

Bean Commission News

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Special points of interest:

- India Largest Bean Importer
- Domestic use of dry beans up in 2010
- Domestic use in 2011 expected to decline
- Mexico remains our largest foreign market
- United Kingdom now second largest market

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Dry Edible Beans

By Gary Lucier & Lewrene Glaser from *Vegetables & Melons Outlook*

As expected, dry bean growers have indicated they plan to reduce area planted to the various bean classes 32 percent from last year's high level. According to USDA's *Prospective Plantings*, area planted to dry edible beans is expected to decline 32 percent this spring from last year's 1.91 million acres. If realized, this would be the smallest dry bean seeded area since 1983. Final planted area depends on factors such as weather (e.g., excess spring rain may favor increased dry bean area since beans have a shorter growing season) and changes in relative price relationships among crops. This year, prospective dry bean area was down due to carryover from last year's large crop and also because of the broad price strength exhibited among competing crops, especially corn, soy-

beans, and wheat. Dry bean area is under pressure in North Dakota (the largest dry bean producer) with acreage gains projected for crops such as corn, soybeans (a record high), wheat, and sugarbeets. This is also where an increase from intended dry bean area is likely since projected dry bean area in North Dakota was very low, the State is the industry leader in dry beans, and is also the top producer of pinto and navy beans. In fact, grower prices for pinto beans increased shortly after the intentions report was released in a likely bid to gain more pinto bean area. With the exception of Montana (which plants mostly pinto and garbanzo) and South Dakota, dry bean acreage was expected to decline in all 18 surveyed States. Both of these States (Montana & South Dakota) are relatively minor

dry bean suppliers. Although Montana's dry bean area was projected to reach 27,000 acres, it would be the largest area since 2001. In South Dakota, which primarily produces pinto, garbanzo, and navy beans, the prospective dry bean area would be the highest since 2006. Since planting does not finish until June in some areas, further adjustments to indicated acreage will likely take place. The next acreage estimate for dry beans will be released in the June 30 *Acreage* report. Assuming planted area remains near 1.3 million acres and 4 percent of acreage is unharvested (the average loss during 2008-10), harvested area would be around 1.25 million acres. This would be down 32 percent and similar to area harvested in 2001 but above the recent

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Columbia Free Trade Agreement - A winner for dry beans

The Colombia Free Trade Agreement (CFTA), which had been accepted by the Colombian government and is currently pending approval by the U.S. Congress, has the looks of being a great opportunity for U.S. and Michigan dry beans.

The current duty on U.S. beans is 60%, with minimal exports to Colombia. The 60% duty is also on almost all other origins, including China and Canada, at present, with Canada going down to 0 Duty in August for the first 5,000 tons. At

the same time, other origins such as Argentina, which is part of the South American Free Trade Agreement (Mercosur) with Colombia, pays only 23% and Colombia's neighbors, Venezuela and Peru, are at Zero.

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Published by the:

Michigan Bean Commission

1031 S. US 27

St Johns, Michigan 48879

989 224 1361

Email: green@4wbi.net

Web site: www.michiganbean.org

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low reached in 2004 when untimely rain and frost caused low yields and 10 percent of area to be lost. If yields reach the average of the past 3 years (17.4 hundredweight (cwt)), 2011 yield would be higher than either of the past 2 years. The 50-year trend yield would be nearly the same as the 3-year average. As a result, dry bean production would decline to about 22 million cwt—. As a result, stocks will be drawn down and prices will likely remain under pressure relative to historical levels in order to maintain revenue parity with other field crops and preserve grower interest in dry beans.

Prices Above a Year Earlier

In April, with the exception of large limas and pink beans, grower prices are averaging above a year earlier for every reported class of dry bean. With the exception of pinto beans, grower bids are at least \$30 for every dry bean class. Partly because dry bean production for individual classes tends to be regionalized, prices largely react to their own set of supply and demand characteristics. However, like the situation in 2007-08, the external pressure generated by high returns for most other field crops has affected dry bean markets and caused prices to push higher. For example, April pinto bean prices in the upper Midwest averaged \$26.13 per cwt—11 percent above the previous year despite the presence of large stocks from last fall's crop. Dark red kidney beans in Minnesota/Wisconsin averaged \$44.25 per cwt this April—up 30 percent from a year earlier. The preliminary 2010/11 season-average grower price for all dry beans was estimated at \$26 per hundredweight (cwt)—down 13 percent from a year earlier but 12 percent above the average of the previous decade (2000-09). It was also the fourth highest season-average dry bean price (unadjusted for inflation) over the past 20 years. Dry bean prices continue to creep upward this spring as a result of both basic supply-and-demand forces within the dry bean complex plus upward pressure from crop markets competing for limited acreage. In 2011/12, the season-average price is expected to exceed \$32/cwt and could remain over \$30 in 2012/13.

Disappearance (net domestic use, a proxy for consumption) of dry edible beans increased in 2010 (calendar-year estimate). With greater domestic availability

(due mostly to a sizeable increase in the 2010 crop) and lower prices, domestic use rose to 2.2 billion pounds. When expressed on a per person basis, net domestic use of dry beans increased 19 percent to 7.2 pounds—up 1.2 pounds from the low of 6.03 pounds reached in 2009. In 2011, domestic dry bean use is expected to decline due to the expected smaller crop, continued good export demand, and higher dry bean prices, which will offset higher carryin stocks from 2010. Excluding garbanzo beans, which are sometimes grouped with dry peas and lentils, per capita use of dry beans is forecast to total 6.2 pounds in 2011, down 8 percent from a year earlier. In 2010, gains in per capita net domestic use were noted for both white (up 26 percent) and nonwhite (up 17 percent) bean types. White beans (navy, Great Northern, lima, and small white) accounted for 17 percent of all dry beans available domestically, similar to a year earlier but down from 24 percent a decade ago. White bean disappearance increased for all classes but large lima. Most of the gain came from navy beans, which resulted from a 43-percent increase in production. With per capita disappearance rising to 5.9 pounds in 2010, nonwhite beans (e.g., pinto, dark red kidney, black, etc.) remained dominant, led by pinto beans, black beans, and the surging popularity of garbanzo beans (mostly kabuli chickpeas). Driven by two consecutive strong crops in 2009 and 2010, domestic disappearance of black beans was second only to the 1999 record high. Garbanzo bean use was also strong in 2010, with disappearance second only to the 2007 record high. Over the past 3 years (2008-10), per capita use of garbanzo beans averaged 0.39 pounds—up 58 percent from a decade ear-

lier (1998-2000). Rising use likely reflects the increased popularity of vegan/vegetarian foods, Middle Eastern cuisines, and Indian/Indian subcontinent cuisines.

Export Volume Up 8 Percent

During the first 6 months of the marketing year (September 2010-February 2011), U.S. exports of dry beans increased 8 percent from a year earlier to 5.1 million bags (cwt). This was the largest 6-month export volume since the 1994/95 season. Among the fourteen identified export classes, eight exhibited export gains including baby limas (up 165 percent), garbanzos (up 112 percent), and navy beans (up 22 percent). Exports of black beans, the top export class in 2009/10, were down 10 percent through February as demand from Mexico has declined. Although average export value is slightly higher this year, export volume has remained resilient despite a 31-percent reduction in shipments to Mexico, the top destination. Movement into Mexico was lower for black, pinto and navy beans. At the same time, U.S. dry bean exports to Canada, the second largest market, jumped 33 percent on the strength of increased movement of navy beans and garbanzo beans. Exports to the United Kingdom were up 10 percent due to greater navy bean, garbanzo bean, and black bean shipments. Exports to Italy and Spain each showed strong gains due mostly to greater demand for navy beans, garbanzo beans, and dark red kidney beans. Volume shipped to the Dominican Republic increased due mostly to movement of pinto beans. For all dry beans, the September-February 2010/11 average U.S. dry bean export unit value was up just 1 percent from the previous year to 33.4 cents per pound.

	Crop Year	September-February			Change%
		2008/09	2009/10	2010/11	
All dry beans	8,889	4,886	4,732	5,122	8
Mexico	3,162	1,208	1,869	1,296	-31
Canada	770	603	466	621	33
United Kingdom	1,031	554	490	538	10
Dominican Repub.	569	205	216	390	81
Italy	152	36	84	297	252
Cuba	0	115	0	252	--
Spain	240	112	136	251	85
Japan	362	190	159	187	18
India	201	12	142	133	-6

Bean Bites

FAS (Foreign Agricultural Service) announced that FMD (Foreign Market Development) of over \$31 million and MAP (Market Access Program) funds of \$194 million will be distributed this year. USDBC (United States Dry Bean Council) will receive approximately \$1.2 million in MAP and \$150,000 in FMD.

Speaking of Exports, it was announced that dry bean exports for the 2010/11 marketing year would total \$284 million.

Largest Bean Importer: According to FAO (Foreign Agricultural Office of the U.N.), the leader in

bean imports was India with 604,518 metric tons. But of major interest is the number two country for imports, the United States with 166,783 metric tons. (3.6 million bags). United Kingdom with third, Japan fourth and Italy fifth. Total dry bean imports for the year was 3,214,195 metric tons.

Mexico Planting Program: While SAGARPA continues to indicate the planting program for dry beans in the 2011Spring/Summer cycle for Zacatecas will be similar to last year, they also indicate that the 600,000 hectares programmed will be hard to obtain. Seems growers there see better prices and possibilities for corn and feed crops, plus the problems in payment have discouraged many as well. (See next Note). Durango and Chihuahua expected to maintain their production levels

even with a new program that promotes canola and sunflower in the bean areas.

Mexico Bean Trading a Failure: It is reported that more than 2,000 bean growers have been waiting 5 months for their payments. It is believed that the authorized buyers (elevators) have shown their lack of financial capacity to pay growers on a timely basis. To date it is estimated that elevators owe growers 200 million pesos (Approximately \$15 million) The payment delays were caused by several reasons, but main reason given was the enormity of the inventory carried over from one year to the next by the elevators.

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Historically the U.S./Colombia bean trade was brisk, with small reds, cranberry beans, navy beans and other beans all finding their way to Colombia on a yearly basis. With the increase in Argentina and China, in many different classes of beans, the Colombian market for dry beans became very small.

According to Brian Grunfelder, FAS, the CFTA agreement states: "Duties on originating goods provided for in the items in staging category W (*which includes dry beans*) shall be reduced by 33 percent of the base rate beginning

on the date this Agreement enters into force. On January 1 of year's two to 10, inclusive, duties shall be reduced in nine equal annual stages, and such goods shall be duty-free, effective January 1 of year 10."

What this means is that on the date the agreement enters into force, the base duty rate is reduced to 40% (from the current 60%), and will be reduced in equal annual increments thereafter until reaching zero in Year 10. In addition, the agreement establishes a duty-free tariff-rate quota (TRQ) of 15,750 metric tons

(Approximately 235,000 bags) which will increase each year as shown below:

Year	Quantity (Metric tons)
1	15,750
2	16,538
3	17,364
4	18,233
5	19,144
6	20,101
7	21,107
8	22,162
9	23,270
10	Unlimited

The quantities shall enter on a first-come, first-served basis.

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saginawvalley/index.html (Bean Info link) and www.michiganbean.org has a dry bean planting date cutoff sheet of the major dry bean varieties we have in Michigan. The dry bean yield trials have maturity in days after planting and these are also posted on the Bean Info link. Hopefully in 2011, we will not need to

even look at it for dry beans. On this cutoff sheet I also list some early and mid-season navies, blacks and pintos. If we get into the last few days of June, dry bean growers may want to look at growing early to mid-season varieties. The Envoy navy probably shouldn't be planted till July. This 85 day bean is like the Seafarer navy. The Eclipse black is the shortest day bean we have in blacks. Eclipse has good

yield potential even when planted late. Othello pinto can be planted till middle July and still mature. I have seen 84 day Othello pintos planted July 14 and fully mature. Available seed of these less common beans in Michigan can be limited if everybody needs them. The local dry bean elevators and the county extension offices have the planting cutoff sheet if you need further assistance.

Varner's Voice

What a difference a year makes.

We all heard statements like this when looking at growing seasons from past years. We are experiencing the most contrasting planting seasons when comparing 2010 to this 2011 year. When the soil is dry enough, we will see sugar beets, corn, soybeans, dry beans and pickles being planted on the same day. Last September 10, all five of these crops were being harvested on the same day.

In 2010, 25-30 % of the dry beans were planted in May. We will probably see very few dry beans planted in May in 2011.

Corn and soybean planting progress differs greatly from county to county and even within the same county as certain areas received

more rain than others. The Thumb in general has a larger percentage of corn planted when compared to Gratiot County and areas west of Saginaw. As of this date on May 27, we do hear of a few growers switching out of corn acres. This decision for growers having corn to plant yet, will probably take place in the first days of June. Soybeans will continue to be planted in the month of June. Cooler areas close to the big lakes on the east side of the Thumb and northern Bay and Arenac counties, tend to see lower soybean yields as we get into the last two weeks of June plantings. In general, a soybean grower will replace corn acres with soybeans and a dry bean grower will replace corn acres with dry beans. However, one soybean grower told me he doesn't want 80 % soybeans either. I have had a few

calls from non traditional dry bean growers asking questions on the newest dry bean varieties and seed availability.

Most of these types of calls are the what if it too wet for the next three weeks, They were looking forward for possible cropping alternatives.

Dry Bean seed availability should be no problem in the navy, black and pinto classes. Lower dry bean planting intentions this year created bigger inventories of dry bean seed stored out west. The delivery time will be four to five days from the day you order seed because most of the extra seed has to be treated and shipped to Michigan.

Dry bean websites <http://agbioresearch.msu.edu/>

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