# THE QUEST

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Title: ***Urgent notice on imports of honey from 'Malaysia'***


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Avalon has received notice from one of our Customs attorneys that the ports of Los Angeles and New York are receiving requests to clear shipments of honey from Malaysia. Please note, Malaysia does not produce a significant amount of honey for export. If you receive documentation stating the importer is bringing in honey from Malaysia, it may likely be transshipped from China in an effort to evade anti-dumping duties.

In 2001, the U.S. Commerce Department determined that honey from China was being sold in the United States at substantially low prices and imposed stiff anti-dumping duties. For the period of review from June 2004 through October 2005, the all-others rate on honey from China was 181%, and in 2006 the all-others rate increased to 212%.

If you are issuing any single transaction and/or continuous bonds to cover honey from Malaysia and/or China, you must contact Avalon for prior approval because of the significant anti-dumping exposure. Higher anti-dumping duty rates will apply to any bonds issued to cover honey shipments of this nature and full collateral will be required in the form of cash or letter of credit, subject to our current collateral policy.

It is expected that fraudulent requests to clear honey from Malaysia could also start occurring in other ports. If your importer clients are bringing honey shipments of this nature into the country, collateral for 100% of the bond amount will be required, in addition to the following underwriting requirements:

- Bond Application and Indemnity Agreement signed by a corporate officer of the importer and anti-dumping questionnaire.
- Historical information regarding the importer's entry activity and any background on the customs broker's relationship with the company.

Illegal transshipments of this nature adversely affect legitimate Malaysian companies. Malaysian goods may then be targeted in anti-dumping cases because companies in the United States or elsewhere may not be able to distinguish between legitimate Malaysian exports and transshipped Chinese-origin merchandise.

We understand high risk anti-dumping cases of this nature place an increased burden on both sureties and brokers. Through proactive education, we can work together to mitigate risk and support compliance.

For more information, please contact your local Avalon office or Andriana Davis at (847) 700-8087 or adavis@avalonrisk.com. A list of our offices may be found at www.avalonrisk.com.