



CASHEWS ROUND TABLE



dubai

**INC XXXIX WORLD NUT
AND DRIED FRUIT CONGRESS**

MAY 11-13, 2022

PANEL

Chair:

- **Wim Schipper**, Director Tree Nuts, Intersnack Procurement, Netherlands

Panel:

- **Hari Nair**, President, Western India Cashews, India
- **Ümit Ergin**, Vice-President Cashews, ofi, Netherlands
- **Vu Thai Son**, General Director, Long Son, Vietnam
- **Dan Phipps**, President & CEO, Red River Foods, USA

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PROGRAM

1. Estimate World Cashew Production
2. Industry Challenges, and how to address
3. Consumption Trends
4. Megatrends and impacts for cashew
5. Sustainability
6. Recap



ESTIMATED WORLD CASHEW PRODUCTION

Raw Cashew Nut (RCN). Metric Tons

	2021/2022				2022/2023			
COUNTRY	BEG. STOCK	CROP	TOTAL SUPPLY	ENDING STOCK	BEG. STOCK	CROP	TOTAL SUPPLY	ENDING STOCK
INDIA	n/a	738,000	738,000	n/a	n/a	675,000	675,000	n/a
CAMBODIA (*)	n/a	300,000	300,000	n/a	n/a	550,000	550,000	n/a
VIETNAM	n/a	400,000	400,000	n/a	n/a	300,000	300,000	n/a
COTE D'IVOIRE	n/a	1,000,000	1,000,000	n/a	n/a	1,050,000	1,050,000	n/a
NIGERIA	n/a	240,000	240,000	n/a	n/a	275,000	275,000	n/a
GUINEA-BISSAU	n/a	180,000	180,000	n/a	n/a	225,000	225,000	n/a
BENIN	n/a	240,000	240,000	n/a	n/a	220,000	220,000	n/a
GHANA	n/a	180,000	180,000	n/a	n/a	180,000	180,000	n/a
BURKINA FASO	n/a	100,000	100,000	n/a	n/a	130,000	130,000	n/a
GUINEA CONAKRY	n/a	60,000	60,000	n/a	n/a	90,000	90,000	n/a
SENEGAL	n/a	35,000	35,000	n/a	n/a	50,000	50,000	n/a
TOGO	n/a	20,000	20,000	n/a	n/a	40,000	40,000	n/a
GAMBIA	n/a	15,000	15,000	n/a	n/a	20,000	20,000	n/a
MALI	n/a	7,000	7,000	n/a	n/a	10,000	10,000	n/a
Sub Total Western Africa	n/a	2,077,000	2,077,000	n/a	n/a	2,290,000	2,290,000	n/a
Sub Total Northern Hemisphere	n/a	3,515,000	3,515,000	n/a	n/a	3,815,000	3,815,000	n/a
TANZANIA	n/a	220,000	220,000	n/a	n/a	225,000	225,000	n/a
MOZAMBIQUE	n/a	65,000	65,000	n/a	n/a	85,000	85,000	n/a
KENYA	n/a	6,000	6,000	n/a	n/a	5,000	5,000	n/a
Sub Total Eastern Africa	n/a	291,000	291,000	n/a	n/a	315,000	315,000	n/a
BRAZIL	n/a	135,000	135,000	n/a	n/a	120,000	120,000	n/a
INDONESIA	n/a	115,000	115,000	n/a	n/a	120,000	120,000	n/a
Sub Total Southern Hemisphere	n/a	541,000	541,000	n/a	n/a	555,000	555,000	n/a
OTHERS	n/a	54,000	54,000	n/a	n/a	55,000	55,000	n/a
WORLD TOTAL	n/a	4,110,000	4,110,000	n/a	n/a	4,425,000	4,425,000	n/a
WORLD CONSUMPTION (T. Supply - End. Stock)				4,110,000	4,425,000			

(*)2021/2022 Cambodia was underreported.

Actual crop app 600K MT

Industry Challenges, the possible impacts and how to address

1. Price inflation of almost all products in the consumer shopping basket Sea freight price explosion, increased transfer times and low service reliability
2. Lack of consistent, reliable and timely crop information
3. Government subsidies to develop cashew processing in Africa
4. Lack of parity between RCN and Kernel pricing
5. Cambodia as runner up RCN production country
6. Chinese demand
7. Lack of traceability / disconnected supply chain

Consumption trends: USA

- USA: 2nd largest consumer of cashews, 34% of the total global consumption (as of 2019)
- USA is the leading importer of cashews in the world
- Of the nearly 542 million pounds of shelled tree nuts imported during 2020, cashews accounted for 68%, up from 64% during each of the previous two years.
- USDA import data showed a 5% increase in total US cashew imports JAN-MAR 2022 over the same period in 2021.
- Cashews are increasingly finding their way into new and innovative products. Value-added cashew items and manufactured grades are the most popular dairy substitute in a growing number of vegan products including a large and impressive range of cheese, milk, butter, yogurt, ice cream and frozen novelties, and refrigerated desserts.
- Vegans, vegetarian, and flexitarian consumers continue to prioritize nuts for the protein content and as a good source of fats.
- Per capita consumption of cashews in the US increased from 0.46 kg in 2018 to 0.48 kg in 2019 to 0.53kg per person in 2021 (source- INC).
- The pandemic effect was delayed, seeing impacts now

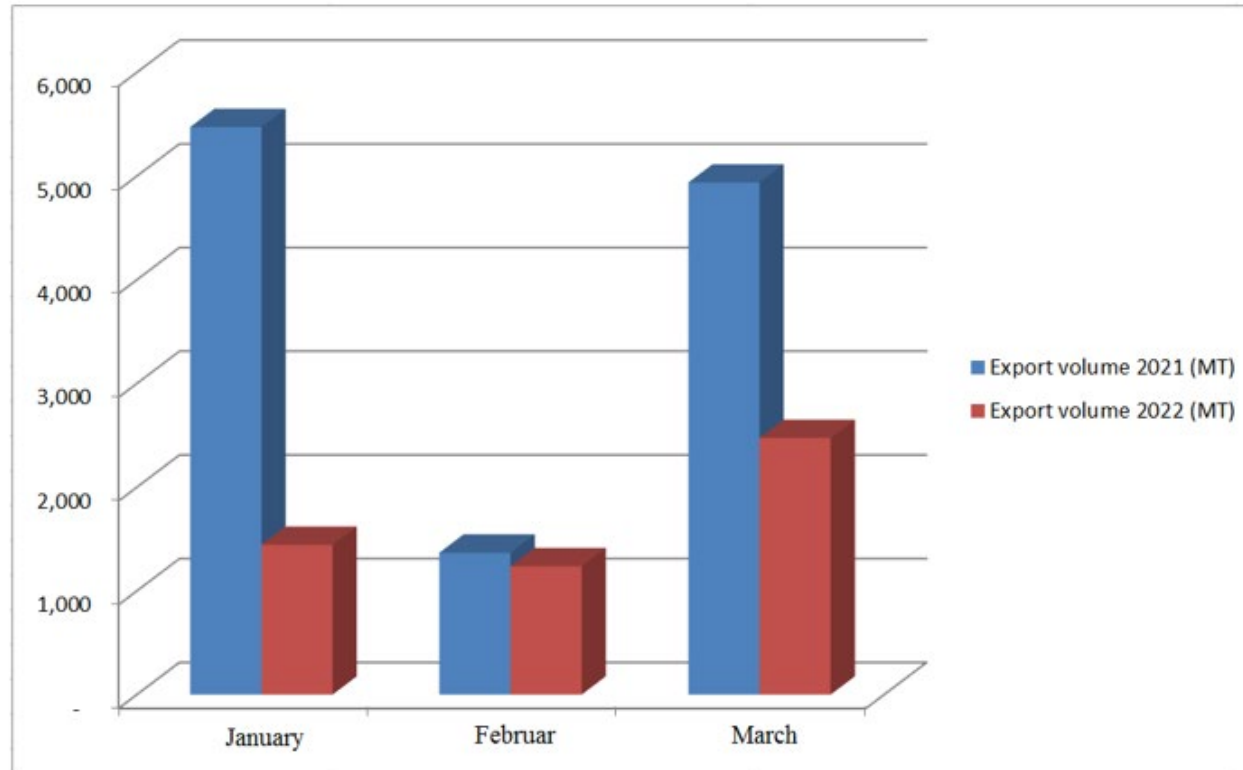
Consumption trends: USA

- Cashews dollar sales in the Total US market are down -3% over the last 13 weeks versus the same time period last year. Unit sales in the same 13 weeks are down -9%, indicating that increased retail prices are camouflaging the total decline in transactions. Volume is down -8%, less than the decline in units, as consumers have moved towards larger, value-sized and club packaging. Large sizes (over 17oz) have increased 3% in units while all other sizes are negative to LY.
- Cashews performing slightly worse than Snack Nuts & Seeds, at 2% below compared to total category.
- Consumers are becoming more price sensitive as Cashew prices last 13 weeks volume dropped -8% against 5% higher pricing.
- Increased costs for fuel (up 45% from one year ago) have resulted in a decline in discretionary purchases including snack foods. Consumer data shows that 12% of shoppers have stopped visiting the snack aisle on trips to the grocery store.
- Common industry sentiment → Cashew consumption will remain soft for the remainder of 2022, with slight growth in 2023 optimistically. Consumers will expect both lower prices while continuing to insist on farmworker and factory worker safety and responsible sourcing practices.

Consumption trends: India

- Addressed by Hari

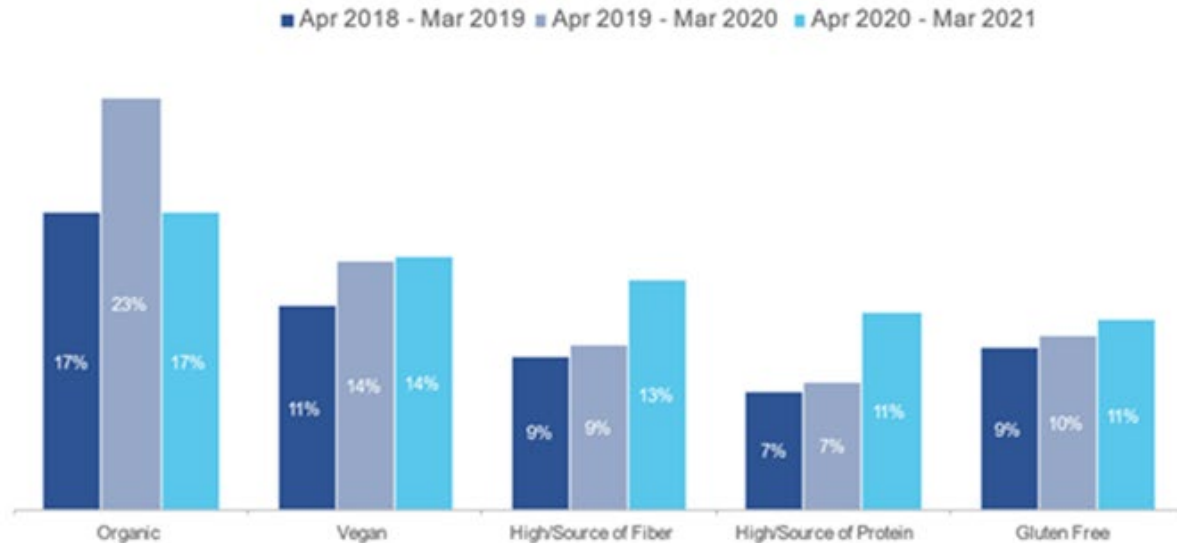
Consumption trends: Kernel exports from Vietnam to China



Consumptions trends: Positionings for Snack Nuts and Seeds in Europe

4 of the top 5 positionings are health claims

Figure 8 Top 5 positionings for Snack Nuts & Seeds in Europe



Apart from the top 5 positionings, other claims growing in popularity during Apr 20 to Mar 21 are **no additives/preservatives, GMC free, natural, indulgent and premium, low/no/reduced sodium and lactose free**

Source: Innova Database

Consumptions trends: Positionings for Snack Nuts and Seeds in Europe

Organic is the top claim in France and Netherlands, while vegan ranks first in Germany and United Kingdom

What's trending across the top countries?

Apart from the top 5 positionings, other claims growing across the European countries are:

- **Germany:** low/no/reduced sodium, lactose free
- **France:** low/no/reduced sodium, no additives/preservatives, traditional
- **Spain:** low/no/reduced sodium, natural, indulgent and premium
- **United Kingdom:** omega-3, no additives/preservatives,
- **Netherlands:** GMO free, lactose free, no additives/preservatives

Figure 9| Top 5 positionings as % of Snack Nuts & Seeds launches per top country in Europe (Apr-2018-2021)

Region	Organic	Vegan	High/ Source of Fiber	High/ Source of Protein	Gluten Free
Germany	30%	33%	5%	7%	10%
France	43%	6%	13%	9%	3%
Spain	24%	6%	15%	5%	35%
United Kingdom	7%	35%	31%	30%	20%
Netherlands	13%	9%	7%	6%	10%

Percentages may be greater than 100% due to multiple positionings per product

Source: Innova Database

provided to umit.ergin@ofi.com on 4/29/2022 3:38:19 PM (CET)

Megatrends and opportunities and risks for cashew



Source: Innova Market Insights

Sustainability

1. What is the definition of sustainability?
2. The importance of sustainability in the various markets?
3. Processors based in Africa claim their product is more sustainable with a view to a smaller carbon footprint
4. Recently launched initiatives like ETI Norway and the Sustainable Nut Initiative
5. Is the cost of sustainability covered?
6. The challenges in the cashew industry are systemic. It is often said that “sector transformation” is needed. Do you agree, and in what form?

Recap

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THANK YOU FOR LISTENING

Any questions?

