Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Scheduled Report - public distribution

Date: 8/5/1999

GAIN Report #SP9049

Spain

Planting Seeds

1999

Prepared by:
Office for Agricultural Affairs
U.S. Embassy
Drafted by: Diego Perez de Ascanio

Report Highlights:

Drought coupled with institutional production limitations have again reduced the area planted to many field crops in 1999. Unlike 1998, however, U.S. seed imports into Spain are expected to decline from year earlier levels. Anti-GMO sentiment and the recent EU moratorium on the approval of GMO-crops have prevented the expansion of the market for GMO seeds in Spain. Nonetheless, continued marketing opportunities exist for many field crops as well as for vegetable seeds.

Includes PSD changes: No
Includes Trade Matrix: No
Annual Report
Madrid [SP1], SP

Executive Summary

Area planted to winter grains in 1999 increased slightly to 6.1 million HA from year earlier levels. Drought, however, has caused planting of other crops such as corn, sorghum, sunflowerseed and pulses to decline significantly. Cotton planting, however, rebounded, and the area planted to vegetables appears to remain practically stable.

In line with the cut in planting in 1998, the total value of seed imports into Spain last year declined slightly to about $140 million. U.S. seed imports, however, rose to $24 million, $3 million more than in 1997.

Total corn seed imports in 1998, however, increased 26 percent to $34.6 million, and U.S. corn seed imports continued to rebound to $10 million from the abnormal low level of $4.9 million of two years earlier. Total sunflowerseed imports have continued to decline, falling 29 percent to about $5.1 million and so has U.S. sunflowerseed imports as they declined from $2.0 million in 1997 to nearly $0.7 last year. U.S. cotton seed imports rebounded to $2.4 million last year from $1.2 million in 1997 and so did U.S. rice seed imports when they rebounded to $115,000 last year from $24,000 in 1997.

With a significant decline from year earlier levels, Spain imported nearly $8 million worth of pulse seeds last year, primarily pea seed and bean seed. U.S. pulse seed imports rose dramatically last year to $2.5 million due to a surge in U.S. pea seed imports. The upward trend in imports of forage seed from all sources as well as from the U.S. continued last year when they rose to $6.5 and $1.3 million, respectively.

The value of Spanish imports of vegetable seeds in 1998 rose once again to about $75 million, $11 million more than in 1997. U.S. vegetable seed exports to Spain also rose last year to about $6.9 million.

Last year, two Bt-corn varieties received approval in Spain, leading Spain to have about 22,000 hectares planted to these two new varieties this year, the largest area planted to GMO crops in the entire EU. The area planted to Bt-corn in Spain, however, could have been significantly larger were it not for growing demands from processors and feed compounders for GMO-free supplies. In addition, with the moratorium recently adopted by the EU, the approval process that is currently being conducted in Spain for other GMO varieties, such as soybean and cotton has been stopped.

Marketing opportunities for U.S. seed exist for those field crops for which farmers generally use certified seed, e.g. corn, sunflowerseed, sorghum, cotton, rice, forage and pasture seeds as well as for vegetable seeds. New marketing opportunities have been also created for the couple Bt-corn varieties that got approval for planting in Spain. The recent reform of the EU PAC may significantly curtail the market for sunflowerseed in Spain as there is expected an important reduction in the area planted to this crop.

A new plant protection law is being passed in Spain which will enhance breeders' rights and will provide more cooperation with foreign countries.

PRODUCTION

Agricultural Production

Most field crops in Spain are subject to CAP acreage or production limitation, as follows:

	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, which has been fixed at 10 percent each year through the 2006.

(2) As agreed in 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. Although this acreage limitation is expected to be removed beginning in 2002, sunflowerseed planting in Spain may decline significantly due to the lower support under Agenda 2000.

(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 1999 is estimated at about 6.1 million HA, a 2 percent increase from 1998. Although abundant irrigation water is again available this year, planting of irrigated corn declined once again to 396,000 HA (a 13 percent decline from 1998) as a result of penalties for overshooting the area limit last year and reduced corn market prices. The area planted to sorghum also declined to about 10,000 hectares, representing a 25 percent reduction from 1998. The area planted to cotton, however, rebounded to 109,000 HA, a 12 percent increase from 1998. Dryness also caused the area planted to sunflowerseed to decline significantly to 874,000 HA, a 15 percent decrease from 1998. Pulse planting was also reduced this year due to dryness.

With the exception of processing tomatoes, vegetable production in Spain is free from area or production quotas. As shown in the table below, areas planted to vegetable crops has continued to remain rather stagnant in 1999, with the exception of significant increases in planting of strawberries, melons and cauliflowers and significant reductions in areas planted to watermelons and artichokes.

	1998	1999		1998	1999
	Hectares (HA)			Hectares (HA)	
Tomatoes, total	60,500	59,300	**Artichokes**	19,700	18,100
Tomatoes for proc.	24,700	25,000	**Cabbage**	11,900	n/a
Peppers	22,600	22,400	**Cauliflowers**	17,400	19,300
Onions	24,400	23,900	**Lettuces**	37,300	n/a
Melons	43,100	44,600	**Asparagus**	16,800	n/a
Watermelons	21,600	19,400	**Green beans**	22,100	20,800
Strawberries	8,300	9,700	**Green peas**	10,400	10,000
Garlic	24,400	24,900	**G. broad beans**	7,900	7,700

Planting Seed Production

As shown in the table below, domestic seed production in the MY 1997/98 amounted to about 294,000 tons, representing a 9 percent decline from year earlier levels.

Seed type	1996/97	1997/98
	Metric Tons	
Winter grains	233,695	211,484
Corn and sorghum	4,412	3,810
Oilseed and fibers	9,196	11,778
Sugar beet	391	372
Forage and feed legumes	20,741	18,428
Vegetable and pulses	287	537
Potato	53,950	47,990
Total	322,672	294,399

Production of vegetable and pulse seeds for human consumption experienced the largest increase, almost doubling the figure of the preceding year. Flaxseed accounted for the increase in the oilseeds and fiber category. The decline in the corn and sorghum category is due largely to a current downward trend in corn planting.

Domestic seed production has been rather stable over the past several years at about 300,000 metric tons. Crop limitations such as area or production quotas are the main factor behind the stabilization. In addition, the new CAP reformed in 1992, calling for the extensification of many crops, has induced low input usage including certified seed. However, production of certain species has increased because the new CAP requires the use of certified seed or minimum seeding rates for certain crops such as durum wheat, sunflowerseed and flaxseed.

In addition, the stabilization 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.

On the other hand, production of certain seed species which receive EU production subsidies such as rice, vetch, alfalfa, Italian rye-grass and flax has increased , and so has done some other species such as proteageous peas, garbanzos and rapeseed due to stronger demand.

(see also report SP4044)

Plant Health
Unchanged (see report SP4044)

Seed Certification
Unchanged (see report SP4044)

Plant Variety Protection

A new plant protection law is being passed in Spain. Harmonization with the UE legislation, the new International Union for the Protection of New Varieties of Seeds (UPOV) rules, as well as recent advances in plant bioengineering, make it necessary to change the current Spanish plant protection legislation.

The new law calls for the enhancement of breeders' rights. They will be better protected, and the protection period will be extended to 25 years, 5 years more than currently. Farm saved seed is more clearly defined, especially for those species such as forage, grain, potato, vegetable, oilseeds and fiber plant seeds for which farmers normally reutilized the seed produced from their crops. The new law also calls for more cooperation with other countries regarding their plant protection systems.

Variety Approval

To market a seed 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.

Trials over a two to three year period for variety approval, including identity tests and agronomical value, are conducted in the autonomous regions, which 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.

Genetically Modified Organisms (GMOs)/Biotechnology

In late March 1998, the Spanish Government granted approval for two GMO seed 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. With a 10 percent increase over last year, the area planted to these two varieties is estimated at 22,000 hectares this year, representing about 5 percent of the current corn crop. It also represents the largest area planted to GMO crops in the entire EU. Earlier in the year, however, it was expected that the area seeded to Bt-corn would be significantly greater, but increasing demands from food processors and feed compounders for GMO-free supplies apparently prevented a more broad adoption of the new varieties.

Other GMO varieties such as soybean and cotton are being tested for approval in Spain. However, the EU has recently agreed to establish a moratorium in the approval of new GMO crops. Absence of a more strict and transparent legal framework with respect to critical issues such as risk evaluation, control and labeling was the argument used to justify such a moratorium, which is expected to be extended for a period up to two years.

In May 1997, the EU's Novel Foods Regulation went into force which called for labeling of products derived from GMOs. However, this regulation is ambiguous and is proving to be very difficult to implement as written. Given the ambiguity of the Novel Food Regulation, and in the face of growing demands from consumer groups for labeling of products derived from transgenic raw materials, end-users are increasingly demanding GMO-free raw materials. Nestle-Spain, Burger King, as well as Pryca and Alcampo (two major supermarket chains) are among the large food distributors requesting product free from transgenic material. To post's knowledge, Nabisco is the only company here regularly labeling food products, with a label saying "produced from genetically modified corn" on some of its cookie and snack food products.

TRADE

General

The value of total seed imports into Spain in l998 amounted to $140 million, $2 million less than year earlier levels. U.S. seed imports into Spain amounted to $24 million, $3 million more than in 1997.

Total corn seed imports in 1998 rose 26 percent to $34.6 million, and U.S. corn seed imports continued to grow to $10 million from the abnormal low level of $4.9 million of two years earlier.

A declining trend in sunflowerseed imports persisted last year, when imports from all sources declined by 29 percent to about $5.1 million, and U.S. sunflowerseed imports declined from $2.0 million in 1997 to nearly $0.7 last year.

U.S. cotton seed imports rebounded to $2.4 million last year from $1.2 million in 1997 and so did U.S. rice seed imports when they rebounded $115,000 last year from $24,000 in 1997.

The value of Spain's wheat seed imports, other than durum wheat seed, which peaked in 1997 to nearly $17

million, fell back in 1998 to the low level of $6.7 million of two years earlier. As in previous years, wheat seed imports were sourced in other EU countries.

Spanish imports of pulse seeds, which are primarily of pea and bean seeds, declined to nearly $8 million from nearly $13 million in 1997. Due to an impressive increase in U.S. pea imports which almost tripled, U.S. pulse seed imports continued to grow from $1.7 million in 1997 to about $2.5 million last year. While Canada and Ukraine were the main competing countries for U.S. pea seed, other EU members continued to be the main competing countries for U.S. bean seeds last year.

The upward trend of the total value of Spanish imports of forage and pasture seed remained last year when they rose to $6.5 million, $2.5 million more than in 1997. U.S. imports of forage and pasture seed also rose once again to $1.3 million from $1 million in the preceding year.

The value of Spanish imports of vegetable seeds in 1998 rose once again to about $75 million, $11 million more than in 1997 and $17 million more than in 1996. U.S. vegetable seed exports to Spain also rose from about $6.2 million in 1997 to nearly $6.9 million last year. Other horticultural seed types like flower seeds, however, declined dramatically last year, from all sources as well as from the U.S.

TRADE MATRICES, CY 1998

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	2,336,000	580,000	EU	40,246,000	6,689,000
			Mexico	1,000	2,000
Others	0	0	Others	0	0
Total	2,336,000	580,000	Total	40,247,000	6,691,000
Simple hybrid corn seed (HT 1005.10.15)					
The U.S.	0	0	The U.S.	5,392,000	9,876,000
EU	1,716,000	5,358,000	EU	8,614,000	14,571,000
Israel	12,000	33,000	Turkey	401,000	459,000
Morocco	9,000	20,000	Hungary	246,000	552,000
			Romania	149,000	170,000
			Canada	721,000	1,685,000
Others	0	0	Others	0	0
Total	1,737,000	5,411,000	Total	15,523,000	27,313,000
Other corn seed (HT 1005.10.11/13/19/90)					
The U.S.	0	0	The U.S.	72,000	124,000
EU	9,849,000	2,210,000	EU	32,336,000	7,032,000
Andorra	9,000	4,000	Argentina	33,000	101,000
Turkey	19,000	10,000			
Others	0	0	Others	0	0
Total	9,877,000	2,224,000	Total	32,441,000	7,257,000

	EXPORTS			IMPORTS	
	Kilograms	$ U.S.		Kilograms	$ U.S.
Rice seed (HT 1006.10.10)					
The U.S.	0	0	The U.S.	171,000	115,000
EU	671,000	337,000	EU	1,442,000	797,000
Others	0	0	Others	0	0
Total	671,000	337,000	Total	1,613,000	912,000
Soybean seed (HT 1201.00.10)					
The U.S.	0	0	The U.S.	286,000	237,000
EU	8,000	2,000	EU	20,000	13,000
			Turkey	152,000	94,000
Others	0	0	Others	0	0
Total	8,000	2,000	Total	458,000	344,000
Sunflowerseed (HT 1206.00.10)					
The U.S.	5,000	14,000	The U.S.	201,000	722,000
EU	1,182,000	4,669,000	EU	937,000	3,591,000
Romania	148,000	348,000	Turkey	89,000	383,000
Ukraine	115,000	466,000	Argentina	35,000	132,000
Morocco	77,000	201,000	Romania	55,000	206,000
Argentina	25,000	180,000	Hungary	21,000	49,000
Hungary	10,000	22,000	Bulgaria	2,000	2,000
Peru	4,000	21,000	Chile	1000	5000
Others	1,000	43,000	Others	0	0
Total	1,567,000	5,964,000	Total	1,341,000	5,090,000
Cotton seed (HT 1207.20.10)					
The U.S.	0	0	The U.S.	1,426,000	2,377,000
EU	564,000	230,000	EU	0	0
Turkey	120,000	129,000	Turkey	41,000	39,000
			Israel	25,000	37,000
Others	0	0	Others	0	0
Total	684,000	359,000	Total	1,492,000	2,453,000

PULSE SEEDS

	EXPORTS			IMPORTS	
	Kilograms	$ U.S.		Kilograms	$ U.S.
Pea seeds (HT 0713.10.10)					
The U.S.	0	0	The U.S.	1,433,000	1,424,000
EU	60,000	64,000	EU	511,000	547,000
Morocco	2,000	2,000	Canada	11,992,000	1,809,000
Argentina	16,000	17,000	Ukraine	6,956,000	967,000
Lebanon	2,000	2,000	N. Zealand	120,000	83,000
Chile	1,000	1,000	Hungary	23,000	11,000
Turkey	2,000	2,000			
Others	0	0	Others	0	0
Total	83,000	88,000	Total	21,035,000	4,841,000
Garbanzo seeds (HT 0713.2010)					
Total	0	0	Total	0	0
Bean seeds (HT 0713.31.10/32.10/33.10/39.10)					
The U.S.	5,000	11,000	The U.S.	545,000	1,094,000
EU	171,000	409,000	EU	405,000	854,000
Lebanon	3,000	8,000	Chile	101,000	260,000
Argentina	1,000	3,000	Tanzania	20,000	37,000
Chile	2,000	6,000			
Morocco	1,000	4,000			
Others	0	1,000	Others	0	865,000
Total	183,000	442,000	Total	1,071,000	3,110,000
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

FORAGE SEEDS

	EXPORTS			IMPORTS	
	Kilograms	$ U.S.		Kilograms	$ U.S.
Alfalfa seed (HT 1209. 21.00)					
The U.S.	0	0	The U.S.	92,000	381,000
EU	82,000	47,000	EU	747,000	2,031,000
Mexico	134,000	755,000	Australia	331,000	1,238,000
Hungary	2,000	8,000	Israel	8,000	47,000
Others	0	2,000	Others	0	0
Total	218,000	812,000	Total	1,178,000	3,697,000
Clover seed (HT 1209.22.00)					
The U.S.	0	0	The U.S.	5,000	20,000
EU	15,000	51,000	EU	174,000	463,000
			Canada	0	0
			Australia	34,000	58,000
			N. Zealand	81,000	196,000
Others	0	0	Others	0	0
Total	15,000	51,000	Total	294,000	737,000
Fescue seed (HT 1209.23)					
The U.S.	0	0	The U.S.	450,000	881,000
EU	83,000	158,000	EU	632,000	1,102,000
Andorra	4,000	8,000	Canada	108,000	147,000
Turkey	2,000	6,000	Australia	500	3,000
Others	2,000	4,000	Others	500	0
Total	91,000	176,000	Total	1,191,000	2,133,000

HORTICULTURAL SEEDS

	EXPORTS			IMPORTS	
	Kilograms	$ U.S.		Kilograms	$ U.S.
Vegetable seed (HT 1209.91)					
The U.S.	500	158,000	The U.S.	69,000	6,875,000
EU	575,000	9,564,000	EU	2,857,000	55,490,000
Morocco	93,000	264,000	Israel	4,000	10,833,000
Algeria	21,000	46,000	Japan	9,000	1,026,000
Lebanon	3,000	74,000	China	1,000	181,000
Turkey	4,000	35,000	Thailand		46,000
Egypt	1,000	8,000	S. Korea	2,000	103,000
Chile	2,000	34,000	Taiwan		63,000
Argentina	500	154000	Morocco	2,000	181,000
S. Arabia	1000	28000	Chile	1,000	407,000
			Mexico		40,000
			Honduras		24,000
			Australia	1,000	22,000
			Hungary	2,000	3,000
Others	0	247,000	Others	2,000	72,000
Total	701,000	10,612,000	Total	2,948,000	75,363,000
Flower seed (HT 1209.30 and 1209.99.91)					
The U.S.	0	0	The U.S.		30,000
EU	3,000	67,000	EU	25,000	358,000
Chile	1,000	21,000	Switzerland		39,000
Algeria	1,000	12,000	South Africa		3,000
Kuwait	1,000	8,000			
Peru		2,000			
Cyprus	1,000	7,000			
Turkey		8,000			
Others	0	4,000	Others	0	0
Total	7,000	129,000	Total	25,000	430,000

Market shares

Below is an estimate of country shares of the Spanish domestic market, in terms of volumes, by major seed types in marketing year 1998/99.

	Winter Grains	Corn	Rice	Sunflowerseed	Soybean	Rapeseed
Market size (tons)	280,000	8,800	15,600	5,100	525	500
Market shares (%)						
***The U.S.**	-	45	-	4	54	-
***EU**	14	40	9	20	4	35
***Dom. Production**	85	10	91	75	13	65

	Cotton	Pulses	Forage & Pasture	Vegetables	TOTAL SEEDS
Market size (tons)	3,900	29,000	28,700	5,000	377,125
Market shares (%)					
***The U.S.**	37	7	2	1	2
***EU**	-	3	5	57	14
*** Dom. Production**	62	20	91	41	78

Tariffs Table

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

Seed kind	July 1, 1995 Percent	July 1, 2000 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 grain seeds which are also being phased down

	(ECUS/metric ton)
Wheat	104.0
Barley	101.7
Non-hybrid corn and sorghum	102.8

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, sorghum, 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 recently approved EU Agenda 2000 which includes a new reform of the CAP may have an important impact on the Spanish sunflowerseed crop, with a dramatic reduction in the area planted to this crop in Spain. However, some measures under the Rural Development Scheme are being negotiated to prevent the disappearance of this relatively low-water consuming and well-adapted rotational crop from certain non-irrigated areas without alternative crops. This could partially offset the expected negative impact on sunflowerseed for sowing in Spain.

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 allows 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 as well as from Japan and Chile.

New marketing opportunities have been created for the two Novartis' GMO varieties that the Spanish Government approved in late March 1998. But as mentioned before, anti-GMO sentiment and the fact that corn borer is a significant pest only in certain corn producing areas, are major impediments for the expansion of the market for these two varieties Spain.

Marketing Channels and Facilities

Unchanged (see report SP4044)

Competitor Activities

Unchanged (see report SP4044)

Outlook

The demand for U.S. planting seed of field crops in the short term should remain stable or grow moderately as most of these crops are contingent upon acreage quotas (see section for policy). Demand for U.S. vegetable

seeds may continue to grow even as a result of a continued expansion in export demand for certain vegetables. For 1999, however, U.S. seed imports into Spain are expected to decline.