



The European Market for Organic Cashew Nuts

Summary of a market study

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The Objective of the study

The objective of the study was to analyse the European market for organic cashew nuts as an opportunity for a company in Tanzania. Any details on it or the traders, however, have been excluded from this summary by the editor.

Market size and characteristics

The conventional cashew market is strongly oversupplied, which has led to historically low prices (the lowest in the past 10 years). The world market for organic cashews was estimated at 2,000 tons of shelled cashew, with the USA being the main destination next to the EU. The European organic cashew market was assessed at 850 – 900 tons in 2001. This is equivalent to 1.4 - 1.5% of the European cashew nut market. Cashew traders expect that the organic cashew segment will continue to grow, at a pace of 15% for the coming years. Although the premium for organic cashew nuts has decreased, it is still significant at approximately 25% of the conventional price.

The market outlook

The general conditions in terms of quality, logistics, price and reliability are not very different for the organic and conventional segments. It is therefore quite feasible to target both markets at the same time. In the organic market, a very important additional condition is to establish a 100% reliable organic certification. The importance of this was underlined time and again by the traders interviewed during the study.

Risks identified

The study identified the following risks or threats related to organic exports (only external risks are published here):

- The balance of supply and demand may be affected negatively if the organic market growth slows down or supply increases too quickly. This risk is enhanced by the present conditions in the conventional market, which may stimulate farmers to convert their production to organic.
- The production of cashew from Tanzania may be affected if the present bearish market continues and farmers step out, or the Tanzanian government's intervention may pose difficulties on the (internal) cashew trade.
- It may be difficult to sell 100% of the organic cashews, because of an imbalance in the grades that the market requires. The organic market presently seems to demand a high proportion of broken nuts than wholes.