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Italy

Fishery Products

Annual

2004

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Report Highlights:
Compared to 2002 the 2003 Italian catch is up 10%. The long-term decline in the catch continues, largely a consequence of EU policies to reduce over-fishing. Aquaculture is growing as EU policy is reducing the fishing effort in order to preserve dwindling marine resources. Processing has been growing steadily in the last three years following increased demand for canned tuna. The United States dominate the Italian market for fresh lobsters.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Rome [IT1]
[IT]

Table of Contents

Production

Marine Fisheries

The Italian fishing fleet is showing a continuing trend for decline in terms of number of units. This trend started in the year 2000. About 1,700 vessels (10% of the fleet) went out of business between 2000 and the beginning of 2003 as a result of EU-funded policies for the reduction of fishing in the Mediterranean.

Data about Italian fishing fleet

		2002	2003	Change 03/02
Number of vessels	Units	16,636	15,915	-4%
Gross Registered Tonnage (GRT)	MT	187,347	178,334	-5%
Total Engine Power	KW	1,300,256	1,253,177	-4%
Fishing activity	Days	2,816,850	2,460,564	-13%
Avg. Gross Registered Tonnage (GRT)	MT/vessel	11	11	-1%
Avg. Engine Power	KW/vessel	78	79	1%
Avg. Fishing Activity	Days/vessel	169	155	-9%

Source: Ismea and Irepa

Most vessels are rather small. About 62% of them have a Gross Registered Tonnage (GRT) of less than 6 MT, while only 1.8% have a GRT of 100 MT or more. Most of the small vessels do not have state of the art equipment for on board processing and conservation of the product.

Italy accounted for about 5% of the overall EU15 catches in 2003. Fishing activities are spread along 8,000 kilometers (4,970 miles) of coast, with very little concentration. They involve about 41,000 operators between owners and employees.

Wild catches in 2003 were 314,807 MT, up 10% from 283,757 MT in 2002. The value of catches in the year amounted to about 1.4 billion Euros (1.9 billion US Dollars at the average 2003 Euro/US$ exchange rate). Average per Kilo prices in the year have been 0.3-0.4 Euros higher than in 2002 in the first and third quarter.

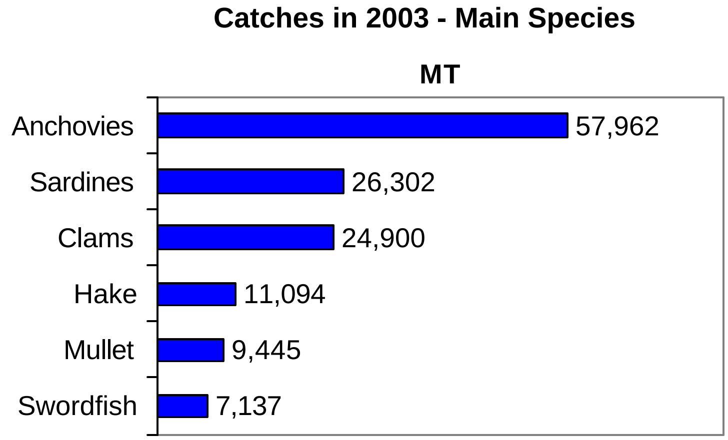
Average fishery prices

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2002	Euro/Kg	3.98	4.60	4.47	4.34
2003	Euro/Kg	4.42	4.71	4.84	4.34
03/02 Change	%	11%	2%	8%	0%

Average 2003 Euro/US$ exchange rate 1.31

Source: Irepa

Anchovies and sardines (indicated in Italian as “pesce azzurro”, blue fish) are by far the most fished species, followed by clams, hake, mullets, and swordfish. These 6 species alone account for about 44% in volume of the Italian catches in the year.



Swordfish, hake and clams offer generally much higher market prices and economic margins than anchovies and sardines.

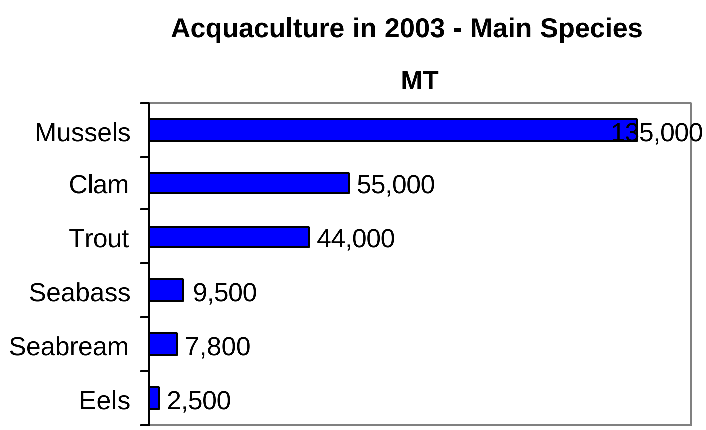
Aquaculture

According to the Italian Fishfarming Association API (Associazione Piscicoltori Italiani), there are about 1,000 fish farms in Italy. About 62% of them are located in Northern regions (especially in Veneto), 22% in Central regions (especially in Abruzzo) and 16% in Southern regions. The sector occupies about 15,000 people in the country. The 2003 production was worth about 250 million Euros.

Salt and brackish fish farms produce sea bass (9,000 MT in 2003) and sea bream (8,000 MT in 2003), white sea bream, shi drum, eels, as well as other minor species like gray mullet and mollusks.

Mollusks are the main product of Italian aquaculture. There are about 474 saltwater farms for mussel production (mainly located in the regions Liguria, Puglia, Emilia Romagna, Veneto and Sardegna) and about 36 for clam production (mainly located in the Venice and Emilia Romagna areas). Mussel production is steady at about 135,000 MT per year; clam production grew dramatically from about 40,000 MT in 1997 to more than 55,000 MT in 2003.

Italian clam producers often source breeding material from specialized companies in the United States for improving the performance of their operations.



Freshwater farms produce about 72% of Italian aquaculture output. Trout is by far the most popular species with about 44,000 MT produced in 2003. Other farm species are cyprinidae (carp, tench, etc.), ictaluridae (European and American black bullhead), acipenseridae (sturgeon) as well as other minor species like pike, etc. About 2,500 MT of eels were produced in freshwater aquaculture in 2003.

About 60% of the trout produced in Italy is red portion-size, the balance is mainly white portion-size, while the incidence of 1 kilo rainbow trout is negligible. This is creating big problems for Italian farmers as international demand for portion-sized dropped dramatically between 2003 and the first hal of 2004.

According to producers, trout market prices in 2004 have been so low (on average 2.16 $/kg) that production costs are not covered.

Since the animal health situation is not the same throughout the territory of the European Union, the movement regulations are based on the concept of approved (disease free) zones and farms for list II diseases in Annex A of Directive 91/67/EC. The Directive lays down the criteria and procedures for the granting, maintenance, suspension, restoration and withdrawal of approval of such zones and farms as well as certification requirements for movement into disease free zones/farms.

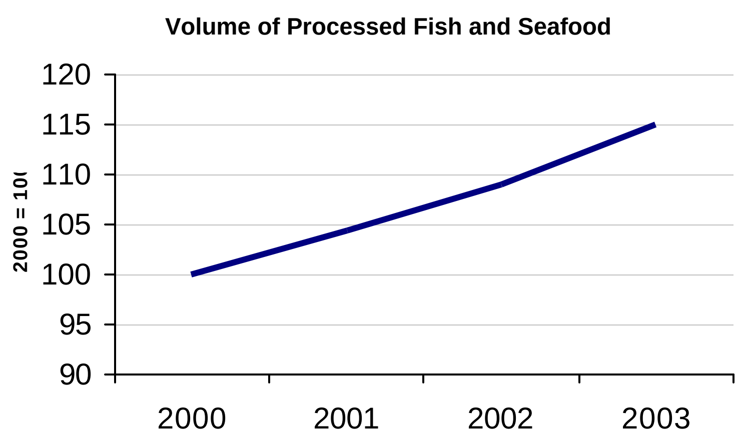
About 23 Italian companies have been recognized disease-free in compliance with the EU directive.

Some trout producers in Northern and Central Italy are diversifying into organic production.

Italian domestic production of sea bass and sea bream has a superior image in the market and is traded at a significant price premium compared to the imported product.

Processing

According to Federalimentare, the main Italian food industry association, the volume of processed fish and seafood produced in the country has increased by about 15% in the 2000/03 period. The production growth in 2003 was about 3%, and is expected to continue at the same rate in 2004.



Production of processed fishery products amounted to 128,400 tons in 2004 for a wholesale value of about $825 mln, up 28% from the 1998 value. Tuna alone accounts for 69% of the country production, with 89,000 tons processed in 2003. Other key processed products include anchovies (16%) and clams (2%), while the production of sardines in olive oil, which was very important in the past decade, has almost disappeared.

The increased production of canned tuna implied increased imports of raw tuna and other semi-processed products. In the past, the main raw material utilized was in frozen whole form. In the early nineties, imports of cheaper canned tuna from third countries increased rapidly. Italy mainly relies, for its canned tuna production and market, on yellowfin loins and on high quality whole yellowfin originating mainly from Taiwanese (Province of China) and EU vessels operating in the Indian and in the Atlantic Ocean.

According to Eurostat, imports of frozen yellowfin for canning total about 80 percent of total imports of whole tuna in Italy. Italian imports of frozen whole yellowfin for canning declined from 82,600 tons in 1992 to 31,300 tons in 2003. In turn, Italian imports of loins increased from 17,600 tons in 1994 to 38,400 tons in 2003. The substitution of whole raw material with frozen pre-cooked loins is a measure by the Italian tuna canning industry to remain competitive vis-à-vis Southeast Asian competitors.

The main suppliers of raw tuna loins to Italy are Colombia and Ecuador, which host the processing facilities of Tri-Marine, the top world producer of tuna loins.

Italian industries mostly produce canned tuna in oil, but value-added products such as tuna salads and tuna fillets in glass jar are growing very quickly.

Some Italian companies buy canned tuna from third countries to be marketed under their brands. The country increased its imports of canned tuna during 2003 with volumes up 13% to 54,000 tons for the first 11 months.

Spain remains the dominant supplier with 24 000 MT although its share of imports fell somewhat to 44%. Among the remaining suppliers, the biggest sales increases were registered by France (+58%) and Colombia (+51%). Côte d'Ivoire, the second largest supplier to the market with products under the Rio Mare (Trinity Alimentari) as well as private label products for the Italian retail sector, also increased sales by 7% to 24 000 for the January – November period.

Consumption

Fish consumption in Italy is about 23 Kg per person per year. Italian consumers prefer saltwater fish (56% of the consumption) and mollusks (25% of the consumption), while freshwater fish and shellfish account respectively for 13% and 6% of the domestic consumption.
There are significant differences on consumers' preferences between household fish consumption and restaurant/catering consumption.

Household consumption

Italian household consumption of fish and seafood products in 2003 increased by 1% in volume and 2.5% in value vis-à-vis 2002. Fresh products account for about 53% of the consumption, frozen and canned products for about 22% each. Dried, salted and smoked represent altogether about 4% of household consumption.

Among fresh products, increases in volumes consumed were recorded for scampi (+42%), clams (+35%), squids (+22%), trout (+10%) and salmon (+7%). Sea bream consumption decreased by 8%, cod by 4%, mackerel by 7%, mullet by 10%.

Among canned products, consumption increased for clams (+12%), tuna (+4%), anchovies in oil (+5.5%), mullets (+2%). Consumption of ready to eat frozen products declined by about 7.2%.

Data on Household Consumption

Product	Volume weight MT	%	Var. % 03/02	Value Euro .000	%	Var. % 03/02	Average price euro/kg	Var. % 03/02
Fresh and unfrozen	**215,593**	**53%**	**2.2**	**1,809,795**	**50%**	**4.0**	**8.3945**	**1.8**
- natural	*210,209*	51%	*2.4*	*1,721,548*	48%	*4.9*	*8.1897*	*2.4*
Saltwater	113.350	28%	-1.7	998.705	28%	0.9	8.81081	2.7
Freshwater	29,910	7%	10.8	227,274	6%	8.9	7.5986	-1.8
Mollusks	55,122	13%	7.3	341,159	9%	14.7	6.18916	6.9
Shellfish	11,827	3%	2.7	154,407	4%	6.0	13.0555	3.3
- prepared	*5.385*	1%	*-6.2*	*88.249*	2%	*-10.2*	*16.3879*	*-4.3*
Breaded	2,254	1%	-5.6	35,064	1%	-17.2	15.5563	-12.3
Prepared	3,130	1%	-6.7	53,185	1%	-5.0	16.992	1.9
Frozen bulk	**34,078**	**8%**	**-4.0**	**230,626**	**6%**	**-3.4**	**6.7676**	**0.6**
- natural	29.487	7%	-5.4	204.714	6%	-3.8	6.94252	1.7
- prepared	4,591	1%	5.7	25,911	1%	-0.1	5.64387	-5.5
Frozen portioned	**56,129**	**14%**	**-2.8**	**557,224**	**15%**	**-4.1**	**9.9276**	**-1.3**
- natural	34,771	8%	0.1	354,807	10%	-1.1	10.2041	-1.2
- prepared	21.358	5%	-7.2	202.416	6%	-8.9	9.47729	-1.8
Canned	**86,398**	**21%**	**4.0**	**761,048**	**21%**	**9.7**	**8.8086**	**5.5**
Dried, salted, smoked	**18,182**	**4%**	**-4.2**	**253,591**	**7%**	**-6.6**	**13.947**	**-2.4**
Total fish and seafood	**410,378**	**100%**	**1.0**	**3,612,283**	**100%**	**2.5**	**8.8023**	**1.4**

Source: Ismea-ACNielsen.

Consumption in Hotels, Restaurants, Catering

Non-household fish consumption in 2003 was also up by 2% from 2002 to 175,000 tons. Consumption of fishery products in restaurants is higher in southern regions.

Fresh products have a higher incidence than in domestic consumption, especially in southern regions. They account for about 70% in volume of the supplies. Mussels met the highest demand, accounting for about 13% of the volume, followed by clams (13%), squids (5%), sea bass, sea bream and octopus (4% each), cuttlefish (3%).

Italian high-end restaurants are very receptive towards some U.S. products, especially lobsters, squids and wild salmon.

Trade

Italian trade deficit for fishery products in 2003 increased by 12% in volume and by 7% in value. Exports dropped by 6.5% in volume while imports increased by 4.6%. While canned fish (23%) and mollusks (28%) are responsible for the long term deficit, shellfish and fresh fish were responsible for the increased deficit in 2003.

Although EU countries are still the major suppliers with a market share of 52% in volume, purchases from third countries increased 16.4% in volume and 9% value. The high Euro to US Dollar exchange rate is the main reason for this trend.

Spain maintain its leadership among EU suppliers (especially of tuna, cuttlefish and mussels), followed by France, Denmark, Netherlands and Greece. Chile remains the leading third country supplier with a trend for growth in 2003. Ecuador, Colombia, the Seychelles and Taiwan increased their tuna sales to Italy. Argentine hake exports declined following production limitations in the country.

Italian Fish and Seafood Imports – Top 15 Products

Imports		
Product	Volume (MT)	2003/02 var.
Tuna	145,129,531	43%
Others	119,424,456	25%
Cuttlefish	72,915,565	18%
Fish flour	64,647,019	10%
Octopus	50,578,207	-6%
Squid	48,685,953	7%
Mussels	38,275,214	19%
Hake	35,880,981	-5%
Prawn	35,132,790	10%
Cod	29,821,545	17%
Salmon	24,339,927	2%
Swordfish	18,734,738	19%
Oil and fat	18,275,939	39%
Mazzancolle (*Penaeus species*)	17,208,320	30%
Tattler	16,707,471	3%
Total	**879,728,716**	**4.6%**

Source. Italian Statistical Office

Exports to EU countries represent about 78% of Italian exports. They declined in response to reduced demand from Spain, France, Germany and Greece. Extra-EU exports increased by 11% in value over the year. Croatia and Albania were the fastest growing markets, while Switzerland remains the main destination market.

Italian Fish and Seafood Exports – Top 15 Products

Product	Volume (MT)	2003
Others	23,827,043	-1%
Tuna	15,961,562	-19%
Anchovies	15,346,010	24%
Other mollusks	14,965,920	40%
Sardines	11,872,856	8%
Mussels	5,154,422	-16%
Fish meal	4,271,414	-20%
Non-food products	2,735,782	-6%
Scallops	2,627,872	122%
Shrimp	2,141,027	-25%
Cuttlefish	1,860,373	49%
Cod	1,372,934	15%
Octopus	1,098,969	-50%
Clams	1,028,934	1%
Squid	1,017,800	-45%
Total	111,881,202	-6.50%

Source. Italian Statistical Office

Exports of scampi, sardines and fishmeal had the highest increase in 2003.

Trade with the United States

U.S. exports of fishery products in 2003 to Italy were down to about 6,000 tons from the 7,000 tons of 2002. The dollar value of U.S. fishery exports to Italy was up to about $49 mln in 2003 from the $44 mln of 2002. The Euro value does not show the upward trend because of the lower US$ to Euro exchange rate in 2003.

Fresh lobsters (Homarus species) are the leading U.S. fishery product on the Italian market (see IT4032 – "US Lobsters Dominate Italian Import Market" – for further details). Other significant exports in 2003 included squid (HS 030749) at $3.3 mln, frozen fish livers and roes (HS 030380) at $1.6 mln, frozen salmon (HS 030311 and HS 030319) at $ 1.4, surimi $1.3 mln, frozen cod fillets (HS 03042021) at $746,000, live eels (HS 030192) $340,000. Data for mollusks trade include U.S. exports of breeding material for clams' production as no specific HS code is available for such product. Export of U.S. mollusks bivalve for human consumption is currently prohibited.

Exports to Italy were made up as follows.

U.S. Exports to Italy	Volume (MT)		Value (000 Euros)	
	2002	2003	2002	2003
0306 - crustaceans, live, frsh, chilled, frzn etc.; crustaceans, in shell, cookd by stm or boilng watr; flours, meals, & pellets of crustaceans, hum consumpt	2,549	2,695	31,418	38,467
0303-fish, frozen, excluding fish fillets and other fish meat without bones; fish livers and roes, frozen	1,871	1,133	4,707	3,530
0307-molluscs & oth aquatic invertebrates nesoi, live, frsh, chilld, frzn, dried, saltd or in brine; flours, meals & pellets of aqua inverteb hum consumptn	2,491	1,173	5,089	3,269
0304-fish fillets and other fish meat (whether or not minced), fresh, chilled or frozen	82	942	1,901	2,225
0301-fish, live	9	66	208	615
0302-fish, fresh or chilled, excluding fish fillets and other fish meat without bones; fish livers and roes, fresh or chilled	40	57	201	416
1604-prepared or preserved fish; caviar and caviar substitutes prepared from fish eggs	48	1	219	241
0305-fish, dried, salted or in brine; smoked fish; fish meal fit for human consumption	0	8	1	77
1605-crustaceans, molluscs and other aquatic invertebrates, prepared or preserved	15	13	29	56
TOTAL	**7,104**	**6,090**	**43,773**	**48,895**

Marketing and distribution

The main distribution channels for fishery products in Italy are wholesale markets, private wholesalers and direct sales. Imported products, both fresh and frozen, are mainly traded on wholesale markets.

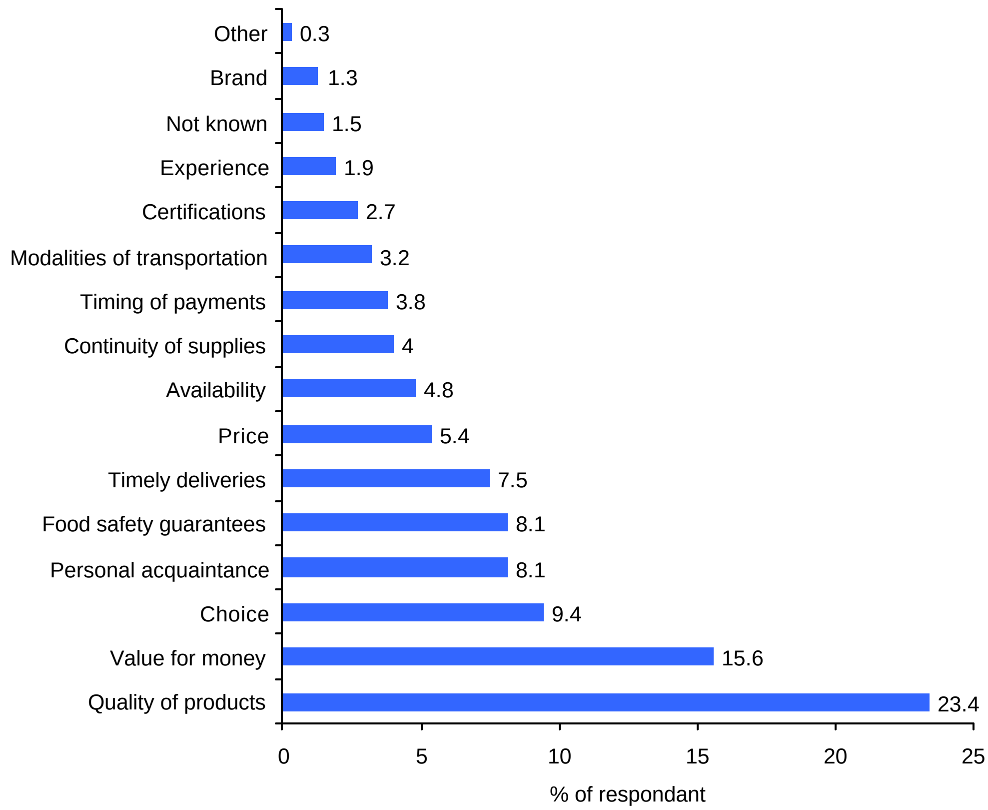
Wholesale markets are distributed all over the country but with significant differences in size (volume of product traded and turnover) and specialization (business-to-business only, mixed, incidence of imported production on total sales, etc).

According to a recent survey on fishery supply, on average 50% of the operators present on the Italian fishery markets are domestic fisheries and aquaculture firms, about 37% are wholesalers and importers, the balance is represented by traders, intermediaries and foreign producers. On the demand side, about 42% of the customers are retailers, 16% are restaurants and catering, 15% are supermarkets, while the balance are processors, resellers, exporters, etc. About 30% of the products are negotiated by private agreements between buyers and suppliers, the rest is sold in auctions. According to Ismea estimates, about 6% of the product that is traded on the Italian wholesale markets is of North American origin.

Private wholesalers mainly buy products from domestic fisheries, but a 44% of them also buy from foreign wholesalers in order to integrate their supply. Only 3% of them buy exclusively from foreign suppliers. Wholesalers mainly deal in fresh products and the incidence of imported products is lower than in markets. North American fishery products account for about 1.6% of the transactions. On the demand side, retailers account for about 40% of the market, restaurants and catering for 19%, supermarkets for 10%, and the balance is sold to other wholesalers, processors and consumers.

Key Success Factors for Foreign Suppliers

A recent Ismea survey among fishery wholesalers identified the key factors for choosing foreign suppliers. They are reported in the graph below.



PSD Lobsters

PSD Table

Country Italy
Commodity Lobster (MT)

	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Beginning Stocks	50	50	50	50	50	50	(MT)
Total Production	220	220	210	210	0	200	(MT)
Intra-EC Imports	970	737	1000	737	0	720	(MT)
Other Imports	3800	3900	3800	3900	0	3900	(MT)
TOTAL Imports	4770	4637	4800	4637	0	4620	(MT)
TOTAL SUPPLY	5040	4907	5060	4897	50	4870	(MT)
Intra-EC Exports	50	58	50	45	0	40	(MT)
Other Exports	20	10	20	10	0	10	(MT)
TOTAL Exports	70	68	70	55	0	50	(MT)
Domestic Consumption	4820	4700	4840	4700	0	4700	(MT)
Other Use/Loss	100	89	100	92	0	90	(MT)
TOTAL Utilization	4920	4789	4940	4792	0	4790	(MT)
Ending Stocks	50	50	50	50	0	30	(MT)
TOTAL DISTRIBUTION	5040	4907	5060	4897	0	4870	(MT)

Import Matrix Lobsters

Import Trade Matrix

Country Italy
Commodit Lobster

Time Period	Year	Units:	MT
Imports for:	2002		**2003**
U.S.	2547	U.S.	2686
Others		Others	
Canada	728	Canada	834
Spain	696	Spain	555
France	94	France	114
Total for Others	1518		1503
Others not Liste	601		801
Grand Total	4666		4990

See IT4032 – "US Lobsters Dominate Italian Import Market" – for further details

PSD Squid

PSD Table

Country Italy

Commodity Squid/Cuttlefish (MT)

	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [New]	
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Beginning Stocks	7500	7500	7500	7500	7500	7500	(MT)
Total Production	23000	19000	23000	19000	0	19000	(MT)
Intra-EC Imports	60000	42390	65000	42500	0	42500	(MT)
Other Imports	80000	79500	81000	80000	0	80000	(MT)
TOTAL Imports	140000	121890	146000	122500	0	122500	(MT)
TOTAL SUPPLY	170500	148390	176500	149000	7500	149000	(MT)
Intra-EC Exports	3500	2638	4000	2500	0	2500	(MT)
Other Exports	1100	500	1000	1000	0	1000	(MT)
TOTAL Exports	4600	3138	5000	3500	0	3500	(MT)
Domestic Consumption	157150	136752	162750	137000	0	137000	(MT)
Other Use/Loss	1250	1000	1250	1000	0	1000	(MT)
TOTAL Utilization	158400	137752	164000	138000	0	138000	(MT)
Ending Stocks	7500	7500	7500	7500	0	7500	(MT)
TOTAL DISTRIBUTION	170500	148390	176500	149000	0	149000	(MT)

Import Matrix Squid

Import Trade Matrix

Country Italy

Commodit Squid/Cuttlefish

Time Period	Year	Units:	MT
Imports for:	2002		**2003**
U.S.	2470	U.S.	1143
Others		Others	
Spain	29587	Spain	28525
Thailand	25181	Thailand	26897
India	6690	Peru	7583
S. Africa	4927	Vietnam	7159
Vietnam	4757	India	6730
Tunisia	4493	S. Africa	5323
Peru	3479	Malaysia	4683
Senegal	3048	Senegal	3282
China	2515	Tunisia	3140
Malysia	2326	China	2676
Total for Others	87003		95998
Others not Liste	27800		24742
Grand Total	117273		121883