

# Agrifood

## Sector Report

2021

Advancing towards  
sustainability

The sector  
has performed well  
during the recovery

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How the agrifood  
sector is becoming  
more sustainable

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The Spanish  
pork industry  
is thriving

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The wine industry,  
a symbol of tradition  
and global standard





## SECTOR REPORT

**Agrifood 2021** The *Sector Report* is a publication produced by CaixaBank Research

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# Summary

## 2021



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Spain is the world's second largest exporter of wine by volume and the third largest by value. However, post-COVID-19 crisis the industry is now facing challenges, such as adapting to the new habits of young consumers.

«Food is life, and life must not step away from nature».

MASANOBU FUKUOKA



# Agrifood

## THE AGRIFOOD SECTOR HAS PERFORMED WELL DURING THE RECOVERY



**+4.9%**  
GVA of the primary sector in H1 2021 (vs. 2019)



**+3.5%**  
Food industry\* in June 2021 (vs. Feb-2020)



**0%**  
Beverage production\* in June (vs. Feb-2020)

\* According to the turnover index

## HOUSEHOLD DEMAND FOR FOOD IS GETTING BACK TO NORMAL

according to CaixaBank's internal POS card payment data:



**+40%**  
Spending via Spanish cards in supermarkets and large food stores



**+26%**  
Spending via Spanish cards in cafés and restaurants



**-42%**  
Spending via foreign cards in cafés and restaurants

(change between January and August 2021 compared with the same period in 2019)

## AGRIFOOD EXPORTS CONTINUE TO DRIVE GROWTH



**+10.4%**  
Year-on-year in H1 2021



**+1.7%**  
of GDP  
Of the trade surplus



**+136%** Pork exports to China (2020)

## THE AGRIFOOD SECTOR IS ADVANCING TOWARDS SUSTAINABILITY

**12%** Of net greenhouse gas emissions come from the primary sector



The Green Deal, the «Farm to Fork» Strategy and the European Union Biodiversity Strategy 2030 have set environmental targets for the sector

The new CAP, with eco-schemes, and the NGEU funds will support the agrifood sector's digital and green transition



## Executive Summary

# The agrifood sector is driving the recovery

2020 will go down in history as the year of COVID but it will also be remembered that, faced by a very difficult situation, the response provided by the food chain was extraordinary, guaranteeing an uninterrupted supply to all Spanish households. A year and a half later, the primary sector still looks remarkably dynamic, although the exceptional growth rates posted during the most critical months of the pandemic have now been left behind.

The agrifood industry, more severely hit by the decline in activity in 2020, has already exceeded its pre-crisis level in terms of turnover, although it has yet to regain its former employment rates. It is worth highlighting the strong recovery in beverage manufacturing in H1 2021, which had been severely affected by the slump in consumption in the hospitality channel, its turnover falling by a considerable 16.2% in 2020.

Food consumption patterns in Spanish households are gradually returning to normal. CaixaBank's internal data on card payments via point-of-sale (POS) terminals show that Spanish spending in supermarkets remains high, while spending in cafés and restaurants is also recovering strongly. However, foreign card expenditure at cafés and restaurants remains significantly below its 2019 level, in spite of a slight recovery this summer. It can therefore be seen that the incomplete recovery in international tourism continues to affect those agrifood products most dependent on the hospitality channel.

Exports, however, are looking very promising. During the pandemic, growth in agrifood exports speeded up, increasing by 4.0% for the whole of 2020 and by 10.4% year-on-year in H1 2021. This means the agrifood sector now accounts for 19.5% of Spain's total goods exports,

2 points more than in 2019. However, if exports are to continue driving growth in the medium term, one of the challenges facing the sector will be to promote more sustainable production processes, especially in the primary sector, in order to mitigate the environmental impact entailed by its activity, an aspect we analyse in more detail in the second article of this report.

We also look at the pork and wine sectors, two products of which Spain is a major producer and exporter worldwide. In the first case, we note the excellent performance of pork exports in recent years, especially due to the huge demand from China, whose domestic production has been severely affected by African swine fever (ASF), resulting in the country seeking supplies from other major producers.

The wine industry, meanwhile, is recovering from the severe blow dealt by the pandemic to consumption via the hospitality channel. As for exports, we can see a very positive trend towards markets with higher average prices, which should help to remedy one of the main weaknesses of Spanish wine exports, namely its low average price in comparison with other EU countries. Spain is also the world leader in organic wine production, a strong point given that demand for this type of product is gaining ground.



## Situation and outlook

# The agrifood sector has performed well during the recovery

The agrifood sector has continued to perform well since the most critical months of the pandemic. Primary sector production remains at a high level, the food industry is recovering from the slump experienced in 2020 and demand indicators suggest food consumption patterns are gradually getting back to normal, both in and outside the home. Agrifood exports are also booming, a lever of growth that will continue to be vital for the sector's future.

### **The progress made with vaccinations and the lifting of restrictions have set the stage for the food chain to gradually get back to normal**

In the past year and a half, the agrifood sector's performance has been affected by the impact of the pandemic on the different links in the chain. After the sector rapidly adjusted to the changes in food demand during the toughest moments of COVID-19, the progress made by the vaccination campaign and lifting of restrictions since the end of the third state of emergency on 9 May 2021 have helped the food consumption patterns of Spanish households to gradually get back to normal, with the consequent normalisation of activity in the agrifood sector in general.

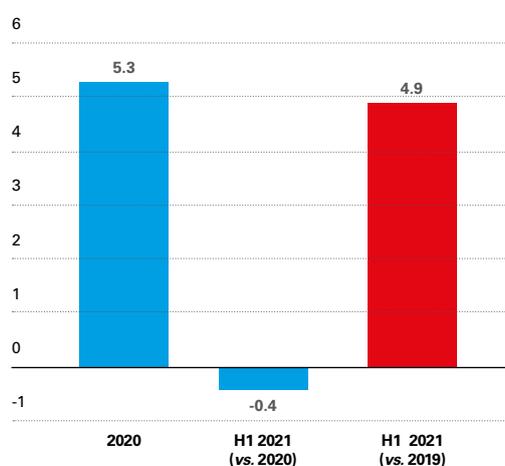
Starting with the **primary sector**, national accounting data show that its gross value added (GVA) barely fell in H1 2021 compared with the average for 2020 (-0.4%), despite posting very strong growth (5.3%) in 2020, a situation which is counter-cyclical in relation to the GDP of the economy as a whole (-10.8%). Compared with 2019's figures, the increase is still considerable (+4.9%) and its contribution to the economy as a whole is still slightly larger than before the pandemic (3.0% of GVA in H1 2021 compared with 3.5% in 2020 and 2.9% in 2019).

**The primary sector's GVA remains at a high level after recording exceptional growth during the most critical quarters of the pandemic**

Trends in the agrifood industry have been much more cyclical, although the extent of the drop in Q2 2020 and the intensity of the subsequent recovery differ between its two branches (food and beverages). In 2020, the decrease in the turnover of processed food was much more moderate than that of beverage manufacturing (-2.0% compared with -16.2%), due to the latter's greater dependence on the hospitality channel (hotels, restaurants and cafés), which have been particularly hard hit by the crisis. Nevertheless, it recovered notably in H1 2021 and had regained its pre-crisis levels by June, as can be seen in the following chart.

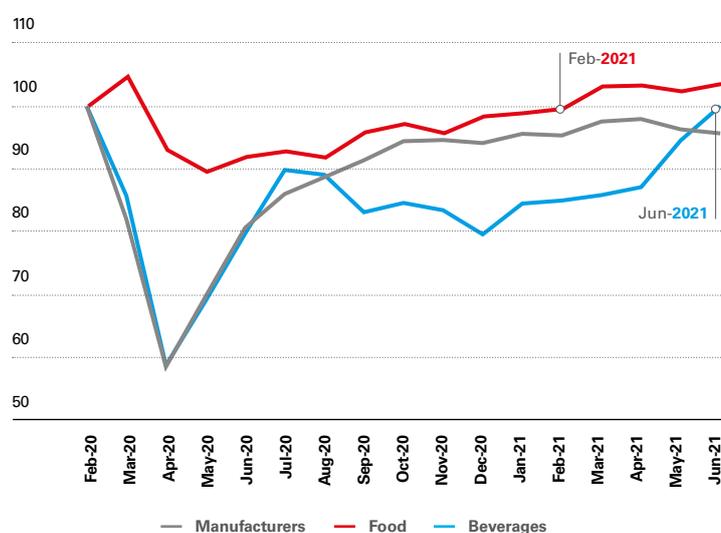
### GVA of the primary sector

Change (%)



### Industry turnover

Index (100 = February 2020)



Notes: GVA data in real terms and turnover in nominal terms. Series adjusted for seasonal and calendar effects.  
Source: CaixaBank Research, based on data from the National Statistics Institute.

**Beverage manufacturing grew strongly in H1 2021, reaching its pre-crisis level in terms of turnover. However, the recovery is still incomplete in the labour market**

Labour market trends in the agrifood industry are also looking good: the number of effective registered workers (i.e. excluding furloughed workers) exceeded the pre-crisis level in July. In fact, the food branch employed 2.1% more workers in August than in February 2020 (+1.1% compared with August 2019). In beverage manufacturing, however, the number of effective workers in August was still 2.6% below the figure for February 2019 (-6.7% compared with August 2019). Likewise, the percentage of registered workers that had been furloughed barely accounted for 0.9% of the total in the food industry in July 2021 (around 3,500 workers), while in beverage manufacturing this percentage rises to 1.8% (around 850 workers).



## What are the trends in expenditure on food and restaurants?

In 2020, the pandemic radically altered the food consumption patterns of Spanish families. Firstly, there was a substantial rise in food and beverage consumption at home in terms of its share of the shopping basket (up 3 pp to 17.9%).<sup>1</sup> Secondly, spending outside the home (in restaurants and cafés) fell by an exceptional 40%. As a result, the relative weight of expenditure on hospitality accounted for just 23% of all food expenditure (compared with 35% in 2019).

To analyse the trend for these expenditure items in 2021 so far, we have used internal data from CaixaBank POS card payments, which allows us to differentiate between Spanish cards and those issued abroad in order to estimate the impact of international tourism on the hospitality channel.

<sup>1</sup> Data from the 2020 Household Budget Survey (Encuesta de Presupuestos Familiares) of the National Statistics Institute.

## In 2021, Spanish spending in supermarkets has remained high while expenditure in restaurants has surpassed its 2019 levels. Nevertheless, the slump in foreign demand continues to affect products for the hospitality channel

**Spending via Spanish cards in supermarkets and large food stores** increased by a significant 34% in 2020, as shown in the following chart. So far this upward trend has continued in 2021 (+40% between January and August 2021 compared with the same period in 2019), indicating that the health situation has yet to get back to normal, a context that continues to support the purchase of food for home consumption.<sup>2</sup> On the other hand, there has been a strong recovery in **spending via Spanish cards in restaurants** in 2021 (up by 26% in the cumulative figure for January to August compared with the same period in 2019), especially during the two summer months (46% compared with July and August 2019). This is the result of the lifting of restrictions, the boom in domestic tourism to the detriment of international travel and the release of some of the pent-up demand and savings accumulated by households over the months of the most severe restrictions.<sup>3</sup>

<sup>2</sup> These figures are also affected by cards replacing cash payments, an issue discussed in detail in the article «The substitution of cash by cards as a means of payment during the pandemic», available at <https://www.caixabankresearch.com/en/economics-markets/activity-growth/substitution-cash-cards-means-payment-during-pandemic?993>

<sup>3</sup> For more details, see the article «Pent-up demand: one of the main drivers of the economic recovery», available at <https://www.caixabankresearch.com/en/economics-markets/activity-growth/pent-demand-one-main-drivers-economic-recovery>

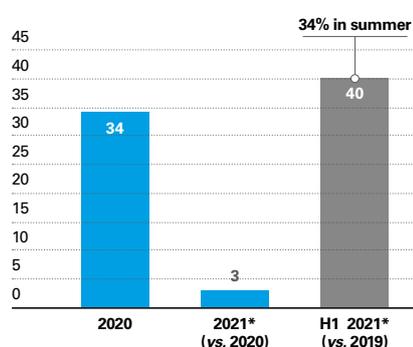


However, foreign card spending in restaurants has been hit hard and its recovery is still incomplete. Nevertheless, notable improvement could be seen in this area in the summer (–9% compared with July and August 2019, *versus* –60% in H1 2021 compared with the same period in 2019). The advanced state of vaccination in most of the main countries for tourists visiting Spain allows us to be optimistic about international tourism’s prospects for recovery in the coming quarters so that, in 2022, the tourism industry could regain a level of activity similar to that of 2016 (15% lower than in 2019).

## Card expenditure on food and restaurants during the pandemic

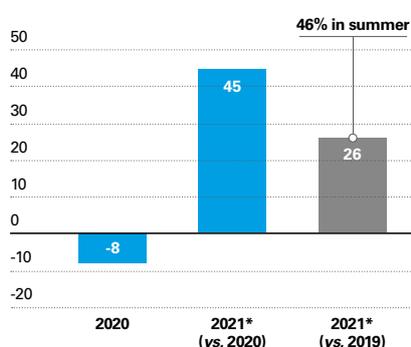
### Food - Spanish cards

Change (%)



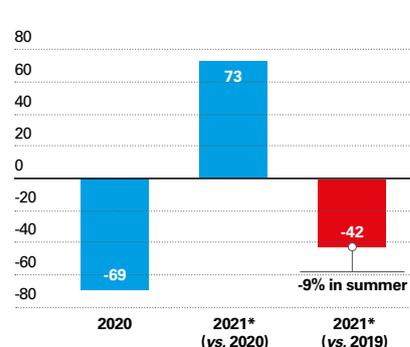
### Restaurants - Spanish cards

Change (%)



### Restaurants - foreign cards

Change (%)



Note (\*): Change between January and August 2021 compared with the same period in 2019 or 2020.

Source: CaixaBank Research, based on internal data.

## The dynamism of Spain’s agrifood exports

Spain is a major exporter of agrifood products, ranking fourth in the EU and seventh in the world.<sup>4</sup> During the pandemic, growth in agrifood exports speeded up, increasing by 4.0% in the whole of 2020 and by 10.4% year-on-year in H1 2021. As a result, the agrifood sector now accounts for 19.5% of Spain’s exports of goods, 2 points more than in 2019. Agrifood imports, on the other hand, fell in 2020 and, despite rising in H1 2021, the external surplus of agrifood goods reached an all-time high in June: 1.7% of GDP (compared with 1.6% in 2020 and 1.1% in 2019).

<sup>4</sup> According to the World Trade Organization’s 2019 ranking of food exporting countries (latest year available).

**Agrifood exports drive growth in Spain’s foreign sector and have generated a trade surplus of 1.7% of GDP. In 2020, pork exports to China grew by an extraordinary 136%**



A highly significant part of this increase in Spanish exports is due to extraordinary growth in pork exports to China (+136% in 2020). This item accounts for about 2.9 points of the 4.0% growth in total agrifood exports in 2020, owing to a sharp increase in international demand due to African swine fever affecting much of China's production. The rest of agrifood exports also posted growth but at a more modest rate (+1.1% in 2020). In H1 2021, the increase in pork exports to China remained very high (+60% in H1 2021 compared with the same period in 2020) but their contribution to growth has moderated: 2.1 points of the 10.4% rise recorded. We explore the reasons for this upturn in the article «The Spanish pork sector is thriving» in this *Sector Report*.

## Agrifood exports by product group

TARIC (2 digits)	Product group	Exports in 2020 (million euros)	Share in 2020 (%)	Change in 2020	Change H1 2021 (vs. H1 2020)	Change H1 2021 (vs. H1 2019)
08	 FRUIT	9,570	18.0%	▲ 5.8%	▲ 1.9%	▲ 10.8%
02	 MEAT	8,436	15.9%	▲ 17.8%	▲ 16.2%	▲ 44.2%
0203	Of which: Swine meat	5,651	10.7%	23.5%	11.1%	50.1%
	Swine meat exports to China	2,533	4.8%	136.3%	60.2%	384.1%
07	 LEGUMINOUS AND OTHER VEGETABLES	6,890	13.0%	▲ 3.1%	▲ 4.3%	▲ 7.5%
15	 FATS AND OILS	4,182	7.9%	▼ -1.5%	▲ 22.4%	▲ 15.2%
22	 BEVERAGES	4,348	8.2%	▼ -3.5%	▲ 18.4%	▲ 9.8%
20	 CANNED VEGETABLES OR FRUIT, JUICES	3,119	5.9%	▲ 2.0%	▲ 2.2%	▲ 5.2%
03	 FISH, CRUSTACEANS AND MOLLUSCS	2,688	5.1%	▼ -12.6%	▲ 25.9%	▲ 0.6%
19	 CEREALS AND MILLED PRODUCTS	1,917	3.6%	▲ 5.3%	▲ 12.3%	▲ 17.6%
21	 PREPARED FOODS	1,775	3.3%	▲ 7.5%	▲ 12.7%	▲ 17.6%
16	 CANNED MEAT AND FISH	1,851	3.5%	12.0%	0.2%	▲ 12.7%
04	 MILK, DAIRY PRODUCTS AND EGGS	1,562	2.9%	▲ 5.1%	▲ 8.6%	▲ 11.6%
	REST	6,717	12.7%	▲ 3.5%	▲ 13.3%	▲ 16.2%
<b>TOTAL AGRIFOOD EXPORTS</b>		<b>53,054</b>	<b>100%</b>	<b>4.0%</b>	<b>10.4%</b>	<b>15.0%</b>

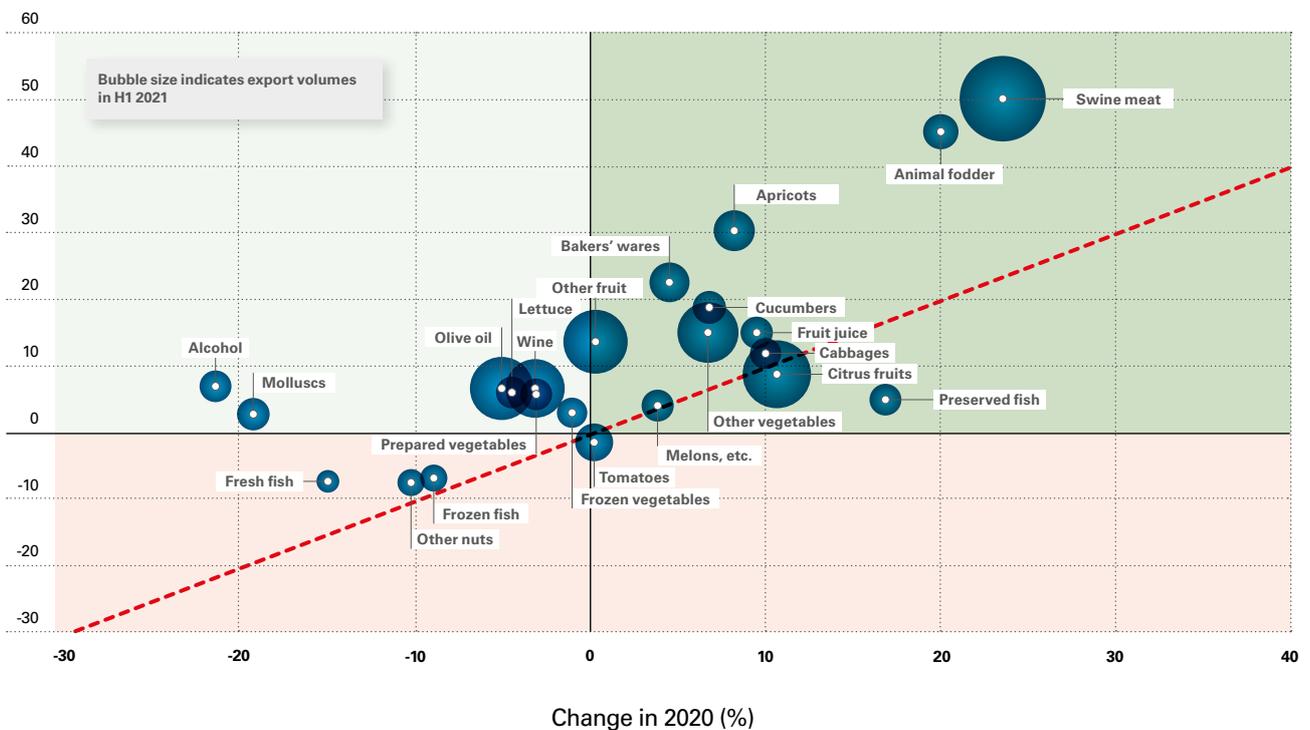
Source: CaixaBank Research, based on data from DataComex.

In addition to pork, other products also stand out for their excellent performance both in 2020 and so far in 2021, such as prepared animal fodder, some fruits and vegetables (apricots, cucumbers, cabbages, etc.) and bakery products. All of these products are in the dark green area of the chart below. Other products, such as citrus fruits and canned fish, recorded notable growth in 2020 (due to increased demand for easy-to-preserve foods) and remain positive in 2021, although their growth rate has slowed. On the other hand, exports of wine,<sup>5</sup> olive oil and other vegetables (such as lettuce) fell in 2020 but are recovering strongly in 2021 (light green area). Finally, there is a small group of products (such as fresh and frozen fish) whose exports decreased in 2020 and are still declining, albeit more moderately (products in the red area of the chart). In this case, the deterioration in the trade balance of fresh and frozen fish is not due to the effects of the pandemic but to prior structural factors.

<sup>5</sup> We analyse the wine sector in detail in the article «The Spanish wine industry: a symbol of tradition and global standard» in this *Sector Report*.

## Agrifood exports

Change in H1 2021 (compared with H1 2019)



Source: CaixaBank Research, based on data from DataComex.

Looking ahead, exports will continue to be a growth lever for the sector. It is therefore essential to continue promoting the sustainability of food production processes, especially in the primary sector, in order to mitigate the environmental impact of this activity, an aspect we analyse in more detail in the article «How the agrifood sector is becoming more sustainable» in this *Sector Report*.



## Sustainability

# How the agrifood sector is becoming more sustainable

Climate change and the struggle to prevent it pose enormous challenges for agrifood production in Spain. In turn, improving the sustainability and resilience of the sector will be key to achieving the environmental targets set out in the European Green Deal. Agri-environmental indicators show that, despite some progress in recent years, the sector needs to tackle significant aspects, such as reducing the use of chemical pesticides, fertilisers and antimicrobials in agriculture, as well as improving animal health and welfare, increasing efficiency in the use of energy and water resources, promoting food consumption that is more sustainable and healthier and reducing food loss and waste, fostering a circular economy. The new CAP, with eco-schemes as its key measure, and the Next Generation EU funds will support the sector's green and digital transition.

### **The threat of climate change and transition to a sustainable food system**

Spain's agriculture has traditionally benefited from a privileged geographical location and climate but it is particularly vulnerable to climate change. Increased soil erosion, floods, droughts and wildfires, along with an increase in pests and diseases, are just some of the direct effects. In turn, primary sector activity also contributes to climate change: crop specialisation and intensification, the use of chemical inputs and the industrialisation of livestock production all have negative impacts on water, soil, air, biodiversity and habitat conservation.

**Agriculture contributes to climate change and, in turn, suffers directly from its consequences. It must therefore move towards a new model that protects the natural resources on which it depends**





## From the European Green Deal to the CAP Strategic Plans

The EU is deploying a wide range of tools to provide stakeholders with mechanisms and incentives to support this transition to a sustainable food system and, in turn, to help achieve the targets set out in the European Green Deal. One important addition in the reformed Common Agricultural Policy (CAP), which will enter into force in January 2023, is the drafting of National Strategic Plans to establish priorities in terms of aid and incentives for the various production subsectors.<sup>6</sup> **The star measure is eco-schemes, which are voluntary and reward sustainable practices.** Spain's Ministry of Agriculture has proposed two eco-schemes, with a budget of 1,107.49 million euros, which group sustainable practices into two areas: **agroecology and low carbon agriculture.** The first group includes activities such as pasture management using sustainable mowing, crop rotation and the maintenance of non-productive areas and other biodiversity aspects. The second group includes extensive grazing, conservation agriculture and the maintenance of living or dead vegetation cover.

⑥ Spain's Ministry of Agriculture, Fisheries and Food must submit its Strategic Plan to the European Commission by 30 December 2021.

## The new CAP, with eco-schemes as its key measure, together with Next Generation EU funds, will support the sector's green and digital transition

In addition to the CAP, the European NGEU funds will also help to finance the green and digital transition of the primary sector. In particular, item 3 of Spain's Recovery, Transformation and Resilience Plan, aimed at the environmental and digital transformation of the agrifood and fisheries system, provides for an investment of 1,502.8 million euros. The plan is based on four fundamental pillars: (i) improving efficiency in irrigation, (ii) promoting sustainability and competitiveness in agriculture and livestock farming, (iii) a digitalisation strategy for the agrifood sector and the rural environment, and (iv) modernising the fisheries sector, by promoting sustainability, research, innovation and digitalisation.



## Environmental indicators in the primary sector

The European Commission has analysed the situation of individual Member States in relation to their contribution to each of the Green Deal ambitions. The table below lists these targets and the reference values of these indicators for the main countries.<sup>7</sup>

To make Europe the first climate-neutral continent by 2050, the first milestone has been set for 2030: **reduce greenhouse gas (GHG) emissions by at least 55% compared with the 1990 level**. While GHG emissions from EU agriculture have fallen by a significant 20% since 1990, no progress has been made since 2005. And in Spain the situation has been reversed: emissions have increased since 1990 (6.5%) with just a modest reduction since 2005 (-3.7%).

<sup>7</sup> «Commission recommendations to Member States as regards their strategic plans for the CAP», European Commission, December 2020.

## In relative terms, GHG emissions by Spain's agricultural sector are lower than the EU average, which has set itself the target of at least 55% below 1990 levels by 2030

Despite this trend, it is important to note that, in relative terms, the sector is responsible for 12.0% of the economy's total GHG emissions compared with an EU average of 12.7%. Furthermore, if we take into account the fact that the primary sector contributes 2.9% of GDP compared with 1.6% in the EU, the result is that GHG emissions by Spain's agrifood sector per unit of GVA are significantly lower than the European average (1.2 kg/euro compared with 1.7 kg/euro in the EU).<sup>8</sup> Similarly, emissions from agriculture per unit of agricultural land (tonnes of CO<sub>2</sub> equivalent per hectare) are lower in Spain (1.6 compared with 2.5 in the EU).

<sup>8</sup> Data from the European Commission's Common Monitoring and Evaluation Framework (CMEF) for the CAP 2014-2020, [https://agridata.ec.europa.eu/extensions/DataPortal/cmf\\_indicators.html](https://agridata.ec.europa.eu/extensions/DataPortal/cmf_indicators.html)

The second EU milestone is contained in the Farm to Fork strategy, which sets a target of **50% reduction in the use and risk of chemical pesticides by 2030**. In recent years, Spain has significantly reduced the use of this type of chemical and the challenge is to continue moving in this direction. The target for antimicrobial resistance is a **50% reduction of the overall antimicrobial sales for farm and aquaculture animals by 2030**, compared with the EU baseline in 2018. In this respect, Spain lags behind the EU average.

On the other hand, Spain performs positively both in its share of agricultural land used for organic farming, an aspect we discuss in more detail in the next section, and the proportion of agricultural land occupied by highly diverse landscape features. In this case Spain, with 13.2% of its land, already exceeds the target of 10%.<sup>9</sup>

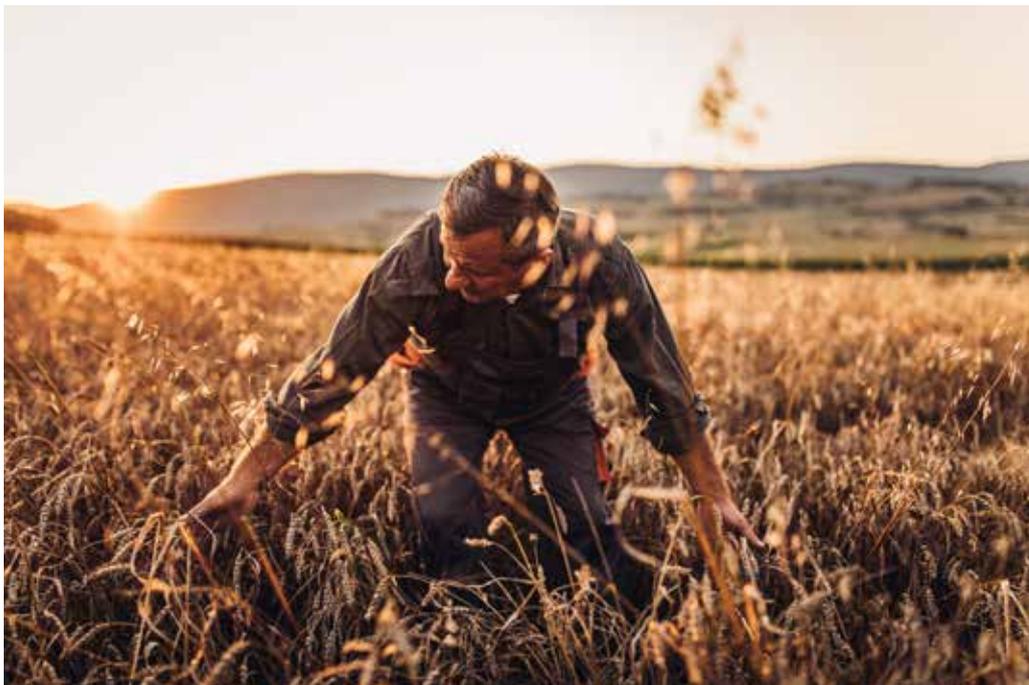
<sup>9</sup> EU Biodiversity Strategy 2030.



## European Green Deal targets and reference values

Green Deal ambition	EU target	Indicator	Reference year(s)	EU-27	Spain	Germany	France	Italy	Portugal
 Greenhouse gas emissions	Contribution to the 55% GHG emissions reduction target by 2030 and to climate neutrality by 2050	Developments of GHG emissions from agriculture since 1990 and 2005	Δ 1990/2016-2018	-20.1%	6.5%	-17.6%	-8.2%	-12.0%	-5.8%
			Δ 2005/2016-2018	-0.1%	-3.7%	1.8%	-2.3%	-4.7%	0.6%
		Emissions from agriculture in million tonnes of CO <sub>2</sub> equivalents	2016-2018	396.8	39.5	65.4	75.6	30.5	6.7
		Emissions from agriculture per unit of agricultural land (tonnes of CO <sub>2</sub> eq. per ha of UAA)	2016-2018	2.5	1.6	3.9	2.6	2.4	1.9
 Pesticides	50% reduction of the overall use and risk of chemical pesticides and use of more hazardous pesticides	Harmonised risk indicator	Δ 2011-2013/2018	-17%	-22%	-18%	1%	-9%	-34%
 Antimicrobials	50% reduction of sales of antimicrobials for farmed animals and in aquaculture	Active ingredient of veterinary antimicrobial agents marketed mainly for food-producing animals in milligrams per population correction unit	2018	118	219	88	64	244	187
 Organic farming	25% of the EU's agricultural land under organic farming	Share of utilised agricultural area under organic farming	2019	8.5%	9.7%	7.8%	7.7%	15.2%	8.2%
 High-diversity landscape features	10% of agricultural area under high-diversity landscape features	Share of agricultural area under high-diversity landscape feature	2015/2018	4.6 %	13.2%	2.2%	2%	3.7%	7.6%
 Nutrients	50% reduction of nutrient losses while ensuring no deterioration in soil fertility	Gross nitrogen balance in kg/ha of UAA	2012-2014	46	34	73	43	72	42
		Share of groundwater monitoring stations with nitrate concentration greater than 50 mg/L	2012-2015	13.3%	21.5%	28.0%	12.4%	11.1 %	17.9 %
		Gross phosphorus balance in kg/ha of UAA	2012-2014	1	4	-2	1	-2	4
 Broadband in rural areas	100% access to fast broadband internet in rural areas by 2025	Share of rural households with next generation access broadband	2019	56.4%	58.7%	74.6%	47.6%	68.4%	69.4%

Notes: GHG stands for greenhouse gases. UAA stands for utilised agricultural area.  
Source: CaixaBank Research, based on the European Commission's COM (2020) 846.



Nitrate pollution from agriculture remains one of the greatest pressures on the aquatic environment. In this respect, the EU has set a **target of reducing nutrient losses by at least 50% by 2030 while ensuring there is no deterioration in soil fertility**, an aspect in which Spain needs to improve considerably. An increasing number of EU countries are also affected by water scarcity, often caused by excessive abstraction of water for agriculture and livestock. Climate change will further aggravate the problem of water availability in many regions, including Spain.

Finally, **the new CAP establishes digitalisation as a priority across the board**, believing that the transition towards a sustainable food system must be supported by knowledge, innovation and digitalisation. In this respect, one key factor in developing rural areas and reversing their depopulation is the availability of a fast, reliable internet connection. While there has been a notable increase in the proportion of households in rural areas with next-generation broadband access, there is still a significant gap with respect to urban areas. The goal is to cover 100% of the population by 2025.<sup>10</sup>

<sup>10</sup>This target is included in the Agenda España Digital 2025.

**58.7% of Spanish households in rural areas had access to fast broadband internet in 2019. The goal is to cover 100% of the population by 2025**



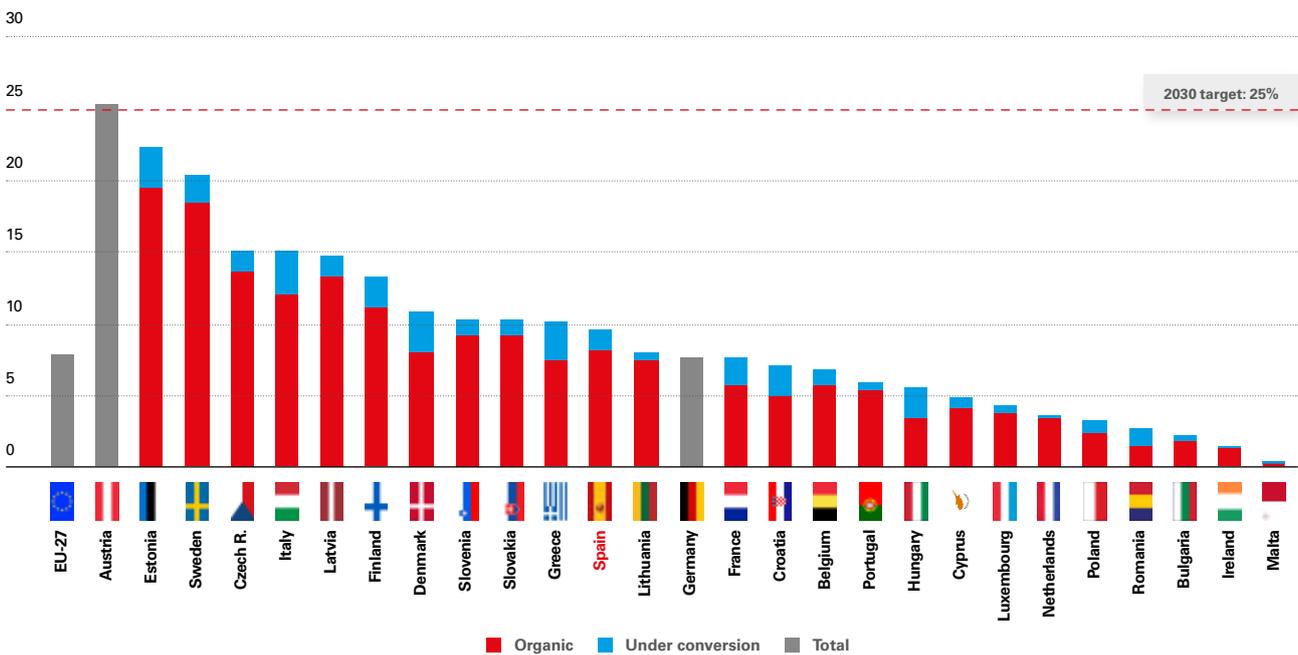
The green and digital transition of European agriculture is also creating new business opportunities which the sector must take advantage of, for example by better aligning its production with evolving consumer tastes. **Sustainability will become a competitive advantage for those companies and farms** that achieve a balance between economic growth, environmental care and social well-being, while those that fail to comply with environmental standards will be penalised by increasingly demanding and environmentally aware consumers who identify with the most sustainable brands and products.

### A firm commitment to boosting organic production

The commitment to more sustainable production schemes, such as organic farming,<sup>11</sup> is relentless. Spain, with more than 2.44 million hectares of these crops in 2020, is the first country in the EU and the third in the world after Australia and Argentina. However, in terms of its share of utilised agricultural area (UAA), it is above the EU average, as noted in the previous section, but well below leading countries such as Austria, Estonia and Sweden, which exceed 20%. Four million additional hectares would be needed to achieve the 25% target set in the Organic Action Plan.

<sup>11</sup> Organic farming is a system of agrifood production and management that combines the best environmental practices, a high level of biodiversity and preservation of natural resources and the application of high animal welfare standards, so that products are obtained from natural substances and processes (MAPA).

### Share of utilised agricultural area under organic farming



Notes: Data from 2019. Breakdown between organic land and land under conversion not available for Germany, Austria or EU-27. Source: CaixaBank Research, based on data from Eurostat.

Regarding organic operators,<sup>12</sup> almost 90% out of a total of 50,047 in 2020 were primary producers while the rest were industrial operators and traders. However, the number of operators is growing much faster (more than double) further down the food chain.

<sup>12</sup> An organic operator can be an individual or company and must meet certain requirements to be able to produce, process, prepare or package food of agricultural origin in order for it to be marketed using the terms ecological, biological or organic. In Spain there is a General Register of Organic Operators (REGOE) that collates the information provided by each autonomous region.



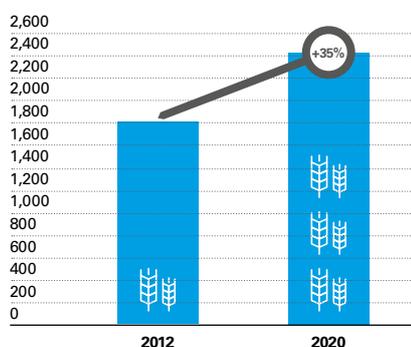
By region, Andalusia leads the field both in terms of land under organic farming, with more than 45% of the total, and in terms of organic livestock farms, with almost 60%. By type of crop, cereals for grain production come top (43% of the total) and, by type of livestock, cattle (48%). Compared with other countries, the Spanish agrifood sector is the world's leading organic producer of olive oil and wine and the second for citrus fruits and vegetables.

However, one of the challenges facing organic production in Spain is the low domestic consumption: per capita consumption of these products in 2019 stood at 50.2 euros, a far cry from countries such as Denmark or Switzerland, which exceed 300 euros. As a result, most of Spain's organic produce, around 60%, is exported.<sup>13</sup> The change in habits brought about by the pandemic has boosted healthier, more sustainable and local consumption, so the trend in domestic consumption of organic produce is clearly upward.

<sup>13</sup> Sociedad Española de Agricultura Ecológica (SEAE), MAPA (2021), «Análisis de la caracterización y proyección de la producción ecológica española en 2019» and Ecovalia (2021), «Informe anual de la producción ecológica en España».

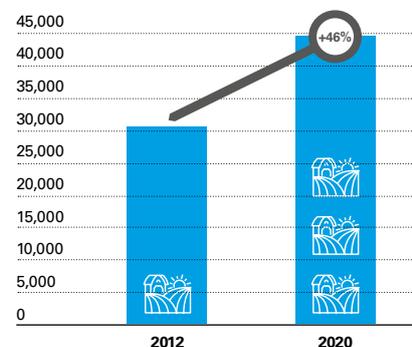
## Organic farming in Spain, on the rise

**Area under organic farming**  
(thousand hectares)



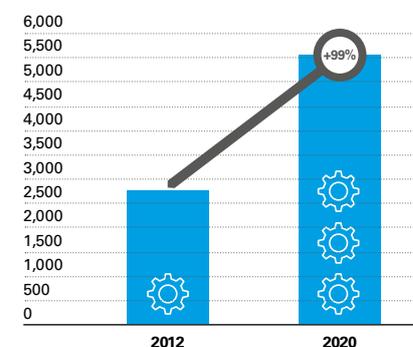
**Organic operators in the primary sector (producers)**

Number



**Organic operators in the secondary sector (manufacturers and processors)**

Number



Source: CaixaBank Research, based on data from MAPA.



## THE IMPORTANCE OF THE PORK SECTOR FOR THE SPANISH ECONOMY AS A WHOLE

Main indicators of a world-leading producer and exporter

### THE MOST IMPORTANT LIVESTOCK SECTOR IN SPAIN



**16.3%**  
of final agricultural production



**42.6%**  
of final livestock production



**161,300**  
directly employed workers



**€8,650 MM**  
final production in value



**86,547**  
pig farms in Spain, of which almost **80%** are intensive



### A PROCESSING INDUSTRY WITH A POWERFUL, DIVERSIFIED STRUCTURE



**2,630 companies**  
(over 70% of Spain's total meat production and processing industry)



**€18.7 billion**  
annual turnover (2019 figure)

### A LEADING PRODUCER AND EXPORTER IN EUROPE AND THE WORLD



**European Union**



**1st**  
Pork producer  
**5 million tonnes**



**1st**  
Pig stock  
**32.7 million**  
animals, white and Iberian breeds



**1st**  
Pork exporter



**1st**  
Exporter to non EU countries



**World**



**3rd**  
Pork producer  
(after China and US)



**4th**  
Pig stock



**2nd**  
Pork exporter

**2,971 million**  
TONNES EXPORTED



**59%**  
of total production

**€7,628 MM**  
EXTERNAL SURPLUS



**0.7%**  
of GDP

### Main trading partners



China



France



Italy



Japan



Portugal

### SECTOR CONCENTRATED IN SPECIFIC REGIONS

Just over **70%** of Spain's pork production is concentrated in **3 autonomous regions**



Catalonia



Aragon



Castile & Leon

### MEAT IN HIGH DEMAND BY SPANISH CONSUMERS



Spanish households consume **€3,169 MM** in fresh pork and **€5,298 million** in processed pork, **45%** and **79%** respectively of the total meat industry.

Only **7%** of total expenditure is through the **HOSPITALITY CHANNEL**

Note: Data from 2020, unless otherwise indicated. Source: CaixaBank Research, based on data from MAPA, INTERPORC and ANICE.

The pork industry

# Spanish pork is thriving

The pork industry has consolidated its position as the most important sector for Spanish livestock farming, accounting for over 40% of final livestock production. It comprises around 86,500 farms and 2,600 processors, with most of its production concentrated in just three regions: Catalonia, Aragon and Castile & Leon. Recently, the pork industry has managed to handle the fall in demand due to COVID-19 better than other meat sectors, a result of it being less dependent on the hospitality channel and also the increase in demand from China, whose domestic production has been severely affected by African swine fever (ASF). This situation has allowed Spain's pork industry to consolidate its position as one of the major players in the EU and the world. The challenges that now need to be tackled by the sector include reducing its pollutant emissions and continuing to strictly apply the necessary biosecurity measures to stop ASF from entering Spain.

## The pork sector was hardly affected by the COVID-19 crisis

As a large part of its production is exported (59% in 2020), the impact of the health crisis on pork<sup>14</sup> was less than for other subsectors of the Spanish meat industry, such as sheep and goat, in a year in which foreign demand grew considerably due to the effects of swine fever in China. Furthermore, **domestic demand** (which absorbs the remaining 41%) **was hardly affected by the pandemic**, as the increase in consumption of fresh pork at home (+9%) more than offset the sharp decline in consumption in the hospitality channel (-47%), which accounts for just 7% of total pork consumption.<sup>15</sup> However, the most noble cuts (such as processed meat, i.e. sausages) suffered more extensively from the effects of COVID-19, as they are more closely linked to restaurants. Consequently, per capita out-of-home consumption of hams and shoulders, the sector's highest value-added product, fell by 48% in 2020.

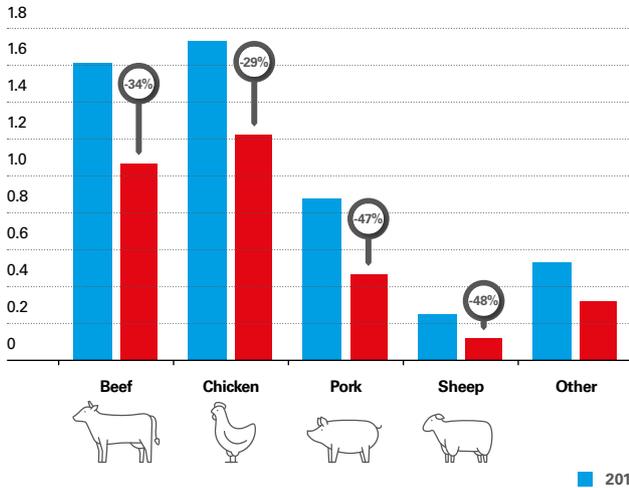
<sup>14</sup> According to MAPA, the swine meat sector contains the subproducts with the following TARIC: 021011; 021019; 160241; 160242; 160249; 0203; 02109949; 021012; 020649; 020910; 020630; 020641; and 16029051.

<sup>15</sup> Consumption data have been taken from the MAPA report «Informe del Consumo Alimentario en 2020».



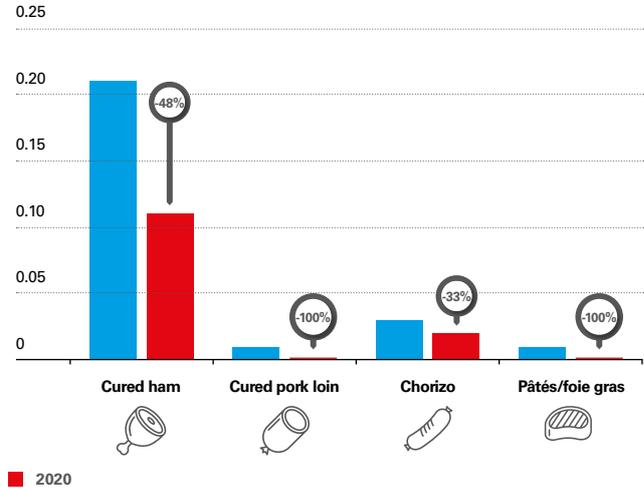
## Out-of-home consumption of fresh meat

Kilogram per individual



## Out-of-home consumption of processed meat

Kilogram per individual



Source: CaixaBank Research, based on data from MAPA.

## The crisis caused by African swine fever in other major pork-producing countries enabled Spain's sector to lead production and exports in the EU in 2020

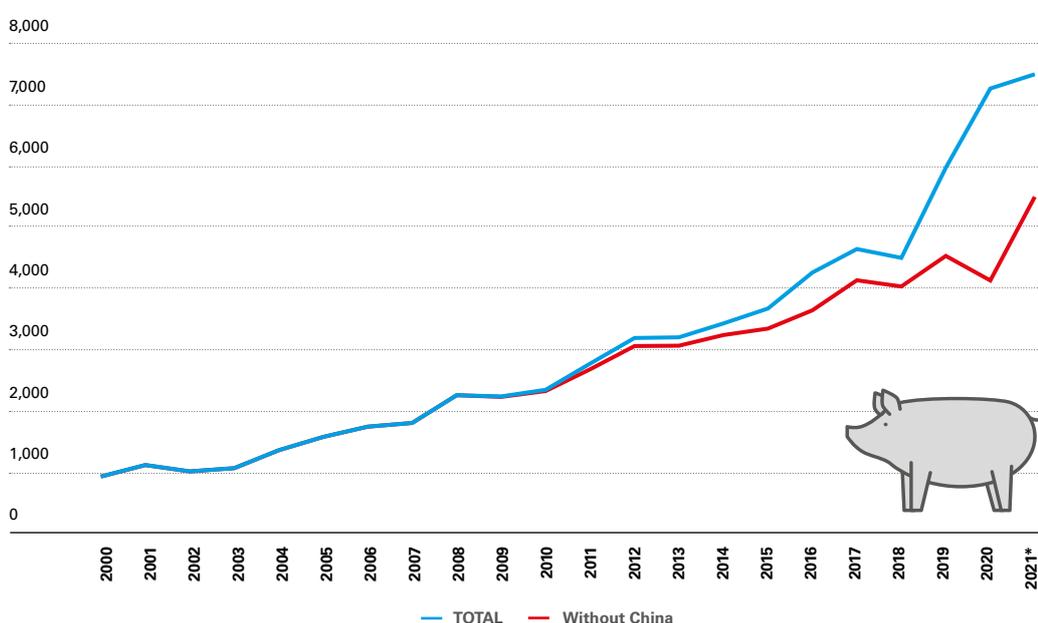
There is no doubt that the pork sector is one of the most competitive in Spanish agriculture, considering that almost half its production is destined for foreign markets, not only in the EU but also Asia (China, Japan and South Korea account for more than 50% of Spain's pork exports). The upward trend observed in Spain's pork sector over the past decade has been boosted since 2019 by the extraordinary increase in its exports, totalling over €7,267 million in 2020, after growing by 33% in 2019 and 22% in 2020; a trend that has been maintained in H1 2021 (+11% vs. H1 2020). The sector's foreign sales have therefore gone from representing barely 0.7% of total Spanish agrifood exports in 2018 to accounting for close to 5% in just a couple of years.



However, most of the increase in exports in the last two years is largely due to a cyclical factor. The 2018 outbreak of African swine fever (ASF) in China radically decimated its pig herd, which until then had accounted for 45% of global production.<sup>16</sup> To meet its huge domestic demand, China was forced to urgently source pork from other major global producers. Germany, the largest European producer, was also affected by ASF in 2020, passing the baton on to Spain, which became China's main supplier and also achieving unprecedented prices (up by +19% compared with the average of the previous five years).

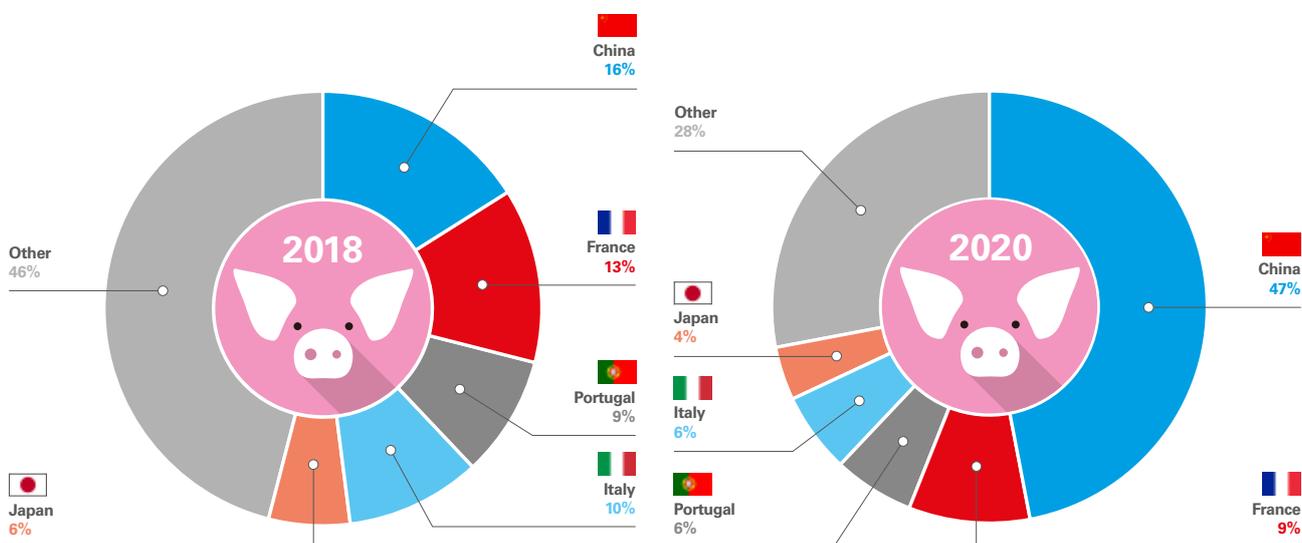
<sup>16</sup> ASF is a highly contagious and fatal viral disease affecting both domestic and wild pigs. It cannot be transmitted to humans, nor to animals other than pigs.

## Spanish pork exports (million euros)



Note: (\*) The figure for 2021 as a whole assumes a similar performance to that recorded in the first half of the year.

## Main destinations for Spanish pork exports



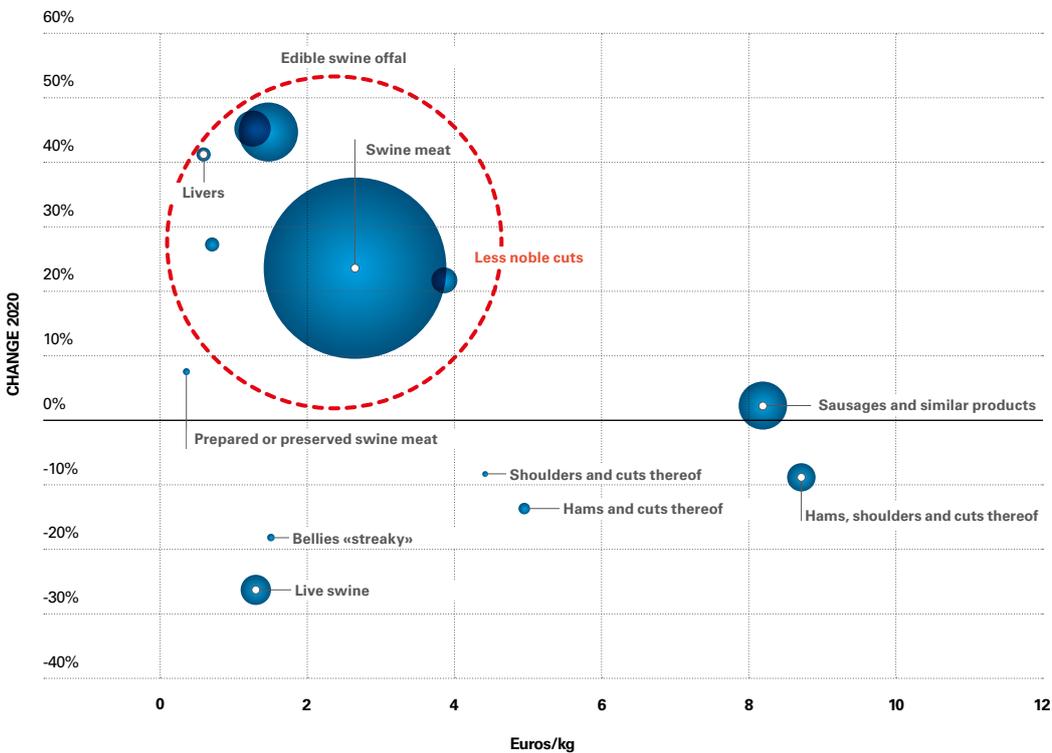
Note: Data by volume.

Source: CaixaBank, based on data from DataComex.



Despite the considerable increase in exports in 2020, not all subproducts have fared equally well. The less noble cuts (with a lower price per kilo) saw the highest growth in 2020, as can be seen in the chart below. On the other hand, as was the case in the domestic market, the finer cuts of pork (such as ham and shoulder) also suffered from the fall in global demand for this type of product and the reorientation of exports to China, a market that tends to buy more economical meat products. Consequently, if we exclude sales to China, the value of the sector's exports to all other destinations actually fell by 9% in 2020.

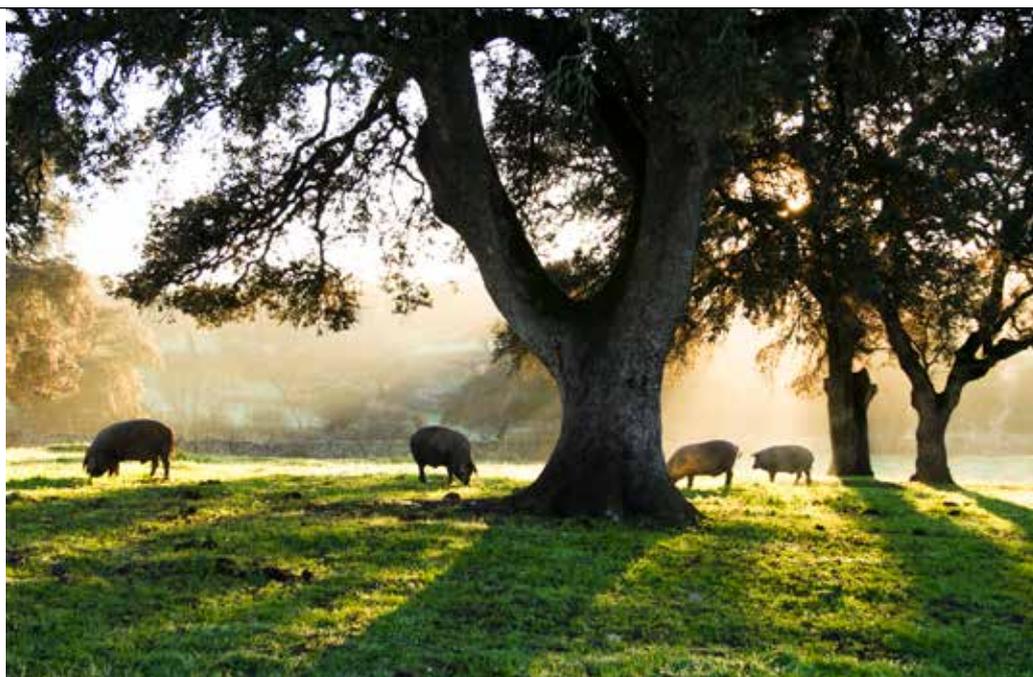
## Spanish pork exports by subproduct



**Note:** Bubble size reflects the value (in millions of euros) of each subproduct. According to MAPA, the swine meat sector contains the subproducts with the following TARIC: 021011, 021019, 160241, 160242, 160249, 0203, 02109949, 021012, 020649, 020910, 020630, 020641 and 16029051.  
**Source:** CaixaBank Research, based on data from DataComex.

## The challenges facing the sector: dependence on China is not sustainable over time...

As we have seen, the extraordinary growth enjoyed by Spain's pork sector in recent years is largely attributable to Chinese demand. At present, China continues to suffer from recurrent outbreaks of ASF (the latest and largest occurring between the end of 2020 and February this year), these being difficult to control due to a lack of resources and knowledge among a livestock farming system made up mostly of small family farms.



In any case, it is only a matter of time before China's pig herd recovers and the country's need to supply itself outside its borders will decrease. In fact, in 2020 some of China's largest pork producers invested heavily in large-scale farms.<sup>17</sup> **Spain's strategy should therefore be to strengthen its competitive position in the Asian market and, above all, redirect its exports towards markets with higher added value**, where more noble cuts are in demand. As in the domestic market, such demand tends to be highest in the hospitality channel.

### ... as well as entailing environmental problems

The second major challenge for the sector is related to its green transition. From an environmental point of view, the very strong growth in domestic production is posing a problem for those regions where pork production is concentrated (Catalonia, Aragon and Castile & Leon). Apart from the issue of resource use by the agrifood industry as a whole, particularly water consumption, the pork industry contributes to air pollution through the ammonia emitted by pig slurry. In the past six years, air pollution from such emissions has doubled from 9,500 tonnes in 2012 to 21,000 tonnes in 2018, according to the official PRTR register.<sup>18</sup>

Therefore, **the sector's future will depend on its capacity to evolve towards a much more sustainable production system, as part of the environmental targets of the new European Green Deal.**<sup>19</sup> Pork industry experts believe it is necessary to take action in all stages of the production cycle, from the breeding of pigs to managing their waste, as well as at animal farms, the collection, storage, processing and depositing in fields of the excrement (slurry and manure). Although large pork producers are considering strategic plans with specific environmental targets, the vast majority of firms are SMEs and micro enterprises, which find it more difficult to implement such practices. The new measures being negotiated in the strategic plans for the next CAP will undoubtedly help to steer the sector towards these environmental goals.

<sup>17</sup> The most striking has been the creation of a macro pig farm in Nanyang by the industry giant Muyuan Foods (the world's biggest pork producer), by far the largest farm in the world (about 10 times the average farm in the US), automated and with strict biosecurity measures, where production is expected to reach just over 2 million pigs per year.

<sup>18</sup> PRTR is the Spanish Register of Emissions and Pollutant Sources. Information can be consulted at the level of industrial complex or aggregated by business sector, pollutant, type of waste or geographical area.

<sup>19</sup> See the following link for further analysis of the subject: <https://www.caixabankresearch.com/en/economics-markets/public-sector/european-green-deal-between-desirable-and-feasible?220=>



## THE SIZE OF SPAIN'S WINE INDUSTRY

A summary of an industry that has developed an extensive network of businesses and is notably present throughout the country

### A MAJOR GLOBAL PLAYER



World leader in vines planted:  
**949,565 Ha**  
(13% of the world total)

**3rd**

largest wine producer in the world:

**40.7 M HI**

(15.6% of the world total)



World leader in organic vineyards:

**+121,000 Ha**

**440,000 tonnes**



**2nd**

exporter in the world by volume:

**21.4 M HI**



**3rd**

exporter in the world by value:

**€2,740 MM**



Trade surplus of

**€2,500 MM**

(0.23% of GDP)



### WIDE NETWORK OF BUSINESSES AND NOTABLE PRESENCE THROUGHOUT THE COUNTRY

■ **€20,000 MM** (1.9% of whole economy's GVA) (2019 figure)

■ **372,000 jobs** (2.1% of total employment) generated directly and indirectly by the wine sector (2019 figure)

■ **97 PDOs** (protected designations of origin) and **42 PGIs** (protected geographical indications), between them covering 96% of all vineyards.

■ **555,475 small-medium** sized winery businesses

■ **4,300 wineries**, of which over 3,000 are exporters (2018 figure).

■ **Castile-La Mancha** concentrates 49% of the land and 50% of the production, followed far behind by Catalonia (9.7% in wine production) and Extremadura (8.5%).

### THE COVID-19 CRISIS HAS HIT THE INDUSTRY HARD



Wine consumption has been affected by the COVID-19 crisis due to the fact that the

**HOSPITALITY CHANNEL** concentrates 54% of domestic sales in terms of value and 31% in volume (2018 FIGURES)

### In 2020:



**-17%**

DOMESTIC CONSUMPTION

**-3.1%**

EXPORTS

### WEAKNESSES AND STRENGTHS



Low average price of exports



Increasing diversification towards destinations with higher added value: Asia and North America



High potential for wine tourism: 3 MM visitors, a quarter of these foreign, and a turnover of €256 MM (2019 figures)

Note: Data from 2020, unless otherwise indicated.

Source: CaixaBank Research, based on data from MAPA, National Statistics Institute, Eurostat, DataComex, OIV, OeMv and Afi.



## The wine sector

# The Spanish wine industry, a symbol of tradition and global standard

The wine sector plays a fundamental role in Spain, not only in economic terms due to its contribution to activity, employment and exports but also because of how extensively vines are grown and its regional importance, making it a driving force for environmental conservation and rural development. Spain is the world's second largest exporter of wine in volume and third in value, although in recent years we have seen greater penetration in North America and Asia, markets that tend to buy wine of higher value. After the COVID-19 crisis, wineries and cooperatives must tackle important medium-term challenges and adapt to the new consumption habits of a younger, more digital and environmentally aware public. This strategy includes a commitment to organic farming, online sales and wine tourism.

## The wine industry's value chain

The value chain of the extensive wine industry begins with the planting and cultivation of vines (viticulture) and, once wine has been produced (viniculture), continues with its distribution and marketing. The sector is therefore made up, first of all, of more than **550,000 wine-growing businesses**,<sup>20</sup> which tend to be very small on average (with barely 1.70 hectares). In fact, 68.8% are below half a hectare and only 3.9% own more than 10 hectares.

Secondly, we find over **4,000 wine-producing firms**.<sup>21</sup> Cooperatives, a business model that is deeply rooted in the sector,<sup>22</sup> account for around 60% of production in terms of volume, although in value the large winemaking groups stand out, with a more diversified supply and significant export volumes.

Finally, there is an **extensive network of distribution and sales businesses** for wine-related products. Wineries can sell directly to the end consumer or through other channels, mainly hospitality (hotels, restaurants and cafés) and retail (supermarkets and hypermarkets), which account for 31% and 35% of total sales by volume, respectively (2018 pre-pandemic figures). However, the average price of wine sold through the hospitality channel is almost four times higher than that sold via retail, so that, in terms of value, hospitality sales exceed 50% of the total, as can be seen in the chart below.

<sup>20</sup> See MAPA (2021), «Informe sobre aplicación del régimen de autorizaciones de nuevas plantaciones de viñedo 2020 y potencial de producción vitícola en España». <https://www.mapa.gob.es/es/agricultura/temas/regulacion-de-los-mercados/informeviticola2021cm30-561191.pdf>

<sup>21</sup> Wine-producing businesses represent 2.4% of manufacturing companies and 13.6% of food and beverage companies (Estadística Estructural de Empresas 2019, INE).

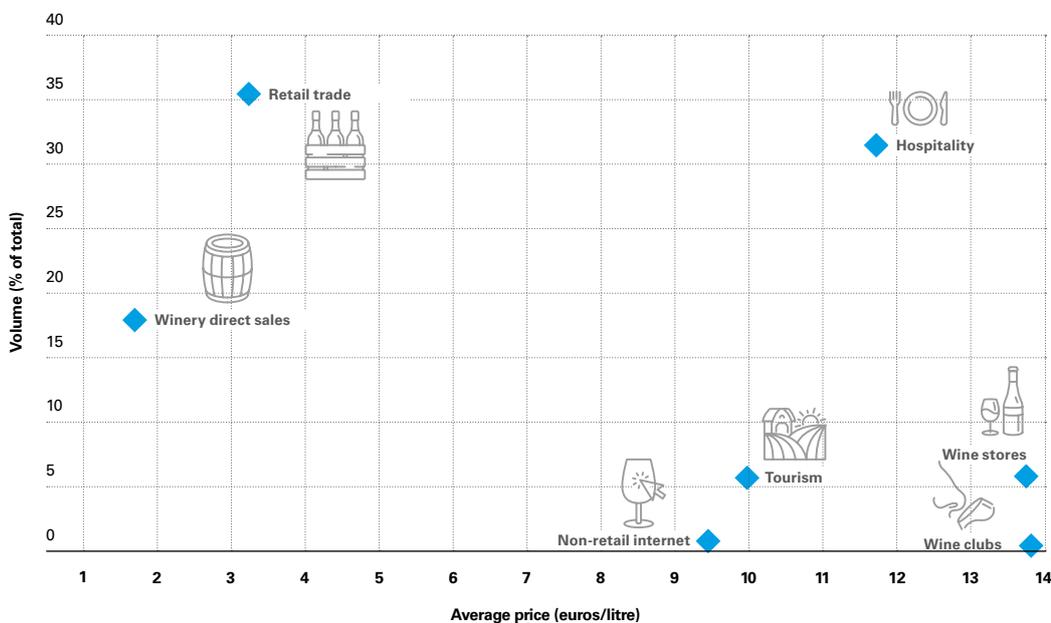
<sup>22</sup> 21% of the cooperatives in Spain's agrifood sector are related to wine, with wine production being the fifth most important within the cooperative sector in terms of direct turnover, accounting for 7% of the total in 2019. OSCAE (2020), «El cooperativismo agroalimentario español. Informe socioeconómico 2019», Cooperativas Agroalimentarias de España.



## Retail distribution accounts for the majority of wine sales by volume but the highest value wines are sold via hotels, restaurants and, above all, wine stores and clubs

Among the rest of the distribution channels, sales via wine stores and clubs barely account for 6% of the total volume but they concentrate the highest priced wines (with denomination of origin, medium and high range) and represent about 13% in value. At the opposite end of the scale, with the lowest prices, are direct sales from wineries (18% in volume and 4.5% in value).

### Wine consumption in Spain by distribution channel



Note: Data from 2018.

Source: CaixaBank Research, based on the report «Radiografía de canales de consumo de vino en España» (May 2020), OeMv.

## The COVID-19 crisis has led to important changes in wine consumption habits

In 2020, domestic wine consumption plummeted to 9.1 million hectolitres (-17% compared with 2019), the lowest figure in the series, severely affected by the cancellation of shows and events and, above all, by restrictions in the hospitality channel. Moreover, the COVID-19 infection rate was also relatively high in Madrid and Barcelona, the two main centres for consumption.



## Consumers are increasingly concerned about health, sustainability and the environment

Part of the consumption that was no longer carried out via hotels and restaurants was transferred to the domestic sphere, through retail purchases which grew substantially, making it the main sales channel with 47.5% of the total.<sup>23</sup> **Spanish household spending on wine therefore increased by 15.3% in 2020**, after posting growth of 15.7% in 2019.<sup>24</sup> Beyond the impact of the pandemic, the sector must also adapt to changes in consumer preferences, who are increasingly concerned about health, sustainability and the environment. In general, these changes translate into a more domestic, «healthier» consumption that values more organically grown grapes and recyclable packaging. Wineries and specialist retail outlets are reinventing themselves, developing alternative sales methods such as home deliveries and e-commerce sites, the latter also offering virtual experiences (tours and tastings).

### A leading position in the global wine market

Wine is one of the main products exported by the Spanish agrifood industry, only behind pork, citrus fruits and olive oil. The decline in wine exports in 2020 (-3.1%), the second decrease in a row after posting -7.4% the previous year, can mainly be explained by the adjustment in demand in the midst of the pandemic (the OIV<sup>25</sup> estimates global wine consumption fell by around 3%). However, the import tariffs imposed in 2019 by the US on the sale of some European agrifood products, including Spanish wine, also played a part, resulting in a 9.9% drop in value and 6.1% drop in volume for Spanish wine exports to the US in 2020.<sup>26</sup> The recently reached agreement between the US and the EU is a good example. The agreement between the US and the EU to suspend tariffs for at least five years is therefore excellent news for the wine sector.

<sup>23</sup> Wine clubs, wine stores and, above all, direct sales from wineries also increased their share. See OeMv (2021), «Estudio de la evolución de los canales de venta de vino en España». This survey of 110 wineries reveals that 8 out of 10 saw a drop in sales in 2020. Those suffering the most were: (i) by size, small wineries, which could not offset their losses in the hospitality channel, although direct sales improved, and (ii) by wine type, those with higher prices.

<sup>24</sup> Data from the National Statistics Institute survey on household budgets, 2020.

<sup>25</sup> Organización Internacional de la Viña y el Vino.

<sup>26</sup> However, the US still accounts for 10.3% of Spain's wine exports.



## One of the main weaknesses of Spain's wine exports is their low average price, with the country trailing in the EU in terms of the added value of exported wines

Although Spain is **the world's second largest exporter of wine in volume**, behind Italy, in value the country is surpassed by Italy and, above all, France, which sells about 33% less wine but invoices three times more. This is due to the average price, five times higher in the case of Spain's neighbours.<sup>27</sup>

<sup>27</sup> See OeMV (2021), «Principales exportadores mundiales de vino, año 2020».

Although the low average price creates a profit margin problem for many businesses, we must take into account the heterogeneity of the sector, with a wide range of wine-producing regions, grape varieties, wine ageing systems and wineries, resulting in different quality and price segments. The problem of low prices compared with the global average is shared across the different categories but bulk wine plays an important role: its exports account for 52.4% of the total in volume but only 17.4% in value, resulting in an average price of just 0.44 euros/litre, five times less than in the case of bottled wines (2.32 euros/litre).

### Main destinations for wine exports grouped according to the average price of the Spanish wine they import

Average price	Countries	Average price (€/l)			Share in value (%)		
		2017	2020	Change	2017	2020	Change
Low	Portugal, Italy, France and Germany, among others	0.67	0.66	-0.01	36.2	33.8	-2.36
Medium-Low	Denmark, Belgium, Netherlands, United Kingdom, China and Japan, among others	1.78	1.93	0.15	33.8	35.0	1.17
Medium-High	Sweden and Brazil, among others	2.44	2.55	0.10	4.2	5.0	0.77
High	US, Switzerland, Canada and Mexico, among others	3.35	3.77	0.42	25.7	26.1	0.43
<b>TOTAL</b>		<b>1.22</b>	<b>1.28</b>	<b>0.06</b>	<b>100.0</b>	<b>100.0</b>	

Note: TARIC groups 2204 and 2205.

Source: CaixaBank Research, based on data from DataComex.

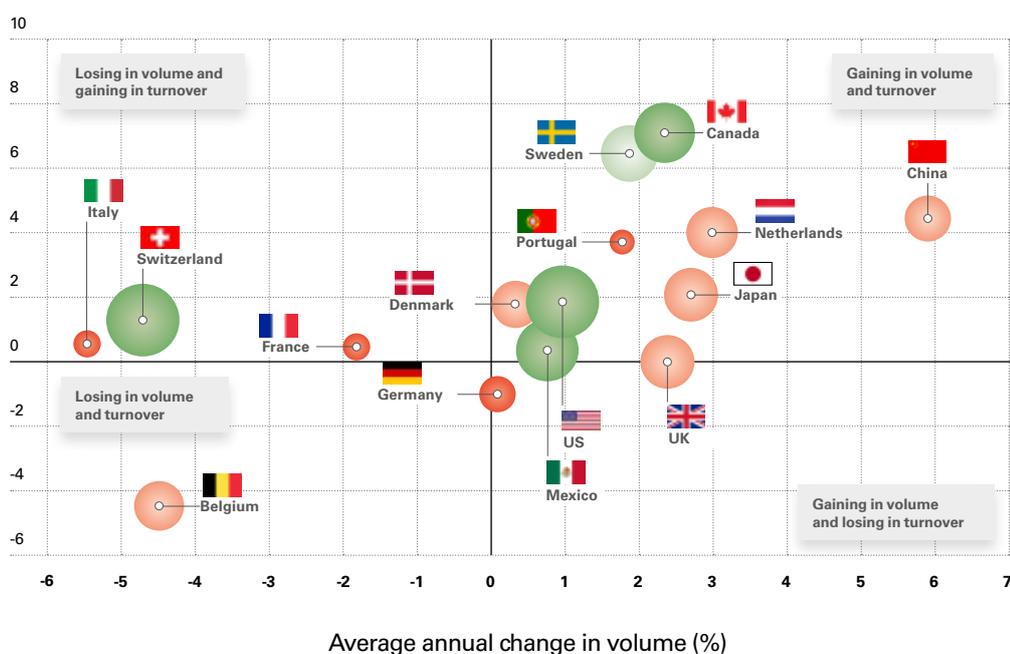
The low export price in aggregate terms hides significant differences across countries. A large proportion of Spanish wine exports are still directed to low-price countries, especially in Europe (France, Germany, Portugal and Italy, among others), whose lower price is related to the sale of wine in bulk. Although the (cheapest) average price paid by this group of countries has remained relatively stable in recent years, the fact is that they are losing their share of total exports in terms of value. On the other hand, the countries paying a higher average price (including the US, Switzerland and Canada) have not only increased their prices but also their share of the total, as can be seen in the table above.

## The wine export sector is redirecting itself geographically towards markets with higher average prices

If we focus our analysis on the main destinations (the top 15, which account for more than 80% of total sales), the performance of exports in recent years (2015-2020) has been generally positive, with Canada and Sweden particularly dynamic in terms of value (although they are also growing in volume). On the other hand, sales to the main European countries have been more contained. Switzerland is a case apart as, despite falling in terms of volume, it is growing in value thanks to a high and increasing average price per litre (slightly above 5 euros in 2020).

### Spanish wine exports to the top 15 destinations

Average annual change in value (%)



Notes: Bubble size indicates the average price of exported wine. Averages from 2015 to 2020.  
Source: CaixaBank Research, based on data from DataComex.

In short, recent years have seen greater penetration in North America and Asia, markets that buy higher-value wine, as well as a progressive reduction in dependence on the European market; since 2000, Europe has reduced its share of Spanish wine exports by almost 12 points.



## The social impact of wine

In addition to its contribution in economic terms, its strong regional roots make the wine industry a driving force for rural development. To a certain extent, winegrowing helps tackle the demographic challenge, as the business and income it generates are vital for many small towns. It is also closely related to the care and conservation of natural resources, since the survival of vineyards depends on protecting species, ecosystems and natural habitats. This is particularly the case of organic viticulture,<sup>28</sup> which is becoming increasingly important in Spain. With over 121,000 hectares in 2020, just over 13% of the total area of vineyards for winemaking, it is estimated that organic viticulture produces over 441,000 tonnes, positioning Spain as a **world leader in terms of organic wine production**.

The environment in which vines are grown is an attribute that enhances the experience of wine consumption. This is the essence of the appellation or denomination of origin (DO), integrating both tangible and intangible features linked to the local area (climate, soil, grape variety, tradition, cultural practices...) which determine the uniqueness of each wine.

## Wine tourism provides local support and boosts the economy of wine-producing areas

One increasing phenomenon is wine tourism, which offers a different experience in the marketing of wine through visits to wineries, food and wine days and various cultural events. It combines wine and culture, is complementary to the rest of the tourist activities and services on offer, generates income for hotels, restaurants and other local businesses and is not too seasonal. It might even benefit from the health crisis, as wine tourism is an attractive activity for people looking for quiet, uncrowded places, open spaces and closer contact with nature. In short, good food – and drink – is one of the trademarks of Spain and wine, the most highly appreciated drink abroad, is associated with the idea of Spain as a very popular tourist destination.

<sup>28</sup> Essentially, selecting the grape varieties best suited to local conditions, using environmentally friendly techniques in soil and crop management and, instead of chemical products such as pesticides and fertilisers, using other methods of organic origin (compost, green manure and waste from the harvest itself).

## Main indicators for the agrifood sector

Annual change, unless otherwise specified

	Average 2000-2007	Average 2008-2014	Average 2015-2019	2020	2021	Date of latest data	Trend
<b>Economic activity indicators</b>							
Total GDP of the economy	3.7	-1.0	2.8	-10.8	19.8	Q2 2021	☀️
GVA primary sector	1.4	0.6	2.1	5.3	-1.2	Q2 2021	☁️
GVA agrifood industry	3.6	-2.8	1.2	-	-	2018	☀️
Agrarian income (current prices)	3.0	2.1	3.6	4.4	-	2020	☀️
Industrial production index: manufacturing industry	1.4	-4.8	2.4	-10.4	14.8 (*)	Jun-21	
Industrial production index: food	1.8	0.0	1.2	-4.4	2.8 (*)	Jun-21	☀️
Industrial production index: beverages	2.3	-1.7	0.4	-9.0	13.4 (*)	Jun-21	☀️
Turnover index: manufacturing industry	5.5	-3.1	3.0	-12.0	17.9 (*)	Jun-21	
Turnover index: food	4.1	1.1	2.8	-2.0	4.9 (*)	Jun-21	☀️
Turnover index: beverages	4.6	-1.2	2.1	-16.2	8.6 (*)	Jun-21	☀️
<b>Demand indicators</b>							
Retail sales index: whole economy	2.8	-4.0	2.3	-6.0	5.8 (*)	Jul-21	
Retail sales index: food	1.5	-2.1	1.1	0.3	-1.4 (*)	Jul-21	☁️
Expenditure on food	2.6	-2.1	0.4	4.6	-	2020	☀️
Share of expenditure on food (%)	14.7	15.1	15.1	17.9	-	2020	
<b>Labour market</b>							
Total registered workers, whole economy	3.5	-2.1	3.1	-2.1	3.6	Aug-21	☀️
Registered workers, primary sector	-1.4	-0.6	0.4	-1.6	-0.4	Aug-21	☁️
Registered workers, agrifood industry	-	-0.8	2.9	-1.0	2.8	Aug-21	☀️
Total employees, whole economy	4.3	-2.4	2.7	-2.9	5.7	Q2 2021	☀️
Employees, primary sector	-1.5	-2.4	1.6	-4.0	6.2	Q2 2021	☀️
Employees, agrifood industry	-	-1.0	1.5	0.0	-3.5	Q2 2021	☁️
<b>Foreign sector</b>							
Agrifood exports	6.3	6.0	5.6	4.0	10.4 (*)	Jun-21	☀️
Primary sector exports	4.7	5.1	5.3	3.5	4.5 (*)	Jun-21	
Agrifood industry exports	7.3	6.6	5.7	4.2	14.3 (*)	Jun-21	
Agrifood imports	6.7	2.0	4.5	-5.6	6.3 (*)	Jun-21	☀️
Primary sector imports	5.2	2.2	4.5	-3.8	6.8 (*)	Jun-21	
Agrifood industry imports	7.6	1.8	4.5	-6.5	6.1 (*)	Jun-21	
Agrifood balance of trade (% of GDP)	0.1	0.4	1.0	1.6	1.7 (*)	Q2 2021	☀️
Primary sector balance (% of GDP)	0.2	0.2	0.4	0.6	0.6 (*)	Q2 2021	
Agrifood industry balance (% of GDP)	-0.1	0.2	0.6	1.0	1.1 (*)	Q2 2021	
<b>Financing</b>							
Outstanding balance of credit to the primary sector	9.9	-5.0	3.9	4.0	4.6	Q1 2021	☀️
NPL rate, primary sector (%)	1.3	7.4	7.8	5.5	5.3	Q1 2021	☁️
Outstanding balance of credit to the agrifood industry	10.4	-1.8	4.4	2.9	0.5	Q1 2021	☁️
NPL rate, agrifood industry (%)	1.6	7.1	6.0	4.2	4.2	Q1 2021	☁️

**Note:** For the indicators marked (\*), the 2021 figure corresponds to the annual cumulative change up to the latest figure available. For the rest of the indicators, the year-on-year change for the latest figure available is shown. Demand indicators are at constant prices.

**Source:** CaixaBank Research, based on data from the National Statistics Institute, DataComex, Social Security and Bank of Spain.



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