Germany

Post: Berlin

Opportunities for U.S. organics on German Market

Report Categories:
Agricultural Situation
Retail Foods

Approved By:
Emily Scott

Prepared By:
Leif Erik Rehder

Report Highlights:
Germany is the 2nd biggest organic market of the world with good prospects for U.S. organic products such as salmon, tree nuts, fruits and vegetables, and processed food products. The German organic market is heavenly dependent on imports to meet consumer demands. The EU-U.S. Organic Equivalence Arrangement has created new export opportunities for interested U.S. companies. BioFach, the world’s largest organic trade fair, is held annually in Germany, taking place this year February 15-18 in Nuremberg.
**General Information:**
After the U.S., the German organic food market is the 2nd biggest market of the world. Sales of organic food in Germany have steeply increased over recent years, peaking in 2015 with organic food sales reaching over €8.6 billion (USD $9.6 billion). That represents nearly a third of the total organic food sales in the European Union and nearly 4% of the total food sales in Germany. Since 2000, sales of organic food in Germany have more than tripled. Domestic production is unable to meet demand leading to higher import volumes (and values). Adding to imported organic food’s rising market share are increasing prices for conventional products, rising land prices (sale and rental), and lingering uncertainty about the financial support for organic farming.

**Organic Food Retail Channels**
Organic food sales in Germany are split between traditional food retail companies (e.g. grocery stores) and specialty organic food stores. The major driver for the growth in the organic food sales was the expansion of specialty organic shops in recent years. Traditional food retail accounts for one half of the organic food sales in Germany, with the other half going to organic retail shops and specialty shops like bakeries, butchers, fruit and vegetable stores, open markets, or direct sales from the farm. In contrast to the conventional food retail market, the organic food retail scene is not consolidated, concentrated, nor saturated. (For more information about the food retail market in Germany, please see GAIN report). It is estimated that there are over 2,400 organic food retail shops in Germany. But just the company “Denn’s” is truly nationwide while Alnatura commands the most sales (by value) and individual outlets. The other big organic food chains are regional or in select cities.

**Profiles of Top 5 Organic Retail Companies**

<table>
<thead>
<tr>
<th>Company</th>
<th>Sales (€Mil/2014)</th>
<th>Number of Outlets</th>
<th>Locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alnatura</td>
<td>407</td>
<td>99</td>
<td>Mainly in Southern and Western Germany but also in Berlin, Bremen, Hannover, and Hamburg.</td>
</tr>
<tr>
<td>Denn’s</td>
<td>214</td>
<td>80</td>
<td>Nationwide.</td>
</tr>
<tr>
<td>Basic</td>
<td>137</td>
<td>32</td>
<td>Berlin, Rhine-Ruhr Area, Munich, Stuttgart, Frankfurt.</td>
</tr>
<tr>
<td>BioCompany</td>
<td>124</td>
<td>44</td>
<td>Strong in Berlin, and Potsdam but also in Dresden and Hamburg.</td>
</tr>
<tr>
<td>Ebl</td>
<td>64</td>
<td>24</td>
<td>Nuremberg and Bamberg</td>
</tr>
<tr>
<td>SuperBioMarkt</td>
<td>51</td>
<td>23</td>
<td>North-Rhine Westphalia and Osnabrück</td>
</tr>
</tbody>
</table>

Source: FAS Berlin, Lebensmittelzeitung

**Road Map to the German Market**
Germany is not only the largest market for organic products in Europe but also the largest organic producer. In spite of this fact, Germany is increasingly dependent on imported organic products not just for products that aren’t grown in Germany but also for potatoes, fruit and vegetables, dairy products, meat, and others.

With this demand, the German organic market offers good opportunities for U.S. organic exporters.
However there are a number of challenges U.S. exporters must be aware of before exporting to Germany. Success in introducing food products depends mainly on knowledge of the market and personal contacts. Any potential 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.

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 the BioFach show in Germany enjoy an exceptional reputation within the global organic food industry and its outreach is global. Biofach 2017 takes place February 15-18 in Nuremberg. Please contact us for more information on the Biofach show: AgBerlin@fas.usda.gov

The EU-U.S. Organic Equivalence Arrangement
Signed in February 2012, the Arrangement was fully implemented on June 1, 2012. Since then, organic products certified in the United States or EU may be labeled as sold as “organic” in either market. This partnership streamlines trade between the two largest organic producers in the world, and provides organic farmers and businesses access to an over USD $50 billion growing combined market. The growing market for organics in the EU in combination with the partnership creates more trade opportunities for U.S. exporters. The EU offers market potential for U.S. organic fresh produce, dried fruit and nuts, specialty grains and processed products. For Germany, the arrangement has created export opportunities for U.S. companies in the following market segments: tree nuts, fresh fruit, specialty grains, dried fruit, vegetables, and processed food products.

For more information on the EU-U.S. Organic Equivalence Arrangement, the European organic market and organic trade between the U.S. and the EU please see GAIN report “Plenty of opportunities for U.S. organics in the EU market”.

Post Contact and Further Information
Internet home pages of potential interest to U.S. food and beverage exporters are listed below:
USDA/FAS/Berlin www.usda-mideurope.com
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:
Please view our Home 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 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:

<table>
<thead>
<tr>
<th>Report Title</th>
<th>Report Number</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAIRS Report</td>
<td>GM16003</td>
<td>January 2016</td>
</tr>
<tr>
<td>Retail Report</td>
<td>GM16029</td>
<td>November 2016</td>
</tr>
<tr>
<td>Exporter Guide</td>
<td>GM16033</td>
<td>December 2016</td>
</tr>
</tbody>
</table>