International Dairy Arrangement

INTERNATIONAL DAIRY PRODUCTS COUNCIL

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

CANADA

Adjustment policy in the dairy sector

Statistics for the 1988/89 dairy year show August to March milk shipments (fluid and industrial) up 2.3 per cent compared to the corresponding period in 1987/88. There has been no growth in the fluid milk sector. Industrial milk and cream shipments are up by about 3.7 per cent in spite of no change in quota. The Market Sharing Quota (MSQ) has been used more rapidly this year. By the end of April, 75.2 per cent of MSQ had been utilized as compared to 72.7 per cent utilization in 1987/88. The forecast is for a 1988/89 production of 49.1 mhl., an over-utilization of MSQ of 3-4 per cent.

The Target Returns for industrial milk and support prices for butter and skimmed milk powder are to be reviewed prior to 1 August 1989. We are currently forecasting no change in Target Returns and support prices for 1989/90.

The recent federal budget has eliminated the $6.03/hl. direct payment on 1.1 mhl. of the Special Export Programme milk and the financing of skimmed milk powder marketing operating costs as of 1 August 1989. Also, Canadian Dairy Commission's operating budget related to surplus product marketing activities will be recoverable from producers. The total cut is $14 million in a full fiscal year.