



Voluntary Report - public distribution

Date: 10/30/2003

GAIN Report Number: MX3148

Mexico

Honey

Annual

2003

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Report Highlights:

MY 2003 Mexican honey production has mostly recovered from Hurricane Isidore in 2001 and is forecast at 62,039 MT. Although most high-quality Mexican honey is exported, Mexico remains a very attractive market for U.S. honey imports, most of which are targeted to the HRI sector and more affluent Mexican consumers.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Mexico [MX1]
[MX]

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Honey Situation and Outlook

For MY 2003, official and private sources estimate that production will be approximately 62,000 MT, 5.17 percent above the revised MY 2002 production estimate, due to better weather conditions, the effectiveness of government support and training programs, and the recovery of native plants from the September 2001 hurricane damage. Despite the hurricane damage to the honey sector infrastructure in the states of Yucatan, Campeche and Quintana Roo, both official and private sources forecast MY 2003 production to return to normal production levels. The production estimate for MY 2002 has been revised upward to 58,890 MT, reflecting more accurate official data. Latest official production figures for MY 2001 were revised downward to 59,069 MT.

Production

According to official sources, MY 2003 honey production will return to normal production levels in the Yucatan peninsula despite the devastating effects of Hurricane Isidore, which destroyed nearly 50 percent of bee colony numbers as well as many native plants which serve as the bees' main feed base. These plants include tajonal (*Viguiera dentata*), chechem (*Metopium brownei*), dzidzilché (*Gymnopodium floribundum*), chaká (*Bursera simaruba*), kaan-chunub (*Thoninia canesceras*), sak-piixoy (*Trema micrantha*), salam (*Lysiloma latisiliquum*). Official sources estimate that the recovery of native flora, along with the repopulation of colonies with new beehives and the rotation of queen bees, will aid in obtaining better yields and increased production. In the Yucatan peninsula, the native plants tajonal (*Viguiera dentata*) and dzidzilché (*Gymnopodium floribundum*) are the bees' most required feed supply from January through April. From April to May, tzalam (*Lysiloma latisiliquum*) and Jabín (*Pisciria piscipula*) usually replace the above-mentioned plants as the bees' principal feed base. For MY 2003, state production patterns are expected to remain unchanged. In MY 2003, producers in the states of Yucatan, Campeche, and Quintana are expecting increased yields, due to the previously mentioned climatic factors and adequate government support programs.

The MY 2002 production estimate has been revised upward to 58,890 MT, due to the effects of government programs which assist honey producers in obtaining credit and modernizing their beehives and honey collection methods. The Mexican states of Yucatan, Campeche, Jalisco, Veracruz, Guerrero, Oaxaca, Puebla, Quintana Roo and Chiapas were the main producing states, accounting for more than 80 percent of total Mexican honey production in MY 2002. The MY 2001 production estimate was revised downward to 59,069 MT, due to the combined negative effects of Hurricane Isidore, inadequate production techniques, and immoderate use of antibiotics and pest control chemicals that adversely affected bee colonies and subsequently reduced yields and production.

Combined honey productions of other regions of Mexico, notably southern Mexico (which usually starts in late December) and Central and Northern Mexico (which begins in late October/early November) are expected to be consistent with those regions' normal production levels. The peak months of Mexican honey production tend to occur in the last three months of the year. Nonetheless, lower quantities of honey are produced throughout the year too.

Reportedly, the use of beekeeping pollination services in Central and Northern Mexico is increasing, as beekeepers and horticultural growers continue to establish joint ventures in order to increase crop yields. Currently, pollination services have become a profitable activity with nearly 200,000 beehives in use for pollinating vegetables and fruits, like Hass avocados and citrus crops, which are valuable export commodities garnering attractive international prices.

Currently, the honey sector is focusing its efforts on carrying out the recently-launched Ministry of Agriculture (SAGARPA) "Honey Safety Program", the objective of which is to ensure the quality of domestic and exported honey products. The results of the implementation of this program will be evaluated over the medium- to long- term since the sector is still recovering from the effects of Hurricane Isidore.

Production of organic honey is not expected to be significant in the Yucatan peninsula, since ample native feed resources are available for bees. Moreover the lack of appropriate infrastructure, organization and training in the production of organic honey simply does not exist. Nor is it a priority for the industry. For example, the current use of antibiotics and insecticides used by beekeepers to control the spread of *Varroa Jacobsini* disqualifies the industry from using the organic label.

Despite the damage caused by the hurricane, MY 2003 commercial beehive numbers are forecast to increase to 2.0 million, due to government assistance in the aftermath of Hurricane Isidore. Also, through the implementation of governmental programs, honey producers have been able to control and maintain *Varroa Jacobsini* outbreaks and Africanized bees at acceptable levels. MY 2002 bee colony numbers decreased to 1.8 million, due to the damage inflicted by Hurricane Isidore.

According to industry sources, MY 2003 yield estimates are forecast at 30.9 kilograms per hive, due to modernization and replacement of old beehives and improvements in pest control management.

Trade

MY 2003 honey exports are forecast at 35,000 MT, an increase of 21.1 percent from MY 2002 figures, due to aggressive export market promotions and lack of better domestic marketing channels. Clear amber honey, which is produced in southern Mexico from bees feeding on native plants *dzidzilché* (*Gymnopodium floribundum*) and *tajonal* (*Viguiera dentata*), is demanded in European markets because of its high quality. According to official sources, MY 2002 honey exports are estimated at 28,883 MT, or 49 percent of total honey production. MY 2001 export figures remain unchanged. The United States is Mexico's second most important export market for honey after Germany.

MY 2003 imports are forecast at 100 MT, due to good domestic production. Imports for MY 2002 are estimated at 215 MT, an increase of 48.2 percent over the MY 2001 level, due to increased demand from high-end restaurants for high-quality imported honey. Mexican honey sold domestically tends to be of low quality, while all high-quality honey is exported. In MY 2002, the United States accounted for 95.8 percent of total Mexican honey imports. Most of these imports were in the form of specially-packed products for use in gourmet restaurants or high-income households located in resort and residential areas. For MY 2003, prices of Mexican honey are expected to increase in foreign markets, due to its high quality. The MY 2002 price for Mexican honey in foreign markets averaged around USD\$1.17 per kilogram.

Consumption

MY 2003 consumption is expected to decrease, due to increased exports and a sluggish economy. The MY 2002 consumption estimate has been revised slightly upward, due to more recent information. According to industry sources, Mexican consumers have changed their consumption patterns from buying pure honey to purchasing more value-added honey by-products. Mexican honey destined for the domestic market is increasingly being used by

the industrial sector for use in such honey by-products like wax, royal honey jelly, pollen and propoleum, beauty products, shampoo, soap, candies, vitamins and medicines. The MY 2001 consumption estimate has been revised upward, due to more recent information reflecting decreased exports and increased imports.

MY 2003 per capita honey consumption is forecast to decrease, despite the promotional campaigns of SAGARPA's "Honey Safety Program", due to the sluggish economy. Per capita consumption levels for MY 2001 and MY 2002 remained unchanged at approximately 400 grams, far below the 2 kg. per capita consumption level in the European Union.

Policy

The tariff rate scheme for Mexican imports of honey products is unchanged. Imports from the United States, Canada, Costa Rica, Chile and Nicaragua are applied a zero percent tariff rate, while imports from other countries must pay a 20 percent tariff. Mexico could be developing as a potential market for imported honey in the coming years, due to the niche market for U.S. honey in top-end restaurants, tourist resorts and high-income residential areas located in larger Mexican cities.

PS&D

PSD Table						
Country	Mexico					
Commodity	Honey			(1000 COLONIES)(MT)		
	Revised 2001		Preliminary 2002		Forecast 2003	
	Old	New	Old	New	Old	New
Market Year Begin	01/2001		01/2002		01/2003	
Commercial Colonies	2000	2000	1800	1800	0	2000
Non Commercial Colonies	0	0	0	0	0	0
TOTAL Colonies	2000	2000	1800	1800	0	2000
Beginning Stocks	0	0	0	0	0	0
Production	61200	59069	55000	58890	0	61939
Imports	10	145	220	215	0	100
TOTAL SUPPLY	61210	59214	55220	59105	0	62039
Exports	28000	19209	25000	28883	0	35000
Domestic Consumption	33210	40005	30220	30222	0	27039
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	61210	59214	55220	59105	0	62039

Mexican Honey Production by State

TABLE 1 MEXICAN HONEY PRODUCTION BY STATE 1994 TO 2001 (METRIC TONS)								
State	1995	1996	1997	1998	1999	2000	2001	2002
Aguascalientes	177	194	159	249	26	159	250	300
Baja California	0	200	198	132	234	245	267	123
Baja California Sur	212	250	201	187	175	237	210	292
Campeche	3,706	3,213	2,950	4,799	4,397	7,593	8,521	8,047
Coahuila	164	65	163	68	76	239	256	294
Colima	1,075	1,065	559	509	473	481	477	342
Chiapas	3,050	3,146	2,674	2,893	3,112	2,520	2,957	3,421
Chihuahua	218	364	638	320	480	500	539	574
Mexico City	70	197	113	185	100	100	100	100
Durango	302	505	464	221	361	421	327	398
Guanajuato	1,050	1,097	861	1,147	500	247	1,062	814
Guerrero	3,933	918	3,868	4,497	5,899	4,356	3,836	3,702
Hidalgo	1,312	1,290	1,223	1,093	972	818	817	790
Jalisco	4,344	5,212	6,065	6,091	5,004	5,916	5,621	5,785
Mexico	794	793	801	814	829	768	1,220	896
Michoacan	1,708	1,786	1,976	1,591	1,812	1,903	1,915	1,786
Morelos	475	181	541	900	885	141	875	465
Nayarit	463	515	563	509	655	542	283	526
Nuevo Leon	500	502	430	420	420	430	345	445
Oaxaca	2,011	2,598	1,837	1,776	2,039	2,128	2,172	2,222
Puebla	2,001	2,269	2,939	3,207	2,200	3,103	2,900	3,200
Queretaro	185	141	98	115	117	90	99	78
Quintana Roo	2,700	2,640	3,888	2,941	3,164	3,627	2,544	2,846
San Luis Potosi	1,052	1,390	964	900	982	794	930	1,000
Sinaloa	942	682	912	1,165	1,413	1,546	1,540	1,105
Sonora	805	920	691	808	530	353	478	313
Tabasco	244	80	86	118	114	120	118	193
Tamaulipas	786	760	706	630	609	595	573	495
Tlaxcala	236	335	335	362	371	413	568	455
Veracruz	4,146	4,458	4,592	4,658	5,669	5,909	6,614	6,800
Yucatan	8,400	9,250	10,302	9,615	9,980	11,040	9,169	10,020
Zacatecas	2,167	2,164	1,884	2,377	1,725	1,601	1,486	1,423
Total	49,228	49,180	53,681	55,297	55,323	58,935	59,069	58,890

Source: National Service of Information and Agricultural Statistics. SIAP-SAGARPA

Trade Matrix - Exports

TABLE 2. HONEY EXPORTS		
-CALENDAR YEAR-		
Country	2002	2003*
	Volume (KG.)	Volume (KG.)
GERMANY	15,796,430	8,263,949
U.S.A.	7,374,645	3,743,605
SAUDI ARABIA	1,085,103	1,533,540
U.K.	3,044,977	1,160,603
SWITZERLAND	460,774	423,014
BELGIUM	410,469	222,679
JAPAN	210,980	167,140
ITALY	82,679	55,951
PUERTO RICO	187,675	0
VENEZUELA	134,364	0
OTHER	94,800	173,015
TOTAL	28,882,896	15,743,496

Source: World Trade Atlas, Mexico Edition.

* As of July 2003.

Trade Matrix - Imports

TABLE 3 HONEY IMPORTS		
-CALENDAR YEAR-		
Country	2002	2003*
	Volume (KG)	Volume (KG)
U.S.A.	206,144	112
CUBA	3,564	0
AUSTRIA	2,649	0
SWITZERLAND	1,206	0
OTHER	1,644	0
TOTAL	215,207	112

Source: World Trade Atlas, Mexico Edition.

* As of July 2003.