

**“OVERVIEW OF THE CASHEW INDUSTRY IN NIGERIA”
PAPER DELIVERED BY THE PERMANENT SECRETARY,
FEDERAL MINISTRY OF AGRICULTURE AND WATER RESOURCES (FMA&WR)
AT THE CENTRAL BANK OF NIGERIA SEMINAR AND THE AFRICAN CASHEW
ALLIANCE (ACA) COUNTRY-LEVEL MEETING HELD AT CONFLUENCE BEACH
HOTEL, LOKOJA, KOGI STATE, NIGERIA,
10TH – 11TH JULY, 2007**

1.0 INTRODUCTION

Cashew (*Anacardium occidentale*) belongs to the Anacardiaceae family of plants. It is commonly found in tropical countries, and is believed to have originated from Northern part of South America. It is also believed to have been introduced into East Africa and Nigeria by Portuguese explorers in the 16th century, as a means of controlling coastal erosion and in afforestation.

The major world producers are India, Brazil, and Vietnam, while the highest cashew consuming nations are in the North America, Europe, far East (Japan) and Australia. The major African countries in the International cashew business are Tanzania, Mozambique, Kenya, Guinea Bissau and Cote D’ Ivoire. Africa is a major continental producer of cashew, accounting for about one-third of the world total cashew nut output of 1.6 million metric tonnes. Nigeria is a foremost producer, and had previously ranked 6th largest producer, before being overtaken by Tanzania, Cote D’ Ivoire and Guinea Bissau in 2006.

Cashew is grown in 27 States of the Federation as well as the Federal Capital Territory (FCT). The producing States are Abia, Anambra, Enugu, Imo, Edo, Oyo, Kogi, Benue, Ondo, Ogun, Osun, Kwara, Lagos, Adamawa, Akwa Ibom, Borno, Cross River, Ebonyi, Ekiti, Gombe, Kaduna, Kebbi, Nassarawa, Plateau, Taraba, Zamfara and FCT.

2.0 CASHEW PRODUCTION, PROCESSING, MARKETING AND CONSUMPTION

2.1 CASHEW PRODUCTION

Commercial cultivation of cashew started simultaneously in the early fifties at Oghe, Oji River, Udi and Mbala by the then Eastern Nigeria Development Corporation (ENDC) and at Erwuwa and parts of Upper Ogun by the then Western Nigeria Development Corporation (WNDC). Many of the trees planted then are now old and due for replanting. With the relatively recent intervention of the Federal Government through the National Accelerated Industrial Crops Production Programme (NAICPP) and the Presidential Initiative on Tree Crops (PITC), new plantings are emerging, particularly

around Nasarawa, Kogi, Benue and Plateau States, but the rate of new planting is still grossly low.

Between 1999 and 2005, about 8.57 million seedlings were raised by public and private agencies, which may have added 68,560ha, and thus bringing the total area under cashew to 118,560.4ha. The production figure for raw nuts is estimated to have risen from 30,000 to 80,000 metric tonnes per annum.

Most of the older plantations are low yielding, not only because they are poorly maintained, but also as a result of uncontrolled open air pollination, which has in turn given rise to multiple cashew varieties that farmers plant against all professional extension advice.

In an effort to address the above problem, of low productivity, the Cocoa Research Institute of Nigeria (CRIN) has collected germplasms from where improved high yielding and disease tolerant varieties are being developed. One of the most successful and preferred stock of improved cashew seeds is the Brazillian Jumbo variety which matures within 1½ -3 years as against the local wild varieties with long gestation period of 5 years, and lower quality of Cashew Nut Shell Liquid (CNSL). Instances abound of past efforts made by Government to assist farmers with the improved seedlings so that they can develop productive plantations. It is unfortunate that despite the need farmers have for planting the improved cashew seeds, the rate of uptake of the seedlings most of which are subsidised by the Government, is still low. This is mainly as a result of poor knowledge, by farmers, of the benefits/ existing opportunities in the cashew industry. A few years ago in Imo State, seedlings raised in the nurseries were left to over grow with hardly anybody showing interest in buying them. The Government devised a method of selling them by insisting that those who purchase oil palm seedlings must also pay for cashew seedlings. Of course, farmers who were anxious to buy oil palm seedlings had to quickly pay for the cashew seedlings in the nursery, but never bothered to carry them away. The situation has not changed much in many States, hence the need for sensitization campaigns on the benefits of cashew.

2.2 PROCESSING AND UTILIZATION

About 40 percent or more of Nigeria's cashew nut production is lost to poor handling practices and the lack of market. This however indicates the existence of great potentials, only if efforts can be harmonised towards gainfully utilising the nuts. Most of the cashew factories are for now non functional. Only about 12,000 metric tonnes of kernels or 15 percent of estimated output of 80,000 metric tonnes is processed. Although the above level of processing leaves Nigeria as about the largest processor in West Africa and second to Mozambique in Africa, this performance level remains low, while the product variety is grossly limited to kernels. Besides kernel, other alternative end uses to process cashew into include Cashew Nut Shell Liquid (CNSL) from which

many products can be derived such as paints, plastics, printing ink, wood preservative, insecticide, aviation fuels water proofing compound, and anti fade agent in break lining. The integrated plant at Oghe in Enugu State which was established to process CNSL has not only become moribund for many years, but is now vandalised. Crumbs and husk can be obtained too to feed livestock. Cashew pseudo apple is useful in processing wine, juice, jam, brandy and gin, but there are hardly any major investments yet in these areas. The list of major cashew processors, their addresses and installed capacities is shown in Annex 1.

2.3 MARKETING AND EXPORT

The marketing activities for cashew is still far from being developed, while the export market share which is just about 25 percent of total output and is mainly in the form of raw nuts or at best kernels, is low judging by existing potentials. Export market holds a lot for the growth of the cashew industry.

There are certain standards that must be met in the export trade of cashew, if Nigeria is to aspire towards achieving premium prices for its products. The above standards include nut count (120 – 180 per kg), moisture content (8 – 10% max), defective nuts (15% max), float rate (18% max), admixture (0.25% max), foreign matter (0.25% max).

Market price for raw nuts has dwindled from N50,000 in the past 4 - 5 years to N11,000 per tonne, almost resulting to a situation where some farmers and plantation owners are contemplating cutting down their trees. The most dramatic development in the cashew industry in Nigeria should be geared towards processing aimed at producing for local market. The list of some local and export marketers of cashew is given in Annex 2.

2.4 CONSUMPTION

Consumption which is the ultimate goal for production is yet to be given full expression. This is as a result of the non availability of a variety of cashew based products in the local market. The challenge is for processors to strive towards developing a variety of local brand products that must be pushed across to consumers through well articulated marketing strategies. By so doing, the local demand for cashew nuts, as primary raw material, will be stepped up, and this, in turn, will lead to better domestic prices for plantation owners.

3.0 SUMMARY OF MAJOR CHALLENGES

A lot of challenges exist within the cashew supply chain which are summarised as follows:

- i) **Small holder and Large Scale Field Development**
 - Over-aged plantations
 - Most plantations are planted with low yielding materials
 - High cost of labour and agricultural inputs
 - Lack of credit facilities and high cost of credit
 - Long gestation of about 5 years,
 - Bush burning
 - Lack of enlightenment campaign on the need for investment in cashew,
 - Weak extension delivery,
 - Low private sector involvement
- ii) **Seedling Production and Uptake**
 - Long gestation of local seed varieties
 - Low tolerance of disease and pest infestation
 - Poor yield
 - Low uptake of seedlings by farmers arising from investment apathy
 - Over dependence on importation of improved planting materials
 - Low research support.
- iii) **Processing and Storage**
 - Poor quality of nuts
 - Lack of appropriate technology
 - Low value addition
 - Lack of infrastructure
 - Lack of market
 - High post harvest losses
 - Unstable prices of raw material
 - Poor storage facilities
 - Absence of produce standards
 - Lack of credit, and high interest on borrowed capital
 - Poor collaboration between the private sector and research.
- iv) **Marketing and Export**
 - Poor quality of nuts
 - Unreliable supplies
 - Lack of working capital, and high cost of credit
 - Multiple levies
 - Price instability
 - Poor packaging facilities
 - Inadequate and high cost of transportation
 - Bad rural roads
 - Low value addition
 - Cumbersome documentation and export procedures by the Federal Produce Inspection Services (FPIS)
 - Lack of market information/data base on demand and supply,

v) **Consumption**

- lack of alternative edible cashew products in the market
- lack of information on end uses

4.0 **WAY FORWARD FOR THE CASHEW INDUSTRY**

Having reviewed the major challenges facing the cashew industry, it is recommended that necessary steps be taken to address them, starting from the critical areas of the supply chain. One way of doing so will be to first grow the processing and marketing activities by providing conducive environment for their operation. This will involve the provision of necessary policy framework, infrastructure, technology, capacity building/training, credit facilities, market information and creation of awareness on the opportunities available for investment in processing and marketing. The above will help to drive the industry to the point where the local demand for cashew nuts will be heightened, and the excess nuts currently wasting or being thrown away as a result of poor market, will be fully mopped up, and usefully applied in producing diverse products.

Any effort to move the cashew industry forward, must this time around, be led by the private sector, and this is why the present workshop initiated by the private sector at short notice received the attention/support of public stakeholder agencies and organisations including the Federal Ministry of Agriculture and Water Resources in the spirit of the Public – Private Partnership Initiative of the present administration..

The Federal Government is mindful of the need to develop the cashew industry. And just as had been done for rubber, tropical fruits, cocoa, rice cassava, etc, the Ministry recently packaged a comprehensive Presidential Initiative Programme for the development of cashew in Nigeria which is about being submitted for approval. When approved, the programme will be private sector driven, and will cut across the entire supply chain for cashew.