

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Spanish Livestock Exports Keep Trotting to non-EU Markets

**Country:** Spain

**Post:** Madrid

**Report Category:** Livestock and Products

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**Report Highlights:**

Despite the COVID-19 pandemic, in 2020, the Spanish meat sector overcame initial disruptions and worked at normal capacity to satisfy domestic and export demand. Fueled by high Chinese demand and outbreaks of African Swine Fever in Northern Europe, Spanish pork production and exports reached record levels. Spanish pork exports are pivoting from the EU to Asia. Spanish exports of live cattle and beef exports partially alleviated the loss in meat sales through the Spanish hospitality sector. Conversely, due to the closure of the Hotels, Restaurants, and Institutions, (HRI), Spanish imports of beef declined sharply, as Spanish imports are mainly destined for the hospitality sector. The Spanish meat sector will invest around \$4.2 billion (partially through the EU funds) to improve animal welfare, sustainability, and modernize the sector. The sector's strategy is now focused on a more controlled expansion and diversification of export markets.

## Executive Summary

The Spanish meat sector is working on economic, social, and environmental sustainability. The sector, especially the pork industry, continues to grow consistently in volume and exports. The Spanish meat sector is also committed to improving the environment. According to industry contacts, over the last 15 years, the pork industry reduced Greenhouse Gas (GHG) emissions by more than 40 percent and continues to make progress towards achieving a neutral climate impact by 2050, in line with the [European Green Deal](#). In addition, the Spanish cattle sector developed a project aiming to improve GHG emissions through innovative livestock practices to significantly reduce carbon footprint by 15 percent by 2025.

Following new consumers' demand, especially in terms of animal welfare, the Spanish meat industry also developed a voluntary animal welfare certificate for each type of livestock production that goes beyond what is currently required under the EU regulations. The voluntary certification guarantees the animal welfare at all levels of production. Created by a scientific committee, the certification also includes the participation of organizations for the protection and defense of animals. The voluntary Spanish animal welfare certification program was reportedly created to benefit both the producer and the consumer, to provide transparency of the production chain, and to improve competitiveness.

In 2020, Spain's total swine slaughtered grew 6.5 percent compared to the previous year to 56.461 million animals. In addition, Spanish pork meat production rose 8.2 percent to 5 million tons. These final Spanish pork production figures were higher than the sources' expectations and reached continued record levels, mainly derived from high Chinese pork demand and the outbreaks of African Swine Fever (ASF) in Northern EU. The Spanish pork production grew significantly during the last quarter of 2020 as a result of higher Spanish imports of live hogs for slaughter from Northern EU.

Despite the COVID-19 pandemic, Spain overcame initial disruptions, slaughterhouses were able to work at normal capacity to satisfy domestic and export demand. According to Trade Data Monitor (TDM), in 2020, total Spanish pork exports increased 21.5 percent to 2.7 million Metric Tons (MT) Carcass Weight Equivalent (CWE) and grew 23.7 percent in value to \$7.2 billion. This increase was primarily driven by higher volume of exports to non-EU countries (about 60 percent), shipped mainly to China, Spain's new chief destination for pork exports. Similarly, in 2020, Spain's beef exports grew 3.8 percent in volume to 231,000 MT CWE and valued at \$903 million. Over the last five years, Spain's beef industry has worked to re-orient its exports to traditional markets like Algeria and Morocco towards new strategic markets, namely Canada, Indonesia, Vietnam, Hong Kong, and recently opened markets in Japan and the Philippines. During the pandemic, Spanish pork and beef exports partially alleviated the loss in meat sales through the Spanish hospitality sector which was severely impacted by mandated measures in response to COVID-19. Conversely, due to the closure of

the Hotels, Restaurants, and Institutions, (HRI), Spanish imports of meat declined sharply. Spanish imports of beef were particularly impacted as these are primarily destined for the hospitality sector.

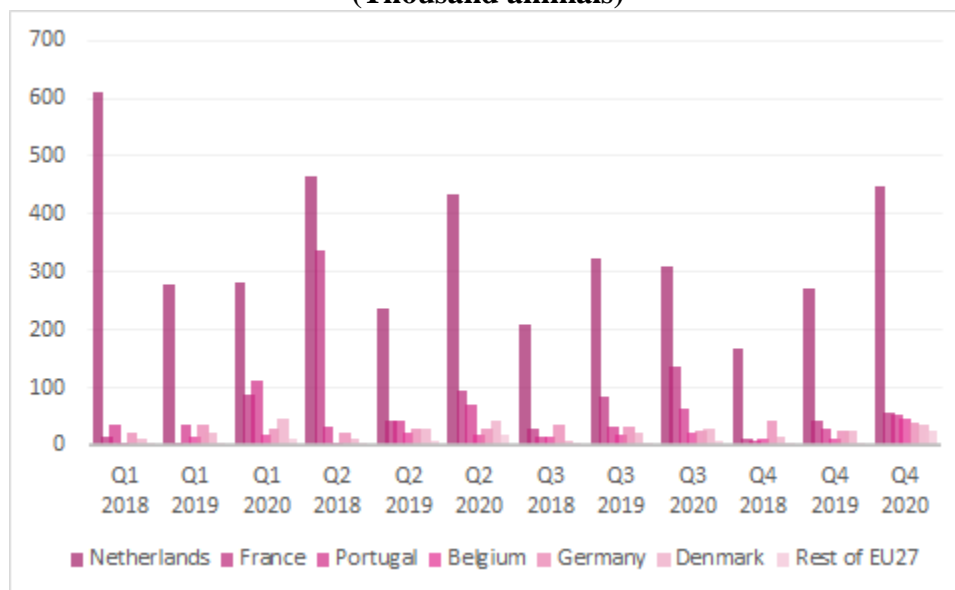
On July 20, 2020, the EU Council approved a \$2.17 trillion support package, a combination of the new multiannual financial framework 2021-2027 (MFF) proposal and a specific recovery effort, the [Next Generation EU \(NGEU\)](#) proposal of \$893 billion. In February 2021, six Spanish meat associations, including pork, Iberico, beef, sheep and goat, poultry, and rabbit, joined forces to reshape the meat sector and request a Strategic Project for Economic Recovery and Transformation (PERTE) called "Structural Modernization of the Production Chain and Meat and Livestock Transformation in Spain." A final form of the project will be presented to the Spanish government in April. Half of the estimated \$4.2 billion investment will come from the EU Next Generation funds. The plan would be developed over three years, 2021- 2023. This plan would involve the entire meat chain, from livestock to processors and the objective is to promote the digital transformation and an environmentally sustainable production, following the sustainability and digitization criteria proposed by the EU, and to reduce depopulation in rural areas. The main goals are to invest towards the environmental improvement of the Spanish meat production through the reduction of the environmental footprint, implementation of tools for the circular economy, improvement of packaging design, lessen the use of polluting raw materials, energy and water efficiency, improved use of by-products, digitization and blockchain, as well as education and training for workers. The companies registered for the plan represent close to 80 percent of the Spanish meat sector turnover. As a result, the Spanish meat sector will invest on improving issues such as sustainability and animal welfare, as well as diversifying exports markets.

## **Swine and Pork**

According to the Spanish Pork Industry, the sector is working on economic, social, and environmental sustainability. The sector has managed to grow in a sustained, gradual, and constant manner both in business volume and in exports. It is a key sector, contributing 42.6 percent of the final livestock production, 16 percent of total Spanish agricultural production, and more than 9 percent of the industrial Gross Domestic Production (GDP). The Spanish pork industry reports that over the last 15 years the sector has reduced by more than 40 percent of its Greenhouse Gas (GHG) emissions and continues. The sector also reports it continues to make progress with the objective of achieving a neutral climate impact by 2050 in line with the provisions of the European Green Deal (see EU [Livestock and Products Semi-Annual](#)). Responding to new consumer demands and concerns for animal welfare, the sector reports it has implemented measures that go beyond the EU regulations. The voluntary "[Animal Welfare Certified](#)" seal endorses the guarantees in animal welfare at all levels, created by a scientific committee, but also has the participation of the organizations for the protection and defense of animals. The voluntary Spanish animal welfare seal was created to benefit both the producer and the consumer and to provide transparency of the production chain, and to improve competitiveness.

According to Spanish official data, in 2020, total swine slaughtered grew 6.5 percent compared to the previous year to 56.461 million animals. In addition, in 2020, Spanish pork meat production rose 8.2 percent to 5 million tons. These figures suggest that the average carcass weight in Spain during these months stood at 88.97 kg, a 1.5 percent increase compared to 2019. These final Spanish pork production figures continued reaching record levels, mainly driven by Chinese pork demand and the ASF outbreaks in Northern EU. These drivers also increased the number of hogs to slaughter in Spain from Northern EU, especially during the last quarter of 2020 (see Chart 1). Eurostat data in December 2020 anticipated the Spanish pig population to hit another record level to 32.7 million swine animals, a 4.6 percent rise compared to 2019. In addition, Spanish sows remained relatively flat at 2.575 million sows. Thus, in 2021, Spanish hog and pork sources expects Spanish production to continue growing but at a more conservative rate given all the uncertainties in the current pork market.

**Chart 1. Quarterly Comparison Spanish Imports of Pork Swine Imports 2018-2020  
(Thousand animals)**



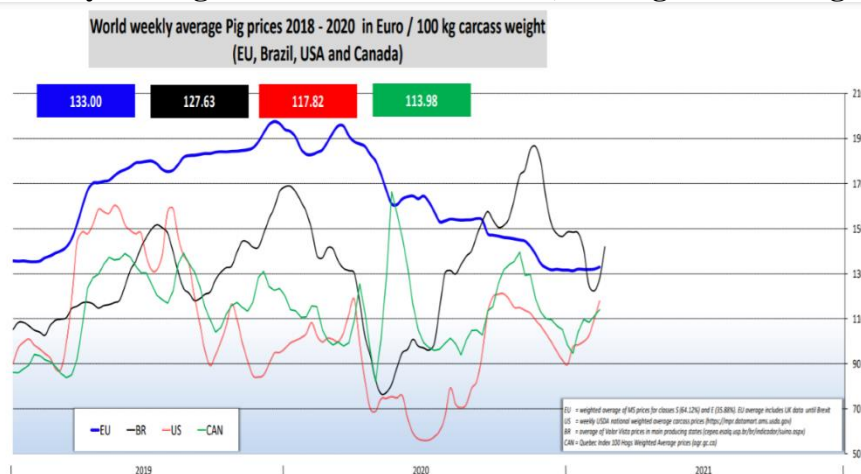
Source: TDM

Despite the COVID-19 pandemic, Spain overcame initial disruptions and slaughterhouses were able to work at normal capacity to satisfy domestic and export demand. This contributed to ensuring the continuous growth of the Spanish swine and pork production notwithstanding the pandemic. During 2020, Spain continued with a high level of hog slaughter and a good rate of pork exports, especially as Spain responded to Chinese demand for pork and filled the gap left by German suppliers due to ASF. However, implementation of sanitary measures related to COVID-19, higher feed prices, electricity, and difficult logistics have reduced margins for Spanish producers. In 2020, the average price for Spanish live swine stood at 1.32 euro/kg (Mercolleida prices). This price was 3 percent lower than 2019 but still 17 percent higher than in 2018 (1.13 euro/kg). From January-March 2021, the price for Spanish pork increased in response to continued strong Chinese demand for pork. In April, prices returned to 2020 level prior to COVID at 1.46 euro/kg. The Philippines is also increasing its pork

imports from Spain. As a consequence of a tight supply, Spanish pork carcass weight is starting to decrease.

China continues to put pressure on pork prices as the United States and Canadian pork prices remain lower than EU prices as the last [EU Pig Market Situation Report](#) indicates (see Chart 2). In addition, the Spanish swine sector and the Spanish administration continue to closely monitor and implement prevention measures to avoid the entry of ASF in Spanish territory. The industry reports that ASF remains one of its major priorities in protecting Spanish exports.

**Chart 2. World Weekly Average Pork Prices 2018-2020 (Euro/kg carcass weight)**

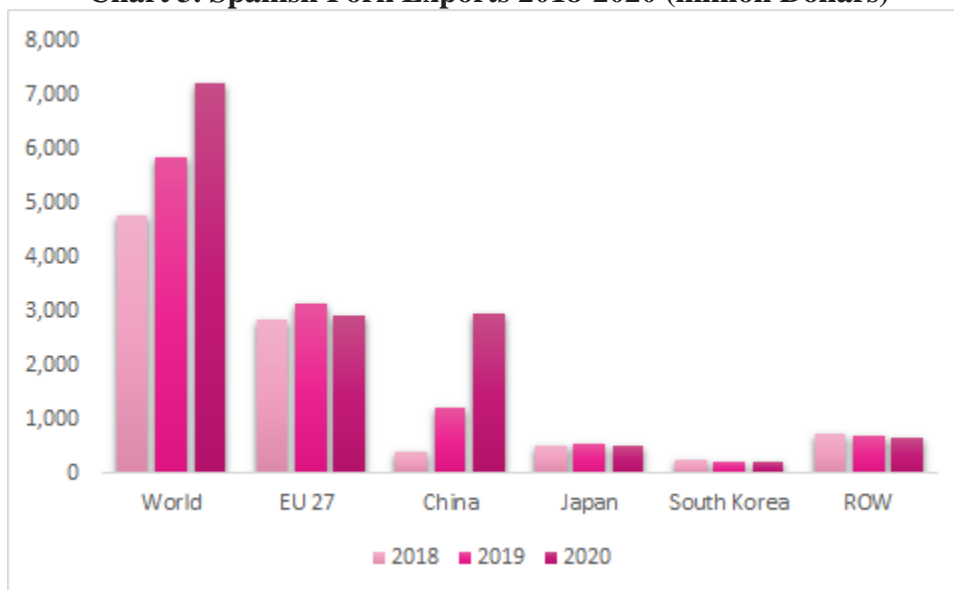


Following last year's trends, Spain remained China's top pork supplier during the first two months of 2021, according to Spanish pork analysts. Spain continues to redirect its pork exports to markets outside the EU in response to regional oversupplies brought on by slower demand and ASF outbreaks in the EU. Nonetheless, Spanish pork exports to other Asian markets namely the Philippines, Japan, and South Korea continue to rise, further solidifying Spain's export shift to Asian markets.

According to Trade Data Monitor (TDM), in 2020, total Spanish pork exports increased 21.5 percent to 2.7 million MT CWE and valued at \$7.2 billion, 23.7 percent higher than 2019 (see Chart 3). This increase was primarily driven by exports to non-EU countries, standing at 1.6 million tons and now representing 60 percent of total Spanish pork exports. This period marked the first time Spanish pork exports to non-EU markets surpassed exports within the EU. Spanish pork exports to China grew 136 percent to 1.2 million tons (around 25 percent of total pork production) and valued at \$2.9 billion. The Spanish share of the Chinese pork market also grew to 45 percent. However, Spanish cold shipping capacity to Asia has reportedly reached its limits and no more significant increases in pork exports are foreseen in the short-term. In 2020, Spanish pork shipments to Japan, South Korea, the Philippines, Taiwan, and other Asian markets decreased. Similarly, shipments to the United States, New Zealand and other markets also decreased mainly due to the interruption of economic activity brought on

by response measures to COVID-19. During the pandemic, Spanish pork exports partially alleviated the loss in pork meat sales through the Spanish hospitality sector. Domestic pork consumption decreased in 2020 due to the closure of HRI but it is expected to recover in 2021, especially during the second semester.

**Chart 3. Spanish Pork Exports 2018-2020 (million Dollars)**

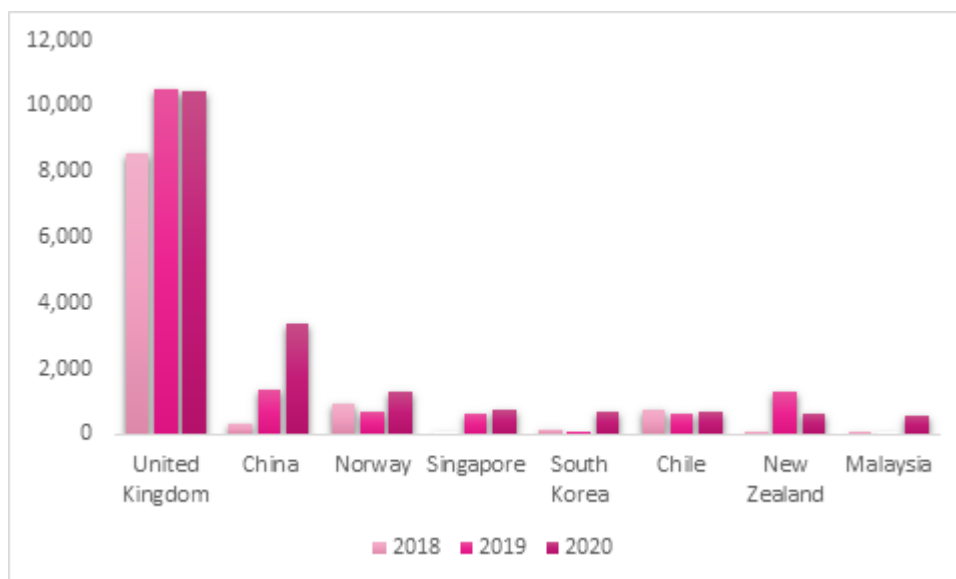


Source: TDM

For 2021, Spanish pork industry observers expect a slight expansion in Spain’s pork production, albeit at a much-tempered rate. Given the current limitations in cold chain capacity, the change in trade flows that has already taken place, and the uncertainties in the global pork market, Spanish pork exports to non-EU markets may remain flat in 2021. This is also aligned with the sector’s strategy to control expansion, increased focus on environmental and economical sustainability, and diversification of export markets.

Although Spain is not a major pork importer, in 2020, Spain imported 138,109 tons of pork, 13 percent lower than 2019 and valued at \$289 million. Of those imports, \$20 million originated outside the EU-27. Major non-EU pork suppliers to Spain are UK, China, Norway, Singapore, and South Korea (see Chart 4). In 2020, Spanish imports of pork imports from the United States were valued at around \$100,000, 12 percent higher than the last five-year average and mainly as bone-in hams.

**Chart 4. Major non-EU27 Pork Suppliers to Spain 2018-2020 (thousand Dollars)**



Source: TDM

## Cattle and Beef

In June 2020, following the consumer demand and the future EU Green Deal strategy to improve the sustainability of livestock production, the Spanish cattle association, Asoprovac, joined other three EU Member States to launch the project [Life Beed Carbon](#). This project aims to improve GHG emissions by innovative livestock practices to reduce the carbon footprint by 15 percent by 2025. Similarly, to the pork sector, the Spanish cattle industry is focusing on economic, social, and environmental sustainability. Responding to consumer demands, the Spanish Beef Association, Provacuno, led the [animal welfare voluntary certification “PAWS”](#) at all levels of the production chain. This is in addition to the legal EU requirements regarding animal welfare.

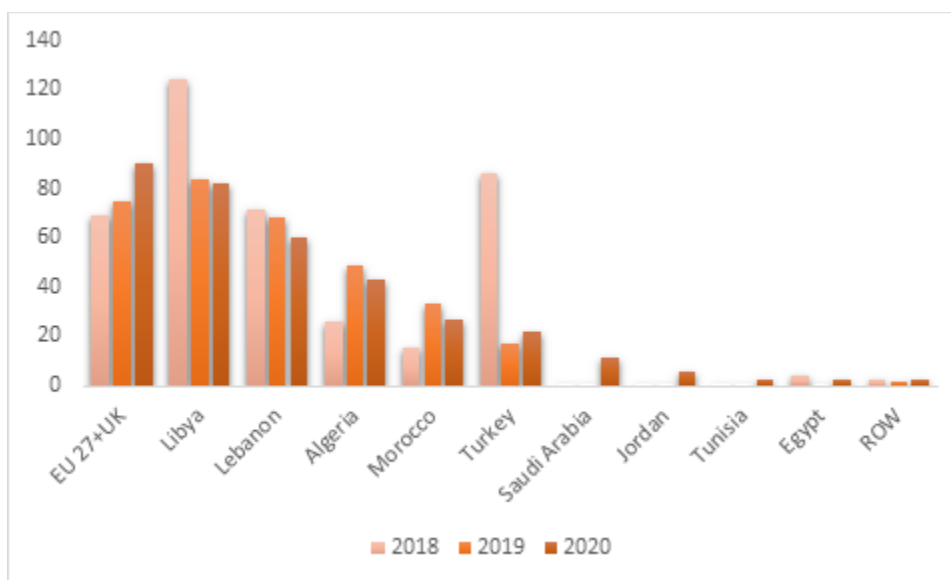
According to Spanish official data, the Spanish beef cattle industry is a key sector in final livestock production. In 2019, the industry represented 16.5 percent of total livestock production and contributed 6.3 percent of the Spanish agricultural production. Nevertheless, in 2020, the Spanish beef production declined by 2.6 percent to 677,000 tons. This contraction followed a 2.6 percent reduction in slaughtered animals to 2.44 million heads. This decline in beef production was mainly due to the closure of the hospitality and tourism sectors in 2020 derived from the COVID-19 pandemic. According to Spanish sources, the contraction in production will be more significant during 2021. Throughout the pandemic in 2020, Spanish exports of live cattle to North Africa and Middle East, and the opening of new markets for Spanish beef partly alleviated the difficulties derived from the closure of the hospitality sector. Additionally, the sluggishness in cattle slaughter due to COVID-19 resulted in higher carcass weight.



Lower Spanish imports of cattle in 2020 and Spain’s intention to reduce cattle and beef production to balance its market against global demand, may lower Spain’s 2019 cattle slaughter to 2.3 million and beef meat production to 640,000 tons. In addition, lower cattle imports will also result in less cattle herd in production for 2021. However, should animal feed prices continue to rise, the ending inventories of Spanish cattle herd for 2021 may be lower than the estimated 6.4 animals.

In 2020, according to TDM, Spanish live cattle exports for slaughter to non-EU destinations increased 2.5 percent compared to previous year to around 200,000 heads and valued at \$258 million. Fueled by competitive prices, ongoing exports to Lebanon, Libya, Morocco, and Algeria but also to new markets such as Saudi Arabia, Jordan, Tunisia, and Egypt contributed to the overall rise in exports (see Chart 5). In addition, Turkey also resumed imports of Spanish live cattle. According to Spanish sources, due to an expected reduction in the 2021 Spanish cattle production and the anticipated rise in cattle prices, Spanish live cattle exports in 2021 are expected to lower to around 170,000 animals. Additionally, citing concerns with recent bluetongue outbreaks in northern Spain, in January 2021, authorities in Turkey and Libya rejected two shipments carrying a total of 2,700 live Spanish cattle. According to [the Spanish Ministry of Agriculture](#), despite pre-departure agreements verifying the animals came from bluetongue free zones and approved health certificates, Spanish diplomatic efforts were unsuccessful in securing entry to these markets. According to domestic news media, Spanish industry associations asked Spanish authorities to ensure these “arbitrary decisions” do not set a precedent for future shipments. In 2020, 30 percent of these exports went to Libya valued at \$82 million and 10 percent to Turkey valued at \$22 million.

**Chart 5. Spain’s Live Cattle Exports 2018-2020 (million Dollars)**



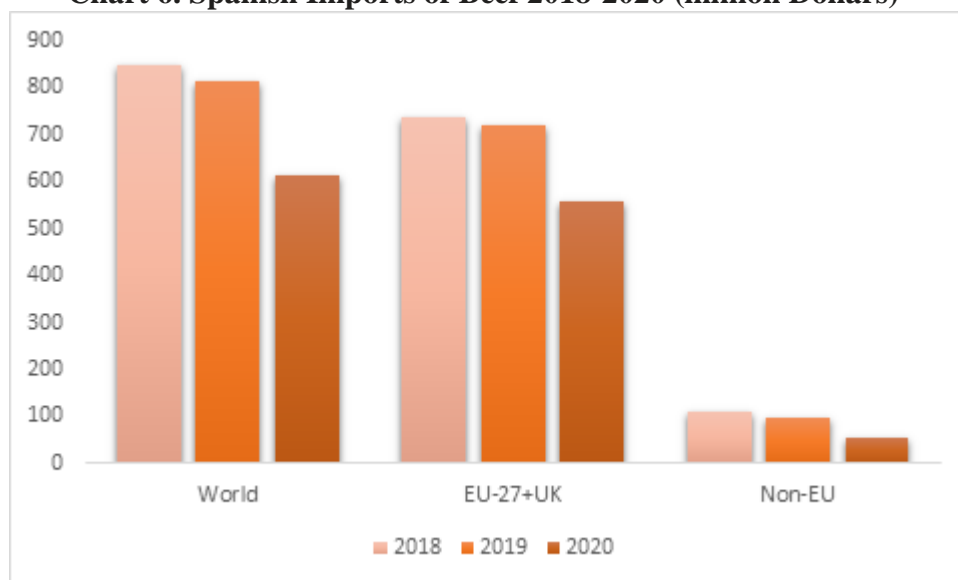
Source: TDM



On March 17, 2021, the EU Commission declared that Spain is officially free from brucellosis in sheep and goat and that is progressing towards the eradication of brucellosis in cattle by 2021. The declaration comes after 25 years of application of strict livestock sanitation measures. According to the Spanish Ministry of Agriculture, the Spanish livestock management, Spain’s image, the trade possibilities of the sector, and public health will improve with the new status. Last Spanish province confirmed positive to brucellosis in cattle was in Caceres, Southwest Spain, in 2018. The Spanish administration also praised the drive of the “one health” strategy and the advantages of maintaining an extraordinary animal health status to strengthen the sectors’ global competitiveness.

In 2020, the closure of the hospitality sector, celebrations, and tourism due to the COVID-19 crisis resulted in lower demand for high-value beef cuts. According to Spanish official data, Spanish household consumption of beef increased around 8 percent during the lockdown, primarily domestic beef. However, this increase did not compensate for the loss in sales to the hospitality sector both in volume and value. These closures also discouraged imports of Spanish beef in 2020. TDM data for 2020 shows total Spanish beef imports lowered 15 percent in volume and 25 percent in value to \$614 million (see Chart 6). Spanish beef imports from other EU-27 markets (mainly Poland, the Netherlands, Germany, Ireland, and Portugal) lowered 12 percent and imports from non-EU markets (mainly Brazil, Uruguay, UK, Argentina, and Chile) dropped 35 percent in volume and 40 percent in value to \$65 million. It is worth noting that Spanish beef imports are mainly destined for the hospitality sector which was severely impacted by mandated measures in response to COVID-19. Additionally, Spanish imports of U.S. beef traditionally arrive through Northern Europe, namely the Netherlands and Germany, and pre-Brexit through UK. Spanish imports of beef are expected to recover slightly during the second semester of 2021 but still far from returning to 2019 levels.

**Chart 6. Spanish Imports of Beef 2018-2020 (million Dollars)**



Source: TDM

In 2020, Spain's beef exports grew 3.8 percent in volume to 231,000 CWE tons and valued at \$903 million, mainly fueled by an 8.5 percent rise in exports to the EU, especially to Portugal, Italy, and Greece. This level of exports and decrease in imports led to the second positive trade balance since 2000 at \$289 million. Spain exported around 87 percent of total exports to other EU Member States, mainly to the Mediterranean countries. Over the last five years, Spain's beef industry has worked to re-orient its exports to new strategic markets. Major non-EU markets were Algeria and Morocco.

However, in 2020, Spanish beef exports grew significantly to Canada, Indonesia, Vietnam, and Hong Kong. Under the Canada-EU Comprehensive Economic and Trade Agreement ([CETA](#)), in 2020, Spanish beef exports to Canada increased by 531 percent to \$17.5 million and 5,500 CWE tons. Hence, Canada became the second major destination for Spanish beef after Algeria. According to the Spanish beef industry, in 2020, the flow of trade in Spanish beef exports changed from North Africa to new markets. According to Spanish sources, anticipating the opening of new markets like Japan and the Philippines, Spanish beef exports to non-EU markets are expected to rebound in 2021.

**Attachments:**

No Attachments.