

# COPAL COCOA *Info*

*A Weekly Newsletter of Cocoa Producers' Alliance*



Issue No. 339

8<sup>th</sup> – 12<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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- LONDON (LIFFE) FUTURES MARKET UPDATE
- 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)
8 <sup>th</sup> June	1808.16	2763.85	1762.67	2713.33
9 <sup>th</sup> June	1851.09	2839.44	1779.00	2786.67
10 <sup>th</sup> June	1847.27	2853.18	1782.00	2797.33
11 <sup>th</sup> June	1875.78	2892.67	1780.67	2841.00
12 <sup>th</sup> June	1843.64	2845.73	1756.67	2790.67
Average	<b>1845.00</b>	<b>2839.00</b>	<b>1772.00</b>	<b>2786.00</b>

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

**Monday 8th June 2009**

Month	Opening Trans	Settle	Change	Daily High	Daily Low	Volume
Jul 2009	1760	1764	0	1786	1751	3,442
Sep 2009	1769	1765	-2	1786	1754	3,987
Dec 2009	1760	1759	-1	1775	1747	656
Mar 2010	1750	1751	1	1767	1736S	306
May 2010	1750	1748	2	1761S	1740	189
Jul 2010	1754	1747	-1	1757	1749	215
Sep 2010	1755	1749	0	1759	1746S	89
Dec 2010	1761	1754	0	1765	1759	52
Mar 2010		1758	-2			0
May 2011		1768	-2			0
<b>Average/Totals</b>		<b>1756</b>				<b>8,936</b>

**Tuesday 9th June 2009**

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul 2009	1767	1780	16	1790	1760	1,501
Sep 2009	1773	1782	17	1793	1761	3,955
Dec 2009	1762	1775	16	1786	1755	1,775
Mar 2010	1748	1765	14	1775	1747	879
May 2010	1750	1760	12	1763	1750	157
Jul 2010	1755	1759	12	1762	1753S	17
Sep 2010		1761	12			0
Dec 2010		1765	11			0
Mar 2011		1769	11			0
May 2011		1779	11			0
<b>Average/Totals</b>		<b>1781</b>				<b>8,284</b>

**Wednesday 10th June 2009**

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul 2009	1789	1779	-1	1798	1753	4,570
Sep 2009	1794	1787	5	1801	1762	5,189
Dec 2009	1784	1780	5	1790	1755	2,261
Mar 2010	1770	1767	2	1772	1743	1,234
May 2010	1768	1762	2	1768	1740S	24
Jul 2010	1744	1760	1	1760	1740S	610
Sep 2010	1770	1762	1	1770S	1741S	509
Dec 2010	1756	1766	1	1756S	1756S	26
Mar 2011		1769	0			0
May 2011		1779	0			0
<b>Average/Totals</b>		<b>1771</b>				<b>14,423</b>

**Thursday 11th June 2009**

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul 2009	1778	1774	-5	1785	1759	4,449
Sep 2009	1786	1786	-1	1795	1772	6,433
Dec 2009	1780	1782	2	1789	1766S	1,987
Mar. 2010	1769	1772	5	1771	1755	354
May 2010	1762	1772	10	1769	1753	132
Jul 2010	1759	1772	12	1770	1758	22
Sep 2010		1771	9			0
Dec 2010		1774	8			0
Mar 2011		1774	5			0
May-11		1784	5			0
<b>Average/Totals</b>		<b>1776</b>				<b>13,377</b>

**Friday 12th June 2009**

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul 2009	1767	1750	-24	1777	1740	2,639
Sep 2009	1779	1760	-26	1789	1752	4,382
Dec 2009	1773	1760	-22	1783S	1752	2,312
Mar 2010	1769	1749	-23	1772	1743S	831
May 2010	1757	1747	-25	1769	1757	302
Jul-10	1761	1747	-25	1766	1754	287
Sep 2010	1763	1746	-25	1766	1733	136
Dec 2010	1772	1752	-22	1772	1749	20
Mar 2011		1749	-25			0
May-11		1759	-25			0
<b>Average/Totals</b>		<b>1752</b>				<b>10,909</b>

<b>Average for the week</b>	<b>1752</b>				<b>11186</b>
					<b>55,929</b>

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

**Monday 8th June 2009**

Month	Open	Price	Change	High	Low	Volume
Jul 2009	2704	2699	-8	2726	2672	5,985
Sep 2009	2710	2714	-11	2740	2689	6,618
Dec 2009	2720	2723	-11	2746	2700	813
Mar 2010	2705	2723	-9	2745	2705	403
May 2010	2731	2720	-7	2738	2710	55
Jul 2010	2720	2725	-7	2733	2719	89
Sep 2010	2739	2727	-7	2743	2727	79
Dec 2010	2739	2737	1	2747	2734	40
Mar 2011	0	2743	1	0	0	0
May 2011	0	2743	1	0	0	0
<b>Average/Totals</b>		<b>2728</b>				<b>14082</b>

**Tuesday 9th June 2009**

Month	Open	Price	Change	High	Low	Volume
Jul 2009	2714	2768	69	2783	2703	8,523
Sep 2009	2724	2788	74	2802	2717	11,133
Dec 2009	2735	2798	75	2807	2735	1,322
Mar 2010	2754	2802	79	2804	2754	743
May 2010	2756	2798	78	2797	2756	92
Jul 2010	2799	2804	79	2799	2798	15
Sep 2010	2805	2806	79	2805	2802	11
Dec 2010	2805	2813	76	2805	2805	1
Mar 2011	0	2819	76	0	0	0
May 2011	0	2819	76	0	0	0
<b>Average/Totals</b>		<b>2731</b>				<b>21840</b>

**Wednesday 10th June 2009**

Month	Open	Price	Change	High	Low	Volume
Jul 2009	2741	2763	-5	2800	2734	7,894
Sep 2009	2772	2788	0	2822	2754	10,921
Dec 2009	2800	2801	3	2830	2767	1247
Mar 2010	2800	2809	7	2800	2800	403
May 2010	0	2810	12	0	0	92
Jul 2010	0	2814	10	0	0	15
Sep 2010	0	2815	9	0	0	11
Dec 2010	0	2824	11	0	0	1
Mar 2011	0	2830	11	0	0	
May 2011	0	2830	11	0	0	
<b>Average/Totals</b>		<b>2808</b>				<b>20584</b>

**Thursday 11th June 2009**

Month	Open	Price	Change	High	Low	Volume
Jul 2009	2758	2813	50	2823	2758	6,812
Sep 2009	2788	2843	55	2858	2780	13,540
Dec 2009	2805	2862	61	2878	2793	3,441
Mar 2010	2803	2866	57	2880	2803	860
May 2010	2800	2863	53	2865	2800	237
Jul 2010	2829	2867	53	2861	2829	31
Sep 2010	2828	2866	51	2834	2828	21
Dec 2010	0	2876	52	0	0	0
Mar 2011	0	2882	52	0	0	0
May 2011	0	2882	52	0	0	0
<b>Average/Totals</b>		<b>2862</b>				<b>24942</b>

**Friday 12th June 2009**

Month	Open	Price	Change	High	Low	Volume
Jul 2009	2801	2761	-52	2805	2743	6,490
Sep 2009	2830	2798	-45	2842	2782	13,049
Dec 2009	2856	2817	-45	2858	2801	3441
Mar 2010	2851	2818	-48	2855	2805	860
May 2010	2837	2818	-45	2837	2803	236
Jul 2010	2836	2821	-46	2838	2815	31
Sep 2010	2838	2822	-44	2838	2819	21
Dec 2010	2850	2831	-45	2850	2817	
Mar 2011	0	2837	-45	0	0	
May 2011	0	2837	-45	0	0	
<b>Average/Totals</b>		<b>2816</b>				<b>24128</b>

<b>Average for the week</b>	<b>2822</b>				<b>6032</b>
					<b>6032</b>

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

	8 <sup>th</sup> June	9 <sup>th</sup> June	10 <sup>th</sup> June	11 <sup>th</sup> June	12 <sup>th</sup> June
Main Crop Ghana, Grade 1	3177	3246	3256	3316	3264
Main Crop Ivory Coast, Grade 1	3012	3081	3080	3128	3076
Main Crop Nigerian, 1	2992	3061	3065	3113	3061
Superior Arriba	2829	2898	2886	2945	2893
Sanchez f.a.q	2881	2950	2940	2995	2843
Malaysian 110	2682	2751	2750	2800	2748
Sulawesi f.a.q	2737	2806	2806	2860	2808
Ecuador Cocoa Liquor	4273	4383	4375	4454	4372
Pure Prime Press African Type Cocoa Butter	6001	6154	6217	6310	6194
10/12% Natural Cocoa Press Cake	2231	2288	2238	2241	2200

Source: Cocoa Merchant Association

# News

## ***Health and Nutrition***

### **The darker the chocolate, the more caffeine it has - You Docs**

The Plain Dealer - cleveland.com

June 09, 2009

Michael Roizen, M.D. and Mehmet Oz, M.D. How much caffeine is in dark chocolate? Enough to keep me up at night? How does the caffeine get in there, and does all chocolate have it? Ah, chocolate. As it delivers its blood pressure-lowering polyphenols called flavonoids and its ability to help lower lousy LDL cholesterol, it also delivers some caffeine. The cacao bean, the source of edible chocolate, is one of many naturally caffeinated plants. (You probably know some of the others: coffee beans, tea leaves and kola nuts . . . yes, that brand could have been Koka Kola.) Only white chocolate is considered caffeine-free, because it doesn't contain cocoa solids or

### THE YOU DOCS

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Only white chocolate is considered caffeine-free, because it doesn't contain cocoa solids or "nibs." But beware; white chocolate often is made with aging milk and trans fats. If your heart is set on the classic, it knows what it's doing. That said, the darker the chocolate, the higher the caffeine. Why? Because it takes more cocoa solids to make the chocolate darker. The more cocoa solids, the more caffeine.

How much caffeine are we talking about? About 1.5 ounces of Hershey's milk chocolate has 9 milligrams of caffeine, but about the same amount of Hershey's Special Dark has more than triple that: about 30 milligrams. Compare that with a 12-ounce can of diet cola (35 to 45 milligrams) or an 8-ounce cup of coffee (about 135 milligrams) or tea (40 to 50 milligrams).

The average U.S. adult downs about 200 milligrams of caffeine per day and 300 milligrams per day is considered "moderate," so you shouldn't worry too much about the caffeine in that dark chocolate bar - unless you're planning on eat ing a half- dozen of them.

What are the five most important things I can do to stay healthy? I'm 83 years old and can't do 149 things.

You don't have to do 149 things, no matter your age. Start with these, and you'll see and feel big benefits in no time.

1. Know that you get a do-over. It's never too late to make lifestyle changes that have a huge impact on your health.

2. Start walking 30 minutes a day. Can't do that much? Start where you can and progress to the full 30 minutes; just don't add more than 10 percent more time or distance in any week.

3. Get a buddy. Calling your buddy to say that you walked is just as important as - and maybe more important than - walking itself. This helps you manage stress and stay on track with healthy behaviors, partly because the people you surround yourself with define your health and who you are. Often, we choose our spouse as our buddy, and that makes sense: You have to care about your buddy. The bonus: That bond results in intimacy, which also helps your health.



4. Avoid foods that age you. Saturated fat; hydrogenated fats; simple sugars (those ending in "-ose," like sucrose, glucose, maltose and fructose) or sugar alcohols that end in "-ol"; syrups, like malt or rice or corn; and any non-100 percent whole grain, such as bleached or enriched flour, plus anything with 4 or more grams of sugars per serving.

5. Take your pills. We don't just mean prescription pills. With your doctor's permission, you also should consider popping 2 grams of omega-3 fatty acids (or 600 milligrams of vegetarian DHA); 1,000 IU (international units) of vitamin D3; 600 milligrams of calcium and 200 milligrams of magnesium (twice a day); two baby aspirin; a spore probiotic capsule; and 300 milligrams of coenzyme Q10. To submit questions and find ways to grow younger and healthier, go to RealAge.com, the You Docs' online home.

#### **Chocolate can help lower blood pressure and bad cholesterol, but it also delivers caffeine**

The Plain Dealer - cleveland.com

By Dr. Michael Roizen and Dr. Mehmet Oz/King Features Syndicate

June 09, 2009

Dr. Michael Roizen, right, and Dr. Mehmet Oz.

Question: How much caffeine is in dark chocolate? Enough to keep me up at night? How does the caffeine get in there, and does all chocolate have it?

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Health Tip of the Week: Vinager is good for diabetics

You use it to make windows and mirrors sparkle, to restore shine to your hair, to add extra zing to your endive and watercress salad and whatever else you can think of. But vinegar-- the Swiss Army Knife of household products -- has another important use: keeping blood sugar stable.

Consuming two tablespoons of vinegar at or near the start of a meal may clamp down on blood-sugar spikes from eating starchy carbs like potatoes and pasta. The vinegar slows absorption of the sugar from these foods by delaying stomach emptying, and it also makes insulin more effective.

Insulin is like a mailman taking the glucose mail from your bloodstream and putting it into your cellular mailbox. Both effects -- slower absorption into your bloodstream, and faster removal of sugar from your blood into cells -- keep blood-sugar levels lower and more stable in diabetics.

Keeping blood sugar from surging can even cut your diabetes risk in the long run. There are quick-return benefits, too, including stymieing hunger pangs. That keeps pounds off, which makes your insulin mailman even more effective at getting sugar out of blood and into cells. That, in turn, keeps your energy level up, making it more likely you'll stay physically active (which cuts diabetes risk, too). So try splashing new potatoes and vegetables with red-wine vinegar instead of mayo. Or start a meal with a mix of fresh greens and vegetables dressed in oil and vinegar.

Dr. Michael Roizen is chief wellness officer at the Cleveland Clinic and co-founder and chairman of the RealAge Scientific Advisory Board. Dr. Mehmet Oz is a professor and vice chairman of surgery at Columbia University, as well as medical director of the Integrated Medicine Center and director of the Heart Institute at New York Presbyterian/Columbia Medical Center. To submit questions and find ways to grow younger and healthier, go to RealAge.com, The You Docs' online home. See more in The You Docs

## **Production & Quality**

### **Nigerian Cocoa Farmers Expect Light Crop to Increase By 30%**

Bloomberg

By Vincent Nwanma

June 11, 2009

(Bloomberg) -- Nigerian cocoa farmers expect to harvest 30 percent more beans from this year's light crop after good rainfall in the growing regions. "The rain started early in January this year, and since then, we had at least two heavy downpours every month," Neji Abang, general secretary of the Cocoa Association of Nigeria, said by phone today from Calabar, in southern Nigeria. "We used to have months that we called the dry season, but this year it has been raining throughout."

The crop responded to the high rainfall by flowering well, Abang said. "If there is rainfall, with the help of the wind, pollination takes place faster," he said.

Nigeria is the world's fourth-largest producer of cocoa, with output of 400,000 metric tons a year. The crop is the West African country's second-largest foreign-exchange earner after crude oil, Agriculture Minister Abba Ruma said in April.

Cocoa for July delivery, the most actively traded contract, fell 5 pounds, or 0.28 percent, to 1,774 pounds (\$2,918) a metric ton as at 12.43 on the Liffe exchange in London.

Akinwale Ojo, a former executive secretary of the cocoa association, who now farms in Akure, western Nigeria, said the rain was well distributed this year.

David Onyenweaku, an 82-year-old grower in Umuahia in eastern Nigeria, said he expected to produce as much as 50 percent more beans this year. The farm is the biggest in the region, covering an area of 1,000 hectares (2,471 acres), Onyenweaku said. "Where I harvested 10 metric tons last year, I could get between 13 and 15 tons this year," Onyenweaku said in a phone interview.

#### Extended Harvest

The so-called light crop, which runs from August to May and accounts for a third of total annual output, may extend to the end of June this year, Onyenweaku said. If that happens, it may delay the onset of the main-crop season.

#### Revitalizing the cocoa sector

radiojamaica.com

11 June 2009

The Government is taking steps to restructure Jamaica's ailing cocoa industry in a bid to maximize its foreign exchange earning potential. A recent USAID sponsored study conducted on the challenges facing the sector revealed that deregulation was necessary for a return to profitability. In light of this Agriculture Minister Dr. Christopher Tufton says Cabinet has approved the commercial and regulatory functions of the Cocoa Industry Board.

Under the new structure, the commercial arm will focus on purchasing, processing and trading of locally grown cocoa beans on the domestic and international market. According to the Ministry, this will open up opportunities for investors in the private sector to partner directly with local producers to stimulate expansion of the industry and the introduction of more value-added output. In addition, the Agriculture Ministry says the regulatory arm of the Cocoa Industry Board is also to be re-organised through the implementation of a seven-year, cocoa rehabilitation programme. A restructuring committee to be headed by attorney Kent Gammon has already been appointed to oversee the process.

#### N5m revolving fund for Kwara cocoa farmers

##### Triumph

By YUSUF ABU, Ilorin

June 11, 2009

Kwara state government has released over N5m as revolving fund for the procurement of cocoa inputs and other agro chemicals to farmers in the state. The state deputy governor, Chief Jeol Ogundeji dropped the hint in Ilorin during the official presentation of the awards of the fifth National Cocoa Essay Competition to winners from the state.

The deputy governor equally disclosed that the government under its rehabilitation and regeneration programme of Cocoa industry had established 110 cocoa nurseries to raise improved variety seedlings. He said this has led to the distribution of two million cocoa seedlings free of charge to cocoa farmers in the state. Ogundeji urged youths to go into cocoa production as a way of cushioning the effect of the global unemployment problem, adding that cocoa farming had now become a major income earner for many nations of the world. He commended the students who brought laurels to the state in the national competition held last April in Abia state.

Earlier, the state commissioner for agriculture and natural resources, Pro. Yisa Gana had said that the excellent performance of Kwara contingents to the competition was an indication of the achievements of the government

in the transformation of the state's agricultural sector. Gana disclosed plans by the government to transform agricultural practice from subsistence to commercial level as been done in Shonga by the white farmers.

The two students who won awards at the Agric Competition in Abia state, Garuba Khadihjat of Unilorin Secondary School and Adegoke Rilwan of Ilorin Comprehensive Secondary School were decorated by the deputy governor for their brilliant efforts and for making the state proud.

### **Restructuring to boost cocoa industry**

Jamaica Gleaner

June 13, 2009

Attorney-at-law Kent Gam-mon is to lead a committee charged with restructuring the island's cocoa industry. The industry is to be deregulated to allow for more private-sector involvement.

The Government took the decision to deregulate the industry based on recommendations made by the United States Agency for International Development, in a recently concluded study. Agriculture Minister Dr Christopher Tufton says the move will create an environment for more private-sector involvement to assist in improving production as well as to develop value-added products.

Dynamic sector

"What we hope to come out of the process is a more dynamic sector that is characterised by private capital and initiative and innovation," says Dr Tufton. "And it hopefully will lead to the expansion of the industry which is what we are hoping to achieve." He says the new measure will also give extensive support to the exportation of cocoa.

Meanwhile, the Government has appointed retired banker, Al Webb, to lead a team to manage the divestment of the Wallenford Coffee Company.

Cabinet recently approved the transfer of assets from the Coffee Industry Board to Wallenford to clear the way for its divestment. The divestment of the company was announced by Dr Tufton last year, but the process stalled because there was no agreement to allow for the transfer of the Coffee Industry Board's commercial assets to Wallenford.

### **The Market**

#### **US cocoa at 9-1/2 month top, but rest muted**

guardian.co.uk

By Rene Pastor and Sharon Lindores

June 11 2009

NEW YORK/LONDON, June 11 (Reuters) - Cocoa prices in New York powered to a 9-1/2 month peak on Thursday due to fund buying inspired by a firm sterling, but the rest of the complex dawdled in consolidation business, brokers said. Jack Scoville, an analyst for brokers the Price Group in Chicago, said New York cocoa futures "blew some topside (automatic buy order) stops" over \$2,800 per tonne. But bean values could fall tomorrow if the overbought market gets hit by profit-taking.

A dealer in London said the background of "bullish indexes and the weaker dollar has supported the whole of New York," referring to gains in the Reuters-Jefferies CRB index. New York's September cocoa contract climbed \$55 to finish at \$2,843 per tonne, the strongest finish for the second position contract since August 29.

The strong pound weighed on London cocoa futures though. London's September cocoa contract slipped 1 pound to finish at 1,786 pounds per tonne.

#### **SUGAR AND COFFEE DRIFT IN RANGE-BOUND TRADE**

Sugar was little changed as the market consolidated further in a band, although analysts said the sweetener appears to be poised to mount a challenge of its recent highs. Traders said a source of strength for sugar is sturdy demand, especially from Asia, which more than offset a record cane crush in top producer Brazil. This

was emphasized by news that Russian sugar imports jumped in May to 348,800 tonnes from 2,662 tonnes in April after the country cut its import tariff, according to the Russian Sugar Producers' Union.

With demand in mind, Brazilian mills are ramping up sugar output with leading producer Cosan saying sugar's share in its crush may rise to 55 percent of the total. Sucden Financial said market focus is turning to delivery in the July raw sugar, which expires on June 30. Open interest in the contract stood at 184,976 lots. "One trade house is said to be keen to receive as what it gets from the 'tape' would be the cheapest sugar around," Sucden said in a report. New York's July raw sugar contract fell 0.03 cent to close at 15.35 cents per lb. London's August white sugar contract lost \$4 to end at \$437.50 a tonne.

Coffee prices were mixed, with arabicas getting a boost from a weak dollar. A London-based dealer said outside inputs will dictate movements in the market for now. New York's July arabica contract rose 1.25 cents to settle at \$1.337 per lb. London's September robusta coffee contract shed \$3 to end at \$1,547 per tonne. (Additional reporting by Marcy Nicholson in New York; Editing by Marguerita Choy) (rene.pastor@thomsonreuters.com; +1 646 223 6047; Reuters Messaging: rene.pastor.reuters.com@reuters.net) (For help: Click "Contact Us" in your desk top, click here HELP] or call 1-800-738-8377 for Reuters Products and 1-888-463-3383 for Thomson products; For client training: training.americas@thomsonreuters.com ; +1 646-223-5546) For related news and prices, click on the codes in brackets: London robusta futures 0#LKD:> NY arabica futures 0#KC:> Global futures/spreads COFWLD> World cash prices 0#COFFEE NYMEX coffee 0#KT:> European physical COFFEE/EU Asian physical COFFEE/ASIA1 Arabica prices 0#COFFEE-ARA Intl Coffee Org 0#COFFEE/ICO New York certified coffee stocks COFFEE/NYC RELATED NEWS AND OTHER TOPICS All coffee news COF] All softs news SOF] All commodities news C] Weather news WEA] Foreign exchange rates FX=S> SPEED GUIDES COMMODS> COFFEE1> COFFEE/FUT1 COFFEE/CASH1 REUTERS>

### ***Processing & Manufacturing***

#### **Delfi Cocoa Europe's New Cocoa Processing Plant in Hamburg starts full commercial production**

Source: Petra Foods Limited

12/06/2009

Hamburg/Germany, 12 June 2009 - Delfi Cocoa Europe (a subsidiary of Petra Foods Limited, one of the world's major manufacturers and suppliers of cocoa ingredients and branded consumer confectionery products) announced that its new cocoa processing plant in Hamburg, Germany has officially commenced full commercial production.

The 110,000 metric tonne facility is the conclusion of a two-year investment program amounting to Euro 65 million. The original factory in Hamburg-Veddel has been transformed, using proprietary Petra Foods know-how and technology, into a state-of-the-art cocoa facility capable of processing more than 110,000 tons of cocoa beans, to produce the finest cocoa ingredient products. From just over 50 employees when the investment program began, the Hamburg factory is currently employing almost 200 people.

Delfi Cocoa Europe now has the capability of producing a range of superior and sophisticated cocoa ingredients (i.e. cocoa butter, cocoa liquor and cocoa powders) that will meet the stringent and exacting demands of Petra Foods' international and Europe based customers. To cater to the wide-ranging requirements of its customers, the Hamburg plant is capable of producing whole bean roasted or nib alkalized cocoa products.

In addition, the current configuration of the Hamburg plant provides flexibility for the production of certified cocoa products, such as selected ICCO and Rain Forest Alliance certified products, as well as tailor made cocoa liquor from single origin cocoa beans, if required.

Mr Marc Donaldson, President and Head of Delfi Cocoa Europe, said "With our Hamburg plant now in full commercial production, we believe that Delfi Cocoa Europe will add significant value to all our customers and play a critical role in their cocoa ingredients supply chain." Mr Marc Donaldson: "The Delfi Cocoa Group's innovative spirit, depth of experience and technical expertise in the cocoa industry are the core strengths that will drive the success of Delfi Cocoa Europe."

The factory has already been audited by Bureau Veritas in April 2009, and achieved the top certification for food processing, ISO 22000. Mr Donaldson further added, "For Hamburg, we have accumulated the efficient technology, the quality systems, and the procedures which are implemented in all other Delfi sites around the

world." The quality of its products and services has allowed the Delfi Cocoa Group to grow capacity-wise by an average 22 per cent every year since 2001 (compound annual growth rate).

#### ABOUT PETRA FOODS LIMITED

Listed on the SGX-ST since 5 November 2004, Petra Food Limited and its subsidiaries ("the Group") is one of the world's major manufacturers and suppliers for premium cocoa ingredients, namely cocoa powder, cocoa butter and cocoa liquor. The Group also manufactures and/or distributes branded consumer products, primarily chocolate confectionery products, for which it is the market leader in Indonesia. The Group has two business divisions, Cocoa Ingredients and Branded Consumer.

##### Cocoa Ingredients Division

The Group manufactures and sells cocoa ingredients, under the "Delfi" brand, to over 30 countries worldwide. Its major customers are international food and beverage companies such as Nestlé, Cadbury, the Mars Group, Arnott's, A.B. Foods, Barry Callebaut and the Meiji Group.

##### Branded Consumer Division

The Group manufactures and/or distributes branded consumer products that are sold in over 17 countries including Indonesia, Singapore, Malaysia, Hong Kong, Australia, Thailand, the Philippines and China. Petra Foods has an established portfolio of chocolate confectionery brands which are household names in Indonesia including 10 master brands and 20 key sub brands and manufactures over 300 stock keeping units. Its flagship brands in Indonesia include "SilverQueen" and "Ceres" that were introduced in the 1950s and "Delfi" in the 1980s. In addition, the Group also distributes a well-known portfolio of third party brands in Indonesia, Singapore and Malaysia.

Headquartered in Singapore, Petra Foods has seven cocoa processing facilities (located in Indonesia, Malaysia, the Philippines, Thailand, Brazil, Mexico and Germany), one cocoa butter facility (located in France), two chocolate confectionery production facilities (located in Indonesia and the Philippines) and a total staff strength of over 4,000.

### **Business and Economy**

#### **Cadbury redefines cheap Luxury**

*Marketing to India's Poor, Candy Maker Sells Small Bites for Pennies*

Wall Street Journal

By SONYA MISQUITTA

7<sup>th</sup> June, 2009

MUMBAI -- As more Indians begin to treat themselves to little luxuries, Cadbury PLC hopes to capture millions of new customers with chocolates that sell for a few pennies. The British candy maker has been in India for more than 60 years and dominates the chocolate market here. Still, less than half of India's 1.1-billion population has ever tasted chocolate. Traditional sweets or "mithai" still dominate the industry in India, where sweets are given and eaten at festivals.



Chocolate has already caught on within the increasingly affluent middle class. Cadbury's Indian chocolate sales have been growing by 20% a year for the past three years. Now, Cadbury is reaching out to lower-income consumers with cheaper products.

"We seek to reach out to all of those consumers that are away from the cities and to sell [small] piece products at low price points," said Todd Stitzer, Cadbury's CEO, in an interview. Its latest innovation designed for India is Cadbury

Dairy Milk Shots. The pea-sized chocolate balls have a sugar shell to protect them from the heat. They were launched this year and cost only two rupees, or about four U.S. cents, for a five-gram packet. Cadbury also sells

other candies, such as Eclair caramels, for two cents." It is a sort of temperature-friendly chocolate treat," said Mr. Stitzer of the Milk Shots. "It's priced at a lower range to make it more accessible."

India and other emerging markets are increasingly important for Cadbury as growth slows at home. Last year, emerging markets accounted for 35% of Cadbury's sales and around 60% of its sales growth, Mr. Stitzer said. "Emerging markets like India are a key growth driver," said Anand Kripalu, president of Cadbury Asia. Low prices are key, he says, to make chocolate more affordable to the average consumer. Cadbury began operations in India in 1947, importing milk chocolate bars. It wasn't until 1957 that it set up its first factory. Then, Cadbury was considered a luxury product purchased only by the elite.

Today, Sriram Singh, a night watchman for a building in Mumbai, can afford to buy chocolate. "I bought my daughter a Cadbury chocolate a few days ago because she did well in her exams," he said. He says he buys chocolate for his daughters as rare treats but prefers traditional sweets on special occasions.

India still has one of the lowest per capita consumption of chocolate in the world. According to Cadbury, the size of the Indian chocolate market is \$465 million in annual sales, compared with \$4.89 billion in Britain, which is one-tenth India's size. Cadbury estimates India's chocolate and confectionery market will grow at more than 12% every year.

Cadbury controls 70% of the chocolate market and 30% of the confectionary market in India, with combined sales of more than \$338 million, according to market research by ACNielsen. Nestlé of Switzerland has 25% of the country's chocolate market. Cadbury is seeking to extend its lead with heavy advertising. It is the 16th-largest advertiser in India, according to Cadbury's Sanjay Purohit, executive director for marketing, and has invested in its big brands like Cadbury Dairy Milk, Five Star and Perk chocolate bars while introducing new ones like Bournville dark chocolate.

To keep prices low, the company has had to shave costs. It has cut its work force in India by around 11% in the past five years, moved factories from high-cost locations around Mumbai and streamlined its supply chain. To slash its dependence on imported cocoa, it is also backing a nationwide push to increase cocoa production.

In Palamattom village in the southern Indian state of Kerala, Cadbury has set up a nursery where hundreds of thousands of cocoa saplings are grown. It is one of 20 such nurseries across southern India, from which saplings are transported to nearby farms for cultivation.

Cadbury encourages farmers to grow cocoa by providing them with saplings, technical expertise and advice on where they can get free government inputs like fertilizers. It later buys cocoa beans from the farmer. Called the Cadbury Cocoa Partnership, last year, five million cocoa saplings were planted in India. They plan to encourage farmers to plant another 7.5 million this year. The company plans to make India self-sufficient in cocoa production by 2015. Already Cadbury imports only 50% of its cocoa needs. Local cocoa costs around 30% less than imported cocoa because there is a 30% tariff on imports. "We are actually investing in India," Mr. Stitzer said. "We are minding our pennies but investing in growth and building." — Eric Bellman contributed to this article. Printed in The Wall Street Journal, page B4

#### **The challenge of fair-trade chocolate**

*Fair trade brought sweet success to Dominican cacao farmers. Why more demand might take profits away.*

Christian Science Monitor

By Moises Velasquez-Manoff

June 9, 2009

YAMASÁ, DOMINICAN REPUBLIC - For decades, the Dominican Republic exported tons of low-grade cacao, the chocolate bean, primarily to the United States for use in products like chocolate bars and powdered cocoa. Most of the profits from these sales flowed to a few Dominican companies, which dominated the industry. Relatively little trickled down to the island nation's tens of thousands of small-scale cacao farmers.





***Higher wages for fair-trade cacao beans help raise the wages of for workers like these Dominicans.***

So in the early 1980s, when a German technical-assistance group proposed improving the quality of Dominican cacao, government economist Isidoro de la Rosa embraced the plan – with a twist. Instead of implementing a centralized fermentation system to improve the chocolate, as the Germans proposed, he urged a decentralized approach. Associations of Dominican farmers would learn the fermentation process. An umbrella organization would sell directly to world buyers on their behalf.

From that seed of an idea has sprung a powerhouse. The National Confederation of Dominican Cacao Producers (CONACADO), formed in 1988, has 182 associations organized into eight regional blocks. With a 60 percent share, it's the biggest single exporter in the small but rapidly growing world market for organic cacao. And it has become a big player in another growing market: fair-trade certified chocolate.

Now, some wonder whether success is going to spoil CONACADO's recipe. As fair trade continues to grow, will its transition into the mainstream enhance its prospects – or prove it to be, ironically, unsustainable? "What we're seeing is rapid growth in demand, so there's ample room for increased production," says Laura Reynolds, codirector of Colorado State University's Center for Fair and Alternative Trade Studies in Fort Collins. But "as this market expands, does it begin to undermine the initial values that the movement seeks to espouse?" Ms. Reynolds doesn't think so, but others aren't so sure.

On an overcast March day in Yamasá, in a hilly region north of Santo Domingo, the sour smell of the white-fleshed cacao fruit pervades the air. Smoke rises from burning coconut husks, used to roast the cacao seeds. Young men, balancing 150-pound bags of cacao on their heads, make their way toward a warehouse of CONACADO'S Block 2. The piles of labeled sacks inside will end up in Europe, the US, and Japan.

From the beginning, Mr. de la Rosa knew that the farmers' only chance of entering the cacao trade directly lay in circumventing the Dominican middlemen who controlled access to the market. That meant moving into a different market entirely: high-quality chocolate in Europe.

Then, as world chocolate prices plummeted in the 1990s, CONACADO moved into the emerging organic market, where prices were substantially higher. By historical artifact, Dominican cacao farmers were perfectly positioned to enter the new niche market. Relatively poor, they had never adopted the pesticide- and fertilizer-intensive methods of modern agriculture. To go organic, they didn't have to radically alter their farming practices, says Reynolds. Initially, they profited from being the first in the organic market, but as competitors emerged, CONACADO needed a new edge.

Already organized as a cooperative, CONACADO found its new advantage in fair trade – by definition off limits to large commercial producers. The idea behind fair trade: Buyers in the developed world agree to pay at least a guaranteed minimum price to small producers of coffee, bananas, and other exports from the developing world. The built-in floor to prices theoretically protects farmers from being wiped out by major market fluctuations.

Depending on the market, the fair-trade guarantees can translate to substantially higher-than-market selling prices. In 2001, for example, a ton of fair-trade cacao, which has a floor price of \$1,600, fetched nearly double the market average of \$894. "That's an effect that you recycle," says Abel Fernandez, CONACADO's export manager. "You make investments, improve your quality. You have a greater volume of higher-quality stuff. And you make more investments."

Fair trade also includes a social premium: \$150 extra per ton earmarked for investment in social infrastructure. In the past eight years, CONACADO has put \$500,000 annually toward schools, medical clinics, wells, and plumbing. "You can imagine what a difference that makes," says Mr. Fernandez.

Fair-trade labels first began appearing in the late 1980s, when plummeting commodities prices were wreaking havoc in developing economies. Although still a small portion of the overall market, the fair-trade sector has



grown rapidly. Fairtrade Labeling Organizations International (FLO) certified more than \$3.62 billion worth of products in 2007, a 47 percent increase over 2006. But continued success even in the fair-trade marketplace isn't guaranteed, says Raynolds. The mainstreaming of a niche market can change it dramatically. In the organic banana market, for example – the Dominican Republic is also the world's largest single producer of organic bananas – the mainstream acceptance of organic bananas has, paradoxically, made life more difficult for small producers. Mainstream consumers are less tolerant of blemishes, and they want uniform size, qualities not easily achieved by many small farmers.

Critics charge that, besides pushing onto farmers an agenda whose effectiveness is questionable – namely, cooperatives – fair trade's price guarantees distort the market. Like subsidies for corn growers in the US, guaranteed prices will cause a glut of producers – more than that warranted by demand, they say. Increased supply into a market with fixed demand could bring down prices everywhere, ultimately hurting many more poor farmers than it helps, says Peter Griffiths, a freelance marketing economist in Edinburgh, Scotland, with experience in the developing world. "They're making their money by saying everyone else is crooked," he says. "And by doing this, they're pushing down the demand for perfectly legitimately traded coffee."

Other free-market advocates are less critical. "If an individual consumer wants to pay above-market price to get a warm fuzzy feeling, I have no problem at all," says Sallie James, a trade-policy analyst at the Cato Institute, a libertarian think tank in Washington, D.C. "As long as it's not coercive and as long as taxpayers are not forced to pay above-market prices, I've got nothing against it."

Fair-trade proponents say that the practice doesn't artificially bloat prices. Rather, it accounts for costs that the free market fails to include, such as those required to farm sustainably and maintain a viable community. Since there are precedents to this approach in the developed world, like the minimum wage, they argue, why not apply the same principles to internationally traded goods? "We have to see smallholder producers as more than just economic actors responding to price signals," says Daniel Jaffee, a sociologist at Washington State University in Vancouver. "To force [them] to basically compete on the unprotected world market is a recipe for social and ecological disaster."

A growing number of impact studies indicate that, whatever its long-term prognosis, fair trade has improved the lot of some small producers. One study found that a floor on prices lessened Nicaraguan coffee farmers' vulnerability to market fluctuations. Another in Bolivia concluded that fair trade not only reduced poverty, but the potential for conflict as well. It also increased what buyers were willing to pay even in non-fair-trade markets. "Yes, it makes a difference," says Professor Jaffee, who studied fair-trade and conventional coffee farmers in Mexico, but the costs of fair-trade certification and administration were prohibitive for some, he says.

Like other initially small movements that go mainstream, some wonder if fair trade might fall victim to its own success. Jaffee has noted that large firms' entry into the fair-trade market has partially undermined the movement's founding principles. "The entry of large commercial firms has worked against raising minimum prices," he says. "What was a clear living wage in the late '80s when the movement was founded [is] less so now."

But Raynolds points out that although large firms have entered the market, the smaller players, like the nonprofit Equal Exchange, CONACADO's US buyer, never got pushed out.

#### **Cocoa farmers stake interest in N200b govt's agric lifeline**

The Guardian - Nigeria

By Niyi Bello, Akure

June 10, 2009

COCOA farmers, under the aegis of the Federation of Cocoa Farmers Association of Nigeria (FCFAN), have kicked against the non-inclusion of cocoa in the list of agricultural commodities to benefit from the N200 billion loan provided by the Federal Government to resuscitate the agricultural sector. As part of the agriculture component of President Umar Yar'Adua's seven-point agenda, the Federal Government has put in place, a N200 million lifeline to provide financial assistance through disbursement of same to farmers to revive the sector.

In a release by FCFAN in Akure, Ondo State capital yesterday, Chairman of the association, Akin Akomolafe urged the Federal Government and the 14 cocoa-producing states in the country to consider the inclusion of cocoa in the list of benefiting commodities. The farmers said they noted "with great surprise, the exclusion of

cocoa development in the plan of the loan whereas cocoa is second to petroleum in the foreign exchange earning of Nigeria."

Akomolafe, who signed the release, said the farmers association wishes that the Federal Government and the cocoa states "match their policies on cocoa development in areas of rehabilitation, regeneration, replanting, procurement of farm inputs and storage facilities as well as good prices for cocoa with positive and result-oriented actions".

Stressing that cocoa used to be the mainstay of the economy of Nigeria before the discovery of petroleum products and that more than 90 per cent of cocoa trees were planted over 50 years ago, he said the plantations have now declined in production thereby making rehabilitation, regeneration and replanting very necessary.

### **Cadbury launches Cocoa CSR Education Resource Marking Leadership in Sustainable Business Practice**

CSRwire.com (press release)

Submitted by: Cadbury

Jun 10, 2009

CSRwire - June 10, 2009 - Cadbury, awarded Gold today for sustainable business practice by Business in the Community in their Corporate Responsibility Index, launches its Geography online educational resource, [www.skillsspace.co.uk](http://www.skillsspace.co.uk) this month. Skills Space supports the work of the Cadbury Cocoa Partnership and the Cadbury Dairy Milk Fairtrade certification. Skills Space enables students to learn about Ghana, how cocoa is grown, the lives of cocoa farmers, the interdependence between Ghana and chocolate manufacturers, and discover more about sustainable farming.

Alex Cole, Global Director of Corporate Affairs at Cadbury said: "As a global company, we have access to a huge amount of information and resources that can inspire and have real value to young people studying business and associated subjects. "We have always received a large number of enquiries from teachers and pupils looking for real-life case studies to support learning in the classroom. Skills Space has been developed in specific response to this demand, and we hope that this new online resource will prove to be a useful tool in their studies."

Through Skill Space, Cadbury reflects that it is more important than ever for businesses to acknowledge the impact they have on society and the environment, and commit to tackling the issues, not just because they should, but because it's good for business, as acknowledged in the BiTC CR Index.

Cadbury has participated in the Business in the Community's Corporate Responsibility Index since its launch seven years ago, receiving Gold ranking for four years running. This year, Cadbury has reported on progress of its ground breaking programmes, the Cadbury Cocoa Partnership and Purple Goes Green highlighting the integration of sustainability into business processes.

Cadbury and the Fairtrade Foundation announced in March 2009 plans to achieve Fairtrade certification for Cadbury Dairy Milk UK and Ireland by end of Summer 2009. This ground breaking move will result in the tripling of sales of cocoa under Fairtrade terms for cocoa farmers in Ghana, both increasing Fairtrade cocoa sales for existing certified farming groups, as well as opening up new opportunities for thousands more farmers to benefit from the Fairtrade system.

The move marks the first anniversary of the Cadbury Cocoa Partnership (CCP), a historic initiative in which Cadbury is investing £45 million over the next ten years to secure the sustainable socio-economic future of cocoa farming in Ghana, India, Indonesia and the Caribbean where the cocoa farming industry is facing increasing challenges. For press information, please contact Cadbury Press Office on 01895 615011

### **Notes**

About Cadbury plc

Cadbury plc is a leading global confectionery company with an outstanding portfolio of chocolate, gum and candy brands. It has number one or number two positions in over 20 of the world's 50 largest confectionery markets. Cadbury also has the largest and most broadly spread emerging markets business of any confectionery company. With origins stretching back nearly 200 years, Cadbury's brands include many global, regional and local favourites including Cadbury, Creme Egg, Flake and Green & Black's in chocolate; Trident, Clorets,

Dentyne, Hollywood, Bubbalo and Stimorol in gum; and Halls, Cadbury Eclairs and The Natural Confectionery Company in candy. Cadbury is the official treat provider of the London 2012 Olympic Games. For more information visit [www.cadbury.com](http://www.cadbury.com)

#### Cadbury Cocoa Partnership:

In 2008 Cadbury set up the Cadbury Cocoa Partnership to secure the economic, social and environmental sustainability of around a million cocoa farmers and their communities in Ghana, India, Indonesia and the Caribbean, through:

1. Improving cocoa farmer incomes: by helping farmers increase their yields and produce top quality beans
2. Introducing new sources of rural income: through microfinance and business support and introducing additional income streams
3. Investing in community led development: to improve life in cocoa communities
4. Working in partnership: Farmers, governments, NGOs, international agencies and local organisations will work together to decide how the funding is spent and turn plans into action

This ground-breaking initiative, which is carried out in partnership with the United Nations Development Programme (UNDP) and other partners, marked 100 years since the Cadbury brothers first began trading in Ghana and aims to holistically support the development of sustainable cocoa growing communities.

***Cadbury is investing £45 million over 10 years.***

#### Business in the Community

Business in the Community inspires, engages, supports and challenges companies on responsible business, working through four areas: Marketplace, Workplace, Environment and Community. With more than 850 companies in membership, Business in the Community represent 1 in 5 of the UK private sector workforce and convene a network of global partners. Our members commit to continually improve the way they operate with a specific focus on the need to manage resources wisely – be that people or our planet. For more information about the CR Index results please visit [http://www.bitc.org.uk/cr\\_strategy\\_and\\_integration/cr\\_index/a\\_new\\_era\\_of\\_responsibility/index.rma](http://www.bitc.org.uk/cr_strategy_and_integration/cr_index/a_new_era_of_responsibility/index.rma)

#### **Ivorian San Pedro Oct-May Cocoa Exports Fall**

Source: Reuters  
10/06/2009

Abidjan, June 9 - Cocoa bean exports from Ivory Coast's San Pedro port totalled 410,898 tonnes from October to May of the 2008/09 season, down about five percent on the same period last year, port data showed on Tuesday. Following are official figures in tonnes:

	<b><i>May 09</i></b>	<b><i>Apr 09</i></b>	<b><i>May 08</i></b>
San Pedro	28,013	32,738	17,703
Cumulative	410,898	382,885	430,672

Data for the port of Abidjan was not immediately available.

***NOTE:*** The port data measures the amount of cocoa actually shipped and may differ from figures published by the Cocoa and Coffee Bourse (BCC), which show the amount of cocoa shippers declare for export.

#### **Finance Minister inaugurates COCOBOD, SSNIT Boards**

Ghana News Agency  
June 12, 2009

Accra, GNA - Dr. Kwabena Duffuor, Minister of Finance and Economic Planning, on Thursday charged the 10-member governing Board of the Ghana Cocoa Board (COCOBOD), to adopt strategies to help attract educated youth into cocoa farming to replace the ageing farmers. He said growth of the cocoa industry had been very slow and stunted due mainly to the ageing cocoa farmers.

Dr. Duffuor, therefore, asked the Board to draw up programmes and provide incentives to ensure that educated youth and children of the ageing farmers move into cocoa farming in large numbers, required to grow and

sustain the industry. "The old generation of cocoa farmers has to be succeeded by new and enthusiastic ones. The new cadre of cocoa farmers should not only be technologically knowledgeable but also have all the necessary support and incentives to expand the country's production to its full potential," he said.

The Minister urged the Board to work towards expanding cocoa production to enable the country re-capture its position as the world's leading producer of the crop. Dr. Duffuor said attention must also be given to processing of cocoa beans locally, especially the problem of irregular supply of beans to the local processing plants. He said "We need to reassure our manufacturers of regular supply of beans so that the factories can plan their operations properly".

Dr. Duffuor asked the Board members to be guided by good corporate governance rules as well as to avoid conflict of interest. He said situations in which some personnel in the cocoa industry had registered companies and were awarded contracts to cart fertilizers, haul cocoa, and undertake procurement of goods and services for COCOBOD must cease. Dr. Duffuor urged COCOBOD to take a second look at the policy of making export duty payment a residual issue. He also asked COCONOD to explore the possibility of introducing a fixed percentage of the net FOB price as export duty payment to shore up government revenue from the sector.

Dr Percival Kuranchie, Chairman of the Board, assured the Minister of members' readiness to bring their experience and expertise to bear in transforming the fortunes of the industry.

Meanwhile, Dr Duffuor had inaugurated the reconstituted Board of Trustees of the Social Security and National Insurance Trust (SSNIT), and urged members to bring their expertise to bear in roping into the scheme the 90 percent of Ghanaians, who were not covered. He charged the 13-member Board to give impetus to the drive to ensure that the informal sector, where majority of the active working population were concentrated, to join the scheme. Dr Duffuor urged them to address delays in the processing of benefits and payment of pensions.

The Minister asked the Board to take bold decisions in addressing issues of poor investment, uncompleted projects and non-performing assets. Dr Duffuor said "Exit strategies must be considered for the non-performing assets and issues surrounding uncompleted projects must be addressed and resolved in the shortest possible time. We expect to see a much better investment portfolio with enhanced yields".

Mr. Kwame Peprah, Board Chairman, assured the Minister that members would be vigilant and protect the resources of SSNIT.

### **Indonesia Resumes Cocoa Sales to Brazil**

Source: Reuters

12/06/2009

Jakarta/Singapore, June 11 - At least 12,000 tonnes of cocoa beans will leave for Brazil from Indonesia's main growing island of Sulawesi next week, the first delivery in three months, after poor harvests delayed shipments. Tight supplies kept discounts for Sulawesi beans steady around \$180 to New York's September contract, even though the futures market already hit multi-month highs on fund buying driven by a weaker U.S. dollar, dealers said on Thursday.

Indonesia, the world's third-biggest cocoa producer after Ivory Coast and Ghana, exports beans mostly to grinders in Malaysia, the United States and Brazil. "Harvests are poor and we'll normally reach the peak by now. The flow of beans may slow down significantly by the end of this month," said a dealer in Makassar, the provincial capital of South Sulawesi.

The International Cocoa Organisation revised down Indonesia's cocoa output to "well below" 500,000 tonnes in the crop year to September 2009 due to poor maintenance, its chief Jan Vingerhoets, said in May. [ID:nSP474547] The main harvests run from April to July, with the peak season in July. The smaller mid-crop starts in September and lasts through December.

Port officials in Makassar said next week's shipments to Brazil would be the first since early March. At least four exporters will ship the beans using the same break bulk vessel due to arrive in Makassar on June 16, said a Jakarta dealer. Traders were also planning to ship around 10,000 tonnes of beans to the United States this month.

In May, cocoa bean exports from Sulawesi dropped 49.1 percent to 12,170.77 tonnes from a year ago, trade data showed last week, reflecting lower output and declines in demand. [ID:nSP453132]

Discounts for Sulawesi beans stood at \$160 to \$180 under New York, steady from last week, but smaller than \$250 recorded in May -- the biggest discount in five years blamed on weakening demand from grinders during the economic meltdown.

New York's September cocoa contract <CCU9> settled unchanged at \$2,788 per tonne on Wednesday, having earlier hit an intraday high of \$2,822 a tonne -- its strongest since early February. "I think there are still probably enough beans because consumption has been reduced. That's also why the differential is still quiet cheap. At the end of the day, the crop is going down but so is consumption," said a dealer in Singapore.

Grinders in Europe, North America and Asia saw declines in grindings in the first quarter of this year because of falling demand. North American cocoa grindings fell nearly 13 percent, while European cocoa grind dropped 11.1 percent.

Cocoa grindings in Malaysia, which is Asia's largest grinder, dropped 17.9 percent to 67,104 tonnes in the first quarter of 2009.

Dealers expected beans from this year's harvest in Sulawesi to drop further, extending its downtrend in recent years due to ageing trees and the spread of deadly fungal disease, the Vascular Streak Dieback, which attacks leaves, branches, and tree trunks. Halim Razak, chairman of the Indonesia Cocoa Association, told Reuters falling output in Sulawesi could drag down nationwide output to around 480,000 tonnes this year from roughly 500,000 tonnes estimated for 2008.

#### **Ivory Coast's Abidjan Cocoa Exports resume as port strike eases**

**Bloomberg**

By Monica Mark

June 12, 2009

(Bloomberg) -- Cocoa shipments from Ivory Coast's port of Abidjan, which accounts for 40 percent of the country's exports of the beans, are resuming after progress was made resolving an 11-day strike by dock workers, officials of two cocoa shipping companies said. The striking dockers have been paid and are expected to return to work, possibly by June 15, the shipping company managers said. They declined to be identified because they aren't authorized to speak to the press.

The Ivory Coast, the world's largest cocoa producer, accounts for about two fifths of global supply of the chocolate ingredient, and ships 60 percent of its output through the smaller port of San Pedro in the west.

New workers have also been recruited after port authorities said all striking workers are considered to have "resigned," the managers said. While the new recruits are untrained and the pace of work is slow, shipments are resuming, he said. The closure of the port at Abidjan, as 6,000 dock workers protest about pay and working conditions, has restricted exports and halted the supply of imports to the Ivory Coast and neighboring landlocked states.

While the striking dock workers say they will continue their protest until pay and working conditions are improved, they have started to receive arrears payments, said Atse Landri, chairman of the National Collective of Dockers, which represents 80 percent of the workers.

#### **'Heavy Losses'**

The state-owned port of Abidjan has suffered "heavy losses" in port and customs fees, as ships diverted to rival ports or stayed at sea to avoid docking charges, said Bathelémy Bledé, assistant director general of the port. "For the moment we can't quantify the losses to the port and customs because the strike is continuing. We will be able to give a figure once the strike is over," he said in an interview today.

Cocoa for September delivery fell as much as \$47, or 1.7 percent, to \$2,796 a metric ton in New York, and traded at \$2,804 as of 10:16 a.m. local time. *To contact the reporter on this story: Monica Mark in Abidjan via Johannesburg on amonteiro4@bloomberg.net*

## **Labour Issues**

### **Ivorian Cocoa shipments from Abidjan halted by Strike (Update2)**

Bloomberg

By Monica Mark

June 10, 2009

(Bloomberg) -- Cocoa shipments from Ivory Coast's port of Abidjan, which accounts for about 40 percent of the country's exports of the beans, have been halted and stocks are rising because of a week-long strike by dock workers, an official from a cocoa exporting company said.

The strike, which has also affected the offloading of incoming goods including rice, has caused ships to be diverted to Accra in Ghana, Monrovia in Liberia and Lagos, officials from two shipping companies at the port said, declining to be identified because they aren't authorized to speak to the press. The cocoa official asked not to be identified for the same reason.

Ivory Coast, the world's biggest cocoa producer, accounts for about two fifths of the world's supply of the chocolate ingredient and ships 60 percent of its output through San Pedro port in the west. The closure of the port in Abidjan, the country's commercial capital, has shut off supplies of goods to Ivory Coast and to neighboring landlocked states. "A shortage in perishable goods of primary importance, both for the Ivorian population, as well as those of Burkina Faso, Mali and Niger, and a surge in prices" is a risk, Marcel Gossio, the director-general of Abidjan's port, said in an e-mailed statement today. He added that the port is recruiting new dockers because those on strike are considered to have "resigned."

Some ships have left for ports in other countries and activity at the port has "frozen," he added, without being more specific. A new organization to regulate dock workers will be established, he said.

"Root problems"

About 6,000 dock workers are striking over a pay dispute and their protests have prompted intervention from riot police with tanks now stationed at the port. "The dockers are asking the president to intervene in this situation because he is the only one who can resolve it," Atse Landri, chairman of the National Collective of Dockers, said in an interview. "The root problems are not being addressed." His union represents about 80 percent of dock workers.

About 150,000 metric tons of rice are stranded on ships, the Group of Rice and Foodstuff Importers said last week. About 600 new workers have been recruited and some rice is now being offloaded, the shipping company officials said. Gasoline shipments aren't affected because the fuel isn't offloaded manually.

Cocoa for September delivery rose as much as \$34, or 1.2 percent, to \$2,782 a metric ton in New York, trading at \$2,804 as of 12:43 p.m. local time.

## **Environmental Issues**

### **Japan Weather Agency Forecasts High Chance of El Nino (Update1)**

Bloomberg -

By Yasumasa Song <ysong9@bloomberg.net>

June 10, 2009

(Bloomberg) -- Development of El Nino weather conditions is a high possibility this summer, the Japan Meteorological Agency said. Rising sea surface temperatures in the equatorial region of the Pacific Ocean in May, compared with the previous 30-year average, indicated an increased chance of El Nino weather developing, the agency said in a statement on its Web site today. A repeat of severe El Nino weather conditions experienced from the Philippines to Australia in 2002 may curb agricultural output in Asia, possibly hurting harvests of rice, palm oil, coffee and cocoa.

The U.S. National Oceanic and Atmospheric Administration's Climate Prediction Center warned on June 4 of "El Nino conditions during June to August." The risk of an El Nino developing this year has increased to more than 50 percent, Australia's Bureau of Meteorology said June 3.

*Research & Development*

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## **TIT BITS**

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

### **London coffee, sugar, cocoa fall**

LONDON (June 09, 2009): Coffee and sugar futures fell on Monday as a firm dollar triggered a pullback after a growing fund appetite for commodities had fuelled strong advances in the last few weeks, dealers said. cocoa futures also fell although losses were more marginal as attention re-focused on tight supplies. Oil prices extend rally, gold futures melt

### **London cocoa, coffee and sugar rise**

LONDON (June 10, 2009): Fund and investor buying drove London futures to a two-month peak and US cocoa futures to a four-month high and on Tuesday, triggered by a weakening dollar and a strengthening commodities complex, dealers said.

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

NEW YORK (June 10, 2009): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Tuesday. July arabica coffee contract gained 1.65 cents to trade at \$1.3170 per lb at 11:04 am EDT (1504 GMT). Session range from at \$1.2875 to \$1.3385.

### **London sugar, coffee fall**

LONDON (June 11, 2009): ICE cocoa futures retreated from a four-month high on Wednesday as the dollar strengthened against the euro, triggering fund and investor selling. Coffee and sugar futures also fell under the weight of the firmer dollar as markets consolidated from recent highs.

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

NEW YORK (June 11, 2009): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Wednesday. July arabica coffee contract lost 1.35 cents at \$1.2980 per lb at 11:04 am EDT (1504 GMT). Session range from at \$1.2795 to \$1.32. July raw sugar contract fell 0.11 cent at 15.45 cents per lb at 11:05 am.

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

NEW YORK (June 12, 2009): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Thursday. September arabica coffee contract gained 0.55 cent at \$1.33 per lb at 11:05 am EDT (1505 GMT). Session range from at \$1.3130 to \$1.3375. July raw sugar contract dropped 0.03 cent at 15.35 cents per lb at 11:06 am.

### **London sugar eases, coffee and cocoa little changed**

LONDON (June 12, 2009): August white sugar closed at \$4.00 lower at \$437.50 a tonne on Thursday. Whites premium has been narrowing and discount for the front month widening, depressed by a lack of physical offtake. July robusta coffee finishes off a marginal \$2 at \$1,533 a tonne as market continues to drift in a narrow range.

### **Coffee, cocoa and sugar fall in London**

LONDON (June 13, 2009): Coffee, cocoa and sugar futures fell on Friday, tracking a broad-based decline in oil and other commodity markets as the dollar firmed, dealers said. "The dollar seems to have arrested its slide so the (buying) impetus is no longer there...It's profit-taking time," said Lars Steffensen, managing director of UK-based commodities fund Ebulio Capital Management.

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

NEW YORK (June 13, 2009): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Friday. September coffee arabica contract fell 2.30 cents to \$1.3140 per lb at 11:06 am EDT (1506 GMT). Session range \$1.3030 to \$1.3345. Arabica futures dropped in thin volume, pressured by the firm US dollar and options-related dealings, said traders.