



# COPAL COCOA Info

A Weekly Newsletter of Cocoa Producers' Alliance

Issue No. 253

15<sup>th</sup> – 19<sup>th</sup> October 2007

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)
15 <sup>th</sup> October	1216.09	1892.91	952.67	1850.67
16 <sup>th</sup> October	1223.32	1900.11	958.00	1863.33
17 <sup>th</sup> October	1227.96	1908.34	959.67	1870.33
18 <sup>th</sup> October	1231.00	1920.38	963.67	1880.33
19 <sup>th</sup> October	1230.65	1922.19	964.00	1881.33
<b>Average</b>	<b>1226.00</b>	<b>1909.00</b>	<b>960.00</b>	<b>1869.00</b>

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

**Monday 15<sup>th</sup> October 2007**

Month	Opening Trans	Settle	Change	Daily High	Daily Low	Volume
Dec 2007	929	940	8	944	928	3223
Mar 2007	941	954	8	958	941	1472
May 2008	954	964	7	967	954S	131
Jul 2008	965	975	7	974	965	31
Sep 2008	985	985	8	985	983S	27
Dec 2008	993	994	7	993S	993S	501
Mar 2009		1008	8			0
May 2009		1020	8			0
Jul 2009		1030	8			0
Sep 2009		1029	8			0
<b>Totals</b>		<b>990</b>				<b>5,385</b>

**Tuesday 16<sup>th</sup> October**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2007	935	944	4	952	934	3179
Mar 2007	951	960	6	966	950	2901
May 2008	961	970	6	975	961	269
Jul 2008	977	980	5	983S	977	40
Sep 2008	991	990	5	995	990	71
Dec 2008	1004	1000	6	1004	1002S	37
Mar 2009		1013	5			0
May 2009		1023	3			0
Jul 2009		1033	3			0
Sep 2009		1032	3			0
<b>Totals</b>		<b>995</b>				<b>6,497</b>

**Wednesday 17<sup>th</sup> October 2007**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2007	946	945	1	955	938	4406
Mar 2007	962	962	2	969	956	3029
May 2008	972	972	2	980	967	532
Jul 2008	980	983	3	984S	980	105
Sep 2008	994	993	3	994	990	101
Dec 2008	1008	1002	2	1008	998S	122
Mar 2009		1015	2			0
May 2009		1025	2			0
Jul 2009		1035	2			0
Sep 2009		1034	2			0
<b>Totals</b>		<b>997</b>				<b>8,295</b>

**Thursday 18<sup>th</sup> October 2007**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2007	949	949	4	952	942	2520
Mar 2007	963	966	4	970	959	2298
May 2008	970	976	4	979S	970	195
Jul 2008	990	987	4	990	983	219
Sep 2008	997	997	4	1000S	996S	339
Dec 2008	1006	1006	4	1009S	1005S	287
Mar 2009		1019	4			0
May 2009		1030	5			0
Jul 2009		1040	5			0
Sep 2009		1039	5			0
<b>Totals</b>		<b>1001</b>				<b>5,858</b>

**Friday 19<sup>th</sup> October 2007**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2007	946	951	2	956	940	5,379
Mar 2007	962	966	0	973	957	2,262
May 2008	972	975	-1	982S	967	436
Jul 2008	984	987	0	990	978	632
Sep 2008	989	996	-1	996S	988	161
Dec 2008	1001	1005	-1	1001S	997	376
Mar 2009	1012	1016	-3	1012S	1010	115
May 2009		1026	-4			0
Jul 2009		1036	-4			0
Sep 2009		1035	-4			0
<b>Totals</b>		<b>999</b>				<b>9,361</b>

<b>Average for the week</b>	<b>1008</b>					<b>7079</b>
<b>Total for the week</b>						<b>35,396</b>

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

**Monday 15<sup>th</sup> October 2007**

Month	Open	Price	Change	High	Low	Volume
Dec 2007	1855	1859	21	1879	1850	4796
Mar 2008	1850	1853	25	1853	1850	1611
May 2008	1864	1864	22	1864	1864	223
Jul 2008	1885	1878	26	1895	1878	63
Sep 2008	1893	1893	25	1893	1893	2
Dec 2008	1913	1913	21	1913	1913	39
Mar 2009	1920	1933	19	1933	1920	376
May 2009	1936	1954	24	1954	1936	251
Jul 2009	1969	1969	19	1969	1969	0
Sep 2009	1977	1977	19	1977	1977	0
<b>Totals</b>		<b>1909</b>				<b>7361</b>

**Tuesday 16<sup>th</sup> October 2007**

Month	Open	Price	Change	High	Low	Volume
Dec 2007	1873	1870	11	1883	1864	3954
Mar 2008	1862	1857	4	1869	1855	1460
May 2008	1869	1869	5	1869	1869	80
Jul 2008	1882	1882	4	1882	1882	170
Sep 2008	1898	1898	5	1898	1898	9
Dec 2008	1918	1918	5	1918	1918	44
Mar 2009	1938	1938	5	1938	1938	781
May 2009	1958	1958	4	1958	1958	372
Jul 2009	1973	1973	4	1973	1973	0
Sep 2009	1981	1981	4	1981	1981	0
<b>Totals</b>		<b>1914</b>				<b>6870</b>

**Wednesday 17<sup>th</sup> October 2007**

Month	Open	Price	Change	High	Low	Volume
Dec 2007	1880	1875	5	1893	1853	4740
Mar 2008	1873	1869	12	1873	1869	1865
May 2008	1881	1881	12	1881	1881	236
Jul 2008	1891	1891	9	1891	1891	80
Sep 2008	1905	1905	7	1905	1905	10
Dec 2008	1928	1928	10	1928	1928	59
Mar 2009	1947	1947	9	1947	1947	18
May 2009	1966	1966	8	1966	1966	0
Jul 2009	1984	1984	11	1984	1984	0
Sep 2009	1992	1992	11	1992	1992	0
<b>Totals</b>		<b>1924</b>				<b>7008</b>

**Thursday 18<sup>th</sup> October 2007**

Month	Open	Price	Change	High	Low	Volume
Dec 2007	1892	1883	8	1897	1867	7641
Mar 2008	1885	1882	13	1886	1870	2838
May 2008	1892	1892	11	1892	1892	1573
Jul 2008	1902	1902	11	1902	1902	54
Sep 2008	1917	1917	12	1917	1917	12
Dec 2008	1938	1938	10	1938	1938	99
Mar 2009	1961	1961	14	1961	1961	28
May 2009	1977	1977	11	1977	1977	0
Jul 2009	1997	1997	13	1997	1997	0
Sep 2009	2005	2005	13	2005	2005	0
<b>Totals</b>		<b>1935</b>				<b>12245</b>

**Friday 19<sup>th</sup> October 2007**

Month	Open	Price	Change	High	Low	Volume
Dec 2007	1880	1879	-4	1882	1858	5754
Mar 2008	1871	1879	-3	1879	1863	2301
May 2008	1885	1885	-7	1885	1885	1476
Jul 2008	1895	1895	-7	1895	1895	29
Sep 2008	1910	1910	-7	1910	1910	37
Dec 2008	1932	1932	-6	1932	1932	61
Mar 2009	1948	1948	-13	1948	1948	699
May 2009	1966	1966	-11	1966	1966	460
Jul 2009	1990	1990	-7	1990	1990	0
Sep 2009	1998	1998	-7	1998	1998	0
<b>Totals</b>		<b>1928</b>				<b>10817</b>

<b>Average for the week</b>	<b>1939</b>				<b>11075</b>
<b>Total for the week</b>					<b>44,301</b>

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

	15 <sup>th</sup> October	16 <sup>th</sup> October	17 <sup>th</sup> October	18 <sup>th</sup> October	19 <sup>th</sup> October
Main Crop Ghana, Grade 1	2311	2322	2327	2335	2331
Main Crop Ivory Coast, Grade 1	2187	2198	2203	2211	2207
Main Crop Nigerian, 1	2176	2187	2192	2200	2196
Superior Arriba	2391	2402	2407	2415	2411
Sanchez f.a.q.	2207	2218	2223	2231	2227
Malaysian 110	1864	1875	1880	1888	1884
Sulawesi f.a.q.	2042	2053	2058	2066	2062
Ecuador Cocoa Liquor	3334	3354	3363	3377	3370
Pure Prime Press African Type Cocoa Butter	5441	5473	5488	5511	5499
10/12% Natural Cocoa Press Cake	874	879	881	885	883

Source: Cocoa Merchants' Association

# News

## Health and Nutrition

### **The science behind desire for chocolate**

Telegraph.co.uk, United Kingdom - Oct 15, 2007

By Roger Highfield, Science Editor

For the first time, scientists have linked the love of chocolate to a specific, chemical signature programmed into a person's metabolism, the chemical processes that take place in body, as measured by tests on blood and urine.

Chocolate craving determined by bacteria

Tests by Sunil Kochhar of the Nestlé Research Centre in Lausanne, Switzerland and Prof Jeremy Nicholson at Imperial College London show that this signature reads 'chocolate lover' in some people and indifference to the popular sweet in others, the researchers say today in the *Journal of Proteome Research*.

advertisementProf Nicholson is the founder of "metabonomics", where scientists hunt for subtle changes in metabolism - the complex web of thousands of chemical reactions that runs a body - caused by toxins, drugs or illness, such as heart disease. Many of these are influenced by gut bacteria, which play a central role in breaking down a food such as chocolate.

In this case, the team studied 11 volunteers who classified themselves on a questionnaire as 'chocolate desiring' and 11 volunteers who were 'chocolate indifferent.' In a controlled clinical study, each subject - all men of normal weight - ate chocolate or placebo over a five day period while the make-up of chemicals in their blood and urine samples was analysed.

The 'chocolate lovers' had a hallmark metabolic profile that involved low levels of LDL-cholesterol (so-called 'bad' cholesterol) and marginally elevated levels of albumin, a beneficial protein, the scientists say.

The chocolate lovers showed this tell-tale chemical profile, a quite different pattern of fats, even when they ate no chocolate, the researchers note. The activity of the gut microbes in the chocolate lovers was also distinctively different from the other subjects, they add. "We found that we could easily distinguish the groups metabolically," said Prof Nicholson.

"This is the first demonstration that a dietary preference has an imprinted effect on your metabolism and that might link to all sorts of long term health implications- interestingly the chocolate preferring people had a better gut microbial metabolite profile than the people that don't like chocs," said Prof Nicholson.

"Chocolates are rich in antioxidant polyphenolics which are good for you (which themselves are microbially metabolised) and this could be part of the connection."

An essential ingredient in chocolate is cocoa which is rich in flavonoids, the most active polyphenols, in particular, three members of the flavanol family, catechin, epicatechin and procyanidins. Cocoa beans and chocolate generally contain more of the active polyphenols than any other food.

"It is known that by eating chocolate, catechin and epicatechin can reach the bloodstream where they can be transported around the body, helping to prevent oxidation so the body can stay healthier," said Kochhar.

"Our study shows that food preferences, including chocolate, might be programmed or imprinted into our metabolic system in such a way that the body becomes attuned to a particular diet," says Kochhar.

"We know that some people can eat a diet that is high in steak and carbs and generally remain healthy, while the same food in others is unhealthy," he explains.

"Knowing one's metabolic profile could open-the-door to dietary or nutritional interventions that are customised to your type so that your metabolism can be nudged to a healthier status."

Researchers have known for some time that the metabolic makeup and food preferences can vary from person to person and even between different cultures.

"There's a lot of information in metabolism that can be used to improve health and this information is just now being explored and tapped," the researcher says.

Women were not included in the current study in order to avoid any metabolic variations linked to the menstrual cycle, which has been shown in studies by others to influence metabolic differences, Kochhar says. But the researchers plan to include women in future clinical trials on women who love the treat.

In addition to providing a better understanding of individual metabolic types, the current study could also lead to the discovery of additional biomarkers that can identify new health benefits linked to chocolate and other foods, says Kochhar, whose research was funded by Nestlé.

## **Production & Quality**

### **Ghana fights bitter cocoa battle**

Independent Online, South Africa

By Kwasi Kpodo

October 18 2007

Accra - Ghana has adopted a new hybrid cocoa to fight swollen shoot disease which has ruined at least 20 million trees in the country's east and now poses a serious threat in the main western producing region, officials said. Swollen shoot is a viral disease which dries out plants' roots and leaf stems, causing them to produce small pods and beans that are unfit for sale. It has traditionally only flourished in the eastern region of Ghana, the world's second largest cocoa exporter. Once attacked, a tree has to be uprooted and destroyed. An official of the viral disease control unit of industry regulator Cocobod said its researchers had discovered a hybrid cocoa variety found to be tolerant of the swollen shoot virus.

### **Black Pod to Cut Ivorian Cocoa Output**

Source: Reuters

17/10/2007

Abidjan, Oct 17 - Black pod disease could cut Ivory Coast's cocoa output in the 2007/2008 season by between 75,000 and 100,000 tonnes, exporters in the world's top grower said on Wednesday. Ivory Coast's BCC marketing body has forecast output for the October-March main crop -- the principal segment of the overall harvest -- at 950,000 tonnes, although some exporters had predicted an even higher main crop of 1.2 million tonnes.

"I don't think it's premature or risky to say that the current main crop which has started very well compared to last season will now be less good than expected because of black pod, which is really gaining ground at the moment," said an analyst for one international cocoa firm after visiting plantations.

"There are a huge number of rotten pods on the trees and that is a reality you can't hide. At a minimum, I think the fall in production will be 75,000 tonnes," he said.

Heavy rainfall has helped plantations flourish across much of the country but has also created the ideal, damp conditions for the fungal infection to thrive and it has spread quickly in the key southwestern and western regions. "Production has been very good in all cocoa growing zones and if it wasn't for black pod we'd easily have achieved the forecast 1.2 million tonnes," said another analyst working for a European exporter based in Ivory Coast. "But taking the disease into account, we should come in at around 1.1 million tonnes, meaning a net loss of about 100,000 tonnes on main crop production," the analyst said.

### **RAINS CONTINUE**

Exporters and analysts, who had initially stuck to their 1.2 million-tonne main crop forecast despite the BCC's more cautious stance, said they had revised their view because of black pod's rapid spread around San Pedro, Meagui, Sassandra, Tabou, Duekoue and Grabo, all hit by excessive rainfall. These western and southwestern growing zones of the West African country account for between 500,000 and 600,000 tonnes of cocoa beans in an average year.

Heavy rains continued into October, meaning the damp conditions that were causing pods to rot were continuing, according to Ali Lakiss, director of the Saf Cacao exporter in the southwestern port of San Pedro. "We expect rains in October but not like this. It's raining all the time and heavily. There has been a tremendous amount of rain in these last 10 days with only a few days of sunshine," he told Reuters. Some analysts said the losses could exceed 100,000 tonnes if the disease continued to spread.

Exporters said they also feared the quality of shipments would decline as producers mixed in rotten beans in an effort not to lose too much volume. "We're expecting lesser quality beans in the coming weeks because the weather is not improving and producers don't want to lose too much cocoa and are using everything that looks like cocoa even if it's not good," said one exporter in San Pedro. "We're already getting lots of bad beans so imagine in two weeks when the rotten pods are being harvested and prepared for delivery to ports," he said.

## **Cocoa Production Above Target**

Government of Jamaica, Jamaica Information Service, Jamaica

KINGSTON (JIS):

October 13, 2007

The Cocoa Industry Board is reporting that it has exceeded by approximately 168 tonnes, its target of exporting 600 tonnes of cocoa for the crop year which ended in September. Speaking with JIS News, Secretary Manager of the Board, Naburn Nelson said achieving this feat is very good for the industry considering the many challenges the sector faced in previous years.

Commenting on a five year plan to export 1,400 tonnes of the commodity, he said the primary cause of not meeting this target at present relates to the recent hurricane and weather conditions. He said however, that plans are being implemented to ensure that this target is met. "We have a number of plans in place including a periodic review of farm gate price and an incentive scheme for service groups such as secretaries and collectors." He informed that the incentive to be paid to these persons will be based on the number of boxes of cocoa selected from farmers; a process which he said "is working tremendously."

Additionally, the Secretary Manager explained that production would be further boosted as the organization is involved in a replanting and expansion programme to replenish those farms that have lost cocoa trees or are in need of an upgrade. He said that since October 2006 the Cocoa Industry Board, through this project, has supplied some 16,400 seedlings to farmers. "These are not seedlings that we go out there and beg or encourage farmers to buy or to collect," he explained, adding that farmers are the ones who have come in to request seedlings for replanting."

As a result of the demand, he revealed, the organization has planted approximately 41 acres of trees in one year and approximately 24,000 seedlings are currently being housed in nurseries. "Seedlings are produced and then issued to farmers at subsidized costs; the production cost is somewhere in the region of \$35 to \$40 and we only collect \$5 per seedling from farmers to contribute to transportation," he explained.

Following the passage of Hurricanes Ivan and Dean, the Cocoa Industry Board developed and implemented a recovery assistance project which helps cocoa farmers who have been adversely affected by natural disasters, by providing an advance payment of \$4,000 to return fields to meaningful production. These monies are then collected over a one year period from funds owed to the farmers by the Board. The main cocoa producing parishes are St. Mary, St. Catherine, Clarendon, and St. Thomas, while farmers in the western parishes such as St. Elizabeth, St. James, Westmoreland, and parts of Trelawny, also produce the crop.

## **Ghana's Cocoa Season For 2007/2008 Opens**

Modern Ghana, Ghana - Oct 19, 2007

General News - Fri, 19 Oct 2007

The Deputy Minister for Finance and Economic Planning, Hon Gyan-Baffour today opened the 2007-2008 Cocoa seasons with the assurance that government would continue to support the sector to ensure it achieves its maximum potential.

I am delighted to say that for the past seven years since the current administration assumed office we have in collaboration with Ghana Cocoa Board put in place measures aimed at increasing production, he noted. The Deputy Minister who was speaking at a press briefing in Accra said Government appreciates the enormous contribution of the cocoa sector to the general economy in terms of its contribution to the growth in Gross Domestic Product (GDP), foreign exchange earnings, and poverty reduction, among others.

He observed that policy initiatives vigorously pursued by government over the period included among other things remunerative producer prices and payment of bonuses, effective diseases and pest control exercise, improving the agronomic practices on cocoa farms.

These increases, Prof Gyan-Baffour said, have almost doubled the production of cocoa since the 2000/2001 crop season and affirmed Ghana's position as the second largest producer of cocoa in the world. He said that since 2003/2004 cocoa season when cocoa reached record output of 736,199 tonnes production level, it has not fallen below 600,000 metric tones. He said producer prices have also increased nearly three fold since 2001, and has ensured that farmers were paid decent prices, saying that farmers currently enjoy over 70 percent of the net Free On Board (FOB) price or ¢ 9.15 million per metric tonnes from ¢3.475 million in 2001.

On bonuses, the Deputy Finance Minister said farmers have been paid five times within the same period, all aimed at providing incentives to cocoa farmers, and gave the assurance that government would not relent on its promise to ensure that the living conditions of the ordinary Ghanaian farmer is improved.



He stressed that Ghana would not compromise on the quality of her cocoa beans and that the government would do everything possible to maintain the high quality of its cocoa.

Chief Executive Officer (CEO) of Ghana Cocoa Board, Isaac Osei, assured that the \$ 900 million raised from International financial institutions for purchasing operations would be used judiciously.

Hon Oboshie Sai Cofie, Minister for Information and National Orientation who chaired the function assured of her Ministry's support with educational campaign on banned pesticides.

## **The Market**

### **Ivory Coast Cocoa Farmer Assoc Threatens Blockade from Oct 17 (DJ)**

Source: Dow Jones Newswires

15/10/2007

Abidjan, Oct. 15 - An association of Ivory Coast cocoa farmers will block cocoa trade as from Oct. 17 if buyers don't pay at least 500 CFA francs (\$1.08) a kilogram, their leader said on Monday. Currently farmgate prices are between XOF350-XOF450/kg. "Every company which refuses to pay 500 (CFA francs) will suffer resistance from the farmers. I can confirm you that it (trade) will be paralyzed completely. Not one single bean will come down to the ports," Bile Bile told Dow Jones Newswires.

Bile is the chairman of the board of the FDPCC Coffee and Cocoa Farmers' Development Fund and the secretary of the National Association of Ivory Coast Coffee and Cocoa Producers. The Association says it has representatives and a substantial following in all 18 cocoa-growing regions of the world's top cocoa producer. It remains to be seen if farmers will and can block cocoa trade. In the past, farmers' groupings have blocked cocoa trade to push up prices but never for more than a week.

### **US Commodities:**

10/17/2007

NEW YORK -(Dow Jones)- Cocoa futures ended higher after a back-and-forth session of consolidation, analysts said. December cocoa futures settled \$5 higher at \$1,875 a metric ton, and March ended \$12 higher at \$1,869 in a low-volume session.

### **James Mound's Weekend Commodities Review**

eTV Futures, NY - Oct 15, 2007, Oct 15 2007 02:10 pm

James Mound Trading Group, By Head Analyst James Mound

For the Week Ending October 14th, 2007

#### Softs

Cocoa is finding some price support after a significant retracement due to post-harvest supplies in the Ivory Coast being brought to port at a faster clip than anticipated. If you take a step back and look at the big picture, the Ivory Coast crop is probably as bad as once thought, but a slew of farmers are jumping at the chance to sell their freshly harvested cocoa at some of the best prices they have ever seen. Let the quick to bail unload their crop and then you will be left with a supply problem that could be historic. The forecast for a strong Ghana crop year in '08 is more than offset by weather related issues in Indonesia hurting their supply forecasts.

OJ had a week of volatility not seen since the '05 hurricanes, as pre-report action caused a fresh intraday spike and failure before Friday's report confirmed the juice yield from the Florida crop was below estimates. The market is not going back to \$2 on a 3% drop in yield, but it may help form a bottom in a market setup for a multi-year sustained rally.

### **Material world**

Economist, UK - Oct 18, 2007

Oct 18th 2007

From The Economist print edition

Oil is not the only commodity on a tear

AS OIL prices touched \$89 a barrel this week, the temptation was to seek an explanation in geopolitics. Many cited a potential incursion by Turkish soldiers into northern Iraq. Some believed gold's rise to a 27-year high was driven by the same factor.

Fuelling the supercycle. But the commodities market is being affected by a lot more than just events in the Middle East. Prices of raw materials are seeing widespread gains as talk of a "supercycle" is in the air. Copper, lead, soybeans, wheat, cotton, coffee, cocoa and feeder cattle have all registered double-digit percentage gains this year.

Some of these gains can be traced back to the rise in oil prices. The planned substitution of ethanol for petrol encouraged corn planting, which took acreage away from crops like soybeans and led to a surge in prices. Higher livestock prices can, in turn, be explained by higher grain costs.

But the broad strength of commodity prices may also reflect the appeal of the sector as an “alternative asset”, along with hedge funds and private equity. Ever since the dotcom bubble burst, investors have been keen to diversify away from shares and government bonds. That has led to the launch of a whole series of exchange-traded funds based on commodities, which have made the asset class accessible for a much wider range of investors. The latest example, from Barclays Global Investors, a big asset manager, is a fund based on timber prices. Wall Street has been gearing up to meet demand: a survey by Options Group, a recruitment consultant, found that the hiring rate of commodity traders is up by 33% on last year.

The recent credit crunch may have given commodities a further lift. Speculative money that had been flowing into high-yield bonds and structured credit is now looking for a new home. Some commodities, particularly gold, are also seen as a hedge against a declining dollar.

Robin Bhar, a metals strategist at UBS, says investors seem to feel they have an each-way bet on commodity prices. Either global economic growth is strong and supply remains tight, or the world slips into stagflation, as it did in the 1970s. Commodities should perform well either way.

Such a bet could still lose money, of course, if the world slipped into a non-inflationary recession. But investors seem to feel that the global economy can overcome the problems in the American housing market. Peter Oppenheimer, a strategist at Goldman Sachs, says that high metals prices reflect the strength of the BRIC economies (Brazil, Russia, India and China), which contribute twice as much as America to global consumption growth.

Individual commodity prices are still highly volatile thanks to speculative demand. A sharp rise tends to attract “momentum” investors, who push prices up even further until end users start looking for alternatives. At that point, the momentum buyers retreat. But oil's attractions to investors have increased recently because the market has moved into “backwardation”, where futures prices are lower than the current price. Investors can thus earn a “roll yield” by buying the future and waiting for the price to rise to the spot level.

The key factor, however, is the tightness of supply. Francisco Blanch of Merrill Lynch reckons that supply contracted by 500,000 barrels a day in the third quarter while leading economic nations entered the fourth quarter with their lowest stocks for four years. Mr Blanch reckons it would not take much to push the price to \$100 a barrel. If it gets there, stockmarkets may face an interesting test of confidence.

#### **TradeSignals Cocoa Futures Morning Commentary -- 2007-10-15 07:01:10**

Cocoa:

Nearby Cocoa futures finished the previous session weaker reversing the firmer tone seen during the prior session. Trend indicators are indicating a bearish market. However the overall strength of the trend, as indicated by the ADX, is weak and should be watched as a result. Momentum readings are also bearish. However, the recent upturn in the difference between the MACD and the MACD signal line may indicate a short term rally over the next few days and should be watched.

#### **TREND INDICATORS:**

**Simple Moving Average (10-Day):** The closing price finished below this moving average. Also, the slope of the moving average is in a downward slope from the previous session indicating further weakness. As a result the 10-Day simple moving average has a strong bearish bias.

**Simple Moving Average (25-Day):** The closing price finished below this moving average. However, even though prices are trading below the moving average, the moving average slope is up from the previous session. Should prices continue lower the moving average will eventually follow and then the down trend will be more clearly established. However, this strength in the moving average will need to be watched. As a result the 25-Day simple moving average has a weak bearish bias.

**Simple Moving Average (50-Day):** The closing price finished below this moving average. Also, the slope of the moving average is in a downward slope from the previous session indicating further weakness. As a result the 50-Day simple moving average has a strong bearish bias.

**ADX:** The Average Directional Change (ADX) indicates the strength of a markets underlying trend. A rising ADX is interpreted as building trend strength, while a falling ADX indicates weakness in the underlying trend and the potential of a

market reversal. On this market, the 14-Day ADX is falling, while the long term trend, based on a 50-Day moving average, is down. However, the weak ADX indicates that the current trend is deteriorating and may possibly reverse. Look for a choppiness ahead.

#### MOMENTUM INDICATORS:

MACD: The MACD is in bearish territory. However, the recent upturn in the difference between the MACD and the MACD signal line may indicate a short term rally over the next few days.

RSI: The 14-Day RSI is in neutral territory. (RSI is at 41.20). This indicator issues bullish signals when the RSI line dips below the oversold zone (currently set at 20.00); a bearish signal is generated when the RSI rises into the overbought zone (currently set at 80.00). Nevertheless with the RSI at 41.20 the market is somewhat oversold. However, this by itself isn't a strong enough indication to signal a trade. Look for additional evidence of strength from this indicator before getting too bullish here.

#### VOLATILITY INDICATORS:

Bollinger Bands (20-Day Average +/-1 Standard Deviation): As prices are closer to the bottom band than the top band, the Bollinger Bands are indicating oversold prices. Volatility also appears to be decreasing, as evidenced by a smaller distance between the upper and lower bands over the past few sessions. Despite this oversold condition the market may become more oversold before turning higher. As a result, the market will look for additional strength in prices before turning bullish on this indicator.

#### RESISTANCE AND SUPPORT LEVELS:

2088 - 20-Day Simple Moving Average Plus 2 Standard Deviations  
2055 - Highest High in last 50-Days  
2042 - Highest High in last 10-Days  
2006 - 20-Day Simple Moving Average Plus 1 Standard Deviation  
1944 - 100-Day Simple Moving Average  
1916 - 200-Day Simple Moving Average  
1907 - 25-Day Simple Moving Average  
1872 - 10-Day Simple Moving Average  
1866 - 50-Day Simple Moving Average  
1843 - 3-Day Simple Moving Average  
1842 - High  
1842 - 20-Day Simple Moving Average Minus 1 Standard Deviation  
1838 - Last Price  
1818 - Low  
1812 - Lowest Low in last 10-Days  
1760 - 20-Day Simple Moving Average Minus 2 Standard Deviations  
1753 - Lowest Low in last 50-Days

### **Processing and Manufacturing**

#### **Chocolate Wars - health**

Conde Nast Portfolio, NY

by Alexandra Wolfe

15-10- 2007

*Warren Buffett gets stirred up; candymakers battle. A proposal to redefine chocolate is roiling the nation's \$16.3 billion industry.*



Don't mess with Warren Buffett's chocolate.

Improbably, the Oracle of Omaha, who might not be blamed if he said he had more important things to do, finds himself enmeshed in one of the odder food fights of late—a regulatory dustup over whether the traditional standards for making chocolate in the United States ought to be changed. It revolves around the question of whether a simple and elegant ingredient known as cocoa butter, which gives chocolate its creamy

smoothness and texture, can be replaced, at least in part, by cheaper ingredients. The disagreement involves the Food and Drug Administration, the federal arbiter of food standards, and has pitted mass candy manufacturers such as Hershey and Nestlé against smaller, higher-end chocolate makers such as 139-year-old Guittard Chocolate and See's Candies.

To detractors of the proposed change, what's at stake is the very future of the nation's chocolate industry and its \$16.3 billion in annual sales. Buffett's interest is certainly pecuniary. His holding company, Berkshire Hathaway, got into the chocolate business when it bought See's, an old-line San Francisco Bay Area chocolate maker, for \$25 million in 1972. Given that See's sales, these days more than \$300 million annually, depend largely on the company's reputation for quality, there are no plans to mess with any formulas, Buffett says. "If you've got recipes that people like, you don't change them."

Meanwhile, supporters of the move suggest high-end chocolatiers are overreacting. "I don't think there's any cause for alarm," says Robert Earl, senior director of nutrition policy for the Grocery Manufacturers Association, a trade group that represents some of the big chocolate makers and has been pushing for the change. "Nothing is mandatory. The language regarding chocolate is just descriptive." Here's the issue: For as long as chocolate has been made, it's been smoothed out with the elixir called cocoa butter, an emulsified form of cacao that gives the finished product its silky texture. In the United States, the F.D.A. mandates that a product can't legally be labeled as chocolate unless cocoa butter is part of the formula. But because of a drought and political violence in Ivory Coast, a major source for cacao beans, the price of cocoa butter has skyrocketed. This has prompted some of the major chocolate makers, Hershey among them, to lobby the F.D.A. by way of a trade-group petition for a change that would let them substitute such cheaper ingredients as vegetable oil and dried milk for cocoa butter and still call their products chocolate.

Complicating matters is a dramatic shift in the chocolate market. Since 2001, sales of premium chocolate have climbed 129 percent, while at some large manufacturers, sales of mass-produced chocolate have declined. During the first six months of 2007, Hershey's earnings dropped to \$97 million, compared with \$220.4 million in the same period of 2006. Mix in the sharp spike in cocoa-butter prices, and big chocolate makers have found themselves in a jam. Earlier this year, Hershey announced plans to shut down at least three of its 17 plants in the U.S. and lay off thousands of workers. But many of the smaller chocolate makers see the effort to replace cocoa butter as a ploy that would allow the major companies to cut costs without risking their reputation—or sales. And that, the smaller companies argue, would not only mislead consumers but also give mass chocolate makers an unfair advantage.

The potential savings are substantial. By substituting other vegetable fats, chocolate makers could shave at least 50 cents a pound off the cost of producing their candy, estimates Fabrizio Parini, vice president of marketing for Ghirardelli Chocolate, which opposes the change. Furthermore, premium-chocolate makers fret that the change could spark a consumer revolt against all chocolate. "It would be like saying margarine spreads could be called butter," says Brad Kinstler, See's chief executive, who's decked out in a white lab coat and matching hairnet as he gives me a tour of his South San Francisco plant. A glimpse at the production line helps explain why See's charges a premium for its candies: Workers are painstakingly painting chocolate onto caramel-almond chews that are moving along a conveyor belt toward a cooling tunnel.

The cocoa-butter controversy began in October 2006 at a Washington board meeting of the Chocolate Manufacturers Association, a trade group dominated by the biggest names in chocolate: Hershey, Nestlé, Mars, and Archer Daniels Midland. The board was considering whether to support the Grocery Manufacturers Association, which includes some chocolate makers, in petitioning the F.D.A. to update U.S. food standards. The grocery manufacturers group, which happens to be chaired by former Hershey C.E.O. Richard Lenny, routinely submits such petitions when changes in food science demand it. But deep within the fine print of the document—in the last section of a 12-page appendix—lurked the clause allowing the cocoa-butter substitution. Most small chocolate makers were absent from the meeting, and there was no vote on the petition.

Gary Guittard, a member of the Chocolate Manufacturers Association and the owner of Guittard Chocolate, a boutique chocolate company started in 1868 by his great-grandfather in Burlingame, California, had been digging into the petition's fine print when the phone rang. It was a Chocolate Manufacturers Association representative, who was polling members on the proposed F.D.A. standards. Guittard voiced objections to the cocoa-butter clause, but a few weeks later, the chocolate trade group announced its support for the petition—including the cocoa-butter swap. "The phone vote was weird," the 60-year-old Guittard recalls, speaking from his desk in the same brown office his chocolate-making predecessors occupied in the 19th century. Guittard swung into action, conducting his own informal poll of premium-chocolate makers and their allies, alerting them to what he saw as a threat. Soon they banded together and created a website, DontMessWithOurChocolate.com. They denounced the proposed change as a "mockolate conspiracy" and bombarded the F.D.A. with protest letters and emails. As a result, the F.D.A. extended the public comment period and said it wouldn't be deciding anytime soon.

Major industry players don't want to talk about this, though Mars broke ranks with other big makers and recently came out against the change. Archer Daniels Midland and Nestlé would not comment specifically on the debate, and a Hershey

spokesperson deflected comment to the Grocery Manufacturers Association. Meanwhile, the fracas has created strange bedfellows. With the growth in premium-chocolate sales, some big chocolate makers have been trying to cash in by investing in boutique candymakers. Hershey, for example, recently spent \$46.6 million to buy premium chocolatier Scharffen Berger. When I spoke to Ray Major, master chocolate maker at Scharffen Berger, he said adamantly, "We won't be changing our chocolate." He then invited me to come by Scharffen Berger's factory in Berkeley, California—subject to approval from his new parent company. Ten minutes later, Hershey's press office called to rescind the invitation.

#### **Nestle growth affected by rising raw material costs**

VEVEY, Switzerland (AFP) — The Swiss food group Nestle said Thursday that growing raw material costs were having an impact on its growth, as it posted a nine percent increase in sales over the first nine months of the year. Nestle said in a statement that "input cost pressures were increasing over the second half of the year" and having a "dampening effect" on real internal growth.

However, the company maintained its recently revised targets for better-than-expected growth this year. The multinational's sales over the first nine months of 2007 reached 78.7 billion Swiss francs (47 billion euros, 67 billion dollars), exceeding analysts' expectations. Nestle did not release data for the third quarter. "In the fourth quarter, we will have a bit less organic growth," Nestle Chairman and Chief Executive Peter Brabeck told journalists. "In spite of increasing input cost pressures, I remain confident that Nestle will achieve above-target organic growth and a sustainable margin improvement for 2007 as a whole," he said earlier.

Organic growth over nine months -- a measure of business performance that excludes financial investments or acquisitions -- reached 7.2 percent, including 2.7 percent due to price rises, the company said.

In August, the company said it expected to exceed its original target of five to six percent in 2007. Nestle executives maintained that line on Thursday despite the cost pressures. Rising milk prices weighed on the food giant's biggest sector, dairy products and ice cream, where real growth did not exceed 1.8 percent, the company said.

Finance chief Peter Polman said Nestle was prepared for the price increases. "The US is starting to produce more milk. We think that over the second half of 2008, we'll see these prices easing off a little bit," he added.

Nestle also claimed it was able to pass production price increases down the line to the consumer because of the strength of many of its brands.

Polman estimated that organic growth for the year should reach stay around seven percent mark.

Brabeck said he was also expecting growing pressure on corn prices due to US attempts to direct 30 percent of its yields to biofuel production next year.

By contrast, cocoa "looks relatively well" the Nestle chief said, while sugar prices were likely to decline due to increases in Indian production, he added.

Brabeck told the Financial Times in July that food prices around the world were set for a "significant and long-lasting" period of inflation because of growing demand from China and India, the use of crops for biofuels and general population growth.

Nestle made a record annual net profit of 9.2 billion Swiss francs (5.7 billion euros, 7.4 billion dollars) in 2006. In August, the company reported an 18 percent increase in 2007 half year net profit at 4.92 billion Swiss francs.

#### **Confectionery giants jostle for position**

By Charlotte Eyre

17/10/2007 - International firms such as Cadbury are the most successful confectionery companies in Western Europe, according to Euromonitor, suggesting that a global outlook is necessary to survive in an increasingly competitive market.

Cadbury,, Kraft, Nestle, Mars and Ferrero all have a large chunk of the market because they are committed to making foreign acquisitions and carrying out aggressive marketing campaigns.

They also tailor their products to trends or local tastes, said Euromonitor spokesperson Irina Kazanchuk.

"We are likely to see further movement in acquisitions and setting up new production facilities in fast growing markets and the top five players will continue to keep on the competitive confectionery market," Kazanchuk said. "As a result, we will likely see slight shift within the ranking, but major leaders should be able to secure their high rankings."

Internationally, the top five confectionary companies by sales are Cadbury Schweppes, Mars, Nestle, Hershey and Wrigley. While Cadbury and Nestle occupied the top two positions in Western Europe, Australasia, the Middle East and Africa, Hershey and Mars are tops in North America.

#### Cadbury

UK firm Cadbury-Schweppes is currently the number one confectionery firm in Western Europe, holding 11.6 per cent of the market, as well as being number one in terms of global sales. The firm was originally established as a cocoa and chocolate firm in England in the late eighteenth century, but has now grown rapidly to encompass sweets, beverages and chewing gum, processed and sold all over the world.

Cadbury's dominance can be attributed to a number of factors, Meade said. In particular, the company has completed several successful acquisitions in Asia and Eastern Europe. These include the successful bids for Japanese candy company Sansei Foods and Turkey-based Intergum.

This year, the company has boosted profits with its very successful moves within the chewing gum market, and the company now claims to be number one in 18 of the top 50 gum markets worldwide. The company has also made some steps in the organic and premium chocolate markets with its acquisition of the Green & Blacks range, Meade added.

Like many other successful companies, Cadbury has made conscious efforts to reorganise operations in Western Europe in order to keep costs down. Only this month, the company announced the closure of a factory in the UK in order to move production to Poland, while Cadbury is currently focusing on moving the main offices out of central London to a cheaper location.

Cadbury are clearly determined to hang on to their number one spot. In fact, only last week the confectionery giant announced that it will demerge its €10bn beverage arm in order to focus on chocolate, sweets and gum.

#### Nestle

Unlike Cadbury, Switzerland-based food firm Nestle has a much wider product range that encompasses beverages, coffee, infant nutrition, ice cream, soup and health care, and it has lost 0.8 per cent of its market share since 2001. However, the company still holds the number two position in Western Europe with 9.1 per cent of the market share, thanks to successful sales of brands such as Milkybar, Kit Kat, Smarties Aero and Polo.

According to Euromonitor, Nestle has been successful takeover bids in emerging markets, especially in Brazil. "Nestle's successful strategy, for instance, in Brazil, contributed to reinforcing the global standing of the swiss giant at a world level," Kazanchuk said.

However, Nestle has been much less proactive than other companies in acquiring organic chocolate subsidiaries, Kazanchuk added, "which might in the medium term put the company in a less robust position versus its more immediate competitors." The company is also heavily involved with research into foods that target the health and wellness trends, and is keen to involve chocolate, traditionally seen as fattening, in this category.

For example, the company recently reformulated the Milkybar brand with all-natural ingredients, taking advantage of current concern for food additives.

#### Mars

Unlike Cadbury or Nestle, Mars holds the number three position in Western Europe because of strong sales in the "mature" markets of the EU and the US, Euromonitor said. "The company has an 8.5 per cent market share," Kazanchuk explained. "Mars sales in Western Europe and North America accounted for over 80 per cent of its total sales, versus 67 per cent for Cadbury Schweppes and 60 per cent for Nestle."

Like Nestle, Mars is also currently investing in "healthier" confectionery products, and its Cocoa Via treats are promoted as being antioxidant rich, and so good for the heart.

The company has even re-launched current brands to market the new versions as being healthier. In August, Mars invested £5.7m (€8.4m) on a marketing campaign for the Galaxy chocolate brand, and released new versions containing dark chocolate, hazelnuts and almonds.

However, the company is still very much focused on chocolate bars, and has not expanded its product range as much as other companies. "Excessive dependency on a single product in a market has hampered a faster expansion in Mars's sales," Kazanchuk said.

#### Ferrero

Italy-based confectioner Ferrero currently holds 8.3 per cent of the market, up from 8.2 per cent in 2001. Ferrero brands include Ferrero Rocher, the Kinder chocolate bars and the massively popular chocolate spread Nutella.

The company is relatively young in comparison to many global brands and was started in Italy in 1946. However Ferrero products are now sold in the Americas, Asia, Australia, Europe, and the Middle East. Unusually for many food companies, Ferrero has not been taken over and is still controlled by the Ferrero family.

However, the Financial Times suggested in May that Cadbury may be interested in taking over the firm once it frees itself of the Schweppes beverage arm.

#### Kraft Foods

The first US-company to make this top five list, Kraft comes in with a 6.7 per cent market share, a slight drop from 6.9 per cent in 2001. The company has acquired a number of popular European chocolate brands over recent years, including Terry's Chocolate Orange, Daim, Cote D'Or, Suchard and Mika.

Kraft is the second largest food company in the world, and has focused much of its efforts in recent years on developing its chocolate brands. "Chocolate products introduced in the past two years now represent approximately 11 per cent of our total confectionery sales volume, triple the level of only a few years ago," the company said.

Last month, chief executive officer Irene Rosenfeld announced that the company plans to re-jig its global portfolio, and in the EU the focus will be on developing profitable chocolate and coffee brands.

#### **Chocolate wars: Nutritionists condemn confectionery giant's move to slash prices**

Scotsman, United Kingdom - Oct 16, 2007

LINDSAY MCINTOSH

CONFECTIONERY giant Cadbury is to slash the cost of three of its top-selling chocolate bars by about 40 per cent in the run-up to Christmas, in a move which health experts have warned could contribute to the UK's obesity epidemic. The firm has delighted chocoholics by cutting the price of Crunchies, Boosts and Double Deckers to 29p, a decision which has prompted forecasts of a price war in the shops.

But the move was condemned by nutritionists and obesity campaigners, who believe it will encourage youngsters to choose unhealthy snacks.

Siobhan Santry, of the obesity charity, Toast, said the price cuts were "disappointing". "The availability of food and the cheapness is definitely a factor in obesity rates. So I think discounting of unhealthy foods is a worry when you constantly are seeing the prices of healthy foods going up and we have been told to expect a price increase in certain vegetables because of the disastrous summer," she said.

"I think it's a worry that when we have a discount, it should be something considered to be junk food. We know there is a link between costs and the food choices people make."

Fife-based nutritionist Carina Norris said: "Why, oh why are we promoting high-fat, high-sugar foods rather than making it easier for people to have healthy food like fruit and vegetables? "I think we should make it easier for people to make the right choices. It's easy to indulge in things we like, like chocolate. If it's expensive and we have to think before we buy, it will make us pause.

"What I'm all for is creating an environment where it is easier to make the right nutritional choices and this seems to be going in the wrong direction."

Tony Bilborough, of Cadbury Trebor Bassett, said the price cuts were for a limited time only and were "to build sales".

"It enables retailers to drive sales while offering customers value for money," he said. "This is not related to cost of ingredients. Once the limited time is up, it'll continue to retail at full price. It is a promotional activity."

Responding to the campaigners' concerns, he said: "There is nothing wrong with chocolate as part of a balanced diet. It is a little treat everyone enjoys from time to time. It's well-documented that obese people do not overeat on chocolate bars. It is a multi-faceted issue and has a lot to do with other activities."

According to a survey by Onepoll.com, published earlier this year, Crunchie is the nation's ninth-favourite chocolate bar, while Boost comes 14th and Double Decker does not feature.

The firm's decision to slash prices comes as confectioners' profits are squeezed by the rising costs of milk, cocoa and wheat, which in some cases have seen increases of more than 10 per cent.

Yesterday, Nestlé refused to comment on whether Cadbury's promotion would prompt it to offer its own deals. A Mars spokesman said his company "does not comment on competitor activity".

A spokesman for the market-research firm Mintel commented: "The importance of Christmas sales means that advertising campaigns are skewed towards the final three months of the year, creating plenty of noise and consumer confusion to support new product launches."

Cadbury's price cutting, worth a total of £43 million, will begin next month.

#### FAT PROFITS

CHOCOLATE giant Cadbury is no stranger to controversy. Last year, Cadbury Schweppes admitted nine violations of food and hygiene regulations after some chocolates were found contaminated with salmonella. It was fined £1 million and apologised to the 41 people who fell ill. In 2003, Cadbury launched a scheme, later dropped, for school children to collect chocolate wrappers to swap for sports equipment.

The Food Commission said children would need to consume nearly 1.25 million calories for a volleyball net and posts.

### **Business & Economy**

#### **Nigeria urges cocoa producers to regulate supplies**

(Reuters), Sat 13 Oct 2007

ACCRA - World cocoa producers should consider regulating supplies of the commodity with a view to supporting prices, Nigerian Minister of Commerce Charles Ugwu said. Speaking late on Friday at a ministerial meeting of the Cocoa Producers Alliance (Copal) Ugwu also urged member countries to place more emphasis on processing cocoa to create additional value.

Cocoa futures prices hit four-year highs around 1,146 pounds a tonne in early July but ended this week around 940 pounds for a year-to-date gain of around five percent. "We cannot reap maximum benefits, neither can we control the price of cocoa in the international market, if we do not regulate and control the supply of this commodity," Ugwu told the delegates, urging them to combat the "vagaries of international market volatilities". He said Copal economies produce about 76% of the world's cocoa but only grind about 14% of total production. "We may never reap the full benefits, if we continue to export our cocoa in its crude form as is presently the case," Ugwu said.

The ministerial meeting, which rounded off a week-long assembly which discussed trade and tariff issues facing cocoa producers, endorsed a proposal by the Lagos-based Copal to set up a \$10 million fund to promote cocoa consumption, particularly in Asian markets such as China. Copal groups the world's largest cocoa exporter, Ivory Coast, and its second largest, Ghana, as well as Brazil, Cameroon, Dominican Republic, Gabon, Malaysia, Nigeria, Sao Tome and Principe, and Togo.

Existing trade arrangements giving African, Caribbean and Pacific states preferential access to European markets are due to expire this year, with a December 31 deadline for African states to sign new trade partnership agreements.

#### **The dilemma: To expand overseas, or not**

By Dennis Larison, Business Editor, Sunday News, Oct 14, 2007

ELIZABETHTOWN, Pa. - Despite the efforts of local communities to keep manufacturing jobs at home, companies still face tremendous pressure to invest in foreign countries where labor costs are significantly cheaper. In February when The Hershey Co. said that it would cut 1,500 jobs, it also announced it was building a new production plant in Monterrey, Mexico..000



The Los Angeles Times quoted Richard H. Lenny, Hershey chief executive officer, as telling market analysts at the time that labor costs in Mexico are a tenth of what they are in the United States. The Monterrey plant will be part of what Hershey calls a "supply chain transformation program" that includes joint ventures with Godrej Beverages and Foods Ltd. of India and Lotte Confectionery Co. Ltd. of South Korea to produce Hershey products for the Asian market, according to Securities and Exchange Commission filings.

Hershey and Lotte plan to produce both companies' products at a plant near Shanghai, China, for sale in China, and Hershey will help test and distribute Lotte's Xylitol gum in the United States. Despite these moves, Hershey Trust, the company's primary stockholder, announced last week that it is dissatisfied with the company's recent performance, just days after it was announced that Lenny would retire at the end of the year. Hershey competitors Mars Inc. and Cargill Inc. also have numerous foreign operations. Mars employs about 40,000 people in 65 countries. Cargill employs 158,000 in 66 countries.

Cargill, which is the largest cocoa processor in the world, broke ground in July on a new cocoa plant in Ghana, said Courtney LeDrew, a spokeswoman for the company, in an e-mail response. The new plant will increase the company's annual production of cocoa liquor, butter and powder by 65,000 metric tons. Nor is Hershey abandoning its U.S. operations. The company is making a major investment at its Y&S Candies plant at 400 Running Pump Road, where it employs about 500 people in making Twizzlers, Hershey spokesman Kirk Saville said. The company has not disclosed how much it is spending to increase automation at the Lancaster plant, but it did announce earlier this year that it will be cutting 80 to 100 jobs there as it increases the plant's efficiency over the next three years to maintain competitiveness. Hershey expects to be able to make all those job cuts through voluntary programs such as buyouts and early retirements, Saville said.

Many companies struggle with these questions, said Trexler Proffitt, a business professor at Franklin & Marshall College. If manufacturing efficiency were the only consideration, he said, "there's no reason why everything shouldn't immediately pick up and go to China." But a lot of the advantages that helped the confectionery industry get established here as the 19th century turned into the 20th still apply, including an excellent transportation network. "This is a very good place in terms of being a distribution hub," said Scott Sheely, executive director of the Lancaster County Workforce Investment Board. "There's a huge 90-minute market out of here." Many companies also recognize that there is a marketing advantage in retaining their traditional manufacturing bases.

This area has a 100-year-old legacy in the snack-food industry, in "pretzels, chips and chocolate," Proffitt said. "A lot of the brands we know today started here." The question is, he said, "How do you stay here and compete?" Privately owned companies such as Mars and Cargill have more leeway in plotting their strategies than publicly traded companies. "Hershey as a public corporation is responsible to the public to maximize the return on stockholders' investment," said Tom Scheiding, an economics professor at Elizabethtown College. Still, "there's a concern [that you might] alienate some consumers by where the product is produced."

Proffitt said he thinks the public-private ownership issue might have played a big part in Mars' decision to expand in Elizabethtown. "It's no accident that Mars is private and not subject to the scrutiny of Wall Street," he said.

Mars spokeswoman Bertille Glass agreed. Being privately owned "does give us a lot of freedom to shape our future," she said. Mars plans "to continue to invest in manufacturing here in the United States," Glass said. Instead of answering to shareholders, "we look at the consumer as our boss," she said. "If this is what they want, we'll do it."

### **Cocoa companies pledge sustainability**

ConfectioneryNews.com, France

By Charlotte Eyre

16/10/2007

World Food Day is galvanising global food companies to help support cocoa labourers, some of the poorest workers in the world, as more and more businesses are signing up to sustainability programmes. With millions of people all over the world facing extreme poverty and starvation, businesses are facing increasing pressure from humanitarian groups and consumers, as well as perhaps their own consciences, to help the men and women who provide basic ingredients have a fair and comfortable way of life.

One such programme established recently is the cocoa sustainability initiative, set up by Netherlands-based coffee organisation Utz Certified, and supported by Cargill, Heinz Benelux and the supermarket chain Ahold. "The cocoa sector is facing challenges in terms of social responsibility and the environment," said Lucas Simons, director of new programmes at Utz Certified. "Independent certification and transparency are important instruments for sustainable production, rural development and poverty reduction."

The group is currently working on a Code of Conduct and a traceability system for all cocoa providers in the Ivory Coast, one of the biggest suppliers of cocoa to the US and Europe. "Cargill has for a long time had a strong commitment to sustainability supply chains, and we want to help farmers get a good deal," Cargill spokesman Steven Fairbairn told ConfectioneryNews.com. "Joining this programme is the next step in consolidating the company's efforts."

Together, the various organisations involved will put the code of conduct in practice through pilot schemes in 2008, and local farmers will have a say in setting up the criteria. "Sustainability is important in the cocoa industry, and is in the interests of the farmers and the consumers," Fairbairn added. With 90 per cent of Ivorian cocoa being exported to Europe and North America, for example, food companies can hardly forget the massive role they play in helping give suppliers a decent standard of life. About 60.1 per cent of exports went to the EU in the growing season 2005-2006.

The International Labour Rights Forum (ILRF) yesterday praised the scheme, as well as the key players who helped to set it up. "As a major buyer and processor of cocoa beans from Ivory Coast for the world market, Cargill's commitment and its desire to seek cooperation with other interested companies in the cocoa chain signals an important step forward in promoting labor and environmental improvements in the cocoa industry," said spokesman Tim Newman. Later today, key players from the cocoa industry will participate in a discussion in London, entitled "The role of commodities in Developing Countries."

Jan Vingerhoets, the executive director of the International Cocoa Organisation (ICCO), is one of the key speakers at the event, and will present his commitment to supporting the smallholder cocoa farmers who usually live below the United Nations (UN) poverty line. According to the World Food Day website, a mind-boggling 854 million people live below this poverty line and go to sleep every night with an empty belly, while 25,000 people die of starvation every day.

This year the theme for World Food Day, organised by the UN's Food and Agriculture Organisation (FAO), is the Right to Food, "an inherent human right of every woman, man, girl and boy, wherever they live on the planet." The FAO recognises that sustainable farming, or in other words giving people the skills to feed themselves "by strengthening productivity and livelihoods" is a vital in helping support communities. Food companies should not forget that they are a major key in helping to build these livelihoods, and that any moves they take to support the poorest workers on their pay roles can improve human lives, as well as their own profits.

#### **Ghana moves to cut cocoa shipment delays**

October 17 2007

ACCRA

Ghana's cocoa marketing authorities have installed conveyor belts and increased warehouse capacity at both of the country's main ports in a bid to reduce loading and shipment delays, a top official said.

The authorities hope these improvements, coupled with better management of truck deliveries of cocoa beans to the ports, will speed up the turnaround time for ships loading Ghana's cocoa exports in the 2007/2008 season that formally starts on Friday.

#### **Ivory Coast Cocoa Trade Slows as Farmers' Protest Grows (DJ)**

Source: Dow Jones Newswires

17/10/2007

Abidjan, Oct. 17 - Purchasing of cocoa beans at Ivory Coast's farms is slowing as a farmers group has set a farmgate price well above the market price and has called for nationwide demonstrations, buyers and farmers said Wednesday. "Nobody is purchasing cocoa here because the farmers want a price we cannot afford," said buyer Moussa Kabore, talking by telephone from Duekoue, 450 kilometers northwest of the capital Abidjan.

The National Association of Ivory Coast Coffee and Cocoa Producers, said Monday it will block cocoa trade if buyers don't pay at least 500 CFA francs, or \$1.08, a kilogram. Currently farmgate prices are between XOF350 and XOF450/kg, in line with world market prices. The Association claims to have representatives and a substantial following in all 18 cocoa growing regions of the world's top cocoa producer, which produces around 1.3 million metric tons annually, or 40% of global output.

A farmer in the southwestern area of Soubre said farmers only sold if they needed cash. "Trade is slowing. We sell only one or two bags when we need cash and some do not even do that as they want the new price," said Moussa Ouedraogo. In some other areas, such as Divo, farmers had a wait-and-see attitude or were skeptical about the protests. "At the start of each season there are (groupings) calling for reform and higher prices but their leaders are only doing that to get paid off (by the government)," said the head of the Divo Union of Farmers' Cooperatives, Debi Attobra. Farmers are becoming increasingly aware that high taxes and levies on cocoa, imposed by the government and cocoa management agencies weigh heavily on the farmgate price. As a result farmers here get less than 40% of the Free-On-Board price, while farmers in neighboring Ghana get 70%.

The state-owned Fraternite Matin daily, the biggest and most influential newspaper in the country, opened Wednesday with a detailed two page report on large-scale embezzlement of cocoa levies by the leadership of cocoa agencies, notably the BCC Coffee and Cocoa Marketing Body, the FDPCC Farmers' Development Fund and the FRC Farmers Reserve Fund.

Ivory Coast's President Laurent Gbagbo has ordered an investigation into alleged embezzlement of XOF100 billion through a bank account in the U.S., where the FRC bought a chocolate factory from Nestle SA (NSRGY), in Fulton, New Jersey. It remains to be seen if farmers will and can block cocoa trade in the coming days. In the past farmers groupings have blocked cocoa trade to push up prices but never for more than one week.

#### **Ghana: Cocoa**

AllAfrica.com, Washington - Oct 16, 2007

Accra

President John Agyekum Kufuor has tasked member countries of the Cocoa Producers Alliance (COPAL) to speak against the imposition of tariffs on cocoa products such as cocoa powder and cocoa butter that are exported to the European Countries.

In an address at the opening session of the 70th COPAL Council of Ministers meeting in Accra last week, President Kufuor said value addition is one of the surest ways of ensuring sustainability of the cocoa economy in member countries.

He asked the countries to pay attention to harmonization of quality standards, payment of remunerative prices to farmers, processing and consumption of more cocoa locally and adherence to good agronomic practices.

"If we prioritized these objectives in our respective national development agenda, I believe we would be heading towards fulfilling the dreams of the founding members of the Cocoa Producers' Alliance and helping to reduce poverty among a large section of the cocoa growing communities in various countries," he said.

Professor George Gyan-Baffour, Deputy Minister of Finance, said the government would take measures to eliminate any cases of the worst form of child labour on cocoa farms and also lend support to other stakeholders and partners to eliminate the practice. "We would ask for cooperation and understanding from all consuming countries as we take the necessary measures to tackle these challenges," he said.

Prof. Gyan-Baffour stressed the need to intensify efforts to bring other cocoa producing countries into the fold of COPAL. Currently, out of the 17 African cocoa producers only seven are members of COPAL. "It is the hope of Ghana that the secretariat would spare no effort in getting a number of these countries to be members of COPAL. Our alliance would thus become stronger."

Mr. Charles Ugwu, Chairman of the Council of Ministers, urged member countries to target China as a major target because of its enormous potential. "Indeed, it is worthwhile to consider appointing a Specialist or consultant to provide detailed advisory on this as we as other emerging markets."

#### **Chocolate company tops the bill at social enterprise gongs**

Startups.co.uk, UK - Oct 18, 2007

Representatives from the world of social enterprise gathered last night for the Enterprising Solutions Awards. The awards, which celebrate the UK's most innovative social enterprises, were organised by the Social Enterprise Coalition and were held in London's Victoria & Albert museum.

Overall winner of the evening was Divine Chocolate. The Fairtrade chocolate company is co-owned by a Ghanaian cocoa farmer's cooperative. The Kuapa Kokoo co-op receives a share of the profits as well as payment for their cocoa crop. The Divine chocolate bar is sold in Tesco, Waitrose, Sainsbury's, Asda, the Co-op and Wholefoods. The company also supplies all own-label chocolate for Starbucks and recently launched an American affiliate and expects turnover for 2007 to hit £10.5m.

Other winners of the evening included The Goodwin Development Trust, which operates several community ventures in Hull's Thornton Estate and Riverside Area, and Women Like US, a recruitment agency which helps mothers return to work.

Speaking at the event Phil Hope, minister for the third sector, praised the efforts and work of all the nominated businesses, but said more could be done to encourage similar ventures. "The government's social enterprise plan was launched nearly a year ago but we, I, and the government still need to do more to promote [social enterprise]." There are at least 55,000 social enterprises in the UK, according to government figures, with a combined annual turnover of £27bn.

## Labour Issues

### **Keep Halloween Fair**

The Green Guide, NY , by Solvie Karlstrom, 16<sup>th</sup> October 2007

Halloween should be scary, but only for a day. Unfortunately, holiday treats can contribute to a witch's cauldron of frightening problems that persist long after the masks come off. Pesticides and fertilizers used in the production of sugar have led to the destruction of aquatic ecosystems. The loss of topsoil to cane fields has destroyed forest habitats. But sugar's sins start with the slave trade, as Europeans brought captured Africans to work in the cane fields of the Caribbean throughout the 18th century, where slaves died in greater numbers than in the U.S. Sadly, this legacy hasn't come to an end: The chocolate trade has encouraged forced labor in Africa as cocoa farmers sell their product at prices well below what they can afford.

Forty-three percent of the world's cocoa is produced in the Ivory Coast, where over a quarter of a million children work on cocoa farms without access to education and apply pesticides without adequate safety gear, conditions deemed abusive by the International Labor Organization. A staggering number, as many as 12,000 children, are likely to be forced laborers. Much of the impetus behind the use of child labor stems from insufficient income for cocoa producers. In 2002, the International Institute of Tropical Agriculture found that cocoa revenues in West Africa average between \$30 to \$100 U.S. dollars per household member per year. To compensate, cocoa farmers seek out cheaper labor and resort to higher-yield sun-grown cocoa beans, which require significant deforestation. Because sun-grown beans are more susceptible to pests and diseases than those grown in shade, farmers use heavy doses of hazardous pesticides and synthetic fertilizers.

Yet "there is a solution," according to Adrienne Fitch-Frankel, Global Exchange's economic justice campaigner. "All you have to do is eat more chocolate." Fair-trade certification guarantees that growers are paid a higher-than-average price for their beans, at least \$.80 per pound for cocoa and \$.89 per pound when it's organic. Abusive child labor and forced labor of any kind are banned, and the most hazardous pesticides, including DDT, methyl parathion and lindane, are prohibited.

"Fair trade has helped us a lot," explains Cecilia Appianim, a cocoa farmer from the Kuapa Kokoo cocoa cooperative in Ghana. "Through this process we are able to care for our children. Before, children were walking [around idly] in the village. Now, children are in school, because now we have schools." Appianim says that fair trade has also empowered women in Ghana, "[Before], women were not taking part. Now women are able to take part." Women in Kuapa Kokoo participate in elections and hold elected positions, and Appianim is currently its financial secretary.

This Halloween, little ghouls and goblins in the U.S. can do their part by spending the night "reverse trick-or-treating" in partnership with Global Exchange. As kids go door-to-door, they'll switch roles and hand over fair-trade chocolate and literature to neighbors. Fitch-Frankel expects 40,000 households to learn about fair trade on Halloween night. For more information, see [reversetrickortreating.org](http://reversetrickortreating.org).

### The Goods

Divine Chocolate, partially owned by the farmers of Kuapa Kokoo, sells 100 percent fair-trade-certified chocolate. Pass out bite-sized milk chocolate eggs (\$6.50/200 pieces; [www.lwr.org](http://www.lwr.org)). Or give kids a chocolate treasure. Global Exchange is carrying Divine's Fair Trade Gold Coins, which read "Ghana Freedom and Justice" on one side and "Fair Deal for Cocoa Growers" on the other (\$3.99/22 pieces; [store.gxonlinestore.org](http://store.gxonlinestore.org)). Visit [www.divinechocolateusa.com](http://www.divinechocolateusa.com) to search for retailers by state.

Equal Exchange's organic and fair trade Dark Chocolate Mini's are available for a limited time this Halloween. (\$12/68 minis; [eetail.stores.yahoo.net](http://eetail.stores.yahoo.net)). For whole chocolate bars, try Alter Eco's certified organic and fair trade chocolate (\$4.29/bar; [www.altereco.com](http://www.altereco.com), 415-701-1212).

Beyond labor issues, help reduce environmental frights by choosing candy made from organic sugar, which is produced without synthetic pesticides and fertilizers with methods that conserve soil. Try the Candy Tree's Organic Mixed Fruit Toffee, sweetened only with organic fruit juices and corn syrup and containing no artificial colors (\$2.89/2.6 oz bag of individually wrapped pieces, [www.veganessentials.com](http://www.veganessentials.com)) and Yummy Earth Organic Lollipops, made with 100-percent natural colors and flavors (\$2.69/bag of 15; [www.veganessentials.com](http://www.veganessentials.com)). Or buy a pack of organic candy mix including organic gummi bears, lollipops, root bear float candy and milk chocolate (\$28/80 pieces; [naturalcandystore.com/c-natural-candy-mixes](http://naturalcandystore.com/c-natural-candy-mixes)). Whether you stay in and man the door or hit the pavement to gather goodies this year, treat yourself to a safer, more sustainable and more humane Halloween.

## Resources

For more information on fair trade, visit [globalexchange.com](http://globalexchange.com) and [transfairusa.org](http://transfairusa.org).

There are plenty of other opportunities to make a difference on Halloween. Join UNICEF's ranks of kids helping kids on their widely successful "Trick-Or-Treat for UNICEF" program, gathering donations for UNICEF's worldwide aid programs while collecting treats. Pick up a collection box at local a Hallmark Gold Crown store or Pier 1 Imports, or order one online at [unicefusa.org](http://unicefusa.org).

### **Skill transfer or child labour**

Modern Ghana, Ghana - Oct 16, 2007

Agric minister cautions against confusing skill transfer to children working on cocoa farms with labour. As cocoa farmers in the country join the Ghana Cocoa Board to celebrate 60 years of its existence, the thorny issue of children working on cocoa farms as labourers continue to raise hairs.

Representatives of cocoa producing countries at a recent meeting in Accra took time to deliberate on the issue and look at ways of either minimising the use of children or putting an end to it entirely. Ghana is the second largest producer of the world's cocoa with a production share of about 20%. The contribution of children as labourers cannot be ruled out though officials in the industry find it difficult to admit.

Section 142 of the International Labour Organisation law warns against engaging children in employment ventures including cocoa farms.

Statistics on the number of children working on most cocoa farms in major producing areas in the country is sketchy. It is however believed that a sizable number of children especially in rural areas are engaged by farmers as labourers, and paid a meagre ration for the hours spent working.

Though officials are cautious in accepting that the issue exists they warn against confusing skill transfer with child labour. Ernest Debrah, Ghana's Minister for Agriculture told the dailyEXPRESS that even though government will not condone the engagement of children as labourers on cocoa farms, it is important that people draw a thin line between a skilled transfer and child labour.

"Most of the children people identify as child labourers re not," he stressed, adding "they belong to the group I call skill transfer." He noted further that it is not wrong for a cocoa farmer to take his son to the farm to help out. "So long as you follow your father to the farm, so long as he does not over work you, does not make you carry heavy load, and you go to your normal school then that is not child labour that is skill transfer."

Narrating his personal experience, Mr. Debrah said he owns a cocoa farm and everything about the cocoa business he learnt from his late father who was himself a passionate cocoa farmer.

"I followed my father and he was transferring the skill to me. I spent my vacation at my father's hamlet, and I and my brothers were there on a farm even as a University student at Tech (referring to the Kwame Nkrumah University of Science & Technology)."

He likened the situation to that of a carpenter, goldsmith and truck driver, who pass on the different skills to their children for their future career development.

Ernest Debrah however said where the problem exists, government and other child rights collaborators are working to make sure the perpetrators are brought to book and the children sent to school.

The minister was full of praise for cocoa farmers saying government is doing everything possible to ensure they get good price for their produce. He said government will still continue with the free spraying of major cocoa farms that are battling with pests.

## Others

### **New Program Aims to Support Youth in African Cocoa Communities**

Voice of America , By Phillip Wellman, Dakar, 14 October 2007

The United States Agency for International Development and the U.S.-based World Cocoa Foundation have agreed to launch a multi-year partnership aimed at improving education and providing greater opportunities for thousands of young people in cocoa farming communities throughout Ivory Coast and Ghana. Phillip Wellman reports from our West Africa Bureau in Dakar.

Ivorian farmers unload sacks of cocoa beans for burning at Anyama, north of Abidjan, October 19, 2006. The partnership, known as ECHOES, which stands for Empowering Cocoa Households with Opportunities and Education Solutions, will be working with the governments of Ivory Coast and Ghana to develop a curriculum that will provide both academic and life skills training for students.

A recent independent survey names education as a major challenge facing cocoa farming communities in West Africa. The survey says that while government efforts have improved enrollment rates, a lack of adequately trained teachers and the relevancy of what they teach continue to be major problems in rural areas.

President of the World Cocoa Foundation, Bill Guyton, says that outside teachers, mostly from the United States, are being brought to Ivory Coast and Ghana to provide training. He says the goal is to have local teachers teaching by the end of December when ECHOES is expected to be fully operational. Guyton says that the World Cocoa Foundation, which is supported by over 60 chocolate companies and trade associations throughout the world, currently has several programs in West Africa aiding cocoa farmers. But he says what is missing is an outreach program to youth, which he says ECHOES will provide. "I think the reason why the chocolate companies and the World Cocoa Foundation membership really value this is because it goes beyond just corporate social responsibility," said Bill Guyton. "It is an investment in the future. And young people that have skills training and good education will become productive adults, whether they choose to be cocoa farmers or in some other discipline."

Some analysts say that organizations like the World Cocoa Foundation should begin putting more of an effort on securing a fixed price for cocoa bought from farmers rather than making them dependent on charity. They say thirty years ago, large-scale cocoa farmers made enough money to send their children to university and small-scale farmers could provide, at the very least, a few years of elementary education for their children. Since then, various factors have siphoned profits away from the farmer, leading to progressive impoverishment. At the same time, chocolate companies in the West continue to supply affordable products to their customers.

Education Program Director at the World Cocoa Foundation, Charlie Feezel, says ECHOES will both strengthen cocoa communities and benefit Western companies. "We offer them expanded opportunities that help to diversify the social and economic base of the communities," said Charlie Feezel. "That way we ensure their longevity and a continued healthy community and for us the strengthened supply of cocoa."

Feezel says that ECHOES is currently scheduled to run for two years. But he says it is hoped that the program's success will allow it to continue indefinitely. "As part of its success we hope to see all stakeholders buy into the program to the degree that it continues on," he said. "Indeed, one of our goals for this program is to develop a replicable model of rural-relevant education in West Africa."

Seventy five percent of the world's cocoa is grown in West Africa. In both Ivory Coast and Ghana, the cocoa industry is made up of mainly small-scale farmers. Analysts say the farmers have had little leeway in improving their poor work conditions, both in regards to powerful, private operators who buy their cocoa and governments who set the rules.

### **GOVERNMENT ASSISTS COCOA ASSOCIATION ONCE AGAIN.**

Grenada Broadcasting Network, Grenada

Oct 19, 2007

The Grenada government has once again come to the assistance of the Grenada cocoa association. Government recently purchased five acres of land from the association, which has generated revenue for the GCA to reduce its debt with the republic bank of Grenada. This will allow the GCA to meet its debt servicing payments in a timely manner. The signing took place this week at the ministry of finance conference room.

Agriculture minister Gregory Bowen says this action by government demonstrates the importance it places on agriculture and in particular, the welfare of the farmers

## Ivorian probe into cocoa, coffee

BBC News, UK, By James Copnall

15/10/2007



President Laurent Gbagbo has ordered an official inquiry into the cocoa and coffee sectors. Ivory Coast owes its wealth in large part to the money it gains from their exports, and millions of Ivorians depend directly or indirectly on them. But these sectors are notorious for corruption, and the local papers have highlighted a number of scandals in recent months. The president's opponents fear that this is a political move.

Mr Gbagbo has officially written to the state prosecutor, telling him to open a judicial enquiry into the shady financial world of the cocoa and café sectors. *with mistrust by opponents*

he had been spurred to act by "the recurrent nature of the embezzlement accusations" and to "enlighten public opinion about these serious charges". President Gbagbo said the prosecutor should take the necessary legal steps if he found wrong-doing. In particular, the enquiry should look into the purchase of several companies by coffee and cocoa sector bodies, including a chocolate factory in America. Opposition newspapers have been full of this story in recent weeks. They have alleged that people within President Gbagbo's entourage bought the factory, but never stumped up the \$200m they owed, instead diverting the money to buy houses and luxury cars, or simply into their overseas bank accounts.

International bodies frequently criticize the lack of transparency in the cocoa and coffee sectors. The NGO Global Witness released a report earlier this year which claimed that cocoa money had been used to finance both sides in Ivory Coast's civil war. Cocoa farmers have also accused regulatory bodies of corruption.

The enquiry should shed some light into these and other matters. But already President Gbagbo's political opponents are expressing their doubts. One opposition politician told me an official enquiry was the best way to bury sensitive information. The report would never be made public, he suggested, and any other attempts to examine the sector would be put on hold until the official enquiry was complete.

Cocoa and coffee matter hugely in Ivory Coast, the world's leading cocoa producer and a major player in coffee too. Everyone accepts that the vast revenues generated are not always used as they should. But it is rare indeed for accusations to be fully investigated, or result in prosecutions. Will this inquiry be any different?

## VP calls for improvement of agriculture produce

Antara, Indonesia

15:10:2007

Kendari (ANTARA News) - Vice President Jusuf Kalla has called on all elements of the public in Southeast Sulawesi province to increase their agricultural and plantation production in a bid to achieve greater welfare. "Don't live from regional election (Pilkada) activity but till the vast and fertile areas of land to step up agricultural and plantation produce so that our nation can be respected," Kalla said at an Idul Fitri gathering here on Tuesday.

On the occasion the vice president was accompanied by Justice and Human Rights Minister Andi Matallata, Democrats Party chairman Hadi Utomo, Golkar Party Secretary General Soemarsono, Wirabuana military commander and a number of legislators. Kalla also called on the Southeast Sulawesi provincial administration and the local people to keep up the production of the province's main commodities such as cocoa, cashew, corn and teak. "Show pictures of cashew, cocoa and teak instead of displaying pictures of governor and district head candidates at the street corners,"

Kalla said. The vice president added that in the regional election, the people in the province should elect the new governor and district head who have the capability to improve agricultural and plantation produce such as cocoa, cashew, corn and teak. He said all elements of the public in Southeast Sulawesi should not waste their time and energy to talk only about politics but to think about positive programs to improve the people's welfare.

Kalla added that it would be illogical if any people in the province lived in poverty because the province had more promising natural resources than other regions in the country. Kalla arrived in Kendari on an Idul Fitri tour which will also take him to Palu in Central Sulawesi, Gorontalo and Manado in North Sulawesi. Meanwhile, Southeast Sulawesi Governor Ali Mazi said on the occasion the province was enjoying a conducive security situation and religious harmony, as well as provincial economic growth of 7.68 percent in 2006. (\*)

### **Cameroon: South West - IRAD Trains Farmers on Techniques of Handling Aging Soil**

Cameroon Tribune (Yaoundé), 17 October 2007

Peter Efande/Asong Sylvester

Barombi Kang (Meme)- The Institute of Agricultural Research for Development (IRAD) Barombi Kang in Kumba has organised an 'Open Day' to educate the various farming groups in Meme division on the use of the NPK-fertilizer to grow maize, rice, cocoa, coffee and plums.

IRAD Barombi Kang's action is timely owing to the general cry in the area to improve on the already aging soil. Dr. Takow Julius Agbor, Director of the IRAD Barombi Kang Centre underscored the need of the area in agriculture and harped out the necessary solutions. As such, IRAD sort for funds and the HIPC project provided CFA 4 million. IRAD Barombi Kang has ploughed over 0.3825 hectares in Barombi where corn, rice, cocoa, coffee, eru and plums are grown. During the September 6, 2007 'Open Day', the IRAD management educated the farmers on the techniques of handling aging soil in the cultivation of maize and other crops. The over 500 farmers learnt that aging soil needs to be fertilized and treated before any tillage.

Concerning corn planting, IRAD experts explained that in order to expect high yields, the farmer has to ensure the effective application of the NPK-fertilizer. Three stages are required in the process. First stage: 8 grams of the NPK-fertilizer should be applied 10 days after planting. Second stage: when the corn is already 30 days in the soil, you apply 14 grams of the NPK-fertilizer. Third stage: ensure that the farm is well weeded; then you apply 20 grams of the NPK-fertilizer respecting the surrounding range of its matured leaves. The same techniques apply to all crops.

Dr. Takow Julius Agbor warned against using second generation seeds. He called on farmers to come to IRAD for first hybrid seeds. He decried the acute shortage of IRAD staff; many have gone on retirement without replacement. He complained that funding for research was too slow to come and sometimes comes after the planting season.

It should be noted that four high yielding cocoa hybrids have been released to MINADER for multiplication and distribution to farmers at subsidised rates. Improved maize seeds from two varieties have also been identified doing well in the area, alongside New Rice for Africa (NERICA) and the local Check (Chinese).

### **Ivory Coast President Orders Investigation into Charges of Corruption in Cocoa Agencies**

BBC News, UK , 14 October 2007



VOA Photo - M. Hottel

Ivory Coast President Laurent Gbagbo has ordered an investigation of cocoa industry agencies, amid media reports that millions of dollars that were supposed to go to cocoa growers has been embezzled. The country is the world's largest exporter of cocoa.

Reports in opposition newspapers claim that millions of dollars meant for a chocolate factory in the United States never reached it. The reports say money from Ivory Coast cocoa producers has been spent on the New York factory for at least three years, but that the factory has produced little chocolate.

In March, the London-based anti-corruption group, Global Witness, reported that cocoa financed both sides in Ivory Coast's civil war in 2002. The group said the Ivorian government diverted more than \$58 million from the cocoa industry to fight rebels. And it said the rebels themselves raised an additional \$30 million a year by smuggling a proportion of the crop grown in the north of the country. Some information for this report provided by AP and Reuters.

### **Ivory Coast president promises to protect coffee, cocoa sector from corruption**

10 AFX News Limited, .18.07,

ABIDJAN, Ivory Coast (Thomson Financial) - Laurent Gbagbo, President of the Ivory Coast, said he would not allow the African country's crucial coffee/cocoa sector, one of its key resources, to become corrupted. Describing coffee-cocoa as 'the biggest part of the Ivory Coast's economy', he told public television the area is not well managed -- it has been shaken by allegations of misappropriations of funds -- but he would not allow it to fester.

Since these are public funds that are allegedly being 'squandered', he stressed as head of state it is the government's responsibility to manage the sector properly.

The coffee/cocoa sector has been gripped by social unrest for several months. One group of planters has accused management of massive misappropriation of funds and the 'systematic pillage' of the sector, which was liberalised at the end of the nineties.

Gbagbo said he asked the Ivory Coast judiciary last week to investigate these serious allegations of misappropriation of funds. The Ivory Coast is the leading global cocoa producer, which with coffee accounts for 40 pct of export revenue and about 20 pct of GDP.



### **Ivory Coast to investigate allegations over Fulton chocolate plant**

Posted by Charles McChesney October 18, 2007

Breaking News, Oswego County

Armed with news that a special prosecutor has been appointed in the Ivory Coast to investigate New York Chocolate, the company's minority owner made his case against the majority owner today in Fulton.

Banet said he sent a letter to the president of the World Bank alleging that New York Chocolate, owner of the former Nestle plant in Fulton, was being used to launder money from cocoa farmers in the Ivory Coast. Banet's company, Lion Capital Management, owns 20 percent of New York Chocolate. The remaining 80 percent is owned by an Ivorian cocoa-growing cooperative.

At a news conference last week, New York Chocolate CEO Jean-Claude Amon and Treasurer Yalle Agbre said Banet was spreading false rumors about the company. The allegations were ridiculous in light of the way international money transfers have been scrutinized since the Sept. 11, 2001 terror attacks, Amon said.

According to the U.S. Embassy in the Ivory Coast, President Laurent Gbagbo has told that country's media that he has ordered a special prosecutor to investigate the case. "If they are guilty of any wrongdoing, they will be prosecuted," Gbagbo told an Ivorian newspaper, according to the embassy.

Before today's news conference, Banet met with Oswego County Industrial Development Authority officials to discuss the \$1.3 million his company owes on a 2005 payment-in-lieu-of-taxes agreement for the Fulton co-generation plant, which sits next to the chocolate factory.

Banet said he made a proposal to the IDA, but would not say if it included paying the past-due bill.

### **Group initiative for sustainable mainstream cocoa**

9:31pm, 15th October 2007, Gemma Taylor writes

UTZ certified, the non-profit org which sets the world standard for coffee growing, has initiated a programme for a more sustainable cocoa chain in Ivory Coast.

Ivory Coast is Europe's largest cocoa supplier, and UTZ will be working in partnership with buyer and processor, Cargill, also Heinz Benelux and Ahold, both of which use the beans in their products and development organisation Solidaridad, with support from Oxfam Novib.

Achieving more sustainability in mainstream cocoa production will involve capacity building at farm level and improved social and environmental practices - which will be certified independently. 'Independent certification and transparency are important instruments for sustainable production, rural development and poverty reduction,' explained UTZ's director of new programs, Lucas Simons.

The project partners are currently working on the development of a Code of Conduct and a traceability system for sustainable cocoa production, a bit like Divine's Bean to Bar. The announcement of the sustainable cocoa partnership is well timed, as today marked the start of chocolate week, of which Divine is one of the official sponsors.

Indulgent, chocolaty events this week include samples at a chocolate fountain at Wholefoods, and all week sampling at Podfood and chocolate workshops at Le Salon du Chocolat.

Traidcraft has a range of luxury chocolate gifts to give this week, like Belgian chocs and white chocolate raspberries - or grab a spoon and treat yourself to a tub of chocolate hazelnut spread, knowing the sumptuous goop has been fairly traded.

### **Business Progress for Cocoa**

Ethical Corporation Magazine, UK - Oct 19, 2007

Do you want to help promote the continued development of sustainable cocoa farming? Interested in supporting Africa's agricultural development.

A new cocoa organisation, provisionally called "Business Progress for Cocoa", will drive the continued development of sustainable cocoa farming. Created by the UK's leading chocolate manufacturers, it will contribute to the industry's approach and response to cocoa sustainability, support the industry, and develop and manage stakeholder relationships in the UK and internationally.

## TIT BITS

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

London coffee falls; sugar and cocoa rise

LONDON (October 17, 2007): London robusta coffee futures finished lower on Tuesday with the front month's premium tumbling as system funds liquidated and rolled forward long positions, dealers said.

US MIDDAY: coffee and cocoa gain

NEW YORK (October 17, 2007): ICE Futures US arabica coffee futures were little changed in early trade on Tuesday, after closing down 7 percent on Monday in response to the first spring rains arriving in top producer Brazil, traders said. cocoa futures found support amid light volume.

ICE cocoa settles up

NEW YORK (October 18, 2007): US cocoa trading in the pit settled mildly higher Tuesday, after a quiet session marked by thin dealings and light short covering, traders said. "There was light origin selling early but it disappeared. There were some big bids on the screen but (they) did not move the market," one trader said.

London coffee, sugar down; cocoa up

LONDON (October 19, 2007): London robusta coffee futures ended mostly lower on Thursday, weakened by a sharp setback in New York's arabica market linked to forecasts of rain in Brazil, dealers said. cocoa ended slightly higher with the market edging up after rebounding off key support earlier this week while white sugar ended lower weighed down by a global supply surplus.

US MIDDAY: coffee down, cocoa up

NEW YORK (October 19, 2007): ICE Futures US arabica coffee sank more than 5 percent to a one-month low in early trade on Thursday, after a part of top producer Brazil's coffee belt saw some much-needed rain, traders said. cocoa inched higher in quiet dealings.

ICE cocoa settles higher

NEW YORK (October 19, 2007): US cocoa trading on the floor finished firmer on Wednesday after a quiet session, supported by short-covering and speculative buying, traders said. "It was very slow and then all of a sudden it shot from \$1,987 to \$1,899 inside of two minutes and then it just wilted and fell out of bed. I think the failure up around \$1,900 attracted a little bit of spec profit-taking," one trader said about the key December contract.

**PROMOTION OF THE CONSUMPTION OF COCOA AND COCOA**  
**PRODUCTS BY COPAL DURING THE AFRICAN CUP OF NATIONS 2008**  
**IN GHANA**

The Secretary General sends his compliments and has the honour to confirm the willingness of the National Organizing Committee and the Government of the Republic of Ghana to create a COPAL Village during the upcoming Cup of Nations football tournament.

The Secretary General believes this offers an excellent opportunity to promote our respective origins and cocoa products during this month-long tournament.

Interested countries should contact the Secretariat as soon as possible with the specific requirements for space and other amenities.

**Hope Sona Ebai,**

Secretary General