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Market Brief - Product

Italy : Alligator Skin

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ALLIGATOR SKIN

Italy is the largest consumer of classic reptile skins (including alligator from the US, Nile crocodile and crocodile from Africa, Asia and Australia) in the world. The skins are used to support Italy's position as the world's largest producer of shoes and leather goods such as bags, belts, and wallets made from reptile skin. Germany is the second largest producer, followed by France. Caiman skins are not strictly considered a classic reptile hide in terms of quality but are significant in terms of trade value and competition with alligator skins.

Italian import of classic crocodilian and caiman hides

REPTILE IMPORTS TONS (Million US\$)			
	1995	1996	1997
Raw			
U.S.	47.2 (3.8)	57.7 (3.5)	20.5 (1.1)
France	49.8 (4.5)	41.0 (2.7)	28.2 (2.3)
Colombia (caiman)	12.5 (0.6)	21.1 (1.3)	3.5 (1.1)
Other	33.2 (3.0)	39.9 (5.6)	43.3 (4.9)
Subtotal	142.7 (12.1)	159.7 (13.2)	95.5 (9.6)
Processed			
U.S.	3.2 (1.6)	3.3 (1.2)	23.7 (2.5)
France	23.0 (10.6)	25.0 (10.8)	22.5 (9.6)
Colombia (caiman)	28.4 (5.9)	15.2 (2.6)	9.4 (1.2)
Venezuela (caiman)	14.6 (3.8)	5.8 (1.9)	7.7 (2.0)
Other	24.5 (3.5)	34.6 (4.1)	46.0 (6.8)
Subtotal	93.7 (25.5)	84.0 (20.8)	109.3 (22.1)
TOTAL	236.4 (37.6)	243.7 (34)	204.8 (31.7)

Trade data are only available for total reptile hides, so specific numbers for alligator hides imports are difficult to determine. However out of the four main suppliers of reptile skins to Italy, almost all reptile hide imports from the U.S. and France are alligator hides while imports from Colombia and Venezuela are mainly made up of caiman skins. The remaining suppliers include several African and Asian countries (which are not considered reliable suppliers in terms of output). Alligator skin is the most important type of reptile skin used by the Italian leather good industry, accounting for 60% of total Italian raw reptile hide imports and about 50% of the total value of tanned reptile imports.

Italy receives a major share of its processed alligator skins from France, which has the largest tanning capacity for alligator hides, and is one of the major importers of raw alligator hides in the world. The three major French tanneries mainly import raw alligator hides from Louisiana and Florida. France imports about 70,000 mts, or 70% of its raw hides from the United States. About 67%, or 63,000 mt of these skins are shipped to Italy after tanning.

Some raw alligator hides, in addition to the processed hides, are shipped directly to Italy by French hide traders transferring the hides to their Italian branches or agents. In the past year, about 20,000 mt of hides came in from the U.S. in the processed form - a departure from historic trading patterns (normally the U.S. tends to supply raw skins). Most of these "in the crust" hides are coming from a plant recently opened by a French tannery in Louisiana.

Competition

Crocodile hide is the most valuable hide, costing approximately 30 percent more than alligator hide. Caiman hide is approximately 30 percent cheaper than alligator. The supply of crocodile hide is not as stable as alligator hide because production is spread over a number of countries (Zimbabwe, Botswana, Kenya, Tanzania, South Africa, and some Far East countries) whose farms are not as efficient as US alligator farms. Caiman hide production in South America, especially Colombia and Venezuela, is presently very efficient. Supply of this skin is stable and very competitive, although the quality is inferior to alligator.

A liability of crocodile and caiman hides imported into Italy is the longer time needed for the issuance of import authorization. The CITES certifications for imported crocodile and caiman skins must be transmitted to the CITES headquarter in Geneva for a confirmation of validity. CITES certifications for U.S. alligator hides are accepted by the Italian Government without this extra step. As a result, import authorization for US alligator shipments requires a wait of about 7-10 days, while the same authorization for a crocodile or caiman import requires about 40 days.

Consumption, distribution and prices.

Alligator hides are utilized to produce shoes, bags, wallets, luggage and belts. The major producer of these leather goods are the big fashion houses such as Fendi, Gucci, Ferragamo, Rossetti, etc. These companies buy skins directly from tanneries or traders. Prices are very difficult to determine because of the nature of the market with prices varying sharply depending on the size, quality, and specifications (abdomen, flank, tail, etc.) of each piece marketed.

The market of alligator leather goods.

Price levels for alligator goods are very high. About 75 percent of the goods are exported with the remaining 25 percent sold on the domestic market, mainly to tourists. Alligator skins represent a niche market, which can be affected by economic downturns, but in the long run has proven to be quite stable.

The United States accounts for about 50% of the Italian export market for finished goods; Japan, 35%; the remaining 15% goes to other European markets. Most of the U.S. imports are alligator shoes. Since 1997, the U.S. has also begun authorizing the import of crocodile and caiman leather goods, but these products still make up only a small part of the market.

Consumption trends

The reptile skin trade is fairly risky for the traders who must deal with the fluctuating demand of the fashion industry. Trends are set by the fashion houses in Milan, which can affect the demand for reptile skin immensely. However, while demand may vary from year to year, overall demand has remained quite steady.

The Asian economic crisis has affected Japanese imports of Italian leather goods, especially luxury reptile skin products. However, the Chinese market has started to become more attractive as consumer purchasing power expands.

Consumers' concern about preservation

Many potential consumers consider alligators and crocodiles as endangered animals and avoid the purchase of products made with their skins. This has limited consumption, especially in Europe. A major emphasis in marketing U.S. alligator skins should be placed on the fact that U.S. alligator skins come from an industry dedicated to protecting the species and the environment.

American alligator and ratite hides should be demonstrated as legal, ecologically sound products and not as coming from endangered or threatened species. Clear distinctions should be drawn between the legal products from America and the illegal products from other countries. SUSTA should demonstrate the "sustainable use" aspect of these species and the positive impact that placing a financial value on them has had on conservation and the salvation of wetlands in America.

The attributes of consistent supply for farm raised animals should be used to position U.S. products as superior to competitors' products, which still heavily depend on wild harvesting. In addition, U.S. products should be demonstrated as superior in terms of value, durability, and quality to the imitations, which are primarily stamped bovine leather.

Import requirements and duties

As mentioned above, a CITES certification under the Washington Convention is needed to import alligator and other reptile skins from non-EU countries. In Italy, the Ministry of Foreign Trade issues import authorizations. No duties exist for imported raw and vegetable pre-tanned hides of alligators and other reptiles (tariff codes 41032000 and 41072100).

For tanned reptile hides import duties are set as follows:

Tariff code 41072910 : 2.2% ad valorem

Tariff code 41072990 : 2.3% ad valorem