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Trade in Services

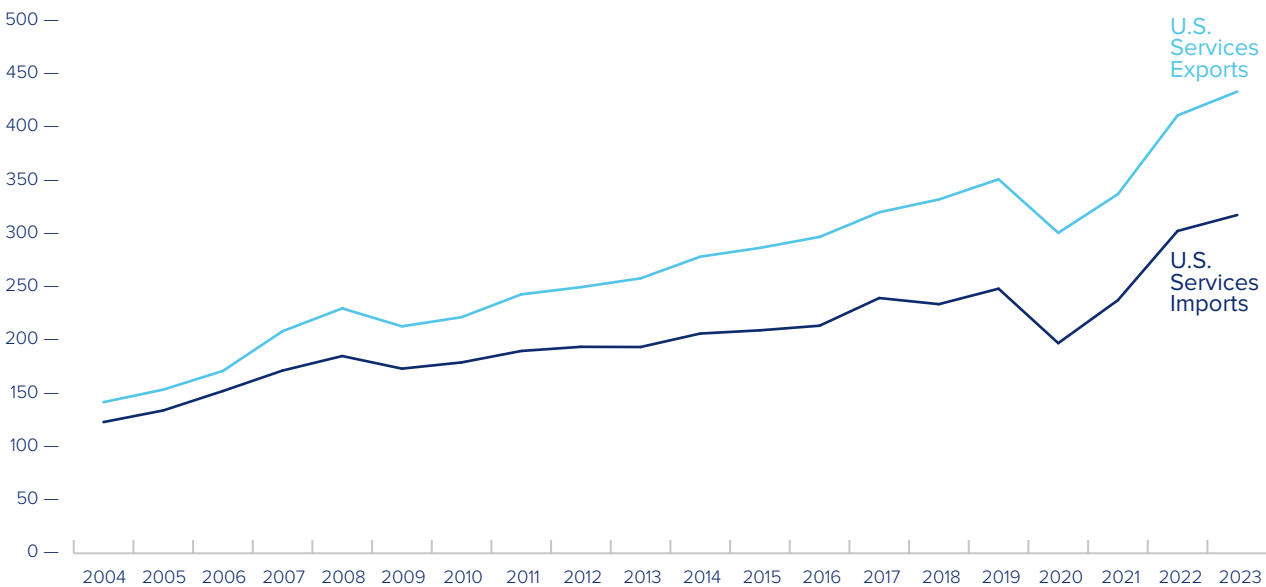
International commerce includes not just trade in goods but also trade in services. Services account for a smaller share of global trade than goods, but they have been growing faster. More American and European jobs depend on services than on goods, and services are a competitive strength for the United States and the European Union.

The United States and the European Union are the two largest traders of services in the world. They are each other's most important services trading partners and services markets. U.S.-EU services trade totaled an estimated \$475 billion in 2024, comprised of U.S. services exports of \$275 billion and services imports of \$200 billion, resulting in a U.S. surplus in services trade with the EU of \$75 billion. The United States consistently runs services trade surpluses with the EU (Table 1).

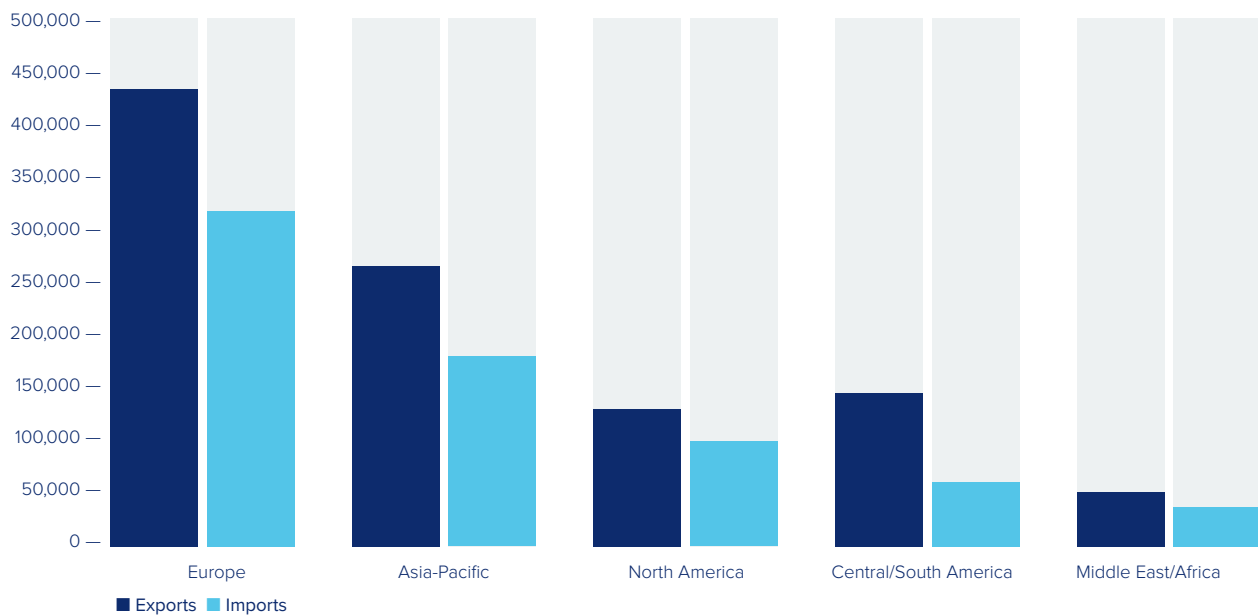
In terms of individual countries, the UK remains the largest market in the world for U.S. services exports and the largest source of U.S. services imports. U.S.-UK services trade, estimated at \$181 billion in 2024, consisted of U.S. services exports of \$93 billion and imports of \$88 billion, leaving the U.S. with a bilateral services trade surplus with the UK of \$7 billion. U.S.-Switzerland services trade is also substantial, estimated at \$88 billion in 2024, including U.S. services exports of \$55 billion and imports of \$33 billion that generated a U.S. bilateral services trade surplus of \$22 billion.

In 2023, the last full year of comparable available data, U.S.-EU services trade totaled \$447 billion. That was almost 7 times more than U.S.-China services trade of \$67 billion and at least 4 times more than EU-China services trade of \$110 billion.¹

Table 1. U.S. Services Trade with Europe (\$Billions)



Source: U.S. Bureau of Economic Analysis.

Table 2. U.S. Services Trade, by Region (\$Millions)

Source: U.S. Bureau of Economic Analysis, U.S. Census Bureau. As of 2023.

Europe accounted for 42% of U.S. services trade with the world in 2023. The EU accounted for 25% of this European figure; the UK, Switzerland and other non-EU countries represented another 17%.

U.S.-EU services trade was slightly higher than U.S. services trade with the Asia-Pacific region, about double U.S. services trade with its USMCA partners Canada and Mexico, and more than double U.S. services trade with South and Central America and the Caribbean (Table 2).

European countries accounted for four out of the top ten global export markets for U.S. services in 2023, the last year of complete data. The United Kingdom ranked first, followed by Ireland (3rd), Switzerland (7th) and Germany (8th). European states accounted for five of the top ten services providers to the U.S. in 2023. The UK ranked first, followed by Germany (4th), Switzerland (5th) and Ireland (7th) (Table 3).

In the previous section we depicted U.S. state goods trade with the EU. Those figures, already sizable for several U.S. states, underestimate the EU's importance as an export destination for U.S. states because they do not include U.S. state exports of services. The same is true of EU member state goods trade with the United States. Both are incomplete. Services trade represents a significant additional source of jobs and income for U.S. and European workers. Most jobs in the United States and in European economies are tied to services. Comparable, up-to-date state-by-state data for jobs related to services trade is unavailable. If services exports were added to goods services exports by state, suffice it to say that the European market becomes even more important to corporate America. The same is true for America's importance for each of the EU's 27 member states.

Table 3. Top Markets for U.S. Services Trade, 2023 (\$Billions)**U.S. Services Exports**

Rank	Total Services		Travel		Other Business		Financial		IP Charges		Transport		Telecom/Info Svcs	
1	U.K.	90.8	Canada	21.9	Ireland	43.1	U.K.	23.2	Ireland	28.1	Canada	8.0	Canada	8.2
2	Canada	86.0	China	20.2	Singapore	25.9	Canada	10.7	Switzerland	16.4	U.K.	7.4	U.K.	7.6
3	Ireland	84.3	India	19.3	Switzerland	23.6	Luxembourg	7.8	Netherlands	13.1	Germany	7.0	Japan	4.8
4	Switzerland	49.7	Mexico	18.3	Canada	22.2	Ireland	6.3	Canada	7.7	Japan	7.0	Ireland	4.1
5	China	46.7	U.K.	10.9	U.K.	18.9	Japan	5.7	China	7.1	South Korea	5.6	Germany	3.8
6	Mexico	44.1	Brazil	6.8	Germany	12.6	Germany	4.4	Japan	6.5	Mexico	4.2	Australia	3.5
7	Japan	43.6	South Korea	6.8	Netherlands	12.4	Mexico	4.3	U.K.	6.1	France	4.1	Brazil	3.1
8	Germany	42.0	Germany	5.7	Japan	9.0	Australia	4.3	Germany	5.0	China	3.9	Switzerland	2.5
9	Singapore	37.3	Australia	5.3	Mexico	7.3	China	4.2	Mexico	4.6	Brazil	3.3	Mexico	2.4
10	Netherlands	35.5	Japan	5.1	Denmark	5.7	Netherlands	3.6	Singapore	4.0	Taiwan	2.6	China	2.3
	Total	1026.6	Total	189.1	Total	253.2	Total	175.5	Total	134.4	Total	97.8	Total	70.6

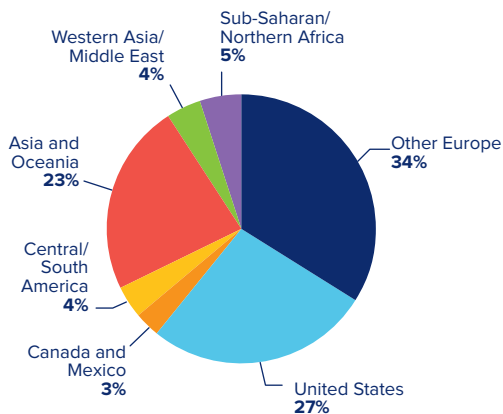
U.S. Services Imports

Rank	Total Services		Travel		Other Business		Financial		IP Charges		Transport		Telecom/Info Svcs	
1	U.K.	86.0	Mexico	26.3	U.K.	20.0	U.K.	18.6	Japan	8.6	Germany	11.5	India	13.5
2	Canada	54.3	U.K.	10.5	India	15.9	Canada	5.9	Germany	8.1	Japan	11.4	Canada	12.4
3	Germany	45.8	Canada	10.5	Canada	11.7	France	3.0	Switzerland	5.9	U.K.	10.4	Ireland	7.0
4	Mexico	44.8	Italy	8.0	Germany	9.2	Japan	2.8	U.K.	5.6	France	10.0	U.K.	5.2
5	Japan	37.9	D.R.	7.0	Ireland	9.0	Singapore	2.3	Ireland	3.0	Mexico	8.1	Netherlands	1.9
6	India	36.4	France	5.5	China	7.8	Hong Kong	2.2	France	2.7	Taiwan	7.9	Philippines	1.7
7	Bermuda	33.5	Spain	5.1	Switzerland	7.1	Australia	2.0	Netherlands	2.2	Canada	7.1	Germany	1.5
8	Switzerland	30.6	Germany	3.8	Mexico	6.8	China	1.7	India	2.1	China	6.5	Mexico	0.9
9	France	27.3	Greece	3.6	Netherlands	4.5	Germany	1.7	Canada	1.2	Switzerland	6.4	Japan	0.7
10	Ireland	26.2	Japan	3.6	Singapore	3.8	Switzerland	1.4	Denmark	0.6	South Korea	5.6	South Korea	0.7
	Total	748.2	Total	158.7	Total	145.1	Total	62.7	Total	47.5	Total	142.9	Total	60.1

Source: U.S. Bureau of Economic Analysis. Data as of January 2025.

Most EU services trade takes place within the European Union itself. Intra-EU services trade accounts for 49% of total EU trade in services. If these intra-EU flows are excluded, then non-EU European countries, notably the UK and Switzerland, account for 34% of EU global services trade. The United States accounts for 27% of the total, ahead of the entire Asia-Pacific region (23%) (Table 4).

Table 4. EU Services Trade, excluding Intra-EU, Share by Major Regions



Source: Eurostat. As of 2022.

The EU accounted for roughly 20% of total U.S. exports of goods and services in 2024, down slightly from 24% at the start of the century. U.S. imports from the EU as a percentage of the total has held steady over the past quarter-century: 20% in 2024 vs. 21% in 2000. In other words, notwithstanding the incessant chop and churn of the global economy, the U.S. and the EU have remained steady trading partners this century.

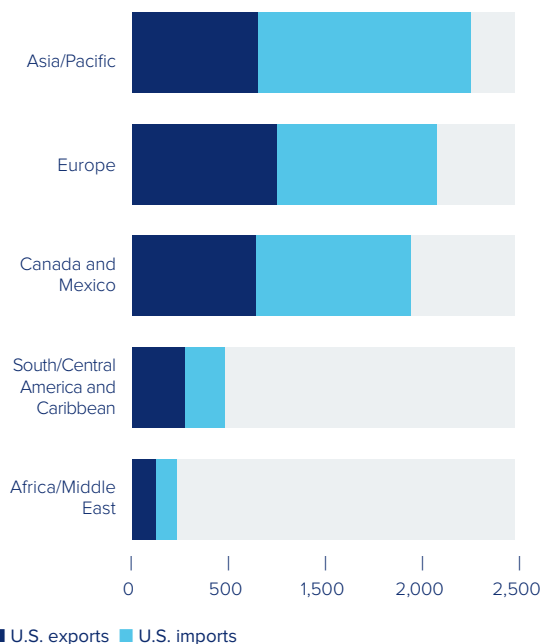
Table 5 compares U.S. trade in goods and services by region in 2023. U.S. trade with the Asia-Pacific region of \$2.2 trillion was larger than U.S. trade with Europe of \$2 trillion. Trade with USMCA partners Canada and Mexico followed at \$1.8 trillion. The U.S. trade deficit was highest with the Asia-Pacific region – \$580 billion. The U.S. trade deficit with Canada and Mexico was \$203 billion, followed by its trade deficit with Europe of \$101 billion. The U.S. deficit in goods and services trade with its Asia-Pacific partners was 5.8 times larger than its deficit with Europe. Its trade deficit with Canada and Mexico was double its trade deficit with Europe. The U.S. recorded trade surpluses in goods and services with South/Central America and the Caribbean of \$83 billion and with Africa and the Middle East of \$13 billion (Table 6).

Getting the Full Trade Picture: Transatlantic Goods and Services Trade

We can appreciate the real size and significance of transatlantic trade only by looking at both trade in goods and services. U.S. goods and services trade with Europe broadly defined topped \$2 trillion in 2024, according to our estimates. That includes \$1.3 trillion in goods trade and over \$750 billion in services trade. Most of that consisted of U.S. goods and services trade with the EU+UK of \$1.8 trillion.

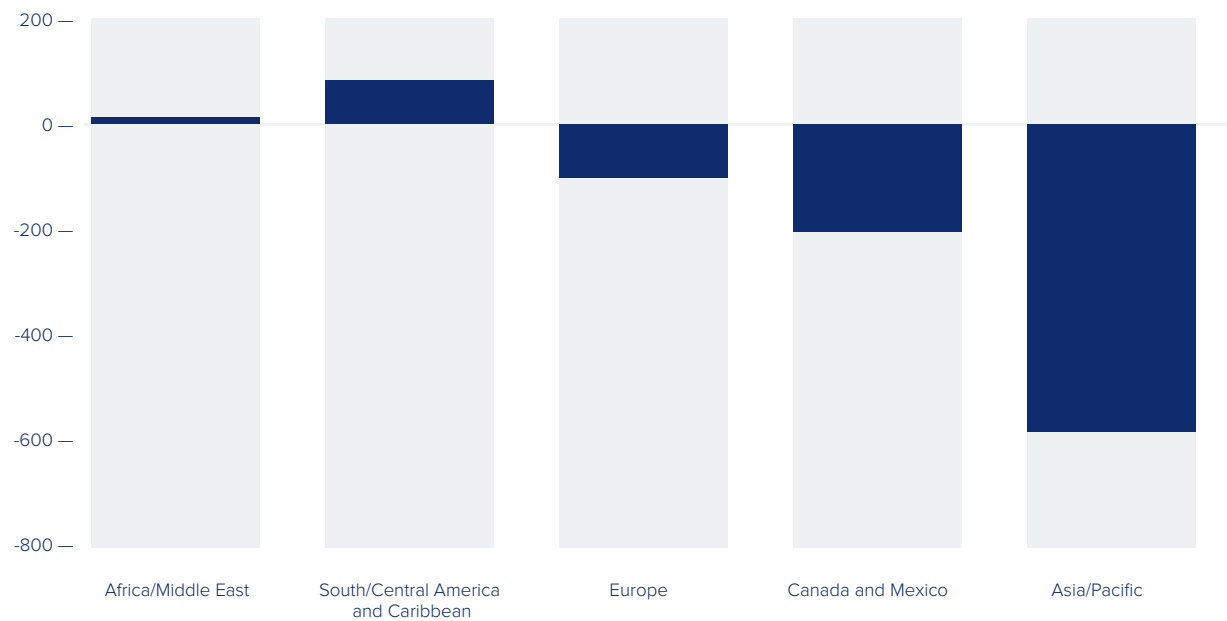
U.S.-EU trade in goods and services totaled \$1.5 trillion, according to our estimates. The U.S. exported \$370 billion in goods and an estimated \$275 billion in services to the EU, for a total of \$645 billion in overall exports. The U.S. imported \$606 billion in goods and an estimated \$200 billion in services, for a total of \$806 billion in overall imports. We estimate that the overall U.S. goods and services trade deficit with the EU in 2024 was \$161 billion – significant, but less than its goods trade deficit of \$236 billion, which is often incorrectly cited as reflecting the full magnitude of the U.S. deficit.

Table 5. U.S. Trade in Goods and Services by Region, 2023 (\$Billions)



Sources: U.S. Bureau of Economic Analysis, U.S. Census Bureau.

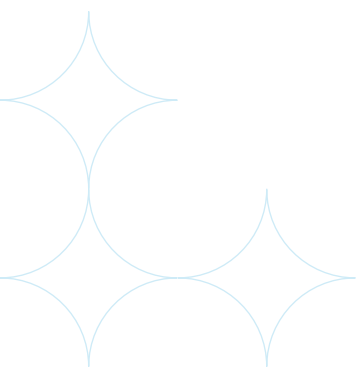
Table 6. U.S. Trade Balance in Goods and Services, by Region, 2023 (\$Billions)



Sources: U.S. Bureau of Economic Analysis, U.S. Census Bureau.

Putting goods and services trade together helps us understand the significance of overall transatlantic trade. Yet just as goods and services are each inadequate and thus misleading measures of trade on their own, trade itself is an insufficient metric of transatlantic commerce. To round out the picture, we need to take account of investment – the real

driver of the transatlantic economy. Not only do U.S. and European companies sell and buy more goods and services via their investments than their trade, they use those investments to boost their trade. Investment is Number 3 on our Top Ten list.



In 2023, U.S.-EU services trade totaled \$447 billion. That was almost seven times more than U.S.-China services trade of \$67 billion and at least four times more than EU-China services trade of \$110 billion.

Box 1. Methodological Note: Differing U.S. and EU Classifications

The U.S. Bureau of Economic Analysis (BEA) classifies goods and services differently than Eurostat, the European Union's statistical agency. The result: high asymmetries in services numbers, especially the subcategories of financial services and other business services, and some asymmetries in calculations of trade in goods. We explain this further, and offer additional references, in our section on data sources and methodologies in the Appendix. Differing exchange rate calculations also affect final numbers.

In our study, we use figures from the BEA a) for sake of consistency, b) because we use U.S. dollars as our

standard comparative unit of account, and c) because U.S. official calculations for 2024 goods trade are complete, whereas corresponding numbers from the EU were not available in time for publication.

Data availability for services consistently lags data for goods, which means that the last year for which we can track total trade in goods and services is 2023. Below are the respective U.S. and EU assessments of U.S.-EU trade and goods and services – a good example of the different ways U.S. and EU agencies classify trade, and why political leaders might cite different figures when they debate the true size of trade balances.

Table 7. U.S. and EU Agencies Differ in their Accounting of Bilateral Trade in Goods and Services, 2023 (\$Billions)

	Goods				Services				Overall	Overall
	U.S. Exports	U.S. Imports	Balance	Total	U.S. Exports	U.S. Imports	Balance	Total	Balance	Total
U.S. BEA	\$367.63	\$576.31	-\$208.69	\$943.94	\$261.66	\$185.14	\$76.52	\$446.80	-\$132.17	\$1,390.74
Eurostat	\$372.99	\$541.75	-\$132.17	\$914.74	\$458.98	\$342.89	\$116.09	\$801.76	-\$52.67	\$1,716.50

(2023 ave. ex rate as per European Central Bank: €1 = \$1.0749)

Note

¹ The EU-China services trade number comes from Eurostat, and is likely to be far higher than U.S. analysis would show. The U.S. and the EU differ significantly in their respective presentations of services trade data. We use BEA data in this report, except for this figure. EU data confirms that the U.S. and the EU are the largest services traders in the world, but EU data records far higher levels of such trade. For more on the discrepancies, see Eurostat, "Transatlantic trade in services: Investigating bilateral asymmetries in EU-US trade statistics," <https://ec.europa.eu/eurostat/web/products-statistical-reports/-/ks-gg-17-016>, Kristy L. Howell, Jessica Hanson, Robert Obrzut, and Olaf Nowak, "Current-Account Asymmetries in U.S.-EU Statistics," Bureau of Economic Analysis, August 2019, https://www.bea.gov/system/files/papers/WP2019-6_0.pdf, and Kristy L. Howell, Robert Obrzut, and Olaf Nowak, "Transatlantic Trade in Services: Investigating Bilateral Asymmetries in EU-U.S. Trade Statistics," Bureau of Economic Analysis, November 2017, https://www.bea.gov/system/files/papers/WP2019-6_0.pdf.