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## **Report Name:** Food Processing Ingredients

**Country:** Germany

**Post:** Berlin

**Report Category:** Food Processing Ingredients

**Prepared By:** Jessica Loeser

**Approved By:** Kirsten Luxbacher

### **Report Highlights:**

The food processing is the fourth-largest industry in Germany. According to the Federation of German Food and Drink Industries' (BEV) estimates, total revenue of USD 20.7 billion were generated across all sectors in 2022, which is 17.9 percent higher than the previous year. However, the German food industry continues to struggle with subdued private consumer spending, results of COVID-19 related measures, inflation, and rising production costs. The look into the future is mixed. The following products have good sales potential on the German market: nuts, organic products, fish and seafood, highly processed ingredients, dried fruits, ready meals, bakery products, and pulses.

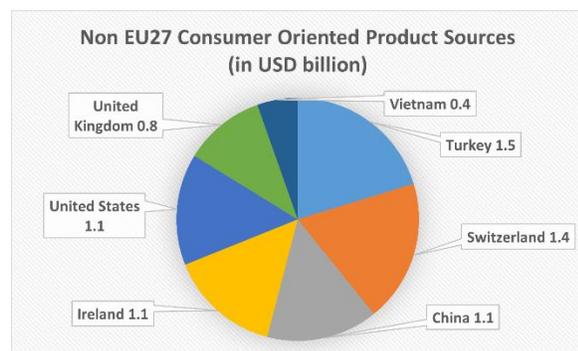
# Market Fact Sheet: Germany

## Executive Summary

Germany is by far the biggest market for food and beverage products in the EU with 84 million consumers. In 2021, Germany's nominal GDP reached U.S. dollar (USD) 4.21 trillion, positioning the country as the world's 4th largest economy. Germany is a major producer of food and agricultural products and a leading player in the global marketplace. It is also the third largest importer of agricultural products after the United States and China. In 2021, imports of agricultural and related products reached USD 129 billion. While 80 percent of these imports originated from other EU member states, the United States was the second largest supplier outside the bloc, after China. Imports of agricultural products from the United States totaled USD 2.5 billion in 2021.

## Imports of Consumer-Oriented Products

In 2021, Germany imported consumer-oriented agricultural products worth USD 77.5 billion; the majority (72 percent) of these originated from other EU member states.



## Food Service Industry

The food service sector is large and highly fragmented but can be divided into the commercial (hotels, restaurants, fast food and take-away outlets, bars, coffee shops etc.) and institutional (hospitals, universities, nursing homes, and cafeterias) food service markets. Sales increased by 0.6 percent to USD 76 billion in 2021, compared to 2020. However, despite this recovery, HRI spending has been slow to recover to their pre-pandemic levels. Since Russia's invasion of Ukraine, the sector is experiencing a surge in energy prices, prices for raw materials and personnel.

## Food Retail Industry

The sector is saturated, highly consolidated, as well as competitive and dominated by low prices. The top five retail groups together account for around 75 percent of the total revenue. However, small neighborhood and convenience stores are seeing a revival. COVID-19 related lockdown measures impacted German consumers' shopping patterns, i.e. online shopping and delivery services. Germans are generally price sensitive but wealthy consumers are willing to pay higher prices for premium quality products.

## Quick Facts CY 2021

### Imports of Consumer-Oriented Products

USD 77.5 billion (U.S. imports USD 1.1 billion)

### List of Top 10 U.S. Growth Products in Host Country

- |                            |                   |
|----------------------------|-------------------|
| 1) Almonds                 | 2) Pistachios     |
| 3) Walnuts                 | 4) Alaska Pollock |
| 5) Whiskies                | 6) Wine           |
| 7) Food Preparations       | 8) Sockeye Salmon |
| 9) Sauces and Preparations | 10) Peanuts       |

### Food Industry by Channels (USD billion)

Food Industry Output	187.2
Food Exports	66.1
Food Imports	59.6
Retail	232.6
Food Service	57.2

### Food Industry Gross Sales (USD billion)

Food Industry Revenues

- Food (Domestic market) USD 187

### Top 10 Host Country Retailers

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

### GDP/Population

Population (million): 84

GDP (billions USD): 4.03

GDP per capita (USD): 48.398

## Strengths/Weaknesses/Opportunities/Challenges

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

### Data and Information Sources:

Federal Statistical Office Germany (Destatis), Federation of German Food and Drink Industries (BVE), Trade Date Monitor (TDM), World Bank

Exchange rate: USD 1.00 = EUR 0.94645 (Mar 2023)

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

## **SECTION I. MARKET SUMMARY**

Germany is by far the biggest market for food and beverage products in the European Union. The food processing industry represents the fourth-largest industry in Germany. In [2021](#), Germany produced an estimated USD 196.8 (EUR 186.3) billion of processed food and drink products. Roughly 90 percent of the industry is characterized by small and medium-sized companies. More than 610,000 employees in around 6,100 companies provide consumers with high-quality and inexpensive food. On average, [33 percent](#) of the products are exported. The retail market's key characteristics are consolidation, market saturation, strong competition, and low prices, which result from high competition between discounters and the grocery retail sale segment. Being the second largest importer and third largest exporter of consumer oriented agricultural products worldwide, Germany represents the most important European market for foreign producers. When meeting EU standards, the following products have good sales potential on the German market: nuts, organic products, fish and seafood, highly processed ingredients, dried fruits, ready meals, bakery products, and pulses.

Germany still has the lowest food prices in Europe – German citizens spent only [15.3](#) percent of their income on food and beverage products in 2021. However, in addition to declining sales figures, strong cost increases challenged the industry in 2021 and 2022. The [HWWI raw materials price index](#) showed an increase of 44 percent in prices for food and beverage products, from January 2021 through June 2022. An increase was observed across all raw material groups, but particularly in the areas of vegetable oils and fats, sugar, and cereals. In addition, there were further burdens from sharp increases in the costs of energy, transport, and packaging material.

### **Key market drivers and consumption trends**

Germany remains a price-focused market, but the share of consumers who are willing to pay for quality is increasing. There is a growing number of consumers who view their purchasing decisions as a political or life-style statement (non-GMO, only free-range eggs, vegetarian or vegan diet), and they demand traceability and information about production methods. Ethnic foods, beauty and superfoods, clean label foods, “free from” products (e.g., gluten or lactose free), and locally grown are additional trends that attract more and more German consumers.

The home cooking trend that emerged during the COVID-19 pandemic slowed down in the second part of the year as many companies ordered their staff back to office. At the same time, the work environment has shifted to include increased telework than before the COVID-19 pandemic, boosting retail sales and popularity of readymade meals, baking mixes and frozen foods. Although in 2022 less extreme COVID-19 related measures were in place, many Germans still tried to shop less often, and therefore also tended to stock-up at home out of concern about infection and to attempt to avoid larger crowds. With more time spent at home, but with not all consumers wanting to cook all the time or pay for food delivery, readymade meals maintained a dynamic performance in 2022.

During the COVID-19 pandemic and its related restrictions, retailers benefitted from higher consumer spending for premium food products, while food service businesses suffered from low hospitality and catering demand. For more information, please see the GAIN report: [Food Service – Hotel Restaurant Institutional Berlin Germany 2022](#).

Germany has experienced a continuous increase in demand for organic food. Organic coffee, berries, and sauces have been among the fastest growing product lines in supermarkets and benefited from increasing focus among Germans on health issues and sustainability. While market growth in 2022, due to high inflation and rising food prices, this is likely a temporary situation. For more information, please see the GAIN report: [German Organic Market Takes a Dip](#).

The importance of e-commerce continues to grow. Online supermarkets are flooding the market in Germany’s major cities, offering food at prices that strongly compete with those of traditional brick-and-mortar supermarkets. Most of the large supermarket chains have their own delivery services, such as *Edeka* and *Rewe*. Discounter supermarkets on the other hand, that are very popular amongst German consumers, do not operate their own delivery services. This is a space that the Norwegian delivery service *ODA* recently tapped into; marketing itself as a delivery service with discounter prices. The Czech company *Rohlik* also expanded to Germany with their discount delivery service *Knuspr.de*.

Food labeling with special seals is very common in Germany and has a large impact on the industry. Various regional, organic, sustainability, and animal welfare labels have been introduced or are being discussed in Germany. On a federal level, and in an attempt to uniformly regulate the food labeling process in the EU, the German Ministry for Food and Agriculture introduced the World Health Organization’s “Nutri-Score”. Most companies also have a sustainability strategy that demonstrates sustainability in the entire chain from cultivation all the way through to food processing.

**Table 1: Advantages and Challenges**

<b>Advantages</b>	<b>Challenges</b>
Germany is the biggest market in Europe with one of the highest income levels in the world. Due to its central location in Europe and excellent transportation channels, Germany is a good base for exporting products to other EU countries.	German consumers demand quality and low prices. Clean label foods, “free from,” and locally grown products attract more and more German consumers. In addition, listing fees paid to retailers limit the introduction of new U.S. brands.
The demand for sustainable food ingredients and sustainable foods is growing.	Private sector sustainability standards can act as barriers to trade. Absence of a unified U.S. sustainability message in the German market results in looming misconceptions about U.S. agriculture.
Germany is among the largest food importing nations in the world. It has a large, well-developed food processing industry requiring a wide range of ingredients, from low-value, unprocessed foods to high-value, highly processed ingredients.	U.S. exporters face competition from tariff-free products from other EU member states. Non-tariff barriers such as phytosanitary restrictions and traceability requirements can make exporting to Germany complicated.
The United States has a reputation as a reliable supplier of food inputs in terms of availability, delivery, and quality.	Some products of modern biotechnology are prohibited as they are not approved in the EU.
Germany is the largest EU market for U.S. beef under the EU import quota for high quality beef,	The beef import quota only applies to beef from animals not treated with growth-promoting

which was expanded in January 2020.	hormones. New meat alternatives are becoming increasingly popular.
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Source: FAS Berlin

## **SECTION II. ROAD MAP FOR MARKET ENTRY**

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

Germany is a potential market for those U.S. companies who are willing to invest the time and resources to cement contacts. New products in the German market may require up to 12 to 18 months of testing to determine market acceptance. There are a number of potential technical barriers to trade, thus exporters may want to consult 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 are not yet harmonized with the EU. Once U.S. companies have acquired this background information, they may consider attending or visiting one of the USDA endorsed trade shows and other trade shows in Europe, such as [Health and Food Ingredients](#), which takes place in Frankfurt, November 28-30, 2023. These shows serve as a gateway into the market, helping companies to establish new trade contacts and gauge product interests. Germany hosts many of the largest trade shows in the world. Therefore, it is an excellent location for U.S. exporters to promote their products, to get in contact with potential business partners and buyers, and to run product introductions.

**Table 2: Major Food Related Trade Shows in Germany**

<b>Trade Show</b>	<b>Description</b>	<b>Location</b>
<b>INTERNORGA</b> March 10-14, 2023 <a href="http://www.internorga.com">www.internorga.com</a>	International trade show for hotel, restaurant, catering, baking, and confectionery trades	Hamburg
<b>ProWein</b> March 19-21, 2023 <a href="http://www.prowein.com">www.prowein.com</a>	International trade show for wine and spirits	Duesseldorf
<b>ISM</b> April 23-25, 2023 <a href="https://www.ism-cologne.com/">https://www.ism-cologne.com/</a>	World's largest show for snacks and confectionery products	Cologne
<b>ANUGA (every two years)</b> October 7-11, 2023 <a href="https://www.anuga.com/">https://www.anuga.com/</a>	One of the leading food fairs for the retail trade, and the food service, and catering market	Cologne
<b>BCB - Bar Convent Berlin</b> October 9-11, 2023 <a href="https://www.barconvent.com/">https://www.barconvent.com/</a>	International trade show for bars and beverages	Berlin
<b>FI Global, Europe</b> November 28-30, 2023	Leading trade show for food and health ingredients	Frankfurt

<a href="https://www.figlobal.com/fieurope/en/home.html">https://www.figlobal.com/fieurope/en/home.html</a>		
<b>FRUIT LOGISTICA</b> February 7-9, 2024 <a href="http://www.fruitlogistica.com">www.fruitlogistica.com</a>	World's leading trade fair for the fresh fruit and vegetable business	Berlin
<b>BIOFACH</b> February 13-16, 2024 <a href="https://www.biofach.de/en">https://www.biofach.de/en</a>	Leading European tradeshow for organic food and non-food products	Nuremberg
<b>Interzoo</b> May 7-10, 2024 <a href="http://www.interzoo.com/en">www.interzoo.com/en</a>	Leading trade show for pet food and supplies	Nuremberg

Source: FAS Berlin

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

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

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

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

### Import Procedures

As a member of the EU, Germany follows all EU directives, regulations, and obligations where available. Since the EU is a customs union, all member states apply the same import duties on goods imported from outside the EU based on tariff classification of goods and the customs value. For details on the EU legislation and import duties, please see the EU FAIRS report (link on page 3) for further information.

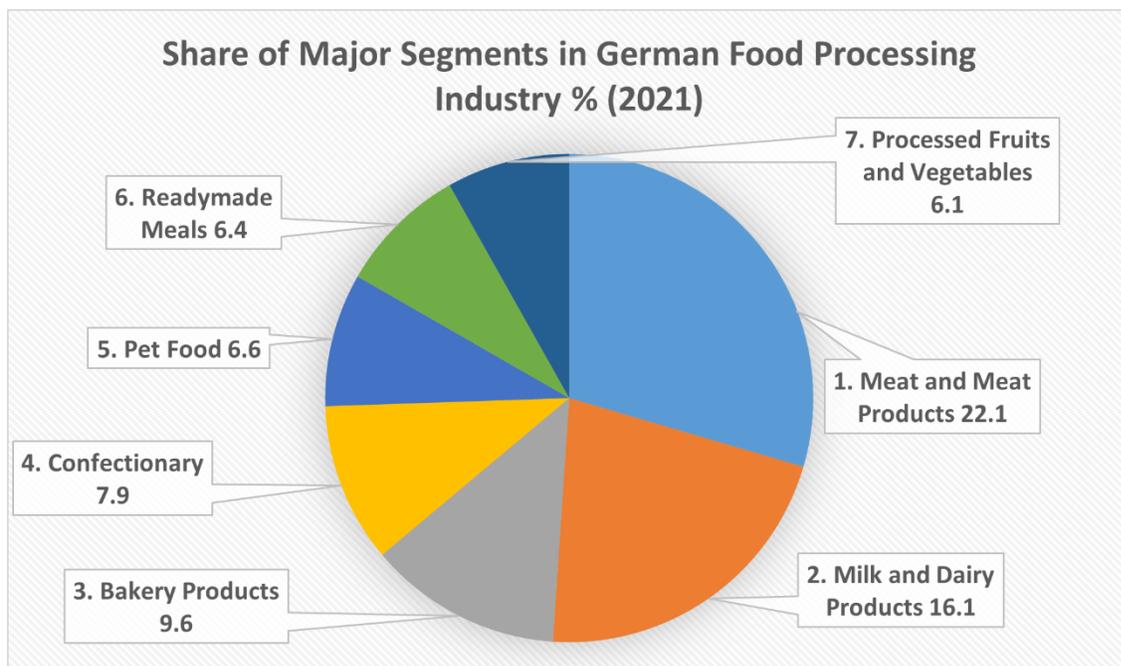
Importers represent the first link in the domestic sales chain and are consequently responsible for the compliance of imported products with national and EU regulations. The European Commission has published the following guidance document which refers to key community law requirements:

["Guidance document – Key questions related to import requirements and the new rules on food hygiene and official food controls."](#) Once imported goods are cleared in one member state, they can move freely throughout the territory of the EU. This means U.S. products coming into Germany via another EU member state, for example the Netherlands, must clear customs there. No additional checks are carried out when crossing the border to Germany.

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

### Market Structure

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



Source: German Association of Food and Drink Industry (BE), Destatis

### Sector Trends

- Sustainable and healthy convenience foods. German consumers are not only looking for groceries that conveniently fit into their busy everyday lives, but those that also meet the high demands of sustainability and taste. The share of convenience and ready-to-eat products as well as smaller packaging sizes is increasing, while the share of milk and dairy products, alcoholic beverages, and sugar is declining.

- To-go products and snacks are also on the rise. Every third German consumer no longer has breakfast at home, and every second person is not eating lunch at home. Snacks and ready-to-eat products are thus becoming everyday companions. In Germany, sales of on-the-go products are significantly higher as compared to other EU countries. Since 2018, market share of snacks and on-the-go products rose by 11 percent in Germany.
- Innovative manufacturing and processing technologies bring new products to the market and give established products a new taste - for example, bottled cold brew coffee. Berlin is spearheading the trend of novel food consumption, and other German cities are following its lead. In 2021, the German food industry welcomed the first edible insect to be approved for food use in the European Union (EU), a big step towards a more transparent legal environment and marketing opportunities for the relatively new industry sector. For more information on this topic, please see the GAIN report: [Edible Insects Invade the German Food Sector Berlin Germany 05-10-2021](#)
- The popularity of ‘Cooking boxes’ has sky-rocketed since the beginning of COVID-19 pandemic and continues to grow. As compared to traditional ready meals and convenience foods, cooking boxes are taking the "warming up" to a next level “cooking” experience. Consumers can select recipes for the entire week and receive a customized box of fresh produce with a complete list of ingredients. In Germany, the number of newly introduced “Cooking box” providers has increased by 17 percent over the past five years.
- Vegan and meat alternatives are becoming increasingly popular, especially among younger Germans. The generally high consumption of meat amongst Germans has been questioned for many years, and meat-free or meat-reduced diets are now trending, with many new meat alternatives (e.g., soy or peas) entering the market.
- Austerity: Germany remains a price-focused market with inflation and prices (especially for energy and food) rising, German consumers are shopping less and more sustainably. Shoppers choose products that keep them full over expensive products. Some consumers deliberately avoid purchasing expensive products, such as avocados.

### ***SECTION III. COMPETITION***

The United States ranked thirteenth worldwide in exports of consumer-oriented agricultural products to Germany in 2021, but when accounting for the single EU market, the United States is a much larger source of imported consumer-oriented products. The main competitors for U.S. suppliers include domestic producers and producers from other EU member states, such as the Netherlands, Italy, Spain, Poland, and France. However, for dried fruits and nuts the main competitors are Turkey (hazelnuts and raisins), Chile (dried prunes), South Africa (raisins), and Canada (cranberries). The U.S. industry’s advantages include a good reputation for consistent quality and stable supply. The main advantages of competitors are proximity and price.

## ***SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES***

### **Products in the market that have good sales potential**

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

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

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

### **Products not present because they face significant boundaries**

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

## ***SECTION V. KEY CONTACTS AND FURTHER INFORMATION***

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

### **U.S. Department of Agriculture Foreign Agricultural Service**

Embassy of the United States

Clayallee 170

14195 Berlin, Germany

Phone: +49- 30- 8305 – 1150

[agberlin@usda.gov](mailto:agberlin@usda.gov)

[www.fas-europe.org](http://www.fas-europe.org)

### **Attachments:**

No Attachments