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Thông tin định kỳ

# HẠT ĐIỀU

PERIODIC INFORMATION ABOUT CASHEW INDUSTRY

**\*LƯU HÀNH NỘI BỘ/INTERNAL CIRCULATION\* HIỆP HỘI ĐIỀU VIỆT NAM/VINACAS\***



**REPRESENTATIVES OF VINACAS**

**ATTENDED AND SPOKE AT**

**Francophone Business Forum in Vietnam**



## PROGRESS IN THE CASE OF SOME COMPANIES THAT WERE SUSPECTED OF BEING SCAMMED WHILE EXPORTING GOODS TO ITALY **QUICK AND STRONG ACTIONS FROM VINACAS AND AGENCIES, ORGANIZATIONS, INDIVIDUALS**

### **1. At the beginning of March 2022,**

Leaders and VINACAS Office received the following information: Some enterprises in the industry were suspected of being scammed during the process of exporting cashew kernels to Italy. VINACAS requested enterprises to report the situation to collect further information.

### **2. On March 7, 2022,**

VINACAS held a meeting with the participation of allegedly scammed enterprises. Through their reports, understanding the seriousness and urgency of the situation, VINACAS decided to:

(1) Urgently report and propose to the Prime Minister and relevant ministries and sectors to help handle the case. However, in order to obtain full and accurate multi-dimensional information and clearly identify proper actions to address the allegedly fraud, it is necessary to organize meetings with banks and related shipping lines.

(2) Since the shipping containers began to arrive in Italy and will arrive in

March, it is urgent to prevent scammers from taking the goods out. Therefore, it is urgent to send a document to the Vietnamese Embassy and Trade Office in Italy asking for help. At the same time, said document should also be sent to the relevant ministries and branches for quick report of the situation.

(3) Convert the "Case Report" of the respective enterprises into a "S.O.S./ Urgent Call for Help", which VINACAS will enclose with its report/ proposal and submit to the Prime Minister and other sectors.

(4) Immediately inform press agencies and media to "get involved" in order to help handle the situation.

### **3. On the night of March 7,**

VINACAS sent the expedited Dispatch No. 19/2022/CV-HHD to the Embassy and Vietnam Trade Office in Italy asking for help (as well as a quick report to the ministries of: Foreign Affairs, Agriculture and Rural Development, Industry and Trade, Finance, Transport, State Bank)..

- VINACAS's president spoke by phone with Mr. Vu Ba Phu, Director of the Vietnam Trade Promotion Agency, the Ministry of Industry and Trade. Mr. Phu immediately created a group on Viber for VINACAS to connect and exchange directly with leaders of the Vietnam Trade Office in Italy, Turkey; leaders of relevant departments under the Ministry of Industry and Trade.

- VINACAS leaders immediately connected with The Vietnamese Trade Counselor in Italy Nguyen Duc Thanh to transfer the Document and exchange information so helped the Counselor obtain more official information and get an overview of the case from an organization representing Vietnamese cashew enterprises to work with the Italian side and shipping lines later.

- The Counselor said: There are reputable and knowledgeable lawyers who are currently helping an involved enterprise and willing to help other enterprises in this incident.

#### **4. On the 9th of March,**

VINACAS worked with banks, shipping lines and enterprises to address the incident. VINACAS requested confirmation from the related banks over the disappearance of original documents of 36 Containers so that VINACAS could accordingly report the incident to the Prime Minister and relevant ministries and sectors; at the

same time, shipping lines were asked to hold the consignments and not deliver them to anyone (including any holder of the original documents) unless certified by the Vietnamese shippers; guide involved enterprises necessary procedures to have their goods returned.

Immediately after working with banks and shipping lines, VINACAS holds a press conference to provide accurate and timely updates to newspapers, television, etc., requesting media agencies to intervene quickly to help solve the case

The Ministry of Industry and Trade sent the Diplomatic Note No. 156/AM to the Italian Embassy in Hanoi to inform the incident and propose to protect the legal rights of Vietnamese exporters. Leaders of European-American Market Department, the Ministry of Industry and Trade worked directly with the Trade Counselor, the Italian Embassy in Hanoi to request intervention and seek assistance for Vietnamese enterprises.

#### **5. On the 10th of March,**

The Embassy of Vietnam in Italy sent a diplomatic note to the Ministry of Foreign Affairs, Ministry of Finance, Ministry of Economic Development, port authorities, customs, financial police, regional chamber of commerce, DHL, banks ... to inform this major fraud case and coordinate support.

The Trade Office representatives and the Permanent Representative of Vietnam News Agency to Southern Italy to work with banks, DHL, military police, Napoli port ... to search for documents and investigate the cause behind the loss of documents into the hands of the scammers.

The Honorary Consul General of Vietnam in Naples along with the Vietnamese Embassy in Rome held meetings with the Italian authorities.

- After related banks issued official statement to confirm the loss of documents of 36 cashew containers, VINACAS took actions as follows:

- (1) Sent a report and proposal No. 23/2022/CV-HHD to the Prime Minister and relevant ministries

- (2) Sent dispatch No. 21/2022/CV-HHD to the related shipping lines with a request to:

- Apply "Emergency" level, temporarily retain all shipments that arrived at the port and will arrive at the port; do not release the goods to the recipient even if they can present the original bill of lading. Goods are only allowed to be released when they receive confirmation from the shipper.

- Give detailed instructions to the Owner on the procedure to have their goods returned.

- (3) Sent dispatch No. 22/2022/CV-HHD to the Italian Trade

Counselor in Hanoi to provide information on the case.

#### **6. On the 11st or March,**

The Trade Counselor in Italy said: There were individuals that came to pay fees in order to receive the goods. The Counselor worked with the Italian authorities: Authorities, police, the Port of Genoa, shipping lines and came to an agreement to retain the containers that have arrived at the port.

#### **7. On the 13th on March,**

After being contacted and requested by the Representative of Vietnam Trade Office in Houston (USA) and VINACAS leaders, Ms. Huynh Kim Hanh sent to the relevant agencies and VINACAS a "Report" of the incident.

#### **8. On the 14th of March,**

The Government Office sent Dispatch No. 1583/CD-VPCP conveying the prime minister's directives "Assigning the Ministers of Industry and Trade, Agriculture and Rural Development, Public Security, Transport and the Governor of the State Bank on the basis of their functions and tasks to urgently coordinate with the Vietnam Cashew Association and relevant agencies, units to examine and clarify the cause in order to take

appropriate measures under their competence to ensure the legitimate rights of people and enterprises, in accordance with domestic and international practice, promptly report to the Prime Minister the difficulties and obstacles beyond their competence.”

The Minister of Industry and Trade sent official letters to: Ministers of Economy and Finance, Ministry of Foreign Affairs and International Cooperation of the Republic of Italy; Italian Ambassador in Vietnam, Vietnamese Ambassador in Italy offered support to tackle difficulties, ensuring legitimate rights for Vietnamese enterprises.

#### **9. On the 15th of March,**

- VINACAS sent dispatch No. 24/2022/TM-HHD to the Ministry of Agriculture and Rural Development to "Report and propose the next direction of handling the case"

- Mr. Le Phu Cuong, Vietnam Trade Counselor in Turkey provided relevant information about the Bank in Turkey and the delivery of documents to Turkish banks. He informed to find a reputable lawyer who can help involved enterprises; forwarded this lawyer's email to VINACAS.

- Mr. Silvio Vecchione, Honorary Consul of Vietnam in Naples, Italy sent an email to VINACAS's president to inform the situation as well

as his actions to help Vietnamese enterprises.

#### **10. On the 16th of March,**

- Deputy Minister of Agriculture and Rural Development worked directly with VINACAS to hear reports and discuss measures to support enterprises.

- Department of Economic Security, Ministry of Public Security contacted VINACAS to exchange information, find measures to support enterprises.

#### **11. On the 17th of March,**

- Led by the Department of Import and Export of the Ministry of Industry and Trade, other relevant Departments and Vietnam Trade Office in Italy, Turkey and the US joined hands with VINACAS and enterprises to address the situation and discuss measures to handle the case.

- The Italian Embassy in Hanoi has issued a "Press Release" on "The incident of cashew nut containers exported to Italy"

- At the regular press conference, the Spokesperson of the Ministry of Foreign Affairs announced some information related to the incident; especially what the Ministry of Foreign Affairs and the Embassy of Vietnam in Italy have done to protect the legitimate rights and interests of Vietnamese enterprises.

- The Department of Maritime Affairs sent the dispatch express no. 768/CHHVN-VTDVHH to 4 shipping lines requesting guidance and assistance at the highest level for shippers to ensure legal and legitimate rights for Vietnamese sellers.

## **12. On the 18th of March,**

The Trade Counselor in Italy said: By the afternoon of March 17 (Italian time) the Italian Police had issued a decision to retain a total of 16 containers.

## **13. On the 19th of March,**

- The Ministry of Transport organized a meeting with VINACAS, enterprises and shipping lines to discuss measures to handle the case.

- Vietnam Trade Office in Italy sent report No. 26 /TV-IT on the situation of handling the case to the European-American Market Department. Accordingly, the Trade Office took strong and effective actions, along with the Italian authorities, lawyers, media agencies, shipping lines, Italian enterprises ... to support Vietnamese side.

## **14. On the 20th of March,**

At the meeting with VINACAS leaders, the enterprises agreed to assign

VINACAS as an organization to represent the legitimate rights and interests of Members, Vietnamese cashew enterprises will represent the group of enterprises that have been scammed to discuss, authorize and sign contracts with the Lawyer in Italy to conduct related legal work in the process of handling this case. VINACAS leaders immediately contacted the Lawyer to discuss; at the same time, asked the Trade Counselor in Italy to exchange information directly. However, the Lawyer said: "From a legal point of view, each company should agree to authorize and sign a contract directly with me. By doing so, the handling of legal issues will be faster and more effective, especially under current urgent situation." On March 25, 2022, the Lawyer sent an official document on the matter. VINACAS consulted and accepted at the request of the lawyer.

## **15. On the 20th and 21st of March, 2022**

Through VINACAS, 5 Enterprises sent documents to shipping lines and Vietnam Maritime Administration to request support for cashew containers. VINACAS compiled and transferred the documents to Vietnam Maritime Administration and shipping lines

Kim Hanh Viet sent an email to VINACAS, The Embassy of Vietnam in

Italy the records of 36 containers that lost documents

### 16. On the 22nd of March, 2022

Vietnam Maritime Administration held a meeting with VINACAS, enterprises and shipping lines.

The Italian Trade Office, along with TTXVN, arrived at the port of La Spezia (500km to the north of Rome) to work with the Financial Police and shipping lines with branch representatives in La Spezia, the Port Management Board, the Port Authority.

### 17. On the 23rd of March, 2022

The Ministry of Transport sent document No. 2765 to the Government Office to report on the situation and its plan to tackle difficulties for enterprises.

VINACAS sent Dispatch No. 28/2022/TM-HHD to the Vietnam Maritime Administration "Summary report on support plans from shipping lines for cashew enterprises"

Vietnam Trade Office in Italy sent report No. 28 /TV-IT to the

European-American Market Department to update the situation and the Trade Office's involments in support of enterprises.

### 18. On the 24th of March, 2022

The Ministry of Industry and Trade sent document No. 1493/BCT-XNK to the Prime Minister to report and propose actions to support enterprises.

The Vietnam Maritime Administration sent separate documents to each shipping line, requested the shipping lines with their best support to pay attention and immediately guide Vietnamese sellers to complete necessary procedures to guarantee their goods, helping Vietnam sellers minimize damage in this case.

### 19. March 29, 2022:

Police Department investigating crimes on corruption, economy, smuggling, Ministry of Public Security works directly with leaders of VINACAS.



**RECOGNITION, EVALUATION OF CASHEW MARKET**

**OF VINACAS INFORMATION COUNCIL**

**1 - RAW CASHEW MARKET**

Raw cashews are being transacted at the following prices (C&F HCM):

Origin	Outturn (Lb)	Nut count	Price (USD/mt)
IVC	48	200	1200 - 1230
Ghana	49	195	1200 - 1230
Ogbomosho	50	185	1220 - 1250

**2 - CASHEW KERNEL MARKET**

Transaction prices are recorded as follows (FOB HCM):

Types of processors	W180 (USD/Lb)	W210 (USD/Lb)	W240 (USD/Lb)	W320 (USD/Lb)	W450 (USD/Lb)	WS (USD/Lb)	LP (USD/Lb)
BRC & Smeta	3.70 - 3.80	3.35 - 3.40	2.85 - 2.90	2.80 - 2.90	2.60 - 2.70	2.15 - 2.20	1.90 - 2.00
BRC	3.65-3.70	3.30 - 3.35	2.80 - 2.85	2.70 - 2.80	2.55 - 2.60	2.10 - 2.15	1.85 - 1.90
HACCP	3.55 -3.60	3.20 - 3.25	2.75 - 2.80	2.60 - 2.65	2.50 - 2.55	2.05 - 2.10	1.80 - 1.85

The prices of factories with BRC and SMETA certification are sold to high-end markets such as Japan, China, Arab world, etc.





## 3 - EVALUATION, RECOMMENDATIONS

### *a. Raw cashew market*

The cashew crop in Vietnam and Cambodia is currently at its peak, whereas harvested cashews remain low in both quantity and quality. Both cashew growers and processors are betting/ hoping the second phase. that cashew trees will produce more fruits to compensate for the first batch. Prices of dried cashew range from \$1,350 for outturn 50-51 lbs and \$1,220 for outturn 46 lbs.

African raw cashews are offered at a high price and cannot be balanced with cashew kernel price. Currently, Indian processors are still able to buy at a good price so traders are focusing on this market. During the first week of March, the price has seen a slight drop but failed to gather Vietnamese buyers' interest.

### *b. Cashew kernel market*

The market remains weak with little transaction. Large buyers still have inventory available and if they want to buy they tend to favor a low price for forward deliveries, causing sellers to feel risky at the transaction. There is also little demand from buyers in the US and Europe.

The Chinese market is also relatively quiet, with tight controls from customs, very few successful cross-border

transactions. There is a low level of inventory in China, so it is necessary to make early purchase. However, domestic prices in China are still low, so buyers can hardly buy at good prices. The zero-covid strategy has caused congestion at the border crossing bordering Vietnam's northern border. Currently, the suspended operation of ports in Shenzhen also worsens congestion at the port.



### *c. Recommendation*

According to experts, the price of raw cashews has not decreased much for some basic reasons as follows:

- High demand and purchase prices in India
- Selling price at the farm gates of African countries is relatively high
- Traders need to buy cashews to implement contracts signed with buyers in Vietnam
- There is a need to ensure supply of raw cashews for the operation of processors in IVC, Nigeria, Ghana...

As raw cashew prices from Africa are still high, Vietnamese processors are trying to buy domestically and from Cambodia. However, it rains a lot during the harvest season; cashews are not harvested simultaneously and harvesting requires a lot of time. Productivity might change but will stay in the same range as previous years. In April and May, demand/ buying pressure for raw cashews is likely to drop, and prices are expected to fall in line with cashew kernel prices.

Cashew buyers seem to purchase only when needed and avoid large orders and forward delivery. This can be attributed to inflation, rising price of various essential items in the countries that consume cashews, so people prioritize spending on essential needs such as gasoline, gas, fish meat and food rather than consuming cashew nuts (high-end food).

On the other hand, cashew buyers are aware that the inventory of old-crop raw cashews and cashew kernel in Vietnam is still high, so buyers are pressure-free with information about the raw cashew season.

Everyone in the cashew industry understands that the raw cashew price (Conversion) is higher than the cashew kernel price, and processors fail to balance cashew production. This situation has lasted for several months because the supply of cashew kernel is higher than the demand in the market. This can be seen as a re-purge of the cashew industry, leading to a big change with processors in Vietnam. Currently, major processors in Vietnam are planning to reduce capacity to the lowest possible level. Some processors/exporters will have difficulty borrowing new loans from banks because production is assessed to be unprofitable; therefore, the banks are reluctant to lending to processors with weak financial capacity.

Despite suffering losses, processors are forced to accept low selling prices due to the unlikelihood of potential increase in selling price for prompt delivery. Some processors take out loans from banks, they will have to continue exporting to maintain loans with banks and repay loans due. Some processors need to maintain production in order to get jobs for workers. In case production is halted, they still have to pay 70% of the workers' wages. For some processors that do not depend on the loans with the bank and have no pressure to maintain the work for workers, they choose

to temporarily close the factory and wait until the cashew price and the raw cashew price can be balanced.

The ongoing Ukraine-Russia conflict has caused a significant impact on the global supply chain in general and the cashew industry in particular. Some shipments to Russia were diverted to other ports, either get in waiting line or transfer routes. Most major courier companies such as DHL, UPS, FEDEX have stopped courier services from Vietnam to Russia, so Vietnamese sellers cannot send documents to buyers in Russia and have to send them to other countries nearby. Shipping freight are rising rapidly along with escalating oil prices. It is likely

that European/U.S. demand will be less than last year due to these impacts when end consumers/supermarkets are unwilling to pay at high costs and/or they have to cut spending.

Amid current difficulties and fluctuations, enterprises should seriously assess trading situation in the market to balance their purchase of raw materials; Don't get mixed up with the following information: Crop loss, shortage of raw materials, there are companies that are collecting all the raw materials ...; closely monitor customers' purchasing needs to make appropriate decisions for their businesses.



## INFORMATION FROM THE FOREIGN PRESS



### 1. THE INTERNATIONAL RAW CASHEW MARKET

#### IVC

Over 320,000 tons of raw cashews have been harvested and put on the market. About over 100,000 tons have been exported abroad, mainly to Vietnam and India; more than 40,000 ton were bought in by local processors

The unexpected small second crop in Ivory Coast is causing anxiety for many people.

#### Nigeria

2022 crop is likely to be around 200,000 tons. The quality is down by 1-2 lbs when compared to last year.

#### Ghana

Ghana's cashew season so far has been very good. The first crop with about 120,000 RCN was exported, mainly to India and a few to Vietnam. The second crop has started, the quality is still as good as the first one.

*VINACAS office gathered from foreign newspapers*



## ACTIVITIES OF VINACAS

# REPRESENTATIVES OF VINACAS ATTENDED AND SPOKE AT Francophone Business Forum in Vietnam

On March 22, in Ho Chi Minh City, the opening ceremony of the "Francophone Business Forum" was held with the participation of hundreds of businesses from member countries of the International Francophone Organization (OIF). This is among various activities of the Delegation to promote economic, trade and francophone investment cooperation in Vietnam led by Ms. Louise MUSHIKIWABO, Secretary-General of Francophone.



Mr. Bach Khanh Nhut, Standing Vice President on behalf of The Vietnam Cashew Association (VINACAS) attended and spoke at the Forum.

Regarding the prospects for cooperation between Vietnam's cashew industry and countries in the Francophone community, Mr. Nhut said:

In Africa people are trying to develop the cashew kernel processing industry, but Vietnam is still a "Processing Hub" that consumes most of the raw cashews from here. We have a lot of work to do to build a fair and sustainable trade environment for relevant parties to win and develop together.

One of the strategic orientations of Vietnam's cashew industry in the coming years is to develop intensive processing, enhancing its position in the global cashew value chain.

Vietnam's cashew industry is in need of modern and advanced processing equipment and technologies to produce diverse products, meeting higher requirements of global consumers, especially Europe, North America. We sincerely need the cooperation and sharing of partners in our Community such as France, Belgium, Canada...

We are also looking forward to having prestigious partners in our Francophone Community to bring our intensively processed products into Europe, North America and the world. There is a lot of potential and opportunities for businesses, organizations and individuals in the Francophone community to cooperate

with VINACAS, with the Vietnamese cashew industry to jointly develop, contributing to the development of each country and our Community.

VINACAS is willing to cooperate or serve as a bridge for individuals and organizations who want to do serious business with Vietnam cashew industry.

We look forward to the Francophone community, the governments of countries in the Francophone Community to pay attention and support; have appropriate and open policies for businesses, organizations and individuals in the cashew industry to operate in a safe, disciplined and healthy environment..



# VINACAS ASSISTED EXPORTERS IN RESOLVING ISSUES IN A SINGLE DAY

*Source: Vietnam Agriculture News*

**Less than 24 hours after T.A Company sent a notice to the SPS Vietnam Office, a batch of cashew nuts of the company was cleared at Tianjin port, China after nearly 2 months being blocked at the port**

T.A Company submitted a full set of documents to apply for business registration to export to China from December 2021, and was granted a license accordingly. Its products fully meet the requirements regulated in the Official Letter No. 175/BVTV-ATTP dated January 20, 2022 of the Plant Protection Department on guiding enterprises that produce food of plant origin to register their rights to export to China. The shipment arrived at Tianjin Port on January 25, 2022. However, because the company's English name is missing an "s", the customer couldn't pick up this container.

The company actively contacted a few competent authorities in Vietnam, but could not completely tackle the problem, even though the mistake was just a spelling error - missing an "s".

Upon receiving the information, the representative of VINACAS instructed the company to send a document to SPS Vietnam Office asking for help; at the same time directly discussed with leaders of SPS Vietnam Office to support the company.

As soon as receiving the company's proposal and exchanging

information with VINACAS representative (March 18, 2022), the Vietnam SPS Office and the Chinese Embassy in Vietnam, the General Administration of Customs China worked closely with each other two days in a row (March 18 and 19).

Thanks to the timely and synchronous participation of involved parties, Tianjin Customs allowed T.A Company's customers to receive the goods in the morning of March 19.

## **Completely avoid mistakes**

China is Vietnam's third largest cashew export market, accounting for about 15% of the market share. From January 1, 2022, Decree 248 and Decree 249 have been applied for exporting enterprises, so domestic companies are still unfamiliar with new regulations, according to Mr. Dang Hoang Giang, General Secretary of VINACAS.

Enterprises that export cashews to China are divided into two groups according to Mr. Giang. One group consists of enterprises that submitted

required documents before October 31, 2021 – these enterprises run their export activities smoothly and received the code from the beginning of 2022. The other group consists of enterprises that submitted required documents from November 1 to December 31, 2021 - this group received the codes in the first quarter of 2022 and had a few problems here and there.

The case of company T.A falls into the second group, and is deemed as an "unnecessary" error.

"We acknowledge and appreciate the help of the SPS Vietnam Office, the Chinese Embassy in Vietnam and the General Administration of Customs China. This is the result of synchronous and effective cooperation among the parties", Mr. Giang emphasized.

As for Vietnam SPS Office, the Secretary General of Vinacas proposed

to strengthen support, advice, as well as propagate and disseminate new provisions of the SPS Agreements from WTO members in general, and Decree 248, Decree 249 in particular.

Having assessed that "issues reported the SPS Vietnam Office are handled immediately", Mr. Giang considers the organization to be the focal point of information, assisting the Ministry of Agriculture and Rural Development and enterprises in their export activities.

As for the Association, VINACAS is committed to transferring information from competent authorities to each member widely. The association also expressed its hope that the SPS Vietnam Office will coordinate to organize many conferences to guide enterprises to adapt to the increasing requirements of the global market.







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**Dear Members and Enterprises of the cashew industry,**

From March 2021, following the direction of the leaders of the Vietnam Cashew Association, Periodic information "HẠT ĐIỀU" of VINACAS innovates the form and content to provide timely and accurately domestic and foreign market information and recommendations for members and enterprises in the industry. Enterprises synthesize other sources of information and base on their specific conditions to make decisions in production and business with the best efficiency.

In order to have a lot of reliable market information to provide members, enterprises will need many costs, while the budget of VINACAS is still limited; The Editorial Board of the Periodic information "Hạt Điều" is looking forward to receiving many comments and sponsorship to both introduce the products and the strength of their activities on the Newsletter and contribute to improving the quality of the Newsletter for more and more better respond to the needs of enterprises in the industry.

Very pleased to cooperate and accompany our Members and enterprises. Sincerely thank you !

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*"Talk about cashew, think about Vietnam"*