CBI MARKET SURVEY

THE HONEY AND OTHER BEE PRODUCTS MARKET IN THE EU

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CONTENTS

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REPORT SUMMARY

Consumption
The EU accounts for approximately 20-25% of the world's honey consumption. In 2007, consumption amounted to 310 thousand tonnes. Consumption figures for the period 2003-2007, show strong fluctuations in terms of value. The fluctuations were caused by large price fluctuations. However, figures on volumes and industry sources indicate that real consumption was stable. Due to the maturity of the market, consumption is not expected to show enormous growth in the next 5 years. Increased interest in a healthy life style maintains consumer interest in honey stable, but does not lead to a significant growth in sales. The economic crisis has, furthermore, little effect on honey sales. Consumers in the EU continue to purchase honey, as they regard honey as a basic food product.

In general, the honey market is a very stable market. Nevertheless, the market is still evolving. Market shares of monofloral and single-origin honeys are increasing and increased concerns about the effects of intensive farming on the countryside, as well as on the environment in general, have also intensified interest in organic honey.

Beeswax consumption is stable. The apparent consumption of beeswax amounted to 10 thousand tonnes in 2005, although real consumption is expected to be significantly higher.

The markets for royal jelly, pollen and propolis are very small. Due to the small size of the market and fragmentation of the retail sector, importers and traders do not perceive trade in these products as commercially attractive.

Production
The EU is an important producer of honey, accounting for around 13% of the global honey production. Production in the main production countries is stable, while production in minor beekeeping countries is declining. Growth is reported in a number of East European countries, notably Hungary and Poland. The new member states Romania and Bulgaria also significantly increased their honey production. Due to the accession of these countries to the EU, the self-sufficiency rate of the EU increased by almost 10% to approximately 60%.

European beekeeping is severely threatened by varroasis and the Colony Collapse Disorder. Both 'diseases' lead to decreases in the number of bee colonies, drops in honey production and affect the profitability of beekeeping.

Registered production of beeswax amounted to around 4 thousand tonnes in 2005. Production of royal jelly, pollen and propolis is negligible.

Trade channels
Bulk imports of honey reach consumers through importers, packers, wholesalers and retailers. Importers usually combine the functions of importing honey into the EU with processing, blending and packing the honey. Packers blend most of the polyfloral honey to make acceptable table honeys.

Most of the low-priced honeys end up as private label products on supermarket shelves. The higher-quality monofloral and single-origin honeys are sold as packer's brands in both supermarkets and specialty shops.

Beeswax is often refined in the EU by specialized refiners, which import the beeswax themselves or purchase it from agents or importers, before supplying the industry.

Imports
EU imports of honey amounted to € 375 million in 2007. Imports fluctuated significantly between 2003 and 2007. In terms of volume, imports actually increased by an average of

1.7% annually to 215 thousand tonnes. The discrepancy between developments in values and volumes was the result of price developments. Global prices of honey fluctuated as a result of import bans on honey from several countries, such as China and Brazil, and weather conditions. The bans have been lifted again. However, bad weather conditions keep honey quantities available for import to the EU small. Nevertheless, EU importers continue to buy honey, though at higher prices.

The largest EU markets for imports of honey from developing countries are Germany, the UK, Spain, Italy, Belgium and France.

Developing countries together supply 41% of total EU honey imports. Argentina is the leading supplier to the EU. However, the value of supplies from Argentina decreased significantly in the period 2003-2007 and, in 2008 and early 2009, supply volumes decreased sharply. Consequently, other developing countries have profited from the developments in Argentinean honey supplies.

China, one of the major honey producers in the world, still has a small share in EU imports. Chinese imports are systematically stopped from entering the EU market by many EU buyers, as regular supplies of contaminated Chinese honey in the past have damaged China's reputation.

Beeswax imports also fluctuated in the period 2003-2007. Due to a decline in beekeeping after the EU ban on Chinese honey, supplies from China were low at the beginning of the review period. Since then, tight supplies from China have led to strong price increases and the future of this market is uncertain, as imports of beeswax are erratic and the market is saturated.

INTRODUCTION

This CBI market survey profiles the market for honey and other bee products in the EU. The emphasis of this survey lies on those products, which are of importance to developing country suppliers. The role of, and opportunities for, developing countries are highlighted.

The market survey discusses the following product groups:
- Honey
- Beeswax
- Royal jelly
- Pollen
- Propolis

For detailed information on the selected product groups, please consult appendix A. More information about the EU can be found in appendix B.

Exporters of honey should realise that exports of honey to the EU are restricted to countries which are on the so-called 'third country list'. The list states the extra-EU countries which are allowed to export honey to the EU (2001/158/EC). Countries not on the list are not allowed to supply honey to the EU. In order to be on the list, a country should have a Residue Monitoring Plan for the analysis of residues of antibiotics, sulphonamides, pesticides and heavy metals. The latest list (from March 2008) contains the following countries: Argentina, Australia, Brazil, Canada, Chile, China, Croatia, Cuba, El Salvador, Ethiopia, Guatemala, India, Israel, Jamaica, Kyrgyzstan, Mexico, Moldova, Montenegro, New Zealand, Nicaragua, Pitcairn, Russia, San Marino, Serbia, Switzerland, Tanzania, Taiwan, Thailand, Turkey, Uganda, Ukraine, Uruguay, USA and Zambia (http://www.beesfordevelopment.org/portal/article.php?id=1275). Refer to the CBI database at http://www.cbi.eu/marketinfo for more information on the third country list and Residue Monitoring Plans.

CBI market surveys covering the market in specific EU countries, specific product(group)s or documents on market access requirements can be downloaded from the CBI website. For information on how to make optimal use of the CBI market surveys and other CBI market information, please consult 'From survey to success - export guidelines'. All information can be downloaded from http://www.cbi.eu/marketinfo. Go to 'Search CBI database' and select your market sector and the EU.

1 CONSUMPTION

1.1 Market size

Honey
The EU accounts for approximately 20-25% of global consumption. In 2007, apparent honey consumption in the EU amounted to 310 thousand tonnes. The other two major consumers of honey in the world are China and the USA. China accounts for approximately 15% of global consumption and the USA for 10%. Table 1.1 presents the total and per capita consumption of honey in the EU.

Between 2003 and 2007, total EU honey consumption fluctuated. Consumption increased between 2003 and 2005 and then decreased again until 2007. The net result was a 0.7% decrease. The fluctuations were the result of price developments in the global market. Prices were relatively high in 2003 and 2007, due to supply shortages. The resulting consumption figures, which are low compared to other years, should thus not be interpreted as slumps in demand. In fact, 2003 and 2007 were good years for honey exporters, because of strong demand and high prices. More information on price developments is provided in Chapter 5.

Prospects for 2009 and 2010 are slightly positive. Forecasts on the global honey production for 2009 show that various major production countries are having climate-related problems with their production. Prices are expected to remain strong, as demand also remains strong. The financial crisis has only had a limited effect on demand for honey, although it is difficult to predict if it will affect future demand. Note that any increases in EU demand will be a few percent at maximum, as many of the major markets in the EU are mature.

Table 1.1 Total and per capita honey consumption in the EU, 2003-2007, respectively in thousand tonnes and in kg

	2003		2005		2007		
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Average annual % change in total consumption
EU average[1]	312,071	0.64	324,923	0.66	309,933	0.63	-0.2
Germany	96,050	1.16	90,741	1.10	95,506	1.16	-0.1
United Kingdom	27,914	0.47	32,383	0.54	36,069	0.59	6.6
France	28,457	0.46	31,462	0.50	34,869	0.55	5.2
Spain	34,028	0.82	31,867	0.74	28,927	0.65	-4.0
Italy	18,879	0.33	23,210	0.40	18,803	0.32	-0.1
Greece	16,643	1.51	18,318	1.65	18,151	1.62	2.2
Poland	15,725	0.41	14,847	0.39	16,192	0.42	0.7
Austria	10,739	1.33	9,825	1.20	9,876	1.19	-2.1
Romania	8,007	0.37	12,589	0.58	9,061	0.42	3.1
Czech Republic	6,037	0.59	7,124	0.70	n.a.	n.a.	n.a.
The Netherlands	7,876	0.49	6,272	0.38	7,890	0.48	0.0
Belgium	5,769	0.56	5,311	0.51	n.a.	n.a.	n.a.
Portugal	7,513	0.72	6,319	0.60	6,234	0.59	-4.6
Sweden	6,017	0.67	6,015	0.67	6,067	0.67	0.2
Bulgaria	2,497	0.32	7,614	0.98	5,027	0.65	19.1
Finland	2,702	0.52	3,214	0.61	3,933	0.75	9.9
Slovakia	2,012	0.37	4,349	0.81	3,709	0.69	16.5
Denmark	3,000	0.56	3,892	0.72	3,043	0.56	0.4
Slovenia	1,703	0.85	2,088	1.05	2,350	1.17	8.4
Ireland	1,314	0.33	1,822	0.44	1,906	0.44	9.7
Hungary	4,000	0.39	4,300	0.43	1,800	0.18	-18.1
Lithuania	1,132	0.33	1,534	0.45	1,253	0.37	2.6
Latvia	696	0.30	1,258	0.55	928	0.41	7.5
Estonia	672	0.50	780	0.58	817	0.61	5.0
Cyprus	804	1.12	837	1.12	n.a.	n.a.	n.a.

	2003		2005		2007		
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Average annual % change in total consumption
Luxembourg	283	0.63	243	0.53	250	0.53	-3.0
Malta	4	0.01	36	0.09	39	0.09	74.1

1. Based on country figures which are available for all 3 years.
Source: Eurostat, 2009

Germany is by far the leading EU market for honey, with consumption amounting to 96 thousand tonnes in 2007 (30% share in the EU). The other major consumers of honey in the EU are the United Kingdom, France and Spain. Per capita consumption differs greatly between EU countries. In 2007, per capita consumption in Greece was 1.6 kg, while in Italy it was only 0.3 kg.

The growth figures on honey consumption also differ between the various countries. In the period 2003-2007, the UK and France reported large growth in absolute terms. Countries with significant markets and high relative growth figures were Czech Republic (+10% annually), Slovakia (+17% annually) and Bulgaria (+19% annually). All three countries are in Eastern Europe and are relatively new members of the EU. On the other hand, Spain, Austria, Portugal and Hungary showed substantial decreases in the apparent consumption of honey. However, Spain and Hungary are both major producers and net exporters of honey and have increased their export/import ratio. This has resulted in a lower apparent consumption.

Beeswax
Data for the calculation of apparent consumption is incomplete. According to the available data, apparent consumption of beeswax in the EU amounted to approximately 10 thousand tonnes in 2005. Actual consumption is estimated to be considerably higher, as beeswax production in many EU countries is not included in the amount mentioned above.

Considering imports alone, the EU is the major market for beeswax in the world, accounting for a third of global imports in 2006. The USA is the second largest importer, accounting for 17% of beeswax imports. Japan is the third largest importer, accounting for 5% of the imports (ITC, 2009).

According to industry sources, consumption of beeswax is relatively stable. The product is used in various mature niche markets, such as cosmetics, pharmaceuticals, candles, food coatings and polishes. In the cosmetics market, demand fluctuates according to short campaigns for new products containing beeswax. Future consumption of beeswax is expected to remain relatively stable.

Major consumers of beeswax in the EU are Spain, Greece, Germany, France and Italy. Due to the incomplete data for the calculation of apparent consumption, it is not possible to provide exact market shares.

Propolis, royal jelly and bee pollen
Market information on propolis, royal jelly and bee pollen is scarce. The major markets for propolis are the cosmetic and dietary industries, which use it in creams, lotions, toothpaste and food additives. The increasing use of propolis for medicinal purposes has led to a demand for international quality standards. As long as there are no international standards, the trade in propolis will remain fragmented.

1.2 Market segmentation

Industry vs. consumers
The honey market is principally segmented into honey for household consumption and honey for industrial use. An estimated 85% of all honey goes to direct consumption. This table honey

is used mainly as *spread on bread*, and some is used as a *natural sweetener* for drinks such as tea or milk. It can also be used in food preparations such as salads, vegetable and meat glazes and casserole dishes.

The other major market segment for honey is the food industry. This industrial honey is mainly used in the bakery, confectionery and cereal industries. It is particularly useful in baked goods. The moisture-absorbing quality of honey helps breads, cakes, cookies and candies stay fresh longer. Finally, honey also has a use in honey wine and several after-dinner liqueurs. Honey was traditionally used in food preparations, but is now often replaced by sugar and sugar syrups. The honey which is used by the food industry is often of a lower quality than the honey used by households. Other industries using honey include the tobacco and pharmaceutical industry, although these account for only a small part of the total demand for honey. The tobacco and pharmaceutical market will not be discussed in this market survey.

Varieties of honey
Consumer preferences for honey show many similarities between countries. In general, EU consumers have a preference for light coloured, clear liquid honey with a mild taste. Honey packers in the EU blend honey from mixed sources to create honeys with such properties and an acceptable price. The honey used in the blends is polyfloral honey. The market for monofloral honeys is small (estimated at less than 10%). The ratio between liquid honey and creamed honey differs strongly between countries. Most Belgians and Finnish consumers prefer creamed honey, while most consumers in The Netherlands prefer liquid honey. Consumption of darker and stronger honeys is often related to the domestic production of forest honey. Where forest honey is a traditional product enjoying wide acceptance, consumption of darker and stronger honeys is more common. In the more developed markets, offering wide assortments, darker and stronger honeys are also more common. In those leading markets, there are honeys available which are infused with spices or other flavouring substances, such as cinnamon, ginger, mint and lemon. However, these products have very small markets. The markets for comb honey and chunk honey are also very small.

Organic segment
An estimate of the total market for organic honey in Europe is around 6.5 thousand tons per year (i.e. 2% of the total honey market). Germany accounts for 2.5 thousand tonnes of the EU consumption of organic honey. Organic honey is mainly used as table honey.

Consumers of organic and health foods mainly use honey as a natural nutritious alternative to sugar and for flavouring in cooking. It is also used by many consumers as a natural medicine. Although scientific research has not been able to confirm many of the claims on the medicinal properties of honey, there are many people who believe in it. Consumers are willing to pay a higher price for a product such as honey, when it is organic.

The market for organic beeswax forms a small part of the total beeswax market. Organic beeswax is mainly used in natural cosmetics. Some refiners believe that the number of applications will increase in the future, for instance in food products, and they expect the market for organic beeswax to grow.

Fair Trade segment
The Fair Trade segment consists of consumers who are socially conscious and are willing to pay a higher price for products that are Fair Trade. The Fair Trade global honey market reached 1.7 thousand tonnes in 2007 and is growing steadily, the leading consumers being Germany, Switzerland and the UK. The EU market for Fair Trade honey amounted to 1.1 thousand tonnes in 2006. The largest market is Germany, with sales amounting to 438 tonnes in 2006. The UK is the second largest EU consumer and shows a large growth, as sales increased from 101 tonnes in 2003 to 322 tonnes in 2006. Other emerging Fair Trade honey markets are France and Denmark.

1.3 Trends

Natural health food
EU consumers are increasingly interested in a healthy life style and, consequently, in the consumption of health food. Health food refers to food products, which are low in fat or even have calorie-burning properties and which have limited sugar and salt content. This includes functional foods, which have specific health-promoting properties (e.g. antioxidants) and food products with added vitamins and minerals, or bacteria supporting the intestinal function.

The increasing awareness of the importance of diet and nutrition, particularly among Western European consumers, has been accompanied by increasing concerns about the safety of food. Recent food scandals and critical food research have led to a negative image of synthetically manufactured food (ingredients). Together with a higher appreciation of products from nature and a growing environment consciousness, this has made natural products more popular.

Honey fits in well with the natural health trend. It is a completely natural product which has several health-promoting properties. Nevertheless, honey consumption does not expand under influence of the health trend. Honey has always been appreciated for its natural origin and its therapeutic as well as medicinal properties. The health trend emphasises the value of honey again and strengthens sales to existing consumers, but does not cause significant increases in total sales. It mainly helps to prevent substitution of honey by other bread spreads and sweeteners, such as jams, which are continuously improved and for which the assortment continues to expand.

Organic food
Increased concerns about the effects of intensive farming on the countryside, as well as on the environment in general, have intensified interest in organic foods. Furthermore, organic food products also profit from the general interest in natural products, as they are perceived to be purely natural products. The organic trend has increased demand for organic honey. It is a trend which covers almost the entire natural product range of the food industry.

Fair Trade
Consumers are becoming more aware of the poor labour conditions in many countries which supply products to the EU. They are increasingly taking on the responsibility for fair prices. Fair Trade products guarantee that producers receive fair prices and are therefore in higher demand.

Monofloral honeys
Monofloral honeys, such as acacia, are becoming more popular in the EU. Especially in the leading EU markets, demand for these monofloral honeys is increasing at the expense of blended honeys (David Wainwright of Tropical Forest Bee Products Ltd., 2007). The largest growth in consumption is expected for these types of honey. However, there are significant differences in consumer habits and preferences in the various EU countries. Please refer to the market surveys on the individual member states for more information.

1.4 Opportunities and threats

+ The EU is the leading honey market in the world. Consumption volumes are stable and the value is currently increasing.
+ The increasing demand for organic honey offers good opportunities for developing country producers of honey, as they often already produce 'organic by default'. However, relatively small premiums of less than 10% often discourage producers to invest in the costs associated with obtaining organic certification.
+ Another interesting niche market would be the Fair Trade market, as this segment is growing steadily.
+/- Honey types which are in shortage of supply are monofloral honey and wild blossom honey. However, both types require special and difficult production conditions.

+ Honey suppliers, including those in developing countries, are offered good opportunities through adapting to the natural and health trends. Many food manufacturers are currently engaged in replacing the synthetic and less healthy ingredients in their food formulations by natural and healthier substitutes. Honey is potentially one such substitute. Furthermore, the new sweetener isomaltulose could provide new opportunities, as it is produced from honey and sugar cane.
- A threat to the reputation of honey as a natural health product, and subsequently to the consumption of honey, are EU imports of honey contaminated by chloramphenicol and other prohibited substances. Chloramphenicol is an antibiotic which is used to cure sick bees, but which can also cause a fatal blood condition in susceptible individuals, called aplastic anaemia. In 2002, Chinese honey was banned from the EU as it was often contaminated with chloramphenicol. The negative media attention seriously harmed the reputation of honey as a natural health product. Read more about the current bans in Chapter 4 of this survey.
- Another threat to honey imports from developing countries is the consumer preferences regarding the properties of honey. EU consumers prefer light coloured honey with a mild taste, while honey from developing countries in the tropical zone is often dark and has a strong taste. It is more difficult to market this dark honey, as many consumers do not easily accept it (Finnish Honey Packers Ltd., 2007).

1.5 Useful sources

- Food Ingredients First - http://www.foodingredientsfirst.com – News on food ingredients
- FLO - http://www.fairtrade.net/ - Fair Trade Labelling Organisation
- FIBL - http://www.fibl.org - Research Institute for Organic Agriculture

2 PRODUCTION

2.1 Size of production

Honey
In years with good harvests, worldwide production of honey amounts to around 1.4 million tonnes. In 2007, FAOstat reported a worldwide production of only 1.1 million tonnes. The sharp decrease was largely ascribed to developments in China. Industry sources do not confirm the strong decline of Chinese honey production and actual production in China and the world are estimated to have been at the same level as in earlier years. The EU is also a major global producer of honey, in terms of production volume. In 2007, EU production of honey amounted to 189 thousand tonnes. The EU accounted for approximately 13% of the global production in 2006. Other leading producers according to their production shares in 2006 were China (21%), Turkey (6%), Argentina (6%), the Ukraine (5%) and the USA (5%).

The EU produces mainly polyfloral honey. The main monofloral honey produced in the EU is Acacia honey, as the black locust tree from which it is obtained is widely planted in Europe. The main producers of Acacia honey in Europe are Hungary, Bulgaria and Romania, although it is also produced in other EU countries. Other types are linden blossom, heather, lavender, rosemary, thyme, orange blossom, sunflower and forest honey.

Table 2.1 Honey production in the EU, 2003-2007, in tonnes

	2003	2005	2007	Annual change
Spain	35,279	27,230	31,250	-3.0
Germany	23,691	21,232	n.a.	1.6
France	15,000	15,000	16,000	1.6
Greece	15,700	16,267	15,900	0.3
Romania	17,409	19,200	15,000	-3.7
Hungary	21,000	19,714	14,000	-9.6
Poland	11,620	9,955	13,600	4.0
Italy	7,000	13,000	12,000	14.4
Bulgaria	8,500	11,221	8,600	0.3
Czech Republic	6,303	8,371	n.a.	n.a.
United Kingdom	7,000	5,000	7,200	0.7
Austria	7,100	6,100	6,100	-3.7
Portugal	7,310	5,686	6,100	-4.4
Slovakia	3,202	4,258	4,500	8.9
Sweden	3,400	3,400	3,400	0.0
Finland	1,700	2,300	3,000	15.3
Belgium	1,600	2,150	n.a.	n.a.
Slovenia	1,850	1,650	2,100	3.2
Denmark	n.a.	1,500	1,400	n.a.
Lithuania	1,156	1,333	1,300	3.0
Latvia	552	916	900	13.0
Estonia	535	638	700	7.0
Cyprus	780	562	n.a.	n.a.
Ireland	200	200	200	0.0
Luxembourg	137	137	150	2.3
Malta	0	0	0	n.a.
The Netherlands	n.a.	n.a.	n.a.	n.a.
EU	**198,024**	**197,020**	**188,600**	**-1.2**

Source: FAOstat, 2009

Table 2.1 presents the honey production of the individual EU member states. Production in Germany was estimated at 25 thousand tonnes in 2007. Between 2003 and 2007, total EU

production decreased slightly. The decrease was for a large part the result of climate conditions and bee diseases and is therefore expected to be temporary. In general, honey production in the main producing countries is stable. Although producers are under pressure from competition, mainly from Argentina, interest from buyers in domestic production remains large.

Beekeeping in many West European countries with minor beekeeping sectors is declining. Problems with availability of forage for the bees, due to decreases in agricultural land and the use of pesticides by farmers, bee diseases and declining interest in beekeeping are typical difficulties.

In some East European countries, production is still increasing. Upscaling and improved productivity result in higher production quantities. Romania, Hungary, Poland and Bulgaria all increased their honey production considerably in the last decade. Short-term developments as shown in table 2.1 are the result of climate conditions and bee diseases. The accession of Romania and Bulgaria to the EU in 2007 increased the self-sufficiency rate of the EU honey market by 10% to 60%.

Organic

According to EPOPA[1], the production of organic honey in Europe is limited. The main reasons are the presence of the varroa mite, the lack of unpolluted areas, and cold winters. The varroa mite is most effectively treated with veterinary medicines, which are not allowed in organic production. In Europe, a reserve of honey to last the bees through the winter can be achieved only when the honey is not (fully) harvested in the summer. This seriously limits the production volume of organic honey.

Beeswax

The production of beeswax in the EU amounted to approximately 4,169 tonnes in 2005, accounting for approximately 7% of global production. Between 2003 and 2005, EU production remained stable.

By far the leading producer of beeswax in the EU is Spain, accounting for 55% of total production. Spain produced 2,300 tonnes of beeswax in 2005. FAO reports zero production of beeswax in Germany. However, as Germany is a leading honey producer, it is unlikely that no beeswax is produced in this country. Note that figures are also lacking for various other EU countries.

The beekeeping sector in the major production countries is stable and beeswax production is therefore also expected to remain stable.

Royal jelly, pollen and propolis

Global production of propolis is estimated at only a few hundred tonnes. Data on the production of royal jelly, pollen and propolis are not available as it is not registered. Although all bees produce the products, there are various factors influencing the amounts produced. According to industry sources, production of royal jelly, pollen and propolis for commercial purposes is not interesting and therefore negligible. The quantities needed by the market are too small for cost-efficient production and marketing. The only significant producer in the EU is Spain. The Spanish beekeeping sector is large and able to supply large volumes of high-quality royal jelly, pollen and propolis and therefore able to compete with Chinese imports.

[1] EPOPA (Export Promotion of Organic Products from Africa - http://www.grolink.se/epopa/) is a development programme offering African smallholder farmers opportunities for improved livelihoods through the development of organic products for export.

2.2 Trends

The importance of apiculture for the pollination of major crops has been acknowledged by the European Commission, which grants substantial support (subsidies) to the sector. In order to support the apiculture sector in the EU, the European Commission adopted Council Regulation 917/2004, which lays down rules for the implementation of measures to improve the conditions for the production and marketing of honey in the European Union. This objective is achieved through national apiculture programmes, which include measures in the field of technical assistance, control of varroasis, rationalisation of transhumance[2], physic-chemical analysis of honey, restocking hives and applied research in the field of beekeeping and apiculture products. The EU apiculture sector receives significant funds for the implementation of the above mentioned measures. In 2008, a total of € 28 million was available for the national apiculture programmes. The allocation of funds to individual country programmes is based on the share of beehives in the respective countries. For example, the UK accounted for 2% of the EU beehives in 2008 and received approximately € 472 thousand for the implementation of its national apiculture programme in that year.

The control of varroasis is a particularly vital measure in EU apiculture, as EU production suffered significantly from this disease in recent years. Manuel Izquierdo of the Spanish Coordination Centre for Agricultural Organisations states that the varroa mite is the main factor which explains the deterioration of the profitability of beekeeping in the EU. So far, the programmes have only helped to keep honey production in the EU stable.

It is expected that the programmes will not be of sufficient help to keep the EU honey sector price-competitive in relation to the honey sectors of the world's major honey producing countries. Honey production in the EU-15 is therefore likely to decrease in the future. This decrease could be amplified by Colony Collapse Disorder (CCD). CCD is the sudden disappearance of worker bees in a Western honey bee colony.

Although it does not yet appear from the statistics, global honey production is currently decreasing because of the collapsing bee colonies. This phenomenon, which is yet little understood, has severely affected the number of bee colonies in the Americas, Southern European countries (Portugal, Spain, Italy and Greece) and in Poland. The causes of CCD are as yet unknown. The severe decrease in bee colonies has resulted in a global honey shortage and an increasing honey price. Although the high prices are good for producers which are not affected, CCD will make honey production unprofitable for a significant number of beekeepers. Consequently, CCD is expected to lead to a decrease in the number of beekeepers and a decrease in honey production in the most-affected countries, including some EU countries. In December 2008, the European Food Safety Authority (EFSA) launched a large project to investigate the causes of CCD. If no solutions can be found in the short term and EU beekeepers cannot prevent it, then CCD could pose a severe threat to their production. However, at this moment, it is still difficult to predict which countries will be most affected.

2.3 Opportunities and threats

+ Production of honey and beeswax in the EU is expected to decrease in the future, due to decreasing bee populations. EU countries will need to import higher amounts of honey from producers outside the EU to satisfy the demand, which will be stable. This opportunity especially holds for African countries, as the bee colony collapse is also taking place in South American countries.
+ Another opportunity is offered by the conditions necessary for organic honey production. These conditions are not favourable in the EU and form a barrier to organic production. Developing country producers are often better able to respond to the demand for organic honey.

[2] The seasonal transference of hives to suitable pastures

- A threat to DC exporters could be formed by East European countries, especially by the new EU member state Romania. Their production is increasing and these countries clearly have better access to the EU market. There are no restrictions on the honey trade between EU member states and the logistics are less complicated.

2.4 Useful sources

- European Commission - http://ec.europa.eu/agriculture/markets/honey/index_en.htm
- Food and Agriculture Organisation - http://faostat.fao.org
- Honey updates - http://skamberg.com/honey.htm - Offers frequent reports on the global honey market.

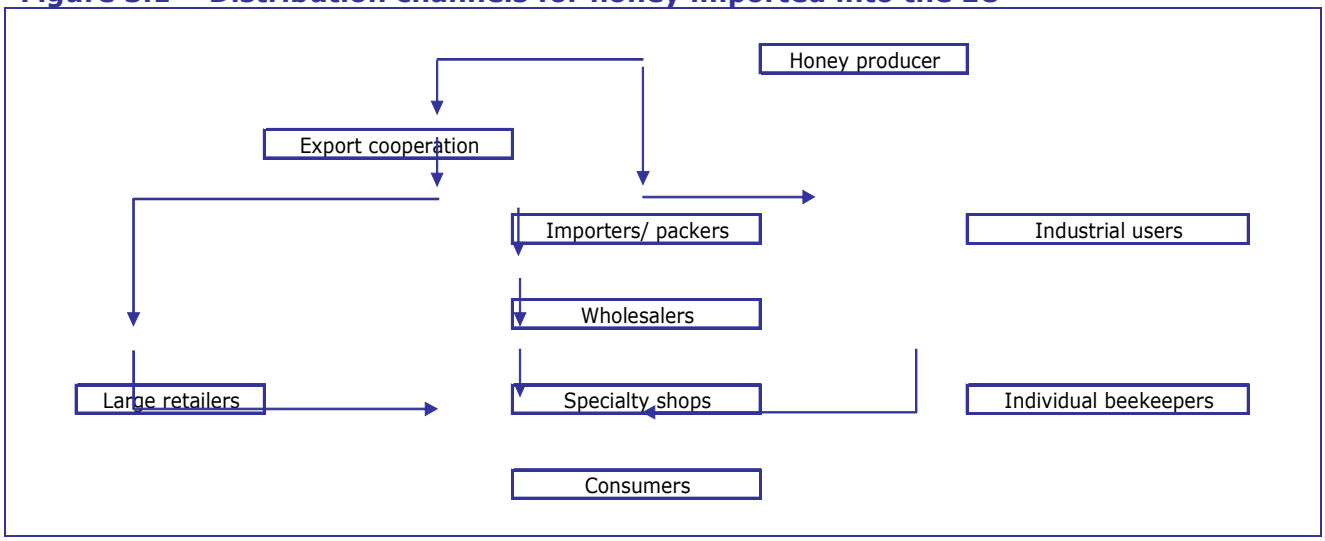
Note that names and websites of interesting players are given in the country surveys.

3 TRADE CHANNELS FOR MARKET ENTRY

3.1 Trade channels

Honey
Bulk imports of honey reach consumers after packing by packers and/or processing by industrial users. Pre-packed honey is only imported from neighboring EU countries. Figure 3.1 presents the distribution channels for honey in the EU.

Figure 3.1 Distribution channels for honey imported into the EU



Supplies from individual honey producers, notably in Africa, are often too small to meet the needs of importers. Large importers keep stocks of 1 to 5 thousand tonnes. They are supplied with full containers of up to 25 tonnes per delivery. For this reason, small honey producers in developing countries often supply to export cooperations, which collect the honey and export in large volumes.

Importers usually combine the functions of importing honey into the EU with processing, blending and packing the honey. Most lines between exporters and packers are direct. However, if a packer is not sure whether the exporter is reliable, imports are sometimes arranged through another importer which has more control over the supply chain or larger buffers, and which takes the risk and charges a commission.

Three distinct types of packers can be identified for the honey sector in the EU:
- Packer-producers: beekeepers in the EU, who have facilities for the processing and packing of honey. They sell directly to consumers, usually from their premises, or to retailers nearby. They are often small businesses and they do not market imported honey.
- Packer-cooperatives: groups of beekeepers who purchase, process, pack and market honey, often under their own label. They sometimes purchase imported honey to compensate for shortages in their own supply or to expand their product range.
- Packers: they purchase honey from beekeepers in their country, import and sometimes purchase from other importers. They have their own brand label and they also supply retailers with their private label brands.

Smaller EU honey markets are generally supplied partly or completely by importers or packers in the main importing countries.

Developing country producers who do not sell via an export cooperation can contact an importer in the country of destination, which also functions as a packer of the honey.

Importers/packers sell the end product to wholesalers and retailers in consumer packaging. The UK importer Four Seasons, for example, sells its products to distributors like SUMA, Infinity, Essential Trading, Green City and Graig Farms. Next to supplying consumer packaging to wholesalers and retailers, importers also supply in bulk to industrial users. However, an importer/blender/packer tends to be large, which makes it difficult for small-scale exporters to supply the required volume. Small-scale exporters should therefore also consider the Fair-Trade / organic channel, although they then need to comply with the Fair-Trade / organic standards/requirements and obtain certification.

Retailers

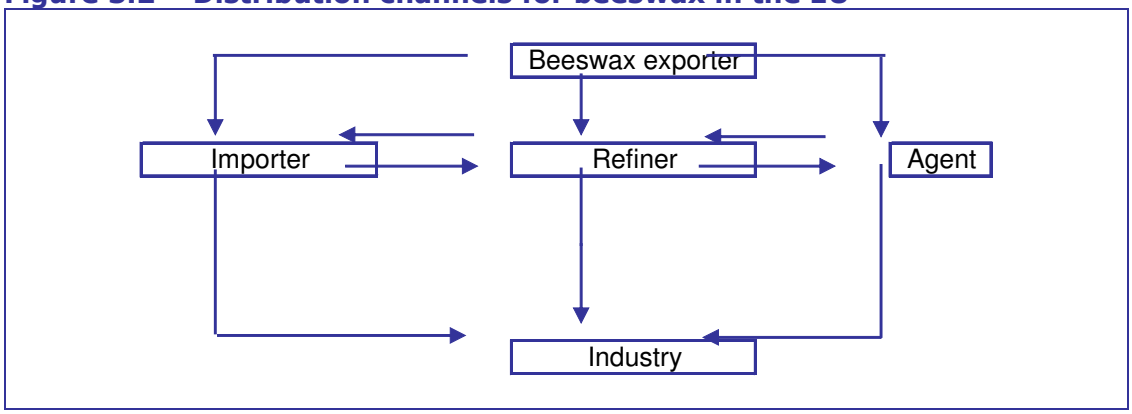
As an estimated 85% of honey in the EU is sold directly to consumers, and retailers (including beekeepers) play an important role in the distribution of honey to consumers, super- and hypermarkets constitute the most important outlets for honey. They belong to big retail groups in the EU like Metro (Germany - http://www.metro.de), Carrefour (France - http://www.carrefour.com), Tesco (UK - http://www.tesco.com), Ahold (The Netherlands - http://www.ahold.com), REWE (Germany - http://www.rewe.de), Groupe Casino (France - http://www.groupe-casino.com), Auchan (France - http://www.auchan.com), Delhaize Group (Belgium - http://www.delhaizegroup.com), Sainsbury (UK - http://www.j-sainsbury.co.uk). Due to their size, these retail groups have substantial buying power. Apart from the brands of honey suppliers, these retail groups all sell honey under their own brand to consumers (private label or distribution brands). The private-label products are sold at lower prices to the consumer, although the quality is not really different from that of supplier's brands. In fact, private label honeys are often the same honeys as brands of packers which are sold by other retailers.

In general, most honeys offered in retail outlets are blended, because it is not possible to make an acceptable table honey from the lowest-priced honeys. Only specialty retail stores offer a wide variety of single-origin/monofloral honeys. These specialty retail stores, which often concentrate on organic and natural food products, form the second retail channel for honey. Due to the increasing health and safety concerns, these shops have become more popular during recent years. They are also a relatively important channel for Fair Trade honey.

The distribution of organic honey in Germany, Europe's leading market for conventional as well as organic honey, is mainly regional, and products often have to be purchased from specialty wholesalers. Synergies are hardly possible, thus eliminating one of the major competitive advantages of leading supermarkets over smaller retailers. As a consequence, honey sales remain mostly limited to specialized retailers. In Germany, there are 2 large organic supermarket chains: 'Alnatura' with 22 subsidiaries, and the Munich 'Basic AG' with 15 subsidiaries. Besides, there is a number of smaller organic chains like Erdkorn, Denns, and SuperBioMarkt. The top 10 chains account for only about one third of all organic supermarkets. However, concentration is expected to rise. This will result in increased demand from the retail chains for larger volumes with a consistent quality. Packers have to deal with this change by obtaining larger supplies of a consistent quality and by blending larger amounts of honey from different sources.

Beeswax

Figure 3.2 Distribution channels for beeswax in the EU



All commercial beeswax in the EU is destined for industrial use. Approximately 60% of imported beeswax is crude and needs first to be refined before the industry can use it. The crude beeswax is either imported by a refiner directly or through an importer or agent. Some importers of honey also import beeswax and have it refined by specialist refiners, before they sell it to the industry.

Royal jelly, pollen and propolis

Imports of royal jelly, pollen and propolis are limited, due to small demand in the EU. There are only a few specialised importers of royal jelly, pollen and propolis. These companies have gained a large market for their products and are able to trade large quantities. In most cases however, royal jelly, pollen and propolis are imported by honey importers. Combined transport of these products with honey allow for supplies, which are smaller than a full container load. This should be seen as an advantage, as it is difficult to sell full container loads. However, various honey importers indicate that marketing of royal jelly, pollen and propolis is relatively expensive and not interesting from a commercial perspective.

3.2 Price structure

Retail prices of honey are generally 2.5 to 3 times higher than producer prices. The large difference between retail price and producer price is sometimes hard to understand when the process of getting the product from farm to retailer is unknown. However, it is important to realize that there is still a long way to go before a farm product reaches a retailer in the EU. According to an industry source, the often inefficient logistics in developing countries already add considerably to the total costs of the final product and there are also transport costs, processing costs, labelling costs, and so on, which need to be covered.

The importer or packer pays the FOB price plus the costs of transport. The costs of sea freight for a container (20 tonnes) from Mexico to Antwerp amount to approximately € 1,000. This equals a value addition of € 0.05 to the price per kg. In the case of Maya Fair Trade honey, the costs for transport of the honey from the port of entry (Antwerp) to the warehouse of the importer is approximately € 250 per container or € 0.01 per kg. The commission for importing honey is estimated at 5% and the margin for blending, filtering and packing the honey is estimated at 10%. Wholesalers add another 5-10% to distribute it to retailers. Margins for retailers vary a lot. Some supermarkets do not add any margin for their cheapest honey, while speciality shops can add more than 100%. In the case of honey distributed by Maya Fair Trade, the margin for the retailers is approximately 30%. Finally, consumers have to pay VAT, amounting to 6-21%, depending on the country where the honey is sold.

3.3 Useful sources

- HIPA - http://www.hipa.org.uk/ - Honey International Packers Association

- FEEDM – http://www.feedm.com – European Federation of Honey Packers and Distributors
- Addresses of organic importers in Europe: http://www.organic-market.info Go to 'Organic addresses in Europe' and select 'Importers/Exporters'.

Note that names and websites of interesting players, as well as sources to find those players, can be found in the surveys covering the individual countries.

4 TRADE: IMPORTS AND EXPORTS

The information in the following chapter is limited to honey and beeswax. The other bee products do not have their own HS codes and only make up a small part of the product groups of the HS to which they belong. Consequently, the consolidated statistics on the product groups to which they belong are not useful.

4.1 EU imports per product group

Honey

Table 4.1 EU imports and leading suppliers of honey 2003 - 2007, share in % of value

	2003 € mln	2005 € mln	2007 € mln	Leading suppliers to EU in 2007 Share in %	Share (%)
Total EU,	484	343	375		
of which from					
intra-EU	221	167	201	Germany (15), Hungary (10), Spain (7), France (4), Romania (3)	53
Extra-EU ex. DC*	17	16	20	New Zealand (4), Australia (1)	5
DC*	246	160	155	Argentina (18), Mexico (8), Uruguay (4), China (3), Chile (2), India (2), Cuba (1), Ukraine (1)	41

Source: Eurostat (2009)
*Developing countries

Total honey imports fluctuated in terms of value between 2003 and 2007. The net result was a decrease of 22% to € 375 million. In terms of volume, imports actually increased by an average of 1.7% annually to 215 thousand tonnes. The discrepancy between developments in values and volumes is the result of price developments. More information on these price developments is provided in Chapter 5.

In 2008 and early 2009, the EU continued to import honey, even at the higher prices, supported by a strong Euro. Imports are forecasted to increase in value in the coming year, as the production in Argentina and various other major honey producing countries is expected to be low, leading to scarcity.

The EU honey market is for approximately 60% self-sufficient. Only a few EU countries are completely self-sufficient, for instance Spain, Hungary and Romania. Consequently, the EU needs to import most honey from extra-EU countries. By far, the leading supplier is Argentina. The characteristics of the Argentinean honey and the reliability of the suppliers are appreciated by EU buyers. However, the value of supplies from Argentina decreased significantly in recent years. Between 2003 and 2007, supply values decreased by 11% annually. Price decreases in the global market have hit supplies from Argentina particularly hard. Moreover, Argentina has been suspected of 'honey laundering', meaning that the honey it exported was not Argentinean. The honey laundering caused lower demand for Argentinean honey and further added to the price decreases. In 2008 and early 2009, supplies from Argentina also decreased in terms of volume, while unit prices increased again.

China, another major supplier on the global market, still has a small share in EU imports. Chinese imports are systematically stopped from entering the EU market by many EU buyers. In the past, supplies of honey from China have been regularly contaminated by prohibited substances. In 2002, Chinese honey was even banned by the EU. The honey ban was imposed because chloramphenicol was found in the honey, which can be dangerous for certain people. The ban on Chinese honey was lifted in 2004. However, EU importers have become very reluctant to buy Chinese honey. The reputation of Chinese honey has been severely damaged

and the recovery of supplies of Chinese honey for the EU will depend on improvements to the quality control system applied by Chinese exporters.

Meanwhile, other developing countries have profited from the developments in Argentinean and Chinese honey supplies. Mexico, Uruguay and Chile significantly increased their export volumes to the EU (by 14%, 36% and 18% per annum respectively) in the period 2003-2007.

Until 2007, Brazil was also a leading developing country supplier to the EU. However, in 2007, the EU imposed a ban on honey from Brazil as no agreement could be made on testing procedures and standards. This explains why honey imports from Brazil were negligible in 2007. The ban was lifted in 2008 and imports are expected to have reached former levels again.

Although most EU markets for honey are far from self-sufficient, there is still much trade between EU countries. Germany, Hungary and Spain are leading suppliers of honey. Hungary and Spain are major producers and net exporters. Germany in contrast, is a major net importer and a leading exporter at the same time. Germany not only produces and imports large quantities for the domestic market, but also plays a leading role in EU honey trade. German traders have a regional market which stretches beyond the German borders. The exports by Germany consist of both honey produced in Germany and honey from other countries. Thus, Hamburg, the main German port, is not only the point of entry for honey destined for the German consumer market, but also for honey which is destined for many other EU countries.

In general, traditional EU suppliers of honey have difficulties competing with other countries which can supply honey at a lower price. Therefore, these EU suppliers try to distinguish themselves by focusing on single-origin, monofloral honeys of a high quality. Some beekeepers even demonstrated against EU Directive 2001/158/EC on residue monitoring, stating that it is not strict enough. Refer to CBI's database for more information on EU legislation (http://www.cbi.eu/marketinfo).

Due to the production in Eastern Europe increasing and the new opportunities offered by accession to the EU, East European countries are expected to become play an increasing role in honey imports by other EU countries. Imports from the new EU countries are particularly interesting for small importers, as transportation costs are much lower than those for imports from developing countries.

Beeswax

Table 4.2 EU imports and leading suppliers of beeswax 2003 - 2007, share in % of value

	2003 € mln	2005 € mln	2007 € mln	Leading suppliers to EU in 2007 Share in %	Share (%)
Total EU, of which from	17.5	24.3	24.1		
Intra-EU	7.7	8.7	8.4	Germany (10), France (8), The Netherlands (7), Spain (4), Italy (2)	35
Extra-EU ex. DC*	1.2	3.7	2.3	Australia (5), USA (3), New Zealand (1)	9
DC*	8.5	11.8	13.5	China (45), Argentina (4), Central Africa (2), Ethiopia (1), Ivory Coast (1)	56

Source: Eurostat (2009)
*Developing countries

Total imports of beeswax fluctuated in the period 2003-2007. In 2007, imports amounted to € 24 million / 7.3 thousand tonnes.

China is by far the largest supplier of beeswax to the EU. Chinese beeswax is cheap and has not suffered from the bad reputation of Chinese honey. Quality requirements for beeswax are

less restrictive than those for honey and purchasing cheap (Chinese) beeswax is less risky for EU importers. Between 2003 and 2007, China fortified its leading role in beeswax supplies by 14% annually in terms of value.

Supplies from Germany, France and The Netherlands remained relatively stable in the period 2003-2007. Germany and France are major users and re-exporters of beeswax, while The Netherlands is principally a re-exporter.

Argentina and Australia both increased their supplies of beeswax at very high rates of around 40% annually. Note, however, that imports of beeswax can be very erratic, with strong fluctuations between years. It is not certain that Argentina and Australia will remain large suppliers of beeswax to the EU.

Note that imports per product group by individual member states are given in the CBI market surveys on the respective countries.

4.2 The role of developing countries

Table 4.3 Imports of honey and beeswax from developing countries, 2003-2007, € thousand / tonnes

	2003		2005		2007		Average annual % change in value
	value	volume	value	volume	value	volume	
Total	**254,086**	**121,155**	**171,906**	**137,509**	**168,120**	**126,096**	**-9.8%**
Germany	156,681	73,146	98,197	75,325	96,646	72,633	-11.4%
United Kingdom	28,440	12,721	20,661	18,223	21,617	16,511	-6.6%
Spain	14,872	7,401	12,000	11,863	9,799	8,572	-9.9%
France	8,603	3,789	8,984	6,742	8,867	5,836	0.8%
Italy	18,282	8,166	10,203	9,118	8,285	6,253	-18.0%
Belgium	6,953	3,441	6,944	4,916	8,054	6,268	3.7%
The Netherlands	1,968	850	2,901	2,280	3,683	2,696	17.0%
Greece	1,492	701	1,742	725	2,640	1,094	15.3%
Austria	2,428	967	1,960	1,259	2,232	1,345	-2.1%
Ireland	1,248	562	1,325	1,065	1,837	1,422	10.1%
Poland	3,820	4,443	3,419	3,204	1,598	1,422	-19.6%
Denmark	4,507	2,103	1,558	1,133	916	682	-32.9%
Hungary	558	313	0	0	446	216	-5.4%
Czech Republic	1,729	1,332	233	246	414	343	-30.0%
Finland	639	311	377	326	358	224	-13.5%
Slovakia	321	184	379	354	352	331	2.3%
Bulgaria	13	3	5	0	169	135	88.1%
Estonia	129	93	56	36	47	25	-22.4%
Sweden	450	177	255	183	42	24	-44.8%
Slovenia	164	62	24	8	33	16	-32.9%
Romania	179	93	24	18	33	17	-34.6%
Portugal	549	247	132	90	32	22	-50.9%
Malta	11	4	58	30	18	11	12.8%
Lithuania	0	0	234	165	1	0	n.a.
Cyprus	0	0	92	77	0	0	n.a.
Latvia	49	45	141	124	0	0	-83.1%
Luxembourg	0	0	0	0	0	0	0.0%

Source: Eurostat (2009)

The imports from developing countries showed a similar development to total imports by the EU. Price decreases caused import values to fall, while volumes increased slightly.

West European countries are the largest importers of honey, including honey from developing countries. In general, West European markets are more developed, while production is small compared to demand. The largest growth markets in relative terms were The Netherlands,

Greece, Ireland and Bulgaria. On the other hand, imports from developing countries by Italy, Poland, Denmark and the Czech Republic decreased significantly during the review period, in both values and volumes. Most of the decreases in imports from developing countries are explained by sharp drops in imports from Argentina.

The share of developing countries in imports of honey by a certain country reveals interesting differences between EU countries. The share of developing countries is very large in German imports of honey, where they account for 65% of total imports, compared to the EU average of 41%. Their share is also large in the imports by Spain and Belgium, where they account for 56% and 51% of the imports respectively. Of the leading EU importers, France and The Netherlands import relatively little from developing countries (18% and 22% respectively).

East European countries are smaller importers of honey, and therefore also import less honey from developing countries in absolute terms. However, the share of developing countries in their imports of honey is also below EU average. Moreover, most of them saw a decrease in their imports from developing countries. Similarly, the Nordic countries are not very interesting for developing countries in this sense.

For more information on imports of honey and other bee products by individual member states, refer to the CBI market surveys covering the respective countries.

4.3 Exports

Table 4.4 EU Exports of honey and beeswax 2003-2007, € thousand / tonnes

	2003		2005		2007		Average annual % change in value
	value	volume	value	volume	value	volume	
Total EU, of which to	265.2	88.6	213.7	90.7	256.6	101.2	-0.8%
Intra-EU	226.6	77.2	185.1	82.8	217.3	90.8	-1.0%
Extra-EU	38.7	11.4	28.6	7.9	39.2	10.5	0.4%

Source: Eurostat (2009)

In 2007, EU exports of honey and beeswax amounted to € 257 million / 101 thousand tonnes. In the period 2003-2007, exports showed a similar trend to imports. Between 2003 and 2005, exports decreased by 19% and then increased again by 20% between 2005 and 2007 in value. Volumes increased by 3.4% annually. Re-exports accounted for most of the increase.

The leading exporters are also the leading producers of honey in the EU. The largest EU exporter is Germany, which re-exports a lot, accounting for 26% of total EU exports in 2007. Between 2003 and 2007, exports by Germany decreased by 2.4% annually in terms of value and increased by 2.8% in terms of volume. Germany is followed by Hungary, which accounts for 18% of the EU exports. Exports by Hungary increased slightly during the review period. The third largest exporter of honey is Spain. Exports by Spain decreased by 4.5% annually in value and increased by 2.4% annually in volume. The main countries of destination for the honey exported by EU countries are West European countries.

4.4 Opportunities and threats

\+ The EU is the largest market for honey and beeswax in the world and almost half of the imports is supplied by developing countries. Although prices have decreased in the period under review, prices have risen in 2008 and early 2009. These price increases have little effect on the need for honey by the EU and, thanks to the strong Euro, importers continue to purchase honey.

+ Various major suppliers of honey to the EU are having problems with their supplies and EU importers remain reluctant to purchase Chinese honey. Importers are interested in buying from new sources in developing countries.
+/- Imports of honey from developing countries mainly consists of low-priced honeys. EU beekeepers have focused on high-quality and/or single-origin honeys and occupy most of the premium segments. The best opportunities for exporters from developing countries are in the middle-segment as this is Argentina's market, which currently has production problems. The Fair Trade and organic segments also offer opportunities.
+ China, Argentina and Brazil have all had difficulty in complying with EU legislative requirements or, in the case of Argentina, in upholding their good reputation. Many other developing countries still have a clean slate. The reputation of a country as a reliable supplier is of great value. Strict residue monitoring and control of exports is very beneficial in the long-term.
- The accession of East European countries to the EU, particularly Romania and Bulgaria, has introduced a new threat to honey from developing country suppliers. A number of these EU countries exports considerable quantities of honey and their accession to the EU has made it easier to export to the other EU member states. Moreover, the increasing production in these countries might lead to significantly higher exports.
+ Germany and Spain are both large re-exporters of honey from developing countries. They play leading roles in the distribution of honey in the EU. The Netherlands is a large re-exporter in the market for beeswax.
- China has a very prominent position in the EU beeswax market and has fortified its position in recent years. China drives prices down.
- Refining of beeswax is mostly done in the EU. There is limited interest from EU importers to allow this value addition to take place in developing countries, as EU refiners have a good reputation and competitive offers.

4.5 Useful sources

- EU Expanding Exports Helpdesk - http://exporthelp.europa.eu/
  ➔ go to: trade statistics
- Eurostat – http://epp.eurostat.ec.europa.eu - official statistical office of the EU
  ➔ go to 'themes' on the left side of the home page
  ➔ go to 'external trade'
  ➔ go to 'data – full view'
  ➔ go to 'external trade - detailed data'

5 PRICE DEVELOPMENTS

5.1 Price developments

Honey
Prices in the EU are set on the global market. EU importers all source on the global market and have to compete with each other for the available honey. Prices on the global market are mainly influenced by weather conditions, import bans and bee diseases. The main honey suppliers in the world are Argentina, China and Mexico and developments in the production of those countries have a strong influence on honey prices paid by EU importers. Exporters are advised to follow the developments in those countries, to determine if it is worthwhile to hold on to honey supplies and wait for higher prices.

Prices of internationally traded honey have fluctuated dramatically since 2003. In 2003, prices were very high, as a result of the embargo on the imports of Chinese honey into the European Union which lasted until 2004. Low demand coupled with good harvests led to low honey prices in 2005. Increased demand and a ban on Brazilian supplies, which have been growing and accounted for 4% of total EU imports in 2005, led to increased prices in 2006. In 2007 and 2008, prices increased further. The Colony Collapse Disorder caused significant decreases in the number of bee colonies in the Americas and Southern Europe, while cold weather in some major production areas put further pressure on production. Table 5.1 presents the import price of honey in 2008.

Table 5.1 Average import prices of honey, 2003-2009, €/tonne (CIF main European port)

	2003	2004	2005	2006	2007	2008	2009 (January-May)
Chinese white	n.a.	n.a.	980	1,280	1,320	1,640	1,930
Chinese extra light amber	n.a.	n.a.	970	1,260	1,310	1,630	1,900
Chinese light amber	n.a.	n.a.	950	1,220	1,290	1,610	1,890
Mexican Yucatan	2,780	2,020	1,450	1,750	1,510	2,060	2,440
Mexican Orange Blossom	2,900	2,250	1,690	1,910	1,700	2,080	n.a.
Argentinean 25mm	2,380	1,960	1,320	1,570	1,480	2,160	2,380
Argentinean 34mm	2,340	1,890	1,240	1,550	1,540	2,180	2,370
Argentinean 50mm	2,340	1,860	1,210	1,530	1,510	2,140	2,320
Argentinean 85mm	2,300	1,800	1,160	1,510	1,480	2,070	2,300
Australian extra light/light amber	2,950	2,820	1,910	1,780	1,840	2,190	2,370

* Converted from US $ using average annual exchange rates from Oanda (online currency converter)
Source: Public Ledger (May 2009)

The outlook for 2009 is positive for honey exporters to the EU. Argentina, the leading supplier to the EU, expects a much lower production than in former years, due to drought. China and the USA also had drought problems, although to a far lesser extent than Argentina. Prices for Chinese honey are relatively low. However, EU buyers remain reluctant to purchase Chinese honey, due to quality issues. On the other hand, production in Eastern Europe and Spain, Italy and Portugal is expected to be high.

Organic
Organic honey is valued more highly than conventional honey of the same quality, and the price premium ranges from 10% to 20%. In the near future, the price developments of organic honey will be heavily influenced by the supply. A substantial amount of the honey production area in Brazil is already certified organic. Some importers think that Brazil intends to further expand the area of certified organic production and thereby strengthens its position as a supplier of organic honeys. This development will put pressure on the price premium for organic honey (EPOPA study: Export opportunities for African organic honey and beeswax; 2006).

Fair Trade

The price of Fair Trade honey is laid down in the Fair Trade standards for the production and trade of honey. Producers receive a price for their honey, based on its quality and nature. The price consists of a Fair Trade minimum price and a Fair Trade premium. The Fair Trade premium is designated for social and economic development in the producing community, or for organic production.

Table 5.2 Prices of imported Fair Trade honey (€/tonne) as determined on November 29, 2004

	Fair Trade minimum FOB price	Fair Trade premium	Total Fair Trade price	Organic premium	Total Fair Trade organic price
A-grade	1,360	110	1,470	110	1,580
B-grade	1,240	110	1,360	110	1,470

*Currency was converted from US$ to € at the exchange rate of November 29, 2004: 1 US$ = 0.75313 €
Source: FLO, April 9, 2009

Current prices are much higher than the minimum prices for Fair Trade honey. This does not mean that importers pay low prices for Fair Trade honey. Prices for Fair Trade honey follow global market prices when the global market prices are high. The minimum price applies only when global market prices are low, thereby protecting Fair Trade producers in periods when prices are too low to remain profitable.

Price standards for Fair Trade honey are subject to changes. Check the FLO website for current price standards.
➔ Go to 'Standards' and 'Generic standards' to download the table of minimum prices and premium.

Beeswax

Tight supplies led to strong price increases for beeswax in the period 2003-2009. One of the main causes of the price increases was the decline in Chinese beeswax production. Due to the EU ban on honey imports from China, beekeeping activities, including beeswax production, declined.

Table 5.3 Average import prices of beeswax, 2003-2009, €/tonne (C&F main European port)

	2003	2004	2005	2006	2007	2008	2009 (January-May)
China	2,260	2,250	2,520	2,660	2,930	2,810	3,050
Tanzania	2,450	2,800	3,730	3,700	3,440	3,210	3,920
Ethiopia	2,430	2,250	3,540	3,630	3,220	2,980	3,200
Australia	2,630	3,010	3,620	3,750	3,440	4,520	4,800

* Converted from US $ using average annual exchange rates from Oanda
Source: Public Ledger (May 2009)

5.2 Useful sources

- Public Ledger - http://www.public-ledger.com – Commodity prices available for paying users only
- FLO - http://www.fairtrade.net - Fairtrade Labelling Organisation
- Honey updates - http://skamberg.com/honey.htm

6 MARKET ACCESS REQUIREMENTS

As a manufacturer in a developing country preparing to access EU markets, you should be aware of the market access requirements of your trading partners and the EU governments. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select your market sector and the EU in the category search, click on the search button and click on market access requirements.

Information on tariffs and quota can be found at http://exporthelp.europa.eu/

Packaging
Pre-packed honey is hardly imported by EU countries, due to freight costs and limitations to heat-packed crystallised honey when converting it back to liquid honey.

Honey from outside the European Union is usually imported in bulk, in standard lacquered, epoxy-lined steel drums, which can contain 200 litres / 300 kg of honey. Beeswax can also be used for the lining. Paraffin wax should not be used. Phenol, which was previously used for the lining of the drums is now prohibited, as it is dangerous to human health. Exporters must always use clean drums which are completely free from residual taste or smell; they must never use drums previously used for chemicals. The drums must have a rubber seal around the closure. A full container carries approximately 62 drums of 300 kg.

Industrial users in the EU require different packaging methods to those for honey destined for consumers. These methods vary from full truckloads of 25,000 kg (for food industry and honey packers), "cubitainers" of 10,000 kg, and drums of 300 kg, to plastic buckets of 25 kg or 12.5 kg.

Beeswax is exported in small blocks of less than 25 kg and wrapped in special paper or plastic foil. Importers in the EU prefer to receive blocks of beeswax bare, without any cover of jute or polyethylene bags, because they stick to the beeswax when it melts during transport. Instead, the blocks are put in stainless steel containers. Other metals negatively affect the quality of the beeswax.

Additional information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packaging/packit.htm

Marking and labelling
Please refer to the CBI database at http://www.cbi.eu/marketinfo for information on marking and labelling requirements for food products in the EU.

Note that certification is becoming more important in the EU market to guarantee certain qualities of the product. Fair Trade and organic certification provide access to particularly interesting niche markets, which are discussed in Chapter 1. Although certification costs are often a barrier to small and remotely situated producers in developing countries, due to high travelling costs of the inspector, the returns on investment can be high.

7 OPPORTUNITY OR THREAT?

The EU is by far the world's largest market for honey. Moreover, it is not self-sufficient but needs to import very large amounts of honey from countries outside the EU. This clearly offers opportunities for developing country exporters of honey. However, in the chapters on consumption, production and trade, information has also been given on developments which provide opportunities for some exporters and threats to others. As an exporter, you will need to analyse if the development provides an opportunity for or a threat to your business. This will depend on your specific situation.

Most honey exporters will aim to supply honey for direct consumption, as opposed to the industrial market. The market for honey for direct consumption generally offers higher prices. However, the market for direct consumption can be further divided into segments. The segments offering you the best opportunities and the segment posing the toughest threats depends on your situation.

Take, for example, the growth of demand for specialist variety honeys in the leading EU markets. The conditions required to produce a good monofloral and/or single-origin honey are not available to every producer. The bee colonies need to have access to large areas with specific flora or monocultures of plants or trees which provide a nectar from which an attractively tasting honey can be produced. Moreover, the beekeeper has to be able to control that the bee colonies get their nectar from these areas. Beekeepers for whom it is not possible to produce under these conditions will not be able to profit from the increased demand for monofloral and single-origin honeys. It might even become a threat to producers of honey who promote the place of origin of their honey. As consumers start to pay more attention to the floral origin of honeys, they might lose interest in the place of origin. Moreover, monofloral honeys might stimulate consumer interest in tracking and tracing in the honey sector. This could become a threat to producers without a good tracking and tracing system. However, note that monofloral and/or single-origin honeys will always remain niche markets.

A PRODUCT CHARACTERISTICS

Product groups

Honey

According to the Codex Alimentarius, the definition of honey is as follows: 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 parts of 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.

Honeys occur in many different variations in taste and colour, depending on the source of the nectar. Honey flavours range from mild and sweet to strong and pungent. Honey colours range from black to white. Flavour, colour and composition are influenced by the source of the nectar. Honey from bees which collect most of their nectar from a certain type of flower is called **monofloral honey**. This type is believed to be the best type of honey and has a high market value, as it has a distinctive flavour owing to the floral origin. **Polyfloral honey** comes from bees which collect their nectar from many different types of flowers. The commercially most available honey is **blended honey**. The National Honey Board of the United States defines blended honey as a homogeneous mixture of two or more honeys differing in floral source, colour, flavour, density or geographic origin.

There are different types of honey. Honey presented in its original comb or portions thereof is called **comb honey**. A variation to this is **chunk honey**, which is a piece of comb honey in a jar or container of liquid honey. Honey extracted from the comb is called **liquid honey.** Honey in which part of the natural glucose content has spontaneously crystallized is called **crystallized** or **granulated honey**. When the crystallization process is controlled and the honey is processed to a smooth spreadable consistency, we speak of **creamed honey** (also churned honey, whipped honey, candied honey or honey fondant).

Please note that there are many different processing techniques, which lead to many different varieties of honey.

Other bee products

This survey also discusses the EU market for beeswax, royal jelly, pollen and propolis. The export of these products is only interesting for the synergies in marketing (i.e. beeswax, royal jelly, pollen and propolis are by-products of honey production and are often traded through the same importers). The markets for these products are small compared to the market for honey. Therefore, the information on other bee products in this survey is limited.

Beeswax

Beeswax is a natural wax produced in beehives. Waxes have the following properties: plastic (malleable) at normal ambient temperatures, melting point above approximately 45°C, low viscosity when melted and hydrophobic (insoluble in water). As a food additive, beeswax is known as E901 (glazing agent). It is also a release agent, stabilizer, texturizer for chewing gum base, carrier for food additives (including flavours and colours) and a clouding agent. The melting temperature of around 40°C makes waxes particularly interesting for the cosmetic industry as an emollifier, emulsifier and stiffening agent for oils and fats. Due to the high melting energy needed for fluidization, it adds to the properties of cosmetic products, making them more resistant to melting by sun heating.

Royal jelly
Royal jelly is a honey bee secretion that is used in the nutrition of the larvae. Royal jelly plays an important role in the growth of queen bees, hence the name 'royal' jelly. Royal jelly is used as a human dietary supplement. It contains many B-complex vitamins, many different amino acids, trace minerals, enzymes and antibacterial and antibiotic components. The health claims on royal jelly are diverse, but generally not sufficiently substantiated.

Pollen
Bee pollen is the collection of pollens which are gathered by the bees from flowers. The pollen collected from beehives consists of many different varieties. Pollen is used as a dietary supplement and has a history in traditional Chinese medicine. However, similar to royal jelly, health claims are not substantiated.

Propolis
Propolis is a resinous mixture collected by bees from a variety of sources. It is used to seal small gaps in the beehive and to reinforce the structural stability of the hive. Propolis has an anti-bacterial function. It is used primarily to treat inflammations, viral diseases, ulcers, superficial burns or scalds.

Statistical product classification

Combined nomenclature (CN)
In this survey trade data based on the Combined Nomenclature are used. These data are provided by Eurostat, the statistical body of the EU. The abbreviation CN stands for Combined Nomenclature. This Combined Nomenclature contains the goods classification prescribed by the EU for international trade statistics. The CN is an 8-digit classification consisting of a further specification of the 6-digit Harmonised System (HS). HS was developed by the World Customs Organisation (WCO). The system covers about 5,000 commodity groups, each identified by a six-digit code. More than 179 countries and economies use the system. In this survey, CN data are used to indicate imports and exports.

Statistical data: limitations
Trade figures quoted in CBI market surveys must be interpreted and used with extreme caution.

In the case of intra-EU trade, statistical surveying is only compulsory for exporting and importing firms whose trade exceeds a certain annual value. The threshold varies considerably from country to country, but it is typically about € 100,000. As a consequence, although figures for trade between the EU and the rest of the world are accurately represented, trade within the EU is generally underestimated.

Furthermore, the information used in CBI market surveys is obtained from a variety of sources. Therefore, extreme care must be taken in the qualitative use and interpretation of quantitative data, as it puts limitations to in-depth interpretation of relations between consumption, production and trade figures within one country and between different countries.

The following table shows the HS codes which cover the products in this market survey.

HS code	Product description
040900	Honey, natural
15219091	Beeswax and other insect waxes, crude
15219099	Beeswax and other insect waxes, whether or not refined or coloured

HS codes 15219091 and 15219099 include beeswax and other waxes. Market research makes clear that trade in this group of products consists largely of beeswax. Therefore, this group of products is only described as beeswax in this CBI market survey, instead of the complete, but longer beeswax and other insect waxes. This puts limitations on in-depth interpretation and of

the possible relations between import and export figures on the one hand, and consumption and production figures on the other hand.

Moreover, the HS classification only differentiates to a limited extent. For example, there is no breakdown in the coding for the different types of honey (liquid/creamed or polyfloral/monofloral, etc.). As far as possible, qualitative information has been provided in this survey to elaborate on these differences.

Selected EU countries
This market survey consists of a survey on the EU and several surveys on individual Member States. There is no survey available for individual EU countries that import $ 500,000 or less from CBI target countries.

B INTRODUCTION TO THE EU MARKET

The European Union (EU) is the current name for the former European Community. Since January 1995, the EU has consisted of 15 member states. Ten new countries joined the EU in May 2004. In January 2007 two more countries – Bulgaria and Romania - joined the EU. Negotiations are in progress with a number of other candidate member states. In this survey, the EU is referred to as the EU27, unless otherwise stated.

Cultural awareness is a critical skill in securing success as an exporter. The enlargement of the EU has increased the size of the EU, and also significantly increased its complexity. Because of more people from culturally diverse backgrounds, effective communication is necessary. Be aware of differences in respect of meeting and greeting people (use of names, body language etc.) and of building relationships. There are also differences in dealings with hierarchy, presentations, negotiating, decision making and handling conflicts. More information on cultural differences can be found in chapter 3 of CBI's export manual 'Exporting to the EU (2006)'.

General information on the EU can also be found at the official EU website http://europa.eu/abc/governments/index_en.htm or the free encyclopaedia Wikipedia http://en.wikipedia.org/wiki/Portal:Europe.

Monetary unit: Euro
On 1 January 1999, the Euro became the legal currency within eleven EU member states: Austria, Belgium, Finland, France, Germany, Italy, Ireland, Luxembourg, The Netherlands, Spain, and Portugal. Greece became the 12th member state to adopt the Euro on January 1, 2001. Slovenia adopted the Euro in 2007. Cyprus and Malta joined the euro-zone in January 2008. Since 2002, Euro coins and banknotes replaced national currency in these countries. In CBI market surveys, the Euro (€) is the basic currency unit used to indicate value. For exchange rates of EU currencies in €, please visit http://www.oanda.com/

Table 1 Exchange rates of EU currencies in €, average annual interbank rate

Country	Name	Code	2007	April 2008
Bulgaria	Lev	BGN	0.513	0.512
Czech Republic	Crown	CZK	0.036	0.040
Denmark	Crown	DKK	0.134	0.134
Estonia	Crown	EEK	0.064	0.064
Hungary	Forint	HUF	0.004	0.004
Latvia	Lats	LVL	1.436	1.447
Lithuania	Litas	LTL	0.290	0.291
Poland	Zloty	PLN	0.265	0.291
Romania	New Lei	RON	0.301	0.276
Slovakia	Crown	SKK	0.030	0.031
Sweden	Crown	SEK	0.108	0.107
United Kingdom	Pound	GBP	1.462	1.258

Source: Oanda http://www.oanda.com (May 2008)

C LIST OF DEVELOPING COUNTRIES

OECD DAC list - January 2006
When referring to developing countries in the CBI market surveys, reference is made to the group of countries on this OECD DAC list of January 2006.

Afghanistan	Gabon	Nepal	Uruguay
Albania	Gambia	Nicargua	Uzbekistan
Algeria	Georgia	Niger	Vanuatu
Angola	Ghana	Nigeria	Venezeula
Anguilla	Grenada	Niue	Vietnam
Antigua and Barbuda	Guatemala	Oman	Wallis & Futuna
Argentina	Guinea	Pakistan	Yemen
Armenia	Guinea-Bissau	Palau	Zambia
Azerbaijan	Guyana	Palestinian Admin. Areas	Zimbabwe
Bangladesh	Haiti	Panama	
Barbados	Honduras	Papua New Guinea	
Belarus	India	Paraguay	
Belize	Indonesia	Peru	
Benin	Iran	Philippines	
Bhutan	Iraq	Rwanda	
Bolivia	Jamaica	Samoa	
Bosnia & Herzegovina	Jordan	Sao Tome & Principe	
Botswana	Kazakhstan	Saudi Arabia	
Brazil	Kenya	Senegal	
Burkina Faso	Kiribati	Serbia	
Burundi	Korea Rep. of	Seychelles	
Cambodia	Kyrgyz Rep.	Sierra Leone	
Cameroon	Laos	Solomon Islands	
Cape Verde	Lebanon	Somalia	
Central African Rep.	Liberia	South Africa	
Chad	Libya	Sri Lanka	
Chile	Macedonia	St. Helena	
China	Madagascar	St. Kitts Nevis	
Colombia	Malawi	St. Lucia	
Comoros	Malaysia	St. Vincent & Grenadines	
Congo Democratic Rep.	Maldives	Sudan	
Congo Rep.	Mali	Suriname	
Cook Islands	Marshall Islands	Swaziland	
Costa Rica	Mauritania	Syria	
Cote d'Ivoire	Mauritius	Tajikistan	
Croatia	Mayotte	Tanzania	
Cuba	Mexico	Thailand	
Djibouti	Micronesia, Fed. States	Timor-Leste	
Dominica	Moldova	Togo	
Dominican Republic	Mongolia	Trinidad & Tobago	
Ecuador	Montenegro	Tunisia	
Egypt	Montserrat	Turkey	
El Salvador	Morocco	Turkmenistan	
Equatorial Guinea	Mozambique	Turks & Caicos Islands	
Eritrea	Myanmar	Tuvalu	
Ethiopia	Namibia	Uganda	
Fiji	Nauru	Ukraine	

CBI countries – January 2008:

CBI supports exporters in the following Asian, African, Latin American and European (Balkan) countries:

Afghanistan
Albania
Armenia
Bangladesh
Benin
Bolivia
Bosnia-Herzegovina
Burkina Faso
Burundi
Colombia
Ecuador
Egypt
El Salvador
Ethiopia
Georgia
Ghana
Guatemala
Honduras
India
Indonesia
Jordan
Kenya
Kosovo
Macedonia
Madagascar
Mali
Moldava
Montenegro
Morocco
Mozambique
Nepal
Nicaragua
Pakistan
Peru
Philippines
Rwanda
Senegal
Serbia
South Africa
Sri Lanka
Suriname
Tanzania
Thailand
Tunisia
Uganda
Vietnam
Zambia