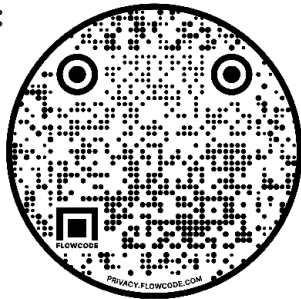


THE MAPLE SYRUP CARTEL

Quebec's Maple Syrup Stockpile Podcast

The QR code below goes to a three-minute podcast from Planet Money on a case of market consolidation in Canada.

Scan to Listen:



<https://www.npr.org/sections/money/2019/04/10/711779666/the-maple-syrup-cartel>

Concepts Addressed:

- Market Structures
- Market Concentration
- Imperfect Competition

Teacher Notes:

Over 70% of the world's maple syrup supply comes from Quebec and the individual producers are required to join the cartel arrangement established several decades ago. A cartel is an agreement among producers to stop competing and produce and distribute under one set of output goals to control the supply. This will keep prices high and stable. The individual producers give up their independence and must submit to the rules of the organization. One of those rules is that they turnover a portion of their output each year, without compensation, to the National Stockpile or Reserve. The Reserve sits in remote locations and is released into the market by the cartel during lean years to maintain price stability. This guarantees a good price for producers regardless of what the trees are able to produce in any given year. Not everyone is happy to be forced into this arrangement and some producers will go rogue and sell in the dark of night over the border in the U.S. Several years ago, there was a theft of thousands of barrels from the stockpile that was smuggled across the U.S. border and sold surreptitiously.

Student Questions after listening to the podcast:

1. Describe the system that the Federation of Quebec Maple Syrup Producers has created.
2. Why is this a profitable arrangement for Quebec's syrup producers?
3. Why is this arrangement not such a good deal for consumers (62% of them being Americans)?
4. What would happen to the syrup industry if the Federation were broken up and producers returned to a free market?

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Answer Key:

1. The Federation has set up a quota system where all of the syrup produced by individual farmers is allocated to the market in strict quantities in order to keep the price stable and predictable.
2. This system all but guarantees a generous and predictable revenue stream for farmers, even in years when crop yields are down. It also pools resources to create marketing plans to keep people interested in syrup. Individual farmers would not have the resources to produce promotional commercials.
3. Consumers end up paying more for syrup than a free market would determine. The heavy advertising of maple syrup does not allow for other industries that might offer substitutes to compete.
4. The price of syrup would fall as output would no longer be coordinated and individual producers would deliver all their product to market. It would become less profitable to be a syrup producer and many would get out of the business. Major and influential ad campaigns would end, and more people would be exposed to alternatives to maple syrup.

Final note:

Here is a longer version of the podcast (9 minutes) if you want your students to hear more about the black-market activities and the grand theft maple in 2011.

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Also, there is a series on Netflix called “Dirty Money” and they go into detail about the cartel and the major heist of the syrup. [impact-an-entire-global-industry](#)