

# COPAL COCOA *Info*

*A Weekly Newsletter of Cocoa Producers' Alliance*



Issue No. 337

25<sup>th</sup> – 29<sup>th</sup> May 2009

Cocoa Producers' Alliance



## UP-COMING EVENTS

- ❖ International Workshop on Cocoa Policies  
Salvador, Bahia, Brazil  
15<sup>th</sup> – 19<sup>th</sup> June, 2009

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- NEW YORK (ICE) FUTURES MARKET UPDATE
- FROM THE NEWS MEDIA
- TIT BITS

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

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## ICCO Daily Cocoa Prices

	ICCO daily price (SDR/tonne)	ICCO daily price (\$US/tonne)	London futures (£/tonne)	New York futures (\$US/tonne)
25-May-00	-	-	-	-
26-May-00	1623.2	2495.14	1608.33	2429.33
27-May-00	1675.58	2583.67	1638.33	2537
28-May-00	1734.32	2662.45	1700	2614
29-May	1723.34	2667.82	1689.67	2607.33
Average	1,351.29	2,081.82	1,327.27	2,037.53

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

**Monday 25-May 2009**

Month	Opening Trans	Settle	Change	Daily High	Daily Low	Volume
Jul-09						
Sep-09						
Dec-09						
Mar-10						
May-10						
Jul-10						
Sep-10						
Dec-10						
Mar-11						
May-11						
<b>Totals</b>						

**Tuesday 26-May 2009**

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul-09	1605	1608	-3	1611	1591	2,016
Sep-09	1611	1609	-4	1615	1595	2,083
Dec-09	1614	1608	-4	1618	1595	1,342
Mar-10	1620	1607	-6	1620	1595	2,223
May-10	1612	1609	-5	1615	1597	266
Jul-10	1610	1609	-10	1613S	1610	10
Sep-10	1614	1613	-10	1614S	1613S	3
Dec-10		1615	-10			0
Mar-11		1623	-8			0
May-11		1633	-8			0
<b>Totals</b>		<b>1611</b>				<b>7,943</b>

**Wednesday 27-May 2009**

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul-09	1608	1638	30	1649	1608	4,638
Sep-09	1608	1643	34	1650	1608	4,580
Dec-09	1618	1634	26	1644	1613	1,272
Mar-10	1615	1633	26	1640	1610	2,252
May-10	1617	1633	24	1643	1611	960
Jul-10	1641	1636	27	1641	1618	235
Sep-10	1631	1640	27	1631S	1625S	6
Dec-10		1642	27			0
Mar-11	1630	1648	25	1630	1630	750
May-11		1658	25			0
<b>Totals</b>		<b>1641</b>				<b>14,693</b>

**Thursday 28-May 2009**

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul-09	1633	1703	65	1726	1628	7,058
Sep-09	1634	1706	63	1727S	1634	7,187
Dec-09	1634	1691	57	1718S	1625	2,006
Mar-10	1621	1687	54	1693	1621	2,698
May-10	1632	1686	53	1687	1632S	1,103
Jul-10	1691	1688	52	1691	1691	10
Sep-10	1686	1692	52	1686S	1686S	250
Dec-10		1693	51			0
Mar-11		1699	51			0
May-11		1709	51			0
<b>Totals</b>		<b>1695</b>				<b>20,312</b>

**Friday 29-May 2009**

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul-09	1705	1693	-10	1732	1693	24,686
Sep-09	1705	1693	-13	1729	1693S	3,437
Dec-09	1691	1683	-8	1713	1684S	2,408
Mar-10	1690	1681	-6	1708	1681	2,184
May-10	1687	1680	-6	1706	1680S	3,870
Jul-10	1692	1684	-4	1700	1689	203
Sep-10	1716	1688	-4	1716	1692	50
Dec-10		1689	-4			0
Mar-11	1706	1695	-4	1710	1690	1,600
May-11		1705	-4			0
<b>Totals</b>		<b>1689</b>				<b>38,438</b>

<b>Average for the week</b>		<b>1702</b>				<b>16277</b>
<b>Total for the week</b>						<b>81,386</b>

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

**Monday 25-May 2009**

Month	Open	Price	Change	High	Low	Volume
Jul-09						
Sep-09						
Dec-09						
Mar-10						
May-10						
Jul-10						
Sep-10						
Dec-10						
Mar-11						
May-11						
<b>Totals</b>						-

**Tuesday 26-May 2009**

Month	Open	Price	Change	High	Low	Volume
Jul-09	2414	2414	-6	2421	2380	5,590
Sep-09	2440	2441	-8	2447	2407	2,088
Dec-09	2439	2460	-12	2461	2436	533
Mar-10	2453	2474	-13	2469	2452	492
May-10	0	2480	-12	0	0	54
Jul-10	2466	2486	-12	2478	2466	6
Sep-10	2475	2489	-11	2485	2475	2
Dec-10	2495	2502	-11	2505	2495	2
Mar-11	0	2517	-11	0	0	0
May-11						
<b>Totals</b>		<b>2474</b>				<b>8,767</b>

**Wednesday 27-May 2009**

Month	Open	Price	Change	High	Low	Volume
Jul-09	2409	2509	95	2530	2409	13,491
Sep-09	2439	2528	87	2549	2439	3,334
Dec-09	2471	2544	84	2562	2471	1,783
Mar-10	2509	2549	75	2580	2500	541
May-10	2507	2553	73	2571	2507	370
Jul-10	2550	2560	74	2567	2539	289
Sep-10	0	2563	74	0	0	0
Dec-10	0	2576	74	0	0	0
Mar-11	0	2591	74	0	0	0
May-11						
<b>Totals</b>		<b>2553</b>				<b>19,808</b>

**Thursday 28-May 2009**

Month	Open	Price	Change	High	Low	Volume
Jul-09	2499	2583	74	2598	2476	9,468
Sep-09	2515	2600	72	2618	2499	3,817
Dec-09	2526	2613	69	2630	2516	828
Mar-10	2525	2617	68	2628	2525	172
May-10	2532	2617	64	2625	2532	71
Jul-10	2541	2626	66	2631	2541	62
Sep-10	0	2629	66	0	0	0
Dec-10	0	2644	68	0	0	0
Mar-11	0	2657	66	0	0	0
May-11						
<b>Totals</b>		<b>2621</b>				<b>14,418</b>

**Friday 29-May 2009**

Month	Open	Price	Change	High	Low	Volume
Jul-09	2585	2588	5	2646	2575	11,373
Sep-09	2600	2612	12	2667	2600	4,089
Dec-09	2620	2626	13	2676	2616	1,277
Mar-10	2670	2633	16	2670	2622	284
May-10	2674	2639	22	2675	2654	143
Jul-10	2658	2649	23	2683	2653	288
Sep-10	2689	2662	33	2689	2666	120
Dec-10	0	2657	13	0	0	2
Mar-11	0	2670	13	0	0	0
May-11						
<b>Totals</b>		<b>2637</b>				<b>17,576</b>

<b>Average for the week</b>		<b>2571</b>				<b>12,114</b>
<b>Total for the week</b>						<b>72,683</b>

**Spot Prices (US \$ per tonne)**

	25-May	26-May	27-May	28-May	29-May
Main Crop Ghana, Grade 1	-	2877	2972	3035	3040
Main Crop Ivory Coast, Grade 1	-	2706	2801	2875	2880
Main Crop Nigerian, 1	-	2682	2777	2853	2858
Superior Arriba	-	2526	2621	2705	2710
Sanchez f.a.q	-	2602	2697	2771	2776
Malaysian 110	-	2427	2522	2575	2580
Sulawesi f.a.q	-	2446	2541	2615	2620
Ecuador Cocoa Liquor	-	3710	3855	4004	4011
Pure Prime Press African Type Cocoa Butter	-	5230	5436	5640	5650
10/12% Natural Cocoa Press Cake	-	1971	2049	2153	2157

Source: Cocoa Merchant Association

# News

## **Health and Nutrition**

## **Production & Quality**

### **Farmers express concern about poor rainfall**

Ghana Broadcasting Corporation - May 26, 2009

Cocoa and food crop farmers in the Ashanti Region have expressed concern about the poor rainfall pattern for April and May. According to the farmers, if the pattern does not change for the better, there will be adverse effects on food production this year. The lack of widespread rainfall across the region for the past one month which is considered by farmers as period of planting is a challenge.

In an interview, a prominent cocoa farmer at Nyinahin, Moses Kwasi Darko, said the farmers are about to plant maize because of the erratic rainfall pattern. Those who planted the maize early have begun destroying them because they have dried up.

Another farmer at Biemso Number Two, a farming community near Adugyamaa in the Ahafo Ano South District, Stephen Boye Sowa, said as compared to the same period last year, green maize was common in the market at a lower price.

However, because of the poor rainfall, the farmers could not plant on a large scale and this has accounted for the high price of the product. At Ejura, one of the major food producing areas in the region, the situation is almost the same.

The farmers hoped the rainfall pattern will change for the better in June.

### **Ivorian cocoa farmgate prices slip**

Wed May 27, 2009



ABIDJAN (Reuters) - Cocoa farmgate prices in most of Ivory Coast's main growing regions fell last week as low prices at port and rising supply weighed on the market, farmers and exporters said on Wednesday.

Prices in the port of Abidjan ranged between 570 and 625 CFA francs per kg compared with 550-650 CFA francs in the previous week, said a purchasing manager with an international cocoa exporter.

"The price has come down at the port. We've seen foreign demand weakening, which will drag farmgate prices down in the coming weeks," he said.

Benchmark world prices as set in London have fallen by 5 percent since the start of May. Cocoa futures for delivery in September traded at 1,619 pounds per tonne by 1127 GMT on Wednesday.

In the western Ivorian region of Soubre, the average price fell sharply by 105 CFA francs per kg to 485 francs as a result of higher supply in the region and lower prices in San Pedro port, farmers said.

"Prices are still coming down. Lots of farmers have sold at between 425 and 450 francs per kg because there's plenty of cocoa that's come out from the bush," said Roger Tano, whose farm is on the outskirts of Soubre.

Coffee and Cocoa Bourse (BCC) figures for the centre-western region of Daloa, which produces a quarter of Ivory Coast's national output, were not available but farmers said prices had fallen to 400-425 CFA francs per kg compared with an average of 425 francs in the previous week.

"The fall is a result of the prices exporters pay falling to 550 CFA francs per kg at most, compared with 580-600 francs the week before," said farmer Robert Allangba.

#### **COCOA AND COFFEE PRODUCTION: GOVERNMENT ASSISTS FARMERS**

Cameroon Radio Television - May 28, 2009

*Priscilla Mokosso*



**28/05/2009** LOCAL PRODUCERS OF COCOA AND COFFEE IN CAMEROON WILL HENCE FORTH BE ABLE TO MAKE FIRST HAND APPRAISAL OF MARKETS PRICES IN THE SECTOR, SO AS TO ENSURE TRANSPARENCY AND BOOST PRODUCTIVITY. A modernised information system has been created by the national cocoa and coffee board in partnership with the United Nations aimed at disseminating information to cocoa and coffee producers all through the production chain.

According to the Managing Director of the National Cocoa and Coffee Board, Michael Ndoping, three relay points for the dissemination of information of cocoa and coffee-related information have been opened in the North West, Centre and littoral regions.

In the days ahead a total of fifty five relay centres will be open to cover all of Cameroon.

#### **10,000 hectares to be brought under SRI programme**

Hindu - May 29, 2009

Staff Reporter

**DINDIGUL:** A total of 10,000 hectares would be brought under System of Rice Intensification (SRI) programme this season to help farmers get a better yield at lesser production cost. Utilisation of water to raise the crop would also come down sharply, said agriculture officials.

They said this at the farmers' grievances day meeting presided over by Collector R. Kirlosh Kumar here on Friday. The agriculture officials said that several farmers had shifted to this new system of rice cultivation. The department had 96 tonnes of seeds for this programme.

Even as the existing water storage in dams was sufficient for irrigation, the officials advised farmers to utilise the water judiciously for the kuruvai crop.

Meanwhile, Public Works Department engineers stated that the storage level was 32.5 feet in Palar Porundhalar dam, 26.4 feet in Parappalar dam, 43.47 feet in Varadhamanadhi dam, 48.1 feet in Kudiraiyar dam and 10.8 feet in Kudaganar dam in the district. Moreover, 55 per cent of 94,759 wells in the district had storage that could be pumped for four to six hours a day for irrigation.

#### Cocoa crop

Experts said that cultivation of cocoa as an inter crop of coconut would certainly bring fortunes to coconut growers as demand for cocoa is growing every year. Total requirement of cocoa by chocolate and other food industries was around 20,000 tonnes where as the production was mere 9,500 tonnes.

To meet the shortage, manufacturers had been importing 60 per cent of cocoa from Ghana, Brazil, Mexico and Indonesia.

In Tamil Nadu, total production of cocoa was just 250 tonnes and area under cultivation roughly 2,500 hectares only. Export of cocoa was also very bright as demand in the US and European Union had been rising exponentially.

Cocoa was also an ideal intercrop for areca nut and oil palm crops. Withered cocoa leaves, rich in potash, would improve organic matter in coconut farm and increase coconut yield.

Moreover, it would prevent soil erosion and weed growth. Cocoa farmers would get at least Rs.20,000 per acre. One tree would give a yield for four decades. Marketing would not be problem for farmers as several manufacturers offered buy-back arrangement, the experts added.

The Collector said that the target for raising cocoa this year was 700 hectares.

Later, he honoured farmers, N. Selvam and V. Kanagarathinam of Natham, and Senthil Kumar of Thoppampatti, who had achieved highest yield in the State.

## **The Market**

### **Cocoa Prices Go Cold**

By DEBBIE CARLSON

Barron's - May 24, 2009

Turns out cocoa isn't recession-proof.

MAYBE CHOCOLATE ISN'T A RECESSION refuge after all.

Cocoa prices rallied earlier this year on supply deficits and thoughts that even an economic slowdown wouldn't persuade anyone to deny his sweet tooth. But there are signs that even this most comforting food is subject to the pocketbook.

In mid-May, the International Cocoa Organization said it expects worldwide cocoa demand to see its largest yearly decline in 50 years because of the gloomy global economy, and the group narrowed the size of the expected production deficit. Furthermore, the Commerce Department also said this month that U.S. cocoa imports were down 30.6% in March and 36.5% below their levels a year ago. This news chipped away at prices, and the bulls' bellyache might not be over.

The mid-crop cocoa harvest is beginning in the world's top grower, the Ivory Coast, so supply is flooding the market as prices melt.

Technical price charts also favor the bears as seasonally, cocoa prices start to set their annual low in early June, says John Person, president, NationalFutures.com and contributing editor of the Commodity Trader's Almanac. "If cocoa falls to \$2,000 to \$1,800 [a metric ton], I would absolutely be a buyer," Person says.

Even if they are right, the bears will have to be patient. Friday, ICE Futures' U.S. July contract cocoa settled at \$2,420, up 4.04% on the week, as the dollar weakened.

Shawn Hackett, president of advisory firm Hackett Financial Advisors and publisher of the Hackett Money Flow Report, says that \$1,900 to \$2,000 July cocoa would be fairly priced for now. He believes cocoa demand will contract further this year and into 2010, tempering prices, provided there are no problems with supply.

So far, demand for chocolate on the low end of the spectrum is holding up. This was most visible in Hershey's (ticker: HSY) quarterly earnings, which were better than expected, boosted by consumers trading down to more moderately priced treats. But even the chocolate giant is worried volumes will fall later this year.

All things being equal, both Person and Hackett said candy companies such as Hershey and Nestlé (NESN, Switzerland) look fairly valued. Lower cocoa prices could spell good news for chocolate producers, of course. "Hershey has been known to come in and lock in prices in the market," Person says. Yet he notes: "While cocoa prices might be down, others are rising, like sugar and like wheat."

Hackett says that candy companies in the U.S. -- the biggest consumer -- face more than just a slumping economy. The biggest sweet-consuming demographic is the five-to-20-year-old age group, but that is shrinking. That is one reason the companies were targeting adults with more premium-type offerings -- the kind now dwindling. "This is a longer-term headwind for them," he says.

Person is less pessimistic. "Cocoa is a product that doesn't get knocked off the shelf in bad times. People are doing their part to be fashionable and do their part to trim excess...but we aren't going to see a huge dip in demand."

### It's Hot Cocoa as Supply Lags

Wall Street Journal - May 27, 2009

Price Rises 4% as Data Show Production Shortfall

By **HOLLY HENSCHEN** and **LAUREN REES**

Bullish technical charts and a delayed reaction to recent gains in equities spurred speculative buying in cocoa, lifting prices nearly 4% amid confirmation of global supply data.

ICE Futures U.S. July cocoa rose \$95 a metric ton to \$2,509. Prices spiked at midsession when the International Cocoa Organization released its revised 2008-09 forecast, pegging world cocoa production at 84,000 metric tons short of consumption. This is wider than the 2007-08 deficit of 60,000 tons, but narrower than the 193,000-ton deficit the ICCO forecast in March.

The data confirm news reports leaked earlier in May about chocolate demand. Although demand is still seen to outstrip supply, the cocoa organization has a dismal view of consumption for this marketing year. The ICCO projected 2008-09 global cocoa grindings will spiral to their lowest level in 50 years as demand for chocolate and cocoa products shrinks amid the world economic recession.



Agence France-Presse/Getty Images

A cocoa planter from the southern region of Africa's Ivory Coast.

When word of that hit the market, cocoa prices slid on the news, but confirmation of it invited buying in a "sell the rumor, buy the fact" trade. When prices spiked on the news, it uncovered preplaced "buy" orders around the \$2,470 and \$2,510 level in the July contract. The contract found resistance to \$2,530, July cocoa's highest price point since April 14. Futures trimmed gains lightly ahead of the close, but posted a strong settlement, particularly bullish in light of the stronger U.S. dollar that typically weighs on ICE cocoa prices in favor of the London market.



The July cocoa contract is poised to test \$2,536 resistance if follow-through buying prevails, said Boyd Cruel, senior softs analyst at Alaron Trading in Chicago. Support is seen near \$2,434-\$2,435 for July, Mr. Cruel said. July cocoa may run against resistance at \$2,540 in the near term, but the market is vulnerable to losses in the longer term, said Sterling Smith, vice president at FuturesOne in Chicago.

Speculators interested in commodities fundamentals find the ICCO data bullish as it shows cocoa's tight supply dynamic compared with other markets, said James Cordier, founder of OptionSellers.com in Tampa, Fla. Analysts said cocoa futures have potential for near-term gains, though the bigger picture shows the market bogged down by weaker demand. Cocoa was long thought to be a recession-proof commodity. But bullish prospects melted following sharply lower first-quarter-2009 world cocoa grinds -- the volume of beans major manufacturers process for chocolate production.

ICE cocoa futures trading has been lackluster following the April release of the cocoa grinds from Europe, Germany and North America.

### COMMODITIES-Cocoa surges to 6-week high; oil jumps past \$63

NEW YORK, May 27 (Reuters) - Cocoa hit six-week highs in New York trading on Wednesday as fund money poured into futures of the beverage and candy ingredient, helping it outperform other food commodities.

Crude oil scaled above \$63 a barrel, as top producer Saudi Arabia said the world economy could handle prices as high as \$80 a barrel as fuel demand improves up in a recovery.

The 19-commodity Reuters-Jefferies CRB index gained a marginal 0.4 percent to hit new six-month highs.

In cocoa, the benchmark July contract on ICE Futures US soared \$95, or nearly 4 percent, to close at \$2,509 per tonne, the strongest close since April 13.

"The market made a bottom last week and has been in a recovery mode since then," said Jack Scoville, senior analyst for brokers Price Group in Chicago.

The New York cocoa market also drew support from a stronger British pound, which made U.S. cocoa more economical for processors and other commercial users out of the U.K.

In London, benchmark cocoa for September settled up 34 pounds at 1,643 pounds.

Some market participants also were believed to be pushing prices higher to catch up with Tuesday's rally in other commodities that cocoa missed, analysts said. "(The move) looks to be technically based," said Sterling Smith, vice president at Futures One, another Chicago broker.

But he said the gains may not be sustained, citing sharp volatility in cocoa this year. "It's going to be very important for cocoa to hold these gains," Smith said. "If it comes back down, the bears will be very hungry."

U.S. crude oil's benchmark front-month contract rose \$1.00 to settle at \$63.45 a barrel on the New York Mercantile Exchange, or NYMEX, after touching \$63.82, the highest level since mid-November.

London's Brent crude gained \$1.26 to settle at \$62.50 a barrel.

The gains came after Saudi Oil Minister Ali al-Naimi said on the eve of a meeting of the Organization of Petroleum Exporting Countries in Vienna that the global economy was now strong enough to support \$75-\$80 oil. "The price rise is a function of optimism. Better things are coming in the future," Naimi told reporters.

In base metals, New York-traded copper for July settled down 2 cents, or almost 1 percent, at \$2.1210 a lb on the COMEX metals division of NYMEX. In precious metals, COMEX gold for June closed flat at \$953.50 an ounce.

### **Cargill shows confidence in chocolate with €16m investment**

By Jess Halliday, 29-May-2009

Confectionerynews.com

Cargill has officially opened a new plant for chocolate fillings and coatings in The Netherlands, as part of a wider plan to grow its cocoa and chocolate operations.

The company has previously had a coatings factory in Deventer, The Netherlands, but the €16m investment doubles its capacity for coatings used by the bakery, biscuit, cereal, ice-cream and confectionery industries. It can also now produce fillings for the chocolate industry.

The move indicates strong long-term confidence in the chocolate sector – despite the recession nibbling at retail chocolate sales in some markets at the present time, as consumers play close attention to their spending.

Indeed Jos de Loor, managing director of Cargill's cocoa and chocolate business, said: "Our investment here underlines our long-term commitment to the chocolate industry and our intention to grow our cocoa and chocolate operations."

Cargill is also expanding its capacity of cocoa powder at its cocoa press in Wormer, near Amsterdam, and future developments could be on the cards at its cocoa and chocolate plant in Zandaam, which produces cocoa liquor.

### Innovations and ingredients

As for Deventer, the factory here is "ideally situated" since it is in reach of major customers and other Cargill facilities.

De Loor also drew attention to the sheer number of ingredients that the division has at its disposal. Sourcing from within the Cargill group – for texturisers, flavours, fats and sweeteners, for example – means it can provide customised and value-added fillings and coatings, that match up to customers' individual needs.

Amongst the innovations that Cargill Cocoa and Chocolate has been developing are a bright-green, lime tasting filling, and organic white filling with a yoghurt taste, a filling that looks and tastes like whisky, and a pink, rose-tasting and smelling filling.

Cargill has applications centres for fillings and coatings in the US for North America, and in Brazil for South America, and in Vilvoord, Belgium, for confectionery and bakery. It also has a facility for fillings and coatings in Lititz, USA, and a centre for expertise in chocolate in Mouscron, Belgium.

#### Bigger picture

Cargill is not alone in investing in the European chocolate scene. This week ADM received competition approval for Schokinag-Schokolade-Industrie Herrmann GmbH & Co. KG in January, as part of a strategy to move closer to its customers on this side of the Atlantic.

As for the effects of the recession on chocolate consumption, Benoit Villers, director of chocolate for ADM International, said told FoodNavigator.com in January: "I'm convinced that chocolate is a crisis-proof product because it is the most affordable product to indulge ourselves and our friends.

"Today we can see that the market is maybe flat but we don't think it will be the case over the next coming years.

"Chocolate has always grown one, two or three per cent. After this crisis, we don't see why it would be different."

On the finished product side, Fiona Dawson, managing director of Mars Chocolate UK said recently: "It is undoubtedly going to be another difficult year and consumers continue to readjust to ever changing circumstances".

Her company's strategy is to exploit shifts in consumer behaviour by developing new products in keeping with their present-day desires.

#### **Cadbury announces plant closure deal in operations shake up**

By Neil Merrett, 28-May-2009

Confectionerynews.com

Cadbury says it has reached an agreement with some of its workforce to close a Barcelona-based gum factory as part of an operational shake up of its operations.

A spokesperson for the manufacturer announced that unions had agreed terms with the company this week, which were approved via an 81 per cent majority, though could not detail any specifics of the deal with its employees and representatives.

#### **Cadbury in Spain**

Cadbury says that it first proposed closing the Spanish gum factory at the end of March as part of a wider European supply chain review designed to cut operational costs in increasingly competitive times.

Following a challenging fiscal 2008 linked partly to raw materials costs and the spin off of its North American beverage operations, Cadbury says it is looking at measures such as instigating price increases in 2010 to better compete in the market.

Although company sales were up on a worldwide basis by six per cent during the 2008 financial year, the company says it continues to review cost efficiency in its operations.

"As part of our efficiency agenda, we are always reviewing capacity across our gum supply chain network in Europe to ensure we achieve greater efficiencies of scale," states the company.

Despite the decision to close the Barcelona plant, the company says that it still has sales and marketing operations in the city as well as two additional plants in Spain situated at Valladolid and Ateca.

#### Price push

The operational shake up follows an announcement made by Cadbury in February that it expects to further hike prices for its products in 2010 as the cost of cocoa was found to remain 'stubbornly high' amidst wider economic uncertainty.

Profits in 2008 for the group fell to £366m (€408m), from £407m (€454m) in 2007, largely due to the loss of the company's beverage brands following the spin-off of the Dr Pepper Snapple Group.

For the 12 months to 31 December 2008, Cadbury's registered total sales rose by 15 per cent to £5.38bn (€6bn).

#### **Cocoa Sweetens On Dropping Dollar**

Melinda Peer

Forbes - May 29, 2009

Although supply shortfalls won't be as large, investors are still hungry for the tasty commodity.

A weaker U.S. dollar whetted investors' appetite for cocoa at a time when spending on frivolous items is down.

The International Cocoa Organization signaled demand looked weak on Wednesday by revising its estimates to account for a larger drop in chocolate production and a smaller supply deficit. The group projected that global production will decline by 7.2% year-over-year compared with its previous forecast for a drop of roughly 5.8%. It expects the cocoa supply deficit to come in at a narrower 84,000 metric tons, from 193,000 metric tons, as previously projected. Investors weren't deterred by a looser squeeze on supply, especially since the shortfall is still expected to exceed last year's deficit of 60,000 metric tons. Cocoa prices closed Wednesday's trading session looking 3.9% sweeter at \$2,509 a metric ton.

"ICE cocoa prices have risen firmly over the week as the market has attempted to shrug off the slew of earlier bearish grindings data, as well as the improved prospects of the mid-crop in the Ivory Coast [the world's largest producer], and has rebalanced its focus toward the structurally deficient supply-side dynamic," said Barclays Capital analyst Kevin Norrish, adding that prices should remain strong in the medium-to-long-term period.

Prices across chocolate confectioners traded broadly weaker on Friday afternoon. Hershey ( HSY - news - people ) shares were down by 4 cents, or 0.1%, at \$34.91; shares of Rocky Mountain Chocolate Factory ( RMCF - news - people ) shed 10 cents, or 1.2%, to \$8.30; and stock in Cadbury ( CBY - news - people ) listed on the New York Stock Exchange was down by 31 cents, or 0.9%, at \$34.95.

#### **BATS Real-Time Market Data by Xignite**

Cocoa supplies are always tenuous since production disruptions are common among the world's top cocoa exporters: Nigeria, Ghana and Indonesia. (See "Hot Cocoa.") Some analysts expect the chocolate ingredient to come into greater demand from emerging markets like China and India, which haven't been as derailed by the global economic crisis as more developed countries, and where a growing middle class is developing a taste for higher-quality proteins and sweets. (See "Hungry For Raw Materials.")

Cocoa's price has increased 63% in the past two years as global production led by growers in the Ivory Coast and Ghana lagged demand, according to the International Cocoa Organization. The deficit will be 64,000 tons in the upcoming 2009-2010 season, Fortis forecasts. The market has been consolidating for 10 months, a bullish shift in psychology now that it's out of that range.

Continued fund buying boosted ICE Futures U.S. cocoa to a nearly seven-week high Thursday along with a weaker U.S. dollar as the market digests news of a production deficit forecast, analysts said.

Cocoa prices rose strongly for a second session as fears about the outlook for demand eased, with ICE July cocoa up 3.1% to \$2,586 a tonne. Revised forecasts from the International Cocoa Organization on Wednesday indicated that global grindings (wholesale demand) would fall 6.5% to 3.515 million tonnes in the year to October compared with its previous estimate for a decline of 2.1% in 2008-2009. Some traders said data on

grindings have been affected by destocking by chocolate makers and overestimated the extent of declines in total cocoa demand.

The ICCO forecast a cocoa supply deficit of 84,000 tonnes this year compared with its previous estimate for a 193,000 tonnes shortfall. Production was forecast to fall 7.2% to 3,466 tonnes compared with the previous estimate for a 5.8% output decline.

Above-average rainfall in West Africa's cocoa-growing regions in the summer has increased the incidence of so-called black pod disease, which has reduced bean supplies. "Most analysts are expecting that this year's main crop in Cote d'Ivoire will be significantly lower than in the last season," the International Cocoa Organization said in November. That could push prices higher going into next year.

## ***Processing & Manufacturing***

### **NETHERLANDS: Cargill opens chocolate plant**

28 May 2009

Source: just-food.com

Cargill's Christiaan Stumphius and Mark Meijer, commercial manager for coatings and fillings, outside the new Deventer plant.

[view image](#)

US food ingredients giant Cargill today (28 May) opened a chocolate production facility in the Netherlands.

Cargill, which makes a range of confectionery ingredients for industry customers, has built a chocolate coatings and fillings plant in Deventer. The EUR16m (US\$22.3m) facility is on the site of its previous coatings factory.

The group said the investment "doubles Cargill Cocoa & Chocolate's coatings capacity at Deventer and greatly expands its fillings capability".

Christiaan Stumphius (pictured, left), commercial director for coatings and fillings at Cargill's cocoa and chocolate business, described the company's facilities at Deventer as a "a true centre of expertise".

He added: "We are proud to have ... the flexible production capabilities to provide our customers with exactly what they want, when they want it."

### **FTN Cocoa Processor records N1.171b turnover in 2008**

By Helen Oji

The Guardian - Nigeria - May 29, 2009

SHAREHOLDERS of FTN Cocoa Processors Plc, yesterday approved the proposal by the company's board to pay 3.5 kobo per share from a proposed N77 million dividend payment.

By the result presented at the yearly general meeting held in Lagos, the company's gross income rose from N483.7 million in 2007 to N1.171 billion in 2008, while its profit after tax stood at N196 million, against N142.7 million achieved in 2007.

The percentage increase in gross income is 142 per cent, while profit after tax rose by 37 per cent.

Reviewing the year's performance, the Chairman of the company, Mr. Olusegun Osunkeye told shareholders that despite the global meltdown that enveloped the world's economy, the company had a successful year of operations as it witnessed more local sales of cocoa products and palm kernel oil.

He however expressed worry over the government's inability to regulate cocoa processing industry in Nigeria, which he said, has given the local buying agents who serve as middle men the opportunity to influence the price of the raw cocoa beans.

He stressed that some exporters of raw cocoa beans have pushed the price of the commodity beyond what the local processors can afford as a raw material import, adding that this has posed enormous challenge to the company.

Osunkeye urged government to regulate cocoa processing industry as well as ensure that the N200 billion set aside to empower large scale farmers and agro-processing companies nationwide is extended to cocoa processors.

Access to the fund, he said would enhance the growth of the industry, grant them access to find single digit interest rate, accelerate the payment of export expansion and help to mitigate the high cost of running the business.

Osunkeye assured shareholders that the company would continue to deliver good returns on investment, which would be achieved through its plans to diversify to other products to boost turnover.

"As a foreign exchange earner for the country at a time when oil revenue is under threat, our sector will continue to use available medium to communicate with relevant agencies of government to promulgate policies that will provide a conducive environment for the Agro-Allied sector to operate and we will continue to support our capacity to return value to our shareholders," he added.

The Executive Director of the company, Mr. Akin Laoye admitted that the industry is facing enormous challenges in the country.

He said: "The cocoa industry market is not regulated in Nigeria as done in Ghana, Malaysia, Cote d'Ivoire and other countries, thereby giving all sorts of people access to come in and export the product. The percentage of consumption is also low as 80 per cent of what we produce is sold to other countries.

"Infrastructural problem is another challenge. We are more or less running independent power supply, which has impacted so much on our cost of sale. Government should ensure that the 7-point agenda is achieved, so that it would accelerate the growth of the industry."

### **Business and Economy**

#### **EU OKs Archer Daniels bid for German chocolate firm**

BRUSSELS, May 27 (Reuters) - U.S. food processing company Archer Daniels Midland (ADM.N) won permission from the European Commission on Wednesday to buy three German chocolate makers collectively known as Schokinag-Schokolade-Industrie Herrmann.

The Commission, executive arm of the 27-nation European Union, said in a statement that the proposed transaction would not lead to competition concerns and that a number of effective competitors were supplying the relevant products.

The EU executive said it had examined the cocoa beans and semi-finished cocoa products market and found that ADM and Schokinag were not close competitors with respect to the range and types of products they offered.

ADM said in January that it would buy Schokinag to expand its reach in the global cocoa and chocolate business. The company, one of the largest U.S. food processors and ethanol producers, did not give financial terms of the deal.

ADM's cocoa and chocolate products include such brands as De Zaan, Ambrosia and Unicao. Schokinag, which makes chocolate and cocoa powder, is headquartered in Mannheim, Germany.

### **Government will continue to support cocoa industry,**

May 28, 2009

Koforidua, May, 28, GNA - Mr Samuel Ofofu-Ampofo, the Eastern Regional Minister, on Thursday said in spite of the discovery of oil, the government would continue to support the cocoa industry. He said the contribution of the cocoa industry to socio- economic development in Ghana over the years could not be overemphasized.

Mr Ofofu-Ampofo said this when he visited some institutions in the region to acquaint himself with their operations. He visited the Plant Generic Resources Research Institute (PGRRI) at Bunso, the Bunso Cocoa College, Cocoa Research Institute of Ghana (CRIG) at Tafo and St Paul's Technical Institute at Kukurantumi.

Mr Ofofu-Ampofo said the government would continue with the cocoa spraying exercise and other technical support to ensure that at least by 2012 the current production would be increased to one million tonnes. He called for the reintroduction of training of extension service personnel to give technical support to cocoa farmers.

The regional minister commended CRIG for the role it had played since its establishment. He commended the institute for coming out with a lot of by-products of cocoa for both the local and international markets.

The acting Director of the Institute, Dr Francis Kofi Oppong, said the major objective of the institute was to provide the farmer with a package of husbandry practices and technologies. He said the institute would continue to play its functions to ensure that cocoa production increases to one million tones by 2012.

At the St Paul's Technical Institute the regional minister commended the institute for providing technical manpower for industries in the country

Mr Ofofu-Ampofo, a former tutor of the institute, presented a set of jerseys, footballs and basket balls to the institute.

### **Long-Rising US Food Imports Sank 7% in March Quarter**

Wall Street Journal - May 29, 2009

By SCOTT KILMAN

The recession is cooling America's appetite for imported food.

The U.S. Agriculture Department said the value of food imported into the U.S. sank 7% during the quarter ended March 31 compared to the similar year-ago period. U.S. importers are cutting back on everything from beer, pasta and fruit juices to cocoa beans.

The slump prompted the USDA to cut its forecast of U.S. agricultural imports during the federal fiscal year ending Sept. 30 by \$1.5 billion to \$81 billion from its February forecast of \$82.5 billion.

The government's new forecast that agricultural imports will rise just 2% this year reflects a rapid cooling of this decade's farm trade boom. U.S. spending on imported food doubled between 2001 and 2008. About 18% of the food consumed in the U.S. is produced outside its borders, including everything from Canadian beef and Vietnamese cashews to Cote D'Ivoire cocoa beans.

The rapid growth of U.S. food imports spurred some farm groups to successfully lobby Congress to require that retailers display country-of-origin labels on many commodities. The USDA attributes the slowdown in food imports to the economic situation.

Slower economic growth and weakening currencies in emerging markets is also denting foreign demand for U.S. agricultural goods. According to the USDA forecast, U.S. agricultural exports will drop 16.9% to \$96 billion during the 2009 fiscal year from a record \$115.5 billion during 2008. Such a drop would end five consecutive years of record-high U.S. agricultural exports.

### **Chocolate trade unfair farmers**

BCLocalNews - May 29, 2009

The two principles that drive the local food movement are health and fairness.

In the dog-eat-dog global economy in which we live today, the only objective of a global corporation is to make money. And corporations do not like being regulated by elected governments because then they make less money.

That's why corporations spend so much money persuading us that government is bad because regulation is bad.

Everything is local somewhere. And not everything we consume can be grown everywhere. In a global economy where health and fairness are valued, we would be applying the principles of health and fairness everywhere, not just where we live.

My passions for local food and fair trade are converging as global industrial food systems break down due to unsustainable, unhealthy and unfair practices.

Everything I have learned about fair trade over the decades I have spent working with Global Village Nanaimo is now coming home in my work with Nanaimo Foodshare and Heritage Foodservice to restore local food systems.

Which brings me to chocolate.

There are people who do not love chocolate. I am not one of them. I love it so much I'm prepared to pay to be sure it is fairly traded.

A true patissier (pastry chef) would have his/her repertoire slashed without cocoa powder or block chocolate to create the delicacies to which we feel entitled today.

The Mayans took their warm drink chocolatl unsweetened. Conquistador Hernando Cortes added cane sugar to suit the new European craving for sugar. At some point, cocoa plantations were established in West Africa, where 70 per cent of the world's cocoa now comes from.

Would we choke if we knew most West African chocolate is grown by children working under neoslavery conditions – children working for no pay, under cruel conditions?

Children who are easily replaced by other children trafficked into the cocoa farms. Children who never taste chocolate.

This not because West Africans are more cruel than other people, but because of economic pressures brought about, essentially, by stock exchange manipulation of the price of future cocoa crops.

I wish the Victorian poets and novelists who wrote Oliver Twist, The Water Babies and Uncle Tom's Cabin were still around to force us to face the truth about the chocolate trade.

There is some good news, though.

On March 3, Cadbury and the Fairtrade Foundation announced plans to achieve Fairtrade certification for Cadbury Dairy Milk by the end of summer 2009. Of course, we all know that milk chocolate is not as good for you as dark, bittersweet chocolate, so it's back to Cocoa Camino for me.

Speaking of what's good for you, the July 2008 issue of the American Journal of Clinical Nutrition, reports consuming both dark chocolate and liquid cocoa can improve the health of blood vessels and reduce blood pressure.

And to quote Toronto writer Murray McAdam, who wrote Bittersweet Chocolate, "Breathe in the 400 distinct smells that emanate from the cocoa bean, chocolate's key ingredient. A rose, in contrast, has only 14."

### **Minister hails efforts of cooperative**

Times of India - May 30, 2009

MANGALORE: Central Arecanut and Cocoa Marketing and Processing Cooperative (Campco) has been a boon to arecanut and cocoa growers and should continue helping growers by giving them competitive prices, said Shobha Karandlaje, minister for rural development and Panchayat Raj.

Speaking at the launch of two new cocoa-based food products from Campco, namely Milk Choco Mass and Dark Choco Mass here on Saturday, Shobha said the cooperative has rescued growers many a times in crisis and there was a need to strengthen the organization.

Speaking on the occasion, Puttur MLA Mallika Prasad urged Campco to launch chocolate products for diabetes patients. Campco president S R Rangamurthy said that such products were ready and would be launched soon.

Rangamurthy said launch of such products was an endeavour on its part to Indian kitchens. Campco's products, hitherto, were used by industrial use. These products were being manufactured with some minor modifications in its machinery at its Puttur chocolate factory. City corporation deputy mayor Rajani Dugganna was also present.

### ***Labour Issues***

#### **Chocolate industry asked to stop child labour**

World Radio Switzerland - May 29, 2009

Two thirds of Swiss chocolate manufacturers have stepped up to answer claims that the industry exploits child labour in cocoa plantations around the world. The NGO Bern Declaration, a group which campaigns for justice, says the other third, which haven't responded, are "without scruples." Bern Declaration contacted 18 chocolate makers in the country as part of a campaign to stop the use of children as cheap labour on cocoa farms which supply Swiss chocolate manufacturers. Twelve of them said they support international initiatives to improve the lot of cocoa farmers, but the NGO says these initiatives don't solve the problem of child exploitation.

### ***Environmental Issues***

### ***Research & Development***

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

#### **Cadbury's chocolate outcry**

SALLY GLAETZER

Tasmania Mercury - May 24, 2009

CONSUMERS were partly to blame for the quality of some chocolate says, chocolatier Igor Van Gerwen.

Furious choc fans continued to vent their anger at Cadbury's decision to add vegetable fat to its blocks, with more than 200 comments posted on The Mercury website. "I am annoyed that the high quality Cadbury stands for is now gone," one reader wrote.

"I can no longer send our chocolate overseas to friends as it tastes fatty and horrible."

Mr Van Gerwen of Anvers at Latrobe would not comment on Cadbury's decision, but said manufacturers were not solely to blame.

"It is consumer driven ... price driven and customer driven," Mr Van Gerwen said.

"If people want a cheaper chocolate then they'll go and buy it and that will encourage that market."

Mr Van Gerwen said in the past Belgian chocolate had to be made from cocoa butter and anything with vegetable fat was called compound chocolate, but that was now changing.

"It's only some producers ... I think it is a pity," he said.

Vegetable fat would never make it into his chocolates, he said.

"We like to use a high content of cocoa butter ... cocoa butter melts in the mouth to nearly nothing and the idea of really good quality chocolate is that it does melt and you don't have to chew it," Mr Van Gerwen said.

"Some cheap chocolate leaves an after taste or a greasy mouth feel."

He said cocoa farmers would suffer as manufacturers turned to vegetable fat.

"The people who grow the cocoa have been neglected for a long time and this will make it worse," he said.

Norman and Dann chocolate shop owner Jacqui West wondered if Cadbury would be forced to revert back to its original recipe, given the backlash.

"I think it's really interesting that people are so upset," Ms West said.

She said Cadbury chocolate was a good product, but completely different to couverture (high cocoa butter content) chocolate.

"People can eat a whole block of Cadbury chocolate whereas you wouldn't be able to eat that much of our chocolate because it's too rich," she said.

Cadbury insisted vegetable fat was introduced to improve the chocolate and make it softer to bite.

But Mercury readers remained unconvinced, suggesting the company should do a Cascade beer-style backflip.

## Others

### **Cocoa farmers prefer cash to Akuafu Cheque**

By The Chronicle

Business/Finance | Mon, 25 May 2009

Very soon, the Akuafu Cheque system, introduced in the 1980's by the Ghana Cocoa Board (COCOBOD) to make cocoa farmers cultivate the habit of savings and become familiar with the banking system, as well as protect them against armed robbery, is likely to phase out, if nothing is done to revive it.

Most farmers prefer cash to the Akuafu cheques, and that while purchasing clerks of the licensed produce buying companies say the system is good, in spite of some bottlenecks, the farmers are blaming the accountants and banks of the licensed buying companies for the loss of interest in the system. The purchasing clerks are accused of undermining the system.

The situation is already having its toll on the economy, as the PBC has lost four marketing clients according to Mr. Kwaku Gaisie, the Regional Manager of Produce Buying Company Limited in Kumasi.

Mr. Bonah, purchasing clerk for the Manfo Society in the Ahafo Ano North municipality, said to be the leading cocoa district, would not issue Akuafu cheques at all. Fact is not more than ten farmers in the district patronize the Akuafu cheque system. He has also attributed the situation to the increase and competition generated by the licensed buying companies, as a result of which most farmers prefer cash to cheques.

Mr. Gaisie confirmed the issue, and said the PBC now purchases 70% of the products by cash and 30% by cheque. He said some cocoa farmers from remote communities, who receive the cheques for their products, most often face frustrations when they go to the banks to withdraw their money, which he said, had compelled the farmers to go in for cash instead of cheques.

Speaking in an interview with The Chronicle in Kumasi, Mr. Gaisie said since most farmers were not committed to the Akuafo cheque, they used some key farmers to withdraw their money for other farmers, because of the stress some go through when they were being paid with the Akuafo cheque. He said some farmers who were from the rural areas, after traveling with the cheques to withdraw their money, most often have their cheques being returned (bounced), which he said, had made them prefer cash to the Akuafo cheque.

The Regional Manager also stated that with the exception of farmers who produce between two hundred to three hundred bags of cocoa, the minor producers always insist on cash, which he said has caused them to lose four marketing clients this year.

In view of that, he said, competitors were taking advantage of that, since they were "getting ready markets from the farmers." He therefore called on the government to reintroduce the Mobile Banking System, and assist the various banks to make "money readily available" for the farmers, and take steps to make the industry lucrative, because "Ghana is cocoa and cocoa is Ghana." He also called on the COCOBOD, as a regulator, to make it mandatory for farmers to be issued with cheques, rather than the cash payment process.

Meanwhile, the Tepa District Chief Farmer, Nana Asare Bediako, has noted that the purchasing of cocoa with the Akuafo Cheque was no more an attraction to farmers, since they preferred cash. He has suggested the establishment of Akuafo Cheque Monitoring teams to see to the effective implementation of the system.

The Tepa branch of the Ghana Commercial Bank (GCB) is on record to have dishonoured special Akuafo cheques issued to farmers by the Produce Buying Company (PBC) Limited recently.

On December 30, 2008, Owusu Kumi attempted to withdraw GH¢300 from the amount he was paid, but was told the Akuafo cheque issued by Mr. Bonah, the Purchasing Clerk at Manfo, had been defaced.

When another one was issued, the bank refused to pay, with the reason that there were no funds in the PBC Account.

The PBC account at the bank has shown red, and farmers have to wait until the bank makes alternative arrangements to transfer money from different sources, before honouring such, cheques.

Mr. Patrick Owusu Kumi, a farmer of the Manfo Society in the Tepa District has complained about the inability of the bank to pay him an amount of GH¢660.96 under the Akuafo cheque system. .

Currently, Mr. Owusu Kumi, who does not see anything wrong with a farmer going to cash money at the bank, has refused to sell his bags of cocoa, because he is not ready to take cash.

For two weeks the farmer made several attempts to withdraw his money to no avail.

Owusu Kumi has appealed to the National Commission on Civic Education (NCCE) to embark on a public education about the rights of farmers, with regards to payments at banks. He has called on the government to reinforce the use of Akuafo cheque in the payment of cocoa farmers in the country.

This, he said, would help eliminate the emerging practice of some private buying companies use fake cedi notes to pay cocoa farmers. He has also called on the COCOBOD to reintroduce the old system of paying bonuses to farmers through the Akuafo Cheque system, to save farmers from attacks by thieves and armed robbers.

Mr. Owusu Kumi expressed the worry that many farmers were making covert and subtle attempts to avoid the cheque system, even though the Ghana COCOBOD law enjoins all cocoa dealers to effect payment for cocoa by the cheque system. He called on the COCOBOD to take the necessary steps to apply sanctions against the licensed buying companies for flouting the law pertaining to the use of cheques in purchasing cocoa.

He expects the COCOBOD to intensify the Akuafo Cheque campaign in the districts to rekindle farmers' interest in the cheque system and suggested effective education and communication among the stakeholders in the cocoa industry as the best solution to the problem.

## **Ivory Coast rebels hand over powers in north**

Tue May 26, 2009

By Loucoumane Coulibaly

BOUAKE, Ivory Coast (Reuters) - Rebels controlling northern Ivory Coast since 2002 officially handed over to civilian administrators on Tuesday in a step aimed at restoring government authority across the world's biggest cocoa producer.

The West African country was divided by a brief civil war in 2002-03 and is due to hold a long-delayed presidential election on Nov. 29, though many Ivorians suspect the vote could be postponed again as all sides have profited from the status quo.

The rebel commanders of 10 northern zones handed over to local administrators appointed by President Laurent Gbagbo, who in 2007 reached a peace deal with the rebels that brought them into government in the former French colony.

"This completes the reunification of the territorial administration," Sidiki Konate, spokesman of the New Forces rebels, told the handover ceremony in the central city of Bouake, the rebels' stronghold.

Interior Minister Desire Tagro, who is close to Gbagbo, said the ceremony should not be seen as a victory or a defeat by any group in the country of over 21 million where ethnic divisions are deep.

"We are seeing the full return of political and administrative normality in Ivory Coast," Tagro said.

Reunification and fair elections are regarded as vital for encouraging investment back to Ivory Coast, which was an important regional economic hub until the war wrecked its reputation for stability.

The polls are also a necessary precursor for reforms of the cocoa sector, which provides 40 percent of global supply but is struggling with ageing plantations, discouraged farmers and allegations of corrupt administration.

Gbagbo's camp had long said polls could not take place until central government authority was restored across Ivory Coast and the rebels disarmed.

The handover of the rebel controlled districts, which had itself been delayed previously, had been a cause of friction between the rebels and Gbagbo's supporters.

The fate of the former rebel district commanders and their forces, who had held powerful and often lucrative positions, remains a sensitive subject.

"Today's ceremony is not about discarding the zone commanders like used handkerchiefs," said rebel spokesman Konate.

But redeploying some 8,000 former rebel soldiers and loyalists to ensure security for the elections remains a slow process. So far, only 500 loyalists have been deployed to Bouake while even fewer former rebels are in Abidjan, the commercial capital.

## **Colombian farmers get incentives to forgo planting of coca**

MiamiHerald.com - May 30, 2009

More than 2,000 Colombian farm families are receiving emergency food aid and technical help as they start to grow legal crops instead of coca.

BY JUAN FORERO

The Washington Post

VISTA HERMOSA, Colombia -- Colombia, with \$8 billion in U.S. backing since the late 1990s, has tried everything to eradicate the crop used to make cocaine.

Planes have sprayed the country with coca-killing herbicides, and authorities have deployed soldiers and paid laborers to yank the stringy green bushes out of the ground. Record amounts of coca have been eliminated -- only to sprout up anew as coca farmers move on and plant again.

Now, Colombia's government may have found a remedy palatable to a Democratic-led U.S. Congress not only interested in emphasizing social development over military aid for this country but also looking for solutions to consider in Afghanistan, where the Taliban is entrenched and drug crops are flourishing.

The plan under way here is an ambitious state-building effort designed to incorporate a once-forgotten region into the legitimate economy by bringing in police and courts, paving roads, improving schools and offering farm aid. The idea is to provide broad incentives for farmers in this town in the southern state of Meta to stay put and grow legal crops.

#### PROMISING RESULTS

Colombian authorities are working to duplicate the plan in five other drug-infested regions, and U.S. officials say it could work in other conflict zones far from Colombia.

The results here are promising: From 2007 to 2008, coca production fell 75 percent in a quadrant of the southern state of Meta that is bigger than Rhode Island, Colombian authorities say. With most hamlets around Vista Hermosa pledging to cooperate in exchange for help, eradication efforts have accelerated this year and the amount of coca here is now negligible. Meanwhile, the amount of land dedicated to the three leading legal crops grew sixfold from last year.

"I see a big change in the last couple of years, 100 percent favorable to us," said Luis Arturo Giraldo, a farmer who used to grow coca, like most farmers here.

Officials measure success not in how much coca has been destroyed but in rising land value and confidence -- unheard of even two years ago when this area ranked among the country's top coca-producing regions. Several farmers said in interviews that Marxist guerrillas forced peasants to grow coca, which is turned into cocaine and shipped to the United States. Right-wing paramilitary squads then swept in to fight for control of the crop.

Today, 2,385 farm families are receiving emergency food aid and technical help from agronomists as they start to grow rice, yucca, sugar cane and cacao, officials say. Those who have worked on the program, including foreign diplomats familiar with Colombia's complex and seemingly intractable conflict, said they have never seen hope restored so quickly.

"There's much more trust in the future," said Marion Kappeyne van de Coppello, ambassador from the Netherlands, which has spent \$2 million to assist farmers in the crucial six-month transition period after they give up coca farming.

#### GUERRILLAS OUSTED

Under the Integrated Consolidation Plan for the Macarena, named after a national park west of here, the military first drove out guerrillas and other armed groups. In quick sequence, engineers and work crews, technicians, prosecutors, social workers and policy types arrived, working in concert to transform a lawless backwater into something resembling a functioning part of Colombia. All of it is coordinated from a compound, called the fusion center, on the edge of Vista Hermosa.

A stream of foreign visitors, many of them policymakers who work on drug and conflict-resolution issues, arrived to study the outcome.

"The results do the talking," said Aldo Lale, director of the U.N. Office on Drugs and Crime in Bogotá. Lale said the reduction in coca plantings has "little precedent in Colombia and in the world."

## **TIT BITS**

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

### **Recovery hopes propel commodity prices**

LONDON (May 31, 2009): Commodity prices rallied last week, with oil shooting to six-month peaks above 66 dollars, boosted by a weak dollar and increasing hopes of swifter-than-expected economic recovery, traders said. "Commodity markets at large are continuing to benefit from improving sentiment and risk appetite, supported by a flow of increasingly positive macroeconomic data," said analysts at Barclays Capital.

### **Ivorian COCOA arrivals up**

ABIDJAN (May 31, 2009): COCOA arrivals at Ivory Coast's port of San Pedro reached 448,808 tonnes by May 24, according to data from the Coffee and COCOA Bourse (BCC) obtained by Reuters on Friday. That compared with 490,340 tonnes delivered to the port during the same period of the 2007/08 season, the data showed. The figures showed that 8,178 tonnes arrived at San Pedro port between May 18 and May 24, up from 4,413 tonnes.

### **London sugar dips; COCOA and coffee up**

LONDON (May 30, 2009): COCOA futures on ICE hit a seven-week high and arabica coffee set an eight-month peak on Friday, as fund buying linked to a weak dollar helped to spark broad-based gains in commodity markets. White sugar futures in London dipped after earlier hitting its the highest levels in nearly three years.

### **US MIDDAY: coffee and COCOA up; sugar down**

NEW YORK (May 30, 2009): Summaries of the ICE Futures US COCOA, coffee and sugar markets early on Friday. July arabica contract climbed 1.40 cents to \$1.3820 per lb at 11:08 am EDT (1508 GMT). Session range \$1.3580 to \$1.3855, the highest for the spot-month contract since September 9, 2008.

### **COCOA up, sugar down in London**

LONDON (May 29, 2009): COCOA futures on ICE rose to a seven-week high on Thursday, boosted by fund buying, while arabica coffee approached an eight month peak underpinned by a shortage of Colombian supplies, dealers said. Raw sugar prices were lower in London, however, as the market slipped back after rising to the highest level in nearly three years earlier this week.

### **US MIDDAY: COCOA and coffee jump, sugar down**

NEW YORK (May 29, 2009): Summaries of the ICE Futures US COCOA, coffee and sugar markets early on Thursday. July arabica contract reversed up 1.20 cents to \$1.3670 per lb at 11:08 am EDT (1508 GMT). Session range from at \$1.3305 to \$1.3715. July raw sugar contract down 0.08 cent at 15.69 cents per lb at 11:09 am.

### **US MIDDAY: COCOA, coffee up; sugar falls**

NEW YORK (May 28, 2009): Summaries of the ICE Futures US COCOA, coffee and sugar markets early on Wednesday. July arabica contract up 0.20 cent to \$1.3665 per lb at 11:10 am EDT (1510 GMT). Session range from at \$1.36 to \$1.3780, the highest for the spot-month contract since September 25.

### **Coffee and COCOA down; sugar rises**

LONDON (May 27, 2009): Arabica coffee futures fell on Tuesday below Friday's eight-month high, while COCOA futures eased in slim volumes, pressured by a firmer dollar and weaker oil prices. Benchmark raw sugar futures reversed early losses to push towards the key resistance level of 16.00 cents per lb.

### **Nigerian COCOA main crop exports fall**

LAGOS (May 26, 2009): Nigeria's October-March 2008/09 COCOA main crop exports fell 12.43 percent to 116,778 tonnes compared to the same period of the previous season, data from the Federal Produce Inspection Service (FPIS) showed on Monday. But on a monthly basis, Nigerian COCOA exports climbed nearly 25 percent year-on-year to 12,106 tonnes in March, the FPIS data showed.

### **Ivorian COCOA arrivals seen at 994,000 tonnes**

ABIDJAN (May 26, 2009): COCOA arrivals at ports in top grower Ivory Coast reached around 994,000 tonnes by May 24, exporters estimated on Monday, compared with 1,145,851 tonnes in the same period of the previous season. Exporters estimated around 13,000 tonnes of beans were delivered to the West African state's two ports between May 18 and May 24, down from 13,521 tonnes in the same week a year ago.