**The Spanish export pattern: strengths and weaknesses**

The Spanish economy ended 2007, the last year of the most recent expansionary phase, with a deficit in foreign trade of goods and services of more than 7 per 100 of GDP, which amounted to 10 per 100 to consider the current and capital account balance, very significant and unknown figures in the history of the last five decades.

This result was due to a faster growth than that recorded in the whole of the European Union and a real appreciation of the currency, both favoring a strong rise in imports. Although exports also increased at a high rate, were hampered in their progress by the intense competition from emerging economies, so that could not offset the increase in foreign purchases.

The crisis years have moderated significantly the deficit on the current and capital account; up to almost make it disappear in 2012, the year shows a surplus in trade of goods and services. Achieving this result, not very creditable to an economy whose activity shrank by 1.4 per 100 in that year, it has been possible by the substantial decline in imports, at the same time to a significant rise in exports, higher than that scored by Germany, which has benefited from the remarkable revival of international trade flows during 2010 and 2011.

This habitual deficit, now at their lowest levels, it does enhance the Spanish foreign debt, which is already very high (167 per 100 of the Spanish GDP), at a time when obtaining external finance becomes more difficult and more costly.

On the other hand, there is no doubt that the economic recovery will tend to boost imports, making the external balance, nor that part of the export flows that have their origin in the weak market situation will not be maintained. In addition, our main target markets, the European Union countries, are in recession and will remain so throughout 2013, slowing down the progress of Spanish foreign sales.

Faced with the impossibility of devaluation, there are only two options: to improve the price competitiveness of Spanish products, containing rising wages and increasing the productivity, and intensify the efforts to expand the international projection of our goods and services, that is to say, to set an ambitious development strategy of activities and products and export promotion.

As to this second scope of action, it is relevant, now more than ever, to clearly define actions to be undertaken, and therefore, accurately identify the strengths and weaknesses of the Spanish export pattern, in order to guide the export support policy. This is precisely the aim of the present work, which investigates the sectorial keys for external competitiveness, distinguishing the sectors in which rests the Spanish export of those other that should show better records and could be the subject of preferential guidelines by the public sector, and isolating, in short, the activities that require deep political restructuring and innovation to achieve competitiveness.

The study begins with a descriptive overview of the path followed since 2000 by Spanish goods exports, distinguishing between productive activities, and focusing the interest on the changes recorded in the relative weight of them in the export and the basic indicators of its revealed competitiveness. The calculation of these first measures allows to offer a provisional characterization of the strengths and weaknesses of the Spanish export pattern, which later will be clarified through the incorporation of new competitiveness indicators that require further elaboration, as derived from the decomposition of the market share into different effects and the calculation of the degree of sophistication of the production. To obtain them, it is necessary to combine the information relating to the bilateral trade in goods, ordered in 23 activity sectors, corresponding to a broad sample of Spain’s trading partners, among which are the markets that seem to provide greater business opportunities: the most dynamic emerging economies and with high growth expectations for the coming years (the so-called *EAGLEs* and *Nest)*, in addition to the developed countries with large demand (G-7)

Finally, from the complete catalogue of indicators, the definitive classification of activity sectors is established on the basis of their competitive strength.