

# Exporting Agri-Food Products to Germany

A Guide for Lebanese Businesses

## AGRI-FOOD TRENDS AND MARKET OPPORTUNITIES

Germany is the largest retail market for food and beverages in Europe, driven by its large population of 83 million consumers, the biggest in Europe, and the 19<sup>th</sup> greatest population worldwide (Source: World Economic Outlook, International Monetary Fund). Not only Germany's agri-food market is supported by the country's large Gross Domestic Product of \$3.4 trillion in 2019 (Source: World Economic Outlook, International Monetary Fund), the fourth major economy globally, but also to a significant number of tourists. In fact, the number of international overnight stays in Germany reached [89.9 million](#) in 2019, and the country ranked first as a cultural travel destination for Europeans as well as an international trade fair target across the world.

In addition to the high number of visitors, Germany has an increasing diversified culture with [20.8 million](#) people in Germany having a migratory background. The country is mostly attractive for talents and businesses from around the world. This is mainly due to the competitive business environment and job opportunities in various fields. Germany ranked in the seventh place among 141 countries on the global competitiveness index in 2019, and presented the 16<sup>th</sup> highest GDP per capita in 2020 (Source: International Monetary Fund). The expanding multicultural population, along with a rise in tourists, and a high per capita GDP continue to drive demand for high-value processed food. Germany is the world's [second largest importer](#) of consumer-oriented agricultural products, making it a net importer of the main categories of food and placing the country as the most important European market for foreign producers (Source: The Food & Beverage Industry in Germany, Germany Trade & Invest).

The food and beverage industry is the fourth largest sector in the country, contributing in €180bn in added value in 2017, with about more than 6,000 companies in the sector, mostly small- and medium-sized companies. Food retailing revenue reached €243bn in 2017, with the growing population with a higher average income (Source: The Food & Beverage Industry in Germany, GTAI Germany Trade & Invest). The sales of the German food service market reached €78.4bn in 2017, reflecting the second most important distribution channel in the country.

In terms of production, the largest industry segment are meat and sausage products with a share of 24%, followed by dairy products with 15%, baked goods with 10% and confectionery with 8% (Source: The Food & Beverage Industry in Germany, GTAI Germany Trade & Invest).

Despite being saturated and highly competitive, the German food retail market presents significant sales potential for Lebanese agri-food producers. As of the end of 2020, Arab foreigners in Germany reached about 1.2 million people, with a growing number of Lebanese expatriates at around 41,000 individuals (Source: Bevölkerung und Erwerbstätigkeit, Statistisches Bundesamt), thus representing an important market for Lebanese agri-food products.

### *Products with high growth potential*

**Meat and Meatless products:** The meat and sausage segment is the main food industry in the country. Organically-produced meat and sausage has been increasing, while some meat processors are

introducing meat-free products, as well as vegetarian and vegan cold cuts and sausages. German businesses produced almost 39% more substitute products for meat in 2020 than in 2019 (Source: German Federal Statistical Office). Noting that the production of meat products in accordance with Halal requirements continues to gain traction (Source: The Food & Beverage Industry in Germany, GTAI Germany Trade & Invest).

**Dairy products:** There are growth opportunities in the health and wellness division of the dairy sector. Merchandises with export potential include dessert formulas, as well as dairy products with natural ingredients such as reduced-fat yogurt and calcium. Natural yogurt has in particular witnessed strong growth especially for the Greek-style yogurt which is becoming more important among Germans. Lactose-free dairy products also have a strong consumer base.

**Confectionary and snacks:** Exports of confectionary products to Germany have been increasing in recent years, with growth mostly witnessed in the savory snacks and fine pastries. Sugar-free, low-sugar and fat-free alternatives remain strongly demanded by consumers in Germany.

**Beverages:** Germany continues to be the largest market in Europe in terms of soft drink and alcoholic beverages, with coffee being the most popular drink. Carbonated fresh juice, energy drinks and beverages, known for vitamin or mineral enriched, kept on outperforming the average growth of the beverages industry. Despite a decrease in the consumption of beer, its value remains significant with a per capita consumption of 101 liters in 2017. The healthy trends are creating positive prospects for producers in niche segments, including organic beverages, functional drinks and smoothies, while growth categories in alcoholic beverages include craft beer variations, as well as organic beer, wine and spirits (Source: The Food & Beverage Industry in Germany, GTAI Germany Trade & Invest). Fair trade products such as coffee and fruit juices also are a growing trend with their sales tripling between 2012 and 2018.

**Bakery products:** bakery products with high growth potential include healthy baked snacks, international delicacies, premium pastries and wholegrain products. Additional opportunities lie in gluten-free baked products as well as in Mediterranean products, in addition to convenience and ready-to-eat baked goods such as bagels, wraps and sandwiches.

**Frozen and convenience food:** Germany offers to producers the biggest frozen food market in the continent. Frozen bakery products represent 23% of all frozen food followed by frozen vegetables (14%) and ready-to-eat meals (12%). High growth potential is in the frozen fruits segment, bakery and snacks section.

The increased consumption of packaged and frozen food as well as the rise in demand for healthier food, both provide an opportunity for Lebanese foods to enter the mainstream market in Germany. A large portion of the Lebanese Mezze and “mouneh” products are primarily vegetarian and vegan-friendly. As a result they can be promoted as ready-to-eat meals and healthy convenience food.

## **Consumer Profiles**

Understanding the consumer’s profiles and preferences is crucial for exporters who consider entering the German food and beverages market given the country’s wide cultural diversity and consumption patterns.

Based on a study from 2017, there are six foodie segments in Germany:

- 12% of the nationally representative sample are categorized as “foodies”, who pay close attention to each food dimension, are passionate about their cooking much stronger than any other segments, and are willing to devote a considerable amount of time to healthy and creative meal preparation.
- “Light foodies” are a group that represents about 21% of the German population, and has similar trends as the “foodies” but with less emphasis on eating in company, novelty preferences, and attending culinary events.
- The “Average Nutrition Enthusiasts” (21.7%) are consumers who placed importance of pleasure and interest, cooking method and quality aspects, along with significant emphasis on foodie events and festivals like food shows, food fairs, wine festival and tasting, and food trade shows.
- “Traditionalists” represent 17.1%, rarely dine out with friends. They are less likely to seek new food experiences or to try unfamiliar foods. However, they appreciate food quality, freshness, prices, healthiness, and food labels. They place importance for products offered at discount super markets.
- The “uninterested” the group, which represents a share of 9.5%, and pays little attention to each foodie dimension, is far less interested in attending culinary offerings, dining out with friends and family members, or even in cooking, and is comfortable purchasing take-away or ready-to-eat foods.
- The remaining are classified under “uninvolved”. (Source: Segmenting Foodies in Germany: Actionable Insights for Agro-food Marketers, Anoma Gunarathne, Sarah Hemmerling, Naemi Krestel, Anke Zühlsdorf, Achim Spiller 2017)

Based on their products and additional market research, Lebanese suppliers should take into consideration which consumer segments to target efficiently when entering the German market.

### What does Germany import? And from where?

According to the ITC Trade Map, in 2020 Germany imported around \$52.9bn worth of processed food and agro-based products, the third leading importer of such products after the U.S. and China. The majority of imported goods (around 85%) originated from other EU countries.

Top imported products include:

- **Dairy food, birds’ eggs, and natural honey:** forming 18% of total imported agri-food products, and largely composed of dairy products, especially cheese. These are mainly imported from Netherlands (30%), France (13%), Austria (9%), Italy and Denmark (8% each)
- **Beverages, spirits and vinegar:** establishing 16% of total imported agri-food products, and largely composed of wine, water, spirits and vinegar. These are mainly imported from Italy (21%), France (18%), Austria (11%), Netherlands (8%) and Spain (7%)
- **Preparations of vegetables, fruits, nuts or other parts of plants:** constituting 11% of total imported agri-food products, and largely composed of fruits and nuts, prepared or preserved, fruit juices, other vegetables prepared or preserved, tomatoes prepared or preserved and jams. These are mainly imported from Netherlands (20%), Italy (13%), Turkey (10%), Poland (7%) and Brazil and Austria (6% each)
- **Cocoa and cocoa preparations:** having a share of 10% of total imported agri-food products. These are mainly imported from Netherlands (24%), Belgium (14%), Cote d’Ivoire (12%), Poland and Switzerland (8% each)

## Germany – Lebanon Trade

Germany ranked in the 13<sup>th</sup> top destinations of Lebanese agri-food exports in 2020 (Source: ITC Trade Map). Lebanese exports to Germany grew at a CAGR of 9% between 2010 and 2020. Based on ITC Trade Map data, top exported Lebanese agri-food products include:

- Preparations of vegetables, fruits, nuts (51%)
- Miscellaneous edible preparations (13%)
- Beverages, spirits and vinegar (12%)
- Animal or vegetable fats and oils (10%)

Based on ITC Export Potential Map, Lebanon has the potential to increase its agri-food exports to Germany in:

- the nuts and seeds segment
- pickled products
- Chocolate and other cocoa preparations

## **MARKET ENTRY AND DISTRIBUTION CHANNELS**

Few retailers in Germany import directly products from abroad, while most retailers prefer to buy from distributors, as these wholesalers are often specialized in products or products groups and sometimes have extensive knowledge on countries they import from, and in-depth knowledge of import requirements (Source: Exporter Guide Germany 2020, United States Department of Agriculture)

It is common that exporters deal with distributors and importers in other EU countries to reach the German market. The Netherlands is a major distribution hub for food products to Europe including Germany. However, products to be sold in Germany need first to have a permit from the Federal Office for Consumer Protection and Food safety.

### ***Main Supermarket Chains***

The key features of the German retail market are low prices, saturation and consolidation, with the top four grocers accounting for about 70% of the total market. Top retailers include Edeka-Group which operates [Edeka](#) and [Netto](#) (discounter) outlets, [Rewe-Group](#) which operates REWE and Penny (discounter) outlets, Schwarz-Group which own [Lidl](#) and [Kaufland](#), Aldi-Group which operates the largest discounter shops in Germany, and Metro-Group which owns [Real](#) and and Metro outlets, among others. (Source: Retail Foods Germany 2020, United States Department of Agriculture)

### ***E-commerce Trends***

Following the COVID-19 outbreak, food retailers and specialty grocers are expanding their online presence, thus increasing their online offerings. Online grocery generated \$1.3bn in 2018, and it is expected to reach \$3.8bn in 2023. German consumers have the needed technology and internet, which provide a growth potential for online grocery sales (Source: Expanding Grocery E-Retail Market in Germany, United States Department of Agriculture).

## **Practical Tips to find Buyers**

- Attend one of the high-profile trade events taking place in Germany (such as [Anuga](#) or [Biofach](#)). These are the most popular fairs for food products in Germany. You can also check [Find your exhibition](#) on [AUMA](#), the Association of the German Trade Fair Industry to find more fairs happening in Germany.
- Network and meet potential partners and buyers through the [Lebanese German Business Council](#).
- Contact the [Arab German Chamber of Commerce](#) or other active chambers in the federal state that you are targeting for your exports. Listing your services within these chambers helps you find new buyers and contacts.
- Join active sector-specific associations related to food and drinks in Germany to be able to meet other members and become a supplier for one of the existing manufacturers there. One example of such associations includes the [Association of the German Food and Beverages Industry](#) (BVE), and the [German Association of Organic Processors, Wholesalers and Retailers](#) (BNN), among others.
- Engage with social media influencers and [food bloggers](#) to build your brand profile in Germany. Some apps like [Starngage](#) can help you in spotting such influencers. [Feedspot](#) also provides information of food blogs and websites.
- Create a profile on [ITC Trade Map](#) and find list of buyers by specific products and sectors in specific countries. This service is available for free for users from Lebanon.
- Try to find Lebanese executives in leading food importing and distribution companies in Germany and contact them to pitch your company's profile and products through business- and employment-related platforms such as [LinkedIn](#).
- Contact existing distributors and importers of Lebanese food products in Germany such as Harb Delicatessen in Berlin which has a shop and online outlet: [Harb Trading & Contracting GmbH](#).
- Consider contacting other major distributors of Arab products in Germany such as [Baladna](#), one of the largest distributors of Arabic food in Germany.
- E-commerce shops selling online Arab food grocery products became much more popular after the COVID-19 crisis. Consider contacting such shops to help you in testing the market. Example of such online shops include [Mozzaik](#)
- You can also contact distributors outside Germany but in the EU such as the Netherlands, which distributes products to all European countries. [Tema Fine Foods](#) is an example of such companies.

## LEGAL REQUIREMENTS AND STANDARDS

As a member of the European Union, the food and beverage sector follows the same EU regulations. The "[Food Information to Consumers](#)" is the main regulation for food labeling in the EU, applied on pre-packaged food. It provides a clearer and harmonized presentation of allergens in the list of ingredients of pre-packed food and mandatory allergen information for non-prepacked foods, including in

restaurants and cafes. It also covers nutrition information for the majority of prepackaged food and the labeling requirements for online, distance selling or buying in a shop.

The EU has strict [rules](#) for food and feed hygiene, consumer safety, and animal health status, in order to ensure that all imports fulfill the same standards as products produced in the EU. The vast majority of products is not channeled through specific border entities and does not need to undergo a mandatory check prior to the entry into the EU. The mandatory channeling to border control entities applies to live animals, products of animal origin, plants and plant products to border control entities. However, some products of non-animal origin are temporarily subject to mandatory border controls, under [Regulation \(EC\) No 669/2009](#).

It is important to note that currently no products of animal origin from Lebanon are accepted into the EU including Germany, as the Lebanese competent authority has to make a specific application and fulfill certain requirements. Recently there was a new pending application for the entry of honey from Lebanon to the EU including Germany, which is currently being examined by the competent authorities in Brussels. Companies that are looking to export honey to the EU can contact the economic attaché in the Embassy of Lebanon in Brussels, Mr. Saadallah Zaiter to support them in the needed documentation to export honey to the EU.

### ***Import Documentation***

For custom clearance in the EU the following documents need to be submitted:

- A commercial invoice is needed, which includes information on the exporter and the importer, date of issue, description of goods, the unit of measure, item value, invoice value and currency, the terms of payment, the terms of delivery according to the appropriate incoterm, and the means of transport
- A customs value declaration is needed, and must be presented when the value of the imported goods exceeds €20,000, which aims to assess the value of the goods including all costs incurred until the first point of entry in the EU
- A proof of origin or Certificate of Origin (CoO) is required, which shall be issued by the customs authorities of the exporting country
- Freight documents, such as Bill of Lading, FIATA Bill of Lading, Road Waybill, Air Waybill, ATA Carnet and TIR Carnet, depending on the means of transportation used
- Freight insurance
- A packing list that provides information on the imported items and the packaging details of each shipment
- Documents to support a claim of a tariff quota
- Documents required for excise purposes and evidence to claim a VAT relief, among others (Source: Customs clearance documents and procedures, Access2Markets, European Commission)
- Other documents should be presented depending on the nature of the product; including inspections certificates (health, veterinary, and plant health certificates) which are usually issued from the Ministry of Agriculture in Lebanon

Furthermore, all goods imported to the EU must be declared to the customs authority of the respective member country through the [Single Administrative Document](#).

The importer must have an Economic Operator Registration and Identification (EORI) number.

### ***Labelling Requirements***

In terms of labeling requirements, pre-packaged foods must display the following information on the packages:

- Name of the food
- List of ingredients
- Allergen labeling
- Net quantity
- Best-before date
- Company address
- Origin marking
- Instructions for use
- Alcoholic strength
- Nutritional declaration:
  - The calories
  - Fat
  - Saturated fatty acids
  - Carbohydrates
  - Sugar
  - Protein
  - Salt
- Food imitations

Other labeling requirements are exclusive for certain types of food in case of food imitations; if the food includes refined oils and fats of vegetable origin, formed meat/fish in case the fish or meat consists of different pieces combined together, date of freezing if the food is frozen, foods containing caffeine, labeling of nanomaterials, internet trade, defrosting instructions. Check [EU-wide uniform food labeling](#) for more details.

## TRADE AGREEMENT AND RULES OF ORIGIN

The [EU-Lebanon Association Agreement](#) was signed in 2002 and entered into force in 2006. The agreement progressively liberalized trade between Lebanon and the EU, and was implemented gradually between 2008 and 2014. As a result, Lebanese industrial as well as most agricultural products benefit from free access to the EU market.

Lebanon and the EU established a dispute settlement mechanism in November 2010, to resolve any trade dispute under the provisions of the Association Agreement.

In order to benefit from the [Free Trade Agreement](#), the exporter should present a proof of origin.

## TRANSPORT AND LOGISTICS INFRASTRUCTURE

The regular daily supply of food for 83 million people puts a significant pressure on the food logistics sector. (Source: The Food & Beverage Industry in Germany, GTAI Germany Trade & Invest) Both, the efficiency and appropriate delivery of food reflect Germany's strong logistics sector. In this context, it ranked first out of 160 countries worldwide on the Logistics Performance Index in 2018, reflecting the quality of trade and transport related infrastructure, as well as the efficiency of the customs' clearance process and the competence and quality of the logistics services. Germany ranked in the 13th position globally on the DHL Global Connectedness Index in 2020.

There are [two free trade zones](#) in Germany, the Freeport of Cuxhaven and the Freeport of Bremerhaven. They are located within ports and process and manufacture value-added products for EU external markets. Both German and foreign companies are allowed to do business in these regions. They offer a broad set of incentives such as tax exemptions, simplified administrative procedures and required infrastructure.

Germany has sea access through the Port of Hamburg, but receives a large portion of foodstuff by land, especially from Netherlands as it borders nine countries. (Source: Exporting fresh fruit and vegetables to Germany, CBI Ministry of Foreign Affairs)

The transportation sector carried [15.06 million](#) tonnes of food, beverages and tobacco through maritime transport, 8.5 million tonnes in inland waterways transport and 2.2 million tonnes in rail transport in 2020.

In 2019, Frankfurt Airport ranked second on the OAG Megahubs Index, among the most internationally connected airports in the world, while Munich Airport was in the fifth rank globally.

### ***Disclaimer***

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