USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

Required Report - public distribution

Date: 11/21/2011

GAIN Report Number: SP1124

Post:
Madrid

Spain
Exporter Guide

2011

Approved By:
Robert Hanson
Agricultural Attaché

Prepared By:
Arantxa Medina
Agricultural Assistant

Report Highlights:
Spain’s economy continues to struggle, with outrageous unemployment rates (over 20 percent) and low GDP growth. The economic recovery might still be some years away and consumer confidence and domestic demand are at low levels. In this gloomy scenario, the dynamic Spanish market still offers opportunities for certain consumer-oriented food items, as well as long-term prospects for other products. This report provides guidance to U.S. companies interested in exporting high-value consumer-ready food products to Spain and includes an overview of the country's economic situation, market structure, and export requirements.

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APPENDIX – STATISTICS

SECTION I. MARKET OVERVIEW

TRADE TRENDS

AGRICULTURAL PRODUCTS IMPORTS
($ Million) (1)

	2007	2008	2009	2010	2011*	2012**
Total Agricultural, Fish and Forestry Products	36,926	40,500	33,005	33,999	38,000	40,000
Total U.S. Agricultural, Fish and Forestry Products	1,704	1,882	951	1,318	1,700	2,000
Total Food Products	26,157	30,522	25,378	25,845	27,000	30,000
Total U.S. Food Products	1,230	1,576	755	1,112	1,300	1,500
Total Fish and Seafood Products	7,037	7,042	5,873	6,378	7,000	7,500
Total U.S. Fish and Seafood Products	136	127	103	113	120	125

(1) Global Trade Atlas (GTA)
(*) Estimate
(**) Forecast

Spain's financial crisis, the soaring unemployment rate and the virtually zero GDP growth characterizes Spain's stagnant economy.

Unemployment in Spain is the largest in the European Union - currently 21.52 percent in the third quarter of 2011. Spain's economy excessive reliance on the construction sector along with the global economic crisis severely hit the country, causing unemployment to rise from 8.3 percent in 2007 to 20.1 percent by the end of 2010. And this figure has continued to rise. This situation is expected to continue to negatively affect retail food sales, consumer confidence and overall retail sales performance. For example, industry sources estimate that meat consumption has declined 15 percent, and even bread consumption appears to have declined by 5 percent.

Discount retailers and other lower-price outlets are making the most of the recession as a growing number of consumers become increasingly price-sensitive. Changes in Spain's domestic market regulations, including more liberal Sunday shopping laws, are expected to give a boost to slow retail sales. Spain has a diversified distribution structure for food products, ranging from traditional distribution methods --whereby wholesalers sell to small shops that cater directly to the public-- to large multinational supermarkets and retail stores.

Department stores, hypermarkets, shopping centers and very specialized outlets are introducing the customer loyalty concept, which usually involves issuing client cards, cumulative discounts and special offers for frequent customers. Innovative sales techniques are becoming increasingly popular. Vending machines have spread through Spain over the past decade. Direct marketing by mail order, telephone, TV or e-commerce is growing considerably.

The European Union (EU) establishes the rules and regulations governing acceptable sanitary, phytosanitary, general trade and labeling practices in Spain. As a result, U.S. exporters already exporting to other EU countries most likely already know and can meet most of the requirements for exporting to Spain. The key for a U.S. exporter wishing to enter this market is to find an agent or distributor, or to establish a subsidiary. An experienced representative in Spain will likely be familiar with all the different consumption patterns and preferences in each of the country's 17autonomous regions.

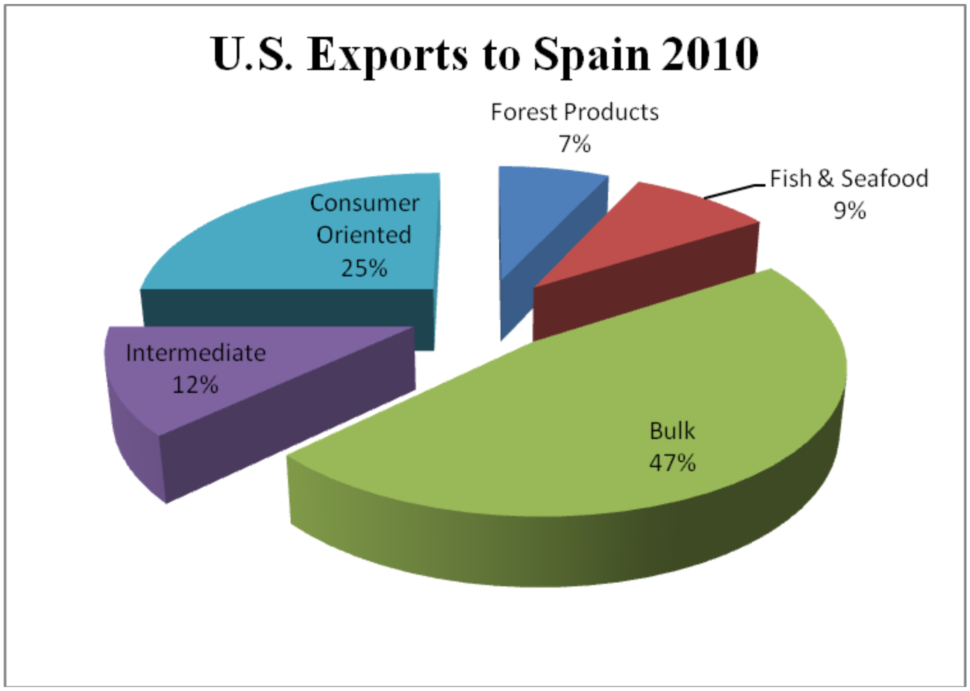
The Office of Agricultural Affairs in Madrid is dedicated to helping U.S. food and agricultural product exporters access the Spanish market. Please contact us at:

Foreign Agricultural Service
Office of Agricultural Affairs
U.S. 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

ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS IN SPAIN

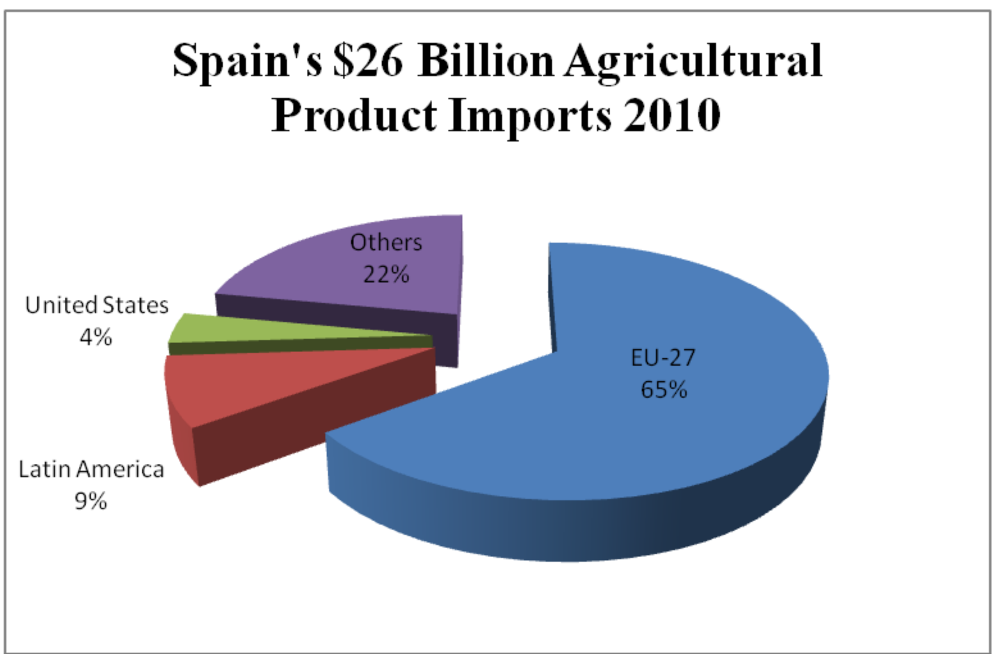
Advantages	Challenges
Growing niche markets such as ethnic foods.	High marketing costs (advertising, discounts, etc.)
Interest in high-quality products.	Competition with similar food products produced in other EU countries that enter tariff free.
High consumer interest in new products.	Reluctance to purchase products containing genetically modified ingredients.
Favorable dollar exchange rate.	Supermarket and hypermarket shelf space is expensive.
Reduced fish catch from European waters while consumer demand remains strong.	Potentially higher shipping costs from the U.S.
Modern food distribution system.	EU labeling and packaging laws.
Growing consumer demand for value-added products, convenience foods and functional foods.	Spanish complicated financial situation and high unemployment rate.

Spanish Market for U.S. Agricultural Products



SOURCE: Global Trade Atlas

Competition within Spain's Food and Agricultural Product Import Market



SOURCE: Global Trade Atlas

SECTION II. BUSINESS TIPS FOR EXPORTERS

Local Business Customs

Success in introducing your product to the Spanish market depends on acquiring local representation and personal contact. The advantages of local representation include market knowledge, up-to-date information and guidance on business practices and trade law, sales contacts, and market development expertise.

Spain has a number of sales channels ranging from traditional distribution methods – whereby wholesalers sell to small retail shops that sell to the public – to large multinational supermarkets and retail stores. However, personal relationships are still very important, especially within smaller organizations. There is no substitute for face-to-face meetings with Spanish business representatives in order to break into this market.

The decision-making process within a Spanish company may be different 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 struck, the Spanish company will likely expect the U.S. firm to translate into Spanish all commercial brochures, technical specifications and other relevant marketing materials. Decision makers at Spanish firms may speak English, but paperwork should be in Spanish.

The Spanish market is composed of a number of regional markets serviced by two major hubs; Madrid and Barcelona. The vast majority of agents, distributors, foreign subsidiaries and government-controlled entities that make up the economic power block of the country operate in these two hubs. Dealers, branch offices, and government offices found 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:

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

General Consumer Tastes and Preferences

According to Euromonitor, the recession is expected to shift some consumer habits. The economic downturn had a significant impact on Spanish consumers, with most consumers scaling down on their shopping habits.

The same source indicates that the fresh food market is benefiting from the increasing focus on health and wellness, a trend which is expected to continue in the mid-term. Value-added and functional products are particularly benefiting from the downturn. The Spanish were also keen to save money anywhere they can and many have taken renewed interest in home cooked foods. According to industry sources, and although it depends on the type of ready meal, approximately 50% of Spaniards consume ready meals regularly. Lack of time for cooking was quoted as the main reason for purchasing ready meals; however as the rate of unemployment keeps growing, the number of people staying at home and cooking their own meals is likely to reduce the demand for ready meals. The market segments that will likely benefit from this consumer trend are discount stores, heath-conscious and organic foods.

Consumer confidence continued to fall in 2011. In order to change this tendency, some leading retail chains offer an increasing number of new and innovative services intending to soften the impact of recession. As consumers are more price-sensitive, store brands are becoming more popular, offering better value than branded products.

Food Standards and Regulations

For more 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 at http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp.

Also, please check the U.S. Mission to the European Union web page at http://www.fas.usda.gov/posthome/useu 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 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, Free Trade Agreements negotiated between the EU and other countries provide for tariff-free access to the European market – leaving U.S. exporters at a disadvantage.

The local importer has primary responsibility with the Spanish Government for imported food products once they enter the Spanish territory. Therefore, the Spanish agent/importer should guide the exporter through the entire process of marketing a U.S. food or agricultural product in Spain.

The following documents are required for ocean or 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
Most food products require an Import Certificate issued by the competent authority. The Import Certificate is obtained by the importer and/or the agent involved in the transaction and is intended for tariff classification purposes.

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.

For more information on import and inspection procedures in Spain, please see Food Standards and Regulations within this report.

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

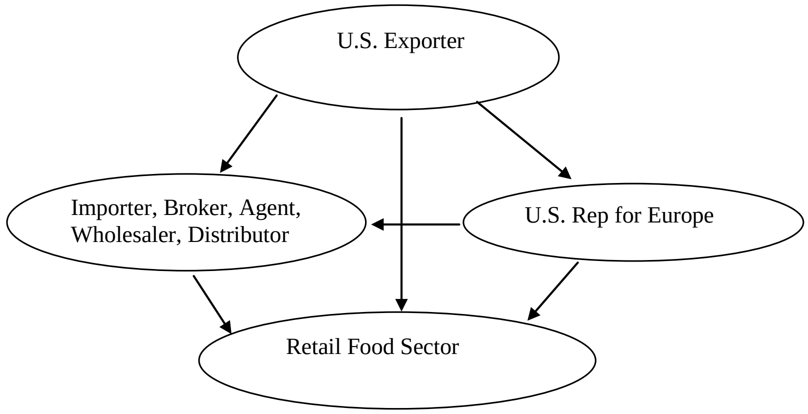
Food Retail Sector

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 has decreased significantly over the past decade.

In Spain, hyper and supermarkets account for 60 percent of total food sales.

- 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.
- An increasing supply of imported products has intensified competition among suppliers and retailers.
- EU Member States are the major suppliers of consumer-ready products to other EU countries.

Market Structure:



For more information on the Spanish Retail Food Sector, please consult the retail sector reports for Spain at http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp

HRI Sector

The HRI sector expanded significantly during the mid 80's and 90's until 2008, as a result of the profound social and economic changes unleashed upon Spain's accession to the EU in 1986. In 2007, HRI expansion was hard hit by the economic, real estate and financial crises. As Spain is expected to be one of the last EU countries to recover from the current recession, the HRI downturn is expected to continue throughout 2012.

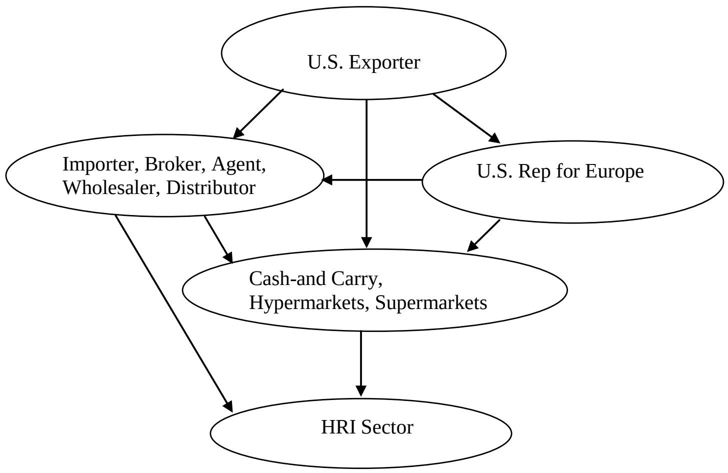
- Spain is one of the top tourism destinations in the world, with increasing numbers of tourists every year, boosting demand for meals in the HRI sector. In 2008 and 2009, the number of tourists decreased by 2.5 and 8.8 percent respectively. In 2010, the tourist sector showed signs of recovery with an increase of 1 percent compared to previous year. In the data available from January to November 2011, the number of tourists has gone up by 8 percent compared to the same period in 2010. The recovery was partly due to the improvement in the financial situation of other European countries. The future is uncertain for the sector as it is highly dependent on the development of the economic situation of neighbor countries.

- In Spain, in 2010, the HRI sector accounted for about 28 percent of all food consumed. Expenditure per capita in the HRI sector decreased by 4.4 percent in 2010 compared to 2009.

- Due to Spain's high unemployment rate, it is expected that less people will be dining out of home, and those who go out, will look for cheaper establishments. Thus, fast food chains have benefited from the financial crisis, taking up consumers looking for cheaper food prices but reluctant to stop eating out.

- Consumption of ready-to-eat and take-away food has grown in the last years as consumers substitute home-cooking for convenience and timesaving. Most hyper and supermarket chains now offer ready-to-eat/take away food, and there is an increasing number of food outlets specializing in take-away, ranging from barbecue to more traditional meals.

Market Structure:



For more information on the Spanish HRI Sector, please consult the HRI sector reports for Spain at http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp

Food Processing Sector

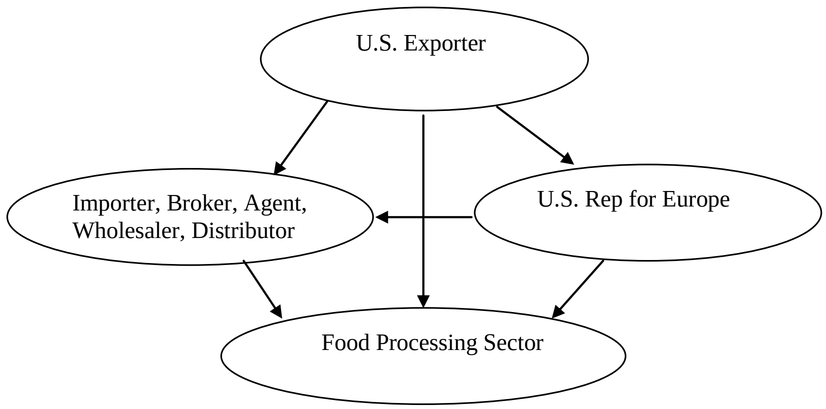
The Spanish food-processing sector modernized and expanded significantly during the last couple of decades. With integration into the European Union in 1986, Spain's food-processing sector began a profound transformation, paying special attention to quality, safety and traceability of food products in order to adapt to new EU requirements. Although the situation of the Spanish economy is affecting the investment and expansion of the sector, the food processing industry has a specific weight in the economy and the export markets, making this sector an attractive target for U.S. food-ingredient exporters.

Statistics on Spain's food-processing sector indicate that gross production in 2010 increased by 0.52 percent compared to 2009 to € 81.37 billion. As a reference, sector data for 2010 are as follows:

- The Spanish food processing sector generated just under 16 percent of Spain's total industrial sales, accounting for about 8 percent of the national gross domestic product.

- The sector is comprised primarily of small companies--about 96 percent of the 30,261 food processors are small and medium-size companies, employing a total of 445,475 workers, which accounts for 17 percent of all industrial employment.

Market Structure:



For more information on the Spanish food processing sector, please consult the food processing sector report for Spain at http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp

SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS

Products Present in the Spanish Market with Good Sales Potential

HS Code	Product Category	2010 Market Size (Volume)	2010 Spanish Imports ($ Million)	5-Year Average Import Growth (% Volume)	Key Constraints	Attraction for U.S. Exporters
0303	Frozen Fish	132 TMT	$769	6%	Heavy competition from other EU Member States and domestic suppliers. Spanish bad economic situation.	Good reputation and reliability of U.S. producers. High per capita consumption of fish.
0304	Fish Fillets and Other Fish Meat (Minced, Fresh, Chilled or Frozen)	584 TMT	$731	3%	Heavy competition from other EU Member States and domestic suppliers. Bad economic situation.	Good reputation and reliability of U.S. producers. High per capita consumption of fish.
080212	Almonds	71TMT	$223	4%	Aflatoxin issues. Spanish economic situation.	Domestic consumption of tree nuts is increasing due to their utilization in the confection industry. Signs of recovery of U.S. exports of almonds to Spain in 2011.
080231 080232	Walnuts	34 TMT	$111	4%	Competition from other EU countries.	US walnuts, both shelled and in-shell are making inroads in Spain due to increased awareness of the health benefits of tree nuts.
080250	Pistachios	9 TMT	$77	-5%	Competition from Iran and EU importers, such as Germany, who re-export this product to Spain.	Domestic consumption of tree nuts continues to increase. U.S. pistachios have a higher quality image than Iranian, the major competitor. Despite the total

						negative growth figure, imports from the U.S. have increased in the last 5 years (average growth for the U.S. was 14 percent).
120100	Soybeans	3,119 TMT	$1,385	11%	Price sensitivity and volatility. Competition from Brazil.	Spain is a net importer of grains and oilseeds for feed consumption.

SECTION V. KEY CONTACTS AND ADDITIONAL INFORMATION

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

Local Address:
Foreign Agricultural Service
Office of Agricultural Affairs
U.S. Embassy Madrid
Serrano, 75 – Box 2000
28006 Madrid
Spain

Tel.: +34-91-587 2555
Fax: +34-91-587 2556
Website: http://madrid.usembassy.gov/about-us/fas.html
Email: AgMadrid@fas.usda.gov

Please consult our home page for more information on exporting U.S. food products to Spain. 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:

Spanish Trade Associations:

FIAB - Federación de Industrias de Alimentación y Bebidas
(Spanish Federation of Food and Beverage Industries)
Website: www.fiab.es
Email: fiab@fiab.es

FEHR – Federación Española de Hostelería
(Spanish Federation for HRI Sector)

Website: www.fehr.es
Email: fehr@fehr.es

ASEDAS – Asociación Española de Distribuidores, Autoservicios y Supermercados
(Spanish Association for Distributors and Supermarkets)
Website: www.asedas.org
Email: info@asedas.org

ANGED – Asociación Nacional de Grandes y Medianas Empresas de Distribución
(National Association of Midsize and Large Distributors)
Website: www.anged.es
Email: anged@anged.es

Spanish Government Agencies:

Ministerio de Sanidad, Política Social e Igualdad
(Ministry of Health, Social Policy and Equality)
(Responsible for: Imported Foodstuffs, Contaminants and Compound Residues, Health Certification, Port Inspection and EU Alerts)
Website: www.mspsi.gob.es
Email: saniext@mspsi.es

Agencia Española de Seguridad Alimentaria y Nutrición (AESAN)
(Spanish Food Safety and Nutrition Agency)
Website: www.aesan.msc.es
Email: informacionaesan@mspsi.es

Ministerio de Medio Ambiente y Medio Rural y Marino
(Ministry of the Environment and Rural and Marine Affairs)
Website: www.marm.es
Email: informac@marm.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

APPENDIX I. STATISTICS

A. Spain's Key Trade and Demographic Information

Agricultural Imports From All Countries ($Mil) / U.S. Market Share (%) [1] *	**$26,000/4.6%**
Consumer Oriented Agricultural Imports From All Countries($Mil)/U.S. Market Share (%) [1] *	**$15,000/2.5%**
Edible Fishery Imports From All Countries ($Mil) / U.S. Market Share (%) [1]	**$7,200/1.8%**
Total Population (Millions) / Annual Growth Rate (%) - 2011	**46.2/0.4%**
Total Population (Millions) / Annual Growth Rate (%) *	**46.7/0.6%**
Number of Major Metropolitan Areas (over 800,000 population)	**7**
Per Capita Gross Domestic Product 2010 (nominal)	**$29,875**
Unemployment Rate (%) – 3rd Quarter 2011	**21.52%**
Per Capita Food Expenditures - 2010	**$1,973**
Labor force (million) - 2010	**23**
Exchange Rate (US$1 = 1 Euro) – Sept 2011	**€0.74**

(1) Source: Global Trade Atlas (GTA)

*2011 Estimate

B. Spain's Food Imports (US$ Millions)

Commodity	Total Imports Worldwide			Imports from the U.S.			U.S Market Share %		
	2009	**2010**	**2011***	**2009**	**2010**	**2011***	**2009**	**2010**	**2011***
CONSUMER-ORIENTED	13,259	13,598	15,000	340	326	380	2.6	2.4	2.5
Snack Foods (Excluding Nuts)	930	937	1,000	0.9	0.9	0.9	0.1	0.1	0.1
Breakfast Cereals and Pancake Mix	223	208	210	0	0	0	0.0	0.0	0.0
Red Meats Fresh/Chilled/Frozen	1,021	1,052	1,100	0.5	0.6	1	0.0	0.0	0.1
Red Meats Prepared/Preserved	346	334	350	0	0	0	0.0	0.0	0.0
Poultry Meat	323	349	400	0	0	0	0.0	0.0	0.0
Dairy Products (Excluding Cheese)	1,422	1,329	1,500	0	0	0	0.0	0.0	0.0
Cheese	1,035	1,100	1,200	0	0	0	0.0	0.0	0.0
Eggs & Products	80	74	77	0.3	0.2	0.9	0.4	0.3	1.2
Fresh Fruit	1,203	1,255	1,300	0.3	0.7	1	0.0	0.1	0.1
Fresh Vegetables	669	676	800	0.5	0.6	0.7	0.1	0.1	0.1
Processed Fruit and Vegetables	1,178	1,209	1,300	7.7	8.6	8.0	0.6	0.7	0.6
Fruit and Vegetable Juices	275	284	300	0	0	0	0.0	0.0	0.0
Tree Nuts	517	550	600	300	296	350	58.0	53.8	58.3
Wine and Beer	415	401	450	1	1	1	0.2	0.2	0.2
Nursery Products & Cut Flowers	229	220	230	3	4	7	1.3	1.8	3.04
Pet Foods (Dog and Cat Food)	245	233	240	1	2	1	0.4	0.8	0.4
Other Consumer-Oriented Products	3,414	3,384	3,400	24	11	15	0.7	0.3	0.4
FISH & SEAFOOD PRODUCTS	5,873	6,378	7,200	103	113	130	1.7	1.7	1.8
Salmon	226	276	300	8	12	13	3.5	4.3	4.3
Crustaceans	1,404	1,607	1,900	38	47	50	2.7	2.9	2.6
Groundfish and Flatfish	611	541	600	1	0.6	0.1	0.2	0.1	0.01
Molluscs	1,047	1,321	1,700	7	9	12	0.7	0.7	0.7
Other Fishery Products	2,584	2,631	3,000	49	44	45	1.9	1.7	1.5
AGRICULTURAL	25,378	25,845	26,000	755	1,111	1,200	3.0	4.3	4.6

PRODUCTS TOTAL AGRICULTURAL FISH & FORESTRY TOTAL	33,005	33,999	35,000	951	1,318	1,500	2.9	3.9	4.3

Source: GTA
*Estimate

C. Spain's Top 15 Food Import Suppliers

SPANISH IMPORTS OF CONSUMER-ORIENTED AGRIC. PRODUCTS (US$ 1,000)			
	2009	2010	2011*
France	3,085,550	3,271,162	3,500,000
Germany	1,922,426	1,865,482	2,000,000
Netherlands	1,456,653	1,498,387	1,600,000
Italy	952,404	903,304	1,100,000
Portugal	820,046	812,389	840,000
Belgium	693,922	712,916	800,000
Ireland	735,779	629,595	700,000
United Kingdom	417,475	438,527	470,000
Denmark	368,715	349,473	371,000
United States	340,196	326,575	400,000
Peru	220,848	240,351	300,000
Morocco	252,827	217,887	235,000
Brazil	198,705	212,061	230,000
Austria	228,704	202,703	205,000
Poland	212,135	202,567	200,000
Other	1,623,323	1,715,163	2,049,000

SPANISH IMPORTS OF FISH AND SEAFOOD PRODUCTS (US$ 1,000)			
	2009	2010	2011*
Argentina	378,593	500,374	550,000
Morocco	525,416	479,939	500,000
China	303,966	398,536	450,000
Netherlands	352,016	337,795	350,000
France	321,620	327,413	380,000
Ecuador	301,986	326,572	420,000
Portugal	265,510	312,030	350,000
United Kingdom	304,492	301,198	300,000
Denmark	253,524	264,181	250,000
Italy	209,062	208,987	200,000
Namibia	220,871	205,807	230,000
India	142,740	191,054	230,000
Chile	201,155	187,815	220,000
Vietnam	165,551	162,099	160,000
Sweden	112,782	149,469	180,000
Other	1,813,83	2,024,98	1,730,00

World	13,529,70 8	13,598,54 2	15,000,00 0

	0	5	0
World	5,873,11 4	6,378,25 4	6,500,00 0

Source: GTA

* Estimates