

EUROPEAN COCOA ASSOCIATION aisbl

NEWSLETTER

2004 # 12 - OCTOBER

**All interested Cocoa parties:
CONCOCTION # 2: Barcelona,
16 - 18 September 2005;**

ECA NEXT GMM: April 12

- EU COMMISSION AND PESTICIDES
- WESTERN GRIND STATISTICS
- EASTERN GRIN STATISTICS
- GIG, ICI & CHILD LABOUR...
- KAILASH SATYARHI BRUTALLY ATTACKED
- ICCO
- ICCO JUTE BAGS WORKING GROUP

CONTENTS

ON THE ECA FRONT

- ECA NEXT CONCOCTION
- ECA BOARD MEETING AND 10 TH GMM
- Bob HOBSON departure from ADM
- Rudy SCHWAB departure from BARRY CALLEBAUT
- Jean TARDIEU departure from SGS
- Packaging issues : Cameroon - Ivory Coast
- ECA Statement on Port Security
- ECA website
- ECA PAST MEETINGS AGENDA
- NEXT ECA MEETINGS & EVENTS

ASSOCIATIVE & EU SCENE

- JOINT PRODUCTS CONTRACTS W.G.
- OTA SYMPOSIUM
- ... & EU: COMPLAINT ON ITALIAN SITUATION
- EU COMMISSION AND PAH'S/ BENZO(A)PYRENE

NEWS FROM AROUND THE WORLD

- NESTLE SELLS 2 PROCESSING PLANTS TO CARGILL
- BARRY CALLEBAUT
- GHANA HITS RECORD COCOA PRODUCTION
- CARNET ROSE
- FCC COCOA DINNER
- CHOCOLATE MAKERS ADD VOICE TO CRITICISM OF EU SUGAR REGIME CHANGE
- DISEASE THREATENS CHOC PRODUCTION

ON THE ECA FRONT

- **ECA'S NEXT CONCOCTION:
SEPTEMBER 16-18, 2005**

ECA is planning its 2nd Concoction on September 16-18 in **Barcelona**. As was the case for Strasburg in 2002, the symposium part of the Event will cover issues of interest to the global 'cocoa-chain' and be open to all.

- **ECA BOARD & TENTH GMM**

ECA's latest Board meeting and 10th GMM - since its official launch in April 2000 - took place **September 28** at the Sheraton Pulitzer, in Amsterdam.

The event was attended by 44 participants, including **Wim KOKXHOORN/ MASTERFOODS**.

Joe KENNY/ADM and **Steven RETZLAFF/B-C**, also attending, were elected to the Board in replacement of respectively **Bob HOBSON** and **Rudy SCHWAB**.

- **BOARD MEMBERS ON THE MOVE**

- **ADM COCOA**

Bob HOBSON, M.D. ADM Cocoa International, and an ECA Board Member since January 2003, **left in July** to head PURA Foods, responsible for refined and bottled oil operations within the U.K, and for completing the integration of PURA Foods into ADM's Global Speciality Oil and Fat business. **Joe KENNY replaces him**, and **Scott WALKER** takes over Joe's former position. Congrats to all three.

- **BARRY-CALLEBAUT**

Rudy SCHWAB, President Business Unit Cocoa & Sourcing and an ECA Board Member, left **BARRY CALLEBAUT** in September. **Steven RETZLAFF**, former CFO of B-C Sourcing, **replaces Rudy** as Division Head of Cocoa, joining Barry Callebaut's Senior Management Team. Our best wishes accompany the former in his future endeavours, and the latter in his new role within B-C.

- **JEAN TARDIEU LEAVES SGS**

Jean TARDIEU, a former ECA Board Member, left SGS during the summer. He is **replaced by Francis LACROZE**.

- **PACKAGING ISSUE:
SLOW PROGRESS IN CAMEROON...**

The Cameroon's Assembly (Parliament) was supposed to amend last June its commercial law, with the packaging component of its cocoa decree expected to be revised by August.

However, the June Assembly favoured the decentralization issue, prerequisite for receiving funding from the EU and the World Bank. The commercial issue should **now** be up for review by Parliament's next session in **November**.

- **... SLOWER STILL IN IVORY COAST**

ECA's **formal answer to the Fraternité Matin article** (*both available to Membership*), through a 'Lettre ouverte' defending the use of (mega)bulk and big-bags has received **neither acknowledgement nor reply** from the addressee or from the various Authorities copied.

The **European Commission** is facing the same situation since it has **still received no answer from the Ivorian Authorities regarding the Note Verbale** sent by DG Trade in August 2003.

- **ECA STATEMENT ON PORT SECURITY**

As you will remember, ECA issued at the end of June, 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 SOLAS and ISPS code which became effective on July 1, 2004 (*Statement available to Membership on request in UK and FR*).

The Statement was sent to the Port Authorities of **Cameroon, Ghana, Ivory Coast and Nigeria**. **To date we have received only one response from the 'Port Autonome de San Pedro'** which has been certified by the

Ivorian Minister of Transport.

- **ECA WEBSITE: UNEXPECTED SUCCESS**

We are happy to report the ECA website was fully **updated in September**, with new pages on Child Labour and Regulatory issues.

We suggest you do like others, and visit the site. **The monthly average number** of visits on the ECA website is 1,136, **of hits: 5,825. Quite a success!**

Source: Excolo. Average: March 2004-June 2004.

- **ECA PAST MEETINGS AGENDA**

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

23-25 June: ICI Board, Geneva.

28 June: GIG meeting, c/o BARRY-CALLEBAUT's Schloss Marsbach, Bodensee.

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

12 July: Publication of EU + CH Grind Statistics and release of the Eastern European Grind Stats (to participants only).

5 August: Reception at the Ivory Coast Embassy.

6 August: Stéphane Delodder, RABOBANK, Brussels.

6 August: ECA received approval from the Belgian authorities of its changes in statute, pending since 2001!

23-24 August: Joint Contract Working Group meeting, Amsterdam.

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

3 September: Final version of the Standard Liquid Products Contract sent to the FCC Secretariat for submission at the September 7 FCC Council meeting.

2-3 September: German Cocoa Trade

Association boat trip and Cocoa Dinner – ED&F MAN reception at Anglo-German Club.

7-10 September: ICCO, London.

22 September: CAOBISCO Residues Meeting, Brussels.

28 September: ECA Board meeting and GMM, Amsterdam.

6 October: Ghana Cocoa Board/ICI/ILO launch, child labour programme, Accra.

- **NEXT ECA MEETINGS & EVENTS**

11 October: GIG, Washington.

+/- 12 October: Publication of EU + CH Grind Statistics and release of the Eastern European Grind Stats (to participants only).

14-15 October: World Cocoa Foundation, Washington.

25-26 October: ICI Board meeting, Geneva.

2-3 November: Joint Contract Working Group meeting # 17, Birmingham.

15 November: OCG/Bill Shaughnessy, Paris.

16 November: Joint ECA/CAOBISCO PAH Working Group meeting #2, Brussels.

January: Expected launch of the Standard Contract for Liquid Cocoa Products and Standard Contract for Packed Cocoa Products on Buyer's call.

12-13 January: Joint Contract Working Group meeting #18, London.

4-6 February: AROMA Fair, Brussels.

8-9 February: ECA Board meeting, London

14-18 February: ICI Board & Advisory Council, Africa.

8-11 March: ICCO, Guayaquil.

9-10 March: Joint Contract Working Group meeting #19, Amsterdam (to be confirmed).

10-12 April: CHOCOA, Brussels

12 April: ECA Board & GMM, Amsterdam.

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

7-9 June: ICCO, location to be advised.

17-18 June: CAOBISCO Council of Presidents, Bath.

22-23 June: ICI Board & Advisory Council, Washington

26–27 June: ECA Board meeting, Barcelona.

1 July: Child labour Certification launch

13-16 September: ICCO, location to be advised.

15-16 September: ECA Board, Barcelona.

16-18 September: 2nd Concoction & ECA GMM, Barcelona.

ASSOCIATIVE & EU SCENE

• JOINT PRODUCTS CONTRACTS W.G.

The Standard Contract for Liquid Cocoa Products was sent during the summer to the Membership of the 3 organizations for comments. These comments were reviewed by the Joint Contract Working Group during its sixteenth meeting on August 23-24 in Amsterdam.

We are happy to report that the **version 20 of the Liquid Products Contract was reviewed and accepted by the FCC Council and will be published on their website.**

The FCC will proceed with the **translations in French and German** so that the contract, which will bear the reference CP1, could be **launched at the latest by January 2005.**

We would like to take this opportunity to **thank all the JCWG participants** for their hard work and commitment during these two years. We would also like to **thank the FCC** for the **recognition, on the contract front page**, of

the joint efforts of the 'CAOBISCO, ECA and FCC' delegates.

Version 6 of the Standard Contract for Packed Cocoa Products on Buyer's call which is in its final phases, will be sent **to the FCC's Rules and Regulations Committee.** The contract which should bear the reference CP2, will hopefully be approved forthcomingly by the FCC Council.

The participants will keep on working on the Standard Contract for Packed Cocoa Products for Shipment.

• OTA SYMPOSIUM

The joint OTA CAOBISCO/ECA working group agreed during its April 28 meeting to **stop funding fundamental research** and to start **'acting as a catalyst between all the ongoing OTA projects'**. It was also agreed that two of the resulting initiatives would be:

- The **organization of an OTA workshop by the end of 2004** to share information;
- The **elaboration of a report consolidating all the work done so far by the Industry on OTA.**

• OTA: DG COMPLAINT TO ITALY

As you will remember, the **complaint alerting the Commission of the current trade barriers** faced by the cocoa/chocolate industry **in Italy** were discussed during a **meeting between DG Internal Trade and the Italian Health Authorities** on April 30. The **DG Internal Trade** considered the explanations of the Italian Authorities unconvincing and a **letter of formal notice was sent by the Commission to the Italian Authorities who did not answer.**

Therefore, the Commission will pursue the joint complaint and has already drafted a reasoned opinion which is now in 'Inter-service' consultation. The **matter will be reviewed by the College of Commissioners** mid-October (during their next tri-annual meeting on official complaints) which should agree on **DG Internal Trade sending the reasoned opinion to the Italian Authorities.**

In the absence of compliance by the Italian Authorities, the **case would then be filed by**

the Commission with the European Court of Justice.

- **EU COMMISSION LIMITATION ON BENZO(A)PYRENE**

As you know, the Commission has proposed a 2 ppb limitation for B(a)P in 'oils and fats for direct human consumption or use as an ingredient in foods'. However, an EU Draft document (*available to Membership on request*) issued in April 2004 excludes **Cocoa Butter from this category until 1 April 2007** whilst investigations are made.

This Draft Document was submitted to the Standing Committee (on May 10) and to the World Trade Organization (deadline for comments September 24). **The final approval of the Draft document should take place in October.**

In order to address this issue diligently, **ECA and CAOBISCO have set up a joint working group** who met for the first time on August 27. The **main decisions of the meeting were:**

- The election of Alain FREDERICQ, ADM, as Chairman;
- The agreement on the next steps i.e. the development of a properly detailed project plan in order to define: the resources required (internal/external), the financing and the key steps.

Next meeting scheduled for November 16.

- **EU COMMISSION AND PESTICIDES**

In March 2003, the **European Commission** adopted a proposal for a Regulation that **will harmonize MRL (Maximum Residue Levels)** of all pesticide/commodity combinations and import tolerances at EU level. To date, these Community MRLs have been set for about 150 plant protection products. Complete harmonization is expected by the year 2005.

The current legislation does not provide MRLs for cocoa since it only tackles agricultural products grown/produced in the EU. However, the **EU Commission is currently discussing a list of commodities in which cocoa beans and cocoa products are included** for the first time.

A date for the **first meeting of the joint**

CAOBISCO, ECA and FCC is pending response from CAOBISCO.

- **EXPANDED ECA GRIND STATISTICS**

We are happy to report that the **AIDI** (Associazione Industrie Dolciarie Italiane, another CAOBISCO member) **will be joining the October publication** of the grind statistics.

Also effective this quarter, the integration of the **OCG figures into the GERKENS CACAO/ CARGILL reporting.**

On the other hand, **HAMESTER**, seemingly decided in July **to stop its reporting**. The decision has been made to ignore the lack of response for (or from) the second quarter of 2004 since we surmised that most of the non-captive grinds have switched to other processors already included in the reporting.

As a result, the **number of reporting companies now reaches 27** with the **overall coverage ever closer to the 100 % mark for total European cocoa grindings.**

The next publication of the Statistics will take place **around October 12**. The statistics will again be **posted on the ECA website** outside working hours.

- **'EASTERN GRIND STATISTICS'**

The Eastern Europe cocoa grind statistics will be released for the fourth **time around October 12**. For the time being, these statistics are **reported separately from the Western ones and are available to participating companies only**. Unfortunately, the ECA Secretariat's numerous requests to Members for endeavours to get help in convincing other processors to join (Spain, Switzerland, ALTINMARKA, RED OCTOBER, ...) have remained vain so far.

- **GIGI, ICI & CHILD LABOUR**

GIG pilot projects are underway, preparing for the July 2005 Certification target date. ICI and ILO/IPEC have also launched their programmes in Ivory Coast and Ghana.

The authorities of both countries have been most supportive of these various actions, for

which we are most grateful. Robert Zehnder was invited to attend the first interactive session between the GHANA COACOA BOARD and Ministries on addressing the worst forms of child labour (WFCL), as well as a monitoring system that would satisfy the Protocol.

ICI published its first Newsletter (available upon request).

The U.S. courts dismissed the chocolate case filed by the ILRF against the U.S. Customs and President, for not taking action – by blocking the entry of products into the U.S. - against child labour in Ivory Coast.

The Protocol signatories (including ECA) received in July a **letter from Senator Harkin** (available on request) **questioning our commitment and progress regarding the child labour issue.** This followed a disastrous meeting between industry spokespeople and fringe NGOs (including the ILRF) not directly associated in the certification process or with us via ICI. A formal reply was made late September, on behalf of all addressees. (available upon request).

“Senator Harkin Calls for End to “Consumptive Demand” Exemption. During Senate consideration of legislation to replace the Foreign Sales Corporation tax credit, Sen. Harkin (D-IA) proposed an amendment that would eliminate the so-called “consumptive demand” provision of the slave labor provisions of the Customs statute. The statute gives the Customs Service (now called Customs and Border Patrol) the authority to stop imports to the United States if the imported product has been made with slave or child labor. The statute exempts from its reach products that are not made in sufficient quantity in the U.S. to meet domestic demand (the “consumptive demand” exemption). **Cocoa is one of many products that would qualify under this exemption. The Harkin amendment would eliminate the exemption.** Sen. Harkin’s amendment was not adopted, however: instead, Senator Harkin was offered assurances that the Senate Finance Committee would consider his amendment at the appropriate time. No action on the amendment is scheduled in either the Senate or House of Representatives.

CMA Response: CMA is monitoring this amendment, and met with Republican and Democratic staff with the Senate Finance Committee, Senate Trade Subcommittee, House Ways and Means Committee.”

Source: CMA Newsletter - September 1-15, 2004

- **CHILD LABOUR ACTIVIST KAILASH SATYARTHI BRUTALLY ATTACKED**

We are happy to report that **Kailash SATYARTHI**, leader of the GLOBAL MARCH Against Child Labour and ICI Board Member, **has recovered from the brutal attack he suffered** on June 15 when visiting a circus which was allegedly involved in the exploitation and mistreatment of hundreds of children.

- **ICCO**

The Organization adopted its own 2004-5 work programme, and the Rules for the Private Sector Board. It is still suffering from the fuzziness that surrounds its future location, to be hopefully resolved at a special session in December.

NEWS FROM AROUND THE WORLD

- **CARGILL PURCHASES NESTLE PLANTS**

‘In June NESTLE sold 2 cocoa bean processing plants located in York and Hamburg to CARGILL Inc. The sale will take effect on October 1, subject to regulatory approval’ (Source: CARGILL, July 7).

- **BARRY CALLEBAUT**

B-C announced on September 2 the **closing of its acquisition of Scandinavian-based AM Foods K/S.** *‘This acquisition underscores B-C’s strategic intention to grow the Gourmet & Specialities business unit’s share of total sales. The results of AM Foods will be consolidated as of September 1 2004. AM Foods will change its name into BARRY CALLEBAUT (Sweden).’* (Source: BARRY CALLEBAUT publication of Sept. 2).

‘STOLLWERCK AG, a German subsidiary of BARRY CALLEBAUT AG, has announced on September 10 its intention to close its factory in Cologne, Germany, as of the end of March 2005. The products made today in Cologne will be transferred to other sites operated by the Group, primarily to the modern Norderstedt facility near Hamburg.

In order to achieve operational efficiencies, the

Group's three Swiss offices in the greater Zurich will be merged into one office in Zurich as of the beginning of 2005.

Onno BLEEKER, so far President Food Manufacturers, has been appointed Chief Operations Officer responsible for global production and supply chain.'

(Source: BARRY CALLEBAUT, September 10)

Congratulations to Onno, initially associated with ECA around its launch time. And farewell to Steve GRAHAM who retired this summer.

- **GHANA HITS RECORD COCOA PRODUCTION WITH 700.000 TONNES**

'Ghana, the world's second cocoa grower, produced a record 700.000 tonnes of beans for export in the year to July' announced Vice-President Alhaji Aliu MAHAMA on August 13.

According to him the increases in output in Ghana resulted from 'high-tech production techniques and the mass cocoa-spaying exercises introduced by the Government'.

(Source: Agence France-Presse, 13 August 2004).

'Crop year: during which Ghana, the world number two cocoa producer, has attained a record production level of more than 700,000 metric tons, up from 497,000 tons last year. Company figures show that Cocobod bought a total of 726,541 tons of cocoa as of Sept. 16, two weeks before the close of the crop year. The main crop, which ended on June 6, produced 668,787 tons. The previous highest production was 560,000 tons recorded in 1964-65.'

(Source: Dow Jones, 4 October 2004).

- **CARNET ROSE**

We are happy to report that Stéphane MASSERAN's (MASTERFOODS) second child, a girl, was born during the summer. Stéphane was an active member of the Products contracts W.G. before he relocated to Strasburg.

- **FCC COCOA DINNER**

Next FCC Cocoa Dinner to take place on **2 June 2006** at the Grosvenor House, London.

Source: FCC Website.

- **CRITICISM: CHOCOLATE MAKERS ADD VOICE TO EU SUGAR REGIME CHANGE**

'The proposed transitional arrangements for the European Union's sugar regime after enlargement on May 1 will be a bureaucratic nightmare, according to CAOBISCO, the Association of the Chocolate, Biscuit and Confectionery industries. The group says sugar prices look set to rise in the accession countries by up to 60%.'

"A market-managed and high priced sugar regime is inappropriate for East European countries where GDP per capita is low and where competitive raw materials have been essential to the growth of local industries", CAOBISCO Secretary-General David Zimmer said. He claims the sugar regime hurts the European consumer and the sugar processing food industry by setting artificially high sugar prices and production quotas protected by high import duties.

The chocolate-, sweet- and biscuit-makers' group said the transitional arrangements would cause, and indeed are already responsible for, confusion and disproportionate pressure on companies which use sugar, market sugar, including sugar contained in finished products. "The EU must reform its sugar regime so that those countries joining the EU do not see their industries penalised in parallel with the EU15 Member States. The industry across the whole of the new EU must be allowed to operate competitively in a global environment", Mr Zimmer said.

(Source: Europe Information, the European Report, 17 April 2004).

- **DISEASE THREATENS CHOC PRODUCTION**

'Scientists have warned that the world cocoa production could plummet if diseases ravaging the South American crops spread to other major cocoa producing regions. Should diseases like the witches' broom and frosty pod reach plantations in West Africa, the effects could be devastating, researchers claim since million of families depend on cocoa.' (Source: BBC News Online Science – June 25 2004).