

# COPAL COCOA *Info*

*A Weekly Newsletter of Cocoa Producers' Alliance*



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Cocoa Producers' Alliance



## UP-COMING EVENTS

- 73<sup>rd</sup> General Assembly and Council of Ministers Meetings, 20<sup>th</sup> – 24<sup>th</sup> September, Kuala Lumpur, Malaysia.

## IN THIS ISSUE

- ICCO DAILY COCOA PRICES
- LONDON (LIFFE) FUTURES MARKET UPDATE
- NEW YORK (ICE) FUTURES MARKET UPDATE
- FROM THE NEWS MEDIA

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

## In the News (from Newspapers worldwide)

<p><u><b>Health and Nutrition</b></u></p> <ul style="list-style-type: none"> <li>Doctors: 10 Illnesses Treated By Chocolate</li> <li>Gloss Facts: Chocolate Can Be Good For You</li> <li>Dark Chocolate- The Healthier Choice</li> <li>Flavanol-rich foods seem beneficial for coronary artery disease patients</li> <li>Cocoa May Shield Heart Health</li> </ul> <p><u><b>Production and Quality</b></u></p> <ul style="list-style-type: none"> <li>CRIN develops high yielding, early maturing cocoa</li> <li>Ivory Coast may almost double cocoa output: president</li> <li>Ivorian cocoa arrivals seen at 1,090,000 T by August 1</li> <li>Callebaut decreases Cameroon cocoa purchases</li> <li>Brazilian cocoa arrivals lag behind last season</li> </ul> <p><u><b>The Market</b></u></p> <ul style="list-style-type: none"> <li>Trading cocoa: Sweet dreams</li> <li>Cocoa Rises in New York, London on Signs of Limited Bean Supply</li> <li>What's Driving Cocoa?</li> <li>Coffee Prices Extend Rally to 12-Year High; Cocoa Declines</li> </ul>	<p><u><b>Processing &amp; Manufacturing</b></u></p> <ul style="list-style-type: none"> <li>Cameroon cocoa grindings rise in June: Sic-Cacaos</li> </ul> <p><u><b>Business &amp; Economy</b></u></p> <ul style="list-style-type: none"> <li>Kuapa Kokoo secures US\$5 million loan</li> <li>Cameroon cocoa exports over 4 pct down vs last year</li> <li>Boosting cocoa production</li> </ul> <p><u><b>Labour</b></u></p> <ul style="list-style-type: none"> <li>Ministry scale up activities to eliminate Child Labour in Cocoa</li> <li>The dark side of chocolate</li> </ul> <p><u><b>Others</b></u></p> <ul style="list-style-type: none"> <li>All-inclusive task force needed to reduce cocoa smuggling - Clarke</li> <li>Cocoa uplifting ebola town in Uganda</li> <li>Cocoa smuggling undermines Ghana's aim to boost production</li> </ul>
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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)
2-Aug-10	2,157.12	3,284.72	2,194.00	3,087.67
3-Aug-10	2,138.33	3,279.17	2,181.67	3,086.00
4-Aug-10	2,168.06	3,323.92	2,210.00	3,141.67
5-Aug-10	2,168.47	3,320.63	2,210.67	3,139.67
6-Aug	2,103.27	3,216.02	2,129.67	3,035.33
<b>Average</b>	<b>2,147.05</b>	<b>3,284.89</b>	<b>2,185.20</b>	<b>3,098.07</b>

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

**Monday 2-Aug 2010**

Month	Opening Trans	Settle	Change	Daily High	Daily Low	Volume
Sep-10	2277	2257	-16	2281	2243	4,261
Dec-10	2180	2171	-14	2194	2157S	2,663
Mar 11	2165	2154	-10	2165S	2144S	2,123
May 11	2171	2160	-14	2174S	2154	143
Jul 11	2171	2164	-15	2172S	2162	314
Sep 11	2172	2167	-13	2178	2168	29
Dec 11	2181	2172	-7	2181	2170	269
Mar 12	2167	2164	-11	2168	2161	773
May 12		2167	-12			0
Jul 12		2171	-12			0
<b>Totals</b>		<b>2175</b>				<b>10,575</b>

**Tuesday 3-Aug 2010**

Month	Opening Trans	Settle	Change	High	Low	Volume
Sep-10	2250	2259	2	2273	2243	2,521
Dec-10	2171	2152	-19	2172	2147	2,304
Mar 11	2150	2134	-20	2154	2128	1,273
May 11	2150	2141	-19	2158S	2140	286
Jul 11	2154	2147	-17	2167	2148	89
Sep 11	2158	2152	-15	2172	2150	87
Dec 11	2164	2150	-22	2164S	2159	78
Mar 12		2144	-20			0
May 12		2145	-22			0
Jul 12		2149	-22			0
<b>Totals</b>		<b>2157</b>				<b>6,638</b>

**Wednesday 4-Aug 2010**

Month	Opening Trans	Settle	Change	High	Low	Volume
Sep-10	2270	2294	35	2325	2255	3,951
Dec-10	2155	2177	25	2202	2150	3,191
Mar 11	2154	2159	25	2179	2139S	929
May 11	2159	2167	26	2185	2148	494
Jul 11	2169	2172	25	2187	2167S	290
Sep 11	2173	2176	24	2173S	2173S	11
Dec 11	2173	2176	26	2182S	2173S	500
Mar 12	2178	2171	27	2188S	2177S	6
May 12		2171	26			0
Jul 12		2175	26			0
<b>Totals</b>		<b>2184</b>				<b>9,372</b>

**Thursday 5-Aug 2009**

Month	Opening Trans	Settle	Change	High	Low	Volume
Sep-10	2292	2292	-2	2323	2290	3,346
Dec-10	2177	2180	3	2195	2173	2,756
Mar 11	2160	2160	1	2176S	2157	1,232
May 11	2167	2167	0	2178	2160S	119
Jul 11	2167	2173	1	2167	2164S	409
Sep 11		2177	1			0
Dec 11	2181	2177	1	2189S	2181	588
Mar 12		2172	1			0
May 12		2172	1			0
Jul 12		2176	1			0
<b>Totals</b>		<b>2185</b>				<b>8,450</b>

**Friday 6-Aug 2009**

Month	Opening Trans	Settle	Change	High	Low	Volume
Sep-10	2293	2193	-99	2297	2179S	7,142
Dec-10	2190	2106	-74	2190	2098S	6,788
Mar 11	2157	2090	-70	2157	2082S	6,295
May 11	2170	2105	-62	2170	2096S	1,096
Jul 11	2146	2110	-63	2146	2102S	380
Sep 11	2130	2120	-57	2134S	2120	175
Dec 11	2130	2120	-57	2130	2130	50
Mar 12	2117	2115	-57	2117	2117	7
May 12		2115	-57			0
Jul 12		2119	-57			0
<b>Totals</b>		<b>2119</b>				<b>21,933</b>

<b>Average for the week</b>		<b>2,164</b>				<b>11,394</b>
<b>Total for the week</b>						<b>56,968</b>

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

**Monday 2-Aug 2010**

Month	Open	Price	Change	High	Low	Volume
10-Sep	3087	3082	-9	3108	3040	10,494
10-Dec	3119	3111	-8	3133	3069	6,036
11-Mar	3137	3136	-1	3152	3096	989
11-May	3129	3151	0	3155	3114	73
11-Jul	3146	3161	-4	3172	3131	102
11-Sep	3160	3172	0	3162	3145	88
11-Dec	3185	3187	4	3187	3158	131
12-Mar	3248	3265	12	3265	3248	81
12-May	0	3273	12	0	0	52
12-Jul	0	3273	0	0	0	0
<b>Totals</b>		<b>3181</b>				<b>18,046</b>

**Tuesday 3-Aug 2010**

Month	Open	Price	Change	High	Low	Volume
10-Sep	3082	3058	-24	3112	3046	13,263
10-Dec	3099	3091	-20	3138	3077	10,004
11-Mar	3128	3115	-21	3154	3101	551
11-May	3142	3127	-24	3170	3141	93
11-Jul	3150	3138	-23	3155	3150	43
11-Sep	3168	3151	-21	3168	3168	8
11-Dec	3185	3166	-21	3185	3185	9
12-Mar	0	3240	-25	0	0	0
12-May	0	3248	-25	0	0	0
12-Jul	0	3248	-25	0	0	0
<b>Totals</b>		<b>3158</b>				<b>23,971</b>

**Wednesday 4-Aug 2010**

Month	Open	Price	Change	High	Low	Volume
10-Sep	3073	3118	60	3169	3066	20,370
10-Dec	3096	3139	48	3189	3092	13,178
11-Mar	3119	3156	41	3203	3119	931
11-May	3166	3167	40	3209	3163	53
11-Jul	3176	3176	38	3222	3176	34
11-Sep	3236	3188	37	3236	3236	6
11-Dec	3252	3205	39	3252	3252	6
12-Mar	3299	3275	35	3299	3299	4
12-May	0	3283	35	0	0	0
12-Jul	0	3283	35	0	0	0
<b>Totals</b>		<b>3199</b>				<b>34,582</b>

**Thursday 5-Aug 2009**

Month	Open	Price	Change	High	Low	Volume
10-Sep	3145	3113	-5	3156	3092	9,573
10-Dec	3150	3138	-1	3180	3116	6,825
11-Mar	3192	3156	0	3192	3156	427
11-May	3164	3166	-1	3178	3164	80
11-Jul	3175	3176	0	3175	3175	2
11-Sep	3190	3188	0	3190	3190	2
11-Dec	3206	3205	0	3207	3206	81
12-Mar	0	3267	-8	0	0	557
12-May	0	3273	-10	0	0	486
12-Jul	0	3273	-10	0	0	0
<b>Totals</b>		<b>3196</b>				<b>18,033</b>

**Friday 6-Aug 2009**

Month	Open	Price	Change	High	Low	Volume
10-Sep	3132	3006	-107	3132	2976	20,308
10-Dec	3148	3035	-103	3153	3005	15,969
11-Mar	3100	3062	-94	3104	3032	3,072
11-May	3134	3078	-88	3134	3049	317
11-Jul	3142	3093	-83	3142	3058	135
11-Sep	3120	3106	-82	3120	3066	54
11-Dec	3135	3121	-84	3135	3075	94
12-Mar	3178	3182	-85	3178	3178	8
12-May	0	3188	-85	0	0	0
12-Jul	0	3188	-85	0	0	0
<b>Totals</b>		<b>3106</b>				<b>39,957</b>

<b>Average for the week</b>		<b>3,168</b>				<b>26,918</b>
<b>Total for the week</b>						<b>161,507</b>



## Health and Nutrition

### **Doctors: 10 Illnesses Treated By Chocolate**

Right Pundits - Andrew Zarowny - Aug 7, 2010

Chocolate has long been known to mend broken hearts and replace frowns with smiles. But doctors are finding that there are serious medicinal uses for chocolate in curing ten or more illnesses. The properties of which have a variety of functions, such as an antiseptic, a diuretic, a parasiticide and for pilatory. As a stimulant, cocoa contains theobromine, similar to caffeine in its effects, as well as caffeine itself. Chocolate reacts positively with the heart, kidneys and muscles. Some research even points to its benefits in treating colds by expanding bronchial passages in one's airways.

Dark chocolate has been in the spotlight the past few years for its medical values. Effective in helping fight heart disease and high blood pressure, quality dark chocolate, containing 70% solids, is a veritable medicine cabinet. Ingredients such as iron, calcium, potassium, plus essential trace elements as well as vitamins A, B1, C, D, and E.

Chocolate may hold the key to helping cure ten or more illnesses. These include: high blood pressure, high cholesterol, liver disease, diabetes, stress, coughs, chronic fatigue syndrome, blood clots, stroke, and even some forms of cancer.

Chocolate, and cocoa in general, contains flavanols, loaded with antioxidants. These have a direct impact on a variety of common diseases, such as high blood pressure, high cholesterol, liver disease, heart disease and some forms of cancer. The flavanols in chocolate also contain epicatechin, particularly good for preventing strokes.

The caffeine stimulants of chocolate are an excellent source of compounds for combating chronic fatigue syndrome. Likewise, in helping reduce stress. Some research points to chocolate actually reducing harmful hormones that can cause stress.

Chocolate also appears to have qualities that deal directly with blood chemistry. Not only is there a connection to improving how the body processes sugars, thereby reducing the risk of diabetes, but also in preventing blood clots. Chocolate has been found to actually slow down the bonding of blood platelets, thereby reducing clots, as well as heart attacks and strokes.

Most of the positive medical effects of chocolate are restricted to only dark chocolate. White and milk chocolate do not share the same chemistry. But, even with dark chocolate and all of its potential medical benefits, doctors advise moderation. No more than two ounces ( 50 grams) per day.

### **Gloss Facts: Chocolate Can Be Good For You**

myGLOSS - Aug 4, 2010

BY: MARIS CALLAHAN

Most of us know chocolate as an occasional, indulgent treat (or as I like to call it, breakfast, lunch or dinner). Chocolate has been around for centuries and Ghirardelli has even traced it back more than 4,000 years to the culture of the Mayas in Central and South America.

It was introduced to Europe in the 1500s and reinvented by chocolatiers in Europe as a sweet, creamy confection. In the 1800s, it was re-introduced to the America where today, it remains a favorite snack and flavor.

Though chocolate is often high in fat, calories and low in most nutrients, let's take a moment to celebrate the other side of chocolate, the side that's good for your mind, body and in my humble opinion, soul.

### Chocolate for a Healthy Heart?

In February 2010, ABC News reported that people who ate one serving of chocolate per week were 22 percent less likely to have a stroke than those who ate no chocolate. Though many cardiologists are skeptical of studies that yielded these results, most agree that chocolate demonstrated positive effects on the very factors directly linked to stroke risk, including blood pressure, blood-vessel function and blood flow, and lipid levels.

### Chocolate for Antioxidants?

Dark chocolate, typically usually richer in cacao, is not only rich and delectable, it's actually good for you – in moderation, of course. 1 oz of a high-quality chocolate packs more than twice the healthy antioxidant punch as red wine. Antioxidants work to stop or prevent cell-damaging free radicals from forming and help minimize the damage caused by existing free radicals.

### Chocolate to Lift Your Spirits?

It's an old cliché that women munch on chocolate when they're feeling down, but it's been suggested that chocolate boosts serotonin, our body's mood regulating hormone. Chocolate may also raise endorphins which can help lift the spirits. Before you reach for a candy bar though, you can probably get an even better endorphin rush by hitting the gym.

### **Dark Chocolate- The Healthier Choice**

Hartford : CT : USA

allvoices - Amy Van Winkle - Aug 2, 2010

There are several types of chocolate with varying degrees of cocoa content. The percentage of cocoa in chocolate has a direct relationship on its health benefits. A higher cocoa content makes a healthier chocolate.

Grinding the centers of cacao beans, which have been fermented, dried, roasted and shelled, creates chocolate liquor. Three things can be done at this point.

- It can be solidified into blocks and sold as unsweetened baking chocolate.
- It can be processed into cocoa powder by removing the cocoa butter.
- Cocoa butter can be added to make it a palatable confection.

Making a confection from chocolate liquor involves blending it with varying amounts of cocoa butter. There are several varieties of chocolate, each with its own standard requirements of cocoa quality and quantity. The most common types are:

- Unsweetened (pure chocolate liquor consisting of about 47% cocoa solids and 53% cocoa butter)
- Dark chocolate (basic blend of sugar, cocoa butter, cocoa liquor and sometimes vanilla)
- Semisweet (dark chocolate with about half of the sugar and a minimum of 35 percent cocoa solids)
- Milk chocolate (dark chocolate with the addition of milk or milk powder and a minimum of 10% cocoa solids)
- White chocolate (similar to milk chocolate without the "liquor"; not a true chocolate).

Chocolate is linked to the brain's release of serotonin, a feel good hormone. One study showed chocolate consumption having a bigger impact on brain activity and heart rate than passionate kissing. It also triggers the release of dopamine, having a similar effect to cocaine.

The high cocoa content of dark, semisweet and bittersweet chocolates has benefits such as flavonoids, epicatechin and gallic acid. Flavonoids are said to have heart protective qualities. Unfortunately, cocoa processed with alkali (Dutch chocolate) destroys most of these flavonoids. Some studies have shown the antioxidants in raw cocoa (not Dutch processed) can reduce blood pressure and lower the risks of cardiovascular disease, stroke, cancer and diabetes. It even may lower LDL (bad cholesterol) and boost brain function. Evidence of the theobromine in cocoa is more effective as a cough medicine than codeine. Due to lowered or destroyed benefits of Dutch-processed cocoa, use the raw cocoa and dark chocolates whenever possible.

Drawbacks include contributions to obesity, acid reflux and its stimulating effects. It is also toxic to some animals. The recommended daily intake is 100 grams to get the maximum benefits.

### **Flavanol-rich foods seem beneficial for coronary artery disease patients**

HealthJockey.com - Aug 3, 2010

Several people suffer from heart diseases all over the world. An international team of scientists suggest cocoa and other foods rich in a class of nutrients known as flavanols help boost the health of coronary artery disease patients. It has been revealed that flavanols or flavanol-rich foods can possibly prevent or treat coronary artery disease.



Flavanols apparently elevate a population of certain cells in the blood. Such foods may hence aid in restoring the inner walls of blood vessels, boosting blood flow and positively lowering blood pressure. Previous analysis ascertained intake of flavanol-rich foods and beverages to improve blood flow and decrease blood pressure in patients. During the current study, scientists seem to find that even nutrients affect the production of circulating angiogenic cells.

Carl Keen, a University of California, Davis nutrition professor and co-author said, “We were pleased, but not surprised, to find that when study participants consumed the flavanol-rich cocoa beverage, rather than a matched control drink with low levels of flavanols, they experienced a significant improvement in the function of the endothelium or lining of the blood vessel wall.”

Angiogenic cells known as undifferentiated cells in the initial stages are believed to be produced in the bone marrow. It is assumed that in the blood stream these cells develop into endothelial cells that line arteries and vessels. In the course of the study, volunteers were made to consume a cocoa beverage two times a day for a month. The beverage was sometimes rich in flavanols and sometimes it had low levels.

Neither the participants, nor the experts were aware about the levels of flavanols till the completion of the study. Before conducting the study, investigators calculated endothelium function, circulating angiogenic cell production, blood chemistry, heart rate and blood pressure. These measurements were taken during and at the end of the investigations.

Keen enlightened, “The flavanol-rich cocoa was strikingly effective in mobilizing the participants’ circulating angiogenic cells, which are thought to help repair the endothelium. The effect was on par with medical treatments involving statins and estrogen — and similar to the effects of lifestyle changes such as increasing exercise and stopping smoking, all of which are currently recommended for patients with coronary artery disease.”

The scientists discovered improvement by more than 47 percent in the function of the endothelium that was measured by dilation of the artery. This growth was registered after the intake of the high-flavanol cocoa drink. It was observed that development of the angiogenic cells elevated twice as much as following consumption of the flavanol-rich drink than to the low-flavanol drink.

A considerable decrease in blood pressure levels was monitored on consumption of the high-flavanol beverage. Further investigations encompassing long-term dietary intervention studies analyzing the effects of high-flavanol diets on cardiovascular health will be triggered.

The study is published in the July issue of the Journal of the American College of Cardiology.

### **Cocoa May Shield Heart Health**

Ghana News Agency - Aug 6, 2010

Antioxidants found in cocoa may help fight heart disease, a new study shows. The study's findings suggest that cocoa may benefit heart disease patients by boosting blood vessel health and keeping blood pressure in check.

The study involved 16 adults, all of whom had heart disease. Twice a day for 30 days, all study members drank a beverage with a high concentration of cocoa flavanols (a type of powerful antioxidant). Later in the study, the participants drank a different, low-flavanol beverage twice a day for 30 days.

Study results showed a 47 percent greater improvement in vasodilation (widening of the blood vessels) during the first treatment period, indicating that cocoa flavanols may help repair damaged blood vessels and increase survival among heart disease patients.

Past studies show that garlic, fish oil, and hawthorn may also help lower blood pressure.

## Production & Quality

### CRIN develops high yielding, early maturing cocoa

Vanguard - [Obike Ukoh](#) -



The Cocoa Research Institute of Nigeria (CRIN), Ibadan, has developed high yielding and early maturing cocoa variety for farmers.

The Chairman of CRIN's board, Mr Dickson Imasogie, who announced this in an interview with the in Benin, said "the improved variety starts producing 18 months after planting." He said that the new breed cocoa was a great improvement on the old breed specie which usually commence producing fruits three years after planting. "There is a demonstration farm for the new

cocoa at Igueriakhi and Uhumora, in Owan Area of Edo", Imasogie said, urging cocoa farmers in the state to avail themselves of the new breed to boost yield.

The chairman said the breed had already been made known to farmers, adding that its advantages were also discussed at the recent "Cocoa Week", which the 14 cocoa producing states participated.

On the problem of viable market being faced by cocoa farmers in Edo, Imasogie said that he had led the farmers on a visit to the deputy governor to discuss the issue. He said that the problem was that cocoa produced in the state were taken to Akure for "grading" because Edo lacked a grading centre for the produce. Imasogie noted that the commodity was not graded in Edo but in Akure.

The chairman remarked that it would be of great economic benefit to Edo if its cocoa was graded in the state. According to him, when Edo cocoa is graded in Ondo, it is credited to Ondo's production and the revenue also goes there. He said that although the Federal Government had provided incentives for cocoa farmers, the Niger Delta States should complement the efforts as almost all the states in the region produce cocoa in commercial quantity.

### Ivory Coast may almost double cocoa output: president

Fri Aug 6, 2010

YAMOUSSOUKRO (Reuters) - Ivory Coast could almost double cocoa production to 2 million tonnes over the next five years, President Laurent Gbagbo said on Thursday, apparently kicking off his election campaign after a polling date was set.

Prime Minister Guillaume Soro announced earlier in the day that long overdue presidential elections would be held on October 31. "If I am elected president, it will be necessary for us to transform production over the next ten years," Gbagbo said. "In five years, we could do 2 million tonnes (per year)."

Current production is around 1.2 million tonnes a year and is falling as years of political instability and paralysis take their toll on the ailing sector. Reforms meant to transform the sector have been held back by continuous crisis since a 2002-3 civil war divided the world's biggest cocoa grower, meeting around 40 percent of world demand.

Trees are ageing, yields are low and farmers have little incentive to invest, despite a 30-year high in international prices and a rise in the proportion of beans ground here. "We have started discussions with the countries that import our cocoa. They agree with the logic of our selling semi-finished products (rather than raw beans)," Gbagbo said in the capital.

### Ivorian cocoa arrivals seen at 1,090,000 T by August 1

Mon Aug 2, 2010

ABIDJAN (Reuters) - Cocoa arrivals at ports in top grower Ivory Coast have reached around 1,090,000 tonnes by August 1 since the start of the season in October, according to exporters' estimates on Monday. If the estimate holds true, that would put cocoa arrivals 2.2 percent below the 1,114,848 tonnes that arrived in the same period of the previous season.

Ivory Coast produces about a third of the world's cocoa, but output is on track to hit its lowest since at least the 2004-05 season as plantations suffer years of underinvestment in the wake of a civil war.

Exporters said around 8,000 tonnes of beans were delivered to the West African state's two ports from July 26 to August 1, down from 11,895 tonnes in the same week a year ago.

They added that the quality of the beans remained poor after recent heavy rains made it difficult for farmers to properly dry their harvests. "Bean quality is pretty mediocre, but the local buyers are taking it," said the director of an export company on condition of anonymity. "We're not allowed to export beans with a moisture content above 14 percent or humidity over 12 percent."

A disappointing crop during the 2008-09 season helped drive cocoa prices to 30-year highs.

Cocoa exporters generally estimate arrivals by counting the number of trucks arriving in the ports of San Pedro and Abidjan. Their estimates tend to be ready days before official data from the Coffee and Cocoa Bourse (BCC) become available.

The latest BCC figures seen by Reuters showed 1,082,910 tonnes had arrived in ports from the start of the season through July 25, down about 1.8 percent from the 1,102,953 tonnes in the same period a year ago.

Analysts have said Ivory Coast arrivals figures may also overstate the country's production by tens of thousands of tonnes due to an increase in smuggling this year from neighbouring Ghana, where prices are lower.

#### **Brazil's Main Cocoa Crop From State of Bahia May Climb, Analyst Forecasts**

Bloomberg - Luzi Ann Javier - Aug 4, 2010

The main cocoa crop in Bahia, the biggest producing region in Brazil, may exceed 850,000 bags, with the current pod counts 20 percent or more above those last year, said analyst Thomas Hartmann, without giving a comparison.

That's unless losses to witches' broom are far bigger than last year, the Salvador-based analyst said in a report e-mailed today. These prospects are "not shared by other producing states where the outlook remains bleak for the Tempora, as well as for the coming main crop," he said.

Cocoa arrivals from Bahia advanced to 61,326 bags in the week ended Aug. 1 from 58,849 bags the previous week, he said. Total arrivals from Brazil advanced to 85,693 bags from 83,434 bags of 60 kilograms each. "The flow of cocoa from Bahia will tend to increase over the next weeks and the 1.25 million to 1.3 million bag target for the Tempora is very likely to be met," Hartmann said.

#### **Callebaut decreases Cameroon cocoa purchases**

AgraNet - Aug 6, 2010

DATA released by Barry Callebaut has revealed that its Cameroon affiliate purchased 18 290 tonnes of cocoa beans between August and June in the 2009-2010 season, down from the 25 526 tonnes it purchased during the season-earlier period.

The firm, locally known as Societe Industrielle Camerounaise, or Sic Cacao SA, has an annual grinding capacity of 30 000 tonnes. The Swiss company owns 70% of Sic Cacao, while the remaining 30% belongs to the Cameroon government.

#### **Brazilian cocoa arrivals lag behind last season**

AgraNet - Aug 5, 2010

BRAZIL'S cocoa arrivals are lagging deliveries by this time last year, Bahia Commercial Association data showed, but the crop should still hit the forecast target as output perks up months into the harvest.

Arrivals so far in the 2010/11 (May/April) season were down 6.4% by August 1, at 1.21m 60kg bags compared with 1.3m bags a year ago, the data showed. But deliveries from the main cocoa state, Bahia, were up, to 61,326 bags from 53,208 bags delivered that week a year ago.

## The Market

### Trading cocoa: Sweet dreams

The Economist -

A hedge fund bets big on chocolate

Aug 5th 2010



SINCE Armajaro, a London-based hedge fund, took delivery of 7% of the world's annual cocoa-bean production last month, there have been whispers about evil speculators. Sixteen cocoa companies complained to NYSE Liffe on July 2nd that the market had been manipulated and called for more regulation. Armajaro's retort is that its position should not influence the market's long-term fundamentals. But that has not stopped prices surging, nor the fund's boss, Anthony Ward, being dubbed "Chocfinger" by British tabloids.

Far less attention has been paid to the fund's thesis. Unusually it took physical control of the 240,100 tonnes it purchased in the cocoa-futures market for just over \$1 billion. The beans now lie refrigerated in warehouses in undisclosed locations across Europe. They can stay there for up to 20 years, although Armajaro hopes to have taken profits long before that.

Mr Ward reckons cocoa production in Côte d'Ivoire is slumping faster than commonly acknowledged. The West African country produces more than a third of the world's cocoa—some 1.37m tonnes per year since 2005, according to the UN Food and Agriculture Organisation. But years of underinvestment following a civil war in 2002-04 could jeopardise this. The yields of cocoa trees drop after 30 years of production and the last planting cycle was in the 1970s, according to Sudakshina Unnikrishnan of Barclays Capital. Nestlé, a food giant, plans to spend about SFr110m (\$105m) to help plant 10m new trees in the next decade. But they are likely to produce 1,500 tonnes of cocoa, a tiny fraction of the country's output.

Cocoa production is difficult to mechanise and the peculiarities of Côte d'Ivoire mean it will be hard to ramp up activity quickly. Most trees are owned by around 900,000 smallholders who often scale back on insecticides when their costs rise, as they did in 2008. That matters because higher rainfall in recent years has increased the prevalence of "black pod", a fungal disease which lowers cocoa yields. High taxes also put farmers off: it is estimated that about 40% of the international price of cocoa goes to the government.

The real risk for the hedge fund may be a rise in supply from elsewhere. Indonesia and Nigeria have ramped up production by several percentage points annually for the past ten years. Yields in these countries are high due to increased use of hybrid seeds, which the government promotes.

As cocoa prices have risen, more countries have been drawn in. Colombia recently announced plans to repair its flagging industry by doubling the land under cultivation. Given a lag time of four years between when a cocoa tree is planted and when it bears beans, supply could be more robust than Armajaro thinks.

At least demand is on the hedge fund's side. Existing consumers can be relied upon to chomp chocolate and newcomers are getting a taste for it. Beijing confectioners built a 33ft (10-metre) replica of the Great Wall and the terracotta army with 80 tons of chocolate earlier this year, a sign of the country's new-found enthusiasm for the bean. The average Chinese person is estimated to consume only 100 grams of chocolate a year—a hundredth or so of the amount devoured in northern Europe.

### Cocoa Rises in New York, London on Signs of Limited Bean Supply

San Francisco Chronicle

Aug. 5 (Bloomberg) -- Cocoa rose in New York and London on signs of limited supply of the beans used to make chocolate.

Inventories of cocoa in warehouses monitored by ICE Futures U.S. have dropped 20 percent since April and yesterday fell to the lowest since Feb. 1, according to figures from the exchange. The September futures contract in London is trading at a premium to the December contract, signaling limited supplies. "Fundamentals for cocoa remain bullish," said Kona Haque, an analyst at Macquarie Group Ltd. in London. There's "not a lot of good quality cocoa available at warehouses," she said.

Cocoa for September delivery gained \$23, or 0.7 percent, to \$3,141 a metric ton on ICE as of 8:35 a.m. local time. In London, the September cocoa contract climbed 1.1 percent to 2,319 pounds (\$3,686) a ton, 5.8 percent more expensive than the December contract.

White, or refined, sugar for October delivery fell 0.6 percent to \$551.70 a ton in London. Raw sugar for October delivery declined 0.2 percent to 18.84 cents a pound in New York.

Robusta coffee for September delivery rose 0.5 percent to \$1,750 a ton in London. Arabica coffee beans for delivery in the same month advanced 1.3 percent to \$1.72 a pound in New York.

### **What's Driving Cocoa?**

Seeking Alpha (blog) - Senthil Murugan - Aug 4, 2010

Demand-supply gap remains secondary on looking at the spurt in Cocoa prices from 2008. Average daily price on July 30, 2010 (New York Futures) was at \$3,092/ton (£2,207/ton, London Futures), already into the highest in 30-years zone. The upward trend began in 2008 and continued the rally.

On analyzing all the possible factors that could be behind this price race, one thing certainly stands apart, a factor fundamentally changing the global Cocoa market. This is the fact that the Ivory Coast, the largest Cocoa producer globally (around 35% market share), is drawing concerns from all Cocoa trading community.

A recent bulk purchase (around 241,000 tons at £2,317/ton, valued at £658 million) by a hedge fund in UK also failed to have an impact on the prices; interestingly Cocoa prices went down to £2,227/ton after the deal.  
Ivory Coast and Cocoa Prices

The production of Cocoa from the Ivory Coast has been consistently decreasing and was down by 175,000 tons in 2008/09 crop year. The cocoa harvest in Ivory Coast has fallen by more than 15% in last five years, a base effect that pushed the prices to peak levels in 30 years.

Total Cocoa output during 2008/09 was a little above 1.22 million tons and the lowest in the last five years. This trend is expected to continue for the year 2009/10 as well.

This is mainly because of diseases like swollen shoot and black pod. Farmers are also diversifying their crops so as to minimize losses due to these types of diseases. They began to cultivate other crops such as rubber.

The quality of Cocoa is mostly affected by black pod fungus. In this case, processing companies and chocolate manufacturers will be in a position to purchase higher quantity of Cocoa beans in order to maintain their product quality (to maintain the same level of Cocoa content in chocolates), or else these companies will reduce the Cocoa content in their products if they don't want to pass on the increase in Cocoa prices to customers.

Another thing to note is that farmers cut short their fermentation process so as to access the Cocoa market quickly to sell when the prices are at a high level. This will result in a lower quality of Cocoa beans.

There are about 900,000 farmers in Ivory Coast who participate in Cocoa production. An average production per farmer is around 1.36 tons of Cocoa in a year.

Treating the various types of diseases of Cocoa beyond what most farmers can afford. Hence either they go for alternate crops such as rubber or destroy the Cocoa trees so as to block the spread of the disease to other trees. Around 10% of Cocoa crops are lost due to these types of diseases.

Farmgate prices – the amount paid by middlemen to farmers for Cocoa beans – was at the range of US\$1.99 per kg (as on Jul 18). However in Ghana, the amount is almost double. Ghana has been increasing its annual Cocoa output during the past three years.

Farmers are losing around 40% on the Cocoa international prices because of taxes and other charges from government. So Cocoa farmers are uprooting their trees and planting other crops such as rubber so as to gain more benefits and avoid taxes and other charges.

Ageing trees, expensive treatment for diseases and no help from the government force Cocoa farmers to look for other alternative crops.

Cocoa purchasers and chocolate manufacturers like Nestle are pushing themselves into saving the Cocoa trees and improving the crop cultivation in Ivory Coast. Nestle plans to spend about £67m during next decade to replant around 12 million Cocoa trees.

#### Outlook

Measures to save Cocoa crops in Ivory Coast should be taken by the government and other bulk purchasers of Cocoa (Nestle set an example). Without these measures, cocoa production will continue to suffer in Ivory Coast. As the harvesting season (by September) approaches, lower than expected Cocoa output is the main reason behind the current price rally.

Prices may cool down after October; however Ivory Coast supply concerns will be a crucial factor in determining Cocoa prices in the global market in coming years.

### **Coffee Prices Extend Rally to 12-Year High; Cocoa Declines**

By Elizabeth Campbell

Aug. 2 (Bloomberg) -- Coffee prices rose, extending a rally to a 12-year high, as stocks and commodities climbed amid signs the global economic recovery remains on track. Cocoa fell from a two-week high.

Global stocks advanced as European banks and American companies reported earnings that topped estimates. Equities also gained on speculation that China's government may loosen its economic policy after manufacturing slowed in the country. The Standard & Poor's 500 Index climbed as much as 1.8 percent. "The S&P is dragging everything higher," including coffee, said Hector Galvan, a senior trading adviser at RJO Futures in Chicago. "As of right now, the economies of the world are holding their recoveries."

Arabica coffee for September delivery rose 1.2 cents, or 0.7 percent, to \$1.775 a pound at 10:38 a.m. on ICE Futures U.S. in New York. Earlier, the price reached \$1.815, the highest level for a most-active contract since Feb. 6, 1998. Before today, coffee jumped 30 percent this year.

The positive economic news is boosting the soft commodities, Galvan said. "A lot of these are luxury markets," he said. "When people think there's money out there," they will buy them, Galvan said.

#### Higher Prices Foreseen

If coffee closes above \$1.80 a pound, that's a "pretty good signal" that prices are headed toward \$2, he said.

In the week ended July 27, hedge-fund managers and other large speculators increased their net-long positions, or bets that prices will rise, to the highest level since March 2008, government data show. On the Liffe exchange in London, robusta-coffee futures for September delivery fell \$10, or 0.6 percent, to \$1,800 a metric ton.

Cocoa futures for September delivery dropped \$24, or 0.8 percent, to \$3,067 a ton in New York. Earlier, prices reached \$3,108, the highest level for a most-active contract since July 19. Before today, the price fell 6 percent in 2010. In London, cocoa futures for September delivery lost 9 pounds, or 0.4 percent, to 2,264 pounds (\$3,594) a ton.

## ***Processing & Manufacturing***

### **Cameroon cocoa grindings rise in June: Sic-Cacaos**

Thu Aug 5, 2010

YAOUNDE (Reuters) - Sic-Cacaos, Cameroon's sole cocoa grinding firm, processed 718 tonnes of beans in June, up from 460 tonnes in May, according to company statistics published on Thursday. The June figures bring the total amount of beans ground since the beginning of the season in August 2009 to 18,290 tonnes, representing a 27 percent drop from 25,117 tonnes during the same period in the 2008/2009 season.

The cocoa season in Cameroon, the world's fifth-biggest producer, runs from August 1 to July 31.

Sic-Cacaos, a subsidiary of Swiss firm Barry Callebaut, supplies cocoa and chocolate products mostly to central African markets.



## ***Business and Economy***

### **Kuapa Kokoo secures US\$5 million loan**

August 06, 2010

Kumasi, Aug. 6, GNA - Kuapa Kokoo Company Limited has secured a US\$5,000,000 loan from a United-Kingdom based financial firm, "Comic Relief", to beef up its operations.

Mr Paul Celestine Buah, out-going President of the Kuapa Kokoo Farmers Union, said the loan was facilitated by the Divine Chocolate Limited (DCL), another UK company, which the Union is shareholder. He was addressing the opening session of the 16th Annual Delegates Conference of the Union at the Kwame Nkrumah University of Science and Technology (KNUST) in Kumasi on Friday. "The new extension system for cocoa farmers in Ghana - a solution to cocoa sustainability" was the theme.

Mr Buah told the meeting that the Union's total dividend receipts on its DCL shares, since 2007, stood at GH¢170,752.00 and vowed to continue working with the company by increasing their shares. He said over the past years they had entered into a number of partnership agreements for the singular purpose of improving the condition of the Ghanaian farmer.

Mr Buah said Kuapa Kokoo's core business is to produce cocoa and would therefore go to every length to enhance its operations to bring comfort to farmers. He said Kuapa Kokoo was constructing schools, water and sanitation facilities and installing corn mills to better the lives of people in cocoa growing areas. Additionally, he said, the Union had embarked on environmental programmes to help to protect the ecosystem.

Reverend Kwaku Abaka-Ewusi, Executive Director, Cocoa Swollen Shoot Virus Disease Control Unit (CSSVDCU) of the Ghana Cocoa Board, urged all agents trained under the new cocoa extension programme to work hard to assist farmers to adopt improved farming techniques to raise crop yield.

### **Cameroon cocoa exports over 4 pct down vs last year**

Wed Aug 4, 2010

YAOUNDE (Reuters) - Cocoa exports from Cameroon, the world's No. 5 producer, are running 4.1 percent below last year's levels, data from the Cocoa and Coffee Interprofessional Board (CCIB) showed on Wednesday.

The data showed that 166,939 tonnes of cocoa was exported between the beginning of the 2009/10 season last August and the end of June, down from the 174,002 tonnes exported for the same period last year. Monthly volumes for June were up at 4,785 tonnes, a significant jump from the 2,381 tonnes in May, and a slight increase from the 4,635 tonnes for the same month last year.

Telcar Cocoa Ltd, the leading cocoa exporting company which failed to provide its data for May, exported 1,104 tonnes in June, the head of the statistics at CCIB Yves Abissi said.

Reports from all major exporters suggest that export volumes for July and August are also set to rise compared to last year due to a healthier mid-crop.

The Cameroon cocoa season runs from August 1 to July 31, with the main harvest between November and January and the mid-crop harvest from late April/May to July. Cocoa bean exports, as revised by the National Cocoa and Coffee Board (NCCB) in February, hit a record level of 205,233 tonnes in 2008/2009, up from 187,475 tonnes in 2007/2008.

### **Boosting cocoa production**

Daily Sun - Aug 2, 2010

In the bid to boost cash crop production, the presidency has inaugurated a committee on cocoa planting, production and exportation. The committee, headed by the Minister of Agriculture, Prof. Ahmad Abdullah, was given six weeks to submit its report to government.

Government's new thinking, which came to the fore at the grand finale of the 6th National Cocoa Day held recently in Ilorin, Kwara State, is informed by the fact that cocoa used to be one of the major foreign exchange

earners in the country. In fact, cocoa was the mainstay of the defunct Western Regional Government's economy in the 1960s.

To show that it is serious about rejuvenating cocoa planting and production, the government has earmarked N1 billion for each of the states of the federation for investment in the agricultural sector, with special emphasis on the planting of cocoa and other cash crops. Cocoa is produced by not less than 14 states in the federation and is widely used in food and beverage industries.

In addition, government has promised high subsidies for agro-chemical products, especially for those crops that have potential to eradicate poverty and unemployment in the country.

At the surface level, the plan to revamp cash crop production in the country is very good. Before independence and shortly after, the various regions depended on agricultural products, especially exportable cash crops, for their sustenance and development. The North had the groundnut pyramids; the West, cocoa; the East, palm oil; and the Mid-West, rubber.

Following the oil boom of the 1970s and 1980s, attention was shifted to oil exploration and exportation and the agricultural sector, which hitherto accounted for employment of over 70 percent of the population, was neglected and abandoned by farmers, who became emergency contractors and businessmen, overnight.

The oil boom took its toll on cocoa production, as it did other cash crops in Nigeria. Today, government is trying to reverse the situation by turning attention to the planting and development of the numerous cash crops that can earn foreign exchange for the country. Going back to the soil will, apart from boosting agricultural production, provide jobs for many unemployed Nigerians and help to reduce poverty in the land.

Fortunately, the country is well endowed with arable land capable of producing both cash crops and food crops. There is adequate space for animal husbandry of any range in all regions of the country. We also have enough body of waters for fish farming. If we can muster the political will, Nigeria has what it takes to be self-sufficient in food production and still have enough for export. The paradox is that we have neglected the old cash cow of the Nigerian economy to chase petrodollars and other inanities. Cocoa could have been a goldmine in the country but for the neglect it suffered in the hands of succeeding administrations in the country.

The problem of cocoa is also the lot of other cash crops in Nigeria. In the past, we grew cash crops mainly for export. Now, let us jettison the idea of producing these crops for foreign industries only. Government should set up industries that can utilize cocoa to manufacture many goods. We should find other creative and profitable ways of using cocoa to boost its production.

For government's lofty plans for cocoa to be achieved, all the problems militating against its production should be frontally addressed. The highest grades of the crop should be produced to attract higher prices in the international market. Cocoa should be put to better use for more profitability to the farmer and the government. One way to do this is to add value by processing it before export.

The neglect of this important cash crop that has hampered its economic potentials should be reversed. It is not too late to focus attention on cash crops as foreign exchange earners. It is good that we are starting with cocoa. Let the gesture be extended to other cash crops in the country.

## Labour

### Ministry scale up activities to eliminate Child Labour in Cocoa

Myjoyonline.com -

Remediation activities under the National Programme for the Elimination of Worst Forms of Child Labour in Cocoa (NPECLC) should by the end of this year cover all 68 cocoa growing districts in the country.

Implementation is currently underway in 47 districts and over 500 communities, where some 6, 300 vulnerable and distressed children have been earmarked for support.



Deputy Minister of Employment and Social Welfare, Antwi Boasiako Sekyere says one major focus is to roll out a Community-Based Child Labour Monitoring System (CCLM)

in six cocoa districts and 60 communities on a pilot basis to alleviate worst forms of child labour. He says “the CCLM would ensure a continuous data collection, analysis and reporting on the prevalence of worst forms of child labour, whilst instituting and monitoring remedial action at the same time”.

A child labourer assisting his master aboard a canoe on the sea

Mr. Boasiako Sekyere, who was addressing a familiarization meeting with Municipal and District Chief Executives of cocoa growing districts in Kumasi, noted “the CCLM is intended to ensure community ownership, sustainability and increased community participation in efforts to eliminate worst forms of child labour in cocoa”. He observed some partners in the implementation of action plans were spending as much as 80 percent of total budget on overhead cost, leaving about 20 percent for real programme execution. This he said must be reversed by working with government-established structures, mostly municipal and district assemblies to achieve set objectives.

The ministry is also satisfied with the improved status of Ghana internationally regarding the use of children in worst forms of labour. In an interview with Luv Fm, Boasiako Sekyere said “currently the United States Department of Labour, which comes out with an executive order every year to name and shame countries which use child labour in the production of goods and services has come to appreciate the enormous efforts Ghana is doing to eliminate worst forms of child labour”. He says the removal of Ghana’s name from the list of Cocoa and Mining is a plus to the huge investment to provide better opportunities for children, but said more need to be done, especially in the fishery sector.

Acting Programmes Manager of the NPECLC, Mamoud Kenneth says collaborations and idea sharing with partners, especially the district assemblies are being intensified for the sustainability of the programme.

### **The dark side of chocolate**

Sacramento News & Review - [Sara Peck](#) -

Are candy companies doing enough to end child labor?

By Sara Peck

The search for ethically sourced and manufactured products has expanded beyond diamonds, coffee and clothing to sweeter terrain: chocolate. And, after years of pressure, multinational candy companies finally are embracing the “ethical cocoa sourcing” movement—but to what degree and effect remains a matter of debate.

Labor activists say manufacturers’ commitment to the seals of approval adorning chocolate bars is dubious, and that the standards themselves are flawed.

Eighty percent of the world’s cocoa, the main ingredient of chocolate, is produced by millions of growers in the Ivory Coast and Ghana, according to the nonprofit CorpWatch. And since the late 1990s, labor-rights organizations have pressured food companies to verify that their chocolate is not the product of child labor or slavery.



*Children work on cocoa plantations in the Ivory Coast.  
PHOTO COURTESY OF INTERNATIONAL LABOR RIGHTS FORUM*

In 2001, eight members of the Chocolate Manufacturers Association, including industry leaders Mars and Nestlé, signed the nonbinding Harkin-Engel “Cocoa” Protocol, which committed the companies to eliminating the “worst of child labor” in West Africa. Participating manufacturers were supposed to have met the international agreement’s standards by 2005, but hundreds of thousands of children continue to work on cocoa plantations in Ghana and the Ivory Coast, according to last year’s Tulane University report on the cocoa industry.

In 2009, Mars and Cadbury announced a commitment to “ethical sourcing.” Mars, which makes Snickers and M&M’s and had \$30 billion in global sales in 2008, has partnered with the Rainforest Alliance to ensure its entire cocoa supply—100,000 tons—will be “sustainably produced” by 2020. The New York-based R.A.’s sustainable-agriculture standards forbid child labor, except when children are part of the farm owner’s family.

But critics say R.A. standards aren't tough enough to change an industry still rife with "blood chocolate," and are instead a cheap way to tap into the ethical consumer market without a substantial change in business practices.

Kyle Scheihagen, founder of the online advocacy group Stop Chocolate Slavery, says that most large companies have produced only a few certified products to accommodate a small consumer demand. At the same time, Scheihagen calls the companies "cynical" for selling bad products.

Labor organizations are dissatisfied with manufacturers' moves as well, because "ethical sourcing"—a phrase chocolate companies use to market their products—doesn't guarantee better labor practices, as per official fair-trade certification, which occurs though the Fairtrade Labelling Organizations International and its 23 member agencies.

R.A. products are required to contain only 30 percent "certified content," meaning that the majority of the product does not reach the organization's standards. Actual fair-trade products must contain 100 percent certified content and also guarantee a minimum price to producers. R.A. has asked its producers to scale-up their products to 100 percent certified content, but has not established a deadline. "We didn't want to have a 100 percent requirement and be a deterrent to large companies," says R.A. spokeswoman Abby Ray. "There are some fundamental problems with Alliance guidelines," says Tim Newman, an International Labor Rights Forum spokesman. R.A. does not require unionization of workers, and several R.A.-certified cut-flower farms have quashed workers' attempts to unionize, he says.

Newman also faults R.A. for not requiring workers to be paid a living wage; instead, R.A.-certified farms can be paid a wage comparable to surrounding farms. Newman says that R.A. standards don't "provide a lot of incentive for a company to scale up" to better standards. Mars and Kraft did not respond to requests for comment.

Global labor-rights researcher and activist Jeff Ballinger criticizes the certification model of both R.A. and FLO, saying if they really want to stop longstanding abuses like forced child labor, they need to pressure local governments to enforce laws, not just check up on farms periodically. "They aren't [bulletproof] practices by any means," Ballinger says. "Pressuring governments is the way to go."

#### Others

#### **Spraying periods of spraying gangs are appalling - Chief Farmer**

Akuapem-Sankofa (E/R), Aug 2, GNA –



Opanyin Kofi Gyimah, the Chief Farmer at Akuapem-Sankofa, has appealed to the Ghana Cocoa Board and the Ministry of Food and Agriculture to educate cocoa spraying gangs on the right time to undertake the exercise. He said when the crops were properly sprayed at the right time the farmers would have maximum yields.

Opanyin Gyimah said this at a communal labour to repair a broken down wooden bridge and the filling of potholes on some roads leading to cocoa growing areas. He said because of improper period of spraying by the gangs some of the cocoa trees perished while some did not bear fruits and that the cocoa farmers were worried about the situation.

Opanyin Gyimah said frequent changes of spraying gangs was also a contributing factor to the problem leading to the decline in cocoa production and that it was about time the setbacks and corrupt practices were eliminated in the system by the government for the hard working farmers to enjoy the benefits of their labour.

Opanyin Gyimah appealed to the government to make available to the farmers implements at subsidised prices.

Do not even attempt to smuggle cocoa, Dormaa MCE warns cocoa farmers

Dormaa-Ahenkro (B/A) Aug. 7, GNA -Mr. Vincent Oppong Asamoah, Dormaa Municipal Chief Executive, has warned cocoa farmers in the area not to even attempt to smuggle cocoa to neighbouring Cote d' Ivoire. He said the practice was counter-productive to Ghana's economy and defaulters would not be spared if apprehended.

In an interview with the Ghana News Agency, Mr. Asamoah noted that though the assembly had mounted barriers at vantage points in the municipality to curb cocoa smuggling by recalcitrant farmers and purchasers, reports indicated that the practice was rife in some parts of the municipality.

The MCE said a task force set up by the assembly to check smuggling and illegal felling of trees in the municipality had impounded several truckloads of lumber and cocoa and that those involved had been handed over to the police for prosecution. "A cursory look at the cocoa sector would reveal that government has never relented in bringing the desired improvement in the producer price of cocoa each year to boost producer confidence in farmers and to entice more of the country's youth into cocoa production. This phenomenal feat has been healthy for our economy", the MCE observed.

Mr. Asamoah proposed to cocoa farmers in the municipality to consider the formation of farmer groups to be able to influence government policies and attract state interventions in the agriculture sector in general and the cocoa sector in particular. He urged cocoa farmers to take advantage of government's numerous strategies designed to assist farmers to maximize yield by implementing technical advice offered by experts in agriculture in order for optimum yield.

On Ghana's enviable fame for producing the best quality for the world, Mr. Asamoah challenged farmers not to engage in unwarranted practices that could compromise the hard-earned global reputation.

#### **All-inclusive task force needed to reduce cocoa smuggling - Clarke**

Accra, Aug. 6, GNA - Mr Liriah Sylvester Clarke, Former District Secretary of Jasikan, in the Volta Region, under the PNDC has urged cocoa farmers in the area to collaborate with the security agencies and district assembly to form a taskforce to combat cocoa smuggling to Togo. "For such a taskforce to be effective, the cocoa farmers should include personnel from the security agencies, the district assembly and cocoa buying companies to help reduce the menace," he added.

Mr Clarke, who made the call in an interview with Ghana News Agency in Accra on Friday, noted that smuggling of cocoa in the area was due to abject poverty during off season. "The reality is that most cocoa farmers either sell their farms or use it as collateral for loans during cocoa off season when they are broke. The selling price of cocoa beans in Togo is higher than what companies in Ghana offer," he said.

Mr Clarke noted that "farmers prefer covering a short distance to sell their cocoa beans in Togo than to travel about four miles to sell their cocoa beans to the cocoa buying company in Ghana". He supported the call by Alhaji Abubakar Alhassan, National Chief Cocoa, Sheanut and Coffee Farmer, to set up a task force to curb the cocoa smuggling along western corridor of the country.

#### **Cocoa uplifting ebola town in Uganda**

East African Business Week - Aug 3, 2010

Joseph Olanyo

BUNDIBUGYO, UGANDA - Two years ago, the deadly Ebola disease struck Uganda's western district of Bundibugyo killing 37 people. Life became useless as residents lived in fear as death lingered around while others fled the area.

The shockwaves brought by the highly contagious haemorrhagic disease, led to despair among the old and young as people pondered the next move.

Not even medical personnel were spared by the ravaging disease as it set base in a town, strategically located on the slopes of the snow-capped Rwenzori Mountains bordering the Democratic Republic of Congo (DRC).

Bundibugyo has had its own share of life. At the helm of the landslides that cut off the district from other parts of the country, economic activities ground to a halt. But all is not gone. Unlike other districts, Bundibugyo's vast agricultural potential can not be under estimated.

Cocoa the main cash crop brings in Shs49b (\$28m) annually to the farmers. Olam, Esco and Pakwani, are the companies licensed to buy Cocoa from the farmers. Farmers say that Cocoa prices fluctuate between Shs4,000 to Shs5,000 per kilogramme of organic Cocoa. "Cocoa helps us a lot and it is what we depend on," a farmer only known as Abiasali said.



While the cocoa could be bringing in revenue, there seems to be a standoff between the buyers and the district authorities on remittances from the crop.

The Bundibugyo District LC V Chairman, Mr Jackson Bambalira, says while the district council passed a tax of 1% on cocoa revenues, the buyers are insisting on 0.5%.

Bambalira said the company that won the tender to collect revenue for the district let the district down. "We were misled by the district commercial officer. But this year, we intend to collect the money directly from the companies. If we revise the method of collection from the companies, the incomes would be more," Bambalira said.

Bundibugyo is a gateway district to the DRC. The construction of the 103km road from Fort-Portal-Bundibugyo-Lamia in the DRC border by Chongqing International Construction Corp (CICO), a Chinese construction company is expected to boost business in the area.

The road is part of Uganda's road transport infrastructure transit corridor to the sea linking the landlocked neighbouring countries of Rwanda, Burundi, southern Sudan and parts of eastern DRC.

Uganda National Roads Authority (UNRA) is mandated to manage, maintain and develop the national road network currently totaling 10,800 km and programmed to increase to about 20,000 km. "The construction is a relief to the district. Before, people, including me, used to climb the mountains to access Fort-Portal because there was no road," Bambalira said. "It will improve on trade, easy movement persons and goods".

Residents say in the past, people used to board lorries carrying coffee to the unions. Bundibugyo has three main areas. Ntoroko, which has been elevated to district status, Karugutu and Rwebisengo. Ntoroko's economic activity is fishing, while Karugutu and Rwebisengo are agriculture and cattle keeping respectively.

In spite of the economic potential and a district budget of Shs17b annually, Bundibugyo still reels on numerous challenges. Lack of clean water, shortage of doctors, health units and opening of more district roads have to be addressed.

Some of the challenges, according to the authorities, were born by some district officials who reportedly diverted huge sums of money for their selfish interests. "We had a chief administrative officer who diverted over Shs1b. To date that money has not been accounted for. Another gravity water contractor was over paid Shs50m. But we are doing everything possible to bring the culprits to book," the district chairman stressed.

Authorities identified the water contractor as SEMMO Ltd, who was undertaking the gravity water scheme from Bundinyama to Hakitara. The contractor was reportedly overpaid by the then CAO, one Elias Byamungu, who reportedly squandered over Shs1b from the district striving to get out the yokes of poverty, disease and misery.

Bundibugyo with a population of 280,000 people has only one doctor. Authorities said at the peak of Ebola invasion, the World Health Organisation (WHO) was funding the doctors working in the district.

However, when the WHO withdrew funding, most doctors left the district. "During the Ebola outbreak, we had many doctors, but when WHO pulled out, they also went away," Anna Akweri, one of the residents said. "WHO had seconded the doctors here, but they left after a period of six months.

We have written letters to the respective Permanent Secretaries and Ministry of Health, but nothing has taken place," Bambalira said. Dr Ssesanga Kadu, the only doctor, could not be reached for comment as his phone was off. With Ebola now history, threats from the Allied Democratic Front (ADF) no more, and the booming cocoa economy in place, Bundibugyo is regaining its lost glory.

Once home to the Allied Democratic Front (ADF), a rebel group that posed a threat, Bundibugyo, a town that lies on the foothills of the snow-capped Rwenzori block Mountains, is getting back to its roots.

At the district grounds, a huge white tomb with the artwork of a man holding a machinegun cannot be missed. The grave is emblazoned with the words: Yerima Kawamara 1918-18/Aug/1992, Founder of Rwenzururu Movement and Freedom Fighter". "That is the man who fought the ADF rebels," a motorcycle (boda boda) rider identified as Amon said, adding "He was a very brave and tough man"



## **Cocoa smuggling undermines Ghana's aim to boost production**

ConfectioneryNews.com - Mike Stones - Aug 5, 2010

By Mike Stones, 05-Aug-2010

Ghana's drive to boost cocoa production to 1m tonnes by 2012, is being frustrated by smugglers, warn government agencies.

Up to 60 per cent of cocoa produced in the country's Western Region was smuggled out of the country, said Abeka Ewusi, executive director of the Cocoa Swollen Shoot Virus Disease Control Unit (CSSVDCU) of the Ghana Cocoa Board.

Large quantities were smuggled into Ivory Coast rather than being sold to the Ghana Cocoa Board, Ewusi told local news agency Ghana Web.

Attracted by large price differentials elsewhere, farmers have been warned that smuggled cocoa enriches the economy of only the destination countries. In London, cocoa prices recently hit a 33-year peak with prices reaching £2,732 a tonne; the highest level since 1977.

### Vigilante squads

In response to the smuggling threat, the Quality Control Division of the Ghana Cocoa Board pledged to form anti-cocoa smuggling vigilante squads. Also Security agencies have been urged to step-up anti-smuggling measures.

Cocoa smuggling not only reduces the nation's visible exports but also jeopardizes further government support for growers, warned one leading cocoa producer.

Alhaji Abubakar Alhassan told the website that farmers risked losing government support if they failed to join forces to prevent cocoa smuggling.

The Ghana Cocoa Board has pledged to reintroduce an extension service to equip growers with the modern technologies they need to boost production. Measures include: Supplying fertilizers and hybrid cocoa seedlings at subsidized prices and compensating farmers who were forced to replant due to Cocoa Swollen Shoot Virus Disease.

Ewusi said that the board planned to distribute 8m hybrid cocoa seedlings to farmers in the Western Region this year.

Such support is needed urgently to help the nation's farmers achieve the production target of 1m tonnes within two years.

### Rural infrastructure

In addition to production aids, the government intends to support pension schemes for growers, scholarship schemes and to invest in rural infrastructure.

Producers in Western Regional also want the government to construct roads in cocoa growing areas to facilitate the transport of harvested crops.

Growers have been urged to form community-based organizations to enable them to receive financial assistance and other logistics support from government and the Ghana Cocoa Board.

Ghana is the globe's second largest producer of cocoa after Ivory Coast. Ghana exported 703,000t of cocoa during the cocoa year 2008-09 compared with 680,000t during the previous cocoa year.