Profile of
CHICORY PLANT

Compiled by: Directorate Agro-processing Support

2016

agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Profile of

CHICORY PLANT

Compiled by: Directorate Agro-processing Support

2016

Printed and published by
Department of Agriculture, Forestry and Fisheries

Editing, Design and layout by
Directorate: Communication Services
Private Bag X144, Pretoria 0001

Contents

1. Introduction

In South Africa (SA), chicory is mainly produced in the Eastern Cape from imported seeds and it grows for seven to eight months before it is harvested and processed. Chicory is grown almost solely for its root (NDA, 2012). The chicory producers are dependent on the local market to sell their produce. The major buyers of chicory products in SA are Nestlé, National Brands and CTC, SPAR, OK Foods, Pick n Pay, Shoprite Checkers and Dis-Chem (AGRIEC, 2016).

The chicory plant has a wide variety of uses: it can be consumed fresh, usually in salads or as a cooked potherb (NDA, 2012); it can be consumed as a hot beverage (coffee substitute); it can be used as coffee mixtures, breakfast cereals and also as pet food. Despite government intervention, the chicory industry has been in a state of decline owing to high cost of production and a decline in producer prices and this, amongst others, has consequently led to an increase in imports of chicory (AGRI EC, 2016). The purpose of this profile is to provide a description analysis of chicory by looking at its production trends and prices, gross value and trade patterns.

2. Chicory processing

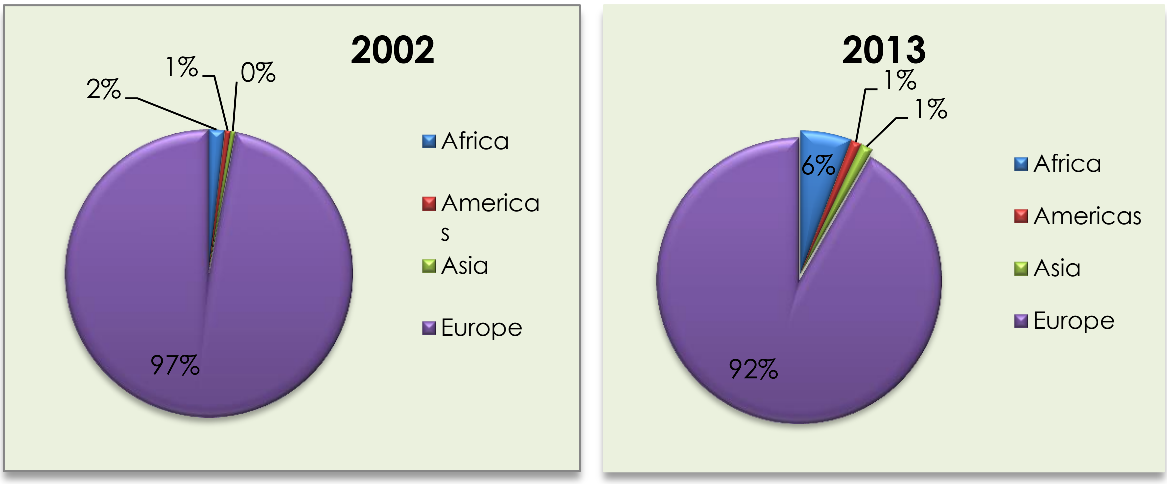
Figure 1 below illustrates the processing of chicory from its root to the usable extracts. The first stages of processing chicory involve washing, drying, roasting and crushing. Extraction is the last stage of chicory processing, whereby a soluble matter is extracted from chicory root by using hot water.

Figure 1: Processing chicory (Leroux, 2016)

3. Global Trends in Production, Producer Prices and Trade in Chicory

Chicory is native to Europe and more than 90% of its production is in Europe as shown in Figure 2 below. In 2002, Europe comprised of about 97% of chicory production, but declined by around 5% to 92% in 2013. In contrast to Europe, Africa has increased chicory production by approximately 4% between 2002 and 2013. The share of the Americas remained the same, while Asia had a modest increase from less than 0% in 2002 to about 1% in 2013.

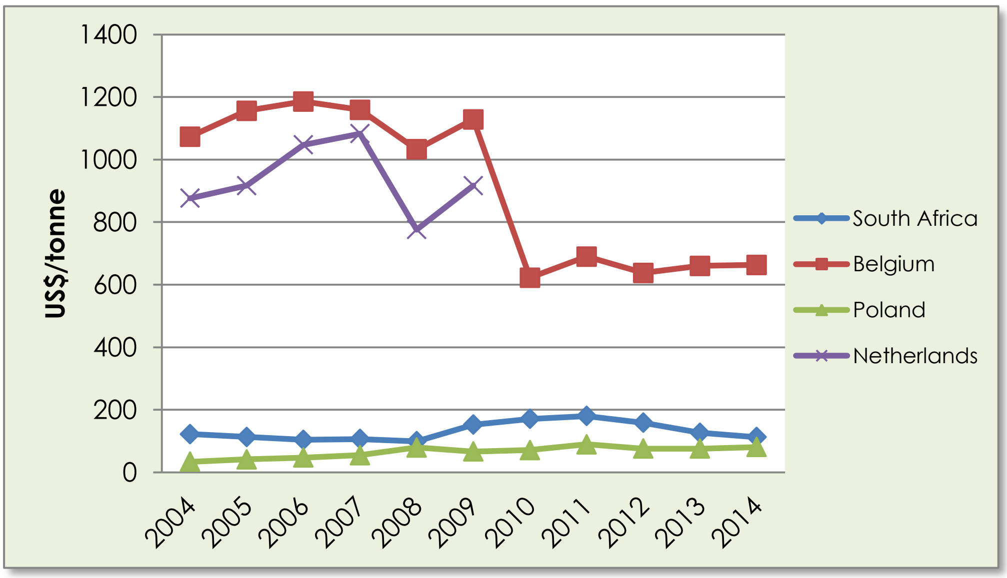
Figure 2: Comparative regional share in the production of chicory



Source: FAO, 2016

Figure 3 shows the producer prices of the top four chicory producers over an 11 year period. For South Africa, the producer prices appear to be slightly stable, but showed a declining trend over the period 2012 to 2014.

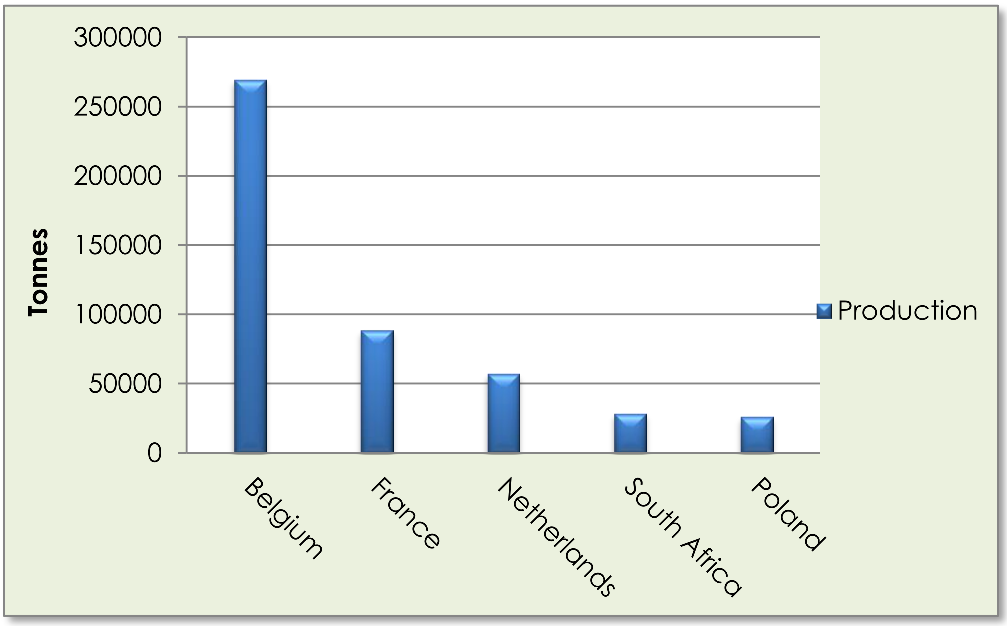
Figure 3: Producer prices of top four producers of chicory, 2004-14



Source: FAO, 2016

In 2013, South Africa was amongst the top five producers of chicory as presented in Figure 4 below. Additionally, SA ranked fourth and produced around 28 300 tons of chicory. The production in recent years has changed drastically and will be shown later on in SA's trade patterns analysis. The leading producer of chicory was Belgium (269 515 tons), followed by France (88 323) and the Netherlands (57 000) in 2013. Poland ranked fifth and produced about 25 909 tons.

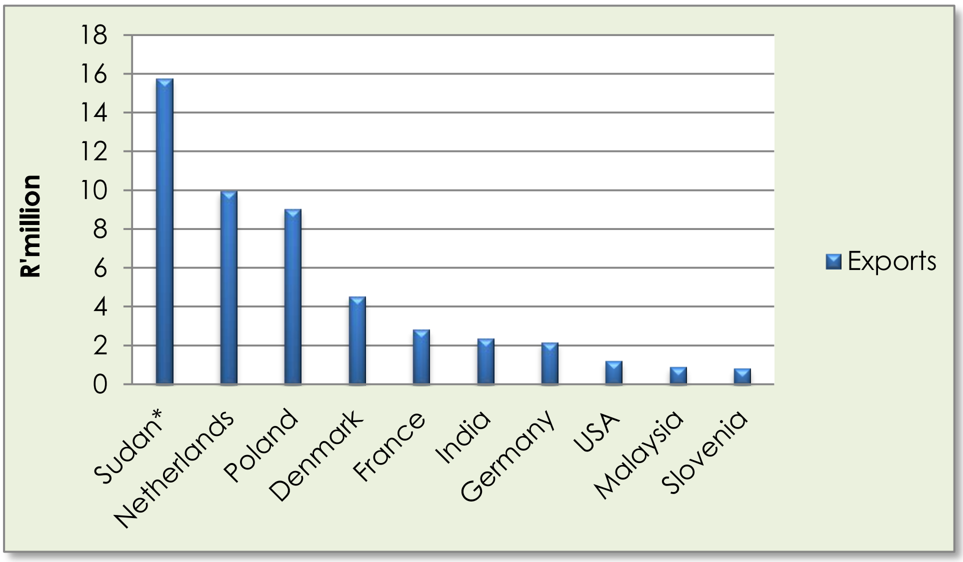
Figure 4: Top five producers of chicory in 2013



Source: FAO, 2016

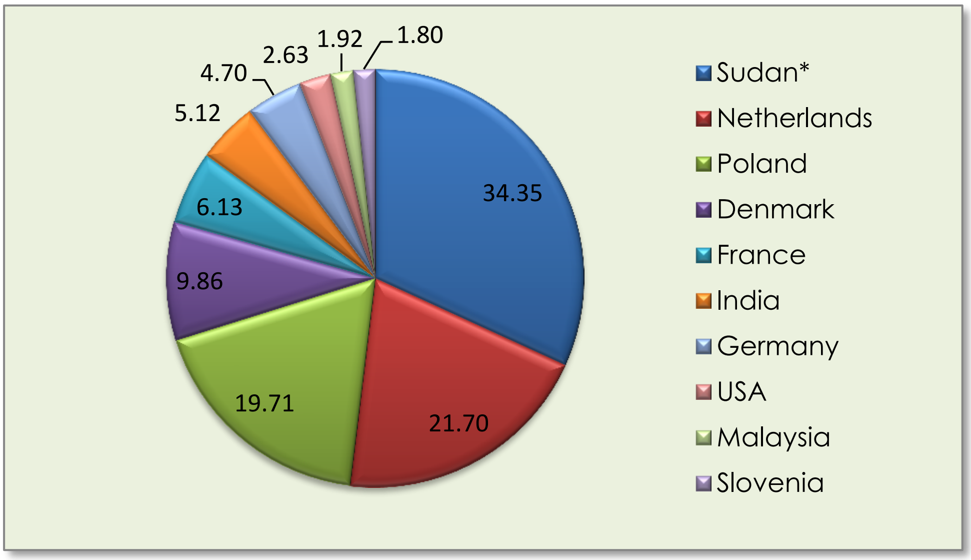
Figure 5 below presents the top ten exporters of chicory over the period 2013-2015. Sudan, including both North and South, ranked first as an exporter of chicory with exports averaging around R16 million. Sudan had a share of 34,5% as shown in Figure 6 below. The top ten major exporters of chicory are predominately from Europe. The Netherlands is ranked second, with an average export of around R10 million and a share of 21,70%, which is followed by Poland (R9 million) and Denmark (R5 million), with shares of 19,71% and 9,86%, respectively.

Figure 5: Top 10 exporters of chicory (HS121294), 2013-15



Source: ITC Trade Map, 2016

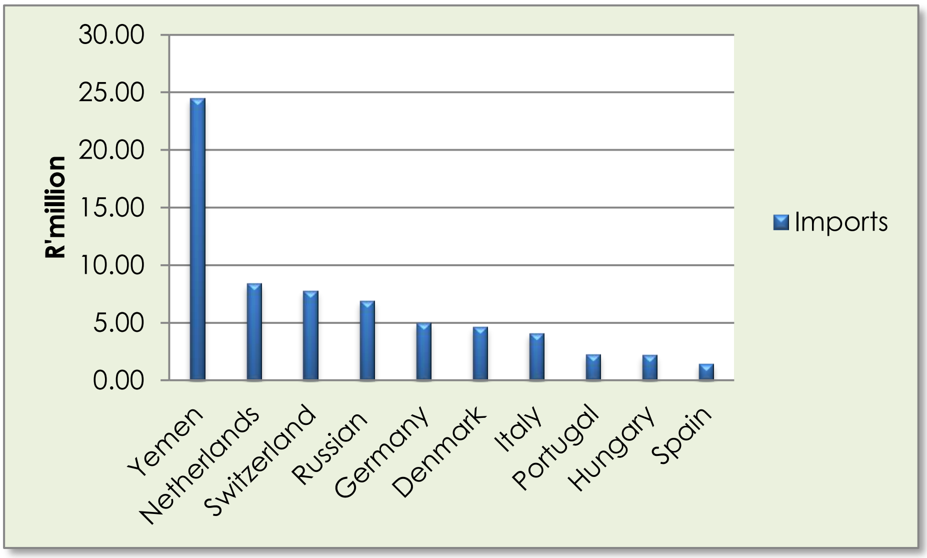
Figure 6: Percentage share of the top 10 exporters of chicory (HS121294), 2013-15



Source: ITC Trade Map, 2016

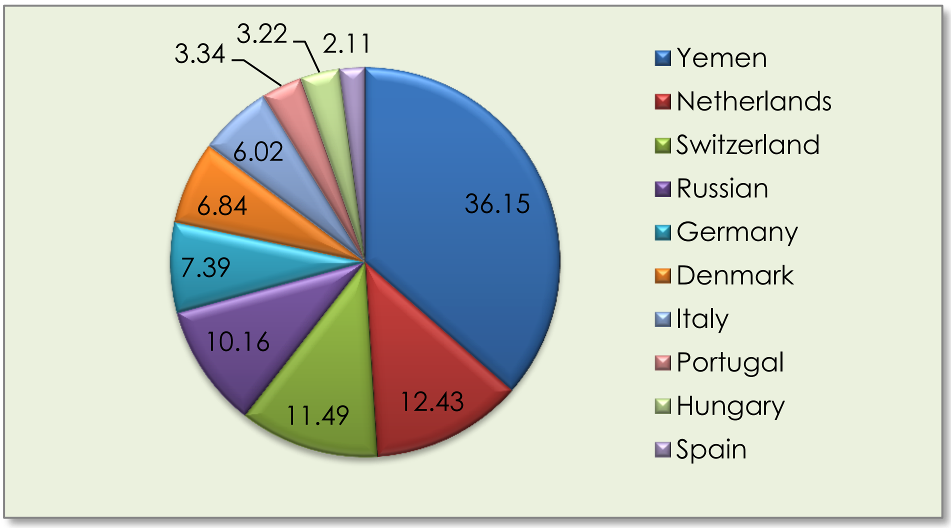
The major importers of chicory, as presented in Figures 7 and 8, are Yemen, the Netherlands and Switzerland over the period 2013 to 2015. Yemen is the leading importer of chicory, with an average import of R24,5 million and has a market share of around 36,15%. Again, similar to exporters of chicory, the European countries dominate the import markets of chicory, though at small percentage, as compared to its dominance in the production of chicory

Figure 7: Top 10 importers of chicory (HS121294), 2013-15



Source: ITC Trade Map, 2016

Figure 8: Percentage share of the top 10 importers of chicory (HS121294), 2013-15

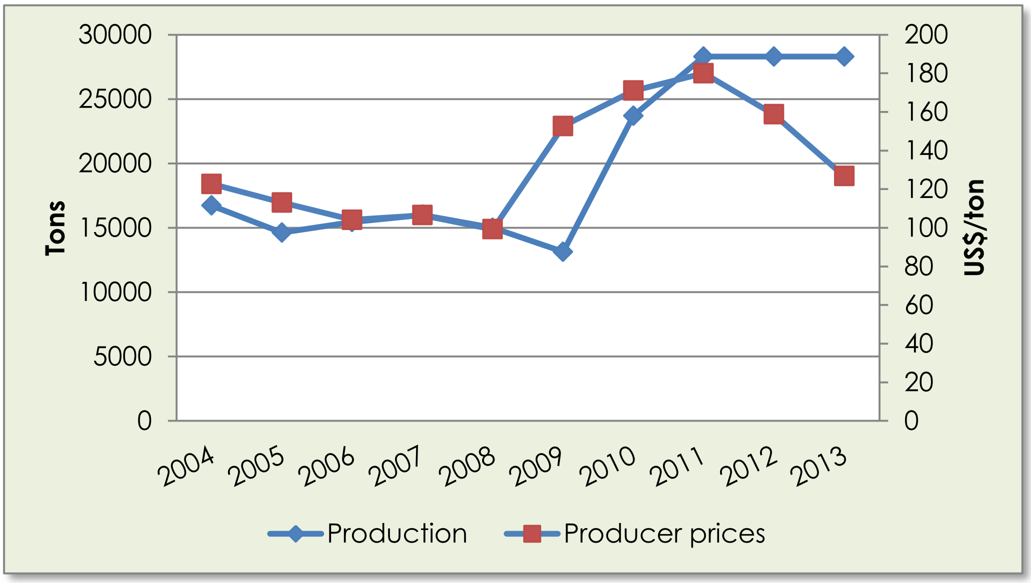


Source: ITC Trade Map, 2016

4. South Africa's Production, Producer Prices, Gross Value and Trade Patterns of Chicory

Figure 9 below shows South Africa's production and producer prices of chicory over the period 2004 to 2013. Over the period 2004 to 2008, SA's production and producer prices of chicory were fairly stable, with production ranging from 13 133 tons to 16 268 tons and producer prices from US$99,26 to US$122,64. Subsequent to 2009, SA's production of chicory increased sharply and peaked at almost 28 300 tons in 2011 and remained the same over the period 2011 to 2013. Likewise, producer prices peaked in 2011 at around US$180 per ton.

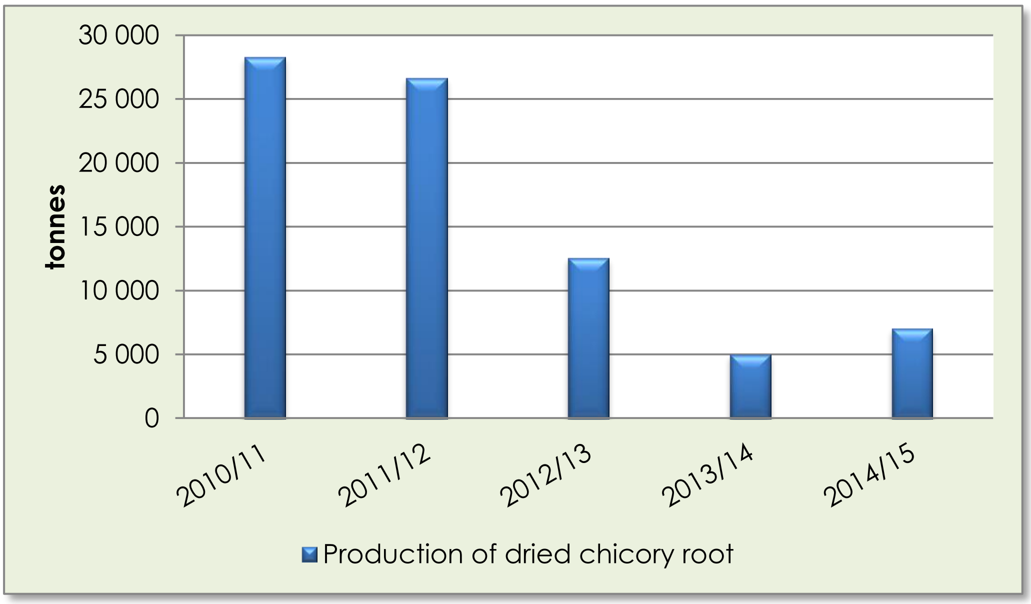
Figure 9: South Africa's production and producer prices of chicory, 2004-13



Source: FAO, 2016

DAFF (2016) separates the production of undried and dried chicory roots data. Figure 10 below presents the production of dried chicory over a period of five years. Although South Africa still appears as a major producer of chicory, recently, specifically from the period 2011/12 to 2012/13, there was a substantial decline in dried chicory production. During the period 2010/11, the production of dried chicory was around 28 300 tons, which dropped to approximately 4 988 tons in 2013/14, but increased slightly in 2014/15 to 7 021 tons.

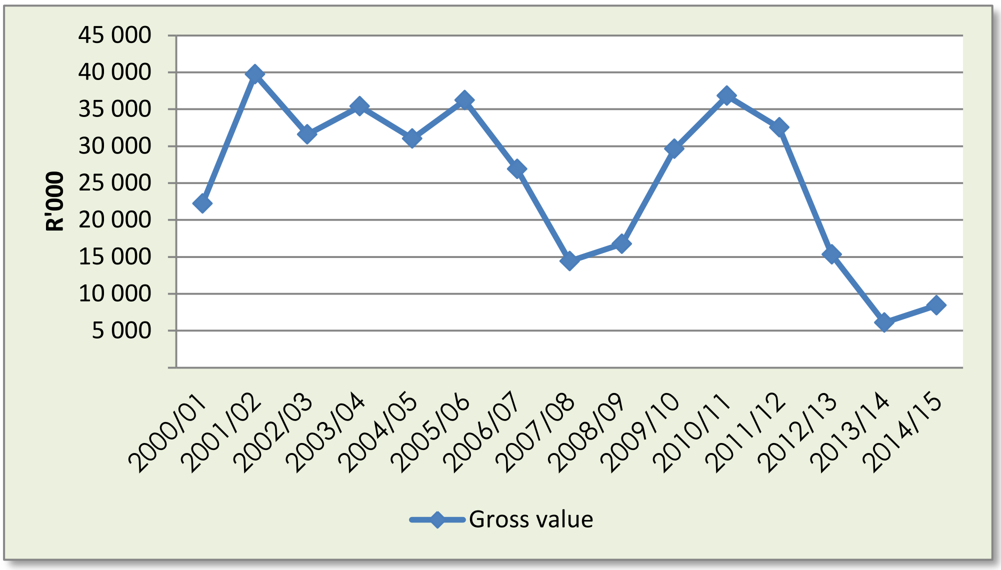
Figure 10: South Africa's production of dried chicory root



Source: DAFF, 2016

In line with the production and producer prices trends, the gross value as shown in Figure 11 below, after 2010/11, declined considerably but slightly recovered in 2014/15.

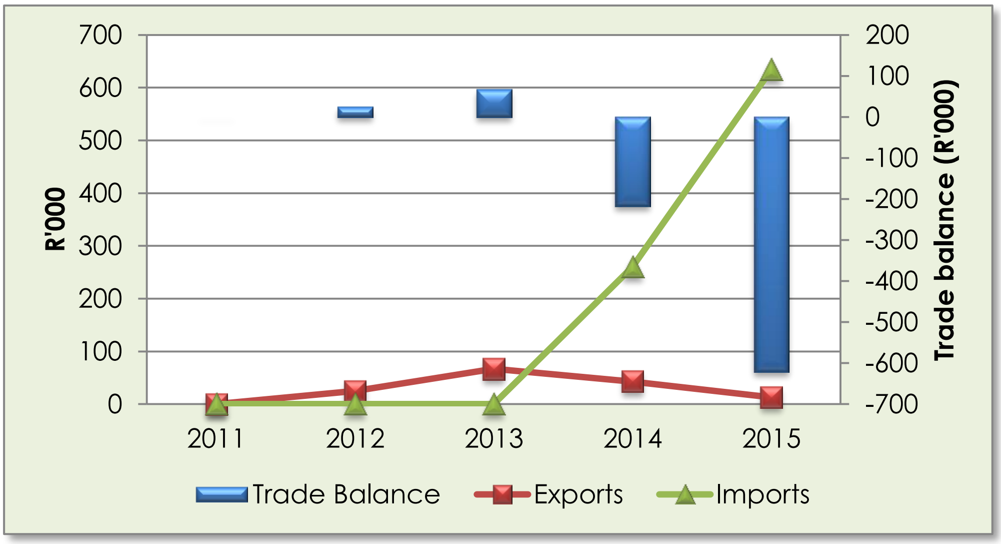
Figure 11: Gross value of chicory in South Africa



Source: DAFF, 2016

Figure 12 below presents SA's trade balance of chicory over the period 2011 to 2015. The export of chicory peaked at around R67 000 in 2013. SA's exports of chicory, in comparison with the production trends, have been very low; this likely indicates that the production of chicory in South Africa is targeted to local market as opposed to export markets. Before 2013, imports of chicory were literally non-existing; therefore, SA had a favourable trade balance. But after 2013, SA's imports increased sharply from zero base reaching approximately R634 000, therefore resulting in a trade deficit of about R621 000.

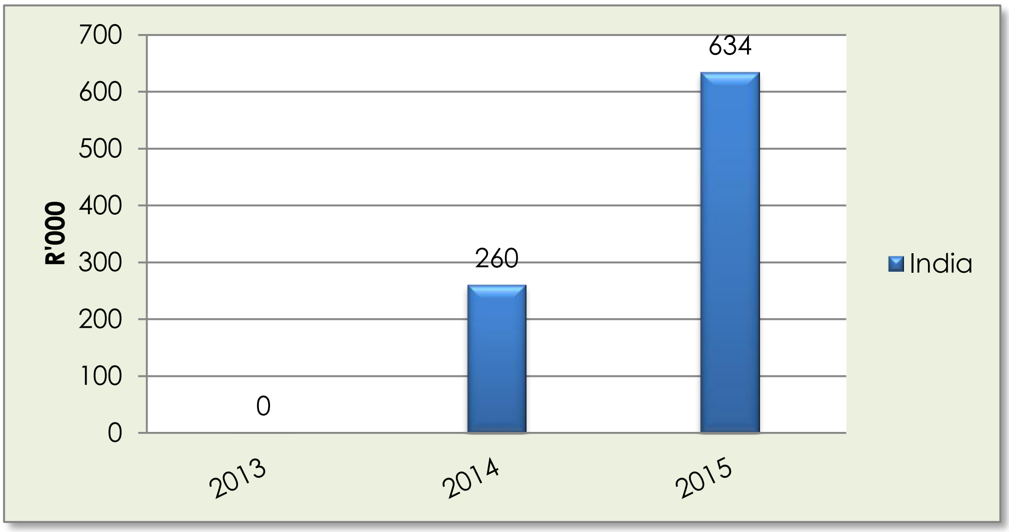
Figure 12: South Africa's exports, imports and trade balance of chicory, 2011-15



Source: ITC Trade Map, 2016

The supplying market for SA imports of chicory is present in Figure 13 below. India is the sole exporter of chicory to the South African market. Despite zero imports from India in 2013, SA's imports increased from R260 000 in 2014 to R634 000 in 2015. The surge in imports of chicory is likely due to a decline in SA's production of chicory. Imports from India appear to be a substitute to local chicory production.

Figure 13: Source of South African imports of chicory, 2013-15



Source: ITC Trade Map, 2016

5. Private and Public Partnership in Chicory

The Department of Trade and Industry (*thedti*), the Eastern Cape Provincial Government and Nestlé, signed an MOU in order to boost chicory production in the Eastern Cape (SA News, 2015) in July 2015. Despite this government intervention, chicory production in SA has substantially declined due to, amongst other factors, high cost of production. This has resulted in a sharp increase in imports, primarily from India.

6. Conclusion

Europe plays a major role as a producer and consumer of chicory. Africa has witnessed a 4% increase in the production of chicory between 2002 and 2013. South Africa was a major producer of chicory prior to 2013, but that has recently changed, with SA relying on imports from India to sustain its domestic demands.

A value chain kind of support, targeting areas of inefficiency along the whole chicory value chain, could be crucial in lowering high production costs currently facing chicory producers in SA. Moreover, given the reliance of chicory producers to the domestic market, a buy-in from the private sector could be a catalyst to the success of chicory industry in SA.

7. Reference

AGRIEC, 2016. Chicory crops abound in the Eastern Cape. Accessed From: http://agriec.co.za/commodities/chicory/

DAFF, 2016. Abstract of Agricultural statistics. Department of Agriculture, Forestry and Fisheries, Pretoria.

Leroux, 2016. Chicory: production process. Accessed from: http://www.leroux.com/en/chicory/production

NDA, 2012. Chicory. Department of Agriculture, Forestry and Fisheries, Pretoria. Accessed from: http://www.nda.agric.za/docs/Brochures/Chickory.pdf

SA News, 2015. Chicory agreement to help create jobs in Eastern Cape. Accessed from: http://www.sanews.gov.za/south-africa/chicory-agreement-help-create-jobs-e-cape

8. Data sources:

1. http://www.fao.org/statistics/en/
2. http://www.trademap.org/Index.aspx