

# POTENTIAL OF HONEY IN PAKISTAN

An Analysis of the Global and Domestic Market

MAY 2022

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# The Pakistan Business Council: An Overview

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The Pakistan Business Council (PBC) is a business policy advocacy platform, established in 2005 by 14 (now 94) of Pakistan's largest private-sector businesses and conglomerates, including multinationals. PBC businesses cover nearly all sectors of the formal economy.

The PBC is a not-for-profit entity, registered under Section 42 of the Companies Ordinance 1984. The PBC is a pan-industry advocacy group. It is not a trade body nor does it advocate for any specific business sector. Rather, its key advocacy thrust is on easing barriers to allow Pakistani businesses to compete in regional and global arenas. The PBC conducts research and holds conferences and seminars to facilitate the flow of relevant information to all stakeholders in order to help create an informed view on the major issues faced by Pakistan.

The PBC works closely with relevant government departments, ministries, regulators and institutions, as well as other stakeholders including professional bodies, to develop consensus on major issues which impact the conduct of business in and from Pakistan. The PBC has submitted key position papers and recommendations to the government on legislation and other government policies affecting businesses. It also serves on various taskforces and committees of the Government of Pakistan as well as those of the State Bank, the SECP and other regulators with the objective to provide policy assistance on new initiatives and reforms.

## The PBC's Founding Objectives

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- To provide for the formation and exchange of views on any question connected with the conduct of business in and from Pakistan.
- To conduct, organize, set up, administer and manage campaigns, surveys, focus groups, workshops, seminars and fieldwork for carrying out research and raising awareness in regard to matters affecting businesses in Pakistan.
- To acquire, collect, compile, analyze, publish and provide statistics, data analysis and other information relating to businesses of any kind, nature or description and on opportunities for such businesses within and outside Pakistan.
- To promote and facilitate the integration of businesses in Pakistan into the World economy and to encourage in the development and growth of Pakistani multinationals.
- To interact with governments in the economic development of Pakistan and to facilitate, foster and further the economic, social and human resource development of Pakistan.

# The PBC's Member Companies





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## List of Acronyms

EU	European Union
HBRI	Honey Bee Research Institute
NARC	National Agricultural Research Council
UAE	United Arab Emirates
USA	United States of America

# Foreword

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The study entitled '*Potential of Honey in Pakistan: An Analysis of the Global and Domestic Market*' is published by The Pakistan Business Council (PBC) as part of its "Grow More/ Grow Better" pillar of "Make-in-Pakistan" thrust.

Although Pakistan is capable of producing different varieties of honey, the sector is characterized by several challenges which have constrained its growth. A disorganized value chain, lack of good pre and post-harvest practices, inadequate compliance to the international standards and certifications, and weak branding and marketing have limited the scope of Pakistan's honey in the domestic and the international market.

To penetrate deeper into the domestic market at a commercial level, it is important to ensure the availability of good quality honey from the beekeepers and an affordable retail price for the local consumer. Furthermore, developing accredited quality testing facilities to avoid adulteration and to strengthen branding and marketing to improve product value is crucial for increasing export of honey from Pakistan to the high-worth markets. At present, Pakistan's exports of honey are limited to the Middle Eastern countries where they are a low-value product.

This sector report is intended to inform Pakistan's overall industrialization policy.

**Ehsan A. Malik**  
CEO, The Pakistan Business Council

## Executive Summary

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Beekeeping and honey farming is a sub-sector of the agro-processing industry. It generates income and employment, mostly in rural areas, and also ensures food security since bees pollinate plants and improve crop yields. The growing awareness of health benefits attributed to the consumption of honey has increased its demand worldwide. The global market of honey is valued at USD 7.84 billion<sup>1</sup> and the global exports have grown by 35 percent in the last decade to USD 2.3 billion<sup>2</sup>. However, despite having a conducive environment and diverse flora for producing good quality honey, Pakistan has yet to become a significant one of the major producer and exporter of honey.

The lack of an organized value-chain and growth constraints have prevented Pakistan to establish honey brands locally and access export markets. Poor pre and post-harvest practices, inadequate training and certifications, and insufficient branding and marking activities are prevalent across the entire honey supply chain. As a result, locally produced honey has not entered in lucrative international markets such as Europe, USA, and Japan, and exports are limited to the Middle East, primarily Saudi Arabia and UAE. These exports, mainly of the Sidr honey variety, stand at around USD 9.8 million<sup>3</sup> only and are limited mostly to the wholesale markets, where it is sold in bulk packaging at a low price. Pakistan exports only around 24 percent of its annual honey production which is far less than the global average of 40 percent by other honey producing countries.

Pakistan's domestic honey consumption is approximately 11,147 tons<sup>4</sup>, with a per capita consumption of 50 grams as compared to the much higher global average of 150 grams. The high price (compared to sugar as a sweetener) and a lack of awareness among consumers regarding the health benefits of honey are major reasons for the low domestic demand. Despite the low demand, the honey market size in Pakistan is estimated to be approximately USD 50 million which includes imports of USD 1.8 million. Honey is imported by the affluent consumer segment which prefers international brands, such as Langnese of Germany, to the locally produced honey. This proves that there is a commercial opportunity in the domestic market for food processing companies to enter, provided they can create efficiencies in the supply chain and ensure good quality, free from adulteration, and competitive prices.

To achieve success in both domestic and international markets, it is recommended that beekeeper unions/co-operatives are established to enable agglomeration, and benefit from the economies of scale. Furthermore, farmers will need to acquire modern tools and techniques for harvesting and maintaining quality of honey. Accredited testing facilities, that are easily accessible to the honey farmers should be established to enable buying and selling of honey based on quality metrics. Unless and until both demand and supply side constraints are overcome, the honey value chain in Pakistan will remain scattered, unregulated and inefficient with limited potential for growth.

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<sup>1</sup> Statista database

<sup>2</sup> ITC Trademap

<sup>3</sup> ITC Trademap

<sup>4</sup> 15000 Tons total production less 4,180 tons export, plus 327 tons import: data from ITC Trademap



## 1. Introduction

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Honeybees are an important source of income, nutrition, and medicine. Honey farming is a suitable business for mountain and rural communities to engage in, given the fact that honey has a long shelf-life, and is a low volume and high margin product. Furthermore, honey farming can potentially generate product[s] with high market potential, whilst requiring low investment and utilizing limited land area as compared with other agricultural activities. Additionally, bees help pollinate crops and natural flora, and therefore increase yield and improves food security. Apart from honey, beekeepers can also generate revenue from value-added products such as beeswax, beauty and healing cosmetics, royal jelly and propolis as health foods.

Conventionally, honey value-chain has been largely neglected by Pakistan’s policymakers, until the recently launched “Billion Tree Honey Initiative”. Through this program, the government expects to increase honey production to 70,000 tons per annum, from the existing 15,000 tons, create 80,000 new jobs and generate income of PKR 50 billion from the honey value chain<sup>5</sup>. However, till date, the focus of this initiative remains on boosting production of honey through trainings and capacity building of beekeepers and by improving forestation. Significant work is needed in other areas to address various challenges that hamper the growth of the sector.

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<sup>5</sup> The News. August 29, 2022. Plan underway to commercialize Billion Tree Honey initiative. URL: <https://www.thenews.com.pk/print/884773-plan-underway-to-commercialise-billion-tree-honey-initiative>

Although Pakistan is blessed with the existence of diverse and vast flora for producing different varieties of honey, the production and export of honey is limited. The reasons include: lack of good pre and post-harvest practices, lack of adoption of international standards and certifications, and limited efforts in creating market linkages both domestically and internationally. As a result, the quality of honey produced and sold has failed to gain consumer confidence in the domestic markets. Furthermore, the practice of adulteration (discussed on page 17) in pure honey has restricted Pakistan's access to the lucrative export markets.

Pakistan exported less than 25 percent of its honey production, valued at USD 9.8 million (that is, less than half a percent of global honey trade) and imported USD 1.8 million worth of honey in 2020, mostly from Germany. The majority of exports are to Saudi Arabia and UAE, that too in bulk packing because local honey brands have failed to enter the high-end supermarkets directly. Other lucrative export markets like USA, Europe and Japan remain untapped. Furthermore, the numerous constraints and challenges in this sector have also limited private sector participation and none of the large scale food manufacturers, local or multinational, have entered this sector yet.

This report discusses the challenges that need to be addressed to foster growth of the honey sector and proposes a market-access strategy to guide honey producers, processors and exporters.



## 2. Global Honey Trade

Globally, the demand of honey has increased due to increasing awareness among consumers regarding the health benefits of honey. This section analyses global production, export and import of honey.

### Global Honey Production

Currently, there are approximately 90 million beehives in the world, increasing from almost 80 million beehives in 2010<sup>6</sup>. Global production of honey peaked in 2015 at about 1.87 million metric tons and has since decreased to approximately 1.77 million metric tons in 2020<sup>7</sup>. The decline in honey production in recent years is majorly due to increasing usage of pesticides and destruction of habitat of honeybees. Other reasons include air pollution and global warming.

China is the world's largest producer of honey<sup>8</sup>, followed by Turkey, Iran, Argentina, Ukraine, USA and India. Table 1 lists the top ten producers of honey in the world.

<sup>6</sup> Statista database

<sup>7</sup> Statista database

<sup>8</sup> Beroe. Honey Market Intelligence.

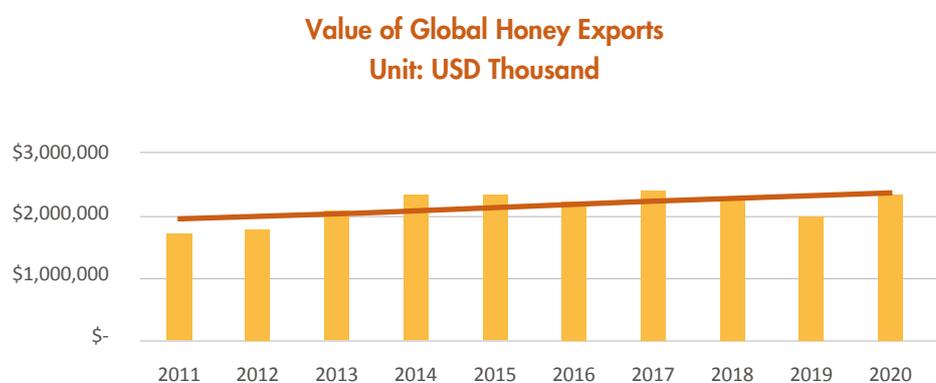
**Table 1 - Top 10 Honey Producers in the World<sup>9</sup>**

Producer	Production (Metric Tons)
China	497,286
Turkey	117,044
Iran	78,553
Argentina	78,188
Ukraine	69,491
United States	68,352
India	68,157
Russia	66,230
Mexico	61,078
Ethiopia	50,840

The top five producers of honey contribute 50 percent of global honey produce, with China and Turkey accounting for over a third of the total global production.

## Global Honey Exports

Despite a decline in global production of honey, global exports of pure honey (HS Code: 0409) increased from USD 1.7 billion to USD 2.3 billion registering a growth of 34 percent from 2011 to 2020.<sup>10</sup> Figure 1 below depicts the trend of the honey export value over the last decade.

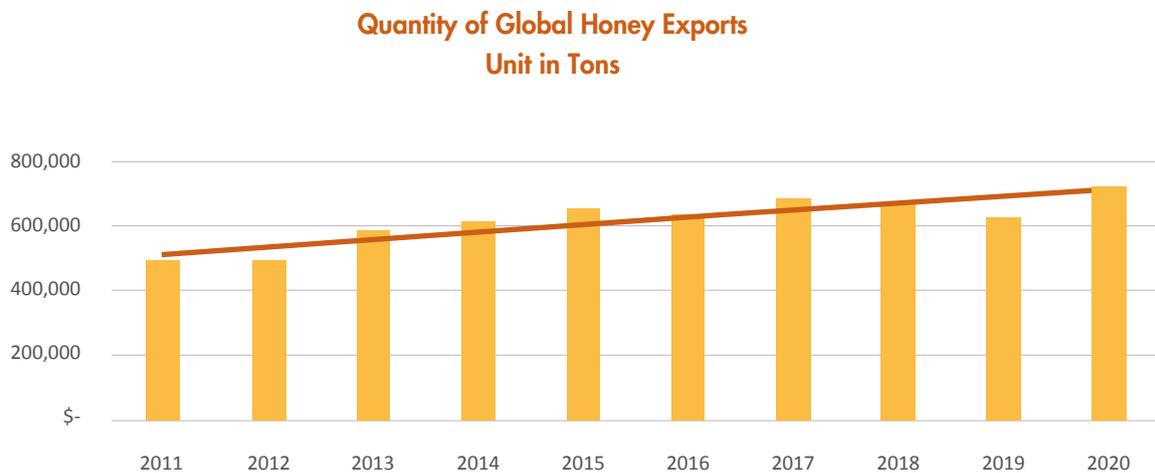


**Figure 1: Value of Global Honey Exports**

<sup>9</sup> NationMaster database. Top countries in natural honey production

<sup>10</sup> ITC Trademap

The quantity of global exports of pure honey has also increased from 490,000 tons in 2011 to over 720,000 tons in 2020, reflecting an increase of over 47 percent<sup>11</sup>. Figure 2 below depicts the trend of the quantity of honey exports over the last decade.



**Figure 2: Quantity of Global Honey Exports**

The rise in demand of pure honey is due to a growing awareness among consumers regarding its health benefits, its use as a replacement of artificial sweeteners, remedy for several illnesses like the common flu and as an immunity booster. The antioxidant and antibacterial properties of honey and its use in the pharmaceutical sector as a therapeutic product has also contributed to the growing demand of honey in the international market.

New Zealand is the largest exporter of honey with exports amounting to USD 328 million, followed by China which exports approximately USD 254 million worth of honey<sup>12</sup>. New Zealand branded its Manuka honey and backed it up scientifically with a lot of benefits. The premium price of this particular honey is why the export value is so high despite low export quantities. Table 2 lists the top ten exporters of honey in the world<sup>13</sup>.

<sup>11</sup> Data source is ITC Trademap. Export quantity data of 2012 is missing and is assumed to be equivalent to 2011

<sup>12</sup> ITC Trademap

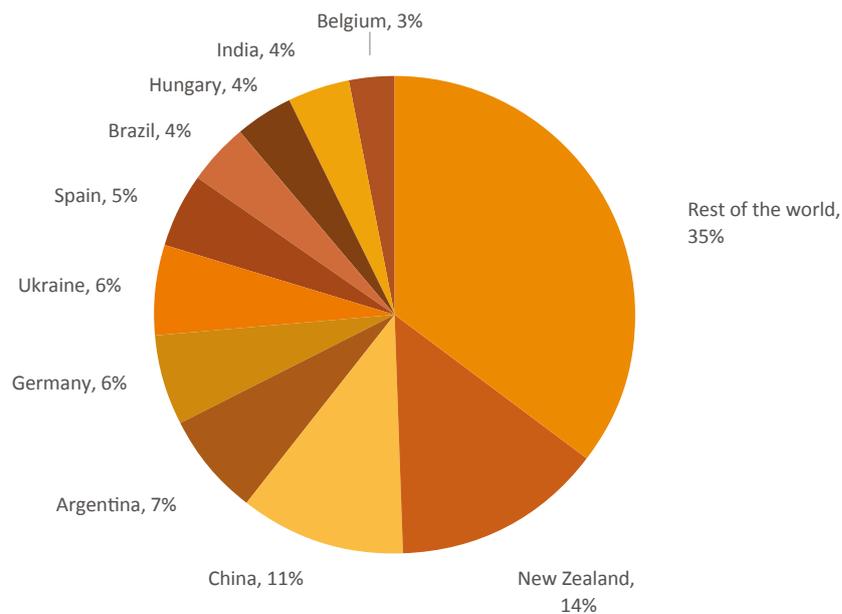
<sup>13</sup> ITC Trademap

**Table 2 - Top 10 Honey Exporters in the World**

Exporter	Value in USD Thousand	Quantity in Tons
New Zealand	328,641	14,354
China	254,045	132,469
Argentina	170,242	71,543
Germany	149,758	29,740
Ukraine	138,787	80,795
Spain	112,438	28,263
Brazil	98,560	45,728
Hungary	95,989	23,063
India	83,406	54,834
Belgium	74,651	22,353

Of the total honey export market of USD 2.3 billion, the top ten exporters constitute over 65 percent share and around 25 percent is catered by New Zealand and China. Figure 3 illustrates the share of top honey exporters in the total value of global honey exports.

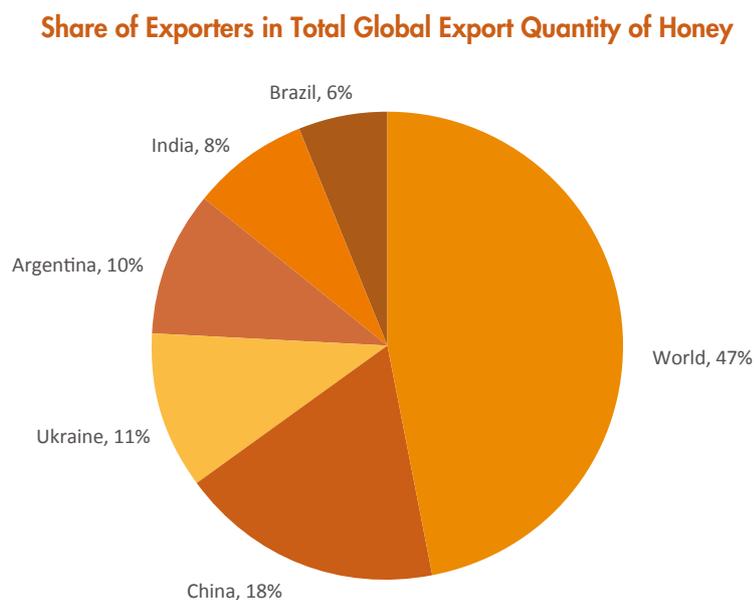
**Share of Exporters in Total Global Export Value of Honey**



**Figure 3: Percentage Share of Top Exporters in Total Value of Global Honey Exports**

It is noteworthy that some of the leading honey producers (refer to Table 1) are not the top ten exporters, and the top exporters are not the leading producers. For instance, Turkey is one of the largest producers of honey, but it is not among the top ten exporters. Furthermore, New Zealand and Germany are not among the largest producers of honey, however they have a high share in the total value of global honey exports.

In terms of the quantity exported, China has the largest share of 18 percent, in total quantity of honey exported globally, followed by Ukraine and Argentina with 11 percent and 10 percent respectively. Figure 4 illustrates the share of honey exporters in total quantity of honey exported globally.



**Figure 4: Percentage Share of Top Exporters in Total Quantity of Global Honey Exports**

Table 2 and Figure 4 reveal noteworthy information regarding the nature of the global trade of honey:

1. China exported over 132,000 tons of honey valued at around USD 254 million. Whereas, New Zealand exported only 14,300 tons (almost a ninth of the volume exported by China), yet it is the top honey exporter with over USD 328 million worth of honey export. Furthermore, Germany exported approximately 30,000 tons of honey as compared to India which exported over 54,000 tons, but in terms of value Germany's exports are almost double than that of India's. Both China and India focus on increasing exports through price competitive honey products. These exports are not in particular top quality honey, such as organic honey or pure honey, and is less superior in quality as compared to New Zealand's Manuka honey or the German Langnese brand. Honey from Germany and New Zealand have built a good market reputation for quality; these countries have successfully developed brands which are sold globally at a premium price. Pakistani producers and exporters will need to develop a strategy which selectively addresses the high branding potential.

2. Turkey, the second largest producer of honey in the world, processes over 117,000 tons of honey but it is not one of the top 20 exporters. Turkey exported only 6,000 tons of honey or five percent of its total production, and the remaining quantity was consumed domestically for breakfast and in production of Turkish Delight. In comparison, India exported 54,000 tons (80 percent) of its total production of honey which is approximately 68,000 tons. Despite this, in terms of value, India exported almost USD 83 million worth of honey, whereas Turkey exported over USD 26 million. In summary, India exported nine times more volume of honey than Turkey, but received only three times more in value.

The above information indicates two different strategies that are adopted by the top exporting countries to increase honey exports. China and India are among the leading producers of honey who focus on the export of low quality honey products (these are typically multi-floral and processed) in high volumes. Whereas, countries like New Zealand and Germany, have established good quality and high value honey brands<sup>14</sup>, and have successfully tapped lucrative export markets to receive a premium price for their honey products. Turkey and Vietnam also receive a better value per ton for their honey exports as compared to China and India.

On average, approximately 35 percent of the globally produced honey is exported. The remaining quantity of honey is consumed in the domestic markets. There are some countries like India which export more than 35 percent, while Iran or Turkey, which despite being one of the largest producers, do not export a significant quantity. Table 3 shows the percentage share of domestic consumption and export of honey from 2016 to 2020.

	2016	2017	2018	2019	2020
World Exports (tons)	637,272	683,821	671,692	628,057	721,452
World Production (tons)	1,871,400	1,882,480	1,851,290	1,766,420	1,770,120
% of Production Exported <sup>15</sup>	34	36	36	36	41
% of Production Domestically Consumed <sup>16</sup>	66	64	64	64	59

Table 3: Export vs Domestic Consumption of Honey

## Global Honey Imports

The leading importer of honey in the world is USA which imported approximately USD 441 million worth of honey in 2020. Other major importers are Japan and Europe<sup>17</sup>. Table 4 lists the top ten importers of honey in the world that account for over 66 percent (USD 1.5 billion) of global honey imports.

<sup>14</sup> New Zealand is famous for Manuka honey and Langnese honey is a renowned brand in Germany

<sup>15</sup> (World exports/ World production) \*100

<sup>16</sup> 100 - % of production exported

<sup>17</sup> ITC Trademap

Importers	Imported value in 2020 (USD Thousand)
<b>World</b>	<b>2,269,523</b>
United States of America	441,475
Germany	279,454
Japan	173,744
France	129,213
United Kingdom	121,313
Saudi Arabia	105,066
China	89,231
Italy	83,566
Poland	79,039
Belgium	70,360

Table 4: Top 10 Importers of Honey

European countries had more than 50 percent share in global imports of honey in 2020, valued at USD 1.1 billion. Total imports by EU, USA, Japan and Middle East in 2020 are approximately USD 2 billion or around 88 percent of the honey imported globally<sup>18</sup>. Figure 5 illustrates the percentage share of countries in global imports.

#### Percentage Share of Countries/ Regions in Global Import of Honey

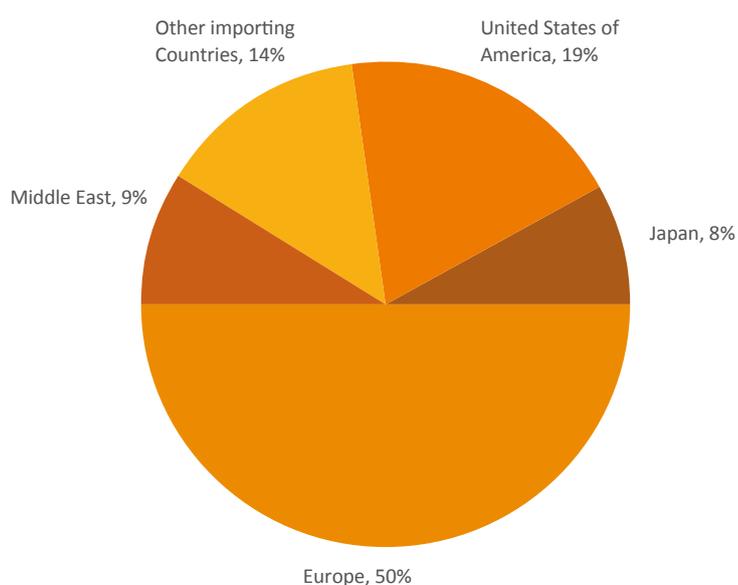


Figure 5: Percentage Share of Countries /Regions in Global Import of Honey

<sup>18</sup> ITC Trademap

Honey is an expensive product which is why its consumption is concentrated predominantly in the developed countries. Even though, USA and some EU countries are large producers of honey, their local production is insufficient to meet the domestic demand. The per capita consumption of honey is 0.7 kilograms per year<sup>19</sup> in USA. Furthermore, consumption of honey in the EU countries is also high. In 2019, the highest per capita consumption of honey was of the following EU countries: Croatia (2.59 kilogram per person), Greece (2.47 kilogram per person) and Romania (1.13 kilogram per person)<sup>20</sup>. In Asia, Japan is the largest consumer of honey, with a per capita consumption of up to 0.7 kilograms per year. The consumption of honey in Saudi Arabia is estimated to be approximately 320 grams per person, which is equivalent to twice the global average of 150 grams per year. Therefore, Japan and Saudi Arabia also rely on imported honey to fulfil their domestic consumption needs.

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<sup>19</sup> Agricultural Marketing Resource Center. Bees. November 2021.

<sup>20</sup> Global Trade. June 24, 2020. The EU honey market slipped back slightly to \$ 1.4B. URL: <https://www.globaltrademag.com/the-eu-honey-market-slipped-back-slightly-to-1-4b/>



### 3. Overview of Beekeeping and Honey Farming in Pakistan

Pakistan has diverse forests with a variety of vegetation, which if managed properly, provides an opportunity for the growth of a sustainable beekeeping industry. Beekeeping and honey farming primarily takes place in the central and northern regions of Pakistan, including: Chakwal, Mianwali, Attock, and Sargodha in the Punjab province and Karak, Kohat, Swat, and Chitral in the Khyber Pakhtunkhwa province.

#### Production and Markets

Currently, there are approximately 27,000 beekeepers in Pakistan who manage almost 1.1 million bee colonies and produce approximately 15,000 metric tons of honey<sup>21</sup> in 2020. Pakistan ranks 20th in the world for honey production<sup>22</sup>.

At present, honey is not produced at a large commercial scale in Pakistan. A large segment of beekeepers produce honey at a small scale for household consumption and for sale within their communities. There are only a few medium-sized private sector companies which sell processed honey in major cities under brand names<sup>23</sup>. However, none of the leading local or multi-national food processing companies operating in Pakistan have entered this sector yet.

The major wholesalers, processors and exporters of honey operate in Peshawar, Islamabad, Rawalpindi, Lahore and Karachi, who cater to the local and the international markets. Most of the honey is channeled through a 'Honey Wholesale Market' located in Tarnab, Peshawar. Roughly two thirds of the traders and beekeepers are Afghan nationals.

<sup>21</sup> HRBI-Honey bee research institute, Islamabad, Pakistan

<sup>22</sup> Express Tribune. May 21, 2021. Pakistan produces 15,750 metric tonnes of honey. URL: <https://tribune.com.pk/story/2300935/pakistan-produces-15750-metric-tonnes-of-honey>

<sup>23</sup> Young's, Salman's, Islamic Honey, Marhaba, Maakhi

## Honeybee Species and Honey Varieties

Pakistan has three species of native honeybee (Dorsata, Cerana, Florea) and one imported honeybee species (Mellifera). Apis Mellifera (European honeybee) is preferred by the bee farmers due to its non-aggressive nature and better yields<sup>24</sup>.

Pakistan produces several varieties of honey including Jujuba (Bair), Acacia Modesta (Palusa), Acacia Nilotika (Kikar), Oregano (Sperkai), Peach blossom (Shaftalo), Orange blossom, Sun-flower, Russian olive, Clover, Eucalyptus, and Garanda. As per the experts at National Agricultural Research Council (NARC) and Honeybee Research Institute (HBRI), there are three distinct categories of honey that are being produced in Pakistan. Of the total production of honey, approximately, 53 percent is that of Acacia variety, followed by Sidr, amounting to 40 percent. Other varieties like citrus, Russian olive, clover, Granada etc. have a share of almost 7 percent of total honey production<sup>25</sup>. Jojoba (Bair or Sidr) honey is the main export variety, produced in Pakistan. This variety is preferred in the Middle Eastern markets due to its taste, color, and crystallization properties. Figure 6 illustrates a production mix of various varieties of honey produced in Pakistan.

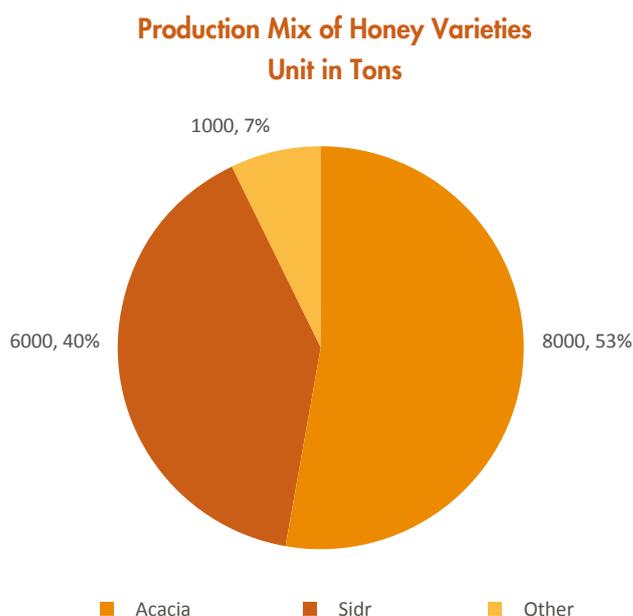


Figure 6: Production Mix of Honey Varieties<sup>26</sup>

Sidr honey can fetch a price of over PKR 2,000 per kilogram in the domestic market and can be sold for up to PKR 8,000 per kilogram in the UAE and Saudi Arabia<sup>27</sup> supermarkets. As a result, most of the Sidr honey produced is exported. Other varieties are typically sold at approximately PKR 1,000 per kilogram in the domestic market by several mid-sized commercial players from the private sector.<sup>28</sup>

<sup>24</sup> Apis Mellifera bees can give up to 25 kg per colony versus 10-15-kilogram per colony from other local varieties

<sup>25</sup> Pir Mehr Ali Shah Arid Agriculture University and National Agricultural Research Council

<sup>26</sup> From a total production estimated at 15,000 tons

<sup>27</sup> Simply the great food. Website: [www.simplythegreat.ae](http://www.simplythegreat.ae)

<sup>28</sup> Salman's, Young's, Islamic Honey, Marhaba, Hibalife, Margalla Honey

## Value Chain Actors

The honey value chain consists of six main actors including input suppliers, beekeepers (individuals or organized in groups), honey collectors (individual traders or cooperatives), processors, exporters, retailers and consumers.

- Input suppliers make traditional beehives, tools and equipment, extractors and protective gear.
- Beekeepers include individual farmers and farmer groups who are involved in honey production. They supply honey to the collectors (arthi/middlemen) and consumers.
- Honey collectors include individual traders who collect honey from individual beekeepers and producer groups, and supply it to the consumers and markets such as the wholesale honey market in Peshawar.
- Processors and exporters filter or process, pack and sell in the domestic and/or international markets.
- Retailers receive supplies of honey from individual traders or processors, and sell to the consumers in the domestic market.

## Constraints in the Value Chain

Beekeeping and honey farming is at an infancy stage in Pakistan. Despite favorable environmental conditions and a diverse flora, potential of this industry is limited due to several inefficiencies that exists across the entire value chain. This is because the sector is fragmented, un-regulated and mostly operates at an informal level. Resultantly, the supply of good quality honey is inconsistent and inadequate in Pakistan. A majority of the beekeepers are unskilled, untrained, do not adopt good farming practices, nor have sufficient funds to purchase modern tools and equipment required for bee harvesting and honey extracting.

Some of the major challenges which the beekeepers and honey traders commonly face are:

- Deforestation and climate change which results in loss of habitat of honeybees.
- Poor pre and post - harvest practices:
  - Increasing use of pesticides and sprays on plants weaken the nectar and therefore, the quality of honey. Fatalities in bee colonies also increase due to intensive use of pesticides.

- Lack of training in good farming practices to reduce post-harvest losses and improve yield are not provided to the beekeepers. As a result, most beekeepers use traditional harvesting methods and therefore, incur harvest losses and low yields. In Pakistan, honey yield is approximately 12 kilograms per hive as compared to a global average of 20 to 25 kilograms per hive<sup>29</sup>.
- Improper handling of bee colonies during transportation, destruction of the combs at harvesting time and harvesting unripened honey reduce yield and eventually production of honey.
- Improper storage of honey in non-food grade containers leads to contamination and adversely impacts the quality of honey. Moreover, honey stored in plastic or used glass jars, at less-than-optimal temperature increases the humidity level of honey and reduces its nutritional value.
- Absence of proper equipment<sup>30</sup> and poor processing techniques of filtration and heating, in addition to poor packaging adversely impacts the quality of honey.
- Adulteration by beekeepers or traders adversely impacts the quality of honey. Several beekeepers reportedly mix different varieties of honey (Sidr honey is mixed with other low valued honey to increase its quantity), and also add sugar syrup to honey. In 2021, 5 tons of “fake” honey was confiscated through raids on several small units conducted by the Punjab Food Authority. Glucose, sugar, additives and colors were being used to produce fake honey<sup>31</sup>.
- Absence of laboratory facilities for quality testing, and lack of international certifications and standards limits production of good quality honey and access to international markets.
- Little knowledge of marketing, pricing and product strategy has hindered local players to price and promote the products according to the international markets.
- Beekeepers only focus on the extraction of honey, without considering other products which can be produced/extracted from beehives, such as beeswax, propolis, royal jelly, and pollen. These products can be transformed into a wide variety of value-added products including candles, lip balm, soap, and body cream. Beekeepers, in Pakistan, do not produce and sell any of these value-added products, neither for the local market, nor for export.

The above constraints and challenges in the honey supply chain have had an adverse impact on the quality of honey produced locally, which needs to be addressed to improve the value-chain.

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<sup>29</sup> As per beekeepers and HBRI representatives

<sup>30</sup> Stainless steel and food grade honey processing equipment/tools e.g., extractors, cleansing/filtering machines, honey extraction kits, refractometer, food grade cans

<sup>31</sup> The News. April, 21, 2021. 5,00 kg fake honey seized. URL: <https://www.thenews.com.pk/print/823677-5-000kg-fake-honey-seized>



## 4. Domestic Market Dynamics

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Local beekeepers do not have direct access to most of the high-end retail markets in major cities like Karachi, Lahore and Islamabad. Beekeeper's produce is usually collected by the middlemen (Arthis) and a few beekeepers sell directly to the wholesale or the retail markets within their communal surroundings.

### Wholesale Honey Market, Peshawar

Most of the produce is sold at the wholesale market in Tarnab, Peshawar, which is claimed to be one of the largest wholesale market of honey in Asia. This market is unregulated with negligible quality standards and testing facilities in place. Resultantly, honey which is sold in this market is not tested for purity and nutritional composition, presence of antibiotics, contaminants, or pesticides. Furthermore, due to the absence of quality checks by the government food authorities, there is a likelihood of adulteration. On the other hand, there are a few traders who sell pure and unadulterated honey, but for a new consumer, it is difficult to differentiate between pure and impure honey.

### Sellers in Local Villages/ Communities and Entrepreneurs

Most consumers procure honey from their fellow villagers, or from entrepreneurs working at a very small scale with a physical or online presence. Even though, these sellers guarantee purity and good quality, their products are mostly neither tested nor certified.

Small scale entrepreneurs source honey directly from the beekeepers whom they have pre-contracted for production, thus bypassing the middlemen and the wholesale market. These entrepreneurs pay a better price to the beekeepers, thus reducing the chances of adulteration. They also train and equip the beekeepers with better tools and equipment to extract good quality honey. Some of these entrepreneurs are affiliated with the public sector institutions (like academia, and various government departments related to apiculture) and therefore have better knowledge of the quality. They sell their produce mostly within the social and professional networks through word of mouth or through e-commerce platforms.

### Small/Medium Sized Commercial Processors from the Private Sector

There are only a select few, small to medium sized, private sector companies which sell processed honey in the major cities of Pakistan under recognized brand names<sup>32</sup>. Several consumers and experts of honey claim that the honey available at the super markets is impure and is processed without following the acceptable standard quality procedures (including temperature and humidity levels) necessary to preserve the nutritional value of honey. This has created a market gap, which is filled by good quality imported brands of honey, even though they are more expensive. Furthermore, since sourcing of good quality and pure honey is difficult, none of the leading local or multi-national food processing companies have entered this sector yet.

Generally, honey is sold in consumer packaging of 250 grams to 1 kilogram at a price of approximately PKR 800 to PKR 1,000 per kilogram. Sidr honey is mostly exported but a small quantity is sold in the domestic market priced at PKR 2,000 per kilogram.

### Honey Imports by Pakistan

Honey is imported not because of production shortfall but due to the consumer preference for good quality pure honey which is unavailable at the superstores in the major cities. Pakistan imported approximately USD 1.86 million worth of honey in 2020, mostly from Germany. Most of the imported honey is of the German Langnese brand, which is sold at a price range of PKR 4,000 to PKR 8,000 per kilogram depending on the variety<sup>33</sup>. These prices are more than double than the price of the locally produced honey sold by some of the private sector companies<sup>34</sup> (as mentioned in the previous section).

<sup>32</sup> Young's, Salman's, Islamic Honey, Marhaba, Maakhi

<sup>33</sup> Pure Acacia honey is PKR 8,000 /kg, Black Forest is PKR 7,000/kg, Pure Bee (Golden clear) is PKR 4,000/kg. Prices obtained from [www.Daraz.pk](http://www.Daraz.pk)

<sup>34</sup> Salman's, Young's, Islamic Honey, Margalla Honey

Figure 7 illustrates a stable trend in the value of honey imported by Pakistan.

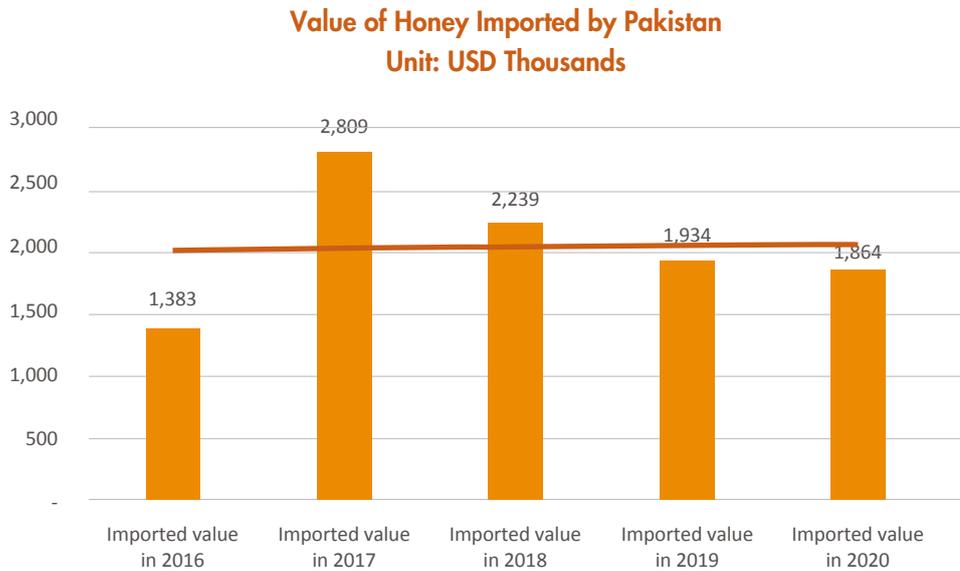


Figure 7: Value of Honey Imported by Pakistan

Quantity imported has gradually declined over the period of 2016 – 2020, which indicates that local demand for imported honey is declining. Figure 8 shows the trend in quantity of honey imported by Pakistan.

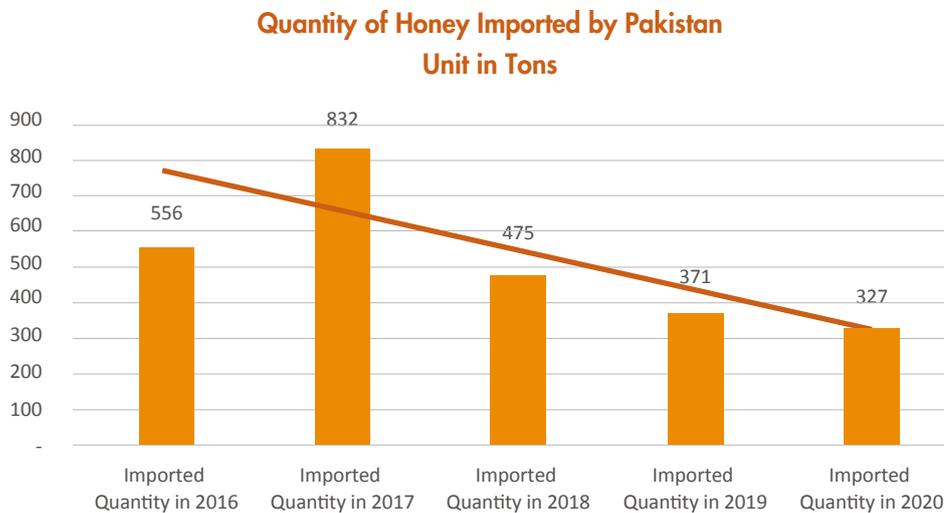


Figure 8: Quantity of Honey Imported by Pakistan

Imported honey captures around 3.6<sup>35</sup> percent of the local market share. However, there is room to further reduce the import of honey if a good local brand offers a product that is comparable to an imported brand such as Langnese. Local commercial brands that sell honey have yet to gain similar consumer confidence and establish brand awareness.

<sup>35</sup> Domestic market size estimated at USD 49.4 million

## Domestic Opportunity for Honey in Pakistan

Pakistan's domestic consumption of honey was approximately 11,147 tons<sup>36</sup> in 2020. Assuming an average retail price of PKR 800 per kilogram<sup>37</sup> (or USD 4.4 per kilogram<sup>38</sup>) for locally produced honey and USD 1.8 million of imported honey (Figure 8), the total domestic market size for honey is estimated as USD 49.4 million<sup>39</sup>.

In Pakistan, average consumption of honey is approximately 50 grams per capita which is lower than the global average of 150 grams per capita annually<sup>40</sup>. Globally, households are substituting sugar for honey as a natural sweetener but this cannot be the case in Pakistan where consumers are more price sensitive. Sugar is sold at PKR 90 per kilogram which is lower than the per kilogram price of honey. Additionally, consumers in Pakistan are not as health conscious as those in the developed countries. On the other hand, the demand for honey increases during the month of Ramadan because of its religious importance and in the winter season due to its use as an immunity booster.

The domestic market size of honey is USD 49.47 million which is quite significant, despite low consumers' confidence in the locally produced honey, limited awareness of its health benefits and the fragmented and informal market. There is a gap in the market for a brand (local or international) which can produce locally and supply good quality honey to the domestic market.

This represents an opportunity for the local food processors to tap into, but only if quality and price competitiveness are ensured. The biggest challenge for any private sector player is to ensure a commercially viable and sustainable business model, given that several inefficiencies exist across the honey supply chain.

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<sup>36</sup> Total production of 15000 tons less export of 4,180 tons, plus import of 327 tons. Data obtained from ITC Trademap

<sup>37</sup> Average price of different varieties in leading supermarkets such as Hyperstar, Al-Fateh, and online stores

<sup>38</sup> USD 1 = PKR 180 Exchange rate

<sup>39</sup> This is an estimated valuation of the domestic market size. Some industry experts claim that local consumption is around 8,000 tons since the official export figures are understated due to unofficial export consignments of honey as molasses which falls under a separate HS Code.

<sup>40</sup> Global Trade. June 24, 2020. The EU honey market slipped back slightly to \$ 1.4B. URL: <https://www.globaltrademap.com/the-eu-honey-market-slipped-back-slightly-to-1-4b/>



## 5. Pakistan's Export Market Dynamics

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### Export Constraints

The dynamics of Pakistan's honey export market are quite similar to the domestic market, where the consistency and purity of honey remains a hinderance to tap into lucrative international markets. Lack of food safety certifications, quality standards and adulteration restricts Pakistan's honey exports to the wet markets. These markets are low-end wholesale markets where honey is sold in bulk at lower-than-retail prices.

### Non-compliance of International Standards and Certifications

All leading high-end honey importers, such as the EU countries, USA and Japan are inaccessible by Pakistan because these countries generally import products that are manufactured as per the quality standards set by Codex Alimentarius.<sup>41</sup> According to the Codex standards, honey must not be heated or processed to such an extent that its essential composition is changed and/or its quality deteriorated<sup>42</sup>. The use of chemical or biochemical treatments to alter honey crystallization is also prohibited and the Codex Alimentarius has also laid down standards on acceptable moisture and sugar content in honey. Pakistan does not have internationally accredited testing laboratories that can ensure compliance to Codex Alimentarius standards.

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<sup>41</sup> The Codex Alimentarius is a collection of internationally adopted food standards and related texts presented in a uniform manner. These food standards and related texts aim at protecting consumers' health and ensuring fair practices in the food trade

<sup>42</sup> Honey should not be heated beyond 40 degrees Celsius as it will lose its nutritional value and healthy enzymes.

Pakistan's export of honey is restricted to the Middle Eastern countries because honey produced in Pakistan is not up to the quality required by the high-end import markets. High level of residues, antibiotics and other contaminants are found in locally produced honey and therefore, it is unacceptable to buyers from the top importers such as the USA, EU and Japan. It is important to mention here that India exports USD 62 million (50 percent of India's total honey export) worth of honey to the USA which is one of the largest importers. The major consumers of Indian honey in the USA are the immigrants from India and Pakistan. The Indian community prefers honey from India and the Pakistani community does not have options of honey products from Pakistan.

### Export in Bulk Packaging

Most of the honey which is exported from Pakistan, mainly to Saudi Arabia and UAE, is in bulk packaging (food grade buckets) and is sold in the wholesale markets. This honey is normally re-packed into consumer packaging (bottles) and sold with different brand names, at the retail supermarkets. As a result, the exporters from Pakistan lose monetary value and also are unable to create their brand image in the international markets.

### Export Varieties

Sidr honey is exported from Pakistan and is popular in the Arab markets of Saudi Arabia, UAE, Kuwait and Qatar, due to its texture, color, and anti-crystallization properties. Sidr honey serves as an antioxidant, has anticancer, anti-inflammatory, anti-obesity properties, stimulates immunity and is a gastrointestinal protectant<sup>43</sup>. Industry players compare it with Sidr honey from Yemen, which is approximately five times more expensive and extremely popular in the Arab countries. Sidr honey, if not better, is at par in terms of quality and taste with the Langnese honey from Germany. But due to lack of effective marketing and consistency in quality, Pakistan's honey has been unable to compete with German products in Saudi Arabia, which is Pakistan's major honey export market.

### Trend of Honey Exports

Despite the numerous constraints, Pakistan has witnessed growth in honey exports over the past decade. The exports have doubled in value from USD 4.7 million in 2011 to over USD 9.8 million in 2020. Over the period of five years ranging from 2015 to 2020, the exports have increased by approximately 30 percent, increasing from USD 7.5 million in 2015 to USD 9.8 million in 2020.

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<sup>43</sup> PARC. PARC as a pioneer in the field of apiculture, adulteration of honey can always be prevented through research & development activities: Dr. Ghulam Mohammad Ali. URL: <http://www.parc.gov.pk/index.php/en/component/content/article/173-news-flash-2020/1891-parc-as-a-pioneer-in-the-field-of-apiculture-adulteration-of-honey-can-always-be-prevented-through-research-development-activities-dr-ghulam-muhammad-ali>

Figure 9 illustrates trend in the value of honey exported by Pakistan from 2011 to 2020.

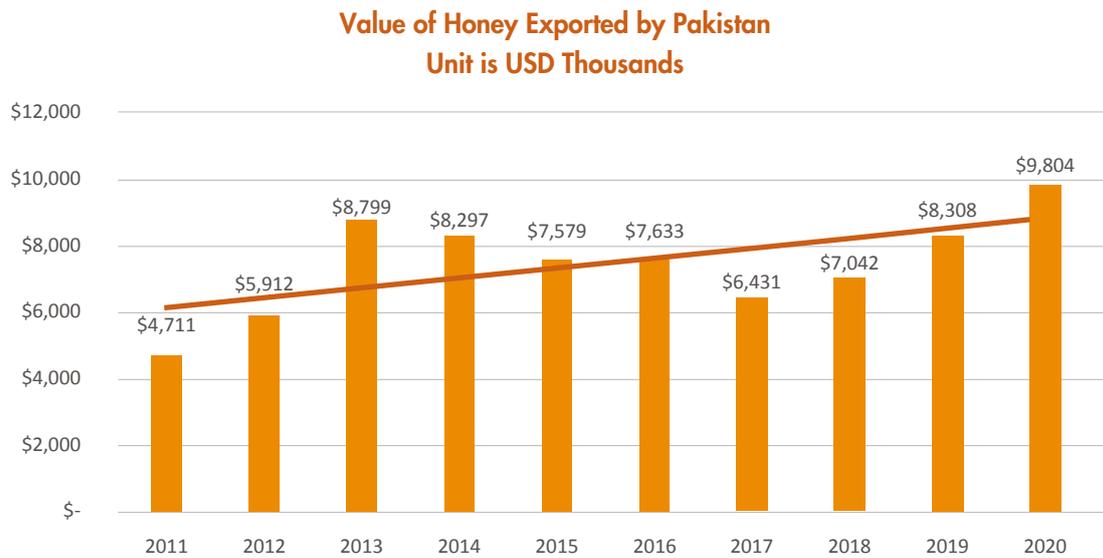


Figure 9: Value of Honey Exported by Pakistan

Figure 9 shows a constant increasing trend over the past decade and in 2020, honey exports were the highest in terms of value.

Pakistan exported a record quantity of over 4,000 tons of honey in 2020, which can be attributed to the fact that global exports of honey increased in 2020 due to high demand of immunity boosters during COVID-19. This could be a one-time jump in export volume given that the export quantity averaged around 1,500 tons over the past several years. Figure 10 depicts the trend in quantity of honey exported by Pakistan from 2011 to 2020.

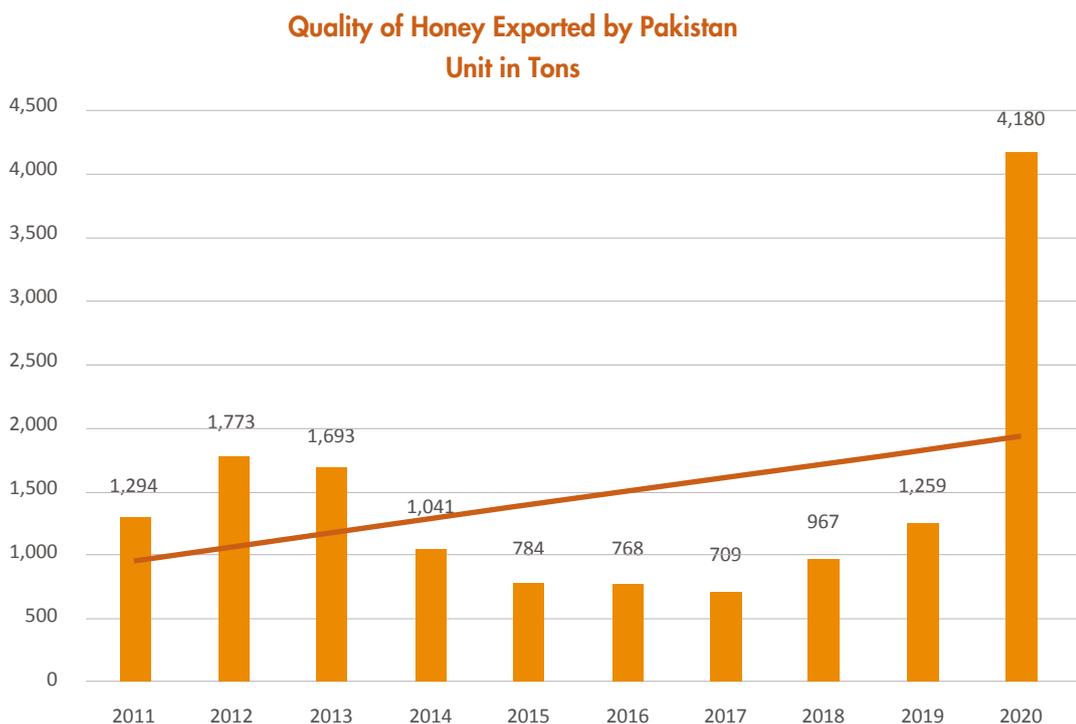


Figure 10: Quantity of Honey Exported by Pakistan

Although 2020 witnessed the highest exports in terms of quantity, the export price per ton was considerably lower than usual. Figure 11 illustrates the declining trend on export price per ton from 2016 to 2020.



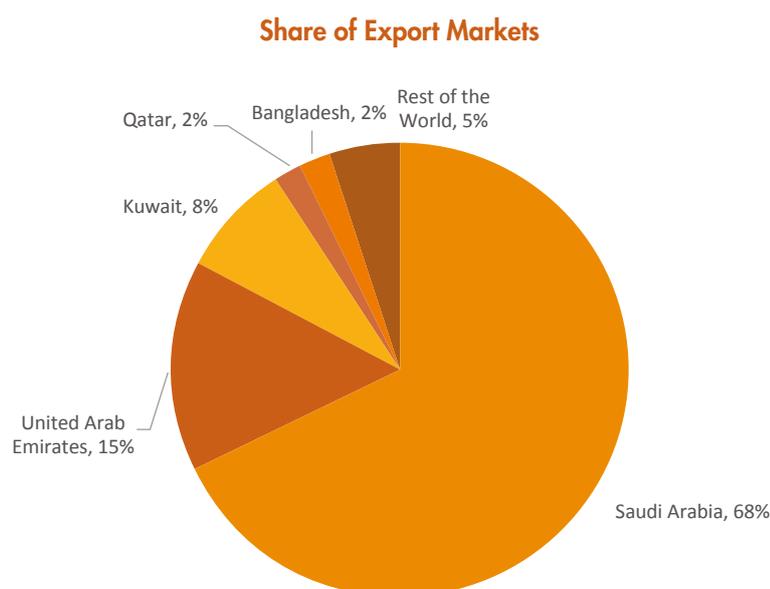
**Figure 11: Price of Honey per ton Exported by Pakistan**

The honey export data for 2020 has been obtained from ITC’s Trademap, and cross checked with the HBRI and other sector stakeholders. All stakeholders have verified the export quantity of 4,000 tons in 2020 but the price per ton is a matter of debate and concern. Experts claim that the low price is due to under-invoicing practices, whereas some exporters claim that in 2020 the price of honey exported was kept low in order to capture a bigger share of the export markets.

Accuracy and reliability of data in the honey value-chain remains an area of concern. Value-chain players claim that the actual export figures are much higher than the reported figures because several consignments of honey are exported under the head of Animal Feed or Molasses, therefore distorting the actual data. This mis-declaration of honey export needs to be addressed by the government by conducting stronger checks on export consignments.

## Export Markets

Approximately, 80 percent of total honey exports from Pakistan are destined to Saudi Arabia and UAE. The top five importers of Pakistani honey, purchased almost 95 percent of total honey exported, amounting to almost USD 9.3 million in 2020. Figure 12 depicts the share of top export markets of Pakistan in 2020.



**Figure 12: Share of Various Export Markets for Pakistan's Honey**

It is important to note that, despite the high demand of honey in the global market due to prevalence of COVID-19, exports from Pakistan did not penetrate any new international market.

Pakistan's market share in its top export markets is small. The total honey imports of Saudi Arabia were USD 105 million in 2020 out of which, the share of Pakistan is just 6 percent (USD 6.6 million). Similarly, the total honey imports of UAE were USD 36 million in 2020, and Pakistan's share in total honey imports was only 4 percent (USD 1.4 million). Table 5 shows Pakistan's market share in the total honey import of Middle Eastern countries.

	Total Honey Import (USD 000)	Honey Import from Pakistan (USD 000)	Share of Imports from Pakistan in Total Honey Import (%)
Saudi Arabia	105,066	6,681	6
UAE	33,915	1,455	4
Kuwait	19,657	740	4
Qatar	10,193	236	2

**Table 5: Market Share of Pakistan in the Middle East (2020)**

Table 5 indicates that there is space for Pakistan to capture a bigger market share in the Arab countries.

## Export Market Potential

The potential of Pakistan's honey is limited in the international market, given the existing state of the honey supply chain and its constraints. The challenge is not because of a lack of demand or insufficient supply, but due to inconsistent quality and inadequate compliance to the international buyer's (EU, USA, Japan) requirements. Therefore, it may take several years before honey exports from Pakistan are permitted to these markets. It is more feasible for the exporters to focus on the Middle Eastern markets for the time being.

Consumption of honey in Saudi Arabia has increased significantly. It is estimated that consumption of honey per person is about 320 grams, which is twice the global average. The production of honey in Saudi Arabia is insufficient to fulfill the demand<sup>44</sup>. In terms of quantity, Pakistan, China, and India are the main suppliers of honey in Saudi Arabia. Amongst the three, honey from Pakistan gets a better price, on average, despite the weak packaging and branding. Table 6 lists the export price of honey to Saudi Arabia from various countries.

Exporters	Price per ton (USD)
<b>World</b>	<b>4,466</b>
Germany	8,154
Yemen	23,682
New Zealand	52,721
<b>Pakistan</b>	<b>2,798</b>
China	1,718
India	2,090

Table 6: Export Price of Honey in Saudi Arabia

In Saudi Arabia, honey from Pakistan is priced at USD 2,798 per ton as compared to the price of honey imported from China, which is, USD 1,718 per ton and from India, which is USD 2,090 per ton. Pakistan receives a higher price for its Sidr variety. However, since honey from Pakistan is sold in the wholesale markets of Saudi Arabia, the price received is lower than the average import price of USD 4,466 per ton.

<sup>44</sup> KBV Research. Saudi Arabia Honey Market. URL: <https://www.kbvresearch.com/saudi-arabia-honey-market/>

Moreover, honey traders claim that Pakistan has various other varieties of honey that can be exported such as Russian Olive, Citrus, Robinia and Carrisa Honey but their markets have yet to be identified.

From Table 5 and Table 6, it is evident that Pakistan can gain a greater share of the Middle Eastern markets, and can also receive a better price if packaging and branding are improved. Therefore, it is recommended that Pakistan continue its focus on the Middle Eastern markets, in particular Saudi Arabia, and try to achieve a greater market share, both in terms of volume and value.



## 6. Efforts by the Government to Promote Honey Farming

Up until recently, developing the honey value-chain has not received much attention of the policymakers. The Government of Pakistan, over the past couple of years, has started to focus on the honey value chain and has achieved promising results. However, more efforts are required to achieve the true potential in both, domestic and export markets.

The HBRI, which is established by the NARC, is promoting beekeeping. HBRI introduced the most widely used imported species called *Apis Mellifera* in Pakistan, whose breeding was unsuccessful previously. Through breeding activities at HBRI's research stations and progressive beekeepers, this species has the most bee colonies and better yield than the local species.

In the recent years, erratic rainfall and mass deforestation have reduced the population of Beri tree and therefore have led to a decline in the production of Sidr honey in Pakistan. In response, the government aims to increase production of honey by increasing plantation of specific trees and flora to improve the quality and production of honey. The government has introduced the "Billion Tree Honey Initiative" to increase the production of honey to 70,000 tons, create over 80,000 jobs, and help generate over USD 268 million for the economy.<sup>45</sup> Resultantly, plantation has increased in the forests of changa manga in Lahore, where the production of honey has increased by 70 percent over a period of five years.<sup>46</sup>

<sup>45</sup> Bee Culture. February 25, 2021. Pakistan Honey Production is Growing. URL: <https://www.beeculture.com/catch-the-buzz-pakistan-honey-production-is-growing/>

<sup>46</sup> The News. July 8, 2020. Pakistan's massive plantation drive in Changa Manga boosts honey production. URL: <https://www.thenews.com.pk/print/683636-pakistan-s-massive-plantation-drive-in-changa-manga-boosts-honey-production>

The HBRI, through its extension services, train beekeepers to adopt good beekeeping practices, control the spread of diseases such as mites which is the biggest threat to honey bees, and creates awareness among entrepreneurs regarding beekeeping and honey production. Furthermore, with the assistance of Turkey, a Queen Production Lab and Bee Hive Products Value Addition Lab has been established at HBRI. This facility can help improve the quality of honey and the production of value-added products. However, efforts to improve access to finance and upgrade equipment, marketing of produce, quality control and facilitation in receiving internationally recognized certificates is inadequate.

The Government's efforts and assistance to promote the honey sector has a long way to go. Current efforts can increase production of honey, generate income and employment opportunities, but a clearly defined strategy, to improve the quality of honey as per the international standards, is missing. A demand driven approach is currently required by the government, while simultaneously improving the supply side interventions. There is a need to improve the quality of honey and explore new export markets, having ensured that the criteria to enter those markets is met.

## 7. Proposed Recommendations – Way Forward for Growth

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To promote the growth of the honey sector, all the nodes of the supply chain will require significant improvements. It is proposed that a comprehensive strategy be developed which focuses on the following key areas:

### Using Appropriate Tools and Equipment

It is important to encourage and facilitate the use of modern tools and equipment for beekeeping and honey extraction to increase yield and quality of honey. Equipment such as stainless steel extractors, food grade storage tanks, cleansing/filtering machines, honey extraction kits and refractometer would help improve the extraction process. The HBRI has recently had honey extractors produced locally and these proved to be effective alternatives to those imported from China.

### Upgrading Quality Testing Labs

The quality testing labs should be upgraded to facilitate the exporters to comply with the international quality standards and provide internationally acceptable quality accreditation. This is crucial to enter untapped international markets.

### Conducting Capacity Building of Beekeepers

Government research institutes should conduct capacity building trainings of the beekeepers on modern techniques of bee management and harvesting. Since beekeepers are fragmented and majority of them are untrained, the government should ensure that these trainings are scaled-up to cover a larger number of beekeepers.

### Improving Access to New Markets

To expand market of Pakistan's honey, it is important to improve access to new markets. This could be done by conducting demand side studies to assess the scope of honey products in the domestic and international markets. Furthermore, key export markets and honey varieties should be identified, in addition to improving packaging and branding of honey products. Promotional campaigns should be carried out at the government level through Pakistan's embassies and commercial counsellors, along with the participation in trade shows to create awareness regarding Pakistan's honey. These efforts will enable access to untapped international markets.

## Receiving International Certifications

Traceability and good practices certifications are essential to access the western markets. Once target markets are identified, then efforts should be directed towards receiving the required certifications to enter these markets.

## Producing Value Added Products

Most by-products of honey are wasted or sold at low prices due to inadequate training and awareness regarding the by-products<sup>47</sup>. HBRI, along with the beekeepers and honey processors, should work on extraction of by-products as per the international best practices and develop markets for these products.

## Stimulating Private Sector Involvement

This is probably the key element and most significant missing link in this sector. Food businesses, processors, distributors and exporters or other key players from the private sector have limited involvement in the honey sector. Once established food companies enter the supply chain, it will help develop market linkages with the farmers to improve the supply of good quality honey to factories.

## Adopting Best Practices and Lessons Learned from the Progressive Honey Producing Countries

Pakistan can learn from the leading honey producing countries such as China and Turkey, where the beekeeping industry is increasingly organized and scaled up. This is due to the promulgation of national policies on supporting beekeepers' cooperatives and the adoption of scientific beekeeping<sup>48</sup>. Some cooperatives are financed, equipped and trained by the commercial players engaged with them. The results are better yields and good quality and therefore, beekeepers receive better prices than that received from the traders at the wholesale markets. This encourages beekeepers to produce good quality honey and avoid adulteration<sup>49</sup>.

Few commercial players<sup>50</sup> in Pakistan have adopted this model. They sell their produce in the domestic market through retail outlets or online stores and/or export it to the Saudi Arabia, UAE, and Qatar markets.

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<sup>47</sup> Some by-products include beeswax, honeycomb, royal jelly, pollen, propolis

<sup>48</sup> The Nation. September 12, 2021. Honey Production Can Increase Ten-Fold in Pakistan. URL: <https://nation.com.pk/12-Sep-2021/honey-production-can-increase-ten-fold-in-pakistan-report>

<sup>49</sup> Current Status of the Beekeeping Industry in China, Feb 2018, Huoqing Zheng, Lianfei Cao, Shaokang Huang, Peter Neumann, and Fuliang Hu

<sup>50</sup> Simply The Great has adopted this model

It is recommended that the private sector should enter into contracts with the beekeepers, provide them with adequate resources (including financing and tools/ equipment) to produce good quality honey. The private sector should test, grade, package and brand the honey and also conduct awareness campaigns to educate the domestic consumers regarding the health benefits of honey.

## Conducting Baseline Surveys and Tracking Authentic Domestic Production and Export Data

The sector stakeholders question the authenticity of the production and export data as there are several unregistered beekeepers and undocumented trade that results in distortion of production and export data. Additionally, variety-wise production numbers are not available and estimates are reported. Therefore, the government should conduct a baseline survey and monitor/ track the entire production and export of honey. These numbers are critical for the government and private sector to devise policies and strategies to strengthen this value chain.

## 8. Conclusion

The honey sector of Pakistan is at an infancy stage. The Government and the private sector need to work in collaboration to make improvements across the entire value chain. As of now, the scope of Pakistan's honey is limited in both, the domestic and the international market, unless the aforementioned constraints are addressed.

To enter the domestic market, at a commercial level, the private sector will have to train their suppliers (beekeepers) because they cannot rely on the quality of honey that is currently available in the market. It is important to keep in mind that honey is an expensive product and unaffordable for consumers in the low-income countries. For the domestic market, therefore, affordable products need to be developed that can compete with the honey that is sold at the roadside stalls, village shops and online platforms.

For export, Pakistan should penetrate deeper into the Middle Eastern market, initially with the Sidr honey variety. Pakistan's Sidr honey can replace Yemen's Sidr honey supply of which has been adversely affected by the ongoing war. Pakistan should create attractive retail/consumer packaging for export and a brand image for Sidr honey with the assistance of the government, emulating Manuka honey - a trademark of New Zealand. Following this, Pakistan should look into other export markets like EU, USA and Japan, once the necessary certifications and lab accreditations are achieved.





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