

International Market Report



MARKET NEWS FROM CTFA REPRESENTATIVES AROUND THE WORLD

July 8, 2005

Reports from International markets have been positive the last two weeks, with regular shipments now arriving in all major markets. In this 4th edition of the International market report, we are pleased to report the first significant arrivals of California plums in some of the traditional plum markets throughout Southeast Asia. With California peaches and nectarines well distributed and several major varieties of plums still to come, importers and traders have been pleased with the quality of the fruit and overall market conditions. Negligible Southern hemisphere stone fruit remains in Asia, while some can be found in Venezuela. The only direct competition in Asia comes from Chinese peaches (and alternative fruit categories), but reports have indicated the Chinese peaches have been of below average quality, average to small size, and found mostly at secondary consumer outlets.

Following successful June promotional activities, July activities in most markets are now underway. Some highlights for the next few weeks are the hotel promotions in Taiwan, the release of the new California Tao Lee commercial in Hong Kong, and the bulk of retail promotions and in-store sampling in Thailand and Singapore.

Current News

Thailand delays “Certificate of Analysis” requirement until December 31, 2005

With regard to Ministerial Regulation No. 11, there was plenty of concern in Thailand last week, but the once-delayed June 30 implementation date was delayed again until December 31, 2005. The Thai Food & Drug Administration agreed to postpone the requirement that imported fresh produce receive an approved “Certificate of Analysis”. Questions still remain on how to attest that food safety and sanitary requirements in the producing country meet Thai standards. CTFA will continue to monitor this situation.

U.S. Senate approves Central American Free Trade Agreement (CAFTA)

The U.S. Senate voted to approve CAFTA on June 30th, but must still pass the House before President Bush can sign the agreement into law. CAFTA would remove trade barriers between the United States, and Central America and the Dominican Republic. Secretary of Agriculture Mike Johanns encouraged quick passage by Congress, “I urge the U.S. House of Representatives to act quickly and vote to support CAFTA, so our nation’s producers have the same access to CAFTA markets the Central American countries have to our market.” U.S. agricultural production makes up 41 percent of total imports for CAFTA countries, including Costa Rica, El Salvador, the Dominican Republic, Guatemala, Honduras, and Nicaragua.

Market Reports

Mexico

Reports from Mexico during the last two weeks continue to indicate fruit quality is the primary determinant of sales for California peaches, plums, and nectarines. Any fruit which is fumigated struggles to move, while non-fumigated Summerwhite peaches and nectarines with excellent quality are successful. The number of fumigations reported in the previous International market report has fallen in the last two weeks, which is viewed as a positive development by traders. Price competition with local peaches and plums varies by region, but overall Chihuahua peaches are actually priced higher at the moment with lower quality due to rain, so California peaches are well-positioned.

California plums are beginning to arrive, and quality is expected to increase through the summer as more plums are shipped to Mexico. Red and Black Ambers with good size and flavor have been popular at both wholesale and retail markets. Local plums from Puebla are in short supply and can't meet demand, so new shipments of California plums should be well-received. Indirect competition for California peaches, plums, and nectarines comes from local mangoes, table grapes and cantaloupes – and Washington apples. The local fruits continue to be in good supply and have been in high demand at retail markets.

Hong Kong

California Tao Lee fruits are well distributed to most supermarkets, but supplies remain relatively short in the wholesale/wet markets. It is assumed the wet weather of the past few weeks is the primary reason California peaches, plums and nectarines are readily available in supermarkets, but not so in the wholesale markets. Additionally, a few of the major supermarket chains have placed orders for California Tao Lee directly from importers, instead of going through wholesalers. This has had a significant impact on the marketplace and has created some degree of uncertainty at the wholesale level.

Donut peaches and pluots continue to spark interest with consumers. The largest California peaches were often packaged together in 2's or 4's and sold separately with premium pricing. California peaches and nectarines in large sizes were found more prominently in the higher-end supermarkets. Chinese "oily" peaches were popular in wet markets due to cheaper prices. Supplies of Chinese lychees remained quite high during the last two weeks, and additional cherries and watermelons have entered the market. Other fruits featured in both retail and wholesale/wet markets were pears, melons, and mangoes. There does not appear to be any shortage of indirect competition for California peaches, plums and nectarines in Hong Kong.

Taiwan

In Taiwan, Ghost month begins August 4th and importers are preparing for strong consumer demand during the holiday season. Traders expected California Tao Lee to be a major part of the worship ceremonies during August. Supplies over the last two weeks of California peaches, plums, and nectarines were mixed across the three commodities. Peaches can be found at most retail outlets, but several hypermarket and supermarket chains complained about the difficulty of securing adequate shipments of nectarines. This concerned some retailers regarding planned promotions of California Tao Lee during July. Small supplies of Black Amber plums and Dapple Fire pluots were found during this past reporting period. Overall quality of California peaches, plums, and nectarines has been good this year, but very few large nectarines were found in the market.

Taiwan's government promoted local summer fruits aggressively this year, but supplies and pricing continue to be affected by the cool weather in March and flooding in June. Sales of premium imported fruits like California peaches, plums, and nectarines, have benefited from the short supply of local fruits. Apples from Washington and New Zealand, and cherries from Washington were also found in the market recently. Based on observations in the market over the last week, price comparisons among competing fruits can be found at the end of this report.

Japan

The second shipment of California nectarines arrived July 5th, with Summergold™ making up 80 percent of the fruit shipped, and the remaining 20 percent was Summerwhite™. California nectarines were promoted with in-store sampling in 18 Jusco stores, and we were able to get coverage of California nectarines by television on July 1, 2005. Lower temperatures and poor weather delayed the local peach season. In terms of supply, local peaches are expected to peak in mid-July, but wholesale prices, at this point in the season, are 20 percent lower than last year. In terms of plums, after several years of significant efforts and many hurdles, two new varieties - Tulare Giants and Moyers – will be permitted access to the Japanese market after recent approval by MAFF.

Singapore

On June 29 the Comprehensive Economic Cooperation Agreement (CECA) between Singapore and India was signed, which gives Singapore businesses preferential access to the world's largest, fastest-growing, and historically most-protected markets. The ramifications for California peaches, plums, and nectarines are unknown at this time and may be small, but Singapore has become an important port for reshipment throughout Southeast Asia. California stone fruit has been transhipped to India in small volumes for several years, so this could increase opportunities in the near future.

Air shipments of California peaches, plums, and nectarines continued to arrive, and the first sea shipments of Summerwhite nectarines arrived during the last week of June. Importers have indicated they expect to continue to ship California peaches by air, but more container loads of nectarines and plums are expected in July. The increase in shipments has led to a wide distribution of California summer fruits in both retail and wet/wholesale markets. Wholesale prices of donut peaches were estimated to have fallen around 15 percent during the last two weeks. The main competition for California peaches, plums, and nectarines is not direct from other stone fruit, but indirect from Chinese lychees and what is known in the region as the "king of fruits", the durian. Malaysian durians command a significant portion of market share currently, with lychee also competing. Israeli and Chinese peaches are not nearly as attractive as California peaches, mainly because of their poor appearance and below average taste.

CTFA participated in a trade reception hosted by the U.S. ambassador on July 1, 2005. The event highlighted U.S. wines and food products and was well attended by the key traders, media representatives and hotel chefs. Plums were featured in one of the desert recipes, and all three fruits were provided to participants in a fresh format.

Malaysia

California plums are now available in Malaysia. The two main varieties are Black Beauts and Santa Rosas. One buyer indicated California plums were shipped by air to offer the full complement of California summer fruits, as peaches and nectarines are now widely available. Supermarkets are offering larger displays for California peaches, plums, and nectarines, and demand has been especially strong with those stores which also coordinated promotions.

Any competition from Chinese peaches has not been felt in the market to this point. Some shipments of these peaches are expected shortly, and the only remaining direct competition for California is from Chilean plums, but the vast majority of the plum market should be held by California plums in the next two weeks. Malaysian durians and mangosteens are in season and extremely popular, but despite the relatively high prices for California peaches, plums, and nectarines, demand remains solid.

Thailand

The free trade agreement between New Zealand and Thailand became effective on July 1, and almost immediately an increase in NZ produce can be seen in the market. For example, kiwifruit, apples, and persimmons have been entering the market. Currently, more imported fruits can be found in Thailand than local fruits. In terms of California peaches, plums, and nectarines, only red plums seemed to be moving slowly, which is most likely because Thai consumers prefer larger sizes. Otherwise, California peaches, plums, and nectarines can be found throughout the market, and demand at the wholesale level has improved over the last two weeks.

Quality of California summer fruits has been above average, but the extreme heat and high humidity have contributed to softening of peaches within a few days.

New Zealand

Shipments by sea of California peaches, plums and nectarines are now arriving regularly in the New Zealand market. Good sales and regular shipments have prevented any inventory buildup as small shipments move quickly to retailers. The overall quality of California shipments has been above average, and no fumigations have been reported in the last two weeks. Initial promotions with all supermarkets were conducted, and final sales have been reported as good. In terms of competition, the first California grapes are being shipped this week.

Central America Region

The presence of local peaches and plums in traditional Central American markets, really impacts the movement of California peaches, plums, and nectarines. While some quality issues were found earlier this year, the feeling among the importers is that as the season has developed, quality of California peaches and nectarines has improved. More shipments of California plums are expected in the coming weeks, and importers are expecting quality to increase just like the peaches and nectarines.

Northern South America Region

Venezuela. The California peaches, plums, and nectarines season has officially begun. Regular shipments of California nectarines are now expected to arrive every fifteen days in Venezuela. California plums (Black Ambers) have arrived, but have yet to be distributed to supermarkets. The first reports of quality are very good according to the importers surveyed.

Colombia. The price of California peaches in Colombia fell from the last report period. Three different importers received California peaches in the last two weeks, and the general consensus is that quality is above average. Those importers anticipate increasing volume if lower prices make California peaches, plums, and nectarines more attractive. Peaches from Georgia and South Carolina have been found in the Colombian market, but complaints of quality problems have been noted.

Ecuador. Municipal markets and small fruit stores continue to offer Peruvian peaches, but they can't compare to the quality of California nectarines. The largest supermarket chain in Ecuador imported a shipment of nectarines, and reported the quality to be good. Some mixed results from imports exist in this market, with one shipment of California peaches and nectarines arriving in poor shape.

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. Promotional programs have begun and will continue to increase for the next month as more fruit enters each of the international markets through July.

Hong Kong

Promotions and fruit sampling are underway at the Hong Kong retail markets and are alternating between the two major players to avoid conflict. This sensitivity is not as significant with some of the smaller players. Media advertising will join this promotion the week of July 11. The marketing activities at 7 Jusco outlets in Hong Kong will be in conjunction with their annual American Food Fair from July 15-27. A training seminar was held on fruit handling June 25 which was attended by over 100 fruit and vegetable handling staff, store managers, category managers, and buyers.

Holidays/ Festivals

- Sep 19 Moon Festival
- October 1 National Day
- October 11 Chung Yeung Festival

Taiwan

The second wave of TV ads begins on July 18 following the end of the first wave on July 1. Luxury Hotels are participating in the hotel promotion with the first at the Hyatt Hotel beginning July 11. These promotions will be continuing through August.

Singapore

Seventy retail stores will be conducting in-store sampling promotions of peaches, nectarines, and plums through July.

Holidays/ Festivals

- August 09 National Day
- September 03 –11 Term 3 School Vacation
- November 01 Deepavali
- November 03 Hari Raya Pusa
- November 19 – December 31 Year End School Vacation
- December 25 Christmas Day
- *August 19 Hungry Ghost Festival
- *September 18 Moon Festival

New Zealand

Promotional activities are underway at 197 retailers with 55 conducting in-store sampling. The “Hot Holiday Competition” has also been featured in media advertisements. There are plans to attend upcoming trade shows, one partnering with the US Embassy and USDA to increase exposure to produce representatives across New Zealand.

| Country | Fruit | Grade/Origin | Size/Count | Wholesale Price US\$ | Retail Price US\$ |
|-----------|-----------------|--------------|------------|----------------------|-------------------|
| Mexico | Peaches | CWM | 32-50/vf. | 12.99-20.42 | 1.26-1.47 |
| | Nectarines | CWM | 40/vf. | 12.99-20.42 | 1.35-1.47 |
| | Peaches sw | CWM | 56-64/vf | 15.31 | NA |
| | Nectarines sw | CWM | lyr | NA | NA |
| | Plums | CWM | 60/vf | 14.85-21.35 | 1.35-1.51 |
| | Peaches | MX | 22-40lbs. | 15.78-22.28 | 1.01-1.47 |
| | Apples | WA | 88-135 | 14.85-20.42 | 0.84-1.01 |
| | Table-grapes | MX | 18-20lb. | 11.14-15.78 | 1.13-1.51 |
| | Plums | MX | 18kg. | 8.35-11.14 | 0.59-0.84 |
| Hong Kong | Peach | CWM | 21-64 | 19.28-28.61 | 0.64-2.06/pc |
| | Nectarine | CWM | 48-64 | 16.71 | 0.28-1.67/pc |
| | Plum | CWM | N/A | N/A | 1.41-3.03/lb |
| | Peach | China | 70-88 | 14.14-15.42 | 0.19-0.42/pc |
| | Apple | WA, China | 32-100 | 15.28-22.08 | 0.14-0.51/pc |
| | Lychee | China | 28lb. | 13.95-14.78 | 1.29-1.54/lb |
| | Watermelon | Taiwan | 2 | 5.37-7.89 | 0.21-0.34/lb |
| | Cherry | USA | 28lb. | 41.66-45.65 | 3.21-3.45/lb |
| Taiwan | Peach sw | CWM | 15-25/lyr. | 22.36-38.34/box | 0.64-2.20/pc. |
| | Peach sw | CWM | 56-64/vf. | 25.56-30.35/box | 0.40-0.70/pc. |
| | Nectarine sw | CWM | 56-64/vf. | 22.36-31.95/box | 0.32-0.64/pc. |
| | Peach | Taiwan | 24-36/lyr. | 19.17-20.77/box | 0.26-1.28/pc. |
| | Plum | Taiwan | 45-60/vf | 38.34-47.92/box | 0.16-0.56/pc. |
| | Apple | WA | 56-113 | 20.77-70.28/box | 0.38-0.80/pc. |
| | Apple | NZ | 88 – 100 | 27.24-70.28/box | 0.64-0.96/pc. |
| | Apple | Chile | 56 – 125 | 25.64-51.28/box | 0.64-1.12/pc. |
| | Cherry | WA | 20lbs. | 51.28-79.87/box | 3.70-6.48/lb. |
| Singapore | Peach sw | CWM | 56/2lyr. | 37.5 | 0.94/pc. |
| | Peach/Nectarine | CWM | 56/2lyr. | 36.25 | 1.13/pc. |
| | Donut Peach | CWM | 50/2lyr. | 30 | 0.93-1.13/pc. |
| | Nectarine sw | CWM | 64/vf. | 37.5 | 0.81/pc. |
| | Plums | CWM | 70 | 40.63 | 0.23/pc. |
| | Peach/Nectarine | Israel | 4x1 kg. | 11.03 | 3.47/kg. |
| | Cherries | USA | 10 ½ | 56.25 | 9.38/kg. |
| | Lychees | China | S/M | 5.62 | 6.88 /2kg. |
| | Strawberry | USA | 8 x 454g. | 20.65 | 3.44/454g. |
| | Mango | India | 12 | 12.5 | 1.25/pc. |
| Malaysia | Peach | CWM | 56pc/2lyr. | 36.0-38.0 | 0.85-1.08/pc. |
| | Donut Peach | CWM | 56pc/2lyr. | 38.0-45.0 | 0.78-0.95/pc. |
| | Nectarine | CWM | 56pc/2lyr. | 37.0-40.0 | 0.85-1.08/pc. |
| | Plum | CWM | 28lb. | 45.0-49.0 | 5.3-8.1/kg. |
| | Plum | Chile | 100pc. | 1.05-1.28/kg. | 2.0-2.5/kg. |
| | Orange | US | 163pc. | 14.0-16.5 | 0.17-0.38/pc. |
| | Mangoes | Thailand | 25kg. | 9.1-9.8 | 1.45/kg. |
| | Mangosteen | Thailand | 20kg. | 11.0-16.0 | 1.3-1.8/kg. |
| Thailand | Peach | CWM | 22/2lyr. | 20.0-30.0 | 1.47-3.72/pc. |
| | Nectarine | CWM | 50 | 55.0-62.50 | 8.75-9.97/kg. |
| | Black Plum | CWM | 50 | 45.0-50.0 | 7.0-9.97/kg. |
| | Red Plum | CWM | 50-70 | 50.0-55.0 | 7.12-8.12/kg. |
| | Cherry | USA | 9kg. | 87.50-92.50 | 12.0-16.87/kg. |
| | Grape | USA | 10kg. | 20.0-70.0 | 3.12-9.97/kg. |
| | Persimmon | NZ | 18/lyr. | 30.0-37.5 | 2.3-3.0/pc. |
| | Kiwifruit | NZ | 22/2lyr. | 7.5-10.0 | 0.46-0.72/pc. |
| | Apple | NZ | 18/2lyr. | 7.5-12.5 | 0.33-0.5/pc. |

| Country | Fruit | Grade/ Origin | Size/Count | Wholesale Price US\$ | Retail Price US\$ | |
|-------------------|-------------------|--------------------------|---------------------------|-------------------------|-------------------|-----------|
| Japan | Fuji Apple | Jpn | 10kg. | 37.83 | 1.47/pc. | |
| | Peach | Jpn | 5kg. | 18.91 | 1.78/pc. | |
| | Cherry | Jpn | 200g. | 1.89-2.64 | 4.61/pack | |
| | Delaware Grape | Jpn | 2kg. | 17.0-21.75 | 3.51/pack | |
| | Watermelon | Jpn | 8kg. | 20.00-23.64 | 3.51/pack | |
| | Melon | Jpn | 5kg. | 14.00-18.17 | 6/pc. | |
| | Plum | Jpn | 400g. | 2.64-2.83 | 3.51/pack | |
| New Zealand | Peach | C W M | 56 | 0.83-0.94/lb | 1.56/lb | |
| | Nectarine | C W M | 64-72 | 0.83-0.94/lb | 1.56/lb | |
| | Apples | N Z | 100 - 120 | N A | 0.97/lb. | |
| | Mandarins | N Z | 60 - 70 | 0.43-0.81/lb | 0.81- 1.63/lb. | |
| | Grapes | Aus | | 0.98 / lb | 1.96/lb. | |
| | Kiwifruit | N Z | small | 0.13-0.19 | 0.97/lb. | |
| | Oranges | Aust | 64-72 | 0.32-0.52/ lb | 0.97/lb. | |
| Central America | Peach | C W M | 64-72vf. | 17.00-28.00 | 0.68-1.50 | |
| | Peach | CUG | 65-70/vf. | 27.05 | 1.42-1.50 | |
| | Nectarine | C W M | 64/vf. | 17.00-28.00 | 0.60-1.70 | |
| | Nectarine | CUG | 60/vf. | 25.00-31.00 | 1.45-1.70 | |
| | Plums | C W M | 60-65/vf. | 28 | 1.40-1.50 | |
| | Peach | GT | 25lbs. | 18.50-26.55 | 0.65-1.22/lb. | |
| | Plums | CR,GT | 20lbs. | 9.00-18.00 | 0.39-0.80/lb. | |
| | Apple | W A | 80-198 | 15.50-26.20 | 0.57-1.30/lb. | |
| | Grapes | CH,CA | 20lbs. | 18.00-24.50 | 0.98-2.58/lb. | |
| | Strawberries | Local | 12lbs. | 8.50-10.00 | 0.85-0.94/lb. | |
| Venezuela | Peach | N/A | N/A | N/A | N/A | |
| | Nectarine | C W M | 64-72 | 32.55 | 3.72-6.00 | |
| | Plum | C W M | 35-72 | 37.2 | N/A | |
| | Peach (Melocoton) | Ven | 30 Kg box | 55.81 | 1.90-2.46 | |
| | Peach | Ven | 20-Kg. Box | 34.88-37.20 | 1.63-1.85 | |
| | Plums (Angeleno) | Chile | 9-Kg box Sizes:60-75 | 20.93-23.25 | 3.99 | |
| | Apples | Chile | 19 kg box 72-198 | 16.74-21.39 | 1.31-2.32 | |
| | Grapes (R. Globe) | Chile | 8.2-Kg. Box | 26.97-27.90 | 3.48-4.97 | |
| | Strawberry | Ven | 5-10Kg. Box | 8.37-9.3 | 1.74-2.08 | |
| | Pear (Packham) | Chile | 18-Kg box Sizes: 80-90 | 17.67-19.53 | 1.39-1.84 | |
| | Pear (Asiatica) | Chile | 10 Kg box | 20.93/Box | 4.03-5.00 | |
| | Pears (Bosc) | Chile | 18-Kg Box | N/A | 2.2 | |
| | Kiwifruit | Chile | 10-Kg. Box | N/A | 4.00-4.80 | |
| | Mango | Ven | 25-Kg. Box | 11.62-13.95 | 0.81-0.83 | |
| | Peach | N/A | 80 | 25.82 | 2.14-2.47 | |
| | Nectarine | N/A | N/A | N/A | N/A | |
| | Colombia | Plum | N/A | N/A | N/A | N/A |
| Pear | | Chile | 120-150 | 17.21 | 1.06-1.11 | |
| Kiwifruit | | Chile | | 13.76 | 1.39-1.43 | |
| Grapes (R. Globe) | | Chile | L-XL | 13.33 | 1.56-1.61 | |
| Ecuador | | Peach | C W M | N/A | 18 | 2.76-3.05 |
| | | Nectarine | C W M | N/A | 18 | 2.03-2.89 |
| | | Plum | N/A | N/A | N/A | N/A |
| | Peach | Perú | 150 | 10.00-12.00 | 1.00-1.5 | |
| Legend | C W M | Cal Well Mat® | | M X | Mexico | |
| | U S M | US Mature | | Aus | Australia | |
| | C U G | California Utility Grade | | N Z | New Zealand | |
| | CR | Costa Rica | | Sp | Spain | |
| | CH | Chile | | Thai | Thailand | |
| | W A | Washington | | Mal | Malaysia | |