



# SWEET HARVEST FOODS

March 19, 2024

Dear Valued Customer:

The purpose of this communication is to update you regarding a change to the marketplace dynamic in the honey industry.

On March 14, 2024, the Ministry of Commerce & Industry in India instituted a Minimum Export Price (MEP) on all honey shipped out of India, effectively creating a price floor for the single largest origin of honey consumed in the United States. In 2022, honey imports from India totaled 135M lbs, or about 20% of all honey consumed in the US.

Below are some details of the action:

- The goal of the MEP is to create a price floor in order to boost prices paid to beekeepers in India.
- The MEP was effective immediately and will remain in-place until December 31, 2024 or until further orders are issued. Existing contracts that were made prior to the implementation of MEP are not 'grandfathered' and must ship at or above the MEP rate.
- The scope of the MEP is not limited to the United States but covers all countries that import honey from India.

For the most common honey shipped from India (Conventional Light Amber), the MEP instituted by the Indian government translates to a delivered raw material price that is ~30% higher than the price in December 2023 before there was widespread awareness of the MEP initiative. For organic honey, supply constraints in the off-season had already elevated prices such that the MEP price is only ~8-10% above the December 2023 trading levels.

Additional perspective is contained in the following Q&A section. We commit to maintaining open communication with you on this issue and will share more information as the situation unfolds over the coming weeks and months. In the meantime, please don't hesitate to contact your Sweet Harvest Foods sales representative with questions or comments.

Thank you for your continued support.

Sincerely,

John Rzeszut  
Sr. Vice President, Sales & Marketing  
Sweet Harvest Foods

Chris Nubern, PhD  
Chief Procurement Officer  
Sweet Harvest Foods



## **Questions & Answers – March 2024 India Honey Minimum Export Price**

### **Why did this happen?**

Indian beekeepers have been concerned about the trend toward lower prices over the past year, so they lobbied local politicians to increase support for the domestic honey industry. Since it is an election year in India, there was added incentive for politicians to appear ‘friendly’ to the agricultural sector of the economy. As such, the true goal of the MEP is to raise overall prices paid to beekeepers.

### **Does this cover all honey from India, or just certain types?**

The MEP order covers India HS Code 0409 00 0, which is listed as “Natural Honey.” As such, this would include natural honey of all colors and floral sources, as well as Organic and Non-GMO honey.

### **Does the MEP add risk to the supply of honey from India?**

We don’t believe this will impact the supply of honey from India. If anything, a guaranteed minimum price should increase the number of beekeepers offering honey for sale, as some who had dropped out of the market as prices dropped over the past year could resume activities. That said, it is expected that there will be ripple effects from this MEP action for at least the next year and possibly longer.

### **Are there other origins that can substitute for India honey?**

Traditionally, Vietnam offered the most competitive substitute for Indian honey and the two origins traded at similar levels to act as viable substitutes for some honey varieties. But the additional risk imposed on Vietnam by the anti-dumping regulations - including the potential for higher duties retroactively – does limit the full potential for India substitution. Honey from other non-traditional countries could be utilized as substitutes, but available volumes are notably smaller, and care should be taken to mitigate the higher risk of adulteration and/or transshipment from certain origins.

### **What’s the impact on pricing?**

In general, we believe that this MEP activity will lead to higher honey prices across the industry, especially for manufacturers, distributors and retailers in the Ingredient and Foodservice spaces, where most of the Indian honey is typically consumed. The magnitude and extent will depend on several different factors, including current inventory/stock levels, availability/pricing of honey from other origins, and the duration of the MEP itself.