



Bukit Timah Post Office
P.O.Box No: 239
Singapore 915808

28th March 2009

Dear Members,

The financial meltdown in the second half of 2008 has not only caused the collapse of major banks in the United States and Europe but it also marks the end of the commodities boom which started in 2007. Cocoa being part of the global commodity community has not been spared as some of the world's largest economies face deep recession and severely tightened credit conditions. The cocoa industry, like most other industries, is facing challenging times.

Despite the difficult operating environment, our association with the full support of all the members, continued to champion issues that are relevant and important for the well-being of the cocoa industry in this region. The cocoa contract, which we have embarked on about two years ago, is now ready for implementation after the incorporation of the arbitration rules. We have also updated ASEAN Cocoa Club members in the meetings held in Makassar (February 2008) and in Ho Chi Minh City, Vietnam (June 2008). A copy of the Market Rules along with Arbitration Rules has been given to the ASEAN Cocoa Club Secretariat for adoption by member countries. In the coming months, events and road shows are being planned to train market players on market rules, grading and arbitration. A soft launch has also been planned for. So, your feedback and comments are welcome.

Another important issue besieging the industry is a sustainable cocoa production to support the growing need for beans for the grinding industry in this region. Cocoa production in Indonesia, the world's third largest producer, is declining due to pests, diseases and the lack of an effective sustainability program. In the Cocoa Symposium held in Bali last October, the Indonesian government had announced ambitious plans to accelerate the replanting of cocoa with the aim of achieving a sustainable cocoa industry. The association already had a few meetings with the Indonesian Cocoa Association (ASKINDO) prior to this announcement to discuss joint co-operation on a sustainable cocoa production. In the coming months, efforts will be intensified to work closely with ASKINDO and other government agencies such as the Indonesian Cocoa Board and Indonesian Coffee and Cocoa Research Institute (ICCRI) to work out a comprehensive plan to train farmers on good agricultural practices and quality control, provide market access to farmers to sell their cocoa and accelerate replanting of cocoa in Indonesia. To be successful, this program needs the support of all the stakeholders in our industry.

Following the success of organizing a workshop to tackle Cocoa Pod Borers (CPB) in PNG funded by the Dutch government, the association has been invited as an advisory

partner in another CPB Project to be funded by the Australian Centre of International Agriculture Research (ACIAR).

On food safety, we have been alerted by some Japanese customers that 2.4D herbicide was found on cocoa powder shipments from South East Asian countries. Members of the CAA's sub working group on food safety under the leadership of Mr Yong Lee Keng investigated the matter and concluded that the 2.4D herbicide contamination was found on some cocoa beans originated from Indonesia. A meeting request was made to meet with the Indonesian agriculture ministry officials to present our findings and highlight the urgent need to take remedial measures. We must address this issue before it becomes another melamine issue which may result in the banning of Indonesian beans by major importing countries and as a consequent, result in products recalls. This is a serious issue that needs urgent attention.

In 2008, election of new office bearers was conducted. Please join me in congratulating the following office bearers elected to the council for a two-year term.

Chairman – Mr Yeong Chye
Vice Chairman – Mr Tejinder Saraon
Secretary – Mr Lucas van Maarschalkerweerd
Treasurer – Mr Ng Sin Heng

Honorary Secretary – Mr Yee Chow Boi

Council Members:

- 1) Mr Lukas Jasman
- 2) Mr Rudyanto Hadi
- 3) Mr Hia Cheng
- 4) Mr Frederic Coudry
- 5) Mr Eric Von der Luehe
- 6) Mr Goh Keng Tiong
- 7) Madam Deborah Lim

Auditors:

- 1) Mr K.K. Tan
- 2) Mr Yessa Tuegeh

During the course of the year, Mr Yee, has expressed his wish to relinquish the secretarial duties due to his heavy work commitments outside the association. Council members on behalf of the membership would like to record the association's sincere appreciation for the many contributions Mr Yee had made to the association. At the request of the council, Mr Yee is willing to serve the association as and when available.

In the meantime, we have appointed Miss Cherie Tan to be the Secretary General to replace Mr Yee. Please join me in welcoming Miss Cherie Tan onboard.

The cocoa industry is presently “sailing through rough water” and there are many uncertainties and challenges ahead of us, especially in the current recessionary environment. We will continue to push forward all the activities identified above and continue to address new issues that may “crop up” and affect the industry. To promote the interest of our members and the industry, I count on your continual support and commitment.

Best wishes for 2009.

Sincerely yours,

(Yeong Chye)