



By Dale McDonald

Beans aplenty

Edible beans find a home overseas

There aren't very many ways for farmers to have a direct influence on their markets, so if one comes along, it's a good idea to grab it. That's what 53 farmers in Colorado and Nebraska did in 2002 when they pooled their resources and purchased Jack's Bean Company, LLC, from food-manufacturing giant ConAgra.

"There are only about 65,000 to 85,000 acres of light-red kidney beans produced in the U.S.," says Jim Hendrix, farmer and chairman of the board. "It's a small enough market that we thought we could have an impact. As an individual, or even as a small group, that's rare."

Right spot. Traditionally, edible beans like pintos and kidneys were grown primarily in New York, Michigan, and California. But there's a reason Jack's Bean Company has thrived in Holyoke, Colo. The dry plains of eastern Colorado and western Nebraska have a production advantage over those other areas.

Compared to California, local grow-

ers have dramatically lower land costs, and yields are higher. Compared to the northern states, the advantage lies in a more favorable climate.

"Northern areas have a shorter growing season, so they run into frost problems," says Steve Brown, general manager of Jack's. "They also receive more rain, which contributes to disease problems and can really impact harvest. If you are further south, the lack of cold winters causes insect problems. This area is basically a desert, and with irrigation we can control water. If you can accurately place water and fertilizer, you get top quality."

Still, there is significant risk. Hendrix says that kidney beans are a determinant crop, meaning that they bloom all at one time. That means that any bad weather event, like hail, can

►**Above:** Jim Hendrix, farmer and chairman of the board at Jack's Bean Company, says they are probably the dominant marketer of kidney beans like these in the country. ►**Right:** General manager Steve Brown spends a good deal of effort marketing the company's beans overseas.





►**Top:** Kidney beans and pinto beans are staple crops for the growers who own the company. Popcorn is another crop growers market through Jack's. ►**Above:** These beans, grown in Colorado and Nebraska, are on their way to Mexico, a market that should show strong growth.

take out the entire bean crop. Another problem is that beans are not directly harvested. Instead, they are undercut and windrowed, then left in the field for about a week. Wind and rain can severely damage the crop at this stage. Hendrix also points out that bacterial diseases can severely limit yields, so he sticks to a five-year rotation, going four years in each field before replanting a bean crop.

Those are the production risks.

"The other thing to consider," Brown says, "is that pinto beans, kidney beans, and black beans are not

program crops so there's no safety net. Historically, there's an advantage not to have government supports because the market reacted only to supply and demand. But sometimes it's like dancing with elephants. The industry is so small that international trade policies can shift and step on you."

As an example, Brown cites Jamaica, which has been a steady export market despite the fact there's an 82% tariff. Enter, Belize. This tiny country is physically close to Jamaica, and there are no import duties. Suddenly, Belize has the marketing advantage.

NAFTA. On the other hand, policy shifts regarding Mexico look positive.

"Within the North American Free Trade Agreement (NAFTA)," Brown says, "Mexico wanted to protect their bean industry. So for the first 12 years there was limited trade. But in the last three years they've been decoupling, and now NAFTA is soon to expire. Mexico has been a good market for us and it will continue to grow."

While exports make up just more than 20% of the company's business, it's viewed as a growth area. So when Brown took over marketing responsibilities, he started working closely with the Colorado Department of Agriculture, USDA, and industry groups to develop overseas contacts. His first success was a shipment of pinto beans to Mexico, closely followed by light-red kidney beans that his company shipped to Spain and Portugal.

►**Above:** Kidney beans aren't harvested directly by a combine. Instead, they are undercut and windrowed in the field for about a week.

"The export market is always about who you know and developing relationships," Brown says. "I've been to Jordan, China, Cuba, Mexico, Puerto Rico, the Dominican Republic, and Haiti, and I host potential buyers here in Holyoke. Recently I had guests from Veracruz, Mexico, and they've expressed an interest in purchasing from us. What we see is a developing global market. Even though the domestic market is key, we have to pursue these growing markets overseas. You can not turn your back on them."

Oddly enough, the greatest current threat to the company's business is home grown, as in ethanol. The spike in ethanol production is pushing corn prices high enough that Brown is worried about growers fulfilling their contracts. It's a classic Catch 22 situation.

"You can't help but be happy for the farmers," Brown says, "but I don't want to lose markets over a short term thing. If you lose a buyer, it's hard to get them back. I was talking to a customer at a large fast-food franchise about this recently, and he casually asked if I'd represent them as a buyer in China if it came to that. If that happens it's like letting the tiger out of the cage. How do you get them back?" ■