COPAL COCOA *Info*

A Weekly Newsletter of Cocoa Producers' Alliance

Issue No. 272 **25th – 29th February 2008**

Cocoa Producers' Alliance

ICCO Daily Cocoa Prices

	ICCO daily price (SDRs/tone)	ICCO daily price (US$/tone)	London futures (#/tone)	New York futures (US$/tone)
25th February	1637.92	2598.84	1346.00	2582.33
26th February	1662.99	2644.61	1359.67	2637.67
27th February	1698.51	2718.96	1393.67	2697.00
28th February	1757.31	2816.22	1438.33	2811.00
29th February	1744.77	2810.05	1441.00	2796.67
Average	**1700.00**	**2718.00**	**1396.00**	**2705.00**

In the News (from Newspapers worldwide)

Health and Nutrition

- Chocolate facial: why the cocoa bean is your skin's friend, not foe
- Chocolate: Truth and consequences
- Chocolate lovers want functional chocolate with proven health benefits – Barry Callebaut Survey
- Chocolate: vice or sweet indulgence?
- Barry Callebaut Research Cites Rising Demand For Functional Chocolate

Production and Quality

- India to raise cocoa output by 60% to cut imports
- Cocoa producer price goes up
- High Ivory Coast Cocoa Prices Lead to Harvest of Unripe Pods (DJ)
- Ghana Raises Price of Cocoa by 26% to Curb Smuggling (Update3)
- Cocoa pest disease re-emerges in ENB
- Ghana Cocoa Body: Mass Spraying To Control Capsids, Black Pod
- Ivorian cocoa export registrations 813,896T by Feb 8
- Govt plans big boost for cocoa farming

The Market

- Coffee Increases on Concern of Inadequate Supply as Cocoa, Sugar Gains
- Correction May Have Ended in Cocoa
- Cocoa, Sugar Post Record Gains as Coffee Declines
- New York Cocoa Settles at 24-yr High as Speculators Buy
- Coffee, Cocoa, Sugar Boosted by Surging Global Stock Market
- Another Big up Day for Cocoa Prices
- Commodity Prices Surge, As Investors Seek a Haven

Processing & Manufacturing

- Indian chocolate demand fuels domestic cocoa increases
- CPC records 24 percent increase in gross profit in 2007
- Functional chocolate creeps up on mainstream

Business & Economy

- More Cash For Cocoa Farmers
- Fairtrade chocolate experience is so divine
- Bitter chocolate: U.S. foreign regulators probe price fixing claims

Labour Issues

- Strike Halts Cocoa Arrivals at Cameroon Douala Port (DJ)
- Stakeholders step up efforts to fight child labour
- Farmers say yes to import labour from Guyana
- Buying chocolate can get messy when child labor is in the picture

Others

- Cocoa farmers appeal to COCOBOD to ensure bonus payments
- International Cocoa Verification Board Issues RFP for Verification of Certification Activities in West African Cocoa Farming
- Without EPA, Nigerian cocoa processors lose millions as EU imposes tariffs
- Around the world - Ghana
- FAIRTRADE CHOCOLATE EXPERIENCE IS SO DIVINE
- ICE Futures U.S. Announces Changes to Options Floor Trading Hours
- Fair Trade Certified(TM) Means Business
- Prices remain firm for softs
- Dominican Republic celebrates Independence Day today
- Fairtrade sales grow 81% in 2007 to £493 million
- La Nina shows her wrath in flood-hit Ecuador
- Essential commodities

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Do your health a favour, drink Cocoa everyday

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

Monday 25th February 2008

Month	Open	Price	Change	High	Low	Volume
Mar 2008	1296	1303	9	1306	1287	2,223
May 2008	1325	1330	8	1335	1315	7,059
Jul 2008	1348	1354	8	1358S	1340	1,861
Sep 2008	1349	1354	8	1355	1340	736
Dec 2008	1359	1366	9	1367	1355S	1,676
Mar 2009	1356	1358	4	1358	1356	524
May 2009		1369	4			0
Jul 2009		1379	4			0
Sep 2009		1391	4			0
Dec 2009		1406	4			0
Totals		**1361**				**14079**

Tuesday 26th February 2008

Month	Open	Price	Change	High	Low	Volume
Mar 2008	1305	1316	13	1325	1305	2,054
May 2008	1337	1344	14	1353	1336	5,201
Jul 2008	1361	1369	15	1376	1361	1,746
Sep 2008	1363	1366	12	1374	1361	334
Dec 2008	1374	1377	11	1384	1371	766
Mar 2009	1375	1372	14	1377	1370	172
May 2009	1383	1382	13	1383S	1383S	20
Jul 2009		1392	13			0
Sep 2009		1403	12			0
Dec 2009		1418	12			0
Totals		**1374**				**10293**

Wednesday 27th February 2008

Month	Open	Price	Change	High	Low	Volume
Mar 2008	1330	1343	27	1349	1325	5,452
May 2008	1356	1377	33	1384	1355	12,402
Jul 2008	1380	1405	36	1410	1380	8,750
Sep 2008	1384	1399	33	1405	1380	202
Dec 2008	1395	1410	33	1416	1391	2,508
Mar 2009	1388	1403	31	1404	1387	1,472
May 2009	1402	1412	30	1411	1402	111
Jul 2009		1421	29			0
Sep 2009		1430	27			0
Dec 2009		1443	25			0
Totals		**1404**				**30897**

Thursday 28th February 2008

Month	Open	Price	Change	High	Low	Volume
Mar 2008	1332	1387	44	1392	1,330	2,492
May 2008	1367	1425	48	1430	1,363	8,900
Jul 2008	1392	1453	48	1456	1389S	2,900
Sep 2008	1389	1437	38	1442S	1388	740
Dec 2008	1400	1446	36	1448S	1396	1,221
Mar 2009	1390	1434	31	1440	1390	2,157
May 2009	1412	1442	30	1428	1404	282
Jul 2009		1452	31			0
Sep 2009		1460	30			0
Dec 2009		1473	30			0
Totals		**1441**				**18692**

Friday 29th February 2008

Month	Open	Price	Change	High	Low	Volume
Mar 2008	1383	1391	4	1402	948S	2,648
May 2008	1416	1425	0	1440	959S	8,527
Jul 2008	1446	1458	5	1468	1432	7,155
Sep 2008	1433	1440	3	1442	1418	825
Dec 2008	1439	1448	2	1455S	1423	1,036
Mar 2009	1437	1431	-3	1445S	1410	2,169
May 2009	1441	1438	-4	1450	1430S	738
Jul 2009	1444	1447	-5	1454S	1444S	500
Sep 2009		1455	-5			0
Dec 2009		1468	-5			0
Totals		**1440**				**23598**

Average for the week	**1447**				**24390**
Total for the week					**97,559**

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

Monday 25th February 2008

Month	Open	Price	Change	High	Low	Volume
Mar 2008	2587	2587	25	2587	2587	64
May 2008	2566	2604	42	2604	2565	9084
Jul 2008	2575	2612	41	2612	2575	2583
Sep 2008	2614	2614	44	2614	2614	533
Dec 2008	2580	2613	39	2613	2580	1303
Mar 2009	2606	2606	37	2606	2606	82
May 2009	2615	2615	43	2615	2615	2
Jul 2009	2630	2630	39	2630	2630	-
Sep 2009	2642	2642	42	2642	2642	-
Dec 2009	2645	2645	45	2645	2645	10
Totals		**2617**				**13661**

Tuesday 26th February 2008

Month	Open	Price	Change	High	Low	Volume
Mar 2008	2625	2622	35	2627	2622	46
May 2008	2630	2632	28	2632	2610	10314
Jul 2008	2640	2640	28	2640	2640	1664
Sep 2008	2641	2641	27	2641	2641	509
Dec 2008	2641	2641	28	2641	2641	703
Mar 2009	2632	2632	26	2632	2632	155
May 2009	2636	2636	21	2636	2636	29
Jul 2009	2653	2653	23	2653	2653	-
Sep 2009	2664	2664	22	2664	2664	-
Dec 2009	2664	2664	19	2664	2664	-
Totals		**2643**				**13420**

Wednesday 27th February 2008

Month	Open	Price	Change	High	Low	Volume
Mar 2008	2717	2717	95	2717	2717	48
May 2008	2681	2733	101	2750	2681	8379
Jul 2008	2734	2743	103	2743	2732	770
Sep 2008	2745	2745	104	2745	2745	228
Dec 2008	2737	2737	96	2737	2737	679
Mar 2009	2725	2725	93	2725	2725	224
May 2009	2730	2730	94	2730	2730	54
Jul 2009	2747	2747	94	2747	2747	-
Sep 2009	2755	2755	91	2755	2755	-
Dec 2009	2756	2756	92	2756	2756	-
Totals		**2739**				**10382**

Thursday 28th February 2008

Month	Open	Price	Change	High	Low	Volume
Mar 2008	2800	2800	83	2800	2800	33
May 2008	2700	2802	69	2802	2700	14550
Jul 2008	2814	2814	71	2814	2814	5855
Sep 2008	2817	2817	72	2817	2817	1326
Dec 2008	2804	2804	67	2804	2804	1053
Mar 2009	2789	2789	64	2789	2789	376
May 2009	2797	2797	67	2797	2797	157
Jul 2009	2811	2811	64	2811	2811	-
Sep 2009	2819	2819	64	2819	2819	-
Dec 2009	2820	2820	64	2820	2820	-
Totals		**2807**				**23350**

Friday 29th February 2008

Month	Open	Price	Change	High	Low	Volume
Mar 2008	2754	2754	-46	2754	2754	43
May 2008	2762	2777	-25	2790	2762	12729
Jul 2008	2800	2789	-25	2800	2789	2102
Sep 2008	2791	2791	-26	2791	2791	1226
Dec 2008	2765	2780	-24	2800	2765	1020
Mar 2009	2774	2774	-15	2774	2774	233
May 2009	2777	2777	-20	2777	2777	151
Jul 2009	2789	2789	-22	2789	2789	-
Sep 2009	2795	2795	-24	2795	2795	-
Dec 2009	2795	2795	-25	2795	2795	-
Totals		**2782**				**17504**

Average for the week	**2786**				**19579**
Total for the week					**78,317**

Spot Prices (US$ per tonne)

	25th February	26th February	27th February	28th February	29th February
Main Crop Ghana, Grade 1	3039	3067	3168	3237	3212
Main Crop Ivory Coast, Grade 1	2907	2935	3036	3105	3080
Main Crop Nigerian, 1	2894	2922	3023	3092	3067
Superior Arriba	2996	3024	3125	3194	3169
Sanchez f.a.q.	2981	3009	3110	3179	3154
Malaysian 110	2584	2612	2713	2782	2757
Sulawesi f.a.q.	2829	2857	2958	3027	3002
Ecuador Cocoa Liquor	4453	4501	4673	4791	4749
Pure Prime Press African Type Cocoa Butter	7439	7519	7807	8004	7933
10/12% Natural Cocoa Press Cake	1033	1044	1084	1111	1102

Source: Cocoa Merchants' Association

News

Health and Nutrition

Chocolate facial: why the cocoa bean is your skin's friend, not foe
Telegraph.co.uk, United Kingdom
25/02/2008

Ahead of Easter, Suzi Dixon gets covered in melted chocolate - all in the name of research, of course

Easter may still be a few weeks away but, thanks to overzealous supermarket stockers, the shops have been choc-full of eggs for a while now. So as your thoughts turn to chocolate, fear not for your complexion – the cocoa bean is your friend, not foe, in the battle for good skin. Forget old wives' tales about chocolate causing spots, because the high-quality stuff has been used as part of facials, wraps and pedicures for years.

Why? The cocoa bean's fibrous coating is a whizz at breaking down free radicals, giving creams containing the extract anti-oxidant and anti-ageing properties. That's before you consider the mood-boosting properties of chocolate – just the smell can make the brain release endorphins into your system.

The cocoa bean is also full of magnesium, which helps to stimulate the body to produce progesterone, a vital hormone that plummets at certain times of the month and is ideal for tackling hormone or stress-related breakouts.

With that in mind, it's no wonder top Birmingham spa Amala features both a chocolate facial and wrap high on their menu, using Karin Herzog's popular oxygen-boosting products.

My therapist, Louise, was friendly and professional and led me swiftly to a subtly decorated treatment room. Low lighting and stone-coloured décor set the mood. The hour and a half of indulgence starts with a back, neck and shoulders massage – a nice touch, I found this help me relax and unwind before the serious work of the facial began. First, surface dirt and make-up is removed with Finest Chocolate Cleanser, using a warm flannel to open the pores.

Next, a gentle scrub dealt with blackheads, then Louise applied Vitamin H cream to overly dry areas of the skin (it's also ideal for dealing with chapped lips). Herzog's trademark oxygen eye cream, loved by supermodels and civilians alike, was applied next. This cream is excellent at tackling dark circles, and Linda Evangelista is one of the product's many devotees.
Now it was on to the serious business of the Essential Mask. Dubbed 'facelift in a tube' because of its tightening properties, Herzog masks deliver two per cent oxygen to the skin – ideal for dehydrated city chicks like me. The mask felt cool and calming.

Next Louise covered my face in a layer of gauze, then painted Choco2 Chocolate & Oxygen over the top. The smell was divine, like being surrounded by Green & Blacks bars, the mask was warming and tingled in places as the cream got to work on problem areas. To keep the heat in and help the mask set, I was then wrapped in cling film, with ample breathing holes of course. Louise then gave me a quick hand massage, then left me to drift as the mask worked its magic.

It was a little disconcerting being so thoroughly covered – I wouldn't recommend it to anyone claustrophobic – but time passed quickly and Louise was soon removing the layers and rubbing in Chocolate Comfort Cream as a final moisturising flourish.

Two days on, congested 'hormonal spot' areas are much improved – my skin looks well moisturised and springy. The use of chocolate products is much more than a gimmick, it's a wonderful indulgent experience that can give your complexion a boost, as well as your mind.

Chocolate: Truth and consequences
The Coloradoan, CO
BY SHIRLEY PERRYMAN
27, February, 2008
Before the Food Guide Pyramid, there were four food groups. The mug I use at work advertises my dietary approach quite clearly: "Chocolate-the Fifth Basic Food Group.''

I eat chocolate every day, which may come as a surprising confession. I'm as happy as other chocolate lovers are to learn that chocolate does have a healthy place in our diet, though sometimes the facts do get stretched to fit that chocolate craving. The next time you get a craving, you can indulge with these chocolate facts in mind:

- The most beneficial form of chocolate is dark chocolate with a cocoa content of at least 70 percent. The higher the percentage, the darker the chocolate.
- Cocoa is rich in flavonoids. Flavonoids act as antioxidants and help the body's cells resist damage caused by free radicals from environmental contaminants like cigarette smoke. Flavonols in chocolate also have anti-inflammatory and anti-platelet effects. Decreasing clot formation lowers the risk of heart attack and stroke. Dark chocolate, which is less processed than lighter chocolates, retains the highest level of flavonols.
- One study concluded that chocolate is a good source of antioxidants — those beneficial compounds that lessen the risk for cancer by reducing cancer cell growth — and lowers the LDL cholesterol to help prevent heart disease.
- Usually, the news about fat in food is disheartening. However, stearic acid, the main saturated fat in chocolate has a neutral effect on blood cholesterol, neither raising nor lowering LDL cholesterol levels. Chocolate also contains heart-healthy monounsaturated fat.
- Substances in chocolate trigger mood-enhancing chemicals in the brain to create feelings of giddiness, attraction, euphoria and excitement.
- Cocoa butter contains very small amounts of caffeine and theobromine (a metabolite of caffeine) that are chemically related compounds. The levels of caffeine in chocolate are small and range from 2 to 23 milligrams in a typical milk chocolate candy bar, and from 2 to 7 milligrams in an 8 ounce glass of chocolate milk. The same amount of regular brewed coffee contains 184 milligrams of caffeine.
- White chocolate is not the same as dark chocolate because it is made from cocoa butter and does not contain the beneficial flavonols of dark chocolate nor the caffeine stimulants.
- While we can enjoy chocolate treats with health benefits, sharing chocolate with our furry friends is not a good idea. The theobromine naturally present in chocolate, especially dark chocolate, can be toxic to pets, particularly dogs.
- One recent study concluded that eating 30 calories a day of dark chocolate lowered blood pressure, thanks to the high flavonol content. And, there is more good news: The study showed that a 30-calorie indulgence didn't result in weight gain or elevated blood sugar.

Chocoholics (myself included) will readily admit that eating chocolate makes us feel good, and studies show a little dark chocolate may be good for us. As much as I would like to leave you thinking that heart-shaped box of chocolates is good for your heart and your overall health, like most indulgences, there is a downside.

Chocolate in any form contains calories and fat — about 150 calories and 8.5 grams of fat per ounce. A little daily chocolate might contribute beneficially to good health, though stopping at 30 calories (about the size of a chocolate candy kiss) is not necessarily easy to do.

If you eat chocolate in moderation and choose dark chocolate most of the time, you needn't feel guilty. Research hasn't given us the green light to eat all the chocolate we want, but nutrition, after all, is an evolving science.

Is anyone besides me interested in signing up for the next chocolate study?

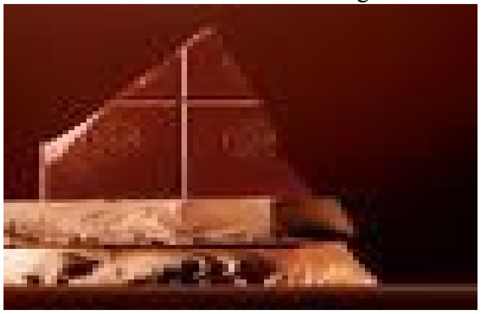
Shirley Perryman is a registered dietitian and professor in the Department of Food Science and Human Nutrition at Colorado State University. Her column will appear monthly.

Chocolate lovers want functional chocolate with proven health benefits – Barry Callebaut Survey

Food Ingredients First (press release), Netherlands

Feb 28,2008

Chocolate with the scientifically proven ability to improve the sense of emotional well-being ranks highest on chocoholics' wish lists. Around 27% of them long for chocolate with mood-enhancing qualities.



28/02/08 Chocolate lovers increasingly seek health-enhancing treats to indulge their sweet tooth. About 1 in 4 consumers in Western Europe and the United States want chocolate with extra physical or emotional health benefits, according to a recent international consumer survey, carried out in January 2008 on behalf of Barry Callebaut, the world's leading manufacturer of high-quality cocoa and chocolate products.

Chocolate with the scientifically proven ability to improve the sense of emotional well-being ranks highest on chocoholics' wish lists. Around 27% of them long for chocolate with mood-enhancing qualities. A quarter of all chocolate lovers want chocolate that can help them to relax after a stressful day at work (25%). Chocolate with proven health-enhancing properties is a popular concept, with 1 in 5 (21%) consumers interested in chocolate that is scientifically proven to keep their heart healthy. Tooth friendly chocolate receives an interest score of 19%, while 17% of consumers want chocolate that provides extra benefits to strengthen their immune system.

Americans eat more functional chocolate than Europeans. More than 1 in 3 Americans (35%) has already tried chocolate with additional health benefits and 14% consume it at least once a month. Americans are closely followed by the Swiss – 12% of whom eat functional chocolate regularly. "This data show that functional chocolate is quickly gaining in popularity. Consumers are increasingly seeking chocolate that offers them clinically proven physical or emotional health benefits," says Hans Vriens, Chief Innovation Officer at Barry Callebaut. "The cocoa bean contains hundreds of different components that have potential health benefits. As an innovative trendsetter, Barry Callebaut harnesses and preserves the healthy components of the cocoa bean and uses them to develop chocolate with health-enhancing properties. Currently, our R&D team is working on a range of interesting new products, includinga chocolate that is scientifically proven to improve emotional well-being by naturally enhancing the consumer's mood."

In Western Europe, especially in Germany (36%), Switzerland (32%) and France (29%), consumers want chocolate with a proven ability to elevate their mood[2]. The desire to be happier is closely followed by a yearning for chocolate with stress-reducing qualities: France (28%), Switzerland (27%), Germany (23%), UK and Belgium (16%). In the US, these scores are even higher: 41% of American consumers are longing for chocolate that helps them relax, 38% for "feel good" chocolate that naturally induces a better mood.

Chocolate with additional physical health benefits

When looking at extra proven health benefits chocolate can have, these are the most popular:

- Chocolate that positively influences the cardiovascular system: US (41%), France and Switzerland (24%), Germany (15%), UK (13%), Belgium (12%)
- Chocolate that helps maintain body weight: US (35%), France (26%), Germany (25%), Switzerland (21%), Belgium (16%), UK (14%)
- Chocolate that enhances the memory: US (34%), France (29%), Switzerland (21%), Germany (15%), Belgium (13%), UK (12%)
- Tooth friendly chocolate: US (32%), Germany and Switzerland (22%), France and UK (14%), Belgium (9%)
- Chocolate that enhances concentration: US (32%), Switzerland (22%), Germany and France (17%), UK (13%), Belgium (10%)
- Chocolate that strengthens the immune system: US (35%), Switzerland (20%), Germany (16%), France (14%), UK (12%), Belgium (7%)

Chocolate with natural added health benefits has clearly gained in popularity over the last year. Whereas a consumer survey in December 2006 still showed relatively low consumption rates, the results of the 2008 consumer survey were very encouraging. In the US 35% of consumers have tried functional chocolate (in comparison to 13% in 2006), in Switzerland 23% (1%), in the UK 20% (1%), in Belgium 17% (3%), in Germany 12% (1%) and in France 7% (2%). On an international scale the functional chocolate segment grew by 15% in value on average per year over the last 4 years[3], reaching 577 million USD in total sales in 2006, according to Euromonitor International.

To help meet the growing demand for healthy and functional foods, Barry Callebaut is continually researching and developing chocolate products that preserve the healthy components of the cocoa bean and offer an improved nutritional profile. Barry Callebaut has a track record of launching innovative chocolate products, like for example ACTICOA, a special chocolate production process that preserves a guaranteed minimum level of cocoa polyphenols. Polyphenols are powerful antioxidants that help keep the body healthier. Other examples of chocolate with clinically proven health benefits include pro-biotic chocolate that helps maintain a healthy intestinal balance, sugar-reduced chocolate that uses natural cocoa fibers as a sweetener, tooth friendly chocolate that prevents caries and rebalanced chocolate with an improved nutritional profile (less sugar, more rich in fiber, reduced in sugar and/or fat and light in calories). All Barry Callebaut products are 100% natural and do not contain additives.

Chocolate: vice or sweet indulgence?

Oregon Daily Emerald

By Laura Fong | Freelance Reporter

[Studies have shown that antioxidants in dark chocolate may help reduce the risk of cancer and heart disease, giving chocolate lovers a better reason to indulge]

28/2/2008

Dark chocolate in small doses can help with blood pressure, said Pat Lombardi, a University biology research assistant professor. But he recommended moderation, consistency and balance as the keys to a healthy diet.

Dark, milky or bittersweet and always melt-in-your-mouth creamy, chocolate is one vice in which many people indulge. Lovers of chocolate's dark variety may have more reason to pick up the bar.

Dark chocolate contains antioxidants, which studies have shown may help reduce the risk of cancer and heart disease. In a 2003 study conducted by Cornell University, researchers found that dark chocolate contained nearly two times the number of antioxidants as red wine and three times the number in green tea.

Bob Bury, Euphoria Chocolate Company owner, said a "major swing" toward dark chocolate in recent years is partly due to the publicity about dark chocolate's benefits, though he prefers the sweet mostly because his mother and grandmother "weaned" him on chocolate, he said.

But news media tend to "sensationalize and exaggerate the results" of studies that show the health benefits of consuming foods such as chocolate, said Pat Lombardi, a University biology research assistant professor, in an e-mail.

A 2007 study from the University Hospital of Cologne, Germany found that regular intake of cocoa-rich foods improves heart function and lowers blood pressure. Lombardi commented that he was skeptical of the study because of the "relatively small sample" of 44 subjects and the "not spectacular" drop in blood pressure.

Dark chocolate in small doses can help, Lombardi said, but he recommended moderation, consistency and balance as the keys to a healthy diet. "Don't go crazy with dark chocolate and use these small studies to justify or rationalize your consumption of five Reese's peanut butter cups in a day," he said.

University senior Michelle Gundelach, a biology major, said she has heard about antioxidants in chocolate, but they are not the reason she eats it.

Gundelach craves chocolate at least once a day, she said. Though she typically has a mini Milky Way or Symphony bar, she admitted that a few times she has bought a tub of chocolate frosting to eat. During finals week, she makes a pan of brownies when she really needs a fix. "I can eat it all by myself," she said. "But I usually don't."

The "regulars" at Bury's chocolate business drop by three to four times a week, he said. Bury, who has been selling chocolate in town for 27 years, describes himself as a bartender, as he always knows what customers want. Bury considers "vice" an apt description of how some people view their chocolate addiction. "I think people like to call it a vice because they think they're getting away with something," he said.

Barry Callebaut Research Cites Rising Demand For Functional Chocolate

North County Times, CA - Feb 28, 2008

AMonline.com, WI - Feb 28, 2008

A quarter of Western consumers are interested in chocolate with physical or emotional health benefits, according to Barry Callebaut, as reported by foodproductiondaily.com.

Editor's Insight: Barry Callebaut has joined other chocolate manufacturers in researching functional properties of chocolate and marketing these benefits to consumers. The specific benefits Barry Callebaut has examined include Acticoa, a cocoa powder that contains a high level of the antioxidant polyphenols, pro-biotic chocolate for gut health, and a tooth-friendly chocolate made with isomaltulose, a natural constituent of honey and sugar cane.

Functional chocolate offers a lot of promise to food and refreshment retailers, but there is still a lot of work to do before these benefits translate into strong marketing hooks.

In 2006, one major chocolate manufacturer was cited by government officials for making claims on its products that it promotes heart health.

Vending and foodservice operators need to be careful about making any health claims.

The consumer watchdogs have already criticized these claims, and it's a good bet they will continue doing so.

Vending and foodservice operators should keep their customers informed about nutrition research, but they should refrain from making any health claims, particularly in areas that are this preliminary. Operators should continue to promote the benefits of a balanced lifestyle. 02-28-08 by Elliot Maras

Production and Quality

India to raise cocoa output by 60% to cut imports
Livemint, India
Feb 25 2008.
Mumbai: India plans to increase cocoa production by 60% in next four years to meet rising demand from the 15-billion-rupee chocolate industry and to cut dependency on costlier imports, industry officials said. Chocolate consumption is gaining popularity in the country on increasing prosperity coupled with a shift in food habits, pushing up the country's cocoa imports. "Production will be around 10,000 tonnes in 2007/08. We are encouraging farmers for cocoa cultivation. We would produce 16,000 tonnes in 2011/12," Venkatesh N. Hubballi, head of Directorate of Cashewnut & Cocoa Development, told Reuters.

Majority of Indian farmers cultivate cocoa as an intercrop in coconut and arecanut gardens. The total area under cultivation was 32,360 hectares in 2006/07. India's annual cocoa demand is pegged around 18,000 tonnes during the current year, which would necessitate import of around 45% of its total requirement, officials said. In 2007/08, import of cocoa beans and cocoa products is estimated to jump four fold to 8,000 tonnes from 2,027 tonnes in 2000/2001. Industry players say there is huge scope for expanding acreage considering rising demand and firm global prices.

US cocoa futures hit a 24-year high on 14 February on fund buying. Soft commodity prices have seen waves of support from funds looking for fresh investment avenues, with agricultural commodities tipped as a good bet for 2008. To secure good quality raw material in the long term, private players like Cadbury India are encouraging cocoa cultivation. "Cadbury India's Cocoa Department produces over 2.5 million hybrid seedlings annually and distributes it among farmers," a company spokesperson informed in an e-mail.

Its parent company, Britain's Cadbury Schweppes last month said it would invest 44 million pounds over 10 years in cocoa farms in Ghana, India, Indonesia and the Caribbean.

Duties and transportation cost make import of cocoa beans expensive. However, to fulfill demand, industry mainly imports cocoa butter and powder, said an senior official with the Central Arecanut and Cocoa Marketing and Processing Cooperative, a major grinding agency in the country. Cocoa grinder grinds cocoa beans, which is the basic ingredient to make chocolate. "The climate in many southern and eastern states is favourable for the cultivation. We can bring 300,000 hectares under the crop," Hubballi said. The department has set a target to bring 50,000 hectares under the crop by 2011/12. "Cocoa requirement is growing around 15% annually and will reach about 30,000 tonnes in the next 5 years," Cadbury India said.

Cocoa producer price goes up
Ghana Broadcasting Corporation, Ghana
27, February, 2008
Government has announced an increase in the producer of price of cocoa for the 2007/08-Crop Year from GHC950 to GHC1,200 s per metric ton representing 26.4% rise. Briefing journalists in Accra, the Deputy Minister of Finance and Economic Planning, Professor George Gyan-Baffour said in addition, government would pay bonuses for the 2007/2008 main crop season. The new adjustment meant therefore that, a bag of 64kg of cocoa is now GHC75 from the current GHC59.375. This is the second time in seven years the producer price has been adjusted upward.

Prof. Gyan-Baffour said "the last time such a revision was made was during 2001/2002 main crop season in February 2002 when government had to review upwards the producer of cocoa to reflect the prevailing development in the global cocoa market."He noted that with the projected tonnage of 111,050 yet to be purchased, government would now incur an extra cost of 27.76 million GH cedis for the rest of the main season.

He said in spite of the impressive performance seen so far in this season, the upsurge of smuggling activities across the Western and Eastern borders sent worrying signals. Prof. Gyan-Baffour said the producer price offered by buyers in Cote d'Ivoire between the second week of this February this year, showed an average equivalent of GHC1,190.26 against the Ghana current producer price of GHC950. The relative price differential led to the upsurge of the smuggling.

On the payment of bonuses, Prof. Gyan-Baffour said: "...farmers who sell their cocoa to registered LBCs in Ghana will be paid additional monies at the end of the 2007/08 season as bonuses for their sales." He said the second tranche of bonuses for the 2006/07 seasons would be paid in June/July this year as promised by government. The first tranche of GHC16m has been paid already by COCOBOD.

Prof. Gyan-Baffour said Government would continue to ensure that stakeholders in the industry are paid economic rates and fees so that their businesses remained profitable. "To this end, increases in buyer's margin for LBCs, hauliers rates for evacuation, among other rates and other charges would be reviewed upwards in due course," he said.

The Chief Executive of the Ghana Cocoa Board, Isaac Osei,said with the new price, purchases declared by LBCs as at week number 18 ending February 21, 2008 would attract the old producer price of GHC950 per ton whilst those made after February 21, attracted the new producer price. He described the new price as competitive when compared to prices being floated in the neighbouring countries of Ghana and would therefore serve to stem the tide of cross border trade in cocoa from Ghana. "It will also put more money into the pockets of farmers and therefore enhance their welfare," Mr Osei said.

High Ivory Coast Cocoa Prices Lead to Harvest of Unripe Pods (DJ)
Source: Dow Jones Newswires
26/02/2008
Abidjan, Feb. 26 - Prices paid for cocoa beans at Ivory Coast's farms hit seasonal highs for the second week in a row last week, pushing some farmers to harvest unripe cocoa pods, official data and industry comment showed Tuesday. Last week the weighed national average price was 555 CFA francs a kilogram, ($1.26), well up on the XOF430/kg paid in November-December, according to the BCC Coffee and Cocoa Marketing Body.

However, due to premature harvesting the acidity of beans arriving at the ports is way too high, with up to 5% free fatty acids, six times higher than the maximum level of 0.75% sought by the chocolate industry. "The beans are too small for the time of year...it is clear that farmers are harvesting cocoa that is not yet mature," a leading exporter said.

Other exporters also gave high bean counts of 120-125 beans in every 100 grams, well up on the international standard for exportable cocoa of 105 beans/100 grams.

Farmers are frustrated as cocoa prices soar while they have little to harvest. Provisional industry data suggest only 15,000 metric tons came down from the farms to the ports, well down on the weekly 60,000 tons in November-December, when harvesting peaked.

Ghana Raises Price of Cocoa by 26% to Curb Smuggling (Update3)
Bloomberg
By Emily Bowers
February 27, 2008
(Bloomberg) -- Ghana, the world's second-biggest cocoa producer, increased the price at which buyers purchase the beans from farmers by 26 percent to discourage smuggling of the crop to neighboring Ivory Coast.

The price was raised to 1,200 Ghanaian cedis ($1,239) a ton with immediate effect, from 950 previously, Charles Ntim, deputy chief executive officer of the state-run cocoa board, known as Cocobod, said in an interview today from the capital, Accra. As much as 60,000 tons of cocoa has been smuggled out of the country since the season began in October, he said. ``There is a lot of smuggling going on in both our eastern and western borders," Ntim said. Rising international cocoa prices were factored into today's announcement, he added.

Ghana, which ranks behind Ivory Coast as the world's second-biggest cocoa grower, produces about a fifth of the world's total output. The country forecast in October it would produce 650,000 tons of cocoa in the year through September.

Cocoa futures for May delivery rose 24 pounds, or 1.8 percent, to 1,340 pounds ($2,665) a ton on the Liffe exchange in London at 3:57 p.m. local time.

Mid-season increases of cocoa-producer prices are rare, Ntim said, with prices usually fixed at the start of the season and maintained until the following year.

Ivory Coast
Cocobod is concerned that cocoa farmers are smuggling their crop across the border to Ivory Coast, he said.
Prices offered to producers in neighboring Ivory Coast in the second week of February were the equivalent of 1,190 cedis, said Deputy Finance Minister George Gyan-Baffour. The mid-season price increase is the first since a revision in February 2002 to take account of global market increases, Gyan-Baffour said in a speech handed to Bloomberg News today in Accra. He didn't elaborate. Cocobod increased purchases of cocoa beans by 6.4 percent in the first 17 weeks of the current season, Gyan-Baffour said. The board bought 525,310 metric tons of beans since the season began in October, compared with 493,667 tons in the same period a year earlier.

Cocoa pest disease re-emerges in ENB
The National, Papua New Guinea
25/02/2008
There has been a resurgence of cocoa pod borer (CPB) disease in East New Britain province which is threatening to wipe out the K270 million a year industry. The PNG Cocoa and Coconut Institute (PNGCCI) has informed relevant authorities including the government that the dreaded cocoa pest has re-emerged in new areas of East New Britain and in areas where the Government had spent about K4 million to eradicate the pest.

PNG Cocoa board statistics show that East New Britain produces 60% of the national cocoa export output, 80% of which comes from smallholder farmers. The value of cocoa exports from ENB alone in 2006 was K160 million, representing 50% of the province's total exports. Bank of PNG agriculture statistics (September quarter) show that PNG cocoa exports in 2006 earned K179 million. Between January to September 2007, cocoa exports reached K204.3 million. The December quarter figures are yet to come.

CPB had previously decimated the cocoa industries in the Philippines, Indonesia, and Malaysia, which is also the biggest buyer of PNG cocoa. The PNGCCI reports that past evidence shows that CPB is capable of wiping out 90% of PNG's cocoa production within three years as it has done in parts of Asia if left unchecked.

The institute believes that, while export earnings could be replaced through exports of other commodities and minerals, the replacement of wealth distribution would be more difficult, if not impossible, because of the structure of the cocoa industry, where 80% of the exported produce comes from smallholders. There is still hope for the industry though, with Indonesian research showing that proper containment measures and improved cocoa husbandry would slow down cocoa losses due to CPB. But to do so, cocoa farmers will now have to be more professional to increase yields to absorb most of the CPB infestation effects on quality (such as less cocoa butter fat).

Ghana Cocoa Body: Mass Spraying To Control Capsids, Black Pod
INO News
By Francis Kokutse
25 February 2008
ACCRA, Ghana (Dow Jones)--Issac Osei, the chief executive of Ghana's cocoa regulator, Cocobod, says mass spraying to control capsids has started in some of the cocoa-growing areas affected by the pest. In addition, areas that reported black pod have been treated for the fungal disease. Addressing cocoa farmers in Dunkwa-on-Offin in the west of the country, Osei didn't disclose how widespread the disease was but said "everything was under control."

He urged farmers in the area to embrace the use of fertilizer in cocoa production, as those who have begun using it have tripled their yields. "In line with this, the government has decided to subsidize the sale of fertilizer to cocoa farmers," Osei added. He said Cocobod would pay bonuses to farmers for cocoa purchased during the 2006/2007 main crop season in July/August, when farmers would be in greatest need of money. The main cocoa season ends in May. Osei said Cocobod would also be distributing one insecticide-treated mosquito net to each of the estimated 720,000 cocoa-farming families in the country.

Ivorian cocoa export registrations 813,896T by Feb 8
Reuters
(By Ange Aboa; editing by Chris Johnson)
Feb 27, 2008
ABIDJAN, Feb 27 (Reuters) - Ivory Coast registered 813,896 tonnes of cocoa beans for export in the 2007/08 season by Feb. 8, down from 822,399 tonnes by the same stage a year earlier, according to BCC data seen by Reuters on Wednesday.

The average cost, insurance and freight (CIF) price paid by international cocoa buyers such as Cadbury Schweppes (CBRY.L: Quote, Profile, Research) and Mars was 934 CFA francs ($2.13) per kg in the period, up from 857 CFA a year earlier, the data showed. Cocoa beans must be exported within 21 days of registration.

Govt plans big boost for cocoa farming
Economic Times, India - Feb 25, 2008
MUMBAI: The farm ministry plans to increase cocoa production by 60% in next four years to meet rising demand from the Rs 1,500-crore worth chocolate industry and to cut dependency on costlier imports, industry officials said.

Chocolate consumption is gaining popularity in the country on increasing prosperity coupled with a shift in food habits, pushing up the country's cocoa imports. "Production will be around 10,000 tonnes in 2007-08. We are encouraging farmers for cocoa cultivation. We would produce 16,000 tonnes in 2011-12," Venkatesh N Hubballi, head of Directorate of Cashewnut & Cocoa Development, said.

Majority of Indian farmers cultivate cocoa as an intercrop in coconut and arecanut gardens. The total area under cultivation was 32,360 hectares in 2006-07. India's annual cocoa demand is pegged around 18,000 tonnes during the current year, which would necessitate import of around 45% of its total requirement, officials said.

In 2007-08, import of cocoa beans and cocoa products is estimated to jump four fold to 8,000 tonnes from 2,027 tonnes in 2000-2001. Industry players say there is huge scope for expanding acreage considering rising demand and firm global prices.

US cocoa futures hit a 24-year high on February 14 on fund buying. Soft commodity prices have seen waves of support from funds looking for fresh investment avenues, with agricultural commodities tipped as a good bet for 2008.

To secure good quality raw material in the long term, private players like Cadbury India are encouraging cocoa cultivation. "Cadbury India's cocoa department produces over 2.5 million hybrid seedlings annually and distributes it among farmers," a company spokesperson informed in an e-mail.

Its parent company, Britain's Cadbury Schweppes last month said it would invest £44 million over 10 years in cocoa farms in Ghana, India, Indonesia and the Caribbean. Duties and transportation cost make import of cocoa beans expensive.

However, to fulfil demand, industry mainly imports cocoa butter and powder, said an senior official with the Central Arecanut and Cocoa Marketing and Processing Co-operative, a major grinding agency in the country.

Cocoa grinder grinds cocoa beans, which is the basic ingredient to make chocolate. "The climate in many southern and eastern states is favourable for the cultivation. We can bring 300,000 hectares under the crop," Hubballi said. The department has set a target to bring 50,000 hectares under the crop by 2011-12.

"Cocoa requirement is growing around 15% annually and will reach about 30,000 tonnes in the next 5 years," Cadbury India said.

The Market

Coffee Increases on Concern of Inadequate Supply as Cocoa, Sugar Gains
International Business Times, NY
By Francis Mugenyi
25 February 2008
NEW YORK - Coffee rallied on Monday posting the highest gain since 1995 after the funds increased purchases on concern that supplies will not be enough due to high demand for the bean.

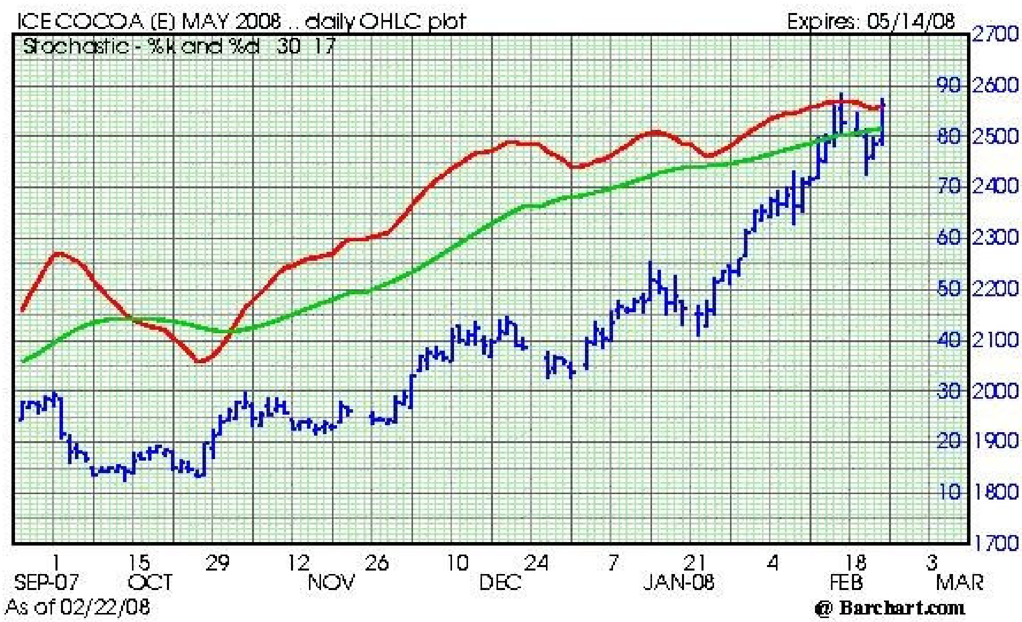
Robusta coffee for May delivery increased by 4.3 percent or $108, to $2,610 a metric ton on the Liffe exchange. Coffee futures for May delivery in New York increased by 0.7 percent to $1.6360 a pound. Coffee growers in Vietnam, the biggest producer of the variety, stopped sales of the beans this year in anticipation of further price gains causing Robusta coffee to increase by 34 percent.

According to the International Coffee Organization, world coffee production of about 123 million and 126 million bags will be just enough to meet demand in the year to October 2009, keeping stockpiles near record-low levels.

Cocoa exports from Cameroon, the world's fourth-largest producer, increased in the week that ended Feb. 24 when the nation exported 635 metric tons of beans but 37 percent lower than the exports in the previous week.

Correction May Have Ended in Cocoa
Inside Futures, IL
By Jurgens Bauer of RJO Futures
February 25, 2008
Friday's rally in cocoa put the active May contract easily within striking distance of its high. It looks like the correction is over, and a push into new highs is eminent. This is also the case with other soft markets. Many experts suggest that fundamentals are not behind these impressive price moves, and that such that prices shouldn't be at these levels-yet cocoa continues to rally. That tells me that the game is on, and inflation is ramping up and funds aren't through buying yet. So if you're considering the short side of the market, do yourself a favor and use strategies that limit your risk-such as buying puts and put spreads. (Selling calls is far too aggressive and scary.) But if you want to make money, my bet is to play the long side.

We keep hearing typically bearish news that the Ivory Coast cocoa product exports have increased close to 15% on the year, and that cocoa bean exports are up 13% on the year. But this news doesn't seem to have the usual effect. And some rain fell in the second 10 days of February, although more rains are needed to support the advancement of cocoa pods for April harvesting. The bottom line is that the market shakes its head at such news, because of what factors are driving prices. It has little to do with cocoa fundamentals, and all to do with macroeconomics.



Basis May, I see Support: 2500, 2450-2400, 2350-46, 2320-2283,

Resistance: 2560-2600, 2650-2700, and maybe even 3000?

Cocoa, Sugar Post Record Gains as Coffee Declines
International Business Times, NY
By Vincent Kigongo Luminsa
26 February 2008
NEW YORK - Cocoa posted record gains on Tuesday in London amid concerns that Ivory Coast supplies were declining and that the bean quality will deteriorate.

Cocoa futures for May delivery increased by 1.1 percent, or 14 pounds, to 1,344 pounds ($2,663) a ton on London Liffe exchange.

Ivory Coast and Ghana, producer of about 70 percent of cocoa supply, experienced drier and hotter weather than normal in January which adversely affected cocoa crops. Cocoa supply was forecasted to decline by 32,000 metric tons short of demand in the 2007-08 seasons.

Robusta coffee dropped after rallying for six days in London trading. Coffee for May delivery dropped by 1.4 percent, or $37, to $2,545 a metric ton.

Sugar for May delivery increased by 1.5 percent, or $5.70, to $381.70 a ton. Global production for October 2007 to September 2008 was forecasted to surpass consumption by 9.309 million tons.

New York Cocoa Settles at 24-yr High as Speculators Buy
Source: Reuters
27/02/2008
New York, Feb 27 - U.S. cocoa futures rose on Tuesday, closing at a 24-year high as speculators kept putting new money into the market, traders said. "Specs are in control, it's new money. In cocoa, they're not challenged. The bears have surrendered. Those paws of the bears, they've been de-clawed," a cocoa dealer said.

On the floor, ICE's benchmark May cocoa futures contract <CCK8> closed up $28 at $2,632 per tonne, the highest close for the second month since June 1984 as seen on a monthly continuation chart. The rest closed from $19 to $35 higher.

On the screen, the May contract <1CCK8> was up $40 at the session high $2,644, by 1:06 p.m. EST (1806 GMT), after tapping the day's low at $2,607. The rest were up from $20 to $40. "It's a continuation (up). The bears can't put up much of a fight and the market keeps going higher," the trader said.

Fund buying pushed the market to another 24-year high in overnight trade. Gains were trimmed by profit taking before speculators pushed prices back up.

In London, cocoa futures touched a five-year peak on renewed fund and speculative buying. The Liffe May contract <LCCK8> closed up 14 pounds at 1,344 pounds a tonne, moving from 1,336 to 1,353 pounds.

ICE estimated around noon that a light 74 lots traded on the floor, compared to the 514 contracts that traded Monday when 12,906 lots were dealt on the screen. Open interest in ICE cocoa futures rose 3,355 lots to 179,949 contracts as of Feb. 25.

Coffee, Cocoa, Sugar Boosted by Surging Global Stock Market
International Business Times, NY
By Jacob Ssekitoleko
27 February 2008
NEW YORK - Robusta coffee increased on Wednesday, posting the highest gain since 1995 in London after investors tried to change from surging global stock markets by buying commodities.

Coffee for May delivery increased by 3.7 percent, or $95, to $2,640 a metric ton, the highest since September 1995 on London's Liffe exchange. Robusta coffee was forecasted to increase as high as $3,000.

Coffee in India, Asia's third-largest coffee producer, was forecasted to increase in the year starting October due to an increase in the amount of rainfall received in the main growing areas.

Cocoa for May delivery increased by 2.5 percent, or 33 pounds, to 1,377 pounds ($2,738) a ton on the Liffe exchange.

Cocoa gained after exports from Ivory Coast, the world's biggest cocoa producer, dropped by 4.5 percent in January, and shipments declined from 186,778 tons to 178,401 tons in December.

Cocoa has increased by 29 percent this year due to the drier weather conditions in Ghana and Ivory Coast, where 70 percent of the world's cocoa is grown.

In an effort to discourage cocoa smugglers, Ghana raised the price that buyers purchase the beans from farmers by 26 percent, increasing it to $1,239 per ton from 950.

Sugar for May delivery also increased by 0.7 percent, or $2.50 to $384.20 a ton.

Another Big up Day for Cocoa Prices
Inside Futures, IL
February 29, 2008

By Jurgens Bauer of RJO Futures

Cocoa rallied again, this time after opening lower and doing some work on the downside first. Cocoa's response was similar to cotton and coffee. I have a theory as to why cocoa, cotton and coffee all recovered from early weakness, almost as if in unison. I believe that margin calls generated by the increase in margin requirements on wheat had a spillover effect in other commodity markets. In fact that impact may present itself again soon, but not to the degree that I believe it did in Thursday's trading.

Now what I mean about how margin calls in one market can impact another is this: Traders-be they fund managers, Pool Operators, CTAs, or what have you-may have found themselves needing to fund positions, and therefore may have decided to eliminate profitable positions in other markets in order to do so. While this may seem unusual to you, it shouldn't be. You may remember how when large moves in one market occur, they sometimes cause a ripple effect in another, seemingly unrelated market. Remember that we are referring to commodity markets here, and many traders trade more than one market; they trade a basket of different commodities to diversify. So when faced with this type of situation, it makes sense to liquidate profitable positions elsewhere when they are available to fund a position. I've seen traders do it all the time. Maybe you have even done it yourself.

So my theory is that on Thursday morning some of the early weakness we saw in the soft markets could have been partly due from positions being taken off in an effort to free up funds. By getting out of some longs in the soft markets, traders could use that money to shore up margins elsewhere.

Since obvious profitable positions in the soft markets have been provided mainly from long positions, my theory holds that longs were liquidated. And once that selling subsided, then a vacuum of sorts existed above these markets. This weakness in prices, caused by the wave of selling, first provided buyers seeking to add to longs with an ideal opportunity. Then since there was less resistance overhead, it allowed prices to be greatly influenced by this buying-which caused prices to rise.

It is only a theory-and one that might be hard to prove, since open interest simply changed from one hand into another-but it also is worth pointing out that this may have also moved positions from weaker hands into stronger hands. If I'm right then we may see similar opportunities should additional selective margin increases come about.

Basis May, I see Support: 2560-2500, 2450-2400, 2350-2320-2283

Resistance: 3000

Commodity Prices Surge, As Investors Seek a Haven
Wall Street Journal - Feb 28, 2008
By TOM LAURICELLA and ANN DAVIS
The powerful rally in commodity markets is defying a global economic slowdown because investors are fleeing battered stock and bond markets, and the impact of their cash is being amplified by new, easier ways to buy and sell raw materials.

Demand remains strong and supply tight for many commodities, helping drive prices to record heights. But, in recent weeks, institutions, hedge funds and individuals have fueled much of the surge in everything from oil to wheat to platinum by pouring money into new investment vehicles that let them quickly and easily make big bets in relatively small markets.

Yesterday on the New York Mercantile Exchange, oil surged $2.95 to $102.59 a barrel, a new high in nominal terms. After rising 12% this month, oil prices are now just below their inflation-adjusted peak of $103.76 set in 1980.

But oil has been a laggard compared with other commodities. So far this year, natural-gas prices are up 26%, coal is up 56%, platinum up 41%, wheat up 32% and cocoa up 38%.

Few anticipated the strength of the latest run-up in prices. As 2007 ended, it appeared that a slowing global economy would ease demand for commodities and push down prices. Instead, commodities have been riding a wave of investment money diverted from stocks and bonds by investors chasing better returns. A weaker dollar, lower interest rates and fears of inflation have added momentum to the rally.

"People are wondering where they should put their money. Treasury bonds are overpriced, they're scared to death about equities, and they're even afraid of money markets," says Shawn Rubin, a senior adviser at Smith Barney. "So everybody is asking about commodities."

Bubble Worries

The price run-ups are leading some analysts to declare bubbles in the hottest markets. That raises the prospect that some commodity prices could come tumbling back down as rapidly as they have risen if they aren't underpinned by genuine demand.

"As an economist it's hard for me to sit here and look at corn and bean and wheat prices and explain it with fundamentals," says Dan Basse, president of AgResource, an agriculture market-research company in Chicago. "The market would suggest we're extremely overpriced," he says.

Trading volume in commodities futures and options contracts has soared across the globe, with the number of agricultural contracts gaining 32% from a year earlier, followed by industrial metals and energy products, which increased by 29.7% and 28.6%, respectively, according to the Futures Industry Association.

Last month, Nymex, the world's largest physical commodities futures and options exchange, handled a record 1.7 million contracts each day, fueled by a 163% year-to-year increase in electronic-trading volume.

Index-Based Strategies

Speculative trading in commodities is nothing new, but the inner workings of the market, which is based on real assets stored in warehouses, has in the past limited its appeal. That's changed in recent years in part because of index-based commodity strategies that allow investors to own a broad cross section of commodities all at once.

Hedge funds and small investors alike have been especially attracted to exchange-traded funds, or ETFs, that allow investors to buy and sell anything from steel to coal to broad baskets of goods on exchanges in the way they buy and sell stocks.

The big inflows of cash may be having the biggest impact in relatively small markets like those for corn, wheat and other agricultural commodities. "The grain markets are not used to the kind of levels of investment money that are coming in, whether it's from index funds or hedge funds," says Joseph Victor, vice president of market research at Allendale Inc., a commodities research firm in McHenry, Ill.

Commodities ETFs now hold about $30 billion, up 90% from a year ago, according to State Street Global Advisors. Traditional mutual funds are also diving into this business.

The Commodity Real Return Fund run by Allianz AG's Pacific Investment Management Co., is the largest, with $14 billion under management. And index funds that track major commodity indexes such as the S&P GSCI and the Dow Jones-AIG Commodity Index are bigger still. Ben Dell, an analyst at Sanford C. Bernstein & Co., estimates that investors have poured roughly $175 billion to $200 billion into commodity-linked index funds since 2001.

Five or 10 years ago, "if you didn't have a certain scale, playing in the commodity markets was very difficult," says John Shapiro, global head of commodities at Morgan Stanley.

Even when oil was cheaper, at $20 a barrel, he says, a single oil futures contract for 1,000 barrels of oil cost $20,000. Wall Street brokers typically expected to handle orders for much more than that.

Even for bigger institutions that typically focused on stocks and bonds, trading futures was a cumbersome process. But now, a range of new financial products has made the market more accessible to both big pension funds and small investors.

"The alternative ways that people can play the commodities markets are much broader than they used to be. And the choices the retail investor has to participate in the market are much better," adds Morgan Stanley's Mr. Shapiro.

At the same time, electronic trading of commodities has exploded, giving hedge funds direct access to markets they previously could reach only through brokers in the trading pits of commodity exchanges.

Energy Marketplace

Nymex, the world's primary energy marketplace, expanded electronic trading of its main crude-oil benchmark a year and a half ago. Today, 91% of all trading in Nymex's crude contract is electronic, according to Citigroup analyst Tim Evans.

At first, this democratization of the commodities markets was concentrated in energy trading. But speculators have piled into metals and, more recently, agricultural commodities, as prices have taken off. That's in part due to commodity-index funds, which are popular with institutional investors because they provide relatively cheap exposure to all kinds of commodities.

But the flood of cash can overwhelm markets. Today, commodity-index investors make up around a fourth of total bets outstanding in many agricultural commodity markets, figures from the Commodity Futures Trading Commission show. According to CFTC data analyzed by Barclays Capital, commodity index funds hold 31% of the open bets in wheat contracts and 23% of the soybean contracts on the Chicago Board of Trade.

Mr. Basse of AgResource calculates that commodity index funds hold contracts for about one billion bushels of soft red winter wheat, about twice what the U.S. will produce this year.

The flood of money has complicated life for the Federal Reserve and for traditional commodity investors, in particular companies that use and store grain. For the Fed, which has been cutting short-term interest rates to bolster the economy, higher commodity prices raise the risk of inflation.

Hedging Exposure

For producers and silo operators who often will try to hedge their exposure to fluctuating commodity prices by betting that prices will fall, the huge rallies have caused unexpected losses. "Right now it's very risky to short commodities," says Hussein Allidina, global commodities research strategist at Morgan Stanley. With inventories low across the board "your buffer is very low."

If it persists, the commodity rally could have serious consequences for the global economy, bidding up the prices manufacturers pay for raw materials and consumers pay for finished goods. Already food prices are up sharply, and some analysts expect gasoline to top $4 a gallon in the U.S. this spring. That could put a squeeze on both household and corporate budgets.

The price of wheat used to make bread and pizza crust has risen more than fourfold in the past year. And some countries are curtailing exports. When Syria recently canceled some export contracts, an Egyptian newspaper editorial accused it of "using wheat as a weapon."

Commodity bulls say that underlying demand from fast-growing economies and supply shortages will keep prices strong. "People had overlooked the tightness on the supply side," says Mr. Allidina. Among industrial commodities, "inventories are very low and that keeps prices higher." And when it comes to agricultural goods such as corn and soybeans, "there's been two years of supply disruptions and there's an inability to meet demand."

But others say the prices have risen too quickly recently. "Looking at commodity prices you would think the global economy was poised to break all previous records of strong growth," wrote Marco Annunziata, chief economist at UniCredit on Wednesday.

--Joanna Slater and Diya Gullapalli contributed to this article

Processing & Manufacturing

Indian chocolate demand fuels domestic cocoa increases

By staff reporter

ConfectioneryNews.com, France - Feb 25, 2008

25-Feb-2008 - In response to rising demand in the chocolate industry and reduce dependency on imports, Indian cocoa producers have said they will increase domestic cocoa production by 60 per cent in the next four years.

The Indian market is thought to be worth some 15bn rupee (€0.25bn) and has been hailed as offering great potential for Western chocolate manufacturers as the market is still in its early stages.

Chocolate consumption is gaining popularity in the country due to increasing prosperity coupled with a shift in food habits, pushing up the country's cocoa imports.

Firms across the country have announced plans to step-up domestic production from 10,000 tonnes to 16,000 tonnes, according to Reuters.

The country's annual cocoa demand is thought to be around 18,000 tonnes. To secure good quality raw material in the long term, private players like Cadbury India are encouraging cocoa cultivation, the news agency said.

"Cocoa requirement is growing around 15 percent annually and will reach about 30,000 tonnes in the next 5 years," Cadbury India said in the article.

Market potential

Indeed, according to an industry study in October by Reporter Buyer, a burgeoning taste for chocolate in this region is driving domestic demand, creating new markets for chocolate makers.

Compared to the highly developed confectionery markets in Western countries, Asian countries are at earlier stages of development, according to the report Chocolate Challenges. For example, the US market is valued at between $14bn (€9.9bn) and $17bn (€12bn), while India's chocolate operations are valued at only $188.6m (€132.8m).

But China, India and Japan have huge potential for chocolate companies, the report states, and chocolate consumption in the region is currently increasing at a rate of 25 per cent a year in the Asia-Pacific region.

CPC records 24 percent increase in gross profit in 2007

Chief Executive of COCOBOD, Mr Isaac Osei

The Cocoa Processing Company (CPC) recorded a gross profit of GH¢ 3,682,779 in 2007 representing an increase of 24 percent over the GH¢ 2,971,200 recorded for 2006. The Company's net profit however, declined over the same period.

The Chairman of the Board of Directors of the CPC, Nana Obiri Boahen, announced this in a speech read for him at the company's Annual General Meeting (AGM). He said the company performed better in the year under review (2007) than the previous year regardless of the crippling energy crisis that hit the country.

Nana Boahen attributed the low net profit (which was not disclosed), to a number of factors, citing payments made to redundant staff, an ongoing expansion programme at the factory as well as the energy crisis. He said a total of GH¢ 440,330 would be paid to shareholders as dividend with a share attracting four Ghana pesewas. The increase in shares from 861 million to 1.1 billion, he noted has however affected the magnitude of the dividend to be shared. He stressed that the company's operational cost had increased significantly during the period because the company had to rely on alternative sources of power to run.

According to him the CPC lost about 172 hours of production time each month during the power crises, adding that, the power fluctuations during the period also caused considerable damage to some of the plant's electronic components.

Elaborating on the company's operational strategy, he observed that for the company to operate efficiently and remain focused on its core business, the "CPC divested itself from many of its non-core activities by outsourcing its transport, security, laundry, cleaning and canteen sections". He assured shareholders that productivity would increase when the second phase of the expansion programme on the 35,000 metric ton capacity factory is completed in the second quarter of 2008.

Mr Isaac Osei, Chief Executive Officer of the Cocoa Marketing Board (COCOBOD) who is also a member of the Board of Directors said the CPC ceased to be a subsidiary of COCOBOD 10 years ago.

Reacting to a concern raised by a shareholder on COCOBOD's inability to renovate and make effective use of the silos situated at the CPC premises as storage facilities, Mr Osei said that although the silos were government facilities, COCOBOD had no authority over them.

The AGM was nearly disrupted when some of the shareholders got offended by a statement Mr Stephen Kwaku Balado Manu, a member of the board made in reaction to a shareholder's assertion that the directors were squandering shareholders' investments.

Mr. Balado Manu, MP for Ahafo Ano North rejected the charge, arguing that the board members were responsible people who would not go about doing anything that would tarnish their reputation.

Source: GNA

Functional chocolate creeps up on mainstream
By Charlotte Eyre
ConfectioneryNews.com, France - Feb 27, 2008
27-Feb-2008 - A quarter of Western consumers are interested in chocolate with physical or emotional health benefits, according to Barry Callebaut, indicating that there is a strong market for functional products.

According to data gathered on behalf of the chocolate firm in Belgium, Switzerland, France, Germany, the UK and the US, 27 per cent of consumers in these countries buy chocolate to promote a feeling of well-being and boost their mood.

While it has for a long time been known that ordinary chocolate boosts serotonin levels in the brain, which produces feelings of elation, Barry Callebaut claims that almost the same number of consumers are increasingly interested in functional products that claim to have added benefits.

According to the survey, about 21 per cent of consumers across the six countries are now interested in chocolate that has added functional ingredients.

"The data shows that functional chocolate is quickly gaining in popularity," said Barry Callebaut's chief innovation officer Hans Vriens. "Consumers are increasingly seeking chocolate that offers them clinically proven physical or emotional health benefits."

According to the survey, functional chocolate is most popular in the US, where 14 per cent of consumers say they eat it at least once a month. The Americans are closely followed by the Swiss, 12 per cent of whom say they eat functional chocolate once a month.

Health claims
In terms of the desired effect of eating chocolate, the claims "is beneficial to the heart", "enhances your memory", and "is tooth-friendly", were all flagged up by the consumers questioned.

Barry Callebaut has been looking to profit from this trend for several months now, and has produced a range of functional products for the confectionery market.

These include Acticoa, a cocoa powder that contains a high level of the antioxidant polyphenols, pro-biotic chocolate for gut health, and a tooth-friendly chocolate made with isomaltulose, a natural constituent of honey and sugar cane.

The company's claims over the popularity of such products appear to be backed up by market research, as Euromonitor reports that the functional market has grown by 15 per cent on average per year over the last four years, however there has recently been some backlash from regulators and health advisors.

Controversy
However there has recently been some backlash over functional chocolate from regulators and health advisors. In 2006, Mars came under fire from regulators in the US after making claims on its CocaVia range such as: "Promotes a healthy heart", and "Now you can have real chocolate pleasure with real heart health benefits".

The Food and Drug Administration consequently sent a letter to the company threatening to take legal action if Mars did not remove the claims, warning that the chocolate products could not be viewed as health foods due to the high level of fat.

In the EU, the commission is currently compiling a list of approved health claims, but medical journal the Lancet warned last December that chocolate manufacturers are currently under no obligation to state the exact content of functional ingredients.

For example, manufacturers rarely label their products with the exact flavanol content, keeping consumers in the dark over how many antioxidants there are in a chocolate product at any one time.

The journal also said that many manufacturers often keep the flavanol content of a chocolate bar relatively low because of the naturally bitter taste, only to then darken the cocoa solids with coloring at a later date for aesthetic purposes.

Analysts at Frost and Sullivan also warned earlier this month that confectioners risk losing market share if they fail to win health claims for their products.

Business & Economy

More Cash For Cocoa Farmers
Modern Ghana, Ghana
By Patrick Ampong-Baidoo
28 Feb 2008
Government has announced an increase in the producer price of cocoa for this year, from GH¢950 to GH¢1,200 per metric tonne, a 26.4 percent rise. Disclosing this in Accra on Monday, Professor George Gyan-Baffour, Deputy Minister of Finance and Economic Planning said government would also pay bonuses for the 2007/2008 main crop season. This new adjustment means a bag of 64 kilogrammes of cocoa will now be bought at GH¢75 instead of the current price of GH¢59.375.
The Deputy Minister emphasized, "This is the second time in seven years that the producer price has been adjusted upward," adding, "The last time such a revision was made was during 2001/2002 season which sought to reflect the prevailing development in the global cocoa market." He however indicated that with the projected tonnage of 111,050 yet to be purchased, government would incur an extra cost of about GH¢28 million for the rest of the season.

On the payment of bonuses, Prof. Gyan-Baffour said, "Farmers who sell their cocoa to registered local buying companies (LBCs) in the country will be paid additional monies at the end of this cocoa season for their sales." He added that the second tranche of bonuses for the 2006/07 season would be paid in June or July this year as promised by government. The first tranche of GH¢16 million has already been paid by the COCOBOD. He said government would continue to ensure that stakeholders in the industry are paid economic rates and fees so that their businesses remain profitable.

Isaac Osei, Chief Executive of the Ghana Cocoa Board said with this new price, purchases declared by LBCs as at week 18 ending February 21, 2008 would attract the old producer price of GH¢ 950 per tonne whilst those made after February 21, would attract the new producer price. He described the new price as competitive when compared to prices being floated in neighbouring countries. "It will also put more money into the pockets of farmers and therefore enhance their welfare", he added.

Fairtrade chocolate experience is so divine
Express & Echo, UK
28 February 2008
Children were left licking their lips after a day learning about Fairtrade chocolate at a city school. The event was organised as part of Fairtrade Fortnight, with more than 50 pupils from eight schools in and around Exeter cooking, creating and talking chocolate at the West of England School and College for children with little or no sight in Topsham Road.

Two cocoa workers from Ghana were special guests and spoke to the children about how Divine chocolate is made and how Fairtrade helps farmers like them and their communities. The youngsters also got to cook Fairtrade flapjacks or muffins, learn about cocoa on computers and paint a banner.

Lauren Watkins, 11, from Clyst Heath Nursery and Community Primary School, said: "It's good to buy Fairtrade. I tried a bit of Divine chocolate and it was nice."

Melissa Ellicott, nine, also from the Clyst Heath school, said: "I learned that in Ghana people can't afford to buy chocolate. I thought that was sad."

Children from St Michael's C of E VA Primary School in Heavitree also learned a lot.

Daniel, 10, said: "We've been to the ICT suite to learn about cocoa beans. I found out a ripe cocoa bean is yellow."

Jack, nine, said: "It's good to buy Fairtrade because some other brands use child labour and Fairtrade doesn't."

Nathan, also nine, is already a regular consumer of Divine chocolate.

He said: "I found out that Fairtrade farmers get paid a lot of the money from the chocolate and that's good." Paul Ayepah and Aduhene- Tano Kojo are the two Ghanaians who visited the school. They are both recorders for Kuapa Kokoo Ltd and receive the cocoa farmers bring them. It is then made into Divine chocolate and sold in the UK.

The foundation has meant Paul's community now has a well, providing clean drinking water. He said: "Fairtrade has given us a premium and we use that money for projects in the community. My children used to have to travel many miles for water. "We are far better off than communities without Fairtrade. It's fantastic to come to England and see people buying the chocolate."

Aduhene-Tano Kojo, who works for the same company, said Fairtrade had meant his five children could go to school. He said: "We want more people to buy Divine chocolate because we're given a 45 per cent share of every chocolate bar people buy and that goes to our families and helps a lot. "The children here are very happy to meet us and have said they'll buy Divine chocolate now."

Carolyn Hallett, 54, is the global citizenship co-ordinator, as well as head of maths, at the West of England School and College, which has a Fairtrade tuck shop. She said: "The children here think Fairtrade's really valuable. They don't understand why anybody doesn't use it wherever possible. They really enjoyed the day. It's always difficult to comprehend something going on thousands of miles away but this is giving them a first-hand experience."

Bitter chocolate: U.S. foreign regulators probe price fixing claims
By: JANET FRANKSTON LORIN - Associated Press | Thursday, February 28, 2008 12:33 AM PST ∞

Post your Comments Increase Font Decrease Font email this story print this story If you felt that your Valentine's Day chocolates were not such a sweet deal this year, you're not alone. Regulators are investigating price fixing among candy makers in at least three different countries.

Early this month, the German Federal Cartel Office raided the offices of seven of leading chocolate companies including Mars Inc., Kraft Foods Inc. and Nestle SA searching for documents. Three months ago, Canada's Competition Bureau searched the offices of several companies, many of the same ones as in Germany.

The Canadian investigation sparked several American lawsuits accusing the world's biggest chocolate companies of violating antitrust laws.

The U.S. Department of Justice declined to confirm it is investigating, yet several companies confirmed receiving inquiries.

The retailers and consumers who filed suit allege the companies needed to fix prices because while the costs for raw materials such as milk and cacao have increased, sales of chocolate in the U.S. have remained relatively flat in recent years. Chocolate manufacturer sales grew by 2.9 percent in 2007 to $16.3 billion, according to the National Confectioners Association.

The cases detail how informants kept letters for years, showing that Canadian executives exchanged confidential pricing information dating back to 2002 through e-mail, phone and meetings.

Marilyne Nahum, a spokeswoman for the Competition Bureau, declined to discuss the details of the ongoing investigation and said no charges have been filed. The companies could face criminal conspiracy charges, which carry penalties of up to $10 million Canadian dollars and/or five years in prison.

According to affidavits submitted in an Ontario court to obtain search warrants, top executives at Hershey Co., Mars and Nestle met secretly in coffee shops, restaurants and conventions to set prices. The volume of commerce involved is potentially in the billions of dollars per year.

The German Cartel Office has said it suspected the companies had conspired with one another to raise their prices even higher than the increase in the price of raw materials, such as cocoa and nuts, would have demanded. If the office finds evidence of collaboration, the companies face possible fines of up to 10 percent of their annual income.

Several of the companies say they are cooperating with investigators.

Mars North America was contacted in early December by the U.S. Justice Department about a preliminary inquiry concerning pricing practices in the U.S. chocolate confectionery industry, said spokeswoman Alice Nathanson.

"We will fully cooperate with any investigation that may be launched," she said.

She also confirmed German officials visited the company's offices in Viersen last week. In Canada, Mars continues to cooperate the Canadian Competition Bureau's investigation.

"As the bureau has stated, it has not reached any conclusions of wrongdoing and is still at the investigative stage," Nathanson said.

Edie Burge, a spokeswoman for Nestle USA, said the company "is aware of a preliminary investigation into marketing practices in the U.S. chocolate industry being conducted by the Department of Justice," and will cooperate with any investigation, but has not been contacted.

A spokesman for Hershey declined to comment.

Yet in addition to the government investigations, the companies are facing lawsuits from a gaggle of plaintiffs.

A New Jersey confectionery company filed the first lawsuit in late December, charging price fixing by an international cartel of companies -- Hershey and Mars, the leading chocolate companies in the U.S., along with other companies such as Nestle and Cadbury Schweppes PLC.

The confectioners claim that a cartel raised prices three times since 2003 and planned another hike for 2008.

German officials said the companies raided this week had agreed at the beginning of the year to raise prices.

At least 45 similar suits have been filed in eight states on behalf of more than 50 consumers and companies like CNS Confectionery Products of Bayonne, N.J.

CNS, a 13-year-old company that manufacturers chocolate products, sued its suppliers to get back what it called overpricing, said attorney Hollis Salzman, who represents CNS and whose firm seeks to lead the class action lawsuit.

Direct purchasers like CNS often don't want to sue their suppliers because they fear retaliation, but given the Canadian investigation, CNS's owners felt they had to step forward, Salzman said.

A federal court in Newark next week is scheduled to hear a motion to consolidate the 16 New Jersey cases. Another federal court will determine which district in the U.S. will hear the consolidated cases. After an initial hearing expected in late March, a decision could take months.

If the class action suit is successful, manufacturers like CNS could recover their share of the chocolate purchased, Salzman said.

Other plaintiffs would be eligible to collect damages if they purchased chocolate directly from the companies, either as manufacturers or from company-owned sites such Hershey Park in Pennsylvania or retail outlets such as Mars's M&M stores. That could involve potentially billions of dollars for hundreds of thousands of consumers, Salzman said.

Yet consumers aren't surprised to hear about the alleged plot.

"Oil and gas prices are fixed, and diamonds," said Owen Cullimore, 37, an accountant from Long Island, N.Y. "Why should chocolate be different?"

He buys about $50 worth of chocolate per year, including Cadbury bars with nuts. He said wouldn't be bothered if he had been paying more.

"It's a nominal fee," Cullimore said.

Chocolate sales in the U.S. have been essentially flat for the last six years, hovering at just under $16 billion annually, excluding sales from Wal-Mart, said Marcia Mogelonsky, an analyst with Chicago-based market research firm Mintel International Group. Sales of dark chocolate, which has a perceived health benefit, and premium chocolate have increased and pulled market totals up, she said.

"People have been more educated about what good chocolate should taste like, and they're willing to pay for good chocolate," she said.

Labour Issues

Strike Halts Cocoa Arrivals at Cameroon Douala Port (DJ)
Source: Dow Jones Newswires
25/02/2008
Yaounde, Feb. 25 - An indefinite nationwide strike Monday by commercial transporters has halted the movement of cocoa beans from farmgates to the port of Douala, several traders and industrial sources told Dow Jones Newswires Monday. "We have received no cocoa from either the main cocoa regions South-West or Center provinces," said Ebenezer Epey, a cocoa docker in the port.

Commercial, urban and interurban transporters, as well as taxis, started the strike Monday calling on the government to reduce fuel prices. The government raised fuel prices to 600 CFA francs ($1.38) a liter from XAF583/liter over two weeks ago, which drew widespread protests. A meeting last week between Cameroon's Minister of Labor and Social Insurance Robert Nkili and the transporters' syndicate collapsed, with members of the transport syndicate vowing that even privately owned vehicles wouldn't move on the roads, threatening to burn any vehicle that did.

The government has deployed paramilitary police to key locations where transporters had planned to mount barricades to stop traffic. In Douala, security forces and eyewitnesses told Dow Jones by telephone that tension is mounting between protesters and the troops, who are using tear gas and water cannons to disperse crowds that are burning tires and blocking traffic.
"We have suspended transport of cocoa from the South-West province to the port of Douala because of the uncertain and gloomy situation there," said Joseph Nde, quality manager at the province's leading cocoa controller, the Cameroon Marketing Company, or Camaco. Camaco controls an estimated 30,000 metric tons of cocoa from the South-West.

"We cannot risk to take out cocoa and trucks to Douala in the heart of such deadly strike actions," said Romuald Ndongo, who buys cocoa from the Center province and sells in Douala.

The South-West province accounts for at least half of Cameroon's annual cocoa output, followed by Center province, which produces between 30%-35% of the crop, industrial data show. Cameroon produced 179,239 metric tons in the 2006-07 season, up from 164,301 tons the season earlier, according to CCIB data.

Stakeholders step up efforts to fight child labour
Ghana Broadcasting Corporation, Ghana
By GNA
27, February, 2008
The Ministry of Manpower, Youth and Employment has intensified efforts towards the elimination of child labour in cocoa growing areas to help sustain the high patronage of Ghana's cocoa on the world market. Ghana's cocoa, which has over the years been widely acclaimed for its premium quality has in recent times suffered boycott threats on the world market following a United Nations (UN) report suggesting that children are being exploited in cocoa farms in Ghana. To this end, the Ministry in collaboration with other Non-Governmental Organisations (NGOs) have rolled out various programmes aimed at stemming the practice to sustain the cocoa industry, which is the mainstay of the nation's economy.

The programmes, which includes the formation of child protection committees at the district and community levels, workshops to build the capacity of committee members, public education as well as the withdrawal of victim's and their re-integration into society, would cover the Ashanti, Eastern and Western Regions. The Ministry and the Child Rights International, an NGO, has selected 30 communities in three Districts including Suhum-Kraboa-Coaltar, Kwaebibrim and Asante-Akim South to benefit from a community-based programme to identify victims of child labour. As a first step, a workshop has been organised for 50 community-based committee members drawn from selected communities at Juaso to sensitise participants on the significance of the programme.

The Asante-Akim South District Co-ordinating Director, P.K. Sarpong Siaw, said, cocoa is the life blood of the nation's economy hence it is imperative for stakeholders to join hands in the fight against child labour in cocoa farms. He expressed his concern over the number of people working in the cocoa industry, who are likely to lose their jobs apart from its effect on the economy in the event of a total ban of Ghana's cocoa on the world market. He therefore implored the participants to play their respective roles effectively to ensure the success of the programme.

The Executive Director of Child Rights International, Bright Appiah,noted that the programme is aimed at withdrawing child victims from cocoa farming activities and rehabilitate them in formal and informal institutions for skills and academic development for their future livelihood. He said withdrawn children would then be assessed to discover their areas of interest and potentials to determine their appropriate placement, adding that the handing over of children in selected institutions of learning would be witnessed by programme officials, district officers, guardians and parents.

Mr Appiah added that the assemblies would liaise between the programme and institutions in which the children would be placed and also monitor their development and called for the co-operation of all stakeholders

Farmers say yes to import labour from Guyana
Trinidad & Tobago Express, Trinidad and Tobago
Ariti Jankie South Bureau
Friday, February 29th 2008
FARMERS who lament the shortage of labour have approved a recommendation to import labour from Guyana. The importation of labour from Guyana has been recommended by Government-appointed Trinidad and Tobago Agri-Business Association (TTABA). It found support among poultry, dairy and food crop farmers who said that a shortage of labour had cost them an overseas market for chadon beni, melongene, pumpkin and hot pepper.

A feasibility study by TTABA pointed to Guyana where a labourer would be able to take home a net profit of $7,080 after six months at a daily wage of $140 after deductions for food and accommodation. Based on the calculation of $20 a day paid for rent, $30 for meals and deductions of 80 per cent of air fare, labourers would be required to work for 22 days a month with a total earning before deductions of $18,480 a month. In Guyana, the same labourer would earn $4,158 for the six-month period of time.

At a stakeholder's meeting held at Auzonville Mall, Tunapuna last Wednesday, TTABA Chief Executive Officer Vassel Stuart said that the shortage of labour was crippling the industry. He said that plans to place 120,000 acres of land under food crop cultivation within the next five years would only be realised by the importation of labour.

TTABA was set up in May 2007 with a mandate to restructure and expand the agricultural sector with a $170 million budget over a five-year period.

Robin Philip, Director of Marketing at poultry producers Arawak and Company said that the company could not find workers and urgently needed 200 labourers. He said that Arawak paid $165 a day for farm labour. He supported the call for an importation of labour by pointing to the Cocoa and Coffee Industry in which labour was required to harvest this year's crop.

A member of the Cocoa and Coffee Industry Board, Phillip said: "With the price of cocoa riding high on the global market, farmers are throwing away gold by their inability to harvest the crop."

A Princes Town farmer said that he had been employing Guyanese labourers for the past eight years. He said that while TTABA was talking about the importation of labour from Guyana, farmers were a step ahead and had already been travelling to Guyana to source and bring home labourers for their farms.

TTABA executive officer and export merchant Farouk Shah said that so far 400 farmers have been contracted for the production of paw paw, cucumber and hot pepper. He said that TTABA had begun purchasing cassava and sweet potato at $1.30 a pound and paw paw at $1.50.

Buying chocolate can get messy when child labor is in the picture
Scripps News, DC - Feb 28, 2008
Submitted by SHNS on Thu, 02/28/2008 - 15:07. By JOAN OBRA, Fresno Bee western news
OAKHURST, Calif. -- For many folks, chocolate is a guilty pleasure. But for eighth-graders at Mountain Home Charter School, a chocolate fund-raiser inspired only guilt. That's because about 70 percent of the world's cocoa -- taken from the cacao tree to make chocolate -- comes from West Africa, where reports of abusive child labor have circulated for years.

Alarmed by the evidence, eighth-grader Masha Bluestein hoped to change Mountain Home's fund-raiser for a class trip to Catalina Island. So she and her mother, Cordia Bluestein, pitched an idea to the other parents: Instead of selling any old chocolate, let's choose chocolate that's certified fair trade.

The certification, they explained, indicates products made without abusive child labor, such as work that prevents children from attending school, uses hazardous farming practices or includes child slavery. "I really didn't expect people to be particularly receptive," Cordia Bluestein says. "But everyone agreed. They said, 'If it's wrong, it's wrong.' "

Now, instead of $1.50 candy bars, the students are selling $3 bars of milk chocolate, bittersweet chocolate and peppermint crunch from Sweet Earth Organic Chocolates, a certified fair-trade company in San Luis Obispo.

There wasn't necessarily a problem with the previous candy, says Joan Madaus, Mountain Home's eighth-grade coordinator.

But the students wanted a guarantee that none of the candy was made with abusive child labor, and Sweet Earth was able to provide what they needed. "I think it's wrong to have children in slavery to pay for our field trip when we can use fair trade for the same reason," Masha Bluestein says.

Eliminating abusive child labor isn't as simple as buying fair-trade products. The problem has deep economic and political roots. And the proposed solutions are just as complicated.

To understand the rise of child labor, consider the example of Ivory Coast in West Africa. According to a 2006 report from Fafo, a Norwegian foundation that studies issues such as trafficking and child labor, Ivory Coast tripled its cocoa output between 1955 and 1970 by welcoming migrant workers and expanding the country's farms.

To cut costs, these farms used child labor -- a tool that was seen as "even more necessary as world cocoa prices plummeted in the late 1980s and early 1990s," the report said. There were other reasons to slash costs. Ivory Coast President Felix Houphouet-Boigny supported his government with "rents extracted from the cocoa economy," states the report, titled "Child Labor and Cocoa Production in West Africa."

After Boigny died in 1993, political instability worsened. From 2002 to 2004, the country was entangled in civil war. In the cocoa-producing areas, natives and migrants bitterly fought over farmland. By this time, news reports had alerted the world to child labor problems in Ivory Coast and Ghana.

In 2001, Rep. Eliot Engel, D-N.Y., and Sen. Tom Harkin, D-Iowa, created the Harkin-Engel Protocol, which pushes to have those countries eliminate abusive child-labor practices. When the countries didn't meet the 2005 deadline, the protocol was extended until July 1, 2008.

It's considered unlikely that abusive labor will be significantly diminished by the deadline. Tulane University, which was hired by the Department of Labor to monitor the efforts, says the countries have created pilot programs to monitor child labor, but have yet to quantify the problem.

Given these conditions, what can a socially conscious shopper do? The answers: Buy chocolate that's free of abusive child-labor practices. And support companies that fight poverty and economic decline -- two factors responsible for abusive child labor in West Africa.

This is easier said than done, however. A look at chocolate on the shelves of Whole Foods Market, for example, shows some confusing choices. Vintage Plantations products have been certified by the Rainforest Alliance, a nonprofit group that supports sustainable agriculture. Alter Eco's products are certified fair trade by TransFair USA. Endangered Species Chocolate calls its products "100 percent ethically traded." The labels also state that "10 percent of net profits (are) donated to help support species, habitat and humanity."

And then there are Trader Joe's Swiss milk and Swiss dark chocolates that bear the Equitable Trade logo. According to its Web site, www.equitabletrade.org, the association incorporates "a more comprehensive, more meaningful and more transparent set of social, business, environmental and ethically responsible principles and standards into business and trade practices."

The array of choices forces consumers to study different companies and organizations, then decide which ones they trust the most.

One of the most well-known organizations is TransFair USA. Spokesman Anthony Marek explains how it works: Fairtrade Labelling Organizations International in Bonn, Germany, is the umbrella organization for more than 20 fair-trade certifiers. It audits participating farmers in developing countries to verify the absence of abusive child labor and the reinvestment of revenue in projects such as health-care programs, scholarships and microloans to businesses.

In the United States, TransFair USA audits companies to ensure they're paying at least the fair-trade price to these farmers. (Fair-trade agreements set a higher minimum price than the market.)

Marek urges shoppers to choose chocolate with the "fair-trade certified" logo, which depicts a person holding a bowl in each hand. Such products contain 100 percent fair-trade certified products, he says.

Others

Cocoa farmers appeal to COCOBOD to ensure bonus payments
Joy Online, Ghana
24-Feb-2008
Cocoa farmers at Duakwa and surrounding communities in the Central Region, on Saturday appealed to the Ghana Cocoa Board (COCOBOD), to ensure that monies released to licensed cocoa buying companies in respect of bonuses reached the farmers.

Opanin Kwaku Mensah, a cocoa farmer, told the GNA at Akim Oda that most of the farmers had not received their bonuses for cocoa beans sold at Duakwa for the 2005/06 and the 2006/07 main crop seasons. He said though the system for the disbursement of bonuses was straight forward, the purchasing clerks (PCs) of the various societies (sheds), made it cumbersome for the farmers, especially the illiterates among them to understand the process for payments.

Opanin Mensah said in the end the farmer was totally cheated, or given only part of his bonus. He explained that since the bonus was only meant for the farmer, the government had to ensure that such huge sums of money was not shared among officials who had not worked for it or who did not have any cocoa farms. The farmer explained that funds released to the buying companies as bonuses to farmers were passed on to a District Officer (DO) who also disbursed the bonuses to the farmers through the PCs. He stated that between the DO and the PCs, some irregular activities occurred, thereby defeating the purpose of the disbursement of the bonus. The PCs at this point normally found faults with the farmers and made some deductions against the share of his their bonuses, he stated.

International Cocoa Verification Board Issues RFP for Verification of Certification Activities in West African Cocoa Farming
CSRwire.com (press release)
February 25, 2008
(CSRwire) AMHERST, MA - February 25, 2008 - The International Cocoa Verification Board (ICVB) announces the official publication of the Request for Proposal (RFP) for Verification of Certification Activities in West Africa. The RFP is being distributed among industry, government, and civil society representatives active in the fields of cocoa and child rights for the recruitment of verifier(s) to develop an independent, third party verification process.

This verification process is an essential step in fulfilling the framework laid out by the 2001 Harkin-Engel Protocol, in which multiple stakeholders, including Members of Congress, the cocoa industry, affected African governments, non-governmental organizations, consumer groups, U.S. government agencies, and the International Labour Organization (ILO), negotiated an all-inclusive, six-point problem-solving protocol aimed at addressing abusive child labor practices in cocoa growing. By the July 1, 2005 deadline, the first five steps of the protocol had been completed and the sixth point, related to the certification process, was still in a pilot phase. On July 1, 2005, an extension of the Protocol was agreed to and a joint statement released by Senator Harkin, Representative Engel, and the cocoa industry, committed to expanding the pilot certification system to cover 50 percent of the cocoa growing areas of Côte d'Ivoire and Ghana by July 1, 2008.

The International Cocoa Verification Board is a multi-stakeholder group in charge of overseeing the verification of the certification effort that is already in its pilot phase. The ICVB seeks to establish a quality, evidence-based verification process of the highest ethical standards in the field of social research. The findings from the verification process will be used to strengthen certification efforts and, in the future, will be used to strengthen remediation activities. The ICVB expects the verification activity will be guided by a rights-based approach that is also timely, transparent and sustainable.

The RFP and Proposal Budget Template, as well as reports of the surveys conducted by the governments of Côte d'Ivoire and Ghana will be available at www.cocoaverification.net. These documents and all other information can also be requested by email at MSwaffer@verite.org. The deadline for applications is March 17, 2008, 11:59 Eastern Standard Time, USA.

About the ICVB
The International Cocoa Verification Board was convened by Verité in December, 2007. This multi-stakeholder body includes nine representatives from NGOs, academia, trade unions and industry. The nine Board members are: Anthony Fofie, Ghana Cocoa Board; Amouan Assouan Acquah, Special Counselor to the Prime Minister (Côte d'Ivoire); Stephen Ayidiya, University of Ghana-Legon; Andrews Addoquaye Tagoe, General Agricultural Workers Union (Ghana); Alice Koiho Kipre, Afrique

Secours et Assistance (Côte d'Ivoire); Diane Mull, International Initiative on Exploitive Child Labor (USA); John Trew, CARE International (USA); Jeff Morgan, Mars, Inc. (USA); and Isabelle Adam, European Cocoa Association (Belgium). www.cocoaverification.net

About ICVB Secretariat Verité
The Secretariat of the International Cocoa Verification Board, Verité is an international not-for-profit social auditing, training, consulting and research organization. Verité mission is to ensure that people worldwide work under safe, fair and legal conditions. Verité is recognized as a leader in the field of corporate social responsibility for its innovative approaches to solutions-driven auditing, remediation, training, and capability building. www.verite.org

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Miriam Swaffer, Supplier Programs Coordinator, ICVB Secretariat Verité, 413-253-9227, www.cocoaverification.net

Without EPA, Nigerian cocoa processors lose millions as EU imposes tariffs
International Centre for Trade and Sustainable Development, UK
February 28, 2008
Two months after losing preferential access to EU markets, Nigerian cocoa processors and producers face millions of dollars in losses, as the effects of poor infrastructure and high operating costs are compounded by higher tariffs and competition from neighbouring countries that retained duty-free access to Europe.

Brussels slapped tariffs on cocoa products and other exports from Nigeria at the beginning of this year, staying true to its warnings after the West African country decided not to sign an economic partnership agreement with the EU by the end of 2007. All but a few of the 30-odd relatively richer members of the African, Caribbean, and Pacific group of countries, faced with the loss of the same trade preferences, signed EPAs with the EU late last year, thus preserving market access. Least-developed countries retained wide-ranging duty-free access under the EU's 'Everything but Arms' initiative.

Unlike the other states that declined to sign EPAs, Nigeria engages in significant volumes of trade with Europe, and has neighbours – Ghana, Cote d'Ivoire, and Cameroon – that did sign deals guaranteeing that their own exports would face lower tariffs in the EU market.

The EU said it would have no choice but to impose tariffs on countries like Nigeria, or it would be open to litigation at the WTO (presumably from non-ACP Latin American nations irritated that others were getting preferences beyond an end-2007 deadline set by the WTO). Critics argued that Brussels was exaggerating: WTO cases can take years, and a framework to conclude an accord within a fixed future timeframe might well have been deemed sufficient to satisfy the global trade arbiter's unclear and untested rules for bilateral free trade agreements.

It was relatively easy for Nigeria not to sign an EPA last year given that oil - by far its greatest export - never wants for takers. The cocoa trade, however, is not a sellers' market, despite rising prices: if cocoa from Ghana is less expensive, European chocolate makers will buy it instead of the Nigerian equivalent.

Thus, the Cocoa Processors Association of Nigeria, or COPAN, announced in mid-January that their survival was under serious threat. "The fact is that 90 per cent of Nigerian processed cocoa and raw cocoa go to the European market," Felix Oladunjoye, COPAN's national secretary, told Ghana's Daily Guide newspaper last month. "Before the end of March 2008, not less than $5m would have been lost by processors." He said that cocoa processors had already lost nearly $2 million since the beginning of the year.

For several years the EU has had standard import tariffs of 4.2 percent to 6.4 percent on cocoa butter, cocoa liquor and cocoa cake. Under the trade preference scheme, Nigerian cocoa did not face these duties. Now it does, while cocoa from Ghana and Cote d'Ivoire does not. According to COPAN, this represents losses of close to $6 per tonne for Nigerian cocoa processors. Extended to the total average export capacity of nearly 60,000 tonnes per week, this would mean $360,000 in losses every week, potentially crippling the industry. For products such as cocoa butter, Oladunjoye said Nigerian processors received only $5,840 per tonne while their competitors in countries with EPAs were getting $6,100, reports the Vanguard, a Nigerian daily.

Oladunjoye blamed the losses on the Nigerian government's refusal to enter an EPA with the EU, since such a deal would have shielded Nigerian cocoa exporters from tariffs and kept them on equal footing with their competitors in neighbouring countries.

COPAN has appealed to the Nigerian government to soften the blow of its refusal to sign an EPA by restoring Export Expansion Grants (EEG) to cocoa processors. These grants are an export promotion incentive that offsets 30 per cent of production costs incurred by exporters due to poor infrastructure.

Oladunjoye called on the government to restore these grants dating back to 2005-06 in order “to forestall the collapse of the industry.” Rising diesel costs are putting further pressure the slim margins of cocoa processors in the country.

The EPAs, designed to replace unilateral preferences with two-way liberalisation between the EU and some of the world’s poorest countries, have met with much criticism. Civil society groups and development campaigners have warned that prematurely opening up markets to a flood of EU imports could destroy fledgling industries, undermining their prospects for growth. Free traders worried that consumers in ACP countries would end up buying goods from the EU rather than cheaper ones produced elsewhere but kept out by high tariffs. Brazil has warned that the agreements might even hurt South-South trade (see BRIDGES Weekly, 20 February 2008).

Instead of leading to economic integration within the Economic Community of West African States (ECOWAS) and trade liberalisation between the bloc as a whole and the EU, the EPA negotiations saw the West African group splinter just before the end-2007 deadline. Ghana and Cote d’Ivoire scrambled to sign individual deals to protect their market access, while Nigeria did not. And although Nigerian oil exports continue unimpeded (by tariffs, at least), smaller, non-extractive industries are facing the squeeze.

ICTSD reporting; “EU Clamps Down on Nigerian Cocoa,” DAILY GUIDE, 24 January 2008; “Nigeria Unpaid N14bn Grant Threatens Cocoa Industry,” DAILY TRUST, 29 November 2007; “EPA: Cocoa processors may lose $5m, says COPAN,” VANGUARD, 22 January 2008.

Around the world
Houston Chronicle, United States - Feb 27, 2008
GHANA
Cocoa buyers hit with price increase
Ghana, a major cocoa producer, increased the price at which buyers purchase the beans from farmers by 26 percent to discourage smuggling of the crop to neighboring Ivory Coast.

The price was raised to $1,239 a ton from $970, said Charles Ntim, an executive of the state-run cocoa board. Up to 60,000 tons of cocoa has been smuggled out since October, he said.

FAIRTRADE CHOCOLATE EXPERIENCE IS SO DIVINE
Express & Echo, UK - Feb 28, 2008
Children were left licking their lips after a day learning about Fairtrade chocolate at a city school. The event was organised as part of Fairtrade Fortnight, with more than 50 pupils from eight schools in and around Exeter cooking, creating and talking chocolate at the West of England School and College for children with little or no sight in Topsham Road.

Two cocoa workers from Ghana were special guests and spoke to the children about how Divine chocolate is made and how Fairtrade helps farmers like them and their communities. The youngsters also got to cook Fairtrade flapjacks or muffins, learn about cocoa on computers and paint a banner.

Lauren Watkins, 11, from Clyst Heath Nursery and Community Primary School, said: "It's good to buy Fairtrade. I tried a bit of Divine chocolate and it was nice." Melissa Ellicott, nine, also from the Clyst Heath school, said: "I learned that in Ghana people can't afford to buy chocolate. I thought that was sad."

Children from St Michael's C of E VA Primary School in Heavitree also learned a lot.

Daniel, 10, said: "We've been to the ICT suite to learn about cocoa beans. I found out a ripe cocoa bean is yellow."

Jack, nine, said: "It's good to buy Fairtrade because some other brands use child labour and Fairtrade doesn't."

Nathan, also nine, is already a regular consumer of Divine chocolate.

He said: "I found out that Fairtrade farmers get paid a lot of the money from the chocolate and that's good." Paul Ayepah and Aduhene- Tano Kojo are the two Ghanaians who visited the school.

They are both recorders for Kuapa Kokoo Ltd and receive the cocoa farmers bring them. It is then made into Divine chocolate and sold in the UK.

The foundation has meant Paul's community now has a well, providing clean drinking water. He said: "Fairtrade has given us a premium and we use that money for projects in the community. My children used to have to travel many miles for water. "We are far better off than communities without Fairtrade. It's fantastic to come to England and see people buying the chocolate."

Aduhene-Tano Kojo, who works for the same company, said Fairtrade had meant his five children could go to school.

He said: "We want more people to buy Divine chocolate because we're given a 45 per cent share of every chocolate bar people buy and that goes to our families and helps a lot. "The children here are very happy to meet us and have said they'll buy Divine chocolate now."

Carolyn Hallett, 54, is the global citizenship co-ordinator, as well as head of maths, at the West of England School and College, which has a Fairtrade tuck shop.

She said: "The children here think Fairtrade's really valuable. They don't understand why anybody doesn't use it wherever possible. They really enjoyed the day. It's always difficult to comprehend something going on thousands of miles away but this is giving them a first-hand experience."

ICE Futures U.S. Announces Changes to Options Floor Trading Hours
FOXBusiness - Feb 26, 2008
NEW YORK, Feb 25, 2008 /PRNewswire-FirstCall via COMTEX/ -- ICE Futures U.S.(TM), a wholly-owned subsidiary of IntercontinentalExchange (NYSE: ICE), announced today that effective with the start of trading on April 1, 2008, the exchange is implementing amendments to Rule 4.07 - Open Outcry Trading Hours, to provide for extended floor trading hours, as shown below, for the following options contracts (all times are New York times):

Sugar No. 11 options	8:10 a.m. to 1:30 p.m.
Coffee "C" options	8:00 a.m. to 1:30 p.m.
Cocoa options	8:00 a.m. to 1:00 p.m.
USDX and Euro Index options	8:00 a.m. to 3:00 p.m.

For all other products, options floor trading hours are unchanged and remain as follows:

Cotton No. 2 options	10:30 a.m. to 2:15 p.m.
FCOJ-A options	10:00 a.m. to 1:30 p.m.
RJ-CRB and CI Indexes options	10:00 a.m. to 2:30 p.m.
Russell and NYSE Stock Index options	9:30 a.m. to 4:15 p.m.About IntercontinentalExchange

IntercontinentalExchange(R) (NYSE: ICE) is a leading operator of global exchanges and over-the-counter (OTC) markets. ICE offers futures and OTC markets on a single trading platform, including markets for crude oil and refined products, natural gas, power and emissions, as well as agricultural commodities and financial products such as canola, cocoa, coffee, cotton, ethanol, orange juice, wood pulp, sugar, foreign currency and equity index futures and options. ICE(R) conducts its energy futures markets, including the leading oil benchmark contracts, through its London-based exchange, ICE Futures Europe(TM). ICE conducts its global agricultural commodity, foreign exchange and equity index futures markets through its U.S. and Canadian exchanges, ICE Futures U.S.(TM) and ICE Futures Canada(TM), and offers clearing services through ICE Clear U.S.(TM). ICE's state-of-the-art electronic trading platform serves market participants in more than 55 countries. ICE is included in the Russell 1000(R) Index and the S&P 500 Index. Headquartered in Atlanta, ICE has offices in Calgary, Chicago, Dublin, Houston, London, New York, Singapore and Winnipeg. For more information, please visit www.theice.com.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995 - Statements in this press release regarding IntercontinentalExchange's business that are not historical facts are "forward-looking statements" that involve risks and uncertainties. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see ICE's Securities and Exchange Commission (SEC) filings, including, but not limited to, the risk factors in ICE's Annual Report on Form 10-K for the year ended December 31, 2007, as filed with the SEC on February 13, 2008.

SOURCE ICE Futures U.S.

Fair Trade Certified(TM) Means Business
Author : TransFair USA
Category : PressRelease
Earthtimes, UK - Feb 26, 2008
OAKLAND, Calif., Feb. 26 /PRNewswire/ -- In 1998, Will Smith's "Gettin' Jiggy Wit It" became a billboard chart-topper, organic became a new buzzword for the mainstream consumer, and TransFair USA opened its doors with Fair Trade Certified(TM) coffee.

Ten years later, Will Smith pulls up 22,000 hits on You Tube, Certified Organic captures 70% of U.S. consumer recognition, and a record 46 companies will showcase Fair Trade Certified products among their offerings at Natural Products Expo West in Anaheim, Ca. on March 13-16, 2008. In 2008, Fair Trade is emerging as a leading trend within the Natural Products industry.

Domestic sales of Fair Trade Certified products, including coffee, cocoa, sugar, tea, rice, vanilla and bananas, surpassed the $1 billion mark in 2007. With more than 700 companies bearing the Fair Trade Certified label on their products in the United States, and with overall distribution in more than 45,000 supermarkets, cafes, restaurants and online retail outlets, Fair Trade Certified means business -- better, more sustainable business -- not only for farmers and farm workers in the developing world, but also for companies small and large in the United States.

Fair Trade Certified requires importers and retailers pay a premium price to farmers and farm workers who agree to grow the certified products in an environmentally friendly manner. The retailers often, but not always, pass along the small premium to consumers. This market-based approach to alleviating global poverty and promoting sustainability has helped TransFair USA deliver more than $100 million in additional revenue to farmers worldwide.

"Consumer awareness of Fair Trade Certified is key," said Paul Rice, the chief executive officer of Oakland-based TransFair USA. "Studies have consistently shown that once consumers understand what Fair Trade Certified is all about, they will make an effort to purchase certified products. And ultimately, this awareness translates to more money, better infrastructure and a healthier environment for farmers and farm workers worldwide."

TransFair USA will display a sampling of Fair Trade Certified products from more than 20 licensees in booth #3584. In addition to launching Fair Trade Certified flowers earlier this year, TransFair USA -- in tandem with Wholesome Sweeteners -- will introduce Fair Trade Certified honey as its newest product category.

Additionally, Anthony Marek, TransFair USA's VP of External Communications, will co-present an educational session entitled, "Global Commerce: Opportunities for Social Responsibility and Fair Trade" on Thursday, March 13, from 1:00-2:15 p.m., Room 207B.

To schedule an interview with a TransFair USA spokesperson, or spokesperson of a TransFair USA licensee, please contact Anthony Marek at (510) 663-5260 x 346. Please indicate your interest in walking the show floor with a member of the TransFair USA PR team to meet with various licensees and see their products on the show floor.

<u>About TransFair USA</u>
TransFair USA is the only independent, third-party certifier of Fair Trade Certified(TM) products in the United States. TransFair USA audits and certifies transactions between U.S. companies offering Fair Trade Certified products and their international suppliers to guarantee that the farmers and workers producing Fair Trade Certified goods were paid fair prices and wages. TransFair USA certifies coffee, tea, herbs, vanilla, cocoa, chocolate, rice, sugar, bananas, flowers and now honey. http://www.fairtradecertified.org/

Prices remain firm for softs
Commodities
Industry & Agriculture
Africasia, UK - Feb 28, 2008
The past year has generally been as good to African agricultural commodities as it has been to their mining and energy counterparts. There has been strong global demand for African crops such as cocoa, tea and coffee but the glut in the supply of sugar continues to depress prices for this crop. Analysis by Moin Siddiqi.

The 18th century economist Thomas Malthus envisaged a growing imbalance between population growth and agricultural production. His predictions may explain today's market sentiment. A combination of climatic trends, demographics, burgeoning food demand (amid supply tightness) mean farm product prices should keep rising. This is good news for the developing world producers, though bad news for shoppers. One analyst put it: “Miners have dug deep and reaped huge profits in recent years, but planters of crops are beginning to gather an equally profitable harvest. There is a lot of blue sky, not only over farmers’ fields, but also in investor thinking. As a result, the rally in agricultural prices may be only just beginning.” Barclays Capital, the UK investment bank, estimates that $125bn is currently invested in commodity indices such as the Goldman Sachs Commodity Index – a large increase on last year’s inflows. On the demand side, the United Nations projects global population reaching 9.4bn by 2050 (from the current 6.5bn); coupled with increasing life expectancy and rising incomes, this will drive consumption of protein-rich diets, which require more agricultural land.

Dominican Republic celebrates Independence Day today
Dominican Today, Dominican Republic - Feb 27, 2008
Santo Domingo.– The Dominican Republic celebrates its National Day today. The country makes up the eastern two-thirds of the island of Hispaniola.

The Dominican economy has been traditionally based on agriculture, and 18 per cent of the workforce is still employed in farming or raising livestock. Today, services employ 57 per cent of the working population.

The country also has an important mining sector. The principal cash crops, such as rice, sugarcane, bananas, coffee, cocoa, and tobacco, are raised in large plantations.

The country has a thriving manufacturing industry; its primary output is refined sugar, which in the early 1990s was about 93,500 metric tons. Sugar and sugar products usually make up more than one third of all export earnings.

The remaining revenue is attributed to machinery, iron and steel, foodstuffs, petroleum and petroleum products, and chemicals. In 1995, the Dominican Republic joined the Association of Caribbean States (ACS), a free trade group composed of the members of the Caribbean Community and Common Market (CARICOM) and 12 nations bordering the region.

Today, tourism is the primary industry of the Dominican Republic. The country offers a wide choice of accommodations in city, mountain, and beach resorts and hotels.

Fairtrade sales grow 81% in 2007 to £493 million
Naturalchoices.co.uk, UK - Feb 27, 2008
Co-op Fairtrade bananas
Sales of Fairtrade products in 2007, announced to coincide with the beginning of Fairtrade Fortnight (25 February – 9 March 2008) set a new pace for international trade. As the two-week annual campaign entitled Change Today. Choose Fairtrade gets underway across the UK , the Fairtrade Foundation reveals an increase of estimated retail sales of Fairtrade products to £493m, a huge 81% increase on 2006 sales of £273m.

Sales have been increasing by over 40 percent year-on-year since 2002. Recent research by TNS Omnimas show that awareness of the Fairtrade Mark has now reached 57% of the UK’s population. • Fairtrade bananas are the best selling Fairtrade product with sales topping £150m, an increase of 130%. 1 in 4 bananas sold are now Fairtrade and we eat 3m Fairtrade bananas a day • Fairtrade coffee sales rose 24% to over £117m • Items made with Fairtrade certified cotton increased from over half a million to just under 9.5m units • Fairtrade tea rose 24% to just over £30m. And recent commercial developments mean Fairtrade tea should account for a tenth of tea sold in the UK by the end of 2008

More importantly still, in 2007 the real volumes (by weight or number) of produce more than doubled over 2006, which is great news for the producers whose Fairtrade premiums are based on these volumes.

In a landmark move to coincide with the launch of Fairtrade Fortnight, Tate & Lyle is announcing that they are switching their entire retail cane sugar range to Fairtrade within two years. In the first year alone, this increases tenfold the total volumes of Fairtrade sugar sold in the UK in 2007. It will also yield Fairtrade premiums of around £2 m to small-scale growers in the Belize Sugar Cane Farmers’ Association, who will be the first to benefit from the Fairtrade premiums generated. This Tate & Lyle switch is the biggest move by a UK food manufacturing company and the Fairtrade Foundation calls on other companies to follow this lead.

The Fairtrade Foundation’s message for Fairtrade Fortnight 2008 is that, whilst sales of Fairtrade products continue to soar, change is still not happening quickly enough for the millions of the world’s poorest farmers who remain trapped in ‘trade poverty’. With 2 billion working people earning less than US$2 a day and many of these producing the products we put in our shopping baskets, the Fairtrade Foundation believes that it is critical to increase the momentum for change through Fairtrade in 2008.

"The fantastic increase in sales of Fairtrade goods in 2007 shows the UK's public's huge and growing appetite for Fairtrade," says Harriet Lamb, Executive Director of the Fairtrade Foundation. "After years of chipping away, Fairtrade supporters are finally beginning to make some significant impression on the way companies trade. Increasing numbers of people in the UK are buying Fairtrade goods as a practical action everyone can take to help tackle poverty in the developing world. And that's good news for the seven million people, growers and their families, around the world who benefit from the Fairtrade system, as well as the thousands of people in this country who have been campaigning since the early 1990s to make trade fairer".

"But the pace of change must quicken. The scale and level of poverty worldwide demands that we all urgently play our part to scale up Fairtrade. That means more companies offering more Fairtrade products and the public putting those Fairtrade goods in their shopping baskets. The Fairtrade Foundation itself is determined to open up more opportunities for more growers worldwide in particular in some of the poorest countries of the world, such as Malawi, from where I have recently returned."

Since 2005, the number of African producer organisations selling to the UK market has almost doubled from 81 to 152, each organisation often representing thousands of farmers and workers. However, farmers' networks are keen for the Fairtrade model to be significantly expanded in their countries, a challenge that the Foundation and its international partners are determined to rise to.

"For the past fifteen years, the Fairtrade system has championed sustainable agriculture and fairer prices for tea growers in East Africa, enabling us to survive a longstanding decline in tea auction prices.", said Silver Kasoro-Atwoki, tea grower and shareholder in the Mabale Growers Tea Factory Ltd, Uganda. "Only by selling to the international Fairtrade market, have we had the stability to build up democratic farmers' organisations, to invest in quality or training, and bring much needed investment to our communities."

Other recent commercial developments in the UK include major switches from Sainsbury's, which has moved all their bananas, Red Label tea and own-brand sugar to Fairtrade and committed to switch the remainder of their tea range plus all roast and ground coffee and hot chocolate; the Co-op which has switched all their hot beverages to Fairtrade; Waitrose which has switched all their bananas to Fairtrade; and several exciting developments in Fairtrade cotton products from Marks & Spencer, Tesco and Debenhams.

Change Today. Choose Fairtrade, the theme of Fairtrade Fortnight, is an urgent call to individuals, community groups, schools, universities and faith networks to scale up their own activity as part of the Fairtrade Foundation's vision of an even bigger movement for positive change on trade. This is a challenge to consumers to see the regular purchasing of Fairtrade products as a long-term contribution to tackling poverty - so that people in developing countries can also bring about the changes they want and need in their lives and communities.

The full range of more than 3,000 Fairtrade certified products now includes coffee, tea, herbal teas, chocolate, cocoa, sugar, bananas, grapes, pineapples, mangoes, avocados, apples, pears, plums, grapefruit, lemons, oranges, satsumas, clementines, mandarins, lychees, coconuts, dried fruit, juices, smoothies, biscuits, cakes & snacks, honey, jams & preserves, chutney & sauces, rice, quinoa, herbs & spices, seeds, nuts & nut oil, wines, beers, rum, confectionary, muesli, cereal bars, yoghurt, ice-cream, flowers, sports balls, sugar body scrub and cotton products including clothing, homewear, cloth toys & cotton wool.

La Nina shows her wrath in flood-hit Ecuador
Reuters AlertNet, UK - Feb 27, 2008
Written by: Timothy Large
Ecuador's heaviest rains in 25 years have plunged the country into crisis as floods uproot tens of thousands of people and destroy millions of dollars of crops, threatening food shortages.

The government has declared a national emergency and called for international aid. President Rafael Correa said on his latest weekly radio show: "This is not an emergency, this is a disaster. We don't have enough resources to help all the victims."

Blame it on La Nina, an unusual cooling of Pacific Ocean surface temperatures that can trigger widespread changes in weather around the world, including more hurricanes and worse torrential rains in places.

Flooding is not unusual during Ecuador's rainy season, which runs from December to the end of May. But this year's deluge has been unforgiving as the weather anomaly, meaning "little girl" in Spanish, swells rivers and bursts banks.

All the western coastal provinces have been affected. See this flood map posted by ReliefWeb for an instant view of the extent of the crisis.

Media reports put the death toll at 16, while the number of affected is around 300,000. Troops have been mobilised to help with evacuations and distribute aid.

The government says more than $161 million of crops have been lost as floods swamp hundreds of banana, rice and cocoa plantations in the west. Television stations have shown images of farmers in canoes looking at their devastated fields, and entire coastal villages of wood shacks submerged in waist-high water. See our gallery of Reuters pictures.

The implications for agriculture could be dire. The farm ministry estimates 30 percent of crops have been damaged and more than 102,000 hectares (252,000 acres) of land flooded. It has warned of possible food shortages as a result.

Meanwhile, the rains have raised fears of another harsh winter like the one in the late 1990s that resulted in hundreds of millions of dollars in lost crops and shrimp farms. Those losses triggered an economic meltdown that contributed to the collapse of Ecuador's banking system.

The forecast doesn't look good. Weather experts say they expect more rain to fall in western Ecuador right up until late March. And the U.S. government's Climate Prediction Center says La Nina has strengthened, threatening to unleash her havoc until well into June. This petulant little girl may not have done her worst.

Essential commodities
What Investment, UK - Feb 26, 2008
Commodities have been the investment success story of the past five years. As equity markets become more volatile and property loses its lustre, investors are becoming increasingly aware of the returns to be made from a wide range of physical commodities.

But just how easy is it to get an exposure to the commodity markets? How much risk is involved? And, most significantly, given the dramatic recent outperformance of the sector – with many commodities seeing their prices hit record highs – can these returns be sustained in the future?

<u>Hitting the heights</u>
The reason why growing numbers of investors are taking an interest in the commodity markets is that commodities have been outperforming other asset classes. Table 1 (taken from the most recent Clerical Medical Assetwatch survey), comparing returns for a range of different asset classes, shows that in 2007 commodities were, on average, well ahead of the competition.

Martin Ellis, chief economist at Clerical Medical's parent group, HBOS, argues that 'Recent market performance highlights the benefits of portfolio diversification. In 2007, commodities were the best-performing asset class. Given the recent financial market turmoil, UK and international shares provided subdued returns in 2007, while UK residential property continued to be one of the best performers.'

He adds, 'Precious metals as a specific category of commodities have performed very strongly over the past year. Gold is viewed as a store of value and a hedge against financial market uncertainty and inflation, which has helped to boost its price to record levels.'

However, it is significant that Ellis talks about commodity investments being a good diversifier within a wider portfolio, since most investors will only be able to tolerate a limited exposure to these investments. Mark Mathias, chief executive of Dawnay Day Quantum, which specialises in constructing commodity-based investments, observes, 'Depending on what methodology you use, academics would suggest that you should have between nine and 12 per cent of your total portfolio in commodities.'

However, he also points out, 'The interesting thing is that institutional investors are still massively underweight in this area. Many don't have any exposure to commodities at all. So the retail investors who get in now are getting in ahead of the pack, not just in terms of the weight of money going into commodities, but also in terms of being in at an early part of the cycle.'

<u>A volatile mix</u>
The reason that commodities need to be handled with care within an investment portfolio is pretty obvious. Table 2 (also taken from the Clerical Medical Assetwatch report) demonstrates that this level of performance has been going on for some time, with the ten-year returns for several commodities in excess of 300 per cent. However, this performance is not uniform across all commodities – some, particularly some of the agricultural, or 'soft', commodities, have actually shown negative returns over the past decade.

This is an indication that commodity prices are extremely volatile. Mark Mathias puts it bluntly: 'There is going to be volatility in the markets because we are talking about the most volatile asset class there is. But if you take the long-term view, then you can ride out that volatility.'

Ashok Shah, chief investment officer at London & Capital group, agrees that 'Investors also have to realise that commodities are very volatile. It is not unusual to see their prices fall by ten to 15 per cent in a week, but they can also rise by a similar amount. Commodities are a good diversifier overall as they operate on different cycles, but they are very volatile, which makes them difficult to trade. So you ought to think very carefully before you try to be too clever about trading these things.'

But he adds, 'Having said that, there has been a spectacular rise in most commodity prices over the past five years. However, you must remember that prior to this period, interest rates were very low and there was a lot of liquidity in the system, after the world's monetary authorities reacted to the fallout from the TMT bubble. What you got, as a result of this increase in liquidity, was a global boom. It happened first in the developed world, but then the emerging economies also picked up on the back of their exports to the developed economies, and that is what has driven the rise in commodity prices.'

Looking for the super-cycle

Most investors will be familiar with the idea that markets move in cycles, but the perceived wisdom in the commodity arena is that it is subject to 'super-cycles' where prices can continue moving upwards for a decade or more.

Mark Mathias is certainly an enthusiast for the super-cycle theory. 'The way we see it, general commodity cycles are very long. Commodity guru Jim Rogers has pointed out that they typically last anywhere between 15 and 23 years and so you have to ask yourself why you think it will be different this time, and I have to say that I don't think it will be.

'I think that what we have seen over the past three or four months is a lot of froth coming off of the market. If you think of the four main sub-sectors of the commodity market, only one has really suffered and that is industrial metals, which have come off a bit. But several soft commodities have reached record highs, and gold and oil prices are still very strong.'

Mathias points out that 'The key trend is the massive demand from China, India and the whole of the rest of the emerging market universe. Twenty years ago, US demand was what drove commodity markets and, although US growth is still important, it is now emerging-market demand, and especially demand from China and India, that drives growth in the commodity markets.'

He argues that 'As a result, any slowdown in the US is only going to have a marginal effect on commodity growth. And even if Chinese growth slows – from its peak at over 11 per cent to, say, eight per cent – that is still going to represent an awful lot of demand.'

Felix Wintle, manager of the Neptune US Opportunities fund, agrees that 'Looking at commodities in general, I think we are in a super-cycle over the long term. The current cycle started around 2003 so it is still quite young. It is being caused by a demand push, particularly from China. It really is China that takes up the lion's share of demand.'

However, Ashok Shah is more cautious. 'The minute you begin to talk of super-cycles, you are on a hiding to nothing. The first thing you must do is to ask why commodities have been so strong. What we have seen, if you look at the main sub-sectors of the commodity space, is that there are specific drivers for each of them but also some similarities.'

Understanding the markets

It is, therefore, important to understand that the commodity space covers a number of different markets, each with their own distinctive characteristics. Ashok Shah explains that 'There are four main sub-sectors into which you can divide the commodity markets – energy, base or industrial metals, precious metals and agricultural commodities (or "softs").'

Felix Wintle adds that 'Commodities do tend to move as a group, but with individual commodities particularly active at any given time. For example, copper was the key commodity, in terms of price movement, a couple of years ago, largely on the back of Chinese demand.'

He observes, 'Each commodity has its own idiosyncracies. With gold, for example, there is an awful lot of it about above ground, which means you don't have to go mining for it. It is seen as a store of value and almost as a reserve currency alternative to the dollar, but you also have the jewellery market, which is a very important market for gold.'

Wintle adds, ‘Then you have platinum and palladium, and although they have their industrial uses (for example in catalytic converters), there is a real rarity value with these metals as well. So if you get interruptions in supply, as happened recently in South Africa, then prices can rise dramatically. The scarcity means that these metals are very price sensitive.’

Ashok Shah says, ‘With precious metals, gold is simply being treated as an alternative currency at this point, and you have to ask whether it can continue to do this. The drivers are still in place, but you have to question how much more upside there actually is.’

He also explains that ‘With things like oil and gas, you have a very tight demand and supply equation. So a slight increase in demand pushes prices up, while producers have been very good at ensuring that they don’t increase the supply too much. So the boom in energy prices was because of a strong global growth rate and an increase in consumption.’

Shah adds, ‘Something similar happened with base metals. You have seen very poor returns on capital in this sector over many years, so there was very little investment in new capacity. Then you saw increased demand from the developing economies, which squeezed out any excess capacity in the system, and that is why you have seen base metal prices rise.

‘Also, with the growing importance of environmental concerns and government regulation, the lead time to bring new production on stream is much longer these days. Eventually, new supplies of these metals will appear, but prices will be very volatile in the meantime.’

The rise of soft commodities

Felix Wintle explains that ‘Soft commodities are in a very long-term trend. Demand for softs is predicated on GDP growth and rising incomes, and these conditions are particularly prevalent in emerging economies. As people become more prosperous, they move from a starch-based diet, bread and rice, to a protein-based diet, with a lot more meat, and this is the situation in emerging economies.’

Ashok Shah feels that ‘With soft commodities, the big influence has been the growth in demand from the emerging markets. As your GDP increases, the first thing you do as a population is consume more food, and food of a higher quality. Meat consumption in these emerging economies is rising fast, and it takes 5kg of grain to produce 1kg of meat.’

Mark Mathias adds that ‘You also have the constraints of energy supply. The fact that energy is in short supply means that there is a premium for this sort of development, and the efforts of the green lobby mean that governments are forcing conversion of fuel from agricultural products at an unnatural rate, which is going to continue to increase the demand for agricultural commodities.’

Ana Cukic-Munro, co-head of the Multi-Asset Group at Insight investments, the investment arm of the HBOS group, says that there are two main themes that her team are currently looking to follow in the commodity markets – livestock among the soft commodities and platinum among the precious metals.

‘Livestock is an extension of the agricultural commodities theme. It is a downstream commodity to grains, and grains have rallied massively. In the short run, with higher costs, farmers tend to slaughter more animals, thus depressing spot and reducing inventories. As grains prices remain high, the farmers are forced to pass on the higher input prices.’

She adds, ‘Historically, a 100 per cent increase in grains should lead to a 30 per cent-plus increase in livestock, with a three to six month lag. The current increase in grains is not due to a supply disruption and we expect you could see livestock rise by the full 100 per cent in the coming year.’

Turning her attention to precious metals, Cukic-Munro points out that ‘Platinum is required to produce automobiles, trucks and diesel engines. It is impossible to produce catalytic converters required by environmental laws without platinum. It works as a catalyst, which means it helps promote a chemical reaction, breaking down pollutants without itself being consumed in the process.’

She adds, ‘There is also increasing demand for jewellery from rising affluence in Asia. The interesting thing here is that 80 per cent of the world’s platinum is produced in South Africa, but South Africa is running out of power and faces at least five years of power rationing. As a result, platinum prices could rise to US$2,000 per ounce.’

How to go about it?
So how do private investors get access to the commodity markets? Very few will want to trade physical commodities for a number of practical reasons, but the range of other options is somewhat limited.

There are essentially three ways to get commodity exposure – through some form of investment fund (which may hold the underlying commodities directly but is more likely to invest in the shares of companies involved in one or more of the commodity sub-sectors); some form of structured product (an investment note designed to run for a fixed period and generate a return based on one or more of the commodity indices); or an exchange-traded fund (which can be linked to a specific commodity index but, increasingly, ETFs are available that are linked to physical commodities as well).

The pioneer of commodity-based ETFs in the UK is ETF Securities, which has devised a series of what it describes as exchange-traded commodities (ETCs). Hector McNeil, head of sales at ETF Securities, explains that 'ETCs are pretty much the same as ETFs. They are a market access tool that gives investors access to the commodity markets at wholesale cost and in a transparent and liquid form.

'The irony is that while the commodity markets are the oldest markets in the world, they are the latest to be accessed by private investors, because investors don't want to hold the physical commodity.'

He draws an important distinction between ETCs and other 'alternative' asset classes. 'Whereas, for example, property funds are suffering redemptions and having liquidity problems at the moment, and hedge funds take three months to redeem and are very expensive, with an ETC, you can buy and sell within minutes, and that is a very liquid form in which to get market exposure. We find that fund managers are using them a lot.'

He adds, 'Grains and other agricultural commodities have proved very popular, because there are limited ways of getting exposure to these things. Investing via equities has its drawbacks, as they will be affected by market sentiment, rather than just reflecting the underlying commodity.'

Investors who prefer the investment fund route should also be aware that they are not simply restricted to funds with a specific commodity focus.

Felix Wintle, who runs a general North American portfolio, argues, 'I would say that you can access these things best through the US, as you have a lot of listed companies there at all stages of the process. 'For example, in the US, you have fertilizer companies, agricultural equipment companies and so on, and these types of company are seeing boom time at the moment.'

TIT BITS

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

US MIDDAY: cocoa up, coffee down
NEW YORK (February 27, 2008): ICE arabica coffee futures fell in early trade Tuesday on profit-taking following Monday's climb up a 10-year peak, traders said. US cocoa futures hit a 24-year high for the second straight session, during overnight trade, but profit-taking trimmed gains, they said.

London cocoa hits five-year high
LONDON (February 27, 2008): London cocoa futures touched a fresh five-year peak on renewed fund and speculative buying on Tuesday, while coffee fell on a combination of profit-taking from Monday's 10-1/2-year peaks and origin selling. London white sugar futures surged late after a spurt higher in oil prices but remained just below a recent 15-month high.

New York cocoa ends at 24-year high
NEW YORK (February 27, 2008): US cocoa futures settled at a 24-year high on Monday, as fund and speculative buying continued to buoy the market, traders said. "cocoa is getting caught up in this commodity surge, CRB (is strong) today. Agricultural (futures) are all up," one cocoa trader said.

US MIDDAY: cocoa and coffee at multi-year highs
NEW YORK (February 28, 2008): ICE arabica coffee and cocoa futures surged to multi-year highs in early trading Wednesday as investment funds continued to pour money into commodities, traders said.

London soft commodities hit fresh peaks
LONDON (February 28, 2008): Soft commodity futures hit fresh peaks on Wednesday with investment funds and speculators piling into coffee, cocoa and sugar as they shifted money out of poorly performing alternative assets, dealers and fund managers said.

New York cocoa settles at 24-year high
NEW YORK (February 28, 2008): US cocoa futures rose on Tuesday, closing at a 24-year high as speculators kept putting new money into the market, traders said. "Specs are in control, it's new money. In cocoa, they're not challenged. The bears have surrendered. Those paws of the bears, they've been de-clawed," a cocoa dealer said.

US MIDDAY: cocoa and coffee fall
NEW YORK (February 29, 2008): US cocoa and arabica coffee futures trading on ICE fell Thursday morning in a retreat from the multi-year highs they hit Wednesday as speculators sold, trader said. "The market feels a bit toppy here and I think that could have been some profit-taking mixed in, but it is mainly spec selling," one cocoa trader said.

Coffee and cocoa scale new peaks
LONDON (February 29, 2008): London coffee and cocoa futures powered higher again and set new peaks on renewed fund and speculative buying on Thursday, while white sugar edged down on producer selling as the market consolidated from recent highs.

New York cocoa sharply higher
NEW YORK (February 29, 2008): US cocoa futures closed up 3.8 percent Wednesday, at a 24-year high for the fourth straight day, on industry and fund buying amid a lack of origin selling, traders said.

Ghana raises cocoa prices to fight smuggling
ACCRA (February 29, 2008): Ghana raised the prices it pays farmers for their cocoa by more than 25 percent on Wednesday in a bid to stop a surge in smuggling and prevent growers from seeking higher profits in neighbouring states.

News