



# COPAL COCOA *Info*

A Weekly Newsletter of Cocoa Producers' Alliance

Issue No. 201

16<sup>th</sup> – 20<sup>th</sup> October 2006

## ICCO Daily Cocoa Prices

	ICCO daily price (SDRs/tonne)	ICCO daily price (US\$/tonne)	London futures (£/tonne)	New York futures (US\$/tonne)
16 <sup>th</sup> October	1016.23	1491.08	827.00	1441.67
17 <sup>th</sup> October	1039.40	1527.13	845.00	1469.67
18 <sup>th</sup> October	1027.36	1510.15	831.67	1465.33
19 <sup>th</sup> October	1038.33	1527.26	841.33	1474.67
20 <sup>th</sup> October	1028.54	1516.47	832.33	1464.33
<b>Average</b>	<b>1,029.97</b>	<b>1,514.42</b>	<b>835.47</b>	<b>1,463.13</b>

## Up-coming Events

### In the News:

- Ghana: Kufuor Salutes Farmers for All Time Record Cocoa Production
- More money in farmers' pockets
- Ivory Coast cocoa farmers go on strike
- Chocolate industry watching cocoa strike
- Ivory Coast cocoa arrivals still blocked by strike
- Cocoa strike disrupts supply
- Indonesia Has Shortage of Cocoa Seeds
- Indonesia, China zero tariff on cocoa, chili to kick off January
- Ivorian cocoa farmers suspend strike to allow talks
- Cocoa profits rise
- Nestle Third-Quarter Sales Increase 5.6% on Aquarel, Nespresso
- Ivorian Cocoa Farmers Trade Union Suspend Strike

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*Have you had your cocoa today?*

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

**Monday 16th October 2006**

Month	Opening Trans	Settle	Change	Daily High	Daily Low	Volume
Dec 2006	817	812	-5	823	811	2,869
Mar 2007	837	828	-5	838	828	1,180
May 2007	847	841	-4	850	840	864
Jul 2007	860	855	-3	860S	855	283
Sep 2007	874	868	-4	874	868	321
Dec. 2007	885	882	-4	885	882	163
Mar-08	895	894	-4	895	893S	190
May-08	910	904	-4	910S	910S	9
Jul-08	919	914	-5	920S	919	32
Sep-08		924	-5			0
<b>Totals</b>		<b>872</b>				<b>5,911</b>

**Tuesday 17th October 2006**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2006	813	830	18	836	808	6,214
Mar 2007	829	846	18	851	825	3,172
May 2007	844	859	18	863	838	1,128
Jul 2007	855	873	18	866S	852	63
Sep 2007	869	886	18	887	866	308
Dec. 2007	885	900	18	900	880	280
Mar-08	892	912	18	909	892	8
May-08		922	18			0
Jul-08		932	18			0
Sep-08		942	18			0
<b>Totals</b>		<b>890</b>				<b>11,173</b>

**Wednesday 18th October 2006**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2006	833	816	-14	844	812	8,295
Mar 2007	848	833	-13	861	830	5,103
May 2007	862	846	-13	874S	844S	613
Jul 2007	879	859	-14	887S	867	280
Sep 2007	892	871	-15	898S	870	462
Dec. 2007	910	884	-16	913	908	134
Mar-08		896	-16			0
May-08		907	-15			0
Jul-08		918	-14			0
Sep-08		928	-14			0
<b>Totals</b>		<b>876</b>				<b>14,887</b>

**Thursday 19th October 2006**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2006	818	825	9	830	814	3,190
Mar 2007	836	843	10	845	832	1,366

May 2007	847	856	10	856	847	185
Jul 2007	861	869	10	870	861S	32
Sep 2007	874	881	10	879	874	74
Dec. 2007		894	10			0
Mar-08		906	10			0
May-08	912	917	10	912	912	3
Jul-08	922	927	9	922	920	8
Sep-08		937	9			0
<b>Totals</b>		<b>886</b>				<b>4,858</b>

**Friday 20th October 2006**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2006	827	816	-9	829	814	2,834
Mar 2007	845	834	-9	847	831	916
May 2007	853	847	-9	853	845	351
Jul 2007	867	860	-9	867	863	18
Sep 2007	875	872	-9	875	870	73
Dec. 2007		885	-9			0
Mar-08		897	-9			0
May-08		907	-10			0
Jul-08		917	-10			0
Sep-08		927	-10			0
<b>Totals</b>		<b>876</b>				<b>4,192</b>

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

**Monday 16th October 2006**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2006	1420 1421	1406	-10	1421	1400	5589
<a href="#">Mar 2007</a>	1454 1456	1440	-10	1456	1436	1434
<a href="#">May 2007</a>	1476 0	1463	-10	1476	1476	37
<a href="#">Jul 2007</a>	1495 <sup>B</sup> 1502 <sup>A</sup>	1488	-9	0	0	252
Sep 2007	0 1525 <sup>A</sup>	1512	-6	1522	1522	80
Dec 2007	1540 <sup>B</sup> 1550 <sup>A</sup>	1535	-9	1532	1530	138
Mar 2008	0 0	1562	-9	1560	1560	501
May 2008	0 0	1583	-8	1580	1580	1
Jul 2008	0 0	1604	-4	0	0	0
Sep. 2008	0 0	1624	-4	0	0	0
<b>Totals</b>		<b>1522</b>				<b>8,032</b>

**Tuesday 17th October 2006**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2006	1426 1432	1444	38	1448	1421	8804
<a href="#">Mar 2007</a>	1463 1465	1477	37	1480	1455	2816
<a href="#">May 2007</a>	1488 0	1500	37	1488	1484	544
<a href="#">Jul 2007</a>	1505 <sup>B</sup> 1515 <sup>A</sup>	1524	36	1524	1520	50
Sep 2007	1538 0	1548	36	1548	1538	141
Dec 2007	1560 0	1572	37	1560	1560	161
Mar 2008	1582 <sup>B</sup> 1585 <sup>A</sup>	1601	39	0	0	100
May 2008	0 0	1622	39	0	0	0
Jul 2008	0 0	1643	39	0	0	0
Sep. 2008	0 0	1661	37	0	0	0
<b>Totals</b>		<b>1559</b>				<b>12,616</b>

**Wednesday 18th October 2006**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2006	1456 1459	1419	-25	1463	1415	7485
Mar 2007	1487 1493	1454	-23	1496	1451	4390
May 2007	1515 <sup>B</sup> 0	1477	-23	1517	1517	103
Jul 2007	1538 <sup>B</sup> 1540 <sup>A</sup>	1501	-23	1541	1510	135
Sep 2007	1561 <sup>B</sup> 1563 <sup>A</sup>	1525	-23	1565	1564	237
Dec 2007	1583 <sup>B</sup> 1590 <sup>A</sup>	1551	-21	0	0	530
Mar 2008	1610 <sup>B</sup> 1618 <sup>A</sup>	1579	-22	0	0	952
May 2008	0 0	1602	-20	0	0	100
Jul 2008	0 0	1623	-20	0	0	0
Sep. 2008	0 0	1638	-23	0	0	0
<b>Totals</b>		<b>1537</b>				<b>13,932</b>

**Thursday 19th October 2006**

Month	Opening Trans	Settle	Change	High	Low	Volume
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<a href="#">Dec 2006</a>	1425 1429	1443	24	1445	1425	5221
<a href="#">Mar 2007</a>	1462 0	1478	24	1479	1462	4404
May 2007	1485 0	1501	24	1502	1485	234
Jul 2007	1505 <sup>b</sup> 1510 <sup>A</sup>	1525	24	1522	1511	134
Sep 2007	1525 <sup>b</sup> 1535 <sup>A</sup>	1549	24	1546	1540	59
Dec 2007	1550 <sup>b</sup> 1560 <sup>A</sup>	1572	21	1559	1559	1730
Mar 2008	0 0	1600	21	0	0	0
May 2008	0 0	1621	19	0	0	0
Jul 2008	0 0	1642	19	0	0	0
Sep. 2008	0 0	1662	24	0	0	0
<b>Totals</b>		<b>945</b>				<b>11,782</b>

**Friday 20th October 2006**

Month	Opening Trans	Settle	Change	High	Low	Volume
<a href="#">Dec 2006</a>	1440 1443	1434	-9	1447	1427	3338
<a href="#">Mar 2007</a>	1477 1478	1469	-9	1480	1464	1514
May 2007	1502 0	1492	-9	1502	1493	80
Jul 2007	1524 <sup>b</sup> 1527 <sup>A</sup>	1515	-10	0	0	0
Sep 2007	1545 <sup>b</sup> 1550 <sup>A</sup>	1539	-10	1538	1538	143
Dec 2007	1569 <sup>b</sup> 1575 <sup>A</sup>	1562	-10	1569	1560	3
Mar 2008	1595 <sup>b</sup> 1603 <sup>A</sup>	1590	-10	0	0	0
May 2008	0 0	1611	-10	0	0	0
Jul 2008	0 0	1632	-10	0	0	0
Sep. 2008	0 0	1652	-10	0	0	0
<b>Totals</b>		<b>1550</b>				<b>5,078</b>

**Spot Prices (US \$ per tonne)**

	16 <sup>th</sup> October	17 <sup>th</sup> October	18 <sup>th</sup> October	19 <sup>th</sup> October	20 <sup>th</sup> October
Main Crop Ghana, Grade 1	1781	1852	1827	1851	1842
Main Crop Ivory Coast, Grade 1	1683	1724	1699	1723	1714
Main Crop Nigerian, 1	1661	1706	1681	1705	1696
Superior Arriba	1881	1944	1919	1943	1934
Sanchez f.a.q.	1641	1689	1664	1688	1679
Malaysian 110	1398	1449	1424	1448	1439
Sulawesi f.a.q.	1443	1477	1452	1476	1467
Ecuador Cocoa Liquor	2390	2440	2398	2439	2423
Pure Prime Press African Type Cocoa Butter	3712	3783	3710	3781	3757
10/12% Natural Cocoa Press Cake	797	804	790	803	798

Source: Cocoa Merchants' Association-

# News

## **Ghana: Kufuor Salutes Farmers for All Time Record Cocoa Production**

Accra Mail (Accra)

October 16, 2006

GNA

President John Agyekum Kufuor has congratulated Ghanaian cocoa farmers for the all time record cocoa production of 740,457 tonnes during the 2005 to 2006 crop season. The estimated production for the season was 550,000 tonnes. "Ghana will forever be grateful to you for doing so well for the economy", President Kufuor said when the National Executive of the Cocoa, Coffee and Sheanut Farmers Association called on him at the Castle, Osu.

Mr Isaac Osei, Chief Executive of the Ghana Cocoa Board (COCOBOD), Nana Akuamoah Boateng, Omanhene of Kwahu Traditional Area and the Board's Chairman, and other top ranking officials of the COCOBOD accompanied them. They were at the Castle to express their appreciation to the Government for the attractive producer price and other interventions including the mass spraying and the introduction of hi-tech fertilizers, which had tremendously helped to boost output and returns. Cocoa farmers are now being paid about 72 per cent of the Export price almost double of the 40 per cent they were taking about five years ago. President Kufuor said they deserved what they were getting as the Government believed that "a labourer should be worth his pay".

Responding to a plea by the farmers to help to revive the coffee and sheanut market, he said, the Government had taken steps in that direction and that the COCOBOD would ensure that the producers and buyers agreed on the producer price. The COCOBOD had projected to earn 1,450 dollars per tonne of cocoa on the international market during the season but this was exceeded, as the actual price was 1,487 dollars per tonne. He said as a result of the good performance, the 2006 to 2007 cocoa producer price for farmers has been fixed at 9.150 million cedis per tonne as compared to the last season's nine million cedis per tonne.

Nana Yiadom Boakye, the National Chief Farmer, said they appreciated the good things the Government was doing for them and asked that the mass spraying exercise and the distribution of the hi-tech fertilizers should be sustained. The producer price of cocoa for the 2006-2007 Cocoa Seasons would be 9.150 million cedis a tonne.

Mr Isaac Osei, Chief Executive of the Ghana Cocoa Board (COCOBOD), told President John Agyekum Kufuor, when he accompanied the National Executive of the Cocoa, Coffee and Sheanut Farmers Association to call on the President at the Castle, Osu, on Friday Mr Osei said owing to the higher than expected price on the international market for the produce, the Board, would pay a bonus of 17,140 cedis on each bag of cocoa sold by farmers.

### **More money in farmers' pockets**

Ayuure Kapini Atafori & Gilbert Boyefio ,  
16/10/2006

The producer price of cocoa is now ₵9,150, 000 per metric tonne, shooting up from ₵9million per metric tonne in the 2005/2006 Main Crop Season. The new price for a bag of 64kg is ₵571,875 in the 2006/2007 Main Crop Season, which begun on Friday, as against ₵562,500 of the same quantity in the previous season. Thus, farmers enjoy over 70 percent of net Freight On Board price.

The price increase follows a similar rise of 740,457 metric tonnes in production levels in the 2005/2006 crop year, the highest tonnage ever recorded by Ghana. "This means that within a matter of two years we have surpassed that historic achievement of 736,911 metric tonnes achieved in the 2003/2004 crop year," emphasised Kwadwo Baah-Wiredu, Minister of Finance and Economic Planning, at a press conference held in Accra Friday to usher in the new cocoa season. Baah-Wiredu also announced that Government has adequate funding to cover all cocoa purchases for the season, which is estimated at ₵5.49 trillion. He revealed that the Ghana Cocoa Board has raised \$810m for purchasing operations this year.

The cocoa output for the 2004/2005 year was 600,00 metric tonnes while that for 2002/2003 crop year was 496,846 compared to 340,562 in the previous period. The 2000/2001 crop year recorded 389,772. Analysts attribute the increment in cocoa production to the outcome of pragmatic policy measures implemented, and being implemented, by the NPP Government since 2000. The policy initiatives include increased prices and payment of bonuses; diseases and pest control exercise; application of improved agronomic practices on cocoa farms;

increased value addition; and introduction of new and innovative methods for cultivation on pilot bases in selected districts in all cocoa growing regions.

A jubilant Baah-Wiredu underlined the conclusion of the analysts when addressing the media. “Mr Chairman, Ladies and Gentlemen, it is no secret that these achievements have resulted from the consistent policy measures pursued by the current Government over the past years which have led to continued improvements in the cocoa industry leading to increased farmers' earnings, thereby improving the quality of life of our cocoa farmers and the reduction of poverty.”

The Finance Minister said, following the rise in the producer price and the payment of a total bonus of ₦178.2 billion for the 2005/2006 main crop season, Government has decided to make an additional ₦268.2bn available to cocoa farmers, adding, “putting more money in their pockets.” He said the bonus to be paid is ₦17,140 per bag and that would cover a tonnage of 645,985 metric tonnes purchased during the last main crop season. “Since the NPP administration came into office in 2001, farmers have been paid bonus every year except in the 2004/2005 Season. The total amount of bonus payments to farmers is, therefore, ₦608.9 billion.”

After the previous regime's inability to pay bonuses from 1996/1997 to the 1999/2000 period, the current Government has paid bonuses to farmers except in the 2004/2005 period. In 2003/2004, ₦161.2bn bonus was paid whilst in the previous period farmers garnered ₦157.9bn as bonus. A total of ₦41.5bn bonus was received in 2001/2002 as against ₦70.1bn in the period before.

The Member of Parliament for the Asante Akim North Constituency noted that since Government was committed to ensuring that all stakeholders in the cocoa industry are paid economic rates and fees to make sure that their businesses remain profitable, approval has been given for the buyers' margin for the Licenced Buying Companies, haulers rates for evacuation, and other rates and charges to be increased. This, according to him, was to ensure that the industry is able to sustain the gains made so far.

According to the Licenced Cocoa Buyers Association, however, between 2000/2001 and 2005/2006 main crop season, whereas the producer price increased from 62.9 percent to 72.66 percent of FOB price, the buyers' margin dropped from 11.5 percent to 8.52 percent of the same FOB price. The association alleged that COCOBOD was deducting 30 percent of the value of cocoa beans classified as purple delivered to take over centres in the 2004/2005 main season until the rate was cut down to 5 percent after a meeting with the Ministry of Finance and Economic Planning on January 11 this year. “Sufficient jute sacks, twine, ink and tarpaulins have been purchased for the entire season. These inputs will be released on time to the LBCs to ensure smooth purchasing operations. We will take the opportunity to appeal to the LBCs to pay farmers promptly for cocoa purchased from them,” Mr Baah-Wiredu assured.

The incentives for the industry include the planned tarring of selected roads in the remote cocoa growing areas and the provision of a solar lighting system in some villages. Thus, improving the standard of living of the farmers. He observed that the purple bean problem has been resolved following the adoption of living of the correct practices by farmers. He said COCOBOD would continue to intensify the education of farmers on the proper method of fermentation, asking the cocoa growers to stick to the fermentation practice of six to seven days of drying, with two turnings to help the country maintain its role as prime producer of premium fermented cocoa.

Baah-Wiredu identified inadequate jute sacks, purple beans, congestion at the take over centres, and delayed payment for purchases from farmers as the major problems confronting the industry. “Ghana Cocoa Board has taken steps to ensure that there [are] adequate warehousing facilities so as to avoid congestion at the take over centres. A new 50,000 tonne capacity warehouse complex at Tema is now in use.” He said Government would use the celebration of the COPAL Cocoa Day, which was commenced last year, to promote local consumption of the cash crop among Ghanaians.

### **Ivory Coast cocoa farmers go on strike**

By PAULINE BAX, Associated Press Writer

Mon Oct 16, 3:35 PM ET

ABIDJAN, Ivory Coast - Cocoa farmers across Ivory Coast went on strike Monday, holding back their crops to protest low retail prices and high export taxes. If the action is sustained it could affect the global chocolate industry.

## ADVERTISEMENT

The West African country is the world's top grower of cocoa beans, producing 40 percent of global output each year, according to government statistics, despite being split following a civil war. "The strike is on ... we called on the farmers to hoard their beans," Koffi Kanga, a representative of the country's cocoa farmers association, said by telephone from San Pedro, Ivory Coast's second-largest cocoa port after the commercial capital of Abidjan.

The action comes days after authorities officially opened the harvesting season by announcing a retail price of 80 cents a kilogram, roughly 40 cents a pound. Cocoa association President Henri Amouzou said the farmers are seeking \$1.15 a kilogram (57 cents per pound). Union leaders said they planned to stop trucks carrying cocoa and other farm products such as papayas and bananas to Abidjan until the price is raised. However, trucks continued to arrive at the Abidjan port Monday, and it was not immediately clear if any export shipments had been delayed.

Analysts said a strike might have to stretch out for weeks before it would affect world supplies and prices. "Typically these strikes have minimal impact, because they're never long-lasting," said Judy Ganes-Chase, an independent U.S. analyst of cocoa, coffee and other soft commodities. "It's only the start of the season." Ganes-Chase said cocoa beans could succumb to mold while being stored during the strike, but that these losses would not be very large.

Ivory Coast's 700,000 increasingly impoverished cocoa farmers say they don't make enough money to send their children to school. Although the government's set price often doesn't match what farmers are actually paid, it sets a benchmark for farmers who plan to sell their beans to local buyers. Amouzou said farmers also want the government to slash the main cocoa export tax by 45 percent to allow local buyers and exporters to pay farmers a higher price. Current export taxes are about 40 cents per kilogram (20 cents per pound). Cocoa taxes are the main source of government revenue and have been used to buy arms and military equipment, according to U.N. experts. Most cocoa farms are in the fertile south of Ivory Coast and were less affected than other areas of the country by civil war that broke out after a failed coup four years ago. The nation has since been split between a government-controlled south and a rebel-held north.

Finance Minister Charles Diby Koffi said this month the government would not reduce taxes this season. "The country is still in crisis," he said. Rohit Savand, a commodities analyst with New York's CPM Group, said a price increase would be hard to come by considering that favorable weather has increased Ivory Coast's cocoa supply significantly this year. About 20,000 metric tons of cocoa arrived at Ivory Coast's ports in the first week of October, up from about 9,000 the previous year, he said. Ghana, another major producer, also expects a large crop.

### **Chocolate industry watching cocoa strike**

Tuesday, October 17, 2006

By PAULINE BAX

The Associated Press

ABIDJAN, Ivory Coast — Cocoa farmers across Ivory Coast went on strike Monday, holding back their crops to protest low retail prices and high export taxes. If the action is sustained it could affect the global chocolate industry. The West African country is the world's top grower of cocoa beans, producing 40 percent of global output each year, according to government statistics, despite being split following a civil war. The action comes days after authorities officially opened the harvesting season by announcing a retail price of roughly 40 cents a pound. Cocoa association President Henri Amouzou said the farmers are seeking 57 cents per pound.

Union leaders said they planned to stop trucks carrying cocoa and other farm products such as papayas and bananas to Abidjan until the price is raised. However, trucks continued to arrive at the Abidjan port Monday, and it was not immediately clear if any export shipments had been delayed. Analysts said a strike might have to stretch out for weeks before it would affect world supplies and prices. "Typically these strikes have minimal impact, because they're never long-lasting," said Judy Ganes-Chase, an independent U.S. analyst of cocoa, coffee and other soft commodities. "It's only the start of the season."

Ivory Coast's 700,000 increasingly impoverished cocoa farmers say they don't make enough money to send their children to school. Amouzou said farmers also want the government to slash the main cocoa export tax by 45 percent to allow local buyers and exporters to pay farmers a higher price. Current export taxes are about 20 cents



per pound. Rohit Savand, a commodities analyst with New York's CPM Group, said a price increase would be hard to come by considering that favorable weather has increased Ivory Coast's cocoa supply significantly this year.

### **Ivory Coast cocoa arrivals still blocked by strike**

Wed Oct 18, 2006 10:54 AM GMT

ABIDJAN (Reuters) - A strike by cocoa farmers in top world producer Ivory Coast went into a third day on Wednesday and exporters said bean deliveries from the bush to their warehouses remained blocked. "We're still open but there's still nothing coming. There's nothing happening in our processing plant," said the director of one European exporter based in Abidjan.

### **Cocoa strike disrupts supply**

By Catherine Boal

18/10/2006 - Cote d'Ivoire cocoa growers have downed tools over pay disagreements, beginning a strike which could dramatically cut supplies to chocolate manufacturers. The strike started this week with farmers in the Anaproci trade union preventing cocoa shipments from reaching exporters warehouses. Disruption in the supply of cocoa is an issue that continues to dog the industry with sales vulnerable to losses caused by civil war, disease and labour concerns. Anaproci represents 80 per cent of the Cote d'Ivoire's cocoa farmers who produce around 1.3m tonnes of the bean annually.

According to Reuters, the organisation called for the strike to demand higher payments and greater financial support for growing co-operatives after low harvest season prices were set last week. Now farmers have begun burning beans and blocking roads while previously secured shipments are being kept under police guard. The recent unrest follows a warning this week that the swollen shoot virus has been decimating cocoa trees in the region, further lowering supplies. Earlier this year, the International Cocoa Organisation (ICCO) held a conference in Italy to discuss sustainable production. The complex issue is evident from the ground up, with farmers receiving low prices which force them to turn to more profitable crops.

African cocoa producing countries such as Cote d'Ivoire, account for around 80 per cent of the bean's global exports and the worldwide chocolate market is worth \$75 billion (€58.5bn) annually. But the profitability of the market does not trickle down to producers at the initial stage of production who occupy a weak bargaining position due to their reliance on the commodity. According to an ICCO report: "Ivory Coast's mostly illiterate farmers are ill equipped to negotiate with hard bargaining upcountry commodity buyers. Most of Ivory Coast's 3m small scale farmers, who produce most of the crop, are poorly organised."

### **Indonesia Has Shortage of Cocoa Seeds**

Wednesday, 18 October, 2006

TEMPO Interactive, EWO RASWA

Jakarta: Indonesia has a shortage of 23 million cocoa seeds for this year. Achmad Mangga Barani, Director General of Horticulture at the Department of Agriculture, said that the shortage was based on the development target of 200,000 hectares of cocoa by 2010. "Indonesia certainly does have a shortage of seeds," he said yesterday (10/17). Data at the Department of Agriculture show that the available seeds are only 34 million although in order to plant an area of 200,000 hectares, 57 million seeds are needed. It was also mentioned that the amount of land that can be planted with cocoa totals 992,000 hectares, of which 89 percent are people's plantations. With this size of area, it is estimated that production of cocoa could reach 651,000 tons per year.

Achmad acknowledged that cocoa productivity was still low now and below normal potential. This, he said, occurred because plants were old, damaged or not grown from premium seed. Up until now, the cocoa processing industry in Indonesia has not yet been developed. In addition, products are mainly exported in the form of raw materials. Last year, Indonesia's exports of cocoa only reached 317,000 tons with an export value of US\$488 million. The biggest export markets for Indonesian cocoa include the European Union and the United States. Unfortunately however, Indonesia's cocoa products have often experienced automatic detention because they do not meet standards of quality in both these countries.

### **Indonesia, China zero tariff on cocoa, chili to kick off January**

October 18, 2006

The agreement of Indonesia and China to lift import duty respectively on chili powder and cocoa will take effect on Jan 1, 2007, Indonesian trade Minister Mari Elka Pangestu said here Wednesday. The removal of the import

duty was agreed upon in the Memorandum of Understanding signed by Pangestu, and her Chinese counterpart, Bo Xilai, during the meeting of the Joint Commission on Economic, Trade and Technical Cooperation between Indonesia and China in Nusa Dua, Bali on October 6.

According to the agreement, Indonesia will reduce import tariff on chili powder from China from ten percent to zero percent, and China will decrease the tariff on cocoa from Indonesia from 15 percent to zero percent. Separately, Director General of International Trade Cooperation of the Trade Minister Herry Soetanto also confirmed that the policy will kick off in January next year.

Indonesia is the world's third largest cocoa producing country after the Ivory Coast and Ghana in Africa. The value of Indonesian cocoa exports to China increased from 10.9 million U.S. dollars in 2004 to 16 million U.S. dollars in 2005.

Source: Xinhua

### **Ivorian cocoa farmers suspend strike to allow talks**

Thu Oct 19, 2006 8:35 AM GMT

By Ange Aboa

ABIDJAN (Reuters) - Ivory Coast cocoa farmers on Wednesday suspended a three-day-old strike, saying they would give the government a week to satisfy their demands for higher prices for their beans, strike leaders said. "The producers have agreed to a request from the Agriculture Minister to suspend their strike order ... to allow the government time to resolve the problem of the producer price. Should the response be negative, the strike will resume without prior warning from Wednesday, October 25," Arnaud Koffi of the main cocoa farmers' association Anaproci said.

Since Monday, striking up-country growers have been holding back cocoa and blocking the transport of beans to the ports in a stoppage which has hit at the economic lifeblood of the war-divided West African nation. Anaproci, which groups around 80 percent of Ivorian growers, had launched the strike to demand cuts in taxes so producers could receive a higher farmgate price and more financing for cooperatives. Anaproci President Henri Amouzou said talks with the government on Wednesday had reached agreement on financing for cooperatives, but the two sides were still discussing appropriate levels for the DUS export tax and the farmgate price.

As Ivory Coast's 2006/2007 new cocoa season got underway earlier this month, the Coffee and Cocoa Bourse (BCC) marketing body set a DUS export tax of 220 CFA francs per kg and announced a guideline farmgate price of 400 CFA francs per kg. The farmers want the DUS tax to be reduced and the price for their cocoa to be raised to 600 CFA francs. "We producers don't feel we've won but we've agreed to suspend the strike to give the talks with the government a chance," Amouzou told Reuters. "We're still asking the government to make an effort to raise the prices. Even if we can't have 600 CFA francs per kg, we should have more than 400 CFA francs," he said.

### **WORRIES ABOUT QUALITY**

He said the BCC was being asked to deliver a technical report looking at the balance between the DUS tax and the farmgate price. As the strike went into its third day and undelivered cocoa piled up in the interior, buyers and exporters said they were worried that rainy, wet weather in the west and southwest, combined with poor storage conditions there, could spoil the quality of the beans. "It's been raining in that region for several days now and the beans held back by the striking producers could absorb moisture and humidity if this goes on," a European exporter in Abidjan said. "We're worried about receiving poor quality cocoa later on," he added.

The strike in the key cocoa sector comes at a sensitive time for Ivory Coast, which since a 2002/2003 civil war has been split into a rebel-held north and a government-controlled south. Elections due to be held by October 31 have been thwarted by feuding between the rival factions, and African leaders are recommending that President Laurent Gbagbo stay in office for a further year until a vote can take place.

Exporters had questioned whether the government could afford to allow the strike to last over a week, or whether cash-strapped farmers would be prepared to stick with the stoppage. The most recent cocoa strike in late 2004 lasted for around a week but ended after the government made promises to finance cooperatives. However, demands for reductions on cocoa taxes, which farmers say are much too high, have been ignored.

## **Cocoa profits rise**

Thursday October 19, 2006

The Cocoa Industry Board (CIB) made almost \$45 million in profits for the 2003/2004 crop year, nearly five million more than the amount generated the previous year.

As contained in the 2003/2004 Annual Report of the CIB, which was tabled in the House of Representatives on October 10, the sales of dry fermented cocoa brought in earnings of \$52.3 million, a figure which exceeded the \$39.7 million earned in the corresponding year. In the first quarter of the review period (September to December 2003), some 298 tonnes of cocoa were produced, as against the 77 tonnes produced for the similar period in the previous year. The second quarter, which ended March 31, 2004, saw a continuance of favourable production with 181 tonnes of the crop being produced compared to 158 tonnes for the previous year.

### Effects of Ivan

"Generally for the fall crop (October 1, 2003 to March 31, 2004), a total of 479 tonnes was produced, which compared favourably to the 235 tonnes produced for the similar period the year before," the report stated. It was noted, however, that during the spring crop (April to September 2004), a decline was recorded, primarily as a result of Hurricane Ivan. This resulted in a total of 229 tonnes of the cocoa crop being produced, as against the 500 tonnes produced during the spring crop for the corresponding year.

According to the report, for the crop year, production amounted to 710 tonnes, 23 tonnes less than the 733 tonnes produced the previous year. This resulted in a \$44.9 million profit. Production was affected mainly by unfavourable weather conditions such as prolonged droughts and torrential rains. Other contributing factors that impacted on production were the high cost of inputs such as labour, fertiliser, and rodenticide; inadequate support to cocoa farmers from affiliated organisations; and the aging stock of farmers.

## **Nestle Third-Quarter Sales Increase 5.6% on Aquarel, Nespresso**

By Hugo Miller

Oct. 19 (Bloomberg) -- Nestle SA, the world's largest food company, raised third-quarter sales by 5.6 percent, helped by purchases of Aquarel bottled water in the U.S. and Nespresso coffee in Europe. Sales climbed to 25.06 billion Swiss francs (\$19.74 billion) from 23.73 billion francs a year earlier, according to Bloomberg calculations based on nine-month figures released today by the Vevey, Switzerland-based company. That compares with a 25.3 billion-franc median estimate from seven analysts surveyed by Bloomberg.

Chief Executive Officer Peter Brabeck has sold less-profitable coffee, cocoa and dairy processing units to focus on more-lucrative health foods and higher-priced drinks. Nestle, which this week agreed to sell Asian liquid-milk businesses, has paid about \$1.3 billion this year to buy Australian health-food brand Uncle Tobys and Jenny Craig, a U.S. diet food company. "With strong growth in emerging markets and outsourcing of chilled dairy and cocoa processing, there are now some real margin gains to be made at Nestle from new nutritional foods," Alain-Sebastian Oberhuber, an analyst at Lombard Odier Darier Hentsch in Zurich with a "buy" rating on the stock, said before the figures were released. Shares of Nestle rose 3 francs, or 0.7 percent, to 437.75 francs in Zurich yesterday. They have gained 11 percent this year, similar to the 13 percent climb by the 106-member Bloomberg World Food Index. The company, whose products include Purina dog food and Dreyer's ice cream, has a market value of 175 billion francs.

### 'Upper End' of Forecast

Nestle today said it's "confident it will reach the upper end" of its forecast for annual revenue growth of 5 percent to 6 percent, excluding the effect of currencies and acquisitions, and expects an improvement in profitability assuming constant currencies. Asian revenue is rising at more than triple the pace in Europe, helped by increasing sales of new Nescafe coffees and flavored waters.

The CEO is steering Nestle away from goods such as canned condensed milk, which often is sold more cheaply by private-label producers, and toward products such as Pria energy bars with added calcium for women and Nespresso espresso capsules. Nestle spent more than \$17 billion on acquisitions from 2000 to 2003 to add sales

in the U.S., where consumer spending is outstripping that in Europe. First-half sales in the U.S. rose 6.9 percent at constant exchange rates, almost triple European revenue growth of 2.5 percent.

Groupe Danone, a smaller French competitor, said this week that third-quarter sales rose 4.1 percent, led by demand for Wahaha drinks in China and Activia dairy products in the U.S. Bloomberg calculated Nestle's third-quarter revenue by subtracting first-half sales reported in August from today's nine-month figures. Nestle's teleconference to discuss earnings will be on {LIVE <GO>} at 8:30 a.m. local time. To contact the reporter on this story: Hugo Miller in Geneva on hugomiller@bloomberg.net .

### **Ivorian Cocoa Farmers Trade Union Suspend Strike**

(RTTNews) - The leading cocoa farmers' trade union in Ivory Coast, which had gone on strike since Monday to protest against the low price paid for the crop, has decided to suspend its agitation that has paralyzed the country's cocoa industry. The Anaproci trade union, which represents about 80% of the 700,000 cocoa farmers in Ivory Coast, decided to suspend its strike after a meeting with the agriculture minister. However, the union warned that it will be forced to strike again in a week's time if the farmers' demands are not met.

The West African country is the world's leading cocoa exporter, accounting for about 40% of the global total and an estimated seven million people out of a population of 18m live directly or indirectly from cocoa. For three days the farmers have been preventing cocoa beans reaching Ivory Coast's ports of Abidjan and San Pedro. The coffee and cocoa exchange set an indicative price of 400 CFA francs or \$0.75 for a kilogram of cocoa but farmers rarely receive this, in part because the buyer of their cocoa have to pay a high export tax.

### **Ivory Coast Cocoa Farmers Disagree on Strike End**

By Franz Wild

Abidjan

19 October 2006

Most cocoa farmers in the world's biggest producer, Ivory Coast, have suspended a strike over low prices. But some producers are refusing to stop until the government meets their demands. After three days in which warehouses in Ivory Coast's two ports, Abidjan and San Pedro, received no new cocoa beans, the main farmers union, Anaproci, agreed to give the government time to respond to its demands. Others, in the cocoa-rich San Pedro area, say they are keeping up the strike. Their main demand is the price planters get for their beans. While the current price is set by the regulatory body at about 75 cents per kilogram, they are asking for \$1.15 per kilogram of beans. Farmers of the bean used to make chocolate, want export taxes to be dropped, so more of the revenue reaches them.

The Anaproci union's Germain Koffi Yao says the government is taking the strike action seriously. He says they stopped because the authorities want us to negotiate with Ivory Coast's president directly, and hopefully find a solution. But Joseph Yao Kouame from a smaller union, Sapicoci, told VOA by mobile phone they had received strike orders from Anaproci and they will continue to strike. Anaproci says this is not a split, but that they are in their right to continue the strike, though the union has officially suspended it until Wednesday.

Ivorian farmers unload sacks of cocoa beans for burning at Anyama, north of Abidjan, Oct. 16, 2006 Anaproci's Yao, a planter, says if the government does not heed the union demands by then, the producers will take further action. He says, if nothing is done, they will take to the streets and not a single cocoa bean will leave Ivory Coast. That, he says, will be too much for the government to handle. Growers say they have been suffering since the cocoa sector was privatized in 2000. Government mandated prices were replaced by an indicative price, which indicates how much buyers are to pay. This price is rarely actually met. Strikes are rare in Ivory Coast's cocoa sector, the last one being two years ago. Anaproci says this one is serious and will continue until the government carries out its demands. Cocoa is Ivory Coast's biggest export, and it supplies 40 percent of the world's output.

### **The Rainforest Alliance Announces Project to Help Cocoa Farmers in Africa**

NEW YORK,

NEW YORK, Oct. 19 -/E-Wire/-- The Rainforest Alliance has launched an ambitious new project with Kraft Foods, the U.S. Agency for International Development (USAID) and other partners that will help farmers in Côte d'Ivoire, the world's largest producer of cocoa, meet the conservation organization's standards for eco-friendly and socially responsible cocoa farming. The Rainforest Alliance and its partners will provide guidance and technical assistance to about 4,000 farmers in six cooperatives in Côte d'Ivoire over three

years to encourage sustainable cocoa production. Farmers will work toward achieving Rainforest Alliance certification by meeting comprehensive environmental and social standards that include conserving natural resources, protecting the welfare of workers and putting into place more efficient management practices. The first deliveries of Rainforest Alliance Certified cocoa from CÔte d'Ivoire are expected in 2007.

"The challenges in the West African cocoa fields are considerable," said Tensie Whelan, executive director of the Rainforest Alliance. "However, we have a strong and growing coalition of farmers and cocoa companies determined to make a positive difference." The Rainforest Alliance is teaming up with USAID, Kraft Foods, the German Agency for Technical Cooperation (GTZ, for its name in German) and a cocoa trader in CÔte d'Ivoire called the Armajaro Group. The partners in the project coalition are investing nearly \$2 million to benefit the cocoa farmers, guiding them toward self-sufficiency and sustainability.

CÔte d'Ivoire produces about 40 percent of the world's cocoa, more than any other country. The country is facing the aftermath of a civil war, with land disputes ongoing and foreign mediators overseeing a peace plan. Cocoa farmers face a host of additional constraints including poor soils, aging cocoa trees, inefficient management practices, low productivity and lack of marketing information. The project aims to show cocoa farmers that sustainable practices can improve their productivity and their livelihoods while protecting the environment.

Rainforest Alliance certification on cocoa farms has already been successful in Ecuador. Since 1997, we have worked with farmers there on using sustainable practices, including growing cocoa within the rainforest to curb deforestation, using fewer agrochemicals, protecting wildlife, supporting community projects, improving cocoa quality, and producing small batches of a fine native cocoa variety instead of a hybrid variety in bulk. About 1,200 farmers in eight far-flung groups are benefiting from the program many have doubled their incomes while preserving the environment. The first line of certified chocolate was released in 2004.

Farmers in CÔte d'Ivoire, while facing different challenges, have the potential to find similar success through certification. Kraft has worked for many years on encouraging the production of sustainable coffee and chocolate and has agreed to pay a sustainability premium for improved quality cocoa from certified farms. "Kraft has a keen interest in improving the social, economic and environmental conditions on cocoa farms in CÔte d'Ivoire," said Jonathan Atwood, director of commodity sustainability programs at Kraft. "The project goals are ambitious, but we are confident we can help make a positive difference for cocoa farmers and their families."

The mission of the Rainforest Alliance is to protect ecosystems and the people and wildlife that depend on them by transforming land-use practices, business practices and consumer behavior. Companies, cooperatives and landowners that participate in our programs meet rigorous standards that conserve biodiversity and provide sustainable livelihoods. Headquartered in New York City and with offices around the world, the Rainforest Alliance works hand-in-hand with land owners and businesses in the forestry, agricultural and tourism sectors to make their practices environmentally and socially responsible.

*To learn more about the Rainforest Alliance and its programs, visit <http://www.rainforest-alliance.org>. Contact Info: Gretchen Ruethling Tel : 646-452-1939 E-mail : [gruethling@ra.org](mailto:gruethling@ra.org) Website : the Rainforest Alliance*

## TIT BITS

(Source: Business Recorder – [www.brecorder.com](http://www.brecorder.com))

### **Ivorian cocoa farmers strike, some burn beans**

ABIDJAN (October 17, 2006): cocoa farmers in top world grower Ivory Coast began an indefinite strike on Monday, disrupting deliveries to ports for export, and some producers burned their beans to demand higher prices.

### **US MIDDAY: cocoa moves up**

NEW YORK (October 18, 2006): US cocoa ended up nearly 3 percent on Tuesday, touching a one-week high, as funds chased prices to higher ground with both speculative and technical buying after similar action in London. Volume on the New York Board of Trade rose about 50 percent to an estimated 12,616 lots from Monday's official tally of 8,032 lots.

### **Ivory Coast cocoa farmers vow to continue strike**

ABIDJAN (October 18, 2006): The leaders of a strike by cocoa farmers in Ivory Coast said on Tuesday they would maintain the stoppage that for two days has halted bean deliveries from the bush to ports in the world's No 1 cocoa producer.

### **New York cocoa down**

NEW YORK (October 18, 2006): US cocoa futures ended lower on Monday, in sympathy with the market in London, as a strike by farmers in No 1 growing country Ivory Coast had little effect on trade in both centres.

### **US MIDDAY: cocoa lower**

NEW YORK (October 19, 2006): US cocoa ended down nearly 2 percent Wednesday as speculative sellers re-entered the market towards the close to level a rally on since the previous day.

### **Ivorian cocoa farmers suspend strike**

ABIDJAN (October 19, 2006): Ivory Coast cocoa farmers on Wednesday suspended a three-day-old strike, saying they would give the government a week to satisfy their demands for higher prices for their beans, strike leaders said.

### **cocoa higher in New York**

NEW YORK (October 19, 2006): US cocoa ended up nearly 3 percent on Tuesday, touching a one-week high, as funds chased prices to higher ground with both speculative and technical buying after similar action in London.

### **US MIDDAY: cocoa down**

NEW YORK (October 21, 2006): US cocoa ended slightly lower in quiet trade Friday as speculators sold down in small volumes due to a lack of positive leads. The daily trading volume fell by more than half, to an estimated 4,768 lots from Thursday's official tally of 11,782.

### **Ivorian cocoa deliveries resume slowly**

ABIDJAN (October 21, 2006): Deliveries of cocoa resumed slowly at Ivory Coast's ports on Friday, exporters in the world's top cocoa grower said, following a three-day strike this week by farmers demanding higher prices for their beans.

### **Indonesian cocoa stocks ample**

JAKARTA (October 21, 2006): The shipment of cocoa beans is on the rise from plantations to the port in Sulawesi island, Indonesia's main cocoa-growing region, as farmers cash in their crop ahead of a big Muslim festival next week.

### **New York cocoa up 1.7 percent**

NEW YORK (October 21, 2006): US cocoa prices ended nearly 2 percent up on Thursday, virtually recouping all of the previous session's losses, in a yo-yo pattern which dealers said appeared to have more downward pressure than up.