

**Minutes**  
**International Market Development Subcommittee**  
**Thursday January 7, 2010**  
**Reedley, CA**

Mr. Jim Stewart, Chairman, called the meeting of the International Market Development Subcommittee to order on January 7, 2010 at 12:20 p.m. in the Conference Room of California Tree Fruit Agreement, in Reedley, California with a quorum present.

**Subcommittee Members Present:**

Maurice Cameron	Jim Stewart
Chad Nelsen	Marcy Martin
Mike Jackson	David Maddux
Douglas Phillips	Craig Ito
Jon McClarty (A)	Jerry Hongola

**Subcommittee Members Absent:**

Eric Gaarde (A)  
Derald Rager (A)

**Government Representatives:**

Jerry Simmons

**Others Present:**

Gordon Smith	Denise Junqueiro	Gary VanSickle
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**Minutes**

Chairman Stewart asked if everyone had a chance to read the amended minutes for the August 13, 2009 meeting including the clarification from Ms. Marcy Martin. Ms. Martin stated that she wanted to clarify that the discussions were being had with APHIS concerning twig tolerance and that the twig tolerance could be an issue for the 2010 season if APHIS doesn't take action.

*It was moved by Mr. Jerry Hongola, seconded by Mr. Maurice Cameron, to approve the amended meeting minutes of August 13, 2009. The motion passed unanimously.*

**Status Report**

Chairman Stewart asked those assembled to introduce themselves as there were some new Subcommittee members attending for the first time. Mr. Stewart then asked Mr. Gordon Smith to proceed with the Status report. Mr. Smith began his review of 2009 export results by showing

combined PPN shipments to all markets where CTFA currently has marketing programs. Total PPN exports were down 42 percent compared to 2008. Doug Phillips asked about results to Brazil and whether CTFA would begin a program there in 2010? Mr. Smith said that results for Brazil had exceeded some smaller markets in 2009 including India and Panama, and that it would be discussed as a potential new market later in the meeting. Mr. Stewart asked for clarification on funding for the 2009 season. Mr. Smith said the Industry was awarded \$2.57 million in MAP funding in 2009 with Industry funding being \$900,000. At the August meeting, the industry decided to spend half of the approximately \$400,000 MAP contingency fund in Taiwan. Mr. Mike Jackson asked for clarification on what happens to the remaining \$200,000 MAP funds and whether we lose that grant money. Mr. Smith responded that the money gets rolled over into future MAP awards effectively decreasing what we will receive in future years. Mr. Jackson said that if we are going to lose the unspent portion of MAP funding, then we should do everything we can to spend it. Chairman Stewart asked Mr. Smith if there were ways to still spend the remainder of the funding from 2009. Mr. Smith said that the funds could possibly be used for POS materials. Mr. Craig Ito said he was under the impression that CTFA contributions would be short in 2009 which made 100 percent matching of MAP funds unlikely in 2009. With that understanding, it made sense to not allocate all \$400,000 of remaining MAP funds. Mr. Smith responded that there was some concern that the shorter crop would impact how much matching funds would be available back in April, however that is not as big of a concern now based on expenses and industry contributions. Mr. Smith said he would report back to Subcommittee on whether any additional expenses could be spent under 2009 MAP funds. Mr. Stewart stressed that the Subcommittee wants to be diligent about the use of funds, and that maximizing the benefit of those resources should be the objective.

Mr. Ito asked if the lower numbers in Mexico were because of the exchange rate and FOB prices. Mr. Hongola said that those were all reason on why the export shipments were lower to Mexico in 2009, combined with the fact more fruit was sold domestically due to the shorter crop. Mr. Jackson asked if the decrease in boxes sent to Mexico was also due to fumigation issues. Ms. Martin said that she believes it is due to more shipments going domestically and the exchange rates primarily. Chairman Stewart asked if there was going to be a review of all commodities concerning the stem tolerance. Ms. Martin stated that all commodities will be looked at. Ms. Martin reiterated the importance of getting APHIS to understand the importance of this issue and how critical it was to get clarification from Mexico on the stem tolerance before the season begins. She reminded the group that traps must be out by February 15, 2010. Mr. Phillips stated that APHIS must go up to bat for the industry and the claims against the industry need to be science-based. Work plans need to be laid out before the season and stand clear through the season and be honored. Chairman Stewart asked if Systems approach and fumigated fruit would be treated the same when it comes to a stem tolerance. Ms. Martin responded that its likely the stem tolerance would be applied equally to Sytems and fumigated fruit. Mr. Stewart asked if there would be a benefit to the program to handle stem tolerances differently between fumigated fruit and Systems so at least some shipments remain eligible for export to Mexico? Ms. Martin stated that the issues should be different and it is an important discussion to have.

Mr. Smith then moved on to reviewing 2009 export marketing strategy by country beginning with Tier 1 markets including Mexico, Taiwan, and Central America. In Mexico, retail promotions, expanding sampling, and greater emphasis on PR were the focus in 2009. Mr.

Smith also stated that Mexico has the largest budget. Ms. Martin stated that she believes there were roughly around 2 million boxes shipped to Mexico in 2009. Ms. Martin also stated that the number is relative to the decrease in production. Mr. Smith continued discussing the strategy in Taiwan, which is to maintain the commitment to trade and retail channels and moving away from a media dominated campaign. In reference to Central America, Mr. Smith reviewed 2009 strategy of expanding in-store sampling and with a focus on increasing nectarine awareness.

Mr. Smith then discussed Colombia, New Zealand, Hong Kong, China and United Kingdom which are considered Tier 2 markets. CTFA expanded training and promotional offerings to importers and retailers in 2009. Strategy in New Zealand in 2009 focused on retail cooperative promotions. Creative programs continue to drive retail interest and support. In Hong Kong the strategy was to maintain trade support and retail confidence. Mr. Smith reminded the group that we have changed representatives in Hong Kong and the change is viewed as positive from the trade. In China, the strategy remains focused on building awareness and confidence with trade through technical seminars and timely in-store promotions when fruit arrives. Mr. Smith also noted that more direct shipments go into Shanghai and importers are now more willing to go direct instead of through Guangzhou. In the United Kingdom, the Subcommittee recognizes the importance of having in store samplings with major retailers when fruit is available, but when European stone fruit is abundant, promotional opportunities for our fruit become limited. For Singapore, the strategy in 2009 was to maintain trade commitment while reducing program cost per box to reflect the maturity of the market.

The Tier 3 or emerging markets of Ecuador, Malaysia, Panama, India and Venezuela were then discussed. Mr. Smith stated that the strategy in Panama is to handle the market as a separate market from Central America, and with limited in store promotions and expanded trade outreach. Malaysia strategy was to maintain in-store sampling and to continue to monitor consumer acceptability of Chinese stone fruit vs. California stone fruit. In Venezuela, flexibility with marketing program remains critical due to the political uncertainty. After a significant amount of fruit shipped in 2008, the lack of import permits brought the market to a halt. The strategy in Ecuador encouraged trade confidence through education and promotional support. Mr. Smith recognizes that India has some late season opportunities and that the strategy was to educate trade on availability and handling practices. Limited samplings would be available if fruit was available. Heading in to the 2009 season, the Subcommittee recommended a limited investment with an eye towards the future. Finally, EMP grants for Russia and Vietnam were received and the market research studies are now available on the Download center.

### **Market Access Update**

Australia is in the final stages of completing the IRS, which should be completed by spring. There is an outside chance that trial shipments may be permitted in late summer. However if it happens, it will be limited to those growers that participated in the trial systems approach. Mr. Smith stated that the Australian industry is well aware how close we are to getting access, and has been contacting CTFA to generate a dialogue between the two industries. Mr. Smith told the group that he would keep them updated on any visits from our colleagues in the Australian industry. Ms. Martin thanked those that had participated in the pilot program and asked all to remain patient as the process is never a quick one, however she is very encouraged how far the

industry has come. The latest issues in China are multiple brown rot detections in California plum shipments. Mr. Smith concluded by reminding the group that China has been stepping up these sorts of actions against most US fresh fruit imports, and that there continues to be major political considerations going on for trade relations between the US and China.

### **MAP Program Review**

Mr. Smith stated that FAS released CTFA's 2010 MAP award of \$2,484,271 slightly down from 2009 which was \$2,557,067. Mr. Smith also announced upcoming meetings. The next International Market Development Subcommittee meeting will be held on Thursday, January 21, 2010, where budgets and activities for 2010 will be presented for consideration. The next Joint Meeting will be on February 18, 2010 where the committee's recommendations will be presented to the full boards. Mr. Smith also announced upcoming trade shows such as Fruit Logistica on February 4-6, ANTAD March 9-12, Fresh Produce Malaysia March 15-17 and Asia Fruit Logistica on September 8-10.

### **Other Items**

Mr. Smith informed the Subcommittee that branded MAP funds are available through WUSATA for PPN Export Shippers. The cost sharing program allows for 50% coverage on eligible expenses. Mr. Smith also stated that CTFA staff would be willing to provide training in the application process and claims for reimbursement. Eligible expenses are trade advertising, POS materials, exhibiting trade show expenses and promotional sampling expenses, etc. Mr. Hongola asked what are the dates of submission and Mr. Smith stated that there is still time and he is willing to assist in completing the applications.

Ms. Martin wanted to clarify that for Australia the fruit must come from Apple maggot free areas. She stated that we don't have Apple maggots but that we must have a country ordinance for Australia to accept the fruit. In terms of LBAM, Ms. Martin also wanted to clarify that Mexico requires an acceptable treatment for all life cycles, and that currently the only cycle that is covered is larval. Dosage needs to be increased to treat the other two life cycles. Conversations are still being had whether this could be an issue that would arise and if so what we would do about it. She reiterated that she just wants everyone to be aware the discussion is being had.

Chairman Stewart asked if there was any new items for discussion at future meetings or if there was a need for a closed session. Hearing none, he adjourned the meeting at 1:47 p.m.

Respectfully submitted,



Denise Junqueiro  
International Marketing Programs