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Required Report - public distribution

Date: 7/7/2017

GAIN Report Number: GM17020

Germany

Food Processing Ingredients

2017

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Report Highlights:
The German food industry represents the fourth–largest industry in Germany. In 2016, Germany produced an estimated USD $196 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

Executive Summary:

I. Market Summary

The German food industry is dynamic, assertive, and balanced, developing new products that address the demands of the domestic and export markets. Food processing represents the fourth-largest industry in Germany.

Germany is the largest food and drink producer and the second largest food industry in the European Union. 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. The market provides many wealthy consumers who follow value-for-money concepts. These consumers are looking for premium quality products and willing to pay a higher price.

The food processing industry in Germany

In 2016, the value of the German food industry was about USD $196 billion. Approximately 6,000 food processing companies employ up to 580,000 people. The German food industry is characterized by small and medium-sized companies. Ninety-five percent of which have less than 250 employees and include many family-run and local businesses. 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; 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.

Table 1: Imports of agricultural and fish products, Germany, 2016, million $USD

Agricultural Total, total imports	96,964
Agricultural Total, imports from U.S.A.	2,282
Intermediate Agricultural Products, total imports	15,779
Intermediate Agricultural Products, imports from U.S.A.	219
Consumer-Oriented Agricultural Products, total imports	56,144
Consumer-Oriented Agricultural Products, imports from U.S.A.	1,598
Fish and Seafood Products, total imports	4,427
Fish and Seafood Products, imports from U.S.A.	180

Source: Global Trade Atlas

Key market drivers and consumption trends
The most important sectors of the food industry in 2016 were meat products and dairy, poultry and egg, sweet and baking products, alcoholic and non-alcoholic beverages, the processing of juices, and fruits and vegetables. Also, fair trade and organic products have become more important on the German

grocery market. Worth USD $9.6 billion in 2015, Germany is the second largest organic market in the world and presents good prospects for exporters of organic products (please see GAIN report for more information: Opportunities for U.S. Organics in German Market).

Another trend can be seen with regard to food standards. Food labeling is extensive in Germany and has a large impact on the industry. Regional, organic, and animal welfare labels, for instance, are being introduced and discussed at many levels – consumer, political, economic etc – in Germany. Another trend in the German food processing ingredients sector is sustainability. That means most companies have a sustainability strategy that demonstrates sustainability in the entire chain from cultivation all the way through to food processing. Retail outlets are increasingly demanding a sustainability assurance or label from those companies with whom they do business.

Table 2: 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 high 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. U.S. exporters face competition from tariff-free products from other EU countries. The EU continues to sign free trade agreements with U.S. agricultural and food competitor nations, specifically Canada and Japan.
The demand for sustainable food ingredients and sustainable foods is growing.	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 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 seeking to export goods to Germany are advised to do some research for a better understanding of the market. This can be done by reading FAS GAIN Reports and contacting FAS Berlin for clarification on specific questions. The USDA FAS office in Berlin offers U.S. 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 USDA endorsed trade shows and other trade shows in Europe like the Biofach or the Food Ingredients show. These trade shows are amongst the largest in the world and 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 provides 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 FAS Office in Berlin. Further contact information is provided at the end of this report.

State Regional Trade Groups

SRTGs are non-profit trade development organizations that help U.S. food producers and processors to enter overseas markets. They are funded by FAS and the private industry. They carry out promotional activities that increase exports of U.S. high-value food and agricultural products.

Activities range from 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 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	**Southern United States Trade Association** 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:

Trade Show	Information	
ANUGA (every two years) October 7-11, 2017 www.anuga.com	One of the leading food fairs for the retail trade, and the food service, and catering market	
Bar Convent October 10-11, 2017 https://www.barconvent.com/	International trade show for bars and beverages	
Food Ingredients Europe November 28-30, 2017	World's leading trade show on food ingredients	

http://www.figlobal.com/fieurope/		
Heimtextil January 9-12, 2018 http://heimtextil.messefrankfurt.com	World's largest trade fair for domestic and commercial textiles	
IPM – International Plant Show January 23-26, 2018 http://www.ipm-essen.de/	European trade fair for the horticultural and nursery industry	
ISM (International Sweets and Biscuit Show) January 28-31, 2018 www.ism-cologne.com	World's largest show for snacks and confectionery products	
Fruit Logistica February 7-9, 2018 www.fruitlogistica.com	World's leading trade fair for the fresh fruit and vegetable business	
BIOFACH February 14-17, 2018 www.biofach.com	Leading European tradeshow for organic food and non-food products	
Internorga March 9-13, 3018 www.internorga.com	International tradeshow for hotel, restaurant, catering, baking, and confectionery trades	
ProWein March 18-20, 2018 www.prowein.com	International trade show for wine and spirits	
Interzoo (every two years) May 8-11, 2018 www.interzoo.com	Leading trade show for pet food and supplies	
Equitana (every two years) March 9-17, 2019 http://www.equitana.com	Leading European tradeshow for the equestrian market	

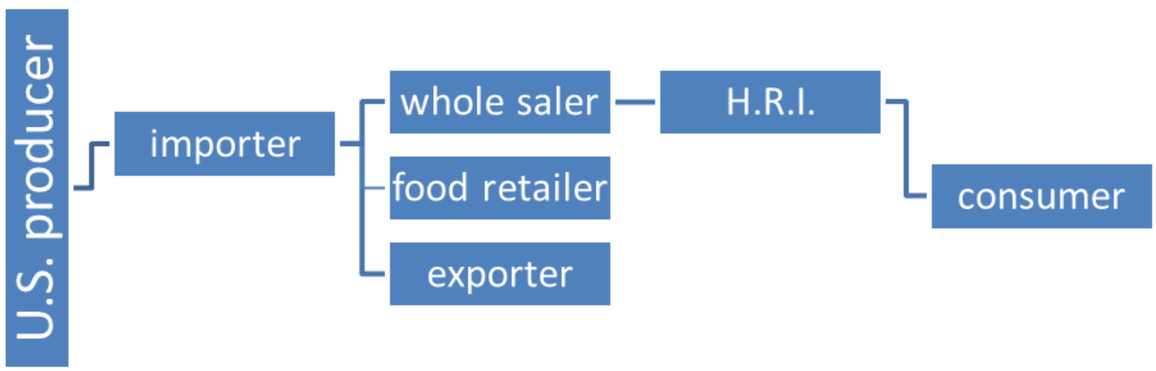
Source: FAS Berlin

B. Market Structure

There are different supply chains in the German food market depending on the end product. 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
Nestlé	Foodstuffs, coffee, sweets	http://www.nestle.com
Oetker	Foodstuffs, beer	http://oetker.com/de/startseite.html
DMK Deutsches Milchkontor	Dairy products	http://www.dmk.de/en/
Vion Food Group	Meat	http://www.vionfoodgroup.com/
Tönnies Lebensmittel	Meat	http://www.toennies.com/about-toennies.html
Tchibo	Coffee, non-food	http://www.tchibo.com/

Unilever	Food-stuffs	http://www.unilever.com/
Landgard	Fruits, vegetables, flowers, and plants	https://www.landgard.de/
Südzucker-Group	Food-stuffs	http://www.suedzucker.de/en/Homepage/
Mars	Sweets	http://www.mars.com/
Kraft Foods	Coffee, sweets, food stuffs	http://www.kraftfoodsgroup.com/
Ferrero	Sweets	http://www.ferrerocsr.com/
PHW-Group Wiesenhof)	Poultry	http://www.phw-gruppe.de/
Theo Müller	Dairy products	http://www.muellergroup.com/startseite/
Westfleisch	Meat	http://westfleisch.de/en/home.html
FrieslandCampina	Dairy products	http://www.frieslandcampina.com/english
Bitburger	Beer	www.bitburger.com/
Heristo	Meat, pet nutrition	http://www.heristo.de/eng/
Bayernland-Gruppe	Dairy products	www.bayernland.de/
Barilla/Lieken	Pasta, baking products	http://www.barillagroup.com/
Danone Gruppe	Dairy products	http://www.danone.de/home/
Krüger	Foodstuffs	http://krueger.de/
Rotkäppchen-Mumm	Alcoholic beverages, spirits	http://www.rotkaeppchen-mumm.de/
Hochwald	Dairy products	https://www.hochwald.de/
Univeg	Fruits and vegetables	http://www.univeg.com/en/
August Storck	Sweets	http://www.storck.us/en/
Sprehe Gruppe	Poultry	http://www.sprehe.de/
Pfeifer & Langen	Sweets	http://www.diamant-zucker.de/startseite/
Arla Foods	Dairy products	http://www.arla.com/
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 ongoing consolidation in the food processing industry, driven by the growing buying power of retailers, impacts the price negotiations between processors and food ingredient manufacturers.

D. Sector Trends

Investments

Germany 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 World Import, 2016	Main suppliers in percentage, 2016	Strengths of key supply countries	Advantages and disadvantages of local suppliers
PG 30 Breakfast Cereals Imports: 146,427 tons Value: US$ 308 million	1. Poland – 14.6% 2. Belgium – 14.0% 3. France – 13.8% 21. U.S. - 0.2%	Distance, availability, and regional products	Developed processed food industry
PG 31 Snack Foods (Excl. nuts) Imports: 863,299 tons Value: US$ 3,677 million	1. Belgium - 18.2% 2. Netherlands - 17.8% 3. Poland – 14.5% 26. U.S. - 0.2%	Distance, availability, and regional products	Developed confectionary industry
HS 02: Meat Imports: 2,589,978 tons Value: US$ 6,966 million	1. Netherlands – 25.4% 2. Belgium - 12.6% 3. Poland – 9.9% 18. U.S. - 0.3%	Distance and availability	Focus on dairy production instead of beef production. Genetics need improvement
HS 03: Fish & Crustaceans Imports: 866,757 tons Value: US$ 4,427 million	1. Poland – 18.4% 2. Denmark – 14.7% 3. Netherlands - 11.9% 6. U.S. – 4.1%	Distance and availability	Tradition in seafood trading and processing, fish is popular
HS 04: Dairy Produce; Birds Eggs and Natural Honey Value: US$ 7,616 million	1. Netherlands – 31.9% 2. France – 13.6% 3. Austria – 8.3% 31. U.S. - 0.1%	Proximity	Great tradition of milk and milk based products

HS 07: Edible vegetables Imports: 4,989,195 tons Value: US$ 6,494 million	1. Netherlands – 35.9% 2. Spain – 25.6% 3. Italy - 8.5% 20. 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 Imports: 6,452,389 tons Value: US$ 10,365 million	1. Spain – 21.3% 2. Netherlands – 20.9% 3. Italy – 11.6% 5. U.S. – 6.3%	1,3: Tradition, different climate/supply/taste/ varieties 2: Proximity	Products not sufficiently available on local market
HS 09: Coffee, Tea, Mate and Spices Imports: 1,438,776 tons Value: US$ 4,595 million	1. Brazil – 22.3% 2. Vietnam – 13.2% 3. Honduras – 6.2% 36. U.S. - 0.2%	Trading tradition	Domestic availability is scarce, re-export
HS 16: Edible Preparations of Meat Fish, Crustaceans Imports: 670,298 tons Value: US$ 2,793 million	1. Netherlands – 20.9% 2. Poland – 11.1% 3. Italy – 9.8% 22. U.S. – 0.8%	Proximity	Not sufficiently domestically available
HS 19: Preparation off Cereals, Flour, Starch or Milk Imports: 1,918,640 tons Value: US$ 4,414 million	1. Italy – 17.3% 2. Poland – 13.4% 3. Netherlands – 12.7% 26. U.S. – 0.2%	Proximity and re-export	Not sufficiently domestically available
HS 20: Preparations of Vegetables, fruits, Nuts Imports: 3,481,930 tons Value: US$ 5,103 million	1. Netherlands – 26.3% 2. Italy – 13.0% 3. Turkey – 9.1% 22. U.S. – 0.5%	Proximity	Not sufficiently domestically available
HS 21: Miscellaneous Edible Preparations Value: US$ 3,434 million	1. Netherlands - 20.8% 2. France -9.8% 3. Italy – 9.1% 14. U.S. – 1.6%	Proximity and re-export	Not sufficiently domestically available

HS 22: Beverages, Spirits, Wine and Vinegar Value: US$ 7,506 million	1. Italy – 19.5% 2. France – 19.1% 3. Austria – 8.3% 8. U.S. – 5.1%	Excellent regional products	Not sufficiently domestically available

Source: Global Trade Atlas

IV. Best Product Prospects

Products in the market that have good sales potential

- Fish & Seafood: Salmon, surimi, roe and urchin, misc. fish products
- Nuts: Almonds, hazelnuts, pecans, pistachios, walnuts
- Highly processed ingredients (dextrins, peptones, enzymes, lecithin and protein concentrates)
- Dried and Processed Fruit: Cranberries, prunes, sour cherries, wild berries
- Fruit juice concentrates: Cranberry, grapefruit, prune
- Vegetable oils
- Beef and Game: Hormone-free beef, bison meat, exotic meat (e.g. wild boar) and 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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