



African Cashew Alliance (ACA)

PROMOTING AFRICAN CASHEWS WORLDWIDE

2007, Issue 4

Newsletter May 2007 Page 1

Dear Cashew Colleagues,

With 100+ participants from 17 countries, the African Cashew Alliance celebrated its first birthday at the Annual Meeting in Mozambique March 21-23. One year ago the 22 founding members of the ACA met in Guinea Bissau, elected the Executive Committee and developed the MoU. The founders committed themselves to support the African cashew sector to raise farmer income, increase processing capacity and improve the overall investment climate. WATH, funded by USAID, offered to manage the ACA Secretariat, and established this body in June 2006.

At the recent Maputo-meeting a big cashew cake with one candle marked ACA's first year. A lot was achieved in the first year, creating a structure and identity, mobilizing cashew stakeholders across

Africa, and promoting African cashews internationally. A formal ACA membership program is now launched and former Mozambique President Joaquim Chissano became ACA's first Ambassador, putting cashews on the agenda of political leaders during his visits.

ACA has established a network of over 600 cashew stakeholders - internationally and in each cashew producing country in Africa - ready to initiate concrete solutions to improve the competitiveness of the African cashew sector.

See below how to sign up and become an official member of the ACA, support its cause and help the African cashew industry to meet international demand for high quality of raw nuts and cashew kernels.

Cilia de Cock - ACA Secretariat, Accra Ghana



**BECOME A MEMBER TODAY!
SIGN UP AND SUPPORT THE
AFRICAN CASHEW INDUSTRY**

Upcoming Events

- **SNACKEX, SNACK AND PEANUT EVENT, JUNE 3-5 2007** BARCELONA, SPAIN. WWW.ESA.ORG.UK/SNACKEX/INDEX.ASP
- **FANCY FOOD SHOW, JULY 8-10 2007, NEW YORK CITY** WWW.SPECIALTYFOOD.COM
- **NIGERIA ACA COUNTRY MEETING** JULY 12TH & 13TH IN ABUJA NIGERIA
- **EXPONUT & DRIED FRUIT INTERNATIONAL TRADE FAIR, AUGUST 23-25 2007, ISTANBUL TURKEY** WWW.EXPONUT.COM
- **IVORY COAST ACA COUNTRY MEETING** SEPTEMBER 2007
- **ANUGA, WORLD EXHIBITION OF FOOD AND BEVERAGES, OCTOBER 13-17 2007, COLOGNE GERMANY** WWW.ANUGA.COM
- **PTNPA CONVENTION, JANUARY 19-22 2008 IN TUSCON, ARIZONA, USA** WWW.PTNPA.ORG
- **INC CONVENTION, MAY 9-11 2008 SANTIAGO DE CHILE** WWW.NUTFRUIT.ORG

Increasing cashew consumption in West African markets

This study by WATH & ACA, aiming to be a tool for cashew processors in Africa to increase sales in 10 local markets, resulted in practical recommendations, like:

- Promote the African origin of the product and its health benefits on the packaging
- Improve packaging and expand to new distribution channels such as tourist destinations and hotel chains
- Sell into the Gambia market to replace imported products from Europe, and supply Mali's cities with competitive and quality cashews
- Work on overall promotion of cashews in Togo

Ten partner organizations provided financing and/or support to conduct the field research in 10 West African countries. The study, coordinated by Nicolas Boillereau of MBA's Without Borders with special support from Brook Adam of Peace Corps Benin, will be published in June on our website.

International demand for bulk cashew kernels from Africa grows

Following ACA's presence at the PTNPA and INC Conventions (see page 2), more and more international kernel buyers are showing their interest to source bulk cashews from Africa. Often they are willing to provide processors with a contract that can enable to get bank financing for raw material. Also they can be of help to assess global cashew market dynamics. The AFI cashew standards are used to specify quality requirements. Contact us for more information: info@africancashewalliance.org

ACA launches Membership Program

The development of the African cashew sector is important for international stakeholders - not just African - as it will lead to high-quality standards, reliable deliveries, better communication and logistics, benefiting world players as well as Africans on the ground.

ACA enables its members to capitalize on the sector's potential by enhancing farmer income, increasing processing, boosting exports and overall economic growth in the cashew industry. By becoming a member of the ACA, you show your support for a stronger, more efficient African cashew industry, working to improve standards in raw nut production, and increase volume of processing capacity.

ACA has launched its new membership program enabling all African and international cashew stakeholder to be a part of this development. Members will be invited to annual meetings and have access to the ACA membership database. Read more about benefits and annual fees on our website, where you can also sign up for membership. We look forward to your support and commitment.

ACA Ambassador ACA is proud to announce its first ambassador, H.E. Former President of the Republic of Mozambique, Joaquim Chissano. Mr. Chissano served as Mozambique's president from 1986 to 2005. Since stepping down, he has been involved with the United Nations and other organizations to support the political, social, economic and cultural development of Africa. In 2006, Mr. Chissano was appointed by UN Secretary Kofi Annan to participate in a special peacekeeping envoy to Northern Uganda. As a high-profile leader, Mr. Chissano is willing to help broaden knowledge about the African cashew sector, as well as assist ACA to promote and lobby for improved policies to increase the competitiveness of the African cashew sector. During the ACA annual meeting in Mozambique this past March, Mr. Chissano delivered a message underlining the importance of the cashew sector for overall African economic growth. He expressed his appreciation of the sector and emphasized the ACA as a good example of a public private partnership that stimulates collaboration across the continent, creating benefits for both Africans and non-Africans. To read the whole message from Mr. Chissano, please visit www.africancashewalliance.org.



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Cashew Raw Nut Prices

With West Africa's cashew season at its peak, raw nut prices seem to have lagged behind levels expected and hoped for by cashew producers. Why is this? There are a few important factors in international pricing:

1. The US dollar - the currency in which cashews are traded - has continued to lose value against the Euro, which is tied to the FCFA, the currency of many cashew-producing countries. In 2006, one dollar was traded against 530-540 fcfa, but this year it's only 480-490 per dollar, a loss of 7,5-11% directly at farm gate level.
2. Some governments make price declarations based on inadequate pricing mechanisms, leading farmers and traders to hold unrealistic high expectations. Farmers and traders then try to hold on to their stocks with the hope of ensuring higher prices. When this doesn't work, they start dumping their stocks, which creates excess supply and pushes prices down further.
3. Certain countries face many new so-called 'suitcase traders' with low-cost structures who operate with narrow margins, driving prices down.
4. Minimum wages have gone up in key processing destinations like India. An 8% appreciation of the Indian rupee against the US dollar and lower kernel prices in global markets have further squeezed prices. Costs have gone up, revenues have gone down.
5. At each level in the already tight value chain, there is pressure to reduce prices. Local crop production in India and Vietnam has risen this year by 25,000-30,000 MT, replacing some of the supply that previously came from Africa. Meanwhile, processing capacity in these countries has diminished by at least 50,000 MT. Worldwide, increased cashew production over the past few years has outstripped demand, which remains steady.

So, what can be done? Although some factors are out of their hands, African cashew stakeholders can still improve their chances in a tight market. Steps would include focusing on quality of raw nuts instead of quantity. Proper drying (humidity levels of <8%), storing and packaging (i.e. in jute bags) would help make African cashews more competitive. Furthermore, processing and consumption of cashews in Africa can stabilize prices and secure a market for cashew growers.

Country	Period 2007	Outturn	CNF/MT of raw nuts*
Nigeria	Feb-May	48	Range: \$ 400- 550
Benin	Feb-May	47-48	Range: \$ 580-730
Ghana	Mar-May	48-49	Range: \$ 535-670
IVC	Mar-May	47	Range: \$ 500-640
Bissau	May	54	Range: \$ 640-650
Senegal			
Tanzania	Jan	50	Range: \$ 770-790
Mozambique	Jan-Feb	45-46	Range: \$ 600-670

* Based on general market information. Actual trade may happen at lower prices, due to liquidity issues in the market
CNF: Cost and Freight India Cochín/Tuticorin



Under the cashew tree

ACA Annual Meeting

With more than 100 participants from 17 countries, the ACA Annual Meeting held in Maputo (March 21-23) spurred dynamic conversations about new investment opportunities, organic and fair trade certification, and how to improve the availability of inputs and planting material for better yields at cashew plantations. Highlights of the meeting included:

- GTZ's commitment to provide matching funds for African cashew processors seeking to upgrade their business through certification, training, etc.
- Hari Nair, CEO of one of the biggest cashew processors in India, pledged to

connect Africans with the India research institute to work on methods to boost crop yield.

- Demonstration of state of the art mechanized processing equipment during a field visit to processor Macia Cajú
- Expression of interest from international buyers and potential investors to do business with African processors.

The meeting capped an exciting year for the ACA in which a government delegation visit from Benin to Mozambique and Tanzania was organized, cashew processors were brought into contact with buyers, financing partners and equipment suppliers leading to several deals, 5 country level meetings were organized and > 15 organizations supported ACA covering more than 20% of its budget.

Report and presentations are available on our website.



ACA at INC and AFI Conventions The Annual International Nuts and Dried Fruit Convention (www.nuffruit.org) in Madrid (May 10-12), brought together producers, processors, salters, roasters and packagers from all over the world to discuss developments in the different nut and dried fruit markets, and further establish business relationships. ACA met with nut buyers from USA, Canada, Europe and Japan, and participated in a meeting about the World Cashew Organization which promotes global consumption of cashew kernels.

ACA's presence at the Association of Food Industries Convention in Florida (April 26-29) enabled to participate in discussions on modifications to the Cashew Standard, currently used in the US and European markets in the international cashew kernel trade. For more information: www.afius.org



Training on Raw Nut Quality in Senegal

Improvement of raw nut quality and consistency in Africa is one important way to increase value of the crop and improve farmer income. Following recommendations at the recent national cashew meeting in Senegal in February, the USAID Economic Growth (USAID-EG) program, in collaboration with cashew nut exporter Sencomex, launched a raw nut quality improvement training in 4 different cashew producing regions in Casamance and Sokone. One of the main elements of the training is a newly developed training manual, which covers quality testing of raw nuts, estimation of yields, nut count, maintenance of plantations, harvesting, drying, storage, transport of raw nuts etc. Around 120 trainers have been educated on quality improvement in 4 regions and more than 210 producers have already been trained. The goal is to reach at least 500 farmers during 2007. The training also includes 3 journalists from provincial radio stations, involving them to design and develop training and awareness programs for emission. Read more and download the training manual on our website or contact Dr Patrick Nugawela at patricknugawela@ychoo.com or Christophe Poublanc at christophe.poublanc@orange.sn



Ghana Cashew Week

The Cashew Processors and Exporters Association of Ghana (CAPEAG) together with the Cashew Development Project (CDP) hosted the Ghana Cashew Week April 17-19 2007 in Accra. The purpose of "Cashing in on Cashews" was to create more awareness of the cashew sector in Ghana, including discussions about how to optimize the sector in the future. Over 200 stakeholders, representing each link in the cashew value chain participated in lectures and discussions about how to grow Ghana's cashew industry. Visit our website to read all the presentations and speeches.

ACA Projects & Proposals ACA is initiating projects on raw nut quality and increasing processing capacity. Send us your proposal for a project in the cashew sector, or let us know if you're interested to participate or contribute.

info@afriancashewalliance.org