

SUNFLOWER SEED

MARKET VALUE CHAIN PROFILE 2010-2011

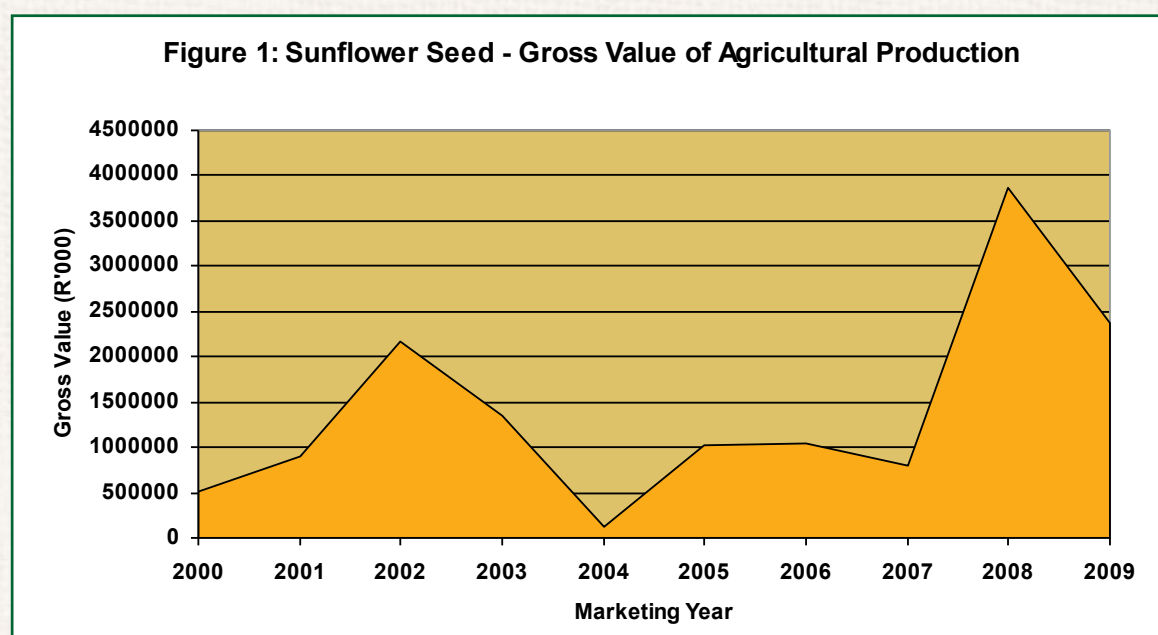




1. DESCRIPTION OF THE INDUSTRY

Sunflower seed is primarily used for the manufacturing of sunflower oil and oilcake. In South Africa sunflowers are 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 and for seed. Sunflower is the third largest grain crop produced in South Africa after maize and wheat. For the period between 2000 and 2009, an average of about 682 thousand tons sunflower seed were produced per annum while the gross value was approximated at 1.4 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 of the gross value of production, which can be associated with the cycle of the producer prices received for sunflower seed. During the year 2009, sunflower seed production contributed approximately 1.82% to the gross value of agricultural production; which is the highest over the ten year period under review.



Source: Agricultural Statistics

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 approximately 85% 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 2005 (tons)	Production in 2006 (tons)	Production in 2007 (tons)	Production in 2008 (tons)	Production in 2009 (tons)
Western Cape	450	80	300	540	700
Eastern Cape	240	240	180	360	780
Northern Cape	1 000	1 800	1 320	900	1000
Free State	260 000	204 000	155 000	459 000	363 000
Limpopo	36 000	42 800	12 500	77 000	90 000
Mpumalanga	45 500	56 230	13 000	25 500	370 700
Gauteng	13 900	14 850	7 700	8 700	9 820
North West	262 910	200 000	110 000	300 000	298 000

Source: Agricultural Statistics

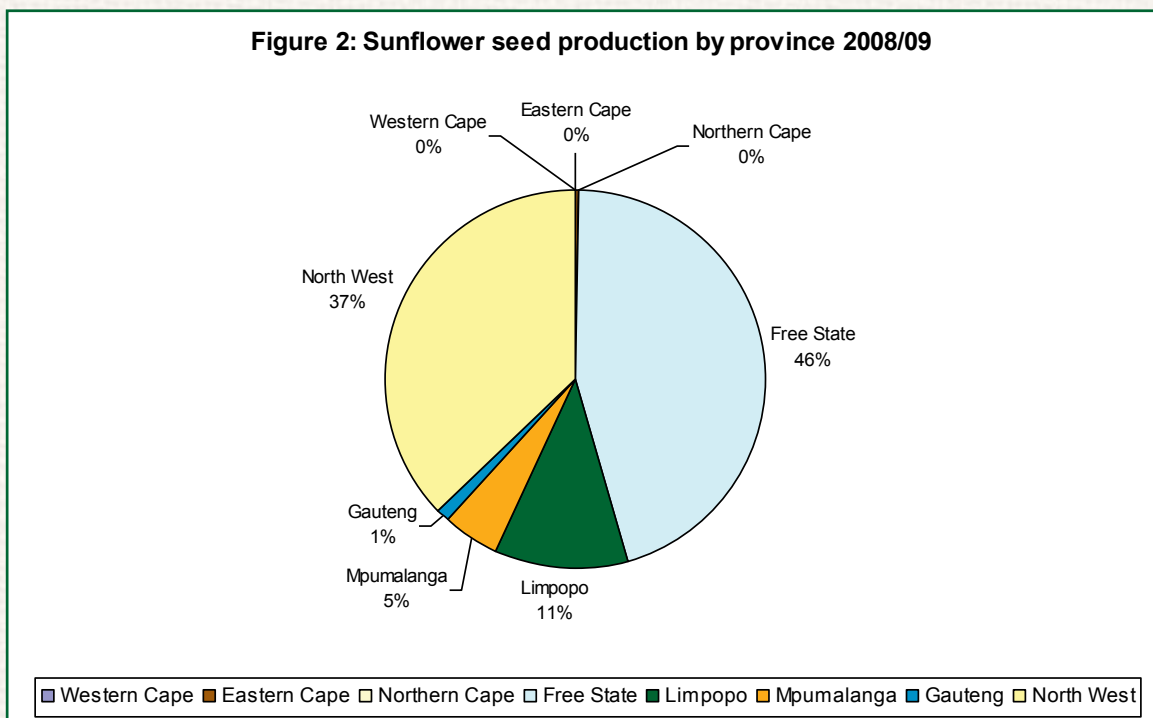
The general observation from Table 1 is that during the five year period between 2005 and 2009 production of sunflower seed has experienced a downturn in almost all the major producing provinces. The Free State Province has consistently experienced a downward trend in sunflower seed production during this period except in 2009; 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 2008/09 production season is depicted in Figure 2 and shows that the Free State and North West provinces were the major producers of this crop, followed by Limpopo and Mpumalanga provinces. Very small quantities of sunflower seed were produced in the Western, Eastern and Northern Cape Provinces of South Africa. The Free State and North West provinces are the major traditional producers of sunflower seed since the main grain production areas are situated within these provinces.





Figure 2: Sunflower seed production by province 2008/09



Source: Agricultural Statistics

1.2

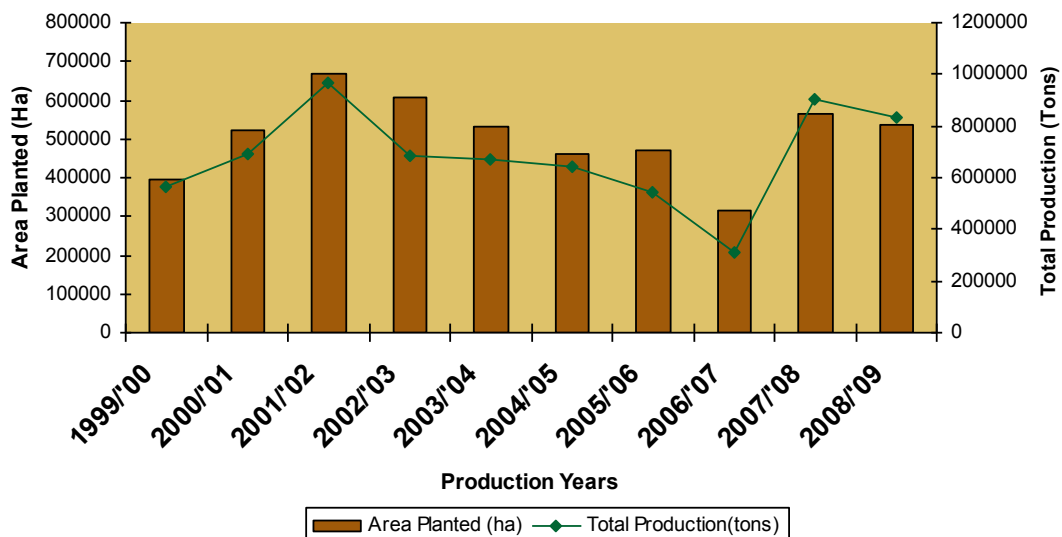
PRODUCTION TRENDS

Production of sunflower seed has an inverse relationship with the production and prices of maize as can be seen in Figure 3 below. This can be ascertained by the large production experienced in 2001/02 where production of maize was lower due to unfavorable weather conditions during that particular season. The hectares planted for sunflower seed have been volatile for the past ten years, with an average annual growth of only 1.8%. Only in recent seasons hectares planted have stabilized at around 600 000 hectares per annum with the exception of the 2006/07 production season when the total production was around 450 000 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 season.





Figure 3: Area Planted & Total Production



Source: Agricultural Statistics

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

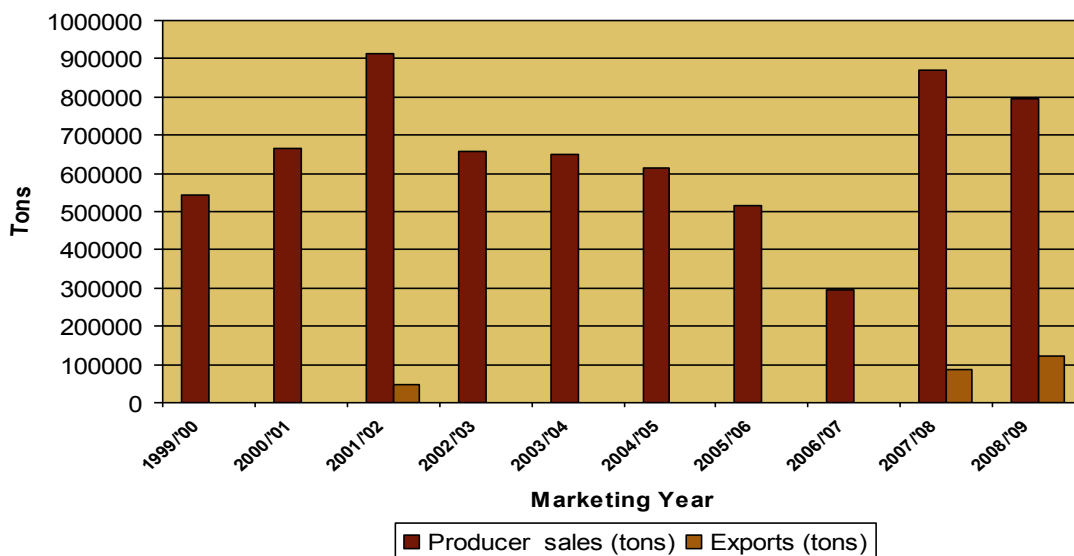
2.1 DOMESTIC MARKET

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 sunflower seed but import sunflower crude oil.

For the past ten years the quantity of sunflower crude oil imported has decreased by 17%, which indicate that the processors were able to source their input cheaply in the domestic market than in the international market. Specifically during 2002 imports amounted to only 4 000 tons which was mostly affected by the depreciated exchange rate hence it was expensive to import.



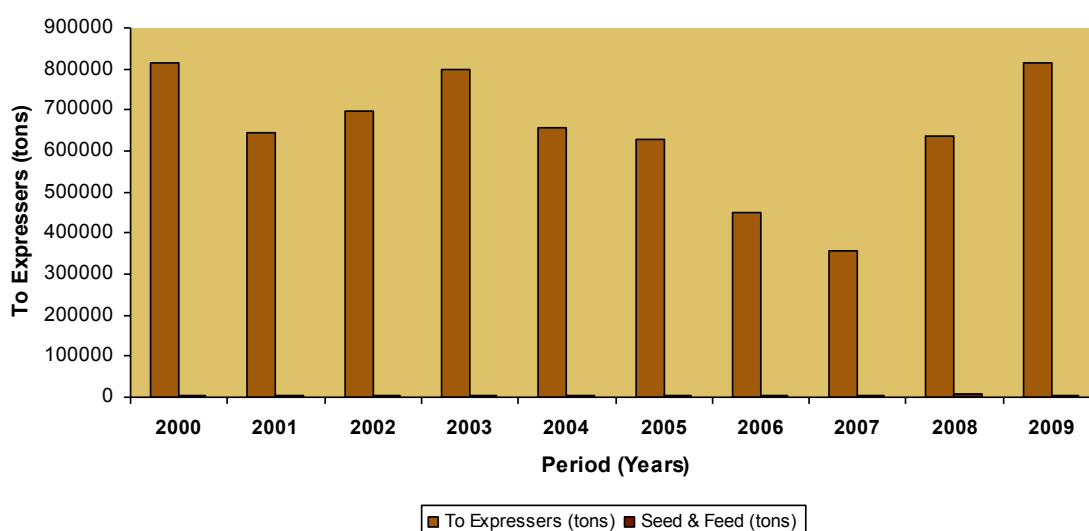
Figure 4: Sunflower Seed - Domestic Producer Sales Vs Exports



Source: Agricultural Statistics

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 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. Sales in the domestic market increased substantially during 2007/08 owing to increased production during this period and this was followed by a slight decline during 2008/09 season.

Figure 4.1: Sunflower seed sold to the processing industry



Source: Agricultural Statistics

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.

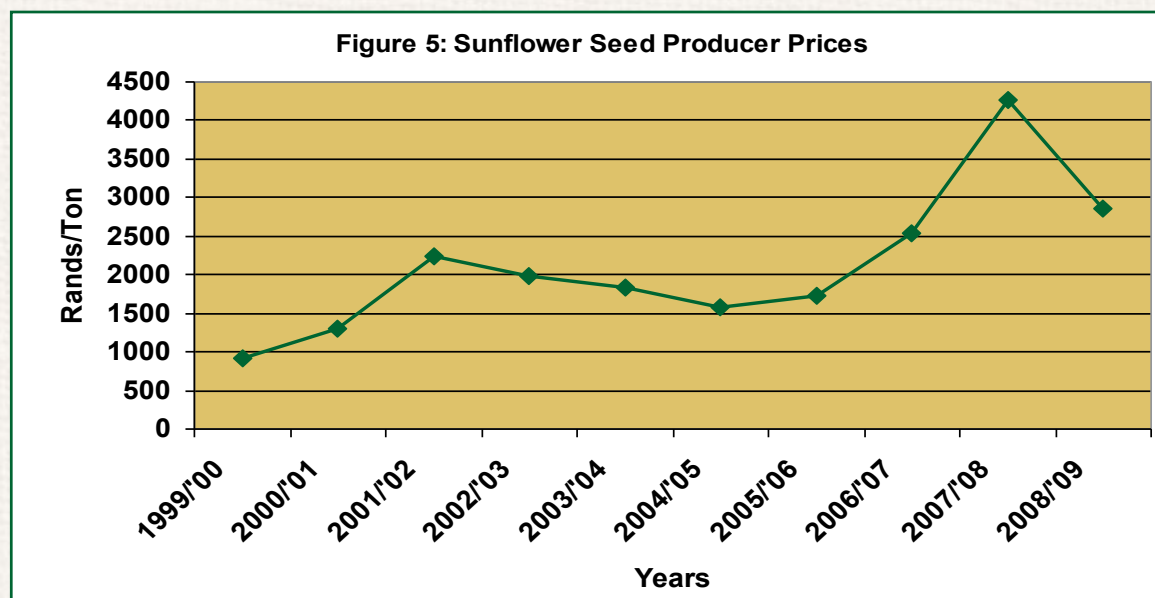


The figure makes it clear that the sunflower seed in South Africa is more popular for its use as a raw material for cooking oil production than for animal feed. The quantity of sunflower seed sold to expressers was very low during the year 2007 mainly as a result of lower levels of local production at the time. Quantities sold to local expressers increased slightly during the years 2008 and 2009 as the local production increased.

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.



Source Agricultural Statistics

The prices producers received for sunflower seed produced has been around R1 000 per ton prior to 2000/01 season, then increased just over R1 500 up to 2006. This was followed by a general decrease from the year 2003 up to 2005 which can be attributed to a strengthening rand against the US dollar over the same period. Producer prices increased substantially during the 2006/07 season to levels close to R3 000/ton, until a peak was reached to levels just below R4 500 per ton during the year 2007/08. This was followed by a slight decline in producer prices during the 2008/09 season.

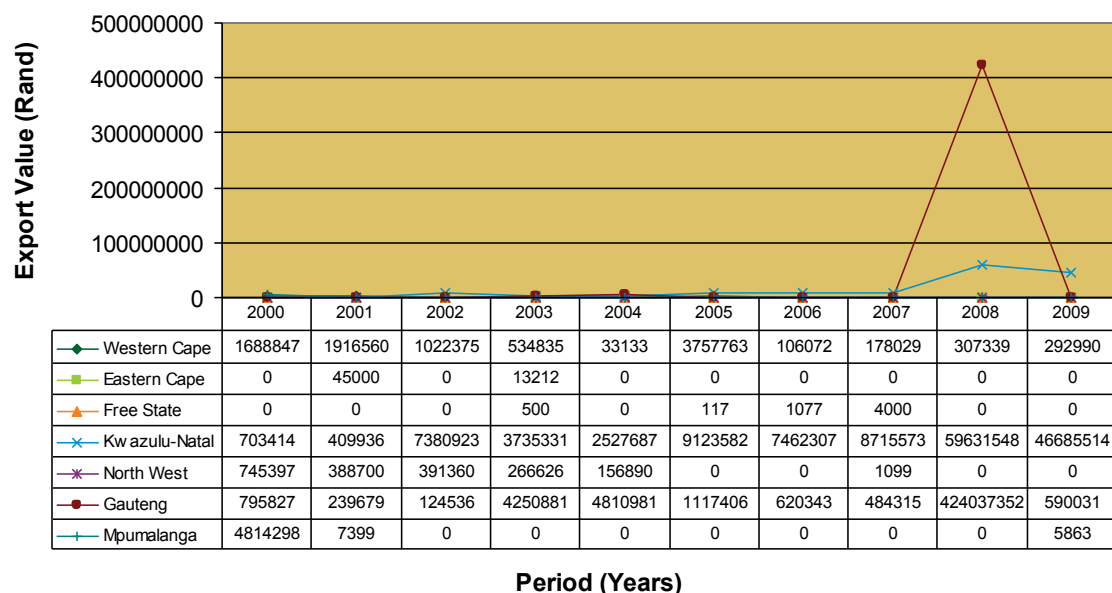
2.3

EXPORTS

The major exporters of sunflower seed to South Africa are Russian Federation, Romania, and Argentina. During 2009, Russian Federation was responsible for about 71% of South Africa's total sunflower seed imports, followed by Romania and Argentina with 18.7% and 4.5% respectively.



Figure 6: Value of sunflower seed exports by provinces



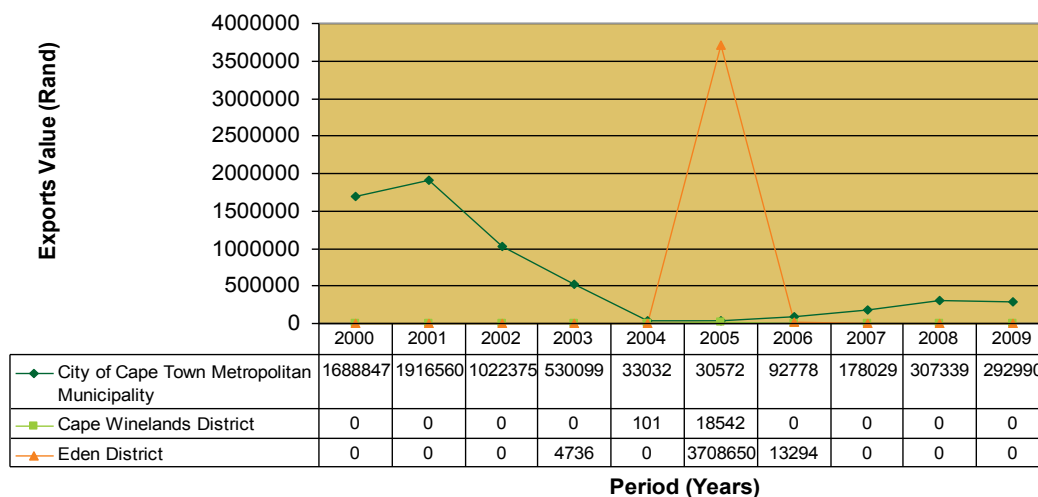
Source: Quantec Easy Data

Sunflower seed exports over the period between 2000 and 2009 are mainly from the Gauteng Province, and very minimal exports originating from the North West and Kwazulu- Natal provinces of South Africa. The Gauteng province recorded high sunflower seed export values with peak experienced during 2008 that correspond with increased production levels and increased areas planted to sunflower seed domestically followed by very low sunflower seed exports levels from the North West Province. Between 2001 and 2007 exports of sunflower seed through the KwaZulu- Natal Province were greater than 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 year 2009 while those from KZN were the highest at the time.

The trend for sunflower seed exports from Western Cape Province is shown in Figure 3 below. In the Western Cape Province sunflower seed exports occur mostly through the City of Cape Town Metropolitan municipality which recorded a peak during 2001 and then declined substantially between the periods 2002 and 2005. Sunflower seed exports from the Eden district municipality have been constantly low for the period 2000 and 2004, increasing substantially in 2005 but later decreased in 2006 until there were no exports from the district between the year 2007 and 2009.



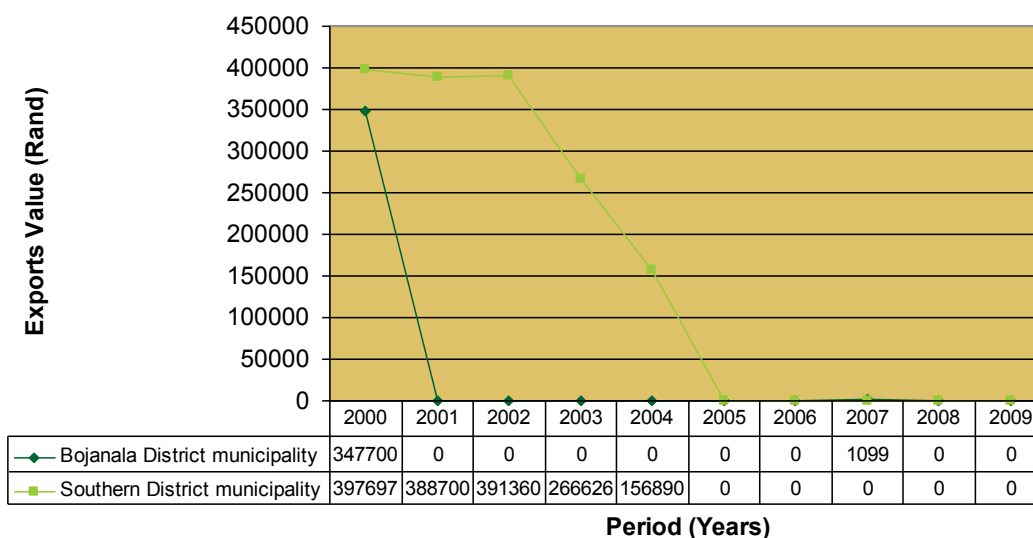
Figure 7: Value of sunflower seed exports from Western Cape



Source: Quantec Easy Data

The trends in sunflower seed exports from the City of Cape Town Metropolitan Municipality continued to increase from 2006 until 2009, showing an upward movement. 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

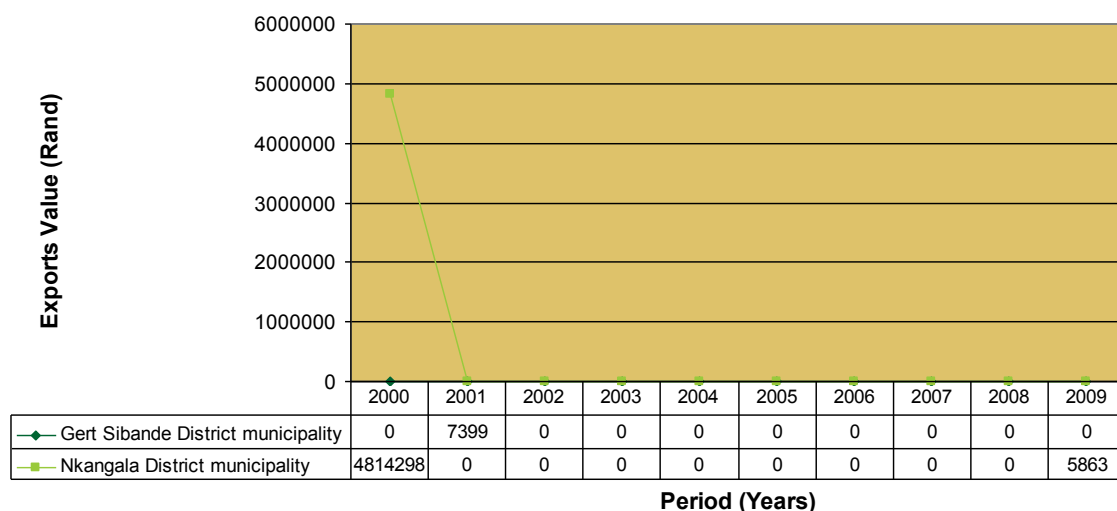


Source: Quantec Easy Data

Figure 8 indicates that in the North West Province, sunflower seed exports are recorded mainly from Bojanala and Southern Districts, with Bojanala dominating from the year 2000 until 2002. Sunflower seed exports from the North West province originate mainly from Dr Kenneth Kaunda District (formerly the Southern District) which is a major grain producing region within the province. However, the values of sunflower seed exports from this district diminished during the recent years between 2005 and 2009.



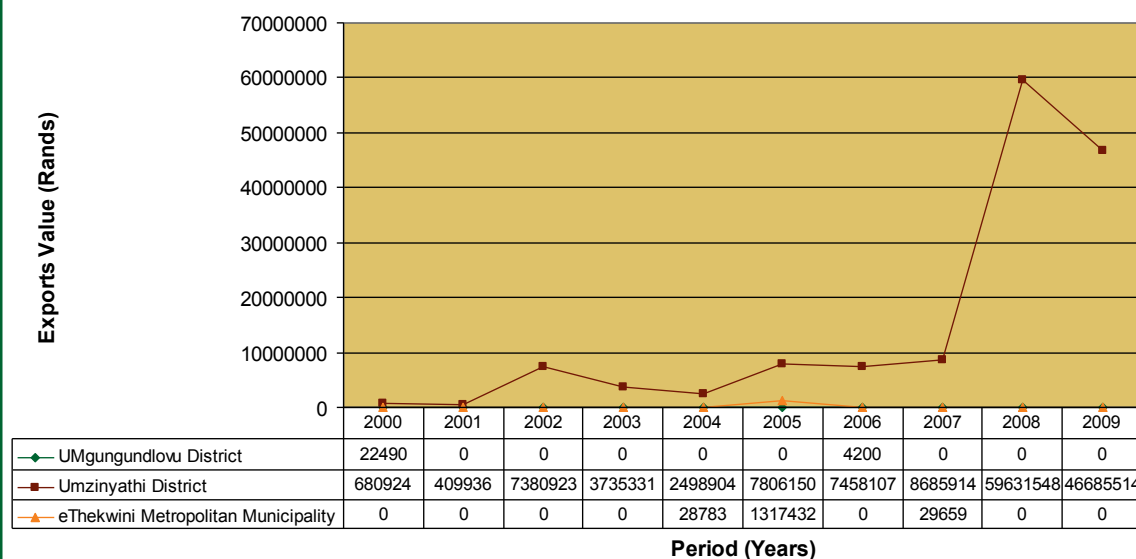
Figure 9: Value of Sunflower Seed Exports from Mpumalanga Province



Source: Quantec Easy Data

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 which 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 district and insignificant values were also recorded from Gert Sibande District in 2001.

Figure 10: Value of Sunflower Seed Exports from KZN Province



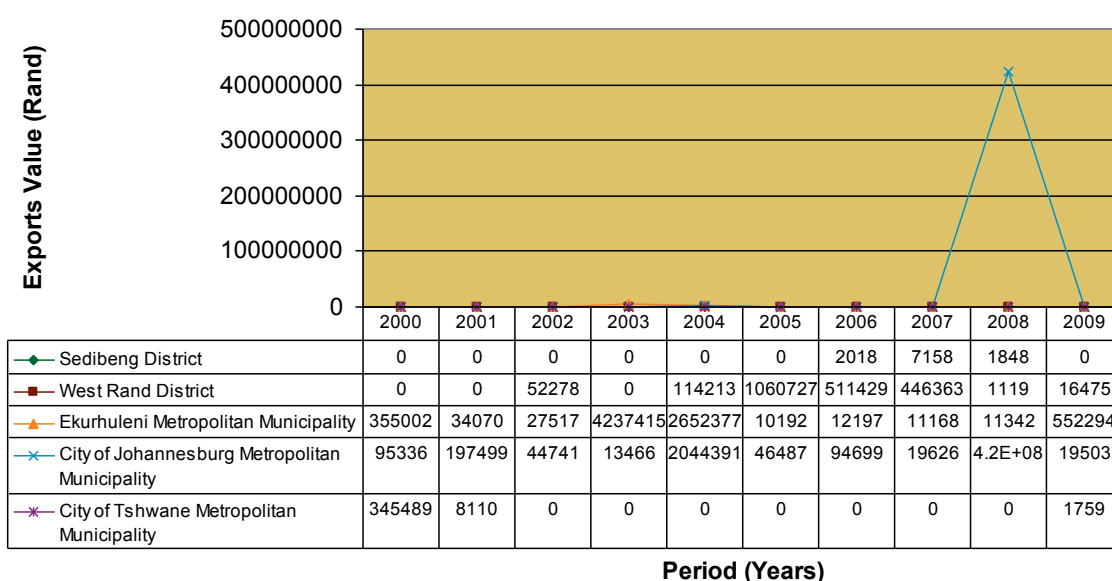
Source: Quantec Easy Data

The value of sunflower seed exports from the Kwazulu-Natal province were fluctuating between the year 200 and 2009 with the lowest levels having occurred between the periods 2000 and 2001.



Sunflower seed exports from the UMzinyathi district started increasing in 2002 and then decreased substantially between 2003 and 2004. Significant increases in the value of sunflower seed exports occurred between 2007 and 2008, until a peak was attained at levels above R60 000, 000 during the year 2009. These exports that originate mainly from the UMzinyathi district municipality are mainly because some of the availability of the Durban harbor in the province, which gives the Province a comparative advantage when it comes to exportation of many agricultural products.

Figure 11: Value of sunflower seed exports from Gauteng Province



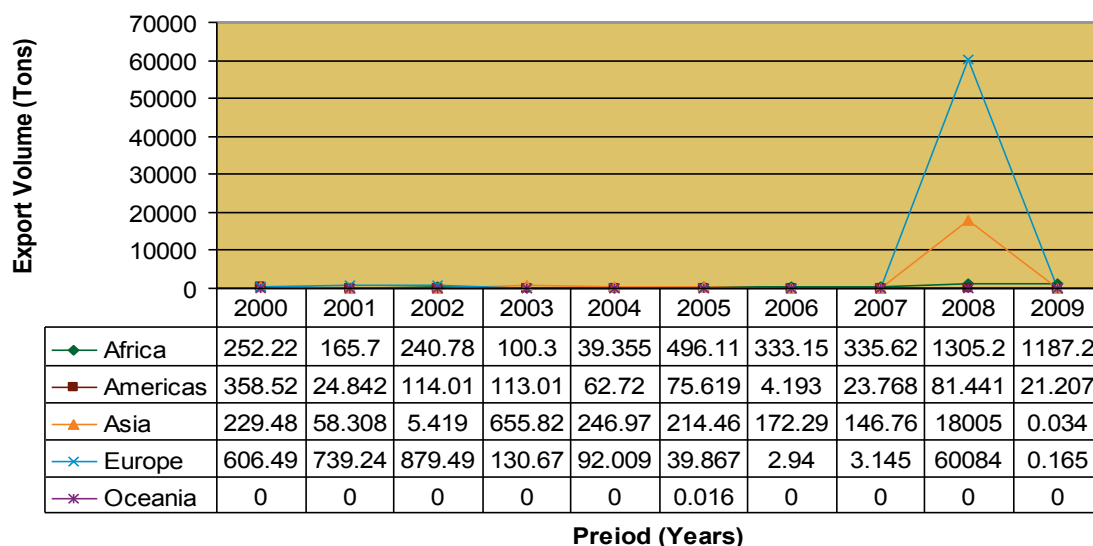
Source: Quantec Easy Data

In the Gauteng province, as shown in Figure 11 sunflower seed exports arise mainly from the City of Johannesburg Metropolitan Municipality while sunflower seed exports from the other three districts namely, Sedibeng, West Rand and Ekurhuleni have been very irregular over the period between 2000 and 2009. The value of sunflower seed exports originating from the City of Johannesburg municipality has peaked during the year 2008 and then declined substantially in 2009 while 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 to other regions 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, Americas, Asia and Europe and intermittently to Oceania. The exports to these regions fluctuated considerably over the past ten years with a peak of exports destined to Europe and Asia in the year 2008.



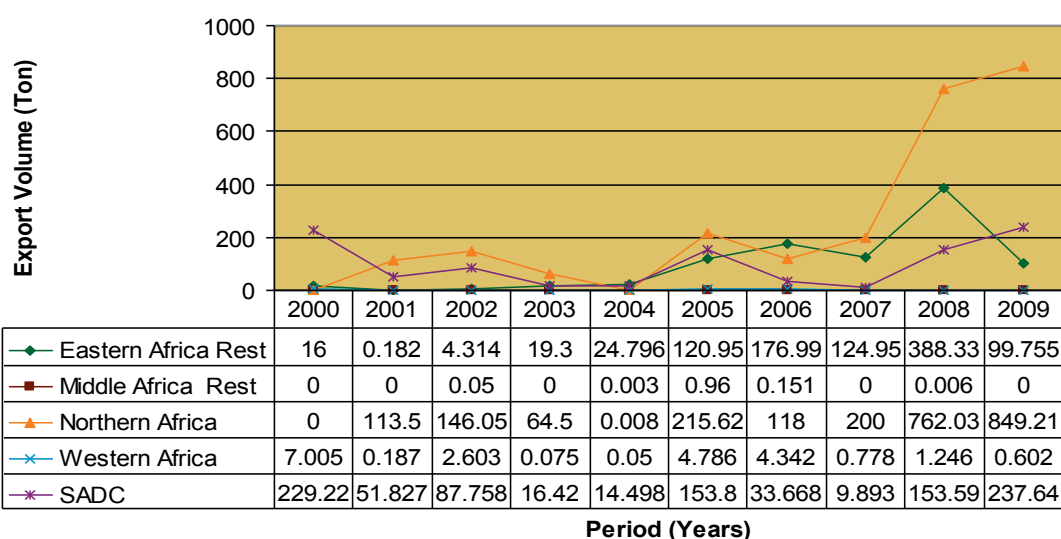
Figure 12: Volume of sunflower seed exports to various regions



Source: Quantec Easy Data

Sunflower seed exports to all the main four regions experienced a dramatic decrease between the years 2000 and 2007 with exports to the African region increasing slightly between 2005 and 2006.

Figure 13: Volume of sunflower seed exports to Africa



Source: Quantec Easy Data

On the African continent we export our sunflower seed to Eastern Africa, Northern Africa and SADC with insignificant amounts of exports going to Middle Africa Rest and Western 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 and this can be attributed to the economic crisis that the country is facing. In the year 2005, higher amounts of sunflower seed exports from South Africa were destined to Northern Africa, with a peak reached slightly below R5 000, 000, followed by exports to SADC and the Eastern Africa Rest. However,



from the year 2005, several fluctuations occurred with regard to sunflower seed exports to Africa until a peak was attained during the period 2009 with more exports being destined to the Northern Africa, followed by exports to Eastern Africa Rest and the SADC region in that order.

2.3.1

SHARE ANALYSIS

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

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Province										
Western Cape	19.30	63.73	11.46	6.07	0.44	26.84	1.29	1.89	0.06	0.62
Eastern Cape	0.00	1.49	0.00	0.15	0.00	0.00	0.00	0.00	0.00	0.00
Free State	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.04	0.00	0.00
Kwazulu-Natal	8.04	13.63	82.75	42.44	33.57	65.17	91.11	92.88	12.32	98.06
North-West	8.52	12.92	4.38	3.02	2.08	0.00	0.00	0.01	0.00	0.00
Gauteng	9.09	7.96	1.39	48.29	63.90	7.98	7.57	5.16	87.61	1.24
Limpopo	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.072
Mpumalanga	55.03	0.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.012

Source: Calculated from Quantec easy data

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 2009 except in 2008. As mentioned earlier, the availability of logistics/ infrastructure and trading agents in Gauteng, KZN and Western Cape provinces give these provinces a competitive edge with regard to exportation of sunflower seed and other grains.

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

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
District										
City of Cape Town	100	100	100	99.11	99.68	0.81	87.46	100	100	100
Cape Winelands	0.00	0.00	0.00	0.00	0.03	0.49	0.00	0.00	0.00	0.00
Eden	0.00	0.00	0.00	0.88	0.00	98.69	12.53	0.00	0.00	0.00

Source: Calculated from Quantec easy data

Table 3 clearly shows that the City of Cape Town municipality serves as a bypass of sunflower seed exports due to the use of the Cape Town harbor since it commanded the greatest share of sunflower seed exports between the years 2000 and 2004. During the 2005 year the Eden district contributed 99% to the total provincial sunflower seed exports after which the situation returned to the one experienced pre-2005. City of Cape Town have recently become a sole exporter of sunflower seed in the province having accounted for 100% of the province's total exports in 2008 and 2009.



Table 4: Contribution of various districts in the North West Province to the provincial sunflower seed exports (%)

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
District										
Bojanala Platinum	46.65	0.00	0.00	0.00	0.00	0.00	0.00	100	0.00	0.00
Dr Kenneth Kaunda	53.35	100	100	100	100	0.00	0.00	0.00	0.00	0.00

Source: Calculated from Quantec easy data

Sunflower seed exports from the North West Province have been recorded in the Bojanala Platinum and Dr Kenneth Kaunda districts. Table 4 indicates that most sunflower seed exports in the North West Province originated from Dr Kenneth Kaunda district primarily between the years 2000 and 2004. The Bojanala Platinum district commanded 100% share of sunflower seed exports in 2007 after a two absence of exports of this product from this province. However, during the period of 2008 to 2009, there were no exports of sunflower seed from the province.

Table 5: Contribution of various districts in Gauteng Province to the provincial sunflower seed exports (%)

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
District										
Sedibeng	0.00	0.00	0.00	0.00	0.00	0.00	0.32	1.47	0.00	0.00
West Rand	0.00	0.00	41.97	0.00	2.37	94.92	82.44	92.16	0.00	2.79
Ekurhuleni	44.60	14.21	22.09	99.68	55.13	0.91	1.96	2.30	0.00	93.60
City of Johannesburg	11.97	82.40	35.92	0.31	42.49	4.16	15.26	4.05	99.99	3.31
City of Tshwane	43.41	3.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.29

Source: Calculated from Quantec easy data

The City of Johannesburg, Ekurhuleni and West Rand districts in the Gauteng province are the main players in the export of sunflower seeds due to the role played by the Randfontein market in the trading of grain. The City of Tshwane Metropolitan District only recorded sunflower seed exports between the years 2000 and 2001. Grain gets transported by rail from Randfontein to the harbors for export purposes. During the period 2008, the City of Johannesburg commanded 99.99 % of Gauteng's total sunflower seed export to sunflower seed exports.

Table 6: Contribution of various districts in KwaZulu-Natal Province to the provincial sunflower seed exports (%)

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
District										
UMgungundlovu	3.19	0.00	0.00	0.00	0.00	0.00	0.06	0.00	0.00	0.00
UMzinyathi	96.80	100	100	100	98.86	85.56	99.94	99.66	0.00	100
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	0.00	1.13	14.43	0.00	0.34	0.00	0.00

Source: Calculated from Quantec easy data



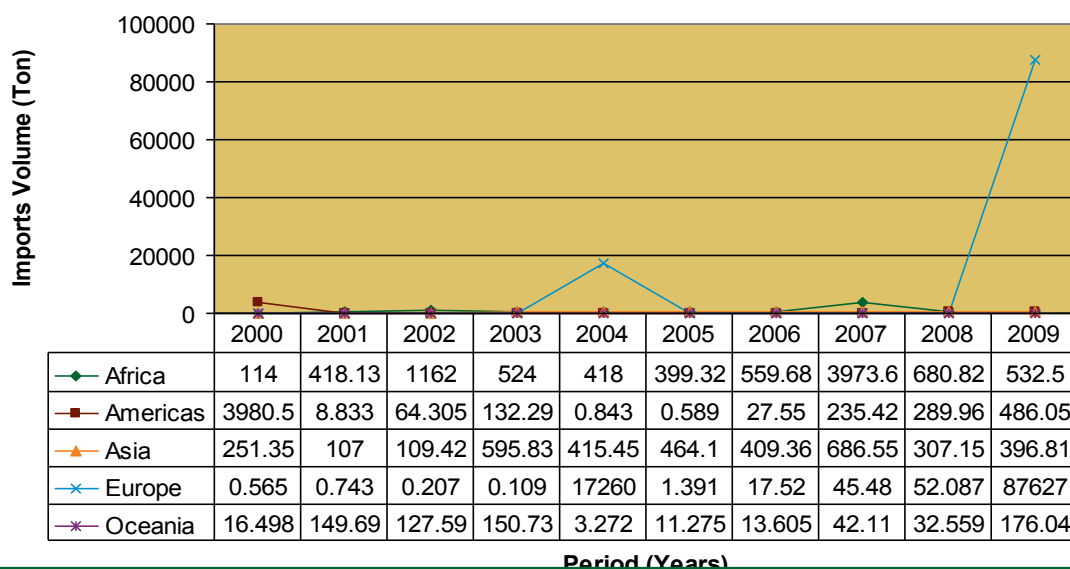
In the Kwazulu-Natal province, the UMzinyathi district commanded the greatest share of sunflower seed exports between the periods 2000 and 2009 with very fractional exports recorded for the EThekweni district in 2004 and 2007. During the 2007 season the UMzinyathi district accounted for 99.66% of sunflower seed exports from the KwaZulu-Natal, with the remaining 0.34% coming from EThekweni Metropolitan district. However in 2008, there were no sunflower seed exports from KwaZulu-Natal Province.

2.4

IMPORTS

South Africa imports sunflower seed from the following regions: Europe, Asia, the Americas and Africa, particularly from the SADC region. The European Union is a very small and irregular import market for sunflower seed since very small quantities have been imported from countries in this region between the years 2000 and 2009.

Figure 14: Volume of sunflower seed imports from various regions

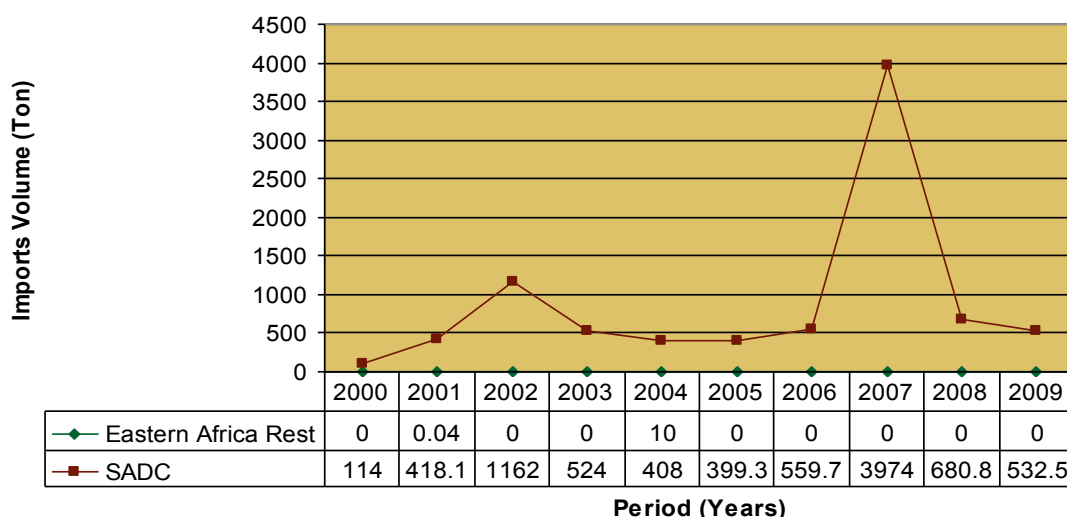


Source: Quantec Easy data

Figure 14 indicates that over the past ten years South Africa has been importing sunflower seed consistently from Africa, the Americas, Europe and Oceania with irregular imports coming from Europe. During the period 2000, South Africa imported sunflower seed mainly from the Americas, followed by Asia, Africa and Oceania to levels below 10 000 tons. However, imports from all five regions have been insignificant over the period under review, until imports from Europe peaked in 2009.



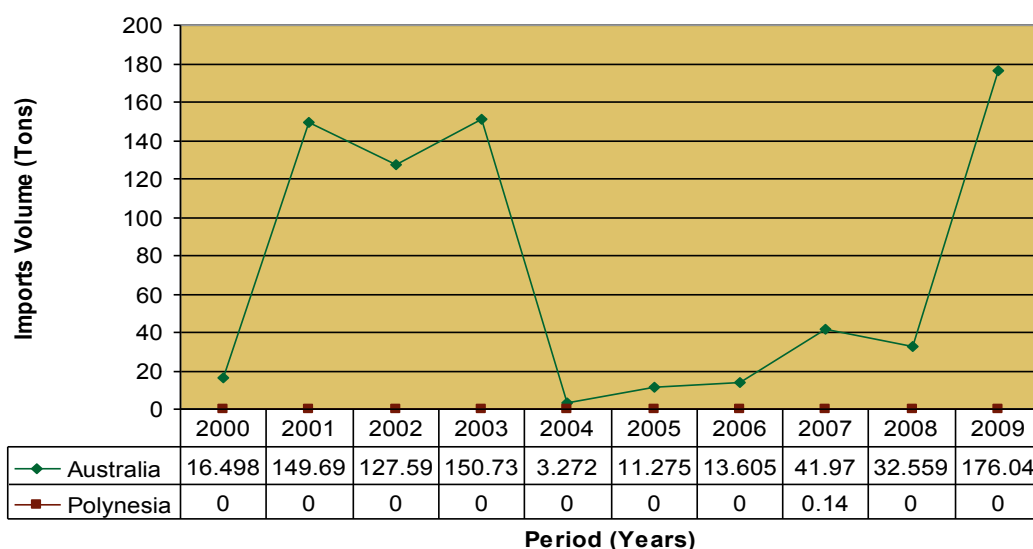
Figure 15: Volume of sunflower seed imports from africa



Source: Quantec Easy data

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, Zimbabwe and Mozambique, with fractional and erratic quantities originating from DRC and Zambia. Imports from these countries were very low in 2000 and increased slightly until 2002. The highest volumes of imports from SADC were experienced during the year 2007 when about 4000 tons were imported from the region.

Figure 16: Volume of sunflower seed imports from Oceania



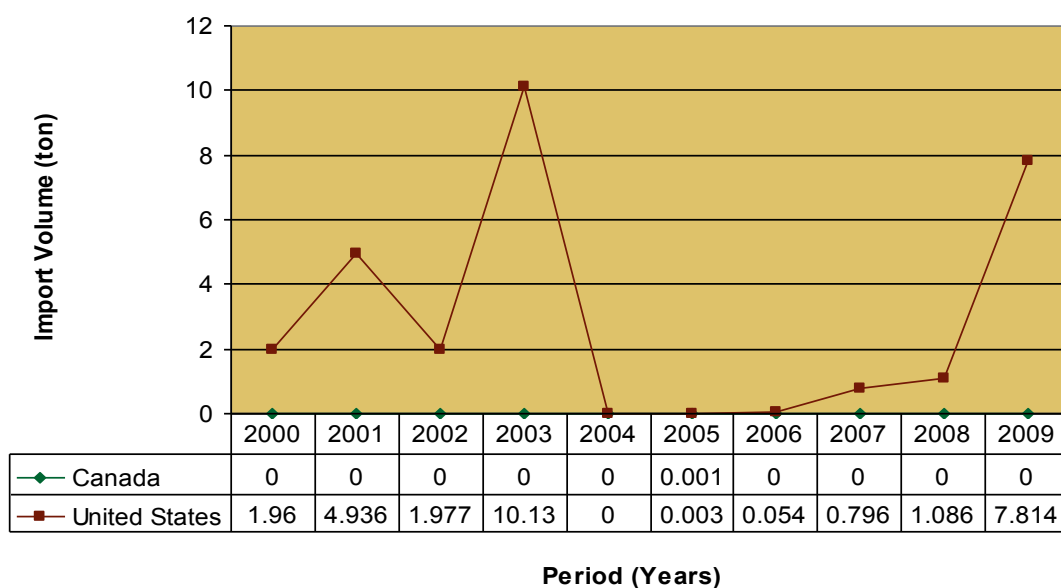
Source: Quantec Easy Data

Sunflower seed imports originating from Oceania are mainly from Australia. The period under review opened with very low volumes of imports from Oceania followed by a sharp increase to



above 140 tons in 2001. 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.

Figure 17: Volume of sunflower seed imports from NAFTA



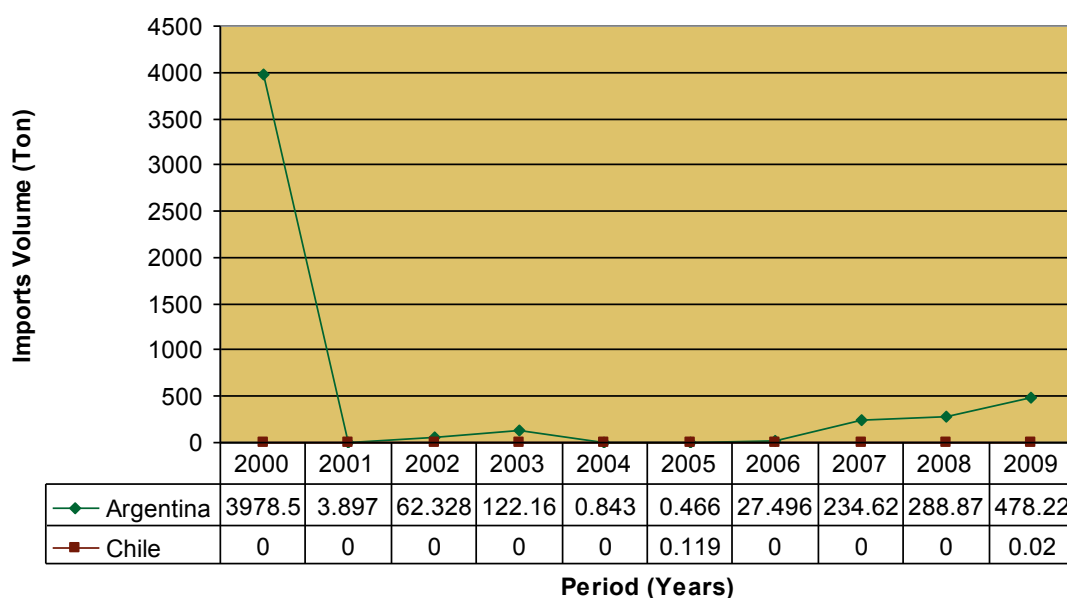
Source: Quantec Easy Data

The principal exporter of sunflower seed to South Africa in the NAFTA is the United States of America, with minimal amounts being exported from Canada. Imports from United States of America were very low at the opening stages of the period under review and this changed when imports from this country reached maximum levels above 10 tons in 2003. Figure 17 also indicates that imports from Canada were very low and unreliable over the period under analysis.





Figure 18: Volume of sunflower seed imports from South America



Source: Quantec Easy Data

Figure 20 makes an indication that in South America we get our sunflower seed imports mainly from Argentina. This is not surprising since Argentina is one of the largest producers of grains in the world. Imports of sunflower seed originating from Argentina have fluctuated tremendously between the years 2000 and 2009 with greater volumes of imports recorded during the years between 2000, 2003 and 2009. About 4000 tons of sunflower seed were imported during the year 2000 which is the highest for the period under analysis.

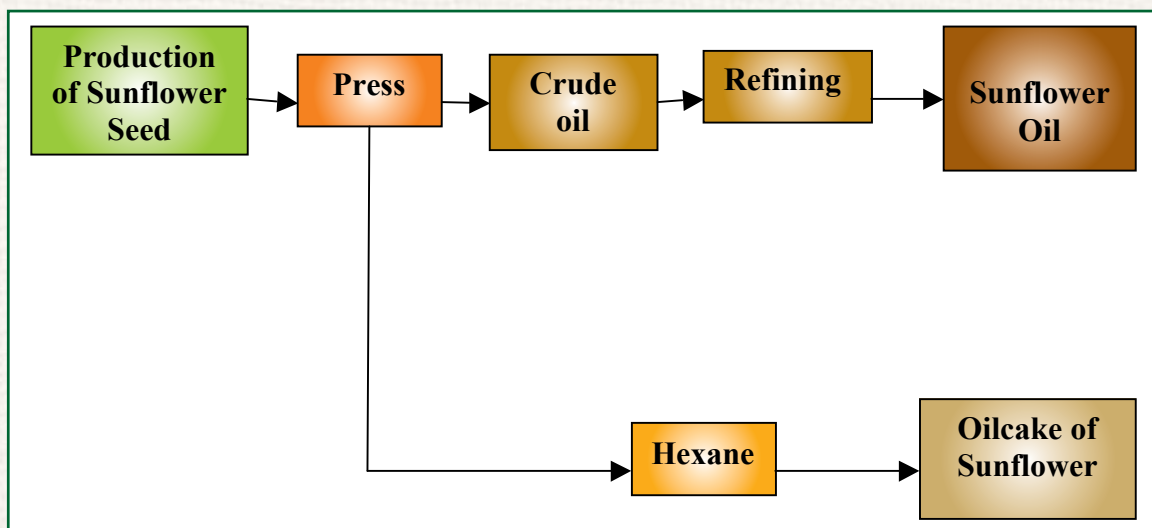
2.5

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

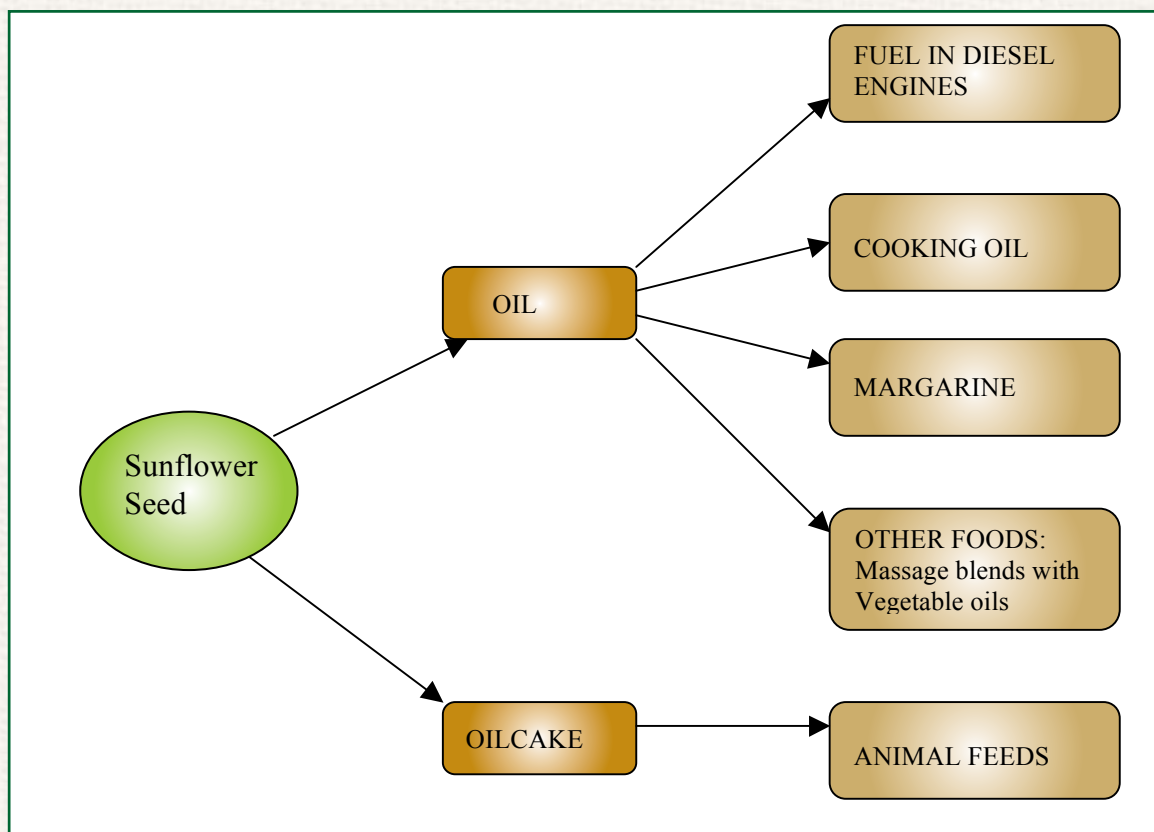
During pressing there are two different methods of extracting oil from the oilseeds i.e. production of crude oil and production of oil cakes from hexane. Sunflower seed provides 40 – 50% of oil and about 40% of oilcake, which is processed to cooking oil and for animal feed respectively, see the (Figure 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.



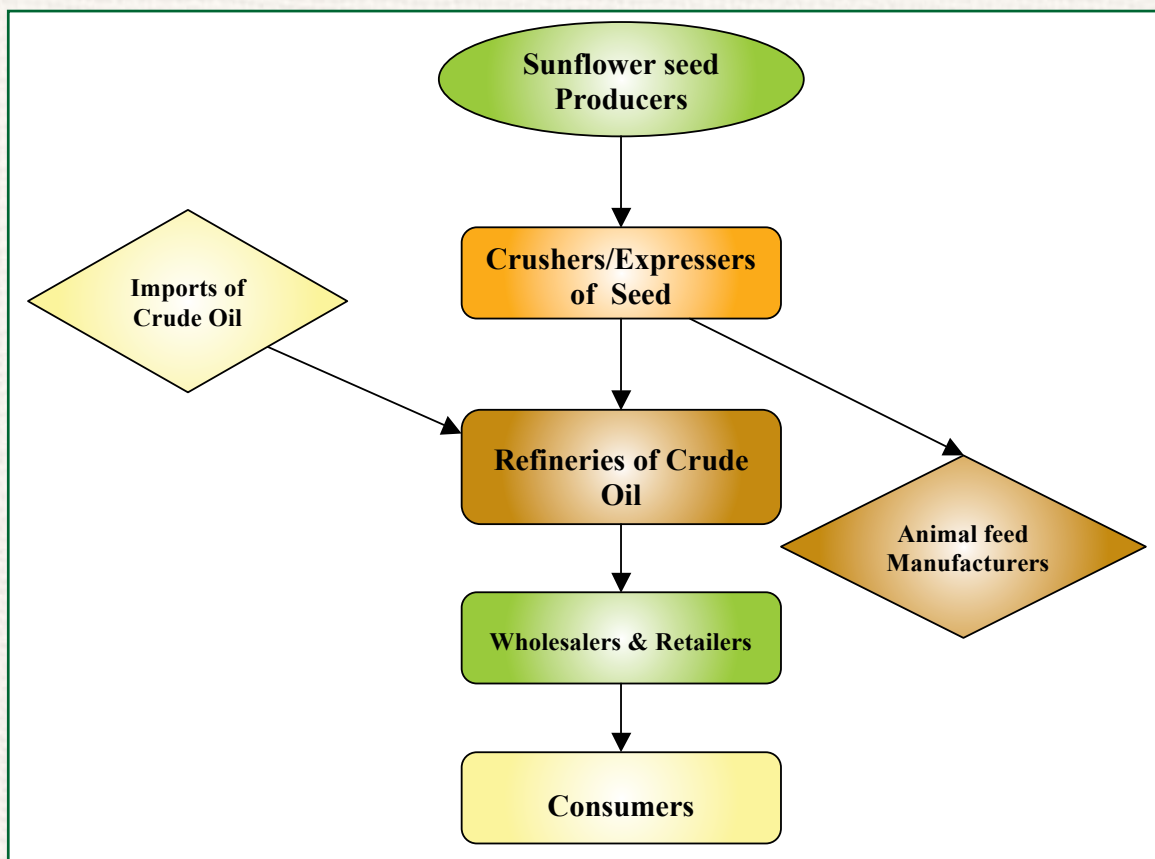
Source: Adapted from Grain SA

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, 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 7

EXPORTING COUNTRY	TRADE REGIME DESCRIPTION	APPLIED TARIFF 2010	ESTIMATED TOTAL AD VALOREM EQUIVALENT TARIFF 2010
Argentina	MFN duties (Applied)	9.40%	9.40%
China	MFN duties (Applied)	9.40%	9.40%
France	Preferential tariff for European Union Countries	0.00%	0.00%
Malawi	Preferential tariff for SADC countries	0.00%	0.00%
Romania	MFN duties (Applied)	9.40%	9.40%
Russian Federation	MFN duties (Applied)	9.40%	9.40%
Turkey	MFN duties (Applied)	9.40%	9.40%
United Kingdom	Preferential tariff for European Union 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 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:





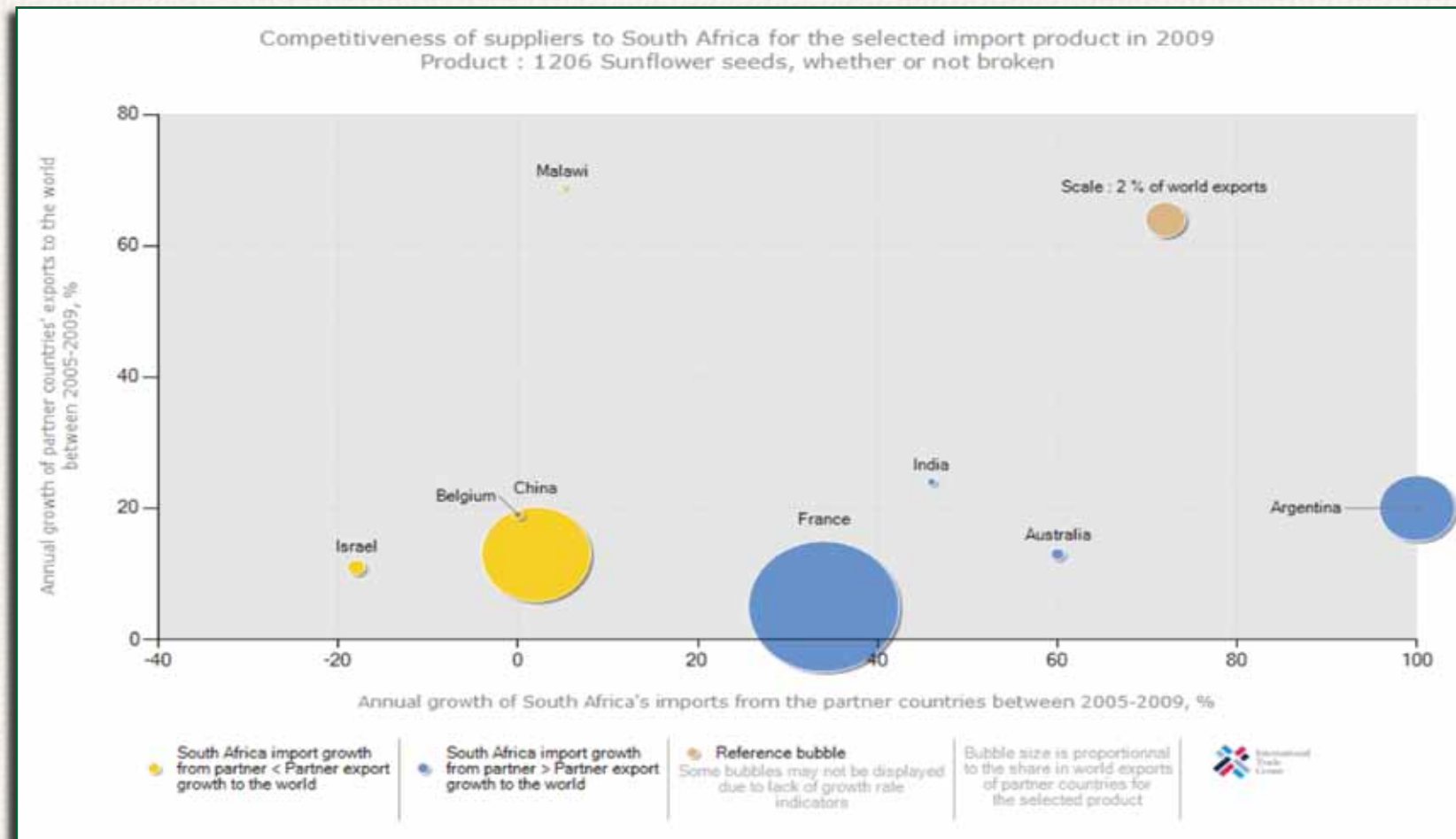
Table 8

IMPORTING COUNTRY	PRODUCT DESCRIPTION	TRADE REGIME DESCRIPTION	APPLIED TARIFFS 2010	TOTAL AD VALOREM ESTIMATED TARIFF 2010
Argentina	Sunflower seeds for Sowing	MFN duties (Applied)	0.00%	0.00%
	Sunflower seeds, whether or not broken	MFN duties (Applied)	8.00%	8.00%
Kenya	Sunflower seeds, whether or not broken	MFN duties (Applied)	10.00%	10.00%
Mauritius	Sunflower seeds, whether or not broken	MFN duties (Applied)	0.00%	0.00%
Mozambique	Sunflower seeds, whether or not broken	Preferential tariff for South Africa	0.00%	0.00%
Tanzania	Sunflower seeds, whether or not broken	MFN duties (Applied)	10.00%	10.00%
Sudan	Sunflower seed, whether or not broken	MFN duties (Applied)	30.00%	30.00%
Uganda	Sunflower seed, whether or not broken	MFN duties (Applied)	10.00%	10.00%
Zambia	Sunflower seed, whether or not broken	Preferential tariff for South Africa	0.00%	0.00%
USA	Sunflower seed, whether or not broken	MFN duties (Applied)	0.00%	0.00%
Zimbabwe	Sunflower seed, whether or not broken	MFN duties (Applied)	5.00%	5.00%

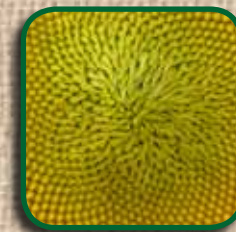
Source: ITC Market Access Map

Table 8 indicates that South Africa can enjoy exporting sunflower seed to Mauritius, Mozambique, Zambia and USA at no tariff charges and this is due to healthy trade conditions that exist within SADC and between South Africa and European Union Countries. Sudan and Tanzania generally charges higher tariffs at the levels of 30% and 10.00% respectively to their imports of sunflower seed.

4.2 PERFORMANCE OF THE SOUTH AFRICAN SUNFLOWER SEED INDUSTRY



Source: ITC Trade Map





Between the periods 2005 and 2009 sunflower seed imports from the Argentina into SA grew by more than 100% while those from Australia and India grew by 60% and 46% respectively over the same period. During the same period, South Africa's imports from countries such as China, Belgium and Malawi have increased slower than these countries' growth in exports of sunflower seed to the rest of the world.

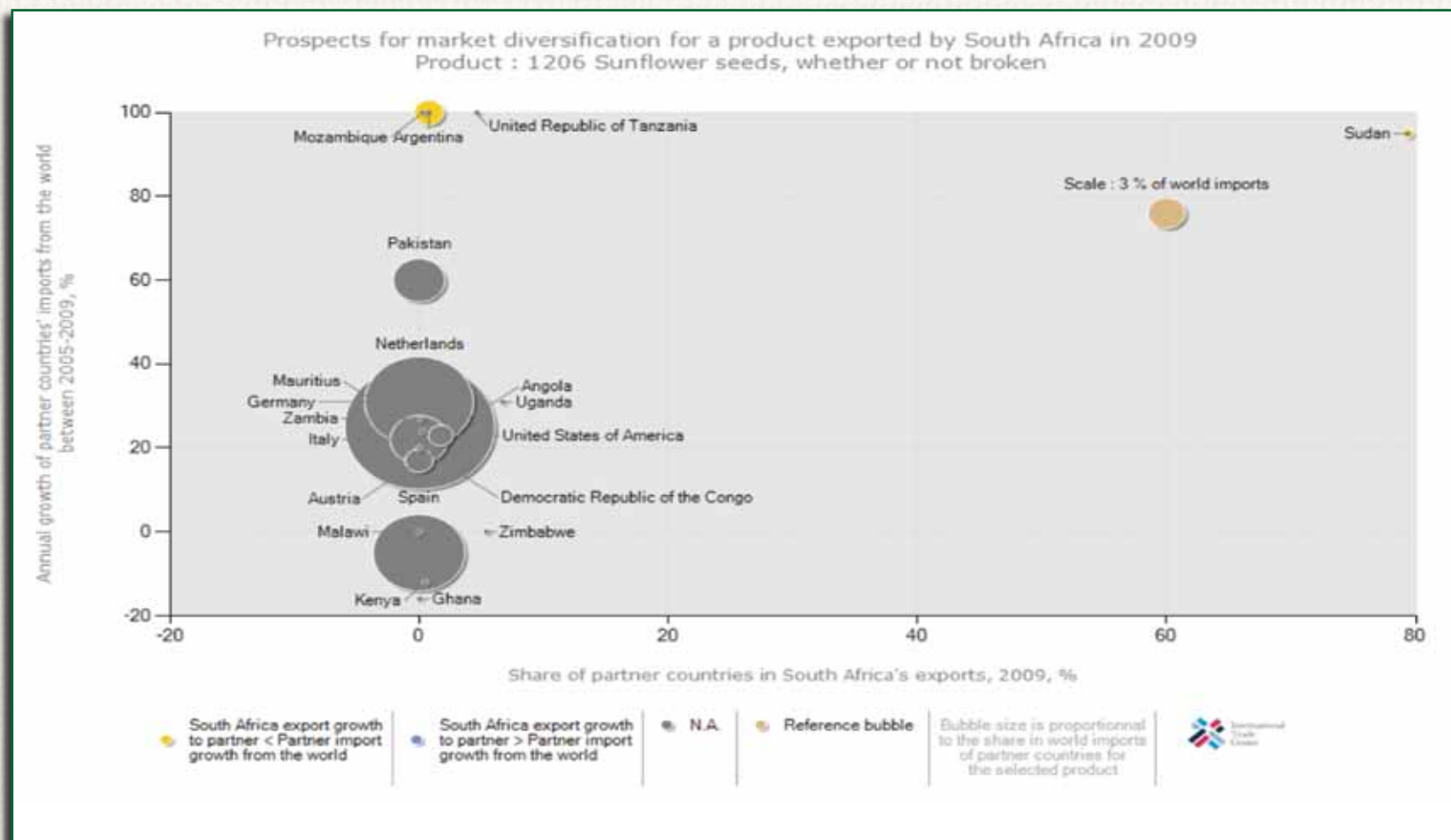
Table 9 below shows the major export destinations of sunflower seed produced in South Africa. On average South Africa's sunflower seed exports to the world have increased by 79% in value terms and 80% in volume terms between 2005 and 2009. The value of sunflower seed exports to the world increased significantly between 2008 and 2009. During 2009 South Africa exported sunflower seed mainly to Sudan, Uganda, Zimbabwe and Tanzania in that order. A total of 1 209 tons of sunflower seed originating from South Africa was exported to the world during 2009.

Table 9: Importing markets for sunflower seed (120600) exported by SA in 2009

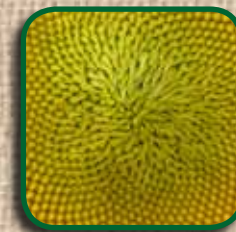
Importers	Exported value in 2009 (thousand US\$)	Share in SA's exports (%)	Exported quantity in 2009 (tons)	Unit value (US\$/unit)	Exported growth in value between 2005 and 2009 (% p.a.)	Exported growth in quantity between 2005 and 2009 (% p.a.)	Exported growth in value between 2008 and 2009 (% p.a.)
World	5 672	100	1 209	4 691	79	80	-91
Sudan	4 501	79.4	849	5 302	93	64	-4
Uganda	380	6.7	90	4 222	31	24	-68
Zimbabwe	307	5.4	98	3 133	16	14	187
Tanzania	263	4.6	90	2 922	81	83	158
USA	99	1.7	15	6 600	-	128	-71
Argentina	45	0.8	6	7 500	2	21	-56
Kenya	29	0.5	10	2 900	-27	-30	-90
Mozambique	16	0.3	6	2 667	110	10	-95
Mauritius	13	0.2	13	1 000	67	-	-
DRC	4	0.1	29	138	32	132	-

Source: ITC Trade Map

During 2009 Sudan and Uganda commanded the greatest share of sunflower seed exports originating from South Africa. During the same year, Sudan alone absorbed 79.4% of South Africa's total sunflower seed exports followed by Uganda with 6.7%.



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 Netherlands, Spain, Germany and Pakistan. The smaller markets exist in Malawi, Spain, Angola and Ghana.

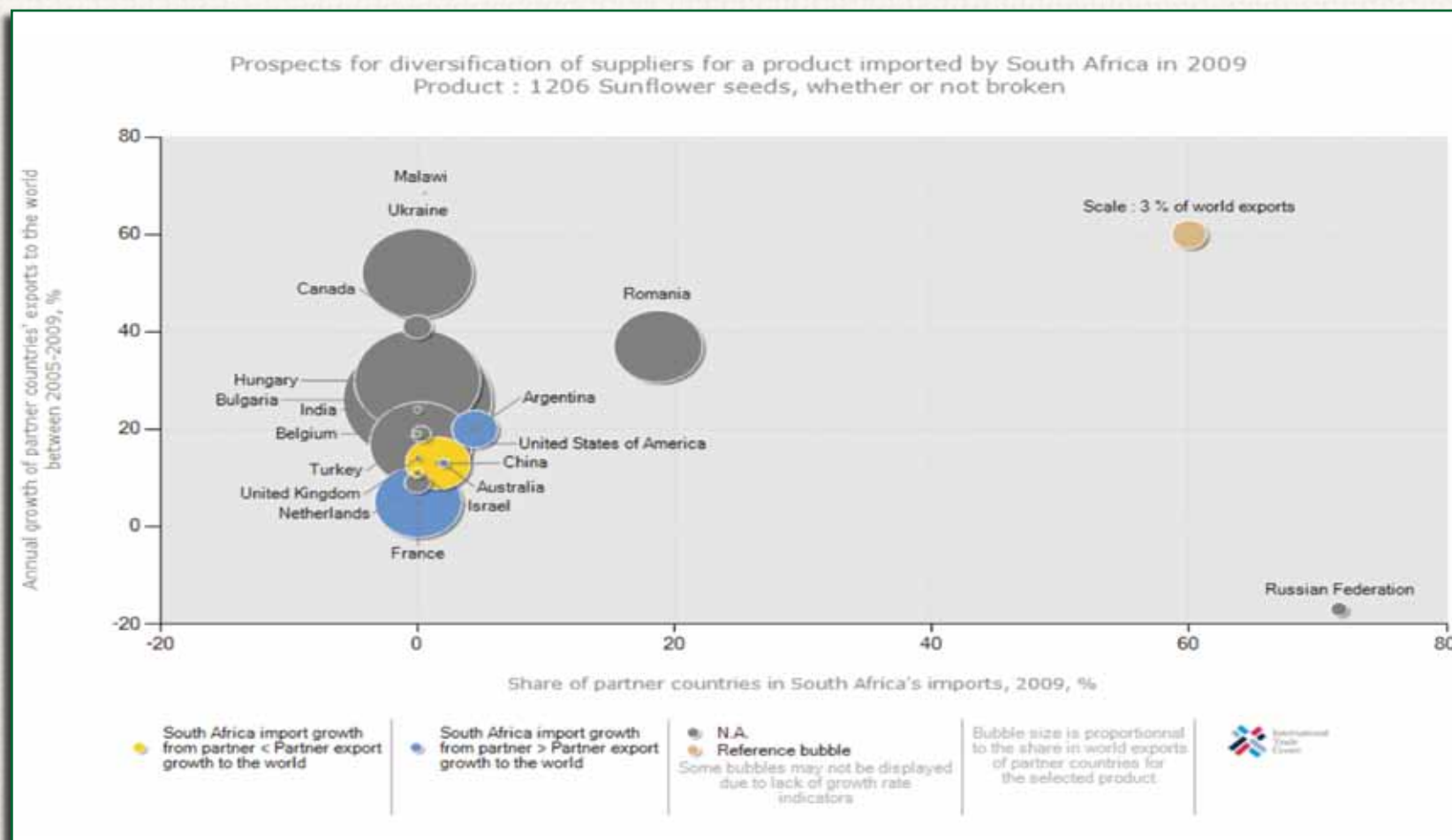
Table 10: Supplying markets for sunflower seed (120600) imported by SA in 2008

Exporters	Imported value in 2009 (thousand US\$)	Share in SA's imports (%)	Imported quantity in 2009 (tons)	Unit value (US\$/unit)	Imported growth in value between 2005 and 2009 (% p.a.)	Imported growth in quantity between 2005 and 2009 (% p.a.)	Imported growth in value between 2008 and 2009 (% p.a.)
World	32 392	100	89 237	363	134	159	1 868
Russian Federation	23 208	71.6	64 999	357	-	-	-
Romania	6 064	18.7	22 606	268	-	-	-
Argentina	1 447	4.5	478	3 027	378	142	123
Australia	664	2	176	3 773	60	89	419
China	523	1.6	393	1 331	2	-8	71
Malawi	111	0.3	510	218	5	5	-55
Turkey	104	0.3	18	5 778	-	-	420
USA	89	0.3	8	11 125	-	-	117

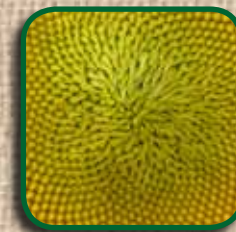
Source: ITC Trade Map

During 2009 South Africa imported a total of 89 237 tons of sunflower seed from the world. These imports originated mainly from Russian Federation, Romania, Argentina and Australia. Russian Federation commanded the greatest share in South Africa's sunflower seed imports followed by Romania and Argentina. Imports of sunflower seed from Argentina grew by 142% in volume and 378% value between the years 2005 and 2009. Sunflower seed imports originating from China into South Africa increased by 2% in value and declined by 8% volume between 2005 and 2009.





Source: ITC Trade Map





If South Africa is to diversify its sunflower seed imports, the biggest markets exist in USA, Romania, France and China. Other markets exist in countries such as Netherlands, United Kingdom, Ukraine and Malawi since these countries recorded a positive growth in exports to the rest of the world between 2005 and 2005.

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 Agricultural Statistics, Department of Agriculture, Forestry and Fisheries

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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