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EXPORT IMPACT
FOR GOOD

Sunflower oil United Kingdom

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On our way to build the Market Profile

Where will we play?

What is the identified product and market?

Product: description, HS and NTL codes

Market: global trends, attractive markets

Target Market: competition, tariff faced and tariff advantage

Why is this a good idea?

What is the rationale for the choice of product and market

What will make us win?

What is our understanding of the Target Market?

“Entry fee” (minimum to play), opportunities for differentiation

Customer: uses, segments

Product: standards, quality, design, packaging

Price: levels, trends, seasonal variations, etc

Placement: channel, leads

Promotion: fairs, influences, other

Structure

A. Product overview

B. Global Trade Overview

B.1 World Trade characteristics for selected product

B.2 Imports characteristics

B-3 Exports characteristics

C. South Africa's export performance for selected product

C.1 South Africa's export performance for selected product

C.2 Tariff faced by South Africa in the world

D. Market Screening

D.1 Attractive markets

D.2 Selected market for building a market profile

E. Target Market Characteristics

E.1 South Africa's trade performance in target market

E.2 Competition in the target market

E.3 Import seasonality

E.4 South Africa price positioning using unit value

E5 Tariff faced and tariff advantage in target market

Structure

F. PANORAMA: CONTEXT IN THE TARGET MARKET

G. PRODUCT

H. PEOPLE

I. PERMISSION

J. PACKAGING AND LABELLING REGULATIONS

K. PRICE

L. PLACEMENT

M. PROMOTION

N. PROSPECTS

O. USEFUL SOURCES OF INFORMATION

P. SWOT ANALYSIS

Q. USEFUL RECOMMENDATION

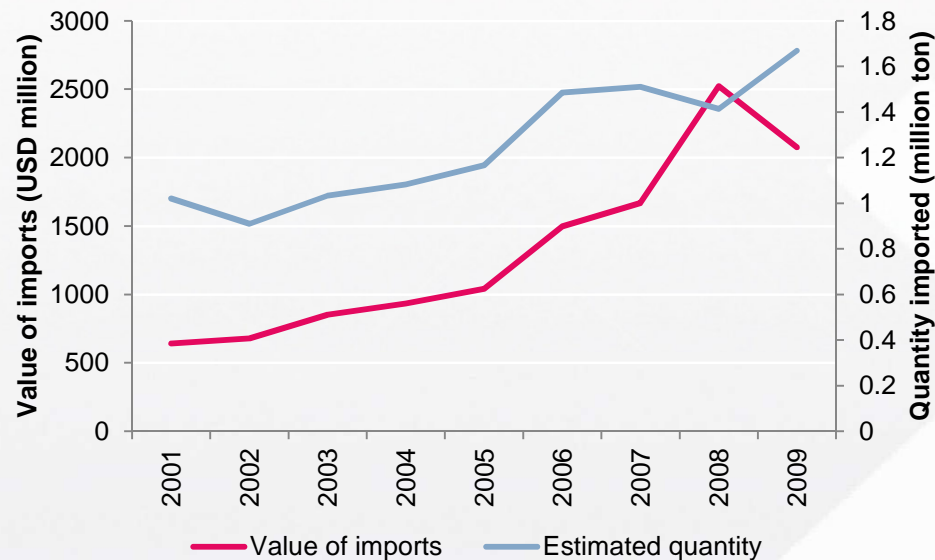
A. Product overview

- Sunflower a vegetable oil is produced from oleic sunflower seed.
- The versatility of this healthy oil is recognized by cooks internationally. Sunflower oil is valued for its light taste, frying performance and health benefits.
- Sunflower oil can be divided between linoleic, high-oleic, and mid-oleic sunflower oils.
- **Specific codes to identify the product category are as follows:**
 - International Harmonized Standard code:151219 - Sunflower-seed or safflower oil and their fractions, whether or not refined, but not chemically modified
 - National Tariff Line code of the United Kingdom: 1512199010 - Sunflower-seed or safflower oil and their fractions, whether or not refined, but not chemically modified (excl. for technical or industrial uses and crude) : Sunflower-seed oil
 - National Tariff Line code of South Africa: 15121900 - Sunflower-seed or safflower oil and their fractions, whether or not refined, but not chemically modified (excl. crude)

B.1 Global Trade Overview

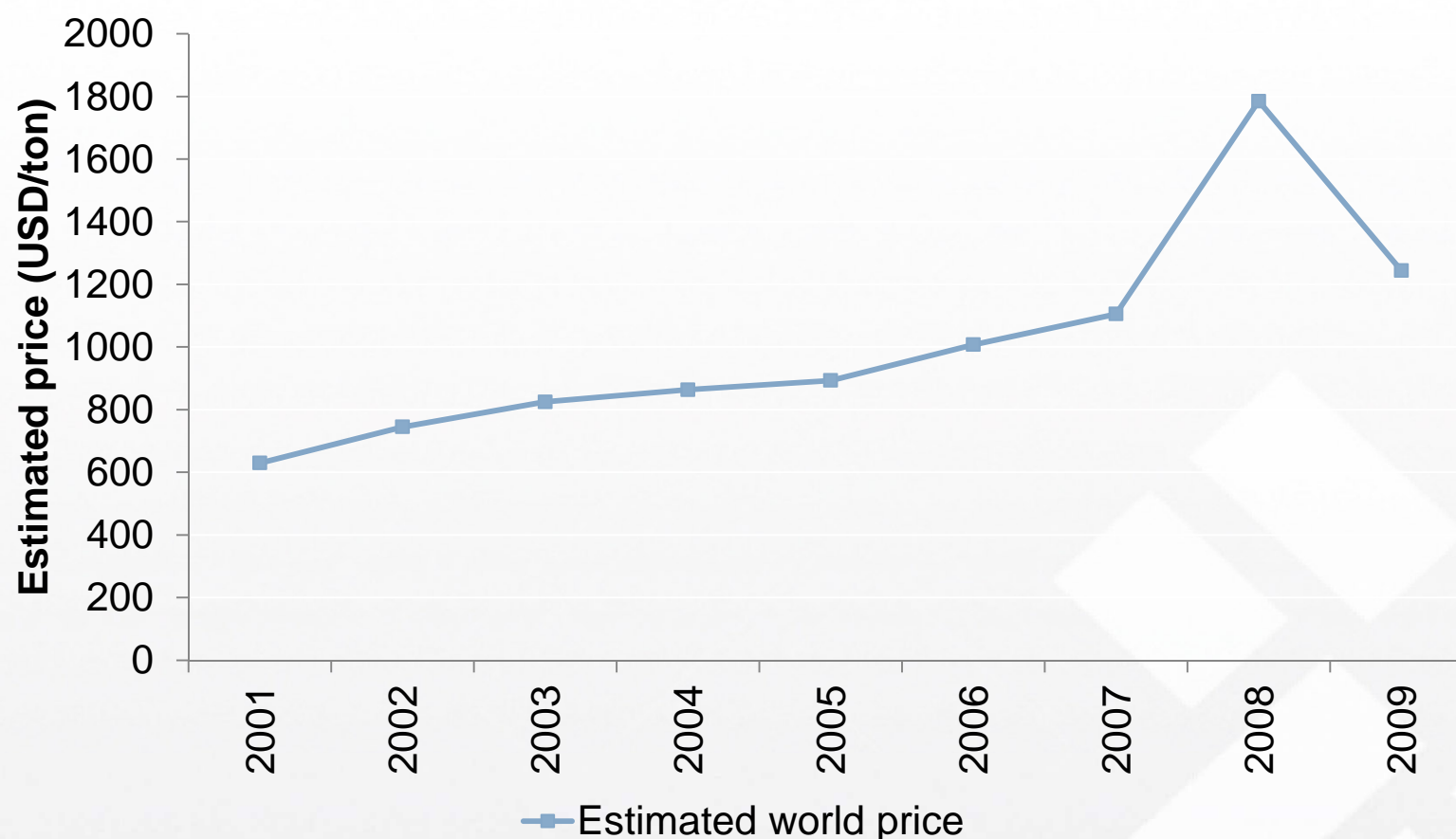
World Trade characteristics for Sunflower-seed oil

- World imports amounted to US\$2 billion.
- Compounded annual growth in sunflower oil exports was 13.9% between 2001 and 2009.
- Value of exports is growing more than Quantity
- 190 importing countries and 100 exporting countries.



Imported value, volume and derived prices of sunflower-seed oil in the world (2001 – 2009)

Source: Trade Map, 2011



B.2 Global Trade Overview

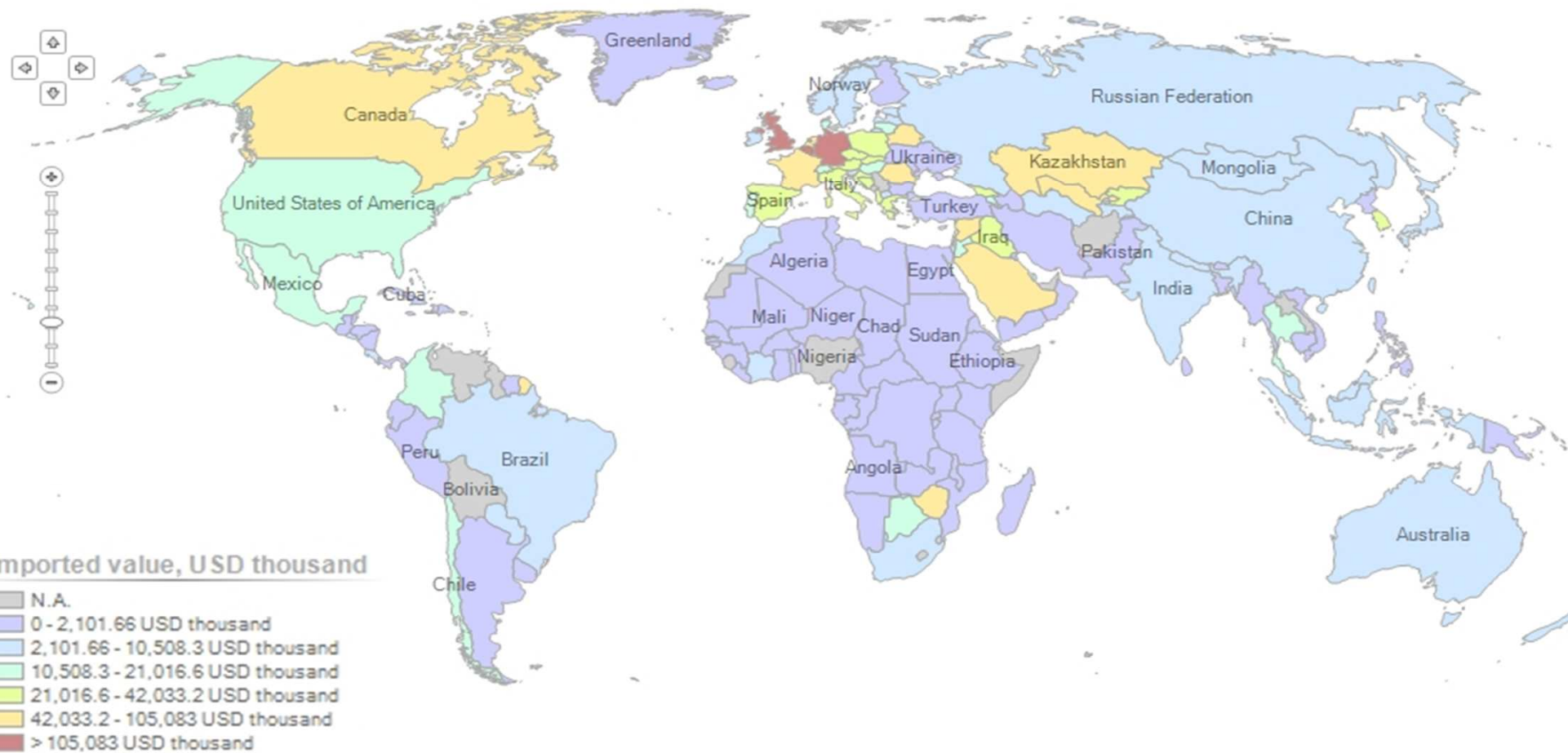
- Imports characteristics:
 - *World demand is not concentrated – Top 5 importers 31.6%*

Ranking	Importers	Value (US\$ million)	Share in World Imports, %
1	UK	210	10.1
2	Belgium	149	7.2
3	Germany	105	5.1
4	Zimbabwe	95.8	4.6
5	France	95.6	4.6

Map of World Importers (from Trade Map)

List of importers for the selected product in 2009

Product : 151219 Sunflower-sed/safflower oil&their fractions refind but nt chem modifid



B.3 Global Trade Overview

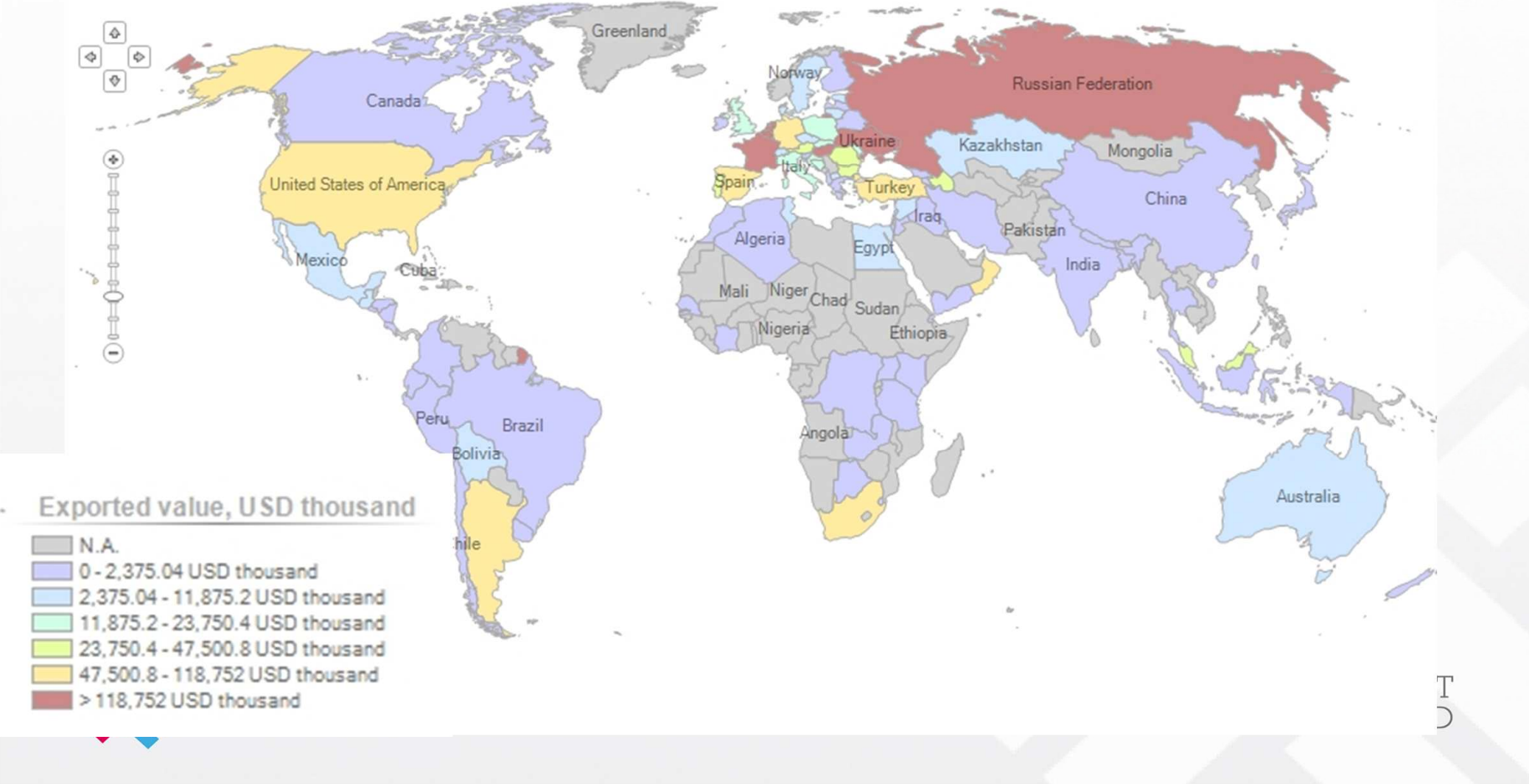
- Exports characteristics:
 - *Top 3 importers import 29.5%, concentrated*

Ranking	Exporters	Value (US\$ million)	Share in World Imports, %
1	France	237.5	11.3
2	Hungary	200.6	9.6
3	Netherlands	181.2	8.6
4	Russian Federation	176.8	8.4
5	Belgium	174.9	8.3

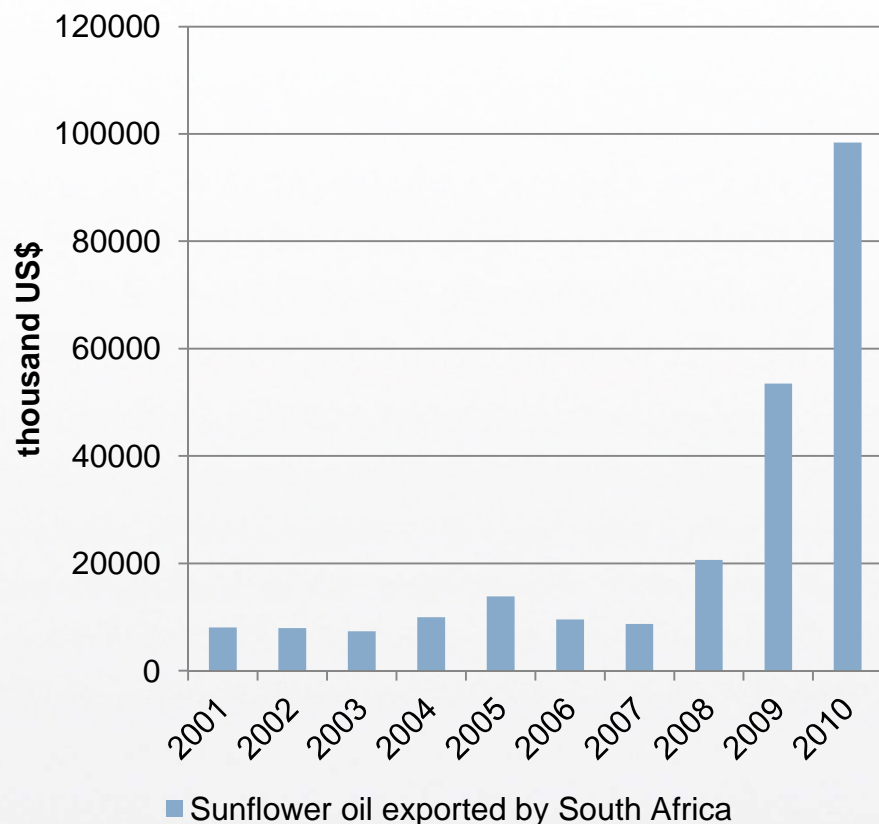
Map of World Exporters (from Trade Map)

List of exporters for the selected product in 2009

Product : 151219 Sunflower-sed/safflower oil&their fractions refind but nt chem modifid



C.1 South Africa's export performance for selected product:



South Africa's exports of sunflower oil represents 2.55 % of the world exports.

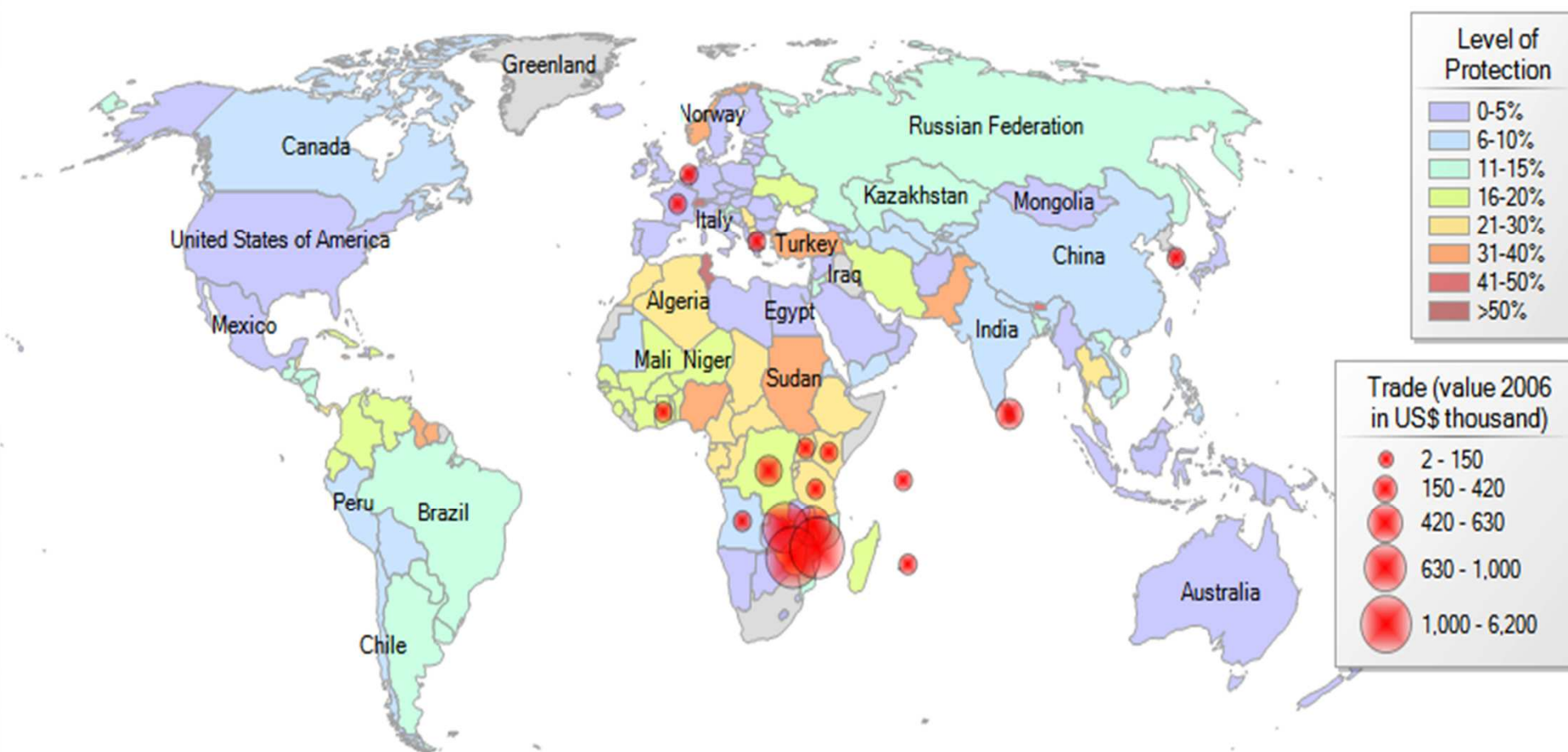
South Africa ranks number 12 in world exports of sunflower oil

From 2005 to 2009 SA's sunflower oil exports has grown by 42 % per annum in value and 28 % in quantity

World imports has grown by 22 % in value per annum from 2005 to 2010, this indicates that South Africa has gained market share

The three biggest importers of South Africa's selected product (in US\$ value) in 2009 was
Zimbabwe US\$ 47 462 000,
Malawi US\$ 2 196 000,
Zambia US\$ 1 717 000

C.2 Tariff faced by South Africa in the world



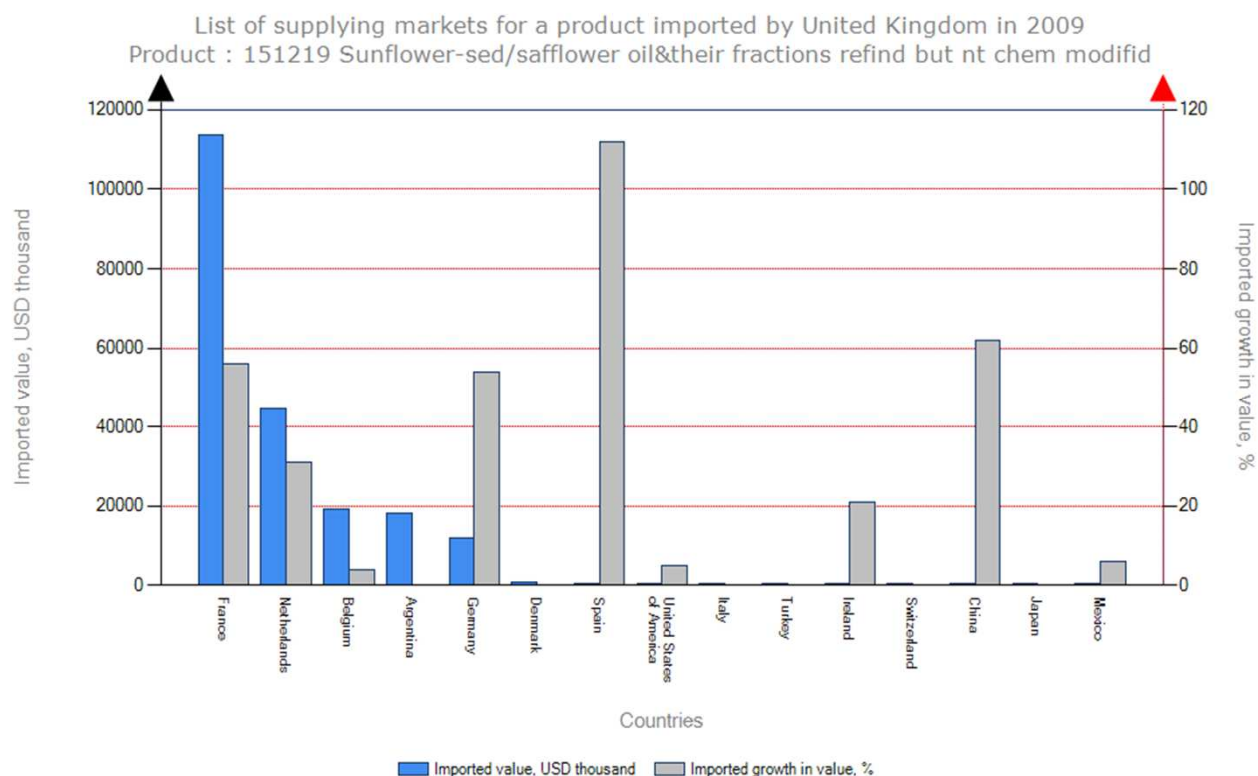
D.1 Market Screening

Top potential Import Markets	Share of market in world imports	Import value growth from the world (2005-2009)	Import quantity growth from the world (2005-2009)	Tariff applied to South African sunflower oil			Competition		
				Preferential tariff	GSP tariff	MFN tariff	Competitor	Market share	Lowest tariff faced by competitor
1. Romania	3.8%	179%	147%	0%	6.1%	9.6%	1.Hungary	76.3%	0%
							2.Bulgaria	12.1%	0%
							3.Moldova	10.9%	0%
							4.United States	0.3%	8.1%
2. United Kingdom (UK)	10.1%	40%	19%	0%	6.1%	9.6%	1.France	54.1%	0%
							2.Netherlands	21.3%	0%
							3.Belgium	9.2%	0%
							4.Argentina	8.7%	6.1%
3. Belgium	7.2%	18%	1%	0%	6.1%	9.6%	1.Netherlands	75.6%	0%
							2.France	14.5%	0%
							3.Germany	6.3%	0%
							4.Austria	0.6	0%

E. Target Market Characteristics

E.1 Competition in the target market

- **Main competitors in the market**
 1. France - US\$ 113 million
 2. Netherlands – US\$ 44,6 million
 3. Belgium - US\$ 19,3 million
 4. **Argentina - US\$ 18,2 million**
 5. Germany - US\$ 12,004,000
- These countries represent 99% of UK imports for sunflower oil



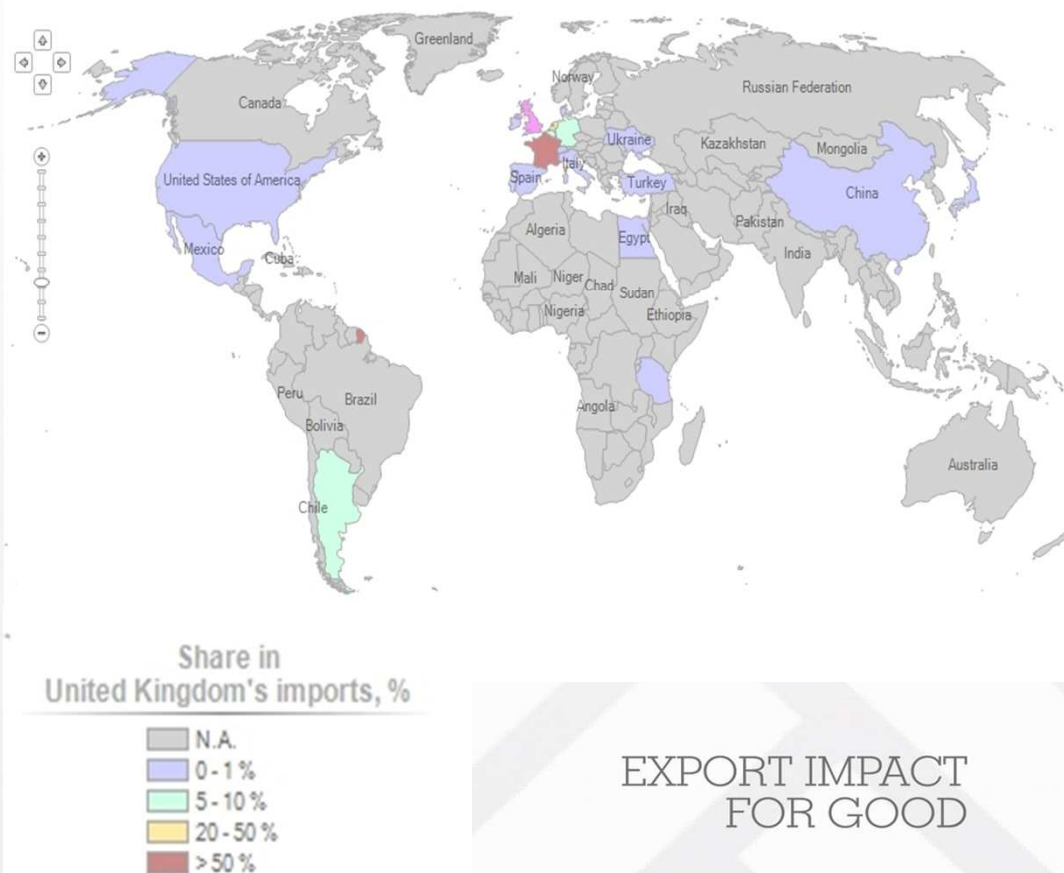
E. Target Market Characteristics

E.1 Competition in the target market

Competitor	Imported growth in value between 2005-2009, %, p.a.	Gaining or losing market share?	
1. France	56	16	Gaining
2. Netherlands	31	-9	Losing
3. Belgium	4	-36	Losing
4. Argentina	NA	NA	NA
5. Germany	54	14	Gaining



List of supplying markets for a product imported by United Kingdom in 2009
Product : 151219 Sunflower-seed/safflower oil&their fractions refined but not chemically modified

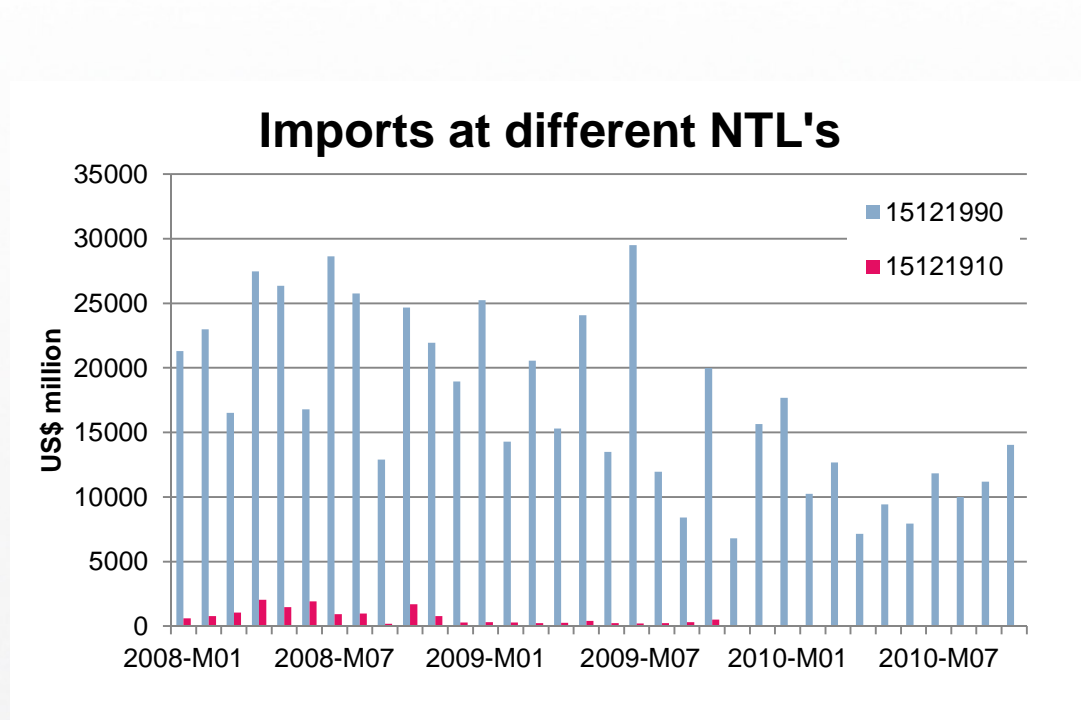


E. Target Market Characteristics

E.2 UK imports of sunflower oil at NTL's:

- National Tariff Lines

Code	Product label
15121990	Sunflower-seed or safflower oil and their fractions, whether or not refined, but not chemically modified (excl. for technical or industrial uses and crude) FOODSTUFFS
15121910	Sunflower-seed or safflower oil and their fractions, whether or not refined, but not chemically modified, for technical or industrial uses (excl. crude and for manufacture of foodstuffs)



E. Target Market Characteristics

E.5 Tariff faced and tariff advantage in target market

Exporter	Market share	Tariff faced by South Africa				Trade Regime	
		Preferential tariff	GSP tariff	MFN tariff	EU member rate		
South Africa	0%	0%	6.1%	9.6%	-	TDCA	
South Africa's main competitors in target market	Market share	Tariffs faced by competitors				Trade Regime	Potential tariff advantage for South Africa
		Preferential tariff	GSP tariff	MFN tariff	EU member rate		
France	54.1	-	-	-	0%	EU member rate	No
Netherlands	21.3	-	-	-	0%	EU member rate	No
Belgium	9.2	-	-	-	0%	EU member rate	No
Argentina	8.7	-	6.1%	9.6%	-	Preferential tariff awarded under the GSP	Yes
Germany	5.7	-	-	-	0%	EU member rate	No

The 8 Ps approach:

PANORAMA: PEST factors

PEOPLE: Who are the consumers? What use segments exist in this market?

PRODUCT: What are the uses of the product? What are the sub-products?

PERMISSION: What are the regulatory and non-regulatory entry requirements?

PACKAGING: What are the packaging and labeling requirements? Preferences?

PRICE: What are the prices in the market? Are there significant differences? Why?

PLACEMENT: What is the distribution structure like? How is value distributed?

PROMOTION: What are the best ways to introduce products to buyers?

PROSPECTS: What are possible routes to market?



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UNDERSTANDING OF EXPORT PRODUCT CHARACTERISTICS



Sunflower oil supply chain and production and processing capacity in South Africa

Supply Chain	Activity	Capacity	Location	Price
Farm	Seed production	500 000 to 800 000 tons per year from 2005 to 2010	Free State Province (46 %) North West Province (36 %)	SAFEX sunflower seed price
Crusher (6 companies)	Crushing plant removes the hulls and heat the meat. Meat is sent to the expeller and crushed into meal and crude oil	1 442 000 ton to 1 522 000 ton per annum	Randfontien Johannesburg Pietermaritzburg Durban	Sunflower crude oil price trading close to the international price
Refinery (10 companies)	Refined and packaged	945 000 ton per annum	Randfontien Johannesburg Pietermaritzburg Durban	Sunflower crude oil price trading close to the international price
Supermarket	Exported		Shipment from Durban harbour	
Consumer				

One company are currently exporting to Southern and Central Africa, the Middle East, the Far East, Europe and the United States
Contact details:
 Willowton Oil & Cake Mills
 Tel nr 033 355 7800
 Email: info@wocm.com
 Web address: www.wocm.com

Sunflower oil supply chain and production and processing capacity in South Africa

Seasonality of production and exports

- Sunflower seeds are harvested from January up until June depending on the production area and planting time.
- Sunflower seed can be stored for up to 12 months (FAO, 2010).

Functions/applications of this product in South Africa

- In South Africa sunflower seed oil is mainly used for human consumption. It is used at home or in restaurants and fast food outlets for frying and it is also used by food manufacturers as an ingredient in many food products such as salad dressings, mayonnaise and margarine.
- Sunflower seed oil is also used to a much lesser extent in beauty and laundry soaps.
- In South Africa, **by law**, one is not allowed to use sunflower oil for the production of biodiesel, which is contrast with the UK where a significant amount of sunflower is used for the production of sunflower oil.



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UNDERSTANDING A TARGET MARKET



F. PANORAMA: context in the target market

	Description
Political	A stable and strong political system that secures property rights, however the government places a high tax burden on businesses operating in the UK (Heritage Foundation, 2011)
Economic	The UK is the world's ninth largest economy and has recovered from an economic recession, growing by 1.5 percentage points above inflation during 2010. (Office for National Statistics, 2011)
Technological	A technologically advanced economy providing agro-food business access to the benefits of modern technologies. (Heritage Foundation, 2011)
Social	<ul style="list-style-type: none">• Growing consumer demand for healthier products have spurred retailers in the UK to focus on offering healthier products to consumers (Euromonitor, 2010)• Global demand for sunflower seed oil will likely continue to increase as food processors search for a healthier vegetable oil (despite the higher cost of sunflower oil compared with other oils)(FAO, 2010).

G. PRODUCT

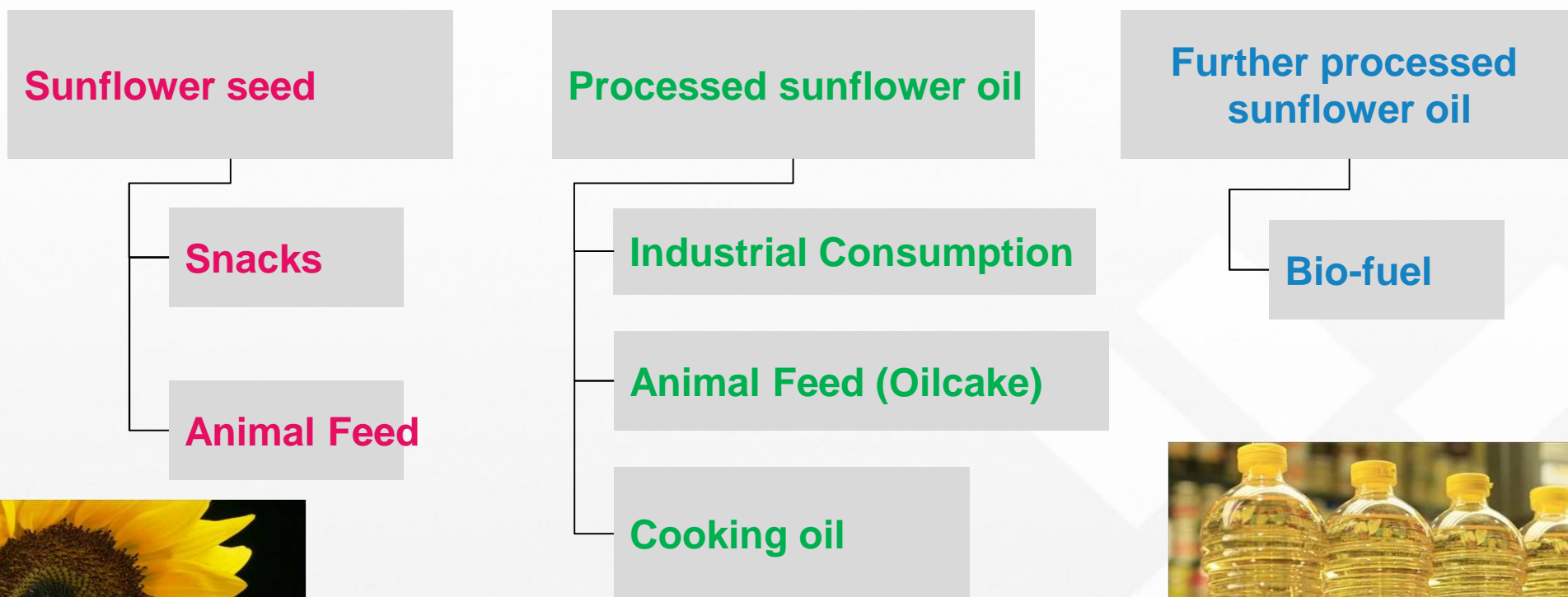
- **World production:**
 - Sunflower seed oil production make up around 8 % of the total vegetable oil production in the world.
 - World production has shown an increasing trend over the past 10 years.
 - The growth in the oilseed sectors are linked to increased demand for biodiesel feedstock, population driven increased demand for vegetable oil, and demand for oil meals in livestock feed rations (European Commission, 2009).
- **SA production:**
 - South Africa produced between 500 000 to 800 000 tons of sunflower seed per year between 2005 to 2010.
 - Sunflower seed are produced in the Free State Province (46 %) and the North West Province (36 %) (GrainSA, 2011).

G. PRODUCT

- **Consumption:**
 - The EU-27 was the second largest importer of sunflower oil during the 2009/10 season (Oct-Sep).
 - The most common use for sunflower oil in the world is for human consumption as an cooking oil.
 - Other uses of sunflower oil is for industrial use such as biodiesel production. In South Africa, **by law**, one is not allowed to use sunflower oil for the production of biodiesel, which is contrast with the UK where a significant amount of sunflower is used for the production of sunflower oil.
 - The main market segments for vegetable oils and fats in the United Kingdom are the traditional food markets and the bio diesel sector.

H. PEOPLE

Market segmentation for sunflower products



H. People

Trends in EU and UK:

- During the economic downturn to consumers increasingly opting to home-cooked food. This benefited products used for cooking evening meals, such as pasta, rice and vegetable and seed oil. (Euromonitor 2010)
- Consumers reducing the salt, sugar, trans-fat and fat intake due to the UK government's nutritional education campaigns. (Euromonitor, 2010)

I. PERMISSION

- Mandatory measures:

Level	Field	Description	Regulation/Sources of information
South Africa (WhosWho Report, 2010)	Food safety and food hygiene	South African sunflower oil will not be allowed to be exported if the product contains any prohibited ingredients or chemicals, is of a poor quality or poses a danger for the consumer.	<ul style="list-style-type: none"> • 4(3)(a)(ii) of the Agricultural Products Standards Act 119 of 1990 • Foodstuffs, Cosmetics and Disinfectants Amendment Act, No. 39 of 2007 • Health Act of 1977 Department of Health, www.doh.gov.za Department of Agriculture, Forestry and Fisheries, www.daff.co.za
European Union (Export Helpdesk, 2011)	Control of contaminants in foodstuffs	<ul style="list-style-type: none"> • EU legislation designed to ensure that food placed on the market is safe to eat and does not contain contaminants at levels which could threaten human health. • Low levels of dioxins and Benzopyrene are important for sunflower oil. 	<ul style="list-style-type: none"> • Council Regulation (EEC) No 315/93 of 8 February 1993 • Commission Regulation (EC) No 1881/2006 of 19 December 2006 • Regulation (EC) No 178/2002 • Regulation (EC) No. 852/2004 • Regulation (EC) No 1935/2004 European Commission, ec.europa.eu/food/
United Kingdom (Food Standards Agency, 2011)	Import licenses, food hygiene, pesticides, contaminants	<ul style="list-style-type: none"> • The Food Standards Agency will provide information regarding the specific requirements of sunflower oil imports into the UK. 	Food Standards Agency, www.food.gov.uk Rural Payments Agency , www.rpa.gov.uk Health and Safety Executive's (HSE) Chemicals Regulation Directorate (CRD), www.pesticides.gov.uk

I. PERMISSION

- Non-regulatory entry requirements
- TESCO+ASDA = 48% of the UK market. (TNSGlobal, 2009)

Retailer	Standards	Sources of information:
TESCO	Supplying to TESCO	http://suppliermanual.tescois.com
	BRC Global Standard for Food Safety Certification	http://www.brcglobalstandards.com
ASDA	Supplying to ASDA	http://www.asdasupplier.com/
	BRC Global Standard for Food Safety Certification	http://www.brcglobalstandards.com/

J. PACKAGING AND LABELLING REGULATIONS

Type of packaging:

- Bulk or containers
- Plastic containers that can directly be distributed via the major retailers, e.g. ASDA UK (Wal*Mart in the UK).
- Containers will be in 2 sizes, 750 ml and 2 L.

Level	Field	Regulation/ Sources of information
EU	Labeling for foodstuffs	•Council Directive 2000/13/EC European Commission, ec.europa.eu/food/
UK	Labeling requirements for food	www.defra.gsi.gov.uk
	Food contact materials	Food Standards Agency, www.food.gov.uk

K. PRICE

Quick evaluation of export pricing:

South African FOB price of 2 litre sunflower oil (Alibaba, 2011):

Assume exchange rate of £1 = US\$ 1.64781 (4 May 2011),

UK£ 1.27 per 2 litre bottle

US\$ 2.08 per 2 litre bottle

Price at retail level in the UK:

(http://www.mysupermarket.co.uk/sunflower_oil_in_tesco.html,

accessed 16/03/2011)

***minus* FOB price in South Africa**

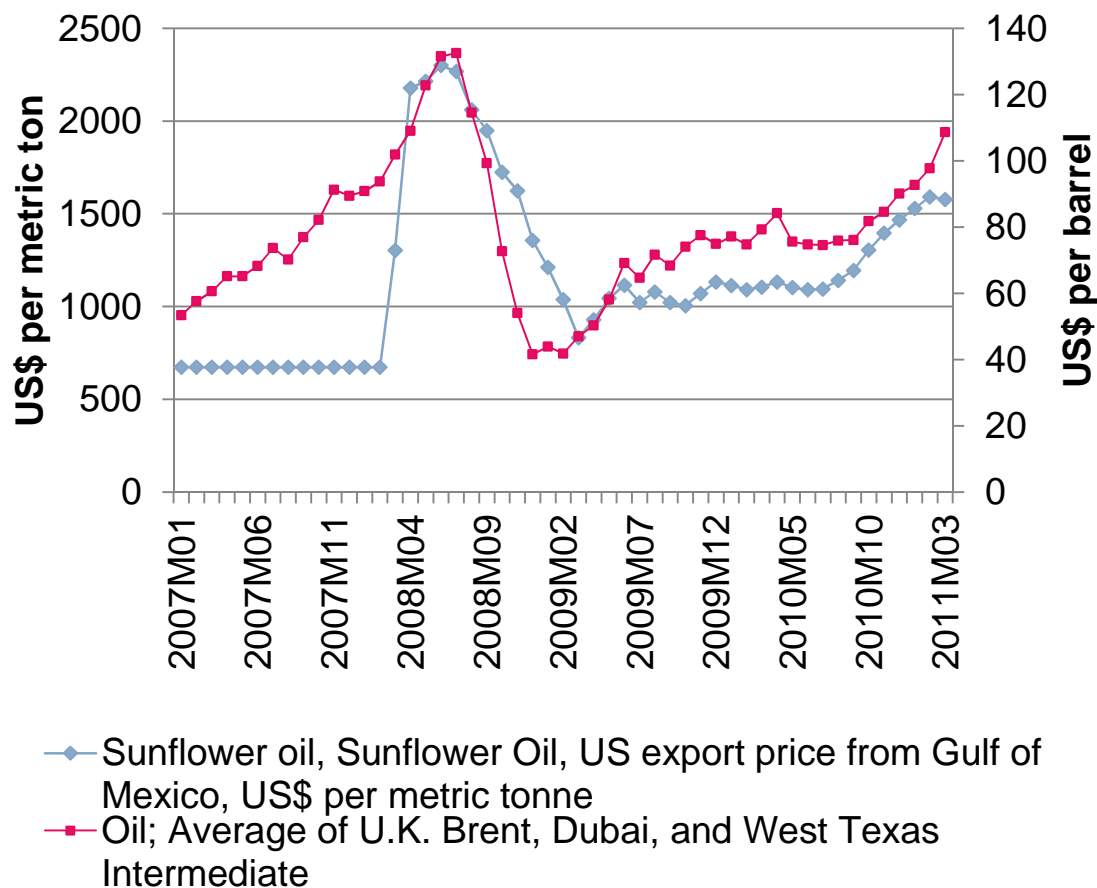
UK£ 2.99 per 2 litre bottle

- UK£ 1.27 per 2 litre bottle

Margin for covering shipping, insurance cover shipment cost, customs clearance, agents commission (if any), transport cost and retailer margins:

UK£ 1.72 per 2 litre bottle

K. PRICE



Source: IMF, 2011

Factors that influence the price of vegetable oils,

- 1. Climatic conditions** which influence production volumes
- 2. Demand for biofuels** which is influenced by the oil price
- 3. Increased demand** due to income growth and population growth
- 4. Health concerns** driving the substitution of animal fats for vegetable oils and fats

Source: CBI (2009)



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IDENTIFYING ROUTES TO A TARGET MARKET



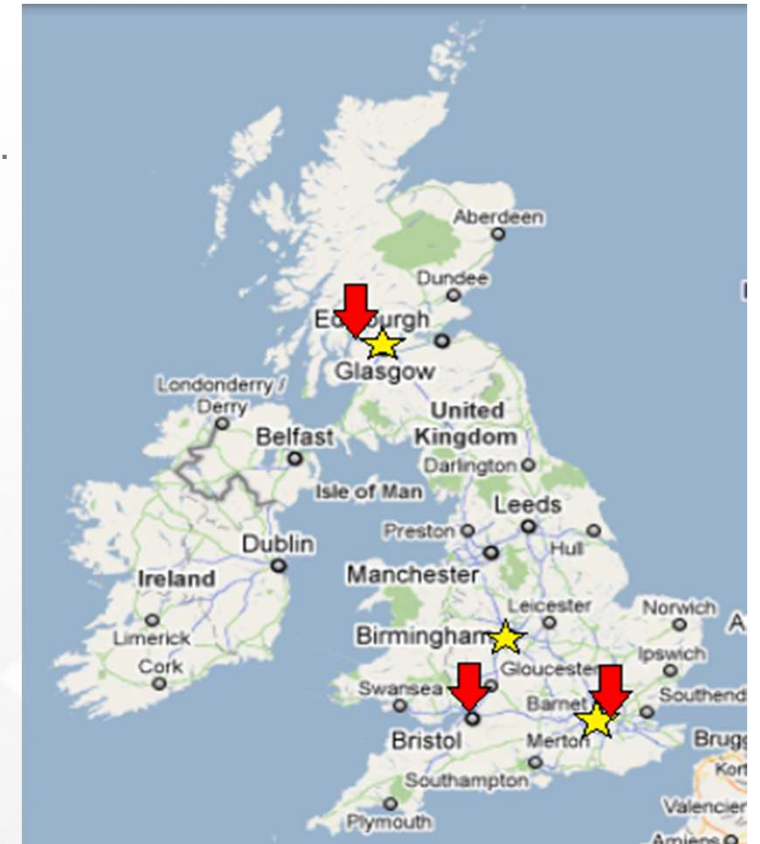
L. PLACEMENT: Distribution

Potential areas of distribution:

- The largest cities in the UK are London, Birmingham and Glasgow.
- Jointly these cities hold close to 8.7 million residents.
- London is the UK's largest city, and therefore represents the largest potential market.
- The ports of London, Bristol and Greenock are situated close to the potential markets.

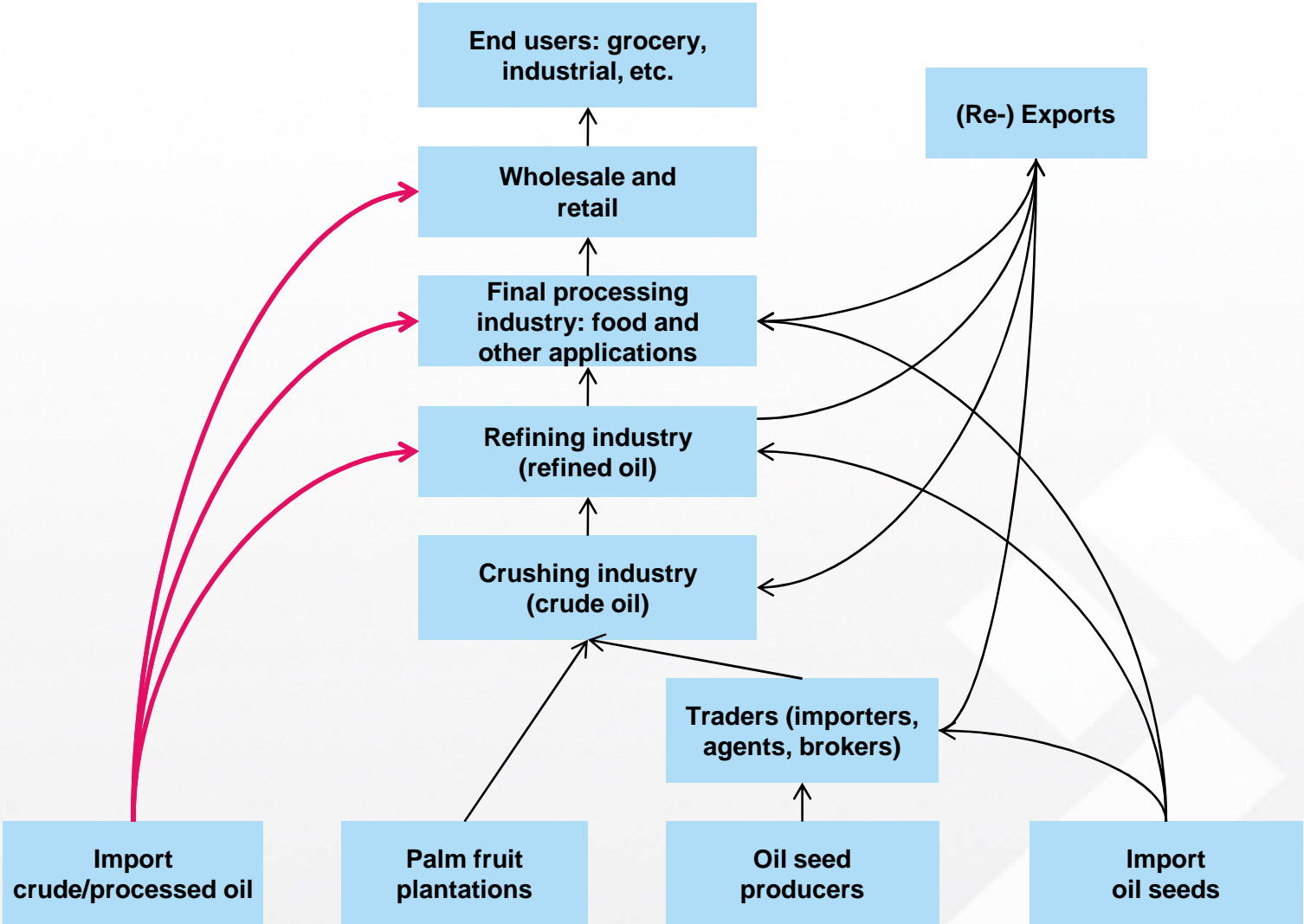
Sunflower oil distribution channels:

- Tesco, ASDA, Sainbury's and Morrisons are the largest retailers in the UK, jointly representing 75.8% of the UK retail market (TNS Global, 2009).
- Sunflower oil can be transported using any means of transportation since it is a non-perishable product
- Duration of storage is not a limiting factor with regards transport and storage life. However, the product should be able to handle ship, truck and railroad transportation.



Figure?: Closest ports (red arrows) to potential markets (yellow stars)
Source: Google Maps, 2011

L. PLACEMENT: Existing channels of distribution.



Source: CBI, 2010

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M. PROMOTION – Trade Fairs

- Trade Fairs: provide the details of international and local trade fairs for your product (names, date, size of the event, number of country represented, number of importers/exporters, contacts details, website, etc)
- Relevant International fairs

M. PROMOTION

- Online market places: provide the list of e-market places which operates in the target country and trade your product (go to www.emarketservices.com)
- Provide a list of import promotion offices and industry associations present in the target market
- Provide a list of selected specialized periodicals, industry magazines and websites.
- Promotion options, relevant periodicals, import promotion offices, etc.

O. PROSPECTS

- Potential selected importers/traders in target market

Retailers:

ASDA:

<http://www.asdasupplier.com/asda-supplier>

TESCO:

Cirrus Building C, Shire Park, Welwyn Garden City,
Hertfordshire, AL7 1ZR,
United Kingdom
Tel: +44 1707297650
Email: enquiry-uk@tescois.com

Importing companies:

ANZ Imports

122 Morley Street, Bradford, West Yorkshire,
United Kingdom BD7 1BB
Tel: +44-1274-7324-21

Ace Foods Euro Ltd

Unit 5, Courtney Road, East Lae Business Park,
North Wembley, London HA9 7ND,
United Kingdom HA9 7ND
Tel: +44-0208-9040-707

- Business Directories
 - <http://www.cybex.in/Global-Trade-Data/UK-Imports-Data.aspx>
 - <http://uk.countrysearch.tradekey.com/buyers/pure-sunflower-oil.htm>
 - <http://www.fita.org>
 - <http://www.fooddirectories.com/catalogs/gb/16>

P. OTHER USEFUL INFORMATION

Are there any other addresses you feel you should add?

- Embassy, trade representatives
- Association of expatriates
- Information about the culture, way of doing business, etc

RECOMMENDATIONS AND NEXT STEPS

- Recommendations:

- Next steps: