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Germany

Agricultural Situation

Agricultural Highlights From Germany

2000

Approved by:

Peter Kurz

U.S. Agricultural Trade Office

Prepared by:

Jeffrey Jones, Joani Dong, Christel Wagner, Dietmar Achilles, Kerstin Krueger

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Report Highlights: An update of Major News Events of Interest to U.S. Agricultural Product Exporters: BSE- Consumer reactions in Germany; Carole Brookins Speaking Tour; Concentration in German Food Retail Trade; EU/Germany Bans Meat&Bone Meal in Livestock Feeds; Health Ingredients Europe Starts off on the Right Foot

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Includes PSD changes: No
Includes Trade Matrix: No
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Agricultural Highlights From Germany - *An update of Major News Events of Interest to U.S. Agricultural Product Exporters* December 15, 2000

Policy Highlights:

BSE: Consumer reactions in Germany: The BSE crisis reached Germany and consumers reacted with anxiety and distrust in the consumption of German beef products. According to German media, sales of beef dropped considerably, in some regions by 60 percent. Producer prices dropped by 20 percent, according to the central market and price reporting agency. Consumers feel cheated by the government, because the measures taken seem to be too late. Many avoid eating beef, or even meat in general. However, according to recent polls, many young people are not afraid of BSE. They continue eating products containing beef, like fast food, etc. There is also a recognizable lax attitude among people. They are using as argument that taking action now would probably be too late anyway if they've been eating beef for their whole life. The EU Commission is forecasting a 10-20 percent decline in beef consumption over the next 12 months.

Carole Brookins Speaking Tour: Post initiated and worked with the State Department to coordinate a five-city speaking tour on the week of November 26, featuring Carole Brookins, CEO of World Perspectives, Inc. Her schedule included engagements in Bonn, Frankfurt, Munich, Berlin, and Hamburg. She spoke on "The Political Perspectives on the Use of Biotechnology in U.S. Agriculture" to parliamentarians, government officials, private sector representatives, businesspeople, professors and students. Carole drove home the point that crisis drives politics, and politics drives policy. Also, the biotech challenge should be a covenant of trust between producer and consumers. Audiences appreciated Ms. Brookins' suggestion that the German government and private groups redouble PR efforts to support the use of Ag biotechnology.

Market Highlights:

Concentration in German Food Retail Trade: In 1999, total turnover in the German food retail trade was 352 billion Deutschmark (USD 192 billion). Sixty-two percent of this turnover was achieved by the five leading retail organizations (Metro, Rewe, Edeka/AVA, Aldi, Tengelmann), compared to 44.7 percent in 1990. Conservative estimates propose a further sharp increase to 82 percent until 2010. In Europe, the five leading retail organizations, including the German Metro and Rewe, almost doubled their combined market share from 13.8 percent in 1990 to 26.1 percent in 2000. (Source: M+M EUROdATA, Frankfurt)

Size and Turnover of German Food Retail Stores Diametrically Opposed: In early 2000, a total of 69,788 food retail stores existed in Germany. Sixty-four percent were small shops under 400 square meters, which accounted for only 15.3 percent of total turnover. Six point eight (6.8) percent were supermarkets with 400-799 square meters in size - they achieved 11.2 percent of the turnover. Another 18.7 percent were discounters with 31.7 percent of total turnover and 9.3 percent of the stores had a sales area of 800-4,999 square meters - their share of total turnover was 28.2 percent. Only one percent of all food retail stores in Germany were larger than 5,000 square meters; however, 13.6 percent of the total turnover was generated in these few stores. (Source: AC Nielsen)

Germany's Citrus Imports from US Turn Sour: German citrus imports have been trending down over the past five years, amounting to about 74,000 tons in MY 1999/2000, which is 5,000 tons less than in 1998/99. The United States is the biggest exporter of grapefruit to Germany, shipping about 19,600 tons in 1999/2000, about eight percent less than one year ago. The unfavorably high exchange rate of the US$ versus the Euro will make it very difficult for U.S. grapefruit exporters to the European region. German importers and retailers claim that they cannot fully ignore the high priced U.S. grapefruits this season, but say demand for them will shrink considerably. Because of a good domestic apple crop and extremely low priced banana imports, the domestic customer will easily switch over to other fruits and hopefully return to U.S. grapefruits in the next season with a more export supportive exchange rate. For more information, please see report GM0040.

Market Competitor Report: Competition for Germany's food imports is strong. In CY'99, the US captured less than nine percent in all general product categories listed except for oilseeds for food (26 percent) and nuts (24 percent). Interest among Germans for U.S. consumer ready food products is increasing.

EU/Germany Bans Meat&Bone Meal in Livestock Feeds: With the recent BSE scare in Germany, Germany has banned meat and bone meal from livestock feed. In addition to the severe effect on Germany's livestock industry, the pork and poultry industry are looking for alternative protein sources. The total volume of feed ingredients which are now banned amounts to about 800 mt. Demand now increases for alternative protein sources such as soymeal, rapemeal, pulses and others.

US Market Hit with a German 2 by 4: With a strong US dollar and a stronger US economy, Germany recently exported lumber to the US for the first time. Although amounts are small, this does represent a significant turn of events as the US share of wood products in Germany has dropped over the past two years. On the other hand, U.S. forest products exports to Germany are closely related to the well-being of the German furniture market. Despite the high value of US$ versus the Euro U.S. solid wood shipments in 2000 are forecast to grow to US$235 million compared to US$ 219 million in 1999. This represents 7.8 percent of total German forest products imports. Of major success in 2000 were hardwood logs and lumber. For more information, please see report GM0045.

Wine and Beer - A Tale of Two Germans: While German consumption of beer and hard liquors declines, German consumption of wine is stable. Factors including image, a changing population age profile and response to tougher drunk driving laws all point to changes in German alcohol consumption. Experts forecast beer consumption to decline 10% over the next two years to 115-120 liters a year, compared to 145 liters per year in the early 90's. Germany is the world's biggest importer of wine, importing 50 percent of total consumption mainly originating from other EU-countries. U.S. exports to Germany are growing steadily and were valued at US$ 47.5 million in CY'99 The majority of U.S. wine exports to Germany are red wines at a value of US$37.3 million. U.S. wines are strongly competing with high quality wines from Australia, New Zealand, Chile, Argentina and South Africa. For more information, please see report GM0041.

Health Ingredients Europe Starts off on the Right Foot: The 1st ever Health Ingredients Europe held in Frankfurt, Germany on Nov. 20-22, 2001 closed as a resounding success. US participants included 26 companies and trade associations. With less than half of the exhibiting companies reporting, participating companies estimate sales of $6.5 million over the next 12 months directly resulting from contacts made at the show.

Recent Reports by FAS Germany:

Forest Products Annual - December 15, 2000 (GM0045)
Wine Marketing Annual - December 8, 2000 (GM0041)
Citrus Annual - Nov. 27, 2000 (GM0040)
BSE- German Reaction to French Beef Crisis 2000 - Nov. 16, 2000 (GM0039)

Upcoming Promotion Activities for US Exporters:

Fruit Logistica: January 18-20, 2001, Berlin, Germany
ISM: January 28-31, 2001, Cologne, Germany

Contact Info: Find us on the web at http://www.usembassy/ or a complete listing on the web at www.fas.usda.gov; Email: atohamburg@fas.usda.gov or agberlin@fas.usda.gov