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TRADE INFORMATION BRIEF

HONEY



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Participation in international trade has become one of the most important factors in increasing the prosperity of countries. Yet for many developing countries, perhaps particularly for those in Sub-Saharan Africa (SSA), trade is viewed primarily from a defensive perspective, with a focus on the disruptive effects of imports rather than on the opportunities presented by increased access to world markets. A key reason is the existence of information market gaps that are often associated with trade facilitation and development in developing countries – information on the export performance and potential of many developing countries remains incomplete.

The **TRADE INFORMATION SERVICE** series of market briefs aims to contribute to bridging this information gap for existing producers in the Southern African Development Community (SADC) who may not have the financial resources to generate a fully fledged market research process. The briefs are not intended to act as the detailed export market intelligence that successful exporting requires, but rather as a basic first-cut analysis of export prospects, to allow enterprises to make the decision on whether to initiate further market research.

Each Trade Information Brief will cover a product cluster of particular interest to members of SADC. The cluster may represent an existing key set of export products with potential for expansion, or a relatively new set where there is an indication of competitive advantage for the region.

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1. Introduction

The aim of the Trade Industry Brief (TIB) is to make Southern African producers who may not have the financial resources to engage in preliminary market research activities aware of the potential export markets that exist. It is important to keep in mind that this TIB should not replace independent research undertaken by individual producers into specific markets, but that it instead should be viewed as a possible first step in determining whether a produce is suitable for export and, furthermore which markets are likely to hold a potential for economic growth for producers from the Southern African Development Community (SADC). In other words, the key purpose of the TIB is to address the information market failures often associated with trade facilitation in developing countries. The focus of this TIB is natural honey and it will explore the possibilities associated with beekeeping, and subsequently honey export, in the SADC region.

The world trade of honey reached the value of US\$ 738 million in 2005 (see Figure 1). The majority of the production of honey takes place in developing countries, while the developed countries are the largest consumers. The leading producer of honey, China, produced 298,000 tons in 2005. The second and third largest producers, Turkey and Argentina produced 82,000 and 80,000 tons, respectively. Other relatively large producers of honey in the developing world include Brazil, India, Tanzania, Ethiopia, Mexico, Kenya and Angola (New Agriculturalist). In terms of developed countries Canada, Germany and Spain are large producers. The largest consumers of honey in the world are in Europe. The EU consumption of honey was estimated to 305,000 tonnes in 2004- which is more than 20% of the world's annual honey production (EPOPA 2006).

As can be seen in Figure 1 the trade in honey is rather volatile. This is due to the fact that the demand for honey is sensible to increases in the price of honey. Furthermore, honey is a product that is relatively easily substituted – by for instance sugar and syrup.

In order to determine whether the production of natural honey could potentially be a catalyst for economic growth and development in Southern Africa this TIB will start off by exploring the world's production and consumption trends of natural honey, before examining, firstly the major importers, followed by a section dealing with the contemporary main exporters. This will be followed by a section exploring the topic of market access into the world's largest markets for honey. When discussing market access Non-Tariff Barriers (NTBs) will be highlighted due to the fact that even if trade in most industries have been liberalised over

the past 20 years, the issue of NTBs has become larger and more complex. Keeping all these aspects in mind this TIB will subsequently suggest a possible way forward in terms of production and exportation of honey for Southern African beekeepers.

Figure 1: World trade in honey (US\$'000)



Source: WITS





2. Production description and definition

Apiculture (from Latin *apis*, meaning bee) is the study and practice of beekeeping. Natural honey is not the only product associated with this activity. Beeswax, propolis¹, royal jelly and honeycomb are all by-products of beekeeping. Beeswax is used in the production of candles and cosmetics (Harmonisation System (HS) Code for beeswax is 152190). Due to the high value of especially beeswax, but also the other by-products, on the international markets it is crucial to recognize these as important sources of income for beekeepers in Southern Africa. However, the focus of this TIB will be on natural honey (also only referred to as honey in this TIB), and the opportunities involved in the production and exportation of natural honey. The HS Code for natural honey is 0409. There is no further categorisation of honey and as a consequence dark and light honey (which have very different price premiums attached to them) are in terms of trade data considered the same. Natural honey is utilised in four main ways:

- Honey for direct consumption;
- Honey as an ingredient in products;
- Industrial honey;
- Honey as a raw material for mead.

The *Codex Alimentarius* define honey in the following way:

“Honey is the unfermented, natural sweet substance produced by honeybees from the nectar of blossoms or from secretions of living parts of plants or excretions of plant-sucking insects on the living part of the plants, which honeybees collect, transform and combine with specific substances of their own, store and leave in the honey comb to ripen and mature, Honey shall not have any objectionable flavour, aroma or taint absorbed from foreign matter during its production, harvesting, processing and storage and shall not contain natural plant toxins in an amount that may constitute hazard to health” (CBI Market Information Database).

The origin and the colour of honey are important price determinants. The quality and origin of the honey is a major factor in price setting. China supplies the lowest-priced honey, Argentina takes a middle position and honey from Mexico and Australia receives the highest prices in international trade (EPOPA 2006). Light honey receives a higher price due to the fact that the general preference is for clear

¹ Propolis is a substance made by bees from plant resin. It is used for cosmetic, medicine and food.






honey with a mild taste. In recent years the monofloral types, such as Acacia, have become more popular. Furthermore, honey infused with various flavours, such as ginger, vanilla and cinnamon is becoming increasingly popular (and is consequently of higher price) (CBI Market Information Database). Although honey is occasionally infused with various flavourants, the most common determinant of the flavour is the flora in the area where the beehives are kept. Depending on the plantation in the beekeeping area the honey will have different tastes due to the fact that it is absorbed by the honeybee. In other words, if beekeeping is practiced in an area with sunflower plantations the output will be sunflower honey.

Around 300 varieties of flower are suitable as floral sources for honey, and naturally produced honey reflects the local conditions and climate in a country. The most common types of honey are:

- Acacia: light in taste and has a refined scent. This type of honey tends not to crystallise. The largest producer of Acacia honey is China.
- Orange blossom: Honey with a refreshing bittersweet flavour. Mexico and the US are the main producers of Orange blossom honey.
- Buckwheat: This honey has a strong smell and tastes similar to brown sugar. China is the main producer.
- Lotus: Honey with a mellow, sweet flavour and a faint smell of flowers. China is also the largest producer of this type of honey.
- Clover: This is the most widely produced and well-known type of honey. Canada, the US, Argentina and Australia are the main producers of Clover honey (CBI Market Survey 2005).

Possible lucrative niche markets in terms of honey exportation include organic honey and fair-trade honey. Organic honey trade is difficult to analyse because of the fact that there is not much trade data available on this, however, it will be included in this TIB due to the potential this product has for SADC farmers. Another alley worth exploring for SADC beekeepers is selling their honey on the global markets as Fair Trade honey. Although the costs of certification are relatively high, the premium they will receive will be worth it in the long run. As a consequence of the value-added production linked to export of organic and fair-trade honey these two niche markets will be further discussed in chapter 5, while the focus of the rest of the TIB will be on conventional honey.



3. The rationale – why produce honey in Southern Africa

There are many reasons why honey production in the SADC region should be increased. Some of these are listed below.

- The production of honey does not require the ownership of land and is consequently ideal for Southern Africa's many landless people.
- The honeybees produce honey, beeswax and propolis- all non-perishable commodities that can be marketed and sold both locally and abroad.
- All the necessary raw materials are available locally. (Some of these might even be wasted if beekeeping is not practised in the area- examples of which are pollen and nectar from flowering plants).
- The honeybees provide pollination service. This is an indispensable activity in the food production process. Furthermore, beekeepers do not compete with other agricultural sectors for limited resources (they do not over-graze) - instead they help improve the ecology.
- The start-up costs involved in beekeeping is very low, and beekeeping can be done by individuals as well as organisations such as churches, youth associations and women's groups.
- Tropical apiculture is cheap. It does not involve mass feeding of bees and because the bees can provide their own food all year round it does not require over-wintering bee management.
- The production of honey does not require foreign inputs like machinery and other equipment, a fact that allows production costs to be minimal.
- Due to the low-tech characteristics of beekeeping the necessary technology is available in most rural areas in Southern Africa.
- Bees can be kept in semi-arid areas where the land is not suitable for any other agricultural use.
- Honeybees are the only insects that can be transported from crop to crop.
- Value-added production can be performed by SADC producers who instead of selling honey at the farm-gate can take part in the processing and packaging of honey.
- The transportation of honey is fairly easy and relatively cheap. In addition to this, natural honey has a high economic per kilo value in comparison to other crops such as oranges.
- Southern Africa's climatic and environmental conditions allow for the production of honey that can (with very few alterations in production and processing methods) be marketed as organic honey which carries a much higher price premium than conventional honey.



4. Production and consumption

The European Union (EU) is the world's largest consumer of honey. The EU consumes approximately 22% of the world's honey production, however only 50% of this is produced in the EU. The majority of this honey is imported from the developing world. Total EU consumption in 2004 was 305,000 tonnes of which 6,500 tonnes were organic honey. The EU countries have increased the consumption of natural honey by 1.6 % annually from 1995 to 2004. From 2002 to 2004 the annual growth equalled 2.4%. When breaking down the EU stats of consumption it becomes clear that Germany is the leading market for natural honey accounting for 27.3% of total EU consumption (2004). The second largest market for natural honey in Europe is Spain, followed by UK, France and Italy. France consumes roughly 40,000 tonnes of honey, where only 24,000 tonnes are produced domestically, hence almost half the amount of natural honey that the French consume is imported, much according to the general EU trend of honey trade. 10% of the consumption is accounted for by industrial uses. Examples of industrial uses of honey include the production of cereals, nougats and cosmetics (Market Brief 2005: 8). Between 2002 and 2004 the French honey consumption increased by 6%.

Turkey, the world's second largest producer of honey produced more than 80,000 tonnes in 2005. Approximately 240,000 people are involved in the Turkish beekeeping sector (this includes not only beekeepers, but also traders and marketers). Turkey is the world's sole producer of pine honey – of which 95% is exported. Other types of honey which is produced in Turkey is high plateau honey, citrus honey, thyme honey, chestnut honey, linden tree honey, cotton honey and sunflower honey. (Agriculture and Rural Development in Turkey 2006). Most of the honey produced in Turkey is also consumed there, only about 6,000 tonnes of honey are exported annually (Sundays Zaman 2007). Ukraine, Russia and Spain are other large producers of honey, producing 71,000 tonnes, 52,000 and 37,000 tonnes, respectively. Of these three countries only Spain is a member of the European Union (EU), which further emphasises the fact that although the EU is a large consumer of honey it is not, measured on a global scale, a large producer. The following EU countries are producers of natural honey: Germany (21,000 tonnes), Hungary (20,000 tonnes), Romania (19,000 tonnes), Greece (16,000 tonnes) and France (15,000 tonnes).

The North American Free Trade Agreement, hereafter only referred to as NAFTA is, as opposed to the EU, a large producer of honey. In 2005 the US produced 79,218 tonnes of honey – making it the world's fourth largest producer (and responsible for 6% of total world produc-

tion – see Figure 2). An interesting fact associated with beekeeping in the US, which highlights the positive ecological effect of honeybees, is that US farmers (of various types of crops) actually rent beehives (at \$ 150 per hive) from honey producers. These hives are used to assist in the agricultural production to fertilise flowers in order to increase the output of other agricultural commodities (Sundays Zaman 2007). Mexico and Canada are according to the Food and Agriculture Organization (FAO) the eighth and 11th largest honey producers in the world. In 2005 Mexico produced more than 50,000 tonnes of honey while the output from Canadian beekeeping was 36,000 tonnes the same year. The US 2005 production figure decreased from 2000 when US beekeepers produced 99,950 tonnes. More than half of the US beekeepers are situated in California, Florida, Minnesota, North and South Dakota. The changes in the production statistics were mainly due to the varying weather conditions. In addition to this, the number of apiarists and bee colonies in the US has been declining during the last decade due to rising production costs and losses from mites and other diseases. Many of the diseases creating problems for beekeepers in the US, Europe and Asia (such as varroa mite) do not exist in Southern Africa. This creates a market opportunity for SADC beekeepers that are able to produce disease-free honey at relatively low costs.

NAFTA is not only one of the main producers of honey; it is also a large consumer. In terms of countries, the US, consuming 163,700 tonnes of natural honey in 2005, is the world's second largest consumer (FAO). The US is one of the world's largest markets for industrial honey where industrial honey accounts for approximately 45% of total domestic consumption. Primary users of industrial honey are bakeries, health food and cereal manufacturers. Other users, such as the food service industry account for another 10% of domestic consumption.

Further south on the American Continent one finds Mercosur (Mercado Comom do Sul), which consists of Argentina, Brazil, Paraguay and Uruguay – all (with the exception of Paraguay) important actors in the global honey sector. Argentina is the third largest producer of natural honey. In 2005 Argentina produced 80,000 tonnes of natural honey, an increase from 1995 when 70,000 tonnes of natural honey was produced by Argentinean beekeepers (FAOSTAT). However, only about 8% of the honey produced in Argentina is consumed domestically – making Argentina the world's largest exporter of natural honey. In Brazil the interest for beekeeping has been growing rapidly in the past decade, especially in rural areas. Between 2002 and 2005 the beekeeping industry in Brazil generated 150,000 jobs – mainly for the





rural population. Honey production in Brazil takes place in mostly in native areas and is generally free of the use of pesticides (Brazil Arab News Agency). However, the Brazilian beekeeping industry suffered a major setback in 2006 when Brazilian honey was banned from the EU markets due to the fact that it did not pass the strict EU quality controls. This embargo is expected to have severe consequences for Brazilian producers due to the fact that, as already mentioned, the EU consumes as much as 22% of the world's total honey production. A substantial amount of the honey production area in Brazil is certified organic. According to EPOPA Brazil is in the process of expanding the areas of certified organic production and it will as a consequence strengthen its position as a supplier of organic honey. Currently organic honey is valued more highly than conventional honey of the same quality, however if Brazil expand its organic production sufficiently to influence the global supply of honey it will also put pressure on the price premium of organic honey (EPOPA 2006). The honey industry in Uruguay has experienced a relatively long period of growth since the 1990s – where the amount of natural honey produced more than doubled from 5,000 tonnes in 2000 to almost 12,000 tonnes in 2005 (FAOSTAT). Uruguay has, like many other countries in the Southern Hemisphere, favourable condition for apicultural production, both in terms of climate and flora. The main destinations for honey produced in Uruguay are Spain, Germany and the US (www.calapis.com/english/pais.htm).

China, the world's largest producer of natural honey, produced 298,000 tonnes in 2005. This is a considerable increase from 1995 when total Chinese production was 182,000 tonnes. It has already been established that the EU - as a region - is the world's chief consumer of honey. However, when looking at individual countries China is by far the world's largest consumer. In 2005, 201,090 tonnes of honey was consumed by the Chinese – this equals to two-thirds of its total production.

Honey production in India is about 52,000 tonnes a year. The output of beekeeping in India has increased over the past decade and is expected to continue growing as only approximately 20-25% of the bee flora is being exploited at present. An interesting fact regarding beekeeping in India is that, like Southern Africa a substantial proportion of honey production is taking place in the informal sector. The informal sector is providing up to 70% of the honey & bees wax market in India (Bees for Development: <http://www.beesfordevelopment.org/info/info/species/bee-diversity-accros-a-tr.shtml>).

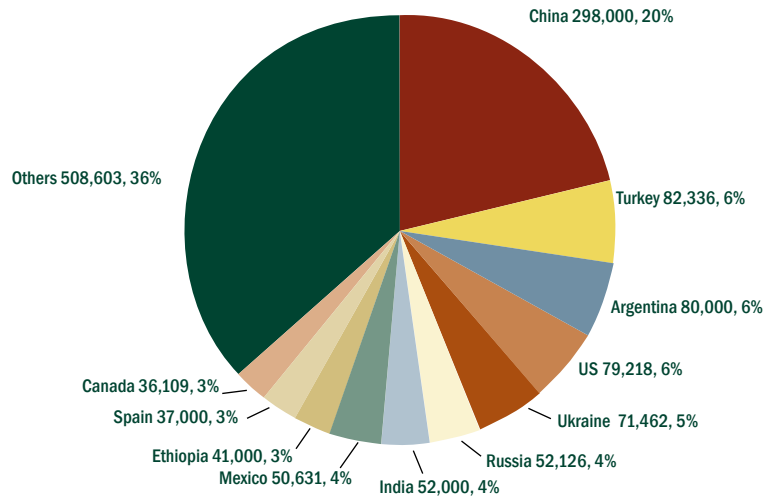
Australia has a relatively large beekeeping sector. Each year the Australian honeybee industry produces approximately 30,000 tonnes of honey, of which roughly a third of this is exported (Gibbs & Muirhead).

In Africa, Ethiopia is the largest producer of honey. According to FAOSTAT 41,000 tonnes of honey were produced in Ethiopia in 2005. However, Ethiopian beekeepers are generally not involved in exportation of their products. In 2003 (the latest data available) total Ethiopian export value of honey was US\$ 14,000. Southern Africa produces a fairly small amount of honey. Of the 13 SADC members only Angola and Tanzania produce a substantial amount of natural honey. In 2005 these two countries were producing 23,000 and 27,000 tonnes respectively (FAOSTAT). These two countries do not export this honey to other countries – consumption in 2005 was 24,000 tonnes in Angola (where a small amount was imported from mainly Portugal) and 28,000 tonnes in Tanzania. South African beekeepers, on the other hand, only produced 1,500 tonnes of honey in 2005. The honey consumed in both Tanzania and Angola are mostly from their informal sectors – honey gatherers use old, traditional (and relatively inefficient) methods of attaining honey which is sold, generally unprocessed, on the local markets. The number of professional beekeepers in South Africa with more than 3000 beehives is less than 30 (Financial Mail 3 Feb 2006). South Africa consumed only 2,000 tonnes of natural honey in 2005, making it, like Tanzania and Angola, net importers of natural honey (FAOSTAT).

This relatively low production of honey in Southern Africa is not due to lack of favourable climatic conditions in the area. As already established in chapter 3 SADC is indeed suited for beekeeping due to the fact that, firstly all the necessary raw materials are available locally, secondly, the start-up costs associated with beekeeping are low. Thirdly, the climate in the region allows for efficient honey production (even in winter), fourthly, beekeeping can be practiced in semi-arid areas and lastly the honeybees play an incredibly important role in the pollination process of other agricultural commodities – which leads to improved overall output in other agricultural sectors. Consequently, through an upgrading of the harvesting methods, as well as improving equipment and packaging through apiculture education SADC beekeepers could increase their productivity and sell natural honey at a higher price, both on local, but also on foreign markets.



Figure 2: Major honey producers (2005)



Source: FAO





5. Organic and fair-trade honey

Since the early 1960s, there has been a growing market in Europe, Japan, and the US for organic agricultural products which is produced in a sustainable manner and without the use of agrochemicals. According to EPOPA the global organic market grew from US\$ 13bn in 1998 to US\$ 25bn in 2005 – where European growth has surpassed 20% a year (Latin America: Market for Organic Products Growing Fast: <http://www.truthforce.info>). This growth is due to the increasing environmental awareness of consumers in mainly the EU, but to an increasing degree Japan and the US. In addition to this illnesses such as the ‘mad cow’ disease are causing an increasing number of consumers to shift their preferences towards “safer” organic products. These consumers have been willing to pay premium prices for certified organic products and slowly but surely governments and development cooperatives are recognising the contributions that organic agriculture can make to the environment, health, biodiversity, and food security (EPOPA 2006).

Conventional honey production is similar to organic production, but the production of organic honey generally has to comply by an additional set of rules. In the European Union these rules are as follows:

- Crops on which the bees feed may not have been chemically treated;
- Bees should be able to survive harsh times (winter) on self-produced honey and therefore may not be fed sugar to increase honey production;
- There may not be any airports or main roads near the beehives;
- Diseases may not be treated with veterinary medicines, but only with a limited number of organic substances;
- Bees may not be pacified during the harvest of the honey (CBI Market Information Database).

In the European Union, the world’s largest consumer of organic honey, the price is around 15 percent higher than conventional honey offering SADC beekeepers that are able to abide by the EU rules for organic production a lucrative niche market opportunity. An estimate of the total market for organic honey in Europe is around 6,500 tonnes per year, which equals 2% of the total honey market.

Germany and the UK are the biggest importing countries of organic products in the EU. The Netherlands is also a major importer and plays a role in the re-export of processed organic food products.

In Europe and Asia, pesticides are used against the varroa mite, this means that the majority of honey produced there cannot be sold as organic honey. This mite is, as of yet, not found in Southern Africa – a

fact that offers SADC beekeepers an excellent opportunity to supply these markets with organic honey which carries a higher price.

Leading suppliers of organic honey to the EU are Mexico, Guatemala, Argentina, Uruguay and Chile. South Africa is one of the largest suppliers in terms of overall organic products and there are no major obstacle to an expansion of South Africa and other Southern African countries' expansion into being a major organic honey supplier as well.

Japanese demand for honey, both conventional and organic has increased in the last decade as the Japanese consumer has becoming increasingly health aware. Japan has a label practice that has been independently established by the honey industry organisation "the National Honey Fair Trade Council," this label is not only for domestically produced honey, and in order to increase the demand for their honey on the Japanese market SADC beekeepers should comply with the rules as stipulated by this Council and thus having their honey sold as organic honey.

Similarly to Japan and the EU, the US does not produce a large amount of organic honey. There are two important reasons for this, first of all, it is common to use antibiotics in the treatment of bees and the number of areas suitable for organic beekeeping is limited. As a consequence, the use demand for organic honey is mostly supplied through imports. This is good news for Southern African beekeepers that do not use antibiotics and have a vast amount of rural areas available for their beehives. In order to sell honey as organic on the US market SADC beekeepers will have to ensure that the honey has been grown and processed according to the US Department of Agriculture (USDA) National Organic Program. For more information regarding the criteria as set out by the USDA go to: <http://www.usda.gov/>.



Producing honey that can be Fair-Trade certified is another way in which SADC beekeepers can gain market share in lucrative markets in, especially, Europe. The fair-trade label guarantees stability for honey producers through a minimum price (laid down in the fair-trade standards for the production and trade of honey) which allows producers to cover their costs of production and contributes to more security for the beekeepers and their families. At present nine product groups are labelled: coffee; tea; cocoa; honey; sugar; rice; fresh fruit; juices; and sport balls (CBI Market Information Database).

The Fairtrade Labelling Organizations International (FLO) was established 10 years ago and the number of Fairtrade Certified Producer Organizations has tripled and fair-trade sales have experienced an average growth of 35% per year. Switzerland is currently the most developed market for FLO certified products where it makes up 14% of retail honey sales. The largest market for fair-trade honey in the EU is Germany, but sales volumes have been declining in the last few years. In the UK, on the other hand, the sales volume of Fair-Trade honey doubled from 2003 to 2004, making it an ideal market for SADC beekeepers able to afford the costs of certification and to abide by the requirements connected to this certification (EPOPA 2006).

By the end of 2006 the FLO worked with 21 honey producer organisations. The general rule for producers wishing to participate in Fair-Trade is that they must be part of a democratic and transparent organisation of predominantly small producers. The producer organisation must be able to demonstrate that the fair-trade revenues will promote the social and economical development of small producers. Furthermore, there are specific product criteria for honey. The product standard identifies two grades of quality which are based on the water content and Hydroxymethylfurfural (HMF) content. The best honey will be classified grade A and the rest grade B - and will be priced accordingly. For more information on Fair-Trade go to: <http://www.fairtrade.net/>.





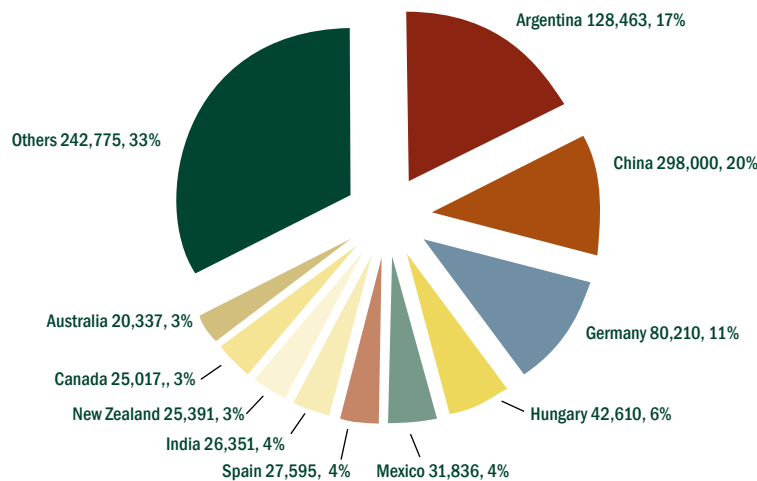
6. World trade

As already established, and illustrated in Figure 1, world trade of natural honey was in 2005 worth US\$738 m. Although the amount of honey traded grew at an average annual rate of 4.3% since 1996, this growth has by no means been stable. In 2000 the value of total world trade of honey was only US\$ 435m (down from US\$ 505m in 1996) and a peak was reached in 2003 when world trade equalled US\$ 978m. Most of this increase came from the fact that the market price of honey increased substantially from 1999 to 2003 (EPOPA 2006). From 2003 the value of honey traded on the global markets has been declining, partly as a result of the decrease in demand for honey as the price increased. When the price increases the consumers will shift their preferences towards substitutes such as syrup and sugar. In 2002 Chinese honey exports (the world's second largest – 12% of global market) were banned from the EU markets (the world's largest consumer) due to the fact that it was contaminated with Chloramphenicol (an antibiotic). This obviously affected the supply of honey, which again increased the global price and consequently a shift of preference occurred leading to a decrease in demand by 2004.

6.1. Major exporters

The major honey exporting regions in the world are Mercosur, East Asia, the EU and NAFTA. In terms of countries the largest exporters in the world are, besides China, Argentina (exports equals 17% of world trade of honey) followed by Germany, Hungary, Mexico, Spain and India. In addition to examining these large exporters, this chapter will also briefly look at the SADC region and the small amount of honey exports that take place in Southern Africa in order to determine where improvements can be made.

Figure 3: World's major exporters of honey



Source: WITS

6.1.1. European exporters of honey

Total EU honey exports had by 2005 almost reached the value of US\$ 229m. This is after an annual average growth rate of 11% since 1997. Roughly 87% (US\$ 200m) of the honey exported from EU countries were consumed by other EU members. Germany- the largest European exporter of honey - exported US\$ 80m in 2005, which is more than 35% of EU's total honey export, and 11% of the world total (see Figure 3). From 1997 to 2005 the honey exportation from Germany grew at an average annual rate of 11.3% (Table 1). The majority of German honey exports were in 2005 destined for developed countries. In fact, the 10 largest markets for German honey were all EU members, where France, the Netherlands and Austria were the leading importers of German honey.

Due to the fact that many of the large exporters of honey in Europe are not EU members, the focus of this sub-chapter will be on European export as opposed to EU exports. The second largest exporter of honey in Europe is Hungary followed by Spain, France and Belgium. Looking at Table 1 it becomes evident that almost all of the largest European exporters of honey have grown substantially from 1997 to 2005 - the only two exceptions are Turkey and the Slovak republic. However, it is important to keep in mind that this table measures honey exports in val-

ue and part of these increases are due to a rise of global honey prices. Furthermore, Table 1 also illustrates that the three largest increases in honey exportations are found in new EU members - Hungary, Greece and the Czech Republic – where exports grew at an average annual rate of 14.9%, 15.8% and 24.9%, respectively.

As already mentioned, the majority of honey produced in the EU region is also consumed there. Of the remaining 13% NAFTA is the largest consumer. NAFTA imported honey to the value of US\$ 3.4m from EU countries in 2005. The US is by far the largest market for European honey in the NAFTA region – US imports was valued at US\$ 3m. East Asian markets consumed just over US\$ 4m worth of EU export in 2005, while Saudi Arabia imported EU honey to the value of US\$ 3.3m in 2005. In 2005, US\$150,000 worth of EU honey was imported by the SADC region.

Table 1: European exporters of Honey (US\$'000)

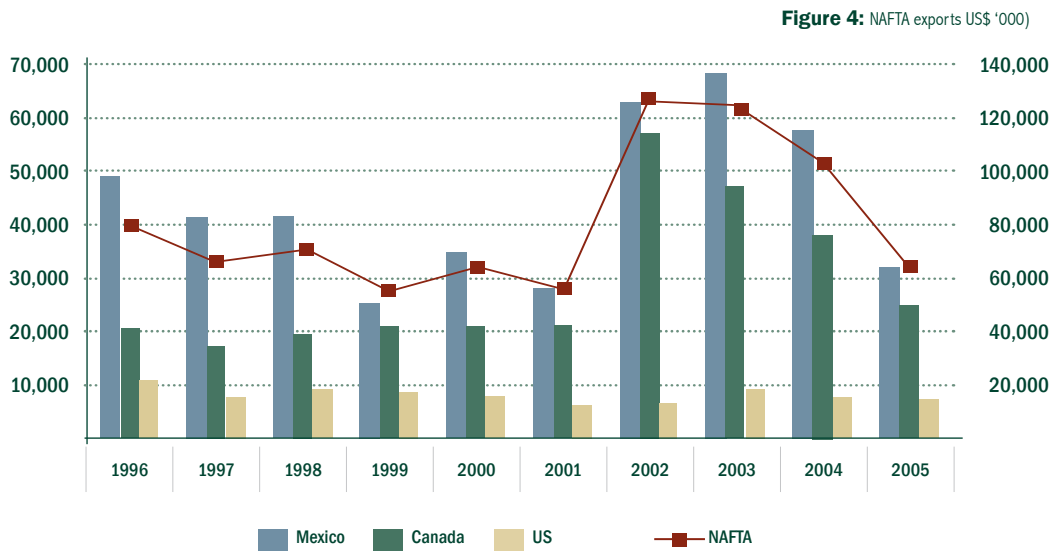
	1997	1999	2001	2003	2005	Avg annual growth (NPV) %
Germany	34,156	42,832	40,494	79,380	80,210	11.3
Hungary	14,059	15,906	19,255	52,040	42,610	14.9
Spain	21,827	14,195	15,281	40,346	27,595	3.0
France	7,914	9,300	7,801	11,999	15,658	8.9
Belgium		7,406	10,728	10,089	15,037	12.5
Italy	7,143	8,298	7,900	9,402	12,983	7.8
Denmark		8,200	3,887	12,334	8,687	1.0
Turkey	16,026	9,997	6,800	37,090	6,564	-10.6
Czech Republic		1,520	2,306	6,044	5,782	24.9
UK	3,551	2,225	1,814	4,347	4,479	2.9
Austria	1,708	2,161	1,729	2,757	4,287	12.2
Greece	1,173	1,892	2,225	2,036	3,783	15.8
Slovak Republic	2,570	1,942	1,988	5,331	2,439	-0.7
Netherlands	767	2,303	821	1,732	1,756	10.9
Total EU exports	99,233	119,998	119,926	246,320	228,516	11.0

Source: WITS



6.1.2. NAFTA

Figure 4 illustrates the various NAFTA countries' export performances in terms of natural honey. Total NAFTA export is measured on the secondary axis and is consequently twice as large as the individual countries' exports, in 2005 total NAFTA exports was US\$ 64m. Mexico is, and has been over the past decade, the major NAFTA exporter of honey. More than half of the amount of honey exported from Mexico is destined for the German market (Table 2). Other important trade partners are the EU, the US and Saudi Arabia. Both Canada and Mexico's honey export fluctuated rather heavily from 1996 to 2005, while the US' export performance has been relatively stable, although slightly declining. The reason for the fluctuation in the value of exports from Canada and Mexico is partly due to changes in the world price of honey. Roughly 40% of all honey exported from NAFTA was destined for other NAFTA countries – especially the US. Another approximately 40% of NAFTA honey was consumed by EU countries, suggesting that when it comes to honey the large developed markets do a substantial amount of trading with each other.



Source: WITS

Table 2: Mexico's export partners (US\$'000)

	1996	1999	2002	2005
Germany	31,659	15,225	35,452	16,414
UK	3,571	3,498	5,200	4,382
Switzerland	654	611	1,148	3,798
Saudi Arabia	880	97	1,680	2,517
US	8,653	4,169	17,492	2,222
Belgium		418	697	1,269
Total	49,105	25,277	62,655	31,836

Source: WITS

6.1.3. Asia

The two major honey exporters in Asia are China and India. China exported honey to the value of US\$ 88m in 2005. This is an annual average decline of 2.6% from 1996 to 2005 - mainly as a result of the EU ban of Chinese honey. However, China is still an important player in the global honey industry. In terms of regions East Asia is the main consumer of Chinese honey (US\$ 47m in 2005) followed by NAFTA which consumed Chinese honey to the value of US\$ 26.8m in 2005. As illustrated in Table 3 Japan and the US were the main drivers of consumption in their respective regions. Japanese imports of Chinese honey constituted 93% of total East Asian honey imports, while the US consumed 89% of total NAFTA imports of honey from China.

India's honey export performance is illustrated in Figure 6 (where total exports are measured on secondary axis). Indian export of honey has grown rapidly in the last 10 years, average annual growth rate (NPV) of 45% - total exports reached the value of US\$ 26.4m in 2005. More than 66% (US\$ 17.5m) of Indian export was, in 2005, destined for NAFTA markets (where the US consumed 99% of this). Almost US\$ 6m worth of Indian honey was consumed by the EU the same year - the majority of which (75%) ended up on the German market (see Figure 6). Saudi Arabia was the only developing market consuming a relatively large amount of Indian exports - US\$ 2.2m in 2005.

It is important for SADC beekeepers to be aware of India's rapid expansion of market share. In 1996 the value of total Indian honey exports was less than US\$ 1m, but has, as already discussed, increased substantially since then (the value of Indian honey exports was more than US\$ 26m in 2005). What is interesting regarding the Indian performance is that they have managed to penetrate relatively saturated markets - and honey producers in Southern Africa could use India as an example of how this should be done. Another aspect where SADC beekeepers could look to India is in terms of improve-



ments in harvesting methods used by beekeepers. In much the same way as in India the majority of honey production in Southern Africa is taking place in the informal sector. However, Indian beekeepers have, through improvements in the production process managed to increase efficiency with up to 100%. Like many Southern African countries – Angola being one example - India has traditionally had a large amount of honey gatherers. These honey gatherers are the main suppliers to local markets, but the honey is generally of poor quality because of unclean equipment is often used. Furthermore, it is a very inefficient method of honey production due to the fact that the bee colonies will be destroyed during the honey gathering process. In India education in beekeeping has been offered to the honey gatherers, consequently the former honey gatherers are now beekeepers that keep bees in boxes which increases the productivity of the bees. Another important lesson that SADC beekeepers could learn from India is the use of simple, low cost, robust beekeeping equipment – this allows a broader base of the population to take part in the beekeeping sector (due to low start-up costs) and furthermore, by using relatively low tech equipment this can be repaired by for instance the local car mechanic. A last vital aspect is the fact that these improvements in the methods of beekeeping in India has enabled the beekeepers to process their products on site, without requiring vehicles to transport products (Science in Africa: <http://www.scienceinafrica.co.za>). Consequently, in terms of development of the SADC beekeeping sectors there are various lessons to be learnt from the Indian experience, both in terms of production, but also when it comes to exportation of natural honey.



Figure 5: Total Chinese export of honey (US\$'000)

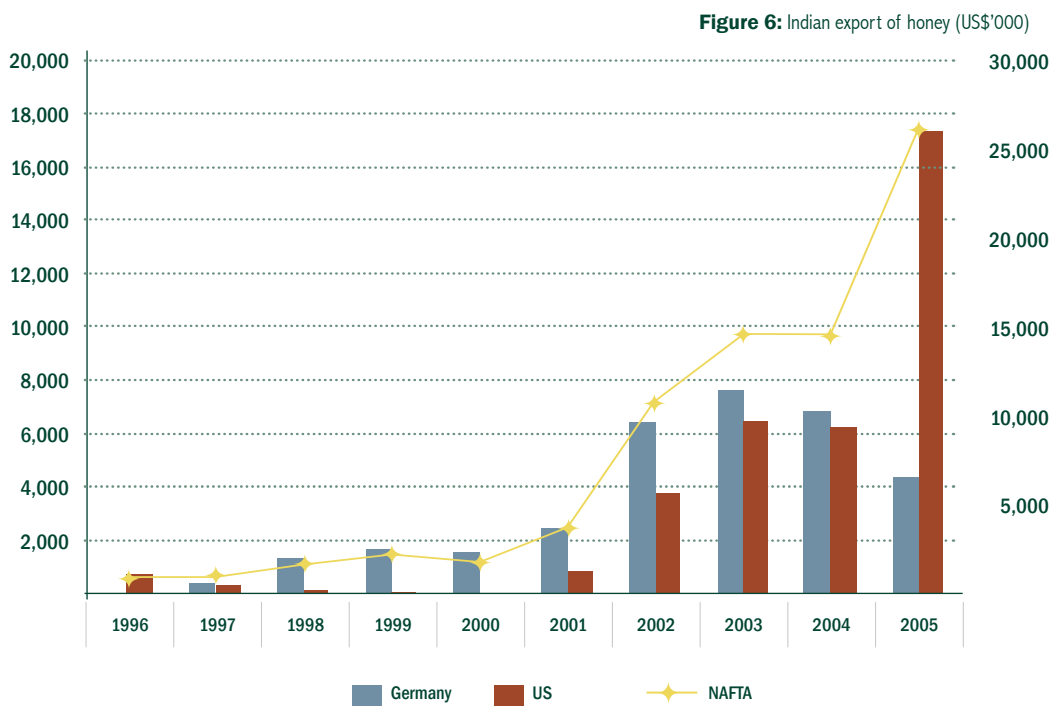


Source: WITS

Table 3: Chinese export of honey (US\$'000)

	2000	2001	2002	2003	2004	2005
Japan	32,973	36,721	50,333	41,552	41,084	43,694
US	20,535	14,329	8,087	36,559	29,685	23,909
Canada	2,044	3,970	1,011	2,433	3,945	2,938
Spain	5,406	7,460	485		95	2,720
Singapore	439	613	1,438	1,064	4,497	2,143
Germany	8,819	14,714	3,473	162	79	1,337
Malaysia	499	566	2,032	7,520	1,521	1,254
UK	9,274	8,358	1,139			1,233
World	84,121	95,831	77,940	103,136	89,009	87,629

Source: WITS



Source: WITS

6.1.4. Mercosur

Argentina is the largest exporter of honey, not only in the Mercosur region, but also in the world. As already mention, only about 8% of Argentina’s honey production is consumed domestically. In 2005 Argentina exported 107,060 tonnes of natural honey, to the value of US\$ 128m. Argentine honey is exported throughout the year with the peak season being between March and May. The fact that the climate allows for a year-round production/harvesting of honey offers an important competitive advantage for Argentina, one example of this is that Argentine beehives offer many harvests annually, in contrast to for instance Germany where the honey from one beehive can only be harvested once per year. Consequently, consumers all over the world can rest assured that they will be able to buy honey from Argentina independently of the season. SADC beekeepers could be enjoying a similar competitive advantage as Argentina, the climate is comparable and most SADC beekeepers would be able to harvest and export up to three times a year. Furthermore, the climate is a flavour determinant, which makes Argentinean honey as well as most honey produced in the Southern hemisphere taste different from for instance honey produced in Russia. Most of the Argentine honey is exported in bulk in 300 kilograms drums. The only exception of this is a small amount of

natural honey that is packaged in jars and exported to Brazil. The US and Germany are the largest consumers of Argentine honey, accounting for 75% of total shipment. Other important export markets include the Spain, Italy, UK and Japan.

Argentina is not the only large producer of honey in the Mercosur region, Brazil's honey exports have grown rapidly since 2000, and reached the value of US\$ 19m in 2005 – which equals an annual average growth rate of 123.3%. However, Brazilian honey was in 2006, like China was in 2002, banned from the EU markets (which in 2005 consumed more than half of Brazil total honey exports) due to the lack of EU recognised testing methods of the honey exports. It is too early to determine the effect of this ban, but so far Brazilian exporter has managed to not be too severely set back, through turning their export focus to the US market which today receives 90% of Brazilian honey exports (Brazzil Magazine: <http://www.brazzilmag.com/content/view/8415/54>). When other producers are banned from a market this offers a market opportunity that SADC beekeepers should take advantage of. Not only will a relatively large supplier like Brazil leave a gap in the market, the decrease in supply will also increase the price, and as long as this price increase is not high enough to inhibit demand beekeepers from other countries all of a sudden have a lucrative market at their hands.

Uruguay is smaller in terms of honey exports than its neighbours Brazil and Argentina. The value of total Uruguayan honey exports were US\$ 11m in 2005. Similar to its neighbours the value of honey exports have fluctuated from 1997 to 2005, it also have more or less the same main trading partners as Brazil and Argentina, namely the US, Germany and Spain.

Table 4: Argentina's export partners (US\$'000)

	1997	1999	2001	2003	2005
Germany	14,183	31,780	28,127	67,839	46,605
US	72,579	40,926	17,291	9,671	30,131
Italy	7,639	7,099	6,973	14,018	10,450
UK	3,274	3,652	3,790	15,729	9,900
Spain	1,038	3,671	3,320	4,854	9,265
France	246	778	1,404	5,478	6,531
Canada	136	53	1,312	9,976	3,887
Japan	2,391	1,608	2,592	4,633	2,458
Saudi Arabia	1,274	606	1,336	3,347	878
Australia			102	15,315	227
World	108,361	95,990	71,508	159,894	128,463

Source: WITS

Table 5: Brazil's export partners (US\$'000)

	2000	2001	2002	2003	2004	2005
Germany	262	2,343	9,036	24,883	22,585	8,108
UK			1,052	2,680	7,660	4,959
US	11	352	12,418	16,135	6,577	4,380
Spain		53	117	492	2,576	550
Belgium		0	376	580	969	294
Netherlands				140	381	157
Poland					551	109
Japan	19	17	26	169	101	82
Total	342	2,827	23,173	45,570	42,386	18,972

Source: WITS

Table 6: Uruguay's export partners (US\$'000)

	1997	1998	1999	2000	2001	2002	2003	2004	2005
US	421	54	188	79	2,438	9,259	12,985	6,276	4,645
Germany	7,971	4,550	7,506	2,157	5,881	4,814	9,468	16,880	4,207
Spain	1,318	161	1,423	328	469		93	3,088	1,339
Total	12,172	6,883	10,935	2,966	9,239	14,747	23,701	28,741	10,947

Source: WITS

6.1.5. Southern Africa

The SADC region is not a large honey exporter. The value of total SADC honey exports in 2005 was US\$ 1.16m – an average annual increase of 10.1%. The largest growth of honey exports is found in Zambia, as Table 7 illustrates the value of honey exported from Zambia in 1997 being merely US\$ 76,000 while this figure had increased to US\$ 626,000 in 2005 – making Zambia the largest exporter of natural honey in the region (and responsible for more than half of total SADC honey exports). Zambia is the only country in the region with a certified fair-trade honey producer group. This allows Zambian beekeepers to sell their honey in Europe at a higher premium. The second largest exporter of honey in Southern Africa is Tanzania, followed by South Africa. Although SADC countries do currently not play an important role in the global honey trade industry, this could change. First of all, as established in chapter 4, a substantial amount of beekeeping is done in many of the countries' informal sectors. The honey is then sold in the local markets and used for everything from beer making to medicine to food. If these industries got involved in proper packaging and exportation of honey it would lead to economic growth in many of the rural areas



due to the fact that the price these producers would get for their honey would be higher than what they currently receive on the local markets. An example of the possibilities that exists in terms of beekeeping in the region is found in Mozambique. Mozambique was, before the civil war broke out, the world's largest exporter of beeswax, however many of the rural producers of beeswax lost their lives in the civil war and the country's beekeeping industry has since been in shambles. The example of Mozambique is important because it illustrates that there are no natural barriers to efficient beekeeping in the SADC region.

Table 7: SADC exports (US\$'000)

	1998	1999	2000	2001	2002	2003	2004	2005
Botswana				0	1	1		
Madagascar	1	0	28	18	2	2	7	26
Malawi						3		
Mauritius	3	0	7	2	4	2	4	3
Mozambique						0	1	
Namibia			1	0	25	0	1	0
South Africa	88	61	24	12	20	28	73	145
Swaziland			0		0			
Tanzania	373	64	56	135	2	297	1,044	623
Zambia	76	119	27	109	108	232	421	814
Zimbabwe			1	5	1			
Total SADC	537	246	107	293	156	590	1,546	1,162

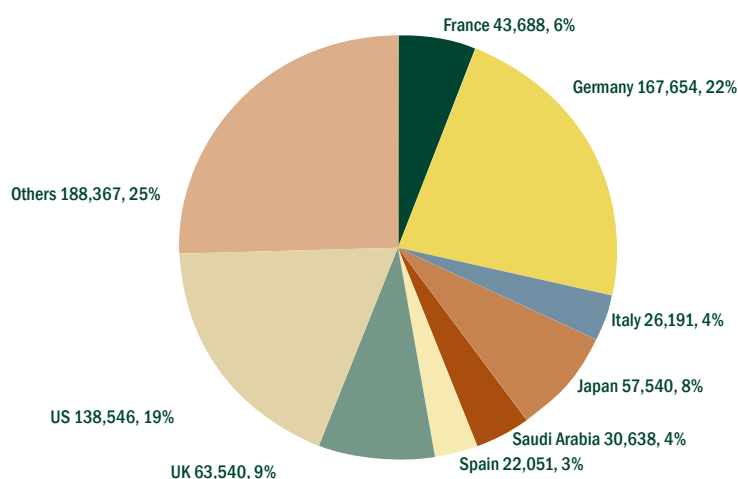
Source: WITS



6.2. Major importers

In terms of imports, the developed world is the main players in the global honey industry. The EU is by far the largest market, followed by NAFTA, where particularly the US is a large consumer of natural honey. Figure 7 shows the main import markets for natural honey. It illustrates that the majority of the large markets are in addition to the US and EU countries, Japan and Saudi Arabia are other large importers of natural honey, with respective market shares of eight and four percent.

Figure 7: Major Importers of Honey (2005)



Source: WITS

6.2.1 The European Union

As already established the EU is the world's principal importer of natural honey. EU's import of Honey is illustrated in Figure 8. The average annual growth (measured in Net Present Value-NPV) of imports to the EU region from 1996 to 2005 was 4.8%. This graph shows the value of imports where the majority of the fluctuation is accounted for by the change in price of honey—a peak was reached in the price of honey in 2003. Table 8 illustrates where the honey that is imported into the EU comes from. As already established in chapter 6.1 dealing with the major exporters of honey, a substantial amount of the honey consumed

in the EU is imported from other EU countries. NAFTA on the other hand is not such a large supplier of honey to the EU markets. Leading EU suppliers of honey from the developing world includes Argentina, Mexico, Brazil and Chile – where Argentina is the overall largest supplier. China used to be a large exporter of honey to EU markets, but due to the ban of Chinese honey in 2002 China has lost most of its market share. Although this ban was lifted in 2005 the effect is still there in the form of a relatively high level of scepticism amongst European consumers towards Chinese honey (CBI Market Information Database).

Germany is the largest market for honey in the European Union. Germany does not have the highest per capita consumption of honey, but due to the size of the German market it is the overall largest consumer. Germany's import partners are shown in Table 9. In 2005, Argentina had a 39% market share in Germany- growing at an average annual rate of 11% from 1996 to 2005. Another Mercosur member- Brazil –has also been performing particularly well on the German honey market with an annual average growth rate of 174% from 1999 to 2005 (note that this is from a very low base). Germany is the leader in consumption of organic honey in the EU and is in addition by far the largest market for fair-trade honey.

The sources of UK imports are illustrated in Table 10. The UK's import of honey have grown more rapidly than the German market with an annual average growth rate of 9.1%, as opposed to 2.4% - indicating that the former market is less saturated than Germany's market for honey imports. Argentina and Brazil have, as is the case with the German market, been performing well in the UK. In addition to this, imports from New Zealand and Germany have also experienced high growth rates. Sales of fair-trade honey has increased drastically in the UK – between 2003 and 2005, the sales volume increased from 101 tonnes to 296 tonnes, making the UK the second largest market for fair-trade honey in the EU. Mexico and Chile are important suppliers of fair-trade honey to the EU markets. The sales of fair-trade honey is expected to grow in the next couple of years giving SADC honey producers an excellent opportunity to expand their UK market share through gaining fair-trade certification. In 2004 organic honey counted for 6.8% of the honey retail market in the UK, this is an increase of 28% from the previous year. It has been estimated that the market for organic honey will grow by between 15 and 20% in the next couple of years (CBI Market Information Database 2006).

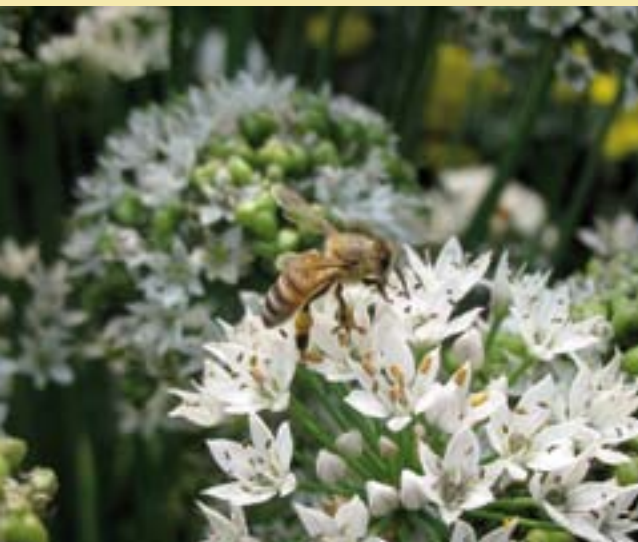
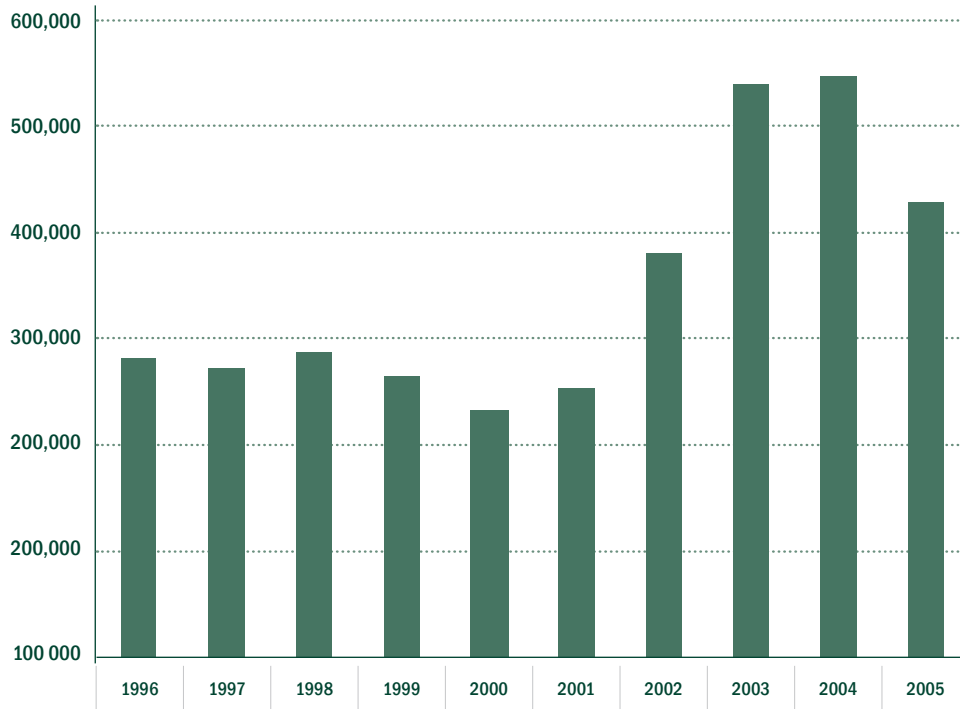


Figure 8: EU's honey imports (US\$'000)



Source: WITS

Table 8: European Union imports (US\$'000)

	1998	1999	2000	2001	2002	2003	2004	2005
EU25	87,011	88,618	78,789	84,407	156,145	205,443	204,927	176,482
NAFTA	34,746	31,383	30,723	28,360	37,025	37,393	46,058	29,003
Argentina	40,128	53,167	44,833	51,092	82,769	124,945	104,345	100,746
Germany	27,210	26,535	24,285	24,461	42,271	67,302	71,476	60,890
Hungary	15,158	14,977	15,072	16,787	38,522	50,885	47,644	39,412
Mexico	26,160	23,808	25,577	23,550	32,201	34,190	43,186	26,550
Spain	15,377	10,869	9,511	9,817	28,818	31,843	26,177	23,195
Brazil	136	45	194	730	7,490	23,756	40,781	18,267
Romania	7,023	9,766	10,760	9,304	11,478	23,110	21,829	15,038
Chile	3,955	3,233	3,460	5,463	6,351	9,257	13,606	13,209
Italy	4,978	6,176	4,135	6,331	7,881	6,913	8,640	11,648
New Zealand	2,263	2,972	2,454	4,248	5,251	8,569	6,438	10,375
Total EU M	288,516	263,412	233,407	253,256	381,388	540,954	549,262	428,679

Source: WITS

Table 9: Germany's imports of honey (US\$'000)

	1996	1999	2002	2005	Average annual growth rate (NPV) %
Argentina	20,208	30,282	44,300	51,785	11.0
Mexico	20,419	18,023	22,390	19,237	-0.7
Hungary	9,881	4,202	16,586	13,715	3.7
Brazil		23	6,037	9,907	174.0
Italy	3,581	5,105	6,274	9,142	11.0
Romania	3,761	6,563	6,497	7,521	8.0
Uruguay	4,367	6,163	5,431	7,432	6.1
Cuba	2,229	2,078	2,575	6,230	12.1
India	183	1,235	4,493	5,740	46.7
Spain	4,277	1,255	7,186	3,929	-0.9
Turkey	8,273	5,240	11,879	3,105	-10.3
China	30,387	12,205	6,971	1,479	-28.5
Total German M	135,214	115,088	166,189	167,654	2.4

Source: WITS

Table 10: UK imports (US\$'000)

	1996	1999	2002	2005	Average annual growth rate (NPV) %
Argentina	20,208	30,282	44,300	51,785	11.0
Mexico	20,419	18,023	22,390	19,237	-0.7
Hungary	9,881	4,202	16,586	13,715	3.7
Brazil		23	6,037	9,907	174.0
Italy	3,581	5,105	6,274	9,142	11.0
Romania	3,761	6,563	6,497	7,521	8.0
Uruguay	4,367	6,163	5,431	7,432	6.1
Cuba	2,229	2,078	2,575	6,230	12.1
India	183	1,235	4,493	5,740	46.7
Spain	4,277	1,255	7,186	3,929	-0.9
Turkey	8,273	5,240	11,879	3,105	-10.3
China	30,387	12,205	6,971	1,479	-28.5
Total German M	135,214	115,088	166,189	167,654	2.4

Source: WITS

6.2.2 NAFTA

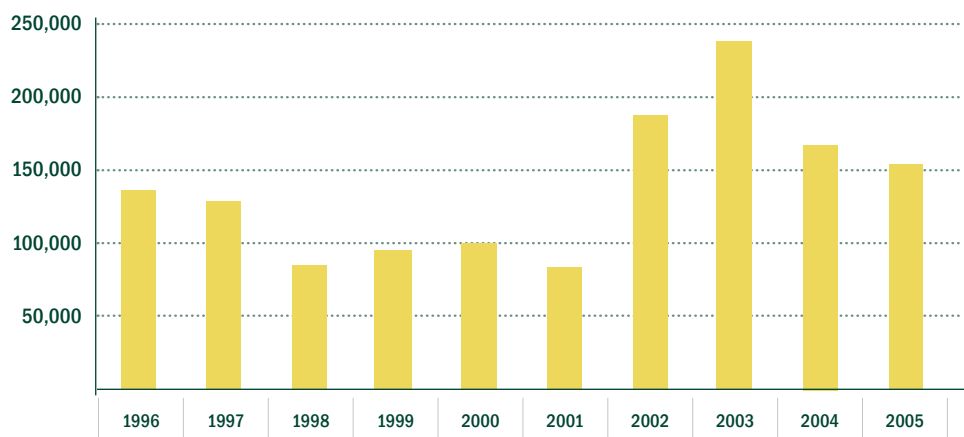
NAFTA's total import of Honey is displayed in Figure 9. The annual average (NPV) growth of imports to the NAFTA region from 1996 to 2005 was 1.4%. NAFTA's honey imports have – like the general trend in the global honey trade – been fluctuating rather drastically. A peak was reached in 2003, since then the amount of honey imported into the NAFTA region has decreased and total imports had the value of US\$ 155m in 2005. The largest supplier of honey to the NAFTA markets is Argentina (US\$ 37m in 2005), followed by China (US\$ 34m worth of honey the same year). The third largest amount of imports came from intra-NAFTA trade (equalling US\$ 27m in 2005).

The US is the largest importer of honey in NAFTA. In 2005 the US imported honey to the value of US\$ 139m, which is almost 90% of total NAFTA imports. The US' import partners are shown in Table 11. An interesting fact displayed in this table is the lack of developed countries. Out of the top 10 suppliers of honey to the US market, Canada (the third largest) is the only developed country on the list. One again it is clear that Mercosur is strongly represented as suppliers of natural honey, with the exception of Paraguay all the Mercosur members are amongst the top 10 suppliers of honey to the US market. Argentina is generally considered to be the producer, and exporter of mid-range price/quality honey, while China supplies the global markets with lower quality honey at a lower price than honey originating in Argentina. Mexico, on the other hand, is (alongside Australia) known for the high quality and high price honey. Table 11 displays that the mid-range honey is the most sought-after by the US consumers followed by the cheap honey from China. Mexico's expensive honey is, although still popular, not as highly in demand as the others.

NAFTA, and in particular the US, is a lucrative market where it would be worth-while for SADC beekeepers to attempt to increase their market share. Mercosur members have an advantage due to their proximity to the US market, however the US consumers have become more health aware and Southern African producers could, through focusing on supplying NAFTA with organic and/or fair-trade honey, manage to compete with these exporters as well as with Chinese honey which will be sold at a lower price than SADC honey.



Figure 9: NAFTA's honey imports (US\$'000)



Source: WITS

Table 11: US honey imports (US\$'00)

	1997	1998	1999	2000	2001	2002	2003	2004	2005
Argentina	76,772	40,508	42,668	45,883	20,378	18,590	11,469	7,480	32,361
China	19,448	17,813	23,550	25,022	17,321	8,631	38,428	33,716	25,791
Canada	9,055	12,564	17,323	17,776	17,852	51,303	40,966	31,377	20,667
Vietnam	1,290	2,949	1,344	1,631	5,491	19,519	16,962	14,135	14,783
India	2,856	530	35		28	3,820	11,052	10,941	9,846
Uruguay	504	126	142	46	2,765	9,673	14,931	7,237	5,968
Brazil				174	188	10,763	17,993	7,858	5,652
Taiwan	58	92	72	113	95	120	195	1,111	2,937
Mexico	9,861	4,378	3,922	2,554	5,309	22,792	20,026	7,203	2,453
Chile	460	86	24		1,060	4,209	12,279	2,117	1,521
Total	124,852	81,021	91,685	96,018	76,349	172,436	219,496	149,550	138,546

Source: WITS

6.2.3 Asia

In Asia the largest importers of natural honey are Japan, Saudi Arabia and Hong Kong. Table 12 displays where importers in Hong Kong source their honey from. Hong Kong's honey imports have experienced an average annual growth rate of 6.1% from 1997 to 2005 – when it reached the value of US\$ 6.6m. While all the major suppliers of honey to the Hong Kong market have expanded their market share, the largest growth was achieved by Malaysia (annual average growth rate of 62.9%).

The Japanese market for honey is almost 10 times larger than the Hong Kong honey market (Table 13). Although the Japanese market for honey imports has grown, this has happened at slower pace than the Hong Kong market (annual average growth of 1.7% as opposed to 6.1%). China is the largest supplier of honey to Japan, but the value of Chinese honey has not increased significantly from 1997 to 2005. New Zealand is the country that has increased its market share the most in Japan and with an average annual growth of 12.3% it is today the second largest honey import source.

Table 14 illustrates Saudi Arabia's honey imports, which has experienced an average annual growth rate of 13.1%. Pakistan and Yemen are the major suppliers of honey to Saudi Arabia, US\$ 8m and US\$ 7.5m, respectively. Both these two countries have experienced annually average growth rates of more than 30% from 1999 to 2005. The largest increase in supply, however, comes from India (although from a very low base) – equalling an average annual growth rate of 147% from 1999 to 2005. The only large honey supplier to Saudi Arabia with a negative growth rate is Turkey. Turkish exports destined for Saudi Arabia decreased from US\$ 4.1m in 1999 to US\$ 1.3m in 2005.



Examining these three large Asian honey importers it becomes apparent that the main suppliers to all the three markets are their neighbouring countries (China in the case of Hong Kong and Japan while Pakistan and Yemen are the main suppliers of honey to Saudi Arabia). Especially two of these markets, Hong Kong and Saudi Arabia, could potentially be very promising markets for SADC beekeepers – where they could increase their market shares through supplying exotic honey from beehives which are placed in the vicinity of flora that is not commonly found in other regions of the world. While Japanese honey imports have not grown substantially over the past 10 years, this is not so for Hong Kong and Saudi Arabia, with average annual growth rates of 6.1% and 13.1%, respectively. Both these two markets are supplied with both high quality/price as well as lower price/quality honey. In addition to this, the Hong Kong market for organic honey has been increasing – a trend that is likely to continue over the next couple of years. A fact which offers beekeepers that produce honey certified as organic a worth-while market opportunity.

Table 12: Hong Kong's imports (US\$'000)

	1997	1999	2001	2003	2005	Average annual growth (NPV) %
China	1,888	1,842	2,339	4,971	2,670	4.4
New Zealand	583	601	512	1,042	1,737	14.6
Germany	275	174	116	260	567	9.5
Australia	208	267	146	204	403	8.6
Malaysia	3			134	166	62.9
Total	4,123	3,596	3,521	7,109	6,603	6.1

Source: WITS

Table 13: Japanese imports (US\$'000)

	1997	1998	1999	2000	2001	2002	2003	2004	2005
China	41,623	29,548	31,323	32,613	34,755	43,062	45,766	46,476	42,756
New Zealand	1,556	1,016	839	887	1,085	1,716	3,174	3,358	3,937
Argentina	2,804	998	1,856	1,672	2,240	4,867	5,252	5,099	3,538
Hungary	530	682	241	695	444	758	1,252	1,442	1,215
US	1,018	672	798	766	776	931	1,355	1,387	1,205
Total	50,145	34,675	36,450	38,675	41,822	55,711	62,054	65,072	57,540

Source: WITS

Table 14: Saudi Arabia's imports (US\$'000)

	1999	2000	2001	2002	2003	2004	2005
Pakistan	1,549	2,334	3,189	1,661	4,099	4,726	8,027
Yemen	1,526	1,201	12,195	9,478	11,885	10,746	7,543
Australia	1,554	1,729	1,303	1,405	2,463	4,094	3,109
Mexico	986	1,910	1,845	621	4,721	4,996	2,721
Turkey	4,113	630	2,349	2,380	3,617	3,523	1,347
India	6	6	3		49	138	1,344
US	633	609	663	365	364	700	713
Total	14,613	13,323	26,517	19,751	33,280	36,420	30,638

Source: ?

6.2.4 Australia

Australia is, measured on a global scale, a relatively small importer of honey. In 2005, the value of honey imports was US\$ 4.8m, which is an average annual increase of 44.6% from 2000. The largest supplier of honey to the Australian market is New Zealand – exporting US\$ 3.2m worth of honey in 2005, which is an average annual increase of 39.3% from 2000. Furthermore, this comprises 66% of total Australian honey imports. Other important suppliers of honey to Australia are Argentina, China and Denmark. Table 15 shows that China is close to the only East Asian supplier of honey to the Australian markets (in 2005 US\$ 401m was Chinese exports while East Asia's total exports to Australia was US\$ 403m).

Although Australia is dependent on honey imports, this market is relatively small, and should not be the main focus SADC beekeepers wanting to export honey. Opportunities do exist in terms of fair-trade and organic honey, but for the exportation of conventional honey Southern African beekeepers should rather look elsewhere.

Table 15: Australian imports (US\$'000)

	2000	2001	2002	2003	2004	2005	Average annual growth (NPV) %
Argentina		121	3,407	16,799	1,289	507	43.2
China	68	94	808	1,609	1,407	401	42.8
Denmark				3,244	1,857	256	-71.9
East Asia	68	123	847	1,627	1,413	403	42.9
New Zealand	607	1,095	1,560	2,817	3,098	3,185	39.3
Total	764	1,800	7,561	24,982	9,010	4,824	44.6

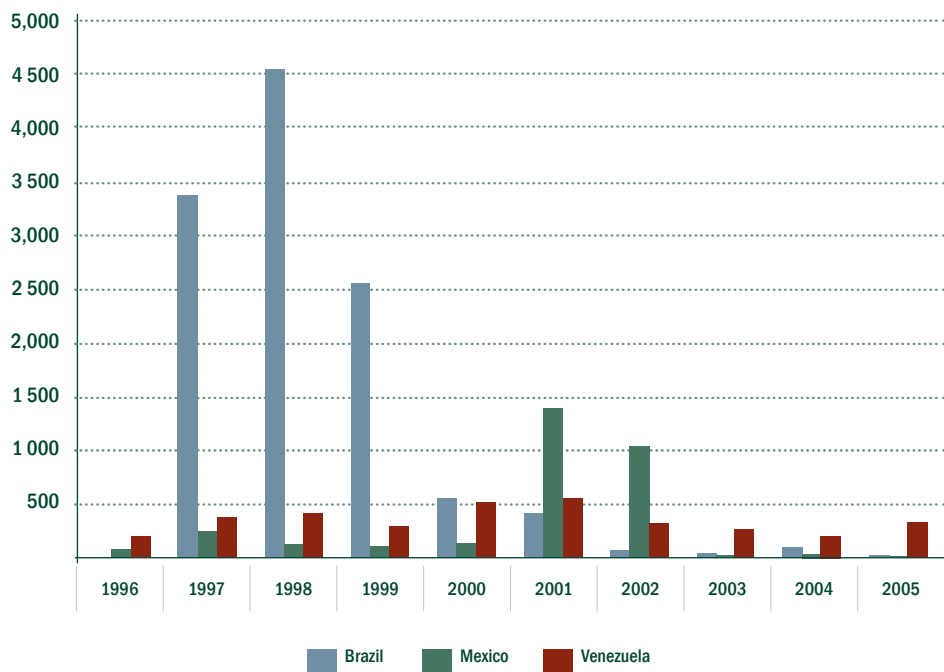
Source: WITS

6.2.5 South America

South America is, like Australia, not a large importer of natural honey. This is displayed in Figure 10 – the reason for this is that many of the South American countries are, as already established, large producers of honey. Consequently instead of trying to penetrate the markets of countries in the region without a substantial amount of honey production the large exporters in South America focus on markets further away (such as NAFTA and the EU) where the honey can be sold at a higher price. In 1998 Brazil imported more than US\$ 4.5m worth of honey from, predominantly Argentina. However, with the growth of honey production that has taken place in Brazil over the last decade, Brazilian beekeepers have managed to respond to the demand that was previously satisfied by natural honey from Argentina.

The South American market is not very promising for SADC beekeepers seeking to export conventional honey. The exception could be a special type of honey (particularly if sold in speciality stores), which could gain market share due to the fact it tastes different from honey produced in South American countries. Consequently, Southern African beekeepers seeking to export the same or a similar type of honey as Mercosur beekeepers should not focus on South American market – a market which not even the regional giants try to penetrate.

Figure 10: South American importers (US\$'000)



6.2.6 Southern Africa

South Africa is by far the largest importer of honey in the SADC region. In 2005 South Africa imported natural honey to the value of US\$ 1,2m, which equals 73% of total SADC imports (US\$ 1.6m the same year). China is the main supplier of honey to the South African market - the value of honey imports from China was in 2005 US\$ 540,000 while the second largest supplier Argentina exported US\$ 480,000 worth of natural honey the same year.

In 2005 more than 37% of total SADC honey imports were from China. The second largest market share in the SADC region was held by Argentina (29.4%) followed by Australia (10.4%). South Africa's honey market share in the SADC region was 7.4% while Tanzania's supply of honey to the region only equaled 3.8% of total SADC's imports.

Table 16: SADC import partners (US\$'000)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
China		103	55	17		26	357	798	1,220	615
Argentina		40				138	1	511	1,078	480
Australia		630	502	489	550	219	88	128	111	178
South Africa			3	1	150	150	166	277	234	121
Total	1	899	613	608	893	922	718	1,764	2,877	1,633

Source: WITS



7. Market access

In terms of market access it is generally useful to divide this section into tariffs and Non-Tariffs Barriers (NTBs). The reason for this is that the given tariffs (the duties) alone do not necessarily offer a complete picture of the situation facing a beekeeper seeking to export natural honey.

7.1 Tariffs

Natural honey, produced by *Apis mellifera* can be exported from the SADC region to EU without paying any duties (South African Revenue Services: <http://www.sars.gov.za/tariffs/tariffs/2003/Tariff%20Amendments%2028%20February%202003.pdf>).

Natural honey is an eligible African Growth and Opportunity Act (AGOA) product and can consequently be exported from SADC to the US facing lower tariffs than for instance countries which would fall under the Most-Favoured Nations (MFN) category. For more information regarding the AGOA and the requirements related to this agreement go to: <http://www.agoa.gov/> or <http://www.usda.gov/>.

Natural honey is considered as 'health food' and is therefore subject to the "Food Sanitation Law" when imported and sold on the Japanese market. According to Japan Customs a duty of 25.5% is applicable for natural honey imported from a WTO member, while honey from LDCs enters Japan without being levied with a tariff. More information can be found on: http://www.customs.go.jp/english/tariff/2007_4/data/04.htm

A 5% tariff is levied on natural honey entering Saudi Arabia (*BITD: Bureau International des Tarifs Douaniers* 2004), more information regarding Saudi Arabian import laws can be found on: http://www.export.gov/static/saudiArabia_tariff_schedule.pdf

In other words, the exportation of honey to the major markets in the world is generally not facing high duties and consequently, taking advantage of the export opportunities of natural honey from the SADC region is not hindered by the tariff barriers.

7.2 Non-Tariff Barriers (NTBs)

Non-Tariff Barriers refer to a wide range of policy interventions that affect and distort trade of goods, services, and factors of production. These policy interventions excludes border tariffs, but includes import quotas, voluntary export restraints, restrictive state-trading interventions, export subsidies, countervailing duties, technical barriers to trade, sanitary and phytosanitary (SPS) policies and rules of origin to mention some (Beghin 2006).

NTBs often play a much larger role for an exporter than the actual border tariffs. In terms of the EU especially agricultural goods face a wide array of NTBs. Arguably the most significant NTB when it comes to exporting Natural Honey to the EU is the technical barriers to trade (TBT). The current technical barriers to trade relate to health, sanitary, animal welfare, and environmental regulations; quality standards; safety and industrial standards; packaging and labeling regulations. According to Beghin the use of TBT almost doubled, from 32% to 59% of affected tariff lines from 1994 to 2004 (Beghin 2006).

Another non-tariff barrier to trade is the labelling requirements. The General Directive on Food Labelling (2000/13/EC) applies, but more specifically honey sold in the EU has to abide by the rules of labelling as stipulated in Directive 2001/110/EC (for more information about this go to <http://www.cbi.nl/>). Honey is defined as a product of animal origin and therefore the rules governing production and trade of animal products apply. Directive 2001/110EC specifies the requirements exporters of honey will have to comply by in order to sell their produce on the EU market. Only honey produced by *Apis mellifera* bees may be marketed in the EU. According to CBI *Apis mellifera* bees, also referred to as honeybees, probably originated in Tropical Africa and spread from South Africa to Northern Europe and in the East into India and China. The first colonists brought them to the Americas and they hence they are today distributed world-wide (CBI Market Information Database).

A third NTB facing beekeepers in the SADC region who wish to export honey to the EU is the need for a health certificate to accompany every batch of honey. The purpose of this certificate is to certify that the honey exported satisfies animal health requirements equivalent to those in the EU. This certificate must be issued by the competent veterinary authority in the country of dispatch and should be signed by an official veterinarian. Upon arrival in the EU the honey and the accompanying certificates must be verified and checked by EU official veterinarians at a designated Border of Inspection Post (BIP). It is evident that the EU set high standards in respect to exporters' logistical systems and SADC suppliers of honey who form strong relationships with well-organised shippers to EU countries are in a better position to meet the EU requirements (CBI EU Market Survey 'Food ingredients for industrial use 2005).

A last aspect that can make it difficult for SADC beekeepers to take advantage of the export opportunities that exist in the EU markets is the need to be registered as a 'third country.' In Southern Africa the following countries are authorised to export honey into the EU – they are so-called 'third countries': South Africa, Tanzania and Zambia (Bees for Development: <http://www.beesfordevelopment.org/info/info/legislation/>



eu-honey-legislation.shtml). Before exporting to the European Union the other SADC members would have to comply by the necessary criteria in order to be considered a 'third country.' In order to become listed, 'third countries' should submit a residues monitoring plan which offers animal health guarantees equivalent to those provided for in the Council Directive 96/23/EC (dealing with the domestic production). When the plans have been evaluated by the European Commission and found satisfactory, the formal approval of the plan follows by means of a Commission Decision. More information regarding Non-Tariff Barriers facing producers in developing countries wishing to export their products to the EU go to: <http://www.cbi.nl/accessguide>.

In order to export honey as 'organic' to the European Union SADC beekeepers need to be certified. When a producer or a group of producers applies for certification, several inspections follow in which the production system is judged and recommendations are made for improvements. Currently, certification for export from developing countries is mostly carried out by the certification bodies of the importing countries. For some beekeepers the costs of certification are a major threshold to venturing into the international market (CBI Market Survey 2005). Similarly, quite strict rules apply for beekeepers who want their honey exports to be sold on the European markets as fair-trade honey. For more information regarding the fair-trade certification process go to: <http://www.fairtrade.net/>.

Other markets that should be of particular interest to SADC beekeepers are the US, Japan and Saudi Arabia. The majority of these countries have similar, although slightly less rigorous, rules regarding honey imports. Specific information regarding honey exports to the US is found on the US Department of Agriculture's website: <http://www.usda.gov/>. Southern African beekeepers wanting to export honey to Japan should acquaint themselves with the labelling requirement stipulated in the Weight and Measures Law – more information regarding Japanese NTBs can be found on <http://www.mofa.go.jp/region/asia-paci/australia/study0504/chapter4-2.pdf>. For more information regarding honey imports in Saudi Arabia go to: http://www.export.gov/static/saudiarabia_tariff_schedule.pdf.

This chapter has established that the global honey trade is liberalised and consequently natural honey can be imported to the large markets without any duties payable – or when duties are levied on natural honey these are generally low. However, the Non-Tariff Barriers are more important seeing that there is a heterogeneous range of these and they can have a severe distortion effect on world trade of natural honey. Therefore, SADC exporters of honey should pay particular attention to these before determining which markets to focus on.

8. The way forward

Two aspects are of paramount importance in terms of expansion of the SADC beekeeping industries. First of all, production efficiency must be improved and secondly Southern African beekeepers should acquaint themselves with not only which markets are currently growing, but also what kind of honey is highly in demand in these markets and are consequently associated with a higher price premium.

In terms of improvement of efficiency, developments in the Indian beekeeping sector offer a possible model of how this could be done. As already established in this TIB, beekeepers in India have managed to increase productivity with up to 100% - not through using expensive equipment that is for instance used by beekeepers in the EU and NAFTA. On the contrary the Indian beekeepers use low cost equipment that can be repaired locally. Honey gathering is a widespread activity in many rural areas all over Southern Africa. If these honey gatherers are educated on the benefit of organised beekeeping they could move from being actors in the informal sector to the formal sector. Such a move will not only increase the amount of honey produced, but it will also raise the price of the honey they harvest. The reasons behind this is that through collecting honey in the traditional way the honey gatherers destroy the bee colonies, and as a consequence of the use of poor equipment the honey is often of lower quality – which obviously has a lower price. Furthermore, the packaging of honey could be improved. In order to export the honey this will be a necessary step, as the current practice on many rural SADC markets is the use of whatever containers are available, regardless of what this has been used for before – which could lead to a further deterioration of the quality of the honey.

These necessary enhancements in the production process of natural honey are not very costly. In fact most of them could be performed with resources readily available in rural areas. Furthermore, the low cost involved would easily be covered by the increase in output and price. The fact that honey gathering has been done in many areas in Southern Africa for centuries, illustrates that there are no natural barriers to increasing honey production. Such an expansion will benefit the people that need economic growth the most in the SADC region – the rural populations.

In terms of export opportunities this TIB has argued that these are mainly found in the developed countries. The EU is the world's largest importer of natural honey. A substantial amount of honey imported by EU members, however, comes from other European countries such as Germany, Hungary and Spain. From the developing world Argentina and China have traditionally been important suppliers of natural honey



to the European consumers. China was the largest supplier of honey to Europe up until the EU ban of Chinese honey in 2002. Although this ban was lifted two years later many European consumers are still sceptical to honey from China. Argentina and Brazil were the two countries that to the largest extent managed to take advantage of the vacuum that was created after the ban of Chinese honey. In 2006 Brazilian honey was banned which again led to an undersupply of honey to the European markets. These are events that SADC beekeepers should take advantage of. The decline in supply leads to an increase in demand – consequently, not only are there market opportunities for Southern African beekeepers, they will also be able to sell their honey at a higher price than previously. In this regard, it is important to keep in mind that the demand for natural honey is flexible and that, as a result, a substantial increase in price will eventually lead to a decrease in demand due to the fact that consumers' preferences will shift towards substitutes such as sugar and syrups.

Many of the large European import markets for natural honey such as Germany (interestingly Germany is both a larger exporter and importer of natural honey), the UK and France are rather saturated in terms of conventional honey. This is especially the case for Germany, which only experienced a 2.4% average annual growth from 1996 to 2005 (from 2002 to 2005 this growth was only 0.2%). Consequently only exporters of differentiated honey, an example of which is honey from beehives kept in areas with flora not readily found in other regions of the world and hence has an exotic flavour to it, should focus on these markets as possible export opportunities. Interesting niche markets exist in many of these European countries. The European Union is not only the largest market for conventional honey; it is also the main consumer of organic honey, and the price offered on honey that is certified organic is 15% higher than the price of conventional honey. The German market for organic honey and fair trade honey is the largest one in Europe while the UK market for organic honey is the quickest expanding one. Consequently, SADC beekeepers that are able to export organic honey should focus on the lucrative export opportunities associated with the EU market, especially the UK. Another niche market which would be worth while for Southern African beekeepers to consider is the European market for fair-trade honey. Through obtain a fair-trade label SADC honey producers will be guaranteed stability due to the fact that a minimum price is set on products carrying this label, and if the global price of honey raises above this the market price will apply. Switzerland, Germany and the UK are large European consumers of fair-trade honey.

In addition to the European Union, the US, Japan and Saudi Arabia are large importers of natural honey. Similar to many EU countries both the US and Japan are relatively saturated markets in terms of conventional honey. Consequently, the same principle applies for SADC beekeepers seeking to export to these markets: In order to increase their market share in the US or Japan the focus should be on exporting honey with a distinguished taste that can be sold in speciality stores at a higher price than conventional honey. Furthermore, much like the EU, both the US and Japanese market for organic honey is increasing - offering lucrative export opportunities for producers of organic honey in Southern Africa. Other markets that are expected to grow in terms of demand for organic honey are Australia and Hong Kong. Saudi Arabia, on the other hand is not, as of yet, a large consumer of organic honey. In order to increase their market share on the Saudi Arabian market, SADC beekeepers should focus on exporting honey from beehives kept close to flora not commonly found in the Middle East or Asia. The majority of Saudi Arabian honey imports (which more than doubled between 1999 and 2005) come from honey producers situated in the proximity of the Saudi Arabian market. Beekeepers in Southern Africa exporting honey to Saudi Arabia should focus on honey that has a distinct flavour and is consequently considered as exotic honey of higher value on the Saudi Arabian market.

To sum up the way forward for SADC beekeepers in terms of export opportunities one sees that, firstly, the largest markets for honey are found in the developed world. Secondly, in order to successfully expand their market share the focus should be on differentiated honey which will be considered exotic in these markets. Thirdly, lucrative niche markets exist for the producers of organic honey, as well as fair-trade honey. In order to expand the beekeeping industries in Southern Africa and to consequently create economic growth in the region focus should be placed on improving the harvesting and processing methods and to ensure that the production occurs in such a manner that the honey could be sold as organic or fair-trade honey at a higher price premium than conventional honey.

This TIB has established that there are no natural barriers to an expansion of the beekeeping industries in Southern Africa. On the contrary, the region is in terms of climatic conditions better suited than many other regions to take part in successful beekeeping. Furthermore, the added benefit of an increased focus on beekeeping in the SADC region is the fact that it will benefit the people that need it the most- the rural populations.



9. Conclusion

In terms of export opportunities associated with honey production these are found most importantly in the lucrative markets in the developed world. The exportation of natural honey, especially honey types that are not readily found on these markets, has a great potential for SADC beekeepers.

Important niche markets do exist. Especially the market for organic honey – as well as fair-trade honey- was highlighted in this TIB. The EU, the US and Japan – as well as Australia – should be of particular interests to SADC producers of organic honey due to the fact that these are not only the largest markets for organic honey, but they are also rapidly expanding. For various reasons many of these countries are not suited for the production of organic honey and as a consequence the rising demand for this product will have to be satisfied by imports. Exportation of fair-trade honey exists especially on the EU market. This is an excellent niche market opportunity for beekeepers in the SADC region due to the fact that stability is guaranteed through a minimum price of the fair-trade honey exported.

It has been established in this TIB that Southern Africa is indeed suitable for beekeeping and that there are many opportunities for SADC farmers in terms export markets. The benefit of an expansion in the SADC beekeeping sectors are, however, not only limited to economic growth opportunities for those directly involved in beekeeping. In fact, an increased amount of honey production will have positive consequence for the overall agricultural production in the region due to the fact that honeybees are vital in the pollination process – and more honeybees will lead to improved output of agricultural commodities situated in the areas where honeybees are kept. In fact, Canadian economists have claimed that the value of keeping honeybees adds a value of US\$ 782 million to other agricultural sectors (predominantly the cultivation of apples and blueberries) (The Value of Honey Bee Pollination in Canada: <http://www.honeycouncil.ca/users/folder.asp?FolderID=5174>). Consequently, an expansion of the beekeeping sector would not only improve the lives of the SADC beekeepers and their families, but it also has the potential to lead to overall growth of the agricultural sector – which would enhance economic growth and prosperity in Southern Africa.



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