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Germany

Food Processing Ingredients

2015

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Report Highlights:
The German food industry represents the fourth biggest industry in Germany. In 2014, Germany produced an estimated $229 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, fruit and vegetables, highly processed ingredients, bakery products, dairy products, pulses and specialty grains.

Post:
Berlin

Author Defined:
I. Market Summary
Despite the financial crisis, the German food industry has been very self-assertive and developed a balanced economic dynamic by new product innovations addressing the needs of the market and meeting conditions of the export industry. Consequently, food processing represents the fourth biggest industry in Germany.

In the European Union (E.U.), Germany is the largest food and drink producer and the second largest food industry with respect to value added and numerous companies that are underpinning on the German food and drink industry as a pillar of their economy. The retail markets 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. The market provides many wealthy consumers who follow value-for-money concepts.

The food processing industry in Germany
In 2014, the value of the German food industry was about $229 billion. Roundabout 6,000 food processing companies employ up to 550,000 people. The German food industry is characterized by small and medium-sized companies. 95 % of them have less than 250 employees and represent family run businesses or local companies. Nevertheless, they successfully export German food specialties worldwide and the industry has grown steadily over the past years.

Germany still has the lowest food prices in Europe. So it comes as no surprise that German citizens spend less than 12 % of their income on food and beverages. Low food prices result from high competition between discounters and the grocery retail sale segment.

Imports of agricultural and fish products, Germany, 2014 figures, million $

Agricultural Total, total imports	94,408
Agricultural Total, imports from U.S.A.	2,152 (2%)
Intermediate Agricultural Products, total imports	17,817
Intermediate Agricultural Products, imports from U.S.A.	354 (2%)
Consumer-Oriented Agricultural Products, total imports	61,487
Consumer-Oriented Agricultural Products, imports from U.S.A.	1,147(2%)
Fish and Seafood Products, total imports	5,521
Fish and Seafood Products, imports from U.S.A.	207 (4%)

Source: Global Trade Atlas

Key market drivers and consumption trends
The most important sectors of the food industry in 2014 were meat products and dairy, poultry & egg, sweet & baking products, alcoholic & non-alcoholic beverages, the processing of juices, and fruits & vegetables. Also, fair trade and organic products have become more important on the German grocery market. Germany is the second largest organic market of the world and presents good prospects for exporters of organic products (please see GAIN report for more information: Germany Retail Foods). 49% of Germans consider food quality as highly important.

Another trend can be seen with regard to food standards. Food labeling is very common in

Germany and having a large impact on the industry. The regional label, organic label and animal welfare label –all are being introduced and discussed in Germany. Another trend in the German food processing ingredients sector is sustainability. Germany plans to reach 20% organic production to promote sustainability in the entire chain from cultivation all the way through to food processing as part of the sustainable strategy.

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.
Many German consumers are uninformed about the details of sustainability and there is yet room to define a U.S. sustainability message.	No unified U.S. sustainability message in the German market.
Germany is among the largest food importing nations in the world.	EU regulation and tariffs give preferential access to products from EU countries. USA exporters face competition from tariff-free products from other EU countries.
The demand for sustainable food ingredients and sustainable foods is growing.	Listing fees paid to retailers and money spend on creating brand awareness hamper 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 U.S. has a reputation as a reliable supplier of food inputs in terms of availability, delivery and quality.	Some unapproved products of modern biotechnology are prohibited.
Germany is centrally located in Europe with excellent transportation channels. Food processors are well situated to export products to other EU countries.	

Source: FAS Berlin

II. **Road Map for Market Entry**

A. Entry Strategy

U.S. companies that are seeking to export their goods to Germany are advised to research the market for a better understanding. This can be done by reading FAS Attaché Reports and contacting FAS Berlin for clarification on specific questions. The USDA Foreign Agricultural Service offers USA suppliers a number of valuable services to support them with market entry. Once U.S. companies have acquired this background information, they have several choices on how to enter the market. They may consider attending or visiting one of Europe's many USDA endorsed trade shows, http://www.fas.usda.gov/international-trade-shows-2015 and other trade shows in Europe like the Health ingredients show and the Food ingredients show. They serve as a springboard into the market, helping companies to establish new trade contacts and gauge product interests.

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 market entry support. The cooperators 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.

FAS Attaché Reports
Excellent FAS Attaché reports for new-to-market exporters to Germany are:

- The Exporter Guide which contains a general overview of the macro-economic situation, discusses demographic trends, food trends, offers exporter business tips and shares overviews of the food retail and HRI sectors (please see Exporter Guide).
- The Import Regulations and Standards (FAIRS) report provide an overview of import regulation standards and required health and origin certificates (please see FAIRS Report).
- The Retail Foods Report gives an overview of the food retail market within Germany (please see Retail Report).
- The Organic Food Retail Report gives an overview of the organic food retail market in Germany (please see Organic Food Report))
- A complete selection of FAS reports can be viewed online at: http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx

Foreign Agricultural Services Berlin
In order to obtain further information on the German market, trade shows, and other marketing sales opportunities in Germany, contact the USDA Foreign Agricultural Service Office in Berlin. Further contact information is provided at the end of this report.

State Regional Trade Groups
The State Regional Trade Groups (SRTG) are regionally located in the U.S. and non-profit trade development organizations that help U.S. food producers and processors to enter oversea markets. They are funded by USDA's Foreign Agricultural Service (FAS), the State Department of Agriculture, and private industry. They carry out promotional activities that increase exports of U.S. high-value food and agricultural products.
Activities range from the participation at international trade exhibitions, overseas trade missions, reverse trade missions, and export education, to in-country research and point-of-sale promotions in foreign food chains or restaurants worldwide.

The SRTGs also administer a cost-share funding program called the 'Brand program' which supports the promotion of brand name food and agricultural products in overseas markets. For more information, contact the state regional trade group responsible for your state:

Food Export Northeast	**Southern United States Trade Association**
Member states: Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont E-Mail: info@foodexport.org Web site: www.foodexportusa.org	Member states: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, Puerto Rico, South Carolina, Tennessee, Texas, Virginia, West Virginia E-Mail: susta@susta.org Web site: www.susta.org

Food Export Association of the Midwestern USA Member states: Indiana, Illinois, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin E-Mail: info@foodexport.org Web site: www.foodexport.org	**Western U.S. Agricultural Trade Association** Member states: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming E-Mail: export@wusata.org Web site: www.wusata.org

The U.S. Agricultural Export Development Council is composed of U.S. 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.

Participation in Trade Shows
Many of the largest trade shows in the world take place in Germany. 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 conduct product introductions. Further information about the most important German trade shows can be found in the following table:

ANUGA (every two years) October 10 – 14, 2015 www.anuga.com	One of the leading food fairs for the retail trade, and the food service, and catering market
VeggieWorld November 7-8, 2015 www.veggieworld.de	Germany's leading tradeshow for vegetarian products
Heimtextil January 12-15, 2016 http://heimtextil.messefrankfurt.com	World's biggest trade fair for home and commercially used textiles.
IPM – International Plant Show January 26-29, 2016 http://www.ipm-essen.de/	European trade fair for the horticultural and nursery industry
ISM (International Sweets and Biscuit Show) January 31-February 2, 2016 www.ism-cologne.com	World's largest show for snacks and confectionery products
Fruit Logistica February 3-5, 2016 www.fruitlogistica.com	The world's leading trade fair for the fresh fruit and vegetable business
Bio Fach February 10 – 13, 2016 www.biofach.com	Leading european tradeshow for organic food and non-food products
Internorga March 11-16, 2016 www.internorga.com	International tradeshow for hotel, restaurant, catering, baking, and confectionery trades
ProWein March 13 – 15, 2016 www.prowein.com	International trade show for wine and spirits
Interzoo (every two years) May 26- May 29, 2016 www.interzoo.com	Leading trade show for pet food and supplies

Equitana (every two years) March 18-26, 2017 http://www.equitana.com/	Leading European tradeshow for the equestrian market

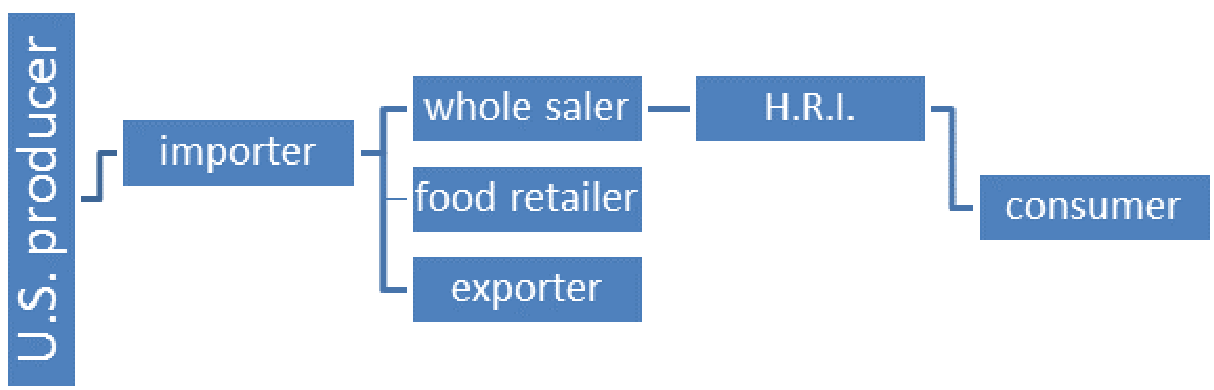
Source: FAS Berlin

B. Market Structure

Depending on the type of food ingredients, there are different supply chains in the German food market. Generally, German producers source their ingredients from local producers or local importers. Only large processors import ingredients directly from foreign suppliers. Retailers usually purchase directly from the processor or the buying organization. The Hotel Restaurant and Institution (HRI) sector may purchase directly from a wholesaler whereas smaller HRI outlets generally purchase products from cash and carry operations.

U.S. exporters of food processing ingredients usually enter the German market through a specialized ingredients importer. A good importer will be your partner in promoting your product to his or her customers. Germany's food processing industry is well developed and has access to various food ingredients. U.S. products that have successfully entered the German market have a competitive advantage. This could include a lower price, higher quality, or a unique innovative quality. U.S. products not produced in the European Union or unavailable in large quantities usually fare well in Germany.

Supply Chain



C. Company Profiles

A list of 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	Food stuffs	http://www.unilever.com/
8	Landgard	Fruits, vegetables, flowers, and plants	https://www.landgard.de/
9	Südzucker-Group	Food stuffs	http://www.suedzucker.de/en/Homepage/
10	Mars	Sweets	http://www.mars.com/
11	Kraft Foods	Coffee, sweets, food stuffs	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 product	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	www.bitburger.com/
18	Heristo	Meat, pet nutrition	http://www.heristo.de/eng/
19	Bayernland-Gruppe	Dairy products	www.bayernland.de/
20	Barilla/Lieken	Pasta, baking products	http://www.barillagroup.com/
21	Danone Gruppe	Dairy prodcuts	http://www.danone.de/home/
22	Krüger	Food stuffs	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

The German food processing industry has benefitted from EU expansion with over half of the region’s agricultural exports going to other EU Member States. Greater growth opportunities are nowadays to be found outside the EU. The on-going consolidation in the food processing industry, driven by the growing buying power of retailers, impacts the price and condition negotiations between processors and food ingredient

D. Sector Trends

Investments
Germany is ranks among the most attractive business locations in Europe and worldwide. Germany attracts companies and foreign investors because of its stable political and macroeconomic climate, a highly developed financial sector, the presence of a well-educated and productive labor force, and the high quality of the physical and communications infrastructure. Some potential investment boundaries in attracting foreign direct investments, however, include relatively high wage costs and heavy administrative burdens.

III. Competition

The main competitors for U.S. suppliers include producers in other European Union countries such as the Netherlands, Italy, France, Austria, and Belgium. Key country competitors listed by product category can be found in the following table.

Overall competitive situation for U.S. exports

Product category Total Import in million US$	Main suppliers in percentage	Strengths of Key supply countries	Advantages and Disadvantages of Local Suppliers
PG 30 Breakfast Cereals 308	1. France 16.6 2. Belgium 14.6 3. Netherlands 12.5 18. U.S. 0.16	Distance, availability and regional products	Developed processed food industry
PG 31 Snack Foods 3,796	1. Belgium 18.7 2. Netherlands 17.2 3. Switzerland 12.3 23. U.S. 0.21	Distance, availability and regional products	Developed confectionary industry
HS 02: Meat 8,034	1. Netherlands 24.8 2. Belgium 13.5 3. Denmark 11.8 16. U.S. 0.64	Distance and availability	Focus on dairy production instead of beef production. Genetics need improvement
HS 03: Fish and Crustaceans 4,620	1. Poland 18.8 2. Denmark 13.7 3. Netherlands 11.2 6. U.S. 4.3	1,2: Distance and availability 3: Price/quality ratio	Tradition in seafood trading and processing, fish is popular
HS 04: Dairy Produce; Birds Eggs and Natural Honey 9,239	1. Netherlands 31.5 2. France 13.1 3. Austria 8.2 34. U.S. 0.1	Proximity	Great tradition of milk and milk based products

HS 07: Edible vegetables 6,716	1. Netherlands 36.5 2. Spain 23.2 3. Italy 8.3 23. U.S. 0.2	1: Proximity 2,3: Tradition, different climate/ supply/ taste/ varieties	Products not sufficiently available on local market
HS 08: Edible Fruits and Nuts 10,115	1. Spain 20.3 2. Netherlands 19.3 3. Italy 11.5 5. U.S. 7.5	1,3: Tradition, different climate/ supply/ taste/ varieties 2: Proximity	Products not sufficiently available on local ma
HS 09: Coffee, Tea, Mate and Spices 5.219	1. Brazil 25.6 2. Vietnam 11.4 3. Honduras 6.3 38. U.S. 0.13	Trading tradition	No domestic availability, Re-export
HS 16: Edible Preparations of Meat Fish, Crustaceans 3,013	1. Netherlands 18.4 2. Austria 10.5 3. Italy 9.7 22. U.S. 0.7	1,3: Proximity 3: Price/quality ratio	Not sufficiently domestically available
HS 19: Preparation off Cereals, Flour, Starch or Milk 4,385	1. Italy 18.7 2. France 14.9 3. Netherlands 12.5 25. U.S. 0.2	Proximity and re-export	Not sufficiently domestically available
HS 20: Preparations of Vegetables, fruits, Nuts 5,576	1. Netherlands 25.3 2. Italy 13.9 3. Turkey 9.5 21. U.S. 0.4	Proximity	Not sufficiently domestically available
HS 21: Miscellaneous Edible Preparations 3,654	1. Netherlands 20.3 2. France 10.4 3. Italy 9.3 12. U.S. 1.6	Proximity and re-export	Not sufficiently domestically available
HS 22: Beverages, Spirits, Wine and Vinegar 8,386	1. France 21.6 2. Italy 20.0 3. Spain 8 7. U.S. 5.4	Excellent regional products	Not sufficiently domestically available

IV. Best Product Prospects

Products in the market that have good sales potential

- Fish & Seafood: Salmon, surimi, roe & urchin, misc. fish products
- Nuts: Almonds, hazelnuts, pecans, pistachios, walnuts
- Highly processed ingredients (dextrins, peptones, enzymes, lecithins and protein concentrates)
- Dried & Processed Fruit: Cranberries, prunes, sour cherries, wild berries
- Fruit juice concentrates: Cranberry, grapefruit, prune

- Vegetable oils
- Beef & Game: Hormone-free beef, bison meat, exotic meat and exotic processed meat products
- Organic products
- Seeds: Sunflower seeds

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

- Ingredients for the natural and healthy foods industry
- Bakery products
- Dairy products (whey, milk powder)
- Millet, spelt and meslin
- Pulses

Products not present because they face significant boundaries

- Food additives not approved by the European Commission
- Red meat & meat products with hormones
- Most poultry & eggs
- Biotech derived products

V. Post Contact and Further Information

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

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