



UP-COMING EVENTS

- ❖ General Assembly and Council of Ministers Meetings, Lome, Togo.
7th – 11th September 2009.
- ❖ International Cocoa Research Conference, Hyatt Hotel, Nusa Dua, Denpasar, Bali – Indonesia.
16th – 21st November 2009.

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- NEW YORK (ICE) FUTURES MARKET UPDATE
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Do your health a favour, drink Cocoa everyday
'It's nature's miracle food'

In the News (from Newspapers worldwide)

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

Monday 13th July 2009

Month	Opening Trans	Settle	Change	Daily High	Daily Low	Volume
Jul-09	1700	1694	16	1702	1688	4,188
Sep-09	1719	1725	16	1742	1714	4,124
Dec-09	1717	1726	15	1740	1715	1,972
Mar-10	1740	1724	14	1740	1715S	310
May-10	1721	1717	16	1721	1709S	108
Jul-10	1711	1718	17	1719S	1707S	1,908
Sep-10	1707	1717	22	1717S	1705S	62
Dec-10	1720	1724	26	1724	1712	127
Mar-11		1717	21			0
May-11		1727	21			0
Totals		1719				12799

Tuesday 14th July 2009

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul-09	1708	1729	35	1730	1699	5,258
Sep-09	1738	1750	25	1752	1727	8,945
Dec-09	1738	1752	26	1754	1728	1,611
Mar-10	1732	1752	28	1753S	1728	1,877
May-10	1727	1746	29	1736	1727	501
Jul-10	1739	1740	22	1741S	1739S	7
Sep-10	1734	1739	22	1741S	1734S	104
Dec-10	1739	1746	22	1750	1739S	104
Mar-11		1739	22			0
May-11		1749	22			0
Totals		1744				18,407

Wednesday 15th July 2009

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul-09	1729	1692	-37	1734	1689	7,514
Sep-09	1750	1724	-26	1763	1720	6,818
Dec-09	1756	1730	-22	1764	1726	4,203
Mar-10	1752	1731	-21	1760	1725	1,564
May-10	1746	1727	-19	1756	1726	139
Jul-10	1734	1725	-15	1734	1734	441
Sep-10	1725	1726	-13	1725S	1724S	30
Dec-10	1732	1733	-13	1733	1731	70
Mar-11		1723	-16			0
May-11		1733	-16			0
Totals		1724				20,779

Thursday 16th July 2009

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul-09	1684	1665	-27	1692	1655	35,728
Sep-09	1720	1707	-17	1725S	1682	20,839
Dec-09	1723	1712	-18	1726	1690	7,392
Mar-10	1724	1716	-15	1725S	1695	1,930
May-10	1724	1712	-15	1724	1702S	347
Jul-10	1710	1704	-21	1710	1710	57
Sep-10		1703	-23			0
Dec-10	1710	1710	-23	1710	1710	9
Mar-11		1700	-23			0
May-11		1710	-23			0
Totals		1704				66,302

Friday 17th July 2009

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul-09	N/A	N/A	N/A	N/A	N/A	N/A
Sep-09	1729	1773	66	1773	1729	17,554
Dec-09	1737	1782	70	1783	1737	3,270
Mar-10	1754	1783	67	1784	1745	1,209
May-10	1750	1778	66	1765S	1743S	362
Jul-10	1755	1773	69	1755	1755	11
Sep-10	1710	1772	69	1710	1710	4
Dec-10		1778	68			0
Mar-11		1768	68			0
May-11		1778	68			0
Jul-11		1776				0
Totals		1776				22,410

Average for the week		1777				28139
Total for the week						140,697

onth	Open	Price	Change	High	Low	Volume
Jul-09	2666	2647	-43	2666	2664	3
Sep-09	2711	2677	-40	2715	2644	5,260
Dec-09	2735	2702	-40	2739	2670	904
Mar-10	2737	2721	-40	2737	2700	416
May-10	0	2722	-38	0	0	148
Jul-10	0	2729	-38	0	0	51
Sep-10	0	2730	-38	0	0	79
Dec-10	2740	2741	-41	2740	2740	19
Mar-11	0	2741	-41	0	0	0
May-11	0	2741	-41	0	0	0
Totals		2715				6,880

Friday 17th July 2009

Month	Open	Price	Change	High	Low	Volume
Jul-09	0	0	0	0	0	0
Sep-09	2670	2762	85	2786	2660	8,061
Dec-09	2719	2783	81	2803	2685	2,366
Mar-10	2778	2798	77	2819	2760	674
May-10	2763	2801	79	2822	2763	270
Jul-10	2766	2808	79	2766	2766	2
Sep-10	2765	2809	79	2765	2765	2
Dec-10	0	2814	73	0	0	100
Mar-11	0	2816	75	0	0	0
May-11	0	2816	75	0	0	0
Totals		2521				11,475

Average for the week		2691				8,867
Total for the week						53,204

News

Health and Nutrition

Cocoa supplements could help high blood pressure

By Daily Mail Reporter

Last updated at 1:32 AM on 14th July 2009

Cocoa contains compounds that help dilate the blood vessels

Could a cocoa supplement replace statins? Cocoa contains compounds that help dilate the blood vessels.

Researchers are investigating to see if these compounds, taken in supplement form, can help reduce high blood pressure - a major risk factor for heart attack and stroke.

The pill may also prove a more natural way of treating the condition than statins, taken by six million people in Britain alone.

More...Can vitamin C injections help to beat shingles?

Arthritic knee pain eased with electrically charged needles

The blast of cold air that cures insomnia

In the trial, at the University of Cologne, Germany, 48 men and women with high blood pressure will be given a single capsule containing 1,000 mg cocoa polyphenols.

These are antioxidants that occur naturally in the cocoa bean - it's thought they work by increasing levels of nitric oxide, which in turn widens blood vessels.

How Sweet It Is: Good News About Chocolate and Cocoa

Huffington Post - Jul 13, 2009

The secret to living a long and healthy life is not all about self-denial, self-discipline and austerity. While it is true that we do need to exercise some self-control and make smart decisions when it comes to our diet, there are some treats that we can enjoy while reaping healthy benefits.

I am happy to report that one of life's greatest pleasures is actually rich in heart-healthy antioxidants. A number of scientific studies have found that extra dark chocolate, containing 80 percent cocoa solids or more, is uniquely high in potent, heart-healthy flavon-3-ol antioxidants. Polyphenols identified in the cocoa bean include several different catechins, as well as procyanins, anthocyanins, and flavone and flavonol glycosides. In fact, cocoa contains double the flavon-3-ol anti-oxidant content of red wine, and five times that of green tea.

Sweet Smarts

These antioxidants are extremely protective not only to the heart but also to the brain, (both cardio and neuro-protective). Recent studies looking at the protection of neuros in vitro, found that they were more protective than other antioxidant in preserving brain cells.

Mood Food

Chocolate is also a source of several mood-elevating constituents, including tryptophan (precursor to serotonin), anandamide (a natural brain chemical very similar to the cannabinoids in marijuana), theobromine (far milder cousin to caffeine), phenylethylamine and magnesium. While the amounts of each of these potentially mood-elevating appear too small to affect most people's mood significantly, the combination can and does produce feelings of elation, even ecstasy, in some sensitive individuals.

Cocoa butter is a heart-healthy fat that does not raise cholesterol levels. It actually contains a variety of healthy fatty acids, including stearic Acid (35%), oleic acid (Omega-9) 35%, palmitic acid (25%), and Linoleic Acid



((Omega-6) 3%). Oleic acid is also found in extra virgin olive oil and may actually raise the levels of good HDL fats in the blood.

The antioxidants in cocoa can also help improve immune function and reduce the inflammation of blood vessels. Other benefits of chocolate include:

- Potentially lowers levels of LDL or "bad" cholesterol
- Decreases platelet "clumping" in our blood vessels
- Regulates immune response
- High levels of phenolics -- powerful antioxidants that fight the cell damage that leads to chronic conditions such as cancer and heart diseases
- When combined with the right amounts of sugar (i.e., very little) and (good) fat, chocolate boosts levels of endorphins and serotonin - the brain's "feel-good" chemicals
- Dark chocolate contains high levels of chromium, a substance that has been proven to control blood sugar

The darker the chocolate, the greater the cocoa content and thus, the higher the health-promoting flavonoid content. Milk chocolate does not have the same benefits, as the chocolate is adulterated with dairy and other ingredients.

Pure unsweetened cocoa powder is the finest way to enjoy the benefits of chocolate. Sprinkle it on yogurt and/or berries, and try Mexican mole sauces for a delightful way to enjoy chocolate during the main course.

Look for high quality chocolates with their main ingredients being cocoa butter and cocoa solids. These include Lindt and Ecco Bello. Lindt Excellence offers an 85% cocoa dark chocolate bar, one serving (2/5 of a bar) has 8 grams of carbohydrate, 4 grams of protein, and 3 grams of fiber. Ecco Bella makes an organic dark chocolate bar with cranberry seed oil for omega-3 fatty acids, plus blueberry extract, and the powerful antioxidants, lutein, lycopene, and astaxanthin. My personal favorite is Vital Choice's organic extra dark chocolate www.vitalchoice.com, which are crafted from the best raw, non-Dutched cocoa for superior antioxidants and flavor. Their raw-cocoa chocolate retains the potent antioxidants that are missing in most brands. Enjoy this 80% organic extra dark chocolate plain, or with organic hazelnuts or wild-crafted blueberries.

As long as we choose the right form of chocolate and enjoy it in moderation (one to two ounces per day), there is no reason why we must give up this aptly named "food of the Gods." But, remember, if on a weight loss program we may want to limit our indulgence to once or twice a week until we have achieved our desired results.

- The secret to living a long and healthy life is not all about self-denial, self-discipline and austerity. While it is true that we do need to exercise some self-control and make smart decisions when ...
- The secret to living a long and healthy life is not all about self-denial, self-discipline and austerity. While it is true that we do need to exercise some self-control and make smart decisions when ...

Production & Quality

Ghana increases cocoa yield

Daily Guide

Friday, 17 July 2009

The Ghana Cocoa Board (COCOBOD) confirmed that its vision of producing one million metric tonnes of cocoa in the short-term could be realized, if the major constraints of poor extension support to cocoa farmers were improved.

Chief Executive of the Board, Tony Fofie, in a keynote address at a two-day workshop on cocoa extension methods in Accra said, "it is fervent believe of COCOBOD that an effective and efficient extension system is critical to the attainment of this objective."

Sighting examples from other countries, he said Ghana is currently producing below its expected maximum yield.

“Our farmers produce an average of 400 kilogrammes of cocoa per hectare; whilst research plots at the Cocoa Research Institute of Ghana (CRIG) produces over two tonnes of cocoa per the same hectare of land.”

He further affirmed that one key factor in bridging the gap between potential yield and actual output on farms is to introduce pluralism in the funding and delivery of cocoa extension programmes to farmers. Mr. Fofie called on all stakeholders to contribute in making the dream of achieving one million metric tonnes of cocoa in the short term a reality.

Mr. Fofie said there was the need to engage the youth in cocoa production, which has the average age of the Ghanaian cocoa farmer been between 50 and 55 years.

“A change in the mentality of farmers from approaching cocoa farming as, a family dogma to a business oriented enterprise is crucial to the success of this programme,” he added.

In a statement read on his behalf, the Minister of Finance and Economic Planning, Dr. Kwabena Duffuor, promised that government is always aware of its responsibilities towards cocoa farmers and their communities.

The workshop, which ended yesterday, reviewed the current state of cocoa extension plans and also to develop new strategies in order to produce, a functioning and sustainable extension system for cocoa farmers.

Farmers in Kerala replace pepper with cocoa

Business Standard - George Joseph - Jul 16, 2009

Cocoa is making a grand re-entry into God's Own Country after a gap of 30 years, but at the expense of black pepper. During the last 12-15 months, farmers in districts like Idukki and Wayanad in Kerala have planted cocoa due to better price realisation and because it is easier to market. Idukki and Wayanad are the major pepper producing centres in the state.

The price of one kg unshelled cocoa peaked to Rs 38-40, while processed and dried cocoa fetched Rs 110-120 a kg. The pepper replantation subsidy scheme launched by the Spices Board has evoked a poor response in Idukki district.

Companies such as Cadbury are keen on promoting cocoa cultivation in a big way. In most cases, cocoa is being planted in pepper vine yards, leading to discard of pepper vines, which may seriously hamper pepper cultivation in the long run.

Growers said pepper cultivation was more labour intensive. Hence, the current price of Rs 110-120 a kg was not remunerative and there was a shortage of supporting soft-wood trees for the vines, they said.

Ivory Coast May Boost Cocoa Output With Increased Pesticide Use

By Monica Mark

July 15 (Bloomberg) -- Ivory Coast, the world's largest cocoa producer, expects to boost production during the 2009-10 harvest as the government increases the amount of pesticides distributed to farmers.

A total of 500,000 hectares (1.23 million acres) will be treated with general pesticide, of which 312,000 hectares will also be sprayed with chemicals that tackle black pod disease, said Fernaud Koffi, a spokesman for the government Fund for Developing and Promoting Coffee and Cocoa Activities. During the 2008-09 season, 200,000 hectares of land was treated with chemicals that combat black pod.

“These products should have an immediate effect,” Koffi said in an interview at a cocoa conference in Aboisso, 100 kilometers (62 miles) northeast of the commercial capital, Abidjan, today. “If treatment is carried out properly, we will see a positive impact on the 2009-10 season.”

Ivory Coast produced 1.38 million metric tons of cocoa in the 2007-08 and accounts for about 37 percent of total world production, according to the International Cocoa Organization. Black pod, a fungus that causes cocoa pods to turn black and rot, can reduce yields if not treated.

Distribution of the chemicals will be carried out by the Agriculture Ministry, Koffi said.

Cocoa for September delivery fell as much as 30 pounds, or 1.7 percent, to 1,720 pounds (\$2,830) a metric ton on the Liffe exchange and was at 1,725 pounds at 3:02 p.m. London time.

Nigerian Cocoa Farmers Start Harvesting This Season's Main Crop

By Vincent Nwanma

July 15 (Bloomberg) -- Nigerian cocoa farmers started harvesting this season's main crop in some parts of the country, more than two months earlier than usual, the Cocoa Association of Nigeria said.

Random samples of 30 beans now weigh between 290 grams (0.64 pounds) and 305 grams in some areas, "and that means the main crop has started," General Secretary Neji Abang Neji said by phone from Ikom in southern Nigeria on July 13.

During the main-crop season beans generally weigh at least 290 grams, while during the light-crop the weight is nearer 270 grams, he said.

Nigeria, the world's fourth-largest cocoa exporter, has two harvests, the light-crop, which runs from April to early September, and the main crop season, which runs from October to April, according to Robo Adhuze, a consultant to the Cocoa Association. Differing weather patterns across Nigeria mean the start and end dates of the two seasons vary each year.

Nigeria ranks behind the Ivory Coast, Ghana and Indonesia as the world's largest cocoa producer, according to the Web site of the International Cocoa Organization. The Nigerian government has boosted output by providing farmers with quick-maturing seedlings and fertilizers at subsidized prices since 2005, while improved farming methods have also helped.

Cocoa farmers expecting improvements

Jamaica Observer - Jul 14, 2009

Wednesday, July 15, 2009

HIGHGATE, St Mary - Cocoa farmers in St Mary say they are expecting some improvements to the cocoa industry following an announcement last week that USAID would be providing approximately \$1.8 billion (US\$15-million) to rehabilitate the industry.

The move has inspired hope for farmers like Howard Wright, secretary of the Flint River Cocoa Farmers Society, who said he hopes that with the help, Government will consider increasing the amount paid to farmers for a box of cocoa.

"We get about \$1,400 for a box of cocoa, but that's not good enough because we put in more than that," said Wright, adding that some farmers have to employ people to assist them with reaping. "In Ecuador they get about 80 per cent of the selling price but in Jamaica we only get between 30 and 40 per cent, and when you check it out we don't get back much."

Ashton Nelson, another cocoa farmer, said financing has always been a major concern to them. But he says he is hoping that with this injection by USAID, changes will be made to the industry from which he is expecting small farmers to benefit.

He said cocoa farming is the livelihood for many farmers in rural Jamaica, but many are seriously challenged because of lack of financing. "What we spend on production, we don't get back half of that, but we keep going on, because this is our life and we don't want it die out on us," Nelson said.

The industry has been badly affected in recent years by hurricanes, diseases and the farmers said, not enough financial support from Government.

COCOBOD determines to hit one million tonnes of cocoa production

Accra, July 15, GNA - Ghana Cocoa Board's (COCOBOD) ambition to produce one million metric tonnes of cocoa by 2011/2012 cocoa season, could be possible if the major constraints of solving the poor extension support to cocoa farmers were overcome.

Dr Kwabena Duffuor, Minister of Finance and Economic Planning, who made the observation on Wednesday said: "If no solution is found to this major constraint to increase farm productivity, this aspiration would remain

a mirage and the huge investment on the importation of fertilizer and other inputs for 'high tech' cocoa programme would be a waste of very scarce resources."

This was contained in a speech read on his behalf by Dr Sam Mensah, Technical Adviser of the Finance Ministry, at the opening of a two-day workshop on New Cocoa Extension System for cocoa farmers under the private-public partnership.

The workshop will review the current state of cocoa extension plan and develop new strategies to evolve a functioning and sustainable extension system for farmers.

Dr Duffuor noted that the cocoa sub-sector was the backbone of the Ghanaian economy and was crucial to address the constraints facing the industry to ensure a maximum impact on the nation's cocoa production. He noted that the history of cocoa extension dated back to the period of cocoa swollen shoot disease in 1939, when the Department of Agriculture was established to deal with it. However, it had had to undergo restructuring to ensure cost effective and efficient delivery of cocoa extension services to farmers, the Minister said.

Dr Duffuor expressed government's support for private partnership in achieving among other things innovation and diversity in the provision of extension services, removal of capacity constraints and bottlenecks in the delivery of extension services to cocoa farmers and creation of added value through synergies between public authorities and private sector.

Mr Tony Fofie, Chief Executive Officer of COCOBOD noted that the current average yield was 400 kilogrammes per hectare whilst on research plots at the Cocoa Research Institute of Ghana yielded more than two tonnes per hectare.

He said the private-public partnership would provide the needed technological and allied information to farmers for the benefit of all the three distinct typological classes, which are the high, medium and low classes.

Mr Fofie called on all stakeholders to contribute in making the dream of achieving one million metric tonnes of cocoa in the short term a reality. 15 July 09

Cameroon cocoa prices mixed on buying, disease

Wed Jul 15, 2009

By Tansa Musa

YAOUNDE (Reuters) - Increased buying activity has supported cocoa farmgate prices in Cameroon's main South-West growing area but disease and low demand have led to a slide elsewhere over the last month, farmers said.

Cocoa prices are tailing off in Cameroon, the world's No.5 grower as the 2008/09 season ends but farmers say they are happy as levels are historically high for this time of year.

Prices in South-West region had fallen for two consecutive months before rising this month as the completion of a tarred road meant easier access for buyers to Kumba, the main town in the growing area, 140 km (87.5 miles) from Douala. "There are very few beans on the market now as the season draws to an end, but since the beginning of this month we've had many more buyers coming in from Douala," said Cameroon Marketing Commodities (CAMACO) manager Joseph Nde.

"Now it takes just about one and a half hours to ply the 140-km road whereas we used to take over five hours in those bad days before the road was tarred. Vehicles carrying produce to the port city no longer risk getting stuck in mud," he added.

Prices in Kumba have risen to 940-960 CFA francs per kg in July from 930-940 francs a month earlier. Ndedi Bau Akama-Makia, a local cooperative leader in Mamfe, which supplies beans to Kumba, just to the south, said the price hike had been aggravated by land slides, which had stopped beans moving out of the area for more than a week.

However, the situation in South-West region contrasted with developments in Cameroon's two other cocoa growing regions -- Centre and South -- where farmgate prices have slipped.

Farmers there said news of blackpod disease in their growing areas had discouraged buyers in the port of Douala and the capital Yaounde from coming to buy beans. "We have very few beans on the market now but there are also few buyers who, complaining that the black pod disease may have lowered the quality of our produce, offer low prices as well," said Emmanuel Nguile, who farms in Bafia in the Centre region. "So we the farmers, we have no choice ... But to tell you very frankly, although the prices have gone down compared to last month they are still good for us at this time of the year, when the season is drawing to a close," he added.

By the end of June, Cameroon's National Cocoa and Coffee Board (NCCB) estimated that the country had exported around 170,000 tonnes of beans.

Production last year totalled 187,355 tonnes but the country had hoped to hit a record harvest of at least 200,000 tonnes this year.

Nigeria 2008/09 Cocoa Exports to May 31 Fall 7 pct

Source: Reuters

Lagos, July 16 - Nigeria's cocoa exports totalled 134,344 tonnes between Oct. 1, 2008 and May 31, 2009, down 7 percent from the same period a year earlier, data from the Federal Produce Inspection Service (FPIS) showed on Thursday. On a monthly basis, cocoa exports from the world's fourth biggest grower rose 14 percent year-on-year to 7,291 tonnes in May, the FPIS data showed.

Dealers blamed the fall in exports from last year on the global economic crunch which has slashed international demand for the beans used to make ice cream, chocolate, butter, cake, liquor and cosmetics.

The economic meltdown and Nigeria's worsening electricity problems have also forced many local processors, who compete for beans with exporters, to either close shop or cut production.

A number of warehouses in Lagos and southeastern port city of Calabar are well stocked with cocoa beans, but some exporters have not made any shipments for months due to weak international demand, dealers said.

Nigeria's Oct-March 2008/09 main crop exports fell 12.43 percent to 116,778 tonnes compared with the same period of the previous season, data from the FPIS showed.

The FPIS is the government agency that certifies cocoa beans and other farm produce fit for export, mainly to Western and Asian markets.

May is the second month of Nigeria's cocoa mid crop, the smaller of two six-month harvest cycles that runs from April to September. It usually comes in at around 50,000-60,000 tonnes a year when conditions are good and chemicals readily available.

Industry experts say actual Nigerian cocoa export figures could be much higher than the official data because a number of exporters do not fully disclose their shipments at the ports.

Nigeria produces about 300,000-350,000 tonnes of cocoa a year, according to estimates by the Cocoa Association of Nigeria (CAN), a grouping of farmers, buyers processors and exporters.

Industry sources say a sizeable amount of beans is smuggled across Nigerian borders by some exporters trying to take advantage of lower port charges in neighbouring countries.

About 10-15 percent of Nigeria's cocoa output is shipped to Europe through Calabar, capital of the remote state of Cross River on the border with Cameroon.

Following is a monthly breakdown of Nigerian cocoa exports in tonnes as obtained from the FPIS:

	2008/09	2007/08
October	9,786	11,104
November	18,554	16,644
December	25,321	33,897
January	30,105	33,905
February	20,906	28,104
March	12,106	9,700
April	10,286	4,533
May	7,291	6,401

ICCO Pegs Indonesia Cocoa Output at 485,000 T

Source: Reuters

Singapore, July 13 - Indonesia's cocoa output was pegged at 485,000 tonnes in the crop year to September 2009, the International Cocoa Organization said on Monday, having forecast production at 495,000 tonnes the previous year.

Daily News Alerts

- We respect your privacy -

The ICCO projected Indonesia's output at "well below" 500,000 tonnes in its May estimates, versus 510,000 tonnes in its February forecast, due to poor crop maintenance. It also warned of damage to the crop in the next season because of the El Nino weather pattern.

"According to the U.S. Climate Prediction Center, El Nino conditions will continue to develop during the summer of 2009 and are expected to last until the 2009/10 winter," Laurent Pipitone, senior statistician at the ICCO, told Reuters by email.

"This will be a detrimental factor to the development of the 2009/10 cocoa output in Indonesia, and more generally to the world production," said Pipitone, referring to the new crop year starting in October 2009.

Pipitone gave no further details but said the El Nino was not expected to have significant impact on the current cocoa crop in Indonesia, the world's third-largest producer after Ivory Coast and Ghana.

The phenomenon, caused by a warming of the seas in the Pacific, has already brought drought to Australia and a delayed monsoon to India.

Fortis investment bank said last week it saw a potentially significant disruption to the cocoa sector from the El Nino weather pattern, sparking a rally in New York futures.

ICCO chief Jan Vingerhoets said in May production in Indonesia dropped because trees in the main growing island of Sulawesi are getting older, the soil is being depleted and the farmers do not have the material or knowledge to improve the situation.

Cocoa trees in Sulawesi have been struck by a deadly fungal disease, Vascular-Streak Dieback (VSD), besides being attacked by the cocoa pod borer, a worm-like pest that feeds on cocoa beans. VSD, for which there is no cure, attacks leaves, branches and tree trunks.

The growing prospect of an El Nino weather pattern could delay Indonesia's \$350 million cocoa replanting plan by two months to November, an agriculture official said on Friday.

The Market

Sugar and Cocoa Slump

Commodities

Melinda Peer, 07.16.09, 05:15 PM EDT

Forbes - Melinda Peer - Jul 16, 2009

The soft commodities saw futures slip even though supplies are projected to tighten up by year-end.

Although weather could result in tight supplies of sugar and cocoa by the end of 2009, futures prices have been slipping as investors question whether demand will remain strong given the challenging economic environment.

Monsoon rains in India have been weaker than normal, raising concerns that sugar crop output would be weak and the amount of sugar needed by the world's top consumer would require it to import more than last year's record levels. The latest weather reports from India, however, seemed to be improving with Monsoon rains 6% above normal in the week to July 15, improving from the 27% below normal level from the beginning of to July 15, said Barclays Capital analyst Sudakshina Unnikrishnan. ICE raw sugar for October delivery lost 0.38 cent to close Thursday's trading session at 17.39 cents a pound.

With black pod disease, flooding in the Ivory Coast and expectations of an El Nino weather pattern threatening to devour cocoa crops, fundamentals behind the commodity would appear appetizing--if not for low cocoa grindings, indicating low wholesale demand for the chocolate ingredient. From Asia's largest market, cocoa grindings data showed that Malaysian grindings fell 21.8% from last year's second quarter, to 64,118 metric tons. That's compared with a 17.9% drop in the first quarter, the Malaysian Cocoa Board said on Wednesday. The figures came on the heels of last week's humdrum report from Germany showing grindings down 15.3% year-over-year, but moderating from the first quarter's 21.3% drop. North American grindings--set to be released late Thursday--aren't likely to be much better. ICE cocoa for September delivery settled down by \$40 to \$2,677 per metric ton on Thursday.

There had been some expectation among analysts that cocoa demand from emerging markets like China and India would remain strong since flourishing middle classes in the countries are increasingly consuming pricier treats like chocolate. Additionally, emerging markets weren't as negatively impacted by the global financial crisis as developed countries. (See "Cocoa Sweetens On Dropping Dollar.")

Shares of chocolate companies closed higher on Thursday. Rocky Mountain Chocolate Factory (RMCF - news - people) gained 6 cents, or 0.8%, at \$7.67. Last week, the company reported a 25.5% decline in first-quarter earnings and a 6.7% slump in same-store sales, on account of the economic recession.

In mid-June, London-based chocolatier Cadbury (CBY - news - people) reaffirmed its year-end guidance ahead of its interim earnings on July 29. Shares listed on the New York Stock Exchange closed up by 23 cents, or 0.6%, at \$36.10. Hershey (HSY - news - people), which reports second-quarter earnings on July 23, saw shares close up by 30 cents, or 0.8%, at \$38.23 while shares of Tootsie Roll Industries (TR - news - people) gained 18 cents, or 0.8%, to close Thursday's session at \$23.76.

SOFTS-Cocoa bounces after N.American Q2 grind data

MARKETS-SOFTS/ (UPDATE 2)

By Nick Vinocur and Sharon Lindores

LONDON, July 17 (Reuters) - Cocoa futures bounced on Friday, scaling back from earlier losses after better-than-expected North American grind data encouraged the view that the outlook for demand was improving.

White sugar futures were steady in thin trade as the market took stock of a modest delivery tonnage against expiry of the spot August contract. Coffee corrected higher from oversold positions on investor and fund buying and arbitrage.

London September cocoa gained more than 2.5 percent or 43 pounds to 1,750 pounds per tonne at 1410 GMT. More than 15,000 lots were traded, largely due to hedging trades.

North American cocoa grindings in the second quarter dropped 6.75 percent from 2008, to 105,123 tonnes, data from the National Confectioners Association showed on Thursday.

Traders contacted by Reuters ahead of the report had projected a fall of 10 to 11 percent.

"The market is seeing this data and thinking the worst is behind us," a London-based trader said. "The likelihood seems to be that we could see some improvement in the second half."

"But if you analyze all the grindings figures so far -- Malaysian, American, European, etc -- we see an average drop of 10 percent, and that cannot possibly be bullish," he added.

Another trader warned that the outlook for demand remained subdued.

"You've got to be careful as it will take more to change the overall picture," he said.

The global cocoa market will see a deficit of 80,000 tonnes in the year to September 2009, which may help futures prices offset dismal grindings during the downturn, a Reuters poll of analysts showed on Tuesday.

SUGAR DELIVERY MEETS EXPECTATIONS

Sugar futures were rangebound as the market digested the expiry of the spot August contract on Thursday.

Official LIFFE data showed that 99,450 tonnes (1,989 lots) of white sugar was delivered to merchant Louis Dreyfus.

The delivery from Argentina and Brazil was in line with market expectations. "In the short term both markets look a bit overdone to the upside," a London-based trader said.

London October white sugar rose 70 cents to \$461.60 per tonne. October raw sugar futures on ICE rose 0.11 cent to 17.50 cents per lb.

"The whites premium basis October continues to narrow, valued currently around \$77, reflecting the absence of any nearby physical demand," Sucden Financial said in a market report.

Sucden added that an increase in rainfall in India may be persuading longs to take profits.

India's monsoon delivered above-average rains last week for the first time this season but the worst dry patch in more than 80 years has already hit rice and sugar cane crops.

Sugar futures were expected to top recent three-year highs by the end of 2009 on strong import demand from India, the median forecasts in a mid-year Reuters poll of 13 analysts showed earlier this week.

London coffee futures rose for the eighth consecutive day on fund interest and arbitrage plays, as traders said the market was recovering from oversold levels earlier this month.

"The market is holding up well over \$1,425 (tonne)," one trader said. "There is resistance at \$1,450, and with better volume you may see the market accelerate through that level."

September robusta futures jumped more than 3 percent to \$1,443 per tonne in moderate trade. ICE September arabicas were up 1.34 percent at \$1.1720 per lb. In Vietnam, exporters have delayed the shipment of at least 80,000 tonnes of beans after recent falls in London futures prompted farmers to hold back stocks, dealers said on Thursday.

Fears of defaults from Vietnam, the world's largest robusta producer, led some roasters and trading houses to chase robusta beans from neighbouring Indonesia.

SOFTS-London cocoa falls on grind data concern, arabica up

Thursday July 16, 2009 07:33:19 AM GMT

Forexyard - Marcy Nicholson, Sharon Lindores - Jul 15, 2009

MARKETS-SOFTS (UPDATE 3)

* Low North American cocoa grind seen on Thursday

By Marcy Nicholson and Sharon Lindores

NEW YORK/LONDON, July 15 (Reuters) - London cocoa futures fell from one-month highs as subdued sentiment over grind data set in on Wednesday, while arabica coffee climbed on support from Brazil's option program.

Traders took stock of a Reuters poll which said Brazil, the world's biggest coffee grower, was expected to produce a record 52 million 60-kg bags of coffee in the 2010/11 crop year.

U.S. cocoa futures followed the London market lower, a day ahead of the North American second-quarter 2009 grind, which was expected to be down.

Sugar was choppy but finished firm, with the spot white contract facing expiry on Thursday.

"Everyone has a rough idea as to the way the (cocoa) grinds will go," a London cocoa trader said, adding he expected the numbers to be similar to the European second quarter grind which fell 11.3 percent year-on-year.

Malaysia's cocoa grindings fell 21.8 percent to 64,118 tonnes in the second quarter of 2009 after grinders cut capacity on weaker demand, the Malaysian Cocoa Board said.

London September cocoa closed down 26 pounds at 1,724 pounds per tonne, having earlier touched a one-month high of 1,763 pounds per tonne. ICE September cocoa finished \$10 weaker at \$2,717 a tonne, having earlier hit a one-month high of \$2,754 per tonne.

The global cocoa market will see a deficit of 80,000 tonnes in the year to September 2009, which may help futures prices offset dismal grindings during the economic downturn, a Reuters poll of analysts showed on Tuesday.

European physical buyers, who face higher costs because of the rising futures markets, said grind figures were more important than the potential impact of an El Nino weather disruption.

"The futures markets are choosing to ignore the depressed grinding figures and are instead using the El Nino question as a likely disruption to supply as a basis for strength," one leading German cocoa grinder said.

FOCUS ON SUGAR SPOT MONTH EXPIRY

Sugar was rangebound, with the focus on the delivery against the prompt August whites expiry on Thursday.

"A lot will depend on what's left at the bitter end," said David Sadler, a senior sugar futures trader, referring to structural trades before the expiry.

Sugar futures are expected to top recent three-year highs by the end of 2009 on strong import demand from India, the median forecasts in a mid-year Reuters poll of 13 analysts showed on Monday.

London August white sugar futures closed up \$6.60 at \$449.90 per tonne. October raw sugar futures on ICE finished 0.09 cent higher at 17.77 cents per lb.

"We're trending higher but seem to be struggling a little bit. Looks like we're still putting in a risk premium, with regards to the lighter than normal rain in the northern part of India," said one raw sugar dealer.

Origin selling reached the March raw sugar contract above 19 cents while Brazil sellers appeared to be waiting for the October contract to rise above 18 cents, he said.

New York's September arabica coffee contract closed up 2.45 cents at \$1.1795 per lb.

Top coffee grower Brazil's government has committed to buying 1 million 60-kg bags of this year's coffee harvest from producers at a guaranteed price above current rates to force buyers to pay more to oft-embattled growers.

"Since the options creates a reference price, which is the price it's trading at right now, they just hope that they're going to be lucky and sell at higher levels," said Rodrigo Costa, vice president Institutional Sales for Newedge USA in New York.

September robustas rose \$23 to settle at \$1,410 per tonne.

Processing & Manufacturing

N.America Q2 Cocoa Grind down 6.75 pct yr/yr

Source: Reuters

New York, July 16 - North American cocoa grindings in the second quarter dropped 6.75 percent from 2008, to 105,123 tonnes, data from the National Confectioners Association showed Thursday.

Traders contacted by Reuters ahead of the report had projected a fall of 10 to 11 percent.

Second-quarter 2008 figures were recalculated to reflect historical data, at 112,736 tonnes, NCA said.

The report used to include data from the United States only, but starting with the previous quarter, it now covers cocoa grinds for Canada, Mexico and the United States.

Cocoa grinding is used as a measure of demand for the key ingredient in chocolate.

Last year, U.S. cocoa grinding in the second quarter was pegged at 80,415 tonnes.

There were 11 companies that responded to the NCA survey, including chocolate makers Barry Callebaut USA , Hershey Co , Nestle Chocolate & Confections , ADM Cocoa and Mars Chocolate North America.

The quarterly grind reports no longer include liquor and butter melt data.

Europe's cocoa grind fell 11.3 percent year-on-year to 291,763 tonnes in the second quarter, the Brussels-based European Cocoa Association said last week.

Malaysia's second-quarter cocoa grind fell 21.8 percent on the year to 64,118 tonnes, the Malaysian Cocoa Board said Wednesday.

UPDATE: Malaysia 2Q Cocoa Grinding Down 22% At 64,118 Tons

Wall Street Journal - Jul 15, 2009

SINGAPORE (Dow Jones)--Cocoa grinding in Malaysia in the second quarter fell by 22% on year to 64,118 metric tons, the Malaysian Cocoa Board reported Wednesday.

The drop "was due to the cutting ...

New Zealand's Auckland Zoo bars Cadbury chocolate in palm oil protest

Business Green - Jul 15, 2009

Confectioner's use of South Asian palm oil considered a threat to wildlife

Yvonne Chan in Hong Kong, BusinessGreen,

New Zealand's Auckland Zoo has removed Cadbury chocolates from its shelves after the confectionery maker moved to substitute some of the cocoa solids in its products with palm oil from South Asia plantations.

The zoo's conservation officer, Peter Fraser, told local newspaper the Sunday Star-Times: "We are advocates for wildlife. The biggest threat for animals is encroaching palm oil plantations."

Auckland Zoo is home to orangutans, gibbons and Sumatran tigers – the very species that are under threat due to deforestation in South Asia, noted Fraser.

Green groups have accused palm oil plantations of illegally clearing tropical rainforests to expand their operations.

The zoo sold Cadbury chocolates in its shops and restaurant up until last week. Palm oil products still form part of the zoo's animal feed, although it said alternatives are being sought.

The palm oil ban has also been adopted on a personal level by Auckland Zoo's keepers, who have been weaning themselves off products containing palm oil, such as instant noodles, Milo milk drink and shaving cream.

New Zealand consumers are also stepping up pressure on Cadbury to find an alternative to palm oil in its products. An online petition, which has so far received more than 1,300 signatures, is calling on the company to remove palm oil from its products.

Additionally, plans are underway for a petition urging the national parliament to issue public warnings on palm oil.

In addressing consumer concerns, Cadbury spokesman Daniel Ellis told the Star-Times that the candy maker is a member of industry body Roundtable for Sustainable Palm Oil, which oversees sustainability standards and practices.

Business and Economy

Global Economic Crisis Hits Cocoa Production

KUALA LUMPUR, July 15 (Bernama) -- Cocoa production in Malaysia fell 21.8 percent to 64,118 tonnes in the second quarter this year as global economic crisis continues to lower demand for cocoa products.

In a statement here Wednesday, the Malaysian Cocoa Board director-general, Datuk Dr Azhar Ismail, said the decline was due to the cutting down of the grinding capacity by all 10 grinding factories.

"The total grinding from the ten factories from April to June 2009 was 64,118 tones compared with 82,014 tonnes during the similar period of 2008," He said.

In the same statement, Cocoa Manufacturers Group chairman, Ng Boon Yeap, said the drop in grinding was relatively significant as the industry's combined ratio was lower than their break-even level.

"Different grinders in Malaysia adopt different strategies to counter the market environment. Although the margin was negative, most grinders operate to serve their long-term contracts and established customers," he said.

-- BERNAMA

Cacao farmers in Bicol eye big buyers

Agri-Commodities

Written by Danny O. Calleja / Correspondent

Business Mirror - Danny O. Calleja - Jul 13, 2009

LABO, Camarines Norte—The Bicol Integrated Agricultural Research Center (BIARC) has introduced in this prime Bicol farming town large-scale cacao farming with the end goal of landing supply contracts with major corporations here and abroad.

The project was started in May in barangays Tulay na Lupa and Lugui here and is being implemented under the Bureau of Agricultural Research (BAR) through its community-based participatory action research (CPAR).

The BIARC provided quality cacao seedlings that are now being propagated by farmer-cooperators in a nursery established for the commercial growing of the crop.

Training these farmers on the application of the technology is a component of the project, Romulo Cambaya, assistant chief of the BIARC, said over the weekend.

The project will act as a link between the farmers and cacao-using industry giants such as Nestlé Philippines, said Ailyn Rafer, one of the project proponents and a researcher of the BIARC. Rafer said that landing a marketing contract with any of these manufacturing firms will be the gauge of the project's success.

Cacao is among the commodities prioritized by the Department of Agriculture's (DA) high-value commercial crops program because of its great demand in the local and international market, as evidenced by the rising prices of the products, Rafer said.

To take advantage of the big world demand for cocoa beans, the country targets to produce at least 100,000 metric tons of cacao beans—the raw material for making chocolate—by 2014 from the current meager average output of 6,000 metric tons yearly, according to DA regional executive director for Bicol Jose Dayao.

To attain this target, the DA regional head said farmers in the Philippines must grow 50 million new cacao trees during the next five years. As of last year, the country had only about 1.5 million trees.

The international market has shown keen interest on Philippine cacao production. The US Department of Agriculture last year funded a \$2.6-million program that seeks to boost the crop's output, particularly in cacao-producing provinces such as Camarines Sur, Sorsogon, Palawan, Antique, Iloilo, Basilan and Davao Oriental.

This development shows a brighter prospect for the country's cacao industry toward generating more dollar earnings and providing more jobs and livelihood for Filipinos, Dayao said.

World prices of cocoa beans have been steadily rising. It was at \$3,200 per metric ton last year, up from \$1,007 in 2007, he added.

The plan is to intercrop some 50 million cacao trees with coconuts, thereby producing at least 100,000 metric tons of export-quality cacao beans. This would provide roughly P80,000 additional income from each hectare of plantation per year. That is a big opportunity for families in the rural areas, Dayao explained.

According to BAR records, the cacao plant was introduced in the Philippines around 1670, making the country the first in Asia to plant cacao and prepare chocolate drinks from cocoa beans.

Commercial cacao farms in the Philippines was set up in the mid 1950s. Cacao-bean production expanded into an industry in the 1960s as processing facilities were put up by a group of Filipino investors and more cacao commercial farms were established in Mindanao, records show.

In the mid-1980s, the industry started to take off as more investments were poured on commercial farms and grinding facilities. But the implementation of the Comprehensive Agrarian Reform Program in 1992 resulted in the breakdown and redistribution of the commercial farms in Mindanao into small farm units, it added.

The BAR is a key contributor to the initiatives toward enhancing cacao production commercially as it has been funding the integrated research, development and extension (RD&E) program for cacao under its CPAR projects from 2008 to 2012.

It is a downstream research method focused on technology verification and adaptation in the community. It also involves extension activities on the technology needs identified by the community.

It was designed to encourage and enhance the development of enterprises and agribusiness ventures in the farming communities, with the BAR instituting and implementing an innovative approach to RD&E.

Cadbury says sales up since change

By Mark Price on Thu, 16 Jul 2009

News: Dunedin

Sales of Cadbury dairy milk chocolate have gone up since the company changed the recipe, according to Cadbury New Zealand managing-director Matthew Oldham. Although he would not provide figures, Mr

Oldham said sales were higher than both last month and the corresponding month last year. "I think maybe there's a lot of talk about chocolate and people are going out and buying and eating more than usual."

Cadbury's decision to reduce the amount of cocoa solids in its milk chocolate and add palm oil has drawn flak from some consumers and Mr Oldham acknowledged "quite vocal dissatisfaction" with the change. "But I wouldn't say that's necessarily representative of what all consumers think. "I suppose whenever we change anything in a product, particularly one that's so trusted and long-serving, there are going to be some people who embrace change and there are going to be people who just don't want anything to change."

Mr Oldham said the changes were made to improve the texture and the value of its milk chocolate blocks, and changing back to the old recipe was not in prospect. "Really we don't see the reason to change. We have tried it [the new product] with hundreds of consumers. We're confident it's the preferred milk chocolate."

The change has occurred during Cadbury's restructuring of its operations in New Zealand and Australia, including a \$70 million spend at its Dunedin plant.

The old milk chocolate blocks for New Zealand were produced in Dunedin. The new ones are manufactured in Tasmania, using mostly "crumb" (milk, sugar, cocoa) from Dunedin but also including some from Australia.

"There's a whole strategy . . . We are confident that it's a better product for it, so we don't really see the chance of it ever changing back." He said the new, slightly softer milk chocolate was developed specially to suit the tastes of New Zealanders and Australians.

"That won't necessarily be the same chocolate people in the United Kingdom or India or somewhere else may prefer. It is a different chocolate."

Mr Oldham said he was "disappointed" at plans by a new Dunedin group, Anti Palm-oil Enterprise (APE), to protest at tomorrow's Cadbury Jaffa race down Baldwin St, in Northeast Valley. "The jaffa race is about raising money for charity. It's a fun event to feed something back into the community and I would say to have that distracted or mired by some form of protest . . . I think is a real shame."

APE spokeswoman Judith Curran said the group had "no intention of disrupting" the event but wanted to use the opportunity to educate people about what was happening where palm oil plantations were replacing native rainforest on the island of Borneo, which is part of Indonesia, Malaysia and Brunei.

Mr Oldham told the Otago Daily Times Cadbury shared the group's concerns over deforestation and the fate of orangutans. "That's the reason why Cadbury has only purchased certified, sustainable palm oil. We don't really see that there's an issue to be protesting against Cadbury."

Nigeria: Association Fears Rejection of Cocoa

AllAfrica.com - Leye Adewumi - Jul 15, 2009

The Cocoa Association of Nigeria has said that cocoa export would soon suffer a set back as the country's cocoa may be turned down in international market due to poor quality.

Acting Secretary of the association, Mr. Segun Adewumi while addressing newsmen in Akure yesterday lamented the looming recession and its attendant effect on the nation's economy unless the Federal Government improved on the quality of cocoa produced.

'Apart from oil, cocoa is the highest foreign exchange earner for the country. But our farmers package their cocoa with hydrocarbon infested jute bags and polyethylene sacks in disregard to the pronouncement of the International Cocoa Conference Organisation (ICCO) that recommends hydrocarbon free jute bags. The world cocoa regulating body (ICCO) granted production rights of hydrocarbon free jute bag to only three countries. Nigeria is not inclusive. This explains the scarcity and high cost of the recommended bags for cocoa," he said.

Adewumi appealed to the Federal Governments to give concessions to cocoa farmers to import the standardized hydrocarbon free jute bags into the country.

On the issue of farm inputs- chemicals, he said some farmers were still using unapproved chemicals such as copper sulphate, gammalin 20 on their cocoa plantation.

His words 'research has made it clear that the constituents of these chemicals will have adverse effects on cocoa trees and their yields. Invariably this contributes to the poor quality of our cocoa. Hence we organize seminars, symposia and conferences from time to time to inform and enlighten our members, including farmers on the need to discontinue use of these unapproved chemicals'.

According to him, Nigeria cocoa production stood between 180,000 and 200,000 metric tonnes before the inception of ex-President Olusegun Obasanjo's administration, adding that the production rate grew to 300,000 metric tonnes before 2007.

Malaysia Imported 523,926 Tonnes Of Cocoa Beans In 2008

OfficialWire - Jul 17, 2009

New Agriculture, Farming & Raw Materials report provides detailed analysis of the Agriculture, Farming & Raw Materials market

Published on July 17, 2009

by Press Office

(Companiesandmarkets.com and OfficialWire)

LONDON, ENGLAND

Malaysia Agribusiness Report Q3 2009

While the agricultural sector will not be as hard hit as other sectors, such as manufacturing, in the current downturn, falling demand for some of Malaysia's key agricultural exports like rubber and palm oil will see the value of the sector fall.

As Malaysia's economy contracts this year and jobs are lost in the cities, the agricultural sector will see an influx of new workers this year as laid-off employees return to their villages. The agriculture ministry has launched a programme offering low-interest loans to new entrants into the sector to begin small-scale production.

Despite the myriad distractions posed by the economic downturn and political difficulties currently being faced by the United Malays National Organisation (UMNO)-led coalition, support for the agricultural sector will remain strong under the new Prime Minister Najib Razak.

Government interest in improving productivity in the sector was boosted by the 'food crisis' of 2008 as the cost of Malaysia's key food imports of rice and corn soared. The crisis also moved the focus more onto food production and away from Malaysia's stronger sectors of rubber and palm oil.

While the food self-sufficiency worries of last year could easily be overshadowed by the current woes of the important export sector, the government's need to sure up its support should see interest in the sector continue. The UNMO's Barisan Nasional (National Front) coalition is seeing the toughest challenge yet to its monopoly on power and Prime Minister Najib knows that he needs to keep his base among ethnic Malays on side.

It seems likely that more funding will be given to agriculture this year following the allocation of an extra MYR5.6bn to improving food security in February by the previous prime minister Datuk Seri Abdullah Ahmad Badawi. The 10th Malaysia Plan, beginning in 2011, will also provide more funds to agriculture.

Though food security has been the main issue for the agriculture ministry of late, the Malaysian International Cocoa Fair held in May brought focus onto Malaysia's cocoa sector. Malaysian cocoa bean production has plummeted over the past couple of decades, falling from almost 250,000 tonnes at the start of the 1990s to under 30,000 tonnes last year. This has been driven mainly by producers, particularly large estates, switching to oil palms which are hardier and have offered better returns.

While primary production has been plummeting, Malaysia's cocoa grinders have been growing from strength to strength and in 2008 the country imported 523,926 tonnes of cocoa beans. The imbalance between Malaysia's valuable grinding industry and its increasingly insignificant domestic cocoa bean production is causing worries within the industry. Indonesia, Malaysia's chief supplier of cocoa beans, was last year hit by a devastating disease outbreak, increasing concern about security of the imports needed to fuel Malaysia's cocoa processing.

While the grindings sector will suffer in 2009 as the worldwide recession causes demand for chocolate to fall, we expect cocoa bean production to begin to see a turnaround. There is little chance of the large cocoa estates being re-established, but the government, through the Malaysian Cocoa Board (MCB), has been encouraging smallholders to move into cocoa growing. Subsidies are on offer for new or rejuvenated cocoa plantations and

the MCB has been implementing programmes to improve productivity through training and the distribution of high-yielding plants.

While any recovery will undoubtedly be slow, and production is unlikely to see again the heights of 20 years ago, it looks like Malaysian cocoa production will be saved from dwindling down to nothing.

Malaysia Agribusiness Report Q3 2009: <http://www.companiesandmarkets.com/r.ashx?>

Labour Issues

Environmental Issues

Tree Bugs Add to Ivorian Cocoa Planters' Woes

Source: Reuters

15/07/2009

Duekoue, Ivory Coast, July 14 - The appearance of destructive parasitic insects in some Ivorian cocoa plantations may further cut mid crop volumes, farmers and shippers told Reuters during a visit to farms in the west of the country. Extended periods of heavy rainfall have already caused the reappearance of the fungal infection black pod disease, which farmers say has contributed to a harvest that is around 15 percent below last season's. Further natural menaces will only damage more of the crop, growers said.

"Since it started raining in June, we've seen pods turning yellow on the trees, and they have holes in them," said Salif Kone, who farms in the village of Bouadoukro, close to Fengolo in the west of the world's biggest grower.

Ivory Coast is enduring a troubled season, which began with a delayed official opening, a strike and a reshuffle in the state's administrative organs as a result of a probe into corruption in the sector, one of the West African country's major export earners.

Since the 2008-2009 season began in October, poorly-maintained plantations have proved susceptible to disease, a vulnerability compounded by unusually wet weather.

Farmers had hoped the April-September phase of the season might partially compensate for disrupted main crop phase which began in October, but these hopes appear unlikely to be fulfilled, and attention is turning to the 2009/10 season.

"The insects have come out in the past month," a pod counter for a European cocoa merchant told Reuters. "If their massive presence in the west -- that is, Duekoue, Gagnoa, Daloa and Guiglo -- is also confirmed in the southwest, it will be serious for next season's main crop," he said.

Unless the rain stopped in the near future, the outlook for next season would be bleak, said the director of a European cocoa exporter based in Abidjan.

"We've got black pod disease and the insects which are flourishing because the heavy rains encourage it. Together, there are too many negative conditions to hope for a good harvest in October," he said.

Walmart sustainability index to put suppliers under spotlight

By Rory Harrington, 17-Jul-2009

Confectionerynews.com

More than 100,000 suppliers to Walmart will be asked to prove their green credentials after the company unveiled plans yesterday to develop a world-wide sustainable product index.

The goal of the ambitious scheme, which is expected to take years to complete, could see each and every item sold by the retail giant given an eco-rating that will tell consumers how green and sustainable it is. Walmart CEO Mike Duke declared it would make the company's supply chain "more transparent".

Impact on suppliers

The initial impact of the proposals will fall on the company's suppliers – many from the food and beverage industries – and, as the world's largest retailer, Walmart is seen as one of the very few companies with the clout to persuade its suppliers to modify or change their practices. According to reports in the US media, the company will not grant suppliers exemptions to their eco-standards. When asked what relationship Walmart would maintain with suppliers that don't supply the data, chief merchandising officer John Fleming is reported as saying: "We probably don't have one."

The first part of the global initiative will see Walmart ask 15 "simple but powerful" questions to each of its suppliers on the sustainable practices in their companies. In launching the initiative, Duke said the company now expected more of its 100,000 suppliers around the world.

Eco info

Firms will be obliged to provide details around four areas; energy and climate; material efficiency; natural resources and people and community. As an example, the Walmart chief said suppliers would be asked to reveal the location of all their factories, if they are measuring greenhouse gas emissions, as well as information on water use and solid waste.

So-called top tier suppliers in the United States will be expected to complete the survey by October 1 while country-by-country deadlines will be set for oversea firms.

As a second step, Walmart said it will work with a consortium of universities to collaborate with suppliers, retailers, Non-Governmental Organisations (NGO) and governments to "develop a global database of information on the lifecycle of products – from raw materials to disposal" said the company. Walmart would provide the initial funding but said it would not "create or own the index".

Transparent supply chain

The final stage of the index would be to provide customers with an eco-rating to help them make "choices and consume in a more sustainable way". How that information will be delivered is still unclear, said a Walmart statement, but could take the form of a numeric score, colour code or some other label.

Duke concluded: "The Index will bring about a more transparent supply chain, drive product innovation and, ultimately, provide consumers the information they need to assess the sustainability of products."

Research & Development

Consumers prepared to pay for nutritional panel: Study

By Jess Halliday, 16-Jul-2009

FoodQualitynews.com

Spanish consumers are more willing to pay a premium for food products that carry a nutritional panel on packaging than for those that just make a 'light' claim, according to researchers.

New nutritional labelling regulation is currently making its way through the European law-making process which would make certain information mandatory on food and beverage panels, including levels of certain nutrients like fat, sugar, salt and calories.

Moreover, the new nutrition and health claims regulation allows for specific claims to be made, if the product meets conditions. For example, a 'light' claim can be made if the product contains 30 per cent less of a nutrient, such as fat or calories.

The 'light' claim the most widely used form of nutritional claim in Spain, but the team said that both nutritional panels and light claims are useful to manufacturers in differentiating their products.

They set out to assess how consumers value the different approaches on food packages while shopping. Although they looked just at the Spanish market, and full EU-wide assessments would be advisable, their findings "have important implications for the European food industry and policy makers".

Method

The researchers used a choice modelling approach in their study, since the shopping context means consumers naturally have to make trade-offs between the products available.

The results, they say, “suggest that although consumers value both types of nutritional information, the nutritional facts panel label is valued more than a specific nutritional claim”.

“Specifically, using a choice experimental approach, consumers’ willingness to pay a premium is about twice as much more for a box of breakfast cookies with a nutrition label than for a box of breakfast cookies with a ‘light’ nutritional claim,” they wrote in the journal Food Quality and Preference.

However they also said that the presence of a well-known brand is valued more than health attributes when shopping – although health attributes are playing an increasing role.

Information or labelling of some kind is important because the health attributes of a food cannot be directly observed when shopping.

The researchers did not dismiss ‘light’ claims altogether, but concluded that “there is room for both types of nutritional labels given that they are shown as important determinants in consumers’ food choices”.

The findings should be tested in other European countries and using other food products, they said.

Source

Food Quality and Preference 20 (2009) 463 – 471

DOI: 10.1016/j.foodqual.2009.03.010

Consumers’ valuation of nutritional information: A choice experiment study

Authors: Gracia, A; Loureiro, ML; Nayga, RM.

Promotion

Peruvian cocoa wins international markets

LivinginPeru.com

Isabel Guerra

The president of the Peruvian Association of Cocoa Producers (Appcacao), Hider Bocangel, said the United States and Europe are among the main buyers of Peruvian cocoa for chocolate production.

"Switzerland, Holland and Germany buy our cocoa. Likewise, the United States and Canada," said the head of Appcacao, quoted by Semana Economica.

He stated that Peru has 63,000 hectares of cocoa and an annual production of 35,000 tons, according to last year's figures. "The average production per hectare is between 700 and 800 kilos. The northern Peruvian region of San Martin has 18,000 hectares of cocoa. We need means of communication to further promote this product," he added.



Others

Workshop On Extension System For Cocoa Farmers Ends

By ISD (G.D. Zaney)

Modern Ghana

Agriculture | Fri, 17 Jul 2009

A workshop to inaugurate a new COCOBOD extension system for cocoa farmers to be financed under public-private sector participation yesterday ended in Accra.

It was held on the theme: 'The new extension system for cocoa farmers under private/public partnership'.

The two-day workshop deliberated on how the Ghana Cocoa Board (COCOBOD), a public institution, can engage the private sector to address the major challenge of providing an effective and efficient extension system to cocoa farmers, in an effort to bridge the gap between the potential yield and actual output of cocoa farmers.

The meeting ended with a call for the creation of a common fund into which companies, government and non-governmental organisations can contribute.

The meeting also agreed on indicators to monitor and evaluate activities of cocoa extension activities, with CRIG assuming full responsibility for monitoring and evaluation.

Among participants at the workshop were Cadbury Ghana Limited., Dizengoff Company Limited., Licensed Buying Agencies and staff of COCOBOD.

In a keynote address at the opening of the workshop, Mr Tony Fofie, Chief Executive Officer of COCOBOD, noted that government and the COCOBOD are poised to realise the one million tonnes target of cocoa production in the short term and that information support system, or what is conveniently referred to as extension support, is a critical component of the overall government support to cocoa farmers.

Mr Fofie traced the history of extension services to the National Agricultural Extension Project (NAEP) and the Defunct Cocoa Services Division of the Ghana Cocoa Board extension services which failed to achieve the desired results due, in part, to methodological issues.

According to Mr Fofie, the outcome of the World Bank funded projects, including the Green Revolution in Asia and Training and Visit (T&V) system across the world, testify to the inadequacy of the extension approach to meet the needs of all categories of farmers.

The Seed Production Unit (SPU) and the Control of Cocoa Pests and Diseases Programme (CODAPEC) and the Hi-Tech programme are also integral parts of the new extension system for farmers, Mr Fofie said.

In a speech read on his behalf, the Guest Speaker and Minister for Finance and Economic Planning, Dr Kwabena Duffour called on participants to make practical proposals that will guide government in arriving at a firm decision on cocoa extension and serve as an input for the review of the cocoa sector development strategy.

Dr Duffour challenged participants to produce a model of public-private partnership cocoa extension system that will make use of expertise within the COCOBOD for efficient and effective extension services.

Welcoming participants to be workshop, a Deputy Chief Executive of COCOBOD, Dr Yaw Adu-Ampomah, noted that poor extension support to cocoa farmers is a major bottleneck to increased farm productivity.

Dr Adu-Ampomah, therefore, called on participants to evolve a well functioning and extension system for the country's cocoa farmers.

IFC Partners with Local Bank to Support Increased Purchases of Cocoa from Small Farmers in Ghana

Source: IFC

Washington, D.C./Accra, July 16, 2009,—IFC, a member of the World Bank Group, will provide a \$30 million guarantee facility to Stanbic Bank Ghana Limited (“Stanbic Ghana”) to help it increase financing to companies that purchase cocoa from small farmers in Ghana.

Stanbic Ghana is the country’s fastest-growing bank. Among other clients, it finances Licensed Buying Companies that procure cocoa from farmers on behalf of the Ghana Cocoa Board. The increased financing will enable these companies to improve their financial management, reduce the overall cost of financing the procurement of cocoa beans, and result in an increased volume of cocoa purchased from farmers.

“IFC’s guarantee facility will help Stanbic Ghana meet the growing funding needs of the Bank’s clients in the cocoa subsector and enable them to adequately prepare for the coming crop season,” said Alhassan Andani, Stanbic Ghana’s Managing Director. “This facility is a vote of confidence in Stanbic Ghana’s cocoa sector lending program.”

“Supporting the cocoa sector in Ghana and other West African countries is a priority for IFC. The sector has the potential to create significant rural employment and generate income,” said Oscar Chemerinski, IFC Director for Global Agribusiness Department.

About IFC

IFC, a member of the World Bank Group, creates opportunity for people to escape poverty and improve their lives. We foster sustainable economic growth in developing countries by supporting private sector development, mobilizing private capital, and providing advisory and risk mitigation services to businesses and governments. Our new investments totaled \$16.2 billion in fiscal 2008, a 34 percent increase over the previous year.

About Stanbic Ghana Limited

Stanbic Bank Ghana Limited is a member of the Standard Bank Group, a large banking group rooted in Africa and reaching out to all corners of the world. The bank offers a wide range of financial products and services in personal, business, corporate, and investment banking. Stanbic Ghana proactively provides solutions for its clients through creative people and effective technology and comes up with a solution for every banking need. In Ghana, the bank operates 21 branches located in Accra and other regional capitals.

Cocobod pays bonus to farmers

Accra, July 15, GNA - The Ghana Cocoa Board announced on Wednesday that it has released GH¢21,228,637.11 to 19 Licensed Buying Companies (LBCs) for the payment of the second tranche bonuses to cocoa farmers in July.

A statement signed by Mr Anthony Fofie, Chief Executive of COCOBOD, said this was in fulfillment of government's pledge to pay bonuses twice a year to cocoa farmers.

It said the bonus to be paid was GH¢32.00 per tonne or GH¢2.00 per 64kg and asked all LBCs to comply accordingly. "The Board takes this opportunity to assure cocoa farmers it will continue to provide them with such incentives to motivate them to produce premium quality," Mr Fofie said.

The LBCs are: Produce Buying Company Ltd; Olam Ghana Ltd; Akuafio Adamfo Marketing Company Ltd; Adwumapa Buying Ltd; Federated Commodities Ltd; Kuapa Kokoo Limited; Transroyal Ghana Limited; Armajaro Ghana Limited; Cocoa Merchants Ghana Limited and Diaby Company Ltd; The rest are Dio Jean Company Limited; Sika Aba Buyers Limited; Royal Commodities Limited; Sompa Kokoo Company Limited; West Africa Exchange Company Limited; Chartwell Ventures Company Limited, Fereday Company Limited, Evadox Limited and Allied Commodities Limited.

TIT BITS

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

New York cocoa jumps

NEW YORK (July 19, 2009): US cocoa futures jumped to close at a five-week peak Friday, after the fall in North American grindings was smaller than expected, traders said. Benchmark September climbed \$85, or 3.2 percent, to settle at \$2,762 per tonne, the highest finish since June 12. Wide range from \$2,660 to \$2,786. By 12:14 pm EDT (1614 GMT) September volume reached a modest 6,729 lots.

London cocoa and coffee rise; sugar falls

LONDON (July 18, 2009): cocoa futures bounced on Friday, scaling back from earlier losses after better-than-expected North American grind data encouraged the view that the outlook for demand was improving. White sugar futures were steady in thin trade as the market took stock of a modest delivery tonnage against expiry of the spot August contract.

US MIDDAY: cocoa jumps; coffee and sugar up

NEW YORK (July 18, 2009): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Friday. September arabica coffee contract up 1.45 cents at \$1.1710 per lb at 11:04 am EDT (1504 GMT). Trading \$1.1580 to \$1.1780. Arabica futures consolidated higher in quiet dealings, said traders.

Ivory Coast cocoa prices mixed

ABIDJAN (July 18, 2009): cocoa farmgate prices in Ivory Coast were mixed last week with official figures showing a rise in some regions but most farmers saying they had dropped due to end of season low buying and a slump in the quality of beans. Growers and traders had hoped for a late recovery in Ivory Coast after bad weather and administrative chaos meant a poor start to the 2008/09 crop.

London cocoa, sugar lower; coffee up

LONDON (July 17, 2009): London cocoa futures fell after recent gains as traders responded to sharply lower Malaysian Q2 grind data and anticipated poor North American figures to be released later on Thursday. White sugar futures dropped as traders focused on expiry of the spot August contract on Thursday, predicting a modest delivery tonnage of primarily Argentine sugar, while coffee edged up on investor buying.

US MIDDAY: cocoa, coffee and sugar down

NEW YORK (July 17, 2009): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Thursday. September arabica coffee contract down 0.80 cent at \$1.1715 per lb at 11:05 am EDT (1505 GMT). Session range from \$1.1645 to \$1.1905. Arabica futures corrected down from Wednesday's gains as the trend remains weak, despite its oversold conditions, said traders.

London cocoa lower; sugar and coffee up

LONDON (July 16, 2009): London cocoa fell from one-month highs as subdued sentiment over grind data set in on Wednesday, while white sugar was steady as traders anticipated a modest delivery against the spot month expiry on Thursday. Coffee futures rose, underpinned by a soft dollar, while traders took stock of a Reuters poll which said Brazil, the world's biggest coffee grower, was expected to produce a record 52 million 60-kg bags of coffee in the 2010/11 crop year.

US MIDDAY: coffee up; cocoa and sugar slip

NEW YORK (July 16, 2009): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Wednesday. September arabica coffee contract up 1.90 cents at \$1.1740 per lb at 11:07 am EDT (1507 GMT). Ranging \$1.1565 to \$1.1750. Arabica futures boosted by the weak US dollar and the auction in top grower Brazil, where the government sold option contracts to producers, said traders.

London cocoa, sugar and coffee higher

LONDON (July 15, 2009): Soft commodity futures mostly rallied on Tuesday as a soft dollar and stronger equities bolstered hopes for economic growth, with cocoa touching one-month highs on fears over crop damage

from El Nino. September cocoa settled 25 pounds higher at 1,750 pounds a tonne, having touched a one-month high of 1,752 pounds a tonne earlier.

US MIDDAY: cocoa, coffee and sugar up

NEW YORK (July 15, 2009): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Tuesday. September arabica coffee up 1.25 cents at \$1.1615 per lb at 11:08 am EDT (1508 GMT). Session range from \$1.1455 to \$1.1760. Bounced off Friday's 2-1/2-month low in oversold conditions and followed the commodity complex higher, said traders.

London cocoa, sugar and coffee rise

LONDON (July 14, 2009): London cocoa futures rose on Monday, buoyed by a weak pound and fears about potential crop damage from the El Nino weather pattern. September cocoa settled 16 pounds higher at 1,725 pounds a tonne, having touched a one-month high of 1,742 pounds a tonne earlier.

US MIDDAY: coffee and cocoa little changed; sugar dips

NEW YORK (July 14, 2009): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Monday. September arabica coffee contract up 0.10 cent at \$1.1450 per lb at 11:06 am EDT (1506 GMT). Session range from \$1.1340 to \$1.1510. Market bounced around in quiet consolidation following Friday's 2-1/2-month low, said traders.