

SIETTA 2016: Highlights

Cote d'Ivoire sets an ambitious goal of "100% local processing" with right policies and incentives

Cote d'Ivoire, the world's largest raw cashew producer, sets an ambitious goal of processing 100% RCN locally by 2020 through right policies and incentives. SIETTA 2016, the mega-event of the government of Cote d'Ivoire organised by Cotton and Cashew nut Council (CCA) between 17 and 19 November 2016, was very successful in attracting the best cashew processing technology providers (about 19) from Vietnam, India, China, Italy and 5 other countries, ambitious investors and entrepreneurs from Cote d'Ivoire and neighbouring cashew producing countries, banks and financial institutions and best of buyers from the West.

Policy initiatives of Cote d'Ivoire since 2013:

In 2013, CCA, the regulator for cashew sector, unleashed the reforms by sealing borders and restricting raw cashew exports only through Abidjan and San Pedro ports. A Minimum Guarantee Price was announced at the beginning of every season and the government put in place a system to ensure farmers are paid at least the minimum price. Compulsory registration of all exporters ended 'fly-by-night' operators. A track and trace system was put in place to account for every kg of raw cashews that is being exported. Other initiatives include educating farmers on best practises on harvesting, drying and packing, compulsory use of jute bags, setting up of Cashew Technology Centre and launch of SIETTA 2014.

In 2016, the government increased the export tax on RCN further by USD 60 per ton (to USD 140 a ton) and simultaneously provided a bonus of 400 FCFAs per ton of kernels processed locally and exported from the country. Thus, a local processor not only saves USD 140 per ton of RCN on export tax (equivalent to USD 600 per ton of kernel), but also gets close to USD 600 per ton of kernel exported as bonus. That's equivalent to about USD 300 per ton RCN.

At SIETTA 2016, the government has announced a warehouse receipt system programme, a guarantee fund to enable local processors to finance their raw nuts and a national entrepreneurship programme to enable citizens to go for processing in collaboration with overseas partners for technology, finance or both.

Status of cashew processing in Cote d'Ivoire:

Currently, the installed capacity is about 110,000 tons. Actual processing is about 45,000 tons per annum. Of this, Olam takes about 75% share. One of the constraints has been access to finance and cost of finance. New policy such as bonus, guarantee fund and also warehouse receipt system are expected to enable processors to procure raw nut from next season onwards and to increase their processing capacity.

At least 3 to 5 new plants of cumulative capacity of 20 to 30,000 tons are expected to be added in the next 12 to 18 months. Processing volumes are likely to increase exponentially to over 100,000 – 120,000 tons by 2018.

Government is putting adequate efforts in increasing trained / skilled manpower pool through various training programmes and other targeted initiatives.

Pain points

The manpower costs in Cote d'Ivoire in relative terms are higher than manpower costs seen in Benin and other competing countries.

Current skill-base is a real challenge in going for sophisticated technologies; however, a minimum scale is needed to cover fixed charges. This is a paradox.

The all-in cost of processing in Cote d'Ivoire (processing costs + dep+ financing + overheads) is about USD 490 per ton (against about USD 200 in Vietnam and about USD 350 in India). Thus, Cote d'Ivoire has a lot to catch up on costs.

Apparent lack of parity during the season, high volatility in prices and steep season-on-season increase in price of RCN- put a lot of pressure on local processor.

Exhibition / Demonstration

Vietnam took the opportunity to demonstrate their technological dominance in cashew processing. All major machinery manufacturers of Vietnam were present in full strength and demonstrated their machines live. Besides, manufacturers from Italy, China and India also presented with their latest product.

Cote d'Ivoire also demonstrated small scale machineries for cutting, sizing, solar drying of kernels etc. It is a great beginning and within a few years, the machinery eco-system in Cote d'Ivoire would flourish for sure.

Demonstration of expelling oil from cashew shell and juice from cashew apple was new and interesting.

International Cashew Advisory Council for cashew sector development

Eight countries – Cote d'Ivoire, Benin, Burkina Faso, Togo, Cameroon, Guinea, Guinea Bissau and Ghana- signed a MoU to form "International Cashew Advisory Council". The Council would look at harmonisation of policies, sharing of best practises and collectively work on adding value to cashews.

Grape-wine from the sideline:

Though too early, signals on the ground in West Africa point to an early crop. Flowering was seen in early November in Togo and Burkina Faso.

Benin is likely to impose a tax on RCN exports to protect the interest of their local processors. In the current season (2016), local processors had tough time procuring seeds. By December end, government policy would be clear. It might also include sweetener such as bonus for local processing.

Tanzania crop for 2016/17 is likely to be around 200,000 tons only. Early estimation was very optimistic. However, unusually cold weather resulted in fruit drop.

End note:

Cashew processing in Cote d'Ivoire would increase to about 200,000 tons by 2018. Right policy is in place, finance is available, technology choices are becoming relatively easier, buyers are encouraging it, cashew stakeholders are ready and last but not the least, kernel prices for both wholes and pieces are good. One could see large processors from India and Vietnam and / or large processors in other origins in Africa would be the first movers into Cote d'Ivoire.



PM of Cote d'Ivoire with the Sietta organising team



Cote d'Ivoire- PM Mr Daniel Kablan Duncan is presenting bonus cheques to Cote d'Ivoire processors at Sietta 2016.

Acknowledgement:

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Ms. Hiba Yacoub and G Srivatsava of Cashewinfo.com were present at SIETTA 2016. This report is brought to you by Cashewinfo.com as an information dissemination exercise. Should you need any further information on SIETTA 2016, please write to gsv@fbspl.com with subject as “SIETTA 2016”.