

Leading sectors

Agriculture, food and fisheries

Agriculture and food

Overview

With annual imports of over \$60 billion, Germany is the world's largest agri-food importer. In 1994 Canadian exports to Germany amounted to \$156 million and imports from Germany to \$135 million.

Major companies

Primary and intermediate products are sold through brokers, importers, agents or directly to industry depending on circumstances. Potential contacts can be identified with the help of trade or generic associations. Often these associations have newsletters that carry advertisements at reasonable cost.

Food retailing is dominated by a few large chains such as:

Rewe	\$36 billion turnover in 1994
Edeka	\$32 billion
Aldi	\$27 billion
Metro	\$24 billion
Tengelmann	\$19 billion

In most cases, the chains buy directly from foreign suppliers but there is still the possibility to sell through importers, especially for medium to high quality products, where the importer can handle storage, shelf service and also assume legal responsibility for the compliance with local regulations. In some instances, one intermediary can cover all of Germany. In other cases, regional tastes and the sheer size of the market make it sensible to work with more than one marketing partner. While price is an important consideration in increasing sales volume, regular market liaison and monitoring are essential.

Opportunities and constraints

Canadian products are well accepted; some are already firmly established in the German market. Canada has two major advantages: 1) there are limited alternative sources of agri-food products, and 2) Canada enjoys a positive image: unspoiled nature, clean water, fresh air.

Although Germany is considered by many exporters to be a mature market, the challenge is to focus on the existing potential and to find qualified suppliers to meet local needs. While there is a strong demand for specialty food products, the major opportunity is to meet the

German consumers' demand for products that are attractive and unique, originally packaged and labelled. The hospitality market is also growing fast and offers opportunities for properly marketed products.

Canadian food products may be divided into four categories:

- (1) basic and intermediate products such as pulses, oilseed and blueberries
- (2) typically Canadian: maple products, honey, bottled water
- (3) niche products
- (4) other ready-to-eat products

To the typically Canadian category, one may add whiskey, wild rice, wild mushrooms and wines. The market for these products is well established, but there is still room for new suppliers. Relatively little promotion is required for these products as German retailers need to carry such lines in order to offer a complete range to their customers.

With the support of some promotion, other lesser-known products may also be successful. Specialty meats such as bison, musk-ox and moose belong to this group. Products that meet German and EU requirements for marketing as "organic" would also be attractive. Recently, a number of niche products have sold very well: confectionery products, waxed beans, canned sweet corn, and wine coolers.

Exporters should be aware that selling directly to the food retailer in Germany can involve listing fees especially if the product is sold under a brand name and not under a private label. Listing fees can be substantial and are dependent upon the amount of shelf space, the length of time the exporter has been associated with the retailer and other factors.

The tendency to use natural oil such as canola for industrial purposes creates additional opportunities. From 1993 to 1994 when rapid growth occurred, Canadian exports to Germany doubled.

EU agricultural policy is a major factor in determining the composition of Canadian agri-food exports to Germany. Quotas and duties have restricted the sale of some basic products and significantly affect the competitiveness of most processed foods.

Suppliers of meat products must undergo the time-consuming process of obtaining EU approval

" With annual imports of \$60 billions, Germany is the world's largest agri-food importer "