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Prepared By: Arantxa Medina

Approved By: Karisha Kuypers

Report Highlights:

In 2022, Spain imported $2.2 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 agricultural and related imports. Spain received 74.7 million international tourists in the first ten months of 2023, and it is forecast to reach a record-breaking 86.5 million tourists by the end of the year. This positive situation, along with lower unemployment rates, is boosting consumer incomes. This is partly offset by ongoing price increases, forcing some consumers to tighten their budgets. However, the medium-term income growth is predicted to be reasonable, which will continue to create opportunities for certain consumer-oriented food items, as well as enhance long-term prospects for other products. This report provides guidance to U.S. companies interested in exporting consumer-ready food products to Spain and includes an overview of Spain's economic situation, market structure, and export requirements.

Market Fact Sheet: Spain

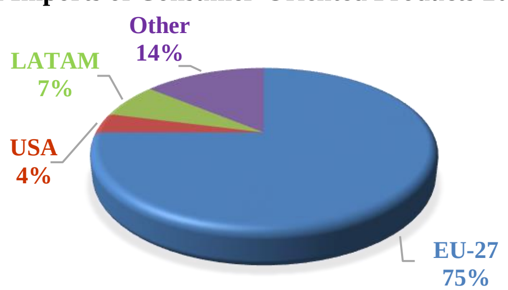
Executive Summary

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 2022, Spain's total imports of agricultural and related products reached $53.9 billion, up 17 percent compared to 2021; 55 percent of these imports originated from the European Union.

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 plant must be approved for export to the EU.

Total Imports of Consumer-Oriented Products 2022



Food Processing Industry

In 2022, the food-processing sector consolidated its position as an important industrial sector. Spain enjoys a modern food-processing sector that pays special attention to the quality, safety, and traceability of the food products it produces. It has one of the most competitive food processing industries in Europe, which makes this sector an important target for U.S. exports of food ingredients. Industry's interest in developing new products continues to present opportunities for food ingredients.

Food Retail Industry

The retail competitive landscape remained highly fragmented in 2022, led by major grocery retailers. Within grocery store-based retailing, the competitive environment is concentrated, with Mercadona retaining its leadership, followed by Carrefour. In 2022, due to new consumption habits, internet retailing is expected to continue growing, as retailers continue to invest in eCommerce platforms.

Quick Facts CY2022

World Imports of Consumer-Oriented Products

$23.6 billion

List of Top 10 U.S. Growth Products

1) Bourbon	2) Gin
3) Beef & Beef Products	4) Albumin
5) Lobster	6) Cod
7) Asparagus	8) Lentil
9) Almonds	10) Surimi

Food Processing Industry Facts 2023

Food Industry Output	$161 bn
Food Exports	$46 bn
Trade Surplus	$12 bn
No. of Employees	454,800
No. of Food Processors	30,159
% of total GDP	3%

Top Country Retailers	Sales 2023 (Estimate) ($ Million)
1) Mercadona	31,000
2) Grupo Carrefour	12,000
3) DIA	7,500
4) Lidl	7,000
5) Grupo Eroski	5,500
6) Alcampo	5,000
7) Consum, S.Coop.	4,000
8) Bon Preu	2,300
9) Ahorramas	2,000
10) Aldi Supermercados	1,800

GDP / Population 2023

Population: 47.6 million

Real GDP (nominal, est): $1.8 trillion

GDP Per capita (nominal, est): $31,223

Sources: FIAB, Alimarket, TDM, GATS, Eurostat

Strengths/Weaknesses/Opportunities/Challenges

SWOT ANALYSIS	
Strengths	**Weaknesses**
Diversified economic base; modern and well-developed infrastructure	High consumer price sensitivity
Opportunities	**Threats**
Emphasis on health and sustainability; food industry demand for food ingredients	Slower economic recovery; high inflation and public debt

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

SECTION I. MARKET OVERVIEW

Economic Trends

In their latest World Economic Outlook report, the International Monetary Fund (IMF) forecasts a 2.5 percent growth rate for the Spanish economy in 2023 and 2.0 percent for 2024. Despite this projected fall from 5.5 percent rate registered in 2022, the good news is that Spain is expected to weather the storm better than other advanced economies. The growth forecast for Spain's economy is still above the average growth forecast for advanced economies (including the Euro area, the United States, Japan, Canada, etc.), estimated at 1.5 percent for 2023 and 1.4 percent in 2024. Inflation, the rise of interest rates to attempt to control inflation, and recession concerns in other major countries' economies all contribute to the lowered growth forecasts. Despite the implementation of public policies to minimize and control inflation, the evolution of inflation rates will undoubtedly impact consumption.

Spain received 74.7 million international tourists in the first ten months of 2023, an 18.2 percent increase from the same period last year. This figure is already 0.2 percent above the same period in 2019, the year before the COVID-19 pandemic. All the indicators indicate that Spain could close the year with 86.5 million tourists, creating a new record. Despite challenges posed by high inflation, the average expenditure per tourist is also higher than both a year ago and pre-pandemic levels. Spain's economy is heavily dependent on tourism, which accounts for 12 percent of gross domestic product.

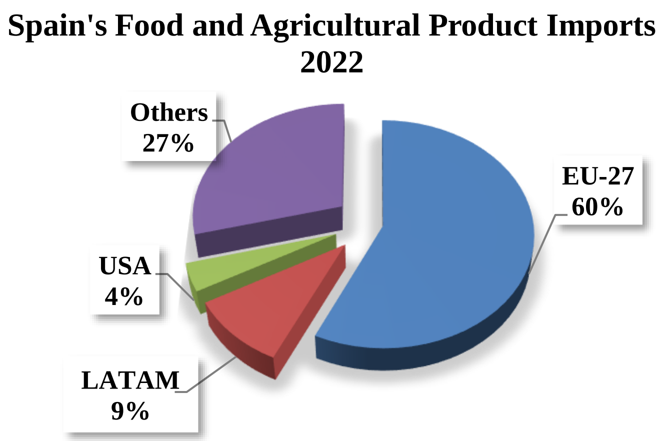
In terms of population and demographic trends, Spain's population went from 40.5 million in 2000 to a record population of 48.5 million as of October 1, 2023. According to the National Statistics Institute (INE), the population in Spain grew again for the tenth consecutive quarter. This provisional figure confirms that Spain's population growth continues, due almost entirely to an increase in foreign citizen naturalization. Specifically, 17.7 percent of the total population are Spanish citizens through the processes of acquiring Spanish nationality. Despite this increase, Spain has one of the lowest fertility rates in the world and a rapidly aging population, a trend that is forecast to continue in the next decade. Correspondingly, the market will have to adapt to this demographic change and its impact on future consumer trends and preferences. This will create opportunities for new formats and products targeting those segments 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.

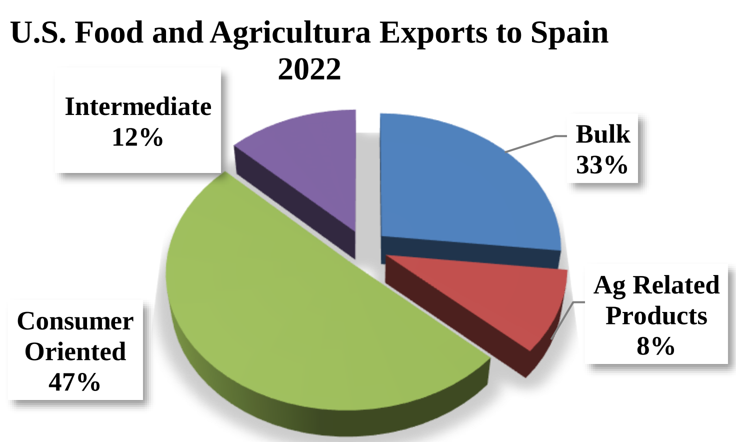
In 2021, Spain imported $54.3 billion worth of agricultural and related products from the world. By region, Spain's main trading partners are other EU member states, as shown in the chart below:



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 years' 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 2022 (in value)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Frozen Fish Value: $828	1.Portugal-12%	Other major suppliers offer high quality fish products at	Large competition from local producers. Domestic consumption

	2.Netherlands-9% 3.Seychelles–8%	competitive prices.	and exports largely exceed local supply.
Almonds Value: $561	1.USA-78% 2.Portugal-10% 3.Australia-4%	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, used both domestically or exported.
Pulses Value: $228	1.Argentina-24% 2.USA-17% 3.Canada-13%	Strong competition from Argentina, which greatly increased its presence in recent years, and Canada, a traditional supplier.	Spain is a traditional consumer of pulses, and its local production is insufficient to fulfill internal demand.
Pistachios Value: $138	1.USA-66% 2.Germany-15% 3.Iran-7%	Germany is the main entry point for U.S. and Iranian pistachios into the EU which are then re-exported to other Member States.	Local pistachio production is growing, but still very limited. Demand continues to grow significantly.
Sunflower Seeds Value: $321	1.France-39% 2.China-20% 3.Bulgaria-15%	Used for confectionery. Growing competition from China on price; Argentina and Israel compete on quality.	Traditional snack. Local production is insufficient to meet demand.
Sweet Potatoes Value: $11	1.Netherlands -27% 2.Portugal -17% 3.USA–14%	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: $1,072	1.U.K.-30% 2. USA-13% 3. Netherlands -10%	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

Grocery retail is expected to continue to grow, benefiting from the proximity of outlets to customers. However, growth is expected to be driven mainly by inflation. In addition, the competition from other retail channels will hamper growth. As a result of inflation and other factors, such as the economic crisis and the high unemployment rate, price has become one of the main determinants for purchases. With increased food inflation pressure over the last year, consumers' purchasing power has been constrained and consumers are on the lookout for promotions and bargains. This price sensitivity results in a lack of brand loyalty that will provide private label lines with a strong opportunity for growth, as stretched consumers will be looking for the best value for their money. For instance, discounters, especially Lidl and Aldi, are seeing a rapid expansion of their outlet numbers, with their offer of good value for money products.

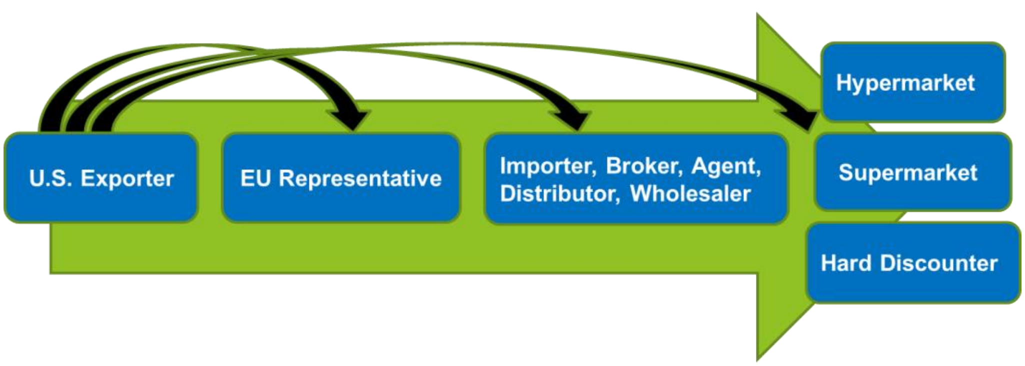
While food and drink e-commerce still represent a small percentage of total e-commerce, it is expected to continue to increase. Retailers are expected to resume investment plans for implementation of e-commerce services, including mobile applications, to meet growing demand. Currently, supermarkets compete between themselves, as well as with other formats of grocery retailers. To ensure success, retailers will need to differentiate themselves among a wide offer of both physical and digital stores that offer consumers a number of possibilities and alternatives. For grocery retailers, the main challenge comes from fresh produce.

Table 3. Top 10 Spain Country Retailers

Retail Organization	Ownership	Sales 2023 ($ Million)*
MERCADONA	Spanish	31,000
GRUPO CARREFOUR	French	12,000
DIA RETAIL ESPANA, S.A.	German	7,500
LIDL SUPERMERCADOS	Spanish	7,000
GRUPO EROSKI	French	5,500
ALCAMPO, S.A.	French	5,000
CONSUM, S. COOP.	Spanish	4,000
BON PREU, S.A.	Spanish	2,300
AHORRAMAS	Spanish	2,000
ALDI SUPERMERCADOS	Spanish	1,800

Source: Alimarket; *Estimate

Market Structure:

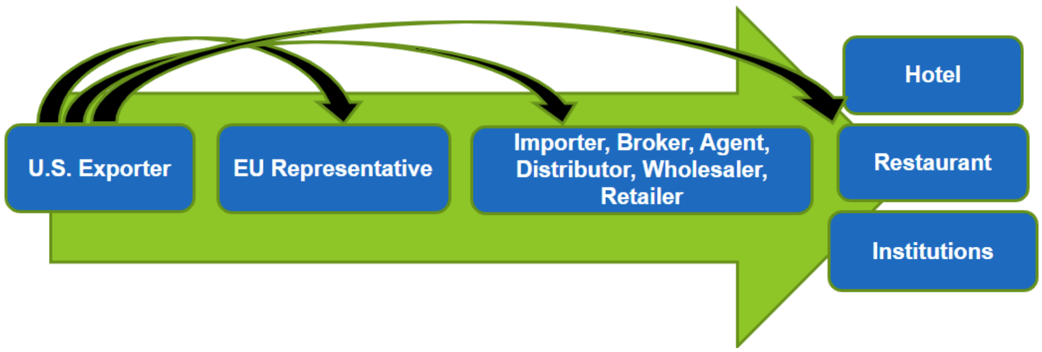


For more information, please see the Spanish Retail Food Sector report.

Hotel, Restaurant and Institutional (HRI) Sector

Spain's tourism industry data reflects an extraordinary recovery in tourism, expecting to receive more tourists in 2023 than before the pandemic. Spain received over 8.8 million international air passengers in May 2023, marking a significant increase of 13.9 percent compared to the same month in the previous year. This positive trend has been consistent throughout the year, as the country welcomed a total of 34 million passengers in the first five months, reflecting a remarkable growth of 28.8 percent in comparison to the same period in 2022. The government forecasts that Spain will receive between 52.3 million and 54.8 million tourists between May and October, slightly up from the number of visitors in the same period in 2019, a record year for tourist flows. Expenditure is also recovering. In the first quarter of the year, total spending was close to $40 million, 32 percent more than in the same period last year, and 16 percent higher than in 2019.

Market Structure:



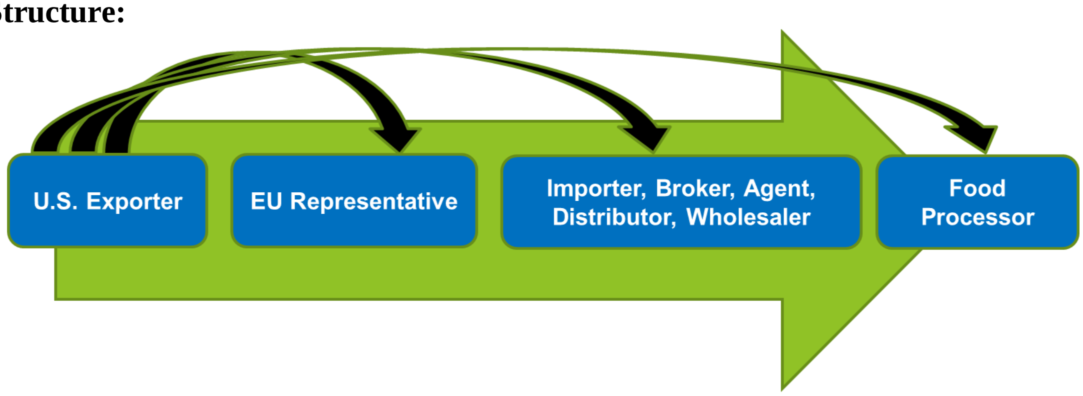
For more information on the Spanish HRI Sector report.

Food Processing Sector

In 2022, this sector provided 454,800 jobs, representing 19 percent of the total industrial workforce. The food industry in Spain consists of mostly small and medium-sized companies: in 2022, there were 30,159 food processors throughout the country. The industry produced $161.3 billion worth of product in 2022. Exports continue to be critical for the development of the industry and, in 2022, were valued at $44.8 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 $11.4 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, the United States, and China.

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)	2020	2021	2022	2023*	2024**
Total Agricultural and Related Products	**44,592**	**54,418**	**63,903**	**64,000**	**64,500**
Total U.S. Agricultural and Related Products	1,670	1,706	2,167	2,000	2,200
Total Agricultural Related Products	**9,963**	**12,735**	**14,813**	**14,000**	**14,000**
Total U.S. Agricultural Related Products	164	163	163	187	185
Total Consumer-Oriented Products	**19,114**	**21,697**	**23,630**	**24,000**	**25,000**
Total U.S. Consumer-Oriented Products	836	761	838	830	850
Total Seafood Products	**7,348**	**8,889**	**9,567**	**9,500**	**9,600**
Total U.S. Seafood Products	86	82	95	90	92

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