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Exporter Guide

2014

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Report Highlights:
In Fiscal Year (FY) 2014, Spain imported $2.2 billion of agricultural, fish and forest products from the United States, up 19 percent compared to the previous year and the highest import figure on record. Spain is expected to end 2014 with a modest growth with some positive sectors such as Foreign Direct Investment, exports and tourism. The dynamic Spanish market 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.

Executive Summary:

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APPENDIX – STATISTICS

SECTION I. MARKET OVERVIEW

ECONOMIC TRENDS

AGRICULTURAL PRODUCTS IMPORTS ($ Million)						
	2010	**2011**	**2012**	**2013**	**2014***	**2015****
Total Agricultural, Fish and Forestry Products	34,218	40,076	37,428	38,077	39,000	40,000
Total U.S. Agricultural, Fish and Forestry Products	1,318	1,526	1,292	1,640	1,700	1,750
Total Food Products	32,559	38,061	35,770	36,224	36,500	37,000
Total U.S. Food Products	1,322	1,536	1,308	1,702	1,800	1,850
Total Fish and Seafood Products	6,412	7,190	6,229	6,318	6,400	6,500
Total U.S. Fish and Seafood Products	113	122	110	105	110	115

(1) Global Trade Atlas (www.gtis.com)

(*) Estimate

(**) Forecast

Spain's economy is expected to grow modestly in 2014 after several years of contraction. The growth in exports, investment and another year of good tourism numbers provide support to the overall economy. However, on the other hand, businesses and households are still struggling to reduce their debt. The prospects for consumer spending are improving with the better economic perspectives. Unfortunately, the unemployment is still a heavy burden for the economy, with nearly a quarter of the work force unemployed and approximately two-thirds of those currently unemployed have been out of work for more than a year.

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 fidelity 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 throughout 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 are already familiar with these procedures 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 be familiar with all the different consumption patterns and preferences in each of the country's 17 autonomous 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:

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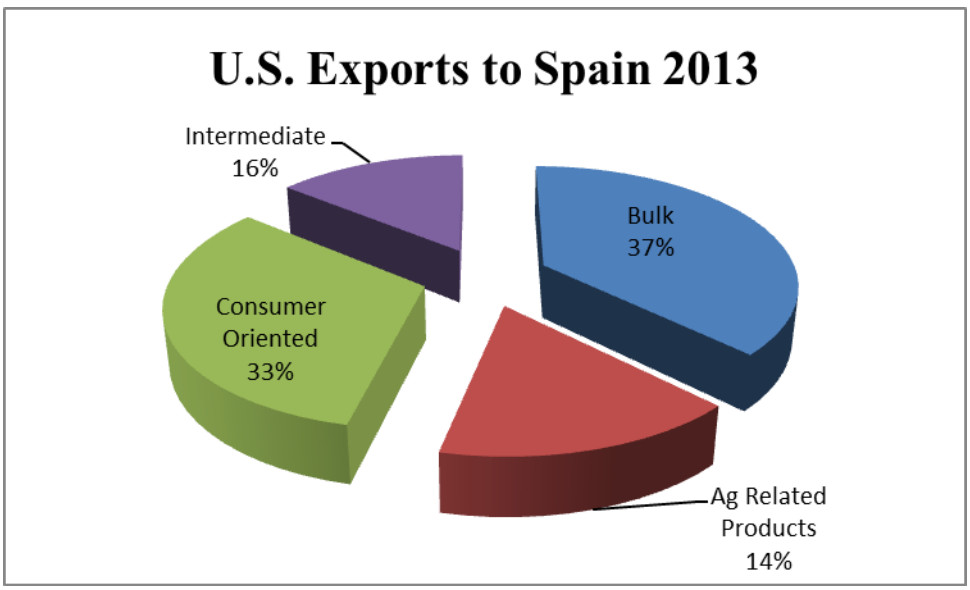
Web: http://madrid.usembassy.gov/about-us/fas.html

ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS IN SPAIN

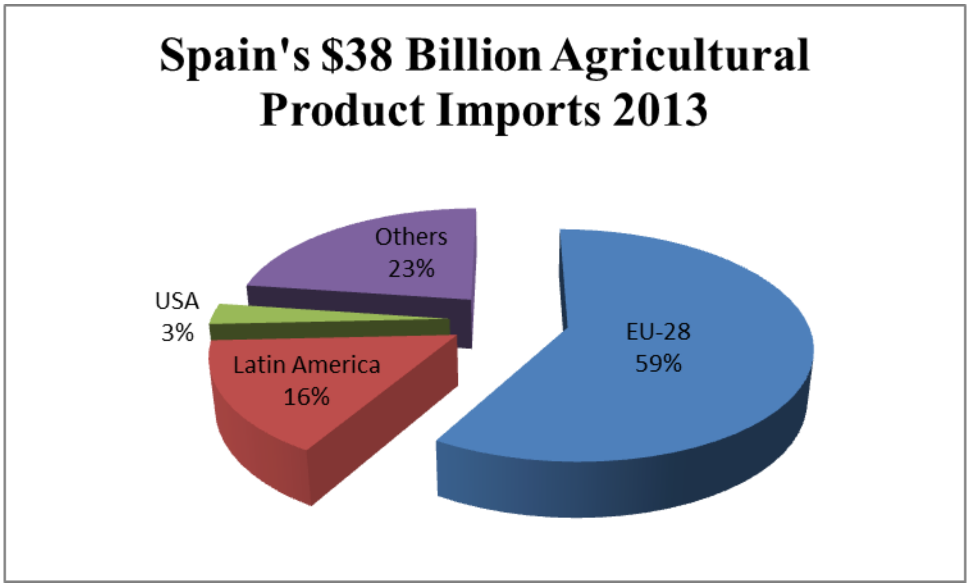
Advantages	Challenges
Spain's food industry relies on imported ingredients, many from the U.S.	Spain's financial situation, two main effects on retail: sinking domestic demand, lack of credit for companies.
Tourism is a strong and ever-growing sector that provides retail, food and drink sales.	Lack of 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.
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.	Import tariffs impose a price disadvantage on non-EU based companies.

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 US 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 proof 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

The recession is certainly shifting some consumer habits. The still high unemployment rate is resulting in a polarization of Spanish society. There are two types of consumers: those who still have a job and continue to benefit from lower prices and the option to purchase certain products at substantial discounts, especially gourmet and premium product lines. On the other hand, we find those households in which all or at least some members are unemployed and which are increasingly paying attention to unit price as the key variable when making their purchasing decisions.

According to the Consumer Confidence Index (CCI) published in October 2014 by the Centre for Sociological Research (CIS), consumer confidence shows some improvement compared to October 2013. The CCI is a monthly assessment of recent economic developments and expectations of Spanish consumers related to family finances and employment used to anticipate their consumption decisions. During the third quarter 2012, this index reached lowest historical levels, when the Spanish economy was suffering the hardest of the economic recession. Since then until June 2014 this index has seen a sustained recovery. Since then until October 2014, the index has slightly decreased. According to the latest survey, consumers are slowly recovering confidence and also are improving their future expectations.

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.

Also, please check the U.S. Mission to the European Union (USEU Mission) web page 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.

Currently, the European Union and the United States are negotiating the Transatlantic Trade and Investment Partnership (TTIP), a comprehensive trade agreement. Negotiations started in July 2013. The TTIP will be an ambitious, comprehensive trade and investment agreement that will offer benefits to both sides, increasing trade, creating jobs and promoting international competitiveness. Bilateral food and agricultural trade between the United States and Spain was 3.3 billion dollars in 2013, with the balance of trade being fairly even in recent years.

Some important issues on the table relate to market access, regulatory issues and non-tariff barriers and trade rules. The impact on trade will depend on the degree of recognition of both parts. A wide and ambitious agreement will likely benefit both sides and increase agri-food trade in the coming years, though it is still soon to make any predictions.

The local importer has primary responsibility with the Spanish Government for imported food products once they enter Spanish territory. Therefore, the Spanish agent/importer should guide the U.S. 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 Spanish 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 decreased over the past decade and the consolidation of the retail food industry continues.

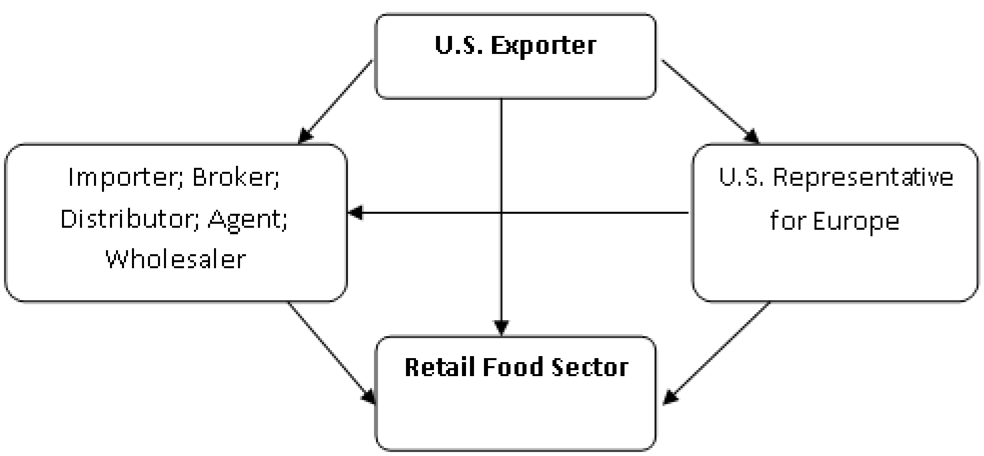
In Spain, hyper and supermarkets account for about 65 percent of total food sales.

- 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 FAS GAIN Home.

HRI Sector

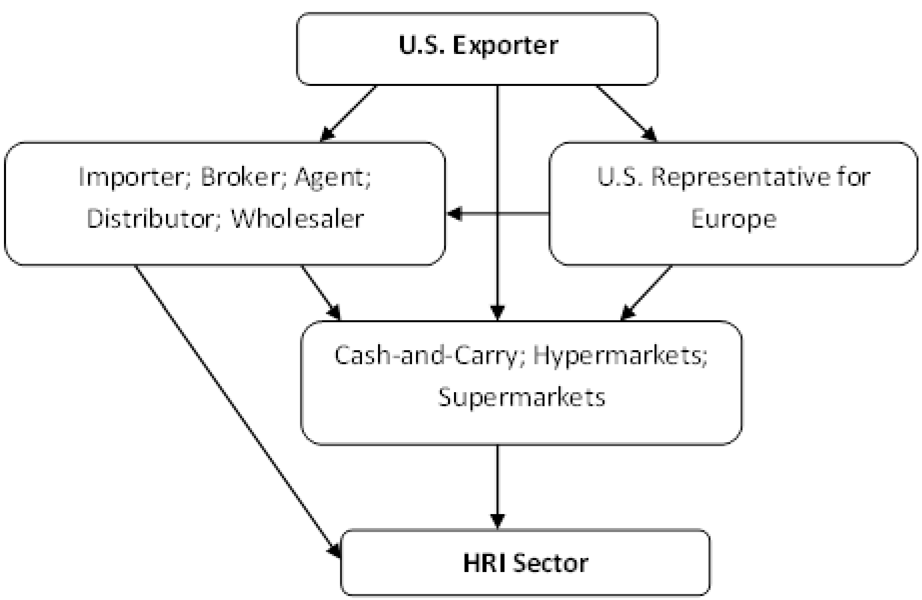
After a significant expansion during the mid 80's and 90's and into 2007, the HRI situation changed dramatically. From 2008 to 2013, the HRI sector was hard hit by the economic, real estate and financial crises. A figure to illustrate this fact: in that period of time, 50,000 bars closed down due to the lack of business. Despite the negative numbers, there are some positive news:

- 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. Tourism, particularly foreign tourism, is one of the few sectors bringing optimism to the Spanish economy. The visitors spending more money came from United Kingdom, Germany and France, the Northern European countries and Russia.. Catalonia, the Balearic Islands, the Canary Islands and Andalucia were the leading tourist destinations.

This is good news for the HRI sector, since foreign demand compensates for the decline in national demand, due to the macroeconomic uncertainty and the high unemployment rate. National tourism demand has decreased both expenditure and demand of touristic services, food and drinks amongst them.

- 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. The sector is looking for attractive and creative measures and more adjusted prices in order to keep consumers coming to their premises.

Market Structure:



For more information on the Spanish HRI Sector, please consult the HRI sector reports for Spain at FAS GAIN Home.

Food Processing Sector

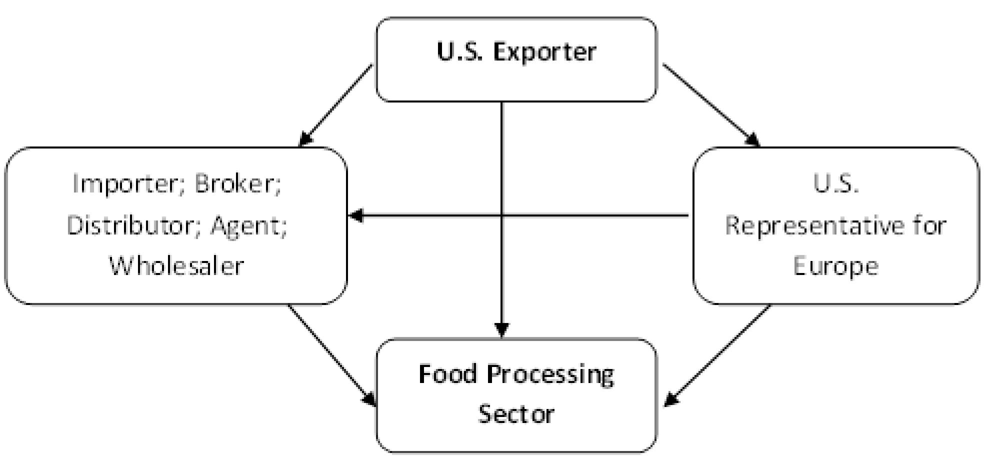
The Spanish food processing sector modernized and expanded significantly over the last couple of decades. With integration into the European Union in 1986, Spain's food processing sector began a profound modernization in order to adapt to new EU requirements. Spain now has some of the most competitive 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 industry generates 22 percent of Spain's total industrial sales, accounting for 3 percent of the national gross domestic product. The food industry provides 439,760 jobs, representing 21 percent of total industrial workforce. The food and drink industry in Spain comprises 28,762 companies, which represent 15.8 percent of the total industrial manufacturing companies. Of these, more than 70 percent produce bakery and pasta products (37 percent), drinks (17 percent), processed and canned meat and meat products (14 percent) and other foods (9 percent).

The most part of the food and drink processors are small companies— in 2013, 96.2 percent of the almost 29,000 food processors were small or medium-size companies, employing 50 people or less. The industry as a whole produced an estimated $115 billion (€91.9 billion) in product in 2013.

The export sector is providing some positive news to the Spanish economy. Exports from the agri-food sector are keeping the positive trend since 2011. In 2013, Spain exported food and drinks for a total value of $28.3 billion (€22.6 billion). The positive trend year-on-year 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.

Market Structure:



For more information on the Spanish food processing sector, please consult the food processing sector report for Spain at FAS GAIN Home.

SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS

Products Present in the Spanish Market with Good Sales Potential

HS Code	Product Category	2013 Spanish Imports ($ Million)*	5 Year Average Import Growth (% Volume)	Key Constraints	Attraction for U.S. Exporters
0304	Fish Fillets and Other Fish Meat (Minced, Fresh, Chilled or Frozen)	World Total: $730 U.S.A.: $36	0%	Heavy competition from other EU Member States and domestic suppliers. Spanish economic situation.	Good reputation and reliability of U.S. producers. High per capita consumption of fish. Despite the total virtual zero growth figure, imports from the United States have increased in the last 5 years (average growth for the USA was 12 percent).
080212	Almonds	World Total: $397 U.S.A.: $357	10%	Aflatoxin issues. Spanish economic situation.	Domestic consumption of tree nuts is increasing due to their utilization in the confectionary industry.
080231 080232	Walnuts	World Total: $159 U.S.A.:	7%	Competition from other EU countries, mainly France.	US walnuts, both shelled and in-shell, are making inroads in Spain due to increased awareness of the health benefits of tree nuts.
080251 080252	Pistachios	World Total: $86 U.S.A.:$ 28	2%	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.
2208	Distilled Spirits	World Total: $1,228 U.S.A.:$ 160	-3%	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 32 percent).
0713	Pulses	World Total: $242 U.S.A.:$ 58	4%	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. Both total and USA imports continue to rise after significantly decreasing in 2009.

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:
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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, 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)
Website: http://www.msc.es/profesionales/saludPublica/sanidadExterior/home.htm
Email: saniext@msssi.es

Agencia Española de Consumo, Seguridad Alimentaria y Nutrición (AECOSAN)
(Spanish Consumption, Food Safety and Nutrition Agency)
Website: www.aecosan.msssi.gob.es
Email: http://www.aesan.msssi.gob.es/SIAC-WEB/contacto.do?reqCode=newSearch

Ministerio de Agricultura, Alimentación y Medio Ambiente
(Ministry of Agriculture, Food, and Environment)
Website: www.magrama.gob.es
Email: 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

APPENDIX I. STATISTICS

A. Spain's Key Trade and Demographic Information

Agricultural Imports From All Countries ($Mil) / U.S. Market Share (%) 2013[1]	**$38,077/4.3%**
Consumer Oriented Agricultural Imports From All Countries($Mil)/U.S. Market Share (%) 2013 [1] *****	**$15,027/3.5%**
Edible Fishery Imports From All Countries ($Mil) / U.S. Market Share (%) 2013[1] **-***	**$6,318/1.7%**
Total Population (Millions) / Annual Growth Rate (%) **-** 2014	**46.5/-0.5%**
Number of Major Metropolitan Areas (over 800,000 population)	**7**
Per Capita Gross Domestic Product 2013*	**$30,100**
Unemployment Rate (%) – August 2014	**24.4%**
Per Capita Food Expenditures - 2013	**$1,953**
Exchange Rate (US$1 = 1 Euro) – Average Jan-Sept 2014	**€0.74**

(1) Source: Global Trade Atlas (GTA)

*Estimate

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

Commodity	Total Imports Worldwide			Imports from the U.S.			U.S Market Share %		
	2012	2013	2014*	2012	2013	2014*	2012	2013	2014*
CONSUMER-ORIENTED	14,204	15,062	15,820	426	531	711	3	3	4
Snack Foods (Excluding Nuts)	934	1,040	1,100	1	1	1	0	0	0
Breakfast Cereals and Pancake Mix	203	197	190	0	0	0	0	0	0
Red Meats Fresh/Chilled/Frozen	1,088	1,104	1,150	1	0	0	0	0	0
Red Meats Prepared/Preserved	399	402	470	0	0	0	0	0	0
Poultry Meat	352	386	380	0	0	0	0	0	0
Dairy Products (Excluding Cheese)	1,403	1,481	1,580	9	14	15	1	1	1
Cheese	1,085	1,169	1,300	1	1	1	1	1	1
Eggs & Products	103	92	100	2	2	3	2	2	3
Fresh Fruit	1,201	1,422	1,500	0	0	0	0	0	0
Fresh Vegetables	622	770	700	0	0	0	0	0	0
Processed Fruit and Vegetables	1,322	1,371	1,400	6	7	8	1	1	1
Fruit and Vegetable Juices	284	299	350	1	1	1	0	0	0
Tree Nuts	641	789	1,000	381	477	650	60	60	65
Wine and Beer	565	559	550	2	1	1	0	0	0
Nursery Products & Cut Flowers	216	205	250	7	8	8	3	4	3
Pet Foods (Dog and Cat Food)	233	270	300	1	2	3	0	1	1
Other Consumer-Oriented Products	3,553	3,506	3,500	14	17	20	0	0	0
FISH & SEAFOOD PRODUCTS	6,229	6,320	6,380	110	105	120	2	2	2
Salmon	223	284	300	0	0	0	0	0	0
Crustaceans	1,380	1,488	1,500	40	40	45	3	3	3
Groundfish and Flatfish	553	501	580	1	1	2	0	0	0
Molluscs	1,334	1,167	1,200	16	5	15	1	0	1
Other Fishery	2,739	2,880	2,800	54	60	65	2	2	2

Products									
AGRICULTURAL PRODUCTS TOTAL	29,816	30,402	30,500	1,123	1,476	1,500	4	5	5
AGRICULTURAL FISH & FORESTRY TOTAL	37,427	38,126	38,200	1,292	1,640	1,700	3	4	4

Source: GTA

*Estimate

C. Spain's Top 15 Food Import Suppliers

SPANISH IMPORTS OF CONSUMER-ORIENTED AGRIC. PRODUCTS (US$ 1,000)			
	2011	2012	2013
France	3,637,446	3,400,019	3,610,682
Germany	2,022,507	1,859,795	1,969,760
Netherlands	1,679,390	1,541,499	1,703,433
Italy	1,125,943	1,043,851	1,019,179
Portugal	900,095	900,777	944,674
Belgium	782,899	669,672	784,177
United States	411,707	427,305	532,443
United Kingdom	463,431	429,713	459,764
Ireland	719,834	618,978	391,241
Denmark	371,530	331,524	364,995
Morocco	239,530	235,315	313,598
Peru	306,490	276,086	280,194
Brazil	254,340	247,542	278,433
Poland	212,033	240,102	276,942
China	220,506	186,295	220,266
Other	1,886,642	12,408,473	1,911,312
World	15,234,323	14,202,994	15,061,093

SPANISH IMPORTS OF FISH AND SEAFOOD PRODUCTS (US$ 1,000)			
	2011	2012	2013
Morocco	600,023	503,124	510,961
Argentina	484,668	405,779	479,418
Ecuador	389,483	420,867	456,942
France	375,312	375,102	415,196
China	448,267	342,364	342,247
Portugal	370,081	324,561	324,079
Netherlands	363,108	291,450	312,881
United Kingdom	322,323	255,648	238,052
Namibia	252,848	233,567	220,160
Denmark	232,697	168,637	192,996
Sweden	193,769	164,281	192,183
Chile	225,426	170,049	165,999
India	194,127	198,203	153,092
Italy	199,943	133,650	138,196
Falkland Islands	144,357	156,647	133,690
Other	2,393,990	2,085,203	2,043,083
World	7,190,422	6,229,132	6,319,175

Source: GTA