



Canada's Dairy Industry at a Glance



Overview

The Canadian dairy sector operates under a supply management system based on planned domestic production, administered pricing and dairy product import controls. The dairy industry ranks second (based on farm cash receipts) in the Canadian agriculture sector ranking just behind red meats.

In addition to being world-renowned for their excellence, the Canadian milk and dairy products are recognized for their variety and high-quality. Enforcement of strict quality standards on dairy farms and in processing plants enhances this international reputation, along with a strong commitment to sound animal welfare practices and environmental sustainability.

The table below highlights some key features of the Canadian dairy industry:

2017 Highlights

The Farm		2017
Total net farm cash receipts from dairying		\$ 6.56 billion
Dairy manufacturing shipments		\$14.3 billion
Dairy cattle population (dairy cows and heifers)		1.41 million head (Jan 1, 2018)
Number of dairy farms		10,593 (Aug. 1, 2018)
Milk production		89.8 million hl
Organic milk production		1.214 million hl (Dairy Year 2016/17)
Goat milk production		0.533 million hl (2017)
The Processing Sector		
Largest processors		Saputo, Agropur and Parmalat
Number of plants		478 dairy plants
Milk utilization		
Fluid milk		27.38 million hl
Industrial milk		62. 24 million hl

Production of main products	Specialty cheese (163,538t.) Cheddar (162,355 t.) Mozzarella (148,049 t.) Yogurt (387,464 t.) Hard ice cream (141,875 Kl.) Butter (108,774 t.) Skim milk powder (109,367 t.)
Per capita consumption	Fluid milk (66.68 litres) Cheese (13.79 kg) Cream (11.09 litres) Yogurt (10.31 kg) Butter (3.23 kg)
Dairy workforce * (2016 Census of Agriculture)	Manufacturing sector (23,417 employees) * Dairy farm operations (18,805 employees)
Trade	
Dairy products	
Imports	\$872.6 million
Main products imported	Cheese, Butter, Milk Protein Substances, and Whey Products
Major suppliers	US, New Zealand, Italy , and France
Exports	\$398.9 million
Main products exported	Skim Milk Powder, Cheese, Whey Products, and Yogurt
Major markets	United States, Algeria and Egypt
Dairy genetics	
Net exports (Bovine embryos, semen and live dairy cattle)	\$148.9 million
Major markets for Canadian animal genetics	US, Mexico and the Republic of Korea (Dairy cattle) US, the Netherlands, and Brazil (Dairy Semen) Australia, Japan, and Germany (Embryos)

Genetics (2017)

The Canadian dairy industry is famous for the superior genetic quality of its herd as well as its strong dairy cattle genetic evaluation and improvement programs. Canada is at the forefront of innovative use of genetic technologies in dairy cattle breeding. Animal DNA profiles are assessed by genomic evaluation for over 60 different traits. Genomic evaluations using imputed genotypes (3K and 50K panels) has contributed to a doubling of the rate of genetic progress for key traits.

Over 71.5% of Canadian dairy herds are enrolled in milk recording programs. Cows recorded in official milk recording programs produced on average 10,528 kg of milk per lactation (305 days) with an average content of 3.98% fat and 3.25% protein.

The Holstein breed is the most common dairy breed (94% of the dairy herd); Ayrshire, Brown Swiss, Canadienne, Guernsey, Jersey and Milking Shorthorn breeds are also found on Canadian farms.

Canada is at the forefront of new and innovative research into dairy genetics. Animal DNA profiles are determined by estimating genomic evaluations for over 60 different

traits. To date, evaluations are calculated using imputed genotypes (6K and 50K panels).

Manufacturing of Dairy Products

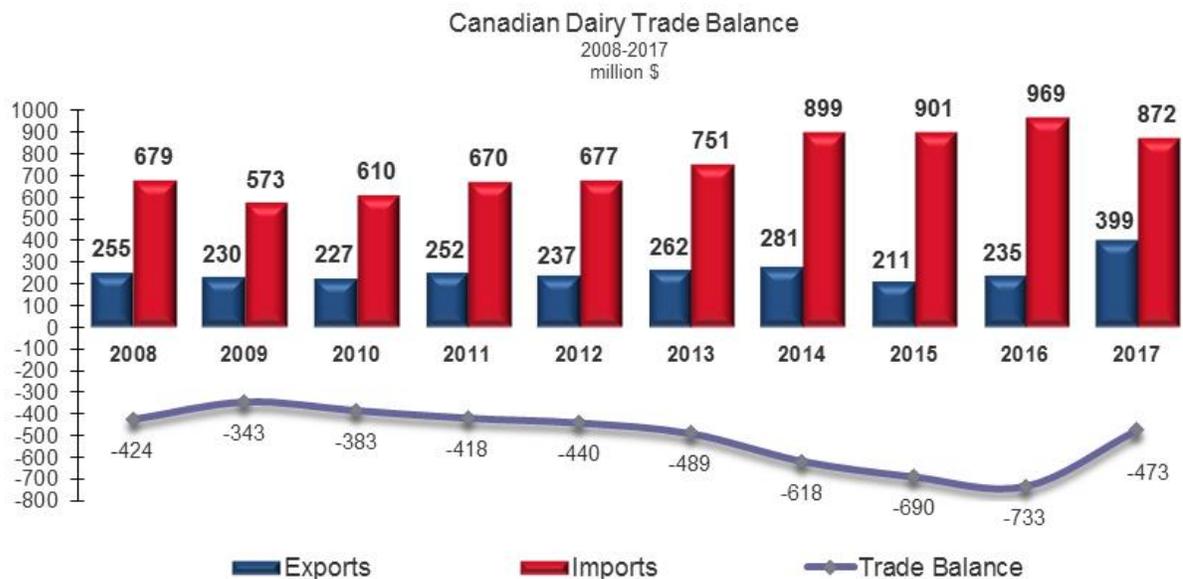
Canadians looking for healthy and nutritious products continue to have access to an ever expanding range of quality and innovative Canadian dairy products. New dairy products have been developed such as Greek-style yogurt, pre- and probiotics, lactose-free and calcium or omega-3 fortified products. Milk protein products continue to be used as ingredients in a growing array of food items, such as infant formula, sports and nutritional beverages and confectionaries.

The Canadian cheese industry has entered into a maturity phase, evidenced by its know-how developed through extensive cheese making traditions and the diversity of approximately 1,450 varieties of cheese (cow, goat, ewe and water buffalo). Many of these are recognized around the world for their quality and taste.

Trade Overview

In 2017, imports of dairy products totaled 186,768 tonnes (\$872.6 million) and exports reached 171,815 tonnes (\$398.9 million). This represents an annual decline of 10% in import value and an annual growth of 69.5% in export value from last year; however, the export value is still below the 2014 level. As illustrated in figure 1 below, Canadian imports of dairy products have been consistently higher than exports.

Figure 1:



Volumes imported under the Import for Re-Export Program (IREP) saw an annual growth of 7.3% in 2017 to reach 37,103 tonnes. Those imports accounted for 20% of total dairy imports (in terms of volume). Dairy products imported under the IREP are mainly used to manufacture further processed food products for the export market.

Canada is not a large exporter of dairy products. Our milk and dairy production's purpose is primarily to meet domestic requirements. Nevertheless, major Canadian dairy exports include Cheese, Skim Milk Powder, Whey Products, and Products Consisting of Natural Milk Constituents.

As illustrated in figures 2 and 3, the majority of Canadian imports of dairy products were from:

- North America (\$471.1 million), the European Union (\$235.1 million) and Oceania (\$103.3 million); together these regions accounted for 93.1% in value of total imports, a 1.2 percentage point increase from 2016. The United States (\$470.7 million), New Zealand (\$96.7 million), Italy (\$77.4 million), France (\$61.2 million) and Switzerland (\$33.6 million) were the top country suppliers.

Major destinations of Canadian exports include:

- North America (\$168.7 million), Asia (\$95.1 million) and Africa (\$65.7 million), together representing almost 82.6% in value of total exports. The United States (\$149.5 million), Algeria (\$32.2 million), Egypt (\$26.9 million), Mexico (\$18.8 million), and Malaysia (\$18.0 million) were the top destination countries.

Figure 2: Imports by origin 2017 (Value)

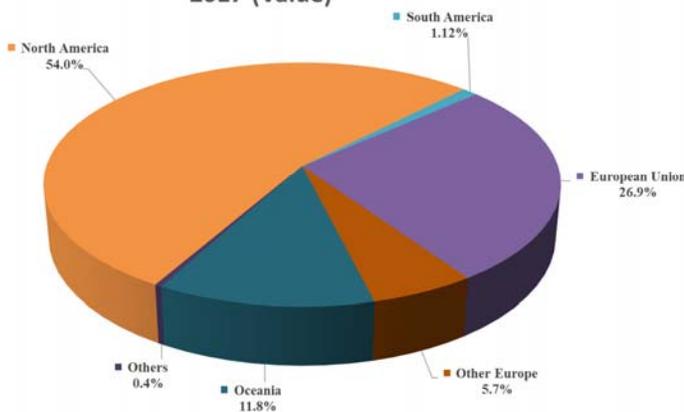
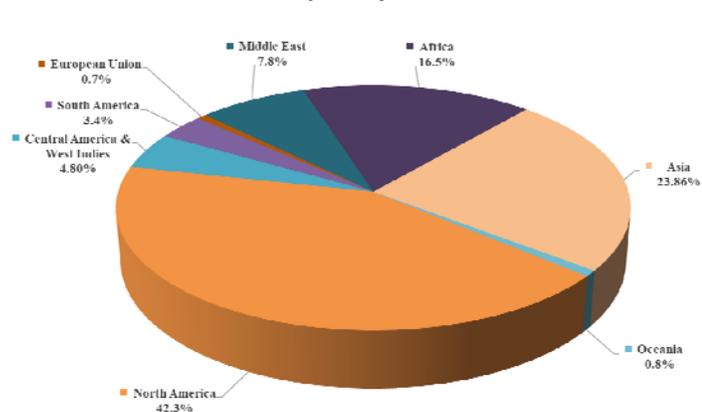


Figure 3: Exports by destination 2017 (Value)



Source: Statistics Canada

Safety and Quality

Government and industry partners work in close cooperation to coordinate the movement of milk from the farm to the consumer. Dairy Farmers of Canada, the Dairy Processors Association of Canada, the Canadian Dairy Commission, the Canadian Food Inspection Agency, provincial marketing boards, dairy processing companies, cooperatives and Agriculture and Agri-Food Canada all work as partners to ensure a strong and dynamic industry.

Strict quality standards applied throughout Canada's production and processing chain contribute to the excellent reputation of Canadian dairy products. The main quality assurance mechanisms that ensure milk and dairy products are safe and high in quality are:

- A significant number of dairy plants are Hazard Analysis Critical Control Points (HACCP) and/or ISO certified.

- The on-farm food safety program "Canadian Quality Milk" is a HACCP-based and certified by CFIA.
- Sound welfare practices in the *Code of Practice of the Care and Handling of Dairy Cattle*.
- National biosecurity standards, protocols and strategies designed to protect animal resources.
- National eradication programs for serious cattle diseases (several of which have been eradicated from the dairy herd).
- Mandatory control and monitoring in accordance with international agreements, particularly World Organisation for Animal Health (OIE) agreements, protecting Canadian livestock from serious diseases.
- Development of a full traceability system is a priority in Canada which includes three basic elements: animal identification, premises identification and animal movement.

Dairy Farmers of Canada also operates the proAction Initiative, a national framework that incorporates modules on milk quality, food safety, livestock traceability, animal care, biosecurity and environmental sustainability into a single assurance program.

Research and development of new dairy products and production methods are the result of strategic alliances among producers, processors, universities, and federal and provincial research centers.

For more information contact:

Dairy/Poultry Section
Agriculture and Agri-Food Canada
1341 Baseline Road, T5-4
Ottawa, Ontario K1A 0C5
Tel.: (613) 773-2721
E-mail: cdicinfo@agr.gc.ca

Canadian Dairy Commission
960 Carling Avenue, Building No.55
Ottawa, Ontario K1A 0Z2
Tel.: (613) 792-2040
Fax: (613) 792-2009
E-mail: cdc-ccl@agr.gc.ca

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