



## Dairy Trade and Canada



### The EU Dairy Sector and EDA

The European Dairy Association (EDA) is the voice of the milk processing companies, cooperatives and privately owned dairies, at EU level.

With 12,000 milk and dairy processing sites across Europe, our sector represents the economic backbone of rural Europe and the industrial basis in many so-called less favoured areas. We partner daily with over **700,000 dairy farms**, accounting for 14% of the whole EU food and drinks industry. Together with over **300,000 industry employees**, we all guarantee the high quality of our raw material and our dairy products, which are an essential part of our culinary heritage and of our European cultural treasure. **Self-sufficient at 114%**, milk and dairy consumption in the EU is expected to remain stable while global demand will increase by 1.8% per annum over the coming decades<sup>1</sup>. While 5 out of the global TOP 10 dairies are headquartered in Europe, the European 'lactosphere' is characterised by a tissue of SMEs (small and medium sized enterprises) comprising **more than 80% of the total number of dairies** in most of the EU Member States. More than €6 bill. were invested over the last years into milk processing capacities in the Union to prepare for the end of the milk quota regime and to be best placed to answer the growing global demand. We do support the EU Commission's efforts to enhance global trade and – as a dairy sector – we are proud to add nearly **€10 bill. to the EU positive trade balance**.

<sup>1</sup> EU Commission Outlook 2016

**EDA welcomes the work of the EU Commission in concluding the EU-Canada Comprehensive Economic and Trade Agreement (CETA).** While the European dairy industry strongly favours the complete liberalisation of trade between the EU and Canada for all dairy products, we understand the difficulty the Commission had in pursuing such an approach, due to reluctance on the Canadian side. Still, giving more access for European cheese producers is seen as an important gain from this agreement.

From the beginning of the EU-Canada free trade agreement negotiations, agriculture (and dairy in particular) has been in the centre of the discussions. The EU and Canada are historical large dairy producers, both being in the top 15 global milk producing regions.





## Canada & EU dairy in figures

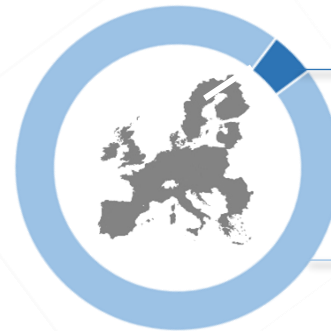
**1,4 mio**  
dairy cows

**36 mio**  
inhabitants



**23,6 mio**  
dairy cows

**500 mio**  
inhabitants



**Direct jobs on milk processing sites**

**300,000**



**Average dairy herd size**

**Canada**

**83 cows**

(Source: Canadian Dairy Information Centre, 2016)



**European Union**

**36 cows**

(Source: EDA Survey)

**Milk production Increase 2011-2016**

**+9%**



**+10%**



**2015-2016**

**+4.6%**



**+0.6%**



**Dairy farms in 2016**

**Canada**

**11,280**

(Source: CCIL)



**European Union**

**700,000**

(Source: EDA Survey)

**Dairy processing plants in 2016**

**Canada**

**471**

(Source: CCIL)



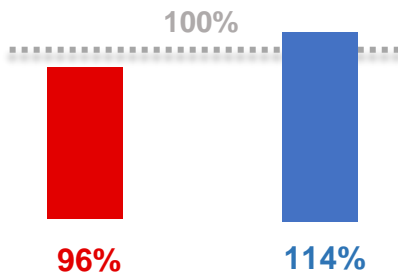
**European Union**

**12,000**

(Source: EDA Survey)



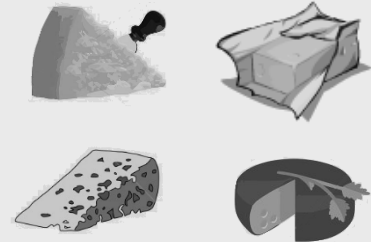
## Self-sufficiency in milk



(Source: IFCN – Dairy Report 2016)

## 5 most popular EU dairy products in Canada

- Grana Padano
- Parmigiano Reggiano
- Natural butter
- Blue-veined cheese
- Gouda



Whereas nowadays the EU opts for a more market oriented approach, favoured by the European Dairy Industry, Canada still uses supply management policies of the last century to support artificially its dairy producers.

The use of these protectionism policies by Canada should not violate its international commitments especially CETA and WTO. The European Commission is aware this is the case for the following policies which go against free trade:

- Canada's compositional standards for cheese, implemented in 2008, which have had the effect of limiting imports of ingredients including casein, powdered Milk Protein Concentrate (MPC), Milk Protein Isolate (MPI) and Whey Protein Concentrate (WPC) as inputs into cheese making.
- An ice cream program, pursuant to which processors receive a subsidy for using Canadian milk-fat, both cream and butter, to substitute for imports. In addition, a rebate is paid to advance the "Buy 100% Canadian ice cream" promotion program.
- Special classes of milk pricing, such as class 7 which offers Canadian processors non-fat milk solids at subsidised prices well below the domestic cost of production, for ingredient applications like skim milk powder, MPC and ultra-filtered milk.

In the context of the CETA implementation, rules on the TRQ management are still being finalised by Canada. In order for the industry to make the most out of CETA, it is crucial that these rules are published in a timely manner, transparent and "trade-conductive".

## Canada & FTAs



(Source: Canada.ca)





## Canada & EU dairy exports to the World

Quantity in tonnes

from Canada 

from the European Union 

	2014	2015	2016	Change 2015-16	2014	2015	2016	Change 2015-16
<b>040510</b> , Butter	19	21	59	+ 185.07%	115,419	136,003	164,348	+ 20.84%
<b>040590</b> , Butteroil	419	496	734	+ 48.02%	21,462	37,409	42,986	+ 14.91%
<b>350110</b> , Casein	5,327	5,385	4,207	- 21.89%	108,994	127,946	121,352	- 5.15
<b>350190</b> , Caseinates	1,741	2,143	1,447	- 32.47%	72,015	91,149	126,439	38.72
<b>0406</b> , Cheese	6,300	5,222	5,539	+ 6.07%	720,682	718,579	800,155	+ 11.35%
<b>040291- 99</b> , Condensed Milk	647	350	895	+ 155.57%	394,469	440,195	367,472	-16.52%
<b>040520</b> , Dairy Spreads	3	691	2	- 99.66%	10,980	5,017	4,358	- 13.14%
<b>170211- 19</b> , Lactose	2,547	2,669	953	- 64.29%	173,929	169,078	183,607	+ 8.59%
<b>040490</b> , MPCs <85%	7,806	5,423	5,237	- 3.44%	64,525	65,018	76,596	+ 17.81%
<b>040210</b> , SMP	7	0	0	0%	647,926	691,689	574,184	- 16.99%
<b>040410</b> , Whey	23,373	24,047	25,074	+ 4.27%	504,591	540,208	556,753	+ 3.06%
<b>040221- 29</b> , WMP	39	20	0	- 99.79%	389,743	400,112	380,447	- 4.91%
<b>350220</b> , WPC>80% /WPI	18	18	36	+ 95.87%	15,675	16,541	26,230	+ 58.57%
<b>3504</b> Peptones	2,218	2,435	2,405	- 0.01%	53,610	56,478	62,435	+ 10.55%

Sources: IFCN – Dairy Report 2016 ; Canadian Dairy Information Centre ; Les Producteurs Laitiers du Canada ; Farm Credit Canada ; ÉcoRessources 2016, Canadian Government ; EDA Surveys 2015-2016 ; Global Trade Atlas ; Eurostat