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Retail Foods

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Approved By:

Robert Hanson
Agricultural Counselor

Prepared By:

Arantxa Medina
Marketing and Management Specialist

Report Highlights:

In Fiscal Year (FY) 2012, Spain imported \$1.1 billion of agricultural, fish and forest products from the United States, 32 percent down compared to the previous year, primarily due to increased competition for bulk commodities. Spain's retail food sector has not escaped the difficult economic situation in the country for yet another year. Ever rising unemployment, falling wages and rising taxes are putting pressure on consumption and making consumers increasingly price sensitive. Retailers are adapting to this tough reality, adjusting prices and reducing their margins to stay competitive and in business. However, as the consolidation and maturity of the retail food industry continues, medium and long-term opportunities continue to arise for U.S. exporters.

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Author Defined:

Average exchange rate used in this report, unless otherwise specified:

Calendar Year 2009: US Dollar 1 = 0.72 Euros

Calendar Year 2010: US Dollar 1 = 0.75 Euros

Calendar Year 2011: US Dollar 1 = 0.72 Euros

(Source: The Federal Bank of New York and/or the International Monetary Fund)

SECTION I. MARKET SUMMARY

Economic Trends

The medium-term outlook for the Spanish economy is uncertain. Unemployment is expected to grow even more in 2013 as government cuts in public spending are expected to continue and the conditions of the financial markets are unstable. Spain's recovery has been so far one of the weakest in the European Union.

	2008	2009	2010	2011	2012*
ECONOMIC TRENDS					
Inflation (%)	4.1	-0.2	2.0	3.1	1.6
Unemployment (%)	11.3	18.0	20.1	21.7	24.6
GDP per Capita (€)	25,900	24,200	24,400	24,700	24,500

Source: Eurostat (www.ec.europa.eu/eurostat)

(*) Estimates

In the retail sector, the financial struggling of the Spanish economy has been a critical factor for the retail channels and it will likely continue to be so in the coming year. With the increase of the VAT, the lost of consumer purchasing power and the stagnation of domestic demand, price becomes the most important factor in purchasing decisions. Throughout 2012, household consumption of food and beverages continued to show signs of weakness due to the loss of purchasing power and falling disposable income. Also, the VAT increase (see below) beginning on September 1, 2012 will contribute to consolidate the ongoing decline of food expenditure.

Supermarkets continue to be the most important and powerful sales channel, to the detriment of hypermarkets. The economic crisis has forced families to reduce the visit to large shopping areas outside the cities in favor of closer and more affordable stores. Supermarkets are able to compete both with hypermarkets, as they offer proximity as well as a wide variety of products, and with hard discounters, as they are able to compete on price offering good quality. In this category, Mercadona continues to be the leading retailer. Of course, discounters are largely benefiting from the current situation and are adjusting to the new reality, offering a wider range of products, selling local brands and opening stores in the center of the cities.

Consumption Trends

Table 1. Consumption of Food and Beverages at Home

PRODUCTS	Quantity (million Kg/Liter)		
	Jan-Sept 2011	Jan-Sept 2012	% change 12/11
Meat	2,406.1	2,438.8	1.4
Seafood	1,232.2	1,215.4	(1.4)
Fresh Fruits	4,643.1	4,760.5	2.5
Fresh Vegetables and Fresh Potatoes	3,882.9	3,927.9	1.2
Bread	1,633.1	1,646.6	0.8
Oil	603.1	610.4	1.2
Eggs	375.0	378.9	1.0
Milk and Dairy Products	5,197.6	5,213.1	0.3
Wine and Sparkling Wine	432.4	441.4	2.1
Bottled Water	2,371.9	2,374.9	0.1
Spirits	44.1	42.8	(2.9)
Refreshing and sparkling drinks	2,116.1	2,141.0	1.2
All Other Products	5,263.0	5,301.0	0.7
TOTAL	30,200.8	30,492.8	1.0

Source: Spanish Ministry of Agriculture, Food, and Environment (www.magrama.es)

The last months of 2012 will be more telling in terms of tendency in consumption. It will be interesting to follow the consumption trends as the second half of the year, since the price of products will reflect the VAT increase and the price change of basic commodities.

The increase in meat consumption is led by the consumption of poultry. Seafood consumption has decreased both fresh and frozen products. Total milk and dairy products consumption is slight up in 2012, led by the increase in consumption of dairy products, mainly yogurts and bifidus and fermented milk. The consumption of liquid milk fell by 1 percent in the mentioned period of 2012.

VAT Increase

As of September 1, 2012, the VAT levied on basic food products increased. Only products like bread, flour bread, milk, cheese, eggs, fruits, vegetables, potatoes and cereals remain at the super-reduced rate of 4 percent. The rest of food products such as meats, oils and processed products, which are currently taxed at 8 percent, increased to 10 percent. Processed foods experienced a two point VAT rise, going from 8 to 10 percent in September. This new taxation levels are expected to dampen consumption, particularly in some sectors, as it adds to the increasing loss of purchasing power of the Spanish households. The rise in the value-added tax (VAT) means that companies may have to raise prices or lower margins and profits.

Consumer Confidence

According to the Consumer Confidence Index (CCI) published in October 2012 by the Centre for Sociological Research (CIS), consumer confidence is at its lowest historical levels. The CCI is monthly assessment of recent developments and expectations of Spanish consumers related to family finances and employment used to anticipate their consumption decisions. The negative economic expectations, high unemployment, shrinking family incomes and the continued increases in prices are important factor affecting this index and affecting consumer spending.

New measures to improve retail sales and competition

The Government of Spain's Program of Reforms for the second half of 2012 includes measures for the liberalization and increase flexibility of the retail trade. The objective is to increase freedom and efficiency in the retail sector and create new instruments for effective competition.

Two main measures:

- **Liberalization of trading hours:** the minimum number of opening hours per week is increased from 72 to 90 and the minimum number of public holidays from 8 to 10
- **Liberalization of promotional sales activities:** increased flexibility for the current regime, eliminating restrictions and incompatibilities in such promotional activities as sales periods

In July 2012, Madrid was the first region in Spain to adopt these measures and take them one step further. Now, retailers may open any day of the year at any time. Previously, large retailers were restricted from opening on Sundays and certain holidays.

Tourism

Tourism, particularly foreign tourism, is one of the few sectors bringing optimism to the Spanish economy. From January to October 2012, Spain received 52.1 million international tourists, up 3.1 percent over the same period of 2011, according to the survey conducted by the Ministry of Industry, Energy and Tourism. The main origins were the United Kingdom, Germany and France. Outside the EU, Russian tourists increased by 41 percent when compared to the same period in the previous year.

This is good news for the HRI sector, since foreign demand compensates for the decline in national demand, due to the economic downturn and uncertainty and the high unemployment. National tourism demand has decreased by 25 percent in the first half of the year.

Retail Trends

Table 2. Food Retail Sector by Category – Value and Share

	2009	2010	2011	2012*	2013**
FOOD RETAIL SECTOR					
Hypermarkets	20,403	19,111	19,465	19,147	18,549
Supermarkets	61,829	60,246	63,948	65,819	66,294
Discounters	9,489	9,412	10,361	10,926	11,232
Forecourt Retailers	1,737	1,586	1,597	1,570	1,510
Convenience Stores	1,973	1,759	1,757	1,718	1,642
Independent Small Food Retailers	2,763	2,485	2,472	2,389	2,256
Food/Drink/Tobacco Specialists	29,634	27,652	28,199	28,253	27,704
Other Food Retailers	3,137	2,897	2,951	2,389	2,256
Total Food Retail Sales (\$ Million)	130,964	125,149	130,752	132,780	132,085
Retail Sales Share by Type of Store (%)					
Hypermarkets	15.6	15.3	14.9	14.4	14.0
Supermarkets	47.2	48.1	48.9	49.6	50.2
Discounters	7.2	7.5	7.9	8.2	8.5
Forecourt Retailers	1.3	1.3	1.2	1.2	1.1
Convenience Stores	1.5	1.4	1.3	1.3	1.2
Independent Small Food Retailers	2.1	2.0	1.9	1.8	1.7
Food/Drink/Tobacco Specialists	22.6	22.1	21.6	21.3	21.0
Other Food Retailers	2.4	2.3	2.3	1.8	1.7

Source: Euromonitor

* Estimates

** Forecasts

Table 3. Food Retail Sector by Company –Share (value)

	2007	2008	2009	2010	2011
Mercadona SA	13.7	14.8	15.3	16.2	16.9
Centros Comerciales Carrefour SA	7	7.3	7	6.9	6.9
Eroski, Grupo	6.3	6.5	6.4	6.2	6.1
Dia SA	3.9	4.3	4.3	4.3	4.5
Alcampo SA	4.1	4.1	3.9	3.9	3.8
El Corte Inglés SA	4.2	3.6	3.5	3.3	3.1
Lidl Supermercados SA	1.5	2	2.4	2.6	2.8
Consum, Sociedad Cooperativa Ltda	1.4	1.6	1.7	1.8	1.8
Dinosol Supermercados SL (Grupo)	1.5	1.5	1.4	1.3	1.4
Spar Española SA	1.3	1.2	1.2	1.1	1.1
Supermercados Sabeco SA	0.9	1	1.1	1	1
Grupo el Arbol Distribución y Supermercados SA	0.6	0.6	0.8	0.8	0.9
Repsol-YPF SA	0.8	0.8	0.7	0.7	0.7
Aldi Supermercados SL	0.3	0.4	0.5	0.5	0.5
Others	52.5	50.3	49.8	49.4	48.5

Source: Euromonitor

The unfavorable economic situation continues to speed up the consolidation process of the retail food

sector in Spain. Medium-sized supermarkets located in city centers are taking market share both from traditional shops and out-of-town hypermarkets. The main three retail groups (Mercadona, Carrefour and Eroski) now account for almost 30 percent of market share. This competitive environment is likely to create good opportunities for U.S. food exporters. Supermarkets are searching for new sources for their private label brands and, in this sense, U.S. products might be more competitive due to the favorable exchange rate.

Spain's retail food market is, however, still very diversified. Hypermarkets/supermarkets (more than 70 percent of total food sales), convenience stores, major discount stores and specialized stores coexist with the traditional corner grocery stores and open-air markets, even though the total number of retail outlets has decreased significantly in the last decade. There is increasing competition in the scope and range of product offerings, including ready-to-eat and/or ready-to-cook foods, take away meals, and home delivery and the prices and services retailers offer consumers.

Amongst those able to maintain their purchasing power, Spanish consumers are willing to experiment with new tastes and products even though the Mediterranean Diet remains the traditional diet. Consumers are constantly presented new food product choices that trend towards more novelties and specialties, more "natural" and delicatessen foods, more prepared and ready to eat products favoring convenience. Consumers are also increasingly responding to high-quality foods in attractive packaging.

Advertising, personal foreign travel, foreign visitors, and immigrants are important factors that expose consumers to fashionable trends, new products, and new consumption habits. Ethnic foods, in particular, from Latin American and Eastern European sources, continue to do well with consumers.

In addition, consumers are increasingly health conscious. Problems or potential problems concerning food safety are widely publicized and usually receive immediate attention from government agencies.

Consumers purchase the traditional and new-to-market foods at neighborhood supermarkets and traditional fresh product outlets, particularly bread, fruit, seafood or meat products.

Changing shopping habits are harming hypermarkets and, to a lesser extent, discounters. Consumers are changing some long-established habits due to their new economic reality. Consumers are visiting markets and supermarkets more often, once or several times a week, as opposed to doing their shopping in one major monthly trip. This is benefiting mid-size supermarkets in detriment of hypermarkets and big supermarkets outside the cities.

It is also interesting to note that despite the increasing price sensitiveness of Spanish consumers, hard discounters are also losing some market share. This is mainly because supermarkets, primarily Mercadona and basic lines of other supermarkets, such as Carrefour and Eroski, are offering competitive prices for better quality products. As a result of this purchase pattern, the number of medium-sized (1,000-2,500 square meters) supermarkets is growing. Consumers find this size comfortable and the range of products offered is wide enough to meet all the needs without having to drive to the outskirts. It also avoids unnecessary non-food purchases.

However, the main factors affecting consumer decision to elect where to purchase food products are:

- Proximity;
- Price (excluding sale promotions);
- Quality;
- Variety of products offered;
- Attention given to the client (including through loyalty programs);
- Sale promotions;
- Variety of brands;
- Quick purchasing;
- Parking;
- Operating hours.

U.S. processed food exporters now face even greater challenges in the Spanish market, because of the EU labeling and traceability regulations. Any product that contains genetically modified ingredients must be labeled so that the consumer can distinguish the product. Due to the bad reputation of genetically modified products, retailers are reluctant to purchase these processed products or food ingredients for processing.

In addition, acceptable colorings and additives may differ from those used to produce product for the U.S. market. For more information on food additives regulation please see:

<http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/food-additives>

Spain generally applies EU rules and regulations. However, there are subtleties that exporters should learn about before exporting to the Spanish market. For more information, we invite potential U.S. exporters to contact the Office of Agricultural Affairs in Madrid at agmadrid@fas.usda.gov for additional sector-specific information.

In general terms, U.S. exporters already exporting to other EU Members will likely be meeting most of the requirements for exporting into the Spanish market. The U.S. exporter needs to make contact with an importer and/or distributor for his product. Typically, food products are imported by an importer, broker and/or wholesaler or distributor.

The following documents are required for ocean or air cargo shipments of foodstuffs to Spain:

- Bill of Lading and/or Airway Bill
- Commercial Invoice
- Phytosanitary Certificate and/or Health Certificate when applicable
 - If your product is or contains plant or animal products, it will require a phytosanitary or health certificate issued by the competent U.S. authority. Also, if you are exporting animal products, your plant has to be approved to export into the EU.
- Import Certificate
 - Most food products require an Import Certificate issued by the competent Spanish authority. However, the Import Certificate is obtained by either the Spanish importer and/or the agent involved in the business and is intended for tariff classification purposes.

For more information on food standards and regulations, please consult the Food and Agricultural Import Regulations and Standard Report for Spain and the EU-27 available at: <http://www.usda-eu.org/trade-with-the-eu/eu-import-rules/fairs-reports>

Also, please check the U.S. Mission to the European Union webpage at <http://www.usda-eu.org>, which will guide you on exporting into the EU.

ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS IN SPAIN

Advantages	Challenges
Spain's food industry relies on imported ingredients, many from the U.S.	Spain's financial situation has two main effects on retail: sinking domestic demand, lack of credit for companies.
Tourism is a strong and ever-growing sector that provides retail, food and drink sales.	Lack of consumer awareness of U.S. brands and varieties of U.S. products.
Good image and reputation of U.S. products.	Competition from neighboring EU countries, where tastes and traditional products may be well known.
Good network of agents and importers to help get product into the market.	U.S. exports face higher transportation costs and difficulties in shipping mixed or smaller container loads.
Consumers are increasingly health conscious, demanding products not sufficiently present in the market.	EU labeling, traceability, and packaging laws.
Distribution structure is modern and many companies cover both Spain and Portugal.	High import tariffs impose a price disadvantage on non-EU based companies.
Food products in the market are becoming more diversified. Tastes are becoming more diversified, creating opportunities for new and foreign products.	High marketing costs (advertising, discounts, etc.)

SECTION II. ROAD MAP FOR MARKET ENTRY

A. SUPERSTORES, SUPERMARKETS, HYPER MARKETS OR SUPER CENTERS, CLUB

AND WAREHOUSE OUTLETS

Retail Outlets – Company Profiles

Retail Organizations and Outlet Types	Ownership (Local or Foreign)	Sales 2011 (\$ Million)	Number of Own Outlets/Franchise	Location	Type of Purchasing Agent
MERCADONA, S.A. Supermarket	Spanish	16,448	1,356	Nationwide	Importer; Wholesaler
GRUPO CARREFOUR, S.A. Supermarket; Hypermarket	French	8,955	272	Nationwide	Importer, Wholesaler
GRUPO EROSKI Supermarket	Spanish	6,278	1,123	Nationwide	Importer, Wholesaler
DISTRIBUIDORA INTERNACIONAL DE ALIMENTACION, S.A. (DIA) Hard Discount	French	4,140	1,640	Nationwide	Importer, Wholesaler
ALCAMPO, S.A. – GRUPO Hypermarket	French	3,343	53	Nationwide	Importer; Wholesaler
HIPERCOR, S.A. Supermarket	Spanish	2,535	39	Nationwide	Importer, Wholesaler
LIDL SUPERMERCADOS, S.A.U. Hard Discount	German	2,400	529	Nationwide	Importer, Wholesaler
CONSUM, S. COOP. Supermarket	Spanish	1,754	429	Nationwide	Importer, Wholesaler
AHORRAMAS, S.A. – GRUPO Supermarket	Spanish	1,346	198	Madrid, Castilla-La Mancha	Importer, Wholesaler
DINOSOL SUPERMERCADOS, S.L. Supermarket	Spanish	1,300	405	Nationwide	Importer, Wholesaler

Source: Alimarket

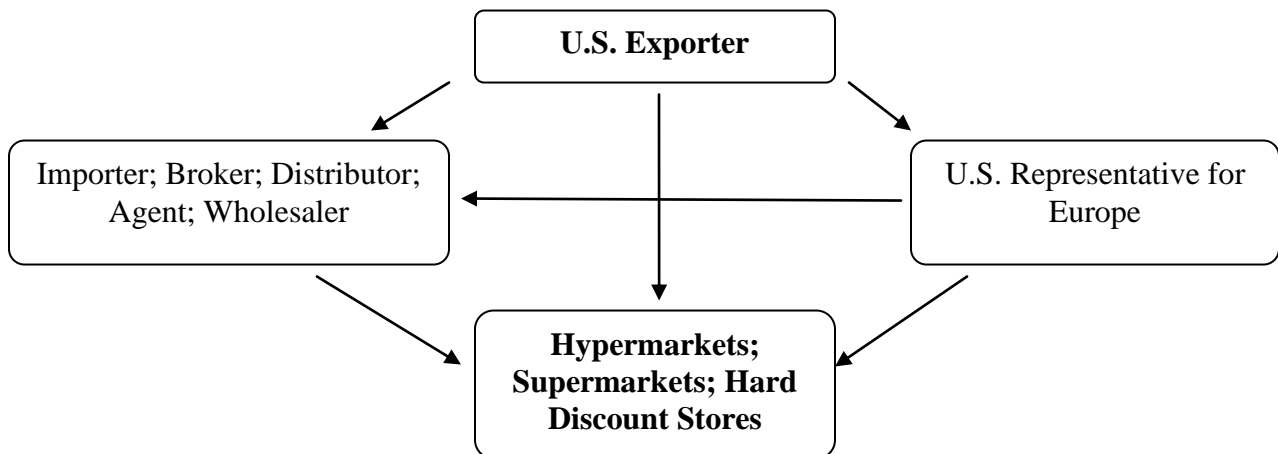
Entry Strategy

Success in introducing products in the Spanish market normally requires local representation and personal contact. A local representative can provide up-to-date market intelligence, guidance on business practices and trade related laws, sales contact with existing and potential buyers, and market development expertise. The Office of Agricultural Affairs in Madrid maintains listings of potential importers and is developing sector-specific information to help you introduce your product in Spain.

A directory of European importers is available online at: <http://www.american-foods.org/index.php>

European importers of U.S. food and beverages are listed by product categories and company/country index.

Market Structure



In the supermarket sector, products are imported either by an importer, broker or agent, a wholesaler and/or distributor. Some products enter via other European Union ports either through a European importer or through the U.S. representative for Europe for that specific product.

Product representatives are better positioned to promote to retailers and consumers since retailers, as a general rule, do not promote specific products within their facilities. Retailers will, however, sell shelf-space, which is very expensive in the Spanish market. In order to cut costs, some retailers are importing directly from the supplier. In the case of retailers whose ownership is primarily foreign (foreign partnership), such as Carrefour (French), Auchan (French) and Lidl (German) many of the products, in particular specialty products for sale, are from their respective home country. It is important to note that Spanish distributors have nationwide distribution in Spain and, in most cases, in Portugal.

While hypermarkets and larger sized supermarkets control a large share of sales, small sized supermarkets are becoming ever more popular due to their proximity to the consumer (generally located within walking distance of residential and/or business areas). The customer fidelity concept has been introduced by hyper and supermarkets, shopping centers and department stores as well as very specialized outlets in an attempt to make a visit worthwhile for the potential consumer. Direct marketing by mail order, telephone, TV or e-commerce is growing considerably.

Major discount chain stores have expanded considerably in Spain since the financial crisis started, as consumers become more sensitive to price. These outlets are much smaller than hypermarkets and only sell food and cleaning products. This type of store provides little service to the consumer, which is reflected in the lower final product prices.

B. CONVENIENCE STORES, GAS MARTS, KIOSKS

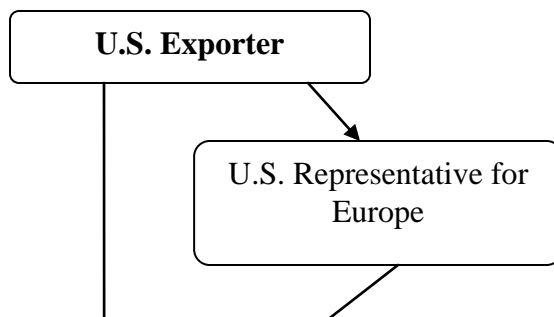
Convenience Stores – Company Profiles

Retail Organizations and Outlet Types	Ownership (Local or	Sales 2011 (\$	Number of Own Outlets/Franchise	Location	Type of Purchasing
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	Foreign)	Million)			Agent
GRUPO VIPS, S.A. Urban Convenience Store	Spanish	405	300/12	Nationwide	Importer; Wholesaler
DISA PENINSULA, S.L.U. Gas Station	Spanish	363	226/100	Nationwide	Importer, Wholesaler
TIENDAS DE CONVENIENCIA, S.A (Opencor) Urban Convenience Store	Spanish	350	161/0	Nationwide	Importer, Wholesaler
REPSOL-CAMPSA Gas Station	Spanish	270	947/2,506	Nationwide	Importer, Wholesaler
CEPSA CONVENIENCIA, S.A. Gas Station	Spanish	170	2/905	Nationwide	Importer, Wholesaler
AREAS, S.A. Highways	Spanish	116	179/0	Nationwide	Importer, Wholesaler
GALP ENERGIA ESPANA, S.A. Gas Station	Portuguese	85	625/1	Nationwide	Importer, Wholesaler
BP OIL ESPANA, S.A. Gas Station	UK	85	120/60	Nationwide	Importer, Wholesaler
GESPEVESA Gas Station	Spanish	53	36/0	Nationwide	Importer, Wholesaler
SERVICIOS INTEGRALES OPEN 25, S.L. Urban Convenience Store	Spanish	9	19/0	Nationwide	Importer, Wholesaler

Source: Alimarket

Market Structure



Convenience Stores

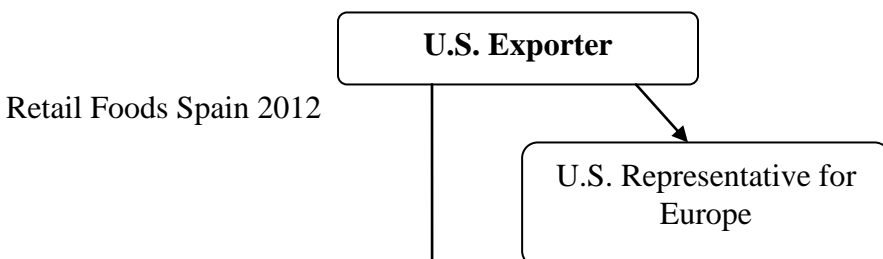
In Spain, convenience stores are usually associated with gas stations (90 percent of the total market share). However, “urban” convenience stores are popping up in Spain (10 percent of the total market share).

Convenience stores are very popular for last minute purchases. The sales through this kind of stores have largely benefited from the increasingly busy lifestyle. The advantages pointed out by convenience store consumers include their opening hours (open 24 hours). However, these stores are going through a rough time due to their high prices. Spanish consumers are more and more price sensitive and long hours are not a determining advantage any longer. With more unemployed people, the time constraints drop, and so convenient stores become less relevant. The convenience stores environment is expected to see a substantial slowdown in the coming years, likely until the economic indicators show recovery signs.

Convenience stores generally have insufficient storage space to import directly, so they almost always buy their products from importers, wholesaler and/or distributors.

C. TRADITIONAL MARKETS

Market Structure



Traditional corner grocery stores are composed of corner grocery stores, fresh and regional markets. Wholesalers are the main suppliers for traditional markets. In this sense, large wholesalers generally import directly but smaller wholesalers, whose main customer is the traditional market, do not import and buy the product through other local importers and/or larger wholesalers.

Usually, these types of stores are traditional family owned and located within residential and/or neighborhood areas. Although they are small in size, they usually carry a diversified range of food and cleaning products. Sanitary conditions are good and all of them have a small refrigeration area. Although their prices are usually higher than in any other type of outlet, they are quite popular for their high quality fresh produce and their proximity. Because these stores are part of the neighborhood, some of them deliver products ordered by telephone. Their main suppliers are the cash-and-carries, which are warehouse type supermarkets and/or small wholesalers who visit once a month to take inventory and restock.

Open-air markets are also very popular. They sell mostly fresh produce, fresh meats, cheeses, traditional products, tree nuts, edible dry beans, and are only open in the mornings. Their suppliers are the wholesale markets for fresh produce. Regional open-air markets are also very popular. They take place either once a week, once a month or, in some particular cases, once a year, and usually run on weekends. Because they are so popular and traditional, they are located in the vicinity of major cities and throughout rural areas. Fresh produce and regional foods such as cheese, bread, cookies, etc. are the most common products marketed at these fairs. They also sell other products that can be found at a flea market.

Of additional interest are some "specialized food stores" – gourmet type stores - which are located in the major cities. These stores specialize in particular in high quality food products such as cheese, meats, diversified types of bread, wines, regional products, etc. These stores may be compared to Deli stores and sell not only local delicatessen food products but also import some of the products. These stores are usually expensive due to the diversity and type of products presented.

SECTION III. COMPETITION

Product Category (thousand metric tons; million USD)	Major Supply Sources in 2011 (in value)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Frozen Fish <i>Imports: 337.4</i> <i>Value: \$849.8</i>	1. Portugal-8% 2. Mexico-7% 3. Namibia-6% 12. USA-3%	Other major suppliers offer high quality fish products at competitive prices.	Large competition from local suppliers and producers.
Fish Fillet and Other Fish Meat Fresh, Chilled or Frozen <i>Imports: 197.0</i> <i>Value: \$839.3</i>	1. Namibia – 19% 2. Vietnam – 15% 3. China – 14% 8. USA – 3%	Other major supplying countries offer high quality fish products at competitive prices.	High per capita consumption. Bad economic situation.
Almonds <i>Imports: 65.5</i> <i>Value: \$283.3</i>	1. USA-93% 2. Australia-3% 3. Belgium-1%	Competition of other supply countries is limited, as Spanish demand for almonds is very high and production in other EU countries is not enough to satisfy demand.	Spain produces almonds, mostly used roasted as a snack, due to its flavor and properties. U.S. almonds are used in the confection industry, mainly for Christmas traditional nougat.
Walnuts <i>Imports: 24.6</i> <i>Value: \$144.3</i>	1. USA-59% 2. France-24% 3. Chile-6%	France is a traditional supplier of walnuts. Chile is increasing its presence in the Spanish market	Spain has a significant production of high quality walnuts.
Pistachios <i>Imports: 7.8</i> <i>Value: \$68.57</i>	1. Germany-33% 2. Iran-24% 3. USA-22%	Germany is the main entry point for U.S. and Iranian pistachios. Pistachios are then re-exported to other EU countries.	Pistachio production in Spain is very limited.
Sunflower seeds <i>Imports: 301.5</i> <i>Value: \$285.5</i>	1. France-61% 2. USA-12% 3. China- 6%	Growing competition from China, Argentina and Israel for confectionary.	Spain production of sunflower seeds for confectionary is not sufficient to meet demand.
Pulses <i>Imports: 270.1</i> <i>Value: \$211.8</i>	1. Canada-23% 2. Argentina-21% 3. USA-18%	Canada is a traditional supplier to Spain. Argentina is increasingly present in the Spanish market, becoming a strong competitor for US pulses.	Spain is a traditional consumer of pulses and its local production is not sufficient to fulfill internal demand. Imports have decreased considerably in the last three years.
Hardwood <i>Value: \$63.5</i>	1. Germany-20% 2. Poland-15% 3. France-12% USA – 1%	Increasing competition from China. Portugal and France are traditional suppliers to Spain. American hardwoods are very well considered in the Spanish market for its high quality.	Spain is not a significant producer of quality hardwoods. The crisis in the housing sector significantly affected imports.

Source: www.gtis.com

SECTION IV. BEST PRODUCT PROSPECTS

Products Present In The Market That Have Good Sales Potential

- Tree nuts, particularly almonds, walnuts and pistachios
- Peanuts
- Pulses
- Sunflower seeds
- Fish and Seafood, fresh and frozen

Products Not Present In Significant Quantities But Which Have Good Sales Potential

- Functional and health food
- Food ingredients
- High value beef meat (only Non-Hormone Treated Cattle)
- Specialty foods, snack foods, sauces and beverages (wine and beer)
- Organic Products
- 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 ingredient)

SECTION V. POST CONTACT AND FURTHER INFORMATION

If you have any questions or comments regarding this report or need assistance exporting to Spain, please contact the Office of Agricultural Affairs in Madrid at the following address:

Foreign Agricultural Service
American Embassy, Madrid
C/ Serrano, 75
28006 Madrid
Spain

Tel.: +34-91 587 2555

Fax: +34-91 587 2556

Email: AgMadrid@fas.usda.gov

Web: <http://madrid.usembassy.gov/about-us/fas.html>

Please email the Office of Agricultural Affairs in Madrid for more information, or visit www.fas.usda.gov to access current market and sector reports.

Importer lists are also available from our office to exporters of U.S. food products. A list of trade associations and useful government agencies is provided below:

Trade Associations

FIAB- Federación de Industrias de Alimentación y Bebidas

(Spanish Federation of Food and Beverage Industries)

www.fiab.es

fiab@fiab.es

FEHR – Federación Española de Hostelería

(Spanish Federation for HRI Sector)

www.fehr.es

fehr@fehr.es

ASEDAS – Asociación Española de Distribuidores, Autoservicios y Supermercados

(Spanish Association for Distributors and Supermarkets)

www.asedas.es

direc.general@asedas.org

ANGED – Asociación Nacional de Grandes y Medianas Empresas de Distribución

(National Association of Midsize and Large Distributors)

www.anged.es

anged@anged.es

Government Agencies

Subdirección General de Sanidad Exterior

Ministerio de Sanidad, Servicios Sociales e Igualdad

(Imported Foodstuffs, Contaminants and Compound Residues, Health Certification, Port Inspection and EU Alerts)

<http://www.msc.es/profesionales/saludPublica/sanidadExterior/home.htm>
saniext@msssi.es

Agencia Española de Seguridad Alimentaria y Nutrición (AESAN)

(Spanish Food Safety and Nutrition Agency)

<http://www.aesan.msssi.gob.es>
informacionaesan@msc.es

Dirección General de la Industria Alimentaria

Ministerio de Agricultura, Alimentación y Medio Ambiente

(Ministry of Agriculture, Food and Environment)

<http://www.magrama.gob.es/es/alimentacion/temas/default.aspx>
informac@magrama.es

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page at www.fas.usda.gov