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**the support it needs to thrive.**



# Export Guide: **Canada**

## Market Research Report



# Department for International Trade

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## EXECUTIVE SUMMARY

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### 1.1 THE ENQUIRY

DIT was charged to provide a report on the fish and seafood industry in Canada. This report is the third in a series of reports for the Sea Fish Industry Authority by DIT Canada, first in 2006 and then in 2013. The research covered the following:

- Trade environment – Canada's seafood industry, consumer trends, import and export trends including the UK share and export opportunities.
- Doing business in Canada – supply structure, route to market, top retail outlets, top food service outlets.
- Key regulations and tariffs relating to the Canadian seafood industry.
- Key associations and trade shows.

### 1.2 METHODOLOGY

DIT prepared this report using information provided from a variety of sources including:

- Fisheries and Oceans Canada,
- Government of Canada: Canada Trade Online,
- Canadian Food Inspection Agency,
- Various other federal and provincial government websites,
- Numerous internet reports and articles.

### 1.3 SUMMARY

NB: This report was researched and written from August to November 2018. DIT used the most current available statistics available during this period. However, government authorities constantly review and update their data, so statistics are updated regularly. DIT has included footnotes and hyperlinks to indicate the various information sources.

DIT has kept the format consistent with the two previous reports for ease of reading and comparison. If updated statistics were not available tables or information from previous reports may have been eliminated.



## Department for International Trade

## DETAILED RESEARCH

### 2.1 CANADA AT A GLANCE / FAST FACTS

#### Fast Facts<sup>1</sup>

Population: (2018)	37,058,856
Land Area:	9,985,000 sq. km
Inhabitants per sq. km: (2016)	3.9
Capital:	Ottawa
Main Cities <sup>2</sup>	Toronto, Montreal, Vancouver, Calgary
Languages:	Bilingual Country: English and French 56.9% English, 21.3% French, 21.8% Other
Religion:	39% Roman Catholicism, 28% Other Christian, 24% No Religion, 3% Islam, 2% Hinduism, 1% Sikhism, 1% Buddhism, 1% Judaism, 1% Other
Currency:	Canadian Dollar
Exchange Rate: (2018)	C\$/£ = 1.6703 (Oct. 2018)
Total GDP: (2017)	C\$1.65 trillion
Real GDP growth rate (2017)	2.4%
GDP per capita: (2016)	C\$54,058.48
Inflation: (2017)	1.6%
Unemployment: (2017)	5.7%
International Status:	G-7, G-20, APEC, OSCE, OAS, NATO, USMCA, CETA and British Commonwealth of Nations
Government Type <sup>3</sup> :	Constitutional Monarchy and Federal State
Top 3 export countries (2017)	USA 76%, China 4.3%, UK 3.2%
Top 3 import countries (2017)	USA 52%, China 13%, Mexico 6.4%. UK 1.6% (ranked 6 <sup>th</sup> )

- Canada is the world's 2<sup>nd</sup> largest country by land mass (almost 40x the size of the UK), with a relatively small population of 37 million.
- The majority of Canadians – 80% – live and work in urban cities within 300 km of the US border.
- The country is made up of 10 provinces and 3 territories covering 6 time zones.
- It is the 10<sup>th</sup> largest economy in the world and considered one of the wealthiest nations.
- Canada's economy is still heavily dependent on the natural resource sector (oil and gas, mining, etc.,) but overall, about 70% of Canada's GDP comes from the service industries.
- After weathering the oil price shock of recent years, Canada had strong GDP economic growth in 2017 at 3.1%.
- Forecasted economic growth of 2.1% for 2018 and the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) are good signs for the Canadian economy.
- Canada's economy is linked very closely, and will remain so, with the United States and Mexico:
  - After a year of negotiations, Canada the United States and Mexico agreed in principle to the new the United States-Mexico-Canada Agreement (USMCA) to replace the current North American Free Trade Agreement (NAFTA).
  - Once implemented, the USMCA will help Canadians compete globally in an integrated North American economy made up of 486 million people.

<sup>1</sup> Statistics Canada, World Bank, Bank of Canada

<sup>2</sup> Based on population, in millions: Toronto 5.4, Montreal 3.5, Vancouver 2.2, Calgary 1.2, Ottawa 1.2

<sup>3</sup> Federal Parliamentary Government. The Crown (British) is the foundation on which judicial, legislation and executive branches are based. The second tier of government is made up of independent provincial (10) and territorial (3) legislatures.

- As Canada's first and third largest merchandise trading partners, trilateral trade with the US and Mexico reached nearly USD \$1.1 trillion in 2017.
- As part of the agreement-in-principal, the USMCA will maintain the benefit of the elimination of virtually all tariff, with very few exceptions, between Canada, the U.S. and Mexico.
- Additionally, a new Customs Administration and Trade Facilitation Chapter will standardize and modernize customs procedures throughout North America to facilitate the free-flow of goods.
- Overall, the UK is Canada's fifth largest commercial partner; in 2017 two-way merchandise trade was C\$26.5 billion (£15.5 billion).
- With similar cultural and business environments, bi-lateral trade between the two nations remains strong.
  - Canada is officially bilingual; while English is the generally accepted language of business, for companies wishing to conduct business in Quebec and New Brunswick, specifically, the ability to communicate in French is sometimes necessary and shows a level of respect.
- UK companies are currently benefiting from CETA whilst the UK is in the EU:
  - CETA eliminated all tariffs on fish and seafood imports from the EU into Canada,
  - CETA eliminated 96% of tariffs on Canadian seafood imports into the EU.
- Governments of both countries have committed their intention to swiftly and seamlessly transitioning CETA into a UK-Canada agreement once the UK has left the EU to ensure all the benefits of the current agreement are maintained.
  - The UK and Canada have created a formal Working Group to take this forward.

## 2.2 CANADA'S SEAFOOD SECTOR

- Surrounded by three oceans, commercial fishing and aquaculture are economically important to Canada, accounting for nearly C\$7 billion of exports and supporting over 80,000 direct jobs.
- Canada is a world leader in the sustainable management of its fisheries and aquaculture. Fisheries and Oceans Canada (DFO) is the government department responsible for the management of Canada's fisheries.
- The federal government has jurisdiction over the resource, from its natural habitat to the landing dock, and is responsible for all aspects of the industry including fish inspection and marketing.
- Canada's commercial sea fisheries total catch for all fish and shellfish species was 848,165 (metric tonnes) in 2016<sup>4</sup>, up from 837,746 in 2015 – a slight increase of 1.2% (see table 1).
- The value of the catch also increased from C\$3.196 billion to C\$3.301 billion, up 3.3%.
- Top provinces, by landings, were Nova Scotia and Newfoundland followed by British Columbia.

**Table 1: Fish and Shellfish Commercial Catch<sup>5</sup>**

<b>Fish and Shellfish commercial catch<sup>6</sup></b>					
Landings in metric tonnes, live weight					
<b>Species</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Groundfish	169,162	172,434	167,317	169,379	206,247
Pelagic and other Fish	189,968	204,712	218,393	205,200	216,718
Shellfish	427,551	443,239	446,702	448,695	409,016
Other <sup>7</sup>	16,761	18,097	17,184	14,472	17,927
<b>Total</b>		<b>838,482</b>	<b>849,496</b>	<b>837,746</b>	<b>848,165</b>

- Since 2012 commercial catches of all species have increased, except for a downtrend in 2015 (see table 2 for significant differences)
- During the last five years landings have fluctuated based on species:
  - Hake (top Groundfish catch) landings increased 49% from 2012 to 2016. Flatfish landings also increased.
  - Herring (top Pelagic catch) landings increased 14% and salmon (wild) increased 168%.

<sup>4</sup> [Fisheries and Oceans, Canada](#)

<sup>5</sup> [Fisheries and Oceans, Canada](#)

<sup>6</sup> [Fisheries and Oceans, Canada](#)

<sup>7</sup> Marine Plants, Roe and Miscellaneous



- While still the leading shellfish, shrimp landings decreased 37%, as did queen crab (-12.5%), while lobster landings increased 21%.

**Table 2: Commercial Landings (metric tonnes, live weight)<sup>8</sup>**

<b>Commercial Landings (metric tonnes, live weight)</b>			
<b>Species</b>	<b>2012 (tonnes)</b>	<b>2016 (tonnes)</b>	<b>% change</b>
Herring	123,380	140,563	13.9
Shrimp	149,305	108,922	-37.1
Lobster	74,790	90,631	21.2
Hake	58,527	87,229	49.0
Crab, queen	92,849	82,519	-11.1
Scallop (includes meat with roe)	53,309	53,764	0.9
Clams (quahaugs)	27,937	44,334	58.7

- Canada's fish and seafood sector is export oriented (to about 130 countries); about 75% of production is exported, resulting in significant annual trade surpluses.
- In 2017 exports were valued at \$6.9 billion, up 4.8% from 2016 and 15% over 2015.
- In 2016 (latest data available), aquaculture production was 200,565 (metric tonnes) with a value of C\$1.347 billion.
- Top species in terms of both production and value (2016) were Salmon and Oysters.

## **2.3 CONSUMER TRENDS**

### **Seafood Related**

- Annual consumption of fresh and frozen fish/seafood in 2017 was estimated at 8.71 kg per person in Canada, an increase of more than 1kg compared to 2010 (7.51 kg); amounting to about 167.5 grams of fish per week.<sup>9</sup>
- The current Canada Food Guide recommends eating two servings of fish per week, which equates to 150 grams of cooked fish or 180 grams of raw fish;
  - The Canadian government will release a revision to the overall Canada Food Guide in early 2019.
- Approximately 75% of fish/seafood is sold by retailers and 25% via the food service sector.
- Canada's increasing multi-culturalism indicates potential for greater seafood consumption as immigration from certain population groups (such as Asian) expands.
- Interest in sustainable seafood is growing and Canadian consumers are increasingly looking at product labels for certification from organisations such as Marine Stewardship Council (MSC), Ocean Wise, Friends of the Sea and Aquaculture Stewardship Council (ASC).

### **Additional Relevant Consumer Trends**

#### **Ethnicity**

- While immigration is a constant factor in Canada's ever-increasing population, the make-up of immigrants has changed markedly.
- Currently, there are approximately 7.7 million ethnic consumers across Canada, accounting for about 22% of the population; Statistics Canada expects this to reach almost 15 million by 2036.
- Asia is the largest source of recent immigrants; the top three countries being the Philippines, India and China.
- Several recent studies highlight the buying habits of Canada's ethnic consumer compared to the total population:
  - Ethnic consumers in Canada are more likely to look for products with natural ingredients that are environmentally friendly (such as sustainable seafood), are low fat, and offer health benefits.<sup>10</sup>

<sup>8</sup> [Fisheries and Oceans, Canada](#)

<sup>9</sup> [Fisheries and Oceans, Canada](#)

<sup>10</sup> [The Nielsen Company Ltd.](#)

- Asian Canadians are more likely to choose fish, pork and poultry over beef.
  - Fresh departments, such as seafood, meat, bakery, produce and deli are important.<sup>11</sup>
- In September 2018, California-based Seafood City (Filipino grocery chain) announced [plans](#) to expand their presence in Canada:
  - The company currently has one store in Mississauga, ON and plans to open a Winnipeg, MB location in 2019.
  - Future locations will target cities with large Filipino residents.
  - The fresh seafood area will focus on smaller size fish catering to consumers of Asian ethnicities.

### **Focus on Health and Wellness**

- Canadian's increased focus on health and wellness is impacting food choices and related spending significantly:
  - 'Natural source' food is a key trend – organic food, sustainable seafood,
  - Nearly one-third of Canadians are willing to pay a premium for healthy products,
  - Canada's growing population – by 2031, 25% of Canadians will be over 65 years – will continue this trend, but health and wellness are also important for millennials and baby boomers,
  - Food traceability is important; consumers want to know where their food is coming from; responsible food consumption,
  - Growth in flexitarians, in all age groups, is impacting red meat sales but offers potential for increased fish and seafood sales to provide essential protein and omega-3 fatty acids,
  - A 2018 study indicates Canadian consumers rank seafood as the second-healthiest source of protein, just behind chicken.<sup>12</sup>
  - Continued growth of specialised fresh food departments including seafood, fresh meat and delis in grocery stores,

### **Digital Economy**

- Canadians, no matter the age, are connected:
  - 90% of Canadians use the internet.
  - Canadian seniors are the fastest growing segment of internet users.
  - Nearly 50% of Canadians have five or more connected devices.
  - Over 40% of Canadians research or plan purchases online.
  - By 2020, it is estimated about 10% of Canadian retail sales will be made online.<sup>13</sup>
- While Canada has lagged behind other nations in e-commerce, online shopping is increasing rapidly.
- Younger generations are more likely to shop online than older generations.
- Increasing use of mobile phone for online purchases:
  - All major Canadian grocery retailers have mobile apps.
- Online grocery buying increasing in Canada:
  - Increasing focus on online ordering and increased grocery delivery, e.g., Sobeys partnership with Ocado, Loblaw's PC Express Click-and-Collect, etc.,

### **Changing Demographics / Generations**

- While Canada has six generations in Canada, each with their own values and attitudes impacting grocery buying, food purchasing and overall buying habits, three generations are having the greatest impact:
  - Baby Boomers – becoming more digitally savvy, health and welfare a priority,
  - Generation X – busy lives (two-parent working households, growth in single-family households); health and welfare important; desire convenient, easy to prepare meals; digitally savvy.
  - Millennials – enormous purchasing power, want to know where food comes from (farm to table, sustainability, responsible eating); health conscious; eat out but also want to cook at home; lack cooking skills; desire convenient, easy to prepare meals; connected and digitally savvy; want value for money but will pay more for unique items.

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<sup>11</sup> [Euromonitor International](#)

<sup>12</sup> [Restobiz](#)

<sup>13</sup> [Canada's e-commerce ecosystem continues to rise](#)

## 2.4 SEAFOOD IMPORT AND EXPORT STATISTICS INCLUDING OPPORTUNITIES FOR THE UK

### Import Market

- The total value of fish/seafood imports to Canada was C\$3.86 billion 2017, up 2.4% from 2016 (see table 3).
- The USA is the largest source of fish/seafood into Canada by value accounting for C\$1.3 billion or a 34.2% market share in 2017.
- In terms of value, four Asian countries – China, Thailand, Vietnam and India – round out the top five followed by Chile and Peru.
- From 2015 to 2017 the US's market share has decreased nearly 10% while Chinese imports have increased nearly 16%.
- Norway is historically the top European seafood exporter to Canada.
- In terms of value, top imported products include:
  - Crustaceans – shrimps/prawns, lobster, crab.
  - Fish fillets (fresh, chilled or frozen) – salmon, flatfish, cod, haddock, catfish.
  - Fresh or chilled fish (not fillets) – salmon, halibut, tuna.

**Table 3: Canada Imports of Fish / Seafood by Value**

<b>Canada Imports of Fish / Seafood by, Country, by Value (\$000,000's CAD)<sup>14</sup></b>							
	<b>Imports</b>			<b>% Market Share (MS)</b>			
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>% MS change 2015/2017</b>
1. United States	1,285.7	1,457.2	1,320.9	36.8	38.6	34.2	-6.4
2. China	465.8	542.1	555.8	13.2	14.4	14.4	8.7
3. Thailand	347.2	364.9	352.8	9.9	9.7	9.1	-7.5
4. Vietnam	263.1	246.9	280.4	7.5	6.5	7.3	-2.9
5. India	161.9	154.9	194.5	4.6	4.1	5.0	9.4
6. Chile	185.7	150.4	177.1	5.3	4.0	4.6	-13.2
7. Peru	89.1	110.8	134.0	2.5	2.9	3.5	37.0
8. Norway	130.2	113.0	118.2	3.7	3.0	3.1	-17.3
20. United Kingdom	10.3	18.5	19.2	0.3	0.5	0.5	69.8
<b>TOTAL</b>	<b>3,517.2</b>	<b>3,770.5</b>	<b>3,862.2</b>				

- The United Kingdom ranked 20<sup>th</sup> in 2017 in value of imports at C\$19.2 million (£11.2 million) and quantity (2,000 metric tonnes).
- Both the value and quantity of imports from the UK to Canada has been increasing, but in terms of overall market share the UK remains a relatively minor source.
- Top imported products (in terms of value from the UK in 2017) were:
  - Salmon (filleted and non-filleted, fresh or chilled or smoked),
  - Trout (filleted, fresh or chilled).

<sup>14</sup> [Government of Canada – Fisheries and Oceans Canada.](#)



**Table 4: Canada Imports of Fish / Seafood by Quantity**

<b>Canada Imports of Fish / Seafood by, Country, by Quantity (000's metric tonnes)<sup>15</sup></b>								
	<b>Imports</b>				<b>% Market Share (MS)</b>			
	<b>2015</b>	<b>2016</b>	<b>2017</b>		<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>% MS change 2015/2017</b>
1. United States	182.5	186.2	181.5		35.8	35.1	34.0	-5.1
2. China	61.8	78.8	72.4		12.1	14.8	13.6	11.7
3. Thailand	51.9	51.2	47.1		10.2	9.6	8.8	-13.3
4. Vietnam	30.8	31.4	32.4		6.0	5.9	6.1	0.3
5. Peru	19.3	26.8	32.2		3.8	5.0	6.0	3.7
6. Chile	29.6	25.8	22.2		5.8	4.9	4.2	59.1
7. India	16.1	14.8	17.5		3.2	2.8	3.3	-28.5
8. Norway	26.1	22.1	15.9		5.1	4.2	3.0	-41.9
23. United Kingdom	1.2	2.0	2.0		0.2	0.4	0.4	59.0
<b>TOTAL</b>	<b>509.5</b>	<b>530.2</b>	<b>534.2</b>					

- Total imports, in quantity terms were 509,500 metric tonnes (2017), up less than 1% over 2016 (see table 4).
- The US is the number source of seafood imports to Canada by volume. As in the case of value, the US has been losing market share to other countries, primarily China.

**Table 5: Average Value / Kilogram Weight of Imports**

<b>Canada Imports of Fish / Seafood by, Average value by kilogram weight (\$CAD)<sup>16</sup></b>			
	<b>Imports</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
United States	7.04	7.83	7.28
China	7.54	6.88	7.68
Thailand	6.69	7.13	7.49
Vietnam	8.54	7.86	8.65
India	10.06	10.47	11.11
Peru	4.62	4.13	4.16
Chile	6.27	5.83	7.98
Norway	4.99	5.11	7.43
United Kingdom	8.58	9.25	9.60
<b>TOTAL</b>	<b>6.90</b>	<b>7.10</b>	<b>7.23</b>

- The average value / kg of imported fish and seafood was C\$7.23 in 2017, an increase over both 2015 and 2016, illustrating either Canada is importing more 'expensive' products or overall prices have increased (see table 5).
- The value / kg of products imported from the UK are second only to those from India.

### **Export Market**

- Canada's fish and seafood sector is export oriented; about 75% of production is exported, resulting in significant annual trade surpluses.
- In 2017 Canada exported fish and seafood products to 137 countries.
- In 2017 exports were valued at C\$6.9 billion, up 4.8% from 2016 and 15% over 2015 (see table 6).

<sup>15</sup> [Government of Canada – Fisheries and Oceans Canada.](#)

<sup>16</sup> [Government of Canada – Fisheries and Oceans Canada.](#)

- Top exported species in terms of value were lobster, snow/queen crab, Atlantic salmon and shrimp/prawn.
- In terms of value, about 63% of Canada's fish and seafood exports are destined for the US (see table 7).

**Table 6: Canada Exports of Fish / Seafood by Value**

<b>Canada Exports of Fish / Seafood by, Country, by Value (\$000,000's CAD)<sup>17</sup></b>								
	<b>Imports</b>			<b>% Market Share (MS)</b>				
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>		<b>% MS change 2015/2017</b>
1. States	3,852.6	4,280.5	4,303.8	64.5	65.3	62.7		-2.9
2. China	650.3	764.6	954.9	10.9	11.7	13.9		27.7
3. Japan	261.3	309.3	349.3	4.4	4.7	5.1		16.2
4. Hong Kong	142.7	171.9	188.6	2.4	2.6	2.7		14.9
5. Vietnam	105.9	103.5	138.0	1.8	1.6	2.0		13.3
6. United Kingdom	171.5	129.7	112.6	2.9	2.0	1.6		-42.9
7. South Korea	77.2	95.2	109.5	1.3	1.5	1.6		23.3
8. Denmark	114.0	86.4	98.1	1.9	1.3	1.4		-25.2
<b>TOTAL</b>	<b>5,972.6</b>	<b>6,553.5</b>	<b>6,868.3</b>					

- The United Kingdom is Canada's top EU seafood market and Canada's sixth largest global market for exported fish and seafood in 2017 in terms of value and seventh in quantity.
- While exports to the UK have decreased steadily from 2015, and imports have increased slightly, Canada has a significant positive trade balance with the UK relating to fish and seafood.
- The top fish and seafood exports to the UK were:
  - Cold water shrimp/prawns.
  - Crab (live, fresh or chilled).
  - Live lobster.
  - Canned salmon (pink and sockeye).
  - Scallops.

**Table 7: Canada Exports of Fish / Seafood by Quantity**

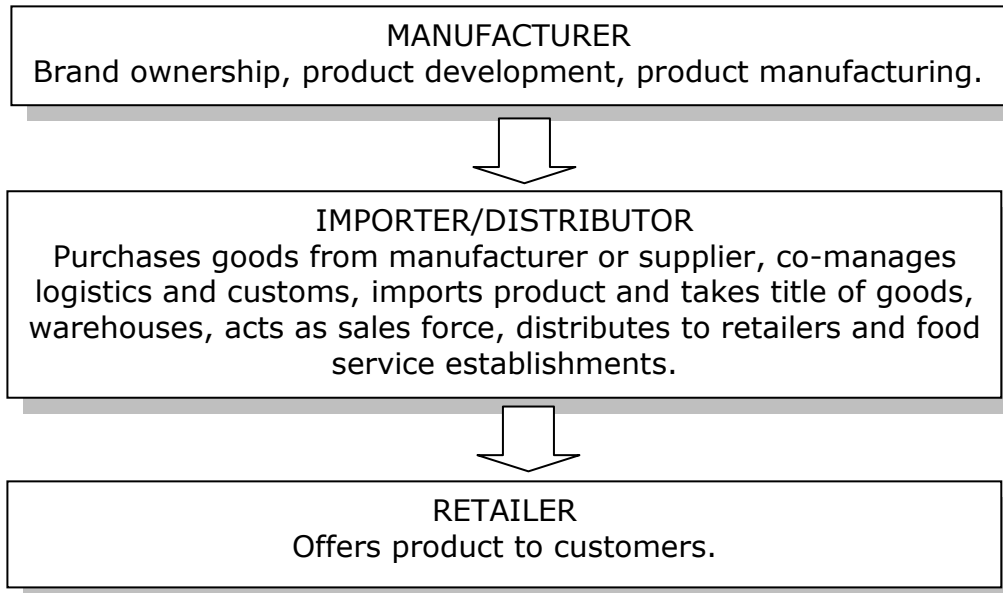
<b>Canada Exports of Fish / Seafood by, Country, by Quantity (000's metric tonnes)<sup>18</sup></b>								
	<b>Imports</b>			<b>% Market Share (MS)</b>				
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>		<b>% MS change 2015/2017</b>
1. United States	327.8	344.6	327.0	52.7	53.8	52.7		0
2. China	93.3	105.2	111.5	15.0	16.4	18.0		19.8
3. Japan	28.9	28.8	33.5	4.7	4.5	5.4		17.2
4. Vietnam	14.0	14.4	16.3	2.3	2.3	2.6		16.7
5. Ukraine	12.5	21.3	12.3	2.0	3.3	2.0		-1.4
6. Denmark	19.0	11.8	10.9	3.1	1.8	1.8		-42.5
7. United Kingdom	19.6	12.4	10.6	3.2	1.9	1.7		-45.8
8. Hong Kong	8.9	10.6	9.4	1.4	1.7	1.5		5.8
<b>TOTAL</b>	<b>621.5</b>	<b>640.0</b>	<b>620.2</b>					

<sup>17</sup> [Government of Canada – Fisheries and Oceans Canada.](#)

<sup>18</sup> [Government of Canada – Fisheries and Oceans Canada.](#)

### 3.1 THE SUPPLY STRUCTURE

- The following model is a common system of selling imported and speciality food in Canada, however, there are some instances where product will go directly to a retailer.



- As mentioned earlier, approximately 75% of fish/seafood is sold by retailers and 25% via the food service sector.

### 3.2 THE RETAIL CHANNELS

- Grocery sales totalled C\$98 billion in 2017:
  - 74% of sales were via traditional grocery stores, supermarkets, independents and convenience stores – C\$72.5 billion
  - 26% of sales were via mass merchandisers, warehouse clubs and speciality stores – C\$25.5billion.
- While supermarkets and grocery stores still account for the majority of food sales in Canada their market share has decreased from 85% in 2007 to 74% in 2017.
- There are approximately 20,100 grocery stores in Canada; the majority located in Ontario and Quebec, the most populous provinces.
- Canada's retail food market continues to become more fragmented with non-traditional' retailers such as convenience stores, club and warehouse stores, speciality food stores, drug stores, mass merchandisers and online shopping (the Amazon effect) gaining market share.
- Traditional supermarkets are having to be more innovative to retain market share:
  - Consolidation: Empire's acquisition of Canadian Safeway operations and Farm Boy; Loblaw Companies purchase of T&T Supermarket (Canada's largest Asian food retailer).
  - Increasing focus on online ordering and grocery delivery, e.g., Sobeys partnership with Ocado, Loblaw's PC Express Click-and-Collect, etc.,
  - Continued development of private label products – from discount to high-end – to improve margins and widen customer loyalty.
  - Continued expansion of 'healthy' aisles to include more vegetarian, organic and natural products and / or inclusion of these products in the general food aisles merchandises within their respective categories,
  - Enhanced specialised fresh food departments including seafood, fresh meat and delis, featuring the freshest possible products.
  - Increased focused on store brand, convenient, healthy, oven-ready, meal kits (to combat delivery meal kit services).

- Growing number of 'grocerants' – grocery stores with sit-down dining areas and ready-to-eat meals to go.
- Selective price discounting (loss leaders) to increase traffic; price matching.
- Increased ethnic food offerings; research indicates the majority of future consumer spending in Canada will come from minorities.
- Improved frequent shopper or loyalty programmes.
- New technology & services; mobile apps allowing on-line shopping, coupons, customisable shopping lists, recipes, more self-checkouts, scan-and-go technology.
- Supermarkets as a 'destination,' offering a distinct shopping environment, to make grocery shopping an experience.
- Compared to the US the Canadian market can be simpler to operate in as:
  - There are only two major national grocery chains plus a manageable number of regional retailers.
  - The geographic spread is made less complex with three basic regions of the country (West, Central and East), although Canada's size can pose logistical challenges.
  - Buying is centralized for the most part, with larger chains distribution centres directly supplied by an importer-distributor.
  - Route too market is more direct (retailer's distribution centre or direct store delivery from importer/distributor).

## **Retailers - National**

### [Loblaw Companies Ltd.](#)

- Approximate food retail market share: 29%
- Loblaw's is Canada's largest food retailer and operator of grocery stores.
- National coverage with over 1,050 grocery stores; 2,300 retail stores in total.
- Loblaw operates two grocery store divisions: *Market* including Loblaws, Zehrs, Provigo and Fortino's, and *Discount* including Real Canadian Superstore, NoFrills and Maxi.
- Food is also sold in Loblaw's Shoppers Drug Mart locations.
- The Loblaw Company is recognized for introducing private label into Canada.
- It owns Canada's top two consumer brands: *President's Choice*® and *No Name*®.
- The President's Choice brand has expanded and now includes Blue Menu, President's Choice Black Label Collection and PC Cooking School.
- Loblaws has developed several private label seafood products sourced from Scotland.
- Adopted sustainable seafood purchasing practices in 2013<sup>19</sup>:
  - Procures the majority of seafood from sustainable sources – MSC or ASC certified,
  - Company states about 94% of all seafood is from sustainable sources.

### [Sobeys Inc. \(Empire Co.\)](#)

- Approximate food retail market share 21%
- Sobeys Inc., is a wholly-owned subsidiary of Empire Company, headquartered in Stellarton, Nova Scotia.
- Due to headquarter location, Sobeys continues to be the dominant grocer in the Maritimes.
- National coverage with about 1,500 stores (mix of corporate and franchise).
- Grocery retail banners include Sobeys, Safeway, Farm Boy, IGA, Foodland, FreshCo, Price Chopper and Thrifty Foods.
- Sobeys largest private label is Compliments. It has several offerings in the portfolio including Compliments Organic, Compliments balance and Sensations by Compliments.
- Sobeys sustainable seafood programme states the company is committed "to not selling any seafood species that have major sustainability issues associated with them."<sup>20</sup>

<sup>19</sup> [2017 Corporate Social Responsibility Report](#)

<sup>20</sup> [Seafood Sustainability](#)

## Retailers - Regional

### Metro Inc.

- Approximate food retail market share 11%.
- Metro operates over 600 grocery stores in Quebec and Ontario.
- Major banners include Metro and Metro Plus (leading banners in Quebec and Ontario), Super C and Food Basics.
- The company has developed several private Label brands including Selection and Irresistibles.
- Metro developed a Sustainable Fishing Policy in May 2010 and updated the policy in [April 2018](#) to include a Sustainable Aquaculture section.

### Overwaitea Food Group

- Approximate food retail market share: 3%
- Major grocery retail banners include Save-On-Foods, Urban Fare and PriceSmart.
- Owned by the Jim Pattison Food Group which also operates Buy Low Foods, a discount banner.
- Together the company operates nearly 200 stores in Western Canada and the Yukon
- In 2017, Save-On-Foods started carrying Tesco private label products.
- Buy-Low does not sell any Seafood Watch 'red-listed seafood products' and does not sell farmed Atlantic salmon.
- Save-On-Foods is a partner of Ocean Wise® and is "committed to sourcing a minimum of 50% Ocean Wise recommended fresh seafood."<sup>21</sup>

## Other Retailers

### Walmart Canada

- Approximate food retail market share 10%
- Wal-Mart Canada was established in 1994 in Mississauga, Ontario with the purchase of the former Woolco and Woolworth stores.
- Walmart's share of grocery sales in Canada has increased steadily over the past couple of years with the introduction of their Superstore locations across the country; up from 9% in 2013.
- Walmart has 410 stores across Canada; 334 are Superstores carrying a full selection of grocery items and 76 are traditional stores.
- Walmart Canada has several grocery private label brands including Our Finest (only available in Canada), Price First and Great Value™.
- Walmart has developed and is adopting a seafood policy that by 2025 will require "all fresh and frozen, farmed and wild seafood suppliers" to source from MSC or similar programmes.<sup>22</sup>

### Costco Canada

- Approximate food retail market share 11%
- Costco is the No. 1 warehouse club operator in Canada (outnumbering Sam's Club of Walmart ownership). Customers must be members to shop in-store or online.
- Costco's market share of grocery sales in Canada has steadily increased over the past couple of years; up from 9% in 2013.
- The company operate Canada-wide with 100 stores.
- Costco's private label is Kirkland Signature.™
- Costco partners with the World Wildlife Fund (WWF) and has detailed sustainable fisheries sourcing programme.<sup>23</sup>

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<sup>21</sup> [Sustainable Seafood Policy](#)

<sup>22</sup> [Seafood Policy](#)

<sup>23</sup> [Sustainable Fisheries](#)



### 3.3 FOODSERVICE CHANNEL

- Approximately 25% of fish/seafood is sold via the food service sector.
- The two main avenues to sell products into the Canadian food service sector are:
  - Direct sales,
  - Via a foodservice distributor.
- In the casual/family dining realm Canada has a few seafood-focused restaurant brands including:
  - Joey's Seafood Restaurants, headquartered in Calgary, has 40 restaurants across the country (except in Atlantic Canada). Mostly traditional fish and seafood dishes.
  - C-Lovers Fish & Chips has over 10 locations in British Columbia. Mostly traditional seafood dishes.
  - Red Lobster: 27 locations across Canada.
  - Captain's Boil with 27 locations across Canada. Cajun, Asian inspired create-your-own seafood boil focusing on shellfish.
- Most premium-casual chains – Milestones, the Keg, Earls, Moxie's – and fine-dining restaurants also offer fish and seafood dishes.
- Canada also has several fish and seafood quick-service-restaurant (QSR) brands, predominantly sushi-focused, including:
  - Bento Sushi with over 600 locations; also supplies to supermarkets (bought by the UK's Yo! Sushi in 2017).
- Sustainable seafood is extremely relevant to Canada's food service sector<sup>24</sup>.
  - Several restaurants have or are pursuing certification such as MSC to appeal to customers,
  - Nearly 1,000 restaurants in Canada offer certified-sustainable seafood.
  - An increasing number of restaurants are only purchasing seafood from certified suppliers.

### 3.4 KEY REGULATIONS AND SEAFOOD INFORMATION

#### Seafood and Fish Importing Information

- The [Canadian Food Inspection Agency \(CFIA\)](#) administers policies and standards set by Health Canada and governs the safety and nutritional quality of all food sold in Canada.
- As per CFIA's website "all fish and seafood products imported into Canada are inspected to prevent the marketing of unsafe or unwholesome or mislabelled products."<sup>25</sup>
- Key points include:
  - The Government of Canada defines fish as: any fish, including shellfish and crustaceans, and marine animals, and any parts, products or by-products thereof
  - The CFIA considers a seafood import into Canada as: 'Fish and seafood products shipped into Canada from any other country for commercial purposes as food for direct human consumption or further processing'
  - Fish Inspection Regulations require importers of fish into Canada to be licenced by the CFIA.
- Specifically relating to fishery products, the CFIA sets the policy requirements and inspection standards for federally inspected processing establishments, importers, fishing vessels and equipment for handling transporting and storing seafood.
- Fish and fish products are subject to the [Fish Inspection Act and Regulations](#), which contain requirements for wholesomeness, labelling, packaging, grading, and health and safety.
- For fish to be imported into Canada, the importer must:
  1. Identify the establishment at which the fish is packed, and the day/month/year of packing are legibly marked on one end of the carton or case in which the containers are shipped
  2. Clearly label the country of origin on each container
  3. Hold an import license
  4. Provide written notification to an inspector either prior to the importation or within 48 hours following the importation. The notification shall set out the quantity, the producer, the country of origin, the place where the fish will be held or stored, and the name, address and telephone number of the importer, and the import license number of the importer.

<sup>24</sup> [Riding the Wave of Sustainable Seafood Trends](#)

<sup>25</sup> [Canadian Food Inspection Agency](#)

- A fish import license is required in order to import seafood. Licenses can be used to import products into all Canadian provinces and are valid for one year - they must be renewed every year.
- An import license will be required even if:
  - Importer is only importing a small amount of fish
  - Importer is importing a mixture of food that has a little fish
  - Importer is only importing fish once a year.
- Fish and fish products imported without a valid import license will be refused entry into Canada.
- The CFIA website includes a section on [fish and seafood imports](#) including policy and documents, product inspection, common acceptable names for fish and seafood and specific food labelling requirements.

### **Labelling/Packaging Regulations**

- [The Guide to Food Labelling and Advertising](#) is a comprehensive reference document providing current federal food labelling and advertising policies and regulatory requirements.
- All foods packaged for consumer use and imported into Canada must comply with basic food labelling requirements specified by the Food and Drugs Act and Regulations, and the Consumer Packaging and Labelling Act and Regulations.
- Canada has stringent labelling requirements for food whether it is destined for industry or consumers.
- The CFIA's labelling requirements for fish and fish products include, but are not limited, to:
  - List of ingredients displayed on one continuous surface with no intervening material.
  - The common name of the food.
  - Net quantity declaration in Canadian units (metric).
  - Storage instructions.
  - Country of origin,
  - Code markings,
  - Foreign identity and principal place of business.
  - All mandatory information on food labels must be in both official languages – French and English
- Detailed information on labelling requirements for fish and fish products are found [here](#).

### **Qualifying Products for CETA**

- Under CETA, all fish and seafood imports from the EU to Canada are duty-free.
- To qualify under CETA rules of origin, all products must be caught by Europeans fishing in European waters, or, caught by registered European vessels entitled to fly their member-state flag when fishing in the European Exclusive Economic Zone (EEZ), in the high seas or in the EEZs of other countries.
- For more information on how to qualify products for preferential duties under CETA, please consult the Customs Information Paper on gov.uk [here](#).

### **Safe Food for Canadians Regulations (SFCR)**

- The SFCR will come into force on 19 January 2019.
- The new regulations will impact importers (and exporters) of food products.
- The regulations focus on three key elements: licensing (required by businesses importing food or preparing food for export), preventative controls and traceability.
- Specific details relating to seafood include (but are not limited to):
  - Importers still need a fish license to import fish
  - Importers need preventative controls and a preventative control plan – this includes how the fish is being processed by suppliers and ensuring the supplier has a PCP
  - Importers need to be able to trace the food back and forward and be able to recall within 24 hours
  - Labelling requirements as per the SFCR – which will encompass the existing labelling regulations and the ones specific to fish
- SFCR compliance timetable for fish is found [here](#).

## Seafood Mislabelling Occurrences in Canada

- The SFCR is intended to increase traceability but a 2017 report<sup>26</sup> indicates Canada significantly lags behind the EU in seafood labelling regulations for seafood products sold in Canada.
- Good seafood labelling should continue the following:
  1. Common name.
  2. Scientific name.
  3. Production method.
  4. Harvest method.
  5. Geographic origin.
  6. Country of last major transformation/processing.
- EU regulations, globally the most robust, require seafood to have labelling relating to all 6 except for the harvest method of farmed products.
- Currently, Canadian seafood (produced in or imported into Canada) that is sold in Canada is only required to have a common name and country of origin labelling which misinform consumers:
  - The CFIA suggested list of common names is not complete and contains generic names whereby one name could apply to a variety of species,
  - Country of origin refers to the country of the last major transformation or processing<sup>27</sup> and not where the fish was actually caught.
- Exported Canadian seafood must meet the strict regulatory requirements of the importing country.
- Stricter labelling requirements will allow Canadian consumers to make more informed purchasing decisions. Other benefits include:
  - Better transparency through the entire supply chain.
  - Safeguard against reputational risk for companies in the supply chain.
  - Help safeguard the product's environmental sustainability.
  - Support local and domestic fisheries.
  - Promote human rights and social issues.

## 3.5 KEY ASSOCIATIONS AND TRADE SHOWS

### Associations

#### [Fisheries and Oceans Canada](#)

Fisheries and Oceans Canada is the federal organisation responsible for managing Canada's fisheries, oceans and freshwater resources.

#### [Fisheries Council of Canada](#) (FCC)

Member organisation representing the majority of Canada's fish and seafood processing companies.

#### [Canadian Aquaculture Industry Alliance](#) (CAIA)

National association of Canadian seafood farmers.

#### [The Lobster Council of Canada](#)

National association representing the lobster industry in Canada.

#### [Canadian Federation of Independent Grocers](#) (CFIG)

National trade association representing over 4,000 independent grocery retailers across Canada.

#### [Restaurants Canada](#)

Formerly the Canadian Restaurant and Foodservices Association, Restaurants Canada represents 30,000+ foodservice professionals across the country.

### Trade shows and conferences

#### [Fisheries Council of Canada Annual Conference](#)

#### [Canadian Aquaculture Industry Alliance Annual Conference](#)

<sup>26</sup> <http://www.seachoice.org/wp-content/uploads/2017/03/Seafood-Labeling-Report-Online.pdf> SeaChoice.org

<sup>27</sup> [Country of Origin – Fish and Fish Products](#)

[SIAL Canada](#)

Annual trade show representing the food retailing, service and processing sectors.

[Restaurants Canada \(RC\) Show](#)

One of Canada's largest foodservice events featuring over 1,000 exhibitors.

[Grocery Innovations Canada](#)

CFIG's annual B2B grocery and specialty food show.

[Grocery & Specialty Food Show West](#)

CFIG's annual western Canada grocery trade show.



## Department for International Trade

### NEXT STEPS

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We would be happy to discuss and continue to assist Sea Fish Industry Authority in raising their profile and pursue business within the Canadian market. Please do not hesitate to contact DIT if you have further questions regarding the content of this report, or to pursue additional efforts in the Canadian market.

Furthermore, DIT is keen to help UK companies grow their business overseas in the long term. In order to internally track how our services, deliver results and facilitate sales in overseas markets, we aim to follow up with UK companies as their efforts progress. This helps us substantiate our value add and in turn, maintain the level of support we provide in overseas markets. One of the metrics used is logging an “Export Win”, confirmed by the UK company on a brief form. The information provided is held confidentially (for internal use only). DIT will follow up with the Seafish Industry Authority directly in due course.

#### **Performance & Impact Monitoring Survey (PIMS)**

The Department for International Trade (DIT) is striving to provide the highest quality service to all its clients, and greatly values feedback from the businesses it has helped. In order to achieve this, DIT has commissioned an independent market research specialist, OMB Research, to conduct surveys on its behalf. The interviews invite clients to provide frank views on both the quality and usefulness of the support provided. These surveys are conducted under the market research code of conduct, which means that all of the survey responses are strictly confidential, and reported to DIT only in anonymised aggregate form.

DIT uses the findings from these surveys to help drive quality improvement and to inform the focus of its trade services, to ensure they are meeting the needs of UK exporters as effectively as possible.

As the Seafish Industry Authority has been a recipient of DIT’s Overseas Market Introduction Service, you may be contacted by OMB research and asked to take part in the survey. Participation in the survey is voluntary, but as this evidence is important to informing DIT policy development, so we very much hope you will be able to take part.





## Department for International Trade

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## Department for International Trade

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#### Department for International Trade

The Department for International Trade (DIT) is responsible for promoting British trade across the world and ensuring the UK takes advantage of the huge opportunities open to us.

We are responsible for:

- developing, coordinating and delivering a new trade and investment policy to promote UK business across the globe
- developing and negotiating free trade agreements and market access deals with non-EU countries
- negotiating plurilateral trade deals (focused on specific sectors or products)
- providing operational support for exports and facilitating inward and outward investment