

USDA Foreign Agricultural Service

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Global Agricultural Information Network

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## Germany

### Exporter Guide

### Road Map to the German Market for U.S. Foods

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**Report Highlights:** Germany has 82 million of the world's wealthiest consumers and is by far the most populous and economically powerful of the European Union's 27 member-states. The German market offers good opportunities for U.S. exporters of consumer-oriented agricultural products. In 2010, U.S. exports of consumer oriented products to Germany totaled \$662 million. Largest segments were tree nuts, fish & seafood products, and wine & beer. This report provides U.S. food and agriculture exporters with background information and suggestions for entering the German market.

**Post:**

Berlin

## **Section I Market Overview**

### **Macro Economic Situation**

Germany has 82 million of the world's wealthiest consumers and is by far the most populous and economically powerful of the European Union's 27 member-states. Germany's population continues to decline due to low birth rates and reduced immigration. It is estimated that 50 percent of its population will be older than 47 in 2025 and by 2060 the population will have decreased to about 65 million.

Germany is a broadly middle class society with a generous social welfare system that provides for universal medical care and unemployment compensation. GDP decreased by 4.7 percent in 2009 but grew by 3.6 percent in 2010. The recovery was attributable primarily to rebounding manufacturing orders and exports. Domestic demand, however, is becoming a more significant driver of Germany's economic expansion. 2010, per capita income is estimated at \$35,900 with an inflation rate of about 1 percent. The average unemployment rate was 7.4 percent.

In 2010, German imports of agricultural products (including forest products) totaled \$88 billion. The U.S. share of the German agricultural import market totaled nearly \$1.7 billion consisting mostly of soybeans, tree nuts, seafood, vegetable oils, wine, and other consumer oriented products.

Germany's main trading partners in the food sector are other EU countries followed by Russia, the United States and Switzerland. In total, Germany is a net importer of food and feed. In the past ten years, food imports have steadily increased, underlying the rising demand for foreign as well as exotic foods.

## **Section II Exporter Business Tips**

The German market offers good opportunities for U.S. exporters of consumer-oriented agricultural products. U.S. suppliers of consumer-ready foods and beverages interested in developing a market for their products in Germany must be prepared to:

- Offer a product that meets German/EU food law, packaging, and labeling requirements
  - Pay particular attention to animal product health certificates, many of which are now filed using a new electronic system
  - Watch out for potential testing for unapproved biotech crops (e.g., there is a zero tolerance for some U.S. corn varieties)
- Invest time and money to develop the market, paying special attention to identify the right marketing channel for your product
  - The FAS's Foreign Buyers List offers important information on numerous German buyers of food, fish, and seafood products and provides important information such as contact person, address, telephone, fax, and type of product imported: [www.usda-mideurope.com](http://www.usda-mideurope.com)
  - Seriously consider participating in food trade shows. (A listing of upcoming shows may be found at: [www.usda-mideurope.com/#](http://www.usda-mideurope.com/#))
- Explore marketing approaches that build on strong societal themes.

- Highlighting your particular industry's 'sustainability'
- Consider including a certified organic item in your product line up
- Make sure your product has a 'story' behind it (e.g., the history of the company, the product's affiliation with special certifications or production methods, etc.)

### **Market Access**

If you are considering working through a distributor in another country (the Netherlands is common), you should be aware that food imports from other countries within the European Union fall under the "free movement of goods" principle. This means that products that are imported by other EU-countries may be brought into Germany even if they violate German food laws. If this is the case, importers must obtain a permit from the Federal Office for Consumer Protection and Food Safety (BVL) in order to sell the product in Germany.

To determine current tariffs and other measures applied to imports into Germany and the EU in general, please see the TARIC, the [Online Customs Tariff Database](#).

There are a number of potential technical barriers to trade and exporters may want to consult with the [USDA/FAS Food and Agricultural Import Regulations and Standards report on Germany](#). This report provides an overview of food laws in force in Germany that cover areas which are not yet harmonized and provides a link to more general EU import requirements.

### **Product Packaging**

Exporting companies from the United States should be aware that product packaging is very important to German consumers and packaging is often judged in part on its environmental friendliness.

Manufacturers, importers, distributors, and retailers must also ensure that packaging materials for their food products comply with EU and German regulations on recycling and disposal. German packaging laws require manufacturers to take care of the recycling or disposal of any packaging material they sell.

The German industry set up a dual system of waste collection, which picks up household packaging in parallel to the existing municipal waste-collection systems. There are several dual system companies licensed in Germany offering various waste disposal schemes. U.S. exporters are free to choose which dual system they join. However it is not mandatory to display any dual system membership seal on sales packaging.

### **Distribution Channels**

The German food & beverage industry is highly fragmented and competitive. Few German retailers import products directly from other countries. Most food retailers would rather buy from central buyers/distributors importing food & beverages. In general, these wholesalers have specialized in products or product groups and some are even experts in food products from a specific country of origin. These specialized importers have an in-depth knowledge of importing requirements, such as product certification, labeling and packaging. They also typically handle shipping, customs clearance, warehousing and distribution of the products within the country.

Because of their experience and expertise, it is often advisable for U.S. exporters find a local representative to place and promote their products in Germany. A proven way to find the right distributor is to participate in the various food trade shows taking place in Germany. Trade shows like ANUGA, Green Week or the BioFach show in Germany enjoy an exceptional reputation within the global food industry and the reach of these shows is, in many cases, global. Participating in German

trade shows facilitates the direct contact with German food brokers, importers, and wholesalers.

**Supporting Institutions**

Currently, about 40 U.S. organizations operate USDA-funded marketing programs in Germany. Participants include California Wine Institute, Almond Board of California, Cranberry Marketing Association, American Soybean Association, Alaska Seafood Marketing Institute, California Walnut Commission, and U.S. Meat Export Federation.

Foreign companies looking for German food importers, wholesalers or distributors can obtain reliable information from the Federation of German Food and Drink Industries (BVE), the Federal Association of the German Retail Grocery Trade (BVL) as well as at the different food market segments industry associations.

**Section III Market Sector Structure and Trends**

**Food Retail**

Germany's 82 million inhabitants make the food and beverage market the largest in Europe. According to Nielsen, German food retail turnover was nearly \$207 billion (€156 billion) in 2010. Since 2008, food retail turnover has stagnated because of the effects of the financial crisis. Overall, Germany is a net importer in all major classes of food products but local production and firms are in many instances established and globally competitive. German consumers expect high quality for their food and beverage products. However, German consumers are also very price sensitive. In fact, to a large extent, price is often considered the main criteria for purchasing decisions and this is reflected by the dominance of retail food discounters in the market. Slotting fees for placing products on retail shelves are quite common in Germany, especially for brand name products. They are less common for fresh products like fruits and vegetables. In general, slotting fees are established through yearly talks between the food retail companies and distributors.

Given the large size of the German market, the opportunities for business in the food sector are very attractive to U.S. exporters. The German retail food sector is dominated by five large retailers, which according to the German cartel office, have more than 90 percent of the market. Germany has the highest share of discounter in food retailing (37.9 %) in the world. Aldi is the leading German discounter, followed by Lidl and Netto. The major German food retailers frequently experience low profitability due to fierce competition from discounters. In general, German retailers have turned price aggressiveness into the key answer to the fierce competition and shifted the burden onto their suppliers.

**Market share in German food retailing**

Shop type	Market share in %
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	2005	2010
Superstores ( $\geq 2.500 \text{ m}^2$ )	24.7	26.0
Supermarkets large (1.000-2.499 $\text{m}^2$ )	12.9	14.4
Supermarkets (100-999 $\text{m}^2$ )	16.7	13.4
Discounter	33.8	37.9
Other (mainly Drugstores)	11.9	8.3
Superstores ( $\geq 2.500 \text{ m}^2$ )	24.7	26.0

Source: Nielsen

Besides the dominance of the discount sector in the food retail trade, there are obvious trends based on consumption patterns in the middle class and overall changes in demographics. The increasing demand for wellness foods, convenience foods, and organic products in recent years, continues to hold large potential for U.S. companies active in these market segments. An aging population is fueling the demand for health and wellness foods, as well as functional foods, to prevent or overcome conditions including diabetes, high blood pressure, and cholesterol. Two-thirds of all Germans see a direct link between nutrition and health.

Organic food products have long since achieved mainstream status in Germany. More and more consumers are seeking to improve their sense of well-being, health, and even their performance levels, through the consumption of functional food products. An increasingly fast-paced society and the rising number of single households are driving demand for convenience food including ready-to-eat meals, frozen foods, desserts, and baked goods. Other trends include sales of 'fair trade' products, such as coffee and fruit juices and the frequent use of product 'sustainability' as a marketing tool.

### **Hotel, Restaurant, and Institutional Sector**

The German food service sector is large and highly fragmented, but can be divided into the commercial and institutional food service markets. The German commercial food service market includes hotels, restaurants, fast food and take-out outlets, bars, cafeterias, coffee shops, and similar channels. The HRI market includes restaurants, pubs, and cafes. The bigger players include McDonalds, Autobahn Tank & Rast, and Nordsee. The institutional food service market is comprised of hospitals, universities, nursing homes, and cafeterias.

According to the German government statistics (destatis), total sales turnover for the German food service market amounted to \$95 billion (€72 billion) in 2010.

To ensure that the imported products meet all sanitary and health requirements, major operators from the institutional catering sector often buy through central buying offices. Large caterers may import directly or ask their importers or brokers to obtain products they are especially interested in. The two major distribution channels for the German food service trade are Cash & Carry Wholesalers and Specialized Distributor/ Wholesalers.

### **Key Influences on Consumer Demands in Germany**

- Declining population with a birth rate of 1.39 babies born per woman of childbearing age
- Ageing population

- Number of households growing
- Smaller households
- Rise in number of working women
- International consumer tastes e.g. Chinese, Indian, Italian, Thai, Mexican, American
- Reduction in formal meal occasions, leading to an increase in snacking
- Healthier eating habits
- Sustainability is the trend meeting consumer concerns about environment, obesity, safety of the food supply

#### **Relative strengths/weaknesses of U.S. Supplier to German market**

<b>Opportunities</b>	<b>Constraints</b>
<ul style="list-style-type: none"> <li>• Germany has one of the highest average income levels in the world</li> </ul>	<ul style="list-style-type: none"> <li>• Germany has a very competitive market, particularly in retail.</li> </ul>
<ul style="list-style-type: none"> <li>• Germany is among the largest food/beverage importing nations of the world</li> </ul>	<ul style="list-style-type: none"> <li>• (EU) Import tariffs on certain products are high.</li> </ul>
<ul style="list-style-type: none"> <li>• American Way of Life and U.S. style foods are popular, principally among the affluent younger generation</li> </ul>	<ul style="list-style-type: none"> <li>• Homeland of discounting. Because of low food prices the margins on food at the retail level are among the lowest in Europe.</li> </ul>
<ul style="list-style-type: none"> <li>• Germany has many well established importers. Well developed distribution system.</li> </ul>	<ul style="list-style-type: none"> <li>• More aggressive marketing campaigns from developing countries for their products.</li> </ul>
<ul style="list-style-type: none"> <li>• Increase demand for more environmental and animal friendly products (especially sustainability).</li> </ul>	<ul style="list-style-type: none"> <li>• NGOs marketing and lobbying efforts to denigrate U.S. products.</li> </ul>
<ul style="list-style-type: none"> <li>• Increase demand for U.S. organic products (especially if U.S./EU Organic Equivalency agreement reached).</li> </ul>	<ul style="list-style-type: none"> <li>• Politicized food-safety scandals, regardless of the source, have the potential to impact U.S. foods through increased regulatory scrutiny or damage to the image of a product category.</li> </ul>
<ul style="list-style-type: none"> <li>• Emphasis on healthy eating provides expanded markets for U.S. fruit, vegetable, nut (i.e. almonds, walnuts, cranberries, etc.), seafood, and nutraceutical products.</li> </ul>	<ul style="list-style-type: none"> <li>• Germany actually enforces EU regulations that may be overlooked in other countries (e.g., implementation of EU sustainability requirements for biofuels).</li> </ul>
<ul style="list-style-type: none"> <li>• Consumer recognition of the high quality of U.S. wines</li> </ul>	<ul style="list-style-type: none"> <li>• Continued adventitious presence and testing issues associated with agricultural biotechnology increase U.S. costs and create consumer concerns (e.g., rice).</li> </ul>
<ul style="list-style-type: none"> <li>• German trade shows (Anuga, Fruit Logistica, BioFach, etc.) are truly international in scope and are platforms to marketing globally.</li> </ul>	<ul style="list-style-type: none"> <li>• More aggressive marketing campaigns from developing countries for their products.</li> </ul>

#### **Section IV Best High-Value Product Prospects**

U.S. products with the best export opportunities in German market meet one or more of the following

criteria:

- The basic product is not produced in Europe in sufficient quantities or U.S. quality is superior
- The product (usually fresh) is available on a counter seasonal basis
- The product is unique to the United States

The following products from the United States have good potential in Germany:

- **Nuts:** Germany imports significant quantities of a wide assortment of tree nuts, as well as peanuts and sunflower seeds. In Germany, most tree nuts are used as ingredients by the food processing sector, for ice cream, confectionery, breakfast cereals, and baked goods. Sunflower seeds are also used mostly as a food ingredient, particularly in very popular sunflower seed bread and bread rolls but also in bird feed. The German food service industry offers good opportunities for U.S. exporters of almonds, walnuts, hazelnuts, pecans, pistachios, as well as peanuts and confectionery quality sunflower seeds. The United States are the biggest supplier of nuts in Germany followed by Turkey.
- **Fish and Seafood:** Fish consumption in Germany is growing as consumers associate fishery products with a modern healthy diet. Product innovation by the fish industry, which provides a larger variation in fish dishes, adds to the popularity of seafood. Best prospects for U.S. seafood exports to Germany are Alaska pollock, salmon, caviar substitutes, hake, cod, and lobster.
- **Wine:** Wine consumption in Germany has been growing during recent years. In particular, the demand for red wine is strong. Good prospects exist for “new world” wines, including those from the United States. Germany is the world’s largest importer of wine, with imports accounting for about one-half of domestic consumption.
- **Dried Fruit:** Like nuts, Germany imports a significant quantity and a wide assortment of dried fruits. Dried fruit is mostly used as an ingredient by the food-processing sector in breakfast cereals, baked goods, etc. Dried fruit is also popular as a snack, often in combination with nuts.
- **Fresh Fruits and Vegetables:** Opportunities are greatest for products that are not grown in Europe, or are grown in only limited quantities. Potential also exists for fresh products that can be supplied when EU product is off-season, which may be a period of several weeks prior to or after the local crop is marketed. Pears, green asparagus, grapefruit, certain soft fruits, and berries offer the best opportunities.
- **Fruit Juices:** Germany has one of the highest rates of per capita juice consumption in the world. The most popular juices are apple and orange, and these two items also account for most imports. The best opportunities for U.S. products in the German market are citrus (orange and grapefruit) and specialty (cranberry and prune) juices.
- **High Quality Beef and Game Products:** Limited opportunities exist for high quality beef, game, and exotic meat products. These must be produced without growth promotants. Although these products can be expensive, they have found a market in German gourmet restaurants. All meat must originate from plants certified and approved by EU authorities before it can be

shipped to or sold in the German market.

- **Dairy Products:** Opportunities in this sector are mostly limited to niche products, because the EU is a net exporter of dairy products. EU import tariffs typically increase the price for imported dairy products well beyond that of domestic product, which leaves only limited potential for specialty products at relatively high prices.
- **Pet Food:** The German market for pet food and pet-related products is large, reflecting a large pet population and German's affinity for their pets - particularly dogs, cats, birds, and horses. Several large German companies dominate the prepared pet food market, however, U.S. pet food and ingredients still face good prospects in the German market.
- **Specialty Items:** Specialty food items and products, particularly those with little or no competition from European production, have good sales potential in Germany. These products include: delicatessen and snack foods, novelty products, food products germane to the United States, spices, dried vegetables, wild rice, and nutritional foods and supplements.
- **Ethnic Foods:** One of the fastest growing segments of the German food service sector is ethnic food. European ethnic foods, for example Italian, Greek, and Spanish foods, have been popular in Germany for years. Recently, Asian, Mexican or Tex-Mex, and Middle-Eastern foods have experienced increasing popularity due in part to the extensive international travel by Germans and a growing immigrant population. These ethnic products have become so popular, and sold in sufficient quantities, that they are now being produced by the German/European food industry and adapted to local tastes.

#### Imports from the United States of Consumer-Orientated Foods

Product Category	U.S. Exports to Germany 2010 (\$ Million)	U.S. Market Share (%)
Consumer Oriented Products total	662.0	1.3
Tree Nuts	279.7	19.6
Fish & Seafood Products	214.1	4.9
Wine and Beer	87.1	2.7
Processed Fruit & Vegetables	79.5	1.6
Red Meat, Fresh, Chilled, Frozen	31.1	0.7
Eggs & Products	16.5	1.6
Snack Foods	6.0	0.2
Dairy Products	5.0	0.2
Fruit & Vegetable Juices	4.3	0.3
Fresh Fruit	3.7	0.1

Source: Global Trade Atlas

#### Section V Key Contacts and Further Information

Participating or simply attending a trade show can be very cost-effective way to test the German market, to introduce a product, or to expand sales. Germany offers a wide variety of trade show venues for food



and beverage products. U.S. Exporters who are looking to sell to the German Market should consider participating or visiting the following trade shows.

<b>ANUGA (every two years)</b> October 8 – 12, 2011 <a href="http://www.anuga.com">www.anuga.com</a>	One of the leading food fair for the retail trade and the food service and catering market
<b>Heimtextil</b> January 11-14, 2012 <a href="http://heimtextil.messefrankfurt.com">http://heimtextil.messefrankfurt.com</a>	World's biggest trade fair for home and commercially used textiles.
<b>IPM – International Plant Show</b> January 24 -27, 2012 <a href="http://www.ipm-messe.com">www.ipm-messe.com</a>	European trade fair for the horticultural and nursery industry
<b>ISM (International Sweets and Biscuit Show)</b> January 29 – February 1, 2012 <a href="http://www.ism-cologne.com">www.ism-cologne.com</a>	World's largest show for snacks and confectionery products
<b>Fruit Logistica</b> February 8 – 10, 2012 <a href="http://www.fruitlogistica.com">www.fruitlogistica.com</a>	The World's Leading Trade Fair for the Fresh Fruit and Vegetable Business
<b>Bio Fach</b> February 15 – 18, 2012 <a href="http://www.biofach.com">www.biofach.com</a>	Leading European tradeshow for organic food and non-food products
<b>VeggieWorld</b> February 24 – 26, 2012 <a href="http://www.veggieworld.de">www.veggieworld.de</a>	Germany's leading tradeshow for vegetarian products
<b>ProWein</b> March 4 – 6, 2012 <a href="http://www.prowein.com">www.prowein.com</a>	International trade show for wine and spirits
<b>Internorga</b> March 9-14, 2012 <a href="http://www.internorga.com">www.internorga.com</a>	International tradeshow for the hotel, restaurant, catering, baking, and confectionery trades
<b>Equitana (every two years)</b> March 12 – 20, 2012 <a href="http://www.equitana.com">www.equitana.com</a>	Leading European tradeshow for the equestrian market
<b>Interzoo (every two years)</b> May 17 – 20, 2012 <a href="http://www.interzoo.com">www.interzoo.com</a>	Leading trade show for pet food and supplies

More information about these and other German exhibitions and trade shows can be found under the following Internet address: [www.auma-messen.de](http://www.auma-messen.de).

Homepages of potential interest to the U.S. food and beverage exporters are listed below:

Foreign Agricultural Service Berlin	<a href="http://germany.usembassy.gov/fas">http://germany.usembassy.gov/fas</a>
Foreign Agricultural Service Washington	<a href="http://www.fas.usda.gov">www.fas.usda.gov</a>

One tip of use to U.S. exporters is the the German business portal, which is maintained by the Ministry of Economics and Technology. Provided in English, it serves as a central contact platform that can steer inquiries into the right channel. More information about the food and beverage sector can be found under:

<http://www.german-business-portal.info/GBP/Navigation/en/Business-Location/Manufacturing%20Industries/food-and-beverag-industry,did=326104.html>

If you have questions or comments regarding this report, or need assistance exporting to Germany, please contact the U.S. Foreign Agricultural Service Office in Berlin at the following address:

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## Appendix/ Statistics

**Table A. Key German Trade & Demographic Information**

<b>Key German Trade &amp; Demographic Information 2010</b>	<b>U.S. in Million \$</b>	<b>Percent</b>
Agricultural Imports From World/U.S. Market Share (%) <sup>1</sup>	76.660	1.75
Consumer-Ready Food Product Imports From All Countries (\$Mil)/U.S. Market Share (%) <sup>1</sup>	50.211	1.32
Edible Fishery Imports From All Countries (\$Mil)/ U.S. Market Share (%) <sup>1</sup>	4.329	4.95
Total Population (Millions) / Annual Growth Rate (%) <sup>2</sup>	81.8	- 0.82
Urban Population (Millions) / Annual Growth Rate (%) <sup>3</sup>	74	0.1
Number of Metropolitan Areas <sup>4</sup>	11	
Size of the Middle Class (Millions) / Growth Rate (%) <sup>5</sup>	23.7	1.0
Per Capita Food Expenditures (U.S. Dollars) a year / Annual Growth Rate (%) <sup>2</sup>	2449	1.0
Percent of Female Population Employed / Annual Growth Rate (%) <sup>6</sup>	68.4	2.3

1) Statistics from Global Trade Atlas from the Global Trade Information Service

2) German Federal Statistics Office

3) UNICEF Statistics by Country

4) Population in excess of 1,000,000

5) Federal Statistics Office, Middle Class defined as income after deductions per Household of 1300 -

4500 €

6) Federal Statistics Office, Percent against total number of women (15 years and above), data of 2006

**Table B. Consumer Food and Seafood Products Imports  
(in Billion US-Dollars)**

Commodity	German Imports from the World			German Imports from the U.S.			U.S. Market Share in percent		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Consumer Oriented Agric. Total	57.2	51.5	50.2	0.6	0.6	0.7	1.1	1.1	1.3
Fish & Seafood Products	4.4	4.4	4.3	0.3	0.2	0.2	6.0	4.7	4.9
Agricultural total	86.8	76.8	76.7	1.8	1.3	1.3	2.1	1.6	1.7
Agricultural, Fish & Forestry	99.1	87.6	88.0	2.3	1.6	1.7	2.3	1.8	1.9

Source: Global Trade Atlas

**Table C. Top 15 Suppliers of Consumer Food Imports (\$ millions)**

	2008	2009	2010
World	57,174	51,479	50,211
Netherlands	14,239	13,121	12,713
Italy	6,415	5,784	5,478
France	5,556	4,918	4,652
Belgium	4,532	4,301	4,037
Spain	4,242	3,923	3,926
Austria	3,068	2,723	2,718
Denmark	2,456	2,367	2,285
Poland	2,403	2,001	1,951
Switzerland	1,196	1,177	1,165
Ireland	1,270	1,224	1,039
Turkey	1,071	887	1,009
United Kingdom	844	747	831
<b>United States<sup>1</sup></b>	<b>635</b>	<b>566</b>	<b>662</b>
Greece	728	633	594
China	643	538	586

Source: Global Trade Atlas: <sup>1)</sup> note that this data under-represents actual U.S. sales to Germany as an undetermined amount of products is transhipped via other EU member states.