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Title: **Honey laundering: Update on transshipments from China**

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As mentioned in our [June 17, 2011 Special Quest](#), several ports have received requests to clear shipments of honey from Malaysia that was likely transshipped from China in an effort to evade anti-dumping duties. Now, several shipments of Chinese-origin honey are being transshipped from other countries including India, Thailand, Indonesia and Vietnam.

Background

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%. In 2009, the rate became \$2.63 per kilogram after rates were changed from percentages.

Anti-Dumping Exposure

We continue to be vigilant about the transshipment of Chinese-origin honey. If you are receiving documentation from honey importers, please note that the goods may be transshipped. Any single transaction and/or continuous bond to cover honey must receive prior approval from Avalon because of the significant anti-dumping exposure. In addition to potential increases in duty for anti-dumping, shipments of honey also pose an FDA risk that could result in liquidated damages for redelivery.

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.
- Information regarding the origin of the honey, such as the name of honey producer, invoices from beekeepers, etc.
- Any information available regarding FDA approval of the honey, such as lab tests.

Illegal transshipments of this nature adversely affect legitimate companies and honey production worldwide. Goods from India, Thailand, Indonesia and Vietnam may be targeted in anti-dumping cases because companies in the United States or elsewhere may not be able to distinguish between legitimate exports and transshipped Chinese-origin merchandise.

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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 at adavis@avalonrisk.com. A list of our offices may be found at www.avalonrisk.com.

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