USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Exporter Guide

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Report Highlights:
In 2016, Spain imported $1.8 billion of agricultural, fish and forest products from the United States. Spain is expected to continue to grow at a moderate pace, continuing the post-crisis expansion and it continues to break tourist records with the number of tourists visiting the country. This 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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SECTION I. MARKET OVERVIEW ECONOMIC TRENDS

AGRICULTURAL PRODUCTS IMPORTS ($ Million)						
	2013	**2014**	**2015**	**2016**	**2017***	**2018****
Total Agricultural, Fish and Forestry Products	38,126	39,322	35,679	36,908	37,000	37,200
Total U.S. Agricultural, Fish and Forestry Products	1,640	1,875	1,833	1,710	1,700	1,750
Total Agricultural Products	30,402	30,977	28,015	28,493	28,500	28,600
Total U.S. Agricultural Products	1,476	1,681	1,608	1,488	1,400	1,450
Total Fish and Seafood Products	6,319	6,824	6,316	6,954	6,900	6,950
Total U.S. Fish and Seafood Products	105	122	130	129	130	130

Source: [Global Trade Atlas]
(*) Estimate
(**) Forecast

The Spanish economy is expected to continue to expand at a slightly slower pace in 2017. The progress in alleviating the unemployment situation, the growth in exports and the improvement in private consumption and supporting the economy is supporting 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.

Spain's GDP grew 3.3 percent in 2016 and it is estimated to grow 3.1 percent in 2017. Thus, Spain's post-crisis recovery consolidates and continues at a slower pace. The growth in exports and another record year in tourism provide solid and necessary support to the overall economy. Unemployment numbers, though still among the highest in the EU, continue to shrink. This has a positive impact on the recovery of consumer spending. In general, experts anticipate that the economy is likely to perform solidly in the medium term.

Spain continues to break tourism records with the number of tourists visiting the country. This breaks Spain's own record, as it has happened every year for the last four years, as economic and security concerns occur in other competitor Mediterranean destinations. The Spanish National Statistics Institute indicated that 57.3 million tourists arrived in Spain from January through August, up10 compared to the same period of 2016.

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.

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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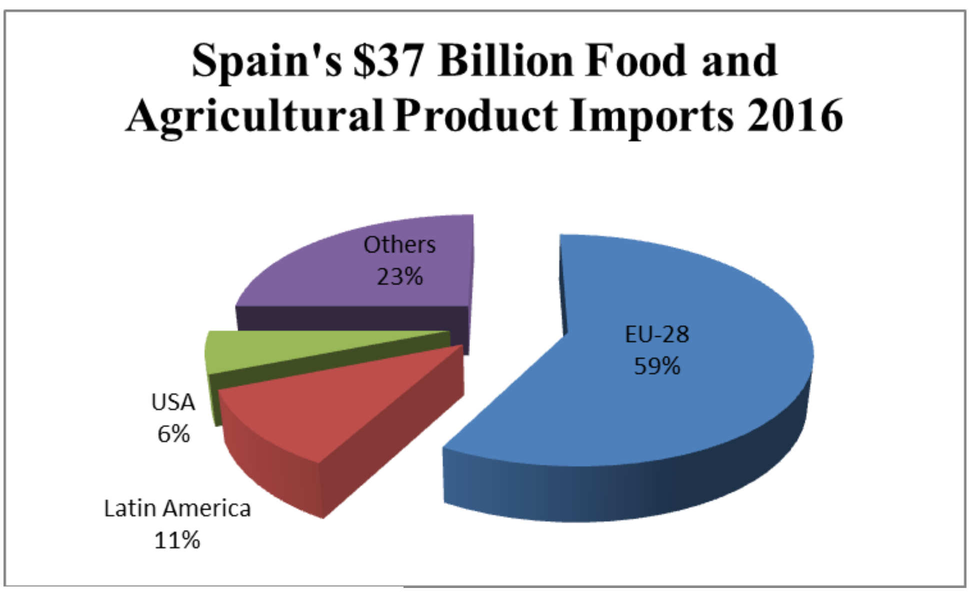
ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS IN SPAIN

Advantages	Challenges
Spain's food industry relies on imported ingredients, many from the U.S.	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.	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 compared to EU products.
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.

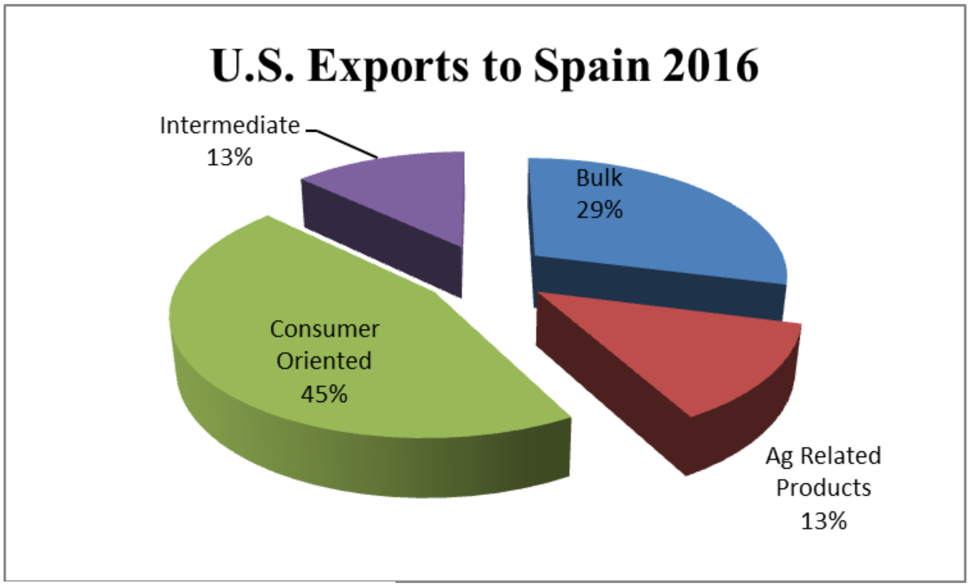
Spanish Market for U.S. Food and Agricultural Products
In 2016, Spain imported $37 billion of agricultural products from the world. By regions, Spain's main partner is other EU member states, as shown in the chart below:



SOURCE: Global Trade Atlas

Competition within Spain's Food and Agricultural Product Import Market

In 2016, total imports of agricultural products from the United States were divided by category as shown in the chart below:



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 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 prove 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 the purchasing arrangements of the larger retail channels.

General Consumer Tastes and Preferences

After years of living on constricted budgets, despite the progressive economic recovery, Spanish consumers are still giving considerable importance to low prices when shopping and continue to look for discount prices. The average consumer still looks for the best value-for-money products. But the economic recovery has increased some consumers' disposable income and this is pushing that part of the population to cautiously return to buying more branded products.

The positive macroeconomic numbers shown by the Spanish economy is increasing consumers' confidence in the expectations that the citizens have on the future of the economy and labor market. According to the Consumer Confidence Index (CCI) published in October 2017 by the Centre for Sociological Research (CIS), consumer confidence shows an important increase compared to October last year.

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. The economic expectations, the rate of unemployment, available family incomes and inflation are important factors affecting this index and affecting consumer spending. In October 2017, this index reached 99.6 points, slightly lower than previous month but 8.9 points higher than October 2016. This means that Spanish consumers have a positive expectation of the future of the economic situation and thus, of their financial status.

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.

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. The negotiations move forward, though at a slow pace, so 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

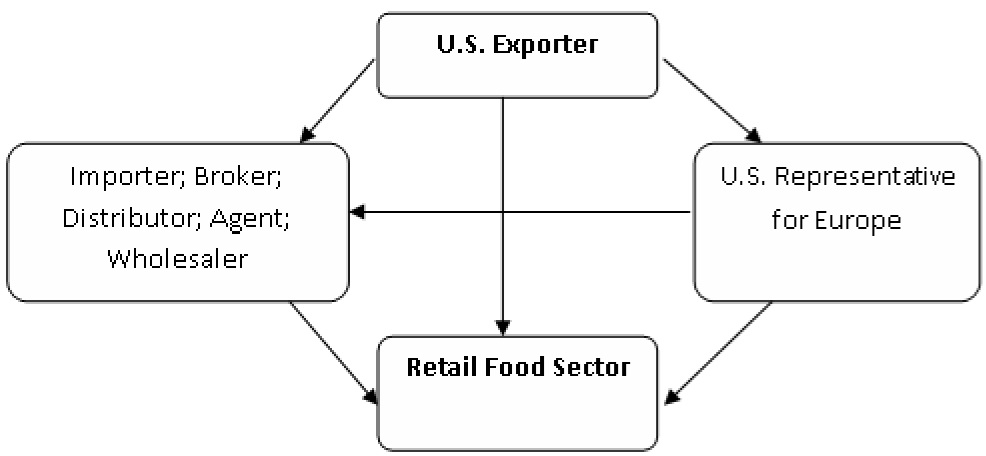
The Spain retail food market is highly diversified. Hypermarkets/supermarkets, convenience stores, major discount stores and specialized stores coexist with traditional corner grocery stores and open- air markets. Yet, the total number of retail outlets decreased over the past decade and the consolidation of the retail food industry continues to date.

In Spain, hyper and supermarkets account for some 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].

Hotel, Restaurant and Institutional (HRI) Sector

After one of the most important economic recessions in its history, with soaring unemployment rates and decreasing consumers' purchasing power, the Spanish economy is expected to continue to expand at a slightly slower pace in 2017. The progress in alleviating the unemployment situation, the growth in exports and the improvement in private consumption and supporting the economy is supporting 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.

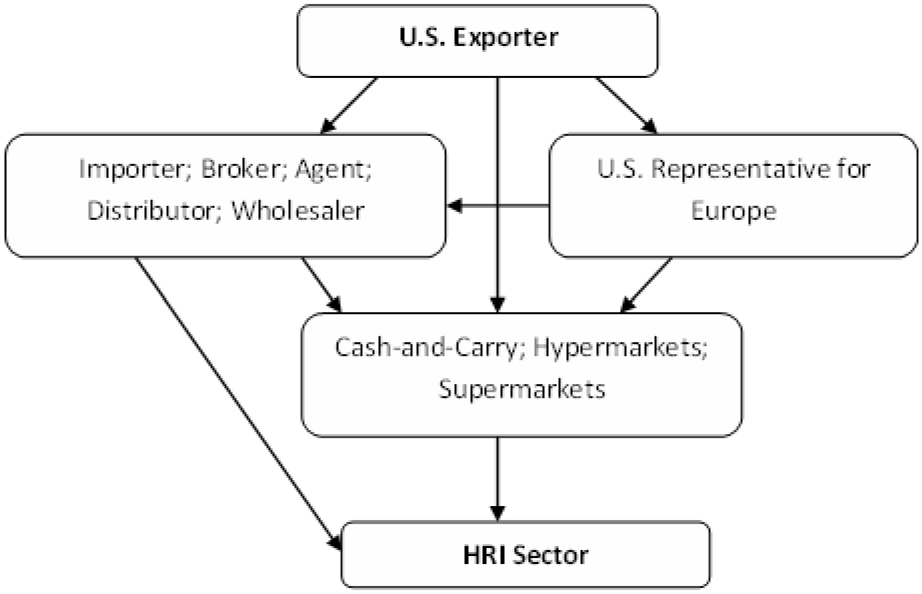
Spain continues to break tourism records with the number of tourists visiting the country. This breaks Spain's own record, as it has happened every year for the last four years, as economic and security concerns occur in other competitor Mediterranean destinations. The Spanish National Statistics Institute indicated that 57.3 million tourists arrived in Spain from January through August, up10 compared to the same period of 2016. Only in the month of July, Spain received 10.5 million tourists, absolute record of visitors in a single month.

This impressive numbers are boosting demand for meals in the HRI sector. Tourism is one of the sectors bringing optimism to the Spanish economy and supporting the recovery of the economy. Tourism accounts for 16 percent of the Spanish economy.

The record numbers in the tourism industry in 2016 and 2017 was one of the key drivers supporting the recovery of consumer foodservice. As Spain's GDP is expected to maintain positive growth rates, while the unemployment rate continues shrinking, consumer foodservice performance is expected to remain positive crisis.

Recent factors that may affect tourism negatively in the short and medium term are the still unknown consequences of the departure of the United Kingdom from the European Union (Brexit) and the appreciation of the Euro, making the country more expensive.

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

Spain now has one 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 provides 480,000 jobs, representing 21 percent of the total industrial workforce. The food industry in Spain comprises mostly small companies— in 2016, 53 percent of the 28,038 food processors employ 10 people or less. The industry as a whole produced an estimated $113 billion in product in 2016.

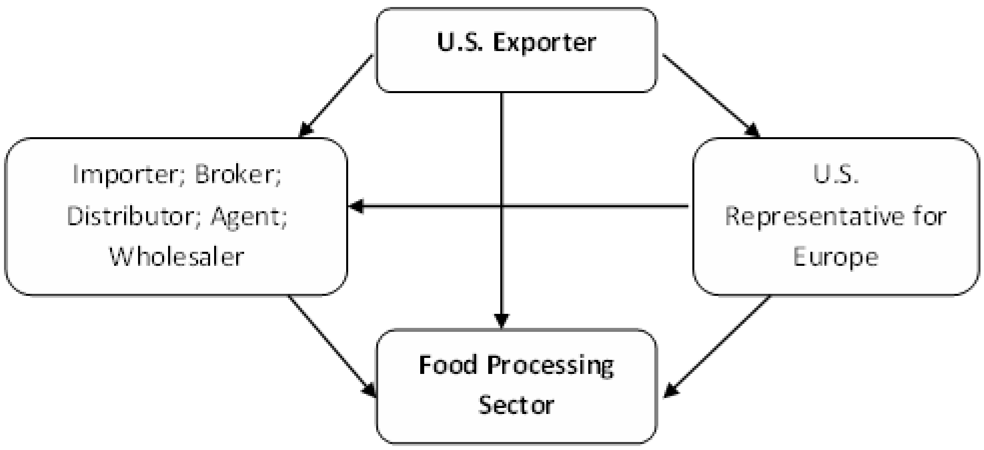
As Spain continues its recovery in 2017, the food processing sector continues to consolidate its position and importance as the main industrial sector in the country. Spain has some of the most competitive food processing industries in Europe, which makes this sector an important target for U.S. food ingredient exporters.

The export sector keeps bringing positive news to the Spanish economy. Exports from the agri-food sector have maintained an upward trend seen since 2009. According to the data published by the Spanish Food Industry Federation (FIAB) in their annual report, exports in 2016 were valued at $31.1 billion. 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.

Most food and drink processors are small companies— in 2016, 73.99 percent of the 28,038 food processors were small or medium-size companies, employing 1-49 people. The industry as a whole produced an estimated $113.8 billion in product in 2016. Of the total 28,038 companies, 17,234 exported in 2016.

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 2016, Spain exported food and drinks for a total value of $32.5 billion, an 8 percent increase compared to 2015. 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	2016 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: $808 U.S.A.: $53	1%	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 from the United States have significantly increased in the last 5 years.
080212	Almonds	World Total: $675 U.S.A.: $599	21%	Aflatoxin issues.	Domestic consumption of tree nuts is increasing due to their utilization in the confectionary industry.
080231 080232	Walnuts	World Total: $132 U.S.A.:$88	12%	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	Pistachios	World Total: $88 U.S.A.:$ 20	18%	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: $1,016 U.S.A.:$ 144	-6%	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, the average growth of imports from the U.S. in the last 5 years was 30 percent).
0713	Pulses	World Total:	-7%	Strong competition from Argentina, who	Spain is a traditional consumer of pulses and

		$180 U.S.A.:$ 48		largely increased their presence in recent years, and Canada, a traditional supplier to Spain.	its local production is not sufficient to fulfill internal demand. Despite the total negative growth figure, the average growth of imports from the United States in the last 5 years was 20 percent).

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 20 28006 Madrid
Spain

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Office of Agricultural Affairs
U.S. Embassy Madrid PSC 61, Box 2000 APO, AE 09642

Tel.: +34-91-587 2555
Fax: +34-91-587 2556
Website: https://es.usembassy.gov/business/
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: http://asedas.chil.org
Email: direc.general@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 y Pesca, Alimentación y Medio Ambiente
(Ministry of Agriculture and Fisheries, Food and Environment)
Website: www.mapama.gob.es
Email: informac@mapama.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, Fish and Forestry Imports From All Countries ($Mil) / U.S. Market Share (%) 2016[1]	**$36,908/4.6%**
Consumer Oriented Agricultural Imports From All Countries($Mil)/U.S. Market Share (%) 2016[1]	**$14,655/5.2%**
Edible Fishery Imports From All Countries ($Mil) / U.S. Market Share (%) 2016[1]	**$6,954/1.8%**
Total Population (Millions) / Annual Growth Rate (%) - 2016	**46.56/-1%**
Number of Major Metropolitan Areas (over 800,000 population)	**7**
Per Capita Gross Domestic Product 2016	**$26,500**
Unemployment Rate (%) – 2016	**19.6%**
Per Capita Food Expenditures - 2016	**$1,805**
Exchange Rate (US$1 = 1 Euro) – November 2017	**$1=€0.85**

(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 %		
	2015	2016	2017*	2015	2016	2017*	2015	2016	2017*
CONSUMER-ORIENTED	19,923	14,655	14,700	796	767	760	4	5	5
Snack Foods (Excluding Nuts)	945	999	1,000	2	2	2	0	0	0
Breakfast Cereals and Pancake Mix	169	171	175	0	0	0	0	0	0
Red Meats Fresh/Chilled/Frozen	970	1,015	1,050	0	0	0	0	0	0
Red Meats Prepared/Preserved	430	402	405	0	0	0	0	0	0
Poultry Meat	353	364	370	0	0	0	0	0	0
Dairy Products	1,978	1,898	1,900	14	16	10	1	1	1
Eggs & Products	87	99	100	3	5	3	3	5	3
Fresh Fruit	1,454	1,707	1,700	0	0	0	0	0	0
Fresh Vegetables	717	824	825	0	0	0	0	0	0
Processed Fruit and Vegetables	1,309	1,427	1,430	7	6	6	1	1	1
Fruit and Vegetable Juices	263	314	310	2	0	0	0	0	0
Tree Nuts	1,131	1,037	1,100	740	713	700	65	69	64
Wine and Beer	507	541	550	2	2	3	0	0	0
Nursery Products & Cut Flowers	206	234	235	6	4	4	3	2	2
Pet Foods (Dog and Cat Food)	280	292	290	3	3	3	1	1	1
Other Consumer-Oriented Products	3,112	3,310	3,100	16	16	16	0	0	0
FISH & SEAFOOD PRODUCTS	6,316	6,954	6,900	130	129	130	2	2	2

Salmon	315	399	400	0	0	0	0	0	0 2
Crustaceans	1,542	1,595	1,600	36	37	36	2	2	2
Groundfish and Flatfish	503	513	500	0	1	0	0	0	0
Mollusks	1,338	1,680	1,400	17	27	10	1	2	1
Other Fishery Products	2,617	2,767	2,800	77	64	70	3	2	3
AGRICULTURAL PRODUCTS TOTAL	28,015	28,493	28,500	1,608	1,488	1,400	6	6	5
AGRICULTURAL FISH & FORESTRY TOTAL	35,679	36,908	37,000	1,833	1,710	1,700	5	5	5

Source: GTA
*Estimate

C. Spain's Top 15 Food Import Suppliers

SPANISH IMPORTS OF CONSUMER-ORIENTED AGRIC. PRODUCTS (US$ 1,000)

	2014	2015	2016
France	3,407,139	2,856,810	2,881,655
Germany	2,009,476	1,725,188	1,764,576
Netherlands	1,695,819	1,518,282	1,661,946
Italy	1,139,788	1,029,756	1,199,282
Portugal	1,075,470	875,670	871,783
United States	675,174	796,315	767,203
Belgium	743,930	653,655	712,225
Morocco	408,221	453,754	545,672

SPANISH IMPORTS OF FISH AND SEAFOOD PRODUCTS (US$ 1,000)

	2014	2015	2016
Morocco	602,279	584,921	682,948
Argentina	465,916	435,698	460,404
Ecuador	449,142	439,674	460,298
France	416,130	388,179	441,471
Portugal	384,987	371,315	426,609
China	326,765	324,310	382,147
Netherlands	380,777	331,005	360,259
United	276,270	236,348	252,744

U.K.	461,291	459,421	438,030
Poland	304,534	334,974	374,329
Peru	279,605	267,246	326,039
Denmark	373,889	311,651	313,285
Brazil	266,421	250,775	227,253
China	238,944	224,912	222,974
Ireland	222,375	204,652	207,695
Other	1,994,210	1,959,951	2,141,064
World	15,296,286	13,923,012	14,655,011

Source: GTA

Kingdom			
Sweden	216,157	202,301	250,031
Denmark	213,251	200,511	246,336
Morocco	602,279	584,921	682,948
Argentina	465,916	435,698	460,404
Ecuador	449,142	439,674	460,298
France	416,130	388,179	441,471
Portugal	384,987	371,315	426,609
Other	3,092,315	2,801,250	2,991,046
World	6,823,989	6,315,512	6,954,293