

A PROFILE OF THE SOUTH AFRICAN SUNFLOWER MARKET VALUE CHAIN

2019



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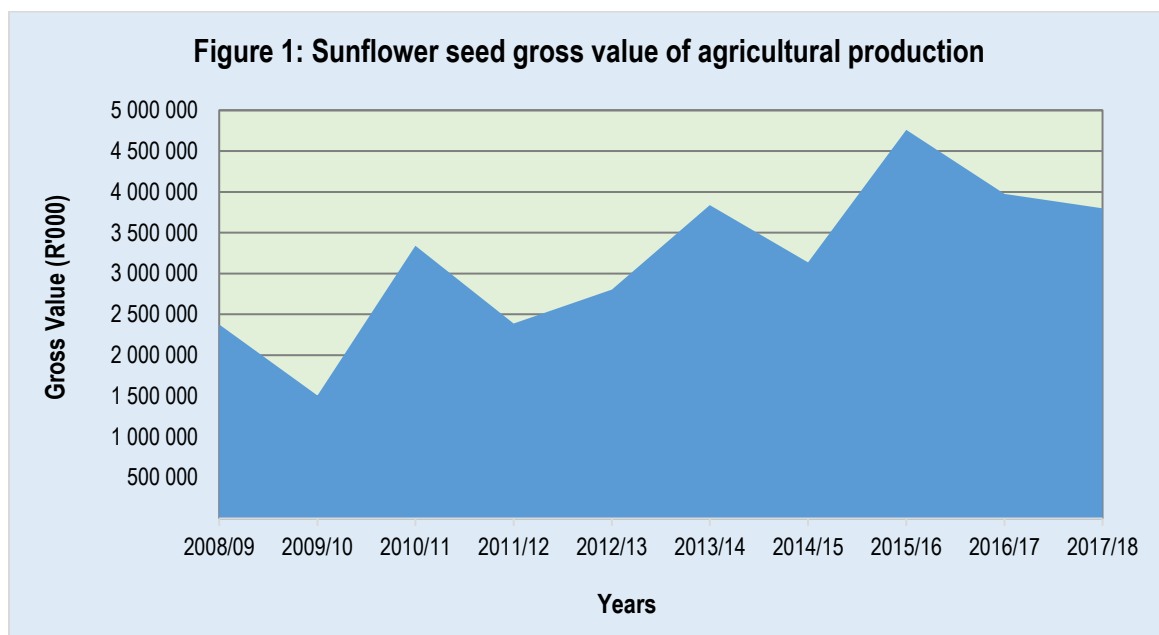
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1. DESCRIPTION OF THE INDUSTRY

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 production of different oils. 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 2009 and 2018, an average of about 749.9 thousand tons sunflower seed were produced per annum while the gross value was approximated at 3.2 billion Rand per annum.

The gross value of sunflower seed produced in South Africa has been relatively volatile for the past ten years. Figure 1 below shows an indication of cyclical behaviour with regard the gross value of production, which can be associated with the cycle of the producer prices received for sunflower seed. During 2018 marketing year, sunflower seed production contributed approximately 6.22% to the field crops' total gross value of production, 0.18% more as compared to the previous year 2017.



Source: Statistics and Economic Analysis

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 are the major producers of sunflower seed in South Africa. Sunflower seed can be planted from the beginning of November to the end of December, which is almost the same time for maize plantings. The general observation from Table 1 below is that during the five year period between 2014 and 2018 production of sunflower seed has experienced considerable fluctuations in almost all the major producing provinces. During the year 2015, the Free State Province experienced a downward trend in sunflower seed production, while another major producer the North West Province also experienced a decrease in 2013 and 2015. Production of

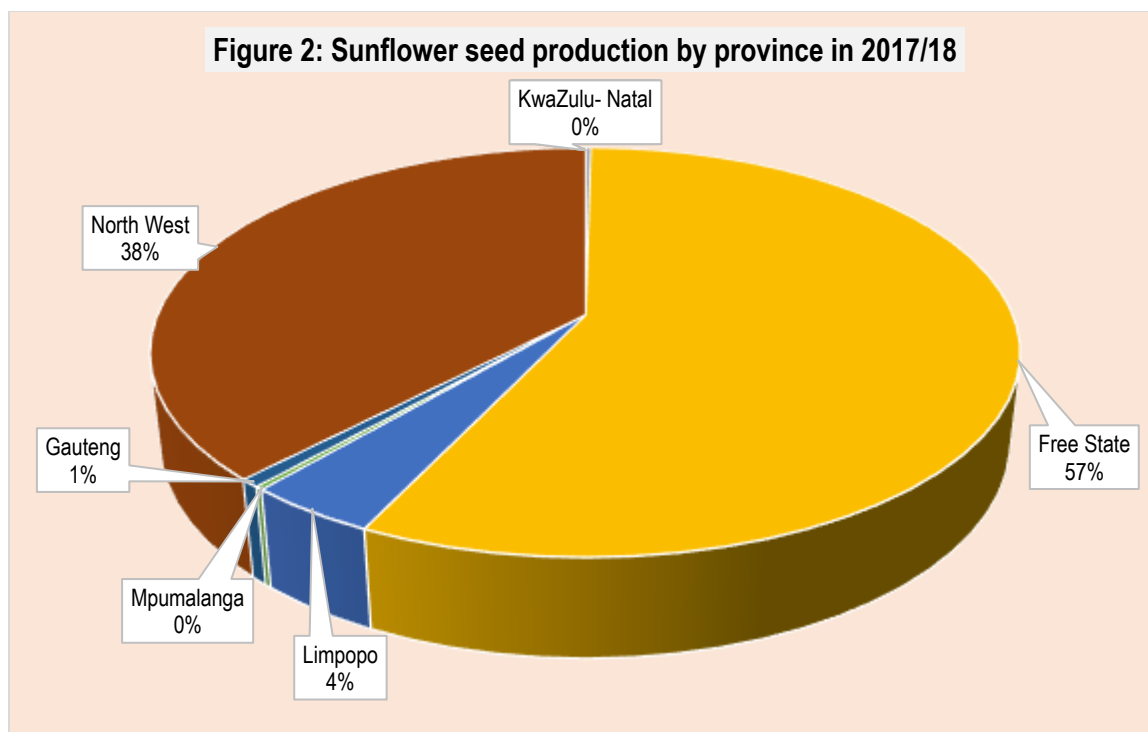
sunflower seed in Limpopo has experienced a dramatic decline, while those from Gauteng and Mpumalanga province experienced an upward trend during the year 2018.

Table 1: Sunflower seed production by provinces

Province	Production in 2014 (tons)	Production in 2015 (tons)	Production in 2016 (tons)	Production in 2017 (tons)	Production in 2018 (tons)
Western Cape	0	0	0	0	100
Eastern Cape	800	0	0	0	0
Northern Cape	400	500	600	400	1900
Free State	448000	370500	440000	478000	490000
Limpopo	76300	61500	48800	85500	36000
Mpumalanga	4600	3300	4400	2300	2200
Gauteng	3900	7200	4000	3000	56000
KwaZulu Natal	0	0	0	300	0
North West	298000	220000	257200	304500	326200

Source: Statistics and Economic Analysis

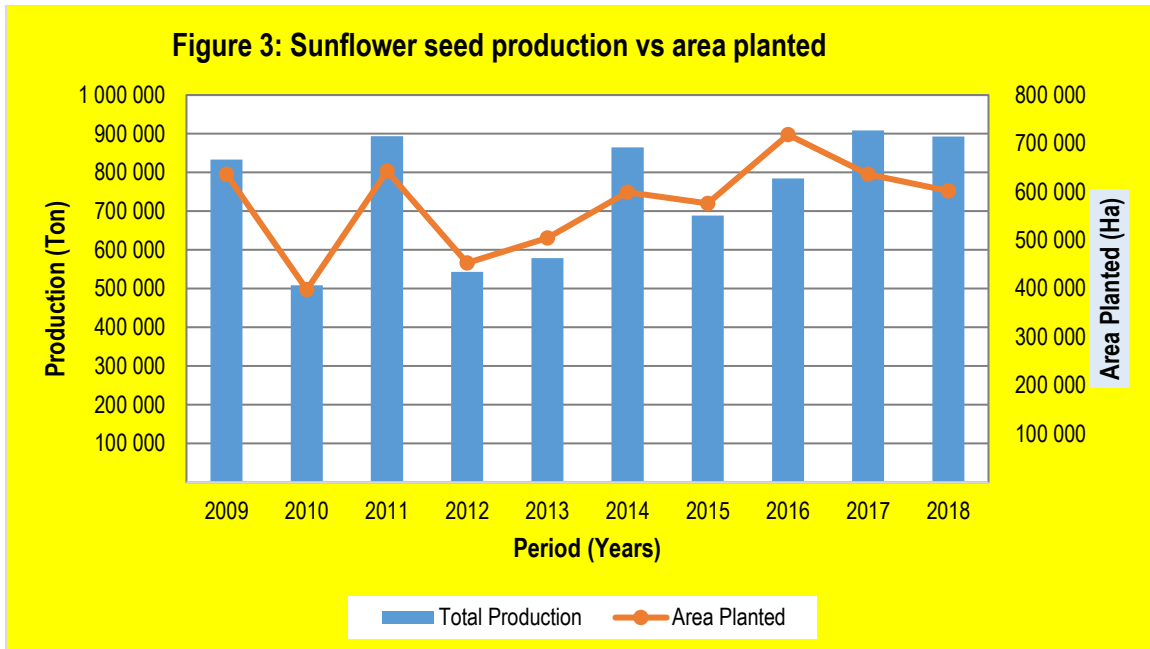
The actual production of sunflower seed during the 2017/18 production season is depicted in Figure 2 below. The figure shows that the Free State and North West provinces are the major producers of sunflower seed with a share of 57% and 38% of the total production respectively, followed by Limpopo province. Very small quantities of sunflower seed were produced in the other Provinces except the Eastern and KwaZulu Natal where no amount of sunflower seed production was recorded during 2017/18.



Source: Statistics and Economic Analysis

1.2 Production Trends

According to Figure 3, the hectares planted for sunflower seed have been volatile for the past ten years which resulted in some great variations in production volumes. The figure further indicates that an average of 576.6 thousand hectares of sunflower seed were planted per annum resulting in average production volumes of about 749.9 thousand tons. The area planted and total production of sunflower seed started higher during the opening of the season in 2009, although the total production was 8.2% less as compared to the past season. This was followed by a drastic decline in both sunflower seed production and area planted in 2010. However, both area planted and total production showed substantial increases in 2011 production season, followed by another slight decline in 2012. This was then followed by a drastic increase in production of sunflower seeds in 2014. Generally, production of sunflower seeds has been fluctuating during the past 10 years, with the vast amount of area planted above total production recorded during 2016. This was followed by an increase in total production, slightly above area planted in 2017. The production season closed slightly higher in 2018, despite a decrease in both area planted and total production.



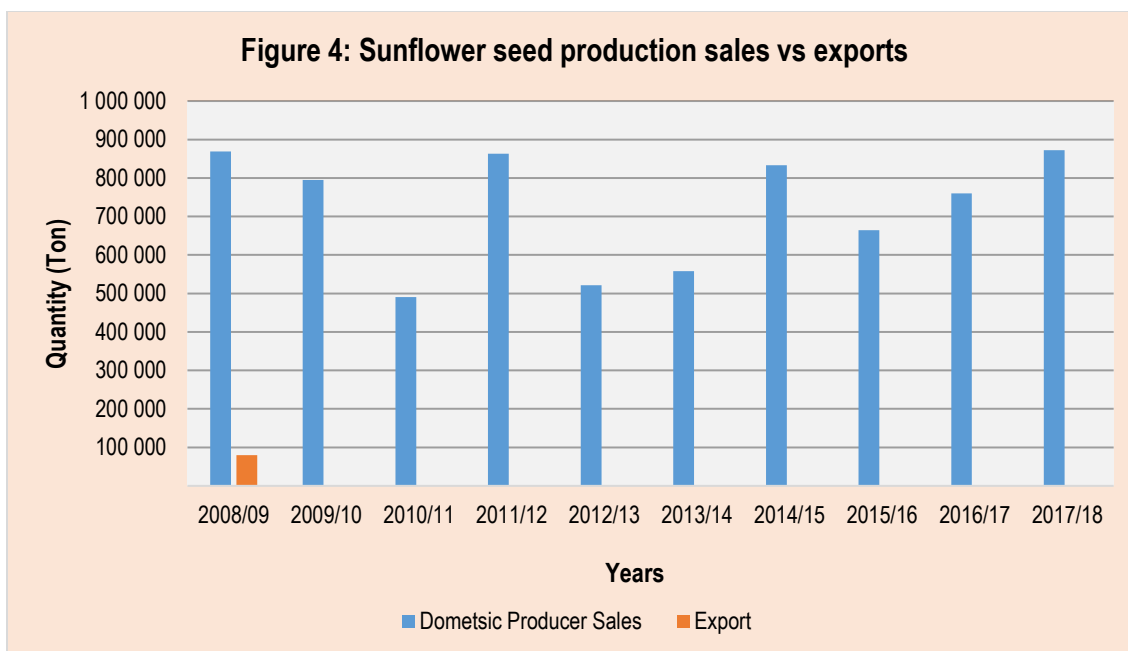
Source: Statistics and Economic Analysis

2. MARKET STRUCTURE

2.1. Domestic Market

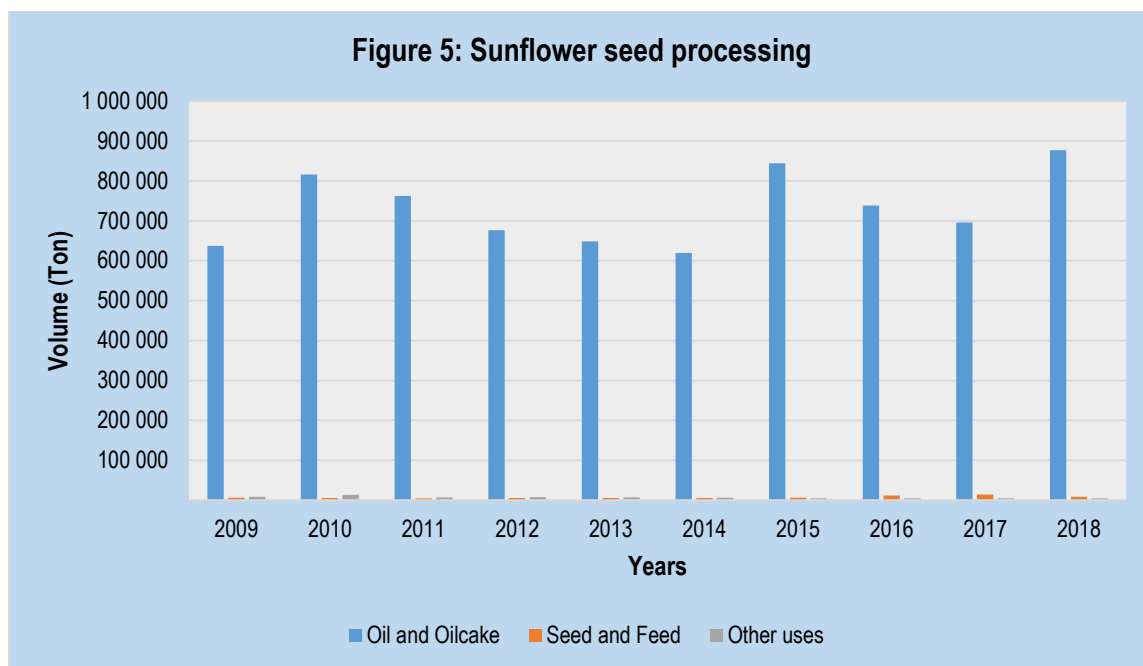
The processing of sunflower seed is highly capital intensive and requires high technology and specialized knowledge. The refining process produces sunflower oil which is used mostly for human consumption. Most of the large refineries are situated in Gauteng and Kwazulu Natal. The greatest importance of sunflower production is the extraction of oil from the seed.

Figure 4 below shows the domestic producer sales and exports of sunflower seed from 2009 to 2018 marketing season. The exports of sunflower seed were very minimal throughout the period under analysis and this explains that South Africa is not a major exporter of sunflower seed. The lower volumes of sunflower seed exports are also attributed 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. The figure further indicates that domestic producer sale of sunflower seed remained dominant throughout the period under analysis. The period under analysis closed with relatively higher sunflower seed sales in the domestic market in 2018, about 14.8% higher as compared to the previous year 2017.



Source: Statistics and Economic Analysis

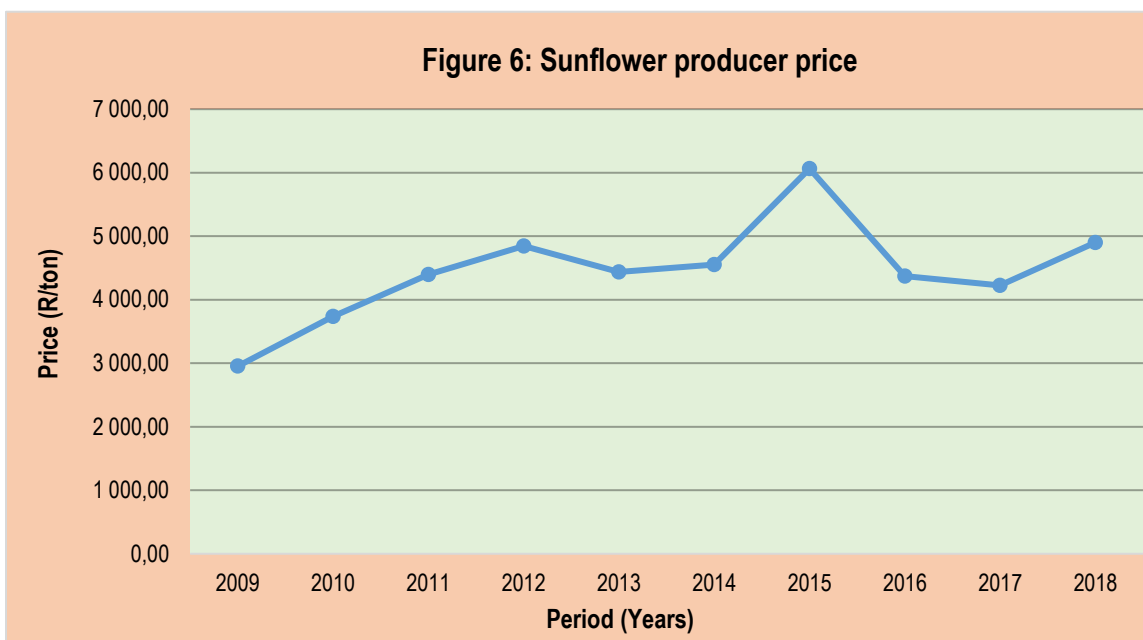
Figure 5 below shows sunflower seed processing from 2009 to 2018. The figure indicates that the quantity of sunflower seed processed into oil and oilcake is generally higher than the quantities utilized for seed, animal feed manufacturing and other uses. The quantity of sunflower seed utilized for oil and oilcakes was higher during the beginning of the marketing season in 2009 compared to the previous year 2008 mainly as a result of increased levels of domestic producer sales at the time. This further increased slightly during the year 2010 as the local production remained stable with enough stock in the market. A peak in the volumes of sunflower seed processing was attained above 800 000 tons in 2015. During the years 2016 and 2017, the volumes sunflower seed utilized for oil and oilcakes decreased by 24.8% and 8.82% respectively, as compared to 2015 marketing year. Processing of sunflower seed hit record highs during the closing of the period under review in 2018 marketing year. The main reason for the increase in the processing is the substantial increases in producer deliveries recorded during the same period.



Source: Statistics and Economic Analysis

2.2. *Producer prices*

Figure 6 below shows producer prices for sunflower seed from 2009 to 2018. The period under analysis opened with an increasing producer prices for sunflower seed in 2009. However, the producer prices for sunflower seed decreased drastically in 2009 up to R2 854.58/ton as compared to a producer price of R4 271.88/ton attained in 2008. This was the lowest producer price for sunflower seed attained over the period under review. This was followed by an increase from 2010 production season until 2013. The substantial increase in producer prices of sunflower seed were recorded during 2015, attaining a peak of R6 064.02. The period under review closed with an increasing producer price for sunflower seed in 2018 as a result of increases in processing of seed at that time.

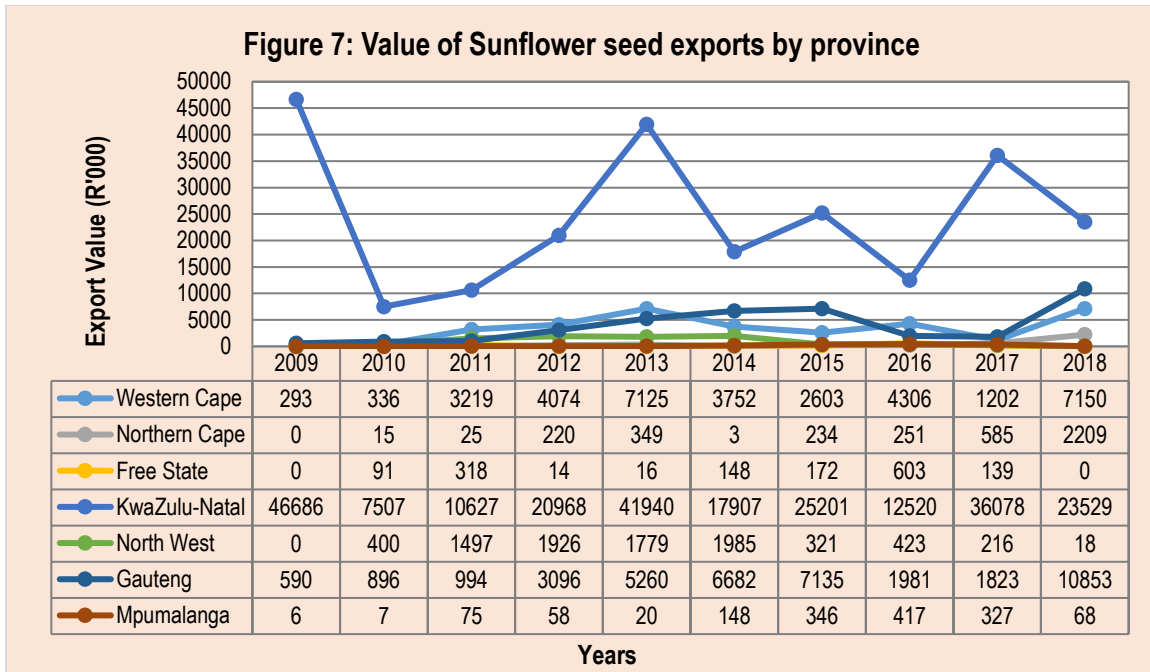


Source Statistics and Economic Analysis

2.3. Exports

In overall, the major importers of sunflower seed originating from South Africa are Sudan, Zimbabwe, Pakistan, Namibia, Argentina, Lesotho and Eswatini. During the year 2018, Sudan acquired about 50.4% of South Africa's total sunflower seed exports, followed by Zimbabwe and Pakistan with 25.2% and 9.3% respectively.

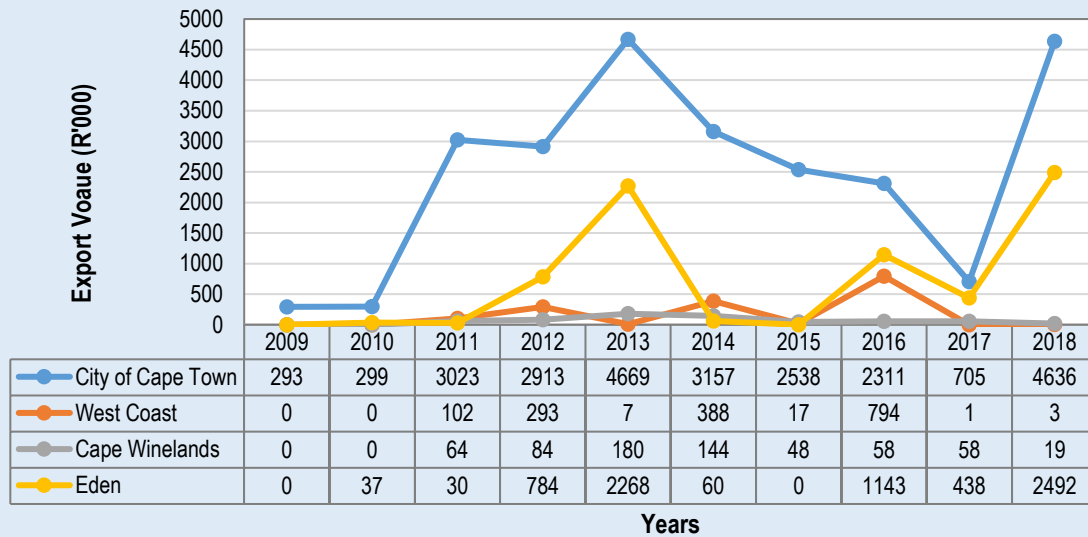
Figure 7 below shows value of sunflower seed exports by various provinces in South Africa between the year 2009 and 2018. The figure indicates that sunflower seed exports from KwaZulu-Natal province were dominant throughout the period under analysis. However, Gauteng province emerged to be the second largest exporter of sunflower seed from South Africa, followed by the Western Cape. Still on a value basis, exports of sunflower seed from other provinces remained minimal throughout the season. During the period under analysis, exports of sunflower seed from KwaZulu-Natal Province were greater than those from other provinces, with the greatest export values recorded at the beginning of the season in 2019. Exports of sunflower seed from Gauteng and Western Cape Provinces were very low during the years 2009 and onwards, as compared to those from KZN. The figure further indicates that the period under review closed with declining values of sunflower seed exports with Kwazulu-Natal province accumulating higher exports than other provinces in 2018.



Source: Quantec Easy Data

The trends for sunflower seed exports from Western Cape Province is shown in Figure 8 below. In the Western Cape Province sunflower seed exports occur mostly through the City of Cape Town Metropolitan municipality. The figure indicates that there were no exports of sunflower seed recorded from both Cape Wine-lands and West Coast district municipalities from 2009 and 2010. The figure clearly indicate that City of Cape Town was the largest contributor to the Western Cape's total value of sunflower exports between the years 2009 and 2018 followed by Eden District. The value of sunflower exports from the Western Cape closed with an increasing trends for the City of Cape Town and Eden districts in 2018, while the City of Cape Town still attained the greatest shares of exports.

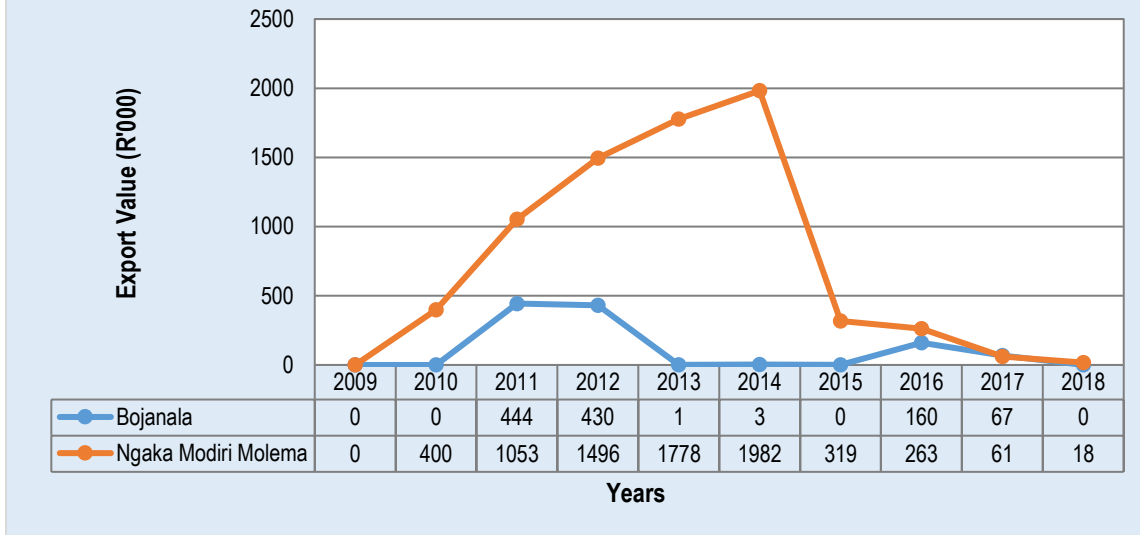
Figure 8: Value of Sunflower seed exports from Western Cape province



Source: Quantec Easy Data

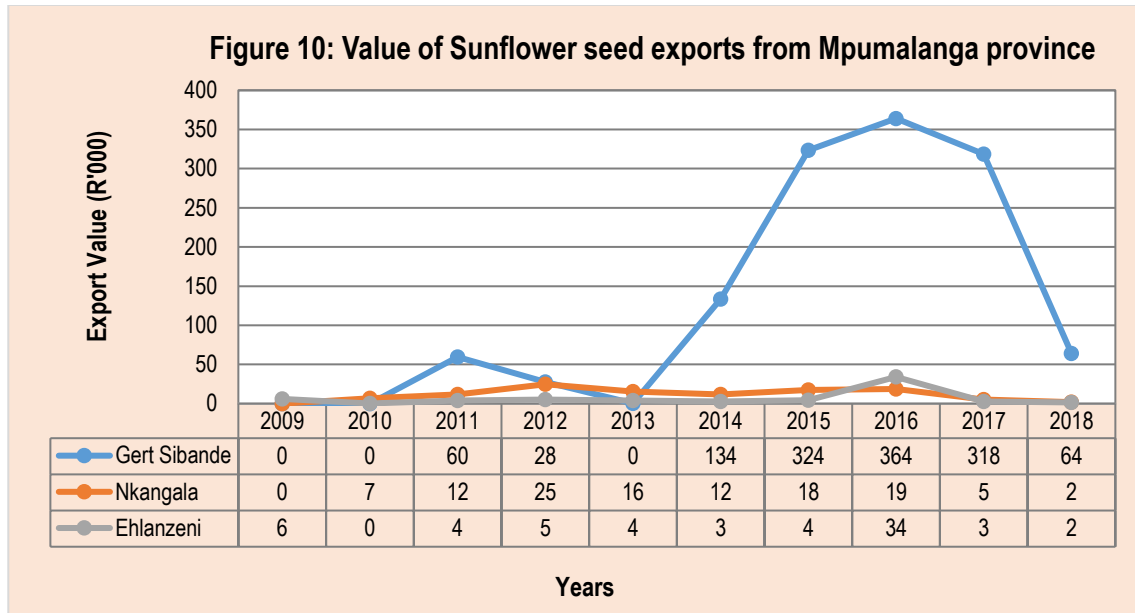
Figure 9 below indicates value of sunflower seed exports from the North West province from 2009 to 2018. It is also clear that there were no exports records of sunflower seed from the Province during the year 2009. Very minimal exports of sunflower seed were noted from North West Province during 2010, originating mainly from Ngaka Modiri Molema district.. The figure indicates that Bojanala District's exports of sunflower seed were minimal throughout the period under review and with substantial increases recorded during the years 2011 and 2012. Between the year 2010 and 2016, the greatest value of sunflower seed exports originated mainly from Ngaka Modiri Molema, with very minimal recorded for Bojanala District. Generally, there were very low exports of sunflower seed originating from the North West throughout the period under review. The 2018 marketing year closed with further declines in exports values recorded from Ngaka Modiri Molema and Bojanala districts, while exports value from Ngaka Modiri Molema emerged higher during the same period.

Figure 9: Value of Sunflower seed exports from North West province



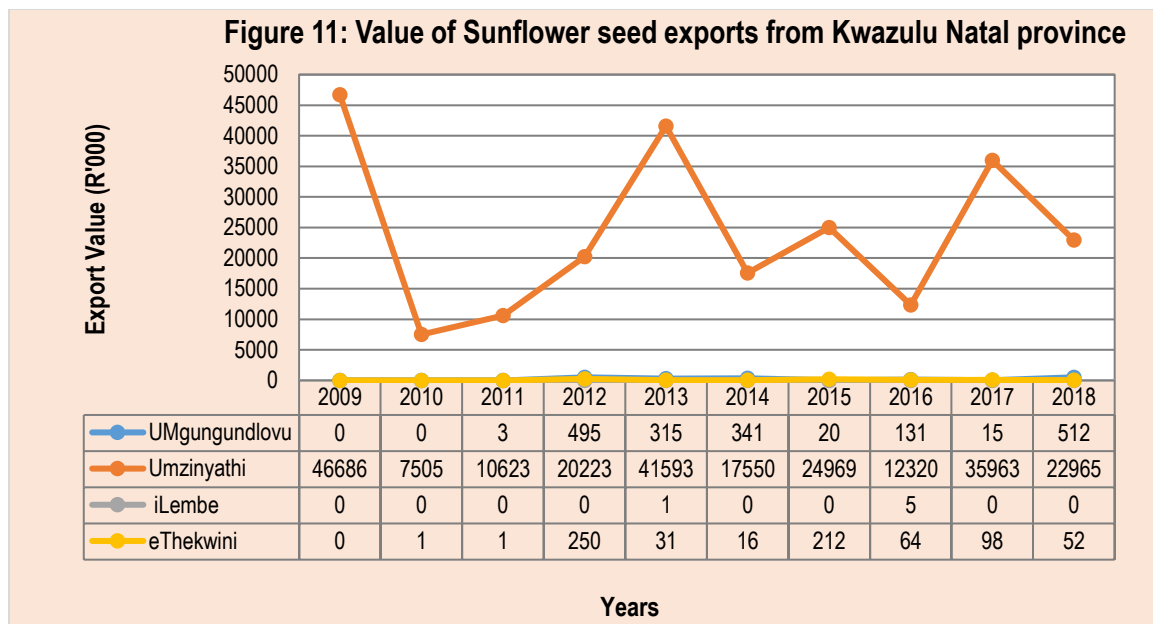
Source: Quantec Easy Data.

The values of sunflower seed exports from various districts in Mpumalanga Province are depicted in Figure 10 below. Regardless of being the third largest producer of sunflower seed in the country, the contribution of Mpumalanga Province to the total South Africa's exports of sunflower seed 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. For the period under analysis, Mpumalanga exported minimal volumes in between the years 2009 and 2012. In 2013; there was a slight increase in exports of sunflower seed recorded from Gert Sibande district. The highest value of sunflower seed exports from Mpumalanga province were attained from Gert Sibande District during the year 2016. The period under analysis closed with dramatic decline in export value of sunflower seed from Gert Sibande District in 2018, about 80% less as compared to the year 2017.



Source: Quantec Easy Data

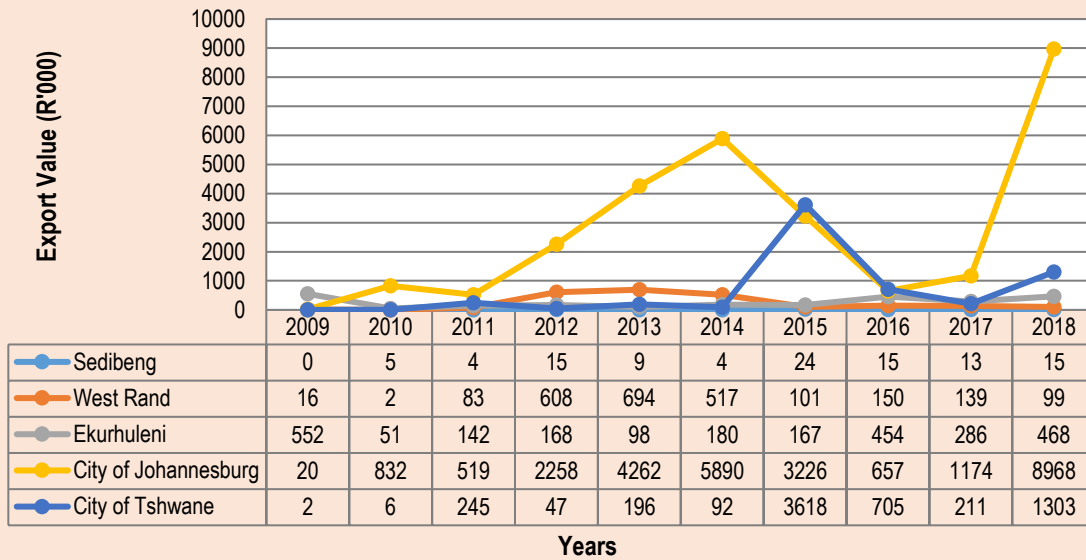
Figure 11 below, provides a clear picture on the value of sunflower seed exports from KwaZulu-Natal province from 2009 to 2018. The figure indicates that the value of sunflower seed exports from the Kwazulu-Natal province fluctuated considerably throughout the period under review, with the lowest exports levels having occurred during the year 2010. The greatest exports of sunflower seed were recorded from UMzinyathi district during 2009, reaching record highs at 46 million Rand. The picture further shows that Umzinyathi District has been the major contributor of sunflower seed exports originating from the KwaZulu Natal Province for the entire period. The figure further reveals that in 2016, very low values of sunflower seed were recorded from KwaZulu-Natal, particularly those from eThekweni and other regions. In 2018, the marketing year closed with lower and declining values of sunflower seed exports from KwaZulu Natal Province, mainly from the UMzinyathi District.



Source: Quantec Easy Data

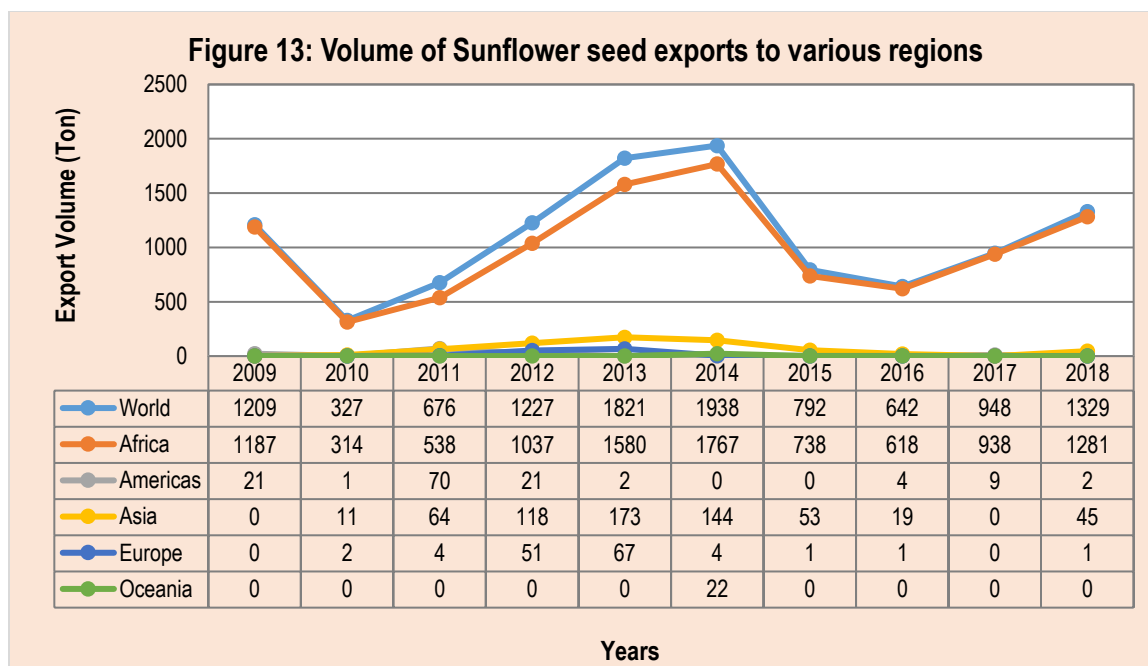
Figure 12 below shows the value of sunflower seed exports from Gauteng province from 2009 to 2018. The figure indicates that values of sunflower seed exports from Gauteng Province were very low during the opening of the season in 2009. From the figure below, it is clear that most of sunflower seed exports in Gauteng arise mainly from the City of Johannesburg Metropolitan Municipality while those from the other four districts namely, Sedibeng, West Rand, Ekurhuleni and City of Tshwane have been very low and irregular over the period between 2009 and 2018. The value of sunflower seed exports originating from the City of Johannesburg municipality showed some tremendous fluctuations throughout the period under review, with substantial declines recorded during 2016. Exports from the other four districts have been considerably lower during the period under review. However, the marketing year 2018 closed with record high values of sunflower seed exports originating mainly from the City of Johannesburg. Gauteng Province, in spite of not being a major producer of sunflower seed is an exporter of sunflower oil because 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: Value of Sunflower seed exports from Gauteng province



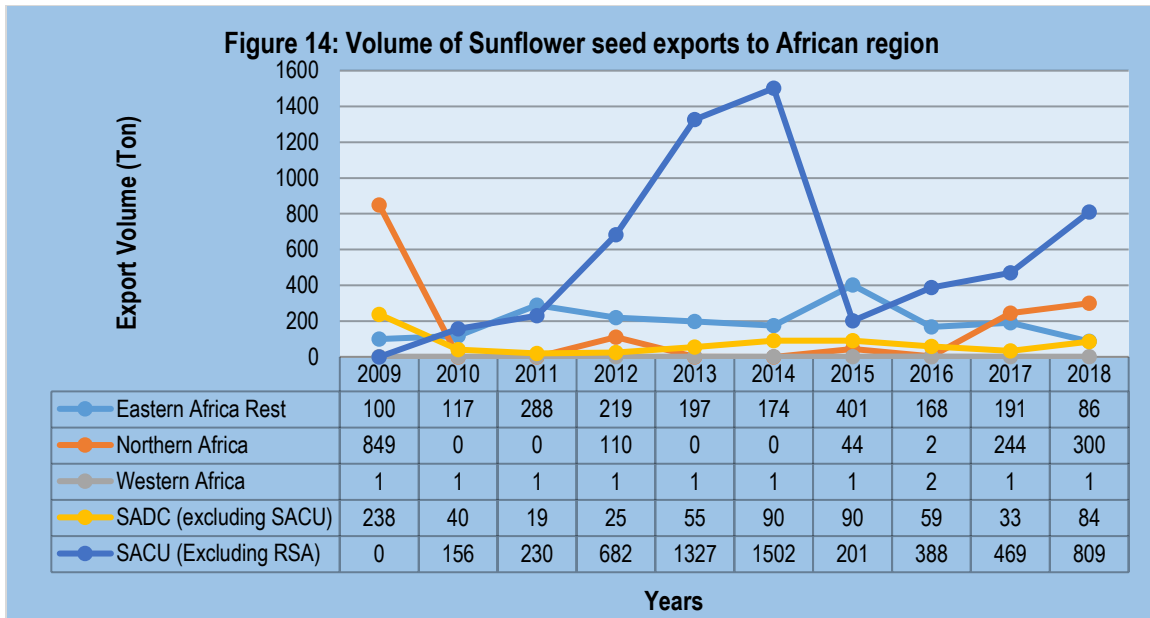
Source: Quantec Easy Data

The volume of sunflower seed exports to various regions in the world from 2009 to 2018 is shown in figure 13 below. The period under analysis opened with the moderate volumes of sunflower seed exports from South Africa to various regions in 2009. The figure further indicates that sunflower seed exports from South Africa to various regions were very low and ranging below two thousand tons 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 the Americas and Asian countries. The exports to these regions fluctuated considerably over the past ten years with a peak in exports destined to Africa in the year 2014. The period under review closed with increasing volumes of sunflower seed exports to Africa and Asia in 2018.



Source: Quantec Easy Data

Figure 14 below summarizes the trend of sunflower seed exports from South Africa to other African countries between the years 2009 and 2018. The figure indicates that in the African region, South Africa exports sunflower seed mainly to SADC, Eastern Africa and SACU. While very low and erratic volumes of sunflower seed exports were destined to SADC, North and West Africa during the period under review. In the Eastern Africa, exports of sunflower seed are mainly destined to Kenya while Namibia, Zimbabwe, Eswatini and Botswana remains the major importer of sunflower seed originating from South Africa in the SADC region. During the year 2009, greater amounts of sunflower seed exports from South Africa were destined to Northern Africa followed by exports to SADC region. Exports of 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. However, in 2014 the sunflower seed exports to the SACU region reached a peak above 1500 tons followed by lesser export to Eastern Africa. The volume of South African sunflower seed exports were relatively lower during the year 2016 and 2017 respectively. However, the period under review closed with an increasing trends of sunflower seed exports in 2018, with majority of exports destined to the SACU region.



Source: Quantec Easy Data

2.3.1. Share Analysis

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

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Province										
Western Cape	0.62	1.66	12.91	13.42	25.72	11.10	8.12	21.00	2.97	16.30
Northern Cape	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	0.06	0.02
Eastern Cape	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.45	5.03
Free State	0.00	0.00	0.00	0.00	0.00	0.01	0.54	3.00	0.34	0.00
Kwazulu-Natal	98.06	92.41	0.00	77.47	58.47	59.47	75.51	61.00	89.31	53.62
North-West	0.00	0.00	81.55	1.63	0.00	5.04	1.00	2.00	0.54	0.04
Gauteng	1.24	5.92	3.92	7.48	15.79	21.35	13.07	10.00	4.51	24.73
Limpopo	0.07	0.01	1.62	0.00	0.00	0.00	0.00	0.00	0.81	0.15
Mpumalanga	0.01	0.00	0.00	0.00	0.00	2.97	1.02	2.00	0.00	0.10

Source: Calculated from Quantec easy data

Table 2 above confirms the earlier observation that Kwazulu Natal, Gauteng and Western Cape Provinces are the major exporters of sunflower seed in South Africa, while exports from all other provinces remained minimal throughout the period under analysis. KwaZulu Natal Province commanded the greatest share of South Africa's total sunflower seed exports during the year 2009 and 2010 respectively, with the exception for 2011 when exports from the North West Province emerged above all provinces. The table further indicates that KwaZulu-Natal Province accounted for

75.51% of South Africa's total sunflower seed exports in 2015 while the contribution of other provinces remained minimal. During the year 2018, KwaZulu Natal Province accounted for 53.62% of South Africa's total sunflower seed exports which represent 39% decrease as compared to the year 2017.

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

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District										
Sedibeng	0.00	0.68	1.47	0.32	0.02	0.06	0.54	0.69	0.69	0.14
West Rand	2.79	66.78	0.38	78.00	93.17	86.13	5.07	0.04	7.61	0.91
Ekurhuleni	93.60	5.63	59.11	5.21	1.54	1.86	1.79	7.11	15.71	4.31
City of Johannesburg	3.31	25.68	31.15	16.15	3.12	7.31	84.23	56.18	64.40	82.64
City of Tshwane	0.29	1.22	7.89	0.31	2.18	4.63	8.37	35.95	11.59	12.01

Source: Calculated from Quantec easy data

Table 3 indicates contribution of different districts to Gauteng province's total value of sunflower seed exports. It is clear from the table that the West Rand district, City of Johannesburg and Ekurhuleni are the major exporters of sunflower seed in Gauteng province while contribution in City of Tshwane and Sedibeng district are minimal. On average, the City of Johannesburg is the major contributor to Gauteng's total sunflower seed exports followed by West Rand. The City of Tshwane Metropolitan District only recorded minimal sunflower seed exports between the years 2009 and 2018. The table further indicates that Ekurhuleni District accumulated the highest share in 2009 whereas other regions accumulated very low percent during the same period. The table further indicates that the City of Johannesburg district was responsible for about 84.23% of Gauteng's total value of exports in 2015. However during the year 2016, City of Johannesburg's share in exports value by Gauteng decreased to 56.18%. The 2018 marketing season closed with the City of Johannesburg having accumulated the greatest shares of 82.64% in sunflower seed exports from Gauteng Province, which is 28.3% higher compared to the share of 64.40% achieved in 2017.

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

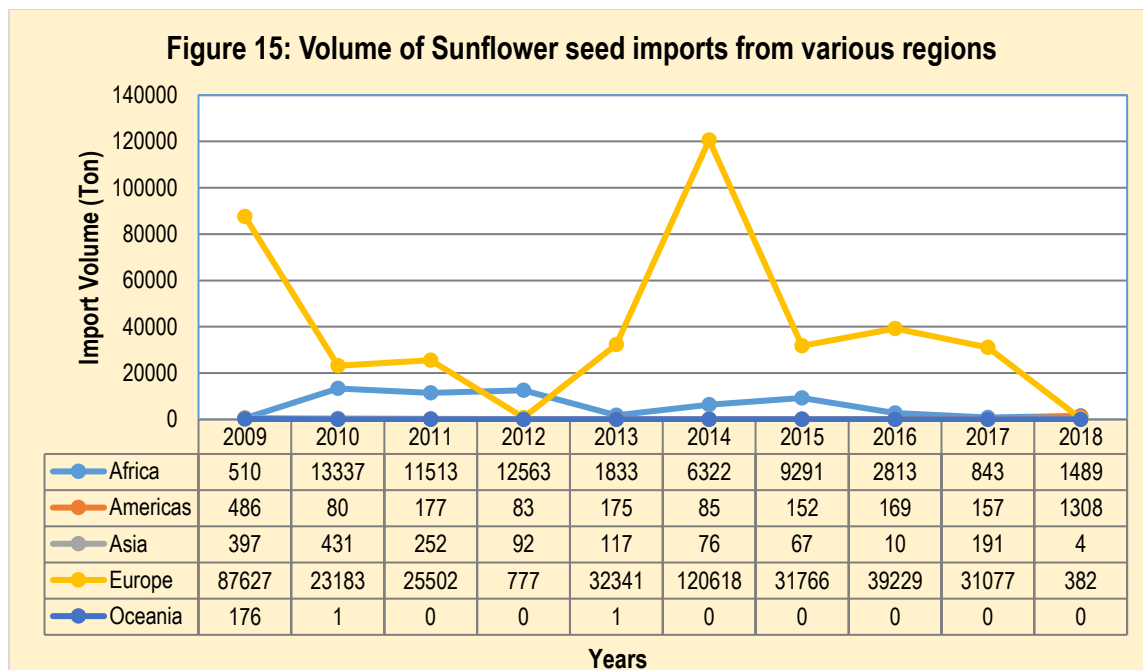
Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District										
UMgungundlovu	0.00	0.01	0.01	2.48	0.00	0.00	0.08	1.00	0.04	2.18
UMzinyathi	100	99.99	99.99	97.51	99.9	99.91	99.07	99.00	99.69	97.60
ILembe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EThekweni	0.00	0.00	0.00	0.012	0.01	0.09	0.84	0.00	0.27	0.22

Source: Calculated from Quantec easy data

Table 4 shows the contribution of various districts in KwaZulu-Natal province to the provincial sunflower seed exports from 2009 to 2018. The figure indicates that in Kwazulu-Natal province, UMzinyathi district commanded the greatest share of sunflower seed exports throughout the period under analysis with very fractional exports recorded for all other district. During the years 2017 and 2018, UMzinyathi district accounted for respective 99.69% and 97.60% of sunflower seed exports from the KwaZulu-Natal, with the remaining 0.31% and 2.4% originated from all other districts.

2.4. Imports

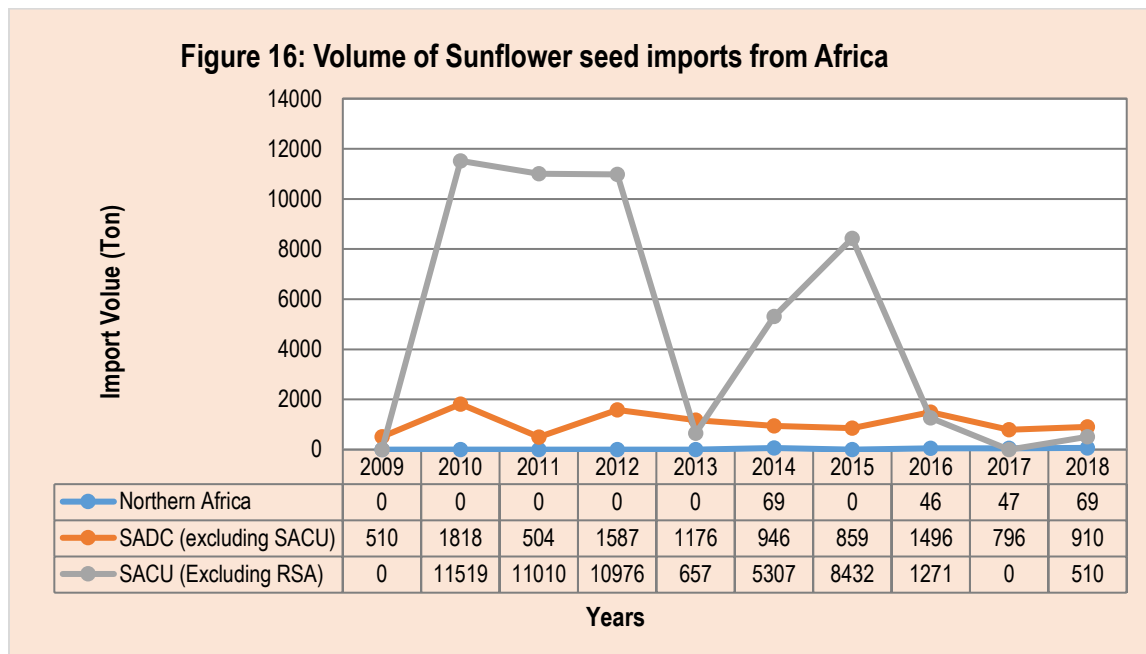
South Africa imports sunflower seed from the following regions: Europe, Asia, the Americas and Africa particularly from the SADC region. Over the past ten years South Africa has been importing sunflower seed consistently from Africa, the Americas, Europe and Asia, as indicated by figure 15 below. The major supplying market for sunflower seed import to South Africa is Europe followed by Africa and the Americas. On average, South Africa imports about 39 250 tons of sunflower seed annually from Europe while imports originating from Africa and Asia are about 6 051 tons and 164 tons per annum, respectively. Figure 15 shows that, between the years 2013 and 2017, South Africa's imports of sunflower seed originated mainly from Europe followed by those from Africa and the Americas. However, imports from all five regions have been insignificant over the period under review, while imports from Europe opened higher during 2009 until it reached record highs in 2014. The period under analysis closed with a decreasing trends of sunflower seed imports from Europe and those of other regions in 2018.



Source: Quantec Easy data

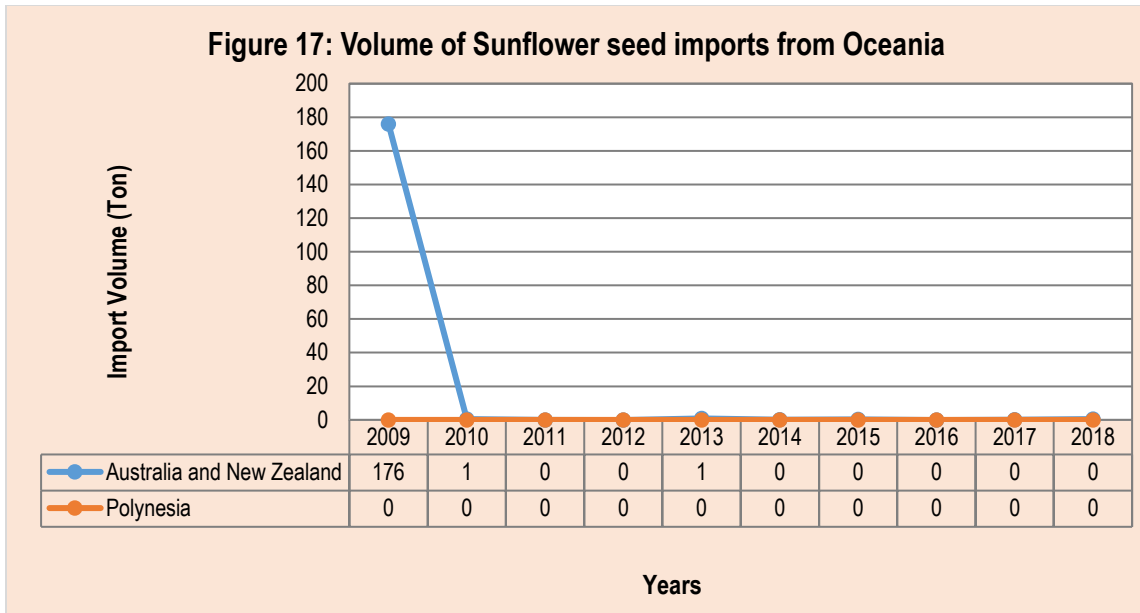
Figure 16 below shows the volume of sunflower seed imports from Africa for the period ranging from 2009 to 2018. The figure indicates that the period under analysis opened with very minimal volumes of sunflower seed imports from Africa, mainly from the SACU region. The figure further indicates that on the African continent South Africa imports its sunflower seed mainly from SADC region, which

might be attributed to 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 Kenya, Namibia, Botswana and Angola, with fractional and erratic quantities originating from DRC, Lesotho and Zimbabwe. The highest volumes of imports from SADC were experienced during the year 2010 when about 1 818 tons were imported by South Africa from the region. The figure further indicates that more sunflower seed was also imported from the SACU region between 2010 and 2012 with the highest import peak of 11 519 tons being attained in 2010. The figure further explains that the volumes of sunflower seed imports from SACU region remained higher, but inconsistent for the past ten years. The period under analysis closed with less imports from Africa in 2018, with imports from the SADC region recorded slightly above those from other regions.



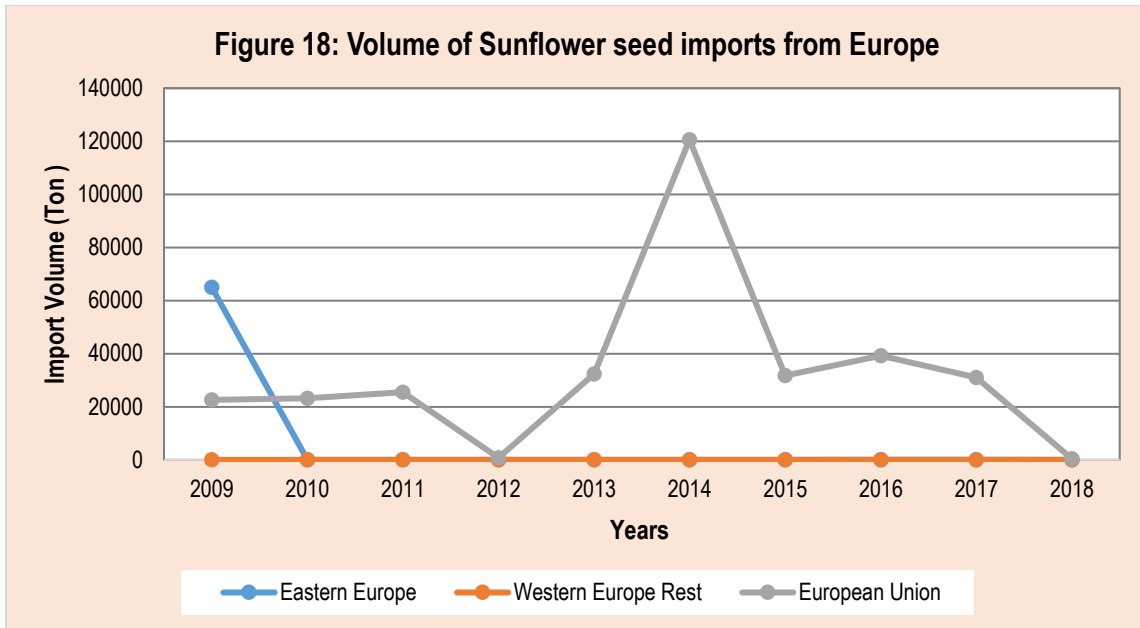
Source: Quantec Easy data

Figure 17 below indicates the volume of sunflower seed imports originating from Oceania from 2009 to 2018. The period under review opened with the record high imports of sunflower seed from Oceania at a peak of 176 tons attained in 2009. The figure further indicates that sunflower seed imports originating from Oceania are mainly from Australia and New Zealand. However, the volumes of sunflower seed imports from this region were very low throughout the period under analysis, while on the other hand the local production was also relatively higher. The figure further indicates that there were no records of sunflower seed imports from Polynesia throughout the period under analysis.



Source: Quantec Easy Data

Figure 18 indicates volume of sunflower seed imports originating from Europe between 2009 and 2018. The principal exporters of sunflower seed to South Africa in Europe are the European Union and Eastern Europe respectively. Figure 18 shows that the highest volumes of sunflower seed imports from Europe originated mainly from the European Union in 2014. The figure further shows that sunflower seed imports from the European Union were higher and dominant throughout the period under analysis. However, during the opening of the season in 2019, imports of sunflower seed from Europe originated mainly from the Eastern Europe followed by marginal imports from the European Union. The imports of sunflower seed from Europe declined from the higher margins attained in 2014 to the lower in 2015 while in 2016 there was slight increase in imports from European Union. The period under review closed with low and erratic sunflower seed imports from Europe, especially from the European Union in 2018.

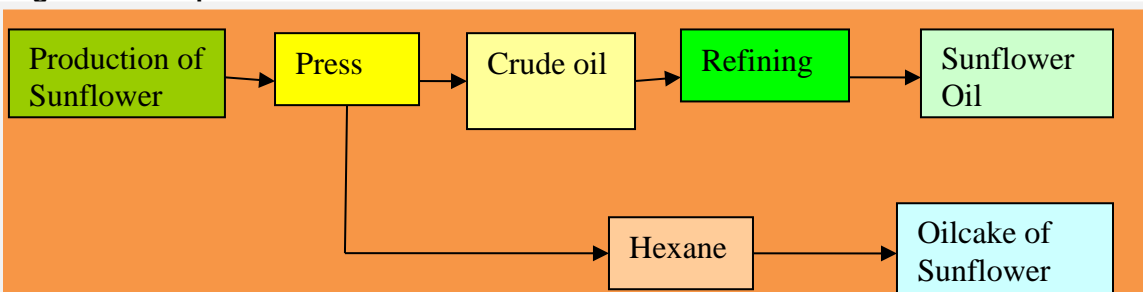


Source: Quantec Easy Data

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 19: The production of oil



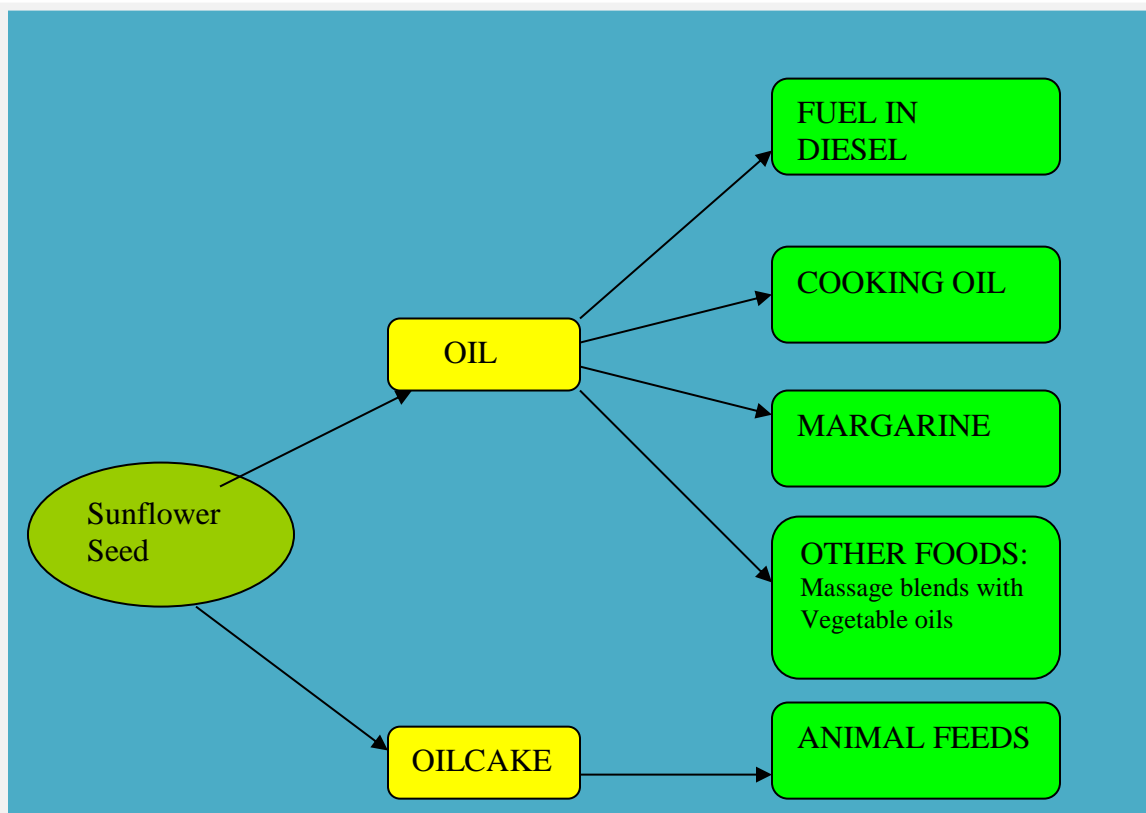
Source: Grain SA

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 19) 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 20 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 20: 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 22 below:

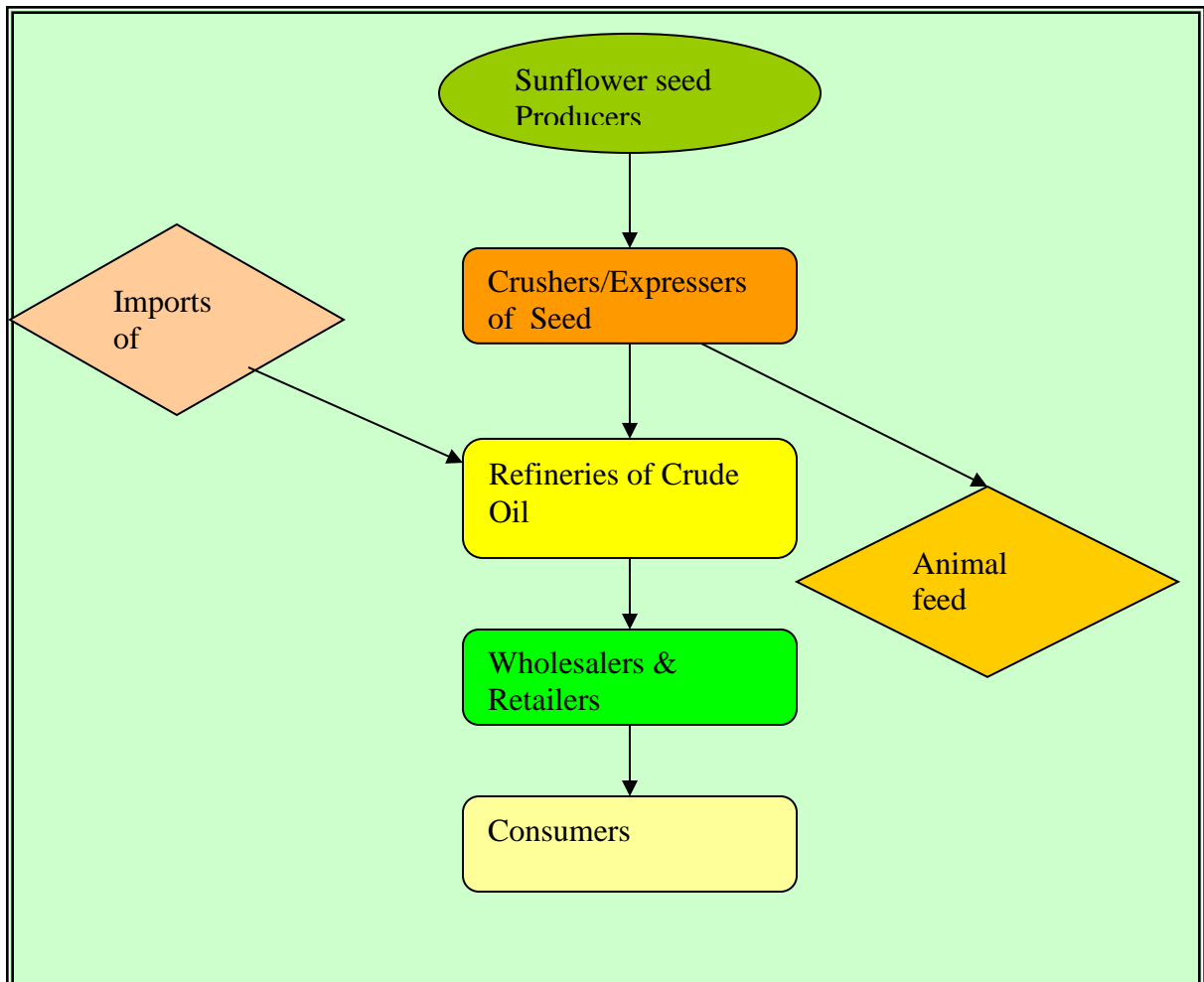


Figure 21: Sunflower Seed market value chain.

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 22 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, labelled 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 originating from the following trading partners:

Table 5: Tariffs applied by South Africa on sunflower imports, 2018

EXPORTING COUNTRY	TRADE DESCRIPTION	REGIME	APPLIED TARIFF	ESTIMATED AD EQUIVALENT TARIFF	TOTAL VALOREM
2014					
Chile	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%	
Malawi	Preferential tariff for SADC countries		0.00%	0.00%	
Botswana	Intra SACU rate(Applied)		0.00%	0.00%	
Egypt	MFN duties (Applied)		9.40%	9.40%	
	Preferential tariff for SADC countries		0.00%	0.00%	
Poland	Preferential tariff for European Union Countries		0.00%	0.00%	
United States	MFN duties (Applied)		9.40%	9.40%	
Uganda	MFN duties (Applied)		9.40%	9.40%	

Source: ITC Market Access Map

Table 5 indicates that South Africa charges 9.40% tariff on imports of sunflower seed from other countries, but all the European Union Countries (such as Bulgaria and Poland) and SADC countries such as Malawi and Botswana 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 faced by South African sunflower exports, 2018

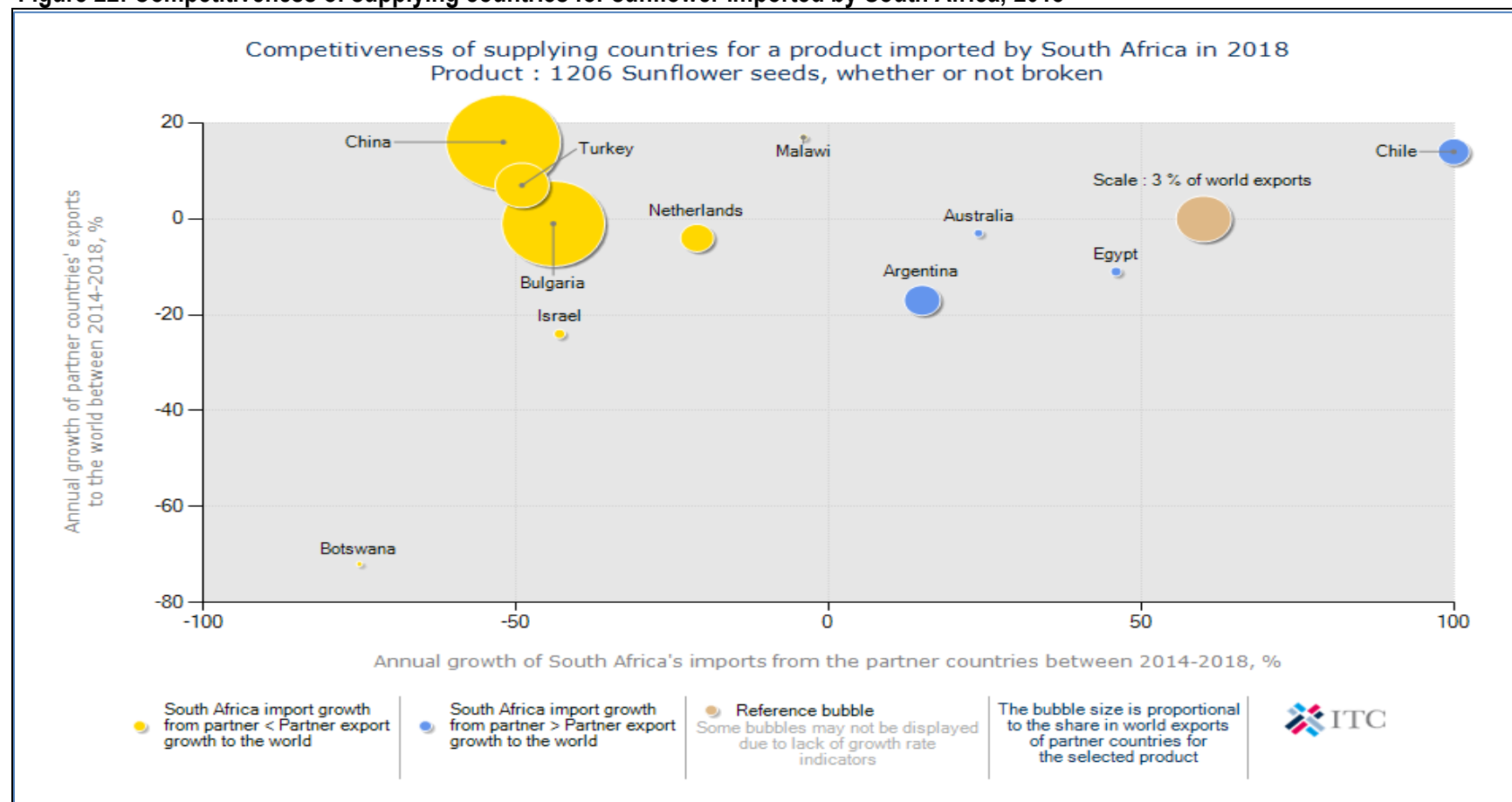
Importers	Selected product codes	Product description	Trade regime description	Applied tariffs	Total ad valorem equivalent tariff (estimated)
Sudan	12060000	Sunflower seeds, whether or not broken	General Tariff (Applied)	25.00%	25.00%
Zimbabwe	12060000	Sunflower seeds, whether or not broken	Preferential tariff for South Africa	0.00%	0.00%
Pakistan	12060000	Sunflower seeds, whether or not broken	MFN duties (Applied)	3.00%	3.00%
Namibia	12060000	Sunflower seeds, whether or not broken	Intra SACU rate	0.00%	0.00%
Argentina	12060000	Sunflower seeds, whether or not broken	MFN duties (Applied)	8.00%	8.00%
Eswatini	12060000	Sunflower seeds, whether or not broken	Intra SACU rate	0.00%	0.00%
Lesotho	12060000	Sunflower seeds, whether or not broken	Intra SACU rate	0.00%	0.00%

Source: ITC Market Access Map

Table 6 indicates that countries such as Namibia, Zimbabwe, Lesotho and Eswatini charge no tariffs on imports of sunflower seed from South Africa. South African sunflower seed exports face tariff barriers in countries such as Sudan, Argentina and Pakistan.

4.2. Performance of the South African sunflower seed industry

Figure 22: Competitiveness of supplying countries for sunflower imported by South Africa, 2018



Source: ITC Trade Map

Figure 22 above shows that South Africa's sunflower seed imports from Chile and Argentina increased significantly between the years 2014 and 2018. South Africa increased its imports of sunflower seed from Chile and Argentina at a faster pace than these countries' sunflower seed export growth to the rest of the world. Over the same period, imports of sunflower from Botswana, Malawi and Bulgaria declined significantly.

Table 7 below and the figure on the next page (Figure 23) show the major export destinations of sunflower seed produced in South Africa. On average South Africa's sunflower seed exports to the world have increased by 4% in value terms and declined by 6% in volume terms between 2014 and 2018. During 2018, South Africa exported sunflower seed mainly to Sudan, Zimbabwe, Pakistan and Namibia. A total of 1328 tons of sunflower seed originating from South Africa were exported to the world during 2018, of which 300 tons went to Sudan and 68 tons destined for Zimbabwe.

Table 7: Importing markets for sunflower seed (120600) exported by SA in 2018

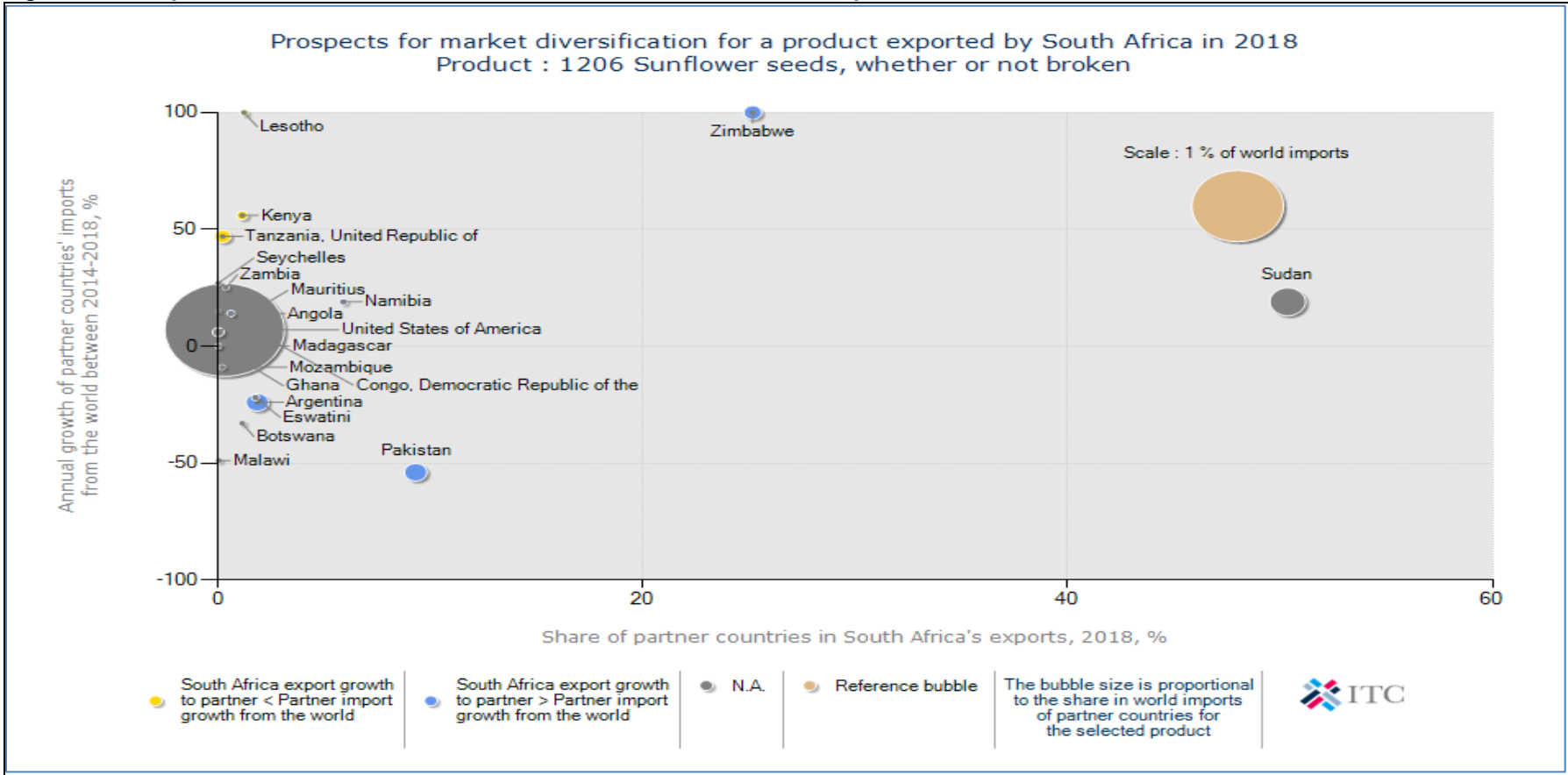
Importers	Trade Indicators						
	Exported value 2018 (USD thousand)	Share in South Africa's exports (%)	Exported quantity 2018(Tons)	Unit value (USD/unit)	Exported growth in value between 2014-2018 (% , p.a.)	Exported growth in quantity between 2014-2018 (% , p.a.)	Exported growth in value between 2017-2018 (% , p.a.)
World	3380	100	1328	2545	4	-6	12
Sudan	1702	50.4	300	5673	0	188	7
Zimbabwe	851	25.2	68	12515	130	45	8,41
Pakistan	315	9.3	45	7000	-50	-25	0
Namibia	200	5.9	388	515	31	87	56
Argentina	63	1.9	1	63000	66		0
Eswatini	60	1.8	125 33	480	-10	-1	62
Lesotho	42	1.2	85	1273	106	168	282
Kenya	39	1.2	85	459	-48	-18	-96

Botswana	39		262	149	-29	-11	-46
Angola	21	21	2	10.5	54	-10	950

Source: ITC Trade Map

During 2018, Sudan and Zimbabwe commanded the greatest share of sunflower seed exports originating from South Africa. During the same year, Sudan alone absorbed 50.4% of South Africa's total sunflower seed exports followed by Zimbabwe with 25.2%.

Figure 23: Prospects for market diversification for South African sunflower exports, 2018



Source: ITC Trade Map

Table 8: Supplying markets for sunflower seed (120600) imported by SA in 2018

Exporters	Trade Indicators						
	Imported value 2018 (USD thousand)	Share in South Africa's imports (%)	Imported quantity 2018 (Tons)	Unit value (USD/unit)	Imported growth in value between 2014-2018 (% , p.a.)	Imported growth in quantity between 2014-2018 (% , p.a.)	Imported growth in value between 2017-2018 (% , p.a.)
World	17831	100	3209	5557	-23	-53	19
Chile	16516	92.6	1226	13471	173	147	4539
Argentina	467	2.6	82	895	15	3	66
Bulgaria	317	1.8	354	898	-44	-41	-18
Malawi	261	1.5	908	287	-4	5	25
Botswana	117	0.7	510	229	-75	-44	0
Egypt	54	0.3	69	783	46	0	50
Poland	24	0.1	26	923	0	0	167
United States of America	22	0.1	0	0	0	0	0
Uganda	16	0.1	0	0	0	0	0
Australia	9	0.1	0	0	24	0	0

Source: ITC Trade Map

During the year 2018 South Africa imported a total of 17 831 tons of sunflower seed from the world. These imports originated mainly from Chile, Argentina, Bulgaria, Malawi, Botswana and Egypt. Chile commanded the greatest share in South Africa's sunflower seed imports followed by Argentina, Bulgaria and Malawi respectively. Imports of sunflower seed from Chile increased by 173% in value and 147% in volume terms between the years 2014 and 2018. Imports of sunflower seed from Chile

further increased by 1539% in value between the years 2017 and 2018. Sunflower seed imports from Poland to South Africa increased by 167% in value over the same period.

Figure 23 on the previous page shows that if South Africa is to diversify its sunflower seed imports, the biggest markets exist in Kenya, Tanzania, and Lesotho. Other markets exist in countries such as Mozambique, Zambia, USA and Angola since these countries recorded a positive growth in exports to the rest of the world between 2014 and 2018.

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 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

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www.afma.co.za

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www.grainsa.co.za

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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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