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Brazil

Grain and Feed

Brazilian Dry Bean Production

2005

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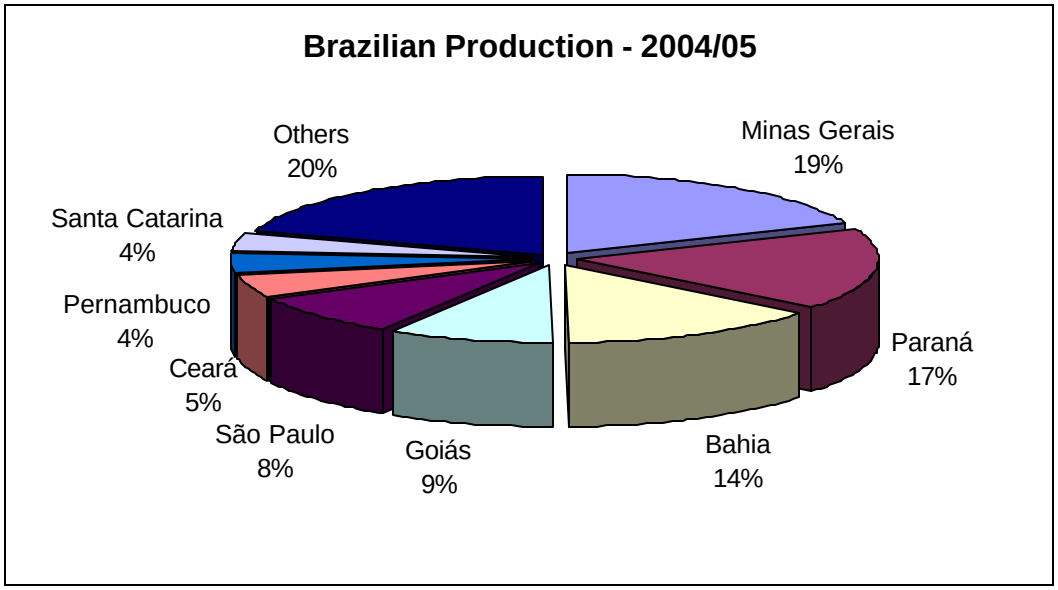
Report Highlights:
Brazil is currently the largest world edible bean producer and consumer. Given current bean prices, edible bean production is expected to expand, mainly during the third crop (May through September). Edible bean consumption, in per capita terms, has decreased over the past decade due to an increase in per capita income and changing food habits.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Brasilia [BR1]
[BR]

Production

Edible beans are cultivated in nearly every Brazilian state. However, most of the production is concentrated in 8 states, which are responsible for approximately 80% of Brazil's production, reaching an estimated 3.04 million tons in 2005 and distributed in three distinctive crops (dry, wet and winter). Family farmers produce 67 percent of total production.

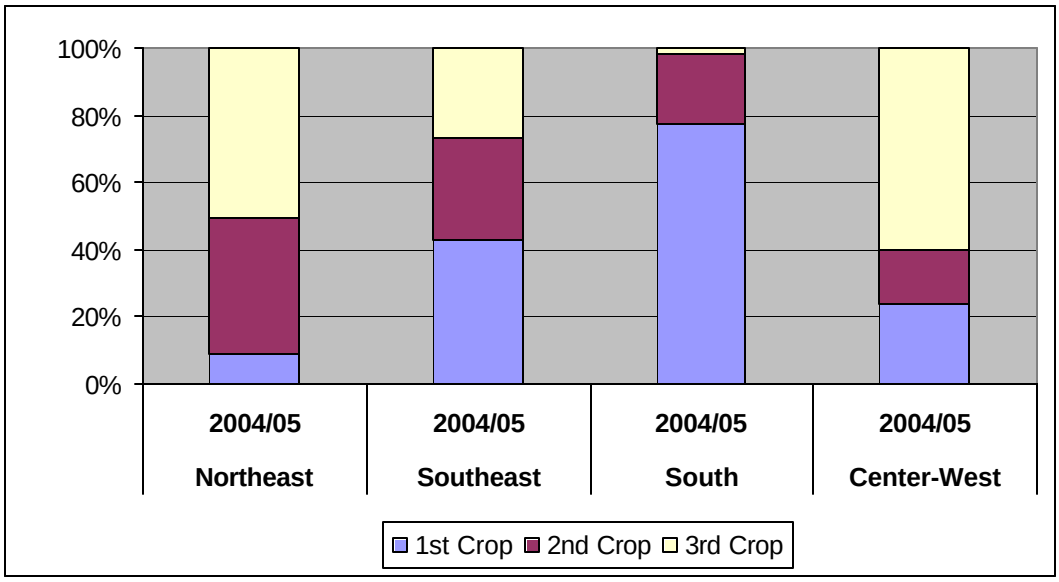
Brazil produces two varieties of regular beans: Phaseulus and Vigna. Phaseulus beans (Carioca and Black) are cultivated mainly in the Center/South regions of Brazil, while Vigna beans (Macaçar/Caupi) are produced in North/Northeast states. Estimates show that Carioca beans, cultivated in Santa Catarina and spreading throughout Southeastern states, represent over half of Brazilian production, followed by Black beans, where production is concentrated in Southern states. North/Northeastern states predominantly produce Macaçar beans and a great range of other varieties like Mulatinho, Fradinho and Caupi.



Dara source: Conab

Considering the physical and geographical diversity of Brazil and the diverse climate and soil, it is possible to grow beans in three distinctive seasons during the year, depending on the region. The first crop, which is harvested from November through February, is concentrated in the states in the Southern regions of the country. The second crop, is harvested from March through June in all regions of Brazil, and the third crop, also called "winter" crop, takes place from May through September in tropical regions of the country.

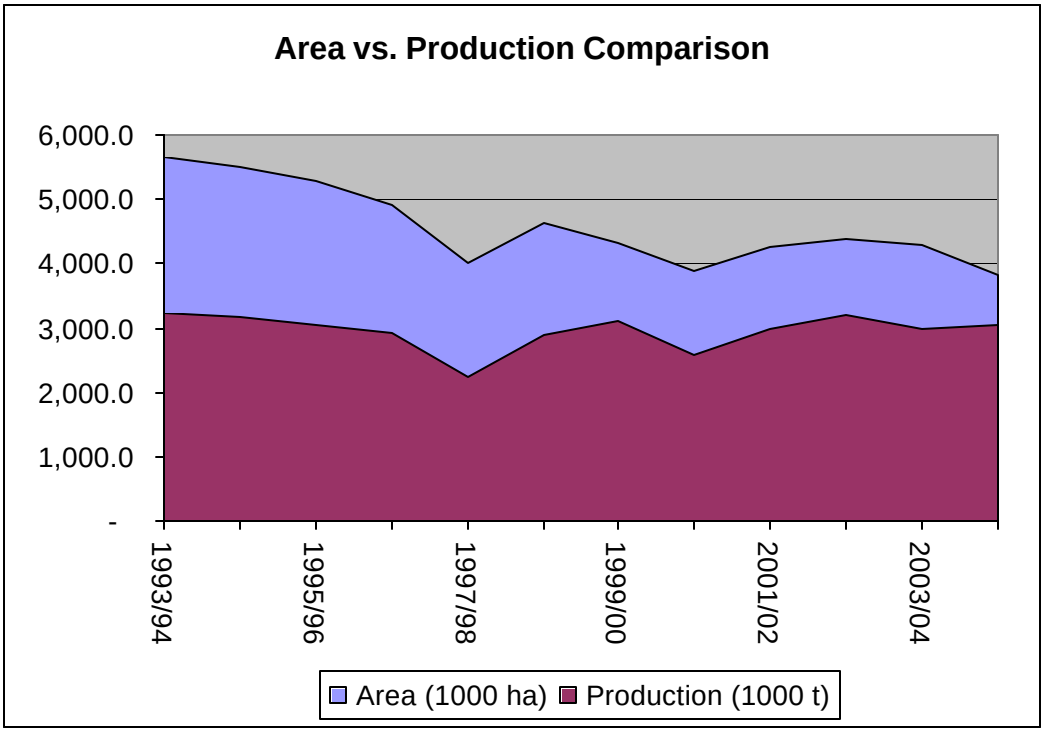
The great variability in yields seen throughout Brazil in bean cultivation is a direct result of the variations in the use of planting technologies. The first crop is considered to have a medium level of technological use, since it is grown during the rainy season, and is more susceptible to climatic changes. The second crop is characterized as a low technology crop, while the third crop is predominantly a hi-tech crop, since it's production is concentrated in the irrigated regions of the Cerrado (Brazilian Savannah).



Data source: Conab

Small-scale producers dominate Brazilian regular bean production, but there is a growth tendency in the participation of medium and large producers, especially in the Cerrado regions (irrigated areas), where research and good land quality has shifted production to that area.

Despite a significant decrease in cultivated area, production has remained constant at approximately 3 million tons per year over the past 5 years due to higher yields (see chart below). The increasing use of modern techniques by producers, especially in remote regions where productivity rates are historically lower, has shifted the production epicenter from the South to the Northeast regions of the country.



Data source: Conab

Poor climatic conditions during the first and second crops, in the South/Southeast regions, have caused considerable losses, representing nearly a quarter of last year's total production. Supplies were guarantied by the excellent yields observed during the third crop, particularly in the Northeast, where production increased 53% compared to the 2003/04 crop.

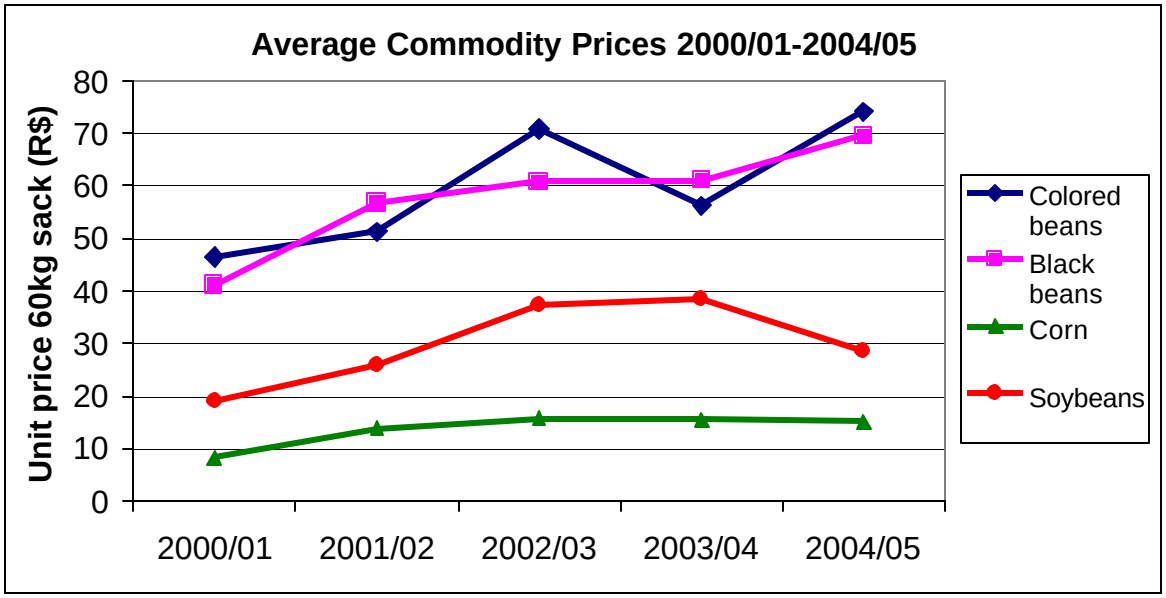
Total Regular Bean Production
(1st, 2nd, and 3rd Crops)
2003/04 - 2004/05 Crop Comparison

REGION/STATE	Area (1000 ha)			Productivity (kg/ha)			Production (1000 tons)		
	03/04	04/05	Var. %	03/04	04/05	Var. %	03/04	04/05	Var. %
NORTH	**166.8**	**174.4**	**4.6**	**758**	**742**	**-2.1**	**126.4**	**129.4**	**2.4**
RR	1.2	1.5	25.0	583	600	2.9	0.7	0.9	28.6
RO	60.2	64.4	7.0	729	620	-15.0	43.9	39.9	-9.1
AC	14.4	16.6	15.3	583	560	-3.9	8.4	9.3	10.7
AM	5.0	5.0	-	820	900	9.8	4.1	4.5	9.8
AP	0.9	1.0	11.1	556	600	7.9	0.5	0.6	20.0
PA	76.0	73.8	-2.9	825	852	3.3	62.7	62.9	0.3
TO	9.1	12.1	33.0	670	934	39.4	6.1	11.3	85.2
NORTHEAST	**2,471.0**	**2,175.8**	**-11.9**	**325**	**439**	**35.1**	**803.1**	**955.6**	**19.0**
MA	75.0	74.3	-0.9	457	460	0.7	34.3	34.2	-0.3
PI	223.7	235.5	5.3	173	251	45.1	38.6	59.2	53.4
CE	567.3	503.0	-11.3	276	314	13.8	156.7	158.1	0.9
RN	111.8	79.2	-29.2	385	429	11.4	43.0	34.0	-20.9
PB	215.0	202.1	-6.0	290	310	6.9	62.4	62.7	0.5
PE	304.0	294.7	-3.1	308	401	30.2	93.7	118.1	26.0
AL	85.0	95.2	12.0	291	425	46.0	24.7	40.5	64.0
SE	59.0	58.1	-1.5	525	530	1.0	31.3	30.8	-0.6
BA	830.2	633.7	-23.7	384	660	71.9	318.7	418.0	31.2
CENTER-WEST	**204.2**	**189.0**	**-7.4**	**1,529**	**2,093**	**36.9**	**312.0**	**395.6**	**26.8**
MT	41.3	41.5	0.5	1,489	1,627	9.3	61.5	67.5	9.8
MS	30.6	18.1	-40.8	1,114	1,011	-9.2	34.1	18.3	-46.3
GO	11.9	115.3	-2.2	1,714	2,378	38.7	202.1	274.2	35.7
DF	14.2	14.1	-0.7	1,007	2,525	150.7	14.3	35.6	149.0
SOUTHEAST	**656.9**	**623.7**	**-5.1**	**1,192**	**1,357**	**13.8**	**783.0**	**846.2**	**8.1**
MG	436.3	433.7	-0.6	1,040	1,305	25.5	463.8	566.0	24.7
ES	29.8	26.6	-10.7	698	759	8.7	20.8	20.2	-2.9
RJ	6.5	6.5	-	815	846	3.8	5.3	5.5	3.8
SP	184.3	156.9	-14.9	1,645	1,622	-1.4	303.1	254.5	-16.0
SOUTH	**788.7**	**649.9**	**-17.6**	**1,209**	**1,104**	**-8.7**	**953.8**	**717.6**	**-24.8**
PR	505.2	423.8	-16.1	1,323	1,243	-6.0	668.3	526.7	-21.2
SC	140.4	113.3	-19.3	1,057	1,019	-3.6	148.4	115.5	-22.2
RS	143.1	112.8	-21.2	958	668	-30.3	137.1	75.4	-45.0
NORTH/NORTHEAST	**2,637.8**	**2,350.2**	**-10.9**	**352**	**462**	**31.3**	**929.5**	**1,085.0**	**16.7**
CENTER/SOUTH	**1,649.6**	**1,462.6**	**-11.3**	**1,242**	**1,340**	**7.9**	**2,048.8**	**1,959.4**	**-4.4**
BRAZIL	**4,287.4**	**3,812.8**	**-11.1**	**695**	**798**	**14.8**	**2,978.3**	**3,044.4**	**2.2**

Source: CONAB

The Brazilian bean production sector is characterized by very low entrance and exit barriers, decentralized production with growers in all regions of the country, and technological diversity. Statistics show a tendency towards a reduction in planted area and the concentration of cultivation in medium and large properties, where use of irrigation and modern techniques lead to very high yields. Irrigated beans are cultivated exclusively during the third crop (May to September) and benefit more from attractive domestic prices.

Inspite of the challenges faced by Brazilian producers this year, forecasts for 2005/06 show a tendency for a slight increase in planted area. Uncompetitive world prices of the main competing commodities (soybeans and corn) have led to a migration to the cultivation of regular beans.

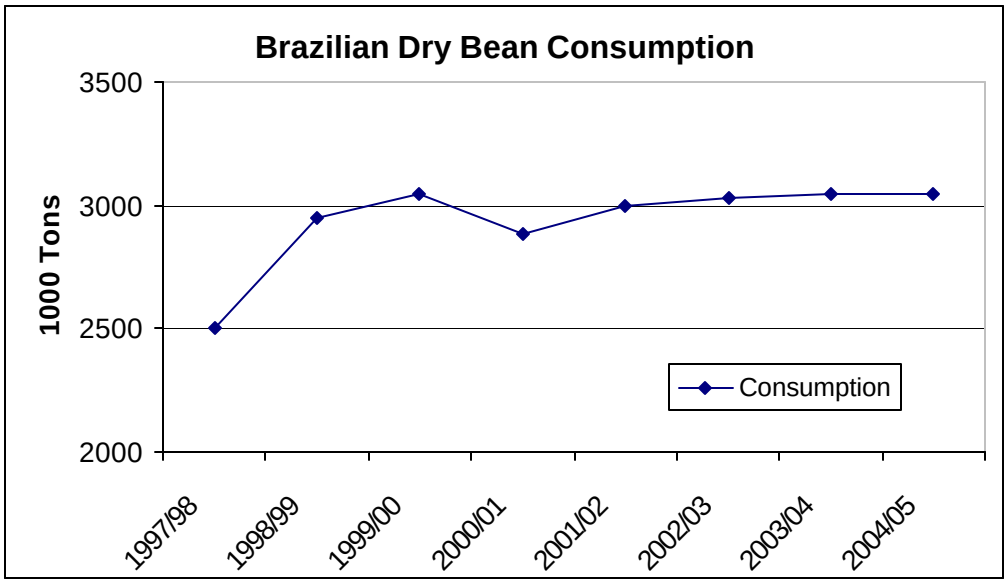


Data source: Deral

Consumption

Brazil is one of the world's largest producers and consumers of beans. Consumption is roughly 15kg per person a year, reaching little over 3 million tons for the past 5 years. Consumption preferences differ in color, grain type and culinary quality in particular regions of the country. A recent increase in demand for higher quality products can be attributed to changes in food habits as shown by a tendency towards higher consumption of industrialized beans. In Brazil, beans are usually consumed with rice, which combined, constitute a low cost, high nutritional value meal. Given its high protein values, beans are usually used as an alternative to meat consumption by lower income families.

The most consumed beans are Carioca (71%) followed by Black (19%) and Macaçar (8%). Although beans are consumed in the entire country, it is important to observe the segmentation of consumption in different regions of Brazil. States like Rio de Janeiro, Santa Catarina, part of Rio Grande Do Sul and the Federal District prefer locally produced Black beans. The great consumption center of São Paulo and other regions prefer Carioca beans. Meanwhile, Macaçar beans are only consumed in the Northeast of Brazil.



Data source: Conab

According to industry sources, consumption has fallen from 26 kg per person in 1970 to just 15 kg per person in 2005. One reason for the fall in consumption over the last 35 years, in per capita terms, is an increase in the population's income, causing a substitution of other sources of proteins (beef and poultry) and a decrease of the relative prices of other foods, such as pasta. The rural exodus to the great urban centers has also contributed to changes in food habits. It is well known that beans are losing space in the diet of Brazilians, mainly class "C" consumers (working class, low income). Other segments, such as industrial kitchens (out of home meals) and basic food basket companies are increasing their market share.

Trade:

Imports

Despite Brazil being the world's largest edible bean producer, imports occur when supply is scarce. Due to a production downfall this year, imports from Argentina have increased to it's highest value in the last three years. Argentina is Brazil's largest supplier of Black beans and has currently filled the supply gap caused by the draught in the Southern states, which is the main black bean producing region. Argentine Black beans imports represented 84% of total imports from that country this year (2004/05).

Edible Beans Imports (US$ FOB, Metric Tons)

	MY 2003		MY 2004		MY 2005 1/	
Destination	Value	Quantity	Value	Quantity	Value	Quantity
Argentina	25,747,151	89,899	21,208,811	59,568	26,679,791	61,269
Bolivia	2,194,005	12,801	3,566,993	18,843	751,091	4,005
Others	14,637	57	37,167	72	14,887	24
Total Imports	27,955,793	102,757	24,812,971	78,482	27,445,769	65,298

Source: Brazilian Secretariat of Foreign Trade (SECEX) 1/January-August

Given that Brazil's traditional consumption habits are for fresh beans, beans must be rapidly commercialized, thus jeopardizing the growth of imports from other countries. Another bean exporter to Brazil is Bolivia, which has lost significant market share to Argentine beans, which have more competitive prices. Both of these South-American countries supply nearly all of Brazil's demand for foreign beans.

Edible Beans Exports (US$ FOB, Metric Tons)						
	MY 2003		MY 2004		MY 2005 1/	
Destination	Value	Quantity	Value	Quantity	Value	Quantity
Japan	362,920	471	253,703	342	117,872	131
Angola	249,962	580	89,675	129	67,438	85
South Africa	363,779	814	251,499	573	253,461	619
Others	431,860	659	422,519	734	216,807	433
Total Exports	1,408,521	2,525	1,017,396	1,778	655,578	1,268
Source: Brazilian Secretariat of Foreign Trade (SECEX) 1/January-August						

Brazil's edible bean exports have decreased over the last couple of years as result of the decrease of domestic production. A very small share of Brazilian producers offer their products to foreign markets. Exporters tend to be more specialized in the production of beans specifically for foreign market habits.

Marketing:

Elevated per capita consumption may result in great opportunities for commercialization, mainly for technically advanced producers with low production costs. There is a growing demand for more industrialized bean products due to changing food habits. Large-scale, specialized producers are the only ones in the market who have structured marketing strategies with packers and the distribution sectors (wholesale and retail).

Edible Beans PS&D

Brazil							
Beans							
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		03/2003		03/2004		03/2005	MM/YYYY
Area Planted		4287.4		3812.8		3862	(1000 HA)
Beginning Stocks		414.5		443.3		514	(1000 MT)
Production		2978.3		3044.4		3082	(1000 MT)
TOTAL Mkt. Yr. Imports		103		78.5		75	(1000 MT)
Jan-Dec Imports		103		78.5		75	(1000 MT)
Jan-Dec Import U.S.							(1000 MT)
TOTAL SUPPLY		3495.8		3566.2		3671.4	(1000 MT)
TOTAL Mkt. Yr. Exports		2.5		1.8		2	(1000 MT)
Jan-Dec Exports		2.5		1.8		2	(1000 MT)
Feed Dom. Consumption		0		0		0	(1000 MT)
TOTAL Dom. Consumption		3050		3050		3050	(1000 MT)
Ending Stocks		443.3		514.4		619.4	(1000 MT)
TOTAL DISTRIBUTION		3495.8		3566.2		3671.4	(1000 MT)