

# COPAL COCOA *Info*

*A Weekly Newsletter of Cocoa Producers' Alliance*



Issue No. 402

23<sup>rd</sup> – 27<sup>th</sup> August 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)
23 <sup>rd</sup> August	1988.25	3000.47	2024.33	2861.00
24 <sup>th</sup> August	1979.05	2980.97	2017.67	2844.33
25 <sup>th</sup> August	1936.38	2918.8	1979.00	2781.33
26 <sup>th</sup> August	1922.08	2905.01	1957.33	2765.00
27 <sup>th</sup> August	-	-	-	-
<b>Average</b>	<b>1957.00</b>	<b>2951.00</b>	<b>1995.00</b>	<b>2813.00</b>

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

**Monday 23rd August 2010**

Month	Opening Trans	Settle	Change	Daily High	Daily Low	Volume
Sep 2010	2059	2090	29	2098S	2055	3,055
Dec 2010	1998	2015	15	2019	1984S	5,093
Mar 2011	2009	2025	9	2027	2001	1,268
May 2011	2017	2033	3	2039S	2013S	315
Jul 2011	2030	2042	-1	2049S	2030	157
Sep 2011	2044	2046	-1	2056S	2039S	63
Dec 2011	2047	2048	-2	2047	2047	8
Mar 2012		2034	-3			0
May 2012		2034	-3			0
Jul-12		2038	-3			0
<b>Average/Totals</b>		<b>2041</b>				<b>9,959</b>

**Tuesday 24th August 2010**

Month	Opening Trans	Settle	Change	High	Low	Volume
Sep 2010	2092	2093	3	2096	2072	1,980
Dec 2010	2016	2005	-10	2019	1987	3,656
Mar 2011	2026	2017	-8	2029	1999S	1,767
May 2011	2032	2031	-2	2035	2012S	1,179
Jul 2011	2042	2043	1	2045	2030	282
Sep 2011	2039	2046	0	2041S	2039S	13
Dec 2011	2042	2047	-1	2042	2041	103
Mar 2012	2040	2041	7	2040	2040	20
May 2012		2041	7			0
Jul-12		2045	7			0
<b>Average/Totals</b>		<b>2041</b>				<b>9,000</b>

**Wednesday 25th August 2010**

Month	Opening Trans	Settle	Change	High	Low	Volume
Sep 2010	2085	2053	-40	2089	2039	996
Dec 2010	1994	1967	-38	2000	1964	3,899
Mar 2011	2003	1979	-38	2010	1971	3,173
May 2011	2010	1991	-40	2018	1987	1,600
Jul 2011	2013	2005	-38	2024S	2003	82
Sep 2011	2025	2003	-43	2037	2014	130
Dec 2011	2031	2007	-40	2045	2009S	655
Mar 2012		2006	-35			0
May 2012		2001	-40			0
Jul 2012		2005	-40			0
<b>Average/Totals</b>		<b>2002</b>				<b>10,535</b>

**Thursday 26th August 2010**

Month	Opening Trans	Settle	Change	High	Low	Volume
Sep 2010	2054	2023	-30	2054	2012	1,800
Dec 2010	1987	1945	-22	1992	1937	6,097
Mar 2011	1990	1957	-22	1990	1947	2,824
May 2011	1992	1970	-21	1992S	1965	824
Jul 2011	2001	1981	-24	2001	1979S	578
Sep 2011	2000	1984	-19	2001	1981	97
Dec 2011	2007	1986	-21	2011	1984S	238
Mar 2012	1998	1988	-18	2000	1998	20
May 2012		1977	-24			0
Jul-12		1981	-24			0
<b>Average/Totals</b>		<b>1979</b>				<b>12,478</b>

**Friday 27th August 2010**

Month	Opening Trans	Settle	Change	High	Low	Volume
Sep 2010	2017	1981	-42	2033	1981	3,961
Dec 2010	1935	1931	-14	1961	1929	4,701
Mar 2011	1947	1943	-14	1973	1940	2,421
May 2011	1961	1955	-15	1985	1953	460
Jul 2011	1992	1969	-12	1996S	1970	119
Sep 2011	2002	1975	-9	2003	1981	8
Dec 2011	2003	1983	-3	2006	1981	27
Mar 2012	2000	1983	-5	2000	1981S	6
May 2012		1975	-2			0
Jul 2012		1979	-2			0
<b>Average/Totals</b>		<b>1967</b>				<b>11,703</b>

<b>Average for the week</b>	<b>1967</b>				<b>10735</b>
					<b>53,675</b>



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

**Monday 23rd August 2010**

Month	Open	Price	Change	High	Low	Volume
Jul 2010	2790	2798	8	2815	2777	35
Sep 2010	2836	2834	7	2862	2815	6,720
Dec 2010	2855	2865	7	2886	2845	746
Mar 2011	2872	2884	6	2896	2872	114
May 2011	0	2900	7	0	0	0
Jul 2011	0	2916	5	0	0	1
Sep 2011	0	2930	7	0	0	83
Dec 2011	0	2998	7	0	0	0
Mar 2012	0	3001	7	0	0	0
May 2012	0	3014	7	0	0	0
<b>Average/Totals</b>		<b>2160</b>				<b>7699</b>

**Tuesday 24th August 2010**

Month	Open	Price	Change	High	Low	Volume
Jul 2010	2786	2777	-21	2790	2736	18
Sep 2010	2827	2812	-22	2843	2776	8,845
Dec 2010	2859	2843	-22	2870	2808	1,843
Mar 2011	2850	2862	-22	2885	2827	524
May 2011	2862	2878	-22	2900	2862	40
Jul 2011	2900	2896	-20	2900	2872	70
Sep 2011	2881	2908	-22	2913	2875	179
Dec 2011	2955	2987	-11	2966	2955	20
Mar 2012	0	2990	-11	0	0	0
May 2012	0	3003	-11	0	0	0
<b>Average/Totals</b>		<b>2896</b>				<b>11539</b>

**Wednesday 25th August 2010**

Month	Open	Price	Change	High	Low	Volume
Jul 2010	2730	2719	-58	2741	2726	7
Sep 2010	2809	2752	-60	2810	2742	9,210
Dec 2010	2845	2783	-60	2853	2775	3,050
Mar 2011	2840	2802	-60	2852	2799	378
May 2011	2870	2818	-60	2870	2820	57
Jul 2011	2881	2833	-63	2884	2848	49
Sep 2011	2890	2848	-60	2890	2845	54
Dec 2011	2909	2922	-65	2909	2909	1
Mar 2012	0	2925	-65	0	0	0
May 2012	0	2938	-65	0	0	0
<b>Average/Totals</b>		<b>2834</b>				<b>12806</b>

**Thursday 26th August 2010**

Month	Open	Price	Change	High	Low	Volume
Jul 2010	2709	2710	-9	2724	2709	12
Sep 2010	2777	2740	-12	2783	2734	8,081
Dec 2010	2811	2771	-12	2813	2765	1,849
Mar 2011	2827	2791	-11	2827	2786	716
May 2011	2841	2810	-8	2841	2810	166
Jul 2011	2835	2825	-8	2845	2835	51
Sep 2011	2857	2840	-8	2857	2842	91
Dec 2011	2923	2922	0	2932	2923	23
Mar 2012	0	2925	0	0	0	0
May 2012	0	2938	0	0	0	0
<b>Average/Totals</b>		<b>2827</b>				<b>10989</b>

**Friday 27th August 2010**

Month	Open	Price	Change	High	Low	Volume
Jul 2010	2683	2675	-35	2687	2683	7
Sep 2010	2746	2718	-22	2755	2708	9,142
Dec 2010	2775	2749	-22	2784	2739	2,045
Mar 2011	2802	2768	-23	2802	2759	686
May 2011	2822	2786	-24	2822	2782	111
Jul 2011	2818	2802	-23	2818	2800	14
Sep 2011	2827	2815	-25	2828	2809	32
Dec 2011	2913	2895	-27	2913	2912	2
Mar 2012	0	2898	-27	0	0	0
May 2012	0	2911	-27	0	0	0
<b>Average/Totals</b>		<b>2802</b>				<b>12039</b>

<b>Average for the week</b>	<b>2802</b>				<b>2189</b>
					<b>2189</b>

## NEWS

### Health and Nutrition

#### **The Checkup**

Washington Post

By Rob Stein

August 24, 2010

#### ***Teen hearing loss grows more common***

Hearing loss among teens has increased significantly in the United States, according to a new study.

Josef Shargorodsky of the Brigham and Women's Hospital in Boston and colleagues examined data collected from more than 4,600 12- to 19-year-olds for two federal surveys; one covered 1988 to 1994, the other ran from 2005 to 2006.

The prevalence of hearing loss increased from 14.9 percent in the 1988-94 period to 19.5 percent in the 2005-06 period, a rise of about 31 percent, the researchers reported in the Journal of the American Medical Association.

The majority of hearing loss was slight, but the prevalence of mild or worse loss increased 77 percent. Girls were much less likely than boys to have lost some hearing. The authors noted that other studies have found that listening to music on portable stereo devices can play a role in hearing loss.

#### ***Long-term benefit found in chocolate***

A new study shows that eating chocolate can protect a woman's heart.

Murray Mittleman of Harvard Medical School and his colleagues studied 31,823 middle-aged and elderly Swedish women, comparing how much chocolate they ate with their risk for heart failure over a nine-year period.

Women who consumed one or two servings each week of high-quality chocolate, which contains a higher density of cocoa, had a 32 percent lower risk of developing heart failure than women who did not regularly eat any chocolate, the researchers reported in the journal Circulation: Heart Failure. Those who had one to three servings per month had a 26 percent lower risk. But women who treated themselves to at least one serving each day did not appear to benefit. The researchers speculate that the additional calories that result from eating that much chocolate might outweigh the benefits.

Previous research has indicated that compounds in chocolate known as flavanoids lower blood pressure. The new study is the first to show over the long term that chocolate appears to protect against heart failure.

The researchers noted that in Sweden even milk chocolate has a higher cocoa concentration (30 percent) than dark chocolate sold in the United States (as little as 15 percent). So American chocolate may have fewer heart benefits and more calories and fat for equivalent servings.

#### **High cocoa chocolate can prevent cardiovascular illness**

Natural News.com

By: Jonathan Benson, staff writer

August 25, 2010

(NaturalNews) The alleged health benefits of chocolate have circulated the news in recent years, but new research shows that not just any old chocolate will do. A recent Swedish study suggests that chocolate with high cocoa content -- like the kind commonly sold in Europe -- contains the high flavanol content that provides heart benefits.

According to the study, women who consume one to three servings of high-cocoa chocolate a month cut their risk of heart failure by 26 percent over nine years, and women who eat one or two servings a week cut their risk by 32 percent.

On the flip side, too much chocolate consumption can be harmful depending on what type it is. The refined sugar and fat content in some conventional chocolates can lead to health problems if consumed excessively, and heavily processed chocolate is not as effective and rich in nutrients as is chocolate in its more natural form.

European chocolate is richer in cocoa content than it is in the U.S. because European standards for chocolate content are higher. The average chocolate bar in Europe has about 30 percent cocoa content while a U.S. chocolate bar can contain as little as 15 percent, which is important to consider when evaluating which type of chocolate to eat.

The most beneficial form of chocolate is the kind that is closest to its raw, natural form, with high cocoa content and no refined sugar. Organic, dark, high-cocoa chocolate made with a little bit of natural sugar is one of the best bets for a sweet, healthy treat.

"Organic dark chocolate is the only kind I will eat and only if it's at least 85 percent pure organic dark chocolate with a very low amount of natural sugar," explains Gregory A. Gore in his book *Defeat Cancer*.

### **Healthy cocoa butter alternatives show novel food applications**

ConfectioneryNews.com

By Nathan Gray

26-Aug-2010

Sustainable, healthy, cost-effective cocoa butter equivalents may be produced from enriched sunflower oils, and enable formulation of chocolates with higher melting points.

Sunflower oil enriched with stearic and oleic acids could produce cocoa butter equivalents with higher melting points, according to new research published in *Food Chemistry*.

"These fats could be used as confectionery products when higher melting points are required, as is the case of cocoa butter improvers," reported the researchers, led by Joaquín Salas from the Instituto de la Grasa (CSIC), Spain.

#### **Valuable fats**

Cocoa butters are valuable fats, extracted from the seeds of the *Theobroma cacao* tree. The authors state that the tropical nature of cocoa butter, and susceptibility to pests, can make cocoa supply uncertain and variable.

The rising price of cocoa butter has also increased interest in developing cheaper, more readily available alternatives.

Cocoa butter equivalents (CBEs) are fats with a similar composition and melting profile as cocoa butter, and are usually prepared by blending palm oil fractions and stearate-rich tropical butters.

CBEs are healthier and more promising as a cocoa butter alternative than other options such as lauric acid substitutes and hydrogenated oil replacers - known to raise levels of LDL cholesterol and be associated with risks for atherosclerosis.

It would be of great commercial interest to source triglyceride (TAG) rich oils from reliable, sustainable sources - such as oil crops in temperate climates, rather than relying on palm oils and tropical butters.

#### **Enriched oils**

The new study assessed the potential of high stearic and high oleic (HSHO) sunflower oils as a producer of CBEs.



Enriched sunflower oils were fractioned using solvents, to produce solid fractions that could be used in CBE formulations.

The research used 17 and 20 per cent stearic acid enrichments and studied properties of the oils and oil/solvent ratios. The resulting solids were isolated and chemically compared to CB and CBE sources like mango and shea butters, as well as also determining the melting intervals of the resulting fractions.

The authors found oils with different stearic acid contents produced similar stearins but at different yields depending on the initial TAG content.

They reported solid fractions containing between 65 and 80 per cent saturated-unsaturated-saturated (SUS) displayed properties similar to cocoa butter - consistent with the characteristics of CBEs.

Additionally, mixtures of sunflower CBE and CB were observed to be “fully compatible”, indicating they could be suitably used as cocoa butter equivalents.

Researchers concluded that HSHO sunflower oils could be used as confectionery products, especially when higher melting points are needed as these could be used in products to avoid chocolate blooming.

### Production & Quality

#### Ivory Coast Cocoa harvest Strong Despite Disease

Voice of America

Scott Stearns | Dakar

25 August 2010



*A worker shovels up cocoa beans after they have been dried in the sun, ready to be put into sacks for export, in Guiglo in western Ivory Coast*

Heavy rains in Ivory Coast have brought another strong cocoa harvest. But all that moisture is also spreading disease among trees that produce nearly 40 percent of the world's cocoa.

Farmers in the coastal Sassandra region of Ivory Coast sort through piles of cocoa pods, separating healthy yellow pods from those rotting with black fungus. Kouman N'guetia says more than half of the pods here are spoiled. "When the pods are black inside the cocoa is too light," he said. "Farmers are asking themselves why they still get black pods even after such careful growing. What do we do now to make the black pods disappear." Sometimes, he adds, he wonders if the rot is caused by the ground itself.

Agricultural officials say it is caused by too much humidity after weeks of heavy rains where cocoa trees planted too close together do not get enough sunlight to dry them out. "When cocoa plants are too close together, that encourages diseases, as there is too much humidity," said Christian Kre is a Cocoa cooperative manager. "When there is too much humidity, the fungus makes the pods rot. There can be 100 pods on one cocoa tree but you can only harvest about 30 of them."

In addition to the black pod disease, high humidity is also spreading the viral swollen shoot disease that can ruin beans. Pesticide seller Deki Adama Ouattara says farmers must move quickly to fight that disease. "Normally from March to April, farmers use pesticides to deal with these parasites because once they appear on your field, it is too late, you cannot do anything," said Ouattara. "What can be done is called 'sanitizing the harvest' by cutting out all the affected pods because if they touch the other pods they will contaminate them too."

While Ivory Coast remains the world's largest cocoa producer, it is far less efficient than Indonesia or neighboring Ghana - in part because of disease, it part because its trees are far older and less productive. Cooperative Manager Kre says cocoa fields have expanded more than five times during the past two decades, but output has only doubled.

"Ivory Coast has two million hectares of cleared forest under cultivation for cocoa," said Kre. "Each of those two million hectares produces about 600 kilograms of cocoa. That is below the productivity of Ghana, but he says Ivory Coast can do better if farmers adjust how they plant new trees."

Good rains mean this year's harvest will likely approach last year's 1.2 million tons of cocoa. But keeping harvests consistent means both replacing older trees and reforming government price controls.

The future of Ivorian cocoa is a central theme in the country's ongoing presidential campaign, but real change has been held-up by this long-delayed vote, now scheduled for the end of October.

#### **Ho Central MP supports farmers to reactivate cocoa farms**

GhanaWeb

Aug. 26, 2010

Ho, GNA - Captain George Nfodjo (rtd), the Member of Parliament for Ho Central, on Wednesday presented Wellington boots and cutlasses to over 300 farmers in the constituency as part of his initiative to encourage the farmers to reactivate their cocoa farms.

The Seed Production Division of the Ministry of Food and Agriculture would supply cocoa seedlings to the farmers as part of the initiative.

Presenting the items to the farmers, Capt Nfodjo said until the devastating nationwide bushfires in 1983 the constituency was a major cocoa growing area. He urged the youth in the constituency to go into cocoa farming.

Capt Nfodjo pledged to subsidize the cost of cultivation from his HIPC Fund for anyone who cultivated more than two acres and added that 10 layer cages for birds were also being worked on for poultry farmers.

#### **The Market**

#### **Sugar Rises to Five-Month High on Import Demand; Cocoa Rises**

BusinessWeek

By Debarati Roy at droy5@bloomberg.net

August 23, 2010

(Bloomberg) -- Sugar extended gains, climbing to a five-month high, on speculation that countries including Indonesia, Russia and Pakistan will import more sweetener as adverse weather curbs production. Cocoa also rose.

Sugar output in Indonesia, Southeast Asia's largest buyer, may miss a target due to heavy rains, the government said Aug. 19. Russia's production may be 20 percent smaller than forecast because of drought, and Pakistan said it may start buying the sweetener by December to make up for crop losses due to flooding.

"Supply conditions remain tight," said Bruno Zaneti, a risk-management consultant at FCStone Group in Campinas, Brazil. "Also, funds are actively buying."

Raw sugar for October delivery rose 0.12 cent, or 0.6 percent, to settle at 20.07 cents a pound at 2 p.m. on ICE Futures U.S. in New York. Earlier, it touched 20.14 cents, the highest price for a most-active contract since March 10.

Refined-sugar futures for October delivery gained \$2.40, or 0.4 percent, to \$577.80 a metric ton on NYSE Liffe in London. The gain was the eighth straight, the longest rally since June 16.

"We have very low stocks of sugar around the world, and we have a number of weather problems that are threatening to affect production," said Jonathan Kingsman, the managing director of Kingsman SA, a researcher and broker in Lausanne, Switzerland.

Hedge-fund managers and other large speculators increased their net-long positions in sugar futures in New York by 6.6 percent in the week ended Aug. 17 from a week earlier, according to U.S. Commodity Futures Trading Commission data.

Cocoa futures for December delivery rose \$7, or 0.2 percent, to close at \$2,834 a metric ton at 12:03 p.m. in New York.

In London, cocoa futures for September delivery gained 29 pounds, or 1.4 percent, to 2,090 pounds (\$3,247) a ton, rising for the first time in seven sessions.

### **Problems in Ivory Coast's Cocoa Industry likely to drive up prices**

Wall Street Journal

By John James in Abidjan, and Andrea Hotter in London

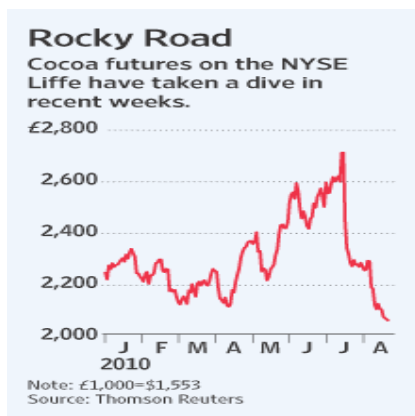
ABIDJAN,

23<sup>rd</sup> August, 2010

Ivory Coast—A slump in cocoa prices following renewed optimism about next season's crop in Ivory Coast, the world's biggest producer, is likely to be short-lived due to the civil crisis there, industry participants say.

Cocoa prices rose sharply earlier in the year, as very wet weather increased the likelihood of another poor crop from Ivory Coast, which produces about 40% of the world's cocoa. However, after hitting a peak of £2,732 (\$4,243) a ton on NYSE Liffe in July, cocoa prices have dropped almost 25% to £2,061 as the weather outlook has improved. Alternating periods of light rains and sunshine in recent weeks herald a good harvest, experts say.

"Recent weather patterns have made us question our assumptions about the Ivorian crop," a director at a major exporter told The Wall Street Journal. He added that the first three months of the 2010-11 season, which starts Oct. 1, are expected to be "extremely good."



While exporters in Ivory Coast say it is too early to give figures for estimated production, ABN Amro in a recent report said it expects output from the country to be 100,000 tons higher than last year, at about 1 million tons.

A director at another major exporter said forecasts by industry cocoa-pod counters this month also were positive, with the new main crop in 2010-11 expected to be at least in line with the 2009-10 season. "The rain came exactly when it was needed," he said.

The impact of the change in weather on prices could have implications for U.K.-based hedge fund Armajaro Holdings Ltd. In July, when cocoa prices were at their peak, Armajaro began storing beans against long-term physical contracts, betting that African cocoa would be insufficient to meet demand from traditional buyers.

The trading arm of Armajaro took delivery of 240,100 metric tons of cocoa—the second-largest delivery of cocoa beans on record, equivalent to 6.8% of the world cocoa market and valued at about \$1 billion at the time, according to figures from ABN Amro.

Despite the current near-ideal weather conditions—which also have boosted the prospects for cocoa output in neighboring Ghana, Cameroon and Nigeria—the overall state of the Ivorian cocoa sector remains poor.

REUTERS



**Workers gather cocoa bags in the western Ivorian city of San Pedro.**

Political instability has helped delay structural changes to the cocoa sector in the country. Ivory Coast remains in the throes of a civil crisis that has stymied political decision-making since an armed rebellion in 2002 split the country. Tensions between the south and the former-rebel north remain, and elections slated for Oct. 31 could see frictions flare once more.

Years of underinvestment, following decades of constant production, have left the country's aging cocoa trees struggling to keep up with the demands of the world's confectioners.

"Rapid price rises cannot be met by output responses overnight," ABN Amro said in its report. "The main producers and their national domestic cocoa regulatory bodies have been largely indifferent to the need to reform, restructure and generally make more efficient their cocoa industries."

Cocoa accounted for nearly 20% of Ivorian gross domestic product last year, according to the International Monetary Fund. Yields and their quality have been deteriorating steadily for some years, sharply underperforming those of Ghana and Indonesia.

"We have a hard time teaching cocoa farmers to adopt good practices," said Jacques Kouakou, head of the cocoa cooperative Fiediffoue, based in the central town of Daloa. To achieve a successful harvest, cocoa farmers need to allow beans enough time and the right conditions to ferment and dry. When breaking open the pod with a machete, they need to be careful not to cut into the beans.

The heavy rains earlier in the summer also made cocoa trees more prone to fungal diseases such as black pod and the swollen shoot virus, hitting both quality and output. "It's true the weather has been good recently, but black pod is having a devastating impact on certain areas, and the government distribution of pesticides is too late and too little," Mr. Kouakou says.

In addition, middle men have carved out a lucrative business delivering cocoa to the ports of Abidjan and San Pedro, further trimming margins for farmers, many of whom are now choosing to switch to planting rubber trees.

#### **Lindt sees global cocoa surplus in 2010/11**

Source: Reuters

24/08/2010

Zurich, Aug 24 - The global cocoa market looks set to move into surplus in 2010/11, Ernst Tanner, chief executive officer of Swiss chocolatier Lindt & Spruengli, said on Tuesday.

"The outlook for (cocoa) crops is rather good and from next year we should not have more grindings than crops, which should have a stabilising effect on speculative investments," Tanner said in an interview. "Next year, there will be around 80,000 to 100,000 tonnes surplus," he added.

#### **Cocoa farmers call for new producer price**

Ghana News Agency

August 25, 2010



Nkwantaso (B/A), Aug. 25, GNA - Cocoa farmers at Nkwantaso in the Dormaa Municipality have appealed to the government and the Ghana Cocoa Board to announce early a new producer price for the crop to forestall problems they encountered with buying companies and purchasing clerks.

The farmers made the appeal in an interaction with Mr Vincent Oppong Asamoah, Municipal Chief Executive for Dormaa. They alleged that purchasing companies took advantage of the usual delay in announcing the price to cheat them. They said they got their reward during the harvest season and in their



anxiety to honour their financial commitments the delay compelled them to sell their produce to the purchasing companies at the old producer price.

"While the government and COCOBOD are preparing to adjust the producer price the buying companies mobilize funds and purchase the chunk of cocoa beans produced in the area before the new price will be announced", the farmers said.

Mr. Oppong Asamoah assured the farmers of government's commitment to improving the industry and the status of those engaged in it. He said their concerns would be submitted to the relevant quarters for redress. Mr. Asamoah cautioned recalcitrant smugglers of the crop in the area to stop the practice or be prepared to face the full rigours of the law.

### **Cocoa slumps on Growing Stockpiles; Cotton Gains; Orange Juice Falls**

**Bloomberg**

By Debarati Roy at droy5@bloomberg.net.

Aug 26, 2010

Cocoa futures fell to a one-year low on signs that supplies may be rising. Cotton gained, while orange juice declined. European stockpiles of cocoa may triple after beans from the Ivory Coast, Ghana, Ecuador and Nigeria passed quality tests by NYSE Liffe for warehouses it monitors, according to a report on the exchange's website. Prices have declined 11 percent this month. "Rising supplies will continue to be a concern," said Tom Mikulski, a senior market strategist at Lind-Waldock, a broker in Chicago.

Cocoa for December delivery fell \$12, or 0.4 percent, to settle at \$2,740 a metric ton at 12:01 p.m. on ICE Futures U.S. in New York. Earlier, the chocolate ingredient slumped to \$2,734, the lowest price for a most-active contract since Aug. 19, 2009. Mikulski said he expects prices to drop to \$2,600 next month.

On London's Liffe exchange, cocoa futures for September delivery dropped 30 pounds, or 1.5 percent, to close at 2,023 pounds (\$3,150) a metric ton. Cotton for December delivery gained 1.29 cents, or 1.5 percent, to settle at 86.15 cents a pound at 2:31 p.m. on ICE in New York. The fiber has risen 50 percent in the past year.

Orange juice for November delivery fell 2.35 cents, or 1.7 percent, to \$1.367 a pound on ICE. The commodity is up 43 percent in the past 12 months.

### **Ivorian cocoa falls on poor quality, demand lull**

**Reuters Africa**

Aug 27, 2010



ABIDJAN (Reuters) - Farm-gate prices in Ivory Coast's cocoa-growing regions declined last week due to weak demand and poor-quality beans owing to bad weather, farmers and exporters said on Friday.

"The market's calm. Everyone's getting ready for September, when people come back from holiday," said a purchases manager at a European cocoa exporter.

"A lot of the beans coming out of the bush are too moist or mouldy," he said adding that prices ranged between 1,015 CFA francs per kg and 1,080 CFA, compared with between 1,040 and 1,100 CFA the previous week.

In the western region of Soubre, at the heart of the cocoa belt, the Coffee and Cocoa Bourse (BCC) figures showed the average price was at 810 CFA francs, but farmers said they were receiving about 750 CFA francs compared with 800 CFA the previous week because beans were mouldy and there was not enough sun to dry them out.

"We can't dry them any more. The weather's too rainy. That's hurting bean quality," said farmer Lazare Ake.

An accurate average price for the centre-western region of Daloa was not available, but farmers said prices were down to between 700 CFA and 750 CFA francs as buyers were scarce and beans of poor quality.

"We don't see any trucks coming to collect beans. Most buyers are on holiday," said farmer Magloire Gnankan.

Below are average farm-gate prices in CFA francs per kg for the week of August 16-22, as quoted by private buyers, cooperatives and shippers and published by the BCC.

### **Coffee gains in London on Stronger Demand for Robusta Beans; Cocoa Climbs**

**Bloomberg**

By Claudia Carpenter at [ccarpenter2@bloomberg.net](mailto:ccarpenter2@bloomberg.net)

Aug 27, 2010

Coffee rose for a second day in London as reduced supplies of arabica beans contributed to stronger demand for the cheaper robusta variety.

Arabica traded in New York costs about \$1 a pound more than robusta, heading for the widest closing monthly spread since at least January 2008, according to data compiled by Bloomberg. Trading based on price gaps in different markets is known as arbitrage. Arabica prices rose to a 12-year high four days ago, and bean inventories in warehouses monitored by ICE Futures U.S. in New York dropped to a 10-year low yesterday.

"Volatility on the arbitrage is massive," said Angus Kerr, owner of coffee trading company Coffee ag in Cobham, England. "People can't use that as a hedging tool" to protect against higher prices, he said.

Robusta for November delivery rose \$12, or 0.8 percent, to \$1,609 a metric ton (72.98 cents a pound) at 11:12 a.m. London time on NYSE Liffe. Arabica for December delivery was little changed at \$1.725 a pound on ICE.

Inventories of arabica in ICE-monitored warehouses were 2.02 million bags yesterday, the lowest since May 2000. Robusta stockpiles, by contrast, climbed 0.1 percent in the two weeks ended Aug. 23, NYSE Liffe said in a report on its website after trading ended yesterday.

Cocoa for September delivery on NYSE Liffe climbed 0.4 percent to 2,030 pounds (\$3,148) a ton. In New York, the December cocoa contract rose 0.5 percent to \$2,754 a ton.

White, or refined, sugar for October delivery dropped 0.6 percent to \$566.60 a ton on NYSE Liffe. Raw sugar for October delivery climbed 0.8 percent to 19.42 cents a pound on ICE.

### **Processing & Manufacturing**

#### **Olam to build cocoa processing plant in Ivory Coast**

[ConfectioneryNews.com](http://ConfectioneryNews.com)

By Guy Montague-Jones,

23-Aug-2010

Related topics: Processing & Packaging

Olam International is planning to invest \$43.5m to build its first, large greenfield cocoa processing plant in the Ivory Coast as well as additional primary processing and warehouse facilities.

The Singapore-based company said the new cocoa processing plant, which is to be built in Abidjan, will process about 60,000 metric tonnes of cocoa beans when it is fully up and running.

Cocoa products

Sourcing beans from the nearby primary Olam processing plant in Abidjan, the new facility will make cocoa liquor, butter and cake for global chocolate manufacturers.

The plant is due to be up and running in 2012 and by the end of the second year of production (end-FY2014), it is expected to be producing 48,000 metric tonnes of cocoa products.

Olam claims that processing cocoa beans into intermediate cocoa products in the Ivory Coast is “a fundamentally attractive industry”. According to the company, the country offers a large source of high quality cocoa beans – it accounts for about 40 per cent of total global supply - and a supportive regulatory regime.

#### Financial expectations

Ultimately, Olam said its new facility is predicted to deliver a turnover of about \$175m and an EBITDA margin of 10-12 per cent.

Gerry Manley, managing director and global head for cocoa at Olam, “Our investment into cocoa processing is part of our global cocoa strategy to integrate our value chain selectively by participating in attractive profit pools that will enhance not only our margins but also our overall competitive position in cocoa globally.”

In addition to the cocoa processing facility, Olam is planning to build a primary processing and warehousing facility in San Pedro. This will be a drying, cleaning and sorting plant, with the necessary storage facilities to ensure that Olam can continue to develop its bean export business in the Ivory Coast.

#### **Peru: Huanuco to build a cocoa processing plant in the Marañon valley**

LivinginPeru.com

By Isabel Guerra

25 Aug. 2010



Peru: Huanuco to build a cocoa processing plant in the Marañon valley  
The regional government of Huanuco has started the construction of a modern cocoa processing plant in Yanajanca jungle valley, located in the province of Marañon, a place that has been affected by terrorism actions in the past.

This is part of a large project to rehabilitate and improve cocoa crops, focusing on promoting entrepreneurial skills and gender equity, which is sponsored by the Italy-Peru fund, with S/.3'978.000 (US \$1.40

million).

Victor Hidalgo, representative from the regional government, explained that almost 1,000 farmers in Yanajanca, La Morada and Paraíso cultivate more than 2,300 hectares of cocoa, which have a great potential for economic development, as well as a good alternative to coca leaf crops.

He also told the press that these farmers seek to export their production, so they are focusing in improving its quality.

#### **Business & Economy**

#### **Asia and Russia put Barry Callebaut in sweet spot**

Agrimoney.com

23<sup>rd</sup> August 2010

Developing countries' growing taste for chocolate, and a switch among smaller labels to outsourcing, will help Barry Callebaut to grow confectionery volumes at more than three times the market average, UBS has said.

Annual growth in chocolate consumption in countries such as Brazil, China and Russia will grow by 5% over the next five years, lifted by growing wealth which will give confectionery a greater place in local diets, UBS analyst Joern Iffert.

Currently, Chinese consumers eat on average 100g of chocolate per year, compared with more than 5kg in American, 10kg in the UK and 12kg per year in Switzerland.

Barry Callebaut's "good competitive position" in eastern Europe, where it has two production sites, and Asia, where it has four, will enable it to exploit this growth and outperform more sluggish Western markets.

## Share rating

The group, the world's biggest chocolate maker, would also benefit from the trend for manufacturers to outsource their production to Barry Callebaut, and avoid the need to "invest heavily in new capacity for volume growth or modernisation".

While the company is known to manufacture for names such as Hershey and Nestle, its contract wins often remain below the radar because producers are reluctant to publicise deals.

Barry Callebaut looked set to grow overall volumes by 7.2% a year between 2009 and 2012, compared with a market likely to expand annually by, at best, 2%.

And, with its shares trading on a lower multiple of earnings than rival Lindt & Sprungli, they offered an "attractive entry point", Mr Iffert said in a report, lifting his rating on the stock to "buy" from "neutral", with a price target of SFr740. The stock closed on Monday 1.5% higher at SFr675.00.

### Better butter

The report added that weak prices of cocoa butter were likely to show some recovery, after falling to current levels of 1.6 times the price of the cocoa beans from which the product, used in white and milk chocolate, is processed.

"Lower market inventory and accelerating demand for chocolate products should result in increasing butter prices in the medium term, benefiting Barry's [profits] from end-2010/early 2011."

While the ratio also fell to current levels in 2002, it has historically average 2-2.5 times the cocoa bean price, and neared 3.5 times early in 2008.

AAK, the Swedish manufacturer of vegetable oil-based substitutes for cocoa products, also highlighted the slide in cocoa butter prices when announcing a drop in divisional revenues last week.

## Cargill launches New Solid Chocolate Service

Food Ingredients First (press release)

24 Aug 2010

*Summary: This service provides a selection of Cargill's chocolate best sellers offered in a wide variety of shapes and decorations in dark, milk and white chocolate – and in quantities starting from a single pallet.*

Aug 24 2010 --- Cargill's cocoa & chocolate business has launched a new European solid chocolate service Off the Shelf Chocolate aimed at providing smaller quantities of quality chocolate to food producers.

This service provides a selection of Cargill's chocolate best sellers offered in a wide variety of shapes and decorations in dark, milk and white chocolate and in quantities starting from a single pallet.

Harry Venema, commercial director chocolate for Cargill, who is responsible for Off the Shelf Chocolate, explains: "This new service will appeal to manufacturers such as bakers, who already have a good relationship with Cargill as buyers of our Gerkens cocoa powders, but also to confectioners and ice cream manufacturers who may not have considered us for their solid chocolate, compounds and fillings needs."

"Off the Shelf Chocolate is about providing some of our most trusted and best selling high quality chocolate varieties in manageable quantities for smaller users, and with the sort of simple ordering and fast delivery service they need," said Venema. "Through Cargill's expertise and deep chocolate knowledge, we are always looking to add value to customers with new offerings."

Buttons, drops, sticks, chunks, flakes, and splinters are just some of the shapes available and all with speedy delivery at competitive prices.

Cargill constantly monitors the market prices for cocoa, milk and sugar, to make sure it can offer its customers high quality chocolate at the best value.

"To secure a good quality, reliable and sustainable supply of cocoa beans Cargill has its own cocoa bean sourcing operations for buying, handling and exporting of cocoa beans. To ensure the safety and consistency of



its chocolate products, Cargill incorporates a number of measures into processing including a rigorous quality control regime and testing in Cargill's own accredited laboratories ensuring speed of results. At Cargill, safe food is fundamental to its business operations. Customers can therefore rely on Cargill's ability to safeguard the wholesomeness and integrity of the products that they buy," the company writes.

### **Lindt weighs higher chocolate prices to offset Cocoa Costs**

Bloomberg

By Tom Mulier at [tmulier@bloomberg.net](mailto:tmulier@bloomberg.net).

Aug 24, 2010



**Cocoa futures have more than doubled in the past three years, putting pressure on Lindt's' profitability.**

(Bloomberg) -- Bloomberg's Deirdre Bolton reports on the latest breaking news and top stories in today's Business Briefs. (Source: Bloomberg)

Lindt & Spruengli AG, the world's largest maker of premium chocolate, said it's considering price increases to offset rising cocoa costs.

Price rises will "mainly depend on the rate of inflation and the currency situation in different countries," the Kilchberg, Switzerland-based chocolatier said in a statement today.

Cocoa futures have more than doubled in the past three years, putting pressure on chocolate makers' profitability. Lindt today said first-half profit rose to 24.8 million Swiss francs (\$24 million) from 2.7 million francs in the year-earlier period, when the company had one-time costs from closing U.S. stores and an impairment charge for a warehouse in Italy.

"In light of the still insecure economic situation, price adjustments to date have only been made cautiously and selectively," the company said.

Profit beat the 18.9 million-franc median estimate of three analysts' estimates. Sales rose 7.9 percent to 1.06 billion francs.

Lindt said it will keep trying to offset higher cocoa prices as much as possible by cutting costs. "The company's priority will remain the strengthening of the brand and gaining market share," the maker of Ghirardelli chocolate said.

### **Cocoa processing company to re-open October**

Myjoyonline.com

Source: Daily Graphic

26 August 2010

The Confectionery Factory of the Cocoa Processing Company Limited (CPC) which has been shut down since May this year for rehabilitation and expansion works, is expected to re-open in October.

The factory, which produces the golden tree chocolate among other products, is being rehabilitated to meet modern trends in food processing operations.

Speaking to the Daily Graphic on the backdrop of the shortage of golden tree chocolate on the market, the Public Relations Manager of the company, Mr Ekow Rhule, said the decision to close down the confectionery unit was arrived at in March this year at the company's annual general meeting.

According to him, since its establishment in 1965, the factory had not seen any major rehabilitation works resulting in inefficiency in production owing to the frequent breakdown of machinery.

Mr Rhule said the new equipment would also produce the five and 10 grammes chocolate bars in addition to the 20, 50 and 100 grammes, which the company currently produces. He said the rehabilitation, which was being carried out at a cost of \$5 million, would see the installation of new machinery, upgrading of old equipment as

well as general civil works, including the laying of epoxy floor, which he said, was required in chocolate production the world over.

A tour of the factory premises by the Daily Graphic team revealed various construction works, including tiling of walls.

Mr Rhule stated that when the rehabilitation work was completed, the unit is expected to record an annual production stock of the golden tree bars from 900 to 1400 tonnes between the 2010/11, thereby increasing production to about 64 per cent over the existing capacity. He also stated that the shutdown of the confectionery plant does not affect the production of royale drinking chocolate powder and choco delight spread.

Mr Rhule blamed the shortage of the golden tree bars on panic buying on the part of most retailers who might have presumed the situation and therefore decided to hoard stocks at the time of the closure, because according to him, management at the time of the shutdown ensured adequate supply into the system to avoid the current situation and appealed to retailers holding products to make them available to consumers who have been yearning for them for the past months.

While sympathising with customers on the current shortage of the bars in the system, Mr Rhule appealed to the general public to bear with the company as they made strides towards an improvement in product quality.

### **Nestle opens Premium Chocolate production lines in Russia**

Source: Nestle S.A.

26/08/2010

August 26 - Nestlé emphasises its presence in the Russian and Eurasia region with the opening of a duo of premium chocolate production lines. Creating 149 new jobs, the two production lines – which were transferred from the Tuchkovo factory in the Ruzsky district, Moscow, to the Samara region – will produce premium brand Comilfo chocolate.

At the official inauguration on August 26, 2010, Laurent Freixe, Nestlé Executive Vice President and Zone Director for Europe, was joined by Dmitry Azarov, Deputy Head of the Samara region Administration, Stefan De Loecker, Nestlé Russia CEO and Pavel Roudas, General Director of Confectionery Union Rossiya – which is one of the 13 Nestlé production facilities in Russia.

Mr Freixe said: “The transfer of the Comilfo production lines allows us to focus our chocolate manufacturing facilities in Russia and strengthen the factory as a key competence centre for confectionery products in Europe. This move will help us to further develop our successful chocolate brands.”

Mr Azarov, Deputy Head of the Samara region Administration, added: “One of the cornerstones for the stable development of the Samara region is successful enterprises. Confectionery Union Rossiya is one of the biggest factories in our region offering competitive wages for more than 1,400 people, sourcing raw material from local suppliers and providing budgets of all levels with substantial infusions.”

The inauguration follows a visit by Mr Freixe to the Nestlé Kuban factory in Timashevsk the day before to observe the progress of an investment project.

Nestlé had announced an investment of CHF 240 million (more than RUB 7 billion) to expand the Nestlé Kuban factory in order to substitute the current packaging process with a full-cycle production of Nescafé Gold coffee, at the end of 2008.

The factory, due to start production in the third quarter of 2011, will benefit from Nestlé's state-of-the-art freeze-dry technology which already exists in many of its other factories around the world.

Mr Freixe was joined by Peter Svensson, Operations Director for Zone Europe, Mike Nixon, Technical Director for Zone Europe and Nestlé Russia CEO Mr De Loecker.

Mr Freixe said: “The Russian soluble coffee market is the largest in the world and has major potential. That is why we are making a strategic investment to increase our capacities in Russia using our most advanced company technologies and our wide experience in producing premium soluble coffee since inventing it in 1938.”

Nestlé Russia offers brands including Nescafé, Mega, Rossiya - Shedraya Dusha, Maggi, Perrier and Purina.

Nestlé operates 13 production facilities in Russia with 10 sales offices and employs around 10,000 employees.

### **The cocoa processing market in the UK is mature with signs of overcapacity**

Market Research Agency

27.08.2010



World production of cocoa beans is forecast to increase from around 3.7 million tons in 2007/2008 to about 4.5 million tons in 2012/13, rising at an estimated average growth rate of nearly 3.7% per annum. The expected developments in world cocoa prices are the major factors fuelling acceleration in the growth rate of world cocoa production. However, cocoa production faces significant problems that have to do with the increasing global temperatures and rainfalls. Pests and diseases already destroy about a third of potential cocoa production all over the globe.

European countries do not traditionally harvest cocoa beans. EU is considered to be one of the largest cocoa consumer and grinder the Netherlands, Germany and the United States being major importing nations and accounting for more than 50% of world cocoa imports. In 2009 the UK imported 7.2% of all world turnovers of raw cocoa beans. The biggest suppliers for the UK are Ghana and Cote d'Ivoire.

The UK is among leading Ghanaian cocoa countries-consumers. Nevertheless, in 2009 the UK imported from Ghana 45,450 tons, that is 16,000 tons less than in 2008. The share of Cote d'Ivoire import supplies rose significantly in 2009 and achieved 30% apart from 17% in 2008. The deliveries from Cote d'Ivoire on the UK cocoa market grew twice to 44,000 tons almost equal to Ghanaian ones.

Dominated by large multinational players, the cocoa bean processing industry transforms cocoa beans into intermediate semi-finished cocoa products. These include cocoa paste/liquor, cocoa butter, cocoa cake and cocoa powder without added sugar or other sweetener. Chocolate manufacturers produce finished edible chocolates, and are usually not in the business of processing cocoa. However, a number of chocolate makers like Hershey and Cadbury have integrated their cocoa processing and chocolate manufacturing processes - sometimes within a single factory - in order to receive a larger share of profits from cocoa processing.

The market of cocoa processing products in the UK is mature with signs of overcapacity. However the new developments indicate new trends of demand moving to Central and East Europe, where the labor force and production cost is cheaper. It should be noted that chocolate consumption in the UK is slowing down as health and diet concerns impact sales. This trend has induced major players to put sugar free and low carbohydrate products on production.

The British consume annually about 10 kilos of chocolate, by that amount they take up number one place among EU countries, followed by Germany and France with 8.3 and 5.8 kilos respectively.

The UK chocolate and cocoa processing market is dominated today by three key players - Cadbury Schweppes, Nestle and Masterfoods. Chocolate bars possess 44 per cent of all chocolate sales by volume, the market leaders here are Kit Kat, Twix and the Mars Bar.

More information on the British market for cocoa beans and products may be found in the report Cocoa Market in United Kingdom: Business Report 2010 recently published by TD The Market Publishers, Ltd.

**Labour Issues**

**Environmental Issue**

**Research & Development**

**Promotion & Consumption**

**Others**

**Produce Buying of Ghana to boost cocoa market Share to 39%**

BusinessWeek

By Moses Dzawu

August 23, 2010

(Bloomberg) -- Produce Buying Co., Ghana's biggest purchaser of cocoa beans from farmers, plans to increase its market share during the 2010-11 harvest to 39 percent, said George Kwadwo Boateng, deputy managing director of the company.

PBC bought 216,018 metric tons of cocoa during the 2009-10 season, or 37 percent of the market, Boateng said in an interview in the capital, Accra, today. *To contact the reporter on this story: Moses Mozart Dzawu at [mdzawu@bloomberg.net](mailto:mdzawu@bloomberg.net)*