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Product Brief

Dried Fruits and Nuts

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Report Highlights:

The relative affluence of its population of 82.5 million people makes Germany an attractive outlet for exporters from many countries. Germany is one of the largest markets for dried fruits and nuts in Europe and a very important market for U.S. products. This product brief is intended for U.S. dried fruits and nut exporters interested in utilizing existing market opportunities in order to properly market their product in Germany.

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Section I. Market Overview

Germany, with its 82.5 million people (or 18 percent of the EU 25 population) and the largest economy in Europe, is a leading European market for foods and beverages. However, Germany's stagnant economy has affected retail sales, including sales of food products. Although food and beverage sales in Germany remain quite significant at 123.4 billion Euros (\$ 164 billion) in 2003, retail sales growth has been sluggish from one year to another.

Germany does not produce significant amounts of dried fruits or nuts. Nonetheless it has the third largest consumption of nuts within the EU-15. However, this is a result of its population size rather than a high per capita consumption. On a per capita basis, with a stable 3.7 kg per year, nut consumption in Germany is still far behind other EU countries. For dried fruits per capita consumption in recent years was also stable at 1.4 kg per year.

Germany has a high number of immigrants¹ and ethnic groups especially from Turkey and other Mediterranean countries, whose diet includes a higher percentage of dried fruits and nuts than the traditional German diet and who spend a higher percentage of their income on food. Unfortunately, these groups often have incomes that are below the average income of native Germans.

The age structure of the German population is getting older. In 2002, 24 percent of the population was at the age of 60 years or above, while only 22 percent were 21 years or younger. Also household size is decreasing. While in 1991 the average household consisted of 2.27 persons, in 2003 it was only 2.13. In 2003, 14.4 million people or 17 percent of the population lived single. This results in a higher percentage of smaller packaging sizes or re-sealable containers than in the U.S.

Dried fruits and nuts enter the German market pretty much year round with a slight peak from September through January.

Tree nuts are used mostly used as ingredients in food products such as marzipan (almonds), chocolate (hazelnuts) or breakfast cereals. However, tree nuts (almonds and hazelnuts) are also popular for home baking and as snacks (walnuts, cashews, pistachios, and macadamia nuts), particularly during the year-end holiday season. Roasted and flavored almonds have only recently been introduced to the market. The vast majority of peanuts are used as a snack. Raisins are equally utilized as snack, in breakfast cereals, and by the baking industry, while other dried fruits are mostly used as a snack.

Advantages	Challenges
Germany does not produce dried fruits and only produces nuts in small amounts	Germany is a very price sensitive market, and both, consumers and retailers, are looking for top quality at a discount price.
Consumers in Germany have one of the highest income level in the worlds.	German (EU) import tariffs on certain products are high. EU-15 and new EU member states benefit from preferential market access with no tariffs.
Germany has many, well-established importers. The distribution system is well developed.	Retailers rarely import products into Germany on their own.

¹ In 2003, more than 7.3 million citizens of other countries lived in Germany. This number does not include second or third generation descendants with German citizenship.

The U.S. has a good reputation for quality.	Retailers often charge high listing fees for products.
The strong Euro should help to make U.S. products more competitive in Germany.	It can be a challenge for U.S. companies to promote a particular brand, as private label products are popular.

Section II. Market Sector Opportunities and Threats

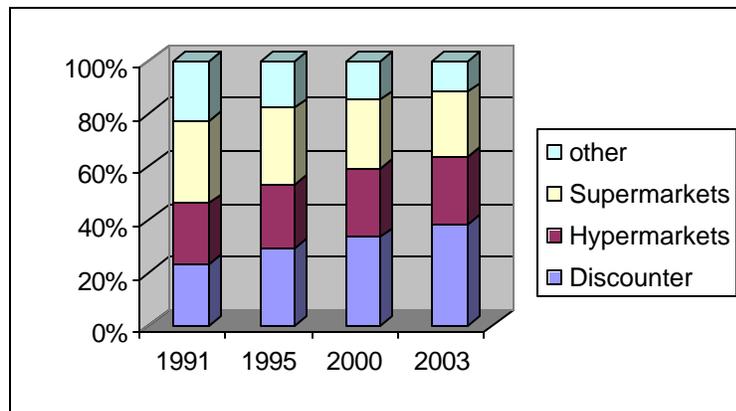
Market entry strategy

Most dried fruits, tree nuts, and peanuts are imported in bulk for packaging or processing. Most imports are handled by specialized German import companies, who distribute to German food processors or deliver to retail chains. Retail chains and food processors very rarely import themselves. We highly recommend to work with an importer, as these companies have a lot of experience with import certificates, labeling and other import requirements. Although most product is imported in bulk, there are some U.S. companies with branded, consumer-packaged dried fruits and nuts which are successful on the German market.

Germany is a very price sensitive market, and both, consumers and retailers are looking for top quality at a discount price. However, German consumers are also very concerned with quality and safety of the foods they consume. U.S. products have a very good reputation with regard to quality and safety. On the price front, the strong Euro should help to make U.S. products more competitive in Germany.

German consumers increasingly shop at no frill discount stores. This is a sign of the extreme price sensitivity of German consumers prevalent in almost all areas but especially developed when it comes to food. This resulted in a dramatically growing market share (on a turnover basis) of discount stores at the expense of all other store types in recent years. From 1991, the year of German re-unification, to 2003 the turnover share of discount stores rose from 23 to 38 percent (see chart and table 1). While discount stores usually stock some dried fruits and nuts, the selection is mostly limited to a small number of products and usually just one brand or private label per products. The basic selection usually includes peanuts, walnuts, almonds, cashews, pistachios, macadamia nuts, prunes, raisins, and a combination of these as part of a trail mix. These are usually sold in small foil packs or canisters and do not appear to expressively target the snack or baking segments.

Other retail alternatives include supermarkets and green grocers. A supermarket/hypermarket in contrast to the discount stores may in addition feature other dried fruits (e.g. dates, apricots, figs, pineapples, cranberries, ginger, banana chips), brazil nuts, and pecans. In larger supermarkets these products may be found in the fresh produce aisle (sometimes loose, in bulk), in the baking aisle and a wide variety in the snacks aisle. In addition, mueslis and muesli bars with nuts and dried fruits are becoming increasingly perceived as a healthy and quick breakfast or snack alternative as evidence by the growing aisle space devoted to these products. Germany also has a number of green grocers, some of these are devoted to delicatessen items and only carry exotic and high-quality products while the majority are Turkish green grocers specializing in fresh fruits and vegetables. In both types of stores, large Medjool dates, dried apricots and other dried fruits may be purchased. In some of the larger stores tree nuts are also sold.

Chart and Table 1: Percent of Turnover by Retail Type and Year for Food

	1991	1995	2000	2003
Discounter	23	29	34	38
Hypermarkets	23	24	26	25
Supermarkets	31	29	26	24
other	23	18	15	12

Source: FAS Berlin based on Eurohandelsinstitut (EHI), Cologne

- Discounter = no frill stores with a limited selection of items, also characterized by generally lower prices than at traditional supermarkets
- Hypermarkets = retail stores with more than 1,500 square meters or about 16,146 square feet
- Supermarkets = retail stores with less than 1,500 square meters.

Food safety and environmental concerns are major issues in Germany. The public reacts strongly to food scandals that involve high levels of pesticides or contaminants such as mycotoxins (see below), and stops buying products associated with such scandals. This can be an advantage for U.S. products as U.S. origin is associated with safe products. Many Germans attempt to protect the environment through their consumer choice. As a result, consumption of organic products is rising slowly but steadily in Germany. But also conventional products that convey a natural image are viewed positively.

Country of origin labeling is mandatory only for fruits and vegetable products that are subject to EU marketing standards. In the dried fruits and nuts segment this pertains to walnuts in shell and hazelnuts in shell. However, voluntary declaration of origin is allowed for all products and is usually done whenever a given origin is associated with premium quality and might enable the seller to fetch premium prices. The U.S. has a good reputation for quality. Especially products from California and Florida are well received as consumers associate these states with sunshine. For these states it might be useful to stress the state of origin in addition to the U.S. origin. Other U.S. states are less well known and labeling those states will hardly bring any additional benefit over the U.S. origin.

Imports

Germany does not produce significant amounts of dried fruits, and nuts, thus demand is almost entirely met by imports. In 2003, Germany imported 121,500 MT of dried fruits worth U.S.\$ 193 million. U.S.\$ 163 million of which originated from non-EU-25 countries.

Imports from the U.S. amounted to 16,464 MT at a value of U.S.\$ 36 million. On a value basis, Turkey, the U.S., Chile, Tunisia, and China were the top suppliers.

Germany also imported 192,254 MT of nuts and peanuts worth U.S.\$ 634 million. Of this amount, \$ 491 million originated from non-EU-25 countries. Imports from the U.S. amounted to 64,909 MT at a value of U.S.\$ 208 million. The U.S. was the number one supplier of nuts and peanuts to Germany followed by Turkey, Spain, Iran, and Italy.

Table 2: German imports of dried fruit from the U.S. by volume, value, and year

Product	2001		2002		2003		Jan/Nov 2004	
	MT	1000-\$	MT	1000-\$	MT	1000-\$	MT	1000-\$
0813 20 00 Dried prunes	11,144	25,595	9,571	24,277	9,537	26,979	8,573	21,805
0806 20 Raisins	7,551	8,201	7,638	7,996	6,785	8,199	7,513	10,069
0804 10 00 Dates	76	402	52	285	62	388	56	413
0813 1000+ 0813 3000 through 0813 4095 Other dried fruit combined	109	504	80	434	80	532	144	822

Source: German Federal Office of Statistics, Wiesbaden

Table 3: German imports of nuts and peanuts from the U.S. by volume, value, and year

Product	2001		2002		2003		Jan/Aug 2004	
	MT	1000-\$	MT	1000-\$	MT	1000-\$	MT	1000-\$
0802 12 90 shelled sweet almonds	42,239	108,338	42,713	113,350	43,703	142,397	41,015	177,159
0802 11 90 Sweet almonds in shell,	328	845	549	1,391	810	2,259	386	1,737
0802 31 00 walnuts in shell, fresh/dried	6,843	12,856	8,418	16,073	7,694	14,331	9,710	20,295
0802 32 00 Shelled walnuts, fresh/dried	2,570	10,766	2,802	12,871	3,396	17,904	4,967	22,773
0802 50 00 pistachios, fresh/dried	4,402	15,343	6,703	25,759	5,380	23,085	5,440	23,489
0802 21 00 hazelnuts in shell, fresh/dried	1,731	2,866	1,315	2,363	1,821	3,601	2,136	4,709
0802 22 00 Shelled hazelnuts, fresh/dried	13	38	0	0	20	77	147	750
0802 90 20 Areca/cola/pecan nuts, fresh/	122	593	51	251	95	706	115	832
0802 12 10 Shelled bitter almonds, fresh	79	150	0	0	175	510	59	285
0802 11 10 Bitter almonds in shell, fresh	0	0	0	0	40	120	0	0
0801 32 00 shelled cashew nuts	2	7	0	1	32	152	17	69
2008 11 92+96 roasted peanuts	1,636	3,015	1,880	3,165	1,670	3,336	337	864

Source: German Federal Office of Statistics, Wiesbaden

Packaging directive / "Green dot"

Because the German Packaging and Waste Avoidance Law established specific rules for packaging material the "Green Dot" (Der Gruene Punkt) system was developed. The "Green Dot" is a recycling symbol which is found on the packaging material of virtually all products

retailed in Germany. While packaging material for products retailed in Germany is not legally required to carry the "Green Dot," it is almost impossible to market a product in Germany without it. Typically, the producer or the importer pays a licence fee to use the Green Dot, dependent on the type and amount of packaging, and provides the exporter with the information necessary.

For further information on the Green Dot packaging material disposal and recycling program you may wish to make direct contact with your potential German importer and/or with the following company:

Duales System Deutschland GmbH (DSD)

Frankfurter Strasse 720-726 Tel: (+49-2203) 937-0
51145 Koeln, Germany Fax: (+49-2203) 937-190 or 495

Internet: www.gruener-punkt.de (German)

http://www.gruener-punkt.de/DER_GR_NE_PUNKT.50+B6Jkw9Jm5vRmxhc2g9MSZMPTE_.0.html (English)

Section III. Market Access

Tariffs

The EU import tariffs for the main dried fruits and nuts are summarized in Table 4. For other dried fruits and nuts please consult the EU official Journal at the following hyperlink:

<http://europa.eu.int/eur-lex/lex/JOhtml.do?uri=OJ:L:2004:327:SOM:EN:HTML>
pages 84 through 88, 144, and 852.

Table 4: EU Tariffs for Dried Fruits and Nuts

Product	HS/CN Code	Tariff in percent	Tariff Rate Quota
Dates	0804 1000	7.7	
Raisins	0806 20	2.4	
Dried prunes	0813 2000	9.6	
Other dried fruits	0813 4095	2.4	
Brazil nuts	0801 21+22	free	
Cashew nuts	0801 31+32	free	
Almonds in shell bitter	0802 1110	free	
Almonds shelled bitter	0802 1210	free	
Almonds in shell sweet	0802 1190	5.6	90,000 MT at 2 %
Almonds shelled sweet	0802 1290	3.5	
Hazelnuts	0802 21+22	3.2	
Walnuts in shell	0802 3100	4	
Walnuts shelled	0802 3200	5.1	
Peanuts in packages > 1kg	2008 1192+1194	11.2	
Peanuts < 1kg roasted	2008 1196	12	
Peanuts , 1kg not roasted	2008 1198	12.8	

Phytosanitary requirements

Maximum levels for Aflatoxin

Aflatoxin is a group of fungal toxins that are produced by *Aspergillus flavus* and *Aspergillus parasiticus*, which grow easily on peanuts, nuts and dried fruits when they are inappropriately stored in warm, humid conditions. Aflatoxin is a powerful liver carcinogen and therefore receives a lot of attention to ensure food safety. Maximum aflatoxin levels for all of the EU, including Germany, are laid down in Commission Regulation 466/2001. These are also applied to imported products.

Table 5: EU Maximum Level for Aflatoxin in Dried Fruits and Nuts

Maximum Levels for Aflatoxins			
	B1	B1, B2, G1 and G2 combined	Sampling methods
Groundnuts, nuts and dried fruit and processed products thereof, intended for direct human consumption or as an ingredient in foodstuffs	2 microgram/kg	4 microgram/kg	Directive 98/53/EC
Groundnuts to be subjected to sorting, or other physical treatment, before human consumption or use as an ingredient in foodstuffs	8 microgram/kg	15 microgram/kg	Directive 98/53/EC
Nuts to be subjected to sorting, or other physical treatment, before human consumption or use as an ingredient in foodstuffs	5 microgram/kg	10 microgram/kg	Directive 98/53/EC

Source: EU Official Journal L 077 , published March 16, 2001, pages 1 – 13,
http://europa.eu.int/eur-lex/pri/en/oj/dat/2001/l_077/l_07720010316en00010013.pdf

Marketing standards and labeling requirements

In the dried fruits and nuts segment EU marketing standards² exist for walnuts in shell and hazelnuts in shell. Imports also have to comply with these standards. This includes the requirement that all fruits and vegetable products that are subject to the EU marketing standards have to be labeled with the nature of produce, the country of origin, standard/class, plus the variety if stated so in the standard. If sold in packages the following additional information has to be stated on the label: name and address of packer, weight or number of items in the package, lot number, plus the size if stated so in the standard. We recommend to contact your importer about details of those requirements prior to shipping.

In addition, EU labeling law requires dried fruits that were preserved with sulfur in excess of 10 mg SO₂ /kg to be labeled "geschwefelt" (meaning: preserved with sulfur).

² For information on marketing standards please consult the following website:
www.useu.be/agri/Fruit-Veg.html

Section IV. Post Contact and Further Information

For more information concerning market entry and a current importer list contact:

Embassy of the United States of America
Office of Agricultural Affairs
Clayallee 170
14195 Berlin
Germany
Tel: +49-30-8305-1150
Fax: +49-30-84 31 19 35
e-mail: agberlin@usda.gov

Trade fairs

In Germany, trade fairs play a key role in presenting new products to the trade or in finding additional buyers and importers. The major international trade fair for the fruit and vegetable trade is held each February in Berlin:

<p>FRUIT LOGISTICA Berlin, Germany</p> <p>Target Market: Germany/EU/Central & Eastern Europe Good venue for exhibiting fresh and dried fruit, nuts and related products</p>	<p>February 10-12, 2005 February 2-4, 2006 (Interval: yearly)</p>	<p>U.S. Pavilion Organizer: B*FOR International Tel: (540) 373-9935 Fax: (540) 372-1414 http://www.fruitlogistica.de</p>
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For organic products there is a special trade fair held annually in Nuremberg

<p>Bio Fach Nuremberg, Germany</p> <p>Target Market: Germany/Europe The leading European trade show for organic food and non-food products</p>	<p>February 24-27, 2005 (Interval: yearly)</p>	<p>U.S. Pavilion Organizer: B*FOR International Tel: (540) 373-9935 Fax: (540) 372-1411 http://www.biofach.de</p>
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Related GAIN reports:

Report Number	Date	Title
GM4010	03/05/2004	Agricultural Highlights from FRUIT LOGISTICA Trade Show 2004

GM4027	07/30/2004	FAIRS
GM4041	10/22/2004	Exporter Guide
GM4044	11/15/2004	Retail Report
GM5002	01/07/2005	Product Brief Fresh Fruits

These reports can be accessed through the FAS website:
<http://www.fas.usda.gov/scriptsw/attacherep/default.asp>