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Food Processing Ingredients

Annual 2015

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Report Highlights:

In Calendar Year (CY) 2014, Spain imported $2.2 billion of agricultural, fish and forest products from the United States, up almost 11 percent compared to the previous year and highest import figure on record. Spain continues to offer opportunities for U.S. food ingredient suppliers, and market niches exist for consumer-ready food products. The economic recovery is expected to continue growing in 2015 and 2016, which will likely create new opportunities. U.S. ingredient exporters not currently in the Spanish market may find trade partners by visiting the major food show in the country, Alimentaria, April 25-28, 2016 in Barcelona, Spain.

Executive Summary:

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I. MARKET SUMMARY

Economic Trends

Spain

AGRICULTURAL PRODUCTS IMPORTS ($ Million)						
	2011	**2012**	**2013**	**2014**	**2015***	**2016****
Total Agricultural, Fish and Forestry Products	40,076	37,428	38,126	39,115	39,000	40,000
Total U.S. Agricultural, Fish and Forestry Products	1,526	1,292	1,640	1,875	1,850	1,800
Total Food Products	38,061	35,770	36,270	37,090	37,000	36,000
Total U.S. Food Products	1,536	1,308	1,701	1,876	1,850	1,800
Total Fish and Seafood Products	7,190	6,229	6,319	6,784	6,750	6,700
Total U.S. Fish and Seafood Products	122	110	105	122	120	115

Source: Global Trade Atlas (GTA)
*Estimate
** Forecast

In 2015, Spain shows signs of real improvement in its economic situation. The country is slowly finally coming out of the economic crisis that affected its financial system and consumer income and behavior. Spain's GDP grew modestly in 2014 by 1.4 percent and real GDP is expected to increase by 2.9 percent in 2015.

The Spanish food processing sector modernized and expanded significantly over the last couple of decades. With integration into the European Union in 1986, Spain's food processing sector began a profound modernization in order to adapt to new EU requirements. Spain now 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 industry generates 22.5 percent of Spain's total industrial sales. The food industry provides 378,824 jobs, representing 22 percent of total industrial workforce. The food and drink industry in Spain comprises 28,343 companies, which represent 16 percent of the total industrial manufacturing companies. Of these, 68 percent of the companies produce bakery and pasta products (36.2 percent), drinks (17.8 percent), processed and canned meat and meat products (14 percent).

Most of the food and drink processors are small companies— in 2014, 96.5 percent of the 28,343 food processors were small or medium-size companies, employing 50 people or less. The industry as a whole produced an estimated $103.5 billion (€93.2 billion) in product in 2014.

The export sector is providing some positive news to the Spanish economy. Exports from the agri-food sector are keeping the positive trend since 2011. In 2014, Spain exported food and drinks for a total value of $26.6 billion (€24 billion). The positive trend year-on-year 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 and Drink Sector in Spain

Year	2014
Total Production ($ Million)	102,666
Total No. Of Food Processors	28,343
Labor Force	378,824
Total Exports ($ Million)	26,446
Total Imports ($ Million)	19,823

Source: FIAB – Spanish Food Industry Federation

Current market developments affecting the food processing sector include:

- The improved export capacity, to which the food and drink industry greatly contributed, is helping Spain slowly emerge from the economic recession.

- Changes in demographics (aging population and low birth rate) 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.

- New, demanding labeling 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. Although consumers are seeking healthier food choices, organic food has experienced little growth in the domestic market, although production and exports remain the largest in the EU.

Table 2. Spain Total Food Expenditure - 2014

<table>
<tr><td rowspan="8">Total Food Expenditure 2014
$108 Billion
(100%)</td><td rowspan="5">Food Expenditure at Home
$73 Billion
(67.8%)</td><td>Supermarkets
$32 Billion
(29.2%)</td></tr>
<tr><td>Hypermarkets
$11 Billion
(9.7%)</td></tr>
<tr><td>Hard Discount
$11 Billion
(10.6%)</td></tr>
<tr><td>Specialized Commerce
$12 Billion
(11.6%)</td></tr>
<tr><td>Other
$7 Billion
(6.8%)</td></tr>
<tr><td rowspan="3">Food Expenditure Outside Home
$35 Billion
(32.2%)</td><td>Self-Service, Fast Service and Bars
$11 Billion
(10.1%)</td></tr>
<tr><td>Restaurants with Table Service
$17 Billion
(15.8%)</td></tr>
<tr><td>Vending Machines, Transport, Hotels, Convenience, Night Bars
$7 Billion
(6.3%)</td></tr>
</table>

Source: MERCASA

Table 3. Advantages and Challenges for US Products in the Spanish Market	
Advantages	**Challenges**
Spain's food industry relies on imported ingredients, many coming from the United States.	Spain's financial situation and domestic demand are still in a delicate situation.
The food industry, through increased exports, is pulling the Spanish economy out of the recession and the government and the operators are focusing in this sector.	Food imported from third countries, including the U.S., must comply with EU food law, which varies considerably from U.S. regulation and practice.
Tourism is a strong and ever-growing sector that provides retail, food and drink sales.	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.	EU labeling, traceability, and packaging laws and a reluctance to purchase products containing genetically modified ingredients.
Modern food distribution system and most companies cover both Spain and Portugal.	U.S. exports face higher transportation costs and difficulties in shipping mixed or smaller container loads.
Food products are becoming more diversified. Consumers are more health conscious and tastes are becoming more diversified, creating opportunities for new ingredients.	High marketing costs (advertising, discounts, etc.) are necessary.
U.S. ingredients have a good reputation and image in the industry.	Sanitary issues and restrictions at EU level have been limiting imports of products such as poultry and beef.

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. 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 range 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

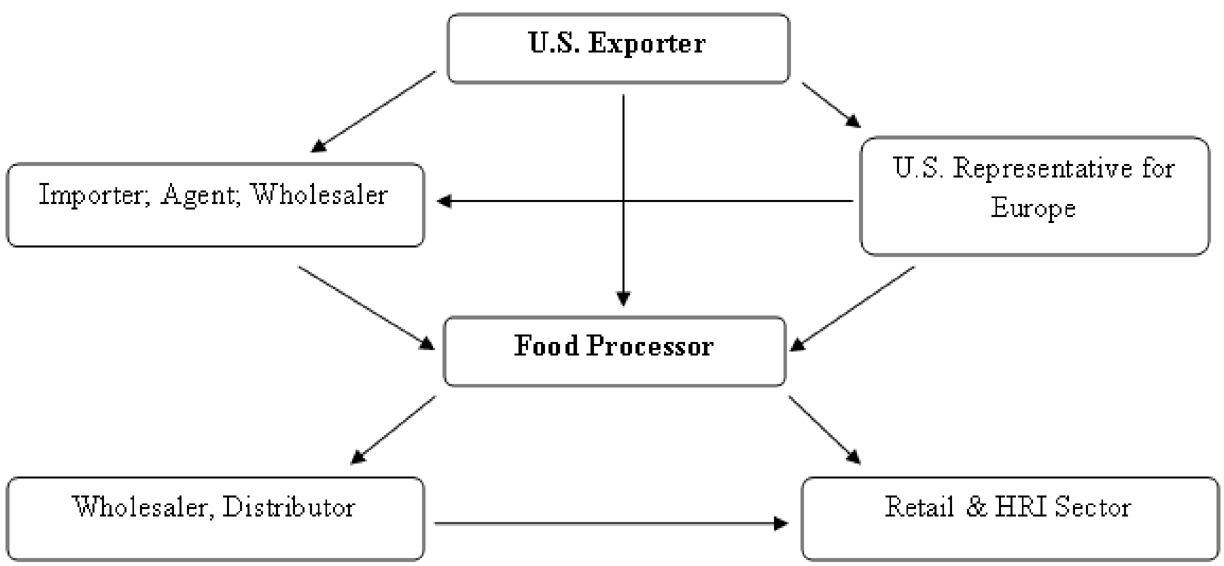
Trade shows in Spain offer excellent opportunities for U.S. exporters to make contact with potential clients or business partners from Spain, Portugal, other EU countries and other continents.

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 five continents in 2014, the exhibition will serve again as an international economic stage for the food and beverage industry.

Alimentaria takes place bi-annually in the spring. **The next edition will be April 25-28, 2016.**

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 and drink industry consists of 28,343 companies in 2014. The table below shows how these companies are distributed among the main sectors:

Table 4. Food Processing Industry - Number of companies by sector

	2012	%	2013	%	2014	%
Meat & Meat Products	4,131	14.15	4,057	14.10	3,955	13.95
Fishery Products	695	2.38	673	2.34	667	2.35
Fruits & Vegetables	1,350	4.62	1,340	4.65	1,363	4.81
Dairy Products	1,563	5.35	1,556	5.41	1,538	5.43
Milling Industry	572	1.96	524	1.81	494	1.74
Beverages	5,025	17.21	4,978	17.30	5,041	17.79
Bread and Pasta	10,700	36.65	10,549	36.67	10,247	36.15
Fats & Oils	1,604	5.49	1,605	5.58	1,597	5.63
Animal Feed	859	2.94	854	2.95	820	2.89
Other Foods	2,697	9.25	2,647	9.19	2,621	9.25
TOTAL	**29,196**	**100**	**28,762**	**100**	**28,343**	**100**

Source: FIAB

Main Companies Operating in the Food Processing Industry – 2014

RED MEATS AND POULTRY PRODUCTS			
RED MEATS			
Company	**Sales 2014 (Million $)***	**End-User Channels**	**Procurement Channels**
Campofrío Alimentación, S.A.**	2,100	Retail & HRI	Local products/ Imports
Coorporación Alimentaria Guissona, S.A.**	1,615	Retail & HRI	Local products/ Imports
Cooperativas Orensanas, SCG (Coren) **	1,081	Retail & HRI	Local products/ Imports
ElPozo Alimentación, S.A.**	950	Retail & HRI	Local products/ Imports
Casa Tarradellas, S.A.**	836	Retail & HRI	Local products/ Imports
Martínez Loriente, S.A.	589	Retail & HRI	Local products/ Imports
INCARLOPSA	578	Retail & HRI	Local products/ Imports
Jorge, S.L.**	551	Retail & HRI	Local products/ Imports
COVAP**	411	Retail & HRI	Local products/ Imports
Frigoríficos Costa Brava, S.A.	387	Retail & HRI	Local products/ Imports
POULTRY PRODUCTS			
Coorporación Alimentaria Guissona, S.A.**	1,615	Retail & HRI	Local products/ Imports
Cooperativa Orensanas (COREN)**	1,081	Retail & HRI	Local products/ Imports
Grupo Sada P.A., S.A.**	679	Retail & HRI	Local products/ Imports
Uve, S.A. (Grupo)**	328	Retail & HRI	Local products/ Imports
Procavi, S.L.	216	Retail & HRI	Local products/ Imports

Pavo y Derivados, S.A. (Grupo Padesa)	204	Retail & HRI	Local products/ Imports
An Avicola Melida, S.A.	151	Retail & HRI	Local products/ Imports
Aragonesa de Piensos, S.A. (Arpisa)**	121	Retail & HRI	Local products/ Imports
Productos Florida, S.A.	88	Retail & HRI	Local products/ Imports
Hermi Gestion, S.L.	83	Retail & HRI	Local products/ Imports

* Estimate
** Data includes activities in other sectors.

CANNED FISH			
Company	**Sales 2014 (Million $)***	**End-User Channels**	**Procurement Channels**
Luis Calvo Sanz, S.A. (Grupo)**	784	Retail & HRI	Local products/ Imports
Grupo Jealsa Rianxeira**	639	Retail & HRI	Local products/ Imports
Frinsa del Noroeste, S.A.	483	Retail & HRI	Local products/ Imports
Grupo Garavilla**	380	Retail & HRI	Local products/ Imports
Ricardo Fuentes e Hijo, S.A.**	165	Retail & HRI	Local products/ Imports
Ubago Group Mare, S.L.**	117	Retail & HRI	Local products/ Imports
Compre y Compare, S.A.**	111	Retail & HRI	Local products/ Imports
Salica, Industria Alimentaria, S.A.	111	Retail & HRI	Local products/ Imports
Hijos de Carlos Albo, S.L.**	97	Retail & HRI	Local products/ Imports
Ignacio González Montes, S.A.	90	Retail & HRI	Local products/ Imports

* Estimate
** Data includes activities in other sectors.

DAIRY PRODUCTS			
Company	**Sales 2014 (Million $)***	**End-User Channels**	**Procurement Channels**
Grupo Lactalis Iberia*	1,299	Retail & HRI	Local products/ Imports
Danone, S.A.**	1,046	Retail & HRI	Local products/ Imports
Grupo Leche Pascual, S.A.**	776	Retail & HRI	Local products/ Imports
Corporación Alimentaria Peñasanta, S.A. (CAPSA)**	746	Retail & HRI	Local products/ Imports
Industrias Lácteas Asturianas, S.A. (ILAS) **	567	Retail & HRI	Local products/ Imports
Grupo TGT**	495	Retail & HRI	Local products/ Imports
COVAP**	411	Retail & HRI	Local products/ Imports
Senoble España, S.L.	396		
Iparlat, S.A.	385	Retail & HRI	Local products/ Imports
Leche Celta, S.L.**	342	Retail & HRI	Local products/ Imports

* Estimate
** Data includes activities in other sectors.

PREPARED FRUITS & VEGETABLES			
Company	**Sales 2014 (Million $)***	**End-User Channels**	**Procurement Channels**
Hero España, S.A.**	233	Retail & HRI	Local products/ Imports
Conservas El Cidacos, S.A.**	225	Retail & HRI	Local products/ Imports
Grupo Angel Camacho, S.L.**	201	Retail & HRI	Local products/ Imports
Grupo Riberebro**	176	Retail & HRI	Local products/ Imports
Juver Alimentación, S.L.**	176	Retail & HRI	Local products/ Imports

Grupo Helios**	176	Retail & HRI	Local products/ Imports
Grupo Ybarra Alimentacion, S.A. **	173	Retail & HRI	Local products/ Imports
Heinz Ibérica, S.A.**	149	Retail & HRI	Local products/ Imports
Coop. Alimentos de Mediterráneo**	149	Retail & HRI	Local products/ Imports
Industrias Alimentarias de Navarra, S.A.U.**	116	Retail & HRI	Local products/ Imports

* Estimate
** Data includes activities in other sectors.

CONFECTIONARY (CHOCOLATE AND SUGAR) PRODUCTS			
Company	**Sales 2014 (Million $)***	**End-User Channels**	**Procurement Channels**
Sanchez Cano, S.A. **	165	Retail & HRI	Local products/ Imports
Wrigley Co., S.L.	111	Retail & HRI	Local products/ Imports
Mondelez España – Division Confiteria	110	Retail & HRI	Local products/ Imports
Haribo España, S.A.	110	Retail & HRI	Local products/ Imports
Chupa Chups, S.A.U.	105	Retail & HRI	Local products/ Imports
Vidal Golosinas, S.A.	99	Retail & HRI	Local products/ Imports
Grefusa, S.L.**	97	Retail & HRI	Local products/ Imports
Haribo Invest, S.A.	88	Retail & HRI	Local products/ Imports
Lacasa, S.A.**	80	Retail & HRI	Local products/ Imports
Cantalou, S.A.**	61	Retail & HRI	Local products/ Imports

* Estimate
** Data includes activities in other sectors.

BAKED GOODS			
Company	**Sales 2014 (Million $)***	**End-Use Channels**	**Procurement Channels**
Galletas Siro, S.A. - Grupo **	622	Retail & HRI	Local products/ Imports
Grupo Panrico**	518	Retail & HRI	Local products/ Imports
Grupo Bimbo**	363	Retail & HRI	Local products/ Imports
Grupo Dulcesol **	308	Retail & HRI	Local products/ Imports
Berlys Corporacion Alimentaria, S.A.U. **	248	Retail & HRI	Local products/ Imports
Pepsico Foods, A.I.E.**	154	Retail & HRI	Local products/ Imports
Grefusa, S.L. **	97	Retail & HRI	Local products/ Imports
Brioche Pasquier Recondo, S.L.**	61	Retail & HRI	Local products/ Imports
Anitin Panes Especiales, S.L.**	57	Retail & HRI	Local products/ Imports
Panificadora Ampuria Brava, S.L.	42	Retail & HRI	Local products/ Imports

* Estimate
** Data includes activities in other sectors.

SNACK FOODS: SNACKS AND NUTS			
Company	**Sales 2014 (Million $)***	**End-Use Channels**	**Procurement Channels**
Importaco, S.A. - Grupo**	314	Retail & HRI	Local products/ Imports
Borges, S.A.	209	Retail & HRI	Local products/ Imports
Frit Ravich, S.L.	176	Retail & HRI	Local products/ Imports
Kellogg España, S.L.**	167	Retail & HRI	Local products/ Imports
Pepsico Foods, A.I.E.**	154	Retail & HRI	Local products/ Imports

Almendras Llopis, S.A.	146	Retail & HRI	Local products/ Imports
Grefusa, S.L.**	97	Retail & HRI	Local products/ Imports
Ibersnacks Snacks Co-Maker, S.L.	81	Retail & HRI	Local products/ Imports
Emicela, S.A.	79	Retail & HRI	Local products/ Imports
Leng-D'or, S.A.	68	Retail & HRI	Local products/ Imports

* Estimate
** Data includes activities in other sectors.

DRY GOODS: RICE, PASTA AND PULSES			
RICE			
Company	**Sales 2014 (Million $)***	**End-Use Channels**	**Procurement Channels**
Ebro Foods, S.A. – Rice Division	1,200	Retail & HRI	Local products/ Imports
Maicerias Españolas, S.A. (DACSA)**	347	Retail & HRI	Local products/ Imports
Cooperativa Arrozúa	54	Retail & HRI	Local products/ Imports
Arrocerias Pons, S.A.	44	Retail & HRI	Local products/ Imports
Arroces y Cereales, S.A. (ARCESA)	33	Retail & HRI	Local products/ Imports
Coop. Arrossaires del Delta de L'Ebre, SCCL	33	Retail & HRI	Local products
Coop. Camara Arrossera del Montsia I Seccio de Credit, SCCL	30	Retail & HRI	Local products
Coop Extremeña de Arroces	18	Retail & HRI	Local products/ Imports
CEPA, S.A.	14	Retail & HRI	Local products
Arrocerias Rovira Ballester, S.L.	14	Retail & HRI	Local products/ Imports

PASTA			
Galletas Siro, S.A. – Grupo **	622	Retail & HRI	Local products/ Imports
Comercial Gallo, S.A.**	194	Retail & HRI	Local products
Oromás, S.A.	44	Retail & HRI	Local products
Pastas Alimenticias Romero, S.A.	36	Retail & HRI	Local products
Rana Hispania, S.A.**	21	Retail & HRI	Local products/ Imports
Barilla España, S.A.	14	Retail & HRI	Local products/ Imports
Andrés Megías Mendoza, S.A. **	8	Retail & HRI	Local products/ Imports
Pasta Garofalo España, S.L.U.**	8	Retail & HRI	Local products/ Imports
Industrias Racionero, S.A.**	4	Retail & HRI	Local products/ Imports
Comercial de Alimentacion PAPSA, S.L.	1		
PULSES			
Conservas El Cidacos, S.A. **	225	Retail & HRI	Local products/ Imports
Grupo Riberebro **	176	Retail & HRI	Local products/ Imports
Industrias Alimentarias de Navarra, S.A.U.**	116	Retail & HRI	Local products
SEPROLESA**	66	Retail & HRI	Local products
ACICO, S.A. **	55	Retail & HRI	Local products/ Imports
Legumbres Luengo, S.A.**	47	Retail & HRI	Local products/ Imports
Alimentos Naturales, S.A.**	44	Retail & HRI	Local products/ Imports
Bonduelle Iberica, S.A.U. **	40	Retail & HRI	Local products/ Imports

Ferrer Segarra, S.A.**	21	Retail & HRI	Local products/ Imports
Taboada Grupo Alimentario, S.L.**	20	Retail & HRI	Local products/ Imports

* Estimate
** Data includes activities in other sectors.

CONDIMENTS AND SEASONINGS			
Company	**Sales 2014 (Million $)***	**End-Use Channels**	**Procurement Channels**
Nutrexpa, S.L.**	424	Retail & HRI	Local products/ Imports
Aceites Borges Pont, S.A. **	314	Retail & HRI	Local products/ Imports
Grupo Ybarra Alimentación, S.L.**	173	Retail & HRI	Local products/ Imports
Bolton Cile España, S.A.**	81	Retail & HRI	Local products/ Imports
Jesús Navarro, S.A.**	65	Retail & HRI	Local products/ Imports
Unión Salinera de España, S.A.	52	Retail & HRI	Local products/ Imports
Ramón Sabater, S.A.	52	Retail & HRI	Local products/ Imports
Conservas Dani, S.A.**	50	Retail & HRI	Local products/ Imports
Coop. Coato	50	Retail & HRI	Local products/ Imports
Aceites Garcia de la Cruz, S.L.**	28	Retail & HRI	Local products/ Imports

* Estimate
** Data includes activities in other sectors.

SAUCES			
Company	**Sales 2014 (Million $)***	**End-Use Channels**	**Procurement Channels**
Nestle España, S.A.**	1,674	Retail & HRI	Local products/ Imports
Deoleo, S.A.**	895	Retail & HRI	Local products/ Imports
Mondelez España, S.A. – Grupo **	699	Retail & HRI	Local products/ Imports
Unilever España, S.A.**	671	Retail & HRI	Local products/ Imports
Aceites del Sur-Coosur, S.A.**	495	Retail & HRI	Local products/ Imports
Hero España, S.A.**	232	Retail & HRI	Local products/ Imports
Grupo Helios**	174	Retail & HRI	Local products/ Imports
Grupo Ybarra Alimentación, S.L.	173	Retail & HRI	Local products/ Imports
Primaglor, S.L.	149	Retail & HRI	Local products/ Imports
H.J. Heinz Foods Spain, S.L.	149	Retail & HRI	Local products/ Imports

* Estimate
** Data includes activities in other sectors.

SPECIALIZED FOOD INGREDIENTS			
Company	**Sales 2014 (Million $)***	**End-Use Channels**	**Procurement Channels**
Bunge Iberica, S.A. **	2,643	Food Manufacturers & Producers	Local products/ Imports
Cargill España (Grupo)**	1,872	Food Manufacturers & Producers	Local products/ Imports
Viscofan, S.A.	842	Food Manufacturers & Producers	Local products/ Imports
Quimidroga, S.A.**	661	Food Manufacturers & Producers	Local products/ Imports

Lipidos Santiga, S.A.	576	Food Manufacturers & Producers	Local products/ Imports
Indukern, S.A.	290	Food Manufacturers & Producers	Local products/ Imports
Brenntag Quimica, S.A.**	271	Food Manufacturers & Producers	Local products/ Imports
Roquette Laisa España, S.A.	263	Food Manufacturers & Producers	Local products/ Imports
BASF Española, S.L. (División Nutrition & Health)**	209	Food Manufacturers & Producers	Local products/ Imports
Grupo Tolsa **	172	Food Manufacturers & Producers	Local products/ Imports

* Estimate
** Data includes activities in other sectors.

BEVERAGES: Alcoholic and Non-Alcoholic			
Company	**Sales 2014* (Million $)**	**End-Use Channels**	**Procurement Channels**
Coca-Cola España	3,193	Retail & HRI	Local products/ Imports
Mahou, S.A. - Grupo	1,231	Retail & HRI	Local products/ Imports
S.A. Damm (Grupo)	969	Retail & HRI	Local products/ Imports
Heineken España	956	Retail & HRI	Local products/ Imports
J. García Carrión, S.A. - Grupo	892	Retail & HRI	Local products/ Imports
Freixenet, S.A. - Grupo	580	Retail & HRI	Local products/ Imports
Pepsico Bebidas Iberia	440	Retail & HRI	Local products/ Imports
Schweppes, S.A.	381	Retail & HRI	Local products/ Imports
Pernord Ricard España	372	Retail & HRI	Local products/ Imports
Felix Solis Avantis, S.A. - Grupo	275	Retail & HRI	Local products/ Imports

* Estimate
** Data includes activities in other sectors.

D. Sector Trends

According to "Invest in Spain", a publicly 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 perspective" shows that foreign companies are maintaining their positive assessment of the Spanish business climate, with an average rating of 2.9 out of 5, an improvement compared to previous years results. The Barometer has been jointly compiled by ICEX-Invest in Spain, Foreign Multinationals for the Spain Brand and the International Centre for Competitiveness (ICC) of the IESE Business School.

In 2014, Spain was the 9th country in the world in terms of received foreign investment stock, up two places compared to previous year. The investment outlook is very positive, with 94 percent of the foreign companies consulted expecting to increase or at least maintain investment levels in Spain in 2015. 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. Furthermore, almost 70 percent fo foreign companies export to thirdmarkets from Spain; 41 percent forecast an increase in net exports in the period and 22 percent will maintain the same export trend as in previous year.

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 $2.17 billion in 2014, the highest import figure on record.

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.

- Private labels are gaining market share, both due to the economic difficulties and the aggressive promotions carried out by retailers.

- 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 sold 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.

Competitive Situation Facing U.S. Suppliers from Domestically Produces Goods and Imported Goods			
Product Category (thousand metric tons; million USD)	**Major Supply Sources in 2014 (in value)**	**Strengths of Key Supply Countries**	**Advantages and Disadvantages of Local Suppliers**
Frozen Fish *Imports: 313* *Value:$809*	1. Portugal - 10% 2. Mexico - 6% 3. France - 5% 10. USA - 4%	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:75* *Value:$536*	1. USA - 88% 2. Australia - 8% 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 national industry or re-exported.
Walnuts *Imports:24* *Value:$180*	1. USA - 59% 2. France - 15% 3. Chile - 11%	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:6* *Value:$70*	1. Germany - 36% 2. USA - 29% 3. Iran - 23%	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.
Sunflower seeds *Imports:427* *Value:$265*	1. France - 48% 2. USA- 12% 3. Bulgaria - 10%	Growing competition from China, Argentina and Israel for confectionary.	Spain production of sunflower seeds for confectionary is not sufficient to meet demand.
Pulses *Imports:203* *Value:$209*	1.USA - 23% 2. Argentina - 16% 3. Mexico - 16% 4. Canada - 13%	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	2014 Spanish Imports ($ Million)*	5 Year Average Import Growth (% Volume)	Key Constraints	Attraction for U.S. Exporters
0304	Fish Fillets and Other Fish Meat (Minced, Fresh, Chilled or Frozen)	World Total: $826 U.S.A.: $43	4%	Heavy competition from other EU Member States and domestic suppliers.	Good reputation and reliability of U.S. producers. High per capita consumption of fish. Imports from the United States have significantly increased in the last 5 years.
080212	Almonds	World Total: $536 U.S.A.: $473	25%	Aflatoxin issues. Draught in California.	Domestic consumption of tree nuts is increasing due to their utilization in the confectionary industry.
080231 080232	Walnuts	World Total: $180 U.S.A.:$107	13%	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: $70 U.S.A.:$ 20	-5%	Competition from Iran and EU importers, such as Germany, who re-export this product to Spain. Draught in California.	Domestic consumption of tree nuts continues to increase. U.S. pistachios have a higher quality image than Iranian, the major competitor. Despite the total negative growth figure, the average growth of imports from the United States in the last 5 years was 6 percent).
2208	Distilled Spirits	World Total: $1,144 U.S.A.:$ 112	-4%	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 3 percent).
0713	Pulses	World Total: $209 U.S.A.:$ 48	2%	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.

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:

Local Address:
Foreign Agricultural Service
Office of Agricultural Affairs
U.S. Embassy Madrid
Serrano, 75 – Box 20
28006 Madrid
Spain

U.S. Mailing Address:
Office of Agricultural Affairs
U.S. Embassy Madrid
Unit 8500, Box 2000
APO, AE 09642

Tel.: +34-91-587 2555
Fax: +34-91-587 2556
Website: http://madrid.usembassy.gov/about-us/fas.html
Email: AgMadrid@fas.usda.gov

Importer listings are available from the Agricultural Affairs Office for use by U.S. exporters of U.S. ingredients. Recent reports of interests 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 at www.fas.usda.gov