CHAPTER 2

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

The European Union is one of the largest economic entities in the world. The aggregate output of its 28 member states totaled $16.2 trillion in 2013 (based on purchasing power parity (PPP) basis). To put that number into perspective, the EU's economic output was about $3 trillion larger than China's last year and nearly 3.5 times larger than India's. Only the United States exceeds the numerical economic heft of the European Union; U.S. output totaled an estimated $16.7 trillion in 2013.

Due in part to its size, the European Union remains the most attractive foreign destination for U.S. capital. U.S. flows to Europe have ebbed and flowed since the 2008-09 crisis: flows dropped sharply in 2009, rebounded in 2010 and 2011, swooned again in 2012 before recovering in 2013. U.S. FDI flows to Europe totaled $149 billion in the first nine months of 2013, a 6.7% decline from the same period a year earlier. On a global basis, U.S. FDI outflows fell 5.9% in the January-September period, with outflows generally weak throughout the world.

For all of 2013, we estimate that U.S. FDI flows to Europe totaled $200 billion, roughly a 6% increase from the levels of 2012.

Why the annual rise after flows declined nearly 7% in the first nine months of 2013? Answer: after a weak first quarter (U.S. outflows to Europe totaled $34 billion), U.S. flows to Europe picked up strongly in the second quarter ($60 billion) and the third quarter ($54.6 billion); the re-acceleration in flows was likely due to Europe's improving economic prospects, with most of the European Union emerging from recession at mid-year. With many U.S. companies reporting better or "less bad" earnings in Europe in the second half of the year, this most likely translated into stronger FDI flows to Europe.

Assuming FDI inflows of roughly $50 billion in the fourth quarter of 2013, full year flows totaled roughly $200 billion by our estimates, an improvement from 2012 but still off 12% from the post-crisis peak of $227 billion achieved in 2011.

The Netherlands ($47.4 billion), the United Kingdom ($32.7 billion) and Ireland ($17.8 billion) were the top three destinations for U.S. firms over the first nine months of 2013. While year-over-year flows to Ireland and the Netherlands rose 7% and 14.6%, respectively, flows to the United Kingdom dropped by over 21%. Notwithstanding this decline, the trio still accounted for just over 70% of U.S. investment in Europe in the first nine months of last year, underscoring how concentrated U.S. investment in Europe has become over the past few years.

On a year-over-year basis, U.S. FDI flows to Germany declined 103% and were down 30% to France. However, while both nations experienced sharp declines in U.S. inflows in the first quarter of 2013, flows ticked up in the second and third quarters. Again, we suspect that as the economic climate improved in Europe over the second half of 2013, so did the confidence of U.S. firms, triggering more modest amounts of investment in various nations. Another point to highlight: FDI flows are very "lumpy"—or can be exceeding large one quarter and then down the next, making for sharp year-over-year comparisons.

Against this backdrop, U.S. FDI flows to Poland soared 103% in the first nine months of 2013; U.S. investment to the Czech Republic rose 14.3%, while soaring 152% to Denmark. U.S. investment to Finland rose nearly 30% over the period.

In the recession-weary, debt-laden euro zone members of the south—Italy, Spain, Greece and Portugal—U.S. FDI flows rose sharply to Italy and were slightly positive to Spain, but were negative (i.e., meaning firms continued to draw down assets) in Greece and Portugal. Disinvestment flows from Greece—minus $2 million—were much improved from the prior years; this follows massive disinvestments from the country since 2009. U.S. firms also disinvested some $17 million in Portugal. This uneven pattern of U.S. investment flows to Europe speaks volumes to the uneven pace of real growth in Europe, and to the region's disparate levels of competitive endowments, all which influences how and where U.S. firms invest in Europe.

Like the United States, whose economic activity is diverse and dispersed, and driven by different impulses from the various 50 states, economic activity in the European Union is just as distinct and differentiated across the continent.

Just as the economic fortunes of California are vastly different from those of Mississippi—and such distinctions influencing where European companies invest in the U.S.—so the economic climate/mood in Ireland is distinct from the climate in Hungary or Greece. Final demand in Spain, where the jobless rate exceeds 26%, is a great deal weaker than final demand in Austria, where the unemployment rate is under 5%, or Norway, with a 3.3% unemployment rate. Meanwhile, the financial health of Germany, with a current account surplus of 6.9% of GDP, or Switzerland with a 10.9% surplus, is very different from the situation in debt-laden Greece or Portugal.

Beyond the numbers, there are other differentiating features within Europe. For instance, the ease of doing business, according to the latest global rankings from the World Bank, varies across Europe; Denmark (ranked 5th in the world) took the top spot among EU members in the latest survey, with Norway and the United Kingdom also scoring well. In contrast, the rankings of the Netherlands (ranked 28th), Switzerland (29th), and Austria (30th), were less than stellar for a variety of reasons. Even worse: Spain, ranked 52nd, Hungary (54th), Italy (65th) and Greece (72nd). Many Balkan states ranked even worse than Greece.

Closely related to the "ease of doing business" is global competitiveness. Again, the picture in Europe is highly diverse, which influences where American firms decide to invest in Europe. In the latest rankings of global competitiveness from the World Economic Forum, six European nations were ranked among the top ten, and seven more among the top thirty. Switzerland ranked first, Finland ranked 3rd, Germany 4th, Sweden 6th, the Netherlands 8th, and the United Kingdom 10th, to round out the top ten. The United States ranked 5th, moving up two notches from the previous survey.

Meanwhile Norway ranked 11th, Denmark 15th, Austria 16th, Belgium 17th, Luxembourg 22nd, France 23rd, and Ireland 28th. That said, the spread between Number One Switzerland and floundering Greece (96th) speaks volumes about the divergent competitive landscape of Europe.

Simply put, when it comes to institutions, infrastructure and the macro-environment of Europe, the backdrop is hardly homogenous but rather heterogeneous. When it comes to human capital, educational levels, health care, labor market efficiencies, financial market development, innovation capabilities, universities, corporate tax policies—all of these metrics of competitiveness differ by country and region, and exert a powerful influence on how and why U.S. firms investment in Europe.

U.S. firms are always rethinking and reconfiguring their European operations, a dynamic highlighted in Table 1. The figures in the table represent cumulative U.S. FDI inflows to specific countries in each decade, and the corresponding percent share of each nation's total U.S. investment in Europe. Denmark, for example, has attracted a greater share of U.S. FDI this decade (1.2%) than the two prior decades. Conversely, Belgium's share has declined this decade, to 1.6%, down from a share of 2.6% in the 1990s and 3.5% over the 2000-09 time frame. Part of this decline reflects the industrial consolidation of U.S. firms across Europe, with higher-cost Belgium losing out to lower costs in Poland, Czech Republic and other locales.

Besides Belgium, other nations that have experienced a decline in their share of U.S. investment include core economies like France and Germany. France's share of U.S. FDI amounts to just 1.4% this decade, down from a share of 3.7% over 2000-09 and 6.2% over the 1990s. Germany's share of U.S. FDI in Europe has dropped from 6.8% over the 1990s, to 5.2% last decade, to just 2.7% thus far this decade. Some of these figures need to be taken with a grain of salt, since some U.S. investment in countries neighboring Germany, for instance the Netherlands, Luxembourg or Belgium, finds its way ultimately to Germany.

Italy, Spain and Switzerland have also experienced declines in U.S. investments as a share of the European total. Spain's share this decade has plummeted to just 0.3%, a decline that reflects the nation's challenging economic environment and the emergence of alternative lower-cost destinations.

What about the apparent winners—or the nations that have seen their share of U.S. investment rise this decade? The most notable gain has come from Ireland, whose share of U.S. investment has jumped 2.4 percentage points thus far this decade, to 12.4% versus a share of 10% over 2000-09 and just 4.6% over the 1990s. Ireland trails only the Netherlands and the United Kingdom when it comes to attracting the most U.S. investment. The Netherlands share this decade is 29.4%, while the UK's take is roughly 20% of the total. As noted in Table 2, Luxembourg has also attracted a large share of U.S. FDI this decade, but virtually all of this capital is related more to finance (portfolio flows) than investment in plant and equipment, which is investment intended for the real economy.

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

| | 1990-1999 | | 2000-2009 | | 2010-3Q2013 | |
|---|---|---|---|---|---|---|
| | $ Aggregate Total | % of Total | $ Aggregate Total | % of Total | $ Aggregate Total | % of Total |
| **EUROPE** | 465,337 | | 1,149,810 | | 740,264 | |
| Austria | 2,908 | 0.6% | 501 | 0.0% | 6,569 | 0.9% |
| Belgium | 12,028 | 2.6% | 40,120 | 3.5% | 11,759 | 1.6% |
| Czech Republic | 42 | 0.0% | 1,941 | 0.2% | 2,533 | 0.3% |
| Denmark | 2,798 | 0.6% | 5,782 | 0.5% | 8,893 | 1.2% |
| Finland | 1,485 | 0.3% | 1,598 | 0.1% | -148 | 0.0% |
| France | 29,063 | 6.2% | 42,963 | 3.7% | 10,228 | 1.4% |
| Germany | 31,817 | 6.8% | 60,363 | 5.2% | 19,689 | 2.7% |
| Greece | 413 | 0.1% | 943 | 0.1% | -545 | -0.1% |
| Hungary | 375 | 0.1% | 1,376 | 0.1% | 356 | 0.0% |
| Ireland | 21,369 | 4.6% | 115,085 | 10.0% | 92,015 | 12.4% |
| Italy | 13,825 | 3.0% | 26,462 | 2.3% | 8,048 | 1.1% |
| Luxembourg | 14,246 | 3.1% | 107,512 | 9.4% | 160,610 | 21.7% |
| Netherlands | 70,770 | 15.2% | 295,889 | 25.7% | 217,634 | 29.4% |
| Norway | 4,198 | 0.9% | 5,118 | 0.4% | 17,801 | 2.4% |
| Poland | 931 | 0.2% | 4,699 | 0.4% | 237 | 0.0% |
| Portugal | 1,993 | 0.4% | 2,212 | 0.2% | 163 | 0.0% |
| Russia | 1,555 | 0.1% | 11,289 | 1.0% | -2,300 | -0.3% |
| Spain | 11,745 | 2.5% | 28,371 | 2.5% | 1,883 | 0.3% |
| Sweden | 10,783 | 2.3% | 2,472 | 0.2% | -5,150 | -0.7% |
| Switzerland | 32,485 | 7.0% | 97,869 | 8.5% | 32,226 | 4.4% |
| Turkey | 1,741 | 0.4% | 5,994 | 0.5% | 5,578 | 0.8% |
| United Kingdom | 175,219 | 37.7% | 237,906 | 20.7% | 145,425 | 19.6% |
| Other Europe | 11,948 | 2.6% | 16,471 | 1.4% | 6,762 | 0.9% |

*Source: Bureau of Economic Analysis*

Although the European Union is a large and wealthy market overall, it is interesting to note that U.S. investment in the region is becoming remarkably concentrated in three countries: the United Kingdom, the Netherlands and Ireland. The trio combined accounted for 70.5% of U.S. flows to the European Union in the first nine months of 2013; since 2000, they have accounted for 79% of the total U.S. FDI to the European Union. Over the 1990s, their share was nearly two-thirds, or 63% of total U.S. FDI to the EU.

All of the above reflects the role each country plays as a strategic beachhead to the European Union for U.S. multinationals hoping to penetrate the EU in a competitive and cost-effective manner. Among the threesome, however, America's preference has shifted from the United Kingdom to the Netherlands and Ireland over the past decade. During the 1990s, for instance, the United Kingdom was Corporate America's overwhelming favorite destination, accounting for nearly 38% of total U.S. foreign investment in Europe. Over the same period, the Netherlands attracted just 15% of the total and Ireland less than 5%. Since 2000, the tide has turned against the UK and could turn even more against the UK if the nation's debate about leaving the European Union becomes serious and gains traction.

The UK has traditionally served as an export platform for U.S. affiliates to the European mainland, although the introduction of the euro, the Single Market and EU

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

| | 1982 | | 1990 | | 2000 | | 2011 | |
|---|---|---|---|---|---|---|---|---|
| **Rank** | **Country** | **Value** | **Country** | **Value** | **Country** | **Value** | **Country** | **Value** |
| **1** | United Kingdom | 33,500 | United Kingdom | 51,350 | United Kingdom | 94,712 | **Ireland** | 237,707 |
| 2 | Switzerland | 27,712 | Canada | 46,933 | Canada | 94,296 | Singapore | 235,544 |
| 3 | Canada | 25,169 | Germany | 41,853 | Germany | 69,522 | Switzerland | 225,660 |
| 4 | Germany | 19,117 | Switzerland | 38,937 | Netherlands | 67,852 | United Kingdom | 209,393 |
| 5 | Netherlands | 15,224 | Netherlands | 33,285 | Singapore | 56,961 | Canada | 163,021 |
| 6 | Belgium | 11,924 | France | 24,782 | Switzerland | 56,562 | Netherlands | 124,490 |
| 7 | Singapore | 11,579 | Belgium | 21,359 | **Ireland** | 51,139 | Germany | 121,810 |
| 8 | France | 11,255 | Singapore | 15,074 | Mexico | 37,407 | Belgium | 89,625 |
| 9 | Indonesia | 8,289 | Hong Kong | 9,951 | France | 35,797 | France | 69,468 |
| 10 | Hong Kong | 4,474 | Italy | 9,562 | Belgium | 32,010 | Mexico | 66,372 |
| 11 | Italy | 3,993 | **Ireland** | 9,469 | Hong Kong | 22,470 | Hong Kong | 58,437 |
| 12 | Australia | 3,710 | Spain | 7,179 | Malaysia | 16,013 | China | 50,955 |
| 13 | **Ireland** | 2,842 | Japan | 7,066 | Sweden | 15,736 | Brazil | 40,909 |
| 14 | United Arab Emirates | 2,610 | Australia | 6,336 | Italy | 14,370 | Australia | 40,470 |
| 15 | Brazil | 2,325 | Mexico | 5,869 | Spain | 12,928 | Norway | 35,291 |
| 16 | Japan | 2,248 | Indonesia | 5,431 | Japan | 11,845 | Italy | 28,914 |
| 17 | Malaysia | 2,046 | Brazil | 3,803 | Australia | 9,370 | Spain | 28,326 |
| 18 | Panama | 1,662 | Norway | 3,565 | Brazil | 8,987 | Japan | 26,443 |
| 19 | Spain | 1,635 | Malaysia | 3,559 | China | 7,831 | Malaysia | 24,486 |
| 20 | Mexico | 1,158 | Nigeria | 2,641 | Norway | 6,238 | Korea | 21,170 |
| | **All Country Total** | **252,274** | **All Country Total** | **398,873** | **All Country Total** | **857,907** | **All Country Total** | **2,340,599** |

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

enlargement have enticed more U.S. firms to invest directly in the continent itself. The extension of EU production networks and commercial infrastructures 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. The Netherlands, meanwhile, remains a key export platform and pan-regional distribution hub for U.S. firms, evident by the fact that roughly 60% of total U.S. foreign affiliates sales in the Netherlands are exports, with the bulk to other EU members.

The export-propensity of U.S. foreign affiliates in Ireland is even greater—roughly three-fourths of U.S. foreign affiliate sales in Ireland are destined for foreign markets.

As Table 2 highlights, Ireland serves as a strategic beachhead to the rest of the world for U.S. multinationals, with most of these exports destined for the UK and the rest of the European Union. As a world class export platform, Ireland's progression over the past few decades has been nothing short of remarkable. In 1982, for example, affiliate exports from Ireland totaled just $2.8 billion, with the nation ranked 13th in the world, well behind the UK and many other European nations. At the time, the spread between the United Kingdom ($33.5 billion) and Ireland ($2.8 billion) was sizable.

By 1990, Ireland had moved up the ranks, to 11th place, still well behind the United Kingdom. The country moved up to 7th place by 2000, a rise underpinned by rising American investment in Ireland and the nation's success in creating one of the most investment-friendly environments in the world—including a focused industrial policy to create specialized industrialized clusters; fiscal incentives that included land grants, R&D grants and financing for new machinery and equipment; an emphasis on increasing the education and skill set of the Irish workforce; a favorable tax regime; and a strategic focus on developing high value-added activities within industries like electronics, computer software, medical instruments, pharmaceuticals and finance. The nation's success in attracting high value-

added firms in such sectors as life sciences and information technology has also been critical in turning Ireland into one of the most favored destinations in the world for Corporate America. Indeed, very few companies have been as successful in attracting capital from Amazon, Facebook, Google, Pfizer and other firms well positioned to thrive in the future.

Thanks to these policies, the industrial capacity of U.S. affiliates in Ireland surged between 2000 and 2011, as did exports of U.S. foreign affiliates. Between 2000 and 2011, U.S. affiliate exports jumped almost five-fold to nearly $240 billion, and Ireland has emerged as the number one export platform in the world for Corporate America. According to the latest statistics, Ireland has put even more space and distance as an export platform between itself and the UK, as well as low-cost locales like Mexico, Hong Kong and China.

Moreover, U.S. firms have stuck with Ireland even though Ireland suffered through a catastrophic banking and property bust. The nation has subsequently emerged from recession and has returned to the global capital markets. By undergoing painful internal adjustments, the nation's export competitiveness has been restored and now ranks as among the best in Europe. Problems remain, but with the help of U.S. FDI, the country is back on a growth track.

Interestingly, of the top ten export platforms for U.S. multinationals in the world, seven out of 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 in which U.S. firms leverage their European supply chains. U.S. affiliate exports from Ireland were around 3.5 times larger than U.S. affiliate exports from Mexico, despite strong NAFTA linkages between the U.S. and Mexico. Meanwhile, U.S. affiliate exports from China were roughly one-fifth of those from Ireland.

## Looking East—How Central and Eastern Europe Fits into the Equation

As we have highlighted in previous publications, the European Union is an unusual blend of developed market economies (the EU-15) and developing markets (the EU-13), and when fused, the two halves offer some of the best commercial opportunities in the world to U.S. firms.[1] The latter grouping, for clarification, includes those eastern and central European nations that have joined the EU since 2004.

This hybrid market structure—tying and binding together developed and developing Europe—has been hugely beneficial to those U.S. firms embedded in the European Union. EU enlargement has meant not only the geographic extension of Europe but also the enlargement of market opportunities, and the wherewithal to serve more markets and leverage more Europe's resources. To the latter point, roughly 14% of corporate America's European workforce is now based in central and eastern Europe, up from virtually zero a few decades ago. Affiliate employment in the region expanded at an annual rate of 8.7% between 2000-2010, versus a meager 0.8% rate in western Europe.

While the share of U.S. investment in many eastern European countries remains small, the percentages mask the ever-expanding presence of American firms in Europe's eastern periphery. Poland, for instance, is one of the largest consumer markets in Europe and has weathered the financial crisis better than others in Europe. The nation has attracted nearly $5 billion in U.S. foreign direct investment since 2000, twice the level of Portugal. According to the most recent figures, there are more Polish manufacturing workers employed by U.S. affiliates (100,100) than manufacturing workers employed by affiliates in Spain (86,300), Ireland (52,200), or even Japan (77,000). Reflecting rising U.S. investment to Poland, the Czech Republic, Slovakia and Hungary, U.S. affiliates now employ roughly 230,000 manufacturing workers on a cumulative basis, greater than U.S. affiliates in France (roughly 200,000) and well in excess of comparable levels in Italy (96,800), India (148,600), South Korea (57,200), Thailand (103,700) and all of Africa (91,800). These figures do not include rising employment levels in other parts of central and eastern Europe, but U.S. affiliates have also been busy building out their presence in Slovenia, Croatia, Bulgaria, Romania and the Baltic states of Estonia, Latvia and Lithuania.

Turkey and Russia—two large and strategically important nations—have also seen large U.S. investment inflows since the start of the century. U.S. inflows to Turkey have totaled $11.6 billion since 2000, while flows to Russia have amounted to $9 billion. Russia's accession to the World Trade Organization has triggered more U.S. investment, although doing business in Russia, and Turkey for that matter, remains difficult and challenging.

In general, U.S. firms have become more interested and active in central and eastern Europe over the past two decades, a trend supported by the region's relatively untapped and underdeveloped markets, relatively low wages, and continued integration (formally and informally) with the European Union. These factors have converged over the past decade to attract more U.S. FDI.

## How Small EU Countries Can Attract the Big Dollars of Multinationals

As full-fledged members of the European Union (EU), countries like Croatia, Slovenia, Latvia and Estonia, to name just a few, are now part of an economic entity that is among the most attractive in the world to multinationals, notably U.S. firms. Owing to the EU's size and wealth, American firms have sunk over $1.3 trillion into the European Union since 2000. No other region of the world is as important to Corporate America as the European Union, and no other foreign investors are as important to the European Union as American companies.

Whether small states in the EU attract their fair share of U.S. investment in the future, however, is far from assured. Just being part of a wealthy and affluent economic bloc is not enough. There's more heavy lifting ahead. In particular, whether in Lithuania or Croatia, governments need to get the basics right to create a proper investment climate, or multinationals will take their capital elsewhere.

Getting "the basics right" means creating the appropriate environment for foreign investors. Multinationals gravitate towards nations where there is a strong rule of law, respect for intellectual property rights, and clear enforcement and resolution procedures regarding contracts.

Multinationals also like predictability—they crave macroeconomic stability; they demand reliable sources of energy and credit; they prefer stable tax regimes; and they favor transparency when it comes to government spending and policy making. Foreign firms are notably keen on strong and efficient government institutions—the latter make better business partners and are better at fostering trust and confidence between the private and public sectors.

Multinationals also favor countries with a first-class infrastructure. The basics—roads, rails, ports, airports and internet readiness—are hugely important to multinationals since foreign direct investment is nearly always dependent on the movement of goods, capital, data and people. And speaking of people, the better educated the labor force and the healthier the population base, the better positioned a country is to attract the capital of multinationals. A flexible and efficient labor force, a strong local supplier base, strong and independent universities—these are also considered "basics" by many foreign multinationals.

A flexible and efficient labor force, a strong local supplier base, strong and independent universities—these are also considered "basics" by many foreign multinationals.

In the end, countries like Slovakia, Slovenia, Romania and others must present a bundle or package of attributes to multinationals; there is not one factor, in other words, that determines foreign direct investment, but rather multiple variables.

These states—albeit small in size—must also think big. They should learn from other small nations who have attracted massive amounts of capital. Ireland and Singapore immediately come to mind.

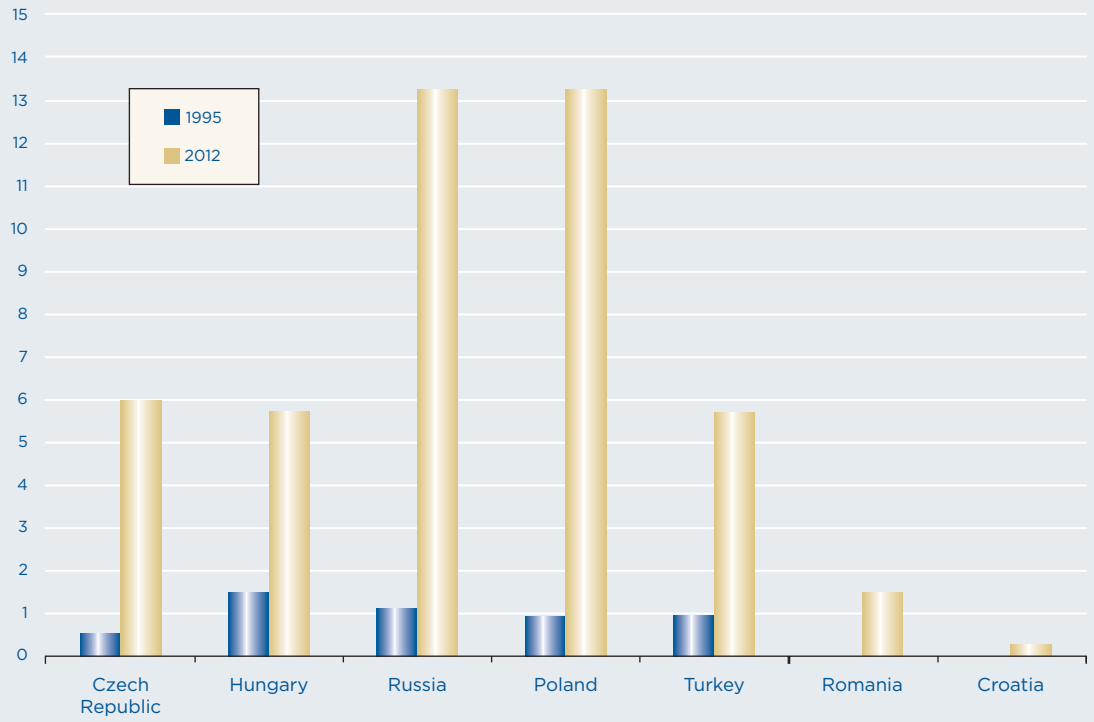
Both countries have punched well above their weight when it comes to attracting foreign direct investment. The Irish population is on par with that of Croatia; Ireland is among the most favored destinations in the world for U.S. foreign direct investment. Indeed, U.S. investment in Ireland on a historic cost basis is greater than U.S. in Germany and France combined.

How did the Irish do it? They got the basics right—a low and predictable tax regime, an English-speaking skilled labor force, massive investments in human and physical capital, and a transparent rule of law governing property, intellectual property rights and related activities. Singapore has also adopted similar policies and has been hugely successful in attracting foreign direct investment.

The key message for smaller EU member states hoping to capture more investment dollars from U.S. firms is that being small should not prevent a country from thinking big. And smaller firms should not be afraid to copy or intimidate the success of other nations.

But first things first—the immediate task for many states in the EU's periphery is to get the fundamentals right. Nations must lay the proper foundation for foreign investors. Being part of the European Union is no guarantee that U.S. firms are about to beat a path to anyone's door. Policy makers need to be more aggressive about attracting the foreign investment of multinationals. The challenges are formidable but the payoffs are substantial. Small countries need to be bold and think big.

**TABLE 3:** CORPORATE AMERICA'S GROWING INVESTMENT ROOTS IN EUROPE'S PERIPHERY (BILLIONS OF $)




*Source: Bureau of Economic Analysis*
*Based on a historic cost basis*

As evident from Table 3, U.S. investments in central and eastern Europe today are dramatically different from the mid-1990s. The figures reflect U.S. FDI on a historic cost basis, or the stock of U.S. investment per country. The story is one of growth. From a very low base in 1995, U.S. investment stock in the eastern reaches of Europe has expanded greatly over the past few decades. U.S. investment stock in Poland, for instance, rose from just $1 billion in 1995 to over $14 trillion in 2012. That figure is larger than America's investment position in Indonesia, one of the largest and most populous nations in all of Asia.

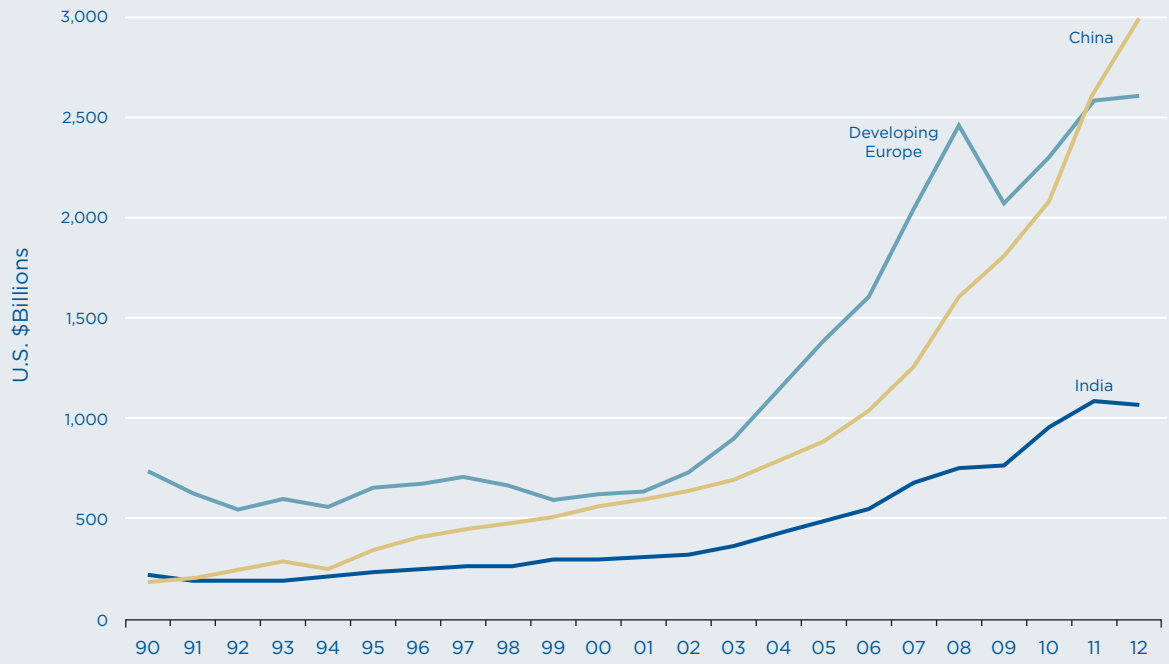
Russia has also seen a significant surge in U.S. investment over the past decade, with U.S. FDI stock topping $14 billion, a massive increase from the levels of 1995. U.S. investment stock in the Czech Republic was $6.4 billion in 2012, slightly greater than America's investment presence in the Philippines.

The strategic thrust of U.S. firms reflects many variables, including gaining access to eastern Europe's highly trained labor force in technology and life sciences and tapping into the region's new wave of consumerism. And speaking of consumerism—as measured by personal consumption expenditures—the art and science of consumption has soared over the past decade in Europe's periphery, creating entire new markets for U.S. goods and services.

Thanks to many variables—greater employment, rising incomes, and most of all, pent up demand for western goods and services after decades of denial—personal consumption in central and eastern Europe doubled between 1990 and 2005 and then nearly doubled again in 2012, when expenditures totaled an impressive $2.6 trillion. During the 1990s, consumption was more or less flat-lined as countries emerged from the Soviet bloc, underwent significant transitions and many workers felt more compelled to save than spend. Beginning in the early part of this century, however, the mood shifted; more jobs and income, and the availability of more goods and services, have sparked one of the world's strongest consumer growth stories.

Table 4 provides some more perspective on this dynamic. Amazingly, consumers in developing Europe nearly spend as much as consumers in China, a fact rarely reported or talked about, and which runs contrary to the common narrative that China is the largest market in the world

**TABLE 4:** THE CHINA NEXT DOOR: PERSONAL CONSUMPTION IN DEVELOPING EUROPE VERSUS CHINA AND INDIA




*Source: United Nations*

for virtually everything. That may be true in many cases, but consumption levels in developing Europe are just as dynamic and outsized. To this point, the combined personal consumption expenditures in developing Europe (Russia included) of $2.6 trillion were not all that far behind personal consumption expenditures in China of $3 trillion in 2012. Consumers in Europe's periphery easily outspend those in India, as the table makes clear.

This is another way of saying that consumption is serious business in central and eastern Europe, accounting for roughly 58% of the region's GDP in 2012. That compares to a figure of 45% in more trade-dependent Asia and less than 40% in China.

Rising levels of consumer spending, in turn, has translated into ever-rising sales revenues for U.S. foreign affiliates. Combined U.S. foreign affiliate sales in Poland, Hungary and the Czech Republic surged roughly 270% between 2000 and 2011, rising from $21 billion to $77.6 billion. The latter figure, incidentally, was roughly one-third larger than affiliate sales in India, home to over 1.2 billion people versus a total population of roughly 60 million in Poland, the Czech Republic and Hungary. What U.S. affiliates income of $732 million in Poland in 2012 was well above levels reported in the more developed markets of Finland, Portugal, Spain and Sweden.

Think of it this way—for U.S. firms embedded in the European Union, the region's expanding periphery to the east is akin to having a China next door. EU enlargement has been hugely beneficial and profitable to U.S. multinationals, not only by expanding the European Single Market but by giving European-based U.S. foreign affiliates preferential market access and treatment in the east.

## Why Europe Still Matters

Despite the shift in some investment and production to the periphery—with some nations losing and others gaining U.S. investment—the region itself remains the favorite destination of U.S. multinationals. Indeed, thus far this decade, Europe's global share of U.S. FDI has actually increased, to 56.2% of the total, up from a share of 55.9% over the 2000-09 period.

In reality, however, Corporate America's preference for Europe is even larger than the aggregate numbers suggest. When U.S. FDI flows to Caribbean off-shore financial centers are subtracted from the total, Europe's share of U.S. investment climbs to nearly two-thirds of the total. That figure is up from a share of 61.2% over the 2000-09 and 57.6% over the 1990s.

This runs counter to the prevailing narrative that when it comes to investing overseas, Corporate America is prone

**TABLE 5:** 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% |
| 2010Q1-2013Q3 | 1,316,547 | 740,264 | 56.2% |

*Source: Bureau of Economic Analysis*

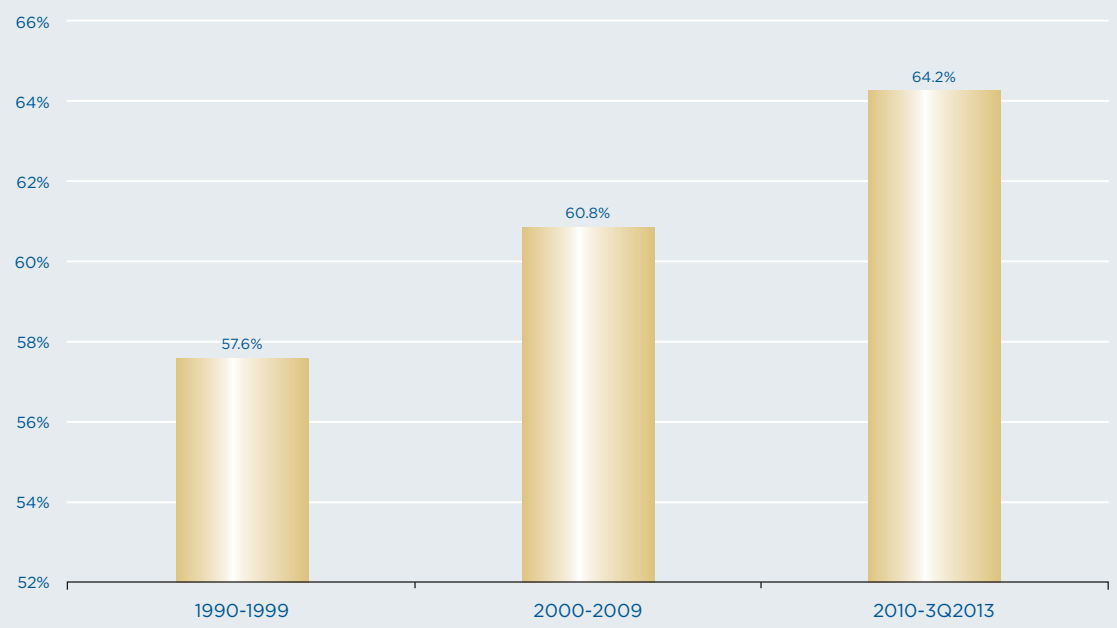
to favor the low-cost nations of Latin America, Asia, and other parts of the developing nations. Reality is different for a host of structural and cyclical reasons.

Structurally, investing in the emerging markets remains difficult, with indigenous barriers to growth (a poorly developed infrastructure, lack of human capital, corruption, etc), as well as policy headwinds (i.e., foreign exchange controls, tax preferences for local firms) reducing the overall attractiveness of these markets to multinationals. Cyclically, growth in the emerging markets has downshifted, with China now confronting a more secular downturn in growth as the nation shifts away from export and investment-led growth and moves toward more consumption-led growth. This will take time.

Meanwhile, growth in the rest of the BRICs—Brazil, India and Russia—has been rather disappointing over the past few years, with all three nations confronting significant structural headwinds to growth. Early in 2014, it is the developed nations, led by the United States, but with the support of Canada and Japan, and the European Union to a lesser degree, leading the world in terms of economic growth. For both cyclical and structural factors, developing nations remain a tough sell for U.S. firms. Conversely, with Europe healing and possessing many key attributes desired by U.S. companies, it is little surprise that America's FDI focus remains on Europe.

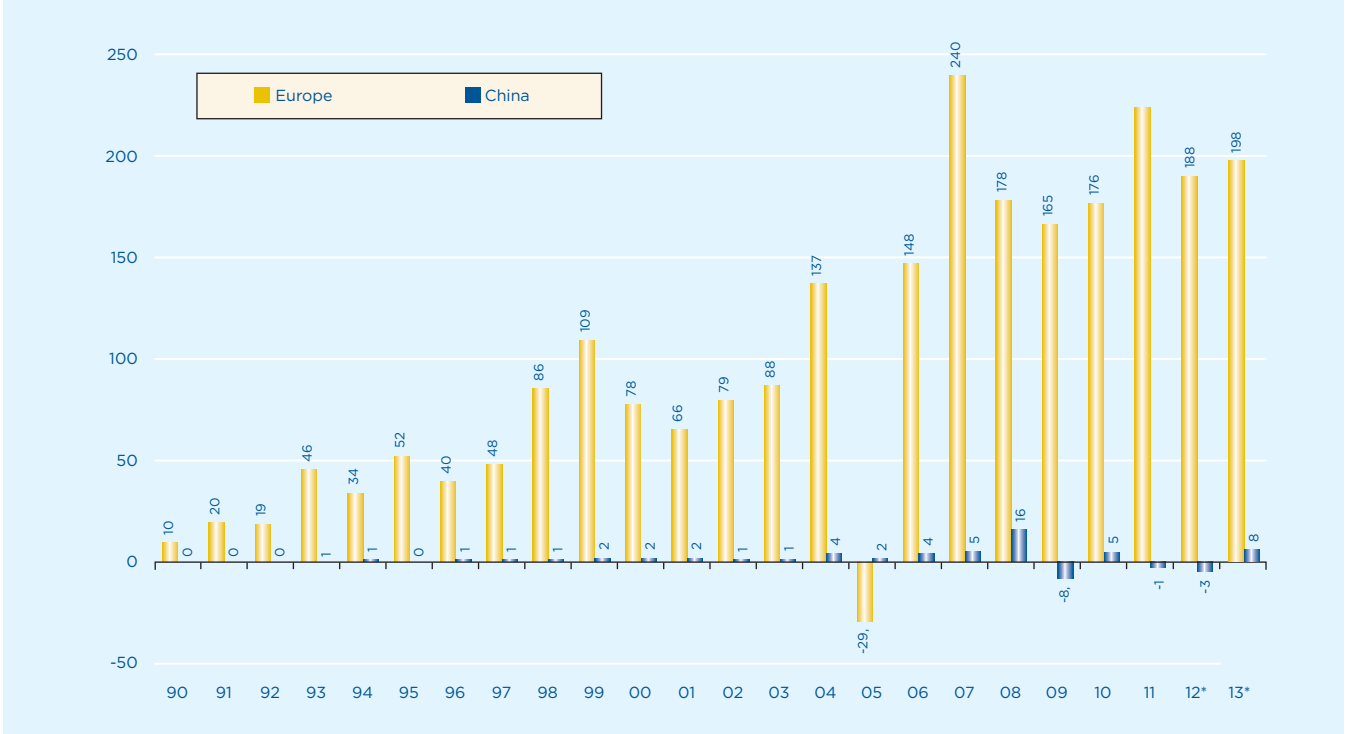
Supportive of this trend are Europe's multiple attractions, all but forgotten during the crisis-filled years. They include the following:

**TABLE 6:** U.S. FDI FLOWS TO EUROPE* (% OF WORLD TOTAL)




**Excluding Caribbean and Other Western Hemisphere*
*Source: Bureau of Economic Analysis*
*Data as of January 2014.*

**TABLE 7:** U.S. FOREIGN DIRECT INVESTMENT FLOWS TO CHINA VS. EUROPE - BILLIONS OF $




*Source: Bureau of Economic Analysis.*
**Data through 3Q2013. Data annualized for full year estimate.*

First, Europe is too big to ignore. What started out decades ago as a loosely configured market of six countries (Belgium, France, West Germany, Italy, Luxembourg, and the Netherlands) is now an economic behemoth of 28 countries, with more states in the queue.

As measured on a purchasing power parity basis, the EU's economy (plus Norway, Iceland and Switzerland) remains slightly larger than America's, with the cohort's share of world GDP, according to estimates from the International Monetary Fund, totaling 19.6% in 2013 versus 19.4% for the U.S. What's more, this grouping was some 26% larger than China in 2013 and more than 240% greater than India. Over the medium term, Europe will remain one of the largest economic entities in the world, notwithstanding the rise of China, India and other key markets.

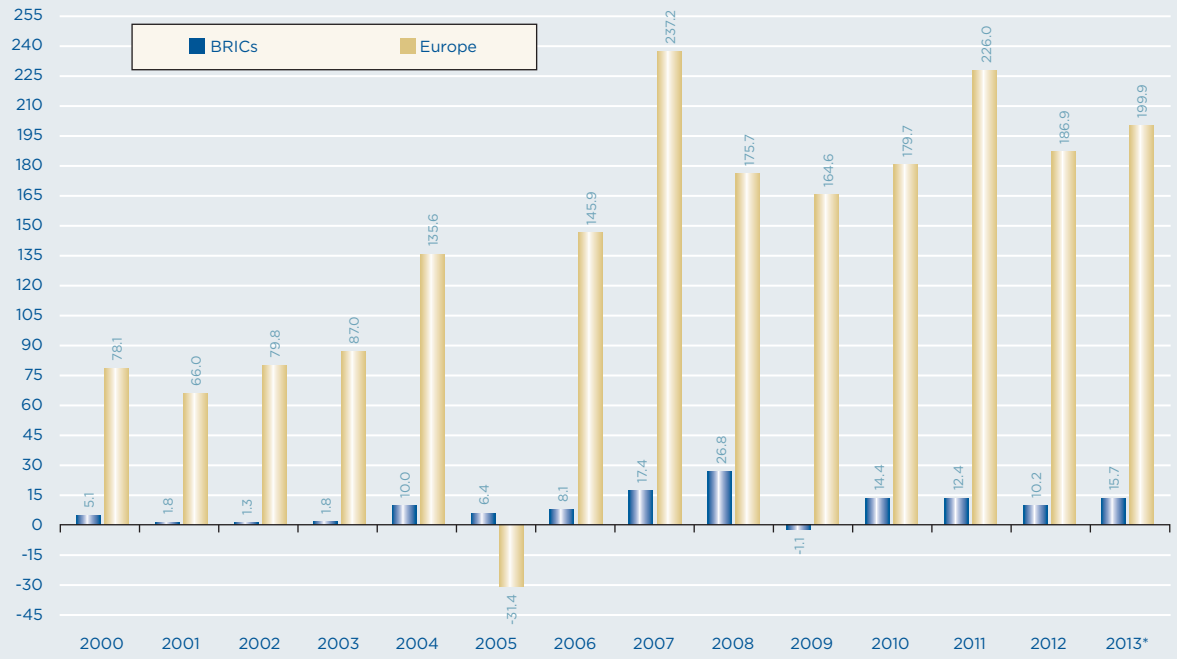
In addition to being large, Europe is wealthy, a key fact that differentiates Europe from most developing nations. It is Europe's size *and* wealth that sets the region apart from most places in the world. In fact, of the 25 wealthiest countries in the world, 15 are European. Based on GDP per capita, Europe stands out. Over-hyped markets such as China, India, and Russia, in contrast, remain relatively poor, notably India, with a per capita income of just $1,509.

Wealth drives consumption, and the European Union accounted for roughly 23% of global personal consumption expenditures in 2012, a share slightly lower than America's but well above China's share (7.1%) and that of India (2.5%). Gaining access to wealthy consumers is among the primary reasons why U.S. companies invest overseas, hence the continued attraction of wealthy Europe to U.S. multinationals.

Another attraction to U.S. companies is that many European economies rank among the most competitive in the world, as we highlighted earlier. In terms of global competitiveness, Europe ranks very strongly. The same holds true in other related rankings. Europe, for instance, is no slouch when it comes to innovation and knowledge-based activities. Based on the Innovation Union Scoreboard for 2013, Switzerland, Denmark, Sweden, Finland and Germany rank as innovation leaders in Europe.

Since innovation is derived from R&D expenditures, it is hardly surprising that European firms rank as among the world's R&D leaders. On an aggregate basis, European-based firms account for roughly 25% of total global R&D, behind America's one-third share but well ahead of the global share R&D spending in Japan (11/12%), China (13/14%) and India (2/3%).

**TABLE 8:** U.S. FOREIGN DIRECT INVESTMENT OUTFLOWS TO THE BRICS VS. EUROPE[1] - (BILLIONS OF $)




*Source: Bureau of Economic Analysis*
*[1] Europe does not include flows to Russia*
** Data through 3Q2013. Data annualized for full year estimate.*

Innovation requires talent, and by this metric Europe again fares well. Indeed, the region leads the world in producing science and engineering graduates. According to the latest data from the National Science Board, the EU accounted for 18% of global natural science graduates. America's share was 10% of the total. The EU's share of global engineering degrees (17%) was even more impressive relative to America's—the later accounted for just 4% of global engineering degrees.

Given all of the above, it is little wonder that U.S. firms continue to show a strong preference for some European countries versus low-cost nations like India, China, Brazil and others. To this point, it is worth highlighting the following fact: in 2012, the last year of complete data, the developed nations (led by Europe) accounted for 77% of total U.S. FDI outflows, whereas developing countries accounted for only 23%. U.S. FDI flows to Brazil, China and India all posted significant declines last year due to a variety of reasons, including slower real growth, falling real demand, the erection of investment barriers, and falling affiliate income.

Corporate America has sunk billions into China, but some perspective is in order. China's share of U.S. FDI outflows in this century is actually quite small, just 1.2% of the total. Many European nations—Belgium, France, Germany, Ireland, the Netherlands, and the United Kingdom—have all attracted more U.S. capital over the same period.

China not only trails many European nations in terms of U.S. investment, it does so by a wide margin. For instance, between 2000 and the third quarter of 2013 U.S. FDI in Ireland was nearly six times larger than U.S. investment in China. American investment in the Netherlands was almost 14 times larger, and the amount of U.S. capital sunk in the United Kingdom was over 10 times larger than U.S. investment in China.

In fact, since the start of this century U.S. firms have invested more in the Netherlands ($513 billion) and the

United Kingdom ($383 billion) alone than in South and Central America, the Middle East and Africa combined ($341 billion).

Relative to the other BRIC nations, the story is basically the same. U.S. cumulative investment in Brazil since 2000 ($52.6 billion) is roughly one-quarter U.S. investment in Ireland. While Russia has attracted $9 billion of U.S. FDI since 2000, that pales in comparison to what U.S. firms sank in smaller European markets like Denmark ($14.7 billion) and Norway ($22.9 billion).

Then there is India—one of the largest economies in Asia and the world. U.S. FDI in India totaled $27.7 billion between 2000 and the third quarter of 2013, a paltry 0.9% of total U.S. FDI worldwide and less than U.S. investment in Italy ($34.5 billion) over the same period.

On a combined and cumulative basis, U.S. FDI flows to the BRICs have totaled $126 billion since the start of this century. That is a sizable sum but just a fraction of total U.S. investment in the European Big Three—the Netherlands, the United Kingdom and Ireland. This trio has garnered nearly $1.1 trillion in U.S. FDI since the start of this century, or nearly 9 times larger the amount of U.S. investment to the BRICs. U.S. investment in the Netherlands alone is about 4 times larger, and U.S. investment in the UK 3 times larger, than U.S. investment in all of the BRICs.

Looked at from a longer term basis, or on a historic cost basis, the U.S. investment position in Europe was roughly 14 times larger than in the BRICs in 2012. In general, U.S. investment stock in Europe ($2.5 trillion) was nearly 4 times larger than corporate America's investment position in all of Asia at the end of 2012.

On a historic cost basis, U.S. stakes in Ireland ($204 billion) are greater than total capital sunk in South America ($171 billion). There is more U.S. investment in Germany ($121 billion) than in all of Central America, including Mexico ($113 billion). U.S. investment in Switzerland ($130 billion) is more than double all of U.S. FDI in Africa ($61 billion). U.S. investment stakes in the Netherlands and the United Kingdom, $645 billion and $598 billion, respectively, are each roughly 10 times the level of U.S. investment in OPEC ($63 billion).

We continue to highlight these figures since the media hype about the rise of China, India and the Rest tends to ignore or obscure the basic fact that at the end of the day, the global thrust of Corporate America remains focused on Europe. The following pages outline U.S.-sourced jobs, trade and investment for each of the 28 members of the European Union. Norway, Switzerland and Turkey are also included.

**Endnotes**

1. See Joseph Quinlan, *The Case for Investing in Europe 2013*. Brussels: American Chamber of Commerce to the EU, 2013.

# 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 more than 3,000 additional jobs in Austria between 2011 and 2012 and employed three times more workers in Austria than Austrian firms employed in the United States.

**Austria - U.S. Global Linkages, 2012** ($ billions)**

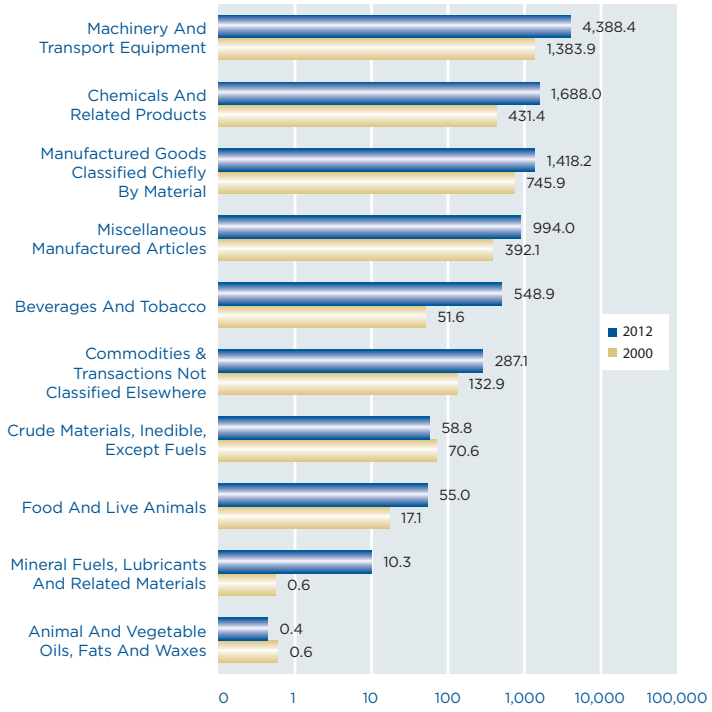
| | U.S. in Austria | Austria in U.S. |
|---|---|---|
| Foreign Direct Investment* | 15.6 | 5.2 |
| Total Assets of Affiliates | 40.3 | 8.3 |
| Foreign Affiliate Sales | 22.3 | 6.8 |
| Value Added of Affiliates | 5.1 | 1.5 |
| Affiliate Employees | 43,935 | 14,104 |

* 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 $7.1 billion, or 4.4% of the total goods Austria exported to the world in 2012, but the share going to the U.S. rises to 15.4% of the global total after excluding intra-EU trade, down from a high of 22.6% in 2004, but higher than in 2010. Imports of U.S. goods constituted $3.3 billion, or 1.9% of the total amount Austria imported from the world in 2012 and 8.2% when intra-EU imports were removed from the global total, well below its share of 20.6% in 2000.

**Top Ten U.S. Imports from Austria, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# Belgium & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

U.S. direct investments in Belgium are increasingly made in the finance and insurance service sector and the manufacturing sector, though the latter is much larger in terms of jobs supported. Belgian affiliates employed 22% more workers in the U.S. than U.S. affiliates in Belgium, according to estimates. However, value added by U.S. affiliates in Belgium totaled an estimated $25.5 billion in 2012, 42% more than that of Belgium's affiliates in the United States. Over 15,800 new jobs were created by U.S. companies in Belgium and Belgian affiliates in the U.S. between 2011 and 2012.

**Belgium - U.S. Global Linkages, 2012** ($ billions)**

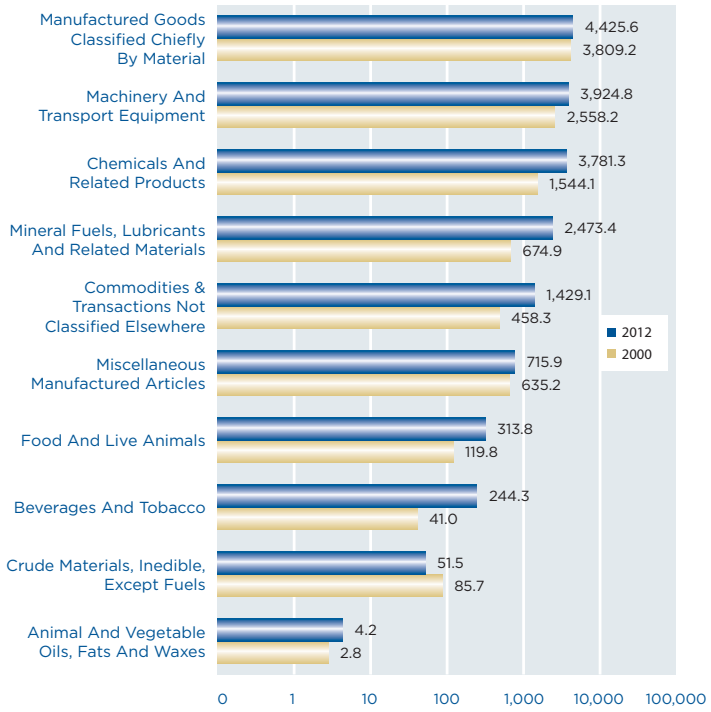
| | U.S. in Belgium | Belgium in U.S. |
|---|---|---|
| Foreign Direct Investment* | 53.8 | 88.7 |
| Total Assets of Affiliates | 368.6 | 155.4 |
| Foreign Affiliate Sales | 154.2 | 59.9 |
| Value Added of Affiliates | 25.5 | 17.9 |
| Affiliate Employees | 135,857 | 165,946 |

* 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 5.3%, or $22.7 billion, of total exports from Belgium in 2012. The share of total exports rises to 19.1% when intra-EU trade is excluded, down from a high of 31.8% in 2002 but up from 2010. Manufactured goods, machinery and transport equipment, and chemicals lead the way as the top export categories. Regarding imports, the U.S. supplied 6.1% of total Belgian imports in 2012 but the share more than triples to 19.2% after omitting intra-EU trade.

**Top Ten U.S. Imports from Belgium, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# Bulgaria & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

America's investment base in Bulgaria is rather small, with assets totaling just $3.2 billion in 2012, according to estimates. U.S. affiliates in Bulgaria employed an estimated 4,998 workers in 2012, placing Bulgaria 6th among the EU12 in terms of employment.

**Bulgaria - U.S. Global Linkages, 2012** ($ billions)**

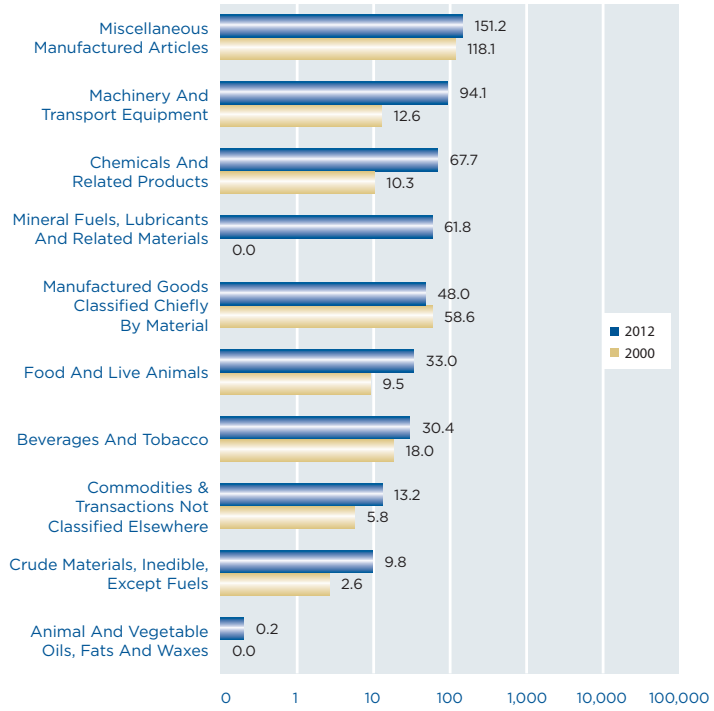
| | U.S. in Bulgaria | Bulgaria in U.S. |
|---|---|---|
| Foreign Direct Investment* | - | - |
| Total Assets of Affiliates | 3.2 | - |
| Foreign Affiliate Sales | 1.2 | - |
| Value Added of Affiliates | 0.6 | - |
| Affiliate Employees | 4,998 | 0.0 |

* 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

The U.S. accounted for just 1.7% of Bulgaria's total exports in 2012; the percentage rises to just 4.1% 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 $217 million in 2012, only 1.6% of Bulgaria's extra-EU imports.

**Top Ten U.S. Imports from Bulgaria, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# Croatia & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

U.S. firms have a small investment base in Croatia, with just $150 million of foreign direct investment and $640 million of assets in 2012. U.S. affiliates in Croatia employed an estimated 2,288 workers in 2012.

**Croatia - U.S. Global Linkages, 2012** ($ billions)**

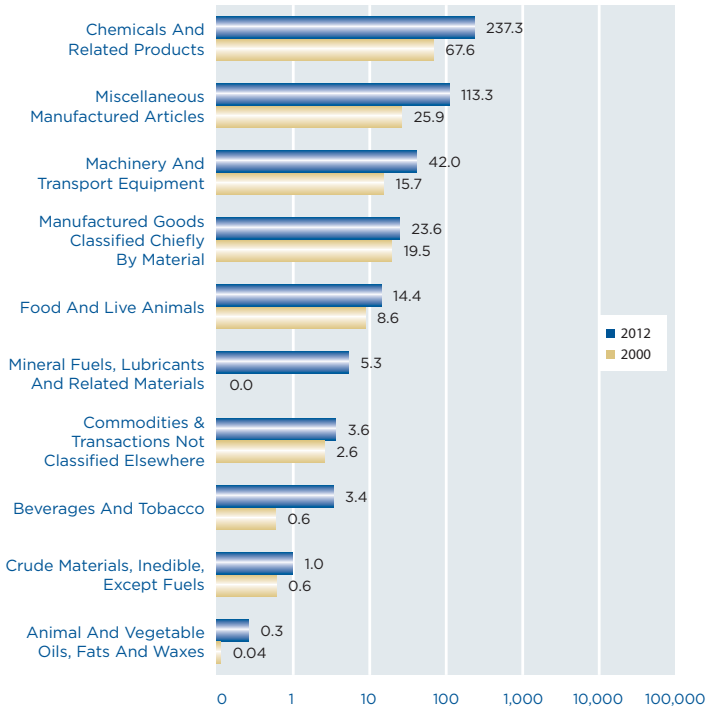
| | U.S. in Croatia | Croatia in U.S. |
|---|---|---|
| Foreign Direct Investment* | 0.15 | 0.01 |
| Total Assets of Affiliates | 0.64 | 0.005 |
| Foreign Affiliate Sales | 0.65 | - |
| Value Added of Affiliates | 0.17 | 0.005 |
| Affiliate Employees | 2,288 | - |

* 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 $426 million, or just 3.6% of the total goods Croatia exported to the world in 2012, 8.6% excluding intra-EU trade. Croatia's main exports consist of chemicals and related products and miscellaneous manufactured articles. Imports of U.S. goods totaled $464 million, or 2.2% of the total amount Croatia imported from the world in 2012 and 6.0% when intra-EU imports were removed from the global total.

**Top Ten U.S. Imports from Croatia, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# Cyprus & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

Given the the country's small market, the nation has not attracted much U.S. foreign direct investment relatively, but it is currently six times larger at $1.5 billion compared to investment levels seen in 2005. Cyprus's FDI in the U.S. totaled $2.3 billion in 2012, despite a small asset base of just $55 million.

**Cyprus - U.S. Global Linkages, 2012** ($ billions)**

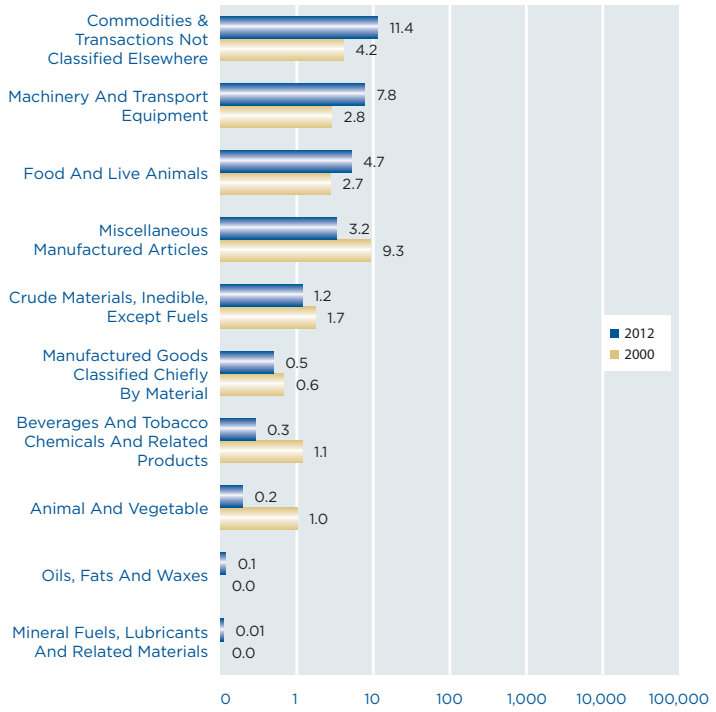
| | U.S. in Cyprus | Cyprus in U.S. |
|---|---|---|
| Foreign Direct Investment* | 1.5 | 2.3 |
| Total Assets of Affiliates | 8.8 | 0.055 |
| Foreign Affiliate Sales | 1.7 | 0.01 |
| Value Added of Affiliates | 0.6 | -0.014 |
| Affiliate Employees | 1,515 | - |

* 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 $59 million in 2012, the U.S. share of Cyprus's extra-EU exports more than doubled year-over-year to 7.2%. nearly reaching its previous record of 7.5% in 1999. However, Cyprus's imports from the U.S. were cut in half in 2012, totaling just $91 million, 1.2% of Cyprus' total imports from the world..

**Top Ten U.S. Imports from Cyprus, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# Czech Republic & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

America's investment base in the Czech Republic has increased five-fold over the past decade, from a small base. U.S. foreign direct investment totaled $6.4 billion on a historic cost basis in 2012. Value added by U.S.-owned affiliates totaled an estimated $6.1 billion. Estimated affiliate employment in the Czech Republic is among the highest in Eastern Europe, with American firms employing an estimated 90,792 workers in 2012, and created over 17,000 new jobs in the Czech Republic in 2012. The Czech Republic's investment in the U.S., in contrast, remains still rather small.

**Czech Republic - U.S. Global Linkages, 2012** ($ billions)**

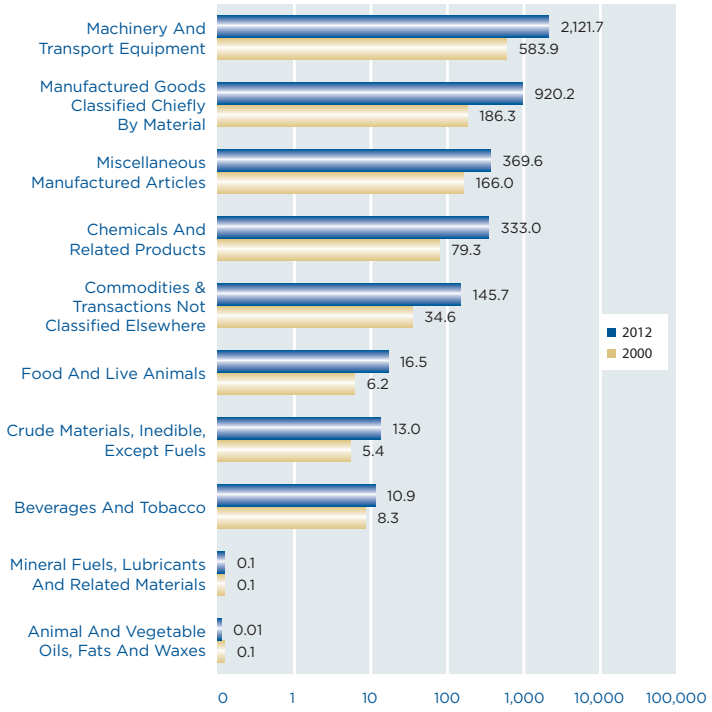
| | U.S. in Czech Republic | Czech Republic in U.S. |
|---|---|---|
| Foreign Direct Investment* | 6.4 | -0.2 |
| Total Assets of Affiliates | 30.7 | 0.004 |
| Foreign Affiliate Sales | 19.6 | 0.010 |
| Value Added of Affiliates | 6.1 | 0.001 |
| Affiliate Employees | 90,792 | - |

* 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 reached a new high of $3.4 billion in 2012, an annual increase of roughly 14% from 2011, accounting for 12.1% of Czech's extra-EU exports. U.S. imports consist of transportation equipment, machinery and electonic products. Despite a decline in total Czech imports in 2012, imports from the U.S. increased by 6.7% to $2.0 billion in 2012, or 5.6% of Czech's extra-EU imports.

**Top Ten U.S. Imports from Czech Republic, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# Denmark & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

Bilateral investment between the U.S. and Denmark favored Denmark in 2012 with the U.S. investing over $6 billion more in Denmark than what Denmark invested in the United States. Affiliate sales in the U.S. market were an estimated $19.0 billion in 2012 while U.S. affiliate sales in Denmark were $22.7 billion. The affiliate employment balance favors Denmark, with U.S. affiliates in Denmark employing 9% more than Danish affiliates in the U.S., according to estimates. Danish companies created roughly 6,600 jobs in the United States in 2012.

**Denmark - U.S. Global Linkages, 2012** ($ billions)**

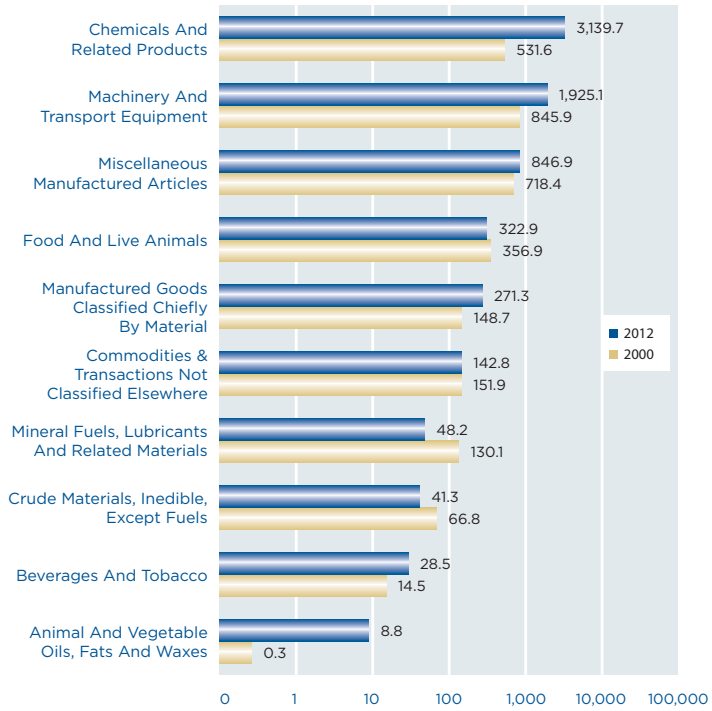
| | U.S. in Denmark | Denmark in U.S. |
|---|---|---|
| Foreign Direct Investment* | 15.1 | 8.8 |
| Total Assets of Affiliates | 64.3 | 22.2 |
| Foreign Affiliate Sales | 22.7 | 19.0 |
| Value Added of Affiliates | 10.4 | 3.8 |
| Affiliate Employees | 32,742 | 30,087 |

* 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 $6.0 billion in 2011 or 5.5% of Denmark's global total. Excluding intra-EU trade, the share of exports to the U.S. rose to 17.2%. Danish imports from the U.S. totaled $2.5 billion the same year, 2.6% of the global total and 9.4% excluding intra-EU trade. Chemicals, machinery and transportation equipment, and misc. manufactured articles dominated U.S. imports from the country.

**Top Ten U.S. Imports from Denmark, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# Estonia & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

America's direct investment base in Estonia is one of the smallest of the EU12 countries - just $58 million of stock in 2012. U.S. affiliates are employing a growing number of people in Estonia, 2,929 in 2012, placing Estonia 8th among the EU12 in terms of employment. U.S. investment in the country looks set to continue to increase.

**Estonia - U.S. Global Linkages, 2012** ($ billions)**

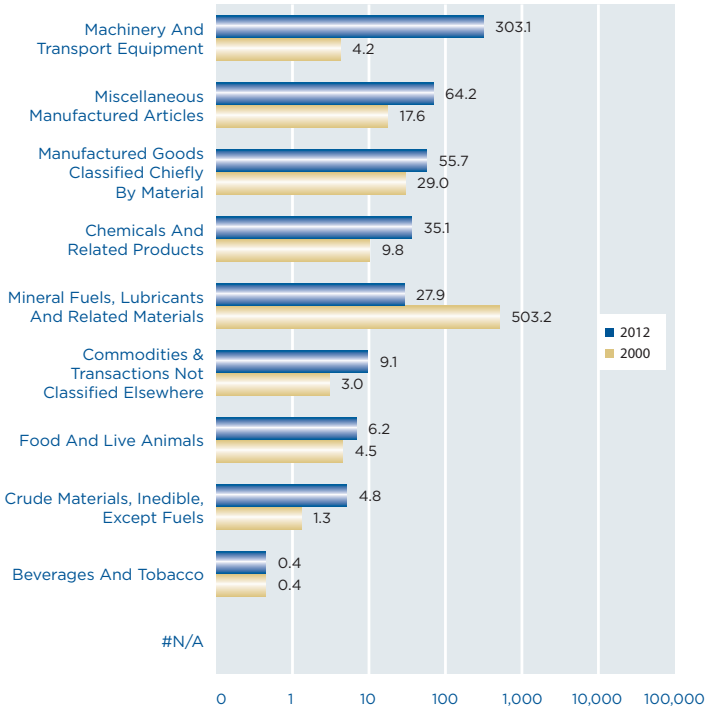
| | U.S. in Estonia | Estonia in U.S. |
|---|---|---|
| Foreign Direct Investment* | 0.06 | -0.009 |
| Total Assets of Affiliates | 0.44 | 0.001 |
| Foreign Affiliate Sales | 0.61 | - |
| Value Added of Affiliates | 0.25 | -0.001 |
| Affiliate Employees | 2,929 | - |

* 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 fell to $459 million in 2012, just 3.0% of total imports, but this share more than triples to 9.7% when excluding intra-EU trade. Mineral fuels, lubricants and related materials accounted for roughly 70% of U.S. imports from Estonia in 2005 at $357 million, but have plummeted to $27.9 million in 2012. Meanwhile, U.S. imports of machinery and transportation equipment rose by roughly $300 million from 2000 to 2012. Estonia imports very little from the U.S. - only 0.7% of total imports and 4.3% excluding intra-EU imports.

**Top Ten U.S. Imports from Estonia, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# 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 $7.2 billion in 2012 versus just $2.0 billion of U.S. investment in Finland. The affiliate employment balance also favors the U.S. by an estimated 5,903 jobs.

**Finland - U.S. Global Linkages, 2012** ($ billions)**

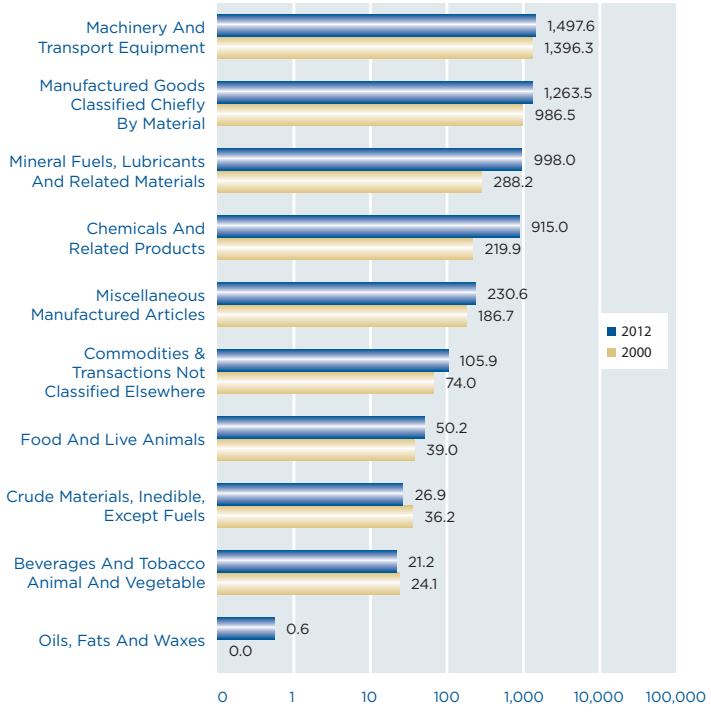
| | U.S. in Finland | Finland in U.S. |
|---|---|---|
| Foreign Direct Investment* | 2.0 | 7.2 |
| Total Assets of Affiliates | 17.4 | 54.3 |
| Foreign Affiliate Sales | 12.4 | 15.1 |
| Value Added of Affiliates | 3.6 | 4.2 |
| Affiliate Employees | 21,424 | 27,327 |

* 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 $4.5 billion, or 6.2% of the total goods Finland exported to the world in 2012, but the share going to the U.S. rises to 13.4% of the global total after excluding intra-EU trade. Imports of U.S. goods in 2012 constituted $1.6 billion, or 2.1% of the total amount imported from the world and 5.8% 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, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# France & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

The direct investment balance favors the U.S., with U.S. investment in France ($82.6 billion) just 40% of total French investment in the U.S. in 2012 ($209.1 billion). The U.S. is a significant market for French firms, with U.S. affiliates of French firms recording an estimated $280 billion in sales during 2012. U.S. and French affiliates combined employed over 1 million workers, with the employment balance favoring France by 61,217 jobs, according to 2012 estimates. U.S. companies cut over 40,000 jobs in France in 2012, however, while French firms added 42,000 new jobs in the United States.

**France - U.S. Global Linkages, 2012** ($ billions)**

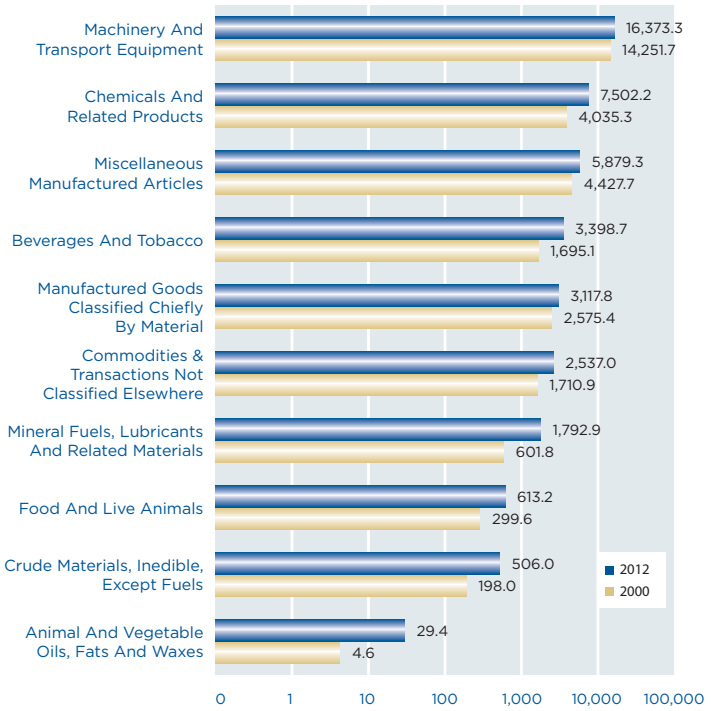
| | U.S. in France | France in U.S. |
|---|---|---|
| Foreign Direct Investment* | 82.6 | 209.1 |
| Total Assets of Affiliates | 379.6 | 1,240.4 |
| Foreign Affiliate Sales | 237.9 | 279.5 |
| Value Added of Affiliates | 58.4 | 64.1 |
| Affiliate Employees | 470,000 | 531,217 |

* 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 5.6% of total exports from France in 2012, but a share of 14.1% 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 3.9% of total imports by France in 2012, though the share rises to 12.3% after excluding intra-EU trade, well below its 25.2% share in 1999.

**Top Ten U.S. Imports from France, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# Germany & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

The investment balance favors the U.S., with U.S. investment in Germany totaling $121.2 billion in 2012, 64% less than Germany's $199 billion investment in U.S. However, Germany's asset base in the U.S. was more than double America's total asset base in Germany in 2012, although the value added by U.S. affiliates operating in Germany ($101.5 billion) exceeded that of German affiliates in the United States, according to estimates. The employment picture is balanced, with affiliates of both countries employing a combined total of over 1.2 million workers, according to 2012 estimates. U.S. companies created 58,800 new jobs in Germany in 2012, and German companies generated about 11,000 new jobs in the United States.

**Germany - U.S. Global Linkages, 2012** ($ billions)**

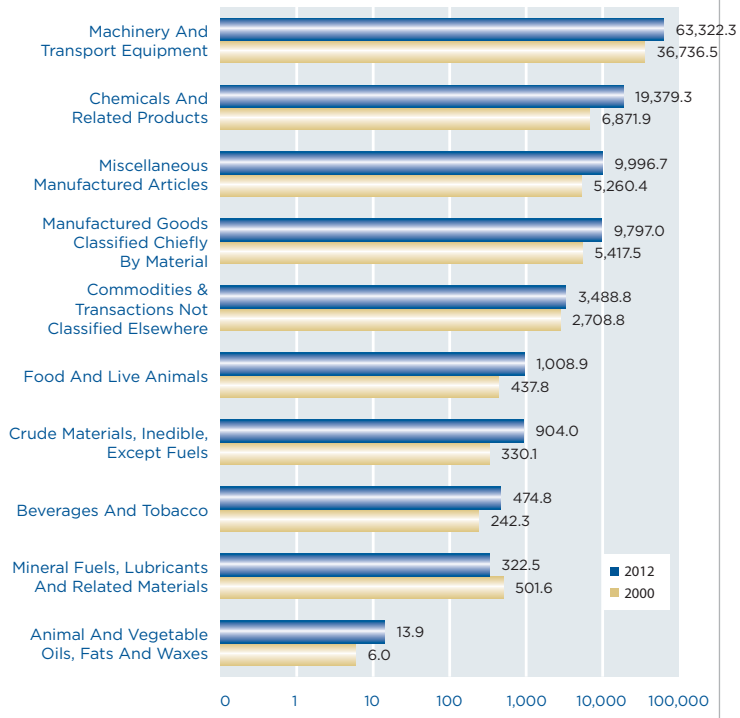
| | U.S. in Germany | Germany in U.S. |
|---|---|---|
| Foreign Direct Investment* | 121.2 | 199.0 |
| Total Assets of Affiliates | 721.0 | 1,541.5 |
| Foreign Affiliate Sales | 384.5 | 411.1 |
| Value Added of Affiliates | 101.5 | 87.3 |
| Affiliate Employees | 644,844 | 600,483 |

* 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. Despite overall exports falling 5.1% in 2012, exports to the U.S. climbed 6.6% to $83.2 billion in the same year. The U.S. accounted for 6.3% of total German exports, and 16.1% when excluding intra-EU trade flows. Imports from the U.S. into Germany registered $42.0 billion—that equates to 3.6% of total German imports or 10.2% excluding intra-EU trade. Roughly 60% of U.S. imports from Germany consist of machinery and transportation equipment and chemicals.

**Top Ten U.S. Imports from Germany, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# Greece & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

The investment balance clearly favors Greece, with America's investment position totaling $1.0 billion in 2012, according to estimates. On the contrary, Greece had a negative investment position of $265 million in the U.S. The U.S. asset base in Greece is roughly five times that of Greece's assets in the U.S. However, estimated U.S. affiliate sales of just $7.4 billion in 2012 ranked among the lowest in the EU.

**Greece - U.S. Global Linkages, 2012** ($ billions)**

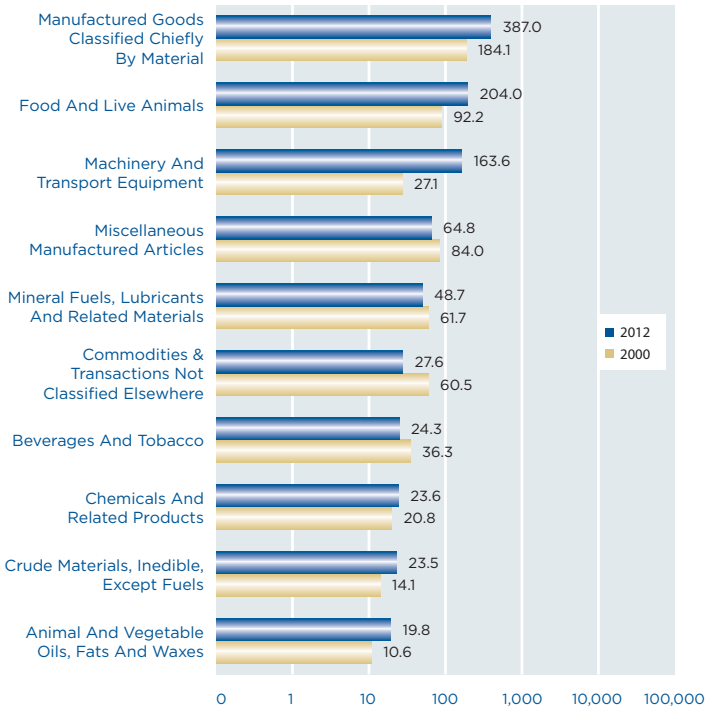
| | U.S. in Greece | Greece in U.S. |
|---|---|---|
| Foreign Direct Investment* | 1.0 | -0.3 |
| Total Assets of Affiliates | 10.6 | 2.2 |
| Foreign Affiliate Sales | 7.4 | 0.8 |
| Value Added of Affiliates | 3.2 | 0.1 |
| Affiliate Employees | 18,079 | - |

* 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. nearly doubled from 2010 to 2011 reaching a high of $1.7 billion; however, they plunged nearly 43% to $1.2 billion in 2012. Imports from the U.S. plunged over 40% to $585 million, the lowest level in over a decade, according to estimates. The U.S. accounted for 3.4% of total exports, and 6.1% excluding intra-EU exports. Greece's imports from the U.S. were an abysmal 0.9% of total imports from the world in 2012 and just 1.7% excluding intra-EU imports.

**Top Ten U.S. Imports from Greece, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# 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 $6.0 billion on a historic-cost basis in 2012, near its peak investment position of $6.5 billion in 2007. Value added by U.S.-owned affiliates totaled an estimated $4.9 billion. Estimated affiliate employment in Hungary ranked third among EU12 countries. Hungarian investment in the U.S. was $20.3 billion in 2012, far below its peak of $70.7 billion in 2009.

**Hungary - U.S. Global Linkages, 2012** ($ billions)**

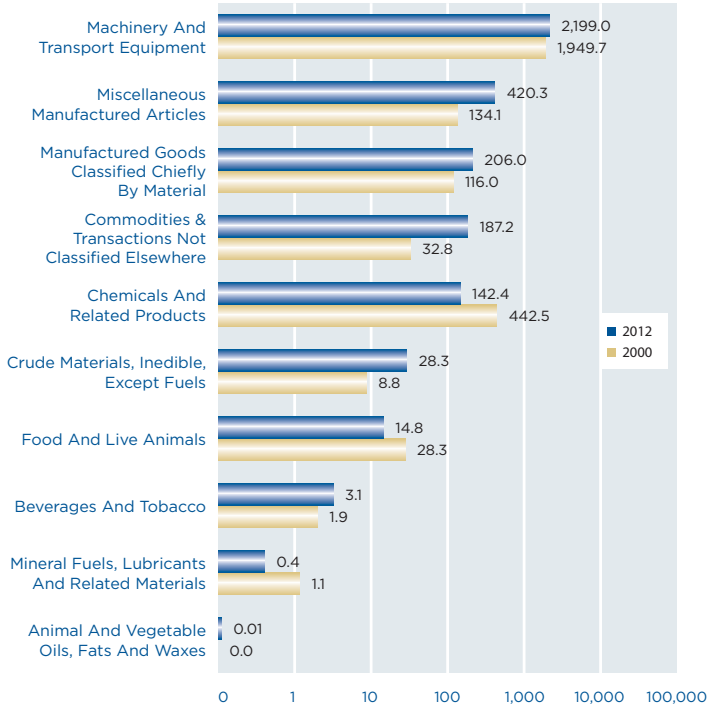
| | U.S. in Hungary | Hungary in U.S. |
|---|---|---|
| Foreign Direct Investment* | 6.0 | 20.3 |
| Total Assets of Affiliates | 43.8 | - |
| Foreign Affiliate Sales | 20.1 | - |
| Value Added of Affiliates | 4.9 | - |
| Affiliate Employees | 65,104 | 500 |

* 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

Despite a decline in overall Hungarian exports, the U.S. share of Hungary's exports rose 3.1% to $1.9 billion in 2012. The bulk of imports consists of machinery and transport equipment, manufactured parts and components, as well as chemicals and related products. Hungary bought $1.2 billion worth of U.S. goods in 2012, just 4.3% of the country's extra-EU imports.

**Top Ten U.S. Imports from Hungary, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# Ireland & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

The investment balance favors Ireland, with U.S. investment in Ireland totaling some $203.8 billion in 2012 versus $24.9 billion of Ireland's investment in the U.S. Value added by U.S. affiliates totaled an estimated $104.8 billion in 2012. Affiliate employment favored the United States, with Ireland's affiliates employing over 70,000 more employees than affiliates of U.S. firms, according to estimates. Irish companies in the U.S. generated roughly 42,000 new jobs in 2012.

**Ireland - U.S. Global Linkages, 2012** ($ billions)**

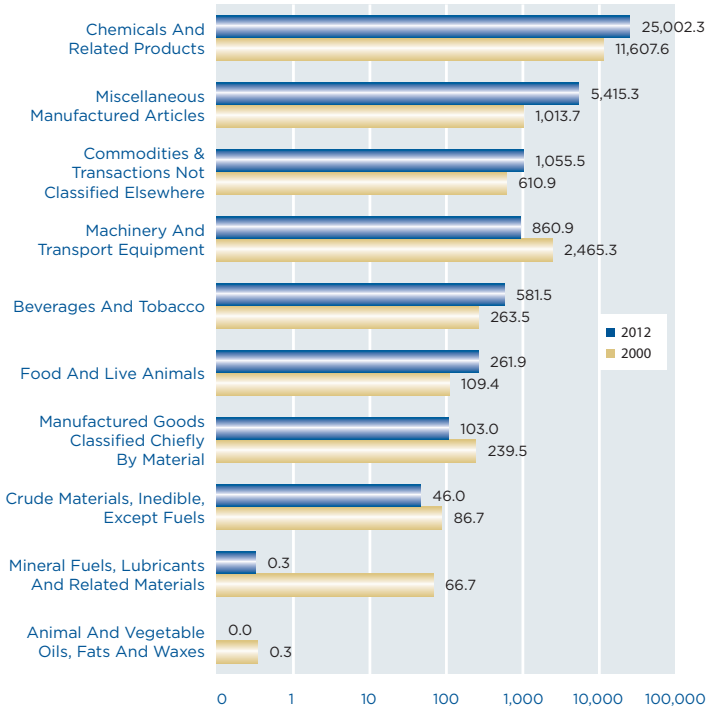
| | U.S. in Ireland | Ireland in U.S. |
|---|---|---|
| Foreign Direct Investment* | 203.8 | 24.9 |
| Total Assets of Affiliates | 1,077.7 | 204.9 |
| Foreign Affiliate Sales | 346.6 | 62.2 |
| Value Added of Affiliates | 104.8 | 23.9 |
| Affiliate Employees | 103,320 | 175,000 |

* 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

Cross-border trade between the two countries saw a significant decline this past year, as Ireland struggled from a property bubble, fiscal austerity and a dangerously high 14%-15% unemployment rate. However, the U.S. continues to be a key trade partner for Ireland; the U.S. accounted for 47.0% of Ireland's extra-EU exports and 39.6% of its extra-EU imports in 2012.Three-quarters of U.S. imports from Ireland consists of chemicals and related products.

**Top Ten U.S. Imports from Ireland, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# 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 just $3.5 billion higher than Italian investment in the U.S. in 2012. U.S. investment was mostly concentrated in manufacturing, wholesale trade, information, and finance. Value added by U.S. affiliates in Italy was roughly twice that of value added by Italian affiliates in the U.S., according to 2012 estimates. With U.S. foreign affiliates employing an estimated 207,800 workers in 2012, the employment balance clearly favors Italy. U.S companies shed about 9,000 jobs in Italy, while Italian companies generated roughly 43,000 new jobs in America.

**Italy - U.S. Global Linkages, 2012** ($ billions)**

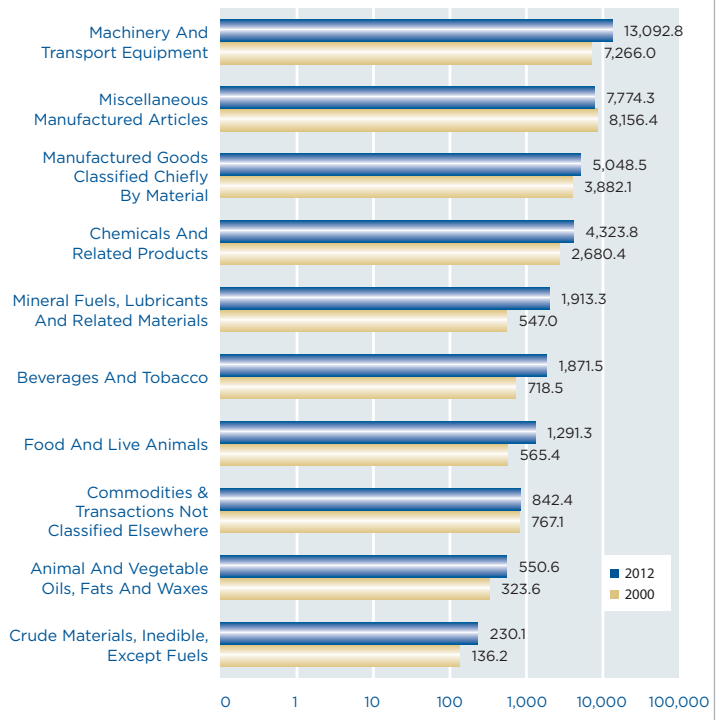
| | U.S. in Italy | Italy in U.S. |
|---|---|---|
| Foreign Direct Investment* | 26.8 | 23.3 |
| Total Assets of Affiliates | 169.5 | 144.0 |
| Foreign Affiliate Sales | 125.9 | 95.0 |
| Value Added of Affiliates | 33.3 | 17.2 |
| Affiliate Employees | 207,800 | 126,856 |

* 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 6.6% of total exports from Italy in 2012, and 14.6% of total exports after excluding intra-EU trade Machinery, transportation goods, and chemicals and related products were the top exports to the U.S. Regarding imports, the U.S. supplied 3.2% of total imports by Italy in 2012, although the share rises to 7.4% after accounting for intra-EU imports.

**Top Ten U.S. Imports from Italy, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# 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. U.S. FDI in Latvia was just $13 million in 2012, according to estimates. However, investment linkages are expected to gradually expand over the next decade. U.S. affiliates supported 800 jobs, the lowest among EU12 countries, according to 2012 estimates.

**Latvia - U.S. Global Linkages, 2012** ($ billions)**

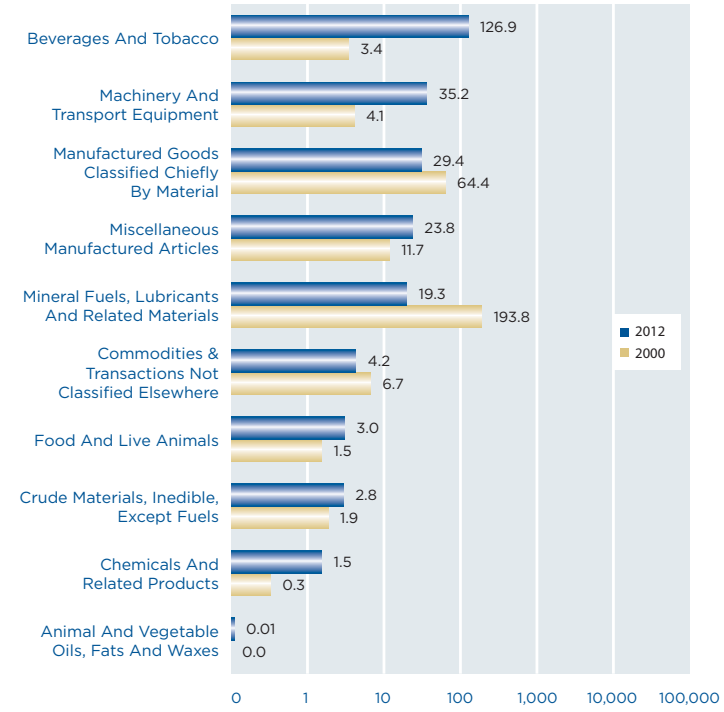
| | U.S. in Latvia | Latvia in U.S. |
|---|---|---|
| Foreign Direct Investment* | 0.01 | - |
| Total Assets of Affiliates | 0.23 | - |
| Foreign Affiliate Sales | 0.22 | - |
| Value Added of Affiliates | 0.20 | - |
| Affiliate Employees | 800 | - |

* 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 over half of the total. The U.S. imported over $120 million worth of goods from Latvia in 2012, just.2.5% of extra-EU exports. The U.S. is a small supplier to Latvia as well, Latvia imported $119 million of U.S. goods in 2012, just 3.3% of Latvia's extra-EU imports.

**Top Ten U.S. Imports from Latvia, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# Lithuania & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

Lithuania has yet to attract significant levels of U.S. foreign direct investment, however, as the Baltic states develop and become more integrated into the greater European market, U.S. investment flows are expected to increase. U.S. affiliates employed 2,000 workers in Lithuania in 2012, according to estimates.

**Lithuania - U.S. Global Linkages, 2012** ($ billions)**

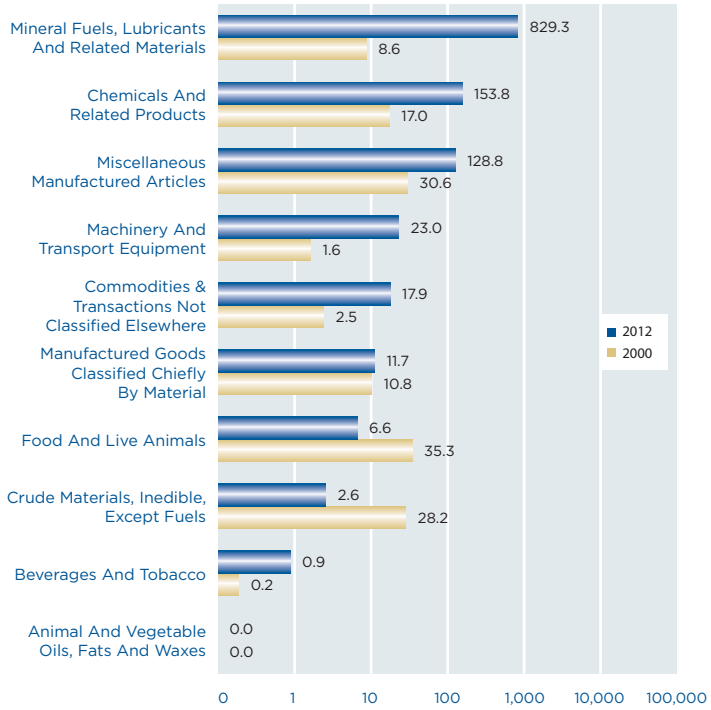
| | U.S. in Lithuania | Lithuania in U.S. |
|---|---|---|
| Foreign Direct Investment* | - | -0.001 |
| Total Assets of Affiliates | 0.4 | 0.001 |
| Foreign Affiliate Sales | 0.4 | - |
| Value Added of Affiliates | 0.2 | - |
| Affiliate Employees | 2,000 | - |

* 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

Bilateral trade has grown steadily over the years, with U.S. imports of Lithuanian goods peaking at $761 million in 2008 on the eve of the world finanical crisis. Cross-border trade between these two countries has taken a hit in recent years. Although Lithuania's overall exports increased by over 6% in 2012, Lithuanian exports to the U.S. fell by 39% to $438 million, just 3.9% of the country's extra-EU exports. Mineral fuels and chemicals are the country's top exports to the U.S. Lithuanian imports from the U.S. fell by 15.4% to $232 million in 2012, or only 1.7% of the country's extra-EU imports.

**Top Ten U.S. Imports from Lithuania, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# 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. affiliate sales in Luxembourg were roughly three times that of Luxembourg affiliates in the U.S. The employee balance favors the U.S. with more than double the amount of affiliate employees, according to 2012 estimates.

**Luxembourg - U.S. Global Linkages, 2012** ($ billions)**

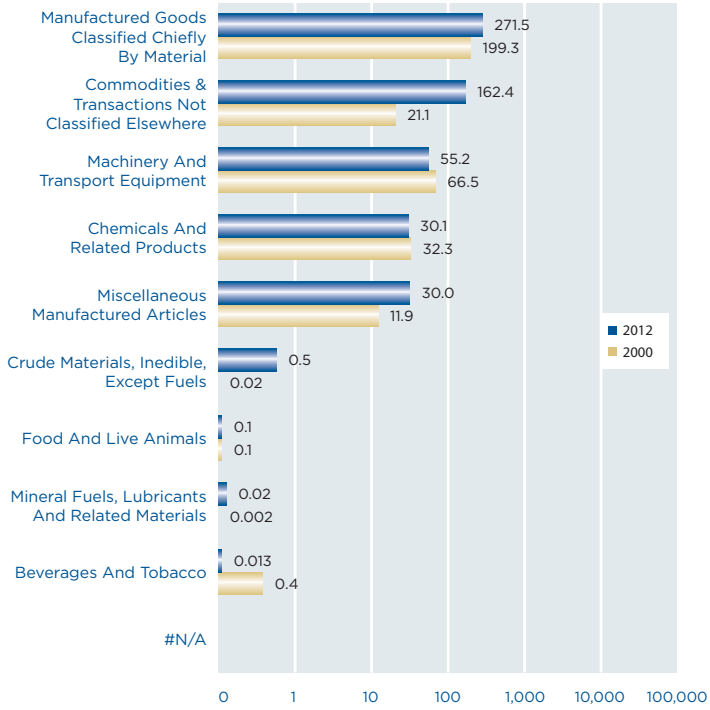
| | U.S. in Luxembourg | Luxembourg in U.S. |
|---|---|---|
| Foreign Direct Investment* | 383.6 | 202.3 |
| Total Assets of Affiliates | 1,493.8 | 30.9 |
| Foreign Affiliate Sales | 36.1 | 12.4 |
| Value Added of Affiliates | 4.1 | 3.5 |
| Affiliate Employees | 14,000 | 38,000 |

* 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

Luxembourg's exports to the U.S. fell to 401 million in 2012, or 9.5% of extra-EU exports. Manufactured goods make up over half of U.S. imports from Luxembourg. Imports from the U.S. surged 51.9% to a record $2.3 billion, 8.3% of the country's total imports and a staggering 36% of extra-EU imports.

**Top Ten U.S. Imports from Luxembourg, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# Malta & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

Despite the country's tiny population (just 428,000 people), Malta has attracted a relatively large amount of foreign direct investment from the U.S. The country received $1.4 billion in U.S. investment in 2012 as well as jobs for roughly 1,700 workers, according to estimates.

**Malta - U.S. Global Linkages, 2012** ($ billions)**

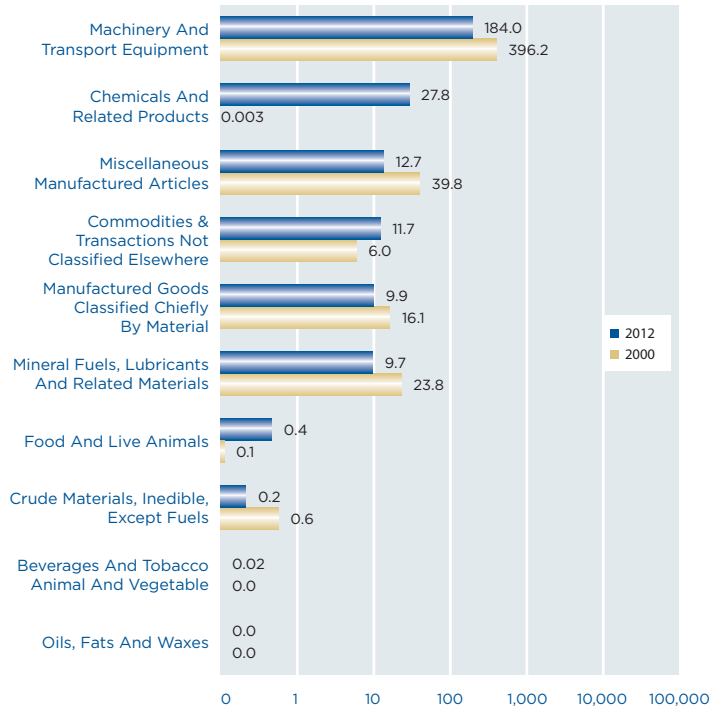
| | U.S. in Malta | Malta in U.S. |
|---|---|---|
| Foreign Direct Investment* | 1.4 | 0.025 |
| Total Assets of Affiliates | 7.5 | 0.010 |
| Foreign Affiliate Sales | 0.8 | - |
| Value Added of Affiliates | 0.1 | 0.001 |
| Affiliate Employees | 1,700 | 500 |

* 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 2012 were primarily concentrated in machinery and transport equipment followed by chemicals, which have increased from under $3,000 in 2000 to $27.8 million in 2012. Malta's imports from the U.S. totalled $117 million in 2012, 1.8% of total imports and 8.1% excluding intra-EU imports.

**Top Ten U.S. Imports from Malta, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# Netherlands & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

America's investment stake in the Netherlands is 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 $374.1 billion in affiliate sales in the U.S. during 2012. The employment balance clearly favors the U.S. with the gap widening to over 176,000 jobs, according to estimates. U.S. firms added over 13,000 new jobs to the Dutch economy in 2012, while Dutch companies generated about 54,000 new jobs in the United States.

**Netherlands - U.S. Global Linkages, 2012** ($ billions)**

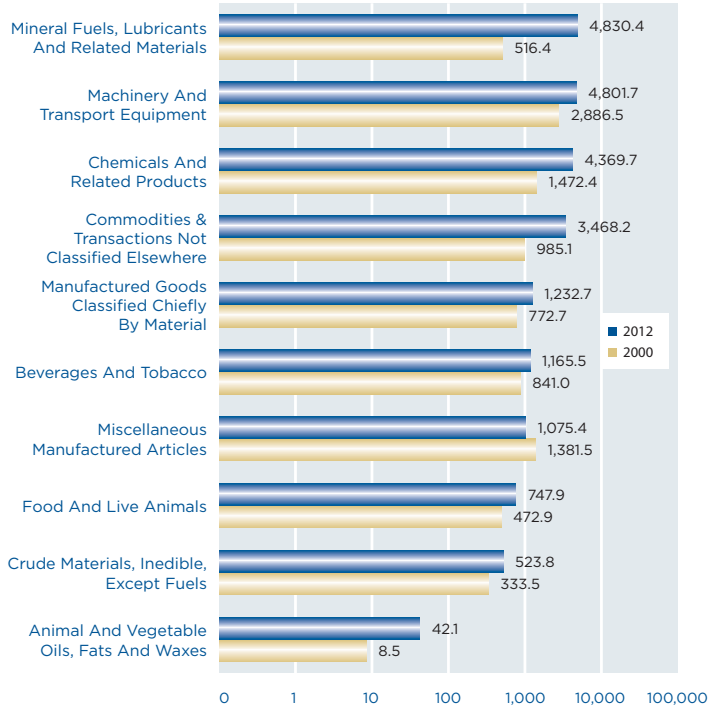
| | U.S. in Netherlands | Netherlands in U.S. |
|---|---|---|
| Foreign Direct Investment* | 645.1 | 274.9 |
| Total Assets of Affiliates | 1,950.7 | 1,044.5 |
| Foreign Affiliate Sales | 248.9 | 374.1 |
| Value Added of Affiliates | 37.9 | 51.3 |
| Affiliate Employees | 228,866 | 405,000 |

* 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

The U.S. accounted for 3.6% of total exports from the Netherlands in 2012, and a share of 16.0% of total exports when intra-EU trade is excluded. Top Dutch exports were diversified across several capital-intensive industries. The U.S. supplied 6.1% of total imports by the Netherlands in 2012, but the share rises to 11.1% after accounting for intra-EU trade.

**Top Ten U.S. Imports from Netherlands, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# Norway & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

The investment balance favors Norway, with U.S. direct investment totaling $38.8 billion in 2012, 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 42,000 Norwegian workers, or more than five times the number of U.S. jobs provided by Norwegian affiliates, according to 2012 estimates.

**Norway - U.S. Global Linkages, 2012** ($ billions)**

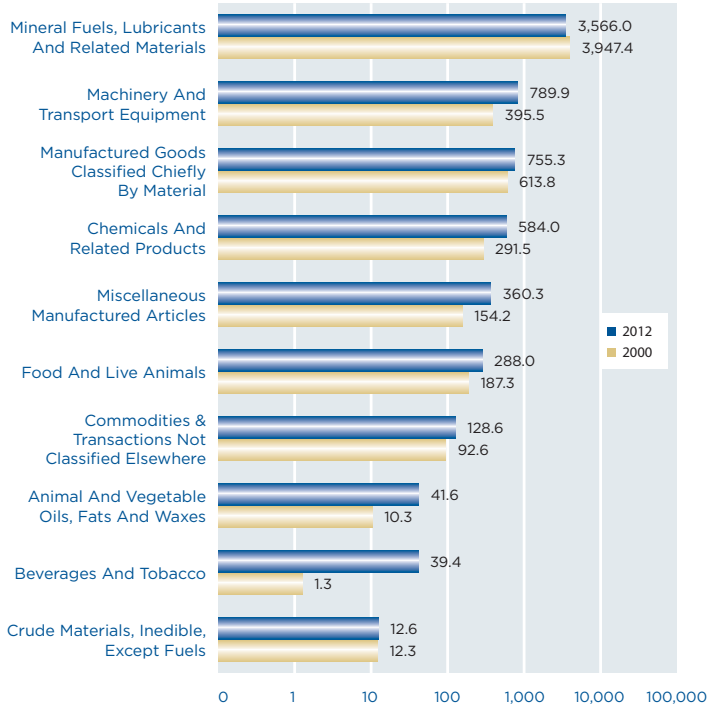
| | U.S. in Norway | Norway in U.S. |
|---|---|---|
| Foreign Direct Investment* | 38.8 | 16.4 |
| Total Assets of Affiliates | 124.8 | 61.7 |
| Foreign Affiliate Sales | 65.0 | 20.9 |
| Value Added of Affiliates | 33.0 | 2.8 |
| Affiliate Employees | 42,126 | 8,000 |

* 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

Norwegian exports to the U.S. totaled $8.1 billion in 2012, and were skewed toward mineral fuels (i.e. petroleum products). The U.S. accounted for just 5.0% of total Norwegian exports, but made up nearly 27% of Norway's exports after excluding Norway's trade with the EU. Imports from the U.S. into Norway totaled $4.7 billion—that equates to 5.4% of total Norwegian imports or 15.1% excluding trade with the EU.

**Top Ten U.S. Imports from Norway, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# 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 $14.2 billion in 2012, the highest level since 2007. At $61.3 billion, the U.S. asset base in Poland is significantly larger than America's asset base in small developed countries such as Finland, Portugal, Greece or Austria, according to 2012 estimates. The estimated U.S. affiliate work force of roughly 160,000 workers ranks number one among EU12 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, 2012** ($ billions)**

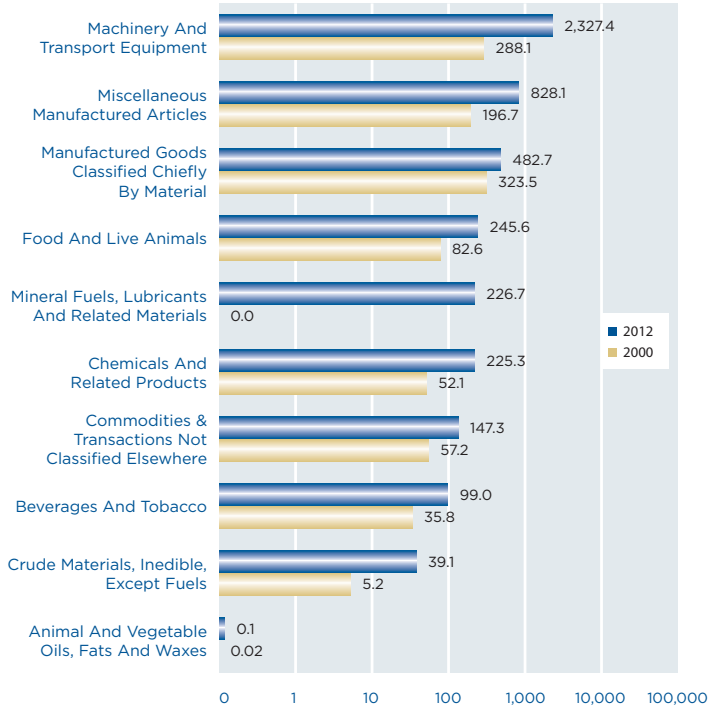
| | U.S. in Poland | Poland in U.S. |
|---|---|---|
| Foreign Direct Investment* | 14.2 | - |
| Total Assets of Affiliates | 61.3 | - |
| Foreign Affiliate Sales | 43.4 | 0.025 |
| Value Added of Affiliates | 12.6 | 0.007 |
| Affiliate Employees | 159,018 | 100 |

* 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 few years, more than doubling from $1 billion in 2000 to over $2 billion in 2006 and reaching its high of $2.9 billion in 2011. In 2012, U.S. imports from Poland fell to $2.7 billion, representing 7.0% of Poland's extra-EU exports. Imports run the gamut - from heavy machinery, to chemicals, to agricultural products. Although Poland's total imports fell by over 6% in 2012, imports from the U.S. increased by roughly 6% to $2.5 billion in 2012, accounting for 4.5% of extra-EU trade.

**Top Ten U.S. Imports from Poland, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# Portugal & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

The investment balance is heavily favored towards Portugal. U.S. direct investment in Portugal totaled $2.4 billion in 2012, largely concentrated in manufacturing, wholesale trade and finance and insurance. U.S. affiliates employed an estimated 30,600 Portuguese workers in 2012, compared to Portugal's affiliate employment of just 600 Americans. Portugal's direct investment in the U.S. reached a high of $390 million in 2011.

**Portugal - U.S. Global Linkages, 2012** ($ billions)**

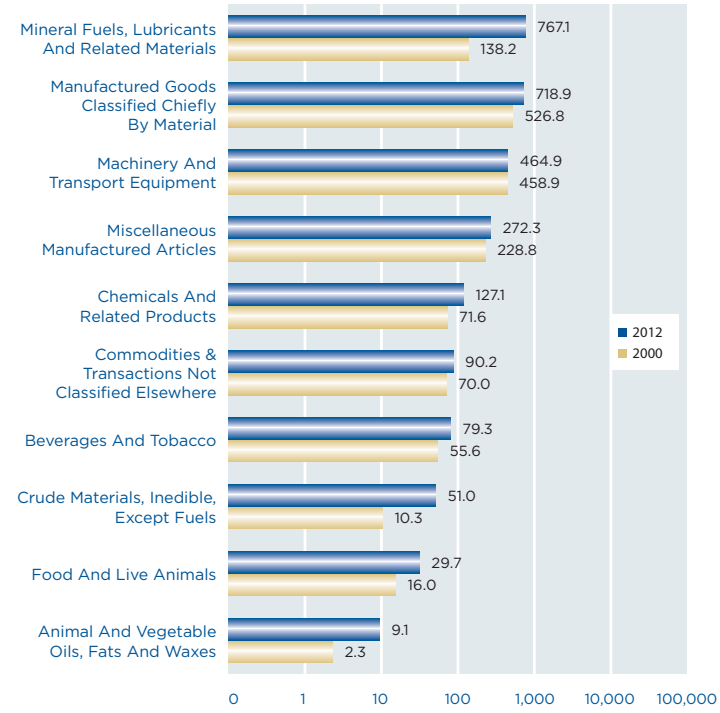
| | U.S. in Portugal | Portugal in U.S. |
|---|---|---|
| Foreign Direct Investment* | 2.4 | - |
| Total Assets of Affiliates | 46.3 | 12.0 |
| Foreign Affiliate Sales | 12.1 | 0.65 |
| Value Added of Affiliates | 2.7 | 0.34 |
| Affiliate Employees | 30,591 | 600 |

* 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 20% in 2012 to $2.3 billion, or 13.3% of extra-EU trade. Portugal's imports from the U.S. fell 28% in 2012 to $1.0 billion, or 1.4% of total imports from the world and 5.2% excluding intra-EU imports, a significantly lower share than the 13% average in the 1990s.

**Top Ten U.S. Imports from Portugal, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# Romania & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

America's asset base in Romania is rather small, with assets totaling an estimated $8.3 billion in 2012. U.S. affiliates employed an estimated 44,000 employees in 2012, placing Romania 4th among the EU12 countries in terms of jobs supported.

**Romania - U.S. Global Linkages, 2012** ($ billions)**

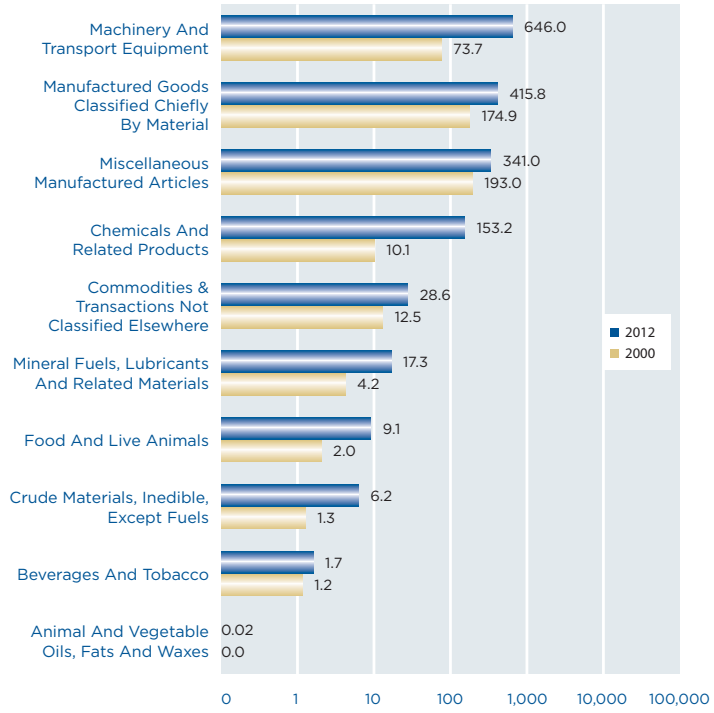
| | U.S. in Romania | Romania in U.S. |
|---|---|---|
| Foreign Direct Investment* | 1.6 | 0.012 |
| Total Assets of Affiliates | 8.3 | 0.001 |
| Foreign Affiliate Sales | 7.7 | - |
| Value Added of Affiliates | 2.1 | 0.001 |
| Affiliate Employees | 43,992 | 200 |

* 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 billion in 2012, 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. Although the U.S. is a rather small supplier to Romania, Romania's imports from the U.S. increased by nearly 20% in 2012 to $1.0 billion. However, the U.S. accounted for just 1.4% of the nation's total imports and 5.5% excluding intra-EU trade.

**Top Ten U.S. Imports from Romania, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# 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 $8.7 billion in 2012, while foreign affiliate sales reached $9.3 billion, according to estimates. Centered in the heart of Eastern Europe, the nation is well positioned to capture U.S. investment in areas such as distribution, transportation, wholesale trade and other service-like activities. U.S. affiliates employed 35,904 workers in 2012, the 5th largest U.S. affiliate work force among the EU12 countries, according to estimates.

**Slovakia - U.S. Global Linkages, 2012** ($ billions)**

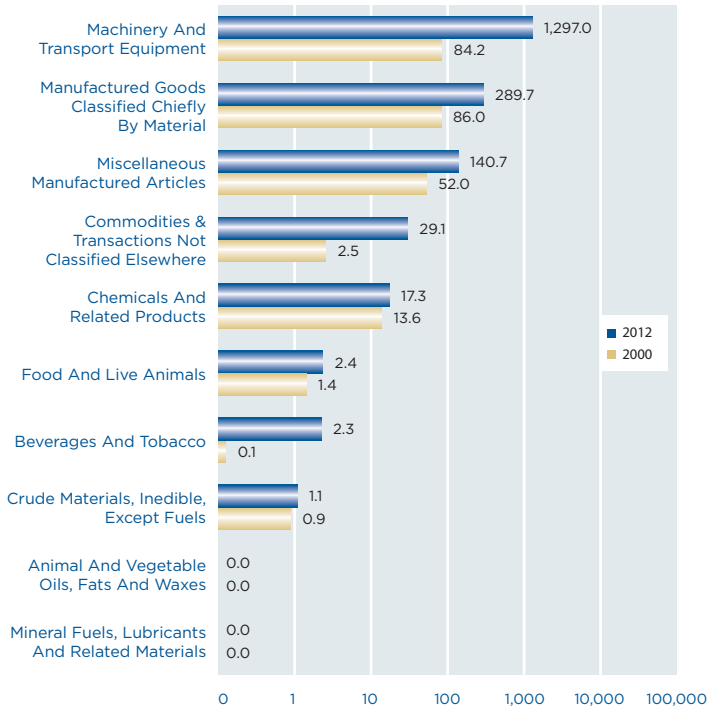
| | U.S. in Slovakia | Slovakia in U.S. |
|---|---|---|
| Foreign Direct Investment* | - | 0.016 |
| Total Assets of Affiliates | 8.7 | 0.001 |
| Foreign Affiliate Sales | 9.3 | 0.001 |
| Value Added of Affiliates | 2.0 | -0.001 |
| Affiliate Employees | 35,904 | - |

* 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

In 2012, Slovakia's exports to the U.S. registered $724 million, an increase of 36.7 percent from 2011 but still well below its 2007 high of $1.4 billion. Imports from the U.S. were $372 million in 2012.

**Top Ten U.S. Imports from Slovakia, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# Slovenia & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

Slovenia has experienced a gradual rise in U.S. foreign investment over the past few years. Total assets of affiliates reached a record $1.1 billion in 2012, according to estimates. U.S. affiliates employed 4,700 workers in 2012, placing Slovenia 7th out of the EU12 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, 2012** ($ billions)**

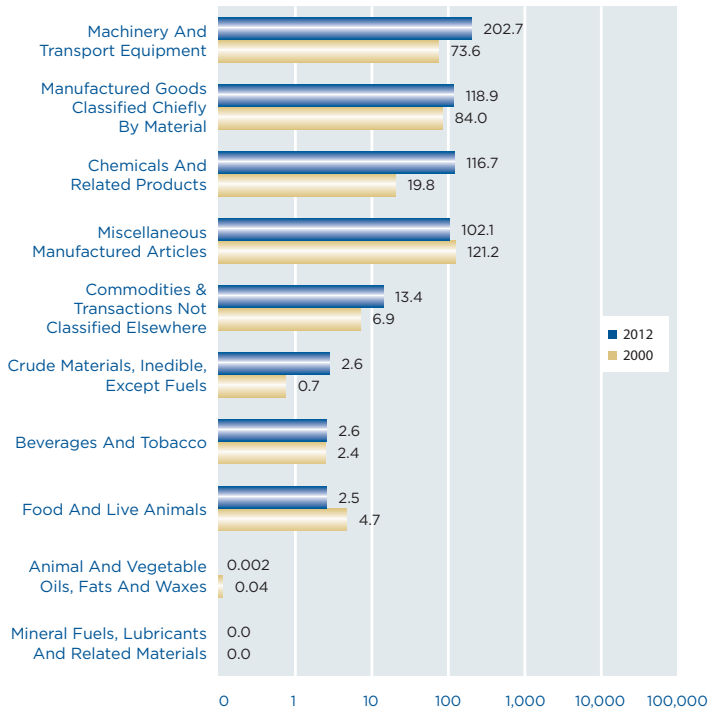
| | U.S. in Slovenia | Slovenia in U.S. |
|---|---|---|
| Foreign Direct Investment* | - | 0.018 |
| Total Assets of Affiliates | 1.1 | - |
| Foreign Affiliate Sales | 1.1 | 0.002 |
| Value Added of Affiliates | 0.6 | - |
| Affiliate Employees | 4,700 | - |

* 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 $427 million in 2012, down slightly from $450 million in 2011. 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 3.8% excluding intra-EU trade in 2012.

**Top Ten U.S. Imports from Slovenia, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# Spain & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

In 2012, 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 plunged 35.4% to $31.4 billion in 2012, the lowest level since 2001. 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 decade. Spanish investment in the U.S. has increased every year since since 2002. The majority of 2012 investments were made in depository institutions. Estimates show the employment balance is skewed in favor of Spain, by a ratio of roughly 2:1. Despite lower U.S. FDI, American companies created about 7,000 new jobs in Spain in 2012, while Spanish companies generated about 10,000 new jobs in the United States.

**Spain - U.S. Global Linkages, 2012** ($ billions)**

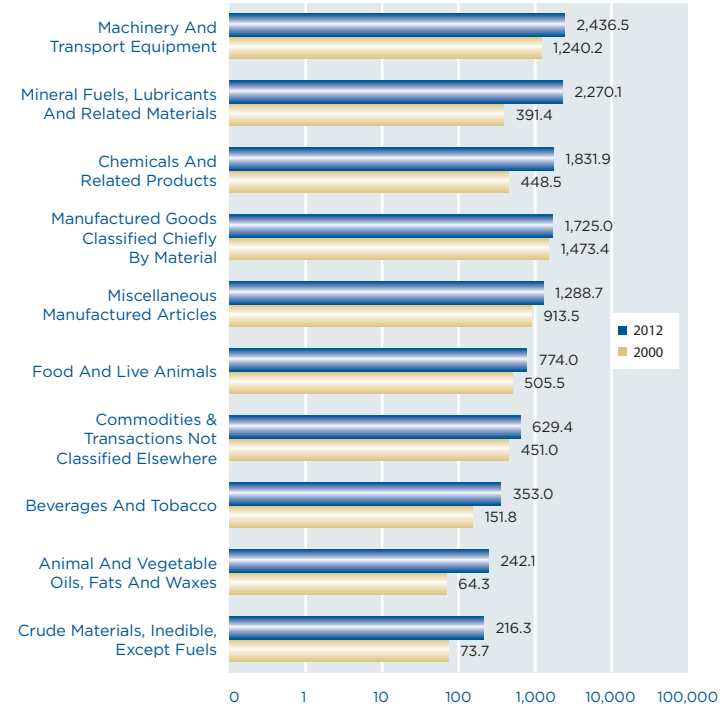
| | U.S. in Spain | Spain in U.S. |
|---|---|---|
| Foreign Direct Investment* | 31.4 | 47.4 |
| Total Assets of Affiliates | 169.2 | 317.7 |
| Foreign Affiliate Sales | 95.4 | 46.1 |
| Value Added of Affiliates | 18.9 | 8.9 |
| Affiliate Employees | 177,457 | 85,000 |

* 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

The U.S. received $10.4 billion worth of goods, or 3.6% of total exports from Spain in 2012, but a share of 9.8% of total exports when intra-EU trade is excluded. The U.S. supplied only 2.9% of total imports by Spain in 2012, although the share rises to 6.3% after accounting for intra-EU trade.

**Top Ten U.S. Imports from Spain, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# 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 $42.4 billion, while U.S. firms invested $24.5 billion in Sweden in 2012. However, Sweden's value added of affiliates exceeded that of U.S. affiliates. The employment balance is heavily in favor of the United States by a 3:1 ratio, according to 2012 estimates. While U.S. companies generated about 3,000 additional jobs in Sweden in 2012, Swedish companies created about 14,000 additional jobs in the United States.

**Sweden - U.S. Global Linkages, 2012** ($ billions)**

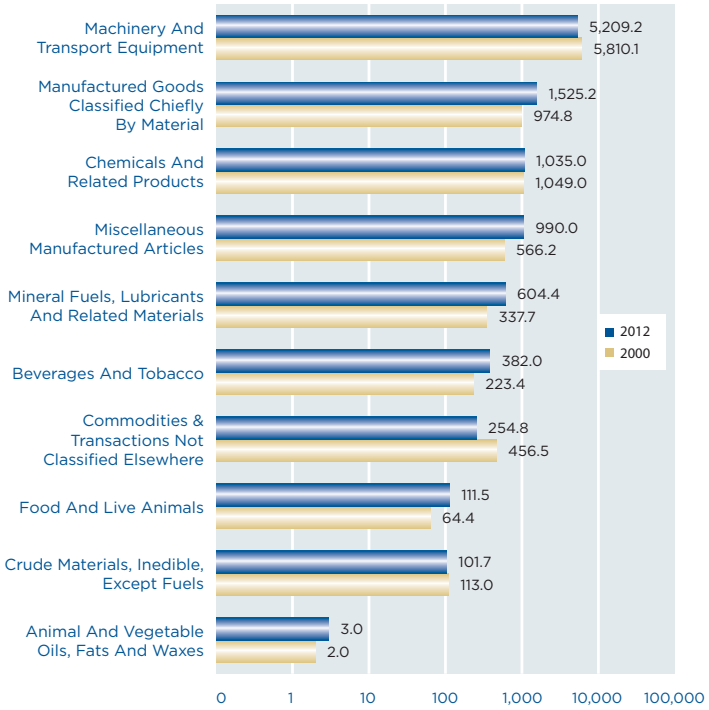
| | U.S. in Sweden | Sweden in U.S. |
|---|---|---|
| Foreign Direct Investment* | 24.5 | 42.4 |
| Total Assets of Affiliates | 128.6 | 123.1 |
| Foreign Affiliate Sales | 38.3 | 61.8 |
| Value Added of Affiliates | 7.9 | 17.4 |
| Affiliate Employees | 66,606 | 196,000 |

* 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 amounted to $9.8 billion in 2012, accounting for 5.5% of Sweden's global total and 13.6% of the total excluding intra-EU trade. Swedish imports totaled $5.2 billion from the U.S., accounting for 3.2% of Sweden's total imports in 2012, although the share rises to 10.1% excluding intra-EU imports.

**Top Ten U.S. Imports from Sweden, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# Switzerland & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

The investment balance favors the U.S.—direct investment in Switzerland totaled $130.3 billion in 2012 versus $204 billion of Swiss investment in the U.S. Switzerland has one of the largest asset bases in the U.S. of any nation at $1.5 trillion (mainly in services like insurance and financial services), according to 2012 estimates. Estimates show the employment balance significantly favors the United States. American companies created about 5,000 new jobs in Switzerland in 2012, while Swiss companies employed an additional 40,000 people in the United States.

**Switzerland - U.S. Global Linkages, 2012** ($ billions)**

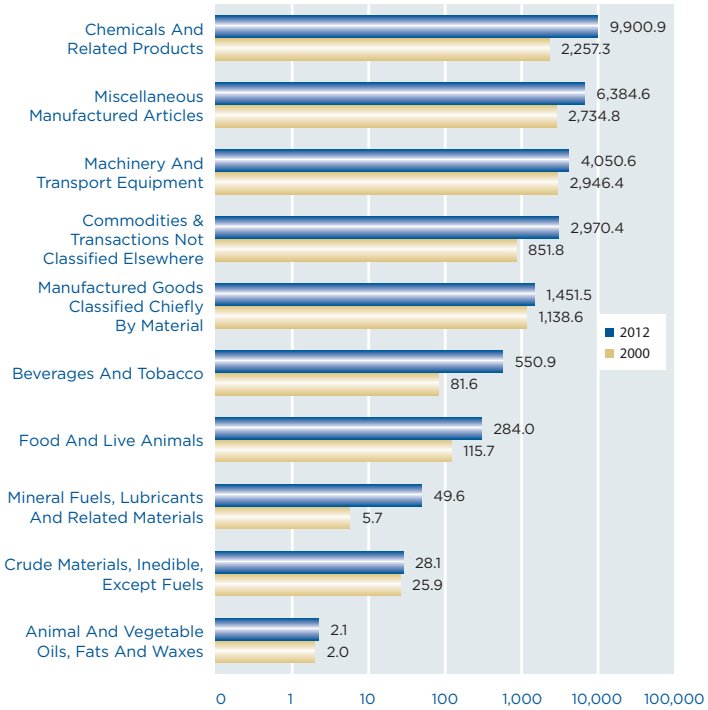
| | U.S. in Switzerland | Switzerland in U.S. |
|---|---|---|
| Foreign Direct Investment* | 130.3 | 204.0 |
| Total Assets of Affiliates | 660.7 | 1,470.3 |
| Foreign Affiliate Sales | 316.6 | 216.9 |
| Value Added of Affiliates | 41.3 | 64.4 |
| Affiliate Employees | 94,554 | 457,011 |

* 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 fell 3.8% in 2012, exports to the U.S. increased 4.3%, hitting a record $25.1 billion, representing 11.1% of total exports, and 25.1% when taken as a share of exports to regions outside the EU. In the same year, Switzerland imported American goods worth $11.2 billion, also a record, 5.7% of the global total, yet when imports from the EU were excluded, U.S. goods comprised 22.3% of Swiss imports.

**Top Ten U.S. Imports from Switzerland, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# Turkey & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

The investment balance favors Turkey— the U.S. had $6 billion of foreign direct investment in Turkey in 2012 vs. Turkey's $655 million investment in the U.S. According to 2012 estimates, affiliates of U.S. multinationals had assets of $20.6 billion in Turkey compared to Turkey's affiliate asset base of only $2.4 billion. In 2012, U.S. affiliates employed a record 46,384 workers in Turkey, according to estimates.

**Turkey - U.S. Global Linkages, 2012** ($ billions)**

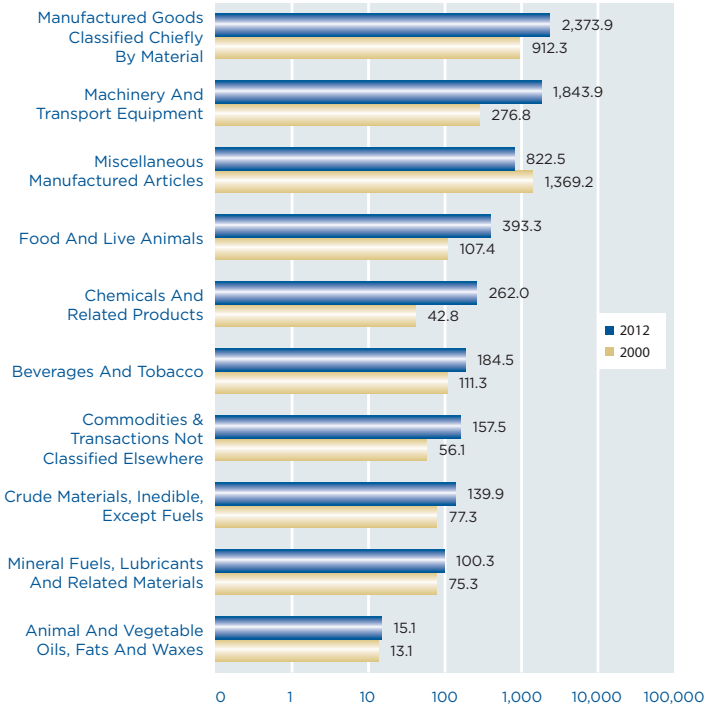
| | U.S. in Turkey | Turkey in U.S. |
|---|---|---|
| Foreign Direct Investment* | 6.0 | 0.7 |
| Total Assets of Affiliates | 20.6 | 2.4 |
| Foreign Affiliate Sales | 24.5 | 0.5 |
| Value Added of Affiliates | 8.3 | 0.2 |
| Affiliate Employees | 46,384 | - |

* 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 $5.6 billion in 2012, 3.7% of total exports and 6.0% when exports to the EU are excluded. Top exports to the U.S. include manufactured goods and machinery and transport equipment. Turkish imports from the U.S. had increased nearly five-fold over the last decade, reaching a high of $16.0 billion in 2011, but fell to $14.1 billion in 2012, accounting for 9.5% of imports excluding intra-EU trade.

**Top Ten U.S. Imports from Turkey, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

# United Kingdom & the United States

## INVESTMENT AND TRADE FIGURES

### Investment

The U.S.-U.K. investment balance is fairly even, however the U.S. had a larger net cross-border impact in 2012. U.S. foreign direct investment in the United Kingdom jumped 15.9% to a record 597.8 billion in 2012. The UK's foreign direct investment in the U.S. also hit a new high in 2012. Estimated sales of American and British affiliates totaled more than $1.2 trillion in 2012. According to estimates, U.S. affiliates employed over 1.3 million workers in the UK in 2012, a boost of 106,000 new jobs. UK affiliates employed roughly 986,000 people in the United States, an increase of 85,000 jobs.

**United Kingdom - U.S. Global Linkages, 2012** ($ billions)**

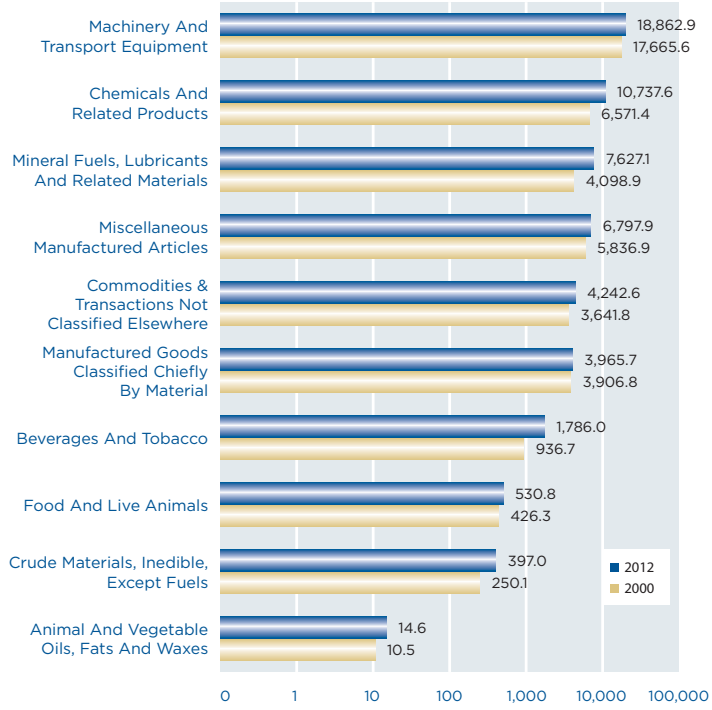
| | U.S. in United Kingdom | United Kingdom in U.S. |
|---|---|---|
| Foreign Direct Investment* | 597.8 | 486.8 |
| Total Assets of Affiliates | 5,149.5 | 2,236.8 |
| Foreign Affiliate Sales | 694.9 | 521.3 |
| Value Added of Affiliates | 171.3 | 127.6 |
| Affiliate Employees | 1,315,335 | 985,958 |

* 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. UK exports to the U.S. totaled $45.3 billion in 2012, 10.5% of total UK exports and 22.6% 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 UK in 2012, with $43.6 billion in imports from the U.S, accounting for 13.1% of imports excluding intra-EU trade.

**Top Ten U.S. Imports from United Kingdom, 2012 (in $ millions)**




Source: Bureau of Economic Analysis; International Monetary Fund; Office of Trade and Industry Information

## 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, Iceland, Ireland, Italy, 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 EU12 refers to the newer EU member states: Estonia, Latvia, Lithuania, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Malta, Cyprus, Romania and Bulgaria. EU12 data does not include Croatia, which on July 1, 2013 became the 28th member state of the European Union.

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, Kyrgyzstan, Macedonia, Malta, Moldova, Monaco, Montenegro, Serbia, Tajikistan, Turkmenistan, Union of Soviet Socialist Republics, Uzbekistan.

## 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* (2014); *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.

**DANIEL S. HAMILTON** is the Austrian Marshall Plan Foundation Professor and Director of the Center for Transatlantic Relations at the Paul H. Nitze School of Advanced International Studies, Johns Hopkins University. He also serves as Executive Director of the American Consortium on EU Studies, designated by the European Commission as the EU Center of Excellence Washington, DC. He has been a consultant for Microsoft and an advisor to the U.S. Business Roundtable, the Transatlantic Business Dialogue, and the European-American Business Council. Recent books include *Open Ukraine: Changing Course towards a European Future; Europe's Economic Crisis*, co-edited with Nobel Prize Laureate Robert Solow; *Transatlantic 2020: A Tale of Four Futures*, and *Europe 2020: Competitive or Complacent*? He has served in a variety of senior positions in the U.S. State Department, including as Deputy Assistant Secretary of State.

**JOSEPH P. QUINLAN** is Senior Fellow at the Center for Transatlantic Relations, with extensive experience in the U.S. corporate sector. He is a leading expert on the transatlantic economy and well-known global economist/strategist on Wall Street. He specializes in global capital flows, international trade and multinational strategies. He lectures at New York University, and his publications have appeared in such venues as *Foreign Affairs*, the *Financial Times* and the *Wall Street Journal*. His recent book is *The Last Economic Superpower: The Retreat of Globalization, the End of American Dominance, and What We Can Do About It* (New York: McGraw Hill, 2010).