

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Retail Foods

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Report Highlights:

Germany is by far the biggest market in the European Union with good prospects for U.S. food products like tree nuts, wine, processed fruits and vegetables, fruit juices and others. The food retail market is fairly consolidated with high market saturation. Although discounters remained the largest channel in 2015, they recorded a decline in value sales for the first time in five years. This development underlines the trend towards shopping at supermarkets in convenient city locations. Food marketing trends in Germany show an increase in private labels and in demand for organic, convenience, health, sustainable, wellness, and new innovative as well as luxury products. The EU-U.S. Organic Equivalence Cooperation Arrangement has created new export opportunities for U.S. companies.

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Section I. Market Summary

With 82 million of the world's wealthiest consumers, Germany is by far the biggest market for food and beverages in the European Union. According to Euromonitor International, in 2015 grocery retailing has grown by 1% to nearly USD 216 billion. Part of the demand is met with domestic products; however, overall Germany is a net importer of all major categories of food products.

Value of imports of consumer oriented agric. products and fishery products, billion USD

	2011	2012	2013	2014	2015
Imports of Consumer Oriented Agric. Products	59.0	56.3	60.9	62.1	55.0
Imports from the U.S.	0.8	0.9	1.0	1.1	1.2
Fishery products	5.2	4.8	5.2	5.7	4.8
Imports from the U.S.	0.3	0.2	0.2	0.2	0.2

Source: www.gtis.com

The German food market is heavily dependent on imports to meet its customer demands. Last year, Germany imported USD 55.0 billion of consumer-oriented agricultural products. Somewhat declining import volumes, however, appear 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. By value, nearly one quarter of imported products came from the Netherlands. Italy (10 percent), Spain (9 percent) and France (8 percent) are the following major suppliers. After Switzerland and Turkey, the United States is the third largest non-EU supplier of consumer-oriented agricultural products. Although there was an overall 11 percent decline in imports in 2015, U.S. exports to Germany increased by over 5 percent to USD 1.2 billion. Main drivers for the increase were almonds, pistachios, walnuts and hazelnuts, as well as food enzymes, food preparations, dried prunes, cranberries and dried grapes including raisins. Other important products were wine, meat of bovine animals, sauces, cocoa and peanuts.

Current situation

The German economy continued to experience positive development in 2015, despite the recent deterioration due to the current geopolitical uncertainties and the refugee crisis. With total GDP of USD 3.4 trillion in 2015, Germany remains the largest economy in Western Europe. It posted an average annual growth rate of 2 percent during the period 2009-2015, outperforming the Western European average of 1 percent in constant terms during the same period. In 2015 German GDP grew by 1.7 percent compared to the previous year, reaching a GDP per capita of over \$47,268 according to the World Bank.

In 2015 the inflation rate was almost zero and unemployment was 4.6 percent, thus reaching the lowest level since German reunification, with a total of 40 million people in employment. The government approved an increase of the minimum wage up to €8.50 (US\$9.40) per hour, which took effect in 2015. Consumer expenditure per capita amounted to €18,974 (US\$21,043) last year, and this indicator is expected to grow by 1.0 percent in 2016 in real terms. Total consumer expenditure (in real terms) will rise by 2.1 percent in 2016, representing 50.4 percent of GDP.

Consumer Expenditures Germany in USD Per Capita – Value at Current Prices

Consumer Expenditures	2011	2012	2013	2014	2015*
Consumer Expenditures	24,756	23,353	24,504	24,891	21,061
Consumer Expenditures on food and non-	2,540	2,367	2,551	2,645	2,178

alcoholic beverages					
Consumer Expenditures on alcoholic beverages and tobacco	826	778	803	813	664

Source: Euromonitor International

* values are subject to current exchange rate, original source listings are available in EUR

Consolidation, market saturation, strong competition and low prices are key characteristics of the German retail food market. The major chains face slim margins due to fierce competition in the sector. However, in recent years, there has also been a trend in consumer preference toward smaller grocery formats, including convenience stores, small grocery retailers and independents.

Number of retail outlets in Germany

Type of Outlet	2012	2014	2016 Forecast
Supermarkets/Hypermarkets	16,667	16,280	16,292
Traditional retailers	67,183	64,030	61,727
Forecourts	14,623	14,707	14,762
Discounters	15,804	15,615	15,236
Convenience Stores	981	1,037	1,050

Source: Euromonitor International

Discounters remained the largest channel in retail sales in 2015, but recorded a decline in value sales for the first time in five years. This development was a result of continuing trend towards shopping at supermarkets in convenient city locations. As urbanization is growing and consumers' lifestyles are changing, more and more people seek convenience when doing their grocery shopping. Supermarkets benefited the most from this trend in 2015, as smaller outlets in convenient city and residential locations increased in popularity. Hence, the urban consumer of today is looking to save time, without having to drive to a hypermarket or a discounter, but still demands high-quality products and a wide product range, which supermarkets are able to offer.

Accordingly, in 2015 the outlet numbers and the sales area of supermarkets declined, but value sales showed the best performance among all grocery retailers, which underlines the growing trend towards small, quick but high-quality grocery shopping in the cities. However, it was not the only reason for the better performance of supermarkets. In particular, the increased focus on private label products contributed to growth. Supermarkets built higher-value brand ranges over recent years, which are usually cheaper than branded products, but are perceived as being a comparable level of quality by consumers. Discounters are thus no longer the only channel offering popular private label products, and furthermore it struggles to compete on price.

Hypermarkets are still popular amongst many consumers in Germany, particularly in more rural or suburban areas, as they offer considerable convenience to shoppers, as well as attractive prices. Many consumers still like to do a big grocery shopping trip once a week at a hypermarket, as they are able to find everything they seek. Nevertheless, hypermarkets also struggled to compete with supermarkets in 2015, and experienced stagnation of value sales growth, as urban consumers shifted to shopping at smaller neighborhoods and independent stores, as well as shopping more on a daily basis in order to have fresh food.

Convenience stores experienced the strongest growth within grocery retailers over the review period, but growth slowed down in 2015. On the one hand, consumers appreciate the convenience that these stores can offer, but on the other hand they are not necessarily willing to pay the higher prices. In this regard, several convenience store concepts in Germany are struggling to compete, as they have to pay high rents for the highly sought-after locations they need for their stores.

Independent small grocers continue to face strong competition from modern grocery retailers. The

number of outlets of independent small grocers declined in 2015, along with value sales. More and more supermarkets, convenience stores and small discounters are opening in city locations; this makes it difficult for independent small grocers to compete. However, some independent small grocers are still able to survive, as there is also an opposing trend to support them. Independent small grocers also offer some special products which are not available in supermarkets, such as international cuisine/ingredients. Those with a focus on Turkish or Arabic/Asian products are the strongest. Traditional open markets are increasingly taking advantage of the popularity of locally produced fresh organic foods. Weekly markets can be found in nearly all German cities, though they play only a minor role in terms of sales.

Sales in Grocery Retailing by Category in \$billion

Type of Outlet	2011	2012	2013	2014	2015*
Discounters	85.7	86.7	90.7	90.7	73.4
Supermarkets	70.0	71.8	73.6	75.5	62.3
Hypermarkets	44.5	45.3	45.7	45.7	37.0
Traditional Grocery Retailers	43.7	44.0	44.2	44.4	32.2
Forecourt Retailers	11.8	11.6	11.5	11.4	9.5
Convenience Stores	0.8	0.8	0.9	0.9	0.7

Source: Euromonitor International

* values are subject to current exchange rate, original source listings are available in EUR

Wide Range of Private Label Products

In Germany, the market share for private label products has steadily increased to more than 40 percent in recent years. First focused on price, private label food products were part of the success of the discounters in the beginning. However, that has changed since nowadays there is not only price competitive standard private label products, but also more expensive high quality premium products. Consumers are discovering the high value for money that private label brands are offering and how they can be an actual alternative to established brands. Private label market share is expected to increase further, driven by the increased profitability it is giving to retailers.

Trends in food retailing

German consumers expect high quality food products. However they are very price-sensitive. Germans are devoted to their discounters and the country has, globally, the highest share of discounters in food retailing. This is one reason why margins at the retail level are so thin. A key factor in the future will be that Germany has one of the world's oldest populations. Food retailing in Germany will therefore face significant challenges due to changes in the demographic structure and consumer lifestyles. Demand for convenience, health, and wellness, as well as luxury products, will remain a consumer trend impacting food retailing into the future. Another trend is that German consumers take great pride in being green. Therefore German consumers are willing to pay more for "sustainable," "locally sourced," "free range," "natural," "organic," "fair trade" and "carbon neutral" products.

Consumer behavior becomes more conscious, and is expected to further develop in the direction of sustainable consumption. People are willing to consume less, but at the same time they also have less time to shop and cook. German consumers are also very keen on ratings and verdicts of consumer organizations involved in investigating and comparing goods and services in an unbiased way, such as the Stiftung Warentest, an independent foundation under civil law and the stock company Öko-Test. Especially the former has a substantial impact on the consumers' buying behavior, due to its established and very well-known reputation, such that positive valuations are often used in the marketing communications campaigns for both private labels and manufacturer's brands. In recent years German retailers have increasingly included marketing communication

strategies which focus on the conveying that a large proportion of their assortment includes high quality products manifested by positive test outcomes of consumer organizations.

For sustainability in particular, major retailers and producers are increasingly required to have private certification. Unilever, for example, has pledged to purchase 100 percent 'sustainable' products by 2020 and is already making strong progress toward that goal. For U.S. products, there is room to use high health, safety and environmental standards governing production as a competitive advantage but is it important that they have a "story to tell" and are prepared to consider private sustainability certification.

Organic Food Retailing

After the United States, the German organic food market is the 2nd biggest market of the world. Sales of organic food in Germany have steeply increased over the last couple of years and peaked in 2014 with organic food sales reaching over €7.9 billion (\$8.5 billion). That's nearly a third of the total organic food sales in the European Union and just about 4 percent of the total food sales in Germany. Since 2000, sales of organic food in Germany have more than tripled, but domestic production has failed to keep pace and the increasing demand was mostly covered by higher imports.

Organic food sales in Germany are split between traditional food retail companies and specialist organic food stores. Major driver for the growth in organic food sales was the expansion of specialist organic retail shops in recent years. Traditional food retail accounts for one half of the organic food sales in Germany, and the other half goes to organic retail shops and specialty shops like bakeries, butchers, fruit & vegetable stores, open markets or direct sales from the farm.

Whilst German conventional food retail market is showing progressive increase in terms of actual sales, organic supermarkets rapidly increase number of outlets, as well as their range of products. For example, organic supermarket chain Alnatura experienced the highest increase in percentage terms, as it grew by 12 percent in 2015. The success of Alnatura shows the continuing growing importance of organic supermarkets and organic food in Germany. It is estimated that there are over 2,400 organic food retail shops in Germany. But just the company "denn's Biomarkt", as the biggest organic food retailer, is truly nationwide. Other big organic food chains are just regional and/or in some cities. Please see German GAIN report "[Organic Food Retail](#)" for more information.

In February 2012, the European Union and the United States announced an important new arrangement to expanded market access, reduce duplicative requirements, and lower certification costs for the trade in organic. Growing demand in Germany, supported by the arrangement, is creating new export opportunities for U.S. companies in the following market segments: tree nuts, fresh fruit, specialty grains, dried fruit, vegetables and processed food products.

Please see GAIN report "[The EU-U.S. Organic Equivalence Cooperation Arrangement](#)" for more information.

Grocery e-retailing

Internet retailing has become an integral part of retailing in Germany as a whole, as it accounted for a value share of 8 percent and increase of 13 percent in current value terms in 2015, reaching the total of USD 39.0 billion. Online grocery retailing started to pick up in Germany, with the share of sales of food and drink over the internet increasing by 38 percent and thus reaching the total of 1 billion USD in sales in 2015. The German market is deemed ready for online grocery shopping as compared with earlier years, when retailers made minor attempts to push online grocery retailing.

Grocery retailers such as Rewe and Edeka rapidly extended their delivery areas due to sophisticated fresh food logistics, and a wider range of products available. The grocery retailing landscape in Germany is developing dynamically; however, online offers have to compete with strong, modern store-based concepts.

Although in terms of actual sales, food and drink internet retailing in Germany remained at a relatively low level in 2015, it saw the fastest growth of all categories. This was due to the continuing increase of online sales of alcoholic drinks (particularly wine), hot drinks (coffee pods, tea bags and coffee beans), and packaged food. Furthermore, consumers are also increasingly purchasing specialized food and drink online, which they are not able to buy in supermarkets or discounters.

Sales of grocery products via Internet are expected to increase further in 2016. The German market now seems more ready for this than in previous years. Retailers continue to work to improve packaging and delivery options. For online grocery retailing to find acceptance amongst German consumers, delivery must be made as easy and convenient for consumers as possible. Particularly for products that require refrigeration, consumers need to be able to choose a time slot for grocery deliveries, which in many cases is before or after office hours. Pick-up places, for example at local public transport hubs, will also be an interesting option with which to experiment.

In relation to cross-border eCommerce, German online shoppers can hardly purchase any food and beverages directly from US online merchants. Most online retailers such as Amazon and Netgrocer.com, as well as "bricks and clicks" retailers such as Walmart do not provide the opportunity for consumers in Germany to purchase U.S. food and beverages from overseas. The Michigan-based grocery store chain Meijer offers shipping to Germany via their online store. German online shoppers can purchase food products directly from the United States via Ebay's platform. A small amount of online shops on eBay, such as C-M-Enterprises, offer shipment of various food and beverages to Germany. Another example is ExpatExpress, which is able to offer single item shopping and shipping to Germany. They all have in common that the products cannot be offered at a competitive price as compared to online retailers offering the same items from within the European Single Market.

Due to some of these constraints, German online shoppers can make use of package consolidation services, such as the Florida based service provider MyUS.com, that provides a physical U.S. mailing address, to which the purchased items will be shipped and consolidated before they will be sent to the online shoppers preferred point of delivery. Further details on transit times, as well as duty/tax information on Germany can be viewed on their website. In most cases, online shoppers in Germany would prefer purchasing US food and beverages from online retailers located in Germany or within the European Single Market. There are specific online grocery stores which focus on food and beverages from the United States:

- <http://www.usfoodz.de>
- <https://www.american-food.com>
- <http://www.usa-import-shop.de>
- <http://www.usa-food.de>
- <http://www.uslifestyle.de>
- <http://www.americanfood4u.de>
- <http://www.us-shop-berlin.de>

In 2010, Amazon started selling grocery products via its Amazon.de site and enabled same day delivery as well, giving the company time to gauge overall demand for this type of service. In

2014, Amazon began equipping facilities with the appropriate delivery infrastructure and transportation to roll out AmazonFresh, with the local press and a few regional retailers anticipating an announcement in autumn of that year. However that announcement never came, and AmazonFresh appears to remain a mere potentiality at this point.

Advantages and Challenges of the German Food Retail Market

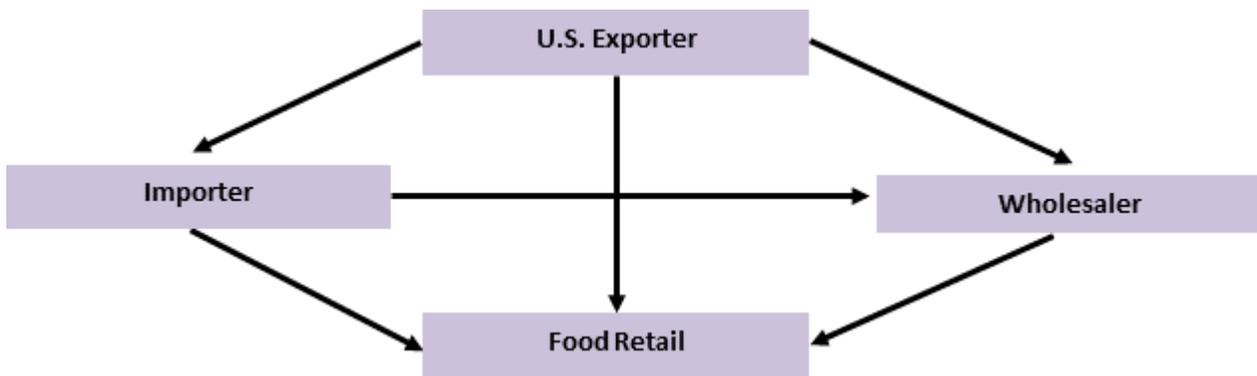
Sector Strength & Market Opportunities	Sector Weaknesses & Competitive Threats
Germany is the biggest market in Europe with one of the highest income levels in the world	German consumers demand high quality and low prices
Many German consumers are uninformed about the details of sustainability and there 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 import regulation and tariffs. EU gives preferential access to products from EU countries
Opportunities for healthy food products not sufficiently available on the local European market	Very competitive market with low growth in retail sales besides organic
Equivalency agreement on Organics offers ample opportunities	Listing fees paid to retailers and money spend on creating brand awareness hamper the introduction of new U.S. brands
Germany has many, well established importers. Distribution system is well developed	Margins on food at retail level are very thin
U.S. style is popular, especially among the younger generation	Retailers rarely import products into Germany on their own
The size of the EU import quota for beef is rising to 48,200 tons and Germany is the largest EU market.	The quota only applies to beef from animals not treated with growth-promoting hormones'
Good reputation for U.S. food like dried fruits, seafood, wine.	
Large non-German population and German's inclination to travel abroad help fuel demand for foreign products	

Section II. Road Map for Market Entry

The German market offers good opportunities for U.S. exporters of consumer-oriented agricultural products. However, there are a number of challenges U.S. exporters must meet before exporting to the German market. Success in introducing food products depends mainly on knowledge of the market and personal contact. The U.S. supplier should analyze German/EU food law, packaging and labeling requirements, business practices and trade-related laws and tariffs, potential importers and the distribution system. The Office of Agricultural Affairs (OAA) offers guidelines on business practices and import regulations. The FAS's Foreign Buyers List gives important information on German buyers of food, fish, and seafood products.

Purchasing by German food retailers is 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 have 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 the direct contact with German food brokers, importers, and wholesalers. Trade shows like ANUGA, Green Week or the BioFach show in Germany enjoy an exceptional reputation within the global food industry and these shows outreach is, in many cases, global. Please see the listing of upcoming German food trade shows below:

Trade Show	Information
IPM – International Plant Show January 24-27, 2017 http://www.ipm-essen.de/	European trade fair for the horticultural and nursery industry
ISM (International Sweets and Biscuit Show) January 29-February 2, 2017 www.ism-cologne.com	World's largest show for snacks and confectionery products
Fruit Logistica , February 8-10, 2017 www.fruitlogistica.com	World's leading trade fair for the fresh fruit and vegetable business
BIOFACH , February 15-18, 2017 www.biofach.com	Leading European tradeshow for organic food and non-food products
Internorga , March 17-21, 2017 www.internorga.com	International tradeshow for hotel, restaurant, catering, baking, and confectionery trades
ProWein , March 19-21, 2017 www.prowein.com	International trade show for wine and spirits
Equitana (every two years) March 18-26, 2017 http://www.equitana.com	Leading European tradeshow for the equestrian market
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
Food Ingredients Europe November 28-30, 2017 www.figlobal.com/fieurope/	One of the world's leading events in the food and beverage ingredients industry
Interzoo (every two years) May 8-11, 2018 www.interzoo.com	Leading trade show for pet food and supplies

Selling direct

Direct sales to Germany's leading retail companies are very difficult; however, it can be a desirable

product-entry approach for a U.S. supplier. Due to their wide range of distribution, central buyers are generally flooded with offers from competing suppliers and they are usually not interested in taking on added responsibility of importing products directly. This is especially the case for new-to-market products, which may not comply with German/EU import requirements, food laws and packaging and labeling requirements. Retail buyers may only be interested in importing products directly if they are unique, possess some specific attribute, or offer significant advantages in terms of quality, price, or financial promotional support.

Each of Germany's leading retail groups has a different business structure, purchasing, and distribution system. Many of the leading retailers have multiple retail chains, often with various types of retail formats such as large hypermarkets, discount and small neighborhood stores, or perhaps beverage and/or delicatessen outlets. Large retailers' purchasing departments may also be divided by retail format and, sometimes, by region of the country. New products on the German market may require up to 12 to 18 months of testing in order to gain market acceptance. Listing fees, equivalent to several thousand dollars or more per product, are common and do not ensure shelf space if a profitable turnover is not achieved rather quickly. The exception may be a retailer's desire to maintain a competitive edge by keeping a full range of products.

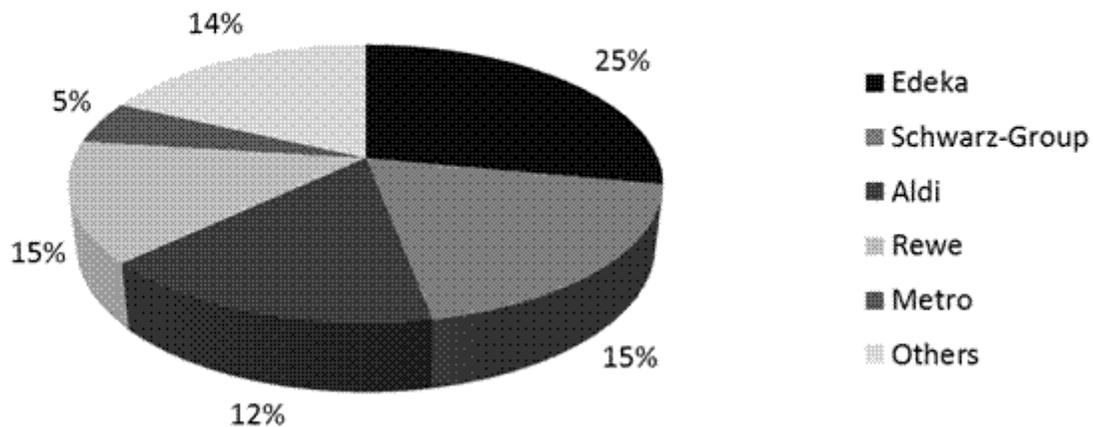
Profiles of Leading Retail Companies

The German grocery retail landscape is largely dominated by domestic players. This is particularly true for hypermarkets, supermarkets and discounters. German consumers are very particular about what they like and what they do not like in their grocery retailers, and grocery retailers can count on a strong base of loyal customers. The failure of Walmart to establish itself in Germany nearly a decade ago still acts as a cautionary tale of how hard it is for international players to successfully enter the German market. International players are more present, for example, within forecourt retailers and convenience stores. However, here too, particularly in convenience stores, brands such as Albert Heijn to go from the Netherlands are struggling to establish themselves in the German market.

Large grocery retailers in Germany are mainly driven by competition between each other. They are very well-established, and compete mainly on price, outlet networks and also consumer trust, which amongst others requires them to maintain their standards in terms of quality. Many retailers also try to differentiate themselves through services which add value to their original value proposition. These can, for example, take the form of home delivery, offering special qualified advice, or complementary online services.

The German food retail sector is a typical oligopoly. The top 5 grocers amount to over 80 percent of the total market.

Company Shares of the German Food Retail Sector 2015



Source: Lebensmittelzeitung, Euromonitor, FAS Berlin

Edeka Zentrale continued to lead grocery retailers in Germany in 2015. Besides a successful television marketing campaign, Edeka enjoyed success with its own private label products. Furthermore, with social commitments beyond its daily business, Edeka is creating stronger brand recognition. Generally, Edeka operates a wide range of different store formats, ranging from small neighborhood stores (supermarkets) to large hypermarkets, which are all operated under the umbrella brand of Edeka. This creates synergies, and high brand awareness, recognition and trust amongst consumers. In addition, it also successfully transformed its discounter Netto into a modern discounter, which brought a new diversity in discount retailing.

The Cologne-based company Rewe Markt had a successful year in 2015, as it saw the biggest increase in value sales amongst the big four grocery retailers (Edeka, Rewe, Lidl and Aldi). The growth driver was its supermarkets, which contributed the most to its sales increase. Rewe successfully expanded its network of supermarkets in urban areas over the review period, and likewise modernized many outlets. Furthermore, Rewe's convenience format "Rewe To Go" and Rewe online are also starting to pick up. The company has also started cooperation with nationwide gas-station chain Aral, and is planning to further expand its forecourt retailers business with Rewe to go stores.

In 2014/2015, the biggest news with regard to mergers and acquisition on the German grocery retail market was the takeover of Kaiser's Tengelmann supermarket chain by Edeka. Kaiser's has burdened the Tengelmann Group for years, and despite numerous efforts to make the company more profitable, its sales and outlet numbers have been declining continuously. Rewe, however, was also trying to acquire Kaiser's Tengelmann in order not to let its main competitor Edeka grow even bigger. In July 2016, Edeka has finally won the approval of the Ministry for Economic Affairs and Energy to acquire the rival chain Kaiser's Tengelmann, subject to certain conditions. In October 2016, all sides involved reached an agreement on the takeover of the Kaiser's Tengelmann grocery chain by Edeka.

Retailer Name and Outlet Type	Food Sales (\$mIn/2015)	No. of Outlets (2015)	Locations
Edeka-Group <ul style="list-style-type: none"> Edeka (Supermarkets) Netto (Discounter) 	52,523	7,310 4,179	nationwide nationwide
Rewe-Group <ul style="list-style-type: none"> Rewe (Supermarkets) Penny (Discounter) 	31,081	1,900 2,144	nationwide nationwide
Schwarz-Group <ul style="list-style-type: none"> Lidl (Discounter) Kaufland (Hypermarkets) 	30,509	3,187 645	nationwide nationwide
Aldi-Group <ul style="list-style-type: none"> Aldi Süd (Discounter) Aldi Nord (Discounter) 	24,794	1,861 2,388	Southern Germany Northern Germany
Metro-Group <ul style="list-style-type: none"> Real (Hypermarkets) Metro (Cash & Carry) 	11,172	285 107	nationwide nationwide
Lekkerland (Wholesaler)	9,774	15	nationwide

Source: Lebensmittelzeitung, Euromonitor, FAS Berlin

Section III. Competition

Germany is increasingly dependent on supplies of bulk and intermediate products (like seafood, fruit juices, swine, fresh produce, nuts, etc) from other EU member states and third countries. Germany also depends especially on Southern Hemisphere countries for year-round supplies of fresh fruit and vegetables. Another reason why importers and food distributors turn to foreign markets is the search for unique products. U.S. beef, fruits, nuts, sweet potatoes, and a full range of specialty food products have gained popularity over the years.

Competition for U.S. exports

Product category	Main suppliers in percentage, 2015	Strengths of Key supply countries	Advantages and Disadvantages of Local Suppliers
PG 30 Breakfast Cereals Imports: 141,937 tons Value: US\$ 281	1. Belgium - 15.4% 2. France - 14.7% 3. Poland -	Distance, availability and regional products	Developed processed food industry

million	12.4% 17. U.S. - 0.2%		
PG 31 Snack Foods (Excl. nuts) Imports: 822,612 tons Value: US\$ 3,512 million	1. Belgium - 18.2% 2. Netherlands - 17.5% 3. Poland - 13.8% 22. U.S. - 0.2%	Distance, availability and regional products	Developed confectionary industry
HS 02: Meat Imports: 2,445,787 tons Value: US\$ 6,681 million	1. Netherlands - 25.8% 2. Belgium - 12.0% 3. Denmark - 9.4% 16. U.S. - 0.6%	Distance and availability	Focus on dairy production instead of beef production. Genetics need improvement
HS 03: Fish and Crustaceans Imports: 835,774 tons Value: US\$ 3,984 million	1. Poland - 18.9% 2. Denmark - 13.4% 3. Netherlands - 12.2% 6. U.S. - 4.2%	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 Imports: n.a Value: US\$ 7,659 million	1. Netherlands - 30.4% 2. France - 14.0% 3. Austria - 8.3% 34. U.S. - 0.11%	Proximity	Great tradition of milk and milk based products
HS 07: Edible vegetables Imports: 4,837,005 tons Value: US\$ 6,145 million	1. Netherlands - 37.2% 2. Spain - 24.5% 3. Italy - 8.1% 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: 6,294,157 tons Value: US\$ 10,122 million	1. Spain - 20.5% 2. Netherlands - 18.5% 3. Italy - 11.3% 4. U.S. - 8.4%	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: 1,352,555 tons Value: US\$ 4,641 million	1. Brazil - 25.4% 2. Vietnam - 11.3% 3. Honduras - 7.0% 35. U.S. - 0.2%	Trading tradition	Domestic availability is scarce, Re-export
HS 16: Edible Preparations of Meat Fish, Crustaceans	1. Netherlands - 20.8% 2. Austria - 9.7%	1,2: Proximity 3: Price/quality ratio	Not sufficiently domestically available

Imports: 638,128 tons Value: US\$ 2,665 million	3. Italy – 9.7% 20. U.S. – 1.0%		
HS 19: Preparation of Cereals, Flour, Starch or Milk Imports: 1,844,939 tons Value: US\$ 4,187 million	1. Italy – 18.2% 2. Poland – 12.8% 3. France – 12.5% 26. U.S. – 0.2%	Proximity and re-export	Not sufficiently domestically available
HS 20: Preparations of Vegetables, fruits, Nuts Imports: 3,390,346 tons Value: US\$ 5,176 million	1. Netherlands – 25.0% 2. Italy – 12.6% 3. Turkey – 12.4% 21. U.S. – 0.5%	Proximity	Not sufficiently domestically available
HS 21: Miscellaneous Edible Preparations Imports: n.a. Value: US\$ 3,207 million	1. Netherlands – 20.7% 2. France – 9.6% 3. Belgium – 9.0% 13. U.S. – 1.7%	Proximity and re-export	Not sufficiently domestically available
HS 22: Beverages, Spirits, Wine and Vinegar Imports: n.a. Value: US\$ 7,162 million	1. France – 19.4% 2. Italy – 19.4% 3. Spain – 8.2% 8. U.S. – 5.2%	Excellent regional products	Not sufficiently domestically available

Source: Global Trade Atlas

Section IV. Best Product Prospects

Product Category (in USD million)	Total German Imports 2015	German Imports from the U.S. 2015	U.S. Import Growth (2010-15)*	Market attractiveness for USA
Tree Nuts	2,907	799	+40%	The United States is the biggest supplier of tree nuts to Germany. Most tree nuts are used as ingredients by the food processing sector. Almonds are the most important commodity within this category. Further products with good sales potential include pistachios, pecans and walnuts.
Fish and Seafood Products	4,841	182	-5.8%	The German market offers lucrative opportunities for fish and seafood products. Fish consumption is

				growing as consumers associate fishery products with a healthy diet. Best prospects for U.S. and seafood exports are salmon, shrimps, crabs, caviar substitutes, cuttle fish and squid, sea urchins catfish and scallops.
Wine and Beer	3,290	96	-8.6%	Germany has a high share of domestic wine production. However, good prospects exist for "new world wines" including those from the U.S. The U.S. has also steadily increased its exports to Germany regarding beer made from malt.
Processed Fruits and Vegetables	5,526	89	-5.3%	German imports are slowly increasing. Those products are mostly used as ingredients by the food processing sector for the production of pastries and cereals. Dried fruits and prepared nuts are also popular as a snack. Commodities with notable increasing sales are dried grapes (including raisins), dried prunes, dried onions and dried mushrooms & truffles.
Red Meats Fresh/Chilled/ Frozen	4,292	39	-43%	Good opportunities for U.S. high quality beef produced without growth hormones. The EU quota size and administration system have recently seen changes.
Snack Foods (excl. Nuts)	3,511	8.4	+6.3%	German demand for healthy, organic, innovative, and exotic snacks continues to grow. U.S. import growth has expanded in this category predominately due to increasing imports of cocoa preparations and chocolate.
Pet Foods (Dog and Cat)	976,1	1.9	+18%	Sales of cat food have the biggest market share. U.S. exports are declining but potential exists for premium pet food.

Source: Global Trade Atlas

* values are subject to year-to-year exchange rate

Category A: Products Present in the Market That Have Good Sales Potential

- Tree nuts
- Wine
- Processed fruits and vegetables
- Fruit juices
- Snack foods

- Health food, organic food, sustainable food products
- Dried fruits

Category B: Products Not Present In Significant Quantities but Which Have Good Sales Potential

- High quality beef (produced without promotions)
- Cranberries and cranberry products
- Seafood and seafood products
- Game and exotic meat
- Innovative sauces, condiments and confectionary products
- Products featuring 'sustainable' or other social issue-based marketing theme
- Sweet potatoes

Category C: Products Not Present Because They Face Significant Barriers

- Poultry (non-tariff barrier)
- Processed food with GMO ingredients, bleached flour

Section V. Post Contact and Further Information

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

USDA/FAS Berlin	http://www.fas.usda.gov/regions/germany
U.S. Mission to the European Union	http://www.usda-eu.org/
FAS/Washington	www.fas.usda.gov
European Importer Directory	www.american-foods.org

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 Fax: (49) (30) 8431 - 1935 Email: AgBerlin@fas.usda.gov
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Importer listings are available from the Agricultural Affairs Office for use by U.S. exporters of U.S. food and beverage products.

Recent [reports](#) of interests to U.S. exporters interested in the German Market include:

German Wine Sector	February 2015	GM15010
Product Brief Dried Fruits and Nuts	December 2015	GM15004
Exporter Guide	August 2015	GM14044
Food Service – Hotel Restaurant Institutional	August 2015	GM15001
Food Processing Ingredients	August 2015	GM15001
Organic Food Retail	January 2016	GM15001
FAIRS Report	February 2016	GM15006
Stone Fruit Report	July 2016	GM14030

Attachment I

KEY GERMAN CONTACTS FOR THE FOOD RETAIL TRADE

Note: While it is impractical to provide a complete list, this partial list is for your information only with the understanding that no discrimination is intended and no guarantee of reliability implied.

<p>Aldi Einkauf GmbH & Co. oHG - Sued Burgstrasse 37 45476 Muelheim/Ruhr, Germany Fax: (0049) 1803 252722 Homepage: www.aldisued.de</p>	<p>Lekkerland GmbH & Co. KG Europaallee 57 50226 Frechen, Germany Tel: (49-2234) 182 10 Fax: (49-2234) 182 14 45 / 100 Homepage: www.lekkerland.de</p>
<p>Aldi Einkauf GmbH & Co. oHG - Nord Eckenbergstrasse 16 45307 Essen, Germany Fax: (49-201) 859 33 19 Homepage: www.aldi-essen.de</p>	<p>Lidl Stiftung & Co. KG Einkauf International Stiftsbergstrasse 1 74167 Neckarsulm, Germany Tel: (49-7132) 94-2000, (49-033) 55 222 111 Homepage: www.lidl.de</p>
<p>EDEKA Zentrale AG & Co. KG New-York-Ring 6 22297 Hamburg, Germany Tel: (49-40) 63 770 Fax: (49-40) 63 77 22 31 / 40 00 Homepage: www.edeka.de</p>	<p>Markant Handels und Service GmbH ZHG Ware Hanns-Martin-Schleyer-Strasse 2 77656 Offenburg, Germany Tel: (49-781) 61 60 Fax: (49-781) 616166 Homepage: www.markant.com</p>
<p>EHI Retail Institute e.V. Spichernstrasse 55 50672 Koeln, Germany Tel: (49-221) 57 99 30 Fax: (49-221) 57 99 345 <i>Organization representing the retail sectors; German counterpart of FMI.</i> Homepage: www.ehi.org</p>	<p>MGB METRO Cash & Carry Deutschland Metro-Str. 8 40235 Duesseldorf, Germany Tel: (49-211) 68860, (49-211)969-0 Fax: (49-211) 176 070 99 Homepage: www.metrogroup.de</p>
<p>Globus SB Warenhaus Geschaeftsfuehrungs-GmbH Leipziger Strasse 8 66606 St. Wendel, Germany Tel: (49-6851) 90 90 Fax: (49-6851) 90 96 00 Homepage: www.globus.de</p>	<p>REWE-Zentral AG Foreign Trade Dept. - HWA - Domstrasse 20 50668 Koeln, Germany Tel: (49-221) 1490 Fax: (49-221) 149 93 71 / 9000 Homepage: www.rewe-group.com</p>
<p>KaDeWe Kaufhaus des Westens Taentzienstrasse 21-24 10789 Berlin, Germany</p>	<p>Tengelmann Warenhandelsgesellschaft Unternehmenszentrale Wissollstrasse 5-43</p>

<p>Tel: (49-30) 212 10 Fax: (49-30) 211 01 90 / 212 111 56 <i>KaDeWe is the flagship of the Karstadt department store chain. It is comparable to Harrods in London and claims to have the biggest food & delicatessen department in Europe.</i> Homepage: www.kadewe.de</p>	<p>45478 Muelheim/Ruhr, Germany Tel: (49-208) 580 60 Fax: (49-208) 5806-6401 Homepage: www.tengelmann.de</p>
<p>Dennree GmbH Hofer Strasse 11 95183 Toepen, Germany Tel: (49-9295) 18 0 Fax: (49-9295) 18 8001 <i>Largest wholesaler of organic groceries and parent company of the organic retail store chain denn's Biomarkt GmbH</i> Homepage: http://www.dennree-biohandelshaus.de/home</p>	<p>Alnatura Produktions- und Handels GmbH Darmstaedter Strasse 63 64404 Bickenbach Tel: (49 6257) 93 22 0 Fax: (49 6257) 93 22 688 <i>Major retail chain for organic groceries.</i> Homepage: www.alnatura.de</p>