

TRADE IN VALUE ADDED: SPAIN

The international fragmentation of production in global value chains (GVCs) challenges the way we look at the global economy. Today, “what you do” - the activities a firm or country is involved in - matters more for growth and employment than “what you sell” - the products that make up final sales or exports.

Understanding how GVCs work and how they affect economic performance is essential, as is determining which policies help derive the greatest benefits, and reduce the risks. The OECD-WTO Trade in Value Added (TiVA) database facilitates analysis of GVCs by measuring trade in value-added terms to generate new insights about the commercial relations among economies and the process of value creation. Drawing on the third version of the TiVA database, this note describes Spain’s trade patterns in value-added terms, with a view to informing policy debates in a range of areas, including trade, innovation, and investment.

Accompanying this note is a User Guide designed to assist interpretation and provide context to the indicators presented: http://www.oecd.org/sti/ind/TiVA_2015_Guide_to_Country_Notes.pdf

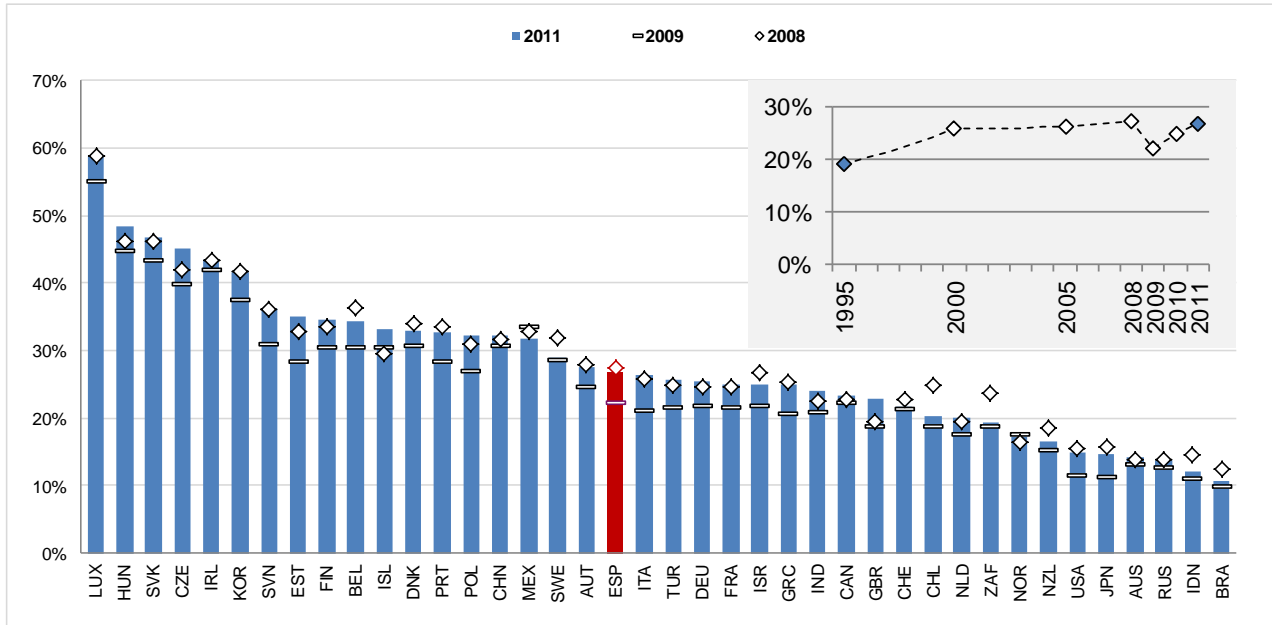
Key findings

- The foreign content of Spain's exports rebounded to 26.8% in 2011, up from the crisis low of 22.2% in 2009 and only marginally lower than the pre-crisis high of 27.4% in 2008.
- Integration within the motor vehicle value chain was relatively high in 2011, with nearly half (46.1%) of the total value reflecting foreign content, up from 36.5% in 1995.
- Nearly three-quarters of the total domestic value-added in the motor vehicles industry was exported in 2011, helping to drive Spain’s overall export orientation in manufacturing to just under half in 2011; a new high.
- The services content of manufactured goods alone was 38.6% in 2011, with the service content of motor vehicles at 42.7%.

The role of foreign and domestic value added in exports

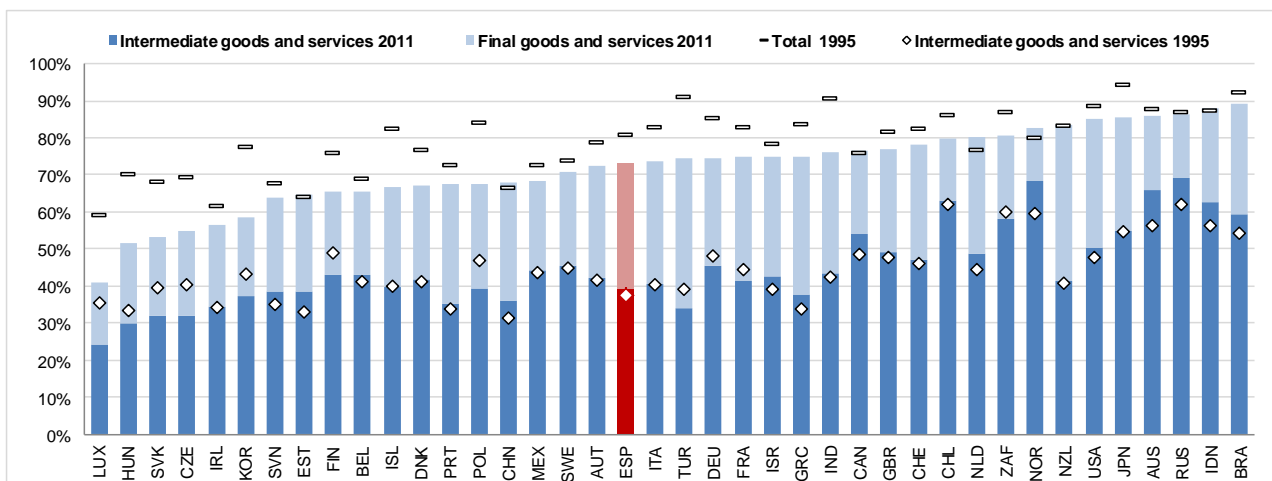
The foreign content of Spain's exports rebounded to 26.8% in 2011 up from the crisis low of 22.2% in 2009 and only marginally lower than the pre-crisis high of 27.4% in 2008 (Figure 1). The foreign content of Spanish exports has increased 7.7 percentage points since 1995.

Figure 1. Foreign value added content of gross exports by country
percent, 2008, 2009, and 2011 (right insert = time series for Spain)



Of Spain's total exports of domestic value-added in 2011, 53.6% reflected exports of intermediates, higher than in 2009 (47.8%), in part reflecting the rebound in GVCs that were disproportionately affected by the crisis, and also higher than in 1995 (46.4%) (Figure 2). This was below the OECD average of 61.5%.

Figure 2. Domestic value added content of gross exports by end-use category by country
percent, 1995 and 2011



Direct exports by the Wholesale, retail & hotels industry generated the greatest source of domestic value added in 2011, accounting for 15.1% of the total value added of exports (partly reflecting tourism and upstream distribution services to exporters). The next three most important industries were Transport & telecoms (8.9%), Business services (8.0%) and Motor vehicles (5.7%), (Figure 3a). The largest foreign contributions were in the Motor vehicles and Coke & petroleum industries, which together contributed 8.1% of Spain's total exports.

The foreign content of exports increased across all sectors between 1995 and 2011. The three industries with highest foreign value added shares in Spain's exports in 2011 were Coke & petroleum, Motor vehicles and Electrical machinery, with 76.8%, 46.1% and 35.9% respectively, compared to 41.8%, 36.5% and 24.7% in 1995 (Figure 3b).

Figure 3a. Spain's industry share of domestic and foreign value content of gross exports
percent of total gross exports, 2011

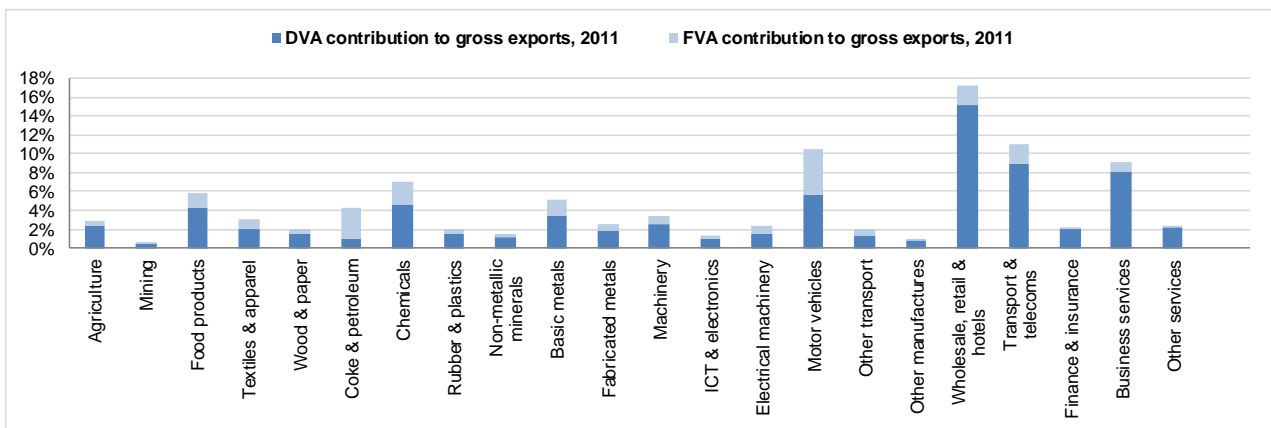
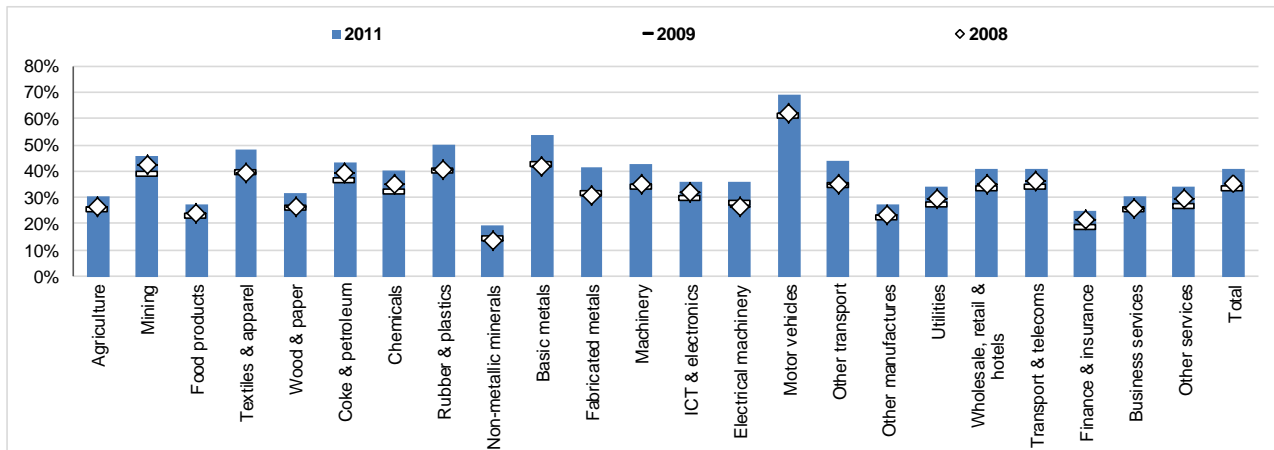


Figure 3b. Spain's foreign value added content of gross exports
1995 and 2011



Of the total value of Spain's imports of intermediate products and services, 41.0% was subsequently embodied in exports, above the OECD average (39.3%) and above the share in 2009 (33.5%) (Figure 4). The products with the highest shares were Motor vehicles (68.8%), Basic metals (53.9%) and Rubber & plastics (49.8%).

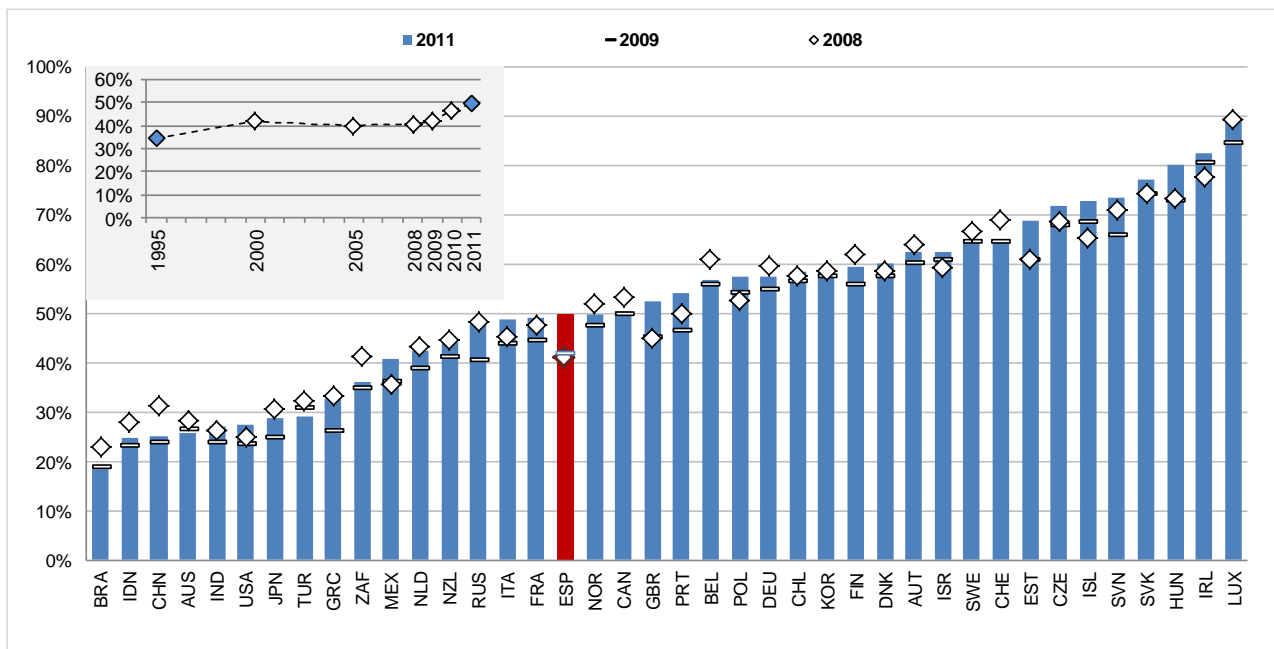
Figure 4. Spain's imported intermediate inputs used for exports, by import category
percent of intermediate imports, 2008, 2009, and 2011



The destination of domestic value added produced in Spain

Of the total domestic value added produced by the manufacturing sector in Spain nearly half (49.7%) reflected foreign final demand in 2011, significantly higher than in 2009 (41.8%) and 2008 (40.8%) and significantly higher than the OECD average (41.9%) (Figure 5).

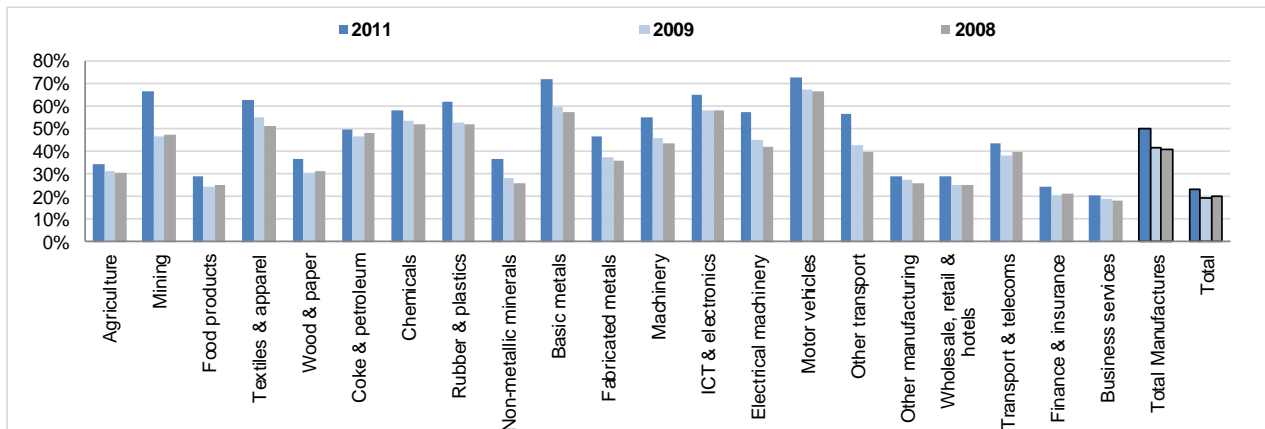
Figure 5. Manufacturing domestic value added in foreign final demand by country
percent of total manufacturing value added, 2008, 2009, and 2011 (left insert = time series for Spain)



Note: Final demand excludes inventories: See also http://www.oecd.org/sti/ind/TiVA_2015_Guide_to_Country_Notes.pdf

At the total economy level, 23.3 % of Spain's domestic value added was driven by foreign final demand, but significant differences exist across industries. Motor vehicles (72.6%) and Basic metals (71.7%) had the highest shares of export orientation in Spain, with the lowest shares in Business services (20.2%) and Finance & insurance (24.4%) (Figure 6).

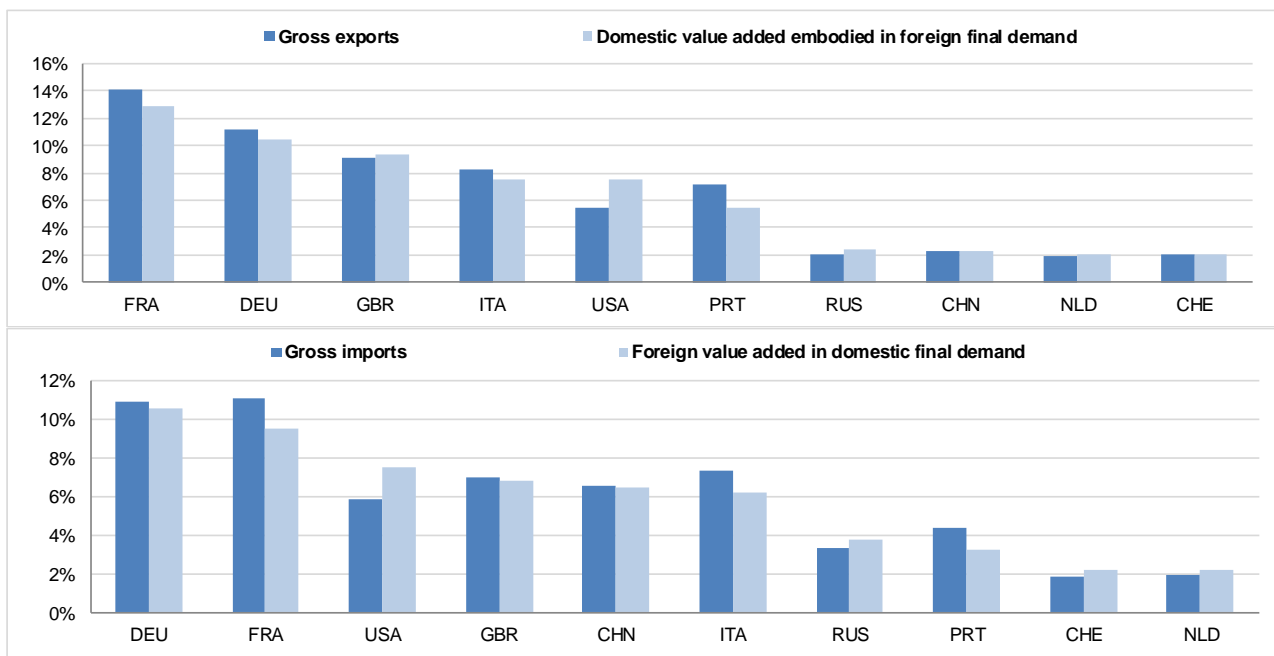
Figure 6. Spain's domestic value added in foreign final demand
percent of value added by industry, 2008, 2009, and 2011



Note: Final demand excludes inventories: See also http://www.oecd.org/sti/ind/TIVA_2015_Guide_to_Country_Notes.pdf

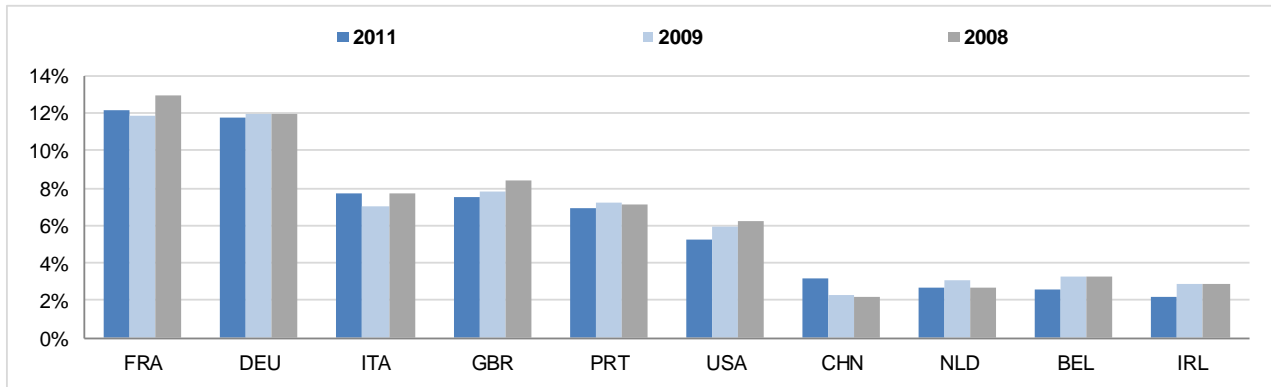
In both gross terms and value added terms, France, Germany and the UK were the three most important Spanish export market destinations in 2011 (Figure 7, top). For imports, Spain's top three partners were France, Germany and Italy in gross terms, while in value-added terms the United States replaced Italy in third place.

Figure 7. Spain's exports to and imports from main partner countries
percent of total gross and value added exports and imports, 2011



Looking only at exports of intermediate goods and services in value-added terms, Spain's major export destinations in 2011 were: France (12.1%), Germany (11.7%), Italy (7.7%) and the UK (7.6%) (Figure 8).

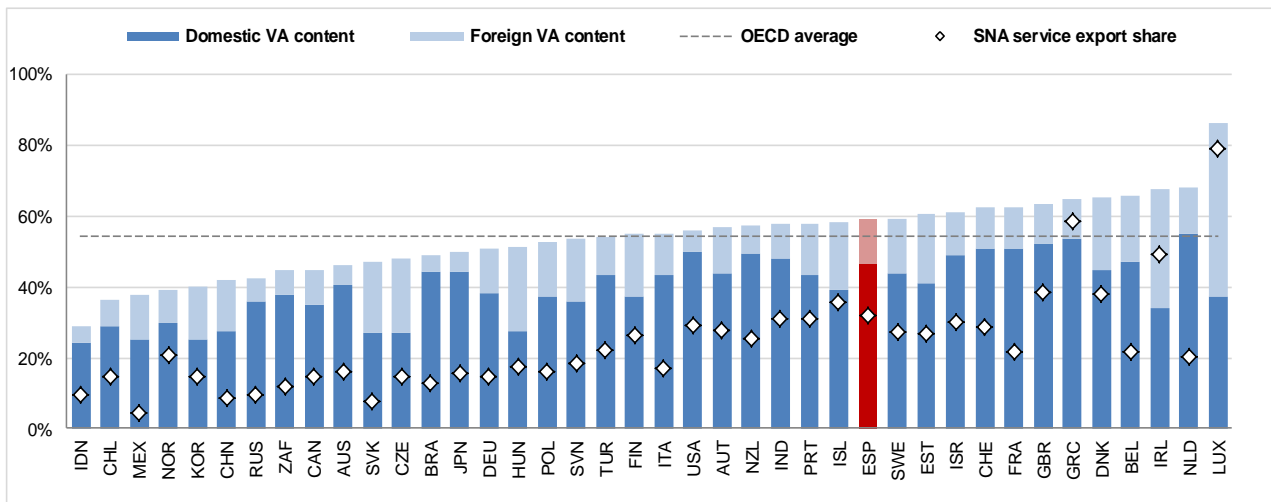
Figure 8. Spain's domestic value added embodied in intermediate exports to main partner countries
percent of total intermediate exports, in value added terms, 2008, 2009, and 2011



The importance of services

In 2011 the services content of total exports in Spain was 59.2%, above the OECD average of 54.3%, (Figure 9).

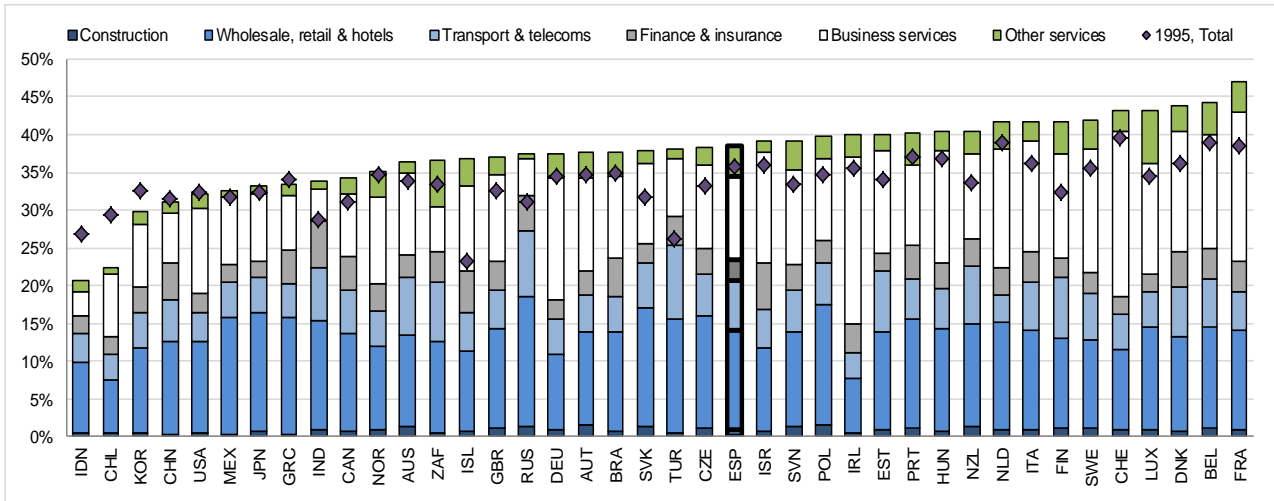
Figure 9. Services content of gross exports by country, gross and value-added terms
percent of total gross exports, 2011



Note: SNA services export shares include re-exports in the denominator, and include any actual differences in free on board and basic prices (the distribution margin provided by resident distributors to resident exporters) in goods.

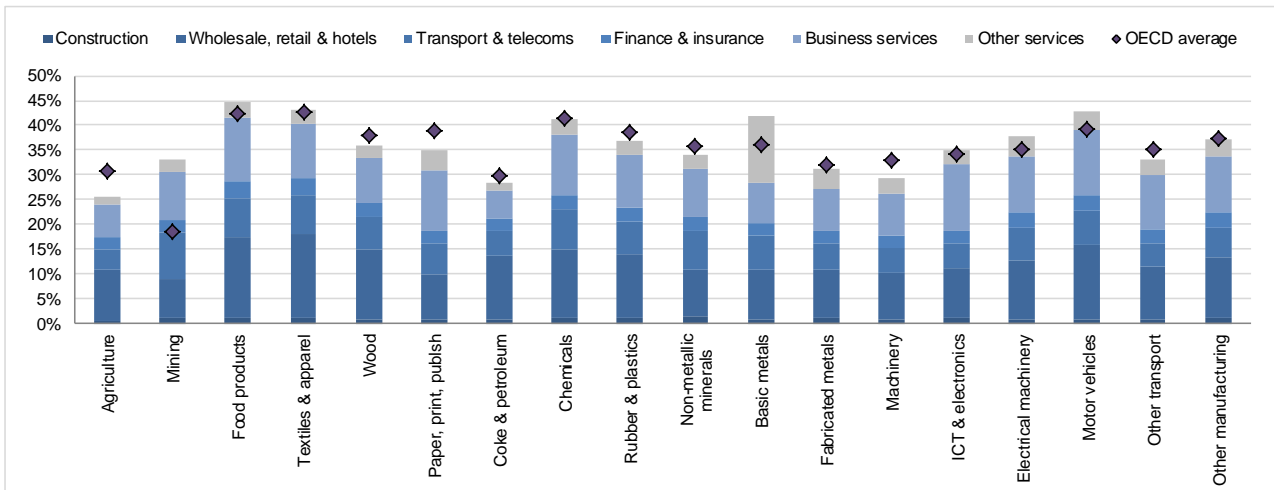
As for exports of manufactured goods alone, 38.6% of the total value reflected services sector value-added, above the OECD average (36.9%). Of this share, the Wholesale, retail & hotels sector accounted for 13.0% of total gross exports, with Business services and Transport & telecoms accounting for 10.9% and 6.6% respectively (Figure 10).

Figure 10. Services value added embodied in manufacturing exports, by country
percent of total gross exports, 1995 and 2011



At the individual sectoral level, the services content of exports was around or above the OECD average in all industries, with the highest shares in Food products (44.7%), Textiles & apparel (43.2%) and Motor vehicles (42.7%) (Figure 11).

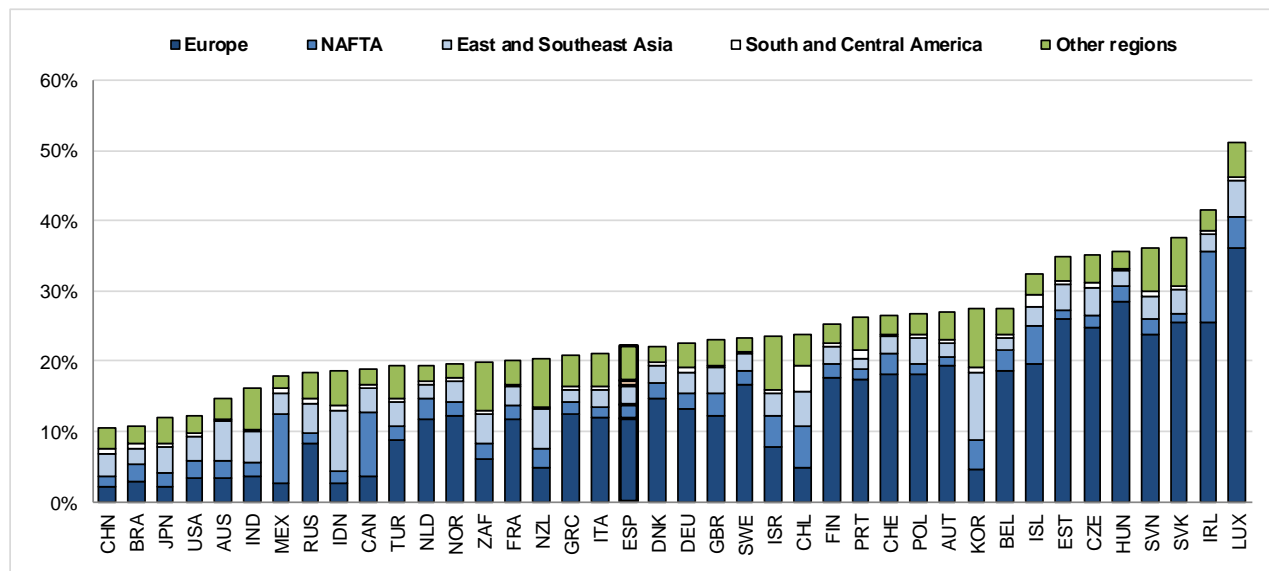
Figure 11. Spain's Services content of gross exports, by exporting industry and service category
percent of gross exports by industry 2011



The origin of domestic consumption

In 2011, 22.1% of Spain's total final domestic consumption reflected foreign content, of which Europe contributed 11.8 percentage points (pp), NAFTA 2.1 pp, East and Southeast Asia 2.6 pp, South and Central America 0.9 pp and other regions 4.8 pp (Figure 12).

Figure 12. Foreign value added content of domestic consumption by country
by source region, 2011



Further Information

The information included in this note is based on the 2015 edition of the Trade in Value Added (TIVA) database.

- » Access the data at <http://oe.cd/tiva>
- » Please contact us with your questions at tiva.contact@oecd.org