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Food Processing Ingredients

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Report Highlights:
In Fiscal Year (FY) 2016, Spain imported $2 billion of agricultural, fish and forest products from the United States, up 5 percent compared to the previous year. As Spain continued its economic recovery in 2016, the food processing sector continues to consolidate its position and importance as the main industrial sector in the country. Spain has some of the most competitive food processing industries in Europe, which makes this sector an important market for U.S. food ingredient exporters.

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I. MARKET SUMMARY

Economic Trends

AGRICULTURAL PRODUCTS IMPORTS ($ Million)						
	2012	2013	2014	2015	2016*	2017**
Total Agricultural, Fish and Forestry Products	37,428	38,126	39,322	35,321	36,000	37,000
Total U.S. Agricultural, Fish and Forestry Products	1,292	1,640	1,875	1,832	1,800	1,800
Total Agricultural Products	29,816	30,402	30,977	27,672	28,000	28,500
Total U.S. Agricultural Products	1,123	1,476	1,681	1,608	1,600	1,600
Total Fish and Seafood Products	6,229	6,319	6,824	6,312	6,400	6,500
Total U.S. Fish and Seafood Products	110	105	122	130	130	130

Source: Global Trade Atlas (www.gtis.com)
(*) Estimate
(**) Forecast

As Spain continues its recovery in 2016, the food processing sector continues to consolidate its position and importance as the main industrial sector in the country. 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.

The food processing sector in Spain is modern, paying special attention to the quality, safety, and traceability of the food products it produces. This sector provides 469,018 jobs, representing 21 percent of the total industrial workforce. The food industry in Spain comprises mostly small companies— in 2015, 70.2 percent of the 28,185 food processors were small or medium-size companies, employing 49 people or less. The industry as a whole produced an estimated $106 billion in product in 2015, creating a positive trade balance of $6.7 billion.

The export sector keeps bringing positive news to the Spanish economy. Exports from the agri-food sector have maintained an upward trend seen since 2009. According to the data published by the Spanish Food Industry Federation (FIAB) in their annual report, exports in 2015 were $28.5 million. This positive trend provides opportunities for U.S. exporters as the demand for commodities, food ingredients and consumer oriented products to be further processed increase in order to satisfy foreign demand.

Table 1. The Food Sector in Spain	
Year	**2015**
Total Production ($ Million)	106,343
Total No. Of Food Processors	28,185
Labor Force	469,018
Total Exports ($ Million)	28,476
Total Imports ($ Million)	21,765

Source: FIAB – Spanish Food Industry Federation

Current market developments affecting the food processing sector include:

- Domestic food expenditure is slowly recovering, both at home and abroad. The food industry continues to compensate the accumulated loss by increasing exports, one of the sectors that significantly improved in recent years.

- Changes in demographics and working patterns are shifting demand to more convenient and ready-to-eat foods. Busier lifestyles increase the demand for fast food, convenience products and ready-made meals, but it is worth noting that consumers are looking for healthier and higher quality options within these segments.

- New labeling, sustainability and traceability requirements in addition to environmental and animal welfare requirements are forcing consolidation of all levels of the food chain, from farm to fork.

- Consumers have become more health conscious while problems concerning food safety are widely publicized and usually receive immediate attention from government agencies. While Spanish consumers are seeking healthier food choices, organic food has experienced little growth in the domestic market, although production and exports remain largest in the EU.

Table 2. Spain Total Food Expenditure - 2015

<table>
<tr><td rowspan="8">Total Food Expenditure 2015
$108 Billion
(100%)</td><td rowspan="5">Food Expenditure at Home
$73 Billion
(67.7%)</td><td>Supermarkets
(29.4%)</td></tr>
<tr><td>Hypermarkets
(9.7%)</td></tr>
<tr><td>Hard Discount
(8.3%)</td></tr>
<tr><td>Specialized Commerce
(13.8%)</td></tr>
<tr><td>Other
(6.5%)</td></tr>
<tr><td rowspan="3">Food Expenditure Outside Home
$35 Billion
(32.3%)</td><td>Self-Service, Fast Service and Bars
(10.2%)</td></tr>
<tr><td>Restaurants with Table Service
(15.6%)</td></tr>
<tr><td>Vending Machines, Transport, Hotels, Convenience, Night Bars
(6.5%)</td></tr>
</table>

Source: MAGRAMA

Table 3. Advantages and Challenges for US Products in the Spanish Market

Advantages	Challenges
Spain's food industry relies on imported ingredients, many from the U.S.	Spain's slow recovery and still weak economic situation affects the retail sector with sinking domestic demand, and lack of credit.
Tourism is a strong and ever-growing sector that drives retail, food and drink sales.	Lack of consumer awareness of U.S. brands and varieties of U.S. products.
Good image and reputation of U.S. products.	Competition from neighboring EU countries, where tastes and traditional products may be well known.
Good network of agents and importers to help get product into the market.	U.S. exports face higher transportation costs and difficulties in shipping mixed or smaller container loads.
Consumers are increasingly health conscious, demanding products not sufficiently present in the market.	EU labeling, traceability, and packaging laws.
Distribution structure is modern and many companies cover both Spain and Portugal.	Import tariffs impose a price disadvantage on non-EU based companies.

II. ROAD MAP FOR MARKET ENTRY

A. 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.

Furthermore, a directory of European importers (including ingredients) is available online at: American Foods in Europe Directory. European importers of U.S. ingredients are listed by product category and company/country index.

Spain generally applies EU rules and regulations. However, there are subtleties that you should learn about if you are thinking of exporting to Spain. For more information, we invite potential U.S. exporters to contact us for additional, unpublished sector-specific information.

In general terms, U.S. exporters already exporting to other EU member states will likely be meeting most of the requirements for exporting to Spain. The U.S. exporter needs to contact a Spanish importer and/or distributor for his product.

Typically, food processors buy their food ingredients from importers or wholesalers. Some large companies buy directly from foreign suppliers. Around 20 percent of the Spanish food production is sold to export markets, mainly within 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, their customers will vary from wholesalers to buying groups and retailers. Companies producing for the export market may have their own marketing office overseas, local agents or may work with local importers.

U.S. processed food exporters now face even greater challenges, because of the new EC labeling and traceability regulations. Any product that contains genetically modified ingredients must be labeled so that the consumer can distinguish the product. 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
        - 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. Also, if you are exporting animal products, your production plant has to be approved to export into the EU.

- Import Certificate
-

Most food products require an Import Certificate issued by the competent Spanish authority. However, the Import Certificate is obtained by the Spanish importer and/or the agent involved in the business and is intended for tariff classification purposes.

Trade Shows

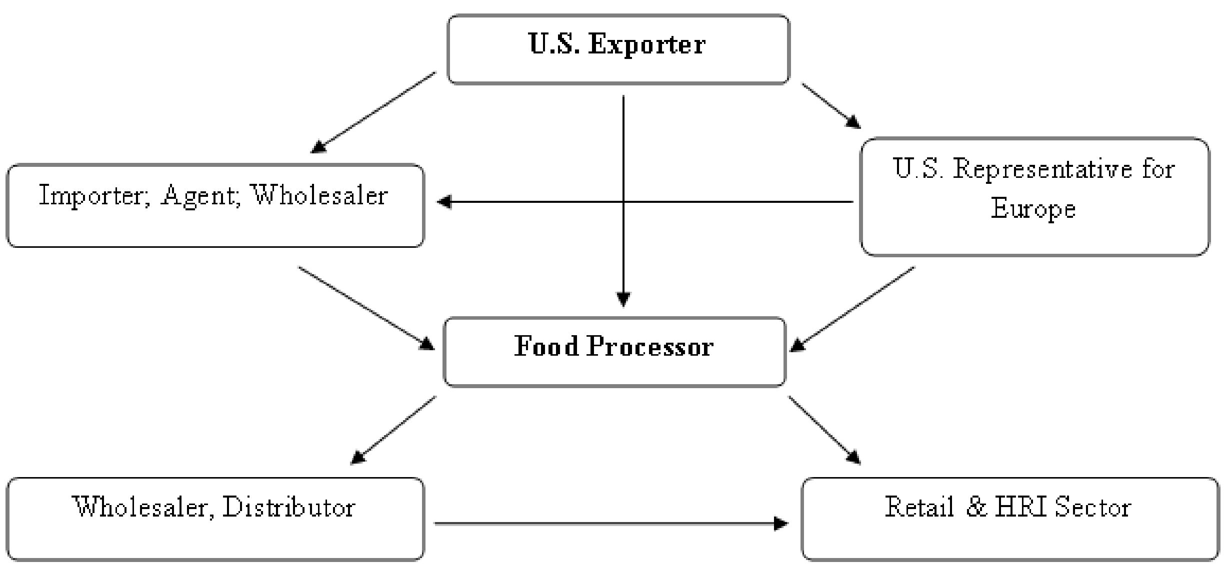
Trade shows in Spain offer excellent opportunities for U.S. exporters to make contact with potential clients or business partners from Spain, Portugal, other EU countries and other continents.

The most important trade shows related to the food processing sector are:

Alimentaria **- International Food and Beverages Exhibition**
Alimentaria is the most important International Food and Beverages Exhibition in Spain. With almost 4,000 leading food and beverage manufacturers and distributors, and more than 140,000 professional buyers from 157 countries in 2016, the exhibition serves as the international stage for the food and beverage industry.

Alimentaria takes place bi-annually in the month of March. **The next edition will be April 16-19, 2018.**

B. Market Structure



C. 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 28,185 companies. The table below shows how these companies are distributed among the main sectors:

Table 4. Food Processing Industry - Number of industries by sector						
	2013	**%**	**2014**	**%**	**2015**	**%**
Meat & Meat Products	4,057	14.1	3,955	14.0	3,888	13.8
Fishery Products	673	2.3	667	2.4	646	2.3
Fruits & Vegetables	1,340	4.7	1,363	4.9	1,375	4.9
Dairy Products	1,556	5.4	1,538	5.4	1,557	5.5
Milling Industry	524	1.8	494	1.7	470	1.7
Beverages	4,978	17.3	5,041	17.8	5,102	18.1
Bread and Pasta	10,549	36.7	10,247	36.1	10,117	35.9
Fats & Oils	1,605	5.6	1,597	5.6	1,597	5.7
Animal Feed	833	2.9	820	2.9	793	2.8
Other Foods	2,647	9.2	2,621	9.2	2,640	9.3
TOTAL	**28,762**	**100.00**	**28,343**	**100.00**	**28,185**	**100.00**

Source: FIAB

Main Companies Operating in the Food Processing Industry – 2015

RED MEATS AND POULTRY PRODUCTS			
RED MEATS			
Company	**Sales 2015 (Million $)***	**End-User Channels**	**Procurement Channels**
Campofrío Alimentación, S.A.**	2,165	Retail & HRI	Local products/ Imports
Coorporación Alimentaria Guissona, S.A.**	1,640	Retail & HRI	Local products/ Imports
Cooperativas Orensanas, SCG (Coren) **	1,060	Retail & HRI	Local products/ Imports
ElPozo Alimentación, S.A.**	1,055	Retail & HRI	Local products/ Imports
Casa Tarradellas, S.A.**	905	Retail & HRI	Local products/ Imports
Martínez Loriente, S.A.	635	Retail & HRI	Local products/ Imports
Jorge, S.L.**	600	Retail & HRI	Local products/ Imports
INCARLOPSA	575	Retail & HRI	Local products/ Imports
COVAP**	425	Retail & HRI	Local products/ Imports
Frigorifics Costa Brava, S.A.	420	Retail & HRI	Local products/ Imports
POULTRY PRODUCTS			
Coorporación Alimentaria Guissona, S.A.**	1,640	Retail & HRI	Local products/ Imports
Cooperativa Orensanas (COREN)**	1,060	Retail & HRI	Local products/ Imports
Grupo Sada P.A., S.A.**	645	Retail & HRI	Local products/ Imports
Uve, S.A. (Grupo)**	320	Retail & HRI	Local products/ Imports
Procavi, S.L.	245	Retail & HRI	Local products/ Imports

Grupo Padesa	235	Retail & HRI	Local products/ Imports
An Avicola Melida, S.L.	165	Retail & HRI	Local products/ Imports
Avinatur Producciones Avicolas, S.L.	140	Retail & HRI	Local products/ Imports
Aragonesa de Piensos, S.A. (ARPISA)**	125	Retail & HRI	Local products/ Imports
Jose Baringo, S.L.	100	Retail & HRI	Local products/ Imports

* Estimated
** Data includes activities in other sectors.

CANNED FISH			
Company	**Sales 2015 (Million $)***	**End-User Channels**	**Procurement Channels**
Luis Calvo Sanz, S.A. (Grupo)**	860	Retail & HRI	Local products/ Imports
Grupo Jealsa Rianxeira**	690	Retail & HRI	Local products/ Imports
Frinsa del Noroeste, S.A.	450	Retail & HRI	Local products/ Imports
Grupo Conservas Garavilla, S.L.**	390	Retail & HRI	Local products/ Imports
Ricardo Fuentes e Hijos, S.A.**	145	Retail & HRI	Local products/ Imports
Compre y Compare, S.A.**	130	Retail & HRI	Local products/ Imports
Ubago Group Mare, S.L.**	130	Retail & HRI	Local products/ Imports
Salica, Industria Alimentaria, S.A	115	Retail & HRI	Local products/ Imports
Hijos de Carlos Albo, S.L.**	110	Retail & HRI	Local products/ Imports
Ignacio González Montes, S.A.	85	Retail & HRI	Local products/ Imports

* Estimated
** Data includes activities in other sectors.

DAIRY PRODUCTS

Company	Sales 2015 (Million $)*	End-User Channels	Procurement Channels
Grupo Lactalis Iberia*	1,235	Retail & HRI	Local products/ Imports
Danone, S.A.**	945	Retail & HRI	Local products/ Imports
Grupo Leche Pascual, S.A.**	810	Retail & HRI	Local products/ Imports
Corp. Aliment. Peñasanta, S.A. (CAPSA FOOD)**	785	Retail & HRI	Local products/ Imports
Industrias Lácteas Asturianas, S.A. (ILAS) **	630	Retail & HRI	Local products/ Imports
Schreiber Foods España, S.L.	520	Retail & HRI	Local products/ Imports
COVAP**	425	Retail & HRI	Local products/ Imports
Iparlat, S.A.	400		
Leche Celta, S.L.**	370	Retail & HRI	Local products/ Imports
Lácteas García Baquero, S.A.	290	Retail & HRI	Local products/ Imports

* Estimated
** Data includes activities in other sectors.

PREPARED FRUITS & VEGETABLES

Company	Sales 2015 (Million $)*	End-User Channels	Procurement Channels
Conservas El Cidacos, S.A.**	240	Retail & HRI	Local products/ Imports
Hero España, S.A.**	225	Retail & HRI	Local products/ Imports
Grupo Angel Camacho, S.L.**	220	Retail & HRI	Local products/ Imports
Grupo Ybarra Alimentación, S.L. **	200	Retail & HRI	Local products/ Imports
Grupo Helios**	185	Retail & HRI	Local products/ Imports
Juver Alimentación, S.L.**	175	Retail & HRI	Local products/ Imports
Coop. Alimentos de Mediterráneo**	165	Retail & HRI	Local products/ Imports
Heinz Ibérica, S.A.**	160	Retail & HRI	Local products/ Imports
Compre y Compare, S.A. **	130	Retail & HRI	Local products/ Imports
Industrias Alimentarias de Navarra, S.A.U.**	125	Retail & HRI	Local products/ Imports

* Estimated
** Data includes activities in other sectors.

CONFECTIONARY (CHOCOLATE AND SUGAR)

PRODUCTS			
Company	**Sales 2015 (Million $)***	**End-User Channels**	**Procurement Channels**
Importaco, S.A. – Grupo **	385	Retail & HRI	Local products/ Imports
Sánchez Cano, S.A. (Golosinas Fini)	200	Retail & HRI	Local products/ Imports
Haribo España, S.A.	135	Retail & HRI	Local products/ Imports
Lacasa, S.A.**	133	Retail & HRI	Local products/ Imports
Vidal Golosinas, S.A.	125	Retail & HRI	Local products/ Imports
Wrigley Co., S.L.	115	Retail & HRI	Local products/ Imports
Chupa Chups, S.A.U.	105	Retail & HRI	Local products/ Imports
Grefusa, S.L.**	102	Retail & HRI	Local products/ Imports
Mondelez España – Div. Confitería **	100	Retail & HRI	Local products/ Imports
Cantalou, S.A.**	56	Retail & HRI	Local products/ Imports

* Estimated
** Data includes activities in other sectors.

BAKED GOODS

Company	Sales 2015 (Million $)*	End-Use Channels	Procurement Channels
Galletas Siro, S.A. Grupo **	630	Retail & HRI	Local products/ Imports
Grupo Panrico**	390	Retail & HRI	Local products/ Imports
Grupo Bimbo **.**	380	Retail & HRI	Local products/ Imports
Grupo Dulcesol**	327	Retail & HRI	Local products/ Imports
Berlys Corp. Alimentaria, S.A.U. **	236	Retail & HRI	Local products/ Imports
Pepsico Foods, A.I.E. **	159	Retail & HRI	Local products/ Imports
Grefusa, S.L. **	102	Retail & HRI	Local products/ Imports
Brioche Pasquier Recondo, S.L.**	62	Retail & HRI	Local products/ Imports
Anitin Panes Especiales, S.L.**	58	Retail & HRI	Local products/ Imports
Pimad, S.A.**	50	Retail & HRI	Local products/ Imports

* Estimated
** Data includes activities in other sectors.

SNACK FOODS: SNACKS AND NUTS

Company	Sales 2015 (Million $)*	End-Use Channels	Procurement Channels
Galletas Siro, S.A. – Grupo **	630	Retail & HRI	Local products/ Imports
Importaco, S.A. - Grupo **	385	Retail & HRI	Local products/ Imports
Grupo Bimbo**	380	Retail & HRI	Local products/ Imports
Borges, S.A.	225	Retail & HRI	Local products/ Imports
Frit Ravich, S.L.	200	Retail & HRI	Local products/ Imports
Almendras Llopis, S.A.	175	Retail & HRI	Local products/ Imports
Kellogg España, S.L.**	170	Retail & HRI	Local products/ Imports
Pepsico Foods, A.I.E.**	160	Retail & HRI	Local products/ Imports
Grefusa, S.L.**	102	Retail & HRI	Local products/ Imports
Emicela, S.A. **	86	Retail & HRI	Local products/ Imports

* Estimated

** Data includes activities in other sectors.

DRY GOODS: RICE, PASTA AND PULSES

RICE			
Company	**Sales 2015 (Million $)***	**End-Use Channels**	**Procurement Channels**
Ebro Foods, S.A. – Rice Division	1,277	Retail & HRI	Local products/ Imports
Maicerias Españolas, S.A. (DACSA)**	295	Retail & HRI	Local products/ Imports
Legumbres Luengo, S.A.**	55	Retail & HRI	Local products/ Imports
Cooperativa Arrozúa	53	Retail & HRI	Local products/ Imports
Arrocerias Pons, S.A.	47	Retail & HRI	Local products/ Imports
Coop. Arrossaires del Delta de L'Ebre, SCCL	36	Retail & HRI	Local products
Arroces y Cereales, S.A. (ARCESA)	35	Retail & HRI	Local products
Coop. Camara Arrossera del Montsia I Seccio de Credit, SCCL	33	Retail & HRI	Local products/ Imports
Alimentos Naturales, S.A.**	32	Retail & HRI	Local products
Arrocerías Rovira Ballester, S.L.	25	Retail & HRI	Local products/ Imports
PASTA			
Nestlé España, S.A. **	1,971	Retail & HRI	Local products/ Imports
The GB Foods, S.A. (Gallina Blanca Star) **	705	Retail & HRI	Local products
Unilever España, S.A. - Grupo**	672	Retail & HRI	Local products
Galletas Siro, S.A. – Grupo **	630	Retail & HRI	Local products
Aceites del Sur-	562	Retail & HRI	Local products/

Coosur, S.A. **			Imports
Grupo Pastas Gallo **	216	Retail & HRI	Local products/ Imports
Cerealto Siro Foods, S.L. **	77	Retail & HRI	Local products/ Imports
Oromás, S.A.	50	Retail & HRI	Local products/ Imports
Pastas Alimenticias Romero, S.A.	38	Retail & HRI	Local products/ Imports
Rana Hispania, S.A.**	21	Retail & HRI	Local products/ Imports
PULSES			
Conservas Cidaco, S.A. **	240	Retail & HRI	Local products/ Imports
Hermanos Ayala Sousa, S.L. **	224	Retail & HRI	Local products/ Imports
Industrias Alimentarias de Navarra, S.A.U. **	125	Retail & HRI	Local products
Grupo Riberebro **	118	Retail & HRI	Local products
SEPROLESA**	70	Retail & HRI	Local products/ Imports
Legumbres Luengo, S.A.**	54	Retail & HRI	Local products/ Imports
Acico, S.A. – Grupo **	40	Retail & HRI	Local products/ Imports
Bonduelle Ibérica, S.A.U. **	35	Retail & HRI	Local products/ Imports
Alimentos Naturales, S.A.**	31	Retail & HRI	Local products/ Imports
Taboada Grupo Alimentario, S.L.**	25	Retail & HRI	Local products/ Imports

* Estimated
** Data includes activities in other sectors.

CONDIMENTS AND SEASONINGS			
Company	**Sales 2015**	**End-Use**	**Procurement**

	(Million $)*	Channels	Channels
Aceites Borges Pont, S.A. **	380	Retail & HRI	Local products/ Imports
Grupo Ybarra Alimentación, S.L.**	202	Retail & HRI	Local products/ Imports
Bolton Cile España, S.A.**	85	Retail & HRI	Local products/ Imports
Jesús Navarro, S.A.**	70	Retail & HRI	Local products/ Imports
Ramón Sabater, S.A.	56	Retail & HRI	Local products/ Imports
Conservas Dani, S.A.**	50	Retail & HRI	Local products/ Imports
Aceites García de la Cruz, S.L.**	48	Retail & HRI	Local products/ Imports
Unión Salinera de España, S.A.	46	Retail & HRI	Local products/ Imports
Coop. Coato	41	Retail & HRI	Local products/ Imports
Herbex Iberia, S.L.**	30	Retail & HRI	Local products/ Imports

* Estimated
** Data includes activities in other sectors.

SAUCES			
Company	Sales 2015	End-Use	Procurement

	(Million $)*	Channels	Channels
Nestle España, S.A.**	1,971	Retail & HRI	Local products/ Imports
Deoleo, S.A.**	866	Retail & HRI	Local products/ Imports
Unilever España, S.A.**	672	Retail & HRI	Local products/ Imports
Mondelez España - Grupo **	672	Retail & HRI	Local products/ Imports
Aceites del Sur-Coosur, S.A.**	562	Retail & HRI	Local products/ Imports
Hero España, S.A.**	224	Retail & HRI	Local products/ Imports
Grupo Ybarra Alimentación, S.L.**	202	Retail & HRI	Local products/ Imports
Grupo Helios**	184	Retail & HRI	Local products/ Imports
H.J. Heinz Foods Spain, S.L.**	161	Retail & HRI	Local products/ Imports
Primaflor, S.L. – Grupo **	145	Retail & HRI	Local products/ Imports

* Estimated
** Data includes activities in other sectors.

SPECIALIZED FOOD INGREDIENTS			
Company	**Sales 2015**	**End-Use**	**Procurement**

	(Million $)*	Channels	Channels
Bunge Ibérica, S.A.	2,800		
Cargill España (Grupo)**	2,016	Food Manufacturers & Producers	Local products/ Imports
Viscofan, S.A.	770	Food Manufacturers & Producers	Local products/ Imports
Quimidroga, S.A.**	673	Food Manufacturers & Producers	Local products/ Imports
Indukern, S.A.	499	Food Manufacturers & Producers	Local products/ Imports
Lipidos Santiga, S.A.	470	Food Manufacturers & Producers	Local products/ Imports
Brenntag Quimica, S.A.**	282	Food Manufacturers & Producers	Local products/ Imports
Roquette Laisa España, S.A.	157	Food Manufacturers & Producers	Local products/ Imports
BASF Española, S.L. (División Nutrition & Health)**	213	Food Manufacturers & Producers	Local products/ Imports
Grupo Tolsa **	178	Food Manufacturers & Producers	Local products/ Imports

* Estimated
** Data includes activities in other sectors.

BEVERAGES: Alcoholic and Non-Alcoholic			
Company	Sales 2015	End-Use	Procurement

	(Million $)	Channels	Channels
Coca-Cola España**	3,372	Retail & HRI	Local products/ Imports
Mahou, S.A. - Grupo	1,292	Retail & HRI	Local products/ Imports
Heineken España	1,136	Retail & HRI	Local products/ Imports
S.A. Damm (Grupo)	1,006	Retail & HRI	Local products/ Imports
J. García Carrión, S.A.	952	Retail & HRI	Local products/ Imports
Freixenet, S.A. - Grupo	599	Retail & HRI	Local products/ Imports
Pepsico Bebidas Iberia**	470	Retail & HRI	Local products/ Imports
Schweppes, S.A.**	403	Retail & HRI	Local products/ Imports
Pernord Ricard España, S.A.	319	Retail & HRI	Local products/ Imports
Hijos de Rivera, S.A.	307	Retail & HRI	Local products/ Imports

* Estimated
** Data includes activities in other sectors.

D. Sector Trends

According to "Invest in Spain", a public owned corporation dependent on the Spanish Ministry of Industry, Tourism and Commerce, and according to the results obtained in their "Business climate barometer for Spain from a foreign investor's viewpoint" shows that foreign companies are maintaining their positive assessment of the Spanish business climate, with an average rating of 2.9 out of 5 in 2015 in terms of investment, employment and turnover. The Barometer has been jointly prepared by ICEX-Invest in Spain and the IESE Business School's International Centre for Competitiveness (ICC).

According to the "Business climate barometer for Spain from a foreign investor's viewpoint" report,the outlook is positive in general and that is how it is perceived by foreign companies established in Spain. Thus, 94 percent of the foreign companies consulted expect to increase or at least maintain investment levels in Spain in 2015, compared to 87 percent in the previous year. This forecast improved when asked about year 2016 to 2018.

Employment prospects also improved, with the percentage of companies in Spain expecting to maintain or increase staffing levels rising from 87 percent to 91 percent in 2015. As far as turnover is concerned, the prospects are also positive, and 64 percent of the companies interviewed expect it to remain the same or increase in 2015, compared to 55 percent one year earlier. Lastly, as regards exports, the outlooks remain positive, with only 3 percent of companies expecting todecrease their export volumes in 2015.

Agricultural, fish and forest products imports from the United States have recovered since 2009, when they considerably decreased, partly due to the strong Euro and the dependence of Spain to import certain bulk commodities (grains, almonds). Total imports grew from $996 million in 2009 to $1.98 billion in 2015.

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
- Heinz Iberica: Prepared vegetables
- Kraft Foods: Cheese
- Mars España: Chocolates, confectionary
- Pepsico: Beverages, juices, snacks
- Sara Lee Bakery Group: Confectionary, baked goods
- Smithfield: Meats

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 4 or more persons declining. Not only does this trend demand smaller portions, industry contacts also claim that consumers tend to buy more expensive, value-added products or meal components when cooking for only one or two persons. Also, the increasing percentage of elderly people is another trend that need adjustment of market supply.

- The change in spending habits due to the years of crisis has increased the importance og private label in detriment of branded products.

- In the last years, the promotion of healthier lifestyle and habits has been a hot topic in the general and social media. Within the trend towards staying young, fit and healthy, consumers are increasingly buying healthy and functional foods.

- In line with healthy food, the organic food market, still seen as a small niche market, is now moving into the mainstream of the food industry. Apart from the shops that specialize on this type of products, they can also be found nowadays in many supermarkets and hypermarkets.

- Most larger food processors rely on the export or re-export market to remain competitive and operate at a higher capacity utilization rate.

III. COMPETITION

Spain's main trading partner is the EU-28. Other EU member states are the main competitors of US products intended for the food processing industry. The lack of trade tariffs, trade barriers and other restrictions inside the European Union make European goods more attractive and competitive, particularly to price sensitive goods.

Table 10. Competitive Situation Facing U.S. Suppliers from Domestically Produces Goods and Imported Goods

Product Category (thousand metric tons; million USD)	Major Supply Sources in 2015 (in value)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Frozen Fish *Imports: 316* *Value:$701*	1. Portugal - 11% 2. Netherlands - 6% 3. Chile - 5% 6. USA - 5%	Other major suppliers offer high quality fish products at competitive prices.	Large competition from local suppliers and producers. Spanish domestic consumption and exports surpass local supply.
Almonds *Imports:84* *Value:$727*	1. USA - 84% 2. Australia - 11% 3. Germany - 1%	Competition from other supplying countries is limited, as Spanish demand for almonds is very high and production in other EU countries is not enough to satisfy demand.	Spain produces almonds, mostly used roasted as a snack, due to its organoleptic properties. U.S. almonds are processed, both to be used by the domestic industry or re-exported.
Walnuts *Imports:24* *Value:$162*	1. USA - 60% 2. France - 19% 3. Chile - 6%	France is a traditional supplier of walnuts. Chile is increasing its presence in the Spanish market.	Spain has a significant production of high quality walnuts.
Pistachios *Imports:8* *Value:$84*	1. Germany - 31% 2. USA - 30% 3. Iran - 25%	Germany is the main entry point for U.S. and Iranian pistachios to the EU. Pistachios are then re-exported to other member states.	Pistachio production in Spain is very limited and demand is growing.
Sunflower seeds *Imports:117* *Value:$97*	1. United States - 34% 2. France - 33% 3. China - 14%	Growing competition from China, Argentina and Israel for confectionary.	Spain production of sunflower seeds for confectionary is not sufficient to meet demand.
Pulses *Imports:191* *Value:$181*	1.USA - 24% 2. Argentina - 22% 3. Mexico - 16% 4. Canada - 11%	Strong competition from Argentina, who largely increased their presence in recent years, and Canada, a traditional supplier to Spain.	Spain is a traditional consumer of pulses and its local production is not sufficient to fulfill internal demand.

IV. BEST PRODUCT PROSPECTS

Table 5. Products Present in the Spanish Market Which Have Good Sales Potential

HS Code	Product Category	2015 Spanish Imports ($ Million)*	5 Year Average Import Growth (% Value)	Key Constraints	Attraction for U.S. Exporters
0304	Fish Fillets and Other	World Total: $735	1%	Heavy competition from other EU	Good reputation and reliability of U.S. producers.

	Fish Meat (Minced, Fresh, Chilled or Frozen)	U.S.A.: $51		Member States and domestic suppliers. Unfavorable exchange rate.	High per capita consumption of fish. Imports from the United States have significantly increased in the last 5 years.
080212	Almonds	World Total: $728 U.S.A.: $473	22%	Aflatoxin issues.	Domestic consumption of tree nuts is increasing due to their utilization in the confectionary industry.
080231 080232	Walnuts	World Total: $162 U.S.A.:$100	14%	Competition from other EU countries, mainly France.	US walnuts, both shelled and in-shell, are making inroads in Spain due to increased awareness of the health benefits of tree nuts.
080251	Pistachios	World Total: $77 U.S.A.:$ 20	17%	Competition from Iran and EU importers, such as Germany, who re-export this product to Spain.	Domestic consumption of tree nuts continues to increase. U.S. pistachios have a higher quality image than Iranian, the major competitor.
2208	Distilled Spirits	World Total: $996 U.S.A.:$ 146	-30%	Difference in legal format of alcohol containers; exporters need to adapt to EU size. (70 cl in the EU as opposed to 75 cl in the USA).	Increasing interest in U.S. distilled drinks. Despite the total negative growth figure, the average growth of imports from the United States in the last 5 years was 30 percent).
0713	Pulses	World Total: $181 U.S.A.:$ 43	-7%	Strong competition from Argentina, who largely increased their presence in recent years, and Canada, a traditional supplier to Spain.	Spain is a traditional consumer of pulses and its local production is not sufficient to fulfill internal demand. Despite the total negative growth figure, the average growth of imports from the United States in the last 5 years was 19 percent).

V. POST CONTACT AND FURTHER INFORMATION

If you have any questions or comments regarding this report or need assistance exporting to Spain, please contact the Office of Agricultural Affairs in Madrid at the following address:

Foreign Agricultural Service
American Embassy, Madrid
C/ Serrano, 75
28006 Madrid
Spain
Tel.: +34-91 587 2555
Fax: +34-91 587 2556
Email: AgMadrid@fas.usda.gov

Web: http://madrid.usembassy.gov/about-us/fas.html

Please email the Office of Agricultural Affairs in Madrid for more information. Importer listings are available from the Agricultural Affairs Office for use by U.S. exporters of U.S. ingredients. Recent reports of interest to U.S. exporters interested in the Spanish market can be accessed through the FAS website.

ANNEX 1. OTHER CONTACTS OF INTEREST

Trade Associations

FIAB- Federación de Industrias de Alimentación y Bebidas
(Spanish Federation of Food and Beverage Industries)
http://www.fiab.es
fiab@fiab.es

FEHR – Federación Española de Hostelería
(Spanish Federation for HRI Sector)
http://www.fehr.es
fehr@fehr.es

ASEDAS – Asociación Española de Distribuidores, Autoservicios y Supermercados
(Spanish Association for Distributors and Supermarkets)
http://www.asedas.es
direc.general@asedas.org

ANGED – Asociación Nacional de Grandes y Medianas Empresas de Distribución
(National Association of Midsize and Large Distributors)
http://www.anged.es
anged@anged.es

Government Agencies

Subdirección General de Sanidad Exterior
Ministerio de Sanidad, Servicios Sociales e Igualdad
(Ministry of Health, Social Services and Equality)
(Responsible for: Imported Foodstuffs, Contaminants and Compound Residues, Health Certification, Port Inspection and EU Alerts)
http://www.msssi.gob.es/profesionales/saludPublica/sanidadExterior/home.htm
saniext@msssi.es

Agencia Española de Consumo, Seguridad Alimentaria y Nutrición (AECOSAN)
(Spanish Consumption, Food Safety and Nutrition Agency)
http://www.aecosan.msssi.gob.es
http://www.aesan.msc.es/SIAC-WEB/contacto.do?reqCode=newSearch

Dirección General de Industria y Mercados Alimentarios
Ministerio de Agricultura, Alimentación y Medio Ambiente
(Ministry of Agriculture, Food and Environmental Affairs)
http://www.magrama.gob.es
informac@magrama.es

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page.