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Report Name: Spanish Fodder Production and Exports Set to Recover in New Marketing Year

Country: Spain

Post: Madrid

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Report Highlights:

After hitting bottom during the previous season, Spain's fodder production and exports are set to recover in MY 2024/25. A combination of higher area and yields are projected to bring fodder production to average levels. However, weak demand in export markets, namely the United Arab Emirates, and increased competition by other suppliers may prevent Spain's exports from fully recovering to pre-MY 2023/24 export levels.

Disclaimer: This report presents the fodder sector situation in Spain. This report contains the views of the authors and does not reflect the official views of the U.S. Department of Agriculture (USDA). The data are not official USDA data.

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Abbreviations and References

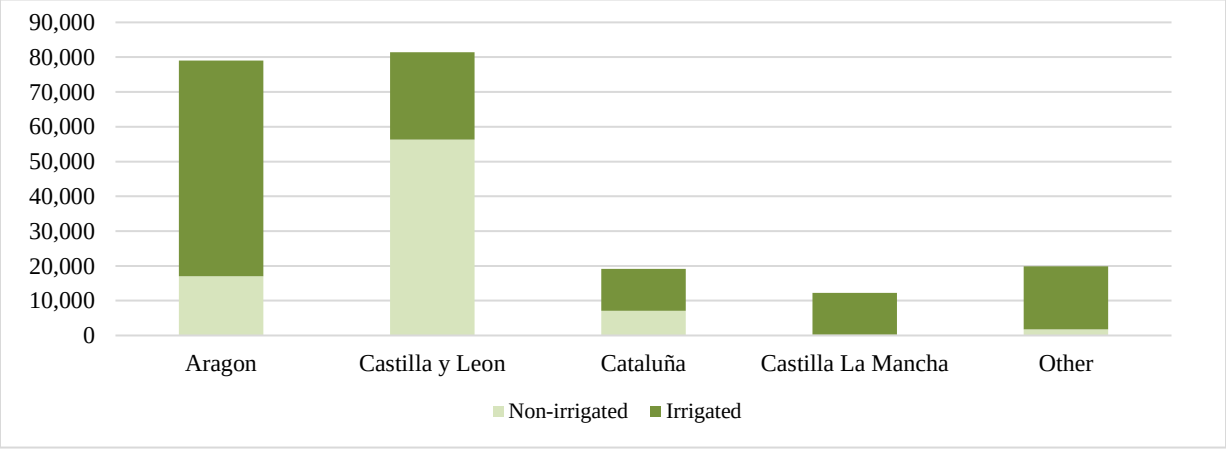
AEFA	National Dried Alfalfa Producers Association
CAP	Common Agricultural Policy
EU	European Union
ESYRCE	Annual Area and Yields Survey
FAS	Foreign Agricultural Service
Ha	Hectares
MAPA	Ministry of Agriculture, Fisheries and Food
MS	EU Member State(s)
MT	Metric ton (1,000 kg)
MY	Marketing year (May/April)
N/A	Not Available
PS&D	Production, Supply and Demand

HS Code (Harmonized System) 1214: Rutabagas (Swedes), mangolds, fodder roots, hay alfalfa (Lucerne), clover, sainfoin, forage kale, lupines, vetches, and similar forage products, whether or not in the form of pellets.

Area and Production

In MY 2024/25, area planted to fodder in Spain is expected to recover and amount to 105,000 Ha. The bulk of the projected area increase is attributed to non-irrigated growing regions, namely Castile and Leon. In the Ebro Valley fodder growing area, where fodder plantings face stiff competition from tree crops and winter grains (barley) followed by a second-crop corn, possibilities to expand are more limited.[1]

Figure 1. Alfalfa Area by Autonomous Region – 2023 (Ha)



Source: Ministry of Agriculture, Fisheries and Food. ESRYCE 2022.

Spain's fodder production in MY 2024/25 is anticipated to amount to 1.2 million MT due to a combination of a somewhat higher area planted and significantly improved yields. Early spring precipitation and prevailing mild temperatures have been beneficial to restore soil moisture and improve yield expectations for the first and second cut. Conversely, late spring and early summer precipitation are delaying the third cut harvest operations, as excessive soil moisture conditions prevent farmers from entering their fields.

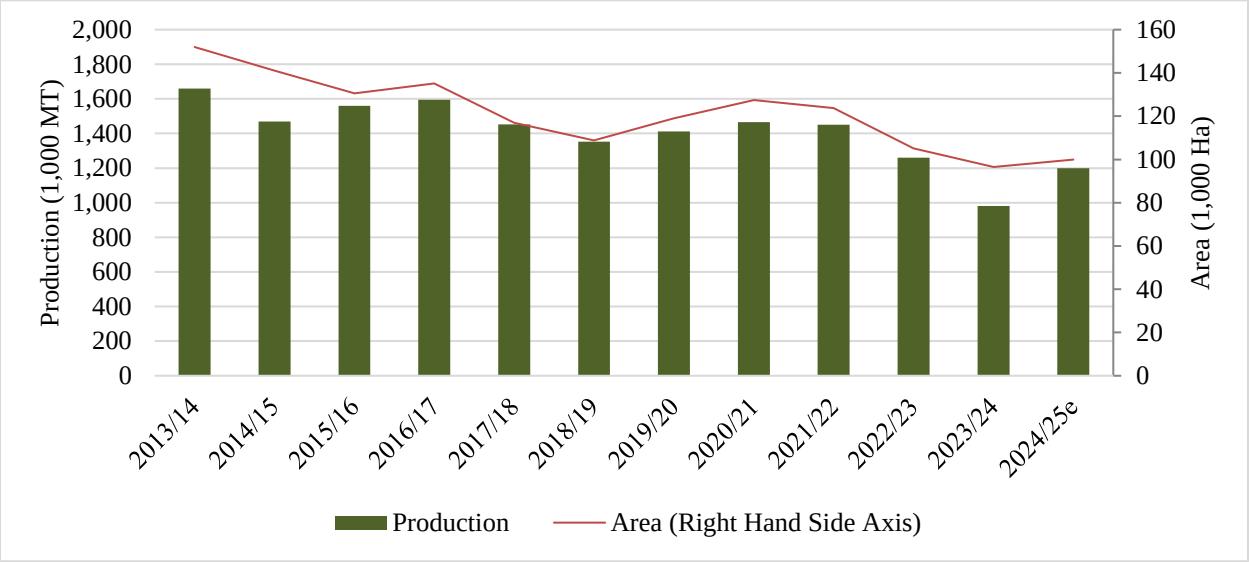
MY 2023/24 production amounted to just over 980 thousand MT as dry conditions negatively affected yields in non-irrigated land[2] and compromised production in irrigated land, as limits in water allocated for irrigation purposes were imposed.

[1] There are two major alfalfa growing areas in Spain: Castilla y Leon and the Ebro Valley (Aragon and Catalonia), accounting respectively for 20 and 80 percent of Spain's dehydrated fodder production. Agricultural practices differ among the above-mentioned alfalfa producing regions.

- In the Ebro Valley area (Aragon and Catalonia), the most cultivated alfalfa variety is "Aragón," with about 75 percent of its cultivated land under irrigation. Irrigated fodder allows for up to 6 cuts per year. This producing region is largely oriented to export markets, with the Port of Barcelona as its main exit port.
- In Castilla y Leon, where nearly 70 percent of the alfalfa is non-irrigated, production is devoted to feed the domestic dairy herd. The most popular variety of alfalfa cultivated is known as "Tierra de Campos," which performs well in heavy clay soils. In non-irrigated conditions up to 3 cuts per year can be carried out.

[2] According to the 2022 National Crop Area and Yields Survey (ESYRCE), at the national level, almost 65 of the alfalfa acreage is grown under irrigation. In Aragón, the main producing region, the percentage of irrigated alfalfa amounted to 80 percent, while in other relevant producing region, such as Castile y León, the percentage of irrigated

Figure 2. Dried Fodder Area and Production under Contract with Processing Plants



Source: FEGA (Spanish Agricultural Guarantee Fund), AEFA and FAS Madrid estimates.

Processing Industry

Spanish fodder producers use both sun-drying and mechanical dehydration to create dried fodder:

- **Sun-cured fodder:** Sun-cured fodder is normally less homogeneous and is for the domestic market. Sun-cured fodder operations include mowing, which may be combined with conditioning, turning, and tedding to allow an even drying, windrowing, collection, and baling.
- **Dehydrated fodder:**[3] Alfalfa destined for dehydration is cut in the field. After a pre-drying phase in the field, the alfalfa is windrowed and transported to the fodder processing plants. The large majority (85 percent) of the alfalfa is collected and transported by fodder wagons, while the remaining 15 percent is chopped and collected by forage harvesters and transported via trucks to the plant. The dehydrating process provides fodder with quality homogeneity and stability, which is highly appreciated in export markets.

Information on the Spanish dried fodder product range can be found in the National Dried Alfalfa Producers Association's (AEFA)[4] website.

alfalfa is just over 30 percent of total area. The overall high rate of irrigated alfalfa results in stable yields per hectare throughout the years.

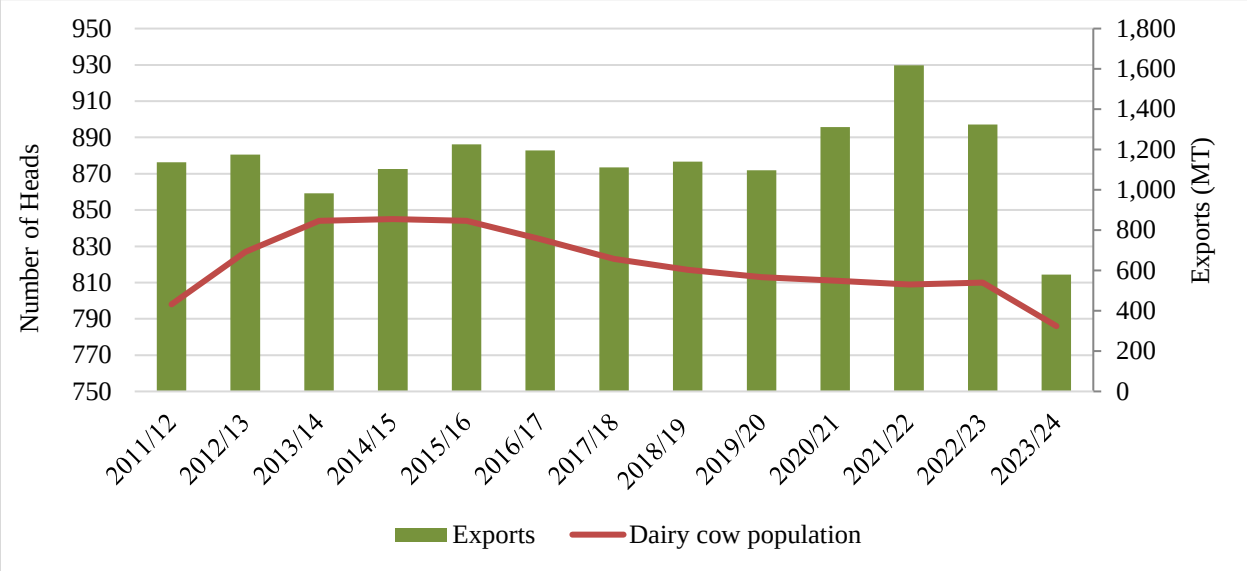
[3] Dehydrated fodder represents about 85 percent of the country's fodder production. It is domestically consumed and largely exported. In the fodder processing plants, the alfalfa is classified by quality and moisture. The alfalfa then goes through the processing plant drier (one step trommel), which dries the fodder out with a 300ºC air flow. Moisture levels of the final product fall between 12-14 percent.

[4] AEFA is made up of 58 member companies and represents 90 percent of all dried fodder processors in Spain.

Consumption

In MY 2024/25, domestic demand for dried fodder is projected to remain weak given ample pasture availability. However, better prospects for dairy farms, which currently enjoy positive margins, opens up opportunities for in-country sales of dried fodder.

Figure 3. Dairy Cow Population and Dried Fodder Exports



Source: FAS Madrid based on Eurostat data and FAS Madrid estimates.

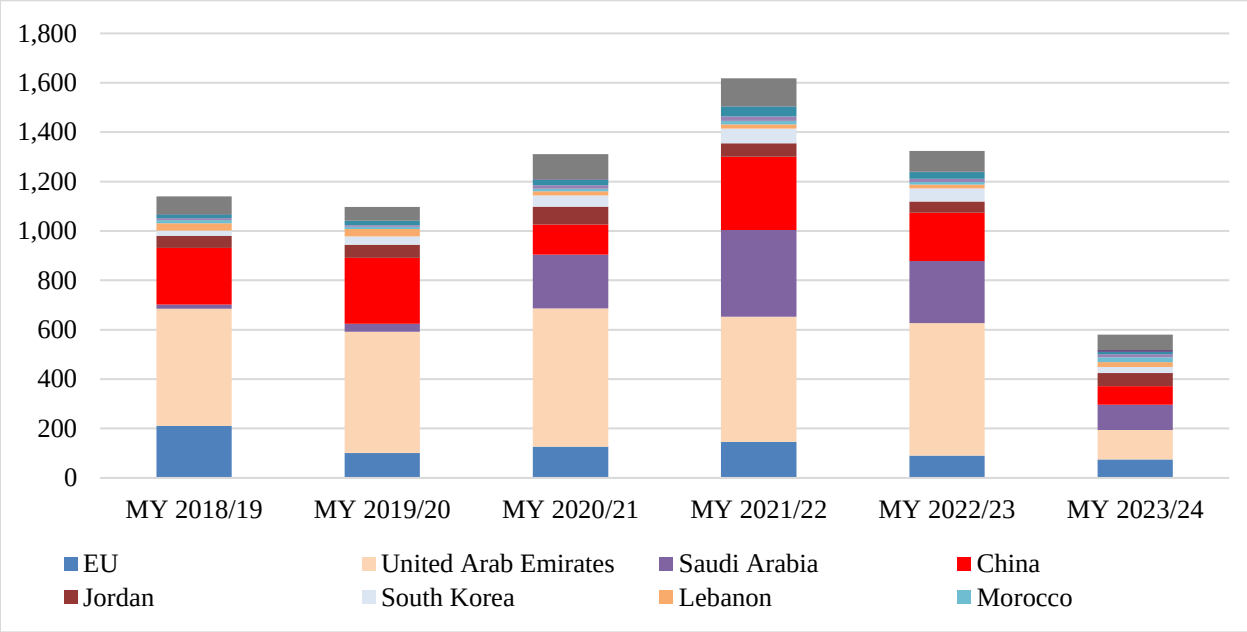
In MY 2023/24, both the tepid recovery registered in milk and dairy product prices and the drought-driven lack of pastures contributed to sustain in-country demand and fodder prices, although this demand only absorbs a small part of the country's fodder production.

Trade

In MY 2024/25, the recovery of production levels, particularly in non-irrigated areas, is expected to allow exports to bounce back to 1 million MT, up from the barely 600 thousand MT exported in MY 2023/24, when dry conditions slashed production and exports. However, increased competition by other world suppliers may prevent Spain's exports from fully recovering to pre-MY 2023/24 export levels.

Despite the production rebound, Spain's fodder exports are not expected to hit the record volumes registered in MY 2021/22. Export opportunities continue to arise in Asian markets such as Japan and Korea, despite trade through Asian commercial routes becoming increasingly challenging. However, the combination of weak demand in export markets, namely the United Arab Emirates, and increasing competition by other producers such as the United States and Romania, are likely to limit exports. Romania, started exporting fodder to China in 2022.

Figure 4. Total Spanish Exports of Fodder by Country of Destination (1,000 MT)*



Source: Trade Data Monitor LLC. * Includes both bales and pellets.

Policy

For the 2023-2027 period (PEPAC), given its agronomic diversity and decentralized organization, Spain has opted for a Common Agricultural Plan (CAP) that reconciles its numerous interests and productive realities. Key aspects of the new CAP in place since January 2023 include the introduction of a results-focused[5] approach and increased environmental focus compared to the previous policy. The enhanced conditionality merges cross-compliance[6] with greening payment requirements (mandatory). Additionally, on a voluntary basis, farmers can adhere to eco-schemes defined at the Member State level. Another novelty includes the introduction of "social conditionality" to ensure social and labor regulation compliance in those businesses benefiting from CAP subsidies. Spain's fodder growers are eligible for the Basic Income Support for Sustainability Payment and the Redistributive Payment and may adhere on a voluntary basis to eco-schemes. Likewise, fodder crop growers (including vetches and alfalfa) may receive the Coupled Payment for Protein Crops.

[5] The CAP's key objectives across the EU include: to ensure a fair income to farmers, increase competitiveness, rebalance the power in the food chain, climate change action, environmental care, preserve landscapes and biodiversity, support generational renewal, vibrant rural areas, and protect food quality and health. An additional crosscutting objective aims to foster farm modernization through knowledge, innovation, and digitalization in rural areas.

[6] Including Statutory Management Requirements (SMR), applicable to all farmers whether or not they receive support under the CAP and Good Agricultural and Environmental Conditions (GAEC), only applicable to farmers receiving CAP support.

Related Reports

Report Title	Date Released
China: Market Overview - Alfalfa Hay and Other Forages	04/30/2024
Adverse Weather to Take a Toll on Dried Fodder Production in Spain	08/01/2023
Spanish Fodder Exports Break New Ceiling	07/29/2022
China: Spanish-origin alfalfa hay pellets dominate Chinese consumption	05/27/2022
Spanish Fodder Exports Reach an All-Times Record	07/29/2021
Spanish Alfalfa Consolidates Its Presence in China	06/25/2020
Spanish Dried Fodder Exports to China hit Record Levels	07/26/2019
Spanish Fodder Continues to Seek New Export Markets	09/12/2018
Fodder Demand in the Middle East Drives Spanish Export Growth	06/16/2017

Attachments:

No Attachments.