The cashew is native to northeastern Brazil. In the mid-to-late 1500s, Portuguese traders and explorers introduced the cashew tree to India and to the east coast of Africa in an area that is now Mozambique. In Africa, the tree was spread along the east coast (today, Kenya and Tanzania) and was later introduced to the continent’s west coast, where it presently grows from Senegal to Nigeria. Portuguese and Spanish traders also introduced the cashew tree to Southeast Asia. The cashew tree now grows in tropical climates of about thirty countries across the globe within a band approximately 25-30 degrees north and south latitude of the equator. India is the largest single producer of cashew nuts while West Africa—principally Ivory Coast, Benin, and Guinea-Bissau—is the largest regional producer. Vietnam, Brazil, and East Africa are the other major sources of production. Indonesia has become a major producer and exporter in Southeast Asia.

The world map below identifies countries with estimated annual raw cashew production of one or more million kgs in 2011. Countries which are identified in bold are major producers and are the most important exporters of either raw cashews and/or processed cashew kernels. The cashew kernel trade and the raw cashew trade are highlighted, showing the major kernel export destinations from India, Vietnam, and Brazil and the sources of Indian and Vietnamese raw cashew imports.
INDUSTRY PERSPECTIVE

The international cashew market never suffers from a lack of uncertainty. The last eighteen months witnessed a “tightening” of the market in all its many aspects, from supply to pricing, from collection to procurement to financing to processing to shipping to inspection... throughout the chain, from tree to table. Not to mention weather-related effects on crops worldwide. As we publish this brochure, the industry is dealing with:

- Expanding quality and food safety requirements
- Tightening supplies as Indian domestic consumption rises and 2010-2011 crops from all major origins are below expectations
- Rising demand in China, adding further pressure on world supplies
- Halts and delays in major West African raw shipments to India and Vietnam because of civil war in the Ivory Coast
- The need for--but uncertainty about--the reliability of West African production and shipments because of sporadic civil unrest
- Defaults and delays in shipments from India and Vietnam
- Record high prices

In 2010 Middle Eastern markets (including Turkey) remained strong with Indian exports to the region down only slightly to 24.9 million kgs from 27.6 million kgs in 2009. In the meantime, Vietnamese exports to the region rose from 6.8 to 8.1 million kgs and Brazilian shipments to the Middle East, though relatively minor, increased from 1.9 to 2.2 million kgs. The Vietnamese cross-border trade with China grew by one-third between 2009 and 2010, from 32 to 42 million kgs. U.S. demand remained strong with imports increasing from 117 to 119 million kgs. European Union imports from the three major origins were down less than one million kgs: 71.9 million kgs in 2009 vs. 71.2 million kgs in 2010.

Thus, even without weather-related crop difficulties, world demand remains strong and generally exceeds supply. Importantly, at any given time demand is likely to exceed the availability of raw cashews and kernels, which could mean periodic deficits and high prices for particular grades.

Vacuum Sealed Bags
QUALITY & FOOD SAFETY FIRST

The emphasis on product quality has accelerated over the past year. In large part, this has been a consequence of growing international demand for the cashew nut. New and inexperienced entrants have appeared in the Vietnamese and Indian industries. In Vietnam, local traders gather and export from numerous packing centers. In India, numerous relatively small processors are linked to major processing operations, but their standards are far below those of the main processors. As a result, more below-standard processing operations have sprung up in those countries, often resulting in poor and inconsistent quality. Although manufacturers and end-users have quality and safety at the top of their agenda, there is not a comparable concern among many suppliers/processors at origin.

For U.S. cashew importers and end-users, food safety is a top priority. The Food Safety and Modernization Act (FSMA), signed into law in January 2011, established a much stronger system of food safety oversight by the Federal Food and Drug Administration (FDA) and gives the FDA mandatory recall authority for all food products. Importers must implement a “Foreign Supplier Verification Program,” verifying that imported food has not been adulterated or misbranded and is safe. Importantly, the FDA needs only a “reason to believe” that imported food has been adulterated or misbranded in order to halt shipments and detain such food. Foods imported into the U.S. must be accompanied by certifications or other assurances that they meet food safety standards. Testing must be performed by a Federal laboratory or an accredited non-Federal laboratory with test results being sent directly to the FDA. The FDA can suspend the operations of any facility if it determines any food manufactured, processed, packed, or held in that facility could reasonably cause adverse health consequences. The FDA is also required to establish a product tracing system to improve its ability to effectively and rapidly track and trace food imports.

Independently of the Federal mandate, Red River has long been aware of the need for product traceability and has partnered with SourceAgent (www.sourceagent.com), an internet-based technology system. SourceAgent features electronic traceability, lot-specific documentation management, and supplier profile management. A SourceAgent user can trace and document product movement from origin to final destination; access microbiological analyses, certificates of analyses and quality, etc.; and house supplier documents, such as HACCP and BRC certifications. In short, SourceAgent allows a user to know a supplier’s profile and to track a product’s transit as it makes its way from origin to manufacturer.
THE PRODUCTION CYCLE

The world cashew trade is balanced on the annual cashew production cycle. Short or poor crops anywhere or abnormal weather conditions distort the trade pattern, consequently affecting prices. Vietnam produces the year’s first crop, and shortly thereafter India’s crop comes in. At approximately the same time, West African crops are being harvested. Harvest of the Brazilian and East African crops begins in August/September, tying the trade over until the new crops of Vietnam, India, and West Africa are harvested early the following year.

Disruptions in the international market are not uncommon, but the 2010-2011 seasons put unusual pressures on the trade. The 2011 Brazilian crop of approximately 155 million kgs was only half the normal production of 300 million kgs, sharply reducing the amount available for orders from November through February. Wet weather in both India and Vietnam in early 2011 delayed early harvesting and interfered with drying of the raw seed.

Rising Indian domestic consumption has drawn down the amount of kernels available to the trade as Indian export tonnage declines, and Indian exports were down for the third consecutive year in 2010. With only limited processing capabilities, West Africa exports its raw seed to India and Vietnam. Civil disorder in the Ivory Coast early in 2011 introduced much uncertainty into availability of West African raw seed. Because of the resulting delay in shipments, the lack of storage space in the Ivory Coast raised questions about maintenance of seed quality. In turn, this contributed to Vietnamese and Indian suppliers holding out for higher prices. Thus, any one major disruption in the production cycle has multiple effects on the marketing of kernels.
THE PRODUCTION CYCLE CONTINUED

Raw Seed Imports in Million Kgs

<table>
<thead>
<tr>
<th>Country</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>572</td>
<td>599</td>
<td>649</td>
<td>728</td>
<td>644</td>
</tr>
<tr>
<td>Vietnam</td>
<td>200</td>
<td>220</td>
<td>250</td>
<td>300</td>
<td>404</td>
</tr>
</tbody>
</table>

HARVESTING SEASONS

Harvesting seasons are generally similar in the producing countries, depending on their location relative to the equator. Countries north of the equator, including India, Vietnam, and producers in West Africa, harvest from early in the calendar year to approximately mid-year. Countries south of the equator, including Brazil and producers in East Africa, harvest from September or October to early in the following calendar year.
RAW PRODUCTION TRENDS

The edible cashew kernel is encased within a kidney-shaped seed or pod at the bottom of a cashew “apple” (The “apple” is actually a stem.) Cashews are not harvested in the conventional sense. Once the cashew apple falls to the ground, the cashew seed is removed from the apple. Cashew seeds are gathered and taken to various collection points. From there they are delivered to a processing facility. After drying, the cashew kernel is separated from the seed either mechanically or by hand. Where mechanical separation takes place, primarily in Brazil, there is a higher percentage of broken grades.

Cashew production is extremely difficult to estimate, and production estimates have to be offered with caveats. Crop size estimates for any one producing country can vary significantly because of the inherent difficulties in accounting for output. Crops are harvested from trees growing in their natural habitat, as there are few plantations in most countries. Cross-border activity, particularly in West Africa, inhibit accurate accounting. Further, there is little processing in West African countries, hence there are few sources from which reasonable estimates can be ventured. Cashew seeds are not weighed during any of the collecting, buying, or transfer stages. After being gathered and brought to a series of collection points, the cashews are delivered to processors. The crop size is frequently estimated after the raw cashews have been processed and some indication of average kernel weight has been ascertained. Thus, raw cashew estimates are extrapolations from processing outcomes and the “best guesses” of those active in the industry. Production estimates would be more accurately defined as collection estimates.
World raw cashew production is estimated at 2,276 million kgs for 2011, only two percent above the estimated 2,221 million kgs produced in 2010. With the exception of 2009, production has been fairly stable over the last five years, ranging between 2,220 and 2,280 million kgs. (See the 2000-2011P production table on Page 20 and the accompanying explanatory note.)

Production by the major origins and regions since 2000 is displayed in the accompanying graph. The 2011 Indian crop, earlier estimated at 700 million kgs, is estimated at 640 million kgs at the time of this writing. The Brazilian crop was far below expectations at 155 million kgs. Vietnam’s 2011 crop is currently projected at 330 million kgs while the Ivory Coast now appears to be the world’s second largest producer with a crop estimated at 385 million kgs in 2011.
Generally, cashew kernel yields range from about 20 to 24 percent. Thus, one metric ton of raw cashews can yield between 200 and 240 kgs of edible kernel wholes and pieces after processing, depending on country of origin. A crop that yields 1 million kgs of cashew kernels, for example, might be estimated to have been 4.2 to 5.0 million kgs of raw production.

The adjacent table displays the estimated average amounts (in kgs) of exportable grade kernels produced per metric ton from the three major exporting countries. These percentages may vary from year to year and even during the same season because of weather conditions, the quality of the seed, the time of the season when the crop is being processed, and the capabilities of the processor.

In India, for example, each metric ton of raw cashew seed produced and processed in that country yields, on average, about 230 kgs (23 percent) of exportable grade kernels. Thus, if the Indian 2011 crop was 640,000 metric tons of raw cashew nuts and we applied the percentage yield for the country as a whole, the approximate outturn would have been about 147 million kgs of exportable grade wholes and pieces.

The accompanying graph displays the estimated percentage of whole and broken grades produced by the three major processors/exporters. (These percentages result after peeling losses and rejects are discounted.) The high percentage of broken grades in Brazil is the result of mechanical processing. Most processing in India and Vietnam is labor intensive, done by hand.
Cashews constitute the single largest segment of the U.S. shelled tree nut import market. Between 2006 and 2010, two thirds of all U.S. imports were cashews. (The accompanying pie chart does not include tree nuts imported in-shell, primarily pecans and brazil nuts). Cashew imports increased in 2010 to 119 million kgs from 117 in 2009. For the first four months of 2011, cashew imports were 34.6 million kgs vs. 32.2 million kgs during the same period in 2010. If the pace of imports during 2011 mirrors that of 2010, total imports for the year could be about 128 million kgs. As of April 2011, imports from Vietnam were on a pace to exceed 70 million kgs, much higher than the 2010 high of 58 million kgs and would represent well over 50 percent of all U.S. cashew imports.

The accompanying graph clearly displays the trend of U.S. imports since 1990. Imports from Brazil have remained relatively steady compared to the shifts in import totals from India and Vietnam. Imports from Vietnam have been increasing annually since 2006, but U.S. imports from India have fallen annually since a peak of 58 million kgs in 2004. In 2009 and 2010, U.S. imports of Indian cashews were only 30.6 million kgs, a drop of over 27 million kgs over a five year period.
The graph below depicts annual import volumes from each of the three major origins and the average annual CIF values of those imports. Average CIF values from all three origins have been on an upward trend since 2003, with import values of Indian cashews higher than those of both Brazil and Vietnam.

Over the past year, the monthly average CIF values of total imports rose from $5.39 per kg in April 2010 to a record high in April 2011 of $8.03 per kg, an increase of $2.64 per kg. During this period, the monthly average CIF values of imports from Brazil and India reached highs of $8.39 and $8.14, respectively, in March 2011. The monthly average CIF values of imports from Vietnam peaked at $7.95 per kg in April 2011.
U.S. IMPORTS CONTINUED

India commanded over 50 percent of the U.S. import market until 2002, but that percentage slipped to just under 40 percent in 2006 and was about 26 percent in 2009 and 2010. Brazil, which once claimed 25 to 30 percent of U.S. imports, now represents about 20 percent of the market. Vietnam has been the big gainer in market share at the expense of its other two competitors in part because it has enjoyed price advantages. Only in 2010 did the average CIF import value of cashews imported from Vietnam exceed that of cashews imported from Brazil. In all years except 2010, the value of imports from Vietnam was lower than that of imports from India and Brazil.

KERNEL EXPORTS

Total kernel exports from the three major world suppliers—India, Vietnam, and Brazil—were 328 million kgs in 2010, 15 million kgs above the 2009 level. The increase was attributable to Vietnam, as exports from both India and Brazil declined. The Vietnamese cross-border trade with China rose by nearly 11 million kgs. Collectively, the three major suppliers shipped 109 million kgs to the U.S. and 72 million kgs to the European Union in 2010, 55 percent of their total exports.

India, Brazil, and Vietnam Cashew Kernel Exports in million kgs

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
<th>Exports in Million Kgs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>Vietnam</td>
<td>134.9</td>
</tr>
<tr>
<td></td>
<td>Vietnam X-Bdr</td>
<td>28.6</td>
</tr>
<tr>
<td></td>
<td>China</td>
<td>25.6</td>
</tr>
<tr>
<td></td>
<td>Brazil</td>
<td>47.8</td>
</tr>
<tr>
<td></td>
<td>India</td>
<td>101.5</td>
</tr>
<tr>
<td>2010</td>
<td>Vietnam</td>
<td>151.1</td>
</tr>
<tr>
<td></td>
<td>Vietnam X-Bdr</td>
<td>39.4</td>
</tr>
<tr>
<td></td>
<td>China</td>
<td>28.6</td>
</tr>
<tr>
<td></td>
<td>Brazil</td>
<td>42.2</td>
</tr>
<tr>
<td></td>
<td>India</td>
<td>95.2</td>
</tr>
</tbody>
</table>

N.B.: India data include exports from ports of Mangalore, Cochin, and Tuticorin only.
Indian cashew exports have been in decline since reaching a peak of 120.5 million kgs in 2004. Exports in 2010 were 95.2 million kgs, 21 percent below the peak year. Indian exports to the U.S. have fallen for six consecutive years from nearly 56.8 million kgs in 2004 to 26.5 million kgs in 2010, a 53 percent decline. Beyond competition from Vietnam, a principle cause of the decline in exports has been increased Indian domestic demand. Indian consumption of cashews as ingredients in confectionaries and various cuisines has been steadily rising along with per capita income.

After ten consecutive years of increases, Indian exports to the Middle East (including Turkey) fell somewhat in 2010. Exports to that region were 24.9 million kgs vs. 27.6 in 2009. However, these shipments were still at 2008 levels. Exports to the European Union were down for the fifth straight year, falling to 24.8 million kgs from a high of 38.4 million kgs in 2005.
Brazilian exports fell to 42 million kgs in 2010 from nearly 48 million kgs in 2009. Sharply reduced exports to the U.S. accounted for nearly all the decline. Exports to the U.S. fell over 20 percent from 30.5 to 24 million kgs. Since 2000 the U.S. share of Brazilian exports has been falling; in 2000, 78 percent of Brazilian shipments were destined for the U.S.; in 2010 the U.S. accounted for 57 percent of Brazil’s cashew exports. The one other major destination for Brazilian cashews is the European Union; exports to the EU were essentially stable in 2009-2010, 8.8 v. 8.5 million kgs. Over the same 2000-2010 period, exports to the EU have risen from about 10 percent of Brazil’s total shipments to about 20 percent. This increase is partially the result of the expansion of the European Union; ten countries joined the EU in 2004 and two additional countries joined in 2007.
VIETNAM EXPORTS

Vietnam’s share of the international market continues to grow, particularly its share of U.S. imports. Total Vietnamese exports, including the China cross-border trade, rose 27 million kgs between 2009 and 2010, from 163.5 to 190.5 million kgs. The China cross-border trade jumped 38 percent from 28.6 to 39.4 million kgs. While exports to the European Union (EU) were the same at 37.9 million kgs in 2009 and 2010, exports to the U.S. rose from 50 to 58 million kgs. With the exception of the EU, Vietnamese exports rose across the board, including shipments into the former USSR and the Middle East (including Turkey).

In 2010, wholes constituted 73 percent of cashew exports while pieces, butts, and splits accounted for 26 percent (excluding the China cross-border trade.) At nearly 67 million kgs, exports of W320s represented 44 percent of total Vietnamese shipments while exports of W240s totaled nearly 29 million kgs or 19 percent.

**Vietnam’s Cashew Exports by region/country**

<table>
<thead>
<tr>
<th>Country</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>50.3</td>
<td>58.0</td>
</tr>
<tr>
<td>EU</td>
<td>37.9</td>
<td>37.9</td>
</tr>
<tr>
<td>Fmr USSR</td>
<td>6.7</td>
<td>6.9</td>
</tr>
<tr>
<td>Mideast</td>
<td>6.8</td>
<td>8.1</td>
</tr>
<tr>
<td>USSR</td>
<td>5.7</td>
<td>6.9</td>
</tr>
<tr>
<td>Other Asia</td>
<td>10.7</td>
<td>15.3</td>
</tr>
<tr>
<td>Oceania</td>
<td>13.7</td>
<td>14.7</td>
</tr>
<tr>
<td>China</td>
<td>31.7</td>
<td>42.0</td>
</tr>
<tr>
<td>Other</td>
<td>6.7</td>
<td>7.6</td>
</tr>
</tbody>
</table>

**Source:** Industry
The African cashew industry could represent the single biggest opportunity for the international cashew market over the next two decades. With growing domestic consumption in Asia (particularly in India and China), the industry will need increased supplies, and Africa represents the greatest potential for additional cashew product. However, the African industry will need long-term investment and development: a complete value-added infrastructure from growing and harvesting to processing and marketing.

The lack of processing capacity is the single biggest obstacle to industry growth in Africa. Of the approximately 700 million kgs produced in West Africa annually, only about ten percent is processed in that region. For the approximately 200 million kgs produced in East Africa, processing capacity is variously estimated at 35 to 50 million kgs. Nearly all African production is processed in India and Vietnam.
Numerous parties are working to improve various segments of the African industry. The focal point for individual companies; non-profits; and various government agencies, including the U.S. Peace Corps, is often the African Cashew Alliance (ACA). The Alliance, headquartered in Accra, Ghana, was organized in 2005 and became operational one year later. The purpose of the Alliance is to invigorate and promote the African cashew industry, with a particular focus on expanding the processing sector and improving quality. In 2009 the Alliance helped steer a $25 million grant from the Gates Foundation to Benin, Burkina Faso, Ivory Coast, Ghana, and Mozambique for development of their respective industries. Later that year the ACA received a grant from USAID/West Africa to assist cashew entrepreneurs in the region obtain access to financing. In December 2010, USAID West Africa, the ACA and the Economic Community of West African States (ECOWAS) Bank of Investment and Development signed a Memorandum of Understanding to open access to long-term financing to processors.

Production in West Africa is difficult to estimate, but it is clear there has been a marked increase in that region’s output. Production there has grown by over 200 percent since 2001. The Ivory Coast is the leading producer by far, with estimated 2011 production at 385 million kgs. Guinea-Bissau is the next largest producer at about 130 million kgs. Production in East Africa is about 200 million kgs, principally in Mozambique and Tanzania.

| Source: African Cashew Alliance, Industry |

| Estimated African Cashew Production in million kgs |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                | 2007            | 2008            | 2009            | 2010            | 2011P           |
| Ivory Coast    | 290.0           | 320.0           | 350.0           | 335.0           | 385.0           |
| Guinea-Bissau  | 100.0           | 100.0           | 136.0           | 150.0           | 130.0           |
| Mozambique     | 92.6            | 99.1            | 96.0            | 112.0           | 100.0           |
| Tanzania       | 74.4            | 64.2            | 95.0            | 97.0            | 100.0           |
| Nigeria        | 80.0            | 81.0            | 100.0           | 70.0            | 85.0            |
| Benin          | 37.5            | 45.0            | 100.0           | 70.0            | 90.0            |
| Senegal        | 17.5            | 20.0            | 20.0            | 35.0            | 35.0            |
| Ghana          | 12.5            | 12.5            | 12.5            | 12.0            | 12.0            |
| Kenya          | 5.0             | 5.0             | 8.5             | 11.0            | 8.0             |
| Other          | 26.0            | 27.5            | 33.5            | 33.5            | 33.5            |
| **Total**      | **735.5**       | **774.3**       | **951.5**       | **925.0**       | **978.5**       |
PRICES

The vertical bar graph below clearly depicts the volatility of the cashew market over the last five years. After shifting upward in 2004 and 2005, average FOB export prices fell back in 2006 as supplies increased. However, prices began to increase again in mid-2007 as Vietnamese and Indian shippers delayed and then defaulted on their contracts. By year's end, the average FOB export price had risen to nearly $5.70 per kg. Prices continued to increase in 2008 and surged to $7.40 per kg at mid-year. The causes were numerous: a short crop in Brazil; new and inexperienced processors in Vietnam; and Vietnamese/Indian defaults, demands for renegotiated contracts, and shipping delays. However, monthly average prices did fall back to just under $5.00 per kg by the final months of the year. Prices began another upward swing in mid-2009 and by December averaged $6.35 per kg. Prices continued their upward trend in 2010, reaching new levels. By December, the average monthly price was slightly above $8.00 per kg. Prices continued to accelerate during the first quarter of 2011 and reached a record high in March, exceeding $8.50 per kg. An expected decline in prices in April failed to materialize as raw seed shipments were delayed from the Ivory Coast because of civil strife. Extended rainy weather caused uncertainties about the availability and quality of Indian and Vietnamese crops. Adding to the price pressure was the extremely short Brazilian crop.
The accompanying graph depicts the average quarterly price movement of W320 cashews since 1998. The price spike in 1999 was caused by crop shortfalls and processors contracting in advance for more product than they were able to deliver. Many processors defaulted on their commitments, leaving importers with an eleventh hour need to fulfill their own obligations. The result was extremely strong demand which led to intense upward pressure on prices. The price plunge in 2000 reflected higher worldwide supplies. The estimated average quarterly prices fell to about $4.40 per kg by 2001, and remained at historic lows, between $3.75 and $4.20 per kg, through 2003. Thus, the market was relatively stable for these three years.

Cashew prices began increasing in early 2004 in part because of the collective efforts of Indian packers to seek higher prices. The Indian example was followed by Vietnamese packers. The price increase was also a reflection of the higher prices being paid for all nut products. By the end of 2004 and early 2005 the estimated average quarterly price was $5.30 per kg. Prices began to decline in late 2005 and from then until mid-2007 the estimated monthly price ranged from about $4.30 to $4.60 per kg. This relatively low price in the first two quarters of 2007 was attributed in part to the sale of large quantities of India’s 2006 crop to make way for the even bigger 2007 crop of 620 million kgs.

Prices rose sharply beginning in mid-2007, reached a quarterly high of more than $6.90 per kg in the second quarter of 2008, matching the 1999 price peak, and then began to abate. The price surge originated with Vietnamese shippers. Faced with higher than expected raw cashew prices, some delayed and then defaulted on shipments, forcing buyers to bid up prices. By the last quarter of 2008, the quarterly average had declined to just above $5.00 per kg. Since then, quarterly average prices have been accelerating, exceeding $6.00 per kg in the last quarter of 2009, and surging to $7.60 per kg during the last quarter of 2010 and $8.30 per kg in the first quarter of 2011. The causes of the unprecedented increases are many: shortfalls in both the Vietnamese and Brazilian crops, rising Indian domestic consumption, higher African raw seed prices, and continued strong world demand. These pressures have been compounded by Vietnamese and Indian suppliers holding out for higher prices.
### CASHEW INDUSTRY TIMELINE

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>Vietnam becomes 2nd largest kernel exporter, surpassed only by India</td>
</tr>
<tr>
<td>2001</td>
<td>Vietnam becomes second largest cashew producer, surpassed only by India</td>
</tr>
<tr>
<td>2002</td>
<td>Peak export year for India: 122 mn kgs</td>
</tr>
<tr>
<td>2003</td>
<td>Peak year for U.S. imports: 131 million lbs</td>
</tr>
<tr>
<td>2004</td>
<td>Historically low avg FOB origin export prices recorded</td>
</tr>
<tr>
<td>2005</td>
<td>Avg FOB export prices begin increasing</td>
</tr>
<tr>
<td>2006</td>
<td>Avg FOB export prices decline mid-2005; remain relatively flat in 2006 and first half 2007</td>
</tr>
<tr>
<td>2007</td>
<td>Early 2007 labor issues slow Viet processing; Viet recovers; record exports</td>
</tr>
<tr>
<td>2008</td>
<td>Mozambique processing begins to rebound</td>
</tr>
<tr>
<td>2009</td>
<td>Avg FOB export prices fell as mkt uncertainties lead to surplus stocks in India, Vietnam</td>
</tr>
<tr>
<td>2010</td>
<td>Mozambique processing est at 35 mn kgs; Vietnam leases 6,000 hectares fm Cambodia for cashew prod</td>
</tr>
<tr>
<td>2011</td>
<td>U.S. Food Safety &amp; Modz'n Act increases Fed1 oversight of food imports</td>
</tr>
</tbody>
</table>

**India Raw Imports**

- Increase from 394 mn kgs in 2002 to record 728 mn kgs in 2009; at 644 mn kgs in 2010
- Avg FOB export prices decline dramatically from peak 1999 levels

**India Exports**

- Decline
- Vietnamese raw cashew imports increase dramatically; imports rise from 70 mn kgs in 2005 to 404 mn kgs in 2010

**Vietnamese, Indian defaults and shipping delays**

-突破
- Vietnam exports at new record level: 191 mn kgs
- Ivory Coast becomes 2nd largest cashew producer
- 385 mn kgs

**Ivory Coast becomes 2nd largest cashew producer**

- Avg FOB export prices reach new record levels
- Vietnamese, Indian shippers default, delay; cause sharp price increases

**Annual increases of cashew imports into the U.S.**

- U.S. imports fluctuate: decline 13% in 2005, flat in 2006 at 114 mn kgs, rise to 125 mn kgs in 2007, fall to 115 mn kgs in 2008, increase to 117 in 2009 and 119 in 2010; could exceed 125 mn kgs in 2011

**Various efforts by international government organizations and NGOs to institute cashew supply chain organization and cashew processing in African producers**

- Objective is to establish cashew enterprises so local populations may realize financial benefits from adding value to the cashew rather than simply exporting the raw material.
### PRODUCTION ESTIMATES in million kgs

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Asia</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cambodia</td>
<td>10.0</td>
<td>20.0</td>
<td>25.0</td>
<td>30.0</td>
<td>35.0</td>
<td>40.0</td>
<td>45.0</td>
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<td>50.0</td>
<td>50.0</td>
<td>60.0</td>
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N.B.: Production estimates for any one country can and often do vary greatly. Thus, many estimates here are derived by extrapolation, interpolation, and “best guesses,” while other estimates derived from known and reliable sources are reasonably accurate. Until there is a willingness on the part of responsible industry and government parties at origin to venture their best estimates, the industry will be hampered in assessing available supplies.
Red River Foods is pleased to provide information about the world cashew trade. Preparing this brief report has been a challenging, but we think important, step in trying to develop a more complete picture of the cashew industry. The information and data herein represent estimates from a variety of sources as well as our own estimates. We wish to extend our grateful appreciation to the many individuals who helped make this brochure possible by contributing to our research. The company makes no warranty about the accuracy of these data and assumes no duty to update any materials contained in this report. Within the industry it is generally accepted that production, export, and other data can be understated, overestimated, or even unreported.

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