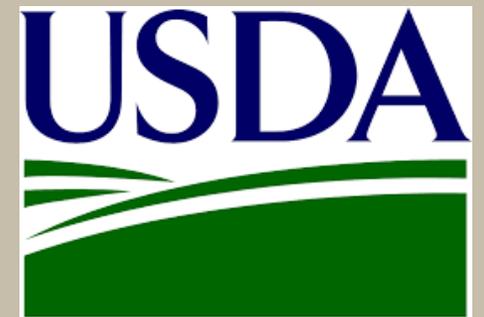
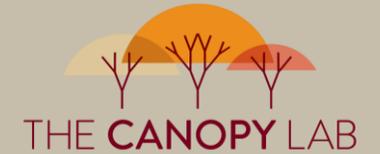


# Policy influences on the boom and 2018 bust of cashew prices

9 September 2020



# Focus and purpose of the study

- Case study describing the dynamics, policy influences, and effects of the recent 2018 market crash on local value chain actors
- Seven West African countries
- Commissioned by TechnoServe (BeninCaju project)—funded by United States Department of Agriculture
- Between October - December 2019
- Research and findings are solely those of The Canopy Lab

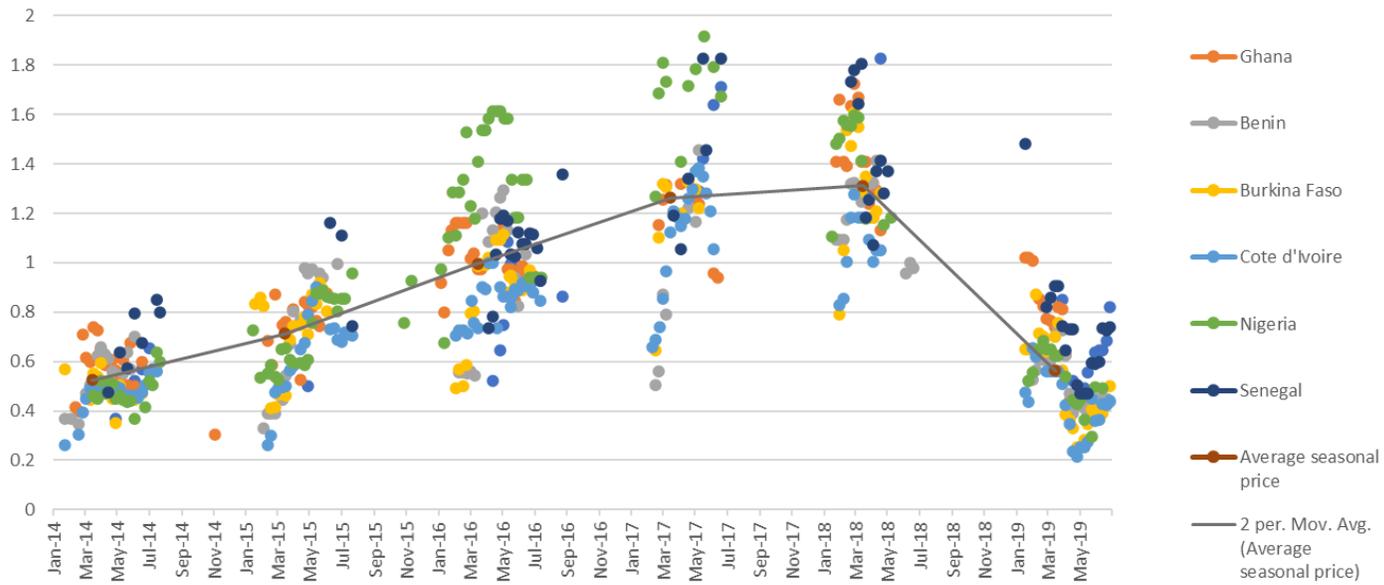
## We'll be looking at...

- What we saw happening
- Influences on events
- Observations on price floors
- Strategies to dampen the forces of future booms



# What we saw happening

RCN Farmgate prices 2014 - 2019 with seasonal average USD/kg



## Boom

- Higher prices
- More volatility
- Stress on processors

## Bust

- Tanzania surplus
- Asian lenders cap RCN prices
- Vietnamese Cashew Association halts purchases

## Aftermath

- Lower prices and less volatility
- Surpluses and lower quality
- Fewer players, concentration of large buyers
- Tightening of policies

# Influences on events

Fueled by intense pressure to buy RCN

Growing global demand

Avg 6%: 2011-16  
12-13%: 2012-13

RCN production

Just staying ahead of demand, most of the time

Exacerbated by speculative buying

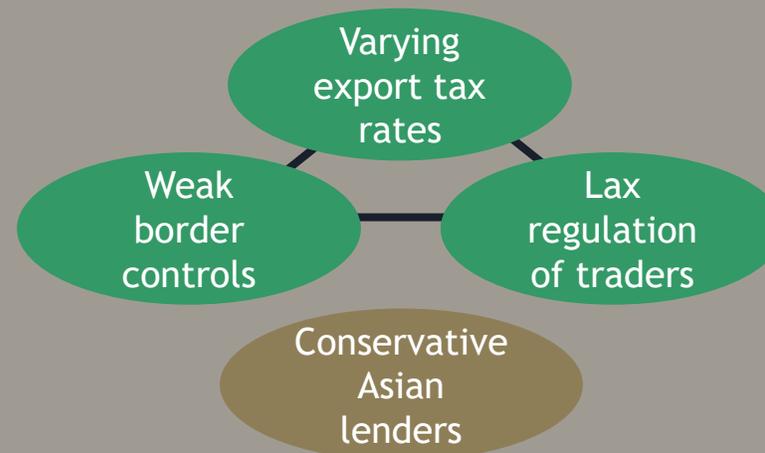


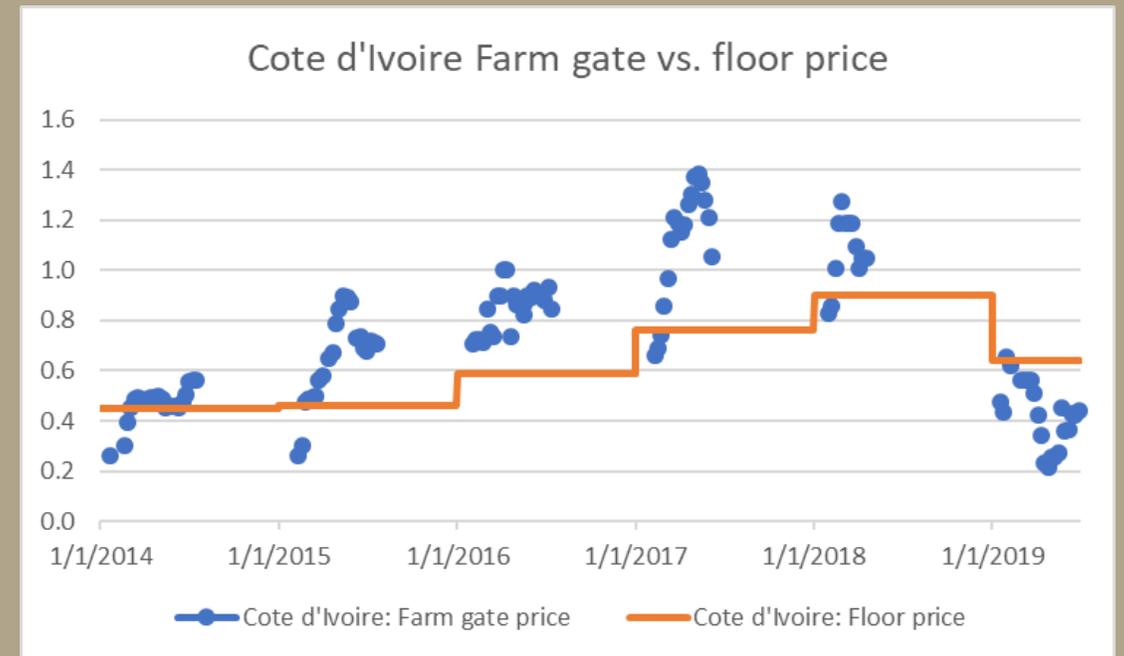
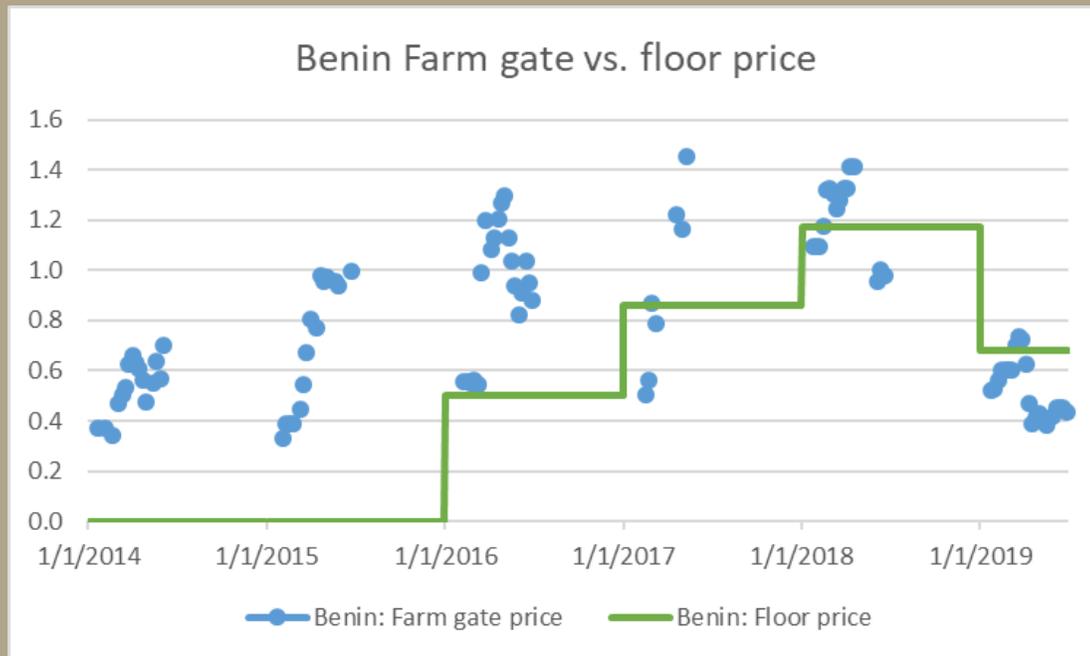
Table 1: RCN export tax rates: USD/MT

	2017	2018
Benin	96.60	132.30
Burkina Faso	120.75	66.15
Côte d'Ivoire	128.80	151.20
Guinea Bissau		173.88
Ghana	0.00	0.00

Price floor policies seemingly had some effect in shaping the boom and aftermath.

Contributing to:

- stress of processors
- the exuberance of the boom
- the confusion in the aftermath



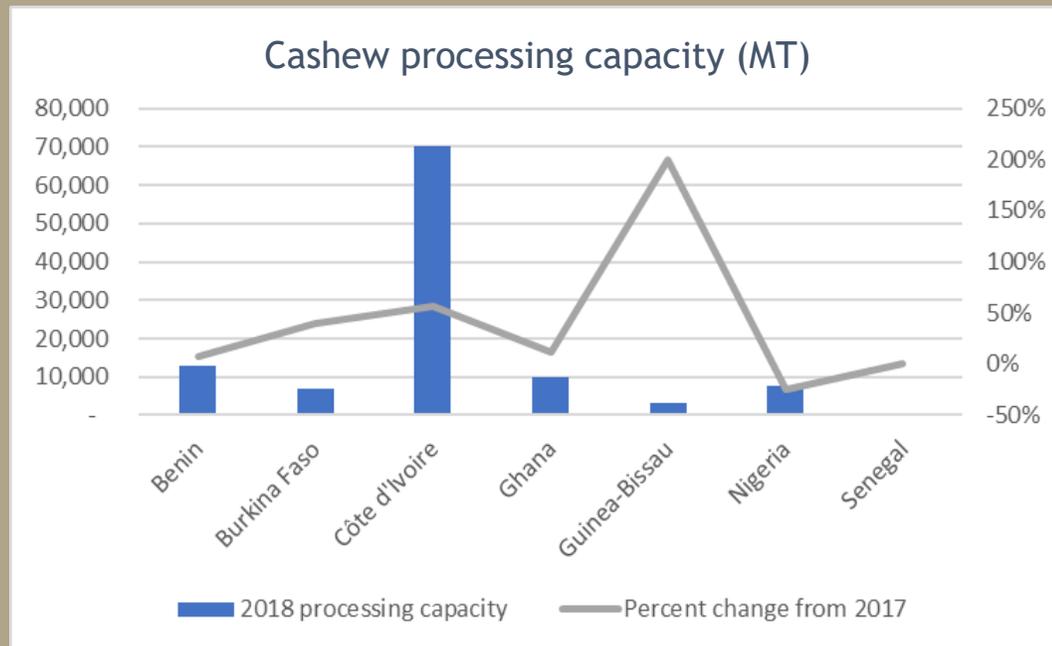
# Observations

Influences external to West Africa seemingly outweigh regional ones in shaping the boom and aftermath.

Suggests the importance of strategies to dampen the effect of these dynamics

Increase local RCN processing

- More absorptive capacity of local RCN
- Better supply chain performance (aligned incentives, collaborative relations)



8% of RCN processed in West Africa in 2019

# Policies promoting RCN processing

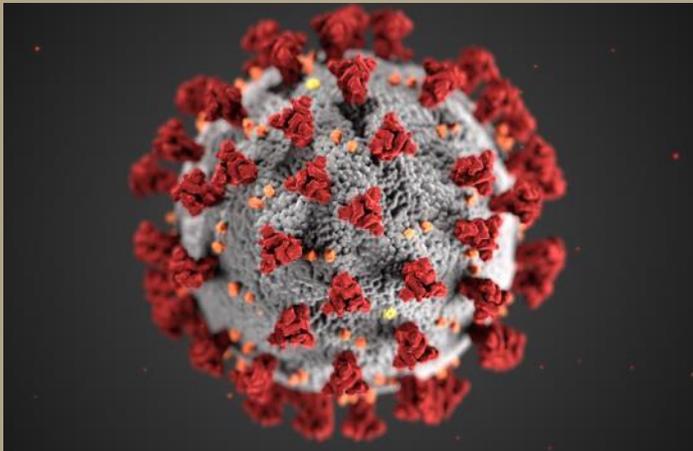
Policy areas	Priority access to raw materials	RCN reserves	Subsidy	Facilitation activities	Guarantee funds	Tax breaks	Import exemptions	Free zones	Workforce development
<b>Challenges</b>									
Access to raw materials	BN-CI	BN-CI	CI			BF-BN-CI-GB-GH-NG-SN			
Access to markets			CI	CI					
Access to finance				CI	CI				
Start-up costs			CI	CI					
Equipment and parts			CI	CI			BF-BN-CI-GB-GH-NG-SN	BF-BN-CI-GH-NG-SN	
Land				CI-GB-NG					
Trained workforce								CI	

BN=Benin, BF=Burkina Faso, CI=Côte d'Ivoire, GB=Guinea-Bissau, GH=Ghana, NG=Nigeria, SN=Senegal

Influences external to West Africa seemingly outweigh regional ones in shaping the boom and aftermath.

Suggests the importance of strategies to dampen the effect of these dynamics

Are these strategies also useful to mitigate and manage the effects of COVID - 19?



Increase local RCN processing

- More absorptive capacity of local RCN
- Better supply chain performance (aligned incentives, collaborative relations)

Coordinate regional policies to minimize incentives for disruptive trade patterns

Ensure RCN traders and exporters are committed stakeholders (regulation)

Encourage structures that facilitate collaboration, deliberation, and learning among public and private sector stakeholders

Strengthen access to and use of market information and analysis (minimize uncertainty, push-out misinformation)

# Merci

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