



MARKET NEWS FROM CTFA REPRESENTATIVES AROUND THE WORLD

June 5, 2007

Supplies of Red Beaut plums should be available in all major markets as harvest is nearly complete, and Yummy@beaut will get underway this week competing with Black beaut for the major variety title late this period. Artic Star nectarines and Brittney Lane peaches will be the major varieties this week. Temperatures were in the low to mid 90's most of last week, with this week's temperatures beginning in the low to mid 90's with a dip into the upper 80's midweek.

Thank you for your interest in 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

Growers/Packers Reminded to Take Precautions on Shipments to Taiwan

According to the trade in Taiwan, the number of shipments fumigated has been increasing in the past two seasons. The majority of the fumigations have been on air shipments and due to detections of mites and thrips. All shippers are reminded to take extra pre-cautions to send clean fruit to Taiwan. It is imperative that all safeguards are taken to minimize the potential for detections and fumigations. Rough estimates to date indicate that over 75% of all early shipments this year were fumigated, with the percentage to 50% recently.

Costa Rica continues to struggle with CAFTA-DR

The Central American Free Trade Agreement (CAFTA-DR) has been ratified and implemented by all parties to the agreement with the exception of Costa Rica. Reports from the region indicate significant new foreign investments in ratified countries because of CAFTA, and concerns are beginning to mount that Costa Rica could be left behind. There is a new push in Costa Rica to take the issue of ratification before the voters. Supporters of the trade agreement feel a national referendum may be the best hope to overcome the political gridlock.

M&S Sets New Standards in Pesticide Reduction

The UK retailer Marks & Spencer furthers their plan to lead the industry on pesticide reduction. Marks & Spencer announced the addition of 10 more pesticides banned from touching all produce that enters their stores. In 2002 the retailer banned 60 pesticides and looks to add 9 more pesticides to their list by April 2009, totaling 79 pesticides. The 10 pesticides banned globally on May 10, 2007 by M&S include Carbofuran, Fenitrothion, Maneb, Methyl parathion, Permethrin, Simazine, Sulphuric acid, Trichlorfon, Tridemorph and Vinclozolin.

M&S has also added on to its "Field to Fork" piece, a document containing M&S Farm Environment standards. This document will now cover customer concerns about pesticide residues, pay and treatment of workers and food safety. The standards were designed, says M&S, to collect data and record improvements in performance on carbon footprint, water footprint and wildlife habitat efforts. In addition, the retailer will be creating an Expert

Group of Independent Pesticide Reduction Specialists to provide M&S farmers around the world with information on how to further reduce pesticide residues in the foods they sell.

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Market Reports

Mexico

Volumes of California peaches and nectarines are slowly starting to build in Mexico, particularly in Guadalajara. However, there exists plenty of local competition in Mexico City and Monterrey from Sonora peaches. Limited volumes of small peaches from Chihuahua could be found, in addition to some Michoacan and Puebla plums. The local stone fruits are certainly price competitive in comparison to the early season varieties from California. No significant volumes from California are available at the traditional markets yet, but the majority of retailers are offering California peaches and nectarines. Feedback on quality has been good to very good.

Hong Kong

The majority of early peaches and nectarines from California have been shipped by air in small quantities. Reports from the trade indicate that volumes should increase shortly with the availability of more varieties. High-end retailers and gourmet fruit stores are the principal retailers offering California peaches and nectarines, including donut peaches. The donut peaches continue to be popular with both the trade and consumers, and have been moving quite well. The quality of the early season offerings has been good. In terms of direct competition, small Chilean plums and small Chinese nectarines can be found in the wholesale and traditional wet markets; however their quality is below average. The large Chinese peaches found had average quality. Other fruits available at this time in Hong Kong include watermelons, mangoes, and cherries.

Taiwan

In terms of competition for California, the local peach harvest in Taiwan is currently peaking, and volumes will definitely surpass 2006 levels, with large sizes and good quality. Other local summer fruits, like mangoes, lychee, pineapples, and watermelons, have large volumes and very competitive prices. Despite the good supplies, the demand for fresh fruit was relatively weak during the reporting period. The trade is bringing in some California peaches and nectarines, but volumes have been only fair to date. The trade is looking forward to the availability of more varieties and larger sized fruit. Still, some retailers reported better movement on the smaller-sized fruit due to the early-season prices. Apparently, the Japanese trade has been moving aggressively to expand market share in Taiwan for their peaches. Taiwan is Japan's number one export market for peaches, but their primary niche has been the high-end boutique and worship market. No discernible increase in Japanese peaches was seen in the last two weeks, but the issue will continue to be monitored.

China

No California plums were found in any of the target cities in China during the reporting period. The only imported stone fruit found was Chilean black plums with variable quality. In Guangzhou, Chilean black plums had good size with better than average quality, despite their high prices. The trade indicated that sales movement was slow, and generally limited to upscale supermarkets and hypermarkets. Chinese nectarines, red plums, and white-flesh peaches are starting to show up in the various target cities with improved volumes. The trade reported that volumes of Chinese plums were not sufficient, and interest in California plums has been increasing.

Singapore

Volumes of California white-flesh peaches, donut peaches and nectarines continue to increase gradually in Singapore. According to the trade, early-season supplies and prices are not favorable at the moment for larger

volumes. Chilean plums can still be found in both the wholesale and retail markets, and a recent load of Australian plums was spotted as well. Some in the trade expect maybe a couple more shipments from Australia to arrive in the next few weeks.

Malaysia

The trade in Malaysia has been very pleased with the quality of the early-season peaches and nectarines shipped by air. Shipments are expected to increase in the coming weeks owing largely to the confidence of the trade. Both yellow and white-flesh varieties of peaches and nectarines are available in mainly supermarkets and hypermarkets in the major cities like Kuala Lumpur, although some supplies can be found in some secondary cities. California peaches and nectarines have no direct competition at the moment, because Chinese peaches and nectarines are not currently available. The first plums from California are not expected to arrive in Malaysia until late June due to the large supplies still available from Chile.

Thailand

No shipments were made during the reporting period, but feedback from the trade indicates that the start of the 2007 season in Thailand for California PPN is expected soon. Above average Australian plums are still available at both supermarkets and wet markets. The recent FTA between New Zealand and Thailand has resulted in more persimmons, kiwifruit, and apples because of the reduction in import duty. However, local tropical fruits are dominating the market (and consumer interest) at the moment, including rambutans, lychees, longans, and durians.

Indonesia

Small volumes of white-flesh peaches, nectarines, and donut peaches from California are available at upscale fruit boutiques in Indonesia. The trade has indicated the increased shipments are expected in the next few weeks due to greater demand from retailers. In terms of competition, Chilean black plums, some Australian red plums, and Chinese peaches and nectarines are available with only average quality. While the Chinese fruit in particular, has good size and appearance, the taste is not sweet enough.

United Kingdom

California PPN has been very well-received in the United Kingdom to date, and all three fruits are being featured in most leading retailers. The small early-season sizes have not been an issue, because eating quality and appearance according to the trade has been "exceptional". Due to the poor weather conditions in continental Europe this spring, California PPN is being featured more prominently this year compared to last. Stone fruits from Morocco, Egypt, and Italy are currently available in below average volumes, and Spanish supplies are expected to gradually increase over the coming weeks. The main indirect competition at the moment includes cherries (both imported and European) and strawberries.

New Zealand

At the end of the reporting period, there were still no arrivals of California peaches, plums, and nectarines. However, the first shipment is expected to arrive within 10 days. California cherries are currently available along with Chilean and Australian grapes. Local mandarins can also be found in good supplies and competitive prices.

Central America Region

The first peaches and nectarines from California have arrived in most Central American markets, and the trade expects significant increases in volume from California in the next few weeks. In terms of plums, Chile remains the dominant origin, but Costa Rican and Guatemalan plums are also widely available. The quality of these local plums is considered below average due to lack of size uniformity and appearance.

South America

The California PPN season has not started in Colombia, Ecuador and Venezuela yet, although the first shipment to Ecuador is expected before the end of the next reporting period. Import restrictions in Venezuela will continue to have an impact on California exports there for the foreseeable future. At this time, it appears nectarines have the best opportunity because importers will be allowed to use "Official Dollars", but not for peaches and plums. Not surprisingly, local peaches and plums are currently in peak supply. In Ecuador, local peaches and Chilean plums can be found but quality is only average to below average. Chilean plums can also be found in both Venezuela and Colombia.

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. Promotional programs have not begun in all markets, but POS materials have been printed and are being distributed. As shipments begin arriving more regularly and with typical quantities, marketing activities will commence in all markets, including both traditional/wet markets and supermarket/hypermarket chains.

Hong Kong

World Cancer Research Fund Hong Kong is celebrating its third Fruity Friday on Friday June 29, 2007. This is a major public awareness campaign to promote the importance of a healthy diet and in particular the consumption of fruit, to maintain all around good health and to protect against many common cancers. Targeting the general public, the 2007 campaign will put a special focus on corporate employees, primary schools and kindergarten students, as well as parents. There will be a press release sent out about the event as well as California Tao Lee information, including varieties, characteristics, nutritional benefits, etc.

Holidays / Festivals

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|----------------|---------------------------------------|
| • June 19 | Tuen Ng Festival |
| • July 2 | HKSAR Establishment Day |
| • September 26 | The day following Mid-Autumn Festival |
| • October 1 | National Day |
| • October 19 | Chung Yeung Festival |

Taiwan

The first wave of TV advertising will be scheduled to start June 18th to support the sales of California Tao Lee. Three waves of six week TV advertising will be conducted during June, July and August. Also, a newsletter with five issues will be sent out to targeted traders in Taiwan for the months of May-September. In the second half of May the first issue will be sent to 2,000 targeted traders.

Indonesia

Three retail chains will be running in-store demonstrations in the month of June. In-store demonstrations for California peaches and nectarines will be held in 15 outlets throughout Indonesia from June 15th thru the 30th.

New Zealand

In-store demonstration will begin in the month of June. Two recipes will be sampled, the California PPN salsa recipe created last year and the California plum smoothie created by Julie Le Clerc. A recipe booklet will also be given out during the in-store demonstrations.

Country	Fruit	Grade/ Origin	Size/Count	Wholesale Price US\$	Retail Price US\$
Mexico	Peaches	California	64-72-80 vf	19.73	1.53
	Nectarines	California	64-72 vf	26.12	2.07
	Peaches	MX	22lb	12.69	1.27
	Apple	WA,MX	100-125-135	25.09	1.08
	Kiwifruit	Chile	22lb	18.36	1.40
	Strawberries	California	12lb	13.31	2.05
	Strawberries	MX	19.2lb	6.87	1.71
	Table grapes	Chile	18-20lb	14.68	1.23
	Plums	Chile	18kg	13.30	1.40
	Mangoes	MX	25kg	13.97	0.75
	Plums	MX	18kg	9.64	0.81
	Pears	Arg	36-44lb	28.15	1.33
Hong Kong	Peach	SW	32 - 64	32.46 - 35.71	1.56 - 2.33/pc
	Peach	China	70 - 90	16.88 - 19.48	0.52 - 0.65/pc
	Plum	Chile	64 - 74	10.38 - 12.988	0.25 - 0.32/pc
	Grape	Au	18 - 21 lbs	19.48 - 25.32	1.56 - 2.37/lb
	Watermelon	TW	2	5.58 - 7.79	0.31 - 0.64/lb
	mango	Philiphine	32 - 55	10.38 - 18.83	0.25 - 0.32/pc
	Apple	WA	88 - 100	22.07 - 24.67	0.36 - 0.46/pc
	Orange	USA	56 - 72	28.57 - 36.36	0.39 - 0.74/pc
Taiwan	Peach	California	22-25 lyr	24-27	1.3-1.5/each
	Peach	California	56-64 (25lb)	30-34.5	0.45-0.7/each
	Peach	California	24-25 lyr	25-27	1.4-1.5/each
	Peach	Japan	5-6/box (2kg)	36-43.5	7.8-11.3/each
	Peach	Taiwan	5-8/box	9-10.5	1.4-1.7/each
	Plum	Chile	60	24	0.5/each
	Kiwi	NZ	18-33	12-14.4	0.3-0.5/each
	Apple	NZ	60-113	42-60	0.5-1.2/each
	Apple	Chile	64-113	45-60	0.5-1.2/each
	Apple	WA	64	60	1.2/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	0.42--1.13/500G	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	LARGE,40	13.75--14.38/BOX	0.45---0.81/500G
	WHITE PEACH	CHINA	SMALL,48	13.75--14.38/BOX	0.45---0.81/500G
	WHITE PEACH	CHINA	BULK PACK	0.15---0.25/500G	0.45---0.81/500G
China-Guangzhou	NECTARINE	CHINA	LARGE 67/70	11.69	1.53-1.75
	NECTARINE	CHINA	SMALL, BULK	0.71	1.04-1.58
	PEACH	CHINA	SMALL, BULK	0.78/500G	1.27-1.55
	PEACH	CHINA	SMALL, BULK	0.91/500G	1.55-1.95
	RED PLUM	CHINA	BIG,BULK	0.97/500G	1.62-1.95
	BLACK PLUM	CHILE	52/56/58	22.08/19.48/16.88	1.14-2.37

Country	Fruit	Grade/ Origin	Size/Count	Wholesale Price US\$	Retail Price US\$
United Kingdom	Nectarines	USA	Pack of 4	N/a	\$5.95
	Nectarines	USA	Loose fruit	N/a	\$1.17 per piece
	Nectarines	Spain	Pack of 5	\$8.55/4kg	\$3.96
	Nectarines	Spain	Pack of 10	\$9.95/6kg	\$5.95
	Peaches	USA	Pack of 6	N/a	\$5.75
	Peaches	Spain	Pack of 6	\$10.74/4kg	\$2.96
	Peaches	Morocco	Loose fruit	N/a	\$1.37
	Peaches	Eqypt	Loose fruit	N/a	\$0.95
	Plums	USA	500g	N/a	\$4.95
	Plums	USA	1kg	N/a	\$11.92
	Plums	USA	600g	N/a	\$5.95
	Plums	USA	pack of 4	N/a	\$3.96
	Plums	USA	500g	N/a	\$4.95
	Plums	Italy	500g	N/a	\$3.96
	Plums	Australia	500g	N/a	\$3.96
	Plums	Chile	450g	\$11.94/5kg	\$3.96
United Kingdom (other fruits)	Cherries	USA	P/kg	\$99.50/9kg	\$15.88
	Red seedless grapes	Chile	500g	\$12.23/4.5kg	\$3.36
	Bananas	Costa Rica	P/kg	\$21.89/18kg	\$1.35
Colombia	Peach	N/A	N/A	N/A	N/A
	Large Peach	N/A	N/A	N/A	N/A
	Peach	N/A	N/A	N/A	N/A
	Nectarina	N/A	N/A	N/A	N/A
	Plum	Chile	18 lbs	20.65 - 23.23	1.80 - 1.58/kg
	Kiwi	N/A	N/A	N/A	N/A
	Apple	Chile	80- 150	33.55 - 33.65	1.37 - 1.42/kg
	Pears	Chile	70 - 100	18.06 - 20.65	0.93 - 1.05/kg
Venezuela	Peach	Venezuela	N/A	N/A	1.62-1.81/Kg
	Large Peach	Venezuela	N/A	N/A	2.88-3.34/Kg
	Plum (Huesit)	Venezuela	N/A	N/A	3.02-3.20/Kg
	Plum	Chile	N/A	37.20	3.67-3.95/Kg
	Kiwi	Chile	N/A	N/A	4.93-5.06/Kg
	Apple	Chile	72-80-88-100- 113-125-138-150	32.55-39.53	3.49-3.81/Kg
	Pears	Chile	90-100-110	37.20-46.51	4.46-4.60/Kg
Ecuador	Peach	Ecuador	110 u	18.00-20.00caja	0.25 u
	Oranges	Ecuador	100 u	4,00-5,00/100	0,25/lb
	Oranges	USA	47 u	45,00-47,00caja	1.50-1,80/lb
	Apple	Chile	100-163	15,00-17,00caja	0,65-0,70/lb
	Plum	Chile	88/22lbs	19,00-20,00caja	1,30-1,36/lb
	Kiwi	Chile	22 lbs	13,00-16,00caja	0,87 - 0,97/lb
	Apple	Chile	125-160	15,00 - 20,00caja	0.65 - 0.70/lb
	Pears	Chile	22 lbs	12,00-15,00caja	0.60 - 0.71/lb

