



MARKET NEWS FROM CTFA REPRESENTATIVES AROUND THE WORLD

October 14, 2005

While some International markets continue to carry minimal supplies of California peaches, plums, and nectarines, the 2005 season is almost finished in most markets. Limited shipments can be expected over the next two weeks. Reports from a majority of the trade around the world indicate consumer demand for California peaches, plums, and nectarines remains steady despite the dwindling supplies. Marketing programs are nearly complete except for some limited promotion and merchandising visits to wrap up the season. This is the 11th and final International Market Report for the 2005 season.

News

Wal-Mart to make huge Central America entrance

According to CNNMoney.com, Wal-Mart will purchase 33.3 percent of Central American Retail Holding Company (CARHCO) from the Dutch retailer Royal Ahold. Prior to the deal closing, Ahold was the largest retailer in the region. John Menzer, the CEO of Wal-Mart International, said, "We believe our investment will add strength to the partnership by helping to keep prices low for consumers and will offer new opportunities to suppliers in the region for additional business development." CARHCO has 363 supermarkets and other stores in Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica, with over 20,000 employees.

Market Reports

Mexico

California plums continue to be found in good supplies and with good quality in Mexico, with the dominant variety being Black Ambers. Plums from California no longer face any direct competition from local plums, and can be found at both the wholesale and retail level. The quality of California peaches over the last two weeks was excellent, and importers have been very satisfied with their shelf life, color and sizes. Some fumigated peaches arrived recently in small volumes but were not expected to affect sales. Volumes of California nectarines are down recently, and the quality ranged from fair to good.

Local peaches are the sole remaining direct competition for California peaches, plums, and nectarines. It is estimated that local peaches constitute 40 percent of the market at the moment with weather affecting the quality of the fruit. One point to note is the price of local peaches is similar to the price of California peaches. Overall, the prices of California stone fruit have been steady which have had a positive effect on sales.

Hong Kong

Supplies of California fresh prunes have declined over the last reporting period. The remaining supplies are generally small fruit, and rarely found at the wholesale markets. When compared to peaches and nectarines, California plums were the most common. Angelino and Flavor Fall plums were found in utility grades at the wholesale markets. Small quantities of California peaches, plums, and nectarines could be found at supermarket outlets, but most supermarkets only offered select varieties. California peaches and nectarines were only spotted

at high-end or gourmet supermarkets. Some utility-grade nectarines were found at wet-markets and were being offered for relatively low prices.

Some wholesalers reported recent arrivals of Spanish nectarines which apparently were sold for low prices. Other direct competition for California came from Chinese and Israeli plums. It should be noted this is the first report of Israeli and Spanish stone fruit in Hong Kong for 2005. In terms of indirect competition, pears from China and Japan were abundant and California grapes were widely available.

Taiwan

Reports from the trade over the last two weeks have found dwindling supplies along with concerns about the quality of the late California Tao Lee shipments. Compared to the quality during the peak of the season, reports indicate shelf life and eating quality are only average. No local peaches were found in Taiwan during the reporting period, and only some Japanese peaches remained in the upscale retail outlets with luxury prices. The dominant imported fruits were apples and California grapes. Taiwan's BAPHIQ confirmed detecting the first live coddling moth larva on Fuji apples from Washington. Some supplies of local pineapples, pears, watermelons, and seasonal pomelos could be found.

Another important development over the last week was the Taiwan dollar falling to an eleven month low against the US dollar. The recent decline was sparked by foreign investors pulling out of the local currency on concerns about the prospects for future economic growth, with the main culprit being high oil prices.

Singapore

Volumes of California peaches, plums, and nectarines in Singapore have declined since the last reporting period. In terms of recent shipments, two mixed container loads of California plums and other fruits arrived, along with some small volumes of Summerwhite nectarines by air. One importer reported being unable to source any fruit from his California shipper, and some other comments were received about the concerns about the quality of late season shipments upon arrival to Singapore. At the wholesale markets, Chinese honey peaches were found in large sizes but with little taste compared to California peaches.

Retail distribution of California peaches, plums, and nectarines was average over the last two weeks. Most supermarkets visited carried two varieties of California plums, along with both peaches and nectarines. Wet markets and fruit stand vendors carried similar varieties of plums, but generally carried either peaches or nectarines. Chinese white peaches remained visible in selected supermarkets and wet markets. Other direct competition, at least from one supermarket visited, came from Israeli plums. The other imported fruits providing indirect competition to late-season California peaches, plums, and nectarines were California grapes, apples and pears from China, Australian strawberries, and apples from France, New Zealand, and the U.S.

Malaysia

Concerns over the quality of recent shipments have emerged among the importers in Malaysia, and reports indicate the trade has become cautious due to the long shipping times by sea. According to reports, the only variety of plums currently being shipped to Malaysia are Angelinos. California plums continue to be offered through all retail sectors. However, the number of varieties available has declined and many outlets are only selling one variety. In terms of California peaches and nectarines, some are still available at select supermarkets and hypermarkets.

The Malaysian governments has proposed lifting a five year freeze on new hypermarkets in the Klang Valley, Johor Baru, and Penang, while attaching conditions that would force foreign companies to find local partners. The freeze, originally announced last year, was meant to protect small "mom and pop" stores. The new proposal involves potentially reducing the consumer-to-hypermarket ratio for the opening on new hypermarkets which would be more in line with regional standards. The current ratio of 350,000 people per hypermarket is based on European standards, and would be amended to 150,000 people per store. A hypermarket was originally defined in Malaysia as one with more than 5,000 square meters, while the new proposal would clarify the definition to be more than 5,000 square meters of retail space. Malaysia continues to prohibit foreign companies from opening supermarkets, defined as stores with 400 to 2000 square meters.

Thailand

Feedback from importers and retailers indicate 2005 has been a good year for quality of California peaches, plums, and nectarines. Another important development this year was the increase in air shipments of California peaches over 2004. During the last reporting period some importers commented they were unable to source additional late season fruit from California. A large hypermarket retailer planned an in-store promotion but had to cancel due to a lack of California fruit. Visits conducted recently found available but declining inventories of California peaches, plums, and nectarines. Red and black plums from California were available in most markets in relatively small sizes which have become popular with consumers due to lower retail prices. Golden plums were available at high-end supermarkets.

In terms of competition, Chinese peaches were also found in supermarkets and hypermarkets. The quality of the Chinese peach was average and the price was very competitive. The only local fruits found in the market are those which can be found throughout the year including mangoes, oranges, bananas, and papayas. Other imported fruits included California grapes and persimmons and Chinese apples.

In trade news, the United States and Thailand recently concluded the fifth round of Free Trade Agreement (FTA) negotiations. Significant progress was reported on a range of issues including services, investment, and financial services. The two countries will meet again in November. The FTA would benefit US producers as the US is the number one supplier of agricultural products into Thailand.

Philippines

Reports during the last reporting period have found shipments of Angelino plums arriving with good quality. Importers are expecting to have supplies of California plums until All Saints Day on November 1. Sales are expected to be strong for that period as people likely will buy as offerings. However, there has been a recent increase in the wholesale price of California plums and supermarkets have relatively low inventories. There is some concern among the trade about the pricing environment. Some wet market retailers were looking to source cheaper Chinese plums. Unpredictable weather with heavy downpours and some flooding has impacted sales at wet market vendors, and consumers have been choosing supermarkets to buy fresh produce.

New Zealand

After a relatively mild winter, spring has arrived in New Zealand along with much warmer temperatures. Sales were steady but have slowed recently but not unexpectedly due to school holidays. The only California stone fruits remaining in the market at this late stage in the season are yellow-flesh nectarines, plums, and some white flesh nectarines. Reports on quality at this point in the season have been well above average and the trade has been happy with the strong finale.

Most importers are wrapping up their California shipments for 2005, but one importer expects a few more shipments, while another anticipated having California plums in the market until mid November. If supplies last until that time, then the summer fruit gap will not be very long as the New Zealand stone fruit harvest will begin in December.

Central America Region

Competition between California and Spain remains quite strong in Central America. In terms of volumes, California dominates this regional market. Spanish plums are no longer available according to importers due to the sub-par quality of the last shipment. So the only direct competition remaining in the market at the moment is from Spanish nectarines and peaches. California peaches, plums, and nectarines are available at most modern retail outlets. Supermarkets handle the majority of the volumes, while the traditional markets offer a small volume of California peaches, and occasionally plums. Reports from the trade indicate that inventories of California stone fruit should last for another three or four weeks.

Northern South America Region

Venezuela. Six containers of California plums and nectarines with good quality arrived during the most recent reporting period. These shipments are expected to be the final arrivals in Venezuela for 2005. The Venezuelan authorities created a difficult situation with the limited issuance of import permits for most of this summer, but importers were finally granted some permits during the second week of this reporting period. The primary reason for the delay in issuance was the Ministry of Agriculture had new import procedures. The three requirements from the Ministry of Agriculture are: (1) Import permit approved by the Ministry of Agriculture, (2) Non-Production Certificate issued by the Food Ministry, (3) Official Dollars (issued by CADIVI, the government currency exchange agency). Importers must have all three before ordering shipments. The Non-Production certificate is a new requirement by a new ministry, the Food Ministry. This certificate is obtained once an import permit is granted and it can take an extra 15 days to obtain. This certificate states that there is no local production of that particular fresh fruit, and exempts the importer from paying a 15 percent sales tax (IVA) on imported fresh fruits. Without the certificate the importer must pay the tax and can not use Official dollars.

Colombia. Reports from importers have been positive with some commenting that the 2005 California stone fruit has been excellent. Quality has been much improved over 2004 especially for peaches which has encouraged the trade to source more California fruit. One importer is expecting several more shipments of mainly peaches and plums in the next month and a half. Other importers are also expecting arrivals shortly. No California nectarines were expected, but some Spanish nectarines were available in decent quality and low pricing.

Ecuador. California stone fruits are available in supermarkets, fruit stores, and municipal markets. All three commodities were found with excellent quality during the last two weeks. The fruit has been very colorful and firm which is popular with consumers. Several importers are working with California shippers and either supplying the wholesale markets or modern retailers. It has been reported that one supermarket is sourcing fruit directly. Peruvian peaches were spotted in the market with good quality but available mostly in traditional municipal markets and fruit stores. It is important to note that for the first time Peruvian peaches were found in a supermarket and being sold as Ecuadorian peaches. However, this is impossible because the season in Ecuador is over.

Promotional Highlights

General

Listed below are several remaining 2005 key holidays or festival dates in some of the markets. Promotional programs will wrap up in the next few weeks as supplies of California peaches, plums and nectarines wind down with the end the 2005 season.

Hong Kong

Consumer surveys are complete and the results will help evaluate this year's new TV commercial, featuring Governor Schwarznegger, and to assess the California Tao Lee brand.

Singapore

Holidays/ Festivals

- | | |
|---------------|----------------|
| • November 01 | Deepavali |
| • November 03 | Hari Raya Pusa |

Philippines

Holidays/ Festivals

- | | |
|---------------|----------------|
| • November 01 | All Saints Day |
|---------------|----------------|

Country	Fruit	Grade/ Origin	Size/Count	Wholesale Price US\$	Retail Price US\$
Mexico	Peaches	CWM	48-56-72 vf	20.7	1.14
	Nectarines	CWM	56- vf	17.22	1.11
	Plums	CUG	48-56 vf	19.98	1.12
	Peaches	MX	22 lb.	16.8	1.1
	Apples	WA,MX,	88-135	24028	0.91
	Kiwifruit	Chile	22 lb.	20.24	1.04
	Plums	MX	18 kg	9.52	1.47
	Mangoes	MX	25 kg	10.48	0.56
	Pears	Wash,Cal	36-44 lb	21.76	0.69
Hong Kong	Peach	CWM	30-64	N/A	0.64 - 1.56/pc
	Nectarine	CWM, CUG	48-64	N/A	0.22 - 1.43/pc
	Plum	CWM, CUG	30-45	11.69 - 19.48	1.04 - 1.69/lb
	Prune	CWM	70-100	11.69 - 12.99	1.10 - 1.95/lb
	Pear	China, JP	24-36	0.25 - 1.18/pc	0.22 - 1.95/pc
	Kiwi	NZ	10 kg	22.73 - 23.38	0.26 - 0.65/pc
	Grape	USA	19 lbs	15.32 - 21.43	1.04 - 1.82/lb
	Apple	WA	88-100	20.78 - 22.73	0.22 - 0.58/pc
	Orange	USA	72-88	20.78 - 22.47	0.19 - 0.65/pc
Taiwan	Peaches	CWM/CM	16-25/1 lyr	18.07-30.12/box	0.45-1.51/pc
	Nectarines	CWM	40-56/vf	28.61-31.63/box	0.60-0.75/pc
	Plums	CWM	24-45/vf	27.11-28.61/box	0.36-0.45/pc
	Prunes	CWM	90-110	30.12-36.14/box	0.30-1.05/pc
	Peaches	Japan	16-May	60.24-66.26/box	3.61-4.52/pc
Singapore	Peaches SW	CWM	48 /2lyr	26.25	0.94 pc
	Nectarines SW	CWM	56 / vf	26.25	0.63 pc
	Plums	CWM	55 - 60	20	0.19 pc
	IS Plums	CWM	30	40.63	0.75 pc
	Black plums	Israel	60	15.63	2.19 kg
	Straberry	Australia	12x250g	14.44	2.19 / 250g
	Honey peach	China	28	13.75	0.94
	Apple	N Zealand	60	22.5	0.56 pc
	Grapes	California	8.2kg	22.5	3.69 kg
	Mango	India	12	12.5	1.25 pc
	Apple	China	88	15.05	0.32 pc
	Fragrant pear	China	9kg	11.25	0.22 pc
Malaysia	Peaches	CWM	56-64 vf	18.0-23.0/carton	0.6-1.2/pc
	Nectarines	CWM	62- 70vf	18.0-23.0/carton	0.6-1.2/pc
	Apple	WA	88-135	20.0-25.0/carton	0.15-0.35/pc
	Table-grapes	California	8.6kg	22.8-24.8/lug	1.1-2.5/kg
	Orange	USA	113-180	15.0-17.8/carton	0.15-0.28/pc
	Nectarine sw	CWM	64-88/vf	19.0-24.0/carton	0.6-1.4/pc
	Apple	NZ	90 – 100	17.0-20.8/carton	0.38-0.78/pc
Thailand	Peach	CWM	15/1lyr	27.5-31.25	3.12-3.25/pc
	Nectarine	CWM	50-55	15.0-37.5	2.47-7.47/kg
	Black Plum	CWM	55-60	15.0-32.5	2.47-5.87/kg
	Red Plum	CWM	50-60	27.5-31.21	4.75-4.97/kg
	Golden Plum	CWM	40-50	30.0-38.5	4.75-6.25/kg
	Prune	CWM	100	50.0-55.0	8.75-9.87/kg
	Peach	China	18/1lyr	7.5-8.75	0.72-0.87/pc
	Grape	USA	10/kg	25.0-31.25	3.72-7.37/kg

Country	Fruit	Grade/ Origin	Size/Count	Wholesale Price US\$	Retail Price US\$	
New Zealand	Plums	CWM	55 - 40 vf	\$19.38 - \$28.56	\$2.19	
	Nectarine	CWM	56-64 vf	\$19.38 - \$28.57	\$1.56 - \$2.19	
	Nectarine sw	CWM	56-64 vf	\$19.38 - \$28.58	\$1.56 - \$2.20	
	Apple	NZ	88-135	\$13.60 - \$27.20	\$0.92 - \$1.23	
	Kiwifruit	NZ	9.09 lb.	\$12.24	\$0.92	
	Table-grapes	California	18-20 lb.	\$21.76 - \$28.56	\$1.22 - \$1.54	
	Bananas	Equador	8.18 lb	\$16.52 -\$18.36	\$0.60/lb	
	Oranges	NZ	9.09	\$20.40	\$0.92/lb	
Central America (Guatemala)	Peach	CWM	52-64 vf	25.06-31.00	1.37-1.73	
	Nectarine	CWM	32-52 vf	29.68-33-64	1.73-1.89	
	Plum	CWM	40-65	24.37-26.35	1.16-1.48	
	Peaches	GT	50 lbs	36.23	0.65-0.72	
	Plums	GT	50 lbs	20.30-40.61	0.78-0.92	
	Apple	Chile	70-175	21.55-23.71	0.59-0.80	
	Apple	WA	70-175	23.71-24.90	0.98-1.00	
	Pear	Chile	100-135	27.31-29.29	0.84-1.35	
	Kiwifruit	Chile	22 lbs	21.69-22.39	1.31-1.36	
	Grapes	Mx	18-20 lb	23.71-24.97	1.94-2.54	
Venezuela	Nectarines	CWM	45-55 / 25 lb.	39.53-41.86	5.90-6.98	
	Plums	CWM	65-70 / 28 lb.	32.55-39.53	4.60-4.76	
	Peaches	Venezuela	30 kg.	41.86	1.30-1.86	
	Nectarines	España	50-55 / 19 lb.	27.90-30.69	5.43	
	Plums (Friar)	España	50-55 / 9 kg.	23.25-25.58	4.10-4.13	
	Apples	Chile	70-125	20.93-32.55	1.34-2.37	
	Apples	WA	80-88 / 18.2 kg.	32.35-45.00	2.35	
	Pear	Chile	70 / 18 kg.	22.32-26.51	1.48-1.99	
	Pear (Asian)	Chile	55 / 10 kg.	27.90-30.23	3.30-4.09	
	Kiwifruit	Chile	Medium / 10 kg.	20.93-30.23	4.60-5.03	
	Strawberries	Venezuela	10 kg.	N/A	2.30-3.11	
	Grapes	California	XL / 9.5 kg.	46.51-55.81	8.13-9.76	
	Grapes	Venezuela	5 kg.	9.30-12.55	1.58-4.65	
	Colombia	Peaches	CWM	56-64 vf	26.22-30.59	1.55-2.62
		Plums	CUG	50-60 vf	28.40-32.77	2.10-2.25
Peaches		España	N/A	N/A	N/A	
Apple		WA,MX,	80-125	15.00-15.55	0.48-0.60	
Kiwifruit		Chile	22 lb.	12.65	0.98-1.10	
Strawberries		CA,MX	N/A	N/A	N/A	
Table-grapes		USA	Large	19.66	2.62-2.84	
Plums		España	8 lb.	13.11	2.30	
Nectarines		España	8 lb.	16.60	2.82	
Pear		Chile	36 lb	17.25	1.05-1.14	
Ecuador		Peaches	CWM	56-64	22.00-24.00	2.92-3.23
		Nectarines	CwM	56-64	23.00-25.00	2.88-3.64
		Plums	CWM	60-74	23.00-25.000	2.88-3.64
		Peaches	Perú	150	10.00-12.00	1.00-1.50
		Apple	Chile	135	15.00-16.00	1.19-1.25
	Kiwifruit	Chile	10 kl	15.00-16.00	1.50-2.00	
	Orange	Chile	88 unid	16.00-22.00	1.50-2.00	
	Legend	CWM	CA Well Mat®		MX	Mexico
USM		US Mature		Aus	Australia	
CUG		California Utility Grade		NZ	New Zealand	
Ven		Venezuala		JP	Japan	
CH		Chile		Thai	Thailand	
WA		Washington		Mal	Malaysia	