



“Honey-gate”: What you need to know about Illegally Transshipped and Adulterated Honey

The past five to ten years have been epic in the honey market. Companies have been found guilty of adulterated and illegally transshipped honey, associated people have been arrested, the market is seeing an unjustified surplus of product and Colony Collapse Disorder has cost the lives of many a poor bee. With all the buzz, Batory Foods aims to keep you well informed as new market indicators emerge.

In Batory’s May 2016 Honey Market Update, we reported that, for the first time in seven years, the honey supply is keeping up with demand. We noted that the domestic crop is only able to provide one third of what the U.S. consumes. And we identified some of the major exporting countries, which, in 2015, accounted for about 365 million pounds of imported material. This information applied to widely-used conventional amber and light amber honey, with the exception of specialty honey such as organic, fair-trade, orange blossom, clover sourced and certified non-GMO honey.

Since then, the market on conventional honey has moved to a position of surplus, and prices have continued to decline. The market is expected to stay low for the rest of 2016, and some are projecting conditions to continue into Q1 2017.

The main question is why?

Two major world regions produce and export honey: the Americas (Argentina, Mexico, Brazil, Canada, Uruguay, Chile and Cuba) and the Eastern hemisphere (China, India, Vietnam, Ukraine, Thailand, Taiwan and Turkey). In the Americas, beehive counts increased in the last nine years by 3%, but exports dropped by 9%. Some of this decline can be attributed to the increased difficulty in harvesting honey.

During the same time period, beehives in the Eastern group increased by 13%, but exports grew by 196%. Contradicting this phenomenon is the world trend of less productivity per hive; the estimated reduction is 50% to 60% less honey per hive in the past 10 years. Also, the last decade introduced multiple new honey-exporting countries with no history of beehives or beekeeping practice. Many of the countries have high domestic demand on honey. The fact that they’re exporting at a price below their current domestic market raises red flags.

The world’s largest honey-producing country is China, with 450,000 tons of honey produced annually. Some of this honey is harvested in an early “unripe” state. This unripe honey is partially sold to “honey factories” that filter, eliminate residue, dehumidify and pack the product. The controversy around Chinese honey is that that country’s traceability system starts at the honey factory, not the hive. For this reason, many question the possible dilution of honey with syrups at time of packaging.

In 2001, China was exporting honey into the U.S. and selling it below the U.S. domestic crop price, causing the U.S. government to impose an anti-dumping duty on all Chinese honey. This duty ensured that Chinese honey would be priced in line with U.S. domestic crop. It prevented the destruction of the honey market for U.S. beekeepers/honey producers.

Shortly after this duty was imposed, some Chinese honey began to enter the U.S. in two new ways:

1. It was exported from China to a neighboring country, which would mislabel the product’s country of origin to avoid the duty, and

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2. It was diluted with various syrups. Difficult to detect and cheaper than honey, syrups offset the price increase imposed by the duty. Soon, tests were developed to detect common syrups, but more difficult-to-detect syrups eventually came into use. A new test can now detect these adulterants, but it's not yet widely used.

From 2001 to 2009, world honey exports grew moderately at an average rate of 7,398 tons per year. From 2010 to the present, there was significant growth at 40,705 tons per year. However, some of the countries reporting export increases historically have not been honey producing. This raises questions: Where is this honey coming from? Is product being illegally transshipped from China? Is it partially adulterated?

After a multi-year investigation, nine individuals have been convicted of evading over \$260 million in anti-dumping duties; 10 foreign fugitives remain at large; some honey was found contaminated with antibiotics prohibited in food; and several U.S. companies were found guilty of knowingly importing illegally transshipped honey and knowingly selling adulterated honey. As a result, the U.S. reduced imports of Asian honey and increased imported honey from the Americas. Exporters from the Americas saw an opportunity to displace Asian honey in the U.S. and increased prices.

Domestic beekeepers began charging more, as there was a shortage of trustworthy product and their honey was not from Asia. As a result of increased prices, U.S. demand for honey dropped. This led to the re-emergence of lower priced/risky Asian honey in the U.S. In spite of the recent successful previous investigations, the problem is ongoing. In fact, this May the U.S. government seized 60 tons of Chinese honey found in Chicago. It was fraudulently labeled Vietnamese in origin.

Most adulteration comes from the syrup of C4 plants like corn or sugar. The C13-IRMS test was developed and adopted as the main tool to detect adulteration using these C4 plants. Recently, the adulteration of honey has moved to the use of C3 plants (such as rice), leaving it undetectable by the traditional C13-IRMS test.

This past June, European authorities announced the arrival of a new method to detect adulteration, Nuclear Magnetic Resonance (NMR). This test includes the botanical and geographical origins by analyzing a spectrum of 36 different substances and their proportions. QSI, a German laboratory, has begun using the NMR test and found that 60% of honey samples were adulterated during 2016 so far.

In conclusion, the honey market has taken a beating in the past decade. Once the U.S. government began prosecution of some individuals, honey exporters into the U.S. demanded a premium and drove prices artificially higher. This caused a decrease in U.S. market demand, which in turn pushed prices back down. It also allowed for more competitively priced honey to have a demand in the U.S., even though it is considered more risky.

Adulterated and illegally transshipped honey reemerged in Chicago Q2 this year. The increase of world honey production does not justify the abundance of supply, and honey adulterers continue to find new ways to avoid detection. This surplus market with low prices is unsustainable for U.S. beekeepers. Though new technology is being invented to detect more adulterants, if this problem continues, domestic honey will become extinct, as it cannot compete with the low price of rice syrup. The worker bees will have to pollinate crops as a full-time position, with the honey being just a byproduct.

References

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