

COPAL COCOA *Info*

A Weekly Newsletter of Cocoa Producers' Alliance



Issue No. 371

18th – 22nd January 2010

Cocoa Producers' Alliance



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Do your health a favour, drink Cocoa everyday
'It's nature's miracle food'

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ICCO Daily Cocoa Prices

	ICCO daily price (SDR/tonne)	ICCO daily price (\$US/tonne)	London futures (£/tonne)	New York futures (\$US/tonne)
18 Jan.	2,279.01	3,582.63	2,282.33	3,443.00
19 Jan.	2,311.94	3,625.82	2,312.33	3,471.67
20 Jan.	2,300.82	3,592.61	2,301.33	3,442.33
21 Jan.	2,317.66	3,603.98	2,323.67	3,447.33
22 Jan.	2,304.47	3,597.12	2,334.33	3,436.67
Average	2,302.78	3,600.43	2,310.80	3,448.20

International Financial Futures and Options Exchange (LIFFE)
London Futures Market – Summary of Trading Activities
 (£ per tone)

Monday 18 Jan. 2010

Month	Opening Trans	Settle	Change	Daily High	Daily Low	Volume
Mar-10	2287	2290	-15	2301	2285	2,930
May-10	2288	2291	-15	2303	2288	1,306
Jul-10	2273	2266	-18	2278	2265	114
Sep-10		2240	-15			0
Dec-10	2223	2216	-10	2223	2216	15
Mar-11		2202	-9			0
May-11		2186	-10			0
Jul-11		2186	-10			0
Sep-11		2186	-10			0
Dec-11		2186	-10			0
Totals		2225				4,365

Tuesday 19 Jan. 2010

Month	Opening Trans	Settle	Change	High	Low	Volume
Mar-10	2295	2318	28	2320	2286	5,453
May-10	2296	2319	28	2320	2290	3,577
Jul-10	2276	2300	34	2303	2267	1,324
Sep-10	2245	2267	27	2269	2245	109
Dec-10	2216	2242	26	2244	2216	89
Mar-11		2231	29			0
May-11		2215	29			0
Jul-11		2215	29			0
Sep-11		2215	29			0
Dec-11		2215	29			0
Totals		2254				10,552

Wednesday 20 Jan. 2010

Month	Opening Trans	Settle	Change	High	Low	Volume
Mar-10	2310	2303	-15	2324	2299S	8,445
May-10	2314	2312	-7	2325	2308	6,656
Jul-10	2298	2289	-11	2305	2287	935
Sep-10	2269	2257	-10	2273	2258S	191
Dec-10	2240	2229	-13	2245	2229	474
Mar-11	2224	2220	-11	2224	2220	13
May-11		2204	-11			0
Jul-11		2204	-11			0
Sep-11		2204	-11			0
Dec-11		2204	-11			0
Totals		2243				16,714

Thursday 21 Jan. 2009

Month	Opening Trans	Settle	Change	High	Low	Volume
Mar-10	2313	2327	24	2350	2312	6,255
May-10	2323	2331	19	2356	2320	3,304
Jul-10	2305	2313	24	2332	2305	472
Sep-10	2269	2286	29	2300	2269	1,434
Dec-10	2244	2250	21	2266S	2243	209
Mar-11	2234	2238	18	2260	2234	669
May-11		2222	18			0
Jul-11		2222	18			0
Sep-11		2222	18			0
Dec-11		2222	18			0
Totals		2263				12,343

Friday 22 Jan. 2009

Month	Opening Trans	Settle	Change	High	Low	Volume
Mar-10	2321	2340	13	2344	2305	4,860
May-10	2325	2341	10	2347	2310	2,844
Jul-10	2310	2322	9	2325	2291	800
Sep-10	2282	2292	6	2291	2268	183
Dec-10	2256	2253	3	2260	2229S	517
Mar-11	2250	2245	7	2250	2238	225
May-11		2234	12			0
Jul-11		2234	12			0
Sep-11		2234	12			0
Dec-11		2234	12			0
Totals		2273				9,429

Average for the week		2251				10681
Total for the week						53,403

New York Board of Trade
(New York Futures Market – Summary of Trading Activities)
(US\$ per tonne)

Monday 18 Jan. 2010

Month	Open	Price	Change	High	Low	Volume
Mar-10						
May-10						
Jul-10						
Sep-10						
Dec-10						
Mar-11						
May-11						
Jul-11						
Sep-11						
Dec-11						
Totals						

Tuesday 19 Jan. 2010

Month	Open	Price	Change	High	Low	Volume
Mar-10	3428	3461	61	3473	3402	9,260
May-10	3453	3485	60	3497	3429	2,942
Jul-10	3460	3488	57	3500	3438	1,712
Sep-10	3460	3483	49	3490	3440	209
Dec-10	3448	3473	48	3481	3440	206
Mar-11	3461	3467	46	3468	3461	46
May-11	3461	3469	48	3468	3461	16
Jul-11	0	3480	49	0	0	0
Sep-11	0	3487	56	0	0	0
Dec-11	0	3448	17	0	0	0
Totals		3474				14,391

Wednesday 20 Jan. 2010

Month	Open	Price	Change	High	Low	Volume
Mar-10	3450	3422	-39	3458	3413	6,340
May-10	3469	3451	-34	3481	3442	3,451
Jul-10	3484	3455	-33	3484	3445	740
Sep-10	3473	3452	-31	3473	3448	67
Dec-10	3462	3446	-27	3462	3462	32
Mar-11	0	3445	-22	0	0	11
May-11	0	3446	-23	0	0	10
Jul-11	0	3455	-25	0	0	12
Sep-11	0	3461	-26	0	0	10
Dec-11	0	3441	-7	0	0	0
Totals		3447				10,673

Thursday 21 Jan. 2009

Month	Open	Price	Change	High	Low	Volume
Mar-10	3414	3431	9	3485	3411	6,544
May-10	3451	3458	7	3512	3441	2,432
Jul-10	3455	3461	6	3515	3445	276
Sep-10	3451	3459	7	3511	3448	1,051
Dec-10	3440	3448	2	3497	3439	129
Mar-11	0	3443	-2	0	0	17
May-11	0	3443	-3	0	0	5
Jul-11	0	3443	-12	0	0	0
Sep-11	0	3455	-6	0	0	0
Dec-11	0	3435	-6	0	0	0
Totals		3448				10,454

Friday 22 Jan. 2009

Month	Open	Price	Change	High	Low	Volume
Mar-10	3432	3425	-6	3443	3356	10,442
May-10	3464	3454	-4	3465	3388	4,261
Jul-10	3459	3463	2	3467	3394	640
Sep-10	3458	3470	11	3470	3399	135
Dec-10	3386	3458	10	3445	3386	55
Mar-11	3441	3455	12	3441	3441	13
May-11	0	3456	13	0	0	2
Jul-11	0	3463	20	0	0	10
Sep-11	0	3473	18	0	0	8
Dec-11	0	3463	28	0	0	0
Totals		3458				15,566

Average for the week		3457				12,771
Total for the week						63,855

News

Health and Nutrition

Does Chocolate Protect Your Heart?

EmpowHer (blog) - Jan 23, 2010

I am a self-professed choc-a-holic. Give me a bar of good quality dark chocolate and I am a happy woman. Many of my patients ask me if dark chocolate is better than milk or white chocolate and I decided to do a little research

Turns out it is!

In 2006, the Journal of Internal Medicine had a study where men ate 2.25 grams per day of dark chocolate and had slightly lower blood pressure. They also found these men were less likely to die from cardiovascular disease than men who ate lower amounts or none at all.

In 2008, the Journal of Nutrition published a study that showed dark chocolate can significantly reduce inflammation that leads to heart disease. Researchers found that eating 6.7 grams (0.23 grams) per day kept C-reactive protein levels in check. They did not find the same results with milk chocolate.

Dark chocolate contains high amounts of flavonoids which are antioxidants like those found in the skins of berries. More specifically, researchers looked at catechins and epicatechins which are also found in grapes and green tea. It is believed that these components lower plaque build-up in the arteries and help improve the cells that line your blood vessels.

While doing a little more snooping, it appears that the Food and Drug Administration has very strict guidelines for 'milk' and 'white' chocolate but not for 'dark' chocolate.

A quick peek at Wikipedia (who doesn't love a wiki search?) shows that 'dark' chocolate is made by mixing fat and sugar to cacao. One must NOT use any milk products as an additive and 'dark' does not have nearly as much sugar as the other types. Also, semisweet and bittersweet evidently do not count towards your daily quota of cardiovascular prevention however one can find them in 60% and 65% cacao content so it's debatable.

The question becomes ... do I allow patients to have a tiny bit of chocolate everyday? I vote 'yes' as long as it's strictly a tiny amount and it's a high percentage dark chocolate

References:

- 1) <http://healthhubs.net/heartdisease/cocoa-lowers-blood-pressure-improves-...>
- 2) di Giuseppe R, Di Castelnuovo A, Centritto F, et al. Regular Consumption of Dark Chocolate Is Associated with Low Serum Concentrations of C-Reactive Protein in a Healthy Italian Population. J Nutr; 138: 1939-1945

Dark chocolate helps beat the blues

ANI, 23 January 2010,

Eating about an ounce and a half of dark chocolate a day for two weeks can reduce levels of stress hormones in the bodies of people feeling highly.

Published online in ACS' Journal of Proteome Research, the trial also found that the sweet treat partially corrected other stress-related biochemical imbalances.

In the study, Sunil Kochhar and colleagues identified reductions in stress hormones and other stress-related biochemical changes in volunteers who rated themselves as highly stressed and ate dark chocolate for two weeks. "The study provides strong evidence that a daily consumption of 40 grams [1.4 ounces] during a period of 2 weeks is sufficient to modify the metabolism of healthy human volunteers," the scientists say.

And here are four steps to maximize the health benefits of dark chocolate:

1. The Darker the Chocolate, the Better. Dark chocolate has a higher percentage of cocoa solids, containing the health benefits, than milk or white chocolate. Most dark chocolate products have the cocoa percentage labeled.
2. Eat Moderate Portions. Chocolate is a high-calorie food. Over indulge, and the health benefits of dark chocolate can be quickly outweighed by the problems of weight gain.
3. Avoid the High Calorie Extras. The health benefits of dark chocolate come from the antioxidants in the cocoa solids. All of the other ingredients, like sugar, and any extras, like nougat, caramel, marshmallow, etc., just add calories.
4. Do Not Consume With Milk. For some reason, not yet scientifically understood, the health benefits of dark chocolate are basically negated if the dark chocolate is consumed with milk.

<http://www.dark-chocolate-life.com>

Production & Quality

New Initiative To Boost Cocoa Production

Monday, 18, January, 2010 Source: Ghanaian Times

A new cocoa extension initiative under public-private partnership aimed at increasing productivity in the cocoa sector has been launched in Accra.

The project, which seeks to support cocoa farmers with the requisite skills and inputs, is due to take off later this month. It will operate under four thematic areas-sustainable livelihoods from cocoa, community-centred development, additional sustainable livelihood and institutional engagement.

Speaking at the launch, Chief Executive of the Ghana Cocoa Board (COCOBOD), Mr. Tony Fofie, said enough preparations have been done to ensure the smooth take-off of the project planned.

A greater percentage of the personnel required for the programme, he said, have been recruited and are being given the needed training. Mr. Fofie said the Cocoa Research Institute of Ghana (CRIG) has been tasked to prepare a new curriculum for training of extension agents and training modules to be used to assist farmers.

These are all in advance stages of completion; he said adding that what is left is the provision of logistics such as vehicles and motorbikes which will be done in due course.

Mr. Fofie said the programme still faces a major challenge of getting most of the partners in the private sector to fully commit financial resources to it. He hoped with the launch, all the partners will respond fully to ensure the success of the programme.

The COCOBOD board chairman, Percival Yaw Kuranchie who launched the programme described it as a laudable initiative. He said 30 per cent of the country's foreign exchange comes from the cocoa industry which employs 60 per cent of the labour force.

The acting Executive Director in charge of Cocoa Swollen Shoot Virus Disease Control Unit at COCOBOD, Rev. K. Abaka-Ewusie, said the low productivity of cocoa farmers make it economically unattractive to entice the youth into cocoa farming.

Rev. Ewusie said research conducted by CRIG in 2002/2003 recognised that there was an information gap between research and cocoa farmers.

To help bridge this gap the project will be taken to 200 cocoa communities nationwide to sensitise farmers on modern farming practices.

The Market

Cocoa prices surge to 15-year high as arrivals drop

Hindu Business Line - Jan 18, 2010

C. J. Punmathara

Cocoa prices have climbed to a 15-year high, to Rs 160 a kg. Arrivals are down to a trickle and most cocoa farmers have little stock to supply the market. Meanwhile, firm price trends in the global markets are deterring imports.

Up in New York

"The current cocoa season is virtually over and the next season would commence only from April/May," Mr A.S. Bhat, General Manager with the Central Arecanut and Cocoa Marketing and Processing Cooperative (CAMPCO), said. "Last year was a good one for cocoa farmers in South India with prices, hovering around Rs 150/kg levels in December."

Prices shot up to \$3,650.28 a tonne on the New York market during the middle of last week, a \$260-increase over \$3,300 quoted on December 31, the International Cocoa Organisation (ICCO) which comprises both the cocoa producing and consuming countries said. The prices were quoting as low as \$3,200 on October 1.

Reflecting the spurt in spot prices, the average monthly prices in the New York and London markets have also moved up. The ICCO, constituted in 1973 to put into effect the International Cocoa Agreement at the behest of the UN, said that the average monthly prices rose from \$3,384 in October to \$3,498 in December. However, the New York futures were quoting \$3,411.33, portending a good harvest in the coming cocoa season. Lower arrivals in the global markets have been fuelling the price rise.

The crop from Ivory Coast, the world's largest cocoa producer, is expected to decline sharply.

Revised estimates

Estimates say that Ivory Coast's production would drop to around one million tonnes (mt) this year from 1.36 mt last year. Ivory Coast and Ghana together account for nearly 60 per cent of the global cocoa bean production.

According to the revised estimates put out by the Cocoa Producers Alliance (COPAL), an association of the producing countries, the output for 2008-09 is expected to fall six per cent to 3.51 million kg - down from 3.73 million kg last year.

Official estimates put the domestic production at around 12,000 tonnes against 11,820 tonnes last year.

Import needs

Mr Venkatesh Hubballi, Director at the Directorate of Cashew and Cocoa Development, said the domestic production would constitute about 50 per cent of the demand and the rest would have to be imported from international markets where prices have been rising sharply. However, market sources predicted that the final crop would be 8-10 per cent lower.

They pointed to the erratic rains last year and said that increased moisture stress has a direct correlation with cocoa output. With increased moisture stress, the size of the cocoa beans becomes smaller. And the smaller the size of the beans, the higher will be the bean count for every kg. This reduces the butter which can be produced from the harvest in a low rainfall year. Kerala normally has the lowest bean count followed by Karnataka, Tamil Nadu and Andhra Pradesh.

With the area under cocoa in India is rising rapidly by 8,000-10,000 hectares every year, the output is also poised to rise in the coming years, Mr Hubballi said. As the prices are lucrative, the crop is being extended to lands with adequate water and irrigation, which also augurs well for the production.

Nigeria Cocoa Climbs to Five-Year High on Quality, Body Says

A A A By Vincent Nwanma

Jan. 22 (Bloomberg) -- The price of cocoa in Nigeria rose to a five-year high following improvements in the quality of the beans and increased demand from foreign processors, the Cocoa Association of Nigeria said.

Farmers now receive 500,000 naira (\$3,327.79) per metric ton of the chocolate ingredient, Neji Abang Neji, general secretary of the association that represents farmers, processors, buyers and regulators, said by phone from the southern Nigerian town of Calabar yesterday. "This is the highest price that cocoa farmers have received in five years," Neji said.

Nigeria is the fourth-largest producer of cocoa after Ivory Coast, Ghana and Indonesia. The crop is Nigeria's second-biggest foreign-exchange earner after crude oil. About 20 percent of output is processed locally while the rest is exported as raw beans, according to figures supplied by the association.

Harvest volumes are declining as the main-crop season that began last October nears its end in March, Neji said. Some farmers withheld beans harvested earlier, in anticipation of higher prices, Neji said. "They are the ones who are selling now so they can get higher prices," he said.

Improvements in farm practices such as spraying on time against diseases have led to higher bean quality, the group said. The association is now advising farmers to use part of their higher revenue to buy pesticides, Neji said.

Processing & Manufacturing

Cocoa prices look set to remain firm, Lindt says

19th January 2010, by Agrimoney.com

Cocoa prices, which closed in on multi-year highs on Tuesday, look likely to remain firm, chocolate maker Lindt & Spruengli said as its highlighted "challenging" conditions and curbed expectations for its 2009 results.

The Swiss confectioner, which sells in North America under the Ghirardelli brand as well as its own, said that it expected the "challenging situation" in many commodity markets to "continue... for the time being". However, Lindt, which is also a big user of milk and sugar, said the forecast applied "especially" to cocoa, whose price is being underpinned by forecasts of a fourth successive season of production falling behind demand in 2009-10.

The comments come a week after analysts at Deutsche Bank forecast that Lindt's operating profits would fall nearly SFr60m short of company guidance of SFr360m for this year if cocoa costs remain near their current levels. "The recent cocoa price increases provide downside risk to 2010 profits guidance," Deutsche Bank said. Lindt said in Tuesday's statement that it expected a "gradual improvement" in consumer sentiment in the second half of 2010, after an initial period marred by softer demand and exchange rate fluctuations, as well as higher commodity prices.
'Challenging situation'

The forecast came as the group said that operating profits for last year would come in towards the lower end of previous guidance of SFr260m-280m. Sales during 2009 had hit SFr2.52bn, a 1.9% fall in Swiss franc terms but, excluding currency effects, 2.3% higher. "In view of the challenging situation on the markets for premium and luxury products, this sales growth... is a satisfactory result," Lindt said, adding that its US brands had been America's fastest growing last year. 'Low point of sentiment'

The results were termed "in line" by Deutsche Bank, who flagged that the potential for weaker 2010 guidance might "create some volatility near term" in Lindt shares. A potential revision of forecasts on March 16 would, nonetheless, "mark the low point of sentiment" and create an "attractive buying opportunity", Deutsche added.

However, analysts at London broker Icap ditched its "buy" rating on Lindt, saying the multiples at which the chocolate group's shares were trading looked "stretched"

Lindt shares ended 1.3% higher at SFr2,278.

On commodity markets, London cocoa for March closed up £28 at its day high of £2,318 a tonne, within £20 of a December top which was the highest for a spot contract since 1977. In New York, cocoa for March stood up 1.9% at \$3,464 a tonne in late deals, less than \$50 below last month's 40-year high for a near-term lot.

Saf-Cacao of Ivory Coast Targets Local Bean Processing By March

Jan. 22 (Bloomberg) -- Saf-Cacao, Ivory Coast's largest domestically owned cocoa exporter, plans to begin grinding beans, known as semi-processing, locally in March this year. "As things are running on track, we should be ready to open the processing factory in March," Saf-Cacao Director Ali Lakiss said in a Jan. 20 interview in the port town of San Pedro. Under the trading name of Choco Ivoire, the San Pedro-based company will target 35,000 metric tons of beans initially, and 100,000 at full capacity the following year, Lakiss said.

Typically, a ton of beans will give 800 kilograms (1,763 pounds) of finished product. Saf-Cacao will eventually make chocolate, known as full-processing. "There's the space, there are the beans and materials," Lakiss said. "We're getting there, it's just a question of funding."

Ivory Coast, the world's largest cocoa producer, plans to grind half of its annual bean output locally by 2015, Gilbert N'Guessan Anoh, the head of the country's Coffee-Cocoa Management Committee, said in a phone interview from the commercial capital, Abidjan, in December. The government is trying to boost local grinding capacity using tax incentives, he said.

The West African country exported 1.22 million tons of beans during the 2008/2009 season. In the same period, it exported 337,163 tons of locally ground beans, up 8 percent from the amount in the previous year, according to port data.

Installed grinding capacity is operated mainly by non- Ivorian companies, including Cargill Inc., Archer-Daniels- Midland Co. and Barry Callebaut AG's Societe Africaine de Cacao, or Saco.

Total local grinding capacity was 522,000 tons a year in January last year, according to a World Bank report. Saf-Cacao exported 77,217 tons of beans in the 2008/2009 season, making it the fifth-largest exporter, according to official data.

American cocoa grind revival runs out of steam

22nd January 2010, by Agrimoney.com

The recovery in North America's cocoa grind ran out of steam at the end of last year, industry data has shown, putting a dampener on the commodity's attempts to set a fresh 32-year high. The region's chocolate makers processed 111,986 tonnes of cocoa beans in the October-to-December quarter, the National Confectioners Association said.

The figure represented a fall of 1,748 tonnes, or 1.5%, compared with the same period in 2008, ending a series of narrowing year-on-year declines. The grind was also lower than in the previous quarter. "Maybe people hoped the data would be a bit better," Stephanie Garner, at Sucden Financial Cocoa, said, with some traders expecting the grind to show little if any decline. "The market did open a bit lower."

Market reaction

Prices eased £7 to £2,320 a tonne in early deals in London, for the March contract, before recovering to end at £2,340 a tonne, up £13 on the day. New York cocoa ended down \$6 to \$3,425 a tonne. Nonetheless, York prices are not far from a December peak of \$3,510 a tonne, the highest since February 1979 for a near-term lot. London contract remain within striking distance of the 32-year high, for a spot lot, of £2,356 a tonne set on Thursday.

Lagging recovery

Cocoa prices have been driven higher by forecasts of a fourth successive year of cocoa production falling behind recovering demand. Europe's cocoa grind returned to year-on-year growth in the last three months of 2009, industry data showed. However, Barry Callebaut, the Swiss-based chocolate giant, warned last week that America's chocolate market was "not recovering yet".

The group was one of 11 companies, including Hershey, Mars and Nestle, surveyed by the NCA.

North American cocoa grind 2009, by quarter (year-on-year change)

Q4: 111,986 tonnes (-1.5%)

Q3: 118,405 tonnes (-0.5%)

Q2: 105,123 tonnes (-6.8%)

Q1: 99,875 tonnes (-13.0%)

Total: 435,389 tonnes (-5.4%)

Source: NCA

Business and Economy

Chocolate market to 'remain flat' in 2010

13th January 2010, by Agrimoney.com

The global chocolate market is past the worst but is unlikely to see any rise in sales this year, Barry Callebaut has said, highlighting continued softness in the Russian and US markets.

The chocolate maker's chief executive, Juergen Steinemann, said the market had "bottomed out" after a 2% slide in volumes in the year to last August prompted by the global economic crisis.

However, the market would "remain flat in volume terms in 2010", he added, with Russia "still badly suffering" from the downturn, while Americas' chocolate market "not recovering yet".

In Asia, the group said that "in a still fragile economic environment and at the currently high commodity price levels, customers continue to order at short notice".

Outsourcing fillip

However, the group said that it was itself managing to outpace the market, reporting sales of Sfr1.45bn in the September-to-November period, up 6.3% in local currency terms, with volumes up 7.2%. And it stuck by its target of raising annual sales volumes by 6-8% over the three years to the 12 months ending August 2012, with operating profits at least matching that growth.

The group's resilience reflected its increased focus on manufacturing for other groups, with customers including Cadbury, Hershey and Nestle.

"We attribute our own success in this tough economic environment to the ongoing implementation of previously signed outsourcing deals," he said, also flagging a 14.6% rise in sales volumes at the gourmet division, driven by recovery in demand from bakers.

'Fully valued'

Nonetheless, the data received a muted response from investors, who had been expecting a sales figure of more than SFr1.5bn.

Barry Callebaut shares stood 0.7% lower at SFr662.00 in lunchtime deals. "We do not expect our forecasts or consensus forecasts to change materially post these results," analysts at London broker ICAP said, adding that the multiples of future earnings on which the stock was trading "continue to look full relative to the mid-cap European Food sector".

Credit Suisse said there was "no rush" to buy the shares, given the potential impact of rising cocoa prices in slowing cashflow growth.

However, the investment bank, which has an "outperform" rating on the stock, added: "We like the company's strong market position, which should allow Barry Callebaut to continue to benefit from ongoing growth opportunities - such as the outsourcing trend, geographic expansion, market share gains - in the chocolate industry."

EU cocoa demand grows for first time in a year

14th January 2010, by Agrimoney.com

Demand for cocoa among Europe's chocolate producers has shown annual growth for the first time in a year, surprising many analysts who had expected the economic crisis to maintain its grip on demand.

Europe's cocoa grind rose by 0.6% year on year to 351,316 tonnes in the last three months of 2009, the European Cocoa Association said. The increase was the first since the same quarter a year before and represented the region's second-highest ever grind, a measure of the consumption of cocoa at companies such as Cadbury, Kraft and Nestle which are polled for the data.

Crunch impact

The rebound, which took the grind 20% higher than in the second quarter of 2009, surprised many observers. "The vast majority of the market had been expecting a negative number," said Eric Sivry, director and head of

cocoa brokerage at Fortis Bank Nederland. "We were waiting to see how much cocoa was impacted by the credit crunch at the end of the year. The answer was, not much."

There have been some expectations that high prices of cocoa would prompt confectionery groups to limit their consumption of beans by focusing promotional efforts on products with lower cocoa content.

Earlier this week, Swiss giant Barry Callebaut forecast a flat global chocolate market this year.

German capacity

However, some analysts have pointed to the opening of fresh processing capacity in Germany over the last year, which helped a 9.4% rise in the country's grindings in the quarter. Factoring out German data, Europe's grindings remained narrowly lower year on year.

Cocoa for March closed up £9 at £2,297 a tonne in London and up \$3 at 3.392 a tonne in New York.

Cadbury deal could leave bitter taste for chocolate lovers

Independent - Tom Morgan - Jan 19, 2010

Britain and America's so-called "special relationship" stops short of the nations' tastes for chocolate. And the multi-billion pound takeover of Cadbury by US firm Kraft has left UK chocolate lovers pondering the same question: Will it leave a bitter taste in the mouth?

While Britons champion the creamy textures of Dairy Milk and Flake, Americans cherish the likes of Hershey - bemoaned this side of the Atlantic for its "sourness" and "gritty texture".

Bob Eagle, a retired confectionery worker from Maidenhead who represented the Biscuit, Cake, Chocolate and Confectionery Alliance, said Kraft would be "crazy" to alter Cadbury products in line with the American market. He said: "Chocolate tastes are developed through generations and nothing illustrates this more than the difference between the American and British market. "Cadbury is a taste we have all grown up with and, if anything, it is still growing as a brand. "Yet in America they have not taken to any of the products. "One thing is for sure, if Kraft tried to align the tastes, consumers would turn away from both markets."

As far as the UK's sweet tooth is concerned, the countries remain poles apart. Keep Cadbury British campaigns have sprung up on the internet and in the newspapers, not only to save the thousands of jobs at factories in the UK. "There is a huge affinity with the flavour for Britons," said Mr Eagle. "It has become a symbol of Britishness."

One reason for the taste divide on either side of the Atlantic is the demand for cocoa solids in products. In the UK, chocolate must contain at least 20 per cent, while In the US cocoa solids need only make up 10%.

A Dairy Milk bar reportedly contains an average of 23 per cent cocoa solids, while a Hershey bar is believed to contain 11 per cent. Many European chocolatiers make chocolate with upwards of 40 per cent cocoa solids.

The chocolate making process also differs from the grinding of the first bean. Though confectioners keep their recipes a firm secret, it is believed that American chocolate typically uses South American beans, whilst British makers favour West African cocoa.

There are also variations on the type of powdered milk used, which can impact the flavour. A typical Hershey bar also has more sugar than a bar of Dairy Milk, and, crucially perhaps, its ingredients list contains the additive PGPR, which can act in place of the more expensive cocoa butter. American "candy bars" are also typically cheaper than in Britain.

The Italian traveller Antonio Carletti discovered chocolate in Spain in 1606 and took it to other parts of Europe. Yet it was 1765 before it made its way to America, according to www.chocolateexpert.co.uk.

Indonesia Must Lift Fermented Cocoa Output

Source: Reuters

Jakarta, Jan 22 - Indonesia, the world's number 3 cocoa grower, must increase its output of fermented cocoa beans or else risk being uncompetitive because of the lower cost of imported cocoa powder, an industry official said on Friday. Indonesia's cocoa industry faces stiffer competition following the implementation of China-

ASEAN free trade agreement (CA-FTA) earlier this month, said Peter Jasman, chairman of Indonesian Cocoa Industry Association which represents grinders.

As part of the free trade agreement, Indonesia must scrap its 5 percent import duty on cocoa powder, which would encourage imports from rival grinders Malaysia and Singapore at the expense of domestic grinders.

Malaysia and Singapore also benefit from zero tax on imported fermented cocoa beans, which are used to improve the flavour of cocoa powder, whereas Indonesia imposes a 5 percent duty on such imported beans from West Africa.

Jasman said Indonesia's cocoa grinders have asked the government to delay the scrapping of the 5 percent import duty and to provide funding for local farmers to ferment more cocoa beans and increase domestic production. "We must increase (output of) fermented beans. At the moment, more than 90 percent of Indonesian beans are not fermented," Jasman told Reuters in a telephone interview. He said the government is encouraging farmers to do the fermentation process, but that it may take at least a year to see a pick-up local supplies of fermented beans. "We asked the government to postpone the tax cut by one year," Jasman said, adding that such request is among the 228 areas that Indonesia wants to be renegotiated.

For Indonesian grinders to be competitive, they must reduce imports of fermented beans, which are still subject to a 5 percent import duty, he said. In other countries, beans imports are not taxed. "Before the CA-FTA we have seen a lot of imports (of cocoa powder) so there must be more after CA-FTA. We are really worried that it will be more difficult for the domestic industry to survive," said Sindra Wijaya, president director of cocoa grinder PT Bumi Tanggerang, one of five Indonesian grinders still in operation.

Indonesia imports about 8,000 tonnes of cocoa powder a year from Malaysia and Singapore, or a fifth of the amount needed by the domestic food industry. Jasman said domestic grinders, which supply about 40,000 tonnes of cocoa powder to local food producers, import about 30,000 tonnes of fermented cocoa beans from West Africa. Indonesian beans are known for their poor quality and lower price, partly because they are not fermented and therefore they must be blended with imported beans to produce powder.

Separately, Mangga Barani, a senior agriculture ministry official, said the ministry has already developed cocoa fermentation pilot projects in the main cocoa-growing area of Sulawesi and introduce standards for bean quality.

Barani said Indonesian farmers have little interest in doing the fermentation process themselves because it slows down the drying process by three to four days and reduces bean weight. He said farmers therefore expect to get higher prices for fermented beans. Jasman of the industry association said that grinders are willing to pay a premium for fermented beans if they can guarantee a steady supply.

Research & Development

S. Florida scientists work to decode the genetics of chocolate

MiamiHerald.com - Maricel E. Presilla - Jan 20, 2010

No one who loves chocolate needs to be told that it is experiencing a golden age. The very fact that the names of illustrious cacao types like Venezuelan Porcelana have made their way onto chocolate-bar labels shows a deepening hunger for vivid cacao character and careful artisanship.

On the scientific front, biochemists are unraveling chocolate's heart-healthfulness and archaeologists are gaining insight into its ancient ritual uses, but plant geneticists are engaged in the most exciting research. Their project to decode the cacao genome holds promise for farmers, manufacturers and chocolate lovers alike.

South Florida scientists are playing a vital role, and the geneticist who leads their efforts, Dr. Raymond Schnell, will speak Saturday at Fairchild Tropical Botanic Garden's International Chocolate Festival.

At Chapman Field, the Subtropical Horticultural Research Station of the USDA Agricultural Research Service, Schnell coordinates two programs aimed at constructing an overall genetic picture of *Theobroma cacao*: the International Marker System Selection Program and the Genome Sequencing Program. Funded by Mars, the project also involves scientists at five other sites.

South Florida's role in chocolate research dates to the 1950s, when the USDA established a quarantine station here to stop the movement of cacao diseases among the Americas, Asia and Africa.

After disease decimated the cacao crop in Bahia, Brazil, in 1998, threatening Mars' supply, the company offered to fund USDA efforts to develop disease-resistant plants to broaden the dangerously narrow genetic foundation of cacao plantations in Africa, the world's largest producer.

This program gave rise to far-reaching efforts to collect and -- just as crucially -- accurately identify cacao specimens. As Schnell told me when I visited his research station last year, this is no mere academic exercise.

DNA testing has revealed that some of the world's great germplasm banks are full of mislabeled specimens -- a hindrance to any breeding program meant to exploit a particular cultivar's qualities, from subtle flavor nuances to disease or pest resistance. For the past decade, Schnell's team has been systematically examining germplasm from many collections, trying to set the record straight.

The Coral Gables research station sits on property that once belonged to horticulturalist and tropical plant explorer David Fairchild. Looking at the weathered gray stone walls that enclose the cacao collection, I felt transported to a Maya temple ruin. My tour guide, agricultural research technician Mike Winterstein, told me that had been just what Fairchild wanted.

In 1933 he had the garden enlarged as part of a Civilian Conservation Corps project, cannibalizing paving stones from a military airstrip to construct the thick walls. Fairchild knew that unimpeded Gulf Stream breezes made the spot several degrees warmer than surrounding areas. This slight boost plus the absorbed heat the walls radiate back at night raises the temperature in the sheltered garden by 5 to 7 degrees -- enough for cacao and other tender tropical plants to survive this far north.

Among the scientists working on the mapping project is Venezuelan-born geneticist Juan Carlos Motamayor, who has shed light on the complexity of genotypes within the species *Theobroma cacao*. There are 10 known genetic clusters, all native to South America, and the number may grow as Motamayor examines cacao samples gathered in Bolivia and Peru.

When the project is complete in two or three years, it will help clarify the genetic origins of cacao and the relationships among its types. It will also allow scientists to select cultivars for farmers that are smaller, faster-growing, easier to prune and more resistant to pests and disease.

In the end, more accurate knowledge of genetics will turn cacao into a modern crop. The payoff for chocolate lovers will be a secure source for their favorite food and, perhaps, an even richer flavor palette.

Promotion & Consumption

Chocolate company brings high-tech factory to remote cocoa farms

CNET - Larry Magid - Jan 18, 2010

Tcho, a San Francisco-based chocolate company, gets its cocoa beans from farmers in Peru, Ghana, and other countries. Although many of the families there have been growing cocoa beans for generations, some have never actually tasted chocolate, much less the products made from their own crops. Aside from not being able to enjoy the fruits of their own labor, they have no way to directly understand the relationship between their growing techniques and the final product.

Tcho has solved the problem by bringing the factory to the farm. Using what co-founder Louis Rossetto calls "appropriate technology," the company sets up "flavor labs" on farms in the developing world using about \$8,000 worth of equipment consisting of a Macintosh computer, an off-the-shelf-grinder, a roaster that uses a hair dryer as a heat source, and other equipment that enables farmers and technicians to turn raw beans into chocolate. That way the farmers can get a better sense of what their product will taste like to consumers.

That process, according to Rossetto, helps the farmer know which beans to pick and how best to process them.

Others

Beijing chocolate theme park set to open

(AFP) – Jan 18, 2010

BEIJING — Tourists in Beijing are already enjoying the snowy winter wonderland inside the city's Bird's Nest stadium, but next week they will be able to enjoy another kind of wonderland -- one made of chocolate.

Workers were putting the final touches on a chocolate theme park on the Olympic Green near the stadium, featuring life-size replicas of the Terracotta Warriors and a section of the Great Wall, ahead of its January 29th opening. "Even though chocolate in China is not as popular as it is in Western countries, we hope to promote the chocolate culture and market in China," Zheng Yaoting, general manager of the firm running the park, told the Global Times.

The 20,000-square-metre (215,000 square-foot) "chocolate wonderland" will feature five temperature-controlled indoor areas and two outdoor sites where chocolate items will be on display, the newspaper reported Tuesday.

Children will also be able to learn how to make chocolate and taste their creations with their parents, organisers said. Previous reports said major sweets makers from Europe would participate in the project, hoping to break into a potentially lucrative market, but no names were revealed. Organisers say they hope to attract one million visitors to the park before it closes in April, when the weather will begin to get too warm. It will reopen next January, with all-new displays.

TIT BITS

(Source: Business Recorder – www.brecorder.com)

Commodities slide in world market on China concerns

LONDON (January 24, 2010): Most commodity markets fell this week as traders fretted over possible moves by Beijing to rein in the booming Chinese economy, which is a major consumer of raw materials. However, sugar rocketed to a 29-year peak and cocoa forged a 33-year pinnacle as both were pushed higher by keen demand and tightening supplies. "China remains at centre stage," said Barclays Capital analysts in a research note to clients.

US MIDDAY: coffee, sugar and coffee fall

NEW YORK (January 23, 2010): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Friday. March arabica coffee contract dropped 0.70 cent to \$1.38 per lb at 11:06 am EST (1606 GMT). Session range from \$1.3730 to \$1.3935. Arabica coffee fell on chart-based weakness and pressure from the lower commodity complex, following US President Barack Obama's bank announcement Thursday, said brokers.

London cocoa rises

LONDON (January 23, 2010): May cocoa on Liffe ended 10 pounds higher at 2,341 pounds, boosted by the weakness of sterling. Market closing in on 32-year peak of 2,356 pounds set on Thursday. March white sugar ended \$12.00 lower at \$747.00 a tonne. Market awaits confirmation that physical buyers are willing to current high prices before possibly mounting another challenge to record peak of \$767.00 set earlier this week.

Indonesia must lift fermented cocoa output

JAKARTA (January 23, 2010): Indonesia, the world's number 3 cocoa grower, must increase its output of fermented cocoa beans or else risk being uncompetitive because of the lower cost of imported cocoa powder, an industry official said on Friday. Indonesia's cocoa industry faces stiffer competition following the implementation of China-ASEAN free trade agreement (CA-FTA) earlier this month, said Peter Jasman, chairman of Indonesian cocoa Industry Association which represents grinders.

US MIDDAY: sugar at 29-year peak

NEW YORK (January 22, 2010): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Thursday. March arabica coffee contract fell 0.65 cent to \$1.3855 per lb at 10:54 am EST (1554 GMT). Session range from \$1.3850 to \$1.4015. Arabica coffee dipped in choppy dealings buoyed by the strength from other commodities while technical weakness added pressure, said brokers.

London cocoa hits 32-year peak

LONDON (January 22, 2010): May cocoa on Liffe ended 19 pounds higher at 2,331 pounds on Thursday after earlier hitting a 32-year peak of 2,356 pounds. Market awaits North American grindings data, expected to be issued later on Thursday, for confirmation that demand is starting to recover from recession-linked decline.

London sugar hits record high

LONDON (January 21, 2010): May cocoa on Liffe ended 7 pounds lower at 2,312 pounds a tonne on Wednesday. Market awaits North American grindings data, expected to be issued on Thursday, for confirmation that demand is beginning to recover from recession-linked decline. March white sugar ended \$6.10 higher at \$750.00 a tonne, having earlier touched a record high of \$760.10 a tonne.

US MIDDAY: sugar, coffee and cocoa drop

NEW YORK (January 21, 2010): Summaries of the ICE Futures US cocoa, coffee and sugar markets during early trade on Wednesday. March arabica coffee contract dropped 2.00 cents to \$1.3890 per lb at 10:56 am EST (1556 GMT). Session range from \$1.3850 to \$1.4050. March raw sugar contract fell 0.26 cent to 28.72 cents per lb at 10:56 am. Trading range from 28.66 to 29.45 cents. Benchmark March cocoa contract moved \$36 lower to \$3,425 per tonne at 10:56 am. Narrow trading range from \$3,414 to \$3,458.

US MIDDAY: cocoa, coffee and sugar up

NEW YORK (January 20, 2010): Summaries of the ICE Futures US cocoa, coffee and sugar markets during early trade on Tuesday. March arabica coffee contract gained 0.80 cent to \$1.4155 per lb by 10:54 am EST (1554 GMT). Session range from \$1.4015 to \$1.4220. March raw sugar contract rose 0.42 cent to 28.04 cents per lb at 10:55 am.

London sugar and cocoa rise

LONDON (January 20, 2010): May cocoa on Liffe ended 28 pounds higher at 2,318 pounds a tonne on Tuesday. Market awaits North American grindings data, expected to be issued on Thursday, for confirmation that demand is beginning to recover from recession-linked decline.

Vietnamese coffee prices fall

HANOI (January 20, 2010): Vietnamese coffee prices have dropped as farmers hold onto stocks despite a lower-than-expected harvest and international buyers shy away on delivery fears and cause a slowdown in sales, traders said Tuesday. But some concern has also been raised about future supplies after unusual rain on Tuesday hit parts of the Central Highlands, which produces about 80 percent of the country's coffee, and may affect flowers that have just emerged from the watering process.

White sugar rises

LONDON (January 19, 2010): White sugar futures on Liffe rose on Monday as the market moved within striking distance of a record peak. Dealers said the market was buoyed by expected strong demand from both India and Pakistan as well as a reduction in the availability of supplies from top producer Brazil.

Indonesia 2010 cocoa output seen up

JAKARTA (January 19, 2010): Indonesia's cocoa bean output this year is expected to increase 8 percent after setting weaker-than-expected production last year, the chairman of the Indonesian cocoa Association (Askindo) said on Monday. The world's third-largest grower after Ivory Coast and Ghana is expected to produce 540,000 tonnes this year against a revised estimate of 500,000 tonnes for 2009, Halim Abdul Razak said.

Sugar, coffee sag; US cocoa at four-month top

NEW YORK (January 16, 2010): Sugar and coffee futures eased Friday while US cocoa hit a four-week top, with players saying the softs complex will get a better sense of direction after a holiday weekend in the United States. US financial markets will be shut Monday for the holiday honouring martyred US civil rights leader Martin Luther King Jr. Trading reopens on Tuesday.

How to make chocolate from scratch

1. **Harvest** mature cacao pods and scoop out the seeds -- the cacao beans. Wash off pulp.
2. **Ferment** seeds in water for three days.
3. **Dry** seeds in the sun for a week. The color will change from reddish brown to dark brown.
4. **Roast** cacao beans in your oven. Spread them in a shallow pan or baking sheet and bake at 425 degrees for seven minutes, then 325 for eight minutes, and finally 260 degrees for 10 minutes.
5. **Winnow** the husk from the chocolate after the beans cool. You will need to first crack the cacao bean, then blow the husk away.
6. **Grind** the beans in a coffee grinder. After just a few moments, the beans will be reduced to cacao paste. Keep the paste at room temperature in a plastic container and use in recipes calling for unsweetened chocolate