

Research on Benin Cashew Nut Exportation Trade

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Abstract: *Cashew production in Africa accounts for 30% of the world's total production, of which only 10% is processed. In this regard, African farmers are actively organizing with the support of relevant international institutions to develop cashew processing industry, with a view to increasing income and promoting agricultural diversification. According to WTO statistics, almond, walnut and cashew are the top three in the world nut trade. As early as the 1970s, cashew production in Africa once dominated the world (70%), but by the beginning of this century it had dropped to 30%. The reason is the emergence of India and the Republic of Benin, in which the output and processing volume of Cashew in India are ranked first in the world. Driven by this situation, cashew cultivation in Africa has experienced many years of crisis and finally recovered in an all-round way, especially in the Republic of Benin, Kenya and Tanzania.*

Keywords: cashew, cashew nut, exportation, trade

1. Introduction

Cashew production in Africa accounts for 30% of the world's total production, of which only 10% is processed. In this regard, African farmers are actively organizing with the support of relevant international institutions to develop cashew processing industry, with a view to increasing income and promoting agricultural diversification. According to WTO statistics, almond, walnut and cashew are the top three in the world nut trade. As early as the 1970s, cashew production in Africa once dominated the world (70%), but by the beginning of this century it had dropped to 30%. The reason is the emergence of India and the Republic of Benin, in which the output and processing volume of Cashew in India are ranked first in the world. Driven by this situation, cashew cultivation in Africa has experienced many years of crisis and finally recovered in an all-round way, especially in the Republic of Benin, Kenya and Tanzania.

Cashew concept and cashew trade in the Republic of Benin

- 1) The cashew nut is always sold shelled, because of the corrosive oil contained between its two shells. It is usually roasted in oil, then added with salt or not. It is one of the nuts and oleaginous fruits (often called wrongly "nuts") the least rich in lipids. In addition to having a content of vitamins and minerals of the most interesting, it contains active ingredients that confer health benefits. The cashew or mahogany grows in cashew, a tree native to tropical America and it is always sold shelled. It is the most widely grown shelled fruit in the world. Its cultivation has spread to many countries and has become a staple of cooking, especially in India.
- 2) Cashew trade in the Republic of Benin: Benin, the world's fifth largest cashew fruit producer, has been actively adjusting its policies since the beginning of 2000, vigorously developing cashew processing industry, with remarkable results. The annual cashew export revenue has increased by 15 billion to 20 billion West African francs, about 20 to 30 million euros. The interests of producers have been effectively protected, and the enthusiasm for Cashew fruit planting and

processing has been even higher. At the same time, local producers continue to develop ecological cashew varieties, enhance environmental awareness, and make the market price of cashew higher. In 2018, the export amount of cashew nuts from the Republic of Benin was US \$220 million.

Unit: h m², ten thousand t

Table 1: Cashew production in the Republic of Benin

| Year | Area | Production |
|------|-------|------------|
| 2015 | 43700 | 46 |
| 2016 | 42670 | 45 |
| 2017 | 41000 | 48 |
| 2018 | 56000 | 52 |

Source: Ministry of statistics of the Republic of Benin

Main market for cashew export. At present, cashew nuts of the Republic of Benin have been exported to 20 countries and regions. Southeast Asia, the European Union and China are the main export markets, accounting for 35%, 25% and 20% of the total cashew nuts exports respectively. In 2009, the export of cashew nuts from the Republic of Benin achieved a substantial growth in the Asian market. At the same time, the use of cashew nuts to produce solid alcohol and food products is also increasing significantly. According to the data of the information and Statistics Center of the Ministry of agriculture and rural development of the Republic of Benin, in 2018, the export of cashew nuts in the Republic of Benin was about 30000 tons, with the export volume of US \$230 million, up 11% and 31.9% respectively year-on-year. The average export price is 6600 USD / T, up 27% year on year. This is the first time that the export of cashew nuts in the Republic of Benin has exceeded the \$200 million mark.

2. SOWT analysis of cashew trade in the Republic of Benin

SWOT is a kind of strategic analysis method. Through the comprehensive evaluation and analysis of the strengths,

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weaknesses, opportunities and threats of the analyzed object, we can draw a conclusion. Through the organic combination of internal resources and external environment, we can clearly determine the strengths and weaknesses of the analyzed object's resources, understand the opportunities and challenges facing the object, and then adjust the methods and resources at the strategic and tactical levels in order to guarantee the implementation of the analyzed object to achieve the goal to be achieved. Taking the cashew trade in the Republic of Benin as the research status, the advantages, disadvantages, opportunities and threats of Cashew in the Republic of Benin were put forward.

2.1 Advantages

- a) *Cashew processing and processing advantages:* 96% of Cashew in the Republic of Benin is exported, while domestic sales only account for 4%. At present, there are nearly 60 cashew processing and export enterprises. In addition to domestic cashew raw materials, cashew departments have to import some raw materials in recent years, which are processed into cashew nuts and then exported to overseas markets. Cashew processing and processing industry need the combination of manual and mechanical, a very important part of processing is to separate the shell of cashew, which should be done by hand, very carefully. Since it does not need a lot of capital to invest in the shell factory of separated cashew nuts, which is about one million West African francs, it is easy to attract investment, and cashew processing and processing industry develops rapidly. In 2000, there were only 20 cashew processing plants in the Republic of Benin, and now there are 60 cashew processing plants by 2018. In 2018, with the help of cashew Association of the Republic of Benin, the machine for separating cashew shells has been successfully produced, with a hygiene rate of 87% and a fruit breaking rate of 16% - 17%.
- b) *Policy advantages:* At present, the Republic of Benin has introduced a series of policies to promote cashew cultivation, including providing seed subsidies to growers in the country, and planting subsidies according to the area greatly promote the enthusiasm of farmers in cashew production. The cashew output of the Republic of Benin has exceeded that of Kenya and Tanzania, ranking first in the world.

2.2 Disadvantages

Cashew production and export enterprises are generally small in scale. Most cashew processing enterprises in the Republic of Benin are not large in scale. Only five of them have obtained licenses on quality and management, meeting the ISO standard. Moreover, many traders press the interests of growers severely. Growers have a relatively small voice in exporting cashew nuts, and many of them are also small in scale. Export goods are all exported in patchwork positions. It is difficult for scattered trade to occupy an advantage in African export market. Due to the lack of pricing power, the overall export trade profit is not high.

2.3 Opportunity

The demand of cashew fruit in the international market is increasing, and the supply of cashew fruit in the international market is in short supply. Especially in the recent year, Indian cashew production has declined due to continuous storms and heavy rains. The total supply in the international market is expected to decline by 25%, only 500000 tons. Before Brazil cashew nuts were shipped to the market, only India was the main supplier of cashew nuts in the international market. Cashew nuts were in short supply and the price rose. Cashew nuts Market from several African countries became an important source of import for international cashew trade. Beninese government has realized to strengthen the quality control of cashew products, and Beninese cashew has become one of the famous export brands of African cashew.

2.4 Threats

- a) Cashew exporting enterprises lack the sense of integrity. When the price of cashew is bullish, they resell the cashew products produced to other importers in order to obtain more profits, and then purchase cheap raw materials for production by delaying the delivery time to fulfill the original contract. When the price of cashew raw materials continues to rise, enterprises choose to default due to high production costs, which has caused some adverse effects in African and Southeast Asian markets. There are also export and trade enterprises in Benin that paste damaged cashew nuts with glue. When foreign importers find out this situation, they refuse to receive goods, resulting in a large number of goods staying in the port, causing huge losses.
- b) The complicated customs formalities of the Republic of Benin is also one of the difficulties encountered by enterprises of the Republic of Benin in importing cashew raw materials or exporting cashew products. At present, the customs clearance procedures of the Republic of Benin are more complicated than those of the developing countries, which need to go through multiple stages. When the cashew nuts are inconsistent, additional certificates need to be submitted. In the process of doing business with other import enterprises, there are often enterprises of the Republic of Benin that delay the time of supply due to customs problems, leading foreign buyers to turn to suppliers from other countries. In particular, India, the biggest competitor of international cashew trade, has less restrictions on cashew export, which poses a great threat to Benin's cashew export trade.

3. Suggestions on improving the export trade advantage of Cashew in Benin

- 1) The government should improve the preferential mechanism to guarantee the cashew industry development, which plays an important role in helping the poor, increasing foreign exchange income and promoting employment in the Republic of Benin.

Therefore, the government should also establish and improve various preferential and guarantee mechanisms to guarantee the development of cashew industry and increase the competitiveness of Cashew in the international market in the Republic of Benin. We will stabilize the land contract system and provide scientific and technological guidance to farmers. Cashew planting needs long-term capital investment. In order to encourage cashew farmers to increase investment and adopt new deep ploughing technology, the government should stabilize the agricultural land contracting and forest land leasing policies, and protect the enthusiasm of the contractors. The science and technology personnel of the farming center often meet with the farmers directly, convey and guide the planting knowledge to the farmers, guide the farmers to develop the planting habits that adapt to the weather conditions and local land environment according to the trend of intensive cultivation, and promote the improvement of the yield and quality of cashew raw materials.

- 2) Encourage financial institutions to provide financial support for Cashew industry development. The government can require all commercial banks to take supporting cashew production, processing, circulation and export as the focus of agricultural financial services, formulate targeted credit plans, increase the total amount of loan investment in cashew industry, and strive to meet the effective credit demand of cashew production, processing and export, especially to support cashew processing enterprises to purchase Cashew in domestic farmers' inventory in time. Simplify customs clearance procedures,
- 3) Provide: Convenience for cashew export. The complexity of customs clearance procedures will affect the cost of selling goods in foreign markets and have a direct impact on the selling price and selling time of export products. At present, the customs, quarantine, entry and exit procedures of the Republic of Benin belong to separate management. The same content often requires multiple declaration, which is time-consuming and laborious, and often affects the sales opportunity of products. For example, Circular No. 13 issued by the Ministry of agriculture and rural development of the Republic of Benin on March 16, 2011 stipulates that some import and export commodities must adopt new inspection regulations, among which rough processing cashew nuts are included. In fact, rough cashew nut is only a kind of raw material for processing and exporting. At present, cashew nut association can only submit a document to the Ministry of agriculture and village development of Vietnam to request to postpone the adoption of new regulations for imported rough cashew nuts, and at the same time request to withdraw the commodity from the scope of food safety inspection. The government of the Republic of Benin can learn from the practices of Japan and China. First, it adopts information network to realize the unification of customs clearance management. Second, it strengthens the cooperation and coordination of port law enforcement, especially for cashew nuts and other agricultural

products to promote customs inspection cooperation, strengthen law enforcement cooperation and mutual assistance, simplify customs clearance procedures and improve customs clearance efficiency.

4. Conclusion

The foreign trade sector of the Republic of Benin is facing unprecedented opportunities and challenges, among which cashew industry is one of the sectors with relatively high degree of foreign relations. Domestic cashew production and processing need accurate international market forecast. In order to avoid and deal with trade disputes and international trade frictions, a large number of economic and legal talents familiar with international practices and international markets are needed. It can be led by the government of the Republic of Benin and funded by cashew fruit association to send potential relevant talents to overseas training, establish a pool of high-level trade and legal talents, and serve cashew export enterprises.