

# International Market Report



MARKET NEWS FROM CTFA REPRESENTATIVES AROUND THE WORLD

June 16, 2006

Welcome to the first edition of the International Market Report for the 2006 season! You will quickly notice that June 16 is later than usual for the start of the California stone fruit export season, but you do not have to wait any longer. Summer has finally arrived. The sunshine is out and temperatures are rising. After a long, cool spring with plenty of rain, those sweet, juicy peaches, plums, and nectarines (PPN) from California can finally be found in most export markets throughout Latin America, the Asia Pacific Rim, and the United Kingdom. The general consensus from the orchards and packing sheds is spring weather conditions delayed harvest for most varieties by approximately two weeks.

The California PPN industry looks forward to a long, successful, and tasty summer for international consumers and the trade. After waiting for the fruit to arrive, the industry's representatives around the world are ready to get started with this year's programs. Promotional activities are getting underway in most markets, and new POS materials were developed and are being distributed. As increase shipments, in-store promotions will begin, along with targeted media campaigns in select markets. If you have any questions about 2006 export marketing programs around the world, please visit:

[www.eatcaliforniafruit.com/ppn/international/](http://www.eatcaliforniafruit.com/ppn/international/)

## Current News

### Update

#### **China suspends citrus shipments from Fresno County, effective June 14, 2006**

The most recent communication from AQSIQ in Beijing, is that all Fresno County citrus shipments bound for China have been suspended due to the Southeast Asian fruit fly quarantine. Due to the amount of commercial citrus acres within the quarantine boundary, the Chinese will now prohibit any citrus from Fresno County. The Chinese are well aware that no plum orchards (or peaches and nectarines) are located in the quarantine area. Based on the clear communication between industry, APHIS, and AQSIQ, the trade remains confident that the first official plum shipments will be approved shortly.

#### **FTA negotiations begin between U.S. and South Korea**

The U.S. and South Korea began talks last week, June 5, 2006 on what has the potential to be the most significant free trade agreement (FTA) for the U.S. since NAFTA passed in the early 1990s. NAFTA reduced trade barriers between Canada, Mexico and U.S. The Assistant U.S. Trade Representative Wendy Cutler was hopeful that negotiations with South Korea would conclude before the end of the year. U.S. exporters should be encouraged as South Korea is currently the United States' seventh largest trading partner.

# Market Reports

## Mexico

California peaches currently make up 40 percent of the market, with Mexican peaches holding 60 percent. The trade is adjusting to smaller than average sizes of early-season varieties caused by Spring growing conditions which also contributed to the delay in arrivals from California. Some nectarines can be found in the market, however peaches from Hermosillo clearly dominate the scene with very competitive prices. Some retailers have commented that consumers are using price as a default to differentiate between local and California fruit. As promotional support increases with greater supplies from California, sales are expected to increase.

In terms of plums, availability of local production was very low at only a few supermarkets. Volumes of California plums have yet to arrive, but are expected in the next two weeks. Lastly, the forecast for Chihuahua production this year is for a larger than average crop. Those local fruits should also begin to show up in the coming weeks.

## Hong Kong

Limited supplies of California Tao Lee can be found in most supermarkets, especially those catering to Western clientele. However, at this point the wholesale markets have seen only infrequent arrivals of California stone fruit, and the wet markets have not been offering California Tao Lee yet. Most fruit has arrived by air, with both white and yellow-flesh peaches and nectarines available. Donut peaches and red plums have also been spotted occasionally. Some specialty retailers are offering organic peaches and nectarines from California. The trade has commented on the sizes of the early shipments; however the appearance has been quite good.

In terms of competition, "oily" peaches and nectarines from northern regions of China were available in both wet markets and supermarkets. The appearance of these fruits tended to be more green, and prices were quite low. Some late Australian stone fruit, mainly black plums, remain in the market but supplies are dwindling. Some popular fruit choices with consumers are watermelons and mangoes, and cherries currently in season. Lastly, it should be noted that Southern China, including Hong Kong and Taiwan, experienced heavy rains during the past two weeks, which has negatively impacted the supply of lychees from Southern China. If this short crop situation continues, wet market competition could be intense later this summer.

## Taiwan

Taiwan experienced heavy rains, similar to Hong Kong, which caused significant damage to agriculture (estimated at US \$30 million), including local peaches. A short supply of local peaches was predicted before the rains, and the recent weather is very similar to the beginning of last summer. Local productions of melons, pears, and grapes have also been negatively affected. Due to the weather, an increase in demand for imported fruits can already be seen in this market. California cherries and Zespri kiwifruit are currently being heavily promoted. Mangoes, lychee, pineapples, and papayas could all be found in heavy supplies during the past two weeks.

Arrivals of early white-flesh peaches from California have been well-received and increased shipments are expected, especially with short local supplies. Merchandising visits have spotted several varieties including Spring Snow and Ivory Princess. No plums or nectarines from California have been found yet. The importing climate for Taiwan improved sharply in the second half of May with the Taiwan NT dollar appreciating 3 percent against the US dollar.

## China

Shippers of California plums continue to wait for the final approval from the quarantine officials, AQSIQ, in Beijing. Interest remains high among the trade for importing California plums, especially those in the south. Chinese stone fruit are widely available from Beijing in the north down to Shenzhen in the south. The only imported plums (reds and blacks) and nectarines in the market were from Chile, however some popular choices among retailers were Chinese white peaches, Gui Fei plums, and donut peaches. According to the trade, the

imported plums found in Shanghai were not directly imported, instead they were transshipped from the Guangzhou Fruit Wholesale Market. Lastly, there were some reports of Chinese plums and nectarines being mislabeled as imported fruit.

## Singapore

The first shipment of California white-flesh peaches arrived by air during the last week of May, and regular weekly air shipments have been arriving since. Both yellow and white-flesh peaches and nectarines can now be found, with some donut peaches in the mix. Quality was described as good and firm, with expectations for quality to increase in the coming months. Feedback from the trade indicated that Chilean plums are expected to be in the market until July, and two varieties could be found in the wholesale and retail markets during the past two weeks. Some Israeli white peaches were imported by one retail chain. Currently, the majority of the fresh fruits in Singapore are from Thailand, with huge volumes and mass distribution. These Thai tropical fruits include longans, lychees, mangoes, and rambutans.

## Malaysia

Sales of California peaches and nectarines have been quite good with the first shipments by air, and these air shipments are expected to continue. While some quality issues have been found, in general the trade has been pleased with the sweet taste of the early season varieties. California peaches and nectarines make up the majority of the market, and will continue to do so through the season. However, at this time plums from Chile and South Africa are still widely available, especially in supermarkets, although the first California shipments should arrive in ports the next few weeks. Importers and wholesalers are reportedly looking forward to these first plum shipments. One last important note is the expectation for the Malaysian Ringgit to appreciate against the US dollar through 2006, as it is considered the most undervalued currency in Asia.

## Thailand/ Philippines

To date, no shipments of California peaches, plums, or nectarines have arrived in these two markets. Both are currently dominated by local supplies of fresh fruit. In the Philippines, mangoes, jackfruits, watermelons, pineapples, and bananas have reportedly improved quality and are selling at cheaper prices than last year. Australian black and red plums have been available for nearly two months now in the Philippines. In Thailand, rambutans, durians, mangosteens, and lychees are plentiful. Shipments are expected to arrive in Thailand shortly, which should coincide with planned promotions for the 4<sup>th</sup> of July.

## United Kingdom

Limited shipments from California to the UK have begun, and the industry reinitiated marketing programs this year. A wide range of European stone fruits are available in the market at the moment. Reports from Spain indicate a bumper crop of peaches and nectarines from the Valencia region has put additional pressure on prices.

## New Zealand

Air shipments of California peaches and nectarines to New Zealand have been limited to date, with only small quantities (and small sizes) arriving. The primary culprit for the lack of early-season shipments has been the recent decline of the NZ dollar against the US dollar which has affected both retailers and importers. This, along with a short supply in California, has led to increased demand for small size fruits. Another contributing factor is a slight shift to winter (heavier) eating patterns when a colder than expected weather front moved through recently with heavy winds, rain, and even snow throughout the South Island. Sea shipments are expected too at the end of June (nearly 3 weeks later than 2005).

Local mandarins and kiwifruit are moving quite well at the moment due to quality and availability. Prices for these and pineapples are relatively inexpensive. Retailers have devoted prime retail space for these fruits, which include both green and gold kiwifruit. Also, bananas are considered reasonably cheap and plentiful. Few

Angeleno plums are available at fruit stores and supermarkets. With competitive prices, however, quality is mixed at best. Flavor of these plums is reported to be average, while appearance is average at best.

### Central America Region

Only limited supplies of California peaches and nectarines can be found in the region, and only supermarkets were handling the fruit during the past two weeks. The season has started slowly in Central America, but increased numbers of containers are expected to arrive the next few weeks. The increased supplies should coincide with an important sales rotation at supermarkets who anticipate greater volumes of imported fruits. The trade has commented repeatedly on the relative small sizes arriving, however, the fruit has been graded as good with above average appearance. The only plums available at the moment are local varieties, but are popular with consumers for their sweet taste.

On March 1<sup>st</sup>, El Salvador became the first country to fully implement the regulatory reforms required by CAFTA (or DR-CAFTA). The U.S., Nicaragua, the Dominican Republic, Honduras, and Guatemala are expected to qualify soon. Guatemala still needs to resolve some phytosanitary issues, while Costa Rica still has not ratified the agreement, although the newly-elected President, Oscar Arias, pledged to do so.

# 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. Some technical seminars have been held, however the majority are scheduled for the next month. 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

Last Friday, June 9th, California Tao Lee fruits were featured during the Fruity Friday Project. This event is a public awareness campaign organized by the World Cancer Research Fund Hong Kong (WCRF-HK) to promote the importance of healthy diet and to protect against common cancers. On June 9th, participating companies encouraged their employees to have a fruity lunch including California Tao Lee.

## Taiwan

A new advertising agency was hired by CTFA and a new media campaign will be complete by mid-July prior to the holiday season, when peak demands for California Tao Lee fruits occur.

### Holidays/ Festivals

- |             |                |
|-------------|----------------|
| • August 8  | Ghost Festival |
| • October 6 | Moon Festival  |

## Singapore

To kick off the new season, a trade seminar was held on June 5th, 2006. Over 90 participants, fresh produce handlers, from retail chains in Singapore attended this half-day seminar. The attendees learned about this year's marketing and promotional activities. They also learned about California PPN characteristics, seasonal availability, handling, storage and merchandising.

## New Zealand

New recipes have been developed and will be used for this year's in-store demo programs. CTFA will provide recipe cards for the demonstrators to give out to shoppers along with a nutritional/handling guide.

| Country          | Fruit           | Grade/<br>Origin | Size/Count  | Wholesale Price<br>US\$ | Retail Price US\$ |
|------------------|-----------------|------------------|-------------|-------------------------|-------------------|
| <b>Mexico</b>    | Peaches         | CWM              | 48-56-72 vf | 14.345                  | 1.26              |
|                  | Nectarines      | CWM              | 56- vf      | 25.93                   | 1.17              |
|                  | Peaches         | MX               | 22 lb.      | 14.7825                 | 1.06              |
|                  | Apple           | WA,MX            | 88-135      | 25.68                   | 0.8675            |
|                  | Kiwifruit       | Chile            | 22 lb.      | 18.3                    | 1.0925            |
|                  | Strawberries    | CA,MX            | 12 lb.      | 11.04                   | 1.4125            |
|                  | Table-grapes    | MX, Chile        | 18-20 lb.   | 12.5675                 | 1.2475            |
|                  | Plums           | MX               | 18 kg       | 10.845                  | 0.9925            |
|                  | Mangoes         | MX               | 25 kg       | 12.83                   | 0.485             |
| <b>Hong Kong</b> | Peach           | CWM              | 64          | 32.47 - 38.96           | 0.90 - 1.95/pc    |
|                  | Nectarine       | CWM              | 64          | 29.87 - 33.77           | 0.90 - 1.69/pc    |
|                  | Plum            | CWM              | 60-74       | N/A                     | 2.86 - 3.25/lb    |
|                  | Watermelon      | MY, TW           | 2           | 5.58 - 7.79             | 0.31 - 0.42/lb    |
|                  | Mango           | PH, TH           | 21lb        | 15.06 - 24.68           | 0.32 - 0.65/pc    |
|                  | Apple           | WA, China        | 40-88       | 11.04 - 22.08           | 0.19 - 0.58/pc    |
|                  | Orange          | USA              | 32-45       | 12.73 - 17.53           | 0.22 - 0.52/pc    |
| <b>Taiwan</b>    | Peach           | California       | 18-25 lyr   | 24.9-31.1               | 1.5-3.1/each      |
|                  | Peach           | Local            | 12-36 box   | 9.3-18.7                | 0.3-0.6/each      |
|                  | Cherry          | California       | 5kgs, 18lbs | 56.1-90.3               | 9.2-15.6          |
|                  | Apple           | N.Z              | 70-125      | 28.30-53.46             | 0.25-1.04         |
|                  | Kiwi            | N.Z              | 30-33       | 9.3-14.1                | 0.3-0.5           |
| <b>Singapore</b> | SW Peach        | CWM              | 56          | 40                      | 1.33 - 1.46       |
|                  | SW Nectarine    | CWM              | 56          | 46.66                   | 1.67              |
|                  | Peach           | CWM              | 56          | 40                      | 1.33 - 1.46       |
|                  | Nectarine       | CWM              | 56          | 40.63                   | 1.46              |
|                  | Donut peach     | CWM              | 24          | 28                      | 1.67              |
|                  | Angelino Plum   | Chile            | 60          | 21.71                   | 2.33 kg           |
|                  | Red Heart Plum  | Chile            | 60          | 22.4                    | 2.61 kg           |
|                  | White Peach     | Israel           | 4 x1kg      | 12.67                   | 4.33 kg           |
|                  | Strawberry      | USA              | 8x454g      | 23.3                    | 4.00 /455g        |
|                  | Cherry          | USA              | 8.2kg       | 100                     | 19.93 kg          |
|                  | Naval orange    | USA              | 72          | 30                      | 0.53 pc           |
|                  | Grapes          | Australia        | 9kg         | 24                      | 3.27 kg           |
| <b>Malaysia</b>  | Peaches         | CWM              | 56-64 vf    | 36.0-41.0/carton        | 1.1-1.6/pc        |
|                  | Nectarines      | CWM              | 62- 70vf    | 36.0-41.0/carton        | 1.1-1.6/pc        |
|                  | Peach sw        | CWM              | 56-64/vf    | 36.0-41.0/carton        | 1.1-1.6/pc        |
|                  | Nectarine sw    | CWM              | 64-88/vf    | 36.0-41.0/carton        | 1.1-1.6/pc        |
|                  | Apple           | WA               | 88-135      | 23.0-28.0/carton        | 0.30-0.45/pc      |
|                  | Orange          | USA              | 113-180     | 15.2-1.5/carton         | 0.15-0.28/pc      |
|                  | Plum            | SA               | 4lb.        | 18.0-23.0/carton        | 1.13-1.45/lb.     |
|                  | Plum            | CHILE            | 100         | 0.45-0.68/lb.           | 1.1-1.5/lb.       |
|                  | <b>Thailand</b> | Black Plum       | S Africa    | 55-45                   | 48.75-58.5        |
| Cherry           |                 | USA              | 6/kg        | 75.0-80                 | 21.25-22.5/kg     |
| Red Pear         |                 | Australia        | 24/pc       | 15.0-17.5               | 1.22-1.5/pc       |
| Green Pear       |                 | S Africa         | 24/pc       | 8.75-10.0               | 0.87-1.12/pc      |
| Persimmon        |                 | NZ               | 24/pc       | 22.5-25.0               | 1.87-2.47/pc      |
| Kiwi             |                 | NZ               | 24/pc       | 4.5-5.0                 | 0.45-0.5/pc       |
| Lychee           |                 | Thailand         | 10/kg       | 10.0-11.25              | 1.87-2.12/kg      |
| Rambutan         |                 | Thailand         | 10/kg       | 5.0-6.25                | 0.5-0.87/kg       |
| Mangosteen       |                 | Thailand         | 10/kg       | 4.5-5.5                 | 0.87-1.37/kg      |

| Country         | Fruit           | Grade/Origin             | Size/Count | Wholesale Price US\$ | Retail Price US\$ |
|-----------------|-----------------|--------------------------|------------|----------------------|-------------------|
| Japan           | Cherry          | CA                       | 11~12      | 79.64~115            | 1.39~2.10/100g    |
|                 | Watermelon      | Chiba                    | L size     | 16.72~27.87          | 2.63/cut          |
|                 | Melon           | Ibaragi                  | L size     | 9.29~23.23           | 2.21~3.52         |
|                 | Cherry          | Yamagata                 | 500g       | 37.16~74.33          | 3.00/100g         |
|                 | Peach           | Yamanasni                | 1kg        | 13.93~23.23          | 6.90/2pcs         |
| New Zealand     | Peach           | CWM                      | 64         | 2.60-3.43            | 5.66/lb           |
|                 | Nectarine       | CWM                      | 64         | 2.53                 | 3.68/lb           |
| China           | Black Plum      | Chile                    | LARGE,9KG  | 22.50/BOX            | 3.00---3.50       |
|                 | Red Plum        | Chile                    | MEDIUM,9KG | 25.00/BOX            | 3.00---3.50       |
|                 | Black Plum      | 1st,CHINA                | MEDIUM,5KG | 8.13---10.63/BOX     | 2.00---2.25       |
|                 | Guifei Plum     | 1st,CHINA                | LARGE,5KG  | 9.38--11.13/BOX      | 2.25---2.73       |
|                 | Plum            | 1st,CHINA                | SMALL,     | 0.14---0.22/500G     | 0.37---0.60       |
|                 | Flat Peach      | 1st,CHINA                | SMALL,     | 0.33---0.35/500G     | 0.85---2.00       |
|                 | Peach           | 1st,CHINA                | SMALL,     | 0.13--0.15/500G      | 0.48---0.65       |
|                 | Nectarine       | 1st,CHINA                | MEDIUM     | 0.31--0.44/500G      | 0.85--1.62        |
|                 | Juicy Peach     | 1st,CHINA                | MEDIUM     | 0.19--0.25/500G      | 0.45---0.81       |
| China           | Peaches         | FRANCE                   | 4KG        | 11.04                | \$0.57 each       |
|                 | Peaches         | SPAIN                    | 35         | 10.12                | \$1.55 each       |
|                 | Peaches         | SPAIN                    | 4KG        | 11.96                | \$1.14 each       |
|                 | PL - BL BEAUTY  | SPAIN                    | 5KG        | 9.2                  | \$9.16/kg         |
|                 | PL- G. JAPAN    | SPAIN                    | 5KG        | 11.26                | \$9.16/kg         |
|                 | PL- RD BEAUT    | SPAIN                    | 5KG        | 9.2                  | \$3.64/kg         |
|                 | PL- S. ROSA     | SPAIN                    | 5KG        | 17.02                | \$0.99 each       |
|                 | NECTARINES      | SPAIN                    | 35         | 10.12                | \$1.89 each       |
|                 | NECTARINES      | SPAIN                    | 4KG        | 11.96                | \$3.91/kg         |
| Central America | Peach-GT        | CA                       | 82         | \$30                 | \$2.15            |
|                 | Nectarine-GT    | CA                       | 82         | \$30                 | \$2.15            |
|                 | Peach-Salv      | CA                       | 72,80      | \$35                 | \$1.85            |
|                 | Nectarine-Salv  | CA                       | 72,80      | \$35                 | \$1.85            |
|                 | Peach-CRica     | CA                       | 72-84      | \$28                 | \$1.65            |
|                 | Nectarine-CRica | CA                       | 72-84      | \$34                 | \$1.88-\$3.55     |
|                 | Plums-CRica     | Crica                    | 230        | \$10-\$15            | \$0.65-\$1.01     |
| Legend          | CWM             | Cal Well Mat®            |            | MX                   | Mexico            |
|                 | USM             | US Mature                |            | Aus                  | Australia         |
|                 | CUG             | California Utility Grade |            | NZ                   | New Zealand       |
|                 | CR              | Costa Rica               |            | Sp                   | Spain             |
|                 | CH              | Chile                    |            | Thai                 | Thailand          |
|                 | WA              | Washington               |            | Mal                  | Malaysia          |