

SPAIN

Market Overview

Compared to other larger European economies like Germany or France, Spain recorded a solid GDP growth of 2.7% in 2022, even outmatching the projected 2.2% expected for the year. While the current market situation also affects the Southern European market, forecasts for 2023 are optimistic. The United States is the second largest overseas supplier to the Spanish market, holding around 5% of the overall trade volume entering the country. Additionally, American goods enter the market through other EU member states, with the most important trade partners being Germany, France, Italy, and the Netherlands. The Spanish office of the Foreign Agricultural Service (FAS) of the U.S. Embassy (following referred to as “Post”) reports that American consumer-oriented product exports have maintained strong momentum in Spain and are supported primarily by the foodservice and tourism sectors.

Looking at the key sales channels and market structures in Spain, tourism is a major driver of the economy, making up 10% of its overall GDP. Although tourism and the hospitality sectors suffered from COVID-related travel restrictions, they are now rebounding. In June 2022, more than 8.2 million tourists (86% of the pre-pandemic level) visited Spain. Aside from tourism, the market is home to a highly competitive food processing and trading industry.

Producers, processors, wholesalers, retailers, foodservice operators, and importers are all part of a well-developed sector, contributing to a competitive and dynamic domestic trade landscape fueling demand for innovation and product development, and contributing to interest in American goods.

Market Opportunities and Challenges for U.S. Exporters in Spain

Opportunities:

- Rebound of key sectors like tourism and gastronomy open opportunities for growth in the food industry.
- Increasing competitiveness in retail will contribute positively to new listings and a continuous drive for innovative products and brands.
- E-commerce is predicted to continue its positive development and gain market share, especially in the food and beverage segment.
- The food landscape remains import-driven with the U.S. being a well-established supplier, especially in the raw material market.
- American exporters can profit from a reliable and strong network of experienced importers and distributors.
- Trends like a growing health-consciousness are contributing to the demand for new products, and the U.S. is a market leader in innovation.
- Public perception of the United States is very positive, making the origin appealing to Spanish customers.

Challenges:

- High inflation reduces business opportunities, industry investments, and consumer confidence.
- Restrictive food regulations within Europe also impact imports to Spain.
- Growing competition from European and domestic producers is supporting the “buy local” movement.
- Higher costs for foreign exporters due to increased shipping expenses, tariffs, and possible compliance adaptation.
- Consumer interest in the environmental impact of food products, including the CO2 footprint of producers, puts pressure on overseas manufacturers.

Retail Sector

During the past two years, retail reported record numbers and a historically strong performance resulting from the increased demand following the closure of foodservice outlets. The online sector remains a driving force in the B2C business. In 2022, discounters made up ground due to the increased price-sensitivity of customers and the general raising prices for food and beverage goods. This slowed down retail growth, and Spanish retail sales grew by only 0.1 % year over year in September 2022. However, considering the circumstances, this result proves the enormous potential of the sector and how it withstands challenges. The market is very mature, meaning that competition is high but so is demand.

Top product prospects include tree nuts, certain seeds, fish and seafood products, snack foods (especially healthy options), confectionery products, and artisan spirits and craft beer. A growing sector is the free-from food market (products that are free from certain ingredients and allergens) that will be interesting for U.S. suppliers in years to come.

Foodservice Sector

As mentioned above, the HRI sector makes up a significant part of food and beverage revenue in Spain. The industry is strong, powered by growing sales in restaurants, foodservice, and catering. Spanish consumers are known for eating out regularly and are now back after the pandemic. Restaurant trends are influenced by international cuisines opening opportunities for American producers.

Top product prospects include pulses, fish and seafood, certain fruits and vegetables, both in raw as well as processed forms. Plant-based center of the plate options are up and coming and will be interesting for producers to investigate. Premium and innovative beverages, both alcoholic and non-alcoholic, offer opportunities for U.S. companies.

Food Processing Sector

According to the Post, the Spanish processing industry reported solid performance in the past trade year with growth of close to 5% in production volume and value. The largest growth was registered in the beverage industry, reflecting the potential of this category. Generally, the industry relies heavily on foreign raw materials and ingredients, making way for American exporters targeting manufacturers.

As with most producing industries, the food manufacturers face raw material shortages and concerns regarding supply of certain ingredients.

Top product prospects include grains and additives for the baking industry. Also, raw materials for the feed and agricultural industry are in demand mainly due to potential supply shortage from Ukraine or Russia.