



MARKET NEWS FROM CTFA REPRESENTATIVES AROUND THE WORLD

May 18, 2007

Welcome to the first edition of the International Market Report for the 2007 season. Shipments of California peaches, plums, and nectarines (PPN) have begun to arrive in most export markets, although volumes are small. White-flesh peaches are leading the way, but the first nectarines have been spotted in a few markets, and plums will be available before the end of the month. 2006 was an unusually late start to the season and thanks to warm and dry weather, the average beginning packout for most varieties will be 7-10 days earlier this year. Warm weather earlier this spring had a slight impact on early-season sizes being smaller than average, but that will not be an issue as we get into June.

The California PPN industry looks forward to an excellent summer for export customers and consumers around the world. The industry's representatives overseas are ready to get started with this year's marketing and promotional programs. POS materials and educational resources can be received by contacting the in-country representatives in each market. Additionally, after receiving a User ID and password, export POS materials can be downloaded from the PPN Network Download Center at: [http://www.eatcaliforniafruit.com/ppn/download/download\\_cat.asp](http://www.eatcaliforniafruit.com/ppn/download/download_cat.asp)

## Current News

### **US and China to initiate a new round of trade talks**

The U.S. and China will open their latest round of trade talks on Tuesday, May 22 and will include a record number of cabinet members in attendance from both sides. The issue of food safety will be given critical importance due to the tainted wheat gluten found in imported pet food recently. The record trade deficit with China (\$232.5 billion last year) will most certainly be discussed. Some members of Congress have introduced legislation to impose penalty tariffs on certain goods in response to that record deficit. The other complaints against China include their unwillingness to allow their currency to float, and growing piracy of American products. China did announce last week that they would increase the range of fluctuation for their currency, although the actual impact of that policy change is not expected to be significant.

### **Governor Schwarzenegger's Trade Mission to Canada, May 29-31**

CTFA's President Sheri Mierau will accompany California Governor Arnold Schwarzenegger on a trade mission to Canada next week. Ms. Mierau will join other California representatives from May 29-31 in promoting California agriculture in Canada. Sales of California peaches, plums, and nectarines (PPN) to Canada are approximately 5 million packages annually, which accounts for more than half of total California PPN exports. Canada has been the California PPN industry's number one trading partner for more than 20 years.

# Market Reports

## Mexico

The first load of California peaches arrived in Guadalajara on May 10, whereas shipments to Mexico City and Monterrey were expected to arrive by May 18. Quality of the first shipment was reported to be above average with good color. The last of the Chilean plum supplies can be found in the key Mexican markets, but are expected to be completely finished by the end of the month. Local peaches from Sonora and Michoacan are currently available in decent volumes, good quality and large sizes.

## Hong Kong

Only limited supplies of California Tao Lee (peaches only), shipped by air, can be found in high-end retail outlets in Hong Kong at the moment. The trade reported the taste of the early season varieties was excellent, and prices are "reasonable". Obviously there are insufficient supplies for California Tao Lee to be available in wet markets, but some Chinese nectarines were found there along with the last remaining Australian plums.

## Taiwan

Taiwan closed the market for Chilean apples, after a live Codling moth was detected in a recent shipment. That combined with New Zealand apples getting suspended for a similar detection last month means fewer apples will be available in Taiwan for the foreseeable future. The first white-flesh peach shipment from California arrived on May 2, and besides the early season sizing, both the trade and consumers were pleased with the overall quality. In terms of competition, imported apples, kiwifruit, cherries and Chilean grapes were available. A few very small local peaches were found in the market, but the main story regarding local production is the unseasonably warm weather and the early harvest of local summer fruits. There are currently excellent volumes of local mangoes, pineapples, papayas, watermelons and other melons available.

## China

Traders interviewed in China are looking forward to the upcoming California plum season. Some Chilean plums were found in Shanghai, Guangzhou, and Shenzhen; although sales movement was considered slow with deteriorating supplies and quality.

## Singapore

In contrast to last year when the first shipment of California white-flesh peaches did not arrive until the last week of May, the first white flesh and donut peaches arrived by air last week. As expected, only small volumes were available, but eating quality was considered to be average to above average. Early feedback from the trade has been very positive about the upcoming year. Shipments of Chilean Angelenos are reported to conclude by the last week of May.

## Malaysia

The first shipments of California peaches and nectarines have arrived in Malaysia with excellent quality. Importers interviewed have expressed confidence in these first shipments, and expect to bring in additional shipments by air despite the expense. Chilean plums are still widely available in Malaysia, and supplies are not expected to be exhausted until late June.

## Thailand

No shipments from California have arrived in Thailand to date. Some Australian black plums are available currently, although local tropical fruits can be found in good volumes and cheap prices, including durians, mangosteens, mangoes, and rambutans. The US-Thai Free Trade Agreement continues to be held up due to political instability.

## Indonesia

Only one importer and one high-end retailer has received California white-flesh peaches to date, but volume is extremely limited with excellent quality. In terms of competition, Chilean plums (red and black) are available along with some Chinese donut peaches.

## United Kingdom

The first shipment of white-flesh peaches from California arrived in the UK, and reviews to date have been very positive. The trade reported both taste and appearance of these peaches to be excellent. The favorable exchange rate against the dollar and a delay in the start of the Spanish stone fruit season has translated into significant interest in early season opportunities from California. The first California nectarines should arrive in Britain before Memorial Day. In terms of competition, the only significant supplies of stone fruit are Egyptian yellow peaches despite their poor quality. Estimates for European stone fruit production this summer are down for Spanish and French supplies. However, production from Greece is forecast to jump over 20 percent, which will balance out the decreases in Spain and France. Another interesting development is the first ever Israeli marketing campaign throughout Europe to promote Israeli apricots, peaches, plums, nectarines and grapes.

## New Zealand

Since October 2006, the New Zealand dollar has strengthened against the US dollar to a record high that bodes well for California exports in 2007. While no supplies from California have arrived to date, the first shipments are expected in the next few weeks and favorable currency conditions have been cited as a key factor in getting an early start this year. Decent volumes of black plums from Chile are still available at the moment with reasonable prices.

## Central America Region

Shipments of peaches and nectarines from California should arrive in Central America shortly. In terms of direct competition, there are only limited amounts of local and imported peaches and plums, but no nectarines. Costa Rican plums can be found and eating quality is reported to be suspect, although the fruit's appearance can be quite good. Chilean plums can be found in decent volumes with only average to below average quality. Only small volumes of late season Chilean peaches are available, but they are not expected to last much longer. Guatemalan peaches are quite popular at the moment, especially in the traditional markets, and they have excellent quality and good flavor, despite their small sizes.

## Colombia, Venezuela, and Ecuador

No California stone fruit is available yet in Venezuela, Colombia, and Ecuador. Chilean plums continue to be the dominant imported stone fruit in this region, and there are still some Chilean peaches available but their quality is inferior compared to plums. The Colombian and Venezuelan peach harvest has begun, and they will provide the bulk of the competition for California peaches, plums, and nectarines this summer. Some Venezuelan plums were spotted but at very high retail prices.

# Promotional Highlights

## General

This section of the report highlights various promotional programs and/or events that are traditionally important for our fruits. Listed below are several key holidays or festival dates in some of the markets, and brief descriptions of in-country activities. As shipments begin arriving more regularly and with typical quantities, marketing activities will commence in all markets, including both traditional/wet markets and supermarket/hypermarket chains.

## Hong Kong

### Holidays / Festivals

- May 24 The Buddha's Birthday
- June 19 Tuen Ng Festival
- July 2 HKSAR Establishment Day
- September 26 The day following Mid-Autumn Festival
- October 1 National Day
- October 19 Chung Yeung Festival

Three sessions of training seminars have been conducted throughout Hong Kong from April 24th thru the 25th. Around 180 store personnel and staff from fruits & vegetable departments attended the seminars. They gained knowledge on California Tao Lee varieties, quality, storage, handling and sales tips etc.

## New Zealand

Celebrity cook Julie le Clerc has created three new recipes for the 2007 season. The recipes were released two weeks ago and have been published in a double page spread of her current recipe book.

## Singapore

Two retail chains will be running in-store demonstrations in the month of June. In-store demonstrations for California peaches and nectarines will be held in 110 stores throughout Singapore from June 1st thru the 20th.

## Taiwan

The first wave of TV advertising will be scheduled to start June 18th to support the sales of California Tao Lee. Three waves of six week TV advertising will be conducted during June, July and August. Also, a newsletter with five issues will be sent out to targeted traders in Taiwan for the months of May-September. In the second half of May the first issue will be sent to 2,000 targeted traders.

Country	Fruit	Grade/ Origin	Size/Count	Wholesale Price US\$	Retail Price US\$
Mexico	Peaches	California	56-64 vf	27.15	
	Peaches	Chile	72-64	21.04	1.78
	Peaches	MX	22 lb	11.45	1.11
	Apple	WA,MX	100-125-135	27.77	1.02
	Kiwifruit	Chile	22 lb	22.59	1.46
	Strawberries	California	12 lb	12.83	1.78
	Strawberries	MX	19.2 lb	7.33	2.41
	Table-grapes	Chile	18-20 lb	17.69	1.1
	Plums	Chile	18 kg	14.89	1.03
	Mangos	MX	25 kg	10.5	0.51
	Pears	Arg	36-44 lb	31.57	1.24
Hong Kong	Peach	California	48 - 64	N/A	1.94 - 2.33/pc
	Plum	Chile	64 - 74	10.38 - 14.28	0.32 - 0.42/pc
	Grape	AU	18 - 21 lb	20.77 - 35.71	1.29 - 2.58/lb
	Watermelon	Mal, TW	2	5.58 - 7.79	0.25 - 0.64/lb
	Mango	Thai	21lb	14.28 - 23.37	0.32 - 0.65/pc
	Apple	WA, China	40 - 88	11.04 - 24.67	0.19 - 0.46/pc
	Orange	USA	56 - 72	19.48 - 32.46	0.25 - 0.52/pc
Taiwan	SW Peach	California	24-25 lyr	29.9-32.9	1.5-1.8/each
	Donut Peach	California	24-25 lyr	27-29.9	1.4-1.6/each
	Peach	Japan	5/box	47.9-50.9	12.5-13.2/each
	Peach	TW	6-8/box	6-7.5	1-1.6/each
	Kiwi	NZ	30-33	10.5-13.5	0.4-0.6/each
	Apple	NZ	60-100	38.9-55.4	0.5-1.2/each
	Apple	Chile	113	44.9	0.5/each
	Apple	WA	80-88	27-29.9	0.4-0.44/each
China- Shanghai	Red Plum	Chile	48(+2),9KG	25.00--28.75/BOX	3.00---3.50/500G
	Peach	China	Bulk Pack	0.13---0.15/500G	0.48---0.65/500G
	Nectarine	China	Bulk Pack	0.34--0.44/500G	0.85--1.62/500G
	White Peach	China	Large, 40	13.75--14.38/BOX	0.45---0.81/500G
China- Guangzhou	Nectarine	China	67	11.84	1.59
	Nectarine	China	500G	0.79	1.32-1.58
	Black Plum	Chile	56	19.09	1.71-2.37
	Black Plum	Chile	58	17.76	1.71-2.37

Country	Fruit	Grade/ Origin	Size/Count	Wholesale Price US\$	Retail Price US\$
United Kingdom	Peaches	Egypt	500g	N/a	\$1.96 *(\$5.92)
	Peaches	California	500g	N/a	\$7.90
	Peaches	Israel	2.5kg	\$14.35	\$2.95 x4 *(\$5.92)
	Peaches	Morocco	5/6kg	\$8.81	\$0.91 per unit
	Peaches	Spain	4kg	\$7.22	\$0.89 per unit
	Nectarines	Spain	4kg	\$13.86	\$6.91 x 4
	Nectarines	Italy	500g	N/a	\$3.94. *(\$5.92)
	Plums	Chile	5kg	\$12.47	\$5.90/kg
	Plums	S.Africa	5kg	\$12.37	\$7.88/kg
Colombia	Peaches	VZ	N/A	N/A	2.31-3.19
	Plums (Red)	Chile	N/A	N/A	1.86-2.38
	Plums (Black)	Chile	N/A	N/A	4.21
	Plum (Claudia)	CO	N/A	N/A	1.38-2.17
	Peach	CO	N/A	N/A	1.86-2.85
Venezuela	Plums	Chile	N/A	N/A	4.55-6.65
	Melocoton	VZ	N/A	N/A	2.91-3.35
	Peaches	VZ	N/A	N/A	2.46-2.53
	Plum (Huesito)	VZ	N/A	N/A	2.49
	Plum	VZ	N/A	N/A	3.19
Ecuador	Nectarines	Chile	N/A	N/A	2.00
	Plums	Chile	N/A	N/A	2.00
Central America	Plums	CR	100		1.05-1.37
	Peach	GT	108-160		0.66-0.85
	Peach	Chile	48-50		3.75-4.06
	Plums	Chile	30-40	18.00-25.00	1-52-1.83
	Apples	WA, Chile	72-150	21.00-33.00	1.25-1.64
	Pears	Chile	80-163	18.00-28.00	1.05-1.72
	Grapes	Chile	16 lbs	22.00-26.00	1.87-2.56
	Kiwifruit	Chile	10 lbs	18.00-25.00	2.21-2.23

Country	Fruit	Grade/ Origin	Size/Count	Wholesale Price US\$	Retail Price US\$
Singapore	SW Peach	California	56	50.67	1.47
	SW Peach	California	64	46.66	1.11 - 1.20
	Donut Peach	California	56	48.67	1.47
	Plum	Chile	60	18.67	3.27
	Apple	S. Africa	150	28	0.27
	Cherry	USA	10 rolls	73.77	18.67 kg
	Persimmon	NZ	14	21.33	1.93 pc
	Grapes	Aus	10 kg`	37.33	3.27 kg
Malaysia	Peaches	California	56-64 vf	36.0-41.0/ctn	1.1-1.6/pc
	Peach SW	California	56-64/vf	36.0-41.0/ctn	1.1-1.6/pc
	Nectarine SW	California	64 -88 v/f	36.0/41.0/ctn	1.1-1.6/pc
	Table Grape	AU	9.5kg	22.20-28.50	2.75-3.50/kg
	Table Grape	Chile	10kg	19.30-24.10	2.25-2.89/kg
	Plum	Chile	48-78	13.85-14.52	0.22-0.35/pc
	Orange	California	125-180	24.50-28.32	0.16-0.30/pc
	Persimmons	AU	42-60	40.50-42.15	0.72-0.85/pc
	Apples	WA	88-163	31.52-33.20	0.23-0.45/pc
	Apples	China	36-100	10.20-12.35	0.12-0.41/pc
Indonesia	SW Peach	California	28	43.26	9.89 - 13.48
	Donut Peach	China		22.47 - 26.4	3.54 - 4.16
	Plum Red	Chile	70	33.7	5.17
	Plum Angelino	Chile	70	30.90 - 33.7	5.05 - 6.8
	Strawberry	USA	4 Kg/Crt	36.52	6.46
	Cherry	USA	11 ROW	97.19	20.22
Thailand	Black Plum	AU	45-55	30.85-45.42	5.14-7.57/kg
	Peach	Thai	45-50	40.80-42.84	6.80-7.14/kg
	Persimmon	NZ	20/2lyr	34.08-47.28	1.42-1.97/pc
	Grape	AU	10/kg	34.08-50.52	5.68-8.42/kg
	Apple	US	20/2lyr	10.08-17.76	0.42-0.74/pc
	Rambutan	Thai	10/kg	4.28-6.0	0.71-1.0/kg
	Mangosteen	Thai	10/kg	4.92-6.0	0.82-1.0/kg
	Durian	Thai	10/kg	5.10-6.0	0.85-1.0/kg.
Mango	Thai	10/kg	9.42-14.52	1.57-2.42/kg	
Legend	Arg	Argentina		Mal	Malaysia
	AU	Australia		MX	Mexico
	CO	Colombia		NZ	New Zealand
	CR	Costa Rica		SW	Summerwhite®
	CUG	California Utility Grade		Thai	Thailand
	CWM	Cal Well Mat®		TW	Taiwan
	EC	Ecuador		USM	US Mature
	GT	Guatemala		VZ	Venezuela
	JP	Japan		Vf	Volume fill
	Lyr	Layer		WA	Washington

\* Denotes Sales Price