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Spain

Organic

Spain's Organic Product Market

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Report Highlights:

Spain is a producer and net exporter of organic products. Value-added organic food production is relatively limited, but demand is growing. Thus, U.S. exporters of processed organic food have opportunities in Spain.

Includes PSD changes:NoNo
Includes Trade Matrix: NoNo
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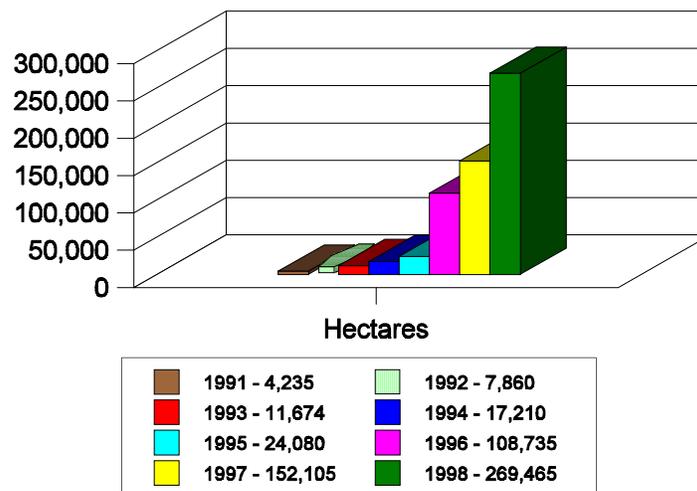
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Summary

In Spain, organic farming started in the late 80's, but has grown tremendously since then, with the number of producers expanding considerably. In 1991, there were only 4,235 hectares planted to organic products, while in 1998 there were 269,465 hectares. Since 1997, area devoted to organic farming has nearly doubled. Similarly, greater health awareness has resulted in expansion of demand for quality and “natural” products. However, consumption of organic products in Spain remains relatively limited, with organic foods estimated to account for less than 1 percent of total of the total food market. Organic production is certified by authorities in each of Spain’s Autonomous Regions. Organic products that could hold bright prospects for U.S. exporters to Spain include muesli, cookies, sauces, marmalade, vegetable milks, carob base sweets, pasta, and breakfast cereals.

Production

Area Planted to Organic Grown Crops



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| Year | Area Planted (hectares) | Year | Area Planted (hectares) |
|------|-------------------------|------|-------------------------|
| 1991 | 4,235 | 1995 | 24,080 |
| 1992 | 7,860 | 1996 | 108,735 |
| 1993 | 11,674 | 1997 | 152,105 |
| 1994 | 17,210 | 1998 | 269,465 |

By Autonomous Communities, area planted in 1998 was as follows:

| Autonomous Region | Hectares | Autonomous Region | Hectares |
|--------------------|----------|-------------------|----------------|
| Andalucia | 47,470 | Extremadura | 103,397 |
| Aragon | 13,093 | Galicia | 18,500 |
| Asturias | 40 | Madrid | 1,130 |
| Balearic Islands | 3,231 | Murcia | 4,052 |
| Canary Islands | 4,945 | Navarra | 3,936 |
| Cantabria | 31 | Rioja | 643 |
| Castilla-La Mancha | 5,942 | Basque Country | 308 |
| Castilla-Leon | 43,847 | Valencia | 12,179 |
| Catalonia | 7,835 | Total | 269,465 |



The breakdown by crop is as follows:

| Product | Area (ha) | Product | Area (ha) |
|-------------------|-----------|-----------------|-----------|
| Cereals & Legumes | 26,666 | Nuts | 14,405 |
| Vegetables | 2,019 | Tropical fruits | 333 |
| Citrus | 703 | Aromatic Plants | 333 |
| Other Fruits | 2,215 | Olive trees | 59,010 |
| Vineyards | 5,729 | Others | 8,929 |

Percentage by type of production *



As the above graphic illustrates, the majority of the area devoted to organic agricultural products is olives, cereals, and legumes. In 1998, the following number of organic livestock farms were registered: 434 cattle producers, 9 dairy farms, 214 sheep farms, 33 goat farms, 34 hog farms, 17 egg producers, and 9 producing poultry meat.

Regulations & Policies

Organic products are clearly identified through specific labeling rules intended to provide the consumer with a guarantee of origin, preparation, processing and packaging. In Spain, organic products are known as “Productos Ecológicos”. EC Regulation 2092/91 of June 24, 1991 lays down the main principles for organic production and the rules that must be followed for the processing, sale and importation of organic products in all EU countries, including Spain. This regulation applies to unprocessed plant products and to products for human consumption, composed of ingredients of organically produced products. In February 1998, an amendment was proposed supplementing EU regulation 2092/91 to include livestock production, but no new regulations have been approved yet.

Royal Decree 1852/93 implemented in Spain EU Regulation 2092/91. This Royal Decree was the mechanism to create the Commission regulating organic agriculture in Spain (Comision Reguladora de Agricultura Ecológica - CRAE). This Commission is an entity managed by the Spanish Ministry of Agriculture. CRAE

harmonizes EU Regulations and has responsibility for any subject related to organic food products and production, making sure that the EU Regulation is adequately applied throughout Spain.

According to EU Regulation 2092/91, there are two systems to control organic production, either through a public authority or through a private body. In Spain, this is monitored by the Spanish Ministry of Agriculture and the Departments of Agriculture in each Autonomous Community, through a council or committee.

In order to be able to easily identify organic products, all packaged organic products must carry, apart from their brand name label, another numbered label with the logo identifying the name of the regulatory body. Andalusia is the only region with a different logo. For instance, below is the logo for the Commission in Catalonia (Consell Catala de la Produccio Agraria Ecologica - CCPAE).



Any product labeled as organic must comply with EU regulation 2092/91 and has to be certified by the competent body in the area of production. The organizations in each Autonomous region in Spain follow:

Comision Reguladora de la Agricultura Ecologica (CRAE)

Ministerio de Agricultura, Pesca y Alimentacion
Paseo de la Infanta Isabel, 1
28071 Madrid

Andalucia

Comite Andaluz de Agricultura Ecologica (CAAE)
Cortijo de Cuarto, s/n
41014 Sevilla

Aragon

Comite Aragones de Agricultura Ecologica
E.C.A. de Movera, Chalet 1
Barrio de Movera, s/n
50194 Zaragoza

Asturias

Consejo de la Produccion Agraria Ecologica del Principado de Asturias (COPAE)
Coronel Aransa, s/n
33071 Oviedo

Balearic Islands

Conseil Balear de Produccio Agraria Ecologica
Eusebio Estada, 146
07009 Palma de Mallorca

Canary Islands

Consejo Regulador de Agricultura Ecologica de Canarias
Valentin Sanz, 4 - 3º
38003 Santa Cruz de Tenerife

Cantabria

Consejo regulador de la Agricultura Ecologica de Cantabria
Centro Regional de Extension Agraria
Heroes Dos de Mayo, s/n
39600 Muriedas-Camargo (Cantabria)

Castilla La Mancha

Direccion Genral de Alimentacion y Cooperativas
Consejeria de Agricultura y Medio Ambiente
Pintor Matias Moreno, 4
45002 Toledo

Castilla y Leon

Consejo Agricultura Ecologica de la Comunidad de Castilla y Leon (CRAECyL)
Pio del Rio Hortega, 1 - 5º A
47014 Valladolid

Catalonia

Consell Catala per la Produccio Agraria Ecologica (CCPAE)
Gran Via de les Corts

Extremadura

Consejo Extreemeño de la Produccion Agraria Ecologica
Ctra. San Vicente, 3
06071 Badajoz

Galicia

Consejo Regulador de la Agricultura Ecologica de Galicia
Rua Pescaderias, 1
Apdo. De Correos 55
27400 Monforte de Lemos (Lugo)

Madrid

Comite de Agricultura Ecologica de la Comunidad de Madrid
Ronda de Atocha, 17
28012 Madrid

Murcia

Direccion General de Estructuras e Industrias Agroalimentarias
Plaza de Juan XXIII, s/n
30071 Murcia

Navarra

Consejo de la Produccion Agraria Ecologica de Navarra
Avda. De San Jorge, 81
31012 Pamplona

Basque Country

Direccion de Politica e Industria Agroalimentaria
Duque de Wellington, 2
01010 Vitoria

Rioja

Direccion General de Investigacion y Desarrollo Rural
Apdo. De Correos 433
28080 Logroño

Valencia

Comite de Agricultura Ecologica de la Comuidad Valenciana
Cami de la Marjal, s/n
46470 Albal (Valencia)

Production Aids

Royal Decree 51/1995, dated January 20, 1995, establishes subsidies to promote organic agriculture, and support soil conservation. There is a subsidy per hectare for up to a maximum of five years that varies depending on the crop, the time it takes to convert the area, and other variables. These aids have to be requested and are granted through the autonomous governments.

Consumption and Trade

About 80 percent of total organic agricultural products are exported to other EU countries, mainly Germany and the United Kingdom. In Spain, they can be found in large health food shops in fresh products sections, and also in many supermarkets, where the products are clearly identified in a separate area within the fruits & vegetables section. High prices are a constraint to higher consumption as is the perishability of some fresh products. Nevertheless, there is solid demand for those products as a result of an increased awareness of the health benefits of naturally grown products. In addition, a growing number of people are opposed to the use of chemical inputs in intensive agriculture.

Nonetheless, market structure is still not well developed, and a lack of adequate distribution channels for organic products prevents widespread consumer familiarity. As a result, overall consumption of organic products is estimated to be less than 1 percent of total food consumption. Producers find it is easier to market through experienced exporters, who collect the products at the farm level, then transport and distribute the products to destination markets. However, producers are organizing to eliminate intermediaries in an attempt to reduce the final price to consumers and stimulate demand.

Organic processed products with the best potential in Spain include muesli, cookies, sauces, marmalade,

vegetable milks, wines, olive oil, carob base sweets, fruit juices, pasta, rice, breakfast cereals and cereals in general. Recently, demand for organic infant foods has also grown. To purchase these products, consumers usually have to pay between a 20 and 50 percent premium compared to conventional products.

About 50 percent of processed organic products are imported, mainly from Germany, the Netherlands, France, Belgium and Italy. Some U.S. organic products enter Spain through other EU countries. Products from third countries may be marketed as organic if in the country of origin the rules applied to organic products are equivalent to EU rules. The rules examined are those related to organic production methods and inspection schemes. Imported products must be accompanied by a certificate of inspection issued by the competent inspection body in the third country, providing the guarantees concerning the production methods used. Organic products from third countries must be transported in closed packaging, bearing a reference to the importer and details of the product matching those on the inspection certificate accompanying the consignment.

Only a very limited number of importers exist in Spain, who are usually also distributors or have a network of distributors.

The Consumers

There are several types of consumers of organic products:

- S Occasional visitors to shops to buy a herbal tea and as a trial buy an organic products.
- S Young people eager to try new products.
- S Medium to high income earners in the 40-50 year age bracket, who are interested in health foods and eating “natural” products, as well as taking supplements.
- Parents interested in feeding their babies natural products.

Marketing

There are opportunities for some U.S. organic high value products, such as bakery products, ready-to-eat meals, vegetable milks, snacks, cookies and herbal teas.

In Spain the pioneer organization in organic agriculture and related matters is “Asociacion Vida Sana”. This association was created in 1974 to fill a need for an entity that could set the basis for the organic agriculture. This association has taken part in the normalization in Spain of organic products through the Ministry of Agriculture since 1983. Vida Sana also organizes courses to promote organic agriculture. In 1985 they organized the first BIOCULTURA show in Madrid. In 1993 they started to organize the show in Barcelona, and in 1996 in Sevilla. Vida Sana has issued a label to be used on the packaging of organic products indicating that those do not contain GMO products. This is redundant because EU Regulation 2092/91 prohibits the use of GMO products in organic products.

The next Biocultura show will take place in Madrid October 29, November 1, 1999. In 1998 about 137,000 people visited Biocultura in Madrid. Visitors to Biocultura Barcelona, May 7 - 10, 1999, were about 65,000. While there were only 12,000 visitors at Biocultura show in Seville, March 12-14, 1999.

About 500 exhibitors are expected to participate in the 15th Biocultura ‘99 Madrid, featuring fresh and processed food products, cosmetic products, clothing, shoes, furniture, paints, handcrafts, and music.

Food Service

The number of vegetarian restaurants has grown in line with the demand for organic and natural products. These restaurants offer a wide selection of food organic and vegetarian dishes. The ingredients used include vegetables, cereals, seaweeds, tamari and soybean sauce, seeds. Some organic products shops also have a vegetarian restaurant.

Web pages in related to the Organic Food Sector in Spain

Spanish Ministry of Agriculture

<http://www.mapya.es>

Asociacion Vida Sana

<http://www.Biocultura.org>

<http://www.VidaSana.org>

General information about organic agriculture

<http://www.arrakis.es/~ecoagro/>

General information about organic agriculture - Connection to other web pages

<http://www.redalternativa.com/hu1002.htm>

Balearic Islands - Organic Agriculture

<http://www.bitel.es>

Castilla y Leon - Organic Agriculture

<http://www.sister.es/castilla-leon/ecologica/>

Catalonia - Organic Agriculture

<http://www.visca.com/esagrari/ag-eco-c.html>

Valencia - Organic Agriculture

<http://www.encis.es/ficheros/consejos/ecologic.htm>

Seeds and other organic inputs

<http://www.zulueta.com>