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Report Highlights:

In 2020, Spain imported $1.67 billion of agricultural, fish and forest products from the United States. Outside the European Union Member States, the United States was the second largest origin of Spanish agricultural and related imports after Brazil. As one of the countries most affected by the COVID-19 pandemic's first wave in 2020, Spain's Gross Domestic Product (GDP) collapsed by a historic 10.8 percent. However, Spain’s recovery is back on track and the International Monetary Fund’s (IMF) latest forecast expects 5.7 percent annual growth in 2021, followed by an even higher 6.4 percent in 2022. This offers opportunities for certain consumer-oriented food items, as well as long-term prospects for other products. This report provides guidance to U.S. companies interested in exporting high-value consumer-ready food products to Spain and includes an overview of the country's economic situation, market structure, and export requirements.

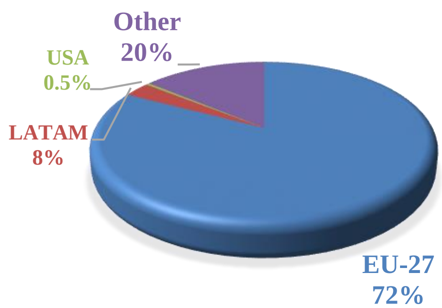
Executive Summary

Spain is a major producer and exporter of food and agricultural products, with other EU countries as its primary export destination. Spanish producers, processors, wholesalers, retailers, food service operators, and importers are all part of a well-developed agribusiness sector, contributing to a competitive and dynamic domestic scenario. In 2020, Spain's total imports of agricultural and related products reached $44.5 billion, down 3 percent compared to 2019. More than 50 percent of these imports originated from European Union Member States.

Imports of Consumer-Oriented Products

Goods imported into Spain must meet the EU sanitary and phytosanitary requirements to protect human and animal health, as well as requirements under the customs union. Hence, U.S. exporters already exporting to other EU member states will likely meet most of the Spanish import requirements. For the export of animal products, the production facility must be approved for export to the EU.

Total Imports of Consumer-Oriented Products 2020



Food Processing Industry

In March 2020, during the COVID-19 outbreak and the following government-mandated lockdown, the Spanish food-processing sector was considered essential and continued to respond to demand, with some initial difficulties and adjustments along the way. The industry's interest in developing new products continues to present opportunities for food ingredients.

Food Retail Industry

The competitive retail landscape remained highly fragmented in 2020, led by major grocery retailers. Within grocery store-based retailing, the market remains concentrated, with Mercadona retaining its leading position, followed by Carrefour. In 2021, changing consumption habits as a result of the pandemic continued to position e-commerce and pushed retailers to adjust prices. As internet retailing is expected to continue to grow, retailers continue to invest in e-commerce platforms.

Quick Facts CY2020

World Imports of Consumer-Oriented Products

$16.6 billion

List of Top 10 U.S. Growth Products

1) Pistachios	2) Whiskey, Bourbon
3) Gin	4) Chickpeas
5) Food Preparations	6) Surimi/Pollock
7) Hake	8) Frozen Fish Fillets
9) Sweet Potatoes	10) Cranberries

Food Processing Industry Facts 2020

Food Industry Output	$157 bn
Food Exports	$41 bn
Trade Surplus	$15 bn
No. of Employees	431,800
No. of Food Processors	30,573
% of total GDP	2%

Top Country Retailers	**Sales 2020* ($ Million)**
1) Mercadona	29,140
2) Grupo Carrefour	10,749
3) Lidl	5,726
4) Grupo Eroski	5,460
5) DIA	5,349
6) Alcampo, S A.	4,027
7) Consum, S. Coop	3,678
8) El Corte Ingles	3,303
9) Ahorramas	2,214
10) Bon Preu	1,928

GDP / Population 2020

Population: 47.3 million
GDP: $13,08 trillion (-11%)
GDP Per capita: $26,500

Sources: FIAB, Alimarket, TDM, GATS, Eurostat

Strengths/Weaknesses/Opportunities/Challenges

SWOT ANALYSIS	
Strengths	**Weaknesses**
Diversified economic base	Highly vulnerable to pandemic-sensitive sectors (tourism)
Opportunities	**Threats**
Lift of steel and aluminum tariffs; emphasis on health and sustainability	COVID-19's negative impact on income levels and the economy; high inflation rates

Data and Information Sources: Euromonitor, Eurostat, Trade Data Monitor LLC; **Contact:** AgMadrid@usda.gov

SECTION I. MARKET OVERVIEW

Economic Trends

In their latest World Economic Outlook report for 2021 and 2022, the International Monetary Fund (IMF) forecasts a 5.7 percent growth for the Spanish economy in 2021, down 0.5 percent from the previous projection released in July. At the same time, the IMF increases the forecast of Spanish GDP for 2022 to 6.4 percent, up 0.6 percent from July, which indicates that the economic recovery from the COVID-19 crisis is on track, although a bit slower than expected. Even though the estimated growth for Spain in 2022 is significantly higher than in other EU member states (such as Germany, France, or Italy), it is expected to take longer to return to pre-pandemic levels since Spain experienced the biggest setback in 2020, when output fell by a record 10.8 percent, the biggest decline since the Spanish Civil War. The projected economic growth will be supported by gradual increased demand, due greatly to the national recovery plan and the absorption of EU pandemic recovery funds, as well as a gradual recovery of tourism. According to the Bank of Spain, tourism will not return to normal levels until 2022.

Currently, 80.1 percent of the Spanish population has received at least one shot of the COVID-19 vaccine; 78.5 percent received two shots. As vaccination advances among the younger generations and restrictions are progressively lifted, economic activity is picking up. Despite the improvement in the epidemiological developments, the potential incidence of new variants and the vaccine situation in the world continue to bring a certain degree of uncertainty both to the short and medium-term economic outlook.

Tourism is a strategic sector for Spain, providing 12.3 percent of GDP and 12.7 percent of employment. After hosting another record-breaking number of foreign visitors in 2019, in 2020, Spain received 19 million visitors, 77.3 percent less tourists compared to the previous year. From January to August 2021, Spain recovered 25.8 percent of the tourists lost because of the pandemic, receiving 15 million tourists. Despite the recovery, the future of foreign tourism is still uncertain due to the ongoing travel restrictions worldwide, the resurgence of cases and variants, and fear of travel.

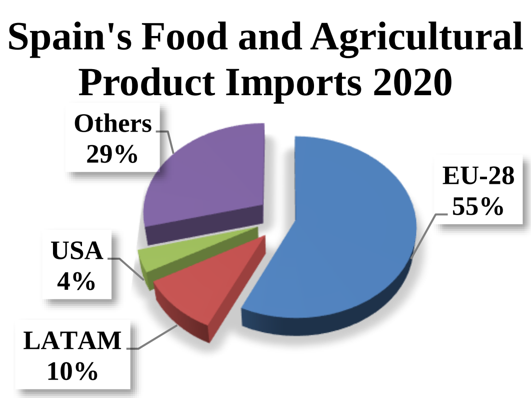
In terms of population and demographic trends, Spain's population went from 40.5 million in 2000 to 47.4 million in 2020, partly thanks to the economic growth of the early 2000s. Nevertheless, having one of the lowest fertility rates in the world is causing Spain's population to age rapidly and this trend is forecast to continue in the next decade. Correspondingly, the market will have to adapt to this demographic change and the impact on future consumer trends and preferences. This will create opportunities for new formats and products targeting that segment of the population.

Table 1. Advantages and Challenges Facing U.S. Exporters in Spain

Advantages	Challenges
Spanish consumers are increasingly open to new products. The USA is among the favorite destination for Spanish travelers outside the EU, increasing the popularity and interest in U.S. food products.	The economic environment post-pandemic; adjustments to the overall economy; tourism and consumer habits.
U.S. products have a good reputation with importers and retailers. U.S. suppliers are known for being serious business partners. The quality consistency and the supply reliability are highly appreciated.	Food imported from third countries, including the U.S., must comply with EU food law, labeling, traceability, and packaging laws, which vary from U.S. regulation and practice.
Increased demand for innovative and sustainable products and packaging. The U.S. is a market that importers look to when looking for novelties and new trends.	High transportation costs. In addition, small exporters face difficulties in shipping mixed/smaller container loads vs EU competitors or big exporters.
Good network of agents and importers to help get products into the market and consequently, into the retail chain.	Competition from EU countries, where tastes and traditional products may be better known.
Consumers are increasingly health conscious, demanding new products. U.S. suppliers are known for offering a wide variety for this type of products.	Lack of consumer awareness of U.S. brands, applicability, and varieties of U.S. products. Despite interest, introducing new-to-market brands and products is not easy.
Distribution structure is modern and many companies serve both Spain and Portugal.	High import tariffs, new and potential retaliatory tariffs, and import regulations impose a price disadvantage on non-EU based companies. Competitive disadvantage with direct competitors with Free Trade Agreements, such as Canada.

Competition within Spain's Food and Agricultural Product Import Market

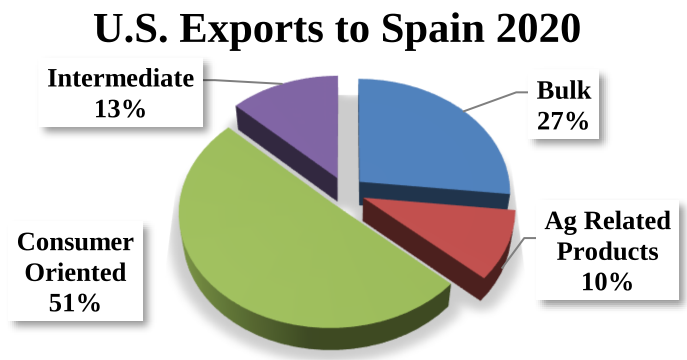
In 2020, Spain imported $43.9 billion worth of agricultural products from the world. By region, Spain's main trading partners are other EU member states, as shown in the chart below:



SOURCE: Trade Data Monitor, LLC

Spanish Market for U.S. Food and Agricultural Products

By category, the distribution of U.S. food and agricultural exports to Spain has stayed consistent over the last decade.



SOURCE: Trade Data Monitor, LLC

SECTION II. EXPORTER BUSINESS TIPS

Local Business Customs

Success in introducing products in the Spanish market requires local representation and personal contact. With recent pandemic restrictions and gathering limitations, as well as the cancelation and postponement of trade shows and other large meetings, Spanish companies have adapted and are increasingly willing to engage through online interactions. A local representative can provide up-to-date market intelligence, guidance on business practices and trade related laws, sales contact with existing and potential buyers, and market development expertise.

Spain has sales channels ranging from traditional distribution methods - whereby wholesalers sell to small retailers that sell to the public - to large multinational supermarkets and retail stores. However, personal relationships are still very important, especially within smaller organizations. There is no substitute for face-to-face meetings with Spanish business representatives in order to break into this market. The decision-making process within a Spanish company may be different from that in the United States. An initial "yes" usually means that the company will study the situation, and not necessarily that they will buy the product. Once a deal is signed, the Spanish company will likely expect the U.S. firm to translate into Spanish commercial brochures, technical specifications, and other marketing materials. Decision makers at Spanish firms may speak English, but paperwork should be in Spanish.

The Spanish market is composed of regional markets serviced by two major hubs, Madrid and Barcelona. Most agents, distributors, foreign subsidiaries, and government-controlled entities that make up the economic power block of the country operate in these two hubs. Dealers, branch offices, and government offices found outside these two hubs will almost invariably obtain their supplies from their Madrid and Barcelona contacts rather than engage in direct importation.

Market Entry Strategies

Market entry strategies for U.S. products intending to enter the Spanish market should include:

- Market research to assess product opportunities;
- Advanced calculations of the cost of introducing the product in the Spanish market, in order to prove its competitiveness in the local market;
- Identify an experienced distributor or independent reliable agent to advise on adequate distribution channels, import duties, sanitary regulations, and labeling requirements;
- Explore the purchasing arrangements of the larger retail channels.

SECTION III. IMPORT FOOD STANDARDS & REGULATIONS and IMPORT PROCEDURES

Food Standards and Regulations

For detailed information on food standards and regulations, please consult the Food and Agricultural Import Regulations and Standards Report (FAIRS) and the FAIRS Export Certificate Report for the EU and Spain. In addition, please check the U.S. Mission to the European Union (USEU Mission) web page for helpful information on exporting U.S. food and agricultural products into the EU.

General Import and Inspection Procedures

Spain follows the Harmonized Nomenclature and Classification System (HS) and applies EU import duties according to a maximum and minimum rate schedule. The minimum tariff rate is applied to goods originating in countries entitled to the benefits of most-favored nation treatment; that is, members of the World Trade Organization (WTO), including the United States, and countries with which the EU has signed trade agreements. In some instances, negotiations and trade agreements in place between the EU and other countries provide for advantageous access to the European market.

Currently, the EU and the United States have the following agreements and arrangement in place:

- US-EU Organic Equivalency Arrangement
- US-EU Wine Agreement
- Veterinary Equivalency Agreement

The local importer has primary responsibility with the Spanish Government for imported food products once they enter Spain. It is recommended that U.S. exporters verify all import requirements with their Spanish buyer. The buyer and local freight forwarder are in the best position to research such matters and assist with local authorities. The final authorization to import any product is subject to the Spanish rules and regulations as interpreted by border officials at the time of product entry.

In general, the following documents are required for ocean or air cargo shipments of food products into Spain:

- Bill of Lading and/or Airway Bill
- Commercial Invoice
- Phytosanitary Certificate and/or Health Certificate, when applicable
- Import Certificate

The Standard U.S. label does not comply with the EU's labeling requirements. For all the details, visit the EU labeling requirements section of the USEU Mission webpage.

Please keep in mind that if the product you are exporting into Spain does not comply with EU harmonized regulations, Spanish customs or health authorities may not allow entry of the product.

SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS

Table 2. Best Consumer-Oriented Product Prospects Based on Growth Trends

Product Category (USD million)	Major Supply Sources in 2020 (in value)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Frozen Fish Value: $798	1.Netherlands-9% 2.Portugal-8% 3.S. Africa–7%	Other major suppliers offer high quality fish products at competitive prices.	Significant competition from local producers. Domestic consumption and exports largely exceed local supply.
Almonds Value: $547	1.USA-91% 2.Australia-3% 3.Portugal-2%	Limited competition from other countries. Spanish demand is high, and production is insufficient to satisfy demand.	Spain produces almonds, mostly used roasted as a snack. U.S. almonds are processed, both used domestically or exported.
Pulses Value: $227	1.Argentina-23% 2.USA-21% 3.Canada-10%	Strong competition from Argentina which increased its presence in recent years, and Canada, a traditional supplier.	Spain is a traditional consumer of pulses. Local production is not sufficient to fulfill internal demand.
Pistachios Value: $135	1.USA-79% 2.Iran-8% 3.Germany-7%	Germany is the main entry point for U.S. and Iranian pistachios to the EU which are re-exported to other MSs.	Local pistachio production is growing, but still very limited. Demand continues to grow significantly.
Sunflower Seeds Value: $164	1.China-34% 2.France-32% 3.Argentina-11%	Growing competition from China, Argentina and Israel for confectionery.	Traditional snack. Local production is insufficient to meet demand.
Sweet Potatoes Value: $12	1.USA-57% 2.Netherlands-21% 3.Portugal–20%	The main origin of Dutch sweet potatoes is the United States, many of which are re-exported to other countries like Spain.	Imports from the world and the U.S. have increased considerably in the last five years. Demand and consumption continue to be strong.
Condiments & Sauces Value: $223	1.Netherlands-17% 2.Italy-16% 3.Germany-15%	Main competitors are other EU countries.	The U.K. is facing export challenges due to Brexit that could benefit U.S. suppliers

Source: Trade Data Monitor, LLC

Food Retail Sector

Proximity and convenience will continue to be the core of supermarkets strategies in 2021 and beyond in terms of restructuring and expansion. Supermarkets will have to adapt to the increasing competition from convenience stores as consumers enjoyed, both during lockdown and pre-pandemic, the speed and convenience of shopping at such retailers. As a result, supermarkets will focus on expanding with smaller sized supermarkets closer to customers, considered a winning strategy for future development.

E-commerce experienced a substantial push in 2020, especially during the strict confinement period from March until May. The pandemic further enabled a shift towards e-commerce in Spain, which was already developing before the pandemic. In particular, food and drink e-commerce grew considerably during the lockdown period as consumers looked for safe and contactless ways to complete their grocery shopping. E-commerce is expected to continue growing in 2021, although at a much more moderate growth rate than in 2020. The expectation for more moderate growth is generated by concerns that the pandemic may bring financial uncertainty. As a result, consumers are expected to shop less and make more careful choices, rather than impulsively shopping online.

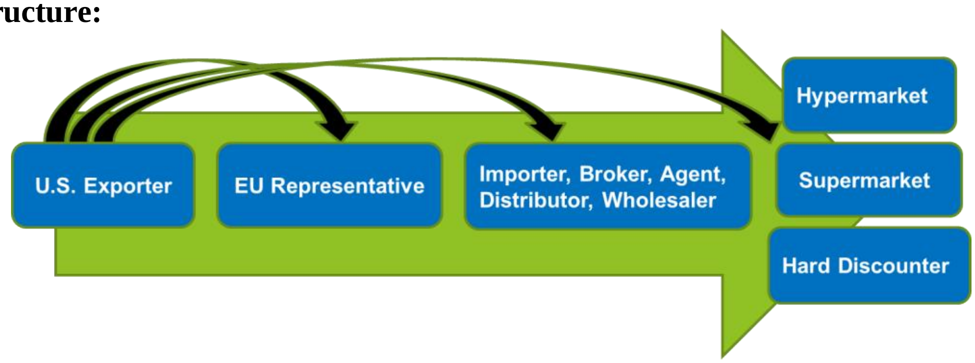
Changing consumer habits and the development of new technologies are leading the sector to develop new commercial formats and greater diversification. According to Euromonitor, the digitization progress is leading to a reinvention of commercial formats, which is translating into greater diversification. The omnichannel strategy has been identified by retailers as the most desired, especially in food. Omnichannel places focus on the customer not the product, removing boundaries between the different channels. This omnichannel includes formats such as online shopping, telephone, delivery services, or click & collect.

Top 10 Spain Country Retailers

Retail Organization	Ownership	Sales 2020 ($ Million) *
MERCADONA	Spanish	29,140
GRUPO CARREFOUR	French	10,749
LIDL SUPERMERCADOS	German	5,726
GRUPO EROSKI	Spanish	5,460
DIA	French	5,349
ALCAMPO, S.A.	French	4,027
CONSUM, S. COOP.	Spanish	3,678
EL CORTE INGLES ALIMENTACION	Spanish	3,303
AHORRAMAS	Spanish	2,214
BON PREU, S.A.	Spanish	1,928

Source: Alimarket; *Estimate

Market Structure:



For more information, please see the Spanish Retail Food Sector report.

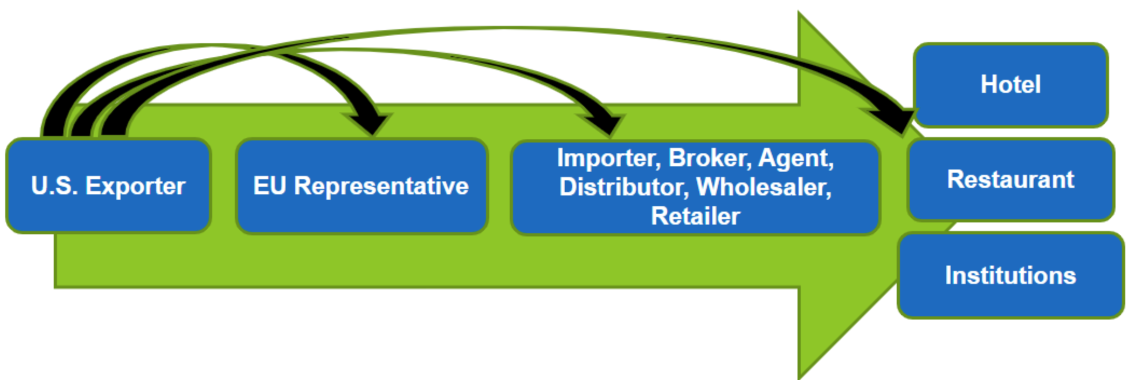
Hotel, Restaurant and Institutional (HRI) Sector

Spain welcomed 18.9 million foreign tourists in 2020, down from the record of 83.5 million in 2019. This was a decrease of 77.3 percent in the number of foreign tourists visiting the country in 2020 because of the coronavirus pandemic, according to data published by the Spanish Statistical Office (INE). This was the first time the number of foreign visitors has fallen below 20 million since 1969, when Spain was just starting to promote itself as a tourist destination.

The medium-term outlook is bringing some contained optimism, with more than 80 percent of the Spanish population with at least one shot of the COVID-19 vaccine, and the partial recovery of tourism in the first half of 2021 (Spain recovered 25.8 percent of the tourists lost because of the pandemic). The projected economic growth will be supported by gradual increased demand, due to the national recovery plan and the absorption of EU pandemic recovery funds, as well as a gradual recovery of tourism. According to the Bank of Spain, tourism will not recuperate to normal levels until 2022.

Despite the improvement in the epidemiological developments, the potential incidence of new variants and the vaccine situation in the world continue to bring a certain degree of uncertainty both to the short and medium-term economic outlook.

Market Structure:



For more information on the [Spanish HRI Sector] report.

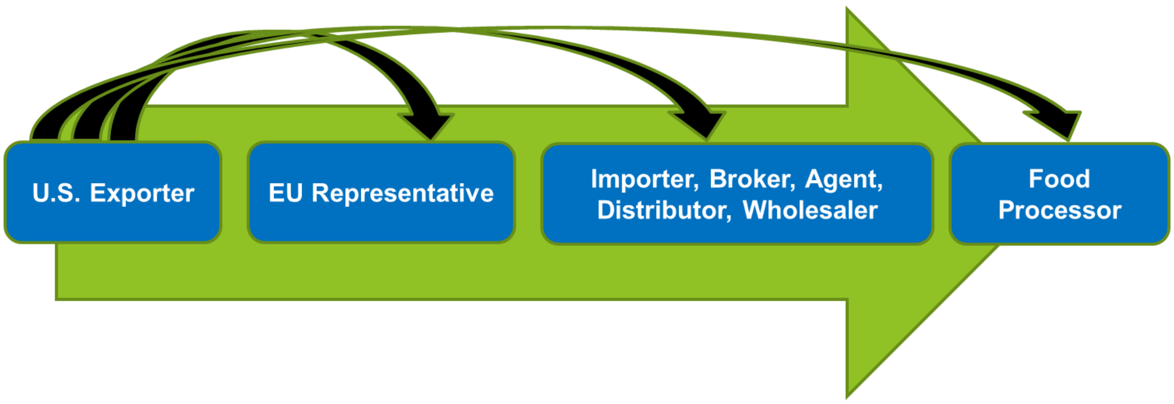
Food Processing Sector

In 2020, this sector provided 431,800 jobs, representing more than 21.1 percent of the total industrial workforce. The food industry in Spain consists of mostly small and medium sized companies: in 2020, there were 30,573 food processors throughout the country. The industry produced $157 billion worth of product in 2020. Exports continue to be critical for the development of the industry and, in 2020, were valued at $41 billion. Spain has some of the most competitive food processing industries in Europe, which makes this sector an important target for U.S. food ingredient exporters.

The Spanish food and beverage industry experienced the effects of COVID-19, ending a six-year cycle of continued growth. Even in this scenario, the food and beverage sector was the industrial sector that best withstood the difficulties of the pandemic, with a smaller drop than that of the manufacturing industry and the economy as a whole. However, as a result of the coronavirus containment measures, the sector's production totaled $157 billion, a 5.3 percent decrease compared to 2019. Additionally, after creating employment for six consecutive years, the food processing sector lost 4,900 jobs, and 157 companies shut down.

Exports was a fundamental pillar to support the industry. As a result of the pandemic, the number of exporting companies increased by 1.3 percent and total exports grew by 4.4 percent compared to the previous year. This growth is strongly supported by the Chinese demand for meat products. Without Chinese demand, the industry would suffer from the oscillation of international markets and the limitations imposed by COVID-19. The European Union continues to be Spain's first trading partner.

Market Structure:



For more information on the Spanish food processing sector, visit [FAS GAIN Home](#).

SECTION V. AGRICULTURAL and FOOD IMPORTS

Table 3. Agricultural and Food Import Statistics

AGRICULTURAL PRODUCTS IMPORTS ($ Million)	**2017**	**2018**	**2019**	**2020**	**2021***
Total Agricultural and Related Products	**41,993**	**45,223**	**43,927**	**42,433**	**43,000**
Total U.S. Agricultural and Related Products	1,643	2,188	1,859	1,669	1,700
Total Agricultural Related Products	**11,006**	**12,567**	**12,058**	**10,584**	**11,000**
Total U.S. Agricultural Related Products	343	320	248	236	240
Total Consumer-Oriented Products	**15,603**	**16,788**	**16,753**	**16,564**	**16,800**
Total U.S. Consumer-Oriented Products	648	714	744	761	770
Total Fish Products	**7,922**	**8,465**	**7,951**	**7,177**	**7,200**
Total U.S. Fish Products	103	101	94	86	90

Source: Trade Data Monitor LLC; Unit: $ Million
(*) Estimate

Best High-Value, Consumer-Oriented Product Prospects Category

Products Present in the Market with Good Sales Potential
Tree nuts (almonds, walnuts, and pistachios) -- Peanuts -- Pulses -- Sunflower seeds – Frozen Fish and Seafood (surimi, cod, lobster) -- Spirits (Bourbon)

Products Not Present in Significant Quantities with Good Sales Potential
Functional and innovative health food -- Free-from products (lactose-free, gluten-free) -- Specialty and snack foods – Other nuts (pecans); Sweet potatoes -- Pet foods

Products Not Present Because They Face Significant Barriers
Red meat and meat preparations (hormone ban) -- Poultry (sanitary procedures – pathogen reduction treatments) -- Processed food (with GMO ingredients)

SECTION VI. KEY CONTACTS AND FURTHER INFORMATION

If you have any questions, please contact the OAA in Madrid. The FAS website also offers recent reports of interest to U.S. exporters interested in the Spanish market. Additionally, useful contacts include:

Trade Associations
Spanish Federation of Food and Beverage Industries
Spanish Federation for HRI Sector
Spanish Association for Distributors and Supermarkets
Spanish Restaurant Chain Association

Government Agencies
Ministry of Health
Spanish Food Safety and Nutrition Agency
Ministry of Agriculture, Fisheries and Food

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page at www.fas.usda.gov

Attachments:

No Attachments