

# COPAL COCOA *Info*

*A Weekly Newsletter of Cocoa Producers' Alliance*



Issue No. 373

1<sup>st</sup> – 5<sup>th</sup> February 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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|---|---|
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|---|---|

## ICCO Daily Cocoa Prices

|                          | ICCO daily price<br>(SDR/tonne) | ICCO daily price<br>(\$US/tonne) | London futures<br>(£/tonne) | New York futures<br>(\$US/tonne) |
|--------------------------|---------------------------------|----------------------------------|-----------------------------|----------------------------------|
| 1 <sup>st</sup> February | 2166.68                         | 3356.52                          | 2221.33                     | 3181.00                          |
| 2 <sup>nd</sup> February | 2157.98                         | 3346.79                          | 2209.00                     | 3171.33                          |
| 3 <sup>rd</sup> February | 2165.99                         | 3365.47                          | 2232.67                     | 3182.67                          |
| 4 <sup>th</sup> February | 2147.01                         | 3317.04                          | 2239.00                     | 3109.33                          |
| 5 <sup>th</sup> February | 2089.20                         | 3220.40                          | 2195.67                     | 3015.67                          |
| <b>Average</b>           | <b>2145.00</b>                  | <b>3321.00</b>                   | <b>2220.00</b>              | <b>3132.00</b>                   |

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

**Monday 1st February 2010**

| Month                 | Opening Trans | Settle      | Change | Daily High | Daily Low | Volume       |
|-----------------------|---------------|-------------|--------|------------|-----------|--------------|
| Mar 2010              | 2230          | 2225        | -8     | 2249       | 2221      | 5,056        |
| May 2010              | 2230          | 2225        | -7     | 2249       | 2220      | 2,851        |
| Jul 2010              | 2220          | 2214        | -8     | 2233       | 2214      | 459          |
| Sep 2010              | 2210          | 2196        | -9     | 2219S      | 2192      | 699          |
| Dec 2010              | 2184          | 2170        | -7     | 2192       | 2169      | 260          |
| Mar 2011              | 2161          | 2153        | -7     | 2172       | 2160      | 337          |
| May 2011              | 2152          | 2142        | -7     | 2152       | 2152      | 1            |
| Jul 2011              |               | 2142        | -7     |            |           | 0            |
| Sep 2011              |               | 2142        | -7     |            |           | 0            |
| Dec 2011              |               | 2142        | -7     |            |           | 0            |
| <b>Average/Totals</b> |               | <b>2175</b> |        |            |           | <b>9,663</b> |

**Tuesday 2nd February 2010**

| Month                 | Opening Trans | Settle      | Change | High  | Low   | Volume        |
|-----------------------|---------------|-------------|--------|-------|-------|---------------|
| Mar 2010              | 2227          | 2213        | -12    | 2230  | 2157  | 15,672        |
| May 2010              | 2227          | 2213        | -12    | 2229  | 2162  | 11,609        |
| Jul 2010              | 2214          | 2201        | -13    | 2214  | 2149  | 3,430         |
| Sep 2010              | 2199          | 2182        | -14    | 2199S | 2130  | 1,950         |
| Dec 2010              | 2170          | 2159        | -11    | 2170  | 2112S | 443           |
| Mar 2011              | 2156          | 2145        | -8     | 2156  | 2094S | 500           |
| May 2011              |               | 2134        | -8     |       |       | 0             |
| Jul 2011              |               | 2134        | -8     |       |       | 0             |
| Sep 2011              |               | 2134        | -8     |       |       | 0             |
| Dec 2011              |               | 2134        | -8     |       |       | 0             |
| <b>Average/Totals</b> |               | <b>2165</b> |        |       |       | <b>33,604</b> |

**Wednesday 3th February 2010**

| Month                 | Opening Trans | Settle      | Change | High  | Low   | Volume        |
|-----------------------|---------------|-------------|--------|-------|-------|---------------|
| Mar 2010              | 2212          | 2243        | 30     | 2245  | 2194  | 8,402         |
| May 2010              | 2210          | 2234        | 21     | 2238  | 2187  | 5,316         |
| Jul 2010              | 2201          | 2221        | 20     | 2226  | 2175S | 1,027         |
| Sep 2010              | 2182          | 2199        | 17     | 2199  | 2163S | 512           |
| Dec 2010              | 2160          | 2177        | 18     | 2184S | 2145  | 769           |
| Mar 2011              | 2146          | 2151        | 6      | 2164  | 2128  | 780           |
| May 2011              | 2127          | 2141        | 7      | 2167  | 2125S | 66            |
| Jul 2011              |               | 2141        | 7      |       |       | 0             |
| Sep 2011              |               | 2141        | 7      |       |       | 0             |
| Dec 2011              |               | 2141        | 7      |       |       | 0             |
| <b>Average/Totals</b> |               | <b>2172</b> |        |       |       | <b>16,872</b> |

**Thursday 4th February 2010**

| Month                 | Opening Trans | Settle      | Change | High | Low  | Volume       |
|-----------------------|---------------|-------------|--------|------|------|--------------|
| Mar 2010              | 2243          | 2250        | 7      | 2259 | 2230 | 3,987        |
| May 2010              | 2234          | 2240        | 6      | 2249 | 2223 | 2,394        |
| Jul 2010              | 2221          | 2227        | 6      | 2237 | 2212 | 436          |
| Sep 2010              | 2197          | 2205        | 6      | 2214 | 2196 | 127          |
| Dec 2010              | 2175          | 2190        | 13     | 2196 | 2175 | 168          |
| Mar 2011              | 2153          | 2172        | 21     | 2172 | 2146 | 179          |
| May 2011              |               | 2162        | 21     |      |      | 0            |
| Jul 2011              |               | 2162        | 21     |      |      | 0            |
| Sep 2011              |               | 2162        | 21     |      |      | 0            |
| Dec 2011              |               | 2162        | 21     |      |      | 0            |
| <b>Average/Totals</b> |               | <b>2193</b> |        |      |      | <b>7,291</b> |

**Friday 5th February 2010**

| Month                 | Opening Trans | Settle      | Change | High  | Low   | Volume        |
|-----------------------|---------------|-------------|--------|-------|-------|---------------|
| Mar 2010              | 2236          | 2205        | -45    | 2255  | 2255  | 5,683         |
| May 2010              | 2220          | 2199        | -41    | 2247  | 2247  | 3,175         |
| Jul 2010              | 2211          | 2183        | -44    | 2233S | 2233S | 1,352         |
| Sep 2010              | 2193          | 2164        | -41    | 2209  | 2209  | 562           |
| Dec 2010              | 2175          | 2162        | -28    | 2200  | 2200  | 444           |
| Mar 2011              | 2165          | 2137        | -35    | 2177  | 2177  | 462           |
| May 2011              |               | 2131        | -31    |       |       | 0             |
| Jul 2011              |               | 2131        | -31    |       |       | 0             |
| Sep 2011              |               | 2131        | -31    |       |       | 0             |
| Dec 2011              |               | 2131        | -31    |       |       | 0             |
| <b>Average/Totals</b> |               | <b>2157</b> |        |       |       | <b>11,678</b> |

|                             |             |  |  |  |               |
|-----------------------------|-------------|--|--|--|---------------|
| <b>Average for the week</b> | <b>2157</b> |  |  |  | <b>15822</b>  |
|                             |             |  |  |  | <b>79,108</b> |

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

**Monday 1st February 2010**

| Month                 | Open | Price       | Change | High | Low  | Volume       |
|-----------------------|------|-------------|--------|------|------|--------------|
| Mar 2010              | 3191 | 3152        | -32    | 3203 | 3143 | 11,177       |
| May 2010              | 3238 | 3196        | -33    | 3246 | 3187 | 7,025        |
| Jul 2010              | 3250 | 3216        | -33    | 3264 | 3207 | 656          |
| Sep 2010              | 3252 | 3224        | -42    | 3274 | 3224 | 397          |
| Dec 2010              | 3261 | 3233        | -39    | 3272 | 3247 | 302          |
| Mar 2011              | 3263 | 3243        | -36    | 3283 | 3240 | 386          |
| May 2011              | 3240 | 3223        | -69    | 3240 | 3240 | 11           |
| Jul 2011              | 0    | 3228        | -41    | 0    | 0    | 52           |
| Sep 2011              | 0    | 3238        | -41    | 0    | 0    | 0            |
| Dec 2011              | 0    | 3253        | -41    | 0    | 0    | 0            |
| <b>Average/Totals</b> |      | <b>3221</b> |        |      |      | <b>20006</b> |

**Tuesday 2nd February 2010**

| Month                 | Open | Price       | Change | High | Low  | Volume       |
|-----------------------|------|-------------|--------|------|------|--------------|
| Mar 2010              | 3150 | 3132        | -20    | 3154 | 3040 | 18,257       |
| May 2010              | 3199 | 3176        | -20    | 3199 | 3083 | 13,037       |
| Jul 2010              | 3187 | 3203        | -13    | 3210 | 3127 | 2,672        |
| Sep 2010              | 3200 | 3220        | -4     | 3223 | 3136 | 955          |
| Dec 2010              | 3178 | 3240        | 7      | 3243 | 3148 | 757          |
| Mar 2011              | 3186 | 3256        | 13     | 3261 | 3170 | 823          |
| May 2011              | 0    | 3247        | 24     | 0    | 0    | 7            |
| Jul 2011              | 0    | 3252        | 24     | 0    | 0    | 22           |
| Sep 2011              | 0    | 3252        | 14     | 0    | 0    | 1            |
| Dec 2011              | 0    | 3267        | 14     | 0    | 0    | 0            |
| <b>Average/Totals</b> |      | <b>3225</b> |        |      |      | <b>36531</b> |

**Wednesday 3rd February 2010**

| Month                 | Open | Price       | Change | High | Low  | Volume       |
|-----------------------|------|-------------|--------|------|------|--------------|
| Mar 2010              | 3147 | 3144        | 12     | 3154 | 3070 | 14,475       |
| May 2010              | 3189 | 3180        | 4      | 3191 | 3106 | 9,245        |
| Jul 2010              | 3211 | 3207        | 4      | 3217 | 3141 | 2,046        |
| Sep 2010              | 3226 | 3222        | 2      | 3232 | 3180 | 312          |
| Dec 2010              | 3249 | 3241        | 1      | 3249 | 3200 | 242          |
| Mar 2011              | 3225 | 3251        | -5     | 3267 | 3204 | 766          |
| May 2011              | 3204 | 3253        | 6      | 3267 | 3204 | 92           |
| Jul 2011              | 3260 | 3265        | 13     | 3260 | 3260 | 18           |
| Sep 2011              | 0    | 3270        | 18     | 0    | 0    | 13           |
| Dec 2011              | 0    | 3285        | 18     | 0    | 0    | 0            |
| <b>Average/Totals</b> |      | <b>3232</b> |        |      |      | <b>27209</b> |

**Thursday 4th February 2010**

| Month                 | Open | Price       | Change | High | Low  | Volume       |
|-----------------------|------|-------------|--------|------|------|--------------|
| Mar 2010              | 3130 | 3090        | -54    | 3150 | 3060 | 15,504       |
| May 2010              | 3171 | 3125        | -55    | 3180 | 3094 | 12,533       |
| Jul 2010              | 3199 | 3155        | -52    | 3199 | 3125 | 2,581        |
| Sep 2010              | 3194 | 3183        | -39    | 3197 | 3150 | 1,110        |
| Dec 2010              | 3228 | 3219        | -22    | 3228 | 3182 | 1,036        |
| Mar 2011              | 3240 | 3243        | -8     | 3252 | 3197 | 1,403        |
| May 2011              | 0    | 3239        | -14    | 0    | 0    | 171          |
| Jul 2011              | 0    | 3244        | -21    | 0    | 0    | 150          |
| Sep 2011              | 0    | 3253        | -17    | 0    | 0    | 0            |
| Dec 2011              | 0    | 3268        | -17    | 0    | 0    | 0            |
| <b>Average/Totals</b> |      | <b>3202</b> |        |      |      | <b>34488</b> |

**Friday 5th February 2010**

| Month                 | Open | Price       | Change | High | Low  | Volume       |
|-----------------------|------|-------------|--------|------|------|--------------|
| Mar 2010              | 3062 | 2972        | -118   | 3090 | 2965 | 16,512       |
| May 2010              | 3133 | 3001        | -124   | 3133 | 2988 | 14,514       |
| Jul 2010              | 3127 | 3032        | -123   | 3145 | 3030 | 2,493        |
| Sep 2010              | 3156 | 3059        | -124   | 3171 | 3059 | 865          |
| Dec 2010              | 3192 | 3090        | -129   | 3192 | 3091 | 426          |
| Mar 2011              | 3220 | 3120        | -123   | 3232 | 3110 | 1,035        |
| May 2011              | 3214 | 3118        | -121   | 3214 | 3108 | 135          |
| Jul 2011              | 0    | 3128        | -116   | 0    | 0    | 0            |
| Sep 2011              | 0    | 3137        | -116   | 0    | 0    | 4            |
| Dec 2011              | 0    | 3152        | -116   | 0    | 0    | 0            |
| <b>Average/Totals</b> |      | <b>3081</b> |        |      |      | <b>35984</b> |

|                             |             |  |  |  |             |
|-----------------------------|-------------|--|--|--|-------------|
| <b>Average for the week</b> | <b>3081</b> |  |  |  | <b>6543</b> |
|                             |             |  |  |  | <b>6543</b> |

# News

## Health and Nutrition

### Hot Chocolate, Dark Chocolate Better Choices for Heart Health

By Lona Sandon - UT Southwestern Medical Center

Feb 3, 2010



(HealthNewsDigest.com) - For Valentine's Day, consider skipping the chocolate candy and replacing it with a cup of dark hot cocoa. "Research suggests that drinking a cup of dark hot chocolate can be equated with drinking a glass of wine in protecting the heart," says Lona Sandon, a registered dietitian at UT Southwestern Medical Center who urges people to eat and drink in moderation.

If you can't resist eating chocolate or giving it as a gift, choose the right type of chocolate to benefit your heart, Ms. Sandon says.

Pure chocolate, made from cocoa beans, is rich in flavanol, an antioxidant that may help protect arteries from damage, maintain healthy blood flow and fend off heart disease. Dark chocolate and baking cocoa retain most of the original cocoa bean and are excellent sources of polyphenols, a class of compounds that includes flavanols. Chocolate in its more processed form, however, is loaded with extra oils, milk and sugars that combine to lower its level of polyphenols.

A bar of dark chocolate weighing about 1.5 ounces contains approximately 950 milligrams of antioxidants, while a similar bar of milk chocolate contains about only about 400 milligrams. White chocolate is a confection of fat and sugar and contains no antioxidants. Candy bars and boxed chocolates may be tasty, but their added fat and calories make them less healthy treats, Ms. Sandon says. "Chocolate by itself may provide some health benefits. It's what is added to it that's not so good for us," Ms. Sandon says. Visit [www.utsouthwestern.org/nutrition](http://www.utsouthwestern.org/nutrition) to learn more about UT Southwestern's clinical services in nutrition.

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

PR-USA.net (press release)

Source: National Confectioners Association (NCA)

03/02/2010

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](http://www.candyusa.com).

### ***Production & Quality***

#### **Cocoa shortfall may boost prices 'significantly'**

Agrimoney.com

Source: Fortis Bank Nederland/ VM Group

Feb 1, 2010

Cocoa production looks set to fall behind demand once again next season, creating a "substantial risk" that prices of the bean will "move significantly higher", Fortis Bank Nederland said.

World cocoa output will rise by 6.0% to 3.58m tonnes in the crop year starting in October, helped by a long-term Indonesian investment programme which is seeing \$350m spent on free fertilizer and disease resistant trees. While consumption, which was badly dented by the global recession, will recover at less than half that pace, it will nonetheless beat production by 48,000 tonnes.

The deficit will leave global cocoa inventories, as a proportion of consumption, at 35% at the end of 2010-11.

The stocks-to-use ratio, which ended 2008-09 at 42%, is a key measure of market tightness, which is in turn a major indicator of pricing pressure.

#### ***Price risk***

"A substantial risk remains that cocoa prices will move significantly higher in the coming few months," Fortis said in a monthly report.

Cocoa market dynamics , 2010-11 (year-on-year change)

Production: 3.58m tonnes (+6.0%)

Grindings: 3.63m tonnes (+2.3%)

End stocks: 1.26m tonnes (-3.7%)

Stocks-to-grindings: 35% (-2 percentage points)

While some investors argue that prices are already inflated beyond levels justified by market fundamentals, they remain at only about 60% of the record \$5,335 a tonne reached in July 1977.

Adjusted for inflation, that peak was equivalent to \$16,525 a tonne at today's prices.

"In real terms, prices were actually above today's levels for much of the period between 1959-87," the briefing said.



### ***'Structural decline'***

The main threat to price rises looked like "hard evidence" of spending on cocoa plantations in Ivory Coast, the world's biggest producer, where output is suffering from years of underinvestment. "It is becoming clearer that production is as best stagnating and at worst facing a structural decline," Fortis said, forecasting a sharp fall in farmers' cocoa deliveries after a strong start to the main 2009-10 harvest.

"Ivory Coast is beginning to look as though it has reached a productivity ceiling of less than 1m tonnes for its main crop."

Besides some disease and weather setbacks, including a dry October, cocoa farmers in a country beset by political uncertainty have held back from replacing old, unproductive trees and forking out for fertilizer.

### ***Run of deficits***

A cocoa production deficit in 2010-11 would be, on the estimates of some analysts, a fifth successive year of output falling behind demand, beating a four-year run in the 1960s.

However, Fortis revised its estimate of 2008-09 dynamics from showing a small shortfall to a marginal surplus. The report came ahead of the close of markets in New York, where March cocoa ended down 1.0% at a two-month low of \$3,152 a tonne, and London where, cushioned somewhat by softer sterling, the March lot closed down 0.4% at £2,225 a tonne.

### **Peru farmers drop cocaine in favor of cocoa**

Christian Science Monitor

By Matthew Clark Staff writer /

February 1, 2010

Tapping into a niche market for organic cocoa, some Peruvian farmers have turned away from cocaine in favor of growing beans for high-end chocolate retailers in Europe and the US. Deep in a valley where Peru's snow-capped Andes melt into Amazon jungle, Wilder Diaz Angulo cuts open a football-sized cocoa pod and separates precious brown beans from their fleshy white placentas.

The farmer takes care not to damage a single bean. That would hurt his chances of getting the best price for the specialty organic cocoa his cooperative sells for export to high-end chocolate retailers in Europe and the United States.

Life is calmer now that Mr. Angulo sells cocoa instead of coca.

But just a few short years ago he was dodging bullets and hiding from Peruvian soldiers, Colombian drug traffickers, and the brutal leftist Shining Path insurgents. Like hundreds of thousands of other farmers in Peru's fertile San Martin region, Angulo participated in the global cocaine trade. "Coca brought lots of easy money ... mucho dinero," says Angulo with a wistful smile. "But now we feel comfortable and safe. We don't have to hide from anyone."

Peru's drug traffickers have moved into more remote areas, and cocoa growers from across the globe are coming here to learn how to duplicate Peru's success. It's not a quick fix. But years of coordinated effort by the United Nations, the US and Peruvian governments, foreign aid groups, local leaders, and the farmers are now paying dividends. And key reasons for the turnaround – listening to local needs, creating synergy among a diverse array of actors, and sticking to market fundamentals – could carry lessons for other "narcostates" such as Afghanistan and Colombia. "This whole area used to be a terrorist haven," says Fernando Rubio, an environmental activist and agroforestry promoter. "Now it is a success story. [French President Nicolas Sarkozy] says it's the best chocolate in the world."

Peru's cocaine production is far below what it was in the late 1980s and early '90s, when the country was home to the world's largest cocaine industry. Back then, more than 25 percent of Peru's coca cultivation – on some 44,500 acres – occurred in San Martin. Now, coca is grown on less than 2,500 acres, according to US embassy figures.

The US worked with former right-wing authoritarian President Alberto Fujimori to eradicate coca crops and push insurgents and narcotraffickers out of San Martin. But initial efforts to get farmers to switch to other crops failed.

In the late 1990s, various foreign aid groups ushered in programs that taught San Martin coca farmers how to grow alternative crops, but didn't do much to connect them with the niche markets that brought the best prices, and rarely coordinated with one another. The result was a damaging lack of trust that led many communities to kick out the groups, says Darwin Aguila Solano, the San Martin regional director for Chemonics, a Washington-based firm contracted by the US Agency for International Development to help the region develop its cocoa and coffee industries. "When we started, people didn't like us," says Mr. Solano, explaining that peasant farmers thought they would be taught to grow crops that weren't profitable. Farmers often turn to growing coca to pull themselves out of poverty, he notes.

So in 2003, Solano just listened. His group organized events where local civic groups and leaders could gather and list their top concerns and needs. "We're facilitators, not bosses," says Solano. "We focused on getting the active participation of the people and their organizations, and we had to get agreement with the local government."

Another key was synergy. Solano's group brought all major stakeholders – heads of local government, Peruvian and US drug enforcement and development officials, and foreign aid groups – into one room. The goal was to avoid duplicating efforts or working at cross purposes. "It wasn't easy," says Solano, noting that USAID at one point threatened to pull money out of the effort if nongovernmental groups didn't cooperate.

Market fundamentals were also crucial. "NGOs often promote welfare-ism or paternalism," says Solano. Farmers are asked to produce something "without knowing if there's really a market for it. We needed to start with the market demand in order to [know what to] produce."

Today, the approach is paying off. One cocoa cooperative in the Juanjui area of San Martin, for example, exported 2,000 metric tons of top-quality organic cocoa last year, up from 190 metric tons in 2003. "The Organization of American States came here for 10 days and said: 'We have a model,'" says Solano.

Similar principles have been applied to coffee, with equally impressive results. Coffee farmers in the village of Alto Shamboyaku now make more than double what they made for a bag of coffee in the 1980s, selling it to the Oro Verde (Green Gold) fair trade cooperative. "We don't care about coca now," says Tercero Salas, the mayor of the small community. "We know we can get a good price growing coffee."

The Oro Verde cooperative exports 10 times as much top-rate coffee as it did in 2000 and nearly 100 times as much cocoa, says manager Hiderico Bocangel Cabala. "The highlands are happy about coffee. The lowlands are happy about cocoa. I'm happy about both," says Mr. Cabala. "The miracle of Oro Verde is the people who want to be their own boss, to be entrepreneurs," he says. "Poverty is not in the land, it's in people's minds."

- Matthew Clark traveled to Peru on a Gatekeepers trip organized by the International Reporting Project.

#### **Bill Gates foundation to support cocoa farmers**

February 04, 2010

ABIDJAN (Commodity Online): A Cocoa Livelihoods Program (CLP) launched here with funding from Bill and Melinda Gates Foundation and 14 chocolate industry companies is expected to significantly improve the livelihoods of 75,000 cocoa farmers in Cote d'Ivoire by 2014.

The venture is promoted by the World Cocoa Foundation. The program, first announced in February 2009, funded by the Bill & Melinda Gates Foundation and 14 chocolate industry companies, is expected to significantly improve the livelihoods of 75,000 cocoa farmers in Cote d'Ivoire by 2014.

"Cocoa is a vital component of our economy and a major part of the daily lives of so many people in Cote d'Ivoire. This program is a wonderful opportunity for us to work with the private sector, the Bill & Melinda Gates Foundation, our colleagues in other cocoa-producing countries, and the World Cocoa Foundation to improve the livelihoods of smallholder cocoa farmers in Cote d'Ivoire," said Gilbert Anoh N'guessan, President of the Coffee-Cocoa Sector Management Committee (CGFCC), Republic of Cote d'Ivoire.

The work in Cote d'Ivoire is part of a larger five-country program targeting 200,000 cocoa-growing households across Cote d'Ivoire, Ghana, Nigeria, Cameroon and Liberia. Activities in Cote d'Ivoire will focus on professionalizing farmer organizations, improving production and quality at the farm level, equipping farmers with business skills, promoting diversification of income, and improving access to inputs and support services. The program will be active in seven departments of Cote d'Ivoire: Dalo, Divo, Issia, Abengourou, San Pedro, Soubre and Duekoue.

*Commodity Data that you can use*

"Making real progress against hunger and poverty starts with small farmers," said Richard Rogers, program officer at the Bill & Melinda Gates Foundation. "Strengthening farmer organizations, and improving farmer knowledge and productivity, and the quality of the cocoa production, can help these small farmers boost their yields and incomes so they can improve their lives."

The Cocoa Livelihoods Program announced the award of a 2010 World Cocoa Foundation Challenge Grant to Centre National de Recherche Agronomique (CNRA – the national agricultural research institute in Cote d'Ivoire) to develop an innovative approach for educating farmers on regeneration of their farms. Through this approach, farmers will learn to assess the productivity of each cocoa tree, rehabilitate less productive trees, and replant when necessary.

"The concept of 'bringing science to the field' is an important part of the World Cocoa Foundation's programs. These challenge grants support local efforts to conduct research that is relevant to local farmers' needs and disseminate information in a way that is meaningful to farmers, especially women. Strengthening these linkages between farmers and their national research institutes is essential to the long-term sustainability of our efforts," said Mballo Ndiaye, Cocoa Livelihoods Program Director, World Cocoa Foundation.

The Cocoa Livelihoods Program is managed by the World Cocoa Foundation and implemented through a consortium of five organizations including Agribusiness Services International (ASI) an ACDI/VOCA affiliate, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH, the International Institute of Tropical Agriculture (IITA)/Sustainable Tree Crops Program (STCP), SOCODEVI and TechnoServe.

Funding for the program comes from the Bill & Melinda Gates Foundation and the private sector: major branded manufacturers The Hershey Company, Kraft Foods and Mars, Incorporated; cocoa processors Archer Daniels Midland Company, Barry Callebaut, Blommer Chocolate Company and Cargill; and supply chain managers and allied industries Armajaro, Guittard Chocolate Company, Ecom-Agrocaao, Noble Resources S.A., Olam International Ltd., Starbucks Coffee Company and Transmar Commodity Group Ltd. Additional support is provided by the German Federal Ministry for Economic Cooperation and Development (BMZ). The governments of the five participating African countries have representation on the Steering Committee.

Established in 2000, the World Cocoa Foundation is a leader in promoting economic and social development and environmental stewardship in 15 cocoa-producing countries around the world. With nearly 70 member companies from the Americas, Europe, Asia and Africa, the Foundation actively supports a range of farm-level programs harnessing sustainable agriculture practices to improve the quality of life for the millions of smallholder farmers growing this unique crop. (PRNewswire)

**Indonesia's Sulawesi January cocoa exports nearly triple**

04 February 2010

JAKARTA (February 04 2010): cocoa bean exports from Indonesia's main cocoa-growing island of Sulawesi nearly tripled in January from a year earlier, aided by big shipments to the United States, trade data showed on Wednesday. But dealers said the beans could have been shipped to the ICE warehouses for retender because of poor demand from grinders.

US cocoa grindings in last year's fourth quarter dropped 1.54 percent from a year earlier to 111,986 tonnes. Exports from Sulawesi could slow down this month because the new crop harvest is still a few months off and exporters are running out of stocks, traders said. Indonesia is the world's third-largest cocoa producer after Ivory Coast and Ghana.

Beans shipped out in January hit a total of 25,060 tonnes, up 165 percent from a year ago when shipments were 9,464 tonnes, but down from December shipments of 29,558 tonnes, the data showed. "Everybody is running out of stocks. We've only got less than 1,000 tonnes in our warehouse," the trader said, adding that until now, there has been no information of any big vessels to pick up beans this month for shipment to the United States.

The main crop harvest normally starts in April and peaks in June or July. Indonesia normally exports beans to Malaysia, the United States and Brazil. cocoa grinds, a key measure of demand for the chocolate ingredient, fell sharply in the first half of 2009 as the global economic downturn prompted processors to run down inventories, but started to recover in the third quarter, with the European grind only 1.5 percent below year-earlier levels. European grinds fell more than 10 percent in both the first and second quarters versus comparable 2008 levels.

### **Ondo plans to take cocoa to another level**

Nigerian Compass Newspaper  
05 February 2010



As the leading cocoa producing state, Ondo State is to take the product to another level with the first ever Cocoa Convention. The Commissioner of Agriculture and Natural Resources, Mr. Akin Akinnigbagbe spoke with the media on the initiative. TOLUWABORI OJO was there.

ONDO state is one of the leading producers of cocoa in the country. What is your ministry doing to sustain the tempo?

As a matter of fact, we are the leading producer of cocoa and its export in the country. We still maintain that position till today. In the past and for a longer time, cocoa has sustained our economy. What we are trying to do is to take it to the next level and shift our attention to the latest technology that can assist our local farmer to get maximum yield every year.

We have provided millions of seedling for the farmers in the state at a highly subsidized rate so that the farmers can embark on commercial cocoa production, which at the long run will boost the economy of the state and at the same time assist the farmers to move to the next level in terms of good sales at the end of each year.

We are equally embarking on what I will call value addition to the business of cocoa. This will take the form of processing it home before selling into the international market. This will equally assist the farmers to get higher profit unlike in the past, when cocoa beans are exported directly to the international market; with the farmers has no control on the price.

To encourage farmers, inputs are given to them at a highly subsidized rate, we tried to maintain guaranteed minimum price and made sure that all that were produced by the farmers get to the right market. In the area of consumption, we are trying to encourage the farmers to go into the area of production. A situation where our children will wake up from their bed and demand for cocoa beverages. If cocoa beans are processed locally before export, it will attract more foreign earnings and it will also increase the desire to consume it locally.

Another area we are looking into is the massive production of seedlings running into millions to farmers at a subsidized rate. We have to take this step in order to re-position cocoa towards a large commercial ventures that will attract the younger once to farming. We want to maintain the first position and make sure that a new pace is set in cocoa market both within and outside the country. Transportation of cocoa beans from the farm to the nearest market has always been a problem to most farmers. Is there anything you are doing to solve this problem?

We have other agricultural produce like banana and fruits which are equally money spinning for the farmers. What we are trying to do is that we have re-furbished some of these agricultural equipment in preparation for opening most of the roads especially places where produce are very much. We want to open these farm roads so that farmers will have the opportunity to transport their goods to the nearest market without much hassle.

*What are you doing at your end to make sure that younger people are attracted to the farm?*

We have all encompassing empowerment programme that will attract younger generation into farming. That is why we are embanking on commercial agricultural farming where farmers were given incentive and large scale of land to farm particularly on cash crop. We provide the seedling, farm inputs and all the encouragement that will encourage them on the farm. We let them realize that farming is no longer for the poor, but for those who want to be rich in a matter of few years. Farming is an assured economy unlike the oil where the price is not stable. This is a stable economy that has sustained us for a long time and it will always do. Anybody who is going into it will know that it actually worth it.

We are also going into extension services to sensitize people that this is an area you can go into and you will never remain the same again in your financing. We don't want people to seat down and be looking for cheap money but to work and earn good money through their sweat. We want people to be economically viable and financially independent on their own so that nobody will enslave them.

In the days of old cocoa gestation period used to be between five to six years, but today due to latest research, the gestation period is between two and half to three years, you will be earning income. As a cocoa farmer whatever your colleagues are earning as office workers, you can have multiple folds at the end of each planning season, yet you will be an employer of labour and be more comfortable. Apart from that you will have enough food to eat because there are other crops that you will grow with cocoa. It is no longer the type of farming that our four fathers did; it will be a mechanized farming.

Price control has always been the bane of an average cocoa farmer, is there anything you are doing along this line?

Cocoa is one of the major cash crop in the South West. We are talking about value addition in agriculture, if it is for the big merchant, we have not done anything for the farmers. We want a situation where local industries can spring up in this area that we have highly concentrated raw material in terms of cocoa beans, so that the raw seed could be processed locally and the farmers can earn more income.

Plan is now at advanced stage where our children would be introduced to cocoa beverages in the state, if you know the medicinal aspect of cocoa, you will understand what is talking about. This will give them vitality and good health. We are equally talking to some investors who will come and invest in small scale industries on cocoa, this at the long run will encourage local consumption and farmers will be able to bargain for a good price at the international market.

*Ondo state is organising a cocoa convention next month, what informed this decision?*

This is the first time in the history of the country when a state is organising such a convention. The idea behind this is that as a front runner in the business of cocoa and the largest producer in the country, we want to champion the crusade of operation local consumption of cocoa in the country. Secondly, we want to sensitise people that cocoa cannot be relegated to the background.

This is a crop that has sustained us for ages and is still sustaining us. Therefore we want to brain storm withal the stakeholders in this business and see how we can harness all our potentials together for the development of the state and that of the country at large. We know where we are coming from, we know where we are now and we know where we are going. We want to take cocoa to the next level in the state, and that is why we are organising a convention that will involve all the stakeholders next month.

We want to speak with one voice and tell the Federal Government that this is the crop that is sustaining us apart from oil, and that all hand must be on deck to see that every encouragement is giving to see that it is successive. Oil can dry up at any time but cocoa cannot. So we want to go all out to say that we need this crop to boost our economy and that all encouragement should be giving by the Federal Government to sustain this tempo.

### **Nestle Grows 140,000 Disease Resistant Cocoa Trees**

Source: Reuters

01/02/2010

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 Jan. 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.

### **The Market**

#### **Cocoa, Coffee Futures Drop in Commodity Rout as Dollar Climbs**

BusinessWeek

By Elizabeth Campbell

Feb. 4 (Bloomberg) -- Cocoa futures fell as the dollar climbed, eroding the investment appeal of commodities in tandem with an equity slump. Coffee dropped to the lowest price in almost four months.

The Reuters/Jefferies CRB Index of 19 raw materials headed for the biggest drop since August on concern that rising job losses in the U.S. and mounting debt in Europe will slow economic growth. The dollar climbed to the highest level since July against a basket of major currencies. The Standard & Poor's 500 Index was down more than 2 percent. "Equities and the dollar are just bringing down cocoa," said Hector Galvan, a senior trading adviser at RJO Futures in Chicago. "Equities can definitely break the back of cocoa very easily" because chocolate is a luxury, he said.

Cocoa futures for May delivery dropped \$55, or 1.7 percent, to \$3,125 a metric ton on ICE Futures U.S. in New York. The price has climbed 14 percent in the past year on speculation that global supplies will dwindle. "With the dollar pushing up, it's putting pressure on a lot of these commodities, especially the soft markets," said Dennis Cajigas, a senior market strategist in Chicago at Lind- Waldock, a unit of MF Global Holdings Ltd.

Arabica-coffee futures for March delivery dropped 1.45 cents, or 1.1 percent, to \$1.3155 a pound. Earlier, the price touched \$1.3005, the lowest level for a most-active contract since Oct. 6.

The dollar's advance, not fundamental news, drove coffee lower, said Marcio Bernardo, an analyst at Newedge USA LLC in New York.

The dollar's rebound "might induce some funds or investors to take some money out of commodities," Bernardo said. "That's assuming that the dollar keeps on rallying. If that changes tomorrow, the whole picture changes." Coffee has gained 14 percent in the past year as adverse weather damaged crops in Colombia and Brazil, the world's biggest producer.

#### **Cocoa, Coffee Fall as Dollar Rally Damps Appeal of Commodities**

By Catarina Saraiva

February 05, 2010

(Bloomberg) -- Cocoa prices declined to a three-month low as a rally by the dollar eroded the appeal of commodities as alternative assets. Coffee fell for the third straight day. The dollar rose to the highest level since



May against the euro on mounting concern that budget deficits in Greece and other European nations will widen. Cocoa posted the biggest two- week drop since April.

Cocoa "is going to follow a lot of these other commodities to the downside," said Michael K. Smith, the president of T&K Futures & Options in Port St. Lucie, Florida. "The dollar continues to strengthen. Everybody's really worried about the global economic-growth picture."

Cocoa futures for May delivery slid \$124, or 4 percent, to \$3,001 a metric ton on ICE Futures U.S. in New York, the biggest decline since Dec. 18. Earlier, the price touched \$2,988, the lowest level for a most-active contract since Oct. 5. This week, the commodity dropped 5.7 percent, bringing the two-week slide to 12 percent.

Futures advanced 8.3 percent in the past year on speculation that global supplies would shrink. On Dec. 16, the price reached \$3,510, the highest level since February 1979. The price may fall as low as \$2,800 in the next week to 10 days, Smith said.

Arabica-coffee futures for March delivery dropped 2.75 cents, or 2.1 percent, to \$1.288 a pound. Earlier, the price touched \$1.285, the lowest level since Oct. 2. The price fell 2.6 percent in the previous two days. Coffee has climbed 8.1 percent in the past year as adverse weather damaged crops in Colombia and Brazil.

### **Cocoa holds its place as irreplaceable commodity during hard economic times**

*'Food of the gods' shows resilience in recession and beyond*

By Myra P. Saefong

Feb. 5, 2010:

TOKYO (MarketWatch) -- Cocoa has slipped to its lowest price level in four months but it's still shown resilience in the face of the global recession, proving that it truly deserves its historic nickname of "food of the gods." "Chocolate has emerged as an inexpensive indulgence, along with coffee, that has remained popular during this current economic crisis," said Alan Knuckman, editor of Agora Financial's Resource Trader Alert.

Overall, prices for the commodity have seen a gradual climb since 2005, particularly in the run up to certain holidays like Halloween, which are heavy on chocolate demand. "Easter and Valentine's Day remind us of how pleasurable this basic cocoa commodity has been for centuries and the 4,000 years since it was discovered in the Amazon," Knuckman said.

The extra holiday boosts in demand have helped cocoa futures tally a more than 50% increase from their lows in 2008 to trade around \$3,144 per metric ton. "The strongest demand time is the holidays, mostly in the winter months," said Phil Flynn, vice president at futures trading firm PFG Best, with demand experiencing a "little blip up for the Easter bunny." Easter Sunday falls on April 4 this year.

And though prices recently tapped their weakest intraday level in about four months, price spikes related to holiday demand, ongoing global production concerns and a supply deficit are likely to keep cocoa well-supported. "This is a level where a return of buying from manufacturers, such as candy makers, should come into play, especially if they needed to replenish raw inventories post Valentine's Day," said Chris Kraft, president of Nashville, Tenn.-based CKFutures.com.

At the same time, demand for cocoa on the global stage should "remain strong as the middle class keeps growing in developing nations such as India and China," he said.

### Holding its place

So in some ways, you might say that cocoa has managed, at the very least, to hold its place as an irreplaceable commodity during hard economic times. "While the \$5 mocha chino at Starbucks /quotes/comstock/15\*!sbux/quotes/nls/sbux (SBUX 21.81, -0.62, -2.76%) may have been eliminated from the new consumer budget, chocolate sales actually rose last year amidst the financial carnage," said Knuckman.

That's no wonder. "The Mexican Aztecs used cocoa as currency and demanded cocoa deliveries from conquered tribes," Knuckman said. So "at one time, chocolate was more of a prized commodity than gold -- and that value looks to continue to a lesser degree in this time of economic uncertainty today."



Knuckman expects another 25% rise to at least \$4,000 barring another economic downturn, with the \$2,800/\$2,900 level playing "strong support to lean against for this bullish trend to continue." "Only a monthly close below \$2,900 would negate this bullish pattern," he said.

Prices sit at the highest levels since the late 1970s, he said, pointing out that the highs above \$5,000 per metric tons were achieved in 1977, so "significant upside potential remains from current levels." 'At one time, chocolate was more of a prized commodity than gold -- and that value looks to continue to a lesser degree in this time of economic uncertainty today.'

#### Alan Knuckman, Resource Trader Alert

Given the ongoing supply deficit and backdrop of instability among major production regions, that may be especially true.

The 2009/2010 cocoa season might experience another supply deficit, which, "if realized, would be the fourth-consecutive supply deficit in a row," the International Cocoa Organization (ICCO) said in its December cocoa market review. The cocoa year runs from Oct. 1 to Sept. 30.

The Ivory Coast and Ghana together produce more than half of the world's cocoa with "African production woes in 2009 adding to the supply constriction," said Knuckman.

In fact, production in high-producing areas like the Ivory Coast, the world's largest producer, has suffered from years of underinvestment and political uncertainty, said Patrick Kerr, a managing director at Amerifutures Commodities & Options. And as annual consumption continues to exceed production, he expects to see a surge in cocoa prices sometime over the next 4 months.

#### Nursing wounds

Even so, there is no denying that the global recession hurt the market for cocoa.

"'Comfort foods' or any items that could be cut from consumers' spending habits were indeed purchased less or omitted all together during the economic struggles of the past several years," said Kraft.

Jack Scoville, a vice president at the Price Futures Group, referred to cocoa demand as "just OK," with European Union demand up a bit but U.S. demand falling a bit year to year. "I think the lack of increasing U.S. demand, even though our economy keeps showing signs of improvement, was a major disappointment because that is when the market really gave up its upside," he said.

Cocoa grindings, which offer an indication of demand, are estimated to have decreased by 6.6% to 3.508 million metric tons for the 2008/2009 cocoa year, according to a November 2009 report from ICCO. "It will be tough to turn this market higher again with the demand the way it is," said Scoville, adding that the lack of supply is already built into the price and "demand reduction is causing the market to move a bit lower for now."

Cocoa may be overbought on a technical level, too. "The market could be perceived as overvalued and not a good investment at this price," with the spot-month March cocoa contract trading in the upper 7% of the five-year price range, said Darin Newsom, a senior analyst at Telvent DTN. While cocoa may be overbought at this time, it probably has its downside limits.

Scoville said he doesn't expect the cocoa market to fall below \$3,000 in the near future as the "overall supply situation remains tight."

Traders could look to buy dips in the futures market, Newsom said.

Other investment opportunities include the iPath Dow Jones-UBS Cocoa Subindex Total Return ETN (exchange-traded notes) /quotes/comstock/13\*!nib/quotes/nls/nib (NIB 46.04, -1.16, -2.46%) , which tracks closely with what the futures market is doing, as well as U.S. chocolate companies and overseas cocoa-processing companies, Newsom said. Myra P. Saefong is MarketWatch's assistant global markets editor, based in Tokyo.

## Processing & Manufacturing

### Cocoa Farmers Push for Local Chocolate Industry

Jakarta Globe

Arti Ekawati

February 03, 2010



The Indonesian Cocoa Association is urging the government to promote the domestic production of chocolate food and beverages as part of a plan to reduce exports of unprocessed cocoa beans and develop value-added production.

*A farmer picks cocoa at the Rangkahpawon plantation, Kediri, East Java. (Photo: Arief Priyono, Antara)*

Zulhefi Sikumbang, general secretary of the association, known as Askindo, said the development of domestic producers of chocolate-flavored food and beverages would help boost cocoa processing. He said Askindo has asked the government to offer incentives such as low-interest bank loans and to develop the nation's infrastructure, especially its power system.

"It would raise the demand for cocoa beans from farmers and gradually reduce our export volume of [unprocessed] cocoa beans," Zulhefi said on Wednesday in Jakarta.

The government announced last month that it was preparing incentives to develop value-added industries that process agricultural products.

Deputy Agriculture Minister Bayu Krisnamurthi said the government wanted to develop downstream industries to boost employment and add value to exports, which are mostly unprocessed raw materials. "The incentive scheme will be different for each commodity," Bayu said.

Indonesia exported 400,000 of the 600,000 tons of cocoa beans it produced last year. Most of these dried, unfermented cocoa beans are sent to countries such as Singapore and Malaysia, where they are processed into chocolate-flavored food and beverages and exported, often back to Indonesia. The value of the country's cocoa exports in 2009 was estimated at \$1.8 billion, a 20 percent increase over the previous year, according to Bloomberg.

### Cocoa processors task govt on sector's funding

The Guardian - Nigeria

By Roseline Okere

February 05, 2010

COCOA PROCESSORS Association of Nigeria (COPAN) has urged the Federal Government to provide working capital from the dedicated agricultural Fund, to oil the operations of cocoa processing factories around the country. This, Chairman of the association, Mr. Akin Olusuyi, said would enable the sector finance capital-intensive projects to move the industry forward.

Speaking at a media briefing in Lagos at the weekend, Olusuyi stated that the sector had depended on high interest loans from banks to survive. He said most of the investments that flowed into the cocoa processing sector came as a result of the export incentive called the Export Expansion Grant (EEG) which was introduced by the President Olusegun Obasanjo administration to boost Nigeria's non-oil export.

According to him, the EEG, which was supposed to pay Nigerian companies that export non-oil products about 30 per cent of the value of their export in the form of tariff and duty waivers has been irregular. Olusuyi called for immediate payment of outstanding EEG for 2008, and prompt submission and payment of 2009 EEG. He also canvassed upward review of the EEG grants levels for cocoa processing factories to compensate for the non EPA impact and high power costs.

He added: "There is need for government to removal of EEG grant on the export of raw cocoa beans. Consideration should be given to the concept of only allowing export of raw cocoa beans by cocoa beans by cocoa processing factories, thus helping to ensure adequate supply of cocoa to all plants. Factory cocoa beans

export licences could be granted based upon the individual factory size, in relation to the overall cocoa crop availability".

He also emphasised the need for the government to enforce the duty free status of imports of spare parts and machinery by cocoa processing plants, and refund of all duties paid during the sector development of the last five years, explaining that some other problems plaguing the industry had driven the sector's capacity to an abysmally low level. "The problems we face have remained unsolved," Olusuyi said, adding that "the power problem is still there, penalties are still being imposed on our products in the international market particularly in the European Union (EU) nations and statutory incentives designed to support the industry have remained elusive."

He stressed that the companies that are managing to operate at the present low capacity are doing so with serious loss to their businesses. According to him, all the operators sourced loans from banks using projections that seriously factored in the Federal Government incentives such as the EEG, which he said, had not been received by operators for the past three years. "How do we then fulfill our obligations to the financial institutions that gave us credit?" he asked.

He said it is disheartening that Nigeria, which had short changed its manufacturers and industrialists by failing to provide appropriate infrastructure, had failed to announce a rescue package for its companies, a step which developed economies are already taking. He expressed doubt about the recovery of the sector unless the Federal Government takes firm steps to reverse the scary trend in the sector. Amid the woes which cocoa processors face, Olusuyi said EU has sustained its penalty on processed cocoa being imported to its member countries from Nigeria.

For failing to assent to the interim Economic Partnership Agreement (EPA) being proposed by the EU to the African Caribbean and Pacific (ACP) countries, processed agricultural produce being exported from Nigeria to the EU attracts an extra cost of a minimum of six per cent of the total value of products being exported.

He said that similar products being exported from countries such as Ghana, Cote d'Ivoire and others who have endorsed the temporary EPA do not attract this extra cost, therefore putting Nigerian products at a major cost disadvantage in the export of processed products to the EU.

According to Olusuyi, "the response of the Federal Government to our plight has been a bit cold, no action has been taken by government to save the sector from failure." He said most cocoa processors were just maintaining low level production because of the banks' credit facilities to kick start their operations and to meet their obligations to the banks.

## ***Business and Economy***

### **Fair Trade Chocolate & Valentine's Day**

St. Augustine Record (blog)

Submitted by Sister 2 Sister on

Tue, 02-02-2010

Share the Love. With Fair Trade Chocolates you not only give the most "Divine" chocolates to your loved one, you give back to the farmers from the Kuapa Kokoo Farmers Cooperative in Ghana, co-owners of Divine Chocolate.

Kuapa Kokoo - which means good cocoa growers - has a mission to empower farmers in their efforts to gain a dignified livelihood, to increase women's participation in all of Kuapa's activities, and to develop environmentally friendly cultivation of cocoa.

Kuapa Kokoo quickly developed a reputation for being fair and honest. In Ghana, the cocoa scale and control of the scale is tremendously important. A cocoa farmer can easily be robbed by unscrupulous clerks that rigged the scales to cheat farmers out of the full value of their crop. Kuapa Kokoo put power over the scales in the hands of farmers by making sure that each village had its own scale and its own elected clerk or village recorder. Further, through its commitment to Fair Trade and sale of cocoa to the Fair Trade market, Kuapa Kokoo was able to return greater benefits to cocoa farmers.

## **We now export cocoa to Japan**

Solomon Star

By MOFFAT MAMU

02 February 2010

LOCAL cocoa processor and exporter C-Corp Limited has made a break through in its export business. It is now the first company to export cocoa into Japan to be used for chocolate. The milestone agreement was sealed last week with representatives of Chidoriya Limited from Fukuoka, Japan.

C-Corp Limited entered into the ground breaking agreement which will allow the company to export premium Guadalcanal sourced dry cocoa beans to Japan. Representatives of Chidoriya Limited were in Honiara last week to finalised details of a long term supply agreement with C-Corp. Their visit followed many months of sample testing and product evaluation.

Speaking to the Solomon Star yesterday, C-Corp Cocoa Manager John Bimana said a 2.5kg dry cocoa bean sample was sent to the company five months ago. "From the tests Solomon cocoa was competitively chosen by Chidoriya against dry cocoa beans sourced from Ghana, Madagascar and the Dominican Republic. "The chocolate produced from the Guadalcanal dry beans were declared the most suitable for use in a new range of high quality 60 percent content chocolate bars," he said. He explained that because the Japanese company was so impressed with the high quality of cocoa beans from Solomon Islands, two representatives from the company came here to see first hand for themselves the source of the cocoa beans in Guadalcanal.

They also brought with them samples of chocolates produced from the local dry cocoa beans and we were surprised with the quality after tasting it," Mr Bimana said.

Following the visit, they were impressed and a deal was signed last week. Mr Bimana said the officials left the country on Saturday with 20kg of dry cocoa beans. The first shipment of cocoa for Japan will leave Honiara by air this week. "About four bags of dry cocoa will be sent to Japan via DHL for the company to use in its chocolate production. "Although it costs us so much with the freighting but we want to ensure that we promote local premium grade cocoa beans from Solomon Islands and satisfy this new partner," Mr Bimana said. He said the Japanese buyer is very strict with quality but we were able to meet their standard. Production of this new range chocolate will commence in March 2010.

According to information obtained by the Solomon Star, Chodiriya is a well known, long established manufacturer and distributor of traditional Japanese cakes and biscuits. They have three manufacturing facilities and over 200 retail shops throughout Japan. Chidoriya will exclusively use premium Solomon Islands dry cocoa beans for their new chocolate bar product range.

C-Corp Managing Director (MD) Clive Carroll yesterday said he is delighted with the new deal and the break through into the Japanese market. "I understand this supply agreement to be first ever export of Solomon Islands cocoa beans to Japan and is clear confirmation that properly grown and processed cocoa produced in the Solomon Islands can successfully compete in the world market," he said.

At present the vast majority of Solomons cocoa are exported to Australia, Singapore, and Malaysia.

Mr Bimana said often these cocoa sells at a discount to world prices due to the continuing problem of poor quality generally resulting from poor harvesting and processing procedures. He said C-Corp is encouraging organic cocoa and dry beans which are properly processed. C-Corp is buying cocoa from around Guadalcanal and Makira. It also operates two joint venture cocoa plantations in Guadalcanal.

A visit by the Solomon Star yesterday confirmed C-Corp is busy with local workers processing and packing the bags in its Ranadi-based shed ready for export. Mr Bimana said the next shipment by container will be in two weeks. "Ongoing shipments will be done monthly and eventually by sea container provided C-Corp continues to meet Chidoriya's strict product quality requirement," he said.

Mr Carroll said the new deal is a huge step for Solomon Islands grown cocoa and it's important that Solomon Islanders are supported with proper cocoa drying equipments as well as education. He promised to meet Chidoriya's demand for cocoa and expand his production. "Japan is a potential cocoa market for Solomon Islands if we could maintain quality supply," he said. He encouraged farmers to harvest cocoa when they are ripe and ready. "This will ensure the beans are of top quality," he said. C-Corp is buying \$19.00 to \$22.00 per kilo for dry cocoa beans.

## **Barry Callebaut sees surge in demand for certified chocolate and cocoa business**

Australian Food –

[Isobel Drake](#)

February 2, 2010

The world's largest maker of bulk chocolate, Barry Callebaut, has confirmed a marked increase in the demand for certified cocoa and chocolate products as a number of the world's largest confectionery players begin showing support for Fairtrade and other certification. Strong consumer demand for 'responsibly produced chocolate' lies at the basis of the growth, the Swiss-based group added.

Barry Callebaut said they welcomed this evolution and expects the sale of certified products will continue to grow significantly in 2010.

"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," Hans Vriens, Chief Innovation Officer at Barry Callebaut reported. "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 recognised sustainability labels in the world."

Juergen Steinemann, CEO at Barry Callebaut, added that the fragile cocoa crop is primarily cultivated "by small farm holders and their families in some of the poorest areas of the world" - ensuring a need for a greater commitment from organisations to the sustainability of cocoa farming. "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," he urged. "The aim is to secure both the income of small cocoa farmers and the natural balance of the surrounding environment."

## **World Cocoa Foundation Announces Launch of Cocoa Livelihoods Program in Cote d'Ivoire**

*Five-Year Program to Reach Over 75,000 Smallholder Farmers in Cote d'Ivoire; Grant Awarded to National Research Institute*

SOURCE World Cocoa Foundation

ABIDJAN, Cote d'Ivoire, Feb. 3 /PRNewswire/ -- At a ceremony held in Abidjan, the World Cocoa Foundation today announced the launch of the Cocoa Livelihoods Program (CLP) in Cote d'Ivoire. The program, first announced in February 2009, funded by the Bill & Melinda Gates Foundation and 14 chocolate industry companies, is expected to significantly improve the livelihoods of 75,000 cocoa farmers in Cote d'Ivoire by 2014.

"Cocoa is a vital component of our economy and a major part of the daily lives of so many people in Cote d'Ivoire. This program is a wonderful opportunity for us to work with the private sector, the Bill & Melinda Gates Foundation, our colleagues in other cocoa-producing countries, and the World Cocoa Foundation to improve the livelihoods of smallholder cocoa farmers in Cote d'Ivoire," said Gilbert Anoh N'guessan, President of the Coffee-Cocoa Sector Management Committee (CGFCC), Republic of Cote d'Ivoire.

The work in Cote d'Ivoire is part of a larger five-country program targeting 200,000 cocoa-growing households across Cote d'Ivoire, Ghana, Nigeria, Cameroon and Liberia. Activities in Cote d'Ivoire will focus on professionalizing farmer organizations, improving production and quality at the farm level, equipping farmers with business skills, promoting diversification of income, and improving access to inputs and support services. The program will be active in seven departments of Cote d'Ivoire: Dalo, Divo, Issia, Abengourou, San Pedro, Soubre and Duekoue.

"Making real progress against hunger and poverty starts with small farmers," said Richard Rogers, program officer at the Bill & Melinda Gates Foundation. "Strengthening farmer organizations, and improving farmer knowledge and productivity, and the quality of the cocoa production, can help these small farmers boost their yields and incomes so they can improve their lives."

The Cocoa Livelihoods Program announced the award of a 2010 World Cocoa Foundation Challenge Grant to Centre National de Recherche Agronomique (CNRA – the national agricultural research institute in Cote d'Ivoire) to develop an innovative approach for educating farmers on regeneration of their farms. Through this approach, farmers will learn to assess the productivity of each cocoa tree, rehabilitate less productive trees, and replant when necessary.

"The concept of 'bringing science to the field' is an important part of the World Cocoa Foundation's programs. These challenge grants support local efforts to conduct research that is relevant to local farmers' needs and disseminate information in a way that is meaningful to farmers, especially women. Strengthening these linkages between farmers and their national research institutes is essential to the long-term sustainability of our efforts," said Mbalo Ndiaye, Cocoa Livelihoods Program Director, World Cocoa Foundation.

The Cocoa Livelihoods Program is managed by the World Cocoa Foundation and implemented through a consortium of five organizations including Agribusiness Services International (ASI) an ACDI/VOCA affiliate, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH, the International Institute of Tropical Agriculture (IITA)/Sustainable Tree Crops Program (STCP), SOCODEVI and TechnoServe. Funding for the program comes from the Bill & Melinda Gates Foundation and the private sector: major branded manufacturers The Hershey Company, Kraft Foods and Mars, Incorporated; cocoa processors Archer Daniels Midland Company, Barry Callebaut, Blommer Chocolate Company and Cargill; and supply chain managers and allied industries Armajaro, Guittard Chocolate Company, Ecom-Agrocacao, Noble Resources S.A., Olam International Ltd., Starbucks Coffee Company and Transmar Commodity Group Ltd. Additional support is provided by the German Federal Ministry for Economic Cooperation and Development (BMZ). The governments of the five participating African countries have representation on the Steering Committee.

#### **Nigeria - Cocoa exports**

Meatradenewsdaily (blog)

Source: foodbizdaily.com

04 Feb 2010

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.

#### **Ghana's Higher Cocoa Price to Farmers Curbs Smuggling (Update1)**

BusinessWeek

By Emily Bowers

Feb. 4 (Bloomberg) -- Ghana's 9 percent increase in the price farmers are paid for cocoa has helped curb smuggling to neighboring Ivory Coast, said Dramani Egala, deputy chief executive of the Ghana Cocoa Board.

Ghana, the world's second-biggest cocoa producer, last month increased the fixed price it pays farmers in a bid to end the illegal cross-border trade with Ivory Coast, where farmers were paid a higher price for beans. Previously, private licensed buyers had "claimed there was no cocoa around," Egala said in an interview today in Tema, about 30 kilometers (19 miles) from the capital, Accra. "Within the month, their purchases have picked up."

Ghana normally fixes its producer price at the start of the main crop harvest in October, and seldom reviews prices in mid-season. On Jan. 8, the state-run board raised the price to 2,400 cedis (\$1,674) per metric ton, from 2,208 cedis. The cocoa smuggled across the border reduces Ghana's production figures, Egala said. Last year, Ghana harvested around 720,000 tons of cocoa, Egala said. With the "chunk of it" that is lost to smuggling, the crop could be as high as 800,000 tons, he added.

Saf-Cacao, the biggest buyer of the beans in Ivory Coast, the world's largest cocoa producer, said on Jan. 26 that smugglers may transport as much as 75,000 tons of Ghanaian cocoa into Ivory Coast this season.

### ***Promotion & Consumption***

#### **"Add Chocolate to School Feeding Programme"**

Peace fm Online

03-Feb-2010

In a move to encourage the consumption of chocolates, the Managing Director of the Produce Buying Company Limited, Mr. Kojo Atakrah, has urged the manager of the school Feeding Programme to add a bar of chocolate to each pupil's plate, as part of the feeding process.





This he noted, will boost the interest of the product among the schoolchildren and also help them benefit from the numerous nutrients of the product at their early age.

He again expressed disgust about how hardworking cocoa farmers who toil produce cocoa has never tasted chocolate before. Mr. Atakrah, who was speaking during the media launch of the National Chocolate Day celebrations, therefore indicated that chocolate should be made accessible and affordable for all, adding that chocolate should not be restricted to lovers only.

The National Chocolate Day celebrations aim at encouraging Ghanaians to consume more chocolate and other cocoa products which have a lot of nutritional benefits. The Deputy Minister of Tourism, Mr. Kwabena Owusu Akyeampong, for his part, stated that cocoa is arguably the most important single symbol that tells the Ghanaians success story of hard work and resilience aptly. “From being a virtually unknown plant in Ghana, the introduction of just a few seeds was cleverly nurtured and spread to become the backbone of the country’s economy, providing employment to many and satisfying the taste of millions worldwide”, he said.

He added that apart from its revenue generating role in the national economy, it has served as a good ambassador of Ghana and, in many ways, attracted a lot of foreign attention and interest in the country. “Right from our chocolates and other finished products through the semi-processed cocoa to even the raw product, it has consistently put Ghana on the international scene for many years, since its introduction by Tetteh Quashie”, he said. On the health benefits of chocolate, he said chocolate contains a lot of nutrients that help in fighting cancer and heart diseases and could also help strengthen the immune system and reduce stress.

Mr. Julius Debrah, Executive Director of the Ghana Tourist Board, remarked that his outfit will liaise with all stakeholders to ensure that chocolate becomes an affordable product that people of all walks of life can enjoy.

#### **4th National Chocolate Day launched**

Modern Ghana

By Daniel Nonor - Ghanaian Chronicle

February 3, 2010

The 2010 National Chocolate Day which is the fourth in a series after it was initiated in 2007 has been launched amid commitment by all stakeholders to establish the event as a national heritage to promote the consumption of Ghana's Chocolate and other cocoa products within and beyond the borders of the country.

The event, which is celebrated on February 14, popularly known as Valentine's Day, was adopted by Government as a National Chocolate Day to boost the consumption and sale of cocoa. “For me, Cocoa has been the most important single seed that tells the Ghanaian success story, hard work and resilience.

“Aptly from being a virtually unknown plant in Ghana, the introduction of just a few seeds which were cleverly nurtured and spread has become the backbone of the country's economy, Providing employment to many and satisfying the taste of millions world wide”, a summary by the Deputy Minister of Tourism, Hon. Koby Akyeampong stated, and reminded about how economically important the plant seed has become for Ghana's economy, as he launched 'CHOCOFEST' in Accra yesterday.

He noted that the celebration of this event is very significant because of the importance of cocoa and its products in our country's economic development. Apart from its revenue generating role in the national economy the seed crop has served as a good ambassador of the country, attracting foreign attention and interest in Ghana.

The Managing Director of Cocoa Processing Company Limited, Mr. Richard Amarh, assured that in spite of its capacity constraints, it has positioned itself to supply the Chocolate needs of Ghanaians and visitors to the country during the National Chocolate Day. “Apart from building up stocks of our traditional bar chocolates in support of this year's celebrations, Cocoa Processing Company will sometime next week launch its latest brand of chocolate-the ASPIRE Golden Tree Sugar free chocolate,” he hinted.

The Director General of the Ghana Tourist Board, Mr. Julius Debrah rallied the support of all stakeholders to promote the consumption of chocolate and cocoa products and explore the economic benefits therein. The media also pledge its support in promotion the event.



## TIT BITS

(Source: Business Recorder – [www.brecorder.com](http://www.brecorder.com))

### US MIDDAY: sugar weakens

NEW YORK (February 03, 2010): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Tuesday. March arabica coffee contract up 0.55 cent to \$1.3310 per lb at 11:02 am EST (1602 GMT). Tight session range from \$1.3220 to \$1.3335. Arabica coffee consolidated up with a boost from the weak dollar, said brokers.

### US MIDDAY: coffee, cocoa and sugar fall

NEW YORK (February 04, 2010): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Wednesday. March arabica coffee contract dropped 1.85 cents to \$1.3320 per lb at 11:02 am EST (1602 GMT). Session range from \$1.3265 to \$1.3595. Arabica coffee followed the commodity complex lower and felt pressure from the firm dollar, said brokers.

### Liffe sugar up, cocoa and coffee decline

LONDON (February 04, 2010): Raw sugar futures on ICE fell on Wednesday but remained within sight of a 29-year high, underpinned by tight supplies, while cocoa and coffee edged lower under pressure from a strengthening dollar. Liffe March white sugar was up \$3.30 or 0.45 percent to \$737.80 per tonne in moderate volume of 7,692 lots.

### Indonesia's Sulawesi January cocoa exports nearly triple

JAKARTA (February 04, 2010): cocoa bean exports from Indonesia's main cocoa-growing island of Sulawesi nearly tripled in January from a year earlier, aided by big shipments to the United States, trade data showed on Wednesday. But dealers said the beans could have been shipped to the ICE warehouses for retender because of poor demand from grinders.

### Liffe sugar and coffee lower; cocoa up

LONDON (February 05, 2010): March white sugar ended \$1.40 lower at \$742.80 a tonne on Thursday, weakened by broad-based losses in oil and other commodity markets. Whites held up better than ICE raws, underpinned by talk the Mexican government could open 150,000 tonnes of white sugar import licences. May robusta coffee finished \$13 lower at \$1,344 per tonne, tracking a setback in ICE arabicas and an overall weaker tone in commodity markets.

### US MIDDAY: coffee at 2-1/2-month low

NEW YORK (February 05, 2010): Summaries of

the ICE Futures US cocoa, coffee and sugar markets early on Thursday. March arabica coffee contract eased 2 cents to \$1.31 per lb at 11:08 am EST (1608 GMT). Session range from \$1.3315 to \$1.3095 which marked the lowest level for the spot contract since November 13. Arabica coffee dropped on pressure from the strong dollar and the weak commodity complex, said brokers.

### Liffe sugar, cocoa swept lower

LONDON (February 06, 2010): March white sugar ended off \$18.30 at \$724.50 a tonne on Friday after hitting \$712.90, the lowest level for the benchmark front month in nearly one month. Sugar weighed by broad-based losses in oil and other commodity markets. May cocoa on Liffe ended 41 pounds lower at 2,199 pounds a tonne. Weakness of sterling against the dollar provided some support but could only partially offset the bearish impact of steep losses across commodity markets.

### US MIDDAY: coffee, sugar and cocoa lower

NEW YORK (February 06, 2010): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Friday. March arabica coffee contract fell 0.35 cent to \$1.3120 per lb at 11:06 am EST (1606 GMT). Session range from \$1.3050 to \$1.3185. Arabica coffee moved lower in narrow but choppy dealings, feeling the weight of the strong dollar and lower commodity complex, said brokers.

### Commodity prices slump on debt woes

LONDON (February 07, 2010): Commodity prices slumped last week as confidence in the global economy was shaken by growing fears about soaring European debt and weaker-than-expected US jobs data. "Commodity markets continue to be held hostage by volatile external markets, dollar fluctuations, shaky sentiment and changing perceptions on the health of the macro-economy," said Barclays Capital analyst Sudakshina Unnikrishnan.

### New York cocoa tumbles

NEW YORK (February 07, 2010): US cocoa futures swooned to close at a five-month low Friday, hammered by fund selling, commodity-wide pressure and the weak sterling, traders said. Benchmark May tumbled \$124, or 4 percent, to close at \$3,001 per tonne, the lowest settlement for the second position since September 8, 2009. Range \$2,988 to \$3,133 a tonne.