



AFRICAN CASHEW ALLIANCE

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PROMOTING AFRICAN CASHEWS WORLDWIDE

www.africancashewalliance.org

More than 220 people from 25 countries from every corner of the world participated at the ACA's Fourth Annual Conference in Abidjan, Côte d'Ivoire from 1-3 September 2009

The World of Cashew Comes Together...in Africa!

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"ACA is uniting the African cashew industry. We can speak with one voice, exchange and learn from each other."

Beno Mhagama, Chairman of the Cashewnut Board of Tanzania

Africa's biggest cashew nut producer hosted the biggest event in the ACA's history: More than 220 people from 25 countries from every corner of the world participated at the ACA's Fourth Annual Conference in Abidjan, Côte d'Ivoire from 1-3 September 2009.

"The response to this year's event was indeed outstanding on all sides: sponsors as well as businesses from Africa, Brazil, Europe, India, the US, Vietnam – all of them wanted to be there!" said ACA Managing Director Christian Dahm.

Many came to strike deals on raw or processed cashew from Africa, some were looking to source cashew by-products in Africa, others for investment opportunities and partners in the African cashew industry. To facilitate direct and personal interaction between potential business partners, ACA and USAID's West Africa Trade Hub brought companies together at a Business2Business forum for short introductory meetings. All shared the same view: cashew in Africa presents countless business opportunities and the industry is moving forward fast.

ACA and its Annual Conference bring together cashew businesspeople from Africa to discuss and define the way forward and promote Africa's industry around the globe. Beno Mhagama, Chairman of the Cashewnut Board of Tanzania and host of the ACA's 2008 event, was delighted with the growth of the Alliance: "ACA is uniting the African cashew industry. We can speak with one voice, exchange and learn from each other. Thanks to ACA we can now devise long-term strategies to develop the crop in Africa."

This year's event also attracted enormous interest from business partners along the entire value chain: raw nut buyers and investors from Brazil, India and Vietnam, the world's largest cashew kernel buyers,

logistics and transport providers and retail chains were represented.

"ACA enables us to learn from all stakeholders from all of the African countries how the industry is developing and how business is done here in Africa," said Tarciso Façao of Rhema Trading (Brazil).

Four thematic workshops treated the key issues for African cashew to take a stronger foothold in the international markets. Raw cashew nut buyers presented opportunities for cashew nut farmers to capture more value of raw cashew nuts through pre- and post-harvest handling. TechnoServe processing expert Shakti Pal demonstrated how to solve some of the most common problems in cashew processing and experts trained processors on implementing food safety and sanitary standards. The last day of the event was reserved for hands-on learning. Participants inspected a large processing factory of Olam and visited Abidjan's port, facilitated by conference sponsors Bolloré and Maersk.

The event also set the stage for a historic encounter between ACA and the cashew associations of Brazil, India and Vietnam. For the first time, all three groups were represented at an ACA conference. At a meeting hosted by ACA President Carlos Costa, they resolved to strengthen cooperation and to develop and address an agenda of common interests, one of which is the establishment of a global body for the cashew industry.

Visit the ACA website for a short video on the conference, the conference report and evaluation, and the presentations!



Executive Committee sessions

ACA Governing Bodies Debate Vision for African Cashew Industry

In March 2009, the ACA Executive Committee met in Accra, Ghana, to review activities and plan for ACA's role as leader in the African Cashew Initiative project. At a joint session with the ACA's Steering Committee, President Carlos Costa (Mozambique) encouraged country representatives to more actively drive the agenda for the cashew industry in their countries. The Executive Committee also engaged Advisory Board members GTZ and USAID in a debate on the ACA's long term strategy.



Executive Committee and Advisory Board, from left: Mritunjay Das of Olam (representing Parthibane Theodore), Massogbé Touré (Côte d'Ivoire), MD Christian Dahm, President Carlos Costa (Mozambique), U. Sabel Koschella (Advisory Board, GTZ), V. Adams (Advisory Board, Trade Hub/USAID), M. Bickel (Advisory Board, GTZ), I. Kilangi (Tanzania), Kees Blokland (Global Trading), Shakti Pal (Observer, TechnoServe), Mario Mendonça (Guinea-Bissau).

Farmers, Traders and Processors Team Up with Public Sector in ACA National Committees

In October 2009, ACA's National Committee-Burkina Faso held a workshop to promote the cashew sector to the government and train farmers, traders and processors on better capturing the value of Burkinabe cashew. More than 200 stakeholders elected new representatives as reinforcement for the ACA National Committee, including farmer, trader, processor and public sector representatives. The National Committee commenced work on the day following the workshop. It followed up on the recommendations of the workshop and planned activities in preparation of the upcoming cashew season. Re-elected National Representative Minata Koné of SOTRIA-B was delighted: 'This workshop has initiated a fruitful dialogue which the National Committee will now continue.'

Composition of ACA National Committee Burkina Faso

Second Name	First Name	Title	Organization
KONE	Minata	DG	Sotria-B
MALGOUBRI	Dieudonné	representant du DG	VELEGDA
DIBOULONI	Jean Bosco	Charge de Programme	WOUOL
SIMONSE	Wim	DG	Anatrans SARL
OUATTARA	Minata	Membre du CEG	UCAMCO
OUATTARA	Siaka	DG	ECOGOF
a nommer	a nommer		Ministere d'Agriculture
a nommer	a nommer		Ministere de Commerce
a nommer	nom a confirmer		Association des Banques du Burkina

Stakeholders in Côte d'Ivoire decided to team up and elect a National Committee to start preparations for the Annual Conference. They met on the sidelines of the May 2009 conference of the Association pour le Développement de la Filière d'Anacarde en Afrique (ADEFICA), an association supported by ACA Executive Committee member Massogbé Touré.

Ivorian stakeholders appointed representatives from a farmer group, a processing company, a trading company, a business association, a research institute and a regulatory authority into the Committee. The

National Committee elected Mr D. Kpolo of the Cashew and Cotton Regulatory Authority (ARECA) and Mr C. Hibraïma of Agribusiness Company as National Representatives.



Private sector members of the ACA National Committee Burkina Faso

Name	Title	Organization
Cherif Hibrahima	Directeur-General	Agribusiness Company
D. Mapri Kpolo	Directeur-Executif	ARECA
TIOTE Mamadou	PCA	COOPRAMOVIT
ZAMBLE B. Gill	DG	HOZALIS
TOURE Abdoulaye	President Conseil Administration	Intercajou
KONE Khadidja	Directrice	INADES-FORMATION
TRAORE Assita C.	Charge de Programmes	FIRCA
COULIBALY KANKOUE Ibrahim	Vice-President Executif	FENACCI
Frank Ozone		Banque Atlantique

National Committee Reinforcement

Stakeholders in Benin, Ghana and Guinea-Bissau have announced efforts to reinforce their National Committees and elaborate plans of action suited to their cashew sector's needs. For information on the terms of reference for ACA National Committees, please visit the ACA website.

ACA at International Trade Shows and Industry Conventions

ACA was represented at all major international nut industry events in 2009. ACA Managing Director Christian Dahm presented the Alliance to more than 700 buyers, roasters and retailers at the conventions of the Peanut and Tree Nut Processors Association (PTNPA, January 2009), the Association of Food Industries (AFI, the body that defines cashew standards and import regulations, April 2009), and the International Dried Fruit and Nuts Convention (INC, June 2009).



ACA Côte d'Ivoire National Representatives D. Kpolo (ARECA) and Cherif Hibraïma



Stephen Owusu of Nsuro Farms (Ghana) interviewed at the ACA booth at ANUGA

ACA also showed presence at the year's biggest food trade shows, the New York Fancy Food Show (July 2009) and ANUGA in Cologne, Germany (October 2009).

On the way home to Nigeria from New York, Garba Dikko of Kaduna Foods, was very happy with his company's performance at the show: "The US is the biggest market for cashews.

This is where we want to compete and this show enables us to understand the market and forge relationships with the biggest buyers."

Interested in exhibiting in the ACA booth at the 2010 Fancy Food Show? Contact masiedu@watradehub.com

USAID-West Africa Trade Hub grant

The African Cashew Alliance has received a \$146,000 grant from USAID/West Africa to improve access to finance for cashew businesses in the region.

“This reflects how important the cashew sector is – and has the potential to become – to the economies of West Africa,” said ACA Manager Christian Dahm. “Access to finance is a critical constraint to businesses across West Africa. With this support from USAID/West Africa, we will be able to tackle the problem aggressively.”

The grant will help the ACA upgrade the management and operations of cashew businesses in the region; market the viability of the cashew industry to finance institutions in order to promote investment; and,



USAID
FROM THE AMERICAN PEOPLE

assess the policy environment and required investment incentives.

“Access to finance remains a critical obstacle in the cashew industry across Africa,” said ACA President Carlos Costa. “We are very pleased that our strategic approaches are winning the support of key development partners like USAID West Africa and we are grateful for their support.”

Cashew Calendar 2010

Here is an indicative cashew calendar for ACA activities for the coming season. Please contact the ACA Secretariat (aca@africancashewalliance.org) if you wish to participate, have any input in preparation for any of the following events or would like to add to the cashew calendar.

December 2009

National Committee Guinea-Bissau Meeting (7 Dec)

Ghana Cashew Day and Election of National Committee (10 Dec)

Benin Cashew Event and Elections of National Committee (21-22 Dec)

January 2010

Technical Assistance Visits to Processors in Senegal, Gambia and Guinea-Bissau

PTNPA Convention (23-26 Jan 09), Wesley Chapel, FL, USA

Cashew season preparation meetings and trainings to be organized by ACA National Committees

February 2010

Cashew season preparation meetings and trainings to be organized by ACA National Committees

Technical Assistance Visits to Processors in Togo and Nigeria

Training for cashew processors and finance institutions in Nigeria / Nigeria cashew

March 2010

Training for cashew processors and finance institutions in Gambia, Guinea-Bissau and Senegal

Executive Committee Meeting (23-24 Mar)

Technical Assistance Visits to Processors in Senegal, Gambia and Guinea-Bissau

April 2010

Association of Food Industries Annual Convention in Delray, FL, USA (29 Apr-1 May)

May 2010

Technical Assistance Visits to Processors in Togo and Nigeria

International Nut and Dried Fruit Convention in Beijing, China (23-26 May)

June 2010

New York Fancy Food Show (27-29 Jun)

Technical Assistance Visits in Nigeria, Tanzania

ACA Annual Conference is planned for June 2010. There is a public call for proposals to host the next conference on the ACA website. The Executive Committee will announce date and venue in January 2010.

2009 – A Remarkable Year for Cashew! – A Buyer's Perspective

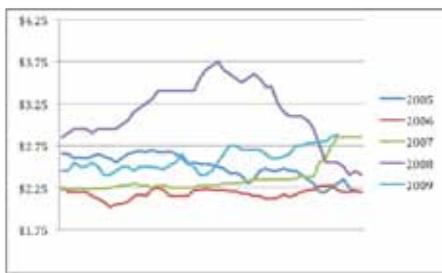
By Kees Blokland, Global Trading, ACA Executive Committee member

The market of cashew nut kernels has been quite amazing over the past year (2009) with prices fluctuating between Usd 2,20-2,75 per lbs basis FOB origin. The price movement (either up or down) was mainly caused by supply and demand imbalances. In the below chart you can see the price fluctuations basis FCA Holland for WW320 over the past 5 years showing that after 3 relatively flat years (2005 till 2007) 2008 was an 'on year' in the sense that 3 years of low prices and abundant supply has created much (new) demand. This combined with a sudden lower world supply from

Cashewnuts are appreciated worldwide as 'the most popular' nut for snacking

the 2008 crop, prices soared. Prices should have stayed quite firm due to lack of kernels but the financial crisis changed the entire picture. Buyers reduced stocks and did not come to the market for a long time, reducing interest in the market; sellers started to reduce stocks as well –at ever decreasing prices- and the market cooled off significantly. Prices went –unnaturally – down, and only as demand picked up again prices went up again, as the analyses showed that consumer demand was not hurt to the extent anticipated earlier.

Generally, prices for cashew kernels are firmer than they were in the 90's. This firming market is mainly caused by increasing demand and to a certain extent by rising processing costs. The main reason of the increasing processing costs are the rising labor costs in the processing countries. Consequently processors are now introducing partly mechanized processes. Although a mechanized process results in lower output of whole kernels, it is still cost effective vis-à-vis manual processing. The big challenge for the cashew industry is to fine tune the mechanized process and minimize breakage.



World cashew prices

Cashewnuts are appreciated worldwide as 'the most popular' nut for snacking, but these days it is also finding its way in as ingredient in the food industries (icecream & bakery).

Summary of the Cashew Year 2009

Supply of raw nut

The supply of raw nuts has been reasonable to good over the past season. The East African origins were slightly down. Brazil was delayed slightly but generally supply has been sufficient to run the factories. For the coming seasons Africa looks good, India looks good while Vietnam is

reporting some damage because of the cyclones. The extent of the damage is hard to tell right now.

Demand

Although in the beginning of the year demand was slightly down (between 5-10%), the current consumer figures look promising again. We presume that due to the world wide financial recession, consumers are spending more money on luxury items to use at home instead of going out and spend money outside.

Carry over/Stocks

Customers (packers & industries) are taking utmost care of their stock positions at the moment. Due to the financial situation, banks are very strict on supplying loans and pushing them to limit their stocks to avoid high risk on stocks. Especially towards years end they want to avoid too much stocks.

Economic crisis

This has had an impact on the market, consumption wise and financially. Therefore buyers are not ready to take long term commitments and just covering 3-6 month's ahead. This is giving different market movements than in the past which the market needs to get used to.

Opportunities for Africa

More and more buyers start to realize that Africa will be an important supplier of cashewnutkernels in the near future. India is having a fast growing domestic market where consumers are paying significantly more for cashewnutkernels than in other parts of the world. Vietnam is having a growing middle class and will become an important supplier for China. What volume will the Chinese market take in the coming 5-10 years. As India, also China has a fast growing middle class interested in more luxury food items as cashewnutkernels. When this will happen, USA and Europe will be obliged to take more and more product from Africa.

2010 forecast – supply/demand & pricing

We expect prices to remain at current levels on a tightly balanced supply/demand world wide with fluctuations expected as there will be short spells of demand outweighing supply. Supply of raw nuts will be sufficient, although limited as new crop in India and Vietnam will become available in April/May 2010. Prices currently paid are quite high, well above Usd 1000 per mton basis CFR India/Vietnam for high KOR material.

When the new crop in India and Vietnam will become available we expect prices to ease although the remark we have to make as written previously, supply from Vietnam is a question mark.

Recommendation on kernel buying

Cover for 1st half 2010 and cover a certain percentage for 2nd half 2010.



Zantye Cashew Factory: A Supplier of Organic Cashews from Goa

India's Kaju Quest 2009

By Christian Dahm

Innovate! The time for change is now!, was the motto at the cashew conference co-organized by the Goa, Maharashtra and Karnataka Cashew Associations in Goa, India from 11-13 September 2009. More than 350 cashew business people attended to discuss the industry at the production and processing level. Rising labor costs and scarcity increase the need for mechanization.

At the farm-level, the Indian cashew sector is undertaking a concerted effort to break out of years of flat or stagnant growth in production of raw cashew nuts. Led by the Cashew Export Promotion Council of India (CEPCI), the Indian cashew industry is setting itself some ambitious targets: they aim to raise their production of RCN to 2,000,000MT by 2020. This represents a 3-5 fold increase on the current level, (350,000-650,000MT). It would require 1,8million ha of additional cashew tree plantations.

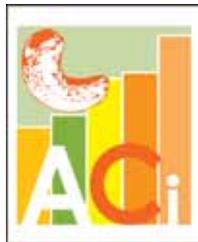
India currently imports between 500,000-600,000MT of raw cashew nuts from Africa per year. A cashew importer presented what he referred to as '3 Trojan Horses' of importing raw cashew: moisture, chemical contamination and admixture. He highlighted that in 2008-2009, "India imported more than 12,000MT of water and more than 6,000MT of stones, bricks and sand". He advised his colleagues to work closer with their suppliers, to educate them on quality issues and to reward quality with premiums.

ACA had received an invitation to participate and present the Alliance and its work, in particular the recent launch of the African Cashew Initiative (ACi, see related article). Managing Director Christian Dahm presented the ACA's history, vision and objectives and the ACi activities. The response was huge: Many encouraged ACA to work on improving quality and handling of the African crop, in particular to prevent high moisture levels. Others were curious about investment opportunities in African cashew. While there was certainly some concern about the future supply of raw nuts from Africa (in the face of a push to process in Africa), the Chairman of the CEPCI, Walter d'Souza, saw many new opportunities: "Processing cashew in Africa will make farmers and traders sensitive to the quality and handling of the crop. This will ultimately improve the return of the farmer, trader and processor both in India and in Africa. It is a win-win proposition."

A Milestone on the ACA's Road to Success – The African Cashew Initiative (ACi)

Claudia Schuelein

For more than 15 months, ACA members and partners worked on a proposal to the Bill and Melinda Gates Foundation, providing information on the sector in Africa and market intelligence from around the world. In April 2009 the project kicked off in Accra (see ACA newsletter issue March 2009 and ACA website 'Persistence Pays Off for African Cashew Industry Stakeholders'). Claudia Schülein, Communications Officer at the ACi, gives an overview of the project.



The African Cashew initiative (ACi) is a four year project focusing on Ghana, Burkina Faso, Benin, Cote d'Ivoire and Mozambique. The project aims to improve the incomes of 150,000 small scale cashew farmers and provide employment in cashew processing for more than 5,500 people – mainly women.

The major funders are various private sector partners whose contributions are topped up by the Bill and Melinda Gates Foundation and the German Federal Ministry for Economic Cooperation and Development (BMZ).

The ACi is implemented by the German Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), the US-based NGO TechnoServe, the Dutch-based NGO FairMatchSupport, all of which are member of the African Cashew Alliance – implementing partner of the ACi and the industry association for the African cashew sector.

The project operates in all sectors of the value chain – production, processing, marketing and logistics. Key to the achievement of project objectives is the establishment of a sustainable processing industry in Africa's cashew growing countries to ensure the added value is captured locally. There is a direct correlation between local processing and increased returns to farmers. Profitable processors place increased emphasis on the quality of raw nuts as improved outturn ratios increase yields and reduce processing costs. The ACi is investing in farmer training and introducing quality based purchase methodologies to encourage farmers to deliver increased quality and receive increased returns as a consequence. The ACi is also introducing farmer training on harvest and post harvest production techniques for the forthcoming season. It strengthens cashew processors in their efforts to expand in improved cashew processing on medium and larger scale. ACi also invests in establishing and advancing market linkages along the value chain. As an overall improvement of framework conditions for investment and business activities in the economic sector of African cashews ACi works on governmental level to influence policy making positively.

As part of a diversification strategy a separate study has been commissioned to evaluate the best usages for cashew by product. Other studies including an evaluation of the best method to introduce community storage and warehousing facilities are in the pipeline.

More information on ACi goals, targets and the team is on the ACA website.

COUNTRY UPDATES

Benin

Aboubacar Adjibade

Benin's production for the year 2008-2009 was at about 66,00MT. Up to 20% of the nuts, however, are estimated to originate from neighboring countries.

Burkina Faso

Minata Koné, ACA National Representative

Burkina Faso estimates to produce about 30,000MT RCN, but large volumes move across borders. The quality of raw nuts is improving (up to 51lb outturn ratios were observed in the past season). Farmgate prices this year varied between \$0.25 and \$0.40 on average. Innovative financing mechanisms are required to help improve the sector.

Côte d'Ivoire

D. Mapri Kpolo

Cote d'Ivoire is the 2nd world producer and 1st world exporter of cashew with production estimated at 350 000MT and raw nut exports of about 320 000MT in 2009. Despite the existence of constraints such as irregular plantation densities and dissimilar plant material, the cashew production sector still has high potential for production, which are visible in its sustained growth of 6% on the average per year since 2004, possibility of increasing production on the same surface area, rate of average humidity at 10%, absence of chemical inputs and production of 196 nuts on the average per kg. The introduction of improved varieties, with the help of agricultural research and advice, is ongoing to enhance production.

Ghana

Eleanor Swatson, Ghana Cashew Development Project

Production during the 2008-2009 season was estimated at 27,000 MT while exports (Jan-June '09) were at 56,000MT according to the Ghana Shippers Council. Average farmgate prices/kg at beginning, middle and end of season were \$0.22; 0.30; and 0.40.

The main challenges at the farming level include low yields per tree, raw cashew nut marketing, farmers' accessibility to inputs and availability of improved planting materials. A 60ha germplasm site has been established with materials from various countries for experimentation and grafting to develop improved seedlings, including high-yielding trees. There is an open market system but district unions (groups or cooperatives) are being encouraged to aggregate their products. There are about 12 primary processing units with about 2,200MT total capacity. Research focuses on apple processing and using cashew gum to extend kernel shelf life. Training and assistance is needed at farm level on access to improved planting materials, selective thinning and pruning, weed and pest control, improving productivity of old plantations through canopy substitution, post harvest handling of RCN and apples, quality standards and certification. Technical assistance needed at processing, include enhancing labor efficiency, fabrication of appropriate equipment and by-product processing development.

Gambia

Ram Mohan, ACA Focal Point

The Gambia had a better crop production this year with approx 6 - 7000MT of crop with 53-54lb outturn and 215-220 nut count (raw cashew nut per kg), a significant improvement on the 240+ of previous years. RCN export for last year is estimated at 57 - 60 000MT out of Banjul Port. The construction of a bridge between Northern Bissau and Bissau –the link between Senegal and Bissau –will to a large effect improve upon the movement of cargo. Export prices started as low as U S\$700 climbing to 950(CNF) and then falling to US\$700. Some constraints include lack of local consumption, high cost of finance, no formal processing and no regulatory authority in Gambia. Largest cashew production region include Brikama, Sifoe, Gunjur, Faraba Banta, Bara.

Guinea-Bissau

Mario Mendonça, ACA Executive Committee

Guinea Bissau is one of the largest producers in the region with export estimates at 130 000MT. Raw nut but production is estimated to be much higher.

Mozambique

Kekobad Patel, ACA National Representative

There are almost one million cashew farmers with at least 90,000MT production capacity. Production dropped to 64,000 MT last year due to a bad weather. There are 20 processing factories with 35,000MT capacity. Small scale processing by farmer cooperatives is about 100 to 500 MT per annum, mainly supplying the local market.

The Mozambican cashew industry was established early and most of the trees are aged. There are about 24 nurseries of 350ha producing 1.5m seedlings per annum. The government levies an 18% export tax on raw cashews. 80% of the revenues are used for replanting, research & development and extension services while the other 20% are to be used as incentive to the processing industry. The government monitors global prices daily and provides an indicator price to the markets. Low farm gate prices prevail, with farmers getting less than 40c per kg this season.

Nigeria

Tunji Owoeye, National Representative

Current annual crop size is about 110,000MT with about 60,000MT shipped as raw nuts, 25,000MT processed into kernels, 15,000MT roasted locally and 10,000MT lost to harvest and post harvest handling in the farms. More cashew processing plants are emerging and. Private plantations are springing up in parts of the cashew belts, such as Kogi, Kwara, Oyo and Kaduna States. Small holder farmers are equally active, obtaining seedlings from private plantations.

Senegal

Lamine Sene ACA National Representative

Senegal's estimated production is 65,000 MT. 63,000 MT was exported with the difference of about 20,000 MT coming in from neighboring countries. Raw nut prices started at 225CFA at the beginning of the season, and were 250CFA at the end. The largest production region is Shehiou. Quality has been varied – with 51/52/53 Lbs and Nut counts in the range of 230/235. A study tour was organized to India where participants were taught grafting. Three nurseries have been established with grafted materials each with capacities of between 5000 and 10,000 plants. A new project has also been established to look at utilizing cashew apples. From the 19 processing units established only 5 are really operational. The main problem is to locate sufficient raw materials to keep factories going throughout the year.

Tanzania

Joseph Haule, ACA National Representative

Tanzania's raw cashew nut (RCN) production in 2008/2009 was estimated at 79,000MT but its potential production is between 250,000MT to 500,000MT. RCN exports stood at 53,000MT, processed kernels at 25,000MT from 12 processing factories in the country. The quality of the crop this season was better than previous year's. The Cashew Nut Board of Tanzania and Naliende Research Institute held a number of training activities. A new national policy has been adopted to plant new cashew trees and encourage large estate farming of cashew trees to increase production. Tanzania introduced the warehouse receipt system to help storage and prevent spoilage, secure inventories, increase government control, and improve financing (which is now available via a government-owned agricultural bank).



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