

# International Market Report

MARKET NEWS FROM CTFA REPRESENTATIVES AROUND THE WORLD  
July 9, 2004

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## YTD Season Packout Totals

|               |          |
|---------------|----------|
| PEACH:        | 17,726.0 |
| PEACH SW:     | 4875.0   |
| PLUM:         | 12,442.0 |
| NECTARINE:    | 17,343.0 |
| NECTARINE SW: | 4,902.0  |

### Taiwan Steven Chu & Associates

#### GENERAL COMMENTS

Typhoon Mindulle hit Taiwan on July 01 and bringing heavy rain to this tropical island. Flooding resulted in 21 deaths, 15 people missing and hundreds of injured. Houses have been destroyed, roads blocked, major power plants been seriously damaged. Total losses over 10 billion NT dollars including enormous agriculture damage over 5 billion NT dollars. The government has suspended the 50% duty for all imported vegetables to balance market needs for the following two months.

This situation presents opportunities for imported fruits because local fruits, especially melons, are facing short supply and other summer fruits such as peaches, mango, grapes, pears and lychee were harvested before maturity. SCA encouraged major importers to bring more California Tao Lee into Taiwan market during this period.

#### MARKET SITUATION

After the typhoon, retail prices for locally grown fresh fruits did not increase as expected because of over supplies in fruit market. However, the quality was quite poor and according to some traders, quality is getting worse and prices cheaper due to the inferior crops arriving Taipei market next week. California peaches and nectarines were found in high volume during the reporting period with plums found only in select super and supermarkets. All visited importers and wholesalers were satisfied with sales performance of California Tao Lee from season beginning and committed to carrying more California Tao Lee through the whole supply season.

CURRENT ACTIVITY Exchange Rate US\$1.00 = NT\$33.7

| California Tree Fruit | Grade | Size/ Counts | Wholesale Price US\$ | Retail Price US\$ |
|-----------------------|-------|--------------|----------------------|-------------------|
| PEACH SW              | CWM   | 18-25/1 yr   |                      | 0.74-2.97/pc      |

|              |     |       |  |              |
|--------------|-----|-------|--|--------------|
| NECTARINE SW | CWM | 64/vf |  | 0.44-0.59/pc |
| PLUM         | CWM | 40/vf |  | 2.64/10pcs   |

| Other      | Origin | Size/ Count | Wholesale Price US\$ | Retail Price US\$ |
|------------|--------|-------------|----------------------|-------------------|
| Peach      | Local  | 24-36/2lyr  | 8.90-23.74           | 0.45-0.89/pc      |
| Peach      | Japan  | 6-8         | 23.73-29.67          | 3.56-5.93/pc      |
| Cherry     | WA     | 20 lbs.     | 74.18-83.08          | 2.92-4.04/lb.     |
| Strawberry | CA     | 8 boxes     | 25.22-26.71          | 4.09-4.34/box     |
| Grape      | CA     | 20 lbs.     | 17.80-28.19          | 1.18-2.07/lb.     |
| Apple      | Chile  | 20 kgs.     | 23.74-44.51          | 0.45-0.89/pc      |
| Apple      | NZ     | 20 kgs.     | 17.80-41.54          | 0.39-0.89/pc      |
| Kiwi       | NZ     | 20 lbs.     | 9.49-11.87           | 0.27-0.45/pc      |
| Mango      | Local  | 40 lbs.     | 5.9-10.38            | 0.27-0.45/pc      |
| Lychee     | Local  | 40 lbs.     | 5.9-10.38            | 0.19-0.40/lb      |

#### COMPETITION

Due to the Typhoon, local peaches will be in short supply for the rest of the supply season. Imported Japanese peaches were also in small supply due to its extremely high selling prices; hence, the two direct competitors did not bring much threaten to the sales of California peaches. Other local summer fruits also heavily damaged by the typhoon, will be in short supply. Apples from Chile and New Zealand were found in big volume in Taiwan market, imported grapes and cherries also brought competition to California Tao Lee during the reporting period.

#### QUALITY

Most traders confirmed the overall quality of California peaches and nectarines but plums were not as good with weak taste and insufficient sweetness to Taiwan consumers.

#### ARRIVALS

Arrivals of California Tao Lee during the reporting period were medium to heavy volume by both air and sea freight including Snow Blaze, Sugar Lady and Summer Sweet peaches, Article Star (*could mean arctic*) and June Pearl nectarines plus Black Amber of California Plums and some small sized pluots.

#### PROMOTION ACTIVITIES

##### Trade Activities

- Wholesaler visits were finished by end of June.
- CTFA newsletter, promotional calendar issue, was sent last week.

##### POS materials

- All POS delivered to wholesalers island-wide and dispatched to their customers.
- The advertising agency had modified the TVCF for 2004 season with new CTFA logo – will begin running shortly.
- 6 In-store sampling days were conducted at beginning of July with two major hypermarket chains for opening of new outlets.

**UPCOMING PROMOTIONS**

**Trade Activities**

- Merchandising visits to retailers have started and POS materials been delivered to key retailers.

**Consumer Activities**

- The first wave of TV ads will be on aired from July 13 to August 3. 30" and 15" TVCF will be used.
- 5 Major hyper / supermarket chains have committed to participate in In-store promotions. More chains still to be contacted.
- 4 five-star hotels will be contacted for the hotel PR event to put CTL as menu items.

**TRADER FEEDBACK**

Most of the major importers indicated that they are planning to purchase more California Tao Lee for the next several weeks to meet the predicted strong market needs caused by the typhoon.

Many visited traders confirmed on the overall quality of California Tao Lee they brought into Taiwan market from season beginning but they also indicated on the smaller average sizes for nectarines and tarter taste for plums compared to last season.

**MERCHANDISING / TECHNICAL ACTIVITIES**

The merchandising visits to targeted retailers all over the island have started in July. Well trained merchandisers will visit the retailers and encourage them to take the advantage of the short supply for local fruits caused by the typhoon and to carry more California Tao Lee for more profit margins.

**FEATURE SECTION -**

- Most wholesalers confirmed the overall quality is good as are cost and arrivals of their shipments of California Tao Lee since season began. They also indicated that they learned from their suppliers on the smaller crops for this year and averagely smaller sizes of fruits compared to last year. Many of them are optimized on the sales performance for the entire season in Taiwan Market.

- The CTL PR event will be held with 4, five-star hotels island wide. Special menu made of California Tao Lee will be requested by CTFA and 4 Press Conference will be held individually in Taipei, Hsinchu, Taichung and Kaohsiung.

**Mexico**

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

**GENERAL COMMENTS**

General fruit and fine fruit market sales decreased for this period due to the beginning of the summer vacation period. Products with the higher prices were the most affected, but California Summer Fruits®

are considered attractive so sales have maintained. Rainy weather affects turnout mainly at the traditional markets.

**MARKET SITUATION**

California Summer Fruit® sales increased for this period and trade members expect this situation to be maintained despite holiday period for prices are attractive for consumers.

**Peaches:** California peaches availability increased for this period at the retail and wholesale market. Importers are increasing import volumes for demand is good having 40% availability while local peaches have 80% availability. At the retail market the situation has been harder for the high availability of local peaches. Average sales are of 1 load per week.

**Plums:** Price of plums has decreased about 30% which is increasing sales. Availability is 50% at the visited warehouses and 80% at the retail market.

**Nectarines:** Importers consider this product as a good opportunity and are finding good demand and prices at the market. Nectarines have the highest availability of the California Summer Fruits® selling 1to 2 loads per week. There is no direct competition available in the market which helps. Gigante is now handling Summerwhite® nectarines having fair demand and slightly higher prices.

Indirect competition like mango is ending season so we expect demand to increase for the California Summer Fruits®. Other indirect competition available is the New Zealand golden kiwifruit and California Bartlett pears.

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

| California Tree Fruit | Grade | Size/ Counts | Wholesale Price US\$ | Retail Price US\$ |
|-----------------------|-------|--------------|----------------------|-------------------|
| Peach                 | CWM   | 64vf         |                      | 0.79-0.96         |
| Nectarine             | CWM   | vf           |                      | 0.82-1.15         |
| Peach SW              | CWM   | lyr          |                      | /lb.              |
| Nect. SW              | CWM   | Lyr          |                      | 1.17/lb.          |
| Plum                  | CWM   | 70-80 vf     |                      | 0.88-1.22         |

| Other     | Origin | Size/ Count | Wholesale Price US\$ | Retail Price US\$ |
|-----------|--------|-------------|----------------------|-------------------|
| Peaches   | MX     | 33 lb.      | 12.23-13.10          | 0.71-0.86/lb.     |
| Apples    | WA, Ch | 80-150      | 24.45-29.69          | 0.63-1.10/lb.     |
| Kiwifruit | Chile  | 22 lb.      | 14.85-18.34          | 0.79-1.27/lb.     |
| S-berries | CA, MX | 12 lb.      | 4.37-13.10           | 0.59-1.74/lb.     |
| grapes    | MX, Ch | 18-20 lb.   | 13.10-13.97          | 0.79-1.14/lb.     |

**COMPETITION**

Chihuahua grown peach availability increased for this period. Production areas from Tarahumara are starting harvest which will increase competition. Local peaches have good demand among consumers, good quality and attractive prices selling an average of 2 loads per week. Amarillo peach availability is fair with good demand.

Local plum availability is good in the retail and wholesale market. Sales and quality are good, exhibitions are of good size and sometimes exhibited together with California plums. Sales for both products are good as sizes are similar.

Indirect competition with the highest demand is local table grapes, Chilean apples, USA and Argentinean pears. These products have good sales and availability with slightly high prices.

**QUALITY**

California Summer Fruit® quality was good to fair. Fumigation continues to be an important issue affecting quality and shelf life.

Peaches were the most damaged by fumigation. In general the product is received with good quality showing some damaged product with soft pulp or over ripeness. Also black pulps are being seen at the retail market with soft pulps in general the rule.

Plums general quality was good. The varieties now arriving to the market are more resistant to fumigation. Only a few warehouses mentioned problems like soft pulps and over ripeness in low volumes. Quality problems at the retail market were few.

Nectarines showed the higher tolerance to fumigation. Retail and wholesale market agreed that the product arrives with good quality, consistent firmness and good ripeness. Summerwhite® nectarines quality when arrive is good, but shelf life is low.

**ARRIVALS**

Fine fruit arrivals decreased for this period as the holiday period started. For importers this situation is normal for market always slow down. Importers commented that California Summer Fruits® arrivals have been moderate, but they expect them to increase for the end of the month. The amount of warehouses interested in handling California Summer Fruits® have also increased.

**TRADER FEEDBACK**

Gigante produce managers commented on the good results they are having with the California Summer Fruit®. As they are the only supermarket chain handling Summerwhite fruit they will carry price promotions to have consumers taste and know this new variety and POS material support to have good results for this season.

Gigante will not import California peaches until September when local production starts to decrease. We are negotiating special supports to have them handle high volumes of peaches at that time.

**MERCHANDISING / TECHNICAL ACTIVITIES**

| Action        | # of Times  | Sector  | Comments                            |
|---------------|-------------|---|-------------------------------------|
| Merchandising | 30 per week | Retail  | Work on display, product handling   |
| Seminars      | 1           | Chain store managers<br>Chedraui-Master warehouse | Procedures, Exhibitions, Cold chain |

Audits will be carried with Arteli in Culiacán, Mexicali and Hermosillo looking for opportunities to know more about the supermarket chain, develop strategies and seminars according to their needs.

15 technical seminars will be carried during July with Soriana, Walmart, Bodega Aurrera, Superama and City Club covering stores and master warehouses in Torreón, Monterrey, Laredo, Reynosa, Matamoros and Mexico City.

Good comments were received from Chedraui because they have seen better results even with people who have been working with them many years. It is good to keep training staff for competition is stronger every day.

**FEATURE SECTION -**

Regarding general expectations from trade members their main concern is fumigation and its effects on quality. They expect that as the season advances the fruit improve will be more resistant to fumigation and have a longer shelf life. Importers expect California peach volume to be low because local peaches were supposed to offer big volumes, good quality and prices. At the time prices are on the same levels and quality and appearance are making California peaches more attractive for consumers and importers are increasing their volumes of California Summer Fruits®.

Technical seminars have been well received by wholesalers and retailers from the three most important cities. The idea of having specialized seminars is very attractive for them for they have much faster results and produce are staff found more interesting the information they receive from outside members. The general comments are that seminars have helped to find weakness, solve problems more easily and apply knowledge. This also helps us to find opportunities for new seminars, activities and have better results.

**Hong Kong**  
*Michael Wong & Co.*

**GENERAL COMMENTS**

Standard & Poor's upgraded its rating of the Hong Kong dollar from "negative" to "stable" because of recent recovery of local economy and attempts of Hong Kong government to seriously deal with budget deficit. Some people believed that this improvement will boost foreign investor confidence and domestic demand for consumer goods. According to the information provided by Census and Statistics, exports grew for the 24th month in May as a result of robust growth of China's economy. Total export of goods grew by 15.7% year on year to HK\$165.4 billion in July, following a 19.3% increase in April. Import also increased by 19.9% year on year in May to HK\$174.8 billion, notably slower than the 24.6% rise in previous month. But future growth of export and import of the territory largely depended on whether the mainland government managed to control the overheated economy of China, as some economists said.

**MARKET SITUATION**

The California stone fruit supply has been gradually increasing as nectarines, predominantly traditional types, are now widely available in wet markets, supermarkets and department stores. Peaches were only seen in select supermarkets. Plums are scarce. Red and black plums were only available in large branch of supermarkets whereas green plums could hardly be bought due to their waning popularity in Hong Kong. As prunes were transported to Hong Kong by air recently, their availability was low and they were sold at high prices. In spite of this, prices of California stone fruits were stable over these two weeks

CURRENT ACTIVITY Exchange Rate US\$1.00 = HK\$7.7

| California Tree Fruit | Grade | Size/ Count | Wholesale Price US\$ | Retail Price US\$ |
|-----------------------|-------|-------------|----------------------|-------------------|
| PEACH SW              | CWM   | 18-56       |                      | 0.32-2.47/pc      |
| PEACH                 | CWM   | 56-72       |                      | 0.25-0.32/pc      |
| NECTARINE SW          | CWM   | 64-72       |                      | 0.19-0.26/pc      |
| NECTARINE             | CWM   | 64-72       |                      | 0.19-0.23         |
| PLUM                  | CWM   | 40-70       |                      | 1.43-1.90/lb      |
| PRUNE                 | CWM   | 80-90       |                      | 1.04-1.56/lb      |

| Other  | Origin | Size/ Count | Wholesale Price US\$ | Retail Price US\$ |
|--------|--------|-------------|----------------------|-------------------|
| Peach  | China  | 42-70       | 13.64-15             | 0.22-0.32/pc      |
| Plum   | China  | 25lb        | 10                   | 0.19-0.21/pc      |
| Apple  | USA    | 80          | 15.58-22.08          | 0.26-0.43/pc      |
| Orange | USA    | 72          | 13.48-14.76          | 0.32-0.36/pc      |

COMPETITION

Late season Chilean plums and Australian plums and nectarines were still available but they were nearly out from the market. Furthermore, sale of Chinese peaches was quite good in recent days.

A wide variety of fruits have been competing with California since summer started. Examples were watermelon, mango, papaya, lychee and cherry which were being promoted in supermarkets and department stores.

QUALITY

As this summer was too hot, the fruits became over mature easily and shelf life of California fruits was short in this case.

PROMOTION ACTIVITIES

There was a limited launch of California Summerwhite® peaches and nectarines in Wellcome; this was a trial promotion and is Wellcome's first time to sell white flesh varieties. Consumer demand was quite good according to the supermarket. A full-scale promotion will be coordinated on week of July 9.

| Date            | Chain      | Stores | Commodity                            |
|-----------------|------------|--------|--------------------------------------|
| July 9-Aug 5    | Wellcome   | 250    | Y/SW Peach, Y/SW Nectarine, B/R Plum |
| July 9-July 21  | Jusco      | 6      | Y/SW Peach, Y/SW Nectarine, B/R Plum |
| July 23 – Aug 5 | City Super | 3      | to be confirmed                      |

TRADER FEEDBACK

As this summer has been so hot that temperature reached almost thirty-four degree centigrade in some days, wholesalers said that their California fruit, which were mainly in CWM grade, easily become overripe since they didn't have refrigerators in general. Aside from that, retailers liked the CTL T-shirts we offered to them as they thought the new brand "California Tao Lee" and logo design was good.

FEATURE SECTION -

FIRST MERCHANDISER CONTACTS & TRADER REACTIONS

Merchandising activity was carried out at both wholesale and retail levels. Our merchandisers visited the two fruit wholesale markets in HK; first round of merchandising visits to wet markets and fruit shops

included distribution of trade incentives (plastic bags and t-shirts printed with new CTL logo, CTL price tags), POS displays, educational support for stone fruits' proper handling, as well as gathering market info and traders' feedback.

REVIEW OF PUBLIC RELATIONS EVENTS

- California Tao Lee Brand Campaign includes three PR activities
- (1) Back on the Menu – PR agency to approach the HRI for the coordination of CTL menu promotions
- (2) Back in the Bag Loyalty Program – distribution of fruit baskets to media; ordered all types of California stone fruits by airfreight, arrive HK on July 10, send to media on July 13
- (3) Back in the Box Coloring Competition
- media support for the PR campaign include print ads on newspapers and magazines, to advertise the new California Tao Lee logo and the CTL brand for peaches, nectarines and plums (prunes)

All supporting materials for the above activities have been provided to the PR agency

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

GENERAL COMMENTS

Colombia's unemployment rate fell more than 2 percentage points in May from the previous month, as the economy expands at its fastest pace in a decade. The unemployment rate in the country's 13 largest cities fell to 14.8 percent from 16.9 percent in April, the national statistics agency said in Bogotá. That rate compares with 16.7 percent in May 2003.

Ecuadorian International Trade Minister Ivonne A-Baki Wednesday denied his country is dumping shrimp on the U.S. market. The Southern Shrimp Alliance filed petitions at the U.S. Department of Commerce and the International Trade Commission in February against Ecuador and five other countries, accusing them of exporting shrimp to the United States at unfair prices. The case against Ecuador is still being investigated. Shrimp is Ecuador's third largest export and represents an important source of jobs for the coastal region. A-Baki added the Ecuadorian shrimping industry has been evaluated unfairly. The dollarization of the Ecuadorian economy and the high labor costs associated with shrimping clearly demonstrate the impossibility of dumping, A-Baki said. Dumping consists in exporting products at a lower price than on the local market. A-Baki said talks with U.S. officials have been positive and the issue will not affect free trade negotiations under way with the United States. (So if you were planning on taking your family to that Long John Silver Jumbo Shrimp deal, you better get moving!)

MARKET SITUATION

The only presence of stone fruits at this time is with Venezuelan peaches and melocotones (large peach). California stone fruits have still not arrived though they are expected by the middle of the month. Venezuelan peaches are in very bad shape but melocotones are firm, with a nice color and sour-sweet. In Colombia, Nectarines from California are now available in small volumes. No peaches have been available during this period but the nectarines are in very good shape.

In Ecuador, California stone fruits are only being sold in supermarkets as their price is still too high for municipal markets. Only Peruvian peaches were available in municipal markets and there are still some Chilean plums available also in these markets.

**CURRENT ACTIVITY COLOMBIA US\$1.00 = Pesos 2,300**

| California Tree Fruit | Grade | Size/ Count | Wholesale Price US\$ | Retail Price US\$ |
|-----------------------|-------|-------------|----------------------|-------------------|
| NECTARINE             | CWM   | 72          |                      | 1.78 lb           |

| Other     | Origin | Size/ Count | Wholesale Price US\$ | Retail Price US\$ |
|-----------|--------|-------------|----------------------|-------------------|
| Kiwifruit | Chile  |             | 13.21                | 1.24              |
| Peach     | Colo   |             | 19.26                | 1.06              |

**Current Activity Venezuela US\$1.00 = Bolivars . 1,920**

| Other       | Origin | Size/ Count | Wholesale Price US\$ | Retail Price US\$ |
|-------------|--------|-------------|----------------------|-------------------|
| (Melocotón) | Venez  | N/A         | N/A                  | 1.17-1.65         |
| Peach       | Venez  | N/A         | N/A                  | 1.17-1.23         |
| Seed Plum   | Venez  | N/A         | N/A                  | 1.80-2.48         |
| Apple       | Chile  | 64-198      | 26.92                | 1.99-2.92         |
| Strawberry  | Venez  | N/A         | N/A                  | 1.21-1.61         |
| Red Globe   | Chile  | M           | N/A                  | 5.49              |
| Grapes      | Venez  | N/A         | N/A                  | 1.53-4.80         |
| Pears       | Chile  | 70-80-90    | 21.15-26.92          | 1.13-1.92         |
| Kiwifruit   | Chile  | M           | 23.07                | 2.76-3.07         |
| Mango/a     | Venez  | N/A         | N/A                  | 0.36-0.42         |

**CURRENT ACTIVITY ECUADOR US\$1.00**

| California Tree Fruit | Grade | Size/ Count | Wholesale Price US\$ | Retail Price US\$ |
|-----------------------|-------|-------------|----------------------|-------------------|
| PEACH                 | CWM   | 72          |                      | 3.08-3.36         |
| NECTARINE             | CWM   | 72          |                      | 2.85-3.36         |
| PLUM                  | CWM   | 72          |                      | 3.08              |

| Other | Origin | Size/ Count | Wholesale Price US\$             | Retail Price US\$       |
|-------|--------|-------------|----------------------------------|-------------------------|
| Peach | PERU   | N/A         | 12.00-14.00<br>caja de 160 unid. | 10 unid. X<br>US\$ 1.00 |
| Plum  | CHILE  | N/A         | 10.00-12.00                      | 8 unid. X<br>US\$ 1.00  |

**COMPETITION**

In Venezuela, Only local peaches and melocotones available. In Colombia, only Colombian peaches were available with firm fruits, and good overall conditions but very low volumes. And, in Ecuador, plums from Chile and peaches from Peru are the only competition for California stone fruits. California stone fruits are more expensive.

**QUALITY**

Only Venezuelan melocotones had good quality *since peaches are in poor condition*. In Colombia Excellent quality for California nectarines and for local peaches. While in Ecuador, peaches and nectarines look in good shape. However, peaches are a little tart. Nectarines have a better flavor and plums are very nice externally but with little flavor. Chilean plums are bruised and sour sweet and Peruvian peaches are in very good shape, firm and sweet.

**ARRIVALS**

Venezuelan receivers are expecting California stone fruits for the middle of July. We have received very good comments in Colombia regarding the quality of California stone fruits in this market.

Volumes beginning to increase and will continue arriving all during this month.

From Ecuadorian receivers we hear peaches, plums and nectarines that arrived during this period were only for sale in supermarkets. More arrivals are expected in the next couple of weeks, but the exact amounts could not be obtained.

**PROMOTION ACTIVITIES**

In-store promotions are scheduled to start in the middle of July in each country.

**TRADER FEEDBACK**

While Venezuelan importers were still complaining about delays in obtaining import permits, they were more optimistic as things seem to be flowing at the Ministry of Agriculture.

Colombian Importers have been pleased with the quality of California stone fruits and there was better presence of these fruits in supermarkets.

As the school vacation period is very close, Ecuadorian importers expect to have slower sales as many people leave town to go to vacation areas on the coast of Ecuador. Since California stone fruits are mostly sold in supermarkets where the middle class shops, some lower sales are expected during this period.

**MERCHANDISING / TECHNICAL ACTIVITIES**

**VENEZUELA**

| Action        | # of Times | Sector                           | Comments                   |
|---------------|------------|----------------------------------|----------------------------|
| Merchandising | 2          | Importers & Wholesalers          | Obtain market information. |
| Merchandising | 3          | Retail (Supermarkets)            | Obtain market information. |
| Merchandising | 2          | Street Vendors<br>Street markets | Obtain market information. |

**Colombia**

| Action        | # of Times | Sector                  | Comments                   |
|---------------|------------|-------------------------|----------------------------|
| Merchandising | 6          | Importers & Wholesalers | Obtain market information. |
| Merchandising | 8          | Retail (Supermarkets)   | Obtain market information. |

**Ecuador**

| Action        | # of Times | Sector                           | Comments                            |
|---------------|------------|----------------------------------|-------------------------------------|
| Merchandising | 2          | Importers & Wholesalers          | Obtain market information.          |
| Merchandising | 7          | Retail (Supermarkets)            | Obtain market information, planning |
| Merchandising | 1          | Street Vendors<br>Street markets | Obtain market information.          |
| Merchandising | 1          | Fruit Stores                     | Obtain market information.          |

## New Zealand

### Sue Knowles Ltd.

#### GENERAL COMMENTS

Winter temperatures have been very cold over the entire country for the last two weeks. School holidays began last week; sales have been steady but slower than previously. The New Zealand dollar has strengthened over the last two weeks to US\$1 = NZ \$1.56.

#### MARKET SITUATION

Oversupply of bananas continues. Retail and wholesale prices continue to be ridiculously low.

Predominantly we are still seeing traditional varieties of California nectarines arriving with only small volumes of peaches and fewer still Summerwhite™ fruit in the market. The peaches are arriving in notably good condition.

The first plum varieties have also arrived, and they are tasting really great!

Again last week, very good wholesale prices have resulted in many chains continuing to promote heavily. Prices below \$3.00/kg are considered very cheap for Californian summerfruit.

CURRENT ACTIVITY Exchange Rate US\$1.00 = NZ\$ 1.56

| California Tree Fruit | Grade | Size/ Count | Wholesale Price US\$ | Retail Price US\$ |
|-----------------------|-------|-------------|----------------------|-------------------|
| PEACH SW              | CWM   | 64          |                      | \$1.31 - \$2.72   |
| PEACH                 | CWM   | 64          |                      | \$2.26 - \$2.72   |
| NECTARINE             | CWM   | 64- 72      |                      | \$1.31 - \$2.26   |
| NECTARINE SW          | CWM   | 72          |                      | \$2.26 - \$2.72   |
| PLUMS                 | CWM   | 80          |                      | \$2.26 - \$2.72   |

| Other     | Origin  | Size/ Count | Wholesale Price US\$ | Retail Price US\$ |
|-----------|---------|-------------|----------------------|-------------------|
| Grapes    | Aust    | 8.2kg       | \$1.50 - 1.81        | \$1.81 - \$3.17   |
| Oranges   | Aust    | 18kg        | \$0.74               | \$1.39            |
| Mango     | Mexico  | 12 cnt      | -                    | 0.99c each        |
| Mandarin  | NZ      | Sm/lge      | \$0.45 - \$1.18      | \$1.39            |
| Banana    | Ecuador | 18kg        | \$0.45 - \$0.59      | \$0.45 - \$1.22   |
| Apples    | NZ      | 100 ct      | NA                   | \$1.13 - \$1.43   |
| kiwifruit | NZ      | -           | 60c – 80c            | \$1.15            |

#### COMPETITION

Major competition is still coming from an oversupply of bananas - particularly in Auckland. The quality of the Chilean and Australian grapes is beginning to deteriorate and hence be promoted less.

#### QUALITY

The general quality of nectarines and peaches has been good. One importer has reported that they are finding both the traditional nectarines and peaches are not keeping as well as they were earlier

in the season. The first varieties of plums have been very sweet and juicy and a pleasure to eat.

The small amount of summerwhite™ seen is also looking very good, however flavor has been a little disappointing.

#### ARRIVALS

Fruit is now arriving weekly, volumes increasing.

#### PROMOTION ACTIVITIES

#### UPCOMING PROMOTIONS

- Final organizations are being put together for the Auckland Foodshow. 29/30 July & 1 August
- Instore demonstrations are underway
- Started organizing a display competition with one of NZ largest independent group of retailers. POS currently being generated

#### TRADER FEEDBACK

Pricing is still very good for smaller count sizes that New Zealand retailers seem to prefer. Most importers have promotional programmes organized with their retailers. Storage quality of the fruit is a concern with one importer

#### MERCHANDISING / TECHNICAL ACTIVITIES

Wholesale merchandising visits are occurring fortnightly in Auckland, Wellington and Christchurch

## Malaysia

### Lieu Marketing

#### GENERAL COMMENTS

Strong trade numbers and increased consumption spending are pointing to strong economic growth for the country in the second quarter, Reserve Bank of Malaysia (Bank Negara) governor Tan Sri Dr Zeti Akhtar Aziz said. Malaysia recorded gross domestic product (GDP) growth of 7.6% in the first quarter of the year, following higher export numbers and strong domestic consumption.

The international reserves of Bank Negara Malaysia increased further by RM202 million (US\$53 million) to RM205.1 billion (US\$54.0 billion) as at 15 June 2004. The increase in reserves was due mainly to higher repatriation of export earnings and inflows of portfolio investment. The outflows during the period mainly reflected payments for imports of goods and services, repayment of external loans as well as some repatriation of dividends. The reserves position is adequate to finance 7.4 months of retained imports and to cover 5.4 times the short-term external debt.

The Store Corp Bhd will be opening two more Pacific hypermarkets - one in Kota Baru in September and another in Alor Star in November this year. The company also owns 36 department stores-cum-supermarkets under the name *The Store* in Peninsular Malaysia. Its general manager (Supermarket) said that the new outlets would increase the number of its hypermarkets from the current two to four. The new Alor Star hypermarket will be its second in the city; its other existing outlet is in Prai.

## MARKET SITUATION

California peaches and nectarines have gained larger displays at supermarkets as well as better penetration in the supermarket level. We can now find California traditional peaches and nectarines in most of the foreign-owned hypermarkets and supermarket chains as well as some of the bigger local supermarket chains. The California peaches and nectarines are usually repacked into two pieces in a pack to make consumer-buying decision easier. Some supermarket chains have made contact with us to initiate discussion on the mechanics of our generic CTFA promotion for this season to ensure double-digit incremental growth in promotion sales.

It is encouraging that the new season of California peaches and nectarines are getting quite good response from the consumers. This has given the supermarkets here the confidence to increase their displays and made them more interested to promote these fruits during the season. Sampling of California peaches and nectarines would be an important activity during our promotions as many consumers are still not familiar with the California quality.

The displays for the Chilean plums in the supermarkets are getting smaller. Most supermarket buyers are expecting to start stocking up with California plums in the second half of the month. They have been informed by their suppliers that the shipments of California plums will be arriving soon. Most buyers are expecting a better season this year for plums as the news that they get from their suppliers is that the fruits this season is of good quality.

The situation is also the same in the wet market sector. Most retailers in the morning and night markets are expecting to start selling California plums soon. They are looking forward to it as the sales of California plums are generally higher than those from other countries of origin, due to the better quality fruits as well as better acceptance by the consumers.

### CURRENT ACTIVITY Exchange Rate US\$1.00 = 3.8 Ringgit

| California Tree Fruit | Grade | Size/ Count | Wholesale Price US\$ | Retail Price US\$ |
|-----------------------|-------|-------------|----------------------|-------------------|
| Peach                 | CWM   | 56 / 2 lyr  |                      | 0.80-1.16/pc.     |
| Nectarine             | CWM   | 56 / 2 lyr  |                      | 1.00-1.16/pc.     |

| Other                | Origin    | Size/ Count         | Wholesale Price US\$ | Retail Price US\$              |
|----------------------|-----------|---------------------|----------------------|--------------------------------|
| Plum                 | Chile     | 100pc.              | 12.16-13.50          | 0.22-0.25/pc.                  |
| Peaches & Nectarines | China     | 900g Punnet         | 2.02/900g            | 2.70/900g                      |
| Apple                | WA, China | 130-150pc.<br>28pc. | 18.90-21.62<br>7.60  | 0.31-0.65/pc.<br>0.18-0.20/pc. |
| Grape                | Australia | 4.5lb               | 5.50-7.30            | 0.73-0.85/lb                   |
| Kiwifruit            | Chile     | 140pc.              | 15.0-18.0            | 0.13-0.18/pc.                  |
| Longan               | Thailand  | 4.5lb               | 8.30                 | 0.48/lb                        |

## COMPETITION

China peaches and nectarines are making an impression in the market with a very nice punnet packaging. Although the peaches and nectarines are cheaper, they do not have a good taste and aroma. The China peaches and nectarines are selling well in the lower and middle classes of hypermarkets but they have not gain acceptance among the affluent consumers.

California plums are still facing stiff competition from Chilean plums. However, it's good to note that Chilean plums are reaching the end of its season and the market will soon be filled with California plums. According the importers, the inventory level of Chilean plums is no longer high in the cold room.

Longan is quite popular in the market during this season. This creates an indirect competition with California Summer Fruits as the consumers have an alternative choice.

## QUALITY

It is encouraging that the early season fruits received are of good quality. Most of the fruits were firm, with good aroma. This has given the trade the confidence to increase their orders for both peaches and nectarines.

## ARRIVALS

The arrival volume of California peaches and nectarines is slowing improving. However, the volume is still relatively small and the importers informed that the import volume would increase towards the end of the month. The first sea shipment of California plums is scheduled to arrive in the middle of July.

## PROMOTION ACTIVITIES

There is a lot of interest this season among the supermarkets to promote California summer fruits. We have already received quite a number of requests this season to conduct peaches and nectarine promotions. Most of these supermarkets are asking us to let them know once we can start running joint promotions with them as they would then have the confidence to bring in more stocks. Interest for California plums promotion also continues to remains high due to the popularity of the fruit among the local consumers.

## UPCOMING PROMOTIONS

| 9 <sup>th</sup> - 25 <sup>th</sup> July 04 | Jaya Jusco | 11 | Promotion Demo | Peaches & Nectarines |
|--|------------|----|----------------|----------------------|
|--|------------|----|----------------|----------------------|

## TRADER FEEDBACK

There has been positive feedback from importers and wholesalers on the California Summer Fruits. At present, although there are only California peaches and nectarines available in the market, the fairly good quality arrivals have helped instill confidence in all the California stone fruits in general. This is encouraging. Most of the importers have informed us that they are planning to bring in California plums beginning the month of July.

## MERCHANDISING / TECHNICAL ACTIVITIES

| Action              | #     | Sector                                      | Comment                   |
|---------------------|-------|---|---------------------------|
| Trade Merchandising | 25/wk | Importers/Wholesalers/Supermarket Retailers | Eager to begin promotions |

## FEATURE SECTION -

The feeling that we get from our initial merchandising visits to the trade this season is that they are expecting a good season for California Summer Fruits. Good quality arrivals of the California peaches and nectarines have given the trade the confidence to increase their orders.

In terms of plums, the importers are looking at bringing in more varieties this season. A reason for this is because the supermarkets have asking them for more and new varieties to promote. Our efforts to encourage the supermarkets to promote at least three varieties of plums for more impact displays that will help generate better sales have made the supermarkets see the benefits of carrying more varieties of California plums during the season.

Shipment volume for California Summer Fruits in general will be increasing towards the end of July and the importers have confidence that the sales of California Summer Fruits will pick up fast once the Chilean plums are out of the market.

**Singapore**  
*Lieu Marketing*

**GENERAL COMMENTS**

The forward-looking Purchasing Managers index (PMI) has risen to a 44-month high of 56.8 point in June. The current growth in the PMI is a good indication of the health of Singapore's manufacturing-driven economy, is the 13<sup>th</sup> straight month of expansion. The latest reading for the June figure is an increase of 1.1 point over the month of May. Similarly, the electronics sector's PMI increased by 1.8 points to 56.2 last month, its 12<sup>th</sup> consecutive month of expansion.

The Singapore Institute of Purchasing and Materials Management, which are responsible in compiling the index, said that the current expansion in the PMI is being driven by the strength of new orders for both home and foreign markets, which is keeping production output strong.

**MARKET SITUATION**

During this reporting period, three container loads of California peaches, nectarines, plums and prunes were imported. According to observation, SW nectarines and Saturn peaches form the bulk of the consignment. More SW peaches continue to come in via air-shipment on a weekly basis. Two importers informed our merchandisers that they have more California peaches, nectarines, plum and prunes on water that will arrive in the middle of July.

In the retail market, more supermarket chains have bigger and better display of California SW peaches and nectarines and Donut peaches at the time of merchandising trade visits. Several retail chains are also stocking China peaches and nectarines in competition with California Summer Fruits. Feedback from selected supermarket supervisors indicated that sales of California Summer Fruits was better than the lower priced China stones fruits as consumers prefer to buy the better taste California fruits.

At the wet markets retail fruits vendors outlets, a high percentage of retailers are now selling two to three varieties of California peaches, nectarines, plums and prunes. Distribution of China nectarines and Donut peaches however, seemed to be better because of its lower prices.

**CURRENT ACTIVITY** Exchange Rate US\$1.00 = SN\$1.65

| California Tree Fruit | Grade | Size/ Count    | Wholesale Price US\$ | Retail Price US\$ |
|-----------------------|-------|----------------|----------------------|-------------------|
| Peach                 | CWM   | 56/ 2lyr       |                      | 1.21/each         |
| Nectarine             | CWM   | 64/ 2lyr       |                      | 1.18/each         |
| Peach SW              | CWM   | 56 / 2lyr /v/f |                      | 1.18/each         |
| Peach SW              | CWM   | 18 1lyr        |                      | 2.12/each         |
| Nectarine SW          | CWM   | 64 v/f         |                      | 1.18/each         |
| Saturn Peach          | CWM   | 56 / 2lyr      |                      | 0.56– 1.33/each   |
| Plum                  | CWM   | 65/70          |                      | 4.79 / kg         |
| Prune                 | CWM   | 80/90          |                      | 7.27/ kg          |

| Other           | Origin        | Size/ Count      | Wholesale Price US\$ | Retail Price US\$ |
|-----------------|---------------|------------------|----------------------|-------------------|
| White peach     | <b>China</b>  | 900g X 10 punnet | 18.45                | 2.36/900g         |
| White nectarine | <b>China</b>  | 900g X 10 punnet | 19.73                | 2.36/900g         |
| Donut peach     | <b>China</b>  | 900g X 10 punnet | 19.09                | 2.73/900g         |
| White peach     | <b>Israel</b> | 6 pc x 10 boxes  | 25.45                | 0.70-0.50/ each   |
| Plums           | Chile         | 55               | 16.55                | 0.22/each         |
| Cherries        | <b>USA</b>    | 10 ½             | 66.67                | 9.69 kg           |
| Lychees         | China         | S/M              | 5.76                 | 3.94/2kg          |
| Lychees         | Thai          | 11kg             | 15.15                | 1.51/kg           |
| Strawberry      | USA           | -                | 18.79                | 2.97 /454g        |

**COMPETITION**

Israel white peaches were available in the last two weeks, however, distribution was only restricted to one retail chain who indented 400 cartons x 12 boxes for their retail outlets. The other main competition came from China white peach, nectarine and Donut peach which increased its presence in the last two weeks. As for plums, Chilean plums remained as the sole competition with California plums. However, the quality of Chilean plums are deteriorating

More China lychees are in the market as they are trying to knock out the lower quality lychees from Thailand with further price reduction. Malaysian durians continue to be imported daily, as truckloads of durians were imported daily through the causeway.

**QUALITY**

According to reports, the quality for most of the air shipment of California stone fruits is of good and above quality. While some sea shipment nectarines and Donut peach have one or two decayed fruits found in selected cartons.

**ARRIVALS**

Three container load of California nectarines and donut peaches arrived in moderate volume. Air shipment peaches and prunes arrived in regular weekly shipment.

**Promotion Activities**

| Date         | City      | Chain          | Stores | Days |
|--------------|-----------|----------------|--------|------|
| June 18 – 24 | Singapore | Cold storage   | 37     | 7    |
| June 24 – 30 | Singapore | NTUC Fairprice | 69     | 7    |

#### UPCOMING PROMOTIONS

In-store sampling promotions to support trade importation and retail consumption has been confirmed for July. Four in-store sampling promotions on California peaches, nectarines and plums involving a total of 41 retail supermarket / hypermarket outlets. Pit poppers will be given out to consumers with purchase of peaches and nectarines.

#### MERCHANDISING / TECHNICAL ACTIVITIES

| Action               | # of Times  | Sector                      | Comments           |
|----------------------|-------------|-----------------------------|--------------------|
| Trade Merchandising  | 20 per week | Import/wholesale/Sup retail | Activity on going  |
| Retail Merchandising | 40 per week | Retail from vendors         | POS display set up |

#### FEATURE SECTION –

- Importers and wholesalers are quite happy with the over all quality of the imports so far. However, they are concerned that the cheaper China stones fruits may affect sales of their California Summer Fruits. They are therefore looking forward to CTFA in- store promotional activities at retail outlets to help them move fruits in support of their importation.
- Discussion to conduct sampling at schools and sampling at community clubs during their healthy lifestyle campaign events are on going.
- Discussion to conduct sampling at retail wet markets are on going at time of this report.

### Thailand Lieu Marketing

#### GENERAL COMMENTS

The exchange rate for Thai baht against the US dollar remained below the 41 baht level. In the last one week it hovers around 40.81-40.85 baht. Affected by recent hike in retail petrol price, prices of most products have been marginally increased, especially on local fruits and vegetable. The inflation rate in Thailand for the first half of this year was higher by 0.3% compared to last year. Analysis estimated the average inflation for Thailand to be 2.5% for the full year 2004.

#### MARKET SITUATION

The California Tree Fruit season has started in Thailand in the last two weeks. California peaches, nectarines and plums were imported. The imports included SW peaches and nectarines and two varieties of plums. According to reports from merchandising visits, most peaches and nectarines were sold in supermarkets while the smaller size plums were only on sale at the retail fruit vendors' outlets.

Traders commented that with the near ending of the local Thai fruit season, they are looking forward to increase sales for imported fruits such as California peaches, nectarines and plums. Importers are planning to import more fruits to cater for the expected increase in demand from consumers.

Plums from Chile continue to be available in the most supermarkets and wet markets, as the direct competition with California plums.

#### CURRENT ACTIVITY Exchange Rate US\$1.00 = Baht

| California Tree Fruit | Grade | Size/ Count | Wholesale Price US\$ | Retail Price US\$ |
|-----------------------|-------|-------------|----------------------|-------------------|
| Peach                 | CWM   | 18          |                      | 2.5-3.0 / piece   |
| Nectarine             | CWM   | 22          |                      | 8.0-9.0/ kg       |
| Black Plum            | CWM   | 120         |                      | 8.75-9.9/ kg      |
| Red Plum              | CWM   | 120         |                      | 8.75-9.9/ kg      |

| Other      | Origin | Size/ Count  | Wholesale Price US\$ | Retail Price US\$ |
|------------|--------|--------------|----------------------|-------------------|
| Black Plum | Chile  | 10 kg/carton | 27.5-55.0            | 6.5-9.5           |

#### TRADER FEEDBACK

Both importers and wholesaler were complaining about the fast ripening of the peaches and nectarines. Now in Thailand, the temperature is very high at average of 35-38 °C. The California plums were available in the market in the last two weeks, mostly shipped via airfreight. The products were out of stock now and the importers/wholesalers are waiting for the new shipments to arrive by end of July.

#### FEATURE SECTION –

Trade educational training seminar at Makro hypermarket was concluded on July 6. About 40 staff that included store managers, supervisors and sales assistants from the V&F department attended the half-day seminar conducted by Richard Lieu. This training aimed at training their staff on product knowledge and handling, to prepare them for the arrival of their first direct import of California peaches, nectarines and plums from US exporters. Most attendees found the training to be very useful and have expressed more confidence to handle California Summer Fruits.

### CAM Region Grupo PM S.A. de C.V.

#### GENERAL COMMENTS

The Federal Reserved (FED) increased a 0.25% the daily interbank rate, increasing from 1% to 1.25%. This is the first significant increase that will help control the four-year inflation of the US economy. Some nations of the region have indicated that this might increase local rates and goods and services prices.

On the other hand, Central America governments established a joint action plan in agriculture; health and environments to be follow in order to get the CAFTA up and running. Also some decisions were made on customs barriers, bio security, transgenic and health checking points in the region.

Nevertheless it is important to mention that independently, each country is making their individual efforts to really get a benefit of the CAFTA. Costa Rica received the international security certification for its ports, after proving they followed the international security regulations. It is important to mention, that after July 1<sup>st</sup>, all the countries that lack of this certification are not able to export their products to those countries that have the certification.

#### MARKET SITUATION

During this last fortnight, the presence of California Summer Fruits® has increased. Besides, in order to enhance movement some discount promotions were conducted in some Supermarket stores. Nevertheless, in some Supermarkets the California Summer Fruits® sales movement has been very slow, as a consequence of the feeling of having higher prices.

In general the sales movement of CTFA has been satisfactory and local Georgia and local products are competing in the market, having a price advantage over our products.

#### CURRENT ACTIVITY THROUGHOUT THE REGION

| California Tree Fruit | Grade | Size/ Count | Wholesale Price US\$ | Retail Price US\$ |
|-----------------------|-------|-------------|----------------------|-------------------|
| Peach                 | CWM   | 56-84 vf    |                      | 0.97-1.89/lb      |
| Peach SW              | CWM   | 72 vf       |                      | 0.90-1.00/lb      |
| Nectarine             | CWM   | 56-72 vf    |                      | 1.00-1.89/lb      |
| Plum                  | CUG   | 60-80 vf    |                      | 0.99-1.89/lb      |

#### COMPETING FRUIT THROUGHOUT THE REGION

| Other     | Origin     | Size/ Count | Wholesale Price US\$ | Retail Price US\$ |
|-----------|------------|-------------|----------------------|-------------------|
| Peach     | GT, CR, GO | 72-100      | 15.00-37.68          | 0.40-1.89/lb      |
| Plum      | PN, GT, CR | 70-170      | 10.00-18.00          | 0.95-1.03/lb.     |
| Apples    | CH         | 72-198      | 18.00-27.65          | 0.60-1.27/lb.     |
| Pears     | CH, AR     | 80-135      | 19.00-30.00          | 0.88-1.51/lb      |
| Kiwifruit | CH         | 22.0 lbs    | 32.00-35.00          | 1.00-1.75/lb      |
| Grapes    | CA, CH     | 22-33 lbs   | 18.00-27.00          | 1.00-1.79/lb      |

#### COMPETITION

During this last period, local as well as imported fruits are competing in the region. Local peaches and plums are available. Peaches are offering not a good quality and with lack of color. In some supermarket chains the availability is good. On the other side, the plums have good appearance and appropriate flavor.

The imported peaches come from Georgia, having a 20% market share. A big number of the fruit has presented quality problems, offering a very low price with the main objective of finishing the stocks.

#### QUALITY

The quality of California Summer Fruits® has been improving significantly. The problem of the too ripe peaches and plums has not been an issue anymore. Plums' quality is very high and well accepted by the importers.

#### ARRIVALS

The importers mention that they will continue importing several CTFA containers. This as a result of the good sales movement and the great quality they have been receiving. The only real competitor is Georgia and because as they quality problems they have been handling it seems they will not longer continue importing this origin.



#### UPCOMING PROMOTIONS

| Date | Chain        | # of Stores | Type        | Commodity |
|------|--------------|-------------|-------------|-----------|
| July | Paiz         | 2           | Interactive | All       |
| July | Automercados | 2           | Interactive | All       |

#### TRADER FEEDBACK

One importer from Guatemala mentioned that one of the containers he received presented temperature problems. The temperature should be 0°C and it was 3.3°C. Besides he mentioned that as a result the fruit presented a small ripening degree.

#### MERCHANDISING / TECHNICAL ACTIVITIES

| Action        | # of Times | Sector   | Comments  |
|---------------|------------|--|---|
| Merchandising | 250        |  Supermarkets<br> Traditional sector | POS material display decoration and gathering market information. |

#### FEATURE SECTION -

- 1) The trade commented that at the beginning of the season the prices were too high and the quality was not according them. Nevertheless the consumers have received the fruit in a great way, making a very good sales movement. The quality has been improving significantly, aspect that has made the importers willing to continue importing higher volumes that the actual ones.
- 2) The seminars were very successful. In all the countries all the attendees received the information and were willing to participate, learn and correct the procedures. Besides the regular seminars, some POS training were conducted, leaving not only the in-store personnel very pleased, but the managers were very happy knowing that their personnel learn the proper handling procedures.

#### 3) Training Seminars:

| COUNTRY      | COMPANY                    | SEMINARS  | ATTENDED   |    |
|--------------|----------------------------|-----------|------------|----|
| COSTA RICA   | AUTOMERCADO                | 8         | 36         |    |
|              | PRICE MART                 | 2         | 6          |    |
|              | IMPORTFRUTD                | 2         | 25         |    |
|              | FRUTA INT.                 | 3         | 33         |    |
| PANAMA       | HERMANOS GAGO              | 1         | 18         |    |
|              | MACHETAZO                  | 1         | 15         |    |
| HONDURAS     | TEGUCIGALPA IMPORTERS      | 1         | 8          |    |
|              | SAN PEDRO SULA             | DIPROM    | 1          | 10 |
|              | FRUVETSA                   | 1         | 20         |    |
| EL SALVADOR  | PAIZ, DESPENSA DE DON JUAN | 5         | 85         |    |
| GUATEMALA    | LA FRAGUA - PAIZ           | 1         | 55         |    |
|              | VIDAURRI                   | 1         | 21         |    |
|              | DISPERSA                   | 1         | 34         |    |
|              | FRUTAMI                    | 1         | 7          |    |
| <b>TOTAL</b> |                            | <b>29</b> | <b>373</b> |    |

**Japan**  
*J. Brain Inc.*

**GENERAL COMMENTS**

According to the June report of Economy Watch explaining the prevailing economic conditions by Japan Government, the present economic status compared to three months ago indicated 51.4 points with 1.4 points decrease due to the poor sales among the food service and service related business. However, it was reported that the recovery of economy has been continued.

**MARKET SITUATION**

All retailers are allocating the wide space for the local summer fruits such as peaches, plum, melon, watermelon, grapes. Because almost of all local summer fruits started to have its supply peak earlier than the last season due to the hot temperature. Some stores have already started to display the pears that are not typically carried until mid August. Because of the increased supply volume and earlier season of the local summer fruits, the sales space for the imported fruits in general was decreasing.

As for CA nectarines, only a few imported nectarines have been distributed to the retail market via wholesale market. Fortunately, the evaluation to the samples given in advance among the retailers and wholesalers was reported to be very good. According to trade, the wholesale price would have less than a \$3 spread between the sizes and varieties. This price gap has caused some confusion among the wholesalers who are thinking that some importers might be getting profit margin.

**CURRENT ACTIVITY** Exchange Rate US\$1.00 = ¥ 108

| California Tree Fruit | Grade | Size/ Count | Wholesale Price US\$ | Retail Price US\$ |
|-----------------------|-------|-------------|----------------------|-------------------|
| Nectarine SW & SG     | CWM   |             |                      | 0.92-1.20         |

| Other fruit  | Origin | Size/ Count | Wholesale Price US\$ | Retail Price US\$ |
|--------------|--------|-------------|----------------------|-------------------|
| Peach        | JPN    | 5kg         | 77-9.72              | 6.29/4 pcs        |
| Plum         | JPN    | 700g        | 2.94-2.00            | 4.44/11pcs        |
| Andesu Melon | JPN    | 6kg         | 19.44-9.72           | 4.61/1pc          |
| Nectarine    | JPN    | 10kg        | 73.59                | 6.29/7 pcs        |
| Del. Grape   | JPN    | 2kg         | 17.5-14.58           | 4.61/pack         |
| Water melon  | JPN    | 13kg        | 34-14.58             | 14.62/1pc         |

**COMPETITION**

All retailers put the emphasis on the local white peaches that predominated quite a big sales space in the produce section because the peak of the field grown peaches. In addition, small volume of local nectarine has started to supply and was available at the proper shelf among some of the store in Tokyo region though the size was still smaller.

**QUALITY**

Quality of both Summerwhite and Summergold was imported by the surface shipment reported to be good. However, the ripening speed was reported to be faster than last season. It was said that it only needed one day or so for the ideal ripening condition. There was also

one quality claim that the bigger size fruits of 25 or 20 got cracks upon arriving to the customers(wholesalers) according to a importer.

**ARRIVALS**

Ocean containers arrived on July 1<sup>st</sup>, 6<sup>th</sup> and 8<sup>th</sup>. All shipments cleared customs for distribution to the retail market.

**PROMOTION ACTIVITIES**

**UPCOMING PROMOTIONS**

40 in-store demonstrations are scheduled to be conducted for the weekend of July 10<sup>th</sup> and 11<sup>th</sup> among the following retail chains; Jusco, Mycal, Fuji, Daiei, Okuwa, Ito Yokado. Additionally, the next promotion will be scheduled during the next weekend of July 17<sup>th</sup> and 18<sup>th</sup>. There may be some in-store promotion during the weekend depending on sales results.

**TRADER FEEDBACK**

With the entry of another importer there is some unfamiliar price competition in the market. The hope is that prices can be stabilized so everyone benefits.

Traders commented that the taste was very good and received the good evaluation from their customers. Traders have been negotiating with potential customers about which retail chains can receive sampling support from CTFA. A second series of loads may be considered depending on the sales results.

Another wholesaler in Nagoya is hoping for promotional support from CTFA if they purchase locally since it was too late for them to import the surface shipment as other importers did.

**MERCHANDISING / TECHNICAL ACTIVITIES**

Meeting with importers was made to coordinate the in-store demonstrations among the nominated retail chains as well as checking the arrival condition of the shipments. Upon confirming the nominated retail chains, the arrangement of the in-store demonstration was made for the weekend of July 10<sup>th</sup> and 11<sup>th</sup>. Posters and buyers technical pamphlets have been delivered in advance.

As for the fruit being marketed mainly at the wholesale market, the consistent contacts were made to encourage them to nominate the retail chains for the promotion. As the result, they started to submit the retail chains upon negotiating with their customers.

Intensive and consistent approaches and negotiations with TV companies have been continued to make to the targeted TV programs in order to gain publicity during the limited two weeks since July 5<sup>th</sup>. Although it has not been confirmed, two TV programs may be gained during the week of July 12<sup>th</sup>.