

China's Syndrome

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Import's from China have decreased, but not for the reasons you may think.

The greatest performance of China as an exporter of honey to the United States appears to have come and gone. U.S. imports of honey from China are limited to 19,942 metric tons annually according to the August 1995 agreement. This is only 57 percent of the peak U.S. imports of 34,826 tons of honey from China in 1993. Also, the agreement requires prices for honey from China to be at least 92 percent of the average price for U.S. honey imports from all sources.

Now it appears that China would not have the supplies or setting to export larger quantities of honey to the United States in 1996 than specified in the agreement anyway. The major reason is the decline in China's honey production from 177,000 tons in 1994 to an estimated 165,000 tons or less in 1995. At the same time that China's honey production declined in 1995, domestic demand increased considerably. Honey exports to the United States in January-June of 1995 were only 2,762 tons, and that involved the delivery of earlier contracts.

China began a new tender system for controlling honey exports in March 1994, in response to the trade dispute with the United States. Through this system, traders must bid for the privilege to make honey exports by placing applications with the Minister of Foreign Trade and Economic Cooperation (MOFTEC). MOFTEC accepted a quota of 30,000 tons for tender bids in September 1994, and 40,000 tons in May 1995. Both of these quotas did not include exports to the United States. This indicates that tenders were approved to allow exports of about 70,000 tons of honey in 1995 to markets other than the United States. Different companies bid for a chance to make their exports, and submit their tender proposals for consideration as a part of the allowed quota. The system of establishing quotas and floor prices administered by MOFTEC has brought more government involvement into honey exports. The floor prices are not published which are used by MOFTEC as part of their evaluation before the decision is made on which companies have acceptable bids.

Procedures for China's exporters in getting MOFTEC to accept their export bid have been established. First, they submit a bid with the price and quantity specified, and if the price listed is in a range acceptable to MOFTEC they advance to the second step. Second, individual quota shares are allocated. The higher the bid price and total amount of the bid, the better the chance for approval. This process has hampered export participation by smaller honey exporters providing lower prices.

China's total honey exports to the world reached a record 102,285 tons in 1994, and slightly higher prices helped the value to increase to reach a record \$75 million. China's reported exports to the United States decreased from the peak of 33,495 tons (a number very close to imports reported by the United States) in 1993 and 28,263 tons in 1994.

China's total honey exports declined to 36,320 tons in the first half of 1995, when the average price to the United States rose to \$782.40 per metric ton, 9.6 percent above the average for 1994. The average export price for shipments to some other markets increased at a faster pace. The price for exports to Singapore increased 23 percent in the first half of 1995 to \$1,138 per ton, while the price for exports to Japan moved up 19 percent to \$886 per ton. Diversification to other markets became evident in 1994, when the share of China's total exports going to the United States declined to 27.6 percent, down from 34.7 percent in 1993.

Japan - The Leading Market In 1994

Japan surpassed the United States to become the leading market for China's honey exports in terms of quantity in 1994, when shipments to Japan increased 19 percent to 37,823 tons. The value for China's honey exports to Japan was \$24 million in 1993, narrowly ahead of the value of \$23.9 million for exports to the United States. Smaller deliveries of honey to Japan by Argentina contributed to a strong demand for Chinese honey in early 1995.

Japan accounted for 40.7 percent of China's honey exports in the first half of 1995, up from 36.7 percent in 1994. China provided about 88 percent of the 36,181 tons of honey imported by Japan in 1993. During the early 1990's, Japan's honey imports fluctuated because of variations in availability of honey from some other suppliers.

Japan purchased 500 tons of China's total production of 600 tons of royal jelly in 1994. A similar setting has prevailed in 1995.

Europe's Imports Up Through 1994

Exports of honey from China to Europe trended upward through 1994, when shipments reached a peak of 32,192 tons. The leading European honey market for China in the early 1990's was Germany. Most of the shipments to Germany consisted of 55 gallon drums,

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