

EUROPEAN COCOA ASSOCIATION aisbl

NEWSLETTER

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Concoction 2002 will take place on September

13 & 14 in Strasburg, France.

Already 50+ participants (+ spouses)

Please register quickly.

ON THE ECA FRONT

- **EXECUTIVE COMMITTEE AND BOARD OF DIRECTORS**

On April 10, 2002, ECA's second elections - since its official launch on April 19 2000 - took place in Amsterdam.

ECA's new **Executive Committee** is composed of:

- Anthony WARD, Chairman - Chief Executive, ARMAJARO TRADING
- Paul NAAR, Vice-Chairman - Managing Director, GERKENS COCOA
- Eric ANDRE, Treasurer - Managing Director, UNICONTROL COMMODITY B.V.

The Board of Directors is composed of 3 converters, 3 traders and 3 logistic members. In addition to the Executive Committee Members, the other Directors are:

- Guido BLEIJENBERGH (MOLENBERGNATIE)
- Paul DAVIS (ED&F MAN)
- Wim GROENENBOOM (ADM)
- Ijsbrand HEIJNIS (UNICOM)
- Rudolf SCHWAB (BARRY-CALLEBAUT)

- **SGS TO FILL 3RD LOGISTICS SEAT ON BOARD OF DIRECTORS**

We are pleased to announce that on May 1, 2002, Mr. Jean TARDIEU, Senior Vice-President and Global Business Manager, Agricultural Division, SGS, accepted to fill in the remaining logistics seat on the Board of Directors.

- **PIERRE VERMAUT, MARTIN VERSTEEG**

Pierre VERMAUT, ECA's first Chairman, left the Board effective April 10. We want to take this opportunity to thank him for his guidance and advice during these 2 years. Best wishes also to Martin VERSTEEG who has left CORNELDER.

- **NEW EFFECTIVE MEMBER**

We are delighted to welcome, as new member, **Paul DAVIS, representing ED&F MAN** It is a significant addition for ECA but also for the whole associative world within the cocoa chain.

- **UNICOM: 1ST COCOA GRINDING (INDONESIA)**

On February 22, UNICOM officially announced that it planned to launch its first cocoa grinding operation at a new factory in Indonesia on March 1. The factory will supply cocoa cake and cocoa butter to the European factories of the UNICOM group - INCRESA and NORDCACAO. UNICOM declined to give the capacity of the new Indonesian plant.

UNICOM has plans to open more processing factories in cocoa producing countries over the

next few years but declined to say where.

- **ADM MANAGEMENT CHANGES IN COCOA DIVISION**

On March 1, ADM announced major **management changes within the Cocoa Division**. Robert HOBSON was named Managing Director, ADM Cocoa International, responsible for ADM's cocoa business in Europe, Asia and Africa. He will be succeeding Mr. Wim GROENENBOOM, who remains as consultant and ECA Board member.

- **NEW CEO FOR BARRY CALLEBAUT**

Effective June 1, Mr. Patrick de MAESENEIRE will take over as BC's new CEO, with Mr. Andreas SCHMID retaining the chairmanship.

- **BARRY CALLEBAUT ACQUISITION OF STOLLWERCK**

As our members are probably aware of, BC is negotiating the acquisition of the German company STOLLWERCK. STOLLWERCK controls amongst others the Alprose Chocolates in Caslano and realised a profit of €15 million in 2001.

In parallel, BC is negotiating the closing of its cocoa facilities in Bussum, Netherlands. This is part of B-C strategy to reduce its activities in semi-finished products.

B-C transformed 14% of worldwide cocoa beans and realised a profit of 2.5 Swiss francs last year.

- **CONCOCTION 2002**

Much progress has been made in the preparation of this major event.

The **Cocoa-Chain Forum** will address topics ranging from "the relationships between producing and consuming countries" to "the benchmarking of Nike's experience on child labour". **Already 50+ registrations received.**

Mr. Sébastien DANO DJEDJE, the Ivorian Minister of Agriculture, has done us the honour

of accepting our invitation. Among other guests attending are (alphabetical order!) - Mr. Larry GRAHAM, President CMA/NCA - Mr. Hans RYSGAARD, CEO Toms Confectionary Group and ICA (ex IOCCC) Chairman - Mr. Kwame SARPONG, Chief Executive Ghana Cocoa Board - Mr. Hope SONA EBAI, Secretary General, COPAL - Mr. Jan VINGERHOETS, ICCO's Acting Director-General, and many others.

Anyone wishing to also participate may still register, but due to the size of the prestigious Salle du Synode, Palais Rohan, **attendance is unfortunately limited**. Information and registration package available by contacting Sophie Koettlitz (admin@cocoa-eu.com)

ASSOCIATIVE & EU SCENE

- **MERGER FCC/CAL**

On February 15, the Fédération du Commerce des Cacaos (FCC) and the Cocoa Association of London (CAL) announced their merger.

The Board of the new organization, named *Federation of Cocoa Commerce Limited* is composed of six representatives from the cocoa trade, four from the chocolate manufacturing and cocoa processing industry, and four from the origin production/exportation sector. ECA has been invited, and has accepted, to fill one of the four non-voting seats, alongside CAOBISCO and UNICONTROL.

- **JOINT ECA-FCC COMMUNIQUE**

On May 28, the ECA and FCC released the following communiqué, jointly signed by S. OREBI and S. BUTTON, A. WARD and P. NAAR, respectively Chairmen and Vice-Chairmen of FCC and ECA (extract):

Following a meeting between representatives of the FCC and the ECA we have agreed to clarify to the cocoa world the different roles of the two organizations, and to emphasise our joint efforts to work closely together in the interests of the market as a whole. We will actively co-operate through constructive and regular dialogue, to manage and where possible eliminate areas of duplication.

The FCC is, and will continue to be, responsible for managing and developing cocoa bean and

cocoa product contracts and for the provision of comprehensive arbitration services in relation thereto. The FCC will be responsible for ensuring that arbitrations are organised and conducted in an appropriate manner and that the Arbitration Panels are comprised of arbitrators sufficiently qualified to deal with any cocoa related proceedings. The FCC will continue to ensure that it remains apolitical in the pursuance of its objectives of supporting and safeguarding the status and interests of its diverse international membership, which includes all areas of the supply chain including companies based in the cocoa producing countries and chocolate manufacturers.

The ECA will continue to serve the interests of its membership, which includes European cocoa processors, traders and logistic companies. The ECA will involve other parts of the cocoa community where appropriate, and will act as a united front in those cases where the interests of the total chain are served, after due diligence and consultation with the other parties involved. The ECA will, among other activities, strive to ensure that key European cocoa statistics, such as the grind statistics, are collated and published in an orderly and thorough fashion.

The FCC and the ECA will continue to work closely with all parties that have an interest in the long term development and protection of the cocoa market and those that work within it. In representing the interests of their members the FCC and ECA will have particular regard for the concerns of the cocoa producing countries including the issues of sustainability and the socio-economic conditions of cocoa producers.

- **ECA/CAOBISCO JOINT WORKING GROUP ON CONTRACTS**

The first ECA/CAOBISCO Contract Committee will meet on **June 5 in Brussels**.

The participants are:

For ECA: Filipa SECRETIN, B-C - Hans VAN LEEUWEN, ADM – Eef PAALVAST, GERKENS COCOA – Karel MENU, UNICOM

For CAOBISCO: Alan COOK, CAD SCHW – Stéphane MASSERAN, MARS – Cécile DELESTRE, NESTLE

The Committee will start to work on a **European contract for liquid butter** and will then extend its activities to other products.

ECA and CAOBISCO had sought the FCC's participation to the Committee. However, in line with the above communiqué, the Committee's structure will most likely be revised.

- **GRINDING STATISTICS**

CAOBISCO Cocoa Committee recommended to all its **grinding members to join ECA reporting statistics, as a combined exercise**.

MASTERFOODS, FERRERO and KRAFT have already provided their figures, CAD-SCHWEPPE and NESTLE support the recommendation. CAOBISCO has appealed to national associations to obtain smaller grinders' participation.

- **JOINT CAOBISCO/ECA WORK PROGRAM FOR OTA RESEARCH**

The **second OTA Seminar convened by the European Commission** took place on March 7 in Brussels. Tony LASS (Cadbury-Schweppes) presented the report on findings to date.

The final results for this second's year work will be available in June. Early results indicate:

- On fieldwork:
 - low OTA levels at beginning of Main Crop
 - OTA development could start during fermentation and/or drying with differences between years and locations
- During manufacturing:
 - water activity does not create OTA
 - 25-50% of OTA on beans removed by de-shelling
 - further reduction during manufacturing limited
 - lower levels in milk chocolate than in dark chocolate
 - lower levels in dark chocolate than in cocoa powder. However cocoa powder consumed after significant dilution.

- **GIG FUNDING**

ADM, BARRY-CALLEBAUT, BLOMMER & CARGILL

have agreed to fund 87.5% of the proposed US\$ 600,000 – 25% each for the 3 larger grinders, 12.5 % for BLOMMER – allocated to the processors and logistics companies.

The 5 major brands will fund most of the balance of the \$ 3.2 million budget, with CMAA and FCC contributing together \$ 100,000.

- **ECA ON GIG STEERING COMMITTEE**

To handle day-to-day matters and progress issues for review by the full GIG, a Steering Committee was established.

It is composed of the 5 major brands and support groups/consultants. ECA is the only other member, representing processors, traders and logistics.

- **FAREWELL TO IAN TAYLOR**

We want to take this opportunity to bid farewell and wish the best of luck to Mr Ian TAYLOR, CAOBISCO Cocoa Committee Chairman, in his retirement.

OUTSIDE WORLD

- **NEW I.C. MINISTER OF AGRICULTURE**

It was announced on February 27, 2002 that Mr. **Sébastien DANO DJEDJE** would replace Mr. Alphonse DOUATI as Minister of Agriculture.

- **PRICE OF COCOA**

On March 10, the two-month future contract on cocoa touched £1.198 a tonne in London, its highest since 1987.

Experts explained that prices were being driven by the expectation of another six-figure deficit this season. Cocoa prices have been rallying since November on uncertainty over the size of the West African crops. The effect of bad weather and disease have been exacerbated by the I.C. decision to carry out no forward selling since its state-owned marketing board was dismantled in 1999 (Source: Financial

Times March 9-10, 2002)

On May the 17 th, the Financial Times reported that *“Fund By in London pushed Liffe July Cocoa to a peak of £1.280/ton the highest since September 1987”.*

- **ICCO RELOCATES IN ABIDJAN**

The record of Decisions of the ICCO at its 25th special Session (May 7-8) indicates the following:

“Having considered the issues pertaining to the relocation of the Headquarters of the International Cocoa organization, in particular as related to the difficult financial situation of the Organization and bearing in mind the wishes of members to maintain membership contributions at a zero growth level in real terms, the ICCO decides:

- *To relocate the Headquarters of the ICCO to Abidjan, Ivory Coast with effect from 1 January 2003 at the latest*
- *To meet the cost of relocation from the Special Reserve Fund*
- *To hold at least one Council meeting in any cocoa year outside the Headquarters of the Organization, preferably in London or at the invitation of a Members Government.....”*

- **FAIR TRADE CHOCOLATE**

On March 2, Simon Birch commented in the Financial Times as follows: *“If you want to make a real difference to the lives of ordinary people in developing countries, you don’t have to volunteer to work in Africa or Asia. ... Simply by buying coffee and **chocolate** that carries the Fairtrademark you can help a village to gain clean water or enable children to go to schools in countries across the developing world”.*

The article addresses the issue of “fair trade” chocolate and effectively promotes the “Fairtrademark” and the work of the “Fairtrade Foundation” which *“aims to break the cycle of poverty that many farmers in the developing world are locked into by encouraging the sale of products in the UK that carry the Fairtrade mark indicating they have met strict standards. ...*

The article emphasises that the *“Foundation guarantees that the farmers are paid a fair price for their products that never falls below an agreed minimum. The minimum guaranteed price also includes a premium, paid by consumers in the developed world which is passed directly on to the workers and producers”*.

According to the article, UK supermarkets now sell *“more than 90 Fairtrade products in 9 different categories including **Day Chocolate**, a UK-based Fairtrade company whose Divine and Double chocolate bars made from Fairtrade cocoa are making inroads into the UK’s £3.6bn chocolate market”*.

Obviously for information purposes only...

- **MEETING WITH THE IVORY COAST AUTHORITIES IN BRUSSELS**

An important delegation of Ivorian Ministers was in Brussels from March 14 to March 17 to support the launch of AROMA the first Coffee and Cocoa Fair.

On March 14, Robert A. ZEHNDER and David ZIMMER met with His Excellencies Mr Affi N’GUESSAN - Prime Minister, and three other Ministers.

On April 11, Mr. Sébastien DANO DJEDJE responded positively to ECA invitations to participate to Concoction 2002 and to visit our Members facilities in the Netherlands.

MEETINGS/EVENTS

- 18-19 June: **ECA Board Meeting**, Genval, Belgium
 - 12 September: **ECA Board Meeting**, Strasbourg
 - 13 September: **ECA GMM**, Strasbourg
 - 13-14 September: **ECA Concoction 2002, Strasbourg**
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