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## Spain

**Post:** Madrid

### **Exports Drive Spanish Animal Production**

**Report Categories:**

Livestock and Products

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**Report Highlights:**

2017 was a positive year for the Spanish animal production sector due to lower feed prices, lowering production cost by improving efficiency, higher domestic demand and increasing Spanish livestock and meat exports.

## **General Information:**

### Swine

2017 in general was a positive year for hog production due to lower feed prices, lowering hog production cost by improving efficiency, increased pork demand and increasing Spanish pork exports. The average price for 2017 was USD 1.56/kg live weight compared to USD 1.40/kg live weight for 2016.

In Spain, according to 2017 Eurostat official data, Spanish total swine beginning stocks increased by three percent, reaching 29,231 thousand heads, continuing the upward trend of the past few years. Breeding sow numbers in 2017 reaches 2,415 thousand heads, a two percent decrease and in June 2017 number of breeding sows increased by six percent, meaning an expected rise in total slaughter in 2018. Pig production may continue the upward trend in 2017 and 2018 but at lower rates. The overall Spanish piglet/sow ratio is 20, but is average 27 in the intensive swine sector and much lower in the Iberian pig sector.

According to the Ministry of Agriculture, Fisheries, Food and Environment (MAPAMA) official data, total swine slaughter in 2016 increased by seven percent compared to last year with a record level of 49,083 thousand heads slaughtered. According to the Spanish swine sector this upward trend may continue in 2017 but at a slower pace. In 2017 total swine slaughter and pork remained stable the first semester compared to 2016 but it is expected a 1.5 percent growth for 2017 due to the rose of total swine slaughter and pork the second semester of 2017. This slight increase is due to the Asian markets, in particular the Chinese drop of Spanish pork imports and with the increasing competition in the global pork market and the uncertainty of growing markets such as the United States and Brazil. Also estimations for 2018 continue with the upward trend but a lower rate with 1.5-2 percent growth. According to the industry after 2018 will start the stabilization of Spanish hog production.

The main question for Spain/EU-28 is African swine fever as it continues to spread in the EU. Spain is importing live swine mainly from Netherlands, Portugal and Germany but at low numbers. Maintaining and monitoring animal health status in Spain is a major goal for the Ministry of Agriculture in order to maintain export markets.

## Pork

According to MAPAMA in 2016, Spanish pork production increased 8.5 percent compared to previous year, reaching 4.181 million MT. Spanish pork industry estimates a slightly increase of 1.5 percent for 2017, reaching 4.250 million MT and another growth of 1.5-2 percent in 2018 in accordance with total slaughters and higher competition in China and global pork demand.

Meanwhile, domestic pork consumption (real consumption as there is not private storage) shows a slight increase after following a downward trend during the last years due to higher demand in restaurants and tourism. Domestic consumption may continue this upward trend in 2018. The Spanish swine and pork industry continues promoting the consumption of pork to consumers, doctors, and the media.

Spanish pork exports are the driving forces behind the production increase of the last three years as Spanish meat consumption is stabilized so Spain has to export 50 percent of its pork production.

Spain is a net exporter of pork. In 2016 Spain exported two million CWT or 17.5 percent more than previous year. YTD (January-October 2017) Spanish pork exports remain stable in volume terms showing a 4.5 percent increase to the EU-28 and 6.3 percent decrease to third countries due to the drop of Spanish pork exports to China. Instead, YTD pork exports in value terms increased 14.6 percent following the upward trend of the last years, reaching almost USD four billion of Spanish pork exports in the first 10 months of 2017.

The primary destinations for Spanish pork exports in 2017 were France, China, Italy, Portugal and Japan in volume terms and France, Japan, China, Italy and Portugal in value terms. YTD (Jan-Oct 2017), Spanish pork exports to China were 22.83 percent lower than the same period in 2016, however in 2017 Spain has become the primary pork supplier to China, surpassing Germany. Japan, South Korea, Hong-Kong, Philippines, Taiwan, Singapore and Eastern Europe continue to show important growth. Also, Spanish pork exports YTD to the United States increased 63 percent reaching 10,485 CWT and USD 46 million.

According to the Spanish pork industry, Spanish pork exports are estimated to remain stable in 2018. Higher world pork production and stronger competition with the U.S. and Brazil may reduce the Spanish pork exports outside the EU-28 during 2018. The Spanish pork industry is also watching the pork market trade evolution between Brazil and Russia.

## Cattle

In 2016 Spain we continued to see an upward trend in cattle production which began in 2014 due to the higher demand from third countries. Experts predict that cattle production will likely continue increasing the herd through 2018.

According to Eurostat, total cattle beginning stocks increased by two percent in 2017, reaching 6,317,640 head. Beef cattle enjoyed 1.6 percent growth of beginning stocks with 1,950,440 beef cows. Official data in June 2017 shows the continued upward trend of the last few years and experts predict that Spain will reach maximum cattle levels in 2018. However, fertility may decrease in 2018 due to the extreme drought experienced in Spain during 2017 and lower feed efficiency.

Slaughter rose 1.7 percent in 2016 as previously estimated with 2.4 thousand animals slaughtered. According to the Spanish Ministry of Agriculture (MAPAMA), the number of cattle slaughtered reached record levels in the first ten months of 2017 compared to the same period the previous year due to strong demand from third countries.

Spain is a net importer of live cattle coming from other member states. In 2016 Spanish live cattle imports increased 12 percent coming mainly from France. YTD (January-October 2017) live cattle imports increased 188 percent due to the strong Spanish cattle demand, coming mainly from France with important growth from Netherlands, UK and Germany. For the same period Spanish live cattle-for-slaughter exports increased 47 percent, with 28 percent growth to the EU-28 and 52 percent increase to third countries namely Libya, Lebanon, Turkey and Egypt.

MAPAMA opened the Turkish market to Spanish live cattle-for-slaughter in June 2017 and according to the industry, will become the second most important destination for Spanish live cattle exports. In June to October 2017 Spain exported 31,462 live cattle to Turkey. Also Algeria and Morocco are important markets for Spanish live cattle. Spanish live cattle exports balance the Spanish cattle industry, stabilize prices and ensure a predictable supply to Spanish slaughterhouses. The Spanish cattle industry expects to maintain Spain's live cattle exports to third countries in 2018, reaching 200,000 cattle to slaughter exported to third countries, meaning almost 70 percent more than in 2016.

## Beef

In 2017 Spanish domestic consumption grew and will likely slightly increase in 2018 due to the growth in restaurants and tourism. Spanish beef industry continues to promote the healthy aspects of beef consumption to doctors, media and consumers.

According to MAPAMA, in 2016 Spanish beef production increased 1.7 percent year on year with 657,000 MT and according to the latest official data continues to grow up to one percent in the first ten months of 2017 reaching record levels. Thus, in 2017 beef production may grow following the recovery started in 2014/2015. According to the Spanish cattle and beef industry, 2018 may continue this upward trend increasing the beef production approximately another 0.5 percent due to the growth of cattle herd for export markets.

Spain is a net exporter of beef. Ninety percent of beef imports come from the EU-28. Outside the EU, Spain imports beef mainly from Brazil and Uruguay. Exports of Spanish beef follow an upward trend since the last three years both to the EU and to third countries. YTD (January-October 2017) Spanish beef exports continue to grow to third countries due to high demand from Algeria and Hong-Kong. The Spanish beef industry is also focused on new strategic markets. According to the beef industry, priority markets 2018 will be Asia, especially China, Vietnam and Philippines, Middle East and North Africa. In 2016 Spain opened the Indonesian market which led to significant, rapid growth.