

Global demand for cashews is booming. How Ghana can take advantage to create jobs

The [global cashew industry](#) has grown rapidly over the last decade, driven by increasing consumption of cashew nuts around the world. And the market for raw cashews is [forecast](#) to continue growing at an annual rate of 4.27% between 2020 and 2025. It is expected to reach almost US\$7 billion by 2025.

By James Bofo and Kristen Lyons ^{21 Sep 2021}



Source: TanteTati via [Pxabay](#)

The growing demand for cashew nuts around the world, particularly in developed and emerging economies is driven by a number of factors. They include recognition of their [health and nutritional benefits](#) and the growth in plant based diets. Cashew nuts are also considered a substitute for [dairy products](#) and they represent a popular [savory snack](#). They are also a substitute for the ever popular [peanut butter](#).

[African countries](#) are at the forefront in responding to this growing demand. They have increased production

Demonstrating this, the African continent now [accounts for over 50% of raw cashew nut](#). [About 90%](#) of all Africa's production is exported, mainly to Vietnam and India. These two countries account for 98% of the world's raw cashew nut imports. Vietnam and India deshell and process cashews before re-exporting them to the US, Europe, the Middle East, China and Australia, where they are in turn roasted, salted and packaged prior to consumption.

The low rates of cashew nut processing in Africa's cashew producing nations is driven by a number of factors. These include limited infrastructure and local processors. But a number of African governments have recently put in place policies and measures to address these shortfalls. There are still gaps though. Research is needed to understand better the structural challenges that constrain local processors.

Ghana is among Africa's major producers of cashew nuts. Ghana currently produces around [85,000 metric tonnes](#) of raw cashew nuts each year, which accounts for about one percent of the world's total production. Of this, over 90% is exported to India and Vietnam by Asian exporters and processors.

Cashew production in Ghana dates back to the [1960s](#), with production for export markets expanding significantly in the last decade.

Our [research](#) focused on the Brong Ahafo Region – now Bono East, Bono and the Ahafo regions. Here we sought to better understand dynamics and issues associated with Ghana's growing cashew nut sector, including the particular challenges facing local processors.

Local processors face many challenges

Ghana has 14 cashew processing plants, with a total annual capacity of [65,000](#) metric tonnes of raw cashews. While 10 of these plants are active, they process less than 10% of total annual cashew production. The remaining processing plants have either ceased operation, or have completely shut down.

There are a number of challenges that hinder local processing of cashew nuts in Ghana. Key amongst these is a lack of capital to maintain operations, alongside the inability of local processors to access raw cashew nuts from farmers - the latter of which is exacerbated by poor transport infrastructure. Although local processors are able to access loan and credit facilities from commercial banks, high interest rates leave this an unviable option, especially for small domestic operators.

Shortfalls in capital also limit the ability of local processors to purchase raw cashew nuts from farmers. Local processors also face intense competition from foreign processors and exporters – most notably from Asia – who drive up cashew nut prices. While Asian processors and exporters are able to afford high farmgate prices due to their access to preferential [interest rates](#) in their home countries, local processors are unable to compete, leaving them simply unable to afford to purchase raw cashew nuts.

Cashew farmers also demonstrate a preference for selling their nuts to Asian processors and exporters who pay them immediately in cash. Local processors, in contrast, often purchase cashew nuts on credit.

These conditions leave Ghana off the field, thereby missing out on the significant opportunities for jobs and revenue generation via the booming global cashew industry. Recent estimates indicate this loss at about [\\$100 million](#) each year. This loss is primarily tied to Ghana's inability to process - and thereby add value to its raw cashew nuts.

The way forward: Ghana should learn from other countries

Governments in key cashew producing countries across Africa are increasingly rolling out strategies to increase both the production and processing of raw cashew nuts. For example, in Cote d'Ivoire, the largest exporter of raw cashew nuts in the world, an [export tax of FCFA 30 per kg](#) of raw cashew nuts has recently been introduced. Revenue from this tax is then used to subsidise and support local processors. This has incentivised local processing, making Côte d'Ivoire, Ghana's neighbour, [the largest cashew processor in Africa](#), with a capacity of 70,000 metric tonnes annually.

Similarly, Mozambique and Tanzania have [adopted a range of measures](#) to protect and incentivise local cashew processors. These include granting local processors preferential access to raw cashew nuts. It also

includes imposing export duties on raw cashew nuts. Meanwhile, since 2009 Kenya has introduced a [ban on the export of raw cashew nuts](#), a strategy which has increased local processing from [30% in 2009 to 80% in 2012](#).

The Ghana Export Promotion Authority is currently working with Cashew Industry Association of Ghana to increase local processing. This collaboration may benefit by drawing from the experiences of other African countries, including to guide a national cashew processing strategy.

Importantly, local processors must be protected against Asian competitors who come to Ghana to buy cashew nuts during cashew harvesting season. They also need tax incentives, affordable credit facilities and modern technology to thrive.

With appropriate support, Ghana may be able to take advantage of the growing demand and consumption of cashew nuts in the developed and emerging economies, with outcomes that will generate jobs and revenue.

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