



# Canada's Agriculture, Food and Beverage INDUSTRY



## Canada's Dairy Industry

Canadian milk and dairy products are recognized internationally for their superior quality. Strict quality standards at both the farm and processing levels contribute to this reputation.

In 2002, total net farm cash receipts from the dairy sector stood at \$4.2 billion. This puts the industry in fourth place in the Canadian agriculture sector behind grains, red meats and horticulture. Nearly 38,000 people work on dairy farms and close to 26,000 others work at the primary processing level.

Canada exports higher-value dairy products such as aged cheddar cheese, some of the finest specialty cheeses, ice cream and dairy beverages to traditional and new markets. Canada also exports easily stored



products such as butter, milk powders, and condensed and evaporated milk to developing countries. In the 2002, exports totalled close to \$368.1 million.

Canada also imports dairy products, \$540.5 million worth in 2002. Cheeses were the major import. The European Union is Canada's main supplier of imported dairy products, followed by the United States and New Zealand.

The Canadian dairy sector has developed a cattle population of the highest genetic level in the world. This is based on strong milk recording and genetic evaluation programs, which have been in place in Canada since 1905. Canadian dairy cattle, recognized for their ability to produce high quantities of milk over many lactations, are exported to more than 50 countries. Exports of Canadian dairy genetic material are valued at more than \$168 million annually.

Major export markets include the United States, China, the European Union, Japan, South America, Australia and the Middle East.

The industry has excellent research and development capabilities, both at the production and processing levels. Impressive research facilities (government, universities and private-sector) contribute to the long-term competitiveness of the sector—as well as the safety and quality of dairy products—through the development and transfer of innovative technologies.

Canada's dairy sector functions under a supply management policy framework. This orderly marketing system is designed to encourage the production of sufficient volumes of industrial milk and cream to meet domestic demand for dairy products as well as certain planned exports.

The Canadian Dairy Commission and Agriculture and Agri-Food Canada, in partnership with producer associations such as the Dairy Farmers of Canada and dairy processors' organizations such as provincial dairy councils, play a key role in helping ensure that the Canadian dairy industry remains strong and dynamic.



## Additional information

There are two markets for domestic milk in Canada: the fluid market (table milk and fresh cream) and the industrial market (manufactured dairy products such as butter, cheese, yogurt and ice cream).

About 80 per cent of Canada's dairy farms are in Ontario and Quebec; the rest are in the Western provinces and Atlantic provinces.

In 2001–2002, 1.14 million cows on 18,673 dairy farms produced close to 75 million hectolitres of milk. In 2001, dairy products shipped from approximately 292 processing plants were valued at \$9.9 billion, accounting for 13.6 per cent of all processing sales in the food and beverage industry in Canada.

In 2002, Canadian cheddar cheese production continued its growth to 122,943 tonnes. Specialty cheese production also increased to 211,687 tonnes. Mozzarella led the way, accounting for 57 per cent of total specialty cheese production. Overall, Canada produces more than 300 different varieties of fine cheeses including raw milk cheeses and goat and sheep cheeses. Butter production totalled 75,644 tonnes.

In 2002, Canada produced 473 million litres of ice cream and ice cream products (hard and soft ice creams and ice cream mixes) and 8.1 million litres of frozen yogurt (hard and soft frozen yogurt mix). Yogurt production continued to grow, totalling 176 million kilograms.

## For more detailed information

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**Further information on products, suppliers and investment opportunities in the Canadian agri-food industry is available on the Agri-Food Trade Service Web site at: <http://ats.agr.ca>.**

Canada's food and beverage industry is recognized internationally as being among the best in the world, both in terms of ensuring food safety and quality, and in providing a trade friendly environment. Consumers are more aware of food security, safety and quality, and are demanding more information about how their food is produced. More than ever, consumers want to know that their food is safe and that it has been produced in an environmentally responsible manner.

Canada's objective is to be the world leader in food safety, innovation, and environmentally responsible production and to be the best at meeting the needs of consumers at home and abroad.