Required Report: Required - Public Distribution **Date:** October 06, 2022

Report Number: GM2022-0030

Report Name: Food Service - Hotel Restaurant Institutional

Country: Germany

Post: Berlin

Report Category: Food Service - Hotel Restaurant Institutional

Prepared By: Hanna Khan

Approved By: Kirsten Luxbacher

Report Highlights:

With more than 83 million of the world's wealthiest consumers, Germany is the largest market for food and agricultural products in the European Union. The German market offers good opportunities for U.S. exporters of consumer-oriented food and agriculture products, particularly nuts, fish and seafood products, dried fruits, bakery products, and organic products. German food service sales slightly increased by 0.6 percent in 2021. The loosening of COVID-19 restrictions on restaurants and other businesses was the primary reason for this increase. However, despite this recovery, HRI spending has been slow to recover to pre-pandemic levels.

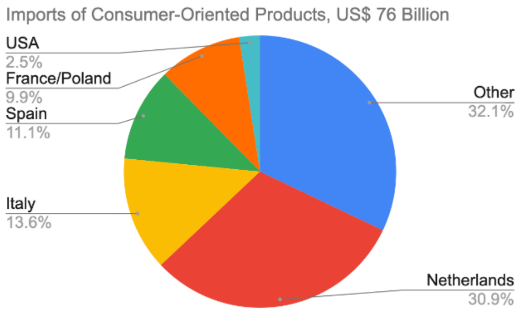
MARKET SHEET GERMANY

Executive Summary

With more than 83 million of the world's wealthiest consumers, Germany is by far the biggest food and beverage market in the European Union. In 2021, Germany's nominal GDP reached U.S. dollar (USD) 4.21 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. In 2021, imports reached USD 110.3 billion, an increase of 9.5 percent compared to 2020. While 79 percent of these imports originated from other EU member states, the United States was one of the largest suppliers outside the bloc. Imports of agricultural products from the United States totaled USD 2.1 billion in 2021. The macroeconomic situation and key data about the German economy can be found in the 2021 Exporter Guide.

Imports of Consumer-Oriented Products

In 2021, Germany imported consumer-oriented agricultural products worth USD 76.1 billion; the majority (85 percent) of these originated from other EU member states.



Food Processing Industry*

In 2021 the German food processing industry employed about 638,831 people in 6,152 companies. The sector is dominated by small and medium size companies; 90 percent of which have less than 250 employees. In 2021, the sector generated a turnover of roughly $220.3 billion; accounting for 5.3 percent of the German GDP. The largest subsectors by value were meat (22.1%), dairy (16.1%), bakery (9.6%), confectionary and long-life bakery products (7.9%), and pet food (6.6%).

Food Retail Industry

Consolidation, market saturation, strong competition, and low prices are key characteristics of the German retail food market. The top five retail groups together account for roughly 75 percent of the total market. However, small neighborhood and convenience stores are seeing a revival. Covid-19 related lockdown measures impacted German consumers' shopping and consumption patterns. Germans are generally price sensitive but wealthy consumers are willing to pay a higher price for premium quality products.

Quick Facts CY 2021

Imports of Consumer-Oriented Products *(USD billion)*
USD 76.144

List of Top 10 Growth Products in Host Country

1) Pistachios
2) Almonds
3) Walnuts
4) Wine
5) Food Preparations
6) Condiments & Sauces
7) Vinegar & Substitutes
8) Peanuts
9) Sweet potatoes
10) Cocoa preparations

Food Industry by Channels (USD billion) 2020

Food Industry Output	204
Food Exports	67.9
Food Imports	61.8
Retail	249
Food Service	59

Food Industry Gross Sales (USD Billion) 2021
Food Industry Revenues
- Food (Domestic market) USD136

Top 10 Host Country Retailers

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

GDP/Population
Population *(millions)*: 83.9
GDP *(billions USD)*: 4,21
GDP per capita *(USD)*: 50,734

Sources: GATS, BVE, Destatis, TDM

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:
USDA/FAS Global Agricultural Trade System (GATS), German Office of Statistics (destatis), German Food Industry Association (BVE)
*BVE Statistical report 2022

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

I. Market Summary

The German food service sector is large and highly fragmented but can be divided into the commercial and institutional food service markets. The German commercial food service market includes hotels, restaurants, fast food and take-away outlets, bars, cafeterias, coffee shops, and similar channels. The institutional food service market consists of hospitals, universities, nursing homes, and cafeterias.

In comparison to 2020, German food service sales increased by 0.6 percent to $76 billion[1] (€64.3 billion) in 2021.

The loosening of COVID-19 restrictions on restaurants and other businesses was the primary reason for this increase. After several months of lockdown measures, hotels and restaurants were able to reopen again in May 2021. In August 2021, hotels and restaurants achieved the best turnover since the beginning of the pandemic in March 2020 (5.7% decrease in sales in comparison to August 2019[2]).

Table 1: Annual Turnover in the German HRI Sector

Sales (in EUR Billions)	2018	2019	2020	2021	% Change (2018 to 2021)
Restaurants, Fast Food Outlets	49.2	51.3	37.2	36.9	-25.0
Hotels	32.2	33.4	19.8	20.4	-36.7
Canteens and Caterers	9.5	9.9	6.9	7.0	-26.3
Total	**90.9**	**94.7**	**63.9**	**64.3**	-29.3

Source: DEHOGA, Sep 2022

However, despite this recovery, HRI spending has been slow to recover to their pre-pandemic levels. Since Russia's invasion of Ukraine in February 2022, the entire sector is experiencing a surge in energy prices as well as rising costs for raw materials and personnel. In view of this price increase, the German government has extended the VAT rate of seven percent on food consumed in restaurants beyond 2022[3]. The reduced VAT rate was originally introduced as a relief measure for restaurants during the COVID-19 crisis and extended several times. Since then, restaurateurs have had to pay seven instead of 19 percent VAT on food consumed on site[4].

Effects will be reflected in next year's report when the full year data for 2022 is available.

[1] Euro 1 = USD $1.1827 (according to Central Bank of the Federal Republic of Germany, page 13)
[2] DEHOGA press release, September 2021
[3] https://www.bundesregierung.de/breg-de/themen/entlastungen-im-ueberblick/umsatzsteuer-gastronomie-2125038
[4] https://www.food-service.de/international/int-news/value-added-tax--germany-reduced-vat-rate-for-gastronomy-to-be-extended-52134

Table 2: Advantages and Challenges of the German Food Service Market

Sector Strengths & Market Opportunities	Sector Weaknesses & Competitive Threats
Germany is the biggest market in Europe with one of the highest income levels in the world.	Strong price sensitivity. German consumers demand quality but expect low prices.
Many German consumers are uninformed about the details of sustainability, and there is still room to define a U.S. sustainability message.	No unified U.S. sustainability message in the German market, looming misconceptions about U.S. agriculture.
Germany is among the largest food-importing nations in the world.	EU import regulations and tariffs; EU gives preferential access to products from EU countries.
U.S. style is popular, especially among the younger generation; good reputation for U.S. foods like dried fruits, seafood, wine.	HRI companies rarely import products into Germany on their own, but rather utilize specialized wholesalers.
Germany is the largest EU market for U.S. beef under the EU import quota for high quality beef, which expanded in January 2020.	The quota only applies to beef from animals not treated with growth-promoting hormones.
Large non-German population and Germans' inclination to travel abroad help fuel demand for foreign products.	

II. Road Map for Market Entry

a) Market Structure

Purchasing by hotels, restaurants, and institutions is fragmented and competitive. Few of these businesses import products directly from other countries, except for items that they purchase in large quantities. Most HRI companies would rather purchase from central buyers/distributors importing food and beverage products. In general, these wholesalers specialize in products or product groups. Some are even experts in food products from a specific country of origin. Specialized importers have an in-depth knowledge of import requirements, such as product certification, labeling, and packaging. They also typically handle shipping, customs clearance, warehousing, and distribution of products within the country. The two major distribution channels for the German food service trade are "cash and carry" wholesalers and specialized distributors/wholesalers.

"Cash and carry" wholesalers operate large stores with food and non-food products. They sell to retailers, restaurants, and other food service operators. Cash and carry stores offer a variety of products at competitive prices and are not open to the average consumer.

Specialized distributors to the food service sector have dry and cold storage facilities with refrigerated/frozen trucks for deliveries. They buy from processing companies, importers, and occasionally, foreign exporters. To cover the entire German food service market, regional distributors have organized into groups, such as Intergast and Service-Bund. Some of those distributors organize in-house food shows once or twice a year, during which their suppliers can showcase their products to potential customers. This is an excellent opportunity for U.S. suppliers to enter the German food service market.

b) Entry Strategy

The German market offers good opportunities for U.S. exporters of consumer-oriented agricultural products. However, there are several challenges U.S. exporters must overcome before exporting to the German market. Success in introducing food products depends largely on market knowledge and personal contact with key decision-makers. The U.S. supplier should analyze German/EU food law, packaging and labeling requirements, business practices, trade-related laws and tariffs, potential importers, and the distribution system. The FAS Office of Agricultural Affairs (OAA) in Berlin offers guidelines on business practices and import regulations and provides foreign buyers lists to interested exporters.

Participating in German food trade shows is a proven and cost-effective way to find the right distributor and facilitate direct contact with German food brokers, importers, and wholesalers. Germany offers a wide variety of trade show venues for food and beverage products. Trade shows like ANUGA or Internorga enjoy an exceptional reputation and have a wide reach within the global food industry. U.S. exporters who are looking to sell to Germany should consider participating in or visiting the following trade shows.

Table 3: Upcoming International Trade Shows in the HRI Sector in Germany

Trade Show	Date	Description
Vision Bad Reichenhall **(Chefs Culinar)**	**October 20, 2022** Bad Reichenhall	Trade fair for wholesale food trade for restaurant, hotel, and community catering.
Hauptstadt Vision **(Chefs Culinar)**	**November 17, 2022** Berlin	Trade fair for wholesale food trade for restaurant, hotel, and community catering.
Bar Convent Berlin	**October 10-12, 2021** Berlin	International trade show for bars and beverages.
Nord Gastro & Hotel	**February 13-14, 2023** Husum	Trade fair for hotels and catering.
Internorga	**March 10-14, 2023** Hamburg	International tradeshow for hotel, restaurant, catering, baking, and confectionery trades.
GASTRO Summit Hannover	**April 3-4, 2023** Hanover	Trade fair for hotels, restaurants, and catering.

c) Distribution and Sub-Sector Profiles
With the loosening of COVID-19 restrictions, German food service sales slightly increased in 2021. Restaurants led the food service market in 2021. However, their sales were still down considerably compared to pre-pandemic levels ($43.6 billion / €36.9 billion in 2021 vs. $60 billion / €51.3 billion in 2019). International chains like McDonald's, Burger King, and Yum! Restaurants (KFC, Pizza Hut) have a very strong position in the German food service market.

Hotel sales slightly increased from $22.7 billion (€ 19.8 billion) in 2020 to $24.2 billion (€ 20.4 billion) in 2021. The COVID-19 pandemic has increased the trend for regional tourism.

Institutions were the smallest sector in food service in 2021, with sales of $8.3 billion (€ 7 billion). Most of the institutional food service market is covered by caterers, of which Compass, Aramark, Sodexo, Klüh, and apetito are among the largest in Germany.

III. Competition

Trade within the EU27 bloc is significantly easier for Germany than trading outside the bloc, so it comes as no surprise that the top three exporters of most products to Germany are typically other European competitors to the United States. The United States ranked thirteenth of all countries in exports of consumer-oriented agricultural products to Germany in 2021, but when accounting for the single market EU27, the United States is a much larger source for imported customer-oriented products. Therefore, the biggest competition for German market share is with Turkey, Switzerland, and China which exported slightly more to Germany last year, and Vietnam, South Africa, Brazil, and New Zealand which exported less than the United States.

Table 4: Overall Competitive Situation for Consumer-Oriented Products (2021)

Product category Total German Import	**Main suppliers in percentage (value)**	**Strengths of Key supply countries**	**Advantages and Disadvantages of Local Suppliers**
Tree Nuts (HS 0801 +0802 +200819) **MT 535,3** **USD 3.6 billion**	1. **USA – 21.1%** 2. Turkey – 18.1% 3. Netherlands – 9.9%	1) USA is the leading supplier of almonds, walnuts, and pistachios. Turkey leads in hazelnuts. 3) Netherlands is a large re-exporter of cashew nuts.	Domestic production is minimal. German y is a leading producer of marzipan.
Fish & Seafood (HS 03 + HS 16) **MT 1,108** **USD 5.9 billion**	1. Poland – 21.4% 2. Netherlands - 15.9% 3. Denmark – 11.3% **6. USA – 3.8%**	1-3) Proximity and availability. USA is the second largest supplier of Alaska Pollock fillets.	Tradition in seafood trading and processing. Fish is popular.

Wine & Beer (HS 2203, 2204, 2205, 2206) **Liters: 2,193 billion** **USD 3.9 billion**	1. Italy – 33.8% 2. France – 26.7% 3. Spain – 10.9% **7. USA – 2.0%**	1-3) Proximity, reputation, climatic conditions for wine growing.	Wine primarily grows in the southern part of the country. Insufficient domestic supply.
Food Preparations (HS 210690) **MT 469,158** **USD 2.32 billion**	1. Netherlands – 18.3% 2. France – 9.8% 3. Poland – 9.5% **12. USA –2%**	1-3) Proximity and availability.	Strong domestic food industry.
Peanuts (HS 1202) **MT 135,200** **USD 218.2 million**	1. Netherlands – 53.3% 2. Belgium – 10.4% 3. Egypt – 9.8% **5. USA – 7.2%**	1+2) Volumes consist of re-exported peanuts from Argentina, USA, Brazil.	No local availability, high demand from well-established snack food industry.
Dried Prunes (HS 081320) **MT 9.787** **USD 38.1 million**	**1. USA – 33.2%** 2. Chile – 25.1% 3. Netherlands – 15.5% 4. France – 8.7%	1) Good reputation for quality, California origin adds value. 2) Product pricing, zero duty access through EU-Chile FTA.	No local availability.
Raisins (HS 080620) **MT 79,709** **USD 162.7 million**	1. Turkey – 39.2% 2. South Africa – 22.5% 3. Netherlands – 10.5% **7. USA – 3.8%**	1) Pricing.	No local availability.
Meat (HS 02) **MT 2.154 million** **USD 7.3 billion**	1. Netherlands – 26.9% 2. Poland – 13.3% 3. Belgium – 11.4% **19. USA – 0.15%**	1-3) Proximity and availability. 19) U.S. imports consist of hormone-free beef under Hilton beef quota.	Germany focuses on pork rather than beef production.
Sauces and Preparations (HS 2103) **MT 377,233** **USD 898.3 million**	1. Italy – 28.2% 2. Netherlands – 23.6% 3. Poland – 6.3% **11. USA –2%**	1-3) Proximity and availability USA is a well-known supplier of BBQ sauces.	Strong domestic food industry.
Snack Foods excl. nuts (HS 1905 + 1704) **MT 1,188** **USD 3.8 billion**	1. Netherlands – 17.4% 2. Poland– 16.8% 3. Italy – 12.7% **28. USA – 0.2%**	1-3) Proximity and availability. 1) Volumes also consist of re-exports from China, Thailand, USA.	Tradition in snack food production. Germany is one of the global market leaders in snack foods.

Source: Trade Date Monitor, Products ranked according to value of U.S. products (last update: September 14, 2022)

IV. Best Product Prospects Categories

The following tables present products with good sales potential, good current sales, and products not available on the German market[5].

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

Product Category	Total German Imports 2021 [USD]	Total German Imports from the USA 2021 [USD]	% Change from 2020	% Change from 2017	Market Attractiveness for USA
Tree Nuts	$3,601,954,548	$760,295,371	-8.3%	+15.1%	The USA is consistently the leading exporter of almonds, pistachios, and walnuts to Germany. Demand is strong for tree nuts, particularly for snacking and confectionery.
Hops	$82,192,361	$26,091,599	-25.7%	+50.8%	German demand for imported hops has more than doubled in the past six years, and the popularity of craft brewing continues to drive demand up.
Sweet Potatoes	$61,882,736	$1,972,569	-3.5%	-10.2%	German demand for imported sweet potatoes has doubled in the past six years. Sweet potatoes are becoming more popular in processed snacks and in cooking.
Pulses	$171,792,579	$6,428,457	-10.6%	-29.4%	Increased interest in pulses as alternative protein source.
Fish and Seafood	$5,947,696,534	$223,223,380	-0.6%	+4.7%	After a downward trend in 2018, demand in Germany is on the rise again.

[5] Source: Trade Date Monitor

Whiskey	$492,490,811	$82,503,022	+7.3%	-7.7%	The USA is the second-largest exporter of whiskies after the UK.

Source: Trade Date Monitor (last update: September 14, 2022)

b) Top 5 consumer-oriented products imported from the world

Product	Total German Imports 2021	Total German Imports from the U.S. (USD)	U.S. Import Growth (2017-2021)
Dairy	$10,119,055,010	$4,225,812	-80.14%
Fresh Fruit	$8,128,610,454	$32,791	-96.77%
Fresh Vegetables	$6,551,983,367	$355,705	-16.88%
Bakery Goods, Cereals, & Pasta	$4,832,208,353	$4,873,943	-47.82%
Chocolate & Cocoa Products	$3,886,502,446	$3,387,986	+9.05%

Source: Trade Date Monitor (last update: September 14, 2022)

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

- High-quality beef
- Cranberries and cranberry products
- Innovative sauces, condiments, and confectionery products
- Products featuring “sustainable” or other social issue-based marketing labels

d) Products not present because they face significant barriers

- Food additives not approved by the European Commission
- Red meat and meat products with hormones
- Most poultry and eggs (non-tariff barrier)
- GMO-derived products that are not approved in the EU

V. Key Contacts and Further Information

Major Regulatory Agencies

Name	Contact	Info
Federal Ministry of Food & Agriculture Rochusstr. 1 53123 Bonn	Tel: +49 228 99 529-0 Fax: +49 228 99 529 4262 Website: www.bmel.bund.de	
Federal Office of Consumer Protection and Food Safety Bundesallee 51 38116 Braunschweig	Tel: +49 30 18444-99999 Fax: +49 30 18444-99099 Mail: poststelle@bvl.bund.de Website: www.bvl.bund.de	The biotech division and the novel foods/feeds division of BVL are responsible for registration and approval of biotech products and novel foods.
Federal Office for Agriculture & Food Deichmanns Aue 29 53179 Bonn	Tel.: +49 228 6845 – 0 Fax: +49 228 6845-3444 www.ble.de/EN/Home/home_node.html	BLE is the responsible German authority for organic import rules.

Other Import Specialist Technical Contacts can be found in the latest Food and Agricultural Import Regulations and Standards report for Germany. Homepages of potential interest to U.S. food and beverage exporters are listed below:

- USDA/FAS Washington: https://www.fas.usda.gov/
- USDA/FAS Europe: https://fas-europe.org/
- USDA/FAS U.S. Mission to the European Union: http://www.usda-eu.org

For U.S. exporters it might be helpful to access the German business portal IXPOS, 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. 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:

Foreign Agricultural Service
U.S. Department of Agriculture
Embassy of United States of America
Clayallee 170
14195 Berlin
Tel: (49) (30) 8305 – 1150
E-Mail: AgBerlin@usda.gov / Homepage: www.fas-europe.org / Twitter: @FASEurope

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.

Attachments:

No Attachments