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Canada

Market Access Secretariat
Global Analysis Report

Market Overview

Spain

August 2014

MARKET SNAPSHOT

- Spain had a gross domestic product (GDP) of US$1.36 trillion in 2013, which is expected to grow by 0.5% in 2014 and by 1.4% in 2015.
- Spain is the 29th-most populous country in the world with 46.7 million people. The population is expected to drop to 46.2 million by 2017.
- Annual per capita consumer expenditure was US$13,310 in 2013, with food and non-alcoholic beverages representing US$1,841 or 13.8% of that total.
- The Spanish consumer foodservice industry has shown steady decline over the last five years and this trend is forecasted to continue through 2014. Consumer foodservice value sales are expected to drop from US$109.4 billion in 2009 to US$94.5 billion by 2014.
- Packaged food sales will continue to grow, but only slightly in 2014, and are expected to reach a value of US$43.2 billion.
- The top packaged food company in the market is currently Danone Groupe with a 4.4% value share, followed by Nestlé SA (3.5%) and Lactalis Groupe (2.7%).
- After showing a slight decline in 2010, health and wellness value sales have shown steady growth and are forecasted to reach US$16.7 billion in 2014.
- The Spanish agriculture sector employs 4.2% of the work force and is estimated at 3.1% of GDP (World Factbook, 2014).

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PRODUCTION

- As shown in the table below, barley is the top domestic crop in Spain in terms of volume production with almost 6.0 million tonnes in 2012. Barley production decreased by 27.9% in 2012 from the previous year, and by a total of 14.7% over the 2008 to 2012 period.

- The majority of the top ten crops produced in Spain showed a decrease in production in 2012. The crop that had the highest production decrease was olives with a 53.6% reduction from 2011 to 2012. Maize, tomatoes, and oranges are the only crops that showed positive increases in production from 2011 to 2012 with 0.8%, 3.7%, and 4.1%, respectively.

Crop Production and Livestock in Spain

Top ten crops (tonnes)	2008	2009	2010	2011	2012
Barley	11,261,100	7,295,934	8,154,392	8,287,073	5,976,900
Grapes	5,951,581	5,535,333	6,107,617	5,809,315	5,238,300
Wheat	6,714,300	4,804,772	5,941,197	6,876,657	4,650,300
Maize	3,628,600	3,515,617	3,324,821	4,199,927	4,234,600
Tomatoes	4,049,753	4,798,053	4,312,709	3,864,120	4,007,000
Olives	5,570,727	6,972,094	7,197,600	7,820,060	3,626,600
Sugar beet	3,987,500	4,225,433	3,534,517	4,188,535	3,482,400
Oranges	3,410,288	2,669,355	3,114,800	2,818,888	2,933,800
Potatoes	2,145,171	2,719,291	2,326,654	2,455,101	2,168,800
Tangerines, mandarins, clementines, satsumas	2,227,916	2,000,149	2,196,890	2,117,119	1,873,900

Meat indigenous (tonnes)	2008	2009	2010	2011	2012
Pork	3,530,983	3,411,832	3,500,146	3,562,822	3,559,002
Chicken	1,034,423	1,120,233	1,028,963	1,158,708	1,092,783
Beef	575,966	437,652	469,305	481,672	469,788

Livestock (head)	2008	2009	2010	2011	2012
Pigs	26,025,672	26,289,600	25,704,039	25,634,900	25,250,400
Sheep	19,952,300	19,718,200	18,551,600	17,002,700	16,813,700
Cattle	6,020,200	6,082,400	6,075,100	5,923,200	5,812,600

Source for all: *FAOSTAT Agricultural Production, April 2014*

TRADE

- Spain is a net exporter of agri-food and seafood products. In 2013, Spain's agri-food and seafood trade surplus was C$10.2 billion with imports valued at C$38.6 billion, and C$48.8 billion in exports. Between 2011 and 2013, Spain's agri-food and seafood imports declined at an average rate of 1.4%, while their exports grew by an average rate of 4.5%.

- Spain's top agri-food and seafood imports in 2013 were soybeans, corn, cigarettes, shrimp and prawns, and wheat. Key supplying countries were France, Germany, the Netherlands, Portugal and Brazil. Canada was Spain's 30th-largest supplier of total agri-food and seafood products in 2013, with a 0.59% share.

Spain's Top Agri-Food & Seafood Imports from the World, 2013 (HS 6)

Commodity	Import Value C$ millions	Top Suppliers & Market Share			Canada's Share
		1	2	3	
Soybeans	1,970.8	Brazil 56.3%	United States 21.9%	Paraguay 14.4%	1.9%
Corn	1,596.1	Ukraine 42.0%	France 24.6%	Brazil 14.7%	1.9%
Cigarettes containing tobacco	1,215.1	Germany 45.9%	Portugal 39.7%	Netherlands 3.8%	0.0%
Shrimp and prawns, frozen	1,076.4	Argentina 30.5%	Ecuador 17.2%	China 8.6%	0.0%
Wheat non-durum	895.4	France 30.2%	Bulgaria 20.4%	United States 10.9%	2.5%
Food preparations	762.7	Ireland 24.6%	France 17.1%	Germany 16.6%	0.1%
Soybean oilcake	761.2	Argentina 64.4%	Brazil 19.1%	United States 14.0%	0.0%
Cheese	688.5	Netherlands 31.3%	Germany 25.1%	France 20.9%	0.0%
Coffee, not roasted, not decaffeinated	663.8	Vietnam 42.5%	Brazil 17.8%	Colombia 8.5%	0.0%
Palm oil	604.6	Indonesia 71.2%	Malaysia 14.8%	Papua New Guinea 12.3%	0.0%

Source: *Global Trade Atlas, April 2014*

- Spain's processed food imports were valued at C$20.9 billion in 2013. Canada's share was 0.13%. France, Germany, the Netherlands, Portugal, and Italy are the largest suppliers of processed food to Spain, providing 47.0% of the market in 2013. Spain's processed food imports had an average annual rate of decline of 7.6% over the last three years.

- Canada's agri-food and seafood exports to Spain were valued at C$178.2 million in 2013. Top exports were wheat, lentils, soybeans, frozen lobster, and dog and cat food. In 2013, Canada registered an agri-food and seafood trade deficit of C$75.1 million with Spain.

CONSUMER FOODSERVICE

- As Spain is still experiencing an economic decline, thus affecting the purchasing power of Spanish consumers, the foodservice industry in Spain showed an average yearly decline of 3.5% from 2008 to 2012, but is projected to see an average yearly growth of 0.5% from 2013 to 2017. Spanish consumers will continue to cut down unnecessary expenditures and choose cheaper options, but will still continue to go out to eat. The driving factor when consumers are making purchasing decisions will be price for the near future. As a result of this price consciousness and to appeal to consumers, the foodservice industry has started to offer special reduced menu items (Euromonitor International, 2014).

- The Spanish foodservice industry is dominated by independent operators, which account for 98% of total outlets, 93% of total transactions, and 94% of total value sales. In regards to chained operators, the top five companies of McDonald's Corp, Burger King Worldwide Inc, Telepizza SAU (TelePizza), Agrolimen SA (Pans & Co), and Grupo Zena de Restaurantes SA (Foster's Hollywood), account for 50.1% of the market share. This is an indication that the chained foodservice sector in Spain is very fragmented.

Spain's Consumer Foodservice at a Glance

Consumer Foodservice	2010	2012	2014[F]	2016[F]
Sales (US$ millions)	108,468.2	99,229.9	94,535.9	96,509.4
Outlets	312,301	288,460	277,935	279,278
Transactions ('000)	11,409,684.9	10,511,152.4	10,123,851.7	10,415,540.0
Average Sales/Outlet	$347,319	$343,999	$340,137	$345,568
Average Sales/Transaction	$9.51	$9.44	$9.34	$9.27

Source: *Euromonitor International, 2014* ***F****= forecast*

RETAIL SALES

- Packaged food sales declined slightly in value at a compound annual growth rate (CAGR) of -0.1% between 2009 and 2013, but are forecasted to increase slightly with a CAGR of 1.1% through 2018. Within this category, the top two best performing segments were noodles and snack bars, registering a CAGR of 9.2% and 7.4%, respectively, between 2009 and 2013. However, these two categories still have relatively small sales compared to bakery and dairy, which only saw a CAGR of 0.7% and 0.3% during the same period. The slower economy, decrease in population and increase in unemployment have affected the value sales of packaged food products. These factors have caused consumers to focus their packaged food purchases on products which offer high nutritional content at an affordable price (Euromonitor International, 2014).

- From 2009 to 2013, the health and wellness category saw a slight growth in CAGR of 0.9% and is projected to continue to growth with a CAGR of 2.1% through 2018. Food intolerance and organic saw the most growth from 2009 to 2013 with CAGR's of 12.0% and 3%, respectively, however, their sales volume is smaller than the other three subcategories within heath and wellness. Over the forecasted period of 2014 to 2018, food intolerance is expected to have the highest CAGR with 9.1%. The health and wellness category continues to be driven by two consumer needs: health and appearance. The healthy aspect is a priority for the elderly, while appearance is important for young and adult women. (Euromonitor International, 2014).

Historic Agri-Food Retail Sales in Spain in US$ Millions, Fixed 2013 Exchange Rate

Categories	2009	2010	2011	2012	2013	2009-13 CAGR %
Health and Wellness by Type	**15,821.7**	**15,708.3**	**15,848.3**	**16,102.8**	**16,424.4**	**0.9**
Better For You (BFY)	4,889.2	4,782.2	4,817.7	4,879.8	4,962.1	0.4
Food Intolerance	187.6	203.3	224.8	258.8	295.6	12.0
Fortified/Functional (FF)	4,411.2	4,447.5	4,471.1	4,423.9	4,386.7	-0.1
Naturally Healthy (NH)	6,117.2	6,053.4	6,105.8	6,305.4	6,536.1	1.7
Organic	216.5	222.0	228.9	234.9	244.0	3.0
Packaged Food	**42,905.8**	**42,003.1**	**41,781.4**	**42,219.1**	**42,724.5**	**-0.1**
Baby Food	828.8	806.1	780.1	751.8	724.0	-3.3
Bakery	8,863.2	8,236.3	8,076.4	8,083.0	8,094.8	-2.2
Canned/Preserved Food	3,798.4	3,822.0	3,891.6	3,882.8	3,875.5	0.5
Chilled Processed Food	4,165.2	4,312.7	4,374.0	4,497.5	4,636.5	2.7
Confectionery	2,700.7	2,659.5	2,660.5	2,667.6	2,677.1	-0.2
Dairy	11,425.5	11,023.8	10,813.0	10,821.1	10,832.2	-1.3
Dried Processed Food	831.4	826.8	830.8	856.7	884.0	1.5
Frozen Processed Food	1,476.0	1,496.2	1,525.4	1,583.2	1,622.4	2.4
Ice Cream	1,772.6	1,786.7	1,765.3	1,762.8	1,772.3	0.0
Meal Replacement	103.3	102.6	101.3	101.5	101.8	-0.4
Noodles	10.9	15.1	18.6	23.3	30.8	29.8
Oils and Fats	2,256.9	2,214.2	2,188.7	2,339.1	2,519.4	2.8
Pasta	444.3	444.1	453.4	461.7	469.5	1.4
Ready Meals	2,251.3	2,283.9	2,345.2	2,423.2	2,493.5	2.6
Sauces, Dressings and Condiments	1,746.5	1,773.3	1,802.1	1,829.6	1,864.5	1.6
Snack Bars	107.8	111.4	116.5	122.1	129.3	4.6
Soup	245.1	246.3	246.3	247.4	247.9	0.3
Spreads	358.4	359.4	369.3	390.7	404.6	3.1
Sweet and Savoury Snacks	2,397.4	2,395.9	2,408.5	2,449.5	2,505.5	1.1
Hot Drinks	1,690.6	1,731.8	1,922.0	2,082.1	2,253.0	7.4
Soft Drinks	7,410.1	7,261.5	7,333.4	7,331.5	7,325.6	-0.3

Source: *Euromonitor International, 2014* **CAGR – Compound Annual Growth Rate*

Forecasted Agri-Food Retail Sales in Spain in US$ Millions, Fixed 2013 Exchange Rate

Categories	2014	2015	2016	2017	2018	2014-18 CAGR %
Health and Wellness by Type	**16,692.3**	**16,981.0**	**17,298.2**	**17,663.6**	**18,117.7**	**2.1**
Better For You (BFY)	5,046.6	5,131.4	5,224.0	5,339.6	5,499.3	2.2
Food Intolerance	335.6	376.9	416.6	448.2	476.3	9.1
Fortified/Functional (FF)	4,375.4	4,374.9	4,392.1	4,427.5	4,490.1	0.6
Naturally Healthy (NH)	6,684.8	6,842.1	7,003.8	7,180.1	7,376.1	2.5
Organic	249.8	255.6	261.6	268.2	275.9	2.5
Packaged Food	**43,162.1**	**43,575.7**	**43,991.6**	**44,490.0**	**45,144.4**	**1.1**
Baby Food	705.6	694.0	690.5	697.2	708.1	0.1
Bakery	8,159.5	8,218.5	8,275.3	8,331.8	8,397.0	0.7
Canned/Preserved Food	3,867.0	3,859.1	3,862.0	3,879.0	3,911.8	0.3
Chilled Processed Food	4,734.3	4,806.0	4,851.0	4,886.2	4,912.8	0.9
Confectionery	2,740.5	2,807.7	2,886.1	2,979.2	3,093.3	3.1
Dairy	10,824.8	10,825.0	10,830.3	10,869.5	10,972.9	0.3
Dried Processed Food	903.8	918.1	928.1	935.2	942.1	1.0
Frozen Processed Food	1,655.5	1,682.6	1,704.0	1,722.7	1,739.2	1.2
Ice Cream	1,783.4	1,797.0	1,809.9	1,823.3	1,843.9	0.8
Meal Replacement	104.9	107.3	109.7	112.5	115.6	2.4
Noodles	37.1	42.8	47.6	50.5	52.6	9.2
Oils and Fats	2,599.3	2,670.2	2,737.7	2,801.3	2,861.1	2.4
Pasta	475.8	480.6	483.9	487.6	492.6	0.9
Ready Meals	2,545.1	2,581.8	2,607.1	2,627.1	2,644.3	1.0
Sauces, Dressings and Condiments	1,890.9	1,920.8	1,956.3	2,002.6	2,069.1	2.3
Snack Bars	137.4	146.7	157.2	169.3	182.7	7.4
Soup	247.1	248.2	250.8	255.1	262.1	1.5
Spreads	422.9	441.9	461.4	483.3	507.8	4.7
Sweet and Savoury Snacks	2,551.9	2,599.8	2,649.4	2,712.0	2,798.5	2.3
Hot Drinks	2,440.3	2,632.5	2,784.7	2,909.9	3,020.1	5.5
Soft Drinks	7,327.3	7,367.4	7,459.3	7,584.0	7,743.0	1.4

Source: *Euromonitor International, 2014* **CAGR – Compound Annual Growth Rate*

RESOURCES

Euromonitor International (2014)

- Country Profile: Spain (March 2014)
- Packaged Food in Spain (February 2014)
- Consumer Foodservice in Spain (November 2013)
- Health and Wellness in Spain (September 2013)

FAOSTAT (2014). Agricultural Production – Spain

Global Trade Atlas (2014). Import and export statistics – Spain

World Factbook (2014) - Spain

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