



End-Market Response to Africa's Cashew Sector Policies:

Focus on India

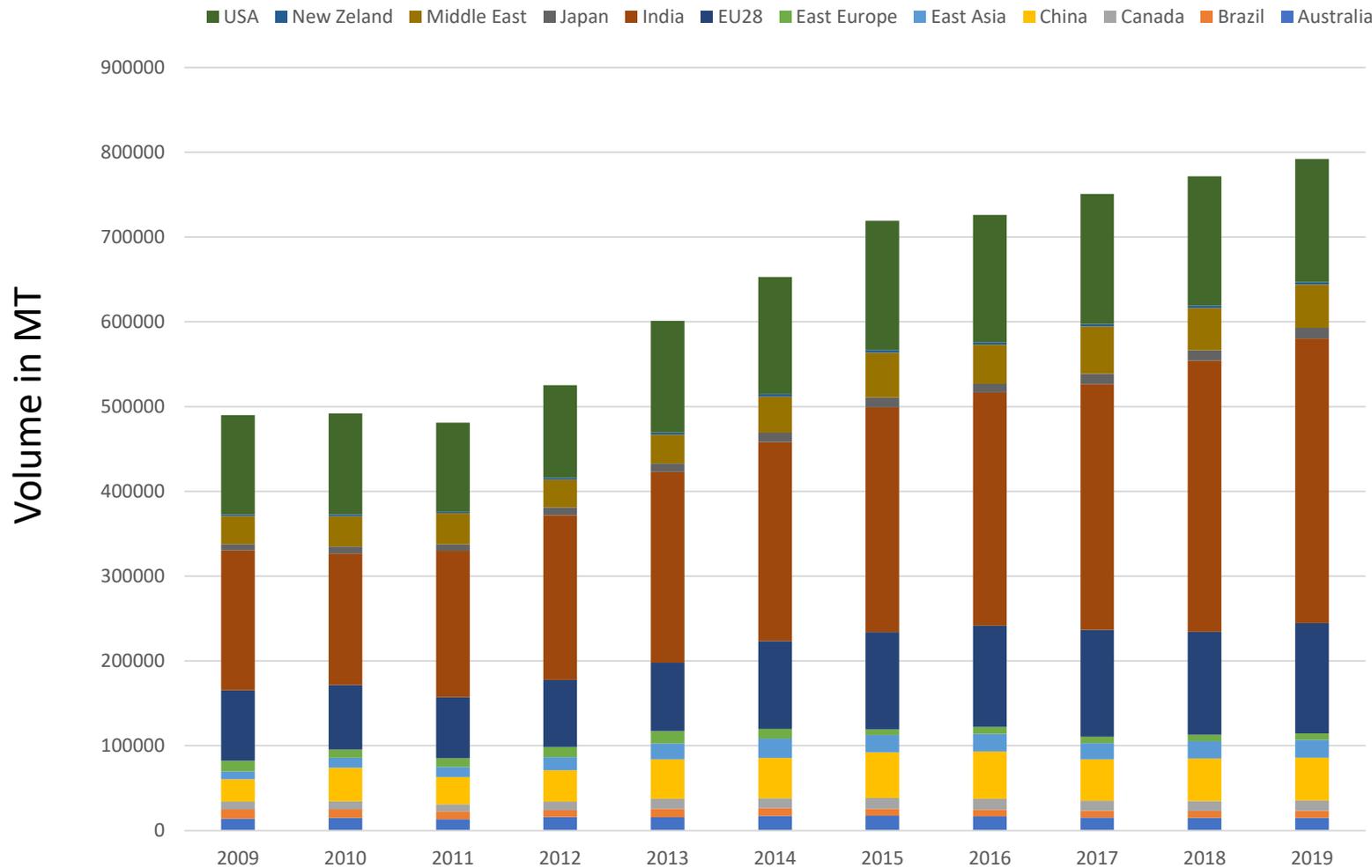
Ernest Mintah
MD, African Cashew Alliance



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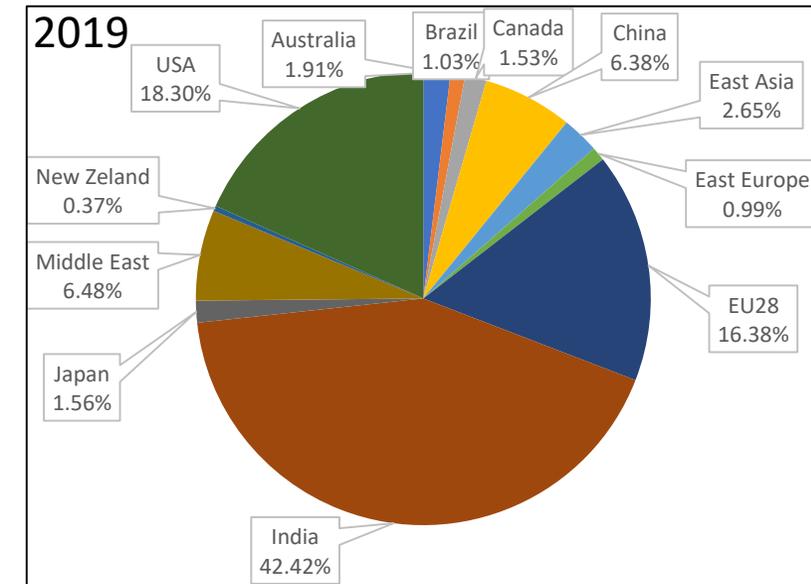
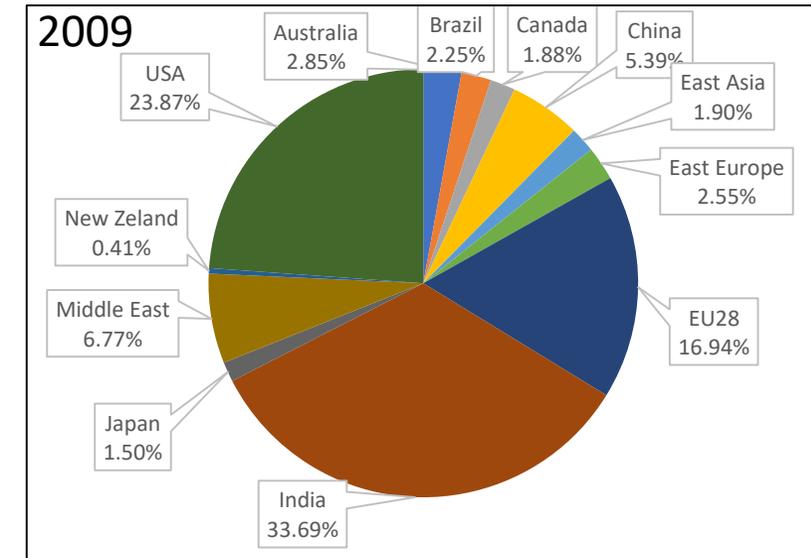
- Global Kernel Consumption
- Key Cashew Sector Policies (Africa)
- Policy Responses from India
- Economics of Key Policies by Africa and India
- Conclusions and Way Forward

Global Cashew Kernel Consumption (2009 – 2019)



Source: African Cashew Alliance (ACA)

- Significant consumption growth in India from 33.9% (2009) to 42.42% of global consumption (2019)

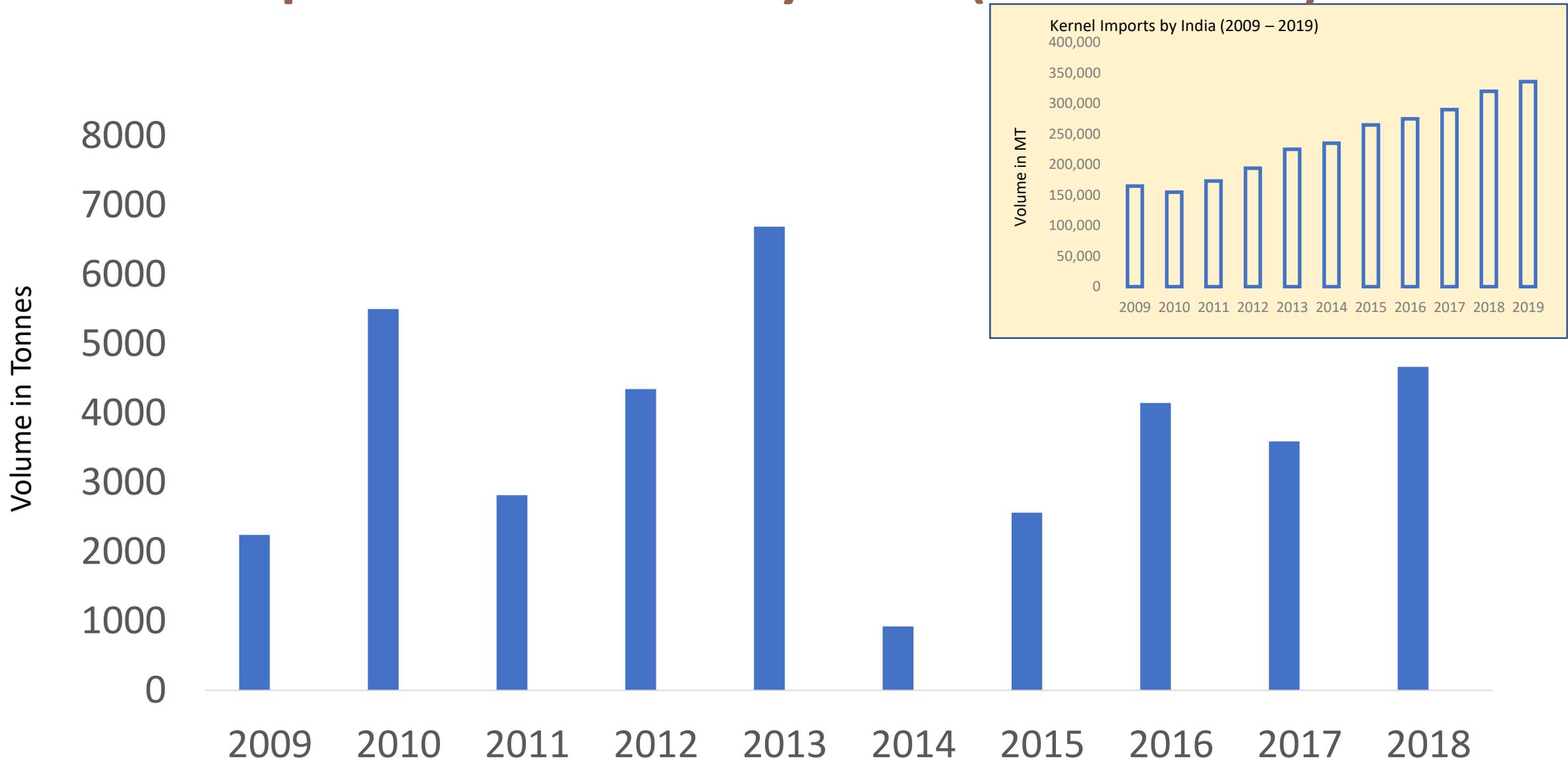


Global Cashew Kernel Consumption Growth (2009 – 2019)

	5 Years to							
	2013	2014	2015	2016	2017	2018	2019	
India	6.39%	8.68%	8.90%	7.23%	5.21%	6.37%	4.86%	
USA	2.40%	3.01%	7.81%	6.57%	3.11%	2.01%	-1.02%	
EU28	-0.57%	6.33%	9.83%	8.58%	9.31%	3.23%	2.47%	
China	12.03%	3.54%	10.65%	8.51%	0.85%	1.10%	-1.15%	
Middle East	0.44%	3.63%	7.62%	7.28%	10.43%	3.17%	-0.59%	
World	4.21%	5.81%	8.37%	6.60%	4.52%	3.39%	1.92%	
World Year on Year	2013	2014	2015	2016	2017	2018	2019	Av. 5 Yrs
Annual Growth	14.16%	8.45%	10.24%	0.86%	3.44%	2.73%	2.62%	3.98%

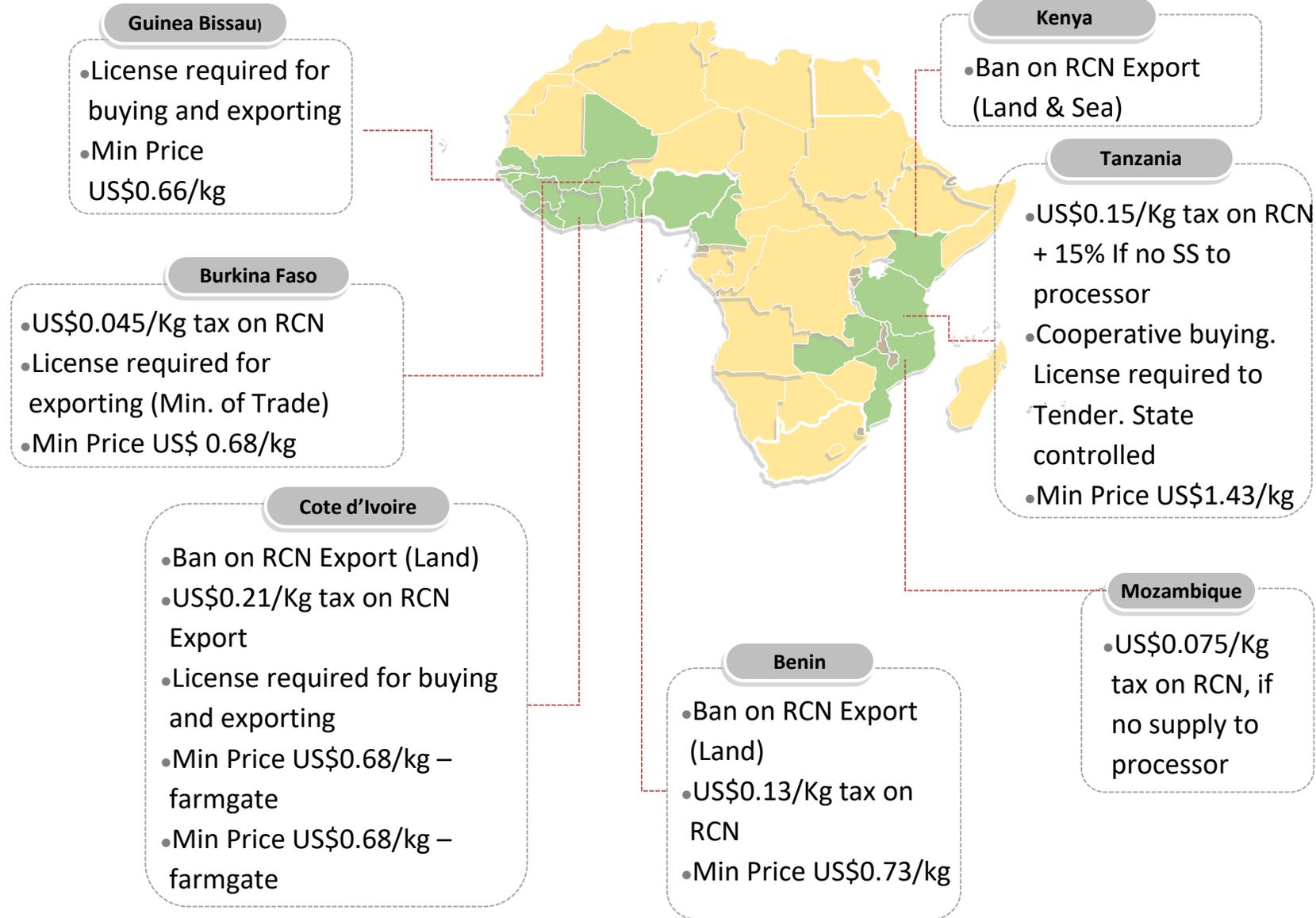
- Growth in global consumption has increased by nearly 4% in past 5 years, but slowed in EU28, with major markets such as US and China experiencing decline
- Major driver of global consumption in past 5 years is India

Kernel Imports from Africa by India (2009 – 2018)



- Kernel imports from Africa remained low over the years
- Accounting for only 1.46% of total kernel imports of India by 2018

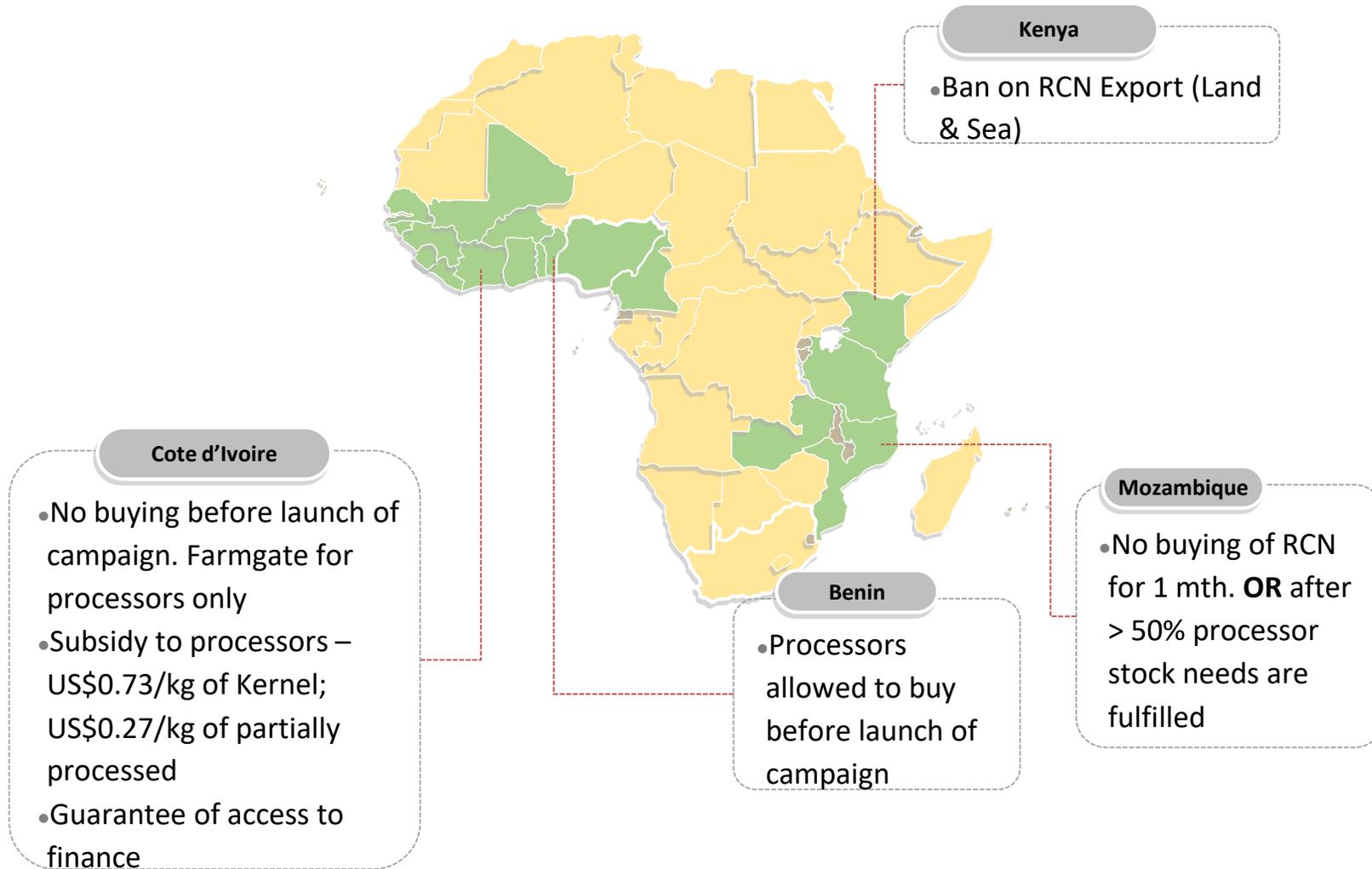
Cashew Sector Policies in Africa – RCN Focused



Key Policies:

- 1. Ban on land export** in Cote d'Ivoire and Benin, of RCN exists. Kenya, has both Export land and sea ban.
- 2. Tax on RCN Export** ranging from US\$0.045 in Burkina Faso to US\$0.21 per kg (2020) in Cote d'Ivoire
- 3. Buyer/ Exporter licensing Requirement** before buying RCN in GB, BF, CIV and TZ
- 4. Minimum price** of RCN ranging from US\$0.66 to US\$1.43 per kg (2019) are set annually in GB, BF, BN and TZ. In 2020 CIV sets 3-tier Min. Prices ranging from US\$0.73 to US\$0.77/kg of RCN

Cashew Sector Policies in Africa – Processing Focused



Key Policies:

1. MZ and BN have defined **buying periods** for Processors, to fill their stock before allowing Traders/Exporters
2. In CIV, **RCN exporters to sell-back 15% of RCN to Processors** stopped in 2019. In BN, 5MT must go to Processors before export stopped in 2017.
3. CIV pays a **subsidy to local Processors** (US\$0.73/kg of kernel exported; US\$0.27/kg for unpeeled)
4. CIV **guarantees 25%** of loans to Processors, up to 5billion FCFA

Strong Push in India for Policy Response from Government

11.2019

CEPCI: “Commerce ministry recently asked the Cashew Export Promotion Council of India (CEPCI) to file an application on **ANTI-DUMPING** with Director General of Trade Remedies (DGTR)”. **The Economic Times (ET) Market 27.11.2019**

11.2019

CEPCI: “CEPCI reiterates need for **BAN** on import of all types of cashew kernels”. **The Economic Times 05.11.2019**

07.2019

TRADE PROMOTION COUNCIL OF INDIA (TPCI): “exorbitant raw nut prices from West Africa”” forced 700 out of 834 registered factories to close down” in Kollam District. Urgent need for policy reform. **Tcpi.in/blogs**

05.2019

CEPCI: “...pointed out that large scale imports of low-quality, plain cashew kernels from competing countries such as Vietnam, Mozambique and Ivory Coast have led to closure of several cashew factories”and “also demanded that the import of cashew kernels should be subject to 100% inspection by the Customs”. **The Hindu BusinessLine 07.05.2019**

Policy Responses from India Government (2019/2020)

01.2020

Directorate General of Foreign Trade (DGFT): Issued a notice dated January 1, 2020 suspending the ad hoc norms approved in July 2018 for the export of cashew kernels (whole and pieces) against the import of shelled cashew kernels. Termed by actors as '**new year gift**' by the government to the domestic cashew industry. **Public Notice No. 53/2015-2020 dated 1.1.2020**

07.2019

UNION BUDGET OF INDIA: The government **hiked import duty on cashew kernels from 45% to 70% of CIF**

06.2019

Directorate General of Foreign Trade (DGFT): Import policy for cashew kernel, broken and cashew kernel, whole revised from "free" to "prohibited" with the condition that "**import is free if CIF value is above Rs.680/- per kg import of cashew kernel, broken**" and "**import is free if CIF value is above Rs.720/- per kg import cashew kernel, whole**" vide **DGFT notification dated 12.06.2019**

Economics of Key Policies by Africa and India

A. Kernel Subsidy and RCN Export Tax (Cote d'Ivoire as example) VS Min. CIF by India

Benchmark Grades	Price (FOB) in US\$/lb (Sep. '19)	Kernel Subsidy / lb (US\$)-finished	RCN Export Tax as Subsidy/lb (US\$)	(FOB + Kernel Subsidy + RCN Tax) /lb (US\$)	Minimum CIF (US\$/lb) set by India
WW240	3.65	FCFA 400/Kg of kernel gives US\$0.33/lb of kernel	FCFA 114.63/Kg of RCN gives US\$0.48/lb of kernel	4.46	4.58
WW320	3.35			4.16	
FS	2.10			2.91	4.33
LP	1.75			2.56	

- Minimum CIF appears set by India to compensate African processor's advantage, while brokeners have no chance of entry
- 70% Duty further reduces competitiveness of imported kernel from Africa to India

B. Suspension of the export of cashew kernels (whole and pieces) against the import of shelled cashew kernels “New Year’s Gift”

- Direct response to introduction of FCFA 150/kg (US\$0.27/kg) subsidy on ‘Broma’ kernels (shelled and unpeeled) by Cote d’Ivoire
- Export of ‘Broma’ kernels (shelled and unpeeled) no longer possible from Africa to India
- **Note**: Similar measure has been demanded by Board of VINACAS in January 2020

Conclusions

- Most African origins of RCN have imposed taxes on RCN and some (Cote d'Ivoire) offer subsidy on kernels (white and unpeeled)
- Response by India has been disproportionate and through:
 - **Increase in Minimum CIF value**
 - **Hike in Custom duties on imported kernels**
 - **Suspend export of cashew kernels (whole and pieces) against the import of shelled cashew kernels**
- India's kernel market, accounting for 42% of consumption is shut to African processors. Few buyers of kernel in Africa, and of high grades, for EU and US markets
- African processor is in a Monopsonistic Market situation and saddled with grades they cannot sell → **Slow Growth, Failure**,...

Way Forward ?

- Retaliation? – Higher Taxes on RCN at origins? Special Destination Tax on India?

NO. Everyone loses in the end!

- Reduce the Min. CIF and Custom Duties, discontinue suspension of cashew kernel export by India. Review of Taxes and Subsidies by African origins

YES. Else Retaliation will be justified

- Rigorous promotion of Domestic Consumption in Africa

YES. Long-term solution



Thank You! Merci!!!

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Introducing.....

....CASHEW BAROMETER 2020




Welcome Back Ernest

You have 3 days to expiry of your access

Language: English

Map of Kernel Imports & Domestic Usage (KIT) - 2018



Country	Value
Brazil	8,000
Burkina Faso	-
Cambodia	-
Cameroon	-
China	48,615
Cote d'Ivoire	-
Guinea, The	-
India	290,000
Kenya	-
Madagascar	-
Nigeria	125,921
Senegal	-
South Africa	2,139
Tanzania	-
Togo	-
United Arab Emirates	50,000
United States	562,411
Vietnam	-
Zambia	-
Others	-

Latest Estimate

Country	Production
Kenya	5,000
Madagascar	7,000
Mozambique	150,000
Tanzania	300,000
Zambia	700
Cameroon	100
Nigeria	250,000
Benin	10,000
Others	100,000

1. Cashew Sector Policies in Africa - R/N Focused

G. Bissau

- License required for buying and export
- Min Price US\$0.90/kg

B. Faso

- US\$0.063/kg tax on RCN
- License required for export
- Min Price US\$1.16/kg

Kenya

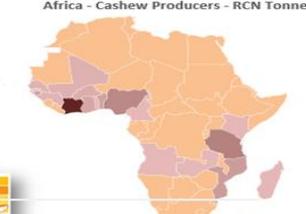
- Ban on RCN Ex

Benin

- Ban on RCN Export (Land)
- US\$0.11/Kg tax on RCN
- Min Price US\$1.18/kg

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Avg
India	52	495,000	813,000	650,000	650,000	650,000	714,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000
Others Incl Kenya incl West Africa	48	40,417	84,308	84,308	84,308	84,308	84,308	84,308	84,308	84,308	84,308	84,308	84,308	84,308
Nigeria	45	150,000	75,000	85,000	80,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Cote d'Ivoire	48	350,000	330,000	305,000	305,000	480,000	480,000	525,000	730,000	800,000	800,000	800,000	800,000	800,000
Guinea Bissau	45	150,000	75,000	85,000	80,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Other West Africa	49	144,200	184,400	199,700	227,700	244,513	315,700	322,532	324,285	340,000	366,610	375,110	395,100	5,330
Total West Africa	45	250,200	229,400	229,700	244,100	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Total Northern Hemisphere	Feb-Jul	48	1,828,747	1,828,748	1,828,748	2,023,526	2,068,823	2,331,340	2,688,852	2,614,319	2,698,188	2,836,812	3,038,002	5,130
Total World	48	2,428,747	2,218,933	2,426,226	2,418,933	2,499,324	2,706,348	3,114,159	3,156,791	3,257,673	3,526,892	3,688,690	3,888,690	8,000
Kenya Equivalent Tonnes	Aug-Dec	47	871,855	848,857	660,353	681,385	756,267	861,478	867,453	863,659	929,777	999,324	1,040,000	5,000

Africa - Cashew Producers - RCN Tonnes




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MERCI !!!!

ACA Annual Cashew Conference 2020, September 9-11th

14th ACA Annual Cashew Conference & Expo



MARK YOUR CALENDARS: GHANA 2020



**Accra
Ghana**
September 2020



MINISTRY OF FOOD & AGRICULTURE

