USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

Required Report - public distribution

Date: 12/21/2011

GAIN Report Number: SP1127

Post:
Madrid

Spain
Food Processing Ingredients

2011

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Report Highlights:
Spain's economy continues to struggle, with high unemployment (over 20 percent) and low GDP growth. The economic recovery might still be some years away and consumer confidence and domestic demand are at low levels. In this gloomy scenario, the dynamic Spanish market still offers opportunities for U.S. food ingredients suppliers, and market niches exist for consumer-ready food products. The food processing sector generates 16 percent of Spain's total industrial production and is weathering the crisis compared to other sectors. U.S. ingredient exporters not currently in the Spanish market may find trade opportunities by attending the major food show Alimentaria in 2012 in Barcelona, Spain.

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SECTION I. MARKET SUMMARY

Economic Trends

AGRICULTURAL PRODUCTS IMPORTS
($ Million) (1)

	2007	2008	2009	2010	2011*	2012**
Total Agricultural, Fish and Forestry Products	36,926	40,500	33,005	33,999	38,000	40,000
Total U.S. Agricultural, Fish and Forestry Products	1,704	1,882	951	1,318	1,700	1,500
Total Food Products	26,157	30,522	25,378	25,845	27,000	30,000
Total U.S. Food Products	1,230	1,576	755	1,112	1,300	1,100
Total Fish and Seafood Products	7,037	7,042	5,873	6,378	7,000	7,500
Total U.S. Fish and Seafood Products	136	127	103	113	120	125

(1) Global Trade Atlas (GTA)
*Estimate
** Forecast

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.

According to Euromonitor, in spite of the very difficult economic context, several sectors were able to maintain a positive growth. For example, sales of frozen processed food and soup increased by nearly 4 and 3 percent, respectively, in volume terms in 2010, driven in large part by value-for-money considerations in the case of the former and convenience features in the case of the latter. Ready meals also posted positive, albeit slower, growth in 2010 benefiting from their convenience and ease of use of these products, as a growing number of food preparers, especially in restaurants that cater to the afternoon work crowd prefer to save time on meal preparation. The volume sales of ready meals increased by 1 percent in 2010.

In addition to the negative effects on spending of the current recession, sweet and savory snacks and sugar confectionery face an additional challenge due to the growing interest in dieting, fitness and health issues among Spanish consumers. Furthermore, the dramatic increase in recent years in childhood obesity in Spain, which affects close to 30 percent of Spain's youth, has meant that parents are keeping a closer watch on the snacking habits of their children. Not surprisingly, sales in both categories were weak in 2010, falling by 1 and 2 percent in total volume terms.

The food processing sector in Spain is modern, paying special attention to the quality, safety, and traceability of the food products it produces. This sector generates 16 percent of Spain's total industrial production, accounting for eight percent of the national gross domestic product and providing 445,475 jobs, representing 17 percent of total industrial workforce. The food industry in Spain comprises mostly small companies— in 2010, 96 percent of the 30,261 food processors were small or medium-size companies, employing 50 people or less. The industry as a whole produced an estimated $109.89 billion (€81.4 billion) in product in 2010, throwing a positive trade balance of $1.03 billion (€764 million).

Table 1. The Food Sector in Spain

Year	2010
Total Production (Million €)	81,369
Total No. Of Food Processors	30,261
Labor Force	445,475
Total Exports (Million €)	16,776
Total Imports (Million €)	16,012

Source: FIAB – Spanish Food Industry Federation

Current market developments affecting the food processing sector include:

- Changes in demographics and working patterns are shifting demand to more convenient and ready-to-eat foods. Busier lifestyles increase the demand for fast food, convenience products and ready-made meals.

- New, demanding labeling and traceability requirements are forcing consolidation of all levels of the food chain, from farm to fork.

- Consumers have become more health conscious: problems concerning food safety are widely publicized and usually receive immediate attention from government agencies. Although consumers are seeking healthier food choices, organic processed food has made limited inroads into the Spanish market.

Table 2. Spain Total Food Consumption Expenditures

	2008	2009	2010	2008	2009	2010
	Quantity (million kg/l/unit)			Value (million €)		
Home	29,109	30,843	30,491	66,221	68,665	67,086
Hotel & Restaurants	8,215	7,438	7,197	21,550	19,342	18,505
Institutions	1,319	1,267	1,230	2,672	2,599	2,471
Total	38,643	39,548	38,918	90,443	90,596	88,062

Source: Ministry of the Environment and Rural and Marine Affairs (MARM) www.marm.es

Table 3. Advantages and Challenges for US Products in the Spanish Market	
Advantages	**Challenges**
The food processing sector continues to demand food ingredients.	Food imported from third countries, including the U.S., must comply with EU food law, which varies considerably from U.S. regulation and practice.
Food products in the market are becoming more diversified.	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.	EU labeling, traceability, and packaging laws and a reluctance to purchase products containing genetically modified ingredients.
Modern food distribution system.	U.S. exports face higher transportation costs and difficulties in shipping mixed or smaller container loads.
Consumers are more health conscious, and tastes are becoming more diversified.	High marketing costs (advertising, discounts, etc.) are necessary.
Favorable dollar exchange rate makes U.S. imports more competitive.	Sanitary issues and restrictions at EU level have been limiting imports of products such as poultry and beef.

SECTION II. ROAD MAP FOR ENTRY

A. Entry Strategy

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 contact with existing and potential buyers, and market development expertise. The Office of Agricultural Affairs in Madrid maintains listings of potential importers and develops sector-specific information to help you introduce your product in the mentioned market.

Spain generally applies EU rules and regulations. However, there are subtleties that you should learn about if you are thinking of exporting to Spain. For more information, we invite potential U.S. exporters to contact us for additional, unpublished sector-specific information.

In general terms, U.S. exporters already exporting to other EU member states will likely be meeting most of the requirements for exporting to Spain. The U.S. exporter needs to make contact with a Spanish importer and/or distributor for his product.

Typically, food processors buy their food ingredients from importers or wholesalers. Some large companies buy directly from foreign suppliers. Around 20 percent of the Spanish food production is sold to export markets, mainly to the EU. Some food-processing companies concentrate on the domestic or on export markets, but most of them will have mixed customers. Companies supplying mainly the domestic market frequently market their products directly and have their own logistics infrastructure. However, their customers will vary from wholesalers to buying groups and retailers. Companies producing for the export market may have their own marketing office overseas, local agents or may work with local importers.

U.S. processed food exporters now face even greater challenges, because of the new EC labeling and traceability regulations. Any product that contains genetically modified ingredients must be labeled so that the consumer can distinguish the product. Since consumers are not familiar with genetically modified foods, food processors, retailers and the HRI sector are reluctant to purchase these processed products or food ingredients for processing.

The following documents are required for ocean or air cargo shipments of foodstuffs to Spain:

- Bill of Lading and/or Airway Bill

- Commercial Invoice

- Phytosanitary Certificate and/or Health Certificate when applicable

If your product is or contains plant or animal products, it will require a phytosanitary or health certificate issued by the competent U.S. authority. Also, if you are exporting animal products, your production plant has to be approved to export into the EU.

- Import Certificate

Most food products require an Import Certificate issued by the competent Spanish authority. However, the Import Certificate is obtained by the Spanish importer and/or the agent involved in the business and is intended for tariff classification purposes.

Trade Shows

Trade shows in Spain offer excellent opportunities for U.S. exporters to make contact with potential clients or business partners from Spain, Portugal and other countries from the EU and other continents.

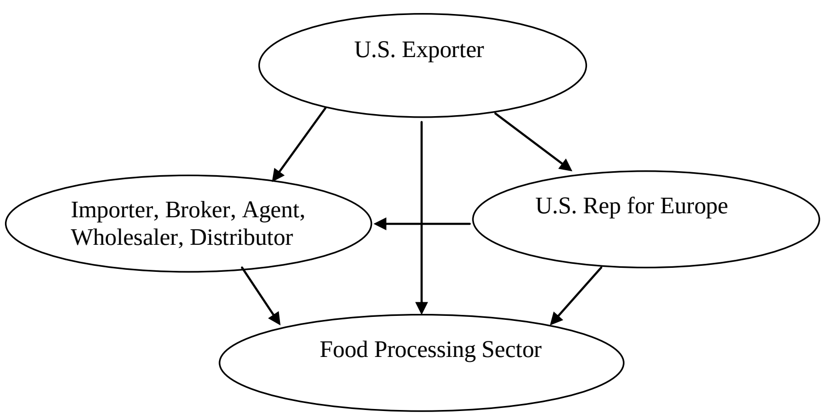
The most important trade shows related to the food processing sector are:

Alimentaria - International Food and Beverages Exhibition
Alimentaria is the most important International Food and Beverages Exhibition in Spain. With 4,000 leading food and beverage manufacturers and distributors, and 140,000 professional buyers from five continents, the exhibition will serve again as an international economic stage for the food and beverage industry.

Alimentaria takes place bi-annually in the month of March. **The next edition will be 26-29 March 2012.**

For more details: http://www.alimentaria-bcn.com/en/Alimentaria

B. Market Structure



C. Company Profiles

The Spanish food processing sector has a wide range of food processing sectors, many of them importing food ingredients. The Spanish food industry consists of 30,261 companies. Please see below how these companies are distributed among the main sectors:

Table 4. Food Processing Industry - Number of industries by sector						
	2008	%	2009	%	2010	%

Meat & Meat Products	4,437	14	4,433	14	4,383	14
Fishery Products	782	3	771	3	733	2
Fruits & Vegetables	1,395	4	1,373	4	1,417	5
Dairy Products	1,627	5	1,596	5	1,587	5
Milling Industry	665	2	621	2	616	2
Beverages	5,186	17	5,134	17	5,097	17
Fats & Oils	1,598	5	1,575	5	1,602	5
Animal Feed	909	3	903	3	917	3
Other Foods	14,507	47	14,244	46	13,909	46
TOTAL	**31,106**	100	**30,650**	100	**30,261**	100

Source: FIAB

Exchange Rate for October 2011:
1 € = $ 1.35

Main Companies Operating in the Food Processing Industry – 2011

RED MEATS AND POULTRY PRODUCTS			
RED MEATS			
Company	**Sales 2010 (Million $)**	**End-User Channels**	**Procurement Channels**
Campofrío Alimentación, S.A.*	2,474	Retail & HRI	Local products/ Imports
Coorporación Alimentaria Guissona, S.A.*	1,555	Retail & HRI	Local products/ Imports
ElPozo Alimentación, S.A.*	899	Retail & HRI	Local products/ Imports
Casa Tarradellas, S.A.*	825	Retail & HRI	Local products/ Imports
Martínez Loriente, S.A.*	639	Retail & HRI	Local products/ Imports
INCARLOPSA*	527	Retail & HRI	Local products/ Imports
Jorge, S.L.*	439	Retail & HRI	Local products/ Imports
COVAP*	381	Retail & HRI	Local products/ Imports

Carniques de Juia, S.A.	302	Retail & HRI	Local products/ Imports
Frigoríficos Costa Brava, S.A.	292	Retail & HRI	Local products/ Imports
POULTRY PRODUCTS			
Coorporación Alimentaria Guissona, S.A.*	1,556	Retail & HRI	Local products/ Imports
Cooperativa Orensanas (COREN)*	1,284	Retail & HRI	Local products/ Imports
Grupo Sada P.A., S.A.*	766	Retail & HRI	Local products/ Imports
Uve, S.A. *(Grupo)	258	Retail & HRI	Local products/ Imports
Pavo y Derivados, S.A. (Grupo Padesa)	216	Retail & HRI	Local products/ Imports
Procavi, S.L.	135	Retail & HRI	Local products/ Imports
Aragonesa de Piensos, S.A. (ARPISA)*	121	Retail & HRI	Local products/ Imports
An Avicola Melida, S.A.	119	Retail & HRI	Local products/ Imports
Juan José Sola Ricca, S.A. *	92	Retail & HRI	Local products/ Imports
Coop. Avícola y Ganadera de Burgos*	86	Retail & HRI	Local products/ Imports

Source: Alimarket

CANNED FISH			
Company	**Sales 2010 (Million $)**	**End-User Channels**	**Procurement Channels**
Luis Calvo Sanz, S.A. (Grupo)*	664	Retail & HRI	Local products/ Imports
Grupo Jealsa Rianxeira*	568	Retail & HRI	Local products/ Imports
Frinsa del Noroeste, S.A.	425	Retail & HRI	Local products/ Imports
Conservas Garavilla, S.A.*	324	Retail & HRI	Local products/ Imports
Ricardo Fuentes e Hijo, S.A.*	223	Retail & HRI	Local products/ Imports
Ubago Group Mare, S.L.*	144	Retail & HRI	Local products/ Imports
Compre y Compare, S.A.*	111	Retail & HRI	Local products/ Imports

Hijos de Carlos Albo, S.L.*	108	Retail & HRI	Local products/ Imports
Salica, Industria Alimentaria, S.A.	105	Retail & HRI	Local products/ Imports
Ignacio González Montes, S.A.	74	Retail & HRI	Local products/ Imports

Source: Alimarket

DAIRY PRODUCTS			
Company	**Sales 2010 (Million $)**	**End-User Channels**	**Procurement Channels**
Grupo Lactalis Iberia*	1,622		
Danone, S.A.*	1,487	Retail & HRI	Local products/ Imports
Grupo Leche Pascual, S.A.*	996	Retail & HRI	Local products/ Imports
Corportativa Alimentaria Peñasanta, S.A. (CAPSA)*	1,020	Retail & HRI	Local products/ Imports
Unilever Foods España, S.A.*	880	Retail & HRI	Local products/ Imports
Kraft Foods*	811	Retail & HRI	Local products/ Imports
Grupo TGT*	730	Retail & HRI	Local products/ Imports
Industrias Lácteas Asturianas, S.A. (ILAS)	654	Retail & HRI	Local products/ Imports
Puleva Food, S.L.	608	Retail & HRI	Local products/ Imports
Lactiber Corporación Alimentaria, S.L.	527	Retail & HRI	Local products/ Imports

Source: Alimarket

PREPARED FRUITS & VEGETABLES			
Company	**Sales 2010 (Million**	**End-User Channels**	**Procurement Channels**

	$)		
Hero España, S.A.*	288	Retail & HRI	Local products/ Imports
Grupo Angel Camacho, S.L.*	225	Retail & HRI	Local products/ Imports
Conservas El Cidacos, S.A.*	214	Retail & HRI	Local products/ Imports
Heinz Ibérica, S.A.	181	Retail & HRI	Local products/ Imports
Coop. Alimentos de Mediterráneo*	173	Retail & HRI	Local products/ Imports
Juver Alimentación, S.L.	162	Retail & HRI	Local products/ Imports
Carnes y Conservas Españolas, S.A.*	144	Retail & HRI	Local products/ Imports
Grupo Riberebro*	144	Retail & HRI	Local products/ Imports
Industrias Alimentarias de Navarra, S.A.U.*	128	Retail & HRI	Local products/ Imports
Compre y Compare, S.A.*	111	Retail & HRI	Local products/ Imports

Source: Alimarket

CONFECTIONARY (CHOCOLATE AND SUGAR) PRODUCTS			
Company	**Sales 2010 (Million $)**	**End-User Channels**	**Procurement Channels**
Kraft Foods *	810	Retail & HRI	Local products/ Imports
Nutrexpa, S.L.*	509	Retail & HRI	Local products/ Imports
Kraft Foods España, S.L. (Confectionary Div.)*	250	Retail & HRI	Local products/ Imports
Chupa Chups, S.A.U.	155	Retail & HRI	Local products/ Imports

Wrigley Co., S.L.	154	Retail & HRI	Local products/ Imports
Vidal Golosinas, S.A.	115	Retail & HRI	Local products/ Imports
Haribo España, S.A.	108	Retail & HRI	Local products/ Imports
Cantalou, S.A.*	101	Retail & HRI	Local products/ Imports
Sánchez Cano, S.A.	90	Retail & HRI	Local products/ Imports
Lacasa, S.A.*	87	Retail & HRI	Local products/ Imports

Source: Alimarket

BAKED GOODS			
Company	**Sales 2010 (Million $)**	**End-Use Channels**	**Procurement Channels**
Grupo Panrico*	715	Retail & HRI	Local products/ Imports
Grupo Siro*	554	Retail & HRI	Local products/ Imports
Nutrexpa, S.L.*	509	Retail & HRI	Local products/ Imports
Grupo Bimbo (Sara Lee Bakery Group)*	427	Retail & HRI	Local products/ Imports
Dulcesa, S.L.*	115	Retail & HRI	Local products/ Imports
Juan y Juan, S.A.*	108	Retail & HRI	Local products/ Imports
Brioche Pasquier Recondo, S.L.*	77	Retail & HRI	Local products/ Imports
Codan, S.A.	34	Retail & HRI	Local products/ Imports
El Pequeño Molino, S.A.*	26	Retail & HRI	Local products/ Imports
El Quinteriano, S.A.	22	Retail & HRI	Local products/ Imports

Source: Alimarket

SNACK FOODS: SNACKS AND NUTS

Company	Sales 2010 (Million $)	End-Use Channels	Procurement Channels
Pepsico Foods, A.I.E.*	568	Retail & HRI	Local products/ Imports
Grupo Siro*	554	Retail & HRI	Local products/ Imports
Grupo Bimbo (Sara Lee Bakery Group)*	428	Retail & HRI	Local products/ Imports
Borges, S.A.	342	Retail & HRI	Local products/ Imports
Importaco, S.A. (Grupo)	277	Retail & HRI	Local products/ Imports
Frit Ravich, S.L.	165	Retail & HRI	Local products/ Imports
Grefusa, S.L.*	115	Retail & HRI	Local products/ Imports
Almendras Llopis, S.A.	92	Retail & HRI	Local products/ Imports
Emicela, S.A.*	77	Retail & HRI	Local products/ Imports
Prolesa Promotora de Levante, S.A.	74	Retail & HRI	Local products/ Imports

Source: Alimarket

DRY GOODS: RICE, PASTA AND PULSES			
RICE			
Company	**Sales 2010 (Million $)**	**End-Use Channels**	**Procurement Channels**
Deoleo, S.A.*	1,729	Retail & HRI	Local products/ Imports
Ebro Foods, S.A. – Rice Division	1,096	Retail & HRI	Local products/ Imports
Maicerias Españolas, S.A. (DACSA)*	285	Retail & HRI	Local products/ Imports
Alimentos Naturales, S.A.*	66	Retail & HRI	Local products/ Imports
Mars España Inc. y Cia Foods, SRC*	60	Retail & HRI	Local products/ Imports
Arrocerias Pons, S.A.	51	Retail & HRI	Local products
Coop. Camara Arrossera del Montsia I Seccio de Credit, SCCL	42	Retail & HRI	Local products

Arrossaires del Delta de L'Ebre, SCCL	39	Retail & HRI	Local products
Legumbres Luengo, S.A.*	38	Retail & HRI	Local products/ Imports
Arroces y Cereales, S.A. (ARCESA)	38	Retail & HRI	Local products/ Imports
PASTA			
Nestle España, S.A.*	1,663	Retail & HRI	Local products/ Imports
Gallina Blanca, S.A.U.*	884	Retail & HRI	Local products/ Imports
Unilever España, S.A.*	880	Retail & HRI	Local products/ Imports
Grupo Siro	554	Retail & HRI	Local products/ Imports
Comercial Gallo, S.A.*	257	Retail & HRI	Local products/ Imports
Pastas Alimenticias Romero, S.A.	43	Retail & HRI	Local products
Oromás, S.A.	40	Retail & HRI	Local products
Rana Hispania, S.A.*	30	Retail & HRI	Local products
Barilla España, S.A.	13	Retail & HRI	Local products/ Imports
Andrés Megías Mendoza, S.A.*	11	Retail & HRI	Local products/ Imports
PULSES			
Hermanos Ayala Sousa, S.L.*	272	Retail & HRI	Local products/ Imports
Conservas El Cidacos, S.A.*	215	Retail & HRI	Local products/ Imports
Industrias Alimentarias de Navarra, S.A.*	129	Retail & HRI	Local products/ Imports
Conservas Terramar, S.A.*	89	Retail & HRI	Local products/ Imports
Alimentos Naturales, S.A.*	66	Retail & HRI	Local products
Selección de Productos Leoneses, S.A.*	60	Retail & HRI	Local products
Legumbres Luengo, S.A.*	38	Retail & HRI	Local products
Ferrer Segarra, S.A.*	25	Retail & HRI	Local products/ Imports
Lozano, S.A.*	24	Retail & HRI	Local products/ Imports
Taboada Grupo Alimentario, S.L.*	23	Retail & HRI	Local products/ Imports

Source: Alimarket

CONDIMENTS AND SEASONINGS			
Company	**Sales 2010 (Million $)**	**End-Use Channels**	**Procurement Channels**
Nutrexpa, S.L.*	510	Retail & HRI	Local products/ Imports
Aceites Borges Pont, S.A. *	304	Retail & HRI	Local products/ Imports
Bolton Cile España, S.A.*	112	Retail & HRI	Local products/ Imports
Jesús Navarro, S.A.*	70	Retail & HRI	Local products/ Imports
Conservas Dani, S.A.*	69	Retail & HRI	Local products/ Imports
Coop. Coato	54	Retail & HRI	Local products/ Imports
Unión Salinera de España, S.A.	49	Retail & HRI	Local products/ Imports
Ramón Sabater, S.A.	45	Retail & HRI	Local products/ Imports
Grupo Ybarra Alimentación, S.L.*	40	Retail & HRI	Local products/ Imports
Pimursa, S.L.*	26	Retail & HRI	Local products/ Imports

Source: Alimarket

SAUCES			
Company	**Sales 2010 (Million $)**	**End-Use Channels**	**Procurement Channels**
Deoleo, S.A.*	1,726	Retail & HRI	Local products/ Imports
Nestle España, S.A.*	1,660	Retail & HRI	Local products/ Imports
Unilever España, S.A.*	879	Retail & HRI	Local products/ Imports
Kraft Foods*	810	Retail & HRI	Local products/ Imports
Aceites del Sur-Coosur, S.A.*	486	Retail & HRI	Local products/ Imports
Hero España, S.A.*	288	Retail & HRI	Local products/ Imports
Heinz Iberica, S.A.*	181	Retail & HRI	Local products/ Imports
Carnes y Conservas Españolas, S.A.*	162	Retail & HRI	Local products/ Imports
Industrias Alimentarias de Navarra, S.A. *	129	Retail & HRI	Local products/ Imports
Bolton Cile España, S.A.*	112	Retail & HRI	Local products/ Imports

Source: Alimarket

SPECIALIZED FOOD INGREDIENTS			
Company	**Sales 2010 (Million $)**	**End-Use Channels**	**Procurement Channels**
Cargill España (Grupo)*	1,620	Food Manufacturers & Producers	Local products/ Imports
Viscofan, S.A.	855	Food Manufacturers & Producers	Local products/ Imports
Quimidroga, S.A.*	682	Food Manufacturers & Producers	Local products/ Imports
Lipidos Santiga, S.A.	405	Food Manufacturers & Producers	Local products/ Imports
Cognis Iberia, S.A.U.*	270	Food Manufacturers & Producers	Local products/ Imports
Indukern, S.A.	267	Food Manufacturers & Producers	Local products/ Imports
Brenntag Quimica, S.A.*	256	Food Manufacturers & Producers	Local products/ Imports
Roquette Laisa España, S.A.	216	Food Manufacturers & Producers	Local products/ Imports
Iff Benicarlo, S.A.*	210	Food Manufacturers & Producers	Local products/ Imports
Grupo Tolsa*	203	Food Manufacturers & Producers	Local products/ Imports

Source: Alimarket

BEVERAGES: Alcoholic and Non-Alcoholic			
Company	**Sales 2010 (Million $)**	**End-Use Channels**	**Procurement Channels**
Coca-Cola España	3,968	Retail & HRI	Local products/ Imports
Grupo Mahou-San Miguel	1,538	Retail & HRI	Local products/ Imports
Heineken España	1,448	Retail & HRI	Local products/ Imports
S.A. Damm (Grupo)	1,066	Retail & HRI	Local products/ Imports
J. García Carrión, S.A.	877	Retail & HRI	Local products/ Imports
Pernord Ricard España	559	Retail & HRI	Local products/ Imports
Pepsico Bebidas Iberia	540	Retail & HRI	Local products/ Imports
Diageo España, S.A.	521	Retail & HRI	Local products/ Imports
Maxxium España, S.L.	499	Retail & HRI	Local products/ Imports
Schweppes, S.A.	466	Retail & HRI	Local products/ Imports

Source: Alimarket

* Data includes activities in other sectors.

D. Sector Trends

According to “Invest in Spain” (www.investinspain.org), a public owned corporation dependent on the Spanish Ministry of Industry, Tourism and Commerce, in 2009 Spain was the seventh largest recipient of foreign direct investment in the world. Spain’s appeal for foreign investors lies not only in its domestic market, but in the possibility of operating in third country markets thanks to its geostrategic position: it belongs to the European Union and is the gateway to North Africa and Latin America.

Agricultural, Fish and Forest Products imports from the United States have recovered since 2009 when they considerably decreased, partly due to the strong Euro and the dependence of Spain to import certain bulk commodities (grains, almonds). Many U.S. companies are present in Spain and the major U.S. companies (either through joint ventures, acquisitions, etc.) in the Spanish Food and Beverage Industry are: (in alphabetical order)

- Bunge: Fats and Oils
- Cargill: Fats, Oils, additives, pet food
- Coca Cola: Beverages, snacks
- Heinz Iberica: Prepared vegetables
- Kraft Foods: Cheese
- Mars España: Chocolates, confectionary
- Pepsico: Beverages, juices, snacks
- Sara Lee Bakery Group: Confectionary, baked goods
- Smithfield: Meats

Major consumption trends:

- One of the developments that drives changing consumer buying habits is the on-going trend towards smaller households. Single and two person households are growing and households of 4 or more persons declining. Not only does this trend demand smaller portions, industry contacts also claim that consumers tend to buy more expensive, value-added products or meal components when cooking for only one or two persons.

- Private labels are gaining market share, both due to the economic difficulties and the aggressive promotions carried out by retailers.

- Within the trend towards staying active, fit and healthy, consumers are increasingly buying healthy and functional foods.

- In line with healthy food, the organic food market, still seen as a small niche market, is now moving into the mainstream of the food industry. Apart from the shops that specialize on this type of products, they can also be sold in many supermarkets and hypermarkets.

SECTION III. COMPETITION

Other EU member states are the main competitors of U.S. products intended for the food processing industry. The lack of trade tariffs, trade barriers and other restrictions inside the European Union make European goods more attractive and competitive, particularly to price sensitive goods.

Table 6. Competitive Situation Facing U.S. Suppliers from Domestically Produces Goods and Imported Goods

Product Category (thousand metric tons; million USD)	**Major Supply Sources in 2010 (in value)**	**Strengths of Key Supply Countries**	**Advantages and Disadvantages of Local Suppliers**
Frozen Fish *Imports: 337* *Value:$770.6*	1. Portugal-9% 2. Netherlands-9% 3. Chile-7% 5. USA-5%	Other major suppliers offer high quality fish products at competitive prices.	Large competition from local suppliers and producers.
Almonds *Imports:60.2* *Value:$223.4*	1.USA-90% 2.Germany-2% 3.Australia-1%	Competition of other supply 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 used in the confection industry, mainly for Christmas traditional nougat.
Walnuts *Imports:23.0* *Value:$111.7*	1.USA-62% 2.France-21% 3.Chile-8%	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.
Pistachios *Imports:9.8* *Value:$77.6*	1.Germany-35% 2.Iran-28% 3.USA-23%	Germany is the main entry point for U.S. and Iranian pistachios. Pistachios are then re-exported to other EU countries.	Pistachio production in Spain is very limited.
Sunflower seeds *Imports:242* *Value:$169.7*	1.France-46% 2.USA-19% 3.China- 10%	Growing competition from China, Argentina and Israel for confectionary. Possible implementation of lower cadmium levels.	Spain production of sunflower seeds for confectionary is not sufficient to meet demand.
Pulses *Imports:308* *Value:$211.0*	1.Argentina-23% 2.USA-18% 3.Mexico-17% 4.Canada-11%	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. Imports recovered in 2010 compared to 2009.

SECTION IV. BEST PRODUCT PROSPECTS

Table 7. Products Present in the Spanish Market Which Have Good Sales Potential

HS Code	Product Category	2010 Market Size (Volume)	2010 Spanish Imports ($ Million)	5-Year Average Import Growth (%	Key Constraints	Attraction for U.S. Exporters

				Volume)		
0303	Frozen Fish	132 TMT	$769	6%	Heavy competition from other EU Member States and domestic suppliers. Spanish bad economic situation.	Good reputation and reliability of U.S. producers. High per capita consumption of fish.
0304	Fish Fillets and Other Fish Meat (Minced, Fresh, Chilled or Frozen)	584 TMT	$731	3%	Heavy competition from other EU Member States and domestic suppliers. Spanish bad economic situation.	Good reputation and reliability of U.S. producers. High per capita consumption of fish.
080212	Almonds	71 TMT	$223	4%	Aflatoxin issues. Spanish economic situation.	Domestic consumption of tree nuts is increasing due to their utilization in the confection industry. Signs of recovery of US exports of almonds to Spain in 2011.
080231 080232	Walnuts	34 TMT	$111	4%	Competition from other EU countries.	US walnuts, both shelled and in-shell, are making inroads in Spain due to increased awareness of the health benefits of tree nuts.
080250	Pistachios	9 TMT	$77	-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, imports from the US have increased in the last 5 years (average growth for the US was 14 percent).
120100	Soybeans	3,119 TM	$1,385	11%	Price sensitivity and volatility. Competition from Brazil.	Spain is a net importer of grains and oilseeds for feed consumption.

SECTION V. POST CONTACT AND FURTHER INFORMATION

If you have any questions or comments regarding this report or need assistance exporting to Spain, please contact the Office of Agricultural Affairs in Madrid at the following address:

Local Address:
Foreign Agricultural Service
Office of Agricultural Affairs
U.S. Embassy Madrid
Serrano, 75 – Box 2000
28006 Madrid
Spain

U.S. Mailing Address:
Office of Agricultural Affairs
U.S. Embassy Madrid
PSC 61, Box 2000
APO, AE 09642

Tel.: +34-91-587 2555
Fax: +34-91-587 2556
Website: http://madrid.usembassy.gov/about-us/fas.html
Email: AgMadrid@fas.usda.gov

Importer listings are available from the Agricultural Affairs Office for use by U.S. exporters of U.S. food and beverage products. Recent reports of interests to U.S. exporters interested in the Spanish market include:

Report Number	Title	Date Released
SP1124	The Exporter Guide	11/21/2011
SP1021	The Retail Food Sector	12/21/2010
SP8003	The HRI Sector	02/19/2008
These reports can be accessed through the FAS website http://www.fas.usda.gov/scriptsw/attacherep/default.asp		

ANNEX 1. OTHER CONTACTS OF INTEREST

Trade Associations

FIAB- Federación de Industrias de Alimentación y Bebidas
(Spanish Federation of Food and Beverage Industries)
http://www.fiab.es
fiab@fiab.es

FEHR – Federación Española de Hostelería
(Spanish Federation for HRI Sector)
http://www.fehr.es
fehr@fehr.es

ASEDAS – Asociación Española de Distribuidores, Autoservicios y Supermercados
(Spanish Association for Distributors and Supermarkets)
http://www.asedas.es
info@asedas.org

ANGED – Asociación Nacional de Grandes y Medianas Empresas de Distribución
(National Association of Midsize and Large Distributors)
http://www.anged.es
anged@anged.es

Government Agencies

Subdirección General de Sanidad Exterior
Ministerio de Sanidad, Política Social e Igualdad
(Ministry of Health, Social Policy and Equality)
(Responsible for: Imported Foodstuffs, Contaminants and Compound Residues, Health Certification, Port Inspection and EU Alerts)
http://www.mspsi.gob.es
saniext@msc.es

Agencia Española de Seguridad Alimentaria y Nutrición (AESAN)
(Spanish Food Safety and Nutrition Agency)
http://www.aesan.msc.es
informacionaesan@mspsi.es

Dirección General de Industria y Mercados Alimentarios
Ministerio de Medio Ambiente, Medio Rural y Marino
(Ministry of the Environment, and Rural and Marine Affairs)
http://www.marm.es
informac@marm.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