Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Scheduled Report - public distribution

Date: 9/23/1998

GAIN Report #IT8728

IT8727

Report Code:54

ITALY: Annual Seafood Report, 1997

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Report Highlights:
Italian consumption of seafood and fish products continues to increase and consumers are generally willing to pay higher prices for good quality products. Live lobsters and squid are the United States' main exports. However, many export opportunities exist for other US species.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Italy

Table of Contents Page

Executive Summary

Italian consumption of fish and seafood continue to increase. Italy is a net importer of seafood. Imports account for over half of domestic seafood consumption. Most higher priced imports are targeted for the industrial and more economically developed northern part of the country while the lower priced products head south. In 1997 the Italian fish trade deficit was about US $ 2 billion. Imports in 1997 were 637,637 metric tons valued at US $2.4 billion. Italian production and catch is relatively constant, the same is true for exports.

The United States main exports to Italy are live lobster and frozen squid. Opportunities for US exports exist in nearly any fresh, white-fleshed fish variety and importers expressed interest in purchasing different types of U.S. frozen fish 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.

Italy supplies only 1/3 of the domestic demand for frozen fish (excluding clams); the remaining 2/3 are imported. Frozen fish imports accounted for 163,579 MT in 1997 valued at $ 429 million.

The HRI sector is the best focus area for market promotion opportunities for seafood products, followed by supermarket promotions and editorials in trade and consumer magazines.

Italian consumers prefer seafood products that are convenient, already cleaned and easy to prepare. As more women are joining the work force, there is less time available to prepare meals so convenience is of major importance to consumers.

Italian fish import statistics do not give a full picture of the import trade. Italian import requirements and procedures are the same as for other European Union countries. However, due to strict health inspections at the Italian border large quantities of non-EU fish are imported through neighboring EU countries (i.e. France, Germany and Holland) to avoid strict Italian inspections. Reportedly, large quantities of U.S. origin monkish and small dogfish are being imported through France. However, official data reports these products as French origin.

Italy's coastline is over 8,000 km long. In addition there are 150,000 ha of lagoons and marine ponds as well as 170,000 ha of lakes. The commercial catch is relatively stable and expected to remain so. Exports are also stable. Nevertheless, there is a continued increasing demand for fish and fish products that must be supplied through imports. The structure of the Italian fishing fleet and the limited biogenic fish resources in the Mediterranean area prevent increasing production. In addition the multi year fishing plan to limit catch and increase the biogenerative capacity of the Mediterranean resources is an important inducement for imports.

The local fishing industry is mainly composed of a large number of small scale coastal fisheries. Heavy investments in modernization of the industry have been undertaken in the past 5 years to allow for expansion. The Italian fishing sector is quite diverse in terms of the local fleets and the type of equipment employed. Equipment ranges from ultra modern fishing vessels to rowboats.

Exchange rate: 1 U.S. $ = Lire 1,750

PSD Table							
Country:	Italy						
Commodity:	Total Edible Fishery Products						
		1997		1998		1999	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		01/1997		01/1998		01/1999	(MONTH/ YEAR)
Landings/Comm'l Catch	0	827,000	0	825,000	0	825,000	(MT)
Fresh/Frz Production	0	571,000	0	571,500	0	573,000	(MT)
Canned Production	0	110,900	0	110,000	0	111,000	(MT)
Cured Production	0	41,300	0	42000	0	42,000	(MT)
Total Production	0	723200	0	723500	0	726000	(MT)
Fresh/Frozen Imports	0	498,974	0	510,000	0	520,000	(MT)
Canned Imports	0	110,556	0	125,000	0	126,000	(MT)
Cured Imports	0	27,478	0	30,000	0	28,000	(MT)
TOTAL Imports	0	637008	0	665000	0	674000	(MT)
Fresh/Frozen Exports	0	103,374	0	105,000	0	106,000	(MT)
Canned Exports	0	14,200	0	13,000	0	14000	(MT)
Cured Exports	0	3,555	0	1,360	0	1,400	(MT)
TOTAL Exports	0	121129	0	119360	0	121400	(MT)
Domestic Consumption	0	1239079	0	1269140	0	1278600	(MT)

Production

Fishing Ports

Latest survey indicates that Italy has approximately 802 landing sites equipped for fishing boats. Only 189 (25%) are considered traditional landing ports, the remaining are not sufficiently equipped to provide the range of services necessary to adequately handle unloading and sale of the catch.

Catch Production Factors

The Italian fishing fleet is comprised 16,059 vessels with a fishing capacity (gross tonnage) of 224,759 MT. The industrial fishermen (with vessels over 100 TLS) account for only 3 of the entire fleet and only 53 vessels fish in the Atlantic and Indian Oceans. The remaining boats are mostly 2 or 3 persons fishing operations

A reduction in fishing efforts (in terms of tonnage and engine power and reduce fishing capacity - days at sea) is one of the main objective of the multi year fishing plan which will run thru 1999. More resources are allocated in modernizing the fishing fleet and implement more sophisticated marketing methods in order to remain competitive in regard to the steady increasing imports.

Table - Italian Total Fish Catch 1996 (*)				
	1996	1996		
	Quantity	Value	Percent	Change
		Billion	1996/1995	1996/1995
		Lire	Quantity	Value
Sea Fishing	526,669	3,447	-7.9	-0.7
Mediterranean catch (a)	448,535	2,949	-4.5	-0.9
Tuna (b)	12,300	68	82.2	86.8
Sword Fish (b)	9,645	149	0	0.1
Mytilidae	n/a	n/a	n/a	n/a
Oceanic catch (d)	56,219	281	0	0
Aquaculture	234,500	650	-9	-8.2
Fish	64,200	359	-2.3	6.8
Shellfish	170,300	291	-11.3	-21.8
Total	761,199	4,097	-8.3	-2
Note: Value represents gross annual sales/wholesale				
Source: a) IREPA, (b) ISMEA estim. © ICRAM,API (d) Federpesca				

No statistical data are yet available for 1997.

Italian Fish Production - Catch by Species		
Quantity	**Value**	**Type**
39%	43%	Local Mediterranean catch
73%	45%	Farm raised mollusk
27%	55%	Farm raised fish (aquaculture)
8%	19%	Crustaceous
13%	14%	Mollusks (clams not included)
11%	8%	Oceanic catch
11%	6%	European anchovy
10%	1%	Pilchard
5%	2%	Clams
2%	4%	Sword fish
2%	2%	Tuna
Source: ISMEA		

Post has difficulty in obtaining reliable official production official data. Available data represent only the product that is sold for at public fish markets. The majority of the Italian harvest (up to 50 percent of total) is sold directly to restaurants, wholesalers and fishmongers at the docks, or through forward contracting without passing through the public fish markets.

Domestic Harvest - Aquaculture

Italian aquaculture has begun to undergo consistent growth in recent years. Technological developments have boosted the number of species and gradually solved problems related to reproduction, feeding and diseases.

Foreign competition and lack of fry breeding materials are limiting factors to more marked expansion of the sector.

Production costs of Italian fish farming are still high compared to other European countries such as Greece where farmers do not use electricity, pay for water and have lower labor costs. The recent adoption of Greek farmers to floating cages for seabass and gilthead bream further reduced their production costs compared to the Italians.

Presently, there are about 1,000 fish farms that are members of API (Italian Fish Breeding Association). Approximately 70 percent are located in northern Italy. Most farms are highly developed and utilize advanced technology. Total output of API's member farms in 1997 was valued at about 460 billion Lire or US$ 263 million. Total Italian aquaculture production was valued at over 618 billion Lire or US$353 million.

Trout (Oncorhynchus mykiss) is the dominant farmed species with production in 1997 of 51,000 tons followed by salt water farming of sea bass and gilhead with 7,800 MT. Other farm species are: eels (3,100 MT), mullet (2,900 MT), pike and perch (1,000 MT), catfish (800 MT), carp and tench (700 MT) and sturgeon (500 MT). Roughly 1/3 of this production is exported.

The Italian market for mollusks, and in particular for mussels and clams, is expected to expand steadily. The Italian production of mussels and clams (tapes decussatus**)** is estimated at 130,00 MT and 40,000 MT respectively.

Aquaculture - Production Outlook

Future aquaculture production is forecast to slightly increase in the near future if consumer demand will continue to remain at the same level. Efforts are underway to improve quality and reduce production costs. Recent research and experiments are directed toward the use of floating cages and introducing new production technologies in order to allow farmer to remain in business and be competitive .

Processing Industry

The Italian canned seafood sector continues to be stagnant mainly due to the flat domestic demand and foreign competition.

Table: Italian Fish Canning Industry			
	1996		**1997**
		Billion Lire	
Industry turnover	**1101**		**1122**
Exports	**108**		**127**
Imports	**1062**		**1181**
Trade Balance	**-954**		**-1054**
		Metric Tons	
Exports	**12,274**		**15,277**
Imports	**136,100**		**148,035**
Trade Balance - Negative	**123,826**		**132,758**
Source:Italian Canning Industry Association			

The Italian tuna processing industry is the third largest in the world after the U.S. and Thailand and it is the most important industry in the whole domestic canning sector. Italian tuna production during 1997 was stable (78,000 MT).

About 103,000 MT of tuna are needed for the production cycle; of this about 71,000 MT is imported. In 1997 the U.S. supplied about 840 MT or US$ 1.4 million in value of frozen tuna to Italy for the processing industry.

Many species of tuna are being imported as raw material. The most significative is Thunnus albacares or Yellowfin (average weight 40 to 50 kilograms) which is reportedly preferred by the industry for its soft taste. The other significant species being imported is Euthynnus pelamis or skip-jack (average size 2 kilograms). Increased imports of tuna favored SPG countries mainly Honduras and Columbia). The Italian canning industry is repeatedly putting pressure on the Italian and EU authorities to import duty free frozen tuna from Third countries other than ACP and SPG countries.

The Italian tuna sector registered a consistent increase in imports of canned tuna mainly from Spain and the Seychelles. Low production costs and supply of raw materials favored these countries.

Frozen Fish Industry

In 1997, the total Italian production of frozen fish (clams not included)is estimated at about 25,000 MT. Considering that total domestic frozen fish consumption is estimated at 77,800 MT two thirds of demand is satisfied by imports.

Frozen fish production and the retail sector in 1997 remains in the hands of four major groups:

Table: Italian Frozen Fish Major Players		
	Market	Brands
	share	
	%	
Sagit - Unilever	40	Findus, Peschereccio
Italgel-Nestle	12	Surgela, Mare fresco
Orogel	5.4	Orogel, San Benedetto del Tronto
Argel	5.7	Brina, Mare Pronto, Arena
Source: ISMEA, IIAS		

Note: Orogel is the major partner of modern distribution chains and in the door-to-door sector catalog distribution and sale for frozen fish products and is becoming one of the major companies in the catering sector.

Consumption

Total Consumption for Seafood, Meat, Poultry (Quantity and Value)
(%) Quantity
45% Meat
35% Seafood
20% Poultry

(%) Value
15%Seafood
85%Meat and Poultry

Fish and fish based products consumption remained at the same level as last year. Frozen mollusks and crustaceous products consumption increased by 4.2 percent.

Modern distribution is playing a major role in the fresh fish consumption increase. Large and medium size chains very often have dedicated areas only for fresh and defrosted fish. Chains such as supermarkets offer cleaned fish which requires a minimum of preparation by the buyer. In the frozen fish sector modern distribution systems are also playing an increasingly and vital role. The main distribution chains are introducing private labels in the fish sector in order to have a wider selection of products, thus improving store loyalty. Continued growth is predicted in this sector for the future. This trend prompted major frozen fish producers (branded labels) to allocate more resources to product innovation using higher technology and increased promotional activities.

Each family in Italy spent an average of 180 dollars on fish and seafood last year as they and consumed about 21.5 kilograms per family.

Italian preference for fish products:

56% fresh fish products
22% frozen fish
18% preserved fish
 4% dried, smoked fish products

Italian fresh fish species purchased during 1997: (MT)

24,700 mussels; 14,400; European anchovy; 13,900 squid; 12,800 clams; 12,200 hake; 11,600 gilt head bream; 10,000 common octopus; 9,100 cuttlefish; 8,000 sardines; 7,500 white trout; 7,000 shrimp and prawn; 6.900 common sole; 6,600 salmon; 6,.100 bass

Italian purchases of frozen fish

"frozen" (congelato*) and quick frozen (surgelato*) products unpacked
93.5 % natural
  6.5 % prepared

“Frozen” Products - Packaged
66.6 % natural (fillets: sole, hake, etc)
33.4 % prepared (fish fingers, breaded fillets etc)

***** 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

While internal demand for mussels, clams and the Mediterranean fish “pesce azzurro” is satisfied by the local catch, the Italian consumer favors imported species.

Demand for fresh water fish is still somewhat limited, being concentrated to areas close to lakes and rivers where local tradition and recipes reflect the historic presence of freshwater species.

Italian fish resources are not capable of satisfying the demand of restaurants, hotels, caterers (institutional food services companies - HRI in general) which is, reportedly, absorbing more than 50 percent of the seafood demand.

Official data indicate that per capita fish and seafood consumption increased from 17 to 21.5 kilogram. Per capita consumption is expected to grow in future years based on the growing public opinion that fish and seafood are light, healthy and rich in protein**.**

Utilization Patterns

Most seafood is consumed fresh. Generally, coastal consumers prefer grilled fish and seafood while in-land consumers prefer fried or boiled fish and seafood.

Farm raised fish has the highest consumption level among fresh products in Northern Italy. Cod, fried mixed-fish dishes and anchovies are the favorite saltwater products. Mussels, clams, and lobsters are often used in spaghetti and rice dishes.

According to the Istituto Italiano Surgelati, over 77,800 MT of frozen fish products (including frozen shellfish) were consumed in 1997.

Table: Frozen Fish Consumption, 1997 - in M.T.						
	Retail	%	Catering	%	Total	%
Fish (natural)	26,500		2,600		29,100	
Fish (breaded)	22,100		2,800		24,900	
Other fish preparation			2,500		2,500	
Total	48,600	-0.8	7,900	7.5	56500	0.3
Mollusks& Crustaceous	17,400	2.4	3,900	13	21,300	4.2
TOTAL	**66,000**		**11,800**		**77,800**	
Source: IIAS						

There are no statistics available statistics for prepared ready-to eat fish based meals. Reportedly, this product is encountering a steady success with the Italian consumers thanks to the versatility of these products. An annual increase is estimated at about 7 percent. Most of ready to eat fish products are present in major supermarket and in special frozen outlets.

Trade

Trade Trends

Italy is an important net fish importing country. Italian 19997 imports of fish and fish products rose in quantity.

Italian seafood imports will continue to increase in 1998, exports will also slightly increase.

Table: Italian Fish Trade, 1997				
Description	**Import**	**Import**	**Export**	**Export**
	Quantity	**Value**	**Quantity**	**Value**
	M.T.	**Billion**	**M.T.**	**Billion**
		Lire		**Lire**
Live fresh fish	**86,784**	**871,037**	**47,032**	**234,548**
Frozen Fish	**167.464**	**768,429**	**16,883**	**67,117**
Preserved Fish	**136.646**	**1,072,974**	**13,306**	**106,763**
Crustaceous	**50,498**	**669,763**	**2,098**	**36,466**
Mollusks	**195,775**	**883,925**	**36,820**	**176,736**
Fish meal	**86,827**	**96,278**	**10,738**	**11,111**
Oil and Fats	**21,321**	**23,473**	**111**	**313**
Others(no human consumption)	**17,780**	**35,923**	**2,289**	**6,218**
SOURCE: ISTAT, ISMEA				

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 20 percent of volume in 1997. Greece and Germany increased their exports to Italy while France and Holland reduced their share. 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 in 1997 increased in 1997. Major suppliers are: Argentina, United States, Morocco, Tunisia and South Africa.

Potential Growth Markets for U.S. Products

a) Salmon

The Italian market has still untapped potential for salmon. Most of salmon consumed in Italy is imported.

Italian import statistic for fresh salmon indicated that 43 percent is from Denmark, 30 percent from Germany and 20 % from Switzerland. Reportedly, 95 percent of the salmon is of Norwegian origin. Imports of chilled products from Norway will continue to increase and remain the number one supplier.

Italian imports of U.S. salmon in 1997 continued the positive trend registered the previous year. Strong competition in the Italian market is from the Chilean salmon which is used for the smoking industry. During 1997 Italian imports of Chilean reached 465 MT. This trend is expected to continue for the future.

Table: Italian import of Chilenian salmon, Frozen H&G and					
Fillets: (Metric tons)					
Year	Atlantic	Atlantic	Coho	Coho	Total
	H&G	Fillets	H&G	Fillets	
1995	20	80	12	5	117
1996	28	374	5	0	407
1997	35	382	36	12	465
Source: Custom data/WF/Prochile					

Table: Italian Imports of Frozen Wild Salmon from U.S.(Alaska) and Canada

Species	**Alaska**	**Alaska**	**Canada**	**Canada**
Metric Tons	**1996**	**1997**	**1996**	**1997**
Red King	**55**	**120**	**7**	**47**
S. Coho	**194**	**122**	**78**	**120**
Pink	**173**	**212**	**20**	**29**
Sockeye	**16**	**40**	**2**	**34**
Chums	**181**	**286**	**263**	**264**
Total	**620**	**780**	**370**	**494**

b) Surimi based products **-** Demand for surimi will most likely grow in near future if the quality will remain acceptable for the demanding Italian market. Surimi is used mostly in fresh salads and as garnish. The HRI sector is increasingly interested in high quality frozen product. Domestic processing of surimi is becoming more sophisticated and new product lines will most likely develop as long as quality does not vary.

c) There is very good potential for direct imports of other white fleshed fresh fish such as monktail,
dog fish, monkfish, skate wings; and smooth hound. Reportedly, there are large volumes of dog fish reaching the Italian market through France and Holland.

d) Live Crabs - There is good potential for exports of U.S. live dungeness crab and snow crabs from the Pacific Coast. A major obstacle is the lack of direct air shipping routes from Alaska and the mortality rate of delivered product is presently very high.

e) Frozen fish from Alaska - There are trade opportunities in the Italian market for frozen fish fillet from Alaska:
Alaskan Pollock (Theragra chalcogramma); Pacific cod (Gadus Macrrocephalus); and Pacific Whitings

(Merluccius productus). The main requirement is that meat must be white in color or with just a few pink streaks. Fish fillet opportunities exist with the frozen fish industry and the catering sector.

f) Other Market Opportunities
- Fresh and Frozen Shrimps (Pandalus Borealis)
- Live California crayfish
- Frozen White Sturgeon

g) Lobsters - see following section.

Factors Affecting U.S. Trade

The major factor affecting U.S. trade during 1997 was the high cost of imported US products because of the strong U.S. dollar against the Italian Lira. The dollar has plummeted so late 1998 and 1999 import forecasts are very favorable.

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 and wholesalers or importers. These groups often have up-to-date knowledge of the most recent laws and regulations on imported fish products.

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

All fish and seafood products are covered by a range of specific 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.

Label Requirements

Labels must be easily understandable and in Italian. Labels must bear the following:

1) **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) **Frozen products**
- species followed by the world "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.

Marketing

Marketing Channels

The purchasing, processing and distribution sites for fish products in Italy vary by product.

The fresh fish distribution and marketing channels is very complex. Sales/distribution begins at the docks. Fish wholesalers and retailers play an important role. Supermarkets, caterers and the HRI industry purchase from wholesalers or at the docks. Private networks of importers and wholesalers handle more than 95 percent of all frozen fish products. It is commonly accepted that half of the fresh fish catch is sold by fishermen directly to wholesalers, restaurants, and fish mongers. The remaining half is sold thru traditional markets.

The wholesale markets in larger Italian cities play an important role in the distribution of imported seafood as well as local produce. Of these the Milan and Rome wholesale markets are the leaders with annual turnover of over US$ 100 million each. In Italy a large share of the products sold is not physically channeled through the markets but sold directly to smaller wholesalers or retailers by the operators present on the wholesale market or by external operators. Other important wholesale markets in terms of turnover value are: Turin, Mazara del Vallo, Palermo, Chioggia-Venezia and Genoa.

Imported live/fresh fish not destined for the processing industry (like U.S. live lobsters) is imported by air using the Milan and Rome airports. It enters the market through the wholesale market and through agents whose clients include other importers, wholesalers and industrial users (processors).

Many traders avoid fish markets and port registration authorities in order to evade required administrative (i.e. taxes) and strict phytosanitary formalities. In addition, wholesale markets are often located far from the landing ports and are inconvenient to use.

Door to Door Sales

Frozen fish products are also benefitting from the positive trend that the door to door sales sector is encountering. New specialties, innovative packaging, and strong promotional activities are strategic factors for future developments of this sector.

Retail Distribution of Fresh Seafood:

60%Traditional Fish shops
24%Hyper and supermarkets
7% Fixed stalls in town markets
7% Mobile stalls in town markets
1% Cash and Carry discount
1% Others

Retail Distribution of Frozen Seafood in Italy:

55% Hyper and supermarkets
22% Fish shops
9% Cash and Carry discount
5% Others
4% Fixed stalls in town markets
4% Normal food stores
1% Mobile stalls in town markets

Lobsters

PSD Table						
Country:	**Italy**					
Commodity:	**Lobster**					
		1997		**1998**		**1999**
	Old	**New**	**Old**	**New**	**Old**	**New**
Market Year Begin		**01/1997**		**01/1998**		**01/1999**
Beginning Stocks	**0**	**50**	**0**	**50**	**0**	**50**
Total Production	**0**	**240**	**0**	**245**	**0**	**240**
Intra-EC Imports	**0**	**1031**	**0**	**1050**	**0**	**1100**
Other Imports	**0**	**2827**	**0**	**2900**	**0**	**2900**
TOTAL Imports	**0**	**3858**	**0**	**3950**	**0**	**4000**
TOTAL SUPPLY	**0**	**4148**	**0**	**4245**	**0**	**4290**
Intra-EC Exports	**0**	**41**	**0**	**45**	**0**	**40**
Other Exports	**0**	**60**	**0**	**65**	**0**	**68**
TOTAL Exports	**0**	**101**	**0**	**110**	**0**	**108**
Domestic Consumption	**0**	**3897**	**0**	**3985**	**0**	**4032**
Other Use/Loss	**0**	**100**	**0**	**100**	**0**	**100**
TOTAL Utilization	**0**	**3997**	**0**	**4085**	**0**	**4132**
Ending Stocks	**0**	**50**	**0**	**50**	**0**	**50**
TOTAL DISTRIBUTION	**0**	**4148**	**0**	**4245**	**0**	**4290**

Production

The domestic catch of lobster (Palinurus) continues to be stable. The latest figures available indicate that in **1997** lobster production was tentatively reported around 240 metric tons. One third of total local lobsters are caught in Sardinian and Sicilian waters. The quality of the local catch is excellent but the price, due to its short supply, is extremely high.

Consumption

The live lobster market continues to be excellent. U.S. exports continue to be steady; U.S. product has a high level of origin identification and is well appreciated by the importers. Most lobsters imported from the U.S. is live. There is an increasing interest in frozen lobsters or lobster meat for the modern distribution system. Some large supermarket chains and "frozen food supermarkets" display frozen whole and half lobsters in clear vacuum sealed packages. A small percentage of all lobsters sold are pre-cooked, stuffed and packed frozen.

Norway lobsters is one of the dominant species in the catering sector.

Most fresh/live lobsters and crawfish are very popular in the catering/restaurant sector in restaurants. Products are often served split in two and displayed in-shell and they are served alone or with the typical spaghetti dish. Imported live lobsters are well accepted by restaurants due to their reasonable price.

There is a good market potential for spiny lobsters though high price is the main constraint to market expansion. The major factors that could affect U.S. trade for spiny lobster in Italy are the strong U.S. dollar against the lira which has now declined, and the high customs duty of 15%. Italians prefer a darker colored lobster than the spiny lobster being caught in the Caribbean waters.

Trade, Lobsters

Italy is a net importer of live, fresh and frozen lobsters and will continue to be so considering the modest production and the growing consumer demand. The U.S. and Canada are the most important suppliers of live lobsters to the Italian market. Total Italian imports of lobster (Astice: Homarus or Maine Lobster and Aragosta: Spiny Lobster or Rock Lobster) for 1997 are reported at 3858 MT, up 14 percent in quantity over 1996. The dominant import item is the lobster (Homarus) with the main suppliers being the United States and Canada. Rock lobster (without tail) is the second most important imported item. Cuban frozen spiny lobsters continue to flood the Italian market. Reportedly Cuban frozen lobster are reaching Italy through Spain and pay no duty. Cuban lobsters are always in demand due to the favorable price.

Table: Breakdown of Suppliers follows:	
Frozen Imports -Quantity	**Major Exporters**
Quantity (MT in parents)	
03061100 Rock (tail) (201)	**Spain (11); Yemen (37); France (17)**
03061190 Rock (w/out tail) (784)	**Spain (553); India (49); Somalia (44)**
03061210 Homarus (whole) (224)	**Canada (108); France (83) U.K. (14)**
03061290 Homarus (Other) (7)	**Denmark (4);**
Live, Fresh, Chilled and Other	
03062100 Rock (218)	**S.Africa (54);Portugal(25);Ghana (25)**
03062210 Homarus (live) (2408)	**US (1939); Canada (414); France (21)**
03062291 Homarus (whole) (8)	**Ireland (3); UK (2)**
03062299 Other	**Denmark, UK, France, Ireland (2)**

Trade Matrix

Export Trade Matrix			
Country:	**Italy**	**Units:**	**000US$**
Commodity:	**Lobster**		
Time period:	**CY**		
Exports for	**1996**		**1997**
U.S.	**464**	**U.S.**	**1,069**
Others		**Others**	
France	**683**	**France**	**342**
Spain	**573**	**Slovenia**	**169**
Slovenia	**92**		
Greece	**57**		
Austria	**41**		
Croatia	**30**		
Germany	**9**		
Total for Others	**1485**		**511**
Others not listed	**35**		**245**
Grand Total	**1984**		**1825**

Import Trade Matrix			
Country:	**Italy**	**Units:**	**000US $**
Commodity:	**Lobster**		
Time period:	**CY**		
Imports for	**1996**		**1997**
U.S.	**17121**	**U.S.**	**22468**
Others		**Others**	
Canada	**6529**	**Spain**	**8327**
Spain	**3888**	**Canada**	**6023**
Cuba	**2882**	**France**	**1463**
France	**2175**	**Portugal**	**853**
S.Africa	**1171**	**Yemen**	**796**
India	**899**	**Tunisia**	**582**
Portugal	**829**	**Somalia**	**456**
Somalia	**826**	**Yemen**	**274**
Tunisia	**477**		
Australia	**362**		
Total for Others	**20038**		**18774**
Others not listed	**2281**		**3340**
Grand Total	**39440**		**44582**

Trade Barriers

Live lobster are subject to an 8 percent custom duty. Frozen lobsters coming from some underdeveloped countries pay a very low duty or no duty at all.

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.

U.S. live lobsters are well known and appreciated by Italian traders. However, consumers are infrequently aware of the origin of the product. U.S. promotional efforts are lacking at retail level. Canada is very active in the Italian lobster market with promotional campaigns and informational efforts. Consequently most consumers believe all live lobsters are Canadian.

Participating in major seafood shows as well as advertising in trade and consumer magazines are effective ways of ensuring additional exposure.

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

SQUID/CUTTLEFISH

PSD Table						
Country:	**Italy**					
Commodity:	**Squid/Cuttlefish**					
		1997		**1998**		**1999**
	Old	**New**	**Old**	**New**	**Old**	**New**
Market Year Begin		**01/1997**		**01/l998**		**01/1999**
Beginning Stocks	**0**	**8000**	**0**	**8000**	**0**	**8000**
Total Production	**0**	**23,000**	**0**	**24000**	**0**	**24100**
Intra-EC Imports	**0**	**36619**	**0**	**42000**	**0**	**41000**
Other Imports	**0**	**56805**	**0**	**60000**	**0**	**61000**
TOTAL Imports	**0**	**93424**	**0**	**102000**	**0**	**102000**
TOTAL SUPPLY	**0**	**124424**	**0**	**134000**	**0**	**134100**
Intra-EC Exports	**0**	**3078**	**0**	**3100**	**0**	**3200**
Other Exports	**0**	**2233**	**0**	**3000**	**0**	**2900**
TOTAL Exports	**0**	**5311**	**0**	**6100**	**0**	**6100**
Domestic Consumption	**0**	**109813**	**0**	**118600**	**0**	**118700**
Other Use/Loss	**0**	**1300**	**0**	**1300**	**0**	**1300**
TOTAL Utilization	**0**	**111113**	**0**	**119900**	**0**	**120000**
Ending Stocks	**0**	**8000**	**0**	**8000**	**0**	**8000**
TOTAL DISTRIBUTION	**0**	**124424**	**0**	**134000**	**0**	**134100**

Production

Italian production of Cephalopods is equally distributed between squid, cuttlefish and octopus. Italian production of Cephalopods depends largely on the fishing operations carried out in the Atlantic. The majority of the national production of Illex and loligo is fished from the water of Argentina and the Falkland Islands. Reportedly there was a bad loligo season off the Falklands during 1997. In the Mediterranean, fishing of squids is only done sporadically.

There are no recent official figures on Italian production of the various species.

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. This situation is evident from the ever increasing flow of imports. This trend is expected to continue.

Consumption

Squid and cuttlefish have a high level of consumption throughout the country. More than half of available supplies are consumed in restaurants. Tourism has a significant impact on consumption and demand is higher during the summer. The catering industry (food service or HRI) will continue to look for good quality squid as demand strengthens in the future. Products are either served grilled whole or cut into rings/pieces for sea cocktail (“antipasto di mare”) or battered and deep fried.

There is growing demand for the Loligo vulgaris species (whole frozen) which is preferred by caterers because of its handling ability and tenderness. Illex squid has been accepted slowly due to its tougher texture. Unfortunately supplies of Loligo vulgaris are rather tight and prices are very high. Most of the imported products are frozen on board of fishing vessels and shipped/supplied in 5 pound blocks. The demand for quality is usually high in Italy.

Loligo pealei imports substitute for Loligo Vulgaris when there is a scarce supply of the later. Quite popular is also the Loligo patagonia; it is block-frozen on board with sizes between 12 and 15 CM.

Frozen, whole cleaned squid (Loligo spp) are very convenient for caterers. Overall supply is quite limited. Traders report that whole clean squid quality is generally good but it is not constant.

Cuttlefish are also popular with the catering sector.

Trade

General

Italian imports during 1997 slightly decreased compared to 1996 due to shortage of supply and relatively high prices. Italian imports are however expected to increase in the future due to the favorable local consumption trend. In order to expand on the 1997 Trade Matrix in the Trade Section, a detailed breakdown of squid imports follows:

Table: Breakdown of Suppliers follows: 1997	
Live Fresh Chilled	Major Suppliers
Quantity (MT in parents)	
3074110 Cutlfsh (2938)	France(1575);Spain(653);Tunis(653)
03074191 Loligo (777)	Spain(406);France(292) U.K.(59)
03074199 Other (1528)	Spain (748);France(332);Netherl(154)
Frozen, Dried, Salted in Brine	
03074901 Sepiola (69)	France (39); Spain (16)
03074911 Sepiola (3247)	Spain(1313);France(1161); Angola (373
03074918 Cutlfsh (31,694)	Thailand(7624);France(3037);Spain(2931)
03074931 Lol/Vulg (9273)	Spain(3384);SAfrica(2865);Netherl(811)
03074933 Lol Pealei (1725)	US(1408); Spain (284)
03074935 Lol/Patagon (7109)	Spain(6784); France(80)
03074938 Loligo Other (26,563)	Thailand(7487); US(6797; India (3696)
03074951 Squid (224)	Spain(94); Argentina (55);Peru (48)
03074959 Other squid (5997)	Spain(2727);N.Zeland(1852);Somalia(697)
03074971 Cuttlefish (699)	Senegal (359; France (155);Spain(102)
03074991 Loligo (832)	Spain(773); France (33)
03074999 Other (749)	Spain(385;N.Zeland(188); France(66)

Import Trade Matrix			
Country:	Italy	Units:	000 US$
Commodity:	Squid/Cuttlefish		
Time period:	CY		
Imports for	1996		1997
U.S.	4945	U.S.	14,362
Others		Others	
Spain	57094	Spain	67616
Thailand	30363	Thailand	45734
France	23367	France	31395
India	18543	S.Africa	17,628
S.Africa	17846	India	14467
Morocco	15517	Morocco	11388
Tunisia	7470	Senegal	8991
Holland	6580	Tunisia	8845
New Zealand	5,255	Vietnam	8055
Total for Others	182035		214119
Others not listed	36045		46227
Grand Total	223025		274708

Export Trade Matrix			
Country:	Italy	Units:	000 US$
Commodity:	Squid/Cuttlefish		
Time period:	CY		
Exports for	1996		1997
U.S.	0	U.S.	0
Others		Others	
Germany	2,409	Spain	5607
Croatia	1951	Germany	2961
Greece	1646	Slovenia	2444
Slovenia	1418	Croatia	1826
Malta	957	Greece	1468
Spain	755	Malta	1191
Thailand	503	UK	742
Switzerland	456	Thailand	599
		France	522
Total for Others	10095		17360
Others not listed	431		1269
Grand Total	10526		18629