

## **CaixaBank finds that the primary sector is reviving and has grown by 7.6% up until June, more than doubling within the economy's total GDP**

- **A report by CaixaBank Research reveals that some crops remain affected by adverse hydrological conditions, an improvement is expected in the effects caused by the prolonged drought that affected a significant portion of Spain's agricultural land**
- **The improvement in agricultural production during the first half of the year has allowed for agri-food exports to once again increase in volume (3% year-on-year), following two consecutive years of decreasing figures**
- **Food prices in Spain have risen by 30.7% since December 2019, but it is expected that the lowering cost of agricultural commodities and energy over the coming quarters will help moderate the inflationary pressure affecting foodstuffs**

### **2 October 2024**

The Spanish agri-food sector is starting to recover from the sharp shocks that have hindered its production over the past two years. During the first half of the year, the Gross Value Added (GVA) of the primary sector has experienced a year-on-year increase of 7.6%, more than doubling Spanish GDP growth, as reflected in a report on the sector's evolution published by [CaixaBank Research](#). The conclusions highlight an incipient improvement in the prolonged drought that has impacted a large portion of Spain's agricultural land, along with a slight reduction in production costs, leading to more optimistic forecasts for the 2024-2025 season.

The Agri-food Sector Report, coordinated by CaixaBank Research economists Judit Montoriol and Pedro Álvarez, includes an analysis of the production estimated for this campaign for each agricultural product and confirms the recovery of the winter cereal crops, which will reach a slightly higher level than the average recorded over the past five seasons. An improvement is also anticipated in olive oil production, which experienced a 58.6% decline in 2023, causing a sharp increase in its price.

Despite this, some crops remain affected by adverse hydrological conditions, with about 12.2% of Spain's territory still affected by a prolonged drought. Beyond temporary factors, the report highlights that the sector's future remains highly dependent on substantial challenges (lack of

workforce, impact of climate change, adapting to new regulatory requirements, etc.) that limit its ability to grow in a more structured manner.

Furthermore, the food industry is also beginning to show signs of a reactivation (industrial production recorded a year-on-year growth of 1.9% during the first half of 2024), thanks to a moderation in the increase of production costs. This positive performance is also reflected in the job market figures: the food industry created nearly 10,000 jobs in the past year up until August.

### **Intense export activity**

Spain is still a major powerhouse in terms of agri-food exports, being the 8<sup>th</sup> larger exporter in the world, with a market share of 3.2%. An improvement in agricultural production during the first half of this year has allowed for agri-food exports to once again grow in volume, recording a year-on-year increase of 3%, after two consecutive years of decreasing figures. In terms of value, the rate of progress is even more significant (5.9% in the first half of the year) thanks to the increase in prices seen in the majority of agri-food products available in the international markets. Similarly, the weight of the GVA of the primary sector in Spain stands at 2.6% of the total of the economy, far above the average 1.7% recorded by other EU countries.

The CaixaBank Research report highlights the sharp rise in food prices in Spain during 2022 and 2023, with a 30.7% increase since December 2019, now standing nearly 13 points higher than the average CPI. For the coming quarters, it is expected that a decrease in agricultural commodity prices and energy costs in international markets will help to contain agricultural production costs and thus a moderation in the inflationary pressure affecting foodstuffs.

### **Agri-food Sector Report by CaixaBank Research**

The report published by CaixaBank Research on the Spanish agri-food sector is part of the collection dedicated to the regular monitoring of Spain's main business sectors (real-estate, tourism, etc.), based on the analysis of both the main economic indicators and internal data. By means of its publications, available at [www.caixabankresearch.com](http://www.caixabankresearch.com), CaixaBank Research stimulates the debate and the exchange of experiences among all sectors within society and promotes the dissemination of the major topics of the socio-economic environment of our times, making them available to as many people and companies as possible.