

In Excess of Quality and Security



Foodstuffs of German origin offer guaranteed quality.

Food is everybody's necessary means to live – every day, everywhere. Providing people with secure, high-quality food products demands maximum efficiency and sustainability. Our natural resources are strictly limited and production has to meet this challenge at once. Achieving the reliable provision of food also establishes the basis for economic and social welfare and growth. The food and drink industries perceive and accept this responsibility day-to-day.

With about 550.000 employees in 5.960 companies the German food and drink industry belongs to the four biggest industries in Germany. It makes an important contribution to welfare, growth and employment and represents a continuously stable and resistant sector of the economy. Germany is also the largest food and drink producer in the EU in terms of sales. Acknowledging the fact that the European food and drink industry is the single largest manufacturing sector in terms of turnover and employment in the EU and the second leading in terms of value added and number of companies underpins the role of the German food and drink industry as a pillar of the economy.

The German food and drink industry mainly consists out of small and medium sized enterprises. 76% of the companies have less than 100 employees. Besides some multinational Global Players most of the companies are family businesses or managed by the firm owners. This close relation as well as the intensive competition strengthens the economic and personal interest to

produce sustainable and secure food of high quality. To meet Consumers' individual demand and needs the food and drink industry offers a large variety of products. The top-selling industry lines are the manufacturing

of meat and meat products, milk and milk products, alcoholic beverages as well as sweets, confectionery and bakery products.

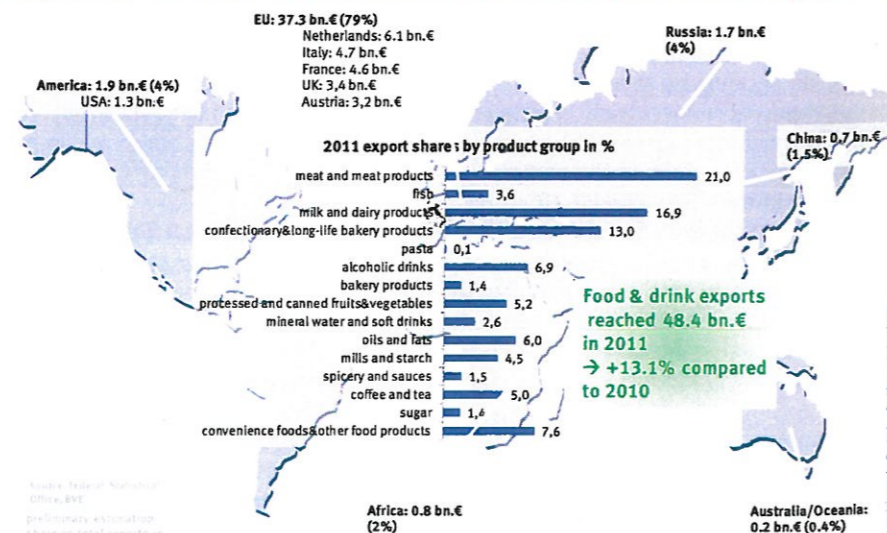
Growth and Competitiveness "Made in Germany"

In 2011 the food and drink industry generated a total turnover of €163.3 billion, achieving a nominal growth of 7.6% compared to 2010. The food and drink exports of €48.4 billion contributed 30% to the industry turnover. The export growth of 13.1% outperformed the sales trend in the home market and stimulated the industry's economic situation. In 2011 adjusted for price total turnover of the food and drink industry increased by 0.8%.

Germany is the third largest exporting nation of food and drink products in the world. But also through the import of agricultural commodities and factors of production the German food and drink industry is highly integrated in the global market. Its positive trade balance affirms the international competitiveness of the industry. About 80% of the industry's exports go to the European Single Market but third country markets become more and more important. Meanwhile food and drink exports to the EU increased by 12% in 2011, the growth rate outside the single market reached 19%.

The success of German food and drinks abroad is based on the reliable high quality and safety, as well as the unique taste and the competitive price level. Especially in countries with similar consumption preferences and purchasing power food "Made in Germany" is on high demand. Customers

Exports of the German Food & Drink Industry 2011



abroad tend to buy traditional German specialties and the newest food innovations.

And the global demand for processed food is further increasing with population growth. At the same time natural resources become scarce. Supporting international trade in agricultural goods and multilateral cross-border cooperation are a main interest of the German food and drink industry looking forward to a secured provision with high-quality food. Facing these challenges sustainability in production is not only a top-priority but also a quality characteristic of the German food and drink industry.

Consumers Want and Industry Needs Sustainability

With a population size of about 82 Mio consumers Germany is the largest market in Europe. Caused by the favorable food prices in Germany an average household only spends about 10% of its total expenditures on food and drinks. This fair food price level is an outcome of the stress of competition due to the intense market concentration in the German food and drinks retail business.

Also rising costs for soft commodities, energy and transportation put pressure on companies' margins. Staying competitive therefore naturally implies the efficient and responsible use of natural resources, the reduction of costs as well as long-run orientated investments and innovations. Depending directly on natural resources it's the own economic interest of the food and drink industry to support a sustainable food production and to preserve an ecological, social and economic environment for future generations.

Nevertheless food production must satisfy the needs and demand of the consumers for high-quality food. Only free market clearing guarantees that food production bases upon consumption patterns. As decisive criteria quality replaces more and more the price for shopping groceries. Half of the Germans choose high quality over low prices when buying food. 54% of the consumers appraise that the food quality in Germany is higher than abroad. Even 41% argue that German food quality increased in the last years. Consumers' preferences towards quality are rising, criteria like taste and safety but also reliable information about the origin and the production processes are decisive for each individual purchase. Today sustainability is recognized as a clear quality feature of food and drink products. This offers new chances to increase the food and drink industries' value added.

The Food and Drink Industry as Part of the Food Chain – Efficiency at all Levels

The value-added process of providing people with secure, high-quality food products demands maximum efficiency and sustainability and connects a large variety of

actors along the food-chain. The higher the efficiency in the cooperation along the whole food-chain, the higher is the value-added potential for each single actor. The actors in the German food-chain add up the agricultural production and upstream business sectors, the food processing sectors as the food and drink industry and artisanry, as well as catering and the food service sector up to the food distribution and provision of consumers through the food retail and wholesale businesses. Food processing can be seen as major task in the center of the German food-chain. The production output of the food and drink industry counts a variety of about 160.000 different products (different packaging sizes not included). In total the German food-chain generates about 6 % of the German gross value added and ensures with its employment share of 12% the income of 4.8 million people. The food-chain is an essential, high-performance sector of the German economy. The production processes are highly interrelated. Of course this guarantees the highest quality and safety of food products as permanent peer-reviewed control and monitoring along the whole food-chain take place. Only a fair cooperation and responsibility along the whole food-chain will ensure sustainable food and drink products.

Multi-channel Strategy for Sustainable Success

The German food and drink industry supports a sustainable economy and society and campaigns for a resource and environmentally friendly commerce with food. Companies' modern food processing follows high standards for quality, sustainability and the environment. Industry's own initiatives and cooperation with NGOs demonstrate that companies take responsibility for a sustainable use of resources. Corresponding product-labels and code of conducts make the commitment of the industry traceable for consumers. Further cooperation between the food and drink industry and agriculture increase production and preserve resources, so in the crop growing of sugar beet the use of nitric mineral fertilizers was reduced by more than a half. Extensive efforts to reduce and recycle packaging material considerably relieve the environment. Intelligent food distribution strategies between industry and retail partners reduce traffic and transport costs. In the field of saving energy the food and drink industry supports the efficient, environmentally-friendly and cost reducing utilization of diverse energy sources. Therefore the Federation of the German Food and Drink Industries founded the "network of energy efficiency in the food and drink industry".

Increasing efficiency and profits by an innovative and sustainable production has become a successful strategy of the German

food and drink industry to increase competitiveness of modern food processing on the international market. German food and drinks are in excess of quality and safety destined to satisfy consumers' needs.

Trade Fairs as International Marketing Platform

As leading international trade fair for the food and drink industry, retail and catering sector the Anuga will take place from October 5-9, 2013 in Cologne. It is one of the most important platforms to communicate the key trends in the branch at the national and international level. With about 6.596 companies out of 100 countries and more than 155.000 trade and business professionals from 180 different nations in 2011 the Anuga is an international business networking event at the highest stage.

Another excellent chance to get to know the German food and drink industry is the International Green Week (IGW), taking place from January 18-27, 2013 in Berlin. More than 400.000 visitors and 1.600 exhibitors make the IGW the world's largest consumer fair and international exhibition for the food, agricultural and horticultural industries. The IGW is also the point of origin for the Global Forum for Food and Agriculture (GFFA) with more than 60 departmental ministers.

The leading association of the German food and drink industries is BVE (Bundesvereinigung der Deutschen Ernährungsindustrie). Representing the common interests of the industry to governmental and administrative bodies, the media, the public and market partners BVE is your first point of contact concerning questions to the German food and drink industry.

■ www.bve-online.de



Milk and dairy products are much in demand in the German food and drink industry.