



## MARKET NEWS FROM CTFA REPRESENTATIVES AROUND THE WORLD

August 5, 2005

Demand remains fair to strong in all International markets, and marketing and promotional efforts continue to generate positive feedback from importers and retailers. Among the trade there is some growing frustration about short supplies and high prices, especially as they try to secure shipments for late summer and fall. Clearly, consumers continue to drive demand for imported California peaches, plums, and nectarines.

Marketing programs for 2005 include technical seminars which encourage retailers to handle California peaches, plums, and nectarines properly. Feedback from importers in Mexico and Central America regarding these seminars was extremely positive. Technical training about temperature control and display techniques make important contributions to increased consumer satisfaction and greater sales. Consumer advertising continues and CTFA looks forward to reviewing the results from upcoming consumer surveys in several export markets.

### Current News

#### **President Bush signs CAFTA**

Shortly after the House of Representatives approved the trade agreement in a close vote, President Bush signed CAFTA on August 2. The U.S. becomes the fourth country to approve the agreement, following El Salvador, Honduras, and Guatemala. The provisions of the free trade pact can go into effect as soon as the four signatories agree upon a date. Three countries, Costa Rica, Nicaragua, and the Dominican Republic have yet to approve the Central American Free Trade Agreement and they have two years to join the agreement. Support for CAFTA in Costa Rica is moderate at best, and passage is not guaranteed. Government-controlled industries in Costa Rica, like telecommunications and insurance, continue to lobby against the trade pact.

#### **Mexico to enforce new wood-packaging rule September 16th**

As of September 16<sup>th</sup>, all un-manufactured solid wood packaging material, including pallets, bound for Mexico must be treated with approved phytosanitary measures and certified with an approved identity mark. While the U.S. and Canada continue to work towards full implementation, Mexico issued the final rule earlier this year. The rule will bring Mexico into full compliance with International standards. The regulation on pallets and wood materials used in international trade is to prevent the importation of unwanted pests. CTFA will continue to monitor this situation.

# Market Reports

## Mexico

The Mexican market continues to be a market full of opportunities and frustration for California peaches, plums, and nectarines. A surprising finding last week in Mexico was that the price of California peaches, plums and nectarines were lower in Mexican retail markets than in U.S. supermarkets. After visiting with several importers, traders and retailers last week, the general consensus is that the current protocol, specifically fumigation, is the primary deterrent from increasing California shipments to Mexico. This year shipments are much improved over last year, but the trade is frustrated with the lack of consistent quality, especially with fruit that loses shelf life after fumigation. From the beginning of the year, when low sugar levels were prevalent in some shipments, there has been a definite improvement in general quality. California plums are well-distributed throughout the market, but nectarines are not doing as well. Nectarines have been particularly susceptible to the effects of fumigation. Local supplies of peaches are widely available and make up approximately 60 percent of market share, but the end of their season is approaching soon. It is expected by the end of August, the distribution of these peaches from Chihuahua will be significantly reduced. The visual quality of this fruit was below average, but low prices make the fruit attractive to some market segments. Plenty of local plums can be found in the Mexican market, but quality was just average.

## Hong Kong

Good supplies of California peaches, plums and nectarines were available in supermarkets and wet markets throughout Hong Kong. Plums have finally reached peak supplies in Hong Kong, and recent shipments of fresh prunes were popular with consumers. Several varieties of pluots continued to be well-received by consumers. The consensus among the trade was that yellow pluots and white flesh peaches had the best eating quality. Summerwhite peaches were found in some wet markets which is a welcome development as these traditional markets continue to draw significant numbers of consumers. Some traders described the difficulty storing California Tao Lee because of limited storage space. Unfortunately some fruit had to be stored at sub-optimal temperatures because California Tao Lee had to share space with cherries.

In terms of competition, a new development from China is worth noting. Small donut peaches from China could be found in supermarkets and wet markets. These were sold in consumer packs with English labeling. Similar to nectarines found in the last few weeks, the English labeling did not easily identify these fruits as originating from China. While taste continued to be only average, prices were low. In terms of quality, California Tao Lee continued to outperform these direct competitors. Another recent arrival to be found in Hong Kong was donut peaches from Washington. Cherries, melons, and mangoes are some other fruits that offer indirect competition.

## Taiwan

Recent visits found nearly every supermarket/hypermarket chain displaying California Tao Lee with good volumes and large displays. Short supplies of local fresh fruit and high prices have led to strong sales of California peaches, plums, and nectarines. However, Ghost month began on August 5<sup>th</sup> and there was plenty of concern among importers that uncertain supplies of California Tao Lee may not be able to match the increased demand during this holiday period. With that in mind, the market is filled with large supplies of other imported fruits including apples, cherries and grapes. The only direct competition for California peaches was Japanese peaches, but these are incredibly expensive and only found in the most exclusive retail outlets.

## Singapore

Some quality issues have arisen with recent shipments of California peaches, plums, and nectarines. One complaint about white flesh nectarines was their relatively short shelf life; decay was found only three days after they were put on display. Still, the overall quality of air shipments continues to be above average. Despite the isolated issues, supermarkets and hypermarkets continue to display four to five varieties of California peaches,

plums, nectarines, pluots and fresh prunes. Visits to fruit vendors at wet markets revealed at least two to three varieties of plums, including pluots and prunes, and good supplies of nectarines.

In terms of competition, Israeli white peaches and Chinese donut peaches remained the main competition to California peaches. Thai longans and Chinese lychees are distributed in large quantities, and Malaysian durians continue to draw large crowds.

## Malaysia

Sea shipments continue to arrive with new arrivals of California peaches, plums, and nectarines leading to a good supply of fruit throughout Malaysia. Demand remains good, especially in upscale supermarkets. Visits during the last two weeks found more California summer fruits in wet markets and fruit stalls. In general, the quality of the fruit has been good, but the leading importer in Malaysia found scarring on California plums. The mood among the traders could be better because the fresh fruit market has been slow for the past few weeks. Chinese peaches are now available in Malaysia which provides additional competition to California summer fruits. Apparently, the quality of the Chinese peaches is improved over last year.

An important development in Malaysian monetary policy was the decision to no longer peg the Ringgit to the U.S. dollar. Instead of the pegging policy instituted during the Asian financial crisis, the Malaysian currency will now float against a basket of undisclosed currencies, similar to the Chinese policy. To this point, the Ringgit has strengthened about 2 percent against the U.S. dollar. Some analysts have predicted additional strengthening in the range of 5-7 percent. It is widely assumed the fluctuation will fall in line with movement of the Chinese yuan.

## Thailand

During the past two weeks, no Chinese peaches or plums were found in Thailand, but high volumes of imported apples were widely available. Apples from New Zealand, the U.S., and South Africa were found in wet markets and supermarkets in significant numbers. Low prices and large supplies of local longans and rambutans continue to make up the majority of the competition for fresh fruits in Thailand. In terms of California peaches, plums and nectarines, only nectarines seem to have slowed down. Some traders experienced quality problems with some shipments. Still recent shipments of California peaches and plums were reported as being above average quality.

Thailand continues to seek out bilateral trade agreements with its trading partners. Japan and Thailand just concluded the final negotiations on a free trade agreement. The negotiations nearly stalled when Thailand sought to impose an import tariff on luxury cars, but after backing down the terms of the agreement are in place. This agreement will be officially signed in April 2006 and become effective five months later.

## New Zealand

Schools are back in session and thus the flurry of consumer activity seen recently has slowed down. Auckland sales have been slow, but reports from Wellington are positive, which the trade believes is a result of above average temperatures for this time of year. Christchurch, the largest city on the South Island, continues to have average to above average sales. Quality reports were variable over the past two weeks, with several comments about poor fruit that arrived too ripe, but at least an equal amount of positive comments. There has been no consistency in the negative comments from shippers. Overall, the quality of the fruit has been much improved over last year, which is driving positive consumer feedback.

The Hot Holidays promotion has drawn to a close with better than expected participation. The winner of the drawing will be selected next week. New consumer information is expected before the close of the year, and a computerized touch screen service provided by TouchPoll will generate the results. Lastly, for the first time in over ten years, the U.S. Secretary of Agriculture Mike Johanns will be visiting New Zealand on August 22. Representatives from all of NZ agriculture will attend the event along with representatives from CTFA who were invited to join the Secretary.

## Central America Region

At the retail level, California peaches, plums, and nectarines can be found in nearly all supermarkets. Especially those supermarkets in high income areas, displays of California summer fruits are good size, and sales have been good. In contrast to Mexico, the situation in Central America is that demand from consumers is consistent and traders are encouraged by the success they have had with California peaches, plums, and nectarines. Some quality issues have arisen with some shipments, but the resounding comment given to CTFA representatives last week is that traders want to secure more California fruit through the end of summer and into fall. Despite the high prices, demand from the trade is a strong indication that consumers want California peaches, plums, and nectarines. Direct competition for California peaches and plums comes from local Guatemala peaches and some plums. However, the quality of the local peaches is inferior to California. In fact, at a grocery store in El Salvador, the price of California peaches was less than peaches from Guatemala.

## Northern South America Region

**Venezuela.** Large supplies of California nectarines and plums were available during the last two weeks, but California peaches remain in short supply because importers are still concerned about the short shelf life. In terms of quality, California nectarines have good appearance, but some comments about a lack of flavor were reported. The direct competition for California summer fruits comes from Spanish plums and nectarines. Only one importer is shipping these fruits, and the Spanish plums are easily identified by their smaller sizes. The peak season is over for Venezuelan peaches and plums, and they will continue to face diminishing importance in the market.

**Colombia.** Volumes of California peaches, plums and nectarines are now abundant at the wholesale and retail levels. Importers seem to be very pleased with the market over the last two weeks, especially with the quality of the fruit. Expectations are for shipments to continue with the good quality received to date. Spanish stone fruit shipments have arrived recently, but prices have yet to be assigned. While importers have indicated that the Spanish quality is good, the size of the fruit is small.

**Ecuador.** California peaches, plums, and nectarines are currently available only in supermarkets. Volumes have been good, and additional shipments are expected this week. The quality of nectarines and plums has been better than the peaches. Importers are hopeful the next shipments of peaches will be of better quality. Currently, Ecuadorian peaches are competing with California summer fruits. While these local peaches have good size and appearance, the volumes are low and taste is average at best. Peruvian peaches are finished now, but combined with the Ecuadorian peaches, they are providing strong price competition for California peaches, plums and nectarines.

# Promotional Highlights

## General

Listed below are several key holidays or festival dates in some of the markets. Promotional programs will continue through August as peak supplies of California peaches, plums and nectarines can be found in all of our International markets.

## Mexico

The new California peaches, plums, and nectarines TV commercial is running on a shortened timeframe this season due to the smaller crop and sustained demand in the market. This commercial was funded with additional MAP funds received in 2004 and has received very positive responses from the Mexican market. It is part of a larger promotional plan designed around the beauty of California peaches, plums, and nectarines that has been well received by retailers and the Mexican trade. Please contact your CTFA office in Reedley if you would like to view the commercial.

## Hong Kong

Promotions and fruit sampling are well underway at the Hong Kong retail markets and are alternating between the two major players to avoid conflict. Promotions at smaller chains have been consistent throughout the season due to less sensitivity about who is being supported. Media advertising has begun with the new California Tao Lee commercial featuring California Governor Shwarzenegger.

### Holidays/ Festivals

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

## Taiwan

The third wave of TV ads began on August 1 and will conclude August 19 to support the California Tao Lee promotions during Ghost month. In addition to the TV commercial, CTFA representatives will be conducting over 150 demonstration days in August to share the sweet and juicy taste of California Tao Lee with consumers.

## Singapore

Seventy retail stores will be conducting in-store sampling promotions of peaches, nectarines, and plums and will conclude in July. Results from in-store promotions revealed a 100 percent increase in sales compared to the non-promotion periods.

### Holidays/ Festivals

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

## New Zealand

The winner of the "Hot Holiday Competition" will be announced this week. 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	56-64 vf	19.17	0.95
	Nectarines	CWM	62- 70vf	18.96	1.18
	Plums	CUG	90 vf	18.86	1.19
	Peaches	MX	22 lb.	17.46	1.26
	Apple	W A,MX,	88-135	25.02	0.89
	Kiwifruit	Chile	22 lb.	18.88	1.18
	Strawberries	CA,MX	12 lb.	13.21	2.25
	Table-grapes	MX, Chile	18-20 lb.	10.41	1.18
	Plums	MX	18 kg	7.84	0.93
Hong Kong	Peach	CWM	48-64	14.03 - 25.97	0.26 - 2.05/pc
	Peach SW	CWM	15 - 24/ 1 lyr	49.35 - 54.55	0.57 - 3.21/pc
	Nectarine	CWM	48-64	13.63 - 18.18	0.26 - 1.03/pc
	Plum	CWM	35-50	15.58 - 41.56	2.05 - 3.85/lb
	Prune	CWM	28 lbs	52.60 - 62.34	1.92 - 3.59/lb
	Peach	China	64-88	14.29 - 16.88	0.16 - 0.45/pc
	Apple	W A, China	32-100	12.99 - 19.48	0.26 - 0.51/pc
	Cherry	CA	28 lbs	55.84 - 71.43	3.33 - 4.49/lb
	Lychee	China	28 lbs	13.64 - 15.58	1.03 - 1.92/lb
	Orange	USA	56-113	9.74 - 19.48	0.16 - 0.51/pc
Taiwan	Peach sw	CWM	15-25/lyr.	27.15-41.53	0.57-4.79/pc.
	Nectarine sw	CWM	56-72	23.96-30.35	0.38-1.28
	Plum	CWM	24-50	19.17-30.35	0.32-0.79
	Prune	CWM	60-80	23.96-41.53	0.67-1.11
	Peach	Taiwan	24-36/lyr.	9.58-19.17	0.26-1.28/pc.
	Peach	Japan	13-15/lyr.	51.12-86.26	3.83-6.39/pc.
	Apple	CH	56-125	25.64-57.64	0.64-1.12
	Cherry	W A	20lbs.	63.89-70.28	3.63-4.84/lb.
Singapore	Peaches SW	CWM	18/ 1yr	28.75	2.19 pc
	Peaches SW	CWM	42 /2lyr	26.25	0.75 - 0.94 pc
	Nectarines	CWM	56 /2lyr	25	0.94 pc
	Nectarines	CWM	64 vf	21.88	0.63 pc
	Plums	CWM	50-55	20	0.19 pc
	IS Plums	CWM	45-50	39.75	5.63 kg
	Prunes	CWM	80	52.5	5.63/kg.
	Peach	Israel	4x 1kg	11.03	3.47/kg
	Donut peach	W A	44 /2lyr	40	1.25 pc
	Cherries	USA	101/2	53.13	8.13 kg
	Grapes	California	8.2kg	28.13	3.69 kg
	Mango	India	12	12.5	1.25 pc
	Apple	China	88	15	0.32 pc
Malaysia	Peaches	CWM	56-64 vf	21.0-25.0/carton	1.2-1.5/pc
	Nectarines	CWM	62- 70vf	21.0-25.0/carton	1.2-1.5/pc
	Apple	W A,MX,	88-135	18.0-23.0/carton	0.45-0.58/pc
	Plum	CWM	60-74	17.5-20.5/carton	2.4-3.7/lb.
	Peach	China	70	25.0-29.0/carton	1.7-2.2/punnet
	Papaya	Mal, China	11	0.13-.022/lb.	0.15-0.29/lb.
	Lychee	China	18lb.	0.2-0.6/lb.	0.9-1.2/lb.
	Grapes	Australia	22lb.	7.5-12.2/lug	0.95-1.05/lb
	Orange	USA	32-45	16.0-18.5/carton	0.19-0.42/pc
Thailand	Peaches	CWM	18/1lyr	30.0-37.5	2.87-3.75/pc
	Nectarines	CWM	-	-	-
	Black Plums	CWM	55-45	62.50-70.0	8.75-9.97/kg
	Red Plums	CWM	55-45	55.0-62.5	6.25-8.75/kg
	Prune	CWM	100-120	57.5-62.5	7.37-9.87/kg
	Apple	NZ	18/2lyr	8.75-12.5	0.6-0.97/pc
	Grape	USA	10/kg	22.5-45.0	4.72-9.97/kg
	Lopngan	Thailand	10/kg	4.0-4.5	0.75-0.97/kg

Country	Fruit	Grade/Origin	Size/Count	Wholesale Price US\$	Retail Price US\$
Japan	Fuji Apple	Jpn	10kg.	18.91-75.67	1.47/pc.
	Peach	Jpn	5kg.	18.91-28.37	1.78/pc.
	Cherry	Jpn	200g.	7.56-18.91	5.00-7.00/pack
	Delaware Grape	Jpn	300g.	10.81-15.13	1.24/cluster
	Watermelon	Jpn	15kg.	14.71-34.34	2.68/1/6 cuts
	Melon	Jpn	1kg.	2.36-2.83	4.65/pc.
	Plum	Jpn	700g.	4.42-6.38	4.48/8pcs.
New Zealand	Peaches	CW M	56-64 tray	\$20	\$1.23 - \$1.54
	Peaches	CW M	56 - 64 vf	\$20	\$1.23 - \$1.55
	Peaches sw	CW M	56 - 64 tray	\$19	\$1.23 - \$1.56
	Plums	CW M	vf	\$18.36 - \$25.7	\$1.54 - \$2.14
	Pluots™	CW M	vf	\$18.36 - \$25.16	\$3.08
	Nectarine	CW M	56-64 vf	\$11	\$1.54 - \$2.14
	Nectarine sw	CW M	56-64 vf	\$15	\$1.54 - \$2.15
	Apple	NZ	88-135	\$13.60 - \$27.20	\$0.92 - \$1.23
	Kiwifruit	NZ	9.09 lb.	\$5.44 - \$12.24	\$0.92
	Table-grapes	California	18-20 lb.	\$31	\$1.54 - \$3.08
Bananas	Equador	8.18 lb	\$12.24 - \$18.36		
Central America (Costa Rica)	Peaches	CW M	61-72 vf	19.00-28.00	1.10-2.46/lb
	Nectarines	CW M	61-67 vf	19.00-28.00	1.26-1.90/lb
	Plums	CW M	45-72 vf	31.00-33.00	0.96-2.66/lb
	Apple	W A, CH	80-198	18.00-27.00	0.52-2.37/lb
	Kiwifruit	CH	22 lb.	25.00-28.00	1.39-2.12/lb
	Strawberries	CR	12 lb.		1.00/lb
	Grapes	MX, CA	18-20 lb.	27.00-32.00	1.80-1.88/lb
	Peaches	Spain	45-50	23	1.51/lb
	Plums	Spain	70	25	2.44/lb
	Orange	CH, Peru			1.05 -1.25/ lb
	Pear	ARG	70-90	25.00-35.00	1.74-2.20/lb
	Venezuela	Peach	N/A	N/A	N/A
Nectarine		CW M	64-72	32.55	3.72-6.00
Plum		CW 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	16.50-22.00	1.35-2.4
Grapes (R. Globe)		Chile	8.2-Kg. Box	26.00-27.00	3.50-4.50
Grapes		Ven	18-Kg. Box	20.23-26.04	2.30-4.65
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	21	4.50-5.00
Kiwifruit		Chile	10-Kg. Box	N/A	4.00-4.80
Mango		Ven	25-Kg. Box	11.62-13.95	0.81-0.83
Colombia		Peach	N/A	80	25.82
	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	CW M	N/A	18
Nectarine		CW M	N/A	18	2.03-2.89
Peach		Perú	150	10.00-12.00	1.00-1.5
Legend	CW M	CA Well Mat®		MX	Mexico
	USM	US Mature		Aus	Australia
	CUG	California Utility Grade		NZ	New Zealand
	Ven	Venezuala		Phil	Phillipines
	CH	Chile		Thai	Thailand
	W A	Washington		Mal	Malaysia