



# COPAL COCOA Info

A Weekly Newsletter of Cocoa Producers' Alliance

Issue No. 252

8<sup>th</sup> – 12<sup>th</sup> October 2007

Cocoa Producers' Alliance

## ICCO Daily Cocoa Prices

	ICCO daily price (SDRs/tonne)	ICCO daily price (US\$/tonne)	London futures (#/tonne)	New York futures (US\$/tonne)
8 <sup>th</sup> October	-	1871.01	945.67	1825.67
9 <sup>th</sup> October	1211.81	1875.21	948.00	1832.00
10 <sup>th</sup> October	1208.51	1877.23	943.33	1836.33
11 <sup>th</sup> October	1212.92	1886.22	950.67	1848.33
12 <sup>th</sup> October	1206.40	1873.89	945.00	1835.67
<b>Average</b>	<b>1210.00</b>	<b>1877.00</b>	<b>947.00</b>	<b>1836.00</b>

## Up-coming Events

- COPAL General Assembly and Council of Ministers' Meetings  
8<sup>th</sup> – 12<sup>th</sup> October 2007, Accra, Ghana

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

## In the News (from Newspapers worldwide)

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- ✓ Ghana cocoa season starts Oct 19, may top 650,000 tonnes
- ✓ Strong demand drives up Ivorian cocoa prices Oct 1-7

- ✓ Lindt & Spruengli to hike prices by 6-8 pct next year - CEO Tanner
- ✓ Cadbury confectionery sales rise 10 per cent
- ✓ Cadbury goes green across supply chain
- ✓ China price hikes affecting global food chain
- ✓ Northern Foods feels commodity squeeze
- ✓ EU rejects delay in West Africa trade talks

### Processing & Manufacturing

- ✓ German Q3 2007 Cocoa Grindings Up 24.9% on Year (DJ)
- ✓ Barry Callebaut launches new antioxidant cocoa – processing
- ✓ Barry Callebaut Acquires Cocoa Factory in Philadelphia
- ✓ CRIN develops 30 new technologies for five crops

### Others

- ✓ Stable income for farmers top agenda as cocoa producers meet
- ✓ ICCO Round Table Conference Ends In Accra
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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 8th October 2007**

Month	Opening Trans	Settle	Change	Daily High	Daily Low	Volume
Dec 2007	945	933	-16	945	931	4349
Mar 2007	955	947	-15	958S	946	3657
May 2008	966	957	-13	966	956	803
Jul 2008	975	965	-13	975	965	919
Sep 2008	985	977	-12	985	975	747
Dec 2008	995	987	-13	995	986	335
Mar 2009		1000	-10			0
May 2009		1007	-14			0
Jul 2009		1013	-14			0
Sep 2009		1022	-14			0
<b>Totals</b>		<b>981</b>				<b>10,810</b>

**Tuesday 9th October 2007**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2007	932	936	3	948	931	4595
Mar 2007	947	949	2	960	946	3074
May 2008	955	959	2	969	955	511
Jul 2008	965	968	3	973	965	166
Sep 2008	978	979	2	983	977	143
Dec 2008	988	989	2	995S	988S	404
Mar 2009	1000	1002	2	1000S	1000S	100
May 2009		1009	2			0
Jul 2009		1015	2			0
Sep 2009		1024	2			0
<b>Totals</b>		<b>983</b>				<b>8,993</b>

**Wednesday 10th October 2007**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2007	936	930	-6	942	929	4591
Mar 2007	950	945	-4	954	945	4723
May 2008	960	955	-4	960	955	270
Jul 2008	966	965	-3	968	965	322
Sep 2008	977	976	-3	978S	976	51
Dec 2008	987	986	-3	988S	986	1418

**Thursday 11th October 2007**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2007	927	940	10	945	924	5923
Mar 2007	944	951	6	955	941	4315
May 2008	954	961	6	966	951	960
Jul 2008	966	973	8	977	963	701
Sep 2008	975	982	6	985	974	288
Dec 2008	985	992	6	993S	983	292
Mar 2009	1000	1006	7	1000	1000	99
May 2009		1017	9			0
Jul 2009		1027	13			0
Sep 2009		1026	8			0
<b>Totals</b>		<b>988</b>				<b>12,578</b>

**Friday 12th October 2007**

Month	Opening Trans	Settle	Change	High	Low	Volume
Dec 2007	938	932	-8	940	928	4,082
Mar 2007	950	946	-5	952	943	2,179
May 2008	961	957	-4	962	953	500
Jul 2008	970	968	-5	972	965	704
Sep 2008	980	977	-5	980	973S	15
Dec 2008	985	987	-5	985	983	17
Mar 2009		1000	-6			0
May 2009		1012	-5			0
Jul 2009		1022	-5			0
Sep 2009		1021	-5			0
<b>Totals</b>		<b>982</b>				<b>7,497</b>

<b>Average for the week</b>	<b>992</b>					<b>10271</b>
<b>Total for the week</b>						<b>51,356</b>

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

	8 <sup>th</sup> October	9 <sup>th</sup> October	10 <sup>th</sup> October	11 <sup>th</sup> October	12 <sup>th</sup> October
Main Crop Ghana, Grade 1	2269	2276	-	2291	2308
Main Crop Ivory Coast, Grade 1	2138	2145	-	2165	2182
Main Crop Nigerian, 1	2124	2131	-	2151	2168
Superior Arriba	2343	2350	-	2346	2363
Sanchez f.a.q.	2124	2131	-	2180	2197
Malaysian 110	1816	1823	-	1845	1862
Sulawesi f.a.q.	1996	2003	-	2018	2035
Ecuador Cocoa Liquor	3226	3239	-	3266	3296
Pure Prime Press African Type Cocoa Butter	5303	5323	-	5379	5429
10/12% Natural Cocoa Press Cake	823	826	-	852	859

Source: Cocoa Merchants' Association

# News

## Health and Nutrition

### **You should cocoa!**

BikeRadar.com, UK - Oct 9, 2007, By Dr Chris Fenn

Chocolate lifts your mood as well as energy levels. However, more is not better and the mood enhancing benefits come from moderation. Limit yourself to four squares, four times per week. It contains cocoa butter, which is a saturated fat - but not luckily an artery-clogging trans-fat.

Chocolate has high levels of antioxidants to quench the damaging free radical molecules produced during strenuous exercise. It has more concentrated levels of antioxidant than broccoli - but don't forget to eat your greens! Think dark thoughts - the health benefits come from its cocoa content not its dairy content. Switch to bars with more than 50 per cent cocoa solids. You get what you pay for - good chocolate is not cheap. Conversely, cheap chocolate is not good.

Any food that can keep your heart healthy, improve your circulation, and boost your energy production is going to be tempting to a cyclist. Good news, then, there's a popular snack that can do all of these things. Even better it's something that most of us actually feel guilty about eating: Chocolate. That's right -it seems that having a bit of a sweet tooth is no bad thing where riding is concerned.

Research has shown that the cocoa in chocolate is a rich source of minerals, in particular, magnesium, potassium and copper. These nutrients have a variety of roles in the body, especially critical for athletes, including energy production, muscle contraction and blood circulation.

Of course, you're probably thinking that, surely, chocolate is still bad for you because of its fat content. Well, yes eat a lot of chocolate and give up cycling and you will be consuming a lot of fat, which is likely to be stored on your body. However, although the cocoa beans used in chocolate production do contain fatty cocoa butter, its three main types of fats are oleic acid (the most abundant fat in olive oil), stearic acid and palmitic acid. Far from being harmful to health, these fats have a neutral effect on blood cholesterol levels. If anything, the overall effect of cocoa butter on heart health and circulation is a positive one.

If anything, the overall effect of cocoa butter on heart health and circulation is a positive one. Many women crave and use chocolate as a way to soothe the monthly range of mood changes, stomach cramps and premenstrual symptoms. These symptoms are associated with a drop in magnesium, and so a chocolate craving may be nature's way of restoring mineral levels. However, green vegetables, fruit and wholegrain cereals are also good sources of magnesium, so it is likely that chocolate's other benefits, such as its mood-enhancing properties are what are really sought.

### Better than spinach

Cocoa beans also contain substances called polyphenols. Found too in red wine, onions, spinach, broccoli and tea they are antioxidants which help to neutralise the damaging free radicals formed as a normal by-product of energy metabolism. The more you exercise, the more of these free radicals you produce. The ability of a food to neutralise free radicals is expressed as its oxygen radical absorbance capacity (ORAC). In general, the higher a food's ORAC, the better. The good news is that, weight for weight, chocolate with a high percentage of cocoa has an ORAC 10 times that of spinach and about 15 times that of broccoli.

Beware, though, as not all chocolate is created equal. If you want to treat yourself to a 'healthy' bar then you need to pay close attention to the amount of cocoa solids and type of fat it contains. The best variety of chocolate to choose is plain as it boasts higher cocoa and lower sugar levels, compared with milk or white varieties. The darker the chocolate, the more cocoa, and, therefore, more of the energy boosting minerals and antioxidant polyphenols. Look for the bars with a 60 or 70 per cent cocoa solid content.

The best variety of chocolate to choose is plain as it boasts higher cocoa and lower sugar levels. The cheaper, and sweeter bars on the market aren't such a good choice. As cocoa and cocoa butter are expensive lower quality chocolate contains a meagre 25 per cent of cocoa with the rest being made up from milk solids, sugar and vegetable fat. The latter is the cheap, highly processed hydrogenated type, which contains the artery clogging trans fats. Unfortunately this combination is the most popular on the market and is an addictive mix of fat and sugar. It's best to keep these bars as (very) occasional treats. If you need a quick energy boost during a ride a carton of orange or apple juice is a much better choice.

Of course, chocolate usually just makes you happy. That's because it also contains over 300 trace compounds, several of which are known to affect your mood and feeling of well being. Why not enhance that sense of euphoria that comes during or after your next ride with a few squares of good quality chocolate?

### **Getting ready for the Chocoholic Frolic?**

Source: Hershey's  
ELISA PRESTON,  
October 10, 2007

Some interesting facts about chocolate - including why researchers believe a moderate amount is healthy - to get you ready for the Chocoholic Frolic For many women, it's the comfort food of choice. For men, it's a way of saying, "I'm romantic." Children just like the way it tastes. Thursday night, chocolate-lovers of all ages will file into the Civic Center to satisfy their cravings. It's the Chocoholic Frolic, an annual event sponsored by Comcast to benefit LibLines, a local breast-cancer awareness organization.

Allison Newberry, who created the event about four years ago, said about 300 tickets were sold at the door last year, and she feels it's likely to be around the same this year. "It's for a good cause, and you don't have to feel so guilty eating as much chocolate," she said.

Sarah Copeland, the founder of LibLines, said the event is the organization's biggest fundraiser. So what makes the treat so appealing? Researchers haven't nailed it down, but we found some interesting facts about the delicious delicacy that might put you in the chocolate-y state of mind.

1. Chocolate was a New World discovery, one of the most sought-after treasures brought back to Europe from the Americas. The cacao bean, from where chocolate is derived, was used as currency among the Aztecs. They saw the cacao tree as a source of strength and wealth.
2. The "The Fortress Stilt Fisherman Indulgence," a dessert at Sri Lanka's Fortress Hotel that includes at least two layers of chocolate and a chocolate statue, costs \$14,500. Unless you're Bill Gates, the Chocoholic Frolic might be a better option.
3. Flavonols, the main chemicals in chocolate, are also found in apples, wine and green tea. They have been shown to improve blood flow and reduce blood pressure.
4. Theobromine, a chemical occurring naturally in cocoa beans, is present in all chocolate products. Chocolate is not healthy for dogs because they metabolize the chemical slowly. Its presence can have a serious effect on the animal's heart, kidneys and central nervous system.
5. Theobromine also can have a mild diuretic effect similar to caffeine, making you urinate more often.
6. Antioxidants are advertised on the front of various dark-chocolate products. They are essential to humans, preventing or reducing oxidative damage to the body, cells and tissues. These antioxidants are polyphenols, also present in many fruits, vegetables, tea and wine. Polyphenols are found in the nonfat portions of chocolate. Research by Hershey's shows that its dark chocolate has a higher concentration of antioxidants than blueberries, pecans and cranberries.
7. Although a dark chocolate bar may provide more antioxidants, a milk chocolate bar has 10 times the amount of calcium as a dark bar, according to a study reported at [chocolateusa.org](http://chocolateusa.org).

### Types of chocolate

- Hershey's chocolate uses six major chocolate- and cocoa-product definitions. Each type is clearly defined by the Food and Drug Administration, depending on percentage of various ingredients. The major types and definitions are:
- Cocoa: Cocoa is the product made by removing part of the fat (cocoa butter) from the cocoa beans and grinding the remaining material minus the shell.
- Chocolate, unsweetened chocolate or baking chocolate: Chocolate or chocolate liquor is produced by grinding cocoa beans smooth into a liquid state. This chocolate can be sold as unsweetened chocolate or baking chocolate or used to make other chocolate types such as milk, sweet or semisweet chocolates.
- Milk chocolate: A combination of chocolate liquor, cocoa butter, sugar and milk or cream. Milk chocolate must contain at least 10 percent chocolate liquor and at least 12 percent total milk ingredients.
- Sweet chocolate: A combination of chocolate liquor, cocoa butter and sugar, but contains at least 15 percent chocolate liquor.
- Semisweet or bittersweet chocolate: A combination of chocolate liquor, cocoa butter and sugar, but contains at least 35 percent chocolate liquor. Sweet chocolate and semisweet chocolate are often called dark chocolate.
- White chocolate: Made from the same ingredients as milk chocolate (cocoa butter, milk, sugar) but without the nonfat cocoa solids. In 2002, the FDA established a standard of identity for white chocolate. White chocolate must contain at least 20 percent cocoa butter and 14 percent total milk ingredients.

## Scientists Explain Chocolate Cravings

The Associated Press - Oct 11, 2007, By SETH BORENSTEIN

WASHINGTON (AP) — If that craving for chocolate sometimes feels like it is coming from deep in your gut, that's because maybe it is. A small study links the type of bacteria living in people's digestive system to a desire for chocolate. Everyone has a vast community of microbes in their guts. But people who crave daily chocolate show signs of having different colonies of bacteria than people who are immune to chocolate's allure. That may be the case for other foods, too. The idea could eventually lead to treating some types of obesity by changing the composition of the trillions of bacteria occupying the intestines and stomach, said Sunil Kochhar, co-author of the study. It appears Friday in the peer-reviewed Journal of Proteome Research.

Kochhar is in charge of metabolism research at the Nestle Research Center in Lausanne, Switzerland. The food conglomerate Nestle SA paid for the study. But this isn't part of an effort to convert a few to the dark side (or even milk) side of cocoa, Kochhar said.

In fact, the study was delayed because it took a year for the Researchers to find 11 men who don't eat chocolate. Kochhar compared the blood and urine of those 11 men, who he jokingly called "weird" for their indifference to chocolate, to 11 similar men who ate chocolate daily. They were all healthy, not obese, and were fed the same food for five days.

The researchers examined the byproducts of metabolism in their blood and urine and found that a dozen substances were significantly different between the two groups. For example, the amino acid glycine was higher in chocolate lovers, while taurine (an active ingredient in energy drinks) was higher in people who didn't eat chocolate. Also chocolate lovers had lower levels of the bad cholesterol, LDL.

The levels of several of the specific substances that were different in the two groups are known to be linked to different types of bacteria, Kochhar said. Still to be determined is if the bacteria cause the craving, or if early in life people's diets changed the bacteria, which then reinforced food choices. How gut bacteria affect people is a hot field of scientific research.

Past studies have shown that intestinal bacteria change when people lose weight, said Dr. Sam Klein, an obesity expert and professor of medicine at Washington University in St. Louis. Since bacteria interact with what you eat, it is logical to think that there is a connection between those microbes and desires for certain foods, said Klein, who wasn't part of Kochhar's study.

Kochhar's research makes so much sense that people should have thought of it earlier, said J. Bruce German, professor of food chemistry at the University of California Davis. While five outside scientists thought the study was intriguing, Dr. Richard Bergman at the University of Southern California School of Medicine, had concerns about the accuracy of the initial ...e...viR/Tk;N...T,...

Lastly, chocolate is said to have the same mood-enhancing chemical found in marijuana. But chocolate lovers have to beware - not all chocolate is equal. Milk chocolate and chocolate-covered sweets are often nothing more than sugar, fat and a bit of flavouring.

Ideally chocolate should contain a minimum cocoa content of 60 per cent for dark and 30 per cent for milk but that alone does not necessarily equate to quality - if the cocoa beans, original ingredients and the production processes are not good, then you are not buying good chocolate.

Chocolate shouldn't contain any ingredients you don't recognise though, so shun E numbers, artificial preservatives and hydrogenated fats in favour of luxury handmade chocs.

• *More information is available at [www.chocolate-week.co.uk](http://www.chocolate-week.co.uk).*

### **Survey Finds Women Turn to Caffeinated Drinks and Chocolate When They Need a Boost...and Seek Nutrients When They Indulge**

Two Hot Cocoa Varieties Introduced – Swiss Miss® Pick-Me-Up™ with as Much Caffeine as a Cup of Coffee, and Swiss Miss Great Start Cocoa with 15 Essential Vitamins and Minerals

CHICAGO--(BUSINESS WIRE)--With the cold, hectic months of the year almost upon us, a new survey from Swiss Miss, America's number one brand of cocoa<sup>1</sup>, shows that when women need a daily boost, most look to chocolate, caffeine and fortified foods<sup>2</sup>. In fact, nearly three out of four women surveyed crave chocolate more than any other sweet and consume caffeine at least once per day, while the majority seeks fortified foods to enhance diets lacking in important vitamins and minerals<sup>3</sup>.

Swiss Miss conducted the survey to better understand how women get themselves going each day as they face their busy lives, which can become particularly demanding when the expectations and responsibilities of the fall and winter "holiday" season heat up. It's the perfect time of year for "warm me up" drinks like the perennial favorite, hot cocoa – in fact, the survey revealed that most women associate hot cocoa with cold weather and wintertime (93 percent).

But now, that soothing treat can do more than just warm your spirit. To satisfy the need for something rich and creamy, while giving women more of what they want, when they need it – like a nutritional boost and a little something for the afternoon lull – Swiss Miss has created two new hot cocoas with the same great taste they love and the fortified ingredients they need:

Swiss Miss Pick-Me-Up Cocoa swirls smooth and creamy chocolate taste with as much caffeine as a cup of coffee, plus as much calcium and vitamin D as a glass of milk.

Swiss Miss Great Start Cocoa begins with smooth and creamy imported cocoa, and then adds 15 essential vitamins and minerals, including as much calcium as in an eight-ounce cup of milk as well as vitamin D.

The good news for women looking for low-calorie indulgences is that both new cocoas from Swiss Miss have only 110 calories and two grams of fat per serving; much less than other chocolate or mocha treats.

All Swiss Miss cocoa products are made with care at a dairy, where fresh milk is delivered daily, dried and blended with premium, imported cocoas, making it a wholesome source of natural antioxidants that are important for a women's diet.

"The survey revealed that caffeinated drinks are important to the lifestyle of many women, and that vitamin and mineral enrichments are also of importance to this demographic," said Sergio Pereira, vice president Swiss Miss marketing. "The new Swiss Miss Pick-Me-Up Cocoa and Great Start Cocoa varieties give women the chocolate they crave in a sweet, rich, lower-calorie drink but with an added boost – either as much caffeine as a cup of coffee, or 15 essential vitamins and minerals."

The survey of 500 women ages 25-44 provided insights into women's caffeine consumption habits, nutritional needs and sweet cravings.

#### Jolting Results

For most women 25-44, caffeine is a must:

Almost seven in 10 (69 percent) of women 25-44 consume caffeine at least once a day

40 percent of women consume caffeine more than once a day.

Almost all women (95 percent) consume caffeine at least occasionally.

37 percent of women look to caffeine for those mid-morning and mid-afternoon lulls in between meals when they need a pick me up.

Most women have caffeine before lunch – 41 percent when first awakening, another 20 percent mid-morning.



Women want their caffeinated beverages to be low-cal and sweet. 70 percent say the ideal caffeinated product has to be low in calories and the majority (56 percent) want it to be sweet.

#### Functional Foods

The trend of functional foods is going strong, apparent in the responses from the survey:

More than half (54 percent) of women 25-44 say they don't get enough vitamins and minerals from the foods they eat.

Women look to fortified foods to get the essential nutrients their diets lack (51 percent).

More than a third (35 percent) said they would like to get their essential nutrients from "indulgent" foods.

#### Sweet Cravings

##### Women crave chocolate:

Chocolate is the sweet that women crave most (68 percent); more than ice cream (48 percent), followed by cookies (40 percent), candy (33 percent) and cake (31 percent).

Moods affect women's cravings for chocolate. 67 percent of respondents said stress drives cravings, followed by "experiencing PMS" (59 percent) and "need a pick-me-up" (58 percent).

#### Swiss Miss Information

Created with a blend of fresh milk and imported cocoas for real chocolate taste and flavor, Swiss Miss is America's number 1 brand of hot cocoa. In addition to the new Swiss Miss Pick-Me-Up and Great Start varieties, the product line includes indulgent flavors such as Dark Chocolate Sensation, French Vanilla, Mocha Cappuccino as well as regular and lower-calorie formulas, with or without marshmallows.

#### Company Information

Swiss Miss® is a product line of ConAgra Foods, Inc. (NYSE:CAG) ConAgra Foods, Inc. is one of North America's leading packaged food companies, serving grocery retailers as well as restaurants and other foodservice establishments. Popular ConAgra Foods consumer brands include: Banquet®, Chef Boyardee®, Egg Beaters®, Healthy Choice®, Hebrew National®, Hunt's®, Marie Callender's®, Orville Redenbacher's®, PAM® and many others. For more information, please visit [www.conagrafoods.com](http://www.conagrafoods.com).

1 IRI dollar sales and volume last 52-weeks ending Sept. 16, 2007 for total US FDMxWM.

2 M/A/R/C Research conducted the telephone survey of a representative sample of 500 women ages 25-44, which was fielded Aug. 30 to Sept. 4, 2007. The findings have a margin of error of plus/minus 4.4% at a confidence level of 95%.

3 68% of women crave chocolate more than any other sweet; 69% consume caffeine at least once daily; and 54% don't think they're getting enough vitamins and minerals in their diet. Source: Swiss Miss survey with M/A/R/C Research, Aug-Sept. 2007.

#### **Alternative remedies: Chocolate**

Scotsman, United Kingdom - Oct 8, 2007, JESSICA KIDDLE'S

YOU bury your empty chocolate wrappers deep inside the bin to hide the evidence of your indulgence? Do you wait until you're alone before biting into a bar? Do you have a secret stash of cocoa no other member of your household is aware of?

Don't shake your head and label me a social misfit, because a straw poll of my friends reveals I'm not the only one guilty of this behaviour. But the guilt need linger no longer, if the launch of a new range of chocolate bars is to be believed: the manufacturers claim it's so good for you it can almost be labelled a health food.

Chocolate is a calorie-laden food and best consumed as a sweet treat. However, as National Chocolate Week looms - it starts next Monday - I was tempted to try this latest offering.

According to the hype, NewTree, available at Waitrose and online at [www.newtree.com](http://www.newtree.com) is a range of Belgian chocolate bars which "link gastronomy and health". This link has been made because each bar (with a 73 per cent cocoa content) is not only free from preservatives, artificial colours and genetically-modified ingredients, but also contains fruit and plant extracts said to have health-boosting benefits.

The names of the six differently flavoured bars give a clue as to these supposed benefits: Serenity; Pleasure; Eternity; Young; Tranquility and Sexy (all priced at £1.99). Though the "anti-ageing" cherry-infused Young bar was the first to be nabbed in the office, once the rather synthetic cherry flavour was unleashed, it did not go down too well. But we chomped through it anyway, praying that the antioxidant-packed squares would halt the advancement of the years.



My favourite, however, was Serenity, flavoured with Seville oranges and lime blossom and said to instil a sense of calm - I was definitely in a good mood after consuming almost the whole bar.

Any long-term benefits of these bars are unknown, but there is a growing body of evidence to show that dark chocolate - eaten in moderation - can be good for us. It boosts our levels of the feel-good hormone serotonin and, thanks to the high level of polyphenols, is thought to reduce blood pressure. So for next week at least, feel free to eat your chocolate in plain view.

### **Production & Quality**

#### **Cameroon Aims At 183,000T 07/08 Cocoa Crop**

Source: Reuters, 08/10/2007

**Accra**, Oct. 5 - Cameroon hopes to produce at least 183,000 tonnes of cocoa in the 2007/2008 season, maintaining its 2006/2007 output level despite some weather problems, the National Cocoa and Coffee Board director general said on Friday. "We hope production will be like last year (2006/2007), so at least 183,000 tonnes, because what we have lost through climatic change we have recouped through better pest treatment," Michael Ndoping told Reuters.

Speaking on the sidelines of a conference in Ghana, Ndoping said rains in Cameroon had come a bit late

#### MOMENTUM INDICATORS:

MACD: The MACD is in bearish territory.

RSI: The 14-Day RSI is in neutral territory. (RSI is at 36.29). 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 36.29 the market is somewhat oversold. However, this by itself isn't a strong enough indication to signal a trade. Look for additional evidence of strength from this indicator before getting too bullish here.

#### VOLATILITY INDICATORS:

Bollinger Bands (20-Day Average +/-1 Standard Deviation): As prices are closer to the bottom band than the top band, the Bollinger Bands are indicating oversold prices. Despite this oversold condition the market may become more oversold before turning higher. As a result, the market will look for additional strength in prices before turning bullish on this indicator.

#### RESISTANCE AND SUPPORT LEVELS:

2089 - 20-Day Simple Moving Average Plus 2 Standard Deviations

2055 - Highest High in last 10-Days

2055 - Highest High in last 50-Days

2006 - 20-Day Simple Moving Average Plus 1 Standard Deviation

1953 - 10-Day Simple Moving Average

1950 - 100-Day Simple Moving Average

1915 - 200-Day Simple Moving Average

1904 - 25-Day Simple Moving Average

1876 - 50-Day Simple Moving Average

1850 - 3-Day Simple Moving Average

1841 - 20-Day Simple Moving Average Minus 1 Standard Deviation

1835 - High

1816 - Last Price

1812 - Low

1812 - Lowest Low in last 10-Days

1758 - 20-Day Simple Moving Average Minus 2 Standard Deviations

1753 - Lowest Low in last 50-Days

#### **Softs - Cocoa prices lower on improving supply outlook from Ivory Coast**

LONDON (Thomson Financial) - Cocoa prices could continue sliding this week after losing 4 pct last week, as investors book profits after the bean's recent strong run, fearing supplies from West Africa could be better than first thought. Two weeks ago, prices had risen to two-month highs on concerns over tight supplies from leading producer the Ivory Coast.

However, with deliveries from the number one West African producer now arriving into port at a faster-than-expected rate, prices have retreated as market players try to gauge the strength of the overall crop. One cocoa analyst said the higher-than-expected levels of supply had undermined the bull's case for the moment and they expected to see some more profit-taking while speculative players stuck to the sidelines until the size of the Ivory Coast crop could be better assessed.

However, they also cautioned that black pod disease still proved a significant threat to supply from the Ivory Coast, so a reversal in cocoa prices could certainly not be discounted. At 4.54 pm, cocoa for December delivery on the Euronext Liffe in London was down at 932 stg against 949 stg at the close Friday.

In other softs traded, wheat prices are retreating further from their recent record highs, with some players fearing the recent rally has been overdone. News of a good crop from Argentina is also weighing on prices, analysts said. Milling wheat for November delivery was down almost 7 pct at 235.50 eur per tonne against 253.25 eur on Euronext Liffe in Paris, while feed wheat for November delivery was down over 11 pct at 150 stg against 169 stg on the Euronext Liffe in London.

Elsewhere, Robusta coffee for November delivery was up to 1,950 usd against 1,915 usd at the close on Friday. Fears of more dry weather conditions in key producer Brazil continue to support the market. Fund money has also flowed into coffee, pushing up prices, with the latest Commitments of Traders report showing speculative net long positions - or bets on price rises - are up by almost 6,000 to 47,715 in the last week.

Finally, No 5 white sugar for December delivery was down at 273 usd a tonne on the Euronext Liffe against 275 usd at the close Friday, with the outlook for prices still muted on account of the global oversupply. d.sheppard@thomson.com ds1/cm2

## **Markets to Watch 10/09/2007**

Tuesday, October 09, 2007

by Mike Zaremski of XPRESSTRADE

Cocoa: New York Cocoa prices are supportive this morning, defying bearish fundamentals of a predicted rise in Ghana's Cocoa production forecast and a sharply higher U.S. Dollar vs. the British Pound. In addition, the Cocoa harvest in the Ivory Coast has begun, which may spur some origin hedge selling on any rally attempts. In early trade, December Cocoa was trading at \$1835, up \$19.

## **DJ US Commodities: Coffee Hits 9-Mo High On Weather Forecast**

10/11/2007 -- 16:00

NEW YORK (Dow Jones)--Most-active December cocoa contracts gained \$20 to settle at \$1,855 a metric ton. March cocoa futures settled \$6 higher at \$1,841 a ton.

## **Nigerian cocoa price rises on supply shortfall**

Reuters on 10 October, 2007

The upcountry price of Nigeria's graded cocoa beans clim-bed 2.4 percent to N215,000 (\$1,724) per tonne in the last month on low supply, buyers and exporters said on Tuesday.

Heavy rainfall in the key southwest cocoa growing zone made it difficult for farmers to ferment and dry their beans leading to a higher degree of moisture and a shortfall in supply of quality beans, they said. "There is the problem of moisture caused by too much rain, that is why beans are very scarce in the market," one Licensed Buying Agent (LBA), who procures beans upcountry for exporters, told Reuters.

Exporters put the mould level in September at 20-30 percent and said LBAs and farmers were hoarding beans to blend with the October harvest which is expected to be of higher quality. Most international traders accept mould levels not higher than 5-7 percent. "The quality is just getting to the level of mould where people would become interested," one exporter said. "The only buyers at the moment are (local) processors."

Exporters in Nigeria face stiff competition for beans from domestic grinders who have seen capacity expand rapidly in the last few years. The price in Nigeria's main port city of Lagos was stable at 225,000 naira per tonne on average, exporters said. Farmgate prices for ungraded cocoa were also flat at 200,000 naira per tonne due partly to quality problems, buyers said.

London cocoa futures finished lower on Monday, weakened by a setback in New York with speculators starting to liquidate their longs. The March contract ended down 15 pounds at 947 pounds a tonne.

Nigeria's main harvest started one month early and traders and farmers have said improved weather conditions have reduced concerns over black pod disease and raised hopes of a bumper harvest. The main growers group in the world's fifth largest cocoa producer said last week that Nigeria's 2007/08 harvest is expected to be around 300,000 tonnes, compared to the usual 180,000 to 200,000 tonnes estimated by exporters. Nigeria's 2006/07 crop was depressed by a shortage of chemicals to spray diseased and aged plantations, heavy rainfall just before the start of the main harvest and a long dry season.

Following is a table of estimated Nigerian cocoa prices in naira as quoted by farmers, LBAs and exporters.

LOCATION	OCT 9	SEPT 14
Farmgate	200,000	200,000
Upcountry from LBAs	215,000	210,000
Lagos ports from LBAs	225,000	225,000

(\$1 = 124.65 naira)

## **Business & Economy**

### **Ghana cocoa season starts Oct 19, may top 650,000 tonnes**

By Kwasi Kpodo

Mon 8 Oct 2007

ACCRA (Reuters) - Ghana's 2007-08 main cocoa season will open Oct 19 with industry regulator Ghana Cocoa Board (Cocobod) expecting production to top the previous harvest and reach at least 650,000 tonnes, officials said. "We're set for the opening of the season on Oct. 19," a senior Cocobod official, who asked not to be identified, told Reuters. "It's a Friday as usual and currently we're still meeting with key stakeholders to double check everybody's preparedness for the opening."

Cocobod is the sole authorised purchaser of cocoa beans in Ghana and the official said it expected to buy at least 650,000 tonnes in the 2007-2008 season if the current rainy weather remains moderate with intermittent sunshine.

Ghanaian President John Kufuor announced last week an increase in farmgate cocoa prices to 950 cedis (\$1,010) per tonne, from 915 new cedis, as part of a drive to sustain production.

The 2006-2007 harvest, which closed Sept 20, was expected to total around 620,000 tonnes, officials have said. "What we've got so far is about 617,000 (tonnes) but we still expect to get some addition from the mopping up activities," Cocobod Chief Executive Isaac Osei said at the weekend. Ghana runs a two-crop cocoa season: the October-to-June main crop, which is exported, and the July-to-September mid crop, which is cheaper and mainly sold to local processors. Cocobod is tallying up its purchases for the 2007 mid crop, which was one of the lowest in recent years due to a shortage of rainfall. The main crop totalled 586,583 tonnes.

Industry watchers have described Cocobod's forecast for the forthcoming season as conservative, citing a string of production records in the last five years. "It's a conservative forecast since we all expect the upcoming crop to definitely surpass that of the just ended season," said the official, adding that Cocobod was being cautious due to concerns over fugal Black Pod disease due to the wet conditions.

Cocobod said it was spending at least \$90 million on an expanded pests and disease control this year in renewed efforts to bolster cocoa output towards its ambitious target of reaching 1 million tonnes by 2010, up from an average of 600,000 tonnes over the past five years. To achieve the set target for the next three years, Cocobod, supported by the government, has outlined an incentive package including a bonus payment and a housing scheme for farmers, in addition to an expanded disease and pest control, fertilization and the adoption of high-yielding cocoa seeds.

#### **Strong demand drives up Ivorian cocoa prices Oct 1-7**

Wed 10 Oct 2007, (Reuters)

ABIDJAN --- High quality beans and competition from buyers drove cocoa farmgate prices higher in Ivory Coast's main growing regions in the first week of October, data from the Coffee and Cocoa Bourse (BCC) showed on Wednesday.

In the southern region of Divo, the average price jumped sharply by 65 CFA francs (\$0.14) to 415 CFA francs from Oct. 1-7 as private buyers and representatives of exporters competed for the best quality beans. "Buyers are everywhere. They want large amounts of beans," said farmer Mathurin Kouame. "Beans are of good quality and good size. On the ground, we saw about 100 beans per 100 grammes."

In the southern region of Agboville, farmers were happy to sell their beans for at least 400 CFA francs per kg. They said prices were high compared to the same period last year due to the fierce competition. "Many buyers want cocoa here to deliver it at the port of Abidjan" said farmer Jerome Patende. "I sold last week at 420 CFA per kg. It is better than last year when I got between 325 and 350 CFA francs per kg in the same period." Farmers said they were worried about drying conditions as abundant rains continued to fall in the region. They added that wet weather could raise the humidity level of beans. "If rains continue to fall and the weather is cloudy, it will be difficult to dry properly. The consequence will be a loss of money," said Patende.

The BCC opened the season by announcing in late September a higher guideline farm gate price of 450 CFA per kg for October to December, up from 400. This rate is merely a non-binding, recommended minimum for buyers to pay farmers. Price data were unavailable for many cocoa regions as buyers had not yet passed on rates to the BCC, an official said. Below are average farmgate prices in CFA francs per kg as quoted by private buyers, cooperatives and shippers, and published by the BCC. Included are prices paid on delivery at San Pedro and Abidjan ports.

Oct 1-7 Sept 24-30 Abengourou n/a n/a Aboisso 410 370 Adzope n/a n/a Agboville 450 n/a Bongouanou n/a n/a Daloa n/a n/a  
Divo 415 350 Gagnoa n/a n/a San Pedro 440 430 Sassandra n/a n/a Sinfra n/a n/a Soubre 410 390 -----  
----- Abidjan (port) n/a n/a San Pedro (port) 490 500

#### **Lindt & Spruengli to hike prices by 6-8 pct next year - CEO Tanner**

AFX News Limited

10.10.07

ZURICH (Thomson Financial) - Chocoladefabriken Lindt & Spruengli AG plans price hikes of 6-8 pct for next year, reflecting milk shortages and rising prices for cocoa beans, chief executive and chairman Ernst Tanner told French-speaking Swiss newspaper Le Matin. The company is particularly exposed to rising cocoa prices given it uses primarily premium cocoa, which

is already two to three times more expensive than average cocoa beans. Lindt & Spruengli is the world market leader in the premium chocolate segment.

Commenting on recent speculation linking Lindt & Spruengli with a bid for Campbell Soup Co's premium chocolate brand Godiva Chocolatier, Tanner said that the company is assessing all opportunities that may boost its business development. However, nothing has been decided yet, he added.

### **Cadbury confectionery sales rise 10 per cent**

By Charlotte Eyre

FoodProductionDaily.com, France

10/10/2007 - The Cadbury Schweppes drive to boost margins is full steam ahead, boosted by the demerger of an underperforming drinks arm, as the company today announced confectionery revenues grew by ten per cent over the third quarter. The company is currently focusing on a massive reorganisation, aiming to increase its share of the confectionery market while demerging its US beverages business.

The company also announced today that it would list the beverages business on the New York Stock Exchange by issuing new shares to current stockholders. The confectionery division was particularly lucrative for the company this year, with all four regions - Britain, Ireland, the Middle East and Africa (BIMA), Europe, the Americas and Asia Pacific - experiencing revenue growth, Cadbury said.

In the BIMA region sales increased 12 per cent, aided by an impressive 13 per cent rise in the UK, the company said. Business in Britain was boosted by increased market spend, Cadbury added, as well as "a strong recovery from the 2006 product recall and a cooler summer". In Europe and the Americas revenues increased by 10 per cent and 14 per cent respectively, helped in part by strong chewing gum sales in France, Spain, Russia and the US. Sales remained stagnant in Australia and New Zealand compared to the strong results in 2006, Cadbury reported. The company cited "continued challenges in the Australian retail market" as a factor.

However, overall sales in the Asia Pacific grew two per cent thanks to the emerging markets of India, where Bubbaloobubblegum was launched in July, and Thailand, the company said. Todd Stitzer, Cadbury's chief executive officer, said the confectionery growth was in part due to the company's actions to increase its margins by four to six per cent per annum over the next few years.

Cadbury has carried out massive changes to operations this summer, including downsizing central London offices, creating the new BIMA group, and switching jobs from the UK to Poland. Continuing these improvements over the 2008 - 2011 period, the company will reduce its workforce and manufacturing operations by 15 per cent, Stitzer said. "Furthermore, supply chain configuration benefits will reduce manufacturing costs from 2009 onwards," he added.

The plans to increase margins should lead to per annum growth of four to six per cent in the 2008 - 2011 period, as well as an "efficient" balance sheet, the company said.

Cadbury Schweppes also announced today that the company has now decided to demerge the US beverages business, making a U-turn on earlier plans to sell the division. "On 2

Like other food companies, the world's largest confectionery maker cannot ignore regulatory, consumer and investor pressures to reduce manufacturers' impact on the environment. Paul Dickenson, CDP chief executive, praised Cadbury for taking this "significant milestone" and called on other companies to follow the example.

Cadbury already reports on its manufacturing CO2 emissions and earlier this year set an absolute target of reducing carbon emissions by 50 per cent by 2020. The company also set targets for packaging and water-use reduction. "By engaging its supply chain in the CDP process, Cadbury Schweppes will encourage its suppliers to measure and manage their greenhouse gas emissions, and ultimately reduce the total carbon footprint of Cadbury Schweppes' indirect emissions," Dickenson said.

He also admitted that the move was also a strategic step for the company as "investors use the quality of a disclosure as a very useful tool to assess how seriously a company is taking the issues of climate change". The Carbon Disclosure Project is an independent not-for-profit organisation that acts as a global secretariat for institutional investor collaboration on climate change. The project conducts a global survey of the top 500 public companies, asking for disclosure and transparency in CO2 emissions and reduction targets.

In September, the CDP highlighted Cadbury as being top of its class for the actions it has taken against climate change. "Cadbury Schweppes was judged among the best in its sector, and distinguished by the disclosure of its strategic awareness of the risks and opportunities of climate change, as well as the quality and effectiveness of programmes put in place to reduce emissions," CDP said.

In a recent report the CDP also praised food companies such as Diageo, Coca-Cola and Unilever, after asking manufacturers to fill in a questionnaire on how they try to reduce carbon emissions. About 42 per cent of those responding to the survey in food and drug retailing said they had a CO2 emissions reduction programme in place. About 30 per cent of food manufacturers said they had one.

Dickinson said investors are increasingly viewing good carbon management as a sign of good corporate management. "Our investors are using the quality of the disclosure as a very useful tool to assess how seriously a company is taking the issues of climate change," he said. "As CDP data plays an increasingly important role in informing investors on a company's approach to climate change, the pressure is increasing on companies to respond. And, by moving CDP data collection into company supply chain management, CDP's reach will grow enormously."

CDP is a collaboration of about 315 institutional investors with assets under management of about \$41 trillion.

### **China price hikes affecting global food chain**

AP-foodtechnology.com, France, By Charlotte Eyre

08/10/2007 - Food and ingredient prices are growing at a faster pace in China than anywhere else in the world, having serious repercussions for business both domestically and on an international field. For several years Western economies have regarded China as a source of cheap materials, labour and inexpensive food imports. However, food companies around the world now have to deal with the effects that Westernised eating habits, a booming population and higher consumer prices in China are having on the rest of the world.

The country's booming population is currently gobbling up massive amounts of the world's food supply, and the country's grain demand will rise to 550m tonnes by 2010, compared to an output of 490m tonnes in 2006, according to the White Book of China's Grain Issues, released by the State Council.

China will therefore have to increase its annual grain output by at least 2.5m tonnes every year until 2010 to cope with the growing population, or try to import it from elsewhere.

In an article written for the Financial Times, Dow Jones financial expert Tracy Zheng said that the government has already started selling off its limited reserves. "It sold 200,000 tons of vegetable oil offered at an auction. The oil went at the high end of market prices, indicating that there is a strong domestic demand," she said. "What's more, China will hold auctions to sell imported wheat from reserves once or twice a month."

To compound matters, drought weather conditions, attributed to global warming are currently affecting several grain growing nations, reducing the amount of available imports. For example, grain value is expected to undergo about a 21 per cent rise over the year to AUS\$273 (€166) due to drought conditions brought on by global warming, according to the Australian Bureau of Agricultural and Resource Economics (ABARE).



In the EU's 27 member countries, a lower than expected harvest in 2006 of 265.5m tonnes has led to tightening supplies at the end of the growing season in 2007.

Another factor putting pressure on China's food supply is increasingly Westernised eating habits. In the past, a large part of the Chinese diet was based on fish, rice and vegetables, all available in large supplies in and around the region, whereas now the Chinese have acquired a taste for meat, eggs and dairy products.

While no-one could begrudge any nation the right to decide whatever they so choose to put on their plates, certain sectors are feeling their supplies are starting to dwindle.

In the dairy sector, for example, the US Department of Agriculture (USDA) last month reported that the price of milk is up 98 per cent from last year, setting the highest price on record at \$21 per 100 pounds of farm milk. The US is not the only country having to pay for China's demand for dairy products, as the price of cream in the UK has jumped by 23 per cent this year, and in Australia consumers are paying 60 per cent more for skimmed milk than they did six months ago.

We live in an increasingly globalised economy, and we are certainly fed thanks to a globalised food chain, (and) so no-one could pretend that these events in China will not have an effect on the rest of the world. Consumers in China are now experiencing some of the highest food prices in years, prompting fears these higher costs will now spread to the rest of the world.

According to Philip Bowring writing for the Asia Sentinel, in August consumer price inflation hit a 10 year high of 5.6 per cent. "This comes on the heels of declining imports from China," he said. "It can not be regarded as a one-off event, as it is likely to be the beginning of a sustained rise fuelled by several factors."

Bowring argues that the Westernisation of China, resulting in a demand for higher wages, consumer spending power and richer diets, will result in food companies paying the price in the future. "Taking all factors into account it seems very likely that the China effect will contribute significantly to keeping prices, and inflation, high," he said.

Bowring and thousand of other experts who predict "agri-flation" have had their opinions validated by the financial statements of many companies all over the world. Only last week, New Zealand Woolworth's boss Michael Luscombe warned that the company's target will be a 40 per cent reduction by 2015 against business as usual performance because of the crushing combination of export demand from China and India as well as drought weather conditions.

While company bosses such as Luscombe do try to keep prices low, many companies have admitted in recent months that consumers will have to pay more.

US dairy giant Dean Foods have this month been forced to up the price of milk, cream and yoghurts, "as a result of this extreme commodity environment," while ingredients company Purac has announced it is increasing its prices increases for lactic acid, lactates, gluconic acid and gluconates because of the higher commodity prices.

In the wealthier West, no-one envisages riots breaking out just yet, as almost happened in China last year when the price of noodles went up, but with the threat of high inflation hanging over the US and the UK, companies are certainly fearing a consumer backlash over extra costs.

All is not doom and gloom, however, as some companies are still managing to make a healthy profit despite the global repercussions that China is having on the food industry. Many companies have diversified operations in recent years, turning from traditionally popular products towards processed or easily exportable brands.

Russian dairy producer Will-Bill-Dann has been particularly profitable this year, with shares rocketing 132 per cent in 2007. The company's success could be due diversifying into areas such as the beauty food market, with its antioxidant drink, or the functional dairy foods arena.

Many experts also believe that another way to survive is indeed to market products specifically made for Asian consumers, such as dried milk powder hot chocolate mix and certain brands of processed cheese. Mergers and acquisitions have also been popular this year, as companies reposition themselves in a complex market, either to enter into growth areas such as health and nutritional products, or to have a stronger food hold in the high growth regions of Asia and Eastern Europe.

This year Nestlé, Cadbury, Diageo, Heineken, Intersnack in Germany, Unilever and Frutarom have all been in M&A deals in recent months, or are thought to be on the prowl for suitable investments.



### **Northern Foods feels commodity squeeze**

FoodProductionDaily.com, France, By Charlotte Eyre

11/10/2007 - Global food manufacturer Northern Foods this week warned that it faces price rises of up to ten per cent because of steep commodity price increases in the UK. "In line with industry trends, commodity prices have continued to accelerate during the last three months, especially in cereals, dairy, cocoa and fats, reflecting difficult global market conditions and constrained UK supply," the company said.

Like many large food companies, Northern Foods is coming under increasing pressure to keep making profits and not pass on the cost to customers, as the prices of raw materials continue to grow.

In a trading update for the 26 weeks ended 29 September, the company expects material costs to be four to five per cent higher than last year, "representing an annualised impact of approximately eight to ten per cent."

However, the company still experienced growth in many of its divisions, said Stefan Barden, chief executive officer. "We are operating in a challenging trading environment, but the achievements of the past twelve months have positioned us well to deal with these conditions," he said.

Bakery sales, including Fox biscuits, grew 2.8 per cent during the first half year, attributed in part to higher sales of own label brands and more money being spent on promotion. Building on this success, the company will launch a new premium brand of biscuits this Christmas. Sales of ready meals, sandwiches and salads were also good, the company said, despite poor summer weather in the UK.

In the frozen division, on the other hand, revenues declined 2.6 per cent, despite a "robust" performance of the Goodfella's brand.

Commodity prices have been rising sharply over recent years due to a number of factors, including Drought in Australia, adverse weather in Europe and foot and mouth in the UK.

The International Grains Council is predicting a seven million tonne shortfall in the global wheat supply to meet demand in 2007-8, as it downgraded its harvest estimates to 607m tonnes.

This in turn affects the price of meat, as farmers must then pay more for animal feed. Feed wheat costs are 40 per cent higher than this time last year and almost 70 per cent higher than 2005, the British Poultry Council warned last month.

Couple these unforeseen events on the supply side with the increased demand from China and the squeeze is on operating budgets, and perhaps even production output, as is the situation currently facing many manufacturers.

### **EU rejects delay in West Africa trade talks**

Wed 10 Oct 2007, 15:46 GMT

BRUSSELS, Oct 10 (Reuters) - The EU has rejected a request from West Africa for a two-year extension of preferential trade terms but is offering flexibility in talks about a new deal, a European Commission official said on Wednesday. The European Union and nearly 80 countries in the Africa, Caribbean and Pacific (ACP) group have been talking for seven years about new, so-called Economic Partnership Agreements.

They would replace existing preferential trade deals which the World Trade Organisation has ruled are illegal and must be scrapped by the end of this year. "We cannot and will not ask the WTO for a waiver," the European Commission official told Reuters.

The West African region -- one of six blocks of ACP countries negotiating with the EU -- asked for the two-year delay last week. "The only possibility is a two-stage approach," the official said. Both parties could seek a WTO-compatible interim agreement covering their trade in goods, leaving other issues such as services to be solved next year.

Last week, the EU and the Pacific region agreed to press for an interim deal by the end of the year. The European Commission has repeatedly warned that if new, WTO-compliant agreements are not in place by the start of 2008, many ACP countries risk losing some existing trade privileges for their exports of goods such as textiles, cocoa and bananas.

Anti-poverty campaign group Oxfam has accused Brussels of strong-arming ACP countries into agreements that will open up their economies too much and expose local business to fierce competition from Europe.

## **Processing & Manufacturing**

### **German Q3 2007 Cocoa Grindings Up 24.9% on Year (DJ)**

Source: Dow Jones Newswires  
08/10/2007

London, Oct. 5 - Germany's third-quarter cocoa bean grind totaled 106,041 metric tons, up 24.9% on the year, confectionary industry group Bundesverband der Deutschen Suesswarenindustrie said Friday. These are up from second-quarter grindings of 78,528 tons, which were up 6.6% from the same time last year. German grindings are the first indication of cocoa use in Europe, with European cocoa grind figures expected to be published soon by the European Cocoa Association.

### **Barry Callebaut launches new antioxidant cocoa**

NutraIngredients.com, France, By Charlotte Eyre  
09/10/2007

Barry Callebaut today said it is adding to its healthy chocolate portfolio with the official launch of a cocoa product containing a high level of antioxidant flavanols. Like many other companies, the Swiss chocolatier has spent millions on formulating and marketing what it deems to be healthier chocolate products, as consumers are slowly turning away from perceived fatty or sugary treats.

According to Hans Vriens, chief innovation officer at Barry Callebaut, the new Acticoa product contains about 80 per cent of the flavanols found in raw cocoa, meaning that only two grams will have an anti-oxidant affect on human health. "Acticoa is the result of years of research into developing innovative products that combine the good taste of high-quality chocolate with the many health benefits of the cocoa bean," he said.

The flavanol-rich cocoa can be used not only in chocolate drinks but also desserts, functional biscuits, confectionery fillings and snacks, and Barry Callebaut is looking to help manufacturers outside the US find a range of uses for the product, the company said. "This cocoa powder is a potentially rich source for manufacturers looking to lend real added value to their products and thus find new ways to differentiate them from the competition," Vriens claimed.

Flavanols are thought to have a positive effect on human health because they help neutralise free radicals that could damage the body's cells, and cause oxidative stress. Prolonged exposure to oxidative stress has been linked to the development of wide range of chronic disease, including cancer, cardiovascular disease, arthritis, diabetes, and neurodegenerative diseases like Alzheimer's.

Barry Callebaut's claims are backed up by recent research from the American Association for the Advancement of Science (AAAS), which stated that flavanol-rich chocolate may boost blood flow in the brain and improve cardiovascular health.

The AAAS linked cocoa flavanols to the improving blood flow via increased production of nitric oxide, a molecule used by the endothelium to signal surrounding muscle to relax, which also has implications for cognitive function, especially learning and memory. The results are particularly encouraging for the baby boomer generation, born between 1946 and 1964, researchers said.

This age-group forms the biggest age-bracket of the population in both the US and Europe, they explained, and they are increasingly aware of potential heart disease and cognitive decline, including Alzheimer's, a disease that is expected to quadruple in prevalence by 2047. The cocoa product will be officially launched at the FIE show in London later this month.

According to market analysts Frost and Sullivan, revenues from antioxidant enhanced food products are predicted to grow from 46m (\$55m) in 2004 to 58m (\$70m) in 2008, as the trend shows so signs of abating. Other companies promoting the antioxidant affects of cocoa include Mars, which has helped carry out research into the Kuna Indians of Panama, a population who consume large amounts of cocoa and who have unusually low rates of hypertension and cardiovascular disease.

Hershey is another company jumping on thmTkKBMBB...AvhRmB:T:MANvyR.../TkBI...NT,:/Nv RBk...:v RmNkMT:T,/NT/I...:v RmI...

08/10/07 Barry Callebaut, the world's leading manufacturer of high-quality cocoa and chocolate products, announced today that it signed an agreement to acquire 100% of Food Processing International, Inc. (FPI), a cocoa processing company in Eddystone near Philadelphia, Pennsylvania, U.S.A. FPI owns a factory with a capacity for cocoa liquor production of 25,000 metric tons per year. Financed by a group of private investors, the factory started production in 2006 and is now fully operational.

A good part of the capacity utilization is secured by a long-term supply agreement FPI has with existing customers for the delivery of up to 16,000 metric tons of cocoa liquor and up to 10,000 metric tons of cocoa powder and butter. Closing of the transaction is expected during October 2007. Barry Callebaut intends to increase the production capacity of the factory to 50,000 metric tons (110 million pounds) within the next 2 to 3 years to meet its own growing needs for semi-finished products as well as to supply third-party customers. The capacity expansion will include pressing, grinding and deodorizing equipment to make cocoa butter and cocoa powder. The total investment amount including the expansion will be CHF 62 million / USD 51 million. With cocoa factories in France, Italy, Belgium, the U.K., Ivory Coast, Ghana, Cameroon, Brazil, Canada and the U.S., Barry Callebaut has a good factory footprint for cocoa processing with a balance between origin countries and enough production capacity close to its customers in consuming countries. The cocoa processing factory in Eddystone will allow Barry Callebaut to further optimize its factory network and supply chain in North America.

Patrick De Maeseire, CEO of Barry Callebaut, said: "We are investing in cocoa operations because the taste and the quality of chocolate are already defined at this early processing stage. We need a modern site for the production of semi-finished products such as cocoa liquor, cocoa butter and cocoa powder in the United States to keep up with the current and future expectations of our customers especially in the high-end quality segment, as well as our own internal needs."

#### **CRIN develops 30 new technologies for five crops**

The Tide, Nigeria - Oct 10, 2007

• Wednesday, Oct 10, 2007

Prof Gerald Iremiren, the Executive Director of the Cocoa Research Institute of Nigeria (CRIN) has said in Accra that the institute had developed 30 different technologies for value addition to its five mandate crops.

The crops include cocoa, coffee kola, tea and cashew.

Speaking with newsmen in Accra, Iremren said 21 of the technologies had been patented with the Federal Ministry of Commerce and Industry. He said the institute was in the process of refining the products while researching into new ones and gradually transfers the technology for processing the crops into various products to farmers. "We organise training programmes for the farmers where we transfer the technology so that at the farm level they can process the crops into various products," he said.

He said the farmers were being trained to adapt the technologies because the private sector people were not keen on paying for them. "Some of the private sector people have been coming. We offer these technologies to them for as cheap as N2 million, but they don't, want to pay. They want us to give it to them free," he said.

However, he said the situation was gradually getting better as three Nigerian investors were discussing with the institute about buying off the technologies. He said that Nigerian investors must understand the need for them to invest and be patient, as they would recoup their investment over time.

On the ongoing Round Table of Sustainable World Cocoa Economy, he said the meeting was aimed at addressing the challenges encountered by the producers, processors, marketers and consumers. "This will ensure improvement in service delivery and prevent a situation whereby some sectors of the cocoa economy are happy while some are not in terms of prices and happenings in the field. The conference is looking into the future. The essence is to work out a general formula whereby all stakeholders worldwide will be talking the same language.

Governments have a role to play in order to encourage farmers and encourage research and development; the farmers also have their own roles to play in terms of adopting good practice and avoiding child labour. "The consumers also have a role to play because: we are making it clear to them that what is coming back to the farmer is just too small. 'This conference is to make sure that we all know our different roles and institute measures for all the stakeholders to play their different roles.

On what the producing countries should do to jack up prices, he said for now it would be difficult to achieve as the consumer nations' stockpile was very large with producing nations also increasing production. According to him, production has outstripped demand and going by the law of economics, farmers cannot get good prices.

## **Others**

### **Stable income for farmers top agenda as cocoa producers meet**

Afrique en ligne, France Accra,  
08/10/2007

Ghana - Ensuring stable income for farmers is high on the agenda as the 70th General Assembly of member countries of the Cocoa Producer Alliance (COPAL) opened in Accra on Monday. "Millions of cocoa producers who depend on the commodity for their sustenance are looking up to us for a better standard of living as their incomes are subjected to instability on the world cocoa market,"

Mr Isaac Osei, Chief Executive of Ghana's state-owned Cocoa Board, told the opening session of the five-day meeting. Members of the Alliance together produce about 76 per cent of the world output of 2.7 million tonnes but process less than five per cent. Discussions will focus on the smallholder cocoa farmers, who are in the main the biggest producers. "To us therefore sustaining the cocoa industry is fighting poverty head-on and promoting social and economic development," Mr Osei said.

Mr. Sona Ebai, Secretary General of COPAL, said various options of sustaining prices through supply management, diversification, increased processing and "Our biggest challenge is how to bridge this gap between production and processing in order to be able to guarantee high incomes for farmers," he added. Various committees would meet to prepare a report for the Ministers' meeting on Friday, October 12.

### **ICCO Round Table Conference Ends In Accra**

Modern Ghana, Ghana  
Seth Nii Laryea & Nana Yaa Frempong Features  
09/10/2007

The International Cocoa Organisation (ICCO) Round Table Conference dubbed "Towards a Sustainable World Cocoa Economy" ended in Accra over the weekend. The conference, which started on October 3, 2007, was sponsored jointly by the Ministry Agriculture, Nature and Food Quality of the Netherlands and the Ghana Cocoa Board.

Participants met in three separate focus groups and dealt with critical issues among which were "Improving the Sustainability of Cocoa Growing-Actions by Cocoa farmers," "Improving the Sustainability of Cocoa Growing, Commercialisation and Processing-Actions by Governments" and "Improving the Sustainability of the Cocoa Economy-Actions by Private Sector Bodies in the Processing, Manufacturing and Commercialisation stages in the Cocoa Value Chain."

The Conference resolved that in promoting a sustainable world Cocoa economy, the following principles will be aspired to: that is, commitment to transparency, compliance with applicable laws and regulations, contribution to remunerative prices and farmers income, enhancing market access and facilitating trade and diversification of the local economy.

Other principles include maintenance of sound environmental management, conservation and wise use of biodiversity, guarantee decent working conditions, support for farmers and workers to organise themselves and ensure sound land use planning and access to land.

At the end of the conference, delegates and participants called for the facilitation to access different financial services such as credit, savings and insurance, strengthen research and knowledge transfer to farmers along the Cocoa chain and provide training for farmers and education for all in the community through extension services. In addition, participants expressed the view that encouraging progress had been made during this first round table but resolved that much remained to be done before the World Cocoa Economy could be considered as sustainable.

Finally, participants strongly proposed holding a further round table meeting in about 12 months in a cocoa producing country and in this regard, ICCO was invited to consider facilitating this (once agreed by ICCO Council ) to develop a concrete agenda, inviting major stakeholders and create a "neutral space" in which to operate effectively.

In its 34th year of existence, the International Cocoa Organisation (ICCO) has become a unique global forum for dialogue and interaction between government agencies, international organisations and the private sector from both producer and consumer countries on all matters concerning cocoa and cocoa products.

## **Can you call it chocolate sans chocolate?**

By JIM HIGHTOWER

09/10/2007

Shouldn't chocolate contain, you know ... chocolate? By which I mean cocoa butter and solids, derived from the cacao tree, which the dictionary specifically says is "the source of chocolate." No, says Hershey, Nestle, and other industrial candy makers that are petitioning the Food and Drug Administration to let them blatantly lie to us consumers about what's in their confections.

They want to be able to use no chocolate at all — instead substituting artificial sweeteners, hydrogenated and chemically modified vegetable fats, and other artificial ingredients — yet still get to call their product "chocolate." You don't have to be a chocoholic to see that this is a raw deal.

Our fault?

To add insult to injury, Hershey even blames us for its proposed rip-off, claiming that the deceptive label is needed to keep up with the changing "consumer taste preference."

Oh, right — I'm sure there's an explosion of pent-up consumer demand all across America for that yummy taste of chemically modified trans fats. Who wants that old cocoa richness when we could have the waxy texture of the artificial stuff? What we have here is a crass play by the big manufacturers to use cheap ingredients, then advertise and sell the product as fine chocolate.

## **Holland advocates integrated framework for cocoa**

• Wednesday, Oct 10, 2007

The Netherlands Tuesday in Accra called for an integrated framework to address the sustainability concerning the world cocoa economy. Dr. Marcel Vernooij, head Global Affairs, Department of International Affairs in the country's Ministry of Agriculture and Food Quality, made the call in a keynote address at the ongoing Round Table on a Sustainable World Cocoa Economy.

Vernooij said stakeholders should make full use of lessons learned from other agricultural sub-sectors, which already have existing frameworks such as coffee, palm oil, soya and timber. He noted that the issue of sustainability had been systematically incorporated worldwide in legislation, policies and programmes since the 1992 UN Conference on Environment and Development. "There is little information on the sustainability of cocoa for consumers. The Dutch government believes that there is a need for a sector-wide initiative to develop such an integrated framework," he said.

According to him, working within a framework for sustainability has had "tremendous" results in developing environmentally sound agricultural practices, improving labour conditions and income and developing promising economic prospects. The official said sustainable cocoa should be defined in respect of what he called three key pillars of people, planet and profit. "Social responsiveness, sound environmental management and economic viability will have to be respected and promoted in a mutually supportive manner," he said.

He also underscored the importance of transparency in the cocoa market, saying that it would allow farmers to produce cocoa that complies with consumer demands and help them to negotiate a fair price. "The possibility to track and trace cocoa from farmer to consumer is essential for ensuring sustainability. Moreover, it is the best way to prove that the cocoa product has been developed in full conformity with national and international laws and regulations," Vernooij said. While describing the relationship between primary production and consumption as complex, he, however, said that sustainable development is a joint responsibility requiring local, national and international action.

He commended the role of the International Cocoa Organisation (ICCO) in bringing together producer and consumer; nations together to increase mutual understanding and to enhance sound policies and programmes.

The Netherlands has a pivotal position in the world cocoa economy as the largest importer of cocoa beans and gateway to the European consumers. The four-day Round Table which opened on Wednesday was organised by the Ghana Cocoa Board with sponsorship from the Netherlands Ministry of Agriculture.

## **West Africa: Support for Education in Region Cocoa Communities**

Accra Mail (Accra), 11 October 2007

The United States Agency for International Development (USAID) and the World Cocoa Foundation (WCF) have signed a cooperative agreement to launch a significant, multi-year partnership that will provide greater opportunities for thousands of

young people in cocoa farming communities in Ghana and the Ivory Coast. The partnership, known as the ECHOES (Empowering Cocoa Households with Opportunities and Education Solutions) Alliance, brings together the WCF and its member companies with the USAID Africa Education Initiative and the governments of Ghana and the Ivory Coast. Through teacher training, curriculum development and life skills training, the ECHOES Alliance will improve access to quality, relevant education for thousands of children living in cocoa farming communities in West Africa.

"The ECHOES Alliance is a major advance for education in rural Africa. The joining together of industry and governments is a partnership that promises genuine improvement in the lives of African children," commented Dr. Sarah E. Moten, chief, Education Division, USAID's Bureau for Africa. Independent surveys identified education as a major challenge facing cocoa farming communities in West Africa. While recent government efforts have improved enrollment rates, three major problems confront cocoa farming communities:

? The relevancy of education to cocoa farming families; ? The lack of adequately trained teachers for primary and secondary schools; and

? The low level of functional literacy among out-of-school youth and adults.

The ECHOES Alliance will build upon and expand programs sponsored by the WCF, Cloetta Fazer, ED&F Man Cocoa, Kraft Foods, Mars Incorporated, the Norwegian Association of Chocolate Manufacturers, Olam International Ltd., Starbucks Coffee Company and The Hershey Company.

A multi-year effort, programs supported by the ECHOES Alliance will increase school attendance, raise the number of trained teachers, increase livelihood opportunities for young people and improve literacy levels.

The ECHOES Alliance will improve the quality and relevancy of education in cocoa farming communities by:

- Strengthening education policy that mobilizes government ministries
- Strengthening teacher and administrator capabilities
- Training youth and adults in functional literacy
- Establishing and outfitting community education resource centers
- Youth livelihoods education
- Family support scholarships
- Child wellness monitoring
- School-to-school partnerships
- Increasing capacity of community groups to improve education for expanded opportunities

Mrs. Angelina Baiden-Amissah, deputy minister of Education and Sports said, "We in the government of Ghana look forward to this partnership with the ECHOES Alliance. This public-private collaboration will help develop useful and important models for relevant education in our agricultural communities."

"Cocoa farming families are the backbone of our economy and our nation, yet they face many challenges," said Ambassador Diabaté, with the government of Côte d'Ivoire. "We welcome the partnership with the World Cocoa Foundation and USAID because it will bring new ideas, energy and resources to our farmers to better face these challenges."

WCF members will support ECHOES participation in the Ivory Coast, working with the communities of Abengourou, Aboisso, Adzope, Agboville, Alepé, Daloa and Gagnoa. USAID participation will complement WCF members' activities in Ghana focusing on Akrokeri, Bechem, Berekum, Kumasi and Sefwi Wiawso.

Established in 2000, the World Cocoa Foundation plays a leading role in facilitating public-private partnerships to benefit cocoa farming communities through training programs and research. WCF is an industry-supported, non-profit organization representing over 60 chocolate companies and trade associations around the world that account for over 65% of chocolate manufactured. Members are from Europe, North America, Latin America, and Asia representing all components of the supply chain.

Dedicated to the social and economic wellbeing of cocoa farmers in West Africa, Southeast Asia, and Latin America, the Foundation programs focus on raising farmer incomes, improving community wellbeing and supporting environmental sustainability.

*Source: World Cocoa Foundation*





World Trade Organisation had over the years been pushing for fairer trade conditions in the area of agriculture for developing countries.

To improve the livelihoods of poor farmers and agricultural producers in developing countries, Mr. Nkonu disclosed that alternative trade organisations such as FLO would continue appealing to the conscience of consumers to give back to poor communities and countries.

The chief of the village, the headmaster of the school and other dignitaries in the community expressed their gratitude to the company and urged other investors and potential ones to emulate the kind gesture. They noted that the school block and the water project was a dream-come-true, as numerous requests to the government did not yield any result and further urged parents and children to make good use of the opportunity to enroll in the school.

### **Chocolate Week Sees Ethical Products Take Centre-stage**

Response Source (press release), UK - Oct 11, 2007

Get set to sample the finest fairtrade chocolate. The UK is gearing up for Chocolate Week which begins on Oct 15, 2007. But this is a festival with a difference – it will have some of the most ‘ethical’ chocolatiers from all over the country pulling out the stops for what they describe as “the biggest, most indulgent, chocolate celebration the country has ever enjoyed.”

To celebrate Chocolate Week, Report Buyer, has published a new free report which reveals that the fair-trade movement has settled some key issues over definitions, won a large number of awards and come together to become a real force to reckon with in the chocolate market.

“Chocolate Challenges – Emerging Markets and Fair Trade Opportunities for Manufacturers” finds that while market leaders like Hershey’s and Mars are training their sights on emerging markets like China and India, developed markets are seeing a shift towards more premium products including ethical and fair-trade chocolate.

The Author of the report says that in the U.S and Europe, which are leading consumers of chocolate, there’s a growing disdain for mass-produced chocolate bars coupled with an interest in higher priced brands that are committed to ensuring that cocoa farmers in Africa and Latin America get a fair price for their produce.

So while the big guns in the chocolate market set out to woo China and India (both of which are strong consumers of local, traditional sweets) with innovative tactics like endorsing the film Charlie and The Chocolate Factory, back in the U. K, the fair-trade chocolate brigade is all set to bring some chocolate fantasies from the film to life.

Chocolate Week promises treats including a chocolate fountain, sculptures you can eat, talks, discussions and samples of award winning chocolates including a speed tasting event. But before you meet the master chocolatiers, and taste their wares, read this free report to learn all you wanted to know about the history and issues affecting the chocolate market.

## **TIT BITS**

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

### **London coffee up; cocoa and sugar down**

LONDON (October 11, 2007): London robusta coffee futures ended mostly higher on Wednesday as the market consolidated after Tuesday's sharp setback with business dominated by rolling forward of positions out of the front month, dealers said. cocoa futures dipped to a one-month low, weakened partly by the strength of sterling against the dollar while white sugar also ended lower.

### **US MIDDAY: coffee and cocoa up**

NEW YORK (October 11, 2007): ICE arabica coffee futures climbed in early trade on Wednesday, retracing Tuesday's sharp losses as concerns about dry weather in the biggest producer Brazil returned, while cocoa was mostly firm, traders said. "The weather situation is still pretty much the same so we have some people getting long again today," one coffee trader said, about Brazil.

### **New York cocoa firm**

NEW YORK (October 11, 2007): US cocoa closed mostly higher on Tuesday, retracing its losses from Monday when it settled at a five-week low. "The metals, energies and grains were all down to start but made nice comebacks so I think it was a bit of back-riding," one trader said, about the session's main source of support.

### **London coffee and cocoa rises; sugar falls**

LONDON (October 12, 2007): London robusta coffee futures finished higher on Thursday with the nearby premium soaring on concern about a short-term squeeze linked to nearby supply tightness ahead of the next Vietnamese crop, dealers said. cocoa futures ended slightly higher as hedge selling pressure eased following a drop in prices to a one-month low while white sugar finished slightly down.

### **US MIDDAY: coffee and cocoa up**

NEW YORK (October 12, 2007): ICE arabica coffee futures rose over 2 percent early on Thursday on severely dry weather in top grower Brazil, while cocoa gained ground on speculative short-covering, traders said. "Specs and locals are buying, funds very little," one coffee trader said.

### **New York cocoa finds support**

NEW YORK (October 12, 2007): US cocoa ended firm on Wednesday, after players covered short positions in a rangebound session after a recent drop in the market, traders said. "We're getting a little short-covering bounce here, the market's going through a little consolidation as it's holding that \$1,800 support level," one trader said, about the key December contract.

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

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

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

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

**Hope Sona Ebai,**

Secretary General