



MARKET NEWS FROM CTFA REPRESENTATIVES AROUND THE WORLD

July 14, 2006

Growers of California peaches, plums, and nectarines have hit their stride as the early-season varieties are behind them, and the traditional peak summer varieties are well underway. Supplies of Black Amber plums should be available in all major markets as harvest is nearly complete, and Catalinas (Black) and Fortunes (Red) will get underway this week. Ruby Diamond nectarines and Elegant Lady peaches should be the dominant varieties in the coming week. Temperatures have risen which will generally slow the harvest down, but in total the pre-season packout estimates are coming in as expected.

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

Update

More California plum shipments bound for China

The first California plums are expected to arrive in China the week of July 17. In the past two weeks, more shipments have departed for the mainland, and promotional programs are set to begin upon arrival.

Biosecurity Australia to visit California PPN industry

Quarantine officials from Australia are slated to visit California the week of July 24 to evaluate industry sanitary and phytosanitary practices for the control of restricted pests. This is a major step towards gaining access to this counter-seasonal market for the growers of fresh peaches, plums, and nectarines. Based on the success of table grapes, cherries and citrus from the U.S., the industry is very excited about the potential for shipping to Australia.

United States-Thai FTA negotiations remain on hold

Bilateral talks between Thailand and the U.S. over the proposed Free Trade Agreement have been stalled since January. The Thai government has been deadlocked on the issue amidst protests against the proposed FTA due to concerns about the potential for increases in medical costs. The President of the US-ASEAN Business council, Matt Daley, encouraged leaders to resume the negotiations last week.

Market Reports

Mexico

Local peaches from Chihuahua have arrived, and volumes are beginning to increase. Quality of these first arrivals was reported to be good, but rainy conditions could likely affect the quality of future loads. The presence of California peaches in the market continued to be lower than average, estimated at only 20 percent of the market. The arrival of Chihuahua peaches provides even more competition for California peaches, especially considering the low prices of the local fruit. Quality of California peach over the past two weeks was reported to be variable, with some questions regarding shelf life.

The wholesale markets are handling good volumes of California nectarines, and opinions amongst the trade indicate that availability of nectarines is greater than peaches at the moment. Quality of these nectarines was good with low reported shrinkage per box. The trade expects volumes of California fruit to increase, and to relieve some of the pressure on competing fruits. Availability of California plums was quite low and importers are hopeful that availability of these fruits increase, including more varieties. Competition from local plums is light, especially considering the poor quality due to rain in the producing states. Moscatel and Amarilla plums are still widely available with 50 percent of the market.

Hong Kong

California Tao Lee volumes are increasing throughout Hong Kong, where most supermarkets are now offering peaches, plums, nectarines, and pluots. The wet markets are carrying mostly peaches with occasional red or black plums. Both medium and large size peaches and nectarines could be found in supermarket outlets, and the wholesale markets have been carrying donut and white-flesh peaches (Ivory Princess and Snow Beauty). Many arrivals from California to Hong Kong have been air, which likely explains the relatively few varieties of PPN available in the wholesale markets at one time.

Chinese stone fruits were found throughout the wholesale and wet markets. The Chinese nectarines were very small, which is not uncommon, and the taste was reportedly sour. Prunes from China began to show up in the wholesale markets, and were packed in small foam boxes. Prices were low for these fruits, which is reflected in the volumes available. Indirect competition came from cherries, strawberries, lychees, longans, and melons. The staple fruits could also be found including apples, oranges, and bananas.

Taiwan

The fourth typhoon of the year in the Pacific is expected to make landfall in Taiwan this weekend with predicted heavy rains, which may further impact local agriculture. Despite the impact of weather on local crops, the Taiwanese government aggressively promoted local peaches and conducted in-store sampling in many retail outlets in Taipei during the weekend of July 8. Volumes of California peaches, plums, and nectarines increased in the last two weeks compared to the prior reporting period. Still California plums can only be found in the major hypermarket outlets. Importers expect to bring in more plums during the second half of this season.

Ghost Month begins July 25, and most visited traders reported planning on bringing in large supplies of California PPN to meet heavy market demand. The latest arrivals of California peaches included Ivory Princess, Ivory Queen, Snow Beauty, Snow Blaze, Ice Princess, Summer Sweet, and Sugar Giant. Nectarines from California included Arctic Star, Diamond Pearl, and June Pearly. Some Black Ambers were imported as well. Overall quality of the California arrivals were good, despite some mixed comments regarding shelf life. Supplies of local fruit include mangoes, lychees, pineapples, and papayas. Local peaches and plums were available but sizes of these fruits were much smaller compared to California supplies. Other indirect competition came from imported cherries, apples and kiwifruit.

China

The first California plum arrivals should arrive the week of July 17, and will likely be the only imported plums available in the market. Chilean red plums were found in Shanghai, but in dwindling supplies. A small quantity of

Taiwanese black plums was found in Dalian. Chinese peaches, plums, and nectarines dominated nearly all the major markets of China, including Beijing with fruit from the Heibei region. According to the trade in Guangzhou sales of Chinese peaches and nectarines were better than Chinese plums, and supplies of all three commodities increased over the last two weeks. Quality of these fruits was good with relatively low prices. In Shenzhen, Chinese stone fruit included white peaches, donut peaches, red, green and black plums, and nectarines. Several retailers were identified as having mislabeled Chinese stone fruit as imported. Feedback from the trade all reported interest in handling California plums.

Singapore

White-flesh peaches and nectarines formed the bulk of the most recent arrivals from California, while yellow flesh peaches and nectarines were also available at selected importers' cold storages. Several loads of donut peaches also arrived and added some excitement amongst the trade. Chinese peaches and nectarines competed directly with California fruit at retail supermarkets. Low prices characterized these Chinese fruits. At retail fruit shops and wet market vendor outlets, merchandising visits revealed a preference for California donut peaches as these retailers had more confidence in their quality. The overall quality of the July shipments from California improved over June, with the trade reporting very good eating quality.

Chilean plums are still available but the volume has certainly decreased. Chinese white peaches, donut peaches and nectarines had an increased presence in the last two weeks, but they had poor color and taste, and only limited shelf life. Israeli white peaches have been present in the market since June but only in limited distribution, but no fresh shipments have arrived during the reporting period. Other imported fruits included Chinese lychees, US strawberries, cherries, New Zealand kiwifruit and apples.

Malaysia

Merchandising visits revealed yellow and white flesh peaches and nectarines are now available to consumers in Malaysian wet markets, and total distribution of California PPN improved since the last reporting period. California donut peaches were also available in the market with good sales movement. Weekly arrivals by air continue and the first ocean vessel is scheduled to arrive before the end of July.

In terms of competition, Chinese peaches and donut peaches have penetrated the Malaysian market. Importers and supermarket retailers believe these peaches target lower income consumers, and sales have been steady due to their low prices. Small volumes of Chilean plums can be still found, and importers and wholesalers are clearing their stocks to make room for California plum arrivals. Eating quality of California arrivals continues to improve, and have better appearance than Chinese stone fruits.

Thailand

Despite relatively small volumes of California PPN in total, supplies did increase over the last two weeks. The large retail chains are offering California peaches, plums, and nectarines, including Tops Supermarkets, and even some wet market retailers are carrying PPN. Some high-end retailers were carrying green pluots from California. Quality of arrivals has been above average, although the sizing is still small, especially for the white flesh nectarines. Chinese peaches were also found in wet markets, and are the only direct competition for California peaches and nectarines. According to the trade, the Chinese peaches are very cheap with only average quality. Other competitive fruits in the market include California cherries, and apples from China, New Zealand and the U.S. Local tropical fruits in mass distribution include rambutans and lychees.

Philippines

California peaches, plums and nectarines were still not available in the Philippines, but the trade is encouraged by the recent strengthening of the Philippine peso against the US dollar. Few Chinese nectarines and peaches could be found in the past two weeks. Those found had small size and only average eating quality.

Indonesia

California PPN are available in mostly the high-end supermarkets and hypermarkets, but in relatively small quantities due to the high import price for air shipments. Those visited reported making smaller but more frequent weekly orders. Others reported that they are waiting for the market to stabilize. A decent volume of Chilean plums can still be found in some importers' cold storages. South African plums can also be found along with Chinese peaches and nectarines. Carrefour hypermarket reportedly brought in one container of peaches and nectarines into Indonesia for a special promotion period. Most importers are planning on bringing in more plums and nectarines by sea, while peaches will continue to be imported weekly by air.

United Kingdom

Peach and nectarine production in Europe will be lower in 2006 according to Europech. Heavy rains and high winds adversely affected Italian production and is estimated to be 12 percent lower this year. Although Spanish production is expected to be flat to slightly higher over 2005, Greek production will be 10 percent lower.

New Zealand

Nectarines from California make up the majority of California stone fruit in the New Zealand market at the moment. A majority of supermarkets and fruit stores are offering nectarines and some peaches, and supplies are expected to increase through the rest of the summer. The weather remains much colder than average for this time of year, even setting records in certain parts of the South Island. A weakening NZ dollar and the expected increase in household energy costs have slowed this market down. All major importers, save one, have now received California PPN, and the lone remaining importer is expecting their first sea shipment to arrive before the end of the month. Quality of California nectarines during the reporting period was quite good with good color and firm. The quality of peaches was mixed, with most appearing quite good at the wholesale level, but more variable in supermarkets.

Australian navel oranges were the big mover in the last two weeks, even though local kiwifruit and mandarins are still available at competitive prices. Some Northwest cherries have arrived in the market but are in very limited distribution mainly at high end retailers and boutique fruit shops. Some imported grapes in below average condition remain in the market, and the importers are waiting for the first shipments of California grapes before the beginning of August.

Central America Region

Guatemala ratified the Central American Free Trade Agreement (DR-CAFTA) on July 1 which will reduce the import tariff for California peaches, plums, and nectarines to 0 percent. Guatemala is the fourth country, after El Salvador, Honduras, and Nicaragua, to implement the agreement. During the last two weeks, volumes of California plums have been increasing throughout the region, however the traditional retail sector has not been carrying any significant volumes of California fruit to this point in the season. Supermarkets are basically the only places to find California PPN, and sales at these retail outlets have been good due at least in part to the limited distribution.

Most of the reports from the trade have indicated better than average quality, but sizes continue to be smaller than average. The small sizes of California fruit has made it difficult for consumers to differentiate from local stone fruit. Price continues to be the main differentiating factor. Local plums and peaches, especially from Guatemala, are the main competitors for California PPN.

South America

Small supplies of California peaches, plums, and nectarines are now available in the region. Venezuelan importers continue to be frustrated with the import certificate process. Import permits for peaches have not been granted to date due to the peak production of Venezuelan peaches. Plums have arrived but only one importer has received a permit for nectarines. Competition from Spain is quite strong with nectarine prices. In Colombia, plums and peaches are available with mixed quality, and the only competition comes from local peaches.

However, the local product is quite small and is very difficult to find in the market. Reports from the importers are for additional containers to arrive on a weekly basis. In Ecuador, small volumes of California peaches are available in good condition and average sizes. The quality of the local Ecuador peaches was surprisingly good, and Peruvian peaches in small and medium sizes are also available.

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.

Hong Kong

Holidays/ Festivals

- | | |
|-------------|-------------------------|
| • July 1 | HKSAR Establishment Day |
| • October 2 | National Day |
| • October 6 | Mid-Autumn Festival |

Taiwan

Holidays/ Festivals

- | | |
|-------------|--------------------|
| • July 25 | Ghost Month Begins |
| • August 8 | Ghost Festival |
| • October 6 | Moon Festival |

Colombia

The 2006 program in Colombia will be launched along with the first technical seminar on July 18 in Bogota. Technical seminars will also be conducted over the next two weeks in Cali, Medellin, Barranquilla, Cartagena, and Bucaramanga.

New Zealand

California peaches, plums, and nectarines were featured in the children's television program "What Now?" Kids were shown eating California PPN as part of a breakfast promotion, which runs from July 2nd through August 30.

Country	Fruit	Grade/ Origin	Size/Count	Wholesale Price US\$	Retail Price US\$
Mexico	Peaches	CWM	56-72 vf	18.29	1.08
	Nectarines	CWM	64- vf	22.47	1.55
	Plums	CUG	80 vf	21.36	1.64
	Peaches	MX	22 lb.	12.92	1.01
	Apple	WA,MX,	88-135	28.32	0.96
	Kiwifruit	Chile	22 lb.	17.33	1.13
	Strawberries	CA,MX	12 lb.	9.24	1.14
	Table-grapes	MX, Chile	18-20 lb.	12.54	1.30
	Plums	MX	18 kg	8.45	0.95
	Mango	MX	25 kg	9.60	0.39
	Pear	CA-Arg	36-44 lb	30.04	0.84
Hong Kong	Peach	CWM	18-64	29.87 - 37.66	0.58 - 2.60/pc
	Nectarine	CWM	64	N/A	0.58 - 2.08/pc
	Plum	CWM	40-70	15.58 - 20.78	1.95 - 3.37/lb
	Cherry	USA	28 lbs	62.34 - 74.03	3.25 - 4.68/lb
	Peach	China	70-88	13.64 - 15.58	0.19 - 0.43/pc
	Watermelon	Taiwan	2	4.94 - 8.05	0.19 - 0.45/lb
	Apple	WA, China	40-100	14.94 - 22.73	0.16 - 0.52/pc
	Orange	USA	32-45	11.43 - 18.18	0.19 - 0.65/pc
Taiwan	Peach	California	18-25 lyr	23.3-37.3	0.6-3.1/each
	Peach	Taiwan	12-40 box	9.3-24.8	0.3-0.9/each
	Nectarine	California	64-80/vf	23.3-26.4	0.3-0.8/each
	Plum	California	45/vf	N/A	0.3/each
	Cherry	WA	20lbs	68.3-77.6	9.3-10.9/kg
	Kiwi	N.Z.	30-33	9.3-12.4	0.3-0.5/each
	Apple	N.Z.	70-125	26.4-46.6	0.25-1.07/each
Singapore	SW Peach	CWM	56	39.2	1.33 - 1.46
	SW Nectarine	CWM	56/64	46.66	1.20 - 1.33
	Peach Traditional	CWM	56	39.2	1.33 - 1.46
	Plum	CWM	80	55.3	5.93 kg
	Nectarine	CWM	56	40.63	1.33
	Angeleno Plum	Chile	60	21.71	2.33 kg
	White Peach	China	900g	1.66	1.97 - 2.33 -900g
	Donut Peach	China	900g	1.66	1.97 - 2.33 -900g
	White Peach	Israel	4 x1kg	12.67	4.33 kg
	Strawberry	USA	8x454g	23.3	4.00 /455g
	Cherry	USA	8.2kg	80	13.33 kg
	Naval orange	USA	72	30	0.53 pc
	Grapes	Australia	9kg	24	3.27 kg

Country	Fruit	Grade/Origin	Size/Count	Wholesale Price US\$	Retail Price US\$
Malaysia	Peaches	CWM	56-64 vf	38.0-44.7.0/carton	1.15-1.83/pc
	Nectarines	CWM	62- 70vf	38.0-44.7.0/carton	1.15-1.83/pc
	Donut Peaches	CWM	56-84	45.0-68.0/carton	1.35-2.70/pc
	Peach sw	CWM	56-64/vf	38.0-44.7.0/carton	1.15-1.83/pc
	Nectarine sw	CWM	64-88/vf	38.0-44.7.0/carton	1.15-1.83/pc
	Peaches	CHINA	900g	21.0-25.0/carton	2.70-3.45/900g
	Nectarines	CHINA	900g	21.0-25.0/carton	2.70-3.45/900g
	Donut Peaches	CHINA	900g	22.0-25.0/carton	3.23-3.56/900g
	Apple	WA	88-135	20.4-26.0/carton	0.25-0.38/pc
Thailand	Peach	CWM	18-21/1lyr	30.0-45.0	2.47-3.75/pc
	Nectarine	CWM	40-55	50.0-55.0	7.37-12.25/kg
	Black Plum	CWM	40-55	55.0-57.5	7.37-13.75/kg
	Red Plum	CWM	55-60	47.5-52.5	7.37-13.75/kg
	Peach	China	30/2lyr	25.0-30.0	0.72-0.87/pc
	Cherry	USA	6/kg	75.0-82.5	14.97-23.75/kg
	Kiwi (Green)	NZ	20/1lyr	5.0-8.75	0.5-0.87/pc
	Kiwi (Gold)	NZ	20/1lyr	7.5-10.5	0.67-1.12/pc
	Apple	USA	20/2lyr	7.5-8.0	0.32-0.5/pc
	Apple	NZ	20/2lyr	9.5-18.0	0.37-0.72/pc
New Zealand	Nectarines	R Diamond	64	\$1.09	\$1.92
	Nectarines	Spring Brite	64/70	\$1.12	\$1.92
	Nectarines	Red Roy	64	\$1.09	\$1.92
	Nectarines	Arctic White	64/70	\$1.12	\$1.92
	Nectarines	Honey Fire	64	\$1.17	\$1.92
	Peaches	David Sun	64	\$1.17	\$1.92
	Peaches	Crim Lady	64	\$1.12	\$1.92
United Kingdom	Peaches	France	4KG	11.04	\$0.92 each
	Peaches	ITALY	4KG	11.04	\$1.38 each
	Peaches	SPAIN	35	10.12	\$3.64/kg
	Peaches	SPAIN	4KG	11.96	\$1.60each
	Donut Peaches	CA	4	-	\$0.92 each
	Pluots	CA	2	-	\$1.38 each
	Black Beauty	SPAIN	5KG	15.18	\$9.16/kg
	Golden Plums	SPAIN	5KG	9.6	\$9.16/kg
	Early Queen	ISRAEL	5KG	11.04	\$1.07 each

Country	Fruit	Grade/ Origin	Size/Count	Wholesale Price US\$	Retail Price US\$
China	RED PLUM	CHILE	48(+2),9KG	N/A	3.00---4.87
	RED PLUM	CHINA	BULK PACK	0.94--1.19/500G	2.10---2.38
	BLACK PLUM	CHINA	BULK PACK	0.56--1.13/500G	1.12---2.25
	GUIFEI PLUM	CHINA	BULK PACK	0.57--1.02/500G	2.25---2.73
	HONGXIN PLUM	CHINA	BULK PACK	0.30---0.33/500G	0.37---0.60
	DONUT PEACH	CHINA	BULK PACK	0.15---0.25/500G	0.31---2.19
	PEACH	CHINA	BULK PACK	0.13---0.15/500G	0.30---0.65
	NECTARINE	CHINA	BULK PACK	0.34--0.44/500G	0.85---3.00
	WHITE PEACH	CHINA	LARGE,40	13.75--14.38/BOX	0.45---2.23
	WHITE PEACH	CHINA	SMALL,48	13.75--14.38/BOX	0.45---1.76
	WHITE PEACH	CHINA	BULK PACK	0.15---0.25/500G	0.45---1.03
Central America	Peach-GT	CA	64-80	21.74-25.03	1.38-1.71
	Nectarine-GT	CA	70-80	22.40-25.03	1.66-2.05
	Plums-GT	CA	80	25.03	1.68-1.86
	Peach-GT	GT	80	17.53	0.92-1.00
	Plums-GT	GT	80-90	16.5	0.66-1.18
	Peach-ES	CA	72-80	27-32	1.55-1.86
	Nectarine-ES	CA	72-80	27-32	1.47-1.76
	Plums-ES	CA	80	33	1.73-1.85
	Peach-CR	CA	64-80	26.26-35.02	1.78-2.05
	Nectarine-CR	CA	72-90	32.10-35.02	1.78-2.05
	Plums-CR	CA	80-84	32.10-35.02	1.78-2.15
	Plums-CR	CR	90	12.25-15.37	0.87-1.23
South America	Peaches-Vz	Venezuela	N/A	N/A	1.81-2.27
	Melocoton-Vz	Venezuela	N/A	N/A	2.41-3.72
	Plum-Vz	Venezuela	N/A	N/A	3.02-3.25
	Peaches-Co	California	64-72	9.70-23.26	1.74-2.32
	Plums-Co	California	80	25.00-28.08	1.90-1.99
	Peaches-Ec	CWM	72-85	23.00-25.00	2.68-3.32
	Peaches-Ec	Perú	80	13.00-14.00	1.00-1.50
	Apple-Ec	Chile	113-125	14.00-15.00	1.13-1.33
	Kiwifruit-Ec	Chile	10 kl	13.00-14.00	1.95-2.16
	Orange-Ec	Perú	56	10.00-11.00	1.70-1.88
	Orange-Ec	Chile	110	18.00-20.00	1.70-1.88
	Orange-Ec	Ecuador	100	2.00-3.00	40 unit x 1 dólar
	Valencia-Ec	USA	88-113	22.00-25.00	2.08-2.50
	Peaches-Ec	Ecuador	150	12.00-14.00	2.68-3.32
Legend	CWM	Cal Well Mat®		MX	Mexico
	USM	US Mature		Aus	Australia
	CUG	California Utility Grade		NZ	New Zealand
	CR	Costa Rica		Sp	Spain
	CH	Chile		Thai	Thailand
	WA	Washington		Mal	Malaysia