Required Report - public distribution

Date: 12/03/2013

GAIN Report Number: SP1323

Post: Madrid

Spain

Food Processing Ingredients

2013

Approved By:
Robert Hanson, Agricultural Counselor
Prepared By:
Arantxa Medina, Marketing and Management Specialist

Report Highlights:
In Fiscal Year (FY) 2013, Spain imported $1.88 billion of agricultural, fish and forest products from the United States, up 74 percent compared to the previous year and highest import figure on record. Spain continues to offer opportunities for U.S. food ingredient suppliers, and market niches exist for consumer-ready food products. In Spain, food processing sector generates 14 percent of Spain's total industrial production. U.S. ingredient exporters not currently in the Spanish market may find trade opportunities by visiting the major food show in the country, Alimentaria on March 31-April 3 2014 in Barcelona, Spain.

Executive Summary:

INDEX

Exchange Rates:

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
Calendar Year 2012: US Dollar 1 = 0.78 Euros
(Source: The Federal Bank of New York and/or the International Monetary Fund)

I. MARKET SUMMARY

Economic Trends

Spain

AGRICULTURAL PRODUCTS IMPORTS ($ Million)						
	2009	**2010**	**2011**	**2012**	**2013***	**2014****
Total Agricultural, Fish and Forestry Products	33,005	34,218	40,076	36,998	37,000	39,000
Total U.S. Agricultural, Fish and Forestry Products	951	1,318	1,526	1,290	2,000	2,500
Total Food Products	31,887	32,559	38,061	35,769	36,000	38,000
Total U.S. Food Products	910	1,322	1,536	1,306	1,500	1,600
Total Fish and Seafood Products	5,873	6,412	7,190	6,156	6,500	7,000
Total U.S. Fish and Seafood Products	103	113	122	110	110	115

Source: Global Trade Atlas (GTA)
*Estimate
** Forecast

The Spanish food processing sector modernized and expanded significantly over the last couple of decades. With integration into the European Union in 1986, Spain's food processing sector began a profound modernization in order to adapt to new EU requirements. Spain now has some of the most competitive food processing industries in Europe, which makes this sector an important target for U.S. food ingredient exporters.

The food processing sector in Spain is modern, paying special attention to the quality, safety, and traceability of the food products it produces. This sector generates 14 percent of Spain's total industrial sales, accounting for 7.6 percent of the national gross domestic product, the first industrial sector of the Spanish economy and the fifth in Europe. This sector provides 439,675 jobs, representing 20 percent of total industrial workforce. The food industry in Spain comprises mostly small companies— in 2012, 96.2 percent of the almost 30,000 food processors were small or medium-size companies, employing 50 people or less. The industry as a whole produced an estimated $112 billion in product in 2012, creating a positive trade balance of $3.93 billion.

The export sector is providing some positive news to the Spanish economy. Exports from the agri-food sector are keeping the positive trend seen at the end of 2012. According to the data published by the Ministry of Agriculture, Food and Environmental Affairs in the foreign trade report on the agri-food sector, exports during the first half of this year grew by 3%, thus improving the trade balance by 20 percent when compared with the first half of 2012. This positive trend provides opportunities for U.S. exporters as the demand for commodities, food ingredients and consumer oriented products to be further processed increase in order to satisfy foreign demand.

Table 1. The Food Sector in Spain	
Year	**2012**
Total Production ($ Million)	110,638
Total No. Of Food Processors	29,196
Labor Force	443,675
Total Exports ($ Million)	28,305
Total Imports ($ Million)	24,426

Source: FIAB – Spanish Food Industry Federation

Current market developments affecting the food processing sector include:

- The high unemployment and the loss of purchasing power affect domestic demand, which has been shrinking for months. The food industry aims to compensate this loss by increasing exports, one of the sectors that improved in recent last years.

- Changes in demographics and working patterns are shifting demand to more convenient and ready-to-eat foods. Busier lifestyles increase the demand for fast food, convenience products and ready-made meals.

- New, demanding labeling and traceability requirements in addition to environmental and animal welfare requirements are forcing consolidation of all levels of the food chain, from farm to fork.

- Consumers have become more health conscious while problems concerning food safety are widely publicized and usually receive immediate attention from government agencies. Although consumers are seeking healthier food choices, organic food has experienced little growth in the domestic market, although production and exports remain largest in the EU.

Table 2. Spain Total Food Consumption Expenditures			
	2010	**2011**	**2012**
	Value ($ Million)		
Home	86,007	86,564	86,710
Extra Domestic Consumption	47,108	44,193	42,364
Total	**133,115**	**130,757**	**129,074**

Source: Ministry of Agriculture, Food and Environmental Affairs
www.magrama.gob.es

Table 3. Advantages and Challenges for US Products in the Spanish Market	
Advantages	**Challenges**
Spain's food industry relies on imported ingredients, many coming from the United States.	Spain's financial situation and domestic demand are both in a delicate situation.
The food industry, mainly through the exports, is pulling the Spanish economy out of the recession and the government and the operators are focusing in this sector.	Food imported from third countries, including the U.S., must comply with EU food law, which varies considerably from U.S. regulation and practice.
Tourism is a strong and ever-growing sector that provides retail, food and drink sales.	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.	EU labeling, traceability, and packaging laws and a reluctance to purchase products containing genetically modified ingredients.
Modern food distribution system and most companies cover Spain and Portugal.	U.S. exports face higher transportation costs and difficulties in shipping mixed or smaller container loads.
Food products are becoming more diversified. Consumers are more health conscious and tastes are becoming more diversified, creating opportunities for new ingredients.	High marketing costs (advertising, discounts, etc.) are necessary.
U.S. ingredients have a good reputation and image in the industry.	Sanitary issues and restrictions at EU level have been limiting imports of products such as poultry and beef.

II. ROAD MAP FOR MARKET ENTRY

A. Entry Strategy

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

Furthermore, a directory of European importers (including ingredients) is available online at: American Foods in Europe Directory. European importers of U.S. ingredients are listed by product category and company/country index.

Spain generally applies EU rules and regulations. However, there are subtleties that you should learn about if you are thinking of exporting to Spain. For more information, we invite potential U.S. exporters to contact us for additional, unpublished sector-specific information.

In general terms, U.S. exporters already exporting to other EU member states will likely be meeting most of the requirements for exporting to Spain. The U.S. exporter needs to contact a Spanish importer and/or distributor for his product.

Typically, food processors buy their food ingredients from importers or wholesalers. Some large companies buy directly from foreign suppliers. Around 20 percent of the Spanish food production is sold to export markets, mainly to the EU. Some food-processing companies concentrate on the domestic or on export markets, but most of them will have mixed customers. Companies supplying mainly the domestic market frequently market their products directly and have their own logistics infrastructure. However, their customers will vary from wholesalers to buying groups and retailers. Companies producing for the export market may have their own marketing office overseas, local agents or may work with local importers.

U.S. processed food exporters now face even greater challenges, because of the new EC labeling and traceability regulations. Any product that contains genetically modified ingredients must be labeled so that the consumer can distinguish the product. Since consumers have relatively low acceptance of genetically modified foods, food processors, retailers and the HRI sector are reluctant to purchase these processed products or food ingredients for processing.

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 production 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 the Spanish importer and/or the agent involved in the business and is intended for tariff classification purposes.

Trade Shows

Trade shows in Spain offer excellent opportunities for U.S. exporters to make contact with potential clients or business partners from Spain, Portugal, other EU countries and other continents.

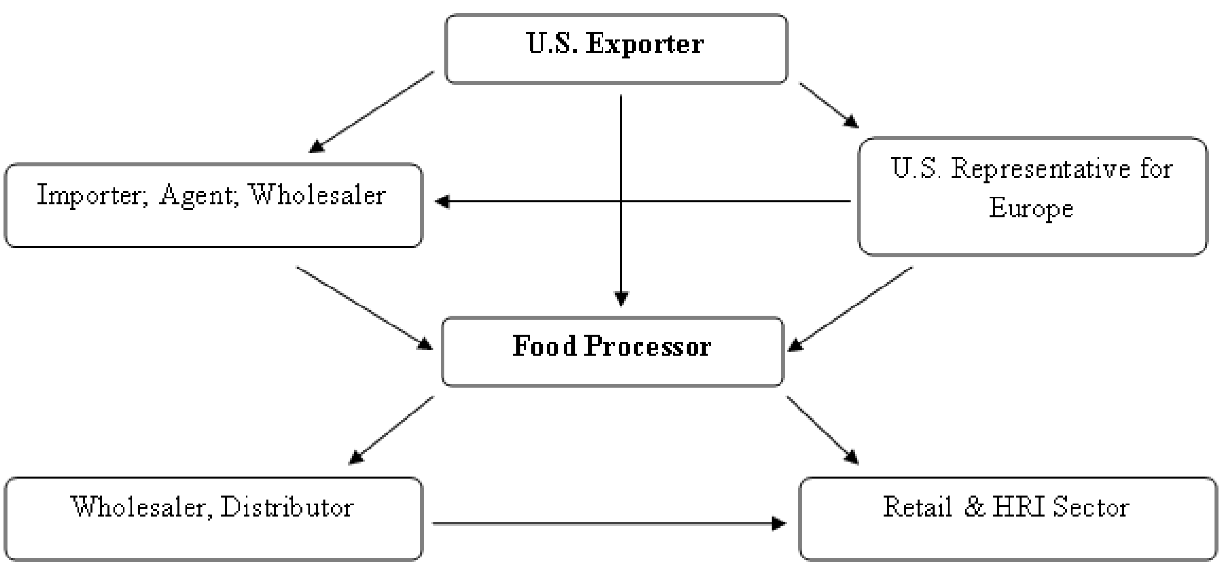
The most important trade shows related to the food processing sector are:

Alimentaria - International Food and Beverages Exhibition
Alimentaria is the most important International Food and Beverages Exhibition in Spain. With almost 4,000 leading food and beverage manufacturers and distributors, and more than 140,000 professional buyers from five continents in 2012, the exhibition will serve again as an international economic stage for the food and beverage industry.

Alimentaria takes place bi-annually in the month of March. **The next edition will be 31 March – April 3, 2014.**

For more details: http://www.alimentaria-bcn.com/en/

B. Market Structure



C. Company Profiles

The Spanish food processing sector has a wide range of food processing sectors, many of them importing food ingredients. The Spanish food industry consists of 29,196 companies. The table below shows how these companies are distributed among the main sectors:

Table 4. Food Processing Industry - Number of industries by sector

	2010	**%**	**2011**	**%**	**2012**	**%**
Meat & Meat Products	4,383	14.48	4,198	14.31	4,131	14.15
Fishery Products	733	2.42	705	2.40	695	2.38
Fruits & Vegetables	1,417	4.68	1,329	4.53	1,350	4.62
Dairy Products	1,587	5.24	1,574	5.37	1,563	5.35
Milling Industry	616	2.04	590	2.01	572	1.96
Beverages	5,097	16.84	4,976	16.96	5,025	17.21
Bread and Pasta	2,751	9.09	2,668	9.10	2,697	9.24
Fats & Oils	1,602	5.29	1,598	5.45	1,604	5.49
Animal Feed	11,158	36.87	10,842	36.96	10,700	36.65
Other Foods	917	3.03	854	2.91	859	2.94
TOTAL	**30,261**	100	**29,334**	100	**29,196**	100

Source: FIAB

Exchange Rate in August 2013:
1 € = $ 1.33

Main Companies Operating in the Food Processing Industry – 2012

RED MEATS AND POULTRY PRODUCTS			
RED MEATS			
Company	**Sales 2012 (Million $)**	**End-User Channels**	**Procurement Channels**
Campofrío Alimentación, S.A.*	2,373	Retail & HRI	Local products/ Imports
Coorporación Alimentaria Guissona, S.A.*	1,682	Retail & HRI	Local products/ Imports
Cooperativas Orensanas, SCG (Coren) *	1,305	Retail & HRI	Local products/ Imports
ElPozo Alimentación, S.A.*	961	Retail & HRI	Local products/ Imports
Casa Tarradellas, S.A.*	880	Retail & HRI	Local products/ Imports
Martínez Loriente, S.A.	645	Retail & HRI	Local products/ Imports
INCARLOPSA	554	Retail & HRI	Local products/ Imports
Jorge, S.L.*	521	Retail & HRI	Local products/ Imports
COVAP*	432	Retail & HRI	Local products/ Imports
Patel, S.A.	344	Retail & HRI	Local products/ Imports
POULTRY PRODUCTS			
Coorporación Alimentaria Guissona, S.A.*	1,682	Retail & HRI	Local products/ Imports
Cooperativa Orensanas (COREN)*	1,305	Retail & HRI	Local products/ Imports
Grupo Sada P.A., S.A.*	740	Retail & HRI	Local products/ Imports
Uve, S.A. (Grupo)*	319	Retail & HRI	Local products/ Imports
Pavo y Derivados, S.A. (Grupo Padesa)	208	Retail & HRI	Local products/ Imports
Procavi, S.L.	167	Retail & HRI	Local products/ Imports

An Avicola Melida, S.A.	132	Retail & HRI	Local products/ Imports
Aragonesa de Piensos, S.A. (Arpisa)*	118	Retail & HRI	Local products/ Imports
Coop. Avícola y Ganadera de Burgos*	87	Retail & HRI	Local products/ Imports
Juan José Sola Ricca, S.A. *	84	Retail & HRI	Local products/ Imports

Source: Alimarket
* Data includes activities in other sectors.

CANNED FISH			
Company	Sales 2012 (Million $)	End-User Channels	Procurement Channels
Luis Calvo Sanz, S.A. (Grupo)*	735	Retail & HRI	Local products/ Imports
Grupo Jealsa Rianxeira*	651	Retail & HRI	Local products/ Imports
Frinsa del Noroeste, S.A.	470	Retail & HRI	Local products/ Imports
Grupo Garavilla*	364	Retail & HRI	Local products/ Imports
Ricardo Fuentes e Hijo, S.A.*	221	Retail & HRI	Local products/ Imports
Ubago Group Mare, S.L.*	141	Retail & HRI	Local products/ Imports
Hijos de Carlos Albo, S.L.*	110	Retail & HRI	Local products/ Imports
Salica, Industria Alimentaria, S.A.	104	Retail & HRI	Local products/ Imports
Compre y Compare, S.A.*	101	Retail & HRI	Local products/ Imports
Ignacio González Montes, S.A.	85	Retail & HRI	Local products/ Imports

Source: Alimarket
* Data includes activities in other sectors.

DAIRY PRODUCTS			
Company	Sales 2012 (Million $)	End-User Channels	Procurement Channels
Grupo Lactalis Iberia*	1,558	Retail & HRI	Local products/ Imports
Danone, S.A.*	1,312	Retail & HRI	Local products/ Imports
Corporación Alimentaria Peñasanta, S.A. (CAPSA)*	926	Retail & HRI	Local products/ Imports
Grupo Leche Pascual, S.A.*	909	Retail & HRI	Local products/ Imports
Kraft Foods*	812	Retail & HRI	Local products/ Imports

Industrias Lácteas Asturianas, S.A. (ILAS) *	649	Retail & HRI	Local products/ Imports
Grupo TGT*	578	Retail & HRI	Local products/ Imports
COVAP*	432		
Senoble España, S.L.	390	Retail & HRI	Local products/ Imports
Leche Celta, S.L.*	343	Retail & HRI	Local products/ Imports

Source: Alimarket
* Data includes activities in other sectors.

PREPARED FRUITS & VEGETABLES			
Company	**Sales 2012 (Million $)**	**End-User Channels**	**Procurement Channels**
Hero España, S.A.*	275	Retail & HRI	Local products/ Imports
Conservas El Cidacos, S.A.*	217	Retail & HRI	Local products/ Imports
Grupo Angel Camacho, S.L.*	209	Retail & HRI	Local products/ Imports
Grupo Riberebro*	192	Retail & HRI	Local products/ Imports
Juver Alimentación, S.L.*	192	Retail & HRI	Local products/ Imports
Grupo Helios*	175	Retail & HRI	Local products/ Imports
Heinz Ibérica, S.A.*	169	Retail & HRI	Local products/ Imports
Coop. Alimentos de Mediterráneo*	149	Retail & HRI	Local products/ Imports
Industrias Alimentarias de Navarra, S.A.U.*	133	Retail & HRI	Local products/ Imports
Bonduelle Ibérica, S.A.U.*	108	Retail & HRI	Local products/ Imports

Source: Alimarket
* Data includes activities in other sectors.

CONFECTIONARY (CHOCOLATE AND SUGAR) PRODUCTS			
Company	**Sales 2012 (Million $)**	**End-User Channels**	**Procurement Channels**
Kraft Foods España Com, S.L. (Confectionary Div.)*	195	Retail & HRI	Local products/ Imports

Wrigley Co., S.L.	153	Retail & HRI	Local products/ Imports
Chupa Chups, S.A.U.	148	Retail & HRI	Local products/ Imports
Lacasa, S.A.*	126	Retail & HRI	Local products/ Imports
Grefusa, S.L.*	121	Retail & HRI	Local products/ Imports
Vidal Golosinas, S.A.	110	Retail & HRI	Local products/ Imports
Haribo España, S.A.	106	Retail & HRI	Local products/ Imports
Sánchez Cano, S.A.	94	Retail & HRI	Local products/ Imports
Cantalou, S.A.*	80	Retail & HRI	Local products/ Imports
Haribo Invest, S.A.	79	Retail & HRI	Local products/ Imports

Source: Alimarket

BAKED GOODS			
Company	**Sales 2012 (Million $)**	**End-Use Channels**	**Procurement Channels**
Grupo Panrico*	645	Retail & HRI	Local products/ Imports
Grupo Siro*	636	Retail & HRI	Local products/ Imports
Nutrexpa, S.L.*	508	Retail & HRI	Local products/ Imports
Grupo Bimbo*	356	Retail & HRI	Local products/ Imports
Dulcesa, S.L.*	124	Retail & HRI	Local products/ Imports
Juan y Juan Industrial, S.L.*	117	Retail & HRI	Local products/ Imports
Brioche Pasquier Recondo, S.L.*	65	Retail & HRI	Local products/ Imports
Anitin Panes Especiales, S.L.*	50	Retail & HRI	Local products/ Imports
Codan, S.A.	32	Retail & HRI	Local products/ Imports
El Pequeño Molino, S.A.*	25	Retail & HRI	Local products/ Imports

Source: Alimarket

* Data includes activities in other sectors.

SNACK FOODS: SNACKS AND NUTS			
Company	**Sales 2012 (Million $)**	**End-Use Channels**	**Procurement Channels**
Grupo Siro*	636	Retail & HRI	Local products/ Imports

Pepsico Foods, A.I.E.*	558	Retail & HRI	Local products/ Imports
Grupo Bimbo*	356	Retail & HRI	Local products/ Imports
Borges, S.A.	338	Retail & HRI	Local products/ Imports
Importaco, S.A. (Grupo)	312	Retail & HRI	Local products/ Imports
Kellogg España, S.L.*	201	Retail & HRI	Local products/ Imports
Frit Ravich, S.L.	175	Retail & HRI	Local products/ Imports
Almendras Llopis, S.A.	123	Retail & HRI	Local products/ Imports
Grefusa, S.L.*	121	Retail & HRI	Local products/ Imports
Ibersnacks Snacks Co-Maker, S.L.	80	Retail & HRI	Local products/ Imports

Source: Alimarket

* Data includes activities in other sectors.

DRY GOODS: RICE, PASTA AND PULSES			
RICE			
Company	**Sales 2012 (Million $)**	**End-Use Channels**	**Procurement Channels**
Ebro Foods, S.A. – Rice Division	1,196	Retail & HRI	Local products/ Imports
Maicerias Españolas, S.A. (DACSA)*	363	Retail & HRI	Local products/ Imports
Cooperativa Arrozúa	58	Retail & HRI	Local products/ Imports
Mars España Inc. y Cia Foods, SRC*	56	Retail & HRI	Local products/ Imports
Alimentos Naturales, S.A.*	52	Retail & HRI	Local products/ Imports
Arrocerias Pons, S.A.	50	Retail & HRI	Local products
Coop. Arrossaires del Delta de L'Ebre, SCCL	46	Retail & HRI	Local products
Legumbres Luengo, S.A.*	42	Retail & HRI	Local products/ Imports
Coop. Camara Arrossera del Montsia I Seccio de Credit, SCCL	38	Retail & HRI	Local products
Arroces y Cereales, S.A. (ARCESA)	36	Retail & HRI	Local products/ Imports
PASTA			
Comercial Gallo, S.A.*	261	Retail & HRI	Local products/ Imports
Pastas Alimenticias Romero, S.A.	40	Retail & HRI	Local products

Oromás, S.A.	35	Retail & HRI	Local products
Rana Hispania, S.A.*	25	Retail & HRI	Local products
Andrés Megías Mendoza, S.A.*	8	Retail & HRI	Local products/ Imports
Barilla España, S.A.	6	Retail & HRI	Local products/ Imports
Industrias Racionero, S.A.*	5	Retail & HRI	Local products/ Imports
Pasta Garofalo España, S.L.U.	4	Retail & HRI	Local products/ Imports
Herba Nutrición (División Pastas Alimenticias)	3	Retail & HRI	Local products/ Imports
PULSES			
Conservas Terramar, S.A. (Grupo)*	86	Retail & HRI	Local products/ Imports
SEPROLESA*	62	Retail & HRI	Local products/ Imports
Alimentos Naturales, S.A.*	52	Retail & HRI	Local products
Legumbres Luengo, S.A.*	42	Retail & HRI	Local products
Ferrer Segarra, S.A.*	25	Retail & HRI	Local products/ Imports
Taboada Grupo Alimentario, S.L.*	21	Retail & HRI	Local products/ Imports
Lozano, S.A.*	19	Retail & HRI	Local products/ Imports
Domingo Grau, S.A.*	14	Retail & HRI	Local products/ Imports
Conservas Hijos Manuel Sánchez Basarte, S.A.*	13	Retail & HRI	Local products/ Imports
Productos Agrícolas Cano, S.A.	12	Retail & HRI	Local products/ Imports

Source: Alimarket
* Data includes activities in other sectors.

CONDIMENTS AND SEASONINGS			
Company	**Sales 2012 (Million $)**	**End-Use Channels**	**Procurement Channels**
Nutrexpa, S.L.*	508	Retail & HRI	Local products/ Imports
Aceites Borges Pont, S.A. *	390	Retail & HRI	Local products/ Imports
Bolton Cile España, S.A.*	109	Retail & HRI	Local products/ Imports
Jesús Navarro, S.A.*	75	Retail & HRI	Local products/ Imports
Conservas Dani, S.A.*	67	Retail & HRI	Local products/ Imports

Unión Salinera de España, S.A.	61	Retail & HRI	Local products/ Imports
Coop. Coato	58	Retail & HRI	Local products/ Imports
Ramón Sabater, S.A.	52	Retail & HRI	Local products/ Imports
Grupo Ybarra Alimentación, S.L.*	34	Retail & HRI	Local products/ Imports
Pimursa, S.L.*	28	Retail & HRI	Local products/ Imports

Source: Alimarket
* Data includes activities in other sectors.

SAUCES			
Company	**Sales 2012 (Million $)**	**End-Use Channels**	**Procurement Channels**
Nestle España, S.A.*	1,851	Retail & HRI	Local products/ Imports
Deoleo, S.A.*	1,248	Retail & HRI	Local products/ Imports
Unilever España, S.A.*	866	Retail & HRI	Local products/ Imports
Kraft Foods*	812	Retail & HRI	Local products/ Imports
Aceites del Sur-Coosur, S.A.*	558	Retail & HRI	Local products/ Imports
Hero España, S.A.*	275	Retail & HRI	Local products/ Imports
Grupo Helios*	175	Retail & HRI	Local products/ Imports
Heinz Iberica, S.A.*	169	Retail & HRI	Local products/ Imports
Industrias Alimentarias de Navarra, S.A. *	133	Retail & HRI	Local products/ Imports
Bolton Cile España, S.A.*	109	Retail & HRI	Local products/ Imports

Source: Alimarket
* Data includes activities in other sectors.

SPECIALIZED FOOD INGREDIENTS			
Company	**Sales 2012 (Million $)**	**End-Use Channels**	**Procurement Channels**
Cargill España (Grupo)*	1,525	Food Manufacturers & Producers	Local products/ Imports
Viscofan, S.A.	866	Food Manufacturers &	Local products/

		Producers	Imports
Quimidroga, S.A.*	693	Food Manufacturers & Producers	Local products/ Imports
Lipidos Santiga, S.A.	583	Food Manufacturers & Producers	Local products/ Imports
Brenntag Quimica, S.A.*	325	Food Manufacturers & Producers	Local products/ Imports
Indukern, S.A.	302	Food Manufacturers & Producers	Local products/ Imports
Iff Benicarlo, S.A.*	273	Food Manufacturers & Producers	Local products/ Imports
BASF Española, S.L. (División Nutrition & Health)*	234	Food Manufacturers & Producers	Local products/ Imports
Roquette Laisa España, S.A.	221	Food Manufacturers & Producers	Local products/ Imports
T-500 Puratos, S.A.	187	Food Manufacturers & Producers	Local products/ Imports

Source: Alimarket
* Data includes activities in other sectors.

BEVERAGES: Alcoholic and Non-Alcoholic			
Company	**Sales 2012 (Million $)**	**End-Use Channels**	**Procurement Channels**
Coca-Cola España	3,896	Retail & HRI	Local products/ Imports
Grupo Mahou-San Miguel	1,553	Retail & HRI	Local products/ Imports
Heineken España	1,196	Retail & HRI	Local products/ Imports
S.A. Damm (Grupo)	1,046	Retail & HRI	Local products/ Imports
J. García Carrión, S.A.	844	Retail & HRI	Local products/ Imports
Pepsico Bebidas Iberia	584	Retail & HRI	Local products/ Imports
Pernord Ricard España	519	Retail & HRI	Local products/ Imports
Schweppes, S.A.	448	Retail & HRI	Local products/ Imports
Freixenet, S.A. - Grupo	428	Retail & HRI	Local products/ Imports
Diageo España, S.A.	404	Retail & HRI	Local products/ Imports

Source: Alimarket

D. Sector Trends

According to "Invest in Spain" (www.investinspain.org), a public owned corporation dependent on the Spanish Ministry of Industry, Tourism and Commerce, in 2010 Spain was the ninth largest recipient of foreign direct investment in the world, according to the "World Investment Report 2011". Spain's appeal for foreign investors lies not only in its domestic market, but in the possibility of operating in third country markets thanks to its geostrategic position: it belongs to the European Union and is the gateway to North Africa and Latin America.

Agricultural, fish and forest products imports from the United States have recovered since 2009, when they considerably decreased, partly due to the strong Euro and the dependence of Spain to import certain bulk commodities (grains, almonds). Total imports grew from $956 million in 2009 to $1.46 billion in 2012.

Many U.S. companies are present in Spain, either through joint ventures, acquisitions, etc. The major U.S. companies in the Spanish food and beverage industry are (in alphabetical order):

- Bunge: Fats and Oils
- Cargill: Fats, Oils, additives, pet food
- Coca Cola: Beverages, snacks
- Heinz Iberica: Prepared vegetables
- Kraft Foods: Cheese
- Mars España: Chocolates, confectionary
- Pepsico: Beverages, juices, snacks
- Sara Lee Bakery Group: Confectionary, baked goods
- Smithfield: Meats

Major consumption trends:

- A new type of consumer is arising and more consumers are becoming what are known as 'hybrid consumers'. These are customers who buy less medium quality products and tend to buy the cheaper options of basic daily products. On the other hand, with the money saved, these consumers like to opt for premium/gourmet products that have emotional or social importance for them. That is, consumers are becoming polarized in their decision making.

- Another development that drives changing consumer buying habits is the on-going trend towards smaller households. Single and two person households are growing and households of 4 or more persons declining. Not only does this trend demand smaller portions, industry contacts also claim that consumers tend to buy more expensive, value-added products or meal components when cooking for only one or two persons.

- Private labels are gaining market share, both due to the economic difficulties and the aggressive promotions carried out by retailers.

- Within the trend towards staying young, fit and healthy, consumers are increasingly buying healthy and functional foods.

- In line with healthy food, the organic food market, still seen as a small niche market, is now moving into the mainstream of the food industry. Apart from the shops that specialize on this type of products, they can also be sold in many supermarkets and hypermarkets.

- As mentioned previously in this report, most larger food processors rely on the export or re-export market to remain competitive and operate at a higher capacity utilization rate.

III. COMPETITION

Spain's main trading partner is the EU-28. Other EU member states are the main competitors of US products intended for the food processing industry. The lack of trade tariffs, trade barriers and other restrictions inside the European Union make European goods more attractive and competitive, particularly to price sensitive goods.

Table 4. Competitive Situation Facing U.S. Suppliers from Domestically Produces Goods and Imported Goods

Product Category (thousand metric tons; million USD)	**Major Supply Sources in 2012 (in value)**	**Strengths of Key Supply Countries**	**Advantages and Disadvantages of Local Suppliers**
Frozen Fish *Imports: 284* *Value:$814*	1. Mexico - 8% 2. Portugal - 8% 3. Netherlands Antilles - 6% 12. USA-3%	Other major suppliers offer high quality fish products at competitive prices.	Large competition from local suppliers and producers. Spanish domestic consumption and exports surpass local supply.
Almonds *Imports:64* *Value:$296*	1. USA - 91% 2. Australia - 3% 3. Germany - 1%	Competition from other supplying 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 organoleptic properties. U.S. almonds are used in the confection industry, mainly for Christmas traditional nougat.
Walnuts *Imports:22* *Value:$146*	1. USA - 59% 2. France - 19% 3. Chile - 8%	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 *Imports:8* *Value:$68*	1. USA - 31% 2. Germany - 29% 3. Iran - 17%	Germany is the main entry point for U.S. and Iranian pistachios to the EU. Pistachios are then re-exported to other member states.	Pistachio production in Spain is very limited.
Sunflower seeds *Imports:476* *Value:$361*	1. France - 43% 2. Portugal - 15%	Growing competition from China, Argentina and Israel for confectionary. Possible implementation of lower	Spain production of sunflower seeds for confectionary is not sufficient to meet demand.

	3. Romania - 12% 5. USA – 7%	cadmium levels.	
Pulses *Imports:371* *Value:$282*	1. Argentina - 24% 2. Mexico - 17% 3. USA - 15% 4. Canada - 14%	Strong competition from Argentina, who largely increased their presence in recent years, and Canada, a traditional supplier to Spain.	Spain is a traditional consumer of pulses and its local production is not sufficient to fulfill internal demand. Imports continue to rise after significantly decreasing in 2009.

IV. BEST PRODUCT PROSPECTS

Table 5. Products Present in the Spanish Market Which Have Good Sales Potential

HS Code	Product Category	2012 Spanish Imports ($ Million)	5-Year Average Import Growth (% Volume)	Key Constraints	Attraction for U.S. Exporters
0303	Frozen Fish	$814	-0.2%	Heavy competition from third countries, other EU Member States and domestic suppliers. Bad economic situation in Spain.	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)	$722	-0.9%	Heavy competition from other EU Member States and domestic suppliers. Bad economic situation in Spain.	Good reputation and reliability of U.S. producers. High per capita consumption of fish. Despite the total negative growth figure, imports from the United States have increased in the last 5 years (average growth for the USA was 11 percent).
080212	Almonds	$296	3%	Aflatoxin issues. Spanish economic situation.	Domestic consumption of tree nuts is increasing due to their utilization in the processing industry and re-exported. US exports of almonds to Spain continued to recover in 2012.
080231 080232	Walnuts	$146	-1%	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. Despite the negative 5-year growth in quantity, the average 5-year growth in value is 10 percent.

080250	Pistachios	$68	-9%	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 US have increased in the last 5 years (average growth for the US was 19 percent).
0713	Pulses	$282	11%	Strong competition from Argentina, who largely increased their presence in recent years, and Canada, a traditional supplier to Spain.	Spain is a traditional consumer of pulses and its local production is not sufficient to fulfill internal demand. Total and USA imports continue to rise after significantly decreasing in 2009.
2208	Distilled Spirits	$1,183	-4%	Difference in legal format of alcohol containers; exporters need to adapt to EU size. (70 cl in the EU as opposed to 75 cl in the USA).	Increasing interest in U.S. distilled drinks. Despite the total negative growth figure, imports from the United States have increased in the last 5 years (average growth for the USA was 20 percent).

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:

Local Address:
Foreign Agricultural Service
Office of Agricultural Affairs
U.S. Embassy Madrid
Serrano, 75 – Box 20
28006 Madrid
Spain

U.S. Mailing Address:
Office of Agricultural Affairs
U.S. Embassy Madrid
Unit 8500, Box 2000
APO, AE 09642

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

Importer listings are available from the Agricultural Affairs Office for use by U.S. exporters of U.S. ingredients. Recent reports of interests to U.S. exporters interested in the Spanish market can be accessed through the FAS website.

ANNEX 1. OTHER CONTACTS OF INTEREST

Trade Associations

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

FEHR – Federación Española de Hostelería
(Spanish Federation for HRI Sector)
http://www.fehr.es
fehr@fehr.es

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

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

Government Agencies

Subdirección General de Sanidad Exterior
Ministerio de Sanidad, Servicios Sociales e Igualdad
(Ministry of Health, Social Services and Equality)
(Responsible for: Imported Foodstuffs, Contaminants and Compound Residues, Health Certification, Port Inspection and EU Alerts)
http://www.msssi.gob.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
http://www.aesan.msc.es/SIAC-WEB/contacto.do?reqCode=newSearch

Dirección General de Industria y Mercados Alimentarios
Ministerio de Agricultura, Alimentación y Medio Ambiente
(Ministry of Agriculture, Food and Environmental Affairs)
http://www.magrama.gob.es
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