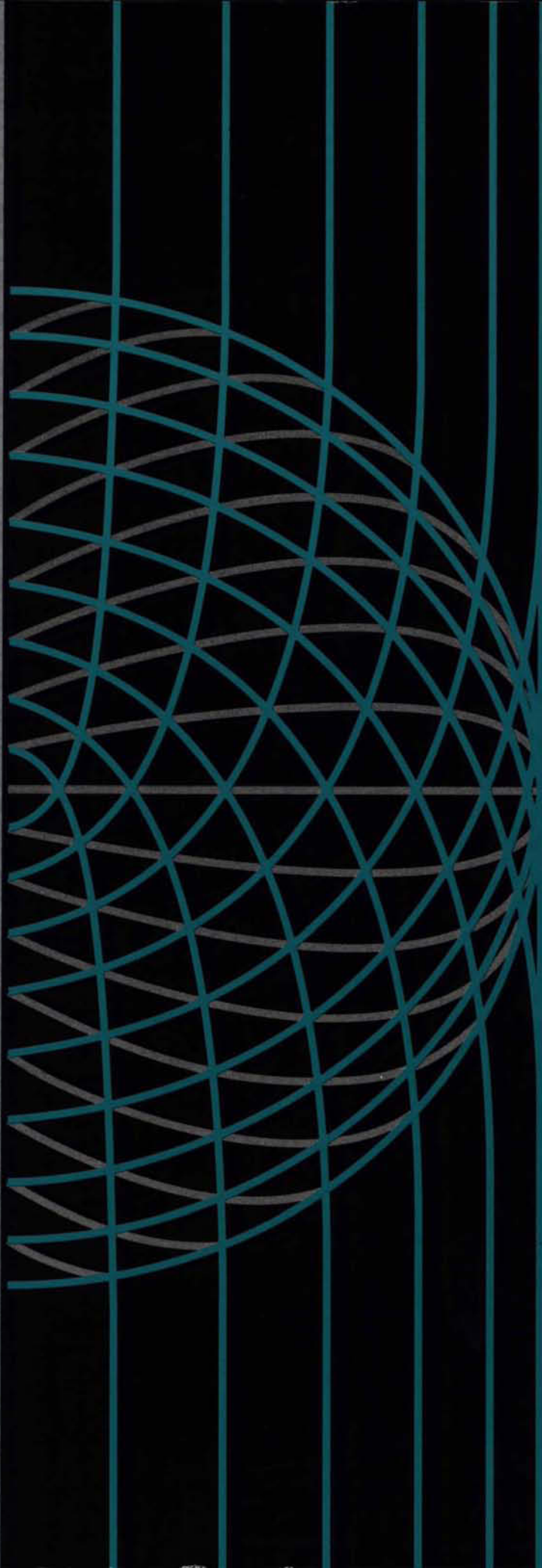


# Dairy Products

HD9505  
.C3  
I5  
1990-91  
D2 c.2

IC



Industry, Science and  
Technology Canada

Industrie, Sciences et  
Technologie Canada

I  
N  
D  
U  
S  
T  
R  
Y  
P  
R  
O  
F  
I  
L  
E

## Business Service Centres / International Trade Centres

Industry, Science and Technology Canada (ISTC) and International Trade Canada (ITC) have established information centres in regional offices across the country to provide clients with a gateway into the complete range of ISTC and ITC services, information products, programs and expertise in industry and trade matters. For additional information contact any of the offices listed below.

### Newfoundland

Atlantic Place  
Suite 504, 215 Water Street  
P.O. Box 8950  
ST. JOHN'S, Newfoundland  
A1B 3R9  
Tel.: (709) 772-ISTC  
Fax: (709) 772-5093

### Prince Edward Island

Confederation Court Mall  
National Bank Tower  
Suite 400, 134 Kent Street  
P.O. Box 1115  
CHARLOTTETOWN  
Prince Edward Island  
C1A 7M8  
Tel.: (902) 566-7400  
Fax: (902) 566-7450

### Nova Scotia

Central Guaranty Trust Tower  
5th Floor, 1801 Hollis Street  
P.O. Box 940, Station M  
HALIFAX, Nova Scotia  
B3J 2V9  
Tel.: (902) 426-ISTC  
Fax: (902) 426-2624

### New Brunswick

Assumption Place  
12th Floor, 770 Main Street  
P.O. Box 1210  
MONCTON, New Brunswick  
E1C 8P9  
Tel.: (506) 857-ISTC  
Fax: (506) 851-6429

### Quebec

Tour de la Bourse  
Suite 3800, 800 Place Victoria  
P.O. Box 247  
MONTREAL, Quebec  
H4Z 1E8  
Tel.: (514) 283-8185  
1-800-361-5367  
Fax: (514) 283-3302

### Ontario

Dominion Public Building  
4th Floor, 1 Front Street West  
TORONTO, Ontario  
M5J 1A4  
Tel.: (416) 973-ISTC  
Fax: (416) 973-8714

### Manitoba

8th Floor, 330 Portage Avenue  
P.O. Box 981  
WINNIPEG, Manitoba  
R3C 2V2  
Tel.: (204) 983-ISTC  
Fax: (204) 983-2187

### Saskatchewan

S.J. Cohen Building  
Suite 401, 119 - 4th Avenue South  
SASKATOON, Saskatchewan  
S7K 5X2  
Tel.: (306) 975-4400  
Fax: (306) 975-5334

### Alberta

Canada Place  
Suite 540, 9700 Jasper Avenue  
EDMONTON, Alberta  
T5J 4C3  
Tel.: (403) 495-ISTC  
Fax: (403) 495-4507

Suite 1100, 510 - 5th Street S.W.  
CALGARY, Alberta  
T2P 3S2  
Tel.: (403) 292-4575  
Fax: (403) 292-4578

### British Columbia

Scotia Tower  
Suite 900, 650 West Georgia Street  
P.O. Box 11610  
VANCOUVER, British Columbia  
V6B 5H8  
Tel.: (604) 666-0266  
Fax: (604) 666-0277

### Yukon

Suite 301, 108 Lambert Street  
WHITEHORSE, Yukon  
Y1A 1Z2  
Tel.: (403) 668-4655  
Fax: (403) 668-5003

### Northwest Territories

Precambrian Building  
10th Floor  
P.O. Bag 6100  
YELLOWKNIFE  
Northwest Territories  
X1A 2R3  
Tel.: (403) 920-8568  
Fax: (403) 873-6228

### ISTC Headquarters

C.D. Howe Building  
1st Floor East, 235 Queen Street  
OTTAWA, Ontario  
K1A 0H5  
Tel.: (613) 952-ISTC  
Fax: (613) 957-7942

### ITC Headquarters

InfoExport  
Lester B. Pearson Building  
125 Sussex Drive  
OTTAWA, Ontario  
K1A 0G2  
Tel.: (613) 993-6435  
1-800-267-8376  
Fax: (613) 996-9709

## Publication Inquiries

For individual copies of ISTC or ITC publications, contact your nearest Business Service Centre or International Trade Centre. For more than one copy, please contact

For Industry Profiles:  
Communications Branch  
Industry, Science and Technology  
Canada  
Room 704D, 235 Queen Street  
OTTAWA, Ontario  
K1A 0H5  
Tel.: (613) 954-4500  
Fax: (613) 954-4499

For other ISTC publications:  
Communications Branch  
Industry, Science and Technology  
Canada  
Room 208D, 235 Queen Street  
OTTAWA, Ontario  
K1A 0H5  
Tel.: (613) 954-5716  
Fax: (613) 954-6436

For ITC publications:  
InfoExport  
Lester B. Pearson Building  
125 Sussex Drive  
OTTAWA, Ontario  
K1A 0G2  
Tel.: (613) 993-6435  
1-800-267-8376  
Fax: (613) 996-9709

**Canada**

1990-1991

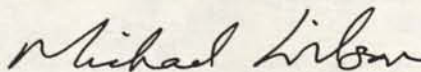
**DAIRY PRODUCTS**INDUSTRY, SCIENCE AND  
TECHNOLOGY CANADA  
LIBRARY

JUL 9 1992

BFGJ  
BIBLIOTHÈQUE  
INDUSTRIE, SCIENCES ET  
TECHNOLOGIE CANADA**FOREWORD**

*In a rapidly changing global trade environment, the international competitiveness of Canadian industry is the key to growth and prosperity. Promoting improved performance by Canadian firms in the global marketplace is a central element of the mandates of Industry, Science and Technology Canada and International Trade Canada. This Industry Profile is one of a series of papers in which Industry, Science and Technology Canada assesses, in a summary form, the current competitiveness of Canada's industrial sectors, taking into account technological, human resource and other critical factors. Industry, Science and Technology Canada and International Trade Canada assess the most recent changes in access to markets, including the implications of the Canada-U.S. Free Trade Agreement. Industry participants were consulted in the preparation of the profiles.*

*Ensuring that Canada remains prosperous over the next decade and into the next century is a challenge that affects us all. These profiles are intended to be informative and to serve as a basis for discussion of industrial prospects, strategic directions and the need for new approaches. This 1990-1991 series represents an updating and revision of the series published in 1988-1989. The Government will continue to update the series on a regular basis.*



Michael H. Wilson  
Minister of Industry, Science and Technology  
and Minister for International Trade

**Structure and Performance****Structure**

The Canadian dairy products industry is made up of establishments that make food products from raw milk, usually cow's milk, received from dairy farmers.

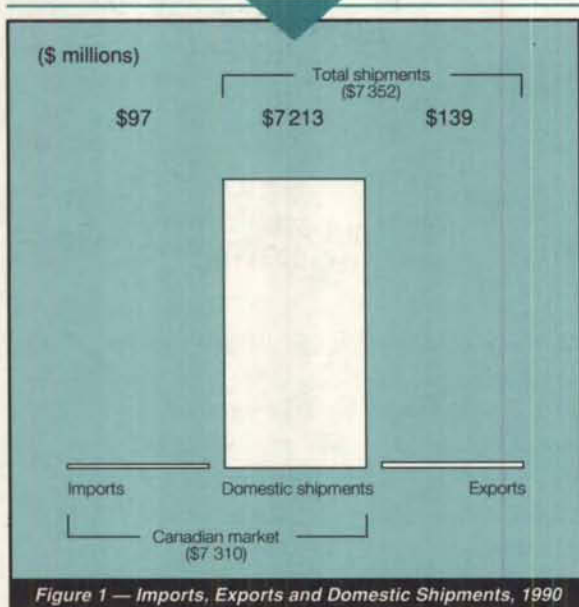
The two principal types of dairy production are referred to as "fluid" and "industrial." The first engages primarily in the pasteurization of fluid milk and the production of creams. Other fluid-type products include fresh milk, chocolate-flavoured milk, buttermilk and fresh creams. These products use 39 percent of the raw milk produced in Canada.

The second type makes use of the other 61 percent of raw milk production. It is referred to as industrial milk because it is processed into value-added food products such

as natural and processed cheese, creamery butter, condensed and evaporated milk, ice cream, yogourt, whole and skim milk powder, frozen desserts such as sherbet, and milk- and yogourt-based fruit drinks.

Dairy processing is the second-largest component of the food processing sector in Canada after red meat processing. Dairy processing contributes approximately one-fifth of the total value of shipments of the food processing sector. The dairy products industry in 1990 processed approximately 73 million hectolitres of milk, having an estimated value of \$3.4 billion at the farm gate.

Industry shipments of various dairy products in 1990 were estimated at approximately \$7.35 billion (Figure 1). Most of this production was destined for the domestic market. An estimated \$139 million, or 1.9 percent of production, was exported. The main markets are developing countries, such



as Algeria, whose domestic requirements exceed domestic production. Mexico is another traditional export market for Canadian dairy products, usually in the form of surplus skim milk powder and products such as evaporated milk and cheese. Other export markets include the Caribbean, Southeast Asia, the European Community (EC) and the United States. Imports in 1990 totalled about \$97 million, representing 1.3 percent of the Canadian market. The majority of imports entering Canada are variety cheeses such as Emmenthal, Gouda and Havarti. The balance of trade in dairy products in 1990 was positive at \$42 million.

The Canadian dairy products industry in 1990 consisted of an estimated 361 establishments. Employment in dairy processing plants was 24 420 people. This figure does not include thousands of related jobs in such sectors as transportation, packaging, food industry supplies, storage or marketing and advertising.

Dairy processing plants are located in every region of the country and follow a distribution pattern similar to that for farm milk production. Establishments processing fluid milk are situated in every province, in or near urban centres. Industrial milk processors, on the other hand, are located mainly in rural, milk-producing areas.

Three organizational structures make up the Canadian dairy processing industry. Approximately half the firms in the industry are co-operatives, or organizations run by

professional management teams appointed by their farm group owners. Public corporations make up about 35 percent of firms. The remaining 15 percent are smaller, privately held firms. Industrial milk plants are operated mainly by co-operatives, while fluid milk processing is done primarily by corporations and privately held companies. There is little direct foreign ownership in the Canadian dairy industry. However, joint ventures and product licensing agreements have served to introduce new technologies and products into Canada.

Under national legislation, the dairy industry is subject to import controls, domestic levies and domestic price-support systems designed to provide a satisfactory return to milk producers. The industrial milk target price, set by the federal government, is currently \$48.55 per hectolitre plus a carrying charge of 14 cents per hectolitre for normal butter stocks, for a total of \$48.69 per hectolitre. Fluid milk prices are set by provincial agencies or commissions.

## Performance

Since the mid-1970s, a number of factors have led the industry to rationalize operations at the plant level. These factors include changes in the demographic structure of the population and their demand patterns for dairy products as well as changes in industry technology and costs for services such as energy and transportation. With an aging but more affluent Canadian population, consumers not only are demanding a greater variety of food products, but also are paying more attention to the health and nutrition claims for the foods they eat. Dairy processing plants have responded by manufacturing a wider variety of products than formerly to meet the consumer demand. In doing so, plants producing a variety of products have often benefited by incurring lower total energy and transportation costs.

The number of plants decreased from 400 in 1983 to an estimated 361 in 1990. Total milk production increased from 72.3 million hectolitres in 1983 to 73.2 million hectolitres in 1990, for a net gain of 1.5 percent. Milk processed per plant increased from 0.18 million hectolitres in 1983 to 0.20 million hectolitres in 1990, an 11 percent increase. Employment during the same interval decreased from 25 306 in 1983 to an estimated 24 420 in 1990 (Figure 2). This employment decrease in combination with plant and technological improvements resulted in a 20 percent gain in productivity. Total dairy processing shipments rose from \$5.6 billion in 1983 to \$7.35 billion in 1990, an increase of 31.3 percent. Meanwhile, corporate mergers and takeovers increased as companies competed for domestic market share,

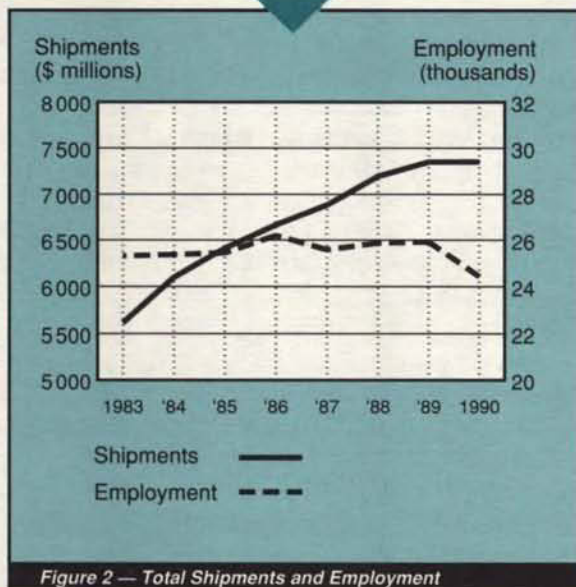


Figure 2 — Total Shipments and Employment

an increased share of industrial milk supplies and greater profits through increased plant efficiency. The top four firms now account for over 50 percent of the market.

The annual capital investment in this industry has increased steadily from \$73.4 million in 1983 to an estimated \$158.9 million in 1990, reflecting new equipment and technology acquisitions, new product lines and new plant construction. In constant 1981 dollars, the increase has been somewhat less, from \$68.6 million in 1983 to \$137.0 million in 1990. Annual return on capital has averaged 12.7 percent between 1983 and 1987,<sup>1</sup> compared with 9.6 percent for the food processing sector as a whole. After-tax profits were \$171.2 million in 1983, rising to an estimated \$192.0 million in 1990. As a percentage of income, annual profits have remained fairly constant at between 2 and 3 percent; however, they have declined by approximately one-fifth from 1987 to 1990.

Exports decreased from \$239 million in 1983 to an estimated \$139 million in 1990. This decrease was caused by lower export prices and the planned reductions in the milk quota available for the manufacture of export products. Imports fluctuated over the period, peaking as a share of the Canadian market in 1987 and 1988.

At the time of writing, the Canadian and U.S. economies were showing signs of recovering from a recessionary period. During the recession, companies in the industry generally experienced reduced demand for their outputs, in addition to longer-term underlying pressures to adjust. With the signs of

recovery, though still uneven, the medium-term outlook will correspondingly improve. While short-term recessionary pressures have accelerated the adjustments and restructuring of the dairy processing industry, dairy consumption does not react quickly to price changes.

## Strengths and Weaknesses

### Structural Factors

The national milk supply management structure has a direct bearing on the dairy processing industry's competitiveness. Supply management has provided a balance between the supply of milk and the anticipated demand for dairy products. It has effectively reduced cyclical periods of shortages and oversupply, which historically have characterized the industry. It also has instituted price stability and afforded protection from imports. All of these factors are designed to benefit the dairy processing industry within Canada.

However, milk supply management has also brought costs to the industry. While the primary purpose of the national milk policy was to ensure a stable and adequate return to dairy producers through the establishment of support prices for butter and skim milk powder, based on a target milk price for producers, these prices, though applicable to the entire domestic manufacturing segment, are higher than equivalent international prices. Nevertheless, most developed countries have some form of a national dairy support policy in one guise or another. For example, Canada introduced milk supply management under the terms of Article XI of the General Agreement on Tariffs and Trade (GATT). The United States sets import quotas allowed under its GATT waiver. The EC uses variable import levies, export restitutions and other support programs comprising its Common Agricultural Policy (CAP). The differences among these support programs make it very difficult to compare and assess the outcome of issues relating to international trade and competitiveness in dairy products.

The market sharing quota (MSQ) affects the dairy products industry. Because the supply of milk production is regulated, these quotas have taken on a substantial marketable value of their own that is capitalized when dairy farms are sold. As a result, dairy processing firms face gradually increasing input costs.

Furthermore, the supply management structure of milk production has tended to preserve the regional nature of Canada's dairy sector. The distribution of dairy product plants basically reflects provincial quota allocations, which means

<sup>1</sup>The most recent year for which Statistics Canada data for this item were available at the time of writing.



that fluid milk products are sold within the province of origin. While plant consolidations to gain economies of scale are well advanced, few establishments are organized and equipped to supply out-of-province markets on a national basis, chiefly because their scale of operations is largely established relative to their provincial quota allocation and the size of the provincial markets they serve.

Distribution of industrial milk products is less restrictive. Some firms specialize in products having higher value-added or longer shelf life than milk. Such products are being sold interprovincially, whereas the milk supplies from which they are made are regulated provincially. Cheese and butter, for example, which are not as perishable as yogurt, are shipped interprovincially. An increasing proportion of this interprovincial trade is made up of products packaged individually for retail rather than in bulk. Yogurt to a lesser extent is shipped interprovincially, but within a smaller geographic range.

### **Trade-Related Factors**

The dairy policies of most developed nations support dairy industries through production target returns, consumption subsidies, producer-funded surplus disposal programs and import controls. Thus they effectively close domestic markets to outside suppliers. International trade therefore falls into two categories. The first involves trade among developed countries of value-added products, in volumes agreed to within bilateral quantitative agreements and at prices reflecting respective national dairy policies. The second type of trade involves exports of dairy products to developing-country markets at substantially lower prices as part of a surplus disposal program. Under the latter scenario, Canada is a relatively significant exporter of milk powders. Its contribution to total world exports in this category is estimated at between 2 and 5 percent.

Canada's imports of most dairy products derived from cow's milk are subject to import quotas under the *Export and Import Permits Act*. Products such as butter and milk powders, of which Canada produces a surplus, are effectively prohibited from entry. The major import is cheese, which has an import quota set at 20 411 tonnes per year.

The EC, the United States and Japan use import quotas and minimum-maximum import prices to regulate entry of most dairy products. The EC's CAP employs a variable levy structure that effectively counteracts the trade subsidies of other exporting countries. The United States employs mainly country-specific import quotas under Section 22 of its *Agricultural Adjustment Act* of 1933. Japan has recently relaxed some of its import measures. Nevertheless, control over imports is maintained in many cases through government departments, agencies or corporations. For example, Japan's Livestock Industry Promotion Corporation (LIPC) is

still actively involved in market intervention for major milk products and has monopoly powers over imports of some dairy products such as butter and powdered milk. The EC provides export restitution payments on dairy products. The United States pays the loss on exports of surplus dairy commodities bought by the Commodity Credit Corporation using taxpayer funds. Such programs depress the international price for basic dairy products.

Under the Canada-U.S. Free Trade Agreement (FTA), Canada retains the right to impose import quotas on dairy products to the extent allowed by the GATT. This right includes the option of restraining the imports of other dairy products through the Import Control List (ICL), provided that this is consistent with the revised GATT rules currently being negotiated under the Uruguay Round of the Multilateral Trade Negotiations (MTNs). Both Canada and the United States, under Article 710 of the FTA, retain their GATT rights and obligations with respect to agricultural food and beverage products, including import control measures taken under Article XI of the GATT. On 19 January 1988, Canada added several dairy products, the most important being ice cream and yogurt, to the ICL. The 1990 import quota is 347 000 kilograms for ice cream and 332 000 kilograms for yogurt, and the 1991 quota, announced on 24 January 1991, was the same. In September 1989, a GATT panel determined that Canada's import restrictions on ice cream and yogurt were inconsistent with the current Article XI of the GATT. Canada indicated that it would await the outcome of the GATT negotiations before announcing any measures it plans to adopt to conform with the ruling.

Some examples of tariffs assessed on products imported from countries having Most Favoured Nation (MFN) status are shown in the next table.

Under the FTA, duties on dairy products originating in either country and imported by the other are being removed in equal, annual stages of 10 percent, starting 1 January 1989 and ending 1 January 1998. The 1992 Canadian tariffs on imported products are 40 percent less than the MFN rates.

### **Technological Factors**

The Canadian dairy products industry generally employs the latest technology for processing and manufacturing value-added dairy products. From this viewpoint, the industry is internationally competitive. The major Canadian dairies operate large, multiproduct plants with computerized controls at every stage of production. The industry has also developed a state-of-the-art, ultra-high-temperature processing system for the production of fluid products having long shelf lives.

The rationalization process in Canada has been somewhat slower than that in the United States or the EC. Many



### Selected Most Favoured Nation Tariffs on Dairy Products

	Canada	United States	European Community <sup>a</sup>	Japan
Butter	24.6¢/kg	12.3¢/kg	23% + levy	45%
Cheese	7.72¢/kg	10–16%	23% + levy	35% <sup>b</sup>
Cream	17.5%	0.5¢/L	16% + levy	free <sup>b</sup>
Fluid milk	17.5%	0.4¢/L	16% + levy	free <sup>b</sup>
Ice cream	15%	20%	24% + levy	35%
Milk powder	7.72¢/kg	3.3¢/kg	18% + levy	30%
Yogourt	15%	20%	24% + levy	35%

<sup>a</sup>The EC levy is variable and is intended to price imported products at least 10 percent higher than domestically produced equivalents. Levies are usually considered as non-tariff barriers.

<sup>b</sup>Subject to import quotas under the jurisdiction of the Japanese Ministry of Agriculture, Forestry and Fisheries. Imports of cream and fluid milk from Canada are nil, because of high transportation costs and sanitary regulations under the *Food Sanitation Law*.

plants, particularly those involved in butter and milk powder processing, have not modernized. Returns on sales of such products are not attractive. Such products are almost always sold in world markets at depressed prices.

The industry employs a wide variety of packaging shapes and sizes to appeal to changing consumer preferences. This marketing approach closely parallels changes taking place in the American and European dairy markets. Federal government initiatives regarding environmental protection, such as the National Packaging Protocol (NAPP) sponsored by the Canadian Council of Ministers of the Environment, reflect the growing public concern over packaging and safety as well as waste accumulation. Similar measures are also being undertaken in other countries. A study of dairy product packaging at all stages of use, from the farm gate to consumer disposal, has been approved by the dairy products industry and will be completed under the auspices of the National Dairy Council of Canada in conjunction with the NAPP.

### Other Factors

The Canadian dairy sector is highly regulated. All provincial governments control milk supply. Most provinces also ban or restrict the production and marketing of blended products such as spreads that incorporate margarine as well as butter in order to reduce cross-product competition. Reviews of these regulations are under way at both the federal and provincial levels of government.

The federal and provincial agriculture departments are responsible for the inspection of dairy plants. Federal inspection is required for all products traded interprovincially. Consumer and Corporate Affairs Canada administers the *Food and Drugs Act* and the *Consumer Packaging and Labelling Act* to ensure proper labelling of product ingredients. Health and Welfare Canada administers sections of the *Food and Drugs Act* dealing with product safety, freedom from tampering and consumer health. External Affairs and International Trade Canada administers the *Export and Import Permits Act* and licenses imports for processed dairy products on the ICL in accordance with its policies and powers.

### Evolving Environment

Implementation of the FTA has not had significant repercussions on the dairy products industry, since the supply management structure of the dairy industry remains in place, as do import quotas. However, as tariffs on a user segment of the further-processed dairy industry (namely value-added retail products such as frozen pizzas, puddings and chocolate bars) are being phased out, price pressures are being felt. The dairy industry has responded by introducing a temporary and flexible rebate program pending the outcome of the GATT negotiations.

The industry will continue to adapt to a rapidly evolving domestic market that increasingly demands non-traditional dairy products presented in innovative packaging formats. In adjusting to the increasing globalization of trade, Canadian firms are taking account of longer-term initiatives being developed for environmental protection and international trade negotiations in their review of domestic supply management policies and an ongoing drive to improve their international competitiveness.

Export opportunities to the United States are not expected to change dramatically, since American dairy policies, including import quotas, will also be maintained under the FTA. Both Canadian and U.S. firms will continue to exploit consumer demand for products that are nutritious while being low in fat content. One example is the introduction of milk containing 1 percent butterfat (BF), as opposed to 2 percent BF for partly skimmed milk or 3.25 percent BF for whole milk. The dietary reduction of animal fat is adding to the pressure on the industry regarding disposal of burdensome supplies of leftover butterfat.

### Competitiveness Assessment

The Canadian dairy products industry has evolved within the parameters set by the national milk supply management



policy. Its performance can therefore be assessed only in the context of a highly regulated market.

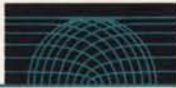
The dairy products industry's operating costs are currently being studied by various federal and provincial government departments to assess its competitive position with counterparts in other developed countries. Canadian raw milk prices at the farm gate are among the highest in the developed world, particularly in comparison with low-cost countries such as New Zealand. Raw material milk costs, depending on the percentage of butterfat content and the dairy product in question, may account for between 10 and 85 percent of the cost of finished dairy products. Therefore, those Canadian-processed dairy products whose major input is raw milk are not cost-competitive internationally.

The Agriculture Policy Review and the Long-Term Dairy Policy Review under the aegis of Agriculture Canada as well as the ongoing MTNs regarding dairy product trade under the GATT may have an impact on the future competitiveness of the industry. It is still too early to assess the impact of other international developments on the Canadian dairy processing industry. Examples of such developments include the proposed free trade agreement between Canada, the United States and Mexico, the economic integration of Europe after 1992, and the economic realignment of the former Soviet Union and Eastern Europe. Issues being examined during the current round of the GATT include the operation of import restrictions (supply management provisions) as defined by Article XI as well as production and export subsidies for agricultural products.

For further information concerning the subject matter contained in this profile, contact

Food Products Branch  
Industry, Science and Technology Canada  
Attention: Dairy Products  
235 Queen Street  
OTTAWA, Ontario  
K1A 0H5  
Tel.: (613) 954-2941  
Fax: (613) 941-3776





## PRINCIPAL STATISTICS<sup>a</sup>

	1973	1983	1984	1985	1986	1987	1988	1989	1990
Establishments	646	400	401	394	393	375	364	372	361 <sup>b</sup>
Employment	27 819	25 306	25 368	25 445	26 201	25 582	25 870	25 920	24 420 <sup>b</sup>
Shipments (\$ millions)	1 715	5 615	6 096	6 411	6 668	6 884	7 195	7 349	7 352 <sup>c</sup>
GDP <sup>d</sup> (constant 1981 \$ millions)	934.2	973.7	973.2	974.7	987.2	1 007.8	1 025.3	1 007.7	1 397.0
Investment <sup>e</sup> (\$ millions)	64.6	73.4	116.2	129.4	114.1	149.6	157.2	183.6	158.9 <sup>f</sup>
Profits after tax <sup>g</sup> (\$ millions)	48.0	171.2	179.4	194.5	170.7	186.6	190.0 <sup>b</sup>	191.0 <sup>b</sup>	192.0 <sup>b</sup>
(% of income)	2.5	3.0	2.7	2.7	2.4	2.7	2.2 <sup>b</sup>	2.2 <sup>b</sup>	2.1 <sup>b</sup>

<sup>a</sup>For establishments, employment and shipments, see *Food Industries*, Statistics Canada Catalogue No. 32-250, annual (SIC 1041, fluid milk industry, and SIC 1049, other dairy products industries).

<sup>b</sup>ISTC estimates.

<sup>c</sup>See *Monthly Survey of Manufacturing*, Statistics Canada Catalogue No. 31-001, monthly.

<sup>d</sup>See *Gross Domestic Product by Industry*, Statistics Canada Catalogue No. 15-001, monthly.

<sup>e</sup>See *Capital and Repair Expenditures, Manufacturing Subindustries, Intentions*, Statistics Canada Catalogue No. 61-214, annual.

<sup>f</sup>Preliminary data.

<sup>g</sup>See *Corporation Financial Statistics*, Statistics Canada Catalogue No. 61-207, annual.

## TRADE STATISTICS

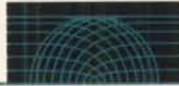
	1973	1983	1984	1985	1986	1987	1988 <sup>c</sup>	1989 <sup>c</sup>	1990 <sup>d</sup>
Exports <sup>a</sup> (\$ millions)	88	239	241	217	193	146	191	176	139
Domestic shipments (\$ millions)	1 627	5 376	5 855	6 194	6 475	6 738	7 004	7 173	7 213
Imports <sup>b</sup> (\$ millions)	63	97	100	104	104	143	137	130	97
Canadian market (\$ millions)	1 690	5 473	5 955	6 298	6 579	6 881	7 141	7 303	7 310
Exports (% of shipments)	5.1	4.3	4.0	3.4	2.9	2.1	2.7	2.4	1.9
Imports (% of Canadian market)	3.7	1.8	1.7	1.7	1.6	2.1	1.9	1.8	1.3

<sup>a</sup>See *Exports by Commodity*, Statistics Canada Catalogue No. 65-004, monthly.

<sup>b</sup>See *Imports by Commodity*, Statistics Canada Catalogue No. 65-007, monthly.

<sup>c</sup>It is important to note that data for 1988 and after are based on the Harmonized Commodity Description and Coding System (HS). Prior to 1988, the shipments, exports and imports data were classified using the Industrial Commodity Classification (ICC), the Export Commodity Classification (XCC) and the Canadian International Trade Classification (CITC), respectively. Although the data are shown as a continuous historical series, users are reminded that HS and previous classifications are not fully compatible. Therefore, changes in the levels for 1988 and after reflect not only changes in shipment, export and import trends, but also changes in the classification systems. It is impossible to assess with any degree of precision the respective contribution of each of these two factors to the total reported changes in these levels.

<sup>d</sup>ISTC estimates.



### SOURCES OF IMPORTS<sup>a</sup> (% of total value)

	1983	1984	1985	1986	1987	1988	1989	1990
United States	10.3	12.0	14.4	15.4	18.8	11.8	11.1	10.0
European Community	81.4	79.0	78.9	62.4	53.6	58.7	55.0	56.2
Asia	0.1	—	0.1	0.2	8.7	8.8	10.2	8.0
Other	8.2	9.0	6.6	22.0	18.9	20.7	23.7	25.8

<sup>a</sup>See *Imports by Commodity*, Statistics Canada Catalogue No. 65-007, monthly.

### DESTINATIONS OF EXPORTS<sup>a</sup> (% of total value)

	1983	1984	1985	1986	1987	1988	1989	1990
United States	5.9	5.8	7.4	7.8	16.8	10.9	11.8	12.1
European Community	8.4	6.2	7.5	8.6	14.3	12.3	15.8	10.1
Asia	11.3	5.4	7.8	12.1	8.4	15.6	13.8	7.8
Other	74.4	82.6	77.3	71.5	60.5	61.2	58.6	70.0

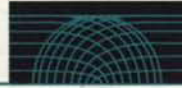
<sup>a</sup>See *Exports by Commodity*, Statistics Canada Catalogue No. 65-004, monthly.

### REGIONAL DISTRIBUTION<sup>a</sup> (average over the period 1986 to 1988)

	Atlantic	Quebec	Ontario	Prairies	British Columbia
Establishments (% of total)	10.9	27.6	35.8	18.7	7.0
Employment (% of total)	X	34.4	32.1	X	X
Shipments (% of total)	X	40.1	33.0	X	X

<sup>a</sup>See *Food Industries*, Statistics Canada Catalogue No. 32-250, annual.

X: confidential



## MAJOR FIRMS

Name	Country of ownership	Location of major plants
Agrinove, Coopérative Agro-alimentaire	Canada	Beauceville, Quebec Saint-Agapit, Quebec Sainte-Claire, Quebec
Agropur, Coopérative Agro-alimentaire	Canada	Notre-Dame-du-Bon-Conseil, Quebec Oka, Quebec Lachute, Quebec Granby, Quebec Montreal, Quebec Trois-Rivières, Quebec Sherbrooke, Quebec
Ault Foods Limited	Canada	Montreal, Quebec Victoriaville, Quebec Halton Hills, Ontario Thunder Bay, Ontario Toronto, Ontario Ottawa, Ontario Winchester, Ontario Balderson, Ontario Windsor, Ontario
Beatrice Foods Inc.	United States	Montreal, Quebec Napanee, Ontario London, Ontario Kingston, Ontario Oshawa, Ontario Kitchener, Ontario Edmonton, Alberta Lethbridge, Alberta Calgary, Alberta
Central Alberta Dairy Pool	Canada	Red Deer, Alberta Calgary, Alberta Lethbridge, Alberta
Dairy Producers Co-operative Ltd. (Saskatchewan) (Manco Foods Inc.)	Canada	Regina, Saskatchewan Saskatoon, Saskatchewan Lloydminster, Saskatchewan North Battleford, Saskatchewan Winnipeg, Manitoba Brandon, Manitoba Dauphin, Manitoba
Fraser Valley Milk Producers' Co-operative Association	Canada	Vancouver, British Columbia Burnaby, British Columbia Abbotsford, British Columbia

(continued)



## MAJOR FIRMS (continued)

Name	Country of ownership	Location of major plants
Gay Lea Foods Co-Operative Limited	Canada	Baden, Ontario Weston, Ontario Guelph, Ontario Woodstock, Ontario
Kraft General Foods Canada Inc.	United States	Montreal, Quebec Ingleside, Ontario Williamstown, Ontario
Lactel Inc.	Canada	Quebec City, Quebec Montreal, Quebec Thetford Mines, Quebec
Natrel Inc.	Canada	Montreal, Quebec
Northern Alberta Dairy Pool Ltd.	Canada	Edmonton, Alberta Bashaw, Alberta Grande Prairie, Alberta Dawson Creek, British Columbia
Saputo Cheese Ltd.	Canada	Maskinongé, Quebec Saint-Léonard, Quebec Mont-Laurier, Quebec Saint-Hyacinthe, Quebec Montreal, Quebec Cookstown, Ontario

## INDUSTRY ASSOCIATION

National Dairy Council of Canada  
221 Laurier Avenue East  
OTTAWA, Ontario  
K1N 6P1  
Tel.: (613) 238-4116  
Fax: (613) 238-6247

Printed on paper containing recycled fibres.

