



COPAL COCOA Info

A Weekly Newsletter of Cocoa Producers' Alliance

Issue No. 204

6th – 10th November 2006

Cocoa Producers' Alliance

ICCO Daily Cocoa Prices

	ICCO daily price (SDRs/tonne)	ICCO daily price (US\$/tonne)	London futures (£/tonne)	New York futures (US\$/tonne)
6 th November	1061.59	1570.65	853.33	1521.67
7 th November	1073.86	1592.56	860.67	1540.33
8 th November	1081.05	1605.71	867.67	1557.00
9 th November	1085.82	1611.48	871.33	1560.33
10 th November	1068.86	1592.39	859.00	1541.33
Average	1,074.44	1,594.56	862.40	1,544.13

Up-coming Events

- Extra-ordinary Council of Ministers Meeting, 7th December 2006, London, UK

In the News:

- Ghana: Cocoa Farmers Call for Return to Old Method of Payment
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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)

**6th
Monday November 2006**

Month	Opening Trans	Settle	Change	Daily High	Daily Low	Volume
Dec 2006	833	839	9	841	827	6,362
Mar 2007	848	855	7	857	847	4,261
May 2007	861	866	6	868	859	675
Jul 2007	870	876	6	878S	870	39
Sep 2007	882	886	6	887	882S	44
Dec. 2007	897	900	6	900	895	194
Mar-08		911	6			0
May-08		919	5			0
Jul-08		929	5			0
Sep-08		939	5			0
Totals		892				11,575

**7th
Tuesday November 2006**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2006	839	847	8	854	836	11,124
Mar 2007	855	862	7	869	853	6,815
May 2007	866	873	7	879S	866S	988
Jul 2007	879	883	7	890	878S	738
Sep 2007	889	893	7	897S	885	804
Dec. 2007	901	904	4	908S	900S	225
Mar-08	920	916	5	920	920	32
May-08		926	7			0
Jul-08		936	7			0
Sep-08		946	7			0
Totals		899				20,726

**8th
Wednesday November 2006**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2006	848	853	6	860	845	8,517
Mar 2007	864	870	8	877	861	5,570
May 2007	873	880	7	886S	873	313
Jul 2007	885	890	7	894	885	27
Sep 2007	895	900	7	904	894	163
Dec. 2007	905	910	6	917	905	180
Mar-08		922	6			0
May-08		931	5			0
Jul-08		941	5			0
Sep-08		951	5			0
Totals		905				14,770

**9th
Thursday November 2006**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2006	855	857	4	864	851	6,125
Mar 2007	872	874	4	881	869	4,640
May 2007	883	883	3	890	880	3,869
Jul 2007	893	893	3	900	890	43
Sep 2007	900	903	3	907S	900	291
Dec. 2007	910	913	3	919	910S	558
Mar-08		925	3	935S	935S	0
May-08	935	934	3	945	945	10
Jul-08	945	944	3			1
Sep-08		954	3			0
Totals		908				15,537

**10th
Friday November 2006**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2006	856	844	-13	857	841	3,690
Mar 2007	874	862	-12	875	859	2,531
May 2007	874	871	-12	884	869S	317
Jul 2007	888	880	-13	892	881S	10
Sep 2007	898	889	-14	899S	890	316
Dec. 2007	901	899	-14	907	899	299
Mar-08		909	-16			0
May-08		919	-15			0
Jul-08		930	-14			0
Sep-08		940	-14			0
Totals		894				7,163

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

6th
Monday November 2006

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2006	1484 1486	1493	9	1497	1471	7536
Mar 2007	1516 1518	1525	9	1529	1505	6849
May 2007	1535 ^B 1540 ^A	1547	10	1549	1527	697
Jul 2007	1555 ^B 1562 ^A	1569	10	0	0	0
Sep 2007	1577 ^B 1585 ^A	1591	10	1590	1580	93
Dec 2007	0 0	1616	10	1615	1605	312
Mar 2008	0 0	1645	10	0	0	0
May 2008	0 0	1666	10	0	0	0
Jul 2008	0 0	1687	10	0	0	0
Sep. 2008	0 0	1705	10	0	0	0
Totals		1604				15,487

7th
Tuesday November 2006

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2006	1498 1499	1516	23	1528	1492	15592
Mar 2007	1528 1531	1545	20	1556	1524	16262
May 2007	1550 ^B 1552 ^A	1566	19	1575	1557	409
Jul 2007	1570 ^B 1575 ^A	1586	17	1590	1575	1016
Sep 2007	1590 ^B 1597 ^A	1607	16	1611	1595	667
Dec 2007	1618 ^B 1624 ^A	1632	16	1641	1626	277
Mar 2008	0 0	1660	15	0	0	0
May 2008	1666 ^B 1677 ^A	1681	15	0	0	0
Jul 2008	0 0	1702	15	0	0	0
Sep. 2008	0 0	1720	15	0	0	0
Totals		1622				34,223

8th
Wednesday November 2006

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2006	1507 1511	1528	12	1533	1507	7877
Mar 2007	1540 1543	1563	18	1568	1540	10489
May 2007	1563 0	1583	17	1586	1562	449
Jul 2007	1580 ^B 1590 ^A	1604	18	1607	1588	780
Sep 2007	1600 ^B 1608 ^A	1624	17	1628	1610	210
Dec 2007	1627 ^B 1630 ^A	1650	18	1650	1630	37
Mar 2008	0 0	1677	17	1677	1662	44
May 2008	0 0	1698	17	0	0	0
Jul 2008	0 0	1719	17	0	0	0
Sep. 2008	0 0	1738	18	0	0	0
Totals		1638				19,886

Thursday **9th**
November 2006

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2006	1527 1530	1530	2	1538	1513	8523
Mar 2007	1563 1566	1567	4	1574	1550	9632
May 2007	1585 0	1588	5	1593	1576	1081
Jul 2007	1606 0	1608	4	1612	1598	104
Sep 2007	1618 ^B 1628 ^A	1628	4	1632	1619	30
Dec 2007	0 0	1653	3	1658	1658	10
Mar 2008	0 0	1680	3	0	0	5
May 2008	1698 ^B 1713 ^A	1701	3	0	0	0
Jul 2008	0 0	1722	3	0	0	0
Sep. 2008	0 0	1741	3	0	0	0
Totals		1642				19,385

Friday **10th**
November 2006

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2006	1515 1518	1509	-21	1539	1505	7712
Mar 2007	1552 1556	1548	-19	1575	1545	9769
May 2007	1575 1576	1569	-19	1597	1573	345
Jul 2007	1597 0	1589	-19	1608	1597	21
Sep 2007	1612 ^B 1617 ^A	1609	-19	1622	1617	122
Dec 2007	1640 0	1634	-19	1649	1639	162
Mar 2008	0 0	1662	-18	0	0	0
May 2008	0 0	1683	-18	0	0	0
Jul 2008	0 0	1704	-18	0	0	0
Sep. 2008	1740 0	1722	-19	1740	1740	1
Totals		1623				18,132

Spot Prices (US \$ per tonne)

	6th November	7th November	8th November	9th November	10th November
Main Crop Ghana, Grade 1	1875	1898	1910	1912	1891
Main Crop Ivory Coast, Grade 1	1765	1788	1800	1802	1781
Main Crop Nigerian, 1	1751	1774	1786	1788	1767
Superior Arriba	2043	2066	2078	2055	2034
Sanchez f.a.q.	1736	1759	1771	1773	1752
Malaysian 110	1501	1524	1536	1538	1517
Sulawesi f.a.q.	1526	1549	1551	1563	1542
Ecuador Cocoa Liquor	2722	2764	2786	2790	2751
Pure Prime Press African Type Cocoa Butter	3902	3962	3993	3998	3944
10/12% Natural Cocoa Press Cake	781	793	800	801	790

Source: Cocoa Merchants' Association-

News

Ghana: Cocoa Farmers Call for Return to Old Method of Payment

Public Agenda (Accra)

November 6, 2006

Accra

Some cocoa farmers in the Western and Brong Ahafo Regions have called for a return to the old method of bonus payment through purchasing clerks. They have also called for a review of the cocoa purchasing period to enable farmers receive payment before the beginning of the academic year to allow them to send their wards to school without having to borrow from money lenders who charge very high interest rates.

The farmers made the call during a fact-finding tour by the Parliamentary Committee on Food, Agriculture and Cocoa Affairs to some cocoa growing areas in the two regions. A statement from the Public Affairs Department of Parliament on Friday said the tour took the committee members to Enchi and Juaboso in the Western Region and Kasapin near Goaso in the Brong Ahafo Region, where members held various meetings with farmers in these areas. Addressing the farmers, Dr Mathew Antwi, Chairman of the Committee, commended government for increasing the producer price of cocoa five times since assuming power. He, therefore, urged the farmers and other stakeholders to feel free to come out with their grievances so that these could be forwarded to the appropriate authorities. The statement said the farmers urged government to make available D.D.T and capside spray for spraying their farms against diseases.

Others called for a uniform and well calibrated scale for measuring cocoa before it is purchased to ensure fairness. "Most of the contributors at the various fora lamented the poor state of roads leading to cocoa growing areas in the two regions. They said since most of the country's cocoa come from these areas, it is important that roads leading to these are made motorable," the statement added. GNA

Africa's Cocoa Crop Gets a Boost from the Sustainable Tree Crops Program

By Cole Mallard

Washington, DC

06 November 2006

This week's feature series is on the effect of agriculture on Africa's economies. Tonight's topic: cocoa production. The Sustainable Tree Crops Program (STCP) works to improve cocoa production and distribution for small-scale farmers in West Africa. The five-year-old program is a public-private partnership.

Stephan Weise is its regional manager, based in the Ghanaian capital, Accra. He told VOA English to Africa Service reporter Cole Mallard the program has been effective: "We've trained farmers in production practices, and yields have increased between 15 and 40 percent. At the same time 10 to 20 percent less pesticides are used in the areas where farmers actually use pesticides. Collective marketing has increased the prices for farmers by five to 15 percent. So if you take farmers in certain countries like Cameroon or Cotes D'Ivoire, where farmers have been trained in better production practices [and]...are marketing collectively, you're getting greater income for these farmers between 25 and 55 percent."

Weise says small-scale farmers face obstacles such as limited access to high cost production technology, limited access to credit, and poor marketing. He says the STCP helps them overcome these problems by using a method known as "discovery learning, which empowers the farmers to make their own decisions, so it's not the 'top down' approach where we tell the farmers what they have to do...but it's where the farmers themselves learn to observe and make the decisions...."

Weise says this way the farmer gains greater production knowledge for more effective asset management. He says the next step is for the farmer to use improved fertilizer and germ plasms. Weise also says diversifying crops helps create alternative income sources. He says this approach also makes it easier to get credit for agricultural investment from national and international institutions. As for marketing, he says, "Collective sales are an important component which leads to organizing the farmers into associations or cooperatives which allow them to negotiate prices much better with the buyers." He says farmers also have better access to pricing and product quality information.

Weise says generally speaking, cocoa farmers are older and so are the trees on the farms. He says STCP encourages investing in new trees and improved varieties. Weise says normally it's the head of the household

who owns and manages tree crop assets but that younger family members certainly participate in the work and benefit from income generated at the household level. Weise says when one looks at data and statistics on cocoa farming and compares it to other crop raising data, "it may look as if the cocoa farmer is always old, but [the data indicates that] this has been the case for the last 30, 40, 50 years, so cocoa farmers have always been old." (English to Africa 10/27)

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Government give Cocoa Association \$120 thousand

Monday, 06 November 2006

The Grenada government has come to the rescue of cocoa farmers on the island with a donation of EC \$120 thousand to the Cocoa Association. The heavily indebted association has been unable to pay cocoa farmers for the past few months. The agricultural minister Gregory Bowen says while the government has no obligation to the association it feels this is the right thing to do.

Cameroon launches real-time prices for cocoa, coffee

Tue Nov 7, 2006 12:32pm ET

YAOUNDE (Reuters) - Cameroon's National Office for Cocoa and Coffee (ONCC) launched a program on Tuesday to provide real-time market prices to local growers over the Internet, aimed at boosting their negotiating power. The program, backed by the United Nations Conference on Trade and Development (UNCTAD), hopes to improve the transparency of Cameroon's coffee and cocoa markets and better inform farmers of market trends.

The prices are available at www.sif-cameroun.org.

"For the time being, only the prices are available on the ONCC site," said Olivier Combe of UNCTAD.

"But in a few days, we hope to be able to introduce information on the trends and evolution of prices."

Eventually, the site will contain the prices paid by producers and exporters, and the quantities exported, quality standards and interest rates paid by the coffee and cocoa associations. The project was launched in September 2005, but has since been improved. The service will be extended to neighboring Africa cocoa and coffee producers in coming years with funding from the European Union.

Gov't promotes cocoa cultivation

(Source: Viet Nam News)

07/11/2006 (GMT+7)

VietNamNet Bridge – Government officials are calling for more investment in the cocoa industry, which they say can bring high export value as well as contribute to sustainable development.

Bui Ba Bong, deputy minister of the Ministry of Agriculture and Rural Development (MARD), said cocoa could be grown in forests or under the shade of trees common to Vietnam, such as coconut palms, and cashew nut, coffee and fruit trees. "Cocoa cultivation can help poverty reduction programmes and contribute to sustainable development and environmental protection," said Bong, who spoke at the third annual Success Alliance International Conference on the smallholder link in the cocoa value chain last week.

A piece of land under 50 acres, or about 20 hectares, that is sold or leased to someone for cultivation is called a smallholding. The Success Alliance is a partnership of public, private and non-profit organisations that promotes the sustainable cultivation and marketing of cocoa by smallholders worldwide. Bong said MARD aimed to have 20,000 hectares under cocoa cultivation by 2010, with a density of 600 trees per hectare. He said ED&F Man and Cargill were the two biggest buyers of cocoa beans in the country, followed by Thanh Phat, OLAM, Vinamilk and Armajaro.

Cocoa imports to Vietnam began in 1960 but in 2000 several companies began to purchase and process cocoa beans. Cocoa cultivation rose from less than 50 hectares in 2000 to 7,320 hectares this year. Cocoa trees are planted in the provinces of Ben Tre, Dong Nai, Ba Ria-Vung Tau, Binh Phuoc and Dac Lac, with each hectare producing some 1.15 tonnes of dried cocoa beans per year. Bong said the Success Alliance project had provided

assistance for sustainable development of cocoa cultivation in Ben Tre, Ba Ria-Vung Tau, Tien Giang and Binh Phuoc in the past three years.

The government would continue to support cocoa development in the Central Highlands province of Dac Lac for the next three years, he added. In 2004, cacao plantations were successfully reestablished under the Success Alliance Viet Nam project. The scheme was mandated to increase the area under cultivation and to improve the quality of Vietnamese-grown cocoa beans in conformity with international standards. Thirteen crop varieties were approved for the project, and more nurseries were established to provide high-quality seedlings to growers.

During a cocoa seminar in HCM City in late July, Yeong Chye, chairman of the Cocoa Association of Asia, said the 19 member companies of the organisation had agreed to support Vietnam's efforts to develop its cocoa industry. Dried cocoa beans have been priced at VND18,000 to 20,000 per kg and most of Vietnam's cocoa production was for export. In addition to crop diversification and raising the country's export revenues, cocoa can help Vietnam curb environmental problems through sustainable agro-forestry systems.

A pilot farm called the Sustainable Cocoa Agroforestry System model has been run by the Forestry Science Institute of Vietnam in Binh Phuoc Province to link the Government's 5 million-hectare Reforestation Programme with sustainable agroforestry systems that include crop diversification and suitable technologies.

The US Department of Agriculture has provided US\$4mil for cocoa farmer training and crop expansion through the Success Alliance Viet Nam programme. The US Agency for International Development in Vietnam said they put up nearly \$1mil for the project between 2004 and 2006 and was expected to provide another \$750,000 for the project in Dac Lac. According to figures released by the World Cocoa Foundation, Indonesia remains the region's leading cocoa producer, accounting for 75% of the total output, while Malaysia is the top processor, followed by Indonesia, Singapore, Japan, China and Thailand.

China's chocolate market looks sweet for Barry Callebaut

By Dominique Patton

07/11/2006 - Swiss chocolate maker Barry Callebaut is gearing up for the chocolate market of the future, with the final go-ahead for its first production plant in China. The company, which uses 15 per cent of the world's cocoa supply, makes almost 90 per cent of its sales in Europe and North America but it has embarked on a new regional focus to raise earnings in fast-growth emerging markets.

Maurizio Decio, new vice president for Asia, told AP-Foodtechnology.com that he plans to focus on the triangle between Tokyo, Seoul and Shanghai to generate higher sales in this region. Japan, with its traditionally high quality standards, is already a strong market for the leading chocolate producer. But China, with its enormous consumer base, is clearly the more exciting. China's demand for chocolate grows by between 10-15 per cent each year and many in the industry say demand will soon outpace the speed at which new chocolate factories can be built. "The Chinese market is already the second biggest in the region [after Japan] and it is growing at incredible speed," says Decio. "With the growth in income, especially on the east coast, consumption of impulse food is going to become much more accessible for a larger population."

Barry Callebaut opened a new sales office in Shanghai last month and is hoping to gain its construction permit for a production plant in the Suzhou area in the coming weeks. The plant will initially have capacity for 25,000 tonnes but is likely to be increased if market growth continues as expected. The site of the production plant is significant. While the average annual chocolate consumption in China is only 100-150g, Shanghai's population is already eating about 1kg per head, according to Decio. And if Shanghai residents and the 400 million people living in neighbouring cities on this affluent coastline reach the Japanese average of 2.2-2.3kg each, this gives Callebaut a potential market of some 800,000 metric tons of chocolate. "We hope that this [new] plant will be mainly for the Shanghai area. Of course it is a good hub and we will be able to export to Korea and Japan but given current demand from both the gourmet and industrial segments, we hope sales will be mainly local."

Production in China, expected to start some time in 2008, means Callebaut can supply its Chinese clients with products like liquid chocolate which cannot be delivered the long distance from Singapore, currently the firm's only manufacturing site in Asia. Importantly for Barry Callebaut, the trend towards higher quality chocolate is already evident in China. The company that prides itself on its range of dark chocolate and high polyphenol content products says it is seeing stronger demand for dark chocolate in China, like many other of its markets. "You can see this growing interest in quality everywhere – in cars, in coffee and in chocolate too," said Decio.

Confectioners offering products with higher cocoa content will be boosted by a new regulation entering into force on 1 December that requires products with more than 5 per cent vegetable fat to be labeled as containing cocoa substitutes. "This is a positive move towards quality but it is the market that is already driving this trend ahead of any regulations," believes Decio. He added that the firm's gourmet business – selling chocolate to artisans, hotels and restaurants – is growing 'really, really strongly', another indication of the good demand for higher end products.

Indeed the gourmet business takes a higher proportion of sales than in many other parts of the world. Real growth in volumes will however come from the industrial side. It is difficult to predict the speed at which this will happen but Decio notes that confectionery companies are increasingly making more of their sales in Asia than western markets. China's Food Industry Association says that annual chocolate consumption, currently worth around CNY3 billion, is expected to reach CNY20 billion (€1.9bn) in the future, making it the largest chocolate market in the world.

Mars chocolate lowers cholesterol, study

By Catherine Boal

08/11/2006 - Mars' CocoaVia nutritional chocolate bar range has had its healthy image boosted by a new study indicating that the product actively reduces cholesterol levels. The paper, published in the November edition of the Journal of the American Dietetic Association, found that the bars helped to lower levels of 'bad' LDL cholesterol in the blood due to their 1.5g plant sterol content.

Plant sterols are commonly known as a favourite ingredient among manufacturers in the functional food industry thanks to their cholesterol-lowering properties and have been used in breads, spread and chocolate. Their inclusion in the CocoaVia products, which were launched last year through internet sales, has allowed Mars to market them as 'heart healthy' chocolate.

Researchers at the University of California-Davis tested the cholesterol of 67 men and women with elevated levels who were placed in one of two groups. One group ate a CocoaVia snack bar twice a day and the other an equivalent placebo. After six weeks, the group eating the Mars product had reduced their total cholesterol by 4.7 per cent and their LDL levels dropped by an average of 6 per cent.

High levels of LDL cholesterol in the blood increase the risk of cardiovascular disease (CVD) which causes almost 50 per cent of deaths in Europe, and is reported to cost the EU economy an estimated €169 billion (\$202 billion) per year. Mars research scientist Dr Catherine Kwik-Urbe said: "Heart health is a national public health priority and our study supports that offering consumers a great tasting lower calorie chocolate snack product with plant sterols, like CocoaVia bars, can be a practical and enjoyable dietary strategy." Masterfoods US, who own the Mars brand, has conducted over 15 years of research into the benefits of cocoa flavanols and owns the patent for its Cocoapro process which extracts naturally occurring antioxidant flavanols from cocoa beans.

Chief Executive of COCOBOD advises farmers against the use of DDT

Wednesday, November 08, 2006

-GNA- Mr Isaac Osei, Chief Executive of Ghana Cocoa Board (COCOBOD) has advised cocoa farmers against spreading their farms with Gammalin 20 popularly known as DDT. Mr Osei who is on a week's tour of Western Region, gave the advice during a courtesy call on Mr Anthony Evans Amoah, Western Regional Minister. He said the ban on the use of Gammalin 20 by cocoa farmers was still in force although the World Health Organisation (WHO) had approved DDT for mosquito prevention in Africa. "Lifting the ban on DDT by WHO does not mean cocoa farmers can apply it on their farms," he added.

Mr Osei said the management of COCOBOD was developing its own capacity to test the level of chemicals in cocoa beans before being exported to prevent rejection of Ghana's cocoa on the world market. He noted that Japan recently rejected cocoa beans she imported from Ghana because of the detection of high levels of some chemicals in cocoa beans produced last year. Mr Osei said rejection of the cocoa beans was the result of new measures being implemented in Japan on the "Minimum residue limits of chemicals in cocoa beans" introduced by Japanese Government this year. He announced that the chemicals Japanese complained about had been withdrawn from the market.

Mr Osei said management of COCOBOD was concerned about chemicals used on cocoa farms because the European Union (EU) would soon introduce measures to check chemical levels in cocoa beans. He expressed concern about the low quality cocoa beans being smuggled into the country from La Cote d'Ivoire. Mr Osei called on the Western Regional Coordinating Council to endeavour to halt the smuggling of cocoa through the

western border into the country. He said management of COCOBOD had given six pick-up vehicles to Officer and men of the Second Battalion of Infantry at Apremdo near Takoradi for anti-smuggling operations along the borders.

The Chief Executive of COCOBOD said funds had been made available to 18 registered Licensed Buying Companies (LBC) in the region to purchase cocoa. He asked cocoa farmers to expose LBCs who defaulted in the payment of cocoa purchased or adjusted weighing scales to cheat them to be prosecuted and their licences withdrawn. Mr Osei said some selected roads in cocoa growing areas in the Western, Central, Ashanti and Brong Ahafo Regions, would be tarred to facilitate cocoa evacuation. In addition, he said measures had been instituted to prevent congestion at the Takoradi Port.

Mr Amoah expressed concern about the deplorable roads in major cocoa growing areas in the region and appealed to the management of COCOBOD for assistance to rehabilitate them. He pledged the commitment of the Western Regional Coordinating Council to collaborate with COCOBOD to improve the living standards of cocoa farmers in the region.

Indonesia Says El Nino May Endure Through Next Year (Update2)

By Claire Leow

Nov. 8 (Bloomberg) -- Indonesia may be affected by "moderately intense" El Nino weather conditions that could last right through next year, parching Southeast Asia's largest economy, the meteorological agency said. Floods may follow. More than half of the nation's 220 districts are forecast to receive below-average rainfall between now and the yearend, up from a forecast of 94 last month, the agency said in a briefing today. Authorities will begin cloud-seeding.

Indonesia is the latest country to signal concern over the onset on an El Nino after forecasts from the Philippines, Australia and the U.S. The events, which cause drought across Asia, can disrupt farm output and boost commodity prices. "We are here to issue warnings," Wasito Hadi, director of the meteorological data center at the Meteorological and Geophysics Agency, said. Warmer Pacific temperatures "will bring on a moderately intense El Nino, if conditions persist for three months or more. This could last until the end of 2007."

Indonesia's monsoon season usually starts around now, helping more than 38 million farmers across the archipelago who plant rice, oil palms, coconut palms, coffee, cocoa, sugar, corn, vegetables and spices. The country is the world's largest palm- oil producer, and the fourth-largest producer of coffee. Indicators show "temperatures are 1 degree centigrade to 1.4 degrees centigrade above normal in the Pacific," Hadi said.

Cloud Seeding

Authorities will begin cloud seeding in Central Java, the second-most populous province, by the end of the month, Hadi said. The process involves spraying silver iodide particles into clouds to encourage rainfall and reduce the risk of drought. "We need to encourage rain for the dams and for irrigation or there will not be enough," he said.

Districts or regencies forecast to experience "below- normal" rainfall between this month and December, defined as less than 85 percent of the normal amount recorded between 1971 and 2000, now number 141 out of 220 nationwide. That's an increase from an estimated 94 districts that were forecast last month as likely to suffer below-normal rain, according to the agency's data.

The worst affected are provinces in the east, including Nusa Tenggara Timor, Kalimantan, Sulawesi, Maluku and Papua, the data shows. In Maluku, where spices are cultivated, all eight districts will be affected by below-normal rains, the data shows.

Sumatra, Java

Sumatra and Java islands are among Indonesia's most fertile due to volcanic soils. In Sumatra, Indonesia's westernmost island, 10 out of 26 districts will have below-normal rainfall, double the number predicted a month ago. In East and Central Java provinces, the rice-cultivating heart of the country, 53 out of 94 districts will suffer similar conditions, three more than the previous month, the data shows.

The dry season, which normally starts between April and June and ends between September and October, depending on the location of province, may bring on worse-than-normal rainfall shortages and even drought,

Hadi said. "Normally, anything below 150 millimeters a year is considered dry," he said. "In El Nino, it can be less than 50 millimeters."

El Nino conditions are usually followed by heavy rains, Hadi said, bringing more hardship as cracked and hardened soil isn't able to absorb sudden rains, thereby causing flooding and severe soil erosion. "It's up to the local governments to act on the information we provide monthly," he added.

El Nino, which means "little boy" in Spanish, got its name from Peruvian fisherman who noticed that warmer sea temperatures reduced their catch around Christmas. The events, caused by warming of equatorial waters in the Pacific Ocean, occur every two to seven years and shift normal weather patterns worldwide. They usually take months to develop fully. To contact the reporter on this story: Claire Leow in Jakarta at cleow@bloomberg.net

New regulations back drive for quality chocolate in China

By Dominique Patton

09/11/2006 - China's increasingly savvy chocolate consumers will be better equipped to choose higher quality chocolate if new regulations entering into force next month are properly enforced. China's ministry of commerce has said that the fat content in chocolate must be made up of at least 95 per cent cocoa butter. Any products containing more than 5 per cent cocoa butter replacement cannot be labelled as chocolate after 1 December.

Currently only black and white chocolate must be labelled with the proportion of cocoa content, which must be a minimum of 18 per cent and 20 per cent respectively. Under the new regulation, to be policed by the quality and safety body AQSIQ, manufacturers must specify the proportion of cocoa substitute and type. The law could significantly shake up the domestic confectionery sector. Only about a quarter of chocolate products on the market are made with pure cocoa butter, according to Chen Guoxing from the confectionery committee of China's Food Industry Association.

Others estimate that 90 per cent of Chinese chocolate makers rely on cocoa butter substitutes. This is a result of the significant price differential - a ton of cocoa costs around RMB30,000 while cocoa substitutes range from 6,000-15,000 depending on its quality and type. Some in the industry are sceptical about how well the regulation will be enforced, particularly given its impact on the domestic industry. Jimmy Yang of Palsgaard, an emulsifier supplier to chocolate makers, adds that it will be a difficult standard to police. "It's not so easy to analyse cocoa butter content in a chocolate product," he told AP-Foodtechnology.com.

However many feel that China's confectionery industry is already moving towards higher quality products, independently of government regulation. The world's biggest chocolate maker, Barry Callebaut, says the Chinese market has been buying increasing amounts of higher quality product for some time. "This [the new regulation] is a positive move towards quality but it is the market that is driving this trend ahead of any regulations," Maurizio Decio, the firm's vice president of Asia, told AP-Foodtechnology.com in a recent interview. He added that the firm's gourmet business - selling chocolate to artisans, hotels and restaurants - is growing 'really, really strongly', another indication of the good demand for higher end products.

Others in the industry agree.

"Chinese customers are more and more concerned about quality as well as price. As a result, in order to better satisfy people's taste, more producers will use pure cocoa butter instead of substitute which has been adopted by most local companies," Chen from the food industry association said.

Shanghai-based confectionery firm Jinsihou says all of its new products are made with pure cocoa butter. "We used to use substitute for most of our chocolates, like many Chinese companies. But the new types of our products are made of pure cocoa butter, which is becoming more and more trendy," said company spokesman Mr Zinghong. He acknowledged that ingredient costs have since doubled but that Jinsihou does not want to be confined to a small section of the market. "We believe it is the trend that customers will prefer better quality products as they get rich," he told AP-Foodtechnology.com. The new regulations will be one of many topics under discussion at the Confectionery Manufacturing Expo running in Shanghai this week.

Cocoa cosmetics on the rise

By Louise Prance

10/11/2006 - A new trend for cocoa-based cosmetics could prove advantageous to chocolate manufacturers as confectionery giant Nestlé leads the way – joining forces with beauty group L’Oreal. Collaboration between the two companies has resulted in the launch of a ‘beauty from the inside’ product range, Inneov, targeting the Nutricosmetics category. Food based ingredients make up part of the fast growing market of organic and natural based cosmetics, a market that is set to continue to grow in coming years leading to ingredients such as organic chocolate becoming more and more popular.

Western manufacturers have rediscovered cocoa, 3000 years after it was first discovered the ingredient is now used in many skin treatments in a variety of salons and finished products. Paris based company Zelda Gavizon uses chocolate as the main component in its ‘Chocolatherapie’ treatments with spokesperson, Gabriel Jacquet, stating that ‘Cocoa has a lot to give, the Cocoa pod has over 800 complex molecules with 30 of them being beneficial to the skin’. Antioxidants contained in the cocoa shell are said to help delay the signs of ageing, activate fat-burn and have a psychologically stimulating effect. Prompting Jacquet to state that the ‘ingredient is more than just a gimmick and is in fact a cosmetic asset’. Jacquet claimed that this discovery evolved after a consumer trend for fruit based face creams emerged from London in the new millennium, described by the company as ‘tasty treatments’.

Cocoa Comments

Wednesday, November 08, 2006

by Hector Galvan of RJO Futures

The cocoa market brings with it many possible surprises this week. Weather has become a pivotal factor in cocoa with many still looking at \$1500 as major resistance that must be broken to keep the market working higher. In addition, politics remain a heavy determinant as many wait to see how long before rebels possibly begin violently protesting the changes in government.

Nigeria's cocoa crop is slowed this week due to ill weather. Granted the Nigeria crop has become famous this year as one of the largest in some time heavy rains has kept farmers from processing the yield. Moreover, Indonesia announced that its 06 crop will fall short this year due to El Nino weather patterns with estimates on the year possibly cutting 75 thousand metric tons. One must remember that too much moisture can be deadly to cocoa as it brings mold and disease to the crop. Mold has been a factor in Ivory Coast cocoa as much still needs to be moved to container ships. If this continues many are expecting heavier sales to stay at bay until December.

On another note, last week brought Ivory Coast a mandate from the United Nations which would aid in removing power from the President and putting it in the hands of its current Prime Minister. Rebels for many years now have been trying to oust the President who has used the constitution to keep elections on the backburner. Any change in power can bring unexpected consequences. However, with a nation known for unrest it would not be outside the realm of possibility that this could just mean move violence. At last look the mandate has not created any change and we will just have to watch and wait.

Look at the Cocoa to continue trading in range until we get above \$1500 or below \$1455 on the December contract. First notice day on the contract is November 15, 2006.

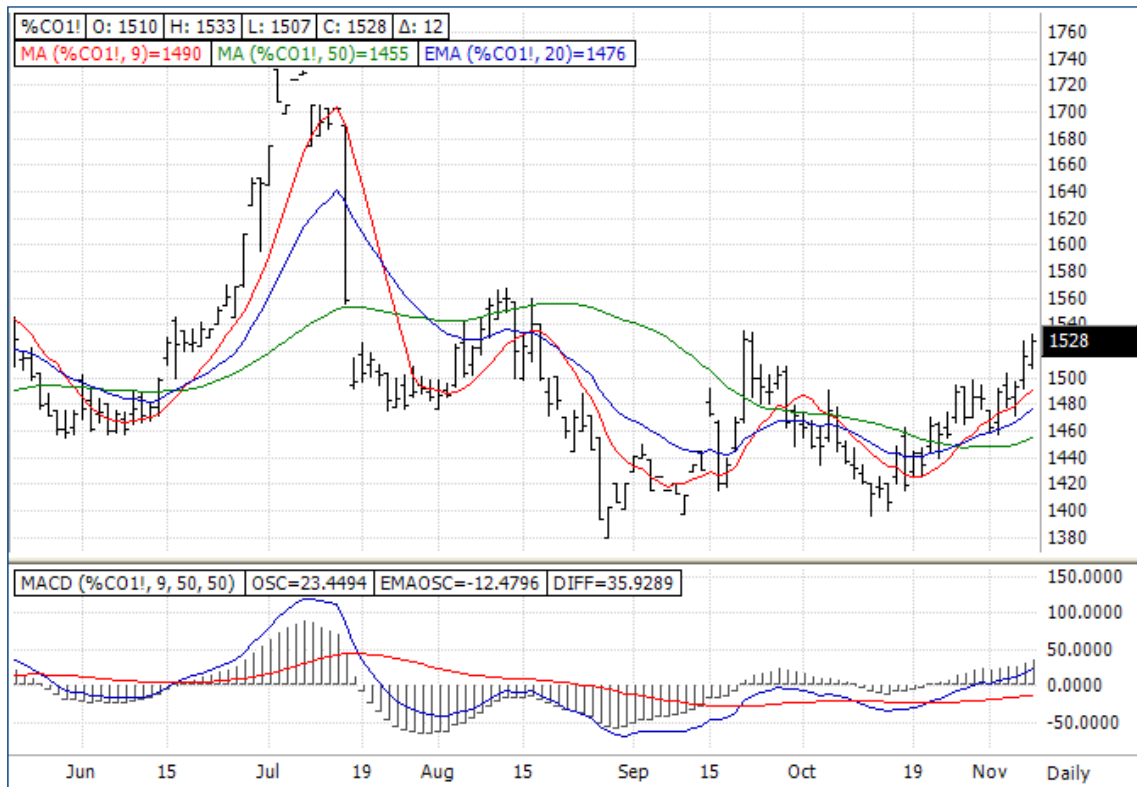


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(Source: Business Recorder – www.brecorder.com)

US MIDDAY: cocoa hits seven-week high

NEW YORK (November 08, 2006): US cocoa futures rose to near 7-week highs Tuesday, tearing past the critical \$1,500 a tonne level as players rolled into the next immediate contract from the front-month which was approaching delivery.

Cameroon launches real-time prices for cocoa and coffee

YAOUNDE (November 08, 2006): Cameroon's National Office for cocoa and Coffee (ONCC) launched a programme on Tuesday to provide real-time market prices to local growers over the Internet, aimed at boosting their negotiating power.

New York cocoa up on thin arrivals

NEW YORK (November 08, 2006): US cocoa prices ended up on Monday, boosted by data showing a significant drop in cocoa bean arrivals at ports in leading world grower Ivory Coast. At the close, volume on the New York Board of Trade was little changed from Friday, with an estimated 15,487 lots changing hands against the official 15,602 lots done previously.

Chemical residue

ACCRA (November 08, 2006): The world's no. 2 cocoa producer Ghana is to work with Japanese buyers to reduce chemical residue on the West African country's cocoa beans, following complaints of high chemical levels, a senior official said on Monday.

US MIDDAY: cocoa at seven-week peak

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