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Spain

Dairy, Livestock and Poultry

Trends in Spain's Livestock Sector

1999

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Report Highlights:
Boosted by profitable prices and firm demand, Spain's cattle and beef production are forecast to grow through 2000. Despite very low prices early in the year, hog and pork production are expected to grow about 10 percent in 1999. However, burdensome supplies are expected to lead to further declines in prices at the end of 1999, and pork production is forecast fall in 2000. Given the wide array of EU import impediments, U.S. meat exporters have few opportunities in Spain.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Madrid [SP1], SP

Executive Summary

Cattle numbers and beef production are forecast to continue growing in 1999 and 2000. While some of the increase in reported cattle numbers and slaughter may be attributable to improved data collection, profitable prices are providing cattle producers with continued incentives in beef production. In addition, parts of the Agenda 2000 reform package, including more than a 110,000 head increase in the number of cattle eligible for subsidies, should provide impetus for further expansion in beef production in 2000 and beyond. Regarding trade, Spain continues to import more than 600,000 head of feeder cattle per year, primarily from other EU countries. A domestic SRM ban in June 1999 temporarily put this trade in jeopardy, but an agreement to accept certificates stating the BSE-free status of the farms from which cattle come has allowed this trade to resume. Meanwhile, Spain's authorities continue to crack down on illegal use of growth promotants in beef production.

Despite several months of prices below production costs in the first part of 1999, hog numbers and pork production are forecast to grow about 10 percent. Following several years of profitable returns, Spain's pork sector seems to be either willing to "ride out" the faltering prices or are forced to maintain production due to contractual agreements or other financial obligations. However, following a boost in prices during the summer months, prices are expected to drop again in the fall of 1999. Prices going into 2000 will be further hampered by an expected dramatic build-up in stocks. Given this scenario, hog numbers and pork production are forecast to decline in 2000.

Driven by the solid performance of the economy, a record numbers of tourists, and low prices in the case of pork, both pork and beef consumption are forecast to grow in 1999 and 2000.

As a result of the increase in pork and beef consumption, demand for lamb meat is declining. The sheep sector has been further adversely effected by the dry growing conditions in Spain. As a result, sheep and lamb production are forecast to decline into 2000.

Given all the EU impediments to U.S. meat exports, opportunities for U.S. exporters are severely limited. Nonetheless, U.S. tripe have a small niche market in Spain, and export levels are approaching 1,000 tons annually.

CATTLE NUMBERS

PSD Table						
Country	Spain					
Commodity	Animal Numbers, Cattle				(1000 HEAD)	
	Revised	1998	Prelim.	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Total Cattle Beg. Saks	5825	5883	5840	6065	0	6150
Dairy Cows Beg. Stocks	1279	1259	1275	1313	0	1350
Beef Cows Beg. Stocks	1657	1628	1650	1671	0	1700
Production (Calf Crop)	1780	2211	1780	2280	0	2290
Intra EC Imports	700	633	725	630	0	650
Other Imports	5	5	5	5	0	5
TOTAL Imports	705	638	730	635	0	655
TOTAL SUPPLY	8310	8732	8350	8980	0	9095
Intra EC Exports	119	120	119	139	0	144
Other Exports	1	0	1	1	0	1
TOTAL Exports	120	120	120	140	0	145
Cow Slaughter	625	625	625	630	0	660
Calf Slaughter	1200	1397	1240	1530	0	1590
Other Slaughter	475	475	475	480	0	500
Total Slaughter	2300	2497	2340	2640	0	2750
Loss	50	50	50	50	0	50
Ending Inventories	5840	6065	5840	6150	0	6150
TOTAL DISTRIBUTION	8310	8732	8350	8980	0	9095
Cal. Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Production

The 1999 forecasts for inventory numbers have been revised to reflect the Ministry of Agriculture's most recent data. These numbers indicate an increase of about 3 percent in both total cattle numbers and calf production. However, the increase stems more from improvements in collecting and reporting information on cattle numbers rather than an actual year-to-year increase in inventories. Reportedly, stricter EU requirements on animal identification and recording, as well as more rigid controls on animal movements, have resulted in more accurate reporting of animal numbers. Meanwhile, generous EU payments on both calves and cows, combined with relatively good prices, continue to provide producers with the incentive to maintain numbers. Reportedly, prices have been high enough that for some of the more efficient producers production would be viable without EU supports. Nonetheless, as a general rule, Spain's beef sector is heavily dependent on EU supports.

As part of the Agenda 2000 Reform package (See Appendix 1 for further details regarding Agenda 2000 and Spain's beef sector), in addition to the higher overall payments, an additional 110,325 young bulls will be eligible for production bonuses, and Spain's dairy production quota will be increased 550,000 tons. While these increases will be phased in over a 6 year period, their initiation should result in marginal increases in both beef and dairy cows in 2000, as reflected in the forecast in the PS&D above. Furthermore, Spain will reallocate a previously unused beef cow quota amount of 30,000 head. With expectations for continued strong prices, the slaughter rate is forecast to increase, leaving overall inventories unchanged at the end of 2000.

Trade

With Spain's beef prices relatively higher, imports are forecast to continue growing in 2000. Most of the imports are feeder calves from France, Ireland, and Germany. Imports from Portugal are banned due to the BSE situation there, and smuggling is unlikely because Portugal's cattle prices are higher than in Spain, and EU controls on animal identification and movements would make it almost impossible. Shipments of live cattle from both European Union and non-European Union countries must carry an export certificate with information on the number of animals, origin of the farm and the destination farm. These documents are also mandatory for domestic movements of animals. Regarding exports, with higher expected local inventories, exports are forecast to grow slightly in 1999 and 2000. Almost all of Spain's cattle exports go to other EU countries, primarily Portugal and Italy.

Import Trade Matrix	
Country	Spain
Commodity	Cattle
Import from:	1998
U.S.	0
Others	
EU	633183
Poland	3754
Romania	710
Total for Others	637647
Others not Listed	784
Grand Total	638431

Export Trade Matrix	
Country	Spain
Commodity	Cattle
Exports for:	1988
U.S.	0
Others	
EU	120018
Total for Others	120018
Others not Listed	220
Grand Total	120238

Prices Table			
Country	Spain		
Commodity	Animal Numbers, Cattle		
Prices in	pesetas/kilogram		
Year	1997	1998	% Change
Jan	247	257	4.0
Feb	247	249	0.8
Mar	238	246	3.4
Apr	237	241	1.7
May	238	262	10.1
Jun	233	251	7.7
Jul	230	236	2.6
Aug	229	249	8.7
Sep	253	254	0.4
Oct	236	250	5.9
Nov	242	256	5.8
Dec	245	257	4.9
Exchange Rate	161pesetas/US $		

BEEF

PSD Table						
Country	Spain					
Commodity	Meat, Beef and Veal			(1000 MT CWE)(1000 HEAD)		
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Slaughter (Reference)	2300	2497	2340	2640	0	2750
Beginning Stocks	47	47	41	30	0	0
Production	583	633	594	670	0	697
Intra EC Imports	30	52	30	40	0	40
Other Imports	15	13	10	10	0	10
TOTAL Imports	45	65	40	50	0	50
TOTAL SUPPLY	675	745	675	750	0	747
Intra EC Exports	91	104	95	120	0	110
Other Exports	16	14	16	15	0	10
TOTAL Exports	107	118	111	135	0	120
Human Dom. Consumption	513	587	515	605	0	617
Other Use, Losses	10	10	10	10	0	10
TOTAL Dom. Consumption	523	597	525	615	0	627
Ending Stocks	45	30	39	0	0	0
TOTAL DISTRIBUTION	675	745	675	750	0	747
Calendar Yr. Imp. from U.S.	0	3	0	3	0	3
Calendar Yr. Exp. to U.S.	0	0	0	0	0	0

Production

Consistent with expectations for growth in animal numbers and slaughter, beef production is forecast to grow around 6 percent in 1999 and 4 percent in 2000. The growth is expected to be driven by continued good beef prices in the midst of relatively low feed costs, resulting in continued positive returns for beef producers. While dry weather in southern Spain has tended to erode pasture availability, the GOS has provided ranchers with financial support and is considering providing more loans to ameliorate the high costs of some forages caused by the drought.

On other production matters, Spain's authorities continue to prosecute individuals involved with the distribution, sale, and use of growth promotants. One highly publicized case resulted in the arrests of 53 people in 18 different provinces in April 1999, and included veterinarians, distributors, and producers. A similar case in July 1999 has led to the arrests of 20 people and the closure of three labs that were reportedly making illegal growth promotants. Clenbutorol is commonly the drug found during these raids as well as some products that are approved for use in the U.S. This continued widespread use of illegal growth promotants, combined with a general concern about the use of artificial additives in livestock production, has resulted in a call from one of Spain's veterinary organizations that some type of prescription be required for animal health products.

On 15 May, 1999, Spain implemented its own SRM ban. The measure obligated slaughter houses to remove and destroy the spinal column, cranium, spleen, and intestines of animals imported from countries known to have BSE. Spain imports about 600,000 feeder cattle from France and Ireland, all of which would be effected by the new ruling. The meat sector reacted very negatively to the ruling, claiming that: 1) they didn't yet possess the technical capability to meet the new requirements; and 2) removing the tissue required would mean many valuable cuts would be destroyed. As a result, in late June 1999, slaughtering plants throughout Spain engaged in a strike, refusing to slaughter cattle. After meeting with the Ministries of Health and Agriculture, a compromise was reached, which allowed SRM requirements to be waived if the cattle carried a certificate indicating they were sourced from farms where no BSE had been detected. As most of the cattle already carried such documentation, the impact of the SRM ban is expected to be minimal.

Consumption

Despite the widely publicized cases of illegal hormone use and other issues regarding food safety, beef consumption in Spain continues to grow. The continued good performance of the economy and continued growth in the number of tourists visiting Spain each year are factors driving the growing demand for beef. In addition, possibly because Spain still has no reported cases of BSE, the image of beef has not been damaged to the extent as it has in other European countries.

Trade

Spain's trade in beef is expected to remain relatively insignificant in 2000. When considering the number of feeder cattle imported, Spain is a net importer of beef. Most of the trade occurs with other European countries. Spain's imports from the U.S. of beef products were limited to around 953 tons tripe in 1998. Spain imports about 10,000 tons of tripe per year, and this is about the only U.S. beef product that has any potential in Spain.

Prices Table			
Country	Spain		
Commodity	Meat, Beef and Veal		
Prices in	pesetas	per uom	kilogram
Year	1998	1999	% Change
Jan	490	515	5.10%
Feb	480	475	-1.04%
Mar	480	470	-2.08%

Apr	450	465	3.33%
May	460	450	-2.17%
Jun	455	435	-4.40%
Jul	448	445	-0.67%
Aug	445		
Sep	465		
Oct	465		
Nov	468		
Dec	490		
Exchange Rate	161pesetas/US $		

Import Trade Matrix	
Country	Spain
Commodity	Meat, Beef and Veal
Imports for:	1998
	Full
U.S.	20
Others	
EU	52200
Brasil	6051
Uruguay	4224
Total for Others	62475
Others not Listed	2801
Grand Total	65296

Export Trade Matrix	
Country	Spain
Commodity	Meat, Beef and Veal
Exports for:	1998
U.S.	20
Others	
EU	103824
Russia	8825
Saudi Arabia	1113

Andorra	1038
Total for Others	114800
Others not Listed	3350
Grand Total	118170

SWINE NUMBERS

PSD Table						
Country	Spain					
Commodity	Animal Numbers, Swine				(1000 HEAD)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
TOTAL Beginning Stocks	19269	18970	19300	21715	0	21600
Sow Beginning Stocks	2020	2040	2057	2100	0	2090
Production (Pig Crop)	32120	34659	32720	35898	0	35750
Intra EC Imports	500	1259	500	1000	0	900
Other Imports	0	2	0	2	0	2
TOTAL Imports	500	1261	500	1002	0	902
TOTAL SUPPLY	51889	54890	52520	58615	0	58252
Intra EC Exports	800	575	850	700	0	600
Other Exports	0	0	0	0	0	0
TOTAL Exports	800	575	850	700	0	600
Sow Slaughter	780	750	790	800	0	800
OTHER SLAUGHTER	30039	31450	31190	35915	0	34852
Total Slaughter	30819	32200	31980	36715	0	35652
Loss	970	400	290	400	0	400
Ending Inventories	19300	21715	19400	21600	0	21600
TOTAL DISTRIBUTION	51889	54890	52520	59415	0	58252

Production

Despite several consecutive months in early 1999 of prices below production costs, all evidence suggests that Spain's hog numbers expanded and continue to grow. The 1998 PS&D has been updated to reflect the most recent official statistics and the forecast for 1999 reflect expectations for further growth. Possibly still encouraged by the profitable prices the sector experienced prior to mid-1998, and a desire to "ride out" the downward cycle in prices, the number of sows and pig crop continue to show growth. The industry consensus is that the average number of pigs per sow per year is now around 17. In addition, the number of slaughtered animals is forecast to rise about 10 percent in 1999. This forecast is still somewhat rather conservative as other sources are expecting as much as a 13 to 15 percent increase in slaughter.

Prices for live slaughter-weight hogs reached historic lows of around 90 pesetas/kg in February of 1999, but then gradually rose to 140 pesetas/kg by April. With feed prices relatively low, production costs have been hovering around 130 pesetas/kg, so a return to positive cash flow momentarily rejuvenated the sector in May 1999. Then when the dioxin problem erupted in Belgium, Spain's pork prices spiked some 30 percent as there was speculation that Spain would need to export to other EU countries to replace the vacuum left when many EU pork products were forced to be removed from the market. By the end of June 1999, Spain's pork prices were among the highest in the EU. By mid-July 1999, however, after the impact of the dioxin situation had been absorbed by the market, and pressured by lower prices in other EU countries, prices in Spain dropped back to where they were before the scandal erupted. A boost in demand provided by tourists and hot weather tempering production should buoy prices through the rest of summer 1999, but prices are expected to decline again as winter approaches, and returns will be squeezed again going into 2000.

For 2000, given expectations for prices to decline again, and pressured by continued large supplies and low prices in other EU States, hog numbers are forecast to decline marginally. Nonetheless, hog producers remain optimistic about the long-term prospects for the sector, believing that production will be increasingly transferred from northern Europe to mainland Spain, as they feel they have a comparative advantage in hog production. Due to the dry weather and the relative large area, swine producers do not face the same environmental constraints as their northern European neighbors. In addition, Spain has better growing during most of the year and lower labor costs. Furthermore, producers feel that with a generous supply of labor and greater land area, Spain will be in a better position to adapt to any animal welfare regulations the EU may implement.

Prices Table			
Country	Spain		
Commodity	Animal Numbers, Swine		
Prices in Pesetas per Kilogram			
Year	1997	1998	% Change
Jan	173	169	-2.31%
Feb	186	182	-2.15%
Mar	197	176	-10.66%
Apr	231	170	-26.41%
May	265	168	-36.60%
Jun	229	174	-24.02%
Jul	210	162	-22.86%
Aug	217	153	-29.49%
Sep	219	125	-42.92%
Oct	187	103	-44.92%
Nov	203	90	-55.67%
Dec	169	113	-33.14%

Exchange Rate		161pesetas/US $	

Regarding animal health issues, the last outbreak of HC was reported in Sevilla in July 1998, and Spain has been declared free of HC by the European Union.

Trade

Given the significant increase in the pig crop expected, plus the relatively low prices during the first five months of the year, Spain's imports are forecast to decline in 1999. Similar forces are expected to keep imports down in 2000 as well. Spain imports are primarily 20 kg feeder pigs from Holland, France, and Germany.

Import Trade Matrix	
Country	Spain
Commodity	Animal Numbers, Swine
Imports for:	1998
	Full
U.S.	0
Others	
Holland	609153
France	361493
Germany	144044
Other EU Count.	144702
Check Republic	2082
Total for Others	1261474
Others not Listed	
Grand Total	1261474

With Spain's relatively low market prices during the first part of the year, exports are forecast to grow marginally in 1999. With a slight decline expected in total supplies, exports are forecast to decline somewhat in 2000.

Export Trade Matrix	
Country	Spain
Commodity	Animal Numbers, Swine
Exports for:	1998
	Full
U.S.	0
Others	
EU Countries	511737
Croatia	64000
Total for Others	575737
Others not Listed	

Grand Total	575737

PORK

PSD Table						
Country	Spain					
Commodity	Meat, Swine		(1000 MT CWE)(1000 HEAD)			
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Slaughter (Reference)	970	32200	290	35317	0	35132
Beginning Stocks	0	0	0	133	0	220
Production	2484	2667	2571	2925	0	2909
Intra EC Imports	40	94	30	80	0	60
Other Imports	16	9	12	11	0	10
TOTAL Imports	56	103	42	91	0	70
TOTAL SUPPLY	2540	2770	2613	3149	0	3199
Intra EC Exports	215	228	240	300	0	400
Other Exports	60	33	75	60	0	80
TOTAL Exports	275	261	315	360	0	480
Human Dom. Consumption	2260	2371	2290	2564	0	2515
Other Use, Losses	5	5	8	5	0	5
TOTAL Dom. Consumption	2265	2376	2298	2569	0	2520
Ending Stocks	0	133	0	220	0	199
TOTAL DISTRIBUTION	2540	2770	2613	3149	0	3199
Calendar Yr. Imp. from U.S.	0	0	0	1	0	0
Calendar Yr. Exp. to U.S.	0	0	0	1	0	0

Production

With the expected increase in hog numbers and slaughter, pork production is forecast to increase about 10 percent in 1999. However, due to an expected decline in numbers, production is forecast to decline in 2000 (see Hog Numbers Section).

Consumption

With relatively low pork prices, a solid economy, and thriving tourist trade, pork consumption is forecast to grow 5 percent in 1999. During the past year, there has been a slight shift in the composition of consumption, with fresh product use increasing while the demand for cured products is declining. Encouraged by the low prices of fresh ham at the end of 1998 and early 1999, Serrano ham plants dramatically increased stocks. These hams will be in the market after June 1999. As a result of this buildup in hams cured, production of Serrano ham is expected to rise from 32 million pieces in 1998 to about 40 million pieces in 1999. Stocks of frozen pork have also risen, stocks of frozen pork have also risen dramatically. The presence of these stocks is one of the factors leading to expectations for lower prices in the fall of 1999, which should curtail hog numbers and pork production in 2000.

Trade

Given expectations for the growth in domestic production and the availability of stocks, total pork imports are forecast to decline in 1999 and 2000. However, in 1999, Almost all of Spain's third country pork imports are loins from Hungary, which are imported the EU's WTO reduced-duty import commitment. In 1999, Spain has been awarded licenses to import 10,720 tons, slightly above the level of imports under this EU quota in 1998. Again, all these will be loins from Hungary.

Exports are forecast to grow in 1999 and 2000, fueled by the build-up in domestic supplies.

Import Trade Matrix	
Country	Spain
Commodity	Meat, Swine
Imports for:	1998
	Full
U.S.	165
Others	
Holland	17947
Germany	10923
Belgium	9972
France	9704
Other EU Count.	13096
Hungary	8626
Total for Others	70268
Others not Listed	373
Grand Total	70806

Export Trade Matrix	
Country	Spain
Commodity	Meat, Swine
Exports for:	1998
	Full
U.S.	0
Others	
France	75440
Portugal	70925
Other EU Count.	82016
Total for Others	228381
Others not Listed	33100
Grand Total	261481

SHEEP

PSD Table						
Country	Spain					
Commodity	Animal Numbers, Sheep				(1000 HEAD)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
TOTAL Beginning Stocks	24512	24857	24520	23751	0	23490
Ewes, Beginning Stocks	17300	17940	17400	17551	0	17070
Production (Lamb Crop)	21050	19242	21200	18824	0	18308
Intra EC Imports	570	434	560	400	0	550
Other Imports	18	4	18	4	0	4
TOTAL Imports	588	438	578	404	0	554
TOTAL SUPPLY	46150	44537	46298	42979	0	42352
Intra EC Exports	285	333	290	340	0	300
Other Exports	5	13	5	5	0	5
TOTAL Exports	290	346	295	345	0	305
Ewe Slaughter	2300	2300	2305	2400	0	2400
Lamb Slaughter	18400	17500	18538	16104	0	15907
Other Slaughter	370	370	370	370	0	370
TOTAL Slaughter	21070	20170	21213	18874	0	18677
Loss	270	270	270	270	0	270
Ending Inventories	24520	23751	24520	23490	0	23100
TOTAL DISTRIBUTION	46150	44537	46298	42979	0	42352

Production

Since November 1998, dry weather has resulted in poor pasture conditions in most sheep production areas. Meanwhile, prices for lamb have declined by about 20 percent in 1999. As a result, sheep number are forecast to fall in 1999. With continued large supplies of other meats, lamb prices are not expected to rebound, and a further drop in number is forecast for 2000.

Trade

Encourage by low prices, exports of lamb are forecast to grow in 1999, but smaller supplies are expected to cause exports to decline again in 2000. Given the market prices, live animal imports are expected to decline in 1999. For

2000, higher imports are forecast to replace some of the decline expected in domestic production.

Prices Table			
Country	Spain		
Commodity	Animal Numbers, Sheep		
Prices in	Pesetas/Kilogram		
Year	1997	1998	% Change
Jan	472	485	2.75%
Feb	481	398	-17.26%
Mar	485	387	-20.21%
Apr	445	378	-15.06%
May	405	372	-8.15%
Jun	387	411	6.20%
Jul	425	474	11.53%
Aug	465	457	-1.72%
Sep	522	445	-14.75%
Oct	542	424	-21.77%
Nov	566	432	-23.67%
Dec	540	436	-19.26%
Exchange Rate	161	Local currency/US $	

Import Trade Matrix	
Country	Spain
Commodity	Animal Numbers, Sheep
Exports for:	1998
U.S.	0
Others	
France	308019
Portugal	92473
U.K.	12611
Other EU Contr.	21137
Total for Others	434240
Others not Listed	3318
Grand Total	437558

Export Trade Matrix	Spain
Commodity	Animal Numbers, Sheep
Exports for:	1998
Italy	109111
Greek	70142
France	89147
Portugal	58146
Other EU Count.	6575
Andorra	11677
Total for Others	344798
Others not Listed	514
Grand Total	345312

MEAT, LAMB, MUTTON and GOAT

PSD Table						
Country	Spain					
Commodity	Meat, Lamb, Mutton and Goat			(1000 MT CWE)(1000 HEAD)		
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Slaughter (Reference)	370	21963	370	20674	0	20477
Beginning Stocks	0	0	0	0	0	0
Production	250	247	252	235	0	232
Intra EC Imports	6	4	6	4	0	4
Other Imports	6	6	6	6	0	6
TOTAL Imports	12	10	12	10	0	10
TOTAL SUPPLY	262	257	264	245	0	242
Intra EC Exports	18	16	18	16	0	12
Other Exports	0	0	0	0	0	0
TOTAL Exports	18	16	18	16	0	12
Human Dom. Consumption	244	241	246	229	0	230
Other Use, Losses	0	0	0	0	0	0
TOTAL Dom. Consumption	244	241	246	229	0	230
Ending Stocks	0	0	0	0	0	0

TOTAL DISTRIBUTION	262	257	264	245	0	242
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	0	4	0	0	0	0

Production

In line with expectations for animal numbers, meat production is forecast to decline in 1999 and 2000.

Consumption

Pressured by heavy supplies and relatively competitive pork prices, lamb meat consumption is forecast to decline slightly 1999 and 2000.

Trade

Import Trade Matrix	
Country	Spain
Commodity	Meat, Lamb, Mutton and Goat
Imports for:	1998
U.K.	1294
Ireland	923
Other EU Count.	1976
New Zealand	4609
Total for Others	8802
Others not Listed	1125
Grand Total	9927

Export Trade Matrix	
Country	Spain
Commodity	Meat, Lamb, Mutton and Goat
Exports for:	1998
U.S.	4
France	7097
Italy	3497
U.K.	1376
Portugal	1129
Germany	1068

Other EU Count.	1355
Total for Others	15522
Others not Listed	296
Grand Total	15822

HIDES & SKIN, BOVINE

Spain						
Hides & Skins, Bovine				(1000 MT)(1000 PCS)		
		1998		1999		2000
	Old	New	Old	New	Old	New
Beginning Stocks	0	0	0	0	0	0
Production In MT	59	62	59	66		68
Production In Pieces	2380	2497	2380	2640		2750
Intra EC Imports	40	30	40	35		35
Other Imports	48	44	46	40		40
TOTAL Imports	88	74	86	75	0	75
TOTAL SUPPLY	147	136	145	141	0	143
Intra EC Exports	33	27	35	29		29
Other Exports	2	1	2	2		2
TOTAL Exports	35	28	37	31	0	31
Domestic Consumption	112	108	108	110		112
Ending Stocks	0	0	0	0		0
TOTAL DISTRIBUTION	147	136	145	141	0	143
Calendar Yr. Imp. from U.S.		13		10		10
Calendar Yr. Exp. to U.S.						

Production

Production of hides is expected to rise again in 1999 due to higher slaughter numbers and continued firm industrial demand.

Consumption

In 1998, footwear production rose 1998 rose due to the demand generated by the good performance of Spain's economy and larger exports of foot wear. Besides foot wear, other sectors generating demand for leather products include the automotive and furniture production industries. Demand is expected to continue to growing in 1999 and

2000 as forecasts for the overall performance of Spain's economy remain bright.

Trade

With higher production, imports are forecast to remain relatively stable in 1999. U.S. exports will continue to be hindered by the strength of the dollar.

Import Trade Matrix		
Spain		MT
Hides & Skins, Bovine		
Imports for		1998
U.S.		13224
EU Countr.		28122
Russia		13518
Ukraine		4811
Other		11740
Total		71415

Spain	Hides and Skins	
Export Trade Matrix		
Exports for		1998
U.S.		0
EU Countr.		25728
Other		1492
Total		27220

TALLOW & GREASE

Spain	By-Products,Tallow & Grease				(1000 MT)	
		1998		1999		2000
	Old	New	Old	New	Old	New
Beginning Stocks	0	0	0	0		
Production	120	120	125	125		130
Intra EC Imports	105	104	105	100		100
Other Imports	30	59	70	60		60
TOTAL Imports	135	163	175	160		160
TOTAL SUPPLY	255	283	300	285	0	290
Intra EC Exports	5	2	5	5		5
Other Exports	0	0	0	0		0
TOTAL Exports	5	2	5	5		5
Domestic Consumption	250	281	295	285		285
Ending Stocks	0	0	0	0		0
TOTAL DISTRIBUTION	255	283	300	285	0	290
Calendar Yr. Imp. from U.S.	0	59	0	55		55
Calendar Yr. Exp. to U.S.	0	0	0	0		

Production

Animal by-product production is forecast to increase in line with increases in the slaughter numbers for beef and pork.

Trade

Spain	By-Products,Tallow & Grease	
Import Trade Matrix		MT
Imports for 1998		
U.S.		59371
France		53638
Holland		21280
Germany		14047
Italy		6622
Belgium		3383
Other EU		4786
Other		142
Total		163269

Spain	By-Products,Tallow & Grease
Export Trade Matrix	
Units	MT
Exports for 1998	
EU	2075
Other	0
Total	2075

Appendix 1: Agenda 2000 and Spain's Beef Sector

In addition to the measures that will effect all member States, such as the 20 percent reduction in the support price and the replacement of the intervention mechanism with a private storage system, there are several aspects of the reform package that relate to Spain specifically. Most importantly, Spain obtained an increase in the number of bulls eligible for subsidy payments and a 550,000 ton increase in its dairy quota. By 2002, when all the reforms have been fully implemented, it is estimated that the Agenda 2000 package will result in an additional 50,696 million pesetas ($327 million at current exchange rate) in EU aid for Spain's beef sector. While the ultimate impact will depend on how market prices react to the decline in the support price, the increase in support and number of animals eligible for support should provide cattle producers with the incentive to expand production. The table below outlines how the changes in the EU's support scheme relate to Spain. The subsidy/animal is reported in pesetas.

	Current System		Agenda 2000 Provisions	
	Quota	Subsidy/Animal	Quota	Subsidy/Animal
Beef Cows	1,462,527	24,109	1,441,539	33,277*
Bulls	603,674	22,462	713,999	34,941
Steers	2,300	18,086	2,300	24,958
Slaughter Premium (Beef)	—	—	1,980,000	13,311
Slaughter Premium (Veal)	—	—	25,300	8,319

*In addition, producers in Spain are eligible for an additional "complementary" aid of 8,319 pesetas/head.

The increase in subsidies will be gradually phased in three steps from 2000 to 2002. Heifers over 8 months of age are now eligible for the beef cow subsidy, but the number of heifers receiving payments cannot be more than 20 percent of the total number of beef cows for which payments are made. The age of bulls eligible for payments was reduced from 10 to 9 months. Payments for steers can only be made twine during the life of the steer. The slaughter premiums are a new part of the EU's support system, and bulls, cows, and heifers are eligible under the beef scheme, while calves from 1 to 7 months of age are eligible under the veal system.

Regarding payments for cattle on pasture, Spain can opt for one of two systems. The first would allow for a payment of 16,638 pesetas/head on area with less than a 1.4 animal unit carrying capacity. The second provides for a payment of 13,311 pesetas/head for areas less than a 1.4 animal unit carrying capacity, and 6,655 pesetas/head on area with a carrying capacity between 1.4 and 1.8. These payments will be greater than those under the current system, which allowed for only 5,990 to 8,652 pesetas/head on area with between a 1.4 and 1 animal unit carrying capacity.