International Dairy Arrangement

INTERNATIONAL DAIRY PRODUCTS COUNCIL

Reply to Questionnaire 5 Regarding Information on Domestic Policies and Trade Measures

CANADA

Supplement

Change in Dairy Policy

Price

Current dairy policy dictates that the target return to producers for their industrial milk production is to be established using the "returns adjustment formula". Effective 1 April 1981 the "formula" indicated an increase in the target price to $36.61 per hectolitre. This represented a 2.5 per cent increase over the level of $35.70 per hectolitre effective 1 January 1981. In conjunction with this increase the support price of butter was raised by $0.15 to $3.78 per kg., and skim milk powder increased by $0.08 to $2.28 per kg. Effective 1 August, target returns for industrial milk were increased from $36.61 per hectolitre to $38.06 per hectolitre for milk shipments needed for Canadian requirements. The Canadian Dairy Commission was also authorized, effective the same date, to increase the support price for butter to $3.95 per kg. and that for skim milk powder to $2.37 per kg. The subsidy of $6.03 per hectolitre will continue on the total market share quota of 48.9 million hectolitres.

Dairy policy review

The original "long term dairy policy" was implemented in 1975 for a five-year period. As such the policy became eligible for review in 1980; to this end an interdepartmental review of the policy is currently in progress. On 23 and 24 March 1981 consultations between the Federal Government and the industry took place; the industry expressed its views regarding the policy and indicated in which direction it would like to see the policy evolve. The interdepartmental committee has submitted its final report and this is now being assessed by the Government. On 30 July, Agriculture Minister Whelan announced that the current dairy policy will continue unchanged until the dairy policy review is completed this fall.