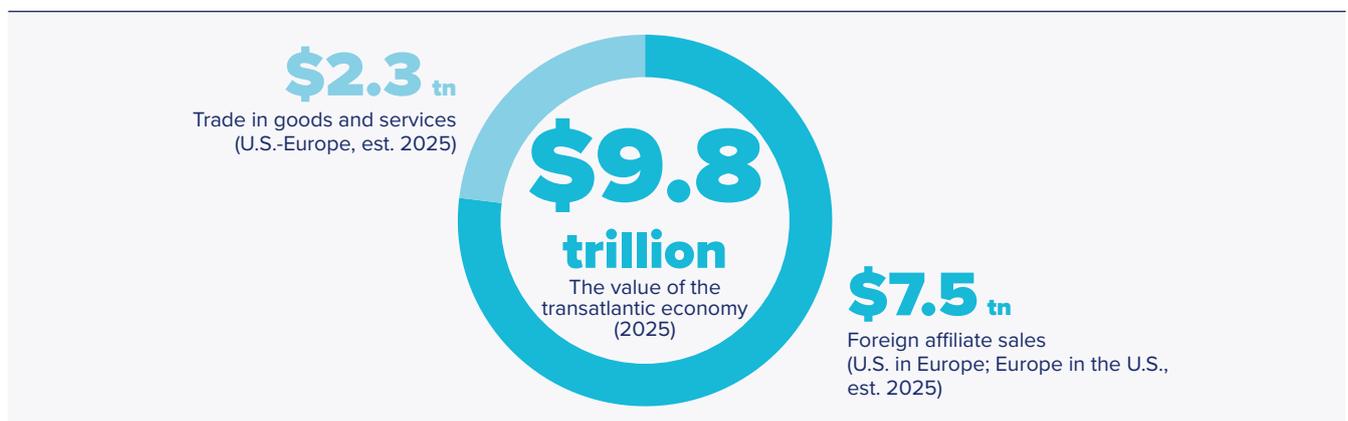
STORMY SEAS: THE TRANSATLANTIC ECONOMY IN 2026

The transatlantic economy faces stormy seas in 2026, as countries and companies navigate geopolitical tensions, shifting global supply chains, disruptive trade policies, realigning currency movements, rising energy costs, and the transformative effects of AI. Yet, even in this context, transatlantic business continues to thrive. Every day, more than \$6.4 billion worth of goods and services are traded between Europe and the United States, of which \$4.5 billion (70%) is between the EU and the U.S., underpinned by extensive cross-border investments that support millions of jobs.

2025 was a turbulent year for the transatlantic economy. While a deal at the end of July averted a full-blown EU-U.S. trade war, the average effective U.S. tariff rate on EU goods increased to 16-18% – a fivefold increase compared to the year before. Despite this turbulence, goods trade flows held strong, services trade quietly continued to grow, and Europe and the United States remained each other’s most important source of overseas affiliate income by far.

Economic growth on both sides of the pond is expected to be cyclically robust in 2026, though the pace will vary. Analysts predict economic growth of 2.5% in the United States and around 1.2% in Europe, with significant variation across countries. In the United States, the massive AI infrastructure buildout and an affordability squeeze are key watchpoints; in Europe, higher energy prices, longstanding barriers inside the Single Market, and vulnerability to China’s export onslaught add to the uncertainty.

The bottom line is unchanged: the transatlantic economy is the world’s largest and most consequential economic relationship. Transatlantic commerce continues to thrive, and this dense web of deep connections remains a strength – not a burden – in a more competitive and disruptive age.



THE TIES THAT BIND THE TRANSATLANTIC ECONOMY



1. TRADE IN GOODS

Europe and the United States share one of the world’s largest merchandise trade partnerships – an everyday flow of goods that binds supply chains and consumers on both sides of the Atlantic.

\$617 bn U.S. goods exports to Europe (2025)	\$840 bn European goods exports to the United States (2025)
\$414 bn U.S. goods exports to the EU (2025)	\$633 bn EU goods exports to the United States (2025)



2. TRADE IN SERVICES

The United States and the European Union are the two largest traders of services in the world and each other’s most important services trading partners.

\$489 bn U.S. services exports to Europe (2024)	\$350 bn European services exports to the United States (2024)
\$295 bn U.S. services exports to the EU (2024)	\$206 bn EU services exports to the United States (2024)



3. INVESTMENT

Trade alone fails to paint a full picture of transatlantic commerce; investment is the real backbone of the transatlantic economy. Europe remains by far the primary destination for U.S. investment abroad, and European firms remain the largest source of foreign direct investment in the United States.

 56% Europe’s share of U.S. FDI worldwide (2009–2025)	 56% Europe’s share of all global FDI in the United States by ultimate beneficial owner (2024)
--	--



4. TRADE AND INVESTMENT SYNERGIES

Deep U.S. and European investment ties in each other’s market are another conduit for trade. A great deal of transatlantic trade is intra-firm (related-party) trade that stays within the same company, showing how deeply U.S. and European supply chains are embedded in each other’s markets.

 65% Share of U.S. imports from the EU+UK consisting of intra-firm trade (2024)	 40% Share of U.S. exports to the EU+UK consisting of intra-firm trade (2024)
--	---



5. FOREIGN AFFILIATES: GROSS PRODUCT AND ASSETS

U.S. companies in Europe and European companies in the United States are among the largest and most advanced economic forces in the world. Their gross product shows the value they add inside each other’s economies, while their assets show the scale of each side’s footprint.

<p>\$900 bn</p> <p>Gross product (output) of European company affiliates in the United States (est. 2024)</p>	<p>\$835 bn</p> <p>Gross product (output) of U.S. company affiliates in Europe (est. 2024)</p>
<p>\$19.5 tn</p> <p>U.S. foreign assets in Europe (est. 2024)</p>	<p>\$9.4 tn</p> <p>European foreign assets in the United States (est. 2024)</p>



6. FOREIGN AFFILIATES: SALES AND INCOME

U.S. and European companies each make more of their overseas income in each other’s markets than they do in the entire rest of the world. Foreign affiliate sales – not exports – are the primary way U.S. firms serve European customers and European firms serve American customers.

<p>\$3.9 tn</p> <p>U.S. affiliate sales in Europe (est. 2024)</p>	<p>\$3.5 tn</p> <p>European affiliate sales in the United States (est. 2024)</p>
 <p>54% Europe’s share of U.S. foreign affiliate earnings worldwide (2023)</p>	 <p>63% European companies’ share of all foreign affiliate earnings in the United States (2023)</p>



7. JOBS

Millions of people on both sides of the Atlantic owe their livelihoods to a healthy transatlantic economy. European firms are the leading foreign source of jobs in the United States, and U.S. companies are the leading foreign source of jobs in Europe.

<p>16 million</p> <p>Direct and indirect jobs dependent on transatlantic commerce (est. 2024)</p>	
<p>5.3 m</p> <p>Employees of European companies in the U.S. (direct jobs due to investment, est. 2024)</p>	<p>4.6 m</p> <p>Employees of U.S. companies in Europe (direct jobs due to investment, est. 2024)</p>



8. INNOVATION

International flows of R&D and human talent are now critical to knowledge economies, and the tightest innovation links run across the Atlantic as firms share development costs, spread risks, and tap each other’s intellectual capital.

<p>\$61.2 bn</p> <p>R&D spending by European affiliates in the U.S. (2023)</p>	<p>\$43.1 bn</p> <p>R&D spending by U.S. affiliates in Europe (2023)</p>
---	---



9. DIGITAL COMMERCE AND CONNECTIVITY

The transatlantic digital economy is uniquely dense, sustained by digital trade, investment, and connectivity that make the EU and the U.S. each other’s closest digital partners.

<p>\$361 bn</p> <p>U.S. exports of digitally deliverable services to Europe (2024)</p>	<p>\$202 bn</p> <p>European exports of digitally deliverable services to the United States (2024)</p>
<p>\$420 bn</p> <p>Information services supplied in Europe by U.S. companies (2023)</p>	<p>\$148 bn</p> <p>Information services supplied in the U.S. by European companies (2023)</p>



10. ENERGY

The U.S. is now a cornerstone supplier for Europe’s energy security, while Europe has become America’s most important export market for key fuels. At the same time, European companies are the largest foreign investors in the U.S. energy economy, supporting American jobs and exports alongside the surge in transatlantic energy flows.

<p>60%</p> <p>Share of EU LNG supplied by the United States</p>	<p>>50%</p> <p>European companies’ share of all FDI in greenfield U.S. energy projects (2015 – 2024)</p>
--	--

THE FUTURE OF THE TRANSATLANTIC ECONOMY: DO EUROPE AND AMERICA STILL NEED EACH OTHER?

In a transatlantic climate marked by trade tensions and questions about the strength of the security partnership, a growing chorus of voices argues that the other side of the Atlantic has become more problem than solution. Some Americans talk as if the United States has little need for Europe; some Europeans say it is time to “de-risk” and become “autonomous” from America.

In fact, there is substantial evidence that Europe and the United States each gain considerably from a flourishing transatlantic economy. Some Europeans are right to want to mitigate excessive dependencies, but wrong to think decoupling from America would cost little; some Americans are right to want Europeans to do more on security, but wrong to think they don’t need Europe.

Europe and America are constituent parts of a densely intertwined \$9.8 trillion transatlantic economy and members of the most successful alliance in history – each indispensable to the other. European and American companies not only profit from those interconnections; they use the transatlantic economy as a common geoeconomic base to compete in a fractious world.