KK Oosthuizen STP/Pol

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AGRICULTURAL OUTLOOK CONFERENCE 1982

PRESENTED BY -

- Agricultural Economics Association of South Africa
- Co-ordinating Committee of Control Boards
- Department of Agriculture and Fisheries

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AGRICULTURAL OUTLOOK CONFERENCE 1981

INDIVIDUAL COMMODITY PAPERS

DRY BEANS

1. PRODUCTION:

1.1 The extent of dry bean production in South Africa, over the last ten years, expressed in the gross value of the crop per year:

1972	R10 884 000	1977	R33 433 000
1973	R15 159 000	1978	R32 746 000
1974	R23 589 000	1979	R24 567 000
1975	R18 278 000	1980	R46 868 000
1976	R23 212 000	1981	± R49 917 000

These figures indicates that the industry experienced a growth of 358% over the whole period under review, and taken only over the last five years, the growth was 49% in total, and 9,8% average per year. The expected growth from 1980 to 1981 amounts to only 6,5% and can be ascribed to a higher price structure.

1.2 Production estimate for 1982:

At present, it is completely impossible to anticipate the extent of the 1982 production, based on the area planted, as planting may continue to as late as December. The climatic and moisture pattern is at this stage very unpredictable, and its influence on the production prospects cannot be determined.

The extremely high price levels in the dry bean market during 1982, and the surplus situation in the maize industry, resulted in a substantially higher demand for dry bean seed.

At this stage, no correct crop estimate can be made, but all indications point to increased plantings, and if price levels are maintained, the 1982 crop may run into a total value of ± R53 million.

2. PRODUCTION POTENTIAL:

2.1 Over the medium term:

The dry bean industry in South Africa offers no stability at all. The instable producer prices cause dry beans to be planted on a variable scale, resulting in the fact, that the production potential over the medium term remains precarious. The core of producers who plant dry beans consistently is too small, and the varying seasonal prices and other circumstantial factors greatly influence producers who decide from year to year if and how much dry beans they intend planting. The extremely high prices for dry beans in 1981, combined with the surplus situation in the maize industry, may result in very big dry bean plantings in 1982, which may lead, due to various factors, to lower price levels than in 1981, and which may then again have a curbing effect on the production potential in 1983.

2.2 Over the long term:

The fact that dry bean production in South Africa is not yet fully mechanised, has a straining effect on the long term production, and may be ascribed to the fluctuation in total production and the extent of production per producer, which do not justify the capital input in mechanisation. If a stable marketing setup for dry beans can be established, it will offer producers a more steady income pattern, and will eventually overcome the labour intensive problem. This will pave the way towards increased production over the long term.

The establishment of the dry bean disease free seed scheme, is the most important technical contribution ever made towards the industry, and will already play an import role during 1982, to increase the production per unit. Technical input of a high standard is also made in the search for new cultivars, being better adapted to local agronomical conditions and more sought after in the export market.

These factors will definitely contribute towards a more promising production potential over the long term. However the lack of stability in the industry remains the largest obstacle in the long term production potential of the dry bean industry.

3. MARKETING:

3.1 The local market:

3.1.1 The last ten years:

TON

YEAR	MARKETED BY PRODUCERS	LOCAL CONSUMPTION
1972	52177	49822
1973	45026	55240
1974	69062	51434
1975	51447	60798
1976	54257	63084
1977	69843	54013
1978	80060	62700
1979	48506	65231
1980	73904	64054
1981	± 74000	± 56000

3.1.2 The coming year:

The local marketing prospects for 1982 are rather distressing, when the expected final consumption figures for 1981 are taken into consideration, promising to be some 12,5% lower than in 1980, and 9% lower than the average of the previous six years. It is primarily the contributory cause to this decline in local consumption, that really gives food for thought. We are convinced, that the price levels attained during 1981 on the consumer level, are mainly to be blamed for the mild consumer resistance and consequent decline in local consumption. In some cases, the price of a certain variety, exceeded the price per kg of chicken.

A total carry over from 1981 to 1982 of ± 20 000 tons is anticipated. The stocks of Large White Kidneys may last until the end of April 1982, and the Speckled Sugar Stocks until end February. No carryover of Small White Canning Beans is anticipated, but the situation with Yellow and Brown Haricot is by all means not inspiring.

Considering seed sales, a reasonable increase in dry bean plantings may be anticipated, and if a large crop do materialise, prices may well move to a lower level than during 1981, probably inducing a higher local consumption rate.

3.2 The overseas market:

3.2.1 The last years:

During 1980 and 1981, both the two main bean producing countries in the world, viz. Brazil and Mexico had to import dry beans, as stocks due to bad crops could not supply the local demand. This situation suited other producers, like the U.S.A. well, while they suffered marketing problems, mainly with small white canning beans, and producers of this type could now swing to the production of black and speckled sugar beans.

In 1980 the U.S.A. increased its sales all over the world with 87834 tons, or 34,5% above the 1979 figure. It is doubtful if a bad crop was experienced in the rest of the world, and it may therefore be accepted, that an incline in world consumption of dry beans do exist. It is an open question whether the extent of this increase in consumption, represents a real increase in consumption per capita, or only caters for the normal increase in population. In the United Kingdom, the worlds largest consumer of baked beans, the tonnage of small white canning beans consumed, increased over the last ten years with 20%. World wide people are increasingly becoming aware of the high nutritional value of dry beans, and it's utilisation in world assistance and nutritional Schemes, in underdeveloped countries, is growing steadily. In the highly developed western countries instant and canned products are becoming more and more popular, due to the convenience it offers the housewife. Prices of dry beans are also increasing in all countries. In Europe, the C.I.F. price of small white canning beans increased with 17,75%, from R778 to R916 per ton from September to November 1981.

South Africa is handicapped in many ways in its efforts to compete in the world market for dry beans, i.e. shipping distance, freight, moisture content requirements, wrong types being produced etc. Large White kidneys enjoyed a very welcome increase in export quantities during 1981, due to a favourable price advantage on the European market and certainly not due to a sudden change in preference.

3.2.2 The coming year:

The growth in the world market for dry beans is not up to expectations, but the black neighbouring countries in Africa definitely offer the most promising export opportunities for the local industry, provided prejudices can be broken down and currency problems be solved.

If local prices do not rise out op proportion and overseas prices maintain a high level, the export possibilities of Large White Kidneys may remain good, although the producer does not share in the profits of this operation.

The exploitation of the export market to it's full extent, is largely impeded by the instability of varying prices in the local industry and the lack of continuity in exportable stocks.

4. PRODUCER PRICES:

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YEAR	LARGE WHITE KIDNEYS	SMALL WHITE BEANS	SPECKLED SUGARS	YELLOW HARICOT	BROWN HARICOT	TOTAL WEIGHTED AVERAGE PER YEAR
1972	128,89	148,22	208,56	153,11	137,11	155,18
1973	258,12	226,27	274,84	252,55	254,70	253,30
1974	231,85	297,70	299,27	243,70	235,70	261,65
1975	215,00	326,40	331,12	254,27	214,70	268,30
1976	230,70	284,55	450,83	376,70	273,40	323,24
1977	287,27	351,40	443,70	428,40	373,40	376,83
1978	321,27	424,25	357,70	271,84	279,55	330,92
1979	302,17	351,81	424,27	365,89	257,62	340,35
1980	446,61	465,99	613,19	542,80	404,95	494,70
1981	± 465,00	± 800,00	± 800,00	± 800,00	± 720,00	± 717,00

Although it is yet too early to establish the exact prices for 1981, it is a very real fact, that there has been a tremendous increase in dry bean prices. Towards the end of the season however, the prices dropped alarmingly, but luckily the bulk of the crop has by then already entered the market.

As the Board is not involved in the dry bean market to the consumer, we do not have consumer prices available, and the trade is also unable to supply this information. The Board is however aware of the fact, that consumer prices have reached a level, that really causes anxiety about a consistent consumer pattern.

5. SUBSTITUTION OF DRY BEANS:

In the process of supplying protein for human consumption, competition exists between dry beans and soy beans. Dry beans, however, have the advantage, that no taste problems are experienced and it may be utilised without the need of processing. Talks exist of substitution by dehydrated vegetables, although the lack of protein and the loss of certain vitamins, certainly leaves dry beans with a definite advantage.

The contrary is however true, that it is possible to complement and substitute animal protein with dry beans, and it can also supplement the provision of protein in various other forms.

6. THE FUTURE:

Although dry bean production is playing a definite role in the agricultural set-up in the Republic, we would like to see greater stability in the industry, leading to an inclination in production. This will ensure that the dry bean industry will establish itself more securely in the South African agricultural framework. Dry beans have long ago proved itself as an ideal rotation crop, and as a cash crop it is well established in the Transvaal Lowveld, the Transvaal Highveld, and in Western Transvaal. Bean production is also steadily increasing in the Eastern and North Eastern Free State.

The production of dry beans, as a source of protein rich food, is fullfilling an ever increasing role in the economy of our country. By establishing and extending this industry, it will increasingly be in a position to replenish the protein sources of our country, and to enable us to be independant and self sufficient in as far as the provision of food supplies is concerned.

At present the industry is highly labour intensive, on both production and processing levels, and mechanisation will continually become a higher priority, especially in the field of production.

With the necessary adaptations, this industry may at the same time, become a mayor earner of foreign capital. Due to the fact that dry beans is a staple diet in many African countries, and the fact that it is such an ideal source of protein to undernourished nations, this industry will in time to come, render enormous assistance in creating better relations.

PRESENTED BY MR. C.F. BEZUIDENHOUT ON BEHALF OF THE DRY BEAN BOARD