Report on German meat production and consumption trends *February 2020*

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Summary

- Germany matters to New Zealand meat exporters: with an annual value of NZD330 million, Germany is our fourth largest meat export market, after China, the United States and the UK.
- Data for the past few years indicate that, after a period of increasing domestic production and stagnating consumption in Germany, both have recently been trending downwards.
- Growing regulatory pressure and changing consumer behaviour suggest that these trends will continue. This could create both risks and opportunities for New Zealand exporters.

Report

This report draws on public German sources, relevant in-market industry events, and discussions with German farmers' and consumers' organisations.

German meat production

2 German meat production and processing represent about a quarter, or €40 billion, of the German food industry's total turnover. Its overall relative significance for the economy is limited, but the sector remains relevant in absolute terms, and certainly in particular parts of Germany. Over the past twenty years, it has been growing remarkably, making Germany a net exporter of meat.

3 In the last few years, however, we have begun to see a slight downward trend as a whole, with total output down from 9.1 million tons in 2016 to 8.7 million tons in 2018. Figures for the first half of 2019 suggest a further decline of 2-3% in total meat production year-on-year, with pork production decreasing by nearly 4%, and beef and poultry by about 1%.

4 Meat production, largely concentrated in western Germany, is now facing increasing pressure from the Government and society to reduce the intensity of the industry, and its environmental footprint in particular. The Government has recently tightened national fertiliser regulations, to the extent that industry groups see an existential threat to many farms. Further pressure comes from EU regulation on the restoration of rivers and air pollution. Under recent climate legislation, the sector will also be required to reduce its greenhouse gas emissions further.

5 There is also growing regulatory and societal pressure to improve animal welfare, which is likely to be a key focus in the future. Constant communication from animal welfare NGOs and media reporting have led to an unprecedented political and public awareness and sensitivity with regard to hitherto standard conditions. These issues are being increasingly addressed, partly by Government regulation and partly by animal welfare labelling for products that exceed minimum standards. And German retailers are increasingly setting their own standards that exceed legal requirements.

German meat consumption

6 The German meat market is already a saturated one. Over the past 30 years consumption has slightly declined at times and has largely stagnated overall, at around 60kg per capita per year. Pork remains the favourite variety, at 36kg, followed by poultry (13kg) and beef (10kg). Consumption of sheep, goat and other meat (including venison) amounts to less than 2kg.

7 Key indicators suggest that meat consumption is now declining. Data for 2018 reveals a decrease in consumption of 2kg per capita in just one year, and surveys of German households indicate a further decline in 2019. These statistics are consistent with findings of the Government’s 2019 Nutrition Report, which reports a decline in German consumers eating meat daily from 34% to 28% in only two years, and a younger generation that increasingly eats vegetarian.

8 German consumers are becoming increasingly aware of the environmental, climate and animal welfare issues related to animal farming. According to the aforementioned survey, three in four now agree that meat consumption should be reduced. More than 80% claim that they value information on the food product about the animal welfare and environmental conditions under which it was produced, and 40-50% pay attention to `organic´ and `animal-friendly´ labels.

9 A number of factors can be identified that may explain why not only consumer awareness and attitudes, but also consumer behaviour, are changing. One is the rapidly growing availability and variety of plant-based alternatives to meat, which can now be found in all German supermarkets and even discount stores. A second driver is arguably the many prominent German figures and social media influencers who are going vegetarian or vegan, and do so vocally.

Outlook going forward

10 Both German meat production and consumption are arguably in transition. A dedicated national stakeholders’ forum is currently discussing how the future of German meat production should look, and the results, expected shortly, could be quite revolutionary. Meanwhile, Germany’s powerful retailers leave no doubt that they will continue to raise the bar with regard to animal welfare and environmental/climate footprints, whilst also expanding the range of alternative plant products. And they are doing this to satisfy shifting consumer preferences and expectations.

11 It is premature to assess the possible impact of these trends on our own meat exports to Germany, not least given we are largely servicing niche markets so far (sheep meat and venison). Many other factors can also have a positive or negative influence here, such as changing consumer preferences for particular types of meat and/or countries of origin. What seems clear, however, is that strong environmental and animal welfare credentials will become even more important.

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