



Article

Activity & growth

Spain: diversify and you will export

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The foreign sector is becoming increasingly prominent. Its performance over the last few years has been helping to cushion the impact of the crisis and correct external imbalances more quickly. The balance of goods and services, for example, has gone from recording a deficit of 71 billion euros in 2008 to a surplus of 11.3 billion in 2012. In the first few months of the year, this trend does not look like running out of steam and the surplus has already reached 15.4 billion euros. What is the Spanish foreign sector's secret of success? And, especially, is it sustainable?

After world trade plummeted in 2009, in one year Spanish exports recovered the ground lost and continued to grow at a more than considerable rate in 2011 and 2012. This sharp growth is being helped largely by the notable improvements in competitiveness over the last few years. It is precisely in those countries against which Spain is gaining the most competitiveness where its exports have increased the most. Advantage is being taken of this situation to diversify exports, both in

terms of geography and product.

Regarding greater geographical diversification, of note is the loss in relative weight of exports to the euro area in favour of new destinations. In 2012, exports of goods towards the euro area accounted for 49.6% of the total, compared with 60.1% in 2004. This is the result of the poor performance by exports of goods towards euro area countries, down by 2.7% last year, combined with the impressive advance in sales towards Africa, America and Asia, up by 30.6%, 14.1% and 11.9%, respectively. This trend shows no sign of running out of steam in 2013 and industrial orders from outside the euro area have actually speeded up over the last few months.

The greater diversification of the products exported is also highly significant. Perhaps the clearest example has occurred in exports of non-tourism services. The relative weight of tourism and non-tourism services was similar in 2005 but the growth in exports of services provided to foreign firms, financial, computing, transport and construction services, has meant that, today, the figure for non-tourism is now 50% higher. The stereotypical image of Spain only exporting tourism will gradually disappear over time.

This leading role being acquired by the foreign sector seems to be well-deserved, at least at present. Whether it continues to play a key part, opening new markets and diversifying its range of products, will largely depend on whether further improvements are made in the economy's competitiveness.

Tags

Foreign sector

Spain

