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AGRICULTURAL OUTLOOK CONFERENCE 1986

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LANDBOUVOORUITSKOUINGSKONFERENSIE 1986

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
- National Marketing Council
- SA Agricultural Union

CSIR CONFERENCE CENTRE
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AGRICULTURAL OUTLOOK CONFERENCE - 1986

INDIVIDUAL COMMODITY PAPERS

DRY BEANS

Both the marketing and consumption seasons for dry beans coincide with the calender year. For the purpose of this paper, the 1985-season is taken as the present season.

1 EVALUATION OF THE 1985 OUTLOOK

It was expected that if timely and perennial rains were to be experienced, a crop of 75 - 80 000 tons would not be unlikely. Circumstances were reasonable, but the area planted to beans decreased by 8 013 ha, and a 68 000 ton crop is expected with a local consumption figure of 57 000 tons. Due to the extremely difficult local financial situation, the trade could not handle the entire crop, and producers experienced cash flow problems. The Board was thus compelled to establish floor prices, resulting in lower producer prices. Notwithstanding better availability less dry beans have been exported. There was no need to import dry beans to replenish the local stocks.

2 PRODUCTION

2.1 Extent of Production

The previous (1984) season's crop did not differ much from the estimate at the time of the previous year's paper. The following figures for the most important types and for the total crop were attained, in comparison to the estimate:

SMALL WHITE	LARGE WHITE KIDNEYS	SPECKLED SUGARS	BROWN HARICOT	TOTAL CROP
		TONS		
8 878 (9 500)	6 508 (5 800)	21 803 (19 500)	7 799 (7 500)	47 332 (47 500)

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The Board expects the present (1985) crop to yield the following tonnages in the more prominent types and in total:

SMALL WHITE	LARGE WHITE KIDNEYS	SPECKLED SUGARS	BROWN HARICOT	TOTAL CROP
		TONS		
±16 500	±8 650	±30 000	±10 000	±68 000

Normally producers complete their maize plantings, before they commence their dry bean plantings, viz from late November to about 15 January. With the late arrival of the rains this year, it is impossible to make an estimate for 1986, although there is no reason to expect the hectares to be lower than the present year's 53 500. Assuming a normal year for next season, it will not be ridiculous to expect a 70 000 ton crop. Certified Large White Kidney Seed remains virtually unobtainable, but seed of the other more important types are adequately available.

2.2 Production value

The gross crop value of the previous season's crop came to approximately R49 921 000,00, which is considerably lower than the estimated R63 291 000,00. The reason being that in the real figure mentioned first, the figure for cow=peas and the crop figures of the six dependant states and the four independant states have been deleted. On the same basis, the expected gross value for the present year is fixed at ± R52 397 000,00, due to the increase in the expected crop.

Although the crop for the coming year is expected to be ± 70 000 tons, no sub=stantial increase in the gross crop value is expected, mainly ascribed to the expected retarding effect of the local financial climate.

2.3 Production potential

The following actions will, if applied, bring about a dramatic increase in the production potential of dry beans:

1 The exclusive use of disease free certified seed or at least certified seed;

2 The correct cultivar selection for the production area concerned, expecially with regard to moisture and climate; and

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3 Implementing good management practices, good production and crop ro= tation methods.

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 past seven years was 62 638 tons, and over the past five years 62 028 tons. This clearly points to a definate decrease, although smaller crops due to the poor rainfall, as well as the financial circumstances were primary causes. The fact still remains, that since 1979 the local consumption figure of dry beans remained stagnant.

For the present season a local consumption figure of 57 000 tons seems viable. This will result in a carry over of stocks for about five months of the coming season.

If the estimated crop of 70 000 tons for 1986 comes about, the financial circum= stances will determine whether an increase in consumption will be likely. Without any increase above 57 000 tons, the coming season may well be con= cluded with an expected carry over of eight month's stocks for 1987.

3.1.2 Value of local consumption

The exptectd consumption value for the present season, calculated in trade terms to the consumer, may be in the region of R1 million, with 57 000 tons taken as the basis. It may also not be unrealastic, to assume that the con= sumer price will in future show an upward trend. A decline in the tonnage available will however again decrease the total figure.

3.1.3 Local consumption potential

Notwithstanding its high protein value, dry beans experience substancial problems to increase its local consumption. If backed by more stable pro= duction, consumption can be promoted more positively. A more serious course has now been adopted, and plans are being formulated to determine consumer

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preferences, that will be of immense value to the industry, in order to plan on a more co-ordinated basis, and to do more purposeful marketing development.

At present the per capita consumption of dry beans runs in the region of 1,79 kg per capita. This is rather low in comparison with other compareable countries. The above-mentioned intention to determine consumer preferences as well as the following strategies being planned, all aim at improving the local per capita consumption of dry beans.

3.2 The overseas market

3.2.1 The extent of exports

During the previous season only 2 388 tons of dry beans have been exported. 41 Tons went to other or overseas countries, while the remaining 2 347 tons went to neighbouring states. Nevertheless, we were fortunate that all nine varieties were still exported and the decrease was felt in all nine varieties.

It can be accepted, that exports for the present season will be in the region of 5 000 tons. At least 3 000 tons will go to neighbouring states. This is somewhat better than what we have forecasted.

The relatively small local production of dry beans, has no influence on the factors that determine whether it will be possible to export beans to overseas markets. It depends mostly on world crop price levels. At this stage it seems as if the United States of America and Canada have larger crops than the previous two years and the world prices have problems to adopt a firmer stance. The Rand/Dollar exchange rate has a favourable influence on South Africa's export of dry beans, but the problem persists, that South African types of dry beans are not really popular on over=seas markets, and are usually only welcomed in times of shortages.

In the event of the estimated 70 000 ton crop becoming a reality in the coming season, with the Rand/Dollar exchange rate still remaining favour=able, to exports, dry bean exports may rise to 6 000 tons.

3.2.2 The financial vaule of exports

The trade conducts all exports for their own account and the value of ex=port transactions are deemed as being confidential information. The types of dry beans being exported by the Republic, do not figure in world statis=

3.2.3 Export potential

The expansioning of the export potential of dry beans from the Republic is hampered by inter alia, the following factors:

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

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

(c) Due to the large distance between the Republic of South Africa and the European markets, the freight charges for the Republic are much higher than what is the case fore e.g. the United States of America. This fact, combined with the other two facts mentioned above, are seriously hampering the successfull development of a stable export market for dry beans.

Serious efforts are constantly being made, 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, in order to improve the export potential of the local industry. Local prices should however become more market related if any success is to be obtained. Success in this regard can only be expected in the long term.

4 PRICES

4.1 Producer prices

	R/TON		
	1984	1985	1986
Small White Beans	852,23	765,11	± 750
Large White Kidneys	1 005,77	893,80	± 850
Speckled Sugars	1 014,19	896,10	± 850
Brown Haricot	928,89	715,75	± 700
Yellow Haricot	982,63	892,95	± 850

It is impossible to forecast prices for 1986, because the 1986-crop has not yet been planted, and supply and demand determines the price of dry beans.

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4.2 Export prices

The Board does not participate in the export of dry beans. The trade export beans for their own account. As the Board has no access to these prices, it is impossible to report on same.At present the price for small white canning beans on the European market is similar to last season's price. The poor position of the Rand against the Dollar, certainly puts the price of local dry beans in a prime situation for export, but factors such as acceptability and freight charges immediately change the picture again.

4.3 Consumer prices

The Board does not control prices of dry beans. The prices are determined by supply and demand. The Board is not directly involved in the marketing of beans to the consumer, and has no knowledge regarding contractual price levels to large institutional consumers. The present prices per ton of prepacked dry beans to the household consumer are as follows:

	HIGHEST	LOWEST
Large White Kidneys	R4 280	R1 900
Speckled Sugars	R2 940	R1 780
Small White Canning beans	R2 520	R1 500

It is quite obvious, that rather large diffences in prices are experienced be= tween retailers, for the more popular types of beans. It is amazing for a re= tailer to be able to sell Large White Kidneys at R4,28 per kilogram. Consumer prices also tend to increase easily, but are really reluctant to come down.

5 SUBSTITUTION

At present there is no product that can be described as a real substitute pro= duct for dry beans. Rice do offer a threat to dry beans and in times when pota= toes are in surplus and cheap, they hamper the sale of dry beans. In the indus= try, substitution between different types of beans does take place, due to availability of the different types. Due to the fact that dry beans are so expensive in the trade, consumers, and especially institutional buyers are seriously looking at alternatives for dry beans. Dry beans should therefore read the message correctly and make the neccessary adjustments in time.

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6 A LOOK AT THE FUTURE

Dry beans, with it's high protein content, must play a much more prominent role, to ensure a more balanced diet for the fast growing population of South Africa. If the production of dry beans is to be enlarged, it will contribute towards making this country selfsufficient regarding basic food sources.

Due to the relative short growing season of dry beans, it has considerable prac= tical advantages for producers. It may be planted late in the season, if the planting of other crops has failed, and it will contribute early in the new season towards the cash flow situation of the producer. The value of dry beans as a rotation crop is still highly recommended. The production of dry beans thus still have a prominent function in the agricultural setup in the Republic of South Africa.

Most consumers of dry beans are very loyal to their product. If you have to cater for a local consumption figure of 55 - 60 000 tons, taking into account the present world economic circumstances, it can be detrimental to the local eco= nomy, if the local production declines seriously and the local consumption has to be replenished by large scale imports.

The local harvesting and processing of dry beans are not yet fully mechanised, and the industry is still labour intensive, to a very large extent. By extending this industry, labour opportunities will be generated.

Taking into account, the importance of dry bean production for the following:

1 The fast growing population;
2 The producers of dry beans;
3 The countrie's basic food sources;
4 The local economy and
5 The provision of more labour opportunities, the significance of this indus= try in the Agricultural setup in the Republic of South Africa should grow very rapidly. As part of agriculture, this industry justifies a lot more attention, and should be extended with confidence.

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DRY BEANS

RÈSUMÈ

The production and marketing seasons of dry beans coincide with the calender year, and 1985 is regarded as the present season.

Although 8 013 ha less have been planted to dry beans during the present season, we have, due to a better year, especially for dry beans, obtained a crop of ± 68 000 tons. No dry beans had to be imported, the local market was self=sufficient. It is still hard to determine whether a substantial amount of producers are going to switch to the production of dry beans. Due to the very late rains during the planting season, and the amount of enquiries we had, the hectares under dry beans may well increase. Depending on the season, production may exceed 70 000 tons.

High price levels as well as the extreme financial pressure on the consumer result in the declining of the consumption of dry beans. For the present season, we expect a consumption figure of ± 57 000 tons. If the crop in the 1986 season reaches 70 000 tons, and supply and demand have a somewhat down=ward effect on prices, the consumption may rise to 60 - 65 000 tons.

During the present season nearly 700 tons less dry beans have been exported. By far the greatest quantity again went to neighbouring states. We do not see promising export prospects in the export market for dry beans over the short term.

During the present season, the producer prices of four of the more popular types of dry beans dwindled by 7 to 11 % and for one type even as much as 23 %. This can mainly be attributed to the fact that a larger crop has been obtained, and that floor prices have been established. If plantings and the crop in the coming season come up to expectations, a further decline in producer prices may take place.

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While Large White Kidneys are still in short supply, it's prepacked consumer price increased to a level where it has a negative effect on it's sales. The prices of the other prepacked varieties are still on the same level as the previous year. Any price increases in the coming season will undoubtedly hamper the turnover.

The increase in the sales of rice creates a mild problem for the marketing of dry beans, although there is not yet a real substitute product for dry beans available in the market. In the industry substitution is taking place between different types of beans, due to their availability in the market. The present high ruling prices of dry beans, are forcing large institutional buyers to look at alternative products to substitute dry beans.

Because the production of dry beans is of utter importance to the producers, to the basic food provision of this country, to the economy and the creation of more labour opportunities, this industry should receive far more attention, and as an agricultural branch, it should be strongly extended and developed. Dry beans are a very important source of protein for fast expanding population of this country, and it's very high fibre content enhances, it's value as a basic food source without any doubt.

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D R Y   B E A N S

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
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	47 332	769
84/85	53 500	± 61 175	± 1 143

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

YEAR	PRODUCTION	CONSUMPTION	IMPORTS	EXPORTS
		TONS		
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
1984	47 333	57 845	13 034	2 388

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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
						TON					
980	33 805	6 452	2 101	640	14 790	549	807	1 415	7 072	1 280	68 911
981	35 761	4 676	2 338	727	20 058	361	683	1 949	8 773	1 037	76 363
982	22 046	8 206	1 960	545	17 896	357	480	2 122	8 982	2 053	64 647
983	3 757	3 911	1 147	359	12 667	533	231	360	3 080	834	26 879
984	6 508	7 578	1 300	424	21 803	733	234	519	7 799	434	47 332

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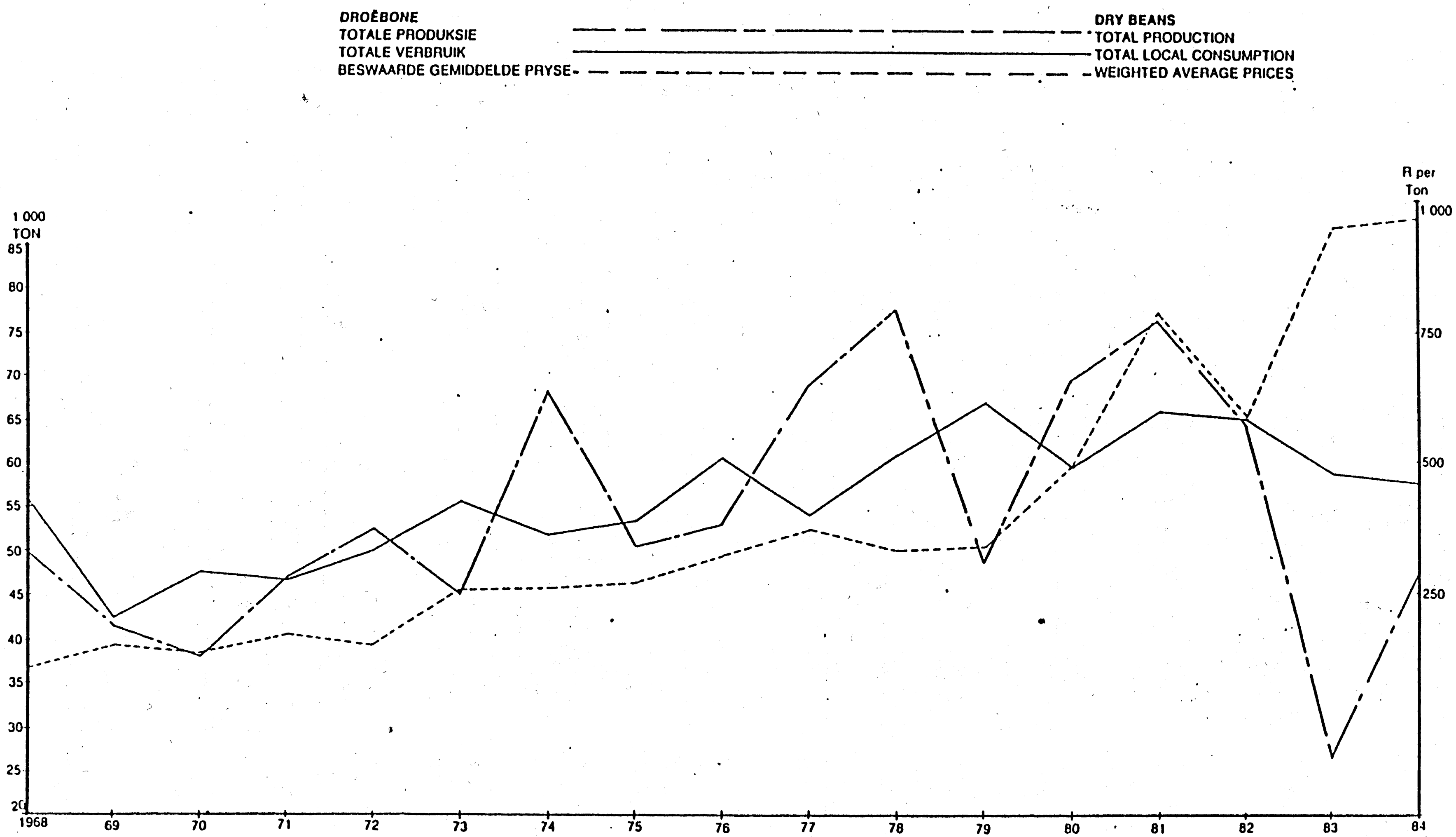
4 Total production on a Regional Basis since 1976:

REGION	1984	1983	1982	1981	1980	1979	1978	1977	1976
					TONS				
EASTERN TRANSVAAL	26 641	15 396	43 811	56 256	53 966	32 508	60 828	53 256	42 399
EASTERN TRANSVAAL LOWVELD	6 621	2 694	3 872	1 911	1 646	1 682	2 733		
WESTERN TRANSVAAL	1 157	1 296	4 824	4 025	5 464	6 524	6 162	8 362	4 734
NORTHERN TRANSVAAL	1 222	792	1 385	2 000	1 956	1 194	1 890	1 607	2 008
REST OF TRANSVAAL	897	635	1 538	1 021	921	823	1 109	1 811	1 368
TOTAL: TRANSVAAL	36 538	20 813	55 430	65 483	63 953	42 731	72 722	65 036	50 509
ORANGE FREE STATE	7 942	4 480	7 458	9 614	3 657	4 096	5 524	3 589	1 959
CAPE	1 537	1 148	1 558	1 190	1 171	1 210	1 731	1 075	1 626
NATAL	1 315	438	201	76	130	469	83	143	163
TOTAL PRODUCTION	47 332	26 879	64 647	76 363	68 911	48 506	80 060	69 843	54 257



DROËBONE
TOTALE PRODUKSIE
TOTALE VERBRUIK
BESWAARDE GEMIDDELDE PRYSE
DRY BEANS
TOTAL PRODUCTION
TOTAL LOCAL CONSUMPTION
WEIGHTED AVERAGE PRICES
1 000 TON
85
80
75
70
65
60
55
50
45
40
35
30
25
20
R per Ton
1 000
750
500
250
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70
71
72
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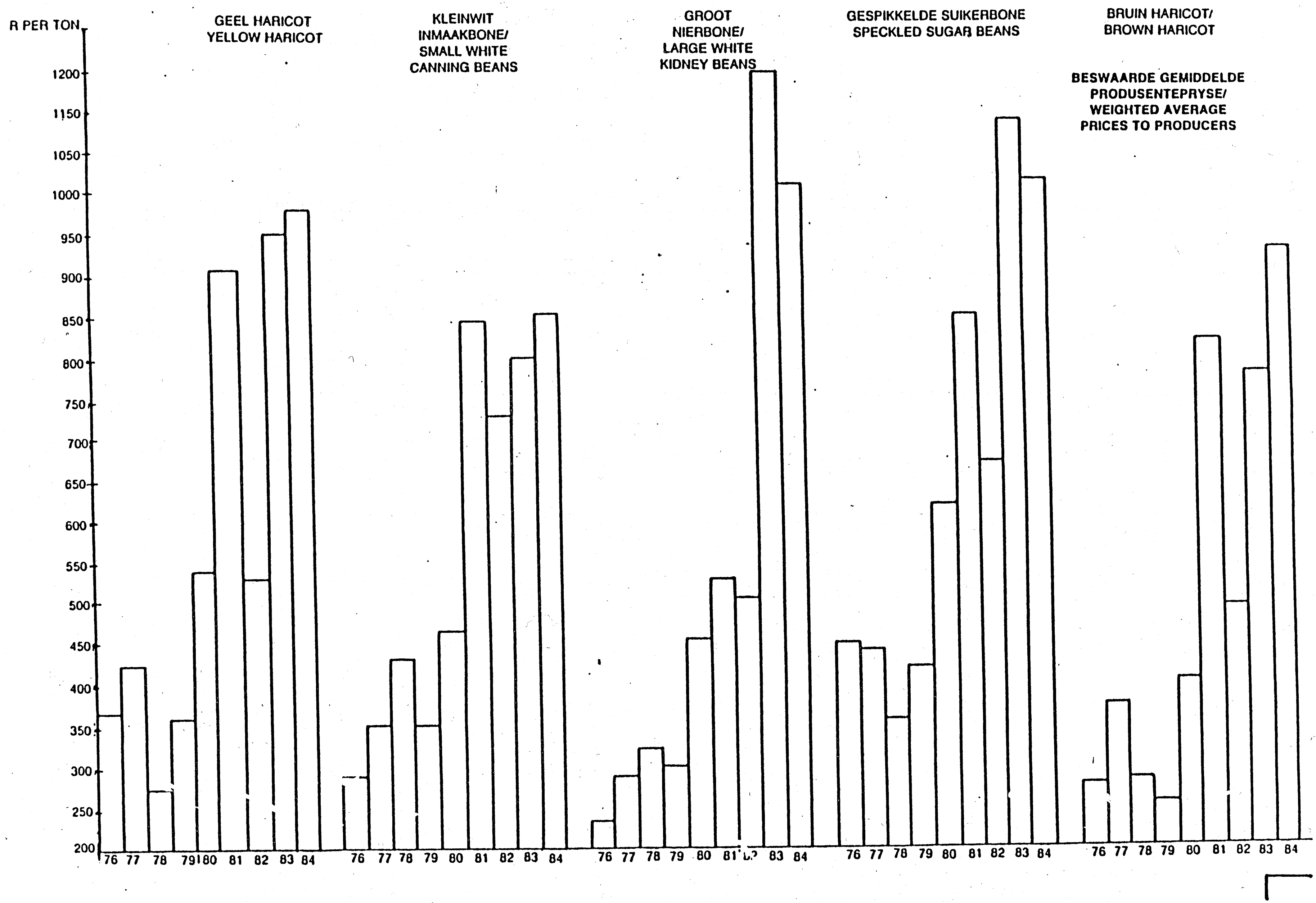
83
84


R PER TON
1200
1150
1050
1000
950
900
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750
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550
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250
200
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
76 77 78 79 80 81 82 83 84
76 77 78 79 80 81 82 83 84
76 77 78 79 80 81 83 84
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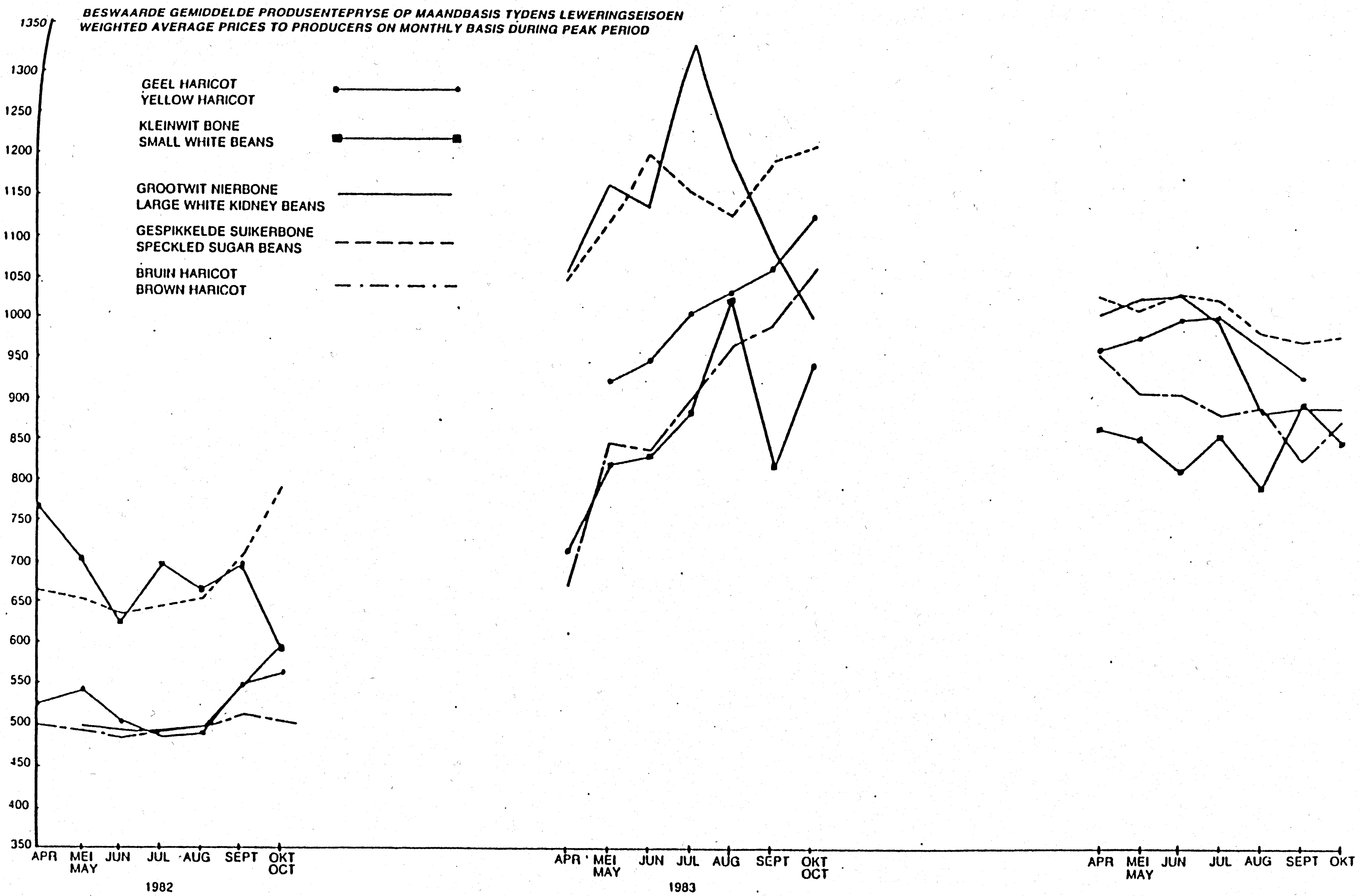
BESWAARDE GEMIDDELDE PRODUSENTEPRYSE OP MAANDBASIS TYDENS LEWERINGSEISOEN
WEIGHTED AVERAGE PRICES TO PRODUCERS ON MONTHLY BASIS DURING PEAK PERIOD
GEEL HARICOT
YELLOW HARICOT
KLEINWIT BONE
SMALL WHITE BEANS
GROOTWIT NIERBONE
LARGE WHITE KIDNEY BEANS
GESPIKKELDE SUIKERBONE
SPECKLED SUGAR BEANS
BRUIN HARICOT
BROWN HARICOT
1350
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