

HONEY MARKETING AND INTERNATIONAL TRADE

LOCAL MARKETING OF HONEY

This chapter explains that the world honey market is not necessarily an easy one to enter. Exporters have to be up to date with legislative criteria and able to meet them. Beekeepers face the lowest risks if their honey does not need to cross international borders: if they can sell directly to consumers then they should achieve a good price and in a simple way. Fresh, local honey is often (although not always) more highly valued than imported honey, and many beekeepers sell their product directly to consumers. Honey is often used as a barter commodity in villages, especially in remote areas, and can become a highly significant commodity in places isolated by war or sanctions.

Packaging

Beekeepers sell their honey in villages and town markets in whatever containers are available. In poor places, this may be in drink bottles. Containers for marketing honey must be lightweight and of low cost, and preferably see-through so that customers can see the product.

Glass is often used as a container for selling honey but glass jars are heavy, breakable and cannot be stacked together when empty. Plastic containers are much lighter and stack well, but in many countries, they are difficult to obtain. Tamper evident seals are useful – a printed-paper will serve this function. Honey is most commonly packed in glass jars of 450 or 500 grams, or of one-pound weight, and different nations have their own norms for honey marketing. In central and eastern Europe honey is sold in one kilogram jars, and in the Caribbean, recycled rum bottles are the accepted norm for honey marketing. Small amounts are often sold in foil or plastic containers of about 25 grams, principally for the catering trade. This is also a popular way to sell honey to people who cannot afford to buy larger volumes.

Transporting honey in larger volumes

Honey in larger volumes is often carried in plastic jerry cans or 20 litre tins. These are not suitable for honey as they have a narrow neck. The best options for processing and transporting honey are stackable, plastic buckets with tight fitting lids. Using these buckets, beekeepers can sort honey into first and second quality at time of harvest, and they can be used for the sieving and filtration steps of processing. Suitable buckets are not always readily available but can usually be tracked down in main cities, and suitable, lidded buckets are used widely in the food industry and catering services.

Labelling

Honey is a product that sells according to its looks and the information given on the label. This is usually all the information that the consumer has to go on in deciding whether to buy the product. For example, it is not possible for the consumer to know, just by looking, whether the product is authentic honey. So attractive, informative and effective labelling is important. It is best to market honey indicating its exact geographical origin: this gives the consumer confidence in the product, and he or she can to some extent visualise and feel identification with a blossom or a region.

In addition to attracting customers to the product, the label on honey should give the following information:

1. Contents: Honey.
2. Source of the honey for example: sunflower, mixed blossom, forest honey.
3. The country and district where it was produced.
4. Name and address of the beekeeper.
5. The weight of honey in the container.
6. The date of packing (or the beekeeper's own code).

It is an accepted wisdom that pictures of bees do not attract customers to buy honey: many people are scared of insects! It is often valuable to provide additional product information for the consumer. For example, for comb honey, it is useful to remind the purchaser that the whole comb including the

beeswax is completely edible, or for selling strained honey, it is sometimes necessary to provide an explanation of granulation. This is because many consumers believe that crystallisation is a sign of honey having been adulterated with added sugar.

The EU and other markets stipulate the size of lettering required on honey labels. However, packaging requirements of importing countries do not often affect exporters, as it is usually the importers who are responsible for the final packaging.

Roadside marketing

Selling honey at a roadside stall or market can bring the advantages of long opening hours and plenty of passing trade, without the overhead costs of a shop. Roadsides are dusty places, and the containers and lids usually benefit from a quick polish every day. Since customers will be travelling in a vehicle, maybe they would buy a larger container of honey. Try offering 'family size' 2 or 5 kg 'economy' packs.

BOX 12 **Tips for honey marketing**

1. A bold, bright sign is essential. The lettering must be large and clear enough to read from a passing vehicle. The minimum height for lettering is 15 centimetres. Keep the message simple: 'HONEY' or 'HONEY FOR SALE'.
2. Honey for sale must always be of top quality and pure: no bees' legs, scraps of beeswax, or any contaminant specks at all.
3. Honey containers must be perfectly clean. Jars must never be sticky with honey. Sticky containers will also attract bees and other insects: a discouragement to most customers. Nobody wants to buy honey in a sticky or dusty container.
4. Local purchasers can become regular customers if they know and trust the brand of honey they are buying. If they like the honey, they will come back for more. Explain about the honey, which plants it is from, and how it is harvested from the bees. Make customers feel good about finding such an excellent supply of local honey! Emphasise the extra freshness of the product: the buyer rightly wants to have bought something freshly harvested.
5. Offer both liquid and granulated honey for sale if possible. Explain to customers the difference between these products. Replace any jars on display that are starting to granulate in an irregular way.
6. Improve sales by offering different sizes and styles of packaging. However, never compromise on quality of packaging.
7. Pay attention to the display. Customers feel more encouraged to buy from a stack of attractive jars than from just a few tired-looking jars. Always arrange jars with the labels facing the front.
8. Link honey with other products. Sell honey with, for example, a pack of lemons and give a recipe leaflet for honey lemonade. Other combinations of seasonal produce and recipes could be: honey & almonds, honey & oranges, honey & dates, honey & spices. Think a few weeks ahead. Plan promotions with the season and cultural or religious festivals.
9. Do not forget tourists. Local honey can be a popular gift item. Attractive labelling is essential here and must convey the local or national nature of the honey. Unusual, locally made containers filled with honey can attract a premium price. A good product can be pairs of jars, packed inside a small, locally made wooden crate or basket. Tourists are more likely to buy smaller units: tourists do not want to carry large, heavy jars of honey home.
10. If supplying a local market, the supplier must ensure that it is kept constantly stocked. This may mean sometimes buying honey from another local beekeeper. However, never let the authenticity, quality of the product, or its presentation fall. Once a products' reputation is lost it can be impossible to recover.

MARKETING CONSTRAINTS

Constraints faced by individual beekeepers and honey hunters

Beekeepers and honey hunters living in or near to forest, or working in other remote and poor areas are likely to encounter many constraints when it comes to finding a market for their products. These constraints are likely to include some of the following:

- Lack of access to suitable containers for storing, transporting and marketing honey.
- Poor diversity of retail packaging materials.
- Lack of roads.
- Lack of transport.
- Lack of communication possibilities.
- Lack of bargaining power.
- Lack of organizational support.
- Lack of training and technical advice, or poor quality training.
- Poor market access.

- Lack of appropriately-trained support personnel or information materials.
- Low product prices.
- Few social linkages with other producers.
- Few social linkages with potential buyers.

Issues faced by traders

In turn, traders who deal in honey (or beeswax), find it difficult to buy from a scattered population of small-scale producers. These are the constraints typically faced by traders:

- Lack of access to products of sufficient quality.
- Lack of access to products of sufficient quantity.
- No linkages between producers and buyers.
- Lack of access to, or non-availability of credit.
- Poor diversity of retail packaging materials.
- Different buyers having differing quality requirements.

Honey retailers in cities are often hesitant to pay cash on delivery: traders providing honey for retail sale must wait until their honey is sold before they receive payment. This explains why traders sell honey where they can - even though the price paid is low, immediate payment can be essential for resource-poor sellers.

CONSTRAINTS FOR THE INDUSTRY AS A WHOLE

For reasons touched upon in Chapter 1 and 4, apiculture as a sector tends to be poorly recognised and with little lobbying power. In poor countries, the producers are likely to be amongst the most remote and most poor people, and the apiculture sector is not easily identifiable or recognisable. These are some of the reasons and consequences:

- Lack of appropriate extension material.
- Lack of appropriate marketing information.
- Lack of appropriately-skilled trainers.
- Lack of strong organizations representing the interests of beekeepers.
- Poor linkages between producers and buyers.
- Little coordination between beekeeping and other sectors, including the horticulture, forestry, health, and environment sectors.
- Little or no product promotion.
- Few developing countries have beekeeping policies for protection of the industry.
- No global agreement on honey criteria.

For all of the above reasons, beekeepers and honey hunters can gain much by forming groups or cooperatives.

ORGANIZING HONEY HUNTERS AND BEEKEEPERS INTO GROUPS FOR MARKETING

Beekeepers working individually tend to receive low payment for their products. They are constrained in how much they can earn by lack of adequate containers to enable harvesting and processing of good quality products, and the difficulty of transporting this honey to places with access to traders where they can market it. This makes individual beekeepers and honey hunters highly susceptible to low prices offered by dealers who have transport. Beekeepers and honey hunters working in poor and remote rural areas can benefit greatly from interventions that improve possibilities for the successful collective marketing of their products.

ORGANIZING HONEY COLLECTION CENTRES

These are centres where beekeepers can bring their products and be certain of a market. When significant volumes of good quality honey and beeswax are available in one place, traders will be interested to travel to remote areas, being certain of the volume and quality they will be able to collect.

Centres function as a means of collecting honey and beeswax from beekeepers and then arranging its onward sale, either locally, within the nation, or for export. Collection centres may be owned and managed by a co-operative, an NGO or private sector.

The centres sometimes help beekeepers by providing them with lidded plastic containers for honey and beeswax collection (that remain the property of the centre). Depending on the area covered, the centre may need to organise the collection of buckets from specified collection sites throughout the area. This means that the centre must own or hire vehicles to reach the collecting sites. Depending upon the market available for the honey and beeswax, the centre may carry out further processing of the products, sell to dealers, or package honey for retail sale. Beekeepers will be paid set prices according to the weight and quality of their products.

Centres need secure storage space for honey and beeswax, buckets, weighing scales, honey refractometers, simple processing equipment, and transport and communication facilities. Personnel are required to manage the centres, with skills in measuring honey quality and handling of honey and beeswax, and with extra staff during the honey buying seasons.

Beekeepers' co-operatives, where beekeepers are the member-owners, need legal establishment. Their honey and wax may be eligible to receive international registration concerning 'Fair Trading'. It may also be possible to register the honey and beeswax from forests as recognised organic products. These are all benefits that can become feasible when beekeepers form themselves into groups or cooperatives.

Difficulties can arise for honey buying centres that may not always be able to buy sufficient honey and wax to generate income to continue operation. There may be periods when little honey and wax are available, or when other buyers begin offering better prices to beekeepers. It may also be that beekeepers cannot be paid for their products immediately. In this case, the risk is that the beekeepers would rather accept a lower price from other buyers to receive cash in hand. Another risk concerns international markets for honey and beeswax: currently these are strong, and are generally steady markets, but legislative criteria for honey tend to change and increase each year. As countries become wealthier their demand for honey and beeswax increases.

MULTIPLIER EFFECTS

In many societies honey is not a highly visible commodity. Better quality honey, presented in attractive containers for sale will stimulate local trade and this in turn leads to an increase of beekeeping activities.

CASE STUDY 11 - HONEY: INDIGENOUS COMMUNITIES BEGIN TO PRODUCE HONEY IN MATO GROSSO²⁶



The honey produced in the Xingu region is now being sold outside the state. This month, the indigenous communities will send a shipment of honey to three Sao Paulo supermarkets. They are negotiating with the Pão de Açúcar supermarket chain, which has shops in twelve states of Brazil. The communities currently produce 1,500 kilograms of honey per month. They are beginning to increase production. The deal with the Pão de Açúcar Group could open the doors to the international market.

The product has strong commercial appeal as it is produced by Indians. The honey has organic certification from the Biodynamic Institute. The certificate is only awarded to products that are produced by sustainable practices that do not harm the environment. The honey is the first indigenous product to receive a Federal Inspection Seal from the Ministry of Agriculture, which means that the honey is produced in accordance with health and safety legislation. The seal authorises the sale of the honey in other states.



²⁶ Source: *Amazon News*, 17 July 2003, cited in FAO's NWFP-Digest-L No. 7/03.

CREDIT REQUIREMENTS OF INDIVIDUALS AND GROUPS

Lack of credit is a major constraint for everybody concerned with selling and buying honey. Beekeepers and honey hunters expect honey collection centres or private sector traders to pay cash when they bring honey, otherwise they prefer to sell their honey “by the spoonful in the market” for an instant, albeit lower cash return. Those buying honey have problems in accessing the credit they need. Therefore, in poor rural areas without collection centres, there tend to be few places where significant volumes of honey are available for sale.

Honey collection centres need a cash float in time for the start of the honey-buying seasons. It is important that collection centres have sufficient working capital to buy honey and wax so that they have viable quantities to interest traders. Once beekeepers have confidence in the centre then beekeeping can be seen as worthwhile business. Available and sustainable financial system for buying honey and beeswax can be a key element towards apicultural development.



CASE STUDY 12 - NORTH WEST BEE PRODUCTS ZAMBIA

The beekeepers of Zambia’s remote North West Province might be regarded as some of the poorest people on earth: they are forest dwellers with little or no sources of cash income other than that earned from their honey and beeswax. North West Bee Products (NWBP) is a company with 6,500 members, who own the company and ensure its management. In this Zambian province, NWBP is the largest employer after the Government. All of their honey and beeswax is produced by bees housed in local-style bark hives. Their honey is organic certified (from the UK Soil Association), has fair trade certification from Germany, and meets the EU’s stringent import requirements. It is the organic and fair trade certification, and ‘uniqueness’ of the forest-produced honey that gives this honey its comparative advantage on the world market; otherwise these relatively small honey producers could not compete on price with the world’s major, large scale producers of honey (for example China, Mexico, Argentina). NWBP began in 1979 with support from GTZ (German Government development organization), and subsequently received support from a variety of donors over the years. The company could not have managed without this support from donors in some years, but is now self-sustaining and successful, with beekeepers annually increasing production, confident in the market for their products. In 2003, NWBP exported 144 tonnes of honey to the EU²⁷.

The success of this intervention can be attributed to the people’s access to all the types of resources needed to make their livelihoods sustainable:

- natural resources (strong populations of healthy bees and abundant forest);
- physical resources (lorries able to navigate rough forest tracks and to enable honey to be transported from the producers to the collection centre, buckets with lids allowing clean honey to be transported);
- social resources (the strong organization, owned and run by the producers and with access to market knowledge);
- human resources (the beekeepers skills at beekeeping and honey and beeswax harvesting); and
- financial resources (access by the company to credit when needed).



²⁷ For more details see Wainwright, 2002.

HONEY TRADE REQUIREMENTS

Honey authenticity

Honey authenticity has two different aspects. The first of these is authenticity in terms of its content i.e. that it is 100 percent real honey and has not been contaminated with sugar syrup. The second is authenticity concerning its description: geographical and botanical origin. Both aspects, content and origin are required for honey to be authentic. In addition, honey may have other categories assigned to it, such as organic, fairly traded, unfiltered, raw, etc.

Honey adulteration

Honey is a target for adulteration, with acid-inverted sugar syrups, corn syrups, and syrups of natural origin (such as maple, cane sugar, beet sugar, molasses, etc.) added to honey. Informed consumers are able to taste the difference between these and real honeys, but laboratory tests are needed to prove the difference. This is why honey marketing is so dependent upon building consumers' trust that the product they are buying is real honey.

Honey legislation

TABLE 25

Honey standards of the Codex Alimentarius and the EU Honey Directive²⁸

Compositional criteria	Value
<i>Sugar content</i> Fructose and glucose content (sum of both) - blossom honey - honeydew honey, blends of honeydew and blossom honey	not less than 60 g/100 g not less than 45 g/100 g
<i>Sucrose</i> - in general - False acacia (<i>Robinia pseudoacacia</i>), alfalfa (<i>Medicago sativa</i>), Banksia (<i>Banksia menziesii</i>), French honeysuckle (<i>Hedysarum</i>), red gum (<i>Eucalyptus camaldulensis</i>), leatherwood (<i>Eucryphia lucida</i> , <i>Eucryphia milliganii</i>), Citrus spp. - Lavender (<i>Lavandula</i> spp.), borage (<i>Borago officinalis</i>)	not more than 5 g/100 g not more than 10 g/100 g not more than 15 g/100 g
<i>Moisture content</i> - in general - heather (<i>Calluna</i>), EU, CA; bakers' honey, EU - bakers' honey from heather (<i>Calluna</i>), EU	not more than 20 % not more than 22 % not more than 25 %
<i>Electrical conductivity</i> - honey not listed below, and blends of these honeys - honeydew honey and chestnut honey and blends of these except those listed below Exceptions: strawberry tree (<i>Arbutus unedo</i>), bell heather (<i>Erica</i>), eucalyptus, lime (<i>Tilia</i> spp.), heather (<i>Calluna</i>), manuka or jelly bush (<i>Leptospermum</i>), tea tree (<i>Melaleuca</i> spp.)	not more than 0.8 mS/cm not less than 0.8 mS/cm
<i>Free acid</i> - in general - bakers' honey (only EU Directive)	not more than 50 meq/kg not more than 80 meq/kg
<i>Diastase activity*</i> (Schade units) In general; except bakers' honey (EU) Honey with low natural enzyme content (e.g. citrus honey) and an HMF content of not more than 15 mg/kg	not less than 8 not less than 3
<i>HMF**</i> (mg/kg) In general; except bakers' honey (EU Directive) Honey of declared origin from regions with tropical climates and blends of these honeys	40 80

* Honey buyers often require a maximum of 20 mg/kg.

** Determined after processing and blending.

Certification

All honey traders and importers require certification for the honey they intend to buy. The EU honey market requires imported honey to be certified that it is free from chemical, antibiotic and other residues: these are the most stringent criteria that are constantly updated as new contaminants are

²⁸ Modified from Bogdanov, S. & Martin, P. 2002. Honey authenticity. Mitt. Lebensm. Hyg. 93, 232-254.

discovered in honey on the world market. While this makes the EU the hardest market for potential exporters to access, it also makes it a worthwhile market for producer groups with high quality product.

The growing demand for residue-free honey

BOX 13 Residue-free honey

Residues may be present from the following:

Arising from the environment

Heavy metals

Radioactivity

GM pollen

Pesticides (currently the EU has no legislation specifically concerning pesticide residues in honey, although individual EU Nations do have such legislation)

Bacteria

Introduced by the beekeeper:

Medicines to control the Varroa mite (predator of honeybees)

Antibiotics (used to control bacterial diseases of bees, mainly American foulbrood, but also European foulbrood)

Residues of wood preservative

Chemicals used in honey harvest (rarely used)

Chemicals to control other bee pests and predators

The residues most likely to be present in honey are due to the use of medicines to treat honeybee diseases, introduced during some form of honeybee management, or from environmental pollution. Residues detected in honey have included aminoglycosides, tetracycline, streptomycin, sulphonamides, chloramphenicol, naphthalene and many others.

This demand for residue-free honey opens opportunities for honey producers in the poorest countries. In addition, it is often the most poor and most remote people of these countries, with few other livelihood options, who practise beekeeping. It is in these parts of the world that honeybees remain relatively disease free, and environments may be relatively unpolluted, therefore these people can harvest honey and beeswax that are of excellent quality, and especially now, because these products are residue-free, they can achieve good prices on western markets, if they are able to gain access. EU market access depends upon honey meeting EU import criteria.

In February 2002, the world honey market was strongly affected by an EU ban on Chinese honey, following the identification of antibiotics in samples of Chinese honey. Since China was Europe's largest supplier of honey, this immediately led to a shortage of honey meeting EU criteria, and honey prices increased rapidly. The prevailing market conditions present an ideal opportunity for small producer nations to get a toehold in the market, yet producer groups in developing countries remain unaware of the changing market situation and the potential sales available to them. The market gap left by China could be filled by other developing countries if they were sufficiently informed and organised to do so. However, African honey is almost absent amongst EU honey imports, although large quantities of honey are produced by small-scale beekeepers in Africa. The EU currently represents an excellent market opportunity for small producer groups, with European and other buyers interested to buy more honey if it can meet EU criteria.



CASE STUDY 13 - CHINA ATTACKS EUROPE OVER HONEY BAN

BBC News Friday, 12 July 2002, Nicola Carslaw, BBC consumer affairs correspondent in China

A leading Chinese agriculture official has launched a bitter attack on the European Union for imposing a ban on Chinese food imports. The Chinese authorities say it has led to trade losses totalling several billion pounds and is causing widespread hardship in rural areas that depend on overseas companies buying their produce. EU inspectors recommended the ban because they were so concerned about the routine use of antibiotics and hormone growth promoters in Chinese food production – and because of the lack of regulation governing the trade in veterinary medicines. From Europe's point of view, the biggest impact of the ban, imposed earlier this year, has been on stocks of honey. Chinese blends were widely used in the brands most commonly on sale.

Fit for emperors

I was given unprecedented access to Chinese food producers, who have sent an urgent plea to the European Union to restore trade, and I was escorted by officials to the eastern Shandong Province. The slopes of sacred Mount Tai, a place of retreat and pilgrimage for China's emperors, are dotted with beehives. The sound of crickets competes with the honeybees. Until the ban, the highly fragrant honey collected here was destined for the European Union. It used to be a product deemed fit for the emperors. But now, with the detection of illegal drugs in Chinese honey, it is not fit even for the European Union. Its reputation is ruined - its purity in doubt.

Unfair ban

I was taken to meet a beekeeper whose livelihood depends on supplying the big honey exporters. He said he could not understand why he was being penalised. "This ban's totally unfair" he said. "The environment here is so clean my bees don't get sick and so don't need medicines. If these European inspectors found antibiotics, then it's nothing to do with my honey." Yet, on any High Street, chemical pesticides and veterinary drugs are freely available. Anyone can buy antibiotics such as Chloramphenicol, banned for use in food in Europe because it is potentially harmful to human health. Traces of it and other illegal medicines were found by EU inspectors not just in Chinese honey but in poultry, shrimps and rabbit meat.

Lost trade

Chinese officials took me to a rabbit-breeding centre that used to supply three thousand tonnes of meat to Europe. Now it has had to lay off two thirds of its staff and stop its expansion plans. Anxious to show no illegal drugs are used here, the owner, Luo Dong, told me he was furious with the European Commission, accusing its inspectors of acting purely to protect Europe's own markets. He said: "China's so keen to conform to world trade regulations yet now, because of a few industry rogues, well-run companies like mine are being punished by an over zealous ban." The overriding message to the EU is that the ban is making the poor even poorer. The Chinese government says it has led to billions of pounds of lost trade.

Drug ban stays

The top official at the ministry of agriculture in Beijing has condemned the ban as hasty and irresponsible. But he acknowledged that there were flaws in the system: "The government has now banned some twenty of the drugs that were routinely used and has stripped hundreds more of their licences. We have also sent out more than 22,000 teams of inspectors across China to monitor the food production methods of those who supply exporters."

In the meantime, European inspectors say they are not convinced. They have said that until honey and other foods are drug free the ban will stay. But the Chinese government said this was just a fraction of the total losses because in the wake of the EU action, other trading blocks had followed suit with their own bans, including North America and Canada.



Residue Monitoring Schemes

For a country to be eligible to export honey to the EU, it is essential for the nation's name to be added to the EU's list of 'third countries' eligible to do so²⁹. To achieve this it is necessary to show that the nation has a 'Residue Monitoring Scheme' established for the analysis of honey for residues of antibiotics, sulphonamides, pesticides and heavy metals as defined in Decision 2001/159/EC and modified in 2001/487/EC. This legislation denies access to EU markets for most African countries, even though chemical residues are not a problem in African honey. This is because beekeepers in rural areas of Africa still harvest from stocks of indigenous, wild honeybees, uncontaminated by the diseases and exotic predators that now afflict bees in most other world regions. For this reason, African beekeepers do not apply medicines to their bees and are able to harvest the residue-free honey that is currently in short supply on the world market. Producer groups and relevant government departments need technical awareness on how to set up cost effective monitoring schemes to meet the standard required by the legislation. In smaller exporting countries these can take the form of an industry self-regulating scheme, organised and monitored by a competent authority acceptable to the EU. It is not necessary for each exporting country to have its own laboratory for authentication and certification: only to establish an acceptable protocol and procedure for taking honey samples and submitting them to EU-accredited labs.

At present honey with any detectable level of any antibiotic cannot be imported into the EU because no Maximum Residue Limits (MRL) have been set, and the EU requires that antibiotic levels in honey must be zero. However, some European traders, arguing that it is impossible to measure a zero presence, have been requesting that a minimum measurable level should be set, as is the case for other food stuffs. The levels of antibiotics when found in honey are typically around only 30 parts per billion, and are far below EU permitted levels for antibiotics in milk and other foods.

Organic honey

In industrialized countries, honey remains one of very few totally natural and unaltered foods available to consumers. Part of honey's image and reputation is as a wholesome, natural food, and there is therefore much interest to have sources of honey that are organic certified. There is a premium price available to beekeepers who can supply organic certified honey, which is in especially strong demand within EU countries. As mentioned above, bees commonly forage within a range of two kilometres from their nest or hive i.e. over an area of 12.6 km². To ensure that honey is organic, this entire area must be organic, and the regulations stipulate land within three kilometres (EU) or four miles (UK).

Beekeeping was added to the EU law (regulation 2092/91) governing livestock production in 2000. This means that within the EU, honey may be labelled and sold as organic only if it is produced, inspected and certified in accordance with the requirements detailed in this law. The regulation also applies to organic honey imported from outside the EU, which must be demonstrated to have been produced and controlled to equivalent strict standards.

Some EU countries, for example, the UK and the Netherlands, have introduced organic standards for honey. In the UK, The Soil Association (a charity founded in 1946 to promote organic food and farming for environmental and health benefits) has set organic standards for honey since 1967 – these now comply with EU regulations. In the Netherlands, the term "biologisch" (organic) is protected by law and can only be applied to products certified by the Netherlands' SKAL organization. For the certification of organic honey, SKAL-norm 995 specifies the conditions to be met in the production and harvesting of honey by beekeepers and in its preparation and packaging. Information on joining an organic scheme can be obtained at SKAL (see Chapter 16 for contact details). For information on organic honey in the United States, see Schell, 2003.

Each EU market has one or more approved organic inspectorates. A small number of inspectorates in non-EU countries (for example Australia, Argentina, India, Israel and Switzerland) are recognised as equivalent. If there is no nationally approved inspectorate, the production unit and products must be inspected and certified by an outside-recognised inspectorate. In this regard, the UK's Soil Association, the Netherlands' SKAL, and other inspectorates are active worldwide.

²⁹ *Official Journal of the European Communities*, Commission Decision of 12 February 2001. (2001/158/EC).

The requirement to have large areas of land free of pollution is difficult or impossible in most industrialized countries, but this opens the door to beekeepers working in areas with indigenous vegetation, uncultivated land and extensive agriculture. In this way, beekeepers in North West Zambia are able to benefit – see Case Study 12, and their honey is certified organic by the UK Soil Association.

Other countries currently producing certified organic honey include Australia, Scotland, Turkey, Mexico, Nicaragua and New Zealand.

Organic regulations include:

- Siting of apiaries – they must be on certified organic land and must not be treated with herbicides, pesticides, etc.
- Hive construction – must be of natural, untreated materials.
- The conversion period for changing from ‘conventional’ to organic beekeeping is 12 months, during which time the beeswax must be changed to organic.
- Origin of bees – 10 percent of the colonies in an apiary can be replaced/increased using non-organic queens or swarms, if organic beeswax (i.e. from hives managed organically) is used. In this case, the twelve-month conversion period does not apply.
- Foundation and comb – must be made of organic beeswax, except when an apiary is first converted and organic beeswax is not available.
- Foraging – for a radius of three kilometres (EU regulation) or four miles (UK Soil Association standards) around an apiary, nectar and pollen sources must be essentially either organic or wild/uncultivated. This area must not be subject to significant sources of pollution from roads, industry or urban centres.
- Any feeding of bees must be with organic honey or organic sugar and this may take place only after the last honey harvest, or 15 days before the first nectar flow.
- Disease control: homeopathic and herbal treatments and natural acids (lactic, acetic, formic, oxalic) may be used without restriction. Other medication requires veterinary prescription, the beeswax must be replaced and there must be a withdrawal period of one year.
- Clipping of queens’ wings is prohibited.
- Extraction and bottling – no requirements beyond the normal measures to ensure separation and product integrity.

For many small beekeeper groups, the administrative procedure concerned with organic certification is too expensive to be feasible (see Case Study 14). Nevertheless, the organic standards describe good beekeeping practice that can be adopted by beekeepers everywhere.



CASE STUDY 14 - DEVELOPING MARKETS FOR TRIBAL ORGANIC PRODUCTS – EXPERIENCE FROM THE BLUE MOUNTAINS, NILGIRIS, INDIA

Keystone is an NGO working in South India, in the Northwestern part of Tamil Nadu near the borders with the neighbouring States of Kerala and Karnataka.

The Nilgiris Mountains consist of one of the most ecologically fragile areas in India. The hills are steep and traditional forests have been depleted and are under further threat, because of the increase in large tea plantations and substantial destruction of natural vegetation by the Forest Department, through introduction of exotic commercial tree plantations. Consequently, soil erosion is rampant. Tea and coffee plantations have replaced large parts of the original vegetation and marshes have been converted into agricultural fields: 50 percent (30,000 hectares) of all cultivated areas consist of tea plantations. Although no hard figures are available, it is common knowledge that conventional tea plantations make heavy use of chemical fertilizers and pesticides and reduce the water retention capacity of the soil. The remaining forests are crucial for conservation of the flora and fauna and the sustenance of water bodies, consisting of the two major rivers Bhavani and Moyar and their numerous tributaries. They irrigate large areas and generate hydropower.

However, there are still good tracts of forests, representing the original Nilgiris' vegetation. Here, people live in harmony with the forest and collect non-timber forest produce (NTFP) like wild nutmeg, cinnamon, sugarcane, pepper, honey and herbal plants.

In 1995, Keystone began work with the tribal communities living here, and one of the primary concerns was to provide support for marketing. Our entry point for work was bees – the Kurumba and Irula communities are traditional hunter-gatherers and slash and burn agriculturists. Honey hunting is an important part of their tradition and nearly two to three months each year are spent in this activity.

The immediate concern was to help raise the procurement prices as the rates being offered by traders and middlemen were very low. Coupled with that were irregular payments and measurements. However, the tribals slowly started trickling in with their products and soon we had a whole range of products – honey, coffee, pepper, mustard, silk-cotton and beeswax. All the food products were organic but there was no certification for these products. With problems similar to those faced by small growers in many parts of the world – of high costs, poor accessibility, no documentation, etc. – these same hurdles stood in our way.

Honey - standards and geographical limitations

As soon as we started marketing honey, the local market appreciated it immediately – they knew it was genuine, unadulterated honey. The cool temperatures at this elevation meant that honey was a part of their traditional diet. However, for many other outside customers, they raised questions whether it was certified by AGMARK (an agriculture certifying agency of the Indian Government). Their standards were for processed honey and not wild honey. These standards, for example stipulating a moisture content of 18 percent, would have meant that we would have to heat the honey to reduce the moisture. This would also kill the enzymes, which would mean a change in the natural character of honey. Honey naturally available in the tropical temperature has a moisture content ranging above 20 percent, depending on the area, rainfall, humidity and other factors.

If honey is harvested hygienically, it can remain good for years without being spoilt. We have continued to market the honey without heating, based on its quality. We do not mix different batches of honey and so are able to take advantage of different flavours.

For organic certification, we got in touch with a certifying agency, but again problems of cost, accessibility, and the migratory behaviour of wild bees became an issue, and the matter rests there.

We developed an internal monitoring system to check the quality of products where the four main features are:

- raw material;
- processing;
- packaging and distribution; and
- consumption and disposal.

Though this does not look specifically at the organic aspects, it is an attempt to control the entire process and put in place a system of checks and balances to improve the quality of the products. For more information see Keystone Foundation (1998) and Roy (2002).



Residue Monitoring Schemes

For a country to be eligible to export honey to the EU, it is essential for the nation's name to be added to the EU's list of 'third countries' eligible to do so²⁹. To achieve this it is necessary to show that the nation has a 'Residue Monitoring Scheme' established for the analysis of honey for residues of antibiotics, sulphonamides, pesticides and heavy metals as defined in Decision 2001/159/EC and modified in 2001/487/EC. This legislation denies access to EU markets for most African countries, even though chemical residues are not a problem in African honey. This is because beekeepers in rural areas of Africa still harvest from stocks of indigenous, wild honeybees, uncontaminated by the diseases and exotic predators that now afflict bees in most other world regions. For this reason, African beekeepers do not apply medicines to their bees and are able to harvest the residue-free honey that is currently in short supply on the world market. Producer groups and relevant government departments need technical awareness on how to set up cost effective monitoring schemes to meet the standard required by the legislation. In smaller exporting countries these can take the form of an industry self-regulating scheme, organised and monitored by a competent authority acceptable to the EU. It is not necessary for each exporting country to have its own laboratory for authentication and certification: only to establish an acceptable protocol and procedure for taking honey samples and submitting them to EU-accredited labs.

At present honey with any detectable level of any antibiotic cannot be imported into the EU because no Maximum Residue Limits (MRL) have been set, and the EU requires that antibiotic levels in honey must be zero. However, some European traders, arguing that it is impossible to measure a zero presence, have been requesting that a minimum measurable level should be set, as is the case for other food stuffs. The levels of antibiotics when found in honey are typically around only 30 parts per billion, and are far below EU permitted levels for antibiotics in milk and other foods.

Organic honey

In industrialized countries, honey remains one of very few totally natural and unaltered foods available to consumers. Part of honey's image and reputation is as a wholesome, natural food, and there is therefore much interest to have sources of honey that are organic certified. There is a premium price available to beekeepers who can supply organic certified honey, which is in especially strong demand within EU countries. As mentioned above, bees commonly forage within a range of two kilometres from their nest or hive i.e. over an area of 12.6 km². To ensure that honey is organic, this entire area must be organic, and the regulations stipulate land within three kilometres (EU) or four miles (UK).

Beekeeping was added to the EU law (regulation 2092/91) governing livestock production in 2000. This means that within the EU, honey may be labelled and sold as organic only if it is produced, inspected and certified in accordance with the requirements detailed in this law. The regulation also applies to organic honey imported from outside the EU, which must be demonstrated to have been produced and controlled to equivalent strict standards.

Some EU countries, for example, the UK and the Netherlands, have introduced organic standards for honey. In the UK, The Soil Association (a charity founded in 1946 to promote organic food and farming for environmental and health benefits) has set organic standards for honey since 1967 – these now comply with EU regulations. In the Netherlands, the term "biologisch" (organic) is protected by law and can only be applied to products certified by the Netherlands' SKAL organization. For the certification of organic honey, SKAL-norm 995 specifies the conditions to be met in the production and harvesting of honey by beekeepers and in its preparation and packaging. Information on joining an organic scheme can be obtained at SKAL (see Chapter 16 for contact details). For information on organic honey in the United States, see Schell, 2003.

Each EU market has one or more approved organic inspectorates. A small number of inspectorates in non-EU countries (for example Australia, Argentina, India, Israel and Switzerland) are recognised as equivalent. If there is no nationally approved inspectorate, the production unit and products must be inspected and certified by an outside-recognised inspectorate. In this regard, the UK's Soil Association, the Netherlands' SKAL, and other inspectorates are active worldwide.

²⁹ *Official Journal of the European Communities*, Commission Decision of 12 February 2001. (2001/158/EC).

Mr Obanya is a honey trader from Arua. He prefers to take his honey to Nairobi to sell because he receives cash: in Kampala he says, honey is expected to be supplied on credit.

Therefore, some Ugandans are travelling to Kenya to sell honey, others to buy honey. Meanwhile Kenyan traders are also visiting Uganda to buy honey. Perhaps this emphasises honey's value as a useful cash resource amongst even the poorest of rural people. What other product can they easily produce from few resources in rural areas, which is non-perishable, popular, and legal and has steady value as a cash and export crop?



World trade

An amount of 566,000 tonnes enters the world market and is traded internationally. China, Argentina and Mexico together produce about 60 percent of world-traded honey. The EU, USA and Japan account for about 70 percent of the import trade.

TABLE 26
Recorded world production and trade in honey

	Year	Number of <i>Apis mellifera</i> colonies	Annual production (tonnes per annum)	Import	Export (tonnes per annum)
Argentina	2001 2003 ³¹		80 000	–	78 000 87 000
Australia	2001		19 000	67	11 000
Canada	2001		32 000	196	20 000
China ³²	2001	6 million	200 000		106 666
Cuba	2002		9000		6000
Germany	1984	900 000	20 000	75 000	10 000
Mexico	2001		56 000		50 000
Syria ³³	2004	365 000	1 750		30
Turkey	2001	4 million	71 000		
United Kingdom	2003	200 000	1 500	20 000	1 000
Thailand ³⁴	2002	300 000		3 327	1 979
Trinidad & Tobago ³⁵	2003	12 400			
Philippines ³⁶	2003	50	300	–	–
USA	1984		75 000	58 608	2 942

Honey consumption

Honey consumption per capita per year is highest in some countries of central Europe, for example Austria, Germany and Switzerland where annual consumption per *capita* exceeds one kilogram.

The EU market

The European Union (EU) is dependent on imports to supply the demand for honey. The total, annual honey production within the EU is around 100 000 tonnes. France, Spain, Greece and Italy are the main producing countries.

³¹ Hornsby, 2004.

³² Gu Youynan, Personal communication, 2002.

³³ Fert, G. 2004. *Bees for Development Journal* 71.

³⁴ Sureerat, 2004.

³⁵ Tobago Apiculture Society, 2004.

³⁶ Nemenzo, R. *et al*, 2004.

- Lack of appropriately-trained support personnel or information materials.
- Low product prices.
- Few social linkages with other producers.
- Few social linkages with potential buyers.

Issues faced by traders

In turn, traders who deal in honey (or beeswax), find it difficult to buy from a scattered population of small-scale producers. These are the constraints typically faced by traders:

- Lack of access to products of sufficient quality.
- Lack of access to products of sufficient quantity.
- No linkages between producers and buyers.
- Lack of access to, or non-availability of credit.
- Poor diversity of retail packaging materials.
- Different buyers having differing quality requirements.

Honey retailers in cities are often hesitant to pay cash on delivery: traders providing honey for retail sale must wait until their honey is sold before they receive payment. This explains why traders sell honey where they can - even though the price paid is low, immediate payment can be essential for resource-poor sellers.

CONSTRAINTS FOR THE INDUSTRY AS A WHOLE

For reasons touched upon in Chapter 1 and 4, apiculture as a sector tends to be poorly recognised and with little lobbying power. In poor countries, the producers are likely to be amongst the most remote and most poor people, and the apiculture sector is not easily identifiable or recognisable. These are some of the reasons and consequences:

- Lack of appropriate extension material.
- Lack of appropriate marketing information.
- Lack of appropriately-skilled trainers.
- Lack of strong organizations representing the interests of beekeepers.
- Poor linkages between producers and buyers.
- Little coordination between beekeeping and other sectors, including the horticulture, forestry, health, and environment sectors.
- Little or no product promotion.
- Few developing countries have beekeeping policies for protection of the industry.
- No global agreement on honey criteria.

For all of the above reasons, beekeepers and honey hunters can gain much by forming groups or cooperatives.

ORGANIZING HONEY HUNTERS AND BEEKEEPERS INTO GROUPS FOR MARKETING

Beekeepers working individually tend to receive low payment for their products. They are constrained in how much they can earn by lack of adequate containers to enable harvesting and processing of good quality products, and the difficulty of transporting this honey to places with access to traders where they can market it. This makes individual beekeepers and honey hunters highly susceptible to low prices offered by dealers who have transport. Beekeepers and honey hunters working in poor and remote rural areas can benefit greatly from interventions that improve possibilities for the successful collective marketing of their products.

ORGANIZING HONEY COLLECTION CENTRES

These are centres where beekeepers can bring their products and be certain of a market. When significant volumes of good quality honey and beeswax are available in one place, traders will be interested to travel to remote areas, being certain of the volume and quality they will be able to collect.

Tariffs and quotas

The European Union applies the Common Customs Tariff to imports from non-EU sources. Imports of honey originating in ACP countries or in least developed countries (LDCs) are given import exemptions. However, this exemption only applies when consignments are accompanied by an official certificate of origin. For current information, contact the local Trade Promotion Office.

Trade fairs

In the world of bees and honey, the main event is Apimondia, a large Congress that takes place every second year. Recent Congresses have taken place in Antwerp, Vancouver, Durban, Ljubljana and Dublin. Honey buyers and sellers from many countries attend this event, and specialist symposia and meetings of trade associations take place. See Chapter 15 for further details of Apimondia.

The contract

Standard, worldwide-accepted contracts are common in the trade of honey³⁷.

BOX 14

Standard of contract in the trade of honey

Details that must be mentioned in a contract are:

1. The contract parties: the seller, the buyer, the broker and/or buying/selling agent. All names and addresses must be correct.
2. The product, price and quality of the product are sufficiently specified, so that no misunderstandings can arise.
3. The quantities must be stated. If the buyer and the seller agree to more or less than the agreed quantity, this is to be specifically mentioned.
4. The delivery terms are mentioned according to the description of the Incoterms 1990 (available at the International Chamber of Commerce).
5. The payment terms are to be given in detail.
6. The delivery time is a vital piece of information on which the seller and the buyer will have to agree.
7. Packaging details, including measurements and weights.
8. If one of the parties has negotiated special conditions, this is to be mentioned in the contract.
9. What will be done if the two parties disagree with each other? Which arbitration court/district will be used?

Trading relations between exporter and importer are based on trust, and can only be built up by meeting the high expectations of the importer. If the product does not meet the expectations of the importer, this will immediately backfire on the business relationship with the exporter. A prospective long-term relationship may be damaged. The complaints most often heard are:

- Not meeting the delivery date.
- Payment problems.
- Not satisfying the high quality requirements of the importing nation or region.

The contract must state that the goods have to be delivered in a condition that is in full accordance with the importing nation or region regulations. If there is any objection at the customs, the whole consignment may be rejected by the customs authority responsible for clearing goods at the time of import.

PAYMENT METHODS AND DELIVERY TERMS

The determination of payment conditions for a regular export transaction is part of the package of negotiations between seller and buyer, who commonly have more or less opposing interests. Sellers want to have the best guarantee of financial coverage for the goods they have to supply according to the sales contracts. Buyers want to be sure about the availability, quantity and quality of the goods they buy, before they pay the agreed price.

For importers of honey and beeswax, the most popular payment methods for traders are LC and cash against documents (D/P or CAD). Terms of delivery, whether on CIF or FOB basis, form a subject for negotiation and arrangement between supplier and importer.

³⁷ Honey and beeswax: a compact survey of the Netherlands and other major markets in the European Union, 1999, compiled for CBI by ProFound Advisers In Development.

BOX 15
General methods and terms of payment

Clean payment

The process is fast and reliable, depending on the credit worthiness of the importer. The bank carries out the transactions through swift electronic data system and the transfer costs are not high.

Documents against payment (D/P)

Also known as cash against documents (CAD). The buyer takes possession of the goods only after payment. Although this method is not very popular, it is very safe and the costs amount to one pro mille. One can also make use of a 'documents against acceptance of a bill of exchange'. However, the bill of exchange is not commonly used in the European Union and it does not guarantee that the bill will be paid; it is less secure than the D/P.

Letter of Credit (LC)

The irrevocable LC is very often used at the beginning of a business relationship when the importer and exporter do not yet know each other well. The LC is irrevocable and will always be paid. The costs are higher than the D/P method, namely five pro mille. This method is widely used in the European Union when dealing with exporters from outside Europe.

Bank guarantee

The buyer's bank will present a bank guarantee for the amount of the invoice.

Cheques

Bank guaranteed cheques are generally no problem although cashing may take some time, up to six weeks. Not all personal cheques are accepted.

Most common delivery terms:

- **FOB** (*Free On Board*): The buyer arranges for transportation and insurance. FOB must specify the port of departure.
- **CFR** (*Cost & Freight*): The exporter pays the freight, the buyer arranges for the insurance.
- **CIF** (*Cost, Insurance & Freight*): The exporter pays the freight and the insurance.