

Germany: Great Expectations

When you think of Germany, you probably think of beer steins, romantic castles on the Rhine and gleaming luxury cars speeding on the expansive autobahn. Germany has all that and much more. A densely populated nation of 83 million people set in the heart of Europe, Germany has the third-largest economy in the world and the largest economy in the European Union (EU). It is Canada's fifth-largest export market, worth more than \$2.8 billion in 2003.

Germany has been a leader in the development of the EU and a key to the organization's integration of financial, social and political standards. For Canadian firms considering expanding their operations in Europe, Germany offers an excellent central location from which to access much of the European market. However, the highly developed nature of the German economy and the advantages given to other EU countries in trade with Germany mean that Canadian exporters must be prepared to be innovative and imaginative in order to market the quality and value of their products.

NEW BERLIN AIRPORT

The \$4.32 Cdn billion project to develop the Berlin-Schönefeld Airport into Berlin-Brandenburg International Airport (BBI) will begin construction in early 2006, with airport operations to begin ramping up by 2010. BBI is intended to become the sole airport serving Berlin, with Berlin-Tempelhof Airport likely closing in 2005 and Berlin-Tegel Airport closing shortly after BBI becomes operational. In total, the airport will cover an area of about 2,000 hectares.

The airport will include the construction of a new runway with a length of 4,000 metres and the extension of an existing runway to 3,600 metres. A new train station and the extension of local rail and subway lines, valued at no less than \$ 800 Cdn million, will be integrated into the overall construction of the airport. The general planning works for the \$800 Cdn million terminal were recently awarded to Planungsgemeinschaft Flughafen BBI (Planning Association Airport BBI).

Canadian companies with international experience in supplying airport-related products and equipment (such as for the IT,

Strong growth potential for Canadians

Increasing exports of Canadian finished goods indicate that Germany is becoming more aware of the quality and diversity of Canadian products. Strong prospects for continued growth for Canadian exporters have been identified in the following sectors: information technology, communications and multimedia, aerospace, residential housing, agriculture and agri-food, cultural industries, industrial machinery and health industries. Opportunities also exist for new cooperation and strategic alliances in the areas of scientific research and development.

Peter Brake and Claudia Verno of Export Development Canada

Although opportunities exist in numerous sectors, the sectors described in this section deserve particular attention.

security and materials handling sectors) may pursue European tenders in cooperation with local agents or partner firms.

Please refer to the following Web sites for further project and tendering information:

- www.berlin-airport.de/bbi/rubEnglish/index.html
- ted.publications.eu.int/official

For more information, contact the Trade Commissioners Nathalie Niedoba at nathalie.niedoba@international.gc.ca or Thorsten Henke at thorsten.henke@international.gc.ca at the Trade Section of the Canadian Embassy in Berlin (011-49-30) 20312-0.



Germany at a glance

General

- Population: 83.3 million (2004)
- Capital: Berlin
- Pop. Growth rate: 0.1%
- Total area: 357,021 square kilometres
- Currency: C\$1=0.625 Euro (2004 Average)

Economic

- GDP: \$3,375 billion (2003)
- Real GDP growth rate: -0.1% (2003)
- GDP per capita: \$40,924 (2003)
- Inflation rate: 1.1% (2003)
- Unemployment rate: 9.9% (2003)

Bilateral Trade

- Exports to Germany: \$2.87 billion (2003)
- Imports from Germany: \$8.64 billion (2003)



AGRI-FOOD AND SEAFOOD: Something to chew on

Germany is the leading European importer of agriculture, agri-food and seafood products, with total imports amounting to \$60 billion in 2003. Imports from Canada the same year were \$280 million (German Federal Office of Statistics).

The German market for food products is dominated at the retail level by a handful of large chains (top five chains account for 60%, top ten chains for 83% of the market). It is characterized by a very strong discounter presence, a price-sensitive consumer population and a fast-growing market for organic products.

The greatest potential in this sector is for prepared food products, including high value-added and/or retail-ready products. Of particular interest are organic products—a very fast growing segment of the German food market, in which Canada has particular advantages. A large segment of German consumers strongly favour products that are organic and associated with healthy environment—consumer perceptions that match well the Canada “brand” and provide an effective marketing tool.

Germany is the site of several major agrifood trade fairs that are important to both European and global markets. An interesting recent trend is toward more specialized fairs for particular food products, which have enjoyed fast growth in recent years, attracting specialized exhibitors and visitors aimed mainly at the EU market.

For more information, contact Trade Commissioner Stephan Rung at the Canadian Consulate in Düsseldorf at (011-49-211) 17-21-70 or by email at stephan.rung@international.gc.ca

Agritechnica • Hannover, November 8-12, 2005
www.agritechnica.de • Canadian Pavilion on site

Anuga • Cologne, October 8-12, 2005 • www.anuga.com

Biofach, World Organic Trade Fair • Nuremberg, February 16-19, 2006
<http://biofach.de> • Canadian Pavilion on site



RENEWABLE RESOURCES AND ENERGY

The German government has a strategy of attaining 25 percent renewable resources by 2020 in electricity generation, fuels, heat generation and the production of materials and chemicals. Since these figures are currently well below 5 percent, a number of government programs have been developed to support their market introduction.

Agricultural-based renewable resources is an area that Canadian firms are particularly well-placed to exploit. Overall, markets exist for products and new technologies from renewable resources. For example, ag-fibres are used in the automotive industry.

A mineral oil tax exemption for biofuels has spurred the construction of numerous biodiesel and bioethanol plants throughout Germany. Market predictions suggest that demand for bioethanol and biodiesel will not be met by national producers. Opportunities for Canadian companies include improved conversion technologies, raw material supplies (for biodiesel) and applications for byproducts (e.g. glycerin or oilseed cake).

The German government is investing in biomass-to-liquid (BTL) fuel plants, which are expected to come on line in four to five years.

The biogas industry is receiving considerable government support for both the construction of fermentors and for the sale of electricity generated with biogas. Other applications in the areas of heat generation and automotive fuel are pending.

Homeowners who incorporate insulation made from natural fibres receive a subsidy up to 56 Canadian dollars per cubic metre.

The market for biodegradable plastics in Germany will expand rapidly as an exemption from the recycling fee (Green Dot Program) is put in place.

Support for R&D and pilot plants for biorefineries is expected to increase in the medium term. Biorefineries convert plant-based resources into chemicals using specialized bacteria.

For more information, contact Trade Commissioner Steffen Preusser at the Canadian Embassy in Berlin at (011-49-30) 203-12-365 or by email at steffen.preusser@international.gc.ca.

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www.hannovermesse.de

Did you know...

- A leader in high-tech production machines and control systems, Germany registers the second-largest number of triad technology patents in the world each year.
- Since 1971, more than 500 projects in more than a dozen different fields of science and research have been completed between Canada and Germany, and about 100 joint projects are typically under way at any given time.