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Chairman's Message

24th March 2008

Dear Members,

Time passes fast. Another year has gone by. Unlike the previous years, 2007 was less hectic for the association as the major objectives such as formulating of quality standards, membership drive, organizing workshops and seminars, which we set out to do at the inception of the association, have been accomplished and are continuing in earnest.

Our major focus last year was on drafting the cocoa contract which took longer than expected due to complexity and varied interests of all the players involved in the industry. I am pleased to advise that the market rules, a main feature of the cocoa contract have been completed. The arbitration rules, which form the other essential part of the contract, however, have yet to be finalized as we are still waiting final response from the Singapore International Arbitration Centre for further deliberations. We hope this can be “wrapped up” before the 3rd Quarter of 2008.

The completed market rules of the cocoa contract were presented for discussion at the ASEAN Cocoa Club meeting held in Bali in June 2007. I would like to applaud those members who had contributed their time and effort in completing this assignment with full dedication. The ASEAN Cocoa Club also acknowledged our association's efforts in drafting this contract. It is now up to the respective countries to adopt this contract for implementation.

During the course of the year, we were also invited to participate in the 4th Indonesian International Cocoa Conference & Dinner held in Bali in June 2007. Our association was given the opportunity to present a paper titled “**Building a Competitive Cocoa Industry in Asia**” (paper can be viewed on the CAA website) and chaired one of the sessions titled “Sustainable Cocoa programs in Cocoa Growing Countries” at the conference. The conference was well attended with more than 400 delegates worldwide.

As you are aware, food safety has been a major focus for many of our members due to rising expectations from end users and consumers. Food safety issues raised range from pesticides & chemicals found in cocoa beans to chemical residues or heavy metals found in finished products. These issues have profound impact on the industry from growers to processors to manufacturers of finished products.

Given the importance of food safety, we have set up a food safety sub working group with members drawn mostly from the processors and chocolate manufacturers. The major task of the Food Safety Sub Working group is to investigate and identify any food safety issue confronting the industry. As some of the food safety issues involved legislation, the working group is also expected to work closely with the various government agencies to make recommendations and propose measures to tackle and resolve these food safety issues. Members are welcome to participate and contribute ideas to the working group.

At the ASEAN Cocoa Club meeting held in Bali in June 2007, CAA was invited to be a member of the ASEAN food safety working group which comprises senior government officials from ASEAN countries.

Though the CAA has made significant contribution to the industry in terms of training, educating and creating awareness, especially in the area of cocoa quality standard among all the stakeholders in the supply chain, there are still many challenges that need to be overcome, particularly in the area of counter party risk on contract performance and food safety issues. As an association, we will continue to do our part and focus our resources in getting the cocoa contract launched and make it a standard contract to be used by all the major players in the industry. To this end, we will organize road shows and workshops to educate and train all the stakeholders on the market and arbitration rules of the cocoa contract. To be successful, I will need to count on your continual support and participation.

As an association, we have come a long way though it is still a fairly young organization. On behalf of the council members, I would like to thank you for your unwavering support and contributions in making a name and recognition for where CAA is today. For the association to progress beyond the present, we need your active participation and continual support. Our present membership is still small. I would like to solicit the help of all members to actively recruit new members into the fold as the association needs in-depth knowledge & expertise, leadership and financial support to carry out future programs.

For 2008, it will be another challenging year for both the trade and the industry due to the current high volatility in the futures markets and a looming recession in the United States following the recent sub prime crisis that has seriously affected the global financial markets. Nevertheless, given the prevailing unprecedented operating environment, we will need to work together to overcome some of these challenges.

Best wishes for 2008.

Sincerely yours,

(Yeong Chye)