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

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# Abstract

Over the past decade, balance of payments (BoP) statistics published by the European Central Bank (ECB) and the US Bureau of Economic Analysis (BEA) have often painted conflicting pictures regarding which economy holds a bilateral current account surplus or a deficit, with the bilateral asymmetry reaching almost €100bn in absolute terms in 2024. Persistent asymmetries in the bilateral BoP and international investment position statistics between the euro area and the United States (US) pose significant challenges for economic analysis and policymaking, in particular amid ongoing discussions on trade policies between the US and its trading partners. This paper explores the key drivers of these differences, with a focus on the euro area's bilateral current account balance with the US.

While the BoP goods account between the two economies has been relatively aligned, substantial asymmetries have emerged in services and primary income. A major source of asymmetries in services is related to intellectual property products (IPP). Since 2020, the euro area – mainly Ireland – has recorded large imports in the form of IPP charges from the US, yet these flows are not mirrored in US data. Similarly, in foreign direct investment (FDI) income, significant differences exist. These discrepancies are largely linked to the complex ownership structures and operations of US multinational enterprises (MNEs).

This paper underscores the critical need for enhanced collaboration between statistical agencies, harmonised implementation of methodologies, and greater transparency in MNE reporting to address these asymmetries. More aligned data will strengthen policymaking and improve the analysis of global and regional imbalances.

In the context of the ongoing discussions on trade policies between the United States (US) and its trading partners, bilateral current account balances have received growing attention from policy makers, analysts and the media (see e.g. Sandbu, 2025 and Wolf, 2025).

These discussions hold particular significance for the euro area, as the United States is its largest trading partner: on the export side it is the most important destination country for both goods (accounting for 17% of the euro area's exports) and services (20%), while on the import side the US is the euro area's largest trading partner for services (30%) and second largest trading partner for goods (11%), only surpassed by China. Moreover, the US is also the largest destination and source country for euro area cross-border financial investment, accounting for 33% and 22% of assets and liabilities, respectively, at the end of 2024.

Over the past decade, balance of payments (BoP) statistics published by the European Central Bank (ECB) and the US Bureau of Economic Analysis (BEA) have often painted conflicting pictures regarding which economy holds a bilateral current account surplus or a deficit, with the bilateral asymmetry between the two datasets reaching almost €100bn in absolute terms in 2024. Generally, bilateral asymmetries occur when the reported exports from "country A" to "country B" do not align with the corresponding reported imports of "country B" from "country A".

Persistent and large asymmetries in the bilateral BoP and international investment position (IIP) statistics between the euro area and the US pose significant challenges for economic analysis and policy making, in particular in the current global policy debates. Bilateral asymmetries may also be indicative of data quality issues not only affecting the bilateral data, but also more encompassing macroeconomic variables, such as the total current account balance, which are even more critical for analysing domestic and global macro imbalances.

Asymmetries in the BoP may arise for several reasons, e.g. due to differences in the interpretation/implementation of the statistical manuals (in the case of BoP statistics the sixth edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6)), information asymmetries between statistical compilers, differences between data collection systems that lead to differences in coverage, differences in the classification of items across the breakdowns available in the datasets, discrepancies in the recording times and valuation, incorrect identification of a counterparty and/or its place of residence as well as differences in the understanding and handling of complex transactions, such as cross-border corporate restructuring operations by large MNEs (Jellema et al., 2020).

In the presence of asymmetries, determining the 'correct' values proves to be highly challenging, as they may lie between the reported values of the two partner countries or, in some cases, even fall outside that range. A full resolution of asymmetries would require partner countries to jointly identify and analyse the contributing factors, in

particular also comparing the underlying granular data collected – which is usually prevented by strict confidentiality laws. Nevertheless, this paper makes an attempt in providing tentative explanations for the large discrepancies observed in the main items of the bilateral euro area-US current account, thereby contributing to improving the analysis of bilateral euro area-US economic relations.

The remainder of this paper is organised as follows: Section 2 presents the evolution of the euro area-US bilateral current account balances through the lens of the ECB's BoP statistics. Section 3 provides an in-depth analysis of the developments and origins of the bilateral current account asymmetries observed between ECB and BEA data, while Section 4 recalls important policy initiatives to address bilateral asymmetries, while Section 5 provides some conclusions.

## 2 Setting the scene: the bilateral euro area-US current account over the past decade

The euro area current account vis-à-vis the United States was broadly in balance in 2024, as the strong surplus in the goods account was almost entirely offset by large deficits in services and foreign direct investment (FDI) income (Chart 1).<sup>1, 2</sup> This means that while euro area exports of goods to the US in 2024 were much higher than its imports, the reverse held true for trade in services and FDI income flows.

Over the past decade, the developments in the bilateral euro area – United States current account can be divided into two main phases: a first episode between 2015 and 2019 when the euro area recorded a stable current account surplus of around 1% of GDP vis-à-vis the US; and a second period, starting in 2020, characterised by a steep decline in the euro area current account surplus, which turned into a small deficit in 2022 and 2023. While the euro area recorded a persistent and sizeable bilateral goods surplus over the past decade (hovering between 1% to almost 1.5% of GDP), the decline in the bilateral current account surplus was driven by a pronounced widening in the deficit for services and FDI income. The euro area deficit vis-à-vis the United States in services and FDI income accounted for less than 0.5% of euro area GDP until 2019, before quickly increasing and surpassing 1.5% of GDP as of 2022.

The developments in the euro area's bilateral current account balance vis-à-vis the United States, in particular the significant shifts observed since 2019, are strongly connected to the surge in activities of euro area affiliates of US multinational enterprises (MNEs) (Chart 1). The importance of such affiliates of US MNEs in the bilateral trade relation increased substantially over the past decade. Emter et al. (2025) estimate that in 2024 almost 30% of the euro area goods surplus with the United States involved trade by euro area affiliates of US MNEs, while these companies accounted for almost all (around 90%) of the euro area deficit in services.

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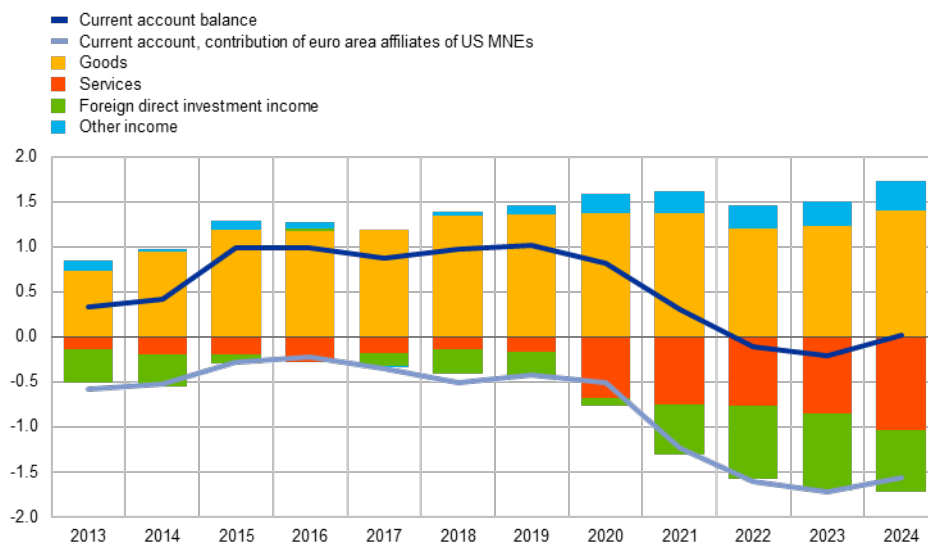
<sup>1</sup> The text in this section is based on information from balance of payments statistics as published by the European Central Bank. In 2024 the euro area also had a small surplus in other (non-FDI) income vis-à-vis the US.

<sup>2</sup> A reference to 'trade in goods' or simply 'goods' should mean 'trade in goods account balance'. The same applies to all the other BoP components/accounts.

**Chart 1**

**Euro area current account balance vis-à-vis the United States**

(annual flows as a percentage of GDP)



Sources: ECB, Eurostat and ECB staff calculations.

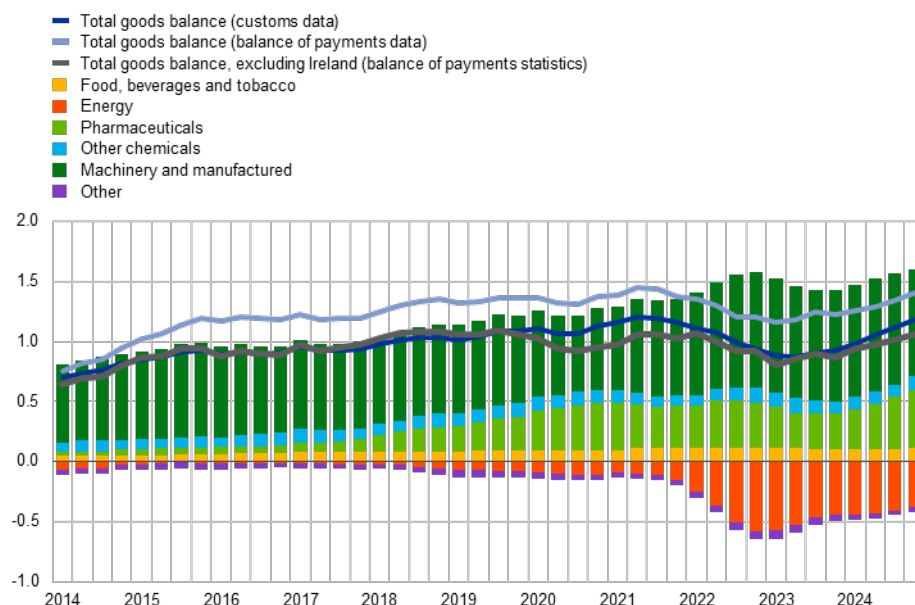
Notes: The contributions by euro area affiliates of US MNEs are estimated by combining data on bilateral trade in goods and services and foreign direct investment income flows from the ECB's balance of payments statistics with information on trade by type of ownership (domestic and foreign-controlled)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

The widening goods surplus vis-à-vis the United States is driven mostly by a pronounced increase in exports of pharmaceutical products (Chart 2), which are mostly attributed to trade flows of Irish affiliates of US MNEs. In addition, the euro area has run a sizeable and persistent surplus in machinery and manufactured goods. Affiliates of US MNEs resident in the euro area also engage in contract manufacturing arrangements by contracting firms outside the euro area to produce goods (mostly electronics) that are sold in third countries (including back to the United States) without ever entering the euro area. These exports are recoded in the balance of payments statistics, driving up the goods surplus, compared to the trade data based on customs (see Andersson et al. (2024) for further details). The only category for which the euro area experienced a significant trade deficit vis-à-vis the United States is for energy products, where the value of imports from the United States increased considerably after the Russian invasion of Ukraine in 2022 due to a global surge in energy prices and euro area countries' diversification efforts away from Russian energy sources.

## Chart 2

### Euro area goods balance vis-à-vis the United States

(four-quarter moving sums as a percentage of GDP)



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.

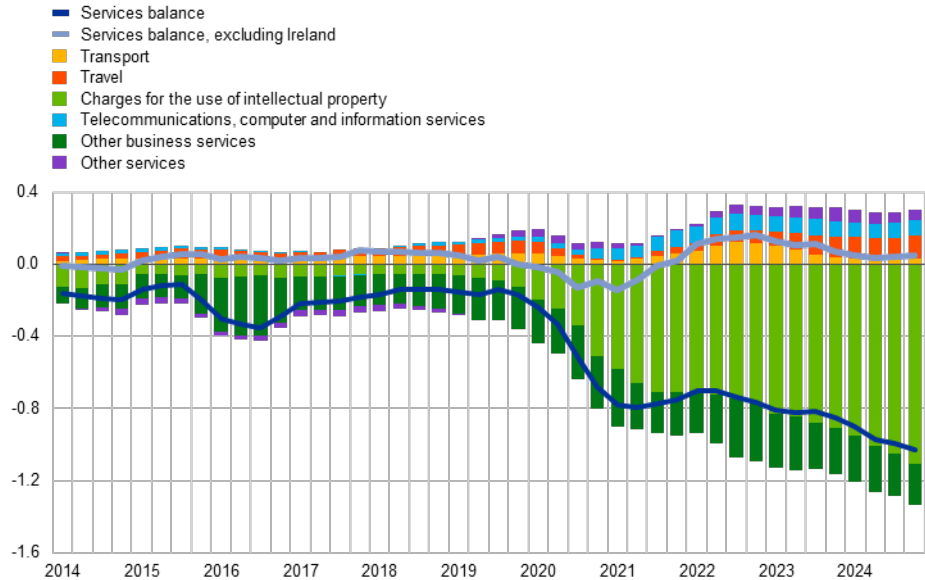
The euro area has experienced a bilateral deficit in the services account vis-à-vis the United States over the past decade, as the large deficits for the charges for the use of intellectual property and other business services more than offset the surpluses in transport, travel and ICT services. While travel services were highly affected by the Covid-19 pandemic and related border and travel restrictions in 2020 and 2021, the dynamics of intellectual property products (IPP) services are strongly affected by supply chains decisions and tax optimisation strategies by US MNEs. Euro area affiliates of US MNEs use imported IPP as central inputs in their euro area production activities. Since 2020 the euro area has recorded increasingly high values of imports in the form of charges for the use of IPP paid by US MNE affiliates in the euro area, mainly by those resident in Ireland, to the US headquarters (Chart 3).<sup>3</sup>

<sup>3</sup> Charges for the use of IPPs include royalties paid on patents, trademarks, copyrights, algorithms, etc..



**Chart 3****Euro area services balance vis-à-vis the United States**

(four-quarter moving sums as a percentage of GDP)



Sources: ECB, Eurostat and ECB calculations.

Note: The latest observations are for the fourth quarter of 2024.

Apart from supporting the production of high value-added goods – for example medicines or electronics components – these IPP imports are also used by euro area affiliates of US MNEs to produce information and communications technology (ICT) services. This means that the presence of US MNEs in the euro area also increases euro area services exports, boosting the euro area's export market shares, particularly in ICT services. This particular configuration of supply chains and tax-optimisation strategies, involving imports of IPP-related services, enables US MNEs to accrue substantial profits in their euro area affiliates. Consequently, this contributes to the euro area's sizeable foreign direct investment (FDI) income deficit vis-à-vis the United States, as these profits are attributed to the US parent companies (Chart 4).

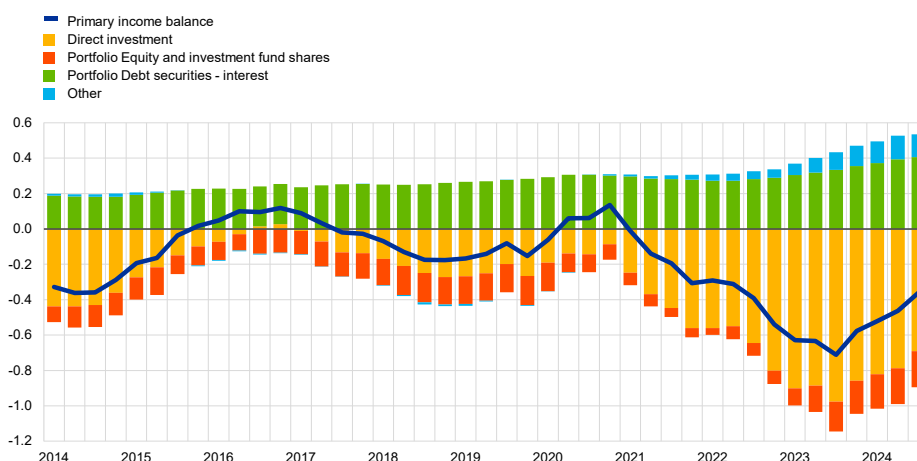
The surge in euro area IPP services imports and FDI income payments to the United States as of 2020 also reflects a reconfiguration by US MNEs of their complex corporate structures, in particular with respect to the location from where they export such IPP services to their euro area affiliates. Recent corporate tax and regulatory reforms in the United States, as well in several euro area countries, including Ireland and Netherlands, prompted US MNEs to abandon some corporate configurations that involved the establishment of chains of affiliates between off-shore centres (e.g. Bermuda) and euro area countries (e.g. Ireland, Luxembourg, the Netherlands). As the use of such configurations was curbed by regulatory changes, US MNEs shifted IPP ownership from their affiliates in offshore centres back to the headquarters in the United States, increasing services payments and FDI income flows between the euro area, in particular Ireland, and the United States that were previously routed through

offshore centres and hence not part of the bilateral euro area-US current account (Boller et al., 2024, Altshuler et al., 2025 and Setser, 2025).<sup>4</sup>

#### Chart 4

#### Euro area primary income balance vis-à-vis the United States

(four-quarter moving sums as a percentage of GDP)



Sources: ECB, Eurostat and ECB calculations.  
Note: The latest observations are for the fourth quarter of 2024.

The euro area exhibited more stable trends in its portfolio investment income with the United States (Chart 4), in contrast to the significant swings in FDI income. Interest income was persistently showing a surplus for the euro area, while a deficit characterised equity and investment fund shares income. In both cases this mirrors the net positions recorded in the bilateral net investment position between the euro area and the United States, where the euro area is a net creditor in debt and net debtor in equity and investment fund shares (ECB, 2025).

<sup>4</sup> This is for example linked to the phasing-out of the so-called “Double-Irish” in 2020, a tax planning scheme used by MNEs in Ireland and the US Tax Cuts and Jobs Act of 2017.

## 3 Asymmetries in the bilateral euro area-US current account

### 3.1 Overall developments

The evidence presented in Section 2 of this paper is based on the data for the euro area bilateral current account vis-à-vis the United States as published by the ECB, which, in turn, are largely based on information collected and reported by the euro area countries and institutions. The US Bureau of Economic Analysis (BEA) publishes the corresponding mirror data from the perspective of the United States, i.e. bilateral US balance of payments data vis-à-vis the euro area. Data from the ECB and BEA on the bilateral euro area current account vis-à-vis United States, once converted to a common currency, should theoretically align perfectly, as they depict the same economic phenomena viewed from each counterpart's perspective.<sup>5</sup>

In fact, over the past decade the data on the bilateral euro area-US current account balance as reported by the ECB and BEA have often diverged substantially, with asymmetries reaching almost €100bn in absolute terms in 2024 (Chart 5). Moreover, asymmetries have fluctuated substantially both in terms of size and direction. Only in 2021 and 2022 the two sets of statistics displayed overall matching results, with both ECB and BEA statistics showing a euro area surplus of around €40bn. From 2014 to 2020 BEA data constantly showed a lower bilateral euro area current account surplus compared with the corresponding ECB data, while conversely since the end of 2022 the BEA reported a larger bilateral euro area current account surplus than in ECB data.

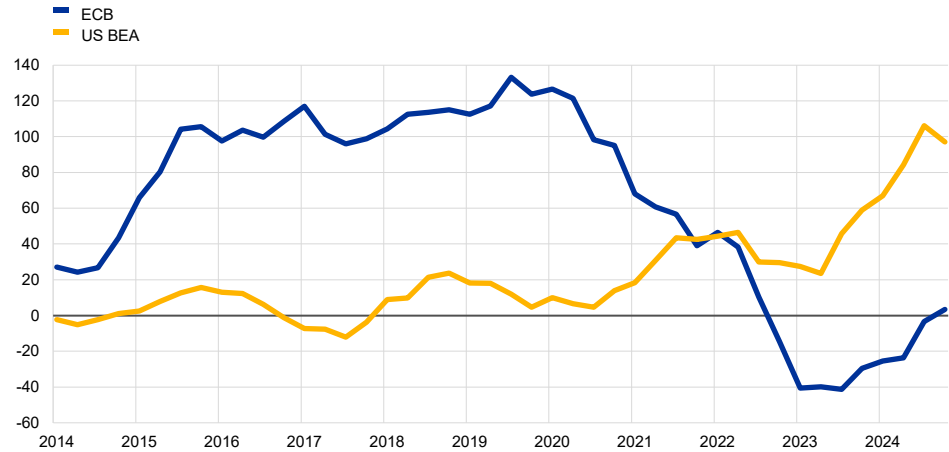
Such developments have led the two mirror sets of statistics to even sometimes display contradictory messages with respect to which economy is in surplus or in deficit: in 2017 both the euro area (according to ECB data) and the United States (according to BEA data) recorded bilateral current account surpluses vis-à-vis each other, while from the end of 2022 to the first half of 2024 both claimed to be in deficit with each other. For the most recent year (2024), both sets of statistics agreed on the euro area being in surplus, but with very different magnitudes: ECB data showed a surplus for the euro area of only €3bn, while the BEA reported a much larger euro area surplus of €97bn.

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<sup>5</sup> The data used in this paper was retrieved on 4 September 2025. For the analysis in this paper, the data reported by the BEA were converted from US dollar to euro, using the average ECB reference euro-US dollar exchange rate over the respective time period (<https://data.ecb.europa.eu/data/datasets/EXR/EXR.A.USD.EUR.SP00.A>).

**Chart 5****Bilateral euro area-US current account balance**

(four-quarter moving sums, EUR billions)

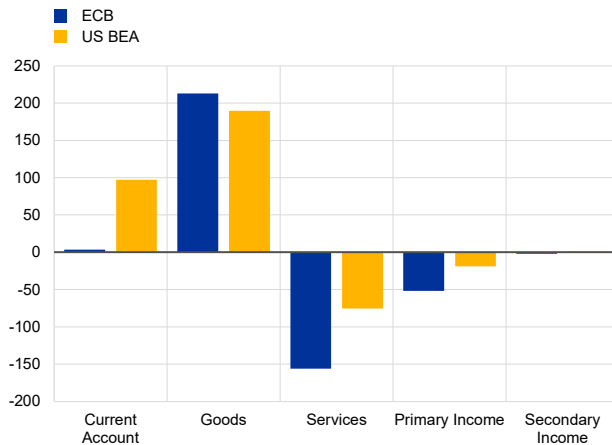


Sources: ECB and BEA.

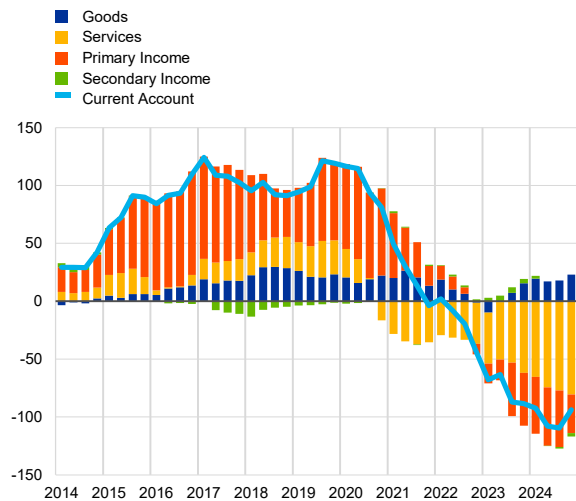
Note: Bilateral current account balances are shown from the perspective of the euro area: a positive (negative) value indicates that the euro area runs a bilateral current account surplus (deficit) vis-à-vis the United States. The latest observations are for the fourth quarter of 2024.

**Chart 6****Bilateral euro area-US current account balance in 2024**

(four-quarter moving sums, EUR billions)

**Chart 7****Bilateral euro area-US current account asymmetries**

(EUR billions)



Sources: ECB and BEA.

Notes: For Chart 6, a positive value indicates a euro area surplus. Observations are for the year 2024. For Chart 7, 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.

For 2024, across the current account components (Chart 6), there was a relatively close alignment for the goods balance, where the ECB reported a euro area surplus of €213bn compared with a surplus of €190bn in BEA data. In services, on the other hand, a large asymmetry was evident, with the ECB showing a euro area deficit of €156bn, while the BEA displayed a euro area deficit of only half this size (€75bn).

Similarly, but on a smaller scale, the ECB reported a euro area deficit of €52bn in primary income, whereas the BEA showed a smaller euro area deficit of only €19bn.<sup>6</sup>

The fluctuations in bilateral euro area-US current account asymmetries over the past decade reflected substantial changes in the contributions of the major current account components (Chart 7). Up to 2020, all three main components of the current account (goods, services and, as biggest contributor, primary income) contributed to the large bilateral asymmetries, implying larger euro area current account surpluses in ECB data (see Pastoris and Schmitz, 2020). Since then, while the asymmetry in goods remained broadly similar in size and direction, asymmetries in services and (later) also in primary income changed direction. In the most recent years, asymmetries in services and – to a lesser in extent primary income – have become the main drivers behind the large asymmetries which imply smaller euro area surpluses/larger deficits in ECB data compared to BEA data. The remainder of this Section will explore the sources of the major asymmetries across the main current account components.

## 3.2 Goods

Asymmetries in the bilateral euro area-US trade in goods balance have been relatively contained over the past decade, averaging €15bn per year in absolute terms (Chart 8). Both ECB and BEA data also displayed a similar trend, an increasing euro area surplus. Nevertheless, not least given the recent focus on bilateral goods trade flows by the US administration, especially in setting the so-called “reciprocal” tariffs for the United States, it is important to analyse in detail the differences between euro area and US data for this highly scrutinised item.

In most periods over the past decade, the euro area surplus was larger in ECB data than in BEA data: most recently in 2024, it amounted to €213bn in ECB data, compared with €190bn in BEA data. Considering separately bilateral exports and imports, the values for both euro area exports and imports are larger in BEA data than in ECB data (Chart 9), with the import side dominating the overall asymmetry. On the euro area export side this has become particularly evident since 2021, with the discrepancy amounting to €30bn in 2024. On the import side, asymmetries have grown more gradually, in line with the growth observed in trade flows, but reached €53bn in 2024.

In both cases, the discrepancy might be related to the fact that some trade in goods flows attributed to the euro area as the partner area by the BEA might in fact originate from/end-up in third countries outside the euro area (including in the rest of the EU). There seems to be some merit to this hypothesis of a geographical misclassification on the euro area export side, as the asymmetry in the EU-US bilateral data is lower (€16bn) than in the bilateral euro area-US data (€30bn) in 2024. Hence, some goods which are produced in non-euro area EU countries, but shipped to the United States via large ports in the euro area (e.g. Rotterdam or Hamburg), might be

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<sup>6</sup> There is a relatively close match as regards the euro area's secondary income deficit which amounted to €2bn in ECB data and to €4bn in BEA data.

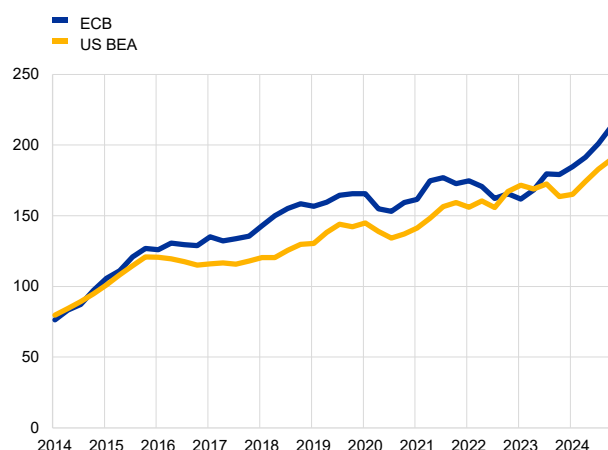
recorded as euro area exports (instead of non-euro area EU countries' exports) in BEA data. Additionally, such asymmetries might reflect problems by BEA to properly record goods trade under contract-manufacturing arrangements according to BPM6 methodology (Bayoumi and Gagnon, 2025). Goods trade flows under these arrangements usually imply a change of economic ownership which is often disconnected from the physical cross-border movements. The BEA has not fully adopted BPM6 recording standards by not excluding physical movements of goods for processing from the BoP if no change of economic ownership occurs (BEA, 2025).

On the euro area import side, EU-US and euro area-US asymmetries were very much aligned in 2024, hence not confirming the hypothesis of a geographical misclassification between euro area and EU countries. The larger US exports to the euro area in BEA data are thus in line with the phenomenon observed at the global level, as global exports exceed global imports, which is generally attributed to somewhat more complete data on the export side (Jellema, 2020 and IMF, 2025).

**Chart 8**

### Bilateral euro area-US goods balance

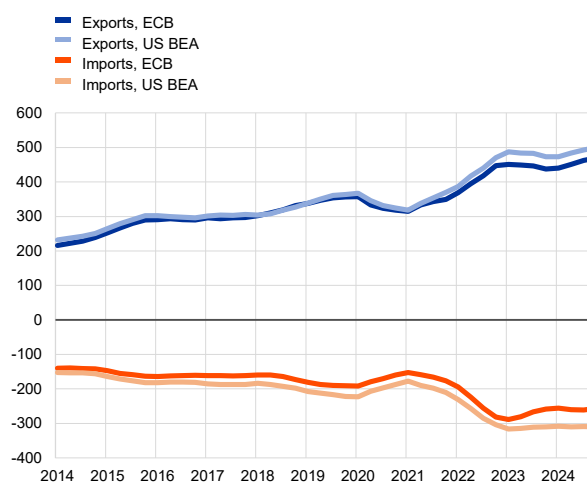
(four-quarter moving sums, EUR billions)



**Chart 9**

### Bilateral euro area-US goods exports and imports

(four-quarter moving sums, EUR billions)



Sources: ECB and BEA.

Notes: A positive value indicates a euro area surplus (Chart 8). Imports are displayed with a negative value (Chart 9). 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). The latest observations are for the fourth quarter of 2024.

## 3.3 Services

### 3.3.1 Overall developments

For trade in services between the euro area and the United States, ECB and BEA data both show the euro area having run a persistent bilateral deficit over the past decade (Chart 10). However, there have been strong discrepancies with regard to

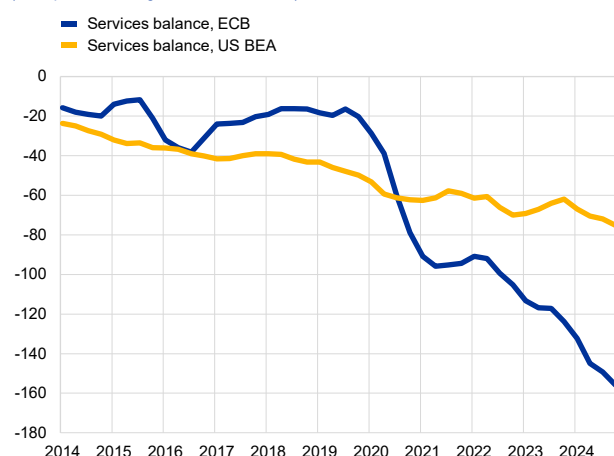
the size and dynamics of the euro area's deficit. Up to 2020, ECB data showed a smaller euro area deficit than in BEA data, with the asymmetry being relatively small, averaging €15bn per year in absolute terms. Since then, the ECB started to report much larger euro area bilateral services deficits (rising from €20bn in 2019 to €78bn in 2020, before doubling to €156bn in 2024), while the BEA data showed that the euro area deficit has increased only moderately (from €62bn in 2020 to €75bn in 2024).

Considering separately bilateral exports and imports flows, it emerges that the values for both exports and imports are larger in ECB data than in BEA data (Chart 11).<sup>7</sup> The asymmetry in exports has grown rather steadily over time – roughly in line with the observed export growth – reaching €114bn in 2024, while on the import side the asymmetry remained rather stable up to 2019 (€36bn), before considerably increasing as of 2020 and reaching €194bn in 2024. Hence, in terms of the overall impact on the services trade balance, the export and import sides contribute in opposing directions, with the contribution of the import side dominating, such that the overall asymmetry in services amounted to €80bn in 2024.

**Chart 10**

#### Bilateral euro area-US services balance

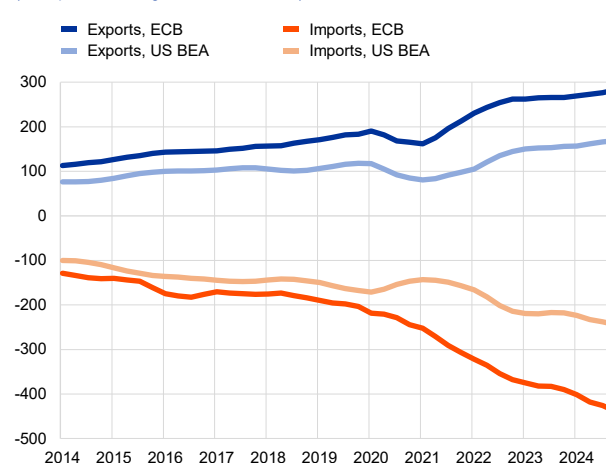
(four-quarter moving sums, EUR billions)



**Chart 11**

#### Bilateral euro area-US services exports and imports

(four-quarter moving sums, EUR billions)



Sources: ECB and BEA.

Notes: A positive value indicates a euro area surplus (Chart 10). Imports are displayed with a negative value (Chart 12). 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). The latest observations are for the fourth quarter of 2024.

Breaking down the overall asymmetry in services, it becomes apparent that it is almost entirely driven by the category of services related to the charges for intellectual property products (IPP), for which the asymmetry in 2024 amounted to €117bn (Chart 12). Hence, almost the entire asymmetry in the services balance is

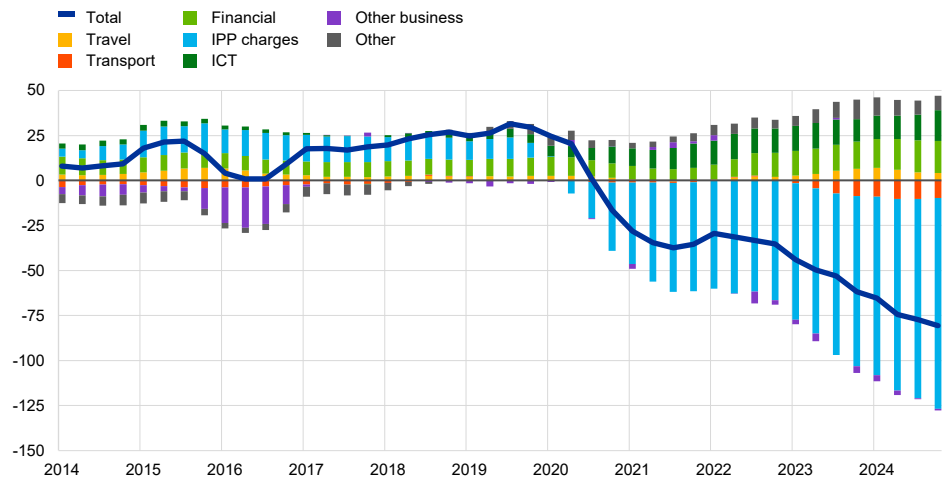
<sup>7</sup> Another, however likely not very sizeable, factor for higher figures on the ECB side might be that the BEA has not fully implemented BPM6 for trade in services as “goods for processing” are not removed from the BoP goods account and the BEA does not report the corresponding services under exports/imports of manufacturing services in its services account (BEA, 2025).

due to a larger euro area deficit reported by the ECB for services related to charges for IPP. In contrast, for all other major services components (except for transport and other business) ECB data show a larger euro area surplus.

**Chart 12**

Euro area services trade balance vis-à-vis the United States: asymmetries over time

(four-quarter moving sums, EUR billions)



Sources: ECB and BEA.

Note: Bilateral asymmetries are calculated as ECB data minus mirror BEA data – a positive value indicates that the euro area balance reported by the ECB is larger than the corresponding figure reported by the BEA. The latest observations are for the fourth quarter of 2024.

### 3.3.2 Intellectual property products

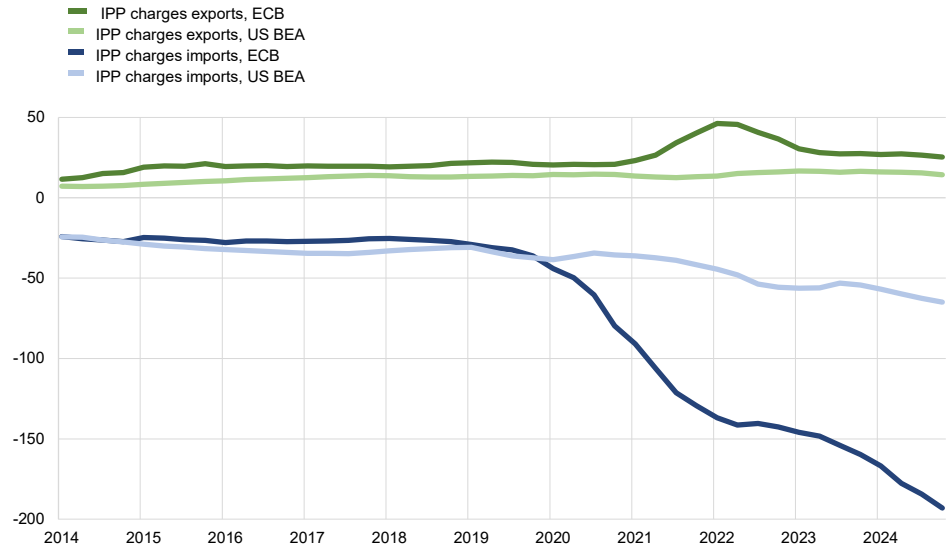
The discrepancy in charges for IPP started to surface in 2020 when the euro area (particularly Ireland) began recording increasingly large imports from the United States (see Section 2), with no corresponding increases in the BEA data (Chart 13). Imports in the form of IPP charges are closely linked to the presence of US MNEs in the euro area, most specifically in Ireland. The complexity of US MNEs' corporate structures and the intangible nature of IPP makes it inherently difficult to determine the economic ownership of IPP. Moreover, the related services' flows can be swiftly adjusted and re-routed through various countries, depending on the underlying supply chain and tax planning strategies of US MNEs (Bickenbach et al., 2025), making the correct geographic allocation for statistical purposes challenging.



**Chart 13**

### Euro area services trade vis-à-vis the United States: charges for the use of intellectual property

(four-quarter moving sums, EUR billions)



Sources: ECB and BEA.

Notes: Imports are displayed with a negative value. 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). The latest observations are for the fourth quarter of 2024.

In this environment, different sets of information available to euro area (Irish) and US statistical agencies on the operations of US MNEs in Ireland – due to different data sources, compilation methods and lack of data sharing – can directly cause asymmetries. In particular, the asymmetry in services in the form of charges for IPP may reflect differences in the geographic allocation of counterparts across ECB and BEA data. To investigate this hypothesis, Charts 14 and 15 present total euro imports and US exports in charges of IPP, broken down by major geographic counterparts. These charts reveal that aggregate IPP services trade flows of the euro area and US (vis-à-vis all non-domestic geographic counterparts) both amounted to around 100bn in 2019; since then aggregate euro area imports have increased strongly (by more than 100%), while US exports grew by merely 50%. The geographic composition of euro area imports also changed markedly since 2019: in particular the share of the US in euro area imports increased from 32% to 81% (of which imports by Ireland accounted for three quarters), while the share of offshore centres dropped from 40% to 3%, in line with the explanation that corporate tax and regulatory reforms prompted US MNEs to shift IPP ownership from affiliates in offshore centres back to the headquarters in the United States (Boller et al., 2024). On the other hand, in BEA data such shifts are not visible as the geographic composition of US exports remained relatively stable: the share of the euro increased from 33% to just 41%, while the share of exports to Ireland even remained flat at 19%. Remarkably, imports in IPP charges from the US recorded by Ireland reach almost the same level (€145bn) in 2024 as total amount of IPP exports by the US vis-à-vis all geographic counterparts (€157bn).

These observations – on the time series evolution of the IPP trade flows, their levels and their geographic allocation – suggest that the marked increase in Irish imports of IPP services from the US is, to a very large degree, not reflected in US exports, i.e. neither as exports to Ireland nor to other geographic counterparts. This indicates that in the US BEA data these intra-group operations involving foreign affiliates of US MNEs are either covered as domestic US operations (i.e. not seen as international transactions, and hence not being part of the US balance of payments) or not recorded at all.<sup>8</sup> In both cases, this is likely due to differences between the BEA and Irish statistical authorities as regards sample coverage, reporting population, reporting and accounting practices and data collection methods, leading to discrepancies in the information available to Irish statistical authorities on the US MNEs' resident affiliates in their economy.

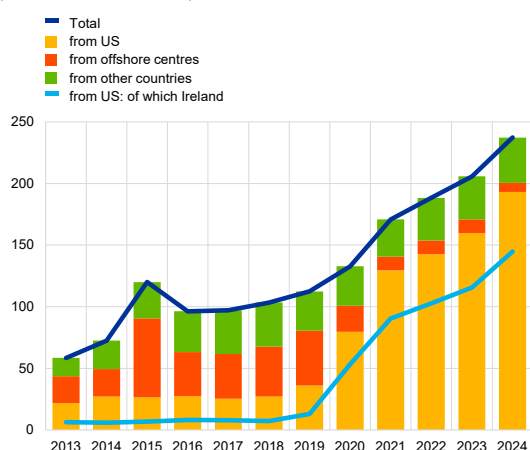
In addition, differences (or misclassifications) in the specific service recorded could contribute to the asymmetry. However, given the large scale of the bilateral euro area – US asymmetry in IPP charges and the relatively small asymmetries visible in the other services categories this does not appear a plausible explanation. In fact, in an earlier comparison between EU and US data for data up to 2017 (Howell et al., 2019), evidence was found that the BEA's recording practices to include additional items in charges for the use of intellectual property exports (thereby deviating from the BPM6) led to an overestimation of this services items, while nowadays the asymmetry points to a sizeable underestimation by BEA compared to euro area statistics.

Similar phenomena regarding the impact of complex organisational structures of US MNEs, are also observed for income flows in FDI (see Section 3.4).

**Chart 14**

Euro area charges of IPP imports: total and from selected counterparts

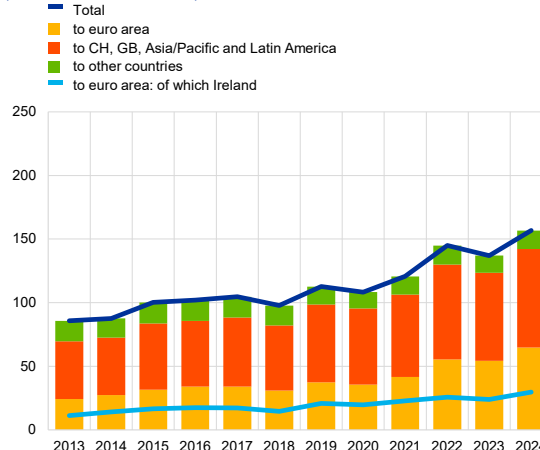
(annual flows, EUR billions)



**Chart 15**

US charges of IPP exports: total and to selected counterparts

(annual flows, EUR billions)



Sources: ECB (Chart 14); BEA (Chart 15).

<sup>8</sup> BEA data do not show any large imports of IPP either in recent years, i.e. seem not to cover any relocation of IPP from offshore centres back to the headquarters in the United States.

## 3.4 Primary income

### 3.4.1 Overall developments

Over the past decade, the size and dynamics of the euro area-US bilateral primary income balance<sup>9</sup> differed considerably between ECB and BEA data (Chart 16). Only in 2022 the two sets of statistics displayed broadly similar results, with both ECB and BEA statistics showing a euro area primary income deficit of around €50bn. Between 2014 to 2021, BEA data constantly showed a bilateral euro area deficit larger than the corresponding ECB data - ECB data even depicted the euro area recording a bilateral surplus in two occasions (between 2015 and 2017 and in 2020). The opposite situation started to appear in the data from the second half of 2022 with the BEA reporting a smaller euro area deficit compared to the ECB. For the most recent year (2024), BEA data showed a euro area bilateral deficit below €20bn, while the euro area deficit in the ECB data amounted to more than double, at around €50bn.

The large fluctuations in bilateral euro area-US primary income asymmetries over the past decade closely reflected the dynamics of the asymmetries in FDI income, as asymmetries in portfolio income remained broadly stable with the ECB data structurally showing a smaller euro area surplus (Chart 17).<sup>10</sup> Every year from 2014 to 2020, FDI income, as recorded by the ECB, consistently showed a much smaller deficit for the euro area compared to the mirror BEA data (with an average asymmetry of €80bn).<sup>11</sup> This difference sharply narrowed in 2021 and even switched direction in 2023 and 2024, when the ECB data started to show a larger euro area deficit than the BEA data.

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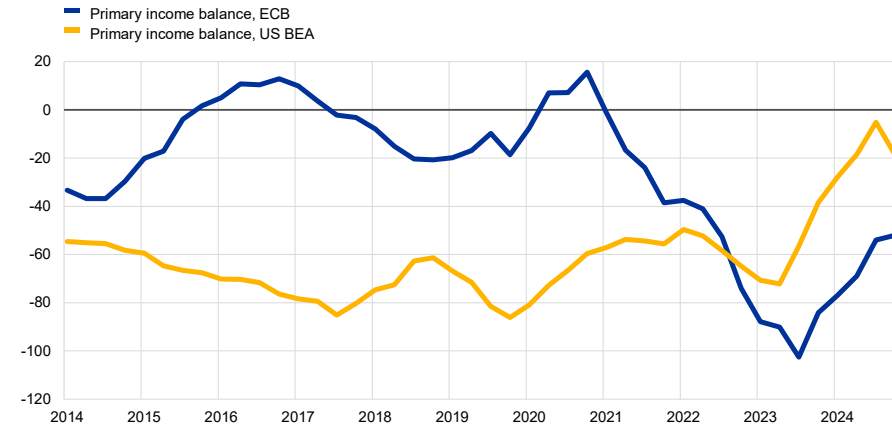
<sup>9</sup> Bilateral primary income flows mostly consist of cross-border investment income flows (from FDI, portfolio and other investment).

<sup>10</sup> Asymmetries in other investment income were minimal over most of the last decade and started to moderately grow only as of 2022, mirroring the increase in size of the associated income flows amid changes in the interest rate environment in both the euro area and the US.

<sup>11</sup> Bilateral FDI income data from the BEA are recorded on a directional basis and thus organised according to whether the income derives from outward investment (US direct investment abroad) or inward investment (foreign direct investment in the United States). Bilateral FDI income data from the ECB are recorded on the basis of the asset/liability principle in line with BPM6, classifying whether the income is derived from assets or liabilities. This difference in recording principles is not very significant for the bilateral euro area – US income balance as it mostly comprises income from equity, where the methodological differences between directional and A/L principle are minimal as there is not a large impact from fellows and reverse investment.

**Chart 16****Euro area primary income balance vis-à-vis the United States**

(four-quarter moving sums, EUR billions)

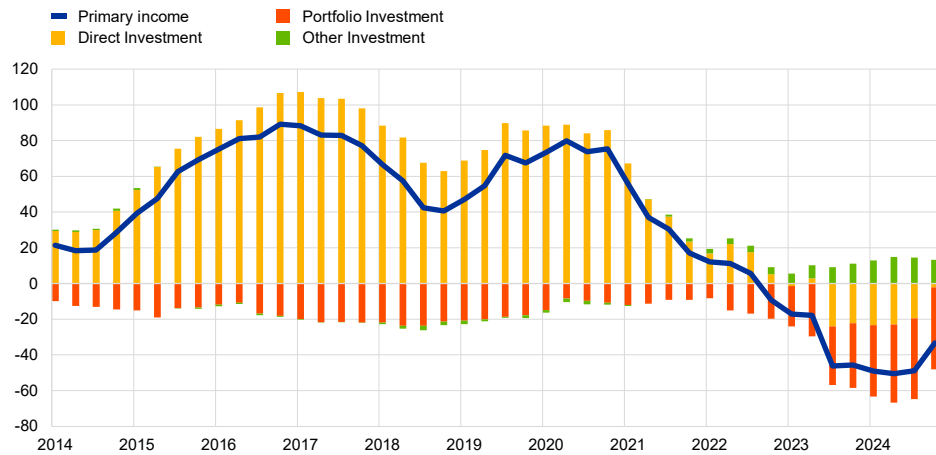


Sources: ECB and BEA.

Note: The latest observations are for the fourth quarter of 2024.

**Chart 17****Bilateral euro area-US primary income asymmetries**

(four-quarter moving sums, EUR billions)



Sources: ECB and BEA.

Note: 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.

**3.4.2 Portfolio investment and FDI income****Portfolio investment income**

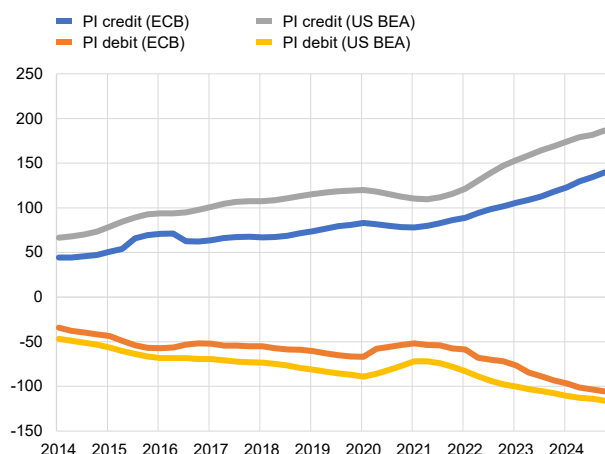
From the euro area perspective, bilateral portfolio investment income flows between the euro area and the US reflect, on the one side, earnings euro area investors receive on their investment in US securities (credits) and, on the other side, payments to US investors for holding securities issued by euro area entities

(debits).<sup>12</sup> Both for credit and debit flows the ECB and BEA show overall consistent, upward-moving trends, resulting in an increasing euro area surplus over time. At the same time a large and persistent asymmetry between ECB and BEA data exists for euro area credits (Chart 18).

**Chart 18**

**Euro area-US portfolio investment income flows**

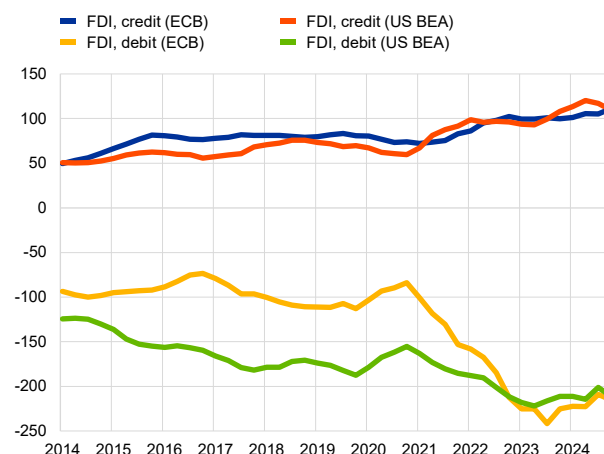
(four-quarter moving sums, EUR billions)



**Chart 19**

**Euro area-US FDI income flows**

(EUR billions)



Sources: ECB and BEA.

Notes: 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.

This structural difference in the portfolio investment income euro area residents earn on securities issued by US entities are likely driven by the "custodial bias" in the BEA portfolio liabilities/debits data. Custodial bias emerges due to the complexity of correctly identifying the country of residence of holders of (portfolio investment) securities – and related income payments – once they are traded in secondary markets (Bosetti et al., 2025). Identifying the bilateral geography of non-resident investors is a complex task, as securities are regularly traded in secondary markets and held via custodians and other financial intermediaries. Consequently, identifying the actual holders of portfolio investment securities may be hampered by so-called "first-known counterparty" and/or "custodial" biases if statisticians cannot look through the chain of intermediaries that hold securities in custody on behalf of their (non-resident) clients. If a custodial bias emerges, statistics tend to over-estimate the role of countries that host large custodians/financial intermediaries (e.g. the United Kingdom, Belgium and Luxembourg), while they under-estimate the countries where the actual holders of such securities reside. For attributing the bilateral geography of holders of US-issued securities (and its related income flows), the BEA uses information from the US Treasury International Capital System (TIC), which largely relies on custodial data, i.e. data reported by custodians. A bias may arise in such data from the fact that holders of US securities are geographically attributed to the

<sup>12</sup> Portfolio investment income reflects income derived from cross-border portfolio holdings of equity (dividends), investment fund shares (dividends and reinvested earnings) and debt securities (interest).

location of the custodial account. For example, if a US Treasury security purchased by a non-resident is held in a custodial account in a third country, the actual country of ownership of the security will not be reflected in the data (as the security and its related income flows will be considered being held by the third country where the custodian resides). As large custodians holding global assets on behalf of global (also non-euro area) investors are based in Belgium and Luxembourg, this leads to an over-estimation of the euro area residents' holdings of US securities in the TIC data – and thus to an over-estimation of the dividends and other income received by euro area investors. This may explain why euro area portfolio credit flows are structurally higher in BEA data than in the ECB data. ECB data on euro area portfolio investment income credit flows is less affected by this phenomenon as euro area residents' holdings and the associated income flows are well captured in security-by-security type data collection systems, in particular the ECB's Security Holdings Statistics.<sup>13</sup>

### *FDI income*

Bilateral asymmetries in FDI income flows are mostly due to large end growing discrepancies in euro area debit flows (Chart 19).<sup>14</sup> Bilateral credits flows (i.e. income received by euro area parent companies from their US affiliates) showed similar size and dynamics over the past decade between ECB and BEA data, gradually increasing from around €50bn in 2014 to around €100bn in 2024 in both sets of data. Bilateral debit flows (i.e. income paid by euro area affiliates to their US parents) showed instead a large gap that narrowed since 2021: while BEA data showed a gradual increase in the size of such flows (from around €120bn in 2014 to around €200bn in 2024), ECB data showed smaller and rather constant income flows until 2020 (of around €100bn per year). As of 2021 FDI debit flows in ECB data became much larger, quickly reducing the gap with BEA data, and surpassing €200bn in 2023 and 2024. This development led to the bilateral FDI income balance being closely aligned between the two sets of statistics in 2024.

The reasons behind the large and evolving asymmetries in FDI income debits between ECB and BEA data are multiple and reflect the difficulty of correctly measuring US MNEs' foreign operations and associated complex web of intra-group income flows (Pastoris and Schmitz, 2020). Due to profit-optimisation strategies, US MNEs often resort to complex chains of ownership, involving multiple layers of affiliates in several euro area countries, with holding companies in euro area FDI hubs (e.g. Ireland, Luxembourg and the Netherlands) sitting at the top of such hierarchies of foreign affiliates. According to BEA data, around 60% of US FDI in the euro area involves direct investment linkages with Irish, Luxembourgish and Dutch holding companies.<sup>15</sup> Holding companies often serve as the first link between US MNEs and other euro area (or worldwide) subsidiaries – in fact a significant

<sup>13</sup> On the debit side the ECB does not rely on custodial data, but employs estimation methods using comprehensive datasets on global holdings of euro area securities supported by temporal disaggregation and econometric techniques (Bosetti et al., 2025).

<sup>14</sup> FDI income reflects income derived from intra-group holdings of equity (dividends and reinvested earnings) and granting of intra-group debt (interest). Income on FDI equity investment includes, in addition to the distributed dividends, also the undistributed part of profits (reinvested earnings).

<sup>15</sup> Latest available observations reflect data for 2023.

proportion of intra-EU FDI from these three countries are due to investment links between affiliates of US MNEs (Gómez-Llabrés et al., 2022). Crucially, the income of these holding companies also includes the profits earned from their own local and foreign subsidiaries along the group chain (known as indirectly owned affiliates). Recording such income along the ownership chain – in particular for retained earnings – is challenging for statisticians because it requires comprehensive access to MNEs' unconsolidated balance sheets and their ownership links.<sup>16</sup> Differences in the information available on such complex structures of US MNEs may partly explain the large differences observed over the past decade in FDI income paid by euro area affiliates to the US parents. In particular, this may explain why US statistics showed larger income flows for most of the period under consideration as BEA statisticians may have been able to access more comprehensive information from the US parent reporting entities on the overall structure of worldwide subsidiaries (and respective profit and loss accounts).

On the other hand, differences in the identification of the immediate counterparty country may also contribute to the size and evolution of such asymmetries. For the period 2014 to 2020, ECB data showed that much of euro area FDI income was paid by euro area subsidiaries to MNEs' affiliates in offshore centres – also in line with large imports of IPPs in the euro area from offshore centres. This was likely explained by US MNEs indirectly owning euro area subsidiaries via affiliated holding companies in offshore centres, through which they were licensing IPPs to the euro area and, in turn, channelling FDI income back to the US. BEA data might have shown directly such FDI income flows to the US ultimate parent from the euro area affiliates, without properly accounting for the intermediate structures put in place in offshore centres. This hypothesis of a different geographical allocation of such IPPs and related FDI income flows finds some support in the dynamics observed in the last years. As of 2020 US MNEs started to reshore their IPPs and directly export them to their euro area (mostly Irish) affiliates (see Section 3.3). Such Irish subsidiaries of US MNEs, mostly engaged in world-wide distribution of IT-services and exports of pharmaceutical products using the IPPs in their production processes, were now directly held by the US parent companies and thus started to attribute their very large profits directly to their US parent companies (Emter et al., 2025). This is evident in the ECB data, where FDI income debits from Ireland to the US abruptly jumped from less than €20bn a year until 2020, to more than €100bn in 2022 (Chart 20). On the contrary, in the BEA data no such changes in geography of counterparty for FDI income flows appear, with Irish affiliates only gradually increasing their FDI income payable to US parents (Chart 21).

Additionally, a methodological difference exists in the two sets of statistics. BEA detailed FDI statistics by geography of counterparty are valued at historical cost, without current-cost adjustment. This means that, in BEA data, the value of US MNEs' affiliates in the euro area does not reflect the current value of their assets. This can lead to large undervaluation of these foreign affiliates, in particular in cases where the value of such foreign affiliates mostly reflects (intangible) assets not

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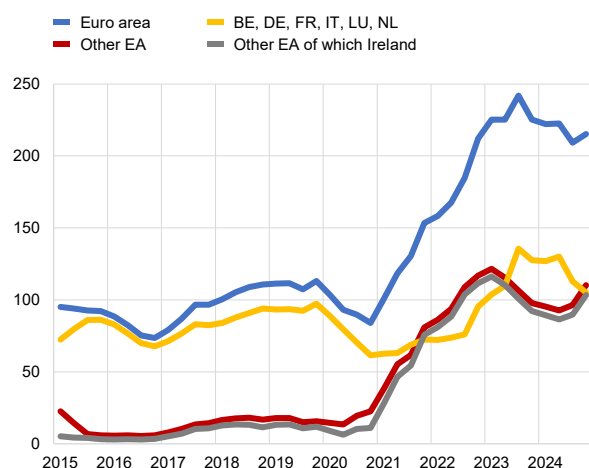
<sup>16</sup> When a direct investment ownership chain with more than one hierarchical FDI link exists, direct investment earnings should reflect income from direct and indirect enterprises. Income earned along the chain of ownership needs to be recorded in the directly-owned direct investment enterprise.

properly re-valued according to current prices. Data on bilateral euro area – US FDI positions show that BEA data assign a value to the stock of US FDI assets in the euro area which is much lower than the corresponding ECB data in the period 2014 to 2025. Despite this lower valuation, for the period 2014 to 2020 BEA data showed consistently larger income generated by euro area affiliates than the ECB data (thus implying much higher implicit rates of return for US FDI investment in the euro area).<sup>17</sup>

**Chart 20**

**Euro area-US FDI income debit flows, ECB data**

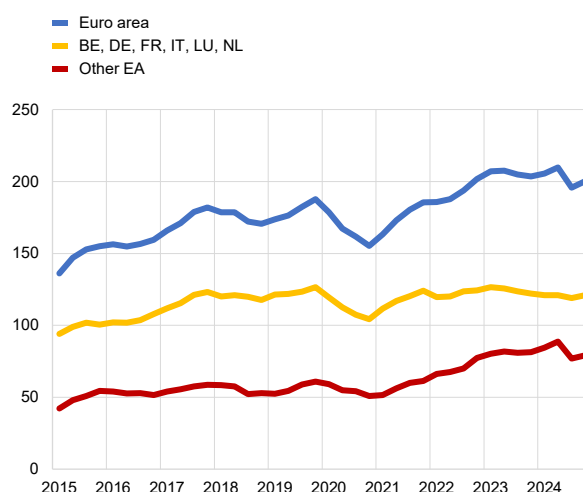
(four-quarter moving sums, EUR billions)



**Chart 21**

**Euro area-US FDI income debit flows, BEA data**

(EUR billions)



Sources: ECB and BEA.

Notes: Debits are shown from a euro area perspective (e.g. Debits, ECB shows the ECB data for euro area debits flows to the US; Debits, US BEA shows the US BEA mirror series of US income credit flows from the euro area).

<sup>17</sup> Implicit rates of return of US FDI in the euro area were between 8% and 10% per year in the period 2014-2020 in BEA data, while they were between 3 and 5% in ECB data.



## 4 Policy initiatives to address asymmetries

Statistical asymmetries in the bilateral current account between the euro area and the United States present a challenge for economic analysis and policymaking, particularly at times when political scrutiny on bilateral trade and investment data is high. This chapter outlines key initiatives the statistical community should promote to address such asymmetries.

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

A key step to address statistical asymmetries is ensuring that statistical compilers across different countries adhere to common methodological standards that are up-to-date and well-suited to capturing the complexities of globalisation and related phenomena. The Balance of Payments and International Investment Position Manual (BPM) provides the methodological backbone for the compilation of balance of payments statistics worldwide. The recent publication of an updated version of the BPM manual (BPM7) ensures for the years ahead that the methodological guidance available to statistical compilers remains relevant and reflects the evolving nature of international trade and financial markets. In particular, several updates included in BPM7 should help countries measuring complex globalisation-related phenomena in a more consistent and comparable way – e.g. providing a common definition of special purpose entities (SPEs), extending the explanations on the recording of IPP-related transactions, clarifying the recommended valuation methods for unlisted equity, recommending compilation of separate accounts for foreign-controlled corporations (FCC), introducing guidance on the typology and classification of crypto-assets and a dedicated thematic chapter on globalisation-related measurement issues. Ensuring adherence to the BPM7 methodology will be a very important target for statistical compilers across the globe in the forthcoming decade.

In addition to adopting updated international standards, the statistical community should promote clear and accessible compilation guidance for handling particularly complex statistical topics. Challenging topics linked to the measurement of the footprint of large MNEs, such as recording complex intra-group cross-border supply chain and trade arrangements as well as measuring FDI income flows along chains of subsidiaries, require additional, detailed compilation guidance. Explicit guidance on recommended data sources, estimation methods and treatment of complex cases would help statistical compilers recording such phenomena in a harmonised way and thereby reducing the potential for asymmetries. In this regard, the IMF Committee on Balance of Payments Statistics (BOPCOM) plays a very important role in promoting the implementation of the statistical standards and fostering coordination of data collection and compilation practices across countries worldwide.

Statistical compilers should publish documentation regarding their statistical sources and compilation methods and clearly indicate any deviations from international standards to enhance transparency and facilitate cross-country comparisons. For example, resources like the ECB [BoP and IIP e-book on statistical sources and methods](#) and the BEA [US international accounts concepts and methods](#) are invaluable tools to understand specific features in the ECB and BEA's published statistics. These resources not only guide users and practitioners in understanding the data and possible causes for differences, but can also help statistical compilers learning about, and possibly adapt, best-practices from other countries in compiling specific items.

## 4.2 Data sharing and common data platforms

Understanding the sources of bilateral asymmetries across countries requires data-sharing mechanisms between countries. The analysis of asymmetries in publicly available bilateral datasets provides a first step to assess the size, direction and likely causes for such discrepancies; however, a more detailed analysis of the sources of discrepancies for each item under investigation can only be achieved by sharing detailed and restricted (non-public) information with the partner country on granular data sources and individual transactions behind bilateral data. For example, to address asymmetries in bilateral FDI income flows, country pairs could share additional information on the largest individual transactions behind them, such as the size of distributed and retained income and the detailed geographical allocation of such income flows. In order to overcome the confidentiality constraints arising from sharing such granular/company-level information across countries, statistical compilers could directly seek the involvement of key reporting agents (i.e. large MNEs) to establish a common way to provide shared granular data to different country compilers.

Establishing secure platforms for data exchange between country pairs is essential, as they allow statistical compilers to access key details to understand the origin of asymmetries, without the need to publish such (restricted) detailed information. While several of such exchanges exist nowadays within the European Union (see Section 4.3), granular data exchange initiatives between statistical compilers at the global level remain challenging due to regulatory and national legal constraints that often prevent sharing statistical information across borders. Overcoming these barriers would require coordinated efforts to align legal frameworks to prioritize the exchange of (granular) information to ensure data quality improvements, while still preserving confidentiality of the underlying information.

Another step in the direction of addressing statistical discrepancies would be to ensure that, for certain phenomena, a unique “source of truth” is jointly used as data source by statistical compilers across the globe. For example, statistical compilers make often use of national business registers to understand the corporate structure of resident companies. While the various national business registers may provide a different and inconsistent picture of certain corporate group structures across borders, integrating (and aligning) such information in a unique global (or regional)

business register would allow to represent in a uniform way the global footprint of corporations. Similarly, reference information on the characteristics of securities (e.g. price, issuer, date of issuance, etc..) could be harmonised and integrated in a unique data source accessible to different data compilers, thus ensuring the same information is available. Again, while some initiatives exist within the European context - such as the ESS EuroGroups (EGR) business register and the ESCB Centralised Securities Database (CSDB) – it is much more difficult to promote and achieve such initiatives at the global level as they require a very high level of integrated governance, regulation, resource and funding sharing.

## 4.3 Existing initiatives to address asymmetries

Despite the regulatory and governance challenges for setting up and steering cross-border initiatives to address statistical asymmetries, several successful initiatives have taken place globally and within regional contexts over the past decade, such as:

- Increased publication of bilateral statistics: publishing bilateral data enhances transparency and provides a clearer view of asymmetries, enabling targeted reconciliation efforts. Thanks also to efforts by the IMF and other international organisations, more and more countries are publishing detailed geographic information on (selected) areas of balance of payments and international investment position.
- Task Team on Global Asymmetries: established by the IMF's Committee on Balance of Payments Statistics in 2023 to explore and make recommendations on how to reduce global asymmetries in external sector statistics. The TT explores asymmetries at bilateral and global level for the main components of the balance of payments.
- The FDI Network: initiated in 2008 within the framework of the European Statistical System (ESS) and the European System of Central Banks (ESCB) with the purpose to facilitate a secure exchange of information on large FDI transactions between compilers (national authorities compiling FDI statistics) to increase the quality of external sector statistics. The transmission and exchange of confidential data in the context of the FDI Network is foreseen exclusively for statistical purposes and in particular for the purpose of increasing the quality of the EU/euro area FDI and balance of payments statistics. Eurostat regularly present an annual report on the number of bilateral exchanges, the amounts involved and successfully reconciled/failed transactions/positions.
- The FDI Asymmetry Resolution Mechanism (FDI ARM): launched by the ECB and Eurostat in 2019, the FDI ARM targets the largest intra-EU bilateral asymmetries emerging in quarterly FDI transactions. Every quarter a virtual meeting is organised by the ECB and Eurostat with the countries involved in asymmetries larger than a pre-defined threshold (currently €10bn in absolute

terms) in the latest quarterly data. Discussions in the FDI ARM meetings address the granular operations behind such asymmetries with the aim of harmonising the treatment across the involved actors. An action plan for participants is redacted after every meeting and followed-up regularly to ensure the discussed asymmetries are resolved in a timely fashion.

- Trade in Services Asymmetry Resolution Mechanism (ITSS ARM): launched by Eurostat in 2022 to address large bilateral asymmetries in trade in services data. Every year selected pairs of EU countries engage in an in-depth comparison of their bilateral detailed annual trade in services data to address the largest asymmetries.
- EU profiling of MNEs: a profiling exercise facilitated by Eurostat with the goal to regularly profile the largest MNEs in the EU to provide consistent and accurate data across Member States about MNEs' footprint for use in national and EU-level statistics. Eurostat and national statistical offices work together, based on a commonly agreed methodology, to ensure that data about the largest MNEs (chosen according to a complexity statistical index and expert judgement) reflect a harmonised picture of their operations across the statistical domains of the countries involved. Confidential data are shared in a secure way and an-IT infrastructure is available to secure efficiency in the profiling exercise.
- European network of MNEs coordinators (MNEnet): it is a network facilitated by Eurostat, where representatives from all EU member states (and EFTA countries and the ECB) are invited to harmonise and coordinate the consistency work of national Large Case Units (LCUs) and share knowledge at the EU level. The network engages in expert discussions about different topics related to the measurement of MNEs, including the role of the EuroGroups register, profiling activities, consistency checks and needed IT-infrastructure).
- In-depth bilateral or multilateral comparative exercises: several EU countries engaged in one-off, in-depth exercises to analyse in detail the granular sources of bilateral asymmetries in their data. Such exercises took place physically (e.g. colleagues spending a period of time in the partner institution) or virtually (e.g. sharing information via secure platforms, allowing extending the exercise to a multilateral setting (see Accoto et al. (2025)).
- In cases where in-depth bilateral or multilateral comparative exercises using granular data sources are prevented by data confidentiality laws and other legal or technical constraints, first steps to address asymmetries might be taken by joint studies using more aggregate data as in Howell et al. (2019) for bilateral data between the EU and US up to 2017 as well as by organising bilateral workshops that are dedicated to learning more about national compilation specificities for items with high asymmetries.

Key for the transferability of these – mostly regional – initiatives to the global level is the possibility to ensure a safe handling and sharing of granular information, thus allowing compilers from different statistical authorities to assess the data sources used by the partner country to address the sources of major discrepancies.

## 5 Conclusions

This paper underscores the significant and persistent asymmetries in the bilateral current account between the euro area and the United States, which reached nearly €100 billion in 2024. These discrepancies pose substantial challenges for global economic analysis and policymaking, particularly amid intensifying trade policy discussions. While bilateral trade in goods data between the two regions are relatively aligned, major inconsistencies persist in services and primary income, driven by intellectual property products (IPP) and foreign direct investment (FDI) income, both heavily influenced by the operations of US multinational enterprises (MNEs).

Resolving these asymmetries is crucial for improving the accuracy of balance of payments statistics and strengthening the analytical accuracy of the data policymakers rely on to assess bilateral and global economic dynamics. This paper highlights the need for enhanced collaboration between statistical compilers, a harmonised application of methodologies, and increased transparency and data sharing, particularly regarding MNE activities.

This work serves as a call for action across the statistical and policymaking community to prioritise work in this area.

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