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HEADLINE: Ethnic violence threatens cocoa harvest

BODY:

Cocoa farmers in Ivory Coast have fled their villages following a wave of communal attacks that killed about 100 people earlier this month.

The violence in Ivory Coast's ethnically diverse western region threatens to hit next year's cocoa crop, much of it bound for the west, if farmers cannot spray pesticides and tend the fields.

Rivalries between ethnic communities over land ownership have worsened as settlers from other parts of Ivory Coast and neighbouring countries migrated to the west to grow cocoa, originally encouraged by Felix Houphouet-Boigny, Ivory Coast's first president.

Today the former French colony produces about 40 per cent of the world's cocoa beans, but internal conflict since 2002 has exacerbated tensions in the fields and unnerved cocoa buyers and exporters. While cocoa futures have soared during periods of instability since 2002, harvests have generally found export markets, even though some cocoa has ended up being smuggled out via neighbouring countries.

But the simmering conflicts in the west, which could worsen if the government and rebels fail to comply with a disarmament programme, have already disrupted cocoa cargoes this year. Farms in the west produce the bulk of Ivory Coast's cocoa.

"If the conflict takes root in the west, it could really hinder the normal functioning of the commercialisation of cocoa," said Jean Luc Agkpo, a cocoa industry analyst at Ivory Coast's Nat-

ional Bureau for Technical and Development Studies.

A preliminary report backed by the European Union and published in 2004 said conditions for farmers had failed to improve over the past few years during which a liberalisation plan for the industry introduced a complex web of cocoa boards charged

with regulating, financing and developing the system. A full audit of Ivory Coast's cocoa industry commissioned by the EU was blocked last year by members of the syndicates reluctant to open themselves up to scrutiny.

Farmers complain that middlemen, who need to make their own cut before taxes are levied, cannot pay higher prices as the boards take a significant cut.

Many Ivorian middlemen pay farmers much less than the farmgate price of about Dollars 0.75 a kilogram. By contrast, the government in neighbouring Ghana has guaranteed a minimum price of about Dollars 1 per kilo, backed by an internationally syndicated loan worth several hundred million dollars.

As a result of the price discrepancy between Ivorian and Ghanaian cocoa, many farmers in the eastern cocoa-growing zone of Ivory Coast smuggle their cocoa across the border to Ghana.

According to Saga, a French transport company with a big presence in Ivory Coast's ports, exports of cocoa beans and products between October 2004 and end of April 2005 fell 11.7 per cent to 922,725 tonnes from the previous season.

This was because of a poorer harvest this year and smuggling. In April, the country's Coffee and Cocoa Bourse noted a 13 per cent decline in cocoa arrivals at ports between October to March 2003/2004 and 2004/2005.

The loss in official export revenues from smuggling has increased the pressures on the government's finances, already squeezed by the conflict.

Meanwhile, fear stalks the cocoa fields. "Nobody in Duekoue has confidence in each other any more," said Mr Siddique, an immigrant trader and land owner in the city of Duekoue who was targeted by unknown assailants in an apparent reprisal against attacks on villages inhabited by indigenous communities.

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