

# COPAL COCOA *Info*

*A Weekly Newsletter of Cocoa Producers' Alliance*



Issue No. 389

24<sup>th</sup> – 28<sup>th</sup> May 2010

Cocoa Producers' Alliance



## UP-COMING EVENTS

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

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## ICCO Daily Cocoa Prices

	ICCO daily price (SDR/tonne)	ICCO daily price (\$US/tonne)	London futures (£/tonne)	New York futures (\$US/tonne)
24 <sup>th</sup> May	2116.51	3118.91	2287.33	2934.33
25 <sup>th</sup> May	2144.51	3146.47	2333.33	2941.00
26 <sup>th</sup> May	2151.21	3164.6	2359.33	2928.33
27 <sup>th</sup> May	2191.44	3224.29	2365.00	3001.00
28 <sup>th</sup> May	2166.08	3193.52	2348.00	2982.67
<b>Average</b>	<b>2154.00</b>	<b>3170.00</b>	<b>2339.00</b>	<b>2957.00</b>

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

**Monday 24th May 2010**

Month	Opening Trans	Settle	Change	Daily High	Daily Low	Volume
Jul 2010	2304	2339	24	2347	2292	5,383
Sep 2010	2257	2289	23	2295	2246S	1,024
Dec 2010	2198	2234	24	2240S	2196S	1,005
Mar 2011	2175	2209	21	2215S	2174	154
May 2011		2206	19			0
Jul 2011		2211	20			0
Sep 2011		2215	22			0
Dec 2011		2219	23			0
Mar 2012		2209	21			0
May 2012		2220	27			0
<b>Average/Totals</b>		<b>2235</b>				<b>7,566</b>

**Tuesday 25th May 2010**

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul 2010	2339	2398	59	2401	2330	5,462
Sep 2010	2289	2328	39	2335	2279	2,928
Dec 2010	2227	2274	40	2280	2227	1,797
Mar 2011	2203	2242	33	2250	2200	783
May 2011	2201	2238	32	2242S	2196	139
Jul 2011	2210	2240	29	2245S	2210	47
Sep 2011		2246	31	2246S	2244S	0
Dec 2011		2250	31			0
Mar 2012	2244	2240	31			10
May 2012		2251	31			0
<b>Average/Totals</b>		<b>2271</b>				<b>11,166</b>

**Wednesday 26th May 2010**

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul 2010	2397	2432	34	2437	2388	5,071
Sep 2010	2330	2344	16	2357	2315S	4,392
Dec 2010	2274	2302	28	2317S	2269S	3,443
Mar 2011	2242	2262	20	2271	2226	981
May 2011	2250	2256	18	2266S	2222	293
Jul 2011	2263	2258	18	2265S	2256S	13
Sep 2011	2274	2262	16	2274S	2256S	2
Dec 2011	2276	2269	19	2276S	2276S	1
Mar 2012	2273	2261	21	2273S	2262S	10
May 2012		2270	19			0
<b>Average/Totals</b>		<b>2292</b>				<b>14,206</b>

**Thursday 27th May 2010**

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul 2010	2,436	2434	2	2451S	2418	6,108
Sep 2010	2,344	2355	11	2360	2325	2,695
Dec 2010	2306	2306	4	2313	2281S	711
Mar 2011	2268	2276	14	2279S	2247	297
May 2011	2238	2270	14	2273S	2238S	112
Jul 2011	2242	2270	12	2271S	2242	7
Sep 2011		2274	12			0
Dec 2011		2277	8			0
Mar 2012		2273	12			0
May 2012		2282	12			0
<b>Average/Totals</b>		<b>2302</b>				<b>9,930</b>

**Friday 28th May 2010**

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul 2010	2432	2420	-14	2445	2396	6,686
Sep 2010	2350	2341	-14	2361	2312	4,021
Dec 2010	2306	2283	-23	2311	2259	1,051
Mar 2011	2276	2253	-23	2281S	2246	241
May 2011	2276	2246	-24	2277	2248S	55
Jul 2011	2262	2246	-24	2264	2253S	36
Sep 2011	2272	2250	-24	2272S	2258S	1,250
Dec 2011		2255	-22			0
Mar 2012		2255	-18			0
May 2012		2268	-14			0
<b>Average/Totals</b>		<b>2282</b>				<b>13,340</b>

<b>Average for the week</b>	<b>2282</b>				<b>11242</b>
					<b>56,208</b>



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

**Monday 24th May 2010**

Month	Open	Price	Change	High	Low	Volume
Jul 2010	2881	2915	20	2919	2855	8,173
Sep 2010	2910	2936	20	2938	2881	2,198
Dec 2010	2925	2957	18	2957	2924	544
Mar 2011	2950	2972	17	2950	2950	238
May 2011	0	2983	15	0	0	0
Jul 2011	0	2991	15	0	0	0
Sep 2011	0	3001	17	0	0	0
Dec 2011	0	3013	19	0	0	0
Mar 2012	0	3072	24	0	0	0
<b>Average/Totals</b>		<b>2982</b>				<b>11153</b>

**Tuesday 25th May 2010**

Month	Open	Price	Change	High	Low	Volume
Jul 2010	2897	2922	7	2938	2874	7,033
Sep 2010	2920	2944	8	2955	2895	2,454
Dec 2010	2919	2969	12	2981	2918	918
Mar 2011	2967	2986	14	3001	2966	333
May 2011	2995	2995	12	3006	2980	86
Jul 2011	2984	3004	13	3015	2984	27
Sep 2011	2996	3013	12	3011	2996	37
Dec 2011	3008	3022	9	3020	3008	8
Mar 2012	3077	3080	8	3078	3077	4
<b>Average/Totals</b>		<b>2993</b>				<b>10900</b>

**Wednesday 26th May 2010**

Month	Open	Price	Change	High	Low	Volume
Jul 2010	2926	2904	-18	2943	2869	10,788
Sep 2010	2934	2931	-13	2965	2896	7,110
Dec 2010	2969	2956	-13	2985	2923	1,627
Mar 2011	2991	2984	-2	3001	2953	975
May 2011	3001	2994	-1	3014	2963	372
Jul 2011	3010	3001	-3	3020	2970	158
Sep 2011	3019	3007	-6	3019	2975	193
Dec 2011	2998	3012	-10	3022	2998	109
Mar 2012	0	3072	-8	0	0	1
<b>Average/Totals</b>		<b>2985</b>				<b>21333</b>

**Thursday 27th May 2010**

Month	Open	Price	Change	High	Low	Volume
Jul 2010	2923	2973	69	3018	2899	9,071
Sep 2010	2939	3000	69	3043	2927	3,567
Dec 2010	2956	3027	71	3059	2952	831
Mar 2011	2978	3056	72	3085	2978	379
May 2011	3013	3067	73	3096	3013	17
Jul 2011	2995	3073	72	3101	2995	125
Sep 2011	3002	3079	72	3101	3002	120
Dec 2011	3102	3085	73	3102	3102	127
Mar 2012	3176	3144	72	3176	3171	70
<b>Average/Totals</b>		<b>3056</b>				<b>14307</b>

**Friday 28th May 2010**

Month	Open	Price	Change	High	Low	Volume
Jul 2010	2984	2965	-8	3001	2946	7,457
Sep 2010	3006	2993	-7	3025	2975	3,232
Dec 2010	3035	3017	-10	3042	3003	320
Mar 2011	3063	3045	-11	3070	3037	249
May 2011	3065	3056	-11	3065	3065	19
Jul 2011	3079	3061	-12	3079	3070	7
Sep 2011	3079	3067	-12	3079	3079	29
Dec 2011	0	3076	-9	0	0	16
Mar 2012	3149	3145	1	3149	3149	23
<b>Average/Totals</b>		<b>3047</b>				<b>11352</b>

<b>Average for the week</b>	<b>3047</b>				<b>2270</b>
					<b>2270</b>

### Health and Nutrition

#### **Chocolate and Your Health**

EmpowHer (blog)

By Aimee Boyle

May 23, 2010

I remember when people began jumping out of their skins a few years back when it was suddenly discovered after centuries that the benefits of red wine warranted a glass a day. Hooray! Let the butterflies out of the jar, we're having a party with permission! This was a wonderful coup for all the health and wine-loving folks who'd fought the battle of their consciences for far too long.

Now we find out that chocolate, aside from making us feel fantastic and even as though we're falling in love, may actually be good for us. See this page for more: <http://www.webmd.com/diet/news/20030827/dark-chocolate-is-healthy-chocolate>

Apparently, the benefits of dark chocolate, in particular, are many. The sugar, fat and milk found in many chocolate products can interfere with the health benefits, so be careful with how much you eat and try to go for more organic, darker chocolates.

Flavonoids, plant compounds with potent antioxidant properties, are found in a wide variety of foods including cocoa beans. Other flavanoid-containing foods include red wine, tea, cranberries, peanuts, strawberries, apples and many other fruits and vegetables.

One study found that a substance in cocoa helps the body process nitric oxide (NO), a compound critical for healthy blood flow and blood pressure. Another study showed that flavonols in cocoa prevent fat-like substances in the bloodstream from oxidizing and clogging the arteries, and make blood platelets less likely to stick together and cause clots. This translates into a possibility of lower chance of heart attacks and high blood pressure.

So go ahead and enjoy your chocolate! While you're nibbling, delight in the aroma as well, for they say the smell of chocolate can cause a relaxation effect based on the state of the brainwaves upon taking it in. *For more on this, look over here:* <http://www.prohealth.com/library/showarticle.cfm?libid=8326>

#### **Study says chocolate can improve skin health**

KGO-TV

May 24, 2010

For radiant skin as you age, forget expensive anti-wrinkle creams and try a little chocolate.

A Swiss chocolate manufacturer says its studies show that specially-developed chocolate packed with antioxidants can make your skin more elastic and moist.

The group says it has found a way to preserve the antioxidants in cocoa beans in the chocolate-making process, and eating less than an ounce a day will help.

Skeptics say it is not clear that chocolate can improve your skin, but dark chocolate has been shown to help lower blood pressure and reduce stroke risk.

#### **Eat your wrinkles away**

International Business Times AU

25 May, 2010

Growing demand for healthy food has encouraged food manufacturing companies to leverage health and wellness into various products. This is likely to be seen in dairy products such as Danone's Actimel and Unilever's Benecol.

A more innovative approach come from a giant chocolate maker which according to them may come up with a chocolate bar that could fight wrinkles and slow down the ageing process. This will marked as the latest food group tapping the appetite for a healthier living.

According to the research lead by Barry Callebaut, by eating 20g of its specially developed chocolate which contains antioxidants, or flavanols, everyday may help combat wrinkles and it has the effect of boosting elasticity and improving hydration to make skin more radiant.

Dark chocolate has been known to be linked with certain health benefits, such as lowering blood pressure and reducing the risk of strokes due to its high antioxidants.

The Swiss group has developed a way of preserving the flavanols found in cocoa beans during the chocolate-making process, allowing them to produce a bar that is richer in flavanols, Barry Callebaut Chief Innovation Officer Hans Vriens said in an interview. Vriens said that although chocolate and health do not seem to fit together but it is a very interesting proposition: if I can eat something I like and it is good for me, that is great. Chocolate is probably at the bottom of the list when you think about making food healthier.

Our daily exposure to smoke, pollution, caffeine and lack of sleep contribute to the creation of free radicals can damage our healthy cells in the body and accelerate the aging process.

Kepler Capital Markets analyst Jon Cox said that there is huge body evidence which points to flavanols slowing down the damage caused by free radicals.

Richard Hurrell, professor of Human Nutrition at Swiss Federal Institute of Technology supported that there are quite a lot of evidence which shows cocoa flavanols' positive effect on blood pressure. He said however the evidence is much less consistent. Some experts are doubtful about the positive effects flavanols have on skin.

### **Dark Chocolate guards against Brain Injury**

Food Consumer

By Dr. Mercola

May 25 2010

Researchers have discovered that epicatechin, a compound in dark chocolate, may protect your brain after a stroke by increasing cellular signals that shield nerve cells from damage.

An hour and a half after feeding mice a single dose of epicatechin, animals that had ingested the compound suffered significantly less brain damage following an induced stroke.

Eurekalert reports:

“While most treatments against stroke in humans have to be given within a two- to three-hour time window to be effective, epicatechin appeared to limit further neuronal damage when given to mice 3.5 hours after a stroke. Given six hours after a stroke, however, the compound offered no protection to brain cells.”

### **Flavanol-rich cocoa help prevent heart attacks**

Food Consumer

26/05/2010

A study published in the March-April 2009 issue of Journal of the American Society of Hypertension suggests eating flavanol-rich cocoa may reduce risk of myocardial infarction (heart attack).

Hollenberg N.K. and colleagues from Brigham and Women's Hospital and Harvard Medical School in Massachusetts report in their study that the Kuna Indians residing in an archipelago on the Caribbean Coast of Panama have very low blood pressure levels and a reduced frequency of heart attack, stroke, diabetes and cancer.

The researchers found their diet commonly includes high amounts of flavanol-rich cocoa; the researchers speculate that flavonoids in cocoa trigger nitric oxide synthesis in healthy humans. Nitric oxide is important for heart health.



## Production & Quality

### **Ghana cocoa purchases hit 548,671 tonnes**

NEXT

May 26, 2010

Cocoa purchases declared by private buyers to Ghana's regulator, Cocobod, since the start of the main crop in October hit 548,671 tonnes by May 13, down 10 percent on year, according to Cocobod data seen by Reuters on Tuesday.

Purchases for the same period last year, the first 30 weeks of the season, were 609,838 tonnes. Total purchases for the week rose to 8,394 tonnes from 6,060 tonnes in the previous week.

Ghana, the world's second largest producer after Ivory Coast of the main ingredient in chocolate, has blamed the lag in official purchase volumes on smuggling into neighbouring Ivory Coast and Togo, where prices are higher.

## The Market

### **Cocoa Set to Remain Near 21-Year High, Callebaut Says (Update1)**

BusinessWeek

By Katia Cortes

May 27, 2010,

May 27 (Bloomberg) -- Cocoa, which rose to a 21-year high in London today, is unlikely to decline soon as global demand outpaces output, Barry Callebaut AG Chairman Andreas Jacobs said. "The fundamentals indicate that prices won't go down in the short term," Jacobs said today in an interview in Extrema, Brazil, where the world's largest producer of bulk chocolate inaugurated a factory. "Demand is rising and production is decreasing in some countries."

Cocoa has surged in the past two weeks on expectation demand will outpace production. Cocoa for July delivery rose 2 pounds to 2,434 pounds a ton on London's Liffe exchange today, after earlier rising to 2,451 pounds, the highest price since at least 1989.

Global output will trail consumption by 69,000 metric tons in the year ending Sept. 30, the International Cocoa Organization said last week.

In Brazil, economic growth of 6 percent this year will boost demand for cocoa to make chocolate, Jacobs said.

Callebaut's cocoa-processing in Brazil's northeastern state of Bahia will supply 70 percent of the Extrema chocolate factory's needs and the rest will be imported from Africa, he said.

The plant in Extrema, with capacity to produce 20,000 metric tons of bulk chocolate a year, will aim at supplying food companies across South America, Jacobs said. The company may build a third plant in Brazil in five to 10 years, he said.

### **Cocoa Rises on Signs of Demand, Supply Concerns; Coffee Climbs**

BusinessWeek

By Elizabeth Campbell

May 27, 2010,

(Bloomberg) -- Cocoa prices jumped to a two-week high on reports of reduced supplies from Africa and on signs of increased demand for the chocolate ingredient. Coffee gained for the third straight session.

Cocoa exports from Ivory Coast, the world's largest producer, fell 46 percent in April, according to data supplied by the ports of Abidjan and San Pedro. Global output will trail consumption by 69,000 metric tons in the year ending Sept. 30, the International Cocoa Organization said last week. The commodity has gained 18 percent in the past year.

“Besides the supply side, more interest in the longer-term demand side” is pushing cocoa prices up, said Dennis Cajigas, a senior market strategist at Lind-Waldock, a broker in Chicago. “Some of that demand was coming from quality concerns. Some of the weather in the next few weeks may be less favorable” in Ivory Coast, he said.

Cocoa for July delivery rose \$69, or 2.4 percent, to \$2,973 a ton on ICE Futures U.S. in New York. Earlier, prices touched \$3,018, the highest level for a most-active contract since May 11. On London’s Liffe exchange, cocoa futures for July delivery rose 2 pounds to 2,434 pounds (\$3,550) a ton. Earlier, the contract climbed to 2,451 pounds, the highest price since at least 1989.

Cocoa futures in New York may be rising as a “spillover” from the climb in London prices, Cajigas said.

Barry Callebaut AG Chairman Andreas Jacobs said cocoa prices are unlikely to decline in the “short term” amid rising demand and slowing production in some countries. Jacobs spoke today in an interview in Extrema, Brazil.

## Dollar Falls

The dollar headed for the first drop this week against a basket of major currencies. China’s foreign-exchange regulator affirmed its commitment to investing in Europe, lowering concern that the region’s debt crisis will worsen.

The dollar “always does make the difference,” Cajigas said. “Most of the commodities are higher here today because of the dollar.”

Arabica-coffee futures for July delivery rose 1.05 cents, or 0.8 percent, to \$1.3475 a pound on ICE in New York. The price has fallen 0.9 percent this year. In London, robusta-coffee futures for July delivery rose \$2 to \$1,336 a ton on the Liffe.

Arabica coffee is grown mainly in Latin America and brewed by specialty companies including Starbucks Corp. Robusta beans, used in instant coffee, are harvested mostly in Asia and parts of Africa.

## Cocoa Set to Remain Near 21-Year High, Callebaut Says (Update1)

By Katia Cortes

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“The fundamentals indicate that prices won’t go down in the short term,” Jacobs said today in an interview in Extrema, Brazil, where the world’s largest producer of bulk chocolate inaugurated a factory. “Demand is rising and production is decreasing in some countries.”

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The plant in Extrema, with capacity to produce 20,000 metric tons of bulk chocolate a year, will aim at supplying food companies across South America, Jacobs said. The company may build a third plant in Brazil in five to 10 years, he said.

## Processing & Manufacturing

### **Nigerian Cocoa Processors to obtain credit after Debts Repaid**

BusinessWeek

By Vincent Nwanma

May 27, 2010

(Bloomberg) -- Cocoa processors in Nigeria, the world's fourth-largest producer of the beans, expect to obtain new credit lines from banks after clearing part of their outstanding debts using government aid, an industry group said.

Processors received a state grant aimed at boosting non-oil exports in the West African country, Akin Olusuyi, president of the Cocoa Processors Association of Nigeria, said in a phone interview yesterday from Ile-Oluji in the western Ondo state. "The grant has relieved us of a lot of financial strain," Olusuyi said. He didn't provide details on the amount of aid the industry received, nor the size of the new credit lines. The funds would be used to finance new investment in increasing capacity, Olusuyi said.

Nigeria's government is trying to diversify its economy and become less reliant on crude, which generates more than 90 percent of the nation's export earnings. In January, the government announced a 21.5 billion-naira (\$141.4 million) export-expansion grant to be given to companies that export manufactured, non-oil goods.

Cocoa grinders in Nigeria want the government to do more to help the industry, including improving access to European markets, Olusuyi said. Without this assistance, the processing industry in the country won't grow, he said.

Nigeria should sign an Economic Partnership Agreement with the European Union to increase access to that market, he said. Without the pact, Nigerian processors pay a 4.5 percent duty on butter exports and 6.5 percent on cocoa cake, while shipments from Ghana and Ivory Coast aren't subject to such tariffs. "Nobody is asking for our butter in Europe, and when they do they do so at ridiculous prices," making it more profitable to export raw cocoa than to process it, he said.

The Cocoa Association of Nigeria, which groups producers, processors, traders and regulators, estimates that only 20 percent of the country's cocoa is currently processed, with the remaining 80 percent exported as raw beans.

Nigerian cocoa production ranks behind Ivory Coast, Ghana and Indonesia in terms of volume, according to the International Cocoa Organization.

### **Barry Callebaut Opens Chocolate Manufacturing Plant in Brazil**

Source: FLEXNEWS

27/05/2010



Barry Callebaut factory in Extrema, MG, Brazil  
Wednesday, May 26, 2010  
(Photos: AFP Photo/Nelson Antonio)

Barry Callebaut today inaugurated its chocolate factory in Extrema, Minas Gerais, near Sao Paulo in Brazil. The plant is the company's first chocolate factory in South America. Barry Callebaut has, however, been present in Brazil with a cocoa factory in Ilhéus, Bahia, since 1999, and employs more than 300 people in the country.

The Extrema facility, which cost an estimated USD 15 million, has an annual production capacity of around 20,000 tons which can be doubled based on the same infrastructure, said the firm. Initially, the plant will employ 70 people.

"The new factory will make high-quality dark, milk and white chocolate as well as compound for artisanal and for industrial customers, but no end-consumer products. Capacity utilization at the plant is expected to rise rapidly. 80% of the factory's production will be delivered to the main target customer segment, namely the rapidly growing food service market which includes restaurants, fast food restaurants, bakeries, pastries, in-store

bakeries, caterers, hotels, chocolatiers, hospital and school canteens", said the company in a statement sent to FLEXNEWS.

Bunge, Barry Callebaut's distribution partner in Brazil since 2009, will provide the market with the products made at the new factory.

Juergen Steinemann, CEO of Barry Callebaut, commented: "Brazil is the fifth largest country in the world with a population of more than 190 million, and the country has returned much faster to its earlier growth dynamic than most other economies after the recent economic turmoil. In addition, the Brazilian Government as well as the International Monetary Fund (IMF) are expecting a GDP growth of up to 6% for 2010. Against this background and based on growth forecasts for the Latin American chocolate market of more than 3% in volume terms annually over the next three years, we see a tremendous market potential - not only in Brazil but in the entire region".

"75% of the Brazilian GDP is generated within a radius of 500 kilometers from Extrema. With our existing cocoa factory in Ilhéus, Bahia, and now our new chocolate factory in Extrema, we are close to our local customers and well positioned to achieve our goal to also become the No 1 chocolate supplier to Brazil's fast-growing food service industry", added the CEO.

### **Cargill's Cocoa & Chocolate Business Announce New Flavour Breakthrough**

Source: Cargill, Inc.

28/05/2010

The Netherlands — May 2010 – Cargill's Cocoa & Chocolate business has made a breakthrough in dark cocoa powder taste with its innovative DB82 10-12% Gerken® cocoa powder.

Until now dark powders provided the much valued intense colour for a range of applications, but with such intensity of colour there can be an off taste, sometimes associated with bitterness. However, Cargill's specialised application centre in Baupré, France, has made a breakthrough that has produced a unique dark powder with a round, pleasant and smooth chocolaty flavour.

Piet van Amelrooij, Director, Worldwide Powder Sales, for Cargill's Cocoa and Chocolate business, explains: "Cocoa powder producers have long sought the ultimate combination – a powder with warm intense dark colour, but with a rich smooth chocolaty taste. With DB82 we have achieved exactly that - and now we have a unique product to offer to the market for use in improving recipes in existing products and to develop new products."

Cocoa powder is used in coatings and spreads, bakery and dairy applications, with Cargill offering the widest range of powders in the industry. DB82 is produced at Cargill's Gerken® cocoa plant near Abidjan, Côte d'Ivoire.

It has a relatively high pH, but tests across a range of applications have shown that this does not have a negative effect on taste, stability or processing parameters. "Innovation can mean creating something new, or finding creative solutions to transform existing products – and DB82 falls into both categories", says van Amelrooij. "In Cargill's cocoa and chocolate business innovation is a vital part of our partnership with customers – and there are more innovations to be announced in the coming months."

As one of the world's largest food ingredient suppliers, with over 1,300 researchers, Cargill combines extensive food expertise with a deep knowledge of cocoa and chocolate to create innovations aimed at bringing new business to its customers.

"The feedback from our customers has been that DB82 produces great flavour from so dark a powder, without compromising on taste. Commenting on DB82, one of our customers said 'I was not expecting such good flavour from so dark a powder - where's the bitterness? What's the trick?' There is no trick, just our innovation and expertise combined to produce a unique product. No other company but Cargill has the capability to do this", concludes van Amelrooij.



**Italian Chocolate producer ICAM targets North American market**

ConfectioneryNews.com

By Oliver Nieburg,

24-May-2010

A new US sales office will provide private label chocolatier ICAM with a platform to expand into North America and Mexico.

The Italy-based chocolate firm said it will also launch its range of premium private-label chocolates in the US, focusing its attention on organic and single-origin concepts.

**Strategic Location**

The firm had been selling organic chocolate to industrial food manufacturing companies through an importer for some time, which allowed it to gain insight into the North American market.

Bruno Montesano, general manager of ICAM (North America), said the US sales office in California was chosen on the basis that the manufacturer had observed that “major chocolate trends in the US specifically tend to start in the West and spread East”.

The manufacturer notes increasing US consumer demand for premium products that can offer health and wellness benefits and that meet environmentally friendly production standards.

There is an increasing amount of supporting evidence from scientific studies conducted in the past few years that flavanols in cocoa have health benefits, such as the ability to lower blood pressure and boost heart health.

The company does expect however, stiff competition from a “very vast...highly sophisticated, highly developed” North American chocolate market.

**Production costs**

Montesano told ConfectionaryNews.com that organic chocolate is more expensive to produce due to more labour intensive farming techniques and costly organic certification.

The farming of single-origin chocolates itself is no more expensive, he said. But what drives up cost is the limited supply. A single-origin cocoa will produce a very exclusive yield of beans and by the very nature of being a product with beans from just one location or - in the case of single estate, from just one farm - that limited supply naturally drives up trading costs.

ICAM sources the majority of its beans from the Dominican Republic, Ecuador, Peru and Madagascar.

The firm supplies premium chocolate for many private label brands in Europe, particularly in the UK, and all global sales except North America are handled out of the company headquarters in Lecco, Italy.

ICAM added that it also has plans to launch selected ingredients, such as cocoa powder and cocoa butter, in the US in the third quarter of this year.

**Dark chocolate makes sweet comeback in '09**

Chicago Tribune

By Alejandra Cancino, Tribune reporter

May 25, 2010

After stalling in early 2009, the dark chocolate market finished the year with a 9 percent increase in sales.

Not bad for an industry that many analysts thought would see demand from recession-weary consumers melt away, particularly amid higher prices for cocoa beans and predictions of a shortage in the world cocoa harvest. In the first two months of 2009, dark chocolate sales were off by 2.2 percent.

But while consumers started to pull back on unnecessary spending, they found ways to treat themselves. Economists call it the "lipstick factor," referring to the historical rise in lipstick sales during tough economic times as women look for an affordable way to cheer themselves up. In the candy industry's case, during the recession people sought chocolate as an affordable indulgence to feel better.

"There is no (vacation), but people stay at home and find small moments of joy," said Tim Quinn, vice president of trade development at Mars Inc.

Candy sales as a whole increased last year by 3.6 percent, with 2,843 new products introduced to the market. About two-thirds were chocolate products, according to the National Confectioners Association, which is holding its annual candy and snack show at McCormick Place through Thursday.

Now, as the nation emerges from the recession, candy-makers hope consumers will continue to indulge themselves. If they do, new products will be waiting.

Paul Pruett, chief executive of Bubble Chocolate, started selling his chocolate infused with tiny air bubbles about seven months ago. The aerated chocolate, which sells for about \$2.50 to \$3 a bar, starts out dry and tasteless; as it melts, the taster's mouth is coated with either milk or dark chocolate.

Pruett believes consumers are ready for innovative chocolate products.

"Americans are more brave now and are trying new things," he said.

Dark chocolate saw the greatest demand in 2007, when sales peaked at \$829 million, a 35 percent jump from the previous year. Then the recession hit, and the pace of sales growth slowed in 2008 to 12 percent, according to the National Confectioners Association.

Eric Bochner, owner of Bochner Chocolates, said the recession put a big dent in his sales. So he decided to adapt his products to the pocketbook-conscious market.

During the premium-chocolate boom, his sales increased by 50 percent. Then sales decreased by 30 percent from 2008 to 2009. He decided to develop new products and redesign the packaging. He infused his chocolate with flavors that were more familiar to consumers, such as cherry and hazelnut, and sold the new product at reasonable prices, about \$3.50 a bar.

It worked. Bochner said sales are increasing, and he's expecting to reach prerecession levels later this year.

Bigger companies also are experimenting with new flavors.

In March, Hershey Co. introduced Kit Kat Dark, which used to be produced as a limited-edition bar.

Hershey acknowledged the economy's impact on its sales, calling itself recession resistant, not recession proof. But the company's wide portfolio gives consumers many options and many prices to choose from, said Anna Lingeris, a company spokeswoman.

In April, the chocolate-maker reported first-quarter sales increased 13.9 percent, as the candy-maker's U.S. market share grew by half a percentage point.

Green & Black's, an organic chocolate-maker owned by Cadbury, which was acquired by Northfield-based Kraft this year, created a peanut-and-sea-salt chocolate bar for American consumers. It was introduced to the market at the end of 2009.

It was the first time the British brand created a flavor specifically for the U.S. market, said Katie Butler, senior brand manager for Green & Black's USA. The flavor is doing so well that it's expected to reach British consumers at the end of this year, Butler said.

Like the rest of the industry, Green & Black's sales slowed in the last two years. But the brand continued to make a profit, Butler said. "People enjoy small indulgences," she said.

### **Mars Opens New Chocolate Bar Plant in Dubai**

Source: FLEXNEWS

27/05/2010

Mars Inc.'s Middle East branch Mars GCC has opened a new facility in Dubai, which is specialised in the manufacture of MARS® and SNICKERS® chocolate bars. Mars has invested a total of USD 40 million in the new 6,000 m2 plant.

"Mars GCC significant investment in the new chocolate bars factory reflects the company's continuous expansion and long-term commitment to the region. The new chocolate filled bars factory not only will increase its chocolate production but it will also contribute to create new jobs and expanding the use of local resources", said the company.

Ahmed Bayoumi, General Manager of Mars GCC commented: "Mars GCC has been experiencing double digit growth year on year since the beginning of the decade. In 2009 Mars GCC net sales exceeded US \$450 million. We are pleased that consumer demand in the Middle East has and continues to generate opportunities for stable long term growth".

"This has led to the investment of more than USD 100 million in our manufacturing unit since 1998. We are committed to strengthening our position as the leading chocolate manufacturer in the Middle East and our increased presence in GCC will help us achieve this growth by supporting consumer and customer needs in the region", added Bayoumi.

Mars GCC's other factory, which was established in 1998, will continue to produce the GALAXY® chocolate range, including GALAXY Jewels® designed to meet the tastes of local consumers.

### **Labour Issues**

### **Capacity Building Programme for Stakeholders in the cocoa industry opens**

Ghana News Agency

May 27, 2010

Accra, May 27, GNA - Mr Enoch Teye Mensah, Minister of Employment and Social Welfare, said on Thursday cocoa remained the backbone of the country's economy bringing in about 60 per cent of the foreign exchange and should be protected against any form of threat. "This explains the Ghana Government's resolve to join any partner in the elimination of the worst forms of child labour in cocoa", he said. Mr Mensah was opening the second session of a four-day capacity building training programme for stakeholders in the cocoa sector dealing with the worst form of child labour in Accra.

The programme was organized in partnership with Tulane University in the United States and aimed at deepening the capacity of key staff and stakeholders working in the various programmes to fight against the worst forms of child labour in the cocoa industry. It would also equip stakeholders in the cocoa sector to effectively manage the worst forms of child labour in the cocoa industry.

The Minister said the training was one of the assistance the government of Ghana had benefited from the United States government through the Tulane University and emphasized the existing collaboration between the two countries in the area of capacity building. He said the maiden training programme held about a month ago had been very helpful to the participants who applied the knowledge acquired in interventions in eliminating the worst forms of child labour in the cocoa sector.

He appealed to the organisers to expand the programme to cover many of the partners such as non-governmental organisations (NGOs), the Metropolitan, Municipal and District Assemblies (MMDAs) who were the major actors at the district and community levels. Mr Mensah expressed government's commitment to the total

elimination of child labour in the cocoa sector, adding that government looks forward to more support from Tulane University for similar training programmes.

Mr Chris Bayer, Programme Officer of the West Africa Health Organisation and a facilitator, said the programme would focus on "Information Technology and personal productivity tools for intervention management," "monitoring and related tasks" and "intervention management and Data collection and GIS Systems Applications".

Participants of the training programme included staff of the Ghana COCOBOD and staff of the Ministry of Employment and Social welfare.

## Others

### Falling cocoa yields in Ivory Coast

By Javier Blas

Published: May 28 2010 23:08

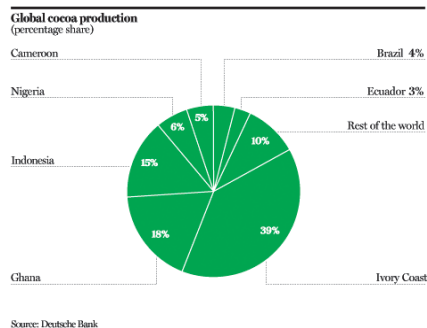
The Financial Times



*Farmers harvesting cocoa beans, central Ivory Coast*

People used to call Abidjan the Manhattan of West Africa. It was the 1960s, and the commercial capital of Ivory Coast was alive with possibility. No longer a French colony, the country had a booming cocoa industry whose profits coursed through Abidjan. "Cocoa francs" laid the boulevards of the upmarket Cocody neighbourhood and built the skyscrapers in the business district of Le Plateau. Famous singers and actors flew in from Paris. The city's casinos brimmed and bubbled. The nation became a byword for stability and prosperity in west Africa, while the world ate more and more chocolate. As the 1960s became the 1970s and then the 1980s, cocoa remained to Ivory Coast what oil was to Saudi Arabia or Nigeria: a geyser of cash. Brown gold.

The French brought cocoa to Ivory Coast, but it was Félix Houphouët-Boigny, the country's first president (and a former cocoa planter), who masterminded the development of a multi-billion-dollar national crop that could meet strong demand for chocolate in Europe and the US. Not that the plants needed much encouragement. Cocoa is from Latin America but in Ivory Coast it found a land in which to prosper: deep and fertile soil, ample rainfall throughout the year and the shade of taller trees. The ideal growing conditions of equatorial west Africa mean that Ivory Coast and neighbouring Ghana, Nigeria and Cameroon now supply almost 70 per cent of the world's cocoa. Indonesia and Brazil account for much of the rest.



Houphouët-Boigny ruled for 33 years and he ensured the growth of the Ivorian cocoa trade in the 1970s and 1980s with a mixture of subsidies and land incentives, conferring property rights on whoever planted cocoa. The policy attracted immigrants, particularly from Burkina Faso and Mali, who further expanded production. By 1977, Ivory Coast had overtaken Ghana as the world's largest cocoa producer and tied its future inextricably to the future of the global chocolate industry.



Today, about 800,000 Ivorian farmers produce almost 40 per cent of the world's 3.5 million-tonne cocoa crop. The country's output of 1.3 million tonnes is more than double what it was in the 1980s and 26 times the size of its harvest in 1960. But Ivory Coast's importance in the cocoa market, and its decades of increasing production, mask a bleak reality and an uncertain future. After half a century of almost uninterrupted expansion, the Ivorian cocoa machine has begun to falter: cocoa yields are down and so is their quality. Cocoa trees are getting old and sick, and a byzantine world of smallholder farmers, corrupt politicians and travelling middlemen is resistant to change. The multinational food companies that depend on a reliable, cheap supply of the commodity are worried. It is early days, but the publicity-shy cocoa industry has started talking about a "chocolate crisis".



I am driving down a muddy road on my way to visit some cocoa farms in upcountry Ivory Coast, about 250km north of Abidjan. After the death of Houphouët-Boigny in 1993, Ivory Coast slowly spiralled into civil war and although the fighting ended in 2004, the country remains divided between the south and the rebel north. Elections have been delayed six times since 2005, and the political deadlock has done nothing to help the country's most important crop. I am with Hans Jöhr, head of agriculture at Nestlé, the world's largest food company, and he is explaining the scale of the problem that has now grown in the vacuum. "Cocoa is in danger in Ivory Coast," he says, spelling out the normally unspoken fear of many in the chocolate industry.

Dishevelled in the heat, but apparently tireless, Jöhr does not come across as an everyday executive. "I am a farmer," he says, describing his childhood in rural Switzerland and then the search – first in Canada, next in Brazil – for new and larger farms, where he grew everything from soyabeans to coffee. In between, Jöhr, who is now 55, found time to study agricultural economics and earn a PhD, but as we go from village to village and I watch him talk in a rapid French to cocoa growers, asking them to break open their cocoa pods and tell him what fertiliser they use, it is clear he remains connected to the soil.

New and more productive cocoa strains under cultivation near Yamoussoukro, Ivory Coast's capital. Jöhr's job is to keep Nestlé supplied with agricultural commodities – a mammoth undertaking considering that a 5 per cent increase in sales of the company's breakfast cereals requires the equivalent of Switzerland's annual cereal crop. Jöhr has a team of 950 agronomists and veterinarians to help him – more than many state-run agriculture organisations – and cocoa is high on his list of concerns.

"If we want to grow our chocolate business, we need to make sure that the supply is there in the future," says Jöhr. He explains that the main issue for a company relying on a commodity such as cocoa is not just its price but also that it is available in the first place. His worst nightmare is not that Nestlé's chocolate sales are hurt by expensive cocoa, but that there is not enough good cocoa to buy.

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He is not alone. Almost all the world's largest chocolate companies have expressed concerns about the quality of Ivory Coast's cocoa supplies as well as their cost. "There is nearly a panic reaction," a senior European cocoa trader in Abidjan tells me a few days later.

With such a large proportion of the global crop, what happens in Ivory Coast affects the world. The country's harvest has fallen more than 15 per cent during the past five years, causing the most severe [shortages on the cocoa market](#) for four decades and [sending prices to their highest levels](#) for more than 30 years. Cocoa grinding, a proxy for chocolate consumption, has now run above supply for four years in a row, the worst run since the late 1960s.

The only reason prices are not even higher, according to cocoa traders, is the economic crisis, which has cut demand in developing countries where chocolate remains a luxury. But as global consumption picks up again, the industry worries that prices could rise well beyond their current level of about £2,400 (\$3,400) a tonne, approaching the record price of £3,000 a tonne which was set in 1977 when west Africa experienced severe droughts. And, it seems, worse could be yet to come. With another disappointing crop expected later this year, traders believe that 2010-11 will be the fifth consecutive year in which cocoa supply has fallen short of demand. That has not happened since records began more than 50 years ago.

Resolving the cocoa crisis is not going to be easy, however, partly because of the unusual structure of the industry. Unlike almost every other major agricultural commodity – corn, coffee, palm oil, sugar – the world's cocoa is still grown overwhelmingly by smallholders, each owning less than four hectares of land. The task of increasing production does not lie with the managers of big agribusiness plantations, but in the individual actions of thousands of mainly poor west African farmers.



... Tietiekon Amankro is the sort of place where Ivorian cocoa grows. The village – no more than a few buildings at the end of a muddy track – is almost unreachable during the rainy season, and is the Africa of stereotype. Houses are made of mudbrick and dry palm leaves, and children run barefoot and smiling. There is no electricity or running water.

It is as far away from foil-wrapped Swiss chocolates as one can imagine. But whatever the hardships, life in a cocoa village in Ivory Coast is still far better than the chronic hunger of the countries to the north – Burkina Faso, Niger

and Mali – from which immigrants came in their tens of thousands in the 1980s. In a good year, a cocoa farmer in Ivory Coast with five hectares of land will harvest about 2.5 tonnes of cocoa beans, earning about €3,000 (£2,500).

The cocoa grows in among the forest on the edge of the village. A foreigner would not realise he is strolling into farmland were it not for the grower's warning. The monumental arms of rainforest trees filter the light from above, allowing only a dim luminosity to spread among a colourful chaos of crops. There are cocoa trees, rubber trees, avocado, papaya and orange trees. Coffee bushes fill in the gaps. It is textbook smallholder farming in west Africa: a mess of different crops beneath the forest canopy.

The abundance belies the struggle that cocoa production has become. In Tietiekon Amankro, farmers tell me about the problems threatening an enterprise whose intensive, manual methods are largely unchanged since it was introduced to Ivory Coast at the turn of the last century.

"We have old trees ... The production does not increase," says Betran Ejao, a 35-year-old cocoa farmer, as we walk towards the farms. He shows me a tree that was planted 25 or 30 years ago – in the midst of the Houphouët-Boigny years – and yields less and less every year. Like elderly humans, old trees are more fragile and prone to disease. Ejao explains that the farmers of Tietiekon Amankro are now losing about 10 per cent of their crop due to black pod disease, a fungus that attacks the cocoa fruit and has disrupted harvests around the world since the 1920s.



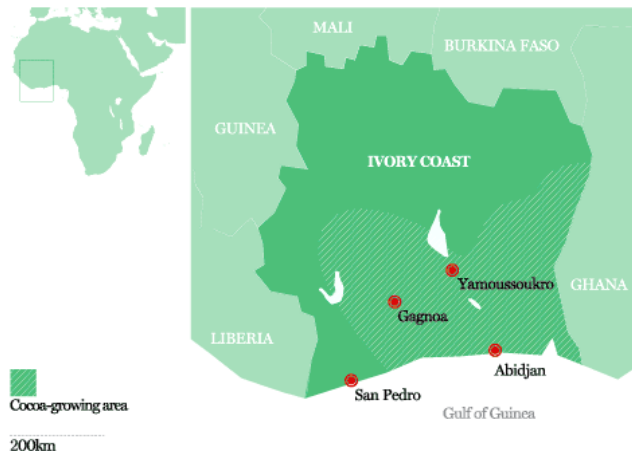
Inspecting the crop. Black pod disease has become a widespread problem, aggravated by lack of fumigation.

Throughout the villages around Tietiekon Amankro and Gagnoa, the nearest large town, and Yamoussoukro, Ivory Coast's capital, I hear similar complaints from farmers. Without support from the country's absent politicians, they are now appealing directly to the international chocolate industry, non-governmental organisations and the World Bank to help them boost production with higher-yielding cocoa trees, subsidised fertiliser and cheap pesticides.

Even then, some problems can only be tackled closer to home. An inefficient and corrupt price-fixing system that lasted until the late 1990s has given way to a free but disorderly Ivorian trade, and farmers have been further aggrieved by a series of tax increases. About 40 per cent of the international price of Ivorian cocoa now finds its way into the government's coffers, a levy that has left growers at a disadvantage to rivals across west Africa and prompted many to abandon the crop altogether. By uprooting their trees and planting rubber, which requires less work both in cultivation and harvesting, they can reap the benefits of another lucrative commodity – now enjoying its highest prices ever – but without the bribes and the taxes.

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## Ivory Coast cocoa cultivation



Ageing trees, poor governance and easier profits elsewhere have all conspired to slow the Ivorian cocoa machine, with the result that the country's farmers are now being outperformed across the world. The average yield of 500kg of cocoa beans per hectare in Ivory Coast has been overtaken by almost every other producing nation and is just a third of what farmers harvest per hectare in Indonesia, the world's third-largest producer.

So what can be done to increase production? Chocolate companies believe that the answer lies in the trees; specifically, in replanting Ivory Coast's failing plots with new, higher yielding stock that can resist pests. It is a colossal task: Ivory Coast has about 2 billion

cocoa trees and almost all the work must be done by the private sector. Nestlé, which has the most advanced plans, aims to spend about SFr110m (£67m) replanting 12 million trees over the next decade, which would equate to just 0.6 per cent of the total.

Not a quick fix then, but the "Cocoa Plan" is a start, and it has captured the imagination of farmers seeking to reinvigorate their holdings. The new plantlets, which will be distributed at a rate of one million a year from 2012, have already been nicknamed "Mercedes" for their supposedly upmarket quality. "They grow very, very quickly," says Jebouet Kouassi, a 43-year-old who runs one of Nestlé's nurseries in Ivory Coast.

Kouassi is showing me ordered ranks of young cocoa plants, all about 2ft tall with unblemished green leaves. In a country where almost every cocoa tree suffers from yellowed leaves and some form of infestation, the immaculate plantlets look odd: alien life-forms from an agronomic laboratory, transplanted into one of the world's poorest farming communities. The "Mercedes" are the result of years of breeding cocoa trees, using non-GM methods, and blending them with Ivorian varieties to make them more resistant to local diseases, including the devastating black pod. "They can produce in about 18 months. The others take at least three years," says Kouassi. When I ask him if he believes that the new trees will improve Ivorian yields, he smiles and says: "Oh, I think they will produce 3 tonnes [per hectare]," six times the current yield.

As important as increasing production, however, is arresting the slide in the quality of Ivorian cocoa. Seeking a balance between flavour and quantity has been the delicate task of cocoa growers for the past two millennia, and many of the dilemmas facing Ivory Coast's farmers date from the pre-Colombian civilisations of America and the ancient arts of growing, harvesting, fermenting and drying the cocoa bean.

The world's cocoa originated in the upper Amazon, from where it was brought to Mexico by the Olmec civilisation, which flourished between 1500 and 400BC. The first European contact with the bean came at the court of Montezuma, the Aztec ruler, where Hernán Cortés, the Spanish conquistador, tasted a bitter cocoa drink called xocolatl in 1519. The conquistadores took cocoa back to Spain, where European botanists gave it the name *Theobroma cacao*, joining the Aztec word *cacahuatl* with the ancient Greek *theobroma*, "the food of the gods".

The original cocoa drunk by Cortés and Montezuma was what is now known as the Criollo variety, a premium strain grown mainly in central America that accounts for less than 1 per cent of the world's cocoa because it is so difficult to cultivate. Nowadays, about 90 per cent of cocoa – and almost all that is grown in west Africa – is of the Forastero variety, a much harder and disease-resistant bean first grown on Spanish plantations in the Caribbean. Chocolate companies and cocoa farmers are forever searching for a blend of varieties – such as the Trinitario, a mixture of the Criollo and the Forastero – that gives them the optimum combination of flavoursome cocoa, high yields and healthy trees.

But even then, much of the eventual quality of the cocoa is decided during the fermentation and drying of the bean, a process that Montezuma would still recognise. In Ivory Coast, I watched farmers pick the pods, each half the size of a watermelon, and open them by hitting them four or five times with a thick wooden stick. As the pods crack, the farmer extracts the mellow, white beans that are yet to turn their characteristic brown.



A farmer wraps newly harvested beans in banana leaves so that they can ferment; much of the eventual quality of the cocoa is decided during this stage

Each pod produces between 25 and 30 beans, which the farmers heap in their thousands in clearings in the forest, before wrapping them in banana palm leaves to ferment. Fermentation takes about five days and goes a long way to determining the viability of a crop. Rain or damp weather can ruin the procedure, and so can a farmer who leaves the beans for too long, or not long enough.

And herein lies another aspect of Ivory Coast's cocoa troubles: as production falls and prices increase, farmers are altering their behaviour, often cutting short the fermentation process to get their beans to market as soon as possible, sacrificing quality for a quick profit.

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Reaching the farmers and persuading them to ferment their beans more carefully is another huge challenge for chocolate companies. A century of cocoa cultivation in Ivory Coast has spawned a complex industry in which farmers have scarcely any contact with the big trading houses and processors, instead selling their beans to a series of middlemen who deliver them to the ports of



Farmers are schooled in the use of fertiliser and pesticides in a bid to improve yields.

Abidjan and San Pedro.

The chain of middlemen reaches from pisteurs – man-and-van operations that drive from village to village with stacks of cash, collecting the beans – to traitants, small trading enterprises of Ivorian or Lebanese origin that buy and sell the beans on to the big US trading houses, such as Cargill and Archer Daniels Midland, the French Touton, or Singapore's Olam. At the very end of the line are Europe and America's chocolate makers, which have little control over the process, and therefore the quality.

With this in mind, chocolatiers and traders have been encouraging farmers to set up co-operatives from which they can buy directly. But it is a long way from happening: Ivory Coast bureaucracy is formidable and the big trading houses say that most co-operatives only last a few years before buckling under poor management or corruption. Those that have survived have only been kept alive by subsidies and near-constant supervision.

Whether all these initiatives, from Nestlé's "Cocoa Plan" to efforts by trading houses to go out into the country to improve farming and fermentation methods, can revitalise Ivory Coast's cocoa sector is unclear. The challenge is vast, yet the solutions must be small. Fixing all the problems will mean going from clearing to clearing, tree to tree, bean to bean. And yet the hopes of the global chocolate industry depend on it. There is no other choice for the farming executives, such as Nestlé's Jöhr, but to roll up their sleeves and start work, and they know it.

"We cannot stay idle and do nothing to resolve the current problem," Jöhr tells me one day after another conversation with another Ivorian cocoa grower. "We are observing a thunderstorm forming on the horizon and we need to prepare for it."