



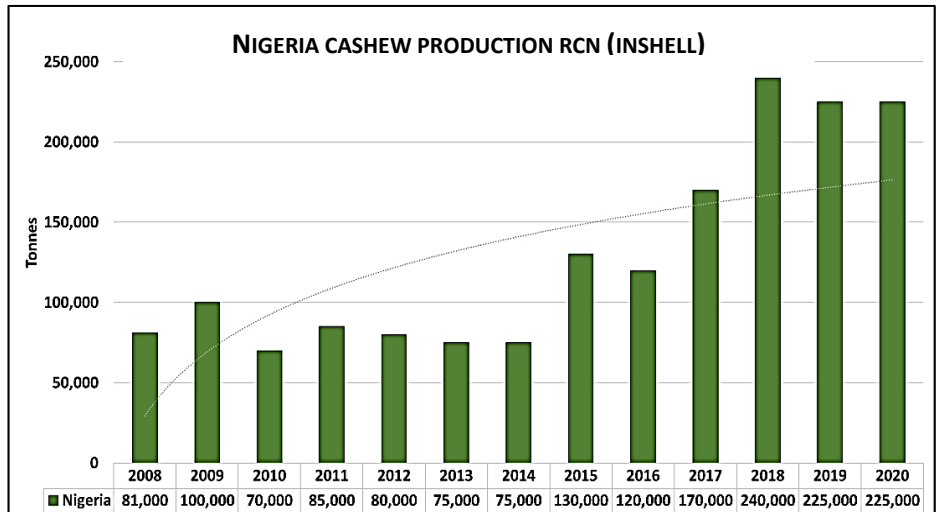
PRODUCT PROFILE: CASHEW NUT KERNELS

IF YOU ARE INTERESTED IN RCN EXPORT, PLEASE SEE OUR CASHEW INSHELL PROFILE

1. NIGERIA CASHEW FACTS

PRODUCTION

- 60 years in production.
- 220 – 240,000 tonnes inshell.
- 6th largest in the World.
- 3rd in Africa.
- 22 States Producing.
- Smallholders and commercial farmers.
- Yields 300-800 kgs p/ha.
- Improving quality.
- Early crop Feb-April.

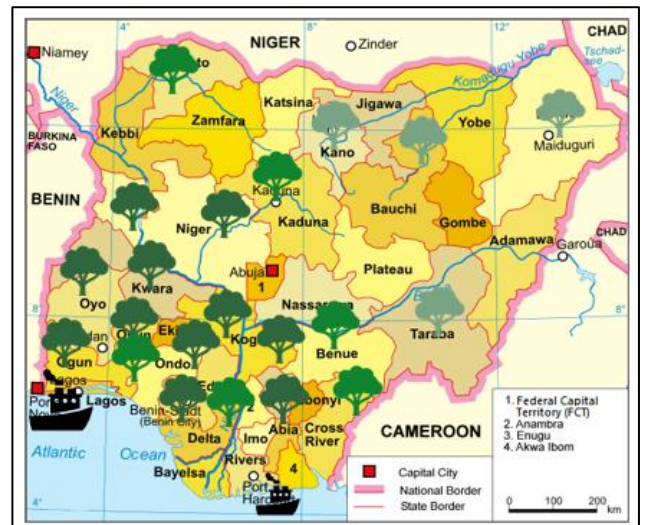


TRENDS

- Production growth 10% CAGR 10 years.
- Replacement of aging trees.
- Growth forecast to continue.
- New varieties Brazil Jumbo and Medium.
- Quality “Ogbomoshos” 47-49lbs/ 190 nut count.
- Quality “Nigerian” 42-46lbs 195-205 nut count.

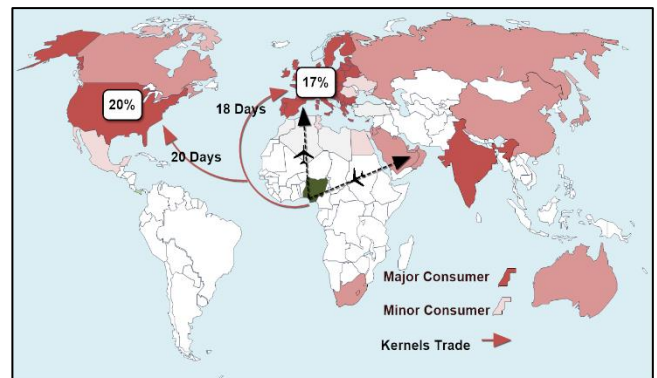
MARKETS

- 85% exported inshell (81% Vietnam, 19% India)
- Kernels processing 7 - 10,000 tonnes RCN.
- Kernels exports growing 8% CAGR 5 Yr.



Did you know?

- Nigeria’s cashew sector is undergoing rapid development. Aging trees are being replaced with new high quality varieties. Commercial cashew farming is taking off and better post-harvest handling is solving the old problem of difficult peeling.
- Nigeria has the lowest export taxes on RCN in Africa.
- Nigeria can process 25,000 - 35,000 tonnes of cashew every year but is currently only utilising about one third of the capacity. This too is changing.
- Nigeria has West Africa’s largest domestic cashew kernel market. It is likely to grow as the economy develops.



NIGERIA IS IDEALLY LOCATED TO ACCESS HIGH VALUE MARKETS

2. Markets.

Cashew nuts are the most popular snack nut in the World. Eighty per cent of cashews are consumed as snacks mainly in Europe (20% share) , North America (23%), and India (33%). The consumption of cashew nuts is growing at 5-6% each year Worldwide. The short to medium term outlook is that this will continue and may accelerate.

The key trends driving the growth in consumption are convenience, healthy snacking, vegetarian food, and protein. Edible nuts fit well with these trends.

Today more than 85% of Nigeria's cashew production is exported in inshell format. It goes to Vietnam where it is processed for reexport or to India where it is consumed after processing. For now, Nigeria is a small exporter of cashew kernels. Annual exports of kernels in the five years up to 2019 averaged just under 1,000 tonnes. About 70% of Nigeria's export go to the USA, 20% to the EU and the rest to the Middle East. However, uniquely, in West Africa Nigeria has a growing domestic market for cashew kernels. A domestic market has been shown to be a key factor in developing a thriving processing sector.

There is an opportunity for Nigeria to increase its export value and cashew kernels market share as production and processing develop. To make sure that happens the quality of the raw material and the development of processing plants must continue.

3. Access to Markets.

Cashew kernels buyers have shown more interest in buying cashew kernels in African countries in recent years. They want to diversify their sources of supply as they buy more than 80-% of their cashews from one country and to shorten their supply chains. There are no tariff of other barriers to the export of cashew kernels to the major markets. Nigeria is well located to supply markets in Europe and North America.

There are some key factors for prospective export processors when dealing with buyers in export markets.

- Product quality and grading is important. Check the key international specification of the Association of Food Industries at this link [AFIUS Cashew Specification](#)
- Food safety is a key concern of buyers. Processors must have a minimum of a HACCP system in place and should aim for a higher certification such as ISO22000 or ideally a BRC quality certified system.
- Exporters must be able to provide certificates of quality that the product meets the quality specification and the laws of the importing country e.g., mycotoxin limits or maximum pesticide residue levels.
- Packaging should be the standard packaging agreed with the customer. Cashew kernels are usually packed in vacuum sealed packs of 22.68 kgs (50lbs) in a carton that is marked according to the buyer's requirements.
- Traceability is important for buyers of kernels. Processors should keep records of where and from whom they purchased their raw material.
- Keep you promises! Contract fidelity is a key issue for buyers of cashew kernels. It is important to assure your buyer that you are capable of executing the contract. Make sure that if there is a delay or other problem that you inform your customer early and keep them informed.

Tip :- The best way to understand the buyer's requirements is to have a detailed discussion with the buyer. Talk about quality, food safety and volumes before you talk about prices. Know your customer and choose a customer that suits your business for the long term.

4. Finding buyers

Exporters can export cashew kernels in bulk packs of 22.68 kgs usually with 700 in an ocean going container. They can also choose to export



consumer packed products in smaller volumes. If you choose to export consumer packed products it may take up to 2 years to find a distributor to take your product and promote it to retailers in the major markets.

You will certainly need a high level of food safety management certification e.g., BRC.

Exporting bulk packed kernels is usually a faster journey to the market. Exporters have to make choices between dealing with a broker, an importer or selling directly to a food ingredient buyer. It is important to consider which one is best for your business, its capacity, and capabilities. The key choices for a prospective export of cashew kernels are:-

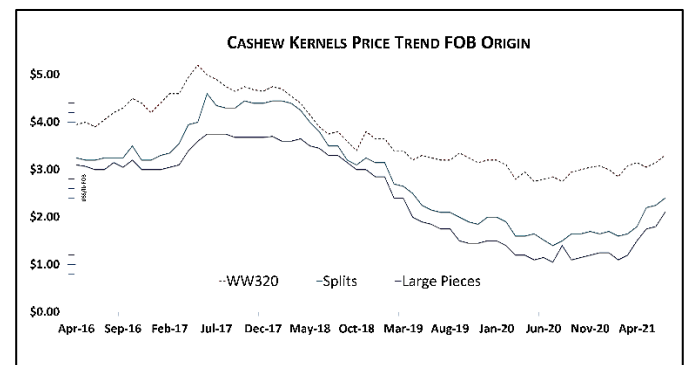
- Which product? - bulk or consumer packs?
- Which market? – do some research taking into account your advantages of location, quality, and communication skills. Europe and North America have high potential.
- Which channel? – Will you sell through a broker, a importer or direct to a buyer? If you sell directly you will have to manage the buyer and to find new buyers. If you sell through a broker or importer, it is more difficult to build a long term business.
- Which customer? Research and get to know your potential customer so that you can make good choices.

You can find buyers through online research, trade associations, trade fair exhibitor lists, conference attendees and many more. Once you find them make sure to communicate well and work on customer relationship management (CRM).

5. Managing cashew kernels export.

The cashew market price can be volatile. Prices of the benchmark grade, WW320 have ranged from US\$5.00 per lb FOB to US\$2.80 per lb FOB from 2017 – 2020.

CASHEW PRICES CAN BE VOLATILE



- Price volatility needs to be managed. Key factors are having a strong supply chain and linkage to producers or local traders, good customer relationships, using forward selling as you buy raw material and managing cash flow especially when prices are high.
- Processors that recognise that their profit is generated by good management tend to have more sustainable business than high price risk takers.
- Building a sustainable supply chain for the long term, developing a marketing strategy, and having access to good market information are essential elements of good management.
- Post-harvest handling of cashews is a constant problem. Invest in the education of your procurement staff and suppliers. Make sure that raw material is well dried and properly warehoused.
- Finance is important. In volatile price the needs can change from year to year. Export processors will need enough working capital to purchase raw material during the harvest season for processing and export during the rest of the year. Buyers usually buy on FOB terms with payment made against presentation of the shipping documents. Working capital financial products are needed to bridge the gap e.g., collateralised inventory.
- Efficient logistics and shipping documentation are important for buyers. Discuss the required

documents with buyers and make sure that the documents meet their needs and are practical from your point of view. Understand export processes and requirements to give your container the best chance of timely delivery. Engage efficient shipping services and make sure to keep your buyer advised every step of the way.

- Modern cashew processing is a mechanised process. For good customer relationships make sure that your managers and maintenance staff know the machines well. Make sure they are well trained and that you have an adequate inventory of spare parts.
- Processors sometimes experience problems selling the lower grades and broken cashews. It is important to be aware of this issue and to manage it. Talk to buyers about outlets for lower grade products and consider opportunities in the domestic market.

HS Codes
Cashew kernels 080132
Inshell (RCN) 080131

6. Key Export documents

- Phytosanitary Certificate
- Independent cargo superintendent's certification of quality and weight.
- Test certificate for harmful microbiological activity e.g., salmonella and aflatoxin.
- Test certificate showing product in conformity with maximum residue levels of the destination country.
- Certificate of origin.
- NAFDAC

7. Support and Regulation

The sector has no regulatory impediments to export. There is no export tax on cashew kernels (and no import tax in high potential markets).

Cashew nuts are recognised as one of 11 transformational crops with a target production of 500,000 tonnes.

There are supports available in the form of duty free import of inputs or machines. Tax holidays are available for qualifying businesses.

NEPC can support your export activity.

Key points

- Demand for cashews is growing.
- Nigeria has an opportunity to meet that demand.
- North America and the EU are high potential markets
- Finding the right customer for your business is essential.
- Building a robust supply chain can help manage the risk and improve the product quality.
- Price volatility makes good management essential.

Some Links

[National Cashew Association of Nigeria.](#)

[African Cashew Alliance](#)

[International Nut Council](#)

[The Nut Association](#)

[International Standards Organisation](#)

Prepared by NEPC using the following sources

UN Comm Trade.
African Cashew Alliance.
UNFAO.
Ingredient Sourcing Solutions.
Competitive Cashew Initiative.
Technoserve.
EUStat.