

FOCUS ON...

LAGER The Spanish beer trade association Cerveceros claimed that around 30% of the beer purchased in Spain is done by tourists. This leaves the Spanish beer market very exposed to fluctuations in tourist numbers, but leaves nothing to the imagination concerning what British people think of Spanish beer. British people represent a large proportion of the tourists who visit Spain every year.

Beer is expected to be shaped in the future by economic performance, which means that the future of Spanish beer in Spain may not be too bright. This makes it a necessity for Spanish brands to look abroad, the UK seeming the obvious target market.¹

Heineken, the market leader in Spain, accounted for 32% of total consumption in Spain 2010. This is because the company offers a mixture of continental beers like Amstel and Heineken but it also owns Spanish brand **Cruzcampo**.² Cruzcampo lost out somewhat in 2010 due to their focus on being a premium lager. They faced stiff competition from the rise of cheaper brands.

Grupo Mahou-San Miguel is emerging as one of Heineken's biggest competitors in Spain. **Mahou** bought **San Miguel** from the **Danone Group** in 2000, creating an all-Spanish brewery group.

Mahou has become the number one beer in Spain, where it has a market share of 18%. Since 2011 its influence has grown,



as it has been distributed by **Carlsberg** and has become the official beer of Real Madrid and La Liga. A recent survey on Toluna suggests that Mahou has become more popular than Cruzcampo in Spain, because it's a lot cheaper, and therefore increasingly popular with a

growing number of unemployed young citizens.³ Mahou, with its different brews and popularity in Spain, has the potential to become a very popular lager in the UK future. One can make this assumption because recently **Alhambra**, another Spanish brewer, has had great popularity in the UK with a range of darker lagers called Negra and Mezquita.⁴

San Miguel has expanded throughout Europe, with a presence in shops, restaurants and pubs. It has also become Asia's largest publicly listed food, beverage and packaging company, employing 15,000 people in over 100 facilities. Based in the Philippines, it has become one of the country's largest conglomerates.

If Grupo Mahou-San Miguel could combine their success in Asia with their obvious high quality beers, they could begin to make Mahou a name in the UK and push the San Miguel brand further into people's mainstream.

Another large brand in the Spanish lager market is **Estrella-Damm**, a Catalan pilsner brewed in Barcelona since 1876, readily available in the UK. Inedit, one of its newest creations, blends malt, wheat, coriander, orange peel and liquorice and is the first beer purposefully created to accompany food. This demonstrates the innovative nature of the company and the extent to which they are prepared to try new things in attempt to resuscitate a flagging industry.

Estrella-Damm also gets involved in many trendy and unique festivals, appealing to a younger audience. For example, they

sponsor Spain's **Sonar** festival which, this year and last, focused predominantly on British acts, giving them greater exposure to a young audience; a good market for any lager. Seemingly, they are winning over the British market, as Estrella-Damm is sold in more than 1,200 restaurants in the UK, as well as being heavily advertised in cinemas nationwide.

Estrella Galicia, is also now making waves over in the UK hosting high profile parties at some of London's most highly regarded venues such as Kensington roof gardens.

Spanish lager may be just a few beers in the sea of continental and exotic drinks that have flooded the UK market in recent years, but with established brands, a large commercial history and considerable backing coupled with innovative new brands, the future looks bright. Having proved popular in Spain, despite Spain's more conservative drinking culture, there is no reason why Spanish lagers like Mahou and Estrella-Damm cannot become another feature in our pubs and restaurants alongside their French, German and Australian counterparts.

THE LOW AND ZERO ALCOHOL LAGER MARKET

There is a growing market in the UK in low and zero alcohol lagers, the leading brand currently being Becks Blue. Although it's aimed at a more mature consumer, rather than youths, the female consumer is the one who is spending more on alcohol from supermarkets than bars. The off-licence (especially through the main supermarkets) is the key target opportunity for low and zero alcohol Spanish lagers.

¹ http://www.cerveceros.org/ingles/q_somos.asp

² <http://www.euromonitor.com/beer-in-spain/report>

³ <http://www.ensg.toluna.com/polls/1255030/-Mahou-Cruz-Campo.htm>

⁴ http://www.museumstuff.com/learn/topics/Grupo_Mahou-San_Miguel::sub::History

FOCUS ON...



OLIVE OIL Olive oil is one of the most basic, yet life benefitting components of the Mediterranean diet. It is a powerful defence against heart attacks, strokes and blood clots, and also influences life expectancy; with Spain holding the second in the world.

With the most amount of olive trees in the world, over 300 million, Spain is the world's leading olive and olive oil producer and exporter, totalling over 40% of world production.¹

92% of Spain's olives are dedicated solely to making oil, and about 80% of that is done in Andalusia, the largest olive growing area anywhere on the planet.

Despite Spain exporting millions of tonnes of olive oil, most of these are sold in bulk to Italy at reduced prices. They are then packaged, labelled and sold on to places, like the UK, but at a considerable profit. Spain lacks the ability to market its own quality produce, whereas the Italians are excellent marketers.

quality and sheer volume in comparison to oils from Italy and Greece.

Contrary to popular belief, Italy is not the key producer of olive oil but its biggest buyer. Whereas, Spain, has the potential to be at the forefront of the olive oil industry, in addition to be the biggest olive oil exporter.

Although this is now changing and Spanish olive oil is now more prevalent in our homes, (olive oil has overtaken sales of other oils in the UK) it is still not recognised for its high

SPANISH OLIVE OIL

THE FUTURE FOR SPANISH OLIVE OIL

To try and combat the financial crisis and falling sales in the domestic market, Spain has decided to try and boost the export market for their highest quality products, in particular olive oil. **Oliveoilfromspain.com** has been created by ICEX² (the Spanish Foreign Trade Institute) to convey the message that Spain is the absolute leader in the production and marketing of olive oil.

Amongst others, Spain is trying to target China, where there is large consumption of sunflower, soy and peanut oil. It is doing this by emphasising the health benefits of olive oil and showcasing its apparent superior flavour.



SPANISH OLIVE OIL IN THE UK

As British people spend more on olive oil than they do on standard oils like vegetable, sunflower and seed oils, the UK is the perfect place for Spain to vigorously market their finest export. In this country the olive oil market is worth well over £100 million per annum.³

There are three major brands of olive in the UK; Filippo Berio, Napolina and Bertolli, all of which most people would associate with Italy. In reality, each of these are only bottled in Italy (or the EU) and are of varying types of olives and of varying quality. There are two recognisable Spanish olive oil brands in the UK; San Leandro and Borges. However, Hojiblanca is the number one olive oil in Spain and launched in the UK in April 2012.

SUPERMARKET OWN BRAND OLIVE OILS

Surprisingly and disappointingly for Spain, many supermarkets own brands are from Spanish olives but do not state that this is the case. The origin of the olives is only stated when it is their specialist Spanish, Italian or Greek range.

RECIPES AND CHEFS

Spanish olive oil needs to improve its brand awareness to secure maximum profits for Spain. Already dominating production and exports, Spain could compete against the proliferation of Italian and Greek oils in the market place simply by extolling the values and virtues of Spanish olive oil. There is no better place to begin this resurgence than in the UK, where our celebrity chefs like Jamie Oliver and Rick Stein are pouring olive oil over their dishes, and whose taste for the healthy and tasty Mediterranean diet is only increasing.

¹ <http://www.indexmundi.com/commodities/suppliers/>

² http://www.icex.es/icex/cda/controller/pageICEX/0,6558,5518394_5518974_5536731_0_0_-1,00.html

³ www.marketresearchworld.net/index.php?option=com_content&task=view&id=465

FOCUS ON...



FASHION The Spanish fashion industry has seen a boom in recent years with various stores popping up all over the UK. Regent Street has even been nicknamed 'el Regent Street' by enthusiastic shoppers, due to the high presence of Spanish retailers on one of our most famous shopping avenues.

Spanish brands have been in the British market for a long time, but now we are seeing an influx, with brands like Zara becoming household names. However, it appears that few consumers are aware of the national origin of many high street retailers. Some have even mentioned that they believed it to be Italian.

INDITEX

Owned and chaired by Amancio Ortega, Spain's richest man and one of the top ten richest people in the world, **Inditex** is made up of around one hundred companies and is the largest fashion group in the world.

With over 5,000 stores around the globe, most being corporate owned, Inditex' profits are defying analysts' estimates and forecasts. Inditex reported a net profit of €1.73 billion for the period stretching from February 2010 to February 2011.¹

They plan to add almost 500 more stores this year, aiming to help boost investment as consumer spending is slowing considerably in Europe and North America. The majority of these stores will be in Asia where rising incomes and economies defying the downturn will prove a new and happy hunting ground for the industry giant. Inditex hopes this, and making online sales available for all their stores, will keep them ahead of their nearest rival **Hennes & Mauritz (H&M)**, who also posted astronomical profits in 2010.²



ZARA

It is Zara that keeps Inditex on top of the retail landscape. This is because Zara designs, produces and merchandises all its own clothing (in comparison to Gap and H&M who outsource all of their production). This leaves no middlemen, and most importantly enables them to react quickly and easily to changing trends and fashions.

Over the years Zara has built up a huge reputation for fashion, quality and value. In the UK, Zara was seen as French Connection's biggest rival, responsible for taking a lot of their customers.

Zara has no need to advertise as its reputation, location of its shops and their aesthetic appearance on the high street keep people coming back. They have built an incredible brand image simply by following market trends and meeting customer needs.

Although mass produced, Zara has a hallmark for quality, and recent pictures of Pippa and Kate Middleton wearing Zara clothing around the date of the royal wedding helped increase Zara's reputation in this country even further.

To maintain and stabilise growth in such a difficult period, Zara have frozen the opening of new shops in the UK and are focusing their efforts on their online store, Zara.com. Their 65 UK outlets, reach the majority of our most desirable high streets and shopping centres.

Zara's incredible rise has had the honour of being the subject of an in depth study by the Harvard Business School, which not only demonstrates Zara's success but also shows how they stand out in an industry full of growing brands. Zara is also looking beyond fashion with its Zara Home brand.

Specialising in fashionable items for the home, Zara Home has developed a fast international expansion since its inception in 2003; it now has several high profile flagship stores, its UK home being on Regent Street. Like Zara's clothing range it focuses on changing trends and seasonal variations, often creating very exclusive items that are only in store for a limited time.

The next most prevalent Inditex brand and store in the UK is **Massimo Dutti**. Initially designers of male clothing, since its acquisition by Inditex in 1991, they have focused on both women and children to

boost sales and increase their market coverage. Other strong Inditex brands are **Bershka**, **Pull & Bear** and **Stradivarius** – all international brands but yet to crack the British market as comprehensively as other Inditex stalwarts.



OTHER SPANISH BRANDS

There are several notable Spanish brands that are not owned and operated by Inditex. One of the most popular in this country is Camper, the everyday shoe that mixes fashion with ergonomic design. **Camper** has 52 stores worldwide but relies mainly on stocking their shoes in large retailers. They have recently branched out of shoemaking, and now have boutique **Casa Camper** hotels in Barcelona and Berlin whose restaurants offer authentic Asian cuisine served in Spanish tapas style. It seems that these famous Spanish brands are not fond of sitting still.

Another prominent chain in Britain is **Mango**. Originally only making women's clothes, they have, since 2008, created a men's range called **H.E. Mango**. The clothing is aimed at urban, young to

middle aged fashion conscious men; and its currently modelled by Gerard Pique, the Barcelona and Spain footballer. Like Camper, Mango are looking to increase their market share by constantly changing and growing their brand reach.

One brand that has made a big impact, worldwide and in Britain, with their vibrant, colourful designs is **Desigual**.

Hailing from Barcelona they currently have five UK stores and are stocked by all large department stores in Britain. Making a similar impact is **Blanco**, another contemporary clothing company. Currently, they have only one shop, in London's Westfield shopping centre. However, they launched their online store in April 2011; which will open them up further to the British market.

NEWCOMERS TO THE UK

Springfield, part of **Grupo Cortefiel**, is set to enter the UK market. Springfield is already a success in Spain, selling young fashionable clothes at very reasonable prices. Stores in Leeds, Livingston and London are to be opened in conjunction with **Brand Empire**, an organisation set up last year to help international retailers enter the UK market.

Ezequiel Szafir, General manager for Grupo Cortefiel quotes:

Our brands Cortefiel, Springfield and Women's Secret are already present in over 60 countries around the world, and opening stores in the UK was our obvious next step. This innovative arrangement with Brand Empire will give us quick access with high presence while reducing some of the risks usually encountered when entering a new market.³

BRAND EMPIRE

In the current economic climate, more companies will consider working with Brand Empire in to set up a store. Many retailers are reluctant to start new ventures, instead they are focusing mainly on their more cost effective online sales and shops. However, Brand Empire is helping companies out of these constraints by taking away risks and considerable costs. Chief executive Sanjay Sharma said he was in 'advanced discussions with another two international fashion brands' with the potential to launch later this year.⁴



Spain, with its plethora of contemporary fashion brands, may further involve itself in these kinds of processes. Even if they choose not to, determination shown by Grupo Cortefiel demonstrates the willingness of big Spanish brands to crack the British market. They have seen the overwhelming success achieved by

numerous brands in this country, none more so than the growth and profit of Zara.

Agatha Ruiz De La Prada has managed to build no less than a legendary brand in Spain that goes far beyond clothing and into the areas of shoes, perfumes, watches, home furniture and book covers, to name but a few. Her brand is now sold in over 140 countries and can be found on the shelves of Harrods in London.

Spanish fashion brands are one of the great success stories for Spain, few other industries have so many dynamic, consumer focussed, risk taking entrepreneurs, focusing mainly on their more cost effective online sales instead. However, Brand Empire is helping companies out of these constraints by taking away risks and considerable costs. Chief executive Sanjay Sharma said he was in 'advanced discussions with another two international fashion brands' with the potential to launch later this year.⁴

¹ <http://www.irishtimes.com/newspaper/breaking/2011/0323/breaking8.html>

² <http://www.businessweek.com/news/2011-03-23/inditex-profit-tops-estimates-as-zara-owner-expands-in-asia.html>

³ Nicola Harrison, Spain's Cortefiel picks sites for first UK shops, 11th June 2011, <http://www.retail-week.com/property/spains-cortefiel-picks-sites-for-first-uk-shops/5013830.article>

⁴ <http://www.landsecurities.com/media/press-releases/1289>

FOCUS ON...



BANKING Spain is in a lot of trouble with its economy and there are serious doubts over how successfully it can overcome this. Hans Redeker, currency chief at Morgan Stanley, said that:

*"We have a revolt taking place by foreign investors in these bond markets [...] There have been hardly any purchases for several months. We are seeing net disinvestment because people fear that these countries lack the potential to grow themselves out of the problem, and risk falling into a Fisherite debt trap."*¹

Even if the crisis is resolved, Spain may have to incur much higher costs when borrowing in order to attract foreign investment. There is a fear that investment banks are ignoring Southern Europe, as Anthony Peters from Swiss Invest says:

*"They have kissed peripheral Europe good-bye', clients have been telling asset managers to eliminate them from the risk of southern European."*²

The banking sector in Spain is seriously under capitalized and the current climate faced by the public and the government will work against saving and bailing

out big banks, which is key to restoring foreign investment. With the inevitable Euro zone bail Spain can now recognise losses and this will hopefully lead to a recapitalisation of the banks.³ Spain's largest and most successful banks are being hit with lowered ratings, according to Moody's, and are struggling to find their feet on the stock market. Despite considerable troubles, Spain's finance minister **Elena Salgado** remains upbeat about the prospects of the Spanish banking system, insisting that it will not incur further declines. Going further than to just quell fears, she went on to say that Spain's handling of the situation could provide "lessons for the rest of Europe

and the world” and enable Spain “to emerge as more efficient and resilient to any future crisis”. Europe awaits her promise fulfilment.

Spain’s banks have taken to reducing costs and the Government has been strict in enforcing reforms that should make the banks solvent in the future. The minister finished by revealing that most of the assets managed by investment banks will be transferred to the commercial banks to bring about ‘transparency and access to capital markets.’⁴

The Spanish are confident (though some may say over confident) of emerging from this crisis of the Euro zone. Similarly, Britain should be equally optimistic as Spanish banks have a large stake in British banking, and have proved competent banking partners in the past.

Santander Group plc is one of the top 10 banks in the world and since the financial crisis has significant interest in the UK.

In 2008, the Santander group confirmed that it was to takeover Alliance & Leicester and then acquiesce the savings business of Bradford & Bingley. Along with Abbey (formerly Abbey National), which they acquired in 2004, all the banks were

brought together under the Santander name at the end of 2010.

In Britain, Santander offers one of the most competitive ISA rates as it pays 2.80% over the Bank of England base rate for the first 12 months – with a minimum guarantee rate for 12 months of 3.30% AER tax-free. Santander also maintains a profile high in this country by sponsoring British Formula 1 team McLaren, massively increasing its awareness.

The group’s profit between 2007-2010 totalled 30,060 million Euros making them the third largest bank in the world. It has also become one of the leading banks in the UK in just over six years. The acquisition of Abbey in 2004 was one of the most successful cross border transactions, with the UK contributing 1,985 million Euros to the groups profit (18%).

While problems in the Euro zone are hampering Spanish banks and affecting Spain more widely, the future of Santander looks a lot more promising in the UK as agreements are in the pipeline for the bank to acquire hundreds of RBS branches. Thus while the British public remain skeptical of Spanish banking in Spain, and especially with regard its sovereign debt, its commercial banking in this country is something British people can rely upon.

*Research & report: Ben Jones, August 2012.
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¹ <http://www.contraryinvestorscafe.com/last-tango-opportunities-traps-overview/>

² <http://www.telegraph.co.uk/finance/financialcrisis/8677989/Europes-money-markets-freeze-as-crisis-escalates-in-Italy-and-Spain.html>

³ <http://www.efinancialnews.com/story/2011-07-13/spanish-banks-more-vulnerable-than-italys>

⁴ <http://www.toroeconomics.com/2011/06/21/spains-banks-arent-going-bust/>

⁵ <http://www.santander.com/cs/cs/StaticBS?blobcol=urldata&blobheader=application/pdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1265297824847&cachecontrol=immediate&ssbinary=true&maxage=3600>

FOCUS ON...

TOURISM Spain has a population of 47 million, a number nearly matched each year by its intake of tourists from all over the globe (43 million in 2010). The biggest visitors to Spain are Brits; 13.6 million of whom went to Spain last year.¹ With average temperatures of 25°C, and sunshine nearly all year round, it is no surprise that Spain is a highly popular British holiday destination.



City of Arts and Sciences. Valencia.

People are returning year after year, with online travel experts UlookUbook.com stating that 83% of people who visited Spain last year had been at least once before. Moreover, not only are Brits returning the most to Spain but they are also one of the largest ex-patriot communities with considerable populations on the south coast.

British people are playing a large role in Spain's continuing tourism success story, with Spain's industry minister, Miguel Sebastián, saying that tourist intake will

increase by 6.5% in 2011, making it the fourth best year for the Spanish tourism sector in its history.²

Despite these promising facts, Spanish Tourism still has the potential to grow and also offer a more rounded and rewarding experience for its visitors, especially those coming in from the UK.

Recently, the **UNWTO** and Spain have come together to organise the first international conference on ethics and tourism, addressing some important issues facing the tourism

TOURISM

sector. Sessions will address responsible tourism, tourism and justice, poverty reduction, equality, exploitation and the corporate social responsibility of the big package holiday companies.

The future for Spanish tourism is not necessarily a move away from the packaged holiday but instead a new emphasis on the cultural exploration of Spain that would be rewarding and enlightening to those visiting, whilst also beneficial to the local communities and their people. Currently, the majority of tourists visit the cheap resorts of the South, rather than the historic areas. This cheap, very commercial image of the country, rather than the real cultural one, is all that these tourists see. The reason that this has been damaging is because this low-end opinion is then transferred onto all other Spanish brands, products and produce.

ROMAN HISTORY IN SPAIN

As well as having beautiful beaches, luxurious hotels, and great food, Spain has the second most world heritage sites designated by **UNESCO**; with 42 sites it is second only to Italy.

It is largely unknown that Spain boasts one of the largest collections of Roman ruins in Europe. Spain was occupied for nearly 700 years by the Ancient Roman rule of Hispania, which provided 3 Emperors for the Republic. Spain's current language, religion and general culture are still largely reminiscent of their Roman past, and this can be seen in the various ruins that scatter its landscape.

The Roman city of **Italica** – birthplace of Emperor Hadrian – hosts one of the largest amphitheatres in Europe. With an impressive collection of mosaics, the site

is so large that the true extent of it may never be explored. During the Roman occupation, Spain played an important role in linking the Roman Empire in Africa. The fishing town of Baelo Claudia was an immensely important trading point between Europe and Africa and stands to this day.

Merida, a hugely important UNESCO Roman heritage site, boasts Moorish traces as well. Making it a part of living history, the amphitheatre is still used today to hold several concerts and productions a year. Similarly, the Roman capital of Spain, Toledo, still stands, as does its Alcantara fortress and bridge which still provides an important crossing over the Targus River.



MOORISH HISTORY

It is not only Roman history that impresses the Spanish countryside and its cities; there are the Islamic influences from the Moorish rule that spanned several centuries. One of the most impressive sites is the Alhambra in **Granada**. This is a Nasrid Palace and fortress, and one of the most visited historical sites in Spain. Granada does not only boast the Alhambra but also a beautiful Cathedral, charming city centre, and world-renowned University.



Cathedral and Almudaina Palace, Majorca

SPAIN'S CITIES

The Spanish capital, **Madrid**, home of the UNWTO, has launched a campaign to bring in a few more tourists to the Spanish capital. Hoping to enhance awareness of what the capital has to offer, the city has signed a deal with Real Madrid C.F. for its players to be 'brand ambassadors' – the tourism ministry believe they could reach as many as 300 million people.³ Being the financial, political and touristic heart of Spain, Madrid should easily be able to attract more Brits with its concerted efforts to encourage tourists to visit.

On the coast, where most Brits spend their holidays in Spain, there are several cities that offer a lot more than sun and alcohol. For example, **Barcelona** and **Valencia** on the east coast are two of the most interesting and vibrant places in Spain and are also near to some of the best beaches and sunspots the country has to offer. Similarly the city of **Palma** in

Mallorca has a wealth of historical sites and cultural experiences, with the largest amount of art galleries per square mile in Europe – all this within striking distance of the nearest beach resorts.

FESTIVALS

Tenerife has much to offer. Although it is synonymous in Britain with sun and sand, for many in Spain it is the home of the carnival, second only in size to its world-renowned namesake in Rio. Hosted in Tenerife's capital, Santa Cruz, it is the highlight of the year for all the locals and lasts for a mammoth 14 days.

Another festival probably more well acquainted to Brits is the Festival of San Fermín – better known in this country as Pamplona. Famous for the running of the bull, it is a festival deeply rooted in local culture and held between the 6th and 14th of July. It is internationally recognised and has over a million visitors a year.

RELIGION

Like the festival of **San Fermín**, religious festivals and occasions are celebrated widely in Spain with many visitors coming from abroad to join in the celebrations. Seville, Malaga, Zamora and Leon hold elaborate processions for holy week, traditions dating all the way back to medieval times. The **Semana Santa en Sevilla** is known for its procession of wooden and plaster sculptures that depict scenes between the arrest of Jesus and his burial. The festival is a very emotive and awe-inspiring event that brings in people from all over the world.

Probably the most famous religious event in Spain takes place in **Santiago de Compostela**. The city's cathedral is the destination for a pilgrimage dating back to the 9th century. The route is named 'The Way of St. James' and celebrates the legend that St James found his way to Spain and began to preach there the word of Christ. It is one of the most important missionary activities concerning the final resting place of Saint James. The city's old town is a designated UNESCO world heritage site.

Going to a beach resort and spending the days sunbathing by the pool and the nights in a club is all well and good, but unfortunately there is a perception in Britain that Spain has little else other to offer than this. Such a perception couldn't be further from the truth. When exploring its cultural and historical sights, partaking in its festivals, Spain can offer an experience of much greater depth to the traveller. Ultimately, such experiences put a trip to Spain on a par to a trip to the cultural heart of Italy or Greece.

¹ <http://www.travellikeabrit.co.uk/2011/04/brits-seak-sun-in-spain/>

² <http://www.tumbit.com/news/articles/3351-spain-sees-year-on-year-british-tourist-increase.html>

³ Giles Tremlett, How Spain is fighting the recession, 8th March 2011, <http://www.guardian.co.uk/world/2011/mar/08/spain-europe-news>

FOCUS ON...

WINE Spain is the third largest producer of wine in the world, behind France and Italy. Their combined production represents 83% of all wine produced by the 25 members of the EU, and amounts for more than 50% of total global production. Spain produces roughly 20% of quality wines, 28% of table wines and over 60% of total grape juice concentrates in the EU.

Spain has a very long history of producing high quality wines and in most cases, these are made from high calibre indigenous vines. Spain has a large number of distinct wine producing regions, with Rioja and Priorato being the flagship regions of Spanish wine making.

Castilla-La Mancha has nearly half of the planted acreage followed closely by Extremadura, Valencia and Castilla-Leon. In 2007 sales of Spanish wines were 4,830 million Euros, as the result of increased prices; but in fact represented a decrease in consumption.

There are approximately 750 wine cooperatives in Spain that control about 70% of all the country's wine production. A few of these cooperatives operate in large scale with a revenue of over 100 million Euros. The most notable companies are J. García Carrión, Freixenet, Codorniu and Miguel Torres.¹



FAMOUS SPANISH WINES AND CAVAS

The majority of Spain's Cavas come from the Penedés region – in the larger region of Catalunya – in the north east of the country.

Freixenet is one of only a few producers that export Cava. Based in the small village of Sant Sadurní d'Anoia, Freixenet produces 200 million bottles each year and is responsible for 95% of cava production.

Codorniu is another famous Spanish brand of Cava. Hailing from Catalonia, with a rich history dating back to 1551, Codorniu produces 60 million bottles a year and is made in the traditional champagne method.

J. García Carrión is Spain's number one wine producer and the sixth largest in the world. Known in the wine world as García Carrión, this multinational company founded in 1980 is also known for owning the juice brand Don Simón. García Carrión is an ambitious company and seeks to keep on growing, defying the economic downturn in Spain by recording huge increases in turnover and profit in the past few years.

Miguel Torres, better known by their brand name Torres, trade in wine and brandy under a range of different labels; Viña Sol, Sangre de Toro, De Casta. Coronas, Atrium and Viña Esmeralda, with their best know brandies being Torres 5 and Torres 10. Their wines are produced from many different varieties of grapes from around the world and are exported to over 140 countries.²

competitive prices and exposure of the bigger producers. Spanish wines face a downturn in Spain. So, to counteract this, major Spain producers are expected to focus on expanding their international sales. They are likely to explore growing economies like India, China and Russia. However, in Britain there is still a large demand for wine as people continue to drink regularly at home, with wealthy wine consumers looking for new wines to try and experience. With a concerted effort at marketing, Spanish wines in this country could become one of the largest revenue streams for some of the largest Spanish wine makers. It should be noted, however, that the recently reported increase in Spanish wine sales in the UK through supermarkets is largely due to discounting, not a love affair with Spain. Also, there has recently been an increase in the sales of lower alcohol wines, another potential market for the Spanish wine industry.

WINE IN SPAIN

Over half of all wine consumed in Spain is done on-trade as there is a strong tradition of drinking wine with meals. However, sales of wine in restaurants have fallen from previous years. This fall in sales is largely the result of the economic downturn causing people to dine out less and to cut back on spending money on alcohol in restaurants.

This has led to a decline in the number of smaller producers producing good quality wines. It is harder for these companies to supply both within Spain and also Europe-wide as they struggle to keep up with the

SHERRY

Where ten years ago sales of Sherry in the UK were in decline, 2010 saw Marks and Spencer's sales of the Spanish drink rise by 18%. Osborne is one of Spain's most prestigious sherry makers, and Osborne's Sherries are part of a long history of Spain's own special type of fortified wine. Rich and full-bodied with big flavours, sweet or dry, sherry has been consumed in the UK for centuries, and compliments Spanish food very well. Perhaps the recent rise in demand for Spanish food in the UK explains sherry's recent rise in demand.

¹ http://www.spainbusiness.com/staticFiles/WINE%20IN%20FIGURES_11298_.pdf

² <http://www.graysonline.com/retail/TORVIE10ST/wine/torres-vi-a-esmeralda-2010-12-x-750ml-catalunya-spain>

³ <http://www.euromonitor.com/wine-in-spain/report>, ⁴ <http://ewnbusiness.com/461/sherry-makes-a-comeback-as-sales-soar>

FOCUS ON...



GREEN TECHNOLOGY Spain was fast becoming one of the market leaders in several forms of renewable energy before the financial crisis of 2008. Although the crisis saw huge reductions in investment for green technologies it also saw a re-focusing of attention on environmental issues. Green technology has so far reaped rich rewards for Spain as a whole and for a few regions in particular.

REGIONAL DIFFERENCES

Spain's regions differ greatly in terms of their sustainable energy produce, with the more northern regions especially excelling – Navarre is already producing near 70% of its energy from a range of renewable sources and other regions like Castile & Leon and Galicia hope to reach 100% in the near future. These northern regions are way ahead of regions like Madrid, Valencia and the Balearic islands, and they are at the forefront

of the Spanish Government's drive to reach the European Commission's target of 20% renewable energy consumption rate per annum by before 2020.

SOLAR POWER

Due to the high levels of sun all year round in Spain, it has become one of the foremost countries in solar power development and implementation. Concentrating Solar power plants (CSP)

GREEN TECHNOLOGY

are being developed worldwide. However, these are dominated by the United States with 8.67 GW, followed by Spain with 4.46GW, almost double of Japan which is next in line.²

Spain's Solnova solar power station is one of the largest in the world. It is located at the Solar platform in Sanlúcar la Mayor where the solar 'power tower' is also located. **Abengoa Solar** a subsidiary of **Abengoa**, the Spanish multinational, owns all five plants.³

Andasol power station is Europe's first parabolic trough solar thermal power plant located in Guadix, in the Andalusia region. Andasol 1 and 2 are owned by **ACS Group**, a Spanish civil engineering multinational.

Andasol 3, which was commissioned by **Ferrostal** and **Stadtwerke München** (a German communal company for the city of Munich) and became active in October 2011.⁴

Spain was the second largest photovoltaic producer at the end of 2010, but since 2008 growth has been restricted to 500 MW a year since subsidies were capped in 2008, slowing down growth. Subsidies were lowered and stricter standards were implemented for solar plants. Although, this has hampered some developments the most successful energy companies restructured and are now more efficient than ever.⁵

compared to 13.8% in 2009. Wind power is the third largest source of energy in Spain, behind thermal gas and nuclear power. Despite the economic downturn, the wind market in Spain maintained its surge and remains the largest annual market and is still home to the second highest wind capacity in Europe after Germany.⁶

The world's largest producer of wind energy, Spanish company **Iberdrola**, made \$4 billion dollars in profit in 2010 with half the energy they produced not emitting Carbon dioxide, a significant achievement when making such considerable profit. Iberdrola have significant interests abroad with wind and solar producing 28% of their output and hydropower producing 22%.⁷

AEE President José Donoso said:

"This milestone reached, shows that wind energy, in addition to being indigenous, clean and increasingly competitive, is in reality capable of supplying thirteen million Spanish households."

The **AEE** (asociación empresarial eólica) is the voice of the wind industry in Spain and in coordination with **ICEX** (Ministerio de Industria, Turismo y Comercio) it maintains the presence of Spanish companies in trade fairs and international conferences abroad as it is a member of several international associations like **EWEA** (European wind association), **AWEA** (American wind association) and **GWEC** (Global wind council).

WIND POWER

Spain is also the fourth biggest producer of wind power after the United States, Germany and China with a capacity of 19,959 MW in 2010. In 2009 wind overtook coal covering 16% of demand in 2010

INSTITUTIONS

There are several institutions within Spain that look to promote Spain's green technology and their companies. **IDAE** (Instituto para la Diversificación y Ahorro de la Energía) is a public corporation

under the ministry of industry, tourism and trade; it looks to promote and enhance the competitiveness of Spanish energy companies on the basis of their sustainability.⁸

Similarly the APPA (Asociación de Productores de Energías Renovables) brings together around 300 companies that work in the renewable energy sector and covers the entire country. Its main aim is to create a favourable environment for the development and implementation of renewable energy sources, making them more effective and cost efficient.

A good example of not only Spanish companies leading the way but also their institutions and academics, is the **SolarPACES** conference, held in Granada between the 20th and 23rd of September this



year. The conference aims to offer insight into new developments in technology, politics, the market and financing. There will be a scientific conference with leading experts showcasing their recent research results. As well as this, there will be a forum for industry, research, politics and financial stakeholders to discuss the future of solar energy in particular.⁹

SPAIN AND THE UK:

A NEW SPECIAL RELATIONSHIP?

British companies could seek cooperation from Spain in producing solar energy, wind power and help in tapping various sources of renewable energy. Since the reductions and caps after the financial crisis the Spanish green industry has become very responsible and a lot more cost efficient – maybe something that could encourage the UK into trying harder to lead the way in developing and implementing different forms of renewable energy.

This is not only an idea but something that has to happen after the European Commission released its renewable energy action plan, demanding that each member state provide detailed road maps of how they will reach the legally binding target of 20% share of renewable energy as part of their final energy consumption by 2020. Both the UK and Spain have set out their outlines for the trajectory they will follow, their measures and their reforms. However, there is potential to not only follow the commission's guidelines but go beyond them, for either the UK or Spain or even both, to lead the way in Europe and make renewable energy into a truly commercial venture that will benefit not only the future of the environment but also the economy.

At the moment the UK Government's plan is to reach 10% of total consumption by 2010, a realistic figure given the potential in Scotland in particular. Scotland has great capacity to utilise its wind and tidal power which leads the Scottish government to be more ambitious than those in Whitehall by predicting they could reach upwards of 17% of total consumption by 2010 and potentially 40% by 2020.



This offers a major and attractive incentive to businesses Europe wide – not only for the large corporations. The Government has stated its support for smaller scale renewable energy technologies and companies practicing them. This has already encouraged the big Spanish companies but it could lead to a mutual relationship between the UK and Spain on all scales of business.

Saveffi Solutions a Spanish company based in the research, design and implementation of comprehensive solutions for renewable energy has bought 50% of shares in **Gatehouse Ltd.** which will be its subsidiary in the UK.

Manuel Obsipo, Saveffi's director of strategy and corporate development, said that 'the UK market – in terms of laws, market rules and main players – is highly attractive to us, and challenges our quality, standards and skills.' Saveffi has already become involved with **Envirolink Northwest** aiding the development of

renewable technologies in the North West of England.¹⁰

On a larger scale, Spanish corporation **Iberdrola** is looking to invest heavily in the UK and US with the large profits it made last year and will invest billions of pounds in Scottish business over the next few years.

Chairman of Iberdrola Ignacio Galán quotes:

*"In the coming years, Iberdrola will intensify its firm commitment to Scotland. We plan to make investments in the UK of £4 billion in the 2010-2012 period, two thirds of which will go to Scotland [...] this will mean that Iberdrola will continue to be a catalyst for development in Scotland and the Basque country, two lands of great importance for our company and for which we have major plans in the future."*¹¹

Spanish corporation Gamesa specialises in wind power and is the market leader in Spain having, in 2007, a share of the world market of around 15%. It has interests in 20 countries spread over four continents

and now has plans to set up its offshore wind technology centre in Glasgow, a wind turbine blade plant and offshore wind logistics from several UK ports. Chairman Jorge Calvet says, 'I am delighted to confirm our commitment to the UK and to Scotland as we become more deeply engaged with the UK's forward thinking plans around offshore wind.'

Another project taking place in Scotland has been instigated by Spanish oil giant **Repsol** in partnership with Portugal's **EDPR** who bought **SeaEnergy renewables Ltd (SERL)** and their offshore wind unit off Aberdeen. Scottish First Minister Alex Salmond has welcomed this acquisition as it will develop Scotland's growing offshore renewable sector.

Spanish companies are not just buying up existing British companies and improving them they are also investing in new ventures.

Agbar Group is the leading company in the sector of water cycle – forecasting, flood prediction, water treatment, supply contract and industrial management – in Spain and one of the most important

worldwide. **Agbar environment Limited** is the UK branch of the group dedicated to providing innovative products and services.

These examples are just the start of what could be a mutually very beneficial relationship between the UK and Spain concerning the proliferation and implementation of renewable energy.

¹ Stacy Morford, Navarre's stunning clean energy success a lesson for US policymakers, 21st January 2011, solveclimatenews.com/news/20090121/navarres-stunning-clean-energy-success-lesson-us-policymakers

² Uclia Wang, The rise of concentrating solar power, 6th June 2011, (<http://www.renewableenergyworld.com/rea/news/print/article/2011/06/the-rise-of-concentrating-solar-thermal-power>)

³ http://www.science24.org/show/Solnova_Solar_Power_Station

⁴ <http://www.ferrostaal.com/company/media-publications/news/solar-power-plant-andasol-3-produces-environment-friendly-energy-for-the-first>

⁵ Elisabeth Rosentahl, After boom and bust solar power finds a place in Spain <http://tech.mit.edu/V130/N11/long3.html>

⁶ <http://www.gwec.net/index.php?id=131>

⁷ Brit Liggett, World's biggest producer of wind energy records \$4 billion profit in 2010, 24th February 2011, <http://inhabitat.com/worlds-biggest-producer-of-wind-energy-records-4-billion-in-profits-in-2010/>

⁸ <http://www.idae.es/index.php/lang.uk>

⁹ <http://www.solarpaces.org/inicio.php>

FOCUS ON...

FOOD Spanish food is renowned for being unpretentious and simple. The subtlety of flavours and combinations make it unique and appetising, with Spanish cooking firmly rooted in the country's culture and tradition in the community.

SPANISH FOOD OVERTAKES ITALIAN?

Journalist Harry Wallop recently wrote in the Telegraph that there was significant evidence to suggest that Spanish food was now the vogue in the UK, with its produce selling exponentially, and its culture of sharing being fully embraced by the British people.

He cites that Tesco are selling two tons of Spanish chorizo every week compared to just 0.4 tons of Parma ham, and Spanish tortilla has become Tesco's best selling line on its deli counter with a 16% growth this year.¹ M&S are selling as much chorizo as salami and Asda sells 15,000 packs of Manchego cheese a week.

THE RISE OF LA TASCA

To support the evidence that British people are not just indulging in Spanish produce but also embracing Spain's eating culture, the growth of Tapas chain restaurant **La Tasca** is a good example, with 58 restaurants in the UK.

Owned by **UK Bay Restaurant Group** (who bought La Tasca in 2007) but demerged from the larger group they are



now a standalone company called La Tasca Holdings. They specialise in tapas and offer a taste of Spain for reasonable prices.

CEO Simon Wilkinson says:

*"La Tasca is a fantastic casual dining brand with the potential to tick all the boxes with current food trends. We have exciting plans for the brand both within the UK and internationally over the next few years."*²

Although La Tasca is popular due to its high street visibility and 50% online discounts vouchers, its success is a champion for Spanish food and culture, especially considering the plethora of affordable Italian chains like Pizza Express who it is competing with. However, our own Spanish members found it a popularisation of Spanish foods and were not too impressed by the quality.



Aside from La Tasca, there has been an emergence in popularity over the last couple of years for Spanish restaurants serving a fine dining experience. For example *Moro* in London serves award winning Moorish cuisine focusing on the meeting of European and Islamic cultures on the Iberian Peninsula and North Africa. *Moro*'s success highlights the diverse culture of Spain and also the recognition of different Spanish cuisines in the UK.

London tapas restaurant **Brindisa** (regarded as authentic and high quality) provides unbeatable Spanish food. As well as the restaurants, Brindisa has a shop in London's Borough Market, and has tapped into the growing demand for Spanish produce by setting up an online shop and recipe blog.

Brindisa is not the only online wholesaler of quality Spanish produce, for example **Delicioso.co.uk** source authentic Spanish ingredients, food and drink to the UK for affordable prices – offering 'everything you'll need to make your cooking taste authentically Spanish!'³

RICK STEIN IN SPAIN

The popularity of celebrity TV chefs in the Rick Stein, celebrity chef and endorser of *Delicioso*, recently had a series on the BBC showcasing the delights of Spanish food. Over four episodes he travels the length and breadth of the country experiencing Spanish culture and demonstrating recipes for people at home to emulate with recipes on the BBC website. Stein quotes:

*"I've wanted to make a series in Spain for a long time. I love Spanish food, I've been going there since I was a young boy - but until quite recently I don't think people really took the food seriously. French and Italian cooking was felt to have more finesse. Thanks to a handful of really dedicated Spanish chefs and a growing enthusiasm for its rugged flavours, that has all begun to change. No one cooks fish with more respect or grills meat better."*⁴

Supporting what Wallop said in the Telegraph, Stein believes that the emerging trend of Spanish food in the UK is for good reason and down to the wide range of cuisines available (as restaurants like *Moro* finely point out). In Galicia and the Basque country he explores seafood, apples and cider. In Rioja, Navarra and Catalonia he takes on the Ebro river, Mediterranean seafood and snails. In Sueca, Valencia and La Mancha there is an abundance of Saffron, Manchego cheese and purple garlic. And in Extremadura, Guadalupe, Seville and Granada he takes on the Antiguas Abacerías and delights in Ibérico ham.

Stein's prime time programmes were an example of both a concerted effort to get Spanish food in British homes and also reflected the desire for all things Spanish. For instance *Spanishfoodworld.co.uk* is a website dedicated to UK lovers of Spanish food offering recipes, deals, magazines and guides.

A TASTE OF SPAIN

Curated by the Spanish tourist office and sponsored by major Spanish brands and the London Evening Standard 'A Taste of Spain' offers a glimpse of Spain – of which food is at the forefront as the best way to advertise and show off Spain's qualities. With shows in Liverpool, Leeds, London and Edinburgh the delights of Spain can surely only impress more people and hopefully become a staple in the home like Italian cuisine has become.

There is now a positive approach to the promotion of Spain and its food being translated into greater awareness and stronger import/export relations between the UK and Spain with particular regard to small business. **FoodsfromSpain.co.uk** promotes food products to the UK marketplace as well as developing the market for more established ones. They work with Spanish producers and exporters as well as British importers and distributors helping each side buy, promote and sell their products. Currently foods from Spain are

focusing on a campaign promoting several types of Spanish berries specifically for the British market; they taste good in winter and are the freshest you can buy during the colder months.

Similarly **Spanishfoodfinder.com** is a website listing importers from the UK and all over the world and a list of exporters in Spain who also share news about Spanish products and the Spanish market.

There is every reason to believe that Spanish food has the ability and the current impetus to take over Italian. With huge numbers of people visiting Spain every year, Spanish produce flooding supermarkets and a lasting culture in this country for appreciating foreign cuisines as much as our own, Spanish food will seemingly only grow in popularity in the future.

¹ Harry Wallop, Spanish food starts to overtake Italian, (15th August 2011) <http://www.telegraph.co.uk/foodanddrink/8565990/Spanish-food-starts-to-overtake-Italian.html>

² Simon Wilkinson, (20th January 2011) (http://www.peachreport.com/Latest/738222/bay_restaurants_to_demerge_la_tasca_chain_wilkinson_takes_over_as_ceo.html)

³ <http://delicioso.co.uk/index.php>

⁴ Rick Stein (<http://www.rickstein.com/Rick-Steins-Spain.html>)