A. Mr. Joseph Yeung, Managing Director of MiM Cashew (Ghana) being management in-charge of an established foreign cashew processing company in Ghana will address the challenges of operating and managing cashew processing business locally in Africa. Since the company is heavily engaged in cashew farming and processing both, he will speak and share the both international and local perspectives on cashew processing business by responding to key questions, i.e.;

Why and how locally established cashew processors in Africa are failing on global competitiveness?

Basically, the competition is on totally unfair/uneven play field. Lets take a look on the following:

- Energy Cost – in Ghana, it is closer to $0.30/kwh as compared to $0.12 in both Vietnam and India. Furthermore, we have to invest in all the necessary equipment/parts to bring the power supply to the factory if not already connected.
- Machinery and equipment – All are imported with long period of Service parts in stock.
- Lack of Service Industry – We have to be self-sufficient in all departments including and not limited to electricians, plumbers, mechanics etc
- Low Productivity – leading to high labour cost per unit produced.
- High Interest rate on facility – As African is designated as high risk area, the applicable interest rate for any facility is much higher than that in the Far East.
- Withholding Tax on RCN procured, this is not payable by the traders.

Why favorable business environment and rescue of the cashew processing investments should be crucial for local authorities and regulatory bodies?

It is established facts that the processing industry will provide job opportunities particularly for women. It will certainly provide stable income for the rural area where jobs are rarely available, especially for women. This is a great opportunity.

Why choosing the specific markets for specific cashew grade and byproducts is a necessity for today's processing business viability and how to attain it?

1. Different grades of cashew suit different manufacturers using cashew as part of their ingredients. Therefore, more direct sales to particular buyers will attract higher value while the buyer also benefit from direct source. It is a win-win situation for both the processors and the buyers. Therefore, many biscuits manufacturer or snack bar producers favours the lower grade pieces as an example.
2. The by-products from cashew processing form an important part in the cost of processing. The shells are a valuable by-product for CNSL and beyond.
3. The Husk also has a value.

To achieve the above, the volume of processing must be increased to make it economically viable. We also must be prepared to totally re-think the way processing in Africa should adopt.
The processing industry in Africa is still in its infancy, learning to walk and try to compete with those who are in the 5000 meters long distance athletes. There is no chance for us to catch up with them, never mind winning the race.

One of the reasons for the success of many industries in the Far East is that they de-centralize their activities. In another words, they spread the work out instead of concentrating in one spot. With this view, we should examine the possibility that we become their running mate in the competition, become part of their out stations. When this type of out-stations are well developed, the relevant service industries will automatically be established and in time, we can run all the way.

So, how do we start? I believe cashew processing can easily be divided into 2 levels, shelling and peeling. Let us assume that the price for shelling one ton of RCN and vacuum packed and shipped to the Far East is $250. I know, nobody in the Far East will be prepared to pay such a price as their total processing cost is less than that. Now, let us see what is actually costing them.

First of all, there is export levy which is applicable in many producing countries now and very soon this will be applied in all the producing countries. On average this levy is in the region of $150 per ton of RCN. This levy is no longer payable on the shelled kernels.

Then there is cost of transporting 1 ton of RCN all the way to the Far East, estimated at $125. (Here, I like to mention that the shipping lines apply a levy on the freight during the RCN season). It is also estimated that it will require on average 3.75 tons of RCN to produce 1 ton of shelled kernels.

The result is clearly indicated that the actual cost for the Far East processors for the shelled kernels is no more than $50 per ton of RCN, after deducting the savings along the way. I am sure, even Far East can produce shelled kernels at a cost of $50 per ton. This will lead to a win-win situation for the RCN producing countries where there will be jobs created and the Far East Processors.

With time when majority of the RCN are shelled in the producing countries, other relevant industry will also be established like CNSL, refinery for CNSL, charcoals can be produced

from the spent shells and many others. Then we can walk properly, we can start to run as well!

What are the practically adaptive measures that a processor in Africa should take to ensure timely supply of good quality fairly priced raw materials?

Any measure to ensure timely supply of good quality RCN etc must be supported by the Government of the producing countries in the form of Export Levy on RCN, Export Rebate on processed kernels etc. It is further recommended that the producing countries in Africa should gather together for a common policy as well.

What is expected from the technology makers and what are recent and adaptive innovations benefiting the processors in Africa?

The technology makers must work hand-in-hand with the processors, this will enable the makers to understand the shortfalls of the existing equipment and relevant improvement can be introduced. This will also reduce the cost of R&D for the makers. Again a win-win situation for the industry players.

Africa can really benefit from this only if the processing volume is increased to a level when the service industry can be economically located near to the processing area.

It is a catch 22 situation, volume processing is required for it to be sustainable but the current mould is not working or at least it is at a snail paste. We need to change our thinking and approach this accordingly.