MOROCCO FRUIT BOARD DELEGATION VISITS CMA CGM HEAD OFFICE GROUP PROMOTING MOROCCAN EXPORT REEFER ACTIVITY

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Morocco Fruit Board Delegation Visits CMA CGM Head Office

Welcomed by CMA CGM Chairman Jacques Saadé and CMA CGM teams, including Patrick Joleaud, General Manager CMA CGM Morocco, Nicolas Lemaître, Line Manager NAF Lines, and Julien Garcia, Sales NAF Lines, a delegation of the Morocco Fruit Board (MFB) visited the CMA CGM head office this month to prepare for the 2015-2016 campaign.

MFB is a grouping of several fruit and vegetables exporters from Morocco who signed a partnership with CMA CGM on July 9th 2014, to develop containerized transport for all export and import activities of the MFB group and its affiliates.

Exports are mainly citrus fruits (oranges and clementine) and some vegetables (tomatoes) but all kinds of fruit and vegetables are transported: peaches, nectarines, grapes, peppers, potatoes, lettuce, lemons, melons etc.


NAF Dunkrus Express

The NAF Dunkrus is a direct, fast and reliable service between Rouen and Tangiers which offers a smooth relay in Tangiers with all our Europe-West Africa Lines. We offer very short transit times from Morocco to Europe ideal for the transportation of soft commodities such as fruit and vegetables.

Tailored Reefer Options

With one of the youngest reefer fleets in the trade we can transport your goods to every corner of Africa. Please contact your usual agent for advice, rates and bookings.

According to your needs and those of your merchandise we offer the following options:

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cold Treatment</td>
<td>Used for some products where several probes are applied directly into the container after packing to eliminate parasites. Achieved by maintaining the goods at a low temperature for a predetermined, uninterrupted period, and avoids having to fumigate or use pesticides and meets phytosanitary standards of many countries.</td>
</tr>
<tr>
<td>AFAM+</td>
<td>Accurately controls the level of CO2 in a container.</td>
</tr>
<tr>
<td>TRANSFRESH</td>
<td>Accurately controls CO2 and O2 levels. It differs from the EVERFRESH system as it involves an injection of gases at the start of the voyage.</td>
</tr>
<tr>
<td>EVERFRESH</td>
<td>Accurately controls CO2 and O2 levels. There is no initial injection of gas with this system as it generates the required quantities itself.</td>
</tr>
<tr>
<td>Very Sensitive Cargoes</td>
<td>The nature of some products requires extra special precautions during transportation. Before packing, each container undergoes a 48-hour test to make sure the refrigeration and warming up phases are functioning properly. An extra probe is inserted into the middle of the cargo and plugged directly into the container’s data-logger. This allows accurate measurements of the product’s temperature to be taken in relation to the ambient temperature of the container. A special VSC Monitoring procedure is implemented on board the vessel to compensate for any possible incident.</td>
</tr>
<tr>
<td>Multi-Temperature System</td>
<td>This system allows you to select several temperatures during a voyage for products that call for a variation. Up to 6 different temperatures can be programmed for one voyage.</td>
</tr>
<tr>
<td>Reefer Monitoring</td>
<td>We offer peace of mind as every reefer consignment is monitored as follows:</td>
</tr>
<tr>
<td></td>
<td><strong>Modem:</strong> All reefers have a modem which is in permanent contact with the ship’s bridge. If there is any problem, an alarm signal alerts staff ensuring a rapid response.</td>
</tr>
<tr>
<td></td>
<td><strong>GPS/GSM Transmitter:</strong> Some cargoes require special attention (pharmaceutical products). We are able to fit a GPS/GSM that transmits information 24 hours a day to a control centre on land. In this way we can monitor conditions inside the container, as well as tracking its position.</td>
</tr>
</tbody>
</table>
Cameroon

Cameroon Setting Up Mobile-Based Staple Food Price System

The government, through the Ministry of Agriculture and the Ministry of Livestock, Fisheries and Animal Industries, has launched, with the support of the National Institute of Statistics [INS], an electronic system that enables the collection and broadcast of all staple food prices via smartphone. The project, to be rolled out in October 2015, aims to reduce price instability on the country’s markets, by providing real time information to help make better purchasing and sale decisions. This system already exists in the cocoa and coffee sector helping stakeholders to receive daily SMS messages showing the FOB and CAF prices.

[Business in Cameroon 12/07/15]

Ghana

Groups To Introduce Electronic Cash Payment Platform

Licenced cocoa, coffee and cashew buyers and sellers are to transact business with an electronic cash payment platform to improve the effectiveness in internal marketing of the 3-cash crops. The platform, which will be fully operational in August this year, is an initiative of the Progressive Licenced Cocoa Buyers Association [PLCBA]. Among other benefits, the platform ensures equity in the industry and reduce risks such as theft. Under the new system money would be used electronically thus district officers and purchasing clerks would no longer handle cash.

[Graphic 13/07/15]

Zambia

Zambia Setting Up Commodity Clusters

The Zambian Government is in the process of establishing industrial clusters in Western Province to capitalise resources and support small and medium enterprises. Government is establishing a cassava industrial cluster in Kaoma, a timber cluster in Sesheke and a mango cluster in Mongu. Other industrial clusters are to be established for rice, fish, cotton, beef and glass.

[Daly Mail 24/07/15]
Kenya

Obama’s Visit Highlights Key Exports

President Obama made a visit to Kenya this month to forge new economic ties with the country. The move is beneficial as Kenya is eligible for preferential trade benefits under the African Growth and Opportunity Act [AGOA] which has just been extended for the next 10-years.

The United States has also signed trade and investment framework agreements with the East African Community [EAC] and with the Common Market for Eastern and Southern Africa [COMESA] of which Kenya is a member of both regional organizations.

Kenya and the United States also belong to a number of the same international organizations, including the United Nations, International Monetary Fund, World Bank, and World Trade Organization. The country’s major exports to the U.S. are apparel, tea, coffee. The agricultural sector remains the largest employer in Kenya, contributing 25.3% of GDP.

Kenya’s Top 10 Export Sectors: 2014

<table>
<thead>
<tr>
<th>Export Type</th>
<th>US$ M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horticulture</td>
<td>962.7</td>
</tr>
<tr>
<td>Tea</td>
<td>931.8</td>
</tr>
<tr>
<td>Tourism</td>
<td>863.5</td>
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<tr>
<td>Apparel / Accessories</td>
<td>287.2</td>
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<tr>
<td>Coffee [Unroasted]</td>
<td>197.5</td>
</tr>
<tr>
<td>Tobacco / Tobacco Products</td>
<td>166.9</td>
</tr>
<tr>
<td>Iron &amp; steel</td>
<td>133.4</td>
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<tr>
<td>Plastic articles</td>
<td>109.1</td>
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<tr>
<td>Essential oils</td>
<td>107.7</td>
</tr>
<tr>
<td>Medicinal / Pharmaceutical</td>
<td>82.3</td>
</tr>
</tbody>
</table>

Source: Kenya’s National Bureau of Statistics
Côte d’Ivoire
Cashew Price Up 68%
Cashew production has reached 625,000 tonnes already this year and has seen a total of 337 billion CFA francs. Compared to the whole of 2013 which reached 200 billion CFA francs. This is an increase of 68% [price] with a production volume increase of 25%. The price of cashew has been improving from lows of 75 CFA francs/kg a few years ago to a median of 410 francs CFA and peaks even reaching 660 francs CFA.

[Ecofin 28/07/15]

Tanzania
Stakeholders Call for Government Support
Cashew nut stakeholders have called on government to intensify support to industries processing the crop by addressing critical challenges. The Cashewnut Board of Tanzania [CBT] noted the challenges include shortage of processing equipment like boilers, driers, shelling and packaging machines which would facilitate processing activities. Further stakeholders want to meet international standards by having a product seal that will expand access to the international market.

[Daily News 13/07/15]

Zambia
AfDB Funds US$63.68 Million Cashew Initiative
The Zambia Government along with the Cashew Growers Association of Zambia [CGAZ] and the African Cashew Alliance produced the Cashew Development Initiative in 2014 in order to revive the cashew value chain. The Government has listed this as a 2015-2017 priority and requested financial support of US$63.68 million from the AfDB for the development of a cashew tree crop project in Western Province. The cashew hub there covers an area of 1.3 million ha with the potential to produce 130,000 T of raw cashew nuts per annum. The project will be implemented in 10-districts namely, Mongu, Limulunga, Senanga, Kalabo, Nalolo, Sikongo, Shangombo, Sioma, Lukulu, and Mitete to include infrastructure for cashew value chain development, capacity building and project management. The Project will benefit 70,000 smallholder farmers.

[AFDB 24/07/15]
General

Prices Poised For New Highs Amid Industry Shake-Up

Cocoa prices are set to rise further before October, as merchants in Ivory Coast move to corner more of the market. According to Ecobank prices will rise ahead of the start of the next West African growing season, thanks to continued supply squeeze and rallying global demand, as well as the prospect of higher farmgate prices in the coming season as farmers withhold beans from the market in expectation of higher fixed prices in 2015-16. Cocoa prices hit a 4-year high this month, thanks to a disappointing crop in Ghana. Ecobank’s forecast follows similar predictions from Commerzbank earlier this month, and VSA Capital in July, which all expected new highs before the end of the year.

The prospect of supply squeeze comes as domestic exporters lobby for a state-mandated control over a larger share of exports for the next 5-years in Cote d’Ivoire. A new umbrella organisation, Groupement des Négociants Ivoiriens [GNI], is lobbying for the right to export up to 20% of the Ivorian crop, at 340,000 tonnes. In 2014, this would have amounted to nearly 7% of global supply. Ecobank says that there would need to be government price incentives for buyers to take out this volume of contracts with local exporters.

GNI, along with rival Ivorian exporter organisations, is lobbying the national cocoa body for fixed allocations to protect their share of exports from overseas competition. Ivorian exporters have been cut out of the market, because the requirement for significant cash down payments and other assurances favours international trading houses. However, there are concerns about the counterparty risks posed by local exporters, and the danger of unfulfilled contacts. As a result, Ecobank expects off-taker interest to remain low for these international contracts, unless enticed by discounted prices in the auction.

The move comes as Cote d’Ivoire continues to pursue beneficiation policies designed to redirect the profits of cocoa exporting and processing toward domestic groups. This month Ivorian ministers have been discussing changes to the nation’s tax regime for cocoa grinders. Cote d’Ivoire is already the world’s largest cocoa grinder, having edged out the Netherlands, and the government has reaffirmed its target of grinding half of its crop domestically by 2020, from around 30% at the moment. But the industry, which is given access to the smaller and lower-grade “light crop” beans, requires government support to remain profitable. Back in May, grinders were complaining that taxes were too high, and the expansion of grinding is stagnating. According to Ecobank the issues at hand are the supply of beans to grinders, the determination of real yields of beans to semi-finished cocoa products, the calculation of the droit unique de sortie [DUS] and facilitation of exports.

The government is aiming to finish negotiations by the end of 2015, meaning that the changes could be applied as early as the H2 2015-16 season.

[Agrimoney 22/07/15]
Europe’s Cocoa Processing At 3-Year Low In Q2

Cocoa-bean processing in Europe fell to the lowest in 3-years in Q2 as higher prices cut demand for chocolate-making. In the 3-months through June, grindings declined 2% to 301,779 MT. London cocoa futures averaged about £2,052/MT [$3,161] in the period from $1,883 a year earlier. Global chocolate confectionery sales fell 2.1% from September to April, with European marketing declining 2%. Estimates for grindings ranged from a 6% year-on-year drop to an increase of 5.5%. Usage is seen falling 11% from 337,706 MT in Q1 of 2015. The European Cocoa Association [ECA] is scheduled to report second-quarter grind statistics on July 14 in Brussels.

[ Bloomberg 09/07/15 ]

Q2 European Grind Data Exceeds Expectations

Europe’s Q2 cocoa grind, a measure of demand, rose 0.6% from the same period last year to 309,677 MT, according to the European Cocoa Association [ECA]. Dealers expected the European grind to be down between by between 1-5% year on year. ECA members account for 66% of European cocoa-bean grindings and 50% of Europe’s industrial chocolate production, as well as 40% of the global production of cocoa liquor, butter and powder.

[ Business Recorder 14/07/15 ]

Prices Rise On West Africa Crop Concerns

Cocoa futures on ICE have risen on concerns that production in West Africa may fall next season outweighing the negative impact of weak demand and high stocks. Dealers said weather in Ivory Coast had been less favourable for the 2015/16 crop [October/September] and it appears set to fall from this season’s potentially record level.

The prospect for a recovery in production in Ghana is also uncertain as there is little clarity yet on the reasons why this season’s crop fell far below expectations. Heavy rain and overcast conditions also threaten to damage the early flowering for next season’s cocoa main crop in some of Ivory Coast’s growing regions.

September New York cocoa was up US$25 or 0.8% at US$3,303 a tonne with prices moving back up towards a 9-month peak of US$3,338 set on June 29. Demand remained sluggish with Q2 grind data likely to show year-on-year declines for both Europe and North America. September London cocoa was up 0.2% at £2,204/T.

[ Reuters 10/07/15 ]

Cargill Acquisition Of Chocolate Business In Europe Cleared

The European Commission [EC] has granted conditional clearance for Cargill to acquire Archer Daniels Midland’s [ADM] chocolate business in Europe. Together with the approvals granted earlier by the US Department of Justice, this completes the regulatory approval process for the global deal.

After closing of the transaction, 3-chocolate, compound and liquor production sites in North America - Milwaukee [Wis.], Hazleton [Penn.] and Georgetown [Ontario] and 3-chocolate and compound production sites in Europe - Liverpool [U.K.], Manage [Belgium] and Mannheim [Germany] and more than 650 employees will transfer to Cargill. And the Ambrosia, Merckens and Schokinag brands will join Cargill’s existing portfolio of chocolate brands.

Addressing the European Commission’s competition concerns, Cargill has agreed to divest ADM’s industrial chocolate production facility in Mannheim, Germany. The facility will be kept as a separate entity with its own interim management until an agreement with a prospective buyer has been made.

[ Market Watch 17/07/15 ]
Angola

Portuguese Company Avianense Sets Up Chocolate Factory

Portuguese chocolate factory Avianense is in talks with Angolan investors to install a unit in Luanda, as part of an investment of €5 million. The unit already had a design project and investors for construction of an integrated plant which is expected to start operating within 4-years with a daily production of 6 tons of chocolate.

[Macauhub 27/07/15]

Cameroon

Slight Increase In Cocoa/Coffee Production

Cocoa production is estimated at 230,000 MT for the 2014-2015 farming season against 209,905 MT during the previous season, according to the Central Bank of Central African States [BEAC]. As for the coffee production, it is expected to be around 40,000 tons, compared to 32,000 tons in the previous year. The trends are the same for local processing with 32,803 MT of cocoa locally processed during the period under review, while coffee processing was boosted by the recent launch of a new factory by Nestlé.

[APA 23/07/15]

Barry Callebaut Upgrades Processing Unit

Société industrielle des cacaos [Sic Cacaos], the Cameroonian subsidiary of the Swiss agro-foods firm, Barry Callebaut, the market leader in cocoa bean processing in Cameroon, is to slowdown activities as it dismantles and sells its processing lines and sets-up a new production chain. Therefore the unit only bought 23,979 MT of cocoa beans up to the end of May 2015. Purchases were down from the 30,025 MT bought by Sic Cacaos for the same period last year. The new line will increase production capacity from 32,000 MT to 50,000 MT or 25% of national production, against the current 15%.

[Business in Cameroon 07/07/15]

Meyomessala District Sets Up Cocoa Society

Meyomessala municipality located in Cameroon’s South region has founded the Société communale de transformation du cacao de Meyomessala [SCTCM] with the aim to cultivate cocoa, produce cocoa seeds, process cocoa and sell cocoa and its by-products. The board is chaired by the Mayor, Christian Mebiam Mfou’ou.

[Business in Cameroon 24/07/15]

Lékié Cocoa Certification Training Centre

The new facility will be called the Farmer Development Centre. It was just inaugurated by the Cameroonian Minister of Trade, Luc Magloire Mbarga Atangana, in Emana, situated in the Lékié department, the largest cocoa farming area in Cameroon. In addition to training farmers in this part of the country with the best cultural techniques in order to boost cocoa production, the Emana Farmer Development Centre will provide training over a ten month period on cocoa farming. The implementation of this structure is the fruit of a partnership between the Cameroonian government and Agroproduce Management Services [AMS], an organisation which works towards cocoa certification alongside the Dutch cocoa trader, Theobroma.

[Business in Cameroon 26/06/15]
Côte d’Ivoire

Arrivals Seen At 1,546,000T By June 28
Cocoa arrivals at ports in Ivory Coast reached around 1,546,000 MT by June 28 since the start of the season on October 1, down from 1,587,000 MT in the same period of the previous season. Exporters estimated around 29,000 MT of beans were delivered to the ports of Abidjan and San Pedro between June 22 to June 28 up from 26,000 MT during the same period last year.

[Reuters 29/06/15]

AfDB Awards Sucden US$109 Million Loan
The African Development Bank [AfDB] has approved a US$109 million loan to Sucden’s Ivory Coast branch for cocoa investment. Sucden, a French based commodity firm, has a local branch in top cocoa grower Ivory Coast and is one of the top 5-buyers in the country. The branch purchases around 100,000 MT annually and aims to increase this to 150,000 MT. The loan will contribute to a programme that offers pre-financing to small-scale farmers and will permit higher exports from Cote d’Ivoire.

[ Reuters 16/07/15]

Weather Worrying For Ivorian Cocoa Flowers
Patchy rainfall with little sunshine in most of Ivory Coast’s main cocoa growing areas raised concerns about the emergence of flowers ahead of the main crop. In the western region of Soubre, at the heart of the cocoa belt, farmers reported no rain and little sunshine amid cooler temperatures. In the central-western region of Daloa, which produces 25% of national output, farmers said the weather could weaken the yield. However, in the eastern region of Abengourou, farmers were optimistic about the good development of the next main crop despite a lack of rainfall. In the southern regions of Aboisso, Divo and in western region of Duekoue, farmers reported several showers mixed with adequate sunshine.

[Business Recorder 22/07/15]
Ghana

Cocobod Closes US$1.8 Billion Pre-Export Financing Deal

Despite a bad year for Ghana’s cocoa sector, Cocobod, the industry regulator has closed a deal for US$1.8 billion for pre-export financing for the 2015-2016 cocoa crop. The deal to raise money through the Cocobod’s pre-export finance structure in its 23rd year was closed June 19th. Cocobod will use proceeds from the facility in meeting its financing needs for the 2015/2016 cocoa crop. The final signing of the deal as is always done, would be in Paris, France in September, 2015.

The facility, which is fully underwritten by the arranging group, was heavily oversubscribed. Barclays Bank, Commerzbank, Deutsche Bank, Natixis, Standard Bank and Sumitomo Mitsui Banking Corporation [SMBC] are the initial coordinating initial mandated lead arrangers [co-IMLAs]. These IMLAs worked together with the cooperation of Standard Chartered Bank as co-arranger and the Ghana International Bank as an IMLA.

Enough Cocoa Sold To Service 2014 Loan

Ghana’s cocoa regulator Cocobod has purchased 667,000 MT of cocoa in the 2014/15 season as of July 2. The amount is significantly down on last season but is sufficient to service the US$1.7 billion cocoa loan Cocobod took out last year as the regulator forward sold just 624,500 MT as collateral. Ghana’s output this season falls short of its initial forecast of more than 1 million MT, a fact that has rattled the global cocoa market given that the country is the world’s second-largest producer, behind Ivory Coast. The regulator has blamed weather and cyclical factors for the shortfall in production this season.

Analysts say forward selling could affect the regulator’s calculations for next season, for which the government has requested a US$1.8 billion loan. Ghana’s output for next season is forecast at 900,000 MT. Cocobod usually sells forward around 60-70% of its projected crop estimates. To date there is no indication of when the main crop would end and the light crop would begin.
Expects Recovery In Cocoa Output In 2016

According to COCOBOD, cocoa output could recover to 850,000-900,000 MT next season after the disastrous 2014-15 crop year. Late application of fertiliser and unseasonal rains coupled with extreme dryness have been blamed for the fall in this season’s crop to 700,000 MT against the 900,000 MT initially pledged by Ghana.

The shortfall has led to volatility in the market as delayed shipments have sparked a scramble among some traders with shipments of this year’s cocoa petering out. Some of the pre-pledged contracts are being extended to the Autumn season. Cocoa prices have jumped on concerns about supplies with the Liffe benchmark up 14% this year and fluctuating around £2,200 a tonne, a level not seen since 2010. Meanwhile, some experts are concerned that this season’s shortfall was also caused by structural issues. Cocoa farming is under growing threat from the mining industry, which is expanding the quest for gold and other minerals.

Largest Cocoa Buyer Posts Net Loss

Ghana’s largest cocoa buyer, Produce Buying Company [PBC], posted a net loss of GHS25.4 million in the 2013/14 financial year as compared to the previous year of GHS8.8 million. The company, which buys about 35.3% of Ghana’s total annual cocoa output, attributed the loss to the declining commodity prices on the world market and high inflation in the country.

Introduces Electronic Sika Payment System

Ghana will launch in August an innovative Cocoa Sika Payment Platform, an Electronic Payment System for cocoa farmers, to facilitate rapid and secured payment of monies to farmers for beans purchased operated by Vodafone and MTN. Government through Bank of Ghana is set to adopt measures to move transactions from the manual payment system to the electronic platform. The move, an initiative of the Progressive Licensed Cocoa Buyers Association [PLCBA], will ensure security of transactions, eliminate waste and leakages in transactions and payment of cocoa farmers across the country.

5th International Cocoa Chocolate Festival Launched

The 5th edition of an international cocoa chocolate festival, an initiative that seeks to encourage the consumption of cocoa in Ghana and abroad, has been launched in Accra. The event will be held in September 2015.
## 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 US at the time of London close.

<table>
<thead>
<tr>
<th>Date</th>
<th>ICCO daily price (SDRs/tonne)</th>
<th>ICCO daily price (US$/tonne)</th>
<th>London futures (£ sterling/tonne)</th>
<th>New York futures (US$/tonne)</th>
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<tbody>
<tr>
<td>1 Jul 15</td>
<td>2364.98</td>
<td>3316.07</td>
<td>2160.00</td>
<td>3262.33</td>
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<td>2380.28</td>
<td>3330.82</td>
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**Ethiopia**

**Ministry To Re-Establish Coffee & Tea Authority**

The Ministry of Agriculture [MoA] has formulated a draft regulation to establish a coffee and tea authority. The Coffee & Tea Development & Trade Authority will not be any different from the defunct Coffee & Tea Authority which was abandoned by the government 7-years ago. The latter was abandoned with the introduction of the Ethiopian Commodity Exchange.

The new draft is based on a sector assessment in collaboration with the Ministry of Trade [MoT] and the Ethiopian Institute of Agriculture Research [EIAR]. Currently, the Ministry of Agriculture [MoA] is responsible for the development of coffee and tea, while MoT controls and regulates the trade facet. The establishment of a separate entity will provide sectorial and service focus and create a harmonised policy all within a single body. The new authority will provide an extension support programme at regional level and promote coffee and tea within nationally and internationally. It will have a mandate to control and regulate the market from issuing and revoking trading licences to carrying out quality inspection, all in accordance with the Coffee Market Control & Regulation Proclamation No. 602/2008.

The Authority will have a government appointed director and an advisory board. It will be responsible to the MoA, which will work of drafting policies, rules and regulations and enforce them. Its base will be in Addis Ababa with additional branch offices in regional states with a budget allocated by the federal government.

*[Addis Fortune 06/07/15]*

**Horizon Plantations To Boost Output**

Mohammed Hussein Al Amoudi’s venture is to boost Ethiopia’s coffee export capacity. Saudi Arabian Horizon Plantations and Ethio Agri-CEFT plans to more than double its coffee production and expand tea output. Horizon Plantations is one of the subsidiaries of MIDROC companies, majority owned by Saudi Arabian investor Mohammed Hussein Al Amoudi. In next 5-years it plans to raise coffee produce to 25,000 tons for export. The group also plans to set up an instant coffee processing plant soon.

Total coffee production in Ethiopia amounted to 450,000T in 2013/2014. The firm exported 190,000T in 2013/14, securing US$41 million, down from the record high of 193,000T the year before. Ethio Agri-CEFT also produces 5,700T of tea leaves yearly from its 1,249-ha Wush Wush and 860-ha Gumaro plantations. It expects production to rise to 7,000T in the next few years. The firm aims to export 1,300T by the end of 2014-2015. Unilever’s Lipton is one of its buyers.

*[2Merkato 26/06/15]*
General

World Cotton Contract On Track For Launch This Year

The Intercontinental Exchange [ICE] is to launch a long-awaited world cotton futures contract later this year after U.S. policymakers passed a bill that eliminates one of the last hurdles in its way. U.S. Congress approved a bill on July 9th that will allow U.S. exchanges to handle foreign-grown cotton at delivery points around the world. The U.S. Department of Agriculture [USDA] has been required to sample and grade all cotton tendered against a U.S.-listed contract. President Obama still needs to sign the change, but the passage by Congress moves the global contract one step closer to launch. The contract will include cotton grown in the United States, Australia, Brazil, India, Benin, Burkina Faso, Cameroon, Ivory Coast and Mali. Delivery points will be in Australia and Malaysia.

Mali

Rains Lift Hope Of Reaching 650,000T - Largest On Record

According to state-owned CMDT cotton company, heavy rains are fuelling hope that Mali will meet a cotton production target of 650,000 MT for 2015-2016 after a dry start to the season. If achieved it would be the largest on record. The nation produced 550,000 MT of raw cotton fibre in the 2014-2015 season, well above the 400,000 MT produced the previous year, but lack of rain in June had sown doubt about plans to raise output further. Since July heavy rains have soaked the main cotton growing regions. Mali’s cotton season runs from April and includes a growing phase from May to October and a harvesting and sales period from November to March.
Cape Verde

Company Expands Production Of Fishmeal

OJFP, which processes the fish waste of Frescomar, has invested US$1.2 million in equipment to keep up with the growth of this cannery. On 15th June the Frescomar fish processing plant inaugurated a new production line for canned tuna. The move means the company is also prepared for the start of operations of the fishing complex of Porto Grande in July. Acquired in China, the new equipment line will increase production capacity from 20 tons with nine days of drying to 50 tons with drying in 24 hours. OJFP recently signed a contract with a fish meal factory in the Andalusia, Spain, which is part of Frescomar, to include not only the supply of fishmeal but also of fish oil for use in cosmetics.

[Macauhub/CV 09/07/15]

Ghana

Norway To Develop Aquaculture Sector

A joint initiative between Norway and Ghana has been announced to develop the latter’s aquaculture sector through transfer of Norwegian fish farming knowledge and technology. If successful in Ghana, the project will be expanded to other countries too. It was announced by More Fish AS, Nofima and the Norwegian Veterinary Institute, and is called the Norway Ghana Tilapia Initiative [NORGHATI].

[African Farming 07/07/15]

Morocco

Silver Food To Be Sold To Talem Food & Beverages

Anouar Invest, the Moroccan agri-food group is to sell its subsidiary Silver Food, known particularly for its canned tuna “Mario”, to Talem Food & Beverages, based in Dubai. Talem is a subsidiary of the multinational Supreme Group, a logistics and food transport company that has recently focused on the agri-food sector in Africa. The sale relates to the Silver Food Company and subsidiaries Silver Fishing [fishing] and Sopcoda [frozen fish]. Silver Food is an industry leader with a production capacity of 100 million preserved sardines, tuna and mackerel. Its turnover reached €41 million in 2013.

[Jeune Afrique 21/07/15]

Mozambique

State Guarantees US$850 Million Tuna Bond

Mozambique stands by State guarantees given to international investors behind an US$850-million bond to finance a tuna-fishing fleet and increased coastal security. The first bond repayment is due in early September. The government is assuming responsibility for US$500-million of the debt that related to maritime security. The remaining $350-million remained on the books of Ematum, the state firm set up in 2013 to build a tuna fishing fleet with the proceeds of the bond.

[Creamer 25/06/15]

Namibia

Cannery And Storage Facilities To Be Built In Walvis Bay

Atlantic Crab Namibia a Joint Venture [JV] between 2-Namibian crab right-holding companies, Aquamarine Fishing Company and Tukondja Trading Enterprises, have entered into a JV agreement with South Korea’s Insung Corporation, which is set to inject US$7.2 million into building a cannery and storage facilities in Walvis Bay. The first phase of the investment involves the construction of a cannery and processing unit, fish cold storage and office blocks, followed by phase two, which will include the construction of meat, dairy, cold storage /and a dry storage.

[Undercurrent 17/0]
Regional

SABMiller Quarterly Sales Rise On African Demand

Brewer SABMiller reported a rise in quarterly sales, helped by higher demand for beverages in Africa and Latin America which were partly offset by declines in Europe. The world’s No. 2 brewer, with brands including Peroni, Grolsch and Pilsner Urquell, said revenue rose 3% in the 3-months to June 30, the Q1 of its new financial year.

[Reuters 22/07/15]

Regional West

UN Needs US$20 Million To Battle Bird Flu In West Africa

The UN has appealed for US$20 million to stem outbreaks of bird flu in West Africa. The Rome-based Food and Agriculture Organisation [FAO] said it needed the funds to respond swiftly to outbreaks of H5N1 avian flu, without which the poultry virus would spread beyond the region. The call, to bolster weak veterinary systems, upgrading laboratories and place FAO specialists on the ground, follows outbreaks in poultry farms, markets and family holdings in Burkina Faso, the Ivory Coast, Niger, Nigeria and Ghana.

[AFP 20/07/15]

Regional South

COMESA To Promote Rice & Cassava Exports

To enhance rice and cassava grown in the Common Market for Eastern and Southern Africa [COMESA] for possible export, participants from member countries met to strategize on how to improve commodity trading. The meeting, from July 13-14th, drew participants from Zambia, Malawi, and Swaziland, while Zimbabwe was represented by the Democratic Republic of Congo [DRC]. A consultative meeting on the Comprehensive Africa Agriculture Development Programme [CAADP] value chains for the southern Africa sub-region focused on rice and cassava, to enhance trade within and outside the region. The initiative will enable COMESA to identify specific commodities in terms of value addition for increased competition, to remove barriers to agricultural trade and create better linkages for farmers to market their produce.

[Daily Mail 21/07/15]
Cote d’Ivoire

CFAF 16 Billion Soya Revival

Touba in the Bafing region of Côte d’Ivoire is to see the rebirth of a soya bean project that had been abandoned for some time. Government is to invest 16 billion Cfa francs for long-term production of 45,000 tons of the bean.

[24/07/15]

Madagascar

I&P Invest In Scrimad Lychee Company

Investisseurs & Partenaires [I&P] is to invest in Société de Commerce, de Représentation et d’Investissement de Madagascar [Scrimad] a Madagascar company set up in 1993 that specialises in the export of lychee among other fruits and spices [vanilla, black pepper, cinnamon, etc.]. SCRIMAD is certified “Fair Trade” and notably works with Ethiquable, a French co-op specialized in organic agriculture and fair trade. I&P aims to finance and support African SMEs, including Microfinance Institutions, through strategic and financial partnerships.

[21/07/15]

Mauritania

Import Tax On Rice

The Finance Act 2015 will see a tax imposed on the importation of rice to support local production. Mauritania is currently at 85% self-sufficiency up from 35% in 2009 achieved by the increase in rice area under paddy cultivation from 18,000ha to 51,000 ha. Mauritania produced around 202,000 T of rice in 2013-14.

[17/07/15]
Nigeria

Flour Mills To Expand Targeting Joint Ventures

Flour Mills of Nigeria Plc, one of the country’s biggest miller by market value, will seek expansion opportunities in Africa after streamlining its domestic business to focus on food. The company will target joint ventures and acquisitions in other countries. Flour Mills, which sold its stake in United Cement Company of Nigeria Limited to Lafarge Africa last year to focus on food and agriculture-related activities, has invested over US$1 billion in areas including feed-mill expansion, sugar refining and vegetable oil production in the last 5-years. It plans to raise as much as US$202 million in equity this year or in early 2016 to as it seeks to reduce debt and increase working capital.

Mail 28/07/15

NACCIMA Seeks To Raise Agricultural Exports

The 55th Annual General Meeting [AGM] of the Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture [NACCIMA] with the theme “Policy Consistency in Agricultural Value Chain: A Key to Socio Economic Development”, was held in Calabar. The AGM featured the presentation of a lead paper on “Unlocking Nigeria’s Agribusiness potentials Towards a Food Secured Africa”. Agriculture was identified as an important sector of the Nigerian economy employing over 60% of Nigerians and contributing 35% of GDP. It however regretted that despite this, and with a backdrop of sliding oil prices, agriculture is largely focused on crops for the domestic market with limited innovation regarding inputs, harvesting, processing, distribution and access to markets.

NACCIMA has called on the Government to develop a deliberate policy of restricting importation of agricultural products that can be produced locally and provide incentives for large scale mechanized farming to achieve increased productivity and self-sufficiency in food production for local consumption and export.

Daily Times 21/07/15
South Africa/Namibia

Heineken, Diageo End Joint Ventures

Dutch brewer Heineken and spirits maker Diageo have agreed to end their 11-year cooperation in South Africa and Namibia in a series of deals to disentangle joint ventures [JV]. Diageo will receive net cash of 2.5 billion rand (US$198.4 million) from the transactions that were expected to be completed by the end of the year. Heineken said the overall cost to it would be 1.9 billion rand. Diageo, whose brands include Johnnie Walker, Smirnoff and Guinness, said it had become market leader in spirits in South Africa with a 40% share and felt it had the necessary scale to go at it alone. South Africa is Diageo’s fifth largest spirits market by volume.

Heineken, the world’s third-largest brewer, said it would increase its stake in DHN Drinks, the entity holding the licences for the drinks portfolios, to 75%, with Namibia Breweries Ltd (NBL) owning the other 25%. The two would also own the same stakes in the Sedibeng brewery in Gauteng, Johannesburg, which was built in 2009. Heineken and NBL have agreed a new JV in South Africa, the region’s biggest beer market which is seen growing at about 1.5% per year. Heineken would also take Diageo’s 15% stake in NBL, increasing its indirect ownership to 29.9%.

[Reuters 28/07/15]

South Africa

Starbucks To Enter Sub-Saharan Africa In 2016

Coffee giant Starbucks will open stores in sub-Saharan Africa for the first time in 2016 after agreeing a deal with Taste Holdings. Under the exclusive agreement, Taste, which acquired the licence for Domino’s Pizza in South Africa last year, can operate Starbucks coffee shops for 25 years. The Starbucks deal includes rights to other African countries. Starbucks currently sources coffee from 9 African countries: Ethiopia, Rwanda, Tanzania, Uganda, Zambia, Cameroon, Burundi, Democratic Republic of Congo and Kenya. Global restaurant brands are increasingly investing in Africa to tap into the continent’s growing middle class. U.S. coffee and doughnut chain Krispy Kreme said in May it will open 31 stores in South Africa within 5-years.

[Reuters 14/07/15]
Nestle To Promote Chicory Sector

A Memorandum of Understanding [MoU] has been signed by the Department of Trade and Industry [DTI], the Eastern Cape provincial government and dairy products manufacturer Nestlé South Africa. The MoU forms part of a public–private sector collaboration between industry and government for the chicory sector – a programme aimed at encouraging local farmers to grow chicory and supply it to Nestlé for use in its coffee product Ricoffy.

[Engineering News 02/07/15]

USA Waiting For Progress On Meat Market Access

A recent report by the US Department of Agriculture’s Foreign Agricultural Service [USDA FAS] noted little progress on exports of bone-in chicken to South Africa. The 2-countries made an agreement in Paris at the beginning of June that South Africa would resume imports of bone-in chicken from USA, ending anti-dumping duties that had been in place since 2000.

South Africa’s incentive for the agreement was access to the US’ African Growth and Opportunity Act [AGOA]. However the South African market for US poultry, pork and beef remains closed, although there remains substantial testimony of good will from government and industry officials. The reason for the delay relates to negotiations between the USDA and the South African Department of Agriculture, Forestry and Fisheries [DAFF] over sanitary and food safety issues related to avian influenza and BSE risks.

[Poultry Site 15/07/15]

Macadamia Industry May See Substantial Losses As Chinese Exports Fall

The South African macadamia nut industry is in chaos, as up to 50% of the country’s harvest for 2015 destined for China will now have to find other markets. The Chinese government is cracking down on corruption in the importation of agricultural products.

Traders and middlemen have been found guilty of avoiding duties and China’s strict country of origin regulations. They did this by either disguising the true value of meat, fish, citrus and nuts they were importing or using ports of entry in countries such as Vietnam and Hong Kong, where duties were lower or did not apply. Many offtakers in China are now in jail or unable to fund imports because so-called shadow banks used by the illegal traders were no longer supplying cheap finance.

South African producers, processors and marketers have steadily increased their exports to China sometimes up to 50%. Yet even though prices in China were very attractive there was risk that any one market could go sour. Generally producers need to spread such risk with access to multiple markets. Many farmers may now sit with high levels of carry over stock and, as a result, substantial losses.

[Engineering News 22/07/15]
**Tanzania**

**The African Chicken Genetic Gains Project**

An “African Chicken Genetic Gains [ACGG]” project which focuses on identification, testing and multiplication and delivery at scale of highly-productive chicken strains in Africa has been launched in Dar es Salaam this month.

The project, to be initially rolled out in Tanzania, will facilitate availability of 48,000 of tropically adapted improved chickens. Regions that will benefit from the 5-years project include Lindi, Mtwara, Morogoro, Tanga, Mbeya, Njombe, Dodoma, Simiyyu and Mwanza. A launch in Ethiopia and Nigeria will follow next month. The 32bn/- project is funded by Melina and Bill Gates Foundation. The ACGG chickens can produce 180-200 eggs per year up from the current 60 eggs. [IPP Media 24/07/15]

**Uganda**

**EU Fruit Exports Resume**

Ugandan fruits and vegetable exporters to the European Union [EU] are still reeling from the multimillion dollar losses incurred after a self-imposed ban by the government. The ban came into place after all stakeholders agreed a 1-month self-imposed ban for all produce affected by infestation implemented from May 4th 2015 on all exporters who are non-compliant with the EU standards regulations.

The ban expired on June 4th paving way for companies that have been evaluated and confirmed by the Ministry of Agriculture, Animal Industry and Fisheries to resume business. However intercepted companies must prove to the ministry that they have rectified any issues as per the requirements. The ban has not gone without a huge loss for the economy, losing around US$63.9 million in export revenue in 1-month.

The European Union remains the biggest market for Ugandan fresh products such as fish, flowers and agricultural products earning the economy more than $800 million annually. [Independent 05/07/15]

**Zambia**

**Katonga Farm Limited Established**

Germany’s Amatheon Agri Group and Japan’s Toyota Tsusho Corporation have announced a joint venture [JV] that will invest US$10 million in an agricultural project in Zambia. The joint venture will establish an agricultural corporation called Katonga Farm Limited and the project will include clearing and cultivating maize, wheat and soya bean over 27 million m² of unutilised land. [African Farming 01/07/15]
Cote d’Ivoire

Dekeloil Confirms Arrival Of KCP At Abidjan

DekelOil the operator and 51% owner of the Ayenouan palm oil project in Côte d’Ivoire received equipment and components required to construct the Kernel Crushing Plant [KCP] at Abidjan port on 23 June.

The €1.1m KCP is a key part of the company’s strategy to maximise profitability at Ayenouan, which also includes increasing production of Crude Palm Oil [CPO] at the 60t/hr mill, one of West Africa’s largest, and further planting of company-owned estates. Once Customs clearance has been received the transfer of equipment to Ayenouan will commence.

Modipalm Engineering SDN BHD, a leading Malaysian engineering company, has been contracted to construct the KCP under a turnkey contract to include manufacture, installation supervision and commissioning. Once operational in Q4 2015, the KCP, which is fully funded, will operate at 60 t/day and has a capacity to produce palm kernel oil at a rate of 80t/day.

[Proactive Investors 26/06/15]

Ethiopia

Government to Lift Ban On Private Companies’ Import of Palm Oil

The government has reassessed the importation ban of palm oil by private companies, in effect since May 2011, and will lift the ban from August 6th 2015. The move will still preclude the participation of previous major importers such as Get-AS International, Camel Trading Enterprise and Country Trading. These were among the 6-major importers along with Al-Sam International and AHFA Plc, who had collectively imported 13 million litres of palm oil in 2011.

The Ministry of Trade has selected 5-private companies to import oil: AHFA Plc, Biftu Adugna Business S.C., Al-Sam International, Belayneh Kindie Import & Export [BKIE], and Hameressa Edible Oil S.C. As well as 3-endowment enterprises: Wondo Trading & Investment Plc, Guna Trading House Plc and Ambassel Trading House Plc. Alle Bejimla, the state-owned wholesaler, will also be involved. The Ministry of Agriculture will determine the quota for all 9-importers. Currently, 37,800 MT is distributed across the country weekly.

[Addis Fortune 06/07/15]
**Ghana**

**Oil Palm Growers Push For Protection**

Government is expected to impose a 10% IAT in addition to the 10% ECOWAS Common External Tariff (CET) on imports of crude palm oil. This is in line with a global movement toward Customs unions, where ECOWAS is introducing a CET to allow the same Customs duty to apply for all goods entering ECOWAS members, regardless of which country within the area they are entering. ECOWAS is due to implement the CET this year.

[Ghanaweb 18/07/15]

**Palm Oil Initiative**

The 2020 Palm Oil Initiative workshop has been held in Accra organised by the Ministry of Food and Agriculture and the Tropical Forest Alliance. The event aimed at identifying challenges that affect sustainable oil palm production, whilst developing practical principles to help guide sustainable production and expansion of oil palm in Ghana. Despite Ghana being the second leading country in Africa producing palm oil, the country is still a net exporter of the product. Ghana’s current deficit of 50,000 tonnes in supply could hit over 100,000 tonnes in the near future, but this trend could be reversed.

[GBN 25/07/15]

**Nigeria**

**CBN To Resuscitate Oil Palm Sector**

The Central Bank of Nigeria (CBN) is to lead the revitalisation of the oil palm sector. Nigeria lags behind in 5th position in world production, behind countries that had sent emissaries to Nigeria to learn production techniques and to get their first seedlings. CBN has introduced the ‘Anchor Borrower Programme’ designed to create economic linkages between farmers and processors by organising farmers into cooperatives to boost production and take advantages of economics of scale.

[Nigerian Bulletin 11/07/15]

**Oil Processing Factory Planned For Anambra State**

Chicason Group has concluded plans to establish a 34,000 ha palm oil plantation, valued at N1.2billion, in Anambra State with a capacity production of 150 tons per day. Chicason is to also establish a new N1.2billion vegetable oil refinery in addition to building a N1.5billion soap manufacturing plant.

[Daily Times 13/07/15]
Sugar prices are poised for a gentle recovery over the next decade, and in real terms will decline, the United Nations and OECD said, flagging a saturated market in developed countries. Global sugar production will return to deficit next year, after 5-years in surplus according to a key outlook report, giving forecasts for agricultural commodities from 2015-24. However, the return to a production shortfall will not set a trend, forecasting that output will grow faster than demand over the long-term – painting a downbeat picture for prices.

Global sugar production is projected to increase by 2.2% a year in the coming decade to reach nearly 220m tonnes by 2024, up 38m tonnes from average production over 2012-2014. Brazilian production is expected to remain the key to world sugar prices. A strengthening dollar, and continued weakness in the Brazilian real, would reduce the dollar denominated cost of sugar production in Brazil, the world’s largest exporter, encouraging continued strong supply. The deregulation of the EU sugar beet industry in 2017 has been widely forecast to increase production and weaken prices.

The Food and Agriculture Organization [FAO] sees additional production coming from cane-producing countries. Demand for ethanol, which competes with sugar for cane is seen increasing, as the share of cane going to make the biofuel rises from around 20% average over 2012-14 to 26% in 2024. Brazil is seen as keeping its dominant position as a sugar exporter, at around 40% of global exports, while Thailand boosts its market share. India, which is both a huge consumer and producer of sugar, is expected to continue swinging between being a net importer and exporter.

Meanwhile, global sugar consumption is seen growing at just 2% a year, to reach 214m tonnes in 2024. Developing economies in Asia and Africa are seen driving sugar demand growth, while mature markets in the developed world show little or no growth. The global stock-to-use ratio, a key pricing metric, is expected to fall to 36% by 2024, compared to 40% over 2012-14.

Associated British Foods [ABF], one of the world’s largest sugar producers, said that sugar prices in the EU are showing signs of recovery as a result of reduced quota stocks of the sweetener across Europe. EU prices have been in steady decline for the past 18 months as a result of weak world market prices and the looming end to sugar production quotas in 2017. ABF noted that its own quota stocks will be reduced after a 20% decline in the area of sugar beet plantings for the 2015/16 year. Outside of Europe, ABF expects a decline in operating profit from its South African-based subsidiary, Illovo, thanks to very challenging export markets and a continuing drought in South Africa that has led to a reduction in stocks. ABF holds a 51.4% controlling stake in Illovo, which is the largest sugar producer in Africa.
COMESA

Producers Call For Elimination Of Barriers In Sugar Exports

Sugar producers in Southern Africa have called on governments to eliminate non-traffic barriers [NTBs] introduced by some Common Market for Eastern and Southern Africa [COMESA] members affecting free movement of sugar within the regional market. Swaziland Sugar Association noted under the COMESA free trade area [FTA], sugar is supposed to move freely within the region. Instead of implementing zero-tariff obligation, some sugar producers have introduced NTBs such as non-transparent import licencing schemes and surcharges.

There is also concern that some countries are engaging in swaps where lower-priced sugar is imported from either Brazil or India for domestic use and local sugar is then exported to the region at higher price. Currently sugar produced within the SADC region is priced higher than that coming from overseas. The problem with sugar originating from outside is that it may come from distorted supply sources where subsidies or other forms of support are granted to the sugar producers. Sugar from non-COMESA or SADC state, moves across borders through swaps or illegal routes from lower priced region into higher priced countries.

Africa as a whole is a deficit sugar producer, SADC is the only region with a surplus. Sugar consumption in Africa is projected to grow faster than in any other region of the world over the next 10-20 years.

[Daly Mail 22/07/15]

Côte d’Ivoire

AfDB approves €100 Million Commodity Finance Facility For Sucden

The African Development Bank [AfDB] approved a 2-year €100-million Soft Commodity Finance Facility for Sucres & Denrées Côte d’Ivoire [Sucden CI], a wholly owned subsidiary of Sucre SA in France. This facility will help Sucden CI to expand its pre-financing arrangements with cooperatives and local suppliers in the cocoa sector in Côte d’Ivoire. The facility will allow Sucden CI to increase the export of cocoa from Côte d’Ivoire, build the capacity of local suppliers and cooperatives and in the process expand output of the cocoa sector, strengthen the cocoa supply chain and promote private sector development in Côte d’Ivoire.

[AfDB 10/07/15]
Ghana
Ministry Engage Stakeholders On National Sugar Policy

The Ministry of Trade and Industry (MOTI) is engaging stakeholders to formulate a draft National Sugar Policy (NSP) to revamp the industry to make it globally competitive. The policy seeks to provide an enabling infrastructural and institutional environment, to reduce foreign exchange expenditure on imports, contribute to rural industrial development and provide supplementary electricity through co-generation for the national grid. Ghana currently imports substantial quantities of sugar. In 2011 it spent US$187 million to import 494,000 MT. Despite significant demand for sugar, domestic production remains zero. By 2030 consumption is projected to rise to 872,000 MT.

A Sugar Policy Delivery Unit has been established with the remit and authority to coordinate the implementation of the NSP across Ministries, Department and Agencies. The Unit will provide support services to investors, coordinate state requirements of investors, and ensure that the NSP addresses sugar investments. The West Africa sub-region, to which Ghana could export duty-free, is projected to experience more rapid sugar consumption growth than any other region in the next 5-years. The policy forum will coordinate and regulate stakeholder relationships between growers and millers, and ensure investors of commitment to the necessary infrastructures, such as feeder roads, water and electricity access; and funding for crop research institutes and out-grower schemes. It also seeks to ensure that Ghana offers an attractive investment regime to beat alternative investment opportunities in rival economies, particularly in West Africa.

Ghana National Sugar Policy:
8-Strategic Objectives
1. Provision of land
2. Infrastructure development
3. Human resource development
4. Processing and manufacturing
5. Research and development
6. Financing and tax framework
7. Institutional capacity development
8. Legal and regulatory framework
Kenya/Uganda

Kenya And Uganda Could Reap From Rwanda, Tanzania’s Demand For Sugar

Ugandan and Kenyan sugar producers could reap from the demand from Tanzania and Rwanda following the East African Community [EAC] Council of Ministers’ decision to permit Tanzania and Rwanda to import 100,000 and 70,000 MT respectively. Tanzania sugar imports within the region will attract a duty rate of 50% instead of 100% while Rwanda was cleared to import at 25% for a period of 1-year. The council also imposed other conditions aimed at protecting the sugar industries of other EAC economies, including Kenya, Uganda and Burundi.

“During the period of stay of application of Common External Tariff [CET], sugar from Rwanda and Tanzania will attract CET rates when exported to other partner States.”

EAC gazette notice

Uganda Sugar Millers Association noted a surplus production to feed export markets. Annually, 6-established Uganda sugar manufacturers have a capacity to produce 373,000 MT of sugar of which, 70,000 MT is consumed locally and the rest is exported to South Sudan, Rwanda and Tanzania. The manufacturers are Kakira Sugar Works Ltd, Kinyara Sugar Works Limited, Sugar & Allied Industries Limited, and Sugar Corporation of Uganda Limited, Sango Bay Estates Limited and Mayuge.

Mumias Sugar Names New CEO

Cash-strapped Mumias Sugar has named a new chief executive officer after receiving a US$9.93 million bailout from the Kenyan government. Errol Johnston, who previously headed the company from 1998 to 2001, would take over from Aug. 1. Late last month, Kenyan President Uhuru Kenyatta authorized the bailout and said managers who ran down the firm would be investigated for corruption. Kenya’s struggling sugar industry has been protected against cheaper imports by trade barriers but has faced years of decline caused by mismanagement, outdated farming methods and corruption. Kenyatta ordered Mumias, Kenya’s biggest miller, to use the cash to pay off debts to farmers who supply it with cane and asked Finance Minister Henry Rotich to ensure cheaper imports did not get across its borders. Kenya was granted a one-year extension of sugar import limits from the regional trade bloc Common Market for Eastern and Southern Africa [COMESA] to revamp the ailing industry.

[Monitor 02/07/15]

[Reuters 09/07/15]
Mozambique

Exports To Increase In 2015/16 Season

Exports of sugar in the 2015/16 season may rise about 19% to reach 305,688 tons. In 2014/2015 Mozambique produced 422,622 tons of sugar, an 11% increase compared to the previous campaign. The sugar industry was practically destroyed following the civil war when production dropped to 13,000 tons. The increase in sugar production is a result of the renewal of four of the 6-sugar factories located in Marromeu, Mafambisse, Xhinavane and Maragra following a total investment of US$800 million. The main markets for Mozambican sugar are the European Union, the United States and countries in the region.

[Cacauhub/ MZ 23/07/15]

Coca-Cola Interested In Refined Sugar For Soft Drinks Factory

US multinational Coca-Cola is looking into the possibility of using Mozambican sugar to manufacture soft drinks and is to send experts to identify requirements and assist in improving refining techniques to ensure that the sugar conforms to its standards. Currently the total national sugar production in 2014 was just over 400,000 MT with only 10,000 MT refined. Statistics on domestic consumption estimate that the domestic market absorbs 78% of the total sugar production, whilst just 22% is channelled to the industrial sector. Mozambique has 4-production units [Xhinavane, Maragra, Sena and Mafambisse] with private investment estimated at US$800 million.

[Cacauhub 27/07/15]

Sugar Industry Protests At Cheap Imports

The Association of Mozambican Sugar Producers [APAMO] have warned the Minister of Industry and Trade, Max Tonela, that the domestic market is being swamped by cheap, imported sugar, threatening the industry. The warning came at a seminar entitled “Challenges of the Sugar Industry”, held in Xhinavane, Maputo province.

Currently Mozambique’s 4-functioning sugar mills are producing 425,000 tonnes of sugar a year [and have an installed capacity for 500,000 tonnes]. In the 2014-15 campaign, 4.8 million tonnes of sugar cane was grown on 54,333 ha. Most of the sugar production is exported, mostly to the United States and to the European Union. In the last campaign 257,504 tonnes were exported, and 141,434 tonnes were sold on the domestic market. International sugar prices, however, have fallen, and exports from the 2014-15 campaign earned 135.2 million dollars, compared with 154 million dollars the previous year.

In Maputo, producers find they are competing with Swazi sugar. In the central province of Manica, it is Zimbabwean sugar that is inundating the market and Malavian sugar in Niassa and Tete provinces. On the coast, sugar from Asian countries such as India or Thailand is smuggled in, or dumped at prices below the costs of production, benefitting from the subsidies the governments of those countries pay to their sugar industries.

The key problem is that, under the Southern African Development Community [SADC] free trade area, sugar is free of duties. Mozambique used to slap a surtax on sugar imports but nowadays, as a loyal member of SADC, it is allowing sugar from other SADC countries to enter freely. Zimbabwe, Swaziland and Malawi have all adopted measures to protect their sugar industries, regardless of the fact that they, like Mozambique, have signed the SADC free trade protocol.

APAMO wants the government to suspend licences to import sugar or to reintroduce the surtax as cheap imports undermine the sustainability of local industry. Meanwhile legislation does exists that sets a reference price for sugar. However, that price is out of date. Once a realistic reference price is set, sugar entering the country at below that price could be obliged to pay a surtax.

[AIM 24/07/15]
Zambia

5th Federation of SADC Sugar Producers Conference

The 15th Federation of SADC Sugar Producers (FSSD) annual conference was held in Livingstone this month. The event attracted producers from both Southern Africa Development Community (SADC) and COMESA region. Topics included recent European Union reforms that are negatively impacting the SADC sugar business as well as the volatility of currencies in the SADC region and the impact of load-shedding on irrigation that is likely to affect yields in the industry.

[Post 17/07/15]
General

Led By Kenya Global Black Tea Production Heads For Shortfall

Global black tea production so far this year has fallen to 566.55 million kg from last year’s figure of 586.63 million kg down 3.42%. Kenya is the major contributor to this fall with production declining to 105.42 million kg from 152.05 million kg. Other African countries, Malawi and Uganda, have also reported lower production while Tanzania’s output remained flat. On the contrary, Asian countries have reported a higher production. North Indian production rose to 176.09 million kg from 154.25 million kg. South Indian production rose to 98.84 million kg from 90.82 million kg [up 9%]. Sri Lanka’s production edged up to 142.97 million kg from 141.46 million kg.

[The Hindu 16/07/15]

Burundi

Tea Export Revenues Rise

Burundi saw its tea export revenues rise 14% in April this year up on the period a year before. The figures are for a period before protests erupted against President Pierre Nkurunziza’s decision on April 25 to run for a third term. Weeks of demonstrations have hammered parts of the economy since. Burundi’s state-run tea board [OTB] collected US$1.97 million from the export of 712,440 kg, up from the US$1.73 million it earned in April 2014 from selling 811,158 kg. Production levels from Kenya, the biggest regional producer and the world’s top exporter of black tea, tends to influence the regional market and the country’s fall in output due to poor rains has pushed up prices. Burundi exports 80% of its tea through a regional weekly auction held in Mombasa. The export average price per kg climbed to US$2.77 in April from US$2.14 last year. Cumulative earnings from January to April 2015 jumped to US$10.1 million, from US$7.1 million the same period in 2014, while overall sales rose to 3,909,974 kg from 3,117,860 kg.

[Reuters 08/07/15]
Kenya

Tea Prices Drop At Mombasa Auction

Tea prices at Mombasa auction, the world’s largest black tea auction, eased on a slight drop in demand despite continued decrease in the volumes offered. The prices dropped 2.9% to US$3.03/kg [Sh304.21] down from US$3.12/kg [Sh313.25] in the previous auction. Despite the marginal drop, the prices were still better compared to same period last year when the leaf traded at an average US$2.11/kg [Sh212].

Volumes also dropped 29% to 5,148,900 kg from 7,239,077 kg in the similar period last year. East Africa Tea Trade Association [EATTA] noted that volumes are unlikely to rise to the same levels recorded last year. The drop is due to the early start of the cold season in tea growing areas.

[Standard Digital 11/07/15]

Murang’a Tea To Be Run By The County

The government is to control the tea sector following the passing of the Murang’a County Tea Bill on 21st July, enabling the government to seek better markets for tea farmers and ensure they get the best prices. Tea farmers and the Kenya Tea Development Agency [KTDA] have long fought over payment and management of tea factories owned by the farmers. The bill calls for a County Directorate of Tea Development, which will market the produce by identifying local markets and promoting tea activities. It will regulate the licensing of factories and improve the cultivation and processing of tea in liaison with the factories.

The directorate will also prescribe the minimum period within which farmers should be paid for tea delivered to factories and penalties for delayed payments. The bill also imposed an agricultural produce cess that will be 1% of the value of tea produced by factories. The cess will be used to improve infrastructure in tea-growing areas to ease collection of leaves from trade centres.

[Star 23/07/15]
General

African Tropical Timber A Success In The EU Market

African timber has shown the strongest demand trend in Europe over the last few months. European demand for sawn sapele, iroko and sipo, for example, has remained at a good overall level and improved in some markets. The market for wawa was stable until recently. However importers are now voicing concerns that price hikes instituted by Ghanaian suppliers in the last few weeks could dampen demand. Prices in Ghana were raised against the background of the strong US dollar, to which the Ghanaian cedi is tied. This has made the old, euro based sales prices increasingly unattractive for Ghanaian sawmills. Prices for most of the other key African species for European markets have been stable in recent weeks, after several rounds of price hikes were pushed through last year. At the same time, European importers note that sawn timber prices for species sold primarily to the USA, such as khaya or makoré, have climbed again in the last 2-months, on the back of continuing strong US demand and the strong US dollar, making them almost unaffordable for European buyers.

According to European importers, the supply situation in Africa is described as largely in balance with demand, in contrast to last year when there were shortfalls in supply for certain species and grades. The recent slow-down in Chinese demand has meant some improved availability of tropical timber for European buyers. However to some extent this benefit is offset as many European importers have now narrowed their base of suppliers in response to EUTR. And even in a slowdown, China still consumes a large quantity of tropical timber. German importers report that demand for bangkirai decking, sawn meranti and laminated meranti scantlings from Malaysia and Indonesia is slightly more subdued in 2015 than last year. This is blamed mainly on the weak euro/US dollar exchange rate.

The situation for sawn meranti remains more difficult than for bangkirai, according to importers. Both wood species lost significant market share in 2012 and 2013, due to sharp price increases in early 2012 and long delays in delivery of meranti scantlings and sawn meranti.

[ITTO 15/07/15]
Central/West Africa

Middle East Luxury Apartments Driving Demand For High Value Veneers

Demand from Middle East buyers is holding up but price negotiations are getting tougher as buyers take advantage of market weakness in the EU and now China. Buyers for Middle East markets continue to look for low cost species and at the same time are raising demands on specifications and quality. Much of the recent purchases, especially of high value veneers, appear destined for the luxury apartment segment of the housing market. Construction companies in the Middle East report high order book volumes for luxury, new-build accommodation.

No Price Differential For Certified Or Verified Legal Products

Producers say business in Europe is slow. There has been some recent interest in azobe, bilinga, moabi and apele and prices are firm with EU buyers being prepared to pay for their usual high quality. These orders come with demands for fully verified legal and even certified timber. Producers say they sense there is now little or no price difference between these two alternative methods of satisfying the issue of legality.

Pressure To Find New Markets

Some West African producers continue to try and diversify into Asian markets other than China and a small number are considering venturing into further processing of mouldings and high quality interior trim.

Producers Concerned About Build-Up Of Okoume Stocks

West African log prices are unchanged and analysts expect prices to remain stable into Q3 as there are no signs that market leader China will increase purchases any time soon. Stocks of okoume have accumulated at West African mills and producers are finding it hard to sell this at any price. One mill reported that they have sold some okoume shorts but had to offer huge price reductions. The same miller says there is just no demand for longer length okoume at present.

Okan, which fell out of favour, has regained market share so prices have stabilised. Sapera and sipo prices remain stable but at the lower levels to which they recent fell. Some firmer interest in these species from the EU and China has been reported. Overall, demand is not good and some mills in Congo Brazzaville and Gabon are remaining temporarily closed or reducing output until the Asian markets come back to life.

Exporters Not Well Informed Of Benefits Of FLEGT

Analysts familiar with the West African trade say it is a surprise that more countries are not negotiating harder for VPAs with the EU as FLEGT licenses would make it so much easier to trade into the EU. Part of the problem, according to analysts, is that millers and exporters are not well informed of the prospective benefits of FLEGT compliant production. Because of this many millers say there are less troublesome and profitable markets elsewhere so why bother.
Slowing Demand In China

China’s appetite for wood products is showing signs of slowing and recent announcements from China regarding investment in strategic timber reserves in order to be more self-reliant needs careful monitoring for its impact on hardwood imports. China’s State Forestry Administration has reported that it will begin work to establish an additional 14 million ha of strategic national forests by 2020. These forests will be of fast growing tree species such as poplar and eucalyptus as well high value species.

There is a strong demand in China for large diameter logs and at present these are sourced from domestic natural forests or through imports. However, with the logging restrictions in China’s natural forests and with overseas suppliers scaling back harvests in natural forests, especially in the tropics, availability is becoming an issue. The SFA plan aims to address the huge gap in between Chinese demand for timber and supply which, in the long term, may lead to a drop in dependence on imports.

In the short term a decision by the central government to withdraw the right to approve felling from local administrations in Northeast China and Inner Mongolia Autonomous Region in order to limit harvesting may result in a log shortfall which would boost the need for imports.

Focus On China’s Stock Crash

Of major concern to West African exporters was the rapid collapse of stock values in China and the impact this could have on domestic consumption. A large volume of equities in China are in the hands of small investors many of whom have borrowed heavily to buy stocks. Coming on top of the recent weakening in property prices in China it is expected that this latest shock will undermine Chinese consumer confidence and that spending will decline. Analysts say it is too early to forecast if, how and when this situation will impact timber imports but it is likely there will be a period of adjustment until growth trends in the Chinese economy stabilise. There is has been no change in the level of production and West and Central African producers continue to rein-in production through temporary mills closures and limiting output to orders in-hand. The consensus is that demand will not improve significantly in the short term.
Ghana

First Quarter Export Up 48%

Ghana’s export of wood products for Q1 2015 totalled 81,518 cu.m, 48% more than for same period in 2014 and resulted in earnings of €43 million, almost double that in Q1 2014. For Q1 2015 there were 13-categories of wood products shipped from 93 exporters. Products manufactured from around 40 different species were shipped to 38 countries of which shipments to India were significant. Shipments to Asian countries accounted for 62% of total export for the period. In contrast exports to Europe, Africa and the Middle East declined by 55%, 19% and 30% respectively.

According to the Timber Industry Development Board [TIDD] air dry sawnwood, billets and sliced veneer were the main drivers for increased revenues as all registered significant growth. Air and kiln-dried sawnwood exported to international markets and neighbouring countries together accounted for 59% of total export volumes in Q1 2015. Plywood accounted for 12% of the total export volume. Exports of sawnwood and plywood earned €32 million, around 74% of total revenues for the quarter.

The export of wood products from Ghana to ECOWAS member countries in Q1 totalled 10,876 cu.m compared to 14,212cu.m recorded for the same period in 2014.

Ghana To Implement Full Scope Of VPA Soon

The Ghana Forestry Commission Ghana has advanced with preparations to implement a wood tracking system that will ensure only legally acquired timber is exported. The system, when fully functioning, will enable Ghana issue the Forest Law Enforcement Governance and Trade [FLEGT] licenses under the Voluntary Partnership Agreement reached with the European Union.

The Timber Validation Department of the Forestry Commission, said a test run was carried out on the system involving key government agencies and selected companies. The next stage is to operate all the modules of the system, close the gaps identified by external auditors in the legality assurance system and go to full implementation. With the tracking system it is easy to collect data on trees that have been felled and those entering the mills via the electronic devices. Currently most of the control processes are paper based making it extremely tough to ensure accuracy.

DOLTA Appeals To Waive Tax On Timber Importation

The Domestic Lumber Trade Association of Ghana [DOLTA] has appealed to the government to waive tax on the importation of timber into Ghana. The Association suggested that instead of importing expensive logs government should waive the tax on importation of sawn timber, to enable DOLTA to import more. A cabinet memo on the waiver of import duty on lumber had been developed by the Forestry Commission, and has been at the Ministry of Lands and Natural Resources for the past year. DOLTA is pushing for the memo to be forwarded to Cabinet for consideration. Currently logs are zero import duty and VAT/NHIL-rated, but lumber attracts 20% import duty and 17.5% VAT/NHIL.
**Mozambique**

**Mozambique To Have The Biggest Eucalyptus Nursery In Africa**

Portuguese pulp and paper group Portucel Soporcel is to start setting up the biggest eucalyptus nursery in Africa next September. The nursery will have an initial capacity of 12 million plants/year, which may double by 2016. Portucel Mozambique, the group’s subsidiary set up in 2009, will invest in the a transversal and integrated forestry project in Mozambique, including forest plantations, and pulp and paper and energy production from biomass in both Manica and Zambézia province. Investment could reach €2.1 billion.

[Macauhub/MZ/PT 20/07/15]

**Mozambique Loses US$540 Million To Illegal Timber Exports**

Mozambique’s National Directorate of Land and Forests has released a report noting that between 2003-13 the country lost US$540 million through the illegal export of wood to China. According to a study by researchers at Maputo’s Eduardo Mondlane University, produced as part of the project ‘Forestry Governance in Mozambique: the Urgency of the Moment’, an initiative of the World Wide Fund for Nature [WWF], with the support of the Swedish Embassy in Maputo, over 90% of Mozambique’s timber exports go to China, and most of them are undeclared. For example the 2013 statistics highlight such discrepancies showing 54,000 cu.m of logs were exported to China yet Chinese statistics show that 346,000 cu.m of logs were imported from Mozambique, a difference of 292,000 cu.m. Exporting timber illegally is a profitable business. The study calculates that the legal exports bring in profits of US$530 per container, but the illegal trade increases the profits more than fourfold, to $2,430 per container, even after paying bribes to forest wardens and customs staff.

[APA 24/07/15]
South Africa

Buyers Cool To African Timbers

South African buyers have become less interested in West African species which has added to the woes of okoume producers. Meranti has recaptured much of the South African sawnwood market as it is landing at very competitive prices. In addition, South African end-users have begun to use more domestic softwoods to contain costs. Middle East buyers are active in the market, demand is good and prices are holding up for the time being. However, producers have to compete hard against S.E. Asian suppliers to win orders and this is leading to heavy downwards pressure on prices. Currently, the market for plywood has picked up in some Middle East countries as work intensifies on constructing temporary shelters to accommodate refugees.

Zanzibar

Zanzibar Hosts Regional Timber Trade Meeting

Over 50 timber trade specialists were in Zanzibar on June 29-30th for the 3rd Annual East Africa Timber Trade Stakeholders Forum. The event, organised by WWF and TRAFFIC, covered the growing intra-regional and inter-regional illegal trade of timber and other forest products flowing across mainland Tanzania, Kenya, Uganda, Zanzibar, Madagascar, Zambia, Mozambique, Malawi and the Democratic Republic of Congo [DRC].

The forum comes at a time when there is increasing trade in illegal timber across several countries in Africa leading to continent wide losses estimated at US$17 billion p.a. To reverse this the industry needs better knowledge of how the illegal trade functions at various scales, improved law enforcement and positive incentives for a legal and sustainable trade. In East Africa the forum focused on a coordinated inter-regional approach amongst forest agencies in Tanzania, Zanzibar, Uganda, Kenya, Mozambique and Madagascar. The mechanisms also sought to build relations between national forest agencies and regional bodies such as the Southern Africa Development Commission [SADC] and East African Community [EAC].
Kenya

BAT Announces H1 Pre-Tax Profit Up 8%

British American Tobacco Kenya posted an 8% rise in H1 pre-tax profit to 2.77 billion shillings [$27.53 million], helped by improved sales and a favourable exchange rate on export sales. The company, a unit of London-listed British American Tobacco, noted its gross turnover was up 3% to 17.35 billion shillings, while its earnings per share rose to 19.41 shillings from 17.93 shillings in H1 2014. The company makes cigarettes for other firms, as well as its own-brand cigarettes. Most of its manufacturing contracts are from the Democratic Republic of the Congo (DRC).

[Reuters 24/07/15]

Malawi

No Buyers At Markets, Farmers Make Losses

Malawi’s Tobacco Control Commission (TCC) has urged local tobacco growers to take demand in to consideration before cultivating the cash crop following a huge quantity of left overs of tobacco on the market. The auction floor, the only marketing destination for tobacco, has closed due to lack of buyers. Meanwhile tobacco can only be stocked for 1-year before expiration. The TCC is doing everything in its capacity to get the floor opened and to identify potential buyers for the locally produced leaf. The TCC has licensed 3-new tobacco buyers, including Chinese firm Sino-Ma, which will also set up a cigarette processing factory in the country. Unfortunately China one of the biggest buyers which has a liking for flue cured tobacco is currently living on stocks.

[Malawi 24]

Government Defies Anti-Tobacco Campaign

Malawi Government has hit out at an anti-tobacco campaign championed by the United Nations World Health Organisation (WHO) and noted that it will keep on supporting the tobacco industry, the mainstay of the economy. Malawi is hosting a high level Indaba on tobacco at the Bingu Conference Centre which has drawn buying companies such as Alliance One and Limbe Leaf and representatives for Phillip Morris. Tobacco plays a vital role in the development of countries like Malawi generating 60% of Malawi foreign earnings.

[Nyasa Times 21/07/15]
Zimbabwe

Exports Raise US$270 Million

Zimbabwe has earned over US$270 million from 49.4 million kg of tobacco exported since the beginning of the year compared to 38.8 million kg during the same period last year. During the comparable period US$141.2 million was earned on flue-cured tobacco exports. Tobacco Industry and Marketing Board (TIMB) data shows that China was leading as the major consumer of Zimbabwe’s golden leaf spending US$170.8 million on 20 million kg of tobacco averaging US$8.53 a kg. South Africa followed importing 6.7 million kg of tobacco valued at US$19.9 million averaging US$2.97 a kg while Indonesia was in third position spending US$13.4 million importing 3.2 million kg at an average price of US$4.25 a kg. TIMB indicated that the United Arab Emirates had spent US$7.8 million on 2.5 million kg and Russia importing 2.5 million kg of tobacco from Zimbabwe spending US$9.5 million.

[Chronicle 01/07/15]

BAT H1 Profit Up On Higher Prices

British American Tobacco’s [BAT] Zimbabwe unit reported higher H1 profits after raising prices and cutting costs despite a drop in sales due to a depressed economy. BAT Zimbabwe, which is 44% owned by London-listed British American Tobacco, said after-tax profit rose to US$7.7 million in the half year to end-June compared with US$5.3 million in the comparable period in the previous year. Sales declined by 5% to 603 million cigarettes in H1 from 636 million cigarettes a year ago. BAT Zimbabwe accounts for 82% of cigarettes sold in Zimbabwe, where companies are struggling with high operating costs, competition from cheaper imports and electricity shortages.

[Reuters 27/07/15]