

International Honey Market Report for the
American Honey Producers Association
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The international honey market, as much as if not more than ever before, is under the influence of global weather patterns, bee health problems and the global financial conditions of stress and debt. Global honey production in 2011 was most likely reduced due to an unprecedented year of natural disasters alternating between floods and drought, cold and untimely rains. The number of natural disasters in the US was unusually high and the economic losses were substantial. As a result, the US crop is estimated at the year just ended to have declined to approximately 150-160,000,000 pounds, one of the lowest crops in recorded history of honey production. Production in 2010 was 176,000,000 pounds, according to the USDA NASS report, and honey prices reached a record high of \$1.60/lb. Domestic sales of U.S. honey in 2011 were down 7% from 2010.

Argentina, the top exporter to the US in 2011, produced 165,000,000 to 176,000,000 pounds last year, with a good mix of colors. In 2009 Argentina was the top exporter to the world, at \$160,000,000 (127,798,000 pounds). Brazil's honey production has continued to expand, spurred in large part by Brazil's ability to produce organic honey in its virgin areas. The market demand for organic honey has resulted in premium prices. Mexico exported over 35,000,000 pounds to the world in 2011, and was the 4th largest world exporter in 2009.

In 2011, US imports continued to show dramatic changes from countries such as India (up 49% over 2010 at 58,464,106 pounds), Indonesia (imports declined from 19,000,000 pounds in 2010 to 2,671 in 2011), Argentina (up 66% over 2010), Malaysia (down 89% to 4,163,341 pounds in 2011) and Vietnam (up 38% over 2010). Some of these surges included "white honey" exported from tropical and semi-tropical countries. When asked to explain such aberrations, it was offered that there were new developments of white honey floral sources in some Asian countries. Unfortunately, the floral sources cited are known to produce exclusively darker grades of honey. Total U.S. imports in 2011 were up 5.6% relative to 2010, at 260,288,724 pounds, according to government reports.

Chinese world exports in 2009 were the highest in volume, at 172,448,000 pounds. According to FAO statistics for 2009, China's honey production topped 898,000,000 pounds with 172,448,220 pounds exported to the world and India produced 96,700,000 pounds with exports of 29,340,000 pounds to the world, almost all of which came into the USA. In recent years the Indian concentration on the U.S. was influenced by the European embargo on Indian honey. Nonetheless, eyebrows have been raised by the tremendous surge in Indian exports, given the fact that India has a population of 1.2 billion people and its own domestic market to satisfy from a production base that is only 10% of their neighbor China's.

Concern abounds that through a variety of means, circumvention of Chinese honey into the USA persists, and the perpetrators are nimble and cunning. This takes several forms such as: 1) transshipment through third countries, 2) fraudulent entries in respect to US Custom classification, and 3) the use of the category for “blends and syrups” which avoids antidumping duties. Entries in the “blend” classification may fail to provide a correct analysis of the honey proportion of the “blend” or safety standards for the non-honey components of the alleged blend. There is little doubt that circumvention of the first type persists, and circumvention of the other types was recently uncovered in the case which led recently to the arrest emanating from Florida of 3 individuals for smuggling Chinese honey into the U.S. This indictment was especially significant and novel in that it began to implicate the source of the demand. As a result of the government’s actions, a considerable quantity of imported product was removed from commerce, which created a real dilemma for those who were depending on cheap circumvented honey to gain market advantage.

Efforts are currently underway to change the antidumping order to cover honey blends. It is relevant to note that in 2016 a review of China’s status as a non-market economy is due. However legal experts have indicated that the new allegations of dumping in 2011 on products such as solar panels and continued findings of circumvention schemes for Chinese products are likely to frustrate Chinese ambitions to gain status as a market economy.

This past Spring, Richard Adee courageously and clearly testified to the Senate Finance Committee regarding the serious negative impact to the American honey industry and American beekeepers of circumvention and criminal fraud with respect to Chinese honey. Acts of circumvention harm beekeepers and thwart the US government’s efforts to maintain international two way trade in accordance with the rule of law. The US Treasury has lost a lot of money that would have been collected through anti-dumping duties. Furthermore unfair competitive advantage has been gained by importers conspiring with exporters and packers to circumvent, leading to an increased market share that would have been impossible had a level playing field prevailed. The phenomenon of circumvention extends to a wide range of products beyond honey, including high tech products, and has elicited the intense interest of the Senate, the Department of Commerce, and Homeland Security. The recent indictments indicate that the U.S. government is beginning to consider the rule of law as applied to the ultimate source of the demand for illicit honey. This is the sea change in enforcement that the industry has been advocating.

Looking forward to 2012, we are hearing about a dangerous combination of drought and high temperatures in Argentina and Chile; in Chile there have been extensive wildfires as a consequence of the heat and drought. Each day without rain brings a reduction to the total crop expectation. An increase in dark colors could occur again, as happened in 2009, since sunflowers resist the drought but yield darker colors. There are questions whether or not some very low priced contracts entered into in the 4th quarter for shipment in 2012 will be fulfilled. Mexico is currently suffering from repeated cold temperatures affecting quantities, the honey has come in darker than expected, and some exporters are

experiencing financial problems. U.S. beekeepers are fighting bee losses due to deadly neonicotinoid insecticides used on corn and other crops during the foraging period, and other causes.

There are masters of market manipulation who are preaching a significant decline in honey prices in 2012. And that is a real possibility given the unpredictable future of global economic conditions. “German Chancellor Angela Merkel herself warned 2012 would be harder than 2011 and Europe still had a long way to go in overcoming the crisis” according to a Reuters news article this week.

Financial problems in Europe are likely to bring down the value of the Euro, since the call for austerity and living within a nation’s means is acute in Europe as it is in the USA. It is also an emerging imperative for China, whose economy has become so dependent upon exports, especially exports to the developed western nations.

What is clearer is that 2012 begins with an international shortage of honey. That shortage will intensify if our government, through the efforts of the FDA and ICE, succeed in preventing illegal circumvention. All in all, American beekeepers have strong incentives to increase, to the extent labor and nature permit, honey production in 2012 and to market their honey wisely based upon objective international reality. We should be optimistic.

I want to thank my dear friend Jerry Brown for standing in for me to give my talk.

As is clear, in 2011 Argentina was the biggest exporter to the USA and in 2009 the largest global exporter. Their export prices have been fair and reasonable. As such, they have not been disruptive. Our dear friend Javier Nascel of Nexco sent his colleague Norberto to attend this meeting. Jerry and Richard thought it would be appropriate for him to give a first hand report from the field in Argentina.