

COPAL COCOA *Info*

A Weekly Newsletter of Cocoa Producers' Alliance



Issue No. 372

25th – 29th January 2010

Cocoa Producers' Alliance



UP-COMING EVENTS

- Workshop on Soil Management of Cocoa Tree Stocks and Agroforestry Applied to Cocoa Cultivation in West and Central Africa, Accra, Ghana, 16-18 March 2010,
- Chocolate City (Conference and Exhibition), Lagos, Nigeria, 1st – 3rd April 2010

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

In the News (from Newspapers worldwide)

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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)
25 Jan.	2297.92	3591.12	2319.00	3422.33
26 Jan.	2277.12	3552.37	2304.67	3384.67
27 Jan.	2217.59	3461.94	2244.33	3292.33
28 Jan.	2216.19	3449.67	2241.67	3285.67
29 Jan.	2189.12	3402.31	2229.00	3241.33
Average	2,239.59	3,491.48	2,267.73	3,325.27

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

Monday 25 Jan. 2010

Month	Opening Trans	Settle	Change	Daily High	Daily Low	Volume
Mar-10	2323	2324	-16	2340	2318	3,529
May-10	2324	2326	-15	2344	2320	2,372
Jul-10	2309	2307	-15	2325	2303S	548
Sep-10	2280	2276	-16	2300	2275	224
Dec-10	2244	2241	-12	2257S	2240	106
Mar-11	2235	2232	-13	2235	2235	155
May-11		2224	-10			0
Jul-11		2224	-10			0
Sep-11		2224	-10			0
Dec-11		2224	-10			0
Totals		2260				6,934

Tuesday 26 Jan. 2010

Month	Opening Trans	Settle	Change	High	Low	Volume
Mar-10	2323	2309	-15	2337	2292	7,184
May-10	2326	2311	-15	2339	2295	4,253
Jul-10	2312	2294	-13	2320	2280	1,295
Sep-10	2287	2261	-15	2289	2253	281
Dec-10	2250	2227	-14	2253	2215S	93
Mar-11	2240	2215	-17	2240	2200	83
May-11		2200	-24			0
Jul-11		2200	-24			0
Sep-11		2200	-24			0
Dec-11		2200	-24			0
Totals		2242				13,189

Wednesday 27 Jan. 2010

Month	Opening Trans	Settle	Change	High	Low	Volume
Mar-10	2307	2246	-63	2312	2204	15,578
May-10	2306	2250	-61	2314	2210	10,373
Jul-10	2289	2237	-57	2291	2200	2,623
Sep-10	2250	2207	-54	2260	2170	865
Dec-10	2227	2174	-53	2235	2154	484
Mar-11	2220	2162	-53	2221	2133S	101
May-11	2200	2150	-50	2200	2180	15
Jul-11		2150	-50			0
Sep-11		2150	-50			0
Dec-11		2150	-50			0
Totals		2188				30,039

Thursday 28 Jan. 2009

Month	Opening Trans	Settle	Change	High	Low	Volume
Mar-10	2236	2245	-1	2271	2208	10,900
May-10	2237	2246	-4	2269	2210	7,583
Jul-10	2223	2234	-3	2254	2200S	1,645
Sep-10	2203	2216	9	2237	2179	711
Dec-10	2165	2186	12	2203	2159S	288
Mar-11	2149	2176	14	2195	2141	347
May-11	2150	2173	23	2197	2141S	93
Jul-11		2173	23			0
Sep-11		2173	23			0
Dec-11		2173	23			0
Totals		2200				21,567

Friday 29 Jan. 2009

Month	Opening Trans	Settle	Change	High	Low	Volume
Mar-10	2241	2233	-12	2264	2222	7,526
May-10	2240	2232	-14	2265	2221	4,828
Jul-10	2234	2222	-12	2250	2210	948
Sep-10	2216	2205	-11	2229	2197	956
Dec-10	2186	2177	-9	2201S	2171S	508
Mar-11	2176	2160	-16	2189	2155	207
May-11	2180	2149	-24	2187	2173S	58
Jul-11		2149	-24			0
Sep-11		2149	-24			0
Dec-11		2149	-24			0
Totals		2183				15,031

Average for the week		2,214				17,352
Total for the week						86,760

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

Monday 25 Jan. 2010

Month	Open	Price	Change	High	Low	Volume
Mar-10	3420	3406	-19	3423	3382	4,856
May-10	3433	3438	-16	3450	3416	2,399
Jul-10	3450	3447	-16	3458	3436	725
Sep-10	3455	3445	-25	3460	3439	312
Dec-10	3449	3439	-19	3449	3431	117
Mar-11	3432	3435	-20	3437	3432	44
May-11	3442	3441	-15	3442	3442	5
Jul-11	0	3448	-15	0	0	0
Sep-11	0	3455	-18	0	0	0
Dec-11	0	3455	-8	0	0	0
Totals		3441				8,458

Tuesday 26 Jan. 2010

Month	Open	Price	Change	High	Low	Volume
Mar-10	3395	3363	-43	3410	3312	12,021
May-10	3424	3399	-39	3437	3347	5,120
Jul-10	3440	3409	-38	3440	3362	1,016
Sep-10	3442	3415	-30	3442	3369	331
Dec-10	3432	3404	-35	3432	3355	219
Mar-11	3376	3403	-32	3376	3375	61
May-11	0	3405	-36	0	0	98
Jul-11	3410	3417	-31	3410	3410	25
Sep-11	0	3424	-31	0	0	0
Dec-11	0	3439	-16	0	0	0
Totals		3408				18,891

Wednesday 27 Jan. 2010

Month	Open	Price	Change	High	Low	Volume
Mar-10	3340	3268	-95	3370	3172	19,855
May-10	3379	3308	-91	3406	3221	8,251
Jul-10	3407	3322	-87	3414	3240	1,534
Sep-10	3412	3332	-83	3414	3253	602
Dec-10	3383	3332	-72	3410	3246	885
Mar-11	3410	3335	-68	3410	3248	741
May-11	3410	3327	-78	3410	3248	170
Jul-11	0	3331	-86	0	0	45
Sep-11	0	3338	-86	0	0	0
Dec-11	0	3353	-86	0	0	3
Totals		3325				32,086

Thursday		28 Jan.	2009			
Month	Open	Price	Change	High	Low	Volume
Mar-10	3277	3260	-8	3287	3211	12,393
May-10	3310	3303	-5	3329	3254	6,917
Jul-10	3285	3321	-1	3346	3279	601
Sep-10	3297	3331	-1	3352	3292	412
Dec-10	3300	3331	-1	3354	3290	361
Mar-11	3299	3335	0	3357	3289	255
May-11	0	3336	9	0	0	47
Jul-11	0	3336	5	0	0	30
Sep-11	0	3346	8	0	0	0
Dec-11	0	3367	14	0	0	0
Totals		3327				21,016

Friday		29 Jan.	2009			
Month	Open	Price	Change	High	Low	Volume
Mar-10	3285	3184	-76	3287	3175	12,404
May-10	3300	3229	-74	3330	3220	8,504
Jul-10	3308	3249	-72	3328	3241	901
Sep-10	3342	3266	-65	3342	3259	290
Dec-10	3300	3272	-59	3300	3272	183
Mar-11	3338	3279	-56	3338	3270	141
May-11	3338	3292	-44	3338	3285	73
Jul-11	3338	3269	-67	3338	3285	97
Sep-11	0	3279	-67	0	0	0
Dec-11	0	3294	-73	0	0	0
Totals		3261				22,593

Average for the week		3,352				20,609
Total for the week						123,653

Spot Prices (US \$ per tonne)

	25 Jan.	26 Jan.	27 Jan.	28 Jan.	29 Jan.
Main Crop Ghana, Grade 1	4056	4013		3910	3842
Main Crop Ivory Coast, Grade 1	3914	3871		3768	3701
Main Crop Nigerian, 1	3901	3858		3755	3627
Ecuador ASE	3589	3546		3443	3367
Sanchez f.a.q	3594	3551		3448	3372
Indonesia f.a.q 115/100	3549	3505		3402	3326
Pure Prime Press African Type Cocoa Butter	6744	6659		6400	6251

Source: Cocoa Merchant Association

Health and Nutrition

Chocolate as a Stress Reliever

PsychCentral.com - [Rick Nauert](#) -

By Rick Nauert PhD *Senior News Editor*

Reviewed by John M. Grohol, Psy.D. on January 27, 2010

With Valentine's Day on the horizon, a new study gives additional support for treating your loved one with sweets — especially chocolate — for the special day.



In a new clinical trial, researchers found that eating about an ounce and a half of dark chocolate a day for two weeks reduced levels of stress hormones in the bodies of people feeling highly stressed.

Everyone's favorite treat also partially corrected other stress-related biochemical imbalances.

The clinical study of the "chocolate cure" for emotional stress is published online in the American Chemical Society's *Journal of Proteome Research*.

In the article, researchers discuss emerging scientific evidence that antioxidants and other beneficial substances in dark chocolate may reduce risk factors for heart disease and other physical conditions. Studies also suggest that chocolate may ease emotional stress.

Until now, however, there was little evidence from research in humans on exactly how chocolate might have those stress-busting effects.

In the study, scientists 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.

Source: [American Chemical Society \(ACS\)](#)

Chocolate's Sweet Benefits Win Hearts and Help You Stay Kind to Your Valentine

The National Confectioners Association serves up new ways to sweeten your Valentine's Day with the natural elixir of love: Chocolate

WASHINGTON, Jan. 29 /PRNewswire/ -- Chocolate is the number one candy to exchange on February 14 for its heart-winning benefits, according to the National Confectioners Association's Chocolate Council. Known to prompt amorous feelings in both men and women, chocolate is the natural elixir of love.

More than good for winning hearts, research continues to show that cocoa and chocolate may offer benefits to support a heart-healthy lifestyle. Packed with healthy antioxidants, cocoa has been deemed a super fruit in its natural state – this means it contains many nutrients that promote good health in a variety of ways. "Research shows that we have even more reasons to love chocolate and share it with friends and family as a token of affection," said Susan Smith, senior vice president at NCA and a spokesperson for the Chocolate Council. "From its smooth, creamy texture to its decadent flavor, chocolate sparks happiness while providing benefits that you and your loved ones can feel good about enjoying on Valentine's Day."

Cacao beans, the seed of the fruit from the cacao tree, are rich in flavanols. Flavonoids are compounds also found in fruits, vegetables and certain beverages such as tea, red wine and grape juice. Research over the past decade has identified the flavonoids found in cocoa and chocolate as showing positive antioxidant effects. Flavonoid-rich diets are also associated with a decreased risk of heart disease and stroke. While pure cacao from raw cacao beans would provide the most direct benefits, nutritionists report that cacao as found in chocolate supports these health benefits.

And, new research indicates chocolate and cocoa may benefit your body and mind overall. In fact, according to NCA's 2009 Industry Trends Report, leading industry experts say we'll start to enjoy even more benefits of cocoa in the next few years:

- Skin care products will be the next big market expansion when it comes to non-edible cocoa products, experts forecast.
- Nearly one in two experts say consumers can expect to see more research into the potential health benefits of milk and dark chocolate, including exploration of naturally occurring cocoa compounds and positive effects on mood and blood pressure levels.
- Chocolate and cocoa will pop up more frequently as a key ingredient in main courses to enhance flavors alongside salmon, chicken and steak, as reported by 73 percent of experts.

This Valentine's Day, melt hearts and win over your Valentine with the natural love potion, chocolate. This organic food can be enjoyed in many heart-healthy, sweet or savory forms in addition to traditional confections. For example, try dipping fruit and nuts into melted dark chocolate, spooning cocoa powder into your coffee or a low fat glass of milk, sprinkling cocoa on top of cereal, salad or yogurt, or feature chocolate and cocoa as a special ingredient in a delicious romantic dinner recipe. Or delight your sweetheart with cocoa used in non-tradition ways, such as cocoa infused skin care products, lotions and soaps. For more ideas and sweet and savory recipes using chocolate and cocoa, visit www.candyusa.com.

About the National Confectioners Association (NCA): Founded in 1884 in Chicago by representatives of 69 confectionery manufacturing firms, the National Confectioners Association is one of the oldest, most respected trade associations in the world. Today NCA has more than 600 members and is the major association representing the entire confectionery industry, offering education and leadership in manufacturing, technical research, public relations, retailing practices, government relations and statistical analyses. NCA fosters industry growth by advancing and promoting the interests of the confectionery industry, its customers and its consumers.

About the Chocolate Council: NCA's Chocolate Council was created in 2008 to provide a coordinated voice between U.S. chocolate users and manufacturers to focus on unique issues related to chocolate and cocoa. The major U.S. cocoa processors along with many chocolate confectionery companies hold seats on the Council. The Council's mission is to foster industry growth by supporting a positive public perception of chocolate and cocoa; to support activities that increase consumption in a responsible manner and address threats to consumption of cocoa and chocolate products; to serve as an advocate on behalf of the industry; and to monitor the cocoa consumption and supply activities of trade, government and other organizations to ensure a consistent, global effort.

SOURCE National Confectioners Association (NCA)

Production & Quality

UPDATE: Malaysia Cocoa Board: 4th Quarter Grindings Up On Year

Wall Street Journal - Jan 25, 2010

SINGAPORE (Dow Jones)--Malaysia's cocoa grindings in the fourth quarter rose in comparison with the same period a year earlier for the first time in 2009, the Malaysian Cocoa Board said Monday. Grindings in the October-to-December period were up 1.3% to 75,992 metric tons, it said in a statement. The figures indicate growth of 5.5% from the third quarter.

Despite the increase in the fourth quarter, "it is still relatively low for Malaysian grinding capability," the FMM MAFMAG Cocoa Manufacturers Group said.

Malaysia is Asia's largest cocoa grinder. Its total grindings last year fell 14% to 279,228 tons due to destocking and shrinking demand, when the world market was hit by financial crisis. Although cocoa powder prices rose, a low butter ratio due to the slow response in chocolate demand and volatility in futures affected grinders' decisions on output, the group said, commenting on the latest data.

Cocoa beans are processed by grinders to make butter and cake, which is then pressed into powder, so grinding volumes are usually considered a proxy for actual demand.

\$200, 000 to revive cocoa industry

Michelle Loubon

Published: 29 Jan 2010

The Trinidad Guardian

Dhana Sookoo, newly re-elected president of the Agricultural Society of Trinidad and Tobago (ASTT), says about \$200,000 has been spent on reviving the local cocoa industry. The effort resulted in the rehabilitation of 732 acres of cocoa in areas like Rio Claro, Grande Riviere, Cunaripo, Tabaquite, Tamana, Blanchisseuse, Fishing Pond, Paria, Morne La Croix. "We spent about \$200,000 last year. The project involved the propagation of 12,928 citrus nurseries. And a total of 9,353 plants were distributed to 15 farmers' associations.

Tobago farmers and 13 individual small farmers have already received plants and a further 3,575 plants await distribution." She said an additional 10,000 hybrid cocoa plants were donated to 11 Farmers' Associations. Cocoa farmers also received 13 mist blowers and 13 chain saws. Sookoo said the project was started in 2008 and began with the purchase of pruning tools. The Society realised much more had to be done to return cocoa to its glory days. The sectors were invited to submit proposals, projects and programmes for consideration for funding.

Cocoa representatives

At Wednesday's AGM for ASTT, three new cocoa representatives were elected at the Centre of Excellence, Macoya, Tunapuna. Among them were Mahadeo Rambharose, Roger Lashley and Reeza Feeraz. They joined the existing cocoa representatives including Krishendath Sooknanan, Ethan Benjamin, Ganesh Gangapersad, Jenson Alexander and Juman Mohammed.

\$200M funding

Agriculture Minister Arnold Piggott said \$200 million would be made available for the expansion of agriculture this year. He said \$100 million would go toward access roads and the other \$100 million will be available as loans from the Agricultural Development Bank. Sookoo said she was pleased at the monetary allocation. "I felt happy that government has allocated quite a substantial amount of money. It's a new partnership and our efforts are coming together. There are some shortcomings in the system and we are working with the authorities to resolve those. As we see progress being made, I will comment further about this next week," she said.

Sookoo comments

With the mantle of leadership thrust upon her once more, Sookoo said she was confident about achieving much more for the nation's agriculturists. She said, "With that kind of mandate I can go forward much more confidently. But, I think the challenge is going to be much greater. I think we have been successful at getting the farmers more organised than they were two years ago." She maintained that issues like infrastructure, land regularisation and marketing still required urgent attention. "We have to ensure there is a proper marketing system in place. If you don't have marketing, we will start to destroy our farmers and their sense of security," said Sookoo. She also said there was a greater role for the state to play.

Kudos for Kamla

Quizzed on her sentiments on Kamla's victory, she said, "I have always admired Kamla. I think she is intelligent and she had the charisma to lead." Sookoo, a Sangre Grande resident, lauded the strides that women have been making. "We women are taking our rightful position. I believe as women we have a great contribution to make to the development of the society," she added.

Sectoral programme

Sookoo also spoke about the strides being made to strengthen the other arms of the agricultural sector's development programme. This included assistance for 235 former employees of Caroni to stimulate production on 14,000 acres of idle lands. Trained 270 individuals in root crop production Distributed 10,000 cassava cuttings of new and improved varieties to farmers. The Society distributed 8,000 sweet potato cuttings to participants, 12 pre schools (children from three to five) have participated in a programme of vegetable cultivation.

Nestle grows 140,000 disease resistant cocoa trees

Fri Jan 29, 2010, By Tim Cocks

ABIDJAN (Reuters) - Nestle has cultivated 140,000 disease-resistant cocoa trees to distribute to farmers in Ivory Coast and should boost that number to 1 million per year by 2012, a company executive said on Thursday. Nestle last year launched a plan to hand out the high-yield saplings to farmers with a view to possibly doubling

their productivity and improving the often poor quality of Ivory Coast's cocoa. "This year, we are aiming to produce 500,000, and from next year onwards, 1 million every year," Klaus Zimmermann, Nestle's global head of research and development, said. He spoke to Reuters during a visit of World Bank President Robert Zoellick to a Nestle installation in Ivory Coast.

Zoellick used the occasion to highlight badly needed reforms to the sector, which he said had to be more transparent and tax farmers less.

Ivory Coast, the world's top cocoa grower, which supplies 40 percent of world demand, has suffered in recent years from lower yields because of aging trees and black pod disease. Cocoa sector reforms have been held back by a political crisis that has persisted ever since a 2002-3 war split the country in two, leaving the north in the hands of rebels.

BETTER QUALITY COCOA

Echoing similar efforts in Indonesia and Ecuador, Nestle, the world's biggest food group, is carrying out research on cuttings from Ivorian plantations to help propagate the stronger varieties.

Zimmermann said Nestle's high-yield plants would be a hit with farmers. "When the farmer realises he can get three-fold his income on the same land, he will be convinced," he said.

Benefits of the plants include higher quality cocoa, in a country better known for its bulk than its top grades, resistance to disease and drought, and 50 percent to 200 percent more productivity.

Zimmermann cautioned, however, against thinking this would quickly solve Ivory Coast's aggregate supply problems. "In Ivory coast there are 3 billion trees. If we plant over the next 10 years 12 million, the impact on the quantity of the product will not be that big," he said.

Ivorian cocoa plantations yield, on average, between 400 and 500 kilograms of cocoa per hectare, compared with averages closer to 2 tonnes per hectare in countries like Indonesia.

Exporters on Monday estimated about 751,000 tonnes of beans had reached Ivory Coast's two ports by January 24, up from 681,049 tonnes in the same period last year.

Fears that a vicious combination of aging trees, disease and dry weather will bode poorly for cocoa crop yields this season have kept cocoa futures trading at 30-year highs in London and New York in the past few weeks.

Disease threat could give cocoa rally fresh legs

28th January 2010, by Agrimoney.com

The cocoa rally could be given a new leg by growing concerns about the spread of swollen shoot disease in Ivory Coast plantations, threatening a forecast 18% jump in production in the world's biggest grower of the bean. The disease, caused by an insect-borne virus, has already infected regions producing 300,000 tonnes of cocoa a year, Commerzbank said.

These include areas next to Ivory Coast's key growing regions of Daloa and Gagnoa, which produce about 300,000 tonnes of cocoa apiece. "The possible spread of the swollen-shoot virus could hamper the cocoa crop," Commerzbank said.

While the International Cocoa Organization has forecast production rising by 220,000 tonnes to 1.42m tonnes in 2009-10, "this projection may now prove to be too optimistic", the German bank said, adding that prices "should be well-supported in the short run".

'Heavy losses'

The comments reflect something of a change of tone by the bank, which has in previous comments highlighted the impact of higher Ivory Coast production on markets, although it stuck by a forecast of prices sliding later in the year.

And they come amid a period of high volatility for prices, which swung 5% between high and low on Wednesday as funds sold down positions in a number of farm commodities amid uncertainty caused by President Barack Obama's bank reforms and Chinese moves to slow its economy.

Cocoa, coffee and sugar, suffered "heavy losses as funds and speculators bailed out of their positions", Stephanie Garner, at London-based Sucden Financial, said.

Prices remained volatile on Thursday, dipping in and out of negative territory in both London and New York, if remaining within reach of multi-year highs.

Eight-year high

In late trade, a rise in New York prices helped it narrow its discount to London, which earlier this week widened to an eight-year high of well above £200 a tonne. "This is reflective of the higher degree of shortages for cocoa beans in Europe versus the US," Commerzbank said.

Quarterly grindings data released earlier this month showed European demand for cocoa returning to year-on-year growth, while US consumption faltered.

Sabah Should Consider Cocoa Cultivation, Says Agronomist

KOTA KINABALU, Jan 29 (Bernama) -- The Sabah state government should consider encouraging more cocoa cultivation to take advantage of the steady upward trend in global demand and prices.

Agronomist and plant nutritionist Dr Lee Ming Tong, former deputy director-general (research) and research fellow of the Malaysian Cocoa Board, said although cocoa areas in Sabah have shrunk significantly, the state still has the largest cocoa planted area in the country. "At its peak in 1989, Malaysia had 414,236 hectares of cocoa plantation, of which about 50 per cent or 205,260 hectares were in Sabah," Lee said in a statement here on Friday. "But in 2008, there were 19,976 hectares throughout the country, of which 8,073 hectares were in Sabah and was still large compared to 6,362 hectares in Peninsular Malaysia and 5,521 hectares in Sarawak," he said.

Lee, who is now a consultant with state-owned POIC Sabah Sdn Bhd, was responding to a statement this month by government officials on the buoyant mood in cocoa. He said there was sufficient evidence that cocoa could be profitably cultivated in Sabah, especially with nearly 100 per cent increase in price per ton over the last six years.

Lee said cocoa beans had been fetching consistently RM5,000 to RM6,000 per ton since 2002 and shot up to around RM10,000 per ton last year. "Sabah is becoming overly dependent on one crop, that is oil palm, and this is coming under increasing and determined scrutiny in the importing countries," he said. "A revival of the cocoa planting industry will play an important role along with the oil palm and rubber industry under the crop diversification policy for sustainable economic development," he added.

According to Lee, the growing global demand for cocoa of around three per cent per annum provides an excellent opportunity for further growth in Malaysia's cocoa planting industry. He said increasing local production of cocoa beans in Sabah would pave the way towards establishing a consistent supply of cocoa beans for the development of a sustainable cocoa downstream industry, in tandem with the Sabah Industrial Masterplan for economic development in the state.

In order to ensure success in increasing local production of cocoa beans, Lee said both the public and private sectors could play an important role with the government to take the initiative in formulating strategies and implementation.

The Market

Ivory Coast's Record Cocoa Prices Attract Smugglers (Update1)

By Monica Mark

Jan. 26 (Bloomberg) -- Smugglers may transport as much as 75,000 metric tons of cocoa from Ghana into neighboring Ivory Coast this season, attracted by record farm-gate prices, Saf- Cacao, the biggest Ivorian buyer of the beans, said. Growers in Ivory Coast, the world's biggest producer of the chocolate ingredient, are currently being paid 1,065 CFA francs (\$2.29) a kilogram (2.2 pounds) for their beans, the most in 30 years, according to the state-run Bourse du Café et du Cacao. Producers in Ghana, the second-largest grower, are paid 2.4 cedis (\$1.69) a kilogram.

"There's no question that smuggling is increasing from Ghana this season," Ali Lakiss, a director of Saf-Cacao, said in a Jan. 20 interview in the port town of San Pedro. "Based on arrivals figures to ports, we're estimating 75,000 tons of smuggled Ghanaian cocoa by the end of this season."

Fears of a decline in supplies amid dry weather across Ivory Coast have resulted in increased demand for beans, pushing up prices. The shortage has forced some cocoa cooperatives to close down because they aren't able to fulfill contractual obligations, Yao N'Guessan, a Soubre-based farmer and cooperative owners, said in an interview on Jan. 22.

"Demand for beans is definitely outstripping supply," Lakiss said.

Ivory Coast's main crop is collected from October through the end of March. A smaller mid-crop is reaped from April to September. This season's main harvest may total 900,000 tons, little changed from last year, officials from the BCC and the National Coffee and Cocoa Development Fund said last week.

100,000 Tons

Ghana's government increased the price it pays growers for their beans by 9 percent earlier this month in an effort to curb smuggling. Farm-gate prices in Ivory Coast haven't been fixed by the state since the market was liberalized in 1999. Cocoa arrivals at Ivorian ports since the marketing season began Oct. 1 until the week ended Jan. 17 totaled 726,485 tons, up 15 percent from the same period last year, according to port data.

Ivory Coast is expected to produce 1.42 million kilograms of cocoa beans this season, up 3.7 percent from a year earlier, according to the International Cocoa Organization's Web site. The West African nation accounts for about 36 percent of global output, according to the ICCO.

Cocoa for March delivery fell \$48, or 1.4 percent, to \$3,358 a ton at 11:09 a.m. on ICE Futures U.S. in New York. Before today, the price rose 28 percent in the past year on concern that supplies will tighten from West Africa.

Chocoholics to tighten their belts this Easter

Business Report - Florence de Vries - Jan 30, 2010

Retailers and manufacturers of South African chocolate goods such as Cadbury and Nestlé have indicated that they would absorb most of the input cost hikes, but the pending rise in electricity costs together with the surge in cocoa and sugar prices could see a rise in retail prices.

Although it since dropped, last week, cocoa rose 0.7 percent in the fifth straight gain and the longest rally since June. "Cocoa is heading lower in a bearish environment for equities," said Adam Klopfenstein, a senior market strategist at MF Global's Lind-Waldock unit in Chicago.

Carlos Martinez, a soft commodities analyst at Citibank in London, said the weather in Ivory Coast, the world's largest producer, was one of the key drivers of the cocoa price. The country had experienced exceptionally dry weather conditions in the past year, which could have an adverse effect on supply.

Spar is expecting to pay between 6 percent and 9 percent more for its chocolate products by March as one of its suppliers cites higher commodity prices as well as the proposed surge in electricity tariffs as reasons for the increase.

State-owned Eskom's application to the National Energy Regulator of South Africa to hike electricity tariffs by 35 percent has been met with much resistance by South African businesses, including retailers that believe the increase could significantly affect profits.

Spar marketing manager Mike Prentice said it received notification of a price increase from one supplier, which takes effect on March 1. "At this stage we do not have the detail by product," he said.

"The 35 percent increase in electricity, 13 percent in sugar and cocoa powder at 42.5 percent are the major drivers of the price swell," he said, adding that one of the reasons for the massive increase in cocoa powder prices was increased demand for cheaper chocolate.

Kevin Korb, the food merchandise director at Pick n Pay, said most chocolate manufacturers sourced the main ingredients, cocoa and cocoa butter from the Ivory Coast. "However, while price increases of cocoa and cocoa butter may affect chocolate manufacturers directly, it does not mean that retail price increases will be as dramatic."

Korb said Pick n Pay's chocolate prices, which range between R1.99 and R9.99, had not been affected yet. "We are hopeful that should we receive supplier increases, these will be in line with food inflation," Korb added.

Tiger Brands, which manufactures the Beacon and Anytime chocolate brands, said it would not be using less cocoa or cheaper alternatives as a measure to curb input costs. "While we continue to look at ways to be more cost-effective, this does not include changing the characteristics and ingredients of our products," said Bongiwe Njobe, the director of the group's corporate sustainability division. "Tiger Brands has procurement models in place to mitigate the effects of high cocoa prices."

Cadbury South Africa, which holds the lion's share of the local chocolate market with 27 percent, sells approximately 25 000 tons of chocolate products in South Africa every year.

Hetal Shah, the financial director at the group, said Cadbury managed any risk around increases through hedging strategies, which gave the group some level of certainty around price and delivery of its cocoa. "We manage cost pressure and volatility as best we can through effective buying processes and constantly reviewing key levers we can pull. These are pricing, product configuration and cost reduction," Shah said.

Competitor Nestlé produces approximately 2 400 tons of chocolate a year and estimates the market is growing at 4 percent a year.

Ravi Pillay, the director of corporate affairs at the group, said Nestlé would look for innovative ways to avoid passing the cost of production to consumers by offering smaller pack sizes and increasing efficiencies at its factories and in its supply chain.

Dawid Snyman, the Absa Capital sector intelligence specialist, said the higher cocoa price would have an effect on manufacturing costs. "Manufacturers can absorb costs at the beginning, but if the cocoa price increases too much or stays higher than manufacturing budgets, prices will have to increase," he said, adding that the relationship between cocoa and sugar, which is also now trading at 30-year highs, would determine the magnitude of the price increase.

According to Snyman, demand and supply together with the rand/dollar exchange rate is key to the cost of cocoa. "The demand for cocoa will increase as the recession abates and we should bear in mind that people eat more chocolates when they are stressed," he said.

Snyman said Europe's cold winter would also increase demand, but the decline in the Ivory Coast's harvest due to unusually dry weather also needed to be considered.

Mncane Mthunzi, the chief executive of the Consumer Goods Council of South Africa, said that confectionary manufacturers could absorb the input costs, but only up to a certain point before consumers eventually felt the pinch. Mthunzi warned that cocoa as a key input into manufacturing of chocolate would likely have an impact on the pricing of the final product, but it could not be said with certainty that retail prices would surge due to the upward trend of cocoa and sugar prices.

SOFTS-Sugar retreats from peaks, system funds sell cocoa

By Nigel Hunt and David Brough

LONDON, Jan 27 (Reuters) - Raw sugar futures on ICE fell on Wednesday, weakened by the repeated failure of prices to hold above 30 cents and news that the European Commission had proposed allowing additional exports.

Cocoa futures also fell sharply, hit by a wave of selling by system funds after the breach of a long-term uptrend line, while arabica coffee joined the retreat with a rise in the dollar to a six-month high against the euro weighing on the market. "I think it (the decline in sugar) is a technical correction to an overbought market aided by what has happened in the EU," said senior sugar trader David Sadler. "I wouldn't be surprised if we go down a bit more. I think 28.00 to 28.50 (cents a lb) is a fair value for March (raw sugar)," he added.

March raws stood 0.64 cent or 2.2 percent lower at 28.66 cents a lb at 1604 GMT.

The European Union will allow an additional export of 500,000 tonnes of out-of-quota sugar in the 2009/2010 marketing year due to exceptional market conditions, the bloc's executive said on Wednesday. "A lot of people didn't expect that could happen (the release of additional EU sugar for export)," Sadler said.

The European Commission said it was a temporary measure and did not contravene World Trade Organisation obligations which limit EU exports to 1.3 million tonnes annually.

Dealers said the market's failure to break the 30 cents a lb level on a closing basis had also helped trigger selling.

March raws climbed to a peak of 30.10 cents on Monday but closed at 29.80 cents while on Tuesday it again broke above 30 cents, peaking at 30.03 cents before ending at 29.30 cents.

One fund manager said the sugar market could be at the upper end of its rally now. "I believe there is still some room to the upside (31-32 cents). However, it feels that the rally has become a bit toppish, so I'd expect to see volatile prices in the short term although a correction is plausible," said Jeremy Gatto, a sugar futures trader with Tiberius Group. "Sugar fundamentals remain very strong. Despite the strong fundamentals I do believe part of the rally has been spec driven," he added.

March whites on Liffe fell \$16.90 or 2.3 percent to \$727.40 a tonne.

SUPPORT BREACHED

Cocoa prices also tumbled, hit by selling by system funds. "It has broken key support levels on the charts and all the system funds sold. Once you breached 2,265 pounds on the second month in London you broke an uptrend line which was unscathed since June 2009," one London dealer said.

May cocoa in London fell 64 pounds or 2.8 percent to 2,247 pounds a tonne after trading as low as 2,210 pounds after sell-stops were triggered.

Commerzbank, in a market note on Wednesday, noted the price differential between prices in London and New York had widened to the highest level in eight years. "While demand in Europe has already picked up, that in the US is still sluggish. Moreover, cocoa inventories in the US have risen during the past several weeks, while stock piles at LIFFE in London continued to fall," Commerzbank said. March cocoa on ICE stood \$111 or 3.3 percent lower at \$3,252 a tonne after hitting a low of \$3,172.

Coffee futures were also lower, weighed by the strength of the dollar and losses in other commodity markets. London (Liffe) March robusta coffee futures were off \$12 or 0.9 percent at \$1,335 per tonne, while ICE March arabica futures were down 3.45 cents or 2.5 percent at \$1.3480 per lb.

Foods and Softs Outlook –

January 29, 2010

by CRB Research Team of Commodity Research Bureau

Foods and Softs Outlook - An Excerpt from CRB'S Futures Market Service

COFFEE—Mar Nybot Arabica coffee prices corrected down to a 2-1/2 month low from last month's 1-1/2 yr high. Bearish factors include (1) weakness in the Brazilian real, and (2) the prediction from Brazil's Agriculture Ministry that Brazil's coffee output this year may rise to between 48 mln and 50 mln bags. Bullish factors include (1) ICO's prediction that Columbia's coffee crop for the year through Sep 30 will be below the previous estimate of 9.5 mln bags, (2) the USDA's cut in its 2009-10 global coffee production and ending stocks estimates, and (3) Brazil's coffee harvest this year falling to 39.47 mln bags, -14% y/y. Large specs as of Jan 19 increased their large long position to 31,926. USDA coffee summary: 2009-10 world coffee production 125.2 mln bags (-3.7% vs 2008-09's 130 mln bags); 2009-10 world ending stocks at 34.69 mln bags (-15% vs 2008-09's 40.96 mln bags).



COCOA—Mar cocoa prices corrected down to a 2-month low from last month's 30-year nearest-futures high. Bearish factors include (1) the -1.5% drop in Q4 US cocoa grindings, (2) recent dollar strength, which curbs demand for most commodities, (3) the +18% y/y rise in Dec Ivory Coast cocoa exports, and (4) ICO's hike in its forecast for a 150,000 MT global cocoa surplus for 2010. Bullish factors include (1) the +0.6% y/y rise in Q4 European cocoa grindings, the first increase in a year, and (2) ICO's report that 2008-09 Ivory Coast cocoa output was 1.22 million tons, a 14-year low. Large specs as of Jan 19 added to a large long position of 41,260.



Processing & Manufacturing

Barry Callebaut Introduces Premium Belgian Chocolate Products

PerishableNews (press release) - Barry Callebaut -



Chicago – To the delight of chocolate enthusiasts and home chefs throughout North America, Barry Callebaut – the world's leading manufacturer of high-quality cocoa and chocolate products – today at the Fancy Food Show in San Francisco introduced a new line of its popular Callebaut Belgian chocolates designed especially for the consumer market.

Made using the finest cocoa beans, 100 percent pure cocoa butter and natural bourbon vanilla, the new line of Callebaut chocolate couvertures are available in milk, dark and marbled varieties and will be sold at specialty food markets and fine grocers throughout the United States.

"Callebaut has long been the global standard for Belgian premium chocolate products and the preferred choice among chocolate professionals who want exceptional taste and quality for their culinary creations," says Parveen Werner, director of marketing for Barry Callebaut North America. "Now non-professional food enthusiasts can achieve the same quality in their own recipes at home with our new line of fine Callebaut chocolates that will be available conveniently at retail stores."

In fact, home cooking and baking enthusiasts will enjoy a number of benefits when using Callebaut chocolate, including:

- Enhanced flavor – The milk, dark and marbled chocolate couvertures are perfect for adding rich taste to brownies, cookies, cakes, truffles and other dessert recipes.
- Easy-melt consistency – Small, disc-shaped chocolate Callets™, which are the perfect size for quick snacking and make tempering chocolate in the microwave a breeze.
- Optimum product freshness – The milk and dark chocolate varieties are available in re-sealable 8.5-ounce stand-up bags or 8-ounce snap-tight tubs to help preserve freshness, and have a shelf life of 18 and 24 months respectively. The marbled variety chocolate is available in 9-ounce bags and 9-ounce tubs and has a shelf life of 12 months.

For more product information and mouth-watering recipes, home chefs and chocolate artisans alike can visit www.callebautrecipes.com.

Barry Callebaut:

With annual sales of about CHF 4.9 billion (approximately USD 4.3 billion) for fiscal year 2008/09, Zurich-based Barry Callebaut is the world's leading manufacturer of high-quality cocoa and chocolate – from the cocoa bean to the finished product on the store shelf. Barry Callebaut is present in 26 countries, operates about 40 production facilities and employs about 7,500 people. The company serves the entire food industry, from food manufacturers to professional users of chocolate (such as chocolatiers, pastry chefs or bakers), to global retailers. Barry Callebaut is the global leader in cocoa and chocolate innovations and provides a comprehensive range of services in the fields of product development, processing, training and marketing. The company is actively engaged in initiatives and projects that contribute to a more sustainable cocoa supply chain.

Business and Economy

Ecuador's Cocoa Sales May Fall for 1st Time in Decade (Update1)

By Heather Walsh

Jan. 25 (Bloomberg) -- Ecuador, the second-largest cocoa producer in the Americas, may have a drop in exports this year for the first time in a decade because of a drought, an exporters' group said. Sales abroad may slide to about 120,000 tons of the bean used to make chocolate from about 130,000 tons last year, the first drop since 2000, said Xavier Elizalde, manager of the National Association of Cocoa Exporters.

A drought triggered by the El Nino weather pattern threatens to cut cocoa harvests in Ecuador, neighboring Colombia and Venezuela. Cocoa has climbed 28 percent in 12 months to \$3,425 a ton at the last close amid speculation worldwide production will lag demand for the bean. "The harvest is very sensitive to the weather," Elizalde said in a Jan. 22 telephone interview from the city of Guayaquil. "We're hoping El Nino won't be strong."

Lack of rainfall also has cut hydroelectricity generation, sparking energy shortages in Ecuador and Venezuela. Last year's shortages increased cocoa processing costs, Elizalde said. The export figure excludes processed cocoa beans, he said.

Cocoa futures for March delivery slipped \$17, or 0.5 percent, to \$3,408 a metric ton on ICE Futures U.S. in New York at 11:13 a.m. New York time.

Brazil is the largest producer of the bean in the Americas, according to the International Cocoa Organization.

Nestlé could look to Hershey as chocolate market gets a shake-up

Australian Food - Isobel Drake - Jan 27, 2010

The world's largest food group, Nestlé, is expected by analysts to look at the prospect of acquiring Hershey in the years ahead as they see themselves fall down the confectionery pecking order. The Swiss group typically maintains the lead or second position in their major categories marking their place as third in the chocolate sector behind Mars and a Cadbury-enriched Kraft as unfamiliar territory. As such, analysts believe they will look at a purchase of Hershey, albeit probably not this year.

The current structure of Hershey, which sees the Hershey Trust control the majority of voting rights, does not lend itself to a takeover but the confectioner may become more amenable to a deal if cost and competitive pressures begin to bite. "We believe a deal for Hershey could be secured at around US\$10-11 billion plus a \$2 billion debt take-out," analyst Deborah Aitken from brokers Bryan Garnier told Reuters.

Hershey looked into the prospect of purchasing Cadbury after Kraft made their move but, being just a little more than half the size of Cadbury meant the deal was never really a feasible option. And it is this Kraft-Cadbury deal that may end up hurting the American icon as Kraft may look to make inroads in the American marketplace with assistance from Cadbury brands. This is complicated, however, by the fact that Hershey is currently the distributor of Cadbury products in the US.

Nestlé has said no major acquisitions are on the cards in 2010 but has not ruled out 'bolt-on' deals. "We have ... said that we will continue to look for bolt-on acquisitions to reinforce our competitive position in the market. There may be opportunities from time to time but these are always going to be smaller deals and very geographic specific rather than large global brands. We don't see the need to make any dramatic change in that strategy," CFO Jim Singh said a few weeks ago.

And with a market capitalisation steadily edging toward \$200 billion the Swiss firm could almost consider Hershey as a small deal.

There were rumours that Nestlé may make a combined bid with Hershey for Cadbury recently but Nestlé indicated that competition authorities would block any deal for Cadbury with them involved. However, competition issues are not as prevalent when it comes to Hershey as their main strength is America where Nestlé is not as strong. "For Nestle, Hershey is the deal it would like to do. It would have no major anti-trust problems, address its weakness in U.S. confectionery and get back its licence to KitKat," an industry insider told Reuters

World Bank urges Ivory Coast cocoa reforms

By Tim Cocks

ABIDJAN, Jan 28 (Reuters) - The World Bank urged Ivory Coast on Thursday to capitalise on a more stable post-war climate to reform its ailing cocoa sector, including slashing high taxes on farmers. World Bank President Robert Zoellick was addressing journalists on a trip to Ivory Coast's main commercial city of Abidjan, to support an electoral process aiming to end years of instability and limbo that followed a 2002-3 civil war. "The country has made great progress after a terrible tragedy," he said. "But just as the World Bank has tried to help support the process of political reconciliation, we now want to use that for a basis for growth."

Instability and repeated delays to presidential polls originally scheduled for 2005 have dogged the country's efforts to retake its place as West Africa's economic hub.

Urgently needed reforms to the cocoa sector in the world's top grower, which supplies 40 percent of the world market, hinge on the polls. The sector is seen as riddled with graft and run by secretive, largely unaccountable agencies. "We're working ... on trying to improve the performance of that system," Zoellick said. "That involves audits to make sure one knows the transparency of the finances, it involves clarifying the assets and liabilities of those organisations." He urged the government to cut taxes on cocoa growers. "Taxes have been very high on farmers and this has led to underinvestment in new plants. If you get the incentives right you can improve productivity," Zoellick said. "The cocoa sector ... already employs some 4 million people in the country ... We think it can do better."

DEBT REDUCTION

Zoellick said he had talked with Prime Minister Guillaume Soro about the steps needed to complete debt forgiveness under the Heavily Indebted Poor Countries (HIPC) scheme. "Based on the progress that Cote D'Ivoire has made, we started the forgiveness of some of their debt. We talked about the steps to complete that debt forgiveness," he said.

Abidjan made a deal to restructure 2.2 billion euros (\$3 billion) of debt with the London Club last year, part of the HIPC initiative aiming to clear billions of dollars of debt. The HIPC initiative aims to help Ivory Coast clear some \$3 billion of its external debt, which was estimated at \$14.3 billion at the end of 2007. A deal last year with the Paris Club of sovereign debtors saw \$845 million of debt cancelled.

The elections are currently scheduled for around early March, but many previous deadlines have been missed.

Zoellick is on a tour of Africa that includes Sierra Leone and Ethiopia. He visited a Nestle installation in Abidjan and will leave Ivory Coast on Saturday.

Nigerian Cocoa Exports Climbed by 9% in November, Agency Says

By Vincent Nwanma

Jan. 29 (Bloomberg) -- Cocoa exports from Nigeria, the world's fourth-largest producer of the chocolate ingredient, increased 9 percent in November, the Federal Produce Inspection Service said. Shipments rose to 27,637 metric tons during the month, from 25,321 tons a year earlier, Adekunle Adebambo, an agronomist at the state agency, said in an interview in Lagos today. The agency inspects and certifies cocoa beans fit for export.

Ivory Coast Targets 4.2% Growth, Seeks Cocoa Overhaul (Update1)

By Sandrine Rastello and Monica Mark

Jan. 29 (Bloomberg) -- Ivory Coast's economic growth will accelerate to as much as 4.2 percent this year as the government steps up investment in infrastructure, Finance Minister Charles Diby Koffi said. Growth will pick up from 3.7 percent in 2009, when rising cocoa prices helped the world's largest producer of the beans avoid the worst of the global recession, Koffi said in an interview in the commercial capital Abidjan yesterday.

The International Monetary Fund and the World Bank resumed lending to Ivory Coast in 2007 after a national reconciliation accord following a civil war in 2002. Ivory Coast has qualified for \$3 billion in debt relief under an IMF program that assists the world's poorest countries. "Our economy has found a new breath," Koffi said in his office, a picture of him and IMF Managing Director Dominique Strauss-Kahn in the background. "We're planning to continue reforming."

One of the changes asked by donors is the overhaul of the cocoa industry and easing taxes on farmers, which Koffi said the government plans to do before the next growing season starts in October.

World Bank President Robert Zoellick said "this is one of the most important areas for reform," adding in remarks to reporters in Abidjan that the Ghanaian model of the state-run cocoa board, known as Cocobod, was being closely watched as a way to improve the quality of beans in the Ivorian sector.

Elections

The changes may not be able to take place before elections, which have been repeatedly delayed since the end of President Laurent Gbagbo's mandate in 2005. "The world is waiting for these elections," said Zoellick, head of the Washington-based lender. "I was encouraged that both the president and the opposition seemed to want to move forward on these issues." Elections would be important for the country as well as the stability of the entire region, he said.

The government is seeking to deal with illegal road blocks that are pushing up transport costs, Koffi said. It is getting \$3 million in grants from the World Bank to try to dismantle them.

People often pay bribes to pass through the military roadblocks, which sprang up following the civil war. "There is a phase of training of those in charge to lead this fight, there is a phase of alerting the population and there will be a phase of repression," Koffi said.

Road Repairs

The country's Cocoa-Coffee Management Committee said on Jan. 15 it will repair 12,000 kilometers (7,456 miles) of rural roads this year to speed up the transport of cocoa beans and other agricultural products to ports and warehouses. The poor quality of roads means many of Ivory Coast's farms are inaccessible during the rainy season.

Infrastructure works that are being taken on include a third mainland bridge in Abidjan, and an Abidjan-Yamoussoukro highway, he said. "The name of the country is Ivory Coast, and that used to be because of the ivory from the elephants," Zoellick said. "The country lost a lot of the elephants, but you don't want to lose your cocoa." "There's enormous potential in the cocoa sector, but we not only need to stress that sector," Zoellick said. "Ivory Coast is blessed with a strong possibility for agriculture. We'd like to work with the government," on developing other agricultural sectors. The government expects to keep inflation under 3 percent this year, after 1 percent in 2009, Koffi said.

Britain's strategic chocolate dilemma

By Martin Wolf

Published: January 29 2010

Briefly, during the takeover bid for Cadbury by Kraft, I thought the UK might proclaim a "strategic chocolate" doctrine. Fortunately, that did not happen. Less fortunately, if history is any guide, the takeover of Cadbury is quite likely to be a flop. If so, the winners will be the shareholders of Cadbury, the advisers for both sides and those who arranged the loans. The right question, then, is not about chocolate. It is about the market in corporate control itself. For high priests of Anglo-American capitalism, this question is heresy. They would insist that shareholders own the business and have a right to dispose of their property as they see fit. They would add that an active market in corporate control is an essential element in "shareholder value maximisation", on which an efficient market economy rests. Yet, after financial markets have gone so spectacularly awry, the question whether companies should be left to the markets is being raised.

The response to the first of these arguments is that ownership rights are never absolute. In fact, the ownership of companies by their shareholders is highly diluted, as my colleague, John Kay, has noted on several occasions. Shareholders enjoy limited liability. As a result, the responsibility they bear for the malfeasance or incompetence of management is highly circumscribed. The claim of shareholders is solely on the residual income of the company. But, since shareholders can diversify their portfolios with ease, their exposure to the risks generated by an individual company is far less than the exposure of workers with firm-specific knowledge and skills. Shareholders lack the ability to assess or monitor a company's performance. If they are able to sell their shares in liquid markets, they do not have incentives to do so either. Failures of corporate governance in widely held public companies are, it follows, inevitable.

As problematic as the notion of shareholder ownership is the recommendation to maximise shareholder value. Harvard university's Michael Jensen has argued that "in the absence of externalities [and when all goods are priced] social welfare is maximised when each firm in an economy maximises its total market value". This is a statement of the efficiency properties of perfect markets. But markets are imperfect, not least financial markets. They can lead managers in what prove to be wealth-destroying directions: just consider the stock market bubbles in Japan in the late 1980s and the US in the late 1990s. Companies exist to provide valuable goods and services to their customers. The market's evaluation of profitability may well be a defective measure of progress towards this broader objective.

This general point has particular force for the market in corporate control. As we have known since the Nobel-winning work of Ronald Coase, companies exist because hierarchies are superior to markets. One reason for this is the cost of defining and monitoring specific contracts. Instead of detailed contracts, long-term relationships based on trust need to emerge inside businesses and between businesses and suppliers. But the knowledge that management may be ousted by opportunistic buyers could well act as a disincentive to forming such relationships in the first place. Everybody will then become an opportunist. If so, the companies likely to thrive are those for which these relationships are unimportant. An active market in corporate control might distort a country's comparative advantage and even undermine its long-term success.

Evidently, there exist countries with highly successful companies - Germany and Japan come to mind - that do not permit an active market in corporate control. For the Japanese, the idea of selling a company over the heads of its management is as ridiculous as that of selling their mothers. In these eyes, a company is a social institution with wide obligations, particularly to long-term employees, not an entity to be bought and sold.

Yet shareholder value maximisation and the market in corporate control also bring benefits: markets may be imperfect, but they are arguably the least bad measuring rod; shareholder value at least gives a company a clear criterion; and the takeovers liberate assets from the hands of incompetent managers and so should frighten them into action.

Since a market in corporate control will never be a global norm, we enjoy the benefit of learning from a natural experiment. There is no theoretically correct answer, but we can learn from the corporate performance of countries with divergent approaches. Where does this leave the UK? A shift to more restrictive British takeover rules is most unlikely to help. We need only think back to the dismal performance of UK companies in sleepier times. If that means we have to swallow the takeover of a Cadbury by a Kraft, so be it: strategic chocolate should not be on the agenda. Companies do not have to go public. If they do, they live by the markets' judgment. In the UK, shareholders rule.

Environmental Issues

Green and Black's to go 100% Fairtrade

The Guardian - Jan 27, 2010

A bar of Green and Black's organic chocolate - by the end of 2011, all the company's bars will be Fairtrade-certified. Organic chocolate maker Green & Black's today pledged to switch its entire worldwide food and beverage range to Fairtrade by the end of next year, in a groundbreaking move that will make it the world's leading manufacturer of organic Fairtrade chocolate.

The company's Maya Gold chocolate was the first official Fairtrade product to go on sale in Britain 15 years ago. Its extended range of chocolate bar and beverage products in the UK will start to carry the distinctive blue and green Fairtrade logo from late 2010, and it is hoped that full conversion of the entire chocolate bar and beverage range in more than 30 countries will be achieved by the end of 2011.

The move to Fairtrade certification will build on the original Fairtrade relationship with cocoa farmers in Belize through guaranteed funding. It will also significantly increase Fairtrade sales in the UK. Green & Black's annual retail sales are approximately £65m.

The Fairtrade market, which now covers products from developing countries ranging from chocolate and coffee to cotton, was worth £22m in 1999, according to a recent survey from the Co-op. Last year, sales of Fairtrade products grew to £635m and the Co-operative is predicting it could break the £1bn barrier in 2010.

The company, founded by the organic pioneer Craig Sams, was controversially sold in 2005 to confectionery giant Cadbury for a reported £20m. Providing a shareholder revolt does not stop Kraft's takeover of Cadbury this month, it will become wholly owned by the US company in February.

The Fairtrade funding, approximately £300,000 a year, received by farmers in the Dominican Republic will be spent on sustainability initiatives which will include improving quality, yields and education, which in turn will increase income for farmers, ensure the cocoa industry becomes more sustainable and secure the supply of high-quality organic cocoa beans to support the brand's international growth.

Dominic Lowe, managing director of Green & Black's, said: "We buy quality, organic Trinitario cocoa beans from co-operatives in the Dominican Republic, and have done so for 10 years. Up until now we have committed US \$500,000 in local initiatives to improve quality and availability, but we wanted to do more to support farmers."

The Fairtrade Foundation (UK) executive director, Harriet Lamb, commented: "This newest commitment to Fairtrade will enable producers to benefit themselves, scale up their businesses and invest in their communities, not just now but for the future."

The move represents another major coup for Fairtrade, which last year certified Cadbury's Dairy Milk, and means chocolate is now a mainstream Fairtrade product alongside bananas, tea and coffee.

It was also announced in December that the UK's best-selling chocolate biscuit bar, Kit Kat, is to receive ethical certification through the Fairtrade quality mark, from this month.

The Co-operative switched all their own label block chocolate to Fairtrade in 2002, resulting in a 50% sales volume uplift in the 12 months following the move. The Co-operative's milk chocolate bar was the UK's first own-brand Fairtrade product launched in 2005.

Barry Callebaut Confirms Strong Growth in Demand for Certified Cocoa and Chocolate

Source: Barry Callebaut AG

Wieze, Belgium, January 28, 2010 – Barry Callebaut, the world's leading manufacturer of high-quality cocoa and chocolate products, confirms a marked increase in the demand for certified cocoa and chocolate products. Strong consumer demand for 'responsibly produced chocolate' lies at the basis of this growth. Barry Callebaut welcomes this evolution, given its long-standing commitment to developing a more sustainable cocoa sector, beginning with local growers. The Group expects that the sale of certified products will continue to grow significantly in 2010.

With over 17 years of experience in certified cocoa and chocolate, Barry Callebaut began with certification programs long before present-day interest appeared and is now a leading global supplier of certified products for the food industry. Because of its extensive presence in origin countries, Barry Callebaut sources and supplies more than 100 product references of certified chocolates and cocoa powder and has projects with all of the main certification programs. These programs include developments for Fairtrade, Organic / Fairtrade, UTZ certified and Rainforest Alliance Certified™ products. The group further offers “Fair for Life” certified products through its subsidiary Biolands.

To further the interests of both quality and sustainability, Barry Callebaut launched its own Quality Partner Program in Côte d’Ivoire in 2005. Including some 47 cooperatives and over 42,000 cocoa farmers, Barry Callebaut’s Quality Partner Program reinforces its direct sourcing initiatives while guaranteeing better quality produce and a better life for farmers and their communities.

Hans Vriens, Chief Innovation Officer at Barry Callebaut: “While demand for organic certified chocolate has been growing steadily over the past ten years, we have seen a jump of more than 50% in the demand for fairtrade certified products in 2009 and an increase of 12% in certified products volume overall. These growth rates are significantly ahead of chocolate market growth rates. We are now complementing our offering with UTZ certified and Rainforest Alliance Certified™ products. This means that we will have products available that meet the standards of some or more of the most widely recognized sustainability labels in the world.”

Juergen B. Steinemann, CEO Barry Callebaut: “Everything at Barry Callebaut revolves around cocoa. It is a rich yet fragile crop grown in a narrow strip around the equator. It is mainly cultivated by small farm holders and their families in some of the poorest areas of the world. Focusing on sustainability is more than a mere optional extra for us; it is an imperative. In order to meet the rising demand for cocoa and chocolate, we must contribute to ensuring that cocoa is grown in a sustainable manner; one that generates income for farmers while also safeguarding the environment. We have been actively engaged for many years in programs which foster sustainable agricultural practices while also providing commercial and logistical support for cocoa farmers. The aim is to secure both the income of small cocoa farmers and the natural balance of the surrounding environment.”

UTZ Certified Expands Sustainable Coffee, Tea, Cocoa, and Palm Oil Programs in 2009

Earthtimes (press release)

Boston, MA. (Vocus) January 28, 2010 -- UTZ CERTIFIED, a leading global agricultural sustainability certification program, hit the ground running in 2009 launching the new Good Inside™ logo and witnessing a substantial interest in sales of its certified coffee, tea, and cocoa from the likes of IKEA, Sara Lee, and Wawa, among others. A certification program founded in 1997 and based in the Netherlands, UTZ CERTIFIED is active in 22 origin countries and in 2007 opened its U.S. office near Boston, MA, as well as sales offices in Chicago, IL, and Montreal, Canada.

Key components of the UTZ CERTIFIED program are: improved farm professionalism, increased productivity, cost-efficiencies, and quality, integrated pest management, and improved social and environmental conditions. It is the first certification program to provide online real-time track and trace for all its coffee production, enabling consumers to track their cup of coffee back to the farms where it was grown. The organization will be offering the same program for tea and cocoa in 2010.

“We are proud to be working with mainstream coffee and agricultural commodities around the world to instill better business practices, and environmental and social standards,” said Graham Mitchell, UTZ CERTIFIED general manager.

The organization’s new Good Inside™ label was a natural evolution from “UTZ Kapeh” which means “good coffee” in a Mayan language, to a name which enables the organization to work with more commodities, and is more recognizable to North American consumers.

Coffee Highlights: Note: The UTZ CERTIFIED field and sales team will be exhibiting at the February 26-28, 2010, World Coffee Congress in Guatemala where board member Carlos Brando will address sustainable harvesting strategies and methods to reduce poverty in coffee producing regions.

Tea Highlights: Cocoa Highlights: Palm Oil Highlights: In addition, the Good Inside Foundation, the U.S.-based non-profit arm of UTZ CERTIFIED International Foundation, received its formal 501(c) (3) status in July 2009. The Foundation develops sustainable agriculture projects, training programs, and instructional tools to demonstrate professional farming techniques and caring for people and the environment at origin. The Foundation elected a slate of directors in March, 2009, that included Mitchell as well as Juliette Caulkins, UTZ CERTIFIED adjunct and commercial director; Jim Fisher, One Accord Partners food and beverage consultant; Karugu Macharia and Enrique Abril, UTZ CERTIFIED/Solidaridad field representatives; and Jim Middleton, an educational fundraiser and former president of Employ-a-bility.

The Good Inside Foundation also joined the Finance Alliance for Sustainable Trade (FAST) in December.

About UTZ CERTIFIED Good Inside™: UTZ CERTIFIED Good Inside™ is a sustainable agriculture program dedicated to creating an open and transparent marketplace for agricultural products. Founded in 2002, the UTZ program has been an innovative pioneer in the field of certification and traceability of coffee, tea, cocoa, and palm oil supply chains. UTZ CERTIFIED's vision is to achieve sustainable agricultural supply chains in which farmers are professionals implementing good practices, industry takes responsibility by demanding and rewarding sustainably grown products, and consumers buy products that meet their standard for social and environmental responsibility. UTZ continues to develop sustainability communication models for consumer education and outreach, including the Good Inside™ label designed to emphasize how the product was produced using a triple bottom line approach, and the Good Inside Foundation, a non-profit (501c(3)) with the goal of developing sustainable projects at origin and building market access for sustainable commodities.

Promotion & Consumption

Great Wall of China, now made in chocolate!

ANI

Saturday, January 30, 2010

WASHINGTON: Artists in China are revelling in sweet delight after recreating the Great Wall with tons of chocolate. A team of innovative chocolatiers unwrapped a 30-foot chocolate model of the wonder, along with artifacts of famed terracotta warriors and a Louis Vuitton handbag for a new exhibit at the Chocolate Wonderland theme park in Beijing.

Other creations also included a life-sized chocolate basketball player suspended from the ceiling in mid-dunk, a plate of painted chocolate sushi, and a pair of chocolate thigh-high boots, reports csmonitor.com.

Organisers described the effort as "a combination of Chinese tradition and chocolate creativity." Artistic director Lin Zhengzong said, "We want people to come and say 'Wow, wow, wow!'"

The exhibition's manager, Zheng Yaoting, added, "Chinese people don't dislike chocolate. They just don't know much about it. We hope to change that."

Chocolate Day being sabotaged?

The Ghanaian Times

26 January 2010



The country's quest to promote the consumption of made in Ghana chocolate is not receiving the needed support from stakeholders in the industry, Ben Ayeh, Public Relations Officer, Ghana Tourist Board has said.

Mr. Ayeh who expressed concern about the unfortunate situation in an interview with the Ghanaian Times said the euphoria which greeted the laudable national campaign and the institution of Chocolate Day had taken a nose dive due to lack of support.

The 14th of February every year is celebrated world-wide as Valentine's Day, a day in commemoration of a Catholic priest who went by that name and who, we are told, symbolised love. Ghana has also decided to use the day to promote its local chocolate by declaring the day Chocolate day.

"The support that is expected from stakeholders to make the project stand on its feet is not forthcoming.

Companies such as the Cocoa Processing Company, Barry Callebaut, Cadbury and others who stand to benefit economically from this noble campaign are seriously sitting on the fence," he said. He said whilst the tourism sector was doing everything possible to sensitise Ghanaians to develop the habit of consuming chocolate, the corresponding support from the chocolate manufacturers was just not forthcoming.

"It is a very unfortunate situation indeed. If the various parties to this national crusade do not work in tandem for the overall success of Ghana's economy, outsiders will capitalize on it and foreign chocolate products will flood our market as we are experiencing now," he said. Mr. Ayeh said apart from promoting love, the local consumption of chocolate or cocoa came with a variety of benefits. "Research by two nutritionists at the University of Arizona at Tucson concluded that emotions, social values, sensory quality, chemicals and the hormonal cycles of women all contribute to our cravings for chocolate," he said.

Three million tonnes of cocoa are produced annually, with the current global value now standing at 5.1 billion.

Throwing more light on the health benefits of cocoa, he said, a study in Spain, reported that cocoa contained more than 600 chemicals that help in fighting cancer and heart diseases and could also help strengthen the immune system, fight rheumatism and alleviate stress. "It is also revealed that flavanoids in chocolate help reduce the incidence of blood clotting, the leading cause of heart attacks and strokes," he said. He said dark chocolate has a high content of cocoa solids, about 70 per cent of cocoa and no or very little milk. It contains up to 12 per cent milk solids. Dark chocolate can either be sweet, semi-sweet or unsweetened. It is the most recommended of all chocolate products, experts say.

Others

UPDATE 1-Ivory Coast warehouse fire destroys tonnes of cocoa

ABIDJAN, Jan 27 (Reuters) - A fire destroyed a cocoa warehouse in Ivory Coast's main city of Abidjan on Wednesday, burning up to 15,000 tonnes of cocoa beans and products, officials said. They said no one was injured in the blaze at the warehouse belonging to the local subsidiary of Swiss chocolate producer Barry Callebaut (BARN.S). "The fire has completely destroyed the main warehouse, where the stock of beans and butter of the company were kept," said a senior firefighting official on the scene.

A Barry Callebaut official, who also asked not to be named, said between 10,000 and 15,000 tonnes of beans or cocoa products were usually stored in the warehouse at any one time.

Ivory Coast exported around 300,000 tonnes of semi-finished products during the 2008/09 cocoa campaign. Officials had no idea what caused the fire. The company said it would put out a statement about the incident later. "To avoid the fire spreading or an explosion, we cut the gas," the firefighter said, adding that the factory had been shut and evacuated. "For the moment, we have put out the main source of the fire."

Ivory Coast, the world's top cocoa grower, has been looking to boost its grinding capacity in the past few years. The industry is hoping to capitalise on a recovery of global demand for cocoa products as the world moves out of recession.

Ghana sends cocoa to Haiti

Ghana News - Jan 25, 2010

Known for her generous and peace loving people, Ghana has once again shown another kind gesture by donating 3 million US Dollars and a quantity of relief items, plastics, medications and some cocoa products for the people of Haiti.

The Minister of Foreign Affairs and Regional Integration, Alhaji Mohammed Mumuni, made the presentation on behalf of the Government and people of Ghana at the Ministry of Information to the United Nations (UN) country director, his Excellency Dauda Toure.

Hon. Mumuni said before presenting the items that Ghana sympathizes with the people of Haiti and is ready to help solve problems of all people including those whose lineage is African.

The UN country director thanked the Government and people of Ghana, for not only donating to the Haitians, but also supporting the UN in every aspect of its programmes like peace keeping. "Ghana has been active in peace keeping activities and sharing burdens of other nations who need military support," Hon. Toure said.

The Deputy Minister of Information, Hon. Samuel Okudzeto Ablakwa, reminded all Ghanaians to be committed to our tradition of being supportive and generous. He said Ghana has been committed to humanity and the whole of Africa from the slave trade through the colonial era to the time of independence to apartheid and hurricane Katrina. In support of the victims of the earthquake, Hon. Kennedy Agyapong, Member of Parliament for Assin-North also donated an amount of ten thousand US Dollars. According to the MP of Assin North he was motivated to do this when he saw on the television how Europeans were assisting Haiti, which is a black African state. According to him, there was no African country giving any aid except Senegal who opted to give a land for the Haitians.

Hon. Agyapong made it clear that he was not donating on the basis of political reasons or popularity but was doing this to serve a nation that is really in need. He used the opportunity to thank the Mills' government for heeding to his call for assistance for the Haitians and called on African leaders to always contribute in times of disasters such as this.

Ivory Coast: Fire at Barry Callebaut-owned Warehouse Destroys Tons of Cocoa

Source: Reuters

Jan 27 - A fire destroyed a cocoa warehouse in Ivory Coast's main city of Abidjan on Wednesday, burning up to 15,000 tonnes of cocoa beans and products, officials said. They said no one was injured in the blaze at the warehouse belonging to the local subsidiary of Swiss chocolate producer Barry Callebaut. "The fire has completely destroyed the main warehouse, where the stock of beans and butter of the company were kept," said a senior firefighting official on the scene.

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Ivory Coast cocoa price increase expected to spur Ghana smugglers

Ghana Business News - Emmanuel K. Dogbevi -



Cocoa industry watchers anticipate a rise in the smuggling of cocoa from Ghana to Ivory Coast following increase in the prices of cocoa in that country.

According to the Bloomberg news, as much as 75,000 metric tons of cocoa from Ghana may be smuggled into neighbouring Ivory Coast.

The report citing Saf-Cacao, the biggest cocoa buyer in Ivory Coast, said smugglers will be attracted by the record farm-gate prices. Cocoa farmers in Ivory Coast are now being paid 1,065 CFA francs (\$2.29) a kilogram (2.2 pounds) for their beans, the most in 30 years, according to the state-run Bourse du Café et du Cacao. Farmers in Ghana, the second-largest grower, are paid 2.4 cedis (\$1.69) a kilogram.

Ali Lakiss, a director of Saf-Cacao was quoted as saying "There's no question that smuggling is increasing from Ghana this season. Based on arrivals figures to ports, we're estimating 75,000 tons of smuggled Ghanaian cocoa by the end of this season."

'West Africa Needs Commodity Exchange'

Daily Guide, Fri, 29 Jan 2010, By Felix Dela Klutse

Cocoa and coffee are major agricultural exports in Africa. It is estimated that countries in West Africa, including Ghana derive more than \$4.5 billion from the exportation of cocoa annually. Even though one would expect the afore-mentioned commodities to help boost the economy of the continent, the case is different as most African countries that export the commodities are still struggling to cope with the ever-widening balance of payments deficits.

This, according to analysts, is due to the problem of price uncertainty, which has hit the market in recent times. Unfortunately, most price changes involving soft commodities have been on the negative side, with very small marginal gains made on very rare occasions.

Attempts by members of the Association of Coffee Producing Countries to boost the price of coffee through retention had failed to achieve the desired objectives over the years. Based on the current trend, some pundits think that liberalization of the West African commodity sector appears to be the single most significant cause of under-performance in the sector.

Liberalization, they said, had seriously failed West Africa farmers and hindered the development of rural economies. While acknowledging the importance of the commodity sector to national economies in Africa, experts are calling on the various governments on the continent to adopt measures that would improve price, trade and productions of commodities.

Many argue that given the current climate of uncertainty in the cocoa and coffee markets, there is the need for effective policies to address the precarious situation created for producers by the very low prices offered on the international market.

However, Africa cannot single-handedly provide all answers to its current economic predicament. Many prominent personalities on the continent are of the view that since Africa is heavily dependent on commodity exports, a dynamic marketing and diversification is needed to revive Africa's agricultural sector.

As an attempt to revitalize what should be a thriving continent, Professor Thomas Kubi, Chief Executive Officer of MCA International Marketing and some other prominent personalities, have decided to set up a Commodity Exchange in West Africa. To be known as the Economic Community for West Africa States (ECOWAS) Exchange, the venture is expected to operate from Accra this year and would have 15 regional offices across the West Africa sub region.

The exchange, according to Prof. Kubi, is expected to trade in commodities such as cocoa, coffee, cashew nuts, sunflowerseeds, fruits, vegetables, timber, gold diamond and crude oil. "The prime client base for the exchange would consist of farmers, producers, processors, traders, wholesalers, retailers, buyers, sellers, carriers and transportation companies," he stated.

Most industry players have already welcomed the move to establish the West Africa commodity trading exchange in Ghana. The move, according to them, would help deepen Ghana's financial sector, which is gradually becoming a hub in the West African sub region.

Professor Thomas Kubi, who is expected to become the Chief Executive Officer of the West Africa Commodity Exchange when it becomes operational, told CITY & BUSINESS GUIDE in an interview that there was the need to ensure that the central role played by commodities in the sub-region is maintained. Prof Kubi mentioned that through proper marketing and support structures of the West Africa Commodity Exchange, the commodity market in the sub-region would flourish again. The total cost for setting up the proposed West African Commodity Exchange in Ghana is estimated at about \$500 million.

The good news is that a Swiss credit support firm, Ace Audit & Control Expertise, has already agreed to back the project, with the African Development Bank offering to provide funding. In addition, two institutions namely London International Financial Futures and Operations Exchange (Liffe) and Cocoa Association of London (CAL) have pledged to support the setting up of the exchange.

The National Democratic Congress (NDC) Government, in its manifesto, pledged to support the setting up of the commodity trading exchange.

TIT BITS

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

Economy concerns, stronger dollar hit commodity prices

LONDON (January 31, 2010): Commodity prices mainly fell this week on worries about the global economic outlook but sugar rocketed to a multi-year high on tight supplies, traders said. "Commodities have experienced a turbulent week, caught in the whirlwinds of lingering worries over monetary policy tightening in China and a more cautious macro-economic outlook," Barclays Capital analysts wrote in a report.

New York cocoa falls

NEW YORK (January 31, 2010): US cocoa futures finished weak Friday, hit by the weak pound and a lack of buying interest, and showing signs of falling deeper, traders said. Benchmark March cocoa contract dropped \$76 or 2.3 percent to finish at \$3,184 per tonne. Session range from \$3,175 to \$3,287 a tonne, a double-top with Thursday. Volume for March futures at 11,255 lots by 12:48 pm EST (1748 GMT).

US MIDDAY: cocoa, sugar and coffee tumble

NEW YORK (January 28, 2010): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Wednesday. March arabica coffee contract dropped 3.35 cents, or 2.4 percent, to \$1.3490 per lb at 11:03 am EST (1603 GMT). Session range from \$1.39 to \$1.3410, the lowest since November 27. Arabica coffee fell on a wave of fund selling as the commodity complex dropped, said brokers. March raw sugar contract sank 0.62 cent, or 2.1 percent, to 28.68 cents per lb at 11:04 am.

London sugar, cocoa and coffee fall

LONDON (January 28, 2010): May cocoa on Liffe ended 61 pounds lower at 2,250 pounds a tonne. System fund selling following the breach of a key long-term uptrend line triggered a sharp setback although losses had been trimmed by the close. March white sugar ended \$21.80 lower at \$722.50 a tonne. Setback seen as partly technical correction after the recent surge to a record peak while news that European Union had proposed allowing additional exports also seen as bearish.

London sugar, cocoa and coffee down

LONDON (January 27, 2010): March white sugar ended \$8.90 lower at \$744.30 a tonne on Tuesday, weighed down partly by a stronger dollar and losses in other commodities. Market likely to consolidate short-term before possibly mounting another challenge to record peak of \$767.00 set last week, underpinned by tight supply.

US MIDDAY: coffee and cocoa fall

NEW YORK (January 27, 2010): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Mon. March Arabica coffee contract fell 1.75 cents to \$1.3765 per lb at 11:03 am EST (1603 GMT). March raw sugar contract inched up 0.06 cent to 29.86 cents per lb at 11:04 am. Trading range from 29.46 to 30.03 cents. Benchmark March cocoa contract dropped \$70 to \$3,336 per tonne at 11:04 am. Trading range from \$3,312 to \$3,410.

US MIDDAY: sugar and coffee rise; cocoa falls

NEW YORK (January 26, 2010): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Monday. March arabica coffee contract rose 0.15 cent to \$1.3975 per lb at 11:036 am EST (16036 GMT). Session range from \$1.3855 to \$1.4040. Arabica coffee turned slightly higher as the market looked for direction amid tight supplies for high-quality bean and chart-based weakness, said brokers.

London cocoa lower; sugar and coffee up

LONDON (January 26, 2010): May cocoa on Liffe ended 15 pounds lower at 2,326 pounds on Monday, weighed by the strength of sterling. Market not far off 32-year peak of 2,356 pounds set on Thursday. March white sugar ended \$6.20 higher at \$753.20 a tonne. Market awaits confirmation that physical buyers are willing to pay current high prices before possibly mounting another challenge to record peak of \$767.00 set last week.

Malaysian cocoa grindings up 1.3 percent

SINGAPORE (January 26, 2010): Malaysia's cocoa grindings rose 1.3 percent in the fourth quarter of 2009 to 74,993 tonnes after three straight quarters of decline, the Malaysian cocoa Board said on Monday. But total grindings in Malaysia dropped 13.7 percent to 279,228 tonnes from 323,653 tonnes in 2008, the MCB said in a statement, reflecting a slow down in demand for products such as butter and powder. Malaysia is Asia's largest cocoa grinder.