



Dairy Farming for Tomorrow

Dairy Farmers of Canada is committed to growing the Canadian dairy market. Farmers continue to work to make supply management better. Over time, the dairy products offered in Canada have multiplied and diversified. For DFC, quality and safety are vital, as are farm sustainability, animal well-being and farmers' profitability.

Lately, there has been heightened attention on trade talks and the government's global commerce agenda. DFC continues to support the Canadian government entering trade talks. Canada has successfully completed trade deals with several countries and we're confident that it will conclude new trade deals with other countries, without any negative impact on supply management.

In any negotiations, all countries have sensitivities, and Canadian sensitivities go beyond supply management and agriculture. The Canadian Prime Minister was clear again that the government wants to do what is best for the Canadian economy and individual sectors as well.

DFC has the goal to maintain the prosperity and viability of the Canadian dairy industry, as well as supply management that is geared to the ever-changing marketplace. We continue to work with the government to realize this shared goal.



Wally Smith, DFC President, and the Honourable Gerry Ritz, Minister of Agriculture and Agri-Food, trying out recipes made with 100% Canadian Milk from the 2012 Milk Calendar, at the DFC Annual Dairy Policy Conference held in February, in Ottawa.

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Stand up for your milk Canada

Have you checked out www.yourmilk.ca lately? There are now two new sections, "[The Pillars](#)" and "[Frequently asked questions](#)". Six new videos have also been added. Take a look and hear the voices of Canada's dairy farmers.

Remember to:

- "like" our Facebook page;
- tweet to encourage your followers to have a look!



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DFC also invests in research, focusing on innovation and knowledge transfer and prioritizes work that improves:

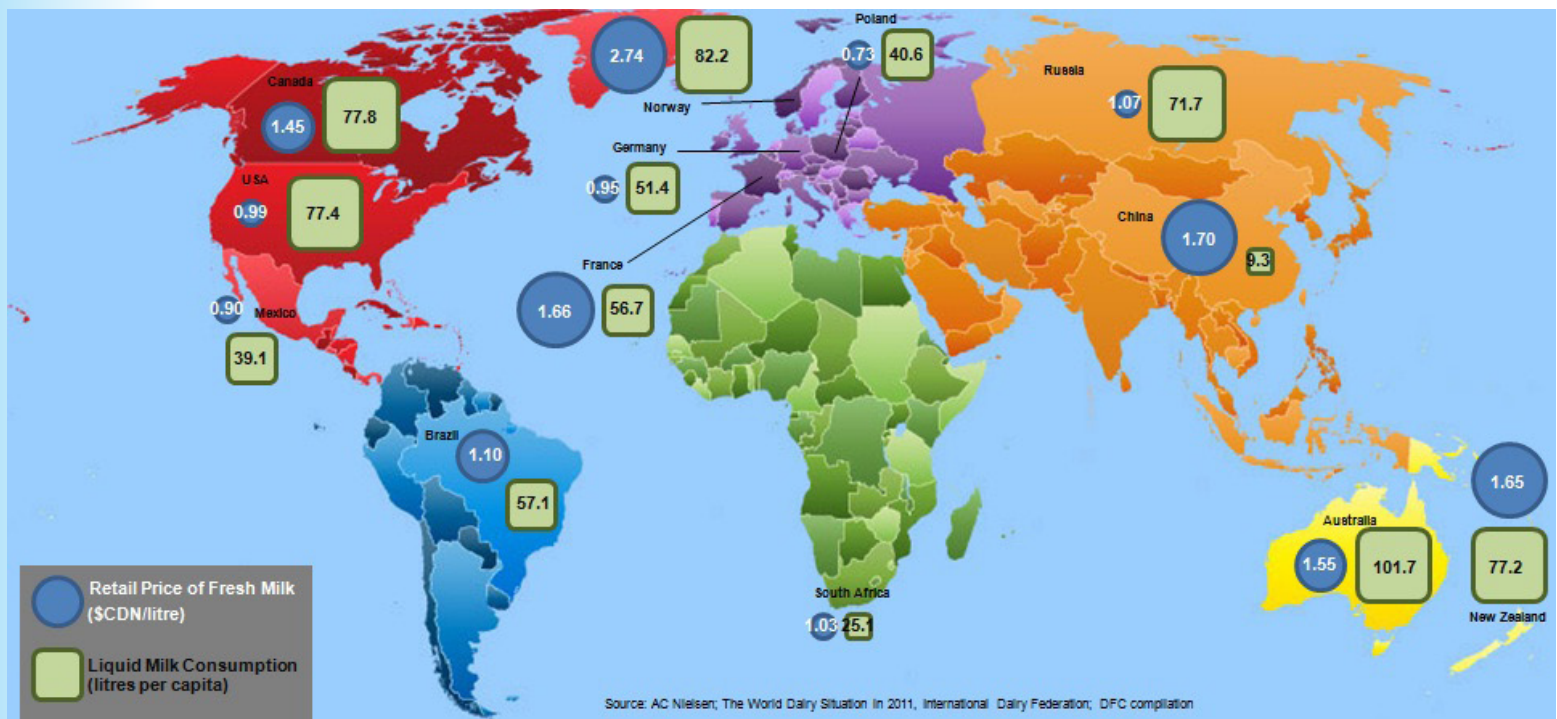
- competitiveness and profitability of dairy production in Canada;
- animal health and welfare;
- economic, environmental and social sustainability of milk production;
- nutritional and health benefits of milk and milk products for Canadians.

Canadian dairy farmers encourage innovation and regularly collaborate with processors and other partners to increase the demand for Canadian milk and dairy products.

The dairy sector provides 215,000 jobs on the farm, in processing plants and related products and services in Canada. It is one of the top two agricultural sectors in seven out of ten provinces.

DFC is proud of its contribution to the Canadian economy and its investment in research and knowledge advancement! As such, it aims to ensure today's dairy industry's success and a promising future for tomorrow's industry.

Global Picture of Liquid Milk Consumption



The map above shows beverage milk prices and consumption data compiled by AC Nielsen and the International Dairy Federation, respectively. The prices indicated are national averages and reflect buying patterns, not the typical price of one litre of milk. In Canada, for example, many consumers buy milk in the 4-litre bag or jug.

DFC is proud that Canadians are among the biggest consumers of milk in the world. While milk consumption has decreased as a result of various factors – an aging population and fewer children, adoption of Asian diets, a range of alternative sources of calcium in drinks, supplements and other forms, we are nevertheless seeing a rise in the consumption of cheese, yogurt and other dairy products.



New Dairy Farmers Welcome!

Enabling young and beginning farmers is a smart and vital investment for the long term prosperity of agriculture in Canada. Farming requires a large financial investment, and dairy is no exception. It is capital-intensive and requires investment in land, buildings, livestock, equipment and quota. Canada's provincial dairy farmer organizations have all developed a new entrant program to facilitate entry into the industry.

The purpose of each provincial program is to attract investment to the industry by providing assistance that accelerates the establishment of financially-secure farm businesses. The new entrant programs either loan or allocate quota to new farmers, enabling them to benefit from the income of selling extra milk, without paying for that additional quota.

The 2012 recipients in New Brunswick, Kim Waalderbos and her partner, David deVries, are setting up a new farm this year. They certainly understand the benefits of the program. "We're grateful for the Dairy Farmers of New Brunswick New Entrant program. Through it, we are able to boost our short-term income during the crucial first years as beginning farmers when the financial picture is especially tight," said Kim. The program has made their dreams a reality sooner than they could have imagined. "The new entrant program has shaved years off our start-up timelines, enabling us to start farming at an age when we are physically better able to work the long hours so we can get our farm established," said Kim.

Between 2006 and 2011, the Fédération des producteurs de lait du Québec loaned quota to 64 farmers, only three of which have left the industry. In comparison, Industry Canada reports that the survival rate of small and medium-sized businesses in Canada is just 51% after five years in business¹. With a survival rate of 95%, recipients of the new entrant programs are establishing themselves as successful farmers in the Canadian dairy industry.

¹ [Key Small Business Statistics](#), Industry Canada, July 2011

Program details		
	New entrants receive:	Max. Recipients/Year
B.C.	13.7 kg of quota; additional quota purchased in first 5 years will be matched, up to 5.5 kg	None
Alta.	15 kg of loaned quota when 15 kg is purchased on the exchange	5
Man.		4
Sask.	10 kg of loaned quota when at least 1 kg is owned	24 in last 5-year period
P5*	12 kg of loaned quota when 12 kg is purchased on the exchange	25
N.L.	15 years to make interest-free payments on 1,200 litres of fluid milk quota (~43 kg)	1 every 4-5 years

*P5 includes Ontario, Quebec, Nova Scotia, New Brunswick and Prince Edward Island

DFC welcomed the recent announcement from the Honourable Gerry Ritz, Minister of Agriculture and Agri-Food, and Farm Credit Canada, introducing a young farmer loan program. DFC and our members are committed to encouraging new and young farmers to get into the dairy sector.



The Complexity of Agricultural Subsidies

The “new generation trade agreements” are touted as comprehensive and ambitious, with no a priori exemption. But how comprehensive are they really?

A quick look at the list of issues on the negotiating agendas of the current negotiations between Canada and the European Union, as well as the Trans-Pacific Partnership, in which Canada has expressed an interest in participating, reveals that domestic support has been left out.

The biggest spenders, Europe and United States, claim that domestic support isn't an issue for bilateral trade talks and should be addressed only at the multilateral level. However, they seek bilateral duty-free access for products and sectors that receive domestic subsidies. This is an issue for all trade talks because agricultural subsidies, whether decoupled from production or not, grant farmers a comparative advantage. They supplement farmers' income or lower their cost of production, which means farmers are then able to accept a lower price from the market.

Understanding and assessing the level of support conferred to agriculture isn't an easy task. Export subsidies and domestic subsidies are differentiated. Export subsidies are unanimously seen as highly trade-distorting. There are three categories of domestic agricultural subsidies according to the World Trade Organization: distorting; less distorting; and, non/minimally distorting. Moreover, other subsidies that are not reported as agricultural subsidies to the WTO, such as irrigation programs, also confer benefits to farmers. A [2010 study](#) by Grey, Clark and Shih looked at programs conferring benefits to U.S. agriculture. It revealed that American taxpayers pay, through various programs, the equivalent of 31 cents per litre of milk produced in the U.S. While these subsidies don't all necessarily reach farmers, it is a cost that taxpayers incur to acquire milk in the U.S.




In recent years, export subsidies have gone down worldwide. Higher world prices for agricultural products partly explain this decrease, but policy reforms are also part of the equation. These reforms, however, have not resulted in lower overall support for agriculture. The European Union, for example, has redistributed the money used previously for export subsidies to their direct payment scheme. The EU budget for its Common Agricultural Policy is in the 58 billion Euros range. Dairy farmers get about 15% of the CAP benefits - nine billion Euros of direct subsidies. On average, this represents about 20% of the dairy farmers' income in the European Union. Indeed, dairy farmers in Europe have told us that payments represent between 20% and 40% of their income, depending on what country they live in.



In Canada, dairy farmers make their living directly from the marketplace, not the government trough.



There are **100** good reasons
to look for the 100% Canadian Milk symbol on your dairy products.





Rose, an award-winning dairy cow, is one of them.

Rose, from Montmagny, Québec, has been named the world's most beautiful dairy cow, two years running. What really sets Rose apart is her excellent milk production. Fresh, natural tasting, 100% Canadian milk.

Go to 100canadianmilk.ca/100reasons for more good reasons to look for the 100% Canadian Milk symbol.

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