

Continuing Presence of Antidumping Orders in the U.S. Honey Market

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Existential Threat to the World's Beekeepers

- Over the past two decades the quantities of “honey” exported to the world from China and the quantities of “honey” exported to the U.S. grew and grew but the honey prices collapsed. The consequence of this duality is that there were no ceilings for the quantities of adulterated honey and no floors to the prices for that “honey” in the international honey market.
- This collapsed market put enormous stresses on beekeepers producing authentic honey, robbed consumers of authenticity and threatened ecological sustainability and food security because the botanical and zoological kingdoms are integrated in complex interactions in interdependencies.

- China and India have huge populations of at least 1.3 and 1.4 billion people respectively. Both cultures revere honey.
- During the U.S. antidumping case against honey from China, the U.S. Department of Commerce was mandated to calculate antidumping duty rates based upon Indian prices. This was extremely difficult because India had exported no honey to the world previous to 2001.
- Indian exports of honey to the U.S. exploded after China was precluded from the U.S. market by high antidumping duty rates.
- In China, the Chinese press exposed a high percentage of adulterated honey in the domestic consumer marketplace. Some reports described 70% of honey in Chinese supermarkets to be adulterated.
- Indian beekeepers have also decried the presence of adulterated honey in their domestic marketplace (Down to Earth magazine report).

The Anti-dumping Phenomena in the U.S.

- As is well known, the U.S. government has conducted several anti-dumping investigations, pursuant to the formal complaints of dumping submitted by American honey producers which petitions were provoked by the steady collapse of honey prices paid for imported honey.
- The first anti-dumping case was against China in the 1990s, and there was an interim resolution of that case through a Suspension Agreement. I helped negotiate that agreement which put a ceiling on the quantity of imports and set minimum prices based on global honey prices. Unfortunately that agreement was violated through false valuations from exporters and kick backs to importers. Following revelation of that fraud, an antidumping case against Chinese honey took effect in the early 2000s.

- In order to evade high antidumping duties, Chinese honey was then being transshipped through third countries using false country of origin, false quality certificates, and false bills of lading. This involved a vast network of collaborators in China and exporters in over 30 countries selling transshipped Chinese honey.
- Products shipped in these schemes included: 1) ultra-filtered honey; 2) ultra white (transparent) and pollen free honey; 3) ultra-filtered honey blended with dark honey; 4) ultra-filtered “honey” blended with Argentine dark amber and Argentine pollen. The fraudsters were not only brazen but clever. In the end they were caught and prosecuted in a number of ways. But the “beat went on.”

Honeygate

- As the phenomena of transshipment was exposed and some involved in criminal behavior were arrested, jailed or precluded from the U.S. honey industry, the U.S. government changed tactics and focused on the source of demand – the packers. The theory was to catch the packers using illegally transshipped honey.
- That led to a criminal indictment for Fraud which culminated in “Honeygate,” the deferred prosecution of two honey packers and the arrest of some Chinese agents orchestrating the exports. This was one of the largest prosecutions of customs fraud which involved 30 countries.
- But the punishment was too weak and narrow to stop continuation of the crime. There emerged a vast international cabal orchestrating transshipments, which extended far beyond the activities that were punished.

Farm News 2013-Lessons from Honeygate

- The Honeygate scandal is over; or at least the latest incarnation of honey laundering has come to a close. Two major U.S. honey packers, Groeb Farms in Michigan and Honey Solutions in Texas, confessed to importing million of dollars in mislabeled honey. Groeb Farms will pay a \$2 million penalty; Honey Solutions will pay a \$1 million penalty. Both companies agreed to adhere to honey import compliance programs, and Groeb fired several senior executives.
- Despite legal closure, Honeygate, in other forms, is still bubbling under the surface. In reality, with billions of dollars up for grabs on the counterfeit food market, Honeygate is going nowhere.
- **5 takeaways**
- **1. Get caught honey laundering?** Pay a fine, act contrite, issue a mea culpa, promise to make changes, follow a compliance program, and then let the band play on. Other companies involved in illegal honey imports watched the entire legal affair and took good notes: Multiple millions in profit [were earned] against a million-dollar penalty can pencil out to very

- profitable math. (A pending civil suit against Groeb Farms and Honey Solutions may pack more financial sting than Department of Justice penalties. See #5 below.)
- **2. China knocking.** The Chinese are not about to quit knocking on the import door. American consumers demand 400 million pounds of honey per year; but U.S. domestic production is capable of only producing 150 million pounds per year. The 250-million pound void is an El Dorado opportunity for foreign companies; particularly from China, the world's No. 1 honey producer at 300,000 tons per year.
- The publicity that came out after Honeygate was massive. The dilemmas of beekeepers provoked the bee movie with Jerry Seinfeld.

Shift from transshipment and false country of origin to export of Modern Modes of Adulteration

- Subsequent to the export and transshipment of Chinese honey in the U.S. market, a fundamental shift occurred, involving the export from China of the Multiple Modern Modes of Adulteration for honey, such as resin technology, bioengineered sweeteners, etc.
- The Chinese have openly said in various discussions that 95% of the honey they produce is “water honey,” meaning it is extracted prematurely and Factory Dehydrated before the syrup has been transformed into honey.
- Accompanying the export of illicit modes of honey production has been the systemic acquisition of strategic global resources by China, resulting in direct or indirect ownership by Chinese companies of strategic resources, including honey.

Modern Modes of Adulteration include:

1. The extraction of high moisture, immature honey,
2. The use of resin technology to purge honey and / or pseudo honey of dark colors, antibiotics, residues, offensive flavors and aromas,
3. The blending of inexpensive bio- engineered sweeteners,
4. The illegal and extensive feeding of bees with cheap sweeteners during production times,
5. The introduction of cheap sweeteners into the hives and cells in order to give the adulterated product the semblance of real honey. That semblance is expressed in tiny traces of naturally occurring components.

China as the epicenter

- China has become in the past two decades an epicenter of:
- 1. Food Fraud and Food Adulteration, including honey.
- 2. Ecological degradation as manifested in its internal and external footprints on the worlds' forests, fisheries, farms, water, atmosphere and soil systems.
- 3. The acquisition of global strategic resources, including French vineyards, Italian silk houses, German high tech companies, U.S. farms and food companies, Swiss seed giants, energy and mine resources, and intellectual property. Ironically, publications from China speak poetically of China's acquisition of strategic resources in other countries as "Making honey in foreign lands."
- China has presented such activities as benign and beneficial when in fact they are predatory.

Chinese honey is not being imported into the U.S.

- The antidumping finding against Chinese honey lead to numerous schemes of transshipment involving 30 countries, and fraudulent documents for country of origin, quality and shipping routes. The schemes were orchestrated by Chinese companies and international collaborators.
- When antidumping tariffs were imposed on all Chinese honey imports on the basis of weight, then Chinese honey imports into the U.S. market declined and stopped.

China and International Honey Standards

- China has increasingly tried to gain a controlling position in international organizations setting standards, such as the ISO, UNFAO and Apimondia.
- Unfortunately China is often less concerned with safety and authenticity and more concerned with economic interests and the dominance of markets through sale of large volumes of low priced, low quality and fraudulent products.

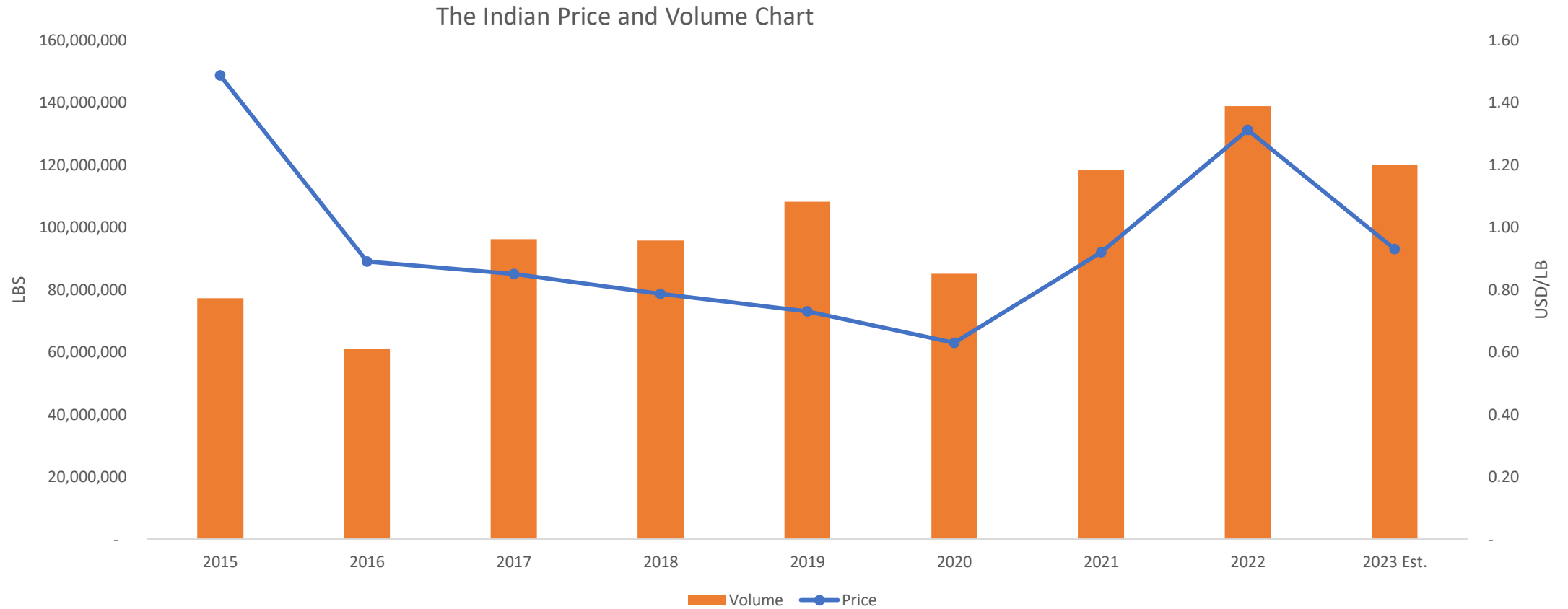
Current U.S. Honey Antidumping Cases

- A second major honey antidumping petition was issued against honey from Argentina, Brazil, India, Ukraine and Vietnam in 2021. This put some upward pressure on the honey market prices. But that pressure was very transient and fleeting. A temporary bump in domestic and imported honey prices occurred, during the global covid pandemic, which deteriorated quickly with very irrational low antidumping duty rates instituted by the Department of Commerce.
- For example, Vietnam honey received a tariff of about 60% (based on the customs value of the exported honey) and Indian honey was given a duty of about 7%. India, like China, is well-known for the use of the illicit mode of production using extraction of immature honey, resin technology, and blending of bioengineered sweeteners.

- After the invasion of Ukraine, Ukraine was removed from the complaint.
- In violation of the general rules governing U.S. antidumping petitions, after the case was filed the cartels responsible created a huge surge of imports prior to the preliminary determination of duties. Inventories of very low priced honey increased in the U.S., creating even greater stress on North American beekeepers.
- The surge of imports created a frozen market which in turn has created huge inventories of authentic in beekeepers' hands.

- It is worthy to note that Indian beekeepers producing authentic honey have extensively and repeatedly complained about their inability to compete with those producers and exporters who are selling honey that has been adulterated.
- Indian honey exporters, with their colluding partners in the importing countries, are selling all types of honey including white, organic, dark colors in contracts that extend far into the future at extremely low prices. This has created the frozen market for authentic honey and threatens bankruptcies for producers of honey throughout North and South America, Europe and the UK.

Indian Honey Imports to US 2015-2023



US Honey Imports from Vietnam

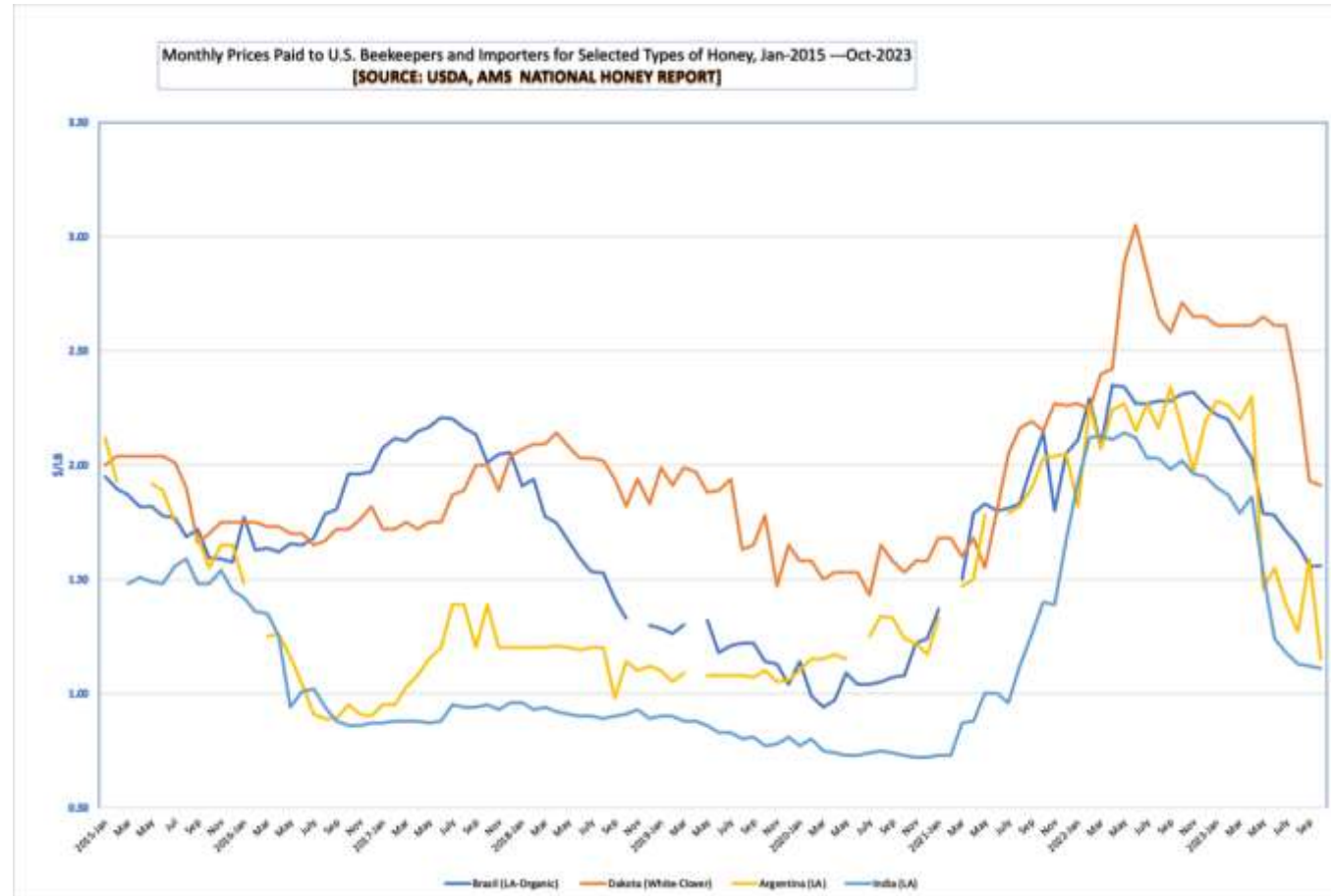
US Honey Imports from Vietnam 2010 to 2022 in metric tons

2010	2011	2012	2013	2014					
20,738	27,826	20,700	33,586	47,107					
2015		2016		2017		2018		2019	2020
36,973		38,494		36,288		39,156		36,980	50,669
2021	2022								
56,009	14,414								

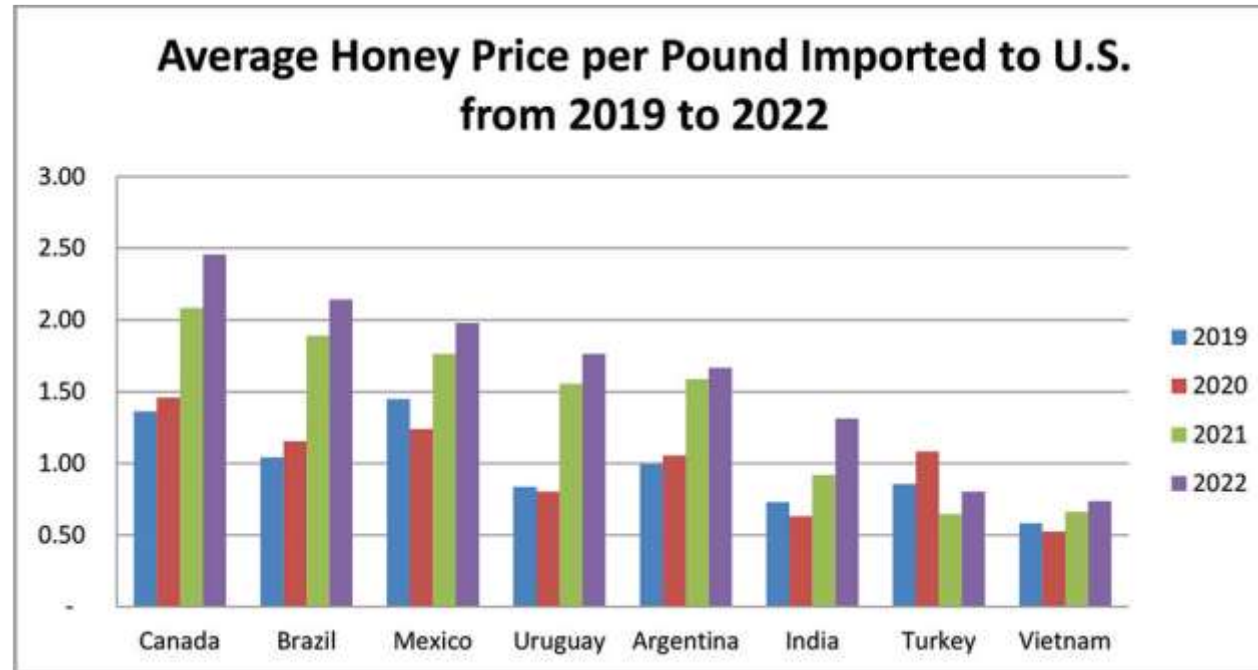
North America is the dominant destination for Vietnamese honey, with extraordinarily low prices.

- Vietnamese honey exporters have explained that their honey is extracted immaturely.
- They asserted that they could produce mature authentic honey but if they did the quantities would be much smaller and the prices higher than the U.S. importers demand.
- In antidumping findings, the key question is Comparative Advantage. India had a huge comparative advantage and its quantity surged while Vietnam's plummeted. That is due to the difference between 7% and 60% antidumping duty. The most salient feature is despite 60% duties, Vietnam continued to export a significant volume to the U.S. market.
- To continue to export at low prices with a 60% antidumping duty, the honey cannot be authentic.
- Imports from Vietnam declined dramatically after the Antidumping Petition was filed in May, 2021.

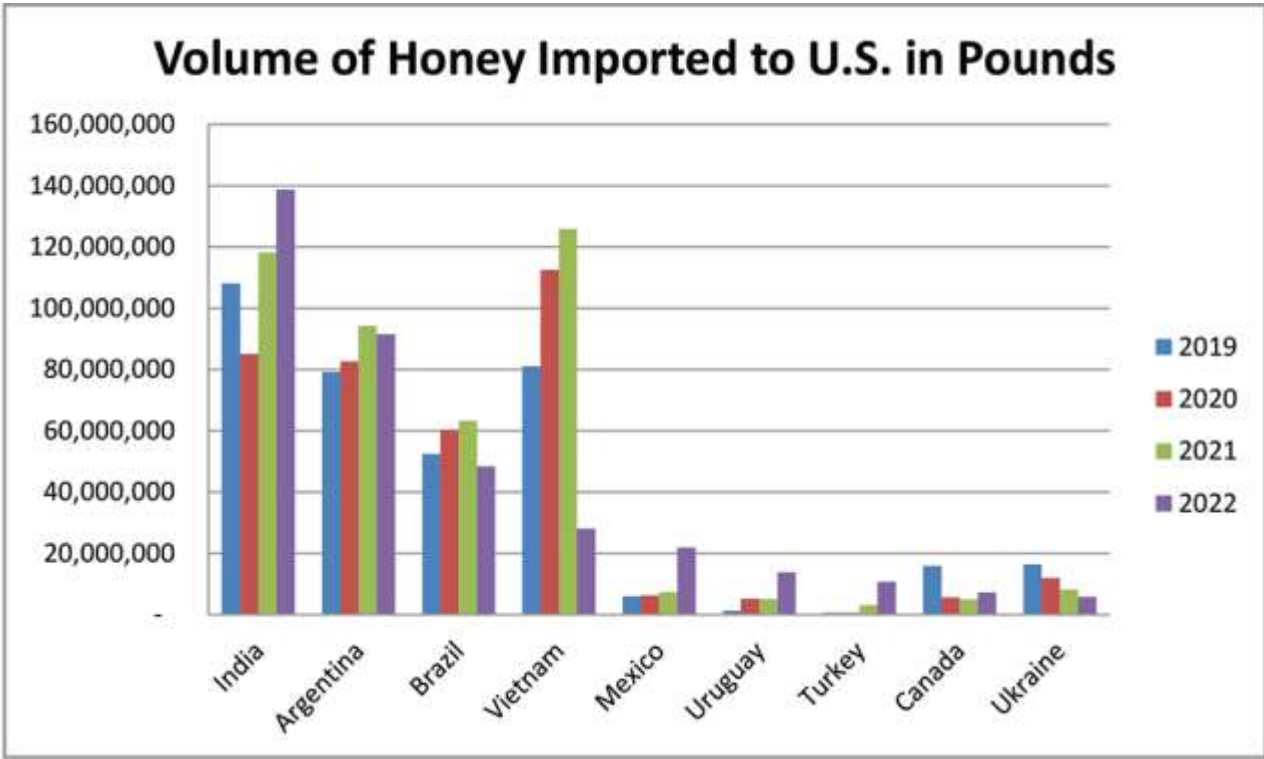
Prices Paid to US beekeepers and Exporting Countries to October 2023



Low prices for U.S. Imports



US Honey Imports from Vietnam reach 120,000,000 pounds in 2021, surging after AD filing



- Despite a 60% duty, imports from Vietnam continue to arrive in the U.S.
- Vietnamese who had gone to China and Russia in the 1990s were teaching modes of production in Vietnam. That means the export of China's modern modes of adulteration began before the Chinese antidumping case, but accelerated after Honeygate, when Chinese honey was precluded from the U.S. market.

- After a brief reprieve in 2021-2022 from prices which declined during 2017-2020, the collapse of imported honey prices in the U.S. continued in 2023.
- The Indian Honey Import chart contrasts volumes and prices.
- In November and December of 2023, prices for some Indian honey imports reached a low of USD\$0.68/lb. customs value, and volumes were at highs of over 18 million pounds per month.
- U.S. beekeepers who mounted the antidumping petition believed that prices for U.S. honey would strengthen, but they did so only temporarily.

- The French beekeeping community and its leaders, including Mr. Joel Schiro, must be commended.
- We are very appreciative of the opportunity to discuss these matters with the Joint Research Center and the European Commission.
- The adulteration of honey is an international phenomena. Just as in astrophysics, particle physics and genetics, progress increasingly depends on international collaboration. Within that international cooperation, European scientists and officials are playing the most decisive, creative and principled role.
- For that we thank you.