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In reply please quote Ref. No. CBT/M/1/VOL.XXX/25 Date: 17.10.2016

TO ALL RAW CASHEWNUT BUYERS 2016/2017 CROP SEASON

REF: CIRCULAR NO. 1 TO RAW CASHEWNUT BUYERS 2016/2017 CROP SEASON REGARDING BID SECURITY

The Cashewnutt Board of Tanzania would like to inform our esteemed Buyers that raw cashewnuts sales auctions have just begun on 14th and 15th October 2016 from Mtwarara and Lindi Regions respectively. During implementation of Bid Security Clause in Sales Guidelines for 2016/2017 season, we have noted some challenges on part of buyers that needed serious attention. It has been observed that submission of 25% of Bid Security in form of Banker’s Cheques or Banker’s Guarantees of the total Buying Price of the raw cashewnuts intended to be bought from the auction, the buyers could not effectively comply due to complexities in processing the same from the respective banks before the auctions.

Due to this predicament, the Cashewnutt Board of Tanzania has reviewed the Bid Security arrangement that aims at creating a good business environment to benefit both Sellers (Farmers) and Buyers. The new arrangement for Bid Security in this 2016/2017 crop season therefore, will be as described below:-

(1) Each buyer will now be required to submit Bid Security (in cash deposits or Banker’s Guarantee) in favor of the Cashewnutt Board of Tanzania. The amount of Bid Security to submit may fall under the following categories:-

<table>
<thead>
<tr>
<th>No.</th>
<th>Bid for a Week for all Unions (MT)</th>
<th>Amount of Bid Security in favor of Cashewnutt Board of Tanzania (Tshs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>50MT to 500MT</td>
<td>Tshs. 50,000,000/=</td>
</tr>
<tr>
<td>2.</td>
<td>501MT to 1,000MT</td>
<td>Tshs. 100,000,000/=</td>
</tr>
<tr>
<td>3.</td>
<td>1,001 MT and Above</td>
<td>Tshs. 300,000,000/=</td>
</tr>
</tbody>
</table>

*All correspondences should be addressed to the Board and not to individuals*
(2) A buyer who submits Bid Security will in turn get a receipt plus acknowledgement letter from the Cashewnut Board of Tanzania.

(3) Each buyer with Bid Security will be allowed to participate auctions in a week from all Cooperative Unions until he/she defaults.

(4) Each buyer shall submit his bid letter along with copy of his/her Bid Security.

(5) The Bid Security shall then remain with the Cashewnut Board of Tanzania till the end of the purchase by a particular buyer and will be given back if he/she has never defaulted, unless the buyer wishes to use the amount so deposited as part of payments to the particular auction.

(6) Each buyer with Bid Security will be required to pay full amount (100%) of his/her invoice value within 6 days from the date of auction, which means Bid Security will not necessarily form part of advance payment for the won bids.

(7) In case of delay of payments without concrete reason as to be observed by the Board, the Bid Security shall be forfeited in favour of the affected farmers. Other legal actions may be taken in accordance with the Cashewnut Industry Act No. 18 of 2009 and its Regulations of 2010 to the defaulters.

Kindly be obliged.

Sincerely yours,

CASHEWNUT BOARD OF TANZANIA

Mlaume M. Juma
DIRECTOR GENERAL

Cc:
- Regional Administrative Secretaries for Mtwara, Lindi, Pwani, Ruvuma, and Tanga
- General Managers for TANECU, MAMCU, TAMCU, CORECU, RUNALI, and Lindi Mwambo
- District Commissioners and District Executive Directors for Mtwara, Lindi, Ruvuma, Pwani, and Tanga

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