Tariffs

Tariff tensions and reconfiguration of trade flows: impact on Spain

The US' tariff hikes of between 10 and 20 pps should have a limited impact on the Spanish economy, less than in other advanced economies, but some sectors could be more affected. Among the most exposed sectors, we find many of the branches of manufacturing and the mining and quarrying industry, either directly due to their trade links or indirectly due to the increase in uncertainty and weakening global growth. Although less exposed overall, services will also face challenges, especially those that are more export-oriented, capital-intensive or which form part of industrial value chains. Given this scenario, Spanish companies will have to adopt different mitigation strategies, either through direct investment in the US in order to sell their products there, or by seeking alternative markets, including the regions with which the EU is deepening its trade relations. A scenario with a sudden decoupling between China and the US would entail a more pronounced global slowdown and the risk of a sharp increase in competition, which would affect the consumer goods sector in Spain to a greater extent.

The US' protectionist shift will have significant repercussions for the global economy, as the IMF warned in its latest World Economic Outlook report. Although the impact on the Spanish economy is estimated to be contained and much lower than in other advanced economies, some economic sectors could be more affected. In this article, we analyse the different channels through which an increase in tariffs could impact the various sectors of the Spanish economy, and we assess the possible mitigation strategies that can be implemented.

IMPACT CHANNELS OF INCREASED TARIFFS

CaixaBank Research

CHANNEL		METRIC	MOST AFFECTED BRANCHES OF MANUFACTURING	OTHER SECTORS MOST AFFECTED
TRADE	Exposure to trade with the US (direct and indirect).	Gross value added of global exports of goods to the US.	Pharmaceuticals, metallurgy, construction, chemicals, machinery and equipment.	Mining and quarrying, trade, transportation and administrative services.
GLOBAL SLOWDOWN	Lower international demand for the most export-oriented sectors.	Export intensity (exports as a % of GVA).	Automotive, refining, chemicals, pharmaceuticals, machinery manufacturing.	Transportation and logistics, information, professional, scientific and technical activities.
UNCERTAINTY	Postponement of investment decisions.	Investment intensity (investment as a % of GVA) and volatility of investment.	Paper, pharmaceuticals, metallurgy, automotive.	Mining and quarrying, transportation and storage.
RECONFIGURATION OF TRADE FLOWS	Excess supply of products not absorbed by the US	Combination of the tariff applied and the similarity of exports to the US with imports from the rest of the world.	Consumer goods, machinery and equipment.	

Source: CaixaBank Research.

The measures announced on 2 April by the Trump administration entailed a substantial increase in the effective average tariff applied by the US on Spanish imports following the imposition of a «reciprocal tariff» of 20% on products coming from the EU. However, a week later, this decision was suspended for 90 days, during which period a universal tariff of 10% has been applied to all countries with the exception of China, in addition to the 25% previously in force on steel, aluminium and the automotive sector. In any event, the outlook for tariffs remains highly uncertain, so the final impact is difficult to estimate, as it not only depends on the tariffs that are finally imposed on the EU, but also those imposed on other countries and the countermeasures that the countries concerned may take in response.[6] Moreover, the evolution of key economic variables, such as the exchange rate and the elasticity of demand from US importers to the tariff hikes, will also be decisive for the final impact on trade flows.

(6) For example, different reciprocal tariffs that vary from country to country, rather than a universal tariff, can alter relative prices between countries and affect each economy's final competitive position.

Trade channel: Spain's exposure to trade with the US is relatively low

In 2024, exports of Spanish goods to the US represented 1.1% of GDP, compared to 3.2% for the EU.[7] If we take into account both direct and indirect exports (i.e. what we export to other countries which in turn ends up being exporting to the US), only 1.3% of the value added generated in Spain ends up being sold in the US (0.8% as direct exports and the remaining 0.5% through exports from other countries to the US).[8] Overall, therefore, the Spanish economy's exposure through the trade channel is relatively low.

In addition to the direct effect for firms that export directly to the US, the tariffs also affect other sectors of the economy through global value chains and exports from other countries to the US.

The degree of exposure varies widely from sector to sector, and in some cases it is significantly higher than for the economy as a whole. The table on the following page shows the sectors with the highest percentage of value added generated in Spain that depends on global exports to the US, including:

- Some **branches of the manufacturing industry** such as the pharmaceutical sector (8.3% of the sector's value added ends up in the US as its final destination), metallurgy (6.1%), construction (6.0%), chemicals (5.5%) and machinery and equipment (4.9%).
- The **mining and quarrying industry** also shows significant exposure (3.0%).
- In contrast, **agriculture** has a relatively low exposure to the US as a whole (2.4% of the sector's value added), although some products appear to be more exposed, such as olive oil, wine and some canned vegetables.[9]
- Services generally have a low exposure through the trade channel, although in some cases, such as **trade, transportation** and **administrative services**, the exposure is higher than the economy average. These data highlight the complexity of global value chains and the critical role of service activities as providers of the necessary inputs in manufacturing processes.

(7) Exports of goods to the US accounted for 4.7% of the total exports of Spanish goods. For details of the products exported, see the article «The importance of the trade in goods between Spain and the United States» published in the *Monthly Report* of December 2024.

(8) Data for 2023, estimated using data from the ICIO/TiVA tables for 2019 and updated with trade flows from COMTRADE. For an explanation of the value-added data, based on the inter-country input-output tables produced by the OECD, see the article «Exposure of the European economy to a US tariff hike: a perspective through values chains», published in the *Monthly Report* of January 2025.

(9) In 2024, 16.5% of the olive oil that Spain exported went to the United States (the second largest market after Italy). In fact, Spain was the leading source country for US imports of olive oil, at more than 1 billion euros. See «Bilateral Special Report: United States 2024», Ministry of Agriculture, Fisheries and Food (MAPA, content available in Spanish).

Sectoral Observatory

Spain's exposure to global exports of goods to the US

CNAE code	Sector	Exposure to the US(1)	Exporting country(2)	
			Spain	Rest
A	Agriculture	2.4	1.9	0.6
B	Mining	3.0	2.0	1.0
C	Manufacturing	4.9	3.5	1.4
D	Electricity	1.3	0.8	0.5
E	Sanitation	2.3	1.3	1.0
F	Construction	0.3	0.2	0.1
G	Trade	1.7	0.7	1.0
H	Transportation	1.6	0.7	0.9
I	Accomm. & food serv.	0.2	0.1	0.1
J	ICT	0.7	0.2	0.5
K	Financial serv.	0.6	0.3	0.3
L	Real estate serv.	0.3	0.1	0.1
M	Professional serv.	1.0	0.4	0.6
N	Administrative serv.	1.7	0.8	0.8
O	Gen. government	0.3	0.1	0.1
P	Education	0.1	0.1	0.1
Q	Health	0.1	0.1	0.1
R	Entertainment	0.4	0.2	0.2
S	Other services	0.6	0.3	0.3
	TOTAL	1.3	0.8	0.5

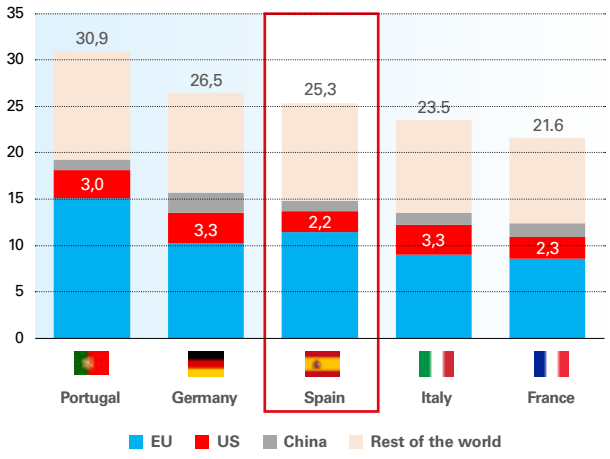
SERVICES

CNAE code	Manufacturing branch	Exposure to the US(1)	Exporting country(2)	
			Spain	Rest
10-12	Food products	2.0	1.7	0.3
13-15	Textiles	2.9	2.1	0.8
16	Timber	4.1	3.1	1.0
17-18	Paper	3.0	2.0	0.9
19	Refining	5.4	4.6	0.8
20	Chemicals	5.5	3.4	2.1
21	Pharmaceuticals	8.3	6.9	1.5
22	Rubber & plastic	4.4	2.7	1.7
23	Construction	6.0	5.1	0.9
24	Metallurgy	6.1	2.8	3.3
25	Metal products	4.0	2.4	1.6
26	Computer products	2.7	1.7	0.9
27	Electrical equipment	4.7	3.2	1.4
28	Machinery & equipment	4.9	3.6	1.3
29	Automotive	3.9	2.2	1.6
30	Other transportation	3.7	2.1	1.6
31-33	Other manufacturing	1.9	1.4	0.5

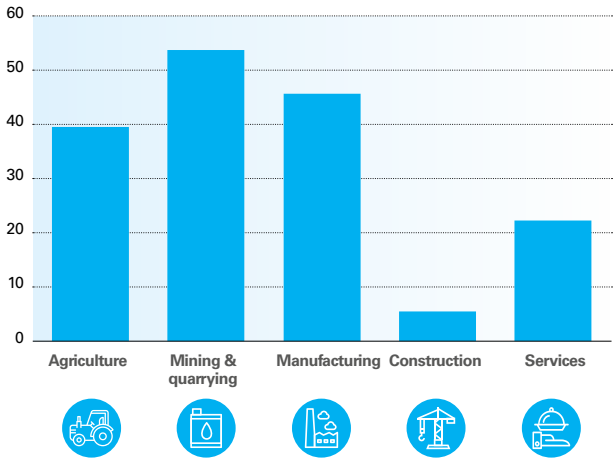
Notes: The data in the first table correspond to 2023, estimated using data from the ICIO/TiVA tables for 2019 and updated with trade flows from COMTRADE. The data in the second table (manufacturing branches) are from 2019. (1) Exposure to the US measures the percentage of value added produced in Spain that is incorporated into global exports to the US, as a percentage of the total value added of each sector. (2) The exporting country breaks down the total exposure between direct exposure (exported from Spain) and indirect exposure, distinguishing exports from other EU countries and those from the rest of the world.
Source: CaixaBank Research, based on data from the OECD, Comtrade and Eurostat.

Finally, the impact of the trade tensions on domestic employment could be significant: 25.3% of employment in Spain depends on final foreign demand, including tourism. Although only 2.2% of employment is linked to final US demand, this percentage is somewhat greater than that of the exposure in terms of value added (1.3%). Again, compared to other countries, the exposure in terms of employment is lower in Spain than in other countries such as Germany or Italy (3.3% of domestic employment depends on final US demand). Within Spain, the differences between sectors are significant: the mining and quarrying industry, manufacturing and agriculture are the most exposed, while services and especially construction have less external dependence.

Domestic employment dependent on final foreign demand
(% of total employment in the domestic country)



Spain: employment in each sector that depends on foreign final demand
(% of the total employment in each sector)



Notes: The chart shows the percentage of employment in each country that depends on final demand in the destination countries (the EU, the US, China and the rest of the world). Data for 2019.
Source: CaixaBank Research, based on data from the OECD.

Indirect channels: global slowdown, uncertainty and financial conditions

In addition to the trade channel, the Spanish economy and its sectors could be affected by several indirect channels that might amplify the initial shock of the tariff hikes. These include, first of all, the deterioration of the global economic outlook, which could affect more export-oriented sectors to a greater extent. Secondly, they include the heightened uncertainty, which often leads to a postponement of business investment decisions, especially in more investment-intensive sectors or those in which investment is more volatile. Thirdly, a tightening of the financial conditions could make it harder for firms to access external financing. Below, we will explain each of these channels.

The slowdown of the main trading partners and the uncertainty will affect the investment decisions and the activity of Spain's productive sectors

Global slowdown

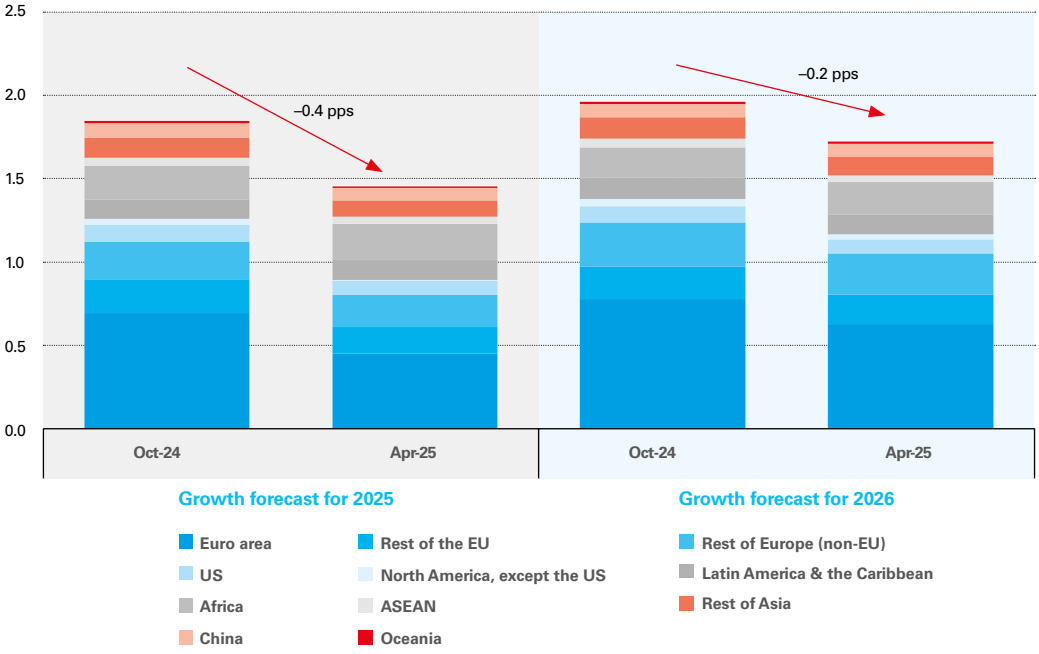
The IMF, in its latest World Economic Outlook report, presented a scenario characterised by increased protectionism, the fragmentation of international trade and geopolitical tensions, which would slow global economic growth. In particular, the entity has revised its global economic growth forecast for 2025 and 2026 in total down by 0.8 pps. Besides the US, for which the growth projection for 2025 has been lowered to 1.8% (revision of –0.9 pps), the other economies hardest hit are Mexico, where GDP is expected to contract by 0.3% (revision of –1.7 pps), and China, with growth of 4.0% forecast (–0.6 pps). For the euro area, the revision is more contained (–0.2 pps), but its economies will show the lowest growth (0.8%), with the exception of Spain, for which it forecasts GDP growth of 2.5% in 2025, in line with the CaixaBank Research scenario.

According to these forecasts, the expected slowdown of Spain's trading partners is not minor: whereas in October 2024 growth of 1.8% was anticipated for 2025, the latest estimate places it at around 1.4%, representing a downward revision of around 0.4 pps. For 2026, the impact is smaller: going from the 2.0% expected in October 2024 to the 1.7% anticipated in April 2025 (–0.24 pps).[10]

[10] We apportion the IMF's GDP growth forecasts for each country according to the relative weight of Spanish exports of goods to each country in 2024.

Expected GDP growth of Spain's trading partners

Change (%)



Note: IMF's real GDP growth forecasts for each country for 2025 and 2026, apportioned according to the relative weight of Spanish exports of goods to each country in 2024.
Source: CaixaBank Research, based on data from the IMF (WEO) and Datacomex.

In this environment of lower global growth and slowing trade flows, the sectors that are more open to foreign markets are the ones that could be the hardest hit. The table on the next page shows the export intensity of the various sectors, measured as the percentage of their turnover that comes from sales abroad. The sectors most exposed include some branches of manufacturing, such as the automotive, refining, chemicals and pharmaceutical industries, and machinery and equipment. Within services, although the impact should be more contained due to their lower investment intensity, some of the sectors most exposed are those that in recent years have increased their sales abroad, which include the scientific and technical professional activities, and the information and communications sector.[11]

[11] See the article «Excellent records in the foreign sector in 2024» published in the *Monthly Report* of March 2025.

Export and investment intensity by economic sector

	GVA (% of total)	Exports (% of total revenues)	Export intensity[1]	Investment[3] (% of GVA)	Investment intensity[1]	Standard deviation of investment	Volatility of investment[1]
Agriculture, forestry & fishing[2]	3.0%	10%	Low	16.8%	Medium	2.1%	Low
Mining & quarrying	0.4%	27%	Medium	28.0%	High	13.5%	High
Manufacturing	12.5%	39%	High	27.1%	High	4.5%	Medium
Food products	2.3%	22%	Medium	21.6%	High	1.6%	Medium
Textiles	0.7%	33%	High	10.3%	Low	0.8%	Low
Paper & paper products	0.5%	25%	Medium	17.6%	Medium	2.3%	High
Refining[2]	0.2%	59%	High	37.6%	High	-	-
Chemicals	1.8%	46%	High	18.7%	Medium	1.9%	Medium
Construction	2.3%	36%	High	16.9%	Medium	1.6%	Medium
Machinery & equipment	1.8%	41%	High	10.5%	Low	0.4%	Low
Transport equipment	1.5%	64%	High	20.7%	High	4.7%	High
Timber & furniture	0.7%	21%	Medium	13.6%	Low	1.5%	Medium
Other manufacturing	0.6%	38%	High	19.0%	High	2.0%	High
Water supply & waste management	1.2%	7%	Low	26.3%	Medium	15.6%	High
Construction[2]	5.7%	7%	Low	11.3%	Low	4.9%	Medium
Services	43.2%	13%	Low	14.2%	Medium	-	
Wholesale trade[4]	8.3%	15%	Medium	12.0%	Medium	1.6%	Low
Retail trade	5.4%	4%	Low	-	-	-	-
Transport & logistics	4.0%	19%	Medium	30.3%	High	8.4%	High
Accomm. & food serv.	4.3%	7%	Low	7.3%	Low	1.8%	Low
Information	3.9%	19%	Medium	29.3%	High	4.9%	Medium
Real estate activities	4.1%	2%	Low	5.7%	Low	2.1%	Low
Professional, scientific & technical act.	9.1%	16%	Medium	20.8%	Medium	3.5%	Medium
Social services & leisure	4.1%	5%	Low	10.7%	Low	6.5%	High

Notes: Data corresponding to 2019 (exports) and the 2018-2022 average (investment). (1) A sector is considered to have 'High' intensity/volatility when it is above the 66th percentile (P66), 'Medium' when it is between P66 and P33, and 'Low' if it is below P33. (2) Data for these sectors have been obtained from the database of the Spanish Tax Agency (AEAT). (3) Includes investment in buildings (not housing), machinery and capital goods, biological resources and intellectual property. In the case of manufacturing, the GVA at factor cost is considered. (4) The investment data does not distinguish between wholesale and retail trade; rather, the aggregate figure is provided (CNAE category G).
Source: CaixaBank Research, based on data from the Spanish National Statistics Institute (INE) and the Spanish Tax Agency (AEAT).

The global slowdown will affect the sectors that are more open to foreign markets, such as some branches of manufacturing, and professional and communications services

Uncertainty and postponement of investment decisions

The increased uncertainty regarding trade policies and, in general, about the new rules of play that will govern international trade can lead companies to adopt a more cautious stance, delaying planned projects and reducing expenditure on capital goods. Consequently, more investment-intensive sectors, or those in which investment is more volatile, are the ones which *a priori* are likely to be the hardest hit. The table reveals that the paper, pharmaceutical, metallurgy, automotive, and mining and quarrying industries are among the most exposed. On the services side, transportation and storage stand out.

Since the US tariff announcements, volatility in the financial markets has surged. Financial conditions have come under stress, reflecting heightened uncertainty and risk aversion. Although the impact through this channel is very limited for now, we cannot rule out the possibility that the amplifying effects of the shock could end up leading to more stringent conditions for accessing credit, which would affect companies more dependent on external financing.

Reconfiguration of trade flows: risks and opportunities

The increase in tariffs on products imported by the US means that they are now more expensive than the domestic supply within the US market. Given this situation, depending on the level at which the tariffs end up, and considering the change in the cost structure, exporting firms in Spain that want to maintain their share of sales in the US can choose to establish or increase their productive capacity inside the US or, alternatively, somewhere where the tariff treatment ends up being relatively more favourable (e.g. in Canada or Mexico, as preferred US partners under the USMCA).

Spanish firms must adopt different mitigation strategies, either through direct investment in the US in order to sell their products there or by seeking alternative markets

Another option is for exporting firms in Spain to seek to redirect their sales to other foreign markets. The potential for this reconfiguration will depend on a number of factors, including the similarity of demand patterns with respect to the US market, the competition from firms from other countries in a similar situation to the Spanish ones, the volume of the target market and the degree of accessibility in terms of trade to the country in question.

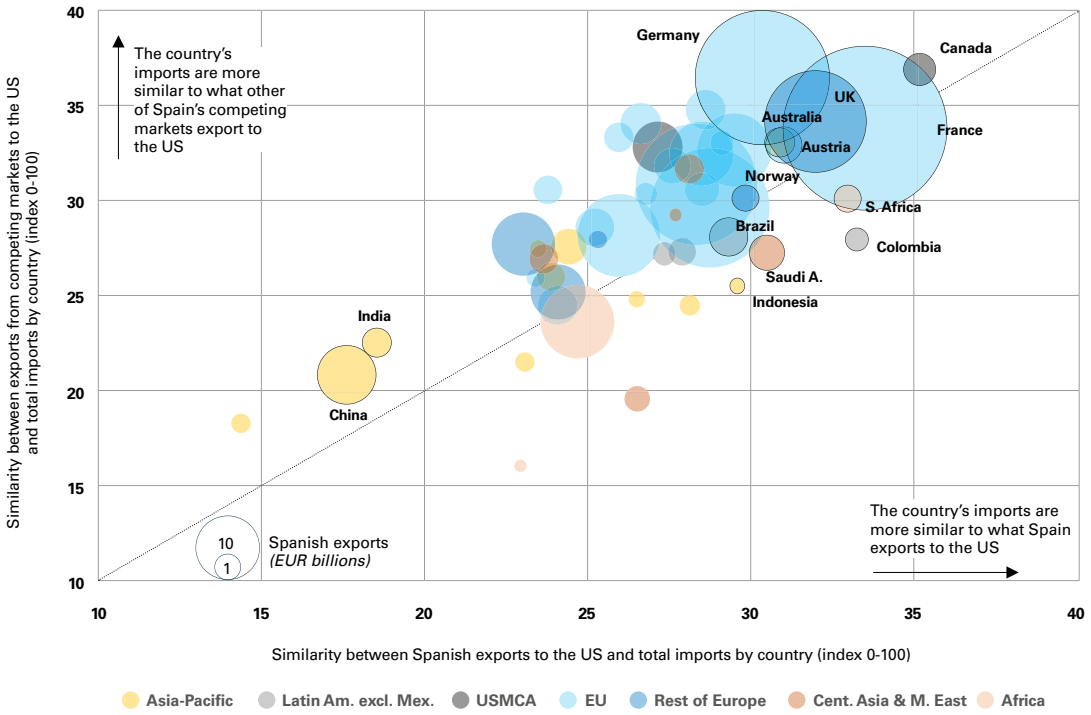
To round off the analysis, we examined how similar Spanish exports to the US are to the total imports from the world's major markets (see the following bubble chart). To this end, we used a **product structure similarity index**,[12] emphasising the highest values in traditional export markets that are geographically close and of a considerable size, such as Germany, France and the United Kingdom, as well as others in regions with which the EU is deepening its trade relations, such as Canada, Australia and Brazil. On the other hand, two of the major world markets, China and India, have a very different import structure to that of Spanish exports to the US, which limits the ability to redirect trade flows to these countries.

(12) The export similarity index measuring the similarity of trade flows between two countries is produced by taking the sum of the lower value between the two countries of the proportion of the total corresponding trade flow that each product represents. The index ranges from 0 (totally different trade structures) to 1 (identical trade structures). See, for example, its application in: The Fed - The Sectoral Evolution of China's Trade.

It is also important to note that, in a scenario with higher tariffs to enter the US market, Spanish firms will not be alone seeking alternative destinations and they will need to take into account the greater level of **competition from other producing countries**. Moreover, as shown by the arrangement of the bubbles along the diagonal line in the chart, it is precisely in these aforementioned markets that demand is more similar to Spain's exports to the US, and in which competition will also be potentially high. In this regard, the relative positioning of Spanish firms seems to be somewhat more favourable in Colombia, South Africa, Saudi Arabia and Indonesia.

Main alternative markets for Spanish exports to the US

Similarity index (between 0 and 100)

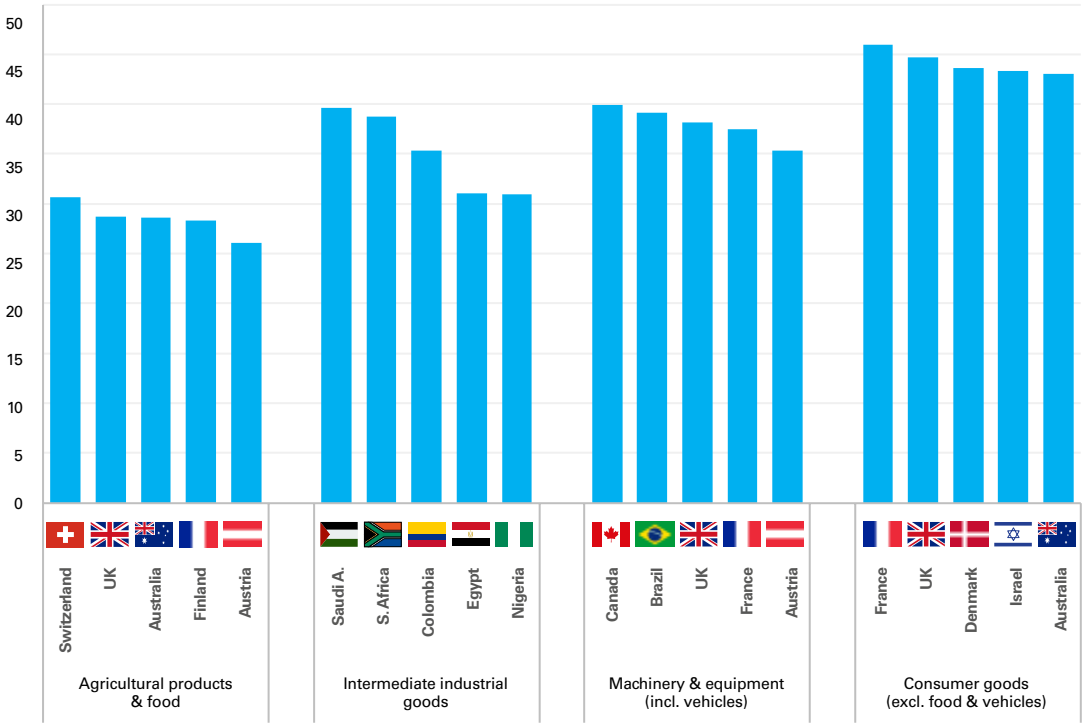


Note: Based on product trade flows at the 6-digit level of detail per the HS classification; USMCA includes Canada and Mexico.
Source: CaixaBank Research, based on data from COMTRADE.

This analysis shows a more varied picture when we use the same **similarity index according to product groups** (see the following chart). Generally speaking, the structure of Spanish exports of consumer goods, machinery and equipment to the US is more similar to what the rest of the world imports when compared to intermediate industrial goods or agricultural and food products, indicating a greater degree of specialisation within these latter products for the US market.

Alternative markets most similar to Spanish exports to the US by product group

Similarity index relative to the total imports by country (between 0 and 100)



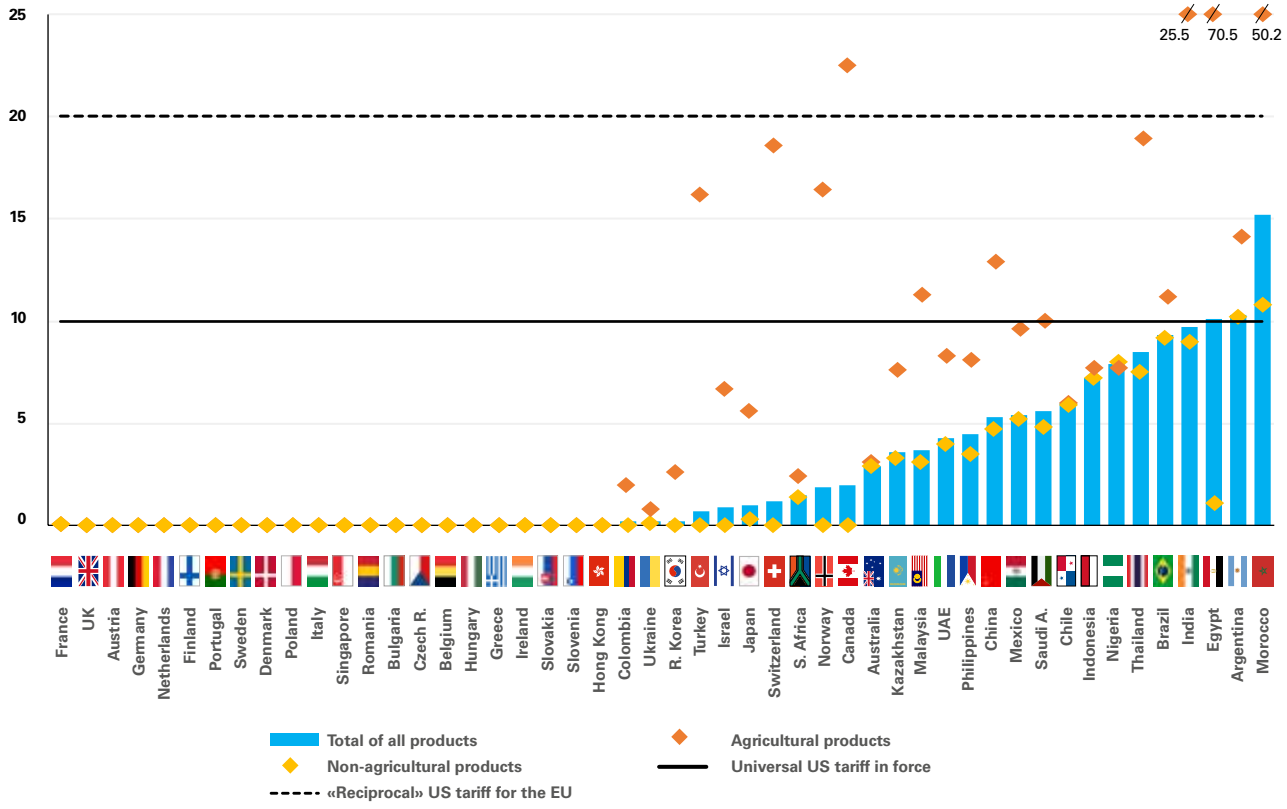
Note: Based on trade flows by product at the 6-digit level of detail per the HS classification.
Source: CaixaBank Research, based on data from COMTRADE.

Among the most similar markets for each product group, a large part of the countries mentioned above appear. Most notably, they include the United Kingdom, which is in the top 5 in three of the four categories; France and Australia, which do so in two of them, as does Austria, and Canada, which leads the machinery and equipment category (including cars). Among the rest, Switzerland is the market that shows the best potential fit with Spain's agrifood exports to the US, unlike what is indicated by the aggregate similarity index for all products. On the other hand, emerging and developing economies top the list in the case of intermediate industrial goods, although it should be considered that the size of their markets and the current penetration of Spanish exports are relatively limited.

An important factor in the analysis of alternative destinations for Spanish exports to the US is the **degree of accessibility** to these markets. As an approximation, we take as a point of reference the average tariff applied in each country for products from the EU, differentiating between agricultural and non-agricultural products (see the following chart). Compared to the current level of the universal tariff applied by the US (10%), the tax on European imports is significantly lower in the vast majority of alternative destinations and not only among members of the European Common Market. It would be even more so if the so-called «reciprocal» tariff on EU products announced on 2 April (of 20%), which are currently suspended for 90 days, end up being applied.

Tariff applied on imports of Spanish products

(%)



Note: Weighted average tariff for EU products; tariff above 25% for agricultural products in the case of India, Egypt and Morocco.
Source: CaixaBank Research, based on data from the WTO.

The main exceptions to this scenario of lower tariffs compared to the US are found in emerging and developing economies. For instance, Morocco has an average total tariff of 15%, while for Argentina, Egypt, India and Brazil it is around the 10% mark of the US universal tariff. There are also notably higher values in other markets in the case of imports of agricultural products, which are much more protected than other goods in countries such as Turkey, Canada and Norway, with tariffs in excess of 15%. A similar case is that of Switzerland, which we previously mentioned as a market with a potentially attractive agrifood demand for diverting Spanish exports away from the US.

To complement this analysis, it is worth mentioning some additional factors that are relevant for the reconfiguration of trade flows as a result of the US tariff hikes and which once again shows that Spanish exporters are not alone in the search for alternative destinations for their products.

On the one hand, given the greater relative integration of Spain with respect to the common market, close attention will need to be paid to the repositioning of European firms, both through direct investment decisions and through the diversion of trade, which could have an impact on the participation of Spain's productive sectors in regional EU value chains.

On the other hand, while the US has established a universal tariff of 10% on imports from the rest of the world, the treatment proposed in the announcements of reciprocal tariffs on 2 April would entail a widely varying rate from country to country, with significant changes in relative entry prices into the US market. For instance, exporters in the EU were significantly less penalised than those in South-East Asia, where potential tariffs were proposed in some cases in excess of 40%.

Scenario with a China-US decoupling: how could it affect Spain?

This asymmetry in the tariff treatment is already in force today for products coming from China and we expect this situation will be maintained, given the tendency of the Trump administration to increasingly distance the US economy from that of China (decoupling), even in a scenario with a favourable bilateral negotiation. Under these new conditions, the main potential effects on the rest of the world's economies include, as was the case in the first phase of the trade war in 2018-2019, the possible rerouting of Chinese exports towards other Southeast Asian countries in order to access the US market. However, the extent of this factor will depend on whether these countries maintain the current universal tariff of 10% or whether the US adopts a tougher position on the rules of origin for products.

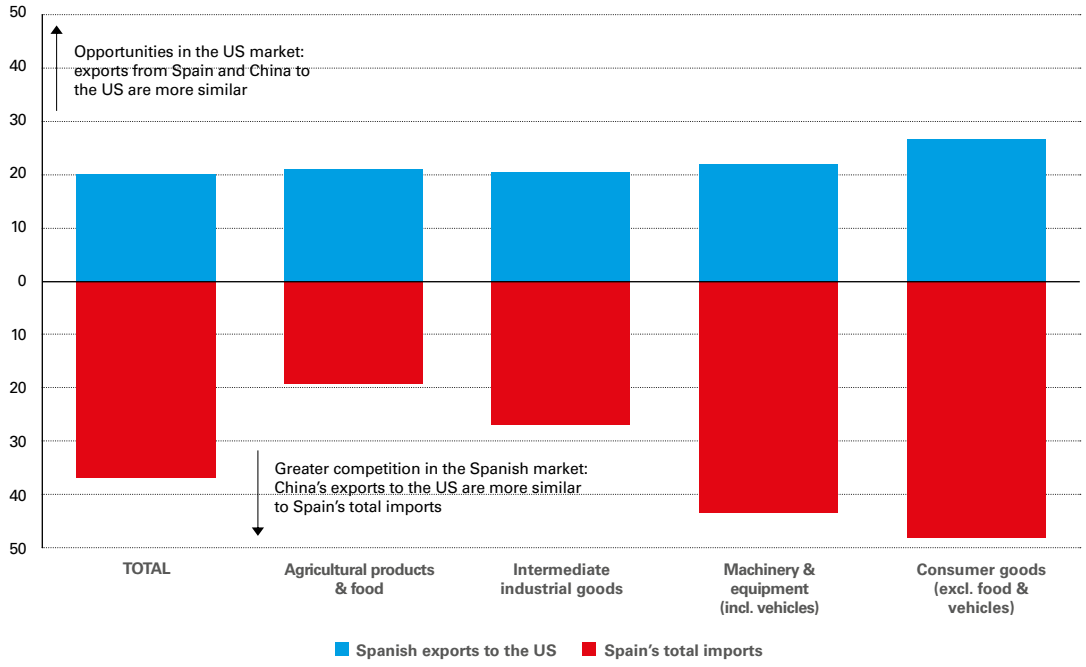
The China-US decoupling could lead to a sharp increase in competition, which would particularly affect the production of consumer goods

In terms of what could affect Spain the most, we find factors with an opposite effect. On the one hand, given the stark difference in the increase in tariffs compared to those imposed on Chinese products, opportunities may well arise to increase Spain's presence in the US market due to its exports now being relatively cheaper than those coming from China. It should be noted here that the elasticity of demand between imports of different origins is usually greater than that it is between domestic and foreign products. This means that US consumers and firms could end up seeking alternative suppliers if the tariffs on goods from China are high enough to cancel out the current price gap (up to 50% cheaper than imports from the rest of the world for a large number of goods). To assess the potential impact of this factor for Spanish firms, we compared the structure of exports to the US with that of Chinese products in the same market (see the upper bars in the chart on the following page). In general, we estimate that the opportunities would be limited, with the degree of similarity being slightly higher within the machinery, equipment and consumer products group, and probably more contained overall if we were to consider the actual degree of substitution among the characteristics within each product line (reflecting, for example, quality differences).

On the contrary, the establishment of tariffs on Chinese products over and above those imposed on other countries could lead to a significant diversion of these goods to other markets, including to Spain, with the consequent increase in competition for local producers given the aforementioned price differences. To measure these risks, we will now compare the structure of Chinese exports to the US with that of imports from Spain (see the lower bars in the chart). In this case, the values of the similarity indices are significantly higher than those of the opportunity indicator, and they are particularly high in the final product categories, both for consumption and for investment. In this case, it is also important to be aware of the actual differences between goods of the same product, as well as the possibility of the EU responding with further tariffs if it perceives significant risks of a «flood» of Chinese exports in the European market. In any case, in this risk scenario, greater disinflationary pressures in international trade are to be expected.

Similarity between Spain's trade and the structure of China's exports to the US

Index between 0 and 100



Note: Based on trade flows by product at the 6-digit level of detail per the HS classification.
Source: CaixaBank Research, based on data from COMTRADE.

Sectoral Observatory

Final reflections

While a US tariff hike of between 10 and 20 pps should have a limited impact on the Spanish economy, a trade war is not good for anyone and some sectors could be affected through different channels. Some branches of manufacturing, such as the machinery and equipment, metallurgy, chemicals, and mining and quarrying industries, are the ones most directly exposed through the trade channel. Through indirect channels, the automotive sector is one of the most likely to be impacted due to its greater export and investment intensity, as well as some service sectors, especially those with a greater share in industrial value chains, those more open to foreign markets and those that are more investment-intensive, such as transportation and logistics, and information and communications.

In this challenging environment, some opportunities could also arise to redirect exports now subject to higher US entry tariffs. Spanish firms must adopt different mitigation strategies, either through direct investment in this market or by seeking alternative destinations with a similar demand structure. Our analysis shows that the opportunities will be greater for consumer products, machinery and equipment. By region, the most attractive opportunities are found not only in traditional export markets in Europe, but also in other regions with which the EU has been deepening its trade relations in recent years.

These opportunities will not be exempt from a high dose of competition from exporters from the rest of the world that find themselves in a similar situation to Spanish firms, seeking alternative destinations to redirect their sales to the US. Thus, a scenario involving a sudden decoupling between China and the US could lead to a sharp increase in competition for the EU, due to it receiving a barrage of Asian goods originally destined for the US market, thus importing disinflationary pressures and greater challenges for the export sector. In Spain, this risk scenario would particularly affect the production of consumer goods.