THE AGRO-FOOD INDUSTRY IN SPAIN

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The orographical state of Spain, peninsular characteristics and geographical situation, have given rise to a large diversity of agroclimatic environments which, together with human activity, have put together a mosaic of agricultural landscapes. The most important physical limitations for agricultural activity are found in the altitude and slopes of a considerable part of the territory, in the poverty of certain soils, in the scarce rainfall and in the risks of erosion. In order to overcome these difficulties, irrigation is considered as a possible alternative.

On the other hand, other zones present more benign conditions which have favoured the development of a more intensive and dynamic agriculture.

In the development of the agro-food system, together with these physical conditions, there are other limitations of a socio-economic nature, which require special intervention of the socio-structural policy of the European Community (EC) through the regional objectives 1 and 5b. The areas included in objectives 1 and 5b make up 89% and 58%, respectively of the surface area and population of Spain.

The total population, which in 1961 was of 31 million, reached almost 40 million in 1991.

The growth of the Spanish population over these years has been accompanied by a spatial redistribution: populations in urban and industrial nucleii have become increasingly more concentrated whilst the rural population has decreased. This has caused severe demographic disequilibrium between regions and depopulation of numerous areas of inland Spain.

The active population in 1991, was slightly over 15 million inhabitants, with unemployment figures of approximately 2.2 million.

The process of economic development in Spain brought about, as in other countries, a reduction of the active agricultural population.

In 1940, this made up 51% of the total; 25% in 1970 and in 1991 about 10%, well over the community average and below the averages of Portugal, Greece or Ireland. Spanish agriculture employs about 1.6 million people and the agro-food industry employs approximately 400 thousand.

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Abstract

In the first part of this paper the agro-food system is described (organization, consumption, distribution and external balance; relation with the other elements of the food chain and technological and legal policies). In the second part, the main agro-industrial sub-sectors are analysed (oils, meat, milk, preserved vegetals, cereals, bread, compound foods and wine). The third part is devoted to study some structural features of the Spanish agro-food industry. Finally, a balance and some perspectives for future are presented.

Résumé

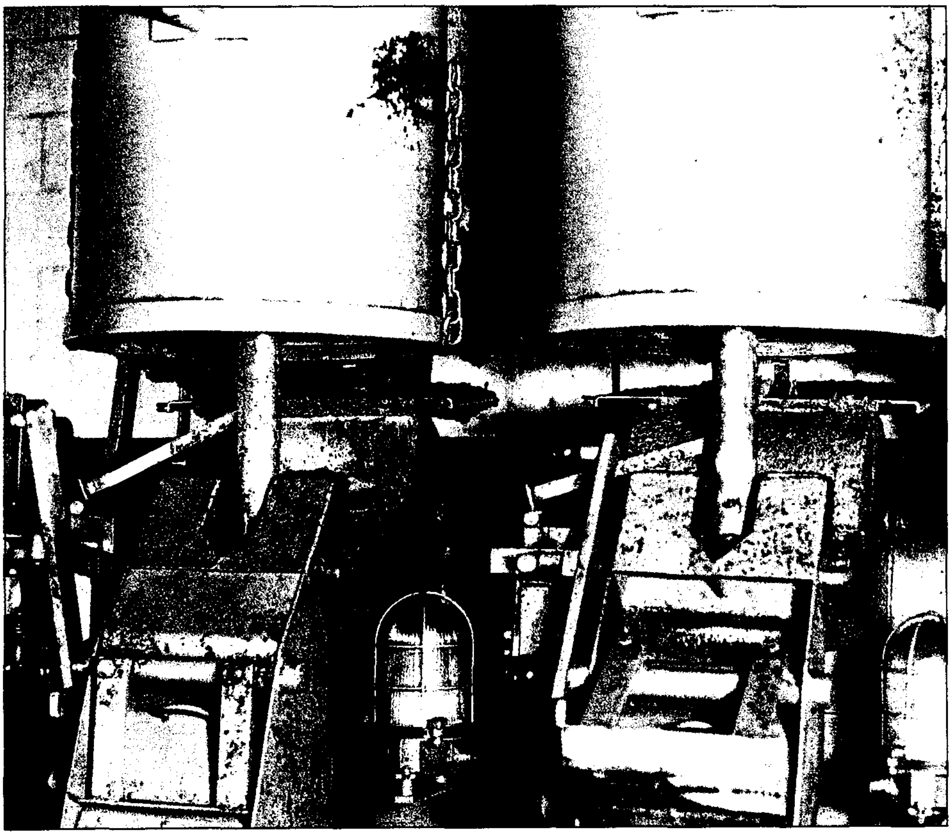
Dans la première partie du rapport on décrit le système agro-alimentaire (principes d'organisation, consommation, distribution et bilan externe; les rapports avec les autres éléments de la chaîne alimentaire et politiques téchnologiques et de régulation). Dans la deuxième partie on étudie les principaux sous-secteurs agro-industriels (huiles, viande, lait, conserves végétales, céréales, pain, aliments composés et vin). Dans la troisième partie on analyse quelques charactéristiques structurelles de l'IAA espagnole. Finalement un bilan et les perspectives d'avenir sont présentés.

The agro-food system

General principles of organization

Six years on from the incorporation of Spain into the European Community, the agro-food sector is still under a period of transition. Its internal structure is being transformed both from the economic-business point of view and also from the new framework of links and interdependences between producers of raw materials, processing industries, distribution channels and final consumers.

This process is not, of course, exclusive either to Spain or to the EC. It affects the



rest of the world by the capacity of control exercised by the multinationals over food production and distribution.
The Spanish agro-food sector responds to the following basic coordinates:
— Decreasing trend of the active agricultural population.
— Searching for maximum profitabilities by creating a new dimension for the size of farms and encouraging a greater specialization in crops and livestock productions.
— Reinforcing competitivity of productions on the international market.
— Creating greater integration of the production of raw material into the processing industries and the large commercial distribution chains.

Food consumption

The present situation of the food consumption in Spain falls within the framework of the evolution which began during the sixties. The migratory processes of the rural world towards the cities; the strong development of transport and social communication; the diffusion of new production and conservation techniques, together with the incorporation of women working out of the home, have caused significant modifications in the eating habits of the population.
The structure of food expenditure has been substantially modified over the last few years (**table 1**). In general terms, Spanish food consumption is correct and satisfies nutritional requirements. The Spanish diet continues to maintain a good part of the qualities of the Mediterranean diet.

Table 1 ***Evolution of the structure of the annual average expenditure per person on food in Spain (%).***

Subgroup	Years 1958	1967	1973/74	1980/81	1986	1991
Bread, pastas and cereales	18,5	13,4	10,2	10,8	11,7	7,5
Potatoes, vegetables and legumes	13,1	12,1	9,7	8,6	8,1	9,4
Fruit	5,3	6,5	7,0	8,6	7,9	10,3
Meat	17,6	25,8	29,0	28,7	29,2	27,7
Fish	8,3	8,3	8,6	10,6	10,6	12,2
Eggs	6,8	5,5	4,0	2,9	2,4	2,0
Milk, cheese and butter	8,7	9,4	10,2	11,8	11,9	11,5
Oils and edible fats	8,5	8,0	6,6	4,9	4,5	3,2
Sugar, sweets and cakes	4,2	2,9	2,9	3,2	3,5	6,2
Coffee, malt and other aromatic drinks	2,1	2,5	1,9	2,6	2,5	1,0
Wines, beers and liqueurs	4,4	3,9	5,6	4,6	3,8	3,6
Non alcoholic drikns	0,3	0,9	1,4	1,5	1,4	1,9
Others	2,2	0,8	2,9	1,2	2,5	3,0

Table 2 ***Evolution of the number of food shops in Spain.***

Year	Total establishments	Traditional Núm.	%	Self-service Núm.	%	Supermarkets Núm.	%	Hypermarkets Núm.	%
1976	117.774	106.813	90,7	10.747	8,9	443	0,4	14	0,0
1981	113.758	101.593	89,3	11.436	10,1	691	0,6	38	0,0
1986	112.593	93.079	82,7	17.820	15,8	1.622	1,4	72	0;1
1989	101.963	72.097	75,6	13.371	18,0	6.372	6,2	128	0,1

Table 3 ***Distribution of the agricultural contracts and of the production contracted per products.***

Product	Number of contracts	Production t
Tomato	6.198	878.486
Fruits	11.304	161.157
Citrus fruits	1.432	74.303
Legumes	283	1.616
Dried fruits	1.608	4.827
Iberian Pig	64	11.123
Tobacco	17.387	53.916
Cotton	21.588	372
Legumes - animal feed	353	3.918
Soya grain	917	18.175
Resin	403	14.000
Dehydrated forage	13.324	352.505
Chicory	307	11.000
Vegetables	732	27.409
Leeks (dozens)	1	190.000
Cows Milk (litres)	292	120.000.000
Goats milk (litres)	11	1.983.975

Distribution and international food trade

The Spanish distribution sector can be mainly described by its high fragmentation and regional character. In Spain there are approximately 400,000 retail establishments, of which 25% correspond to food. The total number of establishments has been decreasing in the last few years although at a lesser rate than in the majority of European countries (**table 2**).
Traditional shops are still important in the food sector (almost 50%). In particular they make up an large share of the perishable goods market. Whereas the share of self service establishments and supermarkets has increased, their being the leaders in packed products, the importance of self-services is still low in spite of their increase.

International trade

The recent evolution of the economic magnitudes until 1986 shows a comfortable cover rate of 250% in the industrialized foods trade and a positive net balance of approximately 188,000 million pesetas annually during the two year period 1984-85. In 1989, the superavit had disappeared and 1990 closed with a deficit balance of 129,688 million pesetas in a cover rate of 86.5%. In 1991, the deficit of the agro-food balance was of 179,048 million pesetas and the cover rate was of 84.3%. As one can appreciate, there has been a negative evolution of the foreign agro-food balance in Spain since joining the EEC.
With regard to the geographical distribution of the foreign food trade, the following aspects can be pointed out:
Imports: The EC provides 52% imports; the United States 14.4% and the rest of the world 33.6%. Within the EC, 35% is imported from France, 15.3% from the Netherlands and 12.8% from the United Kingdom; 10.8% from Italy and 15.6% from the rest of the EC.
Exports: 75.2% of the Spanish agro-food exports are destined to the EC; 5.1% to the United States and 22.4% to the rest of the world. In the EC, 25.8% is sold to France; 20.2% to Germany; 15.7% to Italy, 14.5% to the United Kingdom; 9% to the Netherlands and 14.9% to the rest of the EC countries.

Processing industries and their links with other agro-food sectors

Agriculture-industry relationships

As previously stated, one of the main characteristics of the Spanish agro-food sector is the growing interdependence between the different agents involved in the food chain. The agreements between agriculture and industry, despite their decade-long existence, are difficult to quantify.

Table 4 ***Main macro-magnitudes of the oil and fats industry.***

	1985	1988
Number of establishments	2.168	2.299
Less than 20 workers	93	94
Between 21 and 50 workers	5	4
Between 51 and 100 workers	1	1
More than 100 workers	1	1
Number of persons employed	14.478	15.432
Gross production	426.132	497.415
Intermediate consumption	366.985	432.099
Added value	59.147	65.316
Gross fixed capital formation	5.024	7.879

Table 5 ***Main macro-magnitudes of the meat industry.***

	1985	1988
Number of establishments	3.784	4.056
Less than 20 workers	89	88
Between 21 and 50 workers	6	7
Betweem 51 and 100 workers	3	3
More than 100 workers	2	2
Number of persons employed	46.117	53.715
Gross Production	535.205	810.258
Intermediate consumption	419.215	652.741
Added value	115.990	157.517
Gross fixed capital formation	6.345	9.426

Table 6 ***Main macro-magnitudes of the diary industry.***

	1985	1988
Number of establishments	875	593
Less than 20 workers	82	70
Between 21 and 50 workers	8	13
Between 51 and 100 workers	4	6
More than 100 workers	6	11
Number of persons employed	25.879	25.502
Gross production	432.097	543.038
Intermediate consumption	327.449	415.988
Added value	104.648	127.050
Gross fixed capital formation	10.898	14.436

Table 7 ***Main macro-magnitudes of the vegetable canning industry.***

	1985	1988
Number of establishments	746	725
Less than 20 workers	67	65
Between 21 and 50 workers	17	18
Betweem 51 and 100 workers	9	9
More than 100 workers	7	8
Number of persons employed	23.820	25.251
Gross production	153.522	203.558
Intermediate consumption	112.934	150.219
Added value	40.588	53.339
Gross fixed capital formation	4.321	6.815

It is becoming increasingly necessary to pay attention to the supplies of agro-food products to industry which fall under contractual regime. In 1988, 77,000 contracts were drawn up (compared to 32,000 in 1987 and 25,700 in 1986) involving 44 products. The production contracted went up to a quantity of 1.83 million tonnes. The same year, more than 200,000 growers and farmers commercialized their products through agricultural contracts. **Table 3** illustrates the distribution of agricultural contracts per product.

The provisional data for 1990 indicates that the number of contracts drawn up decreased to 67,000 in spite of affecting a greater number of growers and farmers (370,000) and an even greater volume of production (2,773,829 tonnes).

Relationships between agro-food industry and distribution

One of the greatest consequences of the evolution taking place in the commercial distribution in Spain during the last few years, is the building of a renewed organization of the producer - distributor relationship. The situation has changed from a market dominated by the producers, where it was necessary only to place the product on the market to ensure sale, to a saturated market. This has given rise to a shift in market power from the producer to the distributor. The growing trend is for distribution to place its criteria more and more on production. A double circuit will be established: small producers-large distributors and large producers - small distributors. These relationships will not be exclusive and interdependences will exist. The degree of concentration both in the agro-industrial sector and in the distribution sector will play a key role in determining their respective market shares in the different agro-food sectors.

Technology and equipment

Traditionally, one admits that the agro-food industry is one of the sectors which puts least effort into R + D within the industrial network. The causes are difficult to identify. The long life cycle of innovations in food or the conservative character of the actual consumer facing the radical novelties in diet could be one of the causes which explain this fact.

This does not imply that the agrifood industry (AFI) has not undergone an important modernization process. The agro-food sector has been a traditional user of capital goods; of process technologies and intermediate products. One can say, therefore, that the modernization of the agro-food industry has taken place fundamentally through the externalization of the innovating activity.

The research carried out by the firm itself has focused fundamentally on the commercial sector. The search for new opportunities in the market has been the main objective of the agro-food industry and the introduction of innovations in the production process has been carried out through capital investment.

Policies and regulation

The recent evolution of the Spanish agro-food industry has been marked by a series of factors, among which one must point out the following:

1. Spain joining the EC and the progressive disappearance of border tax barriers.
2. The Common Agriculture Policy and its reform. Spain joins the Community at a moment of high budget burden and the majority of Spanish productions were negotiated during a transition period in order to bring Spanish prices closer to Community prices.

This provoked a general rise in raw material prices. The impact of the CAP reform, recently drawn up, supposes a decrease in prices for some raw materials.

3. The economic policy followed by the government. During recent years, the economic policy has moved fundamentally towards the reduction of public debt and inflation, leading to the elevation of interest rates, which has had a double effect: on one hand it has attracted foreign capital, however on the other hand, a strong revaluation of the peseta has taken place. At a moment when the agro-food firms have strived to invest in the renovation of their production processes and in technology, the cost of this has been high. If this investment is to have repercussions on the final price of the product, the consequence is clear: loss of competitivity. High costs and a strong peseta bring about a considerable increase in agro-food imports.

4. The implementation of the Single European Market, which implies:

— the reduction of physical barriers: customs, immigration controls, passports .... This objective will not be difficult to achieve.

— the reduction of the technical barriers: more than 200 non-border tax barriers have been detected which restricted free trade between EC countries. The reduction of these barriers has been the basic objective of the Comission. In this sense directives have been passed on labelling, materials in contact with food, additives, productive processes, sampling, quality inspections, irradiation etc.

— the reduction of fiscal barriers: important efforts have been made in order to reach a certain harmonization of indirect taxing. Spain has recently raised the average rate of VAT to 15%. Nevertheless, an agreement still does not exist on the establishment of a reduced rate which would affect, among other goods, food.

Main agro-food industries and their recent evolution

Oil and fats industries

This subsector reached a production of almost 500,000 million pesetas in 1988. This quantity represents 10% of the total turnover of the Spanish agro-food industry. **Table 4** illustrates the main macro-magnitudes of the aforementioned subsector between 1985 (year previous to joining EC) and 1988. The most outstanding fact is the large number of small establishments (94% of the establishments held less than 20 workers) whilst three business groups (Elosúa, Cargill and Koipe) control most of the market share.

When considering added value, the oils and fats industry generated 65,000 million pesetas (5% of the value generated by the food industry in Spain).

Table 8 ***Main macro-magnitudes of the cereal industries.***

	1985	1988
Number of establishments	3.195	2.316
Less than 20 workers	97	96
Between 21 and 50 workers	2	3
Between 51 and 100 workers	1	1
More than 100 workers	—	—
Number of persons employed	11.534	10.040
Gross production	227.177	227.950
Intermediate consumption	193.354	197.428
Added value	33.823	30.522
Gross fixed capital formation	3.524	5.195

Table 9 ***Main macro-magnitudes of the bread, cake and biscuit industry.***

	1985	1988
Number of establishments	22.444	22.610
Less than 20 workers	98	97
Between 21 and 50 workers	1	1
Between 51 and 100 workers	1	1
More than 100 workers	—	1
Number of persons employed	88.036	98.982
Gross production	313.519	431.457
Intermediate consumption	174.697	234.935
Added value	138.822	196.522
Gross fixed capital formation	14.917	20.731

Table 10 ***Main macro-magnitudes of the animal feed industry.***

	1985	1988
Number of establishments	791	915
Less than 20 workers	78	79
Between 21 and 50 workers	15	16
Between 51 and 100 workers	5	4
More than 100 workers	2	1
Number of persons workers	9.630	11.329
Gross production	418.262	514.758
Intermediate consumption	374.134	461.692
Added value	44.128	31.758
Gross fixed capital formation	4.928	6.114

Table 11 ***Main macro-magnitudes of the wine industry.***

	1985	1988
Number of establishments	3.875	4.196
Less than 20 workers	94	95
Between 21 and 50 workers	5	3
Between 51 and 100 workers	1	1
More than 100 workers	—	1
Number of persons employed	21.370	17.872
Gross production	251.615	277.615
Intermediate consumption	173.399	178.208
Added value	78.216	99.407
Gross fixed capital formation	6.304	6.106

Meat industries

Crisis has hit the Spanish meat sector. The strong investments made in the last few years (30,500 million pesetas in 1988) has generated overcapacity and a high level of debt. **Table 5** shows the principal macro-magnitudes: total production reached more than 810,000 million pesetas in 1988, which makes up more than 16% of the total AFI production. 88% of the establishments employ less than 20 workers. In general this subsector, having grown since Spain's joining the EC, created more than 58,000 jobs in 1988.

The gross added value reached 157,000 million pesetas during the same year, representing 11% of the total value generated by the Spanish agro-food industry.

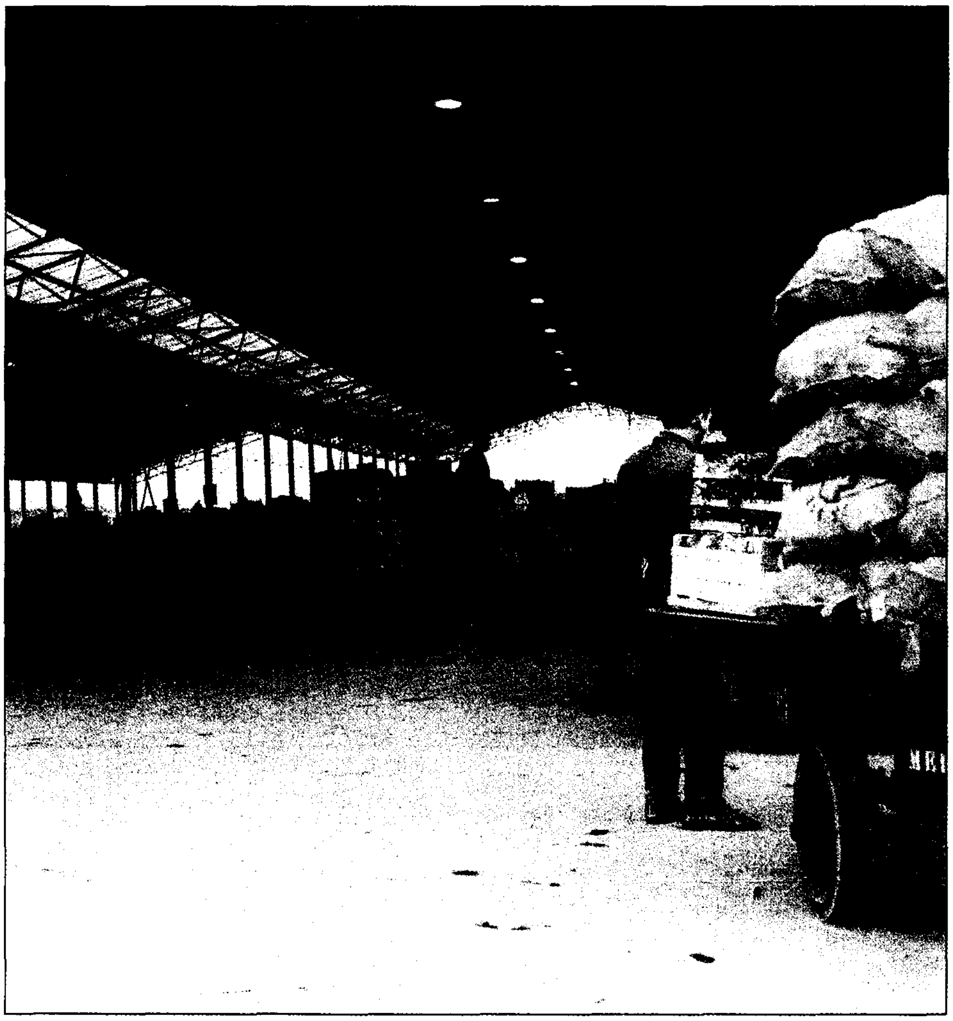
Table 12 ***Evolution of the number of purchase-sale operations made by companies and the market share of the foreign groups.***

Year	Purchase-sale operations: Operations (*)	Foreign purchases	Market share foreign companies
1986	105	37,1	30,8
1987	102	34,3	32,6
1988	170	23,5	35,8
1989	159	37,1	40,4
1990	174	25,7	42,7

(*) A minimum percentage of distribution firms is included.

Table 13 ***Evolution of the market share of the «n» leading companies of the Spanish AFI.***

n		1986	1987	1988	1989	1990
	Total	33,2	35,0	37,6	38,2	34,9
50	Spanish	14,3	14,4	17,0	15,6	20,4
	Foreign	18,9	20,6	20,6	22,6	14,5
	Total	45,1	47,3	50,3	50,8	47,8
100	Spanish	22,3	23,0	24,4	22,3	26,8
	Foreign	22,8	24,3	25,9	28,5	21,0
	Total	73,8	76,3	78,1	79,4	76,6
500	Spanish	44,0	44,8	44,4	42,8	34,7
	Foreign	29,8	31,5	33,7	36,6	41,9



Dairy industry

In the Spanish dairy industry a strong process of concentration is taking place: the number of establishments reduced drastically between 1985 and 1988 and the average size of the establishment grew. The number of persons employed remained stable during the same period. (**table 6**).
The negative part of this contraction process has been a strong reduction of the prices perceived by farmers together with the important penetration of foreign capital.
Production rose to 543,000 million pesetas (11% of the Spanish agro-food production) whilst the gross added value is rated at 127,000 million pesetas. (9% of the agro-industrial added value (AV), being confirmed as the third Spanish agro-industrial sector.

Vegetable canning industries

The fact that the fruit and vegetable handling industries have not been considered in this subsector accounts for the low relative importance (**table 7**). The production of the vegetable canning industries represented 4% of the total AFI in 1988, generating 53,339 million pesetas gross added value (4% of the total agro-industry added value). Of this volume, somewhat more than 25% corresponds to the segments of olives and pickles.
The average size of the establishments is greater than the agro-industrial sector average. Only 65% of the establishments employed less than 20 workers, whilst 8% had more than 100 employees.
Regarding the olive and pickles sectors, the olive sector prefers the foreign markets where 50% of their production is placed. The pickles, backed up by a certain aggressiveness of the industry, are gaining prestige, becoming the ideal complement for the traditional vegetable canning.

Cereal industries

The cereal industry in Spain represents hardly 4% of the agro-industrial production (227,950 million pesetas). The Gross Added Value went up to more than 30,000 million pesetas in 1988 representing only 2% of the agro-industrial added value (**table 8**).
This sector is very disperse in so much as only some manufacturing firms of flours and corn derivatives reach a substantial size. However, 96% of establishments have less than 20 employees.
Within this subsector, the flour factories have undergone a heavy reconversion process due to excesses of productive capacity. In 1984, this segment lost the purchase monopoly of wheat to SENPA, and has therefore had to compete with the animal feeds factories when Spain first joined the EC. The wheat imports from France and England have relieved the situation experienced by the sector.

Bread, cake and biscuit industries

The bread, cake and biscuit industries constitute the Spanish agro-industrial subsector with the greatest number of establishments, the majority of which are rather small (**table 9**). Furthermore, it is the subsector employing the greatest number of workers (almost 100,000 workers in 1988).
The gross production went up in 1988 to somewhat more than 430,000 million pesetas, representing 9% of the total agro-industrial production. Between 1985 and 1988 the production underwent a nominal growth of 40%. The generated AV went up to almost 200,000 million pesetas, contributing by 15% to the AV of the Spanish AFI.

Animal feed industry

The animal feed subsector groups together more than 900 establishments (**table 10**) of which 79% have more than 20 employees. During the last few years, the sales of active firms have taken over from a stagnant (some 14 million tonnes annually) and rather outsized production. After the first years of uncertainty, a real technological revolution has taken place within the sector, with the introduction of formulas coming from the north of the EC reducing the weight of the cereals. Production went up to 515,000 million pesetas in 1988 (10% of the AFI total), although the AV generated (31,700 million pesetas) went over just 2% of the agro-industrial AV. In recent years the situation has slightly improved due to the sale of capital goods and the reduction of the price of raw materials.

The wine industry

The wine subsector is made up of almost 4,200 establishments (**table 11**) of which 95% are very small (less than 20 employees). The majority of the establishments belong to small cooperatives grouped together under Denominations of Origin. In the last few years, the making of quality wines has been of growing importance.
The main problems arise in commercialization, due precisely, to their small size. Exports reached approximately 500 million litres, whilst imports went down to 10 million litres. The production of this subsector represented 5% of the total agro-industry (227.000 million pesetas) in 1988, generating 7% of the AV of the agro-food industry (99,000 million pesetas.

Industrial structures

The agro-food sector is an industrial sector which has been written about a great deal in the last few years. When we talk about the agro-food industrial sector, we are referring to a sector contributing 20% of the gross industrial product, which gives direct employment to 400,000 workers and acquires three quarters of the final agricultural production, with the impact that this has on the income of the agricultural sector.
The Spanish AFI presents dual characteristics. The number of industrial establishments is over 40,000 yet, nevertheless, the 50 largest companies take 40% of the share of the market. During the last few years an important transformation in the AFI has taken place so that a large segment of the market has reached a remarkable degree of modernization and efficiency throughout a process of productive rationale. Between 1986 and 1990, almost a billion pesetas has been invested in the AFI, half of which has been provided by Spanish and Community administrations.
In spite of this positive evolution induced by modernization and investment processes, the growing share of the market of the multinational firms in our country has not been accompanied by an analogous expansion of Spanish companies abroad.
The role played by the multinational agro-food firms in Spain is an important one: more than 42% of the turnover of the Spanish agro-food industries corresponds to firms with participation from foreign shares, which in 1990 reached sales of 2.7 billion pesetas. This presence has been growing considerably within the last few years: the firms with foreign shareholders sold 20% more in 1990 than a year before. Dry food went up by 23.3% whilst the beverage industry had rises of 12.7%.
The biggest Spanish group in 1990 was Nestlé Aepa, with 140,000 million pesetas, above Ebro Agrícolas, with 120,000 million pesetas, Elosúa group with 77,800 million; Merco with 71,500 millions and Unilever España, with 69,600 millions.
Since 1986, the number of purchase-sale operations of agro-industrial establishments shot up in our country. As can be observed in **table 12**, compared with the hundred or so operations registered in 1986 and 1987, 170 were registered in 1988, 159 were registered in 1989 and 174 were registered in 1990. Of all these trade operations, approximately a third of the purchases have been made by foreign firms or groups.
To enter into more detail of the evolution of the market share of the main agro-food firms, we have drawn up **table 13**, where the dynamics observed has been pointed out in three stratas referring to the 50, 100 and 500 leading firms.
Regarding the concentration trends, in Spain there are currently more than 40,000 agro-industrial establishments, since there has been an abrupt fall within the last decade of more than 10,000 industries. The first 100 held approximately half the market in 1990; within this group, foreign firms had a participation of 44% of the market share. The first 500 leading companies absorbed more than 75% of the Spanish market, of which more than half is in foreign hands. The growth of the market share of the large firms has been situated, between 1986 and 1990, between 5 and 6% which allows us to confirm the continuity of the concentration process of the whole AFI in Spain. Besides, the foreign companies obtained significantly stronger growth rates in the market shares than the Spanish firms.
Although the multinational penetration has normally been directed towards the larger companies, as their participation has become more saturated, foreign capital is shifting towards the middle sized companies.

Balance and perspectives

— The orographical diversity and Spanish geography have given rise to a coexistence in Spain of a large number of different agricultural horizons. The importance of agriculture, both from the job creation point of view and also its contribution to the GDP is greater in Spain than the average of Community countries.
— The AFI, which substitutes the producer sector in the hegemony of the agro- food system, has been elbowed out in the last few years by distribution, which presently enjoys a dominant position within the system.
— The structure of food expenditure has changed over the last few years. However, the Spanish diet is balanced and maintains the qualities characteristic to the Mediterranean way of eating.
— Since the incorporation of Spain into the EC, a notable deterioration has come about of the agro-food commercial balance, having gone from a situation of a sizeable superavit to the exact opposite. The EC countries make up our most important foreign market of agro-food products, both in import and export.
— Of the different subsectors, the most important one from the production point of view is the meat industry; dairy industry and animal feed industries, which represent approximately a third of the total production of the domestic AFI.
— The Spanish AFI has a dual type structure: A large part of the 40,000 existing establishments has a disperse and local character, whereas the 100 largest, most modern and efficient companies make up practically half the national market.
— In the last few years, we have witnessed a strong penetration of foreign capital in the Spanish AFI: approximately a third of the purchase operations have been carried out by foreign companies or groups. This has led to the fact that currently more than 40% of the national market corresponds to multinational companies.
— With regard to the future perspectives of the Spanish AFI, the present structure of the sector will not be competitive in the short term compared to the majority of the Community countries. The main problem of the Spanish AFI is to defend its market from foreign competition. The lack of present competitivity is determined by the small size of companies, the scarce finance capital, the room for improvement of productivity and the lack of an effective commercialization network. ●