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Report Name: Food Processing Ingredients

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Report Highlights:

Following stagnation in 2020 and decline in 2021, the German food processing industry still cannot catch up with the growth dynamics of pre-pandemic period. According to BVE initial estimates, total sales of US\$201.3 billion were generated across all sub-sectors in 2021, which is 1.6 percent lower than the previous year. A moderate increase in prices and rising exports somewhat softened this decline. However, the German food industry continues to struggle with subdued private consumer spending, results of COVID-19 related measures, and rising production costs, which are difficult to impose on customers. COVID-19 related lockdowns and physical distancing measures heavily impacted the German food sector, as well as shopping and consumption patterns of German consumers. The look into the future is mixed. Based on the latest survey conducted by the Federation of German Food and Drink Industries (BVE), the majority of companies expect stagnating results for 2022.

MARKET SHEET GERMANY

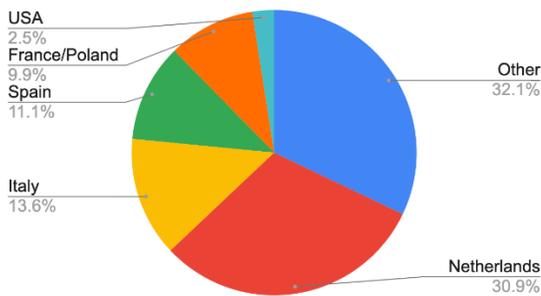
Executive Summary

With more than 83 million of the world’s wealthiest consumers, Germany is by far the biggest market for food and beverages 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 of food products reached USD 108.5 billion, an increase of 7.7 percent compared to 2020. While 79 percent of these imports originated from other EU member states, the United States was the largest supplier 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 Germany 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.

Imports of Consumer-Oriented Products, US\$ 76 Billion



Food Processing Industry

In 2020 the German food processing industry employed about 614,036 people in 6,163 companies. The sector is dominated by small and medium size companies; 95 percent of which have less than 250 employees. In 2021, the sector generated a turnover of roughly USD 203 billion¹; accounting for 5.8 percent of the German GDP. The largest subsectors by value were meat (24%), dairy (15.5%), bakery (9.4%), confectionary and long-life bakery products (7.8%), and processed fruits and vegetables (6.3%).

Food Retail Industry

German food retail sales reached USD 249 billion in 2020. 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 store are seeing a revival. The Covid-19 related lockdown measures have impacted German consumers’ shopping and consumption patterns, with nearly 30% of Germans cooking more at home. With online grocery shopping still remaining a niche market in Germany, it has seen a boost with increases of 50 percent or even more in 2020.

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 | 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 |

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

Market Summary

Germany is by far the biggest market for food and beverages in the European Union. The food processing industry represents the fourth-largest industry in Germany. In [2020](#), Germany produced an estimated US\$204.8 billion of processed food and drinks. Roughly 90 percent of the industry is characterized by small and medium-sized companies. More than [614,000](#) employees in around 6,163 companies provide consumers with high-quality and inexpensive food. 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 [15.4](#) percent of their income on food and beverages in 2020. However, in addition to declining sales figures, strong cost increases challenged the industry in 2021. The [HWWI raw materials price index](#) showed an increase of 33 percent in prices for food and beverages, as compared to the previous year. 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 share 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 further trends that attract more and more German consumers. 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 competes with those of traditional supermarkets.

Retailers have benefitted from higher consumer spending for premium food products, while food service businesses suffered from low hospitality and catering demand during the lockdowns. For more information, please see the GAIN report: [Food Service - Hotel Restaurant Institutional Berlin Germany 09-30-2021](#)

Germany has experienced a continuous increase in the demand for organic food. Organic edible oils and organic sauces have been among the fastest growing product lines in supermarkets and benefited from increasing focus among Germans on health issues and sustainability. For more information, please see the GAIN report: [COVID Fuels Historic Growth in Organic Sales Berlin Germany 01-17-2022](#)

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. Most companies 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

Advantages	Challenges
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 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, which was expanded in January 2020.	The beef import quota only applies to beef from animals not treated with growth-promoting hormones. New meat alternatives are becoming increasingly popular.

Source: FAS Berlin

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: <https://gain.fas.usda.gov/#/>. 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 in order 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 covers areas which 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](#). 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, buyers, and to run product introductions.

Table 2: Major Food Related Trade Shows in Germany

Trade Show	Description	Location
FRUIT LOGISTICA April 5-7, 2022 www.fruitlogistica.com	World's leading trade fair for the fresh fruit and vegetable business	Berlin
INTERNORGA April 30 - May 4, 2022 www.internorga.com	International trade show for hotel, restaurant, catering, baking, and confectionery trades	Hamburg
ProWein May 15-17, 2022 www.prowein.com	International trade show for wine and spirits	Duesseldorf
Interzoo May 24-27, 2022 www.interzoo.com/en	Leading trade show for pet food and supplies	Nuremberg
BIOFACH July 26-29, 2022 February 14-17, 2023 www.biofach.com	Leading European tradeshow for organic food and non-food products	Nuremberg
ANUGA (every two years) October 7-11, 2023 www.anuga.com	One of the leading food fairs for the retail trade, and the food service, and catering market	Cologne
BCB - Bar Convent Berlin October 10-12, 2022 www.barconvent.com/en/	International trade show for bars and beverages	Berlin
FI Global / Hi Europe December 6-8, 2022 https://www.figlobal.com/hieurope/	Leading trade show for food and health ingredients	Frankfurt
ISM January 29 - February 1, 2023 www.ism-cologne.com	World's largest show for snacks and confectionery products	Cologne

Source: FAS Berlin

U.S. exporters can also contact their respective U.S. State Regional Trade Groups (SRTG), their Commodity Cooperator Group, and their state Department of Agriculture to obtain additional 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 industry. They carry out promotional activities to increase exports of U.S. high-value food and agricultural products. For more information, 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 www.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 or 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

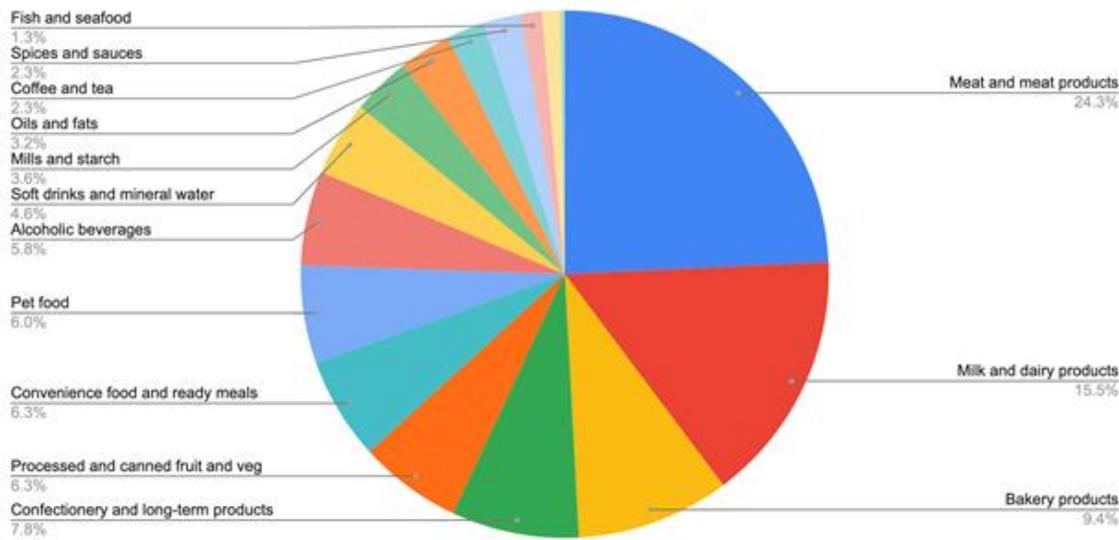
As a member of the EU, Germany follows all EU directives, regulations, and obligations where available. Since the EU is a customs union, all member states apply the same import duties on goods imported from outside the EU based on tariff classification of goods and the customs value. For details on the EU legislation and import duties, please see the EU FAIRS report 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, have to clear customs there. No additional controls are carried out when crossing the border to Germany. The responsibility for enforcing food law provisions in Germany lies with the federal states (Laender). 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.

Share of Major Segments in German Food Processing Industry %, 2020



Source: German Association of Food and Drink Industry, BVE

Sector Trends

- Sustainable and healthy convenience foods.
- To-go products and snacks.
- Innovative manufacturing and processing technologies bring new products to the market and give good old products a new taste - for example, bottled cold brew coffee. 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.
- Vegan and meat alternatives are becoming increasingly popular, especially among younger Germans.

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, France, Austria, and Belgium. 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. A detailed table with competitive advantages and disadvantages is listed as an attachment to this report.

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

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.

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Appendix I: The largest food processing companies in Germany

	Producer	Product Category	Company Website
1	Nestlé	Foodstuffs, coffee, sweets	http://www.nestle.com
2	Oetker	Foodstuffs, beer	http://oetker.com/de/startseite.html
3	DMK Deutsches Milchkontor	Dairy products	http://www.dmk.de/en/
4	Vion Food Group	Meat	http://www.vionfoodgroup.com/
5	Tönnies Lebensmittel	Meat	http://www.toennies.com/about-toennies.html
6	Tchibo	Coffee, non-food	http://www.tchibo.com/
7	Unilever	Foodstuffs	http://www.unilever.com/
8	Landgard	Fruits, vegetables, flowers, and plants	https://www.landgard.de/
9	Südzucker-Group	Foodstuffs	http://www.suedzucker.de/en/Homepage/
10	Mars	Sweets	http://www.mars.com/
11	Kraft Foods	Coffee, sweets, foodstuffs	http://www.kraftfoodsgroup.com/
12	Ferrero	Sweets	http://www.ferrerocrs.com/
13	PHW-Group (Wiesenhof)	Poultry	http://www.phw-gruppe.de/
14	Theo Müller	Dairy products	http://www.muellergroup.com/startseite/
15	Westfleisch	Meat	http://westfleisch.de/en/home.html
16	FrieslandCampina	Dairy products	http://www.frieslandcampina.com/english
17	Bitburger	Beer	www.bitburger.com/
18	Heristo	Meat, pet nutrition	http://www.heristo.de/eng/
19	Bayernland-Gruppe	Dairy products	www.bayernland.de/
20	Barilla/Lieken	Pasta, baking products	http://www.barillagroup.com/
21	Danone Gruppe	Dairy products	http://www.danone.de/home/
22	Krüger	Foodstuffs	http://krueger.de/
23	Rotkäppchen- Mumm	Alcoholic beverages, spirits	http://www.rotkaeppchen-mumm.de/
24	Hochwald	Dairy products	https://www.hochwald.de/
25	Univeg	Fruits and vegetables	http://www.univeg.com/en/
26	August Storck	Sweets	http://www.storck.us/en/
27	Sprehe Gruppe	Poultry	http://www.sprehe.de/
28	Pfeifer & Langen	Sweets	http://www.diamant-zucker.de/startseite/
29	Arla Foods	Dairy products	http://www.arla.com/
30	Danish Crown	Meat products	http://www.danishcrown.com/

Source: Lebensmittel Zeitung

Attachments:

No Attachments