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Report Highlights:

In 2022, Spain imported $1.98 billion worth of agricultural, seafood and forest products from the United States, up 28 percent compared to the previous year. The latest European Union (EU) economic forecast predicts that Spain's growth forecast will be 1.9 percent in 2023, above the EU average. The Spanish retail sector is expected to continue growing, though this growth will be limited due to a strong competitive environment. The sector will also need to continue finding a balance between higher costs and improved efficiency in an inflationary environment in which price is the main determinant in purchasing decisions. The main investments in the sector continue to be directed to commercial regeneration and modernization of existing stores, to the improvement of the fresh products supply and online logistics. E-commerce, ready-to-go food, and sustainability are the key trends gaining importance in the sector.

Market Fact Sheet: Spain

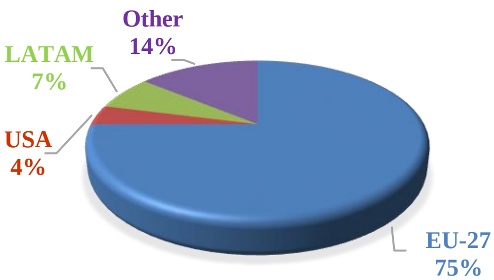
Executive Summary

Spain is a major producer and exporter of food and agricultural products, with other EU countries as its primary export destination. Spanish 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 2022, Spain's total imports of agricultural and related products reached $53.9 billion, up 17 percent compared to 2021; 55 percent of these imports originated from the European Union.

Imports of Consumer-Oriented Products

Goods imported into Spain must meet the EU sanitary and phytosanitary requirements to protect human and animal health, as well as requirements under the customs union. Hence, U.S. exporters already exporting to other EU member states will likely meet most of the Spanish import requirements. For the export of animal products, the production plant must be approved for export to the EU.

Total Imports of Consumer-Oriented Products 2022



Food Processing Industry

In 2022, the food-processing sector consolidated its position as an important industrial sector. 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. exports of food ingredients. Industry's interest in developing new products continues to present opportunities for food ingredients.

Food Retail Industry

The retail competitive landscape remained highly fragmented in 2022, led by major grocery retailers. Within grocery store-based retailing, the competitive environment is concentrated, with Mercadona retaining its leadership, followed by Carrefour. In 2022, due to new consumption habits, internet retailing is expected to continue growing, as retailers continue to invest in eCommerce platforms.

Quick Facts CY2022

World Imports of Consumer-Oriented Products

$23.6 billion

List of Top 10 U.S. Growth Products

1) Bourbon	2) Gin
3) Beef & Beef Products	4) Albumin
5) Lobster	6) Cod
7) Asparagus	8) Lentil
9) Almonds	10) Surimi

Food Processing Industry Facts 2022

Food Industry Output	$159 bn
Food Exports	$46 bn
Trade Surplus	$12 bn
No. of Employees	454,800
No. of Food Processors	30,159
% of total GDP	3%

Top Country Retailers	Sales 2022 (Estimate) ($ Million)
1) Mercadona	26,000
2) Grupo Carrefour	11,100
3) DIA	7,000
4) Lidl	5,700
5) Grupo Eroski	5,400
6) Alcampo	4,500
7) Consum, S.Coop.	3,500
8) El Corte Ingles	3,000
9) Ahorramas	2,100
10) Bon Preu	1,900

GDP / Population 2022

Population: 47.4 million

Real GDP (nominal, est): $1.39 trillion

GDP Per capita (nominal, est): $29,198

Sources: FIAB, TDM, GATS, Eurostat

Strengths/Weaknesses/Opportunities/Challenges

SWOT ANALYSIS	
Strengths	**Weaknesses**
Diversified economic base; modern and well-developed infrastructure	High consumer price sensitivity
Opportunities	**Threats**
Emphasis on health and sustainability; food industry demand for food ingredients	Slower economic recovery; high inflation and public debt

Data and Information Sources: Euromonitor, Eurostat, TDM LLC; **Contact:** AgMadrid@usda.gov

SECTION I. MARKET SUMMARY

Spanish consumers had some relief as the food inflation rate showed signs of easing in April. The latest data from the National Institute of Statistics (INE) reveals that the rate of increase in food prices slowed down to 12.8 percent, marking a 3.6-point drop from the 16.4 percent increase recorded in March. This is excellent news for consumers who have been experiencing rising food costs for months. Food prices surged in April 2022 following the start of the war in Ukraine. While food prices have continued to rise, the rate of increase has slowed, suggesting that food inflation may have reached its peak.

Grocery retail is expected to continue to grow, benefiting from the proximity of outlets to customers. However, growth is expected to be driven mainly by inflation. In addition, the competition from other retail channels will hamper growth. As a result of inflation and other factors, such as the economic crisis and the high unemployment rate, price has become one of the main determinants for purchases. With increased food inflation pressure over the last year, consumers' purchasing power has been constrained and consumers are on the lookout for promotions and bargains. This price sensitivity results in a lack of brand loyalty that will provide private label lines with a strong opportunity for growth, as stretched consumers will be looking for the best value for their money. For instance, discounters, especially Lidl and Aldi, are seeing a rapid expansion of their outlet numbers, with their offer of good value for money products.

While food and drink e-commerce still represent a small percentage of total e-commerce, it is expected to continue to increase. Retailers are expected to resume investment plans for implementation of e-commerce services, including mobile applications, to meet growing demand. Currently, supermarkets compete between themselves, as well as with other formats of grocery retailers. To ensure success, retailers will need to differentiate themselves among a wide offer of both physical and digital stores that offer consumers a large number of possibilities and alternatives. For grocery retailers, the main challenge comes from the fresh produce area, as consumers still like to see and touch the products they are considering purchasing.

Supermarkets are increasing their focus on sustainability. Spanish consumers are increasingly concerned about sustainable development and their impact on the environment, particularly after the shock of the COVID-19 pandemic. As a result, consumers are becoming increasingly interested in recyclable packaging and production, as well as to improving the energy-efficiency of their outlets and offering more locally sourced products. Thus, sustainable development is expected to continue being an essential part of grocery retailers' strategies in the Spanish market. Big grocery retail chains are also expected to increase their partnerships with local producers to reduce their carbon footprint, as well as to promote local produce and encourage consumers to eat food from their own region.

An omnichannel strategy will remain very relevant for retailers looking to adapt to new habits and consumption trends. Customers highly value the omnichannel experience, as it involves using all available avenues to reach them, and offers them the products or services they need, when and where they need them, by seamlessly combining the online environment with traditional commerce. Supermarkets are dedicating more space to ready-to-eat and prepared foods in their stores. This trend has been gaining traction throughout Spain, particularly in big cities, as consumers look for convenient meals to eat at home.

Overall, retailers now are working to appeal to demands for physical proximity and price, while also creating a bond with the consumer. This balance between good prices and consumer fidelity is expected to dominate the strategies and successes for retailers in the medium term.

Table 1. Advantages and Challenges of the Spanish Food Retail Market

Advantages	Challenges
Spanish consumers are increasingly open to new products. The United States is a favorite destination for Spanish travelers outside the EU, increasing the popularity and interest in U.S. food products.	The economic environment post-pandemic; adjustments to the overall domestic and international economy situation (inflation, Ukraine conflict).
Spain's food industry relies on imported ingredients, many from the United States, which have a good image and reputation.	Food imported from third countries, including the U.S., must comply with EU food law, labeling, traceability, and packaging laws, which vary from U.S. regulation and practice.
Increased demand in retail channels is pushing food processors to be more innovative to provide new offerings.	High transportation costs. In addition, small exporters face difficulties in shipping mixed/smaller container loads vs EU competitors or big exporters.
Good network of agents and importers to help get products into the market.	Competition from EU countries, where tastes and traditional products may be better known.
New generation of consumers demand healthy, innovative, sustainable products, creating new opportunities.	Lack of consumer awareness of U.S. brands, applicability, and varieties of U.S. products.
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.

SECTION II. ROAD MAP FOR MARKET ENTRY

Business Customs

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 contacts with existing and potential buyers, and market development expertise. The Office of Agricultural Affairs (OAA) in Madrid maintains listings of potential importers and sector-specific information to help you introduce your product in Spain.

Spain's sales channels range from traditional distribution methods – wholesalers that sell to small retail shops that, in turn, sell to the public – to large multinational supermarkets and retail stores. However, personal relationships are still important, especially within smaller organizations. While the pandemic increased the level of tolerance for virtual meetings and discussions, culturally, there is still no substitute for face-to-face meetings with business representatives in order to enter the market. The decision-making process within a company may differ 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 signed, the company will likely expect the U.S. firm to translate commercial brochures, technical specifications, and other relevant materials into Spanish. Decision makers at Spanish firms may speak English, but paperwork is normally completed in Spanish.

Most agents, distributors, foreign subsidiaries, and government-controlled entities that make up the economic power block of the country operate in two hubs: Madrid and Barcelona. Companies 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 U.S. products intending to enter the Spanish market should include:

- Market research to assess product opportunities.
- Advanced calculations of the cost of introducing the product in the Spanish market to prove its competitiveness in the local market.
- Identify an experienced distributor or independent reliable agent to advise on adequate distribution channels, import duties, sanitary regulations, and labeling requirements.
- Explore the purchasing arrangements of the larger retail channels.

Food Standards and Regulations

For detailed information on food standards and regulations, consult the Food and Agricultural Import Regulations and Standards Report (FAIRS) and the FAIRS Export Certificate Report for the EU and Spain. Also, check the U.S. Mission to the European Union (USEU Mission) web page for helpful information on exporting U.S. food and agricultural products to the EU.

General Import and Inspection Procedures

Spain follows the Harmonized Nomenclature and Classification System (HS) and applies EU 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, negotiations and trade agreements in place between the EU and other countries provide for advantageous access to the European market.

Currently, the EU and the US have the following agreements and arrangement in place:

- US-EU Organic Equivalency Arrangement
- Veterinary Equivalency Agreement

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 food or agricultural product in Spain. Most food products require an Import Certificate issued by the competent authority.

The following documents are required for ocean/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

The Standard U.S. label does not comply with the EU's labeling requirements. For additional information, visit the EU labeling requirements section of the USEU Mission webpage.

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.

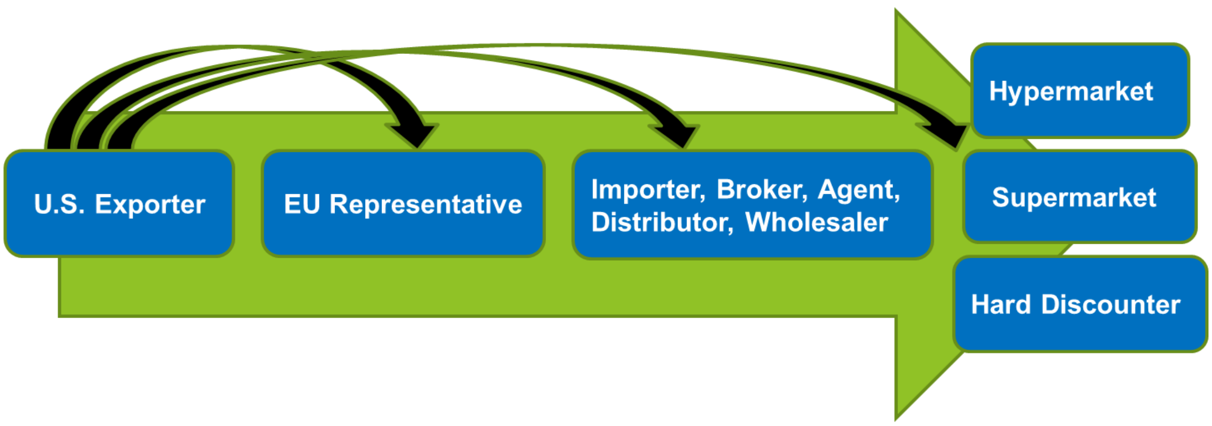
Trade Shows

Trade shows in Spain offer excellent opportunities for U.S. exporters to contact potential clients, both domestic and international.

The most important trade show related to the food processing sector is: Alimentaria, the International Food and Beverages Exhibition that will take place in Barcelona from March 18-24, 2024.

Other specialized shows include Salon de Gourmets, that will take place in Madrid in 2024 (dates to be confirmed).

Market Structure:



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

Spain's Top Retailers

Retail Organization	Ownership	Sales 2023 ($ Million)*
MERCADONA	Spanish	26,000
GRUPO CARREFOUR	French	11,100
DIA RETAIL ESPANA, S.A.	German	7,000
LIDL SUPERMERCADOS	Spanish	5,700
GRUPO EROSKI	French	5,400
ALCAMPO, S.A.	French	4,500
CONSUM, S. COOP.	Spanish	3,500
EL CORTE INGLES ALIMENTACION	Spanish	3,000
AHORRAMAS	Spanish	2,100
BON PREU, S.A.	Spanish	1,900

Source: Alimarket; *Estimate

SECTION III. COMPETITION

Spain's main trading partner is the EU-27. The lack of trade tariffs, trade barriers, and other restrictions often make European goods more attractive and competitive, particularly to price sensitive goods.

Product Category (USD million)	Major Supply Sources in 2022 (in value)	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Frozen Fish Value: $828	1.Portugal-12% 2.Netherlands-9% 3.Seychelles–8%	Other major suppliers offer high quality fish products at competitive prices.	Large competition from local producers. Domestic consumption and exports largely exceed local supply.
Almonds Value: $561	1.USA-78% 2.Portugal-10% 3.Australia-4%	Limited competition from other countries. Spanish demand is high, and production is insufficient to satisfy demand.	Spain produces almonds, mostly used roasted as a snack. U.S. almonds are processed, both used domestically or exported.
Pulses Value: $228	1.Argentina-24% 2.USA-17% 3.Canada-13%	Strong competition from Argentina who greatly increased its presence in recent years, and Canada, a traditional supplier.	Spain is a traditional consumer of pulses, and its local production is insufficient to fulfill internal demand.
Pistachios Value: $138	1.USA-66% 2.Germany-15% 3.Iran-7%	Germany is the main entry point for U.S. and Iranian pistachios into the EU which are then re-exported to other Member States.	Local pistachio production is growing, but still very limited. Demand continues to grow significantly.

Sunflower Seeds Value: $321	1.France-39% 2.China-20% 3.Bulgaria-15%	Used for confectionery. Growing competition from China on price; Argentina and Israel compete on quality.	Traditional snack. Local production is insufficient to meet demand.
Sweet Potatoes Value: $11	1.Netherlands -27% 2.Portugal -17% 3.USA–14%	Other major suppliers offer high quality products at competitive prices.	Imports from the world and the U.S. have increased considerably in the last five years. Demand and consumption continue to be strong.
Distilled Spirits Value: $1,072	1.U.K.-30% 2. USA-13% 3. Netherlands -10%	Main competitors are other EU countries. Difference in legal format of alcohol containers; exporters need to adapt to EU size.	Increasing interest in U.S. distilled drinks, mainly bourbon and gin.

Source: Trade Data Monitor (TDM)

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

Table 3. Agricultural and Food Import Statistics

AGRICULTURAL PRODUCTS IMPORTS ($ Million)	2020	2021	2022	2023*	2024**
Total Agricultural and Related Products	**44,592**	**54,418**	**63,903**	**64,000**	**64,500**
Total U.S. Agricultural and Related Products	1,670	1,706	2,167	2,000	2,200
Total Agricultural Related Products	**9,963**	**12,735**	**14,813**	**14,000**	**14,000**
Total U.S. Agricultural Related Products	164	163	163	187	185
Total Consumer-Oriented Products	**19,114**	**21,697**	**23,630**	**24,000**	**25,000**
Total U.S. Consumer-Oriented Products	836	761	838	830	850
Total Seafood Products	**7,348**	**8,889**	**9,567**	**9,500**	**9,600**
Total U.S. Seafood Products	86	82	95	90	92

Source: TDM Inc; Unit: $ Million; * Estimate ** Forecast

Best High-Value, Consumer-Oriented Product Prospects Category

Products Present in the Market with Good Sales Potential
Tree nuts (particularly almonds, walnuts, and pistachios) -- Peanuts -- Pulses -- Sunflower seeds -- Fish and Seafood (frozen) -- Surimi -- Spirits

Products Not Present in Significant Quantities with Good Sales Potential
Functional and innovative health food -- Free-from products (lactose-free, gluten-free) -- Specialty and snack foods -- Nuts e.g., pecans, hazelnuts -- Sweet potatoes -- Pet foods

Products Not Present Because They Face Significant Barriers
Red meat and meat preparations (hormone ban) -- Poultry (sanitary procedures – pathogen reduction treatments) -- Processed food (with GMO ingredients)

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

If you have any questions, please contact the OAA in Madrid. The FAS website also offers recent reports of interest to U.S. exporters interested in the Spanish market. Additionally, useful contacts include:

Trade Associations

Spanish Federation of Food and Beverage Industries
Spanish Federation for HRI Sector
Spanish Association for Distributors and Supermarkets
Spanish Restaurant Chain Association

Government Agencies

Ministry of Health
Spanish Food Safety and Nutrition Agency
Ministry of Agriculture, Fisheries and Food

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

Attachments:

No Attachments