

Tapping Québec's Strategic Reserve... or We've Got Your Pancakes Covered

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Few Americans are likely aware that Québec maintains a strategic reserve that was recently tapped to keep your pancakes and waffles covered in maple syrup. On November 19, 2021, the Federation of Québec Maple Syrup Producers (QMSP) announced that 50 million pounds (about 4.5 million gallons) of maple syrup valued at more than US\$145 million would be released from its strategic reserve;¹ an amount equal to about one-half of the existing reserve, or 70.6 percent of annual U.S. imports or 46.5 percent of annual U.S. consumption in 2019. This EBOT describes the Québec maple syrup marketing system and how it and other factors affect the interdependence of the U.S. and Canadian maple syrup markets.

Global maple syrup production is concentrated in the hardwood forests of northeastern North America where temperature variation and native stands of maple trees make maple syrup production commercially viable. The United States contributes about one-fifth of global production—Vermont, Maine, and New York account for about 80 percent of total U.S. production; while Québec produces nearly three-quarters of the world's maple syrup, and the remainder is mostly from other Canadian provinces.

Various provincial laws and regulations in Québec govern the production, sale, marketing, inspection, grading, quality, and safety of maple syrup. In February 1990, the joint plan for maple syrup production, administered by the QMSP, was implemented.² In 2000, the strategic reserve was established and in 2004, production and marketing quotas were established. Thus, the QMSP became the exclusive sales agent for bulk maple syrup sales.³ The QMSP sets the price of maple syrup in Québec to stabilize and sustain returns for Québec's producers. Québec's dominant position in global production means that U.S. and global prices are based on the price paid to producers in Québec.⁴

There has been a global increase in maple syrup consumption that has been attributed to increased sophistication and diversity of consumer tastes and the associated development of new products as well as stable prices and reliable supplies for large industrial buyers. As a result, Canadian maple syrup exports have steadily increased since 2010. Moreover, export growth has accelerated during the COVID-19 pandemic. The growth rate of exports

¹ This value is based on the U.S. national average price received by producers of US\$32.00 per gallon in 2020; at the U.S. average retail price for 1-gallon containers in seven reporting states (ME, MI, NH, NY, PA, VT, and WI) of US\$48.29, 50,000,000 pounds would be valued at about US\$219 million; at the Québec average price of CA\$38.55 per gallon in 2020, 50 million pounds would be valued at CA\$175 million. USITC estimates; USDA, NASS; Stats Canada.

² Under Canadian agricultural collective marketing regulations, a "joint plan" is the mechanism that determines the conditions of production and distribution of a given product and invests administration of selected regulations to the implementing organization. The QMSP was created in 1966 and the joint plan was approved in December 1989 with an 84 percent vote. The plan must be approved by at least 66 percent of producers. QMSP, "[The Collective Marketing of Maple Syrup](#)," accessed December 13, 2021.

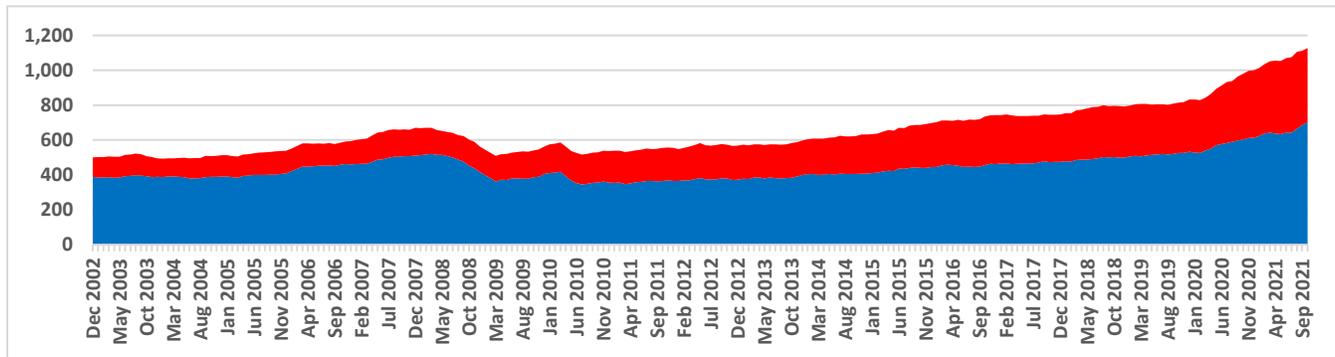
³ Québec maple syrup producers must sell bulk maple syrup in containers of more than 5 liters directly to the QMSP Sales Agency or an authorized independent buyer. They may sell maple syrup in containers of 5 liters or less directly to intermediaries (grocery stores, convenience stores, restaurants, etc.). To sell to the QMSP Sales Agency, authorized independent buyers, or intermediaries, producers must hold maple syrup production quotas. Producers may sell maple syrup in containers of 5 liters or less directly to consumers without holding production quotas. QMSP, "[How Maple Syrup is Sold](#)," accessed December 13, 2021.

⁴ The QMSP sets prices in Québec in Canadian dollars (CA\$) with the objective to maintain high and stable returns to producers; thus, exchange rates affect global prices and prices for U.S. producers which are based on the Québec price. Since 2016, prices paid by the QMSP have varied little, ranging about one percent from CA\$38.95 in 2016, to CA\$38.68 in 2017 and 2018, and CA\$38.55 in 2019 and 2020. The minimum price set in the QMSP marketing agreement were CA\$2.98 per pound in 2020, CA\$2.99 in 2021, and CA\$3.00 for 2022 for a selected quality of maple syrup.

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to the United States increased from 0.2 percent per month during 2010–2019 to 1.4 percent per month from January 2020 through October 2021 (blue area in figure 1). Over the same periods, the export growth rate to the rest of the world increased from 0.5 to 1.6 percent per month (red area in figure 1).

Figure 1 Monthly Canadian Maple Syrup Exports (1,000 gallons, 12-month moving average)

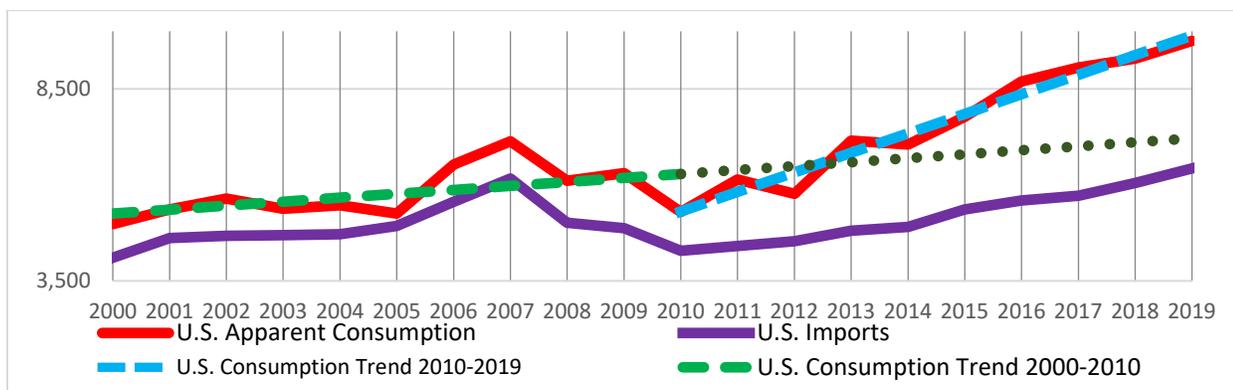


Source: IHS Markit, Global Trade Atlas

Note: This figure includes products exported under HS 1702.20.20 (maple syrup, 2002 through 2016), and 1702.20.21 and 1702.20.29 (2017 to current, maple syrup and certified organic maple syrup, respectively).

While recent Canadian exports increased, production in Québec decreased. A warmer than normal spring reduced yield per tap from 3.59 pounds in 2020 to 2.75 pounds in 2021. As a result, total production dropped from 15.9 million gallons in 2020 to 12.1 million gallons in 2021. Thus, rather than raise prices to balance supply and demand, the QMSP released syrup from the strategic reserve. Before the pandemic, 3.8 million gallons would have supplied 7.2 months of exports to the United States; however, as of October 2021, it would supply only 5.4 months of exports to the United States. From 2010 to 2019, U.S. maple syrup consumption has increased by 84.1 percent, supplied by domestic production that increased by 117.5 percent and imports that increased by 50.2 percent (figure 2).

Figure 2 U.S. Maple Syrup Consumption and Imports, 2000 to 2019 (1,000 gallons).



Source: IHS Markit, Global Trade Atlas and USDA, Sugar and Sweeteners Yearbook Table 43.

U.S. consumption has changed since 2000, but remains highly dependent on imports from Canada, and thus production in Québec. In 2010, imports averaged 68.3 percent of consumption. Apparent consumption increased at a compound annual growth rate (CAGR) of 1.7 percent during 2000–2010 compared with a CAGR of 7.2 percent during 2010–2019. Because of this shift in demand, apparent consumption was 37.1 percent greater in 2019 than it would have been otherwise. As a result, U.S. producers—unconstrained by production quotas as are producers in Québec—were able to respond to increased demand from U.S. consumers and increase their U.S. market share.

Sources: USDA, Economic Research Service, “[Sugar and Sweeteners Yearbook Tables](#),” accessed December 7, 2021; State of Vermont, Agency of Agriculture, Food and Markets, “[Maple Syrup Markets and Growth Opportunities](#),” September 2019; Dunphy, Mike, “[A Sweet Deal: Why Maple Syrup is Big Business](#),” March 15, 2018; Agriculture and Food Canada, International Markets Bureau, “[American Eating Trends Report: Real Maple Syrup](#),” April 2012; Québec Maple Syrup Producers, “[The Maple Syrup Reserve: Serving its Purpose in a Time of High Demand](#),” December 1, 2021.