



Organic Dairy Industry in Canada



Definition of Organic¹

The [Canadian Organic Standards](#) defines organic production as a holistic system designed to optimize the productivity and fitness of diverse communities within the agro ecosystem, including soil organisms, plants, livestock and people.

Under a system of organic production, livestock are provided with living conditions and space allowances appropriate to their behavioral requirements, and organically produced feed. These practices strive to minimize stress, promote good health and prevent disease.

Organic Products Regulations

The federal [Organic Products Regulations](#) were established on June 30, 2009. Under these regulations, products labeled with the word 'organic' or the 'Canada Organic' logo must be certified by the federal accredited certification body (Canadian Food Inspection Agency - CFIA) to comply with Canadian Organic Standards.

The [Canada Organic logo](#) is permitted for use only on food products which are certified as meeting the revised Canadian standards for organic production and that contain at least 95% or greater organic ingredients.

Canada and the United States have an agreement for organic food products. Under the agreement, both the Canadian organic logo and the United States Department of Agriculture (USDA) organic seal may be used on certified organic products from both countries, eliminating the need for producer to certify their products twice.

Canadian Organic Dairy Industry

According to an Agriculture and Agri-Food Canada study in 2008, the value of organic food products sold in Canada through all retail channels was estimated at \$2 billion (includes imported products), with an average annual growth rate of 20% over the past few years.

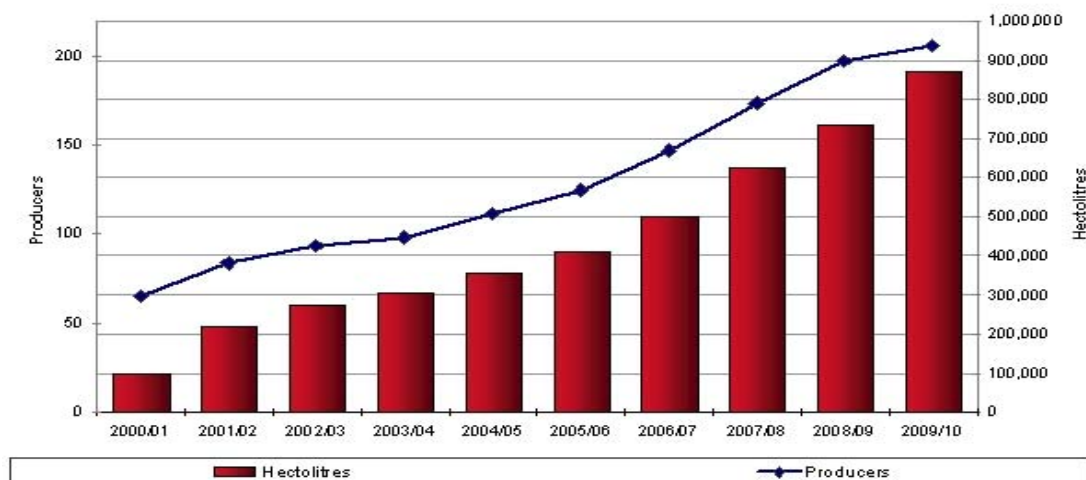
Organic dairy products sales accounted for about 18% (\$70.9 million) of total certified organic packaged food sales (\$400 million) in volume in 2008. Certified organic milk (51%) and yogurt (refrigerated) (40%) were the top categories sold in 2008.

According to AC Nielsen study, the organic milk market was valued at \$37.2 million in 2008, with total sales volume of certified organic milk at \$36.1 million, a 21% increase over 2007 sales. In contrast, sales of non-certified organic milk were valued at \$1.1 million in 2008. The organic yogurt market (refrigerated) was valued at \$35.41 million in 2008, with total sales volume of certified organic yogurt at \$28.26 million, a 29% increase over 2007 sales. Sales of non-certified organic yogurt were valued at \$7.15 million in 2008.

¹ Source: Excerpt from the Canadian Organic Standards, Canadian General Standards Board
http://www.tpsgc-pwgsc.gc.ca/cgsb/on_the_net/organic/index-e.html

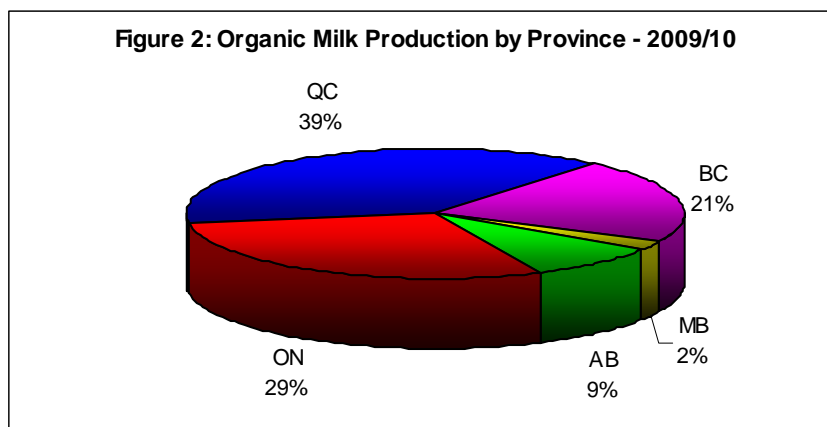
Production of organic milk is steadily increasing in Canada. In 2009/10 dairy year, there were 206 organic dairy farms producing about 869,826 hectolitres of milk in Canada which represents about 1% of total dairy output. Figure 1 below outlines the growth of the organic dairy industry in Canada.

Figure 1: Organic Dairy Producers and Milk Production in Canada (2000/01-2009/10)



Source: Provincial Milk Marketing Boards

As shown in Figure 2, the production of certified organic dairy products is concentrated in the provinces of Quebec (39%), Ontario (29%), British Columbia (21%), Alberta (9%) and Manitoba (2%).



Source: Provincial Milk Marketing Boards

Regarding finished products, organic milk, yogurt, ice cream and cheese are the most popular categories of organic dairy products in Canada. According to Euromonitor, sales of milk and yogurt are generally higher than non-fluid products such as ice cream and cheese. Organic milk had a retail value growth of 6% during 2009, with sales reaching \$118 million while organic yogurt recorded retail value growth of 13% with sales reaching \$57 million. This trend has also led some dairy processors (i.e. Organic Meadow) to launch new products (mainly ice cream in distinct flavours) to maintain demand.

Premium Price

Organic products often sell for higher prices than conventionally produced products. The price premium results from higher production and distribution costs for organic food, as well

as consumers' willingness to pay extra for organic food.

Organic milk producers in the five provinces (Quebec, Ontario, British Columbia, Alberta and Manitoba) are paid the price of milk established by the provincial milk marketing boards, plus a premium to cover additional costs of production associated with the operation of an organic farm.

Organic Dairy Imports

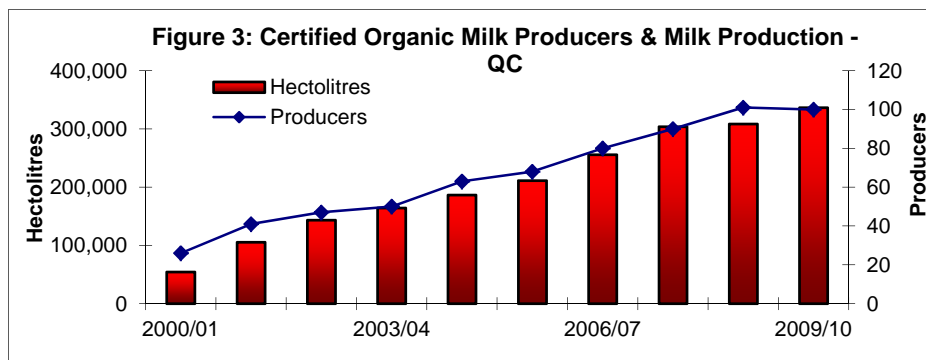
Regarding organic dairy imports, Canada mainly imports certified organic milk beverages (HS 2202.90.49.10). In 2009, Canada imported a total of 844 tonnes (\$2.6 million) of milk beverages. In 2008, organic dairy imports (\$5.2 million) accounted for about 2% of total organic imports (\$252 million) in Canada. The United States is Canada's main source of organic imports.

By Provinces

Organic Dairy Industry in Quebec

The production of certified organic milk has increased significantly in the past few years in order to meet demand. In the 2009/10 dairy year, there were 100 organic dairy producers in Quebec with a total production of 336,482 hectolitres (Figure 3). The production of organic milk is found primarily in the Centre-du Québec, Bas-St-Laurent and Beauce regions. Recently, several dairy companies have also begun a transition to organic farming in the Saguenay-Lac-St-Jean region.

In Quebec, the [Conseil des appellations réservées et des termes valorisants](#) (CARTV) grants the authority to designate certification bodies of agricultural and food products sold in Quebec as organic respecting Quebec Organic Reference Standards and any other organic standard used to certify organic products in Quebec. Imported products are accepted if certified by an organization on the list of certification bodies accredited by the CFIA.



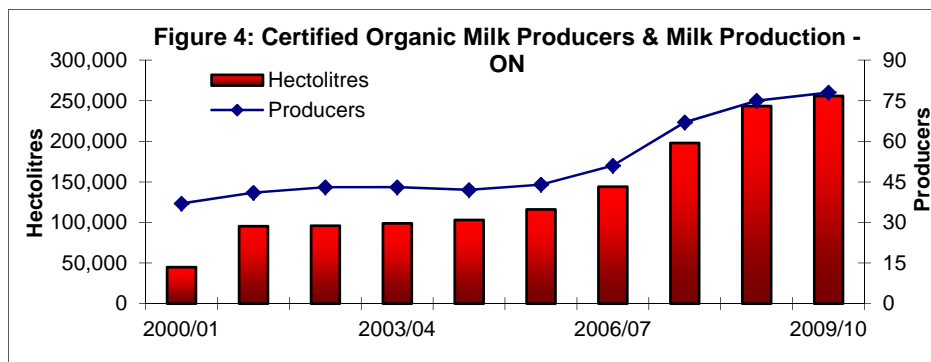
Source: Fédération des producteurs de lait du Québec

Premium Price

The Fédération des producteurs de lait du Québec (FPLQ), le Conseil des industriels laitiers du Québec (CILQ) and Agropur milk lend a premium on the price of certified organic milk. As of February 1, 2009, the premium paid by processors was \$25.00/hl for raw milk used in fluid milk and cream, yogurt and ice cream; and \$16.00/hl for cheese, butter, milk powders.

Organic Dairy Industry in Ontario

In the 2009/10 dairy year, there were 78 certified organic producers in Ontario. The total organic milk production was 255,768 hectolitres (Figure 4).



Source: Dairy Farmers of Ontario

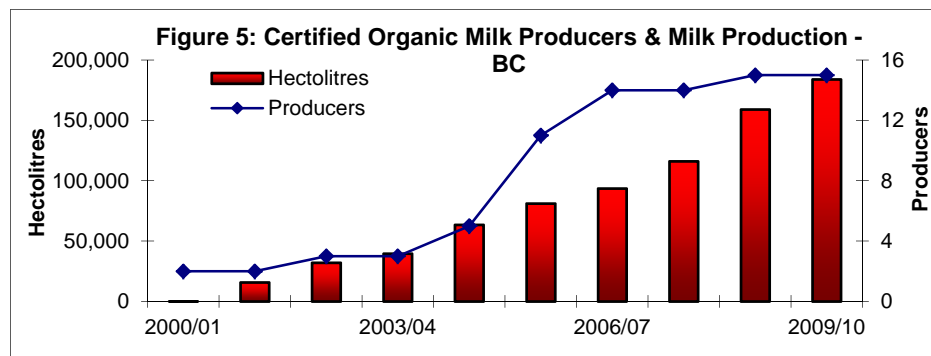
Organic Meadow located in Guelph, Ontario is one of the popular brands in Canada. It has experienced a significant growth within organic dairy products with a retail value share of 11% in 2009 (Euromonitor 2010). Organic Meadow runs different dairies for organic milk products such as cream, cheese, butter, ice cream and yogurt production.

Premium Price

Effective February 1, 2009, the producer base premium was fixed at 23% or \$16.5 cents per litre in Ontario. The processor premium was \$0.28/litre (\$28/hl) in 2009 including administrative (0.07/litre) and transportation charges (\$0.045/litre). In August 2009, a two tier processor premium was introduced (i.e. Classes 1&2, \$0.28/litre and Classes 3&5, \$0.16/litre).

Organic Dairy Industry in British Columbia

British Columbia has 15 organic dairy farms that contract with various processors in the province and/or process and market their own products. They produced 183,892 hectolitres of milk during the dairy year 2009/10. Production has increased considerably over the past few years due to growing demand (Figure 5).



Source: British Columbia Milk Marketing Board

The [Certified Organic Association of BC](#) (COABC) is the only government-approved body responsible for overseeing the BC Certified Organic Program. The COABC is designated to implement the program under the Food Choice and Quality Act. Agencies accredited by the COABC inspect and certify organic farms and facilities in BC.

Premium Price

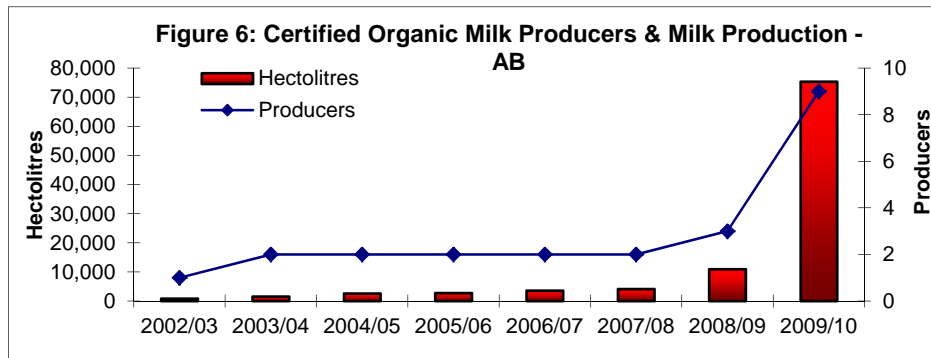
The premium paid by processors is \$0.30/litre (\$30/hl) on all organic milk committed. Transportation charges are applied to processors based on how many loads are delivered to the plants (cost varies).

Organic Dairy Industry in Alberta

In 2009/10, there were 9 organic dairy producers in Alberta producing a total of 75,336

hectolitres of organic milk (Figure 6). There was a significant increase in the production of organic milk in Alberta in 2009/10. This increase is largely due to an increase in number of farms.

Organic milk production in Alberta occurs under the same legislation that governs the production and marketing of raw milk. Organic production must comply with the certification criteria applicable in Alberta. Organic milk must meet all the milk quality standards applicable in Alberta.



Source: Alberta Milk Marketing Board

Edmonton based dairy dessert manufacturer, Saxby Food Ltd. recently partnered with Alberta Milk to process organic fluid milk products. Saxby Food currently processes organic milk and will add chocolate milk, sour cream, cream cheese and yogurt to its production in 2011. The products are available across Canada under the O Organics brand.

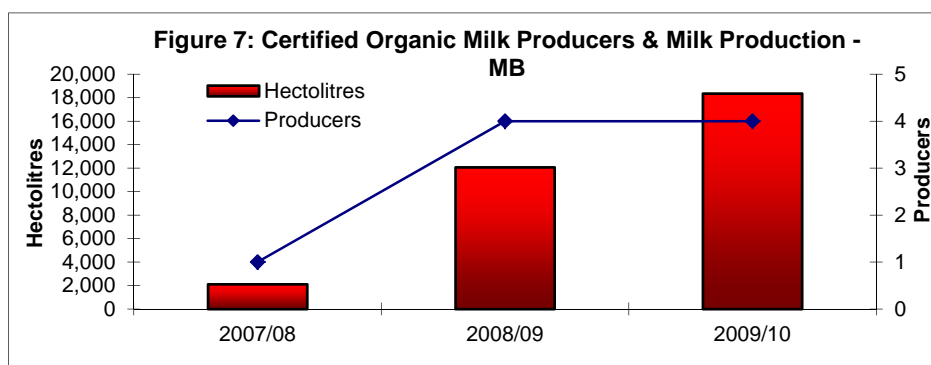
Organic dairy sales represent about 0.8% of the market in Alberta. Overall organic sales showed a growth of 19.5% in 2009, according to Alberta Milk.

Premium Price

A premium of \$0.30/litre (\$30/hl) is paid by processors. The producer premium is shared between the producers after all the organic milk is sold.

Organic Dairy Industry in Manitoba

In 2009/10, there were 4 organic dairy producers in Manitoba producing 18,348 hectolitres of organic milk. There was a significant increase in the production of organic milk last year (Figure 7).



Source: Manitoba Milk Marketing Board

There are a variety of players in the organic sector of Manitoba including the Ministry of Agriculture, Food and Rural Initiatives (MAFRI), Organic Producers Association of Manitoba (OPAM), the University of Manitoba, Manitoba Organic Marketplace Trade Association and Organic Food Council of Manitoba.

Premium Price

A premium of \$0.30/litre (\$30/hl) is paid by processors for fluid milk.

Atlantic Provinces

In December 2008, [Atlantic Certified Organic](#) (ACO) was granted accreditation by the CFIA. In August 2009, ACO assumed the certification services of the regions two certification bodies, the Nova Scotia Organic Growers Association (NSOGA) and the Maritime Organic Growers (MCOG). Beginning in the 2009 certification year, ACO began to offer accredited organic certification services to the organic sector of Atlantic Canada and thus provides a certification option of an accredited certification body that has its roots in Atlantic Canada and supports the local economy. Newfoundland and Labrador is the only province in Atlantic Canada that does not have an organic agricultural specialist.

There is no certified milk production in the Maritimes provinces. To satisfy growing demand, a number of organic dairy products are supplied from other provinces such as Quebec and Ontario.

Future Outlook

Dairy products remain one of more successful organic product types due to their potential health benefits and the fact that they are more environmentally friendly. Organic milk production has steadily increased in Canada over the past ten years. According to Euromonitor's report on organic packaged food, organic dairy products sales are projected to reach \$436 million by 2014, up 14% from 2009. Growth in this area is expected to be supported by rising demand for organic milk. The organic product regulations are expected to further improve consumer confidence and boost sales over the coming years.

World market value for organic dairy products rose to US\$7.03 billion in 2009, according to a market trend analysis report by Agriculture and Agri-Food Canada. Yogurt represented the most important category for new organic dairy products launched in 2009. In most countries, the organic sector remains a niche market, targeting consumers concerned with health, nutrition, and environmental issues. However, price premiums, along with lack of knowledge and product availability remain the important reasons preventing consumers from purchasing organics.

REFERENCES

Canadian Organic Standards and Regulations

http://www.cog.ca/about_organics/organic-standards-and-regulations/

Organic Products Regulations, Department of Justice

<http://laws.justice.gc.ca/en/ShowTdm/cr/SOR-2006-338///en>

Organic Products, Canadian Food Inspection Agency (CFIA)

<http://www.inspection.gc.ca/english/fssa/orgbio/orgbioe.shtml>

Canadian Organic Growers, Organic Statistics (2009)

<http://www.cog.ca/our-work/organic-statistics/>

Market Trends – Organics, Market Analysis Report (November 2010), Agriculture and Agri-Food Canada

The Canadian Organic Section, Trade Data and Retail Sales (2008), Agriculture and Agri-Food Canada

Canadian Organic Standards: CAN/CGSB-32.310-2006
http://www.pwgsc.gc.ca/cgsb/on_the_net/organic/032_0310_2006-e.pdf

Conseil des appellations réservées et des termes valorisants (CARTV), Québec:
<http://cartv.gouv.qc.ca/mode-production-biologique>
<http://cartv.gouv.qc.ca/book/export/html/17>

Fédération d'agriculture biologique du Québec (FABQ)
http://www.fabqbio.ca/page6_1.html

Conseil des appellations agroalimentaires du Québec: <http://www.caaq.org/accueil.asp>

Alberta Milk: <http://www.albertamilk.com/home/organics.aspx?g=&k>

Manitoba Agriculture, Food and Rural Initiatives: <http://www.gov.mb.ca/agriculture/organic/>

Organic Packaged Food – Canada, Euromonitor Report (May 2010)

For more information, please contact:
Canadian Dairy Information Centre (CDIC)
Agriculture and Agri-Food Canada
Email: cdic-ccil@agr.gc.ca

ANNEX: Certified Organic Dairy Processors in Canada

Ontario		
Processors	Products	Website Links
Brum's Dairy Ltd.	Milk, Cream, Butter under brand Nature's Pride	
David Chapman's Ice Cream Ltd.	Ice Cream	http://www.chapmans.ca
Harmony Organic	Milk, Cheese	http://www.harmonyorganic.on.ca
Hewitt's Dairy	Goat milk, cheese	http://www.hewittsdairy.com/
Mapleton's Organic Dairy Inc.	Ice Cream, Yogurt, Frozen Yogurt	http://www.mapletonsorganic.ca
Organic Meadow	Milk, Ice cream, Cream, Butter, Cheese, Sour Cream, Yogurt	www.organicmeadow.com
Pine Hedge Farms	Yogurt, Kephir, Sour Cream	http://www.pinehedge.com
Pine River Cheese and Butter Co-operative	Cheese	http://www.pinerivercheese.com/
Saugeen Country Dairy	Yogurt	http://www.saugeencountrydairy.com/
Parmalat Canada Inc.	Yogurt	www.parmalat.ca
British Columbia		
Avalon Dairy Ltd.	Fluid Milk, Cream, Butter, Sour Cream, Yogurt, Cheese	http://www.avalondairy.com
Davison Farm	Milk under Avalon Dairy brand	
Foothills Creamery	Butter, Cheese, Ice Cream	http://www.foothillsc Creamery.com
Jerseyland Cheese/ Jerseyland Organics	Butter, Cheese, Yogurt, Cream	http://www.jerseylandorganics.com
Moonstruck Organic Cheese Inc.	Cheese	http://www.moonstruckcheese.com
Olympic Dairy Products Ltd.	Fluid Milk, Yogurt, Sour Cream	http://www.olympicdairy.com
Yogopogo Dairy Products Ltd.	Dairy Products under Organic Meadow brand	
Goat's Pride Dairy	Whole Fluid Milk, Yogurt, Cheese	http://www.goatspride.com/
Gort's Gouda Cheese Farm	Yogurt, Cheese	http://www.gortsgoudacheese.bc.ca/
Meadowfresh Dairy Corp.	Fluid Milk and Cream	http://www.meadowfresh.ca/
Mountain Valley Dairy Ltd.	Fluid Milk, Cheese	http://www.kootenayalpinecheese.com/
Paradise Island Foods Inc	Cheddar, Mozzarella, Skim Milk Cheese, Feta, Butter	
Village Cheese (The)	Cheese	http://www.villagecheese.com/
Saputo Foods Ltd.	Milk under Dairyland brand	www.saputo.ca
Quebec		
Damafro Inc. / Fromagerie Clément Inc.	Cheese	http://www.damafro.ca/
Danone Inc.	Yogurt	http://www.danone.ca/
Fromagerie Au Gré des Champs	Cheese	
Fromagerie L'Ancêtre Inc.	Cheese	http://www.augredeschamps.com/
Fromages La Chaudière Inc.	Cheese	http://www.fromagerielachaudiere.com/
Fromagerie Ferme des Chutes Inc.	Cheese	www.fromagerie-des-chutes.qc.ca
Fromagerie du Presbytère	Cheese	www.fromageriedupresbytere.com/
Fromagerie F.X. Pichet Inc.	Cheese	http://www.fromageriefxpichet.com/
Liberté Natural Foods Inc.	Milk, Sour Cream, Yogurt, Cheese, Kefir	http://www.liberte.qc.ca/
Agropur Division Natrel	Milk	www.agropur.com
Fromagerie des Grondines	Cheese	http://www.fromageriedesgrondines.com/
Nutrinor	Fluid milk, Cream, Butter, Ice cream	http://www.nutrinor.com/
Parmalat Canada Inc.	Cheese, Fluid Milk, Butter	www.parmalat.ca

Les Fromagiers de la Table Ronde	Cheese	http://www.fromagiersdelatableronde.com/
Fromagerie La Station	Cheese	http://www.fromagerielastation.com/
Beurrerie du Patrimoine	Fluid milk, Cream, Butter, Yogurt, Cheese	http://www.fermegroleau.com/

Source: Canadian Organic Growers Directory (www.cog.ca)

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