

The European market potential for squid and cuttlefish

Last updated:

21 December 2020

Squid and cuttlefish are very present in the European retail and food service, with different species coming from different (mostly developing) countries. Southern European countries have the biggest appetite for squid and cuttlefish and demand has risen as more people turn to frozen squid and cuttlefish as an easy and healthy alternative to meat. Sustainability is increasingly important all over Europe. Improving the sustainability of your fishery and communicating that to your buyers and the end users will give you an advantage over your competition.

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1. Product description

Squid and cuttlefish, along with octopus, belong to the same class of Cephalopoda, which is a type of mollusc. A natural difference between squid, cuttlefish and octopus, is that the octopus is a bottom-dwelling animal, where squid are pelagic (living and feeding away from the ocean floor) and cuttlefish are demersal (living and feeding near the ocean floor) species. This directly affects the method of catching and processing as well.

There are around 290 different species of squid, and it is estimated that around 30 species are fished commercially. The bulk of the global squid catch consists of species from two families, the Ommastrephidae and Loliginidae, which are largely present in the Pacific and Atlantic oceans. For cuttlefish, the main fished species is *S. officinalis*, which are caught off the coast of West Africa.

Squid and cuttlefish are often mistaken for one another by consumers, especially when the product is processed and cooked. However, when the animals are still whole, squid have a more elongated body than cuttlefish do. Squid usually has a reddish appearance, where cuttlefish has a pattern print. The flesh of squid and cuttlefish is both white, and slightly translucent when raw.

Furthermore, cuttlefish has a non-flexible cuttlebone inside its body. As the meat of the cuttlefish stays more tender after cooking, it is used in stews and paellas, whereas the squid is preferred for short (deep-fried) dishes such as fried rings.

Image 1: left side fresh squid, right side fresh cuttlefish



Source: Seafood Trade Intelligence Portal, 2020

In this study squid and cuttlefish are referred to the following Harmonised System 6-digit codes unless stated otherwise:

030742 - Cuttlefish and squid, live, fresh or chilled

030743 - Cuttlefish and squid, frozen, dried, salted or in brine

160554 - Cuttlefish and squid, prepared and preserved (excluding smoked).

Before 2017, squid and cuttlefish were traded under different HS-codes, which also included some other molluscs or only some species of squid and cuttlefish. From 2017 on, however, the above-mentioned codes cover the complete squid and cuttlefish product range, and therefore the data in this study is based on data from after 2017.

The commercial name for these species differs per country. Looking at the main importing nations: in Spain, squid is commercially referred to as calamar(es), cuttlefish is referred to as sepia. In Italy squid is commercially referred to as calamaro, cuttlefish is referred to as seppia.

On the European market, squid and cuttlefish can be found in different forms. In Northern Europe, squid and cuttlefish are mostly offered as value-added products such as breaded or flavoured rings but also appear in seafood mixes. While these items can also be found in Southern Europe, a larger part of the food retail sales there are defrosted squid, sold as a fresh or chilled product.

Image 2: two different varieties of squid which can be found in retail in Sainsbury's, United Kingdom.



Source: Sainsbury's, 2020

2. What makes Europe an interesting market for squid and cuttlefish?

In 2019, Europe imported a total of 601,300 tonnes of squid and cuttlefish, of which 428,196 tonnes came from outside Europe. Of these imports, 97% were frozen products. The total import value in 2019 from outside Europe was \$1.7 billion. Since 2019, fresh imports have seen a steep increase, from 1,490 tonnes in 2018 to 3,140 tonnes in 2019. It is clear from the data that squid and cuttlefish, together, are a major product exported to Europe from developing countries.

Squid ranks number nine on the most consumed marine species in Europe, according to a [study](#) by the European Market Observatory for Fisheries and Aquaculture Products (EUMOFA). The European average annual squid consumption was 0.67 kg per capita in 2017, which corresponds to 3% of all fishery and aquaculture products consumed. This low level of consumption was, according to EUMOFA, the lowest since 2008 and reflects the decrease in global production.

While there is squid and cuttlefish fishing in Europe, the demand is much larger and the self-sufficiency level of Europe was at just 13% in 2017. In 2018, European Union member states caught approximately 173,000 tonnes of squid and cuttlefish. Spain caught more than 22,000 tonnes, France, Italy and the United Kingdom caught about 12,000 each and Portugal about 2,000 tonnes.

The imports over the last three years for frozen squid and cuttlefish have been relatively stable and are taking up the major market share of the products. Squid and cuttlefish are prone to damage when fresh, reducing the quality of the products. Frozen products offer a longer and more stable shelf life. As the products are processed, working with frozen products enables good price competitiveness.

Furthermore, as cuttlefish are usually used for stewing dishes such as paella and squid for fried products, consumers find it no problem using frozen products. Prices for frozen products are considerably lower than for fresh products. The average import price for frozen squid and cuttlefish was just under \$4.00/kg in 2018, whereas fresh products were up to \$9.00 per kg.

A growing opportunity for fresh products

There is a growing opportunity for fresh squid and cuttlefish. Most squid and cuttlefish produced in Europe ends up on the fresh market. The value for fresh imported squid and cuttlefish, while still minor compared to the frozen section, has increased by 108% over 2018, to \$27 million in 2019.

The strongest import growth of fresh products was accounted for by Spain (150%) and France (155%) in Southern Europe. Also, importing nations in Northwestern Europe have seen a steep increase in fresh products. This is most likely because they serve as a importing hubs, distributing the product across Europe.

The reason for this increase could be the lower production from the European region itself. With decreasing catches, importing fresh squid and cuttlefish could become increasingly interesting.

Fresh products have different origins than frozen products (which are mainly from India and China). For fresh products, we see a large market share from Morocco (72%), Tunisia (10%) and Senegal (7.8%). The main reason for this is that these countries have day fisheries that enable exporters to ship out fresh products. Furthermore, as they are geographically close to Europe it is easier for these countries to export fresh squid and cuttlefish. This is especially the case for Morocco.

With the COVID-19 pandemic and flights being reduced, exporting your fresh products can be more difficult. Additionally, the cost of transportation might increase as well, which will make the end product more expensive. Therefore, it can be expected that there will be a decrease in demand for fresh squid and cuttlefish, despite the increased opportunities created for you by the declining European catches.

The market development for squid and cuttlefish is expected to remain relatively stable for the coming years. However, increasing prices for octopus, one of the main competitors, can offer the opportunity for squid and cuttlefish to replace this product. This could increase the demand in the European market for squid and cuttlefish.

Looking further into the future, squid and cuttlefish will need to become certified sustainable seafood to keep their access to the European market. While this might not be an issue for you as an exporter, at the moment, you need to consider the long-term trend and your ability to keep market access.

Tips:

Read the study [How to respond to COVID-19 in the fish and seafood sector](#) to understand how you can keep your business operational during these times

Check [Globefish's cephalopod's market reports](#). These quarterly publications are a reliable source of information to stay up to date about the situation in the global market of squid and cuttlefish

COVID-19 and beyond

COVID-19 has affected the whole European fish and seafood market. While the food service industry has struggled in the face of social distancing measures, the retail industry has continued going strong. People are cooking at home more and are aiming to bring restaurant quality and variety into their kitchens. More than this, it has made some pre-existing consumption trends stronger and also created completely new trends. Of course, these trends have also influenced the squid and cuttlefish market.

A trend which has become stronger, for both Northern and Southern Europe, is the retail demand for pre-packed fish and seafood products for home consumption. While in Northwestern Europe people seldomly bought whole

or unpacked fish from retail, it was more common in Southern Europe. During the COVID-19 pandemic the unpacking has changed, as people become more concerned with the possibility of getting infected through contact with (re-)fresh(ed) seafood or through the human contact needed to order at a fresh counter.

The best way to make use of this trend is to work closely with specialised processors and agents. Especially the companies based in the major importing hubs in Europe (Spain and France) or trading nations (Germany and the Netherlands) are worth your focus.

As the food service sector in Europe is also slowly recovering, the sales boost of home cooked fish created by the lockdown may reduce. However, social distancing measures have continued, even if to a lesser extent. And, during this period, a lot of people experienced the benefits of online shopping, and are expected to keep doing so in the future. This means you want your products to be available through this channel, it will have to meet certain criteria such as family packaging or single packaging.

Tips:

Read the CBI trends study to understand the [current and new trends in the European Seafood sector](#).

If possible, export consumer-ready and packaged squid and cuttlefish products. This provides both a higher profit margin and an opportunity for you, as an exporter, to get your marketing and storytelling to the end user.

Read the CBI trends study to learn more about [the power of storytelling for marketing your product](#). You will also learn about other trends that were created or influenced by COVID-19.

3. Which European countries offer most opportunities for squid and cuttlefish?

When talking about squid and cuttlefish, the largest market by far is Southern Europe. European Mediterranean consumers like fresh fish, and especially species they see as "local" such as squid and cuttlefish. Southern Europe represents almost 88% of Europe's total import value for squid and cuttlefish from developing countries. Northwestern Europe and the Nordic countries, and Eastern Europe, represent 6% each. Within Southern Europe, Spain represents 55% and Italy 32%.

Spain

Spain dominates the import market for squid and cuttlefish and imported 282,906 tonnes of squid and cuttlefish products in 2019, with a value close to €1 billion. Since 2017, imports of frozen squid and cuttlefish products in Spain have been relatively stable. The volume of fresh imports was much more unstable and varied from 864 tonnes in 2018 to 2,280 tonnes in 2019.

As a major importer, Spain also processes and re-exports part of their imports. In 2019, Spain re-exported 97,169 tonnes of squid and cuttlefish products to other European Union countries. Frozen squid and cuttlefish had a total volume of 70,449 tonnes. Value-added products accounted for 16,248 tonnes. Spain is Europe's leading squid processing country, with major companies such as [Congalsa](#) and [Fesba](#). [Nuevo Pescanova](#), another Spanish importer and processor, has a facility that is able to process 20,000 tonnes squid annually.

Tips:

Visit the website of large processors and see the products they are offering to get an idea of the end products offered on the European market.

If you do not speak Spanish, make sure to hire a Spanish-speaking mediator to effectively negotiate and deal with Spanish companies.

Use [Google Translate](#) if you are trying to access a company website that is not available in a language you are familiar with. Companies that you might be interested in may only have their websites translated into the languages that they use most often.

Italy

The second-largest importer is Italy, although already far behind Spain with a total import value of €422 million and a total volume of 87,134 tonnes. As Italy does not have a processing sector that is as big as Spain's, they import more processed goods.

In 2019, Italy imported a total of 120,000 tonnes of frozen squid and cuttlefish from inside and outside the European Union. Spain was the largest supplier with 24% of that market share. The need for products that are already processed or ready for the food service sector gives an opportunity for you as an exporter to directly target this market.

As Italy imports more processed products, the prices are higher than for Spain; the average price for imported frozen squid and cuttlefish in Italy was €4.19, almost €1.30 above prices in Spain.

Tip:

If you are already doing business in Spain or Italy and are looking for new markets in Europe, find out which importers in Spain and Italy are selling squid or cuttlefish to other European countries.

Portugal

The number three importer in 2019 was Portugal, with a total import value of €66 million and a volume of just 18,349 tonnes. Similar to Italy, Portugal also imports from Spain, but with a share of 49% it is the largest intra-EU importer from Spain. The other share is imported mainly from India (7,843 tonnes) and China (4,720 tonnes). Portugal hardly imports any fresh squid or cuttlefish, and most of what it does import comes from within Europe.

Greece

Greece imported a total amount of 15,543 tonnes of squid and cuttlefish from outside the European Union in 2019, with a value of just over €60 million. While both Italy and Portugal have a large share of imports from within Europe, Greece takes its main share from India with an import volume of 5,764 tonnes of frozen products, a 30% market share. This direct import can give you an opportunity to sell more directly into the Greek market.

Tip:

Use other online communication sources, such as LinkedIn, because Greek importers do not always have a website. See for instance this profile of a Greek importer:

France

Out of all Southern European countries, France is the fifth-biggest importer of squid and cuttlefish in 2019. It imported a total volume of 9,288 tonnes with a value of €40 million. French imports of fresh products are higher than those of Portugal and Greece, and its main sourcing countries from outside Europe are Senegal and Mauritania. The close connection with these countries enables smooth trade, which is highly important for fresh products.

According to a study by FranceAgrimer, [13% of French households purchased squid products](#). In the catering industry, a total of €52 million was spent on Cephalopods (which includes squid, cuttlefish and octopus), with the main share being sold to independent restaurants. This gives you as an exporter the opportunity to cater more toward this sector, by trying to make more ready, portion-sized packaging instead of bulk products.

United Kingdom

Of the all the countries in Northwestern Europe, the United Kingdom leads the imports of squid and cuttlefish and imports a large volume of prepared and preserved products. Total imports from outside Europe into the United Kingdom, in 2019, were 7,613 tonnes, with a value of €44 million.

Compared to the other main importing countries in Southern Europe, the United Kingdom offers you as an exporter a market for processed and prepared foods. In 2019, the United Kingdom imported just over ten million euros worth of prepared and preserved products, taking a 24% share of total European imports.

The leading supplier for this market segment is Malaysia, followed by Vietnam. As importers in the United Kingdom are familiar with importing from developing countries, there is an opportunity for you as an exporter to directly supply this market with value-added products.

Tips:

If you are already supplying to the United Kingdom or are looking into this market, be aware of the situation surrounding Brexit. To keep up to date regularly visit the website of [Seafish](#).

To get accustomed to the value-added products in this market, visit some retail sites such as [Tesco](#) and [Sainsbury's](#).

4. Which trends offer opportunities on the European squid and cuttlefish market?

For squid and cuttlefish, sustainability and convenience are two key trends in the market. By offering transparency in your supply chain or different sized products, you might be able to develop a higher end market potential for your squid and cuttlefish.

More and more consumers demand sustainable squid and cuttlefish

Sustainability is a key feature in Northwestern Europe and France and it is building a presence in Southern Europe as well. According to the Seafood Watch report, [31 of the 36 asset squid fisheries were listed as red](#). This

means that these fisheries are considered to be less sustainable and the recommendation to the market is to avoid eating products from these fisheries. By showing the sustainability of your fishing methods, you can make your product more desirable in an increasingly sustainability-driven market.

To be able to supply your product into the (northwestern) retail market you need an MSC-certification. At the moment of writing, only two fisheries have been awarded this certification, both are US based fisheries. The first step toward an MSC certification is to work on a Fishery Improvement Project (FIP) together with the local governmental or non-governmental organisations operating in your area. A fishery improvement project (FIP) assesses how to maintain a healthy fishery.

Tip:

Learn more about [sustainability and its growing importance on the European](#) market in the CBI trend study.

Consumers want to know the story behind your product

European consumers, particularly the younger generations, have become increasingly focused on knowing where their products come from, on the sustainability of their products and on their health benefits. If you tell them how your product is caught or how your company got started, you can help the end user relate to your product. As a result you might obtain a larger market share, or a premium price setting.

That is especially true if you are exporting products in consumer-ready packaging. Even if exporting your products in bulk, the story behind your product can help your buyer, in this case the importer, to market it to the end user, making the product easier to sell. Importers might pay a premium for a good story.

Developing a story around your product is not easy, and you must understand the consumers' preferences and needs. Therefore, you can partner up with your importer, as they might have intimate market knowledge you are looking for. Alternatively, you can collaborate with other producers in your area to develop a joint brand or a campaign for your products.

It all starts with you looking at the unique selling points that exist in your company and the products that you sell. These can be based on your product, your production or your company history, to name a few examples. Once you identify the story that you want to share, you can decide how to do so, whether through the packaging, your company website, social media or other marketing activities.

Tips:

[Read more on the importance of storytelling](#) in CBI's trends study.

Read CBI's tips for doing business with European buyers to learn more about [the importance of online marketing](#).

IUU fishing regulation

Related to sustainability is the fact that the European Union is enforcing stricter measures against fraud and illegal, unreported and unregulated (IUU) fishing. As one of the world's largest import market for fishery

products, Europe is very active in combatting IUU fishing activities.

Despite these measures, IUU fishing is still largely present, and importers are very aware of the consequences and negative impact it can have on their operations. Therefore, there is an opportunity for you as an exporter to pro-actively show that you are not involved in IUU fishing if you are able to back it up with claims such as fishery vessel registration and catch certificates on your website. While this will not provide premium pricing, it helps you to develop that all-important trust-based relationship with your importer.

Tips:

Know your country's status. Check this [link](#) for a full overview of all past and ongoing procedures against IUU fishing.

Partner with fisheries that commit to battling IUU fishing. To prove that your fish has been caught legally, make sure that your product has the right CATCH certificate.

Keep yourself updated with the developments against IUU fishing in Europe. In May 2019, the Commission has launched [CATCH](#), an IT system that aims to digitise the currently paper-based European catch certification scheme as laid down by the Regulation (EC) No 1005/2008.

Read the CBI Market Entry study for squid and cuttlefish for more information on [IUU prevention and other legal requirements for gaining entry for your products](#).

Growing demand for long-lasting and easy to cook seafood

There has been a rise in the value-added market as European consumers, particularly those in the northwestern part of the region, move increasingly towards products that are long-lasting and easy to prepare. This trend is also common among younger generations of European consumers, who have been cooking less than their parents.

Furthermore, as prices for squid and cuttlefish are not very high, developing value-added products can provide you with additional profit margins on your product and a competitive advantage over your competitors.

Currently, a study is being conducted in Europe to create new products from cephalopods, including squid and cuttlefish. As the study is funded by the European Union, the publications are publicly available on the following site: <https://www.cephsandchefs.com>. The study will end at the end of 2020.

Rapid consolidation through mergers and acquisitions in the competing fisheries sectors

Before the COVID-19 pandemic, some exporting countries had already seen declining demand for their squid and cuttlefish products. The main reason was that European buyers had already begun turning to the increasingly consolidated cephalopod fisheries of Mauritania and Morocco for their supply.

While it may take a bit longer, it is expected that the current COVID-19 pandemic and its economic impact will increase the rate of mergers and acquisition, enabling larger companies to be more competitive due to the economies of scale.

While it might not be directly obvious, these merges and acquisitions can also be profitable for you as an exporter. As market players merge or are acquired, the companies in these groups often expand their portfolio of products, creating new opportunities for you with a potentially larger market share. Furthermore, some companies invest in the production sector to ensure access to raw materials, which might mean they invest in

your supply chain whilst you stay independent.

Tips:

If you are already exporting to the European market, convince your buyers of the advantages of working with you, over these large industrial companies.


Explore the business relationships that your clients have. If they are already tied to another company through a merger or acquisition, you may be able to supply that company as well. Or try to see whether you can secure some investments for your company or supply chain.

In addition, you might want to invest in storytelling (see trend above) to convince these companies that it is interesting to become part of their (extending) portfolio.


The study has been carried out on behalf of CBI by [Seafood Trade Intelligence Portal](#).

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