

**COUNTRY PROFILE REPORT OF ITJ DIVISION, DGCI&S
INDIA-SPAIN BILATERAL TRADE RELATIONS**

INTRODUCTION & BRIEF ECONOMIC OVERVIEW

The Kingdom of Spain, in south-western Europe, forms more than four-fifths of the Iberian peninsula. The country also includes the Balearic Islands in the Mediterranean Sea, the Canary Islands in the Atlantic Ocean and a few small enclaves in Morocco. Mainland Spain is bounded to the north by France and to the west by Portugal. To the east is the Mediterranean Sea, and Morocco lies 30 km to the south. Spain is member of the United Nation, World Trade Organisation and the Council of Europe.

2. Spain's capitalist mixed economy is the 15th largest worldwide and the 4th largest in the European Union, as well as the eurozone's 4th largest. The centre-right government of former prime minister José María Aznar worked successfully to gain admission to the group of countries launching the euro in 1999. Unemployment stood at 11.27% in July 2024. The youth unemployment rate (26.5% in April 2024) is extremely high compared to EU standards. Perennial weak points of Spain's economy include a large informal economy, and an education system which OECD reports place among the poorest for developed countries, along with the United States. As per IMF Executive Board Concludes 2024 Article IV Consultation with Spain June 6, 2024, With a growth rate of 2.5 percent in 2023 and continued solid activity momentum, the Spanish economy has demonstrated remarkable resilience to elevated global uncertainty and tighter financial conditions. Robust services export performance and public consumption have been the main drivers of recent growth. The labour market has sustained its strong performance, including due to significant migration inflows and increasing labour force participation. Nevertheless, despite its most recent pickup, investment is still below end-2019 levels, and this weakness has contributed to low productivity growth. And despite its significant decline, the unemployment rate remains the highest in the euro area.

A snapshot of Spain's select economic indicators: TABLE 1

				Projections 1/		
	2021	2022	2023	2024	2025	2026
Demand and supply in constant prices						
Gross domestic product	6.4	5.8	2.5	2.4	2.1	1.8
Private consumption	7.1	4.7	1.8	1.8	1.9	2.3
Public consumption	3.4	-0.2	3.8	0.9	1.2	0.5
Gross fixed investment	2.8	2.4	0.8	4.5	4.8	2.2
Total domestic demand	6.7	3.0	1.7	2.2	2.4	1.9
Net exports (contribution to growth)	-0.2	2.9	0.8	0.0	-0.2	-0.1
Exports of goods and services	13.5	15.2	2.3	3.4	3.1	3.1
Imports of goods and services	14.9	7.0	0.3	3.0	4.0	3.6
Potential output growth	1.6	1.7	1.9	2.1	2.2	1.8
Output gap (percent of potential)	-4.2	-0.4	0.2	0.4	0.2	0.1
Prices						
GDP deflator	2.6	4.2	5.9	2.8	2.3	1.7
HICP (average)	3.0	8.3	3.4	2.9	2.3	1.9
HICP (end of period)	6.6	5.5	3.3	2.5	2.1	1.8
Core inflation (average)	0.7	5.2	5.8	3.0	2.1	1.8
Core inflation (end of period)	2.2	6.7	4.6	2.5	2.1	1.8

Employment and wages						
Unemployment rate (percent)	14.9	13.0	12.2	11.8	11.5	11.2
Labor costs, private sector	0.0	2.6	5.6	3.3	3.5	2.8
Employment growth	3.3	3.6	3.1	1.3	0.9	0.8
Balance of payments (percent of GDP)						
Current account balance	0.8	0.6	2.6	2.6	2.3	2.0
Net international investment position	-71.0	-60.0	-52.8	-46.5	-41.4	-37.1
Public finance (percent of GDP)						
General government balance	-6.7	-4.7	-3.6	-3.0	-2.9	-3.1
Primary balance	-4.8	-2.6	-1.8	-0.6	-0.3	-0.4
Structural balance	-4.1	-4.5	-3.7	-3.2	-3.0	-3.2
General government debt	116.8	111.6	107.7	105.6	104.4	104.3
Sources: IMF, World Economic Outlook; data provided by the authorities; and IMF staff estimates.						
1/ The projections incorporate spending financed by the EU Recovery and Resilience Facility (including the grant and the loan component) amounting to about 0.4, 0.9, 1.0, 1.0, 1.0, 0.9, and 0.2 percent of GDP from 2021 to 2027.						

Source: IMF Executive Board Concludes 2024 Article IV Consultation with Spain June 6, 2024

FOREIGN TRADE

3. As per recent available inputs on WITS (World Integrated Trade Solution), the five major merchandise export partners of Spain are France, Germany, Italy, Portugal, and United Kingdom. On the other hand four major import partners of Spain are Germany, China, France and Italy. Major five exported goods of Spain are (i) Petroleum oils, etc, (excl. crude); preparation (ii) Other medicaments of mixed or unmixed products, (iii) Automobiles with reciprocating piston engine di (iv) Automobiles nes including gas turbine powered and (v) Automobiles with reciprocating piston engine di. On the other hand major five imported goods of Spain are ((i) Petroleum oils and oils obtained from bituminous (ii) Other medicaments of mixed or unmixed products, (iii) Petroleum oils, etc, (excl. crude); preparation, (iv)/Motor vehicle parts nes and (v) Natural gas, liquefied.

4. Spain's total exports in 2019 were of the order of US\$ 337,203 million. It has scaled up to US\$ 420,170 million in 2023. During the period 2019 to 2023, Exports from Spain had increased maximum by 25.47% in the year 2021 followed by another 8.36% increase in 2022. During the period from 2019 to 2023, the annual average compound rate of growth of exports was 5.65%.

5. Spain's total imports in 2019 were of the order of US\$ 375,470 million and which has touched US\$ 469,043 million mark in 2023. Imports of Spain had jumped by 29.21% in 2021 in comparison with 2020 just after facing a 12.18% decline in FY2020. During the period from 2019 to 2023, the annual average compound rate of growth of imports was 5.72%.

6. Spain runs an overall Balance of Trade deficit from 2019 to 2023 that has scaled up to USD -48,873 million in 2023. During the period from 2019 to 2023, the annual average compound rate of growth of total volume of trade was 5.69%.

A snapshot of Spain's overall Trade Statistics is presented in Table 1 and Figure 1 below.

A snapshot of India's merchandise trade statistics w.r.t. Spain is presented in Table 2 Figure 2.

BILATERAL TRADE WITH INDIA

Merchandise Trade

7. In 2023, bilateral trade between India and Spain reached US\$8.25 billion, with India's exports to Spain amounting to US\$6.33 billion and imports totaling US\$1.92 billion. India's primary exports include mineral fuels, chemical products, iron and steel, electrical machinery, and apparel. India had exported to Spain almost 1.01% of its total export value in FY2023-24. In the same financial year imports from Spain was 0.36% of India's total import value. Almost 0.94% of India's total international trade value of goods was between India and Spain as has been recorded in DGCI&S data base for FY 2023-24. Spain was the 36th major trading partner of India in FY 2023-24.

8. Indo- Spain total volume of bilateral trade in FY 2019-20 was of the order of US\$ 5,559.03 million. It has scaled up to US\$ 7,249.00 million in FY 2023-24. The annual compound growth rate of total volume of trade during the period from 2019-20 to 2023-24 has been of the order of 6.86%.

9. It appears from the available figures that between 2019-20 and 2023-24, India has had a surplus Balance of Trade with Spain. Exports from India to Spain increased by 45.92% in FY2021-22. The annual average compound rate of growth of Exports was 4.99%. On the other hand, imports from Spain to India remarkably increased by 46.21% in FY 2022-23 just after a 35.79% increase in 2021-22 During the period from 2019-20 to 2023-24, the annual average compound rate of growth of imports was 11.07%.

10. Additionally, from Tables 4 & 5 presented below the following are stated:

a. **Iron And Steel, RMG Cotton Incl. Accessories and Petroleum Products**, had occupied the top three slots in India's exports to Spain in the year 2023-24. **Iron And Steel** had occupied 11.96% share of India's total exports to Spain in FY2023-24.

b. **Alcoholic Beverages; Indl. Machinery For Dairy Etc. and Petroleum Products** were the three major commodities in India's imports list from Spain in the year 2023-24, India imports **Alcoholic Beverages** from Spain with a share of 16.66% of total imports from Spain recorded in 2023-24.

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TABLE - 2
SPAIN'S TOTAL EXPORTS AND IMPORTS, VOLUME OF TRADE AND BALANCE OF TRADE
BETWEEN 2019 TO
2023

(Figures in USD Million)

Year	Exports	Percentage Growth in Exports	Imports	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019	337203		375470		712,673		-38267
2020	312081	-7.45	329739	-12.18	641,820	-9.94	-17658
2021	391559	25.47	426060	29.21	817,619	27.39	-34501
2022	424286	8.36	499055	17.13	923,341	12.93	-74769
2023	420170	-0.97	469043	-6.01	889,213	-3.70	-48873

Annual Growth Rate	Compound		
	5.65	5.72	5.69

NOTE : Figures relate to calendar year (January to December)

SOURCE: UN COMTRADE PUBLICATION

Figure - 1

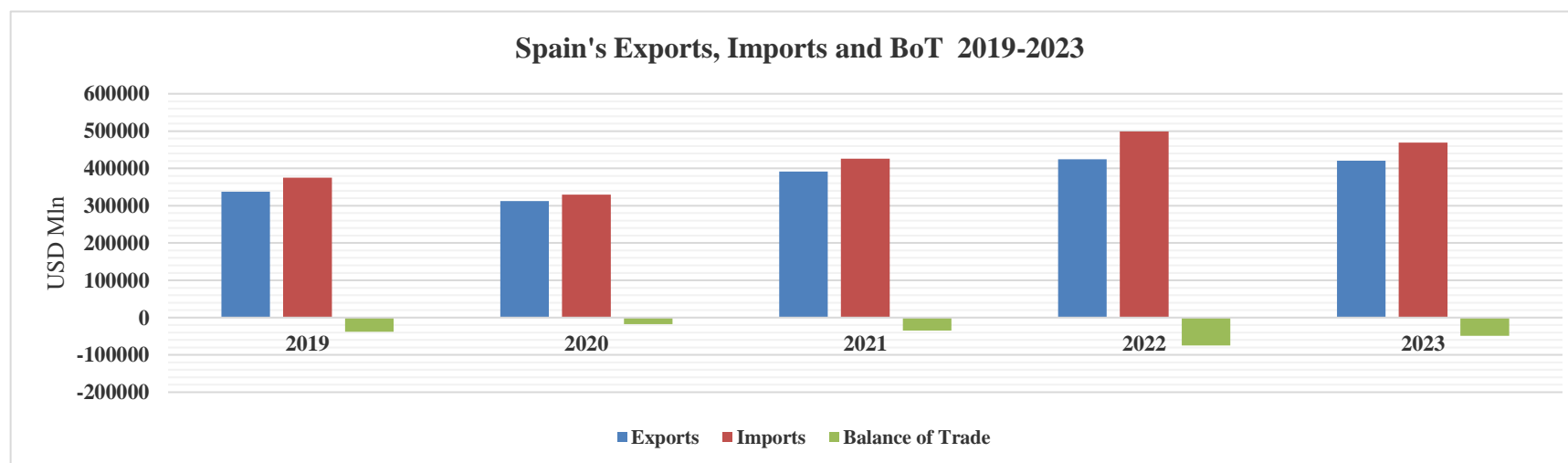


TABLE - 3
INDIA'S MERCHANDISE EXPORTS & IMPORTS w.r.t. SPAIN
FY 2019-2020 to 2023-2024

(Value in USD Million)

Year	Exports from India to Spain	Percentage Growth in Exports	Imports from Spain to India	Percentage Growth in Imports	Volume of Trade	Percentage Growth in Vol. of Trade	Balance of Trade
2019-20	3945.86		1613.17		5559.03		2332.69
2020-21	3238.80	-17.92	1511.92	-6.28	4750.72	-14.54	1726.88
2021-22	4725.95	45.92	2052.99	35.79	6778.94	42.69	2672.96
2022-23	4661.48	-1.36	3001.68	46.21	7663.16	13.04	1659.80
2023-24	4794.12	2.85	2454.88	-18.22	7249.00	-5.40	2339.24

Annual Growth Rate	Compound Growth Rate		
	4.99	11.07	6.86

NOTE: Figures relate to Financial Year (April to March)

SOURCE: DGCI&S, M/o C&I

Figure 2

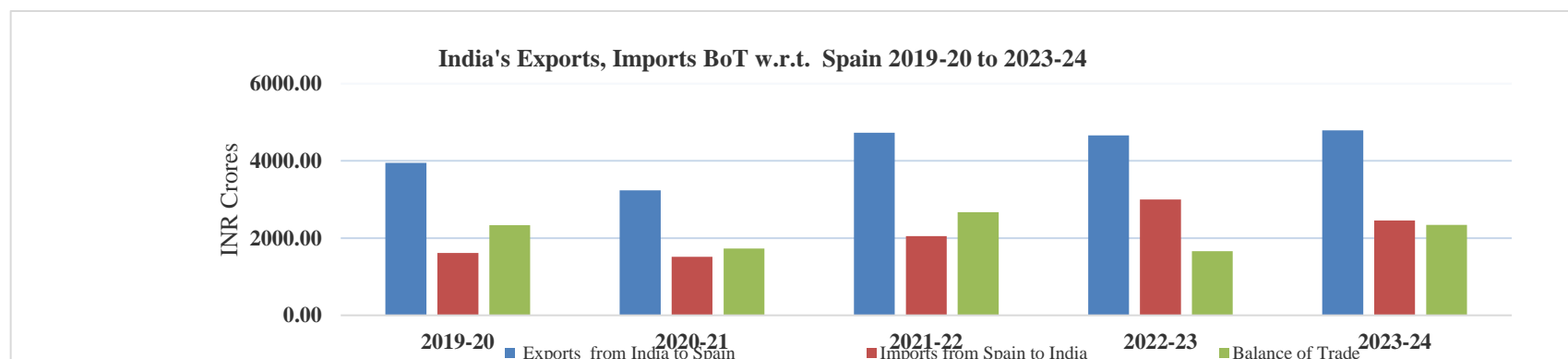


TABLE -4

**INDIA'S MAJOR ITEMS OF MERCHANDISE EXPORTS TO SPAIN
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES**

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Exports					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	20-21 over 2019-20	21-22 over 2020-21	22-23 over 2021-22	23-24 over 2022-23
1	Iron And Steel	216.01	274.60	547.85	391.56	573.43	27.12	99.51	-28.53	46.45
	Share in total export	5.47	8.48	11.59	8.40	11.96				
2	RMG Cotton Incl. Accessories	363.16	272.53	326.88	361.83	338.92	-24.96	19.94	10.69	-6.33
	Share in total export	9.20	8.41	6.92	7.76	7.07				
3	Petroleum Products	482.44	30.58	134.43	186.60	248.72	-93.66	339.60	38.81	33.29
	Share in total export	12.23	0.94	2.84	4.00	5.19				
4	Organic Chemicals	272.60	263.00	337.20	256.84	226.24	-3.52	28.21	-23.83	-11.91
	Share in total export	6.91	8.12	7.14	5.51	4.72				
5	Marine Products	149.08	151.12	208.46	233.34	190.45	1.37	37.94	11.94	-18.38
	Share in total export	3.78	4.67	4.41	5.01	3.97				
6	Auto Components/ Parts	70.95	101.53	143.73	144.27	178.25	43.10	41.56	0.38	23.55
	Share in total export	1.80	3.13	3.04	3.09	3.72				
7	Residual Chemicals And Allied Prods.	138.87	144.61	168.74	171.10	171.93	4.13	16.69	1.40	0.49
	Share in total export	3.52	4.46	3.57	3.67	3.59				
8	Products Of Iron And Steel	107.08	95.90	164.28	175.87	165.43	-10.44	71.30	7.06	-5.94
	Share in total export	2.71	2.96	3.48	3.77	3.45				
9	Telecom Instruments	18.76	129.22	100.77	190.70	164.27	588.81	-22.02	89.24	-13.86
	Share in total export	0.48	3.99	2.13	4.09	3.43				
10	Electric Machinery And Equipments	66.38	57.98	151.67	172.38	146.18	-12.65	161.59	13.65	-15.20
	Share in total export	1.68	1.79	3.21	3.70	3.05				
	Total exports to SPAIN	3945.86	3238.80	4725.95	4661.48	4794.12	-17.92	45.92	-1.36	2.85

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I

TABLE -5
INDIA'S MAJOR ITEMS OF MERCHANDISE IMPORTS FROM SPAIN
2019-2020 TO 2023-2024 AND THEIR GROWTH RATES

(Value in USD Million)

Sl. No.	Name of the Merchandise Commodities	Value of Import					Annual Growth Rates			
		2019-20	2020-21	2021-22	2022-23	2023-24	19-20 over 2018-19	20-21 over 2019-20	21-22 over 2020-21	23-24 over 2022-23
1	Alcoholic Beverages	1.49	1.18	3.05	6.20	408.93	-20.81	158.47	103.28	6495.65
	Share in total import	0.09	0.08	0.15	0.21	16.66				
2	Indl. Machinery For Dairy Etc.	85.44	63.64	72.54	121.19	136.95	-25.51	13.98	67.07	13.00
	Share in total import	5.30	4.21	3.53	4.04	5.58				
3	Petroleum Products	76.11	54.72	157.33	189.14	116.22	-28.10	187.52	20.22	-38.55
	Share in total import	4.72	3.62	7.66	6.30	4.73				
4	Paint, Varnish And Alld. Products	101.67	103.00	117.41	127.87	114.22	1.31	13.99	8.91	-10.67
	Share in total import	6.30	6.81	5.72	4.26	4.65				
5	Plastic Raw Materials	73.35	69.52	135.51	149.41	112.90	-5.22	94.92	10.26	-24.44
	Share in total import	4.55	4.60	6.60	4.98	4.60				
6	Residual Chemicals And Allied Products	87.65	112.20	124.50	152.85	105.22	28.01	10.96	22.77	-31.16
	Share in total import	5.43	7.42	6.06	5.09	4.29				
7	Aluminium, Products Of Aluminium	19.13	29.14	47.06	72.21	92.72	52.33	61.50	53.44	28.40
	Share in total import	1.19	1.93	2.29	2.41	3.78				
8	Bulk Drugs, Drugs Intermediates	74.10	86.69	83.03	89.30	88.15	16.99	-4.22	7.55	-1.29
	Share in total import	4.59	5.73	4.04	2.98	3.59				
9	Paper, Paper Board And Products	53.84	89.96	128.22	127.21	86.87	67.09	42.53	-0.79	-31.71
	Share in total import	3.34	5.95	6.25	4.24	3.54				
10	RMG Manmade Fibres	37.57	37.57	47.67	61.69	56.51	0.00	26.88	29.41	-8.40
	Share in total import	2.33	2.48	2.32	2.06	2.30				
	Total imports from SPAIN	1613.17	1511.92	2052.99	3001.68	2454.88	-6.28	35.79	46.21	-18.22

NOTE : Figures relate to each Financial Year (April to March)

SOURCE : DGCI&S, M/o C&I