



THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary  Public

**Date:** 2/10/2016

**GAIN Report Number:** SP1603

## Spain

**Post:** Madrid

### **Spain reaches in 2015 record levels on beef and pork production and**

**Report Categories:**

Livestock and Products

**Approved By:**

Rachel Bickford, Agricultural Attaché

**Prepared By:**

Carmen Valverde, Agricultural Specialist

**Report Highlights:**

The Spanish swine sector is the most important livestock industry in Spain. Despite the current low prices, larger pig herds and increased productivity following good results on new strategic markets created conditions to the rebound in pork production and exports in 2015. In addition, Spain's cattle and beef production shows in 2015 a rebound in production after several years following a downward trend. It is mainly due to the strong demand of live animals from third countries such as Lebanon, Libya and Algeria, reasonable feed costs and better profitability margins. Spanish beef exports also experienced strong growth due to competitive prices.

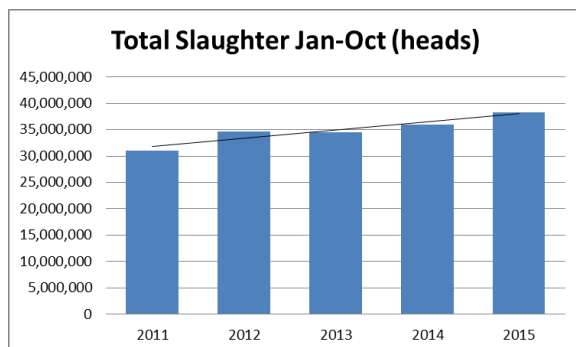
## General Information:

As the most important livestock production sector in Spain swine production shows significant growth since the 80's. Relevant official data of the Spanish Ministry of Agriculture, Food and Environment (MAGRAMA) in 2014 shows the Spanish swine sector accounts for 37 percent of the final livestock production and 14 percent of final agricultural production ([GAIN SP1527](#)). In 2015 the Spanish swine sector started with 86,552 farms, (80 percent of the farms as intensive swine production and 20 percent as extensive swine production) thus 1.2 percent higher than previous year and 13 percent lower than 2007, but with higher efficiency. Almost half of the Spanish swine census is concentrated in the north-east.

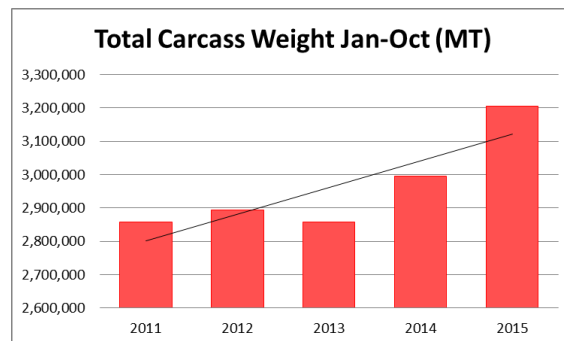
The main pig production regions are Catalonia, Aragon, Castile Leon and Andalusia. Spain is the second European swine producer after Germany.

The swine sector is the most important livestock industry in Spain. According to official data, in 2014 Spain reached a total slaughter of 43,483 thousand heads producing 3.620 MMT of pork. From January to October 2015 official data of the Spanish Ministry of Agriculture (MAGRAMA) follows this upward trend with an increase of 5 percent in total slaughter compared to the same period of the previous year resulting in a growth of pork production of 6 percent also from January to October 2015. This data also shows an upward trend in piglet/sow in 2015. In the Spanish intensive production, the piglet/sow ratio average is 27. Data of 2015 also shows an upward trend in carcass weight due to the unbalanced swine market that delayed swine slaughters. Also warmer temperatures in 2015 led to higher efficiencies in production and rising carcass weights. The following graphs show the upward trend on total slaughter and pork production in the last 5 years from January to October (Graph 1 and 2).

**Graph 1. Total Swine Slaughter (heads)**



**Graph 2. Total Pork Carcass Weight (MT)**



Source:  
FAS  
Madrid

with MAGRAMA data

According to the industry, 2014 and 2015 have changed the trend of the last 7 years for sows herd increasing 4.6 percent and 2.3 percent respectively as a rebound in production after the investments made by swine producers due to the adaptation of the EU animal welfare legislation. During 2016 Spanish swine industry estimates that sows herd will be reduced to stabilize or even reduce the pork production by 2017. This change on the sows' trend has generated the growth in production for 2014 and 2015 that may continue in 2016 as a result of the internationalization procedures that the Spanish swine industry together with the support of the Spanish Government have followed due to the increasing international demand of Spanish pork products. Eurostat estimates the Spanish pig crop for the 3 first quarters of 2016 as 3.9 percent higher than the same period of 2015. Spanish swine sector estimates for 2016 a growth of 3.5 percent for total slaughters and of 3.9 percent of pork production. The turning point with stable or reduced production may be seen during 2017.

Spanish consumption followed a downward trend in the last years, but according to MAGRAMA during 2015 pork consumption recovered compared to 2014 and may be stabilized in 2016. International and domestic promotion campaigns will continue to be very important for the industry. Interporc, the Spanish Swine and Pork Producers Association, is putting all their efforts towards promoting the quality of Spanish pork products in the Asian markets, focusing in 2016 in Japan, China and South Korea, among others but also promoting the Spanish pork domestically by TV/radio spots or nutrition conferences. New strategic markets are also Central and South America, with an increase demand on Spanish pork products supported also by the common language.

Spain is a net exporter of pork. Approximately 40 percent of the Spanish pork production is exported. Pork exports increased 17 percent until October 2015 according to GTA reaching 1.4 MMT valued almost USD 3 billion. Exports grew both to the EU and to third countries with 13.7 percent and 26.5 percent respectively. France, Italy and Portugal continue to be the main markets with China (+65 %) and Japan in the fourth and fifth positions respectively. Inside the EU-28 occurred important growths on Spanish pork exports to Poland, Bulgaria and Romania due to an increase demand. Asia continues to be the main option for Spanish pork exports to third countries. Important increases in new markets occurred in 2015, such as Taiwan, New Zealand, Singapore, Vietnam or Malaysia but also in Africa. Pork exports to the U.S. increased until October 2015 by 17.72 percent valued at USD 23 million. Russia market continues on the downward trend due to the Russian ban. The negative factor is that with these growths in quantities, the value on Spanish pork exports until October 2015 was reduced by 10 percent due to the overall growth in production, higher market pressure and the overall excess on the market supplies. This situation has generated according to the swine industry a deep Spanish pork crisis due to the decrease on pork prices which are lower than production costs causing great uncertainty by the increasing pork production and the continued closure of the Russian market. According to the industry for 2016, exports will still be very competitive due to the low pork prices.

If 2015 has been negative relating to profits and margins for swine and pork producers, Spanish swine sector expects the same trend and even worse for 2016. After animal welfare regulations in 2013 and

due to high investments made by the Spanish swine producers, production yields improved giving one of the lowest production costs in the EU with the higher efficiencies, confirming once again the position of economic leadership of the Spanish swine sector within the EU-28.

From January 2014 to December 2015 prices to swine producers were reduced by 25 percent while to final consumers only fell 1 percent. The Spanish swine production costs are now 1.08-1.10 €/kg with 0.96 €/kg of live swine prices in 2016. Mercolleida market confirms the downward trend on prices since 2013. Average live swine prices were in 2015 1.13 €/kg, 1.27 €/kg in 2014 and 1.37 €/kg in 2013. According to this, to contain the drop in prices, Spain has applied for 19,300 MT of pork or 21.5 percent of the total of the European Private Storage Aid.

## **Cattle & Beef**

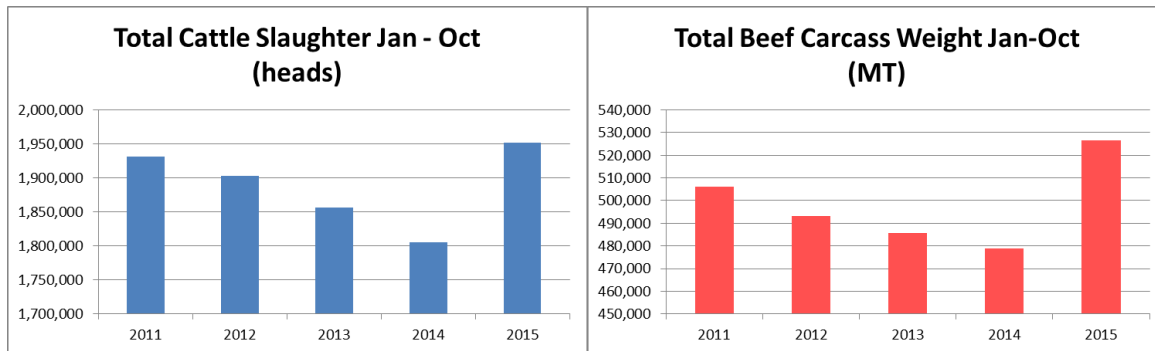
In Spain, relevant official data of the Spanish Ministry of Agriculture, Food and Environment (MAGRAMA) in 2014 shows that Spanish cattle sector accounts for 15 percent of the final livestock production and near 6 percent of final agricultural production ([Gain SP1528](#)). In Spain, the percentage of the final cattle production has decreased 13 percent since 2008 in favor of the final swine production that has increased 22 percent since the same period. Besides, in 2015 the Spanish cattle sector started with 117,369 farms, thus 1.05 percent lower than previous year and 40 percent lower than 2006. Instead, the total herd has increased 6.3 percent in 2014 compared to previous year, after following a downward trend since 2007. The main regions are Castile Leon, Galicia, Extremadura, Castile La Mancha, Catalonia and Andalusia. Spain is the fifth largest cattle producer within the EU28 accounting for 6.9 percent of the total EU herd.

Production in Spain in 2014 started to recover due to more reasonable feed costs and better profitability margins, and has continued with this upward trend in 2015 due to the higher demand from third countries. According to the industry, this trend may continue in 2016. Due to these positive factors, during 2014 live cattle imports were 31 percent higher (+126,000 animal heads) mainly coming from France, that is why cattle and beef production increased in 2015 in concordance with the higher demand experienced from third countries to both Spanish cattle and beef. Total cattle beginning stocks in January 2015 increased 4.7 percent, with beef cows beginning stocks 2 percent higher than previous year. Fertility may remain flat at 0.68 calf/cow ratio.

According to the Spanish Ministry of Agriculture, from January until October 2015, total slaughter grew 8 percent reaching almost 2 million heads during this period, due to the strong demand from third countries (Graph 4). Also, from January to October 2015, Spanish beef production increased 10 percent compared to the same period of previous year with 526,561 MT. Thus, in 2015 beef production started a recovery after several years following a downward trend (Graph 5). In 2016 total slaughter and beef are expected to continue the same upward trend but at a lower rate.

**Graph 4. Total Cattle Slaughter (heads)**

**Graph 5. Total Beef Carcass Weight (MT)**



Source: FAS Madrid with MAGRAMA data

In Spain, beef consumption continued to decline due to the Spanish economic crisis and the meat prices. In 2015 this downward trend may continue due also to the decrease in population by immigrants leaving Spain.

Live cattle exports from January to October 2015 grew 47 percent with 152,500 valued 35 percent more, due to the important increase to third countries that may reach 100,000 animal heads exported to non EU countries, mainly to Lebanon (+154 %), Libya(+110 %), Morocco or Algeria and Egypt as a new market due to competitive prices. This trend is expected to continue during 2016.

Beef exports increased 22 percent until October 2015 due to more competitive prices. Portugal, Italy and France remain the main Spanish beef destinations followed by The Netherlands that experienced an important increase. Algeria, Hong Kong and Morocco are the main non EU destinations.

It is important to highlight that all this forecast made it only corresponds with the appropriate animal health situation