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Exporter Guide

Annual 2015

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Report Highlights:
In Calendar Year (CY) 2014, Spain imported $2.2 billion of agricultural, fish and forest products from the United States, up 11 percent compared to the previous year and the highest import figure on record. Spain is coming out of the recession and it is expected to end 2015 with a second year of growth in a row and 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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APPENDIX – STATISTICS

SECTION I. MARKET OVERVIEW

ECONOMIC TRENDS

AGRICULTURAL PRODUCTS IMPORTS ($ Million)						
	2011	**2012**	**2013**	**2014**	**2015***	**2016****
Total Agricultural, Fish and Forestry Products	40,076	37,428	38,126	39,115	39,000	40,000
Total U.S. Agricultural, Fish and Forestry Products	1,526	1,292	1,640	1,875	1,850	1,800
Total Food Products	38,061	35,770	36,270	37,090	37,000	36,000
Total U.S. Food Products	1,536	1,308	1,701	1,876	1,850	1,800
Total Fish and Seafood Products	7,190	6,229	6,319	6,784	6,750	6,700
Total U.S. Fish and Seafood Products	122	110	105	122	120	115

(1) Global Trade Atlas (www.gtis.com)
(*) Estimate
(**) Forecast

In 2015, Spain shows signs of real improvement in its economic situation. The country is slowly finally coming out of the economic crisis that affected its financial system and consumer income and behavior.

Spain's GDP grew modestly in 2014 by 1.4 percent and real GDP is expected to increase by 2.9 percent in 2015. The growth in exports and another year of good tourism numbers provide support to the overall economy. The recovery will be slow though: the high levels of public and corporate rate and a high level of structural unemployment will slow the pace of the recovery.

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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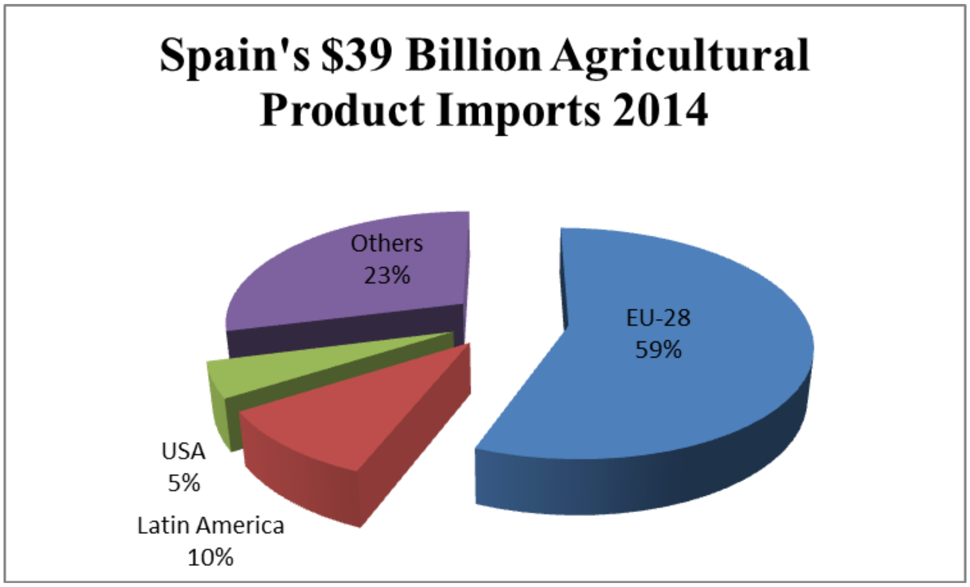
ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS IN SPAIN

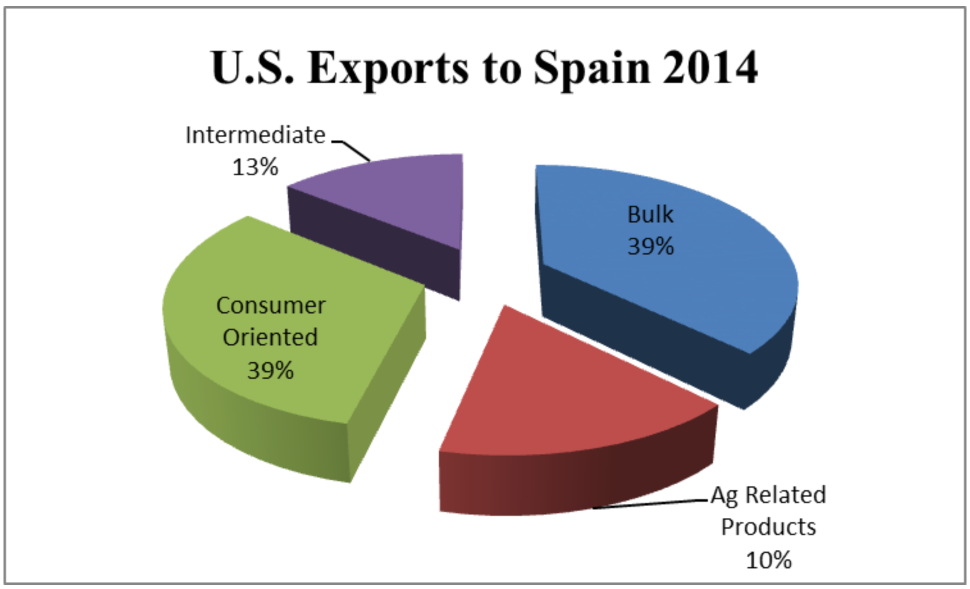
Advantages	Challenges
Spain's food industry relies on imported ingredients, many from the U.S.	Spain's weak economic situation effects the retail sector with sinking domestic demand, and lack of credit.
Tourism is a strong and ever-growing sector that provides retail, food and drink sales.	Lack of consumer 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 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 purchasing arrangements of the larger retail channels.

General Consumer Tastes and Preferences

After years of living on constricted budgets, despite the incipient economic recovery, Spanish consumers are still giving considerable importance to low prices when shopping and continue to look for discount prices. This is pushing them to compare prices between several stores before making a decision to purchase. Retailers are adjusting to the new reality of more price-conscious consumers and the rising importance to convenient locations.

Spain is expected to continue to show positive signs of recovery during 2015 and 2016. This situation will likely be reflected in consumers gradually increasing their expenditure again. According to the Consumer Confidence Index (CCI) published in August 2015 by the Centre for Sociological Research (CIS), consumer confidence shows some improvement compared to August 2014. 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. According to the latest survey, consumers are slowly recovering confidence and also are improving their future expectations, both when asked about employment and household situation.

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 and the eleventh round of the negotiations took place in Miami, Florida from October 19 - 23, 2015. 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 4 billion dollars in 2014, 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

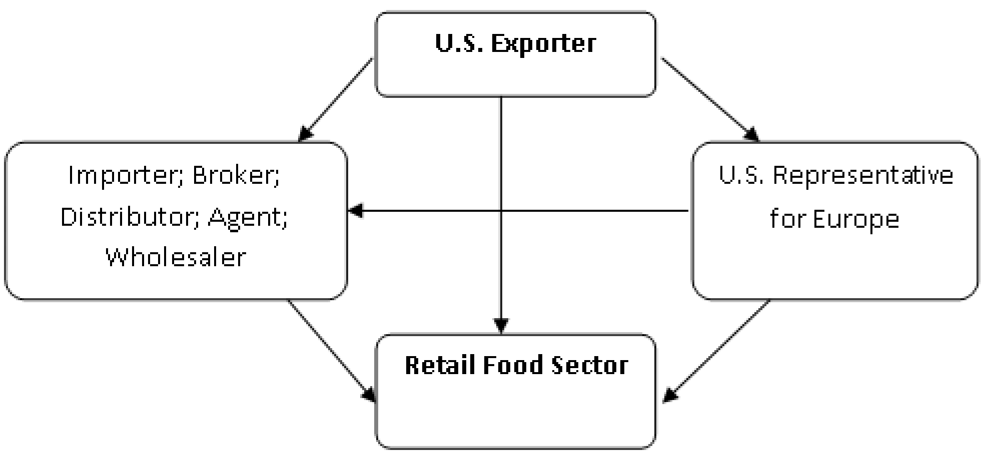
Food Retail Sector

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.

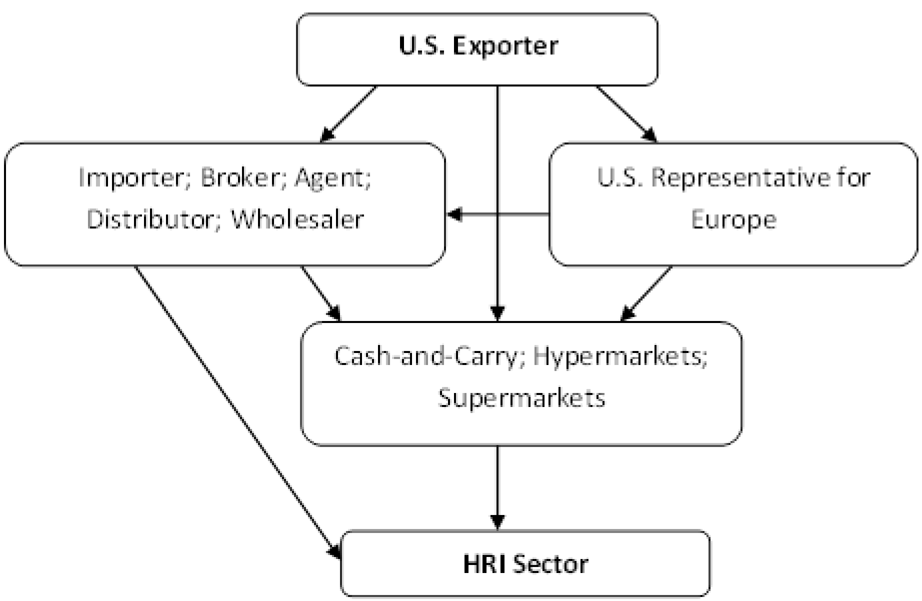
HRI Sector

Between 2008 and 2013 Spain experienced one of the most important economic recessions in its history, with soaring unemployment rates and decreasing consumers' purchasing power. This situation seriously affected the HRI sector, as Spanish consumers tried to avoid unnecessary expenses and reduced their visits to bars and restaurants. 2014 marked the first full year of Spanish economic recovery the economic and this trend is expected to consolidate during the coming years.

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. In the first half of 2015, Spain set a new record of tourist arrivals. The country saw a record 37.9 million international tourist arrivals from January to July, up 1.7 million visitors compared to the same period in 2014. Tourism is one of the few sectors bringing optimism to the Spanish economy.

According to official statistics, Spain seems to be finally coming out of the economic crisis that affected its financial system and consumer income and behavior. This allows consumer foodservice to register positive slight growth in terms of number of outlets, transactions volume and current value sales. Chained outlets drove the recovery, with franchising the preferred formula for the opening of new outlets.   Consumers are slowly going back to the pre-crisis social habits of eating in bars and restaurants during lunch and eating out more at least once during the week.

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

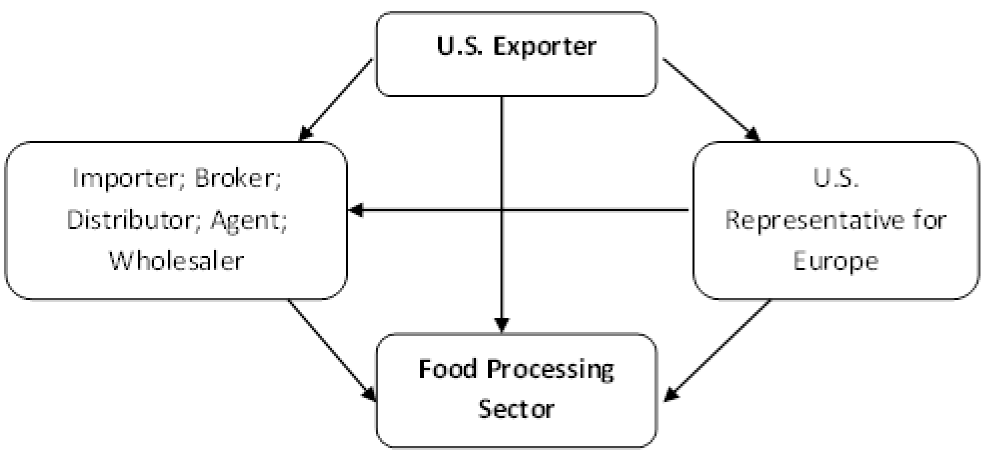
The Spanish food processing sector modernized and expanded significantly over the last couple of decades. With integration into the European Union in 1986, Spain's food processing sector began a profound modernization in order to adapt to new EU requirements. Spain now has some of the most competitive 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 22.5 percent of Spain's total industrial sales. The food industry provides 378,824 jobs, representing 22 percent of total industrial workforce. The food and drink industry in Spain comprises 28,343 companies, which represent 16 percent of the total industrial manufacturing companies. Of these, 68 percent of the companies produce bakery and pasta products (36.2 percent), drinks (17.8 percent), processed and canned meat and meat products (14 percent).

The most part of the food and drink processors are small companies— in 2014, 96.5 percent of the 28,343 food processors were small or medium-size companies, employing 50 people or less. The industry as a whole produced an estimated $103.5 billion (€93.2 billion) in product in 2014.

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 2014, Spain exported food and drinks for a total value of $26.6 billion (€24 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	2014 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: $826 U.S.A.: $43	4%	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: $536 U.S.A.: $473	25%	Aflatoxin issues.	Domestic consumption of tree nuts is increasing due to their utilization in the confectionary industry.
080231 080232	Walnuts	World Total: $180 U.S.A.:$107	13%	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: $70 U.S.A.:$ 20	-5%	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. Despite the total negative growth figure, the average growth of imports from the United States in the last 5 years was 6 percent).
2208	Distilled Spirits	World Total: $1,144 U.S.A.:$ 112	-4%	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 United States in the last 5 years was 3 percent).
0713	Pulses	World Total: $209 U.S.A.:$ 48	2%	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.

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
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U.S. Mailing Address:
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APO, AE 09642

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Fax: +34-91-587 2556
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 (%) 2014[1]	**$39,275/4.7%**
Consumer Oriented Agricultural Imports From All Countries($Mil)/U.S. Market Share (%) 2014[1] *****	**$15,291/4.4%**
Edible Fishery Imports From All Countries ($Mil) / U.S. Market Share (%) 2014[1] **- ***	**$6,824/1.8%**
Total Population (Millions) / Annual Growth Rate (%) **-** 2015	**48.1/-0.89%**
Number of Major Metropolitan Areas (over 800,000 population)	**7**
Per Capita Gross Domestic Product 2014*	**$33,700**
Unemployment Rate (%) – 2014	**24.5%**
Per Capita Food Expenditures - 2014	**$1,646**
Exchange Rate (US$1 = 1 Euro) **–** Average Jan-Sept 2014	**€0.90**

(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 %		
	2013	2014	2015*	2013	2014	2015*	2013	2014	2015*
CONSUMER-ORIENTED	15,062	15,291	15,000	532	675	650	3	4	4
Snack Foods (Excluding Nuts)	1,040	1,082	1,050	1	1	1	0	0	0
Breakfast Cereals and Pancake Mix	197	182	180	0	0	0	0	0	0
Red Meats Fresh/Chilled/Frozen	1,104	1,126	1,100	0	0	0	0	0	0
Red Meats Prepared/Preserved	402	426	400	0	0	0	0	0	0
Poultry Meat	386	342	340	0	0	0	0	0	0
Dairy Products (Excluding Cheese)	1,481	1,465	1,400	12	16	15	1	1	1
Cheese	1,169	1,194	1,100	1	1	1	1	1	1
Eggs & Products	92	97	95	2	5	6	2	5	6
Fresh Fruit	1,422	1,525	1,500	0	0	0	0	0	0
Fresh Vegetables	770	721	720	0	0	0	0	0	0
Processed Fruit and Vegetables	1,371	1,385	1,350	7	10	9	1	1	1
Fruit and Vegetable Juices	299	319	300	1	1	2	0	0	0
Tree Nuts	789	951	1,000	477	613	700	60	65	70
Wine and Beer	559	548	540	1	1	2	0	0	0
Nursery Products & Cut Flowers	205	222	220	8	8	8	4	4	4
Pet Foods (Dog and Cat Food)	270	286	280	2	3	3	1	1	1
Other Consumer-Oriented Products	3,506	3,421	3,400	17	15	15	0	0	0
FISH & SEAFOOD PRODUCTS	6,320	6,824	6,800	105	122	120	2	2	2
Salmon	284	322	320	0	0	0	0	0	0
Crustaceans	1,488	1,667	1,600	40	40	40	3	3	3
Groundfish and Flatfish	501	557	550	1	1	1	0	0	0
Molluscs	1,167	1,368	1,370	5	12	6	1	1	0

Other Fishery Products	2,880	2,909	2,900	60	68	70	2	2	2
AGRICULTURAL PRODUCTS TOTAL	30,402	30,932	30,000	1,476	1,668	1,600	5	5	5
AGRICULTURAL FISH & FORESTRY TOTAL	38,126	39,275	39,000	1,640	1,862	1,800	4	5	5

Source: GTA
*Estimate

C. Spain's Top 15 Food Import Suppliers

SPANISH IMPORTS OF CONSUMER-ORIENTED AGRIC. PRODUCTS (US$ 1,000)			
	2012	2013	2014
France	3,400,019	3,610,682	3,406,311
Germany	1,859,795	1,969,760	2,009,382
Netherlands	1,541,499	1,703,433	1,693,422
Italy	1,043,851	1,019,179	1,139,075
Portugal	900,777	944,674	1,075,181
Belgium	669,672	784,177	743,930
United States	427,305	532,443	675,174
United Kingdom	429,713	459,764	461,224
Morocco	235,315	313,598	408,215
Denmark	331,524	364,995	373,889
Poland	240,102	276,942	304,448
Peru	276,086	280,194	279,602
Brazil	247,542	278,433	266,349
China	186,295	220,266	238,944
Ireland	618,978	391,241	222,375
Other	1,794,521	1,911,312	1,993,972

SPANISH IMPORTS OF FISH AND SEAFOOD PRODUCTS (US$ 1,000)			
	2012	2013	2014
Morocco	503,124	510,961	602,279
Argentina	405,779	479,418	465,702
Ecuador	420,867	456,942	449,142
France	375,102	415,196	416,130
Portugal	324,561	324,079	384,987
Netherlands	291,450	312,881	380,778
China	342,364	342,247	326,765
United Kingdom	255,648	238,052	276,269
Namibia	233,567	220,160	231,380
Sweden	164,281	192,183	216,157
Denmark	168,637	192,996	213,251
India	198,203	153,092	200,049
Peru	135,261	129,996	171,988
Chile	170,049	165,999	156,482
Italy	133,650	138,196	150,439
Other	2,106,589	2,046,777	2,182,001

World	14,202,994	15,061,093	15,291,493

World	6,229,132	6,319,175	6,823,799

Source: GTA