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Report Highlights:

In 2021, Spain imported $1.7 billion of agricultural and related products from the United States. Outside the European Union Member States, the United States was the fifth largest origin of Spanish agricultural and related imports. After the deep recession caused by the COVID-19 pandemic, Spain's economy is starting to recover, supported by improving domestic demand and a strong rebound of the hotel and restaurant industry as tourism returns to pre-pandemic levels. Inflation gained significant momentum this year, though it has been relatively contained in the last quarter of 2022, offering 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.

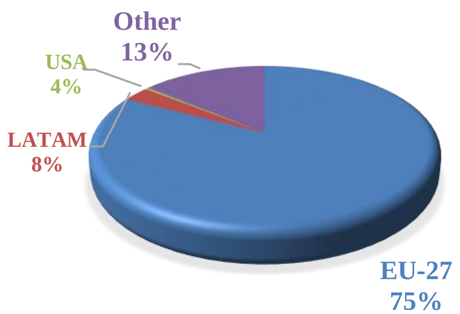
Executive Summary

Spain is a major producer and exporter of food and agricultural products, with other European Union (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 2021, Spain's total imports of agricultural and related products reached $54.3 billion, up 22 percent compared to 2020. More than 50 percent of these imports originated from EU 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 2021



Food Processing Industry

The food and beverage industry is the largest manufacturing industry in the country. In 2021, the Spanish food-processing industry recovered a large part of its activity and is now close to overcoming the impacts of the crisis caused by the COVID-19 pandemic. The industry's interest in developing new products and the strong export sector continue to present opportunities for food ingredients.

Food Retail Industry

The competitive retail landscape remained highly fragmented in 2021, 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 favor 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 CY2021

World Imports of Consumer-Oriented Products
$21.5 billion

List of Top 10 U.S. Growth Products

1) Walnuts	2) Pistachios
3) Whiskey, Bourbon	4) Gin
5) Lobster	6) Surimi/Pollock
7) Hake	8) Food preparations
9) Sauces	10) Dog & cat food

Food Processing Industry Facts 2021

Food Industry Output	$136 bn
Food Exports	$37 bn
Trade Surplus	$13 bn
No. of Employees	440,600
No. of Food Processors	30,260
% of total GDP	2%

Top Country Retailers	**Sales 2021* ($ Million)**
1) Mercadona	26,230
2) Grupo Carrefour	9,875
3) Lidl	5,215
4) Grupo Eroski	4,735
5) DIA	4,390
6) Alcampo, S A.	3,640
7) Consum, S. Coop	3,270
8) El Corte Ingles	2,900
9) Ahorramas	1,980
10) Bon Preu	1,860

GDP / Population 2021
Population: 47.4 million
GDP: $1.3 trillion (+5.1%)
GDP Per capita: $24,548

Sources: FIAB, Alimarket, TDM, GATS, Eurostat

Strengths/Weaknesses/Opportunities/Challenges

SWOT ANALYSIS	
Strengths	**Weaknesses**
Diversified economic base; export competitiveness	High consumer price sensitivity
Opportunities	**Threats**
Emphasis on health & sustainability; consumers more open to new products	Slow economic recovery, high inflation; international political uncertainty

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 2022, the International Monetary Fund (IMF) forecasts a 4.3 percent real GDP growth for the Spanish economy in 2022. At the same time, the IMF increases the forecast inflation rate for 2022 to 8.8 percent.

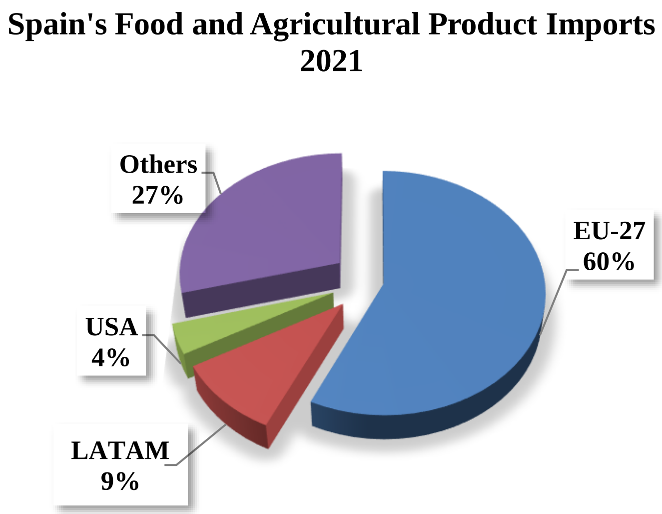
Tourism is a strategic sector for Spain, providing 12.3 percent of GDP and 12.7 percent of employment. After hosting another record-breaking number of foreign visitors in 2019, in 2020, Spain received 19 million visitors, 77.3 percent fewer tourists compared to the previous year. From January to October 2022, Spain recovered 84.6 percent of the tourists lost because of the pandemic and 93.4 percent of tourist expenditure.

In terms of population and demographic trends, Spain's population went from 40.5 million in 2000 to 47.6 million in 2021, 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 United States is a favorite destination for Spanish travelers outside the EU, increasing the popularity and interest in U.S. food products.	High import tariffs and import regulations impose a price disadvantage on non-EU based companies. Competitive disadvantage with direct competitors with signed Free Trade Agreements, such as Canada.
U.S. products have a good reputation with importers and retailers. U.S. suppliers are known for being serious business partners. Consistent quality and supply reliability are highly appreciated.	Food imported from third countries, including the U.S., must comply with EU food laws and labeling, traceability, and packaging rules, which vary from U.S. regulation and practice.
Increased demand in retail channel for innovative and sustainable products and packaging. Importers look to the U.S. as a source for novel products and new trends.	High transportation costs. 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 of these types 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 cover both Spain and Portugal.	The economic environment post-pandemic; adjustments to the overall economy, tourism, and consumer habits.

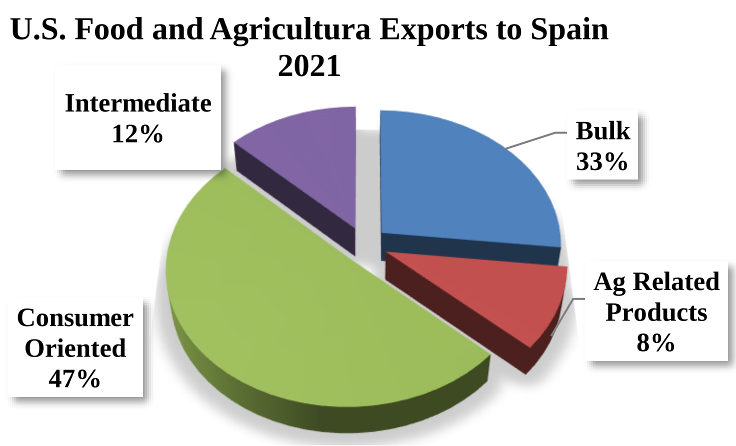
In 2021, Spain imported $54.3 billion worth of agricultural and related products from the world. By region, Spain's main trading partners are other EU member states, as shown in the chart below:



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 – in which 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 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 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, 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 2021 (by value)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Frozen Fish Value: $801	1.Portugal-12% 2.Netherlands-9% 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-80% 2.Portugal-7% 3.Belgium-3%	Limited competition from other countries. Spanish demand is high, and production insufficient to meet demand.	Spain produces almonds, mostly used roasted as a snack. U.S. almonds are processed, both used domestically and exported.

Pulses Value: $194	1.Argentina-22% 2.USA-14% 3.Russia-14%	Strong competition from Argentina, which increased its presence in recent years, and Canada, a traditional supplier.	Spain is a traditional consumer of pulses, but local production is not sufficient to satisfy demand.
Pistachios Value: $130	1.USA-77% 2.Iran-8% 3.Germany-8%	Germany is the main entry poin 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: $222	1.France-35% 2.China-26% 3.Bulgaria-14%	Growing competition from China and Argentina for confectionery.	Traditional snack. Local production is insufficient to meet demand.
Sweet Potatoes Value: $13	1.Netherlands -23% 2.Portugal -15% 3.USA-15%	Other major suppliers offer high quality products at competitive prices.	Imports from the world and the U.S. have increased considerably in the last five years. Demand and consumption continue to be strong.
Distilled Spirits Value: $839	1.U.K.-31% 2.Netherlands -13% 3.USA-11%	Main competitors are other EU countries. Difference in legal format of alcohol containers; exporters need to adapt to EU size.	Increasing interest in U.S. distilled drinks, mainly bourbon and gin.

Source: Trade Data Monitor, LLC

Food Retail Sector

The complex economic and social context in 2022, with the war in Ukraine, soaring inflation, and increased competition presents challenges for consumers and the retail sector. With mounting inflationary pressure making local consumers increasingly price conscious, private label products are set to underpin the growth of discounters. Economic conditions are expected to constrain consumer purchasing power in the short-term at least. As a result, private label lines will have strong opportunity for growth, as stretched consumers will be looking for the best value for their money.

Some supermarkets are increasing the space dedicated to ready-to-go food in their stores, posing a larger competitive threat to consumer foodservice, like the strategy already adopted by convenience stores. This trend has been gaining traction throughout Spain, particularly in big cities, as consumers look for convenient meals to eat at home. In addition, supermarkets will also increase their focus on sustainability. Environmental issues are increasingly important to Spanish consumers, particularly younger ones. This will push some chains to reduce the amount of plastic packaging on the shelves, in addition to improving the energy-efficiency of their outlets and offering more proximity products.

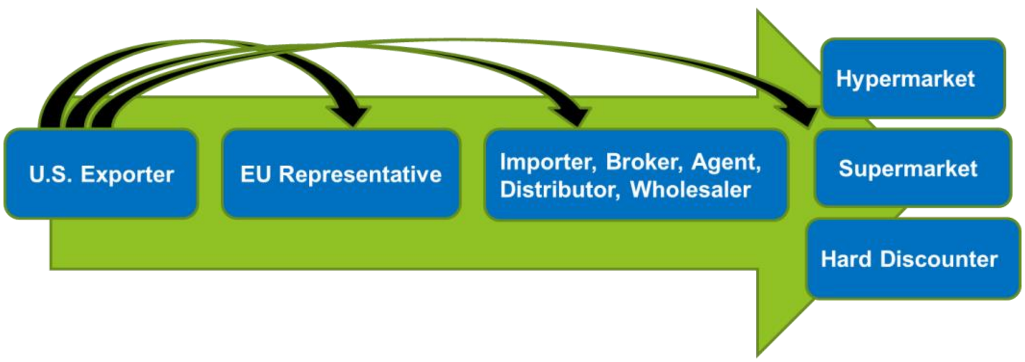
In general, successful retailers are increasingly appealing to physical proximity and price, as well as to creating a bond with the consumer. This balance between good prices and consumer fidelity is expected to mark the strategies and successes for retailers in the medium term.

Table 3. Top 10 Spain Country Retailers

Retail Organization	Ownership	Sales 2021 ($ Million)*
MERCADONA	Spanish	26,230
GRUPO CARREFOUR	French	9,875
LIDL SUPERMERCADOS	German	5,215
GRUPO EROSKI	Spanish	4,735
DIA RETAIL ESPANA, S.A.	French	4,390
ALCAMPO, S.A.	French	4,350
CONSUM, S. COOP.	Spanish	3,270
EL CORTE INGLES ALIMENTACION	Spanish	2,900
AHORRAMAS	Spanish	1,980
BON PREU, S.A.	Spanish	1,860

Source: Alimarket; *Estimate

Market Structure:



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

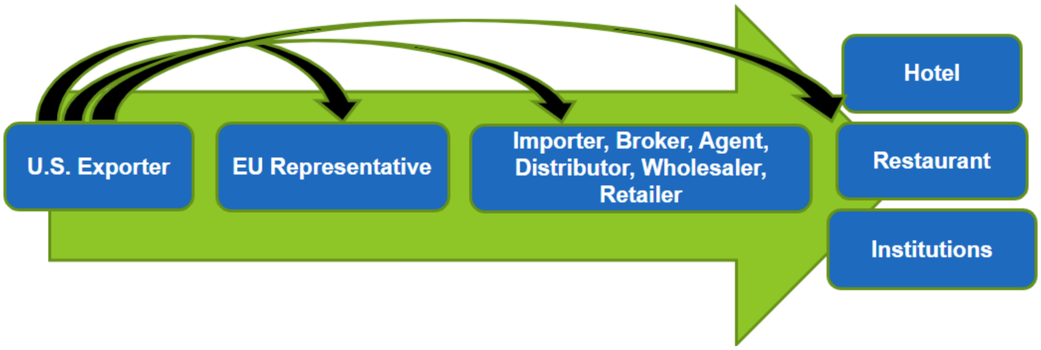
Hotel, Restaurant and Institutional (HRI) Sector

Spanish tourism continues to recover from the effects of the pandemic and is now coming close to pre-pandemic levels. Spanish tourism welcomed 63.1 million international tourists from January to October 2022, 84.6 percent of the numbers from the same period in 2019. Expenditure reached $80.5 billion, equivalent to 93.4 percent of pre-pandemic levels.

The HRI sector has managed to recover 99 percent of its business levels prior to the pandemic, despite the inflationary context and its effects on domestic consumption. However, sensitivity to price has increased: six out of ten customers state that the search for affordable prices determines in some way their choice of establishment to eat at away from home.

High inflation and the uncertain economic scenario worldwide may pose risks to the total recovery of the tourism sector.

Market Structure:



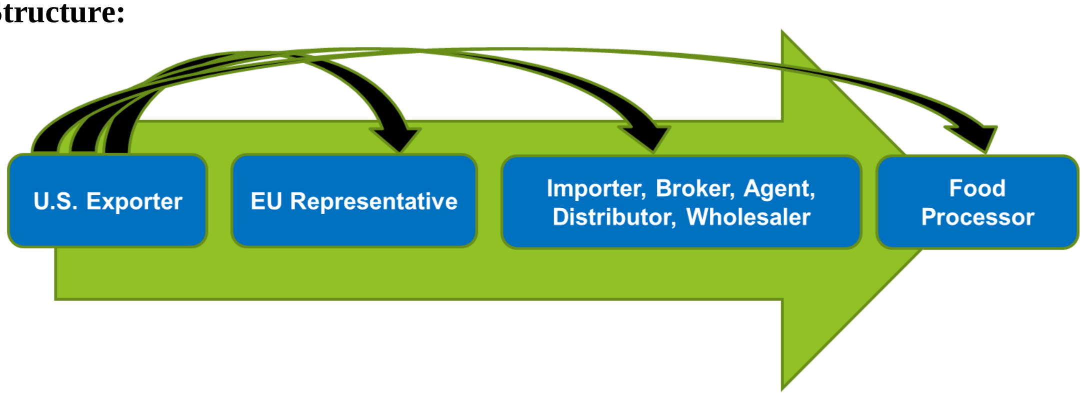
For more information on the Spanish HRI Sector report.

Food Processing Sector

In 2021, this sector provided 440,600 jobs, representing more 20 percent of the total industrial workforce. The food industry in Spain consists of mostly small and medium-sized companies: in 2021, there were 30,260 food processors throughout the country. The industry produced $147.1 billion worth of product in 2021. Exports continue to be critical for the development of the industry and, in 2021, were valued at $40.2 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.

Exports are a fundamental pillar to support the industry, with a trade surplus of $14 million. The European Union continues to be Spain's first trading partner. Outside the EU, the main export destinations for Spanish food and beverage products are the United Kingdom, China, and the United States.

Market Structure:



For more information on the Spanish food processing sector, visit Spanish Food Processing Sector report.

SECTION V. AGRICULTURAL and FOOD IMPORTS

Table 4. Agricultural and Food Import Statistics

AGRICULTURAL PRODUCTS IMPORTS ($ Million)	2018	2019	2020	2021	2022*
Total Agricultural and Related Products	**47,482**	**45,994**	**44,592**	**54,350**	**55,000**
Total U.S. Agricultural and Related Products	2,192	1,860	1,670	1,701	1,700
Total Agricultural Related Products	**35,918**	**34,845**	**34,628**	**41,510**	**43,000**
Total U.S. Agricultural Related Products	1,997	1,685	1,506	1,538	1,700
Total Consumer-Oriented Products	**19,977**	**19,755**	**19,114**	**21,606**	**21,000**
Total U.S. Consumer-Oriented Products	840	820	836	761	765
Total Seafood Products	**8,616**	**8,104**	**7,348**	**8,856**	**9,000**
Total U.S. Seafood Products	101	94	86	82	85

Source: Trade Data Monitor LLC; * Estimate

Best High-Value, Consumer-Oriented Product Prospects Category

Products Present in the Market with Good Sales Potential
Tree nuts (particularly almonds, walnuts, and pistachios) -- Peanuts -- Pulses -- Sunflower seeds -- Fish and Seafood (frozen) -- Surimi -- Spirits

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 -- Nuts e.g., pecans, hazelnuts -- 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