CBI
Ministry of Foreign Affairs

Exporting squid and cuttlefish to Europe

Italy and Spain dominate squid and cuttlefish imports in Europe. Frozen squid and cuttlefish is the most traded product type, however import of prepared squid and cuttlefish has been growing the fastest in recent years. Exporters of squid and cuttlefish should target specialised seafood importers who supply to either the food retail channel or food service channel.

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1 . Product description

Squid and cuttlefish are both cephalopods. Squid belongs to the order of *Teuthoidea* and cuttlefish to the order of *Sepiida*. Octopus also belongs to the family of cephalopods. In Spain, squid is commercially referred to as calamar(es), cuttlefish is referred to as Sepia, and octopus as pulpo (or pota). When "squid and cuttlefish" are referred to in this survey, this concerns the following Harmonised System 6-digit codes, unless stated otherwise:

- 030741 - Cuttlefish and squid, in shell or not, live, fresh or chilled,
- 030749 - Cuttlefish and squid, in shell or not, frozen, dried, salted or in brine,
- 160554 - Cuttlefish and squid, prepared and preserved (excluding smoked).

Quality

The appearance and texture define the quality of the squid and cuttlefish. Appearance includes the flesh color (should be white, and slightly translucent when raw) and skin condition (intact, with distinct patches of iridescence in squid and cuttlefish). The texture of the flesh should be elastic and very firm, but not slimy.

Packaging

Packaging requirements differ widely between customers and market segments. Therefore, it is crucial that you discuss your customers' preferred packaging requirements. Some general characteristics of squid and cuttlefish are:

- Mostly sold as whole round, tubes, strips or as rings. Cuttlefish is sometimes also sold as

Individual Quick Frozen (IQF) fillets,

- Retail packaging is mostly done in plastic bags, cardboard boxes, trays with a plastic filter or in polybags. Portions vary between 400 and 1000 grams for frozen tubes or whole round products. Prepared or preserved products are often portioned between 200 and 500 grams,
- Wholesale packaging is mostly delivered in 1-5-10 kg polybags or cardboard boxes packed in master cartons. Portions of whole squid can vary and fall in two categories, 11-20 pieces per kg, or 21-40 pieces per kg. Cuttlefish fillets can also be portioned into different amounts. Such as 5-7, 8-12 or 13-15 pieces.

Picture 1: Wholesale packaging with polystyrene tray, squid, 1 kilogram, Germany.

Picture 2: Wholesale packaging with polystyrene tray, cuttlefish, 1 kilogram, Germany.

Labelling

There are specific labelling requirements for fish sold in the European Union. In addition, under new rules that went into effect in December 2014 (Directive 1379/2013), labels must provide precise information on the harvesting, used fishing gear, and production of the products. This applies to all unprocessed seafood, as well as to some processed seafood, regardless of whether it is pre-packed. The information must be provided on the labelling or packaging of the fishery product. Or by means of a commercial document accompanying the goods.

Tip:

- See our study entitled [EU Buyer requirements for Fish and Seafood] for more information about labelling requirements.

2 . Which European markets offer opportunities for exporters of squid and cuttlefish?

Between 60-70% of squid and cuttlefish consumed in Europe is imported from countries outside Europe. The balance is left for Spain, France and Italy. European ‘production’ remains relatively small in comparison with worldwide captures.

Imports

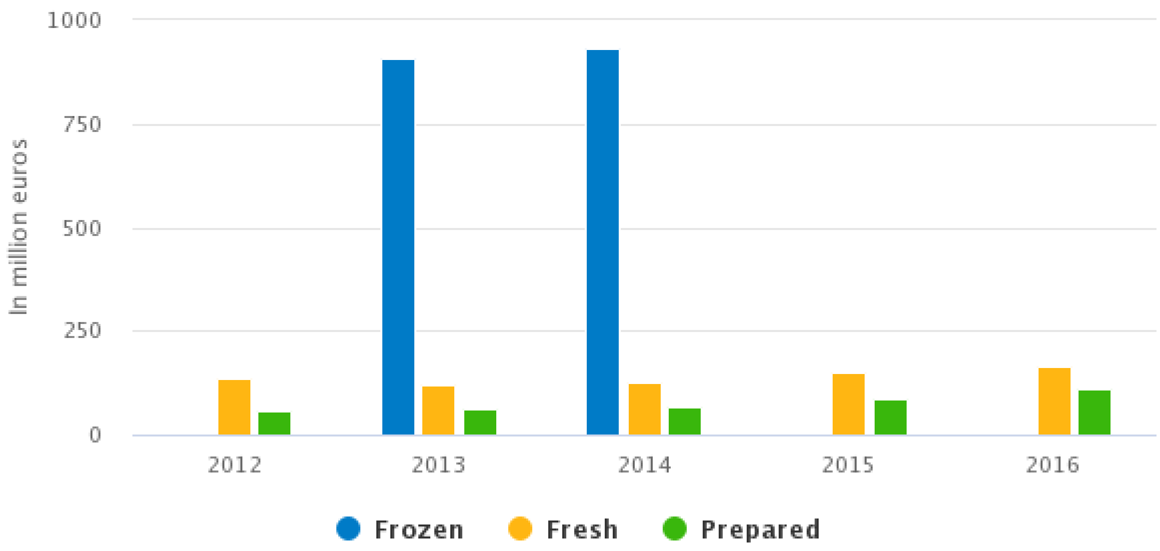
In total, European countries imported over €1.6 billion of squid and cuttlefish in 2016. After a serious decline in 2013, the import value increased in the following years up to and including 2016. On average, European imports of squid and cuttlefish increased by 6.7% per year in 2012–2016.

This was mainly due to strong growth in 2016 (27%).

Imports of frozen squid and cuttlefish dominate the market in Europe, with 82% import share (over €1.3 billion in value). Focusing on varieties, prepared (cooked) squid and cuttlefish grew the fastest. The prepared type grew with 19% per year on average in 2012–2016, versus increases of 6.2% for the frozen type and 5.4% for fresh.

Figure 1: European import of squid and cuttlefish by type of product 2012–2016

in € million

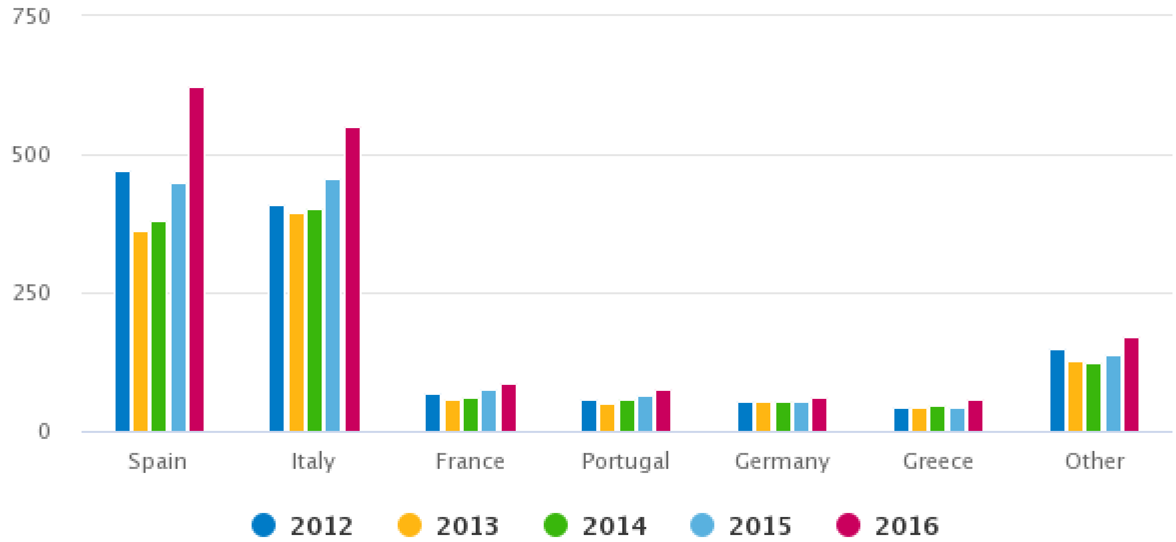


Source: Trademap (2018)

With €624 million imports in 2016, Spain is the leading importer of squid and cuttlefish. Together with Italy (€552 million) it dominates imports in Europe. Combined, the both countries account for almost three-quarters of European imports. Other significant, but considerably smaller, importers included France Portugal, Germany and Greece (imports ranged from around €60 million to almost €90 million in 2016).

Figure 2: Leading European importing countries of frozen squid and cuttlefish 2012-2016

in € million



Source: Trademap (2018)

Leading suppliers

Spain, Morocco, India and Falkland Islands were the leading suppliers in 2016. Together, they represented 52% of the total European import of squid and cuttlefish in 2016. Other leading suppliers are China, France, Thailand and the USA. Developing countries dominate the supply of squid and cuttlefish to Europe (roughly 50% share), followed by intra-European supply (35%) and the rest of the world (15%). Import from developing countries was dominated by Morocco (€212 million), followed by India (€165 million), China (€120 million) and Thailand (€96 million).

Volume-wise, compared to 2015, Thailand registered a decrease of 7%, while India's and Morocco's exports increased by 23% and 40% respectively.

Since 2013, every year a 45-day (overall) fishing ban on the Indian East Coast has been in place to prevent overfishing in India. As long as this fishing ban continues to be implemented, supplies from India will be structurally lower than the 14% value share India had for many years. Because of the ban, since 2013 India's share has been about 10% every year. For exporters in other countries, this can present opportunities to increase their supplies of squid and cuttlefish to Europe. Particularly Morocco and Spain benefited from the declining supply of Indian squid.

Tips:

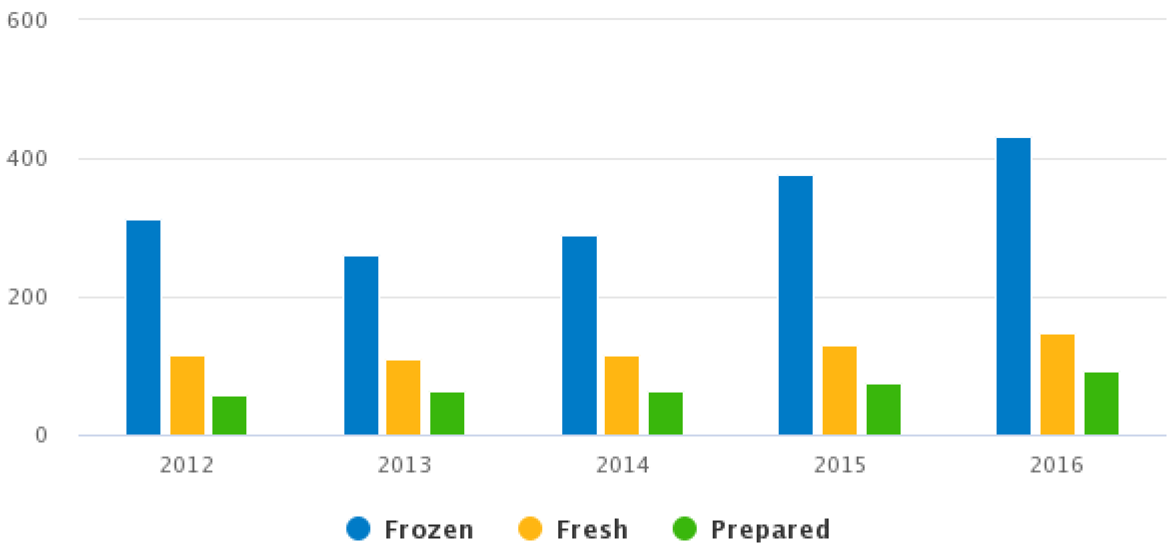
- The TARIC database shows more details about import duties in the European Union, and also for Chapter 0307 and 160554.
- If you want to access the southern European markets, consider participating in European seafood trade fairs. For example CONXEMAR in Vigo (Spain). The European Seafood Exhibition in Brussels (Belgium) is another opportunity to showcase your products and meet potential buyers. Conxemar has also organised the World Congress on Cephalopods several times, the last time in 2016.
- The reports on the global market for squid and cuttlefish of Globefish, which is a reliable source of world fish trade from the Food and Agriculture Organization (FAO) of the United Nations (UN), gives you the opportunity to stay informed about the latest market developments.

Exports

Total European exports of squid and cuttlefish increased by 8.5% on average per year in 2012–2016. In 2016, total exports from European countries reached €674 million. Intra-EU trade accounts for almost 95% of this value. Frozen squid and cuttlefish totalled €433 million, and mainly comprised re-exports to other European countries of frozen products originally imported from outside Europe. Exports of fresh squid and cuttlefish and prepared products amounted to respectively €149 million and €92 million in 2016.

Figure 3: European export of squid and cuttlefish by type of product

in € million



Source: Trademap 2016

Spain is the largest European exporter of squid and cuttlefish (€379 million in 2016, 56% of total European exports). Other important exporters are France (€92 million), the United Kingdom (€39 million), Portugal (€37 million), Italy (€32 million) and the Netherlands (€24 million).

Export destinations

The main destinations for European exports, per type, are the following:

- Frozen squid and cuttlefish: Italy (€183 million), followed at a large distance by Portugal (€36 million), Spain and France (€34 million), and Germany (€31 million).
- Southern Europe, France, the Netherlands and Germany are the main destinations for European exports of fresh squid and cuttlefish. In 2016, €61 million of fresh produce was exported to Italy, €41 million to Spain, €20 million to France, €9 million to Portugal, €4 million to both the Netherlands and Germany.
- Prepared squid and cuttlefish from Europe were mainly destined for France (€23 million), Germany (€20 million) and Italy (€8 million).

Tips:

- The two dominant markets in Europe are Italy and Spain. If you want to do business with Spanish companies and promote your products, it is a genuine advantage if your sales officers speak Spanish and you have a website in Spanish. For Italy, English is sufficient.
- If you are already doing business in Spain or Italy and are looking for new markets in

Europe, it is advisable to find out which importers in Spain and Italy are selling squid to other European countries.

Production

In 2011-2013, EU member states caught approximately between 110 and 125 thousand tons of squid and cuttlefish per year. Spain caught more than 40,000 tons, France and Italy about 20,000 tons, Portugal about 10,000 tons and the UK between 7-9 thousand tons. Between 2000 and 2006, EU catches varied between 140,000 and 160,000 tons; since 2006, annual landings have varied between 115,000 and 140,000 tons.

European squid captures account for only a small share of worldwide captures. Global squid landings have been relatively stable at around 3 million tons until 2016 (volumes went down in 2017, see "Trends"). China is the most important supplier, accounting for about 900,000 tons in 2015, followed by Peru (about 500,000 tons), South Korea (about 300,000 tons) and Japan (200,000 tons). Cuttlefish captures worldwide are much smaller with between 300-350 thousand tons of landings every year.

The lion's share of locally caught squid and cuttlefish is sold and consumed as fresh product in Europe. Therefore, the impact of changes in squid catches over the years on European imports of (mostly frozen) squid and cuttlefish is negligible.

Consumption

The total European squid and cuttlefish market is estimated to be around 300-330 thousand tons, of which about 75% is consumed in Spain and Italy. Although Spain has the largest per capita consumption of squid and cuttlefish, Italy is the largest market in absolute terms.

Frozen cuttlefish and squid are mostly sold in the food retail channel. Fishmongers hardly sell frozen products, but focus more on fresh and smoked fish. Part of the food retail sales in Europe is defrosted squid, sold as fresh or chilled product.

Tips:

- As retailers are interested in broadening their range of seafood products, this could offer opportunities for squid and cuttlefish. Discuss with your buyers what squid and cuttlefish product innovations could be interesting in terms of entering the retail market.
- Developing Country exporters will have the best opportunities by targeting importers that supply large retailers.

3 . What trends offer opportunities on the European market for squid and cuttlefish?

Good market for convenience, added-value products

Barriers to consumers purchasing squid are the relatively high cost, lack of knowledge on how to prepare squid and not enough preparation time. As consumers do not have sufficient knowledge of how to prepare squid (if not breaded) or cuttlefish, this will prevent them from purchasing fresh or frozen squid and cuttlefish products for eating at home. Instead, they appreciate innovations such as breaded squid and cuttlefish products that only need to be heated in the microwave.

Tips:

- Discuss with your buyers the options to offer more convenience to the customer. Such as the addition of recipes to the product package, to make consumers aware of how to prepare squid and cuttlefish. Another option can be to offer ready-made products that are cooked or spiced.
- Product with high added value can be skin-packed to make the product more appealing for consumers.
- Importers that process the product usually carry out the breading. If you can supply breaded squid and cuttlefish, you can add more value to your product.

Surimi products from jumbo flying squid

In the period under review, an innovative technique has been developed by the Peruvian Institute of Fish Technology (patented in 2012) to produce surimi products from jumbo flying squid, a species that was difficult to market because of its sour taste and strong texture. Because of this technological innovation, demand for this squid species could increase in the short to medium term.

Higher future demand from Asian markets in the long term

Squid and cuttlefish are wild-caught species that are not (yet) farmed. As there is increasing demand for these products from Asian markets, while global supplies are relatively stable squid and cuttlefish are expected to become scarcer and more expensive in the long term.

Bleaching of seafood in Europe

The use of hydrogen peroxide as a food additive in food products is prohibited in the European Union. However, in Spain and Italy, hydrogen peroxide is used as a processing aid to clean the seafood products. By using hydrogen peroxide, seafood products are bleached, making them look more attractive for consumers to buy. This is considered to be wrong labelling and deceiving consumers. In 2016, the European Union warned the Italian Health Ministry to enforce the European law on seafood bleaching.

Sustainable fishery

Although European demand for sustainable seafood is increasing, there currently is hardly any sustainably sourced squid or cuttlefish on the market. However, change is underway. In spring 2018, the first squid fishery is under assessment for Marine Stewardship Council (MSC) certification. The outcome of this is expected in 2018. Fisheries representing at least 57% of global squid production offer good potential for the near future. Fishery improvement projects (FIPs) overseen by a supply chain roundtable are key in this process.

Tips:

- For an analysis of the current sustainability situation on the squid market, see the Sustainable Fisheries Partnership's January 2018 – Target 75 Squid Sector Report.
- For more information on current and upcoming fishery improvement projects, see the Global Squid Supply Chain Roundtable.

Increasing prices

Prices for both squid and cuttlefish increased in 2017. For example, cuttlefish prices rose by 51% in Belgium and the United Kingdom between February 2016 and 2017. Dwindling stocks caused a collapse of squid catches in key fishing areas like Argentina, Peru and Chile. Argentina even suspended squid fishing south of the 44° parallel in June. Combined with strong demand, this has led to record prices. Future developments depend on stock recovery. The start of the 2018 season in Argentina is relatively promising.

4 . What requirements should squid and cuttlefish comply with to be allowed on the European market?

Before you want to sell to European buyers, you need to fully understand the European Union's legal requirements that apply to your fish and seafood products. Understanding is the first thing, after that follows the route towards compliance. See our study EU Buyer requirements for Fish and Seafood to better understand the legal requirements and also additional requirements that European buyers may ask from you.

Sustainability certification

Eco-labelled seafood products (or: sustainably certified products) have quickly gained market share in several European markets in recent years. Countries in Western and Northern Europe (such as the Netherlands and Germany) are the leading markets for eco-labeled seafood. In the Southern and Eastern markets of Europe, eco-labelling still plays a limited role. This also means that in the two leading European markets, Spain and Italy, most demand is for conventional squid and cuttlefish.

The following sustainability standards for captured seafood products in Europe are the most relevant:

- Friend of the Sea (FOS): FOS is an Italy-based fisheries and aquaculture certification scheme. There are currently five FOS-certified squid and cuttlefish fisheries worldwide: one midwater trawl fishery based in Korea, two hand-line fisheries in the United Kingdom, one trawler fishery in Vietnam, and a hand-line fishery in Chile.
- Marine Stewardship Council (MSC): The most important certification organisation for wild-caught fish products. It focuses on sustainable fishing practices with minimum impact on the environment. No squid or cuttlefish fisheries are MSC-certified yet in 2018, which is probably related to the challenge of certification for relatively small fisheries.

Tips:

- See the MSC Supplier Directory for a list of certified suppliers. The MSC website also offers detailed information on the process of certification and the potential advantages of MSC certification.
- Find out more about squid and cuttlefish fisheries that are already certified by FOS (go to "Fisheries")
- See our 10 tips for doing business with European buyers of fish and seafood and our 10 tips for finding buyers in the fish and seafood sector. These tips also offer more information on which topics are decisive for European buyers when searching for (new) suppliers.
- Relevant sources that may be helpful for you in gaining access to the European market are: EU Trade Helpdesk to find information related to European requirements, tariffs, statistics and preferential arrangements and the ITC Sustainability Standards Map for standards related to sustainability.

5 . Through what channels can you get squid and cuttlefish on the European market?

Developing Country exporters of squid and cuttlefish have two main options for entering the European market: 1) importers that supply food retailers and 2) importers that deliver to the food service channel. See our study [Market Channels and Segments for Frozen Fish and Seafood] for a general overview of channels.

The importers that supply to food service are usually different from the importers that supply to food retailers (but this is not necessarily always the case). Compared to food retail, the food service segment in Europe is rather fragmented. Only a few food service players operate on a multinational level and the food service market segmentation differs a lot from country to country.

This is less the case for food retail, where multinationals like Ahold, Carrefour, Metro, Tesco, Lidl and Aldi have operations across large parts of Europe. Still, the food retail landscape includes about 600 different supermarket chains. This indicates the large number of business opportunities in Europe. For food service, the number of chains is even (much) higher, indicative of the amount of business opportunities. Both channels in Europe sell fresh and frozen squid and cuttlefish.

Although the European market is no longer limited by internal boundaries, it is most obvious that if an exporter plans to target the largest markets in Europe, which are Spain and Italy, the focus should be on importers in these countries. Italian and Spanish importers know the local channels, food retailers and food service companies best. This direct orientation should be the same for France. But if you focus on the United Kingdom, Belgium, the Netherlands, Germany, Scandinavia and Central and Eastern Europe, you can better target importers from Italy, Spain and France that supply to these countries.

Traditional large consumers of cuttlefish and squid are ethnic communities that can be found in the large cities in Europe. These communities can be African, Asian or South and Latin American in origin. Developing Country exporters that want to avoid large accounts can also find opportunities in these markets. Although this trade involves smaller volumes, it also offers several benefits. Such as: fewer cultural differences and less stringent food safety requirements (of course within the boundaries of European legislation in place).

Tips:

- If you want to supply directly to the large food retailers and food service companies, you should try to get in touch with the larger importers that supply to these companies. If you can comply with their buyer requirements, including a competitive price, they will be able to market your products.
- Consumers' preferences differ between the food retail and service segment, and the requirements of the segments are also different (think of, for instance, packaging type and size, portion size, appearance, et cetera). Cooperate with your buyers in order to fulfil the needs and requirements of their clients.
- A focus on importers that supply to ethnic food retail and food service channels can offer an interesting alternative.

6 . What are the end-market prices for squid and cuttlefish?

Consumer prices of squid and cuttlefish products in the different European countries are presented below to give you an impression of the price level in Europe.

Table 1: Examples of consumer prices for squid products in 2016 and 2018.

Product	Price	Country
Squid in plastic container	13.79 / 13.49	Germany
Frozen whole squid	6.99 / 13.99	Portugal
Frozen squid in pieces	7.00 / 7.50	Spain
Defrosted squid	16.80 / 9.80	Italy
Cleaned squid in plastic container	9.95 / 10.50	Spain
Cleaned squid in vacuumed packaging	11.98 / 15.97	Italy
Cut squid strips in plastic bag	4.61 - 5.63 / 4.86 – 6.25	Portugal, Spain
Frozen squid rings without batter	6.60 - 9.58 / 7.38 – 9.58	Spain, Portugal, Italy
Frozen squid rings with batter	5.74 - 6.98 / 5.13 – 6.98	Germany, Portugal
Frozen squid tubes	8.88 / 8.88	Germany
Frozen whole and cleaned squid	7.49 / 6.23	Portugal
Frozen stuffed squid in plastic bag	13.50 / 14.98	Portugal

Source: Globally Cool, 2018

Table 2: Examples of consumer prices for cuttlefish products in 2016 and 2018

Product	Price ((€/KG)	Country
Cuttlefish	12.79 / 17.99	Germany
Defrosted cuttlefish	16.40 / 15.90	Italy
Cleaned cuttlefish	8.63*	Spain
Cleaned cuttlefish in vacuumed packaging	13.85 / 17.87	Italy
Frozen whole and cleaned cuttlefish	10*	Spain

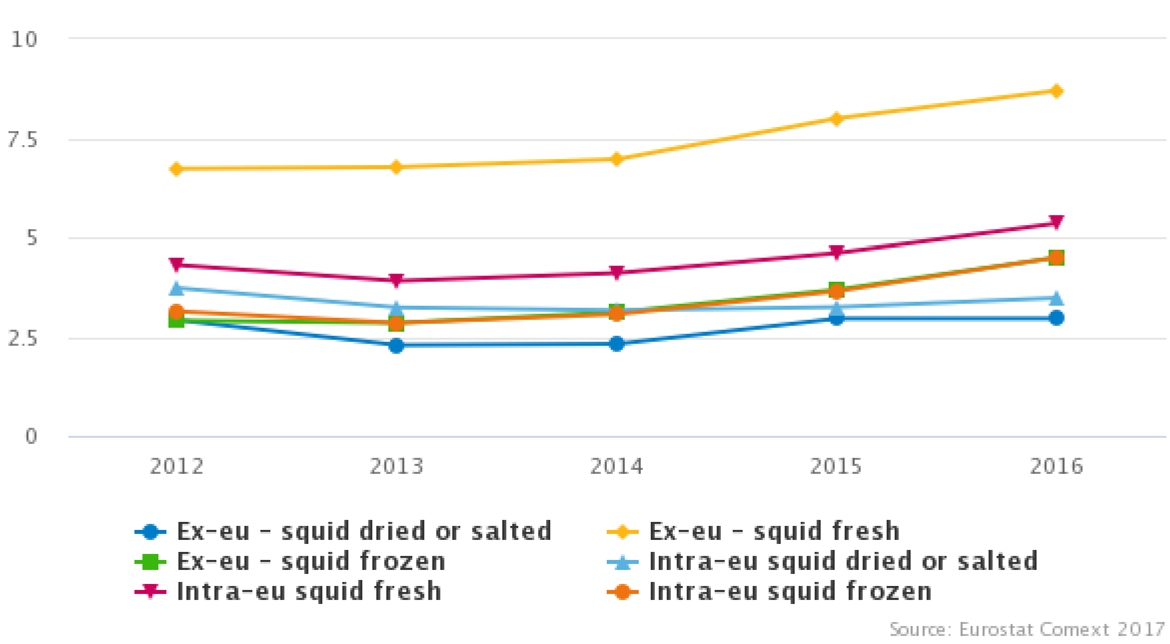
Source: Globally Cool, 2018 *No change.

Prices of squid and cuttlefish depend a lot on the variety: whether they are fresh, frozen, processed, whole, blocks with 20% glaze, strips, rings et cetera. An analysis of average annual European import prices gives a rough idea of prices paid by importers. It is shown in Figure 4 and Figure 5.

The squid and cuttlefish are divided into types, varying from fresh or frozen to dried or salted. The price levels of squid varies between €3.00 and €8.70 per kilogram. Fresh squid imports from non-European countries represent by far the highest price per kilogram, almost twice as high as all other varieties. A general increasing trend can be noticed in Figure 4 as well, indicating that import prices for all varieties of squid increased over the last few years. This is related to the relatively stable supply coupled with increasing global demand, leading to price growth. Note that end market prices (as shown in Table 1) are higher as these have to cover many additional costs.

Figure 4: Import prices for squid 2012–2016

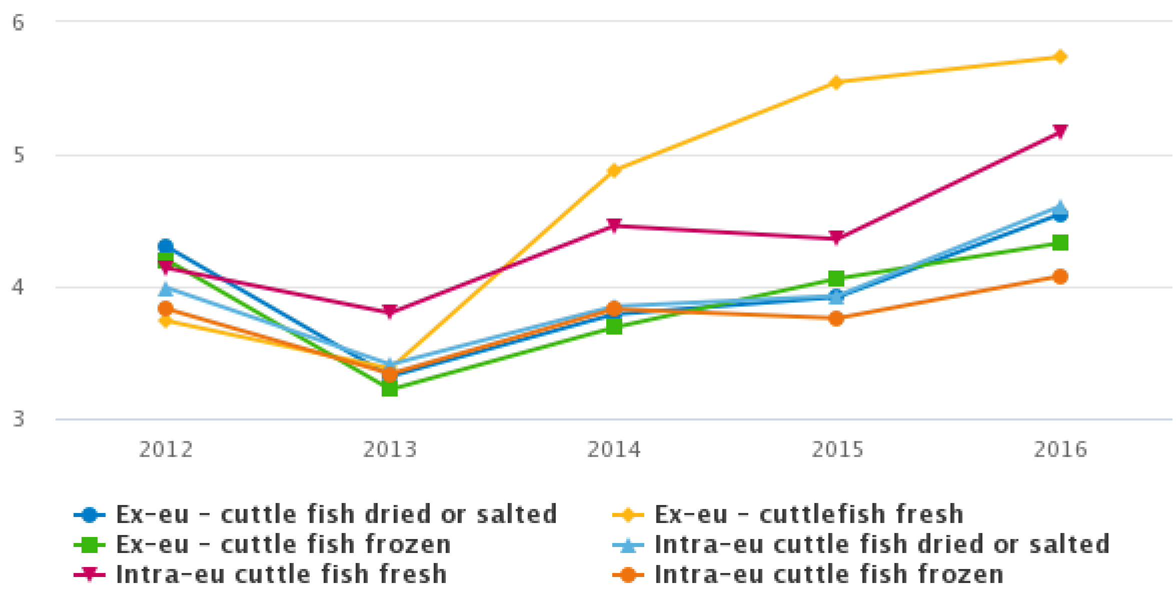
in price per kilogram



The price levels of squid varies between €4.10 and €5.70 per kilogram. Ex-EU imports of fresh cuttlefish represent the highest price per kilogram. The price differences between varieties are much smaller than for squid, however.

Figure 5: Import prices for cuttlefish 2012-2016

in price per kilogram



Source: Eurostat Comext 2017

Fresh squid imported from outside Europe is most expensive, due to the high costs involved with this type of conditioned (refrigerated) transport. In addition, these imports are so expensive because the squid is imported in whole pieces, from for example Morocco or South Africa. Intra-EU traded fresh squid has a lower price level, because this primarily concerns European catches. Dried or salted squid has the lowest price, as this product is mostly of inferior raw material. In addition it has some extra (low-cost) ingredients like salt and sugar, and can be transported without cooling.

The margins in the value chain vary a lot from low end to high end products. For low end products, margins can be as low as 5% for each company, with a retail margin as low as 10%. For high end products, these margins can be as high as 20-25% for fishermen and processors, and 100% for importers and retailers.

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