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Spanish pork captures Asian market share

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Report Highlights:

Over the past years the Spanish pork industry has concentrated on exports and won market share from the United States. This year Spain became the leading pork supplier to the Chinese market and the fourth leading supplier to Japan. Spanish pork exports to third countries are predicted to slightly rise during 2017 remaining flat in 2018 due to increased production world-wide and increased competition from the United States and Brazil.

General Information:

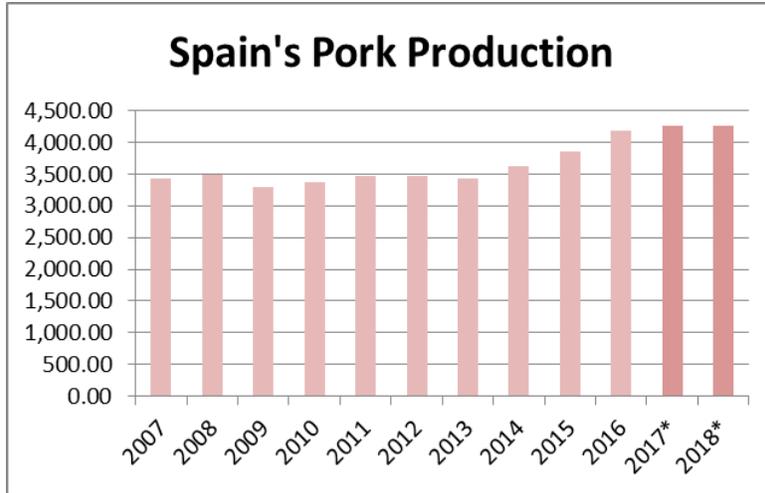
According to Eurostat, Spain has the largest swine herd in the EU-28 with more than 19 percent of the total EU swine, and the second largest pork producer within the EU, with 17.5 percent of the total. Worldwide, Spain ranks just behind China, the United States and Germany.

Spanish 2016 official data shows that the Spanish swine sector accounts for 36 percent of the final livestock production and 13 percent of final agricultural production. The Spanish white swine sector is vertically structured and integrated, resulting in one of the most efficient swine producers within the EU-28. The primary Spanish regions of pork production in 2016 were Catalonia with 42 percent of total Spain's pork production followed by Castile Leon and Castile La Mancha with 14 and 8 percent respectively.

According to the Ministry of Agriculture, Fisheries, Food and Environment (MAPAMA) updated official data, total swine slaughter in 2016 increased by 7 percent compared to previous year reaching 49,083 thousand heads of and almost 4.2 million MT of pork meaning a growth of 8 percent over 2015. In 2016 Spanish pork production and exports reached record levels due to strong international demand.

According to MAPAMA official data January/July 2017 total swine slaughter and pork production remain stable compared to the same period last year. This upward trend may continue but at a slower pace in 2017 in line with the slight decrease of China's pork imports and the increasing competition in the global pork market. Spanish total swine slaughter and Spanish pork production in 2018 may remain flat (See Graph 1) due to uncertainty with regards to production in the United States and Brazil.

Graph 1. Spain's Pork Production 2007-2018 (MT)



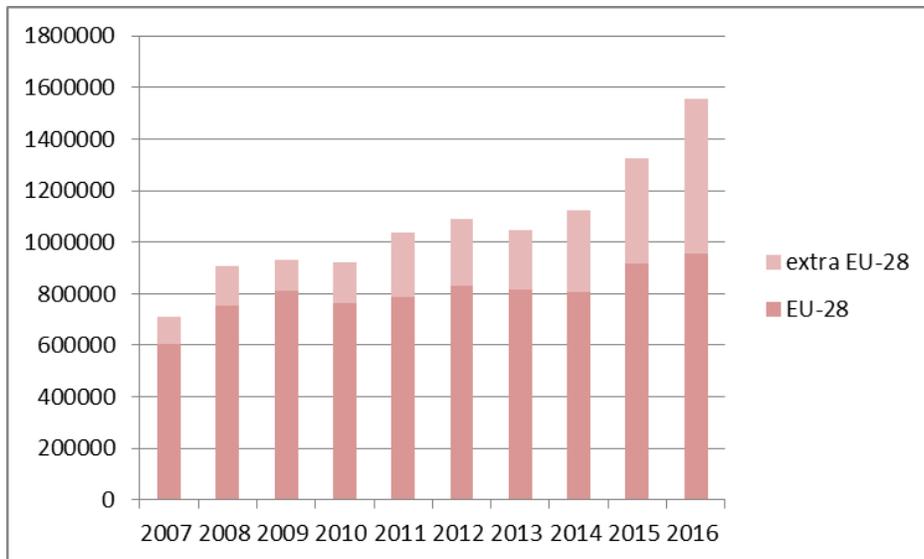
*: Post Estimation

Source: Data from MAPAMA

Spanish domestic pork consumption (108 pounds per person per year) may remain flat, after several years in a downward trend. The Spanish swine and pork industry continues promoting the consumption of pork to consumers, doctors, media, etc. While pork production experienced important increases in the last years, Spanish pork consumption did not follow the same trend, resulting in increased exports.

Spain is a net exporter of pork. Spanish pork exports in 2016 rose 17.50 percent in volume and 15.45 percent in value, reaching 1.5 MMT of pork exports and more than 4 billion USD. Spanish pork exports in 2016 increased in volume terms both to EU-28 and to third countries following the upward trend of the last years, with 4 percent and 47.5 percent growth respectively compared to previous year (See Graph 2). Total Spanish pork exports approximately are 60 percent to EU28 and 40 to third countries, becoming in 2016 the third largest exporter in the world after Germany and the United States.

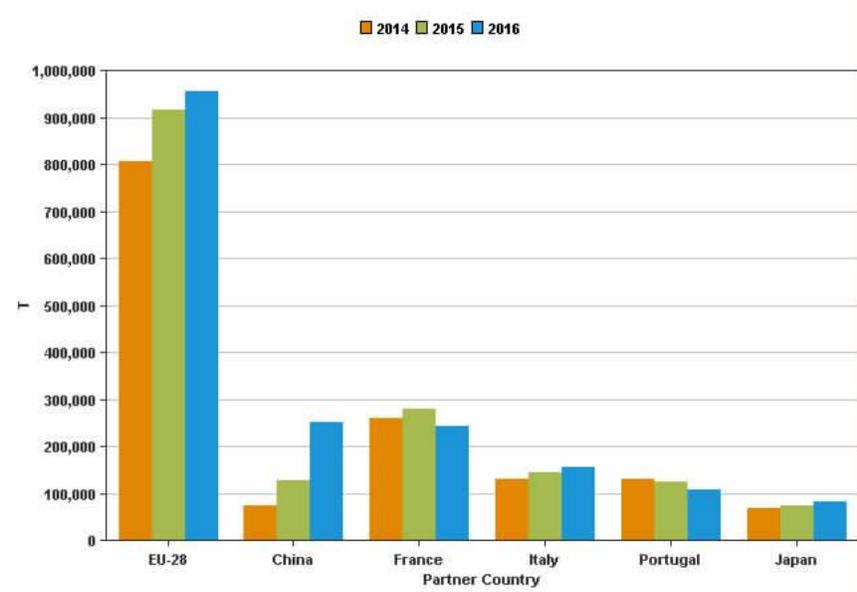
Graph 2. Spain's pork exports 2007-2016 (MT)



Source: GTA

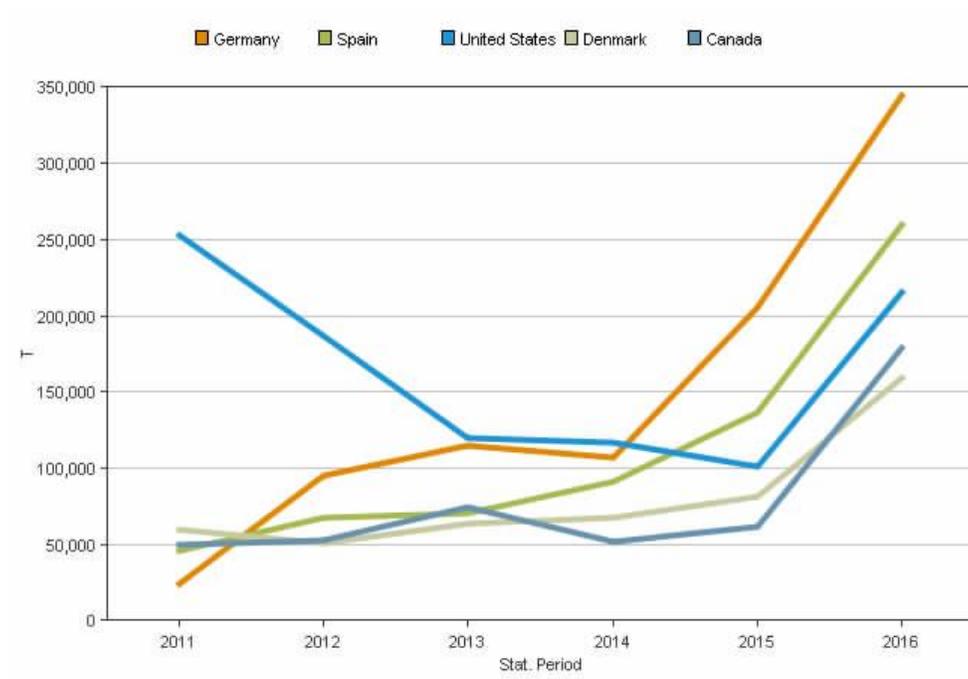
Spanish pork exports to China in 2016 increased 96 percent reaching 252,543 MT with a corresponding increase in value, making China the most important destination for Spanish pork (See Graph 3) and Spain the second largest pork supplier to China (See Graph 4).

Graph 3. Spain's Pork Exports by Destination 2014-2016 (MT)



Source: GTA

Graph 4, China's pork imports 2011-2016 (MT)

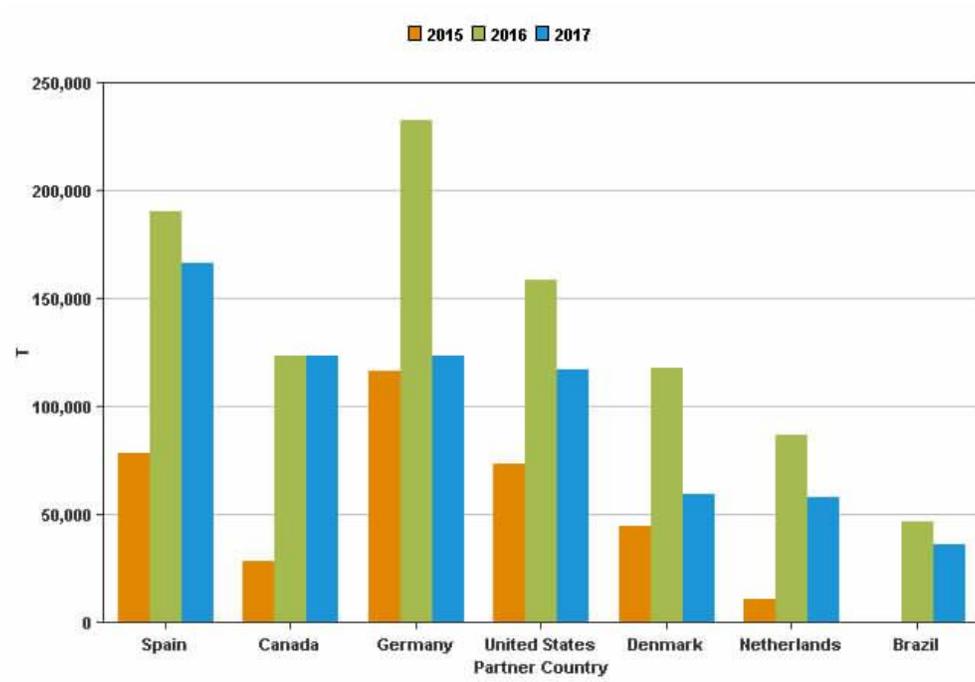


Source: GTA

In 2016 Spain’s pork exports also experienced important increases to Eastern Europe and to other Asian countries such as Japan (+12 percent with 82,246 MT and + 25 percent in value), South Korea (+39 percent with 63,325 MT and +36 percent in value), Hong Kong (+46 percent with 29,081 MT and +68 percent in value), Philippines (+42 percent with 26,004 MT and +61 percent in value), Taiwan (+69 percent with 18,007 MT and +75 percent in value), Vietnam (+75 percent with 4,529 MT and +103 in value), and in North America to the United States (+59 percent with 6,168 MT and +45 percent in value) and Canada (+111 percent with 4,474 MT and +117 percent in value).

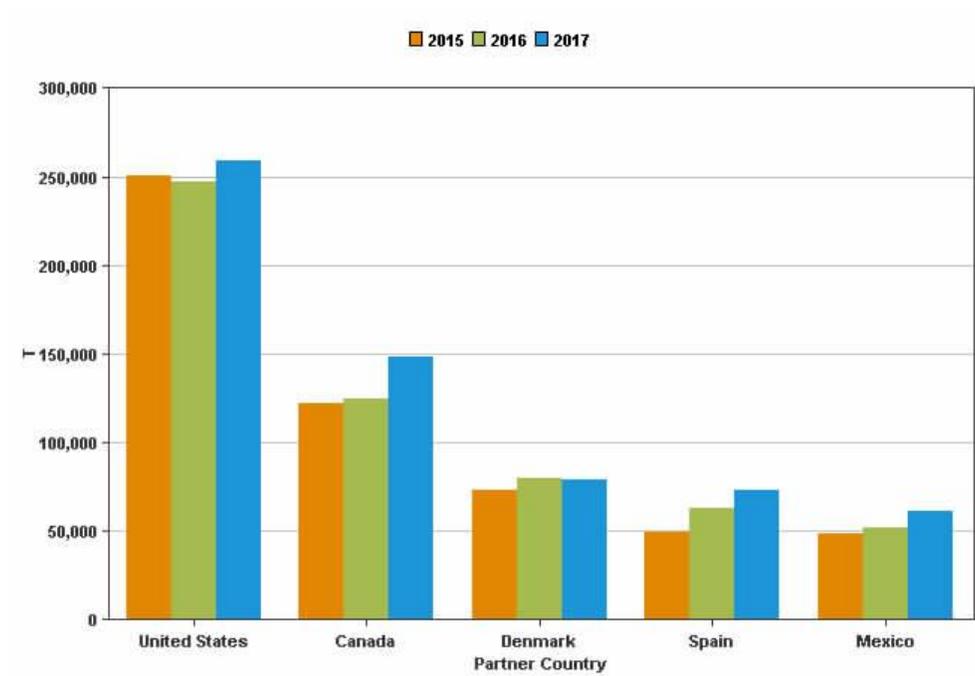
Currently (January/July 2017) the quantity of Spain’s pork exports remains stable while the value increases 14 percent compared to the same period of last year becoming the most important supplier of pork to the Chinese market, and the fourth largest player in Japan (See Graph 5 and Graph 6). Spanish pork exports to Japan continue its upward trend with 31 percent growth in volume and 37 percent in value, resulting in the second Spanish pork destination in value terms (See Graph 7).

Graph 5. China’s pork imports by Main Origins (January/July 2017) in MT



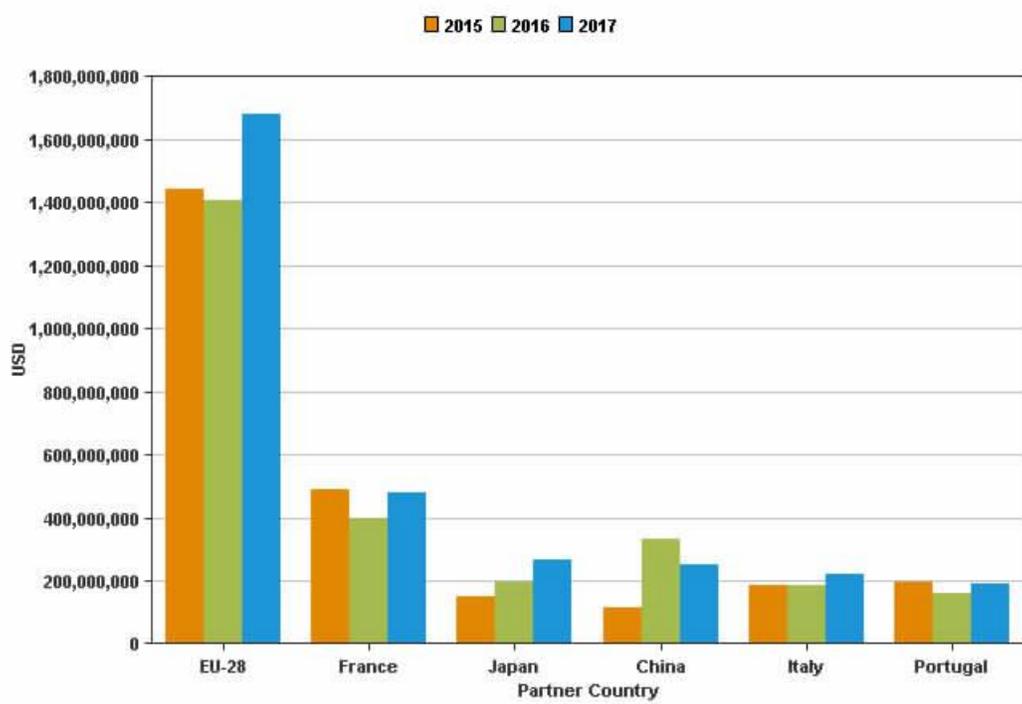
Source: GTA

Graph 6. Japan's pork imports by Main Origins (January/July 2017) in MT



Source: GTA

Graph 7. Spain's pork exports by Main Destinations (January/July 2017) in USD



Source: GTA

According to the Spanish pork industry Spanish pork exports to third countries are estimated to slightly increase during 2017 remaining flat in 2018. Higher world pork production and stronger competition with the United States and Brazil may reduce the Spanish pork exports outside the EU-28.