ANNEX TO THE WORLDWIDE FISHERIES MARKETING STUDY: PROSPECTS TO 1985

SPAIN

Government of Canada | Gouvernement du Canada
Fisheries and Oceans | Pêches et Océans
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Canada. Dept. of Fisheries and Oceans. Fisheries Economic Development & Marketing. Marketing Services Branch.

(This Report is one of a series of country and species annexes to the main study - entitled the Overview).

D R A F T

Annex to the
Worldwide Fisheries Marketing Study:
Prospects to 1985

SPAIN [V.10]

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The views expressed in this Study, however, are ours alone and reflect the Canadian perception of worldwide markets.

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E.W.
July, 1979

FOREWORD

As a consequence of global extension of fisheries jurisdictions, a radical shift has taken place in the pattern of worldwide fish supply and demand. This change is still going on and will continue for many years before an equilibrium situation is reached. However, in the midst of this re-adjustment, a new trade pattern is emerging -- some net exporting countries are now importing and vice versa. In the longer term, some countries will experience shortages of supply and others will have a surplus. Fortunately, Canada is amongst the latter group.

The implications for the marketing of Canadian fisheries products arising from the worldwide introduction of the 200-mile limit are extensive. With our vastly improved supply position relative to world demand, government and industry are understandably concerned about ensuring that the bright promise of increased market opportunities are real and can be fulfilled. One of the steps in this process is the publication of the Worldwide Fisheries Marketing Study which assesses the potential on a country and species basis.

Specifically, the purpose of the Study is to identify the short (1981) and longer-term (1985) market opportunities for selected traditional and non-traditional species in existing and prospective markets. In this initial phase, 14 country markets and 8 species groups are analysed. It should be noted that while the information contained in the Reports was up-to-date when collected during March-June 1979, some information may now be dated given the speed with which changes are occurring in the marketplace. In this same vein, the market projections to 1981 and 1985 should be viewed with caution given the present and still evolving re-alignment in the pattern of international fisheries trade, keeping in mind the variability of key factors such as foreign exchange rates, energy costs, bilateral fisheries arrangements and the recently concluded GATT-MTN agreements which have a direct effect on trade flows.

Notwithstanding, the findings contained in these Reports represent an important consolidation of knowledge regarding market potential and implications for improvements in our existing marketing and production practices.

Thus, the results of the Study should usefully serve as a basis for planning fisheries development and marketing activities by both government and industry in order to capitalize on the identified market opportunities.

This draft Report is published for discussion purposes and as such we invite your critical comments.

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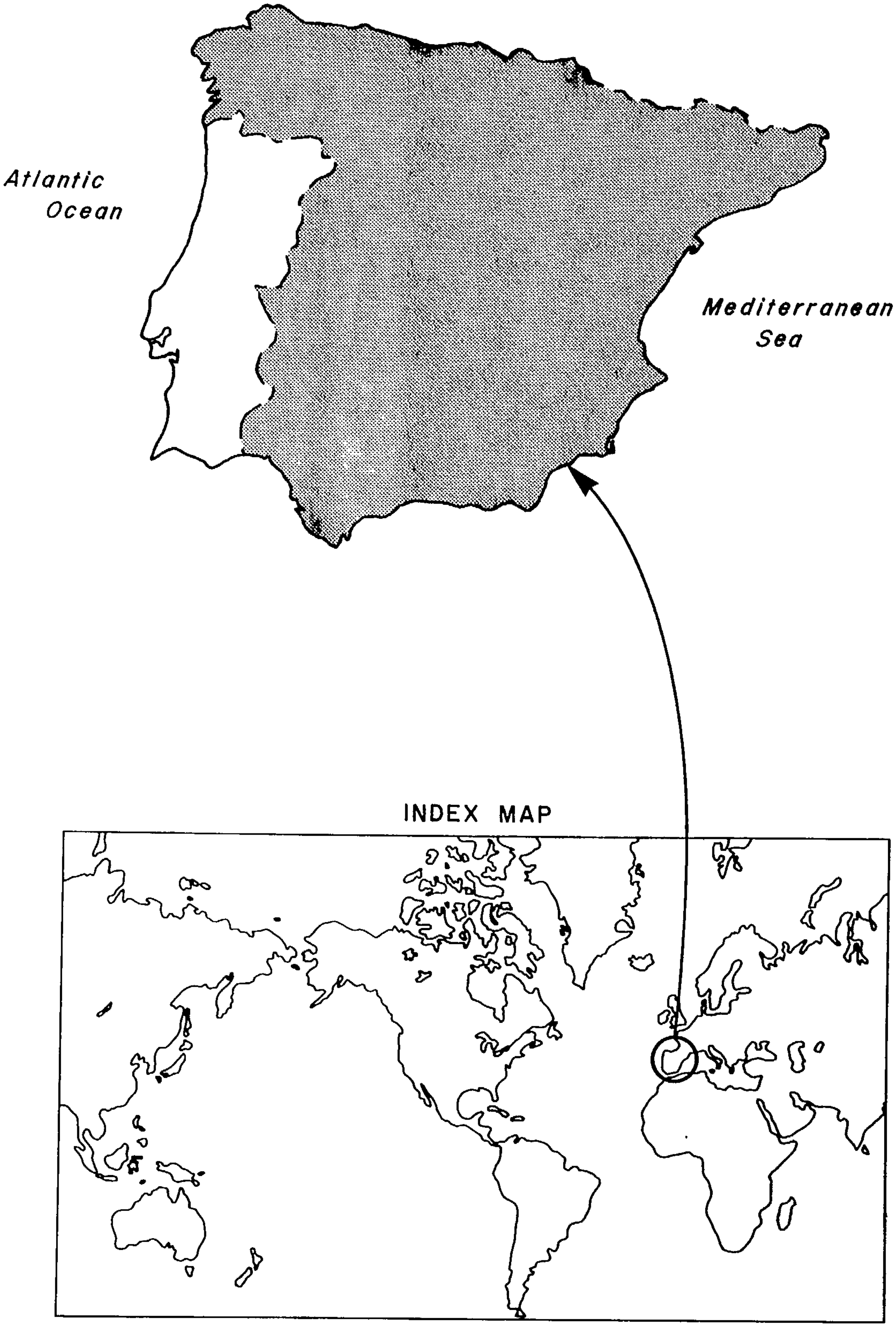

A. OVERVIEW

The Spanish economy achieved vibrant growth in the decade and a half ending in 1975. During this period Spain shifted from an agricultural based nation to an industrial one, climbing to tenth among the industrial powers of the world. The population involved in agriculture dropped from 40% in 1960 to 23% in 1975, with the industrial sector latterly providing 38% of the jobs, and the service sector providing 39%. The boom faded in 1975 in the face of the oil crisis. Industrial growth slowed to 1% per annum in 1976. There was an improvement in 1977, but inflation rose to 25%. The economy has been marking time in the past three years.

Much of Spain's industrial success has been due to an improving political climate, an industrious if not overpaid workforce, and protective tariffs. Many of these tariffs and import licenses are still in effect but will probably begin to disappear when Spain eventually becomes a member of the European Economic Community. Formal negotiations on Spain's application to join the community began in February 1979. The European Commission recommended that Spain should have a transition period of up to ten years after it joins.

Spain has recently become a democrary. The national elections, held March 1, 1979, resulted in Adolfo Suarez of the UCD party being nominated as Prime Minister. It appears that Spain will have a stable government for the next four years.

Spain's most important problems are this transition to a democracy, and the separatist desires of the Basques and to a lesser extent, of the people of Catalina and Galicia. As the underutilized cod fishing fleets are located in Basque and Galicia, the government's fishing policies will become crucial issues. Although the UCD party won the majority of seats in Galicia it was wiped out in the Basque area, which elected its own party and intends to boycott Parilament.

Spain's fishing fleet ranks third in the world and first in Western Europe in gross tonnage. The Spaniards are large consumers of fish, ranking ninth in the world in per capita consumption. Spain's nominal fish catches in this decade declined by six percent from 1,542,400 m.t. in 1970 to 1,454,800 in 1977. Her ranking in world fish catches dropped from 8th to 14th place during the same period.

Two-thirds of Spain's catches come from foreign waters, and her domestic stocks are suffering from severe overfishing. Hence her fishing future depends upon arrangements with other maritime nations. Her policy is to substitute fish imports for utilization of her seamen and fleet.

Implementation of this policy is said to be still developing even though she already has bilateral agreements and joint ventures with several foreign nations. The Cod Fishing Vessel Owners Association admires Canada's commensurate benefit policy, and it is pressing the Spanish government to adopt a similar principle of allowing no imports unless there are balancing allocations. Its aim, now that there is political stability, is to press the government hard for full utilization of its fleet.

B. LANDINGS

(i) Statistics

At best, one can only speculate about Spain's projections on catches, consumption, fleet utilization and areas of fleet activity. Statistics are hard to come by.

The Spanish Department of Fisheries cannot provide adequate statistics, on the grounds that it has insufficient staff to gather them. The fishing industry itself is expected to be the best source of detailed information.

The statistical sections of this report therefore should be used as a guide only. Discretion should be employed in using them.

Be that as it may,the U.N. Food and Agriculture

Organization (FAO) believes that Spain's landings declined by six percent between 1970 and 1977. However, it is suspected that during 1978 there was an increase in landings thanks to Argentinian hake and squid, plus Pacific tuna. It is believed that 40 percent of the Spanish fleet,which normally fishes South African waters,is now devoting its energies to Argentinian waters.

(ii) <u>Joint Ventures</u>

Joint ventures and bilateral fishing agreements are being pursued aggressively by the Spanish government. These will usually involve a Spanish fishing vessel owner investing 49% in a foreign company, while the partner invests 51%. Usually the Spanish portion is in vessels and a portion of the crew must be Spanish. Each joint venture must be approved by the government in Madrid, which also determines how much fish can be imported duty free: this is based on the number of Spanish crew employed in such a project.

Spain has arrangements with such countries as Mexico, Argentina, Haiti, New Zealand, Venezuela and Morocco. The government feels that this is helping to solve its excess fleet capacity. However, it is difficult to convert cod boats to catching other species because of the cost of conversion. There have been frequent surpluses of merliccius

TABLE 1 (Source: FAO Yearbook)

SPAIN: NOMINAL CATCHES, '000 m.t.

	1971	1976	1977	1981	1985
FRESHWATER	11.4	10.0	9.5	10.0	10.0
DIADROMOUS	5.8	7.7	9.3	8.0	8.0
MARINE FISHES:					
Common Sole	2.7	2.5	3.0	3.0	3.0
European Flounder	-----	1.3	2.4	2.0	2.0
Megrim	11.1	15.4	12.6	13.0	13.0
Flatfishes	4.1	0.1	2.6	3.0	3.0
Atlantic Cod	254.9	60.6	80.4	80.0	60.0
Pollock (saithe)	14.3	23.1	25.2	20.0	18.0
Blue Whiting	14.6	21.6	22.4	20.0	20.0
Haddock	6.6	5.0	0.8	2.0	2.0
Hakes, Merluccius	229.2	270.8	291.9	250.0	230.0
Seabreams	10.5	7.2	27.2	15.0	15.0
Anglerfish, monkfish	14.0	16.8	14.9	15.0	15.0
Horse Mackerels	108.4	127.0	120.3	120.0	120.0
Pilchards (sardines)	120.2	215.8	189.2	175.0	170.0
Anchovy	56.1	70.7	82.2	70.0	70.0
Tunas	81.8	95.1	107.1	100.0	90.0
Mackerel, Atlantic	40.6	21.1	29.1	30.0	30.0
Other Marine Fishes	228.3	236.3	173.8	200.00	180.0
CRUSTACEANS:					
Crabs	2.0	1.2	0.9	1.0	1.0
Prawns & Shrimp	13.6	36.4	33.8	30.0	30.0
Other Crustaceans	25.3	6.4	12.6	10.0	10.0
MOLLUSCS:					
Blue Mussels	109.7	65.4	61.2	65.0	65.0
Squids	15.6	29.4	22.1	20.0	20.0
Octopuses	41.9	80.2	58.6	50.0	50.0
Cuttlefishes	12.9	17.1	21.7	17.0	17.0
Common Cockle	17.1	14.7	11.8	15.0	15.0
Other Molluscs	40.7	10.5	23.1	20.0	20.0
SEAWEEDS	10.0	6.1	5.1	7.0	7.0
TOTAL	1,503.4	1,475.5	1,454.8	1,471.0	1,284.0

hake which is the most popular species pursued by these joint venture vessels.

Thus future landings depend very much on Spain's success in arranging foreign allocations under this new policy. The government feels already that the policy is resulting in increased catches and employment. So it will become more active in this area, using a commensurate benefit policy with nations such as Iceland and Norway which could export fish under this agreement.

Spain is also negotiating with the United States for Pacific pollock and with the USSR on a 10 year access arrangement. It is also investigating the Antartic for groundfish.

It is felt that the shortfall in fish landings could in these ways be overcome, particularly for cod. Much of the perceived increase comes from merliccius hake landings.

However, the possible limiting factor in all this is the price of fuel. Vessel owners faced a major increase in fuel prices recently. At their home port, the price had risen from $185 U.S. to $285 per ton; and at Ponta Negra (Angola), the price went from $210 to $377. Vessel owners were pressuring the Spanish government to subsidize fuel costs.

(iii) Catch Prospects

Spain's catches will probably stabilize at current levels in the short term, until 1981, and start to decline after that. This assumption is based on the increasing domestic efforts of coastal states to limit the number of foreign vessels fishing in their coastal waters, plus the increasing costs for Spanish vessels to harvest these foreign waters. Table I gives Spain's catches for 1971, 1976 and 1977 as recorded in the F.A.O. yearbooks. The Projections for 1981 and 1985 are our "best estimates" recognizing the innumerable factors that may change in the future.

C. DOMESTIC SEAFOOD CONSUMPTION

The Food and Agriculture Organization estimated that Spain's average per capita consumption of fish was 38.5 kg. live weight during the years 1972-74. This placed Spain at ninth position in the world. More recent figures are not available but it is indicated that consumption has increased slightly. For purposes of this analysis, a per capita figure of 40 kg. per capita has been employed for 1977. Given, price, income and taste considerations, it is projected that consumption will increase only slightly in the immediate future. However, in conjunction with the anticipated rapid growth in the population, the total market demand for fisheries products in Spain is expected to grow by over 15% up to 1985.

These forecasts assume Spaniards will continue their traditional consumption patterns, that the economic and political situation remains stable, and that individual purchasing power will continue to rise.

One interesting factor complicating this exercise is the annual influx of tourists, which is expected to reach 40 million in 1979. Because of the large variety of fish on restaurant menus, it is estimated that each tourist consumes 250 g. during a visit. This amounts to an additional 10,000 metric tonnes over local domestic consumption in 1979.

In Spain fish is sold both fresh and frozen, or fresca and congelada. There is a third form becoming very popular in Spain, frozen at sea, thawed at the processors and sold as fresh. The Spaniards call this "fresca", which is the same terms used for their fresh fish.

Fresh fish prices have risen dramatically in the past two years so that fresh frozen and frozen fish are capturing more and more of the market. It has been predicted that truly fresh fish will soon become a luxury item. Shellfish is still consumed on a large scale, but the products are European and Caribbean species with few North American

TABLE 2

DOMESTIC CONSUMPTION, SPAIN

		1977	1981	1985
1.	Per capita consumption* (product weight, kg)	40	41	42
2.	Population (millions)	36.0	38.0	40.0
3.	Domestic market (thousand m.t.)	1440	1558	1680
4.	Percentage Increase		8.1%	7.8%

*per capita consumption of fish over the 1972-74 period was 38.5 Kg live weight (FAO statistics). It is estimated to have risen slightly since then.

products visible.

D. IMPORT MARKET FORECASTS

Given the paucity of data and the ongoing policy developments it is difficult to accurately predict Spain's future fish imports from Canada. The Spanish are not familiar with other species, apart from cod, salmon and squid. The short and long term results of Spain's negotiations with other foreign nations for increased allocations in return for preferential imports are uncertain and statistics on Spain's fish imports for 1977 contain some very broad classifications which make analysis and projection difficult.

Cod and salmon imports have been projected in Table 4, and Table 5 shows Spain's 1977 fish imports which give an idea of the size of this market. Attachment C is taken from an importer's newsletter and indicates the interest they have in sourcing foreign supplies.

Spain is an attractive and expanding market for fish and offers a challenging potential for the Canadian exporter. But it is not an easy market to penetrate and should be pursued sensitively and in close cooperation with a Spanish processor or importer. By being receptive to Spanish needs, a lucrative long term export market could be established.

It is interesting to note that reefer trucks are

TABLE 3
SPAIN: IMPORTS OF FISH, 1977

	M.T.	$'000 Cdn
Anchovy	3,816	867
Hake	16,534	16,176
Sardine	55,964	845
Tuna	3,835	4,300
Sole	3,939	5,470
Swordfish	1,382	1,300
Trout	89	365
Turbot	179	558
Fish (General)		
Preserved	302	716
Live	110	111
Salt Fillets	1,222	2,323
Frozen Fillets	3,016	2,952
Dry Salt	93	220
Fresh, Dressed	1,278	3,340
Frozen, Dressed	3,187	2,851
Salmonids	1,349	1,473
Herring	53	60
Mackerel	464	142
Haddock/Pollock/Coal Fish	165	173
Haddock/Cod/Pollock/Saithe	120	204
Crawfish	147	924
Clams	4,542	1,325
Crab	2,195	2,003
Mussels	40	48
Oyster	511	1,534
Shrimp/Prawn	6,989	176,140
Squid	20,000	22,918
Cephalopods	3,722	3,217
Octopus	865	806
Shellfish	797	3,623
Crustaceans	1,894	2,623
Molluscs	7,991	13,321
Lobster	1,374	5,135
Scallops	22	9
Squid/Octopus	208	403

Source: Dept, Industry, Trade & Commerce, Ottawa apparently arriving weekly from Northern Europe and the U.K. thereby introducing new species to the Spanish market. One processor had just introduced sole from Holland and distributed 22 m.t. in three days. Another processor is operating in conjunction with a Scottish firm and imports three truck loads a week of crawfish and whiting fillets. A third told of increasing his annual sales of Cuban langostinos in 1978 to 300 metric tonnes from 120 metric tonnes the previous year, thanks to a television campaign.

I. Cod

(i) Salt Cod

Canadian sales of dried salt cod will depend upon Canada's commensurate benefit policy and the cooperation of the Spanish cod vessel owners. Given the current situation, it does not look as if there is much chance for exporters to greatly expand the Canadian share of this market.

A few years ago practically all of Spanish cod catches went into dried salt. In 1972 Spanish boats caught 220,000 metric tonnes of Atlantic cod which, at 25% yield, means a salt market of at least 55,000 m.t. A recent estimate was that this market had declined to 30,000 m.t. green or about 25,000 m.t. dried. At this figure, it appears the market is stable and difficult to increase. The only way to expand it would be to improve the quality and increase the size of the fish. Appendix Table A-1 gives Spain's 1976 and 1977 cod imports by country of supply.

One Company was attempting to find new outlets for salt cod. It was desalting the salted cod and packaging in poly bags. Another firm was forming the desalted cod into croquettes and placing them frozen in a package. Most of the small salted cod produced in Spain is exported to Africa and South America. However, some very small, 6" long, butterfly-type fillets of cod is desalted, then frozen and sold in poly packages in Spain.

In 1976, Spanish statistics claim their cod imports were 11,100 metric tonnes at a value of $18 million. In 1977 these amounts reached 13,900 metric tonnes at $27 million. These figures include all forms of cod, because there is no product breakdown available.

Given that the domestic salt cod market is 25,000 metric tonnes, it appears that Spain produced about 14,000 metric tonnes from her own catches. Assuming that this market remains steady and that by 1981 Spain's catches are reduced to the equivalent of 8,000 metric tonnes dried salt, they will need to import 17,000 metric tonnes, - about 5,000 metric tonnes dried and 15,000 wet cod.

By 1985, Spain should have concluded some fishing arrangements with Norway, Iceland and the U.S.S.R.

TABLE 4- IMPORT MARKET PROJECTIONS, 1981 AND 1985

(metric tons, product weight)

		1977 TOTAL	1977 FROM CANADA	1981 TOTAL	1981 FROM CANADA	1985 TOTAL	1985 FROM CANADA
	COD						
1.	1.1 Fresh, round, or dressed	29	--	--	--	--	--
	1.3 Frozen, round or dressed	25	--	1,000	500	1,000	1,000
	1.5 Frozen blocks	--	--	500	500	500	500
	1.6 Cured, dry salted	1,207	--	5,000	2,500	3,000	1,000
	1.8 Cured, wet salted	12,492	--	15,000	4,000	8,500	--
	1.9 Cured, dry salt fillets	179	--	--		--	
	SALMON						
13.	13.3 Frozen, round	297	80	350	150	400	250
	13.6 Cured, pickled, etc	24	--	--		--	
	13.8 Fresh, dressed	54	15	65	30	90	50
	13.9 Smoked, dressed	11	2	--		--	
	HADDOCK/POLLOCK/COAL FISH						
	Fresh, round or dressed	60	--				
	Frozen, round or dressed	101	--				
	HADDOCK/COD/POLLOCK (SAITHE)						
	Frozen fillets	17	--				
	Dried	63	--				
	In brine	40	--				

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If so, her domestic production could rise to about 15,000 metric tonnes, leaving 10,000 metric tonnes to be imported - possibly 3,000 metric tonnes dry and 8,500 metric tonnes wet salt cod.

(ii) Frozen Cod

It appears that the demand for cod has shifted from salt to other preparations in recent years with the frozen, head off and gutted product having a good market potential. In recognition of this shift in demand traditional salt cod processors are now moving into frozen breaded products. Because there are many different forms of frozen preparations, the size of the fish is not as critical as it is in salt. Some of these new products are listed in Appendix 1.

Frozen dressed cod could reach 1,000 m.t. in 1981 and frozen blocks could reach 500 m.t. These potential sales assume that Canadian exporters would establish connections with Spanish processors to work on quality, presentation and new types of products. Assuming that Spain increases her cod catches somewhat by 1985, these conservative estimates would remain at the same level.

II. Salmon

Relatively large quantities of salmon are being consumed in Spain. In 1977, almost 400 m.t. were imported, in various forms, of which 97 m.t. came from Canada.

There appears to be a growing market for Canadian chum salmon. Silver-bright chum is preferred because of its pale red flesh, and is sold domestically in frozen or smoked form. Smoked is sold sliced in 100 g packages, or whole sides to the restaurant trade.

Some complaints about Canadian quality such as poor flesh colouring and broken flesh inside the skin were registered. Asked if they might prefer coho to remedy the flesh colour problem, Spaniards felt coho's colour was too bright a red.

If Canada could supply good quality colour, it could potentially double its Spanish sales. Hence, an increase of frozen, dressed and fresh, imported salmon is projected, with Canada winning an enlarged share.

III. Hake, Merliccius

Throughout the Iberian Peninsula, large quantities of hake, both fresh and frozen are consumed. At first glance it would appear that these markets are well supplied, and that there is little opportunity for Canadian imports. However, importers are interested in receiving samples of frozen at sea, dressed-headless frozen hake. Two constraints that might prevent the exportation of hake to the Spanish market are government import license regulations, and the current low price offered this species.

At the present time, frozen-dressed-headless hake under 500 grams are a glut on the world market, but hake 500 grams and over are in short supply. Unfortunately, hake produced in the Gulf of Georgia in the winter and spring months, fall into the 500 and under gram classification. Later in the summer, larger hake off the west coast of Vancouver Island can be caught.

IV. Monk Fish

There were a number of enquiries for frozen monk fish tails. Some companies were importing these from the U.S.A. There could be some potential for exports to Spain of this product.

V. Inexpensive Species

Spanish processors are searching for inexpensive species which could be processed in various ways. One process which has recently proved popular is the Embutido de Pescado, or fish sausage. Small fillets, that normally cannot be sold at retail, are usually used in this process. In some instances the small hake are processed in sausage aboard the vessel.

These sausages are frozen and sliced for the customer at the retail level. One processor was slicing the frozen sausages, made with monk fish tails, and wrapping them into 250 g packages.

VI. Shellfish

Generally there is little interest in Canadian shellfish. Client interest appears to be centered on European and Caribbean species. However, given the high Spanish consumption of shellfish, Canadian exporters should investigate the potential of introducing our species to this market.

(i) Lobster

One importer is looking at the possibility of selling the Atlantic lobster. In Spain the whole scallop, with shell, is frozen and packed into 6 kg cartons for the restaurant trade. However, Canadian scallops are considered to be too high in price for the Spanish market.

(ii) Shrimp and Crab

Canadian shrimp are also considered to be too expensive. However, if the price of Spanish species continue to rise, Canada may be able to gain a foothold in the market.

Crab meat comes from Northern Spain and is a luxury item with a modest sales volume.

VII. Squid

The annual market for squid was estimated at 60,000 metric tonnes. Illex is increasing its share as loligo is becoming too high in price. Catches in domestic waters are declining. The main sources are now from joint ventures in Argentinian waters and direct imports. The major importing nations are South Korea, U.S.S.R., Poland and France.

An important consideration in squid supply is the Argentine joint venture production. For 1979, the Spanish government will only permit 30% of this source into the country on a duty-free basis. The remaining 70% will be subject to controls and duties. The Poles and Russians are quoting $7-800/m.t. for 1979 Argentine squid whereas the Spanish vessels themselves need $9-1000/m.t. Vessel owners were attempting to have the Spanish government place a 60 psta/kg duty on foreign imports so that their vessels could compete.

There is little potential for Canadian squid sales to Spain. Our squid is smaller than the Argentine species, our prices are higher and the Spanish catches in Argentine can supply their total market.

E. TRADE PRACTICES

I. Distribution System

(i) Retailers

The dominant features of the Spanish retail trade are the small neighbourhood specialty shops and open air markets. Approximately 288 thousand retail food outlets make up half of all the retail establishments. Ninety percent of all fish products are still sold through fish shops and kiosks which also sell fresh meats. Some of these shops, but not a majority, also have freezers for frozen products. Another type of retail outlet, selling only dry goods, will sell dry salted cod. Supermarkets and the European hypermarket exist, but their acceptance by consumers is slow.

(ii) Wholesalers

Wholesale houses are of two kinds: larger national or regional firms and smaller provincial firms selling directly to retailers or institutions. The nationally oriented firms may also sell to retailers as well. Both kinds may also be processors and/or vessel owners and/or importers. Those who are processors are freezing, drying, filleting, and are at times putting up retail packs (some prepared and ready-to-cook products).

One or two wholesalers/processors have

attempted magazine advertising, but television commercials are considered too expensive at $30,000 per twenty second slot. One company has introduced products using a poster campaign and tasting booth in supermarkets.

(iii) Importers/Agents

Importers and agents must be registered with the government to carry on their business. They are all in the private sector and, as mentioned previously, may be wholesalers, processors or vessel owners. Therefore, they are in a good position to arrange for the introduction of a product into the distribution system, for packaging and advertising, and are able to monitor the quality of the product imported against that required by the market as well as to maintain the required contacts within government to ease documentation and customs.

2. Foreign Trade Regulations

Firstly, tariffs in Spain operate under three basic structures: (a) the "normal rate" which applies to all imports from countries not entitled to preferential treatment; (b) the GATT rate, which applies to signatories of that agreement; and (c) the EEC rate applying to members of the European Community. Canada falls under the GATT rate which is lower than the "normal rate" but higher than the EEC rate.

Secondly, all importers are subject to an equalization or fiscal compensatory tax designed to equal the taxes and fees to which domestically produced goods are subject.

Thirdly, there is an internal varible tax which varies as to season and the current thrust of government policy. An example of the most recent tariffs on fish species common to Canada follows. The tariff is *ad valorem* on the CIF price.

Product	General Import Tariff	Fiscal Compensatory Tax	Internal Variable Tax
Squid,Frozen (Calamar)	8%	6%	5 ptas/kg
Lobster, Frozen or live	8%	6%	not avail.
Salmon, Frozen, whole, headed, sliced except fillets	15%	8%	not avail
Shrimp, Frozen	8%	6%	25 ptas/kg
Cod, Hake, Monkfish			
Whole frozen, headed or sliced except in fillets	15%	8%	5 ptas/kg
Fillets, whole or sliced	15%	8%	5 ptas/kg
Dry and wet salted, whole, headed or sliced, except in fillets	10%	7%	5 ptas/kg
Dry salted, fillets or pieces	10%	7%	5 ptas/kg
Not dried, but salted or pickled	10%	7%	5 ptas/kg

Imported products which are further processed in Spain and subsequently exported eventually have the tariff rebated and qualify for a partial refund on the internal taxes.

3. Import Control

Spain has progressively relaxed restrictions on her import trade, with the result that approximately seventy-five percent of Spanish imports are included in a "liberalized" list applying to most countries. Import licenses are not required for the goods on this list.

However, importers must file an import declaration with the Ministry of Commerce, which endorses and returns it as an authorization to import.

Other products which appear on a "non-liberalized" list require a license, and may be subject to annual quota and/or consideration on their merit. Fisheries products fall into this latter category. Before a license is considered the importer/agent must present a firm offer by a foreign exporter with the exact specifications of the product, price, delivery date, etc.

In a sub-set of the "non-liberalized list are those products which are allowed to be imported because they are sold to state monopolies or enter as a result of negotiated Bilateral Agreements. Dried salt cod is an example of the latter. These products still require licenses. Government and semi-public bodies such as public service concessionaires, state supported educational institutions, and certain companies enjoying "national interests" benefits must buy Spanish goods. If they can prove that the goods required are not available from Spanish producers, they may be granted certificates of exception from the Ministry of Industry.

Since 1973, foodstuffs have been imported by the private sector. However, the government still reserves the right to import them "whenever needed", for example, to fight inflation.

4. Foreign Exchange Control

The granting of an import license or import declaration generally ensures the allocation of the necessary foreign exchange.

5. Samples

Fish samples may enter Spain free of tariff and license requirements if documentation clearly indicates that it is a sample.

6. Labelling

Fish products coming into Spain must have country of origin marked on it, but otherwise there does not seem to be any other requirement. Frozen products direct to the consumer has the usual information labelling requirements.

7. Methods of Payment

All the usual methods of payment are employed in exporting to Spain. Letters of credit are more frequently used than in other European countries. Collections are more often on usance rather than sight basis.

F. MARKETING MECHANISMS IN SPAIN

The focus of attention for marketing fish, fresh or frozen, in Spain is the fish market in each provincial capital or major regional municipality. With so many retail outlets to service, it would be a physical impossibility for wholesalers to supply all of them directly. Therefore, the retailers come with their trucks to the market for their daily requirements. In some cases these buyers may be the owners of fish shops or kiosks selling directly to the consumer, or they may be middlemen to distribute to the shops. A person must be a member of the market in order to sell in it.

Wholesalers deliver their product to the market and either deal with an associate or, if they are members of the market, have their own place and sell themselves. The wholesaler may have received his product from processors or importers (in some cases, they may perform these functions as well). If the fresh/frozen fish is being landed by Spanish ships, the fish is sold by auction at the port where it is landed. Some wholesalers may supply the supermarkets directly without going through the market.

There have been general price and profit controls in Spain on and off for the last few years, but nothing specifically applies to fish products. The marketing of fish in Spain depends to a large extent on service and personal business relationships built up over a number of years and sometimes passed on from one generation to the next. The latter can be more important to a degree than price. To a large extent price competition takes place in the fish markets where common exposure ensures the lowest price.

Service is important at the retail level. The Spanish housewife likes to see the fresh fish whole. Indeed, presentation is extremely important. The fish must at least look as if it had been previously frozen and only thawed the day before. Once the housewife has chosen the fish, she tells the retailer how she wants it prepared (filleted, etc). This he does while she waits.

There is a strong traditional preference for fresh fish. However, frozen fish and prepared precooked products are gaining acceptance as the price of fresh fish has soared in the last few years. Frozen fish sales have been hindered in the past due to a lack of proper or well maintained freezing facilities in the distribution chain and in the consumer's home, which in turn, affected both the taste and presentation of the product. The freezing problem has been largely overcome, resulting in an increased consumption of frozen fish.

Substitution frequently occurs between fish and other meat products depending on their relative prices and availability. There does seem to have been a consolidation of wholesalers/processors during the last few years. Many of the larger companies are composed of fifteen to twenty partners. There are still, though, a significant number of single owner firms. The neighbourhood retail outlets seem to be family owned and run establishments. Integration seems to have occurred between vessel owners, processors and wholesale distributors, but not between any of this group and retailers.

Appendix I

New Cod Products

(1) CROQUETAS DE BACALAO, 20 - LISTAS PARA FREIR - 370 g.

Ingredients: flour, milk, lard, butter, egg, bread crumbs, spices, salt & cod.

Preparation: do not defrost. Fry in plenty of hot oil until golden brown.

Storage: up to 4 months in refrigerator at 0.4^{o}. Do not refreeze.

(2) LOMOS SELECTOS DE BACALAO FRESCO SIN PIELE NI ESPINA - 450 g

(3) FILLETS DE BACALAO FRESCO CON PIEL - 400 g

(4) FILETES DE BACALAO FRESCO SIN PIEL - 400 g

(5) PORCIONES DE FILETES DE BACALAO FRESCO - 300 g

(6) PORCIONES DE BACALÁO DESALADO Y CONGELADO - 400 g

Table A-1

SPAIN - IMPORTS OF COD - 1976, 1977

BY SOURCE COUNTRY

1976

- Whole, headless, pieces, fillets. Salt/dry

	m.t.	$'000 (Cdn)
Denmark	5	13
Norway	286	761
Canada	68	142
	360	917

- Whole, headless, pieces, fillets. Salt, dry, brine, smoked.

	m.t.	$'000 (Cdn)
Denmark	5,786	9,055
Iceland	4,878	7,811
Italy	50	79
South Korea	1	2
Canada	2	17
	10,718	16,967

TOTAL COD	11,078	17,884

Table A-1 (continued)

1977

		m.t.	$'000 (Cdn)
- Fillets, salt, dried	Denmark	179	317
- Fillets, in brine	Denmark	3	12
- Not fillets, salt, dried			
	Denmark	764	1,350
	Iceland	174	273
	Norway	268	859
		1,207	2,483
- Not fillets, salt, wet			
	Denmark	5,047	9,976
	Iceland	5,669	10,740
	Norway	1,725	3,252
	Sweden	50	86
		12,492	24,056
- Not fillets, fresh	U.K.	9	7
	Portugal	1	
	South Korea	18	23
		29	32
- Not fillets, frozen	Argentine	25	34
TOTAL COD		13,935	26,934

Appendix 2

SPAIN - EUROPE'S LARGEST FISH CONSUMER

Official figures show that Spain consumes 1.120 million kilos of fresh fish and 18 million kilos of frozen fish. This is in respect to fresh fish 32 kilos per head of the population and frozen fish 5 kilos. Consumption is on the increase.

Spain has 36 million inhabitants and the amazing number of 39.7 visitors in 1978 is expected to reach 40 million in 1979. Hence the consumption of fish will rise as it means feeding some 76 million people.

Fresh fish prices are rising sharply due to the difficulties being experienced by Spanish fishing boats in operating within the 200 mile limit of certain nations. Example: fresh hake in the Madrid Central Fish Market is presently from Pesetas 600-700 per kg (US $8.50 - $10.00) whereas frozen hake is about Pesetas 180-200 per kg. ($2.60 - $2.90).

Hake and cod are the two main fishes consumed in Spain, the main demand being for sizes over 1 kg. These two species are also consumed in fillets - skinless. There is little demand for skin-on. There is also a large demand for squid, mainly for the species Loligo vulgaris, Loligo peaeli and

Illex illecabrosus. Of all these the annual import into Spain is well over 100,000 m.t.

Other fishes consumed in Spain are:

Sole

Octopus

Spanish Bream (Pagellus centrodontus)

Sea Bream (Roccus labrax)

Sardines

Cuttlefish (whole and fillets)

Red Mullet

Tuna

Albacore

Swordfish

Conger eel

Eel

Turbot

Monkfish tails

Mackerel

Ling (Molva molva)

In fact, this is a very wide variety with new species gradually coming into the market. New supply sources are also coming into the Spanish market. At the present time, much work is being done to introduce New Zealand species; and recently New Zealand sole has arrived, and orders have been placed for octopus.

We invite news on all fishes which you can supply. We promote interest all over Spain.

Spain is also a very large consumer of SHELLFISH such as:

Scampi (Nephrops norvegicus)

Lobster (various species)

Crab (mainly Cancer pagurus)

Scallops (mainly Pecten maximum)

Shrimp (and peeled)

Prawns

Cockles

Winkles

Spain imports about 5,000 m.t. whole prawns annually.

- Madrid, 15th March, 1979.

(Spanish Importer's Newsletter)