To: **The Competition Commission South Africa**
By email: **ccsa@compcom.co.za**
CC: James Hodge, Deputy Commissioner
7 April 2022

# Request to extend the fresh produce market inquiry to the dry bean market

We have read with interest the Competition Commission's announcement of a public market inquiry into the fresh produce market to examine whether or not there are any features in its value chain which lessen, prevent, or distort the competitiveness.

We are writing to request this investigation be extended to the dry bean market. The main dry beans consumed in South Africa[1] include sugar beans (also called red speckled beans) (65 to 75% of local production), large white kidney beans (5 to 10% of local production) and small white beans (used in canning) (10 to 20% of local production). Although these beans are sold to consumers mostly as a dry packaged product or canned, they are arguably fresh produce as they need to undergo minimal processing and sugar bean and lima bean varieties are also sold fresh.

The Pietermaritzburg Economic Justice and Dignity Group (PEJDG) have been tracking the price of sugar beans as an important food in the household food basket and have been alarmed at the increase in their price. Please see Table 1 below tracking prices from October 2020[2].

**Table 1: Month-to-month retail prices[3] for 5 kg of Sugar Beans in South Africa**

| Month | HAI Average price for 5kg Sugar beans | M-o-M change by % | Jhb retail price | Durban retail price | Cape Town retail price | Springbok retail price | PMB retail price |
|---|---|---|---|---|---|---|---|
| Oct-20 | 124,93 | 7% | 122,81 | 126,56 | 124,07 | 136,57 | 120,59 |
| Nov-20 | 143,99 | 15% | 147 | 146,24 | 130,76 | 194,93 | 134,79 |
| Dec-20 | 147,19 | 2% | 160,53 | 138,41 | 132,92 | 219,93 | 129,24 |
| Jan-21 | 155,27 | 5% | 165,02 | 147,32 | 143,59 | 203,25 | 141,74 |
| Feb-21 | 157,69 | 2% | 165,48 | 154,32 | 151,28 | 189,9 | 145,99 |
| Mar-21 | 158,76 | 1% | 160,27 | 156,85 | 158,36 | 183,23 | 145,39 |
| Apr-21 | 165,45 | 4% | 179,29 | 162,87 | 144,91 | 204,9 | 154,99 |
| May-21 | 166,31 | 1% | 168,69 | 155,88 | 166,29 | 229,9 | 153,99 |
| Jun-21 | 167,77 | 1% | 174,15 | 160,55 | 169,59 | 199,9 | 153,99 |
| Jul-21 | 168,29 | 0% | 170,57 | 156,72 | 180,49 | 199,9 | 155,59 |
| Aug-21 | 173,48 | 3% | 183,26 | 168,37 | 171,15 | 189,9 | 160,99 |
| Sep-21 | 165,78 | -4% | 171,94 | 162,9 | 156,86 | 214,9 | 154,99 |
| Oct-21 | 169,62 | 2% | 182,8 | 148,81 | 173,69 | 219,9 | 158,99 |
| Nov-21 | 171,56 | 1% | 178,98 | 150,88 | 193,08 | 214,9 | 148,99 |
| Dec-21 | 172,88 | 1% | 174,36 | 162,22 | 188,43 | 194,9 | 155,99 |
| Jan-22 | 171,28 | -1% | 171,11 | 161,74 | 185,59 | 239,9 | 157,99 |
| Feb-22 | 173,2 | 1% | 173,82 | 159,83 | 189,09 | 219,9 | 156,99 |
| Mar-22 | 172,97 | 0% | 167,23 | 164,59 | 188,01 | 219,9 | 160,99 |

We request that the dry bean market (especially of the mainly consumed beans mentioned above) is investigated for the following reasons:

- Dry beans, and in particular sugar beans, have been an important source of affordable protein. A small packet offers the benefit of swelling when cooked to three times their volume providing a large and filling meal for the whole family, while being easy to transport and store. Due to their easy storage and long shelf life, they are especially important in areas where access to shops and refrigeration are limited. This has been especially helpful during the hard lockdowns under COVID, and in areas where shopping outlets have not reopened following the July 2021 unrest.

- Sugar beans and other dry legumes offer valuable nutrition[45]. In addition to protein, they provide a variety of vitamins including folate, iron, potassium, magnesium, zinc, selenium, and phosphorus while containing little or no fat. Folate (Vitamin B9) is important to produce healthy red blood cells and is critical during periods of rapid growth, such as during pregnancy and foetal development. Beans are also a rich source of soluble and insoluble fibre, which is important for gut health and decreases the risk for developing coronary heart disease, hypertension, diabetes, and obesity – all chronic health conditions that are rapidly increasing in South Africa due to consumption of high energy dense, but nutrient poor foods. The regular consumption of dry beans, soy and lentils is advised in South Africa's Healthy Eating Guidelines[6] and the increasing price is prohibitive for families to meet these dietary recommendations.

- Dry beans are a good crop for small farmers as they are relatively easy to grow, especially in rotation or inter-cropped with grains. They are particularly suited to diverse smallholder agriculture where they have been traditionally intercropped with grains and vegetables from the pumpkin family. In this combination, legumes provide soil cover and enrichment (by naturally fixing atmospheric nitrogen in the soil they help save on input costs), while providing both food for both people and livestock. Sugar beans, and other dry beans, offer the potential to improve incomes in rural communities, if access to formal and informal markets can be facilitated for smallholders. Ensuring smallholder access to this market will become increasingly important for food security as climate change necessitates a transition to more drought tolerant crops (which include dry beans such as cow pea and pigeon pea dhal) and ways of farming.

- There are an estimated 1200 [commercial] dry bean producers in South Africa currently. The area planted to dry beans has fluctuated between 40 000 and 64 000 hectares between 2010 and 2019 due to a variety of factors. Even though consumption of dry beans has been falling since 2012, local producers are only able to supply around 56% of the average annual consumption of 120 777 tons with imports making up the remainder. This provides an opportunity for new producers to enter the market, however, according to the Department of Agriculture and Rural Development “a reasonable increase in the number of hectares planted to beans will only materialise once profitable producer prices are obtained for consecutive years, which can result in several new entrants to the industry”[7]. This seems at odds with increasing retail prices, bearing in mind that the Rand to Dollar exchange rate has fallen during the period that PEJDG has been tracking prices.

We look forward to hearing your response to our concern regarding the increase in prices and request for the Commission to investigate this matter.

Sincerely,

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**Notes and references**

[1] See Liebenberg, AJ. 2009. *Dry bean production*. Booklet published by the Department of Agriculture, Fisheries and Forestry. Accessed https://www.nda.agric.za/docs/drybean/drybean.pdf

[2] Price tracking has been included from this date as this is when the PEJDG began tracking food baskets in main centres nationally, and therefore can be considered as significant across the country.

[3] Prices shown indicate the cheapest brands purchased in that month. Women purchase the cheapest sugar beans they find in the store. The brands are therefore changed.

[4] See https://www.nutritionweek.co.za/NNW2016/docs/NNW2016_Useful%20Facts_October2016.pdf

[5] See also https://www.fao.org/3/bl797e/bl797e.pdf

[6] South Africa was one of the first countries to develop country specific food-based dietary guidelines, as recommended by the FAO and the WHO. These guidelines were adopted by the Department of Health in 2002 and updated in 2013, supported by technical papers and were consumer tested for understanding. The recommendations on the inclusion of legumes are described here: https://www.nutritionweek.co.za/NNW2012/35beans.html#:~:text=Adding%20dry%20beans%2C%20split%20peas,and%20different%20types%20of%20cancer

[7] See DALRRD 2020, A profile of the South African dry bean market value chain. Accessed 3 April 2022: https://www.dalrrd.gov.za/doaDev/sideMenu/Marketing/Annual%20Publications/Commodity%20Profiles/field%20crops/Dry%20Bean%20Value%20Chain%20Profile%202020.pdf