

Fresh Produce

The German fresh produce market is estimated to be worth \$735 million annually. Vegetables account for just over 50% of produce sales, while fruits account for the remaining sales.

Within the vegetable markets, carrots, potatoes and onions account for 78% of sales. Currently, Germany imports only minimal levels of these products, as domestic supply is able to fulfill the demand. Due to the transportation times associated with exporting to Germany, Canadian exporters will only be able to compete in areas where vegetable products have a comparatively long shelf life.

Bakery/Cereal Products

Bread products account for 50% of the bakery/cereal market, which has sales of \$590 million annually. The best opportunities for Canadian manufacturers are pasta, breakfast cereals and frozen bread/biscuits. However, a large number of German farmers have switched to growing organic wheat recently, which may have a negative impact on Canadian organic wheat exports to Germany. This has given manufacturers a steady supply for organic products, while keeping the price difference between organic and conventional lines low.

Dairy

The German dairy market has annual sales of more than \$600 million, and total dairy sales are forecast to double by the end of the year 2001. Although Canadian producers are unlikely to compete in the milk sector due to high transportation and duty costs, they may be able to gain a share of the cheese or yogurt market. In 1998, organic cheese sales increased by 10%, and organic yogurt sales grew by 19%. Strong growth is anticipated in both these sectors for the foreseeable future.

Meat

Recent meat scares such as the BSE crisis in the United Kingdom, the foot and mouth outbreak in the Netherlands, and swine fever in Germany, have contributed to the growing consumer preference for organic meats. The German organic meat market is estimated to be worth \$440 million annually. This represents from 1% to 2% of the total meat market. Although beef is relatively cheap to produce (since cattle simply need to be raised on organic grassland), other animals, such as poultry and pork, must be fed organic grains, which significantly raises costs. Organic meat tends to be 30% to 40% more expensive than conventional products, making price the most significant obstacle for growth in this market.

Market Access

Currently, there are no statistics available on the quantity of Canadian exports of organic foods. However, Canadian presence in this market is limited, but growing. The largest organic exports include maple syrup, grains and seeds (linseed, sunflower seeds, etc.). Additional opportunities for Canadian exporters include products such as honey, breakfast cereals, pasta, herbs, dried fruits, value-added soya products, blueberries, jams and fruit spreads, meats and animal feed.

Although the amount of land devoted to organic farming in the European Union (EU) is still fairly minimal (2% of total land area), there has been a significant growth in the number of organic farms over the last 15 years. Small farms in Mediterranean countries account for the majority of conversions to organic farming, with Italy representing nearly one third of all organic farms in the EU. Other predominant organic food producers include Austria, Spain, France, Greece, Denmark, Switzerland, Turkey and Sweden.

Information Sources

For further information, visit the Agriculture and Agri-food Germany Web page at:
<http://ats.agr.ca/agri-food-canada-germany>

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