

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** COVID Fuels Historic Growth in Organic Sales

**Country:** Germany

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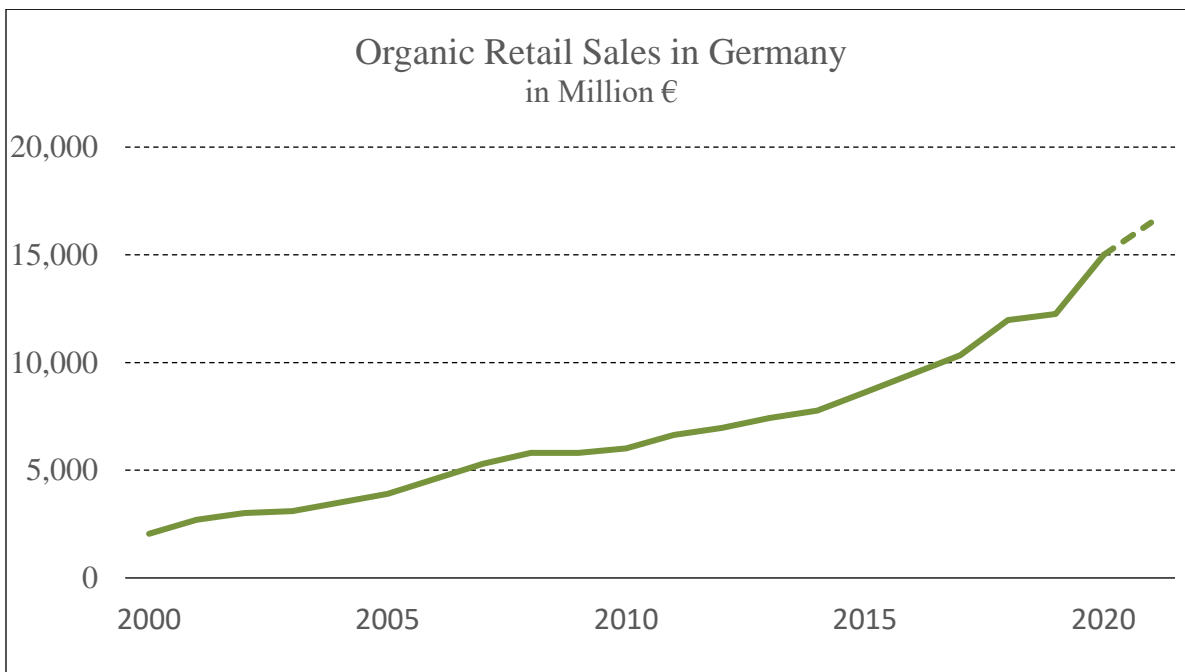
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**Report Highlights:**

Germany is the second largest organic market in the world. It holds good prospects for U.S. organic products, including tree nuts, fruits and vegetables, and processed food products. The market shows tremendous growth rates with organic products more popular than ever. The success story will continue and will be further fueled by plans of the new German Government to increase the country's share of organic farming. This report contains information on the German organic market, including best prospects, and opportunities, such as participation in BioFach, the world's largest organic trade fair taking July 26-29, 2022.

### General Information

After the United States, Germany is the second largest organic food market in the world. Sales of organic food in Germany increased rapidly in recent years, reaching a high of €15 billion (USD \$16.85 billion) in 2020. That represents more than a third of total organic food sales in the European Union and 6.4 percent of total food sales in Germany. During the COVID-19 pandemic, German consumers purchased 22 percent more organic products in 2020. This reflects a shift in consumer food purchases from the food service sector to the food retail sector as a result of government pandemic control measures that included the closure of restaurants, hotels, etcetera and increased working from home. These closures and shifts in work settings, meant that consumers generally purchased more food retail items. As part of this trend, organic products saw a rise in sales numbers.



Source: FIBL Statistics, Agrarmarkt Informations-Gesellschaft (AMI), Bund Oekologische Lebensmittelwirtschaft (BÖLW), 2021\* FAS Berlin Estimate

According to the Bund Oekologische Lebensmittelwirtschaft (BÖLW), an umbrella organization of German producers, processors, and traders of organic food, German customers bought more organic products at all points of sale, with the greatest upswing in “other places of retail.” Growing 35%, health food stores and farm shops, online retailers (incl. delivery services), weekly markets, bakers, and

butchers saw the biggest rises. Direct marketers and online retailers flourished; organic subscription box services were stretched to their limits during the various lockdowns throughout the year. Top sellers of the year included organic meat, flour, fruit, and vegetables, with growth figures of between 70% (poultry) and 25% (fruit). The organic segment grew at about twice the rate of the total food market.

In 2020, organic farming in Germany included 35,413 farms and covered 4,197,737 acres of land. With record sales of organic food and beverages, many more farms and food companies seized the opportunity to go organic. According to BÖLW, 10.2% of Germany's agricultural land was managed by organic farmers in 2020, while a 5.3% increase in land area created a further 209,866 acres of organic land. One out of eight farmers in Germany has become organic and the number continues to grow.

Though organic farming in Germany is growing, domestic production is unable to meet demand, resulting in higher import volumes (and values). In general, the German organic market offers good opportunities for suppliers who are creative in their choice of products and work with the organic community to tailor their production to meet demand from food producers and the retail trade.

Organic products were more popular than ever in 2020. German consumers spent significantly more money on organic food but also on food in general. This was partly because options for out of home eating were limited. It remains to be seen whether this consumer behavior translates over to the food service sector past the COVID-19 pandemic. For now, the record surge in 2020 can be seen as an exception due to the pandemic. However, the organic sector is projected to grow in 2021. FAS Berlin expects more moderate growth along the lines of pre-pandemic years.

## **New Government Sets Ambitious Goal**

Germany's new three-party governing coalition of Social Democrats (SPD), the Greens, and the Liberal Democrats (FDP) made it clear, that fighting climate change and achieving the Paris climate protection targets is a top priority. Their coalition agreement asserts that climate protection secures freedom, justice, and sustainable prosperity. Thus, the so called "social market economy" in Germany needs to be re-established as a "socio-ecological market economy." The distribution of the ministries between the three governing parties has shown that the Greens will take the lead in agriculture and related issues. The party will not just head the Federal Ministry of Food and Agriculture but also the Ministry of Environment and the Ministry of Economy and Climate Protection. Traditionally, organic agriculture has been a key component of the Green party's agenda and the coalition agreement already indicates political support for organic agriculture.

The parties agreed that making agriculture sustainable and fit for the future is one of their primary goals. The coalition agreement states that species extinction and biodiversity loss is another ecological crisis. For this reason, the new government wants to limit the use of pesticides in general and one of the methods to do so, is increasing the share of organic farming. While, the EU has already set itself an organic target of 25% by 2030 in the Farm to Fork strategy, the new German government has even more

ambitious plans. It aims to increase the share of agricultural land under organic farming to 30% by 2030, the previous target was 20%. Funding for the federal organic farming program will be increased and, in line with the expansion target, agricultural research funds will also be made available.

When it comes to trade, the new government wants to strengthen rules-based free trade based on fair social, ecological, and human rights standards. It advocates for a German and European trade policy against protectionism and unfair trade practices. While the details of future agricultural policy are yet unclear, organic agriculture is set to be one of the pillars. This will likely not just increase production but also trigger demand. The market is clearly set for further growth and to continue its success story.

### Organic Food Retail Channels

Organic food sales in Germany are split between traditional food retail companies (e.g., grocery stores) and specialty organic food stores. The major driver of growth in organic food sales in recent years is the expansion of specialty organic shops. Traditional food retail accounts for 60% of organic food sales in Germany, with the other 40% going to organic retail shops and specialty shops like bakeries, butchers, fruit and vegetable stores, open air markets, or direct sales from the farm. In contrast to the conventional food retail market, the organic food retail sector is neither consolidated, concentrated, nor saturated. For more information about the food retail market in Germany and other characteristics, please see our annual report: [Retail Food Germany 2021](#).

It is estimated that there are over 2,400 organic food retail shops in Germany. The company “Denn’s” is the only truly nationwide store. It has by far the largest number of outlets. Other big organic food chains are regional or in larger cities only.

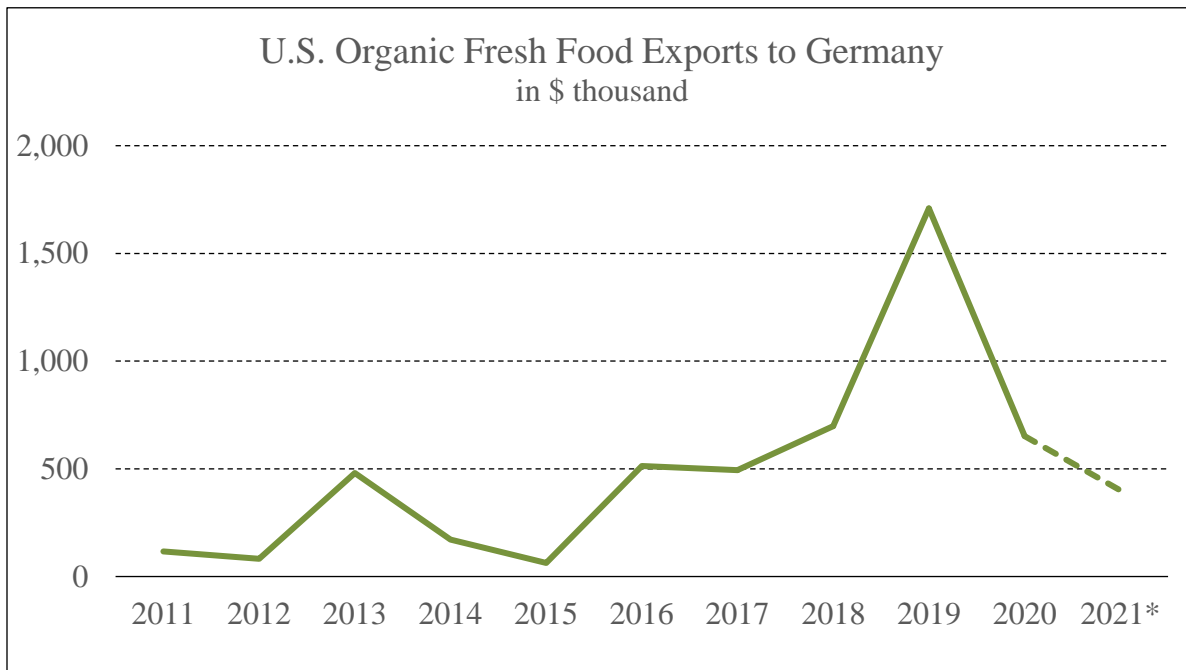
Company	Sales (in Million €)	Number of Outlets	Locations
Denn’s	515	311	Germany, Austria
Alnatura	1,000	153	Mainly in Southern and Western Germany but also in Berlin, Bremen, Hannover and Hamburg), Austria, and Switzerland
Bio Company	189	60	Berlin and Potsdam but also in Dresden and Hamburg
Basic	142	32	Berlin, Rhine-Ruhr-region, Munich, Stuttgart, and Frankfurt
Ebl	97	30	Nuremberg and

			Bamberg
SuperBioMarkt	66	32	North-Rhine Westphalia and Osnabrueck

Sources: FAS Berlin, Lebensmittelzeitung and company websites

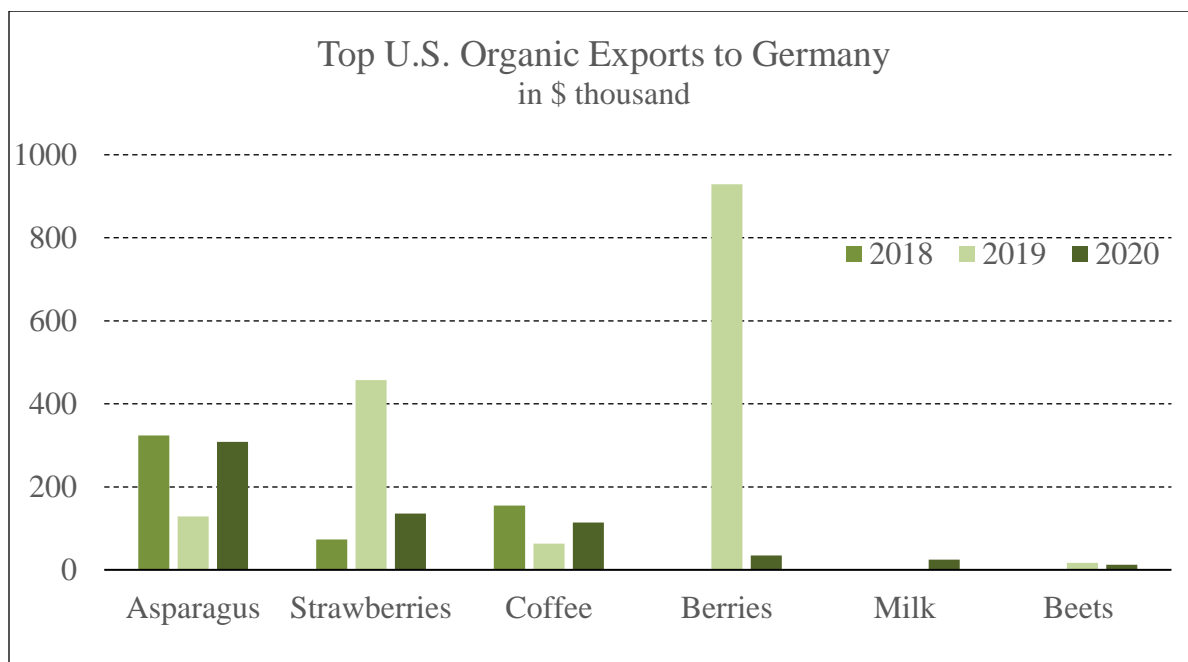
### U.S. Organic Exports to Germany

U.S. organic food exports to Germany that have Harmonized System (HS) codes peaked in 2019 at \$1.7 million. The COVID-19 pandemic curbed trade in these products, with exports of U.S. organic products falling to \$0.7 million in 2020. Exports were down by 41 percent in September 2021 compared to the same period in 2020 (latest available data). Note that the Harmonized System covers a limited number of organic commodities. Existing HS codes cover only a fraction of the United States’ organic trade with Germany. Products covered by HS codes include fresh organic products like milk, fruits, and vegetables, but not popular processed products or organic nuts. Actual U.S. exports of organic products to the EU and Germany are likely multiple times higher than reported data shows. Despite this shortcoming, the HS system is a useful tool for tracking covered products and to see the export dynamics for those specific products.



Source: U.S. Census Bureau Trade Data (USDA’s Global Agricultural Trade System Online – GATS), 2021\* FAS Berlin Estimate

U.S. Census Bureau Trade Data shows very volatile U.S. organic food exports to Germany. The top export product changes every year, indicating that decisions are based on the current U.S. price and supply situation rather than long-term, established contracts between American and German companies. The steep decline in organic exports to Germany was heavily influenced by trade disruptions caused by the COVID-19 pandemic. Exports of all products besides asparagus and coffee declined.



Source: U.S. Census Bureau Trade Data (USDA’s Global Agricultural Trade System Online – GATS)

At the time of writing, available trade numbers (January-October 2021) show a further drop in exports of U.S. organic products to Germany in 2021. This appears to be caused by a drop in asparagus exports. While asparagus drove exports in 2020, exports were nonexistent in 2021. It is a similar story for milk, berries, beets, and other organic agricultural commodities. Increasing coffee and pear exports cannot offset decreasing volumes across the board.



Source: U.S. Census Bureau Trade Data (USDA’s Global Agricultural Trade System Online – GATS)

### Road Map to the German Market

Germany is not only the largest market for organic products in Europe, but it is also the largest organic producer. Despite this, the country is increasingly dependent on imported organic products to meet demand. This includes organic products that are produced in Germany, but for which there is not enough supply, such as potatoes, fruits, vegetables, dairy products, and meat. With this demand, the German organic market offers good opportunities for U.S. organic exporters. However, there are several challenges that U.S. exporters must be aware of before exporting to Germany. To successfully introduce food products, knowledge of the market and personal contacts are essential. Any potential U.S. supplier should analyze German and EU food law, packaging and labeling requirements, business practices, trade-related laws, tariffs, potential importers, and the distribution system. The Foreign Agricultural Service (FAS) office in Berlin offers guidelines on business practices and import regulations. Please see <https://fas-europe.org/countries/germany/> for more information.

German food retailers’ purchasing habits are fragmented and competitive. Few German retailers import products directly from other countries, except for items that they purchase in large quantities. Most food retailers would rather buy from central buyers/distributors importing food and beverages. In general, these wholesalers are specialized in products or product groups, and some are even experts in food products from a specific country of origin. Thus, 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 products within the country.

Participating in German food trade shows is a proven way to find the right distributor and facilitates direct contact with German food brokers, importers, and wholesalers. Trade shows like the BioFach show in Germany enjoy an exceptional reputation within the global organic food industry and its outreach is global. BioFach is the largest organic trade show in the world. From 2019 to 2020, projected twelve-month sales doubled for U.S. exhibitors while on-site sales increase yearly. BioFach 2022 will take place from July 26-29. For the latest BioFach updates, FAS Berlin recommends checking the show's website: <https://www.biofach.de/en/info/biofach-2022>. Due to evolving COVID-19 control measures in Germany, show dates are subject to change. Please contact FAS Berlin for more information on the BioFach trade show.

### **Booming vegan market creates export opportunities**

In Germany, veganism is increasingly popular. The nation launches the most vegan products in the world. This creates export opportunities for U.S. companies as most major vegan food producers are based in the United States. There is good potential for meat and dairy substitutes and breakfast foods. For more information, please see GAIN report: [Germany is Leading a Vegan Revolution](#)

### **The EU-U.S. Organic Equivalency Arrangement**

Signed in February 2012, the EU-U.S. Organic Equivalency Arrangement entered into force on June 1, 2012. Since then, organic products certified in the United States or EU may be labeled and sold as “organic” in either market. This partnership streamlines trade between the two largest organic producers in the world and provides organic farmers and businesses access to an over USD \$50 billion, and growing, combined market. The growing market for organics in the EU in combination with the equivalency arrangement creates more trade opportunities for U.S. exporters. The EU offers market opportunities for U.S. organic fresh produce, dried fruit and nuts, specialty grains, and processed products. The arrangement created export opportunities in Germany for U.S. companies in the following market segments: tree nuts, fresh fruit, specialty grains, dried fruit, vegetables, and processed food products.

For more information on the EU-U.S. Organic Equivalence Arrangement, the European organic market and organic trade between the U.S. and the EU please see the Organic Market EU 2021 GAIN report [“Good Prospects for U.S. Organic Exports in the EU.”](#)

The European Union adopted its updated Organics Regulation in 2018. The Regulation is set to enter into force on January 1st, 2021. The following report gives an overview of the main regulatory changes to occur and highlights those that may impact U.S. exporters of organic products: [“New EU Organic Regulation Entering Into Force in 2021 Regulatory Update.”](#)



## **Post Contact and Further Information**

Internet home pages of potential interest to U.S. food and beverage exporters are listed below:

USDA/FAS/Berlin	<a href="http://www.fas-europe.org">www.fas-europe.org</a>
U.S. Mission to the European Union	<a href="http://www.fas.usda.gov/posthome/useu/usda.html">www.fas.usda.gov/posthome/useu/usda.html</a>
FAS Washington	<a href="http://www.fas.usda.gov">www.fas.usda.gov</a>
Organic Trade Association	<a href="http://www.ota.com">www.ota.com</a>

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

Foreign Agricultural Service  
U.S. Department of Agriculture  
Embassy of United States of America  
Clayallee 170, 14195 Berlin Germany  
Tel: (49) (30) 8305 – 1150  
Email: [AgBerlin@usda.gov](mailto:AgBerlin@usda.gov)  
Home Page: [www.fas-europe.org](http://www.fas-europe.org)

Please view our home page for more information on exporting U.S. food and beverage products to Germany, including market and product “briefs” available on specific topics of interest to U.S. exporters. Importer listings are available from the Agricultural Affairs Office for use by U.S. exporters of U.S. food and beverage products.

### **Attachments:**

No Attachments.