

International Market Report

MARKET NEWS FROM CTFA REPRESENTATIVES AROUND THE WORLD

YTD Season Packout Totals

PEACH:	2,298.9
PEACH SW:	645.2
PLUM:	707.4
NECTARINE:	2,013.4
NECTARINE SW:	150.9

Taiwan

Steven Chu & Associates

GENERAL COMMENTS

Taiwan's economic situation became more stable after the election of the national president on March 20. Market demand for fresh fruits improved from the first quarter of the year when there were negative affects due to an outbreak of "SARS" virus in Mainland China.

The overall performance of the fresh fruit market was quite good compared to the same period last year. It was forecast by Taiwan authority that economic growth will exceed 5 % for 2004. This bodes well for potential sales movement of California Tao Lee this season.

MARKET SITUATION

Early varieties of California Summerwhite® peaches have been in the Taiwan market since mid-May but not in any great volume. Most traders indicated that the flavor and taste of those early supplies were not very good but they believed such attributes will improve for the peak season. According to several key importers, California Tao Lee will be arriving to Taiwan in significant volume by mid-June to meet the predicted heavy demand of "Dragon Boat" Festival on June 22nd 2004.

CURRENT ACTIVITY Exchange Rate US\$1.00 = NT\$ 33.45

California Tree Fruit	Grade	Size/ Counts	Wholesale Price US\$	Retail Price US\$
PEACH SW	CWM	22-24/1 lyr	20.92-23.91	1.13-1.41/pc
NECTARIN E SW	CWM	56/1 vf	34.38-37.37	0.79-0.86/pc
PLUM	CWM	72/1 vf	28.41-31.39	0.51-0.57/pc

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach	Local	24-36/2lyr	8.96-20.92	0.48-0.75/pc
Peach	Japan	6	23.91-29.89	5.18-6.47/pc
Plum	NZ	48	23.92-26.91	0.65-0.73/pc
Cherry	CA	18 lb.	47.83-65.77	2.71-4.52/lb.

COMPETITION

Currently there is direct competition coming from locally grown peaches –with small sizes - and from a limited amount of imported peaches from Japan (hot-house grown) with extremely high selling price. Traders expressed that they did not see any threat from these competitors at this moment. The over supply of local sweet and juicy summer fruits, caused by the drought at first quarter of the year such as watermelon, papaya and pineapple plus imported apples and California cherries also posed significant competition to California Tao Lee during the reporting period.

QUALITY

Although there were only small volume of Spring Snow and Snowkist peaches been found in Taiwan market but both importers and wholesalers confirmed on the overall quality of the early season supplies.

ARRIVALS

Light volumes of California peaches have arrived Taiwan by air in mid-May. Many importers confirmed that they are going to have better volumes of both peaches and nectarines in June.

PROMOTION ACTIVITIES

- The Trade Newsletters providing crop estimates of California Tao Lee were sent to 2,028 traders including importers, wholesalers and major retailers island wide on May 27.
- Aprons were designed and under production.
- POS Materials designed and in production.

UPCOMING PROMOTIONS

- All wholesalers island wide will be visited from beginning of June.
- All POS materials will be sent to targeted traders island wide.

TRADER FEEDBACK

All major hyper/supermarket chains have been contacted to participate in CTL In-store promotions and they all committed not

only to participate in the promotion but also to carry California Tao Lee throughout the season - since they had positive Results while selling CTL last year.

MERCHANDISING / TECHNICAL ACTIVITIES

The Merchandising Visits will be conducted in early June right after the POS materials been produced and delivered to the targeted wholesalers all over the island.

FEATURE SECTION -

Holidays in 2004

June 22nd Dragon Boat Festival
 August 16th Beginning of Ghost Month
 August 30th Ghost Festival
 September 13th End of Ghost Month
 September 28th Mid-Autumn (Moon) Festival

Mexico
Grupo PM S.A. de C.V.

GENERAL COMMENTS

In general, 2004 began with favorable conditions for the Mexican economy as US had started to recover for the third quarter of 2003. Expected growth for the Mexican economy this year is 2.5%. The main challenge for the administration is to meet 3% annual inflation target since expected inflation for 2004 is 4.7%. The unemployment rate will continue to increase according to the National Institute for Statistics.

Instability in the exchange rate may be the most important factor to consider regarding imports for this season. Exchange rate shifts may cause importers to slow down to avoid loses. General market turnover is also affected by exchange rate as it reflects the general retail situation in the country and reduces purchase power.

Another important factor to consider is increased competition from Chihuahua peaches. General comments suggest price and availability will be an important factor and this origin and adequate volume will dominate the peach market until September.

California stone fruit imports might be stifled by fumigation which has affected quality according to importers. California apricots had very poor quality due to fumigation and this situation may affect importer confidence in other California stone fruit. Apricots had a lot of damage and importers are afraid of repeating the same situation with other California fruit that must be fumigated. Some importers will wait until the California Summer Fruit® season advances to see market situation and expect a higher quality.

MARKET SITUATION

Only one from wholesaler in Guadalajara is handling California Summer Fruit® at the moment. Market availability is low with only Red Beaut and Spring Fire available. Sales were good but availability is low.

One wholesaler in Monterrey is handling nectarines and peaches. Availability is low, but they are waiting to see how good Chihuahua peaches are over the next fortnight.

The same is true in Mexico City where only one wholesaler is handling California stone fruit. Plums have high prices but slow movement, while nectarines are being offered at attractive prices with good movement. Product was distributed mainly to Wal-Mart and Comercial Mexicana and to other cities.

Importers believe that due to the high availability of local products, demand for California will be low at the beginning of the season for peaches. Chihuahua peaches are expected with high volumes, good quality and attractive pricing. California peaches are still not in the market and importers are worrying about fumigation. They still remember problems they had last season and how it affected quality and sales.

Regarding plums, importers agree that early varieties arriving to the market are more delicate so expected demand to be low. They will wait until popular varieties are available to increase import volumes. At the moment they are only worried about quality for it's the main factor affecting purchase decision. Plums sales were slow during this first period. Retail availability for all fruits is low.

CURRENT ACTIVITY Exchange Rate US\$1.00 = Pesos \$

California Tree Fruit	Grade	Size/ Counts	Wholesale Price US\$	Retail Price US\$
NECTARINE	CWM	70 vf	15-16.62	0.95/lb.
PLUM	CWM	70-80 vf	19-20.94	/lb.

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach	MX	33 lb.	11.34-14.83	/lb.
Apple	US/PRC	80-150	22.03-24.87	0.71-1.09/lb.
Kiwi	Chile	22 lb.	16.14-16.58	0.95-1.38/lb.
S-berry	CA	12 lb.	4.80	0.48-1.22/lb.
Grape	MX/CA	18-20 lb.	11.78-12.65	0.97-1.54/lb.

COMPETITION

Local peaches had a high availability at the wholesale and retail market in varieties known as Amarillo and Chihuahua. Both varieties handle a high price, but demand is good for quality is good. Wholesalers commented that demand and sales are good with an average of 1 to 3 loads per week.

Local plums are highly available especially at the retail market. Plums show good quality and demand and prices are attractive for consumers. General comments on California plums are that prices are similar, but it will be difficult for this origin to win market over local plums if quality don't improve for is the main disadvantage now.

Indirect competition available: Chilean apples and grapes, USA Pears which show high availability and demand. Prices for these products are slightly high which can be a market opportunity for products beginning season.

QUALITY

Plums

Quality fair, dark spots in the pulp and ripeness not ideal.

Nectarines

Some damaged, but less than plums. According to importers, problems were related to over ripeness and black spots in pulp.

ARRIVALS - Limited

PROMOTION ACTIVITIES – Trade Ad and Shipper Listing being prepared, Promotions have not started.

UPCOMING PROMOTIONS

We are still negotiating with different supermarket chains to distribute the available POS materials for in-store promotions, special fruit promotions and fruit festivals. Most promotions will be held during June and July to when fruit is readily available.

TRADER FEEDBACK - Too limited to report

MERCHANDISING / TECHNICAL ACTIVITIES

Action	# of Times	Sector	Comments
Merchandising	30 per week	Retail	Worked on displays
Seminars	2	Produce area managers	Ripening workshop

FEATURE SECTION -

Holidays for the season:

June 20	Father's Day
September 05	Grandparents Day
September 16	Independence Day
October 12	Columbus Day
October 31	Halloween

Hong Kong

Michael Wong & Co.

GENERAL COMMENTS

Overall economic activity further improved in the fourth quarter of 2003 upon a further lift in local sentiment, local consumer spending had a more visible pick-up in the fourth quarter and there was a rebound in retail sales towards the year-end. But this turnaround was driven by a strong pick-up in visitor arrivals from the mainland China and this initial recovery had only benefited certain economic sectors such as the foodservice, hotel & travel industry, jewelry and electronics.

Hong Kong's unemployment rate dropped to an 18-month low of 7.1%, helped by the reviving tourism and consumer spending. An economist noted that the local economy's ability to create new jobs to absorb a new labor supply would be critical for continued recovery. Yet Hong Kong still faces challenges and uncertainties such as financial market volatility, oil prices and interest rate movement. The current exchange rate for US dollar was HK 7.79.

MARKET SITUATION

Currently the market is filled with typical fruits such as oranges, apples, grapes, lychees, bananas and papayas etc. These fruits are popular at both traditional wet markets and supermarkets and are promoted items at major supermarket chains.

A new phenomenon emerges that some fruit shops are selling specialty fruits grown in nearby Asian countries. These fruits are most often quite expensive and they include giant grapes from Japan, a fruit called 'Lin Mo' from Taiwan, mini coconut from Thailand etc.

There is a limited volume of peaches and plums in the market; these stone fruits are mostly season-end products imported from Australia and Chile. There is also a small quantity of Chinese peaches in the market. As for California stone fruits, they are not available in the wholesale and general retail markets yet. Certain individual high-end supermarkets are selling small quantity of California peaches, priced between \$1.30 and \$1.55 per piece; these kinds of supermarkets are also selling Japanese peaches highly priced at \$5.7 per piece.

CURRENT ACTIVITY Exchange Rate US\$1.00 = HK\$ 7.79

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Plum	AUS,Chile, PRC	60-70	15.40-16.69	0.76-1.66/lb. 0.18-0.26/pc
Orange	USA	72-133	10.91-16.05	0.21-1.41/pc
Apple	USA,PRC	80-100	12.50-20.54	0.16-0.36/pc
Lychee	PRC	80-90/lb.	26-29.6	0.64-1.27/lb.
Grape	AUS	28lb.	19.90	0.77-1.66/lb.

UPCOMING PROMOTIONS – Planning in Process

FEATURE SECTION –

Holidays for season:

May 26	The Buddha's Birthday
June 22	Tuen Ng Festival
July 1	HK SAR Establishment Day
Sep 29	Moon Festival
October 1	National Day
October 22	Chung Yeung Festival

NSA Region: Colombia, Venezuela, Ecuador - Consultores 27, Ltd.

General Comments

In Venezuela, opposition groups filed a petition supporting a referendum of President Hugo Chavez, but the National Electoral Council ordered more than one million citizens to confirm they signed the petition. The three-day campaign to check those signatures, which started on Friday, ends on Sunday, May 30. If a referendum is called, electoral officials say it will be held on August 8. It is meant to help end more than two years of political conflict between those who say President Chavez is wrecking the economy, and those who say he is transforming the lives of the impoverished majority.

In Colombia, exports rose 8.8 percent in March to \$1.12 billion, fueled by high oil prices and strong demand in the United States, the government's National Statistics Department (DANE) said on Tuesday. Officials have attributed the recently improved export figures to higher world oil prices and strong demand from the United States, Colombia's top trade partner. The United States bought 42.2 percent of the South American country's exports in the first quarter. Exports have helped fuel economic growth in Colombia, reaching 3.74 percent in 2003, its highest level in six years. The government is forecasting 2004 growth of 4.0 percent.

Ecuador is hoping to obtain the global with the Miss Universe pageant taking place in their country on Tuesday, June 1. Popular demand for President Lucio Gutierrez's ouster is growing given a corruption scandal. This is dampening Ecuador's efforts to use the Pageant to attract tourists.

In the past decade, two presidents have been driven from office and a third administration was weakened when its powerful vice president fled into exile after being accused of corruption. Interestingly, no Ecuadorian president has finished an elected term since 1996. Trying to put the past behind, Ecuador has spent millions of dollars sprucing up for the Miss Universe contest. Any improvement in tourism will boost the economy.

MARKET SITUATION

The largest volume of stone fruit in Venezuela comes from local production and Chile. Importers have had no import permits approved yet for California stone fruits, even though those permits had been requested two months ago. They must visit the Ministry of Agriculture and Land every week to see if they have any response to their request and the only answer that they keep getting from MINAG authorities is that their permits have not been signed yet. Importers hope to receive the permits for California stone fruits and they estimate that they could start the season some time in June.

In Colombia, market conditions are expected to be similar to 2003. According to traders, the Chilean season for stone fruits was not very good this year, especially with peaches and nectarines which had problems of internal breakdown during the season. Chilean plums are now available in the market but in low volumes. Chilean exporters are doing a promotion campaign for all their fruits in Colombia and they started with stone fruits. Their promotional campaign includes POS materials and a scratch card whereby consumers can win prizes such as motorcycles, stereo equipment, CD's, microwaves, telephones and other small prizes such as T-shirts, pens, etc. They guarantee that each card has a prize, and the cards are being delivered by importers to their customers. Sampling is also being conducted in supermarkets.

In Ecuador, even though importers were estimating the start of the California stone fruit season for the first week of June, imports have not started yet because they say that the early season fruit is too delicate and expensive. Therefore, plans now are to begin at the middle or end of June. Peruvian peaches are now available at municipal markets. Only municipal markets are selling these fruits. No stone fruits were available in supermarkets during this period

CURRENT ACTIVITY Venezuela

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach (Melocotón)	Venez	N/A	\$3.50/4.5-Kg.	1.01-1.43
Peach	Venez	N/A	\$19/30Kg box	0.80-1.06
Plum local	Venez.	N/A	N/A	1.00-1.43
Plum Black	Chile	72	\$13/9Kg box	2.15-3.00
Apple	Chile	64 - 198	\$23/19-Kg box	1.65-2.53
Strawberry	Venez.	N/A	\$6.50/4Kg box	1.66-2.80
UVA	Chile	M	\$20/8Kg box	2.10-3.63
Uva(Criolla)	Venez.	N/A	\$3.00/5Kg box	1.53-1.98
Pears	Chile	60-70-80-90	\$18/18Kg box	1.06-1.66
Kiwifruit	Chile	M	\$20/10Kg box	3.00

CURRENT ACTIVITY Colombia

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach (Melocotón)	Chile	N/A	\$9-10/ 9-Kg box	N/A
Peach	Colo.	N/A	11-12/9-Kg box	1.80-1.85
Plum	Chile	N/A	\$12/9-Kg box	1.90-2.70
Grape	Chile	N/A	\$14.00	2.74-2.78
Kiwifruit	Chile	N/A	\$13/9.5-Kg box	2.55-3.00

CURRENT ACTIVITY ECUADOR

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach	Peru	140	13.00	1.00

COMPETITION

In Venezuela, there is a fair volume of Chilean Angeleno plums in very good condition. Large volumes of Venezuelan peaches and of Venezuelan duraznos (small hard peach) in very good shape, good flavor and at reasonable prices, but maturity variable.

In Colombia, Chilean fruit has quality problems and the volumes are not high. Colombian peaches are available with good quality but since their volumes are so small, prices tend to be high.

Only Peruvian peaches are available in Ecuador, with good quality and reasonable prices.

QUALITY

In Venezuela, medium volumes of Chilean Angeleno plums have good condition. Large volume of Venezuelan peaches and duraznos in excellent condition.

In Colombia, Chilean stone fruits have quality problems. Colombian peaches in good condition but with inconsistent sizes and color.

In Ecuador, excellent quality Peruvian peaches in terms of intense color and firmness. However, they are small.

ARRIVALS

Venezuela: Limited arrivals from Chile.

Colombia: Importers awaiting better prices to start California deal.

Ecuador: First California shipments expected in mid- June.

PROMOTION ACTIVITIES

Supermarkets of the three countries have been contacted but we are expecting promotions to start with the arrival of the product. In-store sampling promotions will take place in Venezuela and Colombia and in small supermarket chains and municipal markets of Ecuador.

Since the two largest supermarket chains have restricted the presence of in-store sampling promotions in their stores, more direct promotions with importers will be conducted in this market and we will use publications from the largest supermarket chain of Ecuador to have articles about California stone fruits published at no cost. These magazines reach 30,000 readers nationwide.

TRADER FEEDBACK

Venezuelan importers are very discouraged because of the uncertainty of obtaining import permits. On the side, Venezuelan authorities are asking them to pay large sums of money in order to give them the permits. However, they are positive that some permits will be granted in June.

Colombian importers are very optimistic with the coming California season. They are anxious for better prices so that they can start the California season soon, as the Chilean season has not been very good and the available volumes are not very high.

Ecuadorian importers have high expectations for the California season this year. However, they expect that California can compete with prices of Chile, especially now that the TLC negotiations have started.

MERCHANDISING / TECHNICAL ACTIVITIES

Currently visiting markets to obtain market information and discuss promotions

New Zealand
Sue Knowles Ltd.

GENERAL COMMENTS

Since September 2003 the New Zealand dollar has held steady and continues to trade between \$1.69 and \$1.66 per US dollar. This is great news for the stone fruit sales as the trade expects they will be able to continue with competitive retail price points again this season.

Like the dollar, the New Zealand economy has also remained steady with the only change recently a new national party leader – Don Brash. What makes him important is the ruling Labour party, still in government, could be upset in an election should it be called soon.

MARKET SITUATION

Again this year the season started very early with first airfreight shipments arriving first week in May. Since then, there have been small weekly arrivals of peaches and nectarines and importers report they are very happy with the quality. Retail sales have been slow as the price is quite high.

New Zealand's own stone fruit season was again poor this year. We had excellent weather up until the end of December 2003. This was followed by a month of rain and little sunshine. Fruit had rot and the

end of season fruit ate particularly badly. It appeared fruit was held too long in cold storage and resulted in poor sales and fruit sitting around in markets far too long.

CURRENT ACTIVITY Exchange Rate US\$1.00 = NZ\$1.66

California Tree Fruit	Grade	Size/Count	Wholesale Price US\$	Retail Price US\$
PEACH	CWM	60 - 70	N/A	4.43/lb
NECTARINE	CWM	60 - 70	N/A	4.43/lb

Other	Origin	Size/Count	Wholesale Price US\$	Retail Price US\$
Apple	NZ	N/A	N/A	0.25-0.78/lb
Kiwifruit	NZ	N/A	N/A	0.46lb
Grapes	Aus	N/A	N/A	1.04 - 1.56/lb

COMPETITION

There is an excellent range of domestic fruit currently available in the market given local fruits and that the Australian and Chilean grape deal had gone particularly well this year with quality remaining strong. This year also saw larger volumes of Chilean plums enter the market and Californian citrus has again had a very good year with larger sizes imported this year than in previous years. There is also a small volume of California cherries arriving into the market.

QUALITY

Reports from importers have been positive. The fruit looks nice and is eating particularly well. Most have commented on how sweet the fruit is this year. Traders have also reported fumigation has been necessary for most arrivals. The pest has been identified as a Thrip.

ARRIVALS

The first sea freight has been loaded with expected arrivals 6 June. Also the first of hopefully many Summerwhite® varieties is enroute.

UPCOMING PROMOTIONS

In late March, pre-season meetings were held with all importers and retailers to discuss goals, objectives and the program direction for the 2003 season. David Miller also attended these meetings. This was met by a positive response from the trade. Most of the retailers were also very interested to look at using our tools available in increase their sales.

TRADER FEEDBACK

The trade is feeling optimistic about the upcoming California season in 2004. The exchange rate will again help retail price points and we are likely to see very competitive retail pricing. A warm dry start to the season in California has boosted confidence in the fruit arriving in good condition after shipping

MERCHANDISING / TECHNICAL ACTIVITIES

Wholesale visits and retail merchandising are set to begin June 7. This season we will again be visiting produce managers in the three main centres, Auckland, Wellington and Christchurch.

An editorial style ad will appear in the June issue of the FMCG magazine with targets the retail industry in New Zealand. The content address that Summerwhite® and other specialty varieties play in increasing the category and sales.

FEATURE SECTION -

This season we have planned the introduction of the Pit Popper™ to increase sales of traditional peaches and nectarines without lowering the retail prices. There has been excellent interest from retailers in using the Popper to drive sales. So far, 45,000 are ordered for New Zealand. We are excited about the opportunities it will bring this season.

New Zealand Holidays

June 2 Queens Birthday
October 27 Labour Day

Malaysia

Lieu Marketing

GENERAL COMMENTS

Malaysia's economic recovery has seen reverting on track and the Government is confident that the economy will spur to greater heights with more prudent and realistic plans under the new leadership. This will in turn improve the Malaysian standard of living to appreciate imported fruits with the healthy lifestyle.

The Malaysian Institute of Economic Research (Mier) is optimistic that the nation's economy could grow at a brisk pace of 6.7% this year, beating Bank Negara (Reserve Bank of Malaysia)'s forecast of 6% to 6.5% and exceeding last year's growth rate of 5.2%.

According to Mier's first quarter survey, local exports and industrial production grew at double-digit rates during the period, aided by bullish commodity prices and the upswing in the electronics sector.

The Governor of Malaysia's Bank Negara (Reserve Bank of Malaysia) has assured the public here that the country's interest rates will not change even if the United States raises its rates. Should the US Federal Reserve raise its benchmark rate, Malaysia's interest rates will be based on the domestic situation and remain unchanged.

MARKET SITUATION

In the past six months, there has been an increase in the number of hypermarkets in Malaysia. The increase in number of hypermarkets in the country worried the smaller retailers, as many were unable to compete with the foreign invasion for their survival. The local authorities have since placed a restriction on the number of new outlets to be opened in every city. They have also placed a restriction on the operating hours preventing Tesco hypermarket from opening 24hours, which they did for a couple of months before the new ruling was enforced.

Merchandising trade visits began in May to inform importers and wholesalers that the CTFA season has started. We encouraged them to contact their overseas suppliers so as to 'kick off' with importing early season California peaches, nectarines and plums. At this point of reporting, a few importers have brought in small volume of air shipment California peaches and nectarines. As for plums, there are currently no California plums have been imported - only Chilean plums were in the market.

At the retail, two key foreign hypermarket chains have begun carrying California peaches and nectarines. Although the prices are still relatively high, these two foreign hypermarkets that target at the medium and higher income groups, are excited that they are able to provide this kind of specialty fruits to cater to their more affluent consumers. The response so far has been encouraging and they have expressed interest to conduct promotions to further push the sales of these fruits when the import prices are more favorable.

In general, fresh fruit wholesalers are focusing more on tropical fruits like mangoes during this time. Hypermarkets and supermarkets have prominent displays for Malaysian and Thai mangoes. The King of Fruits, Malaysian Durians' season has also just started and they have prominent displays in most hypermarket and supermarkets.

CURRENT ACTIVITY Exchange Rate US\$1.00 = 3.8 Ringgit

California Tree Fruit	Grade	Size/ Count	Wholesale Price US\$	Retail Price US\$
PEACH SW	CWM	56 / 2 lyr	54.0-56.75	0.80-1.16/pc.
NECTARINE SW	CWM	56 / 2 lyr	55.0-58.0	1.00-1.16/pc.

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Plum	Chile	100pc.	12.16-13.50	0.24/pc.
Apple	WA, China	130-150pc. 28pc.	18.90-21.62 7.60	0.45-0.67/pc. 0.18-0.20/pc.
Kiwifruit	Chile	140pc.	16.50	0.13-0.18/pc.

COMPETITION

During the period, there were no California plums available in the market. According to importers, they will be importing the California plums very soon as the season has just begun. Based on the feedback that they have received from their shippers, they are confident that California Summer Fruits® are of better quality this season and they look forward to selling more this year.

Indirectly, mangoes and durians seem to be affecting the imports of fresh fruits from other countries. The prices of mangoes and durians are cheap and both these fruits are favourites of the local consumers.

ARRIVALS

The season's first California peaches and nectarines have good quality. It is important to note that importers and supermarket managers are happy with the quality and they are committed to push for better sales this year.

PROMOTION ACTIVITIES

The California Summer Fruits season has started and the supermarkets in general have shown interests in the generic California Summer Fruits® promotion. All promotion negotiations are in the early stage of progress and will be firmed up soon, once the budget is approved.

TRADER FEEDBACK

In general, importers are excited and looking forward to start selling the California Summer Fruits® again this year. They always have the confidence that California summer fruits® are of better quality as compared to those from other country of origins.

Importers and wholesalers expressed concern that recent government imposed adjustment in workers' contribution to the Employee Provident (EPF) by two percentage points from 9% to 11% in April 2004 could reduce the consumers' spending power and hence impact the fresh fruit sales.

FEATURE SECTION -

Malaysia Holidays

June 03	Wesak Day
August 31	National Day
October 15	Awal Ramadan
October 31	Nuzul Al-Quran
November 11	Deepavali
November 14	Hari Raya Pusa

Singapore
Lieu Marketing

GENERAL COMMENTS

The Singapore Government raised its annual growth forecast from 3.5 - 5.5 percent to 5.5 - 7.5 percent. The Ministry of Trade and Industry said gross domestic product expanded by an annual rate of 7.5 per cent in the first quarter of 2004 compared to the same period last year. The improved outlook is the latest sign that the economy is recovering since it faltered badly last year. In 2003, Singapore's economy grew just 1.1 per cent.

Merchandising trade visits were made to importers, wholesalers and supermarket buyers to remind them the new California Summer Fruits® season started in May. Information on early crop estimates was also shared with them during the meetings.

Most supermarkets buyers are excited that the California peaches, nectarines and plums would be available soon stating look forward to selling California Summer Fruits® with the support from CTFA.

MARKET SITUATION

The season for California Summer Fruits® has started. Air shipments of traditional peaches and nectarines were found at the wholesale center from mid-May with weekly shipments arriving. Leading supermarket chains such as Cold Storage and NTUC Fairprice carried California peaches and nectarines in select outlets catering to middle and upper income consumers.

Importers are planning to import SW® peaches and nectarines in June as they foresee better consumer demand for peaches and nectarines as there are no more peaches and nectarines in the market since the Australian peaches and nectarines season ended in April.

CURRENT ACTIVITY Exchange Rate US\$1.00 = S\$1.65

California Fruit	Grade	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach	CWM	56/ 2lyr	41.36	1.29/each
Nectarine	CWM	64/ 2lyr	44.55	1.18/each

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Plums	Aus.	50/55	36.36	0.24 /each
Plums	Chile	55	16.55	0.22 /each
Cherries	USA	10 ½	70.00	10.90 kg
Lychees	China	S/M	5.76	6.67 /2kg
Strawberry	USA	-	18.79	2.97 /454g

COMPETITION

Although there are no peaches and nectarines in the market, Australian and Chilean plums were still available at wholesale and retail markets during this reporting period. According to traders, late season Australian plums are still being imported and would still be available in the market until late June or July 2004.

Other fruits that will compete with California Summer Fruits® include California cherries, strawberries, China lychees, Thai mangoes, etc.

QUALITY

The quality of traditional peaches and nectarines was reported as good as most fruits were firm and fresh on arrival.

ARRIVALS

Weekly air shipments

UPCOMING PROMOTIONS

At the time of this report, no promotions were confirmed as the season has just started and there is only a limited supply of fruit.

FEATURE SECTION –

Singapore Holidays

May 29 – June 26	Mid-year School Vacation
June 02	Vesak Day
August 09	National Day
August 30	Hungry Ghost Festival
September 04 –11	Term 3 School Vacation
September 28	Moon Festival
November 11	Deepavali
November 14	Hari Raya Pusa

Thailand
Lieu Marketing

GENERAL COMMENTS

In May, we commenced our merchandising trade visits to importers and retail supermarket/hypermarket buyers to remind them to start the California Summer Fruits® season early. There has been an impressive sales performance in imports and retail of California Summer Fruits® in the Thai market last season, driven by CTFA marketing and promotional activities. Traders and retailers are looking forward to the start of the new season with more support from CTFA.

A Free Trade Agreement (FTA) between Thailand and Australia will be signed in the second half of this year. The FTA will take effect January 1, 2005. From this FTA, 49% of 5,505 Thai items will be reduced to 0% tariff and 83% of 6,108 Australian items will be

reduced to 0% tariff. Australian fresh fruits will enjoy 0% duty when the FTA comes into effect will have a direct impact on imports of US fruits.

Scheduled to be signed in July this year is another FTA between Thailand and India. Talks on possible FTA with New Zealand is also on going at the time of this report.

MARKET SITUATION

There were no California Summer Fruits® in the market place, as the season has not started. Importers reported that they are looking into importing California peaches and nectarines into the market as they are contacting their US suppliers for quotation.

In the market, plums from Australia and Chile are still available in moderate quantities. A few plums from China were also sighted at select higher end wet market outlets.

CURRENT ACTIVITY Exchange Rate US\$1.00 = 40 Baht

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Apple	China	30 -90	8 - 13.50	0.3-0.375/pc 0.15-0.25/pc
Apple	NZ	90	23 - 37.50	0.3-0.375/pc
Plums	China	10kg/ctn	30- 35.00	3.75- 4.50/kg
Plums	Aus	5 kg/ctn	32 - 36.00	6.25- 7.50/kg
Plums	Chile	5 kg/ctn	30 - 37.50	6.25-7.50/kg
Cherry	USA	10 kg/ctn	10.5 - 17.50	12.5-20/kg

COMPETITION

At the time of this report, US cherries were found in most retail outlets together with some poor quality Australian cherries. High volume of Chinese apples flooded the market with its attractive wholesale and retail prices, hurting imports of apples from other countries. Other imported fruits in competition included grapes from Australia and South Africa, which are still very visible in the fruit market.

FEATURE SECTION –

THAILAND HOLIDAYS

Wednesday, June 2	Visaka Bucha Day
Monday, August 2	Substitution for Buddhist Lent Day
Thursday, August 12	H.M. the Queen's Birthday
Monday, October 25	Substitution for Chulalongkorn Day

CAM Region

Grupo PM S.A. de C.V.

GENERAL COMMENTS

The economy in the region is expected be positive according to Economic institutions that represent all the countries of the region. For 2004 the GDP is expected to grow a 3.2% in Honduras, a 5.5% in Costa Rica, and 3.0% in Guatemala, El Salvador and Nicaragua.

One of the main aspects of the current situation of the region is the Latin America, Caribbean and European Union Summit held in Guadalajara, Mexico. In this summit the Central America countries

are expecting to agree on a Trade Agreement with the European Union that will be beneficial for both regions.

On the other hand, this last May 21st, 2004, CAFTA was signed in Washington, DC between the US and Central America, facing a new stage where each country will realize visits to different groups and chambers in order to explain the new economic and political scenario and be sure they will support the Agreement.

MARKET SITUATION

The region is starting to receive some California nectarines and peaches. Chilean plums are also in the market. The California Fruits are mainly available in supermarkets with a limited volume in traditional markets. According to importers this situation is a result of the prices, they are too high for this sector. On the other hand, in some places where California Summer Fruit® is available, even when prices are high, quality is good and there are many opportunities for CTFA because of lack of product in the market.

CURRENT ACTIVITY THROUGHOUT THE REGION

California Tree Fruit	Grade	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach	CWM	72-80 vf	21.00-27.10	1.00-1.60/lb.
Nectarine	CWM	70-80 vf	21.00-27.10	1.00-1.80/lb.

COMPETING FRUIT THROUGHOUT THE REGION

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach	SP	108	14.00	0.90/lb
Plum	CH, PN	70-170	5.00-16.00	.25-1.70/lb.
Apples	CH, WA	88, 163	19.00-22.00	.94-1.15/lb.
Pears	CH	60-80	18.00-21.00	.94-1.15/lb
Kiwifruit	CH	19.8 lb.	18.00-20.00	1.25-1.5/lb.
Grapes	CH	9-16 lb.	14.00-23.00	1.15-2.0/lb.

SP: Spain, CH: Chile, WA: Washington

COMPETITION

Right now there is no significant direct competition for CTFA, except Chile is competing in the market with plums. Chilean plums have bad quality and high prices, which make them not very interesting for consumers. Importers are waiting to see how the prices move in order to start importing different origins.

QUALITY

California stone fruit that has been received has good quality, and importers claim to be happy with it even when prices are high.

ARRIVALS

Some importers have been receiving product in recent weeks, presenting good sales movement. Importers mentioned that they are expecting another container for this week. Other importers are waiting for prices to fall as usual.

For this moment, only California Nectarines and Peaches will be imported. In the case of Plums, the importers are expecting to have no Chilean fruit in the market.

PROMOTION ACTIVITIES - No activities. POS is in production.

TRADER FEEDBACK

Importers mentioned that California sellers are quoting high prices. They recognize that peaches and nectarines have no competition, but they are expecting decreasing prices soon. On the other hand, they mentioned that transportation costs have increased nearly 15%.

MERCHANDISING / TECHNICAL ACTIVITIES

There is no merchandising activity in the region aside from collecting market information and meeting with importers.

FEATURE SECTION –

Regional Holidays

Country	Date	Holiday
Costa Rica	July 25	Nicoya party
Costa Rica	August 15	Mother's Day
Costa Rica	September 15	Independence Day
El Salvador	August 3-5	National holiday
El Salvador	September 15	Independence Day
El Salvador	October 12	Columbus Day
El Salvador	November 2	Soul's Day
Guatemala	June 30	Army's Day
Guatemala	August 15	Patrona de Guatemala
Guatemala	September 15	Independence Day
Guatemala	October 12	Columbu's Day
Guatemala	October 20	Revolution of 1944 Day
Guatemala	November 1	Dead's Day
Panama	August 15	Foundation of Panama City
Panama	November 2	Dead's Day
Panama	November 3	Separation of Colombia
Panama	November 4	Flag's Day
Panama	November 10	Primer Grito de Independencia
Panama	November 28	Independence Day
Nicaragua	May 30	Mother's Day
Nicaragua	July 19	Sandinista Revlolution's Day
Nicaragua	August 1	Santo Domingo's Day
Nicaragua	September 15	Independence day
Nicaragua	November 2	Dead's Day
Nicaragua	December 8	Virgen de Concepción
Honduras	September 15	Independence day
Honduras	October 3	Francisco Morazán Day
Honduras	October 12	Columbu's Day
Honduras	October 21	Army's Day
Honduras	November 1	Dead's Day

Japan

J. Brain Inc.

GENERAL COMMENTS

The Government made the official announcement of GDP growth during January-March, 2004 that it was 1.4% up compared to the same term of the last year. In general, growth has been reported in consumer expenditures and in housing. Fueling this 1.4 percent growth has been domestic demand at 1.1% and foreign demand at 0.1%. Simultaneously, the Ministry of General Affairs announced consumer expenditures in April, 2004 were 367,027 Yen per

household, an increase of 7.2% compared to the same month last year; reflecting the gradual improvement of the economy. Unemployment in April was 4.7% or 500,000 people less as compared to the same month in 2003. Surprisingly, retail sales were down 0.8% down for the same period. Supermarket sales led that decline because of the new rule that sales tax should be included in the sales price. This rule caused all retail prices to be raised Resulting in sales declines.

MARKET SITUATION

While there are few imported fruits aside from American cherries in the market at time of year; local summer fruits have started to increase in supply. Main local fruits at present include melons, grapes and loquat. Almost of all retail stores are currently featuring melon, loquat and/or American cherries.

The only local peaches in the market are green-house grown and are only displayed in limited volume. Field-grown peaches from Yamanashi prefecture located next to Tokyo are expected around the end of June. Harvest is expected to be steady with large sizes and wholesale prices from \$13.63 to 23.86 per kilogram.

CURRENT ACTIVITY Exchange Rate US\$1.00 = 113.6¥

Other fruit	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach	JPN	1/kg	13.36-23.86	7.09/2pcs.
Fuji Apple	JPN	10/kg	32.45-33.40	1.25/pc.
Kiwifruit	NZ	1/kg	3.50	1.16/pc.
Cherry	JPN	200/g	5.72-7.63	8.90/100g.
Loquat	JPN	400/g	2.58-3.34	5.27/pack.
Melon	JPN	1/kg	4.77-19.09	3.61/pc.
Cherry	US	18/lb	81.81	0.89-1.16/100g.

COMPETITION

As neither California nectarines nor prunes are available yet, there is no direct competition in the market. However, local white peaches will come to heavy bearing in mid-July at the beginning of the peak season.

UPCOMING PROMOTIONS

The plan is to start promotions near the end of the June when the first shipment of California nectarine is expected to arrive. Main promotion region will be Kansai region where the main past promotions were implemented.

TRADER FEEDBACK

Importers are now planning to start around the end of June - subject to availability and price.

We have started to contact retail chains who participated in last season's promotions to encourage them to increase their commitment to California nectarines and prunes.

Note: the Japan MAFF inspector is arriving California on June 8 to begin inspection procedures. It has been arranged by CTFA that he will be in California until the second week of September or until the market dictates otherwise.

MERCHANDISING / TECHNICAL ACTIVITIES

Besides contact with the importers and retailers, Jimmy Uehara also contacted USDA APHIS at the US Embassy to find out any update status of the new varieties of fresh prunes for the coming season. APHIS has already provided the reply from MAFF to APHIS in US. According to APHIS in Japan, MAFF wanted to change the rule for new variety liberalization but wanted to confirm if it would OK with US government or not. Once it is confirmed by US government, it looked like that MAFF would be in a position to prepare the public hearing.

FEATURE SECTION -

Japan Holidays

July 19th	Marine Day
September 20 th	Respect-for-Aged Day
September 23 rd	Autumnal Equinox Day
October 11th	Sports Day
November 3rd	Culture Day

CTFA International Programs Staff

David Miller

General Comments

This year, with the early crop, it might seem this first report is a bit late. From the reports it appears there is more fruit in more markets than has been the case for the past five years or so. That may be so. But, apparently, most of the early fruit destined for international markets was sold in larger units and has yet to arrive. Fortunately this year we had planned to deliver materials earlier than in past years so I think we are in a good position to service retail and wholesale needs when that fruit arrives in the next week.

One thing that limits CTFA's capacity to provide very early season promotional support is that USDA does not announce MAP appropriations until mid to late June. Therefore we have no idea of our final budgets in target markets. Fortunately, we carried over funds from last season's MAP grant and are prepared to deal with this early crop. So, once the MAP announcement is made, we will adjust final budgets and put our plans into action immediately. This is not exactly a minor task since we have proposed programs in eighteen markets.

Besides target markets, CTFA has also requested funds to move fruit in other markets where we do not have fulltime representatives. This would allow exporters or shippers to arrange in-store promotions at key retail venues and CTFA will fund activities such as sampling to boost incremental movement. This could give us increased movement in markets such as Indonesia, Saudi Arabia, Dubai, the Philippines and the UK where there is potential for increased demand for some specialty types of fruit such as Summerwhite® peaches and nectarines and specialty plums.

Speaking of specialty varieties, this is an area where we see the potential for increased grower returns. As such we are hoping to increase the movement and demand for specialty plum varieties such as Pluots™ and prunes. Are you aware that last year over 620k Pluots™ were packed as "plums" and CTFA programs abroad introduced them to consumers as a new premium product to

purchase and enjoy? The only problem with continuing to do this is that we never know when Pluots™ will be packed as "plums." Many times last year retailers wanted to promote "Pluots" or "I.S. Plums" under CTFA programs but were denied assistance. But in some cases the receivers had the shippers mark them appropriately and we were able to promote them under our banner. Unfortunately, given the distances, this was a rare occurrence. Also, since we have no prior estimate from shippers, it is difficult to estimate the budget that is available for such promotions. In a year with a reduced plum estimate we are already planning on curtailing plum promotions so if specialty varieties show up with plum markings we may not be able to help.

Marking Pluots™ as plums could also help increase grower returns. Did you know that Taiwan has a 35% tariff on Pluots™ but a 20% duty on plums? Did you know the basis price on Pluots™ is also significantly higher than plums as well? Properly marked, you could be returning the delivered price difference to growers instead of to Taiwanese tax collectors and you could have an inspected product being promoted in the market as well. My math tells me the 19 cents is far less than the 15% in increased duties on a higher basis price. Think placing "plums" on a I.S. Plum Phyto is enough? Think again.

We are very bullish for export growth this year. The fruit is very clean and extremely delicious given the warm spring. Then, the weak dollar makes US fruit more affordable. Also the US economy is stronger making all the manufacturing based economies stronger and better able to afford our products. Besides this, in our largest market, Taiwan, the Moon festival is three weeks later and their weather is wet in this, the year of the monkey (and that monkey apparently loves peaches!). In Mexico too we see good potential since there is less confusion when all the fruit is fumigated. There are also several new markets to consider including the Philippines (just tell your importer to get an import permit), Chile (twelve shippers have signed up), Japan (the Yen is 20% stronger and 2 new prune varieties should be approved soon) and Venezuela (they might actually issue import permits this season). "It's all good", as they now say.

In closing I just want to remind shippers that a pest free load is in all of our best interests. And, it is not the County inspectors' job to send a clean load; it is the shippers' responsibility to present one.

Best of luck this season!

Additional Messages:

Would you prefer to receive a copy of this newsletter via e-mail? Please write to: international@caltreefruit.com and give us your e-mail address.