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Prepared By: Arantxa Medina

Approved By: Jennifer Clever

Report Highlights:

In 2019, the United States exported $1.94 billion worth of agricultural, fish and forest products to Spain. In early 2020, the COVID-19 outbreak and following lockdown control measures paused non-essential economic activities. The Spanish food-processing sector is considered essential and has continued to function, albeit with some difficulties and adjustments along the way. Spain's food-processing sector remains one of the most competitive food processing industries in Europe, and demand for certain ingredients, such as pulses, has increased. Food Processors´s interest in developing new products continue to present opportunities for U.S. ingredients.

Market Fact Sheet: Spain

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 2019, Spain's world total imports of agricultural products reached $43.6 billion.

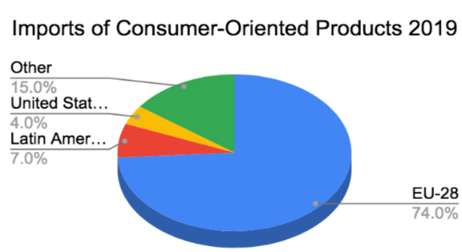
GDP / Population 2019

Population: 46.9 million
GDP*: $1,348 billion
Real GDP Per capita*: $27,254
*Provisional

SWOT Analysis	
Strengths	***Weaknesses***
Diversified economic base	High public debt
Opportunities	***Threats***
Competition policy to reduce market rigidities	Economic uncertainty Tourism impact

Imports of Consumer-Oriented Products

Goods imported into Spain must meet the EU sanitary and phytosanitary requirements to protect human and animal health and as part of 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.



Food Processing Industry

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. exporters of food ingredients. Food processing mainly focuses on supplying the domestic market, which accounts for 70 percent of sales.

Food Processing Industry Facts 2019*

Food Processing Industry	$130 billion
Output Food Exports	$33.0 billion
Commercial Surplus	$9 billion
No. of Employees	426,000
No. of Food Processors	31,000
% of total GDP	3%
% of Industrial GDP	16%

*Estimate

Food Retail Industry

The retail competitive landscape in Spain remained highly fragmented in 2019, led by major grocery retailers. Within grocery store-based retailing the competitive environment is fairly concentrated, with Mercadona retaining its leadership, followed by Carrefour. In the medium term, Post expects internet retailing to see the fastest growth.

Retail Organization	Ownership	Sales 2019* ($ Million)
MERCADONA	Spanish	25,000
CARREFOUR	French	11,000
EROSKI	Spanish	5,500
AUCHAN	French	5,100
LIDL	German	4,800
DIA	French	4,700
EL CORTE INGLES	Spanish	2,900
CONSUM, S. COOP.	Spanish	2,800
AHORRAMAS	Spanish	1,850
MAKRO	German	1,360

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

Important note: This report has been drafted at the beginning of the COVID-19. Future developments are subject to considerable uncertainties which are not taken into account in this report.

SECTION I. MARKET SUMMARY

It is still early to report on the effects of COVID-19 pandemic in the Spanish economy, though initial predictions are not optimistic for trade and consumption, and these will likely be more visible in the second quarter of 2020. In a recent report, the International Monetary Fund forecasts that Spain's GDP will contract 8 percent and unemployment could soar to 21 percent. The IMF also expects a rebound of the economy in the 4th quarter of 2020 with a significant recovery in 2021, confirming an intense crisis with a limited duration. It is important to note that these are estimates at a time of high uncertainty.

Official statistics are currently not available for most sectors, but anecdotal evidence suggests domestic producers, the tourism industry, and the hotel, restaurant and institutional (HRI) sectors are facing significant challenges. Some initial studies estimate that 90 percent of HRI establishments are closed and their activities stopped altogether. A mere 1 percent maintain the same level of activity they had prior to the pandemic. During the first month of Spain announcing its State of Alarm, pausing most non-essential economic activities since March 14, 2020, losses are estimated at $3.2 billion. Conversely, retail sales, food delivery, and online commerce have expanded rapidly.

Food processing facilities are working in shifts to minimize contact while guaranteeing supplies. The food industry reports that in the initial week of confinement, there was an usually large demand for basic and nonperishable food items, such as rice, legumes and wheat-based products, like pasta. After the initial stocking of basic products, this trend shifted to more “indulgence” purchases and products traditionally consumed in bars and restaurants, such as beer, wine, snacks, and home baking ingredients.

Although final numbers for 2019 are not yet available, the Spanish food processing sector performed well. The sector is modern and robust with special attention to the quality, safety and traceability of foods. The number of Spanish companies that invested in R&D activities increased by 4 percent in 2018 compared to previous year. This sector provides 426,300 jobs, representing 21 percent of the total industrial workforce. The food industry in Spain comprises mostly of small companies— in 2018, only 4 percent of the 31,342 food processors employ 50 people or more. In 2018, the industry as a whole produced an estimated $126.7 billion in product, up 14 percent compared to 2017.

Table 1. Advantages and Challenges Facing U.S. Food Processing Ingredients

Advantages	Challenges
Spain’s food industry relies on imported ingredients, many from the U.S.	Post coronavirus economic environment; adjustments to the overall economy, tourism and consumer habits.
Good image and reputation of U.S. products.	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.
Good network of agents and importers to help get products into the market.	High transportation costs. In addition, small exporters face difficulties in shipping mixed/smaller container loads vs EU competitors or big exporters.

Consumers are increasingly health conscious, demanding new products.	Competition from EU countries, where tastes and traditional products may be better known.
Distribution structure is modern and many companies cover both Spain and Portugal.	Lack of consumer awareness of U.S. brands, applicability, and varieties of U.S. products.
Diversity of food products available is increasing. Consumers are increasingly open to new products.	High import tariffs, new and potential retaliatory tariffs, and import regulations impose a price disadvantage on non-EU based companies.

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 OAA in Madrid maintains listings of potential importers and sector-specific information to help you introduce your product in Spain.

Customs are involved in the implementation and enforcement of EU legislation relating to imports, not only for customs duties and commercial policy, but also as regards security, environmental, anti-dumping, consumer protection, cultural and agricultural controls. Goods imported into the EU must meet the requirements to protect human and animal health and as part of the customs union. Though Spain implements harmonized EU rules, there are subtleties that exporters should learn about if considering exporting to Spain. For more details, we invite potential U.S. exporters to contact our office for additional sector-specific information.

Typically, operators buy food ingredients from importers or wholesalers. Some large companies buy directly from foreign suppliers. Some companies concentrate on the domestic or on export markets, but most will have mixed customers. Companies supplying the domestic market frequently sell their products directly and have their own logistic infrastructure. However, their 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 also face great challenges with EU labeling and traceability regulations. Labeling is required for any product that contains genetically modified ingredients. See more on labeling details under Import Procedures.

Import Procedures

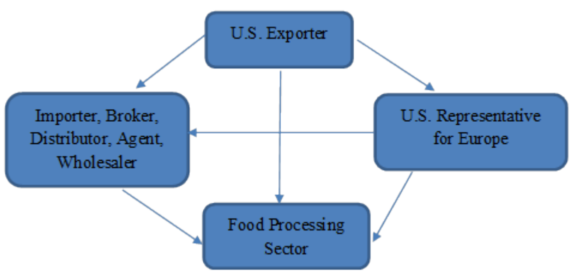
The local importer has primary responsibility with the Spanish Government for imported food products once they enter Spanish territory. Therefore, the Spanish agent/importer should guide the U.S. exporter through the entire process of marketing a U.S. food or agricultural product in Spain. Most food products require an Import Certificate issued by the competent authority. The Spanish importer obtains the Import Certificate and/ or the agent involved in the transaction and serves for tariff classification purposes.

Spain follows the Harmonized Nomenclature and Classification System (HS) and applies EU import duties according to a maximum and minimum rate schedule. 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. In addition, if you are exporting animal products, your production plant has to be approved to export into the EU. For all the details, check the U.S. Mission to the EU web page.

Trade Shows

Trade shows in Spain offer excellent opportunities for U.S. exporters to make contact with potential clients, both domestic and international. The most important trade show related to the food processing sector is Alimentaria , the International Food and Beverages Exhibition that will take place in Barcelona on September 14-17, 2020.

Market Structure



Company Profiles

The Spanish food-processing sector has a wide range of food processing companies, many of them importing food ingredients. The Spanish food industry consists of 31,342 companies. The table below shows how these companies are distributed among the main sectors:

Table 2. Food Processing Industry by sector (Million $)

	2018	% change 2017/18	% food and beverage industry
Meat & Meat Products	29,906	2.3	22.64
Fishery Products	6,712	2.4	5.08
Fruits & Vegetables	10,989	-2.4	8.32
Dairy Products	10,604	1.2	8.03
Milling Industry	3,874	4.1	2.93
Beverages	19,361	0.5	14.66
Bread and Pasta	9,676	2.0	7.32
Fats & Oils	11,677	-15.4	8.84
Animal Feed	14,345	1.3	10.86
Other Food Products	14,950	3.9	11.32

Source: FIAB

Main Companies Operating in the Food Processing Industry

Company	Sales 2019 (Million $)*	End-User Channels	Procurement Channels
RED MEATS			
Campofrío Food Group, S.A.**	2,289	Retail & HRI	Local products/ Imports
Corp. Alim. Guissona, S.A.**	2,024	Retail & HRI	Local products/ Imports
ElPozo Alimentación, S.A.**	1,253	Retail & HRI	Local products/ Imports
POULTRY PRODUCTS			
Corp. Alim. Guissona, S.A.**	2,024	Retail & HRI	Local products/ Imports
Coop. Orensanas (COREN)**	882	Retail & HRI	Local products/ Imports
Uve, S.A. (Grupo)**	473	Retail & HRI	Local products/ Imports
CANNED FISH			
Grupo Jealsa Rianxeira**	713	Retail & HRI	Local products/ Imports
Luis Calvo Sanz, S.A. (Grupo)**	650	Retail & HRI	Local products/ Imports
Frinsa del Noroeste, S.A.	557	Retail & HRI	Local products/ Imports
DAIRY PRODUCTS			
Grupo Lactalis Iberia, S.A.**	1,346	Retail & HRI	Local products/ Imports
Danone, S.A.**	852	Retail & HRI	Local products/ Imports
CAPSA FOOD **	807	Retail & HRI	Local products/ Imports
PREPARED FOODS AND VEGETABLES			
Conservas El Cidacos, S.A.**	263	Retail & HRI	Local products/ Imports
Grupo Angel Camacho, S.L.**	217	Retail & HRI	Local products/ Imports
Grupo Ybarra Aliment., S.L. **	223	Retail & HRI	Local products/ Imports
BAKED PRODUCTS			
Bimbo Donuts Iberia, S.A.	440	Retail & HRI	Local products/ Imports
Grupo Bimbo	401	Retail & HRI	Local products/ Imports
Grupo Dulcesol	293	Retail & HRI	Local products/ Imports
BAKED PRODUCTS (COOKIES)			
Cerealto Siro Foods, S.L.**	669	Retail & HRI	Local products/ Imports
Mondelez España - Grupo	614	Retail & HRI	Local products/ Imports
Grupo Siro	270	Retail & HRI	Local products/ Imports
SNACKS AND NUTS			
Importaco, S.A. - Grupo **	601	Retail & HRI	Local products/ Imports
Grupo Bimbo	401	Retail & HRI	Local products/ Imports
Frit Ravich, S.L.	252	Retail & HRI	Local products/ Imports
CONDIMENTS AND SEASONINGS			
BAIEO **	591	Retail & HRI	Local products/ Imports
Grupo Ybarra Aliment., S.L. **	223	Retail & HRI	Local products/ Imports
Borges Branded Foods, S.L.U.**	178	Retail & HRI	Local products/ Imports
SAUCES			
Nestlé España, S.A.	2,147	Retail & HRI	Local products/ Imports
Deoleo, S.A. – Grupo	675	Retail & HRI	Local products/ Imports
ACESUR - Grupo	705	Retail & HRI	Local products/ Imports
RICE			
Ebro Foods, S.A. – Rice Division	2,950	Retail & HRI	Local products/ Imports

Maicerias Españolas, S.A. **	356	Retail & HRI	Local products/ Imports
Arrocerias Pons, S.A.	69	Retail & HRI	Local products/ Imports
PASTA			
Ebro Foods, S.A. Group **	2,950	Retail & HRI	Local products/ Imports
Nestlé España, S.A. **	2,147	Retail & HRI	Local products/ Imports
The GB Foods, S.A.**	845	Retail & HRI	Local products/ Imports
PULSES			
Conservas El Cidacos, S.A.	263	Retail & HRI	Local products/ Imports
Ind. Aliment. de Navarra, S.A.U.	184	Retail & HRI	Local products/ Imports
Grupo Riberebro	111	Retail & HRI	Local products/ Imports
SPECIALIZED FOOD INGREDIENTS			
Bunge Ibérica, S.A.	2,672	Food Manufacturers	Local products/ Imports
Cargill España (Grupo)**	1,600	Food Manufacturers	Local products/ Imports
Viscofan, S.A.	876	Food Manufacturers	Local products/ Imports
BEVERAGES: ALCOHOLIC AND NON-ALCOHOLIC			
Coca-Cola Iberia**	2,787	Retail & HRI	Local products/ Imports
Mahou, S.A. - Grupo	1,448	Retail & HRI	Local products/ Imports
S.A. Damm (Grupo)	1,394	Retail & HRI	Local products/ Imports

* Estimated; ** Data includes activities in other sectors

Sector Trends

"Invest in Spain" recently published "Guide to Business in Spain 2019" report. This report (in English) contains useful and up to date information on Spain's economy, reforms to increase competitiveness, employment trends, foreign investment, amongst other topics to understand the Spanish business climate.

Many U.S. companies are present in Spain, either through joint ventures, acquisitions, etc. Some examples of U.S. companies in the Spanish food and beverage industry are (in alphabetical order): Bunge - fats and oils; Cargill- fats, oils, additives, pet food; Coca Cola - beverages, snacks; H.J. Heinz Foods Spain- prepared vegetables; Mondelez International - cheese, snacks; Kellogg España - breakfast cereal; Pepsico - beverages, juices, snacks.

Major consumption trends:

- Demographic evolution is driving changes in consumer buying habits, due to smaller households. Single and two person households are growing and households of four or more persons declining. Thus, consumers demand smaller portions. Also, the increasing percentage of elderly people is another trend that will require adjustments in market supply.

- The high penetration of smartphones and the increased availability of internet at home, along with the continuous adoption of e-commerce by retailers in the country, is having a tremendous influence over the way consumers shop. In addition, consumers are becoming more confident to place orders online, including grocery shopping.

SECTION III. COMPETITION

Spain's main trading partner is the EU-28. The lack of trade tariffs, trade barriers and other restrictions make European goods more attractive and competitive, particularly to price sensitive goods.

Product Category (TMT; million USD)	Major Supply Sources in 2019 (in value)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Frozen Fish Imports:347 Value:$844	1. Portugal - 12% 2. France – 6% 3. Seychelles – 4%	Other major suppliers offer high quality fish products at competitive prices.	Large competition from local producers. Domestic consumption and exports largely exceed local supply.
Almonds Imports:93 Value:$542	1. USA - 87% 2. Australia - 3% 3. Germany - 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.
Rice Imports:202 Value: $128	1.Pakistan - 16% 2.Myanmar - 13% 3.Thailand - 13%	Strong competition from main world suppliers with large productions and competitive prices.	Limited local supply. Consumers and HRI are looking for new varieties.
Pulses Imports: 385 Value:$213	1. USA- 22% Argentina- 19% Mexico - 11%	Strong competition from Argentina, who largely increased their presence in recent years, and Canada, a traditional supplier.	Spain is a traditional consumer of pulses and its local production is not sufficient to fulfill internal demand.
Pistachios Imports: 14 Value: $134	1. USA - 69% 2. Germany - 10% 3. Iran - 10%	Germany is the main entry point for U.S. and Iranian pistachios to the EU and re-exported to other MSs.	Local pistachio production is growing, but still very limited. Demand continues to grow significantly.
Sunflower Seeds Imports: 243 Value: $140	1. France - 47% 2. China - 21% 3. USA - 14%	Growing competition from China, Argentina and Israel for confectionery.	Traditional snack. Local production is insufficient to meet demand.

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

Table 3. Agricultural and Food Import Statistics

AG PRODUCTS IMPORTS ($ Million)	2016	2017	2018	2019	2020*
Total Agricultural and Related Products	38,003	41,993	45,223	43,656	44,000
Total U.S. Agricultural and Related Products	1,857	1,643	2,188	1,835	1,800
Total Agricultural Products	28,067	30,987	32,656	31,663	32,000
Total U.S. Agricultural Products	1,487	1,319	1,868	1,587	1,500
Total Fish Products	7,024	7,922	8,465	7,907	8,000
Total U.S. Fish Products	134	103	101	94	100

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; and Peanuts -- Pulses -- Rice -- Sunflower seeds -- Fish and Seafood (frozen) -- Beverages (wine and beer)

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 - chlorine wash) -- Processed food (with GMO ingredients)

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

If you have any questions, please contact the Office of Agricultural Affairs in Madrid. The FAS website offers recent reports of interest to U.S. exporters interested in the Spanish market. Additionally, find below useful contacts:

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, Consumption and Social Welfare; Spanish Consumption, Food Safety and Nutrition Agency; Ministry of Agriculture, Fisheries and Food

Attachments:

No Attachments