Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

Canada’s Dairy Industry at a Glance

Overview

Canadian milk and dairy products are as diverse as Canada’s land and people and are world-renowned for their excellence. 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 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 third (based on farm cash receipts) in the Canadian agriculture sector following grains and oilseeds and red meats.

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

Farm	**2015**
Total net farm receipts from dairying	$ 6.02 billion
Dairy manufacturing shipments	$17.0 billion
Dairy cattle population	1.4 million head (Jan 1, 2016)
Number of dairy farms	11,450 (Dec. 1, 2015)
Milk production	81.8 million hl
Organic milk production (Dairy Year 2014/15)	1.033 million hl
Goat milk production	0.547 million hl
Processing sector	
Largest processors	Saputo, Agropur and Parmalat
Number of plants	474 dairy plants
Milk utilization	
Fluid milk	27,9 millions hl
Industrial milk	53,6 millions hl

Production of main products	Specialty cheese (143,408 t.) Cheddar (146,570 t.) Mozzarella (128,587 t.) Yogurt (405,704 t.) Hard ice cream (148,722 t.) Butter (88,334 t.) Skim milk powder (97,823 t.)
Per capita consumption	Fluid milk (70.64 litres) Cheese (12.49 kg) Cream (9.94 litres) Yogurt (10.53 litres) Ice cream (4.79 litres) Butter (2.82 kg)
Dairy workforce * (2011 Census of Agriculture)	Manufacturing sector (23,322 jobs) * Dairy farm operations (22,055 jobs)
Trade	
Dairy products	
Imports	$899.4 million
Main products imported	Cheese, Milk Protein Isolates, Whey Products and Casein
Major suppliers	US, New Zealand, France and Italy
Exports	$210.7 million
Main products exported	Cheese, Milk protein substances, Whey Products and Skim Milk Powder
Major markets	United States, Egypt, China and Mexico
Dairy genetics	
Net exports (Bovine embryos, semen and live dairy cattle)	$140.7 million
Major markets for Canadian animal genetics	US, Mexico and Republic of Korea (Dairy cattle) US, Netherlands and China (Dairy Semen) Australia, Republic of Korea and India (Embryos)

Genetics (2015)

The Canadian dairy industry is famous for the superior genetic quality of its herd as well as its strong dairy cattle improvement and genetic evaluation programs. Over 75% of Canadian dairy herds are enrolled in milk recording programs. Cows recorded in official milk recording programs produced on average 10,043 kg of milk per lactation (305 days) with an average content of 3.95% fat and 3.23% protein.

The Holstein breed is the most common dairy breed (93% 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

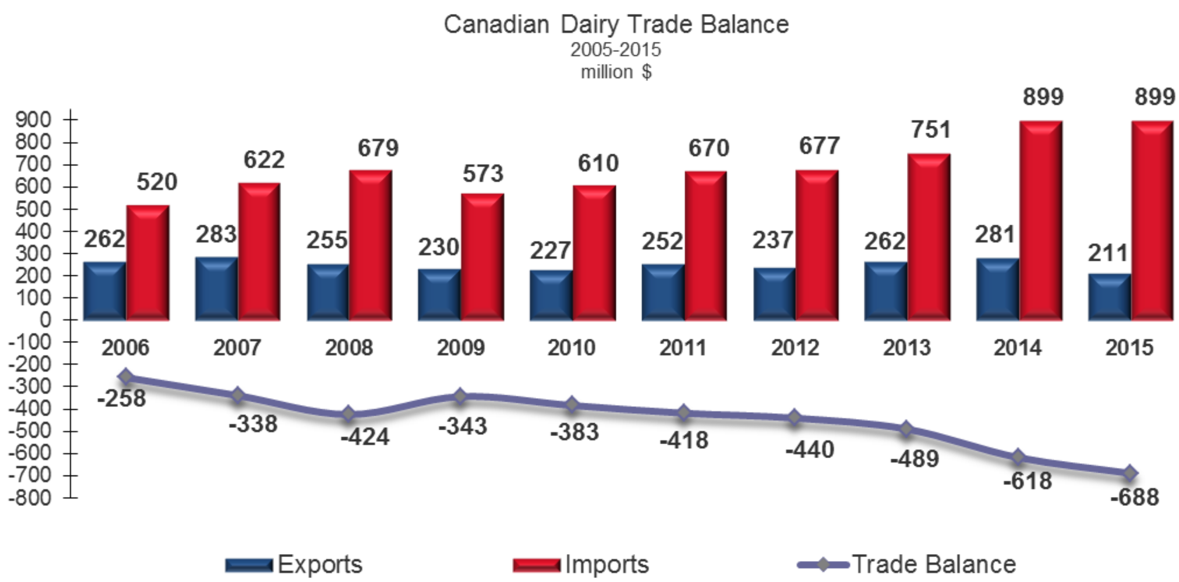
Canadians looking for healthy and nutritious products continue to have access to an ever expanding range of quality and innovative Canadian dairy products. New dairy products have been developed such as Greek-style yogurt, pre- and probiotics, lactose-free and calcium or omega-3 fortified products. Milk 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 its more than 1000 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 2015, imports of dairy products totaled 198,503 tonnes ($899.4 million) and exports reached 82,476 tonnes ($211.1 million). This represented a sluggish in import value and 24.9% drop in export value from last year. As illustrated in figure 1 of Canadian dairy trade balance during the last decade, imports of dairy have been consistently higher than exports.

Figure 1:



Volumes imported under the Import for Re-Export Program (IREP) increased in 2015 by 12% to 29,891 tonnes. Those imports accounted for 17% of total dairy imports (in volume). Dairy products imported under the IREP are mainly used to manufacture further processed food products for the export market.

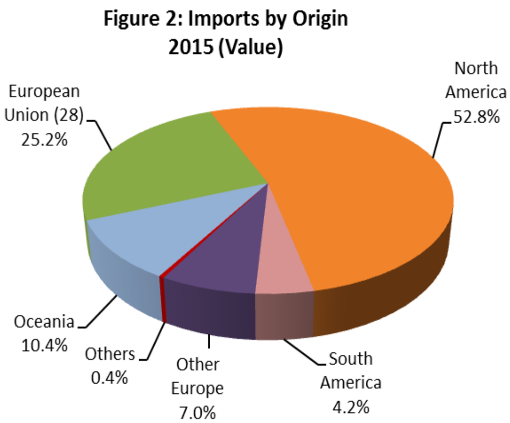
Canada is not a large exporter of dairy products. Our milk and dairy production is primarily to meet domestic requirements. Nevertheless, major Canadian dairy exports include cheese, whey products, skim milk powder, yogurt, whole milk powder and milk protein concentrates.

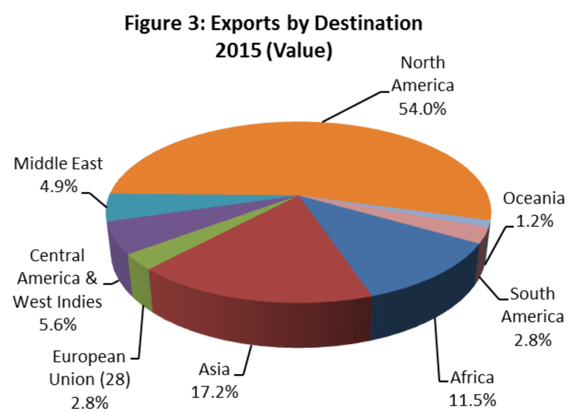
As illustrated in figures 2 and 3, the majority of Canadian imports of dairy products were from:

- North America ($474.7 million), the European Union ($226.5 million) and Oceania ($93.3 million), together these regions accounted for 88.4% in value of total imports, a 1.6% drop from 2014. The United States ($474.6 million), New Zealand ($83.6 million), France ($62.3 million), Italy ($56.3 million), and Switzerland ($46.2 million) were the top country suppliers.

Major destinations of Canadian exports include:

- North America ($114 million), Asia ($36.2 million) and Africa ($24.2 million), together represented almost 82.7% in value of total exports. The United States ($104.2 million), Egypt ($20.1 million), China (9.9 million), Mexico ($9.4 million) and Saudi Arabia ($7.3 million) were the top destination countries.





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 has also launched the proAction Initiative, a national framework that will incorporate 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.

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