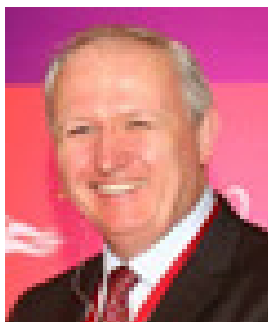


Face to Face at World Cashew Convention 2017

“According to me there is no better nut for snacking, for sweets, for food usage than cashews. Overall in those three major consuming areas- North America, Europe and India - demand remains positive. Greater consumption in India is because of wider spread, more affluence, more people interested in buying the products. In Europe, it’s about health, as an alternative to add-in proteins instead of red meat. In US, it’s more on snacking, health benefits”

Mr Jim Fitzpatrick, Mentor of Ingredient Sourcing Solutions

An Exclusive Interview with Mr Jim Fitzpatrick, Mentor of Ingredient Sourcing Solutions, at the World Cashew Convention, 09-11 Feb, 2017, Singapore



Please tell us your perspective on the Northern Hemisphere crop, its size, quality and how’s the season looks like?

So far, we can say that the indications are good across West Africa, India and Vietnam. Everything we are hearing is pointing towards an average to a good crop. We are hopeful and optimistic at this stage, but cashews statistics can change at the last moment and there is some concern with the timing of the crop in Vietnam. I feel that we will have better crop than last year that will be a little above than that of 2016. Again, it’s very early to make predictions.

The prices of RCN are continuously increasing. Do you foresee the same trend to continue even in the new season? How is it going to impact the global cashew consumption?

I think the high prices of RCN had a shocker effect on the global processors and buyers of the kernel throughout the sector. We saw prices rising sharply towards the end of the year that has been sustained so far surprisingly. I feel there are some stocks unsold at this point of time. RCN market is very constrained. Prices need to ease some more. We are looking for better crop from the Northern Hemisphere. Hence it must impact on the price.

At the same time last year in Dubai, we were seeing things in a very similar manner. Tanzanian RCN were at 2200 USD. I don’t think it’s sustainable as there are unsold stocks at the destination in the East African countries and we have West African crop coming up. Hence, I feel, prices are going to ease up a bit but am not expecting a collapse in price. Markets will ease down due to harvest pressure. The prices might improve later in the month of June and going forward.

Coming to kernels, we have seen prices rising sharply throughout last year. In the last quarter, it was dynamic explosive price which on the basis of supply and demand at the moment was unwarranted. This has pressurized processors which is not good for the market. Volatility generally is not good for business.

Consumption needs a little bit longer for higher prices to impact globally. If super markets, roasters and processors are going to plan forward they are going to take a conservative approach. They aren’t going to promote the product at this point of time. We are seeing kernel prices at the top end range. In 2016, we saw all time high prices in RCN, cashew kernels and this don’t build confidence on buyers. So here we are at a time where the consumers are very well disposed to order the product and we are offering him high prices,

volatility, uncertainty of supply and that is going to have an effect on consumption if it continues for a longer time. 2017 might be a year, where we can witness some impact in Europe. We have a lot of uncertainties throughout the world. Added to that these high prices and the possibility of variability no one wants to commit to buying kernels at 5 pounds, in market which could easily go back to 4 and thus it has an impact.

Now that the cashews aren't the cheapest of all nuts, what's its impact on the consumption of other nuts? Do you see a shift in demand from cashews to other nuts?

First according to me there is no better nut for snacking, for sweets, for food usage than cashews. I don't believe almonds in terms of overall usage of these segments will ever come closer to cashews. In the longer run, there is an upward pressure on the pricing for almonds as well that these prices can come closer together. Now, it's very easy for a consumer to reduce his cashew usage and increase his almonds as almonds have a lot of scientifically proven health characteristics. Even cashews have the characteristic, but we don't have the proof. Almonds are much better marketed. 80% of almonds comes from California and brilliantly marketed. Within the cashew sector, to avoid this insignificant threat, we do have to improve our game in terms of marketing, research and promotion of our product.

What has been the consumption pattern of cashews in US and Europe?

Well, in recent years it's been all good news. European consumption has started rising quickly and US started showing dramatic growth in 2015 and a little bit of a correction in 2016, as a combination of uncertainty, higher prices, high imports in 2015. Overall in those three major consuming areas- North America, Europe and India - demand remains positive. Greater consumption in India is because of wider spread, more affluence, more people interested in buying the products. In Europe, it's about health, as an alternative to add-in proteins instead of red meat. In US, it's more on snacking, health benefits. I believe the conditions are good for further growth. What can disrupt it, its volatility and price? We should also consider risks are involved in the sector in terms of how the consumer sees us. We need to look at working conditions in factories and food safety. These are areas where at any moment if something goes wrong, we can have a devastating impact. According to me, for the cashew sector the only way is UP! But it's up to us as how to manage the sector's growth and sustain it over a long term.

Could you please elaborate on the FSMA act?

All of us need to be more serious on quality, quality management and systematized quality management. Food Safety Modernization Act (FSMA) comes at a time, when the United States is looking more and more like a country that's very careful about the products it imports and this is likely to be very seriously implemented. To some extent, in the domestic market cashews are going to compete with the domestically produced almonds. In terms of FSMA, processors now need to build relationship with their buyers, they need to work together to improve quality, start food safety programmes concepts like ISO certification and other quarantine measures in serious real way. There has been a number of certifications which is a photocopy of certificates and nothing more. That's not food safety that's just playing games with the system. That will not work under this kind of legislation. It's been shown; companies providing better quality under the norms of food safety with certifications are achieving better prices. At the moment, it will cost you more money on the product, but in the future it's a requirement. If you don't have those certifications, you cannot export.

Message for the delegates of WCC 2017

Great venue, great time, I see double the participants than the last time around in Dubai. Though we talk together, we don't work together as we couldn't say we have an integrated sector. I think, your idea at Cashewinfo is a forum for Vision 2025 and we can see a group of people from around the world coming together to work on it. Though it might have conflicting views, opinions, different ways of looking at things, the idea coming out for betterment is itself a major success. At the same time, it is so nice to see so many people from different countries coming together having only one thing in common- "cashews". This is the most difficult product that somehow so many people make a living out of, at least, millions of those farmers around the world who grow it.