COPAL COCOA *Info*

A Weekly Newsletter of Cocoa Producers' Alliance

Issue No. 263 **24th – 31st December 2007**

Cocoa Producers' Alliance

ICCO Daily Cocoa Prices

	ICCO daily price (SDRs/tone)	ICCO daily price (US$/tone)	London futures (#/tone)	New York futures (US$/tone)
24th December	1335.48	2086.48	1072.00	2064.67
25th December	-	-	-	-
26th December	1327.28	2079.67	1075.33	2038.67
27th December	1343.07	2104.95	1078.67	2069.33
28th December	1326.40	2093.70	1070.67	2059.33
31st December	1310.00	2070.12	1064.67	2039.33
Average	**1107.00**	**1739.00**	**894.00**	**1712.00**

Up-coming Events

- 11th January 2008, Adhoc Committee Meeting and Extraordinary General Assembly. London, UK

In the News (from Newspapers worldwide)

Health and Nutrition

- Is There Such a Thing as Healthy Chocolate?
- Dessert habits reflect healthy trend, report
- FSA shapes healthy consumers of the future
- More relevant research needed for antioxidants, says expert
- Time for antioxidants v2.0

Production & Quality

- PKKVK's introduction of cocoa intercrop, starts to bear fruits
- Cameroon Aug-Nov cocoa exports fall to 63,723 T

The Market

- Dark Cravings Propel Cocoa

The Weather

- Rains patchy in Ivory Coast cocoa regions

Business & Economy

- Barry Callebaut closes acquisition of FPI cocoa factory in Philadelphia
- Callebaut acquisition increases supply in America
- Callebaut extends origin chocolates range
- Spain: Natra in Cocoa Ingredient Partnership with Kraft Foods

Labour Issues

- Ivorian cocoa workers strike for second day

Others

- U.S. Probes Chocolate Makers for Price Fixing
- Mars Says Will Cooperate in U.S. Chocolate Probe
- Futures: Cocoa. Drink It In
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Do your health a favour, drink Cocoa everyday

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

Monday 24th December 2007

Month	Opening Trans	Settle	Change	Daily High	Daily Low	Volume
Mar 2008	1068	1051	-19	1068	1049	1,805
May 2008	1077	1069	-19	1077	1067	919
Jul 2008	1106	1096	-19	1106	1097	450
Sep 2008	1080	1079	-19	1080	1080	3
Dec 2008		1075	-19			0
Mar 2009		1082	-19			0
May 2009		1091	-19			0
Jul 2009		1101	-19			0
Sep 2009		1113	-19			0
Dec 2009		1125	-19			0
Totals		**1088**				**3,177**

Tuesday 25th December

Month	Opening Trans	Settle	Change	High	Low	Volume
Mar 2008						
May 2008						
Jul 2008						
Sep 2008						
Dec 2008						
Mar 2009						
May 2009						
Jul 2009						
Sep 2009						
Dec 2009						
Totals		**#DIV/0!**				**0**

Wednesday 26th December 2007

Month	Opening Trans	Settle	Change	High	Low	Volume
Mar 2008						
May 2008						
Jul 2008						
Sep 2008						
Dec 2008						
Mar 2009						
May 2009						
Jul 2009						
Sep 2009						
Dec 2009						
Totals		**#DIV/0!**				**0**

Thursday 27th December 2007

Month	Opening Trans	Settle	Change	High	Low	Volume
Mar 2008	1049	1058	7	1059	1041	4,927
May 2008	1067	1075	6	1075	1059	2,719
Jul 2008	1089	1103	7	1103	1089S	1,290
Sep 2008	1073	1086	7	1085	1071	448
Dec 2008	1070	1082	7	1079	1064	664
Mar 2009	1078	1089	7	1092	1070	240
May 2009		1098	7			0
Jul 2009		1108	7			0
Sep 2009		1120	7			0
Dec 2009		1132	7			0
Totals		**1095**				**10,288**

Friday 28th December 2007

Month	Opening Trans	Settle	Change	High	Low	Volume
Mar 2008	1057	1049	-9	1057	1043	2,901
May 2008	1062	1067	-8	1069	1061	387
Jul 2008	1096	1096	-7	1098	1089	1,302
Sep 2008	1073	1078	-8	1081S	1073S	395
Dec 2008	1071	1074	-8	1079	1071	422
Mar 2009	1087	1083	-6	1087	1079	140
May 2009	1095	1092	-6	1095S	1095S	10
Jul 2009		1102	-6			0
Sep 2009		1114	-6			0
Dec 2009		1126	-6			0
Totals		**1088**				**5,557**

Monday 31st December 2007

Month	Opening Trans	Settle	Change	High	Low	Volume
Mar 2008	1047	1043	-6	1047	992S	1,170
May 2008	1061	1061	-6	1062	1058	3,033
Jul 2008	1088	1090	-6	1091	1088	1,629
Sep 2008	1072	1072	-6	1072	1072	5
Dec 2008	1068	1068	-6	1068	1068	13
Mar 2009	1076	1076	-7	1076S	1076S	12
May 2009		1085	-7			0
Jul 2009		1095	-7			0
Sep 2009		1107	-7			0
Dec 2009		1119	-7			0
Totals		**1082**				**5,862**

Average for the week	**1092**				**4977**
Total for the week					**24,884**

News

Health and Nutrition

Is There Such a Thing as Healthy Chocolate?
Hawaii Reporter, HI
By Dr. Jason Barritt,
12/31/2007
PENROSE, CO - A couple of weeks ago one of my patients asked me if I'd be willing to taste some "healthy chocolate." "Hmmm, if it really is healthy," I thought, "then I bet it's too bitter to want a second bite." In fact, it was melt-in-your-mouth delicious. "If it's this tasty," I reasoned, "then it must be packed with sugar just like all the other chocolate products and that is definitely not going to be healthy."

I was aware that numerous scientific reports and media articles had touted the fact that cocoa was incredibly rich in special antioxidants called flavanols that boast a wide range of surprising health benefits. However, many of these articles concluded with statements like: "Still, dark chocolate is probably not the healthiest way to get antioxidants. It is, after all, high in fat" (Wall Street Journal, March 15, 2007).

However, my patient assured me she could provide proof that this particular kind of dark chocolate had no added fat or refined sugar. Most of the studies reporting significant improvement in prostate health, diabetes, circulation, mood, cardiovascular function and even the skin were done using unrefined cocoa, not chocolate because the nutrient levels are highest in the raw cocoa compared to dark chocolate. Milk chocolate has repeatedly been found to be low in antioxidants.

Therefore my next question was, "What about the heating process that even dark chocolate goes through causing a large loss of nutrients?"

My patient had an answer for this, too. This new dark chocolate product was the result of a patent for cold processing the cocoa so its remarkable antioxidants were not destroyed by heat processing. "That all sounds too good to be true," I thought but now, just two weeks later, after spending intense hours scouring the research on dark chocolate and checking into my patient's "healthy chocolate" I found confirmation.

USDA recommendations state, "Make your calories count." This means food should be relatively low in calories and high in nutrients. Since it met those criteria the dark chocolate presented to me was getting closer to being worthy of the title "Healthy Chocolate".

Two different studies have estimated that each one of the 100 trillion cells in our bodies gets attacked by five to 10 thousand free radicals a day. A free radical is any atom with a supercharged, unpaired electron that rampages around the cell wreaking havoc and destruction. They are the normal result of using oxygen by which our cells transform our fuel (food) into energy. They are called free radicals because they are free and crazy (or radical).

Several years ago I had attended a lecture by the scientist who had actually coined the term "free radical." He explained that the body has its own antioxidants to protect itself from free radicals but the body does not generate enough antioxidants to defend itself against all the free radicals that it produces. Therefore we are slowly and constantly destroyed from the inside out by these destructive bi-products, a process that speeds up aging.

Another scientist had presented data about a study he did where he estimated that the amount of free radicals from just a few minutes of exposure to air pollution in a busy city is greater than what a human would have been exposed to in a whole lifetime had he lived 200 years ago.

We clearly have more free radicals attacking our body on a daily basis than we can possibly defend ourselves from without getting extra help. This can be called "free radical dominance." It's a battle most of us are losing.

This helps to explain why we suffer so many degenerative conditions such as cancer, cardiovascular disease, Alzheimer's and diabetes. Fascinating evidence of this has been provided to us by a Harvard professor. Dr. Hollenberg stated, "Kuna Indians who live on islands near Panama have little age-related rise in blood pressure

or hypertension. However, on migrating to Panama City, blood pressure rises with age, and the frequency of essential hypertension matches urban levels elsewhere." He identified a drop in cocoa consumption as the likely reason for the reduction in health status.

Free radical dominance causes the aging process to speed up

If we want to slow down the degenerative process, we must supplement our diet with foods rich in antioxidants just like the Kuna Indians. Antioxidants are measured in units called ORAC which stands for Oxygen Radical Absorbance Capacity. That is the capacity of the antioxidant to absorb the oxygen radical.

The chocolate wrapper that my patient handed me had the ORAC value stamped right on it. Just one little square had a value of 3,582, which was impressive given that most of us get less than 1,000 per day. The USDA recommends 3,000 to 5,000 ORAC per day and so this was further evidence for the existence of "healthy chocolate." If you are at extra risk of certain degenerative diseases or if your stress level is high and your diet has too much sugar and fat, even more than 5,000 ORAC would be beneficial.

Additional antioxidants in the diet could save much suffering, as well as reduce the staggering cost of treating and caring for the elderly according to the USDA.

I have become thoroughly impressed by cocoa and the wonderful benefits that it can provide all ages if eaten daily. With the availability of a delicious dark chocolate that keeps the high nutritional value of cocoa without added fat and sugar, it is now realistic to be able to eat enough of it to get those touted benefits without packing on weight. The site www.mydrchocolate.com has more details.

The U.S. government's dietary guidelines and advisory committee commented upon "the importance of eating whole foods." They pointed out that taking supplements in pill form has not shown to be a universally viable alternative.

Dark chocolate, however, is a whole food in that it has important nutrients within a natural whole food matrix. It has valuable fiber content, essential trace minerals and numerous important antioxidants in high concentrations. If you can find a dark chocolate that can claim no refined sugar or fat and keep the high antioxidant levels of raw cocoa, then it would truly be a healthy food.

One of the most fascinating aspects about eating healthy dark chocolate is that it can actually be good for your teeth and gums. One study found that with cocoa bean husk extract "Plaque depositions and the numbers of mutans streptococci were reduced in the subjects, compared to rinsing with 1 percent ethanol alone." This means we can eat chocolate and increase our ability to get healthier while protecting our teeth at the same time.

The key factor is to make sure we're eating truly healthy chocolate.

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Dessert habits reflect healthy trend, report
Decision News Media
By Charlotte Eyre
17/12/2007 - While 85 per cent of US consumers still eat dessert once a month or more, healthier options such as fruit and yoghurt are an increasingly popular choice, according to a new consumer trends report. "Traditional desserts such as cookies or pie are still the most popular," Technomic analyst Sara Gillis told BakeryandSnacks.com. "But options such as fruit are becoming more common, as consumers see them as a way to indulge while avoiding sugar."

Out of 1,500 individuals interrogated across the US for the 'Dessert Consumer Trend Report', 37 per cent said they prefer a sweet but healthy dessert, such as fruit or yoghurt, after a meal.

In terms of region, these items are particularly popular in the Northeast, preferred by 46 per cent of consumers. In other areas of the US, sweet but healthy foods are picked by 38 per cent of consumers in the South, 34 per cent in the West and 33 per cent of the Midwest.

However, a sugary taste is apparently not necessary when it comes to what consumers view as desserts, with 12 per cent counting savoury items such as cheese in this category.

"Although cheese contains fat, many people think it is a healthy dessert choice because it isn't sweet," Gillis said.

This opinion is particularly prevalent in the Northeast, where 17 per cent of consumers choose a savoury option, falling to nine per cent in the South, and ten per cent in both the West and Midwest regions.

Traditional desserts are still popular, but consumers often "mix genres" to avoid excessive calories and fat, for example ordering one cookie along with a black coffee.

Another popular ruse is sharing a dessert between two people, Gillis said. "The sharing strategy is particularly popular with women, who are often more calorie conscious, compared to men who usually want to keep the whole dish to themselves," she explained.

According to market researchers Mintel, the dessert market is currently worth just under $23bn in the US alone. Cream cakes currently account for the largest percentage of sales with 30 per cent market share. Sponge puddings are the second largest category, with an 11 per cent share, and trifle the third with nine per cent.

Alongside the growth of desserts has been a corresponding rise in the custard sector. This small market has seen sales growth of 22 per cent over the 2004 - 2006 period, as the dessert accompaniment grows in popularity, Mintel said.

FSA shapes healthy consumers of the future
Decision News Media
By Laura Crowley
21/12/2007 - The UK Food Standards Agency has published a framework of core skills and knowledge to teach children and young people to make healthy food choices. The food competencies framework is intended to help schools and community-based organisations lay the foundations for healthy eating, cooking, consumer awareness and food safety.

The framework is designed with a broad context, making it of potential interest and use to a rand of individuals and organisations, including young people, parents, teachers, education and health policy makers, dieticians and nutritionists, food industry and retailers and others involved in the development of young people.

'We believe children should be aware of all aspects of food from farm to fork, to knowing how to check labels, and why steaming is better than frying," said Rosemary Hignett head of nutrition at the FSA.

"By embedding the competences throughout a range of activities, inside and outside of schools, there will be greater consistency in helping children to choose, cook and eat safe, healthy food.'

The food framework supports wider government work aimed at improving the health of the nation will contribute towards helping schools develop a 'whole school approach' to diet and health.

It is in line with other FSA schemes that it has been working closely with the food industry for, such as increasing the transparency of food contents through labelling, reducing salt and saturated fats, encouraging health eating and making a well-balanced diet easier to achieve.

By teaching people at an early age about healthy eating, it is hoping to encourage a generation that is in line with the food trends it is setting into motion. It will be promoted through a UK-wide network of existing practitioners already working with FSA school schemes. The FSA will also be encouraging other relevant organisations to adopt the framework.

In 2006, 30 per cent of European children were estimated to be overweight. The prevalence of obesity in the UK has more than doubled in the last 25 years.

The Foresight study, released earlier this month, showed that, at the current trend, nearly 60 per cent of the UK population could be obese by 2050. It concluded that this would result in a seven-fold increase in the direct healthcare costs, with the wider costs to society and businesses reaching £45.5bn (€65.3bn).

The FSA commissioned the British Nutrition Foundation to develop the food competences for public consultation, and held a workshop in October with stakeholders and education and health departments. It will now review the scheme in 2009.

More relevant research needed for antioxidants, says expert
By Stephen Daniells
Decision News Media
14/12/2007 - Antioxidants should be the focus of more relevant research, especially for the high doses used in dietary supplements, according to an editorial in the journal Molecular Pharmaceutics.

Ming Hu from the University of Houston issues "a call to arms" for more relevant research into the bioavailability and utilisation of the antioxidants, particularly polyphenols, in order to help "the successful development of polyphenols as chemopreventive agents in the future".

A vast body of epidemiological studies has linked increased dietary intake of antioxidants from fruits and vegetables to reduced risks of a range of diseases including cancer, cardiovascular disease and diabetes.

"However, these types of research are often carried out on animals, and their effects on humans remain uncertain. A critically important scientific question is then: are these flavonoids and polyphenols as effective as people believe?" wrote Hu.

Indeed, insufficient research has been done with respect the bioavailability of these compounds, and possible interactions with pharmaceuticals, he said.

"Because these agents are targeted for disease prevention, oral administration is the only viable route, except for topical application on external organs such as skin," he wrote. "For polyphenols to become bioavailable, the following barriers must be overcome: solubility, permeability, metabolism, excretion, target tissue uptake, and disposition."

Moreover, animal studies have suggested that the bioavailability of typical polyphenols is around 10 per cent or less, but this can range from two to 20 per cent.

"There is an urgent need to perform systematic studies to demonstrate how changes in polyphenol structures affect solubility and dissolution rates and how various pharmaceutical excipients may be used to improve their dissolution rate," said Hu.

The Houston-based researcher also highlights the need for mechanistic studies to determine the activities and functions of related compounds, and how the metabolites of the polyphenols are transported across biological membranes. This last point is "critically important," he said, "assuming some metabolites are active or can be converted into active parent compounds at target organs."

Another point of critical importance, said Hu, is the potential of the polyphenols to interact with pharmaceuticals and cause adverse events. This was particularly an issue with soy isoflavones and the potential to stimulate the growth of cancer cells in vitro in the absence of hormone.

"More bioavailable or highly bioavailable polyphenol formulations or derivatives are very desirable because they will be easier to develop and less costly to test," he concluded.

Source: Molecular Pharmaceutics
Volume 4, Number 6, Pages 805-806
"Commentary: Bioavailability of Flavonoids and Polyphenols - Call to Arms"
Author: M. Hu

Time for antioxidants v2.0
Decision News Media
17/12/2007 - 'Antioxidants' crop up every where, from beverage cans to cereal packets. But industry must wake up to over use of the antioxidant tag before the term loses meaning for consumers.

The term antioxidant has high awareness among consumers, so it is natural that is used extensively to attract consumer attention. But without some kind of change to include a measure of biological activity, we risk branding everything an antioxidant without meaning anything.

This poses a very real threat to an industry that has worked so hard to build up consumer awareness. Facing up to the situation now and introducing a new v2.0 system could prevent it ever becoming a real issue.

Extra antioxidants from the diet or supplements help redress the scales often tipped in favour of the pro-oxidants by factors such as ageing, exposure to pollution, smoking, and excessive exercise.

The term antioxidant is a catch-all, encompassing a mind-boggling number of phytochemicals, as well as the more well-known vitamins.

Health claims regulations will prevent brash claims about potential health benefits, but until the introduction of these in 2010, the antioxidant 'brand', if I can call it that, has such consumer appeal that it appears tempting to be able to state "a (rich) source of antioxidants".

There are currently no rules and regulations to prevent people from stamping statements such as "high in antioxidants" or "a rich source of antioxidants" on a label. But what defines "high" or "rich"? There does not seem to be a cut-off point.

This will of course change when the health claims legislation comes into play because the statement "contains antioxidants" implies a health benefit. But for the moment, we're going through a period of transition, and that means things can be fuzzy.

We have already started to see a backlash of sorts. In October, the UK's Innocent was rapped on the knuckles for making a health claim about its smoothie having a high antioxidant content and detoxifying effect.

The Advertising Standards Authority (ASA) said an advert by the firm, which claimed its fruit juice contained more antioxidants than the "five-a-day" portion, was not truthful or substantiated.

A week earlier, and the UK Tea Council was criticised for exaggerating the benefits of tea, and banned from making further claims about the drinks' antioxidant potential after running a series of adverts.

The message is clear: It is time for a spring-clean of the antioxidant house.

But how should we go about doing this? I don't pretend to have the answers, but I do have a couple of suggestions.

How about we settle on a definitive way of classifying antioxidant activity, and levels that could be classed as low, medium, or high in terms of antioxidants levels?

Moreover, we need to link antioxidant content to an endpoint - for example, the dose of antioxidant needed to reduce a certain biological marker linked to the risk of a specific disease, like tomato extracts and prostate specific antigen (PSA) levels in relation to prostate cancer.

Not convinced? Only last week, Ming Hu from the University of Houston issued a "call to arms" in an editorial in the journal Molecular Pharmaceuticals for more relevant research for antioxidants, and polyphenols in particular.

In his expert opinion, there is a lack of data on bioavailability and utilisation of these compounds. Interestingly, Hu stated that the bioavailability of a typical polyphenol is only about 10 per cent. In other words, the original food or supplement may contain a lot of the polyphenol, but only a tenth of this will be absorbed in the intestine.

Currently, antioxidant activity is based on lab assays, but do these enable us to really appreciating the potential physiological benefits?

There are numerous ways of quantifying the antioxidant activity, but these are only adding to the confusion. We regularly see new antioxidant league tables, with such and such a fruit or berry topping the standings. But what does a good performance in the ORAC or FRAP test really mean for a specific health benefit?

The antioxidant activity of selected compounds has been measured using a range of lab-based assays, including the ferric reducing ability of plasma (FRAP) assay, the oxygen radical absorbance capacity (ORAC) and Trolox equivalent antioxidant capacity (TEAC).

There is considerable debate about which method is best. Disciples of the ORAC test can find fault with FRAP, while FRAP can find fault with ORAC. We must not lose sight of the fact that these tests are done in a test tube.

Only recently, scientists at Cornell proposed a new measure of antioxidant activity called the cellular antioxidant activity (CAA) assay and dubbed it the 'next step' in quantifying antioxidant activity. The new assay reportedly moves the quantification of antioxidant activity from the test tube to measuring bioactivity inside cells.

However, I have already received emails highlighting potential 'issues' with this new method, and anticipate other cellular-based assays to follow. We have a plethora of data now, each proposing a measure of antioxidant activity. It is all getting a bit confusing. The time for action is now, before more companies get their knuckles rapped for overstating or misrepresenting the antioxidant issue.

It is all well and good tapping into kudos attached to the term, but only by using it responsibly will we all benefit.

Stephen Daniells is the science editor for NutraIngredients.com and FoodNavigator.com. He has a PhD in chemistry from Queen's University Belfast and has worked in research in the Netherlands and France.

If you would like to comment on this article, please email stephen.daniells'at'decisionnews.com

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Production & Quality

PKKVK's introduction of cocoa intercrop, starts to bear fruits
Barron's
December 29 2007
Yogesh K
PUDUCHERRY: It is a news for Coconut tree growers! The unused space between the Coconut trees in your farm land could be utilised profitabily, if Cocoa saplings are planted, paving way for a good income to farmers, with a just mere investment for the purpose.

Thanks to the initiatives of Perunthalaivar Kamaraj Krishi Vigyan Kendra (PKKVK), situated at Kurumambet in Puducherry, where hundreds of Cocoa saplings were planted as an intercrop amidst of Coconut trees on a trail basis, a year ago has now started to bear fruits.

According to A Ramamourthi, Principal of PKKVK, as many as 410 saplings of Forestero hybrid varaity of Cocoa was planted in 1.60 acres of land, wherein Coconut was the main crop. The hybrid varaity developed by Kerala Agricultural University was introduced in the farm lands of PKKVK in Puducherry for analysing its growth, in the month of August in 2006. He said, the Cocoa saplings were planted in a ratio of five sapling per Coconut tree, at equal distance of 2.5 meters between each of the sapling. Recently, the saplings have grown upto to one and half feet tall, which as now has started to bear fruits, he said.

Detailing about significance of Cocoa, Ramamourthi said, the plant is an vital cash crop, since one kilogram of Cocoa berries are sold for a price of between Rs.60 and 70 in the market. Infact, there is a high demand for Cocoa among the food processing industry as Cocoa is used for making chokolate, he noted.

He stressed that, the crop varaity can be planted at a large scale in Puducherry as the place has good number of Coconut groves. Furthur, Puducherry has an advantage over the climatic conditions that suits for Cocoa plantation, he assereted. He said, the farmers who are having Coconut groves can make use of their cultivatable lands for planting the Cocoa saplings which would surely yield them a considerable revenue.

On the other hand he said, the plantation of Cocoa among the Coconut trees will also help in a big way for preserving vegetation in Puducherry, as the farmlands here have started to shrink, since cultivatable lands are largely being converted into residential plots, he inclined. He futher told that, the Cocoa saplings which are presenltly planted at PKKVK would futhur grow to its maximum height of four feets in the next few years, resulting a greater yield.

Cameroon Aug-Nov cocoa exports fall to 63,723 T
Reuters South Africa, South Africa
Mon 31 Dec 2007
By Tansa Musa
YAOUNDE (Reuters) - Cameroon's cocoa bean exports totalled 63,723 tonnes from August 1 to November 31, compared with 84,500 tonnes in the same period last year, according to Cocoa and Coffee Interprofessional Board (CCIB) data seen on Monday.

November bean exports from the world's fourth biggest cocoa grower almost doubled month on month to 32,152 metric tonnes from 16,821 tonnes in October, but were virtually unchanged from the 32,142 tonnes exported in November 2006. "From what we are observing in the field, the 2007/2008 season entered full gear in the second half of November, despite a very timid start," said Andre-Marie Lema, chief of operations at the CCIB.

Cameroon's cocoa season runs from August 1 to July 31, with sales peaking between November and January. Production and marketing was delayed this year by a prolonged rainy season. "By mid-November, heavy rains began to subside in most of the production zones and there was plenty of sunshine facilitating the drying of beans," he said.

Lema said some cooperatives in Centre Province had been witholding stocks in hope of a rise in world market prices, but had released beans onto the market under pressure from poor farmers in need of cash. Centre Province is the country's second biggest production zone after South-West Province, which borders Nigeria. "There is a lot of produce on the market now and we are looking forward to the quantity of beans exported to rise again for the months of December and January," he said.

Cameroon's total output was 179,243 tonnes in the 2006/07 season, up from 163,821 metric tonnes the previous year. Almost all of it is exported in bean form, except for around 20,000 tonnes ground each year by local processor SIC Cacao.

The Markets

Dark Cravings Propel Cocoa
Barron's -
By HOLLY HENSCHEN
December 24 2007
If you can find any leftover chocolate Santas in the after-Christmas sales, snap them up as a good hedge. Cocoa prices are rising. Cocoa futures are up 5% in the first three weeks in December; on the year, ICE Futures U.S. cocoa prices have gained nearly 32%, a tasty return for any bull. While prices could dip a bit on profit-taking, strong demand and continued civil unrest in the world's top cocoa producer will keep the bulls' sweet tooth fed.

A protracted civil war in the West African nation of Ivory Coast, which grows 40% of the world's cocoa, has affected the ebb and flow of the commodity. Separate strikes this month by cocoa-export regulators and temporary contract workers at the peak of harvest stagnated movement of beans to the ports and underpinned prices. Arrivals to export terminals are back to normal, but quality is a problem; many farms were hit by the damaging black pod fungal disease, also lowering production.

What has really helped cocoa is our new fascination with the dark side. "The main catalyst for higher demand is the desire for dark chocolate in the Western hemisphere, namely the U.S.," says James Cordier, founder of brokerage firm Optionsellers.com.

The trend shows no sign of abating as major chocolate sellers are touting the health benefits of the candy, and producers of premium lines market the "affordable luxury" of the high-end goodies. Cordier says global demand for chocolate is up 2%, and U.S. demand is up 8% to 10%, citing industry data.

"Cocoa is probably starting a one-to two-year bull market," he says. The demand is there to satisfy chocolate cravings until cocoa reaches $2,400 to $2,500 a metric ton, the only level at which demand may slow by mid-2008, he says. The March cocoa contract settled at $2,086 Friday, up 0.19% on the week, although had it steamed as high as $2,132 on Wednesday -- 2.4% above the previous Friday's close.

A year or so from now, the market may come off its sugar high near $1,850 to $1,900 levels, says Judy Ganes-Chase, president of J Ganes Consulting. But that doesn't mean the buzz is over. "Tremendous industry support would bring the market back up," she adds -- in other words, cocoa manufacturers would buy in on the dip, thus refueling demand and pushing up prices to previous levels.

All those extra mid-afternoon candy bars Americans consume are chipping away at global stocks of cocoa, and production isn't keeping up with demand, Ganes-Chase says. Still, she notes that "we need to eat through a very substantial world supply first." For the 2006-07 marketing year, the most recent data available, the International Cocoa Organization said global cocoa stocks were 1.598 million tons. That's down from the previous year's inventories of 1.840 million tons. For 2007-08, Ganes-Chase sees stocks around 1.576 million.

Unlike other commodities, such as grains, which are near all-time highs, cocoa prices are far from the top reached in the 1970s of around $4,000 a ton -- meaning there is room for them to rise even higher.

The Weather

Rains patchy in Ivory Coast cocoa regions
Reuters South Africa, South Africa
Mon 31 Dec 2007
ABIDJAN (Reuters) - Patchy rains helped maintain good growing conditions for cocoa in Ivory Coast's main growing regions over the last week after a fortnight of dry weather, farmers and agronomists said on Monday.

In Meagui and Soubre in the west of the world's top cocoa grower, farmers said showers would boost development of small pods which were due to ripen before the end of the October-March main crop. "We had two good showers. It's good for the cherelles (tiny pods)," said farmer Innocent Zamble who farms cocoa on the outskirts of Meagui, north of the port town of San Pedro. "We're set to have plenty of cocoa in February because the rain will help cherelles and pods to swell up," he said.

In Aboisso in the southeast and close to the border with world No. 2 cocoa producer Ghana, state agronomist Joseph Sagou said good weather conditions would enable trees to continue producing well. "Rain fell here and there last week ... I'm pleased with the climatic conditions. The cocoa is growing well and I think the main crop will be abundant like last year," said farmer Etienne Yao in Aboisso.

The tropical country is currently in its dry season when rainfall is scarce and temperatures high, but farmers have welcomed fewer showers after the abundant rains which fell in the last few months. But rainfall will become critical again in the weeks ahead when many more flowers appear on the trees -- the first stage in the pod production cycle -- ahead of the smaller mid crop harvest which runs from April to September.

No rains fell in the centre-western region of Daloa, which this time last year was suffering a severe drought that persisted for several months, but farmers said there was sufficient soil moisture to fortify the trees for now. "We didn't get any rain but it doesn't matter because there was enough rain during November," said farmer Attoungbre Kouame from Daloa which turns out around one quarter of the country's annual cocoa output of around 1.3 million tonnes.

Business & Economy

Barry Callebaut closes acquisition of FPI cocoa factory in Philadelphia
NEWSFOOD.com Primo piano, Italy –
Dec 28, 2007
Zurich, Switzerland, December 17, 2007 – Barry Callebaut, the world's leading manufacturer of high-quality cocoa and chocolate products, announced today the closing of its acquisition of 100% of Food Processing International, Inc (FPI) in the United States, as announced in October 2007; the acquisition includes the takeover of FPI's factory in Eddystone near Philadelphia with a capacity for cocoa liquor production of 25,000 metric tons per year.

Barry Callebaut intends to increase the production capacity of the factory to 50,000 metric tons (110 million pounds) within the next 2 to 3 years to meet its own growing needs for semi-finished products as well as to supply third-party customers. The capacity expansion will include pressing, grinding and deodorizing equipment to make cocoa butter, cocoa powder and cocoa liquor. The cocoa processing factory in Eddystone will allow Barry Callebaut to further optimize its factory network and supply chain in North America.

Callebaut acquisition increases supply in America
Decision News Media
By Laura Crowley
19/12/2007 - Swiss confectioner Barry Callebaut this week closed the acquisition of Food Processing International's cocoa factory in Philadelphia, increasing its factory network and supply chain in North America.

The 100 per cent acquisition was announced in October as part of the confectioner's growth strategy and investment in cocoa processing equipment. It is focusing its attention here as it sees the early processing stage as vital in the taste and quality of the chocolate. "We are investing in cocoa operations because the taste and the quality of chocolate are already defined at this early processing stage," said CEO Patrick De Maeseneire.

"We need a modern site for the production of semi-finished products such as cocoa liquor, cocoa butter and cocoa powder in the United States to keep up with the current and future expectations of our customers especially in the high-end quality segment, as well as our own internal needs."

The company did not disclose the cost of the acquisition, but said that with further expansion, the total investment amount will be €37m ($51m). This expansion will include pressing, grinding and deodorising equipment to make cocoa butter, cocoa powder and cocoa liquor.

The cocoa factory in Eddystone currently has a capacity for cocoa liquor production of 25,000 metric tones per year. Barry Callebaut intends to double this capacity to 50,000 tonnes within the next two or three years to meet the growing demand for semi-finished products as well as to supply third-party customers.

The company has a global presence with cocoa factories in France, Italy, Belgium, the UK, Ivory Coast, Ghana, Cameroon, Brazil, Canada and the US.

The acquisition will further improve its factory footprint, providing sufficient processing facilities both close to its origin countries and to its customers in consuming countries.
Barry Callebaut is present in 23 countries, getting its cocoa beans from areas stretching from Mexico, Ecuador and Brazil to Madagascar, Malaysia and Java.

It operates 37 production facilities. As well as increasing its number of cocoa factories worldwide, Barry Callebaut has recently opened a chocolate factory near Moscow and will open a new factory in China at the start of 2008.

It has also recently announced plans to acquire production capacity in the highly attractive Japanese chocolate market from Morinaga, one of Japan's largest confectionery companies. This will comprise a long-term agreement and underscores Barry Callebaut's outsourcing and geographic expansion strategy.

In July it signed a long-term supply agreement with Hershey, for it to provide 80,000 tonnes of chocolate per year. The deal came with production equipment and was said to propel it into the number one slot as industrial chocolate supplier in the region.

The company said that there is a trend towards manufacturers outsourcing their chocolate needs to specialised partners - and this is expected to accelerate as more integrated companies shift their focus towards sales and marketing and source from third parties.

Callebaut extends origin chocolates range
Decision News Media
By Laura Crowley
19/12/2007 - Switzerland-based Barry Callebaut this week claimed it now offers the largest selection of origin chocolates having extended its portfolio to include more than 40 different varieties. The cocoa giant has an international presence, covering areas as far apart as Mexico, Papua New Guinea, Ghana and Vietnam. It is this, the company says, that provides access to a wide range of cocoa beans, allowing for the extention of its origin chocolate range.

Origin chocolates are made from beans harvested in one specific country or growing area. The uniqueness of the soil, climate and habitat leave their signature on the cocoa beans resulting in a distinctive taste. "Thanks to our

local presence in different origin countries and long-established relationships with cocoa farmers, we have access to some of the world's finest and rarest cocoa bean varieties," said Hans Vriens, chief innovation officer.

"These origin cocoa beans represent but a tiny fraction of the total world harvest but are prizes for the unique qualities they impart on the finished product, a guarantee for authentic taste experiences."

As consumers become more aware of environmental issues and food quality concerns, there is a corresponding demand from purchasers to know the origin of their ingredients supplies, especially in the premium end of the market where the product frequently contains more of the cocoa bean.

Barry Callebaut said origin chocolates have more expressive flavours and fruity, herbal, spicy or floral notes that reflect the growing conditions.

Origin chocolates can be specific to country, region or limited edition. Barry Callebaut has expanded to now provide 20 different country origin chocolates, also known as single origin chocolates.

Some large regions such as the Amazonian basin or the Pacific region produce a number of different cocoa bean varieties. Barry Callebaut operates 37 production facilities in 23 countries and so has access to a lot of these different varieties and has made a selection of the rarest varieties.

Callebaut also produces limited edition origin chocolates, which come about when extraordinary conditions result in cocoa beans of similarly rare quality. Such beans are only available in very limited supply and for short periods of time. Callebaut's worldwide presence gains it access to these special chocolates for its limited edition range.

A number of confectioners brought out a range of single origin chocolates in the last year. US giant Hershey introduced its Cacao Reserve line to market with chocolate from San Tome and Arriba.

Swiss company Lindt and Sprungli followed with an Excellence Origins Collection using cocoa from Ecuador, Madagascar and Peru.

Barry Callebaut had annual sales of more than €2.4bn for 2006-2007. The company serves the entire food industry, from food manufacturers to professional users of chocolate.

Spain: Natra in Cocoa Ingredient Partnership with Kraft Foods
Source: FLEXNEWS
20 December 2007 - Spanish biotechnology group Natraceutical's cocoa products subsidiary Natra will develop ingredients derivatives from cocoa for Kraft Foods, according to Spanish financial reports. Natra reportedly said that the partnership is a new step for Natraceutical in its strategy of developing cocoa products for the large world food companies.

Natra, which manufactures more than 45,000 tons of cocoa per year, saw its consolidated sales amount to 293 million euro last year and expects to finish 2007 with sales of around 380 million euro. In October, FLEXNEWS reported that Natra acquired All Crump, a Belgian manufacturer and supplier of chocolate and hazelnuts bread spreads and fillings.

Labour Issues

Ivorian cocoa workers strike for second day
Independent Online, South Africa
December 28 2007
Abidjan - Staff at Ivory Coast's Coffee and Cocoa Bourse (BCC) and other industry bodies maintained strike action for a second day on Friday, halting registration of cocoa shipments for export, a union official said. "All our comrades are at home and nothing is working. Nothing will work until we are satisfied," said Augustin Kouassi N'Goran, secretary general of the employees' union. "We're going to stop the (cocoa export registration) computer system being operated by other people if necessary," he said after hearing reports of plans by the BCC to bring in other staff to register cocoa exports.

A buyer for one international exporter in Abidjan said he was concerned that his company would miss deadlines to load cocoa onto ships at Abidjan port for export. "We still can't register (cocoa exports) today ... We have loads scheduled for this weekend and without a BCC agent, we can do nothing. Because of the strike there's no one in the offices," he said. The strikers say they are seeking better pay and conditions and also changes in the senior management of the various structures controlling the highly politicised cocoa industry. N'Goran said the union was demanding that the BCC's director general, Tano Kassi, be replaced. He accused him of threatening the union rather than trying to satisfy its demands.

The union staged a two-day stoppage in early December but called it off in order to begin talks with government. It has resumed the strike because it says the talks failed to take place.

Others

U.S. Probes Chocolate Makers for Price Fixing
Source: Reuters
New York, Dec. 20 - The U.S. Justice Department is looking into possible price fixing in the chocolate industry, the Wall Street Journal reported on Thursday on its Web site. Last month, Canadian authorities launched a similar probe into price fixing at the Canadian units of major chocolate makers Nestle SA, Cadbury Schweppes Plc, Hershey Co and Mars Inc.

A Justice Department spokeswoman contacted by Reuters had no comment.

The Journal reported that a Mars spokeswoman said the company had been contacted by the Justice Department's antitrust division and that if the agency initiated an investigation Mars would cooperate.

The newspaper quoted a Nestle spokeswoman as saying Nestle USA was aware of a preliminary investigation into the marketing practices in the U.S. chocolate industry. She was quoted as saying the company had not received any document requests, but planned to cooperate with the investigation.

The newspaper said a Cadbury spokeswoman would neither confirm nor deny whether the company had been contacted by the Justice Department.

Mars Says Will Cooperate in U.S. Chocolate Probe
Source: Reuters
28/12/2007
Washington, Dec 21 - Mars Candy said it was cooperating with a Justice Department inquiry into possible chocolate price fixing but other candy companies said they had not been contacted about a federal probe. "We have been contacted by the antitrust division of the United States Department of Justice regarding their inquiry concerning pricing practices in the U.S. chocolate confectionery industry," Mars spokeswoman Alice Nathanson told Reuters in an email. "We will cooperate with them if they initiate an investigation."

A Justice Department spokeswoman declined comment.
Last month, Canadian authorities launched a similar probe into price fixing at the Canadian units of major chocolate makers Mars Inc., Nestle SA, Cadbury Schweppes Plc , Hershey Co and Mars Inc. "Hershey will cooperate fully with U.S. authorities should any investigation be initiated. However, we have not been asked for information related to this matter," said Hershey spokesman Kirk Saville. Hershey manufactures Cadbury chocolate products sold in the U.S. and a spokeswoman for Cadbury in London declined comment. "If there was any investigation we would cooperate but we haven't made any comments on that at all," said spokeswoman Katie Bolton, in a telephone interview from the company's London office.

Nestle said in a statement that it was "aware of a preliminary investigation into marketing practices in the U.S. chocolate industry. We have not received any document request but plan to cooperate fully with this investigation." In Zurich, Nestle SA, Nestle USA's parent company, said it had not been contacted about a price-fixing probe. "There are reports of an investigation that may be taking place in the United States but we have not been told about it," Nestle spokesman Francois-Xavier Perroud told Reuters on Friday.

Commenting on the Canadian probe, Perroud said: "We are cooperating with Canadian authorities as we always do."

Futures: Cocoa. Drink It In.
Elliott Wave, GA –
By Nico Isaac
Dec 27, 2007
There is no better time to experience the laws of physics first hand than during the Holiday season. Take, for example, the rule of causality, which examines the relationship between causes and effects:

Eating four slices of pumpkin pie makes one's belt buckle get tighter and tighter.
Drinking four glasses of spiced eggnog makes one's tongue get looser and looser.
According to mainstream economic wisdom, however, this very same cause-and-effect formula applies to the key financial markets: i.e. external news events drive the direction of prices.

Consider, for instance, the December 27 news item regarding Cocoa's moderate push UP. In the eyes of the conventional analysts, two main factors are behind the advance:
The recommencement of a strike by employees at the Ivory Coast's BBC Coffee and Cocoa marketing body: "The sudden strength [in cocoa] came from the resumed strike," begins one popular source. "The BBC registers cocoa, an obligatory measure before export."

"A weaker U.S. Dollar also lent support," observes another.
First off, the cocoa regulators' strike has been off and on since early December, with the bulk of businesses already well adjusted for the potential for instability. In the words of one recent report: "Most exporters registered [their cocoa] in advance in anticipation so exports won't be hampered."

Second: If weaker dollar causes cocoa to soar, then why did the sweet commodity enjoy a steady uptrend from November 23 to late December -- RIGHT ALONGSIDE an equally persistent push by the greenback to seven-week highs?

Bottom line: financial markets do not follow the rules of physics. The main force conducting the changes in prices comes from within, via the calculable progression of 13 Elliott wave patterns.

And, in his December 27 Daily Futures Junctures, Elliott expert and long-time editor Jeffrey Kennedy presents two labeled price charts of Cocoa that identify which one of these 13 patterns has been underway: an Expanded Flat. More importantly, Jeffrey reveals that prices have just entered a territory of "sturdy Fibonacci and structural support," one step closer to solidifying his view that the trading days ahead could be very exciting. Gain unique insight into cocoa's near-term future via a risk-free subscription today.

COCOBOD Honours Ex-CEOs
Modern Ghana, Ghana
By Emelia Ennin
Mon, 31 Dec 2007
THE GHANA COCOA Board has honoured its past Chief Executive Officers (CEOs) for their contribution toward the growth of the cocoa industry. The awardees, who served as CEOs between 1973 and 2006, included Kwame Pianim, Flt. Lt. (rtd) Joe Atiemo, Colonel Takyi, Commander Kwabena Addo, J. H. Newman, Kwame Sarpong and Dr. Kwame Gyamfi. A 94-year-old ex-staff, Gilbert Ansah was also honoured.

Citations read for them recounted their contributions to the rise of cocoa production, instituting accountability in the administration of the board, improving the welfare of farmers and increasing she-nut production among others. The wives of the CEOs also received their shares of the awards for supporting their husbands during their terms of office. Seven other CEOs were honoured posthumously.

The awards ceremony was held to climax COCOBOD's 60th anniversary which it celebrated this year with lots of activities including an essay competition programme for students at the basic, secondary and tertiary levels. Winners of the easy competition were also given prizes for their excellent pieces on the cocoa industry in Ghana.

Irene Afua Fafa Awuku, a final year Bachelor of Economics student at the University of Cape Coast, took the ultimate award. Most of the award winners were ladies.

Dasebre Akuamoah Boateng II, Board Chairman of COCOBOD commended all the stakeholders of the cocoa industry including licensed buying companies. He remarked that the year 2007 has been a busy one for the cocoa industry with the board undertaking many projects. According to him, government has paid GH¢16.035 million as bonuses to cocoa farmers with each receiving GH¢1.71 for a bag of 64 kilos of cocoa or ¢27.45 per tonne. Regarding unpaid bonuses, he promised that his outfit would clear them by July next year. He stated that as part of the board's social responsibility, it presented 500 computers and 100 printers to some schools in the country.

Dasebre Akuamoah Boateng II pointed out that a new project, scheduled to take off soon, is the construction of an edifice at the Takoradi port to house the board in the Western Region. He urged all stakeholders including the staff and management of COCOBOD to "enter the New Year with renewed commitment and devotion as a means of sustaining the gains made so far and as well promote the cocoa industry."

The incumbent CEO, Isaac Osei was optimistic that with the measures put in place, cocoa production in the country will hit a billion tonnes by 2010. "We have taken steps to mitigate the risk involved in loosing at every level; we are now ready to upscale production."

TIT BITS

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

US MIDDAY: coffee up, cocoa down
NEW YORK (December 29, 2007): Arabica coffee gained ground in early trade on Friday, recovering some of Thursday's losses, on chart-based support, while the cocoa market crept lower, traders said. Volume was light in both markets, they said.

New York cocoa futures fall
NEW YORK (December 28, 2007): US cocoa futures fell more than 2 percent on Wednesday, as the market extended its pull-back from last week's five-month highs amid ongoing fund liquidation and chart-based selling, brokers said. "The funds are long this market and the fact that there was no follow-through from last week's rally forced some guys to dump it," said one floor dealer.

Ivory Coast cocoa industry officials restart strike
ABIDJAN (December 28, 2007): Staff at Ivory Coast's Coffee and cocoa Bourse (BCC), which controls cocoa exports in the world's top grower, resumed strike action on Thursday, blocking registration of cocoa for shipping, union officials said. "All our members have stoped work today. Many haven't come to work because we asked them to stay at home.

US MIDDAY: cocoa and coffee down
NEW YORK (December 27, 2007): cocoa futures stumbled sharply in early trade on Wednesday as fund liquidation and profit-taking dragged the market down after it hit five-month highs last week, brokers said. The coffee market edged lower in quiet business after the long Christmas holidays.

London sugar and coffee up; cocoa down
LONDON (December 25, 2007): London white sugar futures extended recent gains to hit a nine-month high before reversing direction at Monday's close, dealers said. Robusta coffee advanced slightly within its recent range, while cocoa slipped on hedging-related sales.

Ivory Coast cocoa arrivals seen up
ABIDJAN (December 25, 2007): cocoa arrivals at ports in Ivory Coast reached around 720,000 tonnes between October 1 and December 23 according to an estimate by exporters on Monday, compared with 557,618 tonnes received in the same period one year ago.

No rains in Ivory Coast cocoa zones
ABIDJAN (December 25, 2007): No rains fell in Ivory Coast's main cocoa regions over the last week but the crop was continuing to develop and produce well, growers said on Monday.