

MARKET NEWS FROM CTFA REPRESENTATIVES AROUND THE WORLD

July 2, 2007

Quality and flavor of California peaches, plums, and nectarines continues to be the buzz amongst the trade. Especially now as California plums finally make their way into international markets, and more traditional freestone varieties of peaches and nectarines are being harvested. Although we are seeing gorgeous, great tasting fruit, supplies of smaller sized fruit continue to be higher than normal, especially for this time of year. As a result we have seen a drop in packouts, as packers cannot feasibly pack smaller sizes of fruit at this time. Going forward, smaller sizes are not expected to be an issue as we move through the 4th of July celebrations, and in to peak summer varieties.

Thank you for your interest in the International market developments for fresh California PPN. If you have any suggestions or comments, please feel free to contact Gordon Smith at gsmith@caltreefruit.com.

Current News

2007 Farm Bill Update

The first step in shaping the 2007 Farm Bill is underway receiving its first mark ups from House Committees and Sub-Committees. The next step for the Farm Bill will be to return to the Agriculture Committee where mark-up could occur after the Fourth of July recess. Though the initial marks of the bill were deemed disappointing by the Secretary of Agriculture Mike Johanns, he commented on June 19 that, "As the full Committee on Agriculture prepares to mark up the 2007 farm bill, I am hopeful there will be renewed interest in providing real dollars to fund emerging priorities." Emerging priorities include specialty crops and conservation program funding. Mark ups by the House and Senate are to be completed by August recess for final commitment by September 30 when the 2002 Farm Bill expires.

U.S. Bill Seeks to Expand Farm Exports to Cuba

On Thursday, June 21 four lawmakers unveiled legislation in Washington that would lift some of the trade restrictions with Cuba, aiming to make it easier to export U.S. farm goods with the island which has faced a wide U.S. embargo for over 40 years. Last year Cuba imported \$328 million dollars worth of U.S. agricultural goods, where fresh produce accounted for \$1.1 million of the total, according to the USDA. The legislation would lift all restrictions on travel to Cuba; allow U.S. exporters to be paid by Cubans directly, rather than having to go through foreign banks; it would require the agriculture department to promote U.S. farm goods in Cuba; and secure visas for Cubans who want to inspect U.S. food facilities. Sen. Max Baucus, D-Mont.; Sen. Mike Crapo, R-Idaho; Rep. Charles Rangel, D-N.Y.; and Rep. Jo Ann Emerson, R-Mo. Are the supporters of the legislation.

Market Reports

Mexico

Plums have arrived in Mexico. Shipments arrived in Mexico City early last week in large volumes and showing great quality. As shipments continue, retailers and wholesalers expect improved availability of plums by next weekend. Still peaches continue to be the leader in sales volumes and availability. California peaches can mainly be found in supermarket stores, and even though the price of California peaches is higher than local peaches, produce managers are attributing the fruits appearance to good sales. Some nectarines can still be found in select retail chains, but supplies actually decreased in the past two weeks. General feedback from the trade is that consumer awareness of nectarines continues to lag behind peaches and plums. While quality seems to be irregular, local peaches continue to be the main and direct competition for California PPN.

Hong Kong

Air and sea shipments have arrived making California Tao Lee widely available through all levels of the market, with the exception of nectarines which are still restricted to fruit stores and gourmet stores. The trade has noted large quantities of donut peaches on the wholesale market. Wet market vendors and chain stores are commenting that California Tao Lee to date has excellent quality. Recently the Heng Seng Index set an all-time high, thus the general mood in the stock market is one of euphoria. Coupled with the arrival of many mainland tourists for the Dragon Boat Festival, consumer spending is on the upswing. In terms of competition, Lychee supplies are abundant and prices are reasonable. There is also no shortage of typical summer favorites in the market including pineapples, mangoes, papayas and watermelons.

Taiwan

As anticipated the Dragon Festival gave California peaches and nectarines a strong boost in sales during the period. After the festival though, general demand for fresh fruits suddenly turned weak affecting California Tao Lee and all imported fruits. In terms of competition, there was a big push to support local peaches due to the recent damage caused by heavy rains in the past few weeks. Many peach growing counties held family day-out events to promote local peaches. On the cherry front, California cherries have been officially replaced by Washington cherries in the market.

China

Still no significant volumes of California plums were available in the Chinese market. Chinese Tao Lee continues to be the major fruits available in the market, with some presence of Chilean plums.

Singapore

Distribution of California peaches, plums and nectarines improved as more shipments are received via sea and air. Some feedback indicates some shelf life issues, but overall quality is above average. However, we are talking serious heat and humidity in the region so shelf life is always going to be a problem. In any event, retailers are monitoring inventory closely to avoid incurring losses. Chinese Lychees continue to be fierce competition for California peaches and nectarines due to their cheap prices, and very sweet taste.

Malaysia

Consumer demand and quality of California peaches and nectarines has given the trade confidence to bring over more peaches and nectarines, and the first California plums of the season. Currently the market is flooded with Chilean plums, but as more shipments of California plums arrive the distribution will improve. California peaches and nectarines are found quite widely in the hypermarkets and supermarkets in the major cities and towns in Malaysia. Prices are still relatively high but the consumer demand for these fruits is encouraging. Most likely it will be the same scenario for the California plums as they are mainly sold in the hypermarkets and supermarkets that cater to the higher end consumers. Competition for California peaches is low as Chinese peaches have not arrived in the market yet.

Thailand

Early arrivals of California PPN have been very well-received amongst consumers and the trade. More shipments are expected, especially with short local supplies and only some late season Australian plums in the market. Both yellow and white-flesh peaches and nectarines can now be found in supermarkets, with some donut peaches found at high-end supermarkets. The overall consensus is that California PPN has been good with above average appearance.

Indonesia

The situation for California PPN continues to be limited due to low volumes in the market. Small volumes of California peaches and nectarines, as well as red and black plums are available at upscale fruit boutiques and high-end supermarkets in Indonesia. In general, the feedback from the retail and trade has been good, reporting fresh, medium size fruit, in nice uniform colors and shape. Direct competition continues to be Chilean plums, which retailers and importers are also commenting on favorable quality, size and appearance.

United Kingdom

Erratic weather continues in the UK, slowing sales of traditional summer fruits. Not for lack of effort by retailers though as an all out price war breaks out amongst the UK's leading supermarkets. One retailer is even launching a Summer Price Freeze program, guaranteeing that baskets of selected fresh fruits, which are already very competitively priced, will not increase in price for the rest of the summer. No word yet if California PPN will be included. As the European stone fruit season gets underway California stone fruit imports are expected to slow. In current competition, Spanish fruits have started arriving, though with varying quality amongst the originating regions. Overall, cherries are providing the bulk of the competition to California peaches, plums, and nectarines, mostly because they are half the price in some retail outlets. English raspberries and strawberries are also proving popular, despite the bad weather due to heavy price promotion.

New Zealand

The cold weather has hit the South Island with a vengeance, cutting off the Central Otago region, leaving Queenstown and Wanaka with no way in or out (not good for the upcoming Winter Festival held in Queenstown). As a result the cold weather has slowed fruit sales throughout. Supplies of California PPN are off to a relatively slow start. Of the California stone fruit in the market yellow nectarines and peaches make up about 95 percent and white flesh nectarines and peaches make up the remainder. There are still no plums in the market but the first shipments are expected to arrive this week. Local mandarins are dominating sales and the arriving Australian citrus is dominating advertising promotions this week.

Central America Region

As the last Chilean plums exit the market, California plums are slowly making their way in. Trade expects an increase in plum volumes over the next couple of weeks. Local plums are still a competitive factor but in very low volumes at supermarkets. In terms of peaches, Guatemalan supplies are significantly lower than last year's. As the first year of the CAFTA implementation comes to an end, the Central America region is expecting to see very positive economic results with an average growth of 7 percent. Later this year it is expected Costa Rica will ratify the agreement to join the other late adopter, the Dominican Republic.

South America

The first arrivals of California PPN have made their way to Colombia, Ecuador, and Venezuela. In the Colombian market the entire product received to date has been sold directly to supermarkets. Up to now it has primarily been larger importers moving product but since quality of the arrivals have been very good, smaller importers have begun negotiations with California exporters. In Ecuador, California PPN can only be found in some supermarkets whereas in Venezuela it has trickled down to local fruit markets, as well as supermarkets. Chilean plums continue to be competitive in all three markets, where Ecuador is experiencing competition with Peruvian peaches, and Venezuela faces the Venezuelan Huesito plums and the medium volumes of Venezuelan peaches.

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 brief descriptions of in-country activities. Promotional programs have begun and will continue to increase over the next month as more fruit enters the international markets.

Hong Kong

Hong Kong launched an ad campaign on June 15 with ads in 6 leading lifestyle magazines: *Next*, *Eastweek*, *TVB Weekly*, *Oriental*, *Three Weekly*, and *Eat & Travel Weekly*. The media campaign will also feature TV advertising to be conducted during July and August, and newspapers advertising will be featured through September.

Taiwan

The first wave of TV advertising starts June 25 and will run through July 6, supporting the sales of California Tao Lee.

Singapore

On June 29 the CTFA Trade Education Seminar took place at the Hyatt Hotel. Over 75 retailers, wholesalers, and importers were registered to attend. In store sampling promotions are scheduled to take place throughout the month of July.

Malaysia

Five retailers will be conducting in-store promotions for California peaches and nectarines in the months of June and July.

Indonesia

In store promotions in over 15 outlets will be conducted in the month of July, including one store's grand opening event.

New Zealand

A promotion in support of California PPN will kick off on July 9 and run thru the end of August. POS materials, recipe booklets and in-store materials have been placed in retail chains throughout New Zealand. In-store radio will also run nationwide in retail stores from July the 9 thru the 15 to boost sales of California PPN.

CAM

Consumer advertising has begun, with ads running in popular magazines and one in particular has published a California PPN recipe which was created in Mexico. In-store promotions will start on July 1st in Guatemala, Costa Rica, El Salvador, Honduras, Panama and Nicaragua.

Country	Fruit	Grade/ Origin	Size/Count	Wholesale Price US\$	Retail Price US\$
Mexico	Peaches	CWM	50-64-72-80 vf	18.92	1.28
	Nectarines	CWM	64-72vf / 25 lb	19.07	1.52
	Plums	CWM	70-80	20.92	1.51
	Peaches	MX	22 lb	11.53	1.11
	Apple	WA,MX	100-125-135	28.44	1.13
	Kiwifruit	Chile	22 lb	17.82	1.35
	Strawberries	CA	12 lb	13.53	2.77
	Strawberries	MX	19.2 lb	7.40	1.77
	Table-grapes	Chile	18-20 lb	11.00	1.23
	Mangoes	MX	25 kg	13.42	0.69
	Plums	MX	18Kg	13.2	1.18
	Pears	Arg	36-44 lb	30.62	1.28
	Apricot	CA	8-9-10-12	14.57	0.91
	Hong Kong	Peach	CWM	15 - 56	18.18 - 36.36
Nectarine		CWM	44 - 64	29.87 - 41.55	0.58 - 1.69/pc
Plum		CWM	70 - 110	N/A	0.64 - 0.78/pc
Cherry		USA	20 - 28 lbs	41.55 - 45.45	2.33 - 3.89/lb
Lychee		China	56 lbs	32.72 - 58.18	1.55 - 2.34/lb
Watermelon		Taiwan	2	5.19 - 7.79	0.19 - 0.43/lb
Apple		WA, China	40-88	14.29 - 22.08	0.19 - 0.58/pc
Orange		USA	56 - 88	22.72 - 38.96	0.32 - 0.77/pc
Taiwan	SW Peach	CA	13-18/Lyr	24.4-36.6	1.5-2.5/each
	SW Peach	CA	18-21/Lyr	30.5-36.6	1.5-2.5/each
	SW Peach	CA	15-21/Lyr	30.5-42.7	1.5-3.1/each
	SW Peach	CA	12-18/Lyr	33.5-42.7	1.5-3.1/each
	SW Peach	CA	15-16/Lyr	33.5-42.7	1.5-3.1/each
	SW Peach	CA	40-50/Vf	25.9-30.5	0.5-1/each
	SW Peach	CA	44-72/Vf	25.9-33.5	0.5-1/each
	SW Peach	CA	64/Vf	25.9-33.5	0.5-1/each
	SW Peach	CA	44-48/Vf	24.4-30.5	0.5-1/each
	SW Nectarine	CA	56-80/Vf	18.2-30.5	0.5-1/each
	SW Nectarine	CA	64-72/Vf	18.2-21.3	0.5-1/each
	Plum	CA	50-55/Vf	30.5	0.5-1/each
	Peach	Japan	12-15/box (4kg)	64	5.5-6.9/each
	Kiwi	NZ	18-33	9.1-14	0.3-0.5/each
	Apple	NZ	60-113	42-60	0.5-1.2/each
	Apple	Chile	64-113	45-60	0.5-1.2/each
China-Shanghai	DONUT PEACH	CHINA	Bulk pack	0.13-0.20/500g	0.33-0.40/500g
	WHITE PEACH	CHINA	Bulk pack	0.13-0.20/500g	0.20-0.33/500g
	WHITE PEACH	CHINA	Bulk pack	0.66-0.79/500g	1.03-1.30/500g
	NECTARINE	CHINA	Bulk pack	0.26-0.33/500g	0.34-0.50/500g
	BLACK PLUM	CHINA	Bulk pack	0.36-0.39/500g	0.50-0.70/500g
	GREEN PLUM	CHINA	Bulk pack	0.66-0.79/500g	0.80-0.95/500g
China-Guangzhou	NECTARINES	China	LARGE,70/75	11.18/500G	1.53-1.75
	NECTARINES	China	SMALL,BULK PACK	0.26/500G	0.45-0.65
	WHITE PEACH	China	SMALL,BULK PACK	0.26-0.63/500G	0.65-1.17
	WHITE PEACH	China	MEDIUM,BULK	0.75/500G	1.24-1.69
	RED PLUM	China	BIG,BULK PACK	0.97/500G,12.98/5	1.62-1.95
	BLACK PLUM	Chile	52/56/58	19.75/17.76/15.79	0.89-1.71
	BLACK PLUM	China	MEDIUM75	17.53	1.10-1.30
	BLACK PLUM	China	MEDIUM,BULK	0.40/500G	1.10-1.30
	GREEN PLUM	China	SMALL,BULK	0.29/500G	0.39-0.46
PLUM	China	SMALL,BULK PACK	0.26/500G	0.39-0.46	

Country	Fruit	Grade/Origin	Size/Count	Wholesale Price US\$	Retail Price US\$
United Kingdom	Nectarines	USA	4 pack	N/a	5.98 on offer from 7.98
	Nectarines	USA	4 pack	N/a	5.98 on offer from 7.98
	Nectarines	Spain	4 pack	7.10/4kg	3.98
	Nectarines	Italy	4 pack	7.50/4kg	1.96
	Nectarines	Israel	Loose fruit	N/a	1.18
	Peaches	USA	4 pack	N/a	5.98 on offer from 7.98
	Peaches	Donut USA	4 pack	N/a	5.98
	Peaches	Spain	4 pack	7.00/4kg	4.98
	Peaches	France	4 pack	N/a	3.98
	Peaches	France	Loose fruit	N/a	1.38
	Plums	Spain	500g	10.50/5kg	2.96
	Plums	Israel	Per kg	N/a	6.96
	Plums	Israel	4 pack	N/a	4.98
	United Kingdom (other fruits)	Honeydew Melon	Spain	Per fruit	22.00/10kg
Oranges		Spain	Per fruit	18.50/15kg	0.48
Cherries		USA	Per kg	88.00/9kg	8.98
Colombia	Peaches	USA	64	N/A	3.72 - 3.88
	Nectarine	USA	64	N/A	2.57 - 3.91
	Prunes	USA	65	N/A	3.22 - 3.30
	Prunes	Chile	18 lbs	20.56 - 23.15	1.84 - 2.21
	Kiwi	Chile	N/A	N/A	2.33 - 2.49
	Apples	Chile	80- 150	33.51 - 33.63	1.35 - 1.41
	Pears	Chile	70 - 100	18.02 - 20.60	0.90 - 1.00
Venezuela	Peaches	Venezuela	N/A	N/A	2.60-2.74/Kg
	Peaches	California	25lb	32.50	6.25/Kg
	Peaches	Venezuela	N/A	N/A	3.23-3.95/Kg
	Nectarine	California	25lb	32.50	6.25/Kg
	Prunes (Huesito)	Venezuela	N/A	N/A	3.23-6.97/Kg
	Prunes	Chile	N/A	37.20	4.16-4.37/Kg
	Kiwi	Chile	N/A	N/A	6.00/Kg
	Apple	Chile	72-80-88-100-	32.55-39.53	1.81-4.13/Kg
Pears	Chile	90-100-110	37.20-46.51	1.81-4.60/Kg	
Ecuador	Peaches	Perú	90 u.	11.00-13.00/box	0.20 u.
	Nectarines	USA	26 lb	23,00-25,00	1,70-190/lb
	Oranges	USA	47 u	45,00-47,00box	1.50-1,80/lb
	Peaches	USA	26 Lb	22,00-24,00box	1,64-1,70/lb
	Prunes	Chile	88/22lbs	19,00-20,00box	1,30-1,36/lb
	Kiwi	Chile	22 lbs	13,00-16,00box	0,87 - 0,97/lb
	Apples	Chile	125-160	15,00 - 20,00box	0.65 - 0.70/lb
	Pears	Chile	22 lbs	15,00-20,00box	0.75 - 0.90/lb
	Central America	Peach	CA	60-84	22.61-37.76
Nectarine		CA	60-84	21.03-36.53	1.56-2.61
Plum		CA	70-90	22.15-29.00	1.25-2.38
Peach		MX	80	26.92-28.72	1.57-1.79
Plum		CH	35-72	19.98-27.00	1.30-2.22
Peach		CR, GT, HO	73-100		1.15-1.68
Plum		CR, GT, HO	100-140	20.19	0.59-1.30
Apples		WA, CH	64-182	24.00-42.30	0.59-1.34
Pears		Chile	80-163	30.00-48.07	0.78-2.29
Grapes		CH, PE,	10/18 lbs	17.30-33.65	0.97-1.30
Kiwifruit		CH	18-22 lbs	18.22-25.00	1.30-1.91
Mandarine		CH, USA		21.08-26.04	0.86-1.40
Orange		SP, PE	54	22.13-27.34	1.38-2.16
Pommegranate		CL			2.93
Lime		USA			1.48
Grapefruit		CA			1.33-1.45
Strawberries		CR, USA			1.52-5.98

