

TRADE IN VALUE ADDED: SPAIN

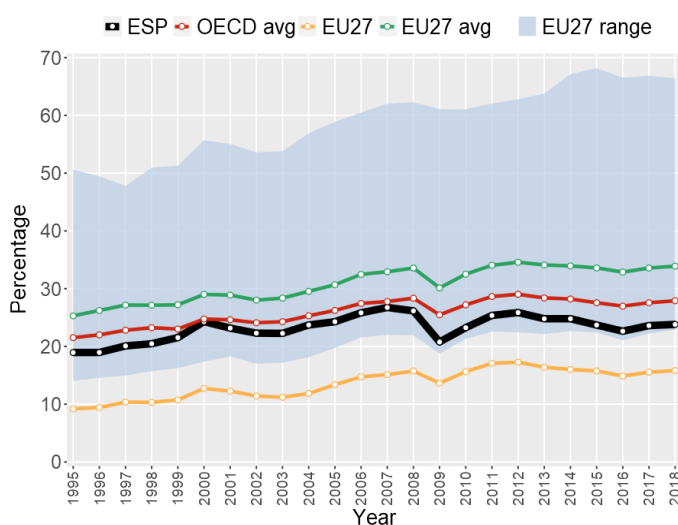
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Trade in Value Added (TiVA) indicators offer new insights into the commercial relations among economies and provide a broad view of where value is created along each stage of global value chains (GVCs). Painting a more complete picture than gross trade measures alone, the TiVA approach better reflects the significantly higher contribution made by services in GVCs, the role of imports in export performance, and the true nature of economic interdependencies. The 2021 version of the TiVA database covers 66 economies and 45 industrial sectors, for the years 1995 to 2018, and brings together indicators based on the value-added origins (both country and industry) of exports, imports and final demand. This note highlights the trade patterns in value-added terms for Spain, with a view to informing policy making for a range of areas including trade, innovation and investment.

Key findings

- ▶ In line with global trends of a slowdown in GVC integration after the 2008-2009 Financial Crisis, the foreign content in Spain's gross exports decreased after 2012. However, more recently, foreign content increased from 22.6% to 23.8% between 2016 and 2018, but remained lower than the 2008 levels of 26.2% (Figure 1). The most foreign content in total exports in 2018 (4.6%) came from *Motor vehicles* (Figure 3b).
- ▶ The export orientation of all Spanish industries increased between 2008 and 2018, with 26.2% of Spain's domestic value added driven by foreign final demand in 2018 compared to 18.8% in 2008. The industries with the highest shares of domestic value added meeting foreign final demand were *Basic metals* (70.9%) and *Motor vehicles* (69.6%) (Figure 2)
- ▶ In both gross and value-added terms, France, Germany and the United Kingdom were the three most important Spanish export market destinations in 2018 (Figures 5). The most Spanish value added returning to Spain via imports came from Portugal (Figure 6).
- ▶ The service content in Spain's gross exports increased from 55.2% in 2008 to 59% in 2018. (Figure 7). For manufactures, services value-added content was 36% of gross exports in 2018.

Figure 1. Foreign value-added content of gross exports
As a percent of total gross exports, 1995 to 2018



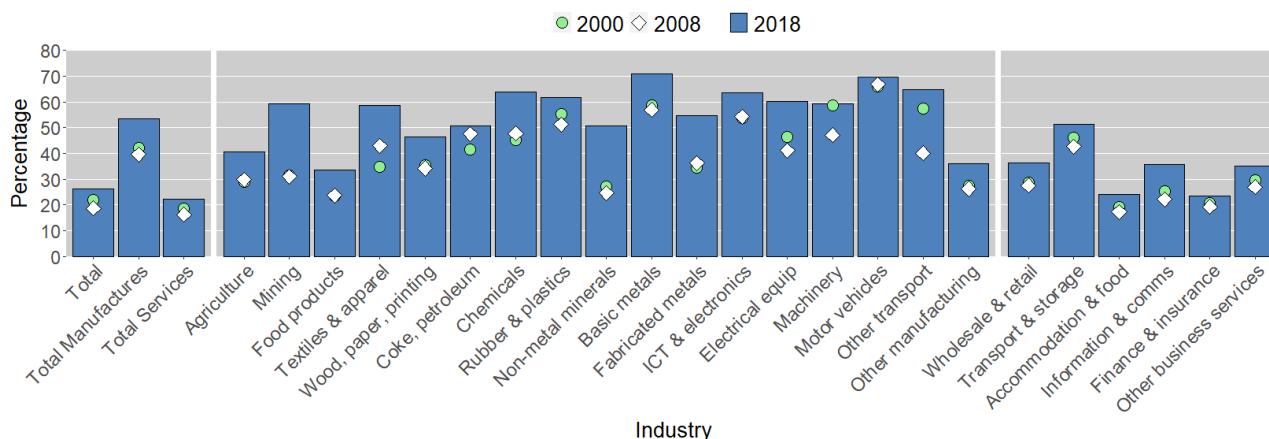
At the global level, the new TiVA indicators confirm that there has been a slowdown in GVC integration since the Financial Crisis in 2008-2009 (Figure 1). However, in general, foreign value added in trade increased between 2016 and 2018.

Between 2008 and 2018, the foreign content of Spain's exports is estimated to have decreased from 26.2% to 23.8% - below the OECD average of 27.9%. Compared to 2008, the foreign content of exports in 2018 was 2.3 percentage points lower.

The role of foreign final demand in domestic production

Overall, in 2018, 26.2% of Spain's domestic value added was driven by foreign final demand, up from 18.8% in 2008. By industry, the shares ranged from *Basic metals* (70.9%) and *Motor vehicles* (69.6%) at the higher end to *Financial and insurance* (23.5%) at the lower end.

Figure 2. Spain - domestic value added in foreign final demand
As a percent of value added, by industry, 2000, 2008 and 2018



The importance of imports for exports

The industries with the most foreign value-added contents in their exports (Figure 3a) were *Coke and refined petroleum products* (72.7%), *Motor vehicles* (42.4%) and *Other transport equipment* (36%). *Wholesale and retail trade* generated the greatest source of domestic value-added content of exports in 2018, accounting for 11.2% of gross exports (Figure 3b), followed by *Transport and storage* (8%) and *Motor vehicles* (6.2%). The most foreign content in total exports came from *Motor vehicles* (4.6%).

Figure 3a. Spain - foreign value-added content of gross exports
As a percent of gross exports, by industry, 2000, 2008 and 2018

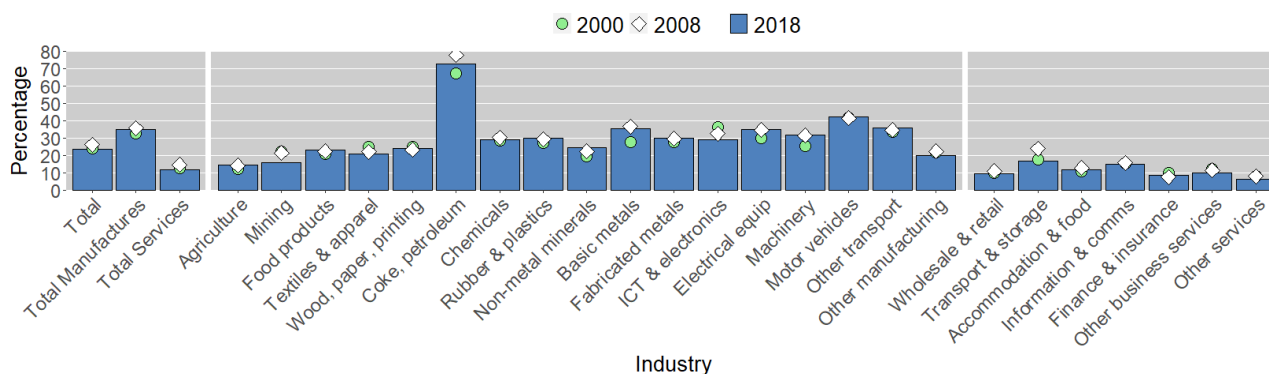
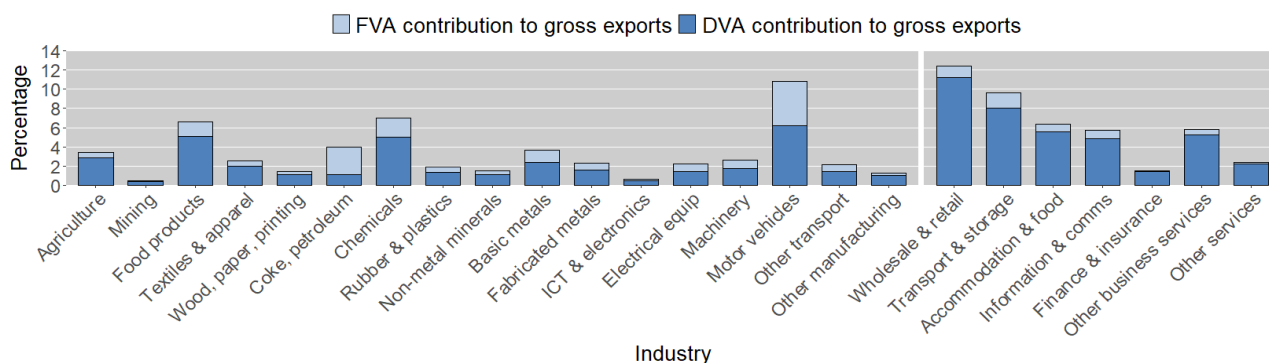
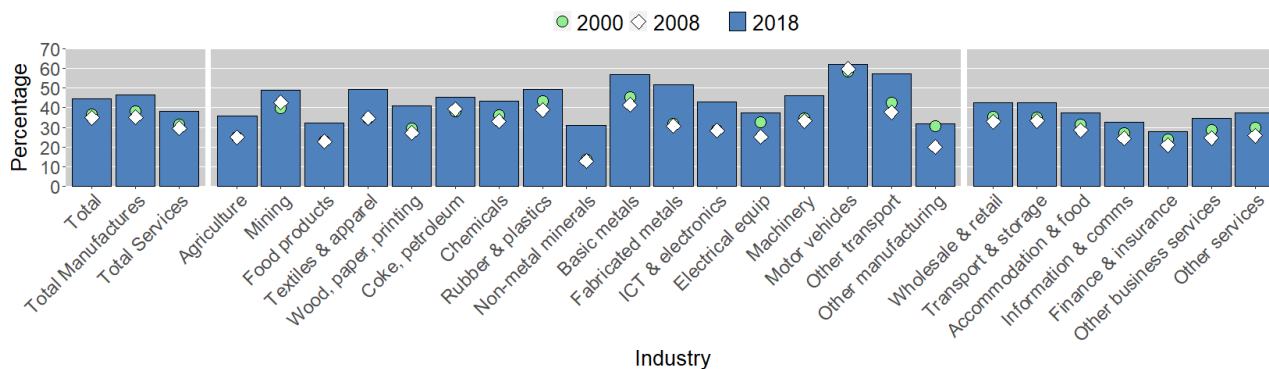


Figure 3b. Spain - industry share of domestic and foreign value-added content of gross exports
As a percent of total gross exports, 2018



Of the total value of Spain's imports of intermediate goods and services in 2018, 44.4% was subsequently embodied in exports, below the OECD average of 47.9%, and above the share in 2008 (35%). The originating industries with the highest shares of intermediate imports used in Spain's exports were *Motor vehicles* (61.9%), *Other transport equipment* (57.3%) and *Basic metals* (57%).

Figure 4. Spain - imported intermediate inputs used for exports, by industry-origin of imports
As a percent of intermediate imports, 2000, 2008 and 2018



Spain: international flows of goods and services, main players

In gross terms, France (13.9%), Germany (11%) and the UK (8.2%) were the three most important Spanish export market destinations in 2018. The top three final destinations for Spain's value added were France (12.4%), Germany (10.2%) and the UK (8.8%).

For imports in gross terms, Spain's top three partners in 2018 were France (11.9%), Germany (11.9%) and China (7.2%), while in value-added terms, the top three were Germany (11.7%), France (10.2%) and China (8.2%).

Figure 5 Spain - exports and imports: main partners
As a percent of total gross and value-added exports and imports, 2018

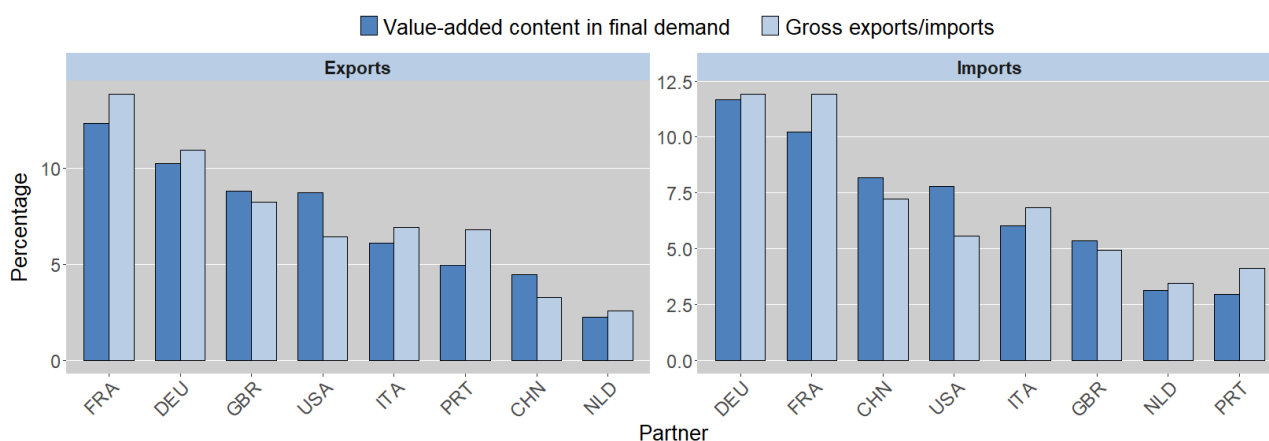
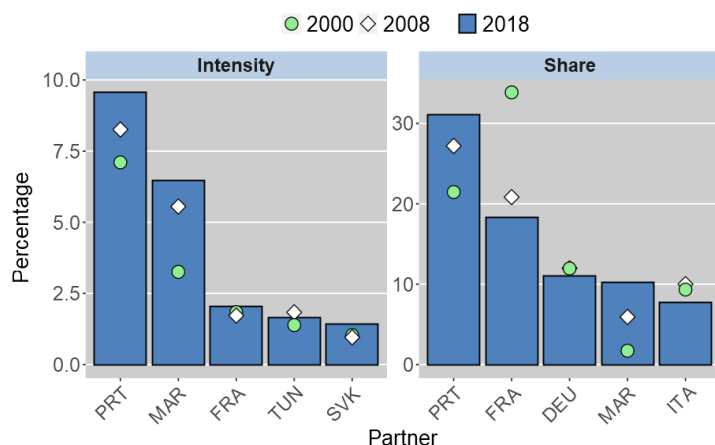


Figure 6. Spain's domestic value-added content of manufactured imports, top 5 partners
As a share of total Spain's value added embodied in Spain's imports (right) and as a percent of total imports by partner (left)



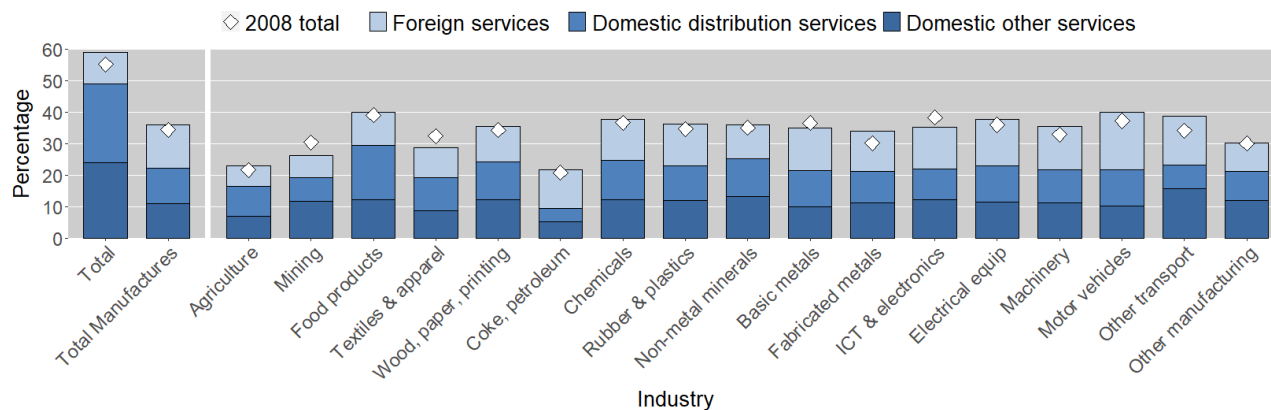
In 2018, the highest shares of Spain's domestic value added embodied in Spain's manufactured imports (Figure 6, right) came from Portugal (31.1%), France (18.3%) and Germany (11.1%).

The trading partners with the highest shares of Spain's value added in their exports of manufactures to Spain (Figure 6, left) in 2018 were Portugal (9.6%), Morocco (6.5%) and France (2%).

The importance of services in international trade

Services are a major contributor to Spain's economy, accounting for 59% of Spain's gross exports in 2018 (Figure 7) - above the OECD average of 55.7%. Foreign services contributed 10% to the value of total gross exports. For manufactures, services value-added content was 36% of gross exports, with the highest shares in Food and beverages (40%), Motor vehicles (39.9%) and Other transport equipment (38.7%).

Figure 7. Spain - services content of gross exports
As a percent of gross exports by industry, 2018



Further information is available to supplement this country note:

- ▶ Access the data at: <http://oe.cd/tiva>
- ▶ Guide to TiVA 2021 Country Notes: www.oecd.org/sti/ind/tiva-2021-guide-to-country-notes.pdf
- ▶ TiVA indicators are based on the 2021 version of ICIO tables: <http://oe.cd/icio>
- ▶ Related indicators of Trade in Employment <http://oe.cd/io-emp> and Trade in Embodied CO2 <http://oe.cd/io-co2>
- ▶ Trade policy implications of global value chains: <http://www.oecd.org/trade/topics/global-value-chains-and-trade/documents/trade-in-value-added-2021.pdf>

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