SPANISH EXTERNAL SECTOR AND COMPETITIVENESS: SOME HIGHLIGHTS

Summary

- Spain has significantly increased its trade openness in the last two decades.
- Despite the global crisis and increased competition from emerging countries, Spain has barely kept its market share in the international trade of goods and services.
- In 2012, Spanish exports rose by 5.1% and reached the unprecedented amount of 226,114.6 million euro. The pace has increased in 2013, exports rising by 6.6% from January to August and reaching the unprecedented amount of 155,798.5 million euro.
- Import coverage ratio attained 87.66% in 2012, increasing further to 94.9% in 2013 (January-August).
- Non-energy surplus was recorded all through 2012, achieving a total of 13,214.8 million euro. In the first 8 months of 2013 it has achieved a total of 19,669.1 million euro.
- There has been a sharp adjustment of the current account deficit, from -10% in 2007 to -1.12% of GDP in 2012. A current account surplus of 1.43% is expected for 2013, according to the IMF.

- Spain has significantly increased its trade openness in the last two decades. In fact, although the ratio of imports and exports to GDP is still lower than in Germany and the United Kingdom, it is now higher than in France and Italy. This shows the increasing relevance of our external sector.

Source: WTO and IMF
• In the last five years, Spanish exports of goods and services have dramatically risen. They represent 32.5% of GDP today\(^1\), 6.1 p.p higher than in 2007. Thus we have a higher ratio of exports to GDP than Italy, France, and even the United Kingdom. And in the second quarter of 2013 the ratio for Spain has increased further to 33.9% of GDP.

![Graph showing exports of goods and services to GDP ratio for Spain from 2006 to January-August 2013](image)

Source: Eurostat and Ministry of Economy and Competitiveness, State Secretary for Trade

• Spain’s market share in the international trade of goods was 1.6% in 2012 (1.7% in 2011), while other major exporters such as Germany, Japan, Italy, or France reduced their share in higher proportion. Only the US and China have increased their share.

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\(^{1}\) Total GDP for 2012 is still an estimation. Export services in December 2012 are not included yet, so the final rate will most likely be higher
Regarding the trade of services, Spain has reduced its share to 3.1% of total world trade of services, although other major exporters such as France, Germany, Italy, Japan and United Kingdom have recorded a higher cut. As in the previous case, only the US and China have increased their share.

The upward trend in the Spanish exports of services in recent years is not only due to increased tourism, but also to other types of services such as transport, construction or insurance services.

Source: WTO. For all countries except China and United States values are estimated in 2012.
• We now have a trade surplus with some of our main European partners: France (9,222 million euros in 2012 and 7,246 million euros in January-August 2013) Portugal (6,874 million euros 2012 and 4,411 million euros in January-August 2013), United Kingdom (3,777 million euros in 2012 and 4,380 million euros in January-August 2013), Italy (656 million euros in 2012 and 1,458 million euros in January-August 2013) and Austria (136 million euros in 2012 and 151 million euros in January-August 2013). Trade deficit with Germany decreased by 54.2% in 2012 and by 13.2% in January-August 2013.

• Spain is gradually increasing the export/import coverage ratio, from 66.8% in 2008 to 87.7% in 2012 and further up to the unprecedented maximum of 94.9% in 2013 (January-August)

![Spanish coverage ratio](image)

Source: Ministry of Economy and Competitiveness, State Secretary for Trade

• The ongoing geographic diversification of the Spanish exports is one of the main reasons behind the increase of sales abroad. In 2012, there was a spectacular surge in exports to Africa (+30.1%, particularly to Algeria, +38.5% and to Morocco, +28.2%), to Latin America (+14.8%, especially to Chile, +24.9% and to Mexico, +11.5%), to Asia (+12.9, out of which +15.1% to Japan and 11.7% to China), and to North America (+13.1%, notably to the US, +14%).

• During 2013 our exports to the rest of the world are keeping the upward trend. Exports to Africa have gone up by 14.4% (particularly to Algeria by 25.5% and South Africa by 60.2%), to Latin America (+11.7% (especially to Argentina, +30.6%
and to Brazil, 34.6%), to Asia (+16.9%, out of which +26.1% to Indonesia and 20.54% to India)

- Sales to the EU increased slightly by 0.5% in 2012 and dropped by 2.7% to the Eurozone. From January to August 2013, sales to the EU increased by 4.4 percentage points, to the euro area by 2.8% and to the rest of the EU countries by 10.6%. So the EU is still our main business partner with a 61.8% of our exports.

- The most relevant exporting sectors in 2012 were equipment (19.5% of total exports), food (15.2 %), chemicals (14.2%), automobiles (13.6%), and semi-manufactured goods (11.4%). The most dynamic subsectors regarding the increase of their sales abroad have been railway equipment (+22.2%), engines (+12.9%) and manufacturing specific machinery (+12.9%), meat (+12.9%), drinks (12.4%), organic chemicals (+53.5%), fertilizers (+21%) and non-ferrous metals (6.2%).

In 2013 (January-August) the most relevant exporting sectors are the same as in the previous year, namely equipment (21% of total exports), food (15%), automobiles (14%), and chemical products. The most dynamic subsectors regarding the increase of their sales abroad have been ships (+81.8%), aircraft (+81.9%), gas (+76.7%), medicines, (+17.3%), garment (19.3%) and machinery for specific purposes (+31.6%)

- Another factor explaining the good performance of the Spanish external sector is the increase in the export base. Today\(^2\) 136,973 Spanish firms sell products abroad, 11.2% more than in 2012, and 35.1% more than in 2008. What is more, the number of firms that export regularly rose by 2.92% in 2012 reaching 38,341 and changing the previous downward trend (-3.9% in 2011, -1.4% in 2010 and 0.8% in 2009). From January to August 2013, the total number of firms that are exporting is 119,054, 9.8% more than in the same period last year.

\(^2\) January-August 2013.
The outstanding performance of the Spanish trade balance is the main factor to explain the correction of the current account deficit, from roughly -10% in 2007 to -1.12% of GDP in 2012. A current account surplus of 1.43% is expected for 2013, according to the IMF.