

EUROPEAN COCOA ASSOCIATION aisbl

*Please note the change of dates:
next ECA Board and GMM to take
place on September 28 2004
at Sheraton Pulitzer, Amsterdam.*

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ON THE ECA FRONT

• ECA BOARD AND NINTH GMM – APRIL 2004

On April 27 2004 ECA's third elections

- since its official launch on 19 April 2000 - took place in Duin & Kruidberg, Sandpoort, the Netherlands.

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

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

The Board of Directors is composed of 3 converters, 3 traders and 3 logistic members. The chairmanship rotates every other year between these three sectors. In addition to the Executive Committee Members, the **other Directors** are:

- Paul DAVIS (ED&F MAN)
- Wim GROEN (THEOBROMA)
- Robert HOBSON (ADM Cocoa)
- Rudolf SCHWAB (BARRY-CALLEBAUT)
- Dirk VAN HOUTTEGHEM (MOLENBERGNATIE)
- Martin VERSTEEG (SITOS) - replacing Jean TARDIEU (SGS)

We would like to take this opportunity to **thank Jean TARDIEU** for his valuable contribution as Board Member and welcome, again, **Martin VERSTEEG**, who sat on the Board earlier, representing CORNELDER.

The rest of the GMM was devoted to **progress reports on:**

- A proposed **New European Associative Structure**, temporarily on a back-burner,
- The Joint ECA/CAOBISCO/FCC **Standard Products Contracts**
- The 'E.U. files': **OTA, B(a)P/PAH** and

pesticides

- **New Port Security regulations**

- Child Labour **certification**, an update presented by **Alain FREDERICQ (ADM)**, member of the GIG certification team.

• ECA BOARD MEETING – JUNE 17 2004

The **main agreements reached** by the ECA Board during its June 17 meeting included:

- The organization of an '**ECA-FCC Chairmen – Vice-Chairmen' meeting** (participants: Eric ANDRE, Alan COOK, Paul DAVIS and Paul NAAR) to further discuss the new European Structure.
- The **further promotion of the 3 standard contracts vis-à-vis CAOBISCO and FCC.**
- The **ECA official answer to** the article of '**Fraternité Matin**' regarding the Ivorian Packaging issue (see below).

• PACKAGING ISSUE: GOOD NEWS FROM CAMEROON...

As you know, ECA introduced last December a **request to the Cameroon Government to adjust the packaging component of their 'cocoa decree'**.

We are happy to report that, the Cameroon's Assembly (parliament) met on June 15, among other matters, to amend the commercial law, after which the packaging component of the cocoa decree is expected to be revised by August.

• ... NOT (YET) FOR IVORY COAST

As you will remember, the **Ivory Coast confirmed in March its decision to adapt its packaging decree** to allow the use of (mega)bulk and big-bags for cocoa export (ECA Newsletter April 2004).

However, as described in the article of

Fraternité Matin from June 3 (*available to members on request*), there is **political and commercial opposition to an amendment**.

During its June Board Meeting, the ECA Board decided to formally answer the article of the Fraternité Matin through a 'Lettre ouverte' defending the use of (mega)bulk and big-bags (letter available to Membership on request). A copy of the letter will be sent to the Ivorian Ministers of Industry, Commerce, Economy and Agriculture.

At this stage, the European Commission has still not received any answer from the Ivorian Authorities regarding the Note Verbale sent by DG Trade in August 2003.

- **ECA STATEMENT ON PORT SECURITY**

End of June, ECA issued a Statement on Port Security to all origin ports involved in cocoa. The statement briefly describes the new provisions regarding the security of ships and of port facilities developed by the Safety of Life at Sea Convention (SOLAS) and by the new International Ship and Port Facility Security Code (ISPS), which is to become law on July 1, 2004.

In its Statement, ECA emphasizes the **necessity for cocoa exporting ports to comply by the IMO and SOLAS highest standards** and adds its concerns regarding the **logistical implementation of this code that may, to varying degrees, cause some serious problems to both the ship owners/managers and port operators/authorities**. *Statement available to Members on request.*

- **CONGRATULATIONS TO UNICONTROL**

Congratulations to UNICONTROL COMMODITY AMSTERDAM which is the **first port facility in Zaanstad to be ISPS approved for bulk cocoa**.

- **ARMAJARO PURCHASES UNICOM**

ARMAJARO Holdings Limited will purchase a 95% interest in the equity of

UNICOM Holdings from the existing shareholders.

The remaining 5% interest will be retained by Mr. Guido VEENSTRA, the managing Director of UNICOM Holding. The transaction will build on and **develop the cocoa bean sourcing operations of ARMAJARO with the processing activities and cocoa products sales network of the UNICOM Group**.
Source: Press Release – 14 April 2004.

- **NEW COCOA TRADER AT UNICOM**

On May 1 2004, **Marcel DE KOK** started as cocoa trader with UNICOM (International) B.V.

- **ECA PAST MEETINGS AGENDA**

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

14 April: Publication of EU + CH Grind Statistics and release of the Eastern European Grind Stats (to participants only)

21-22 April: WCF meeting, Brussels

23 April: GIG meeting, Brussels

27 April: ECA Board Meeting and GMM, Duin & Kruidberg, The Netherlands

28 April: ECA/CAOBISCO OTA Technical Meeting, Brussels

1 May: E.U. extension

17-18 May: Joint ECA/CAOBISCO/FCC Contract Working Group meeting, Sintra.

1-June: ECA-CAOBISCO Meeting

7-9 June: ICCO Meeting, London

14 June: Eric André, UNICONTROL, Brussels

16-17 June: ECA Board meeting, Antwerp

17-19 June: CAOBISCO Council, Antwerp

• NEXT ECA MEETINGS & EVENTS

23-25 June: ICI Board, Geneva

28 June: GIG meeting, Marsbach, Bodensee

29-30 June: Joint ECA/CAOBISCO/FCC Contract Working Group meeting, Brussels.

6 August: Stéphane Delodder, RABOBANK, Brussels

23-24 August: Joint ECA/CAOBISCO/FCC Contract Working Group meeting, Amsterdam.

27 August: First meeting of joint ECA/CAOBISCO PAH Working Group, Brussels.

3 Sept: German Cocoa Trade Association Cocoa Dinner – info at: cc@wga-hh.de

7-11 September: ICCO, London

28 September: ECA Board meeting and GMM, Amsterdam

14-15 October: World Cocoa Foundation, Washington

4-6 February: AROMA Fair, Brussels

31 May – June 3: International Cocoa Conference organized by Cocoa Merchants Association of America (CMAA), The Sanctuary hotel at Kiawah Island.

ASSOCIATIVE & EU SCENE

• ECA/CAOBISCO/FCC CONTRACTS WORKING GROUP

The **fourteenth meeting** of the JCWG took place in Sintra (Portugal) **on May 17 & 18.**

We are happy to report that the **only pending issue of the *Standard Contract for Liquid Cocoa Products*** (i.e. the 'Price Clause') **has been solved** and that the **final version** of the contract should be sent **early summer to the Membership of the 3 organizations**, for comments.

The JCWG will keep working on the ***Standard Contract for Packed Cocoa Products on***

Buyer's call and on the ***Standard Contract for Packed Cocoa Products for Shipment*** during their June and August meetings.

• LATEST OTA RESEARCH

The **OTA CIRAD research report for the 2003/2004 season** (*available to the membership on request*) was discussed during the joint CAOBISCO/ECA meeting on April 28.

The **main conclusions of the report are that:**

- Beans from damaged pods have much higher OTA contents than beans from healthy pods;
- Among the damaged pods, beans from wounded pods or rotten pods have the highest risk of being highly contaminated with OTA;
- Meteorological conditions during the West African main dry season, and particularly the occurrence of the Harmattan wind in February, seemed to have a considerable effect on OTA production.

During the meeting, participants of both **organizations** agreed that they should start **acting as a catalyst between all the ongoing OTA projects** (such as: ICCO, Stabex, ...). One of the initiatives will be the **organization of an OTA workshop before the end of 2004** to share information and the **elaboration of a report consolidating all the work done so far by the Industry on OTA.**

During the presentation Robert A. ZEHNDER reiterated the ECA position of ending the funding of fundamental OTA research.

• DG INTERNAL TRADE: COMPLAINT ON ITALIAN SITUATION

As you know, **Italy has an internal guideline fixing OTA level at 2ppb for cocoa.** However, the **Italian Authorities have been applying the guideline to all cocoa/cocoa products** (domestic and non-domestic) and have been, as a result, **rejecting imported materials with OTA**

levels above 2 ppb.

DG Internal Trade recognized the issue and **sent a letter of formal notice to the Italian** requesting them to comply with the rules of the Internal Market and to stop using the guideline for non-domestic production.

On April 30, **DG Internal Trade met with the Italian Health Authorities. DG Internal Trade** considered the explanations of the Italian Authorities unconvincing and **requested a written answer from the Italian Authorities** (with a June 4 deadline).

Should the DG not receive any answer by the end of June or should the Italian Authorities refuse to comply with the EU legislation, the **matter will be reviewed by the Council of Commissioners** during their tri-annual meetings on official complaints (next one in October), which should agree on **DG Internal Trade sending a formal 'avis motivé' to the Italian Authorities.**

In the absence of compliance by the Italian Authorities, within a two-month deadline, the **case would then be filed by the Commission with the European Court of Justice.** Its review and decision takes ... years! We all hope for a faster resolution, and will keep all posted on this matter.

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

The Commission has proposed a 2 ppb limitation for B(a)P (Benzo(a)pyrene) in oils and fats for direct human consumption or use as an ingredient in foods.

We are happy to report that **the Commission Draft of the Revised Working Document on PAH** (from April 2004 – document available to the Membership) indicates that 'Cocoa Butter is excluded from this category whilst investigations are made and will **benefit from a derogation until 1 April 2007.**

DG SANCO informed us that the **above document was discussed by the Member States experts during their meeting on May 3.** During the meeting, the experts

recognized PAH to be a new issue for the cocoa/chocolate industry and therefore agreed to give some additional time to the industry to find a solution.

DG SANCO also indicated that the next steps for the Draft Document were: the Standing Committee (May 10), the World Trade Organization and then back to the Standing Committee for a vote. **The final approval of the Draft document should take place either before the summer but most probably in September/October.**

The first meeting of the joint ECA/CAOBISCO PAH Working Group will take place on August 27.

- **EU COMMISSION AND PESTICIDES**

As you the **European Commission is now reviewing its legislation on pesticides** in order to harmonize MRLs (Maximum Residue Limits) at European level for all pesticide/commodity combinations. The Commission **will also consider tropical 'raw materials' (such as cocoa) in future reviews.**

CAOBISCO, ECA and FCC are currently structuring a **Joint Pesticides Working Group.**

On the ECA side, participants currently include **Hans VAN LEEUWEN (Alain FREDERICQ** as substitute), **ADM Cocoa** and **Henri KAMPHUIS, CARGILL**

The **first meeting** of the Working Group is expected to take place in **September.**

- **ECA 'WESTERN GRIND STATISTICS' ON THE WEBSITE**

A behind the scene story linked to the **last publication of our Western Europe Statistics** took place on Thursday April 15, a little later than usual due to the long Easter week-end, and a compilation error by SSZ. Story developed as follows, Brussels times:

April 15 - p.m.: ECA to Newsmedia: *"As you know, we experienced in January a leak in the*

reporting. So to avoid such recurrence, we will be posting the statistical data on our website after the close of the market, at midnight GMT today."

16.13: BLOOMBERG: "Lovely. Thank you!"

01.08: BLOOMBERG: "I don't see any numbers. Are they available?"

01.32: BLOOMBERG: "It is now 7:32 p.m. New York time, and I still don't see any grind stats on your web site. There must be a better way..."

01.37: BLOOMBERG: "I don't see the first quarter stats. Are they on the web site yet?"

April 16 a.m.: ECA: "Sorry, but we indicated midnight GMT, which is 4 hrs ahead of East Coast US", so the stats were released at 8 pm your time."

13:32: BLOOMBERG: "my fault. Got the GMT wrong on my end. But **it was worth the wait!! Thanks for the heads up!**"

ECA reply: "Sorry to have kept you up so late, only giving you (maximum) five hours sleep (between messages!)"

BLOOMBERG conclusion: "The news waits for no one!!!"

The next publication of the joint ECA/CAOBISCO European Grind Statistics will take place around July 12. The statistics will again be **posted on the ECA website outside working hours.**

• 'EASTERN GRIND STATISTICS' REPORTING

We are currently working on the extension of the 'Eastern Europe' Grind Statistics. **We hope to have at least 1 new participant for the October publication.**

As you know, these statistics are **reported separately from the western ones and are available to participating companies only.**

• CAOBISCO NEW CHAIRMAN

CAOBISCO held its latest Council of Presidents' Members meetings and Gala dinner on June 17-19. The ECA Board met, quite coincidentally, on

June 17 in the same town, Antwerp, and in the same hotel, the reason being the recent election of its new chairman. This allowed Eric ANDRE, Bob HOBSON and Paul NAAR to join Robert ZEHNDER the first evening and also attend the opening cocktail. The CAOBISCO meeting elected **Jacques RUH, External Affairs Director, Europe, for MASTERFOODS, as their new Chairman.**

• GIG: MOVING FORWARD ON CERTIFICATION

A comprehensive **report on certification was presented by Alain FREDERICQ (ADM Cocoa) to the membership at the April GMM.**

As reported, the Ivorian government is now taking an active role in working with industry the ILO and other partners towards ensuring a system be put in place throughout the country by mid-year 2005.

The **I.C. government** organised in Grand Bassam May 26-28 a "**Séminaire international sur la certification du cacao de Côte d'Ivoire**" (official report available upon request). The attendance included Mrs ACQUAH (Prime minister's office), the Minister of Labour, Mr Guy-Alain GAUZE and Mr Saint-Cyr DJIKALOU. The GIG was obviously also well represented.

• ICI & CHILD LABOUR

This topic will be updated on our website after the meetings taking place in Geneva on June 22-25 (ICI Advisory Council, followed by the Board) meetings, continued at industry-level (GIG) on June 28.

• CHILD LABOUR ACTIVIST KAILASH SATYARHI BRUTALLY ATTACKED.

Kailash SATYARTHI, leader of the GLOBAL MARCH Against Child Labour and ICI Board Member, was **brutally attacked on June 15 by the owners of a circus which was allegedly involved in the exploitation and mistreatment of hundreds of children.**

According to a spokesman for the GLOBAL

MARCH, the owners of the circus attacked Mr. SATYARTHI and his colleagues with knives, iron rods and pistols when they visited the circus to protest.

Mr. SATYARTHI's son and a foreign photo-journalist were among those beaten up. Mr. SATYARTHI is currently hospitalized and is reported to be in a **stable condition**. We wish him, his son and his colleague a speedy recovery.

- **ICCO**

The June 7-9 ICCO meetings in London covered, apart from the Executive Council, the **Quality W.G.** (Tom HARRISON chairing) - where **positive results for its pilot 2003-4 campaign were presented**. The new Private Sector Board (PBS), in its second session, progressed in defining its role and terms of reference, i.e. which areas it recommends specific action by the ICCO. More conflictual was the topic of jute bags – CAOBISCO reporting in excess of 10% of bags checked still do not conform to ICCO standards – and, broader, the question of bulk vs. bags.

NEWS FROM AROUND THE WORLD

- **SWEETEX 2004 – SEPTEMBER 23 – 26 2004, IZMIR (TURKEY)**

The Sweetex 'Chocolate, Confectionery and Technologies Fair' will be organized in Izmir, Turkey on 23-26 September 2004. More information at: www.izmirfair.com.tr.

- **TEA, COFFEE & COCOA, 17-19 NOVEMBER 2005, NEW DELHI, INDIA**

The Tea, Coffee & Cocoa 2005 Exhibition and Conference, will be organized on 17-19 November 2005 at Hotel Taj Palace, New Delhi. More information at: www.servintonline.com.

- **WILHELM MEYER**

The planned acquisition of WILHELM MEYER & CONS. (WMC), German Hamburg-based cocoa

logistics company, failed, after **inventory controls revealed the disappearance of cocoa stocks**.

WMC was to be acquired by BERTHOLD VOLLERS, a Bremen-based logistics company controlled by the Buss group. **WMC filed for insolvency on 19 May 2004**.

WMC handled about 70,000 tonnes of cocoa in 2003, accounting for about 60% of Germany's cocoa import volume. Reportedly the company with 35 staff made no profits in 2002 on a turnover of about EUR 14mn (US\$ 17.77mn).

Source: Logistics Turku Region Website – Hamburger Adendblatt, 21 May 2004.

- **GUY ANDRE KIEFFER**

The French-Canadian freelance journalist **Guy-André KIEFFER**, one of the few foreign investigative reporters still based in Ivory Coast, who was murdered in April 2004, had interviewed Pierre VERMAUT and Robert A. ZEHNDER at the ECA launch in April 2000.

- **M&M ANNIVERSARY: CONGRATULATIONS TO MARS (PUBLICITY UNPAID)**

This year marks the 50th anniversary of M&M Peanut Chocolate Candies, and the introduction of both Mars 'M&M's characters and, 'The milk chocolate melts in your month, not in your hand,' slogan.

Source: NCA Confectioners Association website, 22 April 2004.

- **CHOCOLATE IN PREGNANCY CAN MAKE FOR HAPPY BABIES**

'Pregnant women with chocolate cravings may rejoice over recent research suggesting chocolate indulgences may do more than just put a smile on their face -- it may also make for happier babies. The research, out of the University of Helsinki in Finland, found that babies born to women who consumed chocolate daily smiled and laughed more, and showed less fear of social situations, their mothers said'.

Source: Chicago Sun-Times, 8 April 2004

- **APOLOGIES FROM THE EDITOR**

Our previous Newsletter erroneously stated that Mr Sam APPAH, Deputy Chief Executive of the GHANA COCOA BOARD had been elected **vice-chairman of the ICCO Consultative Board**. In reality, this position went to **Mr Idelfonso MEDINA, from the Dominical Republic COMISIO NACIONAL DEL CACAO**.

Members only:

***ECA GMM, 28 September 2004,
Sheraton Pulitzer, Amsterdam.***
