World Cashew Convention 2017: Highlights

Raw cashew nut crop:

Tanzania saw a record crop in 2016 with production in excess of 250,000 tons. Mozambique too saw a huge increase with an anticipated production of 120,000 tons in 2016.

West Africa crop growth conditions are good. Raw cashew production in Cote d’Ivoire in 2017 is expected to be normal in the region of 725,000 tons of 46 lbs. Crop is expected to be on time. Exporters Day is planned on 24-25 February, 2017. Minimum Guaranteed Price to farmers is expected around 400 - 450 FCFA/kg. There is a possibility of government marginally increasing export tax also. Government is likely to open the season by first week of March 2017. The government would further strengthen its inspection of export cargo to ensure only fully dried material leaves the port.

In Nigeria, picking has begun. Crop has started arriving in small quantities. Quality and production expectations are good. Overall, production is in line with last year.

Benin crop is expected to be normal. Government is likely to impose an export tax and may also consider a ‘preferential buying’ for local processing. Crop expectation in the region of 120,000 tons.

Burkina crop is expected in the region of 80,000 tons.

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<tbody>
<tr>
<td>Senegal</td>
<td>35,000 MT</td>
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<tr>
<td>Gambia</td>
<td>10,000 MT</td>
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<td>74,000 MT</td>
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<td>Bissau</td>
<td>200,000 MT</td>
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2017 crop in Senegal, Gambia and Bissau together is expected to be 10% higher than 2016 level of 245,000 tons. Crop is expected to arrive early as well.

Vietnam crop is expected to be lower and delayed due to weather disturbances. However, the shortfall would be mostly compensated by an increase in Cambodian crop. So, net-net the crop would be marginally lower.

India crop overall is expected to be much better with Maharastra and eastern coast reporting good crop. So, one can be optimistic about the size of the crop in relation to 2016.

Price expectation: RCN prices are likely to be firm till April, as spot stock is low and crop is delayed in Vietnam. Markets are expected to open firm, but are likely to soften on arrival pressure from May onwards.

Kernel outlook:

High price of cashews and volatility in cashew are two major challenges going forward in sustaining demand. Already, European retailers have increased their retail prices for cashews. Also, the proportion of cashews in snacks has come down reflecting the effect of higher relative prices of cashews.
India too has seen a marginal decline in select segments of markets.

Higher RCN production and timely crop is giving a breather to market as kernel prices might soften in May/July period and also remain stable unlike 2016 (which saw historic volatility).

So, the general belief is a gradually declining kernel prices with markedly lower price volatility in 2017.

**Financing the Cashew Value Chain:**

Cashew sector rating has come down due to high volatility in prices, history of non-performance etc. Stable prices and reliable price feeds could greatly help bankers.

New trade finance funds and institutions have come up. These would greatly provide additional capital required for processors and traders.

Social impact investors are keen on lending to Indian cashew processor for meeting their supplementary working capital needs; however, current regulatory environment is not conducive for such overseas entities to lend to Indian companies.

Warehouse receipt financing at the destination would soon pick-up in cashew sector.

Companies with good track record – keeping and accounting systems can more easily access global or regional financial institutions for both trade credit and long-term finance requirement.

**Women ground-breakers in cashew business:**

Stories of women ground-breakers reveal that the road is hard and the journey is challenging for each one of them. The family support system across countries has been very good while the institutional support systems are still wanting for women entrepreneurs. Mainly in the areas of access to finance and cost of finance, women suffer in most countries more than their men counterpart in cashew sector.

**India Forum:**

Indian Forum highlighted the advantages of India as producer of RCN, largest processor of RCN and largest consumer of Kernels. It appealed to the African countries to engage with India to realise maximum money for their RCN cargoes. It invited the investors in Europe, US and the rest of the world to look into collaboration and JV opportunities with Indian cashew processors given the enormous market opportunities presented by India not only for cashews, but also for a host of other premium nuts.

Besides, through area expansion and yield improvement India is well – poised to increase its production to 1.5 million tons by 2025.

**Vietnam Forum:**

Vietnam is well on its way to processing more and consolidating its position. RCN production through increasing yield, clean cashews and traceability is key focus items. Vinacas is working closely with the government in all these areas.

**Africa Investment Forum:**
Countries in Africa are using a combination of (1) Preferential buying rights to local processors; (2) Export tax on raw seeds; (3) Cash incentives on kernel exported from local processing and (4) Other rebates to increase local processing.

In West Africa, Cote d’Ivoire has shown the way. It may be followed with minor changes in Burkina, Benin and other neighbours. Nigeria is also contemplating registering of all exporters and bringing orderliness and focussing on local processing. The key attraction of local cashew processing is “employment creation”, which is on the high government priority.

**Vision 2025 for Global Cashew Sector:**

Growth in RCN production would be seen similar to the ones seen in previous decade. Most of the increase in production would come from Africa and with a contribution from India.

Financing the value chain would be key. It would be a great enabler in catalysing processing in Africa. A commodity exchange that trade cashews would help financial institution to understand the markets better and price their risks accordingly.

Processing in Africa would pick-up. Soon, Africa would cater to US and European countries demand besides catering the emerging local demand for kernels. India would strive for self-sufficiency. Vietnam would source nut from anywhere and process them for mainly China and the rest of the world. East Africa would cater the needs of Middle East.

**Risk:** First, any incidence of ‘food safety or quality’ could destroy demand for at least five to eight years. Hence, all players should ensure that food safety and quality control is a collective responsibility. Second, the emergence of cheaper alternatives to nuts as replacement for ‘nuts’ as super foods. Third, relative price of other premium nuts and hence relative competitiveness of cashews.

It’s pleasure to inform you that a special session on “Women Ground-breakers in Cashew Business” was held at the WCC 2017, Singapore. The first meeting of the Women in cashew sector was held on the sidelines of the conference on 11th Feb, with Ms Rita weidinger as Chairperson.

Cashewinfo will coordinate the work and will continue profiling of Womens’ leaders. The following participated in the meeting and agreed to support initiatives in their respective countries.

- Tanya Dutta --- India
- Sanata Berthe --- cote d’Ivoire
- Achta Cherif --- cote d’Ivoire
- Sylla Epouse Berthe Mariam --- cote d’Ivoire
- Vidya Kamath --- India
- Laure Kouakou Veyres --- cote d’ivoire
- Sarah Sherman-----USA
- Thuy Dang -- Vietnam
- Rita Weidinger --- Ghana
- Adotevi Johanna --- --- cote d’Ivoire
- Swapna Gowda --- India
- Hiba Yacoub --- Benin
- Chandana----India
- kone Minata --- cote d’ivoire
The members agreed to meet at the major cashew forum and take stock of progress and development. Next meeting is planned at ACA conference.

We wish to encourage and empower women in cashew sector worldwide with sharing meeting, training and business linkages. The agenda of the meeting was focused on the gathering women around the world under one roof and encouraging them in building the knowledge and power, through linking them all and giving them a platform to engage with each other.

We will back with more stuff by next week.....