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Seafood

Seafood Annual Report

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Report Highlights:

- Only minor changes in the fish/seafood sector occur year to year in Italy.
- While Italy is a large fish exporter, it is a net importer of fish and fish products.
- US exports are mainly lobster, squid and salmon.
- Ample opportunities exist for the export of US white fleshed fish.
- US dogfish are still imported through France to avoid strict Italian inspections.
- US products transshipped through European Union ports avoid strict Italian inspectors.

Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Milan ATO [IT1], IT

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Executive Summary (Brief overview of Seafood Market)

Few changes occur year to year in the Italian fish and seafood market. There is a continued slow upward trend in imports but few US exporters seem interested in the opportunities presented. Italians like to see people face to face before they begin conducting business transactions. US exporters could begin preparing the ground work for sales by meeting Italian importers when combining vacation and business in Italy. The exporters who rely solely on the Brussels Seafood Show to meet Italian importers won't conduct much business with them because the Italians prefer to see the US company representatives here in Italy a couple times to assure them that they are really interested in the Italian market and the suppliers won't disappear after one or two sales.

The United States' main seafood exports to Italy are live lobster and frozen squid. Imports from the US should remain stable with slight yearly increases. US export opportunities exist for the following frozen fish fillets: Alaskan Pollock (*Theragra chalcogramma*); Pacific cod (*Gadus Macrocephalus*); and Pacific Whiting (*Merluccius productus*). (Contact ATO Milan or AG Rome for a list of fish importers.) Italian consumers prefer seafood products that are convenient, already cleaned and easy to prepare. High labor costs in the HRI Sector result in the purchase of some ready-made fish dishes (especially for antipasto which are usually found on buffets) and for frozen foods.

Italy is the world's fifth largest seafood importer. Italy supplies only 1/3 of the domestic demand for frozen fish; the remaining 2/3 are imported. Italian per capita consumption in 1998 was around 22 kg. In 1998 the Italian fish trade deficit was about US \$2.5 billion. Imports in 1998 were 774,291 metric tons valued at US\$ 2.8 billion. Recent increases in local aquaculture production of fin-fish and bivalves have not offset stagnating Mediterranean Sea catches. Plus, local catches are mostly small pelagic species while consumers demand white-meat fish species. Local production and exports are relatively stable year after year.

Most of the fish sold in Italy is ocean fish. Cured products like dried or salted cod and smoked herring also have their own traditional markets. Imported aquaculture species like salmon from Northern Europe or sea bass, sea bream and turbot from neighboring Mediterranean countries are also being consumed in increasing amounts.

Demand for freshwater fish is limited to mostly the lake areas where they are caught or raised.

Reportedly, large quantities of U.S. dogfish are being imported through other European countries to avoid strict Italian inspectors. The great bulk of Italian shark imports is in frozen fillets.

The Italian tuna processing industry is the third largest in the world behind the United States and Thailand. This is the most important domestic canning industry and increased production during 1998.

In a market where culinary traditions consider freshness of absolute importance, frozen products have had problems overcoming customer resistance. However, the situation is showing improving signs and acceptance of frozen products should definitely increase as the supermarket sector displaces the smaller Mom & Pop stores. The growth of supermarkets and hypermarkets with their efficient transportation, handling and storage boosts seafood consumption.

Exchange rate: 1 U.S. \$ = Lire 1,787

PSD Table							
Country	Italy						
Commodity	Total Edible Fishery Products						
		1998		1999		2000	UO M:
	Old	New	Old	New	Old	New	MT
Market Year Begin		01/1998		01/1999		01/2000	
Landings-Comm'l Catch	825,000	760,000	825,000	750,000		745,000	
Fresh/Frz Production	571,500	580,000	573,000	570,000		580,000	
Canned Production	110,000	121,165	111,000	130,000		131,000	
Cured Production	42,000	40,000	42,000	39,000		39,000	
Total Production	723,500	741,165	726,000	739,000		750,000	
Fresh/Frozen Import	510,000	532,822	520,000	550,000		555,000	
Canned Imports	125,000	108,905	126,000	109,000		109,000	
Cured Imports	30,000	35,883	28,000	38,000		37,500	
Total Imports	665,000	677,610	674,000	697,000		701,500	
Fresh/Frozen Exports	105,000	101,073	106,000	100,000		100,000	
Canned Exports	13,000	13,560	14,000	13,000		13,000	
Cured Exports	1,360	1,646	1,400	1,600		1,650	
Total Exports	119,360	116,279	121,400	114,600		114,650	
Domestic Consumption	1,269,140	1,302,496	1,278,600	1,321,400		1,336,850	

Production (Aquaculture/Wild Catch)

The structure of the Italian fishing fleet, ranging from small row boats to modern high speed fishing boats, inadequate port structures and limited biogenic fish resources in the Mediterranean sea account for the continued decline in fish landings. Fishermen doing good business will replace older more efficient boats. However, there are more than sufficient numbers of old inefficient fishing boats to offset any fleet modernization.

The decline in fish landings results in fewer exports and increased imports.

Most of the Italian fish catch is sold directly to restaurants, wholesalers and fishmongers at the docks, or through forward contracting, without passing through the public fish markets.

While people talk of expanded interest in aquaculture, the impact has been negligible on US sales; the upward trend in aquaculture production is so small that there is basically no impact on the national level.

(Resource Management/Production Policy)

There are no resource management developments that may affect US sales. There are no price support schemes, nor subsidies for distribution channels, cold storage, credit, domestic disposal nor anything else to support the fishing industry. The Italian fishermen basically work on their own in a very competitive market.

(Product Mix/Processing Technology)

Demand continues to increase for white-meat fish varieties, especially in the more economically developed northern portion of the country. Most of the Italian catch is of pelagic varieties that is consumed mostly in the southern coastal regions.

The Italian canned seafood sector is stagnant mainly because of a lack of domestic demand and from stiff foreign competition. There is little incentive to upgrade this sector given the stagnant domestic demand for these products.

Tuna industry

The Italian tuna processing industry is the third largest in the world and uses about 103,000 MT of raw material a year (frozen tuna equivalent) of which close to 80 percent is imported. The local industry has also been suffering from high production costs and is increasingly importing semi-processed tuna loins rather than whole frozen fish. Italy's own catch of tuna is mostly high priced bluefin and is consumed domestically or exported to Japan.

Eighty five percent of the Italian market is tuna in olive oil. Only eleven percent is tuna in brine. Other tuna with vegetables or herbs account for the difference. Tuna is mainly sold in cans of 80 grams, followed by 160 grams, 120 grams and 240 grams.

Salmon Industry - Smoked and canned salmon

The Italian smoking industry was traditionally situated in the north but in recent years some modern smokehouses have been set up in central Italy. Italian smokers buy 8 to 14 kg. Alaska and Canadian king salmon and Atlantic salmon weighing 9 kilograms or more.

Due to heavy competition from smokehouses in Denmark, some Italian smokers have switched their sourcing from Norway to Scotland and Ireland in order to distinguish their product from the

competition. The quality of imported smoked salmon has been declining over the years in order to keep low cost for the supermarket outlets. Italian smokehouses generally use traditional production methods and have chosen to position their product in the trendier delicatessen shops or high class restaurants.

Italian statistics of US salmon imports in 1998 show a sharp decrease. Strong competition exists in the Italian market from lower priced Chilean salmon that is used in the smoking industry. During 1998 Italian imports of Chilean salmon reached 691 MT. This trend to displace US salmon is expected to continue into the future.

Distribution Channels and Marketing in Italy

The Italian food distribution system is extremely fragmented with supermarkets and hypermarkets playing a much smaller role than in most other European markets. Despite recent growth, hypermarkets still only sell 4 percent of total food sales and supermarkets about 44 percent .

Italy: Sales Channels for Fish Products, 1998 (%)

Purchasing Point	Total Fish Products	Fresh & Defrosted	Frozen unpacked	Frozen packed	Preserved	Salt, Dried smoked
Modern distribution	47.2	29.7	30.0	85.1	89.4	32.5
- Hyper	43.4	29.4	25.8	74.0	79.4	30.6
/Supermarket	3.8	0.2	4.2	11.1	10.0	2.0
- Discounts						
Traditional Distribution	52.5	70.0	69.8	14.7	10.3	67.3
- Food Stores	8.3	3.0	30.8	12.9	6.7	14.1
- Fish shops	31.4	48.7	32.1	0.7	0.1	24.6
- Specialty shops	0.9	0.2	2.0	1.1	1.7	3.7
- Local Markets	11.9	18.0	4.8	0.1	1.8	24.8
Others	0.3	0.3	0.2	0.2	0.4	0.2
- Cash & Carry/						
& Producer	0.2	0.1	0.2	0.2	0.3	0.1
Outlets	0.1	0.2	0.0	0.0	0.1	0.1
- Direct sale						
Total	100.0	100.0	100.0	100.0	100.0	100.0
Source: ISMEA-Nielsen						

The majority of fresh seafood is sold through traditional fish shops . Supermarkets and hypermarket are now busy installing fresh fish counters which do provide extra services to consumers such as cleaning portioning etc., and this has had and will have positive effects on seafood sales. The number of fresh fish counters in supermarkets in 1998 was estimated at above 450.

The role of supermarkets in the frozen seafood sales is much stronger than for fresh fish. According to Nielsen-Ismea study over 75% percent of frozen seafood is now distributed through supermarkets.

The growing role of supermarkets has already had an effect on the structure of Italy's seafood distribution. In order to cut costs these outlets have started to supplement their domestic purchases with direct buying from exporters and aquaculture producers. This could have an impact for the traditional fish shops as well as for wholesalers. The larger Northern Italian importers have been shaken by increased competition from local wholesalers following the opening of the EU's internal market.

Consumption

Consumers are increasing their consumption of fish and seafood as they also increase the consumption of animal protein. Higher expendable incomes means increased fish and animal protein consumption. Two income families are increasingly relying upon the convenience of supermarkets to supply their fish and seafood needs. Food purchases are more often made just once a week rather than every day of the week as was the previous custom. Supermarket fish and seafood purchases are often in the form of fresh product, but are also increasingly focused on frozen product. Supermarkets provide a safe image for fish and seafood that the local fish monger doesn't have the time to focus on.

Stocks

There are no national stocking programs or campaigns. As Italian industries perfect the "Just in Time" delivery system, there will be fewer and fewer stocks of products kept on hand. While this will mostly affect the tuna canning industry it could have an impact on other fish subsectors as well.

Trade

Table: Italian Fish Trade, 1998

Description	Import Quantity		Export Quantity	
	M.T.		M.T.	
Live fresh fish	92,521		43,087	
Frozen fish	174,708		17,041	
Preserved Fish	144,788		15,206	
Crustaceous	64,047		2,315	
Mollusks	201,546		38,633	
Fish meal	66,036		11,120	
Oil & Fats	19,374		20	
Others (no human consumption)	11,271		2,157	
Totals	774,291		129,578	
Source: ISMEA-ISTAT				

Trade Trends

Italy is an important net fish importing country. Italian 1998 imports of fish and fish products rose both in quantity (18%) and value (12%). Italian seafood imports will continue to increase in 1999 while exports will decline due to reduced catches in the Mediterranean.

European Union countries are still the favored source of Italian imports given price, tariff exemptions and fish species. Spain continues to be the number one supplier of seafood to Italy, with 17 percent of volume in 1998 followed by Denmark and Holland. It is important to note that US product is often included in the data on imports from EU member countries. To avoid strict and unnecessary inspection importers bring US product into other EU-member countries where inspection and import requirements aren't as rigid as in Italy. These products are then brought into Italy as EU product with no additional inspection.

Italy's imports from third countries also increased in 1998. The major third country suppliers are: Thailand, Ecuador, Argentina and Morocco.

Potential Growth Markets for Seafood Products

The expansion of modern distribution channels (read: more supermarkets) have led to increased sales of all value added products. In the seafood sector, many new products have been launched in all major product categories: chilled, frozen and canned/preserved and continued sales growth potential appears good.

A large industry of value added products has developed in Italy, especially in northern regions. These companies use imported or domestic raw material of both wild and farmed origin with a 50/50 split between fresh and frozen resources. Generally, this industry is supplied through local wholesalers but now are also increasingly sourcing directly from the Italian or foreign producers. They buy all kind of seafood including **shrimp, surimi, salmon, cephalopods and whitefish**. High quality and minimal product variations are important but prices paid are generally higher than those the normal frozen seafood wholesalers are willing to offer.

Surimi is being used in the production of seafood cocktails but it is also sold in retail. The HRI sector is increasingly interested in high quality frozen product. Demand should continue to be strong.

Local delicatessen stores still play an important role in sales of quality fish and fish products. These stores also sell chilled value-added seafood products such as stuffed **calamari**, marinated **fish fillets**, shrimp cocktail, fish salads and mainly **smoked salmon** and **salmon preparations**. Only the largest and most exclusive of the stores prepare the product themselves. The rest sell products produced by the Italian value added industry. As these products are not branded or labeled the consumer believe that this products have been prepared in the morning by the store they are purchasing it from.

Salmon will increasingly be used as an ingredient in fresh and frozen products. Low cost frozen Pacific salmon will have a potential for use in products for which origin is unimportant. While expensive wild salmon will continue to hold the market for smoking and products that will be sold in exclusive delicatessen shops and high class hotels.

Italian imports of **cephalopods** (including squids) will continue growing for some time. There is still very good potential for direct imports of **monktail, dog fish, skate wings**; and **smooth hound**. (While there is very limited potential for the sale of Ol' Yeller.)

Factors Affecting U.S. Trade

U.S. Market Access

Import requirements are the same as other EU countries. Both Italy and the EU have laws and regulations regarding the importation of fish, fish products and live bivalve molluscs. Given the complexity of regulations in this particular sector, it is recommended that prior to initiating exports to Italy, U.S. traders should contact experienced agents, importers and wholesaler. These groups often have up-to-date knowledge of the most recent laws and regulations on imported fish products. US

companies should work closely with the importers because they will know how to avoid possible problems with Customs Officials. US exporters planning on shipping their product to Italy and then distributing it on the market themselves to save the fees of an Italian importer are heading for economic disaster. The Italian bureaucracy moves at its own slow pace and most products will putrefy at the port before the product is given official approval for entry.

U.S. processors, packers or fish and fishery product establishments must be approved by the Food and Drug administration to export to Italy. The company's name must appear on the official FDA list of approved plants. This permits the issuance of the mandatory health certificate (issued by the FDA or the National Marine Fisheries Service). A broker cannot be on the approved list. All fish shipments to Italy must be accompanied by a Health Certificate. The name of the Country of origin and the number of the FDA approved company must appear on the packaging. Failure to be on the approved list will result in product being turned away at the Italian point of entry, with no appeal possible.

POLICY

Non Tariff Barriers

Value Added Tax is normally applied at 10% for fish and seafood. However, lobster gets hammered with a 20% value added tax. All fish and seafood products are covered by a range of Italian directives, including 91/492 for live bivalve molluscs and 91/493 for fish and fishery products and horizontal directives 90/675 and 79/112. Ports of entry must be approved to handle fish and fish products. (See Italy's FAIRS Report for details on how to contact Italian officials for more information.)

Label Requirements

Labels must be easily understandable and in Italian. Most foreign companies meet the Italian language labeling requirement by producing a computer generated label that is attached to the product with the following required information (normally the Italian importer will conduct this process for the products):

1) For fresh, chilled products:

- species
- country of origin (roman letters, min. 2 cm.)
- presentation (whole, gutted, fillet, etc)
- freshness grade and size category (only for whole/gutted fresh fish)
(For species with common standards, min 5 cm.)
- net weight in kg.
(except for standard boxes, average net weight is enough)
- date of grading and dispatch
- name and address and approved number of processor

2) For frozen products:

- species followed by the word “frozen”
- country of origin
- presentation (may be included with the name of the species)
- net weight in kg
- list of ingredients (except if fish only)
- date of minimum durability (month/year)
- special storage conditions (to be maintained at - 18 degree C)(*)
- instructions for use (in not obvious), incl. “Do not freeze again once thawed” (*)
- name and address of the manufacturer, or of a seller in the EC plus approved number of the packer (CFN)
- Lot number (not mandatory)

For deep-frozen foods:

Storage conditions and maximum period of storage:

between 0 and 5 degree C: 1 day

“*”, or between -5 and 0 degree C: 1 week

“**”, or between -12 and - 6 degree C: 1 month

“***”, or at least -18 degree C: up to the best before date

Italian regulations distinguish between "frozen" (congelato) and quick frozen (surgelato) products.

Surgelato refers to products frozen to minus 18 degrees centigrade in a maximum time lapse of 4 hours.

All other products are referred to as simply frozen. This distinction is important to exporters for packaging and labeling requirements.

Lobster

PSD Table						
Country:	Italy					
Commodity:	Lobster		MT			
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Beginning Stocks	50	50	50	50		50
Total Production	240	240	245	245		245
Intra-EC Imports	1031	1133	1050	1150		1270
Other Imports	2827	3350	2900	3400		3420
TOTAL Imports	3858	4483	3950	4550		4690
TOTAL SUPPLY	4148	4773	4245	4845		4985
Intra-EC Exports	41	36	45	45		43
Other Exports	60	14	65	40		30
Total Exports	101	50	110	95		73
Domestic Consumption	3897	4573	3985	4550		4762
Other Use/Loss	100	100	100	100		100
Total Utilization	3997	4673	4085	4650		4862
Ending Stocks	50	50	50	50		50
TOTAL DISTRIBUTION	4148	4773	4245	4845		4985

Production

The domestic catch of lobster (*Palinurus*) continues relatively stable. Production is estimated at 245 tons. There are no official figures available on the local catch. While the quality of the local catch is excellent but the price, due to its short supply, is extremely high.

Consumption

Two types of lobsters compete on the Italian market: The European lobster (*Homarus gammarus*) and the American Lobster. European lobster is very scarce therefore it is very expensive and it is considered as a gourmet product. The American lobster is less expensive and is available in large quantities. The live lobster market continues to enjoy an excellent market in the catering sector. Until recently, lobsters were mainly sold for festive events but now sales are spread over the whole year while the high priced crawfish is mostly served in upper class restaurant on special occasion. Sales of frozen lobster are also improving thanks to the increased presence of frozen fish in the modern distribution outlets.

One major lobster importer is setting up a lobster catering business with the HRI industry. He discovered that by preparing and distributing the lobsters in the morning and early afternoon he could supply the major hotels and restaurants with their daily lobster meat supply. (Most lobster is served with pasta in Italy. Seldom do you receive a whole lobster on your plate unless you are willing to fork over \$20 to \$30 for the serving and remember in Italy this is just for the lobster, you must order and pay for the salad, vegetables and potatoes you consume with the lobster. You don't count the wine expense in this calculation because you were going to drink it anyhow.) Thus, restaurants are able to offer lobster at lower prices because they don't have to prepare the lobsters themselves, they either re-steam the meat or nuke them in a microwave prior to serving them to the customer. Given the fact that the lobster is served in a rice or pasta dish, a little additional chewiness in the product isn't as noticeable as if it were served in the manner we are accustomed to in the United States. If this catering project works as planned, the importer believes he will double his yearly imports. He is so convinced that this will work that he has doubled his warehouse and set up the kitchen and even a small outlet store to sell prepared lobster meat.

Lobster pate, soup and sauce are still considered luxury specialties and are consumed in modest quantity, mainly in restaurants.

Trade, Lobsters

Italy is a net importer of live, fresh and frozen lobsters and will continue as such given the modest catch and the growing consumer demand. The U.S. and Canada are the most important suppliers of live lobsters to the Italian market. Lobster (*Homarus*) makes up most of imports with the main suppliers being the United States and Canada. Rock lobster (without tail) is the second most important imported item. Spain is the major supplier of spiny lobsters however frozen Cuban lobster are reaching Italy through Spain and are levied low tariffs.

US lobsters are shipped by plane. They are packed in boxes of 6 to 13.5 kg. Which are placed in containers that have a capacity of 110 to 150 boxes. The product is guaranteed with a loss of water below 5%. Live lobsters must be free from dirt, must have a low level of bacteria and must not have salmonella or toxic substances.

Live lobsters are mainly sold by importers to HRI and to supermarkets and hypermarkets followed by fish shops.

TRADE MATRIX:

Italy mostly imports lobster.

Import Trade Matrix			
Country:	Italy	Units:	US \$ 1,000
Commodity:	Lobster		
Imports from:	1997		1998
U.S.	22,468	U.S.	27,965
Others		Others	
Spain	8,327	Spain	9,027
Canada	6,023	Canada	5,546
France	1,463	S. Africa	2,070
Portugal	853	France	1,713
Yemen	796	Ghana	888
Tunisia	582	India	810
Somalia	456	Tunisia	798
Yemen	274	U.K.	463
		Australia	455
Total Of Others	18,774	Total Of Others	21,770
Others not listed	2,281	Others not listed	3,932
Grand Total	43,525	Grand Total	53,667

TRADE MATRIX

Italy also exports some of the local lobster catch.

Export Trade Matrix			
Country:	Italy	Units:	US \$ 1.000
Commodity:	Lobster		
Exports to:	1997		1998
U.S.	1,069	U.S.	0
Others		Others	
France	342	France	325
Slovenia	169	Slovenia	157
		Greece	64
		Malta	46
		Austria	45
Total for Others	511	Total for Others	637
Others not listed	245	Others not listed	92
Grand Total	1825	Grand Total	729

Trade Barriers

Live lobster are subject to an 8 percent custom duty. Frozen lobsters from some underdeveloped countries, like Cuba, pay a very low duty or no duty at all. While customs duty rates are the same for all 15 EU countries the value added tax (VAT) applied to products differ from country to county. In Italy the VAT for agricultural and fishery products is 10%. While lobsters carry a luxury VAT of 20%, rather than the 10%. This is just one more item that makes lobsters more expensive when compared to competitive food items in restaurants.

Commodity Outlook, Marketing

Market Development Opportunities

Lobsters and shellfish are mostly associated with higher class meals. Although it is still considered a luxury product, Italians are increasing consuming lobsters throughout the year. Many in the industry expect lobsters to follow the path of Salmon. In the past, salmon was only consumed at high priced restaurants. However, with demand came increased supplies and now salmon is available in some form in most restaurants near relatively large metropolitan areas. The one factor against lobsters following the salmon example in the distribution sector is its high initial cost due to transportation.

Consumers seldom are aware of the origin of the lobsters they consume. There are no U.S. promotional efforts to identify the origin of the lobsters. Canada is very active in the Italian lobster market with promotional campaigns and informational efforts. Consequently most consumers believe all live lobsters, like with high quality smoked salmon, are Canadian. In fact, many people believe that the larger Atlantic lobsters are the male partners to the smaller Italian Mediterranean lobsters that they believe are females.

We have a long way to go to educate consumers on US lobsters. Unfortunately, there are no major seafood shows to promote salmon in Italy. However, advertising in trade and consumer magazines is an effective ways of ensuring additional exposure. Another off the wall idea that could be readily duplicated is place red, white and blue rubber bands on the claws rather than the single colored rubber bands now used. It is true that others could easily duplicate the rubber band color scheme but that would be something to worry about after successfully educating the population to US lobsters.

Traders believe that the best promotional tool at the importer level is the steady quality and availability of the product year round.

SQUID

PSD Table						
Country:	Italy					
Commodity:	squid					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Beginning Stocks	8,000	8,000	8,000	8,000	0	8,000
Total Production	24,000	23,500	24,100	24,000	0	25,000
Intra-EC Imports	42,000	14,049	41,000	16,000	0	17,000
Other Imports	60,000	87,389	61,000	87,000	0	87,000
TOTAL Imports	102,000	101,438	102,000	103,000	0	104,000
TOTAL SUPPLY	134,000	132,938	134,100	135,000	0	137,000
Intra-EC Exports	3,100	2302	3,200	2,400	0	2,300
Other Exports	3,000	1997	2,900	2,000	0	2,000
Total Exports	6,100	4299	6,100	4,400	0	4,300
Domestic Consumption	118,600	119,339	118,700	121,300		123,400
Other Use/Loss	1,300	1300	1,300	1,300	0	1,300
Total Utilization	119,900	120,639	120,000	122,600	0	124,700
Ending Stocks	8,000	8,000	8,000	8,000	0	8,000
TOTAL DISTRIBUTION	134,000	132,938	134,100	135,000		137,000

Production

Italian production of Cephalopods (squid, cuttlefish and octopus) depends largely on fishing operation carried out in the Mediterranean sea. In the past the Italian fleet has access to far-away fishing grounds that are now included in other countries' Exclusive Economic Zones. The loss of these supplies have since been replaced by imports from third countries.

Three species of Italian squid are commonly fished: the "calamaro" or common squid (*Loligo Vulgaris*), the "totano" or European flying squid (*Todarodes sagittatus*) and the "totano volatore" or Mediterranean flying squid (*Illex coindetti*). Commercially, the latter two are generally lumped together, and the only distinction made is between the calamaro and totano.

Production Outlook

Italian production continues to be insufficient to meet the demands of the domestic market. Thus, the ever increasing flow of imports. This trend is expected to continue.

Consumption

Squid and cuttlefish in Italy are mainly consumed as antipastos but products are also served grilled whole or cut into rings and deep fried. Domestic processors produce prepared and semi-prepared dishes that are sold directly to the catering trade, including restaurants and institutional caterers. Prepared frozen products are also becoming more available in Italian supermarkets. Only a small portion of the domestic catch is consumed fresh and then for the most part that is along the coast.

Trade

General

Italian imports during 1998 increased and this trend is expected to continue as demand outstrips domestic production.

Cephalopod imports by species (thousand tons)

Species	Quantity MT	Major Suppliers
Live fresh Chilled		
03074110 Cutlfsh	3332	France(1720); Spain (754); Tunisia (554)
03074191 Loligo	823	France (357; Spain (355);U.K. (74)
03074199 Other	2246	Spain (1209); France (537) Morocco (264)
Frozen, Dried Salted,Brine		
03074901 Sepiola	181	Spain (102); France (55)
03074911 Sepiola	3653	Spain (1560); France (102)
03074918 Cutlfsh	33602	Thailand (9170); France (3019)
03074931 Loll/Vulg	11133	S.Africa (3981) Spain (3171)
03074933 Loll/Pealei	2747	US (2498); Spain (167)
03074935 Loll/Patagon	7924	Spain (7692); Netherlands(106)
03074938 Loligo Oth.	266621	Thailand (12,269); Spain 6,919; US (882)
03074951 Squid	1173	Belize (703); Spain (128)
03074959 Other squid	5004	Spain (2474);New Zealand (1620)
03074971 Cuttlefish	668	Spain (252); France (192); Senegal (146)
03074991 Loligo	929	Spain (880) France (30)
03074999 Other	1402	New Zealand(601);Spain (461);S.Korea (153)
Source: ISTAT		

TRADE MATRIX

Import Trade Matrix			
Country:	Italy	Units:	US\$ 1,000
Commodity:	Squid-Cuttlefish		
Imports to:	1997		1998
U.S.	14,362	U.S.	11,214
Others		Others	
Spain	67,616	Spain	77,524
Thailand	45,734	France	30,520
France	31,395	S.Africa	21,584
S.Africa	17,628	Thailand	21,104
India	14,467	Morocco	18,262
Morocco	11,388	Senegal	11,195
Senegal	8,991	Tunisia	10,161
Tunisia	8,845	India	8,803
Vietnam	8,055	U.K	8,643
Total for Others	214,119	Total for Others	207,796
Others not Listed	46,227	Others not Listed	84,673
Grand Total	274708	Grand Total	303,683

TRADE MATRIX

Export Trade Matrix			
Country:	Italy	Units:	US\$ 1,000
Commodity:	Squid/Cuttlefish		
Time period:	CY	CY	
Exports to:	1997		1998
U.S.	0	U.S.	0
Others		Others	
Spain	5,607	Germany	3,511
Germany	2,961	Spain	3,159
Slovenia	2,444	Greece	1,683
Croatia	1,826	Malta	1,747
Greece	1,468	Croatia	1,530
Malta	1,191	Austria	556
U.K	742	France	430
Thailand	599	Thailand	351
France	522	U.K.	67
Total for Others	17,360	Total for Others	13,034
Others not listed	1,269	Total for Others	2,560
Grand Total	18,629	Grand Total	16,014

FISHERY PRODUCTS STRATEGIC INDICATOR TABLE					
		Previous	Current	Next	5 Year
		Year	Year	Year	Projections/
U.S. Competitive Position	Measurement *	Situation	Situation	Expectations	Expectations
U.S. Access Relative to Rest of World- Non-Tariff Measures (NTM)	Worse, equal, or better (choose one)	equal	equal	equal	equal
U.S. Access Relative to Rest of World - Tariffs	Higher, equal, or lower (choose one)	see next line	see next line	see next line	see next line
EU imports have no tariffs. US products equal to other third country products except for developing country lobster tariff reduction					
Presence of Marketing Programs (domestic and 3rd country) versus U.S. programs	More aggressive, about the same, or less aggressive (select one)	more aggressive	more aggressive	more aggressive	more aggressive
U.S. Prices Relative to Domestic and 3rd Country Prices	Higher, equal, or lower (choose one)	salmon higher, squid lower	salmon higher, squid lower	salmon higher, squid lower	salmon higher, squid lower
U.S. Market Share (3 Year. Average)	Percent	2	2	2	4
		Previous	Current	Next	5 Year
		Year	Year	Year	Projections/
Market Attractiveness	Measurement *	Situation	Situation	Expectations	Expectations
Per Capita Consumption of All Fishery Products	Kg per person	22	23	24	30
Per Capita Consumption of animal proteins (excluding fishery products)	Kg per person	80	82	83	86
Percent of population with refrigerators	Percent	100	100	100	100
Percent of fishery product sales at supermarkets	Percent	47	54	57	65
Percent of total food sales at supermarkets	Percent	55	56	57	66
Percent of animal protein sales at supermarkets (excluding fishery products)	Percent	63	65	68	75
Percent of fishery sales at HRI establishments	Percent	36	37	35	33
Percent of fishery sales at open markets	Percent	5	5	4	4
* If an explanation of rating is needed, insert a row and provide an explanation in the row below.					