

THE EU VERSUS THE US: FACTS, FIGURES, AND LATEST DEVELOPMENTS

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Abstract

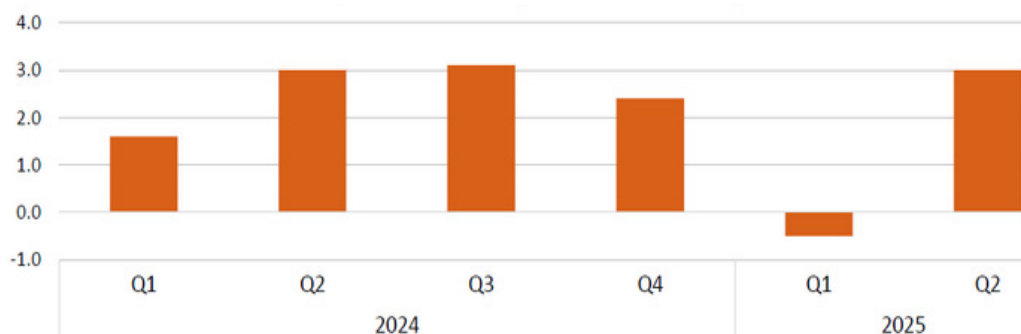
The European Union and the United States are truly the world's most advanced and interconnected economies, despite all political differences. This article reviews this bilateral cooperation (GDP, trade in goods, services and FDI's), trying to explain the economic architecture and, the most recent events, notably the July tariff framework and its unresolved implementation.

Keywords: *transatlantic cooperation, protectionism, economic diplomacy.*

JEL Classification: *O11, F50, E60.*

The European Union and The United States form the world's most advanced and intertwined economic partnership. Every year, trade in products and services exceeds hundreds of billions of dollars; investment stocks are measured in trillions; and policy coordination, while occasionally rocky, creates global norms in technology, finance, and sustainability. Even with the recently rising tariff tensions in 2025, the transatlantic economic region remains in a combined view the world's main source of value added, innovation, and highly skilled quality jobs. This article investigates the numbers and the implications behind the visible bilateral cooperation (GDP, demography, commerce in goods and services, investment), explaining the policy architecture and the most recent developments.

Figure 1: Real GDP US - percent change from previous quarter-

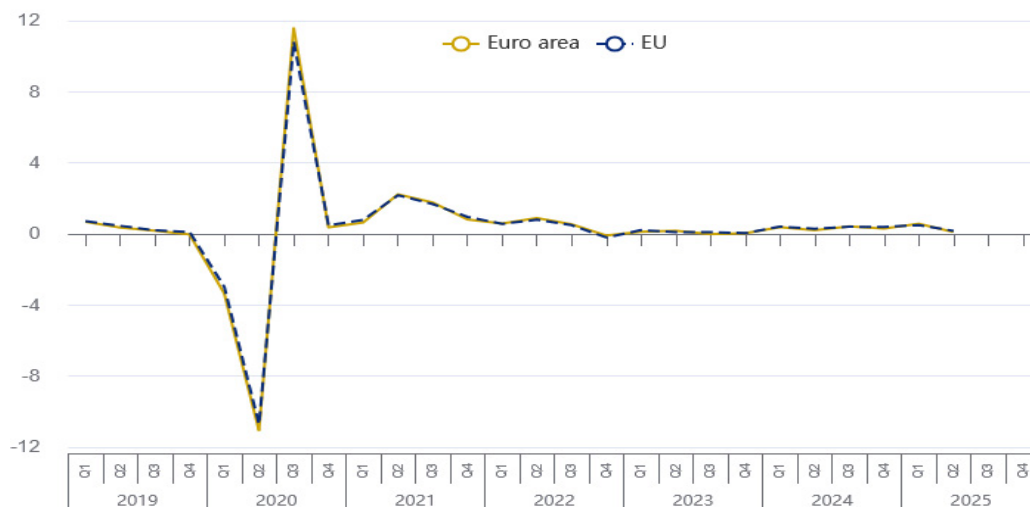


source: "<https://www.bea.gov/sites/default/files/2025-01/gdp4q24-adv.pdf>"

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The US economy remained in 2024 the world's largest by nominal GDP. According to BEA reports², real GDP grew 2.8% in 2024, with current-dollar GDP levels being around \$29 trillion by the end of 2024. 2025 might also confirm this trend, with growth accelerated in the first two quarters of 2025.

Figure 2: Real GDP EU - percent change from previous quarter-



source: “<https://ec.europa.eu/eurostat/web/products-euro-indicators/w/2-30072025-ap>”

Eurostat offers some official aggregates for the same time period in the EU. According to the most current "Statistics Explained" synthesis, EU GDP in 2024 was €17.9 trillion in buying power standards (PPS)³. Taken together, the data show the EU as a near-peer continental economy smaller than the US in nominal currency, but equivalent in scale when assessed in purchasing power.

In terms of demographics, both Europe and the United States have aging populations. Last year, the median age in the United States had surpassed 39.1 years⁴ while the European Union had the same indication at 44.7 years⁵. US proves to be a little bit “younger” but still, it remains similar. Over the last decade, the EU population has grown more reliant on migration to offset unfavorable natural trends, while US immigration policy is also linked to a countrywide aging trend, since immigrants, particularly younger ones, are vital to preserve the workforce equilibrium, covering the declining USborn working population. However, an increasing proportion of elderly immigrants encounter obstacles, all future

² The Bureau of Economic Analysis (BEA), <https://www.bea.gov/>

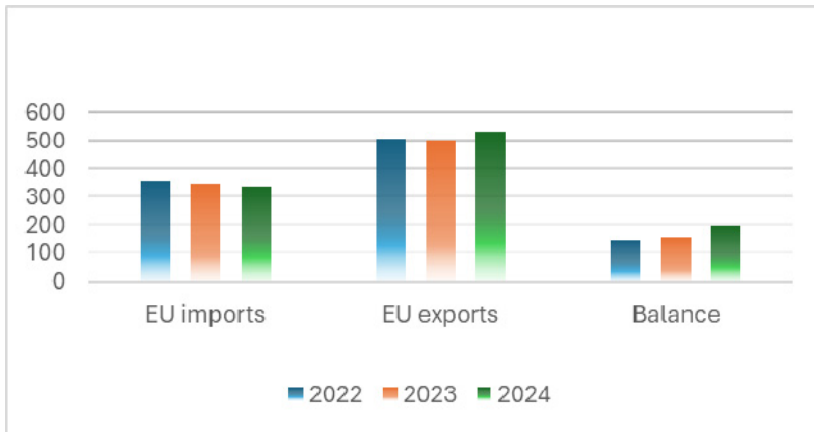
³ “https://ec.europa.eu/eurostat/statistics-explained/index.php?title=National_accounts_and_GDP”

⁴ “<https://www.census.gov/library/stories/2025/06/metro-areas-median-age.html>”

⁵ “<https://ec.europa.eu/eurostat/fr/web/products-eurostat-news/-/ddn-20250221-2>”

policies being meant to balance the economic benefits of immigration against an aging electorate.

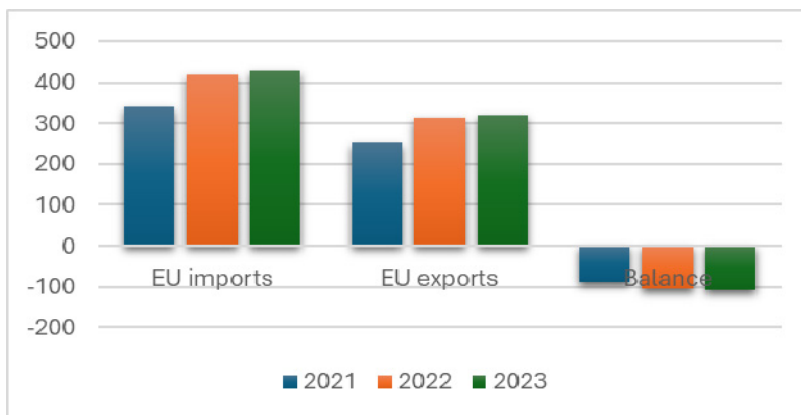
Figure 3: EU vs US -trade in goods (Eur. billion)



source: “https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/united-states_en”

From the trade perspective, the bilateral goods exchanges reached €953.2 billion in 2024, with EU exports to the US recorded at €578.6 billion and imports at €374.6 billion⁶. That caused a surplus of €204.1 billion on the EU side and placing US as EU’s largest export destination in 2024.

Figure 4: EU vs US -trade in services (Eur. billion)



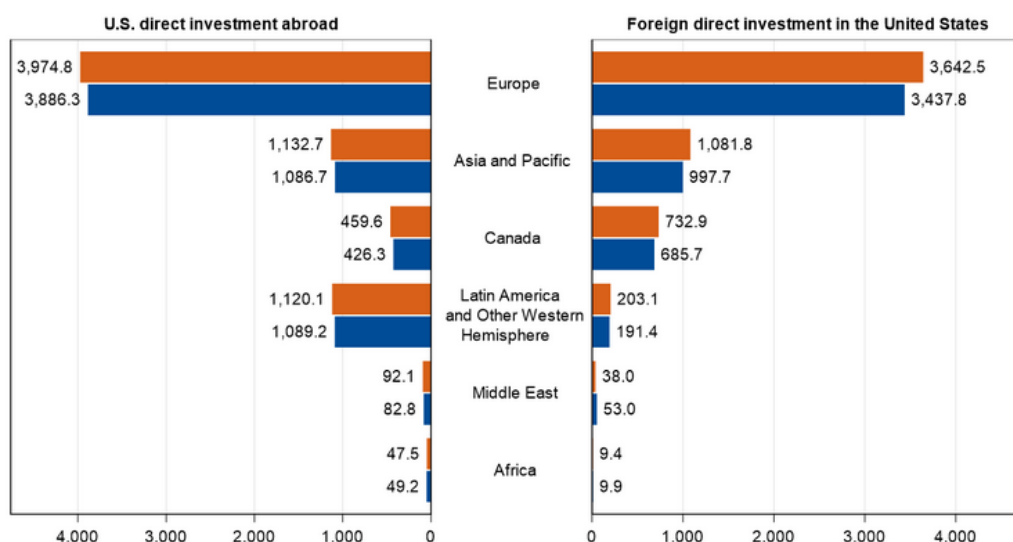
source: “https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/united-states_en”

⁶ https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/united-states_en

Analyzing services, we will notice that the US typically runs a surplus with the EU. USTR's 2024 figures report US services exports to the EU at \$402.9 billion and US services imports at \$302.2 billion, causing a trade surplus of \$100.7 billion⁷. Other data published by DG trade factsheet shows an EU services deficit of €108.6 billion.⁸

Foreign direct investments (FDI) are the foundation of the transatlantic economy, and the best channel for technology transfer and job creation. The United States absorbed in 2023 almost 27% (€2.437 trillion) of EU outward FDI stocks, making it the EU's top FDI destination⁹. In terms of member states, the Netherlands (\$726.4b) and United Kingdom (\$742.7b) are top individual investing countries.¹⁰

Figure 5: Direct Investment Positions, 2023-2024 (\$ billion)



source: "<https://www.bea.gov/news/2025/direct-investment-country-and-industry-2024> "

The 2024 EU main export categories to the US were high value chemicals (ex. pharma), machinery, transport equipment, some specialized industrial products and agricultural products, while on imports, EU bought mainly energy-related commodities (fuels and mining), and some specialized chemicals. Concerning services, both countries proved appetite for business, professional services, financial, IT and telecom, R&D, travel and education, and intellectual property

⁷ <https://ustr.gov/countries-regions/europe-middle-east/europe/european-union>

⁸ https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/united-states_en

⁹ <https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20241203-1>

¹⁰ <https://www.bea.gov/news/2025/direct-investment-country-and-industry-2024>

services, placing US as a top leader, when we are discussing about R&D capabilities.

The economic cooperation and political diplomacy between EU and US can be compared with a roller coaster, being chronologically marked by numerous ups and downs. Only in the last decades have there been some moments to be mentioned in this context.

The Obama administration for example failed to reach a comprehensive trade cooperation agreement with the EU, therefore, the Transatlantic Trade and Investment Partnership (TTIP) has been abandoned. While not a total failure of all cooperation, the failure to finalize TTIP marked a significant setback for major trade integration under the Obama administration. The official reports underlined as main causes of significant public concern and opposition in both the US and Europe regarding the potential impacts of this agreement on consumer protection, environmental standards, and the balance of power between governments and corporations, but, more obviously, the US and EU had different priorities and concerns, which made reaching a mutually agreeable compromise impossible.¹¹

On the other hand, Trump administration, during the first mandate, did not consider EU as a true potential economic partner but instead placed Europe on the competitor's map. Despite the obstacles, the EU pursued a strategic response and avoided significant damage from the trade perspective. The EU institutions proved their true capacity to adapt to new circumstances and leverage the two mechanisms of the strategic partnership to advance their interests.

Based on these perspectives, we appreciate that the EU US relationship was also anchored, alongside the diplomacy efforts, into the WTO system, though bilateral mechanisms increasingly supplement the EU institutional results.

As an argument to support the previous statement can be mentioned the June 2021 truce, in the 17-year Airbus–Boeing subsidy disputes, suspending retaliatory tariffs for five years and encouraging both parties to pursue a cooperative framework. The truce eased pressure on agri-food, wines & spirits, and industrial goods previously hit with duties.

Year 2024 came, along with other things, with the inauguration of the second mandate for the president Trump and the EU institutions were once again tested by the new president's appetite to negotiate and to promote his 'America First' mantra.

Not further than last month, US President Trump and EU Commission President, Ursula von der Leyen, agreed a new political framework to avert a broader clash, concerning import tariffs because of the already mentioned trade deficit reported by the US agencies. The essence of this agreement lies in the

¹¹ <https://www.clingendael.org/publication/ttip-dead-long-live-transatlantic-trade>

US15% baseline tariff on most EU goods, lower than earlier threatened 30% (or higher) extensive rates. In exchange, the EU promised large energy purchases and supplementary investment commitment. Steel and aluminum tariffs were decided at 50%, with a quota-based system to be negotiated in the next months¹².

Did this recent agreement cure all the tensions? I would rather say no. It's just a diplomatic result meant to deescalate, even for some months, the possible even more negative measures possible to be promoted by the American administration. The already tested principle to negotiate, promoted by the Washington administration "argue, then compromise" is still alive and well.

As in a "family" photo, meant to last for the time to come, transatlantic cooperation is defined today by the following landmarks:

- EU as market potential has a significant, with 450.4 million inhabitants¹³ while US recently reported 341.1 million¹⁴.
- Economic growth rate is bigger in the US compared with the EU. Also, the unemployment rates are showing US again in a favorable position.
- NATO's future increase contribution up to a 5% by 2035 can be seen aggregately as a potentially transformational trigger for Europe's defense industry, offering UE a better chance to develop and growth if those investments will address mainly the intra EU economy.
- From the AI readiness perspective, EU adopts an ex-ante digital/AI regulation strategy and coordinated industrial policy. US emphasizes enforcement-first plus large-scale incentive. This clearly will shape innovation and competition model promoted by each one.

In conclusion, the US currently holds a significant competitive advantage over the European Union, marked by higher GDP per capita growth and lower unit labor costs in export-oriented industries. Key factors contributing to the US competitive advantage include a strong entrepreneurial culture, more developed capital markets, and dominance in innovative sectors like Information and Communications Technology (ICT), while Europe faces challenges from lower productivity growth, higher energy costs, and declining investments.

In this context, the political cooperation and the economic perspectives between the US and the EU depends a lot both on the executive actions and EU legal texts to be issues in the next weeks or months to convert these already agreed topics into enforceable measures and the EU economic capability to become more competitive.

¹² https://www.reuters.com/business/us-eu-avert-trade-war-with-15-tariff-deal-2025-07-28/?utm_source=chatgpt.com

¹³ <https://www.statista.com/statistics/253372/total-population-of-the-european-union-eu/>

¹⁴ <https://www.worldometers.info/world-population/us-population/#:~:text=The%20current%20population%20of%20the%20United%20States,elaboration%20of%20the%20latest%20United%20Nations%20data>

On medium run (up to 2030) the common agenda will need to pivot around topics like critical minerals, clean-tech subsidies, defense industrial cooperation, and data governance. New agreements for EVs, batteries, semiconductors, and health tech will temper the American administration and will probably unlock fresh investment both ways. If politics, on both Atlantic shores will not be able to avoid future whiplash, these prospects will not be possible.

If both sides will decide to embrace some already tested "traditions", authentic bilateral cooperation based on rules, institutions and reciprocity, with future-oriented pragmatism, the transatlantic economic partnership, as imperfect as it is, will remain maybe the world's most reliable engine for shared prosperity on a large scale, being at the same time a guarantee of the survival of the idea of functional democracy, based on the existence of a solid market economy.

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