

# COPAL COCOA *Info*

*A Weekly Newsletter of Cocoa Producers' Alliance*



Issue No. 338

1<sup>st</sup> – 5<sup>th</sup> June 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)
1 <sup>st</sup> June	1743.83	2716.21	1684.00	2663.67
2 <sup>nd</sup> June	1762.91	2744.01	1693.33	2693.00
3 <sup>rd</sup> June	1789.35	2786.19	1744.33	2713.33
4 <sup>th</sup> June	1788.80	2775.14	1749.67	2723.00
5 <sup>th</sup> June	1791.68	2774.36	1763.67	2726.67
Average	<b>1775.00</b>	<b>2759.00</b>	<b>1727.00</b>	<b>2704.00</b>

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

**Monday 1st June 2009**

Month	Opening Trans	Settle	Change	Daily High	Daily Low	Volume
Jul 2009	1695	1685	-8	1700	1667	2,503
Sep 2009	1689	1687	-6	1699	1670	2,163
Dec 2009	1687	1680	-3	1690	1662	1,019
Mar 2010	1685	1677	-4	1686	1659	495
May 2010	1674	1678	-2	1683	1673	165
Jul 2010	1690	1681	-3	1690	1680	182
Sep 2010	1678	1685	-3	1678	1676	60
Dec 2010		1686	-3			0
Mar 2010	1695	1692	-3	1695	1695	3
May 2011		1702	-3			0
<b>Average/Totals</b>		<b>1685</b>				<b>6,590</b>

**Tuesday 2nd June 2009**

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul 2009	1685	1691	6	1706	1655	5,348
Sep 2009	1690	1698	11	1709	1663	3,977
Dec 2009	1681	1691	11	1700	1657	1,070
Mar 2010	1680	1686	9	1693	1659	781
May 2010	1680	1687	9	1695	1665	1,460
Jul 2010		1690	9			0
Sep 2010	1688	1694	9	1702	1685	163
Dec 2010	1699	1695	9	1704	1695	116
Mar 2010		1701	9			0
May 2011		1711	9			0
<b>Average/Totals</b>		<b>1694</b>				<b>12,915</b>

**Wednesday 3rd June 2009**

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul 2009	1686	1747	56	1771	1671	5,844
Sep 2009	1692	1746	48	1756S	1677	4,434
Dec 2009	1689	1740	49	1745	1672	1,617
Mar 2010	1677	1734	48	1740	1671	1,215
May 2010	1687	1731	44	1738	1685	946
Jul 2010	1691	1735	45	1742	1691	539
Sep 2010	1699	1738	44	1740S	1696S	179
Dec 2010	1695	1742	47	1746	1695	188
Mar 2011		1748	47			0
May 2011		1758	47			0
<b>Average/Totals</b>		<b>1742</b>				<b>14,962</b>

**Thursday 4th June 2009**

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul 2009	1723	1751	4	1701	2004	5,016
Sep 2009	1729	1754	8	1700	1985	3,411
Dec 2009	1720	1744	4	1693	1953	2,140
Mar. 2010	1715	1738	4	1688	1926	1,263
May 2010	1718	1735	4	1690	1914S	888
Jul 2010	1722	1737	2	1690	1917	1,232
Sep 2010	1726	1739	1	1714	1918	85
Dec 2010	1727	1745	3	1719S	1746	352
Mar 2011		1751	3		1710	0
May-11		1761	3			0
<b>Average/Totals</b>		<b>1746</b>				<b>14,387</b>

**Friday 5th June 2009**

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul 2009	1753	1764	13	1793	1744	3,870
Sep 2009	1757	1767	13	1789S	1747	4,707
Dec 2009	1742	1760	16	1778	1740	1,248
Mar 2010	1747	1750	12	1772	1745S	369
May 2010	1748	1746	11	1764S	1744	127
Jul-10	1760	1748	11	1764	1737	204
Sep 2010	1762	1749	10	1767	1737	255
Dec 2010	1761	1754	9	1772S	1749S	173
Mar 2011		1760	9			0
May-11		1770	9			0
<b>Average/Totals</b>		<b>1757</b>	<b>13</b>			<b>10,953</b>

<b>Average for the week</b>	<b>1757</b>					<b>11961</b>
						<b>59,807</b>

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

**Monday 1st June 2009**

Month	Open	Price	Change	High	Low	Volume
Jul 2009	2600	2641	53	2646	2587	7,511
Sep 2009	2611	2667	55	2670	2610	4,512
Dec 2009	2646	2679	53	2682	2622	818
Mar 2010	2658	2686	53	2688	2634	91
May 2010	2679	2693	54	2679	2678	23
Jul 2010	0	2704	55	0	0	5
Sep 2010	0	2709	47	0	0	0
Dec 2010	0	2714	57	0	0	0
Mar 2011	0	2727	57	0	0	0
May 2011	0	2727	0	0	0	0
<b>Average/Totals</b>		<b>2701</b>				<b>12960</b>

**Tuesday 2nd June 2009**

Month	Open	Price	Change	High	Low	Volume
Jul 2009	2627	2671	30	2675	2606	6,919
Sep 2009	2645	2697	30	2700	2633	3,712
Dec 2009	2662	2709	30	2711	2654	818
Mar 2010	2670	2717	31	2712	2660	91
May 2010	2692	2724	31	2692	2692	23
Jul 2010	0	2737	33	0	0	5
Sep 2010	2710	2742	33	2710	2707	
Dec 2010	2731	2734	20	2734	2726	
Mar 2011	0	2747	20	0	0	
May 2011	0	2747	20	0	0	
<b>Average/Totals</b>		<b>2723</b>				<b>11568</b>

**Wednesday 3rd June 2009**

Month	Open	Price	Change	High	Low	Volume
Jul 2009	2667	2734	63	2752	2615	7,501
Sep 2009	2697	2757	60	2775	2641	3,793
Dec 2009	2707	2768	59	2782	2673	1064
Mar 2010	2701	2772	55	2780	2697	206
May 2010	2714	2775	51	2777	2714	30
Jul 2010	2722	2775	38	2783	2721	12
Sep 2010	2784	2777	35	2786	2766	25
Dec 2010	2722	2777	43	2802	2715	116
Mar 2011	0	2783	36	0	0	
May 2011	0	2783	36	0	0	
<b>Average/Totals</b>		<b>2770</b>				<b>12747</b>

**Thursday 4th June 2009**

Month	Open	Price	Change	High	Low	Volume
Jul 2009	2707	2708	-26	2729	2640	13,830
Sep 2009	2716	2732	-25	2750	2663	9,211
Dec 2009	2728	2743	-25	2762	2676	1694
Mar 2010	2710	2745	-27	2755	2680	320
May 2010	2709	2745	-30	2750	2676	291
Jul 2010	2685	2747	-28	2750	2677	93
Sep 2010	2695	2743	-34	2718	2690	107
Dec 2010	0	2751	-26	0	0	175
Mar 2011	0	2757	-26	0	0	
May 2011	0	2757	-26	0	0	
<b>Average/Totals</b>		<b>2743</b>				<b>25721</b>

**Friday 5th June 2009**

Month	Open	Price	Change	High	Low	Volume
Jul 2009	2697	2707	-1	2766	2687	7,754
Sep 2009	2720	2725	-7	2786	2704	5,225
Dec 2009	2740	2734	-9	2794	2710	1328
Mar 2010	2749	2732	-13	2784	2725	442
May 2010	2742	2727	-18	2791	2723	358
Jul 2010	2754	2732	-15	2779	2713	286
Sep 2010	2752	2734	-9	2793	2714	207
Dec 2010	0	2736	-15	0	0	
Mar 2011	0	2742	-15	0	0	
May 2011	0	2742	-15	0	0	
<b>Average/Totals</b>		<b>2731</b>				<b>15600</b>

<b>Average for the week</b>	<b>2734</b>				<b>3900</b>
					<b>3900</b>

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

	1 <sup>st</sup> June	2 <sup>nd</sup> June	3 <sup>rd</sup> June	4 <sup>th</sup> June	5 <sup>th</sup> June
Main Crop Ghana, Grade 1	3126	3129	3179	-	3152
Main Crop Ivory Coast, Grade 1	2931	2969	3017	-	2990
Main Crop Nigerian, 1	2923	2944	3007	-	2980
Superior Arriba	2766	2796	2859	-	2832
Sanchez f.a.q	2838	2859	2922	-	2895
Malaysian 110	2616	2663	2726	-	2699
Sulawesi f.a.q	2671	2709	2772	-	2745
Ecuador Cocoa Liquor	4032	4158	4256	-	4214
Pure Prime Press African Type Cocoa Butter	5810	5921	5969	-	5910
10/12% Natural Cocoa Press Cake	2157	2270	2324	-	2301

Source: Cocoa Merchant Association

# News

## ***Health and Nutrition***

### **Mapping the DNA of cacao beans**

*Bean-to-bar chocolatiers are discovering that making chocolates of distinction directly links to how the cocoa is being farmed.*

### **Mother Nature Network**

By PlentyMag.com

Jun 03 2009



In Ikom, Nigeria, near the Cameroon border, a group of men from Indiana are eager to see their harvest. From under their leaves, mature cacao trees reveal pale, football-shaped fruit. The pods are prodded with bamboo sticks so they drop to the ground. Next, a machete strikes methodically at the exterior ridges until the fruit opens, exposing the soft, white beans and pulp that will be fermented, dried, sorted, and processed into a bitter powder used as the primary ingredient in fine chocolates. To the group's surprise, harvesting in Nigeria is not mechanized the way it is in the US. These are not the great wheat fields of the Midwest. Work is long, tedious, and always done by hand.

But one of the men, Wayne Zink, now knows exactly why he's here in Africa. "This was a way to make sure our cacao was ethically traded," says Zink, CEO of Indianapolis-based Endangered Species Chocolate, whose packaging notes that 10 percent of net profits support the planet. Zink is not alone in his efforts. An emerging group of manufacturers are choosing to personally manage their chocolate, from the source to the final morsel. Through their pursuits to understand the origins of their product, bean-to-bar chocolatiers from Seattle to Switzerland are discovering that making chocolates of distinction directly links to how the cocoa is being farmed.

Joe Whinney, founder and CEO of Seattle's Theo Chocolate, genetically maps the DNA of beans he buys from co-ops in Central and South America and from West Africa, where more than 50 percent of the world's cacao comes from. He's grown so invested in the quality of his chocolate that he teaches the farmers about intercropping—growing trees of other origins, such as avocados, teak, and black pepper, in the same plot. The added flora nourishes the soil, benefits the neighboring cacao trees, and provides cash crops in the off-season.

Whinney's chocolates are all organic and Fair Trade-certified. The label, bestowed by TransFair USA on transactions between US-based companies and suppliers in developing nations, guarantees living wages and safe working conditions for farmers and ensures that child labor is prohibited. (TransFair also pays farmers a premium for community-minded initiatives like healthcare and microfinance programs, which the farmers themselves vote to put in place.) But Whinney goes beyond the Fair Trade guarantee to deal directly with the farmers, recognizing that while cacao currently sells for around \$1,900 a ton, farmers often see only a portion of that amount. Fair Trade farmers receive at least \$1,950 for each ton of organic cacao (more if the world price goes up), so Whinney pays between \$3,500 and \$4,000—allowing farmers to invest more in their families and land.

Appealing to the high-brow style and taste of chocolate gourmards, Alice Chocolate, a Swiss-American brand, presents artisanal, small-batch chocolate in designer packaging. Alice's cacao grows wild in Bolivia and is harvested and traded by local farmers from whom the company buys beans directly. The result is an ethical bar full of flavor.

Amid the sweltering heat of Sekyerekrobo, Ghana, in a small farming community just a few degrees north of the equator, a farmer field school is teaching the arts of pruning, mulching, pest management, biodiversity, proper child labor practices, and everything else required to make each of the students' seven acres of land fully sustainable. Soon these farmers will teach others in surrounding regions, and the cycle of responsible and educated cacao agronomy will grow, thanks to the World Cocoa Foundation (WCF) and one of their biggest supporters, Hershey's. Jim Lampman, founder of Lake Champlain Chocolates of Lake Champlain, Vermont, is taking in the scene.

Known as a "melter" because he works with processed chocolate, Lampman and others in his category are putting their dollars into the WCF. Though many melters sell Fair Trade-certified bars, joining forces with the WCF is about taking the extra step. "We buy chocolate out of Belgium and France but still feel it's our job to ask if the people responsible for harvesting are properly cared for," says Timothy Moley, owner of Boulder, Colorado-based Chocolive, which backs the WCF to ensure that children in cacao-farming regions can access proper schooling systems. According to Moley, the WCF has projects across the globe tailored to address specific troubles farmers face, such as insect infestations and the need for greenhouses. The goal for the WCF and its backers is to create a global network of support.

Dagoba Organic Chocolate of Ashland, Oregon, not only works closely with the WCF but also signed an agreement with the International Finance Corporation to make low-interest loans available to the co-op in the Dominican Republic that supplies the cacao for its Conacado bar. Thanks to parent company Hershey's, Dagoba also created a nursery in Costa Rica to house 240,000 young trees that will be used to reforest damaged areas and improve existing farms. And Dagoba works directly with its suppliers to lobby against governments like that of the Ivory Coast, which imposes a 50 percent tax on all cocoa growers' output.

Kuapa Kokoo, currently Ghana's largest cooperative (45,000 members), reversed the traditional farmer-to-supplier model when it founded Divine Chocolate, the first farmer-owned chocolate company in the world. In 1993, with outside funding, a group of farmers (mostly women) set up the co-op, which now owns 45 percent of UK-based Divine Chocolate and 33 percent of its newly established US counterpart, both of which are Fair Trade-certified. Taking control of their beans from source to production empowered the farmers financially and democratically; together, they make decisions about everything from package designs to the most productive farming methods to use.

As tastes elevate and research continues to confirm the health benefits of chocolate, more consumers will likely pay premium prices for bars with an ethical edge. In turn, these high-price business models can proliferate—but only for as long as they need to. If more chocolate manufacturers invested in their farmers' lives, education, and, of course, crops, artisanal and ethical chocolates wouldn't be so costly. Dagoba founder Frederick Schilling likens the need for a more farmer-centric production model to an old Chinese proverb: "Give a person a fish, you feed them for a day," he says. "Teach them how to fish and you feed them for life."

### **A Box of Chocolates**

#### **The News**

June 3, 2009

*Life is like a box of chocolates -- it's full of temptation and eventually becomes empty.*

The cacao tree, also known as "Theobroma cacao" to those who prefer scientific names, is native to the tropical, equatorial slopes of the Andes in South America. Theobroma is Greek for "food of the Gods." The ancient Aztecs worshipped the cacao tree and used the beans as currency.

Their main god, Quetzalcoatl, was the guardian of the cacao tree, considered the source of strength and wealth. The Aztecs crushed the beans into a paste, added spices, and drank it. Cacao seeds (beans) are the source of cocoa, cocoa butter and chocolate.

Early explorers brought the cacao bean back to Europe in the 1500s. With the invention of the moulding process in the 1800s, cacao beans were crushed into a fine powder, heated, and poured into moulds, forming shapes as it cooled. Thus the first chocolate candy bar came into being. All modern commercial chocolate products contain substantial amounts of sugar, which may partially explain why chocolate can be so addictive.

According to research at New York University, there is a genetic reason some people crave sugary foods. Researchers identified a gene that was different between groups that craved sweets and those who didn't. An ability by prehistoric humans to identify nutritional foods, such as fruits, while avoiding bitter plant material, which could be toxic, may have led to a genetic trait present today through human evolution.

Chocolate, like other sweet foods, stimulates the release of endorphins, natural body hormones that generate feelings of pleasure. A craving for chocolate could be a craving for pleasure. From a chemical point of view, chocolate is the world's most perfect food. There are over 300 chemicals in chocolate, many of which may also promote craving. For example, chocolate contains magnesium and iron, thus would satisfy anyone with a shortage of these minerals, such as pregnant women. Chocolate contains a small amount of caffeine, a stimulant of the central nervous system.

Another stimulant present is theobromine, which relaxes the muscles in the linings of the lung. This compound is safe for human beings but metabolizes more slowly in dogs and other domestic animals, and could even kill them.

Many studies show that some chocolate ingredients affect the brain. Neurotransmitters are chemical messengers that transport electronic signals between nerve cells in the brain, causing changes in emotions and sensations.

Chocolate contains tryptophan, which creates a neurotransmitter called serotonin. High levels of serotonin can produce feelings of ecstasy. Coincidentally, the designer drug called Ecstasy also works by increasing serotonin levels in the brain.

Another chemical named phenylethylamine works as an amphetamine by stimulating the brain's pleasure centers, generating feelings of excitement, attraction and apprehension.

Anandamide is another neurotransmitter in chocolate that acts on the same brain structure as THC, the active ingredient in cannabis (marijuana). They also discovered other similarities between chocolate and marijuana, but can't remember what they were.

However, the amount of tryptophan, phenylethylamine and anadamine in chocolate is so small, one would have to consume vast quantities to produce an euphoric state similar to street drugs.

According to neuroscientist Daniele Piomelli, chocolate works "indirectly" to produce its high. It contains chemicals known to slow down the breakdown of certain compounds, therefore prolonging the action of the natural stimulation in the brain.

Dark chocolate contains flavonoids, including procyanidins, epicatechins and catechins. These compounds are antioxidants, which lower oxidation levels in LDL (bad) cholesterol and increase levels in HDL (good) cholesterol. They also reduce blood clotting, increase blood vessel flexibility and improve blood flow.

A study conducted at Harvard University suggests those who eat chocolate three times a month will live almost a year longer than those who don't. Chocolate is terrific stuff. It tastes great, gives you an emotional lift and promotes a natural high. But don't tell the government about it or they'll take that away from us too.

## ***Production & Quality***

### **Ghana main crop cocoa season Closes**

#### **Modern Ghana**

By GNA

June 1, 2009

Accra, GNA – Ghana Cocoa Board (Cocobod) on Monday said purchases of the 2008/2009 main cocoa crop season would cease at the close of business on Thursday, June 4.

A statement issued by the Public Affairs Department of Cocobod to the Ghana News Agency said in order to assist the Licensed Buying Companies (LBCs) to obtain the final returns from up-country stations, returns on declared purchases would be accepted up to 1600 hours on Thursday, June 11.

### **RPT-INTERVIEW-Cadbury sees India shifting to cocoa exporter**

#### **Reuters India**

By David Brough

Jun 3, 2009

\* Cadbury dominates Indian chocolate market

\* Profitability, sales rising strongly in India

LONDON, June 2 (Reuters) - India has potential to become a net exporter of cocoa if farmers in the south of the country grow more cocoa trees alongside other crops such as coconut, said Anand Kripalu, managing director of Cadbury (CBRY.L: Quote, Profile, Research) India. He told Reuters in a phone interview on Tuesday that his vision was for India to produce 150,000 tonnes a year of cocoa in southern states such as Kerala, or about 3 percent of world output, by 2020, sharply up from 10,000 tonnes a year currently.

"Self-sufficiency in cocoa makes very good business sense," said Kripalu, who is also Cadbury's president, Asia.

"It gives us a very good opportunity to invest and give better returns to the farming communities in India."

The managing director added, "2015-2016 is when we'll get close to self-sufficiency -- this is the ambition. Thereafter we will start exporting."

Cadbury was supporting Indian agronomists and giving technical help to farmers to show them how cocoa and coconut yields could improve if grown side by side, Kripalu said. Indian farmers grow cocoa in four southern states where tropical weather favours cocoa plantations. The country currently grows around 50 percent of its cocoa requirements, Kripalu said.

Cadbury controls more than 70 percent of the chocolate market in India with a presence in 1.2 million stores, while Nestle (NESN.VX: Quote, Profile, Research) has about 25 percent. Cadbury's total annual revenue in India is about 200 million pounds (\$328.3 million). Kripalu said Cadbury believed self-sufficiency was a primary goal because it had seen profits in its Indian business grow at about 30 percent a year and sales at 20 percent, in spite of the global recession. Confectionery consumption has improved in India as disposable incomes have risen among the expanding middle class.

Kripalu said Cadbury favoured a shift towards self-sufficiency in order to reduce reliance on imports, as the import duty on cocoa presently stands at 30 percent, and West African cocoa origins can be politically risky.

India has great prospects as a chocolate market in the longer term because it now ranks among the lowest chocolate consuming countries in the world per capita.

"Chocolates have never been part of the Indian tradition," Kripalu said.

"We should recognise the extraordinary opportunity in Indian sweets, and position ourselves as the modern or better alternative." (\$1=.6092 Pound) (Reporting by David Brough; editing by Keiron Henderson)

#### **Ivorian Rains Threaten Key Cocoa Growing Areas**

Source: Reuters

03/06/2009

Abidjan, June 2 - Frequent, heavy rainfall in some key Ivorian cocoa growing regions last week further intensified worries about the reappearance of black pod disease, farmers said on Tuesday. Traders are closely watching the April-September crop in the world's top grower after arrivals of cocoa at ports ready for shipment were down 12 percent on last year by the end of May.

In the western region of Soubre, at the heart of the cocoa belt, about 112 mm of rain fell last week, one analyst said, compared with 47 mm in the same period last year. "The rains were more frequent, and if that trend continues this month like it did last year, the chances of black pod disease appearing in the plantations will rise," the analyst said.

Black pod disease, which thrives in the wet, blighted the October-March main crop in the world's biggest grower. "We're expecting a big harvest up to August, but if it continues to rain like it did last week, we'll have losses as a result of diseases," said Koffi Kouame, who farms near Soubre.

Weather in other cocoa growing areas was more favourable. In the centre-western region of Daloa, farmers reported no rainfall, and there was a sunny spell that helped beans to dry. Below is a table showing rainfall in mm during the last 10 days of May, according to analysts' data.

Region	2009	2008
Gagnoa	27	99
Daloa	0	56
Sassandra	132	90
San Pedro	81	53
Yamoussoukro	3	75
Tabou	14	64
Abidjan	8	246

#### **COLOMBIA: The Farmers Who Abandoned Coca for Cocoa**

Inter Press Service

By Constanza Vieira\*

Jun 4, 2009



FLORENCIA, Colombia, (IPS/IFEJ) - Chocaguán Amazónico, a small peasant-run alternative crop company that emerged in the midst of Colombia's cocaine boom and civil war, will celebrate its 15th birthday in September.

Chocaguán produces chocolate from cocoa beans grown in the Amazon by 115 members in the southern Colombian province of Caquetá. One-fifth of its members are women heads of households.

Catholic priest Giacinto Franzoi launched a crusade in this area 20 years ago: "No a la droga, sí al caucho y al cacao" (No to drugs, yes to rubber and cocoa).

The Italian missionary had arrived in 1978 in Remolino del Caguán, a jungle village on the Caguán river around 100 km southeast of Florencia, the provincial capital of Caquetá.

Coca arrived at around the same time. A few men, including a Vietnam War veteran from the U.S., brought the new type of seed, telling local residents that it would lift them out of poverty. The promoters of the illicit crop jealously guarded the information on how to turn coca into cocaine. But the growers themselves eventually figured out how to process the leaves into coca paste, the intermediary step towards producing cocaine.

The coca paste kingdom

For years, coca paste was the main product of the village of Remolino del Caguán. The numbers of buyers multiplied and they competed among themselves, offering sums never before imagined by the local villagers. "Those were crazy years. The farmers who had been left out of the bonanza asked us for coca seeds," local farmer Simeón Pérez tells Franzoi in the book "God and Cocaine: How a Missionary Survived in El Caguán", written by the priest and published this month in Bogotá.

In his book, Franzoi describes those times of boutiques and jewellery shops, the latest home appliances run on diesel generators, prostitution, clandestine airstrips and piles of cash that disappeared as easily as they had appeared.

The communist Revolutionary Armed Forces of Colombia (FARC), which in May celebrated its 45th anniversary and whose central demand was agrarian reform, had first arrived in Caquetá in 1964.

Beginning in 1962, the growing concentration of the best lands in the hands of a few was compounded by government incentives for settlers to clear forests in exchange for land titles and an expansion of the agricultural frontier. One of the consequences was the rise of coca in the 1980s as the most profitable crop in remote areas, far from traditional crop transport hubs. The Amazon jungle has paid a steep price for the drug trade and Colombia's 45-year armed conflict.

During the coca boom years, money flowed freely in the area, said Rubén Darío Montes, the Chocaguán company's legal representative and former president of the Committee of Cocoa Growers of Remolino del Caguán and Suncillas, the latter a tributary of the Caguán river. "There was no control by the authorities," he recalled in an interview for this article. But the first incursion by the anti-narcotics forces, in 1988, destroyed one of the 20 drug labs operating in the area at the time.

The cocoa miracle

As the government began to crack down on drug crops, many people fled. But "Father Jacinto (as Franzoi is known in the area), the Remolino parish priest, began to think about what to do to keep local people from being displaced to the slums surrounding the cities," said Montes.

Eight people attended the first meeting held by the priest to discuss a switch to alternative crops, and in 1994 the Committee of Cocoa Growers and the Chocaguán company were officially registered. More farmers joined the effort over time.

Rubber, or natural latex, was ruled out because it takes eight years for the trees to start to produce, but improved varieties of cocoa can be harvested after a year and a half. The first bars of 500 grams of raw chocolate were manufactured in 1993.

The new chocolate factory defied the logic of the market.

In 1993, one ton of coca paste was sold every Sunday in Remolino, at 1,350 dollars a kilo, according to the exchange rate at the time. Meanwhile, the local cocoa growers sold a combined 20 to 50 kilos of cocoa beans a week to the recently-created Chocaguán, which paid them just 2.70 dollars a kilo.

At first, Chocaguán manufactured 50 small packets a week of nine little chocolate balls, with cinnamon or clove flavours.

Everyone bought them, even the guerrillas and the drug dealers. The business flourished. "Thanks to God, and the coca economy, we were able to sell everything we produced," commented Rodrigo Velaidez, an agronomist who specialises in cocoa and is an adviser to Chocaguán.

Caught between coca and 'Plan Colombia'

In 1996, the rural crisis caused by the liberalisation of trade devastated at least one-fifth of the area in Colombia planted with traditional crops and led to the loss of more than 300,000 rural jobs, according to Darío Fajardo, a former consultant to the United Nations Food and Agriculture Organisation (FAO).

The crisis proved a boon to the coca industry, which continued to destroy Colombia's jungles.

But the resulting oversupply of coca paste drove down prices, leading to marches in 1996 by coca growers who demanded action from the government to compensate their losses.

Initially, the FARC rejected coca. But when drug trafficking money began to finance the far-right paramilitary groups that were allied with the army in the counterinsurgency effort, the guerrillas began to take an active part in the business, to throw a wrench into the gears.

The U.S.-financed "Plan Colombia", launched in 2000, sought to cut the FARC's drug revenues by destroying coca crops using aerial spraying with glyphosate, an herbicide.

Meanwhile, the members of Chocaguán gradually expanded their cocoa crops and acquired machinery to set up their factory in Remolino, using their own resources, aid from national and local governments, and international support drummed up by

Franzoi. Today, the company's chocolate products are sold in Caquetá and neighbouring provinces, as well as the French international hypermarket chain Carrefour, through U.N. efforts, and health food shops.

Of the 200 hectares planted with cocoa bean, 70 are in production, belonging to half of the members, which supply Chocaguán with between three and 200 kilos of beans per week. Seven operators work at a time, of which three or four are women, to process the chocolate. Now the company is planning to move part of the processing to the nearby town of Cartagena del Chairá, which will cut costs, reduce the risks of transporting the product by river through a war zone, and facilitate commercial expansion.

Every six months, Chocaguán holds "field days" to catch up with the latest environmentally friendly techniques. "At least 70 percent of the members apply the ideas and knowledge acquired," said Valeidez. The leaders of Chocaguán attribute the company's survival to the fact that it belongs to four national alternative production and anti-war networks, supported by development aid from countries like Switzerland and the Netherlands. "We are not eradicators (of coca crops). We are promoters of gradual and voluntary replacement of illicit crops... The people have never been forced into anything," Valeidez said.

Montes himself has just one hectare of cocoa. "It's very little. The minimum to ensure profitability is three hectares per family. It is due to lack of money, because I do have the land. And that one hectare I planted at my own risk," he said. The war creates uncertainty. "If I plant, it means taking out three million pesos (1,350 dollars) to cultivate. But then they come and spray (the coca crops). And there is no guarantee that they won't spray the cocoa as well," said Montes.

In El Caguán, aerial fumigation with glyphosate has been carried out in 1996, 1999, 2002 and 2005. The last spraying was most painful to the cocoa farmers because it came after they had won the prestigious National Peace Prize in 2004, in recognition of their work in civil resistance based on security and food sovereignty at the time of a massive military offensive. "Caquetá has been one of the target areas of U.S. military and anti-drug assistance," said Adam Isacson, a leading expert on Plan Colombia and the director of the Latin American Security Programme at the U.S.-based Centre for International Policy.

Since 2004, 17,000 soldiers have been deployed to Caquetá, but information is unavailable about the proportion of Plan Colombia's military and intelligence resources that go to this province. In what he described as a "very conservative" personal estimate, Isacson told this reporter that "U.S. support for operations in Caquetá has totalled at least five million dollars per year, or almost 50 million dollars since 2000." "They could have spent that money on projects for the region, to improve housing or access roads, or on programmes for health and education," lamented Montes.

In 1995, the organised communities drew up a proposal for the complete substitution of coca in El Caguán, at a cost of 19 million dollars (based on the exchange rate at the time).

#### Persecution

San Vicente del Caguán, near Remolino del Caguán, and local residents were left stigmatised as a result of the failed peace talks that were held here from 1998 to 2002 between the government of Andrés Pastrana and the FARC. With the FARC there have been "moments of tension" and "friction," according to a member of the chocolate company, who said "the key is to stay on the sidelines."

But the members of Chocaguán have not escaped persecution and prison. Even Franzoi was accused of handing over 68,000 dollars to the FARC and of keeping weapons for the guerrillas. But in June 2008 the government prosecutor excluded him from the investigation, and soon after, the priest returned to Italy. "If they don't respect the priest, they're even less likely to respect one of us," commented Montes.

The Italian priest, who is now 66, patiently guided this reporter in 2005 through a garden of cocoa, two kilometres from the village, planted with different cocoa varieties in order to produce seeds and to preserve genetic types, which stand as a testimony to the search for alternative crops in this corner of the Amazon. "What matters is neither he who plants nor he who irrigates, but God who makes it grow," said the wooden sign at the garden entrance at the time. In 2007 it was replaced with a new sign: "Chocaguán, a life choice for a solidarity economy." \*This story is part of a series of features on sustainable development by Inter Press Service (IPS) and the International Federation of Environmental Journalists (IFEJ) for the Alliance of Communicators for Sustainable Development ([www.complusalliance.org](http://www.complusalliance.org)).

### ***The Market***

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

Alibaba News Channel

Source: Reuter

Jun 1, 2009

\* US cocoa at 6-week high, outperforms other food commodities

\* Crude surges above \$63 as Saudi calls for \$80 oil

\* RJ/CRB up slightly to 6-month high

NEW YORK, May 27 - 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.

#### **Sugar, coffee tumble on firm dollar; cocoa jumps**

**guardian.co.uk**

By Marcy Nicholson and Sharon Lindores

June 3 2009

\* U.S. cocoa closes at two-month peak

\* Coffee, sugar correct down off recent highs

\* Strong U.S. dollar weighs on coffee, sugar

NEW YORK/LONDON, June 3 (Reuters) - The firm U.S. dollar pushed coffee and sugar futures sharply lower on Wednesday, sending prices far below recent highs.

Cocoa futures, however, turned around and bucked the lower trend in the commodity complex, shooting higher with a push from at least one major buyer and arbitrage buying. This brought the U.S. market soaring to a two-month high. The dollar posted sharp gains as weaker-than-expected U.S. economic data and steep losses in stocks reminded investors that the road to recovery may not be as smooth as many initially thought. "The dollar is pretty much one of the major reasons we are a little bit lower and no frost (in Brazil) also helps a little bit," said Rodrigo Costa, vice president at Newedge USA in New York, about coffee.

Some weather forecasters had called for frost in an isolated part of top-grower Brazil, helping arabica futures to rally earlier this week. When the frost did not come Wednesday, the market fell back. Long liquidation triggered automatic sell orders, pushing the market even lower, traders said. July arabica futures on ICE dropped 3.65 cents to close at \$1.3835 per lb after jumping to \$1.4290 per lb on Tuesday, the highest level for the front month since September 2008.

July robusta coffee futures in London closed down \$13 at \$1,535 per tonne. "This (downward) correction won't last for long in our view," Commerzbank said in a market note Wednesday, adding production was down in both Brazil and Colombia. "As global coffee demand is expected to rise by 1.2 percent this year, despite the current economic crisis, we anticipate that the price for arabica may approach last year's 11-year high of \$1.65 per pound soon," the report said.

Sugar futures also felt heavy pressure from the firm dollar and long liquidation, with July-October spreading boosting volume in the raws. "Demand is still very sluggish in sugar," Costa said. Raw sugar futures closed down 0.55 cent, or 3.6 percent, at 14.89 cents per lb, a five-week low. In London, August whites were down \$15.90, or 3.5 percent, to close at \$436.10 per tonne, having hit a near three-year high for the spot month at \$457.00 per tonne on Monday.

London cocoa swung from losses to gains in afternoon trade, boosted by the weakening pound and pulling the U.S. market higher. A weaker pound makes sterling-denominated futures cheaper in terms of other currencies. "It (London market) was under downward pressure for most of the morning from Ghana trying to sell back months," a cocoa trader said. But when the selling stopped and the pound weakened sharply, people were prompted to trade the premium between the London and New York markets, the trader said. September cocoa futures on ICE closed up \$60, or 2.2 percent, at \$2,757 a tonne, the strongest close since April 3. London September cocoa futures jumped 48 pounds to close at 1,746 pounds per tonne.

### **Cocoa rises to 2-month high, rally may stall soon**

guardian.co.uk

By Nigel Hunt

June 4 2009

- \* Lack of investment hampers Ivory Coast production
- \* Grindings set to rebound later this year
- \* Rapid advance in prices, however, may be set to stall

LONDON, June 4 (Reuters) - Cocoa prices have risen to a two-month high over the past few weeks, with long-term supply challenges helping the market shake off demand concerns, but they may struggle to make much further headway short-term. A sharp drop in cocoa grindings linked to the economic downturn had driven prices down sharply in April but the mood has since been transformed with most forecasters still looking for a supply deficit in 2008/09, despite the demand slowdown. "There has been quite an aggressive move higher in a short period of time and there wasn't a specific catalyst over the last week to set that off," said Barclays Capital analyst Nicholas Snowdon. "The long-term bullish story on the supply side has always been there. It (the rise in prices) probably doesn't look completely sustainable but in the longer-term we would expect the average trading range to move higher," he added.

July cocoa futures on ICE rose to a high of \$2,752 a tonne on Wednesday, a two-month peak for the front month and up more than 20 percent from a two-month low hit in mid-May. News of a 13.0 percent drop in the North American grind in the first quarter of this year and an 11.1 percent fall in the European grind helped to weaken prices in April and early May. "There was plenty of (long) liquidation on the back of poor grind numbers and a broad recognition that the consumer side of the equation was a bit worse than people had expected," said Jonathan Parkman, head of the agri-commodity brokerage at Fortis Commodity Derivatives. "I think maybe the market had taken its eye off the longer-term issues and was just focusing on reassessing the shorter-term issues," he added.

The International Cocoa Organization last week forecast a global deficit of 84,000 tonnes in 2008/09 (October/September) despite an anticipated 6.5 percent drop world grindings with world production falling 7.2 percent. "The supply side story has been and continues to be very bullish. We just had this period in the cocoa market where the main focus shifted to the demand side," Snowdon of Barclays Capital said.

### **WEST AFRICAN SUPPLY**

Cocoa is dominated by West Africa which grows about 70 percent of world production with Ivory Coast leading the way, accounting on its own for more than one-third of global output. For a graphic on cocoa production trends click on: [http://graphics.thomsonreuters.com/069/CMD\\_AFCCO0609.jpg](http://graphics.thomsonreuters.com/069/CMD_AFCCO0609.jpg)

Analysts said Ivory Coast struggled to invest in its cocoa sector during the last few years, with problems exacerbated by a civil war from 2002 until 2007. Parkman of Fortis also said there was evidence that a large proportion of the price paid for cocoa in Ivorian ports was not finding its way back to farmers. "For Ivory Coast farmers the last decade has not been a great time. There is evidence at the moment he is looking at other ways of supplementing his income. Cocoa isn't top of his list at the moment," Parkman said. The ICCO estimates Ivory Coast production will fall in 2008/09 to 1.22 million tonnes, down from 1.38 million tonnes in the preceding season. "We need a sustained return for the farmers to give enough confidence (to invest)," Parkman said. Analysts also said cocoa demand fears may have been overstated with the fall in grindings partly reflecting destocking by processors, a trend that should be completed during the current quarter. Most expect grindings to start rebounding later this year.

Fortis, in a report issued earlier this week, forecast that grindings would rise 5.4 percent in 2009/10 although remain 1.1 percent below the 2007/08 total. "Those (demand) fears were overdone and I think the market is beginning to emerge from those concerns and look at the wider picture," said Standard Chartered Bank analyst Abah Ofon. Ofon said cocoa has also been boosted by an inflow of fund money into commodities as a whole with the Reuters-Jefferies CRB index, a global commodities benchmark, rising to the highest level in almost seven months this week. "We are starting to see fund money coming back into the market. There are a number of issues working in favour of cocoa at the moment," he said. (Editing by Keiron Henderson)

## ***Processing & Manufacturing***

### **Ministry Says high taxes grind down the underdeveloped Cocoa Industry** **Jakarta Globe**

Arti Ekawati  
June 02, 2009



**Value-added taxes prevent cocoa from plantations like the one above in Kediri, East Java, from being processed locally. (Photo: Arief Priyono, Antara)**

The government needs to promote the development of the nation's cocoa processing industry, which is currently only able to grind about 22.7 percent of the country's total cocoa bean output, a senior Agriculture Ministry official said.

"Global cocoa demand will continue to increase in the future, so we will have to increase our capacity to process cocoa beans into value-added products, not just export the unprocessed beans," Achmad Mangga Barani, the ministry's director of plantations, said on Tuesday in Jakarta.

Achmad pointed to the fact that Indonesia produced about 550,000 tons of cocoa beans in 2008, mainly from plantations on Sulawesi. The country's processors, however, were only able to grind about 125,000 tons into derivatives like cocoa powder and cocoa butter.

By contrast, Malaysia, which only produced about 30,000 tons of beans in 2008, was able to produce some 300,000 tons of cocoa powder and butter.

Global consumption of cocoa beans, Achmad said, was increasing at a rate of between 60,000 and 120,000 tons a year. In order to take advantage of that growth, he continued, the country's cocoa processing industry would have to be developed. Currently, Achmad said, Indonesia exports about 80 percent of its cocoa production in unprocessed form every year. Agriculture Ministry data show that of the 16 cocoa processing firms licensed to operate in the country, only five are operating at full capacity. This, Achmad said, could be attributed to various factors, including inadequate infrastructure and disincentives to process beans locally.

He said that traders currently preferred to export unprocessed cocoa beans because they were not taxed. If the traders processed the beans, then their exports would be subject to an Indonesian tax of between 9 percent and 10 percent, while the importing countries would also likely apply import duties. "Too many taxes must be paid on value-added cocoa exports at present," Achmad said. "We need to put the right conditions in place to support the cocoa processing industry. We could start by, for example, reducing or even eliminating the tax on processed beans, or by charging a tax on unprocessed cocoa bean exports."

Indonesia is the world's third-biggest cocoa producer after Ivory Coast and Ghana. Based on a five-year average, the Ivory Coast produces 1.3 million tons of cocoa beans a year, followed by Ghana with 740,500 tons and Indonesia with 470,000 tons. Despite its prominence in production, Indonesia takes eighth place in the cacao grinding stakes, with a capacity of about 120,000 tons a year, far behind Malaysia's fifth-place grinding capacity of about 250,000 tons a year.

## ***Business and Economy***

### **World Cocoa Foundation to Address Globalization Challenges and Opportunities Facing Smallholder Cocoa Farmers at June Partnership Meeting**

CSRwire.com (press release)

By: World Cocoa Foundation

Jun 01, 2009

Featured Speakers Include Patricia R. Sheikh, U.S. Department of Agriculture, and Dr. Lutz Goedde, the Bill & Melinda Gates Foundation. Nearly 200 representatives from global industry, cocoa-producing countries, government agencies, development organizations and civil society to attend

Washington, D.C. - June 1, 2009 - The World Cocoa Foundation Partnership meeting to be held in Washington, D.C. June 3-4 will focus on the challenges and opportunities facing smallholder cocoa farmers in today's globalized world. Nearly 200 representatives from the cocoa and chocolate industry, cocoa-producing countries, government agencies, development organizations and civil society will attend the two-day meeting.

Keynote speakers for the Partnership Meeting include Patricia R. Sheikh, Acting General Sales Manager and Deputy Administrator for the Office of Capacity Building and Development, Foreign Agricultural Service, U.S. Department of Agriculture and Dr. Lutz Goedde, Deputy Director, Agricultural Development Program of the Bill & Melinda Gates Foundation. Dr. Goedde will discuss the foundation's approach to agricultural development and how it is working with a wide range of partners to provide millions of small farmers in the developing world with tools and opportunities to boost their yields, increase their incomes, and build better lives for themselves and their families.

Commenting on the Partnership Meeting, Bill Guyton, President of the World Cocoa Foundation, said, "This is an exciting time for everyone interested in the future of cocoa sustainability. Efforts to improve farming practices, incomes and overall wellbeing for the millions of people who grow this unique crop are expanding significantly. New companies, donors and implementing partners are joining us in this critically important work. Our June Partnership Meeting will provide an update about the growing impact of programs we and our partners have underway in Africa, Southeast Asia and the Americas, as well as about the challenges and opportunities we see ahead for cocoa farmers in our increasingly globalized world."

Presentations and roundtable discussions during the Partnership Meeting will feature an overview of the Cocoa Livelihoods Program. This new, \$40 million program is being funded by the Bill & Melinda Gates Foundation, eleven leading chocolate industry companies and other partners to significantly improve the livelihoods of approximately 200,000 cocoa farmers in West and Central Africa. Also included will be an update on the World Cocoa Foundation's recently announced sustainability principals and goals.

A variety of workshops will take place during the Partnership Meeting on critical issues facing cocoa farmers today, including land tenure, climate change, food security and other environmental issues; innovative approaches to improving education and community development; and efforts to foster international cooperation through research networks, exchanges and public-private partnerships. Other topics include cocoa value chain connections between farmers and consumers; workforce development; and the impact of trade and investment policy on the cocoa sector. An update on efforts to ensure safe and responsible labor practices in cocoa farming also will be presented during the meeting. Closing remarks will introduce the topic of building capacity to achieve a sustainable cocoa sector which will be the focus of the next Partnership Meeting in Brussels on October 14 and 15, 2009.

#### About the World Cocoa Foundation

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

#### **ADM Completes Acquisition of German Chocolate Maker Wisconsin Ag Connection**

06/01/2009

Archer Daniels Midland Company announced that it has completed the acquisition of the Schokinag-Schokolade-Industrie Herrmann GmbH & Co. KG, following approval by relevant antitrust authorities. The acquisition was announced on January 23. ADM Schokinag, headquartered in Mannheim, Germany, and one of Europe's leading producers of industrial chocolate and cocoa powder, has manufacturing facilities in Mannheim and in Manage, Belgium, as well as sales offices in Ludlow, England; and Bakersfield, Calif. "This acquisition is an important step in expanding ADM's global presence in industrial

chocolate manufacturing and enables us to more fully meet our customers' needs across the entire cocoa and chocolate value-chain," said Scott Walker, managing director, ADM Cocoa International.

ADM Cocoa now has manufacturing capabilities to produce chocolate and cocoa products in Germany, Belgium, United Kingdom, The Netherlands, Cote d'Ivoire, Ghana, Singapore, Brazil, Canada and the United States.

### **DJ Barry Callebaut Cameroon Buys 25,132 Tons Cocoa Beans Aug-Apr Trading Markets (press release)**

By Emmanuel Tumanjong, contributing to Dow Jones Newswires;  
June 01, 2009

YAOUNDE, Cameroon, Jun 01, 2009 (Dow Jones Commodities News via Comtex) -- BYCBF | Quote | Chart | News | PowerRating -- Cocoa grinder Societe Industrielle Camerounaise, or Sic Cacao SA, the local affiliate of Switzerland-based Barry Callebaut AG (BARN.EB), bought 25,132 metric tons of cocoa beans between August and April for crushing, up from 20,028 tons bought during the same period a year earlier, statistics published Monday by the country's commodity watchdog, the National Cocoa and Coffee Board, showed. Cameroon's cocoa season officially runs from August through July of each year.

Barry Callebaut owns 70% of Sic Cacao SA, which has an annual grinding capacity of 30,000 tons of cocoa beans, while Cameroon's government and private local investors control the rest. Sic Cacao is investing more funds to increase its crushing capacity. Barry Callebaut Cameroon bought 21,000 tons of cocoa beans for processing in the 2007-08 season, down from 21,865 tons in the previous season, government and industry data show.

### **Cadbury to make India its regional cocoa centre indiaretailing.com**

02 Jun 2009



Cadbury intends to pursue growth in the Indian chocolate market, with plans to make the country a regional cocoa centre, as per media reports. "India, part of Cadbury's Asia business unit, will become a regional centre for cocoa production," a spokesperson for the company, was quoted as saying.

"India is a strong growth market. We have profit growth of 20 percent a year and sales growth of 30 percent a year. We want to build on this strength," the spokesperson further said.

By making India a regional centre for cocoa production, Cadbury hopes to drive efficiency and sales gains in the market, the

spokesperson added. The company hopes to source all of its beans for the Indian market domestically by 2015 in order to counter hefty import duties, the company confirmed.

### **Barry Callebaut Negotiations with Natra Regarding Combination of European Consumer Chocolate Businesses on Track**

Source: Barry Callebaut AG  
03/06/2009

Zurich, Switzerland, June 2, 2009 - As communicated earlier, Barry Callebaut, the world's leading manufacturer of high-quality cocoa and chocolate products, is negotiating with Spanish Natra S.A. the combination of their European Consumer chocolate businesses to create Europe's leading private label chocolate producer (see also press release of March 3, 2009). Following the signing of a Memorandum of Understanding Barry Callebaut and Natra are now negotiating the binding terms and conditions of the business combination and ancillary agreements.

On the occasion of Natra's annual general meeting of shareholders scheduled to take place on June 30, 2009, Natra will propose to its shareholders several measures in view of the envisaged transaction with Barry Callebaut. For the time being, Natra's proposals to its shareholders do not reflect any binding agreement between the two parties.

The listed holding company Natra S.A. plans to form two sub-holdings organized by lines of business. The first sub-holding, Natra Chocolates, would group all cocoa- and chocolate-related activities, while the second one, Natra Participaciones, would include all other investments, mainly the shares in Natraceutical and in the winery Torre Oria. The two parties currently envisage combining their European Consumer businesses in Natra Chocolates, of which Barry Callebaut would become an important minority shareholder. Appropriate minority protection rights for Barry Callebaut are being negotiated. This will include the right of Barry Callebaut to convert its participation in Natra Chocolates into shares of the listed holding company, Natra S.A., at any time within six years.

The negotiations are on track and are scheduled to be concluded by the end of June 2009. The signing and closing of the transaction will be subject to a number of conditions and approvals, including approval of the competent organs of the two parties, of all relevant authorities and secured financing. Subject to these conditions, the transaction is expected to be effective as of the beginning of September 2009.

### **New Claudio Corallo shop brings excellent chocolate to Ballard**

Examiner.com

By Kate Opatz

June 2, 2009



#### **Claudio Corallo chocolat**

The shop is easy to miss even when you're looking for it. A small sandwich board sits on the Ballard sidewalk and a small orange banner waves in the wind over the door. There's no glamorous store front like at Fran's, nor emanating smells like at the Chocolate Box. Upon entering the store, one finds just a display case and a cash register.

This is one of the very few retail stores of chocolate company Claudio Corallo, where everything is small. The plantation where the cacao beans are grown and turned into chocolate is on Sao Tomé and Príncipe, two tiny islands and the second smallest African country. Corallo is from Florence, Italy, and first began growing coffee before

moving on to chocolate, using the original strain of cacao found on the islands rather than a hybrid.

Every step of the chocolate process is done meticulously. At the store, the woman in charge showed me a dried cacao bean. She peeled the outer shell of and crunched the cocoa nibs in her palm. From among them, she removed one tiny stem, which is taken out of each bean Corallo makes into chocolate, as it imparts unwanted tannin.

I'd first become aware of the chocolate after a meal at Spinasse. The only dessert option after a big meal of pasta and meat was Claudio Corallo chocolate, unadorned and perfect.

Samples of every product are offered at the store. Both ginger and orange are fantastic, but it's the 80 or 100% bars that truly reveal the extremely high quality of the chocolate and the huge amount of care that goes into it. A 3 1/2 oz package is 12 or 13 dollars, understanding the process behind it makes the price seem more than reasonable.

### **Cameroon Cocoa-Coffee Information Plan Launched**

Source: Reuters

03/06/2009

Yaounde, June 2 - Cocoa and coffee farmers in Cameroon will soon benefit from a modern market information system aimed at making the industry more profitable for farmers who now face middlemen taking a large share, officials said. The Infoshare system, initially planned in 2005 but launched late last week, will relay data on production, quality and international as well as local prices to farmers using the internet, mobile phones and local radio stations.

Cameroon, now the world's fifth largest cocoa producer, liberalised its coffee and cocoa sectors in 1993. The collapse of the marketing board allowed middlemen to move in and profit from lack of information about the market. "These people buy produce from growers at very low prices and sell to exporters five times higher," said Michael Ndoping, general manager of Cameroon's National Cocoa and Coffee Board, as he presented the initiative to farmers and exporters. "Infoshare will collect data on production, quality and prices within and outside the country, computerise (them) and disseminate to all parts of the country....," he added.

The Infoshare system aims to build a network of some 65 community and rural radio stations broadcasting in a range of local dialects across Cameroon. "In this way, we believe cocoa and coffee farmers will earn more money which will encourage them to produce so as to continue to make and more money," Ndoping said.

Initial estimates by the United Nations Conference on Trade and Development (UNCTAD), which has helped develop the scheme, estimated that greater market transparency would enable small-scale farmers to increase their returns by 10-15 percent. "Cameroon was chosen to host the pilot project because it is a major producer of the crops," said Olivier Combe, UNCTAD's representative in Cameroon. "If good results are obtained here, the project will be replicated in other (central African) countries, and why not, Africa as a whole," he added.

Cameroon currently produces around 190,000 tonnes of cocoa beans every year but Ndoping told Reuters earlier this year that the country aims to increase output to around 300,000 tonnes within five years.

## **Fuel and cocoa smuggling activities hit Juaboso, Bia districts**

### **Ghanaian Chronicle**

By Alfred Adams, Sefwi Wiawso

June 05, 2009

COCOA and fuel smuggling activities are reported to have hit the Juaboso and Bia districts of the Western Region. Information reaching this paper indicates that Ivorian nationals have been crossing the border to buy the commodity and smuggle it back into their country.

The District Chief Executive (DCE) for Bia, Mr. Francis Kottoh, who confirmed the smuggling of the fuel by the Ivorian nationals, told this paper that the District Security Council (DISEC) sat on the matter yesterday, and had devised measures to stop the practice. The DCE, who would not tell this reporter the measures put in place by DISEC for security reasons, added that the DISEC was in full control of the situation now.

On the issue of cocoa smuggling by indigenes of Bia and Juaboso to Ivory Coast for sale, DCE Kottoh told this paper he was not aware of the problem. According to him, his men were absolutely in control of smuggling activities, and if something of that sort had cropped up, he would have been in the know. Yet, credible information available to this paper indicates that some cocoa farmers in the remote villages of the Juaboso and Bia Districts are engaged in massive cocoa smuggling activities to neighbouring Ivory Coast for sale, on the blindside of our country's security services.

Information has it that the smuggling of the commodity is perceived to stem from the depreciation of the local currency against the dollar. Currently, a bag of cocoa is sold in Ghana for GH¢102. The cocoa farmers engaged in the smuggling exercise come from villages such as Bonsu-Nkwanta, Osei-Kwadwokrom, Adama and Africa.

A Ghanaian native, who plies his trade in Abidjan, commercial capital of the Ivory Coast, and native of Sefwi, who did not want to be named, confirmed the story, and told this reporter that he had been seeing some of the local cocoa farmers in the Sefwi smuggling their cocoa to the aforementioned country to sell. According to him, the farmers fearing they would be arrested in their smuggling exercises do not use the border, but rather use artificially created routes. What this means is that officials of the Customs Excise and Preventive Service (CEPS) do not have any idea about the smuggling exercise.

The Sefwi Anwiaso Coordinator of the Cocoa Mass Spraying Exercise, when contacted, denied knowledge of the smuggling exercise engaged in by the farmers, and referred this reporter to the DCE.

## ***Labour Issues***

### **Ghana: Child Protection Committee Inaugurated**

AllAfrica.com

By Sebastian R. Freiku

2 June 2009

Kumasi — A six-member Ahafo Ano North District Child Protection Committee, headed by the local Social Welfare Officer, Mr. Anthony Obeng, has been inaugurated at Tepa to supervise community child protection set ups with the aim of reducing the practice of child labour in the cocoa industry.

The District Chief Executive (DCE), Mr. David Amankwa, said at the inauguration, that about 47 cocoa districts out of the 64 were expected to be covered by the National Programme for the Elimination of Child Labour in Cocoa at the close of the year. He urged members of the community child protection units to work hard towards achieving the objective of the project. Mr. Amankwa presented eight bicycles and motorbike to the various communities to ensure effective supervision of the programme.

The District Co-ordinating Director, Mr. Annin Yeboah, reminded members of local child protection units of the need to work towards guarding against a possible ban on Ghana's cocoa from the international market due to prevalent child labour, and called on the various communities to monitor the project.

The District Planning Officer, Mr. Ted Oppong, indicated that child labour in cocoa farms was expected to reduce by 2011, following the creation of awareness and education of stakeholders. According to him, the committee would collaborate with chiefs and opinion leaders to formulate regulations to champion the cause of reducing or eliminating child labour in the cocoa industry in the district.

## ***Environmental Issues***

*Research & Development*

*Promotion & Consumption*

*Others*

## **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 climbs to nearly three-year high**

LONDON (June 02, 2009): Arabica coffee futures on ICE rose to a nine-month peak on Monday and white sugar in London climbed to the highest level in nearly three years, boosted by fund buying across commodity markets and a weak dollar. cocoa prices were mixed with the strength of sterling against the dollar weighing on prices in London.

### **US MIDDAY: coffee, cocoa and sugar up**

NEW YORK (June 02, 2009): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Monday. July arabica coffee contract jumped 3.85 cents or 2.8 percent to \$1.4125 per lb at 11:11 am EDT (1511 GMT). Session range from at \$1.3665 to \$1.4275, the highest for the spot-month contract since September 5, 2008. Market jumped to a nine-month high as new-month fund buying triggered buy-stops in light dealings.

### **London coffee, sugar down; cocoa up**

LONDON (June 03, 2009): Arabica coffee futures turned slightly lower after touching a new nine-month high on Tuesday as the market looked to consolidate after the recent run-up driven by a weak dollar and fund buying, dealers said.

### **US MIDDAY: cocoa, coffee and sugar down**

NEW YORK (June 03, 2009): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Tuesday. July arabica coffee contract slipped 0.15 cent to \$1.4210 per lb at 11:05 am EDT (1505 GMT). Session range from at \$1.40 to \$1.4290. July raw sugar contract fell 0.12 cent to 15.73 cents per lb at 11:05 am.

### **cocoa gains, sugar plummets in London**

LONDON (June 04, 2009): White sugar futures fell sharply on Wednesday, well below Monday's contract high, driven by a stronger dollar, while raw sugar and coffee futures corrected down from recent peaks. September cocoa futures on ICE completely turned around from earlier losses to hit the highest level in nearly two months prompted by arbitrage buying, dealers said.

### **US MIDDAY: Coffee, sugar tumble, cocoa up**

NEW YORK (June 04, 2009): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Wednesday. July arabica contract fell 2.55 cents or 1.8 percent to \$1.3945 per lb at 11:04 am EDT (1504 GMT). Session range from \$1.3885 to \$1.4225. July raw sugar contract dropped 0.58 cent or 3.8 percent to 14.86 cents per lb at 11:05 am. Ranging 14.83 to 15.47 cents.

### **Sugar recovers, coffee higher in London**

LONDON (June 05, 2009): Raw and white sugar futures recovered on Thursday after falling sharply during the previous session, bolstered by a slightly weaker dollar, dealers said. cocoa futures on ICE sank after a run-up to a two-month high on Wednesday. Robusta and arabica coffee futures inched higher on the dollar, dealers said.

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

NEW YORK (June 05, 2009): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Thursday. July arabica coffee contract rose 0.55 cent to \$1.3890 per lb at 11:02 am EDT (1502 GMT). Session range \$1.3605 to \$1.3950. July raw sugar contract gained 0.11 cent to 15 cents per lb at 11:03 am. Ranging from 14.97 to 15.18 cents. Benchmark September cocoa contract fell \$36 to \$2,721 per tonne at 11:04 am.