

COPAL COCOA *Info*

A Weekly Newsletter of Cocoa Producers' Alliance



Issue No. 365

7th – 11th December 2009

Cocoa Producers' Alliance



UP-COMING EVENTS

IN THIS ISSUE

- ICCO DAILY COCOA PRICES
- 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'

In the News (from Newspapers worldwide)

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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)
7 th December	2223.54	3536.62	2245.67	3388.33
8 th December	2206.91	3516.05	2247.33	3373.00
9 th December	2230.71	3553.54	2272.00	3421.67
10 th December	2242.18	3568.91	2280.33	3434.67
11 th December	2229.04	3547.50	2271.00	3411.67
Average	2226.00	3545.00	2263.00	2263.00

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

Monday 7th December 2009

Month	Opening Trans	Settle	Change	Daily High	Daily Low	Volume
Dec 2009						
Mar 2010						
May 2010						
Jul 2010						
Sep 2010						
Dec 2010						
Mar 2011						
May 2011						
Jul 2011						
Sep 2011						
Average/Totals		#DIV/0!				0

Tuesday 8th December 2009

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2009						
Mar 2010						
May 2010						
Jul 2010						
Sep 2010						
Dec 2010						
Mar 2011						
May 2011						
Jul 2011						
Sep 2011						
Average/Totals		#DIV/0!				0

Wednesday 9th December 2009

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2009						
Mar 2010						
May 2010						
Jul 2010						
Sep 2010						
Dec 2010						
Mar 2011						
May 2011						
Jul 2011						
Sep 2011						
Average/Totals		1958				0

Thursday 10th December 2009

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2009	2200	2214	10	2217	2196	17,558
Mar 2010	2258	2276	10	2277	2252	12,088
May 2010	2277	2295	8	2297S	2274	971
Jul 2010	2262	2270	7	2272S	2259S	260
Sep 2010	2236	2241	11	2243S	2232	35
Dec 2010	2186	2197	6	2199	2186	350
Mar 2011	2185	2181	8	2185S	2185S	1
May 2011	2174	2179	16	2179S	2174S	51
Jul 2011		2185	16			0
Sep 2011		2202	16			0
Average/Totals		2224				31,314

Friday 11th December 2009

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2009	2210	2211	-3	2223	2208	4,738
Mar 2010	2272	2267	-9	2284	2265	7,293
May 2010	2291	2286	-9	2301	2283	1,573
Jul 2010	2260	2260	-10	2273	2256	849
Sep 2010	2242	2231	-10	2249	2231S	3,383
Dec 2010	2190	2187	-10	2205	2187S	453
Mar 2011	2179	2171	-10	2183	2178	86
May 2011		2169	-10			0
Jul 2011		2175	-10			0
Sep 2011		2192	-10			0
Average/Totals		2215				18,375

Average for the week	2215				9938
					49,689

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

Monday 7th December 2009

Month	Open	Price	Change	High	Low	Volume
Dec 2009	3351	3379	18	3383	3351	19
Mar 2010	3371	3378	2	3385	3327	4,188
May 2010	3400	3397	1	3402	3355	393
Jul 2010	3350	3396	0	3405	3350	339
Sep 2010	3376	3390	1	3380	3376	17
Dec 2010	3363	3377	2	3385	3363	74
Mar 2011	3349	3367	2	3353	3349	12
May 2011	0	3376	1	0	0	0
Jul 2011	0	3386	1	0	0	0
Sep 2011	0	3396	1	0	0	0
Average/Totals		3384				5042

Tuesday 8th December 2009

Month	Open	Price	Change	High	Low	Volume
Dec 2009	3354	3368	-11	3375	3350	19
Mar 2010	3381	3362	-16	3381	3341	4,370
May 2010	3392	3382	-15	3392	3359	793
Jul 2010	3389	3381	-15	3389	3376	662
Sep 2010	3380	3388	-2	3386	3380	514
Dec 2010	3364	3363	-14	3366	3360	61
Mar 2011	3350	3352	-15	3352	3347	34
May 2011	0	3362	-14	0	0	0
Jul 2011	0	3372	-14	0	0	0
Sep 2011	0	3382	-14	0	0	0
Average/Totals		3300				6453

Wednesday 9th December 2009

Month	Open	Price	Change	High	Low	Volume
Dec 2009	3430	3417	49	3430	3430	1
Mar 2010	3368	3411	49	3419	3363	8,214
May 2010	3415	3433	51	3434	3385	1,291
Jul 2010	3398	3432	51	3437	3387	1,283
Sep 2010	3401	3448	60	3436	3401	574
Dec 2010	3375	3413	50	3411	3375	200
Mar 2011	3359	3398	46	3397	3356	216
May 2011	0	3405	43	0	0	0
Jul 2011	0	3415	43	0	0	0
Sep 2011	0	3425	43	0	0	0
Average/Totals		3420				11779

Thursday 10th December 2009

Month	Open	Price	Change	High	Low	Volume
Dec 2009	3417	3423	6	3417	3412	4
Mar 2010	3400	3417	6	3423	3384	4,518
May 2010	3434	3439	6	3444	3410	861
Jul 2010	3436	3441	9	3445	3416	488
Sep 2010	3449	3453	5	3453	3431	207
Dec 2010	3417	3415	2	3420	3395	271
Mar 2011	3398	3399	1	3402	3388	205
May 2011	0	3409	4	0	0	0
Jul 2009	0	3419	4	0	0	0
Sep 2011	0	3429	4	0	0	0
Average/Totals		3424				6554

Friday 11th December 2009

Month	Open	Price	Change	High	Low	Volume
Dec 2009	3423	3409	-14	3437	3400	13
Mar 2010	3433	3394	-23	3437	3388	6,031
May 2010	3449	3416	-23	3454	3410	518
Jul 2010	3450	3417	-24	3455	3419	175
Sep 2010	3462	3431	-22	3466	3433	101
Dec 2010	3427	3395	-20	3431	3394	287
Mar 2011	3414	3380	-19	3414	3411	67
May 2011	0	3390	-19	0	0	2
Jul 2011	0	3400	-19	0	0	0
Sep 2011	0	3410	-19	0	0	0
Average/Totals		3404				7194

Health and Nutrition

Daily Buzz: Just Another Reason Why Chocolate Will Save the World

Woman's Day, December 08, 2009

At this point, we should all thank our lucky stars that chocolate continues to prove itself helpful in terms of health and weight loss—because it's inescapable. At Borders, Bloomingdale's and beyond, Godiva sits teasingly at the checkout. (By the way, genius move, Godiva.) Bars and malt-filled balls in pretty holiday wrapping—who can resist? My mother, who's on a mission to bake her way into bliss, leaves chocolate treats scattered around my apartment weekly. Thus, like I said, thank goodness for its goodness. Just one little square of the dark stuff will satisfy your craving and prevent you from indulging gluttonously in too many cookies. And now, a study recently published in *The American Journal of Clinical Nutrition* concludes that polyphenols—antioxidant chemicals found in cocoa (also in green tea and blueberries)—may produce beneficial results against atherosclerosis, a low-grade coronary heart disease. According to AJCN.org, "The objective [of the study] was to evaluate the effects of chronic cocoa consumption on cellular and serum biomarkers related to atherosclerosis in high-risk patients." The test was conducted using 42 high-risk volunteers (19 men and 23 women), who received 40 g cocoa powder with 500 mL skim milk or only 500 mL skim milk for 4 weeks. The research panel states in their study's abstract that, "Adherence to the dietary protocol was excellent," and concludes that the "results suggest that the intake of cocoa polyphenols may modulate inflammatory mediators [i.e., offer some protection] in patients at high risk of cardiovascular disease." Hooray!

Cardioprotective Effects of Chocolate Milk?

Synapse, By Tina Lee Associate Editor, December 10, 2009

Wine lovers boast about how moderate consumption of red wine can decrease the risk of heart disease. Chocoholics have their turn now that a small study shows that skim milk with flavanoid-rich cocoa decreases the risk of atherosclerosis. Previous studies have indicated that flavanoids may have antioxidant effects to battle cancer, but the main current consensus among the scientific community is that saturated fat, which chocolate is loaded with, increases cholesterol and subsequent risk of heart attacks.

However, this is one of the few studies that hone in on the cocoa powder formulation. Cocoa powder is unsweetened chocolate (and technically, chocolate liquor) that has been partially defatted and then ground into a powder. So, a logical health advantage of cocoa powder relative to sugar-rich milk chocolate is at least a lower risk of diabetes. Depending on the quality, the powder may also be the richest source of flavanoid polyphenols, hyped as an antioxidant that can protect from cellular damage.

Monagas et. al published a study in the *American Journal of Clinical Nutrition* that recruited 47 volunteers ages 55 and older in Barcelona, Spain whom were considered at risk for heart disease. The participants were part of a randomized, crossover study: half of the subjects were drank skim milk with 20-gram of soluble cocoa powder twice daily, while the other half drank plain skim milk. The groups were switched after one month, the groups were switched.

Major study flaws were apparent; the study was conducted without blinding the investigators nor the patients. Therefore, the investigators could have measured and analyzed the data with outcome bias. Also, the investigators chose expression of adhesion molecules on blood vessels and white blood cells as their primary outcome. Granted, there is no current FDA-approved standardized biomarker for clinical studies on inflammation as there is for studies on diabetes, which is Hemoglobin A1C%. However, there is strong evidence for an association of interleukins and C-reactive protein; these markers are elevated in the bloodstream during cancer, atherosclerosis, rheumatoid arthritis and even depression. Other important markers of coagulation are thrombomodulin and Protein C. Even though the study showed a decreased expression of molecules that lead to an inflammatory process, none of the other biomarkers were measured. Most importantly, the investigators did not collect data on actual clinical complications of atherosclerosis, such as incidence of heart attack, stroke or cardiac-related hospitalizations.

Lastly, one cannot generalize from the study as to how the average American drinks chocolate milk. Most people do not prefer fat-free milk and the only marketable chocolate milk contains high sugar content (an

average of 25g per serving). So, it would be wise to think twice before you stock up on Costco-sized cases of chocolate milk in place of your daily baby aspirin prescribed by your practitioner.

Production & Quality

Good chance for Vietnam to boost cacao production

VOVNews.vn - Dec 10, 2009

The Central Highland province Lam Dong and a US NGO on agricultural development assistance ACDI/VOCA jointly held a conference on cacao development on December 10.

The conference aimed to update information and technology for farmers in cultivating and preserving cacao after harvest.

Vietnam now has more than 12,000ha of cacao, mainly in Dak Lak, Ben Tre, Ba Ria-Vung Tau. With a total yield of 1,000 tonnes of processed cacao nut per years, Vietnam only has a tiny share in the world's market.



A representative of Cargill Vietnam, a leading American company that collects and processes cacao nuts, said that there will be a shortage of 200,000 tonnes of cacao on the global market next year and this trend is predicted to continue in several years. This is an excellent chance for Vietnam to accelerate the development of cacao in the country. However, to sustainably integrate into the world market, Vietnam should focus on improving the knowledge and techniques of farmers in parallel with expanding the cultivation area and increasing the cacao yield.

Government to sustain support for cocoa farmers

Ghana News Agency

Manso-Adubia (Ash), Dec.6, GNA - Mr Charles Oti-Prempeh, Amansie West District Chief Executive (DCE), said that government would sustain its support for cocoa farmers to enable them to increase production of the crop. He warned cocoa sprayers and supervisors of the various spraying gangs in the district to desist from diverting premix fuel and other materials meant for the cocoa spraying exercise. Mr Oti-Prempeh was addressing a farmers' rally at Manso-Adubia at which over 200 hard working farmers were honoured. The event which was organized as part of the national silver jubilee Farmers Day, was attended by traditional leaders, farm project managers, staff of agro-chemical companies, farmers, fishers, agro-processors, heads of departments and agencies.

Mr Nicholas Manu, 48, of Abom near Pakyi emerged the overall best farmer and had a 21-inch television set, spraying machine, bicycle, full piece wax print, 10 cutlasses, six pairs of Wellington boots, rosette and a certificate. Two hundred agricultural exhibitors were given a cutlass each while 13 others received consolation prizes of cutlasses, Wellington boots, soap and half piece of wax print.

Dr. Albert Kwansah-Filson, District Director of Food and Agriculture was working hard to boost agriculture in the district. He commended Care/Cadbury Cocoa Partnership and the Millennium Village project for providing financial assistance to farmers and contributing to infrastructural development in the district. Dr. Kwansah-Filson said the district abounds large tracts of land suitable for rice production and said prospective farmers would be supported to increase their yields. Fish farming and small ruminants' production would also be promoted in the district.

Nana Doku Dankwa II, Chief of Adubia and Nifahene of Manso-Nkwanta Traditional Area, called for the rehabilitation of roads in the area to facilitate economic activities.

Nicaragua's coffee farmers switch to cocoa as climate changes

Reuters AlertNet, By: Anastasia Moloney, 07 Dec 2009



BOGOTA (AlertNet) - Cocoa, known around the world as the basic ingredient used for chocolate, is slowly changing the fortunes of Nicaragua's coffee farmers as they seek ways to adapt to a changing climate. In recent years, coffee producers in the heart of the country's coffee growing region in the north-central Jinotega highlands have seen coffee production decline as a result of weather changes, prompting farmers to turn to cocoa as an alternative cash crop.

Coffee farmers in the small Central American country first noticed erratic weather, linked to global warming and deforestation, about ten years ago. Hurricanes, rising temperatures, drier spells and heavier rains have become more common.

All this has taken a toll on coffee crops, which do not flourish in hotter temperatures. Cocoa, a scarlet red and green fruit shaped like an elongated melon, however, thrives in the heat. "Coffee used to grow well because of the cool climate but with global warming it doesn't grow so well anymore," said Miguel Angel, a small coffee farmer whose family has relied on coffee sales as its only source of income for generations. "Cocoa is growing really well. I think it can help families here earn a better living."

The production of high-quality coffee beans has fallen by around a quarter in recent years. The high-quality beans are sold to markets in the United States and Europe and are one of Nicaragua's major cash crops and main exports but the rising temperatures leads to poorer quality beans and a smaller harvest.

PILOT PROJECT

Miguel Angel belongs to Soppexcca, a local association of 18 small-scale coffee farming cooperatives, which is taking part in a pilot project to help its members grow cocoa with the help of UK-based charity Christian Aid.

Forty-four coffee farmers have been given cocoa seedlings to plant in small plots of land. They also take part in a three-week training course about producing high quality cocoa beans, including pest and disease control, the use of organic pesticides, and the proper storage of cocoa pods.

Coffee farmers are gradually setting aside more and more land to grow cocoa alongside coffee, and they hope to replace all coffee crops with cocoa plants within the next five or so years. So far, Miguel Angel has ripped up around four acres of coffee to plant cocoa, which when mature he hopes will bring in an extra \$650 a year.

News about the promising pilot project is getting out, and there is a waiting list of local coffee farmers wanting to join. Across the world, 14 million small farmers depend on cocoa for their livelihoods.

The added benefit of cocoa, which originated in the Amazon basin thousands of years ago, is that it can be grown at the same time as the coffee's traditional 'dead' period when farmers are not busy harvesting coffee. "Cocoa keeps families afloat and the extra money means families can afford to send their children to school," said Emma Pomfret, a journalist with Christian Aid, who recently visited the cooperative.

Profits from cocoa sales in local markets are being ploughed back in to the cooperative and are also being used by farmers to buy an extra hectare or so of land. Christian Aid says the Initial coca harvests have been so promising that the cooperative hopes to increase the area dedicated to cocoa farming to 350 acres by next year, and step up sales of organic cocoa to new markets.

Company unveils new programme for cocoa farmers

Ghana News Agency

Accra, Dec. 9, GNA - Cocobod Armajaro Traceable Foundation (CATF), a not-for-profit organisation that carries out projects in Ghanaian cocoa farming communities, has embarked on a further programme to improve the livelihoods of cocoa farming communities by distributing 50,000 mosquito bed nets to farmers in the cocoa-growing areas of Ghana. CATF will use Armajaro Ghana Ltd's depots and the assistance of NetsforLife and the Ghana National Malaria Control Programme to ensure full and effective use of the nets. Over 100,000 people are expected to benefit from the distribution of these nets.

The 50,000 bed nets being distributed are PermaNet long-lasting insecticidal nets, which require no re-treatment or dipping and have a dirt repellent feature to keep them clean for longer. The nets are recommended by the World Health Organization's Pesticide Evaluation Scheme and Malaria No More for safe and effective prevention and control of malaria and other vector-borne diseases.

Armajaro Ghana Ltd is ideally placed to distribute bed nets in rural areas, as it has a long-established buying network that has contact with more than 75,000 farmers who supply its 45 district depots in five regions across the country. Traceable cocoa is sourced in the cocoa-growing areas of Ghana by Armajaro Ghana Ltd.

Cocoa processors and chocolate manufacturers purchase traceable cocoa from the Ghana Cocoa Board's Cocoa Marketing Company (CMC).

Cargill Cocoa first in Ghana to get AIB recognition

Ghana Business News

By Emmanuel K. Dogbevi

Dec 10, 2009



Cocoa and Chocolate has obtained international recognition from AIB International after one year of operating in Ghana, making it the first company in the food and confectioneries sector to do so. A report on Food Products Design says the AIB audit resulted in a score of 900 points out of a possible 1000.

Commenting on the achievement, Leo Winters, who is head of Cargill's cocoa operations in West Africa said, "For a plant that has been operating for just a year to become the first cocoa plant in Ghana to obtain AIB recognition really is a remarkable achievement," adding, "the score of 900 points out of a possible 1,000 is testament to the hard work and dedication of our staff. It is proof of Cargill's commitment to produce food to the highest standards."

Cargill's plant, located in the port city of Tema has the capacity to transform around 65,000 tons of cocoa beans per year into high-quality cocoa butter and powders for customers around the world. The company Ghana produces and exports a range of cocoa powder under the 'good taste of Ghana' banner.

AIB International is a corporation founded by the North American wholesale and retail baking industries in 1919 as a technology transfer center for bakers and food processors. The original mission of the organization was to "put science to work for the baker," and that basic theme is still central to all of the programs, products, and services provided by AIB to baking and general food production industries worldwide. AIB International is committed to protecting the safety of the food supply chain and delivering high value technical and educational programs, the organization says on its website.

Nigerian Cocoa Farmers to Be Rewarded for Improved Bean Quality

By Vincent Nwanma

Dec. 11, 2009

(Bloomberg) -- Nigerian cocoa farmers will be paid premiums of \$20 to \$40 a metric ton for supplying good quality beans, London-based commodity trader Armajaro Holdings Ltd. said. "We hope it will help with their output and their quality," Nicko Debenham, who heads the company's cocoa "traceability and sustainability" project, said by phone from London today.

Through documentation, including marks on cocoa bags, chocolate makers will be able to trace consignments to the farmers or farmer groups that produced them, Debenham said. Farmers will receive training on farming practices to help them secure premium prices, he said. Funding for the traceability project comes from premiums paid by chocolate makers, he added.

The Market

Cocoa moves closer to 25-year high

(ADPnews) - Dec 8, 2009 - Cocoa jumped on Monday, moving nearer to its strongest level in 25 years amid concerns over cocoa supplies, the Financial Times reports. Liffe March cocoa added 1% to GBP 2,249 (USD 3,687/EUR 2,486) a tonne, a level last seen in February 1985. Liffe May cocoa, which becomes the benchmark in the middle of the month, was up 0.9% to GBP 2,266 a tonne. ICE March cocoa gained 0.6% to USD 3, 383 (EUR 2,281) a tonne. Cocoa prices got a boost amid worries over another supply deficit in the global market in 2009-10 as yields in the biggest cocoa producer Ivory Coast are hit by a disease. (GBP 1.0 = USD 1.639/EUR 1.105)

COMMODITIES-Oil, most markets fall; cocoa at 25-year peaks

Forbes

By Barani Krishnan

12.07.09

NEW YORK (Reuters) - Oil settled below \$75 a barrel Monday the first time since mid-October and gold, metals and grains also finished down as a rising dollar weighed on many commodities. But cocoa hit 25-year

peaks and coffee touched seven-week highs as supply worries drove these soft commodities, higher, bucking the overall trend.

On the broader front, analysts expected more near-term pressure on commodities if the dollar keeps rising after last week's dip in the U.S. unemployment rate sparked hopes that U.S. interest rates may head higher next year. But U.S. Federal Reserve Chairman Ben Bernanke put a damper on that speculation, saying Monday that he expected low rates to persist.

Raw materials prices have jumped this year as investors sought an inflation hedge against the depreciating greenback. "We continue to expect a period of dollar strength over the coming days and weeks," currency strategists at Citigroup (C - news - people) wrote in a note to clients on Monday. U.S. crude oil's benchmark front-month contract, February , settled down 2 percent, or \$1.54, at \$73.93 a barrel. "Despite the good jobs numbers, crude had some significant drags on it in terms of supplies, refinery utilization and overall economic activity, said John Kilduff, partner at Round Earth Capital.

U.S. crude rose from a recession low of nearly \$32 a barrel in January to a 2009 high of \$82 in late October. Lately it has been in the \$70-\$80 range as oil stockpiles mounted in the United States, the world's No. 1 energy consumer.

Gold settled slightly lower after Bernanke said the U.S. economic recovery was fragile, and made some investors look again to the precious metal as a safe haven. Gold futures for February settled down half a percent, or \$5.50, at \$1,164 an ounce in New York. It rebounded in late trading after falling almost 3 percent during the session. On Friday, both gold futures and bullion fell about 5 percent, marking the biggest single-day loss since October 2008, as the dollar jumped. "At the end of the day, I think the gold story has been more of a monetary story, rather than an inflation story," said Frank McGhee, head precious metals trader of Integrated Brokerage Services.

Cocoa futures in London climbed to the highest level since 1985, boosted by talk that supplies from top producer Ivory Coast may start to tail off soon. London's March cocoa rose 22 pounds, or about 1 percent, to a peak of 2,249 pounds, the highest level in nearly 25 years for the benchmark second month. The contract closed up 16 pounds at 2,243 pounds a tonne. In New York, the benchmark March cocoa contract crept up \$2 to finish at \$3,378 per tonne. "People are a bit scared about what can happen next, but an explosion on the market to the upside is certainly a possibility," a cocoa dealer in London said.

Cocoa in London Climbs to Highest Since 1985

Source: Reuters

London, Dec 7 - Cocoa futures in London climbed to the highest level in nearly 25 years on Monday, boosted by growing talk supplies from top producer Ivory Coast may start to tail off soon, dealers said.

Coffee futures also advanced while sugar looked to consolidate after last week's run-up which saw London whites set a record peak. "The talk in the market at the moment is the main crop will see arrivals dropping earlier than the norm and people are now also seeing mid-crops lower than average," one London cocoa dealer said.

March cocoa rose 22 pounds or about one percent to a peak of 2,249 pounds, the highest level for the benchmark second month since January 1985. "People are a bit scared about what can happen next but an explosion on the market to the upside is certainly a possibility," the dealer said, adding comments from a veteran trader on Friday had heightened concern.

The world's cocoa deficit in 2009/10 is expected to exceed 100,000 tonnes, and could double if crop weather is adverse, Anthony Ward, a co-founder of commodities trade house Armajaro, said on Friday.

IVORIAN ARRIVALS

Ivorian cocoa plantations have sent 57 percent more cocoa to the top grower's export ports this season than they did during the same period a year ago, according to official figures obtained by Reuters on Monday. ICE March cocoa futures ended \$2 higher at \$3,378 a tonne.

Sugar prices were slightly lower with whites prices in London hovering just below last week's record peak. "I think we are going to go up but I'm still looking for the catalyst," said Toby Cohen, director and head of

research for merchant Czarnikow. Dealers said the market was underpinned by expected strong demand from Asia, particularly India, Pakistan and Indonesia. ICE March raw sugar futures eased 0.11 cent or 0.5 percent to 22.41 cents a lb, while Liffe March white sugar eased 90 cents or 0.2 percent to \$617.20 per tonne. CSR Ltd, Australia's largest sugar refiner, said on Monday it expects sugar prices to remain strong.

Coffee futures rose on light investor buying in moderate turnover, dealers said, noting ample near-term physical supply. "We're seeing light investor buying. The fundamentals are not the drivers at the moment," one coffee trader said. "The market came off on Friday and is now moving up again." ICE March arabica coffee futures rose 3.90 cents or 2.8 percent to \$1.4525 per lb, while London March robustas rose \$46 to \$1,402 per tonne. Vietnam's coffee output will drop more than 20 percent to around 1 million tonnes, or 16.7 million bags, in the current 2009/2010 crop harvest due to adverse weather, an industry official said on Monday.

Coffee, Cocoa Ease but Tight Supplies Underpin

Source: Reuters

London, Dec 8 - Arabica coffee and cocoa futures on ICE eased back slightly on Tuesday on investor selling linked to a firmer dollar although both markets remained underpinned by concern about tight supplies. Dealers said coffee was underpinned by a shortage of high quality arabicas while cocoa, which rose to a 25-year high in London on Monday, has been buoyed by talk that West African supplies may tighten.

Sugar futures also drifted lower on a firmer dollar but remained well-supported by expectations of strong physical Asian import demand.

March arabica futures on ICE eased 1.30 cent or 0.9 percent to \$1.4530 by 1525 GMT. The contract rose as high as \$1.4790 on Monday, its highest level since it touched \$1.4795 on Oct.19. "If the dollar weakens a bit more we can expect to see coffee around about 154 to 156 (cents a lb on March ICE). If not we will stay between about 141 and 148 cents," one dealer said.

Dealers said the rise has been driven partly by tightening supplies of high quality arabicas which has led to a drawdown in ICE certified stocks. "I think there is more general acceptance that we really are facing a shortage in terms of good quality arabicas," said Kona Haque, commodity strategist with Macquarie Bank. "It is nothing new but this recent uptick seems to have a bit more momentum than the previous ones," she added.

Analyst Shawn Hackett of Hackett Financial Advisors said in a report issued on Tuesday he was very bullish on coffee, adding he believed the market had "break away potential" in the first half of 2010. "The scarcity is a result of too much demand against not enough supply that over the last decade has consistently eroded Brazilian buffer coffee stocks to reach near zero in the spring of 2010," Hackett said.

ARABICA PREMIUM

Dealers said tight supplies of arabicas has triggered a significant widening in the premium to robustas. Arabica futures prices have risen more than 25 percent since the start of this year while robustas have fallen nearly 10 percent in the same period.

March robustas on Liffe eased \$22 to \$1,387 a tonne. "I would suspect that this current scarcity of (high quality) washed arabicas is not going to be disappearing next season so the New York premium over London is going to carry on," Macquarie's Haque said.

ICE cocoa eased back slightly after a rally driven by expectations of tight supplies and improving demand while prices in London were flat, underpinned by a weaker pound. "Q4 (global) grind (a measure of demand) looks like it will be much better than Q3 and previous quarters this year," said Ricardo Santos of the agri commodity brokerage of BNP Paribas Fortis in London. "The signs are that cocoa demand is improving." He referred to profit-taking in cocoa after the latest rally. "A lot of the selling is profit-taking," he said. ICE March cocoa eased \$12 or 0.4 percent to \$3,366 a tonne while March cocoa in London rose two pounds to 2,245 pounds a tonne.

Sugar futures remained rangebound in slim volumes, underpinned by expectations of robust physical import demand from Asia, notably India, Pakistan and Indonesia.

Dealers said the market, however, lacked the momentum to break out of its range on the upside until the anticipated demand actually materialises. "There was a lack of real demand or offtake over the weekend," said

James Kirkup, sugar trader with Fortis Bank Nederland. March whites in London was off \$3.90 or 0.6 percent at \$613.00 a tonne while March raws on ICE eased 0.16 cent to 22.29 cents a lb.

Ivory Coast cocoa prices jump on future supply fears

Dec 8, 2009



ABIDJAN (Reuters) - Cocoa farmgate prices in Ivory Coast jumped last week, propelled by fears of a tightening in supply early next year and firm port prices led by the London futures market, farmers and buyers said on Tuesday.

Port and farmgate prices can be an indicator of volumes and cocoa bean quality, and can illustrate the local impact of price movements on international markets closely watching the top supplier's output after a weak 2008/09 harvest.

A purchasing manager from a European cocoa exporter said prices at the port of Abidjan were between 1,080 CFA and 1,120 CFA francs per kg for some exporters, compared with 1,080-1,100 francs the previous week. "The big exporters have set the bar high. Prices are very high at the port because futures prices are high in London," he said.

Exporters fearing a sharp fall in supply by next year were buying up more high quality cocoa beans, he said. "In raising the price, the exporters want to quickly secure their supply of beans, in terms of quantity and quality, because of concerns that, come January, there will be a shortage," the manager said.

In centre-western growing region Daloa, which produces a quarter of Ivory Coast's output, the average price jumped by 70 CFA francs to 1,015 francs per kg. "We are seeing at least 1,000 per kg because quality is good and competition strong between exporters' warehouses who keep wanting more cocoa," said farmer Marcel Aka.

In western region Soubre, the heart of the cocoa belt, Coffee and Cocoa Bourse (BCC) data showed the average price was 955 francs, but farmers said many buyers were offering well above that.

Farmer Roger Tano said exporters were paying between 975 and 1,000 francs for cocoa from Soubre "because (they) think that there won't be any left after the end of January."

Cocoa Advances to a 20-Year High in London as Demand Rebounds

By M. Shankar

Dec. 9, 2009

(Bloomberg) -- Cocoa climbed to the highest price in at least two decades in London as some investors sought to diversify their assets by buying commodities. Cocoa for December delivery rose to 2,204 pounds (\$3,572) a metric ton on the Liffe exchange, the highest closing price since at least 1989. "Money is coming back into defensive commodities such as cocoa and coffee," said William Adjadj, a trader with Sucden Financial Ltd. in Paris. Standard & Poor's cut its outlook for Spain's debt rating, a day after Fitch Ratings lowered its rating for Greece.

While production from Ivory Coast, the world's biggest cocoa grower, is expected to improve, the West African country's total output in the 2008-09 season fell by 160,000 tons to 1.22 million tons, according to the International Cocoa Organization.

The pound fell against the dollar and the euro, making the beans cheaper for investors holding those currencies.

Among other agricultural commodities traded on Liffe, robusta coffee for January delivery jumped \$18, or 1.3 percent, to \$1,373 a ton. Coffee has gained 4 percent this week. Production from Vietnam National Coffee Corp., the country's biggest exporter, will drop because the company plans to replant trees, Nguyen Cong Hoang, deputy director general, said today. Vietnam is the biggest grower of robusta beans.

Global coffee output will likely decline to 123 million to 125 million bags in 2009-10 from 128 million bags in the previous season, the International Coffee Organization said in a report today. Demand may expand to 132 million bags this year, compared with 130 million last year, it said. White, or refined, sugar for March delivery fell \$10.10, or 1.7 percent, to \$599.80 a ton, the fifth consecutive decline.

African harvest fears boost cocoa

Financial Times

By Chris Flood

December 9 2009

Cocoa prices hit a fresh 25-year high amid supply concerns while oil prices were volatile following the latest US inventories data. Liffe March cocoa rose 0.9 per cent to £2,266 a tonne amid worries that the market will face a global supply shortfall for a fourth successive year due to disease affecting yields in Ivory Coast, the world's largest cocoa producer.

Liffe May cocoa, the benchmark from mid-December, which has more liquidity than the March contract, hit £2,290 a tonne, above the \$2,285 peak that the benchmark contract reached in February 1985. Cocoa prices in new York reached a 30-year high with ICE March cocoa up 1.4 per cent to \$3,409 a tonne.

Crude oil prices were extremely choppy following weekly US inventories data with Nymex January West Texas Intermediate falling \$1.95 to \$70.67 a barrel, moving between that and a high of \$73.87. ICE January Brent lost \$2.80 at \$72.39 a barrel. US crude stocks fell 3.8m barrels last week, well above the consensus forecast for a drop of 600,000 barrels. However, the impact of that fall was blunted by an increase in crude inventories at Cushing, Oklahoma, the delivery point for WTI, up 2.5m barrels to 33.4m barrels.

US refinery utilisation rose more than expected, up 1.4 percentage points to 81.1 per cent. However, more refinery activity resulted in an increase in stocks of petrol and heating oil as demand from consumers remained soft. Petrol stocks rose 2.2m barrels last week, above the consensus market forecast for an increase of 1.5m barrels. Nymex January RBOB unleaded gasoline traded 2.9 cents, 1.5 per cent, lower at \$1.8960 a gallon.

In spite of colder weather, distillate stocks (including heating oil) rose, up 1.6m barrels last week, confounding the consensus forecast for a drop of 600,000 barrels. Nymex January heating oil lost 3.2 cents, or 1.6 per cent, at \$1.9593 a gallon.

Gold rose 0.9 per cent to \$1,140 a troy ounce, making a partial recovery after falling in the four previous sessions. Among the base metals, nickel rose 2.5 per cent to \$16,552 a tonne as confidence in the market's outlook rose on news that First Quantum Minerals had agreed to buy BHP Billiton's Ravensthorpe nickel operation for \$340m.

Production at Ravensthorpe was suspended in January after nickel prices plunged in the wake of the financial crisis but First Quantum expects output to average 39,000 tonnes annually for the first five years.

Aluminium prices hit a 2009 high at \$2,212 a tonne, up 2.3 per cent, helped by a rise in demand for metal for immediate delivery from London Metal Exchange warehouses. Germany's biggest aluminium smelter, the Rheinwerk plant in Neuss, owned by Norsk Hydro of Norway, is facing immediate closure unless it receives state aid, according to the German Metal Federation.

Lead slipped 0.5 per cent at \$2,277.5 a tonne. Leon Westgate of Standard Bank cautioned that lead looked vulnerable to a sell-off as evidence of a seasonal pick up in physical consumption remained thin approaching winter, the peak period for replacing car and vehicle batteries.

Copper prices dipped 1.3 per cent to \$6,885 a tonne, under pressure from rising stocks, up 5,200 tonnes.

Cocoa prices soar with low production and high demand

Economic Times

By P K Krishnakumar, ET Bureau

9 Dec 2009

KOCHI: The cocoa prices continue their upward spiral with a slump in the production in the second peak season of October-November period and robust demand. The cocoa prices are hovering in the range of Rs 150 to Rs 160 per kg, the highest in the last five years. The first peak season of cocoa from June to August also had produced a poor crop output. The chocolate companies are expecting 10 to 20 % drop in production, which touched 12,000 tonnes last year.

The demand has remained strong despite high prices. The chocolate companies are still active in the market. "We have not cut down the purchase. But the problem is there are not sufficient cocoa beans available in the

market and the quality of the beans too have gone down,” said A.S.Bhat, executive director of The Central Arecanut and Cocoa Marketing and Processing Co-operative Ltd. (Campco). The annual requirement of the company is about 3000 tonnes.

Large company like Cadbury India too is continuing its purchase from the local market. But the company is already importing a significant share of its total requirement of about 15,000 tonnes a year. India’s total cocoa beans import is about 8000 tonnes, which is set to increase in the current year.

The international cocoa price is around \$ 3.5 per kg with a decline in global production. But despite the high price and an import duty of 35 %, the indications are the chocolate companies could go for more import. Another reason for more import is the superior quality of the imported beans. In the domestic market with the lower availability of the cocoa beans, the quality has gone down, according to an officer in a big chocolate company.

With the rising prices of cocoa beans, the chocolate companies are under pressure to increase the product prices. So far most of them have absorbed the hike in raw material prices. But if the prices continue to rise, then the companies may be forced to effect an increase in the product prices. The prices are expected to remain at the current level for a few more months till the arrival of the next crop.

Cocoa prices hit highest for nearly 25 years

Agrimoney.com

9th December 2009,

Cocoa prices have, helped by growing demand expectations and sterling weakness, jumped to their highest since the year of the Live Aid concerts and Mikhail Gorbachev's appointment as leader of the Soviet Union.

London's spot cocoa contract edged £20 higher to £2,210 a tonne, with the better-traded March lot adding £24 to £2,269 a tonne. Both were the highest levels since February 1985 for the near and second contracts respectively. The March lot was only £16 from matching its highest level for 32 years. The rises were helped by the weakness of sterling, which on a rollercoaster day on foreign exchange markets hit a two-month low of \$1.6167 at one point before recovering to \$1.6377 on relief that chancellor Alistair Darling had not, in a pre-budget statement, unveiled a windfall tax on banks.

'Hand to mouth'

However, traders also cited growing fears for a cocoa deficit in 2009-10, as an improving economic outlook feeds through into greater chocolate consumption. While high prices might be expected to erode demand, "if industry are covering [needs] hand to mouth, as is being reported, then essential purchases could well be enough for prices to maintain at levels they are", Stephanie Garner, at Sucden Financial, said.

Meanwhile, many traders are sceptical that Ivory Coast, the world's biggest cocoa producer, can maintain a strong start to its main crop harvest. "Dispute and discussion continues as to whether the strong arrivals figures coming out of Ivory Coast are indicative of a good overall crop, or whether so much coming out so soon means that weekly figures could well come off sharply as we reach the end of January," Ms Garner said. She added that traders seemed "reluctant to sell into what continues to be a very technically strong market, despite markets trading in or on the verge of overbought territory".

In New York, where cocoa ended up \$49 at \$3,411 a tonne for March, speculators have continued to bet on higher prices, taking their total net long positions last week to the highest since July last year.

London Cocoa Consolidates Near 25-Year High

Source: Reuters

London, Dec 10 - Cocoa futures in London held near a 25-year peak on Thursday while sugar and arabica coffee edged higher, supported partly by a slightly softer dollar. Dealers said cocoa was underpinned by growing talk about a large global deficit in 2009/10 following an early start to the harmattan in West Africa, dry desert winds which could have an adverse impact on mid-crop production. "There has been a lot of talk about the harmattan arriving early and the deficit going to be bigger but from my point of view it is too early to say," said VM Group analyst Gary Mead. "I think we've done enough for now (on the upside)," he said.

March cocoa in London rose 2 pounds or 0.1 percent to 2,268 pounds a tonne at 1305 GMT after earlier touching a peak of 2,270 pounds, the highest level for the second month in 25 years, according to Reuters data.

Cocoa prices on ICE also edged higher with March up \$2 at \$3,413 a tonne, within striking distance of a 30-year high of \$3,439 set in October.

Commerzbank, in a market note on Thursday, said that after a strong start of main crop season the chances were good that cocoa output in Ivory Coast "will surprise on the upside." "We believe the latest gains in the cocoa price are predominately driven by financial investors," the note said. "While, because of this, a short-term price increase to between \$3,500 and \$3,600 cannot be ruled out, we expect a price decline to \$3,000 in the medium to long term, resulting from improved prospects on the supply side."

SUGAR REBOUNDS

Raw sugar futures on ICE rose as the market rebounded after a gradual decline during the last few days. March raws rose 0.20 cent or 0.9 percent to 22.35 cents with the contract currently holding around the middle of the range of about 21.00 to 23.50 cents. Prices have been underpinned by anticipated demand from India, Pakistan and Indonesia and may rise further when it materialises. "It would not be impossible for it (the sugar price) to rise quite strongly to 2010 as this buying has got to come through," VM Group's Mead said. March whites in London climbed \$6.60 to \$606.40 a tonne.

Arabica coffee prices were also higher, supported by a softer dollar and concerns about the quality of the crop in top producer Brazil following heavy rains. "There is not an insufficient amount of coffee, it is just worries about the quality coming out of Brazil. The rainfall there has been astonishing and it is definitely affecting quality," said VM Group analyst Mead. March arabica coffee rose 0.95 cent or 1.0 percent to \$1.4260 per lb. Dealers said the arabica premium to robustas continued to widen, with both fundamentals and technicals less bullish in the London market. January robustas in London eased \$6 to \$1,367 a tonne.

ICE Cocoa Keeps 30-Year High in Sight

Source: Reuters

London, Dec 11 - London cocoa futures inched up to a fresh 25-year high and ICE cocoa was in sight of a 30-year peak on Friday, while coffee edged up on investor buying spurred by a softer dollar and sugar rose on short covering. Cocoa received support from growing concern about a potential deficit in 2009/10.

Production in top grower Ivory Coast is expected to start tailing off soon and demand is likely to rebound after a recession-linked decline in 2008/09, dealers said.

ICE March cocoa was up \$13 or 0.4 percent at \$3,430 per tonne, having hit a session high of \$3,437 per tonne -- not far off the 30-year high of \$3,439 touched on October 23. March cocoa in London nudged up to a fresh 25-year peak of 2,281 pounds, the highest level for the second month in 25 years, according to Reuters data. The contract later eased back slightly to stand at 2,279 pounds, up 3 pounds or 0.13 percent, in moderate volume of 2,903 lots.

Broker Sudden saw potential upside in cocoa futures prices driven by technical buying. "On the upside, further extension could target 2,294 and 2,305 (pounds)," it said. "There remain further potential targets near 2,358."

ARABICA-ROBUSTA PREMIUM

In the coffee market, ICE arabica futures rose on the back of the weaker greenback and dealers said they expected the premium between arabicas and robustas to remain wide due to concerns over the quality of arabica beans. "I think there is potential for the premium to widen further if the arabica crops fail to recover," Stefan Uhlenbrock, a senior analyst with F.O. Licht in Germany, told Reuters. He said a strengthening of the Brazilian real and Colombian peso currencies against the dollar had driven down producers' margins, increasing risks of stockpiling. "Producers will hold back beans until prices rise," he said.

Arabica coffee futures have surged by a quarter this year on worries over bean quality in Brazil and Colombia, and now the market risks being over-bought.

ICE March arabica futures were up 1.2 cent or 0.8 percent to \$1.4390 per lb at 1251 GMT, while London (Liffe) March robusta coffee futures were little changed in slim turnover, down \$4 to \$1,409 per tonne in volume of 1,348 lots.

Sugar futures rose on short-covering, underpinned by the softer dollar against a basket of currencies, and dealers referred to concerns over emerging tightness in nearby supplies. "As the dollar has weakened slightly again, this

has tended to encourage end-of-the-week short-covering in most markets, with sugar testing the recent top side of its trading range," wrote David Sadler in Succden's daily report. "It will be interesting to see if these high values encourage end buyers to pay up."

Dealers said excessive rains in Brazil, the world's top sugar exporter, had disrupted sugar output and strengthened differentials in the physical market for nearby shipment. ICE March raw sugar was up 0.25 cent or 1.07 percent to 23.51 cents a lb, while Liffe March white sugar was up \$4.0 or 0.6 percent to \$625.00 per tonne in modest volume of 2,876 lots.

Nestle Sees Stagnant U.K. Chocolate Market as Cocoa Prices Soar

By Thomas Mulier at tmulier@bloomberg.net.

Dec. 12, 2009

(Bloomberg) -- Nestle SA, which plans to start making Fairtrade-compliant KitKat bars in the U.K. next month, predicts the country's chocolate market will be little changed in 2010 as the price of cocoa hovers near a 30-year high. "With those record high cocoa prices, I think the costs for all confectionery manufacturers in the U.K. are going to be very, very tight," David Rennie, head of Nestle's U.K. confectionery business, said in a phone interview. "What's going to be tough is a cost basis increasing dramatically, and that's going to put pressure on our business."

Cocoa futures for March delivery fell 0.7 percent to \$3,394 a metric ton yesterday on ICE Futures U.S. in New York. Futures, which are up 27 percent this year, reached \$3,437 a metric ton, the highest level for a most-active contract since June 1979.

Kraft Foods Inc. has intruded on Nestle and Cadbury's battle over the U.K.'s 5.5 billion-pound (\$8.9 million) confectionery market with its 10.3 billion-pound bid for London-based Cadbury. The U.K. maker of Creme Eggs switched its Dairy Milk brand to Fairtrade in the U.K. in July, and Nestle on Dec. 7 said KitKat four-finger bars will have such certification from January.

Rennie declined to comment on Cadbury.

Cocoa prices are soaring as cocoa trees in countries such as the Ivory Coast are becoming too old, leading to poor harvests, Rennie said.

Nestle has said it plans to provide as many as 12 million stronger, more productive cocoa trees to farmers over the next decade. The company has said it will spend 460 million Swiss francs (\$445 million) on cocoa, coffee science and "sustainability" projects over the next decade.

Chocolate makers in the U.K. sold 28 million pounds' worth of Fairtrade chocolate in the country last year. The share of Fairtrade in that market will rise to 10 percent in 2010 because of Nestle and Cadbury's changes from 1 percent in 2008, Eileen Maybin, a spokeswoman for Fairtrade in the U.K. said Dec. 7. The Fairtrade designation requires chocolate makers pay an extra \$150 per ton of cocoa and guarantee a minimum price of \$1,600 a ton, she said. The extra money is used for development projects.

Consumer purchases of chocolate should "hold up" next year, according to Rennie. "People still need a little affordable treat," he said. "There's a general truth which has been borne out over the past year and a half that confectionery doesn't suffer in demand terms during recessions."

Processing & Manufacturing

TEN INDONESIAN CACAO PROCESSING COMPANIES STOP PRODUCTION.

JAKARTA, Dec 9 Asia Pulse - Ten cacao processing companies have decided to stop production due to marketing problems, the association of cacao industries said. Floods of imported cacao products from Malaysia and Singapore causing difficulty for local producers to dispose of their products, the association said.

With import duty of only 5 per cent products from Malaysia and Singapore easily dominate the domestic market, association executive director Sindra Wijaya said. Sindra said the decision of the 10 companies resulted in 2,500 workers losing their jobs. Indonesia is the world's third largest producer of cacao beans after the Ivory Coast and Ghana, but most of its beans were exported including to Malaysia and Singapore.

Ghana to produce sugar-free chocolate

Ghana Broadcasting Corporation - Dec 11, 2009

The sugar-free chocolate is one of several new products which stemmed from collaboration among graduates of the University of Ghana, the research institutions and industry

The Cocoa Processing Company (CPC), Ghana's premier cocoa products manufacturer, has concluded a research to produce sugar-free chocolate for the Ghanaian market. The feat is the outcome of a collaboration among the cocoa processor, the University of Ghana and many research institutions under a British Council pilot project with the Association of Ghana Industries (AGI) known as the Africa Knowledge Transfer Partnership (AKTP).

The sugar-free chocolate is one of several new products which stemmed from collaboration among graduates of the University of Ghana, the research institutions and industry.

At a recent business forum held to celebrate the success of the project, the Deputy Minister of Trade and Industry, Mr John Gyetuah, said, "the Ministry of Trade and Industry acknowledges the enormous benefits that Ghanaian industries, especially small and medium-scale enterprises (SMEs) will derive from this initiative and the ministry will therefore, collaborate with the British Council's African Knowledge Transfer Partnership to ensure the successful implementation of this programme".

The forum was attended by government officials, members of the private sector and the Association of Ghana Industries representatives, students, directors of companies and a cross section of the public.

AKTP was launched on November 7, 2007 with the objective to develop mutually beneficial partnerships involving fresh graduates, higher educational institutions and the private sector. The project engaged six local companies which included Ekem Art and Pottery, Mbroh Ceramics, APAAK Traditional Medicines, Nkulenu Industries, Biodiesel 1 Ghana Limited and Cocoa Processing Company.

These companies worked with local universities and research and development institutions such as the Noguchi Memorial Institute for Medical Research, the Food Research Institute of the Council for Scientific and Industrial Research, the Departments of Nutrition and Food Science and, Crop Science of the University of Ghana, the Institute of Research of the Council for Scientific and Industrial Research, and the Departments of Chemical Engineering and, Pharmaceuticals of Kwame Nkrumah University of Science and Technology.

Graduates who participated in the project for the past three years made presentations at the business forum. The presentations covered the state of the company before the problems diagnosis, how the problems were solved and benefits gained as a result of their work.

Paramount among the benefits was the development of professional and managerial skills as a result of their involvement in the programme.

The graduates also testified gaining the opportunity to use knowledge and skills acquired from school in a relevant field, while the institutions of higher learning also acquired information to improve their curriculum in order to produce graduates in fields relevant to those required by companies.

Some entrepreneurs at the forum lauded the partnership programme and called for its sustenance. According to the British Council, the AKTP had not only benefited the participating graduates and higher educational institutions and companies in the three years, but new relationships had been made with interested companies.

It pledged to continue to support the healthy collaborations among the companies to create new products in future.

Business and Economy

Reforms in Ivorian cocoa sector to check smuggling from Ghana

Joy Online

8 December 2009

Reforms being contemplated for La Cote d'Ivoire's cocoa sector could offer a solution to the problem of smuggling Ghana has had to grapple with in recent years. The present liberalized cocoa buying regime allows cocoa farmers to freely negotiate how much they are willing to sell their produce to the buying companies.

Ghanaian farmers for instance get GH¢138 for a 64 kilo bag although the same quantity sells at more than GH¢200 across the border in Cote d'Ivoire. This is because whilst Ghanaian farmers get free mass spraying of their trees and given high-yielding varieties, – resulting in low cost of production – farmers across the border in La Cote d'Ivoire do not.

A report by Bloomberg however says the Ivorian government wants to once again take charge of cocoa purchases and set uniform prices across the country. It is believed this could discourage smugglers because they're unlikely to offer the attractive prices that private buyers have been paying for the produce as they would factor in other costs.

Cargill's Cocoa & Chocolate business celebrates first year of Ghana plant with AIB recognition

By cargill.com

8 December 2009

The Netherlands — Cargill Cocoa & Chocolate's plant in Tema, Ghana, has celebrated its first year of operation by obtaining recognition from AIB International, the first cocoa plant in Ghana to do so. An AIB food safety auditor visited the plant to assess the company's policies, operations and the physical condition of the grounds, buildings, production and storage areas. The result was a score of 900 points out of a possible 1,000.

AIB is committed to protecting the safety of the food supply chain and delivering high value technical and educational programmes for the food industry. Commenting on the recognition, Leo Winters, head of Cargill's cocoa operations in West Africa said: "For a plant that has been operating for just a year to become the first cocoa plant in Ghana to obtain AIB recognition really is a remarkable achievement. "The score of 900 points out of a possible 1,000 is testament to the hard work and dedication of our staff. It is proof of Cargill's commitment to produce food to the highest standards."

Using the latest technology the Tema plant has the capacity to transform around 65,000 tonnes of cocoa beans per year into high quality cocoa butter and powders for customers around the world. Cargill Ghana is proud to produce and export a range of cocoa powder under the 'good taste of Ghana' banner.

Unlike many other plants, powders produced at Tema need no further processing elsewhere and are ready to be used by the worldwide food industry. These 100 per cent African-made powders are offered as part of the Gerkens® range of cocoa powders, and have a unique, mild and rounded flavour.

The Tema plant also provides full-time employment for 200 staff and indirect employment for many more via its network of local suppliers. This supports Ghana's growing economy, providing new opportunities for Ghanaian cocoa farmers. "Within a year the Tema plant has become a real asset to Cargill, complementing our global cocoa processing facilities and extending our range of cocoa powders. AIB recognition, which is widely regarded by food producers around the world, is the latest and very welcome stage in the development of this flagship plant for our operations in Ghana," concludes Winters.

No Global Cocoa Deficit Seen - German Trade

Source: Reuters

09/12/2009

Hamburg, Dec 8 - A global cocoa deficit is not anticipated in 2009/10 with good crops expected in key West African exporting countries and the economic slowdown reducing confectionery demand, the chairman of the German Cocoa Trade Association said on Tuesday. "I expect no global deficit this year should prices remain at current levels," Andreas Christiansen said. "The higher the price the weaker is consumption, demand is low around the world."

The association disagreed with repeated forecasts of a global cocoa deficit this season, such as estimates by British commodities house Armajaro that a deficit of over 100,000 tonnes was possible in 2009/10. "We regard these estimates as unrealistic," he said. "There is no sign of a cocoa shortage, with a lot of good quality cocoa coming in from the Ivory Coast's new season."

Two months into leading exporter Ivory Coast's new main crop season, cocoa arrivals at the country's ports are 57 percent higher than last year, Reuters reported on Monday. The high export volumes were being virtually ignored by cocoa futures markets but were being noted strongly by physical cocoa traders also seeing weak cocoa demand, Christiansen said.

BUTTER PRICE RATIOS FALL

The economic slowdown meant chocolate consumption was down in most global regions, with analysts forecasting retail sales falls of about four percent this year in the large U.S. and German markets, he said. Poor European physical cocoa demand was highlighted by low price ratios for cocoa butter, a key chocolate ingredient, falling to 1.70 to 1.75 times nearby London futures contracts, down from 2.70 in December 2008.

Many physical cocoa traders regard ratios of under 2.0 as showing there is a supply surplus. "Butter ratios have fallen even though less is being produced," he said. "This is a direct illustration of falling demand which does not fit into forecasts of such a large global cocoa deficit."

The rise in London cocoa futures to their highest level in almost 25 years this week was being viewed as the result of heavy financial investment in commodities rather than tight fundamentals, he said.

Europe's confectionery industry had been compelled to undertake hand-to-mouth purchasing because of high futures, cutting cocoa inventories. Sustained high prices meant this strategy could not be continued indefinitely. Confectionery makers would be compelled to raise product prices to reflect high futures, and this was expected to further cut consumption.

But high futures were encouraging farmers in Ivory Coast, Ghana and other producing countries to invest in plant care which could stimulate a rise in production, he said. In past seasons with high futures prices this production increase had been noticeable very rapidly, he said.

Nigeria earns \$1.5bn from cocoa exports in four years

NEXT

By Ayodeji Moradeyo

December 11, 2009



Government must look into ways of increasing local production by using modern implements.

Nigeria has netted over \$1.5bn from the exportation of cocoa beans between 2005 and October 2009, the Central Bank said in Akure on Thursday. The central bank governor, Lamido Sanusi, who made this disclosure in Akure at the opening ceremony of a one-day zonal workshop on Development of Nigerian Cocoa for Export, said the present economic recession being experienced globally should gear the nation towards massive development of locally made goods.

Represented at the occasion by Musa Batare of the Trade and Exchange Department of the regulatory bank, Mr. Sanusi stressed the need for the country to vigorously enhance the contribution of non-oil exports to the total foreign exchange earnings of the nation. According to him, the stable development of cocoa exports in Nigeria is a sign that there is hope for the export of cocoa and other valuable cash crops to exceed the pre-oil period of the 1960s.

Modern machinery needed

The CBN boss stated further that the federal government must look into ways of increasing local production by using modern implements and high yield seedlings. He said: "Efforts should be made to process it using up-to-date machinery to produce final products for export with the attendant benefits of employment generation and better earnings, among others. "As the Apex bank we are ready to assist Nigerian Cocoa farmers and exporters by providing the enabling financial environment to improve both cocoa production and processing of the beans." He said, "Governments of cocoa-producing states need to brace up to provide the enabling atmosphere for thriving operation of cocoa farmers through the provision of enhanced seedling and other suitable input."

Earlier in his speech, the Executive Director/Chief Executive Officer of the Nigerian Export Promotion Council, David Adulugba, emphasised the need for the country to go into big time cocoa processing. This, according to him would guarantee more competitive and steady price in the cocoa business.

Environmental Issues

Organizations Question Nestlé's Commitment to Fair Trade Cocoa

Common Dreams (press release)

December 7, 2009

WASHINGTON - - Nestlé SA announced today that it would begin to source Fair Trade Certified cocoa for its Kit Kat bars in the United Kingdom and Ireland.

Since stories about the use of child, forced and trafficked labor and the widespread poverty among farmers in West Africa's cocoa industry surfaced in 2001, organizations in the United States and around the world have been campaigning to convince major chocolate companies, especially Nestlé, to commit to sourcing Fair Trade Certified cocoa. A lawsuit filed in 2005 in US courts against Nestlé on behalf of Malian children who were trafficked to Cote d'Ivoire to harvest cocoa is still ongoing.

While Nestlé's announcement may be a very small step toward supporting a more sustainable and labor-friendly system of cocoa sourcing, the company's history and practices around the world raise questions about its commitment to Fair Trade. Additionally, Nestlé has not announced any plans to use Fair Trade Certified cocoa in its products in the United States.

Nestlé is one of the most boycotted companies in the world. Trade unions have criticized the company for a range of labor rights abuses including in Colombia, Hong Kong, India, Indonesia, the Philippines and Tunisia. Nestlé has also been a target of campaigners concerned about its impact on access to water and baby food marketing, among many other issues.

Nestlé's minimal investment in Fair Trade Certified coffee also provides reason to be skeptical about its commitment. Nestlé's Fair Trade line is only a marginal part of its coffee products and it has not increased its purchasing of Fair Trade coffee despite its promises to do so. In October 2009, Nestlé launched a new program related to their global cocoa sourcing called "The Cocoa Plan" which does not include investing in Fair Trade cocoa, suggesting that the company does not intend to shift toward more equitable trading relationships through the Fair Trade system and it is unclear if Nestlé plans to expand Fair Trade cocoa beyond the UK.

Bama Athreya, Executive Director of the International Labor Rights Forum, said, "Nestlé cannot claim to be sourcing responsible cocoa by using a small amount of Fair Trade Certified cocoa when the majority of its cocoa could be produced by forced labor and child labor. As the largest food company in the world, Nestlé must make a stronger commitment to protecting worker rights in its cocoa supply chain as well as in its production facilities and in the sourcing of other agricultural products."

Todd Larsen, Corporate Responsibility Programs Director at Green America, said, "We urge Nestlé to go beyond this token commitment to Fair Trade and to take steps to end all sourcing from child labor and pay a living wage to its workers worldwide. Consumers the world over are increasingly concerned that their chocolate purchases are supporting slavery and misery, and are increasingly purchasing Fair Trade chocolate as a result. They will be looking to Nestlé to do far more to support farmers worldwide."

Adrienne Fitch-Frankel, Fair Trade Campaign Director at Global Exchange, said, "While we thank Nestlé on behalf of the thousands of cocoa farming families who will begin to thrive by receiving the Fair Trade price for their cocoa, we also ask, 'How can Nestlé leave so many thousands of children languishing in child slavery and abusive labor conditions, and keep so many farming families mired in poverty while growing cocoa for the rest of Nestlé's products?' Nestlé's profits depend on the hard work of cocoa farmers, and justice will only be done when those farmers can live in dignity."

Paul Hong-Lange, Director of Oasis USA, said, "This step by Nestlé guarantees that no slave labor or exploitation will be used in the production of one line of chocolate in one region of the world. This is a good start but it still leaves the conscientious American wondering if Nestlé chocolate on the shelf in their grocery store is tainted with slave labor. We urge Nestlé to do better by more farmers and more consumers."

Over 60 organizations and chocolate companies have endorsed a "Commitment to Ethical Cocoa Sourcing" that sets a higher standard for sustainable and responsible cocoa sourcing than Nestlé. The commitment can be found online: <http://www.laborrights.org/stop-child-labor/cocoa-campaign/resources/10656>.

Global Exchange is a membership-based international human rights organization dedicated to promoting social, economic and environmental justice around the world. www.GlobalExchange.org

Green America is a non-profit organization whose mission is to harness economic power-the strength of consumers, investors, businesses, and the marketplace-to create a socially just and environmentally sustainable society. www.GreenAmericaToday.org

The International Labor Rights Forum is an advocacy organization dedicated to achieving just and humane treatment for workers worldwide. www.LaborRights.org

Oasis USA is a non-profit organization committed to developing communities where everyone is included, making a contribution, and reaching their God-given potential. Oasis USA is the West Coast Office for Stop the Traffik Campaign in the USA. www.OasisUSA.org.

Research & Development

Method to Detect Chocolate Fraud Becomes an International Standard

ScienceDaily (Dec. 8, 2009)

Eighteen EU countries were among the world's top 26 chocolate confectioneries consumers in 2007, ranking from 11.85 kg eaten per capita in Ireland, to 4.5 kg in France and 1.04 kg in Poland. The EU 27 consumed in total 2.5 million tons of chocolate products that year, which account for around half of the global consumption world-wide[1].

"The adoption of the JRC's testing method at international level confirms the EU's leading role in the worldwide fight against food fraud," said Krzysztof Maruszewski, Director of the JRC's Institute for Reference Materials and Measurements (IRMM).

Protecting consumers' right to know

The Chocolate Directive (Directive 2000/36/EC) allows the addition of up to 5% of vegetable fats other than cocoa butter in chocolate products. When these fats are added to chocolate, European legislation requires that consumers be informed by appropriate labelling of the product. The threshold of 5% is also an essential requirement for these products to move freely within the internal market.

Prior to the development of the JRC method, no validated methodology existed in this field. It was therefore not straightforward to check whether manufacturers were correctly reporting the amount of vegetable fats other than cocoa butter in milk chocolate, as their chemical composition and physical properties resemble those of cocoa butter very closely, thus making them extremely difficult to quantify or even detect. This left the door open for disputes and uncertainty as to whether or not milk chocolate products fulfilled legal requirements.

Scientists at the JRC have been working on the problem since the entry into force of the Chocolate Directive in 2003, in close contact with the European Commission's Directorate-General for Agriculture and Rural Development.

As a result, reliable analytical methods were successfully developed to detect and quantify so-called cocoa-butter equivalents (CBEs) in milk chocolate.

International recognition of EU standard methods for chocolate

The JRC submitted its milk chocolate testing methods to the International Organization for Standardization (ISO) -- the world's largest developer and publisher of international standards -- in 2007. After a 2-year independent peer review process, the method has been adopted by ISO as standard ISO 11053:2009.

Two other JRC methods to determine foreign fats in dark chocolate were previously adopted as international standards in 2007. This new method for milk chocolate took longer to develop because of the increased complexity of the measurement, as the milk fats in milk chocolate interfere with vegetable fats.

The international adoption of the JRC method for determining CBEs in milk chocolate marks the satisfactory completion of the JRC's work on foreign fats in chocolate.

Toolboxes available from JRC-IRMM for cocoa butter and CBEs calculation

To help analytical chemists implement the testing methods for chocolate products correctly, JRC-IRMM has also developed a set of so-called toolboxes, which can be freely downloaded from the JRC-IRMM website (http://irmm.jrc.ec.europa.eu/html/activities/cocoa_butter_calculation_toolbox/). The toolbox comprises the method descriptions, electronic evaluation sheets, and links to the appropriate cocoa butter reference materials which can be ordered via JRC-IRMM's online catalogue.

Promotion & Consumption

Ghana to produce sugar-free chocolate

Ghana Broadcasting Corporation - Dec 11, 2009

The sugar-free chocolate is one of several new products which stemmed from collaboration among graduates of the University of Ghana, the research institutions and industry

The Cocoa Processing Company (CPC), Ghana's premier cocoa products manufacturer, has concluded a research to produce sugar-free chocolate for the Ghanaian market. The feat is the outcome of a collaboration among the cocoa processor, the University of Ghana and many research institutions under a British Council pilot project with the Association of Ghana Industries (AGI) known as the Africa Knowledge Transfer Partnership (AKTP).

The sugar-free chocolate is one of several new products which stemmed from collaboration among graduates of the University of Ghana, the research institutions and industry.

At a recent business forum held to celebrate the success of the project, the Deputy Minister of Trade and Industry, Mr John Gyetuah, said, "the Ministry of Trade and Industry acknowledges the enormous benefits that Ghanaian industries, especially small and medium-scale enterprises (SMEs) will derive from this initiative and the ministry will therefore, collaborate with the British Council's African Knowledge Transfer Partnership to ensure the successful implementation of this programme".

The forum was attended by government officials, members of the private sector and the Association of Ghana Industries representatives, students, directors of companies and a cross section of the public.

AKTP was launched on November 7, 2007 with the objective to develop mutually beneficial partnerships involving fresh graduates, higher educational institutions and the private sector. The project engaged six local companies which included Ekem Art and Pottery, Mbroh Ceramics, APAAK Traditional Medicines, Nkulenu Industries, Biodiesel 1 Ghana Limited and Cocoa Processing Company.

These companies worked with local universities and research and development institutions such as the Noguchi Memorial Institute for Medical Research, the Food Research Institute of the Council for Scientific and Industrial Research, the Departments of Nutrition and Food Science and, Crop Science of the University of Ghana, the Institute of Research of the Council for Scientific and Industrial Research, and the Departments of Chemical Engineering and, Pharmaceuticals of Kwame Nkrumah University of Science and Technology.

Graduates who participated in the project for the past three years made presentations at the business forum. The presentations covered the state of the company before the problems diagnosis, how the problems were solved and benefits gained as a result of their work.

Paramount among the benefits was the development of professional and managerial skills as a result of their involvement in the programme.

The graduates also testified gaining the opportunity to use knowledge and skills acquired from school in a relevant field, while the institutions of higher learning also acquired information to improve their curriculum in order to produce graduates in fields relevant to those required by companies.

Some entrepreneurs at the forum lauded the partnership programme and called for its sustenance. According to the British Council, the AKTP had not only benefited the participating graduates and higher educational institutions and companies in the three years, but new relationships had been made with interested companies.

It pledged to continue to support the healthy collaborations among the companies to create new products in future.

Others

Over 60 cocoa farms destroyed due to indiscriminate felling of trees

Ghana News Agency

December 10, 2009

Suhum, GNA - Cocoa farmers at Abomina Nketewa, a farming community near Suhum, has appealed to government to stop a timber contractor from indiscriminate felling of trees on their cocoa farms. The farmers contended that the activities of Mr Stephen Owusu, the contractor and his 11-member chainsaw operators, had caused destruction to many cocoa farms and some houses in the community.

Narrating the incident to the Ghana News Agency, the Odikro of the community, Mr Baffour Osai Ntifuor and Mr Kwame Ntow, Chairman of the Unit Committee, said so far, 63 cocoa farms and some houses had been destroyed.

Mr Baffour Ntifuor said three weeks ago, Mr Owusu and his team without their knowledge invaded the area and started felling trees indiscriminately, which destroyed farms, especially cocoa farms and some houses. He said when Mr Owusu was confronted he said the government had given him a concession to fell timber trees in the area.

Mr Ntifuor said when he demanded that Mr Owusu should produce his documents to that effect he (Mr Owusu) became offended and threatened to have him (Ntifuor) arrested. He said due to that, farmers who decided to visit their farms early in the day to protect their crops were physically assaulted by Mr Owusu and his gang. Mr Ntifuor alleged that a 74 year-old cocoa farmer, Opanin Abraham Kofi Ofori, who prevented the contractor and his team from felling trees in his cocoa farm was arrested and placed in police cells at Akwadum for two days.

Okomfo Adwoa Okorewah, of the Ghana Psychic and Traditional Healers Association, another victim expressed worry about the situation and said if measures were not taken to address their concerns they would be compelled to defend themselves by any means possible. She said farmers were in their main cocoa season so everyone was harvesting in order to make some money to pay wards' school fees and also prepared towards the Christmas festivities and would not sit down unconcern for their livelihood to be destroyed. Okomfo Okorewah said cocoa is their only source of revenue and the destruction cocoa farms would bring untold hardship on them.

Food prices rising again, FAO warns

By Jess Halliday, 09-Dec-2009

Global food prices are on the rise again, the FAO warns, but a repeat of the 2007/08 spike does not look likely without the same disastrous confluence of factors.

Food prices reached a peak in June 2008, causing serious food security concerns and rioting in some parts of the world. For the food industry, higher ingredient costs were passed along the food chain and had an impact on the bottom line of many businesses – not to mention end consumers' grocery bills.

Today the UN's Food and Agriculture Organization (FAO) has warned of the fourth consecutive rise in its monthly Food Price Index, a 'food basket' made up of cereals, oilseeds, dairy, meat and sugar.

In November, the index averaged 168 points – the highest month since September 2008. Before the 2007/8 price spike the index was below 100 points most of the time, and had never exceeded 120. However the November level was still 21 per cent below its highest point last June.

While the new trend will give some just cause for concern, and the [FAO](#) will be watching developments closely, it points out that the market conditions are quite different this time around.

Today's market conditions reduce the risk of a major price surge in the next 6 months, according to Hafez Ghanem, assistant director-general of the FAO for social and economic development.

However the organisation says the “*now entrenched susceptibility of the global food system to external non-food economy events requires continuous vigilance*”.

Then and now

A number of factors were identified as contributing to the start of the price rise in 2007: low cereal stock levels; crop failures in major exporting countries; and fast-growing demand for agricultural crops to make biofuel; and oil prices.

Others aggravated the problem, such as government-imposed export restrictions, the weak US dollar and speculation on the commodity markets.

“What made the 2007/8 price spike exceptional was the concurrence of so many factors culminating in an unprecedented price rally and the fuelling of volatility,” said the FAO.

Ghanem said the current stock situation is “*healthy*” – although some markets are facing tight cereals conditions.

Generally speaking, exporters are holding more adequate supplies of cereals to meet rising demand than they were two years ago. Major wheat-exporting countries are tending to retain 20 per cent as stocks, rather than 12 per cent as before.

Production is also looking reasonable. The preliminary outlook for cereals does show a decline in world output compared to 2008, but it is still expected to be 4 per cent up on 2007.

A large South American oilseed crop is expected to weaken prices of meals and cakes, but oils and fats will remain tight. World sugar prices are expected to “*remain firm, but at lower levels than the current highs*”.

Fish and other animals

Meat prices were an average of 8 per cent lower in the first 10 months of 2009 than they were during the prior year period.

However dairy prices have gained 80 per cent since February, and the price of traded milk powders is rising the fastest. The FAO points out that that whether or not the EU opts to offload large stocks of butter and skimmed milk onto the world market will affect pricing.

As for fish, the global downturn has affected demand, and moderate price increases have been observed for several months.

TIT BITS

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

US MIDDAY: coffee, sugar and cocoa fall

NEW YORK (December 09, 2009): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Tuesday. March arabica coffee contract down 1.80 cents to \$1.4480 per lb at 10:59 am EST (1559 GMT). Session range from \$1.4425 to \$1.4650. Arabica coffee consolidated lower, following Monday's rally, as a stronger US dollar weighed on the commodity complex, said brokers.

London cocoa rises

LONDON (December 09, 2009): March cocoa in London rose two pounds to 2,245 pounds a tonne on Tuesday. Sugar futures remained rangebound in slim volumes, underpinned by expectations of robust physical import demand from Asia, notably India, Pakistan and Indonesia. March whites in London was off \$3.90 or 0.6 percent at \$613.00 a tonne.

US MIDDAY: coffee, cocoa rally; sugar down

NEW YORK (December 10, 2009): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Wednesday. March arabica coffee contract up 1.30 cents at \$1.4520 per lb by 11:50 am EST (1650 GMT). Session range spanned \$1.44 to \$1.4665. Arabica coffee futures maintained early gains by midday, bought by investors in the broad commodities complex as the US dollar resumed its downtrend, said brokers.

London cocoa hits highest level in over 25 years

LONDON (December 10, 2009): March robusta coffee rose \$18 at \$1,406 a tonne, supported by a weaker dollar in London on Wednesday. Arabica premium to robustas seen remaining wide due to a shortage of high quality arabicas. March white sugar in London ended off \$10.1 at \$599.80 a tonne. Traders wait for anticipated demand from Asian importers to materialise.

US MIDDAY: sugar, coffee climb and cocoa slips

NEW YORK (December 11, 2009): Summaries of the ICE Futures US cocoa, coffee and sugar markets early on Thursday. March arabica coffee contract rose 1.30 cents at \$1.4295 per lb by 10:58 am EST (1558 GMT). Session range from \$1.4170 to \$1.4340. Arabica coffee futures consolidating after from Wednesday's sharp losses, climbing on support from the commodity complex while tight supplies provided fundamental support, said brokers.

London sugar jumps; cocoa consolidates

LONDON (December 11, 2009): Sugar futures rose sharply on Thursday, boosted by emerging tightness in nearby supplies, while cocoa in London consolidated around a 25-year high. March white sugar in London ended \$21.20 higher at \$621.00 a tonne on Thursday. Prices supported by emerging nearby supply tightness as some mills in Brazil are forced to defer deliveries.

London sugar rises

LONDON (December 12, 2009): March white sugar in London ended \$5.10 higher at \$626.10 a tonne on Friday, despite gains being clipped as upbeat US economic data lifted the dollar. Sugar prices underpinned by emerging nearby supply tightness as some mills in Brazil are forced to defer deliveries. London March robusta coffee finished \$19 lower at \$1,394 a tonne. Coffee lost ground as the dollar was lifted by upbeat US data.

US MIDDAY: coffee and cocoa down

NEW YORK (December 12, 2009): Summaries of the ICE Futures US cocoa, coffee and sugar markets, early on Friday. March arabica coffee contract down 1.40 cents at \$1.4130 per lb by 11:09 am EST (1609 GMT). Session range \$1.4030 to \$1.4450. Arabica coffee futures reversed lower as the US dollar changed course and turned higher, said brokers. March raw sugar contract inched up 0.08 cent to 23.34 cents per lb at 11:09 pm.