

Insights from the 2025 Seafood Expo North America – Implications for Cape Breton Fisheries

CBRM Regional Enterprise Network

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Executive Summary

The 2025 Seafood Expo North America highlighted critical challenges and opportunities for Cape Breton's seafood industry amid ongoing 25% U.S./China tariffs. Key insights reveal:

1. Innovative Infrastructure Solutions

- **Border Storage Expansion:** Increase cold storage capacity near the Canada-U.S. border to defer tariff payments until products are ready for U.S. distribution, easing cash flow strain from the 25% duty.
- Leverage potential Federal and Provincial Funding for:
 - Infrastructure upgrades (e.g., processing facilities, traceability tech).
 - Market research to identify high-potential export opportunities.
 - **Innovative Shipping Containers:** Implement temperature-controlled storage units, extending shelf life and reducing spoilage for live seafood (e.g., lobster, crab)

2. Market Diversification Under FTAs

- **CETA (EU):** Target **Germany, France, and Spain** for premium lobster/scallops, emphasizing sustainability certifications (MSC/ASC).
- **CPTPP (Asia-Pacific):** Expand into **Japan (lobster), Vietnam (crab), and Australia (scallops)**, leveraging tariff reductions.
- **Emerging Markets:** Pilot exports to the **Philippines**, where demand for high-quality seafood is rising.

3. Interprovincial Trade Opportunities

- **Airline Cargo Partnerships:** Utilize excess belly freight capacity on domestic flights to efficiently transport fresh seafood to major Canadian markets (Toronto, Calgary, Vancouver).
- **Target Growing Urban Demand:** Supply premium seafood to:
 - High-end restaurants in Ontario and Alberta
 - Retail chains (e.g., Loblaws, Sobeys) expanding premium seafood offerings
 - Indigenous communities and Northern markets with limited local supply
- **Promote "Local First" Campaigns:** Collaborate with [Nova Scotia Loyal](#) and national "Buy Canadian" initiatives to boost domestic sales.

4. Value-Added Product Development

- Shift from raw exports to **processed goods** (e.g., frozen lobster tails, ready-to-eat meals) to:
 - Capture higher margins (20-30% over commodity prices)
 - Reduce tariff impacts (processed goods often face lower duties)
 - Meet demand from time-pressed consumers

Next Steps:

- Assess feasibility of living containers with Gillis Seafood.
- Engage provincial trade offices to access contingency funds.
- Domestic market segmentation (foodservice, retail, Northern supply)
- Prioritize EU/Asia buyers through trade missions (e.g., Seafood Expo Global).

Key Insights from the 2025 Seafood Expo

1. Trade Disruptions and Tariffs:

- The ongoing 25% tariffs on Canadian seafood by China and the U.S. continue to challenge exporters, reducing competitiveness in these key markets.
- If the 25% tariffs take effect on April 2nd, seafood companies wishing to store lobster or snow crab in U.S. cold storage facilities will be required to pay the 25% tariff based on the product's total value before customs will release the goods for storage.
- Expo attendees emphasized the need for market diversification, value-added strategies, and innovative logistics solutions to mitigate tariff impacts.

2. Growing Demand for Sustainable Seafood:

- Sustainability remains a top priority for global buyers, with increasing demand for certifications like MSC (Marine Stewardship Council) and ASC (Aquaculture Stewardship Council).
- Consumers are willing to pay a premium for seafood that is traceable, eco-friendly, and ethically sourced.

3. Rise of Alternative Markets:

- The EU (under CETA) and Asia-Pacific (under CPTPP) are emerging as lucrative markets for Canadian seafood, offering tariff-free or preferential access.
- The Interprovincial market provides tariff-free stability, shorter supply chains, and 15-20% premiums for certified Canadian products through major retailers like Loblaw. Ontario and Alberta are the growing markets in Canada. Ontario accounts for 40% of Canada's seafood consumption (\$867M), particularly for retail-ready packs. Alberta's premium market grew 14% to \$523M, fueled by high disposable incomes.
- Japan, Vietnam, and Germany were highlighted as high-growth markets for premium seafood products like lobster, crab, and scallops.

4. Innovation in Value-Added Products:

- Processed, ready-to-eat, and branded seafood products are gaining traction, particularly in urban markets with busy consumers.
- Expo exhibitors showcased innovations in packaging, flavoring, and convenience to meet evolving consumer preferences.

5. Technology and Traceability:

- Blockchain and other traceability technologies are becoming industry standards, enabling transparency and building consumer trust.
- Cape Breton fisheries can leverage these technologies to differentiate their products in competitive markets.

SWOT Analysis for Cape Breton Seafood

Strength	Weakness
<ul style="list-style-type: none"> • Prime fishing grounds with high-quality lobster, crab, scallops • Strong community fishing heritage and expertise • Gillis Seafood infrastructure (potential for living containers) • Growing sustainability certifications (MSC/ASC) 	<ul style="list-style-type: none"> • Over-dependence on U.S. markets – over 85% of exports currently go to the U.S., creating vulnerability to tariff changes and political shifts • Over-reliance on raw commodity exports (low value-add) • Limited processing capacity for value-added products • Aging workforce and labor shortages • High operating costs (fuel, tariffs, logistics)
Opportunities	Threats
<p>International Market:</p> <ul style="list-style-type: none"> • EU under CETA (Germany/France for scallops/lobster) • Asia under CPTPP (Japan/Vietnam for crab/lobster) • Philippines emerging market <p>Interprovincial Markets:</p> <ul style="list-style-type: none"> • Airline partnerships for domestic distribution • Retail demand (Loblaw/Sobeys premium seafood lines) 	<ul style="list-style-type: none"> • 25% U.S./China tariffs (April 2 deadline for storage payments) • Climate change impacting stock levels/migration • Competition from Norway/Iceland in premium markets • Economic downturns reducing luxury seafood demand • Supply chain disruptions (transportation bottlenecks)

Implications for Cape Breton Fisheries

1. Market Diversification:

- **Action:** Reduce reliance on China and the U.S. by expanding into CETA (EU) and CPTPP (Asia-Pacific) markets.
- **Example:** Target Japan for premium lobster exports and Germany for sustainable scallops.

2. Sustainability as a Competitive Edge:

- **Action:** Obtain MSC or ASC certifications to appeal to eco-conscious buyers in the EU and Asia.
- **Example:** Promote Cape Breton seafood as a sustainable choice through marketing campaigns and partnerships.

3. Investment in Value-Added Products:

- **Action:** Develop ready-to-eat, frozen, or branded seafood products to capture higher margins.
- **Example:** Introduce pre-cooked lobster meals or smoked scallops for retail and foodservice markets.

4. Adoption of Traceability Technologies:

- **Action:** Implement blockchain or other traceability systems to enhance transparency and build consumer trust.
- **Example:** Highlight traceability in marketing materials to attract buyers who prioritize ethical sourcing.

5. Strengthening Domestic and Regional Markets:

- **Action:** Increase focus on local and Canadian markets to reduce vulnerability to international trade disruptions.
- **Example:** Partner with Canadian retailers and restaurants to promote Cape Breton seafood.

Innovative Solutions for Tariff Challenges

1. Test run: Living Shipping Containers with Gillis Seafood in North Sydney:

- **Concept:** Living shipping containers are temperature-controlled, modular storage units that can keep seafood alive or fresh during transit and storage.
- **Benefits for Cape Breton Fisheries:**
 - Extend the shelf life of live seafood (e.g., lobster, crab) for export markets.
 - Reduce losses due to spoilage and improve product quality.
 - Enable flexible storage solutions close to processing facilities in North Sydney.
- **Implementation:**
 - **Run small-scale trials** with Gillis Seafood to validate effectiveness in preserving live seafood.
 - **Target high-value markets** where extended freshness justifies costs
 - Use these containers to store seafood before export, ensuring optimal conditions and reducing dependency on border storage.

2. Increasing Storage Capacity at the Canada-U.S. Border:

- **Challenge:** The 25% tariff on Canadian seafood entering the U.S. requires exporters to pay a significant fee to warehouse products at the border.
- **Solution:** Increase storage capacity on the Canadian side of the border to delay tariff payments until products are ready for U.S. distribution.
- **Benefits:**
 - Reduce upfront costs associated with tariffs.
 - Provide flexibility in managing inventory and shipping schedules.
 - Improve cash flow for exporters.
- **Implementation:**
 - Collaborate with logistics providers and government agencies to build or expand cold storage facilities near border crossings.
 - Use these facilities as staging areas for seafood shipments, ensuring timely and cost-effective delivery to U.S. markets.

Leveraging Potential Federal and Provincial Funding

1. Support for Nova Scotians and Industry Resilience:
 - **Opportunity for Cape Breton Fisheries:**
 - Access funding to invest in infrastructure, such as living shipping containers and border storage facilities.
 - Develop marketing campaigns to promote Cape Breton seafood in new markets like the Philippines, Singapore and other countries.
 - Reach out your areas Economic Development Officers for updating funding opportunities with Cape Breton Partnership
2. Exploring New Markets:
 - **Philippines Market Potential:**
 - The Philippines has a growing middle class and increasing demand for high-quality seafood.
 - Cape Breton fisheries can target this market with value-added products like frozen lobster tails, crab meat, and smoked scallops.
 - **Implementation:**
 - Use available funds to conduct market research and establish trade relationships with Filipino importers.
 - Participate in trade missions and seafood expos in the Philippines to build brand recognition.

Leveraging the Airlines for Interprovincial Trade

1. Excess Belly Freight Capacity:
 - The Airlines operates numerous domestic flights with significant unused belly freight capacity, particularly on routes connecting Atlantic Canada to major hubs like Toronto, Calgary, and Vancouver.
 - **Opportunity:** Utilize this capacity to transport fresh and value-added seafood products to interprovincial markets quickly and cost-effectively.
2. Logistical Measures:
 - **Cold Chain Infrastructure:** Partner with the Airlines to ensure proper cold chain logistics, including temperature-controlled storage and transportation, to maintain product quality.
 - **Streamlined Processes:** Work with Airlines to establish efficient booking, handling, and tracking systems for seafood shipments.
 - **Collaboration with Local Partners:** Engage with local logistics providers and airports (e.g., Sydney Airport) to create a seamless supply chain.
3. Benefits for Cape Breton Fisheries:
 - **Faster Delivery:** Reduce transit times for fresh seafood, ensuring higher quality and longer shelf life.

- **Cost Savings:** Lower transportation costs compared to traditional freight methods, especially for smaller shipments.
- **Market Expansion:** Access new interprovincial markets, such as high-demand urban centers in Ontario, Alberta, and British Columbia.

Conclusion

The 2025 Seafood Expo North America underscored the importance of adaptability, innovation, and sustainability in the global seafood industry. For Cape Breton fisheries, the expo highlighted both challenges and opportunities. By diversifying markets, investing in value-added products, prioritizing sustainability, leveraging the Airlines' excess belly freight capacity, implementing innovative solutions like living shipping containers and increased border storage, and accessing potential Federal and Provincial Funding, Cape Breton fisheries can navigate trade disruptions and position themselves for long-term success in a rapidly evolving industry.