



**Market Brief
2005**

*The Market for
Cashew Nuts
In India*



THE MARKET FOR CASHEW NUTS IN INDIA

A. PRODUCT DESCRIPTION

This market Brief covers the Indian market for Cashew nut classified under the code below

HS 080131 Cashew nuts (Fresh or dried, in shell)

The cashew, *Anacardium occidentale* L., belongs to *Anacardiaceae* or cashew family. Other important plants of this family are the mango (*Mangifera indica*) and the pistachio nut (*Pistacia vera*).

Cashew trees, which may live for thirty to forty years, start bearing fruit in the third or fourth year. They grow in warm regions, with an annual rainfall of 1,000 to 3,000 mm, mainly in Central and South America, Asia and Africa. Native from Brazil, the cashew trees were planted in India in the 16th century to prevent soil erosion. Easily cultivated, they require little care and produce an annual average of 50 to 75 kg of apples and nuts per tree, yielding approximately 3 kg of cashew kernels.

Cashew nuts are available for trading from March through June.

SHELF LIFE OF THE RAW NUTS

The nuts may be kept for about a year provided they are properly dried immediately after harvesting (maximum moisture 9%) and properly stored to prevent mould. Usually the nuts are sun dried and constantly turned over for several days until the kernels rattle in the shell. After drying they must be roasted to remove the cashew nut shell liquid CNSL, which contains poisonous compounds.

In India, the traditional processing consisting of roasting the raw nuts, then shelling by hand is largely being replaced by a process of steam cooking the nuts and opening them with manually operated cutting machines. This modern steam cooking method reduces the percentage of broken kernels. Nevertheless, it is difficult to shell and peel the testa mechanically due to the shape of the cashew nut and the brittleness of the kernel.

The cashew tree produces fruit and a by-product: the nutshell oil. The fruit consists of two parts: a pear-shaped stalk called the cashew "apple" and a greyish-brown kidney-shaped nut (HS 0801.31), which is attached to the lower end of the apple and contains a slightly curved white kernel (HS 0801.32), wrapped in a thin brown skin or testa , sizes of which are measured in counts of

between 180-240. The nutshell, which is smooth and oily, contains a toxic, resinous material from which is obtained the CNSL.

The cashew kernel is the main commercial product of the cashew tree. The kernel, which is the edible part of the nut, contains 47% fat (of which 87% are unsaturated fatty acids); 21% protein, 22% carbohydrates, and the remaining 10% made up of other substances including calcium, phosphorus, iron and various vitamins, the main ones being A, D and E. The cashew kernel has a high percentage of polyunsaturated fatty acids, in particular linoleic acid, and is an important source of sodium, calcium, potassium, magnesium, phosphorous, iron, copper, zinc, chlorine and selenium. According to medical sources, cashew nuts may help to lower the cholesterol level in blood and to control diabetes.

OTHER PRODUCTS FROM THE CASHEW NUTS

The cashew nuts can be consumed as roasted and salted, or used as an ingredient in confectionery and bakery products such as sweets, ice creams, cakes and chocolates.

The technical yield of processing is 0.21. That is to say, every metric ton of raw nuts gives 210kg of processed cashew kernel plus 7% of cashew nuts shell liquid (CNSL).

Health Attributes

Cashews are nature's proven finest diet, an all time all place snack. It is a storehouse of nutrients as already indicated. Eating nuts can be very beneficial as long as they replace other foods and are not just added to the diet.

The Mediterranean Diet Pyramid graphically presents the kind of foods that consumers can choose on a daily, weekly and monthly basis. It groups nuts with fruits, vegetables and legumes as part of a healthy daily diet. This placement better reflects the potential contribution of nuts to good health.

With the increasing health consciousness, consumption of cashew nuts in the European Union is on the increase because the nut is believed to help lower the cholesterol level in blood and control diabetes.

With its unique combinations of fats, carbohydrates and proteins, and a broad assortment of minerals and vitamins, cashew fits beautifully into the Mediterranean diet. Just a handful provides a high energy food for people on the fast track of life. They provide a natural, beneficial supply of nutrients when there's no time for a meal or act as a nutritious supplement to other foods.

B. PRODUCTION AND FOREIGN TRADE

PRODUCTION

Currently 28 countries produce cashew nut for export and/or domestic consumption. According to estimates from the World Bank, around 97% of world cashew production comes from wild growth and small farms while the remaining 3% come from planned plantations.

According to updated 2002 data received from the FAO, Vietnam became the highest volume producer in 2002 with 516,000 MT, followed by India with production of 460,000 MT. India, which had been the world's largest producer up to 2001 with an average yearly production of 450,000 MT, is followed by Nigeria, with 176,500 MT, and Brazil 129,000 MT.

Although India is the second largest producer, it is not a major exporter of raw nuts. Most of their production is processed for export.

In Ghana, there is an ongoing Government-supported investment project in cashew production under Ministry of Food and Agriculture through the Cashew Development Project. This is to boost production and processing of cashew nuts for the local market and also as a means of poverty reduction.

Under this project, the Government is providing funds for the purchase of improved seedlings for selected farmer cooperatives in ten (10) Districts located in five Regions namely Northern, Upper West, Brong Ahafo, Volta and Greater Accra.

Table 1**Main producers of cashew nut in shell, in MT**

	1998	1999	2000	2001	2002	Share 2002 (%)
World	1,236,487	1,448,270	1,667,993	1,591,031	1,905,535	100.00
Vietnam	216,000	164,800	270,000	272,000	516,000	27.1
India	360,000	460,000	520,000	450,000	460,000	24.1
Nigeria	152,000	176,000	184,000	185,000	186,000	9.8
Brazil	54,124	145,437	138,608	124,073	183,690	9.6
Tanzania	93,200	106,500	121,200	121,900	121,900	6.4
Indonesia	86,900	89,500	91,600	93,600	93,600	4.9
Côte d'Ivoire	39,275	40,795	78,000	80,000	80,000	4.2
Guinea- Bissau	64,000	73,156	72,725	80,000	80,000	4.2
Mozambique	51,700	58,720	57,894	58,000	58,000	3.0
Benin	25,000	30,000	40,000	35,000	35,000	1.8
Thailand	21,000	22,000	22,000	22,000	22,000	1.2
Malaysia	13,000	13,000	13,000	13,000	13,000	0.7
Kenya	14,531	12,260	12,500	12,500	12,500	0.7
Ghana	7,500	7,500	7,500	7,500	7,500	0.4
Philippines	6,000	7,000	7,000	7,000	7,000	0.4

Source: FAO, FAOSTAT database.

Foreign trade

India ranks No. 1 in the world import of cashew nuts, importing 90% of total world production. From the Tables below, so far African countries are the major suppliers of raw cashew nut to India and are likely to remain so in the next few years, although Vietnam and Brazil compete with India for their purchases of raw nuts from Africa.

Table 2**Major exporters of cashew nuts for the year 2003**

Exporters	Value exported in 2003, in US\$ thousand	Quantity exported in 2003	Quantity unit	Unit value (US\$/unit)	Annual growth in value between 1999-2003, %	Annual growth in quantity between 1999-2003, %	Annual growth in value between 2002-2003, %	Share in world exports, %	Report in Comtrade in 2003
World estimation	282,273	442,825	Tons	637	-4	7	3	100	
Guinea-Bissau	51,538	71,694	Tons	719	5	20	10	18	
Côte d'Ivoire	47,540	81,209	Tons	585	9	24	-5	17	
Tanzania, United Rep. of	41,876	71,448	Tons	586	-21	-17	-10	15	Y
Indonesia	36,968	57,087	Tons	648	7	20	18	13	Y
Benin	30,362	47,230	Tons	643	7	20	37	11	
Mozambique	20,627	32,659	Tons	632	0	13	-2	7	
Ghana	19,992	31,993	Tons	625	59	78	554	7	

Source: ITC Trade Maps

Table 3**LIST OF EXPORTERS OF CASHEW NUTS TO INDIA IN 2003**

Exporters	Imported value 2003 in US\$ thousand	Share in India's imports, %	Imported quantity 2003	Quantity unit	Unit value (US\$/unit)	Import trend in value between 1999-2003, %, p.a.	Import trend in quantity between 1999-2003, %, p.a.	Import growth in value between 2002-2003, %, p.a.	Ranking of partner countries in world exports	Share of partner countries in world exports, %	Total export growth in value of partner countries between 1999-2003, %, p.a.
World	294,167	100	441,500	Tons	666	4	18	16			-4
Tanzania, United Rep. of	55,552	19	73,810	Tons	753	-8	2	9	3	15	-21
Guinea-Bissau	51,538	18	71,694	Tons	719	5	20	10	1	18	5
Côte d'Ivoire	47,540	16	81,209	Tons	585	9	24	-5	2	17	9
Indonesia	35,940	12	47,111	Tons	763	27	40	4	4	13	7
Benin	30,362	10	47,230	Tons	643	7	20	37	5	11	7
Mozambique	20,627	7	32,659	Tons	632	0	13	-2	6	7	0
Ghana	19,992	7	31,993	Tons	625	59	78	554	7	7	59
Nigeria	11,384	4	22,006	Tons	517	6	20	26	8	4	6

Source: ITC Trade Maps

With a processing capacity of around 600,000 MT per year, India is the world's largest processor and importer of raw cashew nuts. Indeed, to meet its processing capacity and export requirements, India imports around 270,000 MT of raw cashew nut, mostly from East and West Africa, for processing and re-exports as kernels.

C. APPARENT CONSUMPTION

Table 4

**Estimated apparent consumption of cashew nut in the
Major importing countries for cashew kernels,
in metric tons**

Importers	Value imported in 2003, in US\$ thousand	Quantity imported in 2003	Quantity unit	Unit value (US\$/unit)	Annual growth in value between 1999-2003, %	Annual growth in quantity between 1999-2003, %	Annual growth in value between 2002-2003, %	Share in world imports, %	Information on tariff and non-tariff barriers
World estimation	889,809	232,188	Tons	3,832	-1	11	14	100	
United States of America	398,092	101,772	Tons	3,912	-4	9	9	45	TNTB
Netherlands	108,467	26,222	Tons	4,136	-3	8	87	12	TNTB
United Kingdom	44,897	10,887	Tons	4,124	-3	9	13	5	TNTB
Germany	39,678	8,796	Tons	4,511	8	15	11	4	TNTB
Australia	37,996	10,999	Tons	3,454	3	20	33	4	TNTB
Canada	37,267	10,013	Tons	3,722	15	28	26	4	TNTB
Japan	21,465	5,344	Tons	4,017	-9	3	-21	2	TNTB

Source ITC Product Maps

Consumption of processed cashew kernel has been observed to be increasing steadily with the US as the largest consuming market followed by the Netherlands.

D. MARKET CHARACTERISTICS

The food processing industry is the major traditional consumer of cashew nuts in confectionery and bakery products such as sweets, ice creams, cakes, and chocolates. The most popular cashew nuts imported in the EU are white whole kernels of count 320

Nuts are usually roasted and salted by European processors in order to meet the taste requirements of individual markets.

Between 1999-2003 both in import trend in value and quantity for Indian imports have increased by 4% and 18% respectively. (refer table 3)

In Ghana, recognized buying agents do the networking and aggregate nuts from producers for the exporters on contract bases. The exporters in most cases provide funds in advance for the purchases on agreed terms. These transactions are however based on mutual trust between the exporter and the agent. Average minimum prices are determined by exporters after negotiation with principals of importing companies based on world market prices at the beginning of the season.

Major exporters from Ghana include Sri- Krishna Produce Limited, Ghana National Procurement Agency (GNPA), BET Export Ghana Ltd, OLAM GH Ltd., Jonaya Co. Ltd

Major importers

India is the major importer of Ghanaian cashew nuts though Vietnam and Hong Kong have also recorded small volumes.

E. MARKET ACCESS

Tariffs

No import duty is levied on cashew nuts to the EU. However, India applies 35% levy on imported cashew nuts.

F. REGULATION, STANDARD AND QUALITY

The quality of cashew kernels depends on the quality of the raw nuts. The following is a list of some of the various factors exporters should consider throughout the process from harvesting to shipment to ensure the quality of their raw cashews:

- The nuts should be harvested only after they have fallen to the ground.
- The nuts should be sun-dried immediately after harvesting.
- During the drying process (which normally lasts two to three days), the nut density should not exceed 20 kg per square metre.

- The nuts should be turned over regularly to ensure uniform drying until the kernels rattle in the shell.
- When dry, the nuts should be stored in dry jute or sisal bags in well-ventilated dry rooms.
- Shipment should take place as early as possible after drying within a maximum period of 90 days to avoid deterioration and spoilage of the raw nuts.

Table 5

QUALITY SPECIFICATION FOR CASHEW NUTS

PARAMETERS	VALUE
OUT TURN	44 – 52 lb/80 kg
NUT COUNT	160-240
MOISTURE	9%
FOREIGN MATTER	0.25%

Where Out turn means weight of kernel recoverable from raw nuts measured in pounds (lb) per 80 kilo bag.

Nut count means number of nuts in a kg measure.

Quantity: Minimum requirement should be One 20ft Full Container Load (FCL)

Packaging: Jute/pp (Poly Propylene) woven bags of 50/25kg used as export standard, bearing the following labelling requirements:

- Name of product
- Country of origin
- Name of importer
- Net weight

Delivery: shipment within 30days

Payment: L/C (Letters of Credit)

Inspection: by S.G.S or equivalent inspection agency.

G. DISTRIBUTION CHANNEL

Rotterdam, London and Hamburg are the major international trading centers and are therefore important in the cashew kernel trade.

In most producing countries, exporters work directly with importers but many prefer to work with sales agents based in the importing countries who have easier access to market information. Sales agents act on behalf of exporters; they find an importer, negotiate prices and contractual terms, present samples, have them tested and give the export market reports.

In Ghana, the markets are fairly developed. There are the producers, local buying agents and the exporters. The local buying agents are responsible for aggregating nuts from small and scattered producers to the exporters. There are also foreign sales agents who aggregate from local buying agents for exports.

H. PRICE

Market prices have been good (at \$637 US dollar per ton in 2003) and have been increasing steadily. Currently the price ranges from \$650 to \$700 according to the Public Ledger (April 2005)

Pricing strategy is based on the world market pricing which is ultimately determined by demand, competitiveness and available market information. It has been established that prevailing prices at any given time depend on the origin of the product. During 1980-1990's period, prices were good for Indian cashew nut, which selling price was between US \$ 1,188 and 1,012 per metric ton / FOB. During the same period cashew nut from Mozambique was selling between US \$ 330 and \$315 / metric ton FOB. And product from Guinea Bissau was enjoying a premium of US \$ 700 on average.

I. COMMERCIAL PRACTICES

Usually orders are placed after acceptance of samples and on agreed mutual terms.

Cashew nuts are traded on FOB or CIF basis subject to agreement between parties. Payment is usually cash against document but the letters of credit (L/C), confirmed and irrevocable, are used with certain origins.

To create goodwill, new suppliers are advised to offer advantageous terms such as payment on arrival and after inspection or drawing a certain percentage against the L/C, the rest to be paid after inspection.

J. Promotion

Exporters can place advertisement in specialised publications. (Indian Cashew Journal and Public Ledger) or through the web. In addition, participation in trade fairs, International Cashew Congress and undertaking trips to target markets can

introduce new contacts, provide information on market trends and commercial practices. The following trade fairs could be considered:

Food Ingredients-Europe (FIE)

Biennial trade fair, which takes place in various locations.

Expoconsult BV trading as CMP Information

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www.koelnmesse

World Cashew Congress, India/

Cashew Export Promotion Council of India

USEFUL ADDRESSES

1. Public Ledger <http://www.public-ledger.com>
2. Indian Cashew Journal
3. Cashew Export Promotion Council of India
4. ITC Market Brief for Nutmegs in Europe
5. ITC Trade Maps <http://www.trademaps.org>
6. ITC Product Maps <http://www.p-maps.org>
7. ITC Market Access Maps <http://www.macmaps.org>
8. Business Africa News letter <http://businessafrica.net/africabiz>
9. Ghana National Procurement Agency Limited
gnpa@africaonline.com.gh

10. Cashew Development Project , Ministry of Food and Agriculture.
Ghana.
11. FAOSTAT Database <http://apps.fao.org/page/collection>
12. Ghana Exporters Directory 2005/2006 gepc@gepcghana.com
13. Some Importers of cashew:

A.S CASHEW EXPORTERS

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