AFRICAN SUGAR PRODUCERS HEADING FOR ROUGH WATERS AS EU QUOTA ENDS

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CMA CGM Keynote Speaker At Cool Logistics Global 2014

Alexis Michel, Senior Vice President [SVP] Container Logistics and Reefer for CMA CGM will give a keynote speech at the 6th Cool Logistics Global conference. The 2014 conference takes place aboard the iconic SS Rotterdam on 30 Sept - 2 Oct, hosted by Port of Rotterdam themed "Tackling trade risks: Perishables, protectionism and profitability." Covering 3-days of business sessions, debates, a choice of field trip, the event brings together shippers, carriers, 3PLs, ports and terminals, technology providers and other key stakeholders to network in advance of annual contract negotiations.

- CMA CGM is one of the top 3-players in the global reefer trades
- The group has a reefer container fleet of 170,000 TEU
- 150,000 reefer slots and 800,000 refrigerated loads were carried in 2013
- Our reefer box fleet increased by 6% last year and we plan to double capacity within the next 10 years
- Currently, CMA CGM invests US$150- 200 million annually in reefers.

An agronomist by training, Mr Michel has been with CMA CGM for over 25 years, taking over as SVP of the company’s Container Logistics Group in 2007 and heading up its Reefer Department since 2009. In his keynote speech at Cool Logistics Global, Alexis will discuss how to balance out the shipping industry’s need for improved service profitability against the demands of investing in high-tech reefer container equipment. He will also join the annual Cool Logistics ocean freight panel debate along with Thomas Eskesen, Global Head of Refrigerated Business for Maersk Line and other senior carrier, shipper and 3PL representatives.

www.coollogisticsglobal.com
CMA CGM / DELMAS Reefer Service

The Reefer Service page on our website provides information and knowledge on CMA CGM / DELMAS’s specialist reefer services, highlighting our tailored reefer options including AFAM+, TRANSFRESH and EVERFRESH, and providing advice on equipment and bookings.

We closely monitor the reefer trade to seek innovative products, high end equipment, improve our quality of service and ensure fine-tuned yield management. Our dedicated reefer team are ready to offer customers total refrigerated transport solutions to and from East, South and West Africa.

http://www.delmas.com/products-services/our-services/reefer
**COMMODITY NEWS**

**GENERAL NEWS**

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**World Food Prices Hit 6-Month Low**

Global food prices fell for a 4th consecutive month in July, a sharp decline for grains, oilseeds and dairy products outweighing strong meat and sugar prices, the United Nations agriculture agency reported.

The UN Food and Agriculture Organization’s [FAO] Food Price Index, which measures the monthly change in international prices of a basket of 55 food commodities, averaged 203.9 points in July, down 4.4 points or 2.1% from June.

[UN News 07/08/14]

**FAO Price Index**

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<td>Cereal</td>
<td>Averaged 185.4 points in July, down 10.7 points or 5.5% from June, and as much as 36.9 points or 16.6% below the level 1-year ago. Lower grain prices “reflected excellent production prospects as well as expected abundant exportable supplies in the 2014/15 marketing season.</td>
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<td>Rice</td>
<td>Rice prices edged marginally higher, on renewed import demand, especially given the drought and subsidy lapse in Thai production.</td>
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<td>Vegetable Oil</td>
<td>Averaged 181.1 points in July, down 7.7 points or 4.1% from June. The decline continued to be primarily driven by falling soy and palm oil prices, primarily in response to abundant supplies from the United States and South America. Prices of dairy also fell, albeit temporarily. FAO attributed reduced import demand, including a decline in purchases of butter, by Islamic countries during the holy month of Ramadan.</td>
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<td>Dairy</td>
<td>Averaged 226.1 points in July, down 10.3 points or 4.4% over June, and down 17.5 points or 7.2% from the same period last year.</td>
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<td>Meat</td>
<td>Prices rose for the 5th consecutive month in July. Many exporting countries are in a herd rebuilding phase, which is limiting availability for exports and sustaining prices. Continued strong demand in Asia, and particularly China, edged up the index averaging 204.8 points in July, 3.7 points or 1.8% higher than its revised value in June and 25.4 points or 14.1% above the same period last year.</td>
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<td>Sugar</td>
<td>International sugar prices, which have been relatively volatile over the last 3-months as the world’s largest producer, Brazil, grapples with a drought, and the second largest producer, India, is expected to experience below average monsoon rains. These factors contributed to a marginal change of 1.1 points or 0.4% in the index, averaging 259.1 points in July. That figure is 20.2 points or 8.4% higher than in July 2013</td>
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**3rd Palm Oil Africa Opens In Ghana, Focuses On Palm Oil, Rubber & Cocoa Sectors**

The 3rd Palm Oil Africa conference coming to Accra, Ghana on 13-14 October, 2014 promises vital updates on Africa’s lucrative palm oil business, and expands focus, this year, to include rubber and cocoa investments. The event offers vital industry dialog on ‘Mounting Pressures on Sustainability & New Challenges for the Palm Oil Industry’.

Topping the highlights are SIAT’s session on ‘Sustainability in Rubber and Oil Palm Plantations in Africa’, Agro Inc’s perspective on ‘Liberia’s Oil Palm Sector and the Rubber Value Chain’, CIRAD’s views on ‘Oil Palm Smallholders: Farm Characteristics, Contribution to World Production and Comparison of Development Schemes’ and ‘Developing Large Scale Sustainable Plantations in Public Private Partnerships’ by Olam International.

While Olam Ghana will share insights on ‘Sustainable Cocoa Program and Value Chain Activities in Ghana’, and the Institute of Agricultural Research for the Development will provide an analysis of ‘Rejuvenating Cameroon’s Cocoa Industry – Challenges in Increasing Yield and Quality’. A session on ‘Upstream and Downstream Investment Opportunities in the Rubber Industry in Nigeria’ will be delivered by Rubber Research Institute of Nigeria and another on ‘Extraction of Energy Biomass from Rubber Plantations in Ghana’ by Africa Renewables Ltd.

[PR Web 13/08/14]
General

Chiquita Spurns US$611 Million Brazil Takeover Bid

Banana firm Chiquita has rejected a takeover bid by Brazil’s Cutrale and Safra groups, saying it was sticking to its plan to merge with European fruit seller Fyffes. Chiquita said the offer from Brazil was “inadequate” and that it would not hold talks with the groups “at this time”. Fruit juice firm Cutrale and investment bank Safra made a US$611m bid for US-based Chiquita on 11th August. In March Chiquita and Irish fruit group Fyffes agreed to merge. A Chiquita-Fyffes merger would create the world’s largest banana supplier, with US$4.6bn in annual revenues. The global banana market is currently controlled by four firms, Chiquita, Dole Food Company, Fresh Del Monte and Fyffes.

Angola

Angola Builds Banana-Processing Unit

The first banana-processing unit in Angola is to start operating at the end of the year in Caxito, Bengo. The processing line has a capacity of 800 kg/hr and is funded by China along with construction of a cold storage unit and a test laboratory. Following the creation Sociedade dos Perímetros Irrigados de Angola [Sopir], in which the state is the largest shareholder with 70%, Bengo province recorded an increase in banana production, currently estimated at 300,000 tons covering 2,500 ha with an estimated annual turnover of US$25 million.
Ghana

African Cashew Alliance Festival

The African Cashew Alliance’s US World Cashew Festival and Expo returns to Ghana for the second year running from 11-14th November 2014 at the Accra International Conference Centre. Over 400 international delegates from all levels of the cashew value chain will converge, to forge business deals, share knowledge and discuss the future of the industry.

Although Ghana’s cashew industry is relatively small by global standards, cashew processing in Ghana ranks among the most industrialized in Africa. The country has the capacity to process more cashews than it harvests and earns Ghana more than US$18 million in exports every year. The past year has seen much greater government recognition of the industry, with prominent state participation in the first ever official launch of the cashew season taking place in Wenchi in April 2014, where the Ministry of Trade and Industry pledged to prioritize cashew investment promotion. 2014 has seen calls from Ghanaian farmers asking the government to act to stabilize the market by officially regulating cashew prices in the same way it regulates other cash crops like cocoa.

Meanwhile in Nigeria, this lack of industrialization has cost the nation 50% of its annual cashew production, according to the country’s Cashew production association. The National Cashew Association of Nigeria [NCAN] had in February complained that 900,000 tonnes of the 1.8 million tonnes produced in Nigeria ended up wasted because of the dearth of processing infrastructure.

Guinea Bissau

Guinea Bissau World’s Fourth-Largest Producer Of Cashew

The National Cashew Agency [ANCA] in Guinea Bissau, noted the country is the 4th-largest producer of cashew nuts after India, Ivory Coast and Vietnam. Annual production of cashews is 220,000 tons, of which between 60,000 and 70,000 are illegally sold through Senegal whilst the rest is sold through official channels to India. According to ANCA they are the only cashews in the world that can be harvested, processed and consumed in the same year.

South Africa

Golden Peanut Expands South African Operations with Purchase of SA Groundnut Marketing

The Golden Peanut Company LLC, a wholly owned subsidiary of Archer Daniels Midland Company, has acquired the assets of SA Groundnut Marketing [PTY] Ltd., which will become part of Golden Peanut and Tree Nut S.A.

The facility in Hoopstad will add capacity while expanding its grower network. Late last year, Golden Peanut entered into the South African peanut market with the purchase of an 80% ownership stake in a bulk warehouse and a shelling plant in Hartswater.

The Hoopstad facility, which is located in one of South Africa’s prime peanut growing regions, builds on that investment.
Nigeria

Delta Farmers Appeal For Rehabilitation Of Abandoned Cassava Mills

Cassava growers in Delta State have appealed to the Government to rehabilitate the 3-abandoned cassava mills established by Gov. James Ibori. The mills are located at Ubulu-Okiti, Aniocha South Local Government Area; Oghara in Ethiope-East, and Ogbe-Ijaw in Warri South-West council area. The processing mills are at various stages of completion with equipment already procured and waiting installation, before the projects were abandoned. Meanwhile the state government has proposed to build 6-new cassava processing industries across the state, locating two in each of the three senatorial districts. The Nigeria Cassava Growers Association [NCGA] is in negotiation with the communities where the new mills would be established for procurement of lands for large scale cassava cultivation.

[NAN 24/08/14]
Cameroon

Exports Fall To 158,413 Tonnes In 2013/14 Season

Cameroon’s cocoa exports fell to 158,413 tonnes in the 2013-2014 season from 196,788 tonnes for the previous season, figures from the National Cocoa and Coffee Board (NCCB) showed. Cameroon shipped 5,472 tonnes of beans in July, up from 4,256 in June, as the light crop came to a close. Cameroon’s cocoa season runs from August 1 to July 31.

NCCB officials said the reason for the fall in exports was not immediately clear, with some indications that individuals were stocking beans and waiting for international prices to rise. Cameroon has also been trying to increase domestic processing of cocoa beans. Fifteen companies exported in July, up from 11 in June. Telcar Cocoa Ltd came top with 1,505 tonnes, followed by Cameroon Marketing Commodities (CAMACO) with 1,154 tonnes.

Output hit a record of 240,000 tonnes in the 2010/11 season. It dropped to 220,000 tonnes in 2011/12 due to the effects of disease and a long dry season, but rose to 228,948 tonnes in 2012/13. Output for the 2013/14 season would be around 235,000 tonnes but the Cocoa and Coffee Inter-professional Board (CCIB) expects it to reach 240,000 tonnes. Output figures for the 2013-2014 season should be released in the coming weeks. Data from the NCCB also showed that Cameroon’s main cocoa grinders purchased 33,378 tonnes of beans in the season to end-July, up from 31,969 tonnes the previous season.

Sic-Cacaos, a subsidiary of Swiss chocolate manufacturing firm Barry Callebaut, was the largest purchaser in July with 1,336 tonnes, bringing its total since the start of the season to 32,452 tonnes versus 29,967 tonnes last season. Local grinding firm Chocolaterie Confiserie du Cameroun (CHOCOCAM), an affiliate of South Africa’s Tiger Brand, made no purchases in July, leaving its total since the start of the 2013/14 season at 926 tonnes versus 2,002 tonnes the previous season.

NCCB officials are also seeking to clarify reports that some farmers may be processing their own output or stocking beans to be processed in the future.

[Reuters 25/08/14]

Prices Rise Slightly By Mid-August

Cocoa farmgate prices in Cameroon rose slightly across most regions in early August as the new 2014/2015 cocoa season got underway. Cameroon’s cocoa season runs from August 1 to July 31, with the main harvest period from October to January/February and the light harvest period from April/May to June/July.

The prices of cocoa beans have gone up slightly by 50 CFA f/kg in the South Region selling at 1,150 CFA f/kg in the region, up from 1,100 CFA f/kg a month ago. In the Centre Region beans are selling at 1,200 CFA f/kg, up from 1,185 in July. However, cocoa growers in the South-West Region are still complaining that the poor state of roads that is making it difficult for them to evacuate produce from remote areas to main trading centres in towns. Other problems are the high prices of chemicals to treat farms and the rise of fake chemicals.

Production in the country hit a record of 240,000 tonnes in the 2010/11 season before dropping to 220,000 tonnes in 2011/12 due to attacks by pests and diseases and a prolonged dry season. It however rose to 228,948 tonnes in the 2012/13 season and statistics for the recently ended 2013/14 season are still being awaited although the National Cocoa and Coffee Board (NCCB). It should be around 235,000 tonnes while the Cocoa and Coffee Inter-professional Board (CCIB) says it will again be around 240,000 tonnes when the new season (2014/15) will be officially launched.

[Reuters 15/08/14]
Cote d’Ivoire

Good Weather Favours Ivorian Cocoa Crop

Patchy rains mixed with average sunshine levels in most of Ivory Coast’s cocoa regions boded well for the forthcoming main crop, though cool weather threatening to delay the start of the harvest in the east. The mid-crop, which started on April 1, is tailing off. With farmers looking ahead to the main crop that starts on October 1, most of them said there were plenty of small pods on the trees but some good sunny spells would be needed for a strong start to harvesting. In the western region of Soubre, at the heart of the cocoa belt, farmers said there was no rain and average sunshine, which was helping to develop the abundant small pods on the trees. In the centre-western region of Daloa, producing a quarter of Ivory Coast’s output, farmers reported one good downpour and a good sunny spell.

(Reloved Recorder 20/08/14)

Cocoa Arrivals Seen At 1,707,000T

Cocoa arrivals at ports in top grower Ivory Coast reached around 1,707,000 tonnes by August 3 since the start of the season on October 2, exporters estimated on Monday, up from 1,388,000 tonnes in the same period of the previous season. Exporters estimated around 14,000 tonnes of beans were delivered to the West African state’s two ports of Abidjan and San Pedro between July 28 and August 3 up from 9,000 tonnes during the same period last year.

(Reuters 04/08/14)
Ghana

Mass Cocoa Spraying Exercise
A mass cocoa spraying exercise is set to help farmers to increase their crop yield as part of a high-tech cocoa production method introduced by government to rid the Capsid virus that destroys cocoa pods.

Cocoa Production To Hit 930,000 MT
Ghana could achieve about 930,000 MT of cocoa beans, closed to the record outturn achieved in 2010/2011 crop season. According to experts 50,000 MT of beans could be realised at the end of September 2014. Purchasing for the smaller light crop [July-September] officially started on July 4 while main crop purchases reached 879,000 MT in June 2014.

Meanwhile, high inflation which is eating away farmers’ incomes fuelled a surge in smuggling of Ghanaian cocoa beans to Côte d’Ivoire. Although Cocobod, the regulator of the cocoa industry, may have benefitted from the currency depreciation owing to its dollar borrowing, its finances are constrained by a large overhang of unpaid receivables. High inflation, currency depreciation and the likely return of the El Niño weather phenomenon could cloud the outlook for the 2014/15 crop, which Cocobod hopes to increase substantially. Cocoa output peaked at 1,025,000 MT in the 2011/2012 crop season buoyed by the smuggling of beans into Ghana during the Ivorian civil war. It however returned to more characteristics level falling to 878,500 MT in 2012/2013.

Cocoa Processing Company Needs Capital Restructuring
Shareholders of the Cocoa Processing Company Limited [CPC] namely Ghana Cocoa Board, Ministry of Finance and Social Security and National Insurance Trust are to work together to inject seed capital into the company to solve its financial problems. The company faces a number of operational challenges and could not achieve its production target. Factories processed 20,979 MT against a target of 30,000 MT for 2012/2013, while confectionery production for the period was 1,296 MT against the target of 1,830 MT.

Meanwhile CPC has embarked on a Bore Hole project and tolling arrangement to utilize plant capacity as strategies for resolving operational challenges. It has entered into an agreement with a foreign company to process cocoa to bring in additional revenue to improve the company’s cash flow. COCOBOD is assisting CPC to free itself of indebtedness to financial institutions to pave the way for increased supply of light crop beans to enable the company to achieve 70% rate throughout production.
Nigeria

Nigeria To Double Cocoa Output By 2015

Nigeria is on track to increase cocoa output to 500,000 tonnes next year after distribution of new, higher-yielding seeds, rejuvenation of old farms and improvements in agricultural practices. In 2012, the government announced plans to double output by 2015 from 250,000 tonnes in an effort to diversify exports away from oil. According to the Cocoa Research Institute (CRI) output is expected to rise to 400,000 tonnes in 2014 as the new varieties distributed several years ago have started to flower and after most farmers adopted practices such as pruning overgrown trees to increase pod formation. The new cocoa varieties yield 1,500-2,500 kg/ha and flower within 2-years compared with 350-450 kg for the old seeds taking up to 5-years to flower. The new cocoa variety, which took 8-years to develop, is more resistant to fungal black pod disease. The CRI is also working on a drought-resistant variety that would become available within 2-3 years.

Nigeria, which has been the world’s fourth-biggest cocoa grower, aims for output of 1 million tonnes by 2018. Output has increased from previous levels of 250,000 tonnes per year to 300,000 tonnes in 2012 and 350,000 tonnes in 2013. Output from Ondo, Nigeria’s biggest cocoa-growing state, is likely to rise by 15 to 20% this year to 90,000 tonnes from 75,000 tonnes annually. Nigeria is setting up a private sector-led cocoa board before the end of the year to regulate prices and to monitor standards and warehouses.

[Reuters 15/08/14]

Heavy Rains Delay Cocoa Harvest

Heavy rainfall and poor sunshine across Nigeria’s eastern cocoa-growing region of Cross Rivers will delay harvesting the new season’s crop by at least a month. Farmers are growing increasingly worried about bean quality and black pod disease in the wake of heavier rains. Besides preventing mould, sunny weather is also needed for bigger bean size. Farmgate prices in Cross Rivers have fallen around 8% to 440,000 naira (US$2,700) per tonne compared with 480,000 naira at the end of July due to mould with levels as high as 18-21%, compared with the 3% that is considered acceptable. The Cross River region produces about 75,000 tons of cocoa annually, out of a national output of 300,000 tons.

The main-crop harvest is meant to start at the end of August, but farmers are worried about harvesting pods without enough sunshine to dry them and are leaving them on the trees. The Cocoa Association of Nigeria noted farmers had put off the harvest to September and that heavy rains had brought fungal black pod disease, because farmers were unable to spray their pods. No official figures for the 2013/2014 cocoa output have been released. The International Cocoa Organisation has estimated the 2013/14 crop at 250,000 tonnes. Cocoa exports from Nigeria rose 41% to 8,990 tons in July compared with a month earlier, the nation’s Federal Produce Inspection Service, which certifies exports noted.

[This Day 06/08/14 & Bloomberg 12/08/14]
Daily Spot Price [ICCO]

These are the average of the quotations of the nearest three active futures trading months on NYSE LIFFE Futures and Options and ICE Futures at the time of London close.

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Angola

Coffee Seedlings Distributed To Producers In Angola

More than 20 million coffee seedlings are due to be produced by the end of the year, according to the National Coffee Institute of Angola [INCA]. The seedlings would be distributed free of charge to producers as a way of supporting coffee production in Angola. In 1973 Angola produced 210,000 tons of commercial coffee, which fell to 3,000 tons in 2002. At the moment Angola produces 12,000 tons of coffee per year. Production is focused on the provinces of Kwanza Sul and Uíge which accounts for 77% of national production.

[Macauhub 18/08/14]

Ethiopia

Ethiopia Coffee Export Earnings May Rise 25% on World Supply

Ethiopia’s arabica coffee export earnings are forecast to climb 25% to about US$900 million in 2014-15 because of higher prices after a drought damaged plants in the biggest grower of the bean, Brazil. Arabica prices on the Ethiopia Commodity Exchange could average US$2 a pound if supplies of the crop in the world market are tight. Arabica has surged 71% in New York since January after a drought hurt plantings in Brazil, fueling speculation that consumption may outstrip supply. The Brazilian woes come as plantings in Central America, Mexico and Peru struggle to recover from a crop disease called leaf rust that has cut yields across the region over the past 2-years.

Ethiopia earned US$719 million from sales abroad of the beans in the 12 months through July 7, down 3.7% from a year earlier. The volume of exports fell 4.1% to 191,000MT. According to the Ethiopian Coffee Exporters’ Association the country may produce about 500,000MT of the beans this year, with about half of that crop exported. Prices should be stable to high - as much as US$1.80 a pound this year. The exporters’ association wants to bring in new buyers and make a bigger presence in the world market at its annual conference in Addis Ababa on Nov. 6-7.

[Bloomberg 21/0814]
Kenya

Coffee Earnings Up

Agricultural production edged up in the first 6-months of the year, with quantities of key cash crops rising amid mixed fortunes in the period. Coffee sales went up by 7.8% in the period to 27,662 tonnes from 25,664 tonnes in a similar period in 2013. Value per kilo rose significantly to an average Sh358.50/kg compared to Sh284.56 during H1 2013, a 26% increase.

The price was 2.4% less than the Sh367.39/kg in 2012. Coffee exported over the 6-months amounted to 24,869.70 tonnes, barely unchanged from 24,312.50 in the same period in 2013. Its cumulative value was 13.2% higher at Sh9.75 billion from Sh8.81 billion previously.

Coffee Board Takes Crop To Western Region

The Coffee Board of Kenya will introduce the Robusta variety in western Kenya in a bid to boost the country’s total production by enabling non-traditional areas to grow coffee. Growing other varieties will reverse the declining production of the crop. Lack of incentives, rising production costs and poor international coffee prices have pushed farmers to rethink their options, including uprooting the coffee bushes opting for fast-moving horticultural crops. Coffee production decreased by 18.8% in 2013 to 39,800 tonnes from 49,000 tonnes in 2012.

EU To Boost Coffee Growing In Bungoma

The European Union [EU] through the Coffee Research Foundation has launched a project to popularise coffee farming in Bungoma county. This aims to increase cash crops in the county. Sugarcane, the main cash crop in the county, has been facing numerous challenges among them delayed payment to farmers. The award of sub-grants aims at accelerating the production and adoption of improved coffee varieties. The foundation was awarded land in Namwela to establish a research sub-station.

Top Price Of Benchmark Kenyan Coffee Slips At Auction

The maximum price of Kenyan grade AA coffee dropped at auction to US$345/50-kg bag from US$350 at last week’s sale. Kenyan beans, which are of high quality, are sought after by roasters who blend them with coffee from other regions, helping the relatively small east African producer punch above its weight in global markets. Grade AA COF-AA-KE was sold at US$207-US$345/bag compared with US$203-350 at last week’s auction. Grade AB coffee COF-AB-KE went for US$181-252 per bag from US$189-271 at the previous sale. The average price of all the coffee sold slipped to US$205.32 from US$238.07 last week.
Tanzania

Coffee Industry Shows Potential

The Tanzanian government’s influence on improving coffee production was highlighted in a recent report from Rabobank. According to the report, Climbing Kilimanjaro: Tanzania’s Future in Global Coffee, Tanzania currently produces around 50,000 to 60,000 tonnes of green coffee beans - around 0.6% of the global market - but to encourage further growth in the country’s coffee sector, the Tanzanian government needs to reform legislation.

The dedicated supply chains is expected to open niche markets with improved prices for farmers and prevent Tanzanian coffee. VCCs need good quality, certified coffee from Tanzania to meet the growing demand for specialty coffee. While Tanzania is currently considered a small player in the global coffee market, faith in its growth potential is mirrored in the country’s ambitions to increase production to more than 100 thousand tonnes, and to double the amount of premium coffee beans.

[Uganda]

Coffee Exports Drop 20% Year/Year In July

Uganda’s coffee exports fell 20% to 314,304 60-kg bags of coffee in July compared with the same month in 2013 due to drought, regulator Uganda Coffee Development Authority [UCDA]. Coffee exports earned a total US$37.8 million compared with US$45 million in July 2013. Between October 2013 to July 2014, coffee exports stood at 3,028,534 bags compared with 3,039,934 bags that were exported in the year ago period.

[Bloomberg 02/08/14]

Coffee Crop Seen by Union Benefiting From Rain

Uganda’s coffee flowering, an indicator of crop size, was enhanced in July due to rains in the nation’s southern and southwestern regions, according to the National Union of Coffee Agribusiness and Farm Enterprises. The 2-regions may get a bumper harvest in 2014-15 if the country doesn’t get adverse weather in the coming months. The regions account for at least 40% of the annual crop.

Good weather in the main producing central and eastern regions, where harvesting will start around October, may boost the bean size of the main crop. There has been more precipitation this year. The main harvest in the southern and southwestern starts from May to June and runs through July. Uganda mainly ships beans to the European Union, the U.S., Sudan, Switzerland, India, Japan and Russia.

The robusta variety accounted for 78% of shipments 2012-13. Shipments from Oct. 1 through September this year may climb to 3.8 million 60-kg bags, from last season’s 3.58 million bags. Exports could rise further to 4 million bags in 2014-15.
General

China Cotton Output May Plunge As Government Ends Stockpiles

Cotton output in China, the world’s biggest user, may fall 24% in 2015 as the government ends direct purchases from farmers. Policy makers have given no indications how they will sustain planting in central and eastern China as the new measures only cover northwest Xinjiang province. National output in 2015 will decline to about 5 million tons from estimated 6.6 million tons this year.

Chinese officials are seeking to implement a trial program of direct subsidies to growers in Xinjiang, replacing state-funded stockpiling. No indication has been given that the measure will be extended to other inland provinces. The end of government stockpiling has already cut plantings this year. Area sown to cotton fell 12.5% from a year ago to 4.2 million ha.

Meanwhile China’s imports will probably fall despite declining domestic production because the government is auctioning as much as 10 million tons of state reserves. The country holds more than half the global cotton inventory. China sold 2.2 million tons from stockpiles in the marketing year started Sept. 1. Imports in H1 2014 fell 42% from a year ago to 1.4 million tons. Imports are mostly controlled by policy makers through quotas. China also said this month it would channel US$3.2 billion to help Xinjiang develop its textile industry.

[Bloomberg 01/08/14]

Cameroon

Positive Outlook For Cameroon Cotton Sector

There are good prospects for the development of the cotton sector in Cameroon, with an expected increase in the production of the Cotton Development Company [SODECOTON]. Midway through the cotton farming season analysts foresee an annual production of 270,000 tons, against 240,000 tons in the previous season, representing a 30,000-ton increase - the highest in the cotton sector over the last few years. SODECOTON increased its capital to the tune of CFA 19.1 billion, bringing it to CFA 23.6 billion against an original capital of CFA 4.5 billion, representing an increase of about 600% of the company’s capital. SODECOTON, the flagship of Cameroon’s agro-industry plays an important role in the economic activity in the north of the country by ensuring the training and supervision of over 250,000 local cotton producers.

[Star Africa 11/08/14]

Cote d’Ivoire

2014-15 Cotton Production Forecast Revised Higher

Ivory Coast has revised the forecast for its 2014-15 cotton production higher to at least 450,000 tonnes, from 420,000 tonnes previously on the back of a bumper crop harvest. The country was one of West Africa’s major cotton exporters, with an annual output of about 400,000 tonnes, before a 2002-2003 civil war split the country in two and halved production.

Output has been rising steadily over the past 5-years, and authorities announced plans in June to boost production to 600,000 tonnes in the next 2-years. If rains hold steady, there could be a record production this year. Farmers have also received inputs that have helped boost output. Cotton planting in Ivory Coast generally starts in the second half of May with the first rains, and harvesting begins slowly in late October before picking up sharply in December.

[Reuters 01/08/14]
Tanzania

Minister Orders Crackdown Against Tampered Scales

Tanzania Cotton Board [TCB] has been ordered to work with the Weights and Measures Agency in the fight against tempering of weighing scales deliberately done by cotton buying agents. Cotton buyers found to temper with the machines will have their licences revoked. Last week the government officially launched a crackdown operation to inspect weighing scales. Traders who buy cotton below the set price of 750/- per kilo were also warned to desist with immediate effect or face stringent legal action.

[Guardian 18/08/14]

Cotton Firm Trains Farmers On How Production Methods

The Cotton and Textile Development Programme [CTDP] is promoting 20-high performing farmers to be village-based agro dealers in charge of quality input service providers. The dealers have been trained by experts from the Arusha-based Tropical Pesticides Research Institute [TPRI] to identify inputs and ensure that they buy seeds on time, and from reliable sources. They will act as ambassadors in their respective districts, using conservation agriculture practices among cotton and other farmers including a range of best practices for cotton and other crops as part of a plan actioned by the Tanzania Gatsby Trust [TGT].

[Daily News 01/08/14]

Zimbabwe

Seed Co To Offload 60% Of Quton

The Seed Co has concluded discussions with Indian Mahyco for a significant stake in Quton. The investor will take up 60% shareholding in the company for US$10 million with the transaction to be completed by the end of September. Quton is the only cotton planting seed company in Zimbabwe. Its main role is breeding, processing and marketing cotton seed to largely smallholder farmers in the SADC region. The second tranche of the equity from Limagrain totalling US$27 million was expected before December. The French company would take up a 32% shareholding in the company. The funds will help expose breeders to international markets and technologies. The group is in the process of re-branding its products with the new packaging difficult to replicate which is going to take fake seed producers out of the market.

[Herald 21/08/14]
COMMODITY NEWS
FISH

Nigeria

Fish Production Set To Boost Exports

Nigeria’s fish production has reached more than 3-million MT/p.a enabling the country to meet local fish demand and generate surplus for export. To further push the sector, government will also promote trade through established best global practices in fisheries management.

[African Farming 27/07/14]

South Africa

CDC R2 Billion Coega Aquafarm Facility

Following the completion of a feasibility study, the Coega Development Corporation [CDC] has announced plans for the development of a R2-billion aqua farming facility for abalone and finfish on 300 ha of land in Zone 10 of the Coega industrial development zone [IDZ]. CDC aims to dedicate 80 ha to abalone farming by 2020, creating about 2 080 permanent jobs. South Africa is widely known to have of the best abalone all of which is exported to the Far East. In addition, finfish farming on a proposed 120 ha was expected to create about 3 000 additional permanent jobs in the long term. Another species that could potentially be farmed is seaweed which can be used for feed and various pharmaceutical uses. The deep-water Port of Ngqura is of strategic importance and critical to maintaining the cold chain required by aqua-farmed produce. CDC was currently advancing 2-environmental-impact assessments; one for seawater abstraction and discharge outlet and another for the land-based activities related to aquaculture.

[Engineering News 25/08/14]

SA Ratifies West Coast Marine Convention

South Africa has ratified the Benguela Current Convention [BCC] with Angola and Namibia. The agreement will manage marine resources off South Africa’s west coast, where the tuna catch plummeted to 16% of its normal size owing to undersea oil prospecting. Namibia’s tuna harvest had dropped to 650 tons last November, from 1,800 tons in 2012 and 4,046 tons in 2011. The BCC will promote a co-ordinated approach to the long-term conservation, protection and rehabilitation of the Benguela Current Marine Ecosystem to provide economic and environmental benefits. President Zuma last month announced plans to explore parts of the ocean to unlock its economic potential. Work on the plan started last month.

[The Citizen 06/08/14]
General

Nestlé Launch Modular Factories In Africa Within 3-Years

Nestlé is to launch a number of modular plants in Africa over the next 1-3 years. The production units are composed of modules easy to assemble in order to offer a flexible, simple, and cost-effective solution to create production sites in developing countries. With a lower cost of 50-60% than traditional units, the plants allow the company to adapt to the constraints linked to the African market [risk, difficulties in supply in energy etc] and can be more easily dismantled and transferred from one place to another. Malawi, Mozambique, Uganda, Rwanda and Tanzania will be the first countries to test these facilities characterized by low investment. Priority will be given to simple such processes such as repackaging and transformation activities.

[Agribusiness 22/08/14]

Angola

Brazil Open To Strengthening Agricultural Cooperation With Angola

Brazil is open to more extensive cooperation with Angola so that the latter can once again become one of Africa’s top agricultural producers specifically that of coffee and soybeans. Personnel from the Brazilian agro-livestock research firm Embrapa are currently providing support to Angola’s agronomic [IIA] and veterinary [IIV] research institutes. In the 1970s Angola was the world’s third-ranking coffee producer. Current production is estimated at just 12.6 million tons, mainly [96%] the Robusta type.

[MacauHub 08/08/14]

Ethiopia

First Bottles Of Ethiopian Wine Produced By French Firm Castel

The French beverage giant Castel, one of the world’s biggest producers of wines and beers, is raising a glass to its first production of 1.2m bottles of Ethiopian Rift Valley wine. Half of the bottles are destined for domestic consumption and half for export with 26,000 already snapped up by a Chinese buyer. Although Castel does not expect its Ethiopian wine business to make a profit until 2016, it hopes to more than double production to 3m bottles a year. The company has produced a better quality wine called Rift Valley, selling in Ethiopia for the equivalent of €7 and a grape-mix wine called Acacia, retailing at the equivalent of €5.

[Guardian 23/08/14]
Kenya

Action To Curb Residue Chemicals In EU Exports

Kenya is banning the use of some chemicals on farms and stepping up inspections to avoid increased sanctions on its fresh produce exports to the European Union. The EU set a deadline of September 30 for Kenya to cut the residue chemicals in exports, to comply with the EU’s guidelines, or risk sanctions on exports of its cut flowers, fruit and vegetables. Kenya earned US$943.97 million from horticulture exports last year. The EU bloc is its main export market. The sanctions will include closer inspection of Kenyan exports by the EU and may ultimately lead to a ban. Kenya is complying with the EU’s demands with officials in talks with the EU. Measures taken include the banning of the use of 2-chemicals. The Kenya Plant Health Inspectorate Service [KEPHIS] and the Horticultural Crops Development Authority [HCDA] have been tasked with ensuring the quality of farm produce and is under investigation.

[NF 21/08/14]

Nigeria

Dangote US$1 Billion Rice Investment

Dangote Group has invested US$1 billion in rice production in Nigeria and has signed a Memorandum of Understanding [MoU] with the Federal Government. The investment was the single largest ever made in rice production in Africa. Nigeria aims to be self-sufficient in rice production and a net-exporter of the grain.

[Independent 01/08/14]

South Africa

Wine Industry Loses Farms But Achieves Record Exports

The South African wine industry loses about 100 small farmers and 1,000ha of vineyards each year, though better yields have helped it achieve record export and production. Thanks partly to South African producers filling the gap created by Europe’s poor 2013 harvest, exports last year jumped 26% over the previous$ high achieved in 2012. The export-promotion body Wines of South Africa [Wosa], said there was a “wave of optimism” in the international market about South African wines. Exports had risen from 22-million litres when the international market was opened to South Africa in 1992, to more than 500-million litres a year now.

The diminishing area dedicated to wine farming was the result of small producers shifting to other agricultural commodities. They were also selling their farms to larger producers which have better economies of scale and are more productive. While yields could be improved further, the industry needs to reinvest in vineyards at a rate of about 5,000ha a year. South Africa’s nearly 100,000ha of vineyards generates about 3% of the world’s wine production, making it one of the 10 largest producers. Efforts to increase exports include working towards free trade agreements, and repositioning South African wines.

[Business Day 06/08/14]

Zambia

Zambian Poultry Sector Shows Significant Growth

Zambia’s poultry sector has demonstrated huge progress in production, commerce and technology, according to the Zambian government. Zambia’s poultry sector contributes around 4.8% to agricultural gross domestic product [GDP]. The growth in the sector has expanded egg capacity to around 1.7m per week. Further to its growth, Zambia has now set up modern abattoirs for poultry processing to meet growing demand for chicken. Poultry is currently the main meat consumed in Zambia.

[African Farming 28/07/14]
Cote d’Ivoire

Dekel Oil Launches A Palm Oil Processing Plant At Ayénouan

Dekel Oil has launched a CFA10 billion francs palm oil processing plant in the town of Ayénouan after 3 years construction. The facility can process 90 tons per hour. The facility is funded by the West African Development Bank [BOAD] and the Bank for Investment and Development [EBID] the financial arm of ECOWAS.

SIPEF Positive H1 Carried By Palm Oil And Bananas

Belgian Société Internationale de Plantations et de Finance [SIPEF] announced H1 2014 earnings at US$28.1 million up 63.9% on 2013. Specializing in the production of oil palm, rubber and tropical fruits, SIPEF is present particularly in Côte d’Ivoire. Sales of palm oil, bananas and rubber [respectively +46, 1% and +50.6% gross profit] were the main factors for this performance. Conversely, low tea prices have clipped on the profits of the group.

Nigeria

Earnings Soar On Higher Palm Oil Prices

Two major agriculture firms operating in Nigeria’s oil palm sector have recorded the strongest growth in six quarters, as Q2 2014 earnings spiked on increased price of palm oil at the international market. The cumulative revenue of the two dominant players in the sector, Okomu Oil Nigeria plc and Presco Nigeria, increased by 2% to N8.93 billion for Q2 2014, from N8.75 billion, while profit increased by 13.45% to N4.51 billion. This compares with a 29% decrease in revenues and 18% decline in profit in 2013, stoked by 12% decline in palm oil prices and 17% dip in rubber prices in the period.

Output in Nigeria’s palm oil sector is revving up as PZ Cussons plc announced last month that its joint venture [JV] palm-oil processing refinery with Singapore’s Wilmar International Ltd was operating at near full capacity. PZ said it expects the venture to gross at least US$300 million [N48.3 billion] annually within 3 years of construction. Presco, Nigeria largest farmer by market value, has completed plans to launch a new biogas power plant in order to reduce its dependence on fossil fuels to boost its operation in the country.

Nigeria ranks behind Malaysia and Indonesia as the world’s largest oil palm producer. Nigeria’s palm oil production volume to land area ratio of 0.3 tonnes per hectare [te/ha] compares with Malaysia’s 3.6te/ha and Indonesia’s 3.0te/ha, while on a per-capita basis consumption at 8kg is below the global average of 21kg. In Q2, global prices declined by around 8% which will feed into local prices and weigh on Q3 sales.
General

African Sugar Producers Heading for Rough Waters As EU Quota Ends

The annual sugar quota which allows traders to export to the European Union [EU] comes to an end in 2017. Since 2007, the EU has been reforming its Sugar Protocol regime as part of directives by World Trade Organisation [WTO] to end its heavily subsidised European Common Agriculture Policy. The annual EU sugar exports used to be an important hard currency earner as the commodity fetched premium prices almost double the world market prices. For example in Tanzania Euros earned from over 20,000 MT of sugar exports p.a to the EU enabled sugar industries there to expand their production by importing machinery and repair parts which played a significant role in boosting production which now stands at about 300,000 MT.

Under pressure from some members of the World Trade Organisation led by the United States which complained against preferential trade treatment between the EU and African, Caribbean and Pacific [ACP] members, Brussels and its ACP partners have been forced to end their trade arrangement. Crafted in June 2000 through Cotonou Partnership Agreement, the EU/ACP trade deal succumbed to WTO censure and was forced to start a different arrangement known as Economic Partnership Agreements [EPAs]. Popularly known as EPAs, the new arrangement has met stiff resistance from some of the ACP members who were split in regional blocs by the European Commission, which argued that it would be much more efficient to negotiate through regional blocs other than with ACP as a single bloc.

Tanzania which started negotiating EPAs under Southern African Development Community decamped a few years later after South Africa ignored other SADC members and went on to sign an EPA with the EC [executive arm of the EU], South Africa which by any standards is a middle income economy has a lot to trade with the EU compared to Tanzania and other smaller ACP economies, hence was obliged to decamp and seek a much suitable group with similar characteristics. East Africa Community [EAC] was Dar es Salaam’s ultimate choice after Kenya and Uganda which initially wanted to sign an EPA under Common Market for Eastern and Southern Africa decamped to the sub-regional bloc. Under the controversial EPAs, the initial idea as per WTO rules was to remove preferential trade treatment between ACP and EU countries which discriminated against other members of the global trade body’s over 140 countries. In addition, EPAs sought to introduce trade reciprocity which means if Brussels allowed ACP commodities entry into its market duty free, the same should be granted to EU exports into ACP markets, it spelt a disaster. Much of the ongoing debate between the EC and EAC bloc over EPAs is mainly centered on this and other similar trade details like Singapore Issues [liberalised trade in services, etc].

Recently news came out that the EU will start exporting sugar to Middle East and Africa come 2017. The EU is expected to end sugar production quotas - currently at some 14 million tonnes per year - as part of reforms to create a freer sugar market. Analysts said the volume of EU sugar exports after the lifting of quotas would be linked to growers’ assessments of international sugar prices relative to alternative crops such as grains, as well as production and freight costs. Some analysts said they believed the EU had the potential to export some 2 million tonnes a year after quotas are lifted. Although the EU expects to export mainly industrial sugar which the country does not produce, the idea of changing its sugar regime under WTO raises enough eyebrows among Least Developed Countries [LDC] which since 2000 have opposed any new global Trade Round under Doha Process.

The LDC group is worried that EPA are meant to achieve what is stalled at WTO through the back door because as a bloc, ACP has more than 70 members who add up to over 100 if joined by the EU’s 28 members. With over 100 combined members, the EU/ACP trade arrangement is enough to push through stalled global free trade talks at WTO where another significant number of American and Asian countries are backing the move. Industrial sugar from Europe will be the first product to open up the African market for heavily subsidised European sweetener with many others likely to follow. In the long run, Africa will become a department mega shop for not only EU producers, but also other heavily subsidised American and Asian producers who will qualify for duty free exports under WTO’s non-discriminatory rules.

[Daily News 12/08/14]
Kenya

Kwale Sugar Products To Hit Shelves From October

Kenya’s newest and modern sugarcane milling plant, Kwale International Sugar Company [Kiscol] based in Kwale County is due for commissioning on October 1. The plant nearing completion will have an installed capacity to crush 3,500 tonnes of cane per day [TCD]. This will eventually be increased to 5,000 TCD. The Sh17.4 billion Kiscol sugar processing facility being built from the ground up incorporates 5,500 ha of cultivated cane, 18 MW bagasse-fired power plant and an irrigation and water management system. It is expected production will help cut Kenya’s sugar deficit of 200,000 tonnes by adding 17% to 700,000 tonnes of what the nation produces from the existing millers. Projected sugar production is 10% of Kenya’s current consumption, thus, there exists a local market for the sugar to be produced by the miller, even before considering exports. The projected sugar production in 2014 is 700,000 MT made from 7.5 million tonnes of cane.

Kenya produced a record-high 600,179 tonnes of sugar in 2013, up from 502,563 tonnes the previous year. It produced 6.67 million tonnes of cane in 2013, up from 5.82 million tonnes. Kenya has an installed factory crushing capacity of 30,109 tonnes of cane per day and expects an additional 3,500 tonnes to be added by the Kiscol factory. It is estimated that the cost of producing a tonne of sugar is US$570 in Kenya compared with US$240–290 in rival producers such as Egypt. Kenya plans to privatise 5-sugar factories to reduce inefficiency before the end of trade safeguards that limit imports from the Common Market for Eastern and Southern Africa [COMESA] trade bloc.

[Standard Digital 17/08/14]

Mauritius

US$250 Million Sugar Deal

Energy and manufacturing firm, Omnicane, is set to invest US$250 million in various sugar plantation projects in Savelugu in the Northern Region, following the conclusion of a test that proved the project’s commercial and production viability. The 5-year project will produce more than 100,000 tonnes of refined sugar annually. Sugarcane remains Mauritius’ leading sector in terms of exports and share of gross domestic product [GDP]. Sugarcane is grown on about 90% of the cultivated land area of that country, and accounts for 15% of export earnings.

[Ghana Web 19/08/14]

Terra Mauricia Loss Widens As Prices Dip

Terra Mauricia, a leading Mauritian sugar producer, reported a bigger pretax loss in its first half blaming low sugar prices in the European Union where it exports most of its produce. Terra, whose subsidiaries range from sugar, electricity and alcohol production to property development and financial services, posted a loss of 156.7 million rupees [US$5.1 million] from a loss of 93.1 million rupees a year earlier. The company blamed the drop on low sugar prices in the EU where it sells most of its output. It said the Mauritian Sugar Syndicate expected a price of 14,000 rupees per tonne for the current crop against a price of 15,830 rupees a tonne in 2013. Sugar prices on the global market especially in the EU, Africa’s biggest external market, have fallen sharply over the last years due to oversupply. The EU has allowed a duty free market to many African producers, but decided last year to end sugar quotas in 2017. Terra said its loss per share widened to 0.85 rupees from 0.51 rupees a year ago.

[Reuters 14/08/14]
Swaziland

EU Invests In Sugar Industry

The Swaziland Sugar Association (SSA) noted that the European Union (EU) has allocating €1.8 billion to target smallholder sugar growers (SSGs) mainly for Fairtrade Certification to include audit one of the mills for FSSC 22000 certification. Sugar production is projected to grow at an average annual rate of 5% to a record level exceeding 800,000 tonnes by 2018/19.

Regional efforts were currently focused on the Tripartite Free trade Area (TFTA) which encompassed the Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC) and Southern African Development Community (SADC). The TFTA sugar industries have been involved in the discussion of a special dispensation for sugar to handle cross-border flows of sugar.

[Swazi Observer 22/08/14]

Tanzania

Bulk Sugar Procurement Likely To Start Year End

The bulk sugar procurement system may start this year after receiving recommendations from key stakeholders on the sub-sector. The Minister for Agriculture and Food Security, Christopher Chiza, noted buyers and traders are still negotiating the best way to have the system put in place. Once implemented, it will involve stakeholders including the government, traders and owners of sugar plants. Stakeholders have agreed on the matter and the process is underway to replace the current system. The current system of sugar importation involves too many traders.

[Guardian 06/08/14]

Uganda

Ugandan Sugar Blocked Entry Into Kenya

Despite authorities from Uganda and Kenya recently striking a deal to allow sugar exports from the former into the latter, some trucks are still blocked from entering Kenya. The Uganda Sugar Manufacturers Association (USMA), noted sugar exports had started although problems were still encountered.

Kenya-Uganda sugar woes started in 2011 when Uganda was experiencing unprecedented sugar shortages. In a sign of solidarity, Kenya scrapped off duty from sugar bound for the Ugandan market. But later on, the Kenyans accused Uganda of taking advantage of the situation and ‘over-importing’ – from which imported sugar was reportedly being repackaged and exported back to Kenya duty free under the auspices of the EAC Common Market protocol. Uganda has since recovered from the 2011 mess, with sugar production now up to an annual tonnage of 462,500, way clear of the domestic tonnage consumption of 300,000.

[New Vision 02/08/14]

Kakira Sugar To Produce Ethanol By 2016

Kakira Sugar Works Ltd., Uganda’s biggest processor, plans to build an ethanol plant by the end of 2016 after it spent US$75 million expanding cane-crushing and power operations over the past 2-years. The ethanol from the facility that will have capacity to produce 20 million liters (5.3 million gallons) annually will be distilled from 85,000 metric tons of molasses, the result of processing 2 million tons of cane. Plans are for production to start by mid-December 2015 with officials having visited India and China for advice on feasibility studies.

The company is owned by the Kakira-based Madhvani Group. The group invested US$75 million since 2012 in Kakira’s cane-crushing facilities and in generating electricity from bagasse, a cane fiber. It uses 16 MW of its 50 MW of capacity, selling the remainder to the national grid, he said. Kakira may boost its sugar production this year to 180,000 tons from 152,204 tons last year, according to the Uganda Sugar Manufacturers’ Association, of which the company is a member. Uganda may produce a surplus of sugar this year, with output rising 32% to 442,550 tons from a year earlier, according to its manufacturers’ association.

[FreshPlaza 12/08/14]
Zambia

Sugar Prices Climb

The African Competition Forum [ACF] notes Zambia’s sugar prices are above the world recommended market prices. This is largely because of market power being vested in one existing large-scale producer. ACF noted the country’s policy to block imports also contributed to rising domestic prices which have more than doubled over the last decade as producer Zambia Sugar Plc is selling the commodity at significantly higher prices in the domestic market. Producers also have the ability to price domestic sugar at the highest cost with high margins, even though the country is a low-cost sugar producer.

US$500 Million Sugar Investment

Greenfuel, a company owned by Zimbabwean millionaire Billy Rautenbach has invested US$500 million into a Zambia ethanol project with latest acquisition of 30,000 ha of land for a sugar cane plantation in Luapula province. Under the programme, the firm will build a sugar, ethanol and molasses processing plant. This latest investment comes after the UK based Sunbird Group entered into a partnership with Mahtani Group recently to construct another US$150 million ethanol plant in the same province.
Kenya

Top Price Of Highest Grade Tea Falls

Kenya’s tea exports rose to 250 million kg in the first 6-months of this year from 246.7 million kg in the same period last year while output was steady according to regulator Tea Board of Kenya. Output for the same period dipped slightly by 0.2% to 225.2 million kg. Most of the tea offered at the Mombasa auction is from Kenya, but tea from Uganda, Tanzania, Rwanda, Burundi and other regional producers is also sold. Kazakhstan showed more support during the auction while Yemen and other Middle Eastern countries were also more active.

<table>
<thead>
<tr>
<th>Auction</th>
<th>Aug 26th</th>
<th>Aug 19th</th>
<th>Aug 12th</th>
<th>Aug 5th</th>
<th>July 29th</th>
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<td>Best Broken Pekoe Ones [BP1s] TEABP1-BEST-KE</td>
<td>$2.50-3.90/kg</td>
<td>$2.70-3.92/kg</td>
<td>$2.92-3.92/kg</td>
<td>$3.00-3.90/kg</td>
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<td>$2.30-2.68/kg</td>
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H1 Tea Production Declines, Prices Down 20%, Slows Export Growth

Tea sector earnings look set for a decline for the second year in a row as production slowed down in H1 2014 and prices fell. On average, a kilogramme of green tea leaves fetched US$2.24 [Sh196.72] compared to an average of US$2.80 [Sh245.90] a year ago, a 20% decline. Overall H1 production declined with total tea produced amounting to 225.19 million kg compared to 225.62 million kilos last year - a 0.2% decrease attributed to cold weather coupled with less rainfall. Kericho county was most affected with production declining by 13.1% to 36.12 million kg from 41.55 million kg. Bomet, Kisii, Nakuru and Nyamira counties also posted significant reduction in production. The West of Rift region’s production slid 4.7% to 131.97 million kg from 138.48 million kg, reversing gains in East of the Rift which produced 7% more at 93.22 million kg compared to 87.14 million kg.

Prices are recovering and future earnings could rise on the back of reducing production and demand growth in emerging tea export markets. Kenyan tea was priced at US$2.03/kg [Sh178.28] in June on average at the Mombasa Auction, 16.8% lower than the US$2.44/kg [Sh214.28] recorded in June 2013. Total tea exports rose slightly to 250 million kg in H1 compared to 246.7 million kg a year ago. Volumes consumed locally rose by 38.5% to 16.9 million kg in H1 from 12.2 million kg. Over the past 12 years, 2013 recorded the highest production level at 432.2 million kilos. The cash crop has been Kenya’s biggest export earner but price depression and a drop in overall production will impact negatively on farmers and investors in tea-growing companies. Kapchorua, Sasini and Williamson, are facing lower profits. The 3-companies are listed at the Nairobi Securities Exchange.

[The Star 18/08/14]
Limuru Tea H1 Profit Drops 42%

Kenyan agricultural firm Limuru Tea reported a 42% drop in H1 pretax profit and forecast lower revenue in H2 of the year, blaming weaker tea prices for both declines. Kenya is the world’s leading black tea exporter, and the crop is a major foreign exchange earner. Increased production due to favourable weather this term has dented prices sharply. Pretax profit fell to 10.8 million Kenyan shillings [US$122,448], after revenue fell by 18% to 48 million shillings. Prices for the 6-months to the end of June declined by 19% from the year-ago period. Limuru Tea produced 1.6 million kg of green leaf in H1, which was processed into 378 tonnes of black tea, a 9% jump from the year-ago period.

[Uganda]

Uganda To Formulate Tea Industry Policy

State Minister for Trade David Wakikona has pledged to make drastic changes to the country’s tea industry and says the ministry is working on formulating a national tea policy quickly. Although tea as a cash crop contributes US$135 million annually to the economy, it has no body or policy which governs it such as those for other cash crops like cotton and coffee. As a result, tea factories and estates have reported losses in the recent past, following a drop in the tea price on world markets.

The ministry had started to develop a Cabinet memorandum, a document which will carry information about the tea sector to the Cabinet and will hold quarterly meetings with stakeholders in the industry to discuss challenges facing the sector. The government also plans to rehabilitate roads in tea-producing areas. The Trade Ministry would also work with the Uganda Export Promotions Board to find markets for Ugandan tea.

Ugandan tea is sold through auction at Mombasa, Kenya. However, tea production has more than doubled, from 33 million kg in 2005 to 70 million kg in 2013. The 112% surge pushed the nation’s leaf exports, making Uganda the third largest exporter of tea in Africa, after Kenya and Malawi. This could rise as Uganda has 200,000 ha of viable land for tea growing, yet only 28,000 ha are under production.

Tea Firm Set Up in Shimanzi

A Sh160 million tea value addition company has been setup in Shimanzi in Mombasa. DL Koisagat Tea Factory will help tea farmers from the up county in selling their produce. The firm has imported 2-processing machines from China and India and aims to process tea on a 24-hour basis producing 600 tonnes of high quality and value added tea every month. The firm will open 2-other tea processing companies in Rift Valley to market tea.
General

Favourable Outlook For Second Half Of The Year

The demand for sapele logs and sawnwood remains firm and prices continue to climb. Over the past 2-weeks prices for sawn moabi and movingui have also shown signs of firming on the back of active buying for the French market. Prices for sipo, the other favourite at the moment, remains firm but has probably reached its ceiling for the time being. The pace of shipments of the higher sawnwood grades depends mainly on demand in the European markets and producers are anticipating active purchases when buyers in the EU return to work after the holidays and begin to consider their autumn and winter imports. Producer sentiment is more confident now than a year ago as the outlook for the economy and housing growth in the major markets such as Germany, UK and France has improved.

[ITTO 15/08/14]

Organisations Team Up To Manage African Forests

The Africa Timber Organisation [ATO] and the International Tropical Timber Organisation [ITTO] are collaborating to promote the Sustainable Forest Management [SFM] Programme in member countries in Africa by developing and implementing principles, criteria and indicators established for forest management. The process, which began in 2003 and is expected to continue until 2015, is themed: “Promotion of Sustainable Management of African Forests”.

[Ghana Web 120/8/14]

Red Species Get New Lease Of Life

The demand for red species has turned around and producers report active purchasing with sapele and sipo very much the favourites. This comes as a surprise as a few months ago buyers were showing little interest in either timber. FOB prices for these 2-species are the only ones showing any real upward movement at present. Prices for other species are steady at the recent highs but are not showing any signs of strengthening.

Export orders for sapele and sipo logs, sawn GMS and scantlings are firming and producers report adequate log supplies for the present level of demand. W. African exporters say demand in Europe for the red timbers has improved and because Chinese consumers discovered sapele last year resulting in an overall strengthening of demand. Some producers report a steady demand for sapele in New Zealand. Analysts point out that the sapele/sipo boom has not had a knock one effect on mahogany prices.

[ITTO 31/07/14]

US Sawnwood Imports From Africa Up - Sapelli A Winner

US imports of temperate sawn hardwood recovered in May and total sawn hardwood imports grew by 77% from the previous month. Temperate species accounted for 133,123 cu.m in May. Tropical imports were 19,039 cu.m, down 4% from April. Year-to-date tropical imports were 6% higher than in May 2013. The decline in tropical timber imports was almost entirely due to lower balsa imports from Ecuador in May. Balsa imports fell by 40% to 4,303 cu.m following very high April import volumes. Imports from Brazil declined by 5% in May to 2,399 cu.m. There was only a slight decrease in ipe imports from Brazil [1,790 cu.m], but jatoba and virola imports also fell.

Sawnwood imports from Malaysia, Indonesia and Peru were down, but imports from Africa increased in May. Imports from Cameroon grew by 32% to 2,832 cu.m. The majority of Camerons shipments was sapelli [2,225 cu.m]. Imports from Congo/Brazzaville more than doubled in May to 1,843 cu.m, again because higher sapelli shipments [1,242 cu.m]. Ghana shipped 905 cu.m of sawnwood to the US$in May, up 36% from the previous month. Imports from Ghana were 498 cu.m of acajou d’Afrique and 370 cu.m of cedro, according to US trade statistics.

By species, sapelli overtook balsa as the large tropical import in May [by volume]. Sapelli sawnwood imports were 4,415 cu.m and year-to-date imports were 64% higher than in May 2013. Acajou d’Afrique imports grew to 2,009 cu.m in May, but year-to-date imports were 23% lower than last year. Much of the decline in tropical sawnwood imports in May was in imports from Latin America and Asia: balsa, keruing, ipe, virola, jatoba and teak.

[ITTO 31/07/14]
Seasonal Dip In Demand From EU

Demand began to show signs of life but now it is holiday season so the market is slow. Producers must wait now for the end of August before buyers in the EU begin to consider their autumn and winter purchases. European demand is for a very limited number of species and the prospects for a change in this are slim.

Exporters Managing To Meet Requirements Of EUTR

There reports that some NGOs are calling for tighter application of the EUTR which is of concern to producers. So far West African exporters have been able to meet the requirements of importers in satisfying the EUTR and, so far, there has been no noticeable impact on volumes traded.

Cameroon

Lack Of Loading Facilities

Reports continue of serious problems at Douala Port. The indications are that the contractor responsible for handling timber cargoes does not have sufficient loading facilities and there are huge stocks of logs awaiting shipment. Exporters, once again, have voiced concern over possible deterioration of especially low density, non-durable species; they are also concerned that log parcels are being mixed as logs are constantly being moved around in the port. A new consortium is due to take over the port loading contract at the end of September.
Gabon

Gabon Sawnwood Export Regulations

In June the authorities in Gabon issued new regulations imposing export restrictions on some sawnwood species and specifications. Copies of the documents detailing the latest changes to the export regulations can be found as follows.

- Arrete no. 86 /MFEPN/MEP/MT - Portant creation et fonctionnment de la Brigade de Controle de bois transformes a l'exportation. undated
  https://itto-d2.r-cms.jp/files/user/mis/GABON_MFEPN_Arr%C3%A9t%C3%A9%2086%20Juin%202014.pdf
- Arrete no. 132 /MFEPN/SG/DG1CBVPF - Modifiant et complemant certaines dispositions de l'arrete no. 1 portant norms et classification des produits forestier autorises a l'exportation. 11 June 2014
  https://itto-d2.r-cms.jp/files/user/mis/GABON_MFEPN_Arr%C3%A9t%C3%A9%20132%20Juin%202014.pdf
- Arrete no. 133 /MFEPN/CABPportant instauration d'une Autorisation special pour l'exportation des produits transformes de Kevazingo. 11 June 2014
  https://itto-d2.r-cms.jp/files/user/mis/GABON_MFEPN_Arr%C3%A9t%C3%A9%20133%20Juin%202014.pdf

Tax Repayment

The Gabon tax repayment situation remains unchanged creating serious problems for the timber industry. In related news, it appears that in Cameroon there is a similar problem but the authorities there have provided a tax credit relief for the timber industry. Companies with operations in Gabon say it is becoming more and more difficult to do business as production costs are constantly rising. The latest issue is congested rail and port operations in Gabon as exports of manganese and other products seem to be given priority.
Ghana

Timber Contractors Ordered To Suspend Operations

The Forestry Commission has ordered 6-timber contractors to temporary suspend their logging activities in the Kwahu Afram Plains South and Kwahu Afram Plains North districts for failing to sign a social responsibility agreement with the communities where they operate. The project is sponsored by STAR-Ghana and is aimed at promoting grassroots participation in governance as a way of supporting the socio-economic development of the district.

[ Ghana Web 28/08/14 ]

No Further Extraction Of Rosewood

The Outgoing Minister of Lands and Natural Resources, Alhaji Inusah Fuseini, has confirmed that the ban on rosewood harvesting remains in force and has called upon all Forestry Commission staff to be vigilant and halt the illegal trade in Ghana rosewood. A statement signed by the Minister revoked all permits and licenses issued by the Forestry Commission for the harvesting of rosewood, including permits and licenses for the extraction and sale of rosewood from the Bui dam site.

[ ITTO 31/07/14 ]

Government To Import Timber From Cameroon, Guyana

The Deputy Minister of Lands and Natural Resources, Barbara Serwaas Asamoah indicated that government will import timber from countries like Cameroon and Guyana and is holding talks to see how best to reduce taxes on timber. This was announced at the 5th edition of National Forest Forum-Ghana [NFF-G] in Dodowa. The forum, attended by Civil Society Organizations [CSOs], policymakers and traditional leaders from the 10 regions under the theme: ‘Deepening Ghana’s Country Dialogue- Contribution to sustainable forest management,’ was organized by NFF-G as a platform to dialogue on ways of sustaining Ghana’s natural resources and improving transparency and integrity.

[ Ghana Web 09/08/14 ]
Malawi

Japanese Tobacco Factory Folds Up In Malawi

Japan Tobacco International (JTI) will no longer invest in cigarette manufacturing plant in Malawi due to reasons beyond its control. It will use resources to buy a cigarette firm in Sudan and Egypt. The company has stopped all the processes and preparations for the factory in the country. Malawi has only one cigarette manufacturing company called Nyasa Tobacco Manufacturing Company.

[Star Africa 01/08/14]

JTI Urges Malawi To Continue With Reforms

One of Malawi’s leading tobacco companies, JTI Leaf Malawi has reaffirmed its commitment to partner with Malawi Government, growers and other stakeholders in the country’s drive to transform the tobacco industry. JTI is currently implementing a Facilitated Farming Scheme which is designed to support the country’s new tobacco marketing system called the Integrated Production System, also known as contract farming. Under the system tobacco buyers provide growers with farm inputs through loan financing, technical guidance and agree with them in advance quantities of tobacco to produce per year. This system is seen as a catalyst for improving quality, promoting good agricultural practices, social responsibilities and ensuring long – term viability for farming enterprises.

[01/08/14]

South Africa

New Aviation Biofuel Project Launched Using Tobacco Plants

South African Airways [SAA] and US aircraft manufacturer Boeing are to establish a sustainable aviation biofuel supply chain in Southern Africa. The 2-groups have established a collaboration with Dutch aviation biofuels company SkyNRG to produce aviation biofuel from hybrid tobacco plants. The move will leverage knowledge of tobacco growers in South Africa to grow a marketable biofuel crop without encouraging smoking. The collaboration will see SkyNRG increasing the production of the hybrid plant, named Solaris. Test farming of the plant is already taking place in South Africa and it is expected that biofuel production, using the seeds of the plant, will start within a few years.

[Engineering News 05/08/14]
Zimbabwe

Zimbabwe Earns US$231.6 Million From Tobacco Exports

Zimbabwe has since the beginning of the year exported 50.6 million kg of tobacco worth US$231.5 million with Belgium leading as the major buyer of the golden leaf. Statistics from the Tobacco Industry and Marketing Board [TIMB] show that during the comparable period last year, US$224.4 million was spent by the tobacco merchants importing 53.4 million kgs at an average price of US$4.20 per kg.

<table>
<thead>
<tr>
<th>Country</th>
<th>Spend</th>
<th>Average price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>US$72.5 million</td>
<td>US$4.92/kg</td>
</tr>
<tr>
<td>United Arab Emirates (UAE)</td>
<td>6.0 million kg worth US$17.4 million</td>
<td>US$4.92/kg</td>
</tr>
<tr>
<td>South Africa</td>
<td>5.9 million kg worth US$25.5 million</td>
<td>US$4.32/kg</td>
</tr>
<tr>
<td>China</td>
<td>5.6 million kg worth US$34.6 million</td>
<td>US$6.14/kg</td>
</tr>
<tr>
<td>Russia</td>
<td>2.7 million kg worth US$10 million</td>
<td>US$3.58/kg</td>
</tr>
</tbody>
</table>

So far, 45 countries from around the world were importing tobacco from Zimbabwe while by the end of 2013 about 50 economies imported the golden leaf. Meanwhile, TIMB said the continued trickling of contract purchases after closure of auction floors have seen the percentage market share for contracted tobacco marginally rising from 76.1% to the current 76.4% of 2014 total production. During a similar period last year, contractors had accounted for 67.5% of total production against 32.5% of auction tobacco. Seasonal total purchases rose to 215.1 million kg. In a corresponding period in 2013, an estimated 164.3 million kg were sold at an average price of US$3.69 a kg.

Although liquidity crunch has remained one of the major issues negatively affecting the economy since the introduction of a multicurrency system in February 2009, tobacco export earnings have become a key in providing liquidity support. Zimbabwe’s tobacco prices which averaged US$3.17 /kg this marketing season were the second highest in the world among countries that produce the cash crop. Prices in the United States, which hovered around US$3.80/kg, were the highest globally.

To date, 106,456 growers have since registered to grow the crop during the 2014/2015 season as compared to a cumulative 91,278 farmers who produced tobacco the previous season.

Zimbabwe, China Mull Tobacco Processing Plant

According to the Tobacco Industry and Marketing Board [TIMB] Zimbabwe and China are planning to establish a multi-million dollar tobacco processing plant that will see the country exporting more processed tobacco products. TIMB wants the Chinese to assist Zimbabwe explore new tobacco markets. A 7-member delegation, led by State Tobacco Monopoly Administration [STMA] chief commissioner, Lin Chengxing has since returned to China after its 2-day working visit.