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Report Highlights:

Spanish tourism is rapidly recovering from the effects of the pandemic and reaching pre-pandemic levels due to a robust rebound in national tourism, partially compensating for the still lower number of foreign visitors. From January through August, 57.3 million tourists arrived in Spain, 10 percent higher than the previous year. In addition, Spaniards have returned to eating and drinking away from home, boosting demand in the Hotel, Restaurant and Institutional (HRI) sector. As a result, the HRI sector in Spain offers excellent opportunities for U.S. food-ingredient and food-product exporters.

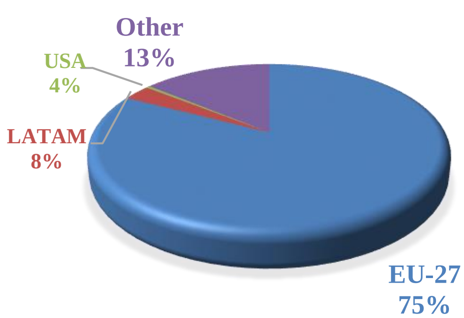
Executive Summary

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 $54.2 billion, up 21 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 because 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 Retail	4,390
6) Alcampo,S A.	3,640
7) Consum, S.Coop. https://www.elcorteingles.es/supermercado/	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%)
Real 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@fas.usda.gov

SECTION I. MARKET SUMMARY

Economic Trends

In their latest World Economic Outlook report for 2021 and 2022, the International Monetary Fund (IMF) forecasts a 4.0 percent growth rate for the Spanish economy in 2022, a 4.8 percent annual percent change; for 2023 is growth is estimated to be weaker at 2.0 percent. Inflations, soaring energy prices, and bottlenecks in global supply chains, and concerns of recessions in other major countries' economies all contribute to the lowered growth forecasts.

However, economic recovery could accelerate in the last part of the year, supported by private consumption, tourism, and investment. Accumulated savings and the practical elimination of COVID-19 restrictions will support the expansion of household spending. Despite the implementation of public policies to minimize and control inflation, the evolution of inflation rates will undoubtedly impact consumption.

Tourism in Spain continues to recover with foreign visitor figures up in the first half of the year, even though numbers are still less than the same month in 2019. Data supplied to the National Institute of Statistics (INE) by Frontur and Egatur showed that nearly 9.1 million international visitors arrived in the month of July (92 per cent of the 2019 total) although with purchases of $11.4 billion, tourists spent almost much as in 2019. Despite challenges posed by high inflation, the average expenditure per tourist in July 2022 increased from $1,165 to $1,262 and the average stay also increased slightly.

Table 1. Advantages and Challenges of the Spanish Food Retail Market

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.

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

Success in introducing products in the Spanish market requires local representation and personal contact. 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. The Office of Agricultural Affairs in Madrid maintains listings of potential importers and develops sector-specific information to help you introduce your product in Spain.

Goods imported into the EU must meet the sanitary and phytosanitary requirements to protect human and animal health as part of the customs union. Though Spain implements harmonized EU rules and regulations, there are subtleties that exporters should learn about when considering exporting to Spain. For more information, we invite potential U.S. exporters to contact our office for additional sector-specific information. U.S. exporters already exporting to other member states will likely meet most of the requirements for exporting to Spain.

Typically, HRI operators buy their food ingredients from importers or wholesalers. Some large companies buy directly from foreign suppliers. Spain exports around 20 percent of the Spanish food production, mainly to the EU. Some food-processing companies concentrate on the domestic or on export markets, but most of them will have mixed customers. Companies supplying mainly the domestic market frequently market their products directly and have their own logistics infrastructure. However, customers will vary from wholesalers to buying groups and retailers. Companies producing for re-export may have their own marketing office overseas, local agents, or may work with local importers.

U.S. exporters face great challenges with EU labeling and traceability regulations. Labeling is required for any product that contains genetically modified ingredients. Since consumers have relatively low acceptance of genetically modified foods, food processors, retailers, and the HRI sector are reluctant to purchase these processed products or food ingredients for processing.

The following documents are required for ocean or air cargo shipments of foodstuffs to Spain: Bill of Lading and/or Airway Bill, Commercial Invoice, and Phytosanitary Certificate and/or Health Certificate when applicable.

If your product is or contains plant or animal products, it will require a phytosanitary or health certificate issued by the competent U.S. authority. If you are exporting animal products, your production plant must be approved to export to the EU. Most food products require an Import Certificate issued by the competent Spanish authority. However, the Spanish importer and/or agent is responsible for obtaining the appropriate Import Certificate. Check the U.S. Mission to the European Union web page for more information, which will guide you on exporting into the EU.

Trade Shows

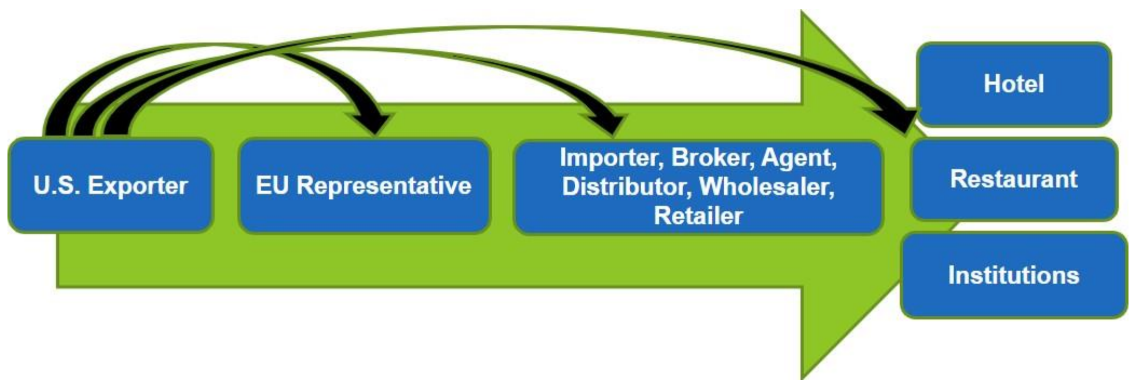
The COVID-19 crisis had a tremendous impact on trade shows, forcing organizers to cancel or postpone in-person events, many instead choosing to organize them virtually. In 2022, trade shows began returning to their pre-COVID schedule and most shows are taking place on time. Trade shows offer excellent opportunities for U.S. exporters to connect with potential clients or business partners from Spain, other EU countries, and other continents.

The most important trade shows related to the HRI sector are:

HIP – Hospitality Innovation Planet HRI Professional Expo: Madrid, March 6-8, 2023

Hostelco: Barcelona, March 2024

Market Structure



The HRI supply channels are diverse and serve small and large customers with different needs. Beverage suppliers are very specialized since most beverage consumption takes place in bars, cafeterias, and restaurants. The most important HRI sector suppliers are:

- Importers, Wholesalers, Specialists: Importers and wholesalers supply directly to the HRI sector, particularly the restaurant and hotel chains.
- Commercial distributors: Distributors play an important role in the supply of the food and beverages needs of many small and diverse food service providers.
- Wholesale Markets: Buyers purchase most perishable products at the wholesale market. The HRI sector is, by tradition, a net consumer of fresh produce.
- Cash & Carry: Open only to businesses and offering very competitive prices, they supply a wide variety of food products, from perishable to non-perishable, domestic and imported. Some cash-and- carry chains have developed outlets that only service the HRI sector.
- Super and Hypermarkets: Very important to the HRI sector when considering "last minute" purchases and relevant due to their convenient locations.
- Local Producers: Some players in the HRI sector buy directly from local producers, particularly if they are located close to major markets. The food service sector has a tradition of using fresh produce in their daily menus. Many restaurants and hotels, particularly along the coasts, buy directly from local producers and fishermen.

Sub-Sector Profiles

Hotels

Spanish tourism is rapidly recovering from the effects of the pandemic and returning to pre-pandemic levels thanks to a robust rebound in national tourism, partially compensating for the lower number of foreign visitors. Spanish tourism welcomed 39.27 million tourists from January to July 2022, an increase of 299.9 percent compared to 2021. In the month of July alone, Spain welcomed 9.1 million international tourists, equivalent to 92 percent of pre-pandemic levels.

Although inbound tourism continues to close the gap with 2019, it will likely take another year to return to pre-pandemic levels. Unfortunately, high inflation and the uncertain economic scenario worldwide may pose risks to the total recovery of the tourism sector.

Table 2. Spain – Main Hotel Chains – 2022

Company	Total Sales ($ Million)*
RIU Hotels & Resorts-RIUSA II, S.A.	$1,375
Barcelo Gestión Hotelera, S.L.	$1,000
Melia Hotels International, S.A.	$910
Iberostar Management,	$900
NH Hotel Group, S.A.	$840

Source: Alimarket; * Estimate

Restaurants

According to a study by the market research company The NPD Group, after the restrictions suffered during the COVID-19 pandemic, Spaniards have returned to eating and drinking away from home. In fact, going to the restaurant is one of the leisure activities with the greatest recovery rate. Even so, the HRI market still has room to continue growing, as one in three consumers report they have not yet returned to a pre-pandemic frequency of consumption. The main "social" meals - eating or dining with friends or family and during the weekend - are the occasions with the best growth prospects in the short term. Instead, informal occasions, such as drinks afterwork or when going to the movies or the theater, eating or drinking during shopping trips, or lunches and dinners during the week, present a higher risk of being affected when customers look at reducing or adjusting expenses.

Spending in the HRI sector by Spanish customers totaled $3.7 million in July, which represents an increase of close to 2 percent compared to the same month in 2019. July 2022 was the first month since the outbreak of COVID-19 in which total spending exceeded pre-pandemic levels, according to the market research company The NPD Group.

However, this milestone is not based only on the progressive recovery of number of visits to restaurant establishments but is also explained by the rise in consumer prices as a result of rising costs. In fact, a total of 675 million visits were registered in July, 19 percent more than last year, but still 5 percent below those recorded in July 2019.

Out-of-home consumption is a deeply rooted habit in Spanish culture, although it was greatly affected by the severe limitations during the pandemic. Once pandemic restrictions were lifted, the desire to return to these occasions of consumption overcame other growing uncertainties, such as inflation and unemployment concerns. In this sense, the accumulated data for the year (January-July) shows that residents in Spain increased their total spending on foodservice by 37 percent compared to the first seven months of 2021, to $20.5 million.

The HRI sector is advancing in Spain at a better rate than in the rest of its European neighbors. It managed to recover 99 percent of its business levels prior to the pandemic, despite the inflationary context and its effects on domestic consumption, according to the study. 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 away from home, four points more than the year past and 20 points more than in mid-2020, according to the study conducted in April.

It is worth noting the recovery of the sector is taking place in a highly changing environment impacted by the health crisis, as well as other issues such as the transportation strikes early this year, the uncertainties derived from the international issues such as the war in Ukraine, the difficulty in finding personnel, economic uncertainty, and high inflation.

Among the levers for future growth in the sector, experts point to the omnichannel, with different options for points of sale. These options are driven by consumption habits acquired during the health crisis, which raised the share of takeaway and delivery to 26 percent and 8.6 percent of total sales, respectively, as well as increased the importance of sustainability and well-being, which are increasingly valued by consumers.

Table 3. Spain – Leading Food Chains – 2022

Company	Total Sales ($ Million)*
Food Delivery Brands Group, S.A.	$1,150
Restaurant Brands Iberia, S.L.	$1,000
McDonald's España	$1,000
Alsea Iberia-Food Service Project, S.L.	$700

Source: Alimarket; * Estimate

Institutional

Larger companies dominate institutional food service in Spain, with the top five companies accounting for more than 40 percent of total sales. In addition, there are hundreds of local small companies providing catering and events services. Large institutional food service companies are price sensitive, importing directly, and/or buying products, particularly fresh produce, from local suppliers.

According to recent data published by Informa DBK Sectorial Observatory, the institutional catering sector closed 2020 with a drop in sales of 32.5 percent, reaching $2.9 billion due to the strong impact caused by the measures implemented during the coronavirus health crisis. The gathering limitations affected professional and private events, the mobility limitations caused an intense deterioration in passenger air traffic, and school closures and online classes, as well as telework, contributed to the steep decrease in annual turnover. The report indicates that for the whole of 2021, a partial recovery in the demand for catering is expected in all activity segments, although the business will still be well below the figures reached in 2019. The forecasts for 2022 point to an increase of around 15 percent, exceeding $3.1 billion, although the worsening economy derived from economic and geopolitical instability could limit the growth of income for the sector as a whole.

Table 4. Spain – Leading Institutional Food Sector Companies – 2022

Company	Total Sales ($ Million)*
Eurest Colectividades, S.L.	$320
Serunión, S.A.	$270
Auzo Lagun, S.C.	$256
Aramark Servicios de Catering, S.L.	$220
Sodexo Iberia– Division de Restauracion	$171

Source: Alimarket; * Estimate

SECTION III. COMPETITION

Spain's main trading partner is the EU-27. The lack of trade tariffs, trade barriers, and other restrictions often make European goods more attractive and competitive, particularly with price sensitive goods.

Table 5. Products Facing Competition in the Spanish Market

Product Category (USD million)	Major Supply Sources in 2021 (in 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 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: $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.

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

Table 6. 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**	**54,149**	**55,000**
Total U.S. Agricultural and Related Products	2,192	1,860	1,670	1,708	1,700
Total Agricultural Related Products	**11,564**	**11,149**	**9,963**	**12,739**	**13,000**
Total U.S. Agricultural Related Products	195	175	163	163	160
Total Consumer-Oriented Products	**19,977**	**19,755**	**19,114**	**21,613**	**21,000**
Total U.S. Consumer-Oriented Products	840	820	836	761	760
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 V. 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