

*Prepared by the New Zealand Embassy in Berlin.*

## Summary

- Meat consumption is declining in Germany while the number of vegetarians and “flexitarians” is growing, as is demand for alternative and plant-based proteins.
- New Zealand sheep meat, venison and beef remain in demand for their high quality and for special occasions. At the same time, the broad trend away from meat consumption creates opportunities for New Zealand plant-based protein exporters.

## Report

As noted in a [report](#) commissioned by Beef + Lamb New Zealand, alternative proteins (i.e. plant-based meat, edible insects and cultivated meat) are a potential competitor to New Zealand’s red meat products, our No 1 export earner in Germany. However growing demand for alternative proteins also creates new opportunities for New Zealand businesses producing alternative proteins. This report looks at German trends.

Meat consumption has been slowly declining in Germany (see our report [here](#)), driven by a growing number of vegetarians (an estimated 10% of the population) citing animal welfare and/or moral concerns in particular, and “flexitarians” (an estimated 50%) seeking a healthier and/or more environment-friendly diet. Meat substitutes are seen as an alternative, and a number of German institutions suggest this is a positive development. The German Nutrition Society (DGE) encourages consumers to eat less meat, and a [study on plant-based meat substitutes](#) by the German Environment Agency indicates that plant-based products have a lower environmental footprint. The newly elected centre-left Government says it “will strengthen plant-based alternatives and advocate for the approval of innovations such as alternative protein sources and meat substitutes”. These remain a niche market compared with meat sales, but one that is growing despite obstacles such as a lack of alternatives to popular cuts of meat and higher prices, compounded by the standard (19%) VAT rate which applies to these alternatives but not to meat (7%).

### **Plant-based proteins**

Plant-based meat substitutes dominate the alternative protein market. According to [research](#) published by the EU-funded Smart Protein project (which counts New Zealand’s AgResearch among its global partner institutions), sales of plant-based meat in Germany amounted to €357 million in 2020 (September year), up 76% year-on-year, making Germany the largest and fastest growing market in the European Union. Products include refrigerated and frozen products (e.g. burger patties), cold cuts, spreads, and sausages. A Smart Protein [survey](#) suggests that while about two-thirds of German consumers rarely, if ever, eat plant-based proteins, the remaining third have them in their shopping baskets at least once a month, if not several times a week. Another survey suggests that German consumers expect alternative products to contain natural ingredients only (46%), and to have a taste and texture similar to that of natural meat (38% and 36% respectively).

Traditional players and start-ups alike are making headway in this market. Sales of plant-based alternatives at [Rügenwalder Mühle](#), one of the first established meat processors to introduce them seven years ago, now account for half their total turnover. The most popular start-up brands are [Like Meat](#) (with investment from leading poultry processor PHW) and [Veganz](#). Domestic production increased to more than 80,000t last year (a 36% increase year-on-year), worth €375 million. While this suggests net self-sufficiency at the end product level, Germany has been both exporting and importing products, and demand has been growing faster than domestic supply, which ultimately relies on commodity imports, in particular soy. All retailers and discount chains now offer a wide range of plant-based “meat” products. A growing number of

restaurants and restaurant chains (including McDonalds) have been following suit, offering products such as plant-based “chicken” nuggets and burgers.

### ***Edible insects***

There is no German tradition of eating insects and it remains very uncommon, but consumer awareness and interest are growing, and the regulatory environment is becoming more favourable. Under the EU’s [Novel Food](#) Regulation, more species, such as mealworms and migratory locusts, are being approved for human consumption with further applications pending. Retailers, restaurant chains, and online market places have been testing the market, with a focus on processed products such as burger patties. Processors largely rely on imports (such as from the Netherlands or Canada), but some domestic farms also exist. The sector is maturing, benefitting from improved breeding technology, more suppliers entering the market, better access to funding, and a growing range of products. Consumers however remain hesitant: only one in eight have tried edible insects or are open to doing so, and some groups (men, young people and urban populations) show more interest than others. Covid restrictions preventing tastings have made it harder to socialise the products with more consumers.

### ***Cultivated meat***

Unlike in Singapore, cultivated meat is not available in Germany, but it could well be established by the end of this decade. Two major German companies becoming active in this area include PHW (investing in chicken-cultivating start-up SuperMeat) and chemical giant [Wacker](#) (partnering with steak-growing Aleph Farms) - both are start-ups from Israel. German life science multinational [Merck](#) has positioned itself as a technology provider for the industry. A 2021 survey among German consumers suggests that 14% of Germans are contemplating eating cultivated meat.

### ***Implications for New Zealand’s meat exports to Germany***

Against the backdrop of falling meat consumption in Germany, and contrary to pork trends, demand for sheep meat, venison and beef remains stable or has increased (from a low base). New Zealand products are sought after for their high quality and for special occasions. While those turning vegetarian are lost consumers, “flexitarians” in theory remain open to, and keen on, our pastorally farmed products. For them, alternative proteins are there to reduce their daily meat intake, which may mean seeking higher quality when they do consume meat.

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