

13<sup>th</sup> ACA Annual Cashew Conference



# FOSTERING SYNERGIES INFLUENCING MARKET DYNAMICS



*Dar es Salaam & Zanzibar*  
**Tanzania**

*7-9 November, 2019*



Boom/Bust ! What happened to Synergy?

Jim Fitzpatrick

An elephant is shown from the side, balancing on a colorful beach ball (yellow, white, blue, and red) on a sandy beach. The elephant's trunk is curled on the sand. The background features a blue sky with light clouds and the ocean waves in the distance.

**Balancing private sector expectations and public sector priorities and capacities.**

# Is the sector in crisis ?

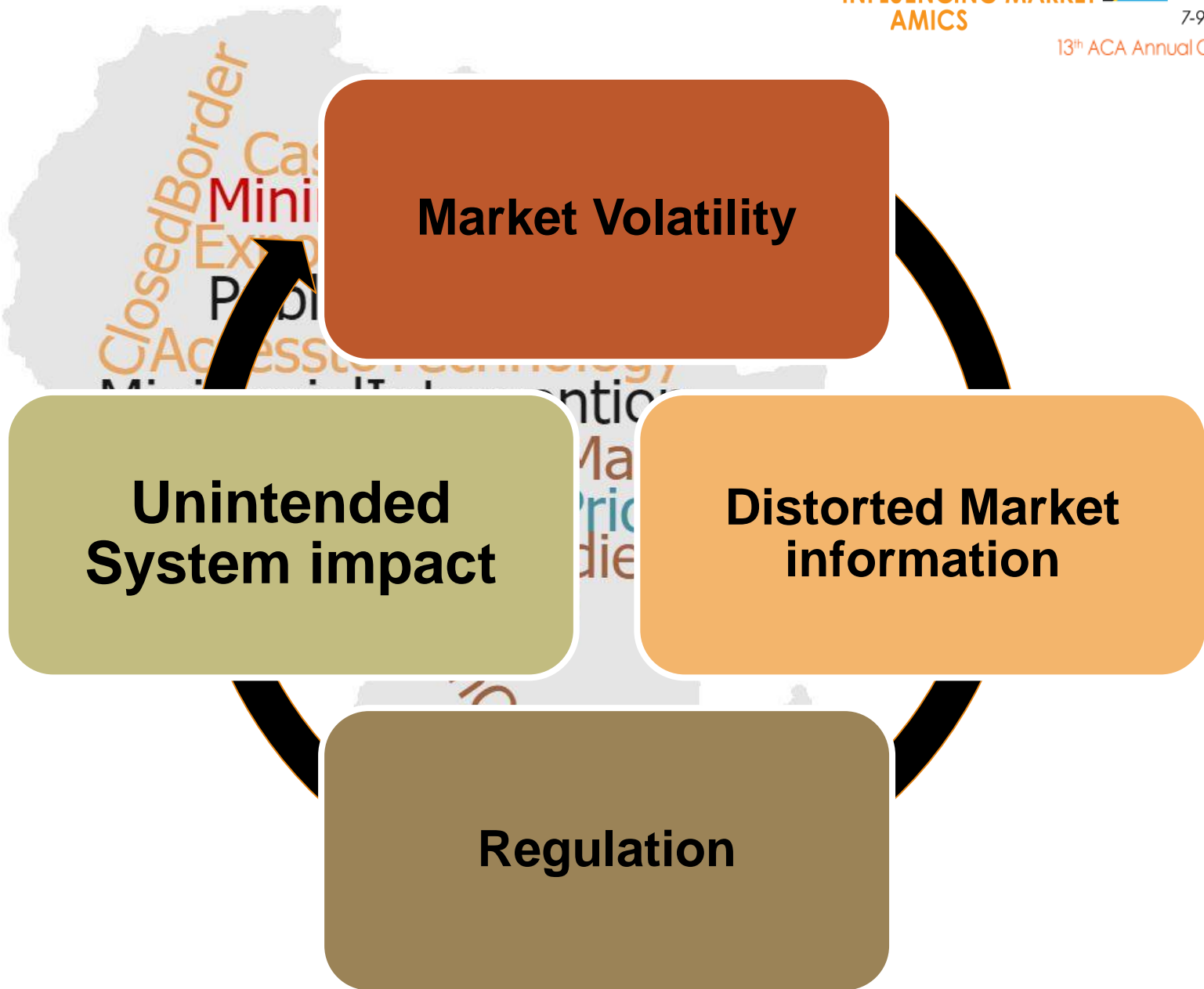
- Farm gate prices at lowest level for 10 years.
- Governments legislate more.
- Demand growth slows.
- Contract risk increases.
- Unpredictable supply chain.
- Buyers less likely to try unproven sources.
- Warehouse fill with broken cashews.



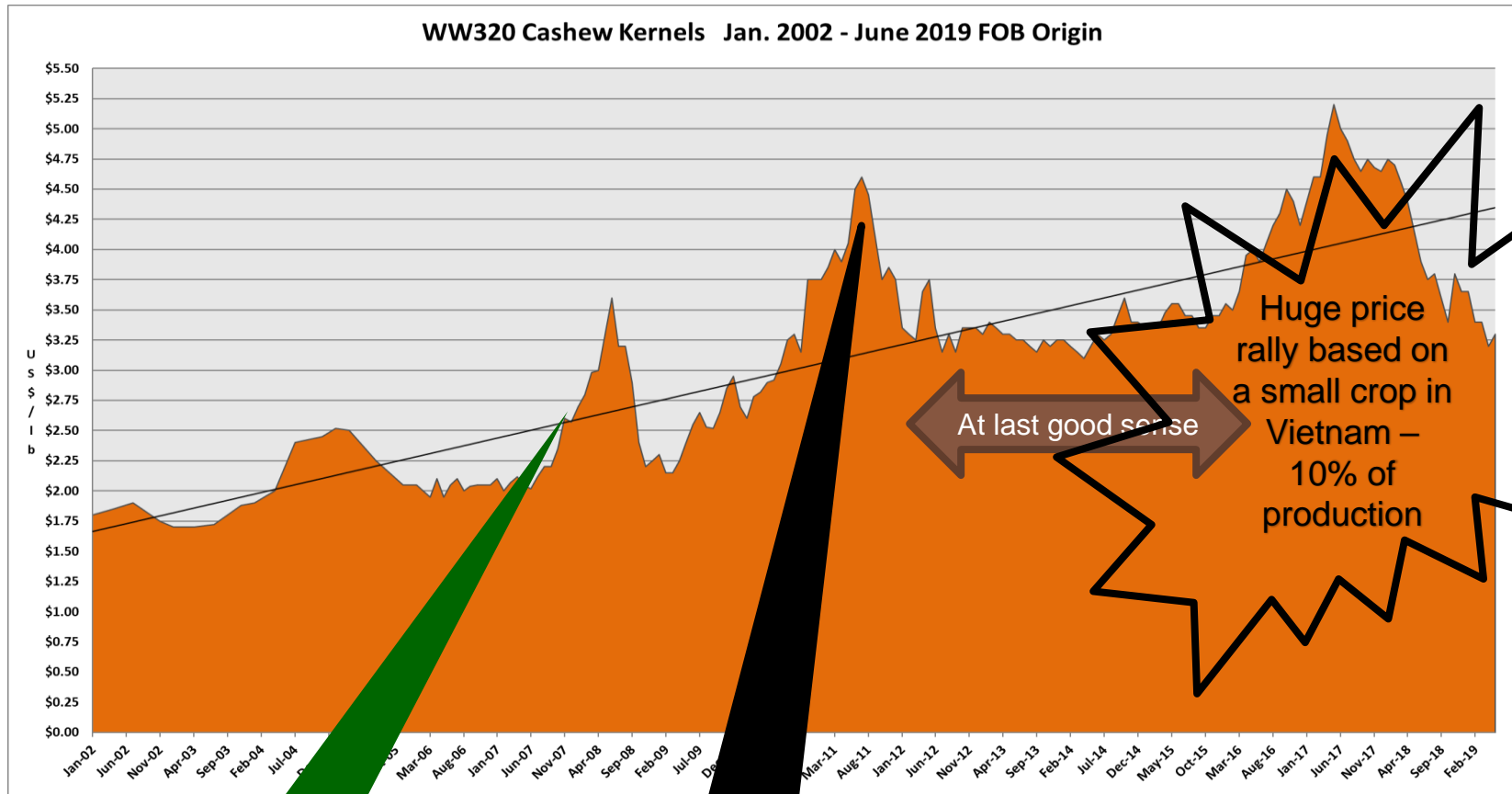
# Questions



Cartel behaviour in RCN , virtual monopoly in World trade of kernels, multiple agencies , many initiatives, processing in crisis, lowest farm gate prices in West Africa for 10 years.  
Are we on the edge of the abyss?



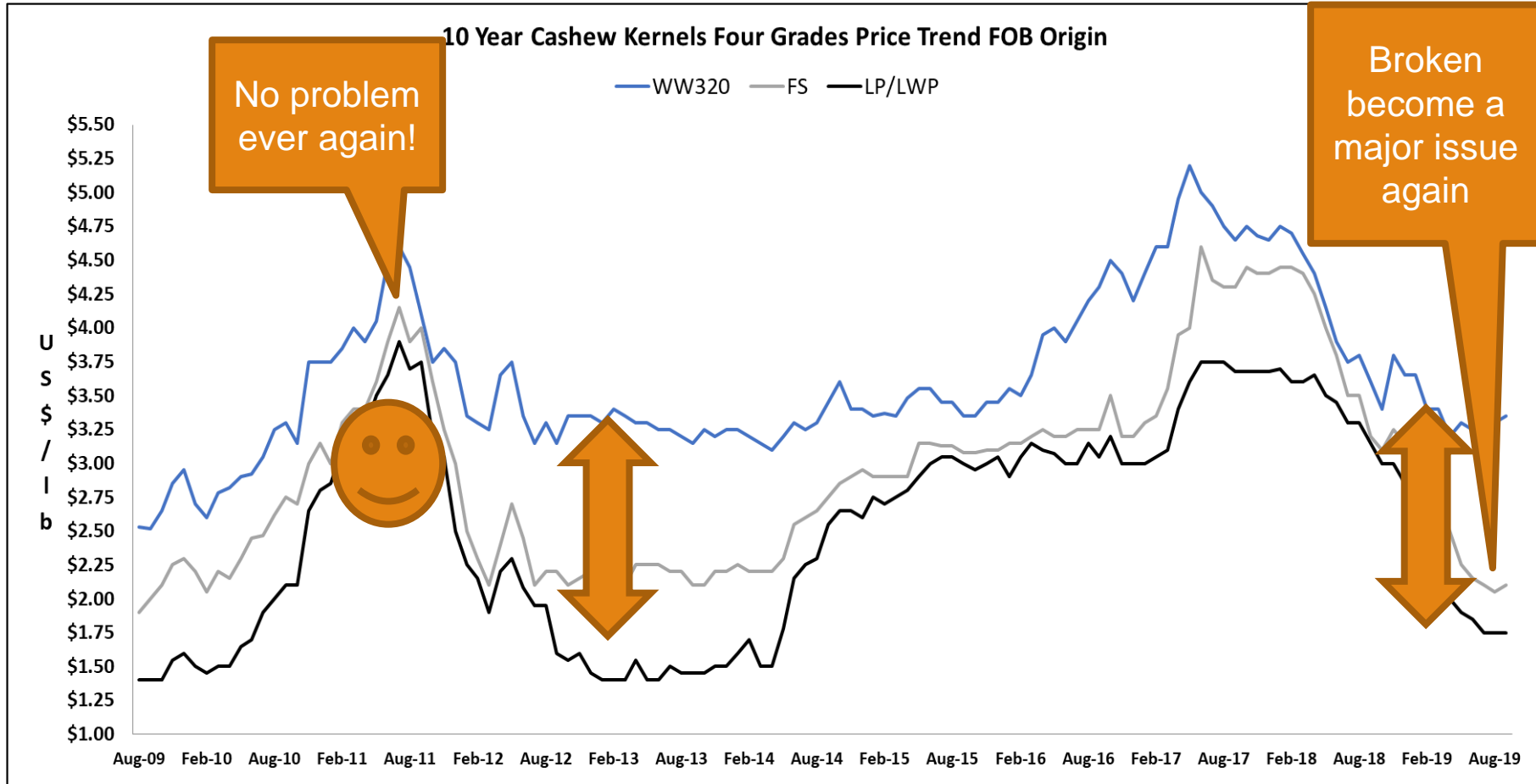
# Regulate that !



2007- Market rallies on a crop scare which never materialised

2010-11  
- Increase in demand and lower crop sustained by default and market manipulation

# Regulate that! Broken



# Questions



Is it the role of government organizations to protect stakeholders from the impact of market price volatility?  
How?



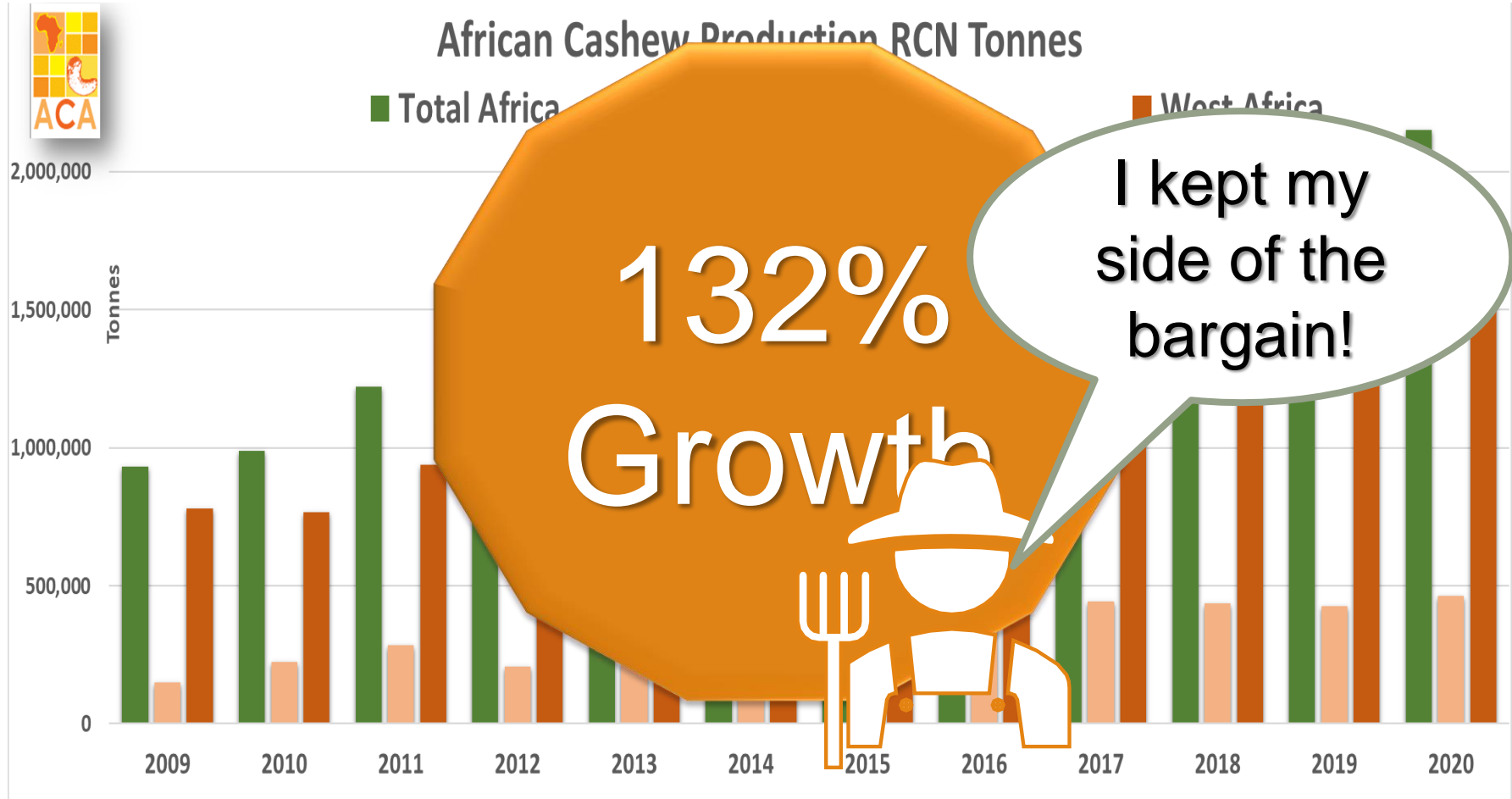
Are regulators , policy makers and sector promotion organizations flexible enough in the face of extreme market volatility?



How do you collect and analyse market information to support short term policy/regulation? How do private sector panellists collect market information?

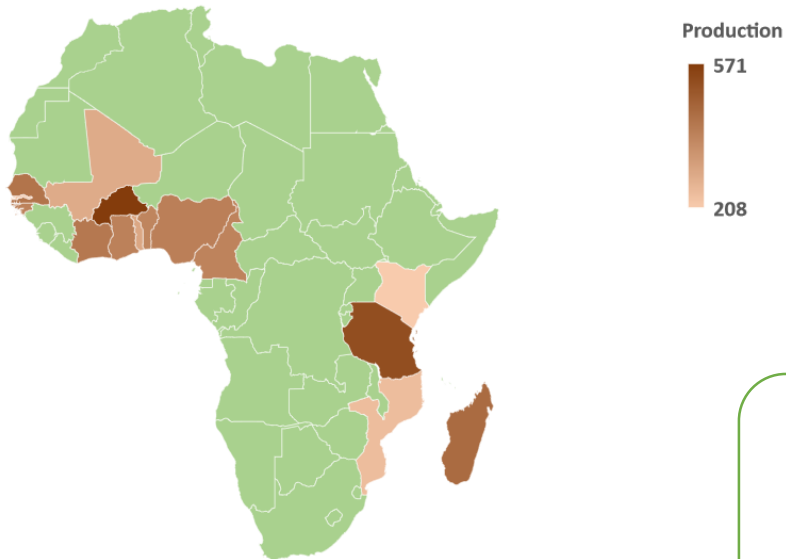


# Production success !



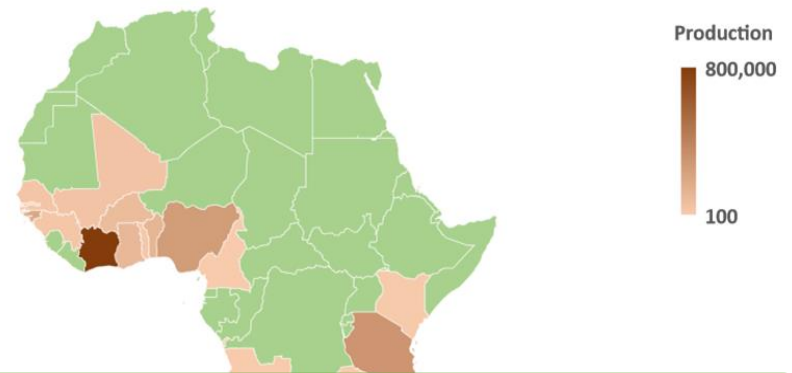
# African Producers

Africa - Cashew Producers Yield per Hectare 2018



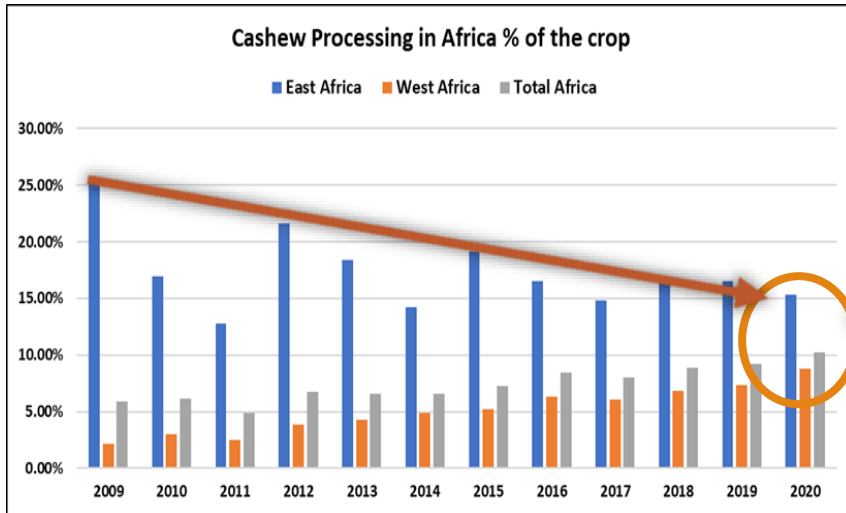
Powered by Bing  
© GeoNames, HERE, MSFT, Microsoft

Africa - Cashew Producers - RCN Tonnes



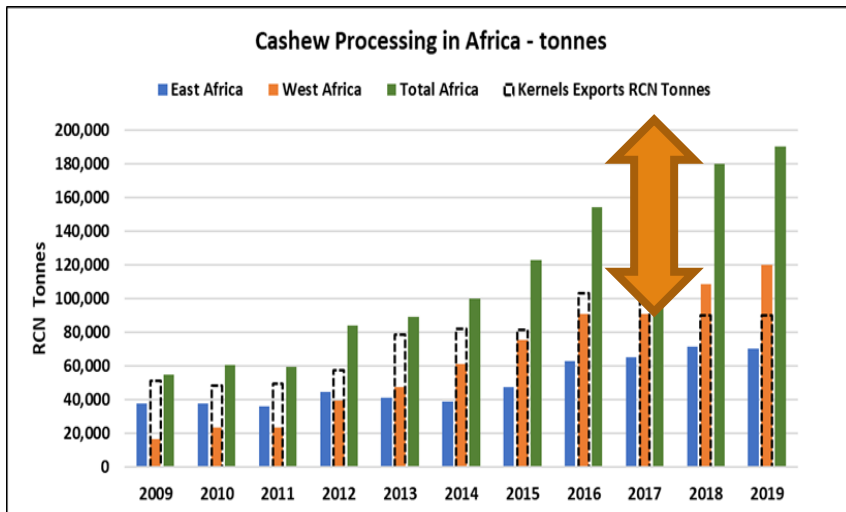
In Cambodia average yield per hectare is 1.2 tonnes.

# Processing



% share of the crop processed in Africa has only increased from 5% to 8% since 2009.

In East Africa it has actually fallen



Kernels produced in Africa are less than 40% of the actual processing capacity available.

# Market Share

2009  
African Cashew  
Kernels Market  
Share  
3%

2018  
4%

Cashew Kernels exports from Africa fell by 12.5% 2017 to 2018

Vietnam's share 78% 2018 ; Exports growing by 20% in 2019.

# Questions



Is it a natural law , as some private sector people suggest, that cashews grow in Africa and are processed in Asia?



How can we balance the needs of RCN customers and ambitions to build processing value addition at home?

## Impact of crisis

- **Unpredictable supply chain.**
- **Contract default common.**
- **Banks get nervous.**
- **Credit tightens.**
- **Investors struggle to understand.**
- **Supermarkets stop promoting.**
- **Conferences debate .**



# Questions



All stakeholders want support, but resources are limited. How can regulators and policy makers strike a balance between competing segments to build a stronger sector ?



How can private and public sector understand each other's needs and priorities better for the good of the sector as a whole?

# Questions



1. Is it a natural law, as some private sector people suggest, that cashews grow in Africa and are processed in Asia?



2. All stakeholders want support, but resources are limited. How can regulators and policy makers strike a balance between competing segments to build a stronger sector?



3. Is it the role of government organizations to protect stakeholders from the impact of market price volatility? How?



4. Are regulators, policy makers and sector promotion organizations flexible enough in the face of extreme market volatility?



# Questions



5. How do you collect and analyse market information to support short term policy/regulation? How do private sector panellists collect market information?



6. How can we balance the needs of RCN customers and ambitions to build processing value addition at home?



7. How can private and public sector understand each other's needs and priorities better for the good of the sector as a whole?



8. Cartel behaviour in RCN, virtual monopoly in World trade of kernels, multiple agencies, many initiatives, processing in crisis, lowest farm gate prices in West Africa for 10 years. Are we on the edge of the abyss?