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Food Processing Ingredients

2014

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Report Highlights:
In Fiscal Year (FY) 2014, Spain imported $2.2 billion of agricultural, fish and forest products from the United States, up almost 19 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. In Spain, food processing sector generates 16 percent of Spain's total industrial production and it is one of the most dynamic sectors. U.S. ingredient exporters not currently in the Spanish market may find trade opportunities by visiting the major food show in the country, Alimentaria on April 25-28, 2016 in Barcelona, Spain.

Executive Summary:

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Exchange Rates:

Average exchange rate used in this report, unless otherwise specified:
Calendar Year 2010: US Dollar 1 = 0.75 Euros
Calendar Year 2011: US Dollar 1 = 0.72 Euros
Calendar Year 2012: US Dollar 1 = 0.78 Euros
Calendar Year 2013: US Dollar 1 = 0.75 Euros

I. MARKET SUMMARY

Economic Trends

Spain

AGRICULTURAL PRODUCTS IMPORTS						
($ Million)						
	2010	2011	2012	2013	2014*	2015**
Total Agricultural, Fish and Forestry Products	34,218	40,076	37,428	38,077	39,000	40,000
Total U.S. Agricultural, Fish and Forestry Products	1,318	1,526	1,292	1,640	1,700	1,750
Total Food Products	32,559	38,061	35,770	36,224	36,500	37,000
Total U.S. Food Products	1,322	1,536	1,308	1,702	1,800	1,850
Total Fish and Seafood Products	6,412	7,190	6,229	6,318	6,400	6,500
Total U.S. Fish and Seafood Products	113	122	110	105	110	115

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

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. In 2013, this sector generated 16 percent of Spain's total industrial sales. This sector provides 439,760 jobs, representing 21.3 percent of total industrial workforce. The food industry in Spain comprises mostly small companies— in 2013, 96.34 percent of the 28,765 food processors were small or medium-size companies, employing 50 people or less. The industry as a whole produced an estimated $123 billion in product in 2013, creating a positive trade balance of $4.6 billion.

The export sector is providing some positive news to the Spanish economy. Exports from the agri-food sector are keeping the positive trend seen since 2009. According to the data published by the Spanish Food Industry Federation (FIAB) in their annual report, exports in 2013 are estimated to reach $30 million, an improvement of 1.5 percent compared to 2012. 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	**2013**
Total Production ($ Million)	122,537
Total No. Of Food Processors	28,762
Labor Force	439,760
Total Exports ($ Million)	30,125
Total Imports ($ Million)	25,503

Source: FIAB – Spanish Food Industry Federation

Current market developments affecting the food processing sector include:

- The high unemployment and the loss of purchasing power affect domestic demand, which has been shrinking for months. The food industry continues to compensate this loss by increasing exports, one of the sectors that improved in recent last 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.

- 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 largest in the EU.

Table 2. Spain Total Food Expenditure - 2013

<table>
<tr><td rowspan="6">Total Food Expenditure 2013
$135 Billion
(100%)</td><td rowspan="3">Food Expenditure at Home
$92.3 Billion
(68.4%)</td><td>Supermarkets
$50.4 Billion
(37.4%)</td></tr>
<tr><td>Hypermarkets
$13.2 Billion
(9.8%)</td></tr>
<tr><td>Other
$28.7 Billion
(52.8%)</td></tr>
<tr><td rowspan="3">Food Expenditure Outside Home
$42.7 Billion
(31.6%)</td><td>Self-Service, Fast Service and Bars
$13.3 Billion
(9.8%)</td></tr>
<tr><td>Restaurants with Table Service
$20.9 Billion
(15.5%)</td></tr>
<tr><td>Vending Machines, Transport, Hotels, Convenience, Night Bars
$8.5 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 both in a delicate situation.
The food industry, mainly through the 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 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. Around 20 percent of the Spanish food production is sold to export markets, mainly to the EU. Some food-processing companies concentrate on the domestic or on export markets, but most of them will have mixed customers. Companies supplying mainly the domestic market frequently market their products directly and have their own logistics infrastructure. However, 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

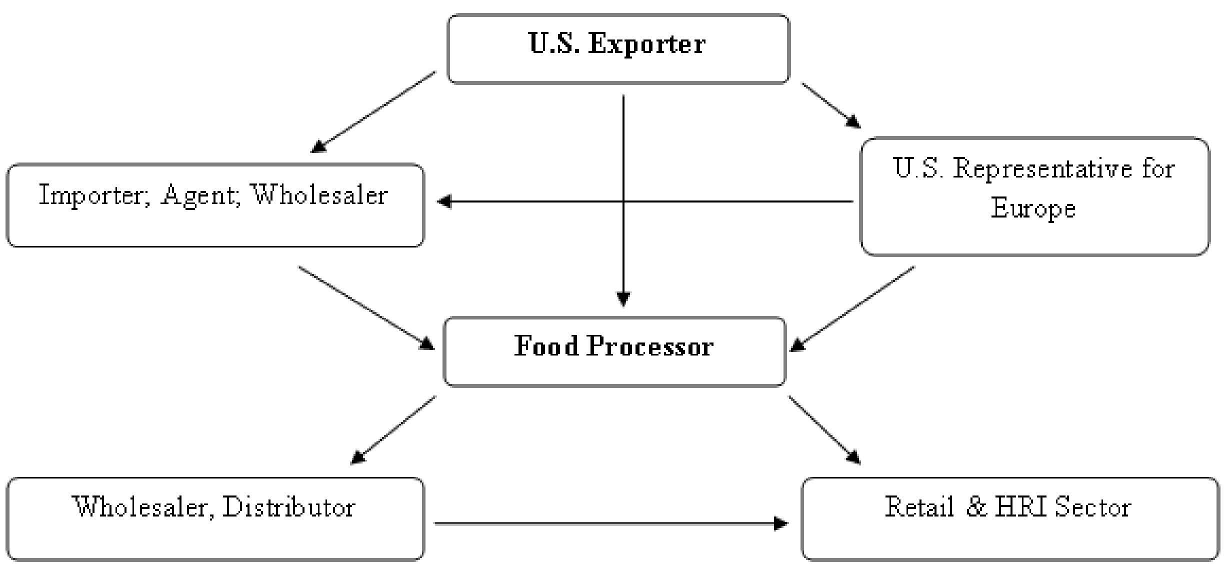
Trade shows in Spain offer excellent opportunities for U.S. exporters to make contact with potential clients or business partners from Spain, Portugal, other EU countries and other continents.

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 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 month of March. **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 sectors, many of them importing food ingredients. The Spanish food industry consists of 28,762 companies. The table below shows how these companies are distributed among the main sectors:

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

	2011	%	2012	%	2013	%
Meat & Meat Products	4,198	14.31	4,131	14.15	4,057	14.10
Fishery Products	705	2.40	695	2.38	673	2.34
Fruits & Vegetables	1,329	4.53	1,350	4.62	1,340	4.65
Dairy Products	1,574	5.37	1,563	5.35	1,556	5.41
Milling Industry	590	2.01	572	1.96	524	1.81
Beverages	4,976	16.96	5,025	17.21	4,978	17.30
Bread and Pasta	10,842	36.96	10,700	36.65	10,549	36.67
Fats & Oils	1,598	5.45	1,604	5.49	1,605	5.58
Animal Feed	854	2.91	859	2.94	854	2.95
Other Foods	2,668	9.10	2,697	9.25	2,647	9.19
TOTAL	**29,334**	100	**29,196**	100	**28,762**	100

Source: FIAB

Main Companies Operating in the Food Processing Industry – 2013

RED MEATS AND POULTRY PRODUCTS			
RED MEATS			
Company	**Sales 2013 (Million $)***	**End-User Channels**	**Procurement Channels**
Campofrío Alimentación, S.A.**	2,400	Retail & HRI	Local products/ Imports
Coorporación Alimentaria Guissona, S.A.**	1,700	Retail & HRI	Local products/ Imports
Cooperativas Orensanas, SCG (Coren) **	1,300	Retail & HRI	Local products/ Imports
ElPozo Alimentación, S.A.**	960	Retail & HRI	Local products/ Imports
Casa Tarradellas, S.A.**	880	Retail & HRI	Local products/ Imports
Martínez Loriente, S.A.	650	Retail & HRI	Local products/ Imports
INCARLOPSA	560	Retail & HRI	Local products/ Imports
Jorge, S.L.**	520	Retail & HRI	Local products/ Imports
COVAP**	430	Retail & HRI	Local products/ Imports
Patel, S.A.	345	Retail & HRI	Local products/ Imports
POULTRY PRODUCTS			
Coorporación Alimentaria Guissona, S.A.**	1,700	Retail & HRI	Local products/ Imports
Cooperativa Orensanas (COREN)**	1,300	Retail & HRI	Local products/ Imports
Grupo Sada P.A., S.A.**	740	Retail & HRI	Local products/ Imports
Uve, S.A. (Grupo)**	320	Retail & HRI	Local products/ Imports
Pavo y Derivados, S.A. (Grupo	210	Retail & HRI	Local products/ Imports

Padesa)			
Procavi, S.L.	170	Retail & HRI	Local products/ Imports
An Avicola Melida, S.A.	130	Retail & HRI	Local products/ Imports
Aragonesa de Piensos, S.A. (Arpisa)**	120	Retail & HRI	Local products/ Imports
Coop. Avícola y Ganadera de Burgos**	90	Retail & HRI	Local products/ Imports
Juan José Sola Ricca, S.A. **	85	Retail & HRI	Local products/ Imports

* Estimated
** Data includes activities in other sectors.

CANNED FISH			
Company	**Sales 2013 (Million $)***	**End-User Channels**	**Procurement Channels**
Luis Calvo Sanz, S.A. (Grupo)**	740	Retail & HRI	Local products/ Imports
Grupo Jealsa Rianxeira**	650	Retail & HRI	Local products/ Imports
Frinsa del Noroeste, S.A.	470	Retail & HRI	Local products/ Imports
Grupo Garavilla**	365	Retail & HRI	Local products/ Imports
Ricardo Fuentes e Hijo, S.A.**	220	Retail & HRI	Local products/ Imports
Ubago Group Mare, S.L.**	140	Retail & HRI	Local products/ Imports
Hijos de Carlos Albo, S.L.**	110	Retail & HRI	Local products/ Imports
Salica, Industria Alimentaria, S.A.	110	Retail & HRI	Local products/ Imports
Compre y Compare, S.A.**	100	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 2013 (Million $)***	**End-User Channels**	**Procurement Channels**
Grupo Lactalis Iberia*	1,560	Retail & HRI	Local products/ Imports
Danone, S.A.**	1,315	Retail & HRI	Local products/ Imports
Corporación Alimentaria Peñasanta, S.A. (CAPSA)**	930	Retail & HRI	Local products/ Imports
Grupo Leche Pascual, S.A.**	910	Retail & HRI	Local products/ Imports
Kraft Foods**	812	Retail & HRI	Local products/ Imports
Industrias Lácteas Asturianas, S.A. (ILAS) **	650	Retail & HRI	Local products/ Imports
Grupo TGT**	580	Retail & HRI	Local products/ Imports
COVAP**	430		
Senoble España, S.L.	390	Retail & HRI	Local products/ Imports
Leche Celta, S.L.**	340	Retail & HRI	Local products/ Imports

* Estimated
** Data includes activities in other sectors.

PREPARED FRUITS & VEGETABLES			
Company	**Sales 2013 (Million $)***	**End-User Channels**	**Procurement Channels**
Hero España, S.A.**	275	Retail & HRI	Local products/ Imports
Conservas El Cidacos, S.A.**	220	Retail & HRI	Local products/ Imports
Grupo Angel Camacho, S.L.**	210	Retail & HRI	Local products/ Imports
Grupo Riberebro**	190	Retail & HRI	Local products/ Imports
Juver Alimentación, S.L.**	190	Retail & HRI	Local products/ Imports
Grupo Helios**	175	Retail & HRI	Local products/ Imports

Heinz Ibérica, S.A.**	170	Retail & HRI	Local products/ Imports
Coop. Alimentos de Mediterráneo**	150	Retail & HRI	Local products/ Imports
Industrias Alimentarias de Navarra, S.A.U.**	135	Retail & HRI	Local products/ Imports
Bonduelle Ibérica, S.A.U.**	110	Retail & HRI	Local products/ Imports

* Estimated
** Data includes activities in other sectors.

CONFECTIONARY (CHOCOLATE AND SUGAR) PRODUCTS			
Company	**Sales 2013 (Million $)***	**End-User Channels**	**Procurement Channels**
Kraft Foods España Com, S.L. (Confectionary Div.)**	195	Retail & HRI	Local products/ Imports
Wrigley Co., S.L.	155	Retail & HRI	Local products/ Imports
Chupa Chups, S.A.U.	150	Retail & HRI	Local products/ Imports
Lacasa, S.A.**	130	Retail & HRI	Local products/ Imports
Grefusa, S.L.**	120	Retail & HRI	Local products/ Imports
Vidal Golosinas, S.A.	110	Retail & HRI	Local products/ Imports
Haribo España, S.A.	110	Retail & HRI	Local products/ Imports
Sánchez Cano, S.A.	95	Retail & HRI	Local products/ Imports
Cantalou, S.A.**	80	Retail & HRI	Local products/ Imports
Haribo Invest, S.A.	80	Retail & HRI	Local products/ Imports

* Estimated
** Data includes activities in other sectors.

BAKED GOODS			
Company	**Sales 2013 (Million $)***	**End-Use Channels**	**Procurement Channels**
Grupo Panrico**	645	Retail & HRI	Local products/ Imports
Grupo Siro**	635	Retail & HRI	Local products/ Imports
Nutrexpa, S.L.**	510	Retail & HRI	Local products/ Imports
Grupo Bimbo**	360	Retail & HRI	Local products/ Imports
Dulcesa, S.L.**	125	Retail & HRI	Local products/ Imports
Juan y Juan Industrial, S.L.**	120	Retail & HRI	Local products/ Imports
Brioche Pasquier Recondo, S.L.**	65	Retail & HRI	Local products/ Imports
Anitin Panes Especiales, S.L.**	50	Retail & HRI	Local products/ Imports
Codan, S.A.	30	Retail & HRI	Local products/ Imports
El Pequeño Molino, S.A.**	25	Retail & HRI	Local products/ Imports

* Estimated
** Data includes activities in other sectors.

SNACK FOODS: SNACKS AND NUTS			
Company	**Sales 2013 (Million $)***	**End-Use Channels**	**Procurement Channels**
Grupo Siro**	640	Retail & HRI	Local products/ Imports
Pepsico Foods, A.I.E.**	560	Retail & HRI	Local products/ Imports
Grupo Bimbo**	355	Retail & HRI	Local products/ Imports
Borges, S.A.	340	Retail & HRI	Local products/ Imports
Importaco, S.A. (Grupo)	315	Retail & HRI	Local products/ Imports
Kellogg España, S.L.**	200	Retail & HRI	Local products/ Imports
Frit Ravich, S.L.	175	Retail & HRI	Local products/ Imports
Almendras	125	Retail & HRI	Local products/

Llopis, S.A.			Imports
Grefusa, S.L.**	120	Retail & HRI	Local products/ Imports
Ibersnacks Snacks Co-Maker, S.L.	80	Retail & HRI	Local products/ Imports

* Estimated
** Data includes activities in other sectors.

DRY GOODS: RICE, PASTA AND PULSES			
RICE			
Company	**Sales 2013 (Million $)***	**End-Use Channels**	**Procurement Channels**
Ebro Foods, S.A. – Rice Division	1,200	Retail & HRI	Local products/ Imports
Maicerias Españolas, S.A. (DACSA)**	365	Retail & HRI	Local products/ Imports
Cooperativa Arrozúa	60	Retail & HRI	Local products/ Imports
Mars España Inc. y Cia Foods, SRC**	55	Retail & HRI	Local products/ Imports
Alimentos Naturales, S.A.**	55	Retail & HRI	Local products/ Imports
Arrocerias Pons, S.A.	50	Retail & HRI	Local products
Coop. Arrossaires del Delta de L'Ebre, SCCL	50	Retail & HRI	Local products
Legumbres Luengo, S.A.**	40	Retail & HRI	Local products/ Imports
Coop. Camara Arrossera del Montsia I Seccio de Credit, SCCL	40	Retail & HRI	Local products
Arroces y Cereales, S.A. (ARCESA)	40	Retail & HRI	Local products/ Imports
PASTA			

Comercial Gallo, S.A.*	260	Retail & HRI	Local products/ Imports
Pastas Alimenticias Romero, S.A.	40	Retail & HRI	Local products
Oromás, S.A.	35	Retail & HRI	Local products
Rana Hispania, S.A.*	25	Retail & HRI	Local products
Andrés Megías Mendoza, S.A.*	10	Retail & HRI	Local products/ Imports
Barilla España, S.A.	6	Retail & HRI	Local products/ Imports
Industrias Racionero, S.A.*	5	Retail & HRI	Local products/ Imports
Pasta Garofalo España, S.L.U.	4	Retail & HRI	Local products/ Imports
Herba Nutrición (División Pastas Alimenticias)	3	Retail & HRI	Local products/ Imports
PULSES			
Conservas Terramar, S.A. (Grupo)**	90	Retail & HRI	Local products/ Imports
SEPROLESA**	65	Retail & HRI	Local products/ Imports
Alimentos Naturales, S.A.**	50	Retail & HRI	Local products
Legumbres Luengo, S.A.**	40	Retail & HRI	Local products
Ferrer Segarra, S.A.**	25	Retail & HRI	Local products/ Imports
Taboada Grupo Alimentario, S.L.**	20	Retail & HRI	Local products/ Imports
Lozano, S.A.**	19	Retail & HRI	Local products/ Imports
Domingo Grau, S.A.**	14	Retail & HRI	Local products/ Imports
Conservas Hijos Manuel Sánchez Basarte, S.A.**	13	Retail & HRI	Local products/ Imports
Productos Agrícolas Cano,	12	Retail & HRI	Local products/ Imports

S.A.			

* Estimated
** Data includes activities in other sectors.

CONDIMENTS AND SEASONINGS			
Company	**Sales 2013 (Million $)***	**End-Use Channels**	**Procurement Channels**
Nutrexpa, S.L.**	510	Retail & HRI	Local products/ Imports
Aceites Borges Pont, S.A. **	390	Retail & HRI	Local products/ Imports
Bolton Cile España, S.A.**	110	Retail & HRI	Local products/ Imports
Jesús Navarro, S.A.**	75	Retail & HRI	Local products/ Imports
Conservas Dani, S.A.**	70	Retail & HRI	Local products/ Imports
Unión Salinera de España, S.A.	60	Retail & HRI	Local products/ Imports
Coop. Coato	60	Retail & HRI	Local products/ Imports
Ramón Sabater, S.A.	55	Retail & HRI	Local products/ Imports
Grupo Ybarra Alimentación, S.L.**	35	Retail & HRI	Local products/ Imports
Pimursa, S.L.**	30	Retail & HRI	Local products/ Imports

* Estimated
** Data includes activities in other sectors.

SAUCES			
Company	**Sales 2013 (Million $)***	**End-Use Channels**	**Procurement Channels**
Nestle España, S.A.**	1,850	Retail & HRI	Local products/ Imports
Deoleo, S.A.**	1,250	Retail & HRI	Local products/ Imports
Unilever España, S.A.**	870	Retail & HRI	Local products/ Imports
Kraft Foods**	815	Retail & HRI	Local products/ Imports
Aceites del Sur-Coosur, S.A.**	560	Retail & HRI	Local products/ Imports
Hero España,	275	Retail & HRI	Local products/

S.A.**			Imports
Grupo Helios**	175	Retail & HRI	Local products/ Imports
Heinz Iberica, S.A.**	170	Retail & HRI	Local products/ Imports
Industrias Alimentarias de Navarra, S.A.**	135	Retail & HRI	Local products/ Imports
Bolton Cile España, S.A.**	110	Retail & HRI	Local products/ Imports

* Estimated
** Data includes activities in other sectors.

SPECIALIZED FOOD INGREDIENTS			
Company	**Sales 2013 (Million $)***	**End-Use Channels**	**Procurement Channels**
Cargill España (Grupo)**	1,530	Food Manufacturers & Producers	Local products/ Imports
Viscofan, S.A.	870	Food Manufacturers & Producers	Local products/ Imports
Quimidroga, S.A.**	695	Food Manufacturers & Producers	Local products/ Imports
Lipidos Santiga, S.A.	585	Food Manufacturers & Producers	Local products/ Imports
Brenntag Quimica, S.A.**	325	Food Manufacturers & Producers	Local products/ Imports
Indukern, S.A.	300	Food Manufacturers & Producers	Local products/ Imports
Iff Benicarlo, S.A.**	275	Food Manufacturers & Producers	Local products/ Imports
BASF Española, S.L. (División Nutrition & Health)**	235	Food Manufacturers & Producers	Local products/ Imports
Roquette Laisa España, S.A.	220	Food Manufacturers &	Local products/ Imports

		Producers	
T-500 Puratos, S.A.	190	Food Manufacturers & Producers	Local products/ Imports

* Estimated
** Data includes activities in other sectors.

BEVERAGES: Alcoholic and Non-Alcoholic			
Company	**Sales 2013 (Million $)**	**End-Use Channels**	**Procurement Channels**
Coca-Cola España	3,900	Retail & HRI	Local products/ Imports
Grupo Mahou-San Miguel	1,555	Retail & HRI	Local products/ Imports
Heineken España	1,200	Retail & HRI	Local products/ Imports
S.A. Damm (Grupo)	1,050	Retail & HRI	Local products/ Imports
J. García Carrión, S.A.	845	Retail & HRI	Local products/ Imports
Pepsico Bebidas Iberia	585	Retail & HRI	Local products/ Imports
Pernord Ricard España	520	Retail & HRI	Local products/ Imports
Schweppes, S.A.	450	Retail & HRI	Local products/ Imports
Freixenet, S.A. - Grupo	430	Retail & HRI	Local products/ Imports
Diageo España, S.A.	405	Retail & HRI	Local products/ Imports

* Estimated
** Data includes activities in other sectors.

D. Sector Trends

According to “Invest in Spain” (www.investinspain.org), 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 2.7 out of 5. The Barometer has been jointly prepared by ICEX-Invest in Spain and the IESE Business School's International Centre for Competitiveness (ICC).

One aspect worth mentioning this year is the improved expectations for 2014 expressed by foreign investors, both in terms of investment in Spain and with regard to turnover, staffing and exports. Almost 90 percent of the foreign companies consulted expect to increase or at least maintain investment levels in Spain in 2014. Employment prospects also improved, with the percentage of companies in Spain expecting to maintain or increase staffing levels rising from 70 percent to 87 percent in 2014. It is also worth highlighting the fact that 10 percent of the companies expecting to increase staffing in 2014 plan to do so by more than 25 percent. As far as turnover is concerned, 88 percent of the companies interviewed expect it to remain the same or increase in 2014. Lastly, as regards exports, the outlooks remain positive, with 93 percent of companies expecting to maintain or increase their export volume in 2014.

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 $1.96 billion in 2013.

Many U.S. companies are present in Spain, either through joint ventures, acquisitions, etc. The major 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.

- 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 2013 (in value)**	**Strengths of Key Supply Countries**	**Advantages and Disadvantages of Local Suppliers**
Frozen Fish *Imports: 283* *Value:$849*	1. Portugal - 7% 2. France - 7% 3. Curacao - 5% 8. 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:65* *Value:$397*	1. USA - 90% 2. Australia - 3% 3. Germany - 2%	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 used in the confection industry, mainly for Christmas traditional nougat.
Walnuts *Imports:22* *Value:$159*	1. USA - 55% 2. France - 18% 3. Chile - 9%	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:$86*	1. USA - 44% 2. Germany - 34% 3. Iran - 19%	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:321* *Value:$252*	1. France - 55% 2. USA- 13% 3. Bulgaria - 9%	Growing competition from China, Argentina and Israel for confectionary. Possible implementation of lower cadmium levels.	Spain production of sunflower seeds for confectionary is not sufficient to meet demand.
Pulses *Imports:221* *Value:$242*	1.USA - 24% 2. Mexico - 21% 3. Canada- 15% 4. Argentina - 12%	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. Imports from the United States continue to rise after significantly decreasing in 2009.

IV. BEST PRODUCT PROSPECTS

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

HS Code	Product Category	2013 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: $730 U.S.A.: $36	0%	Heavy competition from other EU Member States and domestic suppliers. Spanish economic situation.	Good reputation and reliability of U.S. producers. High per capita consumption of fish. Despite the total virtual zero growth figure, imports from the United States have increased in the last 5 years (average growth for the USA was 12 percent).
080212	Almonds	World Total: $397 U.S.A.: $357	10%	Aflatoxin issues. Spanish economic situation.	Domestic consumption of tree nuts is increasing due to their utilization in the confectionary industry.
080231 080232	Walnuts	World Total: $159 U.S.A.:	7%	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 080252	Pistachios	World Total: $86 U.S.A.:$ 28	2%	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: $1,228 U.S.A.:$ 160	-3%	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, imports from the United States have increased in the last 5 years (average growth for the USA was 32 percent).
0713	Pulses	World Total: $242 U.S.A.:$ 58	4%	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. Both total and USA imports continue to rise after significantly decreasing in 2009.

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

<u>Trade Associations</u>
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
info@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

<u>Government Agencies</u>
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