

New momentum in the export sector

The export sector is one of the main protagonists of the recovery of the Spanish economy. Two figures illustrate this very well: between 2009 and 2017, exports of goods and services increased from 22.7% of GDP to 34.5% of GDP, and the number of companies that export on a regular basis increased by nearly 50%.

However, in recent quarters, the momentum that the export sector provides the Spanish economy seems to have weakened: exports of goods and services have gone from growing by 4.7% on average between 2013 and 2017 to 2.3% in Q2 2018. Part of this slowdown can be attributed to the decreased momentum of the global economy and particularly to the slowdown of Spain's main trading partners, the countries of the euro area. Despite this difficult situation, the number of Spanish companies that look abroad in search of new markets continues to grow.

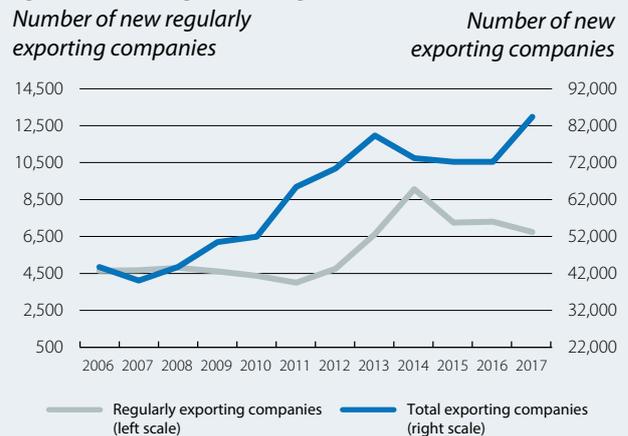
As can be seen in the first chart, the sharp increase in the number of exporting companies observed since the beginning of the financial crisis was followed by a notable rise in the number of companies that export on a regular basis.¹ This is far from trivial. The international market is highly competitive and the first few years in the internationalisation process of a company are key: only those companies that manage to survive this period are usually able to remain in the international market.

Analysing recent trends of Spanish companies that make the leap into the international market in a little more detail, two elements stand out, one negative and another that provides hope. The less favourable element is the fact that the proportion of new exporting companies that have managed to carve out a niche for themselves in the international market has fallen slightly in the last few years. In particular, the survival rate of new exporting companies was surprisingly high between 2009 and 2014, as the sharp increase in the number of new export companies was accompanied by an increase in their survival rate, which went from 11% on average in the years prior to the financial crisis to 14% in 2014.² However, in recent years this rate has been falling, reaching 9.2% in 2017.

The second element to highlight is the notable rise in the number of new export companies that can be seen

in 2017. Specifically, this figure went from 72,000 new export companies in 2016 to more than 82,000 in 2017. This represents an increase of 14%, similar to that observed between 2010 and 2014, only this time with a significantly higher starting point. Thus, if the survival rate remains at current levels, the number of new regular export companies could exceed 8,500 within the next few years, which would be a new record. Nevertheless, there is an element that suggests caution. In particular, the bulk of the growth among new export companies is concentrated in the countries of Latin America, a region in which the survival rate has generally been somewhat lower.³ In contrast, the number of new export companies expanding into EU countries, where the survival rate tends to be higher, has declined slightly.

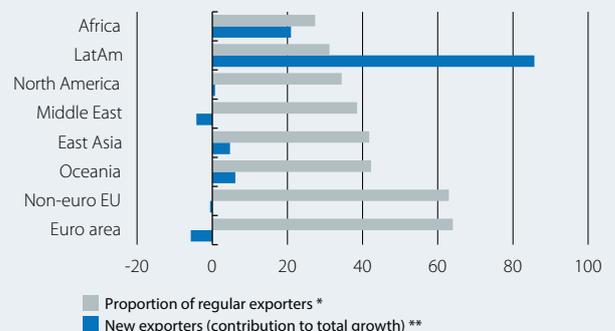
Spain: new export companies



Source: CaixaBank Research, based on data from the Department of Customs.

Spain: new exporters and regular exporters by geographic destination

Period 2015-2017 (%)



Notes: * Fraction of companies that have been exporting for four years over the total number of exporting companies three years ago (data referring to 2017). ** Change in the number of export companies that export to each destination compared to the total change in the number of companies between 2015 and 2017.

Source: CaixaBank Research, based on data from the Department of Customs.

1. Regular exporters are companies that export for four years in a row.
 2. The survival rate is defined as the proportion of new regularly-exporting companies in year *t* in relation to the total number of new export companies in year *t-3*.
 3. Although we do not have direct data on the survival rate of export companies by export destination, the proportion of regularly exporting companies (i.e. the fraction of companies that have been exporting for four years over the total number of exporting companies three years ago) suggests that this is the case.