

Exporting tea to Germany

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German tea consumption is relatively stable. While black tea remains the most popular type of tea in Germany, the market share of green tea has increased considerably in the last few years. In addition, other high quality speciality teas are growing in demand.

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1. Product Description

“Tea” is a hot beverage that is prepared by infusing or brewing the dried leaves of the *Camellia sinensis* plant. There are at least six different types of tea, based on the processing of tea leaves:

- Green;
- White;
- Yellow;
- Oolong;
- Black;
- dark post-fermented tea (or black tea for the Chinese).

The most commonly found teas on the German market are black, green, oolong and white tea.

Along with these mainstream teas, specialty teas make up a specific market segment in Germany. Although there is no universally accepted definition, specialty teas generally refer to higher value teas (at least \$10/kg farm gate price and \$40-50/kg consumer price). [Examples include:](#)

- orthodox loose-leaf teas;
- single-estate teas;
- rare tea types, such as exclusive green teas, first flush Darjeeling, Oolong, white tea and pu-erh tea.

Speciality teas can be defined as teas with:

- high quality flavours (e.g. exclusive Earl grey tea);
- uncommon flavours of tea (such as some dessert teas).

The Harmonized System (HS) codes are used to classify tea (table 1). There are no separate HS codes for specialty tea. White and oolong tea fall under the categories fermented and unfermented teas respectively.

Table 1: HS codes of tea

	HS Code	Description
	090210	Green tea (not fermented) in packages not exceeding 3 kg
	090220	Green tea (not fermented) in packages exceeding 3 kg
	090230	Black tea (fermented) & partly fermented tea in packages not exceeding 3 kg
	090240	Black tea (fermented) & partly fermented tea in packages exceeding 3 kg

Common flavours of tea in Germany

Oxidation is the distinguishing factor that determines whether tea leaves will become black, oolong, green or white tea. This is a chemical process that browns tea leaves and produces flavour and aroma in finished teas. During oxidation (also referred to as “fermentation”), the flavours and aromas of tea become fuller and deeper.

Table 2: The most common teas on the German market and their flavour

Tea	Description	Flavour
<i>Black tea</i>	Black tea is the most common type of tea in the Western world. Black tea is almost always fully oxidised.	Black tea is noted for its full, bold flavour and its ability to pair well with many Western foods, particularly sweets and creamy foods.
<i>Green tea</i>	Green tea is processed to quickly stop oxidation (minimal oxidation occurs). Japanese green teas are typically steamed. Chinese-style teas are typically processed with dry heat.	Japanese-style green teas tend to have strong vegetal, grassy or oceanic/seaweed notes and a slight citrus undertone. Examples include Sencha and Matcha tea. Chinese-style green teas often have a mellower, sweeter flavour profile with notes of nuts, flowers, wood and/or vanilla.
<i>Oolong tea</i>	Oolong tea is partially oxidised. This tea is rolled by hand or machine and pan-fired, and then heated. Many oolongs are roasted afterwards to further develop their flavours and aromas.	Depending on their processing, oolongs may have flavours and aromas of honey, orchids and other flowers, lychee and other fruits, wood, butter or cream, vanilla and/or coconut.

White tea	White tea is unoxidised. This is a light tea grown and harvested primarily in China (Fujian and Zhejiang province). The name relates to the whitish appearance of the plant. The tea is pale yellow.	White tea has a light, delicate, slightly sweet flavour.
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2. What makes Germany an interesting market for tea?

“We see that the German tea market is saturating. Companies are therefore moving towards speciality teas, but this market is also showing lower growth figures.”

Jesse Bloemendaal, ProFound – Advisers In Development

Small increase in tea consumption

Total German tea consumption amounted to 19 thousand tonnes in 2014 (figure 1). This amounts to almost 18.7 billion cups of tea. The German market accounts for about 0.4% of total global tea consumption at [5 million tonnes in 2014](#). Since 2011, German consumption has increased at an annual average rate of 1.1% in volume.

Industry experts indicate that black tea remains the most popular type of tea in Germany, accounting for 71% of consumption in 2014. Most black tea is sold in the north of Germany as Ostfriesentee (East Frisian tea). The share of green tea of the total tea market increased considerably from 24.5% in 2013 to 29% in 2014.

Tips:

- Please read our study on [trends in the European tea market](#) for more information about tea consumption trends.
- See the [website of the German Tea Association](#) (Deutscher Teeverband) for more information on the German tea market.

The importance of Germany in European imports and re-exports

“Traditionally, Germany is the most important entry point to Europe for speciality teas: if you produce nice and clean orthodox teas, with attractive leaf appearance, that stand out from your competitors, you can be pretty sure to find buyers in Germany.”

Joost Pierrot – CBI tea consultant

Germany is the largest re-exporter and second largest importer of tea in Europe. This illustrates its importance as a trade hub. Germany has two large seaports that are important for tea trade: Hamburg and Bremen. The German seaport Hamburg is unofficially known as the "[tea capital](#)" of Europe. Hamburg is home to major tea trading companies, as well as a large number of service producers such as laboratories and the German Tea Association.

German tea imports reached 57 thousand tonnes in 2015 (figure 2). Since 2011, imports increased at an annual rate of +1.1%. In 2015, 83% of imports were directly supplied by developing countries. The rest was imported through other European countries, such as the Netherlands and the United Kingdom.

German exports amounted to 26 thousand tonnes in 2015, with a value of €195 million. Since 2011, exports decreased slightly at an annual rate of -2.9%. Germany mainly re-exports to other European countries. The country's main 2015 destinations were:

- France (market share of 16% in 2015);
- Poland (12%);
- The Netherlands (8.8%);
- Austria (6.5%);
- the United Kingdom (6.5%).

The United States is also an important destination of German tea exports, with a share of 12% in 2015. However, exports to the United States decreased significantly since 2011, at an annual rate of -17%. Other important markets are Russia and Canada.

Tips:

- Read our study on [trade statistics](#) for more information about tea trade in Europe.
- Use Germany as a trade hub to market your tea to other (West-)European tea markets.
- Check the website of the [European Tea Association](#) for more information about the main European trade hubs for tea.

Main suppliers of tea to Germany

The three main tea suppliers to Germany are developing countries:

- China (market share in 2015 of 24%);
- India (17%);
- Sri Lanka (13%).

China's and Sri Lanka's supplies have been relatively stable from 2011 to 2015. However, Indian supplies increased significantly at 11% annually in volume.

Other important developing country suppliers to Germany are Indonesia, Malawi and Argentina. Supplies from Indonesia indicate a small decrease since 2011 of -3.9% and supplies from Argentina have been relatively stable. Supplies from Malawi increased significantly between 2011 and 2015 at an annual rate of +19%.

Other small, but increasingly important developing country suppliers:

- Tanzania (growth in supplies to Germany of +16% since 2011);
- Uganda (+34%);
- Morocco (+60%) (Morocco is mainly a re-exporter).

Tips:

- Check our study about [competition on the European tea market](#) to learn more about your main competitors.
- Check our study on [market channels and segments](#) to learn more about ways to enter the European and German tea market.

3. What trends offer opportunities on the German market for tea?

Speciality teas are increasing in popularity

The growing demand for high quality tea leads to an increasing popularity of speciality tea among German tea consumers. Especially in Germany, the quality standards for tea are extremely high. Consumers are willing to spend more on the teas they consume, resulting in a premiumisation of the tea market. They are increasingly buying green tea, black tea fusions and fruit/herbal teas.

In the specialty tea segment, highly dedicated consumers are interested to learn more about:

- the complete tea production process;
- special tea varieties;
- the origin and exact location and altitude; and
- proper brewing techniques.

Specialist retailers have been able to cater to these demands very well. They are providing a wide variety of flavours, unusual combinations and the option to customise teas.

One example is [5 CUPS and some sugar](#), based in the German capital Berlin. The company gives consumers the option to create their own tea blend online. The company has been very successful so far and sold 1.2 million cups of tea in 2014.

Tips:

- If you supply specialty tea to the German market, make sure you have all relevant information and marketing tools readily available. For example, an elaborate story about your tea garden, your tea variety or brewing techniques.
- If you produce a specialty tea, look for a distributor or packer that is specialised in this market segment. Check the European Tea Committee for its [Member Organisations](#) (national tea associations) or the [Tea Trade Directory](#). Check our studies on [how to find buyers](#) and [how to do business](#) in the European tea market for more information.
- If you produce a high quality/specialty tea, try to market it to (distributors to) specialty tea shops. These are the most common places for consumers to buy specialty tea.

Growing health awareness among consumers influences consumption of tea

More German consumers are replacing their cup of coffee with a cup of tea, as a healthy addition to their lifestyle. Tea is generally perceived as a very healthy drink with health benefits. Especially green tea, herbal/fruit teas/rooibos and blends are perceived to be healthy. This results in an increasing demand in Germany for green, herbal, rooibos and fruit teas.

Due to the increasing popularity of fruit and herbal teas, innovative blends are introduced to the German market. For example, in 2015 [several companies](#) introduced new blends of forest berries with lime and herbs

with cinnamon and peppermint.

The health awareness trend may offer new opportunities for selling green teas, mixed with specific fruits, herbs or spice ingredients. It is important to have a good understanding of what ingredients are used for these teas when considering entering the German market. In some cases, you will have to acquire new ingredients and will therefore have to use different supply chains.

Tips:

- In case of consumer-packaged teas: as health claims related to the tea you export to Germany have to be authorised under European legislation, contact the European Food Safety Authority ([EFSA](#)) for further information. The Panel on Dietetic Products, Nutrition and Allergies (NDA) is responsible for verifying the scientific substantiation of the health claims.
- Please read our study on [buyer requirements for tea on the European market](#) for more information about MRLs.
- See our study on [buyer requirements on natural ingredients for health products](#) for additional information on health claims. You can also contact the European Food Safety Authority ([EFSA](#)) for further information.
- Please read our study on [trade statistics on the European tea market](#) for more information.

Sustainability and certification are becoming more important

Mainstream certification is becoming a “must” in the German tea market. Compliance with at least UTZ Certified or Rainforest Alliance standards is often necessary to supply the major German tea companies. In general, most German tea companies are certified by [UTZ Certified](#). [Rainforest Alliance](#) is less common in Germany, but the main tea trading company in the country, Ostfriesische Tee Gesellschaft, is Rainforest Alliance certified.

For speciality tea, Rainforest Alliance and UTZ Certified are less important. Organic certification is most relevant, followed by fair trade certification. In 2015, organic tea showed the strongest increase in price per unit on the German tea market. This is mainly due to the fact that the demand for organic, high quality (speciality) teas in Germany is growing. In 2015, the market share of organic tea in Germany was just under 6% (1,166 tonnes).

Tips:

- Consider organic certification for your higher quality teas, as the organic market is a growth market in Germany.
- Please read our study on [certified tea](#) for more information about sustainability in the European tea market.
- If you want to obtain organic or Fairtrade certification, see our study on [buyer requirements for tea on the European market](#) for more information.
- If you produce certified tea, check the websites of buyers to find out if they work with certified ingredients. Buyers that do not are unlikely to pay a premium for such certification.

4. What requirements should tea comply with to be allowed on the European market?

As Germany is a member of the European Union, the European legislation on tea imports also applies to Germany. For a full overview of all requirements, see our study on [buyer requirements for the European tea market](#).

Legal requirements

If you do not comply with the following legal requirements, you are not allowed to bring your tea to the German and European market:

- [European food safety](#) European buyers often ask their suppliers (especially if they are new) to prove their compliance with European standards. This can be in the form of test reports and certificates. If you cannot give such evidence, buyers can interpret this as a sign that your product does not comply with the European standards;
- [Maximum \(allowed\) Residue Levels](#) (MRLs) of various pesticides used in tea cultivation. In Germany, individual buyers may have private standards that are even stricter than the European legislation. Legislation for contaminants is continually changing, as legislators and buyers demand lower maximum levels. This is made possible as a result of laboratory technology to detect contaminants improving continuously. You also need to comply with [new legislation on the maximum levels of PAHs](#), which entered into force on 1 April 2016;
- maximum levels for certain [contaminants](#). This refers to maximum levels for mycotoxin contamination and foreign matter (such as plastic and insects). Research and increasingly advanced laboratories can identify “new” contaminants for which standards need to be set. A recent example is [Pyrrolizidine Alkaloids](#) in herbal teas or fusions, which, in high quantities, can lead to liver damage;
- strict [labelling and marketing requirements](#) for consumer products.

Tips:

- Check whether your current practices comply with the European requirements for food safety. You can find more information on the website of the [European Commission](#).
- Make sure the MRL levels of your tea are at, or below, the required European maximums. If you do not, your tea will not be accepted on the European market. You can check the required maximums on the website of the European [pesticides database](#). The [Rapid Alert System for Food and Feed \(RASFF\)](#) is useful if you want to know which food safety issues are common for your product.

Additional buyer requirements

In addition to the legal requirements for tea in Europe, there are also non-legal requirements that are *musts* for doing business with European buyers:

- Food safety management systems are often requested by German buyers due to a growing attention for food safety. The most important one in Germany is [Hazard Analysis and Critical Control Points \(HACCP\)](#). The adoption of standards which go beyond HACCP will depend on the profile of your buyer; usually, large retailers and private label manufacturers are more demanding and will require compliance with one or more of the following: [International Featured Standards \(IFS\)](#), [British Retail Consortium \(BRC\)](#) and [ISO 22000](#).

Tips:

- Check with your buyers whether it would be beneficial to implement a Food Safety Management System, as it will be well appreciated (or even demanded) by European buyers.
- Consult with your buyers regarding what sustainability label is preferred in your market segment.
- Check the website of the German Tea Association ([Teeverband](#)). The association issued a [code of conduct](#) for its members. This Code contains specific guidelines on how business should be conducted in the German tea market. For example, there are broad labour and environmental standards which have to be met.

Quality requirements

Tea quality is generally assessed by tea tasters, either at auctions or for private buyers. There are several factors that determine the quality of your tea:

- genetic: tea quality is primarily determined by the [genetic properties](#) of the tea plant/bush (*Camelia sinensis sinensis* or *Camelia sinensis assamica*);
- environmental: altitude, soil and [climate](#) (including temperature, humidity, sunshine duration and rainfall);
- field operations: such as pruning, fertilising, shading and plucking;
- processing of plucked tea leaves: [Orthodox versus Crush, Tear, Curl \(CTC\) processing](#). CTC processing mainly provides a higher quality of tea.

There is a growing international interest in the enforcement of minimum quality standards for internationally traded tea. Additional information about quality standards for tea in Europe is available in the [Compendium of Guidelines for Tea](#). These are drafted by the European Tea Committee.

Tea is sorted into [various grades](#). These grades are not standardised worldwide and may vary according to origin. Generally, there are four “basic” grades:

- whole leaf tea;
- broken leaf tea;
- fannings;
- dust

Whole leaf and broken leaf grades are primarily used for loose (specialty) teas, while fannings and dust are generally the preferred grades for tea bags.

Labelling requirements

The European Union has set [compulsory labelling particulars](#) for consumer packaged tea:

- name of the product;
- physical condition or the specific treatment undergone (oxidised or not, et cetera);
- list of ingredients, including additives (such as herbs for herbal teas);
- nutritional values, for products containing ingredients that alter nutritional value (such as candied fruit pieces, coconut chips);
- presence of substances known for their ability to spark allergic reactions and intolerances should always be indicated;
- net quantity;
- expiry date, preceded by the words "best before";
- the name or business name and address of the manufacturer or packer, or of a seller established in Europe;
- place of origin or provenance.

Packaging requirements

Bulk packaging

Bulk tea is packaged in food-grade foil paper sacks. The tea sacks are normally packed 20 sacks to a pallet, weighing between 700 kg and 1,500 kg. On these sacks, you need to add:

- the lot number (identification number);
- net and gross weight (quantity of content);
- the kind of tea a bag contains (green or black tea);
- a statement of identity (for example, English breakfast tea);
- country of origin.

Consumer packaging

- Tea bags are the most commonly used consumer packaging for tea. They contain small quantities of tea

leaves and are generally designed for single servings.

- Tea bags come in various shapes, such as classic, pyramid and squared tea bags (see figure 4). New kinds of tea bags are coming to the market regularly. For specialty tea, the pyramid-shaped bag is currently the most popular tea bag, as it leaves more room for (whole leaf) tea to expand. Additionally, consumers can more clearly see the tea leaves inside.
- Tea bags are made of silk, paper, synthetics (such as nylon), non-woven commercially compostable or (certified) biodegradable materials. Synthetic tea bags are becoming less popular, as the material is not biodegradable.
- Specialty tea is often sold as loose tea. Loose tea can be packed in a variety of packaging options, ranging from paper bags to nicely designed carton packs or tin cans. Consumers generally need a tea ball or separate tea bags for loose tea. The advantage of a tea ball is that consumers can determine the concentration of tea and the size of the serving themselves.

Figure 4: A classic tea bag, a pyramid tea bag and a squared tea bag

Source: [Teatulia](#) and [Dreamstime](#)

Requirements for niche markets

Complying with the following additional requirements could offer you a competitive advantage and makes finding a buyer easier:

- One of the most important niche markets in the German tea market concerns organic tea. To market tea as organic in Europe, tea must be grown using organic production methods as laid down in [legislation](#) drafted by the European Union.
- [Fairtrade](#) International: having your tea Fairtrade certified is a good way to prove your business performance for social conditions in your supply chain.

Tips:

- Always discuss your options for certification with your buyers. Check their interest in fair trade or organic certified tea.
- If you choose not to certify your tea, promote the sustainable and ethical aspects of your production process. Buyers might ask you to support your claims with certification or documentation on your Corporate Social Responsibility (CSR) practices.

5. What competition do you face on the German tea market?

See our study on [competition for tea](#) for an overview of competitive sources and tips. This study does not differ significantly from the competition on the German market.

6. Through what channels can you get tea on the German market?

The trade channels for the German (speciality) tea market are similar to the channels described in our study [market channels and segments in the European tea market](#). In Germany, the seaport Hamburg plays an important role in German imports and exports.

Especially for Germany, large retailers are the main channels for bulk tea. The [Ostfriesische Tee Gesellschaft](#) (OTC) and [Teekanne](#) are the leading tea companies in Germany. Together, they represent a market share of 41%. These companies sell most types of tea and their products are sold by all larger retailers. Other important German players are [Bünting Teehandelshaus](#) and [Thiele & Freese](#).

The main tea brands sold at German retailers in 2014 were:

- [Teekanne](#) (20% market share in 2014);
- [Messmer](#) (18%);
- [Westcliff/Westminster](#) (7.5%);
- [Bünting](#) (5.0%).

Tips:

- Check the websites of the most important tea trading companies in Germany to learn more about their product portfolio and other product characteristics.
- See our studies on [how to find buyers](#) and [how to do business](#) in the European tea market for more information.
- If you produce specialty tea which you are not trading directly to a buyer, then a specialty tea auction or a trade fair, such as [COTECA](#) (Global Coffee, Tea and Cocoa Expo), can be a good place to sell your tea.

What are the end market prices for tea?

The main auctions for tea are located in India, Sri Lanka, Kenya, Indonesia and Malawi. The prices set at these auctions are the basis for global tea prices.

At the end of 2015, global market prices varied between 200 US\$ cents and 300 US\$ cents (€1.85 – €2.78) per kilogram. Throughout the year, these prices fluctuated significantly (figure 8). Prices in India, Malawi and Indonesia dropped to less than 200 US\$ cents per kg, while prices in Kenya and Sri Lanka increased to more than 300 US\$ cents per kilogram.

Figure 5: Global market prices for tea at different auctions, 2015

Source: [Van Rees Group](#), 2016

End-consumer market prices are based on the global market. European manufacturers also add large price margins (Figure 6), which has its effect on the final price.

As is illustrated in table 3, end market prices for black tea vary between €0.50 and €4.00 per 100 grams, including 6% VAT. Green tea prices are generally a bit higher than those of black tea. Table 3 shows that prices can vary between €1.00 and €3.90 per 100 grams.

Table 3: Examples of end-market prices for black and green tea at several German retailers (November 2016)

Black tea: Brand and details	Retailer	Price and packaging size	Price per 100 g
Teekanne Ostfriesen Tee	REWE	€2.99 / 75 grams	€3.99
Messmer Schwarztee Klassik	Lidl	€1.55 / 44 grams	€3.55
BAKTAT Ceylon Tee	Netto	€6.99 / 1 kg	€0.69

Ostfriesische Teemischung	ALDI	€1.39 / 250 grams	€0.56
Green tea: Brand and details	Retailer	Price and packaging	Price per 100 g
Messmer Feinster Grüner Tee	REWE	€1.69 / 44 grams	€3.86
Teekanne Grüner Tee	METRO	€4.46 / 150 grams	€2.97
LORD NELSION Grüner Tee Pur	Lidl	€0.89 / 38 grams	€2.38
Westminster Grüner Tee	ALDI	€2.59 / 250 grams	€1.04


Figure 6: Indicative price structure for orthodox black tea

Tips:


- Make sure that your prices reflect the quality of your product.
- Stay up to date on tea prices by checking websites such as [Index Mundi](#) and [Commodity Online](#).
- See our studies on [how to find buyers](#) and [how to do business](#) in the European tea market for more information.

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