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Product Brief Fresh Fruits

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Product Brief
Fresh Deciduous Fruit
Citrus
Fresh Fruit
Stone Fruit
Strawberries

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Report Highlights:

Germany is one of the largest markets for fruit in Europe. The relative affluence of its population of 82 million people makes it an attractive outlet for exporters from many countries. This product brief highlights certain aspects of the German fruit market for U.S. exporters to utilize existing market opportunities and properly market their product in Germany.

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General Information:

Section I. Market Overview

Germany, with its 82 million people (or 16 percent of the EU 27 population) has the largest economy in Europe and is a leading European market for foods and beverages. In 2009, food retail sales in Germany totaled 139 billion Euro (approx. \$ 194 billion).

Germany is the 6th largest fruit producer in the EU-27 but it is an even bigger consumer, ranking first in fruit consumption. In recent years, German annual consumption of fruits were 10.3 million MT, including frozen and canned fruits on a fresh weight basis. Germans tend to consume most of their fruit fresh. In 2008, 67,200 MT of frozen fruits and 514,360 MT of canned fruits were consumed in Germany, with the remainder either consumed fresh or used at home for baking. The top five favorite fruits consumed in Germany are apples, bananas, grapes, oranges, and peaches. However, Germans are also quite familiar with exotic fruits such as mangoes, passionfruit, and lychees.

Germany’s position as the largest EU-27 consumer of fruits results from the size of its population rather than high per capita consumption. On a per capita basis, fruit consumption in Germany is still far behind other EU countries. In addition, per capita consumption of fruits has been declining since 2005, aggravated by stiff competition from sweets and other snacks. However, efforts by the German government to improve the consumption of fresh fruits and vegetables, concerns about obesity, aging, and a greater overall interest by Germans in a healthier lifestyle should increase per capita consumption of fresh fruits and vegetables over the long run. The German fruit and vegetable industry and trade, aided by several health organizations, are heavily promoting the “5-a-day” campaign, which could help boost the otherwise stagnant German fruit consumption.

Other factors within the German socio-economic makeup, in particular its immigrant population,

favor an increase in per capita fruit consumption. Germany has a high number of immigrants, especially from Turkey and other Mediterranean countries, whose diet includes a higher percentage of fruits than the traditional German diet and who spend a higher percentage of their income on food. In 2008, more than 6.7 million citizens of other countries lived in Germany. At the same time, the total number of inhabitants with a foreign background (= people that acquired German citizenship plus people who retained their foreign citizenship) totaled over 15.5 million.

Advantages	Challenges
Germany's 82 million inhabitants make up the biggest market in Europe.	Germany is a very price sensitive market, and both, consumers and retailers are looking for top quality at a discount price.
Consumers in Germany have one of the highest income levels in the world.	German (EU) import tariffs on certain products are high. EU member states benefit from preferential market access with no tariffs.
Germany has many well-established importers. The distribution system is well developed.	Retailers rarely import products into Germany on their own.
The U.S. has a good reputation for quality.	Retailers often charge high listing fees for products.
The strong Euro should help to make U.S. products more competitive in Germany.	It can be a challenge for U.S. companies to promote a particular brand, since private label products are popular.

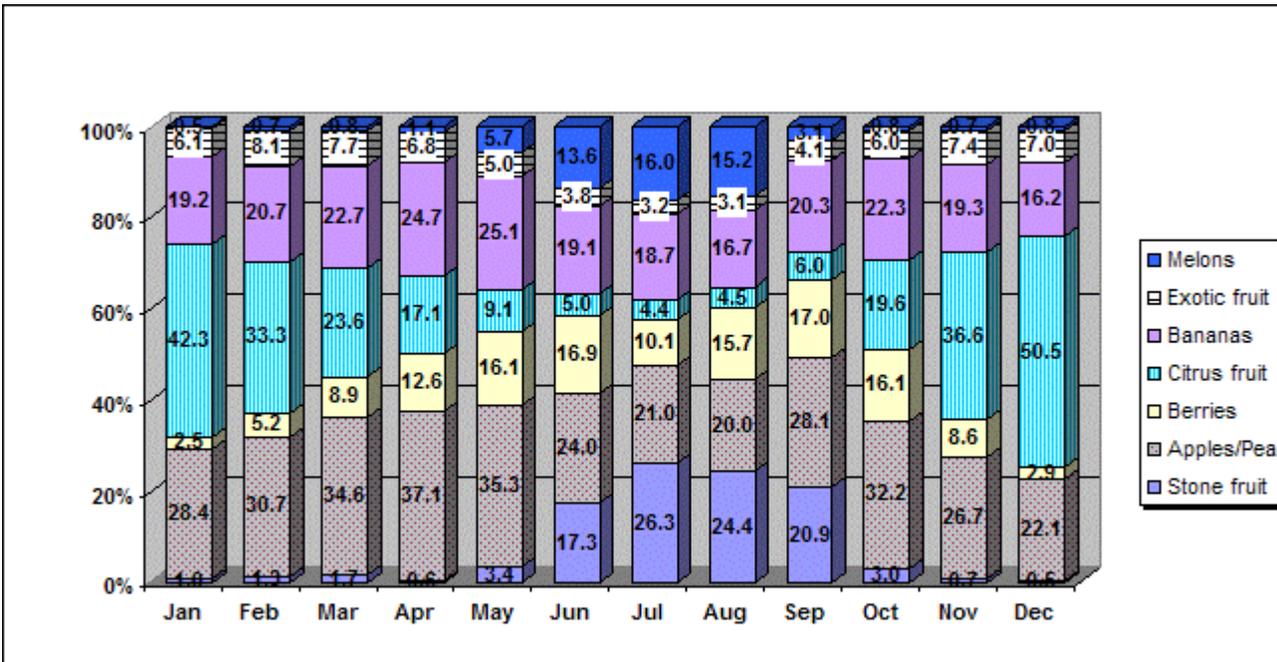
Section II. Market Sector Opportunities and Threats

Market entry strategy

German wholesale companies import most of the fruit and then distribute it to wholesale markets or deliver to retail chains. Small green grocers, including the popular Turkish green grocers, buy their produce from wholesale markets. Retail chains very rarely import themselves. In 2007, the biggest wholesalers were: Cobana Fruchtring/Hamburg, Atlanta/Bremen, Edeka Fruchtkontor/Hamburg, Bocchi-Univeg/Bremen, van Wylick/Duesseldorf, Dole fresh fruit Europe/Hamburg, and Duerbeck/Frankfurt. We highly recommend working with an importer, as these companies have a lot of experience with import certificates, labeling and other import requirements.

Germany is a very price sensitive market. Therefore exports to Germany will be difficult during the peak of the local season when prices are low and, in some cases, tariffs are high. However opportunities do exist off-season or at the beginning or end of season. German consumers were accustomed to buying seasonal and favor local production. However, this is changing. With people being more and more detached from agriculture and fading knowledge about the seasonality, this tendency is eroding and some retail markets take pride in stocking produce year round. German consumers are now able to find fresh produce year-round, albeit for higher prices during the off-season. Consequently, out of season strawberries or cherries can fetch high premiums, however, for small volumes only.

Chart 1: Distribution of Fruit Purchases by Fruit Type and Month



Source: Fruchthandel Directory 2005

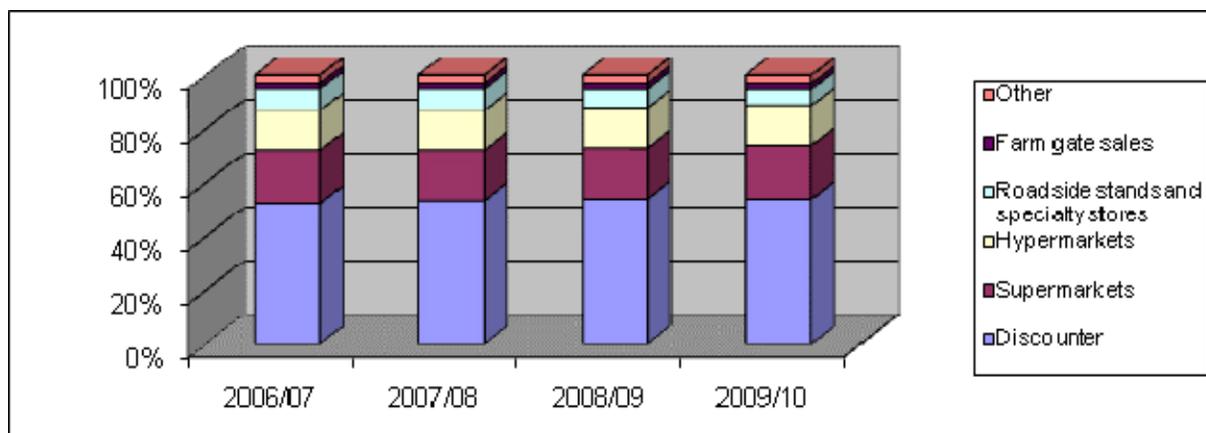
The U.S. has a good reputation for quality. In particular, products from California and Florida are well received as consumers associate these states with sunshine. For these states it might be useful to highlight the state of origin in addition to the U.S. origin.

Food safety and environmental concerns are major issues in Germany. The public reacts strongly to food scandals that involve high levels of pesticides or contaminants and stops buying products associated with such scandals. This can be an advantage for U.S. products as U.S. origin is associated with safe products. Many Germans attempt to protect the environment via consumer choice. As a result, consumption of organic products is rising steadily in Germany. Conventional products that convey a natural image are also viewed positively. For example, these consumers prefer to buy fruits loose rather than prepackaged, partly to avoid excess packaging material. Some consumers even resist fruits labeled with a plastic PLU code sticker. However, the share of prepackaged fruits especially in the convenience and the discount segment is increasing. Information about sustainability can also be very useful when marketing fruits in Germany.

The obvious trend among German consumers is a tendency to buy at no frill discount stores. From 1999 to 2007 discounters were able to increase their market share (on a volume basis) for fruits from 38 to 53 percent at the expense of all other retail forms. From 2008 to 2010 the share remained stagnant at 54 percent. This is a sign of the extreme price sensitivity of German consumers prevalent in almost all areas but especially developed when it comes to food. In 2009/10, Edeka Group, with 26 percent of fresh fruit sales in Germany, had the largest percentage among German retailers. With 24 percent and 15 percent, respectively, Aldi and the Rewe Group

had the second and third highest percentage of fresh fruit sales in Germany.

Chart 2 and Table 1: Percent of Fruit Purchases by Retail Type and Year



	2006/07	2007/08	2008/09	2009/10
Discounter	53	54	54	54
Supermarkets	20	19	19	20
Hypermarkets	15	15	15	15
Roadside stands and specialty stores	8	8	7	6
Farm gate sales	2	2	2	2
Other	3	3	3	3

Source: Fruchthandel Directory 2011 based on GFK

Definitions:

Discounter = no frill stores with a limited selection of items, also characterized by generally lower prices than at traditional supermarkets

Hypermarkets = retail stores with more than 5000 square meters or about 53,820 square feet

Supermarkets = retail stores with less than 5000 square meters.

Imports

Although Germany produces a number of fresh fruits, self-sufficiency varies between 10 and 15 percent. The top five fruits produced in Germany are apples, strawberries, pears, cherries (sweet and sour), and plums. For climatic reasons Germany does not produce tropical fruits. Instead, these are imported from all over the world, along with other fruits.

The majority of imports, excluding bananas, originate in other EU countries, with Spain, Italy and France being the top EU suppliers. In 2009, Germany imported fresh fruits worth U.S.\$ 5.4 billion, thereof U.S.\$ 3 billion from other EU-27 countries, and U.S.\$ 2.4 billion from non-EU countries. Imports from the U.S. amounted to U.S.\$ 18 million. On a value basis, South Africa, New Zealand, and Chile were the top non-EU suppliers in 2009. See Table 2 for a list of German fruit imports from the United States.

Table 2: German imports of fresh fruits from the U.S. by value, volume and year

		2008			2009		
CN/HS		Volume		Value	Volume		Value
Code	Product	MT	1000 Euro	1000 USD	MT	1000 Euro	1000 USD
	Total	19,639	17,496	25,702	12,182	13,359	18,373
080540	Grapefruits	14,679	11,483	16,835	7,057	5,641	7,692
080820	Fresh Pears	2,846	2,796	4,073	2,905	2,967	3,907
080450	Guava, Mango, fresh and dried	957	1,177	1,792	884	1,058	1,501
080920	Fresh Cherries	84	357	545	289	990	1,404
080610	Fresh Grapes	5	7	11	422	763	1,121
081040	Cow/Fox/Mountain and Blueberries	104	344	482	141	713	1,027
080410	Dates fresh or dried	76	455	636	106	574	814
080720	Fresh Papaya	57	210	306	39	168	231
081090	Tamarinds	38	49	70	36	81	117
081050	Fresh Kiwi	-	-	-	47	76	112
080510	Oranges	554	308	475	108	75	104
080810	Fresh Apples	45	42	63	56	76	100
080910	Fresh Apricots	4	17	26	19	66	90
080550	Lemons and Lime	171	220	346	12	15	20
	other	19	31	42	60	96	133

Source: German Federal Office of Statistics, Wiesbaden

Food safety

The number of food scandals in Europe in recent years involving various commodities - including fresh produce - have prompted the food industry to come up with various programs to ensure the safety of the traded food. For fruits and vegetables two main programs evolved in Germany - the *Q+S* and *GLOBALG.A.P* (formerly *EUREPGAP*). While *Q+S* is a 3-tier system that involves everyone who handles the product from producers to wholesalers and the retail chains, *GLOBALG.A.P* mainly focuses on the producer level and is often supplemented by the *IFS* (International Food Standard) on the wholesale level. A major component of both systems is the extensive documentation requirement for all stages of the production process.

Both systems are not restricted to German producers but also open to international producers. Also a combined certification for both *Q+S* and *GLOBALG.A.P* at the same time is possible at the producer level. Non certified produce is still accepted. However, U.S. exporters should monitor the issue closely because some European retailers are already requiring *GLOBALG.A.P* certification.

For detailed information on both systems please view the following websites:

<http://www.q-s.de/en>
www.globalgap.org

Packaging directive / “Green dot”

Because the German Packaging and Waste Avoidance Law established specific rules for packaging material the “Green Dot” (Der Gruene Punkt) system was developed. The “Green Dot” is a recycling symbol which is found on the packaging material of virtually all products retailed in Germany. While packaging material for products retailed in Germany is not legally required to carry the “Green Dot,” it is almost impossible to market a product in Germany without it. Typically, the producer or the importer pays a license fee to use the Green Dot, dependent on the type and amount of packaging, and provides the exporter with the information necessary.

For further information on the Green Dot packaging material disposal and recycling program you may wish to make direct contact with your potential German importer and/or with the following company:

Duales System Deutschland GmbH (DSD)
Frankfurter Strasse 720-726
D-51145 Koeln, Germany
Tel: (+49-2203) 937-0
Fax: (+49-2203) 937-190 or 495
Internet: <http://www.gruener-punkt.de/en/corporate/company.html>

Section III. Market Access

Tariffs

Tariffs for fruits and vegetables very much depend on the season. During local (EU) peak season the tariffs tend to be higher than off-season. Tariff levels for 2011 are published in EU Regulation 861/2010. For details please refer to:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:284:0001:0887:EN:PDF>

Apples see pages 87 and 678-680

Pears see pages 88 and 680-683

Grapes see pages 87 and 677

Certain fruits and vegetables are subject to a special tariff system called “**Entry Price System**”. In this system fruits and vegetables imported at or over an established entry price are charged an ad valorem duty only. Produce valued below the entry price are charged a tariff equivalent in addition to the ad valorem duty. The tariff equivalent is graduated for products valued between 92 and 100 percent of the entry price. The ad valorem duty and the full tariff equivalent are levied on imports valued at less than 92 percent of the entry price.

The following products are subject to the entry price system:

Tomatoes, cucumbers, gherkins, globe artichokes, courgettes, oranges, mandarins, clementines and similar citrus hybrids, lemons, grapes, apples, pears, quinces, apricots, cherries, peaches, nectarines, plums, sloes, and grape juice

Labeling requirements

All fruits that are subject to the EU marketing standards have to be labeled with the nature of produce, the country of origin, standard/class, plus the variety if stated so in the standard. If sold in packages the following additional information has to be stated on the label: name and address of packer, weight or number of items in the package, lot number, plus the size if stated so in the standard. We recommend contacting your importer about details of those requirements prior to shipping.

For information on marketing standards please consult the following website:

<http://www.fas.usda.gov/posthome/useu/Fruit-Veg.html>

Maximum Residue Levels for Fruits

Maximum Residue Levels (MRLs) for pesticides are harmonized throughout the EU. New legislation on the approval of pesticides entered into force at the end of 2009 and will become fully applicable as from June 14, 2011. How this will affect MRLs can only be determined after the new legislation is fully implemented. For detailed up-to-date information please visit:

<http://www.fas.usda.gov/posthome/useu/pesticides.html>.

As a marketing tool, some retail chains in the EU exceed the EU regulations and require their suppliers to adhere to stricter company policies that limit the maximum residues to 30, 50 or 70 percent of the respective EU MRL (or so-called private standards).

Phytosanitary requirements

Many fruits need a plant health certificate according to EU directive 2000/29/EC to enter the EU. An overview of EU mandatory and voluntary certificates can be found at:

<http://www.fas.usda.gov/posthome/useu/certificates-overview.html>

Council Directive 2000/29/EC contains provisions concerning compulsory plant health checks. The checks consist of documentary, identity and physical plant health checks to verify compliance with EU import requirements. More information can be accessed on DG Health & Consumer Protection's website:

http://ec.europa.eu/food/plant/organisms/imports/inspection_en.htm .

Section IV. Post Contact and Further Information

For more information concerning market entry and a current importer list contact:

Embassy of the United States of America

Office of Agricultural Affairs

Clayallee 170

14191 Berlin

Germany

Tel: +49-30-8305-1150

Fax: +49-30-84311935

e-mail: agberlin@fas.usda.gov

Trade fairs

In Germany, trade fairs play a key role in presenting new products to the trade or in finding additional buyers and importers. The major international trade fair for the fruit and vegetable trade is held each February in Berlin:

Fruit Logistica Berlin, Germany (Interval: yearly) Target Market: Europe Good venue for exhibiting fresh and dried fruit, nuts and related products http://www.fruitlogistica.de	Next Fair: February 09-11, 2011 08-10, 2012	U.S. Pavilion Organizer: B*FOR International Tel: (540) 373-9935 Fax: (540) 372-1414
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For organic products there is a special trade fair held annually in Nuremberg

Bio Fach Nuremberg, Germany (Interval: yearly) Target Market: Germany/Europe The leading European trade show for organic food and non-food products http://www.biofach.de	Next Fair: February 16-19, 2011 15-18, 2012	U.S. Pavilion Organizer: B*FOR International Tel: (540) 373-9935 Fax: (540) 372-1411
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Related GAIN reports:

Report Number	Date	Title
E50067	11/02/2010	EU-27 Fresh Deciduous Fruit Annual Select Smaller Supply and Rising Prices Fresh Deciduous Fruit Vienna EU-27 11/5/2010 The EU-27 is one of the world's leading producers and consumers of apples, pears, table grapes, and concentrated apples juice (CAJ). Due to unfavorable weather conditions in major EU producing countries production of apples, pears, and table grapes is estimated to decline significantly in MY 2010/11. The lower availability of fresh fruit is expected to raise prices for apples, pears and, to a lesser extent, for table grapes. The smaller supply of apples will also lead to decreased production ... Fresh Deciduous Fruit Annual Vienna EU-27 11-2-2010
E57011	07/30/2004	EU-27 FAIRS Report FAIRS Country Report FAIRS Country Report Brussels USEU EU-27 12/27/2010 This report provides an overview of food laws currently in force

		<p>in the EU-27. The following sections were updated/added: food laws, allergen labeling requirements, warning labels, nutrition & health claims, nutrition labeling, country of origin labeling, food contact materials, additives, pesticides & contaminants, product inspection, fortified foods, dietetic foods, single common market organization (veal, fruit & vegetables), wine, spirit drinks, organic foods, vertical legislation, beef & m...</p> <p>Food and Agricultural Import Regulations and Standards - Narrative Brussels USEU EU-27 12-21-2010</p>
GM9036	08/21/2009	<p>FAIRS Report Germany FAIRS Country Report FAIRS Country Report Berlin Germany 8/28/2009</p> <p>The 2009 FAIRS Annual Report contains a number of editorial updates and new paragraphs about the voluntary labeling option “without biotech” and a proposed new system for nutritional labeling.</p> <p>Food and Agricultural Import Regulations and Standards - Narrative Berlin Germany 8-20-2009</p>
GM70391	08/16/2007	<p>Exporter Guide Aug 20 2007 Germany Road Map to the German Market</p> <p><i>Highlight:</i> With a population of more than 82 million people, Germany has the world's third largest economy after the United States and Japan, and it is the leading market for food and beverages in the European Union. In Calendar Year (CY) 2006, tree nuts accounted for the largest segment of U.S. agricultural exports to Germany. In addition, U.S. seafood exports to Germany continued to increase in popularity. In CY 2006, the United States exported more than \$178 million worth of seafood products to Germany, 7 percent higher than 2005.</p> <p>GM7039 View the Acrobat version Download the MS Word version</p>
GM3025	08/15/2003	<p>Fruit Tree Census Aug 20 2003 Germany German Fruit Tree Census</p> <p><i>Highlight:</i> This report summarizes the results of the 2002 German fruit tree census and developments in the variety mix of apples and pears. 22 percent of the German deciduous fruit farms have stopped operating since the previous census in 1997. The total planted area, apple area, and pear area decreased by 11, 13, and 5 percent, respectively.</p> <p>GM3025 View the Acrobat version Download the MS Word version</p>