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**CROSS-BORDER ECONOMIC**  
and **FINANCIAL LINKAGES**  
in a Dynamic World

#StatsForum



# Mind the Gap: Analysing Asymmetries in the Bilateral Euro Area–US Current Account

NOVEMBER 20, 2025

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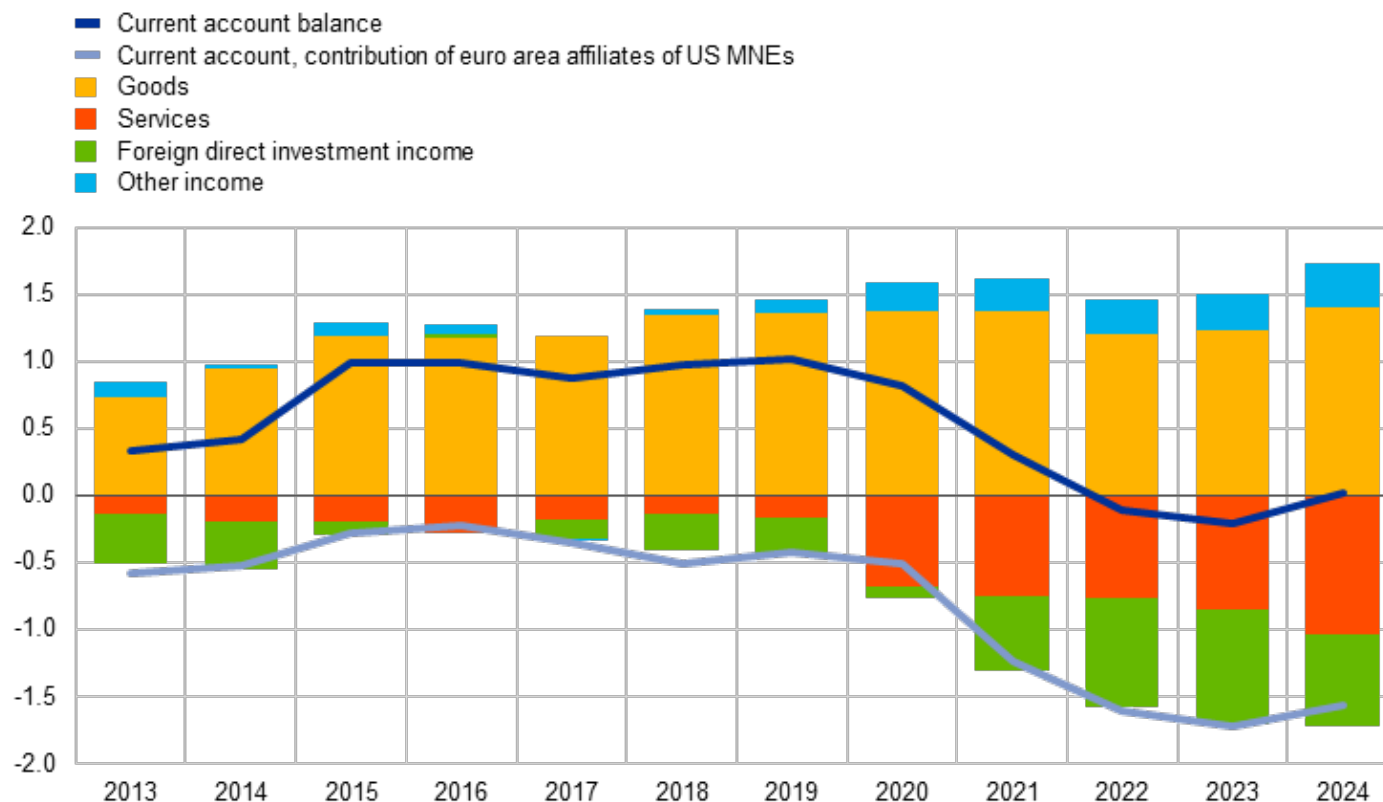
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# Content

- 1** **Setting the scene: the bilateral euro area-US current account**
- 2** Asymmetries in the bilateral euro area-US current account
- 3** Policy initiatives to address asymmetries
- 4** Conclusions

# Euro area goods surplus with US, offset by growing deficits in services and FDI income, linked to euro area affiliates of US MNEs

**Bilateral euro area-US current account balance**  
(annual flows as percent of GDP)



Source: ECB, Eurostat and ECB staff calculations.

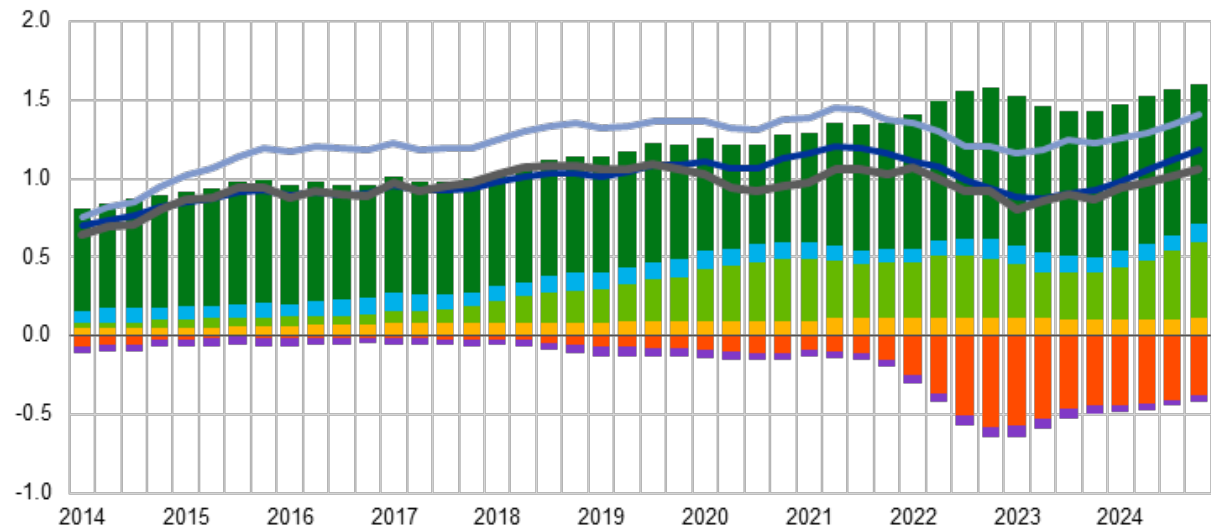
Notes: The contributions by euro area affiliates of US MNEs are estimated by combining data on bilateral trade in goods and services and foreign direct investment income flows from the ECB's balance of payments statistics with information on trade by type of ownership (domestic and foreign-controlled) from Eurostat's goods and services trade by enterprise characteristics (TEC/STEC) datasets and information on the proportion of US-controlled affiliates' turnover and purchases of goods and services from Eurostat's foreign affiliates statistics (FATS).

# Growth in euro area goods surplus, amid increasing deficit in intellectual property products (IPP) services

## Bilateral euro area-US trade balance (four-quarter moving sums, percentage of GDP)

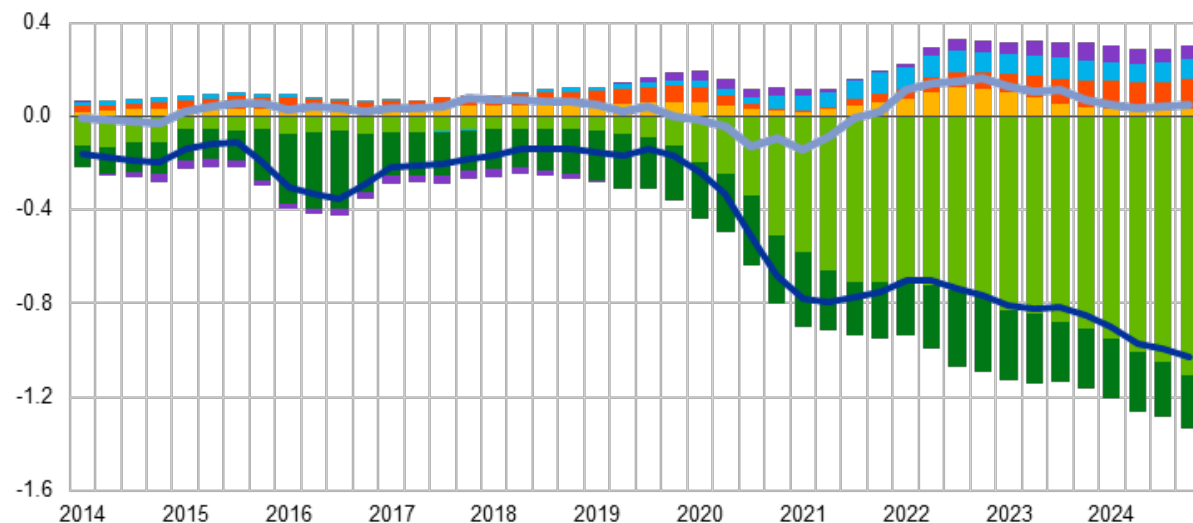
### Goods

- Total goods balance (customs data)
- Total goods balance (balance of payments data)
- Total goods balance, excluding Ireland (balance of payments statistics)
- Food, beverages and tobacco
- Energy
- Pharmaceuticals
- Other chemicals
- Machinery and manufactured
- Other



### Services

- Services balance
- Services balance, excluding Ireland
- Transport
- Travel
- Charges for the use of intellectual property
- Telecommunications, computer and information services
- Other business services
- Other services



Sources: ECB, Eurostat and ECB staff calculations.

Notes: The latest observations are for the fourth quarter of 2024. The decomposition of the goods trade balance by product category follows the Standard International Trade Classification, Revision 3, in trade in goods statistics.

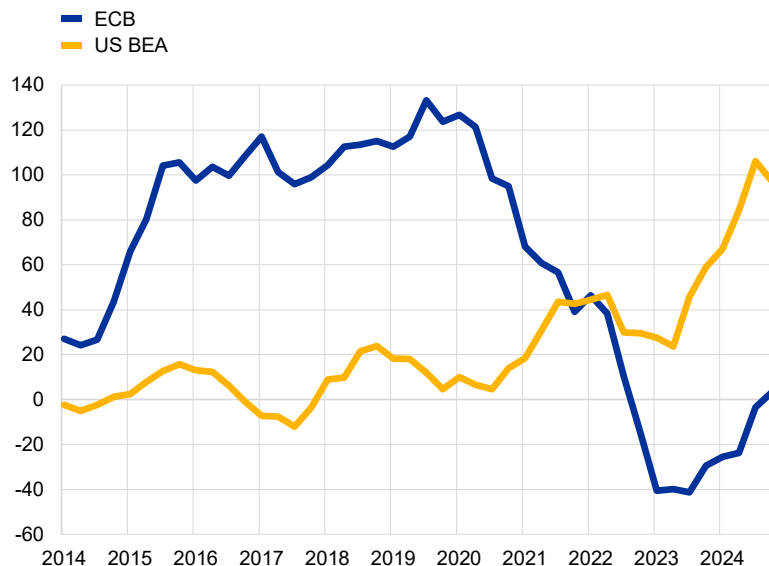
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- 3 Policy initiatives to address asymmetries
- 4 Conclusions

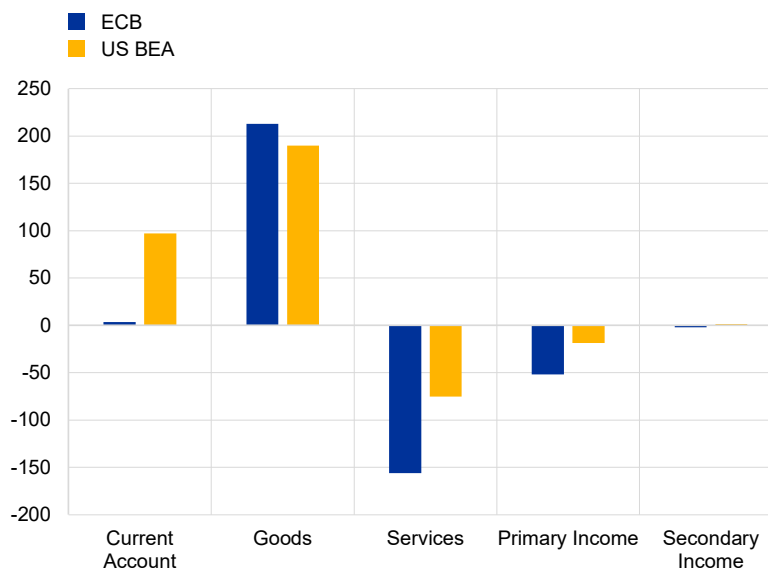
# Large asymmetries in bilateral current account, driven by services and primary income

## Bilateral euro area-US current account (four-quarter moving sums, EUR billions)

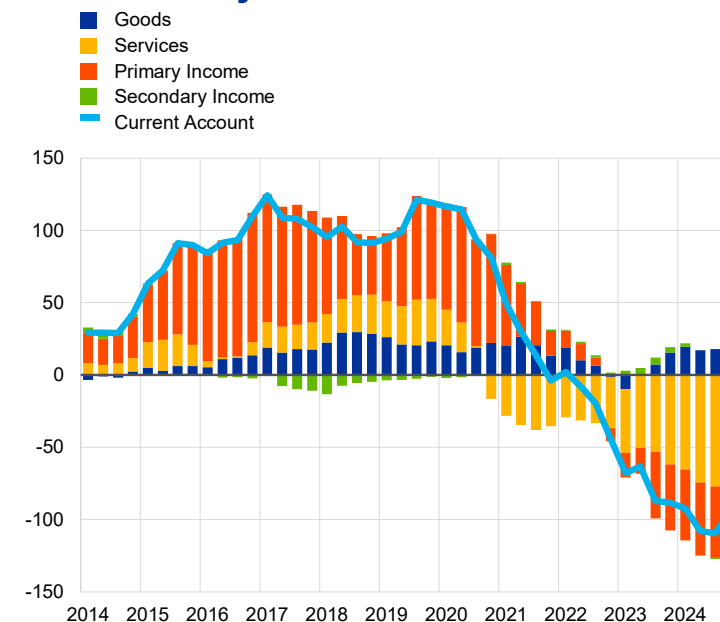
### Balances over time



### Balances (2024Q4)



### Asymmetries over time



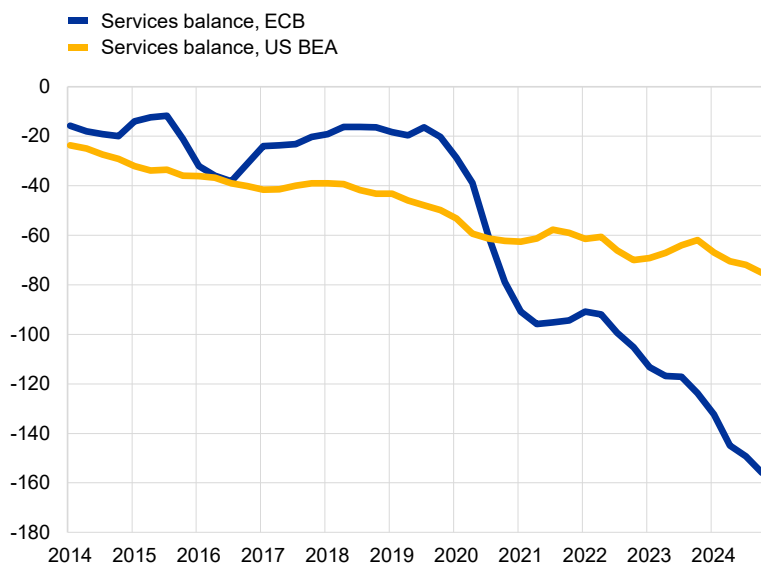
Sources: ECB and BEA.

Notes: Bilateral current account balances are shown from the perspective of the euro area: a positive (negative) value indicates that the euro area runs a bilateral current account surplus (deficit) vis-à-vis the United States. Bilateral asymmetries are calculated as ECB data minus mirror BEA data – a positive (negative) value indicates that the euro area balance reported by the ECB is larger (smaller) than the corresponding figure reported by the BEA. The latest observations are for the fourth quarter of 2024.

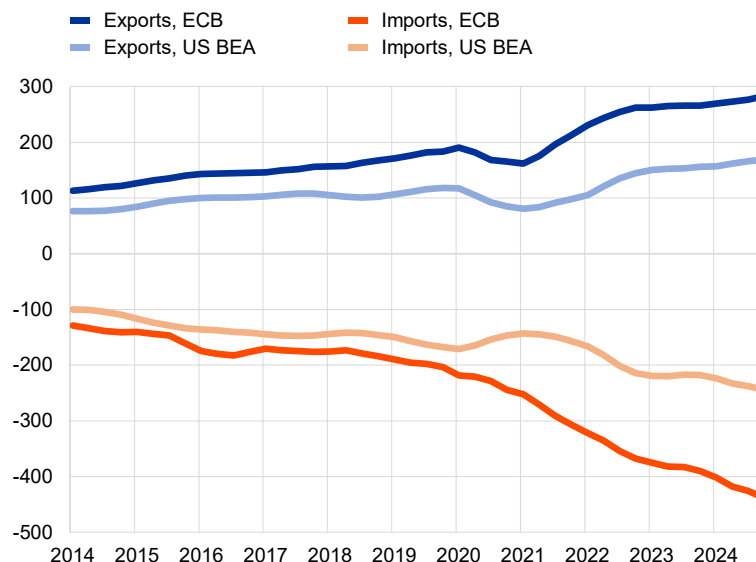
# Services asymmetries increased over time, in particular for imports of IPP services

## Bilateral euro area-US services account (four-quarter moving sums, EUR billions)

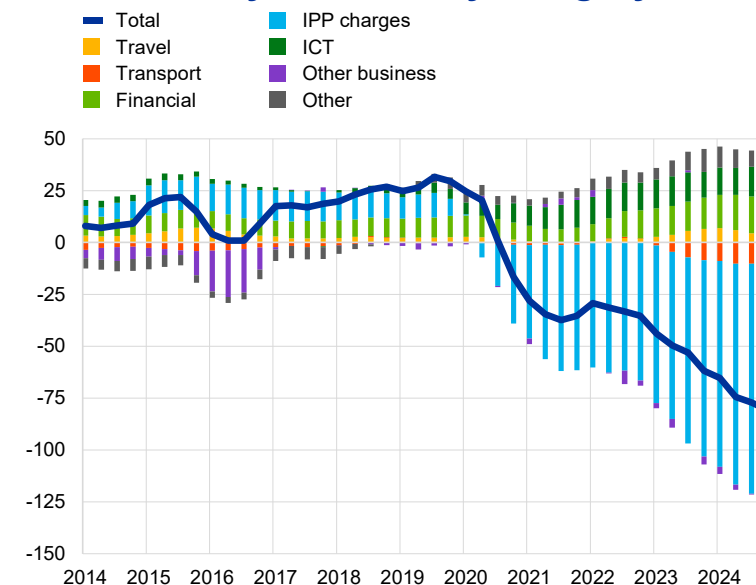
### Balances



### Exports and imports



### Asymmetries by category



Sources: ECB and BEA.

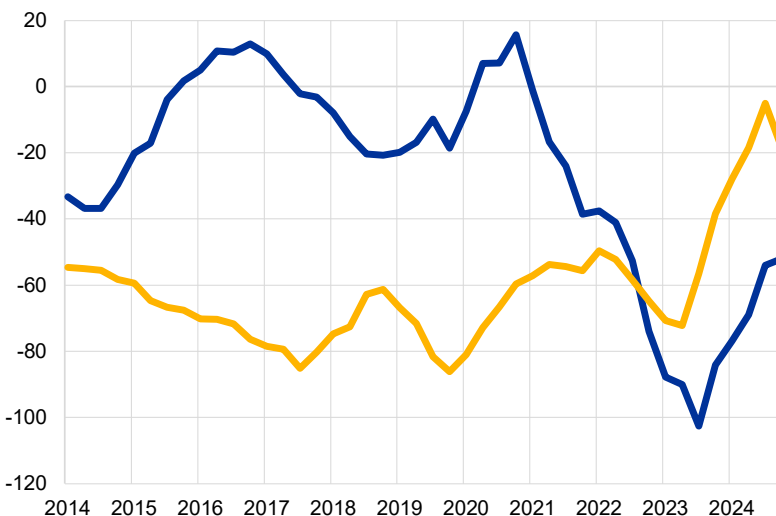
Notes: Bilateral balances are shown from the perspective of the euro area: a positive (negative) value indicates that the euro area runs a bilateral surplus (deficit) vis-à-vis the United States. Exports and imports are shown from a euro area perspective (e.g., Exports, ECB shows the ECB data for euro area exports to the US; Exports, US BEA shows the US BEA mirror series of US imports from the euro area). Bilateral asymmetries are calculated as ECB data minus mirror BEA data – a positive (negative) value indicates that the euro area balance reported by the ECB is larger (smaller) than the corresponding figure reported by the BEA. The latest observations are for the fourth quarter of 2024.

# Strong fluctuations in primary income asymmetries, mainly driven by euro area FDI debits

## Bilateral euro area-US primary income account (four-quarter moving sums, EUR billions)

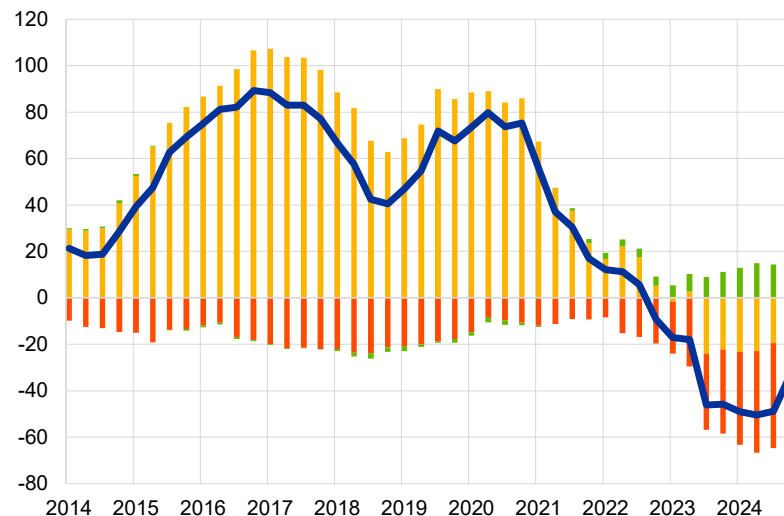
### Balances over time

■ Primary income balance, ECB  
■ Primary income balance, US BEA



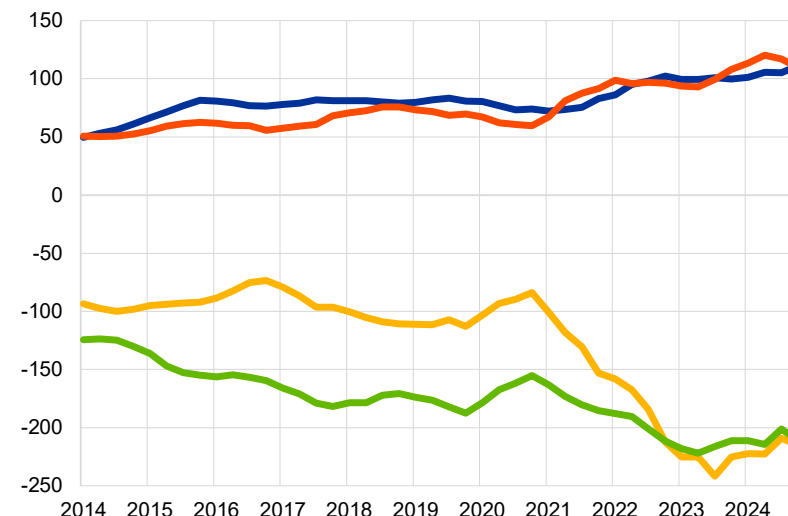
### Asymmetries by category

■ Primary income  
■ Direct Investment  
■ Portfolio Investment  
■ Other Investment



### FDI credits and debits

■ FDI, credit (ECB)  
■ FDI, credit (US BEA)  
■ FDI, debit (ECB)  
■ FDI, debit (US BEA)



Sources: ECB and BEA.

Notes: Bilateral balances are shown from the perspective of the euro area: a positive (negative) value indicates that the euro area runs a bilateral surplus (deficit) vis-à-vis the United States. Bilateral asymmetries are calculated as ECB data minus mirror BEA data – a positive (negative) value indicates that the euro area balance reported by the ECB is larger (smaller) than the corresponding figure reported by the BEA. Debits are displayed with a negative value. Credits and debits are shown from a euro area perspective (e.g. Credits, ECB shows the ECB data for euro area income credit flows from the US; Credits, US BEA shows the US BEA mirror series of US income debit flows to the euro area). The latest observations are for the fourth quarter of 2024.



# Asymmetries in services and FDI income – the role of US MNEs

- Euro area – mainly Ireland – records large imports in the form of IPP charges from the US, but no corresponding exports in US data
- Complexity of US MNEs' **corporate structures** and **intangible nature** of IPP make it inherently difficult to determine the **economic ownership of IPP**
- Different **sets of information** available to euro area and US statisticians on activities of US MNEs
  - Asymmetries in euro area FDI income debits due to US MNEs' **complex web of intra-group income flows**, e.g. involving **holding companies** in euro area
  - Differences in **geographic allocation**: role of offshore centres and reshoring of IPP to the US as of 2020
  - Differences in FDI **valuation**

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# Policy initiatives to address asymmetries

## Up-to-date methodological standards and compilation guidance

- Balance of Payments Manual
- Additional guidance for complex topics
- Documentation of statistical sources and compilation methods

## Data sharing and common data platforms

- Shared granular data, with direct involvement of key reporters
- Secure platforms for bilateral data exchange
- Global reference data

## Existing initiatives to address asymmetries

- Publication of bilateral data
- International task forces and networks
- Bilateral/multilateral comparative exercises



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# Conclusions

- **Significant and persistent asymmetries** in the bilateral current account between the euro area and the United States: nearly €100 billion in 2024
- Substantial challenges for global **economic analysis** and **policymaking**, particularly in the current economic environment
- Need for **enhanced collaboration** between statistical compilers, a **harmonised application** of methodologies, and **increased transparency** and **data sharing**, particularly regarding MNE activities
- **Call for action** across the statistical and policymaking community to prioritise work to address bilateral and global asymmetries

