



# COPAL COCOA Info

A Weekly Newsletter of Cocoa Producers' Alliance

Issue No. 287

9<sup>th</sup> - 13<sup>th</sup> June 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)
9 <sup>th</sup> June	1792.78	2925.52	1527.33	2878.00
10 <sup>th</sup> June	1796.96	2904.60	1529.67	2861.00
11 <sup>th</sup> June	1832.57	2959.88	1551.33	2913.67
12 <sup>th</sup> June	1862.34	3000.24	1582.33	2962.00
13 <sup>th</sup> June	1874.93	3010.82	1590.33	2863.67
Average				

## Up-coming Events

- 71<sup>st</sup> General Assembly and Council of Ministers meetings, 8<sup>th</sup> – 12<sup>th</sup> September 2008, Punta Cana, Dominican Republic

## In the News (from Newspapers worldwide)

### Health and Nutrition

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- Chocolate's sweet secrets
- A father's memory loss spurred her to learn more
- Sweet like chocolate
- Xocai healthy dark chocolate: Nice - And not at all naughty
- ICCO clarifies EC pesticide residues regulations

### Production and Quality

- Fortis sees lower Global Cocoa deficit in 2008/09
- Vietnam finds new opportunities in cocoa plant
- Ghana cocoa purchases 635,837 T by May 22 – Industry
- Cocoa: once again the flavour of the Indian farmer
- Cocoa output to outpace demand, price to fall – ICCO
- Farmers urged to co-operate with cocoa officials for advice
- Cameroon: Cocoa/Coffee farmers get FCFA 450 million to boost production
- Ivory Coast cocoa output may rise 7.7%; Quality 'Problematic'

### The Market

- Cocoa futures fall as dollar gains vs. euro, but prices expected to rebound on strong demand
- High costs for cocoa to prevail on stock shortfall

- Cocoa futures hit 28-year high on crop concerns

### Processing & Manufacturing

- Malaysia cocoa grindings at 300,000 Tonnes in 07/08 – ICCO

### Business & Economy

- Vietnam to host ASEAN cocoa meeting soon
- Nigerian cocoa processor seeks to raise \$50.9 Million
- Quick Bites: Chocolate cookbook, crunchy mac n cheese, cocoa-roasted almonds
- DJ Barry Callebaut Cameroon buys 19,471 tons cocoa beans Aug-Feb
- Flourless chocolate cake with light touch

### Labour Issues

- Unfair trade, child slavery
- World Day against Child Labor

### Environmental Issues

- A Not-So-Sweet Lesson from Brazil's Cocoa Farms

### Others

- Ivory Coast charges 23 employees of Cocoa Agencies (Update1)
- Ivorian Cocoa sector Chiefs face fraud prosecution

### INSIDE THIS ISSUE:

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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 9th June 2008**

Month	Opening Trans	Settle	Change	Daily High	Daily Low	Volume
Jul 2008	1560	1548	-12	1563	1535	2,902
Sep 2008	1535	1530	-5	1539	1517	3,108
Dec 2008	1494	1504	-6	1512	1493	528
Mar 2009	1482	1479	-7	1487	1470	704
May 2009	1480	1480	-6	1483S	1480	567
Jul 2009	1480	1487	-6	1480	1480	5
Sep 2009		1493	-5			0
Dec 2009		1505	-1			0
Mar 2010		1505	-1			0
May 2010		1504	-1			0
<b>Totals</b>		<b>1504</b>				<b>7,814</b>

**Tuesday 10th June 2008**

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul 2008	1542	1547	-1	1567	1537	2,234
Sep 2008	1525	1534	4	1552	1519	3,533
Dec 2008	1499	1508	4	1521	1497	2,183
Mar 2009	1476	1482	3	1500	1473	1,156
May 2009	1474	1481	1	1502S	1474	636
Jul 2009	1510	1489	2	1510	1490	176
Sep 2009	1508	1495	2	1508	1507	18
Dec 2009	1530	1507	2	1533	1528	36
Mar 2010		1507	2			0
May 2010		1506	2			0
<b>Totals</b>		<b>1506</b>				<b>9,972</b>

**Wednesday 11th June 2008**

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul 2008	1547	1571	24	1575	1542	2,025
Sep 2008	1530	1557	23	1563	1528	3,006
Dec 2008						

**Thursday 12th June 2008**

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul 2008	1576	1604	33	1619	1573	3,696
Sep 2008	1560	1589	32	1604	1554	8,134
Dec 2008	1529	1554	28	1562	1527	1,425
Mar 2009	1500	1526	29	1534	1499	817
May 2009	1500	1525	28	1535	1500	386
Jul 2009	1509	1530	27	1536	1507S	236
Sep 2009	1539	1536	27	1546	1539S	39
Dec 2009	1547	1544	27	1553	1547S	30
Mar 2010		1544	27			0
May 2010		1543	27			0
<b>Totals</b>		<b>1550</b>				<b>14,763</b>

**Friday 13th June 2008**

Month	Opening Trans	Settle	Change	High	Low	Volume
Jul 2008	1610	1609	5	1629	1608	2,678
Sep 2008	1590	1598	9	1618	1590	4,407
Dec 2008	1560	1564	10	1583	1560	2,244
Mar 2009	1536	1532	6	1550	1532	369
May 2009	1534	1528	3	1534	1526	45
Jul 2009	1540	1536	6	1545	1530S	57
Sep 2009	1544	1542	6	1544	1536	51
Dec 2009	1552	1550	6	1552	1552	57
Mar 2010		1550	6			0
May 2010		1549	6			0
<b>Totals</b>		<b>1556</b>				<b>9908</b>

Average for the week

1550

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

**Monday 9th June 2008**

Month	Open	Price	Change	High	Low	Volume
Jul 2008						
Sep 2008						
Dec 2008						
Mar 2009						
May 2009						
Jul 2009						
Sep 2009						
Dec 2009						
Mar 2010						
<b>Totals</b>		#DIV/0!				<b>0</b>

**Tuesday 10th June 2008**

Month	Open	Price	Change	High	Low	Volume
Jul 2008	2871	2858	-12	2902	2840	11877
Sep 2008	2888	2878	-10	2921	2862	10325
Dec 2008	2844	2852	-13	2896	2839	511
Mar 2009	2811	2808	-24	2853	2796	78
May 2009	2796	2804	-28	2840	2785	2
Jul 2009	2799	2799	-29	2838	2792	0
Sep 2009	2831	2804	-26	2831	2804	2
Dec 2009	2853	2812	-26	2856	2812	0
Mar 2010		2832	-26	2832	2832	0
May 2010		2832	-26	2832	2832	0
<b>Totals</b>		<b>2825</b>				<b>22795</b>

**Wednesday 11th June 2008**

Month	Open	Price	Change	High	Low	Volume
Jul 2008	2877	2917	59	2939	2856	16,077
Sep 2008	2891	2927	49	2939	2873	14,736
Dec 2008	2845	2896	44	2904	2845	1,671
Mar 2009	2817	2855	47	2855	2817	853
May 2009	2845	2852	48	2852	2845	91
Jul 2009	2820	2845	46	2845	2820	100
Sep 2009		2842	38	2842	2842	8
Dec 2009		2842	30	2842	2842	35
Mar 2010		2861	29	2861	2861	0
May 2010		2861	29	2861	2861	0
<b>Totals</b>		<b>2870</b>				<b>33571</b>

**Thursday 12th June 2008**

Month	Open	Price	Change	High	Low	Volume
Jul 2008	2935	2971	54	2988	2902	12,885
Sep 2008	2927	2984	57	2997	2906	13,086
Dec 2008	2896	2934	38	2946	2872	2,854
Mar 2009	2856	2887	32	2902	2830	351
May 2009	2852	2877	25	2882	2842	4
Jul 2009	2845	2873	28	2892	2845	51
Sep 2009	2826	2875	33	2884	2825	0
Dec 2009	2890	2878	36	2890	2878	0
Mar 2010		2895	34	2895	2895	0
May 2010		2895	34	2895	2895	0
<b>Totals</b>		<b>2907</b>				<b>29231</b>

**Friday 13th June 2008**

Month	Open	Price	Change	High	Low	Volume
Jul 2008	2963	2973	2	2997	2961	10,976
Sep 2008	2987	2994	10	3015	2976	18,158
Dec 2008	2949	2947	13	2961	2935	2,704
Mar 2009	2903	2901	14	2916	2892	835
May 2009	2886	2886	9	2890	2882	113
Jul 2009	2889	2880	7	2898	2880	135
Sep 2009	2892	2883	8	2900	2879	21
Dec 2009	2918	2886	8	2918	2886	5
Mar 2010		2903	8	2903	2903	0
May 2010		2903	8	2903	2903	0
<b>Totals</b>		<b>2916</b>				<b>32947</b>

<b>Average for the week</b>	<b>2910</b>				<b>29636</b>
<b>Total for the week</b>					<b>118,544</b>

**Spot Prices [US\$ per tonne]**

	9 <sup>th</sup> June	10 <sup>th</sup> June	11 <sup>th</sup> June	12 <sup>th</sup> June	13 <sup>th</sup> June
Main Crop Ghana, Grade 1	3295	3283	3342	3396	3398
Main Crop Ivory Coast, Grade 1	3175	3163	3222	3276	3278

# News

## Health and Nutrition

### **Cocoa flavanols 'benefit diabetics'**

Trade Arabia, Bahrain

McLean, VA

09 June 2008

Scientists have found that consuming cocoa flavanols – naturally occurring compounds in cocoa – may offer a benefit to those affected by type-2 diabetes. Consuming a cocoa flavanol-rich beverage daily may have the potential to positively impact the blood vessel dysfunction associated with diabetes, suggests a first-of-its-kind study recently published in the Journal of the American College of Cardiology by an international group of scientists.

Study participants who regularly consumed a cocoa flavanol-rich beverage made using the Mars, Incorporated Cooapro process experienced a 30 percent improvement in measured vessel function at the completion of a 30-day trial, said a statement.

Poor blood vessel function is recognized as an early stage in the development process of cardiovascular diseases such as atherosclerosis. For more than 20 million Americans living with diabetes, these vascular impairments can eventually lead to heart disease and stroke, the cause of death for two-thirds of those who suffer from diabetes.

Despite good diabetes control and medical treatment, adults with the disease often continue to experience vascular dysfunction. This has led scientists on a search for novel medical or nutritional options to improve the health and quality of life for people with diabetes, it said. “We are still seeing the devastating complications of diabetes with the standard medical treatments available, so we are increasingly looking to lifestyle changes and new approaches to help address risks associated with diabetes,” said Paul Zimmet, MD, PhD, director of the International Diabetes Institute in Australia. “While more research is needed, this study shows tremendous potential for future flavanol-based applications.”

In this study, the impact of both immediate and regular consumption of a flavanol-rich cocoa drink on vascular function in diabetic adults was investigated. In the first part of this study, medically-treated adults with type 2 diabetes – a population known to have impaired blood vessel function, putting them at higher risk for cardiovascular disease – drank a well-characterized and standardized cocoa beverage made using the Mars Cooapro process that contained different flavanol levels, ranging from 75 to 963 milligrams, and had their blood vessel function measured for several hours following consumption. The researchers found a positive correlation between the flavanol dose consumed and immediate improvements in FMD (flow mediated dilation, a measure of vessel health, i.e. the ability of a vessel to relax), said the statement.

In a subsequent controlled 30-day, double-masked clinical trial, adults with established diabetes who were medically controlled, drank either a flavanol-containing cocoa beverage or a low-flavanol control three times a day. The cocoa beverages contained either 25 milligrams of cocoa flavanols (control) or 321 milligrams of cocoa flavanols (treatment) and were matched for calories, nutrients and other cocoa compounds such as theobromine and caffeine.

Beyond the immediate improvements in FMD following flavanol consumption, participants experienced sustained improvements in blood vessel function upon consuming the flavanol-containing cocoa over a period of 30 days (30 percent increase in FMD between day one and 30), it claimed. “We were pleasantly surprised by the magnitude of impact of cocoa flavanols on vascular function in these diabetic adults,” said Mars, Incorporated chief science officer Harold Schmitz, PhD. “If a dietary intervention with cocoa flavanols can produce such profound, sustained improvements in vascular function on-top of standard medication in a population with increased risk for cardiovascular diseases, the implications with regard to health and quality of life could be remarkable.”

While this study is very promising, the researchers indicate that larger trials are necessary to fully demonstrate the clinical relevance of flavanol-rich foods in the context of cardiovascular health and disease, it said. – TradeArabia News Service

### **Chocolate's sweet secrets**

Chemistry World, UK

By James Mitchell Crow

09 June 2008

Studying microstructural changes in chocolate could help confectioners stop that seductive shiny surface from turning an unappetising dull grey in poorly stored bars and boxes.

Chemists in Sweden and Canada have used environmental scanning electron microscopy to examine how filled and plain chocolates develop fat blooms - the unappealing dull grey coating that can develop on the surface of hoarded Easter eggs,

***Q: Why is it harder to pay attention at age 40 than age 25?***

A: As you age, your memory starts to degrade — the prefrontal cortex, a region of the brain that controls attention, starts to get smaller. At age 40, the prefrontal cortex doesn't work as well as it did at age 25. You can't be as attentive as you once were, and you might start to have trouble with memory. A lot of memory problems that older people have are actually problems with attention.

***Q: Do seniors have any advantages when it comes to brain function?***

A: Yes. Parts of an older person's memory are just as good or better than younger people. Older adults do better on vocabulary tests. And seniors often draw on past experience to make decisions — a process we call wisdom.

***Q: What is the scientific basis for wisdom?***

A: Research shows that older adults draw on both sides of the brain to perform certain tasks. Younger people use primarily one side, the part of the brain that deals with novel experiences. Most scientists had thought seniors were compensating for an aging brain by recruiting additional neurons. Elkhonon Goldberg, a doctor in private practice in New York, says something entirely different: He says older people use both sides of the brain because they're drawing on experience to help them complete the task at hand. He says the parts of the brain activated are those that store past knowledge — that's where wisdom resides in the brain.

***Q: Why did you explore the protective role of lifestyle factors?***

A: I was sick of being told that I should do crossword puzzles to keep my brain in shape. I don't like to do crossword puzzles, and I learned there's very little evidence to suggest that crossword puzzles are protective. There is evidence that walking, ballroom dancing and other forms of physical activity might help keep memories intact. We all know that exercise helps people with heart disease. But it turns out that when you exercise, you're producing new brain cells, and that's huge.

***\*\*\*Q: Are certain foods good for the aging brain and why?***

A: Yes. Green tea, black tea, grapes and cocoa beans all contain polyphenol flavanoids, natural substances thought to protect brain cells from age-related damage. Some research has suggested that the flavanoids in a certain kind of cocoa bean can actually spur the production of new neurons — at least in an animal model. The Mars Candy Co. has a team of researchers trying to capitalize on the finding by making chocolate that has a lot of the protective substance. Dark-skinned fruits, and especially blueberries, seem to protect the brain. Jim Joseph, a researcher at Tufts University in Boston, says that rats fed a diet high in blueberries do better on memory tests.\*\*\*

***Q: Has the research changed your habits?***

A: Now I drink green and black tea and I eat more b

Alliance Certified farm. Rich on dark chocolate, the bar is part of the new trend where chocolate connoisseurs are opting for handmade ethical products rather than the high street brands.

The Chocolate Truffle Company is an online business that provides hand made specialist chocolate. They have identified that their corporate customers are now seeking goods that are not only ethical but are in line with their corporate and social responsibility.

As the demand for chocolate in the UK outstrips supply in Europe, USA and Japan, The Chocolate Truffle Company hopes to create awareness of the conservation of ecosystems. Christine Moss explains more; “We are very excited about offering great tasting chocolate that is also good for the environment thanks to the Rainforest Alliance Certified programme. We feel that consumers will notice the difference.”

Farmers who have earned the Rainforest Alliance Certified™ seal have to meet comprehensive environmental and social standards, developed by the Rainforest Alliance and other conservation groups that make up the Sustainable Agriculture Network. The farmers must take action to conserve natural resources, protect the welfare of workers and put into place more efficient management practices. The Rainforest Alliance Certified programme currently involves some 6,000 farmers and their families and ensures around 50,000 acres of cocoa is being grown in harmony with the environment.

The new chocolate range fits in with the ever changing confectionary market. A survey conducted by Mintel show that our tastes for chocolate are getting more demanding and as a result the ‘super premium chocolate market has increased by 85% since 2001.’ Critics are describing the bar as “the Noir Chocolate delivers an exquisite bitter aroma with a strong flavour and is full of character.”

### ***Protecting Sensitive Eco Systems***

Rainforest Alliance Certified farms help to conserve sensitive ecosystems where cocoa is cultivated. This is very important, because as in many places in the world, the cocoa in Costa Rica is often cultivated under the shade of native canopy trees on a landscape similar to that of a natural forest. The cocoa plant is protected by the forest and provides a habit for plant, animal and bird species.

You can find out more about the Chocolate Truffles’ new ethical products and the Rainforest Alliance by visiting [Thechocolatetrufflecompany.co.uk](http://Thechocolatetrufflecompany.co.uk).

### ***About the Rainforest Alliance***

The Rainforest Alliance is an independent, international non-profit NGO that works to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behaviour. The Rainforest Alliance pioneered the practice of setting standards and certifying well-managed forests nearly 20 years ago, and developed comprehensive principles and standards for sustainable agriculture shortly thereafter. For more information visit: [Rainforest-alliance.org](http://Rainforest-alliance.org).

The Rainforest Alliance Certified™ seal appears on products that comply with the standards of the Sustainable Agriculture Network (a group of NGOs of which the Rainforest Alliance serves as the Secretariat) and should not be confused with any other certification mark or product label. Care should be taken when referring to labels generically, as terms such as ethical, fair, or sustainable have specific meanings within the scope of each label’s approach to improving the social and environmental impact of business and commerce.

### **Xocai healthy dark chocolate: Nice - And not at all naughty**

WebWire (press release), GA

Richard van Beek, [rimaforce@gmail.com](mailto:rimaforce@gmail.com)

June 11, 2008

Imagine this: “Your doctor takes your blood pressure, finds it’s a bit on the high side and, rather than reaching for the prescription pad, tells you to go and binge on dark chocolate. Ridiculous?” Not according to Richard van Beek, who recently partnered with Xocai Healthy Dark Chocolate.

How does chocolate work its magic in the body? By eating dark chocolate, blood vessels caused to dilate (open) by nearly 10 per cent. What’s more, the effect is almost immediate. There are many studies that are now completely overturning the conventional medical view of chocolate-which, until recently, was condemned by nutritionists as being too high in both



### ***ICCO consultation***

The ICCO says that it is currently talking to the relevant authorities in the EU to further clarify how the Regulation will be implemented and enforced.

Consultations to date have confirmed that implementation/enforcement is completely the responsibility of the individual Member States, and the new regulation will only apply to products that have been imported into the EU from 1 September 2008 so all imports before that time will not be affected.

Also, inspections will take into consideration whether the goods were produced before 1 September 2008, but imported after that date, which is relevant to this year's African mid-crop.

Residues might continue to appear after the use of the pesticide has been reduced or stopped. Such cases would need to be brought to the attention of the European Commission, which might result in a temporary higher MRL.

Countries believing that certain MRLs have been set too low can make a representation at the EC with a dossier containing scientific evidence or lodge a complaint with the WTO Committee on Sanitary and Phytosanitary Measures before 28 June 2008, although this date is likely to be deferred.

### ***Regulation 149/2008/EEC***

Regulation 149/2008/EEC of January 2008 relates to a large number of products, of which cocoa is one, and amends EC 396/2005 on maximum residue levels of pesticides in products of plant and animal origin intended for human and animal consumption. The objective of this act is to ensure that pesticide residues in foodstuffs do not constitute an unacceptable risk for consumer and animal health.

## **Production and Quality**

### **Fortis sees lower Global Cocoa deficit in 2008/09**

Source: Reuters  
09/06/2008

London, June 6 - Fortis said on Friday it expects a third successive global cocoa deficit in 2008/09, projecting a slightly smaller shortfall of 21,000 tonnes, down from 29,000 tonnes in 2007/08.

The investment bank said in a monthly report that global production should increase but grinding should also rise despite



38.000 VND.

MARD says that while cacao is not very popular in Vietnam, the country has earned a reputation for its quality, economic value and potential for development. According to the Head of the Cacao Development Coordinating Board of Vietnam, Tong Khiem, Vietnam is now home to more than 9,000ha of cacao. In 2007, the country exported 240 tonnes of cacao beans.

Cacao is chiefly planted in the Mekong Delta and Central Highlands regions with Ben Tre province boasting the largest cacao acreage of 2,000ha. Vietnamese farmers have been successful in developing a model to grow cacao in the shade of coconut-palms. This is a proving lucrative venture, bringing in an annual average of 1.5 tonnes of beans per hectare with each kilogram of cacao beans sold for

According to a research by the World Coffee-Cacao Organisation, demands for cacao consumption increase annually by 4 percent. However, cacao supply is declining, opening the way for new cacao producers worldwide. However, Vietnamese cacao producers are facing a difficult problem. Ninety-two percent of cacaos from Vietnam were purchased in fermented form and MARD's Cultivation Department say farmers lack experience in the fermenting process. They say it is a pivotal step in determining the quality and value of cacao for export and it is something that needs to be improved.

According to Trinh Van Thanh, the head of a cacao fermenting factory in southern Ba Ria-Vung Tau province, it is the local farmers' lack of knowledge on cacao harvesting coupled with a lack of experience in cacao processing that are the reasons behind Vietnamese products lacking in quality. In order to sustainably develop cacao, apart from focusing on planning, ensuring biological safety and protecting the environment, MARD outlined policies encouraging and creating favourable conditions for businesses to get involved in producing, processing and purchasing cacao.

It would also like to see a diversification in cacao products, as well as limiting the export of crude cacao beans and expanding consumption markets. Under a "cacao development plan through 2015 with a vision to 2020", which was approved by the MARD recently, Vietnam targets to grow 80,000ha of cacao by 2020, increase the total output of dry cacao beans to 110,000 tonnes and earn an export turnover of between 100-120 million USD.

#### **Ghana cocoa purchases 635,837 T by May 22 –industry**

Reuters South Africa, South Africa

By Kwasi Kpodo

10 June 2008

ACCRA, June 10 (Reuters) - Cocoa purchases declared to Ghana's Cocobod reached 635,837 tonnes in the first 31 weeks of the 33-week 2007/08 main crop, up 13.6 percent on the 559,914 tonnes purchased in the same period last year, an industry source said on Tuesday.

Purchases for week 31, ending May 22, totalled 9,532 tonnes, down from 11,936 tonnes in the previous week and slightly lower than 9,940 bought in the 31st week of the 2006/07 main crop

#### **Cocoa: once again the flavour of the Indian farmer**

Financial Express, India

Rajesh Ravi

June 09, 2008

Kochi, Jun 8 Cocoa is back in favour with Indian farmers after a disappointing start in the 80s. However, this time cocoa is being promoted more as an inter-crop to coconut and arecanut to spread the risk. According to the Kochi-based Directorate of Cashew and Cocoa Development (DACCD), Indian cocoa production is likely to cross 17,000 tonne in five years from the present 10,000 tonne.

DACCD has plans to bring another 75,000 hectare under cocoa cultivation in the next five years, Venkatesh N Hubballi, director of DACCD told FE. "Perception on cocoa farming has entirely changed in the past few years. Cocoa is now being promoted as inter-crop unlike earlier when it was sold as a mono-crop," Venkatesh said. This reduces the risk for farmers even in times of falling prices, he added. The low productivity of cocoa also adds to the advantage of using it as an inter-crop. Indian productivity is lower by 40-50% compared to the global standards, which is close to 1,000 kg per hectare, Venkatesh added.

Focus of the cocoa crop expansion programme will be Andhra Pradesh, Tamil Nadu and Karnataka, with the directorate spending Rs 77 crore under the 11th Plan. Andhra Pradesh, Tamil Nadu and Karnataka together, have around 3,00,000 hectare

of irrigated coconut plantations, which can be exploited to provide additional income for farmers, he said. Arecanut farmers also can turn to cocoa to mitigate the risk of arecanut farming.

### **Cocoa output to outpace demand, price to fall - ICCO**

Source: Reuters

11/06/2008

Abidjan, June 10 - World cocoa production is expected to grow faster than demand in the coming few years, and prices will decline, International Cocoa Organisation (ICCO) Executive Director Jan Vingerhoets said on Tuesday.

World cocoa grindings have grown an average of more than four percent a year for the past six years, but production had also been growing at well over 4 percent a year, Vingerhoets said.

"We do not expect that demand will collapse, but we do expect that the growth rate will come down to more usual levels, declining from over 4 percent in recent years to just under 3 percent on average in the coming five years," he said.

"We expect that the growth rate of the production of cocoa beans will remain quite high: over 3.5 percent per year, stimulated by the relatively high prices of last year and this year," he told a workshop in Abidjan, the commercial capital of the world's top cocoa grower Ivory Coast.

"This means that production is expected to grow faster than consumption, that cocoa bean stocks in the world will increase and that prices will decline," Vingerhoets said.

World cocoa futures prices have risen in recent weeks and New York July cocoa shot up more than 4 percent to an 11-week high of \$2,906 per tonne in intraday trade on Friday, partly due to concerns over Ivorian bean quality this year.

But last week merchant bank Fortis projected a narrowing global cocoa deficit of 21,000 tonnes in the coming 2008/09 season, down from 29,000 tonnes in the current 2007/08 season and a much bigger 284,000-tonne shortfall in the 2006/07 season.

### ***"Sustainable cocoa" to fight poverty, child labour***

Many cocoa farming families in West Africa, which produces the overwhelming majority of the world's cocoa, live below the poverty line, Vingerhoets told Tuesday's workshop, which was focusing on the use of child labour on cocoa farms. "Poverty is ... the root cause of the worst forms of child labour," he said, adding cocoa farmers were often poor due to the relatively small plots they farmed and low yields.

Average cocoa yields worldwide are around 600 kg per hectare, higher than the 500 kg/ha average of the 1970s but a fraction of the 1,000-1,500 kg/ha levels researchers had found were possible with good extension services, Vingerhoets said.

"It should be possible to produce much more cocoa on a much smaller area of land. However, if successful, that could easily result in a considerable overproduction, with a disastrous effect on prices and thus on the incomes of the cocoa farmers."

"Diversification could prevent overproduction of cocoa and diversify the income sources of the farm families. In the case of Cote d'Ivoire, I would, for example, think of products such as rice, rubber and palm oil as options for diversification," he said.

### **Farmers urged to co-operate with cocoa officials for advice**

Modern Ghana, Ghana

By GNA

12 June, 2008

Mr. Albert Akomaning, Birim Central Municipal Cocoa Officer, on Wednesday called for the regulation and control of activities of cocoa purchasing companies. "The desire of some of the companies to buy even wet cocoa beans, had caused the increase in the stealing of the beans in most cocoa growing areas". Mr. Akomaning urged farmers to keep to the advice given them by Cocoa Extension Officers on the use of cocoa fertilisers, if the desired result was to be achieved.

Mr. Akomaning, who was speaking in an interview with the GNA in Akim Oda in the Birim Central Municipality, called on cocoa farmers who benefited from the use of cocoa fertilisers, to pay for them to enable others also to benefit from the scheme. He said his Unit would intensify its agro-chemical programmes, to increase cocoa production in the area. He advised farmers to clear their bushy farms before spraying the cocoa trees in order to have a high yield, adding that, the swollen shoot virus disease was hampering the efforts of cocoa farmers.

Mr. Akomaning explained the modus operandi of mass spraying of cocoa and the practice of cocoa agronomy. He appealed to traditional authorities to educate cocoa farmers to allow their infested cocoa trees to be cut down for replanting. Mr.

Akomaning stated that, if the affected cocoa farms were not cut down, the disease could infest other farms. The newly planted farms in their environs, could even reduce the national yield, despite the efforts being made to increase cocoa yield. He therefore, called on farmers to maintain their farms well and increase their acreage now that the crop was gaining attractive price.

**Cameroon: Cocoa/Coffee farmers get FCFA 450 million to boost production**

AllAfrica.com, Washington

Christopher Jator Njechu

12 June 2008

Cocoa and coffee farmers will soon improve on their production through FCFA 450 million disbursed by the Steering Committee for Support to the Protection of Cocoa and Coffee. This was one of the decisions arrived at during the second session of the steering committee in Yaounde, recently. The Committee Coordinator, Luc Njock Nken, said the project is considering the possibilities of assisting the farmers through direct disbursement of funds.

The goal is to enhance productivity of the sector, which is considered crucial to the economy. The cocoa/coffee sector has for some years now suffered from fluctuating prices on the international market, causing farmers to abandon production.

The most disturbing factor was the recent disposition by manufacturers of chocolate, who wanted to use other substances in the production of chocolate. This move caused much fear amongst producers who found no reason producing for a dwindling market and low prices.

Cocoa and coffee are now in high demand, and farmers would need to produce more to meet the demand. According to the committee, the money would reaco tiel

## **The Market**

### **Cocoa futures fall as dollar gains vs. euro, but prices expected to rebound on strong demand**

International Herald Tribune, France

The Associated Press

June 10, 2008

NEW YORK: Cocoa futures fell Tuesday as a stronger dollar encouraged investors to sell commodities, but analysts said prices were expected to rebound amid strong global demand for chocolate. The dollar muscled higher against the euro on supportive comments from President Bush and other U.S. officials that have increased speculation that the Federal Reserve will raise interest rates later this year in a bid to curb inflation. A stronger dollar often leads investors to sell commodities, which are viewed as inflation hedges.

Cocoa futures for September delivery fell \$10 to settle at \$2,878 per metric ton in volatile trading on the Intercontinental Exchange. Prices earlier rose as high as \$2,921. "The strengthening dollar is pressuring cocoa prices some, but there's still a lot of support for prices so I don't see them coming down substantially," said Rohit Savant, analyst with CPM Group in New York.

He said strong demand for chocolate in China and Eastern Europe coupled with a possible cocoa shortfall in No. 1 producer Ivory Coast would likely push prices higher in the near term. "You have pretty strong demand around the world for chocolate but supply is erratic," said Savant. Cocoa prices have surged 33 percent in the last year. In a report last week, investment bank Fortis said it expects a global cocoa shortfall for the third straight year, mainly due to unfavorable weather and rising demand.

### **High costs for cocoa to prevail on stock shortfall**

ConfectioneryNews.com, France

By Lindsey Partos

10-Jun-2008

High prices for cocoa manufacturers will prevail as an investment bank predicts a third successive global cocoa deficit in 2008/09. Anticipating a marginally smaller shortfall of 21,000 tonnes, down from 29,000 tonnes in 2007/08, Fortis said in a monthly report that global production could hit 3.76 million tonnes, slightly up just one per cent, from 3.66 million a year earlier but a shortfall nevertheless.

Further, the bank pitches global stocks-to-grindings (demand) ratio for 2008/09 at 42 per cent, down from 43 per cent estimates for 2007/08, but a figure that will still certainly contribute to upward prices for cocoa.

### **Prices**

Cocoa prices peaked on 13 March this year, with ICE Futures US cocoa 2nd position seeing prices closing at \$2,922 a tonne, "a staggering 39.2 per cent higher on the start of the year", say the Fortis report authors.

While the same contract fell to \$2,285 a tonne by 24 March, at the end of May it came in at \$2,737 a tonne, 'still 30.5 per cent higher than at the start of 2008', continues the report. And these higher prices are attracting considerable interest from speculators. Tempted by potential gains to be had through the price volatility of the commodity market, institutional investors from outside of the food industry have recently brought "vast amounts of money" to agricommodity markets, say the UN.

Not only cash, but also upward price pressure for commodities used by food business players reliant on the physical stocks for their manufacturing needs.

### **FAO**

And in a far-reaching report on global commodity staples, the UN's Food and Agricultural Organisation (FAO) earlier this month drew particular, critical, attention to the role speculators may have played in the recent rise in global food prices. "A key concern now is the participation of new agents that

## ***Volatility***

At once attracted by the volatility of the market, institutional investors also contribute to the price volatility: the aggregate effect of all the activities of institutional investors in the commodity markets is that the speculators are, arguably, pushing up derivative market prices in the short term. In turn, driving up the raw material prices for the food supply chain, from farmer and ingredients maker, to processor and retailer.

The Fortis report highlights the same phenomenon, and draws attention to the notion that heavy speculation may directly impact cocoa users. "Whatever one's views of the merits of this {investment interest in agricommodity markets}, accommodating the large inflow of investment has proved tough for traditional users of the cocoa market," states the Fortis report.

## ***Cocoa deficit***

Indeed, according to the report, manufacturer forward cover for cocoa is currently about five months, "which remains low by historic standards".

And as the cocoa deficit continues into 2009, there is little doubt that pressure on the futures market for prices will remain, in turn meaning speculators will certainly maintain their interest, thereby also contributing to upward price pressure.

A pressure set to remain for some time. According to Fortis, even the characteristics of investment in cocoa has altered to long-term, shifting from "a short-term speculation to a wider view that commodities are a legitimate asset class that should occupy a place in a normal investment portfolio for the medium and long term."

## **Cocoa futures hit 28-year high on crop concerns**

Forbes, NY

Associated Press

June.12, 2008

NEW YORK - Cocoa futures surged to nearly a 30-year high Thursday as investors bet that an overall drop in rainfall will hurt crops in West Africa, the world's biggest supplier of the beans used to make chocolate.

Rainfall has picked up in recent days in major cocoa producers Ghana and Ivory Coast, but "in the grand scheme of things we're still down in overall rainfall," said Hector Galvan, analyst for RJO Futures in Chicago.

Cocoa for September delivery added \$66 to \$2,993 per metric ton on the IntercontinentalExchange, or ICE Futures. Prices earlier peaked at \$2,997, the highest since March 26, 1980, when prices closed at \$3,042, said Nathan Golz, a researcher at Wachovia (nyse: WB - news - people ) Securities in St. Louis. Cocoa's all-time high is \$5,010, reached on July 18, 1977, Golz said.

Also driving prices higher was recent weakness in the British pound compared to the dollar, and concerns of a diseased West African crop, Galvan said. Cocoa prices have surged more than 30 percent in the last year. In a report last week, investment bank Fortis (other-otc: FORSY.PK - news - people ) said it expects a global cocoa shortfall for the third straight year, mainly due to unfavorable weather and rising demand.

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## **Processing & Manufacturing**

### **Malaysia cocoa grindings at 300,000 Tonnes in 07/08 – ICCO**

Source: Reuters

12/06/2008

Singapore, June 12 - Cocoa grindings in Asia's largest grinder, Malaysia, will be flat at 300,000 tonnes in the 2007/08 (Oct-Sept) crop year due to difficulties in getting beans, a senior industry official said on Thursday. "It's clear they have problems getting cocoa beans from Asia. Indonesia is not big enough to satisfy the needs of Singapore and Malaysia in terms of grindings," said Laurent Pipitone, senior statistician at the International Cocoa Organization.

Malaysia, which processed 301,500 tonnes of beans in 2006/07, depends on imported beans mainly from Indonesia and Papua New Guinea because of a lack of domestic supply. The ICCO has forecast Malaysia's output to rise slightly to 34,000 tonnes in the current crop year from 33,000 tonnes in 2006/07 due to ample rains. "We are also expecting quite a slowdown in grindings

compared with the previous year globally because of the rise in the price of cocoa beans, and the increase of the price of chocolate products," he told Reuters from London. "We expect demand from consumers to slow down a little bit. That's why for Malaysia we are not sure if it will continue to grow as it did in previous year or it will stagnate," he said.

London September cocoa futures rose as high as 1,575 pounds a tonne on Thursday, its highest level since October 2002, on concerns over bean quality and output in top grower Ivory Coast. But Indonesia, Asia's second-largest grinder, is estimated to process 140,000 tonnes of beans in the current year from 135,000 in 2006/07 tonnes after Jakarta scrapped a value-added tax on some commodities and also due to the availability of more fermented beans. "The government tried to stimulate, push farmers ferment the beans," said Pipitone. "One of the reasons why grinders had problems to increase their production was a lack of fermented beans, so they had to import from Papua New Guinea, Ivory Coast to get some of the beans and to mix them with local production."

Indonesia, the world's third-largest cocoa producer after Ivory Coast and Ghana, exports beans to grinders in Asia, Brazil and the United States. Indonesia's output is forecast by the ICCO to rebound nearly 10 percent to 570,000 tonnes in the current crop year also because of ample rains.

In other parts of Asia, grindings in China are expected to rise to 42,000 tonnes in 2007/08 from 37,600 tonnes in 2006/07. "One of the reasons is they consume more chocolates," said Pipitone, adding that grinders in China were also shifting to using beans to replace poor quality cocoa shells. China is also one of Asia's largest grinders and is an emerging market for chocolate, with locals buying for occasions from Valentine's Day to Christmas. Chocolate is also replacing traditional sweets at weddings, said dealers.

## **Business & Economy**

### **Vietnam to host ASEAN cocoa meeting soon**

Xinhua, China

By Editor: Du Guodong

June 10, 2008

HANOI, June 10 (Xinhua) -- Vietnam will, for the first time, host the 11th meeting of cocoa producers of the Association of Southeast Asian Nations (ASEAN) on June 26-28 in southern Ho Chi Minh City, according to the Vietnam Cocoa Development Coordinating Committee under the Ministry of Agriculture and Rural Development Tuesday.

During the 11th Meeting of the National Focal Points for ASEAN Cocoa Club (ACC) on Joint ASEAN Cooperation in Agricultural and Forest Products Promotion Scheme, delegates from the government and private sectors will seek measures to foster intra-ASEAN trade on cocoa and cocoa products, said the Vietnam Cocoa Development Coordinating Committee.

The ACC, set up in 1996, involves all ASEAN members including Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

Vietnam, home to around 10,000 hectares of cacao trees, has targeted cacao acreage of 60,000 hectares in 2010 and 80,000 hectares in 2020. The country churned out only 258 tons of dried cacao beans, of which 240 tons were exported last year, the committee said.

### **Nigerian cocoa processor seeks to raise \$50.9 Million**

Source: Reuters

10/06/2008

Lagos, June 10 - Nigeria's largest cocoa processor is seeking 6 billion naira (\$50.92 million) through a private placement to expand capacity, offer documents showed on Tuesday.

Multi-Trex Ltd is offering 2 billion shares at 3 naira each in the operation which started on Friday and will end on July 7. "The private placement is being undertaken as a key step towards fulfilling the company's strategic goals ... to overcome the challenge of cocoa processing in origin countries and take advantage of emerging opportunities," Multi-Trex chairman Bayo Akinola said. The proceeds will be used to rapidly expand the capacity of the plant located near the commercial city of Lagos to 60,000 tonnes per year from around 10,000 tonnes.

Akinola said 48 percent of the proceeds would be used to install new production lines, 43 percent would serve as working capital, 5 percent would be used to set up large-scale cocoa plantations, while 3.4 percent would go to staff training. The company plans to list on the Nigerian Stock Exchange in the last quarter of 2008, the offer documents said.

Multi-Trex started production in 2005 and is operating at about 70 percent of its capacity, representing 30 percent of local grinding. The plant, which processes cocoa into butter, cake, powder and liquor, plans to produce its own brands of cocoa beverages. Akinnola said the company would also convert its solids to consumer products for markets mainly in Asia, the United States, South Africa and West Africa. Multi-Trex had first planned to increase capacity to 18,000 tonnes per year in 2006, but it failed to raise about 500 million naira it needed then to fund the programme.

Nigeria's installed grinding capacity stands at about 100,000 tonnes a year. Around 40 percent of this is working, processing roughly 25 percent of national cocoa output. The government has banned imported cocoa products to boost local processing.

Multi-Trex's private placement is the second by a cocoa grinder in the world's number four cocoa grower in the last seven months. FTN Cocoa Processors Ltd did a similar operation in November to raise 1.86 billion naira to reduce debts and expand its 12,000 tonnes a year plant in the southwestern city of Ibadan.

### **Quick Bites: Chocolate cookbook, crunchy mac n cheese, cocoa-roasted almonds**

San Gabriel Valley Tribune, CA

By Natalie Haughton, Food Editor

06/11/2008

#### FOOD BRIEFS

French pastry chef Francois Payard, owner of Payard Patisserie & Bistro in New York, Las Vegas and other locations, offers "Chocolate Epiphany" (Clarkson Potter/Publishers; \$35). Filled with more than 100 cookies, cakes and other confections, it's designed for various levels of cooks. Some recipes are more complex than others, but there are several easy ones like Flourless Chocolate Cookies (they look divine in the color photo), Chocolate Rice Crispies, Chocolate Florentines, Rum Truffles and Chocolate Pecan Tart. Payard began making truffles in his father's pastry shop in the south of France at the age of 4 and became hooked on pastries during his teenage years. In the book, he details what to look for in chocolate, the different forms and how to best use them. The three best commercially available chocolates, he notes, are Valrhona, Weiss and Michel Cluizel. In the next tier - good chocolate at a slightly lower price - are Scharffen Berger, Guittard and Callebaut.

#### CRUNCHY MAC AND CHEESE

The lengths some companies will go to in developing new products is often amazing. Kraft is now capitalizing on its popular macaroni and cheese in the blue box by introducing Macaroni & Cheese Crackers in three varieties - Cheddar, White Cheddar and Mild Cheddar. The company is marketing the crackers as a new way to snack on mac - puffed macaroni-shaped crackers. They look more like slightly curved sticks than macaroni - and the Cheddar flavor sampled tasted like Goldfish, Cheese Nips or Cheez-It crackers. Figure on 150 calories and 7 grams fat per 40-piece serving. It'll be interesting to see if this product catches on. Each 8-ounce box is \$2.99. Look for the crunchy baked cheese crackers in supermarkets.

#### COCOA ROASTED ALMONDS

Diamond Foods recently launched Emerald Cocoa Roast Almonds, a low-sodium, low-fat, trans-fat-free nut snack, with baked-in chocolate flavor. They have a subtle cocoa powder, slightly sweet flavor due to a thin roasted-on, dark-cocoa and sucralose (a low-calorie sweetener) coating. Tasters were split regarding flavor - some liked them, others found them disappointing. They're definitely not for hard-core chocolate fans, but for those needing some pseudo chocolate, they might satisfy. A plus: They are melt-free, making them easy to carry during summertime. A single 1.5-ounce serving (a scant 1/3 cup) has 150 calories and contains 13 grams total fat. Suggested retail price is \$6.69 per 11-ounce container, \$1.89 for 2.5-ounce size package and \$9.89 per 38-ounce family-size plastic container. Look for the product at Vons and other supermarkets or go online to [www.diamondnuts.com](http://www.diamondnuts.com).

### **DJ Barry Callebaut Cameroon buys 19,471 tons cocoa beans Aug-Feb**

Trading Markets (press release), CA

By Emmanuel Tumanjong, Dow Jones Newswires

June 11, 2008

YAOUNDE, Cameroon, Jun 11, 2008 (Dow Jones Commodities News via Comtex) -- BYCBF | Quote | Chart | News | PowerRating -- The Cameroon subsidiary of Switzerland-based Barry Callebaut AG (BARN.EB) bought 19,471 metric tons of cocoa beans for processing between August and February of the ongoing 2007-08 season, down from 20,509 tons it bought a year earlier, figures published Wednesday by the National Cocoa and Coffee Board, or NCCB show. The NCCB is Cameroon's watchdog for the export and locally processed commodities.

Locally, the company is known as Societe Industrielle Camerounaise, or Sic, Cacao. The Barry Callebaut subsidiary has the capacity to process 30,000 tons of cocoa beans yearly. Seventy percent shares are owned by the Swiss firm, while the remaining 30% is controlled by the Cameroon government and local private individuals. According to the NCCB data, Barry Callebaut Cameroon bought 883 tons of cocoa beans in February 2008, up from 494 tons bought a year earlier.

### **Flourless chocolate cake with light touch**

Wilmette Life, IL

June 12, 2008

Not all desserts leave you feeling stuffed. In fact, some restaurants have begun to alter their dessert recipes to provide their customers with desserts that are light, yet satisfying. Such is the case at famed Australian Chef Tetsuya Wakuda's restaurant Tetsuya's in Sydney, open nearly two decades. The following recipe for Flourless Chocolate Cake comes from Wakuda's Tetsuya (Ten Speed Press).

Preheat the oven to 375 degrees. Grease and flour a 9 1/2- by 3 1/2-inch loaf pan. Melt the chocolate in the top of a double boiler or over a pan of gently simmering water. Set aside to cool. Combine the cocoa powder and cornstarch and sift through a fine-meshed sieve three times to make sure it is well mixed. In a bowl fitted with an electric mixer, whisk the butter until light and creamy. Add half the sugar and continue to whisk for 3 to 4 minutes. Add the egg yolks to the mixture, combine well, then whisk on high for a further 3 minutes.

In another bowl, mix the melted chocolate gently to make sure it is smooth. Whisk the egg whites with the remaining sugar, a pinch of salt and cream of tartar until soft peaks form. Fold in one-third of the cocoa mixture, then gently fold in the remainder.

Fold the egg whites into the melted chocolate, then the butter and egg yolks mixture. Do not over-mix. Gently spoon into the prepared pan. Place the pan in a baking dish half-filled with water and bake for 30 minutes or until a skewer inserted into the middle comes out clean. Cool the cake in the pan.

To serve, slice the cake thinly and dust with cocoa powder. Serve with a small scoop of chocolate sorbet, orange ice cream and whipped cream. Decorate with fresh mint leaves. Serves 6 to 8.

## **Labour Issues**

### **Unfair trade, child slavery**

Nova News Now, Canada

June 9, 2008

We the Grade 6 students of Brooklyn District School would like to propose a boycott against a number of international companies that produce chocolate. Those companies have been buying cocoa beans from farmers who produce their cocoa by child slave labour. They also have been giving the farmers an unfair price for their cocoa.

In countries like Ghana and Cote D'ivoire, children work on cocoa farms as slaves and are never paid for their work. The children are kidnapped in countries like Mali. The children are promised money for their work but they never get it.

The companies have not been paying the farmers they buy the cocoa beans from a fair price. The farmers get about \$0.01 for every \$0.60 chocolate bar the companies sell. The farmers have to use child slaves to grow and produce the cocoa beans because they can't afford to pay workers.

We are asking you to help us boycott these companies so that they start to buy fair trade cocoa beans. Some 84 million pounds of cocoa beans are produced by fair trade cooperative farmers, but only 1 million pounds were sold at fair trade prices. Farmers deserve to sell all of the cocoa beans at a fair price. From the Grade 6 students of Brooklyn District School

### **World Day against Child Labor**

US Department of State, DC

Gonzalo Gallegos, Director of Press Relations

June 12, 2008

The United States recognizes that eliminating exploitative child labor, particularly in its worst forms, requires a multi-faceted and sustainable approach. In support of today's World Day Against Child Labor, we join others in the international community in highlighting the urgency of providing meaningful educational alternatives to reduce such child labor. The International Labor Organization (ILO) estimates that some 165 million children between the ages of 5 and 14 are involved in child labor, often in hazardous and exploitative conditions.

A childhood free from exploitative labor is a compelling example of what President George W. Bush has referred to as the “non-negotiable demands of human dignity.” The U.S. Department of State calls attention to global trends in child labor each year in both its Country Reports on Human Rights Practices and the Trafficking in Persons Report. In addition, the State Department engages widely through its diplomatic missions and in partnership with key stakeholders to develop effective approaches to combat exploitative child labor. On June 17, the Department of State’s Bureau of Democracy, Human Rights, and Labor will co-host with the Belgian Government a Multi-stakeholder Forum on Cocoa Labor Issues to address hazardous forms of child labor. This dialogue will be an opportunity for a number of key governments and representatives from NGOs, companies, and other relevant organizations to share best practices and discuss approaches to eliminating the worst forms of child labor in the cocoa supply chain.

## ***Environmental Issues***

### **A Not-So-Sweet Lesson from Brazil's Cocoa Farms**

NPR

by Joanne Silberner



Audio Slideshow: The Tropical Roots of Chocolate



Joanne Silberner/NPR

Claudio Dessimoni lost his cacao farm when it became infected with the witches'-broom fungus. Today he works at a government subsidized tree nursery, supplying all sorts of trees to local farmers.



Anna Vigran/NPR

When the witches'-broom fungus infects cacao trees, they grow stunted clusters of branches that look like witches' brooms. The fungus also limits the trees' ability to produce pods with viable seeds that can be used to make chocolate.

Weekend Edition Saturday, June 14, 2008 · Bahia was once the center of the chocolate universe. A region in eastern Brazil, it is a lush tropical paradise. Lizards skitter up trees. Birds, seen and unseen, make themselves heard.

Everything changed when a fungal infection swept Bahia. The fungus, called witches'-broom, only attacks cacao trees, and it ravaged the chocolate industry in Bahia in the late 1980s and early '90s. Its effects didn't end there, though. The first law of ecology is that everything in nature is connected to everything else, so a fungus that attacks cacao could change an entire ecosystem and way of life.

#### A Devastating Disease

Claudio Dessimoni owned a cacao farm on a hillside in Bahia. Once a major player in the chocolate industry, he says the farm meant the world to him. It was thick with squat cacao trees studded with brightly colored football-shaped pods — the source of chocolate. Two rivers and seven streams ran through the land. The farm was a 500-acre heirloom started by his grandfather in 1919.

Seventy years later, disaster struck.

Witches'-broom arrived in Bahia in 1989. The mold, which is carried on puffs of wind, had already caused problems in northern Brazil. Dessimoni says he doesn't know how it traveled all the way to Bahia. Some say it was deliberately brought in to destroy the chocolate industry and its rich landowners.

Whichever way it reached Bahia, it killed Dessimoni's cacao trees. "The plants start dying," he says. "All the leaves drop. Completely brown." The fungus is named for the growths it creates — clusters of dead leaves and stunted little branches that look like witches' brooms stuck to the trees.

Dessimoni went out with his workers, chopping off infected branches and planting new trees he thought might be resistant. But like the Sorcerer's Apprentice, he couldn't keep up. With mist in his eyes, he says the stress killed his wife.

Finally, in 2001, the government declared Dessimoni's farm nonproductive, which meant the government could seize it and give it to landless people. "Now I am poor, but I was rich," he says.

Dessimoni was not the only one devastated by the microscopic fungus. Cocoa production across the entire region plunged nearly 75 percent. Brazil went from being the world's third-leading cocoa producer to being the 13th. He doesn't know what has happened to his farm since the government took it from him. "I nevermore went there," says Dessimoni. "I believe I can't see the farm anymore."

#### An Ecosystem Transformed

A few cacao farms survived. But by destroying so many cacao trees, witches'-broom transformed the entire ecosystem. Before the fungus hit, the region had more than a million acres of lush rainforest. The soil was moist and absorbent and soaked up moisture during the rainy season. During the dry season, the absorbed water slowly drained into the Cachoeira River.

But with the death of the cacao trees, people cut down the forest to make money from timber and pastureland. The exposed soil was tamped down by animals' hooves and burned by the sun. In the watershed where Dessimoni's farm used to be, the ground is now hard and dry.

The shift from forest to pasture greatly altered the area's water flow, says Neylor Calasans, who works at the Universidade Estadual de Santa Cruz in the city of Itabuna, on the Cachoeira River. "As long as we change it for pasture, the water is not able to enter the soil," he says. "It just touches the soil and runs off."

Calasans has been monitoring water flow, temperature and precipitation in the watershed. His charts reveal that instead of being absorbed by the spongy soil, the water rushes straight off the hard-packed dirt and into the river, sometimes leaving no water in the ground to feed the river during the dry season. "This is causing several problems," he says. "Itabuna, they are having problems of water supply for the city, especially during this period of the months that we receive less precipitation, from May to August."

But Dessimoni and others are fighting back. He is now a manager at a government-subsidized tree nursery. When he was a successful farmer, Dessimoni expected that by this stage in his life he would be retired and watching his daughter run the family farm. Instead, he is supplying trees to local farmers, including fruit trees and trees whose wood can be harvested sustainably.

The nursery even has some cacao trees that may be resistant to the dreaded witches'-broom.

Through planting trees, the government and people like Dessimoni hope to help the land return to a state closer to the original rainforest. Chocolate may never again thrive in Bahia, but the other trees that farmers plant will make the soil moist and spongy. Maybe water will once again flow in the river on hot, dry days. "I didn't solve my problem," says Dessimoni. "But probably I will solve the problems of another farm."

## **Others**

### **Ivory Coast charges 23 employees of Cocoa Agencies (Update1)**

Bloomberg

By Pauline Bax

June 13, 2008

June 13 (Bloomberg) -- Ivory Coast charged 23 employees of the nation's cocoa agencies, most of them senior managers, with fraud and embezzlement following an investigation into alleged misappropriation of funds.

The probe found that four semi-private agencies and one state-run body were "dysfunctional" and failed to share cocoa revenue and profit with farmers, Raymond Tchimou, the west African nation's state prosecutor, said in a telephone interview today from the commercial capital, Abidjan. The probe, which began in October, was ordered by President Laurent Gbagbo.

On Oct. 30, Ivory Coast froze the accounts of five cocoa agencies, including the Coffee and Cocoa Regulatory Authority, amid threats by growers to disrupt exports of the chocolate ingredient unless the industry is reorganized.

Ivory Coast is the world's biggest cocoa grower, accounting for 40 percent of global supply. The west African country's cocoa agencies, established after the liberalization of the industry in 1999, collect millions of dollars in levies annually from exports of the crop. *To contact the reporters on this story: Pauline Bax in Abidjan via Johannesburg at [pmrichardson@bloomberg.net](mailto:pmrichardson@bloomberg.net).*

### **Ivorian Cocoa sector Chiefs face fraud prosecution**

Source: Reuters

13/06/2008

Yamoussoukro, June 13 - Leaders of Ivory Coast's strategic cocoa sector will be prosecuted and go to jail if found guilty of charges that they embezzled state resources and taxes, the Ivorian president said.

Cocoa smuggling is rife on the borders of Ivory Coast, the world's biggest producer of the bean, and foreign diplomats and analysts say President Laurent Gbagbo's government has been slow to tackle persistent and widespread allegations of corruption. "These structures have been badly run ... Those who ran the sector have profited from it," President Gbagbo told Reuters late on Thursday in Yamoussoukro, the capital of the West African state.

Twenty-three leaders of Ivorian cocoa and coffee industry bodies face charges of alleged embezzlement and fraud in a judicial investigation into corruption in the sector by the state prosecutor that was ordered by Gbagbo last year.

The list named on Thursday by prosecutor Raymond Fehou Tchimou included Lucien Tape Do, president of the Coffee and Cocoa Bourse (BCC) marketing body, Henri Kassi Amouzou, president of the Fund for the Development and Promotion of the Activities of Cocoa and Coffee Producers (FDPCC) and Angeline Zilahon Kili, president of the Regulatory and Control Fund. "There will be prosecutions and imprisonments this time," Gbagbo said, adding the judicial enquiry would open the way for a long-delayed reform of the Ivorian cocoa sector.



He had ordered the investigation following allegations in the local media of the embezzlement of more than 100 billion CFA francs (\$234 million) meant to help develop the sector. "Corruption never ends but we have to fight to reduce its effects and scope and I'll do everything I can to achieve that," the Ivorian president said. He added he had instructed his justice minister to draft a new anti-corruption law.

Farmers' representatives have repeatedly called for the leaders of the cocoa industry bodies to be replaced and have staged numerous strikes and demonstrations in past months, some of which have temporarily disrupted cocoa exports. A joint World Bank and International Monetary Fund mission to the former French colony in 2006 called for more transparency on how revenues from the cocoa sector are spent.

Ivory Coast liberalised its cocoa sector in 2000, ending a system of guaranteed prices and scrapping the state-run Caistab which controlled the sector, but leaving in place a system of agencies and subsidies to promote and regulate production. Ivory Coast usually produces more than 1 million tonnes of cocoa beans a year and cocoa accounts for around 40 percent of export revenue and around 15 percent of gross domestic product.

# TIT BITS

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

## **US MIDDAY: coffee drops, cocoa mixed**

NEW YORK (June 10, 2008): Arabica coffee futures on ICE Futures US slid 3.5 percent early on Monday on liquidation, while cocoa futures traded mixed as traders said rollover period is heating up. July arabica contract down 4.70 cents, or 3.5 percent, to \$1.3115 per lb at 9:26 am EDT (1326 GMT), trades from \$1.3090 to \$1.3605.

## **Ghana cocoa**

ACCRA (June 10, 2008): Declared cocoa purchases in Ghana reached 626,305 tonnes by mid-May, fuelling expectations the main crop will exceed 650,000 tonnes and annual production could top 700,000 tonnes, a senior industry source said on Monday. Purchases declared to the Ghana cocoa Board (Cocobod) regulator in the 30 weeks to May 15 were up 13.8 percent on the 549,975 tonnes purchases in the same period last year.

## **US MIDDAY: coffee, cocoa firm**

NEW YORK (June 11, 2008): Arabica coffee on ICE Futures US jumps 3 percent in volatile trade on short-term buying Tuesday, while cocoa gained as investors bought day-earlier dips amid rollover activity, traders said.

## **London cocoa sets new high**

LONDON (June 11, 2008): London robusta coffee and cocoa futures rose on investor and fund buying on Tuesday, while white sugar moved sideways, underpinned by firm physical demand for the sweetener, dealers said. Coffee led the gains, as technical buying by investment funds and speculators buoyed prices already supported by news of slowing sales from Vietnam and lower stocks in Brazil.

## **London sugar, cocoa jump; coffee falls**

LONDON (June 12, 2008): London white sugar futures soared to a seven-week high on Wednesday as spiralling crude oil prices and steady physical demand propelled the market, while cocoa climbed to a three-month peak on strong fund buying.

## **US MIDDAY: coffee, cocoa firm**

NEW YORK (June 12, 2008): Arabica coffee futures on ICE Futures US were up a shade early Wednesday, while cocoa futures moved up as investors continued some rollover buying in later-dated contracts and cocoa bulls targeted technical resistance, traders said.

## **US MIDDAY: cocoa sets new high**

NEW YORK (June 13, 2008): Arabica coffee futures on ICE Futures US edged higher early Thursday, and cocoa futures set new contract and long-term highs, as funds continued a buying spree on bullish technical readings, traders said. July was up a slim 0.45 cent at \$1.3405 per lb by 10:12 am EDT (1012 GMT), moving from \$1.3335 to \$1.3510. Back-month contracts up 0.35 to 0.50 cent.

## **London cocoa soars to 5-1/2 year high**

LONDON (June 13, 2008): London cocoa futures surged to a 5-1/2 year high on Thursday as heavy fund buying against the backdrop of bullish fundamentals fired the market, while robusta coffee crept up on light investor demand. White sugar futures struggled, pressured by a stronger dollar and huge global oversupply.