



COPAL COCOA Info

A Weekly Newsletter of Cocoa Producers' Alliance

Issue No. 266

14th – 18th January 2008

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)
14 th January	1408.87	2241.94	1167.67	2216.33
15 th January	1404.55	2232.59	1153.67	2214.67
16 th January	1386.81	2201.93	1147.00	2169.33
17 th January	1398.57	2212.04	1143.67	2184.67
18 th January	1387.62	2193.64	1148.67	2161.00
Average	1397.00	2216.00	1152.00	2189.00

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Do your health a favour, drink Cocoa everyday

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

Monday 14th January 2008

Month	Open	Price	Change	High	Low	Volume
Mar 2008	1135	1146	11	1159	1132	
May 2008	1152	1165	13	1175	1149	2,233
Jul 2008	1182	1192	14	1200	1175	1,056
Sep 2008	1164	1177	12	1186S	1164S	1,175
Dec 2008	1155	1177	12	1186	1155	1,288
Mar 2009	1163	1178	12	1187	1162	53
May 2009		1188	12			0
Jul 2009		1197	11			0
Sep 2009		1206	10			0
Dec 2009		1215	9			0
Totals		1184				5805

Tuesday 15th January 2008

Month	Open	Price	Change	High	Low	Volume
Mar 2008	1148	1132	-14	1154	1130	8,288
May 2008	1164	1151	-14	1173	1149	5,093
Jul 2008	1190	1178	-14	1197S	1176S	1,523
Sep 2008	1176	1164	-13	1182S	1164S	1,688
Dec 2008	1176	1166	-11	1180	1165	799
Mar 2009	1179	1167	-11	1181S	1166	83
May 2009		1177	-11			0
Jul 2009		1187	-10			0
Sep 2009		1197	-9			0
Dec 2009		1207	-8			0
Totals		1173				17474

Wednesday 16th January 2008

Month	Open	Price	Change	High	Low	Volume
Mar 2008	1124	1125	-7	1133	1111	8,381
May 2008	1143	1144	-7	1152	1130	2,400
Jul 2008	1168	1172	-6	1180	1160	1,670
Sep 2008	1154	1157	-7	1165	1144	3,039
Dec 2008	1155	1161	-5	1167S	1149	2,031
Mar 2009	1160	1160	-7	1166S	1150	850
May 2009		1170	-7			0
Jul 2009		1180	-7			0
Sep 2009		1190	-7			0
Dec 2009		1200	-7			0
Totals		1166				18371

Thursday 17th January 2008

Month	Open	Price	Change	High	Low	Volume
Mar 2008	1125	1125	0	1142	1,123	7,919
May 2008	1144	1140	-4	1158	1,138	2,441
Jul 2008	1175	1166	-6	1185	1,165	2,593
Sep 2008	1157	1152	-5	1164S	1152	196
Dec 2008	1165	1156	-5	1170	1156S	858
Mar 2009	1165	1156	-4	1172	1165S	70
May 2009		1166	-4			0
Jul 2009		1176	-4			0
Sep 2009		1186	-4			0
Dec 2009		1196	-4			260
Totals		1162				14337

Friday 18th January 2008

Month	Open	Price	Change	High	Low	Volume
Mar 2008	1120	1128	3	1128	1104	6,817
May 2008	1135	1146	6	1146	1121	2,742
Jul 2008	1160	1172	6	1172S	1146	1,418
Sep 2008	1150	1160	8	1159	1134S	1,313
Dec 2008	1147	1164	8	1162S	1139	2,726
Mar 2009	1147	1164	8	1162S	1139S	2,183
May 2009		1174	8			0
Jul 2009		1184	8			0
Sep 2009		1194	8			0
Dec 2009		1208	12			79
Totals		1169				17278

Average for the week	1177					18316
Total for the week						73,265

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

Monday 14th January 2008

Month	Open	Price	Change	High	Low	Volume
Mar 2008	2168	2202	40	2232	2164	12128
May 2008	2184	2219	42	2223	2184	3864
Jul 2008	2228	2228	41	2228	2228	1461
Sep 2008	2230	2230	42	2230	2230	294
Dec 2008	2208	2233	41	2233	2208	535
Mar 2009	2239	2239	41	2239	2239	72
May 2009	2243	2243	41	2243	2243	4
Jul 2009	2268	2268	46	2268	2268	7
Sep 2009	2292	2292	49	2292	2292	7
Dec 2009	2305	2305	49	2305	2305	-
Totals		2246				18372

Tuesday 15th January 2008

Month	Open	Price	Change	High	Low	Volume
Mar 2008	2210	2186	-16	2222	2174	12291
May 2008	2231	2205	-14	2231	2205	2486
Jul 2008	2216	2216	-12	2216	2216	1112
Sep 2008	2220	2220	-10	2220	2220	577
Dec 2008	2245	2223	-10	2245	2223	975
Mar 2009	2232	2232	-7	2232	2232	21
May 2009	2234	2234	-9	2234	2234	1
Jul 2009	2251	2251	-17	2251	2251	-
Sep 2009	2270	2270	-22	2270	2270	2
Dec 2009	2279	2279	-26	2279	2279	-
Totals		2232				17465

Wednesday 16th January 2008

Month	Open	Price	Change	High	Low	Volume
Mar 2008	2170	2154	-32	2172	2133	10199
May 2008	2165	2172	-33	2172	2150	3202
Jul 2008	2175	2182	-34	2182	2175	541
Sep 2008	2187	2187	-	2187	2187	282
Dec 2008	2196	2196	-	2196	2196	177
Mar 2009	2204	2204	-	2204	2204	18
May 2009	2205	2205	-	2205	2205	1
Jul 2009	2220	2220	-	2220	2220	-
Sep 2009	2235	2235	-	2235	2235	2
Dec 2009	2247	2247	-	2247	2247	-
Totals		2200				14422

Thursday 17th January 2008

Month	Open	Price	Change	High	Low	Volume
Mar 2008	2179	2171	17	2212	2167	16876
May 2008	2210	2188	16	2210	2188	3508
Jul 2008	2199	2199	17	2199	2199	1186
Sep 2008	2203	2203	16	2203	2203	246
Dec 2008	2212	2212	16	2212	2212	191
Mar 2009	2219	2219	15	2219	2219	56
May 2009	2223	2223	18	2223	2223	2
Jul 2009	2242	2242	22	2242	2242	-
Sep 2009	2264	2264	29	2264	2264	-
Dec 2009	2260	2260	13	2260	2260	-
Totals		2218				22065

Friday 18th January 2008

Month	Open	Price	Change	High	Low	Volume
Mar 2008	2134	2141	-30	2142	2100	8035
May 2008	2160	2162	-26	2165	2135	1661
Jul 2008	2152	2180	-19	2180	2152	94
Sep 2008	2146	2182	-21	2182	2146	216
Dec 2008	2188	2188	-24	2188	2188	648
Mar 2009	2196	2196	-23	2196	2196	16
May 2009	2200	2200	-23	2200	2200	1
Jul 2009	2223	2223	-19	2223	2223	-
Sep 2009	2245	2245	-19	2245	2245	-
Dec 2009	2238	2238	-22	2238	2238	260
Totals		2196				10931

Average for the week	2205				20814
Total for the week					83,255

Spot Prices (US\$ per tonne)

	14 th January	15 th January	16 th January	17 th January	18 th January
Main Crop Ghana, Grade 1	2635	2619	2587	2608	2578
Main Crop Ivory Coast, Grade 1	2514	2498	2466	2486	2456
Main Crop Nigerian, 1	2507	2491	2459	2474	2444
Superior Arriba	2690	2674	2642	2594	2564
Sanchez f.a.q.	2565	2549	2517	2539	2509
Malaysian 110	2210	2194	2162	2174	2144
Sulawesi f.a.q.	2404	2388	2356	2394	2364
Ecuador Cocoa Liquor	3942	3913	3856	3792	3740
Pure Prime Press African Type Cocoa Butter	6489	6441	6347	6368	6280
10/12% Natural Cocoa Press Cake	1358	1348	1328	1165	1149

Source: Cocoa Merchants' Association

News

Health and Nutrition

So much to love about chocolate

AZ Central.com, AZ

Al Sicherman

Jan. 16, 2008

As unnerving as it is to see Valentine's Day merchandise rolling onto store shelves as early as Dec. 26, at least there has always been a happy aspect to encountering an aisle full of candy. And these days, if we want to believe it, there's a healthful aspect, too:

Studies in the past few years have suggested that constituents of chocolate -- notably a group of compounds called flavanols -- might make positive health contributions by acting as antioxidants to prevent various kinds of cell damage, and they might have salutary effects in the cardiovascular system, as well. (You can be forgiven for thinking this sounds familiar; it follows similar reports about related compounds in tea and red wine, and lately there's been a rush to find which odd fruit has even more antioxidants than which other odd fruit.)

Assuming that at least some of the chocolate studies hold up to scrutiny, it should be noted that chocolate products vary widely in their flavanol content. The biggest difference is in the amount of cocoa (or cacao, if you must) that is present. Ounce for ounce, unsweetened cocoa powder has the highest level, followed by unsweetened chocolate (which also contains cocoa butter), bittersweet and semisweet chocolate (which contain sugar, too) and milk chocolate (which contains cocoa butter, sugar and milk). White chocolate -- even the genuine stuff made with cocoa butter -- contains no cocoa, and thus no flavanols at all.

While we're in the full blush of chocolate mania, candy manufacturers are pumping it out in unheard-of variety. Hershey, Mars and Nestle have all introduced expanded dark-chocolate lines, many with cacao percentages prominently displayed. And supermarkets, co-ops and even discount stores are displaying a wide profusion of smaller and more-distant players' upscale bars. And people are buying it. Mintel International, a consumer and product analysis organization, says dark chocolate sales were up 40 percent in 2006.

Unfortunately, despite the good news about flavanols, eating a ton of chocolate has not become a recommended path to vibrant health. Fat and calories are still not good, there's plenty of sugar in even the darkest bittersweet chocolate, and fruits and vegetables that are high in antioxidants also contribute vitamins and minerals undreamed of by Milton Hershey.

On the other hand, a little dark chocolate couldn't hurt.

Might chocolate turn out to be just another food-health bandwagon, the latest oat bran, monounsaturated fat or glycemic index? You bet! But as these bandwagons fade, there are always folks who continue to find them useful. So today, while we ride the flavanol wave in suggesting that you prepare a Valentine's chocolate cake for your sweetie, we offer four recipes: low-fat, whole-grain, low-carb and high-everything go-for-broke.

Happy Valentine's Day.

Warm up to winter

London Free Press, Canada

By SUN MEDIA

January 16, 2008

Here's a collection of hot chocolate recipes sure to knock your boots off. When it comes to cold weather, nothing takes the chill of like a steaming mug of hot chocolate. Experts recommend making it from scratch but offer this advice: Do not boil the milk because it will scorch. There are other reasons for sipping hot chocolate. Consider it a health drink, say researchers at Cornell University. "Beyond the froth, cocoa teems with antioxidants that prevent cancer," Cornell food scientists say in a news release at www.news.cornell.edu.

"Comparing the chemical anti-cancer activity in beverages known to contain antioxidants, they have found that cocoa has nearly twice the antioxidants of red wine and up to three times those found in green tea," said the website. No matter why you drink it, hot chocolate can warm the body and the soul and is apparently good for you, too.

It's Hot: Cocoa or chocolate, it's a comforting treat

Winston-Salem Journal

By Michael Hastings, JOURNAL FOOD EDITOR

January 16, 2008

It's hot, rich, creamy, sweet and chocolatey. It's hard not to like hot cocoa - or hot chocolate. In fact, the first recorded consumption of chocolate was in a beverage. The Mayans of the first millennium A.D. are generally credited with making the first hot chocolate, though, according to Alan Davidson in *The Oxford Companion to Food*, evidence suggests that the idea may have been passed down from the earlier Olmec culture.

The spread of chocolate began when Spaniards under Cortez encountered the Aztecs in Mexico in the early 16th century. These explorers found Aztecs drinking a concoction of ground cacao beans mixed with vanilla and chiles - as well as using the beans for currency. Though some sources say that the Aztecs did add a touch of honey to their chocolate drink, the Spaniards didn't immediately take to it. It wasn't until after explorers took the idea back to Spain in 1528 - and someone had the good sense to add sugar to it - that hot chocolate took off.

By the middle of the 17th century, Spaniards were well-known for chocolate drinks. Chocolate soon spread to Italy and France, where cooks started adding it to sweet treats, and to England. The Brits liked hot chocolate so much that chocolate houses cropped up everywhere. Up to this point, chocolate was generally mixed, or frothed, with hot water. Reference books give the English credit for switching to milk, a habit passed down to colonialists across the ocean.

The next big turn of events for chocolate took place when a Dutchman named Casparus van Houten Sr. invented a way to reduce the fat in chocolate through a specially designed press, which he patented in 1828. This machine took chocolate paste and extracted about two-thirds of the cocoa butter. The extracted cocoa butter was soon put to use to make block chocolate and candy bars. The low-fat residue of the pressing process, once pulverized, was called cocoa powder. (Van Houten later added alkaline salts to the process to allow cocoa powder to mix more easily with water, and this created what is known as Dutch-process cocoa. This cocoa is darker, milder and less acidic than natural cocoa powder.)

Such history necessitates noting that hot chocolate and hot cocoa are not the same. As the names imply, one is made from chocolate mixed with liquid, and the other is made from cocoa mixed with liquid.

Americans generally fall into the cocoa camp, and grocery-store shelves are full of mixes of cocoa powder, sugar, powdered milk and other additives that can be dissolved in hot water for a quick fix. Europeans, though, often make hot chocolate.

Fred Thompson of Raleigh says in his 2006 book *Hot Chocolate* that chocolate makes a much better drink than cocoa, even though the latter contains more healthy antioxidants. Thompson even says that water, not milk, mixed with chocolate creates a more chocolatey hot chocolate.

"Low-fat and fat-free milks are good choices if you want just a bit of creaminess," Thompson wrote. "Chocolate flavor lessens in intensity as you increase the fat content with whole milk, half-and-half, and heavy cream."

European recipes, which generally offer more intense chocolate taste, often use a combination of milk and water for the liquid in hot chocolate.

Whether you make hot cocoa or hot chocolate, what ingredients you use ultimately will depend on personal preference. (You can even use chocolate syrup.) Hot chocolate made with bittersweet chocolate and hot water may be too intense for some tastes, especially those accustomed to the bland commercial mixes that are sold in stores.

Hot chocolate does offer more opportunities for variety. Baking chocolate or even chips can be used, and so can chocolate candy bars. A Snickers or Almond Joy or any bar with lots of non-chocolate ingredients won't work well, but any solid chocolate bar can be melted into water, milk or cream to produce some delicious hot chocolate.

Use a bar of flavored solid chocolate for something different. Or use a plain bar or cocoa and add a favorite flavoring. Cinnamon, vanilla and coffee are popular choices, and Thompson's *Hot Chocolate* recipes also incorporate raspberry, mint, peanut butter and others. But don't think that the simple combination of chocolate and milk is not good enough.

Heated slowly and stirred into a rich and creamy froth, it's the ultimate cold-weather comfort drink.

Basic Hot Cocoa or Hot Chocolate

Note that for hot chocolate either natural or Dutch-process cocoa will work fine. The important thing is to choose unsweetened cocoa to give control over the sweetness of the finished product.

Ministry of Tourism launches Chocolate Day

Joy Online, Ghana

17-Jan-2008



The Ministry of Tourism and Diasporan Relations on Wednesday said the second Chocolate Day to raise awareness of the health benefit derived from cocoa and to enhance the value of humanity, love and health on Valentine's Day would fall on February 14, this year.

A press statement signed by Ms. Doris Yamoah, Public Relations Officer noted that, the awareness was being created to boost the cocoa industry in Ghana. The theme for this year's Chocolate Day is; "Chocolate – a gift of love and health".

The statement said the purpose for this year's Chocolate Day was to enhance the spirit of giving by showing concern to the old people in the society and donate chocolate and other cocoa products to old people's homes on February 14. It noted that other private organizations would be invited to organize their own programs to commemorate the day by enhancing the health and love values of chocolate and the spirit of giving. There would be activities such as press briefing and chef presentations on January 24, this year.

Chocolate linked to weaker bones

By Charlotte Eyre

BakeryAndSnacks.com, France

15/01/2008 - New research suggests that regular consumption of chocolate may weaken bone density and strength, which in turn could increase the risk of health problems such as osteoporosis and fracture. According to the study, published this month in the American Journal of Clinical Nutrition, women who eat chocolate daily have an overall bone density 3.1 per cent lower than those who consume it less than once a week.

The findings will surely come as a blow to the positive image of dark chocolate, often feted for having its heart-healthy properties. "Cocoa and chocolate have been promoted as having a range of beneficial cardiovascular properties," said head researcher Jonathan Hodgson, from the University of Western Australia. "But the effect of chocolate intake on other organ systems has not been studied."

For the study, 1,001 women aged 70 - 85 were randomly assigned either oral calcium supplements or a matched placebo for a period of several weeks. During this period they were also asked to keep a diary of how often they consumed chocolate or cocoa-based drinks.

The researchers did not distinguish between types of chocolate consumed. At the end of the allotted time Hodgson and his colleagues measured the whole-body and regional bone density and strength of each participant using X-rays.

The researchers found that the women who ate chocolate less than once a week had significantly stronger bones than those who consumed the treat on a daily basis, with calcium supplementation having little effect on the results. "Additional studies are needed to confirm these observations, but confirmation of these findings could have important implications for prevention of osteoporotic fracture," the scientists said.

Hodgson suggests even though chocolate contains flavonols and calcium, both linked to having a positive effect on bone density, the confectionery product also contains oxalate, an inhibitor of calcium absorption, and sugar, linked to calcium excretion.

The study comes less than a month after British medical journal the Lancet warned against viewing chocolate as a health food, saying that consumers are generally unaware that manufacturers remove the healthy element - the flavanols.

Bridget Aisbett, spokesperson from the British Nutrition Foundation, agreed that information over how healthy chocolate actually is should always be treated with a degree of caution. "There has been a lot of scientific research into the health properties of chocolate - both for and against, and so consumers should not regard it as health food, but rather as an occasional treat," she told ConfectioneryNews.com.

Source: American Journal of Clinical Nutrition, Authors: J. M. Hodgson and others

National Chocolate Day dedicated to aged

Ghana Broadcasting Corporation, Ghana - Jan 17, 2008

The second Chocolate Day to raise awareness of the health benefits of cocoa would fall on February 14 2008. The Public Relations Officer at the Ministry of Tourism and Diasporan Relations, Doris Yamoahin in a statement said the awareness is being created to boost the cocoa industry in Ghana.

The statement said the purpose for this year's Chocolate Day is to enhance the culture of giving by showing concern to the aged in the society and donating chocolate and other cocoa products to them. It noted that other private organizations would be invited to organize programmes to commemorate.

Production and Quality

Uganda: Country's Cocoa Output Hits 10,000 Tonnes, Earns \$20m

AllAfrica.com

David Musoke, Nairobi

14 January 2008

Uganda's cocoa production hit the 10,000 tonne mark in 2007, a 40 per cent increase over the previous year's. At this rate, experts say, cocoa production is expected to reach 50,000 tonnes in four or five years.

John Muwanga Musisi, the co-ordinator of the Support for Tea/Cocoa Project, said this during an inspection tour of the country by Dr Hope Sona Ebai, the Secretary General of the global Cocoa Producers' Alliance (COPAL).

Mr Musisi said the country's cocoa production and exports were doing remarkably well, adding that farmers were being encouraged to expand production to benefit from attractive farm-gate prices. "There is more demand than supply for cocoa and its various products on the world market," Mr Musisi said, adding that even if Uganda increased its production five-fold in the next five years, world prices would not be drastically affected. He said the rising cocoa production would also attract big investors, who would like to add value to Uganda's cocoa before it is exported.

Cocoa is regarded as a high-value, environmentally-friendly export crop since it does well in robusta coffee growing areas, and its production is being promoted within the framework of the Plan for Modernisation of Agriculture (PMA) to alleviate poverty in areas affected by coffee wilt disease.

The total area suitable for cocoa growing in Uganda is 92,000 hectares, while the total area under the crop is about 17,898 hectares. Of this, some 6,054 hectares have mature and productive crop. Some 8,490 hectares contain young cocoa trees planted between 2001 and 2006. Another 3,354 hectares of cocoa were abandoned in government gazetted forest reserves.

The average farm size ranges between 0.2 and three hectares, but some farmers in Mukono district have plantations measuring 50 hectares and above. Production per hectare ranges between 600 and 1,200 kilogrammes, depending on the level of management, soils and the weather. Local farm gate prices range between US\$1,300 and 2,100 and US\$3,000 per kilogramme for organic cocoa, depending on the quality and origin.

In September, 2005, Uganda's cocoa production and export stood at 6,000 tonnes, earned the country \$8.7 million. The following year, production rose to 7,205 tonnes, which fetched \$11.3 million. Last September, production stood at 10,006 tonnes, which is estimated to have earned Uganda \$20.012 million.

Production is projected to increase to 12,800 tonnes by September this year and is expected to earn Uganda \$25.612 million. Kasitu sub-county of Bundibugyo district in southwest Uganda, was last year certified to producer and export "organic cocoa". The sub-counties of Bubukwanga and Busaru, also in Bundibugyo district, have been set aside for organic cocoa production, pending certification. "As our production of cocoa shoots up, we are planning to apply for admission to the Cocoa Producers' Alliance and the visit of the organisation's chief executive was very opportune," Mr. Musisi, said.

The Cocoa Producers' Alliance currently has 10 members, namely Brazil, Cameroon, Cote d'Ivoire, Dominican Republic, Gabon, Ghana, Malaysia, Nigeria, Sao Tome and Principe and Togo. The organisation accounts for over 75 per cent of the total world cocoa production. Any cocoa producing country can join the alliance, provided it ratifies the Abidjan Charter.

The Lagos-based organisation was established in 1962 to facilitate exchange of technical and scientific information, discuss problems of mutual interest and advance social and economic relations between producers and ensure adequate supplies to the market at remunerative prices and promote consumption.

A/Ibom to pay counterpart funding on cocoa soon

The Tide Online, Nigeria

Friday, Jan 18, 2008

The Akwa Ibom government says it will soon pay its 40 per cent balance of the counterpart funding on cocoa development to the National Cocoa Development

Programme.

Mr Patrick Ekpotu, the deputy governor, gave the assurance in Uyo when members of the sub-committee on cocoa development visited him.

Represented by Prof. Etok Ekanem, the commissioner for agriculture, Ekpotu said the state government was ready to partner with the Federal Government in the development of agriculture. He said government was also interested in the success of the committee's programme on the development of cocoa, adding that it should be extended to other crops.

The leader of the team and coordinator, Farmers Field Support Programme, Mr Friday Idahor, said they were in the state to monitor the implementation of the programme. He expressed satisfaction with the early implementation of the programme in Akwa Ibom. Idahor urged the government to establish field schools in new communities to enable the committee to extend its services to more farmers.

Ghana cocoa purchases up

Reuters

Sunday, 20th January, 2008

ACCRA

Cocoa purchases declared by private buyers to Ghana's Cocobod industry regulator reached 364,472 tonnes between October 19 and December 6, an industry source said. This was a rise of 29% from the amount declared in the first seven weeks of last season's main crop. Total purchases for the week ending December 6 were 35,358 tonnes, up from the previous week's total of 34,517 tonnes.

Cocobod has set a target of 650,000 tonnes for the 2007/08 season, including a 600,000-tonne main crop harvest. Production fell to around 600,000 tonnes in the 2006/07 season. In recent weeks, the year-on-year increase in the cocoa crop has halved from a high of 60%. Despite this fall, industry officials are upbeat about meeting the output target.

Indonesian cocoa up

Reuters

JAKARTA (January 18 2008): Gains in cocoa futures and dwindling supplies lifted prices of Indonesian cocoa beans this week, but trading was thin as buyers awaited fresh supplies from the main harvest in March.

Prices of Sulawesi's fair-average cocoa beans were quoted at around 18,400-18,700 rupiah (\$1.95-\$1.98) a kilogram this week, up from 17,600-17,800 rupiah in January and in line with gains in cocoa futures on the New York Board of Trade. The March cocoa contract finished \$32 lower at \$2,154 per tonne on Wednesday, but was up from \$2,120 a tonne on January 3. "The cocoa futures eased overnight. But they have gained a lot in the past weeks, offering support to local prices," said a dealer at an exporting firm in Makassar, the key port for palm oil exports in South Sulawesi province.

The Markets

Advancement in Cocoa Meets with Profit Taking

Friday, January 18, 2008

by Jurgens Bauer of RJOFutures

What a move: From 2142 to 2217, then back down to the 2160 area. Prices advanced sharply in cocoa, with March reaching 2217 before a bout of substantial profit-taking set in. March pulled back to 2180 then, and additional profit-taking emerged when prices failed to achieve back above 2190-2200-resulting in a softer close. The head of the International Cocoa Organization (ICCO) said on Thursday that he expected a "close balance" between global supply and demand of cocoa in 2007/08, due after a 242,000 tonnes deficit in 2006/07. My favorite part was this: "The last time we had a slowdown in the economy, chocolate consumption was not affected," he said. "Sometimes a recession encourages consumption of goodies." You've got to love stuff like that.

The cocoa market is apt to be confined to the range between 2220 and 2150. I suggest playing that range. Any break above or below could carry, but I seriously would rather buy weakness than sell strength. The trend is up.

Cocoa Prices Dip Wednesday

Thursday, January 17, 2008

by Jurgens Bauer of RJOFutures

I hope you all took advantage of the sizable dip cocoa prices provided Wednesday, as we'll probably not see another one like that-unless this market isn't going to go up. It's hard to buy when you are already long and prices are down sharply, but buying low is what you must do in a market environment like this.

Cocoa obviously wasn't alone in its price decline, accompanied by most everything I saw-with the later exception of sugar, which is another story.

Cocoa should stage another rally effort soon. Yes, I know, the "recession".... Well, so what! That might be the focus today and for a few days, but unless I read this wrong, cocoa prices are vulnerable more to the upside than the downside. Look around and see what other markets are telling you. We might be in for some volatile times, but a substantial breakdown in cocoa isn't one of them.

There are 60,000 longs that need to be moved from March into May. Watch for that spread to move out to 30 as that occurs.

Cocoa Prices Close Down on the Day Tuesday

Inside Futures, IL

Jurgens Bauer of RJOFutures

January 16, 2008

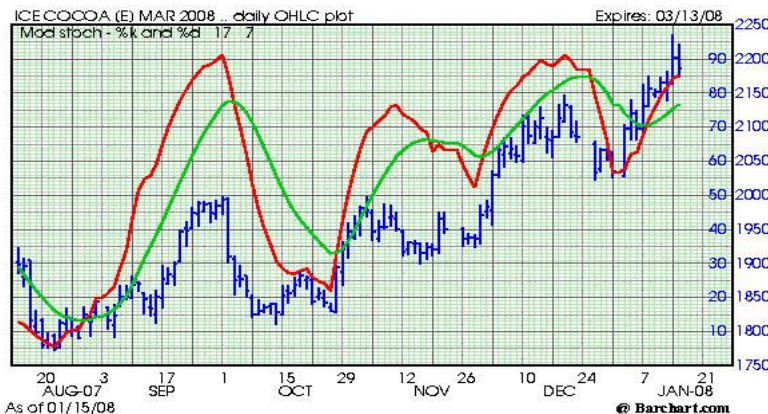
Cocoa prices took a punch, recovered, then dropped again to close down on the day. Action like that makes traders nervous, or is it nervous traders who make action like this? I forget.

Anyway, markets don't go straight in one direction (although cocoa has done so on many an occasion). The trend is up, but if 2180-2170 gives way then 2150-2138 will be next in line. I suggest buying weakness and selling on strength. Now if I could just do that myself.

Anyway, I still like cocoa to move up, it just needs to build up some momentum first before challenging the new highs.

Support: minor at 2200, 2170-2188, 2124-2117

Resistance: 2250-2280, 2350



ICCO sees "close balance" in cocoa

Guardian Unlimited, UK

By David Brough

January 17 2008

LONDON, Jan 17 (Reuters) - The head of the International Cocoa Organization (ICCO) said on Thursday he expected a "close balance" between global supply and demand of cocoa in 2007/08 after a 242,000 tonnes deficit in 2006/07. Jan Vingerhoets told Reuters in an interview he expected London benchmark cocoa futures to stay above 1,000 pounds per tonne, and possibly above 1,100 pounds per tonne, in 2008, due to strong demand.

London May futures were up 9 pounds to 1,153 pounds per tonne in afternoon trading, picking up upside momentum from earlier. "Half a year ago, I would have said a surplus (for 2007/08), but the grindings figures have gone so fantastically," Vingerhoets said. "There is a strong demand undercurrent." The ICCO expects to produce its first 2007/08 forecasts around March. Vingerhoets said strong demand for cocoa was driving up benchmark London cocoa futures prices. "Over 1,000 pounds -- that (level) we see for the immediate foreseeable future, at least for 2008," he said.

Vingerhoets expressed concerns over a lack of rainfall in top producer Ivory Coast and said the outlook for rains over the next two weeks was critical for main crop production. "We need rainfall before the end of the month," he said. Ivorian main crop cocoa production could shift by between 100,000 and 150,000 tonnes depending on the amount of rainfall in the next few weeks, he added.

Cocoa exporters in Ivory Coast on Wednesday cut estimates for production in the October-March main crop season in the world's top grower to just over 1 million tonnes from 1.1 million previously. That would still put the 2007/08 main crop head and shoulders above last year's when output reached 904,000 tonnes. Rainfall is also expected to improve soon as the Harmattan desert wind, which blew early in the New Year and which can damage cocoa flowers when harsh, lasted only a few days and the first showers in a fortnight fell in Abidjan on Wednesday.

Vingerhoets said he was not too worried over the potential impact of weak economic conditions on U.S. chocolate demand and noted a continuing trend for increased consumption of chocolate with a high cocoa content in Europe and the United States. "The last time we had a slowdown in the economy, chocolate consumption was not affected," he said. "Sometimes a recession encourages consumption of goodies." The ICCO plans to join Russian chocolate makers in a \$1 million public relations campaign to boost chocolate consumption in Russia, Vingerhoets said.

Funds, tight supplies to drive up cocoa in 2008

Guardian Unlimited, UK

By David Brough

January 18 2008

LONDON, Jan 18 (Reuters) - Strong global demand, tight supplies and increased buying by investment funds will drive up cocoa prices again in 2008, a Reuters poll of analysts showed. According to a median of analysts polled by Reuters, ICE second-month cocoa futures will surge 14.1 percent year-on-year to \$2,325 per tonne by the end of 2008

London second-month cocoa was expected to jump 14.5 percent, to 1,215 pounds per tonne by end-2008.

Early on Friday, IntercontinentalExchange May cocoa futures prices were down \$35 at \$2,153 per tonne. LIFFE May cocoa futures were down 7 pounds at 1,133 pounds per tonne. "There will be strong demand for cocoa and chocolate," said Judy Ganes of J. Ganes Consulting in the United States. "There will be a continued struggle to have good quality crops with production highly concentrated between a few suppliers," she added, referring to leading producers such as Ivory Coast, Ghana and Indonesia.

A U.S.-based trader, who asked not to be identified, said, "The weight of money from investment funds will dictate prices rather than fundamentals (supply/demand)." "The Indonesian main crop will be critical to the equation. Last year saw the crop potential unexpectedly collapse in March/April. A repeat this year would drive prices strongly higher though at the moment the prognosis looks OK." Analysts say investment funds have poured money into soft commodities at the start of 2008 in a bid to take advantage of the commodities boom.

"CLOSE BALANCE"

The median cocoa supply/demand balance was a 30,000 tonne deficit in 2007/08. This compares with a world cocoa deficit of 250,000 tonnes in 2006/07 predicted by the previous Reuters poll of analysts conducted in July 2007. The head of the International Cocoa Organization (ICCO) said on Thursday he expected a "close balance" between global supply and demand of cocoa in 2007/08 after a 242,000 tonnes deficit in 2006/07.

Jan Vingerhoets told Reuters in an interview he expected London benchmark cocoa futures to stay above 1,000 pounds per tonne, and possibly above 1,100 pounds per tonne, in 2008, due to strong demand. Most analysts predicted stocks would fall due to strong demand and the high cost of holding inventory.

The median forecast by analysts for the total crop of top cocoa producer Ivory Coast in 2007/08 was 1.40 million tonnes. In the previous Reuters poll in July 2007, the median for forecasts of Ivorian production were at 1.25 million tonnes for the 2006/07 season. Analysts will continue to be preoccupied by political instability in Ivory Coast, although they have noted that cocoa has reached the ports in the past in spite of domestic turmoil.

Asked what factors are expected to drive the cocoa market in 2008, one analyst said: "Ivory Coast politics and weather. Demand looks to remain strong, so weather and politics will be key." The higher prices farmers will be getting for cocoa this year will help them to improve husbandry for the coming mid crops in West Africa and into next year's main crops again, traders said.

Al Abaroa of Time Leverage Capital in the United States said: "Recent favourable weather should boost the (West African) mid crop harvest. Drought conditions are not in play compared to last year."

TradeSignals Cocoa Futures Morning Commentary -- 2008-01-14 07:03:37

TradeSignals 2007.

Cocoa:

Nearby Cocoa futures finished the previous session higher extending the prior days gains. Trend indicators are indicating a bullish 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 in bullish territory. Also, the market just made a 50-Day new high here, indicating further strength. Look for more new highs.

TREND INDICATORS:

Simple Moving Average (10-Day): The closing price finished above this moving average. Also, the slope of the moving average is in an upward slope from the previous session indicating further strength. As a result the 10-Day simple moving average has a strong bullish bias.

Simple Moving Average (25-Day): The closing price finished above this moving average. Also, the slope of the moving average is in an upward slope from the previous session indicating further strength. As a result the 25-Day simple moving average has a strong bullish bias.

Simple Moving Average (50-Day): The closing price finished above this moving average. Also, the slope of the moving average is in an upward slope from the previous session indicating further strength. As a result the 50-Day simple moving average has a strong bullish 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 up. However, as the ADX has turned lower, it indicates weakness in the current trend. As a result, the market may turn choppy here and has the potential to move lower.

MOMENTUM INDICATORS:

MACD: The MACD is in bullish territory. Also, the market just made a 50-Day new high here, indicating further strength. Look for more new highs.

RSI: The 14-Day RSI is in neutral territory. (RSI is at 64.44). 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 64.44 the market is somewhat overbought, but given the 50-Day new high here, greater overbought levels are likely.

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 overbought prices. Volatility also appears to be increasing, as evidenced by a larger distance between the upper and lower bands over the past few sessions. Despite this overbought condition the market may become more overbought before turning lower. Also, given that we posted a 50-Day new high, the chance for further bullish momentum is higher. As a result, the market will look for additional weakening in prices before turning bearish on this indicator.

Oil price slides on US woes but gold shines

Sunday, January 20, 2008

Daily Times

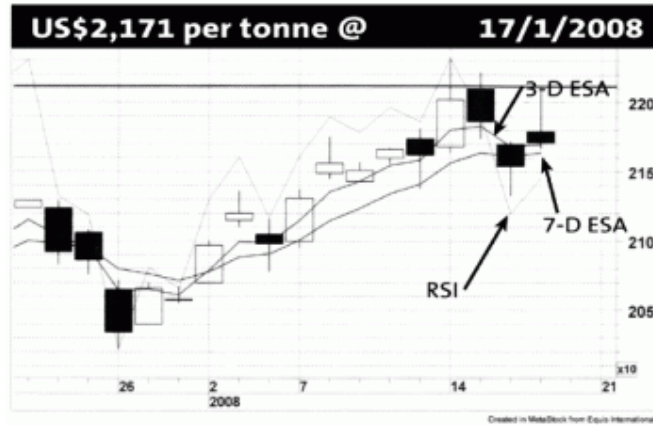
Cocoa: Cocoa prices hit fresh multi-year peaks amid persistent supply-side concerns in leading producer the Ivory Coast but ended the week on a subdued note. By Friday on the LIFFE, London's futures exchange, the price of cocoa for March delivery declined to 1,111 pounds a tonne from 1,127 pounds a week earlier. On the New York Board of Trade (NYBOT), the March cocoa contract decreased to 2,134 dollars a tonne from 2,170 dollars.

CPO in for more wide swings

Malaysia Star, Malaysia - Jan 20, 2008

Cocoa

ICE Futures US cocoa futures prices rallied to a lifetime high on fund and technical buying early last week and then entered into a strong technical correction on fund and speculative selling before closing Thursday with small gains.



NCSE COCOA FUTURES

The trading volume was thin and volatile as traders attempted to exit on the long side as the market failed to generate strong follow-through buying after hitting fresh contract highs.

The March cocoa futures prices fell from a week's high of US\$2,232 to US\$2,133 and ended slightly higher at US\$2,171, up US\$9 a tonne from the week before.

The daily candlestick chart ended the week bearish and called for more downward trading this week. There were three black candles in the past three days and the formation of a black candle with a long upper shadow on Thursday shows the immediate-term momentum is bearish.

Last week's upward breakout from the triple-top resistance levels shows the main trend is technically very bullish.

Chart support for this week is seen at the US\$2,155–US\$2,140 levels. A downward cycle would start if these support levels are violated this week. Chart resistance is pegged at US\$2,190–US\$2,210.

The weekly indicators ended mixed and indicated the market had lost its bullish momentum.

The daily stochastic gave the sell signal early last week and remained negative at Thursday's close. The oscillators per cent K and D finished sharply lower at 36.64% and 49.43% respectively and suggested the bearish cycle would persist.

The 3- and 7-day ESA lines remained in bullish divergence and showed the main trend was still constructive.

The 5-day RSI fell to 60.12 points and signalled the market's immediate underlying strength was negative.

Processing and Manufacturing

US 4th Quarter 2007 Cocoa Grind Seen Flat to Down

Source: Reuters

17/01/2008

New York, Jan. 16 - U.S. cocoa grindings in the fourth quarter of 2007 could range from unchanged to 11 percent lower from the previous year, cocoa dealers and analysts projected ahead of the Chocolate Manufacturers Association of USA (CMA) report due Thursday afternoon. "We are importing more chocolate from Europe so it isn't that consumers are eating less. We are also buying more butter, powder and therefore grinding less domestically," said Judy Ganes-Chase of J Ganes Consulting.

The grindings have traditionally been seen as a measure of demand for cocoa, chocolate's key ingredient. Last year, the CMA pegged U.S. cocoa grinding in the fourth quarter of 2006 at 100,572 tonnes. "U.S. grind in 2006 was exceptional overall due to

the many new product introductions and favorable pricing. The first three quarters of 2007 grind was lower than year-ago levels," Ganes-Chase said, noting that end-user demand remained strong.

Analysts and traders contacted noted that a significant amount of cocoa grinding is shifting to producing countries.

Last year, Switzerland's Barry Callebaut agreed to supply the biggest U.S. chocolate maker Hershey Co with chocolate and finished products. "The impact of Barry and Hershey is quite dramatic ... I think overall, business is pretty good in the States but where it's being ground is another topic," one U.S.-based cocoa trader said. Barry Callebaut is the world's largest chocolate maker. "Instead of Hershey grinding their own beans and reporting those grinds to the Chocolate Manufacturers, Barry is making chocolate for them and Barry's doing a lot of it overseas," the trader said.

CMA members include chocolate makers like Barry Callebaut USA, Hershey Co., Nestle Chocolate & Confections and Masterfoods USA, a Mars Inc company. The CMA is scheduled to release the fourth-quarter grindings Thursday at 4:15 p.m. EST (2115 GMT). "Intercontinental Exchange requested that the grind be released at the new time after the market closes," a CMA spokeswoman said.

For years, the quarterly data had been released on a Friday morning ahead of the open-outcry session, which begins at 8 a.m. ET and is scheduled to be shut permanently at the end of February.

ICE introduced side-by-side electronic trading in early 2007 and the bulk of the trading volume has since shifted to the screen. The electronic platform opens at 1:30 a.m. ET.

Europe's fourth-quarter 2007 cocoa grindings rose 2.9 percent to 348,901 tonnes from a year ago, the Brussels-based European Cocoa Association announced last week. In Germany, the grind for the same period climbed 25.5 percent to 105,748 tonnes, the association of German confectionery producers BDSI said last week.

Swiss chocolate maker sweet on Asian market

China among the top destinations

Louisville Courier-Journal, KY

By Elaine Kurtenbach, Associated Press

January 13, 2008

SUZHOU, China -- In a cavernous white building filled with huge bubbling vats, clattering conveyor belts and the luscious aroma of melted chocolate, a Swiss tradition is being transplanted, cocoa butter block by cocoa butter block. Swiss chocolate maker Barry Callebaut opened a \$20 million factory in the eastern Chinese city of Suzhou this past week, a move aimed at capturing the growing regional taste for chocolate and other sweets by supplying chocolate and production facilities to brand manufacturers.

Zurich-based Barry Callebaut claims a 25 percent share in the market for the raw chocolate that is processed into candy bars, cocoa and pastries, or as Chief Executive Officer Patrick De Maeseneire puts it, "one in every four bites of chocolate in the world."

China's own huge market and its role as world supplier of just about everything from tennis shoes to laptop computers, has made it a prime destination for legions of business-to-business suppliers. As increasingly affluent Chinese and other Asians indulge their taste for luxury treats, companies like Barry Callebaut are shifting operations eastward to cut costs and hone their competitive edge in supplying manufacturers based in China. "Only with this Chinese production we are a truly global company," Andreas Jacobs, the chocolate maker's chairman, said at the factory's opening ceremony on Wednesday.

Barry Callebaut has assets ranging from cocoa production facilities in Africa to retail candy brands in Europe and the United States. The company partners with major manufacturers such as Japan's Morinaga & Co., Cadbury Schweppes PLC, Nestle SA and Pennsylvania-based Hershey Co.

Barry Callebaut SA opened its first Asian factory in 1997, in Singapore, but decided in 2005 that it had to have a presence in mainland China if it wanted to remain a top global player. In 2006, it settled on building the factory in Suzhou. The factory began operations just a year later. The wholly owned factory is the chocolate maker's first in China and is part of a strategy aimed at significantly expanding in Asia.

Jacobs and other executives said the company does not plan to offer its own brands directly to consumers. Instead it will sell to other companies, while also cultivating a fast-growing business in supplying high-end customers such as luxury hotels and patisseries. It also will offer production facilities for other companies.

The company's China sales -- measuring chocolate products made in Singapore and imported to China -- rose 20 percent in the fiscal year that ended Aug. 31, to 4,300 metric tons. The Suzhou factory is expected to churn out 10,000 tons of chocolate in its first year of production, with 6,000 tons to be sold in China and the remaining 4,000 to be exported, said Maurizio Decio, the company's vice president for the Asia Pacific.

The factory, a big white block amid other factories and plots yet to be developed on the east side of Suzhou, is two-thirds empty, leaving room for a planned expansion from its current capacity of 25,000 tons of chocolate a year to an eventual 75,000 tons. The allure of the China market is such that the company appears to have been unswayed by the uproar over that nation's product safety last year.

Barry Callebaut's 38 factories in more than 20 countries maintain the same quality standards as in their home factories in Europe, de Maeseneire said. All of the company's quality assurance staff report to him directly, he said. "Food safety is a primary objective," he said. "All raw materials are tested and sampled. All products are tested and sampled and must pass before they leave the factories."

Chocolate processed at the Suzhou factory is made from imported cocoa; China has no domestic production. The milk comes from Switzerland, because if the consistency of the milk used varies, the color of the chocolate changes and customers complain, the company said.

Business & Economy

Chinese and U.S. Demand Drives Commodities Surge

New York Times, United States

By CLIFFORD KRAUSS

January 15, 2008

As demand soars, an open-pit copper mine in Sonora State of Mexico operates at full capacity. The price of copper has tripled in five years. Zinc has doubled. Wheat and soybeans rose 70 percent in 2007. Futures prices of crude oil, gold, silver, lead, uranium, cattle, cocoa and corn are all at or near records.

Workers in Ivory Coast, left, gathering a new species of cocoa pods expected to produce higher yields. With jewelry in demand in prospering India, a goldsmith in Calcutta, right, polished bracelets.

A global boom in the cost of commodities, the staple ingredients of a modern economy, is entering its sixth year with no end in sight. Commodities have always been subject to boom-and-bust cycles, but many economists see a fundamental shift driving the markets these days.

As development rolls across once-destitute countries at a breakneck pace, lifting billions out of poverty, demand for food, metals and fuel is red-hot, and suppliers are struggling to meet it. Prices are spiraling, and Americans find themselves in what amounts to a bidding war with overseas buyers for products as diverse as milk and gasoline.

"It is absolutely a fundamental change in the global economic structure," said Bart Melek, global commodities strategist for BMO Capital Markets, an investment firm based in Toronto. "Global commodities ranging from oil to base metals to grains are moving higher as billions of people in China and around the world get wealthier and are consuming more as they produce products for us, and increasingly for themselves."

Now, with the United States economy slowing, the question is what happens next. One possibility is that a recession in this country, should it occur, would suppress demand enough that commodity prices would fall substantially for the first time in several years. But many economists argue that demand overseas would keep prices high even with a recession in the United States. That would compound the economic pain for Americans, forcing them to continue paying a premium at the meat counter and the gas pump even as their pay checks suffered.

These economists say it will be hard to stop the ascent in commodity prices because it is connected more than at any other time in recent years to events beyond the United States, particularly the industrialization of China, and to a lesser extent of India, and in booming oil economies like Saudi Arabia and Russia. "The world is coming alive and the lights are coming on across Asia," said James Glassman, a senior economist at JPMorgan Chase. "What we are dealing with is a tremendous demand for resources."

Meeting that demand is becoming more difficult. Oil is no longer easy to find, and the cost of producing it is escalating. Droughts and in places excessive rain have produced sporadic grain shortages; some scientists link such extremes in weather to global warming and the rising use of fossil fuel.

The biggest single factor increasing commodity prices is China's rush to construct factories, other buildings and roads to satisfy a growing, increasingly middle-class urban population with a taste for cars and other consumer goods.

China today has 7,000 steel factories, double the number in 2002. Every new factory needs electricity, which means that power plants must be built. More diesel-powered trains are required to get the coal to the power plants, and more trucks and expanded ports are needed to move the steel to market.

China's industrial revolution caused an increase in crude oil consumption to 7.5 million barrels a day last year from 5.5 million barrels in 2003, according to the International Energy Agency, representing 31 percent of the total rise in global demand. Over the same period, China was responsible for 64 percent of the increased global demand for copper, 70 percent of that for aluminum and 82 percent for zinc.

The Chinese economy grew well over 10 percent last year, compared with an American growth rate of perhaps 2.5 percent. China has grown briskly since 1982, when Communist leaders began to revamp the economy. India's economy is growing almost as fast, in large part from a surge in domestic consumption.

The International Energy Agency projects that China and India combined may increase their oil consumption to 23.1 million barrels in 2030 from 9.3 million a day in 2005. The demand for oil is also growing in big developing countries like Russia and Mexico, where car ownership is rapidly rising.

That global demand lifts both metals and food prices. Vast construction projects to dig up oil sands in Canada and drill for conventional oil across the Middle East and Africa are under way, driving up the price of steel.

As fuel costs go up, countries like the United States and Brazil look for alternatives like biofuels. The ethanol boom in the Midwest has driven up the price of corn. Since corn is a vital feed product for animals, the prices of meat and milk have followed. The prices of other grains are going up as their acreage is supplanted by corn.

"You are trying to feed people, cattle and cars, so you have this global fight between food and energy," said Michael Lewis, global head of commodities research at Deutsche Bank. He noted that the United States was responsible for 60 percent of the increase in the global demand for corn last year, which he said resulted primarily from the rapid expansion of ethanol production.

The rise in commodity prices is accompanying a broadening of the middle class in many countries, but recent protests in Mexico after a steep climb in tortilla prices showed that not everyone stands to gain. The world's poor spend a large percentage of their income on food, so higher grain prices tend to hit them hard.

Consumers in the United States have less to spend at the mall when they pay \$3 a gallon for gasoline. The national average for a gallon of unleaded gasoline has climbed to \$3.07 from \$2.24 a year ago, according to AAA, the automobile club, while a gallon of diesel fuel has climbed to \$3.43 a gallon from \$2.61.

Price shock has also accompanied trips to the supermarket. According to preliminary estimates by the Department of Agriculture for 2007, beef and veal prices rose 4.5 percent, poultry 5.2 percent, dairy products 7.4 percent and eggs 28 percent. The department is projecting increases for many food items this year, although it says that they may ease for those that rose the most in 2007. Experts, though, say that similar sustained food inflation has not been seen in the United States since 1990.

Economists and some others say the continuing boom in commodities prices may slow this year, if for no other reason than the 2007 pace for many crucial commodities — up 57 percent for crude oil and more than 70 percent for wheat and soybeans — was so stunning. Since the 2001 recession, the Commodity Research Bureau's broad price index has risen by 100 percent.

"I would temper wild-eyed bulls who think China can grow at 10 percent plus without a strong United States," said Adam Robinson, an energy analyst at Lehman Brothers. He said that China, which was an importer of steel and aluminum as recently as 2002, is now an important exporter of both to the United States and Europe and that some of the new steel factories could fail if there was a global recession.

Nevertheless, Mr. Robinson said commodities prices would probably remain steady in 2008 and possibly slide in 2009. The prices of many, if not most, major commodities — including nickel, copper, sugar, silver, cocoa and coffee — have continued their climb so far this year. “Demand will be very difficult to slow down unless you take a very bearish view on the long-term global economy,” Mr. Robinson added.

Commodity prices soar as wave of money hits markets

Times Online, UK

Carl Mortished, World Business Editor

January 12, 2008

A wave of money is flooding into the commodity markets, adding more lustre to gold and pointing a spotlight on obscure markets such as coffee, cocoa and palm oil, as investors take fright from credit risk and the looming spectre of recession.

Gold and platinum hit new records yesterday as traditional investors sought out safe havens for cash in troubled times. Concern over emerging signs of recession in the United States depressed the price of crude oil, which seesawed in indecision yesterday, but coffee and cocoa soared as investors searched for the next commodity stars.

The price of Robusta coffee futures gained \$25 to \$2,039 per tonne in London, the highest level for nine and a half years. Cocoa was also in demand, rising to £1,148 per tonne, a four-year high, as speculative funds sought exposure to soft commodities.

Palm oil also hit a record price as evidence emerged in official statistics that floods in Malaysia had affected output. The price of palm oil, used in both food and cosmetics, has risen 8 per cent in less than a fortnight with continuing concern about its use as a biofuel crop and burgeoning demand from the food industry. “It’s a global warming hedge,” said Tim Bond, head of asset allocation at Barclays Capital, of the new fashion for soft commodities. “The last three to four years has seen a rebirth of institutional interest in commodities.”

From buying global commodity indices, funds have moved to futures in oil and metals and latterly to green and soft commodities, such as wheat and corn or cocoa and coffee. Commodities fell deeply out of fashion in the 1990s but rising affluence in Asia is putting pressure on food supplies, while climate change is threatening food production.

From almost zero allocation, funds have given commodities a big slice of their portfolios. “People doing portfolio optimisation find they need between 10 per cent and 20 per cent,” Mr Bond said.

After the initial surge in oil and base metals, wheat, corn and soya are in demand and the search is now on for the next commodity to catch fire. Sudakshina Unnikrishnan, Barclays’ soft commodities expert, believes it may be cotton. A massive price gain in wheat, which tripled in value in a year, is expected to lead to more planting by farmers and land is switching from cotton to wheat production. “I think the fundamentals for cotton are very strong,” she said.

US market statistics show rising levels of speculative activity in the soft commodities. “Most of these commodities are seeing strong growth in hot money interest. The fundamentals are so compelling,” said Ms Unnikrishnan. Many food commodities remain as much as 50 per cent off their peak prices, despite recent gains.

Moreover, the soft commodities can move in a countercyclical direction, Mr Bond said.

Fear of recession sent oil falling by a dollar yesterday after an initial bounce caused by comments on Thursday from Ben Bernanke, Chairman of the Federal Reserve, who promised “substantial action” from central banks to head off a downturn. At \$93 per barrel, the US light crude futures contract is off 7 per cent from its milestone of \$100 on January 3.

However, gold and platinum yesterday reached records of \$898 and \$1,568 per ounce respectively. On Tuesday, US soybean futures reached a record of \$13.06 per bushel.

- * Not just what softs are but what they are not
- * Platinum and gold prices set new records
- * Biofuels put pressure on stocks of palm oil
- * Have your say

Gold is not a safe haven. Those who bought gold at \$800 in the early 1980s and held it took a terrible financial beating. Not only has the buying power of the original \$800 fallen 10 fold to \$80 there were no dividends. My rule of thumb is when the popular press toots an investment, it's usually a dog the big financial dogs are trying to unload.

Uganda: Cocoa Sector Posts Good Trends

AllAfrica.com, Washington

Edris Kisambira

Kampala

14 January 2008

Uganda's little known cocoa sub sector has continued to post very impressive growth figures. Last year, Uganda exported some 10,006 metric tonnes of cocoa worth US\$20.01 million up from 7,205 metric tonnes worth \$11.4 million the previous year. For the 2008 season, it is projected Uganda will produce 12,800 metric tonnes worth some \$25.6 million.

According to a cocoa expert who was in Uganda last week, that level of growth is phenomenal. "Production in Uganda is very impressive. You can see that for a country that has just concentrated on cocoa, it is impressive," Ambassador Sona Ebai, the secretary general of Cocoa Producers' Alliance (COPAL) said last week. While Uganda's export volumes fade into insignificance against Africa's cocoa producing giants like Ivory Coast (1.4 million tonnes), Ghana (700,000 tonnes) and Nigeria (500,000 tonnes), COPAL is ready to recognise Uganda as a cocoa producing country.

And as a result, COPAL wants to admit Uganda into its fold. "The ball is now in Uganda's court. Uganda has met all the requirements to join COPAL and we hope that happens, but that is a decision the Uganda government can make," Ebai said.

COPAL is an intergovernmental organisation that was instituted in 1962 by representatives of the governments of five cocoa producing countries in the city of Abidjan, Ivory Coast. Its membership has since grown to ten countries to include Ghana, Nigeria, Brazil, Ivory Coast, Cameroon, Togo, Malaysia, Gabon, Dominican Republic and Sao Tome & Principe.

During his two-day stay, Ebai saw a lot of positives in Uganda's attempts to reach the targeted 50,000 metric tonnes of cocoa for export. "A lot of good development work is going on in the Uganda cocoa sector," he said.

At the current market price, 50,000 metric tonnes would fetch Uganda more than \$80 million in foreign exchange as well as get many Ugandans out of the poverty trap. Local farm-gate prices range between Ush1,300 (\$0.7) to Ush2,100 (\$1.2) and Ush3,000 (\$1.7) for organic cocoa depending on quality and location within Uganda.

For Uganda to maintain the impressive figures, the cocoa acreage has to increase and according to Ebai, government has got to respond to the needs of the farmers. "A lot of people I met want to produce more cocoa," Ebai said. "If the farmers can get the basic services like market information as well as technical support, Uganda can produce a very good organic crop."

According to the coordinator of the cocoa development project in the ministry of agriculture, Mr. John Muwanga, government funding to the cocoa and tea sector amounted to just Ush300 million (\$177,514). "That is very little. We need a budget allocation of about Ush1.5 billion (about \$900,000) to be in a position to reach our goals," Muwanga said.

Cocoa in Uganda today is grown in the districts of Bundibugyo in western Uganda, Mukono in the central and Bugiri in the east but the cocoa crop can grow in 15 other districts. Muwanga said cocoa, which takes two years to grow and yield fruit can grow in all areas where robusta coffee and bananas can thrive. According to Muwanga, cocoa (takes two years) can grow in all areas of Uganda that are favourable to robusta coffee and bananas. Cocoa growing was redeemed in 2001 when government under the strategic exports programme funded massive planting of cocoa to increase production for export, household incomes and foreign exchange.

Globally cocoa production stands at 3.8 million metric tonnes but it is projected to reach 4.1 million metric tonnes. That volume of cocoa spawns a \$600 billion industry. Given that cocoa demand globally is going up, Uganda has enough reason to push cocoa as a promising cash crop. "If consumption grows as we hope it will given that we are trying to emphasise cocoa consumption, in the next five years, we will need more cocoa," Ebai said. Cocoa consumption is growing at about 2% - 3% every year.

Ebai explained that demand for cocoa worldwide has been growing for both economic and health reasons. China and India, with their growing middle class are demanding a lot of cocoa products.

Hapman Chosen to Keep Chocolate on the Move

Process & Control Today, UK

15 January 2008

Hapman, one of the world's foremost manufacturers of tubular drag conveyor, feeding and bulk handling systems, have recently installed a Tubular Drag Conveyor system for Forbes Chocolate Company, integrating both new and existing equipment.

The rapid growth of Forbes, leading purveyors of chocolate mix, called for a brand new manufacturing facility to enable them to convey and process in a reliable, accurate and efficient manner. With ingredients such as cocoa, cornstarch, and salt all required to be accurately metered, conveyed, mixed and discharged, Hapman was the clear solution. The benefit for Forbes in using the Tubular Drag is that materials are conveyed on several levels and planes with the use of one, rather than multiple conveyors. They are also heavy duty, can handle a substantial capacity and are entirely enclosed.

The US-based company carried out initial testing processes at their Michigan facilities but worked closely alongside the engineering department at Forbes. Hapman made allowances for future capacity increases, making the task (if it was ever to arise) easier and the system easily extendable.

The chocolate powder blending system utilises two Hapman 'Bulk Bag Un-loaders' which handle cocoa and cornstarch. From here the material is metre-fed via screw feeders into an 8" stainless steel 'Square Loop' Tubular Drag Conveyor. Also feeding the conveyor is a Hapman Sack Tip Station with integral dust collection, keeping all of the collected material dust in the product stream. This is also used for putting other raw materials, delivered in various bag sizes, into the process. Each batch has a specific raw ingredient requirement. After the pre-measured ingredients are added to the conveyor, screw-feeders then convey specified amounts of cocoa and cornstarch from the un-loaders into the Tubular Drag utilising the batch controls.

Once the ingredients are elevated, the material is discharged into a Centrifugal Sifter and then into a Diverter to be directed to one of the two blenders. The blenders, purchased separately but integrated into the system by Hapman, mix each batch; the end result is then fed into another Hapman Tubular Drag conveyor which takes the completed batch to a hopper above the packaging machinery. With the implementation of the new system, Forbes have achieved their objectives and have commenced the planning stage for the next phase of capacity expansion. Hapman's high level of service and attention to detail is testament to their close involvement with the project.

For further information, or to view interactive videos of Hapman products, please visit: www.hapman.co.uk.

Are the chocolate prices fixed?

The Times of Trenton - NJ.com, NJ - Jan 19, 2008

Canadian investigation of industry drizzles into United States, New Jersey

Sunday, January 20, 2008

BY GREG SAITZ

Newhouse News Service

At the Auberge du Pommier, diners can lunch on roasted leg of rabbit complemented by a \$1,500 bottle of 1983 Chateau Margaux.

Service at the French restaurant in Toronto, one reviewer noted, is "silken smooth and deliciously attentive." It was in this milieu that Canadian authorities suspect executives from two of the world's largest chocolate companies perpetuated a scheme to fix prices.

Officials there are investigating whether Canada's most prominent chocolate powers -- among them Hershey, Mars and Nestlé -- have been colluding for years to set prices for their products. In recent weeks, the inquiry has melted south to the United States, where the Department of Justice has begun asking questions, and to New Jersey, where at least nine class-action cases have been filed in federal court.

The allegations raise questions about how the \$74billion industry operates and how it has reacted to the challenges it faces, from health concerns to rising commodity prices. While price fixing in recent years has been uncovered in industries as varied as vitamin makers and auction houses, the idea it may have occurred at companies pumping out millions of kids' favorites such as M&Ms and Hershey's bars is hard for some to swallow.

"The industry it's involved in -- who would think the makers of chocolate, the supposed do-gooders in the world, would get together and fix prices?" asked attorney Hollis Salzman, who represents a Bayonne confectioner suing the big chocolate makers on charges they secretly fixed prices. "That's outrageous."

Chocolate is big business. And for the most part, it's controlled by just a handful of companies that have hooked generations of children with their sweet treats.

Three years ago in Canada, Hershey, Mars, Nestlé and Cadbury Schweppes split nearly 98 percent of the chocolate market, court records show. And in the United States in 2006, Hershey controlled about 43 percent of the market, Mars had nearly 25 percent and Nestlé had 8 percent, according to Packaged Facts, a market research firm in Rockville, Md.

But all is not Kisses and Kit Kats. Overall, industry growth in the United States has been stagnant, said Curtis Vreeland, a market research analyst in the chocolate industry and a former Hershey manager who conducted the industry study for Packaged Facts. While 2003 saw sales grow 7.6 percent, by 2006, sales had dropped 0.9 percent from the prior year, he said.

People are worried about sugary snacks and obesity in children, and prices for cocoa beans, milk and energy have been rising, Vreeland said.

"The market has not been doing all that well," he said. "The general situation they (manufacturers) are running into is their big markets are not robust and expanding, and they're not in markets that are."

Armajaro Reopens \$800M Commodities Fund

FINalternatives, NY - Jan 16, 2008

January 17, 2008

U.K.-based Armajaro Asset Management next month is reopening its US\$800 million Commodities Fund for additional capacity of some US\$250 million. The fund, which trades in soft commodities, metals, energy finished up just over 20% last year. The fund employs a discretionary approach with additional technical signals. It charges a 2% management fee and a 20% incentive with a \$100,000 minimum investment requirement.

Armajaro in November soft closed its CC+ Fund, a soft commodities fund with an initial focus on cocoa and coffee, at US\$500 million. The firm also manages the US\$100 million Coolum Fund, a European equity market neutral offering. Founded in 1998, Armajaro has three main business activities: cocoa and coffee origination and distribution; commodity and equity hedge fund investment management; and structured products.

China gets sweet on chocolate

Fort Wayne Journal Gazette, IN - Jan 14, 2008

Swiss open \$20 million factory in move to capture Asian palate

By Elaine Kurtenbach - Associated PressAdvertisement

SUZHOU, China – In a cavernous white building filled with huge bubbling vats, clattering conveyor belts and the luscious aroma of melted chocolate, a Swiss tradition is being transplanted, cocoa butter block by cocoa butter block. Swiss chocolate maker Barry Callebaut opened a \$20 million factory in the eastern Chinese city of Suzhou on Wednesday, a move aimed at capturing the growing regional taste for chocolate and other sweets – by supplying chocolate and production facilities to brand manufacturers.

Zurich-based Barry Callebaut claims a 25 percent share in the market for the raw chocolate that is processed into candy bars, cocoa and pastries, or as the company's CEO Patrick De Maeseneire puts it, "one in every four bites of chocolate in the world."

China's own huge market, and its role as world supplier of just about everything, from tennis shoes to laptop computers, has made it a prime destination for legions of business-to-business suppliers. As increasingly affluent Chinese and other Asians indulge their taste for luxury treats, companies like Barry Callebaut are shifting operations eastward to cut costs and hone their competitive edge in supplying manufacturers based in China. "Only with this Chinese production we are a truly global company," Andreas Jacobs, the chocolate maker's chairman, said at the factory's opening ceremony.

Barry Callebaut has assets ranging from cocoa production facilities in Africa to retail candy brands in Europe and the United States. The company partners with major manufacturers such as Japan's Morinaga & Co., Cadbury Schweppes PLC, Nestle SA and Pennsylvania-based Hershey Co.

Barry Callebaut SA opened its first Asian factory in 1997, in Singapore, but decided in 2005 that it had to have a presence in mainland China if it wanted to remain a top global player. In 2006, it settled on building the factory in Suzhou. The factory began operations just a year later. The wholly owned factory is the chocolate maker's first in China and is part of a strategy aimed at significantly expanding in Asia.

Jacobs and other executives said the company does not plan to offer its own-brand products directly to consumers. Instead it will sell to other companies, while also cultivating a fast-growing business in supplying high-end customers such as luxury hotels and patisseries.

It also will offer production facilities for other companies. The company's China sales – measuring chocolate products made in Singapore and imported to China – rose 20 percent in the fiscal year that ended Aug. 31, to 4,300 metric tons. The Suzhou factory is expected to churn out 10,000 tons of chocolate in its first year of production, with 6,000 tons to be sold in China and the remaining 4,000 to be exported, said Maurizio Decio, the company's vice president for the Asia Pacific.

The factory, a big white block amid other factories and plots yet to be developed on the east side of Suzhou, is two-thirds empty, leaving room for a planned expansion from its current full capacity of 25,000 tons of chocolate a year to an eventual 75,000 tons. The allure of the China market is such that the company appears to have been unswayed by the uproar over product quality safety last year.

Barry Callebaut's 38 factories in more than 20 countries maintain the same quality standards as in their home factories in Europe, CEO Patrick de Maesoneire said.

All of the company's quality assurance staff report to him directly, he said. "Food safety is a primary objective," he said. "All raw materials are tested and sampled. All products are tested and sampled and must pass before they leave the factories."

Chocolate processed at the Suzhou factory is made from imported cocoa; China has no domestic production. The milk used comes from Switzerland, because if the consistency of the milk used varies, the color of the chocolate changes and customers complain, staff said.

Labour Issues

Ghana Tackles Child Labour •In Cocoa Areas

Modern Ghana, Ghana

By Felix Dela Klutse

Mon, 14 Jan 2008

Government, in a move to reduce the worst forms of child labour in the country's cocoa growing areas to the barest minimum by 2011, had set up a National Programme for the Elimination of the Worst Forms of Child Labour (WFCL) in Cocoa (NPECLC). The strategic objective of NPECLC among other things, include the development and implementation of interventions for elimination of worst forms of child labour in cocoa areas. One of the key activities of the programme is to conduct a survey to determine the extent and nature of worst forms of child labour in the country's cocoa sector.

The deputy Minister of Manpower, Youth and Employment, Frema Opare-Osei, who disclosed this in Accra last week, told journalists that NPECLC had in 2006 conducted a pilot labour survey in six cocoa growing districts in Ghana to identify sources, types and periods of labour needs in these areas.

The NPECLC's survey, according to her, revealed among other things, that 91 percent of children working in cocoa farms in the country were enrolled in school. "Sixteen out of the 610 children interviewed said they do not attend school," the survey noted.

Meanwhile, the U.S. has given Ghana up to July 2008 to design and implement a certification process that would document and publicly report on the state of the worst forms of child labour practices in at least 50 percent of the country's cocoa growing areas. The directive formed part of the "Harkin-Engel Protocol" signed in 2001 in the U.S with a call on cocoa manufacturers and chocolate producers to design and implement a certification process that would document and publicly report on the state of labour practices in their particular cocoa sectors.

The Protocol defined the worst forms of child labour (WFCL) as practices such as slavery, compulsory labour, bondage, prostitution and pornography. It also included work that is hazardous with a child's education and health.

Last week, a delegation from the U.S. Congress including representative Elliot Engel of New York, Senator Thomas Harkin of Iowa, and Senator Bernard Sanders of Vermont, met with the Minister of Manpower, Youth and Employment, Nana Akomea, and other senior Government officials at the Finance Ministry in Accra.

The Congressmen who were in the country for a three-day visit, embarked on a trip to Sekyere Krobo, where they toured a cocoa farm and met with representatives of partner non-governmental organizations who are working to reduce and eliminate the worst forms of child labour in the production of cocoa-related products.

Hon Opare-Osei gave the assurance that Ghana would be able to meet the set deadline stated above. She said: "Though Ghana is not a signatory to the "Harkin-Engel Protocol", failure to implement it would have indirect negative effect on the demand of Ghana's cocoa in the US market. "If our cocoa products have been labeled as 'Child Labour products', nobody in the US would buy it," Hon Frema Opare added.

Nigeria: Trafficked Children - 'We Are Human, Not Commodities'

This Day (Lagos)

ANALYSIS, 15 January 2008

Olaolu Olusina, Lagos

For millions of children under various forms of modern day slavery, life, definitely, could have been better if there was a genuine determination to end the menace. Olaolu Olusina writes that from Ekori in South-south, Nigeria to the coast of Yeji on the Volta Lake in Ghana, trafficked children are suffering the same fate

An unusual scene played out at the Aminu Kano International Airport in Kano, Nigeria some years ago. A young boy caused a stir when he refused to board an aircraft heading for London. Poor soul! He had never come close to an aircraft, not to talk of boarding one. His blunt refusal aroused the curiosity of immigration officials who were watching the drama. They eventually discovered that the "village boy" was a victim of child trafficking. He was promptly rescued from his abductors and taken back to his village in South-east Nigeria.

Shinny, as he is called, is 12 but slaves under the tropical sun in one of the pig farms scattered around the villages off the Lagos-Ibadan Expressway in South-west Nigeria. When this reporter sought to know where he came from, a dry smile was what he could offer. Upon further inquiries, however, he said in pidgin English: "I come from Akwa Ibom." Not satisfied with his defensive tactics, a further probe immediately gave him out. "I be from Calabar...," he said as he tried to parry further questions about his family background with the stuff one hears everyday from such kids.

In Ekori, a rural community in Yakurr local government area of Cross River State in South-south, Nigeria, this reporter was faced with the stark realities of child trafficking. A once vibrant farming community is being depleted daily by the activities of modern day slave merchants and their collaborators. A generation of youths; the community's strength and future, now faces the threat of going into extinction. Ekori is believed to be the headquarters of a thriving trade in kid slaves and a hotbed for child trafficking.

Ofem Ubangha is from Ekori. He told this reporter that returnee slave kids usually return from the cocoa farms in South-west Nigeria about mid-December. "They always return from Ondo as from December 15, and the villagers welcome them with thundering shouts of Ondo-he! Ondo-he! Ondo-he! (meaning Ondo people have come) as trucks conveying them enter the village in droves," he said.

It was gathered that from December 10, every year, few of these kid slaves that have finished their contracts, or have been released by their masters, start returning home in trucks, with the attendant dangers to their lives while on transit. "Onward movement takes place in January and between January 3 and 10 of a particular year, about 30 trailers conveyed these children from Ekori to destinations in Ondo, Oyo, Osun, Ogun, Ekiti and Lagos States. Few of them are also ferried into neighbouring countries such as Cameroon, Gabon and Equatorial Guinea to work in plantations and farms," said a source who spoke on condition of anonymity.

It will recalled that few years ago, the British Broadcasting Corporation (BBC) carried the story of one Felicia, an African (Nigerian) girl who was abducted into slave labour. She was being ferried from London to Italy when she smartly escaped from her abductors at the Heathrow Airport by disappearing into the toilet where she later asked for help. If Felicia was lucky to have escaped unhurt, 'Boy Adam' was not in any way.

His story should still be fresh in the memory of those that followed the case. When his remains were found dumped in River Thames in the United Kingdom. The London Metropolitan Police that investigated the murder discovered, through a forensic report, that he was a victim of child trafficking and that his murder had some ritual dimensions moreso as his head was severed and taken away before his remains were dumped into the river. Further tests carried on his remains led the Metropolitan Police to Benin City as the boy is believed to have come from Edo State in Nigeria.

Human trafficking, no doubt, has become the current social issue of the time. The startling revelation of the frightening dimension the menace is assuming makes it even more worrisome. And just like HIV/AIDS, it crosses local, national and international borders. Every year, some 600-800 million modern day slaves are trafficked internationally. Human trafficking, according to the United States' Department of State, is the third most lucrative business in the world, after drugs and trading of

arms, with an estimated annual earning of \$5-\$7billion. The United Nations also estimates that about 706,000 to four million women and children are trafficked every year. Out of this figure, 50 per cent are children, with some as young as six years.

Vision Media, an American organisation, reports that poverty is the factor in the global economy that leads to suffering. "Those toiling under the horrendous conditions of abject slavery cannot be viewed simply as victims of unfortunate circumstances in the melee of world trade and commerce," says Bill Butler, writer for Vision Media. "Modern day slavery must be acknowledged for the social issue it is; the result of a crime perpetrated by cruel and greedy individuals and criminal enterprises lacking in compassion for other people's suffering."

It was therefore not a surprise as this reporter watched in awe as Emelia Oguuah, filled with compassion, almost burst into tears on a live discussion programme on a Ghanaian television station recently. A mother, of course, with the milk of human kindness flowing in her, the Deputy Director, African Centre for Human Development, a non-governmental organisation (NGO), could not hold back her emotions as she narrated the ordeals that young boys and girls, victims of child trafficking and forced labour, go through on a daily basis.

"Imagine an eight year old boy rearing about 150 cattle! He gets bitten by snakes, have dementia, his growth is stunted and retarded, he suffers all forms of deprivation," she said. "The Kayayes (female porters) at Tudu and Tema stations are sexually abused on a daily basis in order to get protection." Oguuah said that in such situation, "generations of children are born on the streets, raised on the streets and are going to die on the streets," adding, "we are building wasted generations."

Eric Appiah Okrah who works with the International Labour Organisation (ILO) as the coordinator for the international programme on Eradication of Child Labour (IPEC) in Ghana also painted a gloomy and more frightening picture of the menace. Speaking on the same programme as Oquuah, Okrah disclosed that in Kokrobite, a settlement on the outskirts of Accra, a kid slave said he knew that some of them (kid slaves) were actually used for rituals. According to Okrah, a Togolese trafficker arrested in Ghana, in fact, confessed that his first victim, a young boy obtained from Ghana, was used for ritual by his father back in Togo.

The ILO official said when about 100 slave children working with fishermen on the coast of Yeji on the Volta Lake were rescued by the International Organisation for Migration (IOM) in September 2003, and returned to their families, "it was discovered that these kids, as young as three-and-a-half years were being used as baits to catch fish by the slave masters who deliberately drown them on the river."

The case on the Volta Lake is pathetic; it is indeed one that has continued to generate the attention of the international community. And quite in line with trends in modern day slavery, where traffickers seek vulnerability in their intended victims, they also seek environments in which they can exploit victims with minimal threat of the victims' escape or law enforcement action. On the Volta Lake, quite a number of children find themselves confined and work under terrible conditions with no means of escape or help as the case may be.

Many of the unfortunate kids are subjected to beatings, deprived of food and water, and enough sleep. They are exposed to highly unsanitary conditions and infectious diseases as they are forced to perform life-threatening work in unsafe conditions without pay. One can then understand the emotional outburst of Oguuah and Okrah as they made a passionate case for the protection of the rights of the Ghanaian child.

It is however interesting that with all these developments, the US Department of State's 2007 Trafficking in Persons Report still classifies Ghana as a Tier two country; a country with an improvement on her anti-trafficking efforts. According to the report, "trafficking within the country is more prevalent than transnational trafficking, with majority of victims being children (boys and girls) engaging in forced labour in the fishing industry, agriculture and mines."

Observers are, however, not convinced that Ghana is doing enough. Prior to the IOM's intervention, the country had no law to prosecute traffickers. And in spite of her leading role in the sub-region, the country is yet to ratify the 2000 UN Trafficking in Persons Protocol. Though the country made an effort with its 2005 Human Trafficking Act that prescribes a minimum penalty of five years' imprisonment for all forms of trafficking, there is no maximum penalty for the offence. It is however gratifying to note that Ghana obtained its first conviction in February 2005 as a trafficker got a six-year jail term under the 2005 law. The 17-member Human Trafficking Board is also awaiting presidential approval.

And just as the countdown to the African Cup of Nations football competition, tagged Ghana 2008, begins, the Ghanaian government has been called upon to put adequate measures in place to prevent human traffickers from having their way. This followed the disclosure by the Criminal Investigation Department (CID) of the Ghana Police Service and some organisations that some people have perfected plans to recruit children for prostitution during the games.

The secret association of commercial sex workers in Accra and Takoradi had earlier expressed concern, though for selfish reasons, about media reports of invasion of prostitutes from neighbouring Nigeria and Cote d'Ivoire in the run up to the African Cup of Nations tournament.

Bright Appiah, an activist with the Children Right International, an NGO also said he had information from Kumasi that some "underground agents" have been paid to recruit sex workers, with children as some of their targets. Speaking at a two-day workshop organised by the Ghana Journalists Association (GJA) and sponsored by the British High Commission at Senchi near Akosombo in the country's Eastern region recently, Appiah said as the security agencies beefed up their watchdog role in host cities and surrounding towns of Ghana 2008, tournament, children could also be protected if government imposed a curfew on children during the tournament. While this may appear a sincere suggestion, observers are not in any way in support of this as it will definitely be an infringement of the rights of the child to free movement.

International sporting events, no doubt, have become fertile ground for human trafficking and sexual exploitation of women and children. The case of Ghana 2008 cannot, therefore, be an exception, say observers of the development. Adu Poku, director general of the Criminal Investigation Department of the Ghana Police Service confirmed this as well. "The international sporting events have become a fertile ground for human trafficking for sexual exploitation, the documented patterns of frequent trafficking of children for forced prostitution during World Cups and others as well as the increase of recruitment of children for prostitution in South Africa for the upcoming World Cup create a dire picture. We need to fight it to ensure zero tolerance for human trafficking," said the Ghana CID boss.

Tatiana Kotlyarenko, executive director of Enslavement Prevention Alliance West Africa, however, put the challenge at hand in proper perspective. "In South Africa, there are media reports of how street children as young as nine years old are being lured and prepared for prostitution for World Cup 2010," she said, even as she warned: "With no preventive measures in place and relatively easy border crossings for other ECOWAS members prior to, and during, the CAN 2008, it is highly probable that thousands of women and children will be trafficked into Ghana for the purposes of exploitation, as well as recruited internally."

The ECOWAS Commission estimates that not less than 300,000 children have fallen victim to trafficking in the sub-region, citing an International Labour Organisation (ILO) report. The sub-regional body already has a protocol among member states that makes trafficking an offence. Member states are currently being encouraged to embark on reform of national laws with a view to harmonising them with international and regional conventions and protocol on trafficking in Persons.

Organisations around the world are also expressing sincere and serious concerns about the problem of human trafficking into the Southern African region in the run up to the World Cup 2010. The need to adequately prepare for the upcoming World Cup was one of the topics on the agenda at a conference held by the Global Alliance Against Trafficking in Women (GAATW) in Bangkok, Thailand last November.

The situation in Nigeria is not in any way better, though the country is also classified as a Tier 2 country by the 2007 TIP Report of the US State's Department. Nigeria, according to the report, remains a major source country for women trafficked to Europe and a transit and destination country for trafficked children to and from other parts of Africa.

Collateral Damages, a new report by the GAATW, which examines anti-trafficking measures and their impact on human rights of trafficked people in eight countries across the globe, however describes Nigeria's 2005 anti-trafficking act as a step in the right direction. It nonetheless notes that the act has many loopholes and shortfalls, which it says may be "the result of acting too quickly." Victoria Nwogu, author of the Nigerian chapter in the report said "the act essentially reproduces the UN Trafficking Protocol, without effectively adapting it to the local context. Some of the points of the Protocol are inappropriate for Nigeria and so the Act, in some places, misses its mark."

It would be recalled that following the endorsement of the UN Protocol on Trafficking In Persons, Nigeria went ahead to promulgate the 2003 Trafficking In Persons Law Enforcement and Administration Act. The National Agency for the Prohibition of Trafficking in Persons (NAPTIP) was created in August 2003, with Carol Ndaguba as the executive secretary. The 2005 amendment to the Child Rights Act also increases penalties for traffickers and their collaborators.

Though sentences imposed have been inadequate, NAPTIP has continued to make commendable efforts as the country reported 81 trafficking investigations, 23 prosecutions and three convictions in 2006. The national action plan against trafficking developed in 2006 is also awaiting presidential approval.

The UN Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children came into force in 2003. It defines human trafficking as, "the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, or abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation."

Out of Africa

Politics on the Hudson, NY - Jan 15, 2008

U.S. Rep. Eliot Engel, D-Bronx, returned to his district a few days ago after spending nearly a week in West Africa visiting tribes that make a living harvesting cocoa beans. Engel was in Cote D'Ivoire, Ghana and Morocco as part of an initiative he has worked on for the last several years to get children out of the fields and into classrooms.

On July 1, per an agreement signed seven years ago with major players in the U.S. chocolate industries, 50 percent of the cocoa-growing region must have surveys in place that detail the work of children.

The issue isn't just one of exploitation, Engel said today, but of tradition. "We went to the most remote areas of the region," he said, describing one village in Cote D'Ivoire that had no running water or electricity. As animals such as goats and pigs roamed freely, the villagers tried to tie clothes on Engel and the others so they looked like them.

"They know that we are trying to help them," he said. Engel traveled with Sens. Tom Harkin (Iowa) and Bernie Sanders (Vermont.)

THE JOURNAL OF STEFFANIE RIVERS: Blood Chocolate

Eurweb.com, CA - Jan 15, 2008

This time last year we were gearing up for our twenty-eight day chocolate fast in February. The fast was to protest child slave labor practices in the cocoa fields of Africa's Ivory Coast. A number of American candy companies are guilty of profiting from this illegal venture (refer to my eurweb columns in February 2007 archives).

If we as consumers continue to spend billions of dollars and eat millions of pounds worth of chocolate every year we should consider ourselves as part of the problem (Go to <http://www.globalexchange.com/chocolate>).

M&M/Mars Company refuses to buy products from fair trade cooperatives that work to prevent slave labor practices. For every dollar we spend on chocolate, huge companies like M&M/Mars get seventy cents of that dollar while cocoa farmers get only five cents. For cocoa farmers that adds up to an average of \$70 a year per family member. For the three owners of M&M/Mars their portion adds up to a net worth of more than ten billions dollars each. The Mars family also owns Masterfoods USA, the parent company of Uncle Ben's Rice and Pedigree pet foods to name a few.

I'm the first person to admit I crave chocolate, but I gave it up for the fast last year and I'll do it again this year to prove a point.

Abstaining from chocolate during this time of year is significant because chocolate companies begin their marketing campaigns for St. Valentine's Day starting with the thirty days leading up to the celebration. V-Day sales give chocolate companies the momentum going into spring for Easter. They've got their strategy, and we must have ours.

This year, instead of starting our chocolate fast the first day of February, it will kick off fifteen days earlier on January 16 and run through February 29th. Last year it was 28 days. This year it's 45 days.

Make your participation in our 45-day chocolate fast your first step towards eliminating processed food from your diet. Replace chocolate products with raw food products such as fruit and vegetables. It was Zig Zigler who said if you do something for thirty days straight it will become a habit.

To help you successfully get through our 45-day fast I have prepared the following affirmations for you to recite everyday of the fast. Today I will give up chocolate: (1) to save a child (2) to save my money (3) to lose weight (4) to improve my health. We're going to feed our minds with positive reinforcement and feed our bodies with raw food instead of processed chocolate.

The dark side of chocolate

January 20, 2008

DesMoinesRegister.com, IA -

Deborah Fink, Ames.

Another chocolate story appears without telling us that most of the chocolate sold in the United States is produced with slave labor, including children ("Labels Miss out on Dark Side's Full Story," Jan. 15). The international chocolate market mixes chocolate from different sources so that any chocolate that comes through this system is tainted by slavery.

For those bothered by eating the products of slavery, there is an exquisite chocolate alternative. Equal Exchange has a range of organic chocolates, from milk chocolate to very dark chocolate and works and trades with small farmer cooperatives that produce high-quality cocoa, using environmentally sustainable methods.

By taking the time to look for the Equal Exchange label, we can indulge ourselves, improve our cholesterol numbers, support small organic farmers and stand against slavery.

- The International Labor Organization reports that about 12,000 children (or about 6 percent of child workers) are enslaved (kidnapped or sold by their parents and forced to work). While this is an unfortunate number (even to put aside the argument about whether children should voluntarily be working this hard at all) this letter only suggests "organic" chocolate. The slavery happens on Africa's Ivory Coast. There is a bit of slavery in many products (coffee, oranges, cotton, bananas, honey, sugar, tea, and more). One may be better served by looking for the "Fairtrade" logo which is applied to all products, rather "organic" or not - though these standards go farther than just slavery. The ultimate answer is to force the exchanges to refuse products from known slavers. By accepting products from such sources, the exchanges continue to make slavery a benefit.

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Others

Turn up the heat with cocoa

Detroit Free Press, United States

By ERIN CHAN DING : FREE PRESS STAFF WRITER

January 13, 2008



(PATRICIA BECK/Detroit Free Press)

Alisha Michael, 19, of Royal Oak sprinkles ground cocoa on top of a hot chocolate at Gayle's Chocolates, whose homemade whipping cream is infused with carbon dioxide for extra zing

Flakes of snow grazed downtown Plymouth, settling among brick storefronts and nesting in concrete cracks. Tufts of it garnished a row of evergreens.

Its picturesque tranquility made a certain accessory vital to any viewer absorbing, or perhaps becoming, part of the serene scene. Not a snowsuit or even waterproof boots, for on this day the accumulation was no thicker than a satin sheet.

What would feel perfect, taste perfect, would be a cup of liquid chocolate, warmed and ready for imbibing. Fortunately, within a block of Kellogg Park, the nexus of Plymouth's downtown, stands the Plymouth Coffee Bean Co., which offers an array of hot chocolate opportunities. We found the Coffee Bean and three other spots in metro Detroit perfect places to grab a cocoa confection. Here's how each proposes to keep you warm -- and sweetened up -- this winter.

Cameroon: Farmers Lament Liberalisation of Cocoa Sector

AllAfrica.com

Olive Ejang Tebug Ngoh

14 January 2008

Cocoa farmers in Meme Division have lamented the effects of the liberalisation of the sector. They were speaking recently in Kumba during a contact tour of the General Manager of the National Cocoa and Coffee Board, Michael Ndoping. A farmer at Mile I, Kumba, Jonathan Ntuba Esika, said, since the liberalisation of the cocoa and coffee sectors, government has abandoned farmers in the hands of unscrupulous Local Buying Agents, LBAs.

He said farmers are served fake chemicals and pesticides, while cooperatives connive with local agents to further exploit the farmers. The General Manager of the Southwest Farmers' Cooperative Union, SOWEFCU, Victor Ngoh, stated that cocoa exporters leave Douala and install themselves in villages without control.

He disclosed that the proliferation of exporters in the Southwest is disheartening and begged the Governor to help the situation. Another farmer, Johnson Eyambe, said the poor nature of roads in Meme has made most of their produce to rot in their farms. He argued that the prices of cocoa continue to fluctuate, exposing farmers to further exploitation.

Responding to the worries, the DO for Kumba Central, David Kouam, said the problem with liberalisation is that farmers are not organised. He said government is trying to set up infrastructure to help the farmers. He mentioned the oven project initiated by the government and sponsored by the European Union.

On his part, Ndoping said since the launching of the cocoa season in Kumba last August, he is on a tour to assess what is being done in the field. The GM assured the farmers that things would change in the nearest future. He promised that they would investigate the proliferation of fake chemicals in the market and sanction defaulters.

The Meme Divisional Delegate for Agriculture and Rural Development, Jacob Fombo, announced to farmers that government has already set aside funds to grade the four-km Matau Butu road, and the 12-km Kidongi Pete.

News briefs: Vietnam, Lotte and biofuel

By Charlotte Eyre

ConfectioneryNews.com, France - Jan 14, 2008

14/01/2008 - In Asia, Vietnam creates a new cocoa organisation and Lotte acquires Cozy Corner cakes; while on a more light-hearted note, a chocolate-fuelled truck completes its travels in Africa.

Vietnam forms new cocoa organisation

The Vietnamese government plans to separate its Coffee and Cocoa Association into separate entities as part of its drive to improve the country's chocolate industry, an official told Reuters Friday. The original association is now to be known as the Vietnam Coffee Association, while the cocoa organisation will be created over the next two years once the country's industry is "more mature", the government said.

Vietnam has been aiming to persuade farmers to grow the commodity ever since the coffee price crash in the 1990s, which caused the farming industry to fall into financial chaos. In December, the Vietnamese government promised to expand the cocoa planting area to 80,000 hectares by 2020, in an attempt to swell the overall cocoa crop to 45,000 tonnes. The government said at the time it hopes to encourage more Western confectionery manufacturers to follow the example of confectionery companies such as Barry Callebaut and Cargill, both of which already purchase cocoa from the country.

Lotte finalises acquisition of Cozy Corner cakes

Asian confectionery giant Lotte has now signed on the dotted line to acquire Japanese bakery firm Ginza Cozy Corner, the company said Friday. The deal, estimated to be worth ¥20bn (€123.6m), will give the Korea-based Lotte company 300 cake shops chiefly located in Tokyo's metropolitan area.

Lotte is currently one of the biggest food companies in the Asia Pacific region, with total net sales of ¥448.5bn in the tax ending March 2007. The company has manufacturing facilities in South Korea, China and Japan, and earlier this year it signed an agreement to help US company Hershey operate in the region.

'Chocolate' truck completes petrol free journey..... almost

A voyage across Africa in a truck powered by chocolate biofuel has been completed, although news reports claim that the explorers had to resort to more traditional forms of power just 30km before the end of the planned journey.

In November last year, ConfectioneryNews.com reported on how a UK firm, Ecotec, developed a method of turning waste products from chocolate processing, usually dumped in landfills, into biofuel. A pair of environmentally-friendly friends from the company, Andy Pag and John Grimshaw, then decided to use the chocolate mix to power a 4,500 mile trip across Africa, as part of a bid to raise public awareness about biofuels on the way.

According to the Environmental Transport Association, the trip was a roaring success, although the two men did run into trouble at the end, and had to make use of ten litres of petrol and 10 litres of diesel to complete the trip.

CORRECTION Softs - Coffee, cocoa come off last week's multi-year peaks

(Corrects lead and quote)

LONDON, Jan. 14, 2008 (Thomson Financial delivered by Newstex) -- Coffee and cocoa prices came off Friday's 9.5 year highs as players grew nervous that Friday's fund-led rally might have been overdone. Sugar prices continued higher, however.

'I think we're getting to the tail end of coffee. The market could be turning a little bit to downside,' said Ambrian Commodities trader Jeff Cooper. He added, however, that at the end of the day the market is heading higher as the fund money that drove prices to multi-year peaks is not going to disappear any time soon.

At 11.45 am on the Liffe in London, Robusta coffee for March delivery, the second month contract, was down 8 usd at 2,021 usd a tonne, having earlier matched Friday's 9.5 year peak of 2,041 usd a tonne.

Prices have risen by around 100 usd this year alone. However, analysts say the rise has had little to do with fundamental factors, as supply from top Robusta producer Vietnam is actually picking up at present.

All the same, coffee prices have rallied strongly as funds divert more and more money into commodities this year, looking to increase their investments after a rocky start to equities trading. The fund money has taken commodities like oil and gold to all time record levels, but it is arguably in the agricultural sector that participants are particularly optimistic. 'We believe price gains will continue in the agricultural sector, which will exhibit few contagion effects from US and global growth fears,' said analysts at Deutsche Bank. (NYSE:DB)

Oil prices have come off record levels above 100 usd a barrel amid increasing worries over a possible US recession, but agricultural commodities have managed to avoid these worries.

Analysts at Deutsche Bank said while they anticipate another strong year for commodities as a whole, the rally in agricultural commodities will be the most notable in 2008. 'Global land and water constraints as well as the need to feed people, cattle and cars are expected to deliver new price highs this year. We favour corn, cotton and soybeans,' they said.

Elsewhere on the Liffe, cocoa for May delivery was down 1 stg at 1,151 stg a tonne, having earlier neared Friday's peak of 1,157 stg - the highest point for the second month contract since Sept 2003. Cooper at Ambrian said cocoa, like coffee, was seeing some profit taking after stellar gains last week, and added that overall he sees higher prices going forward. 'You have to remember that some of these funds have the ability to take physical delivery (and) at end of the day if funds are holding stock you get squeezes in the market.'

These squeezes exacerbate an already tight cocoa market, that is being driven this year by rising demand from developing economies in India and China, and production constraints due to global warming.

Elsewhere, players are awaiting news from the Ivory Coast, where workers might yet resume their strike later this week, leading to even tighter cocoa supply. Cocoa rose last week partly on indications that supply from the Ivory Coast has peaked for the main season, conditions are becoming dry and exporters are again complaining about poor quality beans. The Ivory Coast is the world's largest cocoa producer.

In other softs traded on Liffe, No. 5 white sugar for March delivery was up 1.80 usd at 329.30 usd a tonne.

Sugar rose to a seven-month peak last week but analysts said the ongoing oversupply in the global market is capping gains for now, even as fund interest remains strong.

Elsewhere, feed wheat for May delivery was up 3 stg at 184.00 stg a tonne on the Liffe in London, while milling wheat for May delivery was up 3.50 eur at 251.00 eur a tonne on the Liffe in Paris.

Wienco gives 16,000 free tickets to farmers

Cynthia A Boakye & Ruth Adejetey-Sowah,

The Statesman Online, Ghana - Jan 18, 2008 18/01/2008



As the fever continues to boil on for 26th MTN African Cup of Nations, Wienco Ghana Limited, a fertilizer producing company, is giving away 16,000 free tickets to enable their clients who are mainly farmers, to be part of the tournament. The 16,000 ticket will be made available to farmers in all parts of the country, who do business with the company to watch matches in all the four venues.

In addition to the free tickets, farmers who are lucky to grab ticket will be facilitated by the company to and from the venue of the matches. They will also be provided with free, water and branded T-shirt from Wienco.

Explaining the motive behind the kind gesture, William Quartey, General Manager of Wienco, said the company had been doing business in Ghana for more than 10 years and had a good working relationship with Ghanaian farmers and football, which had united the nation.

He said 500 of Wienco friends and farmers would be able to have tickets to watch the tournament free and on "first-come- first serve" basis to all Cocoa Abrabopa Association Farmers. Mr Quartey estimated the total cost for the venture at about GH¢1million, having already spent about GH¢425,000 on the tickets and GH¢300,000 for other facilities and among other expenses to be quantified.

Henry Wientjes, Managing Director of Wienco, said since the continental football fiesta fever would cover the whole country, the company decided to help a number of Ghanaian farmers with free tickets to enable them watch the tournament at the various stadiums and not on television.

"In any case, there are certain farmers who do not have access to electricity so they will definitely miss the matches, and because they are our friends we don't want that to happen that is why we are ensuring that is why we are ensuring that they also have the opportunity to watch the matches", he indicated.

According to him, Wienco has supported one of the leading teams in the Onetouch Premier League, Real Tamale United for over ten years. "We are very proud of the good relationship my outfit has built with Ghana Football Association over the years".

Opoku Boamah, an agent who handles over 15,000 cocoa Abrabopa all over the southern sector, was presented with a dummy ticket as a symbol in addition to some number of tickets to people of Dunkwa and other areas under his stewardship. In a brief remark, he expressed the farmer's appreciation for the gesture and stated that the gesture would motivate the farmers to take some time off their farms and relax so that after the tournament they would work harder to feed the nation.

Reconstruction work on Enchi - Asankrangwa road begins

Joy Online, Ghana - Jan 14, 2008

President John Agyekum Kufuor on Monday performed the ceremony for reconstruction work to begin on the two lane single carriageway 56-kilometre Enchi - Asankrangwa road. The Government is funding the GH¢24.1 million project scheduled for completion in three years. Designed for a life span of 15 years, the work would involve double sealed bituminous surface, improvement of the road geometry, provision of bus-bays, taxi stopping lanes in towns, drainage structures, crash barriers and speed calming measures. Chinese contractors, Top International Engineering Corporation Ghana Limited is undertaking the job.

President Kufuor said with the start of work on this road project, the Government was steadily actualizing its vision of providing a network of good, motorable and safe roads to enhance socio-economic development. He said the Government appreciated the need to lay appropriate infrastructure to open up the country hence the priority it was giving to road construction and maintenance in all parts of the country.

In the resource-rich Western Region, the length of paved roads covering the trunk, feeder and urban network had more than doubled from a total of 520 kilometres in 2000 to 1,096 kilometres in 2005. When data for the period 2006-2007 are finally

collated the figures would definitely go up, he said. The length of unpaved roads also increased from 829 kilometres in 2000 to 6,546 kilometres as at the end of 2006.

President Kufuor announced that the Government under the Cocoa Roads Improvement Project was spending 100 million dollars to tar or surface-dress some selected roads in six selected cocoa growing regions.

Out of the amount 19 million dollars had been allocated to the Region, the biggest cocoa area, for upgrading of 223 kilometres of gravel roads to bituminous surface, this year.

He mentioned some of these as Asankragwa - Moseaso; Enchi - Jensuu; Telekubokazo - Anyinase; Juaboso-Nkwanta - Bonsu Nkwanta; Asasetre – Adubrim; Debiso – Adabokrom; Adabokrom - Camp 15 Junction - Adiembra and Sefwi – Asawinso - Mile 81 roads.

President Kufuor gave the assurance that the Region would never be denied of its fair share of development projects.

Mr Geoffrey Bayon Tangu, Minister responsible for Transportation, said the road when completed would significantly reduce the travel time and would also contribute to the long term goal of facilitating increased trade with the country's sub-regional neighbours of Burkina Faso, Mali and Niger.

Odeno Brentuo, Omanhene of Enchi, said they were grateful to the Government for the numerous projects they had benefited from, citing schools, teachers' accommodation and health facilities as well as relief items sent to victims of the floods that hit the area.

Understanding corrections

Mukul Pal

Business Standard, India - Jan 20, 2008

An overused and misunderstood term 'correction' has many wealth creation nuances built into it.

A correction is a reality for stock market participants. It's discussed, debated analysed and forgotten when the uptrend resumes. But the term 'correction' is highly misunderstood in the market. And it's the technician who can define it correctly, and an Elliottician could do it better in terms of degree.

What is a correction? First and foremost, corrections are not unidirectional ie they don't just happen on the downside. There are upside corrections and downside corrections. So a correction purely defined is a correction of the trend. And a trend can be up and down.

Masses generally have a propensity to direction; they consider upsides as certainty and downside as uncertainty. A trader or a technician on the other hand knows that there is always a bull run going in some asset class as there can never be a market without a bull run. Unfortunately, owing to their homework, threshold level and asset bias, investors look at an asset at a time, which generally is the asset already in a bull trend.

Hence corrections are downwards for an equity player, which is in a bull trend. While corrections will be upwards for someone trading cotton or sugar considering the secular trend of multi-years is down for many commodities. But the definition does not just end here.

There is a degree connected to every correction. Charles Dow defined three degrees viz primary (more than nine months), intermediate (multi-months) and minor (less than three weeks). Elliott on the other hand extended the degrees taking it three levels higher and three levels lower viz cycle (few years), super cycle (decade), grand supercycle (many decades) on the higher side and minute (few weeks), minnette (few days) and subminnette (intra-day).

Now this might look a bit complex but only a degree defines how low or high a correction can go. And every trend starting a one minute trend has three legs up, which are separated by two corrections or two legs down. And after the three trend legs get over, we have a correction larger than the previous two corrections after which markets move to a higher degree and the process starts again subdividing higher on both scale and time.

Markets can move in corrections for years while a small investor may never understand or notice it. For example many agro commodities like wheat, coffee, sugar and cocoa have come out of more than two decades of correction of more than cycle degree. This is one of the reasons we never felt the harshness of food and agro prices as they were in a correction and not in a trend.

So if you don't understand the degree, you don't even know if it's a trend or a counter trend (correction). And you will have no comprehension of the fact that a countertrend is a part of a trend and a trend could be the part of a higher degree correction. It's only when you understand the degree can you say how long the correction can last or how deep it will be.

For a simple investor the Indian rupee must be in a strengthening trend, but for an Elliottician who studies degrees of multi-years and decades, the rupee is moving in a counter trend against the multi-year weakening against the dollar that pushed the currency from Rs 17 to the dollar in 1990 till Rs 55 in 2002.

Trends and countertrend work on all assets, and even on the Sensex. We may try to convince ourselves that the Sensex is in a unilateral move to 36,000 or 40,000, it will be wishful thinking, far away from reality. Before that happens, we will have corrections correcting the existing trend. So a seven year trend needs at least a nine-month trend down or sideways to correct.

And if markets get into a corrective of over a year, all prayers will come to a naught as the trend will seize in its path and remain till the time it decays, corrects and wastes the time it has to rebuild or reconstruct. This is why we keep saying that markets have life; they also need energy and strength to move up. It's not some rocket with unlimited fuel. The market is as human as all of us, just that it's an extension of many humans, a complete society.

Though corrections bring in chaos, there is no order or trend without them. And hence, understanding a correction is as important as wealth creation. Investors who understand corrections and their extent are better prepared than ones who see every dip as a correction and every rise as perfect. If only it was that easy.

Correctives not only come with degree but also have a form linked with them. A corrective could be sharp or sideways. It was between these two types that Elliott classified 13 forms. And even if you start seeing them, which is easy, it is the believing part which is tough; believing that markets work on mass psychology patterns and fractals and not on economic valuations.

We are in an ongoing primary (more than nine months) five wave up (final leg of three legs up), which is a part of the Super Cycle degree of more than 30 years. The current move up should complete sometime this year for the Sensex. This means that every correction that happens should not last for more than multiple weeks after which the trend up should continue.

Any dip that started from the recent top near 21,000 should not move below 19,000-18,000. After that the final leg up also called as the fifth wave of intermediate (multiple months) should begin taking markets to new highs. Whether this turns out right is of course connected with the skill and experience of watching and understanding corrections and labelling them degree by degree. It's definitely more risky than calling every dip a correction. But then risk has a return side too. Let's see how low this correction takes us.

The writer is CEO, Orpheus Capitals, a global alternative research company.

TIT BITS

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

London cocoa, coffee and sugar fall

LONDON (January 16, 2008): London cocoa and coffee futures faltered a few pounds short of recent highs on Tuesday as investors booked profits from fund-led rallies. White sugar futures also eased, having lagged the recent rises in coffee and cocoa.

US MIDDAY: coffee up, cocoa down

NEW YORK (January 16, 2008): Arabica coffee futures climbed early on Tuesday, nearing levels last seen eight years ago, on speculative interest, while cocoa turned lower on profit taking, traders said.

New York cocoa rallies to contract highs for second day

NEW YORK (January 16, 2008): US cocoa futures rallied to a firm close on Monday, with many contracts hitting lifetime highs for the second straight day on fund buying and technical support that lured other players, traders said.

US MIDDAY: coffee and cocoa lower

NEW YORK (January 17, 2008): Arabica coffee and US cocoa futures corrected lower early on Wednesday, after fund buying that recently pushed prices higher dried up, traders said. "You don't see any evidence of the hedge fund, black box or index community in the way of buyers that you've seen in the last five or six days, so that's lending itself to some complacency," one trader said.

US MIDDAY: cocoa climbs, coffee mixed

NEW YORK (January 18, 2008): US cocoa futures made positive strides in early trade Thursday on speculative and fund support, while arabica coffee was mixed, traders said. "There was good fund buying at the start of the day, CRB is up and then we ran buy-stops above the \$2,186 level," one cocoa trader said, about the key March contract.

ICCO sees 'close balance' in cocoa

LONDON (January 18, 2008): The head of the International cocoa Organisation (ICCO) said on Thursday he expected a "close balance" between global supply and demand of cocoa in 2007/08 after a 242,000 tonnes deficit in 2006/07.

Indonesian cocoa up

JAKARTA (January 18, 2008): Gains in cocoa futures and dwindling supplies lifted prices of Indonesian cocoa beans this week, but trading was thin as buyers awaited fresh supplies from the main harvest in March.

New York cocoa weak on liquidation pressure

NEW YORK (January 18, 2008): US cocoa futures settled weak on Wednesday, correcting lower on liquidation and technical pressure after on Monday's fund-driven rally, traders said. "(There's) some trade or industry buying mixed with some arbitrage as New York fell faster than London," one trader said, about arbitrage selling that pressured US prices.