

VIETRADE – Vietnam exported about 35,000 tons of cashew nuts, fetching US\$351 million in August. Total cashew export value topped 223,000 tons worth US\$2.2 billion in the first eight months, a drop of 1.1% in volume but a rise of 24.9% in value compared to the same period of last year.

A surge in export value was attributed to higher cashew price in global markets, according to the Ministry of Agriculture and Rural Development.

The product's average price in August was US\$9,865.4 per ton, up 27.2 per cent over August of last year, as well as a growth of 20.3 per cent over the whole 2016.

In terms of export markets, the United States, the Netherlands and China continued to top the three largest importers of Vietnam's cashew nuts, of which the United States accounted for 36.7% of total export value, following by the Netherlands with 15.6% and China with 11.7%.

The market saw the strongest export growth included Russia (up 67.1%), the Netherlands (up 44.9%), the United States (up 38.2%), Israel (up 30%), Britain (up 22.1%) and Thailand (up 17.9%).

Vietnam's cashew industry has expected to export 360,000 tons of cashew products with a total value of US\$3.3 billion by the end of 2017, up US\$200 million over last year.

The country shipped abroad 350,000 tons of cashew products worth US\$3.1 billion to 90 countries and territories last year, including US\$2.85 billion worth of cashew nut kernel and the rest was cashew nut shell liquid and other processed cashew nuts.

Since 2006, Vietnam has continuously been the largest cashew nut exporter in the world, accounting for 42% of global cashew nut trade value and 28% of processed cashew consumed worldwide.

India is still the world's largest cashew nut producer but ranked second only to export value as the majority of its products are consumed domestically.

Miss yearly target?

Although export prices remain high and tend to increase towards the end of the year, the domestic cashew industry still depends heavily on imported raw materials.

According to customs statistics as of August 15, Vietnam imported 994,364 tons of raw cashew nut for a turnover of more than US\$1.9 billion, up 54 per cent in volume and 98.2 per cent in value year-on-year.

In line with the growth in import volume, the average price of raw material has also increased substantially in recent months, touching US\$1,934 per ton, up 28.9% over the same period of last year (US\$1,500 per ton).

Vietnam is expected to import about 1.3 million tons of raw cashew nuts, up over 200,000 tons over 2016. Our major exporters are Cambodia, Indonesia and African countries, particularly Ivory Coast.

However, traders are worried that Vietnam may not reach this year's export target due to a shortage of raw materials for cashew export processing.

This concern has stemmed from the fact that our important source of material imports in

Cambodia and Africa are suffering serious droughts. Meanwhile, domestic production also decreased with total output for this year estimated at just 252,000 tons, down 52,000 tons from last year.

This has promoted domestic traders to increase stockpiles to serve the production plans for the whole year. Besides, Chinese businesses have also set up outsourcing operations in Vietnam which pushes up both import volume and prices.

Notably, prices of the low quality material sources will also increase, especially from October to December, which will affect average buying prices in the domestic market.

The Vietnam Cashew Association (Vinacas) has suggested domestic traders to take more initiative to secure raw materials. Businesses are encouraged to increase investment in processing technology and support farmers in intensive farming, as well as expand linkages among the State, businesses, scientists and farmers in order to create sustainable material areas in the country.