USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

Required Report - public distribution

Date: 5/29/2018
GAIN Report Number: SP1813

Spain

Post:
Madrid

Retail Foods

2018

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Report Highlights:
In Fiscal Year (FY) 2017, Spain imported $1.7 billion worth of agricultural, fish and forest products from the United States. As Spain remains one of the fastest growing economies in the Eurozone, the retail sector continues to consolidate its position and importance in the country. Spain has one of the most competitive food processing industries in Europe, which makes this sector an important target for U.S. food ingredient exporters.

Market Fact Sheet: Spain

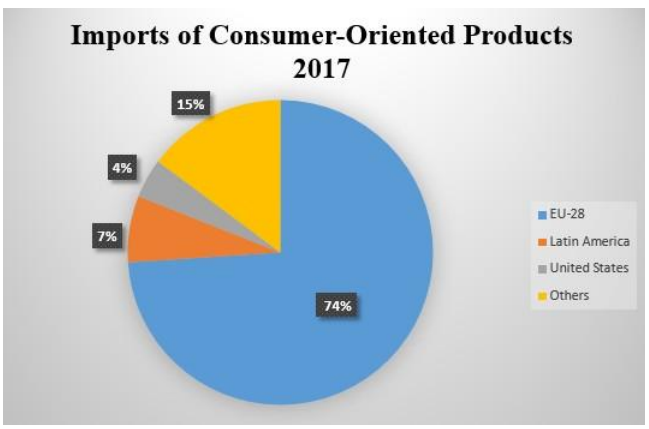
Executive Summary

In 2017, Spain was the 14th largest economy in the world and the 5th in the European Union. After years of deep economic recession, Spain marked the third straight year of at least 3% of GDP growth, becoming one of the fastest growing economies in the EU. Spain is a major producer and exporter of food and agricultural products, whose main trade partner are other EU countries. Producers, processors, wholesalers, retailers, food service operators, and importers are all part of a well-developed agribusiness sector, contributing to a competitive and dynamic domestic scenario. In 2017, total imports of agricultural products reached US$41.5 billion, up 9.42% compared to 2016.

SWOT Analysis	
Strengths	***Weaknesses***
One of the fastest growing Euro zone economies	High public debt
Opportunities	***Threats***
Strong private debt	High unemployment

Imports of Consumer-Oriented Products

Goods imported into the EU must meet the EU sanitary and phytosanitary requirements to protect human and animal health and as part of the custom union. Spain implements EU rules and regulations and, generally, U.S. exporters already exporting to other EU member states will likely be meeting most of the requirements for exporting to Spain. For animal product exports, the production plant must be approved to export into the EU.



Food Processing Industry

In 2017, the food processing sector consolidated its position and importance as the main industrial sector pushing the economic recovery. Spain enjoys a modern food processing sector that pays special attention to the quality, safety, and traceability of the food products it produces. It has one of the most competitive food processing industries in Europe, which makes this sector an important target for U.S. food ingredient exporters. Food processing sales mainly focus in the domestic market, which accounts for 70% of sales.

Food Processing Industry Facts 2016

Food Processing Industry	$113.4 billion
Output Food Exports	$32.3
Commercial Surplus	$8.5
No. of Employees	180,000
No. of Food Processors	28,038
No. of Exporters	17,234
% of total GDP	3%
% of Industrial GDP	21%

Food Retail Industry

Spanish food retail sales reached US$118.7 billion in 2017. Retailing obtained good results in 2017 thanks to the improved economic environment, which lead consumers to increased optimism and expenditure. In addition, Spain continues to break record tourist numbers, boosting demand for food. In 2017, the largest store-based food retailers where Mercadona, Grupo Carrefour and Grupo Eroski. Internet retailing is expected to see the fastest growth in the medium term.

Top 10 Spain Country Retailers

Retail Organization	Ownership	Sales 2017 ($ Million)
MERCADONA	Spanish	24,500
GRUPO CARREFOUR	French	11,204
GRUPO EROSKI	Spanish	6,157*
DIA	French	5,123
LIDL	French	4,191
GRUPO ALCAMPO	German	3,965*
CONSUM, S. COOP.	Spanish	2,744
AHORRAMAS	Spanish	1,866
HIPERCOR	Spanish	1,541*
MAKRO	German	1,448

*2016 Data

Data and Information Sources: Euromonitor, GTA, Eurostat, FIAB

Contact: AgMadrid@fas.usda.gov

SECTION I. MARKET SUMMARY

Economic Trends

Spain has the fifth largest economy in the European Union. Spain's economy grew 3.1 percent in 2017, marking the third straight year of at least 3 percent GDP growth since the economic recovery began in late 2013 after the deep economic recession. Compared to pre-crisis figures in 2008, Spain's economy today is more diversified, more competitive, and more export-oriented. Spain set a record for tourism in 2017, surpassing the United States to become the second most popular destination in the world behind only France. Last year 82 million tourists arrived in Spain—an 8.9 percent increase over 2016—and spent more than 87 billion euros, according to official Spanish data.

ECONOMIC TRENDS	2014	2015	2016	2017*	2018**
Real GDP Growth Rate	1.4	3.4	3.3	3.1	2.6
Inflation (%)	-0.2	-0.6	-0.3	2.0	1.4
Unemployment (%)	24.5	22.1	19.6	17.2	15.3
GDP per Capita at market prices (€)	22,300	23,300	24,100	25,000	25,500

Source: Eurostat (*) Provisional; (**) Estimate

The Spanish economy is expected to continue to expand at a slightly slower pace in 2018. The progress in alleviating the unemployment situation, the growth in exports and the improvement in private consumption and supporting the economy is leading the way out of the recession. The country seems to continue on the right path out of the economic crisis that severely affected its financial system and consumer income and behavior. This will likely have a positive effect in the retailing industry as a whole.

The Spain retail food market is highly diversified. Hypermarkets/supermarkets, convenience stores, major discount stores and specialized stores coexist with traditional corner grocery stores and open- air markets. Yet, the total number of retail outlets decreased over the past decade and the consolidation of the retail food industry continues to date. The recovery of the economy is slowly leading to an increase in domestic demand. Retailing showed a good performance in 2017 thanks to the positive economic environment, and this made consumers' behavior become more optimistic and increase their expenditure on food.

The best performance in 2017 was seen by online retail. Internet retailing is expected to see the fastest growth in the medium term, as more stores are likely to enter the channel, or, if they are already present, they are likely to invest more in this channel in order to improve the online shopping experience.

Within store-based retailing, the two best performing channels in 2017 were discounters. Within grocery store-based retailing, the competitive environment is quite concentrated, with Mercadona having by far the largest share, followed by Carrefour. On the one hand, discounters performed well because their goods are perceived as good value for money and offering a good quality-price ratio.

Advantages and Challenges for US Products in the Spanish Market

Advantages	Challenges
Tourism is a strong and ever-growing sector that provides sales in the HRI sector, as well as demand for more international foods.	Food imported from third countries, including the U.S., must comply with EU food law, which varies considerably from U.S. regulation and practice.
Spain’s food industry relies on imported ingredients, many from the U.S.	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 versus EU competitors.
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 and import regulations impose a price disadvantage on non-EU based companies.
Food products in the market are becoming more diversified. Consumers are becoming more open, creating opportunities for new and foreign products.	High marketing costs (advertising, discounts, etc.) are necessary.

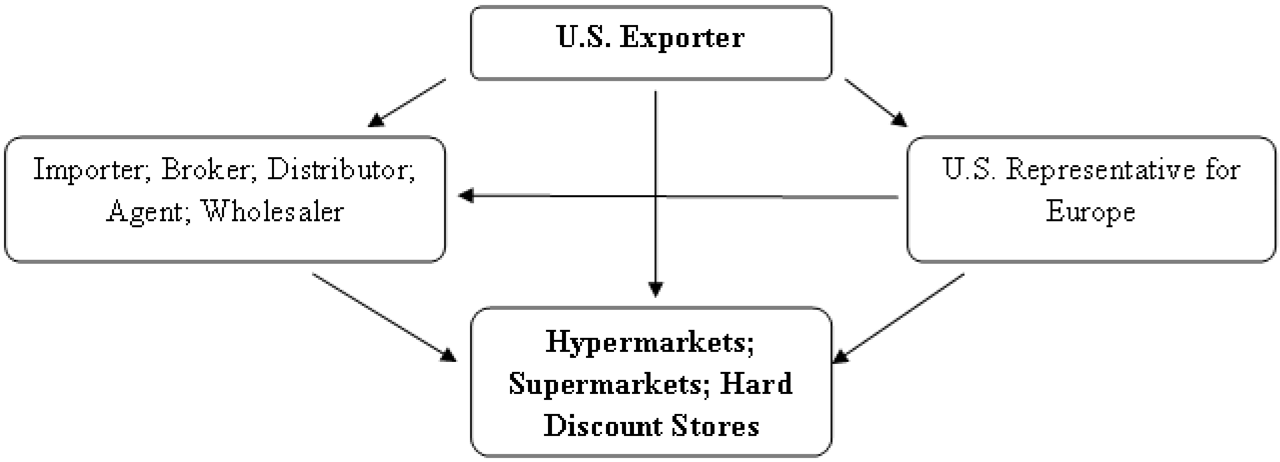
SECTION II. ROAD MAP FOR MARKET ENTRY

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 American Foods in Europe Directory. 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 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 us 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. The most important grocery retailer continues to be Mercadona.

While hypermarkets and larger sized supermarkets control a large share of sales, small sized supermarkets located in urban areas are becoming ever more popular due to their proximity to the consumer (generally located within walking distance of residential and/or business areas).

Information for U.S. exporters

U.S. processed food exporters face 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 public perception 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 check the FAS/USEU Mission link on the topic.

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 information.

In general terms, U.S. exporters already exporting to other EU Member States 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, importers, brokers and/or wholesalers or distributors import directly food products.

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. In addition, 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 the FAS/USEU Mission link on the topic.

Also, please check the U.S. Mission to the European Union webpage which will guide you on exporting into the EU.

SECTION III. COMPETITION

Competitive Situation for U.S. Imported Goods

Product Category (thousand metric tons; million USD)	Major Supply Sources in 2017 (in value)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Frozen Fish *Imports:366* *Value:$883*	1. Portugal - 10% 2. Netherlands – 7% 3. El Salvador – 6%	Other major suppliers offer high quality fish products at competitive prices.	Large competition from local suppliers and producers. Spanish domestic consumption and exports largely surpass local supply.
Almonds *Imports:99* *Value:$524*	1. USA - 87% 2. Australia - 9% 3. Portugal - 2%	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 processed, both to be used by the domestic industry or re-exported.
Walnuts *Imports:29* *Value:$172*	1. USA - 87% 2. France - 13% 3. Chile - 10%	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:10* *Value:$92*	1. USA - 31% 2. Germany - 30% 3. Iran - 25%	Germany is the main entry point for U.S. and Iranian pistachios to the EU. Pistachios are then re-exported to other member	Pistachio production in Spain is very limited and demand keeps growing.
Sunflower seeds *Imports:113* *Value:$84*	1. USA - 63% 2. France - 27% 3. Chile - 25%	Growing competition from China, Argentina and Israel for confectionary.	Spain production of sunflower seeds for confectionary is not sufficient to meet demand.
Pulses Imports:227 Value:$204	1. USA – 25% 2. Argentina - 14% 3. Canada – 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.

Source: www.gtis.com

SECTION IV. BEST PRODUCT PROSPECTS

Products Present in the Spanish Market with Good Sales Potential

HS Code	Product Category	2017 Spanish Imports ($ Million)	5 Year Average Import Growth (% Value)	Key Constraints	Attraction for U.S. Exporters
0304	Fish Fillets and Other Fish Meat (Minced, Fresh, Chilled or Frozen)	World Total: $865 U.S.A.: $48	5%	Heavy competition from other EU Member States and domestic suppliers. Unfavorable exchange rate	Good reputation and reliability of U.S. producers. High per capita consumption of fish. Imports
080212	Almonds	World Total: $524 U.S.A.: $449	10%	Aflatoxin issues.	Domestic consumption of tree nuts is increasing due to their utilization
080231 080232	Walnuts	World Total: $172 U.S.A.:$109	4%	Competition from other EU countries, mainly France.	US walnuts, both shelled and in-shell, are making inroads in Spain due to
080251	Pistachios	World Total: $92 U.S.A.:$ 28	4%	Competition from Iran and EU importers, such as Germany, who re- export this product to	Domestic consumption of tree nuts continues to increase. U.S. pistachios have a higher quality
2208	Distilled Spirits	World Total: $1,039 U.S.A.:$ 121	-4%	Difference in legal format of alcohol containers; exporters need to adapt to EU size. (70 cl in the EU as	Increasing interest in U.S. distilled drinks. Despite the total negative growth figure, the average growth

0713	Pulses	World Total: $204 U.S.A.:$ 62	-3%	Strong competition from Argentina, who largely increased their presence in recent years, and Canada, a traditional supplier to	Spain is a traditional consumer of pulses and its local production is not sufficient to fulfill internal demand. Despite the total negative growth

Source: www.gtis.com

Products Present In The Market That Have Good Sales Potential

- Tree nuts, particularly almonds, walnuts and pistachios
- Peanuts
- Pulses
- Rice
- Sunflower seeds
- Fish and Seafood, fresh and frozen
- Beverages (wine and beer) and distilled spirits

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

- Functional and innovative health food
- Free-from products (lactose-free, gluten-free)
- Food ingredients
- High value beef meat (only Non-Hormone Treated Cattle)
- Specialty foods, snack foods and sauces
- Condiments and Sauces
- Pet foods

Products Not Present Because They Face Significant Barriers

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

SECTION V. 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
Email: AgMadrid@fas.usda.gov
Web: https://es.usembassy.gov/business/

Trade Associations
FIAB- Federación de Industrias de Alimentación y Bebidas
(Spanish Federation of Food and Beverage Industries)

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

ASEDAS – Asociación Española de Distribuidores, Autoservicios y Supermercados
(Spanish Association for Distributors and Supermarkets)

Asociación de Cadenas de Restauración Moderna
(Spanish Restaurant Chain Association)

Government Agencies
Ministerio de Sanidad, Servicios Sociales e Igualdad
(Ministry of Health, Social Services and Equality)

Agencia Española de Consumo, Seguridad Alimentaria y Nutrición (AECOSAN)
(Spanish Consumption, Food Safety and Nutrition Agency)

Ministerio de Agricultura y Pesca, Alimentación y Medio Ambiente
(Ministry of Agriculture and Fisheries, Food and Environment)

For more information on exporting U.S. agricultural products, please visit Foreign Agricultural Service