

The French are fretting over a sudden butter shortage

By

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demand

monopoly

monopsony

supply



“IT’S A true catastrophe, *monsieur*,” says a baker in central Paris as she places warm, flaky croissants in a paper bag. The price of local butter has soared in the past year, she says: “We are used to costs going up, but this is really extreme.” Her pastry counter is well stocked, but margins per croissant are squeezed.

Elsewhere it is shortages that bite. In a nearby Carrefour supermarket, fridges that are usually crammed with packets of butter are mostly empty. Social-media users around France share photos of bare shelves using the tag

#BeurreGate. A prankster on an online-auction site offered to sell a slice of buttered toast. Press reports talk of hoarding. Because butter is essential for much local cuisine—the French eat more of it than anyone—scarcity spreads dismay.

Various factors explain the current churn. Global appetite for dairy products is rising. “China has discovered croissants,” notes Emmanuelle Auriol of the Toulouse School of Economics. Westerners fret that sugar is unhealthy but are relearning the joys of full-cream milk, cheese and butter. A global dairy-price index of the Food and Agriculture Organisation is up by 27% in a year. In Europe butter recently sold on wholesale markets for a record €6,500 (\$7,600) a tonne, says Bloomberg. Yet suppliers have responded slowly. Subsidy reforms and the end of production quotas for dairy farmers in 2015 led to the melting away of Europe’s butter mountain. Bad weather and earlier price fluctuations made it harder for producers to plan.

These changes are global, yet France alone suffers empty supermarket shelves. Blame that on rigid local conditions, notably a lack of competition among big retailers who refused to pay more for the product. A handful of these have monopsonistic power, negotiating with suppliers only once a year, in February; regulatory barriers keep challengers out. No wonder French producers now prefer to sell to Germany, where butter prices in supermarkets rose by 72% in the year to August, rather than France where they rose by just 6%, according to one industry worker.

As for the baker, if supplies become too pricey, could there be alternatives? Might she even try to bake with—whisper

it—margarine? Fat chance. “We use French butter or nothing,” she admonishes, wagging a finger.