

The Internationalisation of Spanish Firms*

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December 2012

Abstract

This paper shows that the variation in the world export share and the internationalisation process that the Spanish economy has experienced since the establishment of EMU have been determined by a broad set of factors that go beyond the evolution of international relative prices. Firms' decisions on factor inputs (company size, investment in physical capital, quality of human capital, or R&D expenditure and technology adoption) and on market and financial strategies (product diversification, reliance on non-banking finance or expansion via outward foreign direct investment) have shaped the internationalisation process. Given the variety of determinants, economic policy must be multidimensional and have a dual objective: to improve the functioning of the markets for factor inputs (capital and labour markets, access to finance and to new production technologies and innovations) and to foster competition in the markets for goods and services.

Keywords: price competitiveness, world export shares, exporting firms.

JEL: D22; F14.

* We would like to thank Miguel Cardoso and Juan Ramón García-López for their comments and suggestions, and Mercedes Nogal for her assistance. Financial support received from the CICYT grant ECO2011-29050 is gratefully acknowledged.

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