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Spain Gets Green Light to Ship Fresh Pork and Table Grapes to China

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Fresh Deciduous Fruit

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Report Highlights:

Chinese President Xi Jinping's visit to Spain in late November 2018 concluded with the signature of two protocols that will allow Spain to export fresh pork, value-added pork products, and table grapes to China. The new protocol on pork will likely increase the value of Spanish pork exports to China. However, any significant increases in trade volume will be primarily fueled by increased Chinese demand for meat, and in response to recent outbreaks of African Swine fever in China. Meanwhile, new access for Spanish grapes will contribute to Spanish fruit producer's efforts to diversify their export destinations to other markets outside the European Union.

Executive Summary

During Chinese President Xi Jinping state visit to Spain in late November 2018, both governments signed several Memorandums of Understanding (MoU) on areas related to culture, employment, infrastructures, and technology. In addition, Spain and China signed two agricultural bilateral protocols allowing Spain to export fresh pork, pork products, and Spanish table grapes to China. (See [Spain-China Joint Statement](#) in Spanish only).

Already able to ship frozen pork, offals, and sliced cured ham, in 2017 Spain was the leading pork supplier to China. For the last two years, Spain has tried to finalize a bilateral protocol with China for fresh and pork products, beef, and lamb meat. While traders expect the protocol to raise the value of Spanish pork exports, significant increases in volume are more likely to be in response to increased Chinese demand following the outbreaks of African swine fever (ASF) taking place in China since August 2018. Hence, Post expects Spanish pork exports to China to grow in the coming years.

Similarly, after two years working to open the Chinese market for Spanish table grapes, Spain will be able to export this fruit to China. Spain is the first EU producer of seedless table grapes, which are the product of main interest to China. Other fruits that Spain is already exporting to China are citrus and peaches and nectarines. Spain is also trying to finalize bilateral protocols with China for strawberry and cherries. With the increasing fruit demand in China, Post expects Spanish table grapes exports to China to rise in the coming years.

Spanish pork and fruit exporters expressly welcomed the signing of the protocols as a unique opportunity to continue diversifying their export destinations to markets outside of the EU.

Spanish Agricultural Market Access to China

A few years ago, the Spanish Government, through the Spanish Ministry of Agriculture and Spanish Ministry of Economy, listed a series of priorities for agricultural export priorities for the Chinese market.

In 2014, following the signing of a bilateral protocol, Spain began exporting citrus to China. By 2017, Spain was the fifth largest citrus supplier to China, exporting \$24 million worth of citrus. Spain competes with South Africa, Australia, the United States, and Egypt. During the first nine months of 2018, Spain's citrus exports to China, primarily oranges, reached \$34.6 million. Similarly, in 2016, Spain started exporting peaches and nectarines to China. In 2017, Spanish exports of peaches and nectarines to China were valued at \$47,600 and exports during the first nine months of 2018 are negligible.

Over the last decade, Spain also exported frozen pork, offals, and sliced cured ham to China. The value of Spanish pork exports has increased annually, reaching \$450 million in 2017. For the last two years, Spain has been working to finalize bilateral protocol with China to export table grapes, strawberries, cherries, fresh and pork products, beef and lamb.

During Chinese President Xi Jinping's visit to Spain in late November 2018, Spain and China signed two agricultural bilateral protocols allowing Spain to export fresh pork and pork products, and table grapes to China. In addition, the countries signed several Memorandums of Understanding (MoU) in different non-agricultural areas. The countries also commitment to establish a regular flow of high-level bilateral visits related to culture, commerce, and science.

Following President Xi's visit, Spanish President, Pedro Sanchez, may also visit Beijing to attend the One Belt, One Road summit. However, Spain did not make a formal commitment during the visit. The Spanish Government maintains that the EU already has a connectivity framework with Asia, led by the European Commission.

New Bilateral Protocol for Pork

The Spanish Ministry of Agriculture, Fisheries and Food negotiated the new pork protocol with the General Customs Administration of China. In October 2018, the Spanish Ministry of Industry, Trade and Tourism and the Chinese Ministry of Commerce concluded details during the Joint Commission for Spain-China Cooperation held in Beijing. The protocol significantly expands the range of Spanish pork products authorized for export to China.

From now on, in addition to frozen pork and offals, Spain will be able to export fresh chilled pork as well as value-added pork products such as loin, sausage, and chorizo along with whole hams (with bone and hoof) when they have more than 313 days of cured process. Previously, Spain could only export sliced cured ham without bone.

The following Spanish establishments are eligible to export Spanish pork and products to China: Campofrío, Cárnica Batallé, Cárnicas Joselito, Frigoríficos Costa Braba, ElPozo Alimentación, Embutidos Fermín, Facsa-Prolongo, Famadesa, Norfrisa, Friselva, Grupo Jorge, Ibéricos Torreón, Jamón Salamanca, Mafrigés, Matadero de Fuentes El Navazo, Montesano, Olot Meats, Calderón y Ramos, Sánchez Romero Carvajal and Vall Companys. It is important to note that this protocol does not include new Spanish pork companies, the protocol pertains to Spanish establishments already eligible and registered to export frozen pork to China. Industry sources remark that there are several additional Spanish pork facilities awaiting to get the final approval to export pork to China.

This new protocol opens up great possibilities for the Spanish meat industry by providing access to one of the biggest markets in the world. In addition, given EU's good reputation for animal health standards in China under the new protocol Spanish pork exporters will be able to develop new niche markets for high quality products in that market.

The Chinese market presents great potential for Spanish pork and pork products, especially given the outbreaks of African Swine Fever (ASF) that have taken place in the country since August 2018. China is also a large consumer of other meats, such as beef and lamb meat. While Spain has begun to negotiate a protocol with China, Spanish beef does not yet have access to the Chinese market. Pork accounts for two-thirds of the total Chinese meat consumption, and although they are also the main producers in the world, they continue to be the first import market.

Spanish Industry Reactions and Potential Trade Impact

The Spanish pork industry welcomed the agreement between the two governments, which expands the range of Spanish pork products with access to the Chinese market. Spanish industry contacts anticipate that with this protocol they will be able to export other types of pork cuts, which will allow them to improve their added-value pork products to the Chinese market. The protocol will also clarify all the conditions required for the export of pork products, and significantly contribute to consolidating Spain's position as one of the world's leading pork exporters. Industry sources also stressed that the agreement is the result of extensive work done by the Spanish government and the Spanish pork sector to improve product quality to respond to China's increasing demand for high quality products.

The signing of the agreement will reportedly allow Spain to continue growing export opportunities both in pork meat, and in the processed pork products that Spain manufactures. Since Chinese pork consumers are increasing every year millions of Chinese citizens will now have the opportunity to try specialized Spanish pork meat and processed products.

The latest data on Spanish pork exports to China show that from January to September 2018, Spanish pork exports by volume remained flat at 197,044 tons, valued at \$285 million. Also from January to September 2018, Spain exported \$1 million worth of cured ham, barely 0.3 percent of the total Spanish pork exported to China in both weight and value.

During the last 10 years, Spain's pork exports to China have followed an upward trend. In 2017, Spain supplied 20 percent of China's total pork imports and became the largest pork exporter to China, with a total of 300,000 tons valued at \$450 million. By products, close to 65 percent of Spanish pork exports are frozen pork, 29 percent offals, and 5 percent bacon. The remainder of Spanish exports are fat, boneless hams, and bellies. Spain is one of the 17 countries worldwide currently authorized to export pork to China.

Trade Observers do not anticipate the protocol will significantly increase the volume of Spanish fresh pork exports to China. However, the protocol may boost trade value as Spanish fresh pork exports include higher end and niche market products (namely loin, sausage, chorizo, and whole hams with bone and hoof). Any significant increases in the volume of Spanish pork trade to China will be in response to rising Chinese meat demand and the recent outbreaks of African swine fever.

New Bilateral Protocol for Table Grapes

After two years of working to open the Chinese market to Spanish table grapes to China, the signature of this new bilateral protocol allows Spain to export table grapes to China.

Chinese global imports of grapes stand at about 200,000 ton. In addition, table grapes can perfectly withstand the maritime transport of 30 days. Spain is also the first EU producer of seedless table grapes, about 135,000 MT per year. Spanish exporters report that China's main interest is for high quality fruit, primarily without seeds, and for new varieties that do not compete with China's domestic production.

Spanish Industry Reactions and Potential Trade Impact

Spanish fruit and vegetable industry welcomed the signing of the protocol as unique opportunity to continue diversifying export destinations outside of the EU. The Spanish region of Murcia is the leading autonomous community producer and exporter of table grapes. According to fruit exporters in Murcia, China represents an important niche market similar to South Africa and other Asian destination. Spanish table grapes exporters are also expecting other Asian markets, such as Vietnam, to open very soon.

In 2017, total Spanish exports of table grapes stood at almost 150,000 MT values at \$350 million. Spain ships 90 percent of its table grape exports to other European markets and the rest to non-EU countries mainly Norway, South Africa, Canada, and United Arab Emirates. Given the increasing fruit demand in China, this new protocol is expected to grow Spanish exports of table grapes to China.