



European American  
chamber of commerce

# Transatlantic Expansion Barometer

Focus on European Mid-Size Businesses:  
Investment into the U.S.: Current Trends  
and Outlook

June 2025 edition

OCO  
GLOBAL

RSM

# Executive Summary



Since January, the second Trump presidency has shaken the international economic order with a flurry of announcements and counter-announcements concerning tariffs. After several months of intense upheaval, “Liberation Day” brought some clarity to the U.S. administration's intended approach towards its trading partners, including Europe, before announcing a 90-day pause to allow for negotiations, followed by a new set of trade tariffs.

At the time of writing, no one can predict how this negotiation phase will end. Uncertainty still reigns.

The first edition of our barometer, published in November 2024, highlighted the central role of the transatlantic relationship in global trade and investment. Amid the current wave of announcements and the ongoing negotiation phase, many are now questioning the future of transatlantic trade relations: How are European exporters responding? Is the weakening of transatlantic trade opening the door to new partnerships? What are the most affected sectors? Is Donald Trump's gamble - that the threat of tariffs would boost investment in the United States - starting to pay off? These are the questions this barometer aims to address.

The statistical tools at our disposal cannot provide complete answers to these complex issues. To complete this edition, we have conducted 65 in-depth conversations with European mid-size businesses about their investment plans in the U.S., which allow us to offer insights on two key points:

## First

- and this is unprecedented for the U.S.  
- we are witnessing an erosion of trust among European businesses toward the American market. Yet our conversations with more than 60 companies reveal a far more nuanced picture. Perceptions and strategic responses vary widely depending on the sector, the company's exposure, and the specific markets in which it operates, underscoring the complexity of the issue. Still, a common thread emerges: a sense of uncertainty. On one hand, the back-and-forth of U.S. policy decisions has cast doubt on the reliability of 'America's word': if a deal is made, how long will it hold? On the other hand - and perhaps more fundamentally - some European decision-makers are beginning to question the medium-term stability of the U.S. economy itself. While the U.S. remains a top priority for many, an increasing number of companies, particularly in the industrial sector, are choosing to delay or suspend their investment plans until greater clarity emerges. This marks a significant, though uneven, shift in sentiment and behaviour.

## Second

- our barometer aims to distinguish between structural changes and short-term fluctuations. It has become clear that the transatlantic relationship is undergoing a deep transformation. For nearly 3 years now, American companies have been slowing their investments in Europe in favour of domestic projects, while European firms are looking to secure growth outside the borders of the old continent. This shift runs deeper than just tariff threats or the incentives of the Inflation Reduction Act. Europe is also undermining itself. It suffers from a competitiveness deficit, well documented in the 2024 Draghi Report, and this now impacts the continent's attractiveness, both to Americans and to European investors themselves.

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Europe, still the world's second-largest economic power, may not be known for decisiveness, but it has demonstrated its ability to respond when pushed to the wall. The historic disruptions we are experiencing could serve as a wake-up call for Europe to catch up on the technological lag of recent years, and fully embrace its role as a major economic power. A stronger Europe would only improve the transatlantic relationship.



Setting The Scene

# U.S. – Transatlantic Relationship: A Premium Bond Undergoing Major Changes



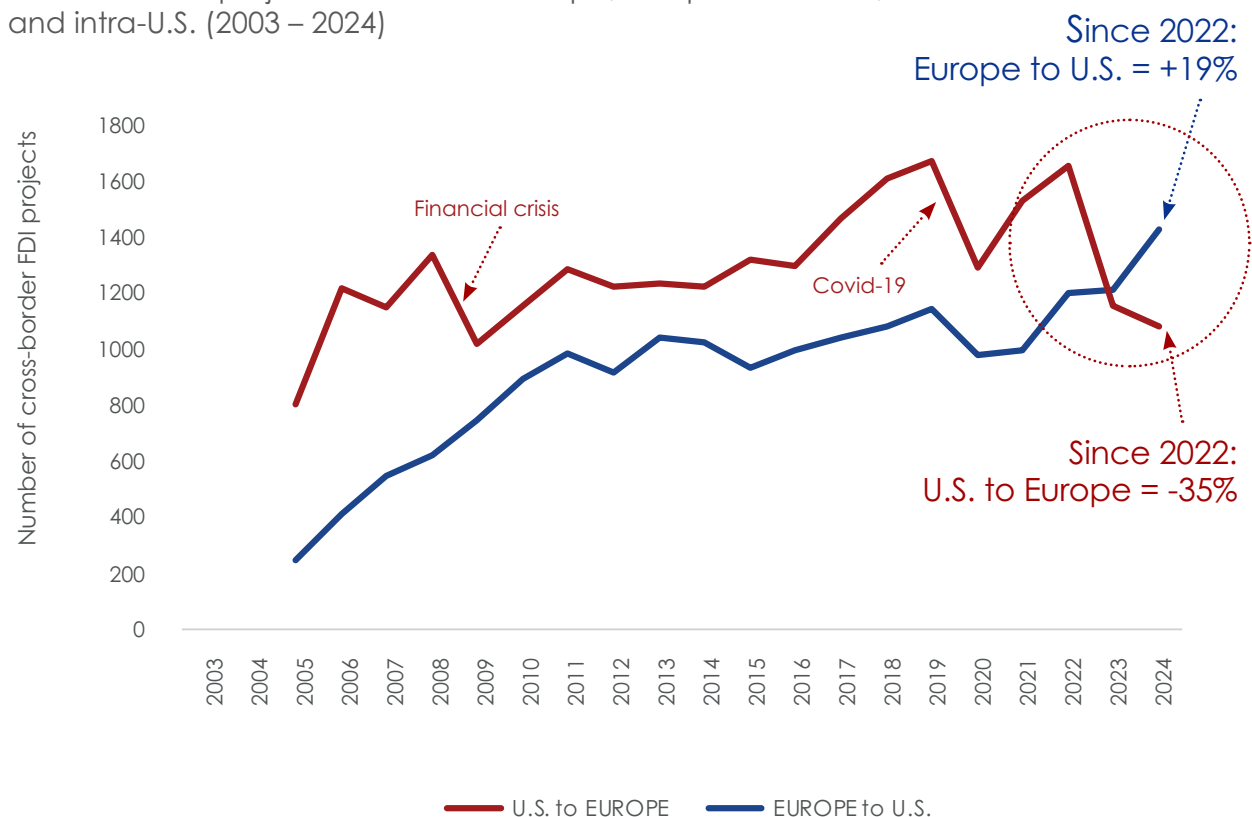
## A Historic Shift in FDI Flows: U.S. Investors Are Losing Interest in Europe, and It Started Way Before Trump

The number of U.S. FDI projects into Europe has been steadily declining - the steepest in 20 years - a decline that began before Trump's return and tariff risks. The decline of U.S. investment in Europe is due to a variety of factors, including the Inflation Reduction Act (IRA), rising energy costs in Europe, political uncertainty (such as the German and French elections), as well as slow to negative economic growth.

As a result, we are seeing a slowdown in industrial momentum in some European countries heavily dependent on U.S. FDI, a delay in job creation, and a widening technology gap in key sectors.

In the meantime, European investors have only increased their presence on the U.S. market, with investment growing by 19% between 2022 and 2024.

Number of FDI projects from U.S. to Europe, Europe to the U.S., and intra-U.S. (2003 – 2024)



Sources: FDI Markets

## Four Main Factors Driving This Shift



### U.S. Growth and Domestic Market

- The market remained resilient, with a GDP growth rate of 2.8% in 2024 and inflation eased to around 2.2%, amid slow to negative growth rates in Europe and Asia at the same time.
- U.S. growth was driven by steady consumer spending and public spending.

### Diverging Energy Costs

- Europe's high and volatile energy costs, structurally higher due to resource scarcity and market fragmentation, worsened sharply after the war in Ukraine. Russian gas imports fell from 40% to 8% (2021-2023), forcing the use of more expensive alternatives. Energy prices soared, hurting industrial margins and investor confidence.
- Since then, Trump has ended climate policies and withdrew from the Paris Climate Accord, eventually driving short term energy prices further down in the U.S.


### Inflation Reduction Act

- The Inflation Reduction Act offers strong incentives to invest domestically, making the US more attractive than Europe for American firms.
- European investors also shifted capital and operations to the U.S. to benefit from subsidies in clean tech and advanced manufacturing.

### Growing Geopolitical Risk and Supply Dependencies

- The EU remains heavily dependent on imports of critical raw materials (nickel, copper, lithium, cobalt) and essential technologies (semiconductors, cloud, AI), often sourced from countries with unstable or non-aligned geopolitical stances, such as China and Taiwan.
- As global tensions rise, particularly with the U.S.-China rivalry and instability in the Asia-Pacific, Europe's reliance on such suppliers exposes its industries to supply disruptions, price volatility, and potential politically motivated trade restrictions.



A low-angle, upward-looking photograph of several tall skyscrapers in a city. An American flag is visible on the left, waving. The image is split diagonally, with the top right portion covered by a dark blue semi-transparent overlay containing the title text.

# Zooming In On European FDI Into The U.S.

# The Continuous Rise of European FDI Projects to the U.S. Has Been Fueled by a Strong Economy... and the Inflation Reduction Act



Manufacturing projects saw a 72% increase, driven by growing corporate interest in the transportation manufacturing (+91%) and energy & natural resources (+300%) sectors. Many firms, particularly European ones, invested in electric vehicle battery plants and renewable energy, illustrating the tangible impact of the IRA on foreign investment in the United States.

This momentum is further supported by the macroeconomic gap between the U.S. and Europe: in 2023, the U.S. economy grew by 2.5%, compared to only 0.4% in the Eurozone – reinforcing the U.S. as a more dynamic and attractive destination for new market opportunities.

|  | Number of European Investment Projects into the U.S. by Activity Type |      |      |                                |
|--|---|------|------|--------------------------------|
| Activities                               | 2022  | 2023 | 2024 | 2022 - 2024 Rate of Change (%) |
| Business Services                        | 348   | 417  | 479  | +38%                           |
| Manufacturing                            | 162   | 216  | 279  | +72%                           |
| Logistics, Distribution & Transportation | 54  | 94   | 107  | +98%                           |

|  | Number of European Investment Projects into the U.S. by Sector |      |      |                                |
|--|--|------|------|--------------------------------|
| Sectors                                  | 2022   | 2023 | 2024 | 2022 - 2024 Rate of Change (%) |
| Business & Financial Services            | 335  | 411  | 502  | +50%                           |
| Software & IT services                   | 252  | 140  | 130  | -48%                           |
| Energy & Natural Resources               | 37   | 53   | 111  | +300%                          |
| Transportation Manufacturing & Aerospace | 47   | 43   | 90   | +91%                           |

Sources: FDI Markets



# European Investment into the U.S.: A Shift Towards Southern States?

The top five destinations for European FDI in the United States have shifted between 2023 and 2024, with southern states gaining ground. This shift is driven by European investors' search for increased competitiveness, access to dynamic industrial hubs, and a more attractive tax and regulatory environment. States like Texas attract investment thanks to their advanced infrastructure, a robust business ecosystem, and proximity to key trading partners.

Meanwhile, Florida's rapid growth (up 42% in terms of project numbers) underscores its attractiveness for projects in the manufacturing, logistics, and technology sectors. Overall, European companies are increasingly favouring regions that combine strong growth potential, efficient infrastructure for manufacturing projects, and a favourable business climate, leading to a sharp increase in high-value projects and strengthening the United States' position as a leading global FDI destination.



| Main U.S. states receiving European FDI projects in 2023 (by number of projects) |               |     |
|--|---------------|-----|
| 1  | New York      | 136 |
| 2  | Texas         | 131 |
| 3  | California    | 96  |
| 4  | Florida       | 88  |
| 5  | Massachusetts | 64  |

| Main U.S. states receiving European FDI projects in 2024 (by number of projects) |                |     |
|--|----------------|-----|
| 1  | Texas          | 136 |
| 2  | New York       | 129 |
| 3  | Florida        | 125 |
| 4  | California     | 120 |
| 5  | North Carolina | 60  |

# Overview of the Map of European FDI into the U.S.: Top States and Emerging Opportunities

- Wisconsin saw the largest rise in European FDI projects (+246%), driven by a +333% surge in manufacturing across various industries.
- Centrally located, it ranks 2nd nationally for manufacturing employment concentration.

- California remains in the top 5 states for European FDI, with 120 projects in 2024.
- While still dominant, Software & IT and Business Services projects are declining, signaling a shift toward more diversified sectors.

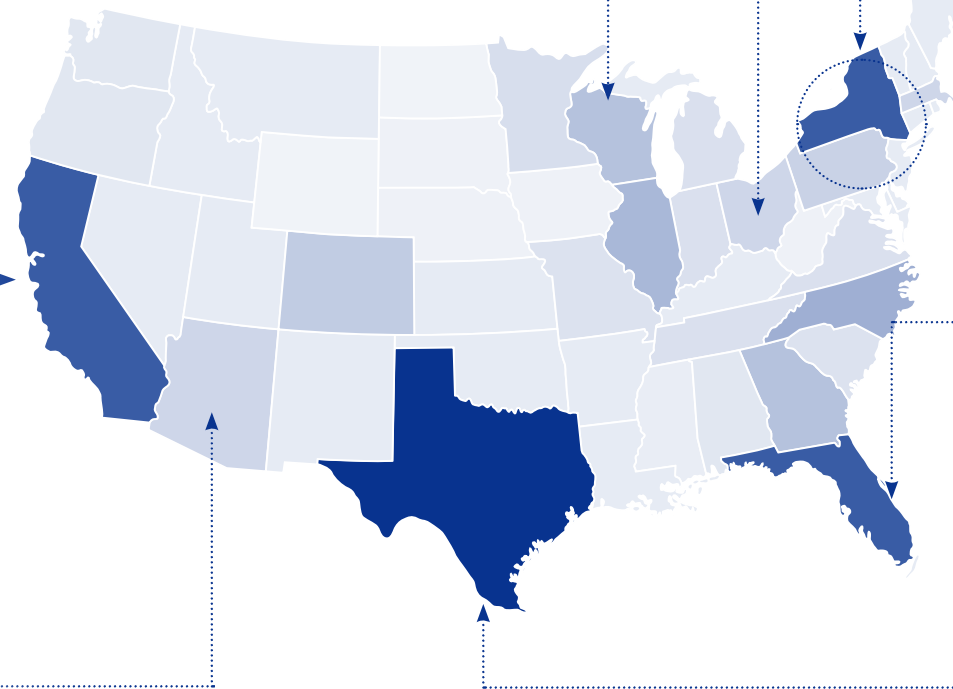
- Arizona recorded a 107% increase in FDI projects (33) between 2023 and 2024.
- The state attracted significant investment in real estate developments and renewable energy manufacturing plants.

- Ohio saw a 29% increase in the number of European projects.
- Half of the 45 projects hosted involved industrial and manufacturing activities.

- New York, Connecticut, and Massachusetts, historically strong in Software & IT FDI, saw declines of -5%, -14%, and -22% respectively.
- With the sector down 48% between 2022 and 2024, European investors shifted toward states focused on manufacturing and R&D.

- Florida enters the top 3 by overtaking California thanks to its 125 incoming FDI projects and its 42% progression compared to 2023.
- More than 65% of incoming European FDI projects are business services activities or the establishment of headquarters.

- Texas has overtaken New York as the leading destination (136) for FDI projects.
- Most investments are concentrated in manufacturing, renewable energy, and logistics infrastructure.



Sources: FDI Markets

"The United States represents a cornerstone of our global growth strategy, and we are actively investing to strengthen our presence in this market - particularly through strategic acquisitions and external growth initiatives. Our medium-term goal is for the U.S. to become our primary market. This ambition reflects our strong confidence in the resilience and dynamism of the American economy, as well as the opportunities it offers across our industry. Indeed, the regulation surrounding security systems is highly structured and offers us development opportunities.

Despite political uncertainty, we continue to operate in close partnership with U.S.-based clients and suppliers, and we remain optimistic about the long-term outlook. Although certain components we import may be affected by higher duties, the impact on our overall operations is expected to be limited - especially as our business model is largely domestic in nature within the U.S.

In summary, despite a sometimes volatile macroeconomic context, we are firmly committed to expanding our footprint in the United States. This market remains central to our international ambitions, and we are confident in our ability to grow sustainably and profitably in the years ahead."

Stéphane Gaidier

Deputy Managing Director





## Five European Countries Account for Over 69% of Manufacturing and R&D Investment in the U.S.

Top Investor Countries in Manufacturing in the U.S.  
(by number of projects in 2024)

|   |                |     |
|---|----------------|-----|
| 1 | Germany        | 166 |
| 2 | France         | 70  |
| 3 | Switzerland    | 67  |
| 4 | United Kingdom | 64  |
| 5 | Italy          | 49  |



Materials  
Manufacturing



Digital & Electronics  
Technologies



Energy &  
Natural Resources



Lifesciences  
& Healthcare



Automotive, Aerospace &  
Transportation Manufacturing



Machinery  
& Equipment

Top Investor Countries in R&D in the U.S.  
(by number of projects in 2024)

|   |                |    |
|---|----------------|----|
| 1 | United Kingdom | 51 |
| 2 | Germany        | 37 |
| 3 | France         | 19 |
| 4 | Switzerland    | 15 |
| 5 | Italy          | 5  |



Lifesciences  
& Healthcare



Machinery  
& Equipment



Energy &  
Natural Resources



Software  
& Services



Digital & Electronics  
Technologies

# Examples of European FDI projects in the US



Opening an R&D center in Los Angeles, USA, to develop its 30-seat hybrid-electric aircraft.

SECTOR: AIRCRAFT MANUFACTURER (HYBRID)  
CAPEX: UNKNOWN  
JOBS CREATED: 50  
ANNOUNCEMENT DATE: MAY 2024



UK-based KraftPal opens eco-friendly pallet production plant in California.

SECTOR: PAPER, PRINTING & PACKAGING / SUSTAINABLE MANUFACTURING  
CAPEX: \$75.1 MILLION  
JOBS CREATED: 91  
ANNOUNCEMENT DATE: NOV 2024



New site in Austin for the manufacture and maintenance of its vast fleet of equipment.

SECTOR: INDUSTRIAL EQUIPMENT / CONSTRUCTION MACHINERY  
CAPEX: \$15 MILLION  
JOBS CREATED: 50  
ANNOUNCEMENT DATE: OCT 2024



New electric vehicles manufacturing site in Fort Valley, Georgia.

SECTOR: AUTOMOTIVE MANUFACTURER  
CAPEX: UNKNOWN  
JOBS CREATED: 7500  
ANNOUNCEMENT DATE: JAN 2024



Building a new power transformer factory in Trotwood, Ohio.

SECTOR: ELECTRICAL EQUIPMENT  
CAPEX: \$12 MILLION  
JOBS CREATED: 65  
ANNOUNCEMENT DATE: JUN 2024



Building of a manufacturing and assembly facility at Daytona Beach International Airport in Volusia County, Florida.

SECTOR: AIRCRAFT MANUFACTURER (DECARBONIZED)  
CAPEX: \$175 MILLION  
JOBS CREATED: 1000  
ANNOUNCEMENT DATE: OCT 2024



Several US acquisitions, notably in Florida, of safety and security operators, including innovative solutions with embedded AI.

SECTOR: SAFETY & SECURITY SOLUTIONS  
CAPEX: \$10 TO \$20 MILLION  
JOBS CREATED: 100  
ANNOUNCEMENT DATE: MAR 2024 & SEPT 2024

"MarfoFMA constitutes an end-to-end culinary shop, designed to support airlines focus and thrive in their market. The United States is a key market for us, already representing 60% of our North American revenue, with major American and international clients. However, our sole production facility is currently located in Canada.

Given the importance of the U.S. in our business and to secure the long-term stability of our contracts, we have launched a project to establish a manufacturing footprint in the United States. Our customer-centric approach demands that a local presence will streamline procurement processes, allowing us to reliably navigate an ever-changing environment while providing an unparalleled, value-driven, and excellence-rooted culinary experience to the U.S. market.

This strategic move also responds to the skilled labor shortage in Canada, currently limiting our production capacity. Despite the current economic instability, we are nonetheless moving forward with this project. We continue to view the U.S. as a key growth market and have no plans to change our strategy. By expanding operations to the U.S., we deliver on our promise: reinventing in-flight cuisine by transforming passengers' culinary experiences into a competitive advantage for our clients."

Arnaud Preveraud

General Manager







# Looking Ahead

*"Make your product  
in America and there  
are no tariffs."*

Donald Trump

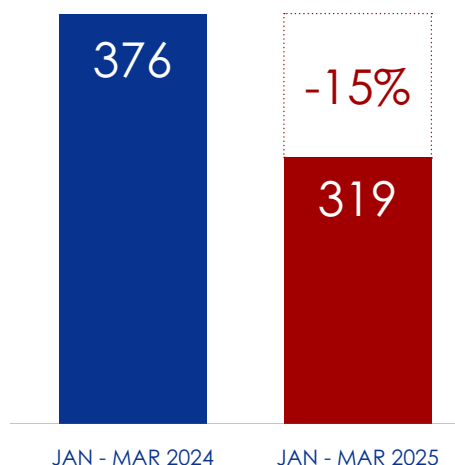
To What Extent Is This  
Strategy Paying Off?

# Early Signals From 2025 Suggest European Investors Are More Cautious

Data for the first quarter of 2025 reveal a slowdown in investment decisions compared to the same period in 2024. This decline reflects a growing wait-and-see attitude among investors, in a context of intensifying economic and geopolitical uncertainty, now also affecting the United States. This climate of instability appears to be weighing on the dynamics of direct investment flows between Europe and the United States, after a year marked by a clearer outlook in 2024.

## Europe → United States

Number of FDI projects from Europe to United States in the first trimester of 2024 and 2025



Sources: FDI Markets



*"Our company operates a factory in Mexico, with production mainly destined for the U.S. So far, reshoring to the U.S. is not on the table. The cost and risk of such a transfer are too high. Faced with uncertainty, we prefer to maintain our existing production model and, for the first time, we are considering Mexico as a consumer market in its own right, as well as a buffer against market volatility elsewhere."*

Industrial Equipment Company

## Early Signals From 2025 Suggest European Investors Are More Cautious



"Our products are mainly made of steel and aluminium, and our whole supply chain is here in Italy, within a radius of 50 km. So we feared that our products would fall into the categories affected by the tariffs. However, fortunately, we do not fall into the categories identified so far, so we are a bit more at ease.

We are considering opening a manufacturing site in the U.S., but not only because of tariffs, even if they have had an accelerator effect. "

Safety Equipment Company



"We are currently building a new plant, and its cost is going to be significantly impacted by the increase in tariffs — something that was not anticipated initially. Given the limited competition in our market, we expect to be able to pass this cost on through our selling prices and maintain our margins. In addition, we are now facing more competition than expected in the labor market, due to an acceleration of certain plant construction projects in our region. This, too, was unforeseen. Once again, we believe we will be able to reflect these additional costs in our pricing."

Pharmaceutical Drug  
Delivery Systems Company



"To mitigate the impact of tariffs, we implemented targeted IT developments on our U.S. marketplace to strengthen domestic, peer-to-peer transactions. The goal is to ensure that U.S. buyers are primarily shown products from U.S.-based sellers, avoiding cross-border flows — especially with China. By promoting a local-to-local model, we've been able to reduce tariff exposure while maintaining a seamless user experience."

Fashion E-commerce  
Company



"The U.S. remains a top priority market, but as long as visibility does not improve, all significant investment projects in the U.S. will remain on hold. We see the same with our automotive clients. "

Engineering Services  
Company



# Three Drivers Shaping Investment Patterns in the Early Days of Trump's Second Term



## 1

### Investment Project Maturity Level

Given the uncertain U.S. context, a clear initial observation arising from our conversations concerns the maturity of investment projects as of Q1 2025:

- Mature or sufficiently advanced projects have been fast-tracked. The goal is to lower the risks of potential tariffs as soon as possible.
- Less advanced projects have largely been put on hold due to uncertainty.

We have not identified any projects that were born out of a reaction to Trump's policy. There is no desire to establish a presence in the U.S. as a direct result of Trump's policy.

## 2

### Cross-border Integration of Supply Chains

The structure of the company and whether its operations are primarily domestic or global also have a significant impact on foreign direct investment strategy:

- Companies with a U.S.-localized supply chain model are making no changes to their investment plans. According to interviews, they still see the U.S. as a top priority market and will continue expanding U.S. operations regardless of the latest transatlantic developments.
- Companies with global supply chain models who had already initiated a regionalization of their supply chain organization as a result of the pandemic are likely to increase investment plans in the U.S. to serve the North American market.
- Companies with long-term sourcing or industrial dependencies on global or regional markets are maintaining their plans as is and are not considering the U.S. as an alternative to their existing production model. They anticipate higher selling prices in the U.S. and a partial reduction in their margin.

## Three Drivers Shaping Investment Patterns in the Early Days of Trump's Second Term

### 3 Sensitivity Depending on the Industry

The impacts vary significantly from one sector to another – this was clearly highlighted through our interviews. The main trends noted are as follows:

| Sector                  | Post-January 2025 Investment Trends  | Influencing Decision Factors   |
|-------------------------|--|--|
| Automotive              | <p>Investment continues in electric vehicles (EV) by OEMs and their suppliers, estimated at \$312 billion in 2025, especially in fiscally attractive states.</p> <p>Investment plans resume in combustion engines with a shift toward hybrids.</p>   | <p>The automotive sector is highly sensitive to tariff risks.</p> <p>Momentum is driven by the IRA and the Infrastructure Investment and Jobs Act, despite the partial rollback of EV tax incentives.</p>  |
| Chemicals               | <p>Investment plans are maintained, although JVs are becoming increasingly popular to mitigate the risks of a market slowdown as a result of tariffs.</p>  | <p>Chemical investors already have strong local U.S. supply chain models and a lower dependency on foreign sourcing markets.</p>   |
| Pharmaceuticals         | <p>European pharmaceutical investors have adopted a more defensive stance: scaling back Greenfield commitments, postponing new projects, and refocusing on M&amp;A to secure U.S. market access.</p> <p>Key states include Massachusetts, California, and New Jersey, with dynamic biotech ecosystems.</p> | <p>Caution mainly stems from executive orders on drug pricing that may reduce margins, and potential sector-specific tariffs under Section 232, increasing regulatory uncertainty.</p> <p>Despite this, the U.S. market remains attractive due to its size, access to private financing, innovation capacity, and sustained profitability.</p> |
| Life Sciences & Biotech | <p>Companies in life sciences and biotech, particularly those with diagnostics, health tech, or med-device capabilities confirm interest in further investing in the U.S. to accelerate clinical access and build scalable biomanufacturing platforms.</p>   | <p>The U.S. market's size, regulatory clarity via the FDA, and sustained investment in health infrastructure make it an attractive base for global players.</p>  |



## Three Drivers Shaping Investment Patterns in the Early Days of Trump's Second Term

### 3 Sensitivity Depending on the Industry

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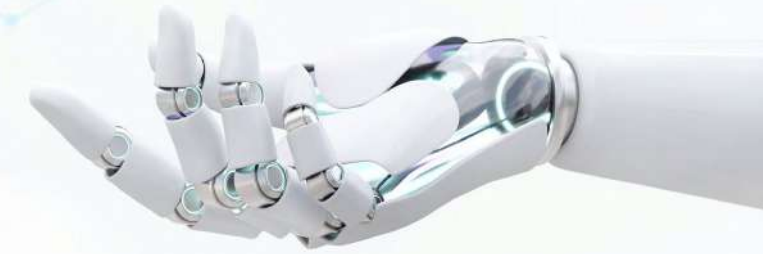
| Sector                        | Post-January 2025 Investment Trends   | Influencing Decision Factors   |
|-------------------------------|---|--|
| Energy                        | European energy investors maintain an active presence in the U.S. with a slight strategic shift. Renewable projects (solar, wind, green hydrogen) continue mainly in states with favourable legislation, such as Texas, California, and Illinois. Some groups adjust plans amid a federal shift favouring fossil fuels (oil, natural gas, LNG).   | The U.S. market remains attractive due to its size and long-term energy transition prospects. State-level subsidies and tax incentives continue to support renewables. Federal uncertainties around the IRA persist. The revival of fossil fuel projects and relaxed environmental rules alter the competitive balance.  |
| Agriculture                   | Investments are becoming more selective, focused on favorable states: emphasis on high value-added segments like agritech, agricultural biotech, water management solutions, and sustainable inputs (organic fertilizers, biostimulants). Mid-market groups pursue production or tech partnerships in Nebraska, Kansas, and Iowa, where land access, local subsidies, and logistics networks remain advantageous. | The U.S. agricultural market remains attractive due to the size of domestic demand, the growing need for sustainable solutions, and public innovation support (e.g., USDA grants, state tax credits) across agri-tech and the green transition. Political changes have revived uncertainties: stricter immigration policies are impacting labour, and renewed protectionist tendencies (tariffs on inputs/equipment) are emerging. |
| Consumer Goods & Distribution | Continued investment projects despite growing risks to U.S. consumer trends. The most dynamic segments include premium food, cosmetics, home equipment, and specialised distribution (concept stores, DNVBs). Several mid-market groups have opened warehouses (notably in the Midwest and Southeast), launched localised e-commerce sites, or partnered with U.S. retail chains.                                 | The U.S. market's attractiveness stems from its size, purchasing power, growing e-commerce, and high valuation of European quality brands. The possible return of protectionist policies (higher tariffs, Buy American) motivates some to localise logistics or assembly. Rising international transport costs and geopolitical tensions reinforce this trend.   |



## Three Drivers Shaping Investment Pattern: in the Early Days of Trump's Second Term

### 3 Sensitivity Depending on the Industry

The impacts vary significantly from one sector to an highlighted through our interviews. The main trends



| Sector                       | Post-January 2025 Investment Trends   | Influencing Decision Factors   |
|------------------------------|---|--|
| Luxury                       | Continued or accelerated investments are increasingly focused on e-commerce and CRM tools to better capture U.S. customers. Digitalisation offsets luxury tourism volatility linked to the political context and temporary immigration restrictions. Physical retail investments target major cities and local high-end clientele, who are less sensitive to economic fluctuations. | Loyal U.S. clientele with low price sensitivity. Anticipated tax cuts under the new administration, combined with expected deregulation across various sectors, including employment, environmental, digital, and e-commerce, create a pro-business climate.                                 |
| Software & IT                | Continued external growth via targeted acquisitions of SaaS companies, cybersecurity, and data management firms. Expansion of sales offices and R&D centers in tech hubs like Austin (TX), Raleigh (NC), and Denver (CO).   | U.S. market size and easier access to tech talent are positive factors. Potentially more attractive corporate taxation under new policies strengthens interest. Increasing U.S. demand for cloud, AI, and cybersecurity solutions fuels growth.  |
| Artificial Intelligence (AI) | Continued investments in the U.S., emphasizing tech partnerships and R&D centres. Focus on industrial, security, and military applications aligned with U.S. strategic priorities and ecosystem opportunities.  | The U.S. market is flexible, mature, and advanced (talent, technology, demand), making it indispensable. However, technology transfer restrictions and geopolitical tensions (notably U.S.-China) require cautious governance, data control, and regulatory compliance from European actors. |
| Business Services            | Maintenance or slight growth in investments, especially via M&A and strategic alliances with U.S. providers. Emphasis on high-value-added services like digital transformation, cybersecurity, and management consulting, reflecting growing US demand for innovative, tailored solutions.  | Low tariff exposure and high U.S. corporate consulting consumption encourage investment. Announced deregulation also supports investment momentum. Uncertainty in the political and economic climate prompts prudent geographic diversification.   |

## Early Signals From 2025 Suggest European Investors Are More Cautious



*"If tariffs were to go into effect, we would have no choice but to absorb them and pass part of the cost on to our customers.*

*At this stage, expanding production in the U.S. is not a viable alternative to our transatlantic supply chain: establishing a new plant would take us four to five years, and we face significant labor shortages.*

*Even then, our workers require two years of training before becoming fully operational. These constraints make relocation neither timely nor feasible as a tariff risk mitigation measure, reinforcing that our current model is essential to ensuring product quality, operational continuity, and a reliable customer experience."*

Industrial Machinery Company



*"Raising capital in the United States has become essential to finance clinical phases, often requiring several hundred million euros. The U.S. market offers a unified regulatory framework through the FDA, which is far more straightforward than in Europe. The environment is more responsive, with a performance-driven investment culture. Despite current uncertainties, this does not call into question the strategic relevance of investing in the U.S. — French biotech companies will ultimately have no choice but to go through the U.S. to scale."*

Biotech Company



*"Many French SMEs face significant challenges complying with U.S. regulations like PCAOB and Sarbanes-Oxley when listing on NASDAQ. With often limited financial resources, adapting to these stringent requirements can be challenging, creating a barrier to expansion in the U.S. As a result, these companies tend to invest less in the American market and favour raising funds in Europe – except when U.S. capital is essential to support more ambitious growth plans."*

Biotech Company

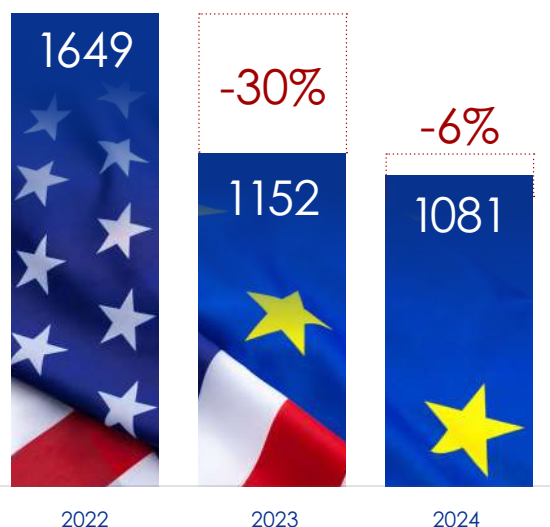
# U.S. FDI into Europe: Highlights



# The Intra-European FDI Engine Does Not Compensate The Loss of U.S. Investments

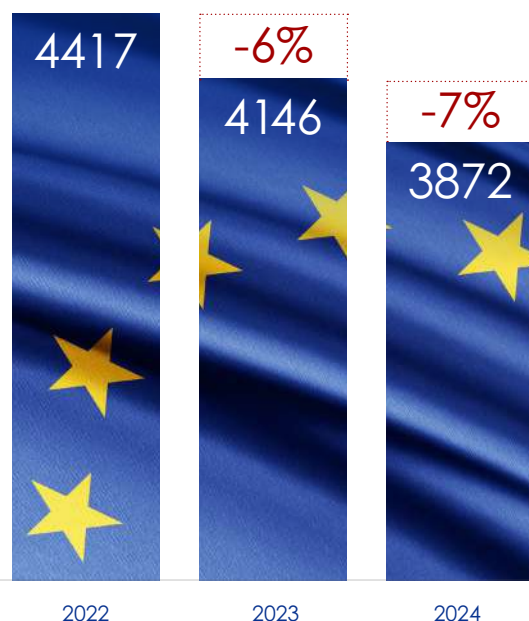
## U.S. → Europe

Number of FDI projects from the U.S. to Europe between 2022 and 2024



## Europe → Europe

Number of intra-European FDI projects between 2022 and 2024



Intra-European investment has historically represented the main source of economic attractiveness for Europe (63% in 2024), accounting for a majority of foreign direct investment (FDI) projects each year. This dynamic reflects the continent's strong economic integration and the driving role European companies play in the development of neighbouring countries. However, this trend is currently experiencing a significant slowdown. The decline in investment between European countries is part of a broader context of a weakening economic environment, marked by geopolitical tensions, persistent inflation, and reduced visibility for businesses.

With such a decline, intra-European FDI cannot offset the decline in projects from the United States, which traditionally constitutes 17% to 23% of FDI into Europe. Europe is therefore facing a dual weakening: the contraction in its intra-European flows is compounded by the slowdown in American investment. In this context, reviving the dynamics of intra-European investment becomes a strategic priority to preserve the competitiveness and resilience of the European economic fabric.

Sources: FDI Markets

## Focus on the Decline of U.S. FDI Projects to Europe (2022–2024):

### Which Activities Are Most Impacted?

The sharp decline in U.S. FDI projects into the EU in the manufacturing (-17%), R&D (-49%), and logistics (-26%) sectors is material. These sectors traditionally generate the largest number of jobs and investment value. This decline reflects a loss of competitiveness in Europe due to rising energy costs, a complex tax and regulatory landscape, and a growing technology gap, despite the availability of a highly skilled workforce.

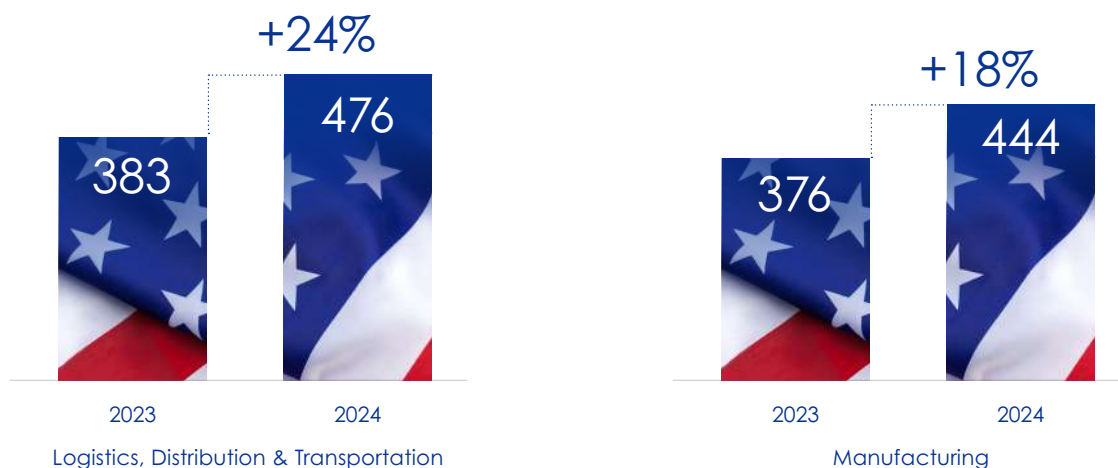
Number of U.S. Investment Projects into Europe by Activity (by number of projects)

| Activities                               | 2022 | 2023 | 2024 | 2022 - 2024 Change (%) | Main Destination                |
|--|------|------|------|------------------------|---------------------------------|
| Business Services                        | 403  | 299  | 276  | -32%                   | United Kingdom, Germany, Spain  |
| Research & Development                   | 282  | 173  | 145  | -49%                   | United Kingdom, Ireland, Poland |
| Manufacturing                            | 150  | 128  | 125  | -17%                   | United Kingdom, Germany, Turkey |
| Logistics, Distribution & Transportation | 112  | 88   | 83   | -26%                   | United Kingdom, Germany, France |

Sources: FDI Markets

# As U.S. Investment into Europe Declines, U.S. Domestic Investment Grows

Number of U.S. Domestic Investment Projects by Activity (by number of projects)



Sources: FDI Markets

As a result, American groups are redirecting their investments towards the domestic market: over the same period, intra-U.S. projects in manufacturing increased by more than 18%, reinforcing the dynamic of industrial relocation to the United States. This trend risks accentuating Europe's industrial and technological disconnect with North America.

*"We've deprioritised our European expansion plans due to economic prospects in the region. We'll focus on our U.S. expansion plans instead, maintain presence in Europe as is, and get ready to resume the day we have more clarity about the growth recovery in Western Europe."*

Chemicals Company

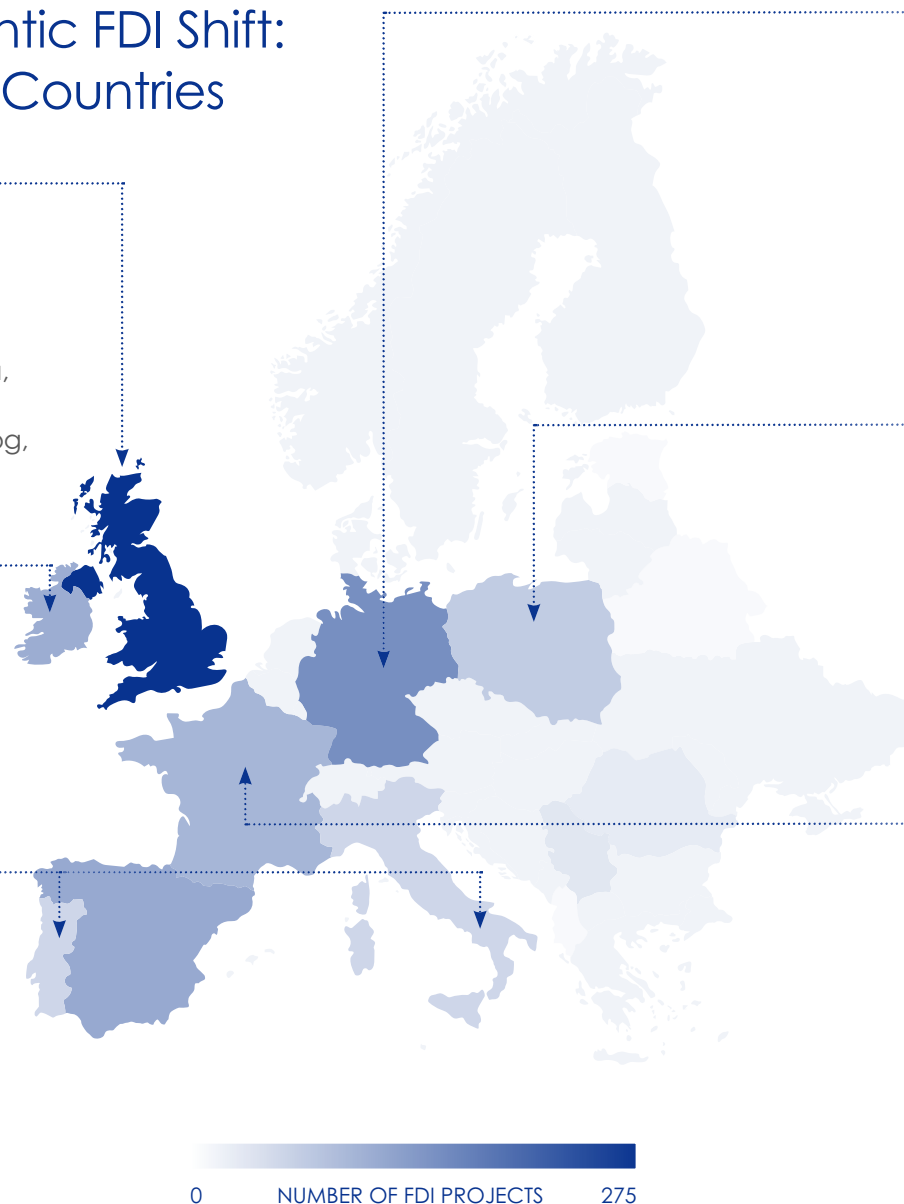


# Impact of the Transatlantic FDI Shift: Europe's Most Exposed Countries

- The United Kingdom remains the most attractive destination for American companies, with 274 projects planned for 2024, unchanged from 2023.
- Factory expansion projects by GE Vernova, Mars, and Alterraeos are emerging, as are new AI R&D centers by Salesforce, Blackfog, and Launchpad.build.

- Ireland fell from 5th place among EU recipients of U.S. FDI, with a 22% drop between 2023 and 2024.
- U.S. investments in R&D and industrial production fell by 50%, showing that tax incentives alone are no longer enough.

- Italy (+21%) and Portugal (+81%) saw strong growth in U.S. FDI projects, benefiting from diversified, resilient economies less exposed to sector-specific downturns.



- Germany experienced a 25% drop in U.S. FDI projects in 2024, reflecting growing investor hesitation.

- The ongoing recession and political uncertainty, amplified by the rise of the AfD, have weakened Germany's attractiveness to U.S. multinationals.

- Despite its strategic location, skilled workforce, and competitive labour costs, Poland saw an 11% decline in U.S. FDI projects.

- This slowdown occurred even though the country remains a key player in sectors such as automotive, electronics, and renewable energy.

- France recorded a 25% decline in U.S. FDI projects in 2024, although their overall share remained stable at 19%.

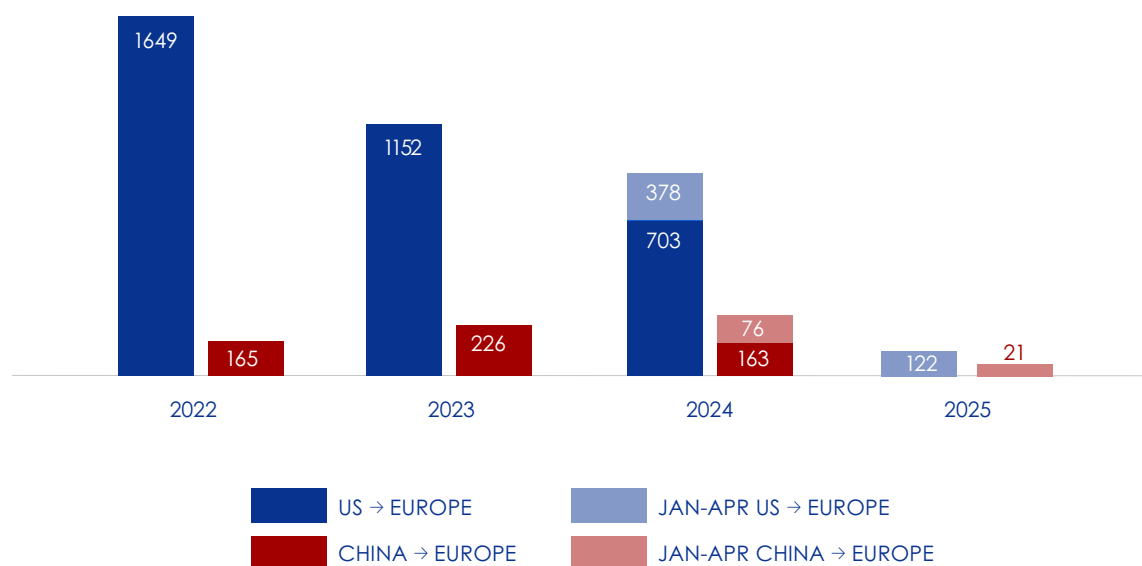
- This decline is due to a 50% drop in the number of R&D and business services projects, in a political uncertainty and fiscal pressures on businesses that are undermining the confidence of multinationals.

Sources: FDI Markets

# Will China Become Europe's New Leading Investment Partner?

The Relationship is Growing, Yet Remains Far Below U.S.-Europe Investment Volumes

Number of FDI projects from United States and China to Europe 2022 to 2024



Sources: FDI Markets

Between 2022 and 2024, investment projects from China to Europe increased by 45%, reflecting renewed interest in the European market. However, despite this notable increase, these projects still represent only 22% of the total volume of American. Chinese investments are mainly concentrated in the technology, manufacturing, logistics and green energy sectors.

"China and the European Union must shoulder their international responsibilities, jointly protect economic globalisation and the business environment, and jointly resist unilateral intimidation.

However...

Europe must assume its responsibilities, strengthen its strategic autonomy, and no longer blindly depend on larger countries. China encourages Europe to overcome its dependency and fully assume its role in the new world order."

Xi Jinping,  
President of the People's Republic of China



# Looking Ahead

What's The Future of  
European Attractiveness  
for U.S. Investors?

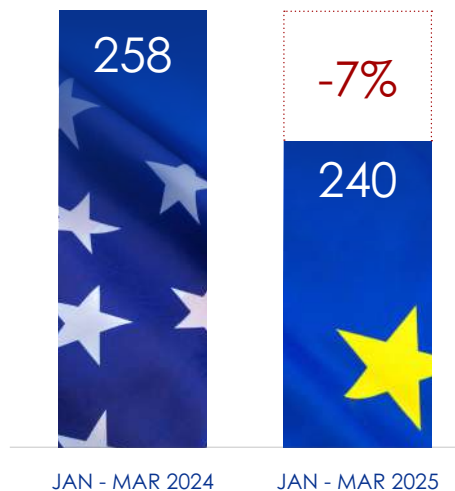


# Early 2025 Signals: U.S. Investment into Europe Continues to Decline

The first investment signals at the start of 2025 suggest further decline in U.S. investment in Europe. This trend, which began in 2024, appears to be continuing in a context of growing economic uncertainty that is pushing many American companies to adopt a wait-and-see stance. Investments are concentrated in digital and electronic technologies, business and financial services, the materials industry, life sciences and healthcare, as well as the machinery and equipment sector.

## U.S. → Europe

Number of FDI projects from the United States to Europe in the first trimester of 2024 and 2025



Sources: FDI Markets

*"There is no significant change in U.S. investment trends toward Europe. American businesses remain distant from Europe, mentally and strategically. U.S. interest also leans toward Asian and mid-sized markets, which may dilute focus on Europe. However, exceptions exist in globally oriented areas, such as Silicon Valley."*

Public Relations company

# Investment in High-Tech and Energy Transition by Large Investors Shows Resilience

New glass recycling facility in Barnsley, UK, to support local circular economy.  
**SECTOR: CERAMICS & GLASS / ENVIRONMENTAL TECHNOLOGY**  
**CAPEX: \$9 MILLION (ESTIMATED)**  
**JOBS CREATED: 25**  
**ANNOUNCEMENT DATE: NOV 2024**



Investment in its facility in Newport to bring new product range capabilities and create new jobs.  
**SECTOR: SEMICONDUCTORS**  
**CAPEX: \$68 MILLION**  
**JOBS CREATED: 130**  
**ANNOUNCEMENT DATE: NOV 2024**



New research hub for artificial intelligence and machine learning in Paris.  
**SECTOR: ARTIFICIAL INTELLIGENCE**  
**CAPEX: UNKNOWN**  
**JOBS CREATED: 300**  
**ANNOUNCEMENT DATE: FEB 2024**



New green hydrogen project in Arteixo, with capacity to store and distribute green hydrogen.  
**SECTOR: RENEWABLE ENERGY**  
**CAPEX: \$49 MILLION**  
**JOBS CREATED: 25**  
**ANNOUNCEMENT DATE: SEP 2024**



New EV battery recycling plant in Zawiercie, Poland, through a US-Polish joint venture named AE Elemental.  
**SECTOR: CLEANTECH / BATTERY SUPPLY CHAIN**  
**CAPEX: \$17.9 MILLION (ESTIMATED)**  
**JOBS CREATED: 71 (ESTIMATED)**  
**ANNOUNCEMENT DATE: APR 2024**



New world's largest installation of an AEM electrolyser stack in a commercially relevant environment in Belgium.  
**SECTOR: RENEWABLE ENERGY**  
**CAPEX: UNKNOWN**  
**JOBS CREATED: UNKNOWN**  
**ANNOUNCEMENT DATE: APR 2024**



New automotive Centre of Excellence in Germany to support autonomous driving tech.  
**SECTOR: ELECTRONIC COMPONENTS / ROBOTICS**  
**CAPEX: \$4.6 MILLION**  
**JOBS CREATED: 14 (ESTIMATED)**  
**ANNOUNCEMENT DATE: APR 2024**



AWS plans to invest between 2024 and 2026 to support more than 15,000 jobs and build cloud infrastructure in Frankfurt region and others.  
**SECTOR: ICT & CLOUD INFRASTRUCTURE**  
**CAPEX: \$8.8 MILLION**  
**ANNOUNCEMENT DATE: JUN 2024**



Initiative in the next two years to expand its hyperscale cloud and AI datacenter infrastructure and provide digital skills training to more than 1 million Italians by the end of 2025.  
**SECTOR: ICT & CLOUD INFRASTRUCTURE**  
**CAPEX: \$3,7 BILLION**  
**ANNOUNCEMENT DATE: JANUARY 2024**



# There is Consensus Around the Recovery Plan: Can Europe Manage to Implement It?

*“Without action, Europe will have to choose between its social model, its sovereignty, and its climate ambitions.”*

Mr. Mario Draghi, Report on the future of European competitiveness

## 1 Innovation Significantly Increase Investment in Innovation

- Double the EU research framework budget (to €200 billion over 7 years).
- Create a European agency for breakthrough innovation (modelled after the U.S. DARPA).

## 2 Borrowing Program Launch a Common European Borrowing Program

- Issue joint EU debt to finance energy and digital infrastructure.
- Target investments in clean energy and semiconductors. Mobilize €750 to €800 billion per year to compete with the United States and China.

## 3 Regulations Reduce Bureaucracy & Harmonize Regulations

- Introduce an optional 28th regulatory regime to bypass national rules.
- Appoint a European Commissioner for Simplification.

## 4 Single Market Strengthen the Single Market

- Remove cross-border barriers for goods and services.
- Unify corporate law for start-ups.

## 5 Strategic Supply Chain Secure Strategic Supply Chains

- Develop a European strategy for critical raw materials.
- Invest in recycling and mining partnerships outside the EU.

## 6 Digital Transformation Digital Transformation & Skills Development

- Crucial need to rapidly upskill Europe's workforce for the digital age.
- Improving digital literacy, vocational training in AI.
- Ensuring that no region is left behind.



“

*"Trump's policies create opportunities in specific markets such as energy or defence, while Europe is working on getting more independent. A key prerequisite for the re-focus thesis is that the European market is still growing and has not yet reached saturation. Most companies expand into new markets due to demand or local incentives, such as programs like the Inflation Reduction Act. The new investment program introduced by the German government could, for example, be a factor increasing market attractiveness. If the market in Europe isn't increasing in attractiveness, investments won't rise."*

Steel and Technology Company





# Methodology

## Our Methodology

- Trade and investment statistics
- OCO – RSM proprietary data
- Qualitative insights gathered through 65 qualitative interviews and business conversations about transatlantic expansion plans

## Acknowledgements

We would like to thank the companies that agreed to be interviewed for this study and allowed us to assess the current state of the transatlantic relationship.

65

Clients and businesses conversations

From EUR 20 million  
to EUR 2 billion

Target range of companies'  
revenue interviewed

### From various sectors:

Industry & Manufacturing  
Energy & Environment  
Health & Life Sciences  
Retail & Consumer Goods  
Technology & Data Solutions  
Finance & Business Services

## The Authors

- EACC:  
Transatlantic Business Network  
that Supports 850 Companies  
with Connections, Resources,  
and Insights on Issues Impacting  
Business Between Europe and  
the United States
- RSM:  
6th Largest Global Audit  
Accounting and Advisory  
Network
- OCO Global:  
Specialist International Trade &  
Investment Consulting Firm

To encourage candidate input and ensure meaningful insights, we committed to keeping participants' identities confidential, except where explicit consent was given to be quoted in this study.



european american  
chamber of commerce

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