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Report Name: Food Processing Ingredients

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Report Highlights:

Germany is by far the biggest market for food and beverages in the European Union. The food processing industry represents the third-largest industry in Germany. In 2019, Germany produced an estimated USD 221.7 billion of processed food and drinks. When meeting EU standards, the following products have good sales potential on the German market: nuts, fish and seafood products, highly processed ingredients, dried fruits, sweet potatoes, bakery products, organic products, and pulses. COVID-19 related lock-down and physical distancing measures heavily impacted the German food sector, as well as shopping and consumption patterns of German consumers. Effects will be visible in next year's report when the data from 2020 is evaluated.

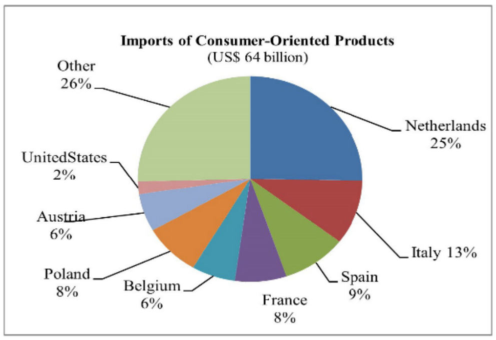
Market Fact Sheet: Germany

Executive Summary

With more than 83 million of the world's wealthiest consumers, Germany is by far the biggest market for food and beverages in the European Union. In 2020, Germany's nominal GDP reached U.S. dollar (USD) 3.8 trillion, positioning the country as the 4th largest economy in the world. Germany is a major producer of food and agricultural products and a leading player in the global marketplace. Germany is also the third largest importer of agricultural products after the United States and China. In 2020, imports of food products reached USD 104.8 billion, an increase of 0.9 percent compared to 2019. While 79 percent of these imports originated from other EU member states, the United States was the largest supplier outside the bloc. Imports of agricultural products from the United States totaled USD 1.4 billion in 2020. The macroeconomic situation and key data about the Germany economy can be found in the 2020 Exporter Guide.

Imports of Consumer-Oriented Products

In 2020, Germany imported consumer-oriented agricultural products worth USD 64 billion; the majority (72 percent) of these originated from other EU member states.



Food Processing Industry

In 2020 the German food processing industry employed about 618,721 people in 6,123 companies. The sector is dominated by small and medium size companies; 95 percent of which have less than 250 employees. In 2019[1], the sector generated a turnover of roughly USD 221 billion[2]; accounting for 5.8 percent of the German GDP. The largest sub-sectors by value were meat (25%), dairy (15.3%), bakery (9.8%), confectionery and long-life bakery products (7.2%), and alcoholic beverages (6.2%).

Food Retail Industry

German food retail sales reached USD 250.3 billion in 2019. Consolidation, market saturation, strong competition, and low prices are key characteristics of the German retail food market. The top five retail groups together account for roughly 75 percent of the total market. However, small neighborhood and convenience stores are seeing a revival. COVID-19 related lockdown measures have impacted German consumers' shopping and consumption patterns, with nearly 30% of Germans cooking more at home. With online grocery shopping still remaining a niche market in Germany, it has seen a boost with increases of 50 percent or even more in 2020.

[1] 2020 data is not available yet

[2] 2020 Exchange rate: 1 USD = 0.84 Euro

Quick Facts CY 2020

Imports of Consumer-Oriented Products *(USD million)* USD 64.040

List of Top 10 Growth Products in Host Country

1) Pistachios	2) Almonds
3) Walnuts	4) Wine
5) Food Preparations	6) Condiments & Sauces
7) Vinegar & Substitutes	8) Peanuts
9) Sweet Potatoes	10) Cocoa preparations

Food Industry by Channels (USD billion)

Food Industry Output*	221
Food Exports	72.8
Food Imports	65.9
Retail*	250.3
Food Service*	98.8

Food Industry Gross Sales (USD Billion)*
Food Industry Revenues Food (Domestic market) USD 146.9

Top 5 Restaurants/Fast Food Outlets in Germany

1) McDonalds
2) Burger King
3) Nordsee
4) Subway
5) Pizza Hut

Top 10 Host Country Retailers

1) Edeka Group
2) Rewe Group
3) Schwarz (Lidl/ Kaufland)
4) Aldi North/South
5) Metro AG
6) Lekkerland
7) dm
8) Rossmann
9) Bartels-Langness
10) Globus

GDP/Population

Population *(millions)*: 83.2
GDP *(billions USD)*: 3,806
GDP per capita *(USD)*: 45,764

* data listed for 2019; 2020 data is not available yet

Strengths/Weaknesses/Opportunities/Challenges

Strengths	**Weaknesses**
Germany is the biggest market in Europe with one of the highest income levels in the world.	U.S. exporters face competition from tariff-free products from other EU member states and FTA partners.
Opportunities	**Threats**
A large, well developed food processing industry requiring a wide range of ingredients, from low-value, unprocessed foods to high-value, highly-processed ingredients.	Non-tariff barriers such as phytosanitary restrictions and traceability requirements can make exporting to Germany complicated.

Data and Information Sources:
USDA/FAS Global Agricultural Trade System (GATS), German Office of Statistics (destatis), German Food Industry Association (BVE)

Contact:
FAS Berlin, Germany
AgBerlin@fas.usda.gov

I. Market Summary

Germany is the second largest importer and third largest exporter of consumer oriented agricultural products worldwide, and by far the most important European market for foreign producers. The retail market's key characteristics are consolidation, market saturation, strong competition, and low prices. Germany is an attractive and cost-efficient location in the center of the EU. While many consumers are very price sensitive, the market also consists of many wealthy consumers who follow value-for-money concepts. These consumers are looking for premium quality products and are willing to pay a higher price. Germany still has the lowest food prices in Europe. German citizens spend only 15.5 percent of their income on food and beverages. Low food prices result from high competition between discounters and the grocery retail sale segment.

Key market drivers and consumption trends

- Fair trade and organic products have become more important to the German grocery market. Germany is the second largest organic market in the world (behind the U.S.) and presents good prospects for exporters of organic products (for more information, please see the GAIN report: Opportunities for Organic Exports in Germany 2020).
- Berlin is spearheading the trend of sustainable food consumption, and other German cities are following its lead.
- Aging population and increased health consciousness of consumers is driving the demand for health and wellness products, as well as functional food products.
- Increasingly high-paced society and the rising number of single households are driving the demand for convenient ready-to-eat meals, desserts, and baking mixes.
- Ethnic foods, beauty and super foods, clean label foods, "free from" products (e.g., gluten or lactose free), and locally grown are further trends that attract more and more German consumers.
- Increasing share of consumers who view their purchasing decisions as a political or life-style statement (non-GMO, only free-range eggs, vegetarian or vegan diet).
- Consumers increasingly require traceability and information about production methods.
- Germany remains a price-focused market, but the share of consumers who are willing to pay for quality is increasing.
- COVID-19 related lockdown measures resulted in a new home cooking trend. A recently published BMEL report indicates that 30 percent of Germans are cooking more than before the crisis.

Table 1: Advantages and Challenges

Advantages	Challenges
Germany is the biggest market in Europe with one of the highest income levels in the world.	German consumers demand quality and low prices.

The demand for sustainable food ingredients and sustainable foods is growing. However, many German consumers are still uninformed about the sustainability of U.S. products.	Private sector sustainability standards can act as barriers to trade. Absence of unified U.S. sustainability message in the German market results in looming misconceptions about U.S. agriculture.
Germany is among the largest food importing nations in the world.	U.S. exporters face competition from tariff-free products from other EU member states.
Germany is centrally located in Europe with excellent transportation channels. Food processors are well situated to export products to other EU countries.	Listing fees paid to retailers limit the introduction of new U.S. brands.
A large, well developed food processing industry requiring a wide range of ingredients, from low-value, unprocessed foods to high-value, highly processed ingredients.	Non-tariff barriers such as phytosanitary restrictions and traceability requirements can make exporting to Germany complicated.
The United States has a reputation as a reliable supplier of food inputs in terms of availability, delivery, and quality.	Some products of modern biotechnology are prohibited as they are not approved in the EU.
Germany is the largest EU market for U.S. beef under the EU import quota for high quality beef, which was expanded in January 2020.	The beef import quota only applies to beef from animals not treated with growth-promoting hormones.

Source: FAS Berlin

II. Road Map for Market Entry

U.S. companies seeking to export goods to Germany are advised to conduct thorough research to gain a good understanding of the market. FAS GAIN Reports are a good source for country specific information: https://gain.fas.usda.gov/#/. Please contact the USDA Foreign Agricultural Service (FAS) Office in Berlin for clarification on specific questions, for example, for information on veterinary and phytosanitary certificates. Contact information is provided at the end of this report.

Germany is a potential market for those U.S. companies who are willing to invest the time and resources to cement contacts. New products in the German market may require up to 12 to 18 months of testing in order to determine market acceptance. There are a number of potential technical barriers to trade, thus exporters may want to consult with the latest Food and Agricultural Import Regulations and Standards (FAIRS) report on Germany. This report provides an overview of food laws in force in Germany that cover areas which are not yet harmonized with the EU.

Once U.S. companies have acquired this background information, they may consider attending or visiting one of the USDA endorsed trade shows and other trade shows in Europe, such as Health Ingredients and the Food Ingredients. These shows serve as a gateway into the market, helping companies to establish new trade contacts and gauge product interests. Germany hosts many of the largest trade shows in the world. Therefore, it is an excellent location for U.S. exporters to promote their products to get in contact with potential business partners, buyers, and to run product introductions.

Table 2: Major Food Related Trade Shows in Germany

Trade Show	Description	Location
INTERNORGA March 15-17, 2021 (digital) **Error! Hyperlink reference not valid.**	International tradeshow for hotel, restaurant, catering, baking, and confectionery trades	Hamburg
FRUIT LOGISTICA May 18-20, 2021 www.fruitlogistica.com	World's leading trade fair for the fresh fruit and vegetable business	Berlin
Interzoo June 1-4, 2021 (digital) www.interzoo.com/en	Leading trade show for pet food and supplies	Nuremberg
ANUGA (*every two years*) October 9-13, 2021 **Error! Hyperlink reference not valid.**	One of the leading food fairs for the retail trade, and the food service, and catering market	Cologne
BCB - Bar Convent Berlin October 11-13, 2021 www.barconvent.com/en/	International trade show for bars and beverages	Berlin
FI Global / Hi Europe November 30-December 2, 2021 https://www.figlobal.com/hieurope/	Leading trade shows for food and health ingredients	Frankfurt
ISM January 30-February 2, 2022 www.ism-cologne.com	World’s largest show for snacks and confectionery products	Cologne
BIOFACH February 15-18, 2022 www.biofach.com	Leading European tradeshow for organic food and non-food products	Nuremberg
ProWein March 27-29, 2022 www.prowein.com	International trade show for wine and spirits	Duesseldorf

Source: FAS Berlin

U.S. exporters can also contact their respective U.S. State Regional Trade Groups (SRTG), their Commodity Cooperator Group, and their state Department of Agriculture to obtain additional support.

State Regional Trade Groups (SRTG) are non-profit trade development organizations that help U.S. food producers and processors to enter overseas markets. They are funded by USDA/FAS and the private industry. They carry out promotional activities to increase exports of U.S. high-value food and agricultural products. For more information, contact the state regional trade group responsible for your state: https://www.fas.usda.gov/state-regional-trade-groups.

The **U.S. Agricultural Export Development Council** is composed of U.S. commodity trade associations and other organizations, in addition to the SRTGs, with an interest in promoting U.S. agricultural exports. For an overview and additional information on the various Commodity Groups, you can go to www.usaedc.org. The Commodity Cooperator Groups regularly organize (reverse) trade missions, often organized around trade shows or other events. They also are excellent platforms for U.S. suppliers of food ingredients to meet with foreign buyers. Currently, about 40 U.S. Cooperator organizations operate USDA-funded marketing programs in Germany. For the full list of participating U.S. organizations, please visit www.fas-europe.org/partners or www.delicious-usa.com/trade-associations/.

U.S. exporters looking for German food importers, wholesalers, or distributors can obtain reliable information from the Foreign Agricultural Service based in Berlin (FAS), the Federation of German Food and Drink Industries (BVE), the Federal Association of the German Retail Grocery Trade (BVLH), and from the different food market segments industry associations.

Import Procedures

As a member of the EU, Germany follows all EU directives, regulations, and obligations where available. Since the EU is a customs union, all member states apply the same import duties on goods imported from outside the EU based on tariff classification of goods and the customs value. For details on the EU legislation and import duties, please see the EU FAIRS report for further information.

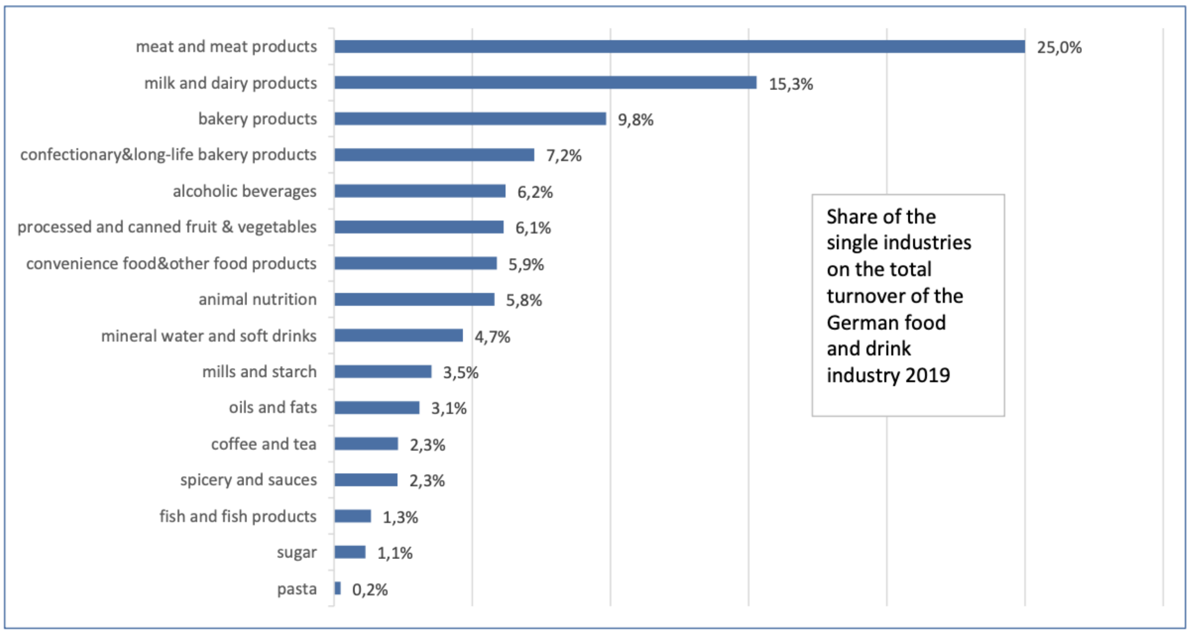
Importers represent the first link in the domestic sales chain and are consequently responsible for the compliance of imported products with national and EU regulations. The European Commission has published the following guidance document which refers to key Community law requirements: "Guidance document – Key questions related to import requirements and the new rules on food hygiene and official food controls". Once imported goods are cleared in one member state, they can move freely throughout the territory of the EU. This means U.S. products coming into Germany via another EU member state, for example the Netherlands, have to clear customs there. No additional controls are carried out when crossing the border to Germany.

The responsibility for enforcing food law provisions in Germany lies with the federal states (Laender). Whether a specific product complies with the legal requirements is evaluated by considering the actual product in its entirety, considering its origin, import certificate, composition, intended purpose, and presentation. Please contact FAS Berlin for clarification on questions concerning the interpretation and application of import provisions in individual cases.

Market Structure

Germany's food processing industry is well developed and has access to various food ingredients. Generally, German food processors source their ingredients from local producers or local importers. Only large processors import ingredients directly from foreign suppliers. A good importer will be your partner in promoting your product to their customers.

Share of Major Segments in the Food Processing Industry



Source: German Association of Food and Drink Industry, BVE

Sector Trends

- The food product portfolio is becoming more specialized and complex.
- The share of convenience and ready-to-eat products as well as smaller packaging sizes is increasing while the share of milk and dairy products, alcoholic beverages, and sugar is declining.
- The food industry is adjusting to the increasing demand for organic products; the total number of organic-certified products rose from 24,000 in 2004 to 84,836 in 2020.
- Food labelling with special seals is very common in Germany and has a large impact on the industry. Various regional, organic, sustainability, and animal welfare labels are introduced or are being discussed in Germany. Most companies have a sustainability strategy that demonstrates sustainability in the entire chain from cultivation all the way through to food processing.

- Propelled by COVID-19, Germany's restaurant sector is undergoing structural change. Five trends can be identified: 1) Delivery services will gain importance; 2) Chain restaurants invest in digitalization (apps for customers); 3) Automation in the kitchen and reduction of staff; 4) Chains will raise prices to invest; and 5) Small and independent businesses will be losers of this structural change. For more information, please see report COVID-19 Triggers Structural Changes in the German Restaurant Sector.
- Healthy lifestyle habits are becoming more and more pronounced in Germany, and consumers are striving for spiritual and mental well-being, in addition to physical health. Well-being is continuously seen as the key component of projecting a better and improved personal image. Consumers are paying more attention to what they eat and opt for products that make them feel good. For more information, please see report TOP FIVE Consumer Types and Trends in Germany.

III. Competition

The United States ranked thirteenth worldwide in exports of consumer-oriented agricultural products to Germany in 2019, but when accounting for the single EU market, the United States is a much larger source of imported consumer-oriented products. The main competitors for U.S. suppliers include domestic producers and producers from other EU member states, such as the Netherlands, Italy, Spain, France, Austria, and Belgium. However, for dried fruits and nuts the main competitors are Turkey (hazelnuts and raisins), Chile (dried prunes), South Africa (raisins), and Canada (cranberries). The U.S. industry's advantages include a good reputation for consistent quality and stable supply. The main advantages of competitors are proximity and price. A detailed table with competitive advantages and disadvantage is listed as an attachment to this report.

IV. Best Product Prospects Categories

Products in the market that have good sales potential

- Nuts: Almonds, hazelnuts, pecans, pistachios, walnuts
- Fish and Seafood: Salmon, surimi, roe and urchin, misc. fish products
- Highly processed ingredients (dextrins, peptones, enzymes, lecithin and protein concentrates)
- Dried and Processed Fruit: Raisins, prunes, cranberries, sour cherries, wild berries
- Fruit juice concentrates: Cranberry, grapefruit, prune
- Essential oils (peppermint oil)
- Beef and Game: Hormone-free beef, bison meat, exotic meat and processed meat products
- Organic products
- Products featuring "sustainable" or other social issue-based marketing labels

Products not present in significant quantities, but which have good sales potential

- Ingredients for the natural and healthy foods industry
- Bakery products
- Pulses
- High quality beef
- Innovative sauces, condiments, and confectionary products

Products not present because they face significant boundaries

- Food additives not approved by the European Commission
- Red meat and meat products with hormones
- Most poultry and eggs
- Biotech-derived products that are not approved in the EU

V. Key Contacts and Further Information

If you have questions regarding this report, or need assistance exporting to Germany, please contact the Foreign Agricultural Service in Berlin. Importer listings are available from the Foreign Agricultural Service for use by U.S. exporters of U.S. food and beverage products.

U.S. Department of Agriculture Foreign Agricultural Service

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14191 Berlin, Germany
Phone: +49- 30- 8305 – 1150
agberlin@usda.gov
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Appendix I: Overall Competitive Situation for Selected Food Ingredients (2020)

Product category Total German Import	Main suppliers in percentage	Strengths of Key supply countries	Advantages and Disadvantages of Local Suppliers
Tree Nuts (HS 0801 +0802 +200819) **MT 500,2** **USD 3.5 billion**	1. **USA – 23.2%** 2. Turkey – 18.7% 3. Netherlands – 10.6%	USA is the leading supplier of almonds, walnuts, and pistachios. Turkey has the lead in hazelnuts. 3) Netherlands is a large re-exporter of cashew nuts.	Domestic production is minimal. Germany is a leading producer of marzipan.
Fish & Seafood (HS 03 + HS 16) **MT 1,317** **USD 7.8 billion**	1. Netherlands – 15.8% 2. Poland – 15.6% 3. Denmark – 12.3% **6. USA – 4%**	1-3) Proximity and availability. USA is the second largest supplier of Alaska Pollock fillets.	Tradition in seafood trading and processing, fish is popular.
Wine & Beer (HS 2203, 2204, 2205, 2206) **Liters: 2,135 billion** **USD 3.5 billion**	1. Italy – 24.2% 2. Spain – 15.9% 3. France – 12.9% **14. USA – 1.8%**	1-3) Proximity, reputation, climatic conditions for wine growing.	Wine only grows in southern part of country. Insufficient domestic supply,
Food Preparations (HS 210690) **MT 432,025** **USD 1.97 billion**	1. Netherlands – 18.2% 2. France – 10.8% 3. Poland – 9.6% **9. USA –3.2%**	1-3) Proximity and availability.	Strong domestic food industry.
Peanuts (HS 1202) **MT 137,444** **USD 211.1 million**	1. Netherlands – 55.9% 2. Argentina – 16.4% **3. USA – 8.2%**	1) Volumes consist of re-exported peanuts from Argentina, USA, Brazil.	No local availability, high demand from well-established snack food industry.
Dried Prunes (HS 081320) **MT 11,851** **USD 41.1 million**	**1.** Chile – 38.3% 2. **USA – 34.2%** 3. Netherlands – 10.5%	1) Product pricing, zero duty access through EU-Chile FTA. 2) Good reputation for quality, California origin adds value.	No local availability.
Raisins (HS 080620) **MT 81,215** **USD 170.7 million**	1. Turkey – 32.2% 2. South Africa – 27.4% 3. Netherlands – 10.8% **5. USA – 6.1%**	1) Pricing.	No local availability.
Meat	1. Netherlands – 24.4%	1-3) Proximity and	Focus on pork rather

(HS 02) **MT 2.183 million** **USD 7.1 billion**	2. Belgium – 15.9% 3. Poland – 14.8% **27. USA – 0.05%**	availability. U.S. imports consist of hormone-free beef under Hilton beef quota, which was not filled due to COVID-19 impact on gastronomy in 2020.	than beef production.
Sauces and Preparations (HS 2103) **MT 351,824** **USD 769.7 million**	1. Netherlands – 27.2% 2. Italy – 26.1% 3. Poland - 9% **14. USA –0.8%**	1-3) Proximity and availability USA is well known as supplier of BBQ sauces.	Strong domestic food industry.
Snack Foods excl. nuts (HS 1905 + 1704) **MT 1,090** **USD 3.4 billion**	1. Poland – 17.3% 2. Netherlands – 18.8% 3. Belgium – 11.8% **28. USA – 0.26%**	1-3 Proximity and availability. 1) Volumes also consist or re-exports from China, Thailand, USA.	Tradition in snack food production. Germany is one of the global market leaders in snack foods.

Source: Trade Data Monitor, March 2021

Appendix II: The largest food processing companies in Germany

	Producer	Product Category	Company Website
1	Nestlé	Foodstuffs, coffee, sweets	http://www.nestle.com
2	Oetker	Foodstuffs, beer	http://oetker.com/de/startseite.html
3	DMK Deutsches Milchkontor	Dairy products	http://www.dmk.de/en/
4	Vion Food Group	Meat	http://www.vionfoodgroup.com/
5	Tönnies Lebensmittel	Meat	http://www.toennies.com/about-toennies.html
6	Tchibo	Coffee, non-food	http://www.tchibo.com/
7	Unilever	Foodstuffs	http://www.unilever.com/
8	Landgard	Fruits, vegetables, flowers, and plants	https://www.landgard.de/
9	Südzucker-Group	Foodstuffs	http://www.suedzucker.de/en/Homepage/
10	Mars	Sweets	http://www.mars.com/
11	Kraft Foods	Coffee, sweets, foodstuffs	http://www.kraftfoodsgroup.com/
12	Ferrero	Sweets	http://www.ferrerocsr.com/
13	PHW-Group Wiesenhof)	Poultry	http://www.phw-gruppe.de/
14	Theo Müller	Dairy products	http://www.muellergroup.com/startseite/

15	Westfleisch	Meat	http://westfleisch.de/en/home.html
16	FrieslandCampina	Dairy products	http://www.frieslandcampina.com/english
17	Bitburger	Beer	**Error! Hyperlink reference not valid.**
18	Heristo	Meat, pet nutrition	http://www.heristo.de/eng/
19	Bayernland-Gruppe	Dairy products	**Error! Hyperlink reference not valid.**
20	Barilla/Lieken	Pasta, baking products	http://www.barillagroup.com/
21	Danone Gruppe	Dairy products	http://www.danone.de/home/
22	Krüger	Foodstuffs	http://krueger.de/
23	Rotkäppchen-Mumm	Alcoholic beverages, spirits	http://www.rotkaeppchen-mumm.de/
24	Hochwald	Dairy products	https://www.hochwald.de/
25	Univeg	Fruits and vegetables	http://www.univeg.com/en/
26	August Storck	Sweets	http://www.storck.us/en/
27	Sprehe Gruppe	Poultry	http://www.sprehe.de/
28	Pfeifer & Langen	Sweets	http://www.diamant-zucker.de/startseite/
29	Arla Foods	Dairy products	http://www.arla.com/
30	Danish Crown	Meat products	http://www.danishcrown.com/

Source: Lebensmittel Zeitung

Attachments:

No Attachments