



Copa-Cogeca Position Paper on the European Honey Market



Action Plan to Rectify the
Alarming Situation

Brussels, February 2020



Agricultural Productions

copa***cogeca**

european farmers

european agri-cooperatives



Introduction

The European Union is the second largest producer and the largest importer of honey worldwide. Beekeeping is practised in every country of the EU. The main honey producing countries are Romania, Spain, Germany, Hungary, Italy, Poland, France and Greece. Beekeeping is deeply rooted within the rural areas and contributes to their development. It is also starting to have an impact in the more urban areas.

In the EU, there are 650 000 beekeepers managing some 18 million beehives. Some 10 million hives are managed by beekeepers who derive a significant part of their income from beekeeping. From an economic, environmental and cultural perspective, all of these colonies are of vital importance for the social fabric of the regions concerned.

Beekeeping is an environmentally friendly practice which operates in perfect harmony with the natural habitats and ecosystems. **Beekeeping and the pollination service it provides in synergy with wild pollinators are essential for European farming and horticulture as well as biodiversity.**





AN ALARMING MARKET SITUATION

In 2018, the total honey production in the EU was 283 000 tonnes. That said, the EU is not self-sufficient and imports some 40% of its honey from third countries.

The European honey market is divided into different categories of countries. These include countries that principally export their production to other Member States (Hungary, Bulgaria and Romania). They also include the countries that do not export their production, but import honey from other Member States or third countries, package it, and re-export it to other Member States (Germany, Belgium). Lastly, they include countries that do not only export their own production, but also package and re-export imported honey (Spain, Portugal, Poland).

This complexity leads to an **extremely volatile** honey market due to a high level of speculation. Over the past 10 years, a decrease in bulk honey prices in a given country was always accompanied by an increase in intra-European Union trade honey purchases. This extreme volatility is inflicting great harm on European beekeepers.

In 2019, there was a decrease in honey production in the main producing and exporting countries in the South and East of the EU. This was due to a decrease or absence of honey flow in spring and summer because of bad climatic conditions. **However, this decrease in production did not coincide with an increase in prices.** The natural market mechanism, according to which price is determined by the relationship between (falling) supply and (more or less stagnant/increasing) demand, is no longer in place. What's more, we are seeing that purchases immediately after honey flow are being made later and later (2-3 months after honey flow). This puts beekeepers in an increasingly difficult financial situation (lack of liquidity), forcing them to go down with their sales prices in spite of their low production. In Spain, for example, since July 2017 prices for multi-floral honey sold in bulk have been falling since 2017 and reached 2.59€/kg in March 2019. In October 2019, the price Hungarian beekeepers were paid for bulk multi-floral honey dropped to 1.60€/kg, while Romanian beekeepers received 1.47€/kg. In

Lithuania, bulk honey prices were between 1.80 and 2.00€/kg in April 2019. In Denmark, bulk honey prices were at 2.00€/kg in September 2019. Italy also saw a downward trend for the prices beekeepers were being paid.

The honey prices in the main importing countries keep falling. Since 2013, the EU has been importing 80 000 tonnes of honey on average per year from China, with prices varying between 1.30€/kg and 1.64€/kg, which continued to drop to 1.24€/kg in 2019. Since 2012, the EU has imported between 20 000 and 50 000 tonnes of honey per year from Ukraine, with prices varying between 1.69€/kg and 2.16€/kg. During the past 3 years, the EU has been importing 25 000 tonnes at less than 2.35€/kg per year on average. Since 2013, the EU has imported an average of 22 000 tonnes of honey per year from Mexico, with prices varying between 2.53€/kg and 3.24€/kg.

The average production cost in the EU of 3.90€/kg¹ is well above the production cost of imported honey. Moreover, a closer look at the difference in price between bulk multi-floral honey and the average production cost (fixed and variable²) reveals that the margins are negative in 12 countries³ and close to or zero in others, such as Slovakia, Hungary and Spain.

As far as the **marketing chain** is concerned, once a beekeeper has harvested the honey, the product may change hands as many as three times before being bought consumers, with packaging and bulk exporters as part of the equation. Direct sales are gaining traction in a number of Member States, but nevertheless a large part of beekeepers are dependent on selling in bulk. In the majority of Member States, beekeepers have access to very few or even only one single buyer for their honey, which creates an imbalance in negotiating power. In addition to this, the added value of honey is transferred from the producers to the other links in the chain.

At the same time, competition with third-country exports is becoming ever fiercer and poses a threat to European beekeepers' economic viability, which

¹ Estimates for 2018. Source: national apiculture programmes 2020-2022

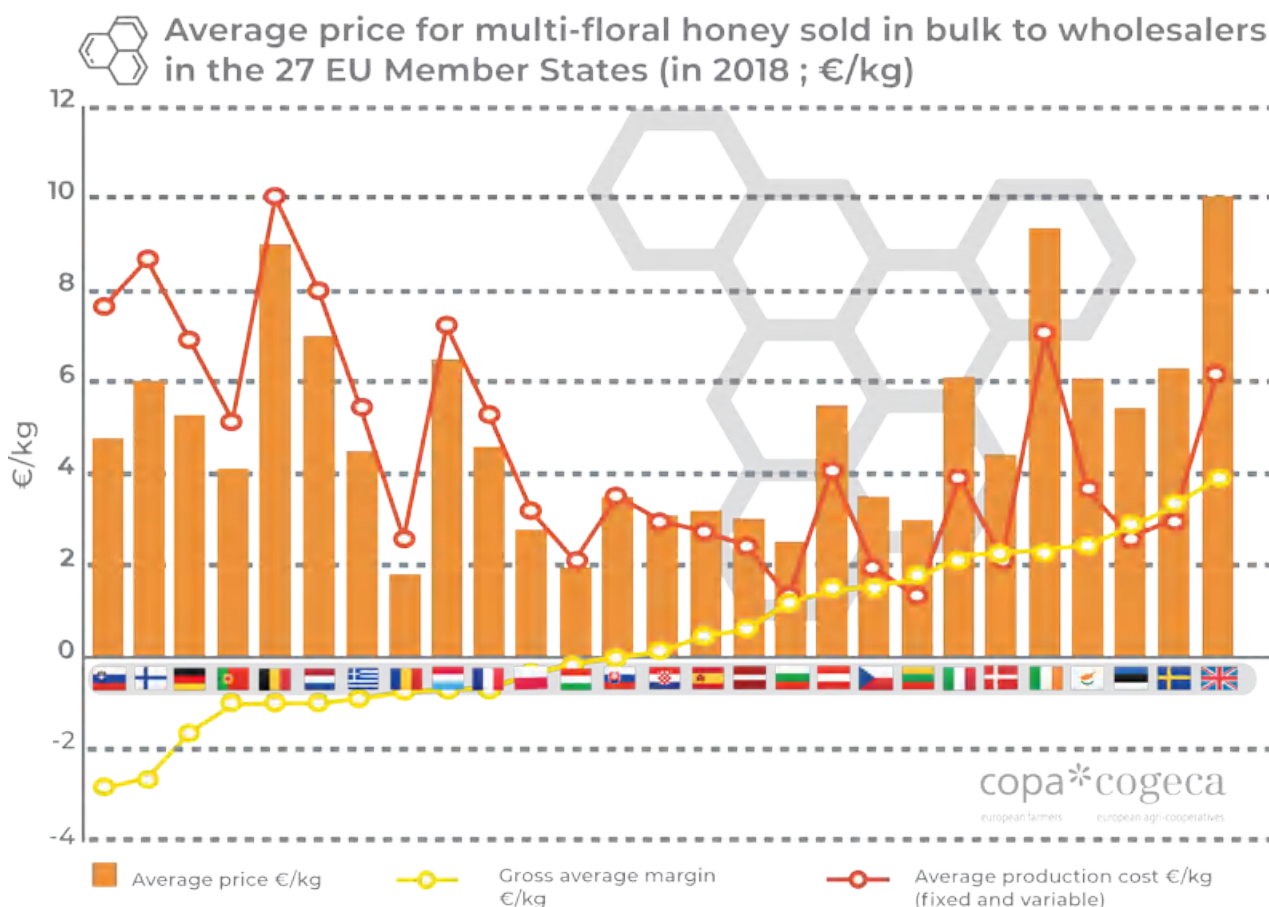
² Within the national apiculture programmes, the cost of labour is not always taken into account when Member States calculate production costs. Source: national apiculture programmes 2020-2022

³ Slovenia, Finland, Germany, Portugal, Belgium, the Netherlands, Greece, Romania, Luxembourg, France, Poland and Hungary. Source: national apiculture programmes 2020-2022

leads to a loss in production capacity and abandonment of the profession.

This puts the viability of today's beekeeping sector in Europe at stake. If the market situation does not improve, the European beekeepers who derive a significant part of their income from beekeeping will not

be able to continue. This threatens the existence of more than 10 million beehives throughout the EU. It would also have a critical impact on incomes and jobs in rural areas, on the EU's self-sufficiency for honey, on generational renewal as well as on pollination, ecosystems and biodiversity.



Source: National apiculture programmes 2020-2022, European Commission

THE MAIN REASONS FOR THE CRISIS

The main reason is the untenable competition European honey is having to endure, in the form of increasing imports of products being sold as “honey” at rock-bottom prices from third countries, particularly China and Ukraine.

Since 2013, China has been annually importing 80 000 tonnes on average to the EU. China is the largest country of origin for honey imports and represents 50% of overall imports. In 2019, the price for Chinese honey dropped even further to 1.24€/kg.

On China's domestic market, however, honey is being sold at between 9.02€/kg and 36.09€/kg, while prices for imported Chinese honey in the EU are between 0.90€/kg and 2.71€/kg. **This difference in**

prices can only be explained by large-scale addition of sugar syrup, which costs between 0.45€/kg and 0.54€/kg. Experts estimate the overall volumes of Chinese “honey” imports to consist of 70% syrup and 30% honey. Blends sold for prices starting at 0.99€/kg (heavily diluted with sugar syrup) are not detectable using official methods, and even the more sophisticated detection methods cannot detect blends starting at 2.17€/kg (slightly diluted with sugar syrup). It is believed that honey upward of 3.16€/kg is free of sugar syrup.

In addition to this, **the Chinese definition of honey is different from the definition of the EU and the Codex Alimentarius.** In EU legislature, honey is defined as “the natural sweet substance, produced by Apis mellifera

bees from the nectar of plants [...] which the bees collect, transform [...] dehydrate, store and leave in honeycombs to ripen and mature"⁴. This implies that no human intervention is permitted in the process of maturation and dehydration performed by the bees. In the Chinese definition however, the process of dehydration is not performed by bees but artificially using active dehydration. This method speeds up the production process and makes it less costly⁵. The obtained product is dehydrated and unmaturing nectar⁶. This production method does not comply with EU production standards. It is estimated that a vast share (90%) of the honey produced in China corresponds to the Chinese definition of honey, which is then exported to the EU.

Honey imports from Ukraine have also increased from 20 000 tonnes in 2013 to 47 000 tonnes in 2017, and still remain at this level. Prices dropped to 1.69€/kg in 2019. These volumes and prices give grounds for suspicion that undetectable sugar syrup is being used in Ukraine.

The other reasons are the following:

- **European legislation on origin labelling for honey is insufficient as is.** For honey originating from more than one EU country or a non-EU country, it is only mandatory to label it as either 'blend of EU honeys', 'blend of non-EU honeys' or 'blend of EU and non-EU honeys'. To remedy this, a series of Member States including Italy, Cyprus, Greece, Spain, Malta, France and Portugal adopted legislation which requires the indication of every country of origin on labels of blended honey, which applies to any product packaged in the respective country⁷. A number of packers and distributors in Sweden and Germany have also decided to indicate all of the countries of origin on blended honey.

- **The difference in economic scale between beekeepers and the other actors in the sector is creating an imbalance of power favouring the final links in the food chain.** The misuse of this advantage in commercial transactions leads to unfair trading practices. In recent years, we have seen quasi-total suppression of prices on a national scale, consisting of purchase offers at rock-bottom prices, below the international price threshold, maintained over the course of several months. This leads to beekeepers selling at a loss to be able to survive. This was notably what has been

happening in Romania, Hungary, Italy and Spain during the past two years.

- **Climate change has a direct impact on honey production.** The changes in temperature have a profound impact on honey flow, leading to unpredictable fluctuations in honey yield. For example, acacia (Italy, Hungary) and lavender honey (France) – both honeys with a high added value – are generally understood to have a rather stable yield. During recent years however, there has been a decrease in yield and production (lavender harvest at around 2kg/hive, acacia harvest down to zero in a number of regions, e.g. the North of Italy). This has a massive impact on beekeepers, since honey generally represents more than 50% of their income.

- **In most countries, consumers buy less honey when the weather is warm.** With higher temperatures over longer periods of time during the year due to climate change, the marketing period for honey is getting shorter and consumption over the year is decreasing.

- **Certain front of pack nutritional labelling schemes such as colour coding systems like the traffic light system are mandatory in some countries and place honey into the red category.** Where this is the case, the major brands don't promote honey. This has a direct impact on consumption.

ACTION PLAN

■ Short term

1 🍯 The EU must ensure that any honey imported from third countries is in line with the EU's definition of honey, most notably for honey from China.

2 🍯 There is an urgent need to make origin (country⁸) labelling for blended honey mandatory on a European level. All of the honey's countries of origin and the respective percentages of blended honey must be indicated. This would provide the benefit of adding value to a European product that is in compliance with strict production standards while ensuring a harmonised approach to promote the

4 Council Directive 2001/110/EC of 20 December 2001 on honey.

5 Bees naturally use between 25 and 50% of the nectar they collect for the maturing of honey

6 Resin filtration is often used as a method, due to the presence of excess leaven

7 France, Portugal and Spain have notified the Commission of their new legislation and are awaiting the Commission's response

8 The country of origin where the honey was harvested, i.e. the "place of farming"

smooth functioning of the internal market. Special attention must be paid to the countries' names. **They must be easily recognisable for consumers (e.g. China or People's Republic of China instead of PRC).**

3 🍯 Laying down, at EU legislation level, **a definition for the various products of the hive:** wax, propolis, pollen, royal jelly. This would allow for better valorisation of these products on a European level, and provide consumers with a better guarantee of quality by reducing fraud. It would also open up new avenues for farmers to achieve an additional income.

4 🍯 For farmers, packagers and other operators in the chain, **it is necessary to put in place a traceability system to clearly identify the origin of honey in kegs or other bulk containers.** This would provide greater market transparency.

However, in order to avoid an excessive administrative burden, this honey traceability system for batch production (before packaging) should include information on the beekeeper, identified by his/her national identification number or full name and address of the farm (including the country); the batch number (and/or type of honey); and the year of production.

It is important to swiftly assess the implementation of solutions such as **blockchain** solutions for honey and products like pollen, propolis and royal jelly in order to strengthen their transparency and traceability on the markets.

5 🍯 **Launch of a new coordinated control plan coordinated by the Commission with the Member States targeting imports of batches of more than 20 tonnes of honey originating in third countries.** It is necessary to use more sophisticated approaches to detect fraud, such as nuclear magnetic resonance (NMR) and high performance liquid chromatography and fingerprints. The aim would be to identify adulteration (adding sugar syrup) and, as far as possible, unmaturing dehydrated honeys.

During the first control plan, launched in 2016, there were very few samples taken (<2%). Moreover, fraud detection methods failed to detect problems when faced with more sophisticated methods of fraud using specifically engineered syrup which resembles honey.

6 🍯 New detection methods for adulteration must be developed, which come at a price that is affordable for all operators. It is also necessary to **set up a European reference laboratory for honey** in order to verify the authenticity of honey and to support the Member States' control bodies in detecting fraud. **The role of the Joint Research Centre is vital for the implementation of this measure.**

7 🍯 **The Food and Veterinary Office should also undertake another mission to China,** not only to check for veterinary residues, but also in order to analyse their production methods.

8 🍯 **Launch a multi-country promotion programme for European honey targeting the internal market,** underscoring European production standards, regional, local honeys as well as organic honeys. This should be included in a specific envelope within the framework of the Commission's annual working programme on promotion.

Due to the catastrophic situation on the market, there is an urgent need for the Commission to launch promotion programmes for European honey using the promotion policy envelope for market disturbances. This would help consumers recognise and appreciate the know-how of European beekeepers regarding the quality of the product and the preservation of organoleptic characteristics. Procedures highlighting the specific characteristics of European honey, including procedures tied in with protected geographical indications, should also be valorised.

9 🍯 **A European market observatory for honey should be set up to make the trade flows of honey in the EU more transparent.** This would make it possible to follow the economic development in the sector (prices, production, stocks, imports and exports within and beyond the EU, tracking of prices throughout the chain) using relevant, reliable and regular information collected in participation with the various operators in the marketing chain.

10 🍯 In order to achieve the objective of increasing the competitiveness of European beekeepers and their producer organisations, including cooperatives, **all Member States must render beekeepers whose activities represent a significant share of their income and their producer organisations, including cooperatives, eligible for 2nd pillar support.** This concerns most notably 2nd pillar measures related to setting up

producer organisations and support for investment in beekeeping. We encourage Member States to provide for such measures within the framework of their future CAP strategic plans, in addition to national apiculture programmes.

■ Mid-term

1 🍯 National level - as it stands, the Member States' mandatory control plans focus on testing for residues of veterinary medicinal products and fail to cover quality and origin. It is therefore essential, as of now, **to amend the spectrum of analyses carried out by the Member States to start detecting cases of fraud as well.**

2 🍯 If beekeepers are to achieve a better income, it is essential **to strengthen their position within the food chain through producer organisations** and to tighten controls of marketing practices in the sector in order to eliminate unfair practices which hugely detrimental to beekeepers. Producer organisations, including cooperatives, play an important role in making consumers aware of the value of honey and in encouraging and promoting especially organic honeys and local, regional honey.

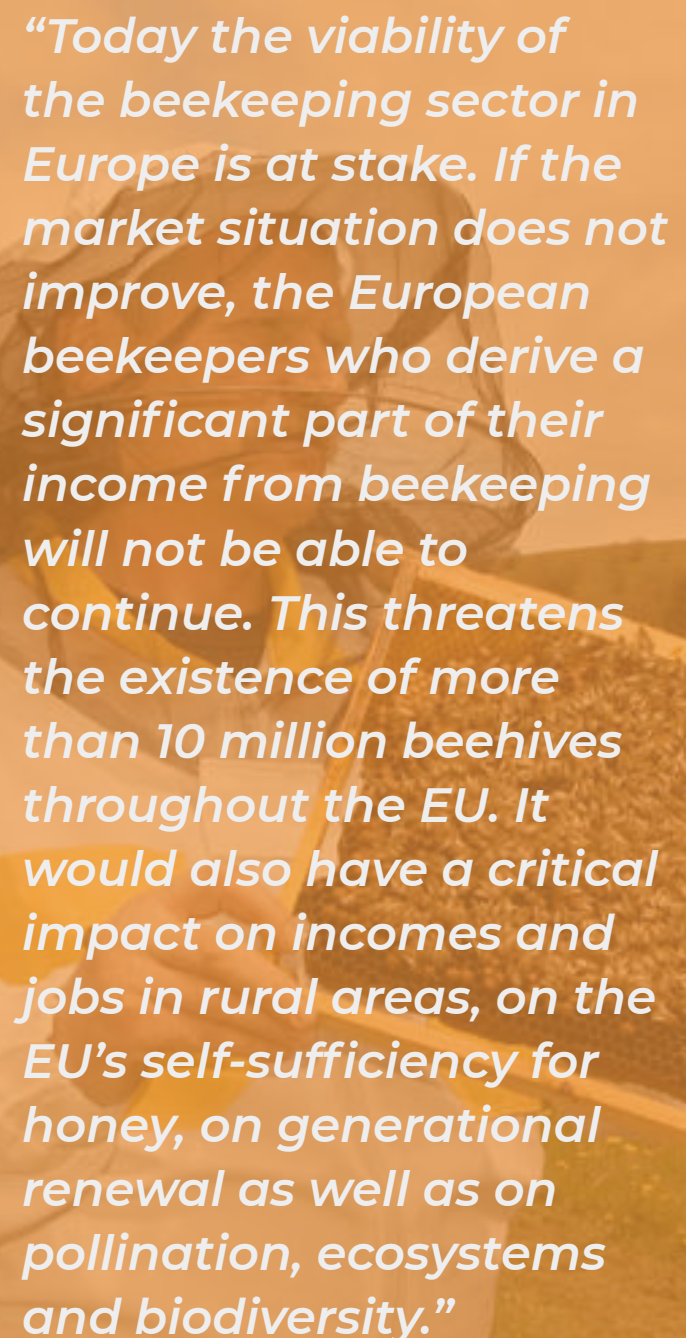
3 🍯 Information and promotion campaigns should also focus on the nutritional value and health benefits of consuming honey. To this end, the sector should do everything in its power to have **health claims for honey** confirmed by EFSA on EU level, most notably as regards the presence of microelements and enzymes, which should benefit all European beekeepers. Health claims resonate increasingly well with consumers.

4 🍯 **The front of pack nutritional labelling systems which categorise honey as red need to be amended.** We believe that consuming a wide range of foods from different sectors in appropriate quantities is the key to a balanced diet and allows consumers to keep in shape, stay active and enjoy a healthy life.

■ Longer term

1 🍯 In order provide income stability to beekeepers in the face of market volatility, most notably due to fraud, adulterations, contaminations and sanitary risks for bees (such as Varroa, Aethina thumida, and Vespa Velutina), **we must consider setting up risk management tools through producer organisations.**

2 🍯 **Support projects seeking to bring beekeepers together in collective action to market, value and/or differentiate their products** (e.g. development of networks for direct sales or sales through short supply chains, baskets of local produce, farmer and producer markets, communication activities in schools and in the media as well as innovation/development of new quality products).



“Today the viability of the beekeeping sector in Europe is at stake. If the market situation does not improve, the European beekeepers who derive a significant part of their income from beekeeping will not be able to continue. This threatens the existence of more than 10 million beehives throughout the EU. It would also have a critical impact on incomes and jobs in rural areas, on the EU’s self-sufficiency for honey, on generational renewal as well as on pollination, ecosystems and biodiversity.”



Copa and Cogeca are the united voice of farmers and agri-cooperatives in the EU. Together, they ensure that EU agriculture is sustainable, innovative and competitive, guaranteeing food security to half a billion people throughout Europe. Copa represents over 23 million farmers and their families whilst Cogeca represents the interests of 22,000 agricultural cooperatives. They have 66 member organisations from the EU member states. Together, they are one of the biggest and most active lobbying organisations in Brussels.

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