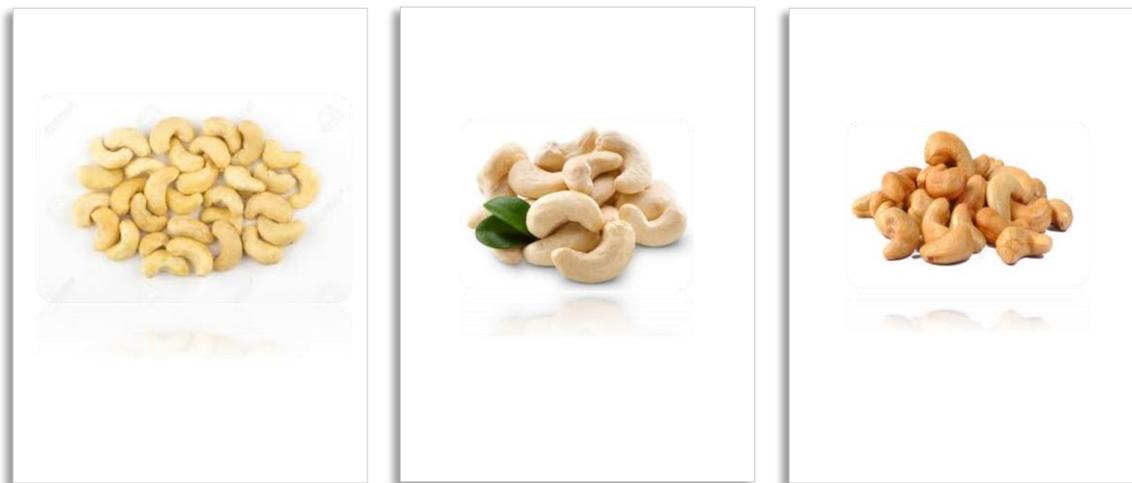


Product Focus

Shelled Cashew Nuts - HS Code 08013200



Cashew nuts are the kidney-shaped seeds that adhere to the bottom of the cashew apple, the fruit of the cashew tree (*Anacardium occidentale*). The nut itself is protected by a very strong shell, which needs to be roasted/steamed before it can be shelled. The edible part is the cashew nut kernel that is obtained after shelling. The kernel represents only around 20% of the whole cashew nut in weight.

Production of raw cashew nut kernels is different in many production regions. After removing the in-shell nuts from the cashew apple, processing typically includes the following five steps:

- Preparing the nuts for shelling (drying, sizing, cleaning, steam cooking or roasting)
- Shelling (with automatic, semi-automatic or manual machines)
- Peeling (drying shelled nuts, automatic or manual peeling)
- Grading (colour sorting, sizing, cleaning)
- Packing (weighing, vacuum sealing)

OPPORTUNITIES

The global import of cashew nuts increased by 20% in the period 2015 to 2019 from US\$3.5 billion to US\$4.2 billion. The table below highlights major importers regionally and internationally.

International Markets		Regional Markets	
✓ United States of America	✓ Belgium	✓ South Africa	✓ Angola
✓ Germany	✓ Japan	✓ Egypt	✓ Botswana
✓ Netherlands	✓ Viet Nam	✓ Morocco	
✓ United Kingdom	✓ China	✓ Algeria	
✓ United Arab Emirates	✓ Thailand	✓ Tunisia	
✓ Canada	✓ Spain	✓ Mauritius	
✓ France	✓ Italy	✓ Libya, State of	
✓ Australia	✓ Russia	✓ Seychelles	

Source: ITC Trademap and ExportPotentialMap

Europe is the largest importing region of cashew nuts in the world, accounting for around 43% of total global imports. European imports of cashew nuts increased in volume by an average of 23% in the period 2015 - 2019. Virtually all imports from outside Europe come from developing countries.

Demand for cashew nuts in Europe is stable, but import quantities sometimes fluctuate due to variable production in the main supplying countries. Regular fluctuations in imports will continue to be influenced by the harvested crops and price situation rather than changes in demand. Although the demand for cashew nuts in the European market is quite stable, it is influenced by price fluctuations. The price of cashew nuts is higher compared to the majority of other nuts on the European market. A high price will impact consumer behaviour, as they will turn to other, cheaper nuts. The high price will influence the demand for cashews by companies that use them as an ingredient for nut mixes, breakfast mixes, etc. If cashews are expensive, they will reduce the share of cashew nuts in a mix and increase the shares of cheaper nuts.

MARKET ANALYSIS

According to UN COMTRADE - Trademap statistics, COMESA's exports of Cashew nuts to the world decreased by 41% over the past five years, US\$3 million in 2015 to US\$2 million in 2019. The major export markets for COMESA include USA, France, Canada, VietNam, Netherlands, Japan, Turkey and South Africa.

EXPORT POTENTIAL

In the past years COMESA countries who have been producing and exporting Cashew nuts include:

Country	Potential & Existing Export Markets
1. Kenya	<ul style="list-style-type: none"> ✓ United States of America ✓ Canada ✓ Netherlands ✓ Japan ✓ Turkey ✓ South Africa

		<ul style="list-style-type: none"> ✓ Uganda ✓ South Sudan
2.	Madagascar	<ul style="list-style-type: none"> ✓ France ✓ Viet Nam ✓ Korea, Republic of ✓ India

Source: ITC Trademap and ExportPotentialMap

TRENDS OFFERING MARKET OPPORTUNITIES

The increasing demand for healthy snacking combined with the need for stable and sustainable sourcing are the leading driving forces behind the growing consumer interest in cashew nuts. With an increase in interest in vegan diets, the consumption of salty nuts ('healthy snacking'), nut spreads (such as cashew nut butter) and the use of drinks produced from edible nuts (nut milk) is on the rise, because consumers must satisfy their protein needs and deal with lactose intolerances in the absence of animal proteins.

MARKET REQUIREMENTS

All foods, including cashew nuts must be safe. Imported products are no exception. Additives must be approved. Limits are placed on levels of harmful contaminants, such as pesticide residues and mycotoxins. It should also be clear from the labelling that nuts can cause allergies.

Contaminant control in cashew nuts

Most countries sets maximum levels for certain contaminants in food products. This regulation is frequently updated and, apart from the limits set for general foodstuffs, a number of specific limits apply to contaminants in particular products, including cashew nuts. The most common requirements regarding contaminants in cashew nuts relate to the presence of mycotoxins, pesticide residues, micro-organisms, and heavy metals.

Mycotoxins

The presence of mycotoxins (aflatoxins, in particular) is the main reason why nuts may be banned on the European market and other markets. The level of aflatoxin B1 in cashew nuts must not exceed 5 µg/kg and the total aflatoxin content (B1, B2, G1 and G2) must not exceed 10 µg/kg. However, the incidence of aflatoxins is lower in cashew nuts than in other nuts, such as groundnuts. Most, but not all, sources agree that aflatoxin is not an issue in cashew nut production. The main reason for this is that their shells contain cardol, which inhibits the development of aflatoxins

Pesticide Residues

The European Union has set maximum residue levels (MRLs) for pesticides found in and on food products. Products containing a higher concentration of pesticide residues than allowed are withdrawn from the European

market. However, it is fairly uncommon to encounter excessive levels of pesticide residues in the cashew nut trade. This is because the shell, in which residues may accumulate, is removed before the nuts are imported into Europe

Pesticide limits published for cashew nuts in 2019

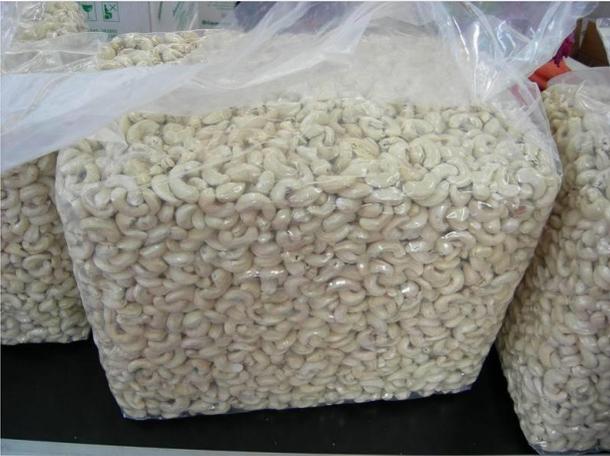
Pesticide name	Residue limit	Effective date
Fenpicoxamid	0.01 ppm	January 2019
Lambda-cyhalothrin	0.01 ppm	January 2019
Azoxystrobin	0.04 ppm	April 2019
Fenpyroximate	0.05 ppm	April 2019
Fosetyl-Al	500 ppm	April 2019
Diphenylamine	0.05 ppm	May 2019
Triflumizole	0.02 ppm	May 2019
Triflumuron	0.01 ppm	May 2019
Bispyribac	0.01 ppm	July 2019
Denatonium benzoate	0.01 ppm	July 2019
Fenpyrazamine	0.01 ppm	July 2019
Aclonifen	0.01 ppm	July 2019
Flurochloridone	0.01 ppm	July 2019
Quizalofop-P-ethyl	0.01 ppm	July 2019
Quizalofop-P-tefuryl	0.01 ppm	July 2019
Tebufenozide	0.01 ppm	July 2019
Propaquizafop	0.01 ppm	July 2019
Etofenprox	0.01 ppm	August 2019
Paclobutrazol	0.01 ppm	August 2019
Penconazole	0.01 ppm	August 2019
Bromadiolone	0.01 ppm	August 2019
Bromuconazole	0.01 ppm	August 2019
Pyridaben	0.01 ppm	August 2019
Fenbutatin oxide	0.02 ppm	August 2019
Buprofezin	0.01 ppm	August 2019
Diflubenzuron	0.01 ppm	August 2019
Ioxynil	0.01 ppm	August 2019

Source: CBI

Microbiological contaminants

The presence of very low levels of salmonella and E. coli in ready-to-eat or processed foods, including cashews, is an important cause of foodborne illness. Tree nut processors should consider salmonella and E. coli as major public health risks in their hazard analysis and critical control point (HACCP) plans.

Packaging of Cashew Nuts



Source: CBI

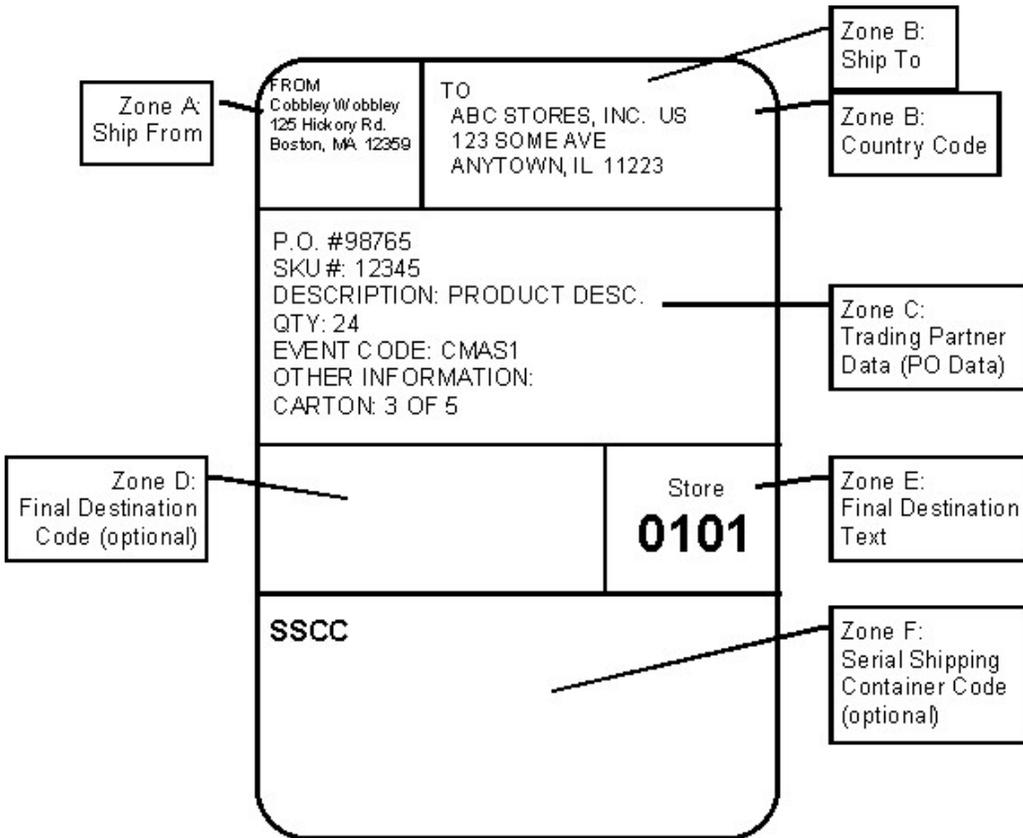
LABELLING

The name of the product must appear on the label and either “cashew nut kernels” or “cashew nuts”. Other trade names pertaining to form can be used in addition to “cashew nut kernels”. It is common for export package labelling to also include the crop year. Information about bulk packaging has to be indicated either on the packaging or in accompanying documents. Bulk package labelling must include the following information:

- Name of the product
- Lot identification number
- Name and address of the manufacturer, packer, distributor or importer
- Storage instructions — storage and transport instructions are very important due to the high oil content and sensitivity to high levels of moisture, which can negatively influence quality if not dealt with properly.

The lot identification number and the name and address of the manufacturer, packer, distributor or importer may be replaced by an identification mark.

Shipping label example



Source: CBI

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PRICING

The export price of cashew nut kernels has fluctuated considerably since 2012. Between 2012 and 2015, the price was stable. Between 2015 and 2017, prices rose sharply and subsequently declined in 2018 and 2019. In 2019, the average price for cashew kernels even fell below €8/kg. This is just the average price, as the prices vary depending on the type of product. For example, in 2019 the FOB price of Vietnamese W320 kernels was around €7.70/kg, while the price for splits and pieces was – unsurprisingly – significantly lower.

CERTIFICATION/STANDARDS

- The two most commonly used sustainability certification schemes are **Fair Trade** and **Rainforest Alliance**.
 - ✓ Fair Trade international has developed a specific standard for nuts intended for small-scale producer organisations. This standard defines protective measures for workers in cashew nut processing facilities. In addition, the standard defines the terms of payment and FairTrade Minimum Price for conventional and organic raw cashew nut kernels from Africa.
- Ethnic certification
 - ✓ The Islamic dietary laws (Halal) and the Jewish dietary laws (Kosher) impose specific dietary restriction. If you want to focus on Jewish or Islamic ethnic niche markets, you should consider implementing **Halal or Kosher certification** schemes.

Source: CBI

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