

SUNFLOWER SEED MARKET VALUE CHAIN PROFILE

2011/2012

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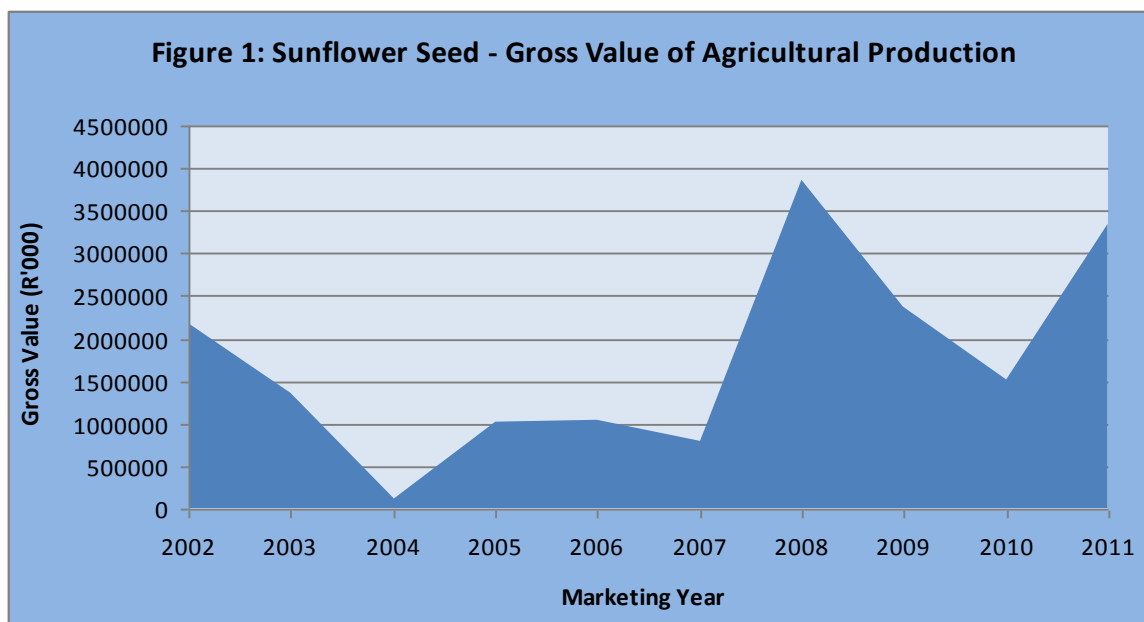
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1. DESCRIPTION OF THE INDUSTRY

Sunflower seed is primarily used for the manufacturing of sunflower oil and oilcake. In South Africa sunflower is well adapted in both hot and dry climate. The seed can be consumed after the hull has been removed as a snack or used for different oil production. Most of the seed produced is marketed locally to expressers, animal feed manufacturers and for seed. Sunflower is the third largest grain crop produced in South Africa after maize and wheat. For the period between 2002 and 2011, an average of about 696 thousand tons sunflower seed were produced per annum while the gross value was approximated at 1.7 billion rands per annum. South Africa is not a significant role player in the production and trade of oilseeds in the international market since it contributes only about 3% to the sunflower seed produced in the world.

The gross value of sunflower seed produced in South Africa has been relatively volatile for the past ten years. From Figure 1 below there is an indication of cyclical behavior with regard the gross value of production, which can be associated with the cycle of the producer prices received for sunflower seed. During 2011 marketing year, sunflower seed production contributed approximately 9.19% to field crops' total gross value.



Source: Statistics and Economic Analysis, DAFF

1.1 Production Areas

Sunflower seed is produced mostly in the eight provinces out of the nine provinces. Traditionally, the North West and Free State Provinces produced a significant amount of sunflower seed. Sunflower seed can be planted from the beginning of November to the end of December, which is almost the same time for maize plantings.

Table 1: Sunflower seed production by provinces

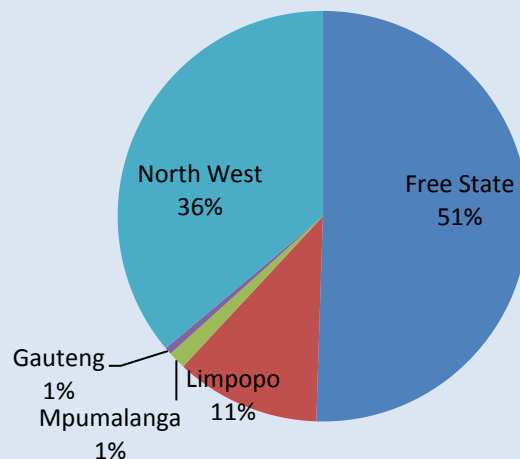
Province	Production in 2007 (tons)	Production in 2008 (tons)	Production in 2009 (tons)	Production in 2010 (tons)	Production in 2011 (tons)
Western Cape	300	540	700	200	0
Eastern Cape	180	360	780	160	220
Northern Cape	1 320	900	1000	1 700	680
Free State	155 000	459 000	363 000	277 500	434 000
Limpopo	12 500	77 000	90 000	67 500	98 000
Mpumalanga	13 000	25 500	370 700	12 800	12000
Gauteng	7 700	8 700	9 820	4 900	4 800
North West	110 000	300 000	298 000	175 240	310 300

Source: Statistics and Economic Analysis, DAFF

The general observation from Table 1 is that during the five year period between 2007 and 2011 production of sunflower seed has experienced a downturn in almost all the major producing provinces. The Free State Province has consistently experienced a downward trend in sunflower seed production during this period except in 2008 and 2011, while another major producer the North West Province has also had a similar experience. The same trend is observed in other provinces such as the Limpopo and Mpumalanga.

The actual production of sunflower seed during the 2010/11 production season is depicted in Figure 2 and shows that the Free State and North West provinces are the major producers of this crop, followed by Limpopo, Mpumalanga and Gauteng provinces. Very small quantities of sunflower seed were produced in the Western, Eastern and Northern Cape provinces of South Africa.

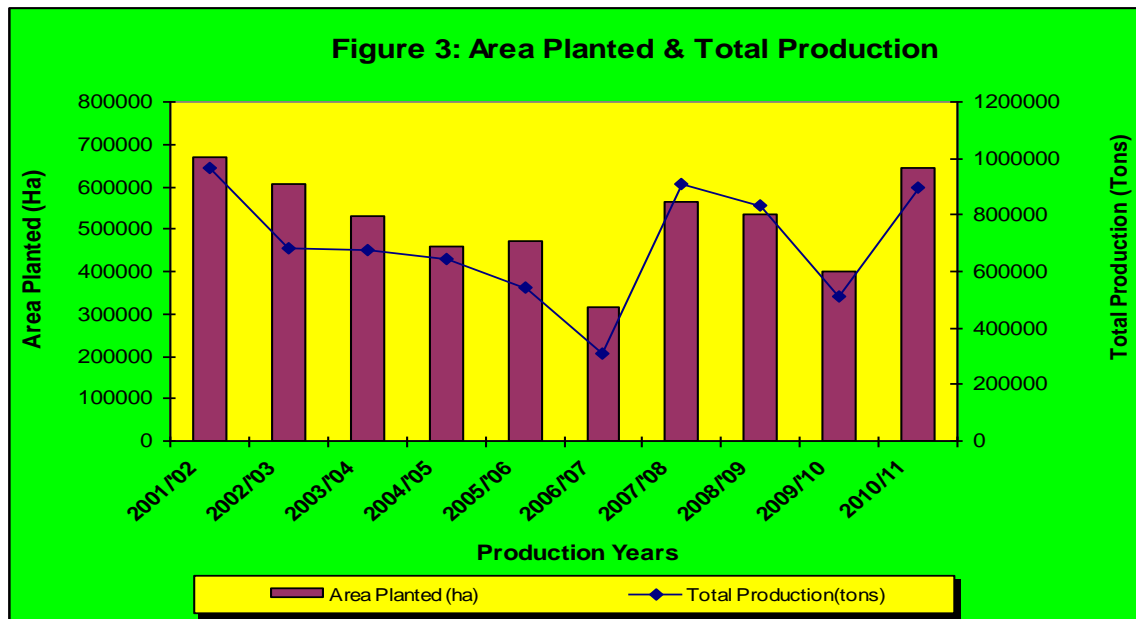
Figure 2: Sunflower seed production by province 2010/11



Source: Statistics and Economic Analysis, DAFF

1.2 Production Trends

According to Figure 3, the hectares planted for sunflower seed have been volatile for the past ten years and this was followed by fluctuations in production volumes. Figure 3 further indicates that area planted have an average of about 519 thousands hectares, with production volumes prevailing at an average of about 696 thousands tons. Both area planted and total production of sunflower seed experienced substantial increase during the 2007/08 season as compared to the past four seasons, followed by a slight decline in 2008/09 and 2009/10 seasons. Both area planted and total production shows substantial increase in 2010/11 production season.



Source: Statistics and Economic Analysis, DAFF

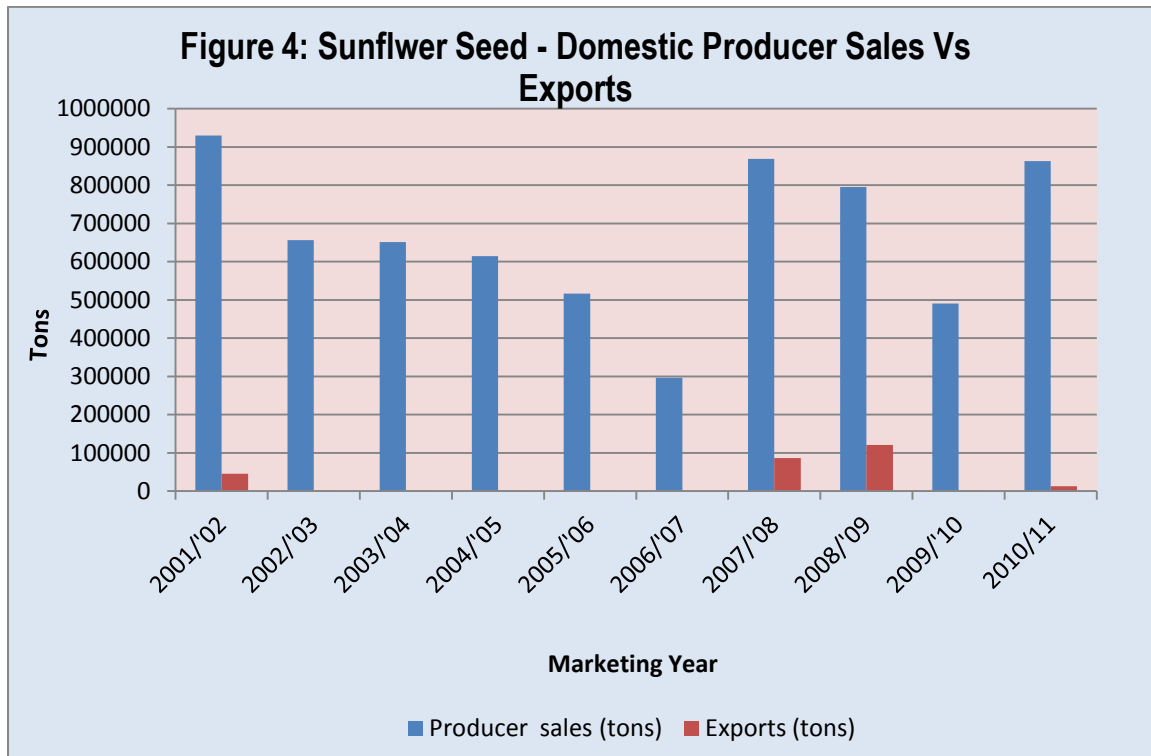
Information on the number of sunflower producers is not available, but industry sources believe the number of producers is just slightly lower than the number of maize producers. This is due to the fact that farmers plant both crops simultaneously as part of their diversification strategy (FPMC report December 2003).

2. MARKET STRUCTURE

2.1. Domestic Market

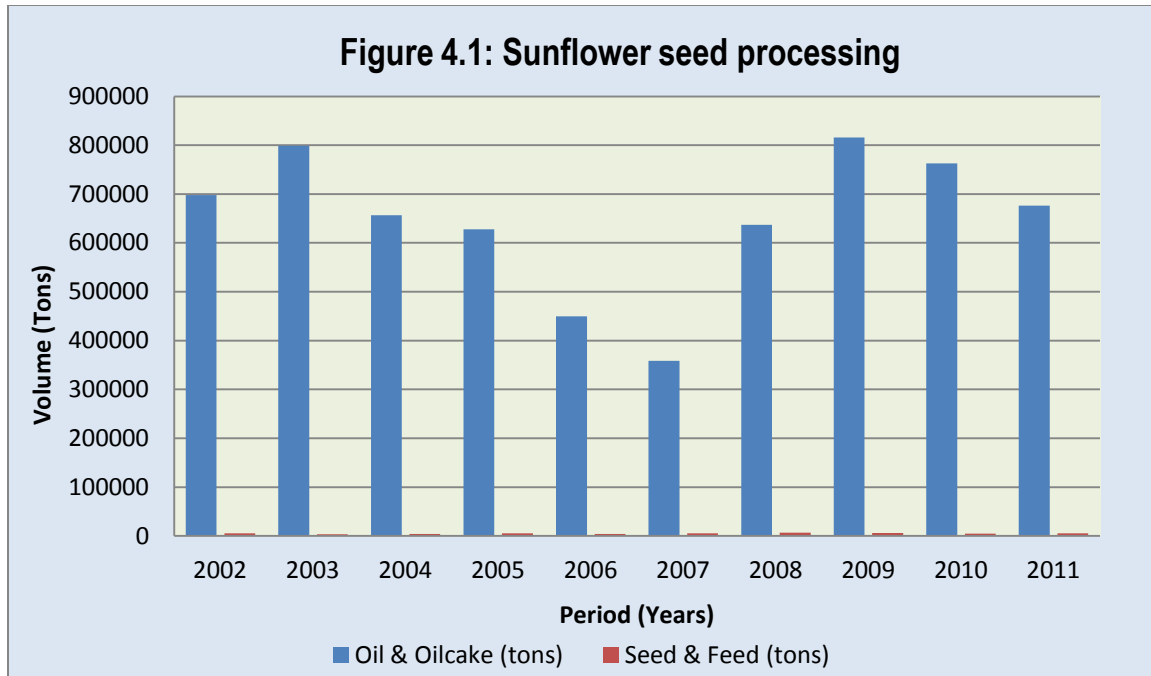
The processing of sunflower seed is highly capital intensive and requires high technology and specialized knowledge. The refining process produces sunflower oil which is used mostly for cooking. Most of the large refineries are situated in Gauteng and Kwazulu – Natal. The greatest importance of sunflower production is the extraction of oil from the seed. South Africa has produced about 230 000 tons of sunflower oil for the past ten years, which represent about 30% of the seed produced. The industry does not import any significant amount sunflower seed but import sunflower crude oil. For the past five years (2007-2011) the quantity of sunflower crude oil imported

has increased by 77% and 102% in volume and value respectively, which is an indication that the processors were able to source their inputs efficiently from the international market. Domestic sales and exports of sunflower seed are illustrated in Figure 4.



Source: Statistics and Economic Analysis, DAFF

Figure 4 indicates that South Africa is not a major exporter of sunflower seed. Over the past ten years sales of sunflower seed have been occurring in the domestic market with very little quantities destined for the export market. This can be due to the fact that our processing capacity in the country is big enough to accommodate most of sunflower seed produced locally. In actual fact South Africa remains a net importer of sunflower seed over the past few years. Sales in the domestic market increased substantially during 2007/08 and again in 2010/11 owing to an increase in production volume. Volumes of sunflower seed processed are presented in Figure 4.1.

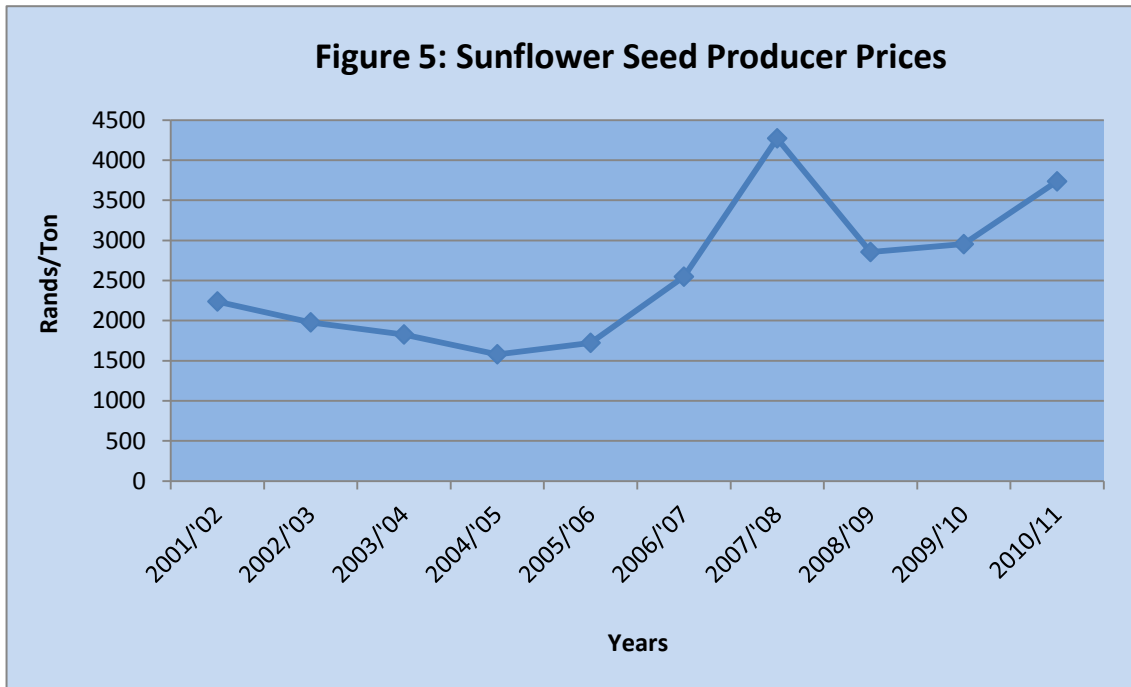


Source: Statistics and Economic Analysis, DAFF

Figure 4.1 clearly indicates that the quantity of sunflower seed sold to expressers was much higher than the quantity sold as seed and for animal feed manufacturing during the period under analysis. The figure makes it clear that the sunflower seed in South Africa is more popular for its use as a raw material for cooking oil production than for animal feed. The quantity of sunflower seed sold to expressers was very low during the year 2007 mainly as a result of lower levels of local production at the time. Quantities sold to local expressers increased slightly during the years 2008 and 2009 as the local production increased and this was followed by a slight decline in 2010 and 2011.

2.2. *Producer prices*

The sunflower seed is one of the commodities traded on SAFEX (South African Futures Exchange). The SAFEX price serve as an indicator for producers to what they can ask for their produce in the market as at the current marketing system they are responsible for marketing their produce. The price of sunflower seed is definitely dependent on local demand and supply factors, and the demand and supply in the international market. The international oil prices act as a guideline for domestic seed and oil prices. In particular, the situation of the Argentinean oil market has a significant impact on the local market since the Argentina oil market has the same marketing period of sunflower seed as South African producers (FPMC report 2003). The sunflower seed price is determined at import parity. Sunflower seed producer prices are given in Figure 5.

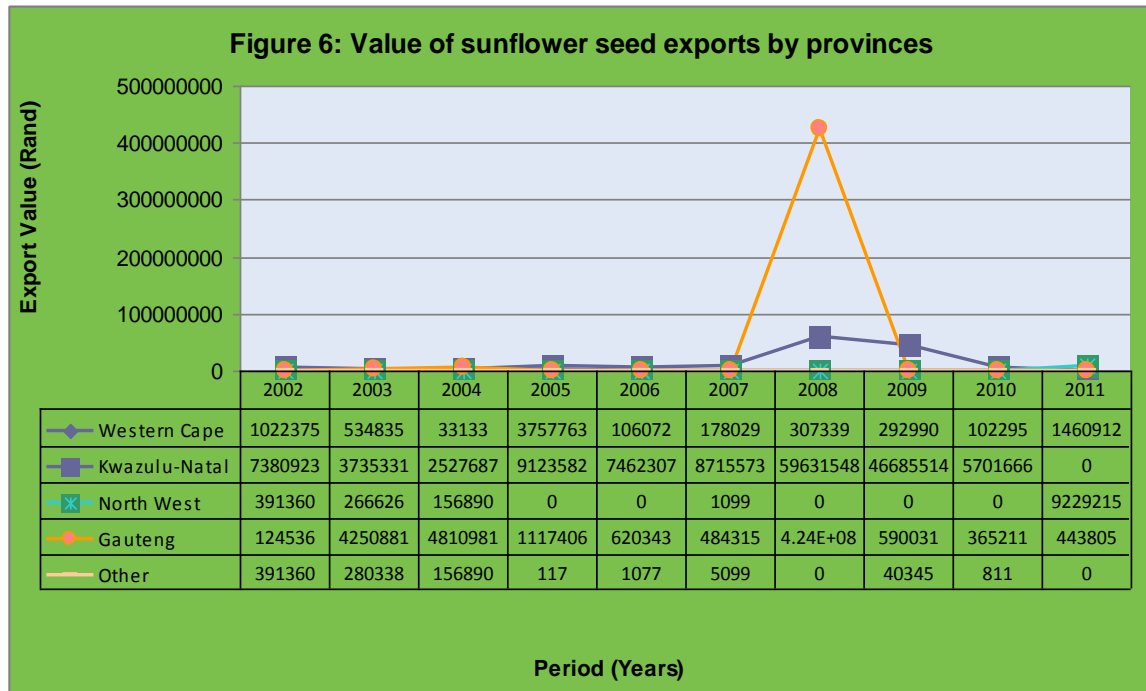


Source Statistics and Economic Analysis, DAFF

The period under analysis opened with moderate price of R2 238.04/ton and this decreased dramatically between 2002/03 and 2004/05. The producer prices started to pick up in 2005/06 and continued to increase until a peak was reached in 2007/08.. This was followed by a decrease from 2008/09 production season until 2009/10, which can be attributed to a strengthening rand against the US dollar over the same period. Producer prices increased substantially during the 2010/11 season to levels close to R3 700/ton.

2.3. Exports

The major importers of sunflower seed originating from South Africa are Kenya, Pakistan France and Netherlands. During the year 2011, Kenya acquired about 67.2% of South Africa's total sunflower seed imports, followed by Pakistan and France with 9.6% and 8.1% respectively. Figure 6 presents values of sunflower seed exports by provinces.

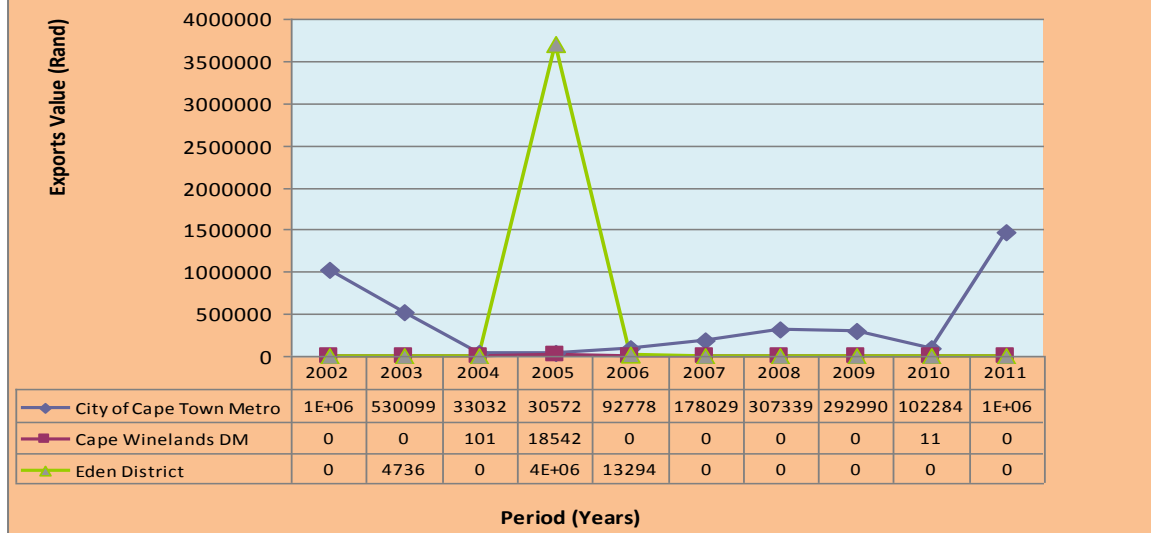


Source: Quantec Easydata

Sunflower seed exports over the period between 2002 and 2011 originate mainly from KwaZulu-Natal province, with very minimal exports originating from the North West and Gauteng provinces of South Africa. Gauteng province recorded the highest values of sunflower seed exports with peak in 2008. Between 2002 and 2007 exports of sunflower seed from KwaZulu-Natal province were greater than those from any other province in the Republic with greater export values recorded during this period. Exports of sunflower seed from Gauteng were very low during the years 2009 and 2010 while those from KZN were slightly higher at the time. The figure further indicates that there was no sunflower seed exported from Kwazulu-Natal in the closing year (2011).

The trend for sunflower seed exports from Western Cape province is shown in Figure 7 below. In the Western Cape province sunflower seed exports occur mostly through the City of Cape Town Metropolitan municipality. Sunflower seed exports from the Eden district municipality have been constantly low for the years 2002 and 2004 and increased substantially in 2005. The value of sunflower seed exports from Eden decreased dramatically in 2006 until there were no exports from the district between the year 2007 and 2011.

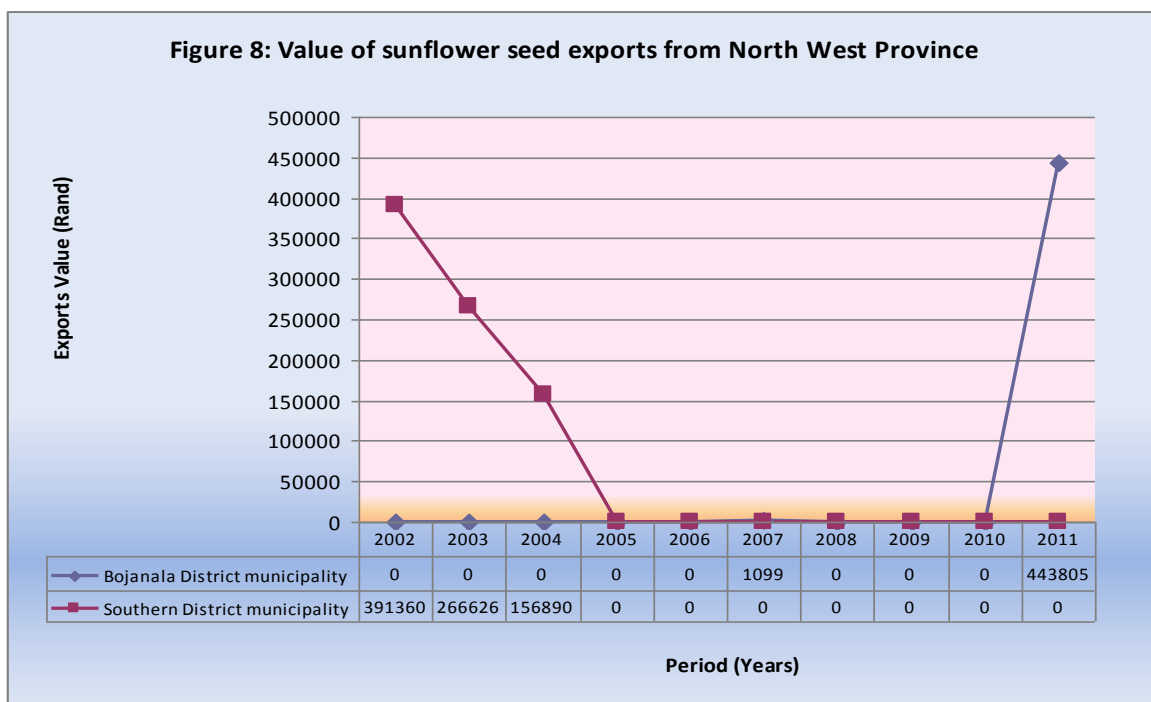
Figure 7: Value of sunflower seed exports from Western Cape



Source: Quantec Easydata

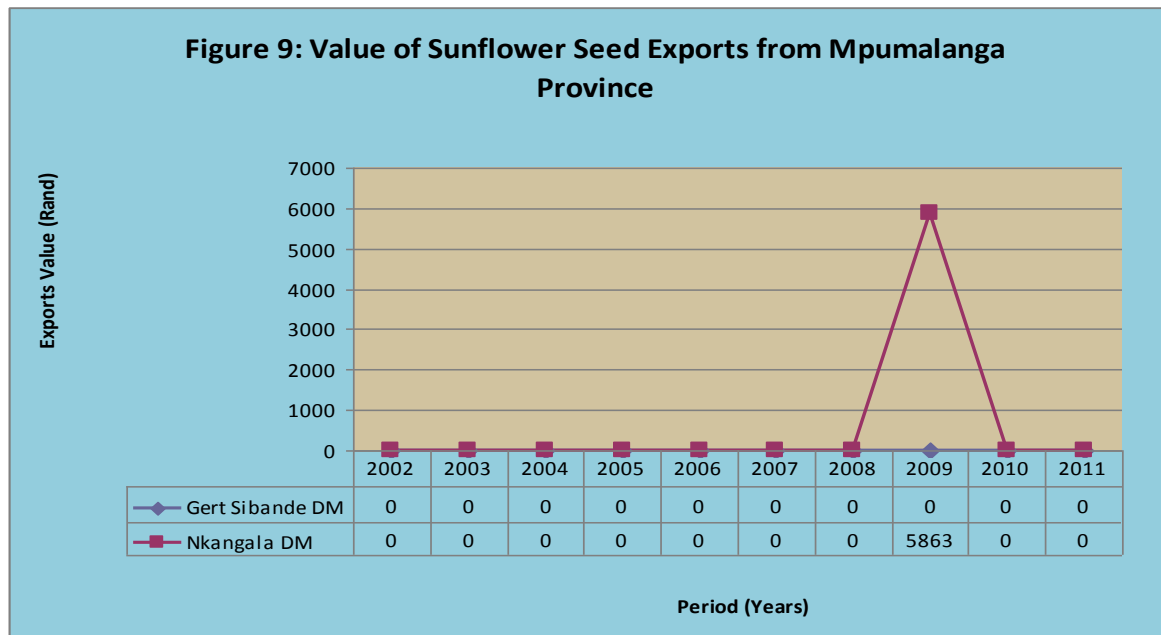
The trends in sunflower seed exports from the City of Cape Town Metropolitan Municipality continued to increase from 2006 until 2009 and this was followed by a slight decline in 2010. The figure further indicates that City of Cape Town Metropolitan Municipality's value of sunflower seed exports picked up to higher levels in 2011. The location of ports in this province accounts for high export values recorded from the City of Cape Town municipality. It is also important to note that insignificant exports of sunflower seed also occur from the Cape Winelands District Municipality.

Figure 8: Value of sunflower seed exports from North West Province



Source: Quantec Easydata

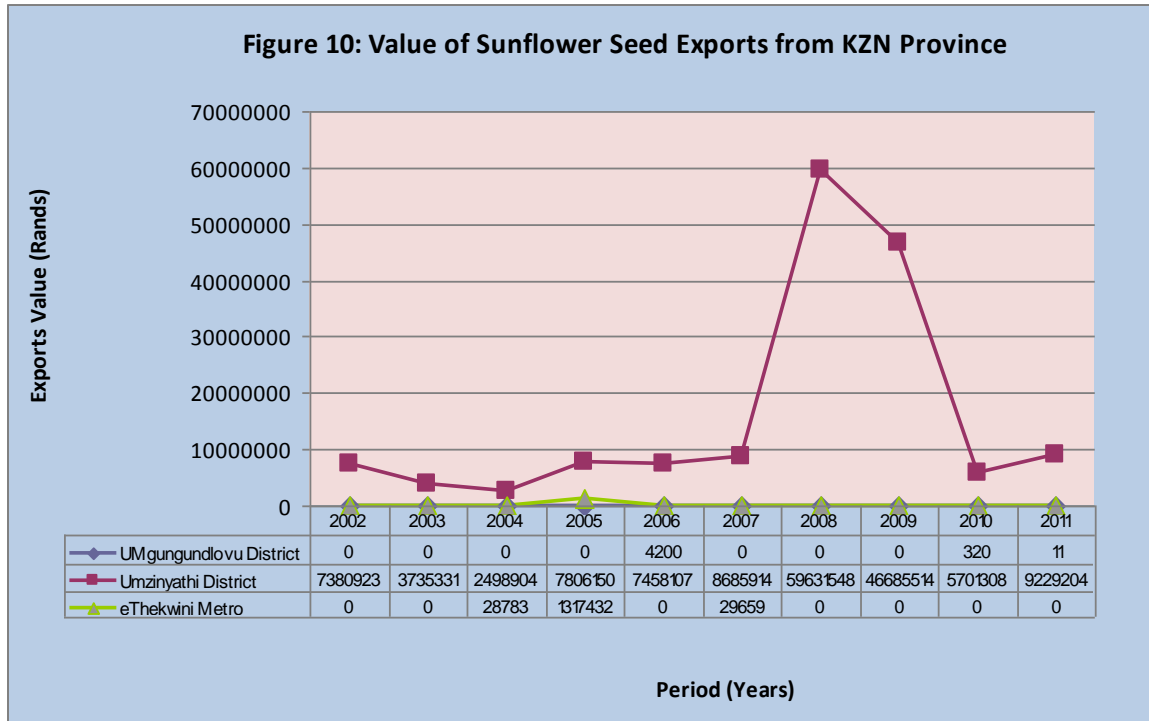
Figure 8 indicates that in the North West Province, sunflower seed exports are recorded mainly from Southern and Bojanala Districts, with Southern District dominating from the year 2002 until 2004 where as in Bojanala district there were no exports during this period. However, the values of sunflower seed exports from Southern District diminished during the recent years between 2005 and 2011. For the period under analysis Bojanala only recorded exports during the years 2007 and 2011. The values of sunflower seed exports from various districts in Mpumalanga Province are depicted in Figure 9 below.



Source: Quantec Easydata

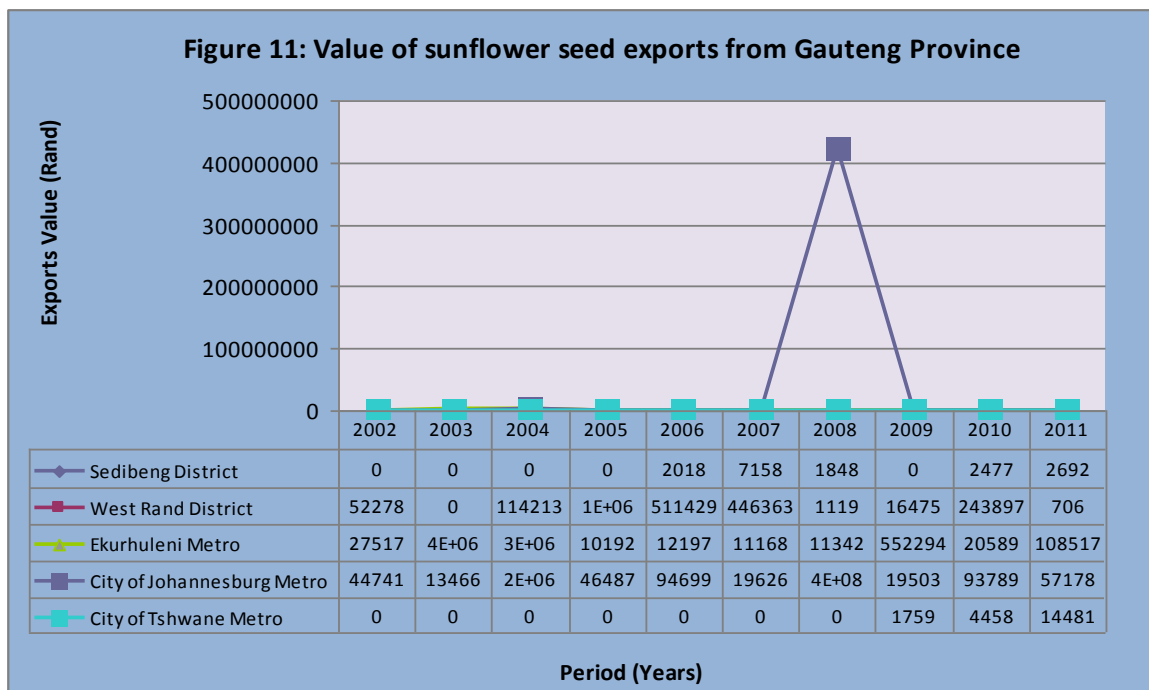
In spite of the fact that the Mpumalanga province is the third largest producer of sunflower seed in the country, its contribution to exports has been very minimal and erratic over the period under analysis. This is mainly due to lack of logistics necessary for successful exportation of grains in the province and also due to the fact that the major producing districts are situated closer to Gauteng province which is well equipped with facilities for handling of grains. As a result most of the crop produced in this province is transported to Gauteng for further handling and trading. These exports originate mainly from the Nkangala while there were no exports from all other Districts over the period under review. The observation from Figure 9 is that there were no exports of sunflower seed from the province for most part of the period under analysis, with some lower export values being recorded in 2009.

As depicted in Figure 10 below, the value of sunflower seed exports from the Kwazulu-Natal province fluctuated considerably between the year 2002 and 2011 with the lowest levels having occurred during the year 2004. Sunflower seed exports from the UMzinyathi district started increasing in 2005 and this continued until a peak was reached in 2008 which was about 60 million. The figure (Figure 10) further reveals that the period under analysis closed with very low values of sunflower seed from Mpumalanga, particularly those from Umzinyathi and eThekweni.



Source: Quantec Easydata

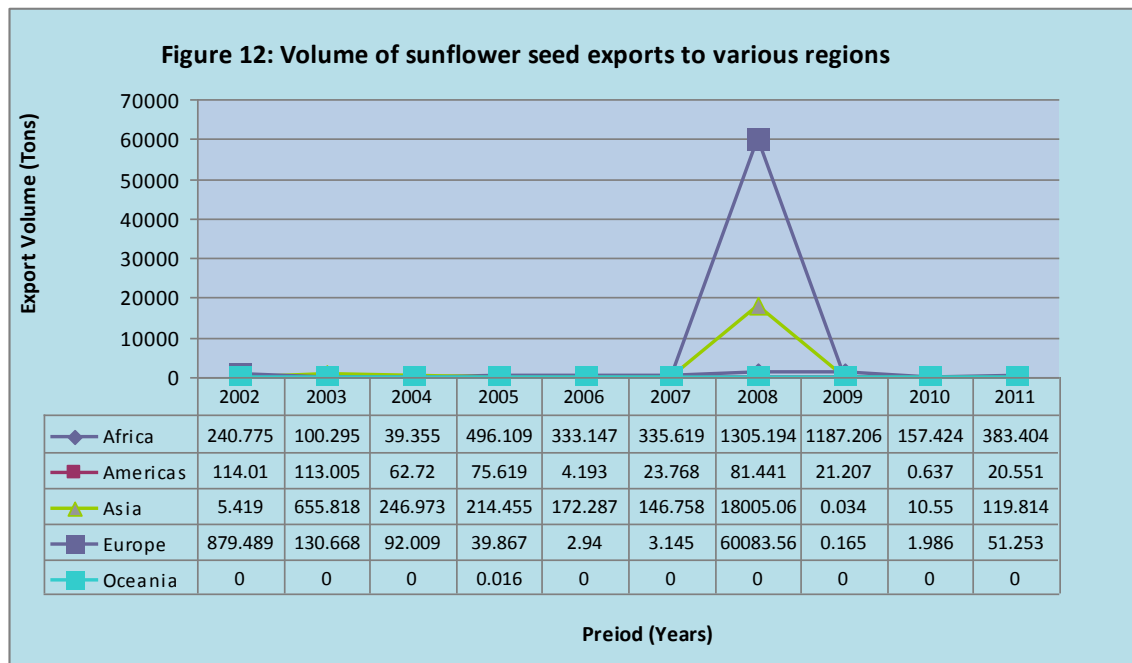
Figure 11 below shows the value of sunflower seed exports from various Distriks in Gauteng Province.



Source: Quantec Easydata

In Gauteng province, as shown in Figure 11, sunflower seed exports arise mainly from the City of Johannesburg Metropolitan Municipality while those from the other three districts namely, Sedibeng, West Rand and Ekurhuleni have been very low and irregular over the period between 2002 and 2011. The value of sunflower seed exports originating from the City of Johannesburg municipality peaked during the year 2008 and then declined substantially between 2009 and 2011. Exports from the other three districts have been considerably lower during the period under review. Gauteng Province, in spite of not being a major producer of sunflower seed is an exporter of sunflower oil because some of larger number of traders who are situated in the province as well as the availability of Randfontein Grain Market in the province.

Figure 12 below indicates that sunflower seed exports from South Africa to various regions/continents were very low and unreliable over the period under analysis, mainly due to relatively lower levels of local production. Sunflower seed from South Africa is exported mainly to Africa, Asia and Europe and intermittently to Americas and Oceania. The exports to these regions fluctuated considerably over the past ten years with a peak in exports destined to Europe and Asia in the year 2008.

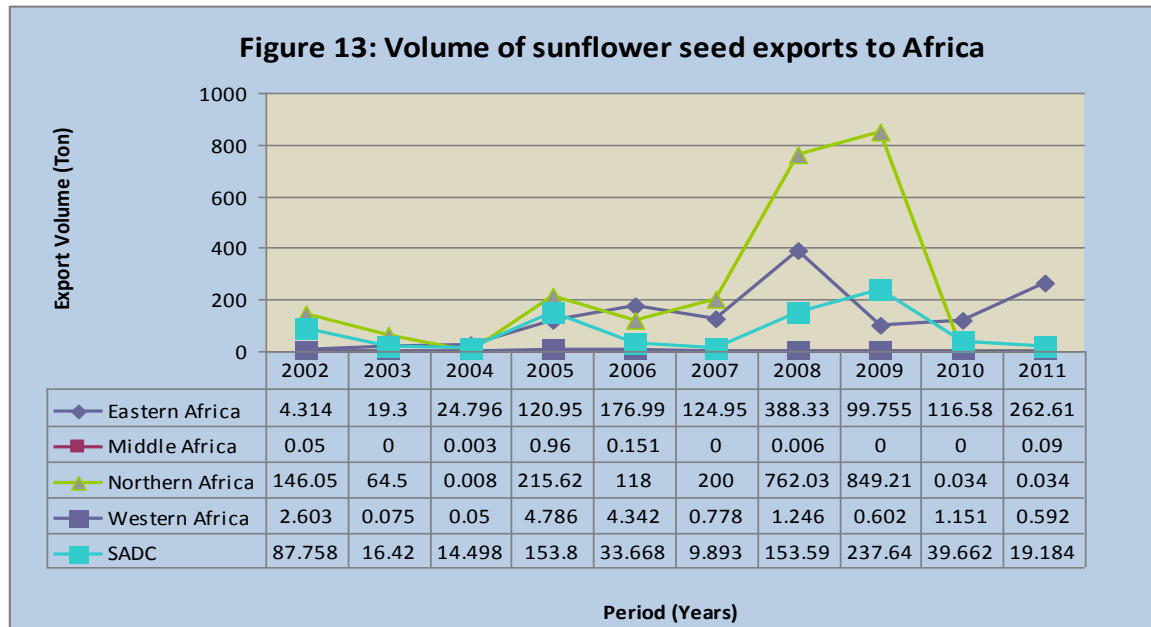


Source: Quantec Easydata

Sunflower seed exports to all the main four regions remained at lower levels between the years 2002 and 2007 with exports to the African continent increasing slightly between 2008 and 2009. Exports of sunflower seed from South Africa to the rest of the world were very low during the years 2010 and 2011. This could be attributed to lower levels of local production over the past two seasons.

Figure 13 below summarizes the trend of sunflower seed exports from South Africa to other African countries. On the African continent we export our sunflower seed to Eastern Africa, Northern Africa and SADC with insignificant amounts of exports going to Northern Africa Rest and Eastern Africa.

In the Eastern Africa, we export our maize mainly to Kenya and Uganda while Zimbabwe remains the major importer of sunflower seed originating from South Africa in the SADC region. During the years 2008 and 2009, larger amounts of sunflower seed exports from South Africa were destined to Northern Africa, with a peak reached slightly above 200 tons, followed by exports to SADC and the Eastern Africa Rest. Exports sunflower seed from South Africa to the African continent have also declined during the year 2010 and this was followed by a slight increase 2011. The situation with exports to Africa is very similar to the situation that was observed with regard to exports to the rest of the world.



Source: Quantec Easydata

2.3.1. Share Analysis

The shares of various provinces to the total South African sunflower seed exports are presented in Table 2.

Table 2: Contribution of various provinces to the total SA sunflower seed exports (%)

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Province										
Western Cape	11.46	6.07	0.44	26.84	1.29	1.89	0.06	0.62	1.66	12.91
Eastern Cape	0.00	0.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Free State	0.00	0.00	0.00	0.00	0.01	0.04	0.00	0.00	0.00	0.00
Kwazulu-Natal	82.75	42.44	33.57	65.17	91.11	92.88	12.32	98.06	92.41	0.00
North-West	4.38	3.02	2.08	0.00	0.00	0.01	0.00	0.00	0.00	81.55
Gauteng	1.39	48.29	63.90	7.98	7.57	5.16	87.61	1.24	5.92	3.92
Limpopo	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.072	0.01	1.62

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Province										
Mpumalanga	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.012	0.00	0.00

Source: Calculated from Quantec Easydata

Table 2 above confirms the earlier observation that Gauteng, Kwazulu-Natal and Western Cape provinces are the major exporters of sunflower seed in South Africa. Gauteng province commanded the greatest share of South Africa's total sunflower seed exports during the years 2003, 2004 and 2008 while KwaZulu-Natal province became be the largest exporter of sunflower seed in 2002 and again between 2005 and 2010 except in 2008. As mentioned earlier, the availability of logistics/infrastructure and trading agents in Gauteng and KZN provinces give these provinces a competitive edge with regard to exportation of sunflower seed and other grains. The table furthers indicates that the share of Kwazulu-Natal was zero in 2011 and North West was the leading province in the closing period. The shares of various districts to the total exports value of sunflower seed from Gauteng province are given in Table 3.

Table 3: Contribution of various districts in Gauteng province to the provincial sunflower seed exports (%)

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
District										
Sedibeng	0.00	0.00	0.00	0.00	0.32	1.47	0.00	0.00	0.68	1.47
West Rand	41.97	0.00	2.37	94.92	82.44	92.16	0.00	2.79	66.78	0.38
Ekurhuleni	22.09	99.68	55.13	0.91	1.96	2.30	0.00	93.60	5.63	59.11
City of Johannesburg	35.92	0.31	42.49	4.16	15.26	4.05	100	3.31	25.68	31.15
City of Tshwane	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.29	1.22	7.89

Source: Calculated from Quantec Easydata

The West Rand district, City of Johannesburg and Ekurhuleni are the major exporters of sunflower seed in Gauteng province. On average, West Rand is the major contributor to Gauteng's total sunflower seed exports followed by City of Johannesburg. This can be attributed to the presence of Randfontein grain market in West Rand. The City of Tshwane Metropolitan District only recorded sunflower seed exports between the years 2009 and 2011. During the period 2008, the City of Johannesburg commanded 100 % of Gauteng's total sunflower seed export to sunflower seed exports. The table indicates that West Rand accumulated higher share between 2005 and 2007 where as the City of Tshwane accumulated zero percent in this period. The table further indicates that Ekurhuleni was the highest in 2011. The shares of various districts to the total exports value of sunflower seed from Kwazulu Natal province are given in Table 4.

Table 4: Contribution of various districts in KwaZulu-Natal Province to the provincial sunflower seed exports (%)

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
District										
UMgungundlovu	0.00	0.00	0.00	0.00	0.06	0.00	0.00	0.00	0.01	0.01
UMzinyathi	100	100	98.86	85.56	99.94	99.66	0.00	100	99.99	99.99
ILembe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

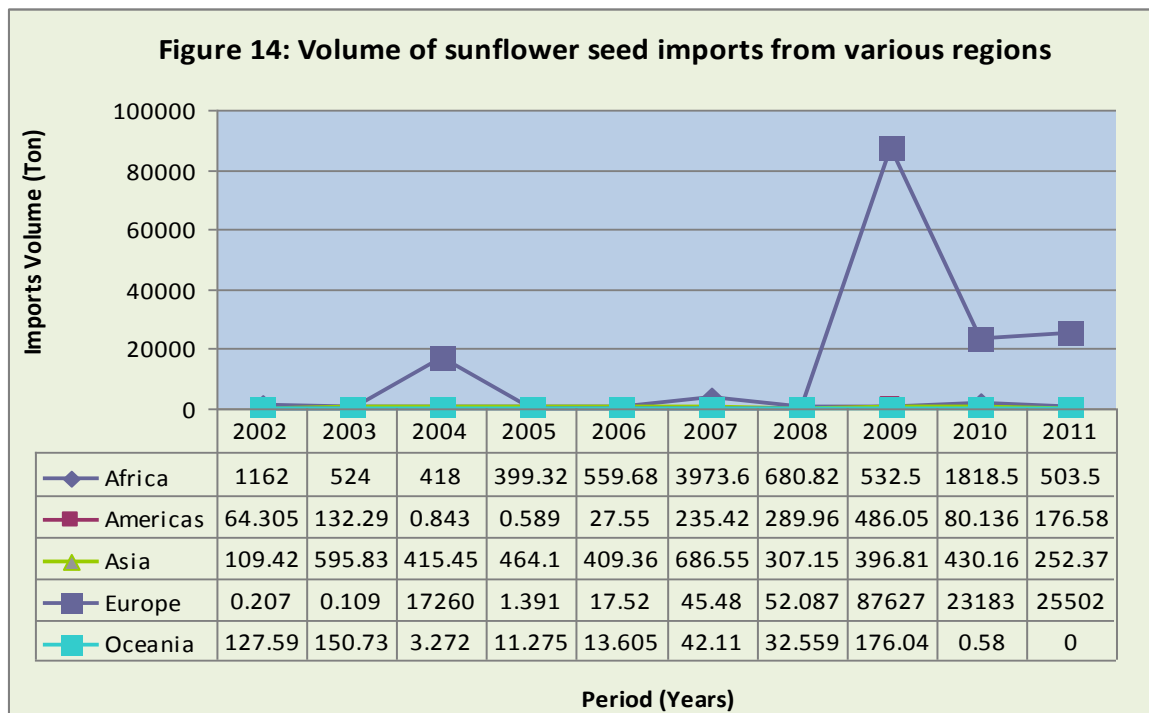
Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
District										
EThekwini	0.00	0.00	1.13	14.43	0.00	0.34	0.00	0.00	0.00	0.00

Source: Calculated from Quantec Easydata

In Kwazulu-Natal province, the UMzinyathi district commanded the greatest share of sunflower seed exports between the periods 2002 and 2011 with very fractional exports recorded for the EThekwini district in 2004 and 2007. During the 2010 and 2011 season UMzinyathi district accounted for 99.99% of sunflower seed exports from the KwaZulu-Natal, with the remaining 0.01% coming from UMgungundlovu district.

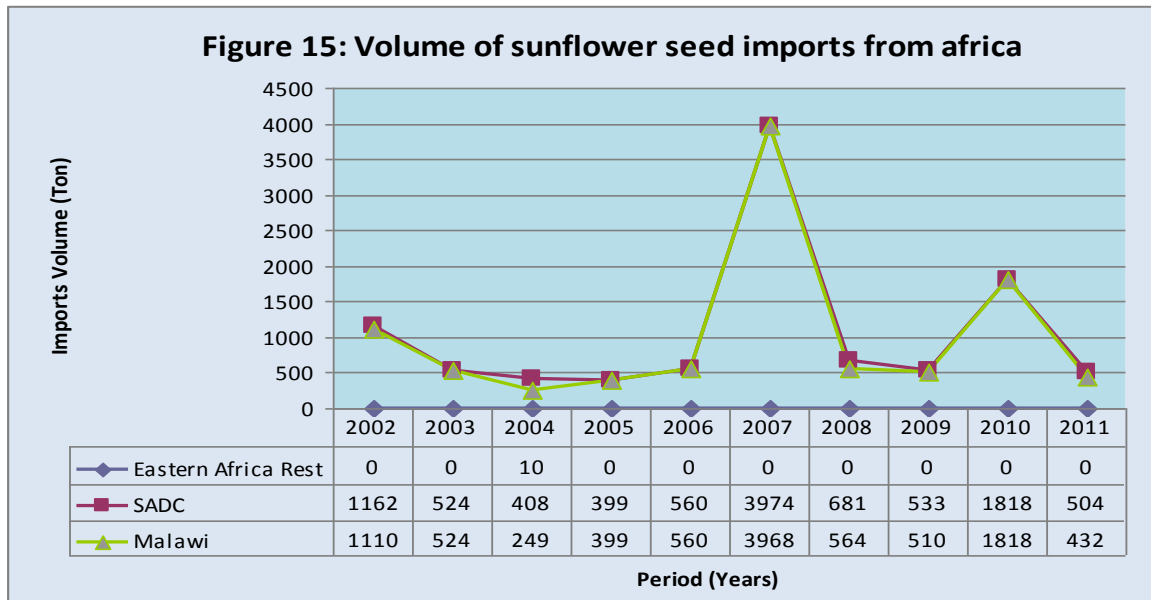
2.4. Imports

South Africa imports sunflower seed from the following regions: Europe, Asia, the Americas and Africa particularly from the SADC region. Figure 14 indicates that over the past ten years South Africa has been importing sunflower seed consistently from Africa, the Americas, Europe and Oceania. The major sunflower seed import market for South Africa is Europe followed by Africa and the Americas. On average, South Africa imports about 12 807 tons of sunflower seed annually from Europe while imports from Africa and Americas are about 925 tons and 456 tons per annum, respectively. Figure 14 shows that, during the year 2011, South African imports of sunflower seed originated mainly from Europe followed by those from Africa and Asia. However, imports from all five regions have been insignificant over the period under review, until imports from Europe peaked in 2009.



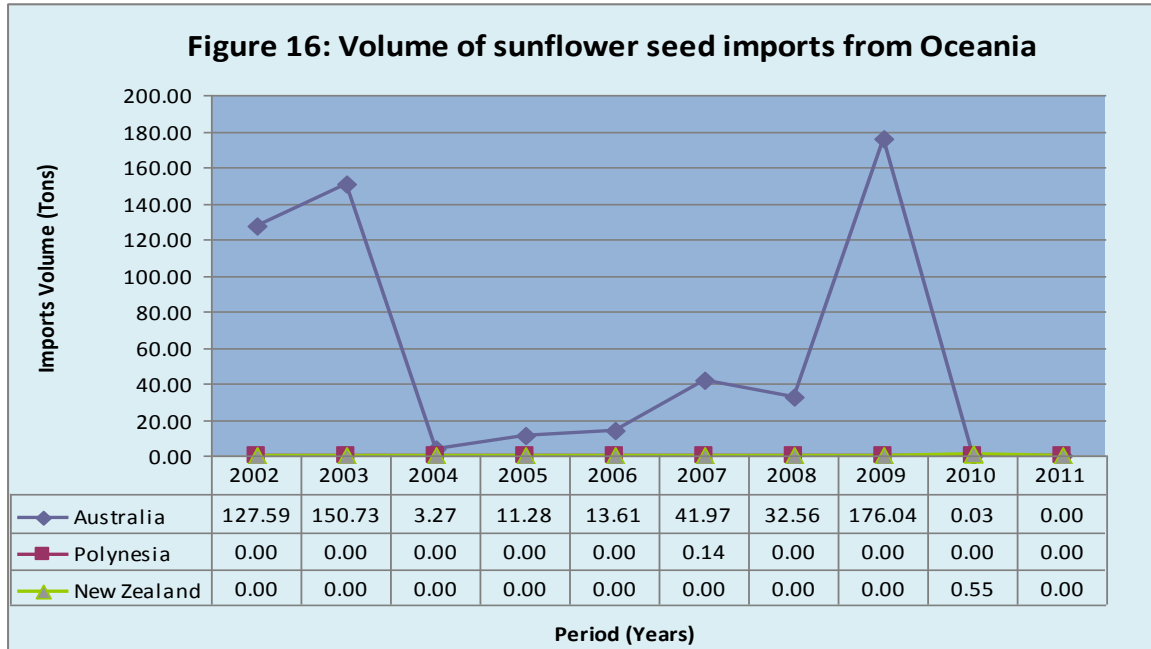
Source: Quantec Easydata

As Figure 15 demonstrates, on the African continent South Africa imports its sunflower seed mainly from SADC region which is because of the SADC Free Trade Agreement which facilitates flow of commodities among SADC countries at no tariff charges. In the SADC region, sunflower seed imports originate mainly from countries such as Malawi and Mozambique, with fractional and erratic quantities originating from DRC, Angola and Mauritius. Imports from these countries were low between 2003 and 2005. The highest volumes of imports from SADC were experienced during the year 2007 when about 4000 tons were imported by South Africa from the region. The figure furthers indicates that less was imported from Eastern Africa throughout the period under analysis.



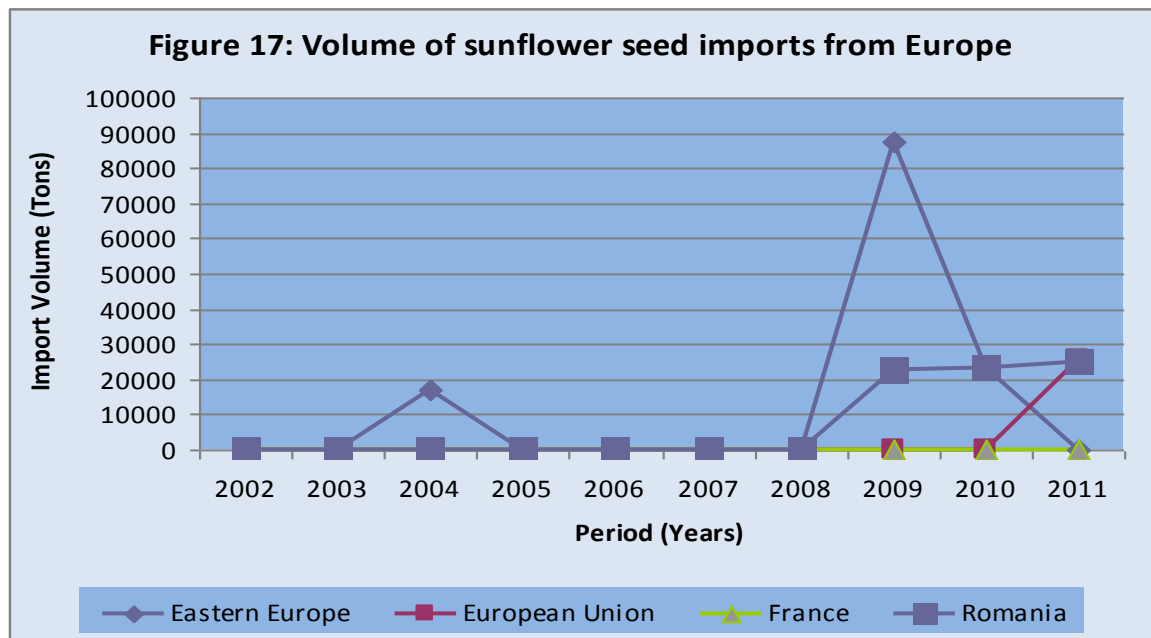
Source: Quantec Easydata

Sunflower seed imports originating from Oceania are mainly from Australia as Figure 16 suggests. The period under review opened with relatively higher volumes of sunflower seed imports from Oceania.. However, the volume of sunflower seed imports from this region declined dramatically in 2004 primarily due to the fact that greater volumes of sunflower seed were imported from Europe during that year, while on the other hand the local production was also relatively higher.



Source: Quantec Easydata

The principal exporters of sunflower seed to South Africa in Europe are Romania and France in Eastern Europe and European Union respectively. Figure 17 shows that the highest volumes of sunflower seed imports from Europe originated from Eastern Europe in 2004 and again in 2009. The figure further shows that sunflower seed imports from the European Union remained very low between 2002 and 2010 and started to pick up during the year 2011. On average, South Africa imports about 12 817 tons of sunflower seed from Europe annually, of which about 116 33 tons originate from Eastern Europe. South Africa imports an average of 2 336 thousand tons of sunflower seed per annum from the EU over the past ten years.

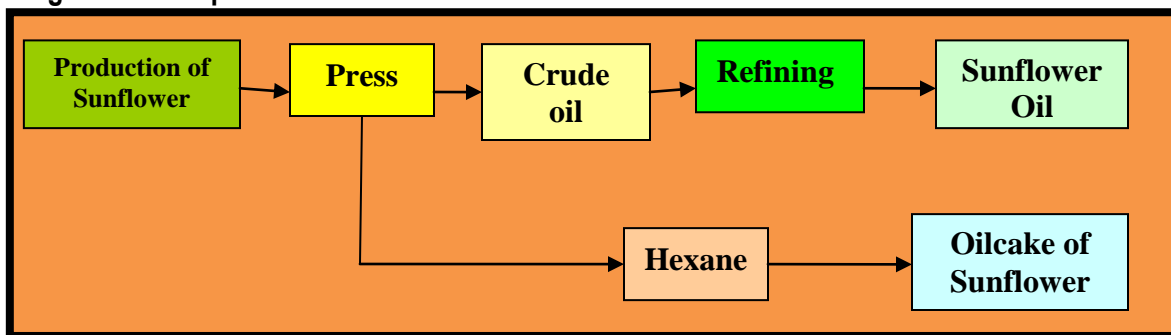


Source: Quantec Easydata

2.5. Processing

Sunflower seed provides 40-50% of oil, which is mostly processed to cooking oil. The oil is used on a daily basis in households, restaurants and various food industries. Sunflower is the basic raw material for the preparation of margarine and spreads, used daily by millions of people. Some pet food also contains oilseed raw material. In desperate times sunflower oil can also be converted to diesel for use in diesel engines as bio-fuel. Figure 18 presents sunflower seed oil production.

Figure 18: The production of oil



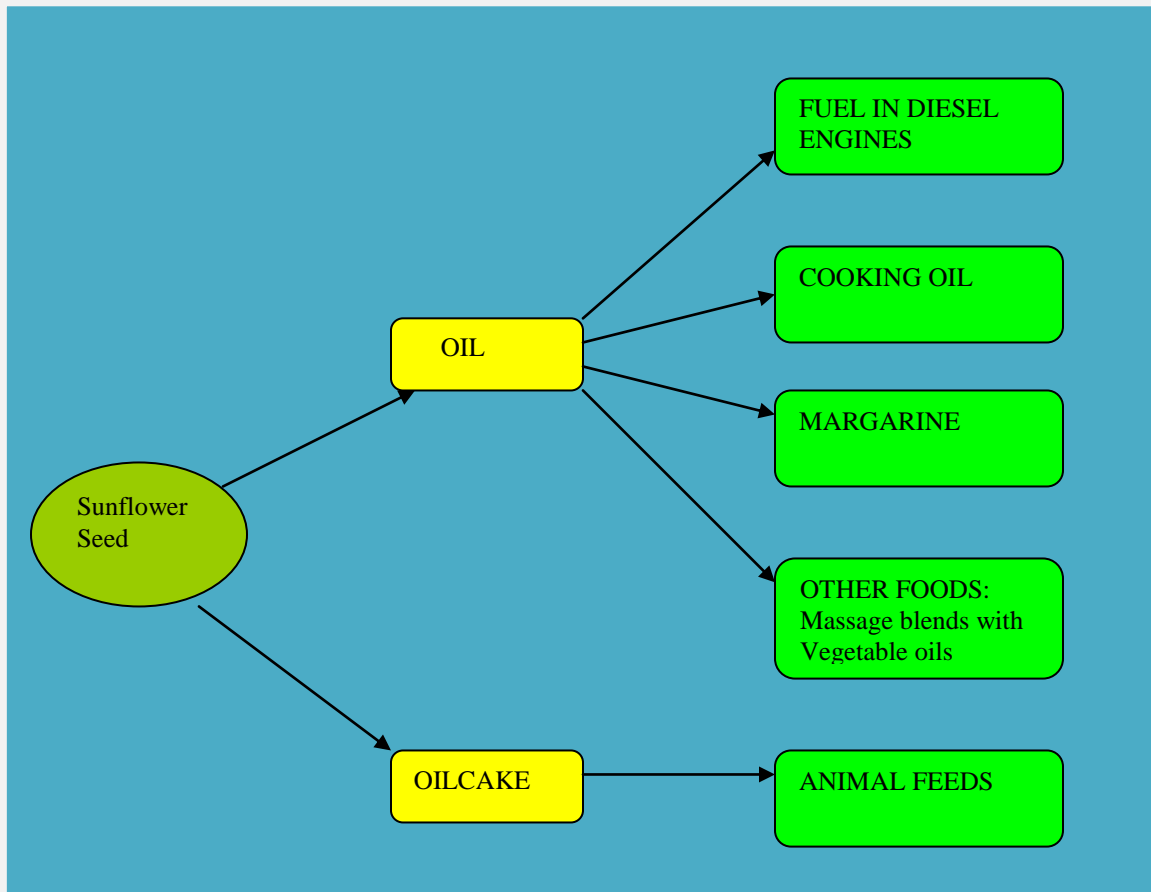
Source: Grain SA

During pressing there are two different methods of extracting oil from the oilseeds i.e. production of crude oil and production of oil cakes from hexane. Sunflower seed provides 40 – 50% of oil and about 40% of oilcake, which is processed to cooking oil and for animal feed respectively, see the (Figure 18) above. Other oil products include margarine, fuel in diesel engines and other foods. The sunflower seed also produces oil cake, which is widely used for animal feeds (as sunflower oilcake meal) because of its high protein content. Sunflower oil is marketed in the form of refined oil for domestic and industrial cooking as well as baking processes.

In South Africa, the main crushers of sunflower seed are Nola Industries, Epic and Epko. Pressing plants with relatively smaller crushing capacity in the country are Sealake Industries, Elangeni Oil & cake Mills and Capital Oil Mills. According to the South African Oil Processors Association there are thirteen oil refineries in South Africa, namely Capital Oil Mills, Continental Oil Mills, Elangeni Oil & Cake Mills, Epic Foods, Epko Oil Seed Crushing, Hentiq 1320, Nedan Oil Mills, Nola Industries, Sealake Industries, Sun Oil Refineries, Sunola Oil Mills, UBR and Willowton Oil Mills.

Figure 19 below indicates that when sunflower seed is crushed the oil is extracted from the seed and the oilcake that remains is then used to manufacture animal feeds in the form of sunflower oilcake meal. The oil can be used as cooking oil or if hydrogenated it becomes margarine that is used by households. The oil can also find its usage in the biofuel industry to manufacture biodiesel that is used in automotive engines or it can be blended with other vegetable oils to manufacture other foods.

Figure 19: The uses of sunflower seed

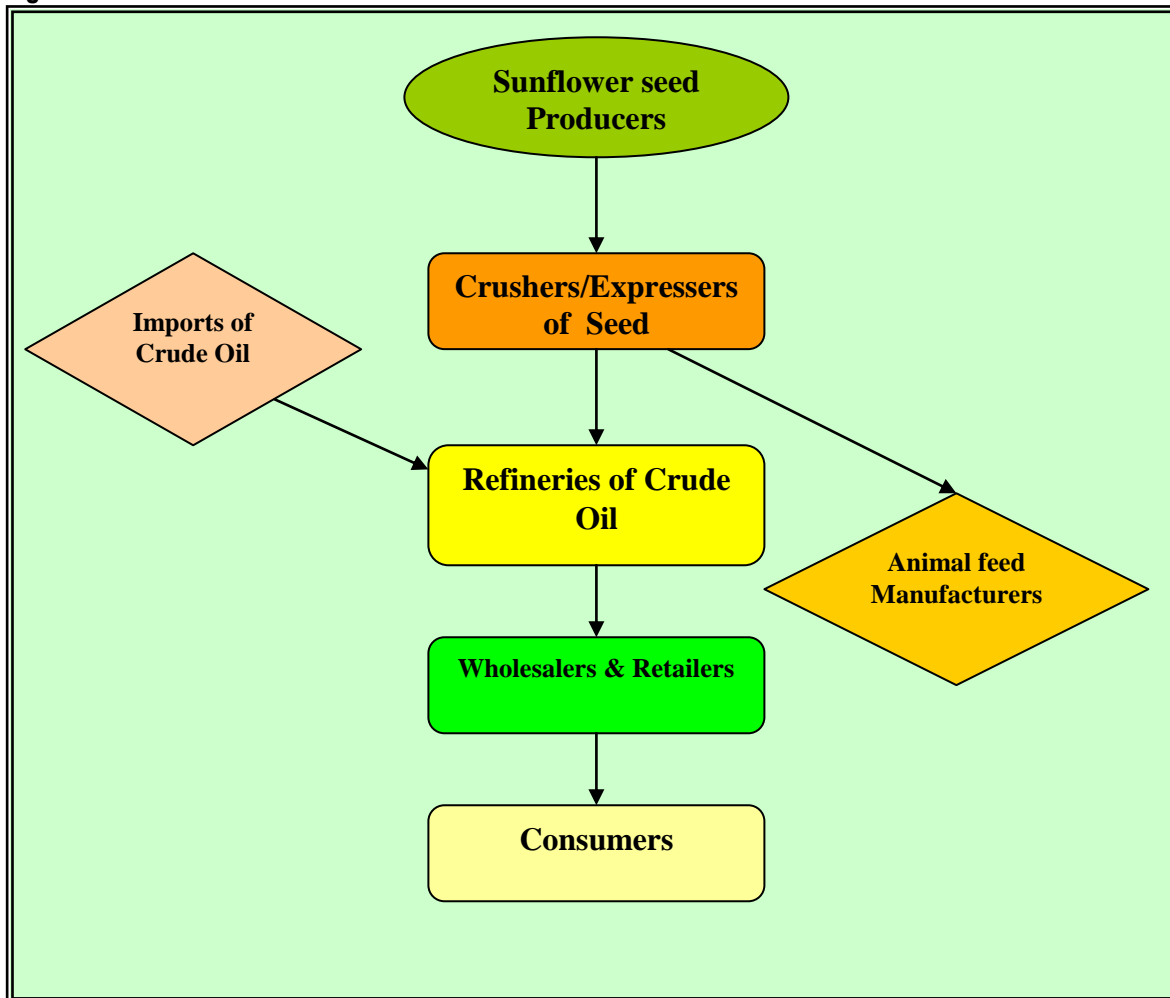


Source: Adapted from Grain SA

3. MARKET VALUE CHAIN

There are five main levels that can be identified in the sunflower seed-to-sunflower oil value chain: sunflower seed producers, crushers of seed, refineries of crude oil, the wholesalers and retailers, and finally the consumers as shown in Figure 20 below.

Figure 20: Sunflower Seed market value chain



Producers of sunflower seed usually deliver their produce to seed expressers who crush the seed to produce crude oil and oilcake. The crude oil can then be used by refineries to produce various products as explained in Figure 20 while the oilcake is used by animal feed manufacturers to manufacture a concentrate in the form of sunflower oilcake meal. Refineries may also import crude oil from the international market and, their products and those of the animal feed manufacturers are packaged, labeled and sent to wholesalers and retailers who in turn will sell to consumers.

4. MARKET INTELLIGENCE

4.1. Tariffs

South Africa applies the following tariffs to the imports of sunflower seed arising from the following trading partners:

Table 5: Tariffs applied by South Africa to imports of sunflower seed

EXPORTING COUNTRY	TRADE REGIME DESCRIPTION	APPLIED TARIFF	ESTIMATED VALOREM TARIFF	TOTAL AD EQUIVALENT
		2011		
Romania	MFN duties (Applied)	9.40%	9.40%	
	Preferential tariff for European Union Countries	0.00%	0.00%	
Argentina	MFN duties (Applied)	9.40%	9.40%	
Bulgaria	MFN duties (Applied)	9.40%	9.40%	
	Preferential tariff for European Union Countries	0.00%	0.00%	
China	MFN duties (Applied)	9.40%	9.40%	
Germany	Preferential tariff for European Union Countries	0.00%	0.00%	
France	Preferential tariff for European Union Countries	0.00%	0.00%	
Netherlands	Preferential tariff for European Union Countries	0.00%	0.00%	
Malawi	Preferential tariff for SADC countries	0.00%	0.00%	
Mozambique	Preferential tariff for SADC countries	0.00%	0.00%	
United States of America	MFN duties (Applied)	9.40%	9.40%	

Source: ITC Market Access Map

Table 8 indicates that South Africa charges 9.40% tariff on imports of sunflower seed from other countries, but all the European Union Countries (such as France, Belgium, Romania and United Kingdom) and SADC countries receive preferential treatment of not having to pay any tariff when they export sunflower seed to South Africa. This is because of SADC Free Trade Agreement and the EU-SA Trade, Development and Cooperation Agreement that exist between South Africa and EU.

The following countries apply the following tariffs to the exports of sunflower seed originating from South Africa:

Table 6: Tariffs applied by leading markets to sunflower seed originating from South Africa

Importers	Selected product codes	Product description	Trade regime description	Applied tariffs	Total ad valorem equivalent tariff (estimated)
France	1206000000	Sunflower seeds, whether or not broken	MFN duties (Applied)	0.00%	0.00%
Kenya	1206000000	Sunflower seeds, whether or not broken	MFN duties (Applied)	10.00%	10.00%
Japan	12060000	Sunflower seeds, whether or not broken	MFN duties (Applied)	0.00%	0.00%
Malawi	12060000	Sunflower seeds, whether or not broken	Preferential tariff for South Africa	0.00%	0.00%
Netherlands	12060000	Sunflower seeds, whether or not broken	MFN duties (Applied)	0.00%	0.00%
Pakistan	12060000	Sunflower seeds, whether or not broken	MFN duties (Applied)	0.00%	0.00%
Argentina	12060000	Sunflower seeds, whether or not broken	MFN duties (Applied)	4.00%	4.00%
Austria	12060000	Sunflower seeds, whether or not broken	MFN duties (Applied)	0.00%	0.00%
Zambia	12060000	Sunflower seeds, whether or not broken Sunflower seeds	MFN duties (Applied)	5.00%	5.00%
	12060000	Sunflower seeds, whether or not broken Sunflower seeds	Preferential tariff for South Africa	0.00%	0.00%
Zimbabwe	12060000	Sunflower seeds, whether or not broken	MFN duties (Applied)	5.00%	5.00%

Source: ITC Market Access Map

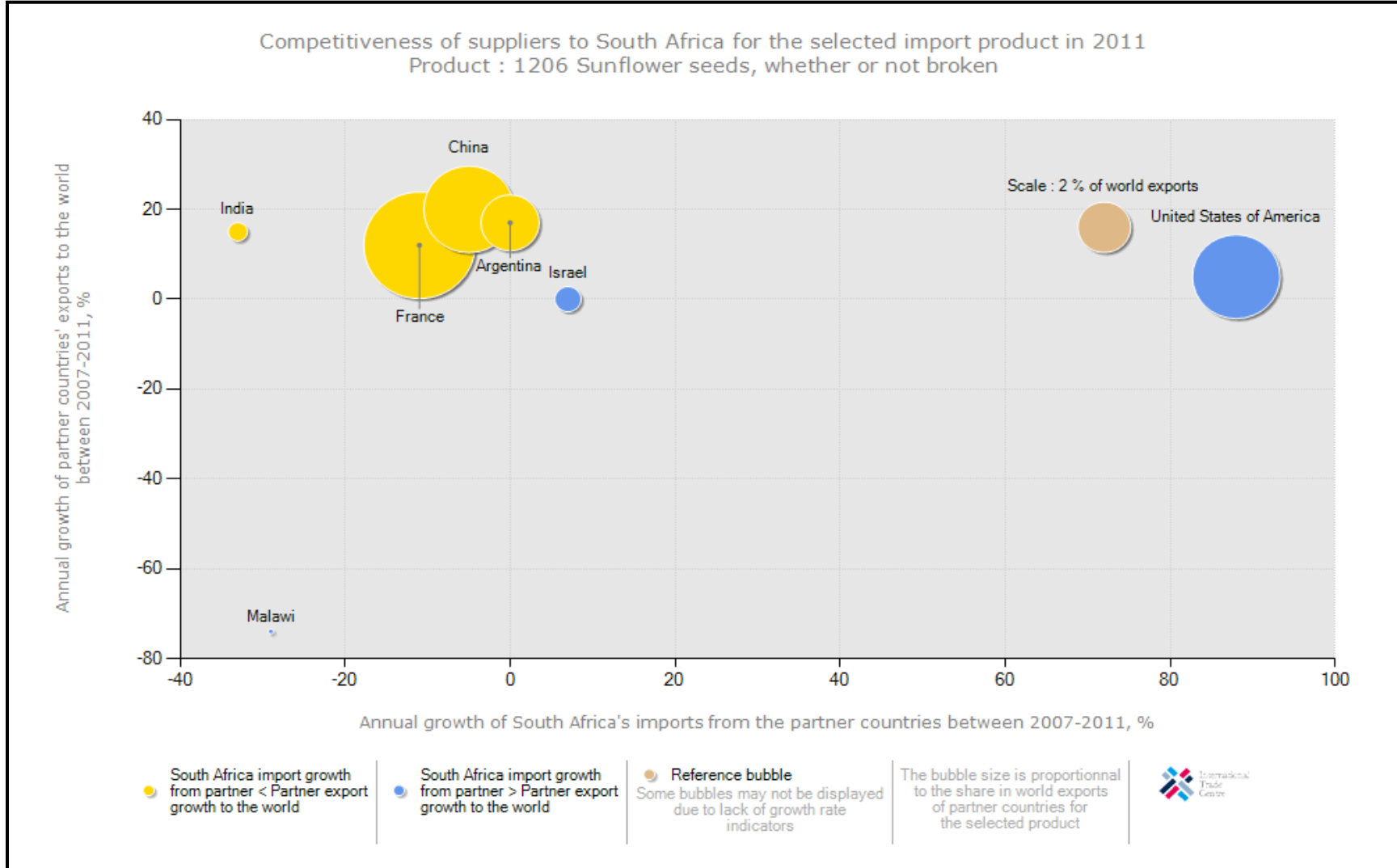
Table 6 indicates that countries such as France, Netherlands, Pakistan, Malawi, Japan, Austria and USA charge no tariffs on imports of sunflower seed from the rest of the world. The table also shows that South Africa enjoys a preferential tariff of 0% when exporting sunflower seed to Mozambique and Zambia and this is due to healthy trade conditions that exist within SADC region. South African sunflower seed faces tariff barriers in countries such as Kenya, Argentina and Zimbabwe. Kenya

generally charge higher tariffs at the level of 10.00% on the imports of sunflower seed originating from South Africa.

4.2. *Performance of the South African sunflower seed industry*

Figure 21 shows the competitiveness of suppliers to South Africa for sunflower seed in 2011.

Figure: 21: Competitiveness of suppliers to South Africa for sunflower seed in 2011



Source: ITC Trade Map

Between the periods 2007 and 2011 sunflower seed imports from the Israel into SA grew by more than 7% while those from Malawi and India declined by more than 40% respectively over the same period. During the same period, South Africa's imports from United States of America increased faster than these United State of America growth in exports of sunflower seed to the rest of the world.

Table 7 below and the figure on the next page show the major export destinations of sunflower seed produced in South Africa. On average South Africa's sunflower seed exports to the world have decreased by 32% in value terms and also declined by 47% in volume terms between 2007 and 2011. The value of sunflower seed exports to the world increased significantly between 2010 and 2011. During 2011 South Africa exported sunflower seed mainly to Kenya, Pakistan, France and Netherlands in that order. A total of 446 tons of sunflower seed originating from South Africa was exported to the world during 2011, of which 288 tons went to Kenya.

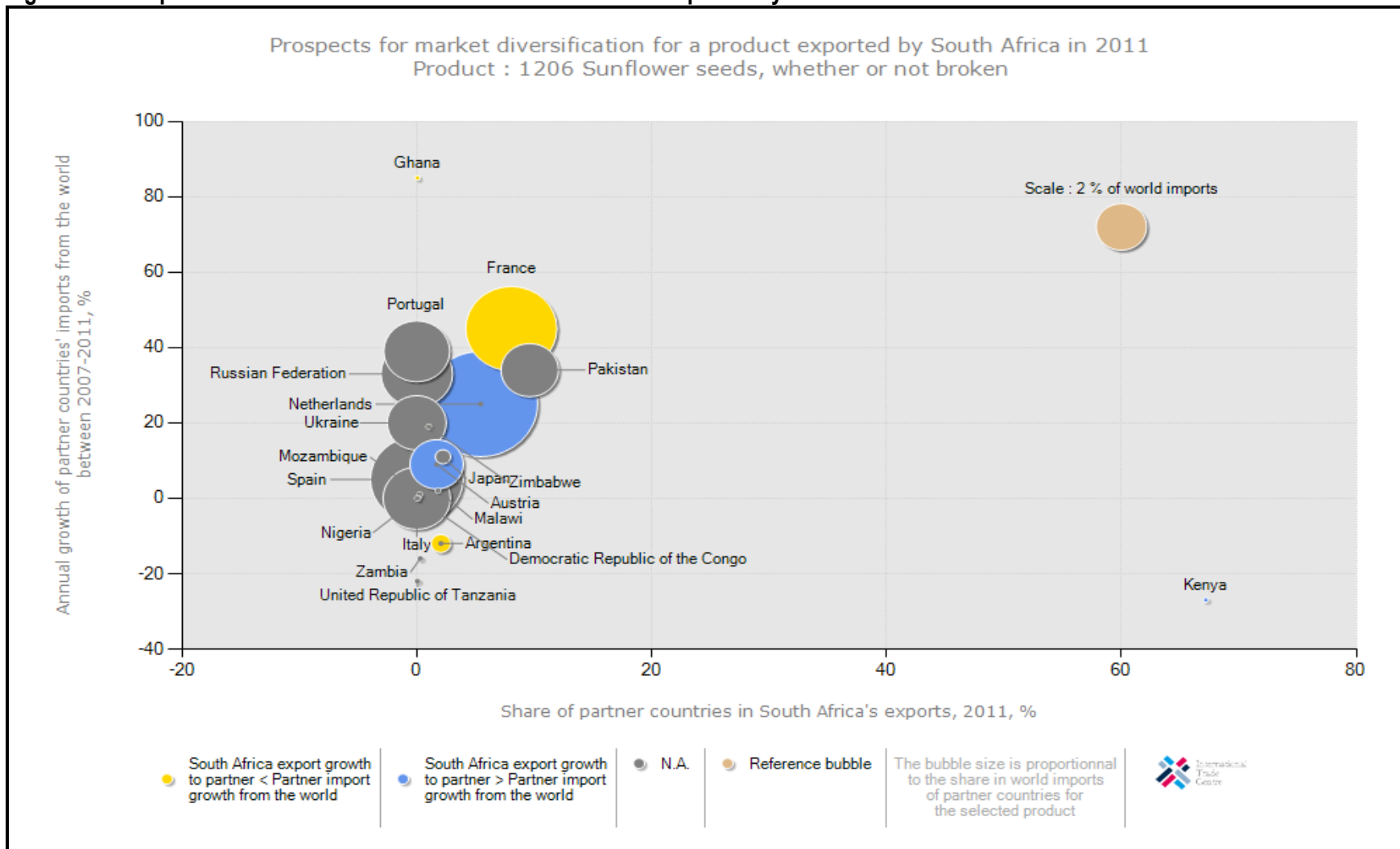
Table 7: Importing markets for sunflower seed (120600) exported by SA in 2011

Importers	Exported value in 2011 (thousand US\$)	Share in SA's exports (%)	Exported quantity in 2011 (tons)	Unit value (US\$/Ton)	Exported growth in value between 2007 and 2011 (% p.a.)	Exported growth in quantity between 2007 and 2011 (% p.a.)	Exported growth in value between 2010 and 2011 (% p.a.)
World	1652	100	446	3704	-32	-47	95
Kenya	1110	67.2	288	3 854	305	214	294
Pakistan	159	9.6	24	6625	-	-	382
France	133	8.1	1	133000	21	0	-25
Netherlands	90	5.4	2	45000	57	-	500
Japan	37	2.2	40	925	-	-	-
Argentina	34	2.1	70	486	-41	85	1033
Malawi	30	1.8	12	2500	52	-	900
Austria	28	1.7	1	28000	32	-	-
Zimbabwe	17	1	4	4250	-19	-6	89
Zambia	5	0.3	2	2500	41	50	-95

Source: ITC Trade Map

During 2011 Kenya and Pakistan commanded the greatest share of sunflower seed exports originating from South Africa. During the same year, Kenya alone absorbed 67.2% of South Africa's total sunflower seed exports followed by Pakistan with 9.6%.

Figure 22: Prospects for market diversification of sunflower seed exported by South Africa in 2011



Source: ITC Trade Map

If South Africa is to diversify its export markets of sunflower seed the biggest markets, which we are currently not utilizing, exist in France, Portugal, Ukraine and Mozambique. The smaller markets exist in Malawi, Nigeria and Italy.

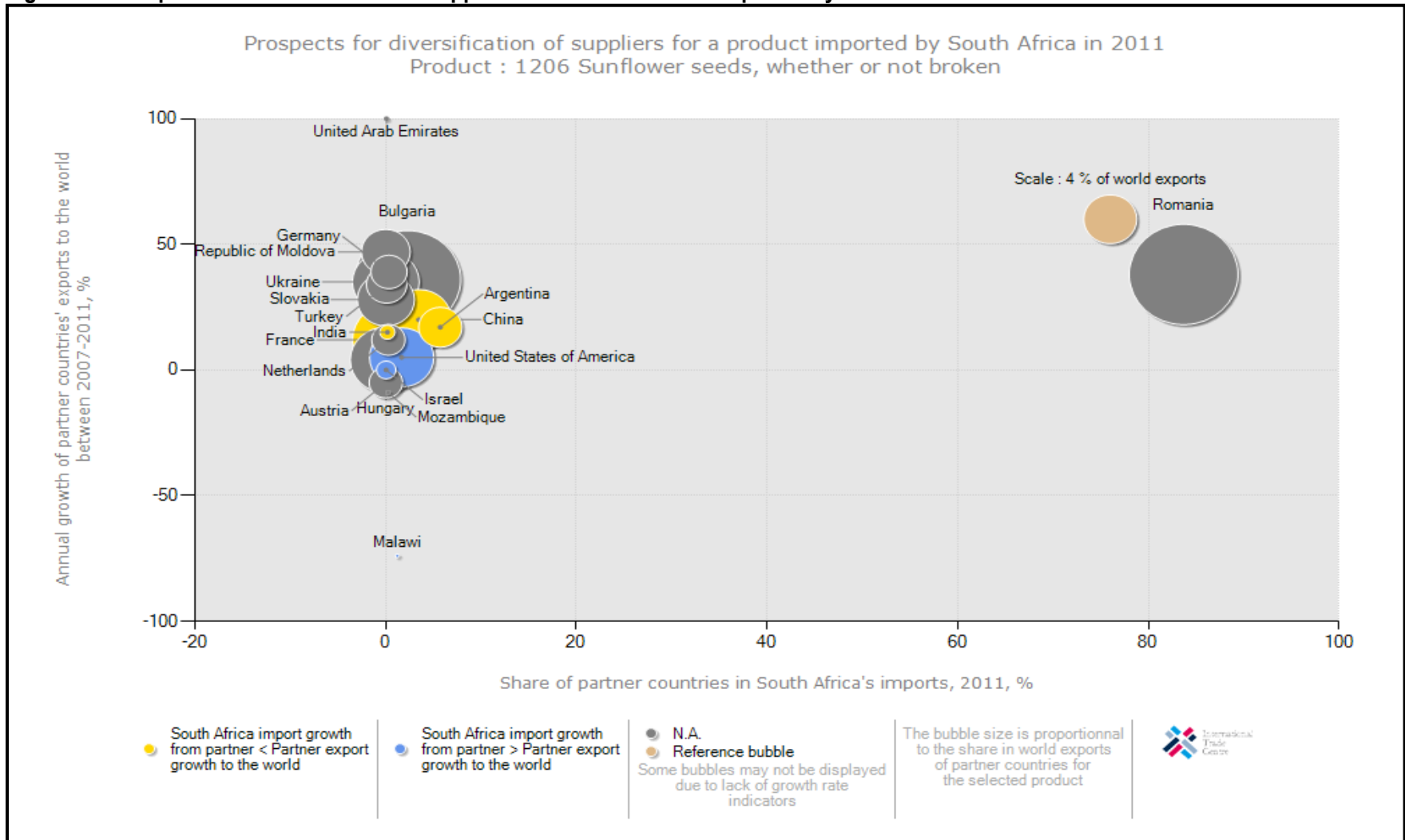
Table 8: Supplying markets for sunflower seed (120600) imported by SA in 2011

Exporters	Imported value in 2011 (thousand US\$)	Share in SA's imports (%)	Imported quantity in 2011 (tons)	Unit value (US\$/unit)	Imported growth in value between 2007 and 2011 (% p.a.)	Imported growth in quantity between 2007 and 2011 (% p.a.)	Imported growth in value between 2010 and 2011 (% p.a.)
World	14104	100	26 435	534	64	87	4
Romania	11 804	83.7	25 227	468	-	-	1
Argentina	806	5.7	154	5 234	0	-22	105
China	489	3.5	230	2 126	-5	-13	-22
Bulgaria	324	2.3	215	1 507	-	-	-
USA	234	1.7	23	10 174	88	155	100
Malawi	169	1.2	432	391	-29	-28	-73
France	106	0.8	19	5 579	-11	-30	960
Germany	47	0.3	24	1 958	-	-	-
Netherlands	39	0.3	17	2 294	-	-	-
Mozambique	34	0.2	72	472	-	-	-

Source: ITC Trade Map

During 2011 South Africa imported a total of 26 435 tons of sunflower seed from the world. These imports originated mainly from Romania, Bulgaria, China and Argentina. Romania commanded the greatest share in South Africa's sunflower seed imports followed by Argentina and China respectively. Imports of sunflower seed from Romania increased by 1% in value between the years 2010 and 2011. Sunflower seed imports from Argentina to South Africa increased by 105% in value over the same period.

Figure 23: Prospects for diversification of suppliers for sunflower seed imported by South Africa in 2011



Source: ITC Trade Map

The figure on the previous page shows that if South Africa is to diversify its sunflower seed imports, the biggest markets exist in Bulgaria, Slovakia, Ukraine and France. Other markets exist in countries such as China, Turkey Argentina and India since these countries recorded a positive growth in exports to the rest of the world between 2007 and 2011.

5. STRATEGIC CHALLENGES AND OPPORTUNITIES

As mentioned in the description sunflower seed production is very suitable for South African climatic conditions and is performing well for income generation to the rest of the agricultural sector. According to the FPMC report in 2003 the crushing capacity is not fully utilized by the companies therefore, there is an opportunity for any role player in the industry to crush seed, sell the crude oil at a lower price than the import parity price and still manage to realize profit. The challenge is how to get new role players in the industry as it is highly capitalized and requires sophisticated technology.

There is a lack of black economic empowerment in this industry and also in the seed trade industry in general. Lack of funding to purchase equipment to get projects off the ground is often cited as one of the major obstacles to transformation.

The fact that the growth season of sunflower is short, added to its drought tolerance; it can serve as an ideal alternative crop on low-potential soils when it is late to plant maize.

6. OTHER INFORMATION

In the agricultural sector, food safety is very important. As result the oilseed industry is also expected to adhere to o several regulations in this regard. The regulations include:

- Foodstuffs, Cosmetics and Disinfectants Act of 1972 (Act 54 of 1972)
- Health Act of 1977 (Act 63 of 1977)
- Fertilizers, Farm Feeds Agricultural Remedies A of 1947 (Act 31 of 1947)
- Agricultural Products Standards Act of 1990 (Act 119 of 1990)

7. ACKNOWLEDGEMENTS

The following organizations and references are acknowledged:

- **Animal Feed Manufacturers Association**
Tel: (012) 663 9097
www.afma.co.za
- **Grains South Africa**
Tel: (056) 515 0918
Fax: (056) 515 1517
www.grainsa.co.za
- **Food Pricing Monitoring Committee Report 2003**
- **Directorate Statistics and Economic Analysis**
Tel: (012) 319 8453
Fax: (012) 319 8031
www.nda.agric.za
- **Quantec Easydata**
www.quantec.co.za
- **ITC Market Access Map**
<http://www.macmap.org/SouthAfrica>
- **ITC Trade Map**
<http://www.trademap.org>

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