

MARKET NEWS FROM CTFA REPRESENTATIVES AROUND THE WORLD

## July 16, 2007

As we progress into mid July we are now seeing more choices of California PPN in the marketplace, from white flesh peaches and nectarines, to a variety of red and black plums. Overall reviews of California PPN continue to be glowing, specifically the quality and taste. Though the erratic weather in some parts of the world has slowed fruit sales, we are anticipating a boost over the next month as additional summer promotions get underway. After starting July off with unbearable temperatures, reaching over 110 degrees Fahrenheit, we are now seeing more pleasant temperatures in the low to mid 90s.

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 Sarah Alvernaz [salvernaz@caltreefruit.com](mailto:salvernaz@caltreefruit.com) or Gordon Smith at [gsmith@caltreefruit.com](mailto:gsmith@caltreefruit.com).

### Current News

#### **United States and Panama Sign Trade Promotion Agreement**

On June 28, the United States and Panama signed the U.S.-Panama Trade Promotion Agreement (TPA). Upon implementation of the Agreement, U.S. exporters will receive duty-free treatment on products, with most remaining tariffs phased out over a fifteen year period. Examples of products that will receive immediate duty-free treatment include: oranges, peaches, cherries, pears, plums, prunes, grapes, raisins, watermelons and apples. The TPA was ratified by the Panamanian government last Wednesday and now awaits U.S. Congressional approval.

#### **United States and the Republic of Korea Sign Landmark Free Trade Agreement**

On June 30, the United States and Korea signed an historic free trade agreement that will expand bilateral trade and create new economic opportunities in both countries. The KORUS FTA, now awaiting Congressional approval, will create new export opportunities by eliminating and phasing out tariffs and quotas on a broad range of products. Under the agreement, nearly two-thirds of Korea's agriculture imports from the United States will be immediately duty-free. Most remaining tariffs and quotas will be phased out over the first ten years the agreement is in force. No phytosanitary work plan currently exists for California PPN to Korea, but will be required before the first shipment.

#### **Light Brown Apple Moth Update**

According to the California Department of Food and Agriculture the light brown apple moth, an invasive species native to Australia, has recently been detected in Solano and Los Angeles counties, adding to the nine previously infested Bay Area and Central Coast counties. Regulatory efforts are directed at wholesale nurseries, retail nurseries, and community and school gardens. Trapping and surveying will continue throughout the state to safeguard against any further spread of this pest. To date, there are no commercial stone fruit orchards in the affected counties.

## Market Reports

### Mexico

Peaches continue to be the leader in sales volumes and imports amongst California PPN, followed by plums and then nectarines. The trade continues to comment on the exceptional quality, color and size of California peaches. Retailers have reported great sales movement, even now when in some stores California peaches are sharing display space with local peaches. Plums have also been very well received by consumers, and the trade. Red varieties are the major offering at the moment, so the arrival of black plums is anxiously awaited. Other competitors include apricots (both California and Washington), and mangoes.

### Hong Kong

California Tao Lee is now available throughout the market, including gourmet stores, traditional street hawkers and supermarkets. There is an abundant supply of California plums, including red and black, with good quality. Supplies of California nectarines are also good, but peaches are only in limited volumes. This is sure to change as more shipments of California Tao Lee arrive weekly by air and sea. In terms of competition, Chinese peaches and nectarines can be found in the market but have below average quality. Summer favorites in the region include lychees, longans, mangoes and watermelons.

### Taiwan

Weather continues to be a factor slowing movement of fruit sales, including California PPN. Following the heavy rains, hot weather is now taking its toll on both sales and fruit quality. Local competition continues to be strong, especially as the Taiwan Agriculture Council launched its consumer campaign which runs from July 1 through October 31. During the period for every NT\$200 of local fruits purchased consumers receive 1 of 30 jigsaw magnets which make-up a Taiwan shape, along with registering online for a chance to win prizes. In addition, many county governments are hosting special peach promotional events. However, in spite of the local push, 3 retailers held an American Week promotion at the beginning of July, displaying large volumes of PPN in optimum locations of the store. Along with the in-store display the retailers placed ads and direct mailings to promote the activity. Japanese peaches also arrived in the market adding to the competition for California PPN.

### China

Chinese stone fruit continues to dominate the market, specifically Chinese plums. Some Chilean plums can still be found but are now phasing out as quality is continually decreasing. In the Guangzhou market, local seasonal fruits like lychee and watermelon continue to dominate. As for imported fruits, grapes and oranges were reportedly selling well. Still no significant volumes of California Tao Lee in the market, however several shipments were reported to depart for mainland China in the past few days, with more expected.

### Singapore

California PPN volumes are increasing with more shipments arriving weekly. According to the trade all shipments of California plums are arriving firm and above average in quality. Distribution of California PPN is improving as a result of more imports and confidence amongst the trade. In terms of competition, Chilean and Australian plums are out of the market at this time; however California PPN now faces direct competition from Chinese peaches, plums and nectarines. Although feedback received has been that the Chinese fruits lack the sweet juicy taste of California PPN.

## Malaysia

Overall the trade continues to be thrilled with the quality of California peaches, plums and nectarines and is looking forward to coming shipments. California peaches and nectarines can now be found in supermarkets in both the market center as well as secondary cities, along with some wet markets- despite the relatively higher prices. Currently California peaches and nectarines are dominating the market, but soon Chinese peaches are expected to arrive which will add to the competition. As for competition with plums, there are still limited quantities of Chilean plums in the market and Chinese plums are expected to arrive towards the end of July. However, as more air and sea shipments of California plums arrive it is expected that they will dominate displays in the retail outlets by August.

## Thailand

On Monday, July 9 the Thai baht rose to a 10 year high of Bt33.90, mainly due to foreign capitol inflows. Exporters are urging the Bank of Thailand to intervene to slow the baht's appreciation. There are concerns that the baht's appreciation may quietly lead to other financial crises. Thus Thai's financial situation is ultimately influencing consumer spending, only affording the purchase of necessary items. Though on a positive note, consumer feedback of California PPN has been good. In fact, consumers are even asking for smaller sized peaches and nectarines, therefore importers are switching orders to smaller sizes from the larger ones. More California plums have arrived in the market, reporting good appearance, texture and taste. In terms of competition, all Australian stone fruit is out of the market, and Chinese peaches have yet to arrive. The only indirect competition is from local lychee and longan, as well as imported apples and grapes.

## Indonesia

California PPN can still be found in most high end supermarkets and specialty retailers. Both white and yellow flesh peaches and nectarines are being marketed, along with multiple varieties of California plums. Chilean plums continue to be the main competition, as well as Chinese peaches but in limited quantities. Feedback of California PPN continues to be favorable, commenting on size, and consistency. More imports are expected to arrive this week.

## United Kingdom

Unusual and erratic weather continues in the UK, with severe weather warnings issued on July 9. As mentioned in the last International Market Report the unfriendly weather has lead to a dip in traditional summer fruit sales. Limited supplies of California PPN can still be found at some leading retailers, in particular California white flesh peaches and donut nectarines, but beyond that European stone fruit has officially taken over. Spanish peaches and nectarines are receiving mixed reviews. Retailers are reporting good quality and variety, whereas the wholesalers are not so pleased. Plums though are reporting with good consistency across the board. Of the California PPN making its way into the market, reports are the quality is as excellent as it has been all season.

## New Zealand

The harsh weather continues in the region, with recent tornadoes ripping through the Northern region and a state of emergency declared in the New Plymouth district after a series of tornadoes left thousands without power and homes severely damaged. On the South Island, central regions remain cut off with roads closed due to snow storms. The severe weather has definitely affected all sales, not just the sales of California PPN. Nonetheless, of the California PPN found in the market, reports are that the fruit quality is good and eating fantastic.

## Central America Region

Throughout the region California PPN can be found, but at lower volumes than reported last year at this time. However large shipments have arrived in the past week thus improving volumes. Local peaches continue to be a competitor in the market, with peaches from Guatemala and Honduras reporting good quality and lower prices than imported fruit. However, California plums have the advantage over local plums as they are reporting to be low in quality and only available in small sizes. California PPN arrivals are now more constant and in larger volumes, arriving in mixed containers.

## South America

To date, consumer responses to California peaches, plums and nectarines have been favorable with retailers pleased with sales movement. Retailers, specifically in Colombia, have been using proper handling techniques to maximize sales potential with excellent results. In addition to the more frequent rotating, displays of California PPN have been very attractive and strategically placed; allowing for optimum sales potential. In Ecuador, Chilean plums continue to have a strong presence resulting in lower volumes of California plums, even though Chilean plums are reported to have very poor appearance and an acid taste. Peruvian peaches can also be found in open markets in Ecuador. In Venezuela, mixed containers of California peaches, plums and nectarines have been arriving every other week. Local Venezuelan stone fruit continues to be a major competitor, in addition to Chilean plums found in 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.

## Mexico

Two technical seminars were held in Guadalajara and Mexico City with 40 participants ranging from wholesalers and retailers. Agenda items included handling, storage, transportation, and warehouse storage.

## Hong Kong

After a series of seminars, retailers are acknowledging the benefit to proper handling and storage of California Tao Lee and have placed more of an emphasis on proper handling procedures. The ad campaign launched on June 15, continues with ads in 6 leading lifestyle magazines: *Next*, *Eastweek*, *TVB Weekly*, *Oriental*, *Three Weekly*, and *Eat & Travel Weekly*. The media campaign will also feature TV advertising to be conducted during July and August, and newspapers advertising will be featured through September.

## Taiwan

The second wave of TV advertising will continue through July 16-27, supporting the sales of California Tao Lee. Also in July a sponsored campaign promoting California Tao Lee will kick off in one retailer later this month.

## China

Retail training seminars, with leading retail chains were conducted and the end of June and will continue throughout July.

## Singapore

The CTFA Trade Education Seminar held on June 29 at the Grand Hyatt Hotel hosted more than 90 retail representatives and importers. This included fifteen more participants than were originally registered to attend. The seminar covered the proper handling, storage, and merchandising of California peaches, plums and nectarines. Participants also received great tasting samples, as well as POS material to take back and display. For July, many in-store sampling promotions are scheduled, as well as a 10 school sampling, and a few public samplings in conjunction with scheduled healthy lifestyle events.

## United Kingdom

In early July, 2 press releases were sent out to over 300 women's, family and sporting publications. The press releases highlighted two recipes, 'healthy oat, peaches and cream muffins' and the 'tangy peach sorbet'. The recipes are anticipated to provide good coverage as they highlight the versatility, flavor and healthy benefits of California peaches, plums and nectarines.

## New Zealand

In store samplings have kicked off with a hit, sampling fresh fruit because of the great quality instead of the traditional cooked recipes- which for peaches this is something that has not happened in years. Also, kicked off on July 9 is the "Win a holiday for Four to the Gold Coast" promotion.

## CAM

In store promotions have started in supermarket chains and stores that have significant fruit volumes. Demonstrators are sampling the fruit as well as handing out recipe brochures. Also, consumer advertisements were placed in Costa Rica and Guatemalan specialized magazines, which will run over the next two months.

## South America

In store promotions will take place throughout July in conjunction with 6 retail chains, in over 35 stores throughout Colombia.

Country	Fruit	Grade/ Origin	Size/Count	Wholesale Price US\$	Retail Price US\$
Mexico	Peaches	CA	50-64-72-80 vf	16.55	1.1
	Nectarines	CA	64-72vf / 25 lb	15.55	0.93
	Plums	CA	50,70-80 vf/ 28 lb	16.49	1.1
	Apricot	CA	10,12/ 24 lb.	17.51	0.91
	Peaches	MX	22 lb	11.72	0.82
	Apple	WA,MX	100-125-135	29.69	0.91
	Kiwifruit	Chile	22 lb	13.70	1.01
	Strawberries	CA	12 lb	12.46	2.16
	Strawberries	MX	19.2 lb	8.04	0.53
	Table-grapes	Chile	18-20 lb	12.73	1.18
	Mangoes	MX	25 kg	19.56	0.55
	Plums	MX	18Kg	14.03	0.74
	Pears	Arg	36-44 lb	29.79	0.97
Hong Kong	Peach	CA	15 - 56	18.18 - 37.66	0.58 - 2.90/pc
	Nectarine	CA	44	31.16 - 38.96	0.58 - 1.55/pc
	Plum	CA	40 - 110	15.58 - 20.78	0.32 - 1.03/pc
	Cherry	USA	20 - 28 lbs	38.96 - 45.45	2.07 - 4.15/lb
	Peach	China	70 - 88	12.98 - 15.58	0.25 - 0.52/pc
	Watermelon	Taiwan	2	4.94 - 8.05	0.19 - 0.45/lb
	Apple	WA, China	40 - 100	15.58 - 23.37	0.19 - 0.52/pc
	Orange	USA	45 - 88	20.77 - 36.36	0.25 - 0.71/pc
Taiwan	SW Peach	CA	16-20/Lyr	21.2-35.1	0.9-2.1/each
	SW Peach	CA	56-72/Vf	21.3-25.9	0.3-0.5/each
	Donut Peach	CA	17-18/Lyr	24.6-30.5	0.9-2.1/each
	SW Nectarine	CA	56-72/Vf	18.3-24.6	0.3-0.5/each
	SW Nectarine	CA	72/Vf	36.7	0.3-0.5/each
	Plum	CA	45-65/Vf	30.5	0.3-0.5/each
	Plum	CA	55-60/Vf	24.6	0.3-0.5/each
	Peach	Japan	12-15/box (4kg)	54-73	6-8/each
	Peach	Taiwan	5-8/box (1.5kg)	6.1-10.7	0.7-2.1/each
China- Shanghai	RED PLUM	CHILE	48(+2),9KG	25.00--28.75/BOX	3.00---3.50/500G
	RED PLUM	CHINA	BULK PACK	0.94--1.19/500G	2.10---2.35/500G
	BLACK PLUM	CHINA	BULK PACK	0.36--0.39/500G	0.58---2.25/500G
	PLUM	CHINA	BULK PACK	0.26---0.33/500G	0.45---0.65/500G
	PEACH	CHINA	BULK PACK	0.13---0.15/500G	0.48---0.65/500G
	NECTARINE	CHINA	BULK PACK	0.34--0.44/500G	0.85--1.62/500G
	WHITE PEACH	CHINA	SMALL,48	13.75--14.38/BOX	0.89---1.32/500G
	WHITE PEACH	CHINA	BULK PACK	0.15---0.25/500G	0.45---0.81/500G

Country	Fruit	Grade/Origin	Size/Count	Wholesale Price US\$	Retail Price US\$
China-Guangzhou	NECTARINES	China	LARGE,70/75	11.18/500G	1.53-1.75
	NECTARINES	China	SMALL,BULK PACK	0.26/500G	0.45-0.65
	PEACH	China	SMALL,BULK PACK	0.26-0.63/500G	0.65-1.17
	PEACH	China	MEDIUM,BULK	0.75/500G	1.24-1.69
	RED PLUM	China	BIG,BULK PACK	0.97/500G,12.98/5	1.62-1.95
	RED PLUM	China	MEDIUM	19.74	
	BLACK PLUM	China	52/56	17.11/13.16	0.89-1.71
	BLACK PLUM	China	MEDIUM75	17.53	1.10-1.30
	BLACK PLUM	China	MEDIUM,BULK	0.40/500G	1.10-1.30
	GREEN PLUM	China	SMALL,BULK PACK	0.29/500G	0.39-0.46
United Kingdom	Nectarines	Israel	Loose fruit	N/a	0.78
	Nectarines	Spain	4 pack	600/4kg	3.98
	Nectarines	Italy	4 pack	674/4 kg	3.56 on offer
	Nectarines	Spain	4 pack	600/4kg	3.98
	Nectarines	Spain	Loose fruit	840/30	1.38
	Peaches	USA	4 pack	N/a	7.98
	Peaches	Spain	4 pack	600/4kg	4.98
	Peaches	Italy	4 pack	700/4kg	3.98 on offer
	Peaches	France	4 pack	600/4kg	4.98 on offer
	Plums	Israel	4 pack	1450/5kg	4.98
	Plums	Spain	6 pack	1100/5kg	2.98
	Plums	Israel	per kg	N/a	7.78
	Plums	Spain	per kg	1000/5kg	7.98
	Bananas	Costa Rica	per kg	N/a	1.18
	Mango	Guatemala	each	N/a	1.96
	Apricots	France	per kg	450 per kg	11.98
	Colombia	Peaches	CA	64	34.06 / 33.04
Nectarine		CA	64	31.52 / 30.50	2.55 - 3.89
Plum		CA	65	35.58 / 36.60	3.22 - 3.32
Plum		Chile	18 lbs	19.59 - 22.10	1.84 - 2.21
Kiwi		Chile			2.33 - 2.49
Apple		Chile	80- 150	33.51 - 33.63	1.35 - 1.41
Pear		Chile	70 - 100	18.02 - 20.60	0.90 - 1.00
Venezuela	Peach	Venezuela	N/A	N/A	2.60-3.06/Kg
	Peach	CA	25lb	30.00-35.00	5.00-6.25/Kg
	Peach	Venezuela	N/A	N/A	3.23-3.67/Kg
	Nectarine	CA	25lb	30.00-35.00	5.00-6.25/Kg
	Plum	Venezuela	N/A	N/A	3.97/Kg
	Plum	CA	28lb	30.00-35.00	5.00-6.25/Kg
	Plum	Chile	N/A	37.20	4.16-4.37/Kg
	Kiwi	Chile	N/A	N/A	6.00/Kg
	Apple (Red	Chile	64-72-80-88-100	27.90-46.51	1.95-5.53/Kg
	Packham's Pear	Chile	90-100-110	37.20-46.51	1.81-4.60/Kg

Country	Fruit	Grade/ Origin	Size/Count	Wholesale Price US\$	Retail Price US\$
<b>Ecuador</b>	Peach	Perú	90 u.	11.00-13.00/box	0.20 u.
	Nectarine	CA	22 lb	19,00-21,00/box	1,62-2,08/lb
	Orange	USA	47 u	45,00-47,00/box	1.50-1,80/lb
	Peach	CA	22 Lb	19,00-23,00/box	1,90-2.05/lb
	Plum	Chile	88/22lbs	19,00-20,00/box	1,30-1,36/lb
	Kiwi	Chile	22 lbs	13,00-16,00/box	0,87 - 0,97/lb
	Apple	Chile	125-160	15,00 - 20,00/box	0.65 - 0.70/lb
	Packam`s Pear	Chile	22 lbs	15,00-20,00/box	0.68 - 0.80/lb
<b>Central America</b>	Peach	CA	62-70	22.86-32.00	1.20-1.83
	Nectarine	CA	62-72	23.66-45.00	1.83-2.35
	Plum	CA	50-70	28.11-31.48	1.83-1.97
	Peach	CR, GT, HO	73-100		0.90-1.47
	Plum	CR, GT, HO	18 lbs	13.60-19.45	0.81-1.30
	Apples	WA, CH	64-182	23.00-40.00	1.30-1.70
	Pears	CH	120-130	28.00-40.00	1.68-1.75
	Grapes	CH, USA	18 lbs	13.91-19.2	1.15-1.65
	Kiwifruit	CH	18-22 lbs	25.00-27.60	1.28-2.07
	Mandarine	CH		21.08-26.04	0-79-1.37
	Orange	SP, PE	54	21.45-28.29	1.45-2.25
	Pomegranate	CL			2.85
	Lime	USA			1.45
	Grapefruit	CA			1.33-1.45
	Strawberries	CR			1.75-2.25
<b>Singapore</b>	SW Peach	CA	18	25.33	2.13 pc
	SW Peach	CA	40	43.33	1.67 pc
	SW Nectarine	CA	56 v/f	22.67	0.87 - 1.00 pc
	Donut Peach	CA	16 / 20	26.67	1.67 pc
	Prune	CA	80/90	57.33	8.60 kg
	Plum	CA	50 -55	26	016 - 0.27 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	45.33	8.6 kg
	Lychee	China	2 kg	3	3.66 2kg
	Strawberry	USA	8 x 454g	23.33	3.67 454g
	Grapes	AUS	10 kg`	37.33	3.27 kg
<b>Malaysia</b>	Plum	CA	55-60	23.52-28.25	0.17-0.52/pc
	SW Peach	CA	24-56	37.68-38.48	0.92-1.67/pc
	SW Nectarine	CA	24-56	37.68-38.49	0.92-1.67/pc
	Peach	CA	24-56	37.68-38.50	0.92-1.67/pc
	Nectarine	CA	24-56	37.68-38.51	0.92-1.67/pc
	Sugar Plum	CA	28lbs	66.66-68.11	5.77-5.89/kg
	Table Grape	Aus	9.5kg	20.28-22.10	2.55-2.79/kg
	Table Grape	Chile	10kg	17.39-20.28	2.08-2.38/kg
	Table Grape	CA	9.5kg	23.50-31.20	2.72-3.61/kg
	Table Grape	Egypt	4.5kg	12.18-13.91	2.45-2.98kg
	Apples	WA	60-175	26.08-33.33	0.17-0.63/pc
	Persimmons	Aus	38-42	38.25-41.20	0.64-0.84/pc

