

MARKET NEWS FROM CTFA REPRESENTATIVES AROUND THE WORLD

## September 24, 2007

Welcome to the 10<sup>th</sup> International market report for the 2007 California PPN season. Based on the number of shipments in transit to destinations all over the world, we will produce one final report for 2007 in two weeks (October 8). Packouts of nectarines and plums here in California have slowed down considerably in the last 10 days as expected, and peaches have also recently fallen below the 100,000 package level. Based on feedback from those growers and packers with late peaches, production should continue nearly through October. The weather here in the San Joaquin valley has been beautiful and mild with lots of sunshine, and temperatures not even reaching 90 degrees F (32 C) in the next ten days.

We appreciate your interest in International market developments for fresh California PPN. If you have any suggestions or comments, please contact Gordon Smith at [gsmith@caltreefruit.com](mailto:gsmith@caltreefruit.com) or Sarah Alvernaz at [salvernaz@caltreefruit.com](mailto:salvernaz@caltreefruit.com). Please feel free to drop by our booth (#1601) at PMA Fresh Summit in Houston from October 12-15.

## Current News

### **Hypermarket growth in China continues to soar**

According to TNS-Worldpanel, hypermarket retail formats in China grew from 28 percent to nearly 30 percent of the total grocery sector in the 28 largest cities from 2005 through 2006. TNS predicts hypermarkets to expand their share to 35 percent before the end of 2007. Convenience, low prices, location, and “one-stop shopping” are the key reasons these types of formats have been popular with consumers. The vast majority of hypermarkets are owned by international retailers including Wal-Mart, Carrefour (France), Tesco (UK), and R-T Mart (Taiwan).

### **Food safety problems continue to be major concern for China**

In response to the detection of toxic pesticides on produce and banned chemicals in meat products in China, the Chinese agricultural ministry has reportedly cracked down on violators by increasing the number of inspections. According to the vice-minister of agriculture, Gao Hongbin, 479 out of 676 wholesale agriculture markets in major cities throughout China are currently under surveillance, with plans to reach 100 percent by the end of the year. The vice-minister’s office reported to The China Daily that 93 percent of Chinese fruits and vegetables are ‘safe’ in terms of pesticide residue.

### **Wal-Mart making significant impression in Mexico**

In January 2006, Wal-Mart had over 750 outlets throughout Mexico, but today Wal-Mart has 948 stores in 158 cities. That growth is largely being driven by food sales with over 50% of sales, and even more remarkable is that 30 percent of all Mexican food sales are made at Wal-Mart outlets. Notwithstanding Wal-Mart’s success in the U.S., Mexico is considered Wal-Mart’s most successful international venture according to Indiana University professor James Biles. Source: [associatedcontent.com](http://associatedcontent.com)

## Market Reports

### Mexico

The market situation for California peaches, plums and nectarines continues to be positive in the Mexico market as demand remains strong and local competition has declined; a trend that is expected for the remainder of the California season. Good volumes of California PPN can be found at all levels of the market with good size, color and eating quality. Peaches represent approximately 80% of the market share with the availability of plums increasing over the past two weeks. The quality of peaches from Chihuahua has declined and the few remaining Washington apricots present only minor competition.

### Hong Kong

Supplies of California Tao Lee were relatively low with fresh prunes and pluots being the most widely available in both retail and wholesale markets. With the Moon Festival drawing near, increased sales are expected as more fruit will be purchased for family gatherings and fruit baskets. In terms of competition, there is a ready supply of Chinese peaches, as well as festive fruits from China like crystal pears and Feng Shui pears. Other fruits proving popular include persimmons, pomelos, grapes, cantaloupes and melons.

### Taiwan

The trade reported average to below average sales on all fresh fruits; although a boost was expected this past weekend prior to Moon Festival on September 25. To help support sales of California PPN a burst of TV advertisements ran on September 17 through 23 for Moon Festival. Adding to the competition, more Washington and Japanese peaches were found in the market. Pears from Japan and Korea could be found as well in addition to large supplies of pomelos in anticipation of the festival.

### China

New shipments of California plums were available in the market with supplies making their way into Dalian for the first time this season. Though many are sourcing supplies directly from shippers in California there are still significant volumes of product trans-shipped via Hong Kong. Overall, the trade is generally pleased with the quality of the fruit in the market commenting on the size, color and texture. In terms of competition Chinese Tao Lee continues to be available in good volumes.

### Singapore

California PPN was readily available in most supermarkets, hypermarkets, wet markets, and select fruit stores. The trade expects regular shipments until the end of September. In terms of competition, Israeli black plums were found in the market as well as white peaches from China.

### Malaysia

The trade continues to be positive about the quality of California PPN and the overall sales this season. Distribution of California nectarines and plums has also increased over the past two weeks with multiple varieties available at supermarkets, hypermarkets and fruit shops. Chinese peaches are the direct competition, however their sizes are reportedly smaller than average with poor eating quality. As a result California PPN dominates the market with approximately 90% market share.

## Thailand

California PPN can still be found in most high-end retail supermarkets and fruit shops, with multiple varieties of plums on display. Additional shipments of California PPN are expected in the next couple of weeks, but as the season comes to an end volumes will slow considerably. Chinese peaches are still available in wet markets but their eating quality is reportedly below average. Other indirect competition includes California table grapes and Chinese and New Zealand apples.

## Indonesia

California Summerwhite peaches and nectarines were readily available in most high-end supermarkets and fruit boutiques along with multiple varieties of plums. Quality of California PPN is reporting to be good, with good color and eating quality. Japanese peaches presented the most direct competition this past week with indirect competition from other imported fruits like Thailand longan and local Haru Manis mango.

## United Kingdom

Late season opportunities still exist for California PPN as the last of European stone fruit exits the market. Currently, yellow-flesh peaches and nectarines are available along with two varieties of white-flesh nectarines. In terms of competition, late season stone fruit from Spain, Italy and France are still available and are reporting to be of better quality than at the same time last year. Indirect competition includes Scottish strawberries, raspberries, and Brazilian melons.

## New Zealand

A variety of good quality California peaches, plums and nectarines still remain in the market. The trade continues to be pleased with the quality of the fruits towards the seasons end and have experienced a boost in sales as a result. Competition includes New Zealand oranges, apples and avocados. Shipments have considerably slowed as the season comes to a close.

## Central America Region

New construction of the Panama Canal has been announced by the President of Panama, Martin Torrijos. The new construction will expand the canal to duplicate traffic of ships along with allowing for larger ships to pass through. The anticipated completion date is set for 2012. Over the past two weeks supplies of California PPN showed a decrease, however the trade is anticipating additional shipments until the seasons end. Supplies of local peaches from Guatemala have decreased further allowing for optimal market share for California PPN.

## South America

In Colombia the trade is generally pleased with the quality of California PPN they received this season. Spanish stone fruits are the main competition as the trade is reporting good quality and slightly lower prices. In Ecuador, supermarkets continue to carry California PPN and are reporting good sales volumes. Peruvian peaches are the primary direct competition but mainly in traditional markets. In Venezuela, average volumes of California plums and nectarines can be found, however large volumes of Venezuelan plums and peaches are dominating the market.

# 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.

\*Be sure to visit the new International section on the PPN Network Download Center at [www.eatcaliforniafruit.com](http://www.eatcaliforniafruit.com)! On the download center you will find downloadable POS material from many different countries. Additional file formats may be available upon request.

## Mexico

In addition to over 20 in-store promotions, six seminars were conducted with two leading retailers in September. The seminars educated the participants on the proper handling, storage, and merchandising procedures of California PPN.

## Hong Kong

A menu promotion is scheduled to run from September 21 through October 31 with two restaurant chains. The menu promotion will feature eight dishes that highlight California PPN. The dishes include a range of appetizers, specialty drinks, main course entrees and desserts.

## Taiwan

To boost sales of California Tao Lee for Moon Festival, another wave of TV advertisement ran from September 17 through 23, prior to Moon Festival on September 25. Additional consumer promotions ran through September 25, along with in-store sampling demonstrations.

## China

In store promotions were conducted from the 18<sup>th</sup> of September through the 27<sup>th</sup> throughout various retailers in Dalian, Shenzhen, Guangzhou and Beijing.

## Singapore

Over 30 in-store samplings were conducted in September with two leading retailers. In addition, CTFA is participating in the USA Food Fair with a retail chain which will run from September 19 through October 2.

## United Kingdom

A banner advertisement is currently running on a leading trade website [www.freshinfo.com](http://www.freshinfo.com) for the month of September. The advertisement rotates over four screens and highlights the benefits and opportunities with California peaches, plums and nectarines.

Country	Fruit	Grade/ Origin	Size/Count	Wholesale Price US\$	Retail Price US\$
Mexico	Peaches	CA	50-64 vf	18.03	1.47
	Nectarines	CA		15.43	1.50
	Plums	CA		19.53	1.50
	Peaches	MX	22 lb	15.29	1.69
	Apple	WA,MX	100-125-135	28.01	1.41
	Kiwifruit	Chile	22 lb	17.55	1.59
	Strawberries	CA	12 lb	14.24	3.11
	Strawberries	MX	19.2 lb	6.62	2.19
	Table-grapes	CA	18-20 lb	16.53	1.25
	Mangoes	MX	25 kg	9.33	0.60
	Plums	MX	18Kg	9.21	0.71
	Pears	Arg	36-44 lb	23.25	1.03
Hong Kong	Peach	CA	16 - 56	23.37 - 40.26	1.03 - 2.98/pc
	Nectarine	CA	48 - 80	12.98 - 25.97	0.21 - 1.17/pc
	Plum	CA	35 - 56	15.58 - 31.16	0.21 - 1.17/pc
	Prune	CA	28 lbs	23.37 - 36.36	1.29 - 2.07/lb
	Peach	China	70 - 88	11.68 - 15.58	0.18 - 0.64/pc
	Plum	China	75	10.38 - 12.98	0.18 - 0.25/pc
	Apple	WA, China	40 - 100	15.58 - 27.27	0.19 - 0.78/pc
	Orange	USA	72 - 113	20.77 - 29.87	0.32 - 0.77/pc
Taiwan	SW Peach	CA	12-18/Lyr	21.2-36.3	2.1-3.5/each
	SW Nectarine	CA	44-72/Vf	19.7-25.8	0.3-0.5/each
	Plum	CA	30-42/Lyr	21.2-30.3	0.3-0.9/each
	Pluot	CA	30-35/Vf	24.2-27.3	0.5-0.9/each
	White Peaches	WA	12-21/Lyr	24.2-36.3	2.1-3.5/each
China-Shanghai	BLACK PLUM	CA			0.77/500G
	PLUOT	CA			0.77/500G
	PEACH	CHINA			0.53/500G
	NECTARINE	CHINA			1.01/500G
China-Guangzhou	NECTARINES	CHINA	LARGE,70/75	9.21	0.98-1.53
	PEACH	CHINA	SMALL,BULK	0.26-0.63/500G	0.65-1.17
	PEACH	CHINA	MEDIUM,BULK	0.66/500G	0.99-1.29
	PLUM	CHINA	MEDIUM-BIG	0.97/500G,12.98/5	1.62-1.95
	PLUOT	CA	35	25	1.58-2.03
Singapore	SW Peach	CA	18-40	30-43.33	1.67-2.33 pc
	SW Nectarine	CA	64 v/f	25.33	0.87 - 1.00 pc
	Traditional Peach	CA	64 v/f	42.8	0.83 pc
	Traditional Nectarine	CA	64 v/f	43.33	1.00 pc
	Plum	CA	55 - 60	19.97	0.15 - 0.20 pc
	Prune	CA	80/90	57.33	8.60 kg
	Donut Peach	WA	36	53.33	2.00 pc
	Donut Nectarine	WA	4pc x14 boxes	56.67	5.93 4pcs
	White Peach	CHA	S	1.8	2.33 / 900g punnet
	White Peach	CHA	75	19.97	0.64 pc
	Apple	SA	150	28	0.27 pc
	Cherry	USA	10 rolls	60	11.33 kg
	Persimmon	NZ	14	21.33	1.93 pc
	Grapes	USA	8.2 kg	23.33	3.67 kg
	Strawberry	USA	8 x 454g	23.33	3.67 454g

Country					
Malaysia	Peaches	CA	56-64 vf	36.0-42.0/carton	1.10-1.80/pc
	Nectarines	CA	62- 70vf	36.0-42.0/carton	1.10-1.80/pc
	SW Peach	CA	56-64/vf	38.0-44.0/carton	1.20-1.85/pc
	SW Nectarine	CA	64-88/vf	36.0-42.0/carton	1.10-1.80/pc
	Plum	CA	28lb.	1.50-1.75/lb.	1.12-1.6/lb.
	Nectarines	CHINA	900g	16.0-20.0/carton	2.30-2.60/900g
	Orange	CA	113-180	17.5-20.2/carton	0.15-0.28/pc
	Table Grape	US	4.5kg	8.10-11.79	2.20-3.20/kg
	Apples	NZ	60-163	24.35-34.50	0.16-0.57/pc
	Gong Pear	CN	36-72	6.00-7.28	0.10-0.23/pc
Thailand	Plum	CA	40-55	44.30-73.47	5.68-9.42/kg
	Green Plum	CA	45-55	100.23-122.53	12.85-15.71/kg
	Peach	CA	16-45	65.52-72.53	8.51-9.42/kg
	Nectarine	CA	55-60	50.58-72.53	6.57-9.42/kg
	Prune	CA	70-100	64.97-96.18	7.14-10.57/kg
	Peach	CHA	40-45	21.94-54.97	2.85-7.14/kg
	Black Plum	CHA	45-55	46.77-51.96	5.14-5.71/kg
	Nectarine	CHA	60-65	21.94-26.33	2.85-3.42/kg
Indonesia	SW Peach	CA	13	41.49	6.8 - 9.56
	Peach	CA	50		7.45
	SW Nectarine	CA	44	52.13	6.06 - 14.63
	Nectarine	CA	34		8.24
	Plum	CA	55	23.4/26.6	4.65 - 6.65
	Pluot	CA	48		8.25
	Strawberry	USA	3Kg(8 pack)	35.91	6.46 - 6.8
	Cherry	USA	6 kg	92.7 - 98.23	105.59
United Kingdom	Nectarines	CA	Pack of 4	Na	4.98
	SW Peaches	CA	Pack of 4	Na	4.98
	Peaches	CA	Pack of 4	Na	4.98
	Nectarines	France	Pack of 4	1050/4kg	3.98
	Nectarines	Spain	Pack of 4	840/4kg	2.49 on offer
	Nectarines	Italy	Pack of 4	880/4kg	3.96
	Peaches	Spain	Pack of 5	900/4kg	2.96
	Peaches	Egypt	Pack of 7	Na	2.94
	Peaches	Italy	Per fruit	930/4kg	1.58
	Peaches	Egypt	Per fruit	Na	1.18
	Plums	UK	500g	960/5kg	1.98
	Plums	France	Per kg	1200/9kg	7.98
	Plums	Israel	Per kg	930/5kg	6.96
	Plums	Spain	500g	700/5kg	1.98 on offer
	Plums	Portugal	500g	Na	.2.00
	Cherries	USA	300g	880/kg	5.58
Apricots	France	Per kg	Na	11.98	
Oranges	Spain	Per fruit	Na	0.42	

Country					
New Zealand	Nectarine	CA	11.3kg	0.84 - 1.12	1.6
	SW Nectarine	CA	11.3kg	0.84 - 1.13	1.9
	Peach	CA	8.0kg	0.95 - 1.12	1.6
	SW Peach	CA	8.0kg	1.5	1.9
	Plum	CA	12.6kg	0.82 - 0.99	1.3
	Pluots	CA	12.6kg	0.82 - 0.99	1.3
	Bananas	Phillipines			0.9
	Kiwifruit	NZ	medium		0.70 - 0.80
	Oranges	Aussi	medium		0.9
	Mandarins	Aussi	small/med		0.9
	Grapes	US	small/med		1.9
	Apples	NZ	medium		1.3
Central America	Peach	CA	56-65	16.00-30.00	1.07-2.57
	Nectarine	CA	56-70	18.00-30.00	1.20-2.57
	Plum	CA	30-90	17.00-32.75	0.85-2.16
	Peach	CR, GT, HO	73-100	18.00-22.00	1.04-2.04
	Plum	CR, GT, HO	18 lbs	7.72-9.27	0.96
	Apple	WA, CH, AR, CHI	80-150	24.00-27.74	0.86-1.49
	Pear	CH, AR, CA	100-130	34.60-48.00	1.18-1.93
	Grape	CH, USA	18, 21 lbs	21.15-27.32	2.25-2.44
	Kiwifruit	CH	18-22 lbs	19.20-41.67	1.72-2.16
	Mandarine	CH	25-28	41.05-41.12	1.70-1.85
	Orange	CH, PE	25-72	24.00-24.83	1.45-2.06
	Pomegranate	CL			1.75
	Lime	USA	115	29.00	1.00-1.48
	Grapefruit	CA			1.55
	Strawberry	CR, USA			1.87-7.50
Cherry	USA			5.50	
Colombia	Peach	CA	64	18.53 / 23.16	1.75 - 3.96
	Nectarine	CA	64	18.53 / 23.20	1.75 - 3.22
	Plum	CA	65	18.53 / 24.00	2.23 - 3.31
	Kiwi	Chile			2.28 - 2.39
	Apple	Chile	80- 150	26.50 - 29.90	1.22 - 1.35
	Pear	Chile	70 - 100	19.80 - 27.70	1.22 - 1.10
Ecuador	Peach (Durazno)	Perú	90 u.	13.00-15.00/box	0.25 u.
	Nectarine	CA	22 lb	18,00-20,00/box	1,40-1.51/lb
	Plum	CA	16 Lb	18,00-21,00/box	1,26-1,36/lb
	Peach	CA	22 Lb	18,00-20,00/box	1,40-1.51/lb
	Pink Apple	USA	125-60	17.00-22.00/box	0.71-0.80/lb
	Kiwi	Chile	22 lbs	13,00-16,00/box	0,87 - 0,91/lb
	Apple	Chile	125-160	15,00 - 20,00/box	0.65 - 0.77/lb
	Packam`s Pear	Chile	22 lbs	15,00-20,00/box	0.70 - 0.87/lb
Venezuela	Peach	Venezuela	N/A	N/A	1.02-1.29/Kg
	Nectarine	CA	25-27lb	25.00-27.08	3.95-5.20/Kg
	Plum	Venezuela	N/A	N/A	1.77-2.18/Kg
	Plum	CA	28lb	18.75-27.08	3.93-5.20/Kg
	Kiwi	Chile	N/A	N/A	4.50-5.20/Kg
	Apple	WA	64	20.83-22.91	1.97-2.50/Kg
	Apple	Chile	60-198	10.41-12.50	1.00-1.97/Kg
	Pear (Packham's)	Chile	60-120	15.692-17.70	1.97/Kg

Legend		
	Arq	Argentina
	Aus	Australia
	CH	Chile
	CO	Colombia
	CR	Costa Rica
	CUG	California Utility Grade
	CWM	Ca Well Mature®
	EC	Ecuador
	GT	Guatemala
	JP	Japan
	Lyr	Layer
		*Denotes Sales Price
		Mal
		Malaysia
		MX
		Mexico
		NZ
		New Zealand
		NZ
		New Zealand
		Sp
		Spain
		SW
		Summerwhite®
		Thai
		Thailand
		TW
		Taiwan
		USM
		US Mature
		Vf
		Volume fill
		VZ
		Venezuela
		WA
		Washington