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Galician trade relations with the Community of Portuguese-speaking Countries. How to deal with them?

Las relaciones comerciales de Galicia con la Comunidad de Países de Lengua Portuguesa. ¿Cómo afrontarlas en el actual contexto económico?

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ABSTRACT

The publication of the Paz Andrade Law and the Law on Galician External Action marks a turning point in Galicia's international economic relations with the Community of Portuguese-speaking Countries. For this reason, Galicia must shape and develop a new strategy in terms of trade relations with this group of countries, with which it has a historical cultural affinity. This article analyses the current state of these trade relations in order to elucidate which strategic aspects need to be worked on in the future in order to develop the current regulations. The proposed analysis (through the study of data from a variety of official and institutional sources, etc.) seeks to identify opportunities for improvement in the external institutional action and that of Galician companies with respect to these countries. The results show that the situation in each country is different, so it would be appropriate to combine different measures to deepen trade relations with these countries.

RESUMEN

La publicación de la Ley Paz Andrade y de la Ley de Acción Exterior de Galicia marca un punto de inflexión en las relaciones económicas internacionales de Galicia con la Comunidad de Países de Lengua Portuguesa. Por este motivo, Galicia debe configurar y desarrollar una nueva estrategia en cuanto a las relaciones comerciales con este grupo de países, con los que tiene una afinidad cultural histórica. En este artículo se analiza el estado actual de estas relaciones comerciales con el fin de dilucidar los aspectos estratégicos sobre los que es necesario trabajar en el futuro para desarrollar la normativa vigente. El análisis propuesto (a través del estudio de datos procedentes de diversas fuentes oficiales, institucionales, etc.) pretende identificar oportunidades de mejora de la acción institucional exterior y de la actuación de las empresas gallegas con estos países. Los resultados muestran que la situación en cada país es diferente, por lo que sería conveniente combinar diferentes medidas para profundizar en las relaciones comerciales con estos países.

1. INTRODUCTION

This work aims to contribute from the spectrum of international economic and trade relations to the analysis of opportunities for economic expansion abroad of Galicia, focusing on the connection with the Community of Portuguese-speaking Countries (CPLP) and the Macau Forum[1]. The CPLP is an international organization formed by Portuguese-speaking Countries, whose aim is the "strengthening of mutual friendship and cooperation between its members". According to the Brazilian Ministry of Foreign Affairs, the population of its member countries reaches to approximately 270 million people. In 2021 there will be eight states with Portuguese as their mother tongue or official language: Angola, Brazil, Green Cape, Guinea-Bissau, Mozambique, Portugal, São Tomé and Principe and East Timor. These will be the focus of the present article. However, there are also other places where Portuguese is spoken, in its various variants, and which often tend to be included in the Lusophone world (Goa, Macao, Batticaloa, Malacca, etc.).

To contextualise and carry out a correct interpretation of the data and the reality presented through this research, it should be noted that Galicia, unlike other territories, does not have any mention of possible own international actions in its statutory framework. Despite this restriction, Galicia has regularly developed actions in the international arena, participating directly or indirectly in foreign policy, depending on the context.

Approaching a work of this type required a methodological effort of analysis at macroeconomic and sectoral level, mainly combining deduction and induction, for which it was necessary to resort to descriptive statistics in the treatment of information and data obtained. In order to obtain this in-

1 The Macao Forum is a multilateral and intergovernmental cooperation mechanism designed to promote economic and trade exchanges between China and Portuguese-speaking countries, using Macao as a platform for links between these places

formation, it was necessary to resort to a multiplicity of data sources (World Trade Organisation, National Statistics Institute, Galician Statistics Institute, Foreign Trade Institute, Ministry of Industry, Trade and Tourism, Foreign Trade and Diplomatic Offices or DatosMacro, among others), which required a great deal of effort in terms of coordination, study and interpretation of the results observed.

In order to understand the depth of Galicia's economic relations with CPLP countries and detect opportunities for expansion abroad, this article analyses the situation of foreign trade in Galicia, focusing on the main Portuguese-speaking destinations. For this reason, the article is structured as follows: In the second section the general situation of world trade relations in recent years is analysed, as well as the importance of external policies, describing the Galician context; in the third section, the situation of foreign trade in Galicia within the Spanish context is described; in the fourth section, the importance of Galicia's trade relations with the economies of the CPLP is also analysed, focusing mainly on the cases of Portugal and Brazil, but also on the other CPLP countries; finally, the fifth section contains the conclusions arising from this study.

2. THE IMPORTANCE OF INTERNATIONAL TRADE AND HOW COUNTRIES/REGIONS CHOOSE THEIR TRADING PARTNERS

In an increasingly globalised world and in the context of a global recession (Roberts, 2019), the importance of international trade as a source of growth and economic development is a proven fact from an academic point of view, although the process of constructing the academic literature has not been free of discussion, giving rise to different contributions. Firstly, there are the classical approaches expressed in the theory of comparative advantage. Through this theory, David Ricardo tries to explain how market forces allow an efficient allocation of a country's resources towards those sectors in which the nation is relatively more productive (Bergara et. al., 2003). However, for Garcia (2010) it is the difference in the relative prices of goods between two countries that forms the basis for mutually beneficial trade activities between them. Secondly, there is the neoclassical theory approach or Heckscher-Ohlin model. This approach analyses international trade in a context of perfect competition, concluding that trade activity would lead to the equalisation of both absolute and relative factor prices (Calva, 2007). This approach highlights the interaction between the proportions in which different factors are available in different countries and the proportion in which they are used to produce different goods and is therefore also known as factor proportions theory (Humérez & Bernal, 2012; Krugman & Obstfeld, 2001). Finally, it is worth mentioning the theory of economic integration. For Visintin (2007) this theory differentiates between dynamic effects - production, consumption and trade diversion - and static effects - changes in customs duties (Cuervo, 2000) and the number of export and import restrictions (Guerra-Borges, 2003).

2.1. How countries/regions choose their international trading partners?

Trade and cooperation agreements, with different approaches, have proliferated over the last decades in the international context. In this sense, this research attempts to study the trade situation of Galicia with respect to the CPLP countries, to discern whether they are an interesting economic partner and which should be the best trade strategy nowadays.

The Uppsala model is considered a strategic tool used in the internationalisation process that organisations go through, that´s to say, the path that a company follows when expanding into new markets. In this sense, it is important to mention the trade creation and diversion effects that favour economic and monetary integration processes (to the detriment of those that remain outside of them) and the concept of sico-geographic proximity as an enhancer of international trade and investment. According to Voudouris, Lioukas, Makridakis, & Spanos (2000) business internacionalization success depends on four factors: (a) intense specialization in narrowly defined market segments, (b) commitment to customer service, (c) innovative culture and adaptation to new technologies, and (d) strong leadership and a healthy organizational climate. But it is necessary to point out that other authors, showed pessimistic views about trade transfer to less developed countries (Balassa, 1993) due to the lack of a price transfer between rich and poor economies (Balassa & Word Bank, 1981).

Recent studies have focused on two types of factors as crucial for the choice of trading partners: socio-economic and socio psychological. The former includes aspects such as firm size or the age of the population (Zeuli & Betancor, 2005; Berlin 2006), while the latter focus on variables such as trust, attitude or commitment (James & Sykuta, 2006; Österberg and Nilsson, 2009; Nilsson, Kihlén and Norell, 2009). Indeed, according to Enander, Melin & Nilson (2010) social relationships are significant, given that the choice of buyer is important to the producers - economically, socially, and psychologically-. They are likely to prefer a trading partner that they have trust in rather than economic calculation (Levinson & Asahi, 1995). Taking this into account, trust is a key concept characterising social relationships. For Rousseau, Sitkin, Burt & Camerer (1998:395), "trust is a psychological state comprising the intentions to accept vulnerability based upon positive expectations of the intentions or behavior of another" (Rousseau, Sitkin, Burt and Camerer, 1998:395). According to Rave & Stern (1986) to fully comprehend interorganizational cooperation between trading partners, it is necessary to study both the dependence structure and processes of transactions that can be characterized by the dominant transaction sentiments, such as trust. However, it should not be forgotten that sharing knowledge with others allows the organisation to integrate knowledge from different sources, detect the windows of opportunities in the marketplace and capture positions of advantage (Lee, so & Tang, 2000; Swaminathan & Tayur, 2003).

Recent studies focusing on medium-sized companies, such as the one conducted by Ke & Wei (2007), show that socio-political factors were more robust in affecting the focal firm's decision on whether to share relationships with a particular partner. Trust towards the partner and the partner's power were also the primary factors leading the firm to enter the knowledge sharing ties. In contrast, asset specificity did not play an important role in affecting the firm's decision. In this study the authors divide between factors derived from economic transaction costs and socio-political factors. According to the first group of factors, decisions are based on a comparison of the performance of alternative governance institutions, e.g., markets and firms (Williamson, 1991), and on the minimisation of transaction and production costs. If we look at the second type of factors, it must be understood that few organisations are internally self-sufficient (Thompson, 1967), and that's why dependence is identified as the key antecedent variable motivating the establishment of inter-firm relationships.

Finally, with specific reference to trade relations between CPLP territories, Roder & da Silva-Rego (2018) have carried out a study whose results show an increase in trade transactions between member states. However, to consolidate these trade relations some authors advocate the need to create stronger conditions at the institutional level to create a business-friendly environment (Lee, Peng, and Barney 2007) and reduce uncertainties (Peng, 2006). From the institutional point of view the CPLP agreed to develop mechanisms to deal with the globalised market, stating the commitment to eradicate poverty and promote sustainable development (CPLP, 2010), and in 2012 the members of the CPLP included two fundamental objectives in the Luanda declaration: (a) Focus on economic and business co-operation in clusters and development sectors and (b) Implement measures to make it possible to overcome the structural difficulties to the development of trade and investment, both missions to which the autonomous community could contribute by widening the current basis for collaboration.

2.2. Economic policy trends in the global context of trade relationships

The globalization process of the 2000s aspired to be inclusive (Rimbert, 2022). In the name of free trade, countries such as China and Russia have been admitted to the World Trade Organization under the belief that economic interdependence would make other countries adapt to the logic of Western capitalism. However, in a context of a supposedly free market, phenomena such as *friendshoring* (White House, 2021) will come about in order to maintain the existing *status quo*. In this way, trade integration would be selective at certain levels, as proposed by the US Secretary of the Treasury Janet Jallen, since interdependence could turn into vulnerability depending on geopolitical changes. Evidently, Asia, Europe and South America adopted the same behavior (O'Neil, 2022). In this global economic context, weaving alliances through foreign economic policy with countries with cultural, economic and social affinity (as is the case of Galicia with the CPLP) becomes a realistic and feasible alternative for economic survival and expansion.

2.3. The regulatory context for the development of Galicia's foreign economic policy related to the CPLP

The Paz Andrade Law (Xunta de Galicia, 2014) has recognized that the Galician language gives Galician citizens a valuable competitive advantage in many areas, particularly cultural but also economic. Furthermore, in order to improve Galician social, economic and cultural development, the authorities must promote all possible measures to make the most of this historical advantage, especially with regard to the economic relations of the

Euroregion. More specifically, Article 3 of this law states that “the relations with Portuguese-speaking countries at all levels shall be promoted, and this is a strategic objective of the Galician Government, including the participation of institutions in Lusophone forums of an economic nature.

The approval of the Law of Foreign Action and Cooperation for the Development of Galicia last 23 February 2021 in Parliament and its publication in the DOG on 15 March opens a new era for the foreign action of Galicia (IGADI, 2021). The birth of this law has driven the need to build public policies for external action with strategic intentionality for the Galician development model. Article 4(l) of this law states that the strategic aim is to “Internationalize the Galician economy and society, with a firm commitment to knowledge, research and creation as unique elements of the country brand”. These unique elements are the cultural achievements that unite Galicia with the Portuguese-speaking community, as stated in the subsequent Article 16 of the same law. Furthermore, this regulation also focuses on the need for internationalization of Galician R+D+i (art. 67) and the external participation of social economy enterprises (art. 81).

Finally, thanks to the Galicia´s collaboration the Conference of Heads of State and Government of the Community of Portuguese-speaking Countries (CPLP) has approved Spain’s accession as an Associate Observer State at the organisation’s Summit held in Luanda, in the year in which the CPLP celebrates its 25th anniversary (Moncloa, 2021).

3. THE EVOLUTION OF GALICIAN FOREIGN TRADE IN THE SPANISH CONTEXT

A consistent study to assess the situation of foreign trade in Galicia requires an effort of contextualization and prior review of what has happened at state level. For this reason, the trade relationship of Spain with the CPLP countries is analysed first, gradually leading the focus to the Galician case.

3.1. The current Spanish commercial relationship with CPLP countries

The international economic relations with regard to Spanish exports and imports to CPLP countries is analysed below. The latest available data for 2021 show that Portugal occupies the first place, close to 10% of total Spanish exports, with around 27 billion euros. Brazil follows at a significant distance with 2.7 billion euros, ten times less than the previous country (despite the size of its market), a fact which shows the potential of the Brazilian market despite its geographical distance. Far from Portugal and Brazil, exports to other CPLP countries are also notable, with three of the most important in Africa according to the volume of exports in 2021: Equatorial Guinea (163 M€), Green Cape (80.7 M€) and Angola (which falls to 140 M€). The third group includes the countries with which Spain has the feast trade relations and which are experiencing the greatest economic difficulties and/or are physically the furthest away. This is the case of Mozambique (54 M€), Guinea-Bissau (10.86 M€), São Tomé and Principe (2.01 M€) and East Timor (approximately 0.04 M€). The effects of the pandemic are visible like a fall in the figures elaborated with available data.

TABLE 1
EVOLUTION OF SPANISH EXPORTS-IMPORTS TO CPLP COUNTRIES, 2017-2021 (M€)

Country	Exports		Imports*	
	2017	2021	2017	2021
Portugal	19.843,90	27.136,2	11.064,50	16.979,1
Brazil	2.509,20	2.703,15	4.064,80	4.589,47
Angola	235,60	152,03	939,00	642,17
Mozambique	27,30	52,72	220,10	217,89
Equatorial Guinea	156,2	161,47	253,00	1.438,22
Guinea-Bissau	11,40	12,95	N/A	0,09
Green Cape	89,90	69,30	45,20	67,35
São Tomé e Príncipe	2,00	2,01	2,00	0,29
East Timor	0,10	0,03	0,00	0,10

Source: Own preparation based on ICEX data for 2017-2021.

*Note: Figures extracted from the commercial reports by country of the ICEX External Offices.

N/A: Data not available due to unreliability in the market.

The figures of imports from CPLP countries to Spain together are lower than those of exports. The positive trade balance is mainly explained by the difference between exports to and imports from Portugal, where the latter are around 17,000 M€. For the remaining main destinations (Brazil, Angola, Equatorial Guinea or Mozambique among them), the balance is negative (Table 1).

3.2. The situation of Galician foreign trade: characterization and exports general evolution

While Galicia's share in the Spanish GDP is around 5%, Galician exports accounted for 7.81% of the state´s total, and imports for 5.69%. Galician trade balance is positive between 2000 and 2021, with a significant decrease in values after the financial crisis and the crisis caused by the pandemic, with special relevance in the separation of values between exports and imports from 2008-2009 (chart 1). In terms of evolution in recent years, and according to data from the IGE, the main destination of Galician exports tends to be the countries belonging to the Euro Zone, responsible for the absorption of around 60% of exports. The five EU countries which receive Galician products in the most stable way are France and Portugal (with percentages higher than two thirds), and Italy, the United Kingdom and Germany (with values higher than 5%). Also important as destination markets for Galician industrial production are the developed economies of the OECD, but also the OPEC countries and Mercosur, with a value close to 1.5% of the total.

On the other side of the coin, which refers to imports, the behaviour repeats part of the export pattern, since more than half of imports usually come from the Eurozone, with the other OECD countries also being important. France and Portugal are once again the main suppliers of goods and services to the Autonomous Community, with percentages usually higher than the double figures. They are followed by Italy, Germany, China, Mexico and the USA (all with figures between 3-5%). In the case of OPEC member countries, these come to account for around 8% of the production acquired, and around 3% for Mercosur countries. However, although the largest share of Galician exports and imports falls on European destinations (with growing volume), the rest of the continents still have a much smaller share. Although imports are on the increase in the other continents, there is not such a clear advance in the case of exports (charts 2 and 3).

Although the most important market for Galicia is still the French market (2,529 M€), countries such as Portugal, Italy and the Netherlands have increased their purchases (143%) in the Autonomous Community to reach 1,066 M€, ahead of powers such as Germany (783 M€, an increase of 32%). On the import side, the increase in licensed natural gas (LNG) from the United States stands out, because USA is supplying the European continent after the outbreak of the war in Ukraine. This increase brought total purchases from the country to 1.128 billion euros (+92%). However, the trade balance remained clearly positive (as can be seen in chart 1). The Galician trade results contrast with the 31,963 M€ hole in the State accounts, in which the deficit has multiplied by six compared to the first half of 2021, mainly due to the rise in energy prices.

CHART 1
EVOLUTION OF GALICIAN EXPORTS-IMPORTS 2000-2021 (M€)

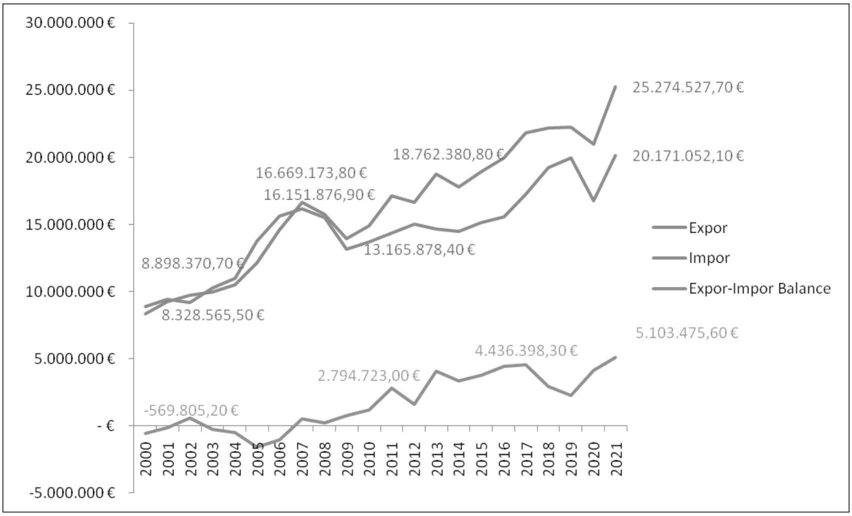
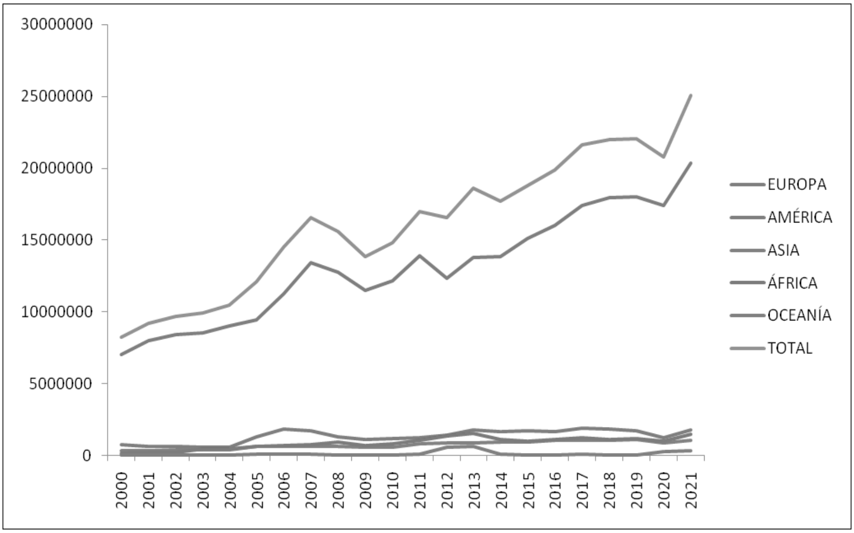


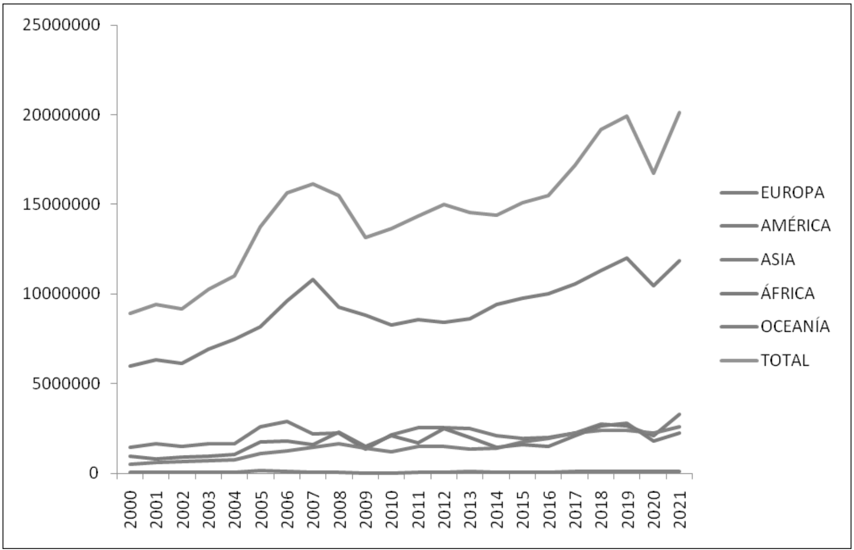
CHART 2
EVOLUTION OF GALICIAN EXPORTS BY CONTINENTS 2000-2021 (THOUSAND €)



Source chart 6 Own preparation based on IGE data

According to Placer (2016), Galician exports were concentrated in the middle of the last decade around the transport industry (27.3%) and the textile industry (21.6%). The car manufacturing sector behaved with a certain stability and was exporting in 2015 around 5,140 M€ -among tourism (3,109 M€), transport vehicles (1,367 M€) and vehicle accessories (628 M€)-. On the other hand, the textile industry has grown in recent years and has exported approximately 4.073 M€, the main products being women's clothing (1.434 M€) and men's clothing (970 M€), followed by dressing gowns and similar items (459 M€), T-shirts (330 M€), and women's suits and dresses (193 M€). In third place is the agri-food sector, whose exports reached 2,571 M€ in 2015, 13.7% of total Galician exports (Sande, 2019). On the other hand, most imports are concentrated in the same sectors as exports. The most relevant purchases were in the automotive sector (4.071 M€ and 26.9% of the total), in agri-food (2.821 M€ and 18.7%), in fuels (2.283 M€ and 15.1%) and in the textile industry (1.468 M€ and 9.7%).

CHART 3
EVOLUTION OF GALICIAN IMPORTS BY CONTINENTES 2000-2021 (THOUSAND €)



Source chart 7: Own preparation based on IGE data

This article also analyses the export figures to check what happened with the main exported products in the period 2016-2021, according to their TARIC classification (table 2). The weight of the exports of transport equipment reached a third of the total (30.12%), while the textile sector accounted for more than a fifth of Galician exports (22.56%). Below 10% were other activities such as the export of live animals (8.31%), common metals (7.38%) and food industrial products (4.31%). In relation to Galician imports by TARIC (table 3), those of transport materials (27.22% of the total), mineral products (14.21%) and live animals (11.83%) stood out. The purchase of common metals (9.67%) and textile materials (9.66%) had a slightly lower weight. Regarding the evolution in the period what can be observed is the important increase in the value of exports in case of all types of products, especially in the textile sector. This also happens in the case of imports, which increase for the main activities in terms of volume, but precisely for textile materials.

TABLE 2
GALICIAN EXPORTS BY TARIC, 2016-2021 (M€)

	2016	2017	2018	2019	2020	2021	Weight (%)	Increase (%)
I. Live animals and animal products	1.740,88	1.900,24	1.897,08	1.926,62	1.750,83	2.102,51	8,32	20,77
II. Products of the vegetal kingdom	206,84	180,11	197,85	215,49	219,77	236,14	0,93	14,17
III. Animal/vegetal greases/acids; prepared greases; animal or vegetal waxes	52,09	64,93	61,04	65,36	76,71	980,29	3,88	1781,92
IV. Industrial foodstuffs; beverages, spirits, vinegar; tobacco	761,82	865,2	909,87	929,98	1.096,34	1.090,30	4,31	43,12
V. Mineral products	958,64	1.600,77	1.980,18	1.591,47	904,85	1.503,19	5,95	56,80
VI. Chemical and other industrial products	758,17	741,37	793,57	837,69	757,18	927,44	3,67	22,33
VII. Plastics; Rubber	251,86	291,61	285,08	307,18	332,96	379,52	1,50	50,69
VIII. Furs, leather, manufactures	232,08	237,78	213	220,37	149,5	179,28	0,71	-22,75
IX. Wood and wood products, Coal; Cork	420,63	424,57	473,02	482,42	454,38	602,06	2,38	43,13
X. Wood and other pulp; Paper and paper products	265,93	309,83	360,27	323,27	254,6	329,1	1,30	23,75
XI. Textiles and manufactures	5.281,61	5.863,73	5.839,67	5.834,36	4.377,33	5.702,31	22,56	7,97
XII. Footwear; shading, draperies and others	419,91	459,01	463,36	461,3	347,62	377,16	1,49	-10,18
XIII. Stone and other manufactures; glass	380,76	389,17	418,61	404,54	404,36	448,56	1,77	17,81
XIV. Pearls, precious and semi-precious stones; coins	25,59	22,75	22,54	286,78	19,031	26,96	0,11	5,35
XV. Common metals and manufactures	1.123,32	1.475,88	1.537,61	1.359,35	1.222,98	1.867,76	7,39	66,27
XVI. Machinery, electrical equipment, sound and video reproduction apparatus, and others	1.029,47	1.032,72	1.441,49	1.372,96	997,23	1.071,75	4,24	4,11
XVII. Transport equipment	5.585,99	5.379,54	5.390,43	5.309,66	7.087,17	7.614,38	30,13	36,31
XVIII. Optical and phototactic instruments; medical and surgical instruments, watches and clocks	40,88	42,48	38,95	39,6	42,09	40,37	0,16	-1,25
XIX. Arms, munitions and components	0,05	0,09	0,2	0,21	0,41	0,18	0,00	260,00
XX. Miscellaneous goods and products	261,38	296,76	278	290,8	193,01	304,48	1,20	16,49
XXI. Works of art and antiques	0,15	0,09	0,1	0,39	0,15	0,35	0,00	133,33
Non-classifieds	186,45	222,99	260,96	260,18	267,73	372,58	1,47	99,83
TOTAL	**19.984,51**	**21.801,61**	**22.862,87**	**22.261,98**	**20.956,32**	**25.274,52**	**100**	**26,47%**

Source: Own preparation based on IGE data, 2022

TABLE 3
GALICIAN IMPORTS BY TARIC, 2016-2021 (M€)

	2016	2017	2018	2019	2020	2021	Weight (%)	Increase (%)
I. Live animals and animal products	2.094,62	2.227,16	2.357,90	2.225,89	2.066,83	2.386,56	11,83	13,94
II. Products of the vegetal kingdom	403,38	357,87	317,4	367,9	326,65	376,12	1,86	-6,76
III. Animal/vegetal greases/acids; prepared greases; animal or vegetal waxes	216,07	281,41	275,32	208,88	259,85	314,89	1,56	45,74
IV. Industrial foodstuffs; beverages, spirits, vinegar; tobacco	565,47	738,04	798,04	830,25	853,92	938,76	4,65	66,01
V. Mineral products	1.874,55	2.814,84	3.551,73	3.396,92	1.625,74	2.868,31	14,22	53,01
VI. Chemical and other industrial products	361,17	426,73	519,21	572,43	488,09	599,38	2,97	65,96
VII. Plastics; Rubber	383,35	464,63	507,68	453,54	415,14	514,8	2,55	34,29
VIII. Furs, leather, manufactures	73,88	73,11	77,66	120,41	73,54	90,541	0,45	22,55
IX. Wood and wood products, Coal; Cork	101,95	109,598	127,69	121,39	110,4	159,9	0,79	56,84
X. Wood and other pulp; Paper and paper products	169,22	167,84	205,83	222,74	214,36	228,35	1,13	34,94
XI. Textiles and manufactures	2.148,91	1.814,83	1.776,25	2.039,52	1.707,16	1.938,51	9,61	-9,79
XII. Footwear; shading, draperies and others	100,28	92,34	105,54	123,74	98,19	109,59	0,54	9,28
XIII. Stone and other manufactures; glass	63,69	63,5	70,38	82,49	71,23	90,8	0,45	42,57
XIV. Pearls, precious and semi-precious stones; coins	19,39	18,73	16,06	20,73	13,59	19,68	0,10	1,50
XV. Common metals and manufactures	1.210,59	1.351,32	1.645,58	1.664,95	1.548,23	1.950,32	9,67	61,10
XVI. Machinery, electrical equipment, sound and video reproduction apparatus, and others	861,06	950,87	1.162,54	1.417,81	1.457,15	1.669,26	8,28	93,86
XVII. Transport equipment	4.619,05	5.007,77	5.449,16	5.770,22	5.083,90	5.491,13	27,22	18,88
XVIII. Optical and phototactic instruments; medical and surgical instruments, watches and clocks	74,51	74,85	75,68	89,22	139,98	148,16	0,73	98,85
XIX. Arms, munitions and components	0,86	0,64	34,51	5,76	0,32	0,87	0,00	1,16
XX. Miscellaneous goods and products	201,42	200,94	184,62	209,56	232,44	258,75	1,28	28,46
XXI. Works of art and antiques	0,77	0,88	0,23	0,58	2,93	0,97	0,00	25,97
Non-classifieds	3,81	5,15	104,568	11,95	11,78	15,29	0,08	301,31
TOTAL	**15.548,11**	**17.243,13**	**19.238,51**	**19.956,99**	**16.801,49**	**20.171,05**	**100**	**29,73**

Source: Own preparation based on IGE data, 2022

Galician exports annual growth have increased by 27.1% last year because of the economic recovery after the pandemic. This growth puts

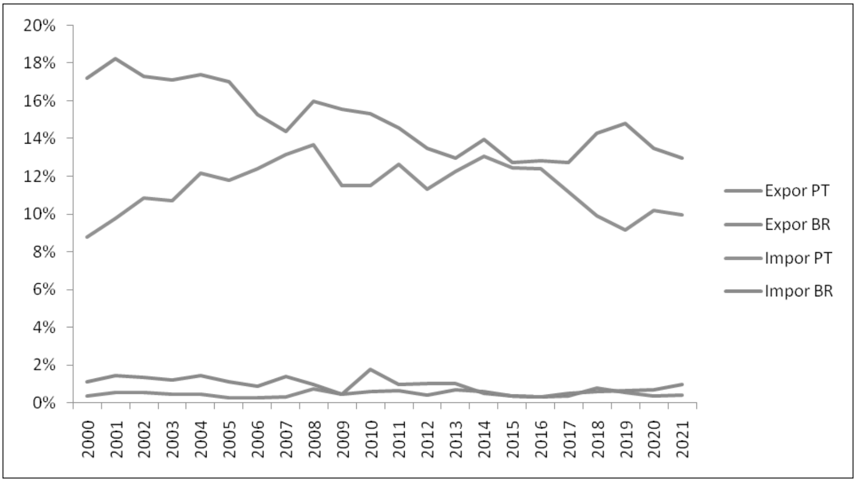
Galicia ahead of the Spanish average (24.8%). Specifically, Galician companies managed to invoice abroad 14.406 M€ between January and June, a historical milestone. This increase is largely due to exports from the textile sector, which increased its sales abroad by 60.6% compared to the previous year. However, other sectors also improved their results in foreign markets, such as machinery and mechanical appliances (+40.2%), metalworking (+30.4%) and fish and seafood (+29.2%). On the other hand, a key sector for the Galician economy such as the automobile sector could not follow this path as its foreign sales fell by 13.5%, largely due to the chip and semiconductor crisis which is causing supply problems in the sector. With these figures, Galicia has closed the gap with the main exporting communities of the State (Catalonia, Madrid, Andalusia, Valencia and the Basque Country).

4 INTERNATIONAL ECONOMIC RELATIONS BETWEEN GALICIA AND THE CPLP COUNTRIES: CHARACTERIZATION AND ANALYSIS OF TRADE DATA

The CPLP's area of economic influence covers a population of 267 million people over 10,742,000 km2. Galicia's trade relations with Portugal and Brazil stand out among CPLP countries, but particularly Portugal stands out. For this reason, this section will firstly analyse trade relations with the portuguese country and then with other CPLP countries. The hypothesis is that there is still a great potential to exploit in terms of relations with other members of the Lusophone community.

As an introduction to the study of Galician trade relations with Portugal and Brazil, the most notable thing is the decline in the weight (despite its increase in absolute figures) of Galician exports to these countries, as a result of the diversification of destination markets. These foreign sales accounted for 17.55% of the total in 2000 but fell to 13.37% in 2021. On the other hand, the weight of imports maintained more stable values throughout the period 2000-2021, moving approximately between 9%-14%. There are two different phases in the behaviour of trade exchanges: the first one until 2008 -characterised by the constant increase in the weight of imports from these countries-, and a second one after this year -in which imports stabilise from that date onwards- (chart 4).

CHART 4
GALICIAN EXPORTS TO PORTUGAL (PT)-BRAZIL (BZ), WEIGHT 2000-2021 (%)



Source: Own preparation based on IGE data, 2022

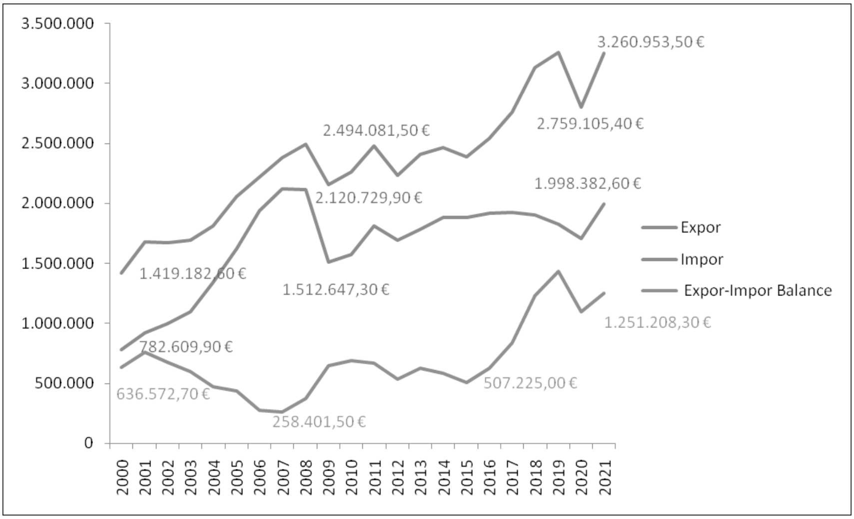
4.1. The trade relationship with Portugal

Since the beginning of the EU integration process, trade between Galicia and Portugal has experienced significant growth, thus adding value to the cross-border geographical situation of both territories. Thanks to geographic proximity and economic, social and cultural affinity the Região do Norte absorbed much of the trade between Galician Autonomous Community and Portugal, which became the second supplier and Galician client (González-Portela, Lorenzo & Cabanelas, 2005). For Portugal Spain is currently the main recipient in the EU for its exports (see table 1), in a relationship that has strengthened in recent years. At the same time, the Spanish market was Portugal's main European supplier (see table 1), with an annual growth rate of 9.1%, doubling the values of countries like Germany, the next on the list.

During the last two decades the main characteristic of the trade relationship between Galicia and Portugal is its strengthening. Since 2000, Galician exports to Portugal have grown from 1,419.18 M€ to 3,260.95 M€ (+129.77%). On the other hand, imports grew even more, from 782.61

M€ to 1,998.38 M€ (+144.32%). Between the years 2000-2021 the trade balance, which was already positive between the two territories, increased its value from 636.57 M€ to 1,262.57 M€ (+98.34%) (chart 5).

CHART 5
EVOLUTION AND BALANCE OF GALICIAN EXPORTS-IMPORTS TO PORTUGAL 2000-2021 (THOUSAND EUROS)



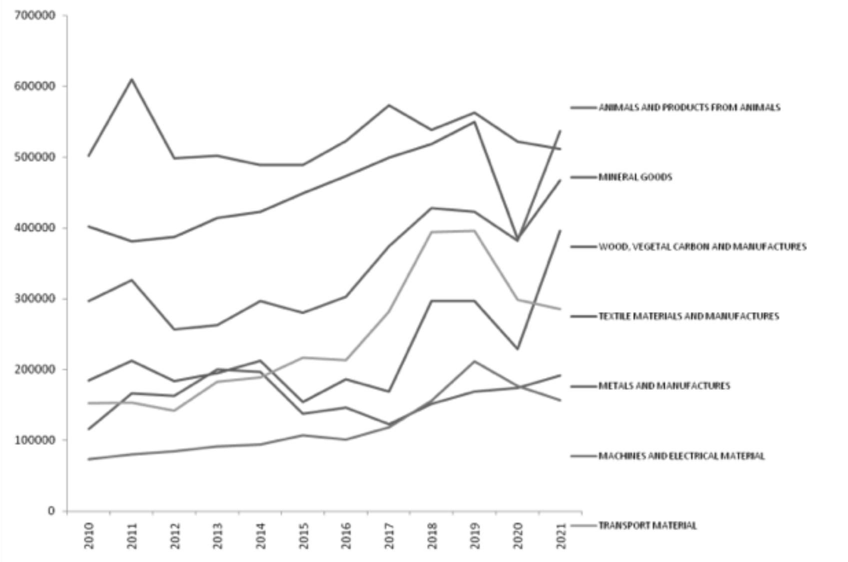
Source: Own preparation based on IGE data, 2022

By type of good exported to Portugal, intermediate goods, non-energy intermediate goods and consumer goods stood out in terms of turnover. Food and non-food consumer goods also have experienced an increase in sales, similarly to what happened with energy goods. As regards imports, it is worth mentioning the important role played by intermediate and intermediate non-energy goods. Of lesser importance were consumer goods and food and non-food consumer goods. On the contrary, capital goods and energy goods were less important spending compared to the previous ones.

In terms of TARIC classification, in 2021 common metals ranked first in Galician exports to Portugal, slightly above values for live animals which have historically been the main merchandise between both territories. It is also worth highlighting the role of the textile sector and mineral products. Transport material and, to a lesser extent, wood and wood manufactures -together with the sale of machinery- complete the most important traded goods. As regards imports, they were focused on common metals, transport materials, live animals and textile materials. With a smaller volume of purchases, plastic materials, other merchandise, wood and wood products and food industry products were also acquired (charts 6 and 7).

CHART 6

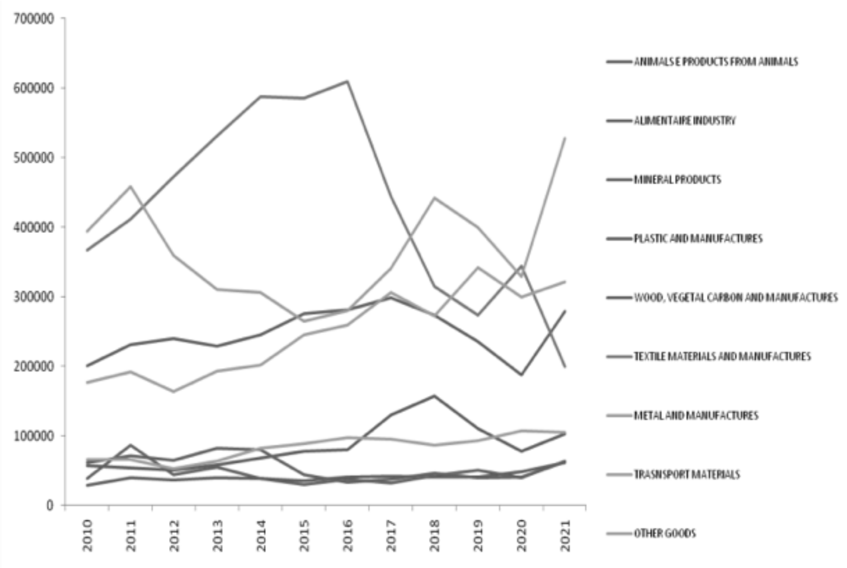
MAIN GALICIAN EXPORTS TO PORTUGAL BY TARIC, 2010-2021 (THOUSANDS €)



Source: Own preparation based on IGE data, 2022

CHART 7

MAIN GALICIAN IMPORTS FROM PORTUGAL BY TARIC, 2010-2021 (THOUSANDS €)



Source: Own preparation based on IGE data, 2022

4.2. Analysis of Galicia's trade relations with other CPLP countries

Among the export destinations of Galician companies in South America, the evolution of Argentina and Brazil stands out. These markets have been growing by around 46% and 120% respectively since the beginning of the last decade (Viña, 2012). Brazil is now a country of opportunities for Galician exporters and investors and it still has a lot of unexploited potential. In fact, the priorities of the Galician Strategy for Foreign Action[2], promoted by the Xunta de Galicia (2018), Brazil is identified as a privileged interlocutor for Galicia. Brazil alone accounts for around 1% of Spanish exports, but 2% of its imports come from Spain, which is among its main suppliers. This

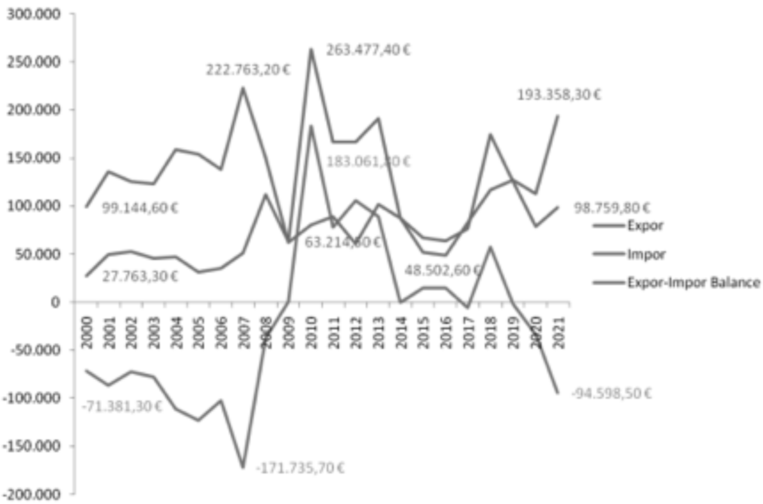
2 In the External Action Strategy, the main sectoral, geographic and institutional areas for external action are defined, as well as the structuring measures

country, together with China, is one of the emerging players in world trade, and forms part of the so-called BRICS (Brazil, Russia, India, China, Africa).

Regarding Galicia's foreign trade with Brazil, it is worth highlighting the growth of Galician exports, which increased by 255.72% in the period 2000-2021 (from 27.76 M€ to 98.75 M€). Imports, on the other hand, show a relatively smaller increase (growing from 99.14 M€ in 2000 to 193.35 M€, in total 95.02%). However, this evolution was not linear and was partially affected by the economic crisis and the political instability of the South American country. So much so that exports fell by 76% between 2011-2016, and imports fell to 71.98% between the years 2007-2009 (chart 8). Brazil only accounts for 0.3% of Galician exports and 2.4% of Spain's total exports to Brazil, which is much lower than the importance of Galician exports within Spain as a whole. On the import side, Galicia buys 1.5% of its total foreign purchases from Brazil and accounts for 4.5% of what Spain buys from Brazil. This shows that an economy as important as Brazil's does not represent a major market for Galicia.

CHART 8

EVOLUTION AND BALANCE OF GALICIAN EXPORTS-IMPORTS TO BRAZIL 2000-2021 (M€)



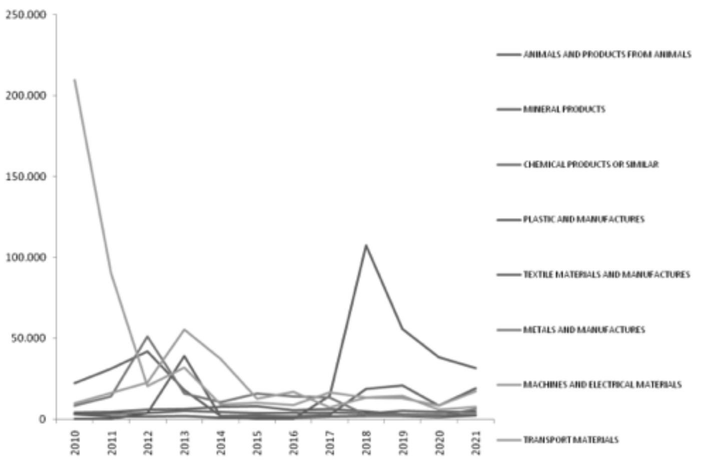
Source: Own preparation based on IGE data, 2022

In a similar way, the evolution of Galician-Brazilian commercial balance in the last decades was analyzed. Unlike the Portuguese case, the trade balance was negative during the first decade until 2008, a new turning point in trade relations between both territories. From then on, there were oscillations in the figures, with positive values for the remaining years, until 2014 and 2017. But the years 2019 and especially 2020, with the arrival of the pandemic, will bring a new negative figure. This way we can see the greater sensitivity and instability of the Brazilian market as a commercial destination in periods with economic shocks.

By type of good exported to Brazil, intermediate goods, non-energy intermediate goods and energy intermediate goods stand out by order and volume of business in 2021. Consumer goods and non-food consumer goods rank fourth and fifth in terms of export volume while food consumer goods and capital goods were less relevant. In terms of imports, it is worth mentioning the relevant role of intermediate and non-energy intermediate goods. Energy intermediate goods and food consumer goods were of less importance, while the remaining goods were only sold in the Brazilian market.

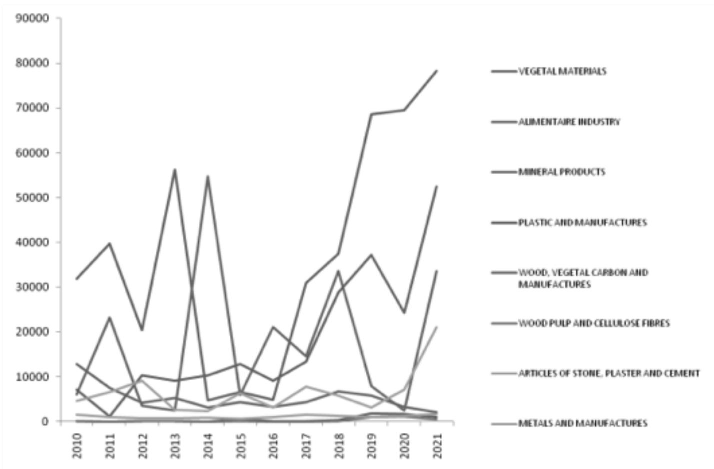
In terms of TARIC classification, mineral products will rank first among Galician exports to Brazil in 2021, followed at some distance by textile products and transport material. Next in order are machinery exports, common metals and chemical industry products. Finally, plastic materials and live animals and animal products commercialization show a minor importance within the set of main exports to the South American country. As far as imports are concerned, these were mainly centred on products from the vegetable kingdom, followed at some distance by products from the food industry. At an even greater distance in terms of volume of trade, the rest of imports, common metals, wood and mining products, occupying positions of less relevance the purchases of plastic materials and manufactures and stone and other similar products (charts 9 and 10).

CHART 9
MAIN EXPORTS FROM GALICIA TO BRAZIL BY TARIC, 2010-2021 (THOUSAND EUROS)



Source: Own preparation based on IGE data, 2022

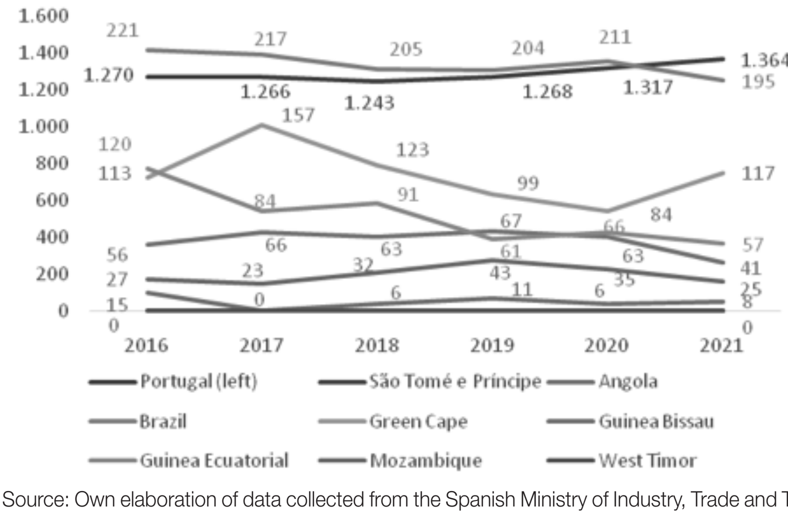
CHART 10
MAIN IMPORTS FROM GALICIA TO BRAZIL BY TARIC, 2010-2021 (THOUSAND EUROS)



Source: Own preparation based on IGE data, 2022.

In addition to Portugal and Brazil, the other countries that make up the CPLP also have established trade relations with Spain and Galicia. However, the volume of business between Galicia (and the State) and this group of countries was much lower than in the case of the first two countries. Almost 70% of Galician companies that export to CPLP countries do so to Portugal, while 12,13% of the companies sell to Brazil, 6,58% to Equatorial Guinea, 6,21% to Green Cape, 3,07% to Angola, 1,48% to Mozambique ant 0,82% to Guinea-Bissau (chart 11). In terms of export volume, state sales to the remaining CPLP countries account for only 2.62% of the value of exports to Portugal (chart 12). With the latest available data, the average value of exports per Galician company to all CPLP countries was 1.9 M€, with a disparity between the values observed for Portugal (2.38 M€) and Angola (1.05 M€) and the remaining destinations (Brazil and Mozambique around 0.5 M€, Green Cape and Mozambique around 0.15 M€ and Guinea Bissau to a lesser extent) (chart 13).

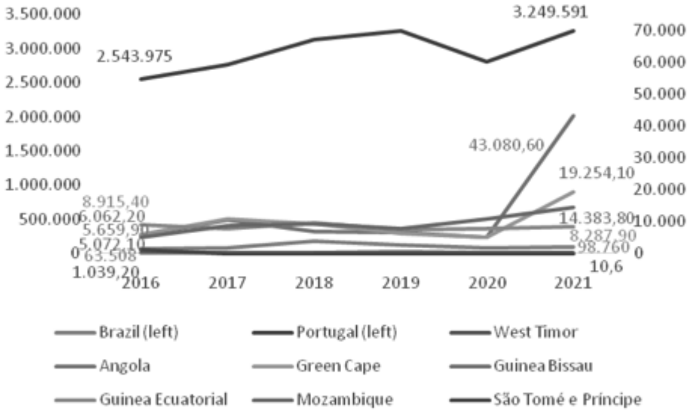
CHART 11
EVOLUTION OF THE NUMBER OF GALICIAN COMPANIES EXPORTING TO CPLP COUNTRIES, 2016-2021



Source: Own elaboration of data collected from the Spanish Ministry of Industry, Trade and Tourism

CHART 12

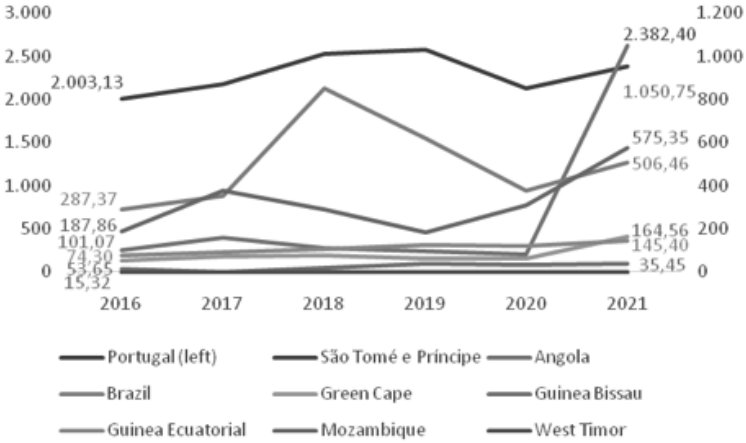
EVOLUTION OF GALICIAN EXPORTS TO CPLP COUNTRIES, 2016-2021 (THOUSAND EUROS)



Source: Own elaboration of data collected from the Spanish Ministry of Industry, Trade and Tourism

CHART 13

EVOLUTION OF AVERAGE EXPORT VOLUME, GALICIAN COMPANIES TO THE CPLP 2016-2021 (THOUSAND EUROS)



Source: Own elaboration of data collected from the Spanish Ministry of Industry, Trade and Tourism

Considering the current contextual situation of Galician external action (in terms of internationalisation, competences, etc.), and the characteristics of Galician trade relations with the other CPLP countries, it is considered appropriate to focus analytical attention on the potential of the CPLP countries as destination markets for Galician trade.

Firstly, the case of Angola is analysed. This country is an attractive export destination with future projection that imports from Spain mainly machinery, equipment and appliances (17.99%), motor vehicles (12.61%), iron and steel products (6.92%) and other goods such as electrical equipment and material (6.47%) and plastics to a lesser extent (ICEX, 2020). In addition, international demand for agri-food and chemical products (ICEX, 2020; 2018a) stands out in the country. The afore mentioned recipient sectors are in line with the provisional export results observed for 2022, and with a large part of Galicia's export specialisation (table 4). Also noteworthy in the case of this country are the purchases made by Galicia in salt and construction elements such as gypsum or building stones. In addition, the country is currently developing its tourism sector, which could be an additional opportunity to access the Angolan market.

TABLE 4

MAIN EXPORTS-IMPORTS OF GALICIAN COMPANIES TO ANGOLA BY SECTOR, 2022 (THOUSAND EUROS)

Products	2022	
	EXPORT	IMPORT
02 MEAT AND EDIBLE FOOD	543,15	
25 SALT, WEIGHT, STONES WITHOUT BALLING		8.313,40
48 PAPER, CARDBOARD; THEIR MANUFACTURES	3,22	
56 FELT, TEA WITHOUT WEAVING; STRING	149,22	
84 MACHINERY AND MECHANICAL APPLIANCES	1.657,46	
85 ELECTRICAL EQUIPMENT	257,72	5,89
87 MOTOR VEHICLES; TRACTORS	454,15	101,74
99 OTHER PRODUCTS	266,78	146,69

Source: Own elaboration of data collected from the Spanish Ministry of Industry, Trade and Tourism

Galician exports to Angola in 2022 did not reach 5 million euros, which is paradoxical considering the country's growth and development expectations. Also paradoxically, some Galician companies, mainly fishing companies, with a clear exporting vocation, do manage to sell noteworthy quantities in a small country like Cape Verde. Almost three times as much as Galicia exports to Angola.

Green Cape´s economy is mainly based on tourism, fisheries and the textile sector. Green Cape occupies the second place in terms of the reception of Galician products in Africa. This country exports mainly seafood and textile products, and imports mainly fuels, machinery and equipment and food products, including fish, crustaceans and molluscs (table 5), which are also imported in significant quantities (ICEX, 2020; 2018b).

TABLE 5
MAIN EXPORTS-IMPORTS OF GALICIAN COMPANIES TO GREEN CAPE BY SECTOR, 2022 (THOUSAND EUROS)

Products	2022	
	EXPORT	IMPORT
03 FISH, CRUSTACEANS, MOLLUSCS	7.956,58	7.085,68
04 MILK AND MILK PRODUCTS; EGGS	426,34	
16 CANNED MEAT AND FISH	11,78	19.139,06
23 FOOD INDUSTRY WASTE		2.063,62
27 FULES, MINERAL OILS	10,18	
39 MAT. PLASTICS; MANUFACTURES THEREOF	570,86	
84 MACHINERY AND MECHANICAL APPLIANCES	194,15	
95 GAMES, ARTICLES SPORT	208,55	1.163,94
99 ASSEMBLIES OF OTHER PRODUCTS	1.843,25	0,30

Source: Own elaboration of data collected from the Spanish Ministry of Industry, Trade and Tourism

Equatorial Guinea is also one of the destinations with high exchange potential with Galician industry. Exports of Galician products to this country are highly diversified. Despite its small population, Equatorial Guinea was the first country in Central Africa to receive Spanish exports in 2020, the sixth (after South Africa, Senegal, Nigeria, Ghana and Ivory Coast) in Sub-Saharan Africa and the eleventh in Africa. For Equatorial Guinea, Spain was its first supplier (in 2020) and its first customer.

Equatorial Guinea imports mainly agri-food products, machinery and beverages (ICEX, 2019). Spanish exports to Equatorial Guinea experienced a clear growth trend, rising from 116 M€ in 2006 to 166 M€ in 2020, a circumstance that also benefits Galicia. In 2020 the chapters with more exports at the national level were beverages (22.1%), furniture (5.6%), electrical appliances and material (5.4%), vehicles and components (5.3%), canned vegetables (4.9%) and bakery products (4.4%). In the Galician case, furniture, vehicles and transport material, and the manufacture of iron and steel stand out (table 6). The provision of services by national companies in Equatorial Guinea is also extensive, including educational activities, maritime transport, ICT, real estate and engineering services (Oficina de Información Diplomática del Ministerio de Asuntos Exteriores y de Cooperación, 2021a). Equatorial Guinea's exports to Spain amounted to around 600 M€ in 2021 (the highest figure since 2013, although far from 1,88 M€ in 2008). Equatorial Guinea is a regular supplier of hydrocarbons to Spain, especially oil and oil derivatives (fuels and mineral oils accounted for 91.9% of total Equatoguinean exports to Spain in 2020, worth 360 M€). To this should be added organic chemical products derived from petroleum (6.8% of Equatoguinean exports). This is followed by exports of wood (0.7%) and cocoa and cocoa preparations (0.2%).

TABLE 6

MAIN EXPORTS-IMPORTS OF GALICIAN COMPANIES TO EQUATORIAL GUINEA BY SECTOR, 2022 (THOUSAND EUROS)

Products	2022	
	EXPORT	IMPORT
02 MEAT AND EDIBLE FOOD	108,37	
29 ORGANIC CHEMICALS		25.844.84
64 FOOTWEAR; ITS COMPOUNDS	232,08	
72 FOUNDRY, IRON AND STEEL	102,83	
73 IRON/STEEL MANUFACTURES	247,52	
74 COPPER AND ITS MANUFACTURES	7,95	
87 MOTOR VEHICLES; TRACTORS	594,26	
90 OPTICAL AND MEDICAL DEVICES	99,9	
94 FURNITURE, CHAIRS, LAMPS	79,00	
96 MISCELLANEOUS MANUFACTURED ARTICLES	4.685,59	

Source: Own elaboration of data collected from the Spanish Ministry of Industry, Trade and Tourism

The remaining CPLP countries are at a lower level of wealth, with Galicia maintaining a very small and, in some cases, non-existent trade relationship with them. Among these countries, one of the most interesting destinations for the future due to the size of the market is Mozambique, a country that today only has a GDP per capita of 415 USD (ICEX, 2018c). Its economy mainly imports mineral fuels (15%), machinery and mechanical appliances (11%), cereals (8%), motor vehicles (7%), electrical appliances and equipment (6%) and chemicals and similar products (5%). In the case of Galicia, the main exports are boats and ships, as well as fish, shellfish and machinery (Table 7), while imports are mainly aluminium and other elements for construction, such as stone, -coinciding to a large extent with the Mozambican international productive specialisation, generally centred on mineral fuels (36%), aluminium and its manufactures (30%), metalliferous minerals (7%), tobacco and tobacco substitutes (4%), precious stones and jewellery (4%), and non-preserved timber (1%) (Oficina de Información Diplomática del Ministerio de Asuntos Exteriores, Unión Europea y Cooperación, 2021b)-. At an aggregate level, the data for the main export destinations and for the main importers observed are different depending on the countries. Thus, while in Portugal the values of exports and imports have doubled over the last 20 years, this has not always been the case for Brazil. For the South American country, the export presence is less than half of what it was just a decade ago. On

TABLE 7
MAIN EXPORTS-IMPORTS OF GALICIAN COMPANIES TO MOZAMBIQUE BY SECTOR, 2022 (THOUSAND EUROS)

Products	2022	
	EXPORT	IMPORT
03 FISH, CRUSTACEANS, MOLLUSCS	2.879,31	2.627,89
25 SALT, WEIGHED, STONES WITHOUT BALLING		7.527,94
68 STONE MANUFACTURES, WEIGHED		74,48
76 ALUMINIUM AND MANUFACTURES	4,77	42.127,49
84 MACHINERY AND MECHANICAL APPLIANCES	1.543,75	23,93
85 ELECTRIC MATERIAL AND OHER STUFF	1.316,52	
89 SHIPS AND BOATS	0,06	
99 CONXUNT. OTHER PRODUCTS	1.760,30	

Source: Own elaboration of data collected from the Spanish Ministry of Industry, Trade and Tourism.

the other hand, Brazil's imports have doubled between 2000-2021. In this way, market shares have evolved in a differentiated manner for the countries.

In Guinea-Bissau, the country is also characterised by poverty -723 USD of GDP per capita- and a scarcity of basic services (ICEX, 2018d). The country mainly imports fuel, food products and machinery. Bilateral trade relations between Spain and Guinea Bissau are minimal, although the presence of Spanish companies is increasing as a consequence of the internationalisation processes and the economic growth of Guinea Bissau in recent years. Thus, it is possible to find companies such as the Arrey Group (dedicated to the processing and export of *castanha* and anacardium), the Santy Group (in sectors such as the production of mineral water, beer, processing of anacardium, construction, distribution or hostalía), Consulmar (dedicated to the maritime transport of people and merchandise) and AgroGeba (rice production, inmersed in territorial conflicts) (Oficina de Información Diplomática del Ministerio de Asuntos Exteriores, Unión Europea y Cooperación, 2021c). These companies could pave the way in at least two key sectors for Galicia such as agri-food and tourism, as well as being able to delve into other potentialities such as those linked to transport vehicles trade (table 8).

TABLE 8

MAIN EXPORTS-IMPORTS OF GALICIAN COMPANIES TO GUINEA-BISSAU BY SECTOR, 2022 (THOUSAND EUROS)

Products	2022	
	EXPORT	IMPORT
02 MEAT AND EDIBLE FOOD	75,65	
03 FISH, CRUSTACEANS, MOLLUSCS	16,73	
15 GRAXES, ANIMAL OR VEXETAL OIL	60,55	
16 CANNED MEAT AND FISH	17,66	
84 MACHINERY AND MECHANICAL APPLIANCES		0,50
87 MOTOR VEHICLES; TRACTORS	2,00	

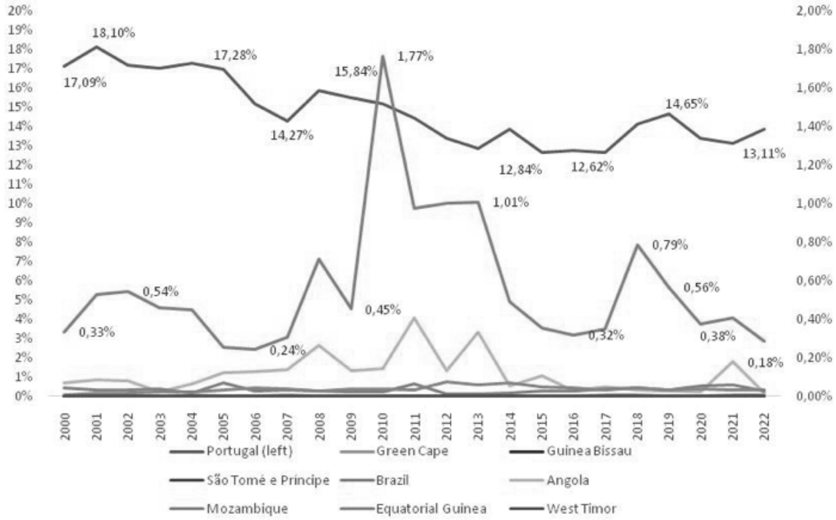
Source: Own elaboration of data collected from the Spanish Ministry of Industry, Trade and Tourism.

São Tomé and Príncipe is also characterised by a situation of relative poverty, but less than the two last CPLP countries, as it has a GDP per capita of approximately USD 1,900. Galicia's trade relations with this country were minimal a few years ago (ICEX, 2016) and continue to be so today. So much so that the data from the Ministry of Industry, Trade and Tourism do not collect amounts of trade relations between the autonomous region and the country. In the Spanish case, exports will be around 1.5 M€ in 2021, and imports only 0.29 M€ (Oficina de Información Diplomática del Ministerio de Asuntos Exteriores, Unión Europea y Cooperación, 2021d). Nonetheless, São Tomé and Principe's trade activity is mainly centred on food products and acceptances. According to provisional data for 2021, cocoa (56%), electrical appliances and materials (14.8%) and clothing accessories (14.1%) are the main products exported from the islands. On the imports side, the country's demand is mainly for beverages (22.9%), meat (22.3%), ceramic products (8.4%), fertilisers (5.9%) and cereal and pastry products (5.7%). In this sense, it should be noted that Galicia has export knowledge and a variety of food products, both processed and unprocessed.

Finally, economic relations between Spain and East Timor are also limited. Spanish exports hardly reached 0,12 M€ in 2019, and imports just reached 0,06 M€ (Oficina de Información Diplomática del Ministerio de Asuntos Exteriores, Unión Europea y Cooperación, 2021e). In the case of Galicia, the Ministry of Industry, Trade and Tourism has not collected any amounts from the trade relations between the Autonomy and the country for 2021. At the beginning of the last decade, the participation of the San José construction company building infrastructures in this Asian country should be noted (Ministerio de Asuntos Exteriores, UE y Cooperación, 2019). Although the country's GDP per capita is slightly higher than that of other CPLP countries (2,279 USD), its geographical location in Southeast Asia could be a significant barrier to trade activity due to the distance and the costs involved.

Finally, a comparative analysis was made of the evolution of the market share of Galician exports to Portuguese-speaking countries over the last two decades. The current importance of Portugal stands out (13.85% in 2022). This is followed by Brazil (0.28%), followed by Cape Verde (0.05%), Mozambique and Equatorial Guinea (0.03%), Angola (0.02%) and the rest of the countries, with almost irrelevant values. In terms of evolution, it should be noted that Portugal came to account for more than 18% of the share of exports at the beginning of the period analysed. The rest of the countries generally show a negative evolution with respect to the years prior to the Great Recession.

CHART 14
EVOLUTION OF GALICIA'S SHARE OF EXPORTS TO CPLP COUNTRIES, 2000-2022 (%)



Source: Own elaboration of data collected from the Spanish Ministry of Industry, Trade and Tourism

It should be noted that the loss of market share could be due to greater diversification, since exports from Galicia to CPLP countries have remained relatively stable over the period analysed, usually ranging between 15%-20% (although in the last three years the values have been between 13%-14%). In absolute terms, Galician exports to CPLP countries have more than tripled in the last twenty years, driven mainly by the strengthening of relations with Portugal, unlike the rest of the countries.

5. CONCLUSIONS: THE NEED TO PLAN A SPECIFIC FOREIGN POLICY TO ENHANCE TRADE RELATIONS BETWEEN GALICIA AND THE CPLP

In a world trade context with increasingly competitive markets and marked by factors such as the recent economic crisis, the economic, political and social instability of many countries and the turbulences caused by the tense relationship between economic blocks as a consequence of *ad hoc* protectionist or free trade positions taken, it is necessary to refine the Galician foreign strategy. Faced with a disorderly development left behind by the supposed efficient allocation of the invisible hand of the markets, the proposal is the planning, elaboration and implementation of a foreign and internationalization policy that allows to carry out an ordered growth of the Galician trade relations with the CPLP countries, taking advantage of socio-economic and cultural affinities and relationships of trust built up over time (Euroregion GNP) as well as of the existing resources and the opportunities offered by the context.

As we know, sico-geographical proximity does support trade relations, it does so to a greater extent for Portugal than for Spain and manages to compensate at least to a certain degree for the enormous concentration of trade of both Iberian countries in European countries. And therefore, in general, for Galicia, the “common” language (together with the rest of the links that might exist with the CPLP countries) has not come yet to represent a relevant driving force for its trade with the CPLP countries.

In the current situation and in line with Sande (2019) and Bruna (2007), several measures should be considered to intensify trade relations and increase the volume (in euros and in number of units) of exports to CPLP countries: a) Consolidate existing markets, b) Promote the introduction of new technological products and services and c) Diversify markets. However, the present analysis forces us to take a step further in relation to previous analyses and to clarify some aspects.

Firstly, in terms of the consolidation of existing markets, it would be of interest to continue promoting policies that favor the exportation of Galician traditional products (such as textiles, fish and preserves, wood, footwear, metal, etc.). This measure, which should be applied across the board to all destinations, is even more relevant for markets such as Portugal and Brazil, where it is possible to continue to develop existing interactions, especially the latter country, given its size. However, the fact is that in relative terms these countries lost weight in Galician exports, although their value increased in absolute terms.

Secondly, regarding the introduction of new technological products and services in exports, these could be aimed at new markets as well as taking advantage of the synergies and communication channels of existing markets. According to previous studies (Sande, 2020; Sande & Vence, 2019; 2021) Galicia has potential in various fields, such as energy and electricity, aeronautics, shipbuilding, and the activities related to the environment and biotechnology (Sande & Sande, 2023) or health, which are a source of innovative activity.

Thirdly, about markets diversification detecting emerging economies as an opportunity to provide an outlet for Galician products is another key priority. Among the CPLP destinations with potential for welcoming Galician products and services, we can cite several: Angola, Equatorial Guinea, Green Cape and even Mozambique, which have been increasing their GDP in the last decade. With this aim, companies and institutions could take direct advantage of the proximity of Galicia to Portuguese-speaking countries, or they could rely on Portuguese and Brazilian partners in order to enter these markets with greater intensity.

Actions such as the establishment of antennae in the main target markets (there was one in São Paulo and it was abolished), as well as institutional support through trade trips and agreements also should be considered. The inclusion of trade fairs in the target countries in the catalogue of events supported by ICEX and IGAPE, as well as reflecting on the support that Galician business people in the diaspora could provide to strengthen Galician trade relations. In this sense, and according to previous studies (Talamante & Largo, 2023), the action of organizations such as chambers of commerce can be key to obtaining benefits.

In addition to the general strategy to reach out more to the CPLP countries, the specific characteristics and needs of each sector and country market should be taken into account when planning commercial actions abroad. Factors such as the size of companies should also be considered when planning actions for these destinations, as there are previous studies showing different impacts of subsidies on companies´ growth (Sande 2022a), and depending on their size (Sande, 2022b). Furthermore, in accordance with current regulations, specific support plans for export and foreign cooperation should be created that include social economy agents.

Evidently, Galician foreign action and its boost through the strengthening of trade relations need other incentives and accompanying measures, such as industrial promotion, the promotion of modern transport (mainly railways) and technological infrastructures, as well as more in tune technological policies and the promotion of internationalization of R&D&I, or tax incentives, among others. Finally, an alliance with the CPLP countries should not be an obstacle to reduce the importance of other attractive or emerging markets, such as China, USA, Central and Eastern Europe, North Africa, the OPEC or the South American countries.

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