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Spain

Planting Seeds

Planting Seed Market in Spain

1998

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Report Highlights:
Unfavorable weather and isntitutional production limitations reduced area planted to many crops in 1998. Nontheless, continued marketing opportunities exist for U.S. seed for those field crops where farmers generally use certified seed. In addition, Spain's growing importance in exporting vegetables to the EU continues to generate demand for these types of seeds.

Includes PSD changes: No
Includes Trade Matrix: No
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GENERAL SUMMARY

Unfavorable weather caused area planted to winter grains to decline to 5.9 million HA this year, a 6 percent decline from 1997. Production or area quota limitations and penalties associated with their overshooting led to significant declines in areas planted to corn, cotton and pulses, or prevented expansion in the area of certain crops such as rice. The sunflowerseed area increased 5 percent and areas planted to vegetables remained rather stagnant from 1997.

Although affected by reductions in crop areas this year, marketing opportunities for U.S. seed exist for those field crops in which farmers generally use certified seed, e.g. corn, sunflowerseed, cotton, rice , forage and pasture seeds as well as for vegetable seeds. New marketing opportunities have been also created for a couple of Novartis' BT-corn varieties that the Government of Spain has recently approved for planting in Spain.

These cuts in planting may reduce the value of total seed imports into Spain this year from 1997 when they amounted to $142 million, of which $21 million were U.S. origin.

Total corn seed imports in 1997 decreased 6.5 percent to $27.4 million, and U.S. corn seed imports rebounded to $8.2 million from the abnormal low level of $4.9 million of the preceding year.

Total sunflowerseed imports declined by 8 percent to about $7.2 million and so did U.S. sunflowerseed imports when they declined from $2.4 million in 1996 to nearly $2.0 last year.

U.S. cotton seed imports fell to $1.2 million last year from $2.1 million in 1996. U.S. rice seed imports were zero in 1995, $184,000 in 1996 and $24,000 last year.

Spain imported nearly $13 million worth of pulse seeds last year, primarily pea seed and bean seed. U.S. pulse seed imports were 21 percent up to $1.7 million. Canada and other EU members were the main competing countries for U.S. pea and bean seeds, respectively. While the total value of Spanish imports of forage and pasture seed in 1997 rose to $4 million, almost doubling the figure from year earlier levels, U.S. imports of forage and pasture seed rose 25 percent to about $1 million.

The value of Spanish imports of vegetable seeds in 1997 rose to nearly $64 million, $3 million more than in 1996 and $6 million more than in 1995. U.S. vegetable seed exports to Spain last year remained practically unchanged at about $6.2 million in 1996.

MARKETING

Marketing Development Opportunities

Marketing opportunities for U.S. seed exist for those field crops in which farmers generally use certified seed, e.g. corn, sunflowerseed, cotton , rice, forage and pasture seeds. Corn seed is Spain's leading U.S. seed import because long-cycle corn seed types similar to those available in the U.S. are used by Spanish farmers.

The use of certified seed is mandatory for certain crops such as sunflowerseed, flax and durum. In the case of durum, however, sufficient domestic production gives limited marketing opportunities for U.S. seed, except in years of shortfalls. For other winter grains, marketing opportunities are also limited due to abundant domestic and EU supplies, coupled with the fact that farmers' use of certified seed is small (about 20 percent for total winter grains and as low as 10 percent for barley, the leading Spanish winter grain crop). Lower crop revenues over much of Spain where poor land and limited rainfall prevail make the use of a quality seed too costly for farmers; farm-saved seeds and other non-certified seeds are used in place of certified seeds. Moreover, dryness in these areas generally favors the use of farm saved seeds.

Increased marketing opportunities are being created in Spain for U.S. vegetable seeds, especially tomato, pepper, lettuce, melon and watermelon seed. Spain's competitive position within the EU is leading to growing exports of these products to the rest of the EU. However, Spain is facing growing competition in horticultural seed markets, mainly from other EU countries, but also from Israel and increasingly from low-wage areas of the world, such as Southeast Asia.

New marketing opportunities have been created for the GMO varieties that the Spanish Government has approved. In late March 1998 approval was granted for the two first GMO varieties in Spain - the two Novartis' BT-corn varieties, 950242 COMPA CB and 950243 JORDI CB- which are now listed in the Spanish Commercial Seed Variety Register.

Marketing Channels and Facilities
Unchanged (see report SP4044)

Competitor Activities
Unchanged (see report SP4044)

Outlook

Assuming the current moisture conditions continue, the demand for U.S. planting seed in next few years should remain at about the last year's level. Demand for field crop seeds, pulse and forage and pasture seeds should remain stable as most of these crops are contingent upon acreage quotas (see section for policy). Demand for U.S. vegetable seeds may remain stagnant or even grow as a result of a continued expansion in export demand for certain vegetables.

POLICY

General Agricultural Policy

Most field crops in Spain are subject to CAP acreage or production quotas. Below are the acreage quota data for the 1998/99 MY.

	Hectares	
GRAINS, OILSEEDS AND PROTEIN CROPS		
-Non-irrigated crops	7,848,600	
-Irrigated corn	403,400	
-Other irrigated crops	967,700	
-Total	9,219,700	(1)
Of which: - Oilseeds:	1,168,000	(2)
- Durum wheat:	570,000	
Cotton	80,000	(3)
Flax	150,000	
Rice	105,000	
Sugar beets	170,000	(3)
Tobacco	16,000	(3)
Lentils, garbanzos and vetches	400,000	(4)
Alfalfa	250,000	(3)
Processing Tomatoes	27,000	(3)

(1) This area must be reduced by the rate of rotational set-aside fixed each year (5 percent in 1998/99 and 10 percent in 1999/2000 as proposed).

(2) As agreed upon the Blair House Accord, with a minimum 10 percent set-aside rate, which restricts the area planted to oilseeds in Spain to about 1 million hectares beginning in 1994.

(3) Area estimates based on production quotas.

(4) This is an EU-wide area quota which is mostly applied in Spain.

Area planted to winter grains in 1998 is estimated at about 5.9 million HA, a 6 percent decline from 1997. The decline was mainly in the area planted to wheat because excessive rains in the last part of the year impeded planting. Although abundant irrigation water is once again available this year, planting of main irrigated crops such corn and cotton declined . Thus, the area planted to corn declined 7 percent to 452,000 HA as a result of penalties for overshooting the area limit last year and reduced corn market prices. The area planted to cotton declined by 10 percent to 102,000 HA, and the area planted to rice remained stagnant at about 113,000 HA due also to quota limitations and penalties applied from year earlier overshooting of the cotton area.

Fueled by this year's high market prices, area planted to sunflowerseed rose 5 percent to 1.05 million HA. After a peak in 1996, the area planted to pulses and other crops such as vetches, have declined due also to penalties associated with overshooting area quotas.

With the exception of processing tomatoes, vegetable production in Spain is free from area or production quotas. Areas planted to vegetable crops remained rather stagnant in 1998 from year earlier levels, with the exception of significant increases in planting of melons, cauliflowers, tomatoes and strawberries, and significant reductions in areas planted to peppers, onions and watermelons.

Area planted to vegetables in 1998 was as follows:

	Hectares (HA)		**Hectares (HA)**
Tomatoes	57,000	**Cabbage**	11,000
Peppers	23,000	**Cauliflowers**	17,000
Onions	25,000	**Lettuces**	35,000
Melons	45,000	**Asparagus**	19,000
Watermelons	21,000	**Green beans**	23,000
Strawberries	9,000	**Green peas**	10,000
Garlic	26,000	**G. broad beans**	8,000
Artichokes	20,000		

Planting Seed Production Policy

Over the last 10 years, domestic seed production has been rather stable at about 300,000 tons. However, production of the most important field crop seeds, such as corn, oilseeds and sugar beet, have declined notably due to inducement of the PAC reform of 1992 of low input usage including certified seed. In addition, the decline is due to an increased utilization of hybrids or new seed technologies that have led to lower seeding rates in some crops such as sunflowerseed and sugar beets.

The decline in the production of major field crop seed has been offset by an increased production of durum wheat seed beginning with the 1994/95 when the use of certified durum seed became virtually mandatory. Much less significantly, however, as a result of increased production of certain seed types such as rice, vecth, alfalfa, Italian ray-grass and flax, which receive production subsidies as well as of increased production of some seed kinds such as proteageous peas, garbanzos and rapeseed.

(see also report SP4044)

Plant Health
Unchanged (see report SP4044)

Seed Certification
Unchanged (see report SP4044)

Plant Variety Protection
Unchanged (see report SP4044)

Variety Approval

To market a variety in Spain, it must be registered in either the EU catalogs - agricultural and vegetable plants- or in the Spanish Commercial Variety Register. The latter is, however, required for producing a variety in Spain.

During two or three years, trials for variety approval, including identity tests and agronomical value, are conducted in the autonomous regions, who must inform the central government of their research. These trials are not required, however, for certain species such as vegetables, nursery plants and turf. The results are reviewed by a National Committee, and if the approval is granted, the variety in question is subsequently listed in the Register

In the case of GMO varieties, the trial results are reviewed by the National Biosafety Committee, which reports either to the Minister of Agriculture or to a special inter-ministerial committee for national approval, before sending it to Brussels for EU review.

Tariffs Changes

As part of the Uruguay Round agreement, the EU is currently phasing down import duties on agricultural products by an overall rate of 36 percent over a 6-year period that began on July 1, 1995. The previous rates and the final rates which will be applied on seed imports at the end of the reduction period are as follows:

Before		
	July 1, 1995	**July 1, 2000**
Seed kind	**Percent**	**Percent**
Hybrid corn	free	free
Hybrid sorghum	10	6.4
Rice	12	7.7
Soybean, sunflower, cotton	free	free
Alfalfa	5	2.5
Meadow and red fescue	4	free
Other fescues	5	2.5
Vetch	4	free
Clover	4	free
Rye grass and Timothy grass	4	free
Kentucky blue grass	4	free
Sugar beet and other beet	13	8.3
Edible bean, pea, and chickpea	3	free
Edible lentil	2	free
Vegetable	7	4
Flower	6	3

Below are current import duties on certain grains which are also being phased down

	(ECUS/metric ton)
Wheat	113.0
Barley	110.3
Non-hybrid corn and sorghum	111.7

Non-Tariff Barriers

Unchanged (see report SP4044)

Export Subsidies
No export subsidies are available

Export restrictions
None

TRADE

General

The value of total seed imports into Spain in l997 amounted to $142 million, of which $21 million were U.S. origin.

Total corn seed imports in 1997 decreased 6.5 percent to $27.4 million, and U.S. corn seed imports rebounded to $8.2 million from the abnormal low level of $4.9 million of the preceding year.

Total sunflowerseed imports declined by 8 percent to about $7.2 million and so did U.S. sunflowerseed imports when they declined from $2.4 million in 1996 to nearly $2.0 last year.

U.S. cotton seed imports fell to $1.2 million last year from $2.1 million in 1996. U.S. rice seed imports were zero in 1995, $184,000 in 1996 and $24,000 last year.

The value of Spain's wheat seed imports, other than durum wheat seed, recovered from year earlier low level of $6.7 million to nearly $17 million in 1997. These wheat seed imports were sourced in other EU countries in both years.

While the total value of Spanish imports of forage and pasture seed in 1997 rose to $4 million, almost doubling the figure from year earlier levels, U.S. imports of forage and pasture seed rose 25 percent to about $1 million.

Spain imported nearly $13 million worth of pulse seeds last year, primarily pea seed and bean seed. U.S. pulse seed imports were 21 percent up to $1.7 million. Canada and other EU members were the main competing countries for U.S. pea and bean seeds, respectively.

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Market share

Below is an estimate of country shares of the Spanish domestic market by major seed types in marketing year 1997/98.

	Winter Grains	Corn	Rice	Sunflowerseed	Soybean	Rapeseed
Market size (tons)	275,000	10,100	16,000	6,000	700	500
Market shares (%)						
***The U.S.**	-	40	-	9	20	-
***EU**	32	40	16	14	5	30
***Dom. Production**	68	15	84	70	60	70

	Cotton	Pulses	Forage and Pasture	Vegetables	TOTAL SEEDS
Market size (tons)	3,500	30,000	28,000	5,000	374,800
Market shares (%)					
***The U.S.**	30	6	2	2	2
***EU**	-	5	25	60	30
*** Dom. Production**	70	70	70	30	66

Trade Matrices

GRAIN AND OILSEEDS					
	EXPORTS			IMPORTS	
	Kilograms	$ U.S.		Kilograms	$ U.S.
Wheat seed (HT 1001.90.91)					
The U.S.	0	0	The U.S.	0	0
EU	3,697,000	1,030,000	EU	92,584,000	16,740,000
Andorra	0	0			
Others	0	0	Others	0	0
Total	3,697,000	1,030,000	Total	92,584,000	16,740,000
Simple hybrid corn seed (HT 1005.10.15)					
The U.S.	0	0	The U.S.	5,179,000	8,037,000
EU	1,309,000	3,881,000	EU	6,630,000	10,885,000
Israel	7,000	18,000	Turkey	702,000	1,076,000
S. Arabia	4,000	8,000	Hungary	298,000	492,000
			Romania	250,000	263,000
			Canada	70,000	148,000
			Croatia	24,000	34,000
Others	0	0	Others	0	0
Total	1,320,000	3,907,000	Total	13,153,000	20,935,000
Other corn seed (HT 1005.10.11/13/19/90)					
The U.S.	10,000	20,000	The U.S.	80,000	205,000
EU	6,996,000	1,917,000	EU	23,275,000	6,263,000
Andorra	6,000	7,000			
Others	8,000	1,000	Others	0	0
Total	7,020,000	1,945,000	Total	23,355,000	6,468,000
Rice seed (HT 1006.10.10)					
The U.S.	0	0	The U.S.	38,000	24,000
EU	75,000	62,000	EU	2,615,000	1,479,000
Others	0	0	Others	0	0
Total	75,000	62,000	Total	2,653,000	1,503,000
Soybean seed (HT 1201.00.10)					
The U.S.	0	0	The U.S.	171,000	167,000
EU	469,000	108,000	EU	37,000	31,000
			Turkey	78,000	52,000
Others	0	0	Others	0	0
Total	469,000	108,000	Total	286,000	250,000

	EXPORTS Kilograms	EXPORTS $ U.S.		IMPORTS Kilograms	IMPORTS $ U.S.
Sunflowerseed (HT 1206.00.10)					
The U.S.	0	0	**The U.S.**	538,000	1,995,000
EU	794,000	3,486,000	**EU**	815,000	3,698,000
Romania	13,000	40,000	**Turkey**	304,000	942,000
Ukraine	1,000	8,000	**Bulgaria**	90,000	53,000
Mauritania	1,000	5,000	**Romania**	100,000	325,000
Morocco	64,000	205,000	**Israel**	1,000	7,000
Argentina	50,000	219,000	**Indonesia**	6,000	20,000
Chile	1000	19000	**Australia**	35,000	129,000
Others	0	6,000	**Others**	0	0
Total	924,000	3,988,000	**Total**	1,889,000	7,169,000
Cotton seed (HT 1207.20.10)					
The U.S.	0	0	**The U.S.**	942,000	1,222,000
EU	599,000	664,000	**EU**	1,000	2,000
			Turkey	64,000	69,000
Others	0	0	**Others**	0	0
Total	599,000	664,000	**Total**	1,007,000	1,293,000
PULSES					
Pea seeds (HT 0713.10.10)					
The U.S.	0	0	**The U.S.**	481,000	501,000
EU	31,000	29,000	**EU**	800,000	837,000
Morocco	21,000	27,000	**Canada**	32,424,000	6,849,000
Argentina	12,000	13,000	**Ukraine**	3,998,000	863,000
Lebanon	4,000	5,000	**N. Zealand**	114,000	77,000
Chile	1,000	1,000	**Hungary**	33,000	20,000
Others	0	0	**Others**	0	0
Total	69,000	75,000	**Total**	37,850,000	9,147,000
Garbanzo seeds (HT 0713.2010)					
The U.S.	0	0	**The U.S.**	0	0
EU	62,000	55,000	**EU**	30,000	27,000
Others	0	0	**Others**	0	0
Total	62,000	55,000	**Total**	30,000	27,000

	EXPORTS			IMPORTS	
	Kilograms	$ U.S.		Kilograms	$ U.S.
Bean seeds (HT 0713.31.10/32.10/33.10/39.10)					
The U.S.	18,000	50,000	**The U.S.**	543,000	1,226,000
EU	216,000	486,000	**EU**	587,000	2,321,000
Lebanon	5,000	16,000	**Chile**	26,000	57,000
Argentina	1,000	4,000	**Tanzania**	86,000	137,000
			Morocco	1,000	2,000
			Zimbabwe	7,000	8,000
Others	0	1,000	**Others**	0	0
Total	240,000	557,000	**Total**	1,250,000	3,751,000
Lentil seeds (HT 0713.40.10)					
The U.S.	0	0	**The U.S.**	0	0
EU	0	0	**EU**	0	6,000
Others	0	0	**Others**	0	0
Total	0	0	**Total**	0	6,000
Horse bean seeds (HT 0713.50.10/90.10)					
The U.S.	0	0	**The U.S.**	0	0
EU	12,000	12,000	**EU**	3,000	13,000
			Australia	10,000	9,000
Others	0	0	**Others**	0	0
Total	12,000	12,000	**Total**	13,000	22,000

FORAGE SEEDS

	EXPORTS			IMPORTS	
	Kilograms	**$ U.S.**		**Kilograms**	**$ U.S.**
Alfalfa seed (HT 1209. 21.00)					
The U.S.	0	0	**The U.S.**	65,000	270,000
EU	14,575,000	1,830,000	**EU**	5,385,000	3,489,000
Mexico	53,000	211,000	**Australia**	253,000	753,000
Switzer.	58,000	10,000			
Hungary	1,000	2,000			
Others	0	0	**Others**	0	1,000
Total	14,687,000	2,053,000	**Total**	5,703,000	4,513,000
Clover seed (HT 1209.22.00)					
The U.S.	0	0	**The U.S.**	26,000	106,000
EU	16,000	49,000	**EU**	864,000	576,000
Morocco	1,000	19,000	**Canada**	0	0
			Australia	36,000	94,000
			N. Zealand	53,000	168,000
Others	0	1,000	**Others**	0	0
Total	17,000	69,000	**Total**	979,000	944,000
Fescue seed (HT 1209.23)					
The U.S.	0	0	**The U.S.**	322,000	602,000
EU	77,000	183,000	**EU**	738,000	1,270,000
Cyprus	6,000	17,000	**Canada**	174,000	258,000
			Australia	6,000	15,000
Others	0	0	**Others**	0	0
Total	83,000	200,000	**Total**	1,240,000	2,145,000

VEGETABLE SEEDS (HT 1209.91)

	EXPORTS			IMPORTS	
	Kilograms	**$ U.S.**		**Kilograms**	**$ U.S.**
The U.S.	1,000	31,000	**The U.S.**	96,000	6,149,000
EU	369,000	6,946,000	**EU**	1,793,000	46,128,000
Morocco	82,000	194,000	**Israel**	3,000	10,102,000
Japan	57,000	83,000	**Japan**	7,000	753,000
Argentina	2,000	77,000	**China**		13,000
Lebanon	3,000	26,000	**Thailand**		56,000
Uruguay	1,000	5,000	**S. Korea**	3,000	234,000
Chile	1,000	27,000	**Taiwan**		69,000
			Morocco	3,000	185,000
			Chile	3,000	209,000
			Mexico		5,000
			Costa		6,000
			Australia	1,000	22,000
Others	0	441,000	**Others**	0	0
Total	516,000	7,830,000	**Total**	1,909,000	63,931,000

Flower seed (HT 1209.30 and 1209.99.91)

The U.S.	0	0	**The U.S.**		101,000
EU	4,000	166,000	**EU**	43,000	2,531,000
Argentina	1,000	40,000	**Switzerlan**		45,000
Uruguay	1,000	15,000	**Israel**		6,000
Serbia & M	1,000	10,000	**Tai-wan**		1,000
Peru		3,000	**Australia**		2,000
Chile		14,000			
Lebanon		3000			
Others	0	5,000	**Others**	0	0
Total	7,000	253,000	**Total**	43,000	2,686,000