



### **WCC 2016 Highlights**

The second World Cashew Convention, held in Dubai between 18 and 20 February 2016, was well attended by more than 425+delegates from 33+ countries. "Meeting kernel buyer's requirements and food safety compliance laws" was the theme of the conference.

#### **Inaugural session:**

Mr. Sundaran- CEPCI Chairman, Mr. Nyugen Duc Thanh- VINACAS President, Mr. Sanogo Melamine - Director General of CCA- Ivory Coast, Mr Vasudev Barkur - Executive Director, ETG and Mr Bob Bauer, President - AFI-US participated in the inaugural ceremony.

Mr. Sundaran shared the rich history of the Indian cashew industry in serving the global cashew markets and also highlighted some of the challenges and opportunities.

VINACAS President said, "Vietnam is making efforts to increase farm yields from 1.1 tonnes to 1.5 tonnes per hectare by 2025. Cleaner (100% hygiene) and greener processing are adopted towards boosting exports. Emphasis would be on value-addition and increasing domestic cashew consumption to 50,000 tons by 2025. Vietnam has set a target kernel export turnover of USD 2.7 billion in 2016".

Mr Vasudev Barkur cautioned that imposing restrictions on cashew market may go wrong and said that markets will take time to settle on its own.

#### **RCN crop in 2016:**

Mr Ashok Narayanan of Orion commodities moderated the session.

Mr. Vasudev Barkur, ETG: "Mozambique crop doubled in 2015 to 85,000 tons. With 40,000 metric ton already exported and another 20,000 tons committed for local processing, about 20,000 tons are available for exports. Tanzania 2015 crop was lower at 165,000 tons, of which about 146,600 tons have been exported. Port congestion was minimal this year. Quality was above average."

Mr. Pierre Ricau, Rongead: "West Africa 2016 crop is expected to be 200,000 tons more than the last year estimated 1.4 million tons, thanks

#### **Interesting side-bits**

2017 INC annual conference would be in Chennai, India between May 19 and 21.

ACA plans to hold a meet between African processors and US buyers in a side-event during INC 2016.

Ivory Coast government gave 4 million jute bags to farmers to minimise value loss. A portion of export taxes were used to subsidise this initiative, which expects farmers to use the bags at least twice.

Ivory Coast has declared CFA 350/kg as the minimum price to be paid to farmers for 2016 season crop.

Indian RCN buyers await Union budget 2016-17 due on February 29, 2016 for clarity on import duty on RCNs.

ACA would celebrate 10th World Cashew Festival and Expo in Bissau in September 2016.

SIETTA 2016, once in two-year cashew expo, is planned in Abidjan during 17 and 19, November 2016



**International Cashew Processing  
Equipment & Technology Show-  
November-17-19-2016-Abidjan -  
Ivory Coast**

The CCA is organising the event for the sustainable development of cashew processing industry in Africa to ensure that added value is captured locally.

SIETTA offers unique platform for all actors along cashew value chain to "Show, Sell & Buy", the newest innovations and cashew processing technologies all over the world.

The event is chaired by the Minister of Industry and Mines under the auspices of the Minister of Agriculture and Rural Development.

SIETTA wants to boost the cashew consumption in African continent, so it offers the participants to taste high quality cashew kernels, by-products and cashew dishes all over the world.

to overall good weather. Crop is however likely to be delayed by 15 to 30 days. Growth in RCN production is likely to grow steadily in west Africa."

Mr. Pramod Kamath, KSK & Sons: "India production is forecast around the same level of 650,000 tons. Flowering has been delayed in some parts. As a result, crop arrival could get delayed by 15 days. Annual price rise of about 10% has strongly influenced farmer's decision to go for cashew plantation. Together with government scheme, it should lead to increase in RCN production."

Mr. Thanh, Vinacas: "Vietnam and Cambodia combined expect a production of 500,000 tons in 2016. Conditions by and large fine, with the exception of high temperature in some zones."

**Cashew kernel markets in 2016:**

Mr. Jim Fitzpatrick, Ingredient Sourcing Solutions moderated the session.

Mr. Jim Fitzpatrick on European market: "Kernel imports into Europe grew at 12% pa during 2012 and 2015 period. Relative competitiveness of cashews, stable prices aided the growth in imports. Food safety and quality issues dominate in a increasingly concentrated European market that is witnessing consolidation. In 2016, volume growth could be a challenge."

Mr. Marc Rosenblatt, Richard Franco Agency on US market: "US market grew robustly in 2015 touching over 150,000 tons of kernel imports. Lower pieces prices lead to increased use of them in confectionary. Sustaining price advantage is the key in retaining and growing these markets. Long lead times (6 to 8 months) between shipper and retail stores also mean a lagged response to price changes at the retail level. Developments in almonds could adversely affect cashews in the short term."

Mr. Rahul Kamath, KCMA, on India kernel market: "Implied cashew kernel consumption demand of India grew 11% pa between 2004-05 and 2009-10; however, the kernel consumption demand between 2009-10 and 2014-15 period grew at a slower pace of 6% pa. This trend is similar for almonds and pistachios. The main driver of demand growth is stable prices. Steep increase in cashew kernel prices between 2009-10 and 2014-15 period, took away some demand. With continuous increase in input costs, managing prices of kernel could be a challenge. Short term might see demand declines; however, long term growth in kernel demand is intact."



**Cashew kernel quality and food safety law compliance:**

Mr. Jim Giles moderated the session.

Mr. Bob Bauer presented the results of survey conducted by AFI. The AFI-US survey highlighted 'live infestation, high moisture, chemical and off-odour' as typical challenges with kernels from India. For kernels from Vietnam, "Live infestation, traceability, blemishes, high moisture and food safety compliance" were core challenges faced by buyers. For kernels from Africa, typical challenges comprised "contract performance, high moisture and foreign matter".

Table-1: Number of US kernel buyers that faced the challenge while buying from various origins (total respondents = 9)

	Traceability	Foreign Matter	Condition (incl. moisture)	Sensory (odour/colour)	Live Infestation
<b>Brazil</b>	0	2	2	1	0
<b>India</b>	6	4	2	2	8
<b>Vietnam</b>	6	5	3	3	6
<b>Africa</b>	5	5	2	2	3

Source: AFI survey presented at World Cashew Convention 2016

Interpretation: Eight out of nine respondents have experienced 'live infestation' problems with Indian supplies.

Mr. B Jacob Trans Synergy Qualisystems highlighted the improvements in quality and food safety standards in India in the last 10 years. He also placed the new challenges that come up as a result of mechanisation and proposed suggestions.

Mr. Jim Giles, Quality and Food safety expert, elaborated the steps that can be initiated to meet the quality requirements of kernel buyers.

In the workshop that followed the plenary session, the group from India expressed its openness to reducing kernel moisture by 2% from the current 5%max levels, provided it is compensated for the efforts and moisture loss. Also, the group wanted details and support from institutions such AFI on the technique could be adopted to move towards 'zero infestation'. The current knowledge base on these issues is limited. Experiences of Brazil can also be shared with the processors.

The group that discussed Vietnam felt that Vietnam should develop a country standard for dealing with quality issues as well as standardise practices among large and small processors. Secondly, the group sought transparency and traceability in information sharing. Accordingly, it advocated a mechanism that



KPCT container terminal has five super post-panamax quay cranes.

Krishanpatnam Port is located very close to all cashew processing clusters whereas other ports are located very far which increases logistics cost.

Port offers land to cashew processors who want to set up modern processing plants.

32-days transit time from West Africa (Ivory Coast – Abidjan, Ghana – Tema etc) 15-20 days from East Africa (Kenya – Mumbasa, Tanzania – Dar E salam etc) Also cashew importers can avail 14-day free time DM time.

Port can also provide dedicated space for drying up of cargo.

The port has currently 400 reefer plugs



could enable one to trace the inspection agency / inspector that approved a particular cargo. This could put the onus on the inspection agency to be more vigilant in their processes. Vietnam representatives present at the conference assured to present the findings and recommendations to all export members of VINACAS and come out with a workable plan of action within six months.

The group from Africa felt that incentives are not enough to encourage Africa to process more. Smaller volume is also another challenge. Foreign matter is a serious issue that could be addressed through technology and practices.

**Other suggestions proposed for kernel suppliers to India**

- A. move to 5 kg plastic packs instead of tins (it is easier to handle; indirectly addresses infestation issues and not expensive to implement)
- B. standardise grades (too many grades and too many variations for the same grades from two factories)
- C. standardise pricing structure to Rs per kg. (do away with quoting in pounds or 20 kg packs etc)

Krishnapatnam port eager to create and support a cashew cluster

Ms Vinita Venkatesh urged raw cashewnuts importers to make use of KPCT in order to see the facilities and in what KPCT is different from other ports.

Krishnapatnam port highlighted the potential opportunity for creating a cashew eco-system given its port infrastructure well-supported by land availability, labour availability, and government incentives.

**Meeting buyer's requirement on 'delivered RCN quality'**

Mr. Krishnan Nair, KGN moderated the session.

Cashewinfo.com survey of Indian RCN importers pointed to two major challenges- high moisture (more than 10%) and foreign matter.

RBS Maritime record of last three year performance indicate increasing trend in "number of containers with high moisture". (refer Table-2)

Table-2: ORIGIN-WISE MOISTURE CARGO (CONTAINERISED )PROFILE									
Number of containers (20' & 40') Inspected by RBS									
ORIGIN	2013 - 2014			2014 - 2015			2015 -2016		
	Total containers	Moisture affected		Total containers	Moisture affected		Total containers	Moisture affected	
		CTRS	%		CTRS	%		CTRS	%
BENIN	3756	251	6.68	4817	118	2.45	6300	641	10.17
BURKINA FASO	213	14	6.57	376	4	1.06	916	1	0.11

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	Total containers	Moisture affected		Total containers	Moisture affected		Total containers	Moisture affected	
GUINEA BISSAU	4135	975	23.58	3594	1053	29.3	3373	741	21.97
GAMBIA	1520	215	14.14	1334	312	23.39	638	49	7.68
IVORY COAST	7390	759	10.27	15196	947	6.23	15812	2508	15.86
TOGO	273	5	1.83	264	27	10.23	390	30	7.69
SENEGAL	442	50	11.31	1037	187	18.03	503	31	6.16
OGBOMOSHO (Nigeria)	124	17	13.71	103	34	33.01	286	111	38.81
Rest of NIGERIA	359	190	52.92	770	250	32.47	1627	811	49.85
MOZAMBIQUE	843	6	0.71	375	5	1.33	104	2	1.92
TANZANIA	5184	133	2.57	6546	306	4.67	4018	218	5.43
GHANA	4935	572	11.59	2678	379	14.15	2666	721	27.04
GUINEA	492	81	16.46	616	176	28.57	448	88	19.64
INDONESIA	722	144	19.94	350	58	16.57	875	29	3.31
TOTAL	30388	3412		38056	3856		37956	5981	
PERCENTAGE	11.23			10.13			15.76		

Source: RBS Maritime presentation at World Cashew Convention 2016

It is estimated that India alone suffers a loss of USD 65 million every year on account of the 2% incremental moisture and the quality loss due to it".

RCN IMPORTS	EXTRA	MT	COST (USD)
INDIA (MT)	MOISTURE%		
900,000	2	18,000	@\$1300 PMT
			23,400,000
RCN IMPORTS	DETERIORATION%		
INDIA (MT)	(2x1.3)	MT	COST (USD)
900,000	2.6	23,400	@\$1300PMT
			30,420,000
RCN IMPORTS			
INDIA (MT)	ADMIXTURE %	MT	COST (USD)
900,000	1	9,000	@\$1300 PMT
			11,700,000

Source: Krishnan Nair presentation at World Cashew Convention 2016

RCN Buyers insisted on having the moisture capped at 8.8% in RCN at port of delivery. Sellers responded positively, if the additional efforts are compensated. Foreign matter can be addressed through technology and trade practice. Sellers assured their cooperation.

Reducing transit time was articulated without any conclusive decisions.



The emerging regulation on plant origin imports into India for various chemical contaminant (Aflatoxin) and naturally occurring toxins (agaric acid (100 ppm), hydrocyanic acid (5 ppm), hypericine (1 ppm) and saffrole (10 ppm)) was shared with the sellers.

#### **Recent developments in shelling technology:**

Mr Hari Nair moderated the session on innovation in cashew shelling technologies.

Calibration (sizing) of nuts prior to cutting is essential to save labour and get better throughput of quality product.

Newer technologies mainly aim at increasing throughput, lower labour, lower power consumption and ease of maintenance.

Hybrid technology (hot water soaking +dip in CNSL) is well suited for high throughput, although the colour of the kernel is darker.

#### **Innovation Forum:**

Mr Giridhar Prabhu, Achal Industries moderated the session and shared his thoughts. Achal Industries is credited with inventing steam cooking method for RCN.

responsAbility shared its innovation in financing cashew sector and its impact on the value chain. responsAbility, with an exposure of USD 25 million, is open to lending cashew sector short term(for working capital) as well as long term (technology development and modernisation) in both equity and debt. Typical size of the loan varies anywhere between USD 1 million and USD 15 million, although it is open to lending larger projects based on a case-to-case basis.

African Cashew initiative highlighted the innovative business models using private and public sector players that have changed the lives of people in the cashew supply chain participants in Africa. Empowering women by educating them on value addition and forming into clusters and matching fund concept are some of the unique initiatives of ACi that have been remarkably successful.



Guinea-Bissau will host our 10th World Cashew Festival & Expo 2016 in September! Guinea-Bissau is an ideal location for our annual conference, given that they are the *second largest producer* of cashew nut on the continent of Africa.

Currently, nearly 200 member companies work under the ACA banner and represent all aspects of the cashew value chain, including producers, processors, traders, and international buyers.

Increase ACA Seal Approved product exports from Africa to international markets via installed processing capacity enhancement to 40,000 MT or more per annum.

Mobilize private sector project implementation, targeting cashew processors and producers' partnerships and funding in order to achieve ACA's mission and vision through.



Heat treatment is a very effective way of keep food products such as cashew kernels free from infestation. Chemical-free, environmentally safe dis-infestation techniques were discussed and benefits shared.

**Investor Forum:**

Mr. Shaktipal, Technoserve moderated the forum.

Ivory Coast pledged that it would continue its pro-farmer, pro-industry policy and sought cooperation and investments in developing plantation sector and cashew processing sector. It chose the opportunity to invite people for SIETTA 2016.

For Nigeria, cashew is one of the key transformation crops. It is moving in the direction of achieving 500,000 tons production. Through continuous training and strict practices, it has improved on the quality of RCN exported out of the country. Nigeria is targeting 'local processing and local consumption' as its medium term goal.

African Cashew Alliance, working tirelessly on technology dissemination, is supporting every investor with information, knowledge and occasionally access to source of finance. They urged machinery suppliers to seize the opportunity that African cashew sector presents as it moves to process 30% of its annual produce in the next five years.



