

*Prepared by the New Zealand Embassy in Berlin, in consultation with NZTE.*

## Summary

- Germans are not big fish eaters, but Germany is still a significant seafood market, and one that has proven fairly resilient. Consumption increased last year, and the outlook is positive.
- A particular feature of the German seafood market is the growing focus on sustainable sources, with relevant certification (e.g. MSC, ASC) increasingly being the new norm for market entry.

## Report

- Germans are not big fish eaters. And yet, Germany is one of the largest seafood markets in value terms (prices for seafood are relatively high), and with <25% self-sufficiency the market relies on imports. But whilst the EU takes 13% of our seafood exports (NZD240 million in 2019), Germany's share is small, accounting for <4,000 tons worth <NZD27 million (whereas Germany represents 25% of EU GDP).
- This report highlights two features of the German market that may make it look more attractive to New Zealand exporters in the future: its resilience during the pandemic and positive outlook, and the emphasis retailers and consumers place on sustainability. For general information and detailed official data on the German seafood market please refer to EUMOFA (fact sheet, EU market report, database).

### **German seafood consumption and Covid-19 - a positive story and a promising outlook**

- Prior to the pandemic, German seafood consumption had been slowly declining in volume terms, although it had already been growing in value terms. Then, during the first half of 2020, and despite a nationwide lockdown in the second quarter, German consumption increased both in volume and value. Consumption around Easter was greater than over the previous, pre-Covid Christmas, for the first time ever. For the full year of 2020, per capita consumption is estimated to have increased from 14.3kg to 15kg, despite a shift away from out-of-home consumption (down from 25% to 15%) to home consumption. German retailers reportedly sold 14% more fish through their channels (with frozen and canned fish still dominating, but fresh fish growing fast), and online sales - whilst still very much a niche - are believed to have increased even more strongly. Covid-19 has given a boost to Germans' interest in a healthier diet (involving also less meat, more vegetables), and to their ability to cook fish.
- With this, the German market has proven more resilient than others, although according to provisional statistics for 2020, New Zealand exports to Germany did not hold the level of the previous year, presumably due to greater reliance on out-of-home sales. By contrast, Norway reported stable sales in Germany overall (despite losses in the out-of-home market) and a record year for salmon (the second most popular species), possibly also thanks to a new marketing campaign. Market experts note that as the diversity of products is widening, consumers are increasingly willing to pay a premium.
- The outlook for Germany's seafood market in 2021 seems to be positive. When Germany's industry magazine (Fischmagazin) recently asked a number of industry representatives across processors,

importers, and traders, they all expected a positive trend, noting that more Germans were attracted to fish and willing to pay for quality, and had become less afraid of cooking seafood at home. The Fish Information Centre (FIZ) is equally upbeat. Ideally, German consumers may both continue to eat more fish at home and be keen to order fish when restaurants are expected to open again in the near future.

- This should create new opportunities for imports in particular, since Germany's options to increase domestic production and thereby increase or even maintain its self-sufficiency rate are limited. German fishermen have access to the Baltic and North Seas, with both waters managed by EU fishing quotas that have declined in recent years. In addition, Brexit will significantly reduce German access to British waters. There is slightly more but limited potential to expand domestic aquaculture, given Germany's rather short coast line and various impediments to expansion onshore.

### **Sustainability certification is the new norm in the German seafood market**

- Germany is a seafood market where sustainability certification and labelling is no longer a nice-to-have, but becoming the new norm, at least in retail, which has explicitly committed to sustainable seafood (and other products). This includes the explicit delisting of endangered species and increasing sourcing of products that have been certified by the Marine Stewardship Council (MSC) for wild fish, or in case of aquaculture by the Aquaculture Stewardship Council (ASC), GLOBAL G.A.P (GNN Certified Agriculture) or as 'organic' (by contrast, the 'Friend of the Sea' scheme is much less common here).
  - The MSC label is omnipresent in supermarkets, with MSC-labelled products enjoying a wild fish market share of 60%; seven in ten consumers know it and of those three quarters trust it (the ASC label is known by about four in ten). German consumers' preference for a few, commonly certified species has reportedly been a major factor in explaining the label's outstanding market penetration here. For New Zealand, where more than half of its wild caught seafood is MSC-certified, related German retailer standards and consumer expectations should not be a major obstacle.
  - MSC recently published a consumer survey, finding that whilst freshness, taste and storage life were the key purchasing criteria for German consumers, sustainability was also becoming more important to them. Nine in ten called for more information allowing them to avoid fish from unsustainable sources and eight in ten expected restaurants and retailers to stop offering 'unsustainable' fish. Asked about their motivations behind their choice for sustainable products, consumers most commonly replied that stocks needed to be protected to ensure that future generations can still enjoy fish.
  - The pandemic seems to have led to even greater awareness. In the same survey, six in ten (and even eight in ten among the younger generation) claimed that they had changed their shopping behaviour over the past year, opting more regularly for sustainability-certified products. Campaigns such as the MSC/ASC's Think Fish Week - rolled out to Germany last year, despite Covid restrictions - can be expected to push this trend further. Asked about their priorities for 2021, many industry representatives cite sustainability (including efforts to secure sufficient supplies of certified products).
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