Required Report: Required - Public Distribution **Date:** March 31, 2021

Report Number: SP2021-0013

Report Name: Food Processing Ingredients

Country: Spain

Post: Madrid

Report Category: Food Processing Ingredients

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Report Highlights:

In 2020, the United States exported $1.6 billion worth of agricultural, seafood and forest products to Spain. Preliminary national statistics show that in 2020, the Spanish economy suffered one of the largest slowdowns in the European Union, contracting 11 percent. The COVID-19 pandemic and ongoing restriction measures triggered the economic contraction. Tourism and the Hotel, Restaurant, and Institutional sectors, key pillars of the Spanish economy, remain highly impacted by the COVID-19 crisis. While much hope is placed in vaccination and the summer season, a high level of uncertainty remains. The food-processing sector is considered an essential activity and has continued uninterrupted despite some initial difficulties. Having one of the most competitive food processing industries in Europe, Spain's demand for ingredients continues to increase, such as tree nuts, distilled spirits, pulses, and food preparations. The post-pandemic environment may also offer new opportunities for ingredients.

Market Fact Sheet: Spain

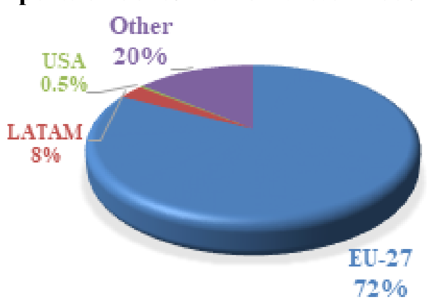
Executive Summary

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 2020, Spain's total imports of agricultural and related products lowered 3 percent to $42.4 billion compared to 2019. Almost 50 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 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 after adjusting to some initial difficulties. Nonetheless, 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 2020, led by major grocery retailers. Within grocery store-based retailing, the competitive environment is concentrated, with Mercadona retaining its leadership, followed by Carrefour. In 2020, changing consumption habits as a result of the pandemic continue to position eCommerce and regional supermarkets as the fastest growing channels. As internet retailing is expected to continue growing, retailers continue to invest in eCommerce platforms.

Quick Facts CY2020

World Imports of Consumer-Oriented Products
$16.6 billion

List of Top 10 U.S. Growth Products

1) Pistachio	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 2019

Food Industry Output	$140 bn
Food Exports	$38.2 bn
Food Imports	$11 bn
No. of Employees	436,700
No. of Food Processors	30,730
% of total GDP	2%

Top Country Retailers	**Sales 2020* ($ Million)**
1) Mercadona	30,300
2) Grupo Carrefour	10,700
3) Eroski	5,600
4) Lidl	5,500
5) DIA	5,400
6) Consum, S.Coop.	3,200
7) El Corte Ingles	3,000
8) Ahorramas	2,120
9) Bon Preu	2,000
10) GM Food	1,900

*Estimate

GDP / Population 2020
Population: 47.3 million* (Provisional)
GDP: $13,08 trillion (-11%)
GDP Per capita: $26,500

Sources: FIPA, Hipersuper, TDM, GATS, Eurostat

SWOT ANALYSIS	
Strengths	**Weaknesses**
Diversified economic base	Highly vulnerable to pandemic-sensitive sectors (tourism and hospitality)
Opportunities	**Threats**
Lower tariffs on high-end U.S. products (lobster); emphasis on health & sustainability	COVID-19's negative impact on the Hospitality Sector and the economy; rise of food nationalism

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

SECTION I. MARKET SUMMARY

Preliminary GDP figures from the National Institute of Statistics (INE) indicate Spain's GDP contracted 11 percent in 2020, growing only 0.4 percent in the fourth quarter. The agricultural sector grew 4.5 percent, but other sectors such as construction and services, suffered double-digit declines. Last year marked the biggest downturn since the INE started its GDP series in 1970, and historians calculate 2020 was Spain's worst economic performance since the Spanish civil war began in 1936. In 2021, the economy is expected to bounce back, as the government implements a generous fiscal stimulus program, partly supported by European Union (EU) funding.

According to the latest report published by the Spanish Federation of Food and Beverage Industries (FIAB) on the "Impact of the COVID-19 Crisis on the Food and Beverages Industry," Spanish companies in the food and beverage industry have been strongly affected by confinement measures imposed since March 2020 in response to the pandemic and by the significant deterioration of the economy. Between March and September 2020, the sector has suffered, at a global level, a significant drop in production. Despite adjustment measures taken, in some cases there has been a significant reduction in profitability. In addition, the number of companies in the sector and the level of employment lowered significantly. However, there is a divergent evolution in the companies depending on their main sales channel. Those companies focusing on food distribution channels have experienced a significant increase in demand, while companies dependent on the hospitality channel, mostly smaller-sized companies, suffered a collapse in demand. From March-July 2020, Spanish food processing industry production index lowered 8 percent year-on-year, much higher than the EU average, down 5.3 percent. During the March-August 2020 period, sector sales dropped about $4.4 billion, with a decrease in business volume of around 3 percent, compared to the 19 percent decrease in the beverage subsector.

Although final numbers for 2020 are not yet available, for 2020, FIAB estimates that food sales and beverages to the Hotel, Restaurant, and Institutions (HRI) will plummet between 50-60 percent, a loss of about $13.8 billion. By contrast, the revenue from the food distribution channel will increase by approximately 10-15 percent, a gain of $8.2 billion. In addition, the value of exports is expected to increase by $920 million. As a whole, food production and beverages will decrease around 3.5 percent in 2020. This drop is considerably less than the decrease in value of the market (-5.7 percent), thanks to the positive evolution of the foreign trade balance. In this sense, the sector will achieve a trade surplus of $13.7 billion, compared to $11.3 billion in 2019. An increase of 2.5 percent in exports combined with a 5 percent decline in imports account for the surplus. It is worth noting that Spanish pork exports were fueled strongly by the African Swine fever in China. Without this factor, the sector would have faced a negative trade balance of around 2.5 percent.

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.	The economic environment post-pandemic; adjustments to the overall economy, tourism and consumer habits.
Spain's food industry relies on imported ingredients, many from the U.S., which have a good image and reputation.	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 in retail channel is pushing food processors to be more innovative to provide new offerings.	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.	Competition from EU countries, where tastes and traditional products may be better known.
Consumers are increasingly health conscious, demanding new products.	Lack of consumer awareness of U.S. brands, applicability, and varieties of U.S. products.
Distribution structure is modern and many companies cover both Spain and Portugal.	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 Office of Agricultural Affairs in Madrid maintains listings of potential importers and develops sector-specific information to help you introduce your product in Spain.

Customs are involved in the implementation and enforcement of European legislation relating to external trade, not only for customs duties and commercial policy measures, but also as regards security, environmental, anti-dumping, consumer protection, cultural and agricultural controls. Goods imported into the EU must meet the sanitary and phytosanitary requirements to protect human and animal health and as part of the custom 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 be meeting most of the requirements for exporting to Spain.

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.

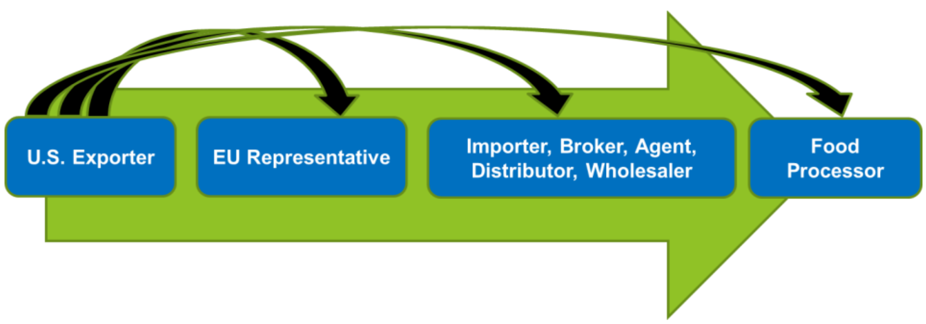
Spain follows the Harmonized Nomenclature and Classification System (HS) and applies EU import duties according to a maximum and minimum rate schedule. If your product is or contains plant or animal products, it will require a phytosanitary or health certificate issued by the competent U.S. authority. In addition, if you are exporting animal products, your production plant has to be approved to export into the EU.

For all details, please check the Food and Agricultural Import Regulations and Standards Report (FAIRS) and the FAIRS Export Certificate Report for the EU and Portugal, and 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.

Trade Shows

The COVID-19 crisis has had a tremendous impact on trade shows, forcing organizers to cancel or postpone in-person events, organizing them virtually. In 2021, many are hoping the situation will improve and are planning to host their exhibits, whether presential, virtual or hybrid. The most important trade shows related to the food processing sector are: Seafood Expo Global, in Barcelona September 7-9, 2021; and Alimentaria, in Barcelona April 4-7, 2022.

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 30,730 companies. The table below shows how these companies are distributed among the main sectors:

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

	2019	% Change 2018/19	% Food and Beverage Industry
Meat & Meat Products	29,470	1.0	22.45
Fishery Products	6,787	0.8	5.17
Fruits & Vegetables	10,840	-2.8	8.26
Dairy Products	10,684	0.4	8.14
Milling Industry	3,787	3.2	2.88
Beverages	18,612	0.1	14.18
Bread and Pasta	9,834	1.0	7.49
Fats & Oils	11,902	-16.6	9.07
Animal Feed	14,204	0.5	10.82
Other Food Products	15,157	3.2	11.55

Source: FIAB

Main Companies Operating in the Food Processing Industry

Company	Sales 2020 (Million $)*	End-User Channels	Procurement Channels
RED MEATS			
Campofrío Food Group, S.A.**	2,550	Retail & HRI	Local products/ Imports
Corp. Alim. Guissona, S.A.**	2,280	Retail & HRI	Local products/ Imports
ElPozo Alimentación, S.A.**	1,520	Retail & HRI	Local products/ Imports
POULTRY PRODUCTS			
Error! Hyperlink reference not valid.**	2,280	Retail & HRI	Local products/ Imports
Coop. Orensanas (COREN)**	950	Retail & HRI	Local products/ Imports
Uve, S.A. (Grupo)**	530	Retail & HRI	Local products/ Imports
CANNED FISH			
Grupo Jealsa Rianxeira**	833	Retail & HRI	Local products/ Imports
Luis Calvo Sanz, S.A. (Grupo)**	695	Retail & HRI	Local products/ Imports
Frinsa del Noroeste, S.A.	575	Retail & HRI	Local products/ Imports
DAIRY PRODUCTS			
Grupo Lactalis Iberia, S.A.**	1,500	Retail & HRI	Local products/ Imports
Danone, S.A.**	915	Retail & HRI	Local products/ Imports
CAPSA FOOD **	855	Retail & HRI	Local products/ Imports
PREPARED FOODS AND VEGETABLES			
Conservas El Cidacos, S.A.**	295	Retail & HRI	Local products/ Imports
Grupo Angel Camacho, S.L.**	255	Retail & HRI	Local products/ Imports
Grupo Ybarra Aliment., S.L. **	224	Retail & HRI	Local products/ Imports
BAKED PRODUCTS			
Bimbo Donuts Iberia, S.A.	465	Retail & HRI	Local products/ Imports
Vicky Foods Products	328	Retail & HRI	Local products/ Imports
Cerealto Siro Foods, S.L.	130	Retail & HRI	Local products/ Imports
BAKED PRODUCTS (COOKIES)			
Galletas Gullon, S.A.	460	Retail & HRI	Local products/ Imports
Adam Foods, S.L.	330	Retail & HRI	Local products/ Imports
Cerealto Siro Foods, S.L.	273	Retail & HRI	Local products/ Imports
NUTS			
Importaco, S.A. - Grupo	620	Retail & HRI	Local products/ Imports
Grupo Borges	250	Retail & HRI	Local products/ Imports
Calconul, S.L.	165	Retail & HRI	Local products/ Imports
SNACKS			
Pepsico-Frito Lay (Grupo)	390	Retail & HRI	Local products/ Imports
APEX	50	Retail & HRI	Local products/ Imports
CYL Ibersnacks, S.L.	30	Retail & HRI	Local products/ Imports
CONDIMENTS AND SEASONINGS			
BAIEO **	393	Retail & HRI	Local products/ Imports
Borges Branded Foods, S.L.U.**	310	Retail & HRI	Local products/ Imports
Grupo Ybarra Aliment., S.L. **	224	Retail & HRI	Local products/ Imports
SAUCES			
Nestlé España, S.A.	2,370	Retail & HRI	Local products/ Imports
Deoleo, S.A. – Grupo	790	Retail & HRI	Local products/ Imports
ACESUR - Grupo	700	Retail & HRI	Local products/ Imports
RICE			
Ebro Foods, S.A. – Rice Division	3,345	Retail & HRI	Local products/ Imports
Maicerias Españolas, S.A. **	310	Retail & HRI	Local products/ Imports

Arrocerias Pons, S.A.	85	Retail & HRI	Local products/ Imports
PASTA			
Ebro Foods, S.A. Group **	3,345	Retail & HRI	Local products/ Imports
Nestlé España, S.A. **	2,370	Retail & HRI	Local products/ Imports
The GB Foods, S.A.**	1,425	Retail & HRI	Local products/ Imports
PULSES			
Conservas El Cidacos, S.A.	295	Retail & HRI	Local products/ Imports
Ind. Aliment. de Navarra, S.A.U.	240	Retail & HRI	Local products/ Imports
Grupo Riberebro	130	Retail & HRI	Local products/ Imports
SPECIALIZED FOOD INGREDIENTS			
Bunge Ibérica, S.A.	3,600	Food Manufacturers	Local products/ Imports
Cargill España (Grupo)**	1,300	Food Manufacturers	Local products/ Imports
Viscofan, S.A.	1,000	Food Manufacturers	Local products/ Imports
BEVERAGES: ALCOHOLIC AND NON-ALCOHOLIC			
Coca-Cola Iberia**	3,210	Retail & HRI	Local products/ Imports
Mahou, S.A. - Grupo	1,670	Retail & HRI	Local products/ Imports
Damn, S.A. (Grupo)	1,600	Retail & HRI	Local products/ Imports

Source: Alimarket * Estimated; ** Data includes activities in other sectors

Sector Trends

"Invest in Spain" recently published "Guide to Business in Spain 2020" 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 Consumer Trends:

- **Online shopping:** the pandemic has also given a long-waited push to e-commerce and it is expected that the weight of this channel will continue to grow.
- **Healthy products:** this was an already existing trend observed in recent years, currently reinforced by the interest in the diet as a mean to strengthening the immune system.
- **Proximity stores:** the purchase in proximity stores with the higher frequency is here to stay. The pandemic has brought a whole new meaning and value to proximity shopping for Spanish consumers. With the initial saturation of online channels and the government-mandated movement restrictions, proximity has become key for many consumers.
- **Demographic evolution:** single/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.

SECTION III. COMPETITION

Spain's main trading partner is the EU-27. 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 2020 (in value)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Frozen Fish Imports:344 Value:$798	1.Netherlands-9% 2.Portugal-8% 3.S. Africa–7%	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:99 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 Imports: 365 Value:$227	1.Argentina-23% 2.USA-21% 3.Canada-10%	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: $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 and re-exported to other MSs.	Local pistachio production is growing, but still very limited. Demand continues to grow significantly.
Sunflower Seeds Imports: 242 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.
Surimi Imports: 11 Value: $38	1.Vietnam-12% 2.USA-11% 3.Portugal–10%	Other major suppliers offer high quality fish products at competitive prices.	Strong demand from well-developed fish processing industry to supply domestic and export market.

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

Table 3. Agricultural and Food Import Statistics

AGRICULTURAL PRODUCTS IMPORTS ($	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; * 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 -- 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 - 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