



MARKET NEWS FROM CTFA REPRESENTATIVES AROUND THE WORLD

August 19, 2005

Marketing programs continue in all significant international markets which are importing California peaches, plums, and nectarines. One of the smaller crops in recent years for California stone fruit has presented some challenges for the International trade, but overall demand remains good. Some quality issues have arisen after the California heat wave, but most concerns continue to evolve from short supplies and strong prices.

## Current News

### **US Secretary of Agriculture Mike Johanns visits New Zealand**

While no progress was made with regards to a formal Free Trade Agreement, U.S. Secretary of Agriculture Mike Johanns and New Zealand's Minister of Agriculture Jim Sutton expressed continued support for strong relations between New Zealand and the United States. At the reception, attended by CTFA representatives, the Secretary expressed the Bush Administration's desire for significant agricultural subsidy reform in the 2007 Farm Bill. U.S. Undersecretary of Agriculture J.B. Penn and FAS Administrator Ellen Terpstra also attended the reception. The California Tree Fruit Agreement provided an extremely well-received drink, the Bellini, which consisted of fresh California peach puree and New Zealand sparkling wine. Discussions regarding access for California stone fruit in Australia and China were also held during the event.

## Updates

### **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. Please contact CTFA or the California Grape and Tree Fruit League for further information.

### **California plums and Chinese fragrant pear negotiations delayed until December**

While originally scheduled for September, the meetings have been delayed until December. China continues to be full of promise and totally frustrating. CTFA will continue to monitor this issue.

# Market Reports

## Mexico

Market reports from Mexico during the last two weeks found an improvement in the overall quality, but some issues still exist. It is not a coincidence that the good quality of recent peach shipments were accompanied by very few examples of peaches being fumigated. Nectarines continue to be susceptible to fumigation and quality is more mixed. Four different varieties of plums can be found throughout Mexico including Friars, Black Ambers, Fortunes, and Santa Rosas. The consistency and eating quality have driven consumer demand for California plums.

In terms of competition, California nectarines make up 100 percent of the market, with plums at 70 percent, and California peaches making up 40 percent of all peaches in Mexico. Moscatel plums are smaller and do not taste like California plums, so it is hard to consider them direct competition. Chihuahua and Zacatecas peaches can be found at lower prices, which appear to be the primary factor driving demand.

## Hong Kong

A typhoon hit Hong Kong at the beginning of August and heavy rains have followed. The result of the wet weather was a decrease in market activity throughout the traditional wet markets. Similar to the beginning of this marketing season, wet weather has hurt sales activity. There are adequate supplies of California Tao Lee in both supermarkets and wet markets, with pluots and red plums being the most popular. However, supply of black plums has fallen in the past two weeks. Sugar plums were common in the market, and some retailers offered large green pluots (also known as "Flavor Green") at premium prices. Other pluots (e.g. Dapple Dandy) and yellow peaches were very well-received by consumers, as they commented these fruits as crunchy, sweet, and juicy. Fortune plums were widely available with good quality. New shipments of California prunes arrived recently.

Apart from Chinese small peaches and nectarines, prunes from China were found recently in the market providing additional competition for California Tao Lee. These prunes were much smaller in size and the texture was harder. Longans from both Thailand and mainland China were widely distributed, and watermelons remained a popular choice.

## Taiwan

Local fruit supplies were damaged yet again with heavy rains during the last two weeks. Record high prices for these fruits and minimal supplies have provided excellent opportunities for California Tao Lee. Supermarkets and hypermarket chains visited during the last two weeks found mostly medium to small size fruit. This is mainly due to the short supply in California which makes the popular larger sizes available but at a premium. The trade was pleased with the overall quality of this year's crop, and sales performance has been very good. Aggressive promotions were running up to August 19<sup>th</sup> which is the most important day during the Ghost Festival. The major concern among the trade was whether supplies of California Tao Lee would continue to be unstable, and whether there would be enough fruit for the traditionally strong Moon Festival period. Many imported fruits were also selling well during the last reporting period, but the ridiculously high prices for Japanese peaches makes them a direct competitor in name only.

## Singapore

Reports from the trade in Singapore found a slight increase in quality issues during the last two weeks from sea shipments. Some white flesh peaches and nectarines have arrived softer than usual and with a reduced shelf life. Some plums arrived with very poor quality. Still, four mixed containers of California plums, prunes and nectarines arrived since the last market report. Retailers continue to offer four or more varieties of plums and prunes, and the wet markets have three or more varieties of plums, prunes, and nectarines. In terms of competition, Israeli white peaches and Chinese honey 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

Forest fires in Sumatra, Indonesia led to a very dense haze which drifted over the Klang valley of Malaysia during the last week. Port Klang receives all sea shipments and the Klang valley is the most important market center. The Malaysian government advised against going outside because air quality was fluctuating between unhealthy and hazardous levels. Many businesses, offices, and schools were temporarily closed, along with governmental authorities advising people to avoid going outside. This has had a clear impact on sales of fresh produce, including California peaches, plums, and nectarines. Despite this setback, the trade has indicated that shipments are continuing to arrive, but all hope that the haze soon lifts so normal business activity can resume.

## Thailand

The last two weeks in Thailand have shown a marked improvement over the previous reporting period. Supplies of California peaches, plums, and nectarines have increased. Kelsey plums were sighted for the first time in the Thai market in quite some time. The quality of all fruit seen in the market has been excellent, especially peaches and sizes have been larger than average. Increased competition has apparently led to a decrease in retail prices, and the trade expected strong consumer demand during the Chinese festival on August 19<sup>th</sup>. No Chinese peaches were found during the last two weeks, but Thai longans, California table grapes, New Zealand kiwi fruits and apples, and Australian apples and avocados.

## New Zealand

The season in New Zealand has slowed down over the last few weeks. Where the reports have been generally positive from the beginning of the season, the reports from the trade regarding the most recent shipments have been mixed. One importer is pulling out of the market completely, another stopped shipping four weeks ago, but another importer expressed no intention of halting his shipments. This particular importer wants to continue importing multiple varieties of California peaches, plums and nectarines. The difference in opinion among the trade comes down to quality of arrivals. Some have expressed concern about the hot spell in California and have attributed the quality problems to the weather. However, the California peaches, plums, and nectarines found in retail outlets in Auckland and Hamilton over the weekend appeared to be above average with very good eating quality. One retailer visited recently does not anticipate purchasing any more California peaches or nectarines, but should source some more plums.

## Central America Region

California peaches, plums, and nectarines can be found in each market, but the number of varieties displayed in the market is a function of price variability. The short crop in California only increased the variability of prices for California stone fruits. Importers have been increasingly reactive to the quick changes in prices. For example in Honduras, a quick drop in market price led one importer to secure shipments for the entire traditional market. Other local markets have had different degrees of success. Overall, the traditional market throughout the region has not performed as well as last year. In terms of competition, Spanish stone fruit has been found in Costa Rica, but reportedly this fruit is being sourced by one importer and only offered in one retail chain.

## 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 the end of August as peak supplies of California peaches, plums and nectarines can be found in all of our International markets.

## Hong Kong

Media advertising with the new California Tao Lee commercial featuring California Governor Schwarzenegger is nearly complete. Consumer surveys will commence next week to evaluate the new TV commercial and to assess the California Tao Lee brand.

### Holidays/ Festivals

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

## Taiwan

Consumer surveys are to begin before the end of the month. The third wave of TV ads concluded August 19 in support of California Tao Lee promotions during Ghost month. In addition to the TV commercial, CTFA representatives will be conducting over 400 merchandising visits in August to monitor fruit handling and displays, and to assess 2005 marketing efforts.

## Singapore

### Holidays/ Festivals

- 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

Country	Fruit	Grade/ Origin	Size/Count	Wholesale Price US\$	Retail Price US\$
Mexico	Peaches	CWM	56-64 vf	19.65	1
	Nectarines	CWM	56-72vf	22.01	1.2
	Plums	CWM	50-80 vf	18.71	1.29
	Peaches	MX	48-56/17 kg	18.08	1.1
	Apple	WA,CH	88-135	20.6	0.94
	Kiwifruit	Chile	22 lb.	19.34	1.28
	Strawberries	CA	12 lb.	12.11	1.42
	Table-grapes	MX, Cal	18-21 lb.	13.99	1.2
	Plums	MX	18 kg	8.01	0.85
Mangoes	MX	25 kg	17.92	0.34	
Hong Kong	Peach	CWM	48-64	14.03 - 28.57	0.32 - 1.43/pc
	Peach SW	CWM	15 - 24/ 1 lyr	45.45 - 51.95	0.55 - 3.21/pc
	Nectarine	CWM	48-64	13.63 - 18.83	0.32 - 1.17/pc
	Plum	CWM	35-50	15.58 - 41.56	1.03 - 3.12/lb
	Prune	CWM	28 lbs	50.65 - 59.74	2.34 - 3.38/lb
	Peach	China	115-125	8.44 - 9.74	0.19 - 0.32/pc
	Apple	WA	110-140	11.03 - 12.99	0.26 - 0.51/pc
	Cherry	CA	28 lbs	58.44 - 79.22	3.33 - 4.68/lb
	Longan	China	30 lbs	14.29 - 15.58	0.91 - 1.17/lb
	Orange	USA	72-113	14.03 - 16.23	0.19 - 0.58/pc
Taiwan	Peaches	CWM	15-25/1 lyr	27.15-41.53/box	0.57-4.79/pc
	Nectarines	CWM	56-72/vf	23.96-30.35/box	0.38-1.28/pc
	Plums	CWM	24-50/vf	19.17-30.35/box	0.32-0.79/pc
	Prunes	CWM	60-80	23.96-41.53/box	0.67-1.11/pc
	Peaches	Local	24-36/ 1lyr	9.58-19.17/box	0.26-1.28/pc
	Apples	NZ	88 - 100	27.24-51.28/box	0.64-0.96/pc
Singapore	Peaches SW	CWM	18/ 1yr	30	2.19 pc
	Peaches SW	CWM	42 /2lyr	26.25	0.94
	Nectarines SW	CWM	56 /2lyr	25	0.94 pc
	Nectarines SW	CWM	64 vf	21.88	0.47 - 0.63 pc
	Plums	CWM	50-55	18.75	0.15 pc
	IS Plums	CWM	45-50	39.75	5.63 kg
	Prunes	CWM	80	53.13	4.31 kg
	Peach	Israel	4x 1kg	11.03	3.47/kg
	White nectarine	China	900g	1.41	1.84
	Donut peach	WA	44 /2lyr	40	1.25 pc
	Cherries	USA	101/2	53.13	8.13 kg
	Grapes	California	8.2kg	22.5	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	1.1-1.5/pc
	Nectarines	CWM	62- 70vf	21.0-25.0/carton	1.1-1.5/pc
	Apple	WA,MX,	88-135	18.0-23.0/carton	0.45-0.58/pc
	Table-grapes	MX, Chile	18-20 lb.	23.0-25.6/lug	1.59-1.84/lb.
	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
	Apple	WA, China	32-100	26.0-31.0/carton	0.19-0.58/pc
	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.
Thailand	Peaches	CWM	18/1lyr	37.5-45.0	2.90-3.82/pc
	Nectarines	CWM	44	35.0-37.5	4.5-9.87/kg
	Black Plums	CWM	40-55	30.0-40.0	2.47-7.97/kg
	Red Plums	CWM	40-45	35.0-40.0	4.5-8.47/kg
	Green Plums	CWM	45	20.0-25.0	5.0-6.25/kg
	Prune	CWM	100-120	50.0-57.5	7.0-7.5/kg
	Avocado	Australia	20/1lyr	11.25-18.75	1.22-1.72/pc
	Grape	USA	10/kg	22.5-45.0	4.72-9.97/kg

Country	Fruit	Grade/Origin	Size/Count	Wholesale Price US\$	Retail Price US\$	
New Zealand	Peaches	CW M	56-64 tray	\$22	1.54 - \$2.46	
	Peaches sw	CW M	56 - 64 tray	\$19	1.54 - \$2.46	
	Plums	CW M	vf	\$23 - \$26	1.54 - \$2.46	
	Pluots™	CW M	vf	\$23	\$3.08	
	Nectarine	CW M	56-64 vf	\$17 - \$28	1.54 - \$1.85	
	Nectarine sw	CW M	56-64 vf	\$17 - \$28	1.54 - \$1.85	
	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.	\$29	\$1.54 - \$3.08	
	Bananas	Equador	8.18 lb	\$12.24 - \$18.36	\$0.60/lb	
Oranges	NZ/Aus	8.18 lb	\$14.6 - \$18.36	\$0.60/lb		
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	Nectarines	CW M	55-60 / 25 lb.	27.90-32.55	5.86-6.61
		Plums (Black Amber, Fortuna)	CW M	40-75 / 28 lb.	27.90-34.88	5.06-6.56
Peaches		Venezuela	30 kg.	27.90-41.86	1.63-1.85	
Peaches (Melocoton)		Venezuela	30 kg.	34.88-44.18	2.30-2.64	
Nectarines (Big Top)		Spain	55-60-65 / 25 lb.	25.58-32.55	4.04-4.64	
Plums (Black Amber)		Spain	50-60-72-80 / 28 lb.	27.90-32.55	4.15-4.65	
Apple		Chile	64-175 / 19 kg.	23.25-27.90	1.32-2.06	
Apple		W A	72-88 / 19 kg.	23.25-27.90	2.14-2.27	
Pear (Packham 's)		Chile	80-90-100 / 20 kg.	27.90-29.30	1.90-2.46	
Kiwifruit		Chile	Medium / 10 kg.	23.25-27.90	3.65-5.03	
Strawberries		Venezuela	5-10 kg.	8.37-9.30	1.74-2.08	
Table-grapes		Mexico, Chile	L, XXL / 8.2 kg.	38.13-44.18	7.37-8.72	
Table-grapes		Venezuela	8 kg.	4.65-5.39	2.32-4.18	
Mango		Ven	25-Kg. Box	11.62-13.95	0.81-0.83	
Colombia		Peaches	CW M	56-64 vf	24.21-25.94	2.09-2.23
	Nectarines	CW M	62-70vf	20.75-25.07	2.20-2.37	
	Plums	CUG	90 vf	26.80-28.10	1.77-2.44	
	Peaches	Spain	16 lb.	15.59	N/A	
	Apple	W A, MX,	80-125	15.99-16.42	0.64-0.72	
	Kiwifruit	Chile	22 lb.	12.9	1.20-1.26	
	Strawberries	CA, MX	12 lb.	N/A	N/A	
	Table-grapes	MX, Chile	18-20 lb.	N/A	N/A	
	Plums	Spain	16 lb.	22.96	N/A	
	Nectarines	Spain	16 lb.	16.03	N/A	
	Ecuador	Peaches	CW M	42-56 vf	22.00-24.00	2.62-2.84
		Nectarines	CW M	42-56 fv	22.00-24.00	2.81-2.94
		Plums	CW M	60 fv	23.00-25.00	2.84-3.15
		Peaches	Perú	150	10.00-12.00	1.00-1.50
	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	