

CBI MARKET SURVEY

The pipes and process equipment market in Spain

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Report summary

This CBI market survey discusses, amongst others, the following highlights for the pipes and process equipment sector in Spain:

- In general, Spanish industrial demand showed strong growth between 2002 and 2006. The average annual increase in total demand was 6%, which showed better growth than in the EU on average (+3%).
- As a result of increasing global demand for energy, major investment projects have been planned in Spain in this sector. This will lead to an increasing demand for pipes and process equipment. In Spain, most investments will be related to the improvement of the supply chain, maintaining the existing infrastructure and building new storage facilities
- A major trend affecting Spanish industrial demand and production is increasing globalisation, resulting in price pressure in the industry and specialisation of production. Another trend is environmental awareness, leading to an increased use of innovative production techniques and a growing demand for innovative products. Meanwhile, the production of commodities has been shifting to low cost countries (LCCs) in Central and Eastern Europe (CEE) and Asia, and this trend will continue.
- As a result of the complex environmental problems caused by Spain's great agricultural and industrial productivity and EU regulations concerning water quality, major investments are taking place in the water treatment industry. This will lead to good demand for pipes and process equipment in that segment.
- Spain was a large importer, ranking fifth in the EU, behind the UK and Italy, but ahead of Belgium and the Netherlands. Compared to 2002, the total share of imports from developing countries (DCs) grew from 5% to 13% in 2006. DC shares in Spanish imports grew rapidly in all product groups except for storage equipment. In 3 out of the 6 product groups, China was the most important DC supplier, while other countries well represented in the different product groups were South Africa (24% in process equipment) and Turkey (6% in pipes and fittings and 2% in storage equipment). The DCs that saw the largest increase in exports to Spain were Malaysia, Thailand, Egypt, South Africa, Tunisia, China, Vietnam, Morocco, Argentina, Ukraine and Colombia.

This survey provides exporters of pipes and process equipment with sector-specific market information related to gaining access to Spain. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The pipes and process equipment market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.eu/marketinfo>.

1 Market description: industrial demand and production

This section discusses the industrial demand for and production of the six relevant product groups; instruments, pipes and fittings, process equipment, pumps, storage equipment and valves. In the subsection on market segmentation the highlights of three important end-user segments are described. Please note that industrial demand is calculated by using Prodcom data for production, exports and imports (demand = production + imports – exports). These are the best detailed data available.

Industrial demand

Table 1.1 shows an indication of the demand for pipes and process equipment in Spain. Total demand value for pipes and process equipment in Spain amounted to €7.6 billion. The country ranked fifth in the EU in 2006 with a share of 8% of total EU demand, behind France and the UK, but ahead of the Netherlands and Poland. In the period 2002-2006, demand increased annually by 6% in value, which showed much better growth than in the EU on average (+3%).

Table 1.1 Spanish demand for pipes and process equipment, 2002-2006, € million

	2002	2004	2006	Change (CAGR*) '02-'06	Share
Total	5,975	7,344	7,580	6%	
Process equipment	1,383	1,705	1,973	9%	26%
Storage equipment	1,265	1,453	1,710	8%	23%
Pumps	1,033	1,375	1,439	9%	19%
Pipes and fittings	1,198	1,518	1,029	-4%	14%
Instruments	582	701	796	8%	11%
Valves	514	591	633	5%	8%

Source: Eurostat Prodcom (2008)

*CAGR - Compound Annual Growth Rate

The largest product groups were process equipment (€2 billion), storage equipment (€1.7 billion) and pumps (€1.4 billion). In the period 2002-2006, process equipment and pumps recorded an annual growth of 9%, which showed better growth than in the EU on average for both products groups (+7%). Other product groups that saw a strong increase were storage equipment (+8%), instruments (+8%) and valves (+5%). The only product group that saw a decrease in demand was pipes and fittings (-4%). This is in line with declining EU demand for this product group in the period under review. In 2006, the share of the different product groups, in total EU demand and compared to other EU countries, was as follows:

- Process equipment: fifth position with a share of 8% of total EU demand behind Germany and France, but ahead of the Netherlands and Poland.
- Storage equipment: fifth position with a share of 11%, behind France and the UK, but ahead of Poland and the Netherlands.
- Pumps: fifth position with a share of 6%, behind France and the UK, but ahead of Poland and Sweden.
- Pipes and fittings: fifth position with a share of 9%, behind France and the UK, but ahead of Finland and the Netherlands.
- Instruments: fifth position with a share of 7%, behind the UK and Italy, but ahead of Sweden and the Netherlands.
- Valves: fifth position with a share of 5%, behind France and the UK, but ahead of Denmark and Sweden.

Although it is difficult to predict the influence of the world, EU and Spanish economy forecasts for 2008 (+3.8%, +1.7% and +1.9% respectively) and 2009 (+3.9%, +1.8% and +1.9%), the expected growth, in combination with investments in the years to come (refer to 'Market segmentation'), is likely to secure a stable to slightly increasing demand for pipes and process equipment in the country. Please also note that, although the EU is far from the risk of recession, the EU and Spanish economy is and will be clearly affected by the housing and credit crisis in the United States.

Market segmentation

The Spanish market has a mature character and mainly comprises replacements and the maintenance of existing equipment. However, due to the many new projects being planned in Spain, opportunities will arise for the pipes and process equipment industry.

Gas and oil

In 2006, natural gas accounted for 20.8% of total energy consumption in Spain, which was a lower share than in the EU on average (24.5%). Since Spain is a small producer of natural gas and because the already high domestic demand is still increasing, most of the country's gas is imported. Spain was the 4th largest importer in the EU, behind Italy and France and ahead of Belgium, and among the smaller producers. In 2006, the Spanish pipeline network was the 10th largest in the EU with a total length of 58,870 km. The largest gas company in Spain is Enagás (<http://www.enagas.es>). The other major players in the Spanish natural gas sector include GasNatural (<http://www.gasnatural.com>), Sedigas (<http://www.sedigas.es>) and Union Fenosa Gas (<http://www.unionfenosa.es>).

With regard to oil, Spain was the fourth largest consuming oil country within the EU in 2006, behind Germany, France and the UK, but ahead of the Netherlands. As Spain is a small oil producer with only limited domestic supplies the country imports 99% of its oil needs. Due to the current high oil price, the Spanish government is investigating the possibility of extracting oil in the Pyrenees mountains. The daily refinery capacity in Spain amounted to 1.4 million barrels. Spain, therewith, takes fifth position, behind the UK, but ahead of the Netherlands. The largest refinery in the country is the 220,000-bbl/d Bilbao Refinery, operated by Repsol YPF (<http://www.repsolypf.com>), one of the world's ten largest oil companies. Spain's second largest oil company is Cepsa (<http://www.cepsa.com>).

The oil and gas industry is confronted with the environmental challenge on a daily basis. Because of this it has to invest in researching new technologies for CO₂ solutions, such as carbon capture and storage (CCS), clean coal and renewable technologies.

Recent investments in the gas sector were the construction of LNG peak-shaving facilities, used for storing surplus natural gas which can be used to meet the requirements of peak consumption. A large investment in the Spanish gas sector is the construction of the Medgaz pipeline. This 200km pipeline is to transport natural gas from North Africa to Europe, via Spain. It will have a total length of circa 200km and will be connected to the existing Almería - Albacete gas pipeline. The €900 million pipeline is expected to become operational in July 2009. Spanish companies involved are Cepsa, Iberdrola (<http://iberdrola.com>) and Endesa (<http://www.endesa.es>). Other investments are related to the storage of natural gas, such as the construction of three new reservoirs (to become operational in 2010) and a new aquifer in Yela operated by Enegas.

Water processing

With great discrepancies in water availability, shortages are a major concern in some regions of Spain. Distribution losses make the problem more complex, with the urban water supply network suffering 25-50% distribution losses. To solve this problem, the Spanish government has launched the National Hydroelectric Plan (NHP) which includes the construction of up to 120 new dams and more than 900km of new pipeline to transfer water from the Ebro river to South-East Spain.

Despite large investments in recent years, full compliance with the European Wastewater Treatment Directive remains to be realised. The Spanish government expects the costs of the 2007-2013 policy to amount to €6.6 billion. Investments focus on improving the management of water resources, including infrastructure improvements to avoid leakages and reuse of treated wastewater as well as improving drinking water quality.

With regards to wastewater, statistics show that approximately 60% of sewage water is treated, but because the sewerage and sewage treatment infrastructure is in need of modernisation the actual figure could be 45%. Wastewater treatment plants need to be extended in order to cope with the increasing volume of wastewater.

Food processing

Increasing environmental awareness in the EU is also influencing the Spanish food and beverage industry. Companies are being stimulated or even being forced to utilise technologies that are clean, produce less sludge as well as offer the option of re-use. This offers a good opportunity for manufacturers of pipes and process equipment. In 2006, Spain was the third largest market and the fourth largest producer of machinery for food, beverage and tobacco processing in the EU, ranking behind Italy and France, but ahead of the Netherlands and the UK. Table 1.2 shows that in the period 2002 and 2006 both industrial demand and production increased by +9.6% and +8.4% respectively, which were better growth rates than in the EU on average (+1.5% and +3% respectively).

Table 1.2 Industrial demand for and production of machinery for food, beverage and tobacco processing in Spain, 2002 – 2006, € million

	2002	2004	2006	Change '02-'06
Industrial demand	1,301	1,738	1,878	9.6%
Production	1,239	1,584	1,713	8.4%

Source: VDMA, European Union (2007)

Some examples of end-users who may be interesting to DC exporters are:

- Cepsa - <http://www.cepsa.com> - 2nd largest oil company in Spain.
- CLH - <http://www.clh.es> - responsible for the domestic oil and petroleum products transportation system. Ten oil and gas companies hold shares in CLH, the largest being Enbridge, Respol-YPF and Cepsa.
- Enagas - <http://www.enagas.es> - operates most of Spain's domestic natural gas transportation system.
- GasNatural - <http://www.gasnatural.com> - large gas supplier in Spain.
- Peter Taboada - <http://www.petertaboada.com> - water treatment equipment.
- Repsol YPF - <http://www.repsolypf.com> - largest oil and gas company in Spain.
- Saras Energía - <http://www.sarasenergia.com> - oil and gas company.

Trends in industrial demand

These are the major trends and characteristics that influence demand for pipes and process equipment in Spain:

- **Investment in water distribution and treatment.** At present, several parts of Spain have poor networking with respect to water distribution and wastewater treatment. In order to meet the requirements of the EU Water Framework Directive by 2015, new pipelines and large-scale implementation of water treatment plants are planned, alongside improvements on current systems. This will lead to an increasing demand for pipes and process equipment.
- **Increasing demand for energy results in large investments.** Large investments in pipelines and infrastructure have to be made in order to meet the increasing demand for energy. In Spain, most investments will be related to improvement of the supply chain, such as the Medgaz pipeline, and maintaining the existing infrastructure. Other investments are related to the storage of natural gas and include a new aquifer and three new reservoirs. These investments are necessary while sources in and around the EU are becoming exhausted and the EU will need to buy energy carriers such as natural gas and oil from distant countries and store these close to home.
- **Increasing environmental awareness in food and beverage industry.** Due to increasing environmental awareness, the Spanish food and beverage industry is being forced to utilise technologies that are clean, produce less sludge and offer the option of re-use.

Production

Table 1.3 shows an indication of the production of pipes and process equipment in Spain, as derived from Eurostat. In 2006, total production value of Spain reached €6 billion. The country ranked fifth in the EU with a share of 5% of total EU production, behind France and the UK, but ahead of the Netherlands and Denmark. In the period 2002-2006, production increased annually by 3% in value, which was below average EU growth (+6%).

Table 1.3 Spanish production pipes and process equipment, 2002-2006, € million

	2002	2004	2006	Change (CAGR) '02-'06	Share
Total	5,233	5,944	5,990	3%	
Storage equipment	1,390	1,583	1,750	6%	29%
Pipes and fittings	1,342	1,639	1,305	-1%	22%
Process equipment	971	1,119	1,234	6%	21%
Pumps	687	652	652	-1%	11%
Valves	442	505	644	10%	11%
Instruments	400	446	406	0%	7%

Source: Eurostat Prodcom (2008)

In 2006, the largest product groups were storage equipment (€1.8 billion), pipes and fittings (€1.3 billion) and process equipment (€1.2 billion). Between 2002 and 2006, valves recorded the highest growth (10% per year). Other product groups that saw a strong increase were storage equipment (+6%) and process equipment (+6%). Production value of pipes and fittings showed mixed results in the period 2002-2006. The value peaked in 2004, saw a strong decrease in the year after and recorded moderate growth again in the period 2005-2006. In 2006, the position of Spain in the EU, with respect to production in the several product groups, was as follows:

- Storage equipment: fifth position with a share of 11% of total EU production of storage equipment, behind France and the UK, but ahead of Poland and the Netherlands.
- Pipes and fittings: fourth position with a share of 6%, behind Germany, Italy and France, but ahead of the UK and Austria.
- Process equipment: sixth position with a share of 4%, behind the UK and the Netherlands, but ahead of Sweden and Finland.
- Valves: fifth position with a share of 4%, behind France and the UK, but ahead of Denmark.
- Instruments: eighth position with a share of 3%, behind the Netherlands and Denmark, but ahead of Poland and Sweden.
- Pumps: twelfth position with a share of 2%, behind Hungary and Sweden, but ahead of Slovenia and Slovakia.

Interesting players

Some interesting Spanish producers in the pipes and process equipment industry are:

- Accesorios de Tubería - <http://www.atusa.es> - pipes and fittings
- Aceralia (part of Arcelor-Mittal) - <http://www.aceralia.es> or <http://www.constructalia.com> - pipes
- Acerinox - <http://www.acerinox.es> - one of the largest stainless steel producers in the world with a plant in the USA and a majority shareholding in Columbus (<http://www.columbus.co.za>), South Africa.
- Acuster - <http://www.acuster.com> - pipes and process equipment
- Celsa Group - <http://www.gcelsa.com> - pipes
- Inoxpa - <http://www.inoxpa.com> - food processing equipment
- Telstar Industrial - <http://www.etelstar.com> - process equipment
- Tubacex (also companies in Austria and the USA) - <http://www.tubacex.com> - second largest pipe producer in the world.
- Tubos Reunidos - <http://www.tubosreunidos.com> - Spain's largest and Europe's second largest pipe producer.

Although consolidation and rationalisation lead to fewer independent manufacturers, it is still not uncommon for a single plant belonging to a large multinational supplier to have – at least to a large degree – its own purchasing function.

Trends in production

The major trends in and characteristics of pipes and process equipment production in Spain are:

- **Increasing globalisation leads to specialisation.** Spanish manufacturers are being stimulated or even forced to specialise and to focus on customised products. Meanwhile, the production of commodities is gradually shifting to DCs, which may be underlined by the fact that imports from DCs, such as China, Malaysia, Thailand, Egypt, South Africa and Tunisia rose quickly in the period 2002-2006 (refer to Section 3). To compete on the world market, more Spanish companies are now focusing on their technological skills, selecting niche markets which require complex products with high precision, specific quality requirements, or those that need a quick or just-in-time delivery.
- **Manufacturers join forces to offer a broad range of products.** Global competition and the desire of suppliers to create as broad a mix of products as possible are the driving factors behind a number of mergers and acquisitions in the industry.
- **Increased use of innovative and efficient production.** Growing environmental awareness has led to a search for energy efficient production with a limited emission of CO₂ and NO_x. Moreover, increasing energy prices, raw material prices and environmental taxes are also encouraging the industry to improve production efficiency and generate less waste.

Environmental awareness in practice

Leading Spanish pipe producer TUBACEX considers environmental protection as one of its main strategies. In practice this means that the company is gradually introducing a system in each of its business units which minimises the environmental impact of its activities (such as waste, atmosphere, water, noise and energy). In order to achieve this the company uses clean, economically viable technologies and implements the necessary measures to prevent its operations from generating pollution.

Opportunities and threats

Trends and market developments offer opportunities and threats to exporters. A given trend can be a threat to some and an opportunity to others at the same time. The following trends should, therefore, always be analysed in relation to your specific circumstances. The main opportunities and threats for DC exporters are the following:

- + Between 2002 and 2006, Spanish demand showed strong results with an average annual growth of 6%, which shows better growth than in the EU on average (+3%).
- + In the years to come, industrial demand for pipes and process equipment is expected to increase as a result of large investments, such as those related to Spain's need to comply with EU energy and water directives.
- + Price pressure on standard products as a result of increasingly global competition is leading to increased sourcing in LCCs.
- Higher demand for more sophisticated products requiring advanced technological skills.

Refer to Section 7 of the CBI market survey covering the EU market for more information on opportunities and threats.

Useful sources

- Eurogas - <http://www.eurogas.org>
- European Committee for the Valve Industry - <http://www.ceir-online.org>
- European Confederation of Iron and Steel Industry - <http://www.eurofer.org>
- Eurostat - official statistical office of the EU - <http://epp.eurostat.ec.europa.eu>
- International Tube Association - <http://www.itatube.org>

2 Trade channels for market entry

Trade channels

The most common distribution channels in the industry are importers, subcontractors and system suppliers, agents and direct sourcing. The role of the importer is less important with regard to complex products than standard products, but still remains the most important channel for DC exporters. A major trend is the changing focus of importers. Their activities are increasingly focused on additional services around the product itself, in a way to compete with the system suppliers who are increasingly offering service packages.

Some examples of intermediaries are:

- ICP Valves - <http://www.imporex.com> - valves, fittings
- Thisa-Tubos y Hierros Industriales - <http://www.thisa.es> - pipes, valves, fittings
- Tradinox - <http://tradinox.es> - pipes
- Tubinox - <http://www.tubinox.com> - pipes, flanges and fittings.

Refer to the CBI market survey covering the EU market for a detailed explanation of relevant trade channels in this market.

Practical example

A Spanish pipe distributor points out that the most interesting segment in the Spanish pipes and process equipment industry is water processing. As Spain suffers from severe drought, investments are focused on the treatment of seawater. New desalination plants are being built to turn salt seawater into drinking water. This trend is resulting in a higher demand for pipes, which is very beneficial for this company. Besides domestic trends the country relies heavily on developments on the German market. According to a spokesman for the company, the Spanish market is heavily influenced by the German industry. Most developments in Germany will influence the Spanish industry approximately three months later. He indicates that Germany is the motor of the industry.

Price structure

It is very difficult to give a general idea of the price structure in this industry, as prices and margins differ to a great extent. Firstly, the margin depends on the type of product. For one thing, standardised products have lower margins than customised products. Furthermore, important factors will be the price agreement made, the size of the order, and the terms of delivery. Bearing this in mind, some rough indications of margins in the chain can be given. As a rule of thumb, importers mark up their landed cost price by 10-35% when they sell a product. The mark up of agents generally varies between 1 and 8%.

Selecting a suitable trading partner

There are many ways to find potential trading partners in Spain. In this section, the focus will be on country-specific sources. Refer to Section 3 of the CBI market survey covering the EU market for a list of general sources and sources in your own (DC) country. Refer to Section 6 for main sales promotion tools.

- Spanish Association of Capital Goods Manufacturers - <http://www.sercobe.es> - choose 'English' and click on 'Members'.
- Spanish Association of Iron Merchants – <http://www.uahe.es> - click on 'Asociados' and select 'Lista de asociados'.
- Spanish Gas Association/Asociación Española del Gas - <http://www.sedigas.es> - click on 'Asociación' and select 'Empresas Asociadas'.

Furthermore, the websites of relevant trade fairs often contain a list of exhibitors. An example is the exhibitor list of the Spanish trade fair Barcelona Tecnologías de la Alimentación (<http://www.bta-tecnoalimentaria.com>) with a focus on processes, technology and environment in the food industry. This fair is held every four years (next date is May 2009). On the fair's website select English, go to 'BTA 2009' and click on 'The exhibitors'. Refer to Section 6 for information on other trade fairs.

3 Trade: imports and exports

Imports

In 2006, Spain was a large importer of pipes and process equipment, ranking fifth in the EU, behind the UK and Italy, but ahead of Belgium and the Netherlands. Between 2002 and 2006, total import value increased annually by 8% to €4.9 billion in 2006 (EU: +8%). The product group shares were as follows:

- Pumps: 28% of total imports. Annual increase in import value of 4%.
- Process equipment: 21% of total. Annual increase of 10%.
- Pipes and fittings: 18% of total. Annual increase of 16%.
- Instruments: 13% of total. Annual increase of 3%.
- Valves: 12% of total. Annual increase of 7%.
- Storage equipment: 9% of total. Annual increase of 17%.

Of all intra EU imports a small part may be re-exports, but the exact value of re-exports is unknown because Eurostat does not allow for such detailed analysis.

Table 3.1 Imports by and leading suppliers to Spain, 2002 - 2006, share in % of value

Product	2002 € mln	2004 € mln	2006 € mln	Leading suppliers in 2006 (share in %)	Share (%)
Pipes and pipe related process equipment	2,869	3,368	3,622	Intra EU : Germany (20), Italy (17), France (13), UK (4), Portugal (4)	74
	537	525	638	Extra EU ex. DC : USA (6), Japan (3), South Korea (1), Switzerland (1), Israel (1)	13
	179	296	622	DC : South Africa (5), China (4), Turkey (1), Malaysia (<0.5), India (<0.5), Ukraine (<0.5), Egypt (<0.5), Thailand (<0.5), Colombia (<0.5), Morocco (<0.5)	13
Pumps	921	1,135	1,133	Intra EU : Germany (25), Italy (16), France (14), UK (8), Belgium (5)	84
	232	172	157	Extra EU ex. DC : USA (4), Japan (4), Switzerland (1), South Korea (1), Taiwan (<0.5)	12
	24	41	65	DC : China (3), Malaysia (1), Thailand (<0.5), Egypt (<0.5), South Africa (<0.5), India (<0.5), Brazil (<0.5), Turkey (<0.5), Argentina (<0.5), Chile (<0.5)	5
Process equipment	534	568	593	Intra EU : Germany (14), France (14), Italy (12), Portugal (5), UK (3)	58
	109	172	150	Extra EU ex. DC : South Korea (5), USA (4), Israel (2), Japan (1), Taiwan (1)	15
	64	102	283	DC : South Africa (24), China (1), Egypt (1), India (1), Turkey (<0.5), Malaysia (<0.5), Vietnam (<0.5), Thailand (<0.5), Argentina (<0.5), Mexico (<0.5)	28
Pipes and fittings	411	547	700	Intra EU : Italy (30), Germany (15), Portugal (9), France (8), Greece (5)	80
	31	32	30	Extra EU ex. DC : USA (1), Switzerland (1), Taiwan (1), Japan (<0.5), South Korea (<0.5)	3
	36	79	142	DC : Turkey (6), China (5), Ukraine (2), India (1), Morocco (1), Venezuela (<0.5), Argentina (<0.5), Thailand (<0.5), Egypt (<0.5), Malaysia (<0.5)	16
Instruments	464	486	519	Intra EU : Germany (32), Italy (13), France (11), Netherlands (8), Belgium (5)	82
	85	72	95	Extra EU ex. DC : Japan (8), USA (4), Switzerland (1), Israel (1), Taiwan (1)	15
	9	13	23	DC : China (1), Colombia (1), Tunisia (1), Turkey (<0.5), Brazil (<0.5), Mexico (<0.5), Malaysia (<0.5), India (<0.5), Indonesia (<0.5), Syria (<0.5)	4

Product	2002 € mln	2004 € mln	2006 € mln	Leading suppliers in 2006 (share in %)	Share (%)
Valves	340	394	416	Intra EU : Germany (25), Italy (21), France (11), Denmark (5), UK (4)	73
	72	65	59	Extra EU ex. DC : Japan (4), USA (3), Israel (1), Taiwan (1), Switzerland (1)	10
	30	49	96	DC : China (16), India (<0.5), Mexico (<0.5), Turkey (<0.5), Brazil (<0.5), Chile (<0.5), Argentina (<0.5), Thailand (<0.5), Croatia (<0.5), Iran (<0.5)	17
Storage equipment	198	238	261	Intra EU : France (24), Portugal (10), Italy (9), Germany (8), UK (4)	62
	8	12	148	Extra EU ex. DC : USA (35), Norway (<0.5), Switzerland (<0.5), Gibraltar (<0.5), Canada (<0.5)	35
	16	13	13	DC : Turkey (2), China (1), El Salvador (<0.5), Morocco (<0.5), India (<0.5), Brazil (<0.5), Pakistan (<0.5), Malaysia (<0.5), Tunisia (<0.5), Argentina (<0.5)	3

Source: Eurostat (2007)

Imports from DCs

Between 2002 and 2006, imports from DCs increased annually by 37% in value. Compared to 2002, the total share of DCs in total import value increased from 5% to 13% in 2006. DC shares in imports of some product groups showed better growth compared to other product groups, as can be seen below:

- Process equipment: growing from 9% to 28% in value.
- Valves: growing from 7% to 17%.
- Pumps: growing from 2% to 5%.
- Instruments: growing from 2% to 4%.
- Pipes and fittings: growing from 8% to 16%.
- Storage equipment: declining from 7% to 3%.

China accounted for 31% of all pipes and process equipment imports coming from DCs and for 4% of total imports. The only DC that accounted for a higher share was South Africa (40%). China was followed by Turkey (11%), Malaysia (3%), India (3%) and Ukraine (3%). The Chinese share of DC exports to Spain did not grow as fast as in the EU on average (31% compared to 100%). The DCs that saw a larger increase in their share to the country were Malaysia, Thailand, Egypt, South Africa, Tunisia.

Exports

In 2006, Spain was a medium-sized exporter, ranking ninth in the EU, behind Belgium and the Czech Republic, but ahead of Sweden and Denmark. Total export value of Spain showed an annual increase of 6% in the period 2002-2006, totalling €3.5 billion in 2006. Exports consisted of:

- Pipes and fittings, accounting for 30% of total exports (€1 billion). Annual increase in export value of 14%.
- Valves, 17% of total exports (€584 million). Annual increase of 12%.
- Pumps, 16% of total exports (€562 million). Annual decrease of 4%.
- Process equipment, 16% of total exports (€550 million). Annual increase of 6%.
- Storage equipment, 13% of total exports (€461 million). Annual increase of 7%.
- Instruments, 8% of total exports (€278 million). Annual decrease of 2%.

A small part of exports may consist of re-exports to other EU countries, but the exact value of re-exports is unknown because Eurostat does not allow for such detailed analysis.

Opportunities and threats

- + Spain was the fifth largest importer in the EU in 2006.
- + Total import value of all product groups increased in the period 2002-2006 (+8%).
- + In 2006, Spain was a net-importer, running trade deficits for instruments (€358 million), process equipment (€477 million) and pumps (€793 million).

- + The import share of DCs increased from 5% in 2002 to 13% in 2006, above the EU average (9%).
- ± China accounted for 31% of all imports coming from DCs, comparable to the EU on average (33%). The Chinese share of DCs exports to Spain did not increase much.
- Spain ran trade surpluses for pipes and fittings (€165 million), storage equipment (€40 million) and valves (€13 million).
- South Africa accounted for the highest share of imports coming from DCs (41%). There were several DCs that saw a larger increase in their share to the country than China.

Useful sources

- EU Expanding Exports Helpdesk - <http://exporthelp.europa.eu> → go to: trade statistics
- Eurostat - official statistical office of the EU - <http://epp.eurostat.ec.europa.eu> → go to 'themes' on the left side of the home page → go to 'external trade' → go to 'data – full view' → go to 'external trade - detailed data'.
- Understanding Eurostat: Quick guide to easy comext → http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20080117.pdf

4 Price developments

Prices and price developments in Spain are the same as in other EU countries. 2000-2004 saw a period of heavy price pressure which has eased since then. Upward price pressure from increasing energy and raw material prices was already visible in that period, but became really serious in 2005 and the following years. This has resulted in a declining share of wage costs in total production costs, nevertheless wage costs still account for a large share of the cost price in the industry. On average, manufacturers have been able to pass on the higher cost prices to their customers, especially concerning customised products. However, the global competitive pressure remains very strong with regard to standard products. Importers, agents, subcontractors and system suppliers will continue to keep on looking for opportunities to reduce sourcing costs for these standard products.

Useful sources

Sources of prices include, among other things:

- Eurofer – <http://www.eurofer.org/statistics/scrap.htm>
- Eurostat - official statistical office of the EU - <http://epp.eurostat.ec.europa.eu>. By comparing import value and volume, it is possible to get an idea of development of import prices.
- London Metal Exchange – <http://www.lme.co.uk>

Furthermore, section 5 of the CBI market survey covering the EU market offers links to websites with price lists.

5 Market access requirements

As a manufacturer in a developing country preparing to access Spain, you should be aware of the market access requirements of your trading partners and the Spanish government. Requirements are demanded on legislation and on labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select pipes and process equipment and Spain in the category search, click on the search button and click on market access requirements.

Useful sources

- Additional information on packaging can be found on the ITC website under export packaging: <http://www.intracen.org/ep/packaging/packit.htm>
- Information on tariffs and quota can be found at <http://exporthelp.europa.eu>

6 Doing business

General information on doing business, such as approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore cultural awareness is a critical skill in securing success as an exporter.

Sales promotion

For DC exporters, trade press, trade fairs and website promotion are among the most important promotional tools; they are briefly discussed below. For more information, also refer to CBI's Export Planner and Your Image Builder – <http://www.cbi.eu>, as well as the CBI market survey covering the pipes and process equipment market in the EU.

Trade fairs

Visiting and participating at a trade fair abroad can be an efficient means to communicating with prospective customers. It provides more opportunities to convey one's message than any other promotional tool. It can also be an important source of information on market development, production techniques and new product applications. Relevant trade fairs in Spain are:

- Barcelona Tecnologías de la Alimentación - <http://www.bta-tecnoalimentaria.com> - processes, technology and environment in the food industry, held every four years (next date is May 2009).
- Industry and Technology Summit - <http://www.bilbaoexhibitioncentre.com> - iron and steel, held biennially (uneven years in September) in Bilbao.
- Maquitech - <http://www.maquitech.com> - equipment, technology, production processes in the metallurgy industry. Held biennially (uneven years in March) in Barcelona.
- PROMA - <http://www.bilbaoexhibitioncentre.com> - environmental technologies, held biennially (even years in October) in Bilbao.
- Smagua - <http://www.smagua.com> - water treatment, held biennially (even years in March) in Zaragoza.
- Subcontratación - <http://www.feriadebilbao.com> - held annually (September) in Bilbao.

An interesting fair for the valve industry is Valve World (<http://www.valve-world.net>), which is held biennially (even years in November) in Maastricht, the Netherlands. An important fair in Germany is Wire and Tube - <http://www.tube.de> - held biennially (even years in March/April) in Düsseldorf. In addition, visiting trade fairs in neighbouring countries could be an option as well. Find more trade fairs at <http://www.eventseye.com> and <http://www.auma.de>.

Trade press

An interesting story about your company or new product introduction will boost the company's image and increase user awareness. In that respect, building up contacts with the trade press will be helpful and should be used whenever possible. Some relevant Spanish magazines are:

- Reveista de Metalurgia - <http://www.cenim.csic.es> - technical magazine
- Confemetal - <http://www.confemetal.es/principal.htm> - metalworking

Furthermore, the magazines with global coverage may present country-specific information:

- International Journal of Pressure Vessels and Piping - <http://www.elsevier.com/locate/ijpvp>
- KWD Global pipe - <http://www.kwd-globalpipe.com>
- Oil Gas Magazine - <http://www.oilgaspublisher.de>
- Oil, Gas & Petrochem Equipment - <http://www.ogpe.com>
- Online news 'The Engineer' - <http://www.theengineer.co.uk>
- Pipe Line & Gas Industry - <http://www.pipe-line.com> or <http://www.gulfpub.com>

- Pump Engineer - <http://www.pumpengineer.net>
- Stainless Steel World - <http://www.stainless-steel-world.net>
- Steel Times International - <http://www.steeltimesint.com>
- The Fabricator - <http://www.thefabricator.com>
- The Tube & Pipe Journal (TPJ) - <http://tradingholding.tradepub.com/free/tpj>
- Tube & Pipe Technology Magazine - <http://www.read-tpt.com>
- Valve World - <http://www.valve-world.net>
- World Pumps online magazine - <http://www.worldpumps.com>

Website promotion

These days, it is an absolute must to have a professional website aimed at your main target groups. Make it interactive and promote it in the right way. More information can be found in the CBI Export Manual 'Website Promotion', available at <http://www.cbi.eu/marketinfo>.

Business culture

Cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in Section 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications. Furthermore, refer to Kwintessential for practical tips on business culture and etiquette in Spain: <http://www.kwintessential.co.uk>. Click on 'Country Profiles' at the section 'Intercultural resources and tools' and click on 'Spain'.

Other useful sources

Next to a number of relevant sources already mentioned in previous sections, other useful sources that contain information on doing business in Spain are:

- Spanish Association of the Metal Industry - <http://www.confemetal.es>
- Spanish Association of LPG Operators (AOGPL) - <http://www.spainautogas.com>
- Spanish Metalurgy Union - <http://www.unesid.org>

This survey was compiled for CBI by Facts Figures Future in collaboration with Kommanet.

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