CBI MARKET SURVEY

The spices and herbs market in Germany

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Report summary
This CBI market survey discusses the following highlights for the spices and herbs market in Germany:

- Germany is the largest consumer of spices and herbs in the EU. German consumption of spices and herbs amounted to 62 thousand tonnes in 2008, having an annual average increase of 9.7% between 2004 and 2008.
- Germany only grows herbs, although in a relatively substantial area, as the climate is not suitable for spices. The domestic growing sector is facing difficulties, because of the high costs of growing herbs in Germany, compared to the international market price.
- Germany remains the leading EU importer of spices and herbs, accounting for 21% of the total EU imports value in 2008. Total imports of spices and herbs by Germany amounted to € 232 million. With a steady increase in imports during the review period, imports increased annually by an average of 6.9% between 2004 and 2008. During the same period, an average annual growth of 2.2% in terms of volume was realised, reaching 86 thousand tonnes in 2008. About 30% of the imports of spices is re-exported.
- Of all German imports of spices and herbs, 61% originated directly in developing countries (DCs), which is relatively high compared to the EU average of 50%. Furthermore, imports from DCs increased at an annual average rate of 9.0% between 2004 and 2008. The leading developing country suppliers in 2007 were Brazil (imports share of 16%), Vietnam (11%) and Indonesia (8.1%).
- Due to the recent economic crisis, uncertainties on the market give rise to developments in consumption and production which are not entirely foreseeable. It is not clear how and to what extent this can affect the trade in spices and herbs to and within the EU.

This survey provides exporters of spices and herbs with sector-specific market information related to gaining access to Germany. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The spices and herbs market in the EU', which covers the EU market in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.eu/marketinfo.

1 Market description: consumption and production

Consumption

In this chapter, data from FAOSTAT and Eurostat are used to indicate apparent consumption (production + imports - exports). One of the limitations of this calculation is that strong fluctuations are sometimes seen between years. Please apply these data with care, as they can only be used as an indication of the market. Also see chapter 1 of the CBI survey 'The spices and herbs market in the EU'.

Total market size

Germany is the largest market for spices and herbs in the EU. German consumption of spices and herbs amounted to 53 thousand tonnes in 2008, although it had an annual average decrease of 0.3% between 2004 and 2008. The decline in the German market contrasted the general growth in the EU consumption of spices and herbs at large, which increased at an annual average rate of 1.2% in the review period.

Industry sources indicate that there is still a lot of uncertainty on the market, due to the recent economic crisis, and that traders are reluctant to build stocks. There is an overriding hesitance in making predictions on how the spices and herbs market will develop in the coming years.

Product groups

Apparent consumption of the two largest product groups, paprika, chillies & allspice and pepper, showed positive average growth rates between 2004 and 2008. Consumption of paprika, chillies & allspice increased at an annual average rate of 5.1%, while consumption of pepper decreased by 7.6%.

Spice seeds, the third largest product group in apparent consumption, amounted to 9.5 thousand tonnes in 2008, decreasing at an annual average rate of 3.0% since 2004. Ginger, another important product group, increased at an annual average rate of 11% in the review period, amounting to 4.7 thousand tonnes in 2008.

With the exception of turmeric, vanilla and saffron, all other product groups for which data are available had a decrease in apparent consumption during the review period. The highest increase, at an annual average rate of 27%, was in vanilla. Apparent consumption of turmeric and saffron increased at respective annual average rates of 18% and 7.0% since 2004.

Finally, the market for the product group ‘other spices and herbs’ had an annual average increase of 13% in the review period, amounting to 3.7 thousand tonnes in 2008.

Table 1.1 Apparent consumption of selected spices and herbs in Germany, 2004-2008, in tonnes

	2004	2005	2006	2007	2008	Average annual change
Total spices & herbs	**53,701**	**55,393**	**55,207**	**63,140**	**53,106**	-0.3%
Paprika, chillies & allspice	11,945	14,984	12,778	14,575	14,580	5.1%
Pepper	18,870	14,866	15,606	22,073	13,734	-7.6%
Spice seeds	10,784	11,004	12,212	11,223	9,546	-3.0%
Ginger	3,069	3,367	3,459	4,329	4,658	11%
Nutmeg mace & cardamom	3,158	2,750	3,216	3,052	2,840	-2.6%
Turmeric	927	967	1,262	1,146	1,772	18%
Cinnamon	2,177	2,837	2,903	1,881	1,739	-5.5%
Cloves	434	495	287	747	378	-3.4%
Vanilla	74	108	204	312	189	27%
Saffron	2	3	3	2	2	7.0%
Mixtures	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other spices and herbs	2,262	4,013	3,276	3,801	3,668	13%

Source: own calculations based on Eurostat and FAOSTAT data (2009)

Market segmentation

Although spices and herbs can be used for the non-food market, such as the pharmaceutical and perfumery, the largest end-user group of spices and herbs is the food-processing industry. In the food market, the consumption of herbs and spices is divided into 3 sectors:

- Industrial, in which spices are used particularly in the processing of meat, fish, canned products, sauces, soups, bakery goods and other prepared and convenience food.
- Retail, where developments are usually triggered by experimental and ethnic consumers.
- Catering, which is small but growing.

For more information on market segmentation, please refer to the CBI survey ‘The spices and herbs market in the EU’.

The Association of the German Spice Industry applies a twofold segmentation:

- Households, gastronomy and trade-based re-sale business; they make use of the so-called ‘Household Spices’.

- Food processors in the industrial sector, of which the meat-processing industry is of particular importance; they make use of the so-called 'Processing Spices'.

The latter segment is, in terms of value, the largest in Germany due to a high per capita consumption of sausages, in which large quantities of spices are used.

Major consumption trends
German cuisine varies greatly from region to region. German dishes are, with the exception of mustard for sausages, rarely hot and spicy — the most popular herbs are traditionally parsley, thyme, laurel, and chives, while the most popular spices are black pepper (used in small amounts), juniper berries and caraway. Cardamom, aniseed, and cinnamon are often used in sweet cakes or beverages associated with Christmas time, and sometimes in the preparation of sausages, but are otherwise rare in German meals. Other herbs and spices like basil, sage, oregano, and hot chilli peppers have recently become more popular.

Due to the rising influx of foreign workers after World War II, many foreign dishes have been adopted into German cuisine. Italian dishes such as spaghetti and pizza have become a staple element of German cuisine, while Turkish immigrants have also had a considerable influence on German eating habits. As changes in German lifestyles call for convenience food, there is an increasing interest, especially among the younger population, for American fast-food products. Furthermore, Indian, Thai and other Asian cuisines are rapidly growing in popularity.

Industry sources indicate that the consumption of organic spices and herbs is expected to increase as well. Although the market for organics is much smaller than the market for conventional spices and herbs in Germany, the country's organic food industry is the largest in Europe, at around € 5.8 billion in 2008 – over 3% of the total food industry. The organic market has shown strong growth rates and, despite the economic recession, positive growth was even posted in 2009 (Food Navigator, 2009).

Furthermore, even faster growing is the market for Fair Trade products. Retail sales of Fairtrade certified products amounted to € 213 million in 2008, an increase of 50% compared to the year before. Accounting for 12%, Germany is the third largest EU market for Fairtrade certified products.

However, in this period of economic instability it is not clear how the economic crisis will influence the (organic) spices and herbs market. Therefore, it is crucial to stay well informed and up-to-date on the most recent developments.

For more information on consumption trends, please also refer to the CBI survey covering the EU market for spices and herbs.

Production

Total production
Germany is an average producer of herbs within the EU, with a considerable area used for cultivation. The main part of the area is used for the cultivation of herbs, as the climate is not suitable for most spices.

The German Spice Industry Association indicated that domestic cultivators are facing many difficulties. The costs of growing spices and herbs (machinery, land, and labour) are too high compared with international market prices. To remain competitive, German growers focus on certain niche markets (e.g. organic market; herbs with medicinal properties suitable for the pharmaceutical industry) which command higher prices, to cover their expenses. In this respect, it is said that Germany is a trendsetter for organic farming in Europe (German Federal Ministry of Food, Agriculture and Consumer Protection).

Product groups

FAOSTAT and Eurostat do not provide figures on production of spices and herbs in Germany. The only available information stems from the European Herb Growers Association (EHGA-Europam), which provides information on cultivation areas of medicinal and aromatic herbs in 2006. However, many of these herbs also find applications in other products and some of them can be identified, or used, as a spice. Moreover, only cultivation of EHGA-Europam growers is measured. These data can be used as indications.

Total medicinal and aromatic herb production amounted to 10 thousand ha. As an indication of the cultivated areas, parsley accounted to more than 1,000 hectares, marjoram and dill around 500 hectares followed by mint, fennel, basil and common thyme. Oregano, sage, aniseed and rosemary are cultivated in Germany to a much lower extent.

Interesting players

- The website of the Association of the German Spice Industry, provides a list of members (producers) active in the spices industry - http://english.gewuerzindustrie.de/home/index.htm

Major production trends

Due to stricter requirements with respect to traceability and quality in Germany, companies are forced to maintain better control over the products they sell, in order not to lose market share.

The processing of spices and herbs is more often taking place in the country of origin, because of lower costs in those countries. However, with respect to quality and supply, this remains a risk. Therefore, it is important to concentrate on high-quality products and constant supply, in other words: reliability.

With regard to organic production, the number of organic farms in Germany increased to 19,824 covering 911 thousand hectares under organic management and indicates a share of 5.4% of the agricultural land in 2008. It is not known exactly which share of the holdings in spices and herbs is accounted for by organic spices and herbs growers. However, according to industry sources, this is between 5% and 10%. (Organic Food Industry Federation / Bund für Ökologische Lebensmittelwirtschaft, 2009)

Most organic farms in Germany have joined associations. In addition to the Bioland and Demeter associations (the largest and oldest organic associations), there are also other associations such as Naturland, Ecoland, Agöl and Biopark. Representatives from organic farming associations, organic food processors and organic traders founded the "Bund Ökologischer Lebensmittelwirtschaft" (BÖLW, or Organic Food Industry Federation) in 2002, as an umbrella organisation for the entire organic sector.

Since trade barriers are dissolving between Western European and Central and Eastern European (CEE) countries, some German companies make use of the opportunity to process their spices and herbs in CEE countries. As such, some parts of the production of spices and herbs are relocated to this region. Thus, the latest trends include the processing of organic spices and herbs in CEE countries.

For more information on production trends, please also refer to the CBI survey covering the EU market for spices and herbs.

Opportunities and threats

+ Germany is the largest spice and herbs market in Europe. Together with the fact that most spices cannot be grown in Germany, interesting opportunities exist for exporters in developing countries (DCs).
+/- Due to lower costs in DCs, the processing of spices and herbs is more often taking place in the country of origin. However, due to the high quality standards demanded by Germany,

the number of suppliers who cannot meet such standards has increased, thus causing deficiencies in supplies.
+/- New suppliers aiming to penetrate the German market are advised to focus on value-added raw material: standardised, clean and high-quality raw material. The retail market segment is completely covered by about five blender/packers serving the major German supermarket chains (mentioned in Chapter 2). In some cases, new suppliers may even have to pay the supermarkets a certain commission for shelf space.
- Increased efforts to broaden and promote local production of herbs in Germany may prove to be a threat to DC producers. However, given the temperate climate of Germany, there is more concern over increased competition from crops grown in temperate climates.
- The economic crisis brought many uncertainties to the market, also affecting the spices and herbs sector. An overall scaling-back in consumption and production can be expected, although the extent of this impact in Germany is not entirely foreseeable.

It is important to note that the outcome of the above analysis depends on the specific situation of an exporter. The same development can be an opportunity for one exporter and a threat to another; exporters should therefore analyse the trends considering their own circumstances. For an example of such an analysis, please refer to chapter 7 of the CBI survey covering the EU market for spices and herbs.

Useful sources

- Interesting sources for obtaining information on consumption and production of herbs and spices are firstly encountered in the survey covering the EU. However, more information on Germany can be found in the 2004 IENICA report - http://www.ienica.net. Although somewhat outdated, it does provide interesting information.
- Information on organic production and consumption in Germany:
    - Organic Farming/Ökolandbau - http://www.oekolandbau.de
    - Federal Ministry of Food, Agriculture and Consumer Protection - http://www.bmelv.de
    - Organic Food Industry Federation /Bund Ökologische Lebensmittelwirtschaft - http://www.boelw.de
- Furthermore, German trade associations mentioned in chapter 6, and the German statistical agency - http://www.destatis.de - can be sources of information.
- FAO's statistical database FAOSTAT - http://faostat.fao.org – is also a valuable source.
- For more specific information about the spices market in Germany, please visit the Association of the German Spices Industry - http://english.gewuerzindustrie.de
- FAO also provides information about the current situation for the consumption and production of organic spices and herbs in Germany - http://www.fao.org/DOCREP/004/Y1669E/y1669e09.htm

2 Trade channels for market entry

Trade channels

Most direct imports of spices and herbs from DCs concern whole, un-ground products, while processed and packed spices only rarely come from DCs. It is important to note that in Germany a more substantial part of spices and herbs is imported from DCs than is common in the EU at large. Much of the imported and processed products is re-exported to other EU countries. This demonstrates the prominent role of Germany, and especially the port of Hamburg, in the trade and processing of spices and herbs.

Spices and herbs share the same trade channels, with the bulk of trade entering the EU through a small number of importers and brokers. Direct trade by processors and, to a lesser degree, food processors has become more prevalent, although processors increasingly work with companies which combine steady high quality and large volumes, instead of several small companies. However, distinctions between different trade channels are becoming increasingly blurred, with different activities now carried out within one company. In the CBI market survey covering the EU market for spices and herbs, the main trade channels for spices and herbs are shown and further explained.

Differences exist between the conventional trade channel of spices and herbs found on the supermarket shelves or the spices found in many ethnic shops. Germany hosts a large population of Turkish immigrants. Many of the spices and herbs found in these ethnic shops are imported by private car. Turkish families take large amounts of spices and herbs with them when they return from their holidays, the Germans call it 'trunk import'. A large part of the Turkish spices and herbs market is served that way.

The largest grinder/processor/packer is Fuchs-Gewürze, with its Fuchs brand. Fuchs holds about 70 to 80% of the retail market. Karl Ostman, since 1998 part of the Fuchs group, and Ubena are also large grinder/processor/packers.

The largest end-user group is the food-processing industry, which purchases either from processors or directly from importing/trading companies. Other end-user groups are catering companies, purchasing spices directly from grinders or processed products from food industries. The same holds for the retail sector, the third important end-user. Large food processors in Germany are Nestlé – http://www.nestle.de - and Kraft Jacobs Suchard - http://www.kraftfoodscompany.com. Moksel and Hermann Laue (of the brand Hela)- http://www.hela.eu - are important processors of spices for the meat industry. Ethnic foods are very popular and are sold in sufficient quantities to encourage the German food-processing industry to include them in their product range, adapted to local tastes.

Organic
Producers and exporters of organic spices and herbs supply their organic products mostly to specialised traders/importers and/or sometimes to grinders/processors. In most markets, a few traders specialised in organics tend to be the dominant customers for foreign producers. They often have an organic specialisation, focusing on a broad range of products. Several organic traders have a European-wide focus. Direct purchases from foreign organic producers made by purchasing units of retailers, the catering sector and food processors are very rare, but might increase due to increasing organic sales and market entry by traditionally conventional players.

Retail trade
The retail trade of spices and herbs is dominated by supermarkets. The buying organisations of large supermarkets have strong buying power, and there are not many opportunities for small and medium-sized DC exporters to trade directly with them. Niche markets might provide better prospects.

Many supermarkets in Germany also sell a significant number of organic spices and herbs. The main supermarket selling organic products in Germany is Tegut, but other retailers such as Metro, also discounters such as Aldi, are selling organic spices and herbs. However, the share of special organics shops is also significant for organic spices and herbs.

Trends
Increasingly strict governmental regulations and the high-quality standards demanded by the food industry, especially for processed spices and herbs, make it difficult for DCs to enter these markets.

Traceability and quality are increasingly important. Large processing and importing companies have their own experts who visit the producers in the countries of origin to inspect the product and production process, also to educate the growers so that they are better able to meet the German demand and requirements.

Along with expanding marketing under private labels, supermarkets exert downward pressure on margins of processors and further down the value-chain, because the buying organisations of large supermarkets (sometimes representing multiple chains) have such strong buying power.

Interesting players

Interesting companies in Germany include those listed below.

Conventional players:

- AKO Salze & Gewürze Vertriebs GmbH - http://www.ako-spice.com - importer/trader in spices, additives and preservatives.
- Friedrich Gewürze GmbH - http://www.gewuerz.de - importer/distributor of spices and other ingredients.
- FUCHS Gewürze GmbH & Co - http://www.fuchs-gewuerze.de - importer/processor/distributor.
- Gewürzmühle Nesse GmbH - http://www.nesse.de - importer/processor/distributor of (organic) spices and herbs.
- Gewürzmüller GmbH - http://www.gewuerzmueller.de - importer/manufacturer of spices and spice products.
- Hamburger Gewürz-Mühle Hermann Schulz GmbH - http://www.gewuerzmuehle.de - trading, processing and refining of (organic) spices and spice mixtures.
- Henry Lamotte GmbH - http://www.lamotte.de - importer/processor.
- Ostmann Gewürze GmbH & Co. - http://www.ostmann-gewuerze.de - importer/processor/packer.
- Ubena Gewürzvertrieb GmbH - http://www.ubena.de - importer/processor/distributor.
- Van Hees & Gewürzmühlen GmbH - http://www.van-hees.com - importer / manufacturer of spices and herbs for meat products.
- Hermann Laue GmbH - http://www.hela-food.de - production and distribution of sauces, & raw spices.
- Moksel Unternehmensgruppe - http://www.moksel.de - food processor.
- Poppe & Groninger - http://www.pogro.de - trader in spices, vegetables and mushrooms.
- Schwab GmbH - tel: +49(0) 40 364971

Organic importers and traders:

- Inproplant - http://www.inproplant.de/en/ - organic spices broker.
- Lebensbaum U. Walter GmbH - http://www.lebensbaum.de - importer/distributor.
- Rapunzel Naturkost AG - http://www.rapunzel.de - importer/distributor.
- Weleda - http://www.weleda.de - mainly a natural and organic medicinal herb buyer.
- Worlee - http://www.worlee.de - importer/distributor.

Furthermore, German trade associations can also be of interest for finding relevant companies. These are mentioned in chapter 6.

Price structure

Prices for spices and herbs can be found in the CBI market survey covering the EU market, as the indications of prices given there do not differ from those in Germany. Prices of spices and herbs are to a large degree dependent on origin, and buyer preferences regarding demanded quality, order size etc. Therefore, actual prices are dependent on negotiation with partner companies, and prices provided in the market survey covering the EU should be used as a reference point only.

Exporters need to have detailed production costs/volume price breaks for the spices and herbs they supply. This will give them a valuable reference point for any negotiations with buyers.

The margins charged by different intermediaries in the spices and herbs trade are influenced by various factors. These include the type of spice or herb, the current and expected future harvest situation, the availability or number of sources for the particular spice, the level of demand and the trend in prices.

Finding a suitable trading partner

Finding a trade partner in Germany should not deviate from the general EU method as described in the CBI market survey covering the EU market. Buyers and suppliers often find each other at trade fairs. Especially the BioFach trade fair is of importance for organic spices and herbs, whereas Anuga, SIAL, FI Europe are of principal importance for conventional products. Establishing contact through export directories or by directly contacting interesting companies you encounter can also be useful. Brokers also fulfil an important function in market linking, while websites offer another opportunity to find trade partners.

For more information on prospects for the spices and herbs market in Germany, refer to the websites below.

General information:
- The International Trade Centre provides information on trends in organic consumption within EU member countries - http://www.intracen.org/organics
- Furthermore, German trade associations mentioned in section 6 of this survey, and the German statistics agency - http://www.statistik-portal.de - can be sources of information.

Sector-specific information:
- The 2004 IENICA report describes the situation for the spices and herbs market in Germany and other EU member countries - http://www.ienica.net. Although somewhat outdated, it does provide interesting information.
- FAO's statistical database FAOSTAT - http://faostat.fao.org – is also a valuable source.

Online company databases for finding companies working in the spices and herbs market are:
- Association of the German Spices Industry - http://www.gewuerzindustrie.de
- Food world - http://www.thefoodworld.com - an extensive online food business directory, with full EU coverage. Condiments, spices and herbs are a separate product group.
- Europages - http://www.europages.com – online business directory, with full EU coverage. Condiments, extracts and spices are a separate product group, falling under the category of 'Food & related products'.
- HerbImporters.com - http://www.herbimporters.com - provides contact information on 135 European importers of herbs and herbal medicine products at a cost of US$15 (updated in 2009).
- SpiceImporters.com - http://www.spiceimporters.com - provides contact information on 220 European importers of spices, seasoning and flavouring at a cost of US$20 (updated in 2009).

Business-to-business sources include the following;
- Agronetwork.com - http://www.agronetwork.com/global
- Organic-market.info - http://www.organic-market.info - online magazine for organic trade.
- Spices Trade world - http://spices.tradeworlds.com
- IngrIDnet - http://www.ingridnet.com - marketing instrument for companies supplying ingredients to, among others, food industries. The database includes contact details of 15,000 ingredient suppliers.

3 Trade: imports and exports

Imports

Total imports
In 2008, total imports of spices and herbs by Germany amounted to € 232 million. Imports increased steadily between 2004 and 2008, having an annual change of 6.9% in terms of value. During the same period, an average annual growth of 2.2% in terms of volume was realised, reaching 86 thousand tonnes in 2008.

Germany remained the leading EU importer of spices and herbs, accounting for 20% of total EU imports value in 2008. Germany is followed by the UK and The Netherlands, each accounting for a share of 12%.

Of all German imports of spices and herbs, 61% originated directly in DCs, which is relatively high compared to the EU average of 50%. Furthermore, imports from DCs increased at an annual average rate of 8.7% between 2004 and 2008. In the EU spices and herbs market, imports sourced in DCs increased at a similar rate at 9.0% in the review period.

At a value of € 44 million, representing a share of 19%, The Netherlands was Germany's largest supplier of spices and herbs. This consisted almost entirely of re-exported products. The second largest supplier in 2008 was Brazil. At € 37 million, Brazil was responsible for 16% of German imports of spices and herbs. Imports from The Netherlands increased at an annual average rate of 5.3%, whereas imports from Brazil increased by more than 14%.
Vietnam, Germany's third largest supplier in 2008, accounted for 11% of imports. Notably, imports sourced in that country increased at an annual average rate of 19% in value terms in the review period, whereas the volume decreased annually by 2.8%. Other important suppliers in DCs were Indonesia (8.1%), China (7.7%) and India (4.7%).

Imports by product group

Pepper and paprika, chillies and allspice are by far the largest product groups imported into Germany in 2008, with imports shares of 34% and 20% of the total import value. Pepper imports increased by an average annual rate of 16% in value terms and 0.3% in volume between 2004 and 2008, reaching € 78 million or 28 thousand tonnes in 2007. Vietnam and Brazil were the leading suppliers of pepper to Germany in 2008, accounting for respective shares of 32% and 22% in total imports. Imports from Brazil increased at an annual average rate of 23%, while imports from Vietnam increased by 19%. Overall, imports sourced in DCs increased at an annual average rate of 19%. Other important DC suppliers were Indonesia (14%), India (7.0%) and Malaysia (1.2%).

Paprika, chillies and allspice imports also experienced growth between 2004 and 2008; in terms of value, they increased at an annual average rate of 8.3%, while in terms of volume they increased by 4.6%. In 2008, imports amounted to € 47 million or 19 thousand tonnes.

Table 3.1 Imports of spices and herbs into Germany 2004 - 2008, € thousand / tonnes

Product	2004		2006		2008		Average annual change	
	value	volume	value	volume	value	volume	value	volume
Total spices & herbs	**177,606**	**78,750**	**189,495**	**86,005**	**231,692**	**85,801**	**6.9%**	**2.2%**
Pepper	43,350	27,776	49,804	27,010	77,762	28,084	16%	0.3%
Paprika, chillies & allspice	33,852	15,914	39,792	17,676	46,498	19,054	8.3%	4.6%
Nutmeg, mace & cardamom	16,370	3,815	20,476	4,171	22,683	3,735	8.5%	-0.5%
Spice seeds	13,894	13,345	15,774	14,874	19,624	12,438	9.0%	-1.7%
Mixtures	13,445	4,245	16,449	4,573	14,865	4,543	2.5%	1.7%
Ginger	7,056	3,868	7,927	4,365	9,504	5,472	7.7%	9.1%
Vanilla	29,752	185	11,427	426	8,848	498	-26%	28%
Cinnamon	3,627	2,769	5,088	3,997	4,589	2,708	6.1%	-0.6%
Saffron	937	2.6	1,130	2.8	3,207	2.1	36%	-5.2%
Turmeric	1,356	1,155	1,920	1,557	2,311	2,085	14%	16%
Cloves	1,353	570	1,646	562	1,997	632	10%	2.6%
Other spices	12,614	5,106	18,062	6,792	19,804	6,550	12%	6.4%

Source: Eurostat (2009)

Brazil and China were the leading suppliers of Paprika, chillies and allspice to Germany, accounting for 29% and 28% respectively of total imports. Imports from Brazil increased at an annual average rate of 13%, whereas imports sourced in China increased by 19%. Overall, imports of paprika, chillies and allspice from DCs accounted for 67% of total imports, and increased at an annual average rate of 12%. Spain, Hungary and The Netherlands were also leading suppliers of paprika, chillies and allspice to Germany in 2008, accounting for shares of 55%, 5.2% and 4.4% respectively. Whereas imports from Spain and The Netherlands experienced increase, imports from Hungary declined in the review period.

German imports of mixtures, which accounted for 14% of total imports, experienced an annual average increase of 2.5% in value and 1.7% in volume between 2004 and 2008. Imports from DCs decreased annually by 3.1% during the review period. However, with a 3.3% share in imports from DCs, Germany lies far below the EU average of 8.9%. The processing industry for spices and herbs in DCs is not yet well developed, but could offer interesting opportunities in the future.

Nutmeg, mace & cardamom form the third largest imported product group, with a value of over € 23 million and a volume of almost 3.7 thousand tonnes in 2008. Imports of this product group increased by 8.5% in terms of value, whereas the volume decreased by 0.5% during the review period. Imports from DCs accounted for over 64% of total imports, a percentage lying above the total EU import share of 57%. Imports from Indonesia, Guatemala and Sri Lanka increased substantially, noting an annual change of 21%, 32% and 49% respectively.

Increased imports in terms of value between 2004 and 2008 have also been observed for all other product groups, with the exception of vanilla. Imports of vanilla decreased in terms of value, but had a significant increase in terms of volume. This indicates decreasing average import prices per kilo, which is a sign of normalisation of vanilla prices, after a slump in exports of the main vanilla supplier Madagascar in the early 2000s.

The pattern for saffron indicated the opposite, but to a lower extent; imports of this product had a considerable increase in terms of value, but a decrease in terms of volume. This, rather than a drop in prices, shows an increase in imports prices per kilo.

The group of ‘other spices’ accounted for a significant share of 8.5% of total German imports of spice and herbs in 2008. Imports of this product group grew in terms of both value and volume, reaching € 20 million or 6.6 thousand tonnes. Imports from DCs, which accounted for 35% of total imports, increased at an annual average rate of 14% in terms of value. Turkey and Brazil were the leading DC suppliers in 2008.

Table 3.2 Imports by origin and leading suppliers to Germany 2004 - 2008, share in % of value, average annual growth in % of value

Product	Origin	Leading suppliers in 2008 (share in %)	Share[1]	Average annual % change
Total spices and herbs	Intra-EU	The Netherlands (19%), Spain (4.1%), Austria (3.5%), France (2.6%), Italy (1.6%)	37 %	4.0%
	Extra-EU, ex DC*	Israel (0.6%)	1.9%	2.3%
	DC*	Brazil (16%), Vietnam (11%), Indonesia (8.1%), China (7.7%), India (4.7%)	61%	9.0%
Pepper	Intra-EU	The Netherlands (18%), France (0.6%)	20 %	7.4%
	Extra-EU, ex DC*	Singapore (0.3%), Liechtenstein (0.1%)	0.6%	10 %
	DC*	Vietnam (32%), Brazil (22%), Indonesia (14%), India (7.0%), Malaysia (1.2%), Sri Lanka (1.1%), China (0.6%)	79 %	19%
Paprika, chillies and allspice	Intra-EU	Spain (15%), Hungary (5.2%), The Netherlands (4.4%), Austria (1.7%), France (1.5%)	30%	1.6%
	Extra-EU, ex DC*	Israel (2.5%), USA (0.7%)	3.4%	9.6%
	DC*	Brazil (29%), China (28%), Mexico (3.1%), India (1.3%), Peru (0.9%)	67%	12%

Product	Origin	Leading suppliers in 2008 (share in %)	Share[1]	Average annual % change
Nutmeg, mace & cardamom	Intra-EU	The Netherlands (32%), Italy (2.1%), Spain (0.6%), Austria (0.5%), France (0.5%)	36%	1.8%
	Extra-EU, ex DC*	Bermuda (0.4%)	0.4%	38 %
	DC*	Indonesia (24%), Guatemala (17%), Brazil (17%), Sri Lanka (1.9%), Grenada (1.3%), India (1.2%)	64%	13%
Spice seeds	Intra-EU	The Netherlands (21%), Bulgaria (8.2%), Austria (6.1%), Finland (5.0%), Poland (3.0%)	51%	18%
	Extra-EU, ex DC*	Canada (1.9%), Kosovo (1.0%)	3.0%	49%
	DC*	Turkey (12%), Egypt (8.3%), China (7.1%), Syria (4.1%), Macedonia (2.8%), Bosnia and Herzegovina (2.5%), India (2.1%), Serbia (1.9%), Ukraine (1.3%), Brazil (1.1%)	46%	1.5%
Mixtures	Intra-EU	The Netherlands (36%), Italy (17%), Austria (16%), France (12%), Czech Republic (3.7%)	95%	2.9%
	Extra-EU, ex DC*	Switzerland (0.9%), Japan (0.5%)	1.8%	-4.3%
	DC*	Turkey (0.8%), India (0.5%), Pakistan (0.5%)	3.3%	-3.1%
Ginger	Intra-EU	The Netherlands (52%), Denmark (2.9%), UK (2.4%), Austria (1.6%), France (0.8%)	59%	6.2%
	Extra-EU, ex DC*	Japan (2.8%)	2.8%	98%
	DC*	China (24%), Myanmar (3.3%), India (2.6%), Thailand (2.2%), Uganda (2.1%), Nigeria (1.6%), Tanzania (0.8%)	38%	8.5%
Vanilla	Intra-EU	France (15%), The Netherlands (1.6%), Poland (1.4%),	19%	-35%
	Extra-EU, ex DC*	Fr. Polynesia (4.9%), Canada (0.7 %)	6.6%	-23%
	DC*	Madagascar (27%), India (18%), Indonesia (14%), Uganda (7.6%), Comoros (5.4%), Papua N. Guinea (1.3%)	75%	-23%
Cinnamon	Intra-EU	The Netherlands (38%), France (1.2%), Austria (0.8%)	41%	19 %
	Extra-EU, ex DC*	Switzerland (0.1%)	0.1%	-9.1%
	DC*	Sri Lanka (22%), Indonesia (20%), China (8.4%), Brazil (3.3%), Vietnam (1.5%), Madagascar (1.2%)	59%	0.1%
Saffron	Intra-EU	Spain (41%), France (6.4%), Italy (1.4%), Austria (1.4%), Greece (0.8%)	52%	36%
	Extra-EU, ex DC*	Switzerland (0.5%)	0.5%	44%
	DC*	Iran (47%), India (0.3%), China (0.3%), Turkey (0.1%)	48%	36%
Turmeric	Intra-EU	The Netherlands (22%), Spain (2.8%), UK (2.2%), France (2.0%), Belgium (1.1%)	32%	13%
	Extra-EU, ex DC*	-	0.0%	-100%
	DC*	India (59%), Brazil (3.8%), Vietnam (1.9%), Sri Lanka (1.7%), Costa Rica (0.8%)	68%	15%
Cloves	Intra-EU	The Netherlands (31%), France (2.0%), United Kingdom (0.4%), Austria (0.2%)	34%	25%
	Extra-EU, ex DC*	Switzerland (0.1%)	0.1%	-31 %
	DC*	Madagascar (33%), Comoros (11%), Brazil (8.7%), Sri Lanka (7.4%), Moldova (3.5%)	66%	5.3%

Product	Origin	Leading suppliers in 2008 (share in %)	Share[1]	Average annual % change
Other spices	Intra-EU	The Netherlands (15%), Austria (15%), Poland (10%), France (5.1%), Belgium (4.0	62%	12%
	Extra-EU, ex DC*	USA (1.4%)	3.1%	2.5%
	DC*	Turkey (12%), Brazil, (10%), India (4.2%), Mauritius (1.5%), Egypt (1.2%)	35%	14%

Source: Eurostat (2009)
[1] Due to rounding off, shares might not add up to exactly 100%.

Exports

At a value of almost € 140 million and a volume of 33 thousand tonnes, Germany was the second largest EU exporter of spices and herbs in 2008, accounting for 20% of total EU spices and herbs exports. The leading exporter in the EU was The Netherlands, accounting for 23% of total exports. German exports increased by an average annual rate of 6.9% in value and 6.1% in volume. A large part of exports concerns re-exports distributed to neighbouring EU countries. It is estimated by the German Spice Industry Association that about 30% of imports of spices (not herbs, as these are also grown domestically) is re-exported.

The main destinations for Germany's exports of spices and herbs in 2008 were France (14%), Austria (13%) and, to a lesser extent, the USA (9.5%), The Netherlands (8.0%), Poland (5.7%) and the UK (5.1%).

The largest product group (re-)exported by Germany in 2008 was pepper, accounting for 35% of total exports. Exports experienced significant growth in the review period. Mixtures, accounting for 17% of total exports, was the second largest product group exported. Paprika, accounting for 12% of total spices and herbs exports in 2008, was also an important export product. The group of 'other spice' is also significant to Germany's export figures; in 2007 this product group accounted for 13% of total exports.

Spice traders face difficult trading conditions in this time of the economic crisis. There is much uncertainty and confidence is low. Buyers are running down stocks and buy only when needed. According to the International Trade Centre (ITC), it is not realistic to make predictions for the near future. On the one hand, major economies will move further into recession, although it is not clear how this impacts the spice market. On the other hand, some trading conditions are improving; shipping costs decreased, interest rates came down considerably and industries will soon need to restock.

Opportunities and threats

+ Germany is by far the leading importer of spices and herbs in the EU. Combined with a high and increasing share of imports from DCs, Germany represents an interesting country for exporters in DCs.
+ Pepper is the largest product group imported, with increasing imports in the review period. The share of DCs in pepper imports increased as well, since the main suppliers of pepper are the DCs. These facts offer interesting opportunities for pepper exporters in DCs. The same is true for paprika, chillies and allspice, the second most imported products in Germany.
+ Nutmeg, mace & cardamom, cloves and turmeric can also be of special interest for DCs. DCs account for more than 60% of total German imports of all these particular products, and imports increased during the review period.

+/-Currently, most mixtures are imported from other EU countries. However, the development of processing industries in DCs could offer great opportunities, with respect to quality issues.

Note that the same development or trend can be an opportunity for one exporter and a threat to another. Exporters should therefore analyze if the developments and trends discussed in the previous chapters provide opportunities or threats. The outcome of this analysis depends on the specific situation of an exporter. Refer to chapter 7 of the EU survey for an example of such an analysis.

Useful sources

- EU Expanding Exports Helpdesk
  ➔ http://exporthelp.europa.eu
  ➔ go to: trade statistics
- Eurostat – official statistical office of the EU
  ➔ http://epp.eurostat.ec.europa.eu
  ➔ go to 'themes' on the left side of the home page
  ➔ go to 'external trade'
  ➔ go to 'data – full view'
  ➔ go to 'external trade - detailed data'
- Understanding Eurostat: quick guide to easy Comext
  ➔
  http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf

4 Price developments

Prices of spices and herbs can be found in the CBI market survey covering the EU market, as the indications of prices given there do not differ from those in Germany. Prices of spices and herbs are to a large degree dependent on origin, and buyer preferences regarding demanded quality, order size etc. Therefore, actual prices are dependent on negotiation with partner companies, and prices provided in the market survey covering the EU should be used as a reference point only.

In contrast to many European markets, the prices for organic spices and herbs are close to conventional market prices in Germany. The price premium depends on the type of herb or spice and the market size of the particular product. The market for pepper is large, and consequently, organic pepper prices are close to conventional pepper prices, as there is no shortage of supply and demand for organic pepper. On the other hand, the market for nutmeg is small, so that the price premium for organic nutmeg is about 30%.

Useful sources for price information are:

- The International Trade Centre Market News Service (MNS) - http://www.intracen.org/mas/mns.htm - fortnightly bulletin.
- The Public Ledger - http://www.agra-net.com
- The International Pepper Community Weekly Price Bulletin - http://www.ipcnet.org
- The Indian Spices Board - http://www.indianspices.com - offering domestic and international prices for spices.

5 Market access requirements

As a manufacturer in a DC preparing to access Germany, you should be aware of the market access requirements of your trading partners and the German government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select spices and herbs and Germany in the category search, click on the search button and click on market access requirements.

Traceability and quality are increasing in importance. Large processing companies have their own experts who visit the producers in the countries of origin, to inspect the product and production process and educate the growers so that they are better able to meet the German demands. Due to higher requirements with respect to traceability and quality, companies are forced to maintain stricter control over the products they sell, in order not to lose market share. German importers will always ask for samples first and, if the actual freight does not correspond with the sample, the deal is off. Furthermore, German importers/spice manufacturers highly appreciate it if suppliers are willing to let their production chain be controlled and checked. Traceability, quality and reliability are key words in the spices and herbs sector in Germany nowadays (ITC, Marketing Manual for Organic spices and Herbs, October 2006).

According to the Association of German Spices Industry, the quality of a spice is evaluated by its aroma and flavour, its appearance, the concentration of acid insoluble ash and the moisture content. In the latter aspect, the moisture content should not exceed 12% in order to prevent deterioration, e.g., through mould growth or the reproduction of pests. For a specific explanation of these quality criteria, please refer to the website of the above-mentioned association - http://english.gewuerzindustrie.de/leitsaetze/index.htm.

Additional information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packaging/packit.htm

Information on tariffs and quota can be found at http://exporthelp.europa.eu

The general VAT rate in Germany is 19%, introduced in January 2007. This standard rate, or the reduced rate of 7%, applies to foodstuffs.

More information on taxes can be found at:
- Taric Homepage - http://ec.europa.eu/taxation_customs/dds/tarhome_en.htm
- Directorate General XXI - http://ec.europa.eu/taxation_customs/common/publications/info_docs/taxation/index_en.htm

6 Doing business

General information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore, cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from http://www.cbi.eu/marketinfo - go to search publications.

Useful sources
Assistance with market entry can also be sought through local business support organisations, import promotion organisations such as CBI and branch organisations focusing on the spices and herbs, or food ingredients, sector. Interesting *trade associations* in Germany are:
- Association of the German Spices Industry / Fachverband der Gewürzindustrie - http://www.gewuerzindustrie.de
- Association of Foodstuff Legislation and Customers/ Bund für Lebensmittelrecht und Lebensmittelkunde - http://www.bll.de
- German National Association of Food Industries / Bundesvereinigung der Deutschen Ernährungsindustrie - http://www.bve-on line.de
- Organic Food Industry Federation / Bund der Őkologischen Lebensmittelwirtschaft (BÖLW) - http://www.boelw.de

Trade fairs offer companies in DCs the opportunity to establish contacts, promote their products and conduct EU market orientation. Major fairs of EU-wide significance are mentioned in the survey covering the EU. *Trade fairs* of interest in Germany are:

- BioFach - http://www.biofach.de – annual fair specialised in organic trade. The last event was held 17-20 February 2010 in Nuremberg, Germany. The next event's date has not yet been determined.
- ANUGA - http://www.anuga.com – annual trade fair for foods and beverages. The next event will be held 08-12 October 2011 in Cologne, Germany.
- Please also refer to the Export Marketing Guidelines on spices and herbs.

Trade press can function as a means for gaining insight into market developments and competition, but can also have a promotional function. This concerns finding potentially interesting companies, as well as promotion of your own activities and products. Major trade press of EU-wide significance is mentioned in the survey covering the EU. Trade press of interest in Germany is:
- Press releases on the German spices and herbs sector - http://www.gewuerzindustrie.de/presse/index.htm
- Lebensmittelwelt.de - http://www.lebensmittelwelt.de (website in German only)
- Lebensmittel Zeitung - http://www.lz-net.de

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