

Article

Globalization versus Regionalization in Agri-Food Exports from Spain and Portugal

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Abstract: Spain and Portugal, two countries located in southern Europe, share a significant export specialization in agricultural and agri-food products compared to the EU-27 as a whole. Based on arguments drawn from the literature and information provided by Eurostat, this paper first identifies the characteristics of the dynamics of sales of agri-food products in the international market for the two Iberian Peninsula economies between 2008 and 2022, a period marked by the introduction of restrictions on foreign trade flows worldwide. Secondly, using panel data methodology, it examines how imports by EU-27 partners influence this trajectory. The results confirm the strengthening of export specialization in these two countries, which sell a wide variety of agri-food products in international markets. Additionally, in the case of Spain, the estimated concentration indices show a spatial diversification process towards new destinations. In both economies, however, the EU-27 market, characterized by strong competition and low development expectations, continues to influence export trends in the short and medium terms. Consequently, institutions and companies in the sector must adopt a more dynamic approach and implement actions aimed at facilitating access to new export destinations and consolidating business there. Thus, an increasing share of their exports should be reoriented towards markets with higher demand growth, helping to reinforce the global competitiveness of the national agri-food sector. This research contributes to the scientific literature on the medium- and long-term effects of economic integration processes on the exports of agri-food products of member countries.

**Citation:** Moral-Pajares, E.;Zozaya-Montes, M.; Gallego-Valero, L. Globalization versus Regionalization in Agri-Food Exports from Spain and Portugal. *Agriculture* **2024**, *14*, 963.<https://doi.org/10.3390/agriculture14060963>

Academic Editor: Claudio Bellia

Received: 13 May 2024

Revised: 13 June 2024

Accepted: 18 June 2024

Published: 19 June 2024



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Keywords: exports; agriculture; agri-food; panel data; Spain; Portugal

1. Introduction

The Southern European countries of Spain and Portugal, which joined the EEC in 1986, both show a high degree of export specialization in the agri-food sector compared to the EU-27 as a whole. In 2022, the value of exports of agri-food products from Spain to foreign markets amounted to EUR 69.83 billion, representing 9.93% of EU-27 agri-food exports. In comparison, Spain's share in the total volume of EU exports was 5.79%, and its share of the EU GDP was estimated at 8.46%. Similarly, Portugal accounts for a 1.44% share of EU-27 agri-food exports, 1.15% of total merchandise exports, and 1.52% of the EU GDP. As in other areas of the developed world, the agri-food sector plays a crucial role in the Spanish and Portuguese economies, determining the management of natural resources. In both countries, the food and beverage industry is the most important manufacturing industry.

Since 2008, the extra EU-27 export activity of the agri-food sector in the Iberian Peninsula has been conditioned by the restrictive practices imposed by various national economies, especially those of the G-20 [1–5], with complex effects on trade flows [6–8]. It has also been affected by the trade agreements that the EU-27 signed with third countries, in force or provisionally applied between 2008 and 2022, of which there have been more than 50 [9]. The average tariffs applied in 2008 and 2022 to agricultural [10,11] and

non-agricultural products by the United States and China, two of the main non-EU destination countries for EU-27 exports of these types of goods in 2022, and the second- and third-largest importers of such products globally, according to the World Trade Organization (WTO), imply the higher tariff burdens on agri-food goods at both the beginning and the end of the period. Additionally, it is the new non-tariff barriers (anti-dumping, countervailing duties, sanitary and phytosanitary measures, technical barriers to trade, quantitative restrictions, safeguards, special safeguards, tariff quotas, export subsidies) that underlie the neo-protectionist process characterizing international trade in 2022. Lastly, significant differences are observed between these two countries in their trade policies: whereas the North American economy imposes many and varied non-tariff barriers on agri-food imports, the Asian economy presents higher tariff rates but makes comparatively less use of the new non-tariff barriers.

The aim of this study is, firstly, to conduct a comparative analysis of the evolution of Spain and Portugal's agri-food product sales in the international market between 2008 and 2022; by so doing, we can gain a better understanding of these countries' export growth within the EU and globally, during a period marked by an increase in restrictive trade practices and the consolidation of the European integration process. Secondly, it seeks to determine whether this trajectory has been conditioned by the development of competitive advantages that have enabled diversification in exported products and their destinations. According to various authors [12–16], the quality of growth in international sales depends on the ability to export a greater variety of products to more countries. The third aim of this study is to identify which products and markets have contributed the most to the increase in these countries' export revenues, detecting similarities and differences between the two cases. Finally, using a gravity model, it investigates the macroeconomic variables that have influenced the agri-food exports of Spain and Portugal.

Based on the arguments presented above, the following research questions are proposed:

1. Have the exports of agri-food products from Spain and Portugal registered a higher growth rate than those of the EU-27 as a whole, consolidating the export specialization of these two countries?
2. Has there been a process of diversification in the type of agri-food products exported by Spain and Portugal between 2008 and 2022, boosting their competitiveness?
3. Which products have contributed most to the increase in agri-food exports from the two Iberian Peninsula economies between 2008 and 2022?
4. Has there been a process of regionalization of the agri-food product exports from Spain and Portugal in favor of the EU-27, or, on the contrary, are these countries increasing their sales in more distant markets, outside of Europe, in an effort to increase their participation in the global market?
5. Does the size of the destination market, per capita GDP, or distance from the importing country explain the recent evolution of agri-food exports from Spain and Portugal?

This study aims to complement the findings of previous research analyzing the effects of economic integration processes on the trade flows of agri-food products [17–19], particularly in the EU [20–29]. To that end, it explores whether the consolidation of the European agricultural market reinforces the geographical concentration of exports to member state trading partners or, conversely, if a process of spatial diversification takes place. Such diversification could be achieved if national companies develop a competitive advantage, enabling an increase in export destination markets and enhancing the global competitiveness of the national agri-food sector. From the results of this research, conclusions can be drawn to guide measures that could be implemented to boost the competitiveness of this sector.

Following this introduction, the rest of the paper is structured in four sections. The Section 2 presents the contextual framework, data, and methodology used in the research. The Section 3 presents the results, which are then discussed in the Section 4. Finally, the Section 5 details the main conclusions.