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Required Report - public distribution

Date: 11/27/2018

GAIN Report Number: GM18048

Germany

Exporter Guide

2018

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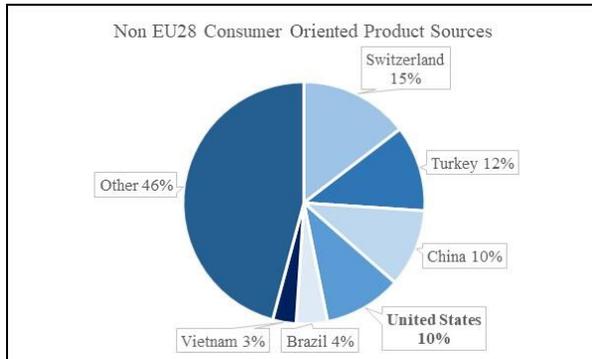
Report Highlights:

Germany has 83 million of the world's wealthiest consumers and is by far the biggest market in the European Union. The German market offers good opportunities for U.S. exporters of consumer-oriented agricultural products. In 2017, total U.S. exports of agricultural products to Germany reached \$ 1.8 billion. Largest segments were soybeans, tree nuts, Alaskan pollock, wine, beef, and other consumer-oriented products. This report provides U.S. food and agriculture exporters with background information and suggestions for entering the German market.

Executive Summary

With nearly 83 million of the world's wealthiest consumers, Germany is by far the biggest market for food and beverages in the European Union. In 2017, Germany's nominal GDP reached U.S. dollar (USD) 3.7 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.

German Agricultural Imports



In 2017, Germany imported consumer-oriented agricultural products worth USD 61 billion; the majority (84 percent) of these originated from other EU member states. The US exported USD 957 million worth of consumer-oriented products to Germany. When all agricultural and related products are included, the US becomes the biggest exporter outside the EU28, primarily due to soybeans.

Food Processing Industry

The 5,940 food processing companies employ about 570,000 people. The sector is dominated by small- and medium-sized companies; 95 percent of which have less than 250 employees. In 2016, the sector generated a turnover of roughly USD 190 billion; accounting for 5.4 percent of the German GDP. The largest subsectors by value were meat, dairy, bakery, and confectionary and ice cream; accounting for 24, 13, 10, and 8 percent each.

Food Retail Industry

German food retail sales reached USD 216.4 billion in 2016. The sector is saturated and highly consolidated. The top five retail groups together account for 72 percent of the revenues. That said, small neighborhood and convenience stores are seeing a revival. Online food sales are still a niche market.

Food Service Industry

The German food service industry is made up of 222,365 businesses and is dominated by restaurants, snack bars, public housing, guest housing, and catering services. Turnover in the HRI Sector has increased steadily since 2009, reaching USD 100.62 million in 2017.

Quick Facts CY 2017

Imports of Consumer-Oriented Products (USD million)
USD 60,898

List of Top 10 Growth Products in Host Country

- | | |
|-------------------|---------------------------|
| 1) Pistachios | 2) Sweet Potatoes |
| 3) Salmon | 4) Lentils |
| 5) Vermouth | 6) Peptones & derivatives |
| 7) Peppermint oil | 8) Hop cones |
| 9) Citrus oil | 10) Vinegar & substitutes |

Food Industry by Channels (USD billion) 2016

Food Industry Output	189.6
Food Exports	51.9
Food Imports	57.3
Retail	216.4
Food Service	83.9

Food Industry Gross Sales (USD Billion) 2016

Food Industry Revenues
- Food (Domestic market) USD 127.1

Top 10 Retailers in Germany

- | | |
|-----------------------------|------------------|
| 1) Edeka/Penny | 6) Lekkerland |
| 2) Rewe/Netto | 7) dm |
| 3) Schwarz (Lidl/ Kaufland) | 8) Rossmann |
| 4) Aldi North/South | 9) Globus |
| 5) Metro C+C/Real | 10) Transgourmet |

Top 5 Restaurants/Fast Food Outlets in Germany

- | | |
|----------------|-------------|
| 1) McDonalds | 4) Autobahn |
| 2) Burger King | 5) Yum! |
| 3) LSG | |

GDP/Population

Population (millions): 82.5
GDP (billions USD): 3,687
GDP per capita (USD): 44,645

Sources: GTA, BVE, Destatis,

German Market Advantages and Disadvantages

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 and an expanding number of 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.

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SECTION I. MARKET OVERVIEW

Germany has 83 million of the world's wealthiest consumers and is by far the most populous and economically powerful of the European Union's 28 member states. Germany's population is increasing at a slow rate due to low birth rates but balanced to some extent by increased immigration. It is estimated that 50 percent of its population will be older than 47 years old in 2025 and by 2060 the population will have decreased to about 65 million.

The German economy continued to experience positive development in 2017. With a total GDP of USD 3.7 trillion in 2017, Germany remains the largest economy in Europe. It posted an average annual growth rate of 1.8 percent during the period 2012-2017, roughly in line with the EU average during the same period. In 2017, German GDP grew by 2.2 percent compared to the previous year, reaching a per capita GDP of over \$50,878 according to OECD. Inflation increased to 1.7% after being almost zero the previous years. In 2017, unemployment was 3.7 percent, reaching the lowest level since German reunification with a total of 45 million people employed.

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 2017, Germany imported consumer-oriented agricultural products worth USD 61 billion; the majority (84 percent) of these originated from other EU member states. The US exported USD 957 million worth of consumer-oriented products to Germany. When all agricultural and related products are included, the US becomes the biggest exporter outside the EU28.

The U.S. share of the German agricultural import market consists mostly of soybeans, almonds, walnuts, pistachios, Alaskan pollock, wine, beef, dried fruits, food preparations, sauces and other consumer-oriented products. Germany's main trading partners in the food sector are the other EU countries followed by Brazil, the United States, and China. In total, Germany is a net importer of food and feed. In the past ten years, food imports have steadily increased with the exception of 2015, underlying the rising demand for foreign as well as exotic foods. The decline in import volumes in 2015, however, appears to be a result of consumers developing a different attitude to and awareness of food consumption, rather than economic factors; namely, they are willing to consume less.

Key market drivers and consumption trends

- Fair trade and organic products have become more important on the German grocery market. Germany is the second largest organic market in the world (behind the US) and presents good prospects for exporters of organic products.
- Ageing population and increased health consciousness of consumers is fueling 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 decision as a political or life-style statement (no 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 share of consumers who are willing to pay for quality increases.

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.	Private sector sustainability standards can act as barrier to trade.
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.

Source: FAS Berlin

SECTION II. EXPORTER BUSINESS TIPS

The German market offers good opportunities for U.S. exporters of consumer-oriented agricultural products. U.S. suppliers of consumer-ready foods and beverages interested in developing a market for their products in Germany must be prepared to:

- Offer a product that meets German/EU food law, packaging, and labeling requirements
- Pay particular attention to animal product health certificates, many of which are now filed using a new electronic system
- Watch out for potential testing for unapproved biotech crops (e.g., there is a zero tolerance for some U.S. corn varieties)
- Invest time and money to develop the market, paying special attention to identify the right marketing channel for your product.
- Seriously consider participating in food trade shows.
- Explore marketing approaches that build on strong societal themes
- Highlight the particular product or industry's 'sustainability' attributes
- Consider including a certified organic, vegan, or vegetarian item in your product line

Market Access

If a potential exporter is considering working through a distributor in another country (the Netherlands is common), they should be aware that food imports from other countries within the European Union fall under the "free movement of goods" principle. This means that products that are imported by other EU-countries may be brought into Germany even if they do

not meet German food laws. If this is the case, importers must obtain a permit from the Federal Office for Consumer Protection and Food Safety ([BVL](#)) in order to sell the product in Germany.

To determine current tariffs and other measures applied to imports into Germany and the EU in general, please see the TARIC, the [Online Customs Tariff Database](#).

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.

Distribution Channels

The German food and beverage industry is highly fragmented and competitive. Few German retailers import products directly from other countries. Most food retailers prefer to buy from central buyers/distributors specialized in food and beverages importing. In general, these wholesalers specialize in products or product groups, and some are even experts in food products from a specific country of origin. These specialized importers have in-depth knowledge of all importing requirements, such as the necessary product certificates, labeling and packaging, and also take care of the shipping, customs clearance, warehousing, and distribution of the products within the country. It is advisable that U.S. exporters find a local representative in order to place and promote their products successfully within Germany.

Another successful way of finding the right distribution for products of U.S. food and beverages companies is to participate in the various food trade fairs taking place in Germany. Trade shows like ANUGA or BioFach that take place in Germany enjoy an exceptional reputation among industry experts worldwide. Participating in trade shows facilitates the direct contact with German food brokers, importers, and wholesalers. A listing of upcoming trade shows in Germany may be found at www.fas-europe.org/germany

Germany is a potential market for those U.S. companies willing to invest the time and resources to cement contacts. New products on the German market may require up to 12 to 18 months of testing in order to determine market acceptance.

Supporting Institutions

Currently, about 40 U.S. organizations operate USDA-funded marketing programs in Germany. Participants include American Soybean Association, Alaska Seafood Marketing Institute, Almond Board of California, California Walnut Commission, California Wine Institute, Cranberry Marketing Association, and U.S. Meat Export Federation. For the full list of participating U.S. organizations, please visit www.fas-europe.org/partners

Foreign companies 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](#)) as well as at the different food market segments industry associations.

SECTION III. IMPORT FOOD STANDARDS & REGULATIONS AND 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 [EU 28 FAIRS report](#) for further information.

Incoming goods go either to the customs storage (small) or to a freight forwarder’s facility. Storing and removal from storage is carried out under the terminals supervision of a customs officer who compares the documents with the commodities. Later, the invoice for import duty is issued. Food inspectors at the port of entry storage do not routinely check packaged foods. However, the customs officer may take samples to double check for ingredients (sugar, milk powder, alcohol) as they are responsible for correct assessment of customs duty.

Once import goods are cleared in one Member State, they can be moved freely throughout the EU territory. 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 thereafter. For more information on import food standards and import procedures which are not yet harmonized with EU legislation please **FAIRS report 2018**. (Link to be included).

SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS

Trade within the EU-28 is significantly easier for Germany than abroad the EU, so it comes as no surprise that the top three exporters of most products are almost always other European competitors to the United States. The US ranked fourteenth of all countries to export customer-oriented products to Germany in 2017, but when accounting for the single market EU28, the US was the 4th largest source for imported customer-oriented products. Therefore, the biggest competition for German market share is with Switzerland, Turkey, and China, all of whom exported slightly more to Germany last year; and Brazil, Vietnam, and New Zealand, all of whom exported slightly less than the US.

The following tables present products with good sales potential, good current sales, and products not available on the German market. The data for each come from the Global Trade Atlas.

a. Products present in the market that have good sales potential

Product Category	Total German Imports 2017 [million USD]	Total German Imports from the U.S. [million USD]	U.S. Import Growth (2014-2017)	Market attractiveness for USA
Soybeans	1,231	499	-14%	The US became the top exporter of soybeans to Germany in 2018!
Tree nuts	2,719	657	-6%	The US is the leading supplier for almonds, walnuts, and pistachios. Snack and confectionery industry is dependent on imports.
Sugars and confectionary	1,720	10	38%	Strong growth. Cane sugar, glucose, cane molasses

Hops	86	17	34%	Fresh or dried, ground or not ground, powdered or pellets, and vegetable saps / hop extracts
Sweet potatoes	41	2	206%	Tremendous growth in the last five years.
Pulses	120	9	181%	Vegetarian and vegan diet is becoming increasingly popular. Lentils, beans
Fish and Seafood	4,235	191	-2%	High demand for fish products. Frozen Alaska pollock, sockeye and pacific salmon, cod
Whiskey	521	89	-9%	Continuously strong demand. Other alcohols, such as Rum and Liquors, are also imported in the \$millions

b. Top consumer-oriented products imported from the world

Product	Total German Imports 2017 [million USD]	Total German Imports from the US [million USD]	U.S. Import Growth (2014-2017)
Cheese	4,257	1	+60%
Coffee, not roasted or decaf	2,937	6	+64%
Wine	2,896	85	+88%
Tomatoes, fresh or chilled	1,471	0	-
Bread, Pastry, Cakes etc.	1,450	7	+62%

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

- a. High quality beef
- b. Cranberries and cranberry products
- c. Innovative sauces, condiments, and confectionary products
- d. Products featuring "sustainable" or other social issue-based marketing theme

d. Products not present because they face significant barriers

- a. Poultry (non-tariff barrier)
- b. Processed food with GMO ingredients

For information and assessment for U.S. exports of consumer-oriented products to different sectors check the following reports:

Hotel, Restaurant and Institutional à [Food Service Report 2018](#)

Retailers and Retail food à [Food Retail Report 2018](#)

Food Processing à [FPI Report 2018](#)

SECTION V. AGRICULTURAL AND FOOD IMPORTS

Germany's agricultural and related product imports from the United States in 2017 totaled \$1.8 billion, an increase of almost 7% from 2016. Main exports were raw commodities for further processing like soybeans and tree nuts. But, Germany presents also a good market for high-value products and offers export potential for processed food products like sauces, snacks, condiments, and confectionary products, distilled spirits, wine, craft beer, bread, pastry, cakes, and products with a special certification and healthy food snacks from the United States. The following table presents top 20 German agricultural and food imports from United States since 2013. For more detailed U.S. trade statistics check [USDA's Global Agricultural Trade System \(GATS\)](#).

Top German Imports from United States, in Million U.S. Dollars

HS Code	Commodity	2013	2014	2015	2016	2017
1201900095	Soybeans	726.1	579.1	808.9	506.8	499.4
802120000	Almonds	367.6	410.5	417.4	290.5	306.9
802510000	Pistachios	68.6	78.2	66.1	58.4	126.3
802320000	Walnuts	92.5	134.4	127.7	101.4	120
304750000	Hake (frozen fillets)	200.4	238.1	206.5	178.4	100.3
2204214000	Grape Wine	84	44.8	76.5	82.2	84.6
2208309030	Whiskies Except Bourbon, nesoi	0	0	0	0	46.8
303110000	Salmon Sockeye (red) frozen	15.6	20.6	25.1	27.6	44.8
3507907000	Prepared Enzymes	31.4	40.8	46.4	47	40.9
2208309020	Whiskies Except Bourbon	0	0	30.1	61.8	33.7
802901500	Pecans	1.9	7.6	13.6	11	25.6
3504001000	Protein Isolates	2.5	0.9	3.3	3.1	22
813200000	Dried Prunes	33.6	34.2	42.9	24.8	21
1501200060	Yellow Grease	6.9	25.4	19.2	25.9	19.9
806200000	Raisins	34.1	33	17.8	20.3	19.8
1202410000	Peanuts (in-shell)	23.1	31.2	23.1	18.3	17.6
2008111000	Peanut Buttter	7.5	8.6	9	9.2	15.3
2103909090	Sauces and Preparations	10.5	10.3	11.6	12.4	13.7
2208306040	Bourbon	16.9	13	13.8	12.9	12.7
201306000	Beef (fresh/chilled)	21.5	23.4	21.2	15	9.3
202206000	Beef (frozen)	0.8	3.1	1.4	5.2	9.1

SECTION VI. KEY AND FURTHER INFORMATION

Homepages of potential interest to the U.S. food and beverage exporters are listed below:

Foreign Agricultural Service Berlin	https://de.usembassy.gov/about-fas/
Foreign Agricultural Service Washington	http://www.fas-usda.gov _
USDA/FAS/Europe	http://www.fas-europe.org
U.S. Mission to the European Union	http://www.usda-eu.org
European Importer Directory	http://www.american-foods.org/

One tip for U.S. exporters is to access the German business portal, which is maintained by the Ministry of Economics and Technology. Provided in English, it serves as a central contact platform that can steer inquiries into the right channel. More information about the food and beverage sector can be found [here](#).

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

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Please view our [country](#) 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 Foreign Agricultural Service for use by U.S. exporters of U.S. food and beverage products.