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## **Report Name:** Retail Foods

**Country:** Spain

**Post:** Madrid

**Report Category:** Retail Foods

**Prepared By:** Arantxa Medina

**Approved By:** Jennifer Clever

### **Report Highlights:**

In 2019, the U.S. exported \$1.9 billion in agricultural, seafood and forest products to Spain. In early 2020, during the lockdown measures in response to COVID-19 outbreak, the Spanish food retail and distribution sector was considered an essential activity and continued to function. Despite facing some initial difficulties and adjustments, Spain has been one of the countries with the fewest stock shortages compared to other neighboring countries. The sector's challenge now is adjusting to the "new normal" and to the short and long-term changes brought on by the pandemic. In the peak of the confinement measures, the most popular retail food categories were flour and wheat-based products, eggs, fresh vegetables and fruits, sugar, chocolates, snack foods, and frozen seafood. Regional retailers and eCommerce took center stage as preferred ways to shop for groceries. The COVID-19 crisis rekindled consumer preference for domestic foods (food patriotism). This trend is expected to continue past the pandemic.

## Market Fact Sheet: Spain

Spain is a major producer and exporter of food and agricultural products with other EU countries as its primary export destination. Spanish producers, processors, wholesalers, retailers, food service operators, and importers are all part of a well-developed agribusiness sector, contributing to a competitive and dynamic domestic scenario. In 2019, Spain's world total imports of agricultural products reached \$43.6 billion.

### GDP / Population 2019

Population: 46.9 million

Real GDP Per capita\*: \$27,254

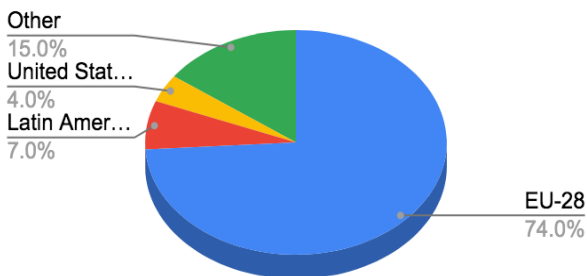
\*Provisional

<i>SWOT Analysis</i>	
<i>Strengths</i>	<i>Weaknesses</i>
Diversified economic base	High public debt
<i>Opportunities</i>	<i>Threats</i>
Competition policy to reduce market rigidities	Economic uncertainty Tourism impact

### Imports of Consumer-Oriented Products

Goods imported into Spain must meet the EU sanitary and phytosanitary requirements to protect human and animal health, as well as, requirements under the customs union. Hence, U.S. exporters already exporting to other EU member states will likely meet most of the Spanish import requirements. For the export of animal products, the production plant must be approved for export to the EU.

Imports of Consumer-Oriented Products 2019



## Food Processing Industry

Spain enjoys a modern food-processing sector that pays special attention to the quality, safety, and traceability of the food products it produces. It has one of the most competitive food processing industries in Europe, which makes this sector an important target for U.S. exporters of food ingredients. Food processing mainly focuses on supplying the domestic market, which accounts for 70 percent of sales.

### Food Processing Industry Facts 2019

Food Processing Industry	\$135 billion
Output Food Exports	\$36.7 billion
Commercial Surplus	\$8.3 billion
No. of Employees	436,700
No. of Food Processors	31,342
% of total GDP	2.1%

## Food Retail Industry

The retail competitive landscape in Spain remained highly fragmented in 2019, led by major grocery retailers. Within grocery store-based retailing the competitive environment is fairly concentrated, with Mercadona retaining its leadership, followed by Carrefour. In the medium term, internet retailing is expected to see the fastest growth.

Retail Organization	Ownership	Sales 2019 (\$ Million)
<a href="#">MERCADONA</a>	Spanish	26,499
<a href="#">GRUPO CARREFOUR</a>	French	9,988
<a href="#">GRUPO EROSKI</a>	Spanish	5,333
<a href="#">AUCHAN RETAIL*</a>	French	5,200
<a href="#">LIDL</a>	German	5,108
<a href="#">SUPERMERCADOS*</a>	Spanish	4,741
<a href="#">DIA RETAIL</a>	French	4,741
<a href="#">CONSUM, S. COOP.*</a>	Spanish	2,856
<a href="#">EL CORTE INGLES ALIMENTACION*</a>	Spanish	2,818
<a href="#">AHORRAMAS</a>	Spanish	1,941
<a href="#">MAKRO</a>	German	1,424

\*Estimate

Data and Information Sources: Euromonitor, Trade Data Monitor LLC, Eurostat, FIAB; Contact: AgMadrid@fas.usda.gov

**Important note:** This report has been drafted during the COVID-19 crisis. Future developments are subject to considerable uncertainties which are not considered in this report.

**SECTION I. MARKET SUMMARY**

The scale and impact of COVID-19, both at global and national levels, remains uncertain and fast-evolving. It is still too early to report on the real effects of the COVID-19 pandemic on the Spanish economy, though initial predictions are not optimistic for trade and consumption. In their latest report, the Bank of Spain projects that in the second quarter of 2020, the Spanish GDP will contract between 16 and 22 percent, officially indicating the start of an economic recession in Spain. This follows a record-setting GDP drop of 5.2 percent during the first quarter of this year. While the Bank foresees the Spanish economy will begin recovering during the second half of the year, it still predicts Spain’s GDP will shrink between 9 and 11.6 percent for 2020, and the unemployment rate will be between 18.1 and 23.6 percent. In a more adverse scenario, the Bank forecasts the economy to shrink 15.1 percent in 2020. In the best-case scenario under consideration, complete recovery would take place in 2022, while the most pessimistic view pushes the recovery to begin in 2023 at the earliest.

For more details on the changing dynamics in this sector, please check GAIN report [Spanish Retail and Distribution Sector Update](#)

**Table 1. Advantages and Challenges Facing U.S. Exporters in Spain**

Advantages	Challenges
Spain’s food industry relies on imported ingredients, many from the U.S.	Post coronavirus economic environment; adjustments to the overall economy, tourism, and consumer habits.
Good image and reputation of U.S. products.	Food imported from third countries, including the U.S., must comply with EU food law, labeling, traceability, and packaging laws, which vary from U.S. regulation and practice. Increased consumer preference towards national food products (food patriotism) following the COVID-19 pandemic.
Good network of agents and importers to help get products into the market.	High transportation costs. In addition, small exporters face difficulties in shipping mixed/smaller container loads vs EU competitors or big exporters.
Consumers are increasingly health conscious, demanding new products.	Competition from EU countries, where tastes and traditional products may be better known.
Distribution structure is modern and many companies cover both Spain and Portugal.	Lack of consumer awareness of U.S. brands, applicability, and varieties of U.S. products.
Diversity of food products available is increasing. Consumers are increasingly open to new products.	High import tariffs, new and potential retaliatory tariffs, and import regulations impose a price disadvantage on non-EU based companies.

## **SECTION II. ROAD MAP FOR MARKET ENTRY**

### **Business Customs**

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 OAA in Madrid maintains listings of potential importers and sector-specific information to help you introduce your product in Spain.

Spain's sales channels range from traditional distribution methods – wholesalers sell to small retail shops that sell to the public -- to large multinational supermarkets and retail stores. However, personal relationships are still important, especially within smaller organizations. While the pandemic increased the level of tolerance for virtual meetings and discussions. Culturally, there is still no substitute for face-to-face meetings with business representatives in order to enter this market. The decision-making process within a company may differ from that in the United States. An initial "yes" usually means that the company will study the situation, and not necessarily that they will buy the product. Once a deal is signed, the company will likely expect the U.S. firm to translate into Spanish commercial brochures, technical specifications, and other relevant materials. Decision makers at Spanish firms may speak English, but paperwork should be in Spanish.

Most agents, distributors, foreign subsidiaries, and government-controlled entities that make up the economic power block of the country operate in two hubs: Madrid and Barcelona. Companies outside these two hubs will almost invariably obtain their supplies from their Madrid and Barcelona contacts rather than engage in direct importation.

### **Market Entry Strategies**

Market entry strategies for U.S. products intending to enter the Spanish market should include:

- Market research to assess product opportunities
- Advanced calculations of the cost of introducing the product in the Spanish market, in order to prove its competitiveness in the local market
- Identify an experienced distributor or independent reliable agent to advise on adequate distribution channels, import duties, sanitary regulations and labeling requirements
- Explore the purchasing arrangements of the larger retail channels

### **Food Standards and Regulations**

For detailed information on food standards and regulations, please consult the Food and Agricultural Import Regulations and Standards Report ([FAIRS](#)) and the [FAIRS](#) Export Certificate Report for the [EU](#) and [Spain](#). Also, please check the U.S. Mission to the European Union ([USEU Mission](#)) web page for helpful information on exporting U.S. food and agricultural products into the EU.

## General Import and Inspection Procedures

Spain follows the Harmonized Nomenclature and Classification System (HS) and applies [EU import duties](#) according to a maximum and minimum rate schedule. The minimum tariff rate is applied to goods originating in countries entitled to the benefits of most-favored nation treatment -- that is, members of the World Trade Organization (WTO), including the United States, and countries with which the EU has signed trade agreements. In some instances, [negotiations and trade agreements](#) in place between the EU and other countries provide for advantageous access to the European market.

Currently, the EU and the US have the following agreements and arrangement in place:

- [US-EU Organic Equivalency Arrangement](#)
- [US-EU Wine Agreement](#)
- [Veterinary Equivalency Agreement](#)

The local importer has primary responsibility with the Spanish Government for imported food products once they enter Spanish territory. Therefore, the Spanish agent/importer should guide the U.S. exporter through the entire process of marketing a food or agricultural product in Spain. Most food products require an Import Certificate issued by the competent authority. The Spanish importer obtains the Import Certificate and/or the agent involved in the transaction and serves for tariff classification purposes.

The following documents are required for ocean/air cargo shipments of food products into Spain:

- Bill of Lading and/or Airway Bill
- Commercial Invoice
- Phytosanitary Certificate and/or Health Certificate, when applicable
- Import Certificate

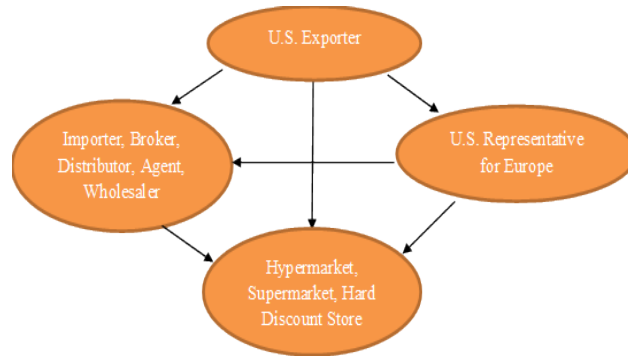
The Standard U.S. label does not comply with the EU's labeling requirements. For all the details, visit the [EU labeling requirements](#) section of the [USEU Mission](#) webpage.

Please keep in mind that if the product you are exporting into Spain does not comply with EU harmonized regulations, Spanish customs or health authorities may not allow entry of the product.

## Trade Shows

Trade shows in Spain offer excellent opportunities for U.S. exporters to make contact with potential clients, both domestic and international. The most important trade show related to the food processing sector is [Alimentaria](#), the International Food and Beverages Exhibition that will take place in Barcelona on May 17-20, 2021. Other specialized shows include [Salon de Gourmets](#), that will take place in Madrid on April 12-15, 2021

## Market Structure:



For more information, please consult the retail sector reports for Spain at [FAS GAIN Home](#).

## Spain Top Country Retailers

According to Euromonitor, in 2019, supermarket sales increased by 4 percent in current value terms to reach 60.3 billion Euros (\$66.6 billion). Supermarket sales are expected to increase 3 percent in the next five years.

The competitive environment is quite concentrated in the grocery store-based retailing, with Mercadona accounting for the largest share, followed by Carrefour. Mercadona remains the most important and defining player in food retailers in Spain in 2019, as shown in the table below:

Retail Organization	Ownership	Sales 2019 (\$ Million)
<a href="#">MERCADONA</a>	Spanish	26,499
<a href="#">GRUPO CARREFOUR</a>	French	9,988
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Source: Alimarket; \*Estimate

The Spain retail food market is highly diversified. Hypermarkets/supermarkets, convenience stores, major discount stores and specialized stores coexist with traditional corner grocery stores and open-air markets. Yet, the total number of retail outlets decreased over the past decade and the consolidation of the retail food industry continues to date.

The State of Alarm brought a whole new meaning and value to proximity shopping. With the saturation of online channels and the government-mandated movement restrictions, proximity shopping became key for many Spanish consumers. Hence, regional supermarket chains have multiplied their sales during the first two

months of lockdown. This rise in sales reinforced their market share in a sector typically dominated by large operators in the market. The fact that regional chains gained so much ground in Spain during the pandemic is a unique phenomenon in the European region.

Breaking many barriers in recent months, the other frontrunner during the pandemic has been eCommerce. For example, the purchase of fresh products through this channel grew 1.9 percent, with catapulting sales of 141 percent. Another important achievement is the profile of the consumer reached through this channel. Consumers over 65 increased their eCommerce expenses by 210 percent. According to Alimarket, Ecommerce increased 115 percent in value and gained 15.5 percent more buyers. Specifically in the metropolitan areas, such as the cities of Barcelona or Madrid, online sales are already bordering at a 5 percent share, in line with other European capitals.

The omnichannel strategy has been identified as the most desired, especially in food. Omnichannel puts the customer and not the product at the core, removing boundaries between the different channels. This omnichannel includes formats such as online shopping, telephone, drive services or click & collect.

In addition, the COVID-19 crisis revitalized consumer preferences for domestic foods (or food patriotism) around the world. In Spain, this trend is expected to continue beyond the pandemic. Spanish consumers indicate that they are now paying more attention to the origin of products. In response to this sentiment, some retailers have launched initiatives to promote the consumption of Spanish products. The Spanish Ministry of Agriculture has also placed great emphasis in encouraging consumers and distributors to support farmers by buying local.

### SECTION III. COMPETITION

#### Competitive Situation for U.S. Imported Goods

Product Category (TMT; million USD)	Major Supply Sources in 2019 (in value)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
<b>Frozen Fish</b> Imports:347 Value: \$844	1. Portugal - 12% 2. France – 6% 3. Seychelles – 4%	Other major suppliers offer high quality fish products at competitive prices.	Large competition from local producers. Domestic consumption and exports largely exceed local supply.
<b>Almonds</b> Imports:93 Value: \$542	1. USA - 87% 2. Australia - 3% 3. Germany - 2%	Limited competition from other countries. Spanish demand is high and production is insufficient to satisfy demand.	Spain produces almonds, mostly used roasted as a snack. U.S. almonds are processed, both used domestically and exported.
<b>Rice</b> Imports:202 Value: \$128	1.Pakistan - 16% 2.Myanmar - 13% 3.Thailand - 13%	Strong competition from main world suppliers with large productions and competitive prices.	Limited local supply. Consumers and HRI are looking for new varieties.
<b>Pulses</b> Imports: 385 Value: \$213	1. USA -22% 2.Argentina – 19% 3. Mexico– 11%	Strong competition from Argentina, who largely increased their presence in recent years.	Spain is a traditional consumer of pulses and its local production is not sufficient to fulfill domestic demand.

<b>Pistachios</b> Imports: 14 Value: \$134	1. USA - 69% 2. Germany – 10% 3. Iran – 10%	Germany is the main entry point for U.S. and Iranian pistachios to the EU and re-exported to other MSs.	Local pistachio production is growing, but still very limited. Demand continues to grow significantly.
<b>Sweet Potatoes</b> Imports: 9 Value: \$7.3	1. The Netherlands- 20% 2. United States – 16% 3. Honduras – 14%	The main origin of Dutch sweet potatoes is the U.S., then reexported to other countries like Spain.	Imports from the world and the U.S. has considerably increased in the last five years. Demand continues to be strong.
<b>Sunflower Seeds</b> Imports: 243 Value: \$140	1. France-47% 2. China – 21% 3. USA – 14%	Growing competition from China, Argentina and Israel for confectionery.	Traditional snack. Local production is insufficient to meet demand.

## SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

### Agricultural and Food Import Statistics

AG PRODUCTS IMPORTS (\$ Million)	2016	2017	2018	2019	2020*
<b>Total Agricultural and Related Products</b>	38,003	41,993	45,223	43,656	44,000
<b>Total U.S. Agricultural and Related Products</b>	1,857	1,643	2,188	1,835	1,800
<b>Total Agricultural Products</b>	28,067	30,987	32,656	31,663	32,000
<b>Total U.S. Agricultural Products</b>	1,487	1,319	1,868	1,587	1,500
<b>Total Fish Products</b>	7,024	7,922	8,465	7,907	8,000
<b>Total U.S. Fish Products</b>	134	103	101	94	100

Source: Trade Data Monitor LLC; \* Estimate

### Products Present in the Spanish Market with Good Sales Potential

#### *Products Present in the Market with Good Sales Potential*

Tree nuts, particularly almonds, walnuts and pistachios; and Peanuts -- Pulses -- Rice -- Sunflower seeds -- Fish and Seafood (frozen) -- Beverages (beer) -- Sweet potatoes

#### *Products Not Present in Significant Quantities with Good Sales Potential*

Functional and innovative health food -- Free-from products (lactose-free, gluten-free) -- Specialty foods, snack foods and sauces – Pork (ractopamine free) – Nuts, pecans and hazelnuts -- -- Pet foods

#### *Products Not Present Because They Face Significant Barriers*

Red meat and meat preparations (hormone ban) -- Poultry (sanitary procedures - chlorine wash) -- Processed food (with GMO ingredients)



## SECTION V. KEY CONTACTS AND FURTHER INFORMATION

If you have any questions, please contact the [Office of Agricultural Affairs in Madrid](#). The [FAS website](#) offers recent reports of interest to U.S. exporters interested in the Spanish market. Additionally, find below useful contacts:

### **Spanish Trade Associations**

[FIAB- Federacion de Industrias de Alimentacion y Bebidas](#)

(Spanish Federation of Food and Beverage Industries)

[FEHR – Federación Española de Hostelería](#)

(Spanish Federation for HRI Sector)

[ASEDAS – Asociacion Española de Distribuidores, Autoservicios y Supermercados](#)

(Spanish Association for Distributors and Supermarkets)

[ANGED – Asociacion Nacional de Grandes y Medianas Empresas de Distribución](#)

(National Association of Midsize and Large Distributors)

[Asociacion de Cadenas de Restauracion Moderna](#)

(Spanish Restaurant Chain Association)

### **Spanish Government Agencies**

[Ministerio de Sanidad, Consumo y Bienestar Social](#)

(Ministry of Health, Consumption and Social Welfare)

[Agencia Española de Consumo, Seguridad Alimentaria y Nutrición \(AECOSAN\)](#)

(Spanish Consumption, Food Safety and Nutrition Agency)

[Ministerio de Agricultura, Pesca y Alimentación](#)

(Ministry of Agriculture, Fisheries and Food)

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](http://www.fas.usda.gov)

### **Attachments:**

No Attachments