



**The 50 U.S. States:
European-Related
Jobs, Trade and
Investment**



America’s highly diversified economy – whether goods or services – combined with its wealthy consumers, sets it apart from the rest and is one key reason why the United States remains the global leader in attracting foreign capital.



Jobs directly supported by European companies in the U.S.
(2022 estimate)
5 million

The United States handily outperformed other major economies in 2023, with real GDP growth of roughly 3.1%. Growth in the second half of the year was close to 3.5%. The U.S. economy defied expectations of a recession, and will likely do the same in 2024. Meanwhile, China struggled to break free from its pandemic-induced slowdown, Japan faltered and the European Union floundered.

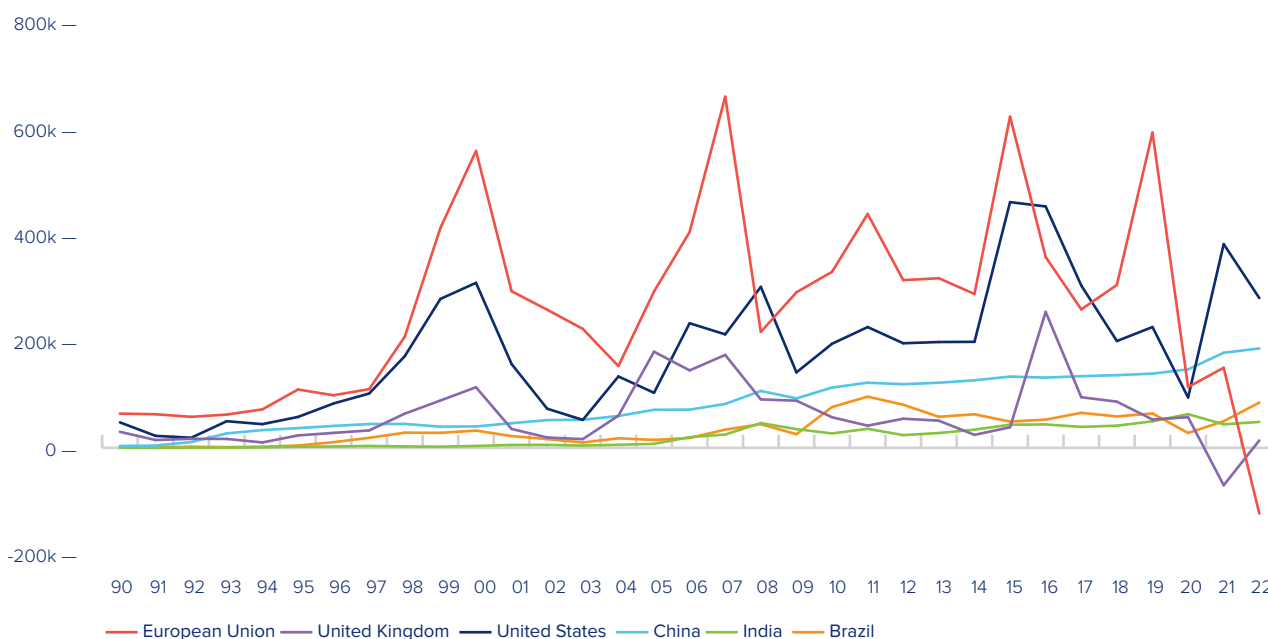
Notwithstanding periodic cyclical slowdowns, the U.S. economy remains one of the most dynamic and resilient in the world. No country produces as much output (over \$27 trillion in 2023) with so few people (less than 5% of the world population) than the United States. The U.S. is not only large, it is wealthy. According to the latest figures from the Federal Reserve, U.S. household net worth was more than \$150 trillion last year. It is these attributes that attract European firms to invest in the United States.

Another reason: the U.S. economy is also extraordinarily diversified, which gives European firms wide breadth in terms of participating in and leveraging the U.S. market. From agriculture to aerospace, and everything in between, the United States remains a global leader and a prime market for non-U.S. firms. Energy, education, health care, life sciences, biotechnology, finance, manufacturing, steel, R&D, entertainment, transportation, social media – pick your sector, and there is a good chance there is a mature or budding firm in the United States. America’s highly diversified economy – whether goods or services – combined with its wealthy consumers, sets it apart from the rest and is one key reason why the United States remains the global leader in attracting foreign capital.

To this point, according to the latest figures from the UN, foreign direct investment (FDI) flows last year rose modestly by 3%, although the increase was largely due to a few European conduit economies. Excluding these nations (Luxembourg and the Netherlands), global FDI flows were some 18% lower in 2023 than the prior year (Table 1).

That said, the United States again ranked as the number one destination for FDI inflows. As Table 2 depicts, no country has attracted more FDI this century than the United States, taking in \$5.2 trillion (16.9% of the global total) cumulatively since 2000, twice that of China (\$2.5 trillion, 8.1%) and triple that of the UK.

Table 1. Foreign Direct Investment Flows, Selected Economies, 1990-2022 (\$Millions)



Source: UNCTAD World Investment Report 2022.

Table 2. Cumulative Investment Inflows 2000-2022 Rankings

| Rank | Economy | Cumulative Flows (\$Billions) | Percent of World Total |
|------|----------------|-------------------------------|------------------------|
| 1 | United States | 5,212.7 | 16.9% |
| 2 | China | 2,502.3 | 8.1% |
| 3 | Hong Kong | 1,780.1 | 5.8% |
| 4 | United Kingdom | 1,707.1 | 5.5% |
| 5 | Singapore | 1,220.5 | 4.0% |
| 6 | Brazil | 1,080.2 | 3.5% |
| 7 | Germany | 1,019.1 | 3.3% |
| 8 | Canada | 986.3 | 3.2% |
| 9 | Ireland | 808.4 | 2.6% |
| 10 | Australia | 797.4 | 2.6% |

Source: United Nations Conference on Trade and Development (UNCTAD).
Data as of January 2024.

Multiple factors underpin America's dominance in foreign investment flows. First is America's large and wealthy consumer base, with a population of roughly 335 million and per capita income of over \$70,000. Income per person in the United States is about 30% higher than in western Europe. Second, the United States boasts a hypercompetitive and dynamic economy, driven by strong institutions, advanced technological readiness, world-class universities, a strong capacity and culture of entrepreneurship, and a dense web of university-industry collaborative activities in research and development (R&D). The ability to attract R&D from companies abroad is important to the innovative culture of the U.S. economy. R&D performed by affiliates of foreign companies accounts for roughly 15% of total R&D conducted by all businesses in the United States. European companies account for two thirds of foreign-funded R&D in the United States.

Additionally, European companies investing in the United States gain access to a desirable pool of skilled, flexible, and productive labor. We estimate that U.S. jobs supported directly by affiliates of foreign companies totaled 8 million in 2022, or about 6% of total private industry employment in the United States. European companies accounted for 61% of that figure, or nearly 5 million jobs.

Meanwhile, transparent rule of law, sophisticated accounting, auditing, and reporting standards, secure access to credit, ease of entrepreneurship, and respect for intellectual property rights have all contributed to the stable and supportive business environment in the United States.

Drivers of foreign investment into the U.S.



Large and wealthy consumer base



Strong institutions and rule of law



Advanced technological readiness



World-class universities



Strong entrepreneurial capacity and culture



University-industry R&D partnerships



Skilled, flexible, and productive workforce



Sophisticated accounting, auditing and reporting standards



Secure access to credit



Respect for intellectual property rights

European firms maintained their dominant foreign investment position in the United States in 2023.

Total European FDI stock in the U.S. (2022)

\$3.4 trillion

62%



62% of total FDI in the U.S.

Europe's Stake in the United States

European firms maintained their dominant foreign investment position in the United States in 2023. In the first three quarters of the year, FDI inflows from Europe represented 50% of total U.S. inflows. FDI inflows from Europe receded from the robust levels of 2021 and 2022 last year, owing to the higher cost of capital, softer corporate earnings, and weaker economic activity. In the January-September period 2023, inflows from Europe fell by nearly 30%. Inflows from Europe are estimated to have totaled \$170 billion in 2023, down from \$219 billion the year before.

Investment inflows from individual European countries to the United States in 2023 was generally downward. Some countries posted growth in FDI flows; others saw a pullback. The traditional European leaders in terms of FDI inflows to the U.S. – the Netherlands, Germany, the UK, and Italy – posted year-over-year decreases last year, while investment from Ireland was up for the year. The German numbers require a deeper look, however: M&A and other forms of equity investments may have been down, but German companies in 2023 announced a record \$15.7 billion in new greenfield or expansion projects in the United States.¹

In 2024, we expect FDI inflows to the U.S. to “normalize” and trend higher in part due to the incentives in the U.S. Inflation Reduction Act, which strongly encourages U.S. in-country production via tax credits and subsidies. Domestic content requirements around renewable energy have run afoul of EU policymakers but have nevertheless captured the attention of European multinationals looking to expand their footprint in the massive U.S. market. As we discuss in Chapter 4, U.S.-EU discussions are ongoing to determine how and whether products imported from Europe may be able to benefit from at least some of these provisions.

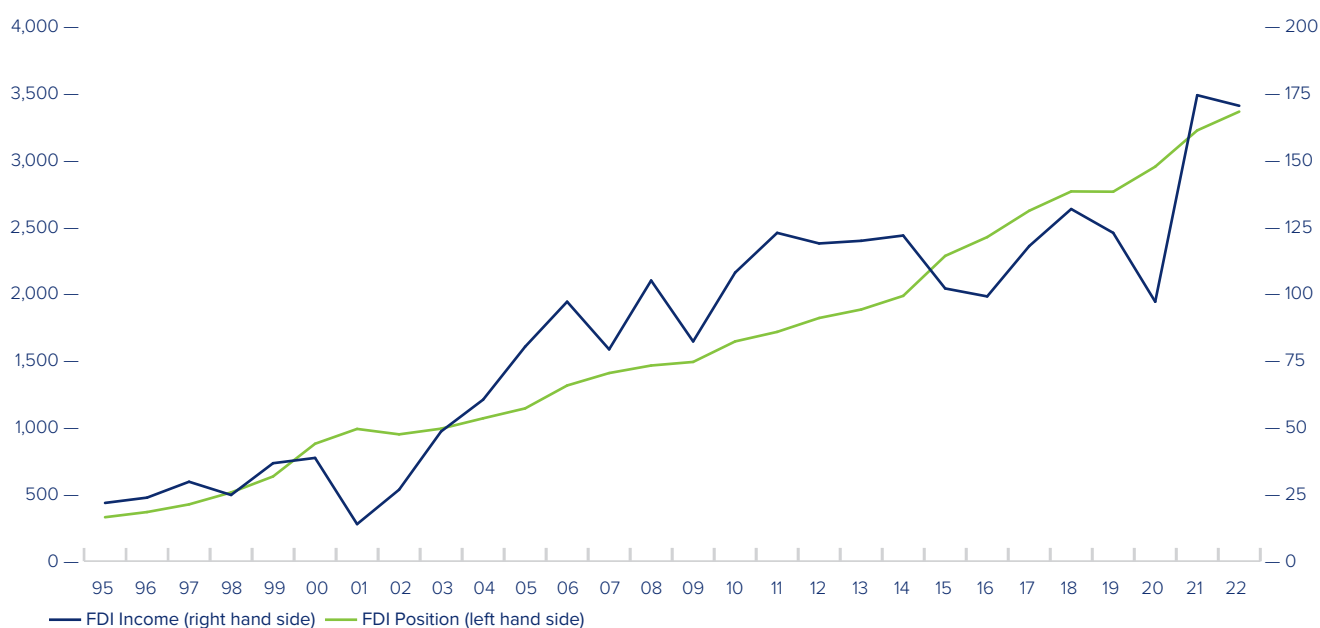
Europe continues to have an outsized investment presence in the United States, as reflected by its FDI position, which is a more stable metric of foreign investment. In terms of foreign capital stock in the United States, Europe leads the way.

The region accounted for 62% of the total \$5.3 trillion of foreign capital sunk in the United States as of 2022. Total European investment stock in the United States of \$3.4 trillion was over three times the level of comparable investment from Asia. Of the overall European level, European Union FDI in the United States (stock) was \$2.4 trillion in 2022, up 4% from 2021.

The United Kingdom was the largest European investor in the United States, based on FDI on a historic cost basis, with total FDI stock in the United States totaling \$663 billion in 2022. The Netherlands ranked second in Europe (\$617 billion), followed by Germany (\$431 billion) and Switzerland (\$307 billion). Many firms from these countries are just as embedded in the U.S. economy as in their own home markets. Only Japan has a greater investment footprint in the U.S. than the major producers of Europe.

Whether Swiss pharmaceutical corporations, German auto manufacturers, or British services providers, European firms' commercial links to America have driven corporate sales and profits higher in recent decades. European firms in the United States earned record income in 2023 by our estimates – some \$190 billion. Through the first nine months of 2023, European affiliate income earned in the U.S. rose to \$142 billion, a 7.2% rise from a year ago. Firms in Europe's Stoxx 600 benchmark index made 23% of their sales in the U.S. – their single biggest market. Companies in London's FTSE 100 made more sales in the U.S. than in the UK.² Taking the long view, affiliate earning levels for most European firms are significantly higher today than they were at the start of the century. As European firms have built out their U.S. operations, the payoff has been rising affiliate earnings in one of the largest markets in the world.

Table 3 highlights this connection between European investment in the United States and European affiliate earnings. The two metrics are highly correlated – the greater the earnings, the greater the likelihood of more capital investment, and the more investment, the greater the upside for potential earnings and affiliate income. The bottom line is that Europe's investment stakes in the United States have paid handsome dividends over the years, notably since the Great Recession, given the growth differential between the United States and Europe. These higher earnings in the United States have also allowed these companies to be more successful back home in Europe – including by expanding their operations and by hiring more workers.

Table 3. European Foreign Direct Investment and Income in the United States (\$ Billions)

Sources: Bureau of Economic Analysis.
Data as of January 2024.

Europe's Stakes in America's 50 States

European firms can be found in all 50 states, and in all economic sectors – manufacturing and services alike. The employment impact of European firms in the United States is quite significant. Table 4 provides a snapshot of state employment supported directly by European affiliates across the United States. It is important to note that the chart represents only those jobs that have been directly created by European investment, and thus underestimates the true impact on U.S. jobs of America's commercial ties to Europe. Jobs tied to exports and imports of goods and services are not included, nor are many other jobs created indirectly through suppliers or distribution networks and related activities.

UK firms were the largest sources of onshored jobs in 21 U.S. states in 2021. Japanese and Canadian companies each led in 10 states, German companies in 5 states. French and Dutch companies each led in 2 states.

In general, the presence of European affiliates in many states and communities across the United States has helped improve America's jobs picture. The more European firms embed in local communities around the nation, the more they tend to generate jobs and income for U.S. workers, increase sales for local suppliers and businesses, expand revenues for local

Table 4. Ranking of Top 20 States by Jobs Supported Directly By European Investment
(Thousands of employees)

| U.S. State | 2019 | 2020 | 2021 |
|----------------|-------|-------|-------|
| California | 486.2 | 459.7 | 458.7 |
| Texas | 413.8 | 389.7 | 392.9 |
| New York | 367.3 | 359.0 | 360.3 |
| Pennsylvania | 245.9 | 241.9 | 244.0 |
| Illinois | 233.4 | 222.7 | 225.4 |
| Florida | 232.5 | 208.7 | 216.3 |
| North Carolina | 206.5 | 202.4 | 207.5 |
| Michigan | 206.3 | 200.1 | 203.0 |
| New Jersey | 207.7 | 192.5 | 200.1 |
| Massachusetts | 168.1 | 159.3 | 163.9 |
| Ohio | 174.4 | 160.4 | 163.3 |
| Georgia | 164.4 | 151.9 | 156.9 |
| Virginia | 152.2 | 148.1 | 154.9 |
| Indiana | 128.0 | 114.8 | 116.3 |
| South Carolina | 115.4 | 110.7 | 115.3 |
| Tennessee | 111.7 | 115.1 | 114.2 |
| Minnesota | 99.7 | 93.3 | 94.1 |
| Maryland | 93.1 | 87.9 | 93.5 |
| Missouri | 86.6 | 93.2 | 91.4 |
| Connecticut | 88.4 | 84.7 | 87.9 |

Source: Bureau of Economic Analysis.
Data as of January 2024.



European affiliate earnings in the U.S. (2023)

\$190 billion

European firms can be found in all 50 states, and in all economic sectors – manufacturing and services alike.

communities, and encourage capital investment and R&D expenditures for the United States.

Deep investment ties with Europe have also boosted U.S. trade. Table 5 illustrates the export potential of European affiliates operating in the United States. As a point of reference, in any given year, foreign affiliates based in the United States and exporting from there typically account for one-fourth of total U.S. merchandise exports. The bulk of these exports are intra-firm trade, or trade between the affiliate and its parent company. In 2021, the last year of available data, U.S. exports shipped by all majority-owned foreign affiliates totaled \$412 billion, with European affiliates accounting for 59% of the total. German companies exported more than \$59 billion in products made in the U.S., while British and Dutch firms exported \$52 billion and \$38 billion, respectively.

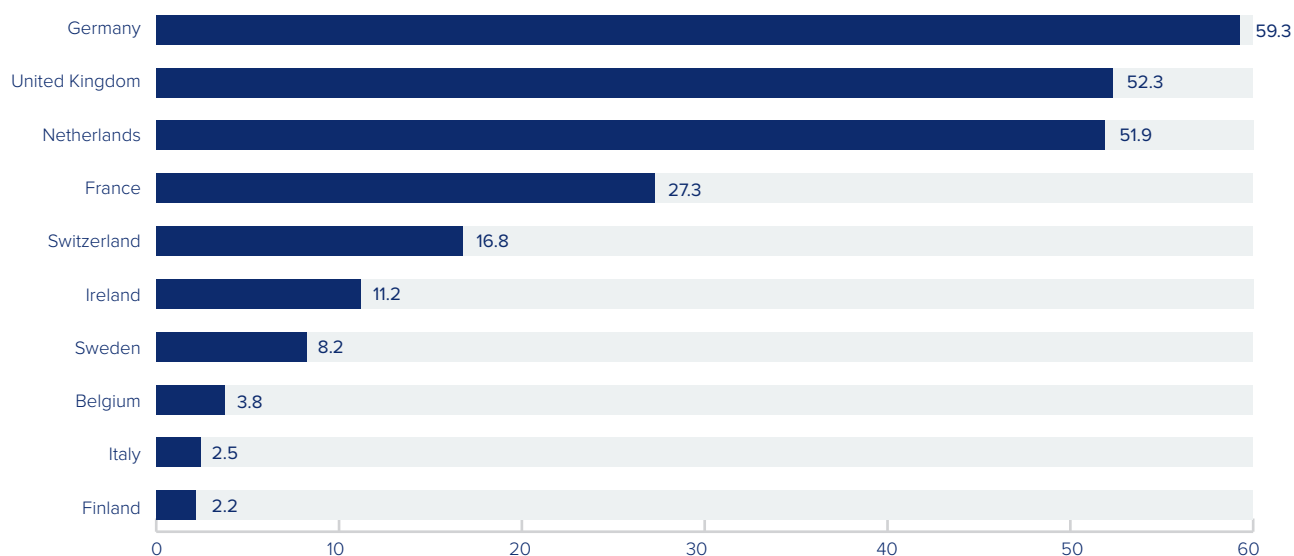
Wholesale trade, transportation equipment, and chemical manufactures represented the largest

categories of exports by affiliates to markets outside the United States. In the end, the more European affiliates export from the United States, the higher the number of jobs for U.S. workers and the greater the U.S. export figures.

Every U.S. state maintains cross-border ties with Europe, with various European countries serving as key export markets for many U.S. states, a dynamic that creates and generates growth in the United States. Table 6 ranks the top 20 state goods exporters to Europe in 2022, the last year of full-year state data. Texas ranked number one, followed by New York, Louisiana, and California. Overall, U.S. goods exports to Europe reached a record high in 2023 of \$498 billion, 1.2% more than 2022 (\$491.6 billion).

U.S. merchandise exports to Europe are still more than two and half times U.S. exports to China, as shown in Table 7. Forty-eight of the fifty U.S. states exported more goods to Europe than to China. New York's good exports to Europe were 13 times more than its goods exports to China. Florida exported 9 times more, Texas 4.5 times more, and Kentucky 3 times more goods to Europe than to China. The largest Pacific coast state of California exported roughly twice as many goods to Europe as to China.

Table 5. U.S. Exports of Goods Shipped by European Companies Operating in the United States (\$Billions)



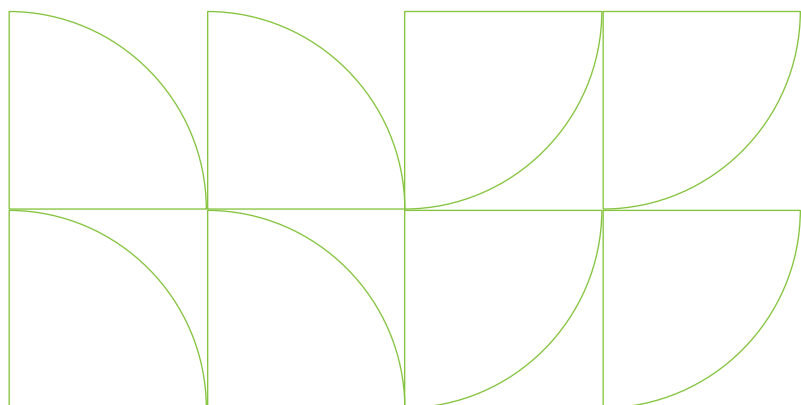
Source: Bureau of Economic Analysis.
Data for 2021.

Table 6. Ranking of Top 20 U.S. States Total Goods Exports to Europe, By Value

| U.S. State | 2022 (\$Billions) | 2000 (\$Billions) | % Change from 2000 | % Change from 2021 |
|-------------------|----------------------|----------------------|-----------------------|-----------------------|
| Texas | 99.2 | 12.3 | 708 | 57 |
| New York | 44.8 | 15.3 | 192 | 54 |
| Louisiana | 37.6 | 6.4 | 490 | 187 |
| California | 34.9 | 27.9 | 25 | 0 |
| Pennsylvania | 15.2 | 7.3 | 108 | 24 |
| Illinois | 15.0 | 4.7 | 220 | 5 |
| New Jersey | 13.9 | 2.8 | 398 | -13 |
| Florida | 13.1 | 8.0 | 64 | 35 |
| Massachusetts | 11.8 | 13.1 | -10 | 1 |
| Georgia | 11.3 | 3.3 | 244 | 14 |
| Kentucky | 11.0 | 3.9 | 182 | 24 |
| Indiana | 10.9 | 1.3 | 713 | 6 |
| South Carolina | 10.4 | 4.0 | 162 | 12 |
| North Carolina | 9.7 | 4.6 | 110 | 16 |
| Ohio | 9.4 | 3.1 | 199 | 5 |
| Utah | 9.3 | 3.1 | 203 | -14 |
| Tennessee | 9.1 | 2.7 | 237 | 17 |
| Washington | 8.8 | 5.0 | 75 | -8 |
| Alabama | 8.0 | - | - | 30 |
| Michigan | 7.8 | 5.0 | 55 | 13 |
| U.S. Total | 491.6 | 187.4 | 162 | 27 |

Source: Foreign Trade Division, U.S. Census Bureau.
Data as of January 2024.

The presence of European affiliates in many states and communities across the United States has helped to improve America's jobs picture.





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**states
export more
goods to Europe
than to China
(2023)**

In addition, while these figures are significant, they underestimate Europe's importance as an export destination for U.S. states because they do not include U.S. state exports of services. This is a significant additional source of jobs and incomes for U.S. workers, with most U.S. jobs tied to services. As we explain in more detail in Chapters 2 and 5, Europe is by far the most important market in the world for U.S. services, the United States consistently records a significant services trade surplus with Europe, and services are the fastest growing segment of international trade. Suffice it to say that if services exports were added to goods exports by state, the European market becomes even more important.

Appendix A highlights European-related jobs, trade, and investment for each of the 50 states.

Table 7. U.S. State Exports of Goods to Europe and China, 2022 (\$Millions)

| U.S. State | Europe | China |
|----------------------------|----------------|----------------|
| Alabama | 7,997 | 3,252 |
| Alaska | 1,184 | 1,084 |
| Arizona | 5,560 | 1,495 |
| Arkansas | 1,256 | 379 |
| California | 34,899 | 18,155 |
| Colorado | 2,401 | 916 |
| Connecticut | 7,212 | 888 |
| Delaware | 1,004 | 497 |
| Florida | 13,053 | 1,482 |
| Georgia | 11,279 | 4,110 |
| Hawaii | 33 | 25 |
| Idaho | 333 | 216 |
| Illinois | 14,956 | 3,980 |
| Indiana | 10,938 | 3,554 |
| Iowa | 3,140 | 1,019 |
| Kansas | 2,359 | 724 |
| Kentucky | 10,965 | 2,522 |
| Louisiana | 37,553 | 15,242 |
| Maine | 468 | 140 |
| Maryland | 7,063 | 1,125 |
| Massachusetts | 11,834 | 3,656 |
| Michigan | 7,773 | 2,603 |
| Minnesota | 5,711 | 2,447 |
| Mississippi | 2,842 | 650 |
| Missouri | 2,766 | 673 |
| Montana | 333 | 155 |
| Nebraska | 1,035 | 689 |
| Nevada | 2,765 | 943 |
| New Hampshire | 3,093 | 372 |
| New Jersey | 13,913 | 3,140 |
| New Mexico | 593 | 227 |
| New York | 44,821 | 3,405 |
| North Carolina | 9,709 | 6,279 |
| North Dakota | 336 | 31 |
| Ohio | 9,422 | 2,918 |
| Oklahoma | 1,344 | 412 |
| Oregon | 4,824 | 8,454 |
| Pennsylvania | 15,198 | 2,854 |
| Rhode Island | 1,127 | 144 |
| South Carolina | 10,391 | 3,711 |
| South Dakota | 200 | 123 |
| Tennessee | 9,102 | 3,279 |
| Texas | 99,237 | 22,330 |
| Utah | 9,254 | 1,058 |
| Vermont | 409 | 210 |
| Virginia | 7,095 | 2,850 |
| Washington | 8,834 | 14,389 |
| West Virginia | 2,512 | 603 |
| Wisconsin | 5,636 | 1,806 |
| Wyoming | 35 | 14 |
| Total United States | 491,578 | 154,012 |

Source: U.S. Census Bureau, Foreign Trade Division. Data as of January 2024.

Notes

- Jamie Smyth and Patricia Nilsson, "German companies flock to US with record pledges of capital investment," *Financial Times*, February 19, 2024.
- James Mackintosh, "Invest in America, Live in Europe—a Mantra Some Just Can't Shake," *Wall Street Journal*, February 2, 2024.