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## **Spain**

Post: Madrid

## **Retail Foods**

### **Modernization of the Retail Sector improves Prospects for U.S. Food Ingredients**

**2019**

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**Report Highlights:**

In 2018, Spain imported \$2.2 billion in agricultural, seafood and forest products from the United States. Spain's economy will likely continue expanding at a moderate pace and tourist numbers are expected to remain high. 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 exports.

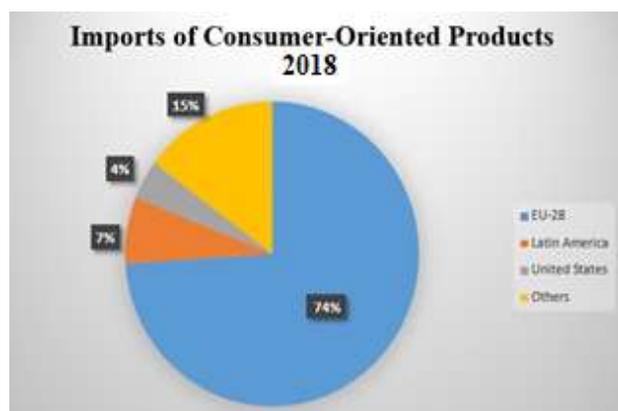
## Market Fact Sheet: Spain

In 2018, Spain was the 15th largest economy in the world and the 5th in the European Union. After years of deep economic recession, the Spanish economy grew 2.6 percent for the fourth straight year. 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 2018, Spain's total imports of agricultural products reached \$44.7 billion, up 7.09 percent compared to 2017.

<i>SWOT Analysis</i>	
<i>Strengths</i>	<i>Weaknesses</i>
One of the fastest growing Euro zone economies	High public debt
<i>Opportunities</i>	<i>Threats</i>
Competition policy to reduce market rigidities	Political uncertainty

### Imports of Consumer-Oriented Products

Goods imported into Spain must meet the EU sanitary and phytosanitary requirements to protect human and animal health and 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. In the case of animal products, the production plant must be approved for export to the EU.



## Food Processing Industry

In 2018, 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. exports of food ingredients. Food processing mainly focuses on supplying the domestic market, which accounts for 70 percent of sales.

### Food Processing Industry Facts 2018

Food Processing Industry	\$130.2 billion
Output Food Exports	\$33.9 billion
Commercial Surplus	\$8.9 billion
No. of Employees	426,300
No. of Food Processors	31,342
% of total GDP	3%
% of Industrial GDP	16%

### Food Retail Industry

In 2018, Spanish food retail sales reached \$112.4 billion. Spain's improved economic environment increased consumer confidence and expenditure and contributed to better retail sales. Additionally, Spain continues to host record numbers of tourists, which also boosts food demand. In 2018, the largest store-based food retailers were Mercadona, Carrefour and Eroski. In the medium term, Post expects internet retailing to see the fastest growth.

### Top 10 Spain Country Retailers

Retail Organization	Ownership	Sales 2018 (\$ Million)
MERCADONA	Spanish	24,782
GRUPO CARREFOUR	French	10,781
GRUPO EROSKI	Spanish	5,231
AUCHAN RETAIL ESPAÑA	French	5,122
DIA	French	4,663
LIDL SUPERMERCADOS	German	4,464
EL CORTE INGLES, S.A	Spanish	3,092
CONSUM, S. COOP.	Spanish	2,839
AHORRAMAS	Spanish	1,893
MAKRO	German	1,371

Data and Information Sources: Euromonitor, GTA, Eurostat, FIAB  
Contact: AgMadrid@fas.usda.gov

## SECTION I. MARKET SUMMARY

Spain has the fifth largest economy in the European Union. Spain’s economy grew 2.6 percent in 2018. This marks the fourth straight year of GDP growth since the economic recovery began in late 2013, though Spain’s post-crisis expansion is expected to slow down in 2019. Compared to pre-crisis figures, today, Spain’s economy is more diversified, more competitive, and more export-oriented. In 2018, Spain hosted yet another record number of tourists, surpassing the United States to become the second most popular destination in the world after France. According to official Spanish data, in 2018, 82.6 million tourists arrived in Spain—a 0.9 percent increase from 2017—and spent more than 90 billion euros. According to OECD reports, the Spanish economic growth has been strong but is projected to moderate in 2019 and 2020.

**Table 1. Advantages and Challenges Facing U.S. Exporters in Spain**

Advantages	Challenges
Tourism is a strong and ever-growing sector that provides sales in the food 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. regulations and practices.
Spain’s food industry relies on imported ingredients, many from the U.S.	Lack of consumer awareness of U.S. brands, applicability, and varieties of U.S. products.
Diversity of food products in the market is increasing. Consumers are becoming more open to new and foreign products.	Competition from neighboring EU countries, where tastes and traditional products may be better known.
Good network of agents and importers to help get product into the market.	U.S. exports face higher transportation costs. In addition, small exporters face difficulties in shipping mixed or smaller container loads versus EU competitors or big exporters.
Consumers are increasingly health conscious, demanding new products.	EU labeling, traceability, and packaging laws.
Distribution structure is modern and many companies cover both Spain and Portugal.	High import tariffs, new and potential retaliatory tariffs, and import regulations impose a price disadvantage on non-EU based companies.
Good image and reputation of U.S. products.	High marketing costs (advertising, discounts, etc.) are necessary.

## **SECTION II. ROADMAP FOR MARKET ENTRY**

### **Local 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, contact with existing and potential buyers, and market expertise.

Spain's sales channels range from traditional distribution methods – wholesalers sell to small retail shops that sell to the public -- to large multinational supermarkets and retail stores. However, personal relationships are still important, especially within smaller organizations. There is no substitute for face-to-face meetings with business representatives in order to enter this 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 into Spanish commercial brochures, technical specifications and other relevant materials. Decision makers at Spanish firms may speak English, but paperwork should be in Spanish.

The majority of 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:

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 adequate distribution channels, import duties, sanitary regulations and labeling requirements
4. Explore the purchasing arrangements of the larger retail channels

### **Food Standards and Regulations**

For detailed 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 [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 in place:

- [US-EU Organic Equivalency Arrangement](#)
- [US-EU Wine Agreement](#)
- [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 Spanish importer obtains the Import Certificate and/or the agent involved in the transaction and serves for tariff classification purposes.

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 all the details, visit the [EU labeling requirements](#) section of the [USEU Mission](#) webpage.

### Market Structure:



For more information on the Spanish Retail Food Sector, please consult the retail sector reports for Spain at [FAS GAIN Home](#)

## Spain Top Country Retailers

According to Euromonitor, in 2018, supermarket sales increased by 1 percent in current value terms to reach 56.1 billion Euros (\$62.8 billion). Supermarket sales are expected to increase 3 percent in the next five years.

The competitive environment is quite concentrated in the grocery store-based retailing, with Mercadona accounting for the largest share, followed by Carrefour. Improved economies boost sales, while supermarkets try to adapt to new consumers habits. Mercadona remains the most important and defining player in food retailers in Spain in 2018, as can be seen in the table below:

<b>Retail Organization</b>	<b>Ownership</b>	<b>Sales 2018 (\$ Million)</b>
<a href="#"><u>MERCADONA</u></a>	Spanish	24,782
<a href="#"><u>GRUPO CARREFOUR</u></a>	French	10,781
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Source: Alimarket

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 economic recovery is slowly leading to an increase in domestic demand. Retailing showed a good performance in 2018 thanks to the positive economic environment, and this made consumers become more optimistic and increase their expenditure on food.

Online retail was once again the best performer in 2018. 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.

Changing consumer habits and the development of e-commerce and new technologies are leading the sector to conceive new commercial formats and greater diversification. Some retailers are incorporating new services and offering improved shopping experiences. According to Euromonitor, the digitization progress is leading to a reinvention of commercial formats, which in turn is translating into greater diversification. The new model is a blend that combines the traditional characteristics of supermarkets with the elements of convenience, such as an increased offering of prepared food, freshly squeezed juices, and a wide assortment of products on-the-go.

## SECTION III. COMPETITION

### Competitive Situation for U.S. Imported Goods

<b>Product Category</b> (thousand metric tons; million USD)	<b>Major Supply Sources in 2018</b> (in value)	<b>Strengths of Key Supply Countries</b>	<b>Advantages and Disadvantages of Local Suppliers</b>
<b>Frozen Fish</b> <i>Imports:331</i> <i>Value:\$882</i>	1. Portugal - 10% 2. France – 6% 3. Seychelles – 6% 25. USA - 2%	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.
<b>Almonds</b> <i>Imports:101</i> <i>Value:\$553</i>	1. USA - 90% 2. Australia - 4% 3. Germany - 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.
<b>Walnuts</b> <i>Imports:28</i> <i>Value:\$169</i>	1. USA - 63% 2. Chile - 14% 3. France - 9%	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.
<b>Pistachios</b> <i>Imports:11</i> <i>Value:\$110</i>	1. USA - 35% 2. Iran - 26% 3. Germany - 20%	Germany is the main entry point for U.S. and Iranian pistachios to the EU. Pistachios are then re-exported to other member states.	Pistachio production in Spain is very limited and demand keeps growing.
<b>Sunflower seeds</b> <i>Imports:246</i> <i>Value:\$144</i>	1. France - 42% 2. China - 19% 3. USA - 16%	Growing competition from China, Argentina and Israel for confectionary.	Spain production of sunflower seeds for confectionary is not sufficient to meet demand.
<b>Pulses</b> <i>Imports:778</i> <i>Value:\$316</i>	1. Russia – 21% 2. USA - 16% 3. Ukraine – 15%	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](http://www.gtis.com)

**SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES**

**Agricultural and Food Import Statistics**

<b>AGRICULTURAL PRODUCTS IMPORTS (\$ Million)</b>					
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019*</b>
<b>Total Agricultural, Fish and Forestry Products</b>	36,659	38,003	41,733	44,692	45,000
<b>Total U.S. Agricultural, Fish and Forestry Products</b>	1,981	1,857	1,638	2,182	2,200
<b>Total Agricultural Products</b>	27,647	28,067	30,987	32,504	32,600
<b>Total U.S. Agricultural Products</b>	1,607	1,487	1,319	1,867	1,900
<b>Total Fish and Seafood Products</b>	6,364	7,022	7,920	8,433	8,500
<b>Total U.S. Fish and Seafood Products</b>	134	134	103	101	102

Source: Global Trade Atlas ([www.gtis.com](http://www.gtis.com)) ; \*Estimate

**Products Present in the Spanish Market with Good Sales Potential**

Products Present in the Market which have Good Sales Potential

- Tree nuts, particularly almonds, walnuts and pistachios
- Peanuts
- Pulses
- Rice
- Sunflower seeds
- Fish and Seafood, fresh and frozen
- 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
- 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 VI. KEY CONTACTS AND FURTHER INFORMATION**

If you have any questions or comments regarding this report or need assistance exporting to Spain, contact the [Foreign Agricultural Service American Embassy Madrid](#). Additionally, find below a list of key associations and government agencies:

### **Spanish Trade Associations**

[Spanish Federation of Food and Beverage Industries](#)

[Spanish Federation for HRI Sector](#)

[Spanish Association for Distributors and Supermarkets](#)

[National Association of Midsize and Large Distributors](#)

[Spanish Restaurant Chain Association](#)

### **Spanish Government Agencies**

[Ministry of Health, Consumption and Social Welfare](#)

[Spanish Consumption, 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.