



SPANISH EXTERNAL SECTOR AND COMPETITIVENESS: FACTS AND FIGURES

Last revised: November 18th, 2014

1. EXPORT-IMPORT PERFORMANCE

Exports and imports of goods (Customs data)

- In **2013**, exports of goods rose by 5.2% year-on-year (3.8% in 2012, provisional data) and reached the unprecedented amount of 234,239.8 million euro. Conversely, imports fell by 1.3% to 250,195.2 million, due to the domestic demand weakness at that time.
- In **real terms**, exports increased by 5.4% in 2013 year-on-year, due to prices falling by 0.2% (according to unit value index). Conversely, imports rose by 3.1% year-on-year in real terms, since their prices decreased by 4.2%.
- **Export/Import coverage** ratio attained 93.6% in 2013, up from 87.9% in 2012 (provisional data) and almost 30 percentage points (p.p.) higher than in 2008.
- In the **year to September 2014** Spain's exports amounted to 178,390.8 million euros, 1.9% higher than in the same period of 2013. Imports were up by 6.0% year-on-year, totalling 197,245.6 million euros. In **real terms**, exports increased by 2.6%, as export prices fell by 0.7%, and imports grew by 9.9%, as import prices fell by 1.1%.
- In 2013, the good performance of exports and the weak demand of imports resulted in a **positive contribution of the external sector (goods and services) to GDP** of 1.4 p.p. In 2014, according to the Government's Macroeconomic Scenario 2014-2015 (26/09/14) is expected to turn to negative (-0.1 p.p.), due to the progressive recovery of domestic consumption and investment, to return to positive in 2015 (0.2 p.p.).

Sectorial composition

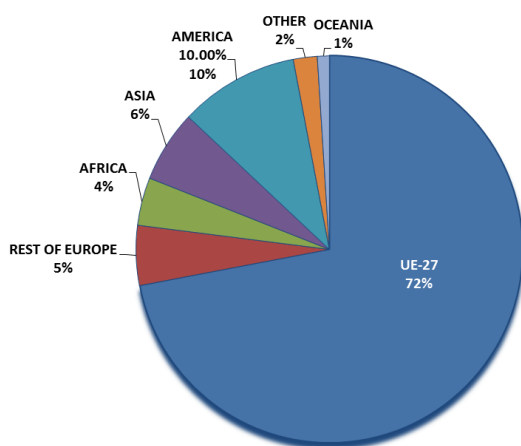
- The main **exporting sectors in 2013** were the same as in the previous year, namely **capital goods** (20.7% of total exports, growth of 10.9%), **food, beverages and tobacco** (15.2% of total, growth of 4.9%), **vehicles** (14.3% of total, growth of 9.7%) and **chemical products** (14.2% of total, 6% growth).
- In terms of their contribution to the total increase, the **main drivers of Spain's exports** growth in 2013 y-o-y were **capital goods** (contributing 2.1 p.p. to the 5.2% increase in total exports), **vehicles** (1.3 p.p.), **consumption goods** (0.8 p.p.), **chemical products** (0.8 p.p.) and **food, beverages and tobacco** (0.7 p.p.)
- In the **year to September 2014**, the **main exporting sectors** were **capital goods** (20.1% of total exports, although fell by 1.7%), **food, beverages and tobacco** (15.3% of total, grew by 4.3%), **vehicles** (14.6%, raised by 6.1%) and **chemical products** (14.2% of total, expanded by 0.9%).



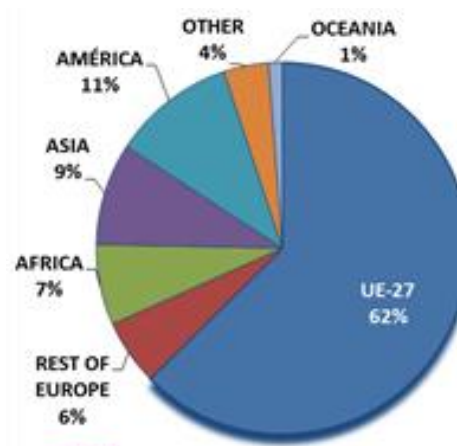
- It is worth noting that the Spanish pattern of exports is increasingly specialized in **medium and high-technology** goods. They represented 53% of exports in 2013, more than in 2012 (51.5%). It is particularly remarkable that **high technology goods** (pharmaceuticals, electronics, optical goods and aircraft and aerospace) have grown by 10.2% in 2013, increasing their share from 9.7% of the total of manufactured goods to **10.1% of the total**
- Regarding **imports**, the main sector in 2013 was by far **energy products** (22.8% of total, although, falling by 7.7% year-on-year), due to Spain's external dependence. **Capital goods** accounted for 17.2% of total imports, growing in 2013 by 1.6%, while **chemical products** represented 15.3% of total (0.5% increase) and **food, beverages and tobacco** 11% of total (1.2% decrease in 2013)
- In the **year to September 2014**, the main imports were again **energy products** (21.7% of total, despite a 2.6% decrease year-on-year), **capital goods** (17.3% of total, growing by 9.6%) and **chemical products** (15.1% of total, 4.9% rise)
- Although we still have a lower degree of diversification than our main European trade partners (Germany, France or Italy), Spain has changed its export mix to a higher degree of sectorial diversification from 2008 to 2013

Geographic analysis

- The **ongoing geographic diversification** of the Spanish exports is one of the main reasons behind the increase of sales abroad. In 2013 our **exports to non-EU** countries grew by 6.1%, keeping the **upward trend** of the last few years. Exports to Africa went up by 8.4% (particularly to Algeria by 11.4% and South Africa by 33.4%), to Latin America by 8.6% (especially to Argentina, 36.3% and to Brazil, 28.9%) and to Asia by 10.3%, (out of which 4.7% increase to China, 12.9% to Thailand and 10.7% to Taiwan)
- As a result, exports to non-EU countries have **increased their share** in Spanish exports from 28% of the total in 2005 to 38% in 2013



2005



2013

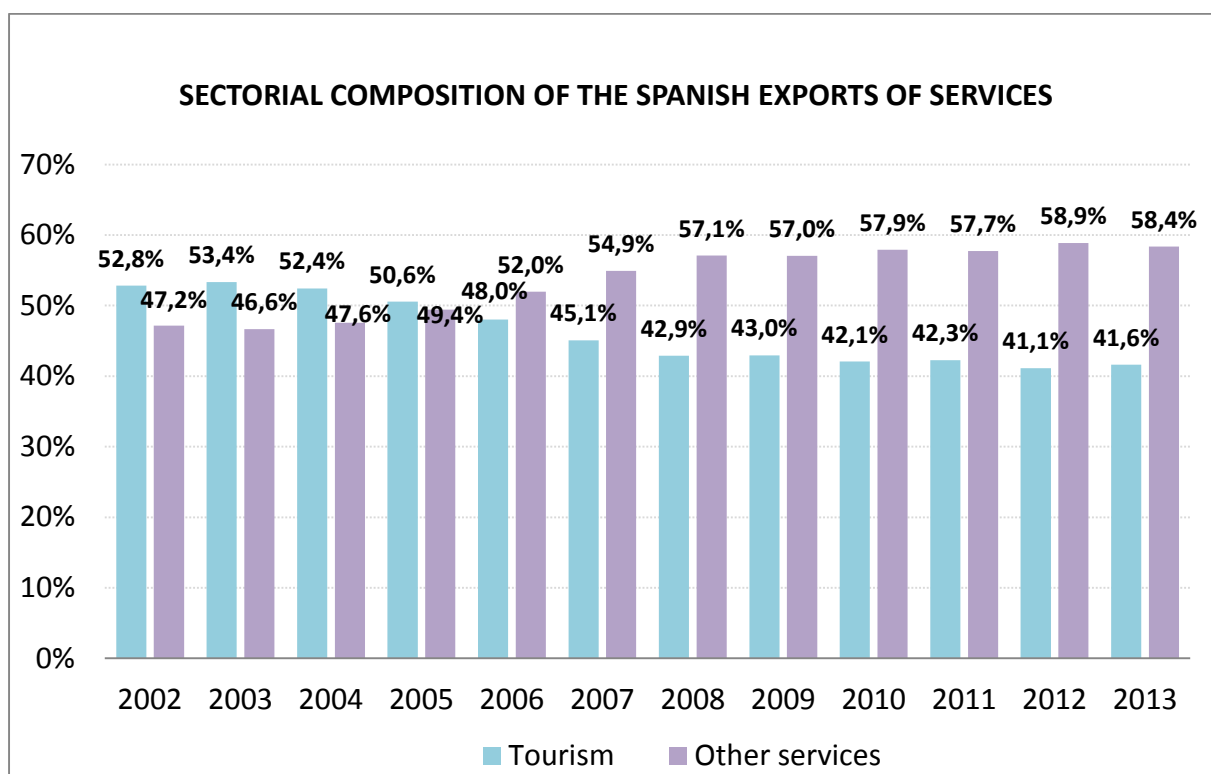
Source: Secretary of State for Trade



- However, thanks to the nascent **recovery in the EU**, Spanish sales to this region increased by 4.7% in 2013, to the euro area by 4.1% and to the rest of the EU countries by 6.8%.
- In the **year to September 2014**, exports to the European Union accounted for 63.7% of total exports, up from 62.2% in the same period of 2013. This weight rise was due to the increasing weight of the euro area to 49.9% (48.6% in the same period of 2013) as well as that of the rest of the European Union to 13.8% (13.5% in the same period of 2013). Exports to the European Union and the euro area grew by 4.3% and 4.5% year-on-year respectively. Exports to the rest of the world accounted for 36.3% of total exports (37.8% in the same period of 2013), decreasing by 2.1% year-on-year.

Sectorial and geographic analysis of exports of services (Balance of Payments, 5th MBP)

- The upward trend in the Spanish exports of services in recent years is not only due to an **increase in tourism** (41.6% of total of services in 2013, growing by 3.9% year-on-year), but also to **other types of services** (58.4% of total of services in 2013, growing by 1.8%), among which services to firms (25.1% of total services in 2013, 1.5% growth), transport (16.1% of total, 2.2% growth), computer services (5.1% of total, 9.3% growth), financial services (3.2% of total, 8.9% growth) and construction (3.2% of total, fall of 10,2%).



Source: Bank of Spain. 5th MBP

- In 2013, 69.3% of Spanish exports of services were to the European Union, out of which 43.3% of total exports to the euro area, 21.3% to the United Kingdom, and 8.8% to the rest of Europe. Other destinations for our exports of services were North



and Central America (10.3% of total), South America (4.4% of total) and Asia (4.1% of total).

Exports of goods and services/GDP

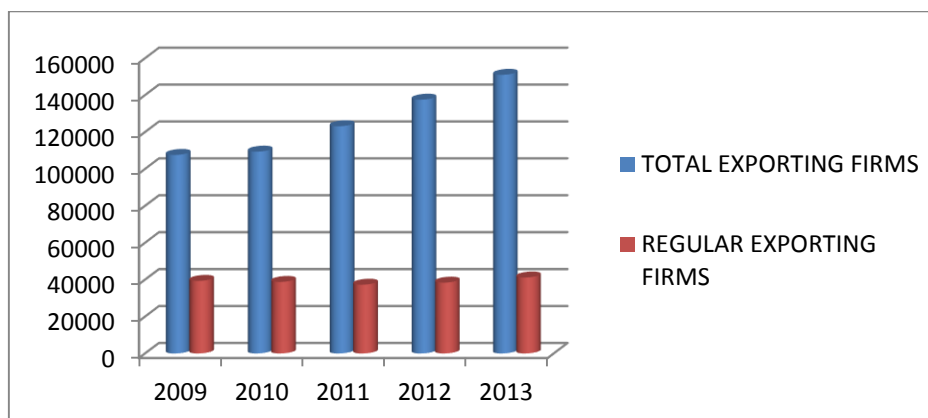
- In the last six years, Spanish exports of goods and services have dramatically risen their importance in GDP. According to Eurostat, Spanish exports of goods and services reached 34.1% of GDP in 2013, 7.6 p.p. higher than in 2008, and more than in the United Kingdom, Italy or France



Source: Eurostat (ESA 1995)

2. EXPORT-ORIENTED COMPANIES FEATURES

- Another factor explaining the good performance of the Spanish external sector is the **increase in the export base**. In 2013, 150,992 Spanish firms sold products abroad, 10.2% more than in 2012, and 48.9% more than in 2008. What is more, the number of firms that **export regularly rose by 7.3%** in 2013 and reached 41,163, reversing for the second year in a row the previous downward trend (-3.9% in 2011, -1.4% in 2010 and -0.8% in 2009).
- From **January to September 2014**, the number of exporting firms declined slightly, falling by 1.4% year-on-year. However, regular exporting firms have performed better, increasing by 11.0% year-on-year.



Source: ICEX

- The average size of export-oriented companies' operations has risen. In 2013, there were 570 companies exporting more than 50 million euros, whereas in 2010 there were only 479.

Annual amount of exports	EXPORTING FIRMS BY ANNUAL AMOUNT OF EXPORTS									
	2010		2011		2012		2013		January-September/2014	
	Num. Firms	Amount '000 €	Num. Firms	Amount '000 €	Num. Firms	Amount '000 €	Num. Firms	Amount '000 €	Num. Firms	Amount '000 €
<5,000 €	46.618	67.673	58.612	69.790	67.837	77.825	78.734	87.271	63.659	67.452
% of total	42,6	0,0	47,6	0,0	49,3	0,0	52,1	0,0	50,9	0,0
5.000€ - 25.000€	20.801	245.007	21.587	251.967	24.415	282.752	26.062	301.677	19.667	231.072
% of total	19,0	0,1	17,5	0,1	17,8	0,1	17,3	0,1	15,7	0,1
25.000€ - 50.000€	6.763	240.410	6.803	242.966	7.522	267.555	7.622	269.410	6.402	228.397
% of total	6,2	0,1	5,5	0,1	5,5	0,1	5,0	0,1	5,1	0,1
50.000€ - 500.000€	17.826	3.451.979	17.880	3.470.592	19.057	3.703.677	19.462	3.721.212	18.446	3.589.928
% of total	16,3	1,8	14,5	1,6	13,9	1,6	12,9	1,6	14,8	2,0
500.000€ - 5 Mill.€	12.983	21.632.188	13.589	22.794.600	13.868	23.186.998	14.177	23.656.812	12.854	21.318.127
% of total	11,9	11,6	11,0	10,6	10,1	10,3	9,4	10,1	10,3	12,0
5 Mill.€ - 50 Mill.€	3.893	55.158.367	4.116	59.222.277	4.258	60.947.379	4.365	62.619.563	3.588	49.935.358
% of total	3,6	29,5	3,3	27,5	3,1	27,0	2,9	26,7	2,9	28,0
50 Mill.€ - 250 Mill.€	402	39.971.817	452	45.095.696	476	47.483.970	469	46.876.535	357	35.478.675
% of total	0,4	21,4	0,4	21,0	0,3	21,0	0,3	20,0	0,3	19,9
>250 Mill.€	77	66.012.631	89	84.082.483	95	90.164.439	101	96.707.319	74	67.541.826
% of total	0,1	35,3	0,1	39,1	0,1	39,9	0,1	41,3	0,1	37,9
TOTAL	109.363	186.780.071	123.128	215.230.371	137.528	226.114.594	150.992	234.239.799	125.047	178.390.834

Source: ICEX

3. COMPETITIVENESS

Price-based competitiveness indices

- In 2013, according to Eurostat, the average inflation rate in Spain and in the EU-28 was 1.5%, while in the euro area (18 countries), it was 1.3%. The gap between Spain's inflation rate and the EU's was reduced for the third year in a row.
- The index of Manufactured Goods Export Prices fell by 1.9% in Spain in 2013. There was also a downward trend of this index in Germany (-0.6%), in France (-0.6%) and in the Netherlands (-1.1%), while it increased in the United Kingdom (+0.6%) and in Italy (+1.1%). Therefore, there has been a gain in competitiveness of Spain's manufactured goods exports.



- According to the Quarterly Report on Competitiveness Trend Indices of the Ministry of Economy and Competitiveness, the latest data show an increase in competitiveness in the third quarter of 2014 compared to the same quarter of the previous year vis-à-vis the EU-28 (-1.2%) and the euro area (-0.9%) thanks to the favourable evolution of consumer prices in Spain compared to these countries. In the first nine months of 2014, Spain also gained competitiveness against the two zones (-0.8% and -0.7% respectively), thanks to a lower inflation compared to the average of the countries in the two regions. Vis-à-vis the OECD countries and the emerging economies (BRICS), Spain has also increased its competitiveness in the third quarter (-1.4% and -2.1% y-o-y respectively) due to a lower inflation, since the euro appreciated y-o-y, although to a much lesser extent than in the previous quarters. However, in the year to September 2014, Spain lost competitiveness (0.8% and 2.6% y-o-y respectively) due to the stronger appreciation of the euro in the first half of the year, which could not be entirely compensated by gains obtained through lower inflation.

Exchange rate competitiveness

- The appreciation of the euro against the main currencies has undoubtedly had a certain impact in the Spanish exports, although it has also helped to make our imports cheaper. Particularly, it has contributed to reduce our expenditure in energy imports, which accounted for 22.8% of our imports in 2013 and explain most of the external trade deficit. However, in the recent months the euro has shown signs of weakness against the currencies of Spain's major trading partners.
- Additionally, the falling Unit Labour Costs in Spain, is helping to gain competitiveness and to lower export prices. Unit Labour Costs went down by 1.6% in 2013, as a result of wage moderation (0.7 increase in 2013) and specially of increases in productivity (+2.3% in 2013)
- The rising productivity is explained not only by labour shedding, but as a result of gains in Total Factor Productivity. In this sense, the European Commission (source AMECO) show that TFP is increasing in Spain (+0.8% in 2013, while it is going down in the EU-28 (-0.05% in 2013), in Germany (-0.17%), in France (-0.20%), or in Italy (-0.72%)

Market share – based competitiveness indicators

- According to the latest data of the WTO, **Spain increased its quota** in international trade of goods in 2013, **to 1.68%** (1.60 in 2012), **reaching position 18** in the general ranking, up from position 20 last year.

	Quota in international trade of goods			Ranking 2013
	2011	2012	2013	
China	10.4	11.1	11.8	1
US	8.1	8.4	8.41	2
Germany	8.04	7.63	7.73	3
Japan	4.49	4.34	3.81	4
France	3.25	3.09	3.09	6
United Kingdom	2.76	2.77	2.88	8
Italy	2.86	2.72	2.76	11
Spain	1.67	1.60	1.68	18

Source: WTO



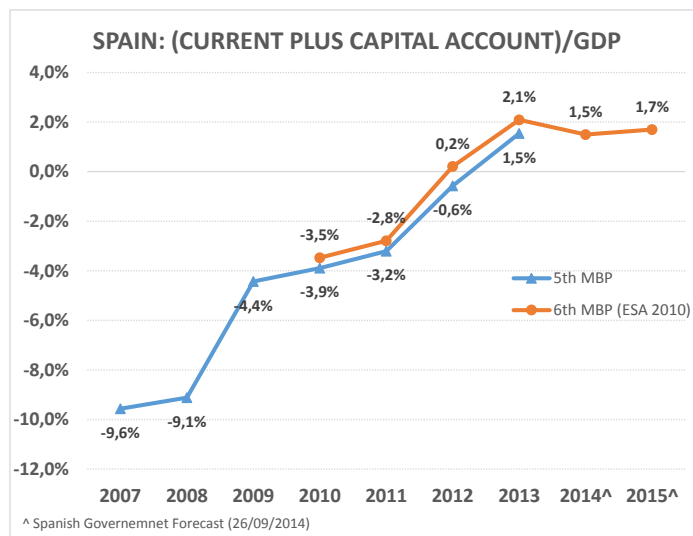
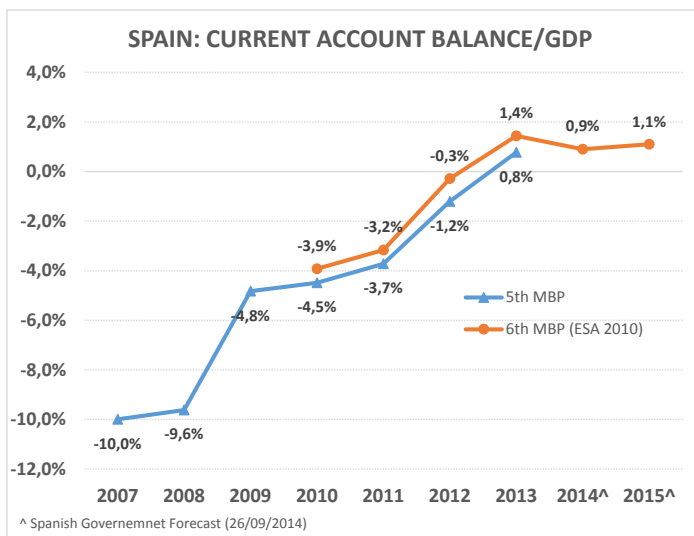
- Regarding the trade of services, in 2013 Spain has kept **its 3.1%** share in the world trade of services, but has **gone up one position in the ranking, becoming 7th**.

	Quota in international trade of services			Ranking 2013
	2011	2012	2013	
US	13.94	14.38	14.32	1
United Kingdom	6.83	6.58	6.27	2
Germany	6.26	6.06	6.20	3
France	5.47	4.92	5.05	4
China	4.10	4.35	4.48	5
India	3.22	3.32	3.30	6
Spain	3.32	3.13	3.12	7

Source: WTO

4. TRADE BALANCE/CURRENT ACCOUNT

- 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 -1.2% of GDP in 2012 with 5th MBP data, -0,3% of GDP with 6th MBP data (ESA 2010). In 2013, **current account balance, attained a surplus of 1.4% of GDP** (6th MBP, ESA 2010), the first surplus since 1987.
- The services balance has also played a positive role in the last few years.
- The aggregate balance of the capital account and the current account in 2013 shows Spain's **net lending capability vis-à-vis the rest of the world of 21,965 million euros, 2.1% of GDP** (6th MBP, ESA 2010), in sharp contrast with the borrowing needs of 37,494 million euros, -3,5% of GDP (6th MBP, ESA 2010) recorded in 2010.
- In the **year to August 2014**, the current account balance has recorded a 4,586 million euro deficit (8,677 million euro surplus in January-August 2013), this result is mainly due to the reduction of the balance of goods and services surplus and, to a lesser extent, the increase of the primary and secondary income balance deficit. Thus, in the first eight months of 2014, Spain registered a net borrowing need of 909 million euro, compared to a net lending capacity of 13,280 million euro in the same period of 2013.
- However, the forecast of the Spanish Government (26/09/14) is to attain a current account surplus of 0.9% of GDP in 2014 (1.1% 2015), and to achieve a lending capacity vis-à-vis the rest of the world of 1.5% of GDP in 2014 (1.7% in 2015).



Source: Secretary of State for Trade with data of Bank of Spain and National Statistics Institute (INE).
Forecasts: Macroeconomic scenario 2014-2015, September 26th 2014. ESA-2010

APPENDIX: MAIN FORECASTS FOR SPAIN

% annual change (unless otherwise indicated)	Exports of goods and services		Imports of goods and services		Current account bal. (% GDP)		Net lending vis-à-vis ROW (% GDP)		External sector cont. GDP (*)		Domestic demand cont. GDP (*)		GDP	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Spanish Gov.¹	3.6	5.2	4.4	5.0	0.9	1.1	1.5	1.7	-0.1	0.2	1.4	1.8	1.3	2.0
IMF²	4.1	5.5	4.2	4.5	0.1	0.4	0.9	1.1	0.1	0.5	1.3	1.2	1.3	1.7
EC³	3.8	4.9	4.8	5.1	0.5	0.7	1.0	1.2	-0.2	0.0	1.4	1.6	1.2	1.7
OECD⁴	3.7	5.9	4.3	5.2	0.6	0.7	-	-	-0.1	0.4	1.3[^]	1.2[^]	1.2	1.6^{^^}
Bank of Spain⁵	4.6	5.9	4.7	4.5	-	-	1.3	1.6	0.1	0.6	1.2	1.4	1.3	2.0

(*) Contribution to GDP growth in percentage points.

[^] Calculated by subtracting the real GDP growth, the contribution of net exports and stockbuilding (one decimal place).

^{^^} 1.7% en 2015 according to Preliminary November 2014 OECD Economic Outlook database (6/11/14).

[1. Macroeconomic scenario 2014-2015, September 26th 2014 \(ESA 2010\)](#)

[2. World Economic Outlook, October 2014](#)

[3. European Com. European Economic Forecast, Autumn 2014. November 2014 \(ESA 2010\)](#)

[4. Economic Survey of Spain 2014, September 2014](#)

[5. Boletín Económico, July-August 2014. Update](#)