

# COPAL COCOA *Info*

*A Weekly Newsletter of Cocoa Producers' Alliance*



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Cocoa Producers' Alliance



## UP-COMING EVENTS

- ❖ 16<sup>th</sup> International Cocoa Research Conference, Hyatt Hotel, Nusa Dua, Denpasar, Bali – Indonesia, 16 – 21 November, 2009.

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Do your health a favour, drink Cocoa everyday  
(It's not just a drink, it's a 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)
2nd Nov.	2,141.49	3,405.91	2,141.67	3,300.67
3rd Nov.	2,172.41	3,439.79	2,172.00	3,324.67
4th Nov.	2,172.73	3,452.51	2,177.00	3,301.33
5th Nov.	2,131.78	3,397.14	2,141.00	3,252.00
6th Nov.	2,116.91	3,375.95	2,128.67	3,225.33
<b>Average</b>	<b>2,147.06</b>	<b>3,414.26</b>	<b>2,152.07</b>	<b>3,280.80</b>

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

**Monday 2nd Nov. 2009**

Month	Opening Trans	Settle	Change	Daily High	Daily Low	Volume
Dec-09	2132	2109	18	2144	2101	5,076
Mar-10	2167	2148	20	2181	2143	3,261
May-10	2196	2168	23	2199S	2167S	1,789
Jul-10	2127	2100	20	2131	2098	121
Sep-10	2107	2079	21	2115	2084	229
Dec-10	2075	2060	21	2080	2068S	22
Mar-11	2048	2047	21	2048	2048	9
May-11		2033	30			0
Jul-11		2048	30			0
Sep-11		2062	30			0
<b>Totals</b>		<b>2085</b>				<b>10,507</b>

**Tuesday 3rd Nov. 2009**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec-09	2104	2140	31	2159	2103	3,902
Mar-10	2146	2177	29	2195	2141	1,413
May-10	2166	2199	31	2217	2162S	764
Jul-10	2100	2124	24	2125	2099S	197
Sep-10	2083	2103	24	2114	2083S	37
Dec-10	2063	2083	23	2094S	2063S	10
Mar-11	2048	2066	19	2067	2048	18
May-11		2052	19			0
Jul-11		2067	19			0
Sep-11		2081	19			0
<b>Totals</b>		<b>2109</b>				<b>6,341</b>

**Wednesday 4th Nov. 2009**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec-09	2145	2150	10	2156	2130	3,457
Mar-10	2182	2180	3	2188	2169	1,700
May-10	2203	2201	2	2208S	2193S	1,125
Jul-10	2128	2130	6	2134S	2114	621
Sep-10	2098	2109	6	2115S	2091	365
Dec-10	2075	2087	4	2093S	2074	356
Mar-11	2067	2072	6	2074S	2054	92
May-11	2065	2059	7	2073S	2065	18
Jul-11		2074	7			0
Sep-11		2088	7			0
<b>Totals</b>		<b>2115</b>				<b>7,734</b>

**Thursday 5th Nov. 2009**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec-09	2139	2108	-42	2145	2105	4,006
Mar-10	2170	2147	-33	2177	2144	4,271
May-10	2188	2168	-33	2197	2167S	898
Jul-10	2115	2095	-35	2124	2095	1,625
Sep-10	2099	2073	-36	2099	2073S	1,052
Dec-10	2080	2050	-37	2080	2050S	83
Mar-11	2051	2033	-39	2052	2051	2
May-11	2014	2014	-45	2014	2014	1
Jul-11		2027	-47			0
Sep-11		2043	-45			0
<b>Totals</b>		<b>2076</b>				<b>11,938</b>

**Friday 6th Nov. 2009**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec-09	2106	2099	-9	2126	2097	5,439
Mar-10	2139	2132	-15	2163	2130	3,314
May-10	2164	2155	-13	2185S	2153	1,512
Jul-10	2087	2081	-14	2116	2080	1,240
Sep-10	2063	2056	-17	2091S	2060	196
Dec-10	2051	2035	-15	2070	2048S	75
Mar-11	2050	2019	-14	2050	2050	30
May-11		2009	-5			0
Jul-11		2022	-5			0
Sep-11		2038	-5			0
<b>Totals</b>		<b>2065</b>				<b>6,367</b>

<b>Average for the week</b>		<b>2090</b>				<b>8577</b>
<b>Total for the week</b>						<b>42,887</b>

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

**Monday                      2nd Nov.                      2009**

Month	Open	Price	Change	High	Low	Volume
Dec-09	3297	3250	-47	3318	3230	13,100
Mar-10	3333	3293	-40	3354	3270	8,623
May-10	3342	3299	-43	3352	3297	686
Jul-10	3327	3290	-47	3343	3288	89
Sep-10	3332	3284	-48	3334	3301	196
Dec-10	0	3276	-47	0	0	0
Mar-11	0	3277	-46	0	0	5
May-11	0	3288	-43	0	0	0
Jul-11	0	3288	-43	0	0	0
Sep-11	0	3288	-43	0	0	0
<b>Totals</b>		<b>3283</b>				<b>22,699</b>

**Tuesday                      3rd Nov.                      2009**

Month	Open	Price	Change	High	Low	Volume
Dec-09	3248	3274	24	3301	3223	13,197
Mar-10	3280	3322	29	3345	3269	9,569
May-10	3282	3331	32	3352	3282	946
Jul-10	3271	3317	27	3338	3270	466
Sep-10	3267	3313	29	3334	3267	143
Dec-10	3324	3304	28	3324	3315	64
Mar-11	3310	3307	30	3310	3300	7
May-11	3280	3316	28	3280	3280	11
Jul-11	3270	3316	28	3270	3270	6
Sep-11	0	3316	28	0	0	0
<b>Totals</b>		<b>3312</b>				<b>24,409</b>

**Wednesday                      4th Nov.                      2009**

Month	Open	Price	Change	High	Low	Volume
Dec-09	3284	3272	-2	3315	3244	15,951
Mar-10	3344	3331	9	3360	3303	13,594
May-10	3355	3340	9	3368	3327	1,055
Jul-10	3340	3317	0	3345	3306	424
Sep-10	3339	3305	-8	3349	3295	326
Dec-10	3316	3294	-10	3330	3286	160
Mar-11	3320	3297	-10	3328	3290	311
May-11	0	3312	-4	0	0	0
Jul-11	0	3312	-4	0	0	0
Sep-11	0	3312	-4	0	0	0
<b>Totals</b>		<b>3309</b>				<b>31,821</b>

**Thursday 5th Nov. 2009**

Month	Open	Price	Change	High	Low	Volume
Dec-09	3257	3218	-54	3274	3188	15,406
Mar-10	3323	3276	-55	3331	3245	10,637
May-10	3312	3290	-50	3340	3265	700
Jul-10	3295	3275	-42	3313	3251	273
Sep-10	3283	3263	-42	3297	3259	148
Dec-10	3266	3249	-45	3279	3219	41
Mar-11	3283	3249	-48	3283	3225	8
May-11	0	3264	-48	0	0	0
Jul-11	0	3264	-48	0	0	0
Sep-11	0	3264	-48	0	0	0
<b>Totals</b>		<b>3261</b>				<b>27,213</b>

**Friday 6th Nov. 2009**

Month	Open	Price	Change	High	Low	Volume
Dec-09	3213	3186	-32	3213	3245	14,461
Mar-10	3270	3237	-39	3270	3298	10,611
May-10	3280	3251	-39	3280	3308	602
Jul-10	3286	3238	-37	3286	3286	172
Sep-10	3250	3228	-35	3250	3254	91
Dec-10	3235	3215	-34	3235	3235	72
Mar-11	0	3215	-34	0	0	14
May-11	0	3230	-34	0	0	0
Jul-11	0	3230	-34	0	0	0
Sep-11	0	3230	-34	0	0	0
<b>Totals</b>		<b>3226</b>				<b>26,023</b>

<b>Average for the week</b>		<b>3278</b>				<b>26,433</b>
<b>Total for the week</b>						<b>158,598</b>

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

	2nd Nov.	3rd Nov.	4th Nov.	5th Nov.	6th Nov.
Main Crop Ghana, Grade 1	3767	3791	3797	3743	3704
Main Crop Ivory Coast, Grade 1	3628	3652	3645	3591	3559
Main Crop Nigerian, 1	3620	3644	3634	3580	3539
Ecuador ASE	3420	3444	3437	3383	3358
Sanchez f.a.q	3445	3469	3460	3406	3383
Indonesia f.a.q 115/100	3320	3344	3337	3283	3258
Pure Prime Press African Type Cocoa Butter	6933	6985	6926	6811	6722

Source: Cocoa Merchant Association

## Health and Nutrition

### HOW CHOCOLATE CAN HELP KEEP AWAY WRINKLES

Thursday November 5, 2009

By Jo Willey



*Dark chocolate can beat sun damage*

EATING dark chocolate every day can keep you looking young and even protect against skin cancer in later life, according to research.

Scientists have found nibbling on just a few squares of good-quality dark chocolate can shield the skin against the harmful ageing effects of the sun.

The research shows that eating only 20g – about half a small bar – each day helps to prevent wrinkles caused by ultraviolet light.

The experts who carried out the study say it could also lower the risk of skin cancer.

Dark chocolate contains very high levels of flavanols, which are naturally occurring antioxidants found in cocoa beans.

Antioxidants are compounds that help combat cancer and the ageing process by protecting against harmful molecules which accumulate in the body and damage cells.

But the research, published in the Journal of Cosmetic Dermatology, found that most chocolate bars on sale in the UK have had their antioxidant capacity greatly reduced during processing.

It means only strong dark chocolate works, rather than the milk chocolate favoured by most people in Britain.

The scientists at European Dermatology London, a private Harley Street skin clinic, believe it is the first time a chocolate treat has been shown to prevent the visible signs of ageing.

Researchers recruited 30 healthy adults, half of whom were given a daily portion of 20g of dark chocolate high in flavanol.

The other half ate identical-looking chocolate drops with much lower flavanol content.

During the three-month experiment, volunteers were exposed to controlled doses of UV light to see how long it took before their skin became inflamed.

There was no change for those on low-flavanol chocolate but among those on the high-flavanol droplets, there was a significant improvement in the skin's resistance to the sun's effects.

Dr Nick Lowe, a spokesman for the British Association of Dermatologists, said the study showed "very interesting and important findings".

Previous research has found flavanol-rich dark chocolate can lower the risk of blood clots, protect against bowel cancer and even help to prevent premature births.

Earlier this year, Swedish scientists also reported that heart attack victims who snacked on dark chocolate twice a week cut their risk of dying from heart disease by about 70 per cent.

Chocolate has also been shown to reduce blood pressure in just two weeks as well as boost brain power, fight heart disease and even cut the risk of dementia.

Some High Street retailers report sales of dark chocolate have doubled in recent years.

Other foods that are rich in flavanols include many vegetables and black and green tea.

#### **Daily portion of chocolate 'protects against ageing'**

Telegraph.co.uk - 5 Nov. 2009

A daily portion of dark chocolate could protect the skin against the aging effects of the sun, according to research. Just a few squares every day helps to prevent wrinkles caused by UV light in the sun's rays, it suggests.

Scientists who carried out the study say it might also lower the risk of skin cancer. But it only works with dark chocolate that is very high in flavanols, the antioxidants that occur naturally in cocoa beans the main ingredient in chocolate.

Antioxidants are compounds that protect against so-called free radicals, molecules which accumulate in the body and damage cells. But most chocolate goods on sale in Britain have had their antioxidant capacity greatly reduced during processing. Previous studies have found flavanol-rich dark chocolate can lower the risk of blood clots, protect against bowel cancer and even help prevent premature births.

Earlier this year, Swedish scientists also reported that heart attack victims who snacked on dark chocolate at least twice a week slashed their risk of dying from heart disease by about 70 per cent. But the latest research, published in the Journal of Cosmetic Dermatology, is believed to be the first showing a chocolate treat can prevent against the visible signs of ageing.

Researchers at European Dermatology London, a private Harley Street skin clinic, recruited 30 healthy adults, including 22 women, with an average age of 42. For three months, half the volunteers ate a daily portion of 20 grammes of dark chocolate droplets that were very high in flavanol. The remainder ate identical-looking chocolate drops that had much lower flavanol content. During the three-month experiment, researchers regularly exposed volunteers to controlled doses of UV light to see how long it took before their skin reacted by becoming inflamed.

The results showed that, among those on low-flavanol chocolate, there was no change in the amount of UV light their skin could tolerate. But among those on the high-flavanol droplets, there was a significant improvement in the skin's resistance to the sun's effects. In a report on their findings the researchers said: 'Our study revealed, for the first time, that high-flavanol chocolate protects the skin from harmful UV effects. 'The main mechanism is likely to be the anti-inflammatory and antioxidant activity of cocoa flavanols. 'But conventional chocolate had no such effect.'

### ***Production & Quality***

#### **Southwest Nigeria Graded Cocoa Still Unchanged On Week -Buyers**

November 6, 2009

IBADAN, Nigeria (Dow Jones)--Graded cocoa prices in southwestern Nigeria remained unchanged at 470,000-480,000 naira (\$3,112-\$3,178) a metric ton for the second consecutive week, buyers said Friday. A buyer in Akure, capital of Ondo state, the largest cocoa producer in Nigeria, said exporters "are not willing to pay higher prices for cocoa. They are apprehensive of buying cocoa in the local market at prices that will be unprofitable overseas."&#8221;

He said December cocoa in New York stood Friday at \$3,245/ton and that world market prices would have to go higher before Nigerian exporters pay more for cocoa in the local market. "You can see that Nigerian cocoa prices are not too far from the prices in New York. Local exporters are wary of paying more for cocoa at home or they will not make substantial profits," he said.

He said Nigerian exporters are waiting for more cocoa to come onto the local market now that the main crop cocoa harvest is underway. "I think the exporters want to see how the market will react to higher volumes of cocoa for sale in the local market in the next few weeks. This could determine how prices will move, up or down," he told Dow Jones Newswires.

The southwest cocoa belt accounts for 70% of Nigeria's annual cocoa production of 250,000 tons.

#### **Cocoa Drying Resumes In SW Nigeria As Heavy Rainfall Stops**

November 4, 2009

IBADAN, Nigeria (Dow Jones)--Cocoa drying has resumed in southwestern Nigeria after the cessation of heavy rainfall, traders said Wednesday. Jimi Babalola, a trader in Ibadan, capital of Oyo state, said the weather has been sunny in the past four days after several weeks of rainfall and cold weather which hampered the harvesting and drying of cocoa. "Farmers have resumed drying the beans; they are also harvesting more cocoa because of

the adequate sunshine in recent days. I think we will not see prolonged rainfall again until next year," he told Dow Jones Newswires.

Babalola said local buying agents, or LBAs, and exporters who bought cocoa with high moisture content from farmers were also drying their beans.

The rainy season began in May in Nigeria's key cocoa-growing region in May and downpours were heavy and continuous in September and most of October making it impossible for farmers to sundry their cocoa properly.

The rainy season usually ends in the region in October while the dry season runs from November to April. Cocoa quality is usually good in the dry season because of adequate sunshine and the absence of the black pod disease.

Yemi Omoyeni, a trader in Ile-Ife, an important cocoa-growing and marketing center in Osun state, said the high humidity caused by the heavy rainfall raised the moisture level in cocoa to 12%-15% in the region last month. International standards require a moisture level of 7% or less in cocoa beans. He said the moisture level in cocoa in Ile-Ife was now at around 10% and would improve further in the next few days.

The southwest cocoa belt accounts for 70% of Nigeria's annual cocoa production of around 250,000 metric tons.

### **Brazil Cocoa Arrivals Rose To 43,528 Bags In Week To Nov 1**

November 4, 2009

SAO PAULO (Dow Jones)--The total volume of cocoa arrivals from Bahia and other Brazilian states rose to 43,528 60-kilogram bags in the week ended Nov. 1 from 39,280 bags the prior week, the Commercial Association of Bahia said this week.

Cocoa arrivals at cocoa-processing companies from the main-producing state of Bahia were 34,205 bags. The total from other states was 9,323 bags. Brazil didn't receive bags of cocoa imports from other countries in the week.

The Brazilian cocoa crop runs from May through April, with a main and a midcrop harvested. The midcrop, or Temporao, runs from May through September, while the main crop runs from October through April.

Arrivals from both Bahia and the other states showed a further small increase last week, but in the case of Bahia arrivals are still well below previous seasons, said Thomas Hartmann, a cocoa-market analyst at the association.

This is in line with the quite pessimistic forecast for Bahia's main crop, which remains at 650,000 bags, Hartmann said.

Farm-gate prices averaged in a range of 89.00 to 92.00 Brazilian reals (\$51.53-\$53.26) per 15-kilogram bag at Tuesday's close. The current dollar equivalent was in the range of \$3,405 to \$3,520 per metric ton.

The wet weather over Bahia's cocoa region is forecast to ease by Friday. The temperatures are expected to average between 20 and 30 degrees Celsius.

### **Brazil 2009/10 Cocoa Output Expected to Dip**

Source: Reuters

02/11/2009

Sao Paulo, Oct 30 - Brazil's 2009/10 cocoa harvest will be smaller than the previous season's, growers and analysts say, as witch's broom disease continues to sap vigor from the trees following mixed weather conditions.

Dry weather was seen as responsible for a slightly smaller mid-crop, which ended last month, while plentiful rains in the developmental stage of the main crop now being harvested had helped fungal witch's broom to thrive, analysts said.

Almost all Brazilian cocoa production is consumed domestically, but the country also tops up with imports, depending on the size of its own harvests. Tight global supplies have pushed world cocoa prices near 30-year highs.

"Compared to last year, we are seeing a drop (in production)," said Saskia Korink, chairwoman of Brazil's Association of Cocoa Processing Industries. She said the AIPC was working with an estimate of 150,000 to 160,000 tonnes for the entire 12-month season, which runs from May to April in Brazil. That would compare with an estimated production of 165,000 tonnes in 2008/09, she said.

In Bahia state, the epicentre of Brazil's cocoa production, Adonias de Castro, head of the CEPEC cocoa research center, said its data pointed to a fall for the state's main crop output to 40,000 tonnes from 44,000 last year. He said the mid-crop that just ended had probably turned out around 60,000 tonnes. "This harvest maintains the tendency of a decrease (in Bahia) ... It has been raining and this favors witch's broom," he said, adding despondency was still widespread in Bahia's cocoa sector with rampant disease and lack of government help.

#### PARA PROMISE

Unusually, Brazil's main crop is now the smaller of the two annual production cycles, with the mid crop usually turning out about 50 percent more.

Farmer Gerson Marques who farms cocoa in Ilheus, one of Bahia state's main cocoa zones, estimated his production would rise this year, possibly to 27 tonnes from 23 last year. "It is visibly better than last year. We don't have much of a reference because it goes up and down from one year to the next with the disease," he said. His farm also receives tourists curious to learn about the main ingredient in chocolate.

A steady rise in production in Para state, farther north, supported by steady government investment in small farms tended by families, meant it was accounting for a steadily higher proportion of Brazil's cocoa output.

Its younger orchards have in many cases been planted with trees bred for their ability to resist witch's broom disease, which devastated Brazil's cocoa output in the 1990s and relegated it from No. 2 global producer to No. 6.

"Para is growing year after year. What we can say is that the disease has less effect there. It is not that it doesn't exist, but that it has less effect on productivity," the AIPC's Korink said.

#### **Nigeria Main Cocoa Crop Will Be 200,000-210,100 Tons-Official**

5:23 AM, November 5, 2009

IBADAN, Nigeria (Dow Jones)--Nigeria's 2009-10 (September-October) main cocoa crop will be around 200,000-210,000 metric tons up from last season's 190,000 tons, an official of the Cocoa Association of Nigeria, or CAN, forecast Thursday.

Production will rise in the current season because of adequate rainfall in cocoa-growing areas in the country, a reduction in the black pod disease and additional yield from new farms planted by the National Cocoa Development Committee, or NCDC, a few years ago, he said.

Harvesting of the 2009-10 main crop cocoa began in the southeast and southwest belts in August and September respectively and should end in January or February. "There is still a lot of cocoa on the trees in both cocoa belts. Rainfall has stopped and more cocoa will be harvested as from now. The main crop cocoa yield this season will be around 200,000-210,000 tons," he told Dow Jones Newswires.

The state-supported NCDC in collaboration with the Cocoa Research Institute of Nigeria, or CRIN, rehabilitated over 16,574 hectares of cocoa farmland in the country's 14 cocoa-producing states and replanted new farms between 2001 and 2005 with hybrid and high-yielding cocoa, he said.

Some of the new farms especially in Ondo state, the country's biggest cocoa growing state, have begun producing cocoa, he said.

The NCDC was set up in 1999 and mandated by the government to increase Nigeria's cocoa production. Current production is around 250,000 tons including the midcrop.

Kola Bolodeoku, a farmer at Idi-Ayunre village near Ibadan, capital of Oyo state, said his main crop cocoa has developed well and the harvest will increase now that the rainy season has ended.

Nigeria is the world's fourth largest cocoa producer after Ivory Coast, Ghana and Indonesia.

### **Ghana fit to double cocoa production**

afrol News, 3 November - The Ghanaian government and its cocoa industry is gearing up to meet the aim of producing one million metric tonnes of cocoa by 2012. Ghana's Cocoa Marketing Company is already preparing to address bottlenecks in distribution, marketing and sales.

Ghanaian Deputy Minister of Finance Fiifi Kwetey today reminded the Cocoa Marketing Company (CMC) to "equip itself" to adequately deal with the pressures that would come with the one million metric tonne production envisaged by the year 2012. The Deputy Minister was inaugurating an eight-member Board of Directors to oversee the affairs of the CMC. "The company would not only be expected to sell all the one million tonnes of cocoa that is expected to be produced in 2012 but also to ensure optimum prices on the world market are achieved," he advised.

This, according to Deputy Minister Kwetey, would lead to increased remuneration for cocoa farmers, whose toil has brought the industry this far and by necessary implication, increased revenue for the government and people of Ghana.

Ghana was the world's leading cocoa producer in the early 1960s, with production reaching up to 500,000 tonnes in good years. Poor maintenance and policies however caused cocoa harvest to drop during the 60s and 70s, reaching a low of 159,000 tonnes in the 1983-84 season.

Since the mid-80s, several Ghanaian governments have tried to reform the sector to reach its market potentials. By the mid-90s, average Ghanaian cocoa crops reached 300,000 tonnes, but the West African country still had to see neighbouring Côte d'Ivoire taking the lead in production and Southeast Asia reaching far larger productivity on its cocoa fields.

During the government of ex-President John Kufuor, new aims were set to reach Ghana's full cocoa potentials. The timing was good as cocoa world market prices hit record levels as the Ivorian cocoa crop had been crippled. The one-million-tonnes aim was set.

Reforms included both a liberalised market, focus on quality, increasing productive areas and attempts to strongly increase yields and productivity. In year 2000, Ghana's productivity was set at a mere 300 kilograms per hectare, competing with a Southeast Asian productivity of almost 1,000 kilograms per hectare.

Now, government holds that plans to reach the one-million threshold by 2012 seem realistic as productivity is rapidly increasing. The new Cocoa Marketing Company board assured Deputy Minister Kwetey it would "dedicate itself towards the improvement of the existing systems for the attainment of the full potential of Ghana's cocoa industry by reaping maximum benefit from the store of knowledge, expertise and professionalism of fellow board members."

### ***The Market***

#### **ICE Cocoa Review: Cocoa Falls; Commodity Pressure, Expiration**

November 6, 2009

DOW JONES NEWSWIRE

U.S. cocoa futures fell Friday, pressured by follow-through speculative selling from the recent weak trend, commodity index sales and a choppy equities market. Nearby December cocoa lost \$32, or 0.99%, to settle at \$3,186 a metric ton on ICE Futures U.S. The contract lost \$111 a ton in the week ended Friday.

In addition to the weak macro-economic trend, December cocoa options expired, which tugged prices south of technical support at \$3,200, said Jimmy Tintle, a broker/analyst at TransWorld Futures. "We've been in a slow boat down from the \$3,400 highs in cocoa, and we're just kind of working our way lower," said Tintle.

New fundamental news is scarce, so cocoa traders have been looking to the outside markets for direction, a broker said.

An unemployment report that showed the U.S. lost 190,000 jobs in October, taking the unemployment rate to a 26-year high of 10.2%, put the Dow Jones industrial average into a choppy to weak trade, which pressured cocoa.

Economic uncertainty is normally a bearish influence on cocoa as it often depresses demand. Consumers tend to buy more chocolate and cocoa products in a strengthening economy. Cocoa grading has been halted in Nigeria's Ekiti state because industry officials went on strike over low pay. The strike is expected to last two days.

The strike comes at a critical time as the main 2009-10 Nigerian cocoa harvest is just getting into full swing and there is plenty of product to grade, a trader said.

Open interest in cocoa fell 1,809 to total 141,910 lots, ICE reported. ICE warehouse stocks fell 13,557 bags to total 2.763 million bags, the exchange said.

Traders were also busy rolling contracts out of December and into the March and May positions ahead of first notice day on Nov. 16.

Futures volume is pegged at 24,259 lots, with 547 calls and 1,137 put options traded.

	ICE	Change	Range
Dec	\$3,186	dn 32	3,178 - 3,245
Mar	\$3,237	dn 39	3,228 - 3,254

\* ICE settlements in dollars per metric ton.

#### **MARKET TALK: ICE Cocoa Falls; Weak Commodities, Options Expire**

November 6, 2009

[Dow Jones] - ICE Dec cocoa futures fell Friday, pressured by follow-through speculative selling from the recent weak trend, commodity index sales and pressure from a choppy equities market. In addition, Dec options expired, which helped tug prices south of technical support at \$3,200 a ton, an analyst says. Volume is pegged at 24,259 lots, with 547 calls and 1,137 put options traded. ICE Dec cocoa lost \$32 to settle at \$3,186 a metric ton, near the session low of \$3,178 a ton.

#### **Graded Cocoa Prices Up In Nigeria's Cross River State - Buyers**

November 6, 2009

IBADAN, Nigeria (Dow Jones)--Graded cocoa prices have risen to 470,000-472,000 naira (\$3,112-\$3,125) a metric ton in Nigeria's southeastern Cross River state, up from last week's level of NGN465,000, buyers said Friday. It is the second consecutive week that graded cocoa prices have risen in the state. Two weeks ago, cocoa prices stood at NGN460,000/ton.

Graded cocoa has been inspected and certified fit for export by government produce inspectors. "The demand for cocoa is higher than the supply at present; there is competition among exporters for the cocoa, and this is responsible for the rising prices," a buyer in Calabar, the Cross River state capital, said. He said bean quality was also "good" following a cessation of rainfall and exporters were "encouraged" to buy more cocoa.

Cross River state is the largest producer of cocoa in the eastern region of Nigeria. The state is also the second largest producer in the country after Ondo state in the southwest. It produces around 50,000-60,000 tons of cocoa a year.

The Calabar buyer said the rainy season, which began in the state in May, has ended and the climate is now sunny with the onset of the dry season that is expected to last until next May. "Farmers are going to increase the rate of cocoa harvesting since we now have adequate sunshine to dry the beans. There will be more cocoa in the market soon," the buyer said.

He said cocoa trading was happening "at a much higher rate" in Calabar than Ikom, the biggest cocoa-producing area in Cross River state, and other parts of the state.

#### **MARKET TALK: ICE Cocoa Pares Gains, Eyes Support Levels**

November 4, 2009

[Dow Jones] - ICE cocoa futures are trading near unchanged after trimming early gains. Dec cocoa is down 1 points at \$3,272 a ton, off of the \$3,268 low, and the March contract is \$3 lower at \$3,319. Analysts say cocoa is testing support at the bottom of its trend channel, near the \$3,200 level basis Dec, as the market continues to

digest 30-year highs made nearly 2 weeks ago. The Kilian cocoa report published overnight revised Ivory Coast production slightly lower. Liffe Dec cocoa is down GBP2 at GBP2,138 a ton.

#### **MARKET TALK: Liffe Cocoa Flat, Stronger Sterling Weighs**

November 4, 2009

[Dow Jones] Liffe cocoa futures trade flat as stronger sterling weighs on the market. The Kilian cocoa report published overnight revised down Ivory Coast production slightly which is supporting the market, says London-based broker. December flat at GBP2,140/ton. New York's most-active cocoa futures +\$22, or 0.7%, at \$3,296/ton. (SMC)

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

#### **Confectionery makers says IBM deal will help it cut costs**

02-Nov-2009

Confectionery.com

The Indian subsidiary of Perfetti Van Melle (PVM), the world's third largest confectionery group said that it has signed a multi-year deal with IBM to support its increasingly complex IT operations. PVM India, which manufactures and markets confectionery brands such as Center Fresh, Alpenliebe, Mentos and Happydent, said the deal is also aimed at reducing its overall operational costs.

The collaboration will result in IBM designing and building a green data centre, providing networking infrastructure for the centre as well as offering end-to-end facilities management services, claims the technology giant. IBM added that it will also help PVM India achieve energy efficiency to the tune of 17 per cent.

#### **Kraft rolls out sustainable chocolate range**

By Jane Byrne, 30-Oct-2009

Confectionery.com

Kraft Foods said its premium dark chocolate range is the first to carry the Rainforest Alliance Certified seal, showing it contains cocoa from farms that meet the sustainability standard. The global manufacturer said it has also committed to increase current purchases of cocoa beans from Rainforest Alliance certified farms ten-fold by the end of 2012, to 30,000 tonnes.

The company said its sustainably sourced Cote d'Or premium dark chocolate will initially be rolled out to consumers in France and Belgium, and, over the coming months, the certified range will be available in the UK, Germany, Spain, Hungary, Poland, Portugal, the Netherlands, Canada and the US.

The company said the certified range will also be made available in Sweden, Denmark and Finland under the Marabou brand and under the Suchard brand in Austria and Switzerland.

A spokesperson for Kraft told ConfectioneryNews.com that while the company would like to ensure all of its chocolate brands used sustainably sourced cocoa, the current limited availability of cocoa from certified farms prevented this. "This is just the first step in our broader sustainability commitment to help secure high quality cocoa for the longer term," she added.

Edward Millard, director for sustainable landscapes at the Rainforest Alliance, said that companies across the whole supply chain, from cocoa processors to chocolate manufacturers, are now showing real interest in certification. "The heightened commitment from Kraft, our original cocoa collaborator, and a new commitment from Mars, to source 100,000 tons of Rainforest Alliance Certified cocoa each year by 2020, are both indicative of an increasing level of interest industry-wide," he added.

Kraft said that, since 2005, it has been working with the Rainforest Alliance and leading development organizations in Germany and the US as well as with the cocoa trader, Armajaro to support sustainable cocoa production in the Ivory Coast.

Millard said that the collaboration has enabled six Ivorian cooperatives, representing over 2000 farmers in the Daloa/Issia and Abengourou areas, to gain the Rainforest Alliance Certified seal. He said that the results have been encouraging, with the last crop year showing improved yields and significant productivity gains, in some

cases above 50 per cent, while the incidence of cocoa 'black pod' disease was also reduced by one third and farmer incomes improved.

### **Barry Callebaut to Acquire Spanish Chocolate Maker Chocovic**

Source: Barry Callebaut AG

Zurich, November 4, 2009 - Barry Callebaut, the world's leading manufacturer of high-quality cocoa and chocolate products, signed an agreement with the Nederland Group to acquire Spanish chocolate maker Chocovic, S.A., specializing in chocolate and specialty products for industrial and artisanal customers.

The current owners will retain ownership of the other activities of the Nederland Group, which include Moner Cocoa S.A. and Nederland S.A. (cocoa processing). This acquisition underscores Barry Callebaut's strategic intention to further expand its core business with industrial and artisanal customers as well as its geographic presence.

Chocovic, with a corporate history of more than 130 years, has a state-of-the-art factory in Gurb, approx. 70 km north of Barcelona. Chocovic makes about 30,000 tonnes of chocolate and specialty products per year, has annual sales of approx. EUR 60 million (2008) and employs about 120 people. Chocovic also owns "Aula Chocovic", a chocolate academy, which offers trainings for professionals and gives technical support to Chocovic's commercial team.

Chocovic is present in the Spanish market under two well-known brand names – Chocovic and Novacrem – which are highly complementary to Barry Callebaut's brand portfolio. Barry Callebaut highly values Chocovic's current strategic positioning in the Spanish industrial and gourmet couvertures market. Therefore Chocovic's commercial names and current network which are a reference in the high-quality couvertures market will be maintained.

Juergen B. Steinemann, CEO of Barry Callebaut, said: "With our reconfirmed focus on our core activities with industrial and artisanal customers we now fully concentrate on expanding our existing business. The acquisition of Chocovic is an excellent, future-oriented opportunity for us: Chocovic will strengthen our position in Spain, it is a perfect complement to our existing offering, and we will use it especially as a platform to further build our Gourmet business."

The representative of the shareholders, said: "We feel proud of our management team's strong commitment throughout these years. Their dedication and know-how was key in positioning Chocovic as one of Spain's premier manufacturers of quality industrial and gourmet couvertures."

The transaction is subject to the approval of the competition authorities and it is expected to close by the end of the calendar year. The two parties have agreed not to disclose any financial details of the transaction.

## ***Business & Economy***

### **Europe cash cocoa: Christmas season trade low**

HAMBURG, Nov 6 (Reuters) - Physical cocoa trade in Europe was again thin this week as high cocoa futures and sluggish retail sales reduced industry demand, despite the pre-Christmas chocolate production season, cash cocoa dealers said on Friday. "We are hardly seeing any real pre-Christmas demand this year," one cocoa butter trader said. "Either industry is running the gauntlet and waiting for lower futures prices or they are not buying cocoa butter because they have enough which would seem to indicate weak chocolate consumption."

London cocoa futures <0#LCC> weakened slightly this week but are still hovering close to 24-1/2- year peaks seen in October, in turn largely reached because of financial investor buying. "Cocoa futures are seen as not reflecting the reality of physical demand but simply financial investment," one physical trader said. "The continuing economic downturn means retail chocolate sales in Europe appear to be well down, I am not seeing the usual pre-Christmas demand and industry cannot buy new supplies at current futures levels."

Industry purchasing strategy continued to focus on hand-to-mouth buying to take advantages of dips in London prices. "This is creating something of a vicious circle as industry is buying into London falls to fix physical deliveries and this in turn is stopping futures falling," another trader said.

Price ratios for nearby delivery of cocoa butter, a key chocolate ingredient, were around 1.80 times nearby London futures contracts, down from 1.85 to 1.90 in late October. "Butter demand is so low that some producers are steadily cutting ratios to maintain their market share but the outright price remains far too high for most buyers because of the surge in London futures," a trader said.

"Retailers in much of Europe seem to be putting pressure on confectionery producers to cut their prices. It is a miserable time for industry which is trying to price its products against the background of a cocoa futures market which many think is not reflecting the reality of the economic crisis."

Demand for cocoa powder, used in confectionery including biscuits, ice cream and cakes, was relatively stable but buyers were also resisting high outright prices caused by futures markets, traders said. "If you take spot bean prices and convert this into butter and powder prices there is no profit margin currently visible for the cocoa industry," one trader said.

"On the other side there is little that the chocolate industry can do except hope that the main crop season in Ivory Coast now starting will start to weaken futures."

### **Boss Talk: Nestle keeps its focus on the long term --- CEO Paul Bulcke says downturn brings short-term pressures that can jeopardize strategy**

By Deborah Ball

3 November 2009

The Wall Street Journal Asia

VEVEY, Switzerland -- Paul Bulcke became chief executive of Nestle SA in April 2008, capping a career at the world's largest food company that began in 1979 as a management trainee. It's been a tough 18 months. Mr. Bulcke, a 55-year-old Belgian who ran Nestle's huge Americas business before becoming CEO, took the helm just as shoppers world-wide were snapping purses shut.

As a result, the owner of brands including Nescafe, Perrier, KitKat and Jenny Craig found itself in an escalating battle with less expensive private-label products. This summer, Kroger Co. was selling a 24-pack of its own brand of bottled water for just \$2.49, piling the pressure on Nestle's Pure Life, Perrier and Poland Spring brands.

After several years of healthy growth, Nestle's sales hit the brakes this year, lagging behind rivals such as Unilever and Danone SA. Meanwhile, Kraft Foods Inc.'s \$17 billion bid for U.K. chocolate maker Cadbury PLC has thrown an unwanted spotlight on Nestle's confectionery business, historically one of its weakest areas. Kraft's offer led many to wonder if the Swiss food giant would launch a rival bid for Cadbury in order to strength its chocolate business.

Last month, Mr. Bulcke painted a slightly brighter picture of Nestle's sales trend, announcing third-quarter organic growth of 3.6%, a bit better than the 3.5% reported for the first half, but still well off Nestle's long-term target of 5% to 6%.

In an interview at Nestle's headquarters in Switzerland, Mr. Bulcke reflected on the challenges of managing amid the downturn, as he sipped Nescafe and ate Cailler dark chocolates. Excerpts follow.

WSJ: What has worked best for Nestle in managing the downturn?

### **Labour Issues**

### **Nigerian Ekiti State Strike Halts Cocoa Grading - Official**

6 November 2009

IBADAN, Nigeria (Dow Jones)--Cocoa grading has ground to a halt in Nigeria's southwest Ekiti state after cocoa officials went on strike over pay, traders and a cocoa official said Friday. The two-day warning strike was declared Thursday by the Nigeria Labor Congress and other labor unions over late salaries for the state public sector workers, a union official said.

A trader in Ado Ekiti, the Ekiti state capital, said officials at the state's Produce Department, who grade cocoa before it is sold in the local market and to exporters, are on strike. "Grading of cocoa has stopped in all parts of the state, cocoa cannot be bought or sold by Local Buying Agents or transported to exporters in Lagos ," he said.

It is illegal to sell or export ungraded cocoa in Nigeria . "It is a bad time to go on strike. The big harvest of the 2009-10 main cocoa crop is underway in the state and there is a lot of cocoa to be graded," the trader said.

Ekiti is one of the five cocoa-producing states in the southwest cocoa belt. It produces around 25,000-30,000 tons of cocoa a year.

### **Ivory Coast Unions Suspend Cocoa-Industry Strikes (Update1)**

By Monica Mark

Nov. 2 (Bloomberg) -- Labor unions in [Ivory Coast](#), the world's biggest cocoa producer, canceled plans to start a nationwide cocoa-industry strike today and will instead hold them later, a spokesman said.

The unions, which represent 35 different cooperatives, had threatened to shut down the transport and delivery of beans to ports and warehouses across the West African country as they demanded higher prices and more state financing for growers.

"Coffee and cocoa production is disappearing from the hands of the cooperatives," Moussa Soumharo, the spokesman of the United Unions for Agricultural Producers, said by phone from the main city, Abidjan. "We need to resolve this, but the timing for a strike has to be right. The union is in talks with government officials, and further strikes can absolutely be expected."

Farmers are frustrated that a raft of new regulations for the cocoa industry following pressure from the World Bank has yet to benefit them. The unions want the government to guarantee farmgate prices they receive for their beans, and are calling for the official representative of cocoa growers, the Council of Wisemen, to be dissolved because some of its members are seen as political appointments.

Ivory Coast, which accounts for about 40 percent of global output, may see cocoa production decline by as much as 15 percent in the new season because of a lack of investment by impoverished farmers and delayed government programs to distribute pesticides, according to shippers. Ageing trees and diseases including black pod rot are also curtailing output.

Cocoa for December delivery fell 36 pounds, or 1.7 percent, to 2,126 pounds (\$3,485) a metric ton on the Liffe exchange at 10:29 a.m. London time.

### **"Reverse Trick-or-Treaters" Deliver Fair Trade Chocolate**

[Ben Block](#), 3 Nov 09

WorldChanging (blog) -

Dressed in masks and outfits reminiscent of the film *The Matrix*, a group of foreign exchange students celebrated their first Halloween in proper fashion on Saturday in the suburbs of Washington, D.C.

But the classmates turned the U.S. tradition on its head. In addition to accepting candy, the students handed back their own Fair Trade-certified, organic dark chocolate.

"Farmers are paid more with Fair Trade, so they don't have to live in poverty and their children can get an education," explained Gaurav Noronha, a 15-year-old student from Mumbai, India, to a perplexed neighbor. "The farmers from whom this company gets the cocoa, they are paid fairly. [Usually farmers are not paid well enough.](#)"



Noronha and his classmates were participating in ["reverse trick-or-treating,"](#) an effort to raise awareness about the prevalence of [child labor](#) on cocoa farms in West Africa.

The San Francisco-based human rights group [Global Exchange](#) began the campaign two years ago to put increased grassroots pressure on international companies that purchase cocoa. The non-profit delivered about 260,000 information packets this year, each containing a sample of Fair Trade-certified chocolate, to parents, school groups, and religious organizations that participated across the United States and Canada.

"We're hoping this will create a landslide of [interest among chocolate companies](#)," said Adrienne Fitch-Frankel, coordinator of the reverse trick-or-treating campaign. "There is an outrageous number of children who are suffering from horrible back pain and other ergonomic neck issues between the ages of 5 and 18 just so we can have chocolate."

The reverse trick-or-treating campaign also generates free advertising for the growing [Fair Trade movement](#). In the cocoa industry, [Fair Trade standards](#) guarantee that farmers receive a premium of \$150 on top of market prices for each ton of cocoa they produce, as long as they meet specified labor standards. For example, field workers must not be younger than 15 years of age unless their education is not jeopardized and they do not perform particularly hazardous tasks, such as wielding a machete or applying pesticides. The program reasons that higher-paid farmers are less likely to rely on child labor.

In the United States, Fair Trade chocolate has grown in popularity but the market is relatively small compared to that in Europe. About 1,745 tons of the chocolate was imported into the country last year, nearly double the total from 2007. Worldwide, 10,299 tons of Fair Trade-certified cocoa was sold in 2008, according to [Fairtrade Labelling Organizations International](#).

"We're just trying to make people aware that there are other options out there, and important issues need to be considered," said Michael Zelmer, communications director for [TransFair Canada](#), a Fair Trade certification body that promotes the reverse trick-or-treating campaign in Canada.

The world's largest chocolate manufacturers agreed in 2001 to ensure that their products are not grown and processed on farms where the "worst forms of child labor," such as trafficking children and compulsory labor, persist. Such incidents are on the decline, yet nearly 2 million children still work on cocoa farms in Côte d'Ivoire and Ghana, often without pay, according to the [Payson Center for International Development at Tulane University](#), which the U.S. Department of Labor tasked to monitor progress on [the 2001 agreement](#).

The governments of the two West African countries, where about 75 percent of the world's cocoa is grown, have since established child-labor monitoring systems. The governments are also partnering with the international law enforcement body INTERPOL to arrest farmers who are known to use child labor. A [June sting operation](#) freed 54 children who were trafficked to southeast Côte d'Ivoire from seven different African nations.

In addition, the chocolate industry is participating in various certification schemes that strive to reduce child labor. Companies such as [Mars](#), [Nestlé](#), and [Cargill](#) are cooperating with [UTZ CERTIFIED](#), a program that sets social criteria similar to Fair Trade, based on International Labour Organization conventions.

Rather than provide farmers with a premium, many companies that have partnered with UTZ support separate programs that train cocoa farmers on advanced production methods and proper labor conditions.

"One of the concerns we've seen is that some of the activities children are involved in are inappropriate to their age: carrying heavy loads, using machetes on farms," said Bill Guyton, president of the [World Cocoa Foundation](#), a developer of several industry-supported training sessions in cocoa-growing regions of Africa, Southeast Asia, and the Americas. "Through farmer field schools, we explain to parents why activities are dangerous to young people."

[Cadbury's](#) aligned this year with Fair Trade for its chocolate products in the United Kingdom, Ireland, Australia, and New Zealand.

"These certifications are a major step forward because finally most of these companies recognize the need to take responsibility for labor standards in the cocoa supply chain. It itself is a victory," said Tim Newman, campaign director at the [International Labor Rights Forum](#). "The next step is to provide consumers with information about what these programs actually mean.... Some standards are stronger than others in enforcing worker rights."

Despite the progress of these programs, [Tulane University's Payson Center said in a 2009 report](#) that any certification system is unlikely to eliminate child labor completely.

"The ability to verify a 100-percent free [worst-forms of child labor] environment is doubtful," the report said. "More realistic objectives should be established by the countries."

For the foreign exchange students, who are participating in a U.S. State Department youth leadership program, the campaign was an introduction to Fair Trade. Most of them visited neighbors who were unfamiliar with the program as well.

"Many were not aware what Fair Trade is, but many are eager to find out," said Fabian Bollinger, a student from Schaffhausen, Switzerland.

Jody Axinn, a liaison for the American Field Service/Youth Exchange and Study Program ([AFS/YES](#)), chose to engage the students in the reverse trick-or-treating campaign in hopes that the students would raise awareness of Fair Trade in their home countries of India, Indonesia, Mozambique, and Switzerland.

"They come from countries that would benefit if Fair Trade was more widely spread," Axinn said. "If they bring the idea back to their country, and it's more widely spread on the producer side, it'd help."

*This piece originally appeared on [Worldwatch Institute](#).*

## ***Environmental & Sustainability Issues***

### **Kraft Foods; Kraft Foods Extends Commitment To Sustainable Cocoa Farming**

10 November 2009

Life Science Weekly

2009 NOV 12 - (NewsRx.com) -- Kraft Foods announced a major step forward in its long-standing support of sustainable cocoa farming. Based on pioneering work started in 2005 in the Cote d'Ivoire, the company has launched the first mainstream chocolate products in Europe to carry the Rainforest Alliance Certified(TM) seal. Additionally, it has committed to increase current purchases of cocoa beans from Rainforest Alliance Certified(TM) farms ten-fold by the end of 2012, to 30,000 tons.

Beginning in France and Belgium, Cote d'Or premium dark chocolate will now contain cocoa from farms that meet the sustainability standard of the Rainforest Alliance Certified(TM) program. Over the coming months, the certified Cote d'Or range will be rolled out to consumers in the United Kingdom, Germany, Spain, Hungary, Poland, Portugal, the Netherlands, Canada and the United States. It will also be made available to chocolate lovers in Sweden, Denmark and Finland under the Marabou brand; and using the Suchard brand in Austria and Switzerland.

The brands represent the first mainstream European chocolate to carry the Rainforest Alliance Certified(TM) seal. By the end of 2012, the company has committed to use only cocoa beans from Rainforest Alliance Certified(TM) farms across its entire Cote d'Or and Marabou ranges, equal to some 30,000 tons of beans.

This commitment results from a pioneering project with internationally respected partners. Since 2005, Kraft Foods has been working with the Rainforest Alliance, leading development organizations in Germany and the US - Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) on behalf of the German Federal Ministry for Economic Cooperation and Development and the United States Agency for International Development (USAID) - as well as with the cocoa trader, Armajaro, to support sustainable cocoa production in the Cote d'Ivoire, West Africa.

The commitment also builds on Kraft Food's experience and long-standing collaboration with Rainforest Alliance to develop sustainable coffee growing for use in mainstream brands - a relationship that has resulted in the company becoming the world's leading buyer of coffee beans from Rainforest Alliance Certified(TM) farms.

Edward Millard, Director for Sustainable Landscapes at the Rainforest Alliance, believes that taking Rainforest Alliance Certified(TM) cocoa to mainstream brands is key to making a real difference.

"Our collaboration with Kraft Foods and grassroots groups in Cote d'Ivoire will result in long-term, positive changes in the lives of cocoa farmers, their families, communities and the ecosystems on which they depend," said Millard. "Working together, we are protecting water, wildlife and soils, while training a new generation of farmers in the economic, environmental and social benefits of sustainable agriculture."

The public-private partnership, known as the "Market-Oriented Promotion of Sustainable Certified Cocoa Production" project, has enabled six Ivorian cooperatives, representing over 2000 farmers in the Daloa/Issia and Abengourou areas, to gain the Rainforest Alliance Certified(TM) seal. The results have been encouraging. The

last crop year alone witnessed improved yields and significant productivity gains, in some cases above 50%. The incidence of cocoa 'black pod' disease was also reduced by one third and farmer incomes have improved.

"This is very good news for all involved," explained Carsten Schmitz-Hoffmann, responsible for social and ecological standards at the GTZ, a key partner in the project. "GTZ sees Kraft Foods as an industry pioneer enabling us to advance our work in support of sustainable cocoa and coffee farming practices. We are particularly excited that sustainably-produced Ivorian cocoa is now available in an outstanding brand like Cote d'Or."

According to Schmitz-Hoffmann, it is important for cocoa farmers to improve their incomes by introducing better agricultural practices, improving selling methods and ensuring that the certified cocoa they produce has broader appeal beyond niche markets.

Pascal Bourdin, Senior Vice President of Kraft Foods and General Manager of its European chocolate business, agrees and believes that sustainably farmed cocoa will provide high quality cocoa beans over the long term.

"Cote d'Or and Marabou are two of our premium chocolate brands. By using sustainably grown Ivorian cocoa, we can continue to offer the most intense chocolate pleasure to our consumers while improving the lives of cocoa farmers and helping secure high quality cocoa for the longer term."

Bourdin underlines that this latest initiative represents only one step in Kraft Foods' broader sustainability commitment. The company intends to continue its efforts to encourage sustainable cocoa farming, working individually in cocoa producing regions as well as with others as part of broader initiatives such as those led by the Bill & Melinda Gates Foundation and the World Cocoa Foundation.

"I believe we've made a great start. My dream is to see every piece of chocolate worldwide made with cocoa from certified farms," says Bourdin.

#### **Nestle Unveils New Cocoa Plan**

Peace fm Online -



Global food manufacturer, Nestle, has launched a plan to help small-scale cocoa farmers, including the thousands living in Africa, take advantage of rising market prices by increasing their yields.

According to Nestle, the last four years have produced poor yields, a situation that has seen market prices spike. In late October 2009 cocoa futures reached a 30-year high in the US, hitting almost \$3 390 a metric tonne, a price not seen since February 1980. For the year to date, cocoa futures have risen by 30.4 per cent.

"This is unheard of for us and it is even predicted for next year, going into a fifth year," said Nestle executive vice president Petraea Heynike, referring to the current shortage.

Cocoa from Africa The two West African countries of Cote d'Ivoire and Ghana are responsible for over half the world's cocoa production, yielding 39 per cent and 19 per cent respectively. Nigeria and Cameroon are also significant African cocoa producers, as well as a number of countries in Central and South America, and the Asia-Pacific region.

Nestle reported that in the past 20 years chocolate consumption has doubled, with a 14 per cent increase in demand in the past five years alone. This should be good news for cocoa farmers, but the industry is struggling to keep up. The cocoa shortage is attributed largely to unproductive land and ageing trees that are vulnerable to disease.

With farmers worrying about their immediate future, they are unable to invest their attention or money in long-term solutions. "Production and grinding of the cocoa beans is not meeting the consumption, and that is leading to the very high prices that we have seen," said Heynike.

### Significant Investment

The Swiss-based manufacturing giant is one of the world's biggest buyers of coffee and cocoa beans. Over the next decade it intends investing almost US\$460-million into the sustainability of the two industries. Coffee will receive \$350-million and the remaining \$110-million will go towards a new project called the Cocoa Plan. This follows the company's previous investment of \$59-million for cocoa and \$198-million for coffee over the past 15 years. Nestle announced the bold initiative on 22 October 2009 as it presented its third quarter results, which showed good growth for the chocolate sector, although confectionery slumped.

### The Cocoa Plan

The Cocoa Plan, according to Nestle, will bring a variety of initiatives together under one banner. The plan will address cocoa-related social, economic and environmental issues, expanding on current sustainability initiatives and establishing new ones in cocoa-growing communities.

The goal is to boost production quality and quantity of the sought-after bean, and to give farmers a greater profit. A number of key tactics - such as 'further training of farmers in modern best practices and encouraging them to become certified responsible producers, and the supply of hardy cocoa trees - will revive the industry. Further steps include stream-lining the cocoa supply chain through direct negotiation with cocoa cooperatives to cut out the middle person; collaboration with plant scientists in other cocoa-producing countries; addressing child labour issues through the International Cocoa Initiative; and working with other relevant partners, such as the Red Cross, to improve the living conditions of communities.

The company also plans to expand the brand-new Nestle Research and Development Centre, which opened earlier in 2009 in Abidjan, Cote d'Ivoire. The Ivorian Centre and Nestlé's highly advanced plant science facility in Tours, France, are working together to supply a million superior cocoa plants every year from 2012.

### Sustainable farming

About 50 million people around the world depend on cocoa for their livelihood. This includes more than five million small-scale farmers, many of whom are women. Nestle has long shown a firm commitment towards the sustainability of the cocoa and coffee industries, for the benefit of all involved, particularly farmers.

Although the company owns no commercial plantations, it makes substantial investments in research and the development of higher-yielding, more robust plants, meaning that farmers can produce more cocoa on the same area of land, or even less.

This eliminates unnecessary deforestation, and farmers can then use the extra land for other crops, with the Nestle-supplied trees yielding between 50 per cent and 200 per cent more than current trees, according to a study. In the past 15 years the company has supplied 17-million elite coffee and cocoa treelets to farmers in producer countries, and over the next 10 years it expects to supply at least 12-million more.

Through field schools, Nestle also trains farmers and agronomists in topics ranging from tree-pruning and pest control to fermentation, drying and commercial selling, as well as social issues such as child labour. Over the past 10 years, the company has supported the training of about 100,000 coffee and cocoa farmers, helping them to develop better farm management practices coupled with an enhanced sense of responsibility towards the environment.

The next decade will see another 130 000 farmers receiving training and support.

## **Research and Development**

### **Economic Entomology; Scientists at Clemson University discuss research in economic entomology**

Ecology, Environment & Conservation via NewsRx.com

2009 NOV 13 - (VerticalNews.com) -- According to a study from the United States, "The addition of 1% (wt:vol) aqueous extracts of cocoa (*Theobroma cacao* L.) (Malvales: Malvaceae), coffee (*Coffea arabica* L.) (Gentianales: Rubiaceae), and green and black tea (*Camellia sinensis* L.) (Ericales: Theaceae) provided excellent UV radiation protection for the beet armyworm, *Spodoptera exigua* (Hubner) (Lepidoptera: Noctuidae), nucleopolyhedrovirus under laboratory conditions. Aqueous extracts of coffee, green tea, and black tea at 0.5% provided 85-100% UV protection, whereas cocoa provided 50% UV protection."

"Epigallocatechin gallate (EGCG), a component of green tea, and caffeine, a component of tea and coffee, also were tested as UV protectants. Both compounds were ineffective when tested alone. When EGCG and caffeine were combined, UV protection increased in a synergistic manner, but <35% of the original virus activity was maintained. This study demonstrated that coffee was comparable to green tea and black tea as a UV protectant," wrote S. Elsalamouny and colleagues, Clemson University.

The researchers concluded: "Further studies should be conducted to optimize their use in biopesticide formulations."

Elsalamouny and colleagues published their study in the Journal of Economic Entomology (Tea, Coffee, and Cocoa as Ultraviolet Radiation Protectants for the Beet Armyworm Nucleopolyhedrovirus. Journal of Economic Entomology, 2009;102(5):1767-1773).

### **Food Processing and Preservation; Studies from Ohio State University in the area of food processing and preservation described**

Food Weekly News

2009 NOV 5 - (VerticalNews.com) -- According to recent research published in the Journal of Food Processing and Preservation, "The objective of this study is to determine how the conching time and the quantity of sucrose, lecithin, cocoa butter and whole milk powder affect consumer preference for milk chocolate. Untrained panelists performed a sensory study consisting of acceptability, preference and attribute intensity."

"Longer conching time produced significantly smoother chocolate with smaller particle size.

The longest conche times had the smallest particle size and were the most mouthcoating.

There was no change in flavor with conching. The longer conche times were preferred.

Panelists preferred higher sucrose levels, and increasing sucrose decreased bitterness and increased chocolate flavor. Increasing lecithin increased smoothness, but less lecithin was preferred, possibly due to off-flavors at high levels of lecithin. Increasing cocoa butter yielded softer chocolate but did not affect bitterness. Panelists preferred 10% over higher levels of cocoa butter," wrote M. Prawira and colleagues, Ohio State University.

The researchers concluded: "More milk powder produced smoother chocolate with more caramel flavor and was preferred."

Prawira and colleagues published their study in the Journal of Food Processing and Preservation (EFFECTS OF CONCHING TIME AND INGREDIENTS ON PREFERENCE OF MILK CHOCOLATE. Journal of Food Processing and Preservation, 2009;33(5):571-589).

### **Agricultural and Food Chemistry; Research results from K.B. Miller and co-authors update knowledge of agricultural and food chemistry**

Agriculture Week

2009 NOV 5 - (VerticalNews.com) -- "A survey of a broad range of chocolate- and cocoa-containing products marketed in the United States was conducted to provide a more detailed analysis of flavan-3-ol monomers, oligomers, and polymers, which can be grouped into a class of compounds called procyanidins. Samples consisted of the three or four top-selling products within the following six categories: natural cocoa powder, unsweetened baking chocolate, dark chocolate, semisweet baking chips, milk chocolate, and chocolate syrup," scientists writing in the Journal of Agricultural and Food Chemistry report.

"Composite samples were characterized for percent fat (% fat), percent nonfat cocoa solids (% NFCS), antioxidant level by ORAC, total polyphenols, epicatechin, catechin, total monomers, and flavan-3-ol oligomers and polymers (procyanidins). On a gram weight basis epicatechin and catechin content of the products follow in decreasing order: cocoa powder > baking chocolate > dark chocolate = baking chips > milk chocolate > chocolate syrup. Analysis of the monomer and oligomer profiles within product categories shows there are two types of profiles: (1) products that have high monomers with decreasing levels of oligomers and (2) products in which the level of dimers is equal to or greater than the monomers. show a strong correlation ( $R^2 = 0.834$ ) of

epicatechin to the level of % NFCS and also very good correlations for N = 2-5 oligomers to % NFCS. A weaker correlation was observed for catechin to % NFCS ( $R^2 = 0.680$ ). Other analyses show a similar high degree of correlation with epicatechin and N = 2-5 oligomers to total polyphenols, with catechin being less well correlated to total polyphenols. A lesser but still good correlation exists between the calculated percent cacao (calcd % cacao) content, a proxy for percent cacao, and these same flavanol measures, with catechin again showing a lesser degree of correlation to calcd % cacao. Principal component analysis (PCA) shows that the products group discretely into five classes: (1) cocoa powder, (2) baking chocolate, (3) dark chocolate and semisweet chips, (4) milk chocolates, and (5) syrup. PCA also shows that most factors group closely together including the antioxidant activity, total polyphenols, and the flavan-3-ol measures with the exception of catechin and % fat in the product, which group separately. Because catechin distribution appears to be different from the other flavan-3-ol measures, an analysis of the epicatechin to catechin ratio was done, indicating there is a >5-fold variation in this measure across the products studied. The cocoa-containing products tested range from cocoa powder with 227.34 +/- 17.23 mg of procyanidins per serving to 25.75 +/- 9.91 mg of procyanidins per serving for chocolate syrup," wrote K.B. Miller and colleagues.

The researchers concluded: "These results are discussed with respect to other studies on commercial products, the bioavailability of the flavanols, and the possible role of processing on the amount of catechin in products."

Miller and colleagues published their study in the Journal of Agricultural and Food Chemistry (Survey of Commercially Available Chocolate- and Cocoa-Containing Products in the United States. 2. Comparison of Flavan-3-ol Content with Nonfat Cocoa Solids, Total Polyphenols, and Percent Cacao. Journal of Agricultural and Food Chemistry, 2009;57(19):9169-9180).

### **Crystallography; Study results from University of Guelph in the area of crystallography**

Science Letter

2009 NOV 3 - (VerticalNews.com) -- According to recent research from Guelph, Canada, "The effects of cocoa butter (CB) origin, tempering procedure, and structure on oil migration kinetics were studied using a flat bed scanner followed by image processing and analysis.

The migration rate (OMR) and migration distance (I-10) of stained oil were determined in tempered and nontempered CBs."

"Tempered matrices had 10 to 50 times lower OMRs than nontempered CBs. In addition, the lag phase observed before significant oil migration was also significantly longer in tempered CBs (12 days vs 2 days in nontempered butters). Moreover, cocoa butter origin had a strong effect on OMR. Brazilian and Nigerian CBs had the highest OMR in both tempered and nontempered samples. Malaysian CB had the third highest OMR, but this effect was only significant in untempered samples. Finally, the lowest OMRs were found in Chinese, Ecuadorian, and Ivorian cocoa butters. The amount of oleic acid and triunsaturated triglycerides (UUU) was strongly correlated to OMR (the higher the UUU concentration, the lower the resistance to oil migration)," wrote S. Marty and colleagues, University of Guelph.

The researchers concluded: "However, the relationships between the permeability coefficients and structural factors (squared averaged particle size and crystalline domain size) suggest that the micro- and nanostructure of the material also plays a significant role in the oil migration process."

Marty and colleagues published their study in Crystal Growth & Design (Effects of Cocoa Butter Origin, Tempering Procedure, and Structure on Oil Migration Kinetics. Crystal Growth & Design, 2009;9(10):4415-4423). For additional information, contact A.G. Marangoni, University of Guelph, Dept. of Food Science, Guelph, ON N1G 2W1, Canada.

### **Promotion & Consumption**

#### **Enjoy your dark chocolate**

Creswell Chronicle November 4, 2009

By Yaakov Levine, NTP

Halloween festivities have begun the season of fall and winter holidays that are often celebrated with sweet treats. Limiting your children's intake of sweet treats is a daunting task, especially around Halloween. I enjoy the playfulness, creativity and "tricks" of this celebration, but struggle to justify the accompanying sweets.

With the holidays ahead, I want to shed light on the benefits of dark chocolate, my goal being to inform readers about chocolate's health benefits, so long as you choose the type of chocolate carefully.

Chocolate comes from the theobroma cacao tree. Cocoa beans are the fermented ground seeds of this tree and have been enjoyed around the world for thousands of years.

Of course, the cacao as it was originally enjoyed is much different than the processed chocolate now generally available. Ancient Mayans used the cacao beans to produce bitter tasting beverages that increased their energy and vigor.

Research has shown that there are important antioxidants in good quality cocoa, including resveratrol, which is also found in berries, grapes and peanuts.

Studies show that resveratrol can increase the health and lifespan of human cells, which could have a positive effect on our longevity. Resveratrol's benefits include protecting our cells from free radical damage, supporting healthy blood pressure levels, promoting healthy blood vessels, slowing the aging process and supporting our immune system. There are several forms of resveratrol, and studies indicate that the most beneficial forms are found in dark chocolate.

Not all chocolates contain the above-described health benefits; many are improperly processed or have enough sugar to counteract any health benefits. Therefore, it is important to read labels.

Only purchase dark chocolate that does not contain any milk, because the milk diminishes the antioxidants' benefit. Many dark chocolate bars include artificial ingredients such as vanillin, which studies show to be a toxic ingredient to be avoided.

It is important to find chocolate products that are certified organic and marketed using "Fair Trade" methods. "Organic" chocolate's benefits are obvious – it does not contain herbicide or pesticide residues. The Fair Trade (look for the stamp) certification lets you know that the farmer was fairly compensated for the cacao beans they grew and harvested.

How much certified organic fair trade chocolate can be a healthy treat? Too much, and the sugar will negate any benefits.

Researchers in Italy found that a small amount of dark chocolate (6.7 grams) caused a decrease in inflammation, along with a reduction of 17 percent of C-reactive protein (CRP), a measure of arterial inflammation. Based on their study, a healthy serving would be just one square of Trader Joe's 73 percent Organic Dark Chocolate. Dark chocolate containing less than 70 percent cocoa typically has enough sugar to negate the health benefits, so choose carefully.

As we enter the dark days of winter, enjoy the holiday celebrations that brighten our lives, enjoy your treats in moderation and remember that organic fair trade dark chocolate can be a great choice as long as we do not overdo it.

## ***Social and Governance***

### **COCOA MARKETING COMPANY TASKED TO PREPARE FOR 1MILLION METRIC TONNES**

Deputy Minister of Finance, Mr. Fiifi Kwetey, has reminded the Cocoa Marketing Company (CMC) to equip itself to adequately deal with the pressures that would come with the one million metric tonne production envisaged by the year 2012.

“The company would not only be expected to sell all the one millions tonne of cocoa that is expected to be produced in 2012 but also to ensure optimum prices on the world market are achieved”, he added.

This, according to Mr. Kwetey, would lead to increased remuneration for cocoa farmers whose toil has brought the industry this far and by necessary implication, increased revenue for the government and people of Ghana.

The Deputy Minister, stated this when he inaugurated an eight member Board of Directors to oversee the affairs of the Cocoa Marketing Company.

The new Board is chaired by Mr. Tony Fofie, Chief Executive of COCOBOD. Other members are Nana-Oduro Owusu, Acting Managing Director, CMC, Mr. Eric Aning, Workers Representative, and Dr. H. A. Kofi Wampah, Representative of Bank of Ghana.

The rest are Ms. Bertha Agnes Amenuvor, representative of the ministry of Trade and Industry, Mr. Tony Dzadzra, representative of the ministry of Finance and Economic Planning,

Nana Kwame Ntim I, Chief of Manfo, Ashanti Region, Farmers representative and Mr. J.K Boamah, representative of the ministry of Food and Agriculture who was not present at the ceremony is expected to be sworn in later by the chairman of the Board.

The Chairman, Mr. Tony Fofie, on behalf of the other members thanked His Excellency the President of the Republic of Ghana and the Honourable Minister of Finance and Economic

Planning for the confidence reposed in them.

Mr. Fofie, assured stakeholders that the Board will dedicate itself towards the improvement of the existing systems for the attainment of the full potential of Ghana's cocoa industry by reaping maximum benefit from the store of knowledge, expertise and professionalism of fellow board members.

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### **FACT Project Helps Local Cocoa Exporting Company**

Solomon Times Online - Nov 3, 2009

The European Union-funded Facilitating Agricultural Commodity Trade, FACT project has engaged a cocoa exporting company Solomon Islands, to support communities and provide an alternative source of livelihood.

Direct Management Limited, DML is one of the 14 enterprises the FACT project is supporting.

A statement from the Secretariat of Pacific Community says by engaging with this company, the project aims to improve the entire cocoa supply chain in order to benefit the industry.

The FACT project is managed within the Land Resource Division of the Secretariat of the Pacific Community with the goal of increasing agricultural and forestry trade within the region.

DML director, Margaret Ilala, says the FACT assistance is timely and has accelerated the company's plans to move a notch up in cocoa supply and marketing.

The FACT project will assist DML in constructing a shed for cocoa bean storage and will provide technical assistance to DML farmers to improve supply and quality.

## **Others**

### **Cocoa Communities Receives Cadbury Support**

Peace fm Online - Nov 3, 2009

Cadbury Ghana and Cadbury Canada on Tuesday donated 5,000 bicycles to be distributed to school children in deprived cocoa growing communities to increase their access to education. The donation comes in the wake of the long distances the children walk to school.

It is part of a 45 million pounds Cadbury Cocoa Partnership, a ground breaking initiative developed to secure the economic, social and environmental sustainability of almost a million cocoa farmers and their communities.

In Ghana, the partnership is investing 30 million pounds sterling for the next 10 years. The Bicycle Factory initiative was launched by Cadbury Canada. Canadians visit the virtual factory at [www.thebicyclefactory.ca](http://www.thebicyclefactory.ca) where every Cadbury UPC code entered online will equal a bicycle part and for every 100 UPC codes, a bicycle is build.

Mr James Boateng, Managing Director of Cadbury Ghana, said the donation would go a long way to build on the country's human resource and improve the performance of the school children. School children who have the greatest need and travel three kilometres or more would benefit from the package in the more than 216 cocoa growing communities in Central and Southern Ghana. "This is a remarkable example of the commitment of Cadbury to the partnership and to the development of the manpower needs of the community," Mr Gary Scullion, General Manager Cadbury Canada said.

"We hope with this, we are not only extending the frontiers of education but also ensuring that the vulnerable in society get access to education, which is key for development. According to the United Nations, more than 40 million African children are growing up without schooling.

Mr Alex Tetteh Enyo, Minister of Education said the bicycle was a major incentive to increase access to education in rural communities since it would save the children from walking long distances to school. Three non-governmental organisations: World Vision, CARE, and Voluntary Services Organisation already involved in the partnership, would distribute the bicycles.

## TIT BITS

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

### **US MIDDAY: sugar and cocoa turn lower**

NEW YORK (November 10, 2009): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Monday. December arabica coffee contract rose 2.35 cents to \$1.4125 per lb at 10:56 am EST (1556 GMT). Wide session range from \$1.3910 to \$1.4225. Arabica coffee futures rose on support from the weak US dollar, said brokers.

### **London cocoa and coffee end lower**

LONDON (November 10, 2009): March cocoa in London ends 33 pounds lower at 2,099 pounds a tonne on Monday. Market weighed on strong starts to main crops in Ivory Coast and Ghana. London January robusta coffee ends down \$24 at \$1,415 a tonne. A pick-up in Indonesia exports and prospects for a large crop in Vietnam keeps a lid on the market. December white sugar in London ends a marginal \$0.10 higher at \$581.10 per tonne.

### **Gold shines in globe as records smashed**

LONDON (November 08, 2009): Gold prices struck a series of record highs this week, eventually spiking above 1,100 dollars for the first time, as Asian central banks snapped up the precious metal as an alternative to the dollar. The price of gold hit a record high above 1,100 dollars an ounce in London trading Friday following a report that Sri Lanka had joined India in purchasing the precious metal in favour of a weak US currency.

### **New York cocoa lower**

NEW YORK (November 08, 2009): US cocoa futures trickled to a lower settlement Friday, in options-related dealings and on December/March spreading, while general selling in commodities added pressure, dealers said. The benchmark March cocoa contract closed down \$39 at \$3,237 per tonne. Trading range from \$3,230 to \$3,298 per tonne. Volume for March at 10,327 lots at 12:33 pm EST (1733 GMT).

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

NEW YORK (November 07, 2009): Summaries of the ICE Futures US cocoa, coffee and sugar markets during early trade on Friday. December arabica coffee contract dropped 2.15 cents to \$1.3995 per lb at 11:06 am EST (1606 GMT). Wide session range from \$1.3950 to \$1.4315. Arabica coffee futures fell, retracing Thursday's rally, in rangebound dealings weighed down by commodity-wide selling, said brokers.

### **London coffee and sugar down**

LONDON (November 07, 2009): March cocoa in London ends 15 pounds lower at 2,132 pounds a tonne on Friday pressured by harvests in West Africa. London January robusta coffee ends down \$6 at \$1,439 a tonne. Harvest delays in Vietnam providing some support although large crop still anticipated. December white sugar in London ends \$4.20 lower at \$581.00 per tonne.

### **Indonesia's cocoa mid crop arrivals steady**

SINGAPORE (November 07, 2009): Daily cocoa arrivals barely changed on Friday during the mid crop harvest in Indonesia's main growing island of Sulawesi, while grinders showed little interest in beans despite the approaching Christmas season. More than 10,000 tonnes of cocoa were scheduled to leave for the United States next week, but dealers said the beans would be for delivery to the ICE warehouses and not to US grinders.

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

NEW YORK (November 06, 2009): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Thursday. December arabica coffee contract gained 2.40 cents to \$1.4315 per lb at 11:04 am EST (1604 GMT). Wide session range from \$1.3975 to \$1.44. Arabica coffee futures rose in heavy volume on December/March spreading and fund buying, said brokers.

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

LONDON (November 06, 2009): March cocoa in London ends 33 pounds lower at 2,147 pounds a tonne, with the market awaiting new crop bean arrivals data from top producer Ivory Coast. London January robusta coffee ends down \$2 at \$1,445 a tonne. Harvest delays in Vietnam providing some support although large crop still anticipated. December white sugar in London ends \$6.50 lower at \$585.20 per tonne.

### **US MIDDAY: coffee up, sugar down**

NEW YORK (November 05, 2009): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Wednesday. December arabica coffee contract rose 1.35 cents to \$1.4245 per lb at 11:04 am EST (1604 GMT). Session range from \$1.4075 to \$1.4295. Arabica coffee futures climbed as investor interest in commodities increased, said brokers.