

EUROPEAN COCOA ASSOCIATION aisbl

NEWSLETTER

2003 # 9 - DECEMBER

We naturally start this ninth issue of (y)our Newsletter by wishing those who did not receive our Seasonal Greetings a Happy and Prosperous New Year.

ON THE ECA FRONT

• ECA SECRETARIAT

There will be **only partial coverage at the ECA office between December 24 and January 5**. In case of emergency do not hesitate to contact Robert A. ZEHNDER, reachable by e-mail and mobile phone. Comments on the Newsletter are also always welcome.

• ECA BOARD MEETING AND GMM

ECA Board and Eighth General Members Meetings were held on September 24 in Purmerend, The Netherlands.

Board Members devoted their entire session to reviewing the **Merger Working Document** and **submitted some amendments**. **Paul DAVIS**, ED&F MAN, is entrusted to **adjust the Document accordingly, prior to circulating the revised Document to the ECA Board Members, before providing it to the FCC Council.**

At the **GMM**, it was reported that:

- The ECA/FCC merger discussions were progressing positively.

- ECA had issued a Statement recommending to its membership not to issue OTA levels certificates/guarantees.
- The Joint ECA/CAOBISCO/FCC Liquid Product Contract was progressing positively.
- **Additional ATO research could be required** to satisfy the Dutch Fires Authorities.

The assembly also heard **two brief presentations from invited guests:**

- **Wim KOKXHOORN**, Chairman of CAOBISCO Cocoa Committee who reported among others on the **communality of interests between the ECA and CAOBISCO Members, and endorsed the ECA posture and recommendation against issuing OTA levels certificates/guarantees.**
- **Peter MCALLISTER**, ICI Executive Director - *Summary of presentation available to Members on request.*

• ANNIVERSARIES

Both **GERKENS** and **ED&F MAN** have **recently celebrated major anniversaries**. Congratulations and best wishes.

• I.C. PACKAGING ISSUE

As you will remember, the **DG Trade** has established, at the ECA request, a **Note Verbale** to formally approach the Ivorian Authorities on the basis of a Technical Barrier to Trade (TBT).

On August 5 the Note Verbale was **sent to the EU Chief of delegation in Abidjan**, in charge of forwarding the document to the **Ivorian Ministries of Industry and Commerce**.

At this stage, ECA has received **no answer from either the local Ivorian Authorities or the Embassy**.

Separately, **ECA has invited Mr. Djikalou** (Permanent IC representative to ICCO) **and a representative of the BNETD** (*Bureau National d'Etudes Techniques et de Développement*, in charge of the study on export packaging for cocoa commissioned by the new Ivorian government) **to visit its members' facilities in the Netherlands**. After many postponements, the visit is **expected to take place in January or February**.

- **MEETINGS WITH THE IVORIAN OTA DELEGATION**

On November 14, **ECA met with an Ivorian Delegation at the I.C. Embassy in Brussels**.

The delegation headed up by Mr. Alain GAUZE (*Ministre, Conseiller Spécial de la Présidence de la République*) was in Brussels **to meet with DG Development and DG Sanco** (Consumers' Health and Safety DG) **regarding the OTA issue**.

As indicated in the Ivorian Progress Report on the 'delegation's November Brussels' Mission' (received by ECA on December 12 and *available to Members on request* – in French), **ECA was successful in obtaining that** the initial Ivorian position requesting a 10 ppb OTA limitation on cocoa and a postponement of the enforcement of the legislation be reconsidered. **Ivory Coast is now urging the EU not to adopt any OTA limitation on cocoa**.

During the meeting, Mr. GAUZE confirmed that **Germany and Italy were in favour of an OTA limitation on cocoa**. He also informed ECA that **Germany was trying to rally Spain and the Netherlands to its position**.

The Ivorian Delegation will therefore carry on its lobbying mission in the following months by meeting with the Health Authorities **in Germany, Italy, Spain, the Netherlands and France**.

- **MEETINGS WITH THE IVORIAN AMBASSADOR**

On **October 22, ECA met the I.C. Ambassador in Brussels, Ms GOSSET**. At the request of the Ambassador, ECA prepared **working documents on OTA and on the child labour issue**. (*both available to Members on request* – in French).

The first document is **to be presented by the Ambassador at the next ACP** (African, Caribbean and Pacific Group of States) **Subcommittee** (which she chairs).

The second document is **to be sent to the PRIMATURE in Ivory Coast**.

ECA is also organizing, at the Ambassador's request, a **meeting with Mr. ROSELAERS, the IPEC** (International Programme for the Elimination of Child Labour) **Director**. The meeting is scheduled to take place in January or February in Geneva.

- **MEETINGS WITH BCC**

On November 28, **ECA met with the BCC representative in Paris, Marc DAUBREY**. The topical issues were reviewed, and the BCC's potential involvement in the certification process was evoked.

- **ATO**

ATO research, undertaken in 2002/2003, demonstrated that **'it is unlikely that self heating of fermented cocoa beans alone leads to ignition'**. However, due to the recent events in the Netherlands, this conclusion does not fully satisfy the Fire Authorities which implies that **some additional research could be needed**.

ECA has received ATO's new proposal on the **'Fire and Toxicological risks of aluminium phosphide'** (*Available to members*). Since previous experiments have been conducted using pure cocoa beans, **the purpose of the new survey is to investigate whether contaminating substances (such as aluminum phosphide) could lead to ignition of cocoa beans**.

The **proposal will be further discussed**

during the next ECA Board Meeting.

- **ECA PAST MEETING AGENDA**

A brief review of past meetings (since our previous Newsletter) to somewhat reflect ECA Secretariat activities:

16-17 September: ICI Advisory Council and Board Meetings, Geneva

18-19 September: GIG Meeting, Rome

24 September: ECA Board Meeting and GMM, Purmerend, the Netherlands

29 September: CAOBISCO/ECA OTA Working Group Meeting, Brussels

13 October: Publication of Grinding Statistics

16 October: EU fourth OTA Forum, Brussels

22 October: Meeting with Ivorian Ambassador, Brussels

12-13 November: JCWG Meeting, Birmingham

14 November: Meeting with Ivorian OTA Delegation, Brussels

18 November: Food and Ingredient Safety Fair, Strasbourg

20 November: Meeting M. VERSTEEG, Sitos – FORTIS Commodity Reception, the Netherlands

21 November: Meeting A. FREDERICQ, ADM

28 November: Meeting Marc DAUBREY, BCC, Paris

December 1-3: ICCO Meeting, London - including meetings with Mr. VAN NIJNATTEN (Policy Officer Global Affairs, NL Ministry of Agriculture, Nature and Food Quality and ICCO delegate), Mr. DJIKALOU (Spokesperson Producer Countries), Mr. SONA EBAI (Secretary General COPAL),...

December 3: Meeting N. SOOD, Nestlé, London

December 9: GIG Meeting, Washington DC

December 10: Meeting Cliff BARNES, Nestlé, Washington DC

December 10: World Cocoa Foundation Meeting, Washington DC

- **CAMEROON'S PACKAGING SITUATION**

At the request of one of its Members, **ECA has introduced a request to the Cameroon Government to adjust the packaging component of their 'cocoa decree' to reflect logistical changes since its 1997 adoption**, i.e. big bags, bulk containers and mega-bulk. *Copy of decree and letter available to Members – in French.*

- **NEXT ECA EVENTS**

4 February: ECA Board Meeting

27 April: Board Meeting and **GMM, location to be announced**

17 June: Board Meeting

22 September: Board Meeting and **GMM**

ASSOCIATIVE & EU SCENE

- **ECA/CAOBISCO/FCC CONTRACT WORKING GROUP**

The eleventh meeting of the JCWG took place in **Birmingham on November 12/13**. The participants **welcomed DARELL HIGH**, Nestlé UK, who was attending his first Contract Meeting.

The participants took note of the **agreement of the three associations to allow the working group to appoint additional participants for Packed /Shipped Products**. Accordingly, the current group decided to **welcome Wim GROEN**, THEOBROMA, as an expert, once the group reaches packed/shipped products.

The participants also took note of **CAOBISCO decision not to appoint any substitute for Stéphane MASSERAN**, who left the Working Group in September after changing responsibility at Masterfoods.

We would like to **thank him for his valuable contribution during this year and an half**.

Participants expect to **produce a final draft of the Liquid Products Contract during the first quarter of 2004**. The draft will require checking by a lawyer and a final rubber stamping from the FCC.

The next challenge of the JCWG will be the **adaptation of the new contract to Cocoa Powder**. The group agreed to work next on **European Packed Products Contract and on a Global Packed products Contract** (Statement by JCWG Chairman, William VENABLES, ED&F MAN *available on request to Members*)

- **OTA - EUROPEAN UNION**

The fourth **EU OTA Forum** took place in Brussels on **October 16**.

Mr. VERSTRAETE, DG Sanco, informed the participants that **the Commission's decisions regarding OTA limitation would be taken at the 'beginning of 2004'**.

The **CAOBISCO/ECA/FCC presentation was handled by Marianne LINDBLOM, Kraft** (*Summary of the Forum and electronic version of the presentation available on request to Members*).

After the Forum, ECA prepared, with the help of its Technical Working Group and Filip BUGGENHOUT, Cargill, an **additional Working Document** (*Working Document available for Members*) **which supports the 'no OTA limitation on cocoa/cocoa products'**:

- **Limits on cocoa/cocoa products as proposed by the Commission are disproportionate versus other commodities:** treatment proportional (in % of rejection) to the major OTA contributor (cereals) would correspond to a limitation on cocoa beans close to 10 ppb
- **Limits as proposed are disproportionate within the cocoa chain:** Cocoa/Chocolate is the only group of products where limits are considered at 3 different stages of the transformation process.

Yet should the Commission put a limit on cocoa powder at 1 ppb (as considered at this stage by the Expert Committee), we postulate that the corresponding value for beans, including the shells, should be around or above 10 ppb.

- **Limits as proposed are even more disproportionate versus other commodities when the dilution factor is taken into account.**
- **Limits as proposed can not be reliably policed.**
- **Economic impact of an OTA limitation on the European cocoa/chocolate Chain:** Should the limit be at 2 ppb on cocoa beans, loss for the European cocoa/chocolate industry is estimated at **€ 1.110 million annually**.
- **Additional health elements that could be partially or totally applicable to cocoa.**

This document will soon be finalized and sent to the joint ECA/CAOBISCO OTA Working Group for further analysis.

- **OTA - CIRAD RESEARCH**

The previous CIRAD research on the origin of OTA in cocoa led to believe that the **major factor contributing to the final OTA level was the harvested pods' state of health**.

They also demonstrated that **mixing healthy and damaged pods during fermentation leads to the rapid development of micro-organisms that are likely to produce mycotoxins** (Source: CIRAD Research Proposal for 2003/2004 Season).

The **CIRAD research proposal** for the 2003/2004 season will:

- **Study the relationship between the type of pod damage observed and OTA levels**
- **Study of the evolution of the quality of the pods collected by smallholders throughout the**

harvesting period.

Both **ADM & CARGILL** confirmed their willingness to financially contribute to this additional research, through ECA.

OTA funding will be further discussed at next ECA Board Meeting.

- **DG INTERNAL TRADE: COMPLAINT ON ITALIAN SITUATION**

In October, **DG Internal Market** was alerted of the current trade barriers faced by the cocoa/chocolate industry in Italy due to the OTA level in cocoa powder and cocoa derived products (Complaints available to Members on request).

The European Commission indicated that it would consider the issue in 'the light of the applicable Community law'.

The information was communicated by DG Internal Trade to DG Sanco with a 10 days deadline to answer.

- **OTA IN NL/OTA IN GERMANY**

As stated before, ECA has been informed that **Germany is trying to convince the Netherlands authorities of the necessity of an OTA limitation on cocoa.**

ECA also learned through one of its Members that the **Dutch Health Authorities would either vote for an OTA limitation on all commodities or for no OTA limitation at all.**

Some of ECA Members have therefore been regularly in contact with the Dutch Authorities (Industry and Health) to explain their position and demonstrate the lack of justification for such a limitation on cocoa.

- **EU: POSSIBLE LIMITATION ON PAH'S/BENZO(A)PYRENE**

The Commission is considering imposing a PAH's (Polycyclic Aromatic Hydrocarbons) limitation and more specifically a 2 ppb

limitation on Benzo(a)pyrene in oils, fats, spread and margarine intended for direct human consumption or used as an ingredient in foods. (Source: EU Draft Working Document for maximum levels for PAHs – available to Members on request).

Cocoa butter which belongs to the category described above would therefore be impacted by this new legislation.

At this stage the origin of PAHs is unknown or ill-defined. Some preliminary data could indicate that the PAH content in Cocoa Butter varies with the country of origin of the cocoa beans. But such does not determine whether its existence results primarily from the drying process or from the proximity of major forest fires.

DG Sanco requested additional data on Cocoa butter, in anticipation of their December 8 and 9 meeting with Member States on in Brussels to further discuss the potential PAH legislation, and the specific issue of Cocoa butter.

- **'WESTERN GRIND STATISTICS' REPORTING**

We would like to thank the A.I.D.I. (Associazione Industrie Dolciarie Italiane) and its Members who will start participating to the ECA/CAOBISCO European Cocoa Grinding Statistics from January 2004 onwards.

As a result, the overall coverage will reach 95% of total European cocoa grinding with 27 reporting companies.

Next publication to take place early January.

- **'EASTERN GRIND STATISTICS' REPORTING**

The publication of the 'Eastern Europe' Grind Statistics should start in January 2004 with 3 companies reporting.

The reporting will progressively be extended to the various grinders outside

the current EU, focusing on the ten new EU countries but also on other countries, like Turkey, where the grinding volume is important.

The 'new' statistics will be **initially maintained and reported separately from the existing ones**. They will **not be published on our website** and will be **available to participating companies only**, with a probable extension to ECA/CAOBISCO Members.

- **GIG & ICI**

The **ICI staff** has made several trips to Western Africa and to stakeholders in Europe and the U.S., in order to better ascertain its role, amid other active players.

It will report on its findings and present its recommendation for project development to the ICI Board in February.

The **GIG is concentrating primarily on certification**, with the July 2005 rapidly approaching.

John CLARINGBOULD, the GIG chair and ICI co-chair, has been appointed General Counsel for the Mars group, effective February 2004. He will relocate to McLean, Va. Heartfelt congratulations, John.

- **ICCO**

The **ICCO held its first full session, under the VIIth UNCTAD Agreement** in London on December 1 – 3 (brief report e-mailed to Members on December 5).

Mr **DJIKALOU** has been **appointed spokesman for the Producer countries**; Mr. **STREICHERT** remains **spokesperson for the Consumer countries**; Mr **BARATTINI** now is the **official spokesperson for the E.U.**, whereas so far each country had a separate vote and participation.

Mr. **TANOKASSI, chairman of the BCC, was appointed chairman of the new "Trade Committee"**, which now combines the former Production, and Consumption committees.

OUTSIDE WORLD

- **GMO**

On September 2002, the EU Parliament and the Council voted 2 regulations on genetically modified food and feed.

EC Regulation 1830/2003 concerns the traceability and labelling of genetically modified organisms and the traceability of food and feed products produced from genetically modified organisms. It amends Directive 2001/18/EC.

EC Regulation 1829/2003 concerns genetically modified food and feed.

Both regulations are available to Members on request.

- **BIO-TERRORISM**

We have stopped reporting on the U.S. Bio-terrorism Act as this issue has now been taken over by the FCC, which relays information from its American counterpart, the CMAA.

- **IVORY COAST EARNINGS FROM EXPORTS OF BEANS AND COCOA PRODUCTS**

Ivory Coast produced 1.30 million metric tons of cocoa beans during the 2002-2003 cocoa marketing season up 8.3% on the 1.20 million tons in 2001-2002.

The country's earnings from export of beans and semi-manufactured cocoa products totalled 1.124 billion CFA francs during the 2002-2003 season, down by 4.34% of the CFA 1.175 billion earnings in the 2001-2002 season. Source: Dow Jones Commodities Service – October 30 2003.

- **COCOA VOLUMES ARRIVING AT I.C. PORTS REMAIN LOW**

'The volume of cocoa arriving at Ivory Coast's ports remains low and was especially disappointing in the crucial first week of December, exporters said on Tuesday December 9).

Between 35,000 and 40,000 tonnes of beans reached the two main ports between December 1 and 7, down from 48,000 in the previous week. Usually, about 70,000 tonnes reaches the ports each week at this key buying period for the world's top grower.

"It's a big disappointment," said a leading exporter

based in the southwest port of San Pedro. "It's slowing down instead of rising, causing real concern among the industry."

Official figures from the West African country's cocoa marketing body (BCC) showed an arrivals shortfall of 12 percent in the first six weeks of the season to the middle of November.

No official figures from the BCC were available yet for the period through to December 7, adding to the confusion about the size of the country's crop.

Exporters said if current trends were confirmed, arrivals would total just 470,000 tonnes at the end of the month, compared with 675,000 last year. Exporters blamed a weak farmgate price, poor transport infrastructure, smuggling into neighbouring countries and deteriorating security in a country that remains divided between a rebel-held north and government-controlled south.

Source: Reuters (Abidjan) – December 10 2003.

• **FERRERO CONSOLIDATES LUXEMBURG HQ**

Should you send an e-mail to Aldo CRISTIANO (Ferrero) old e-mail address, you will receive the following message:

'Ich werde außer Haus sein von 25.08.2003 Bis 31.12.2025.

An original manner to indicate his transfer to Luxemburg!

• **RESEARCHERS FIND COCOA COMBATS CANCER**

*'Cornell University researchers have found that **cocoa contains more antioxidants than red wine or green tea** (an important discovery since studies have shown that their consumption reduces risks associated with cancer and heart disease).*

*Much research has been done on antioxidants in green tea, black tea, red wine and cocoa, although only as separate studies. **In this particular study, all four beverages were tested under the same conditions while using the same methods and serving size.***

Results showed that cocoa had almost twice

the antioxidant capacity of red wine and two to three times that of green tea.

David A. LEVITSKY, a nutritional sciences professor at Cornell, notes that, **"It's very promising that they found the antioxidants, but we still have to see if actually consuming the foods has an effect."** He adds, "The proof will be looking at the rates of atherosclerosis and cancer in the epidemiological (population) studies."

Source: U-Wire 12/03/2003.

• **DEATH OF REKNOWN IVORIAN AUTHOR**

Novelist Ahmadou Kourouma, died December 11, age 76.

While his writings were rarely politically correct, he did depict life in the Ivorian outposts.

He received the coveted Inter (1999), Renaudot and Goncourt des Lycéens (2000) literary prizes.

OTHER MEETINGS/EVENTS

- **19 January:** ECA/DG Internal Trade Meeting
- **20-21 January:** JCWG Meeting, Amsterdam
- **12 February:** ICI Advisory Council Meeting, Geneva
- **13 February:** ICI Board Meeting, Geneva
- **13-15 February:** AROMA Fair, Brussels
- **27 February:** GIG Meeting, London
- **3 March:** CAOBISCO/ECA OTA Working Group Meeting, Brussels
- **8-9 March:** JCWG Meeting, London
- **1 May:** E.U. extension: Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic, and Slovenia to join E.U.
- **3 Sept:** German Cocoa Trade Association Cocoa Dinner – info at: cc@wga-hh.de