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Dairy and Products

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Report Highlights:

In calendar year 2001, fluid milk production was down slightly to 8.1 million metric tons (MMT) from 2000 levels due to less cows in milk. Cheddar cheese production totaled 120,673 metric tons, while butter production amounted to 81.6 metric tons (MT). Production of skim milk powder was 90,288 metric tons. For 2002, total fluid milk production is forecast to be 8.130 MMT. Production of cheese (cheddar and variety) is forecast to decrease slightly to 320,000 MT. Butter production is forecast to increase to 90,000 MT. Production of nonfat dry milk is forecast to remain unchanged at 90,000 MT.

Includes PSD changes: Yes
Includes Trade Matrix: No
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DAIRY SITUATION 2001

In 2001, nearly 75% of the milk produced in Canada (excluding Newfoundland) went toward the manufacturing of fluid milk and cream (37.4%) and for cheeses (38.2%). Yogurt and ice cream account for 4.3% of milk produced in Canada, while 4.2% of milk is used in the manufacturing of butter, milk powders, condensed milk and all other dairy products cover the remaining 15.9% of milk.

Fluid Milk

According to the Canadian Dairy Information Centre (CDIC), the average production of cows enrolled on official milk recording programs reached an impressive level of 9,242 kilograms of milk in 305 days of lactation, based on official records for all breeds in 2001. Protein and butterfat levels averaged 3.24% and 3.72% respectively. For the dairy year 2000/2001, there were 1.14 million cows in Canada on 19,363 dairy farms, delivering 75.1 million hectolitres of milk. The average Canadian dairy farm had 59 cows and produced 3,878 hectolitres of milk. Fluid milk production in calendar year 2001 was down slightly to 8.1 million metric tons (MMT) from 2000 levels due to less cows in milk.

Per capita milk consumption has continued to decline, reaching 87.01 Litres in 2001, a drop of 1% compared to the previous year. Canadians opt more and more for milk with a lower fat content (1% and skimmed) substituting for 2% and 3.25% milk.

Cheese

In 2001, Canadian cheddar cheese production totaled 120,673 metric tons. This represents a 10.5% decrease compared to the previous calendar year. Hard and semi-hard cheeses continue to represent the majority (93.3%) of the cheese production. Cheddar makes up 35% of total cheese production, and mozzarella 33.6%. Specialty cheeses account for nearly a quarter of the total Canadian cheese production. The province of Quebec remains the major cheese producer in Canada, accounting for approximately half of the total production. Quebec remains the leading producer of cheddar cheese, with 48% of Canada's total production.

Canada's production of specialty cheeses increased by more than 3%, with a production of 200,038 metric tons in 2001, in response to increased demand by consumers for soft and semi-soft cheeses. Mozzarella leads the way, accounting for 58% of total specialty cheese production. However, a significant increase is noticed in the speciality cheeses, other than mozzarella, in particular the soft cheese varieties. Quebec is the major producer of cheese in Canada, with 57% of total domestic production of cheddar and specialty cheeses. Brie, Camembert, Gouda, along with other specialty cheeses are produced in various regions of Canada. Overall, Canada produces more than 300 different varieties of specialty cheeses including raw milk cheeses, as well as goat and sheep cheeses.

Butter

In 2001, butter production amounted to 81.6 metric tons, an increase of 6.5% compared to the previous year. Despite growth in 2001, average butter production remains below levels reached over the last decade. Quebec produced 43% of the total Canadian butter production, followed by Ontario with 28%.

Canadian butter consumption increased significantly by 13.5% to reach 3.28 kilograms per capita. However, much of the rise can be attributed to the fact that there is a recent climb in the number of imports arriving for re-export. These imports are a part of the per capita consumption calculation.

Nonfat Dry Milk (Skim Milk Powder)

Canadian production of skim milk powder in 2001 was 90,288 metric tons, up 20% from the previous year.

Processing

The dairy processing sector is relatively concentrated and has seen significant consolidation over the past few years. Today, 36% of plants are owned by the three leading processors (Parmalat, Saputo, Agropur) and they process 71% of the milk produced in Canada. Dairy cooperatives continue to form an important part of the dairy processing sector, handling more than a third of the milk processed.

Trade

Canadian dairy product exports totaled C$440.3 million in 2001 Canada exports easily stored products like butter, milk powders, condensed and evaporated milk to developing countries. Higher-value dairy products such as aged cheddar cheese, some speciality cheeses, ice cream and dairy beverages have also been exported to traditional and new markets.

Dairy product imports into Canada totaled C$545 million in 2001. Cheeses had the majority with 36% of import receipts, followed by casein and casein products (17.5% for year 2001). The European Union is Canada's main supplier of imported dairy products, accounting for 34.5% of total dairy product imports. Cheese is the main dairy product imported from European Union countries. The New Zealand is Canada's second leading cheese supplier with 27%, followed by the United States with 23%.

DAIRY OUTLOOK 2002

Fluid Milk Production Up

Total fluid milk production for Canada in 2002 is forecast to be 8.130 MMT, up from 8.106 MMT in 2001. Exports of fluid milk are expected to be down nearly 40% in 2002 to 5,000 metric tons (MT) from 8,000 MT in 2001.

Cheese Production Down

Production of cheese (cheddar and variety) is forecast to decrease slightly from 2001 production of 322,000 MT to 320,000 MT for calendar year 2002. Imports of cheese are forecast to decrease to 25,000 MT for 2002 compared to 27,000 MT in 2001. Exports of cheese are forecast to decrease in 2002 to 15,000 MT compared to 2001 exports of 19,000 MT. Stocks of cheese are expected to decrease from the high of 50,000 MT encountered in 2001 and return to a more average estimate of 45,000 MT.

Butter Production Up

Butter production for 2002 is forecast to increase to 90,000 MT from production of 82,000 MT in 2001. As a result, butter imports are forecast to decrease from the high of 26,000 MT in 2001 to 14,000 MT for 2002. Butter exports are forecast to increase from 16,000 MT in 2001 to 20,000 MT for 2001. Stocks are forecast to increase from 14,000 MT in 2000 to 18,000 MT for 2001.

Nonfat Dry Milk (Skim Milk Powder) Unchanged

Production of nonfat dry milk for 2002 is forecast to remain constant from the 2001 production levels of 90,000 MT. It is expected that Canada will continue to import nonfat dry milk, with imports for 2002 forecast to decrease to 2,000 MT, down from 3,000 MT in 2000. Exports for 2002 are forecast to reach a ten-year high of 50,000 MT, up from 46,000 MT in 2001. Ending stocks of nonfat dry milk are forecast to decrease slightly from 19,000 MT in 2001 to 18,000 MT in 2002.

POLICY DEVELOPMENT AND INDUSTRY NEWS

A table at the end of the report lists all reports regarding developments in dairy policy and the dairy industry since the 2001 Dairy Annual Report.

Additional information about the Canadian dairy industry is available in the Canadian Dairy Commission's 2000/2001 Annual Report, accessible on the internet at:
http://www.cdc-ccl.gc.ca/cdc/main_e.asp?catid=621

DAIRY STATISTICS

Table 1: Fluid Milk PS&D

PSD Table						
Country	Canada					
Commodity	Dairy, Milk, Fluid				(1000 HEAD)(1000 MT)	
	Revised	2000	Prelimin.	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Cows In Milk	1141	1141	1136	1136	1130	1137
Cows Milk Production	8159	8161	8250	8106	8250	8130
Other Milk Production	0	0	0	0	0	0
TOTAL Production	8159	8161	8250	8106	8250	8130
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	8159	8161	8250	8106	8250	8130
Intra EC Exports	0	0	0	0	0	0
Other Exports	6	6	10	8	10	5
TOTAL Exports	6	6	10	8	10	5
Fluid Use Dom. Consum.	2913	2913	2900	2909	2875	2850
Factory Use Consum.	4800	4802	4900	4871	4925	4875
Feed Use Dom. Consum.	440	440	440	318	440	400
TOTAL Dom. Consumption	8153	8155	8240	8098	8240	8125
TOTAL DISTRIBUTION	8159	8161	8250	8106	8250	8130
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	6	5	10	6	0	3

Table 2: Cheese PS&D

PSD Table						
Country	Canada					
Commodity	Dairy, Cheese				(1000 MT)	
	Revised	2000	Prelimin.	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Beginning Stocks	42	42	48	46	47	50
Production	328	328	323	322	325	320
Intra EC Imports	0	0	0	0	0	0
Other Imports	29	29	26	27	25	25
TOTAL Imports	29	29	26	27	25	25
TOTAL SUPPLY	399	399	397	395	397	395
Intra EC Exports	0	0	0	0	0	0
Other Exports	18	18	20	19	20	15
TOTAL Exports	18	18	20	19	20	15
Human Dom. Consumption	333	335	330	326	332	335
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	333	335	330	326	332	335
TOTAL Use	351	353	350	345	352	350
Ending Stocks	48	46	47	50	45	45
TOTAL DISTRIBUTION	399	399	397	395	397	395
Calendar Yr. Imp. from U.S.	9	9	6	6	6	6
Calendar Yr. Exp. to U.S.	6	6	5	5	5	5

Table 3: Butter PS&D

PSD Table						
Country	Canada					
Commodity	Dairy, Butter				(1000 MT)	
	Revised	2000	Prelimin.	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Beginning Stocks	14	14	15	15	17	20
Production	77	77	83	82	80	90
Intra EC Imports	0	0	0	0	0	0
Other Imports	15	15	19	26	15	14
TOTAL Imports	15	15	19	26	15	14
TOTAL SUPPLY	106	106	117	123	112	124
Intra EC Exports	0	0	0	0	0	0
Other Exports	7	7	15	16	10	20
TOTAL Exports	7	7	15	16	10	20
Domestic Consumption	84	84	85	87	85	85
TOTAL Use	91	91	100	103	95	105
Ending Stocks	15	15	17	20	17	19
TOTAL DISTRIBUTION	106	106	117	123	112	124
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0
Calendar Yr. Exp. to U.S.	6	6	15	15	10	10

Table 4: Nonfat Dry Milk (Skim Milk Powder)

PSD Table						
Country	Canada					
Commodity	Dairy, Milk, Nonfat Dry				(1000 MT)	
	Revised	2000	Prelimin.	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Beginning Stocks	6	6	17	17	20	19
Production	75	75	85	90	70	90
Intra EC Imports	0	0	0	0	0	0
Other Imports	2	2	3	3	3	2
TOTAL Imports	2	2	3	3	3	2
TOTAL SUPPLY	83	83	105	110	93	111
Intra EC Exports	0	0	0	0	0	0
Other Exports	32	32	44	46	40	50
TOTAL Exports	32	32	44	46	40	50
Human Dom. Consumption	31	31	38	42	35	40
Other Use, Losses	3	3	3	3	3	3
Total Dom. Consumption	34	34	41	45	38	43
TOTAL Use	66	66	85	91	78	93
Ending Stocks	17	17	20	19	15	18
TOTAL DISTRIBUTION	83	83	105	110	93	111
Calendar Yr. Imp. from U.S.	0	0	1	1	0	1
Calendar Yr. Exp. to U.S.	9	9	6	5	0	5

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Related FAS/Ottawa Reports:

Report Number	Title of Report	Date
CA2084	Canadian Dairy Consumers Continue to Get a "Good Deal"	7/11/2002
CA2081	Canada to Appeal WTO Dairy Ruling	6/28/2002
CA2069	Canadian Presidency Continues at IFAP	6/06/2002
CA2066	Ontario Milk Quota down 1%	5/30/2002
CA2030	Saputo Buys Conagra Cheese Plant	3/22/2002
CA2018	Ontario Milk Production Running 5% Higher	2/22/2002
CA2016	Agropur Records Record Earnings	2/14/2002
CA2012	CRFA Goes to Court January 31 Seeking Relief from Rising Cheese Prices	2/01/2002
CA1176	CDC Raises Support Prices for Butter and Skim Milk Powder	12/18/2001
CA1174	Ontario Fund Promotes Milk Consumption and Healthful Kids	12/14/2001
CA1173	Dairy Annual - Milk Production up Slightly from Previous Year to 8.25 MMT	12/14/2001

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