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AGRICULTURAL OUTLOOK CONFERENCE 1985

AGROCON LANVOKON '85

LANDBOU-VOORUITSKOUINGSKONFERENSIE 1985

PRESENTED BY —

- Agricultural Economics Association of South Africa
- Co-ordinating Committee of Agricultural Marketing Boards
- Department of Agricultural Economics and Marketing
- Department of Agriculture and Water Supply
- SA Agricultural Union

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AGRICULTURAL OUTLOOK CONFERENCE - 1985

INDIVIDUAL COMMODITY PAPERS

DRY BEANS

The production season and the consumption period both coincide with the calender year. For the purpose of this paper, the 1984-season is taken as the present season.

1 THE INDUSTRY OVER THE PRESENT SEASON - A SHORT REVIEW OF THE PREVIOUS OUTLOOK IN COMPARISON WITH THE ACTUAL COURSE

During the present season 609 ha more beans have been planted than the previous season, and notwithstanding the oppressive drought situation, a crop of ± 47 500 tons is expec= ted. Import permits had again to be granted for 15 000 tons of white beans, in order to keep the local market going. It was again not necessary to fix floor prices and it seems unlikely that the weighted average prices for producers, will vary considerably from the 1983 levels.

2 PRODUCTION

2.1 Extent of Production

In total, the previous (1983) season's crop was a little better than the estimate at the time of the previous year's paper, and the following figures for the most import= ant types and for the total crop were attained:

SMALL WHITE	LARGE WHITE KIDNEYS	SPECKLED SUGARS	BROWN HARICOT	TOTAL CROP
		TONS		
3 911 (4 700)	3 757 (3 500)	12 667 (12 000)	3 080 (3 000)	26 879 (25 000)

The Board expects the present (1984) crop to yield the following tonnages in the more prominent bean types, as well as for the total crop.

SMALL WHITE	LARGE WHITE KIDNEYS	SPECKLED SUGARS	BROWN HARICOT	TOTAL CROP
		TONS		
±9 500	±5 800	±19 500	±7 500	±47 500

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The planting season for the coming (1985) crop lasts from November 15 to ± January 15, and to make an estimate of the area to be planted to beans, is quite impossible at this stage. If we have timely and perennial rains, a crop of 75 - 80 000 tons is not unlikely, but under drought conditions it will be impossible. At present, enough stocks of certified and disease free certified seed is available for the coming season, of Kamberg (Small White Canning beans), Nuweveld (Brown Haricot) and Bonus (Speckled Sugars) to satisfy the needs. Problems are however still being experienced in supply= ing sufficient stocks of certified Large White Kidney seed.

2.2 Production Value

The gross value of the previous season's crop amounted to approximately R28 199 000, which is R748 000 less than the estimate at the time of the previous paper. There was a minimal increase in tonnage, but the producer price remained constant, and consequently also the gross value figure.

The estimated gross value for the present season is ±R63 291 000.

The gross value for a normal crop in the coming season will be in the region of R70 000 000. More difficult local financial circumstances may have a negative in= fluence on the producer prices and thus a detrimental effect on the gross crop value.

During the present season there was no noticeable emphasis movement from maize pro= duction to bean production. To determine if this will happen in the coming season, will only be possible after the estimate of the area planted to beans becomes known in March 1985.

2.3 Production Potential

The production potential of dry beans in the Republic of South Africa can be dramati= cally increased, by using only disease free dry bean seed and implementing the correct production and crop rotation methods. It may also be further improved by making the correct cultivar selection for the lower and higher moisture areas and by implementing good management practices.

3 LOCAL AND OVERSEAS MARKETS

3.1 The local market

3.1.1 The extent of local consumption

The average local consumption figure over the 1979-1983 period was 62 551 tons per year, against a figure of 58 405 for the 1974-1978 period. There has thus been an increase in the five year average period of 4 146 tons, against the previous period. However, if

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we look at the consumption on a year-to-year basis, we find that since 1979, there has been no increase in local consumption at all.

For the present season we expect a local consumption figure of ± 56 875 tons, which became possible by supplementing the crop with the previous season's carry over and a moderate amount of imports.

With the expectation of a more normal production year, the local consumption may possibly again be in the region of 60-65 000 tons during the coming season.

3.1.2 Value of local consumption

The Board does not control consumer prices for beans and is not actively involved in marketing of its product to the consumer, but the value of the ± 56 875 tons local consumption figure, may well be in the region of R90 000 000. Prepacked beans are still sold at more than 100% higher levels than the producer prices, and this fact will have an increasingly negative influence on the local consumption figure.

3.1.3 Local consumption Potential

Although dry beans are an excellent source of protein, the product definitely has problems to increase its local consumption. If production could be more stable, it will be possible to promote consumption in a more positive way. Consumer preferences should also be determined, as it would render valuable information to the industry in endeavouring to plan ahead correctly and to satisfy and develop the dry bean market more positively.

3.2 The Overseas Market

3.2.1 The extent of Exports

The final export figure for the previous season came to 3 021 tons, of which only 72 tons went to other or overseas countries and the balance of 2 949 tons to neighbouring states. Nine different types of beans have been exported.

It is expected, that during the present season, about 2 150 tons will be exported, of which only ± 70 tons will go to other or overseas countries and the rest will all go to neighbouring states.
The main factors making the export of dry beans to overseas countries viable, depend on the world weather situation, the world crop and price levels. The Republic of South Africa with its relative small crop, has no influence on these matters. At present, reasonable steady exports to neighbouring states are taking place, but the fact that weather conditions all over Southern Africa are the same, means that shortages in the

Republic, usually co-incides with shortages in the neighbouring areas. The ability to pay for purchases also remains a major problem with most countries north of the Republic. If a normal crop will materialise in the coming season, exports should again be on the incline towards 3 000 to 4 000 tons.

3.2.2 The Financial value of Exports

The whole export operation of dry beans is conducted by the trade and the values of export transactions are deemed as being confidential information. The types of beans being exported by the Republic, do not figure in world statistics or market reports.

3.2.3 Export Potential

Increasing the dry bean export figure of the Republic of South Africa is hampered by the following factors inter alia:

(a) The types of dry beans which are locally produced in exportable quantities, are not popular on the overseas market;

(b) The local price of dry beans is not world market orientated, it is too high to compete successfully in that market;

(c) Due to the great distance between the Republic of South Africa and the European market, the freight charges are exceptionally high. This factor, along with the other two points mentioned, are hampering the successfull development of an export market for dry beans.

Constant attention is being given to a program, firstly to adapt local bean varieties, in order to make them more acceptable for the overseas markets, and secondly, to adapt overseas types to South African conditions. If these attempts prove to be successful, it will improve the export potential, on the condition that the local prices become more market related. These are however long term projects.

4 PRICES

4.1 Producer Prices

	R/TONS 1983	1984	1985
SMALL WHITE BEANS	800,18	± 800	± 700
LARGE WHITE KIDNEYS	1 146,49	±1 000	± 950
SPECKLED SUGARS	1 087,23	±1 000	±1 000
BROWN HARICOT	780,69	± 750	± 750
YELLOW HARICOT	951,41	± 925	± 900

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While the 1985-crop has not yet been planted, and nobody can foresee whether it will be a good year for rain, and also because the price of beans is determined by supply and demand, it really is risky to try to forecast prices for the coming season.

4.2 Export Prices

All exports of dry beans are handled by the trade for their own account, and as the Board has no access to these prices, it is impossible to report on same. At present the price for USA sourced small white beans on the European market is 5-8% higher than the previous season. The weakening of the exchange rate between the Rand and the Dollar, will lead to more favourable prices for acceptable local varieties on the European market.

4.3 Consumer Prices

Consumer prices are not controlled by the Board, and the Board is not directly involved in the marketing of beans to the consumer. The Board has no knowledge about contrac= tual price levels to large institutional consumers, while present prices of prepacked dry beans to the household consumer are as follows:

	HIGHEST	LOWEST
LARGE WHITE KIDNEYS	R4 100 per ton	R1 880 per ton
SPECKLED SUGARS	R3 450	R2 100
SMALL WHITE BEANS	R1 940	R1 860
BROWN HARICOT	R1 900	R1 900

Rather large differences in prices of the more popular types are experienced from one trader to the other. Consumer prices also follow the popular trend, viz. to increase very easily but to be slow to come down again.

5 SUBSTITUTION

It is still a fact, that up to now, there is no worthwhile substitute for dry beans, although it cannot be accepted that this will be the case ad infinitum. In the in= dustry, substitution between different types of beans does take place, due to avail= ability and price of the various types. Because dry bean prices are at extremely high levels at present, consumers and especially institutional buyers, are looking earnest= ly at alternative products, to substitute dry beans.

6 A LOOK AT THE FUTURE

Due to the contribution dry beans are able to make in the provision of protein in a balanced diet for the growing heterogene population of the Republic of South Africa, it is a major priority to increase the production of dry beans, as a contribution to enable this country to become selfsufficient in its food sources.

The production of dry beans still has a major role to fulfill in the agricultural scene in the Republic of South Africa. Dry beans have a rather short growing season and can therefore still be planted, when the planting season for other cash crops has passed, due to drought or other problems. Still, it will make a positive contribution to the 1
producer's cash flow situation early in the new year. Futhermore, dry beans are still of great value as a rotation crop.

The local consumption figure is about 60-65 000 tons per year in the Republic of South Africa and the consumers are very loyal to this product. If local production decrease substantially, this loyalty may have a detrimental effect on the country's economy, if the industry has to rely totally on imports.

The harvesting and processing of dry beans are not yet fully mechanised in the Republic of South Africa and the industry is therefore still labour intensive to a very large extent. We therefore repeat the view, that if the industry can be extended, more labour opportunities will be generated.

Concluding, it can be said, that if the importance of dry bean production to the farmer, the growing population, the achievement of self sufficiency in food sources and the provision of more labour opportunities are taken into account, the role of this indus- 2
try in the agricultural setup of the Republic of South Africa is becoming more important by the day. This part of the farming setup deserves much more attention and should be extended with vigour and confidence.

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DRY BEANS

STATISTICAL ANNEXURE

1 Areas under beans, total production and yield per unit figures over the last ten year period:

YEAR	AREA	CROP	YIELD
	HA	TONS	KG/HA
74/75	69 500	51 447	740
75/76	65 200	54 257	832
76/77	66 500	69 843	1 050
77/78	74 500	80 060	1 074
78/79	70 800	48 506	685
79/80	63 000	68 911	1 094
80/81	60 480	76 363	1 263
81/82	64 109	64 647	1 008
82/83	60 904	26 879	441
83/84	61 513	±47 500	±772

2 Production, Consumption, Imports and Exports in total over the last ten year period:

YEAR	PRODUCTION	CONSUMPTION	IMPORTS	EXPORTS
		TONS		
1974	69 062	51 434	4 220	9 895
1975	51 447	60 798	4 550	9 259
1976	54 257	63 084	6 692	5 206
1977	69 843	54 013	3 298	12 371
1978	80 060	62 700	1 782	5 504
1979	48 506	65 231	1 020	4 170
1980	68 911	59 083	734	4 437
1981	76 363	64 601	4 411	8 868
1982	64 647	64 985	901	4 304
1983	26 879	58 855	23 768	3 021

3 Production figures of individual types over the last five year period:

	LARGE WHITE KIDNEY	SMALL WHITE CANNING	OTHER SMALL WHITE	TEPARY	SPECKLED SUGARS	LAPPIES	OTHER SUGARS	YELLOW HARICOT	BROWN HARICOT	OTHER DRY BEANS	TOTAL
1979	17 988	9 854	3 561	428	10 539	512	775	1 023	3 151	675	48 506
1980	33 805	6 452	2 101	640	14 790	549	807	1 415	7 072	1 280	68 911
1981	35 761	4 676	2 338	727	20 058	361	683	1 949	8 773	1 037	76 363
1982	22 046	8 206	1 960	545	17 896	357	480	2 122	8 982	2 053	64 647
1983	3 757	3 911	1 147	359	12 667	533	231	360	3 080	834	26 879

4 Total production on a Regional Basis since 1975:

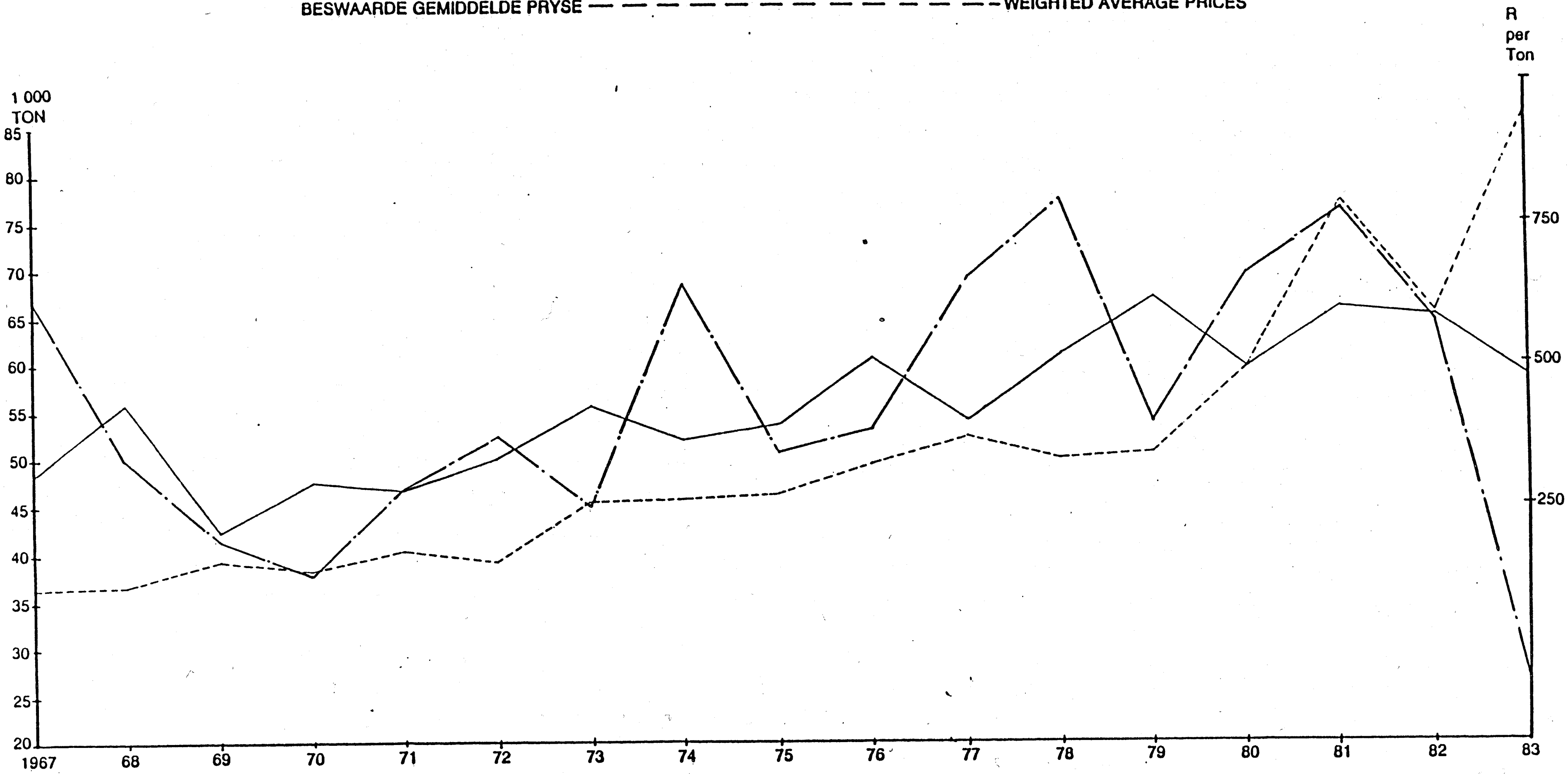
REGION	1983	1982	1981	1980	1979	1978	1977	1976	1975
					TONS				
EASTERN TRANSVAAL	15 396	43 811	56 256	53 966	32 508	60 828	53 256	42 399	33 956
EASTERN TVL LOWVELD	2 694	3 872	1 911	1 646	1 682	2 733			
WESTERN TRANSVAAL	1 296	4 824	4 025	5 464	6 524	6 162	8 362	4 734	7 229
NORTHERN TRANSVAAL	792	1 385	2 000	1 956	1 194	1 890	1 607	2 008	1 752
REST OF TRANSVAAL	635	1 538	1 021	921	823	1 109	1 811	1 368	1 218
TOTAL: TRANSVAAL	20 813	55 430	65 483	63 953	42 731	72 722	65 036	50 509	44 155
ORANGE FREE STATE	4 480	7 458	9 614	3 657	4 096	5 524	3 589	1 959	3 980
CAPE	1 148	1 558	1 190	1 171	1 210	1 731	1 075	1 626	3 047
NATAL	438	201	76	130	469	83	143	163	265
TOTAL PRODUCTION	26 879	64 647	76 363	68 911	48 506	80 060	69 843	54 257	51 447

DROËBONE — **DRY BEANS**

TOTALE PRODUKSIE — TOTAL PRODUCTION

TOTALE VERBRUIK — TOTAL LOCAL CONSUMPTION

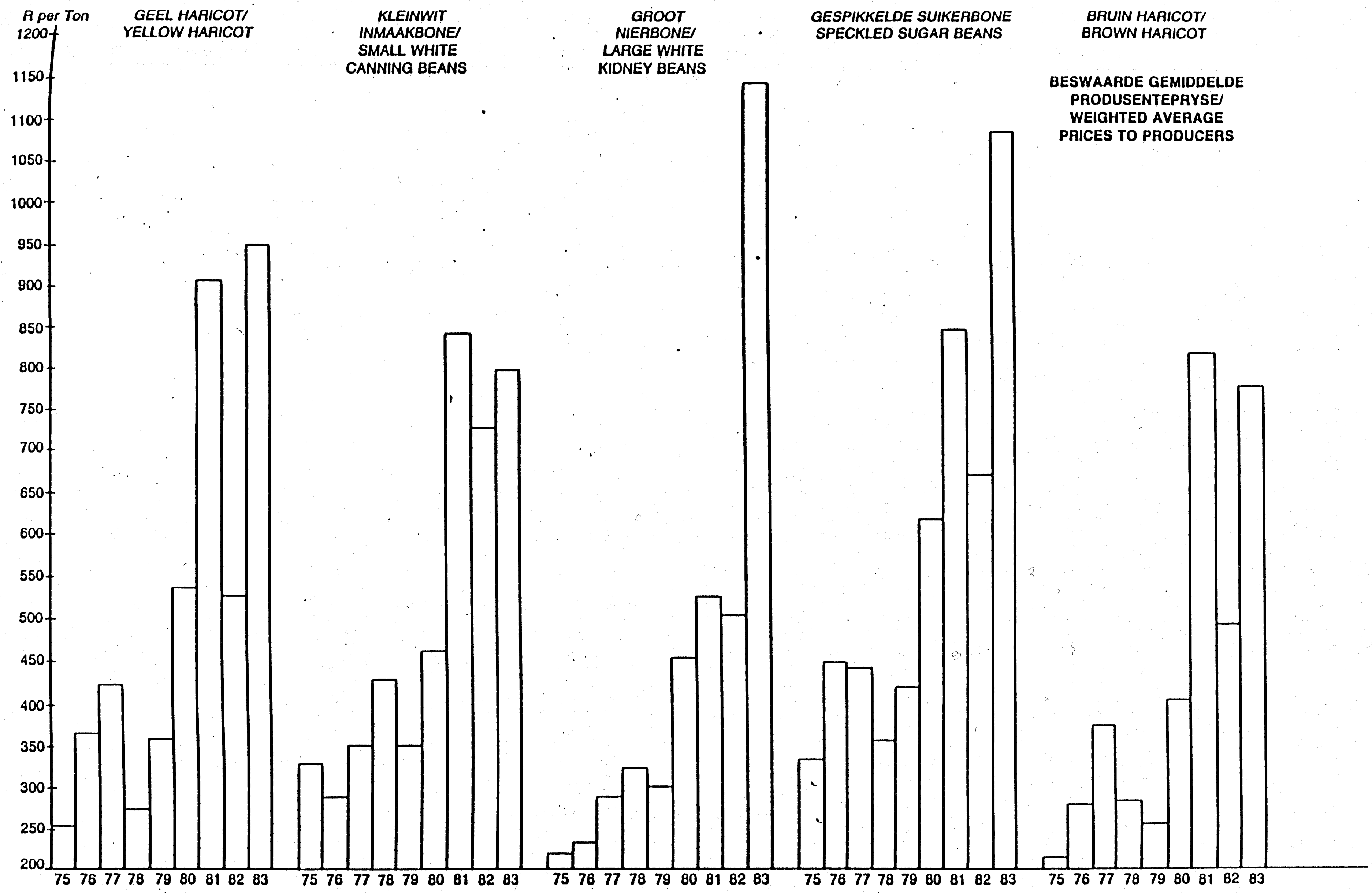
BESWAARDE GEMIDDELDE PRYSE — WEIGHTED AVERAGE PRICES



GROOT

GESPIKKELDE SUIKERBONE

BRUIN HARICOT/


R per Ton
GEEL HARICOT/
YELLOW HARICOT
KLEINWIT
INMAAKBONE/
SMALL WHITE
CANNING BEANS
GROOT
NIERBONE/
LARGE WHITE
KIDNEY BEANS
GESPIKKELDE SUIKERBONE
SPECKLED SUGAR BEANS
BRUIN HARICOT/
BROWN HARICOT
BESWAARDE GEMIDDELDE
PRODUSENTEPRYSE/
WEIGHTED AVERAGE
PRICES TO PRODUCERS
1200
1150
1100
1050
1000
950
900
850
800
750
700
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BESWAARDE GEMIDDELDE PRODUSENTEPRYSE OP MAANDBASIS TYDENS LEWERINGSEISOEN
WEIGHTED AVERAGE PRICES TO PRODUCERS ON MONTHLY BASIS DURING PEAK PERIOD