

International Market Report

MARKET NEWS FROM CTFA REPRESENTATIVES AROUND THE WORLD

September 3, 2004

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YTD Season Packout Totals

PEACH:	13,673.7
PEACH SW:	4,507.3
PLUM:	9,089.3
NECTARINE:	14,678.6
NECTARINE SW:	4,284.0

Taiwan

Steven Chu & Associates

GENERAL COMMENTS

Taiwan recently raised its economic growth forecast for this year to 5.87 percent, from 5.41 percent, after the economy expanded at its fastest pace in four years in the second quarter.

Typhoon Aere hit Taiwan on August 24 and brought unusually high rainfall to this tropical island causing tremendous losses to the country. Authorities reported 13 people dead and 17 more feared lost; 30 were still missing and over 600 were injured some areas still cut off by landslides. The typhoon also caused NT\$100 million agriculture losses and over NT\$50 billion losses in stock exchange market. More than one million families were suffering from no running water and / or no electricity power for several days. According to the weather bureau, there is another large typhoon heading toward Taiwan and is forecasted to hit next Monday. In other news, Taiwan officials are thinking of changing nation name to Florida...

Market demand for fresh fruits during the period was strong due to "Ghost Month". Prices climbed due to typhoon Aere, as retail prices for vegetables increased 50 to 200 % and consumers were shopping fresh fruits and vegetables like it was the end of the world. Traders, including importers and wholesalers, indicated that they will need more fruits for the following several weeks - especially gift-box quality for the upcoming Moon Festival. Many were concerned about limited supplies of California Tao Lee, and increased prices, so some importers are looking to source peaches from other origins. This is a great lost to CTL since they are not able to take the advantage while market demand is so strong.

MARKET SITUATION

California peaches and nectarines were in a sufficient supply during the "Ghost Festival" and could be found almost every where in the market. But not California plums, which were only found at major hyper / supermarket outlets in limited volumes.

CURRENT ACTIVITY Exchange Rate US\$1.00 = NT\$ 33.9

California Tree Fruit	Grade	Size/ Counts	Wholesale Price US\$	Retail Price US\$
PEACH SW	CWM	16-25/1 lyr		0.56-2.34/pc
NECTARINE SW	CWM	56-64/vf		0.44-1.03/pc
PLUM	CWM	32-50/vf		2.65/10pcs
PRUNE	CWM	50/vf		0.74/pc

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach	Japan	10-16	29.49-38.34	2.36-3.54/pc
Grape	CA	20 lbs.	14.75-23.59	0.98-1.53/lb.
Apple	Chile	20 kgs.	25.07-44.25	0.44-0.88/pc
Apple	NZ	20 kgs.	17.69-41.29	0.35-0.88/pc
Kiwi	NZ	20 lbs.	8.79-11.74	0.26-0.43/pc

COMPETITION

Destroyed by Typhoon Aere, not many locally grown peaches were in the market, imported peaches from Japan and Washington were also in limited supply and both did not affect sales of California peaches. Local pineapples, watermelons and imported apples, kiwi and grapes were found in good volume and brought competition to California Tao Lee during the reporting period.

QUALITY

The overall quality of all California Tao Lee has been good for both air and sea shipments since the season beginning according to visited traders. But there are some traders who still complain about the poor taste and less sweetness of some particular brands and varieties of CTL. In addition, most traders indicated that the sales performance for Pluots in this year was not as good as of last year due to poor taste, less sweetness and smaller size of the fruits. Taiwan consumers prefer big, red and round fruit that are also juicy and sweet for Moon Festival.

ARRIVALS

Medium volume of peaches and nectarines have been brought in during the period including Snow Gem, Snow King, Full Moon and September Snow peaches and Regal and August Pearl nectarines

and a small amount of Arctic Snows a few plums and prunes.

PROMOTION ACTIVITIES



A California Tao Lee display during July in a Carrefour market in Taipei shows the use of CTL Point of Sale material and that the scale of display is on par with the US market. Note the small color break using plums, with the small crop, plum purchases were down significantly in this market.

Date	City	Chain	Stores	Days
21.22 / Aug.	Taipei	Song Ching	1	2
21.22 / Aug.	Taipei	Wellcom	1	2
21.22 / Aug.	Taipei	Hyper-Geant	1	2
21.22 / Aug.	Taipei	Carrefour	3	6
21.22 / Aug.	Taipei	RT Mart	1	2
28.29 / Aug.	Taipei	Sogo	1	2
28.29 / Aug.	Taipei	Hyper-Geant	1	2
28.29 / Aug.	Taipei	Carrefour	5	10
28.29 / Aug.	Taipei	RT Mart	2	4
21.22 / Aug.	Taichung	RT Mart	1	2
28.29 / Aug.	Taichung	Hyper-Geant	1	2
28.29 / Aug.	Taichung	Carrefour	2	4
21.22 / Aug.	Kaohsiung	RT Mart	2	4
21.22 / Aug.	Kaohsiung	Dollars	2	4
28.29 / Aug.	Kaohsiung	Carrefour	2	4

UPCOMING PROMOTIONS

No more activities after August 2004 due to the short supply of CTL this year and all budget will be saved for next year.

TRADER FEEDBACK

Several major hyper / supermarket chains were quite disappointed on the short supply of CTL this year since they are facing an awkward situation while they are placing ads on their DMs to promote CTL for the following weeks. They have indicated that they could sell more CTL and make more profit margins because the overall sales performance for CTL from season beginning was pretty good and the market demand was getting quite strong during the "Ghost Festival", especially while local crops been affected by the typhoon. Many traders are worrying that they will lose the good sales opportunity to make big profits for the Moon Festival on September 28. Imported pears from Japan (the local peach crop there is short as well) and Korea will be their first alternatives for the gift box at Moon Festival.

MERCHANDISING / TECHNICAL ACTIVITIES

During the merchandising visits, merchandisers encouraged traders to order as much CTL as possible due to the shortened season.

FEATURE SECTION -

No more new activities planned due to the short supply of CTL this year. Retailers have already received promotional support material that will be used during Moon Festival.

Key competition in market

- Locally grown peaches were the main competition to California peaches this year. Although local production has increased every year, traders still require California peaches since local supplies are inadequate. Even though market price is cheaper than California, local production never affected sales of California product.
- Japanese peaches been imported into Taiwan market for the past three years but always in limited volumes due to incredibly high prices. Therefore Japan product presents less of a threat than originally expected.

Mexico

Grupo PM S.A. de C.V.

GENERAL COMMENTS

Importers commented that fine fruit market improved slightly during the period. California Summer Fruit sales slightly increased for this period, due to improved quality and better results at retail. Heavy rain is hitting the central part of the country affecting directly sales on other smaller cities.

MARKET SITUATION

California Summer Fruit availability was fair. Only plums were available at all wholesale warehouses selling fine fruit. Peaches and nectarines are only available at the big warehouses. Availability has been highly affected by the fumigation, which reduces shelf life. This has limited the imported volumes as importers are still expecting non-fumigated fruit. Vidimport imported peaches which were over ripe, only benefited that this was distributed immediately to the retail market and only a 10% stayed at the wholesale market.

Plum arrivals are constant and good availability is expected for the coming weeks. California plums have 80% of the market and have good demand at the retail market. Wholesalers are pleased of the market situation as plums are selling 1 to 2 loads per week.

Peach sales and availability decreased for this period, due to the significant price increase at mid August. Due to this situation, wholesalers and retailers decided to reduce peaches arrivals, however they feel confident to increased availability for the next week. At the moment, California peaches have only 30% of the market share, but the number of warehouses handling them have been stable. September Snow summer variety arrived with high quality and retailers were pleased with this variety for it offers a sweet taste and good appearance. They are expecting another load and interest on this variety has increased among wholesalers.

Nectarine availability was fair to good for this period at both the wholesale and retail market. Price is slightly high but retail is demanding this product for its firm pulp, handling resistance and good taste.

CURRENT ACTIVITY Exchange Rate US\$1.00 = Pesos \$11.35

California Tree Fruit	Grade	Size/ Counts	Wholesale Price US\$	Retail Price US\$
Peach SW	CWM	64		--
Plum	CWM	40-50		1.29
Peach	CWM	36-52		0.80
Nectarine	CWM	40-64		0.79

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peaches	MX	33 lb.	11.89	0.79/lb.
Apples	WA, Ch.	80-150	27.75	0.80/lb.
Kiwifruit	Chile	22 lb.	18.50	1.19/lb.
S-berries	CA, MX	12 lb.	9.69	1.75/lb.
Grapes	MX, Ch	18-20 lb.	13.66	1.15/lb.

COMPETITION

Local peaches and demand was good for this period and availability will continue at least until the first fortnight of September. This origin has good demand due to the good flavor and price is lower than the California peaches. Average sales are 2 loads per week in the wholesale market and from 3 to 30 boxes in retail and traditional market.

Amarillo peaches availability reduced due to the slightly high price in both wholesale and retail market. Quality in general is good.

Local plums availability has decreased in both the wholesale and retail market, however it is hard to find plums available at retail market due to the high rotation in sales floor.

Chilean apples, California table grapes and local apples represent the main indirect competition in the market. Availability and demand for these fruits were good.

QUALITY

California Peaches showed a good quality in general with firm pulps and excellent ripeness levels.

California Summerwhite peaches available in the market showed excellent quality. Results on sales were excellent due to its excellent flavor and attractive appearance.

Plums were the most successful fruit during this period offering excellent quality and having good sales at other smaller cities.

Quality problems are low with this fruit, which makes it more attractive for retailers and traditional markets.

Wholesalers commented that nectarines showed high quality and more resistant to fumigation. Demand increased even the price was slightly high, but pulps were firm and offered good taste.

ARRIVALS

California plums registered the highest arrivals while peaches and nectarines arrivals were fair. As school period started again importers are expecting higher sales.

PROMOTION ACTIVITIES

Date	City	Chain	Stores	Days
Aug-24	MEXICO	WALMART	5	25
Aug-24	MONTERREY	GIGANTE	10	50
Aug-25	CHIHUAHUA	WALMART	2	8
Aug-25	CD JUAREZ	WALMART	1	4
Aug-25	MONTERREY	WALMART	4	16
Aug-25	MEXICO	B. AURRERA	2	8
Aug-25	SALTILLO	WALMART	1	4

Aug-25	MATAMOROS	WALMART	1	4
Aug-30	GUADALAJARA	GIGANTE/SUPER G	15	105
Aug-31	MEXICO	GIGANTE	15	90
Aug-31	CHIHUAHUA	AL SUPER	4	28
Aug-31	CD JUAREZ	AL SUPER	1	7
Sep-28	CUERNAVACA	MEGA	1	1

UPCOMING PROMOTIONS

Date	City	Chain	Stores	Days
Aug-06	MONTERREY	SORIANA	10	50
Aug-06	GUADALAJARA	SORIANA	3	15
Aug-06	QUERETARO	SORIANA	2	10
Aug-06	PUEBLA	SORIANA	2	12
Aug-06	CHIHUAHUA	SORIANA	8	48
Aug-07	TLAXCALA	SORIANA	1	4
Aug-07	TORREON	SORIANA	6	24
Aug-07	GOMEZ PALACIO	SORIANA	3	12
Aug-07	PACHUCA	MERCADO S.	2	10
Aug-31	MEXICO	COMEX	5	20
Sep-06	CULIACAN	CASA LEY	20	120
Sep-06	HERMOSILLO	CASA LEY	10	60
Sep-08	CD. JUAREZ	S-MART	3	15
Sep-08	TAMPICO	ARTELI	6	36
Sep-08	MONCLOVA	MERCO	8	32
Sep-09	DURANGO	SORIANA	2	12
Sep-09	HERMOSILLO	SORIANA	2	12

TRADER FEEDBACK

Roberto Contreras from Verdin commented on the good results they had with the white flesh peaches. The sweet flavor resulted on good sales at the wholesale market and vendors from other cities, and so they will include this variety in the coming arrivals.

MERCHANDISING / TECHNICAL ACTIVITIES

Action	# of Times	Sector	Comments
Merchandising	85	Traditional and wholesale market	Improve exhibition techniques
Technical seminars	7	Retail market	2 cities
Store audits	40	Retail & wholesale market	3 cities

FEATURE SECTION -

Competition for California Summer Fruits® comes from local peaches. Nectarines have no direct competition available in the market and the only factor affecting sales are the negative effects of fumigation (reduced shelf life, cosmetic blemishes) and that consumers do not differentiate them from peaches. Regarding plums, while local plums used to have unique characteristics than the California plums regarding size, flavor and consistency, the quality of local plums has improved this season. Also local plums are starting to offer more than one variety which makes this fruit more competitive. Local peaches have Chihuahua as the most important producer of this variety and for this season availability was high offering good quality and attractive prices.

Strong promotions at the traditional market will be carried during the first fortnight of September covering 18 markets in Guadalajara and Mexico City. In-store promotion support is been carried with Al-Super until September 6 covering Chihuahua and Cd. Juárez.

Hong Kong

Michael Wong & Co.

GENERAL COMMENTS

The recovery of the Hong Kong economy broadened to a full-fledged upturn in the second quarter of 2004, with GDP soaring by 12.1% in real terms against an exceptionally low base of comparison caused by SARS a year earlier. On a seasonally adjusted quarter-to-quarter comparison, GDP grew by 2.6% in real terms, faster than the 1.2% growth in the first quarter. In July inflation reappeared in Hong Kong after a 68-month break at a light level of 0.9%. Gradual increase in prices of property, cars, clothing and banquet catering was expected. Economist predicted a rising price trend in the coming few month due to the low baseline last year. While there was still oversupply and a salary freeze in the market, inflation threatens the standard of living.

Heavy rain struck Hong Kong in the past week. Housewives reduced their visits to wet markets in favor of supermarkets, which offered comprehensive promotions before the end of the summer holiday.

MARKET SITUATION

The supply of peaches and nectarines leveled off during the period, with supermarkets maintaining a light supply at select outlets. One of the supermarket giants introduced Pluots as ultra sweet plums, while the other featured red plums and prunes in their superstores.

Consumer response was quite good as observed in their outlets.

Apart from CTL, oranges and water melon are also heavily promoted with price discounts and lucky draw in one of the supermarket giants.

Red plums and prunes were the most prevalent CTL at this time.

Supply of Pluots increased in both the wholesale and wet markets.

Movement of prunes remained steady, widely available and popular among consumers. As autumn approaches, festive fruits like persimmons, pomelos and China crystal pears increased in supply.

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	20-64		0.49-2.06/pc
PEACH	CWM	48-64		0.49-1.95/pc
NECTARINE SW	CWM	32-72		0.36-3.25/pc
NECTARINE	CWM	48-72		0.49-3.25/pc
PLUM	CWM	35-72		0.25-0.32/pc
PRUNE	CWM	80-110		1.27-1.95/lb

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
PEACH	China	20-70	12.99-17.53	0.16-1.17/pc
ORANGE	USA	32-50	18.18-22.08	0.26-0.43/pc
APPLE	China	32-40	10.39-12.99	0.26-0.43/pc
MANGO	Thailand	20lb.	19.48-20.78	0.65-1.30/pc
PAPAYA	Thailand	12lb.	6.49-7.79	0.65-1.30/pc

COMPETITION

Supply of China peaches in the market remained steady.

Supermarket introduced heavy sizes up to 20 individually wrapped in cellophane. Tropical fruits like mango and papaya were summer delights that enjoyed high popularity. Indirect competition also comes from water melon, bananas etc.

QUALITY

Prunes continued to be preferred by consumers due to the sweet taste and consistent quality. Red plums also received good comments for good taste and texture. The quality of Pluots was only fair. Some consumer preferred red plums over Pluots since the latter's skin was sour.

PROMOTION ACTIVITIES

Date	City	Chain	Stores	Days
July 9-Aug 12	Wellcome	250	28	
July 9-July 21	Jusco	6	13	
July 23-Aug 5	City Super	3	14	
Aug 6-12	SOGO	1	7	
Aug 11-24	UNY	1	14	
Aug 25-31	Wellcome	250	7	
Aug 25-Sep 7	Park'N Shop	240	14	

Three major promotions were conducted in July. Due to delay of shipment arrivals, a promotion with Wellcome was extended by one week to Aug 12. According to their promotion report, there was an average sales increase of 132%. In terms of volume, traditional nectarines enjoyed the highest sales. Jusco's American Food Festival was also a big hit where the biggest sales volume was recorded for traditional and Summerwhite® nectarines. According to the promotion report of City Super, the promotion was quite successful with 72% average sales increase out of the eight commodities promoted. They said that the CTL this season were of good quality, with big size and sweet taste. Their customers also liked doughnut peach very much.

Another three promotions were conducted in August. According to SOGO's promotion report, the average sales increase was 170% for the six commodities promoted. Sales of white peach jumped by 200% compared with pre-promotion periods. UNY used prominent displays of CTL POS to enhance sales. Consumer response was quite good according to the promoter. There was a soft launch of Pluots at Wellcome supported by newspaper ad. Black plums and Pluots were included in their 5-A-Day programme featuring food of purple colour. Sampling was also offered for peaches and nectarines.

Sampling was provided in 30 Park'N Shop superstores. The space allocated for the display counters were mostly very good, making the promotion and sampling especially effective. Pit poppers were offered upon purchase. The promotion tied in with the colouring competition. Park'N Shop also introduced big peaches and nectarines imported via air and sold at high prices. Newspaper advertising support was provided.

TRADER FEEDBACK

While the supply of California peaches and nectarines was light, traders were satisfied with the quality of red plums and recent shipments of Pluots. Prunes were highly commended and widely available among 70% of wholesalers, who said that sales performance was good.

MERCHANDISING / TECHNICAL ACTIVITIES

The merchandising team began their second round of retailer visits to distribute trade incentive upon continual display of CTL POS. They gathered market information at both the retail and wholesale level. During in-store promotions, they decorated sampling booths, delivered coloring competition forms, ensured correct specification of

CTL at promotion counters and monitored the performance of promoters in the supermarkets.

FEATURE SECTION -

SEPTEMBER PROMOTION PLAN

Apart from short supply of CTL by September, supermarket chains were also concerned about the inconsistent quality of late season CTL. Plans for September promotions were held back.

ANALYSIS OF KEY COMPETITION IN MARKET

China peaches remain as the main competitor, causing California peach to be available only in supermarkets. Though the flavor and texture was different from California peaches, the appearance continued to improve. While China green plums looked exactly like Californian Kelsey, they were not popular since sweetness was still a high priority among Chinese when choosing fruits. Apart from year round fruits like apples, oranges and bananas, tropical fruits were also a source of competition. Early season hits included longnan, lychee, followed by papayas, mangoes and durian. Their prices tended to be exceptionally low during their peak season, attracting price-conscious consumers.

REVIEW OF PUBLIC RELATIONS EVENTS

(1) Back on the Menu

- MIX promotion: menu promotion lasted for two months starting from August 16 in their four outlets; delivered CTL leaflets to outlet; arranged promotion text for advertising copy; media alert issued and editorial pitched
- Steak Expert withdrew their promotion proposal due to difficulty in ensuring consistency in taste for dishes using late season CTL

(2) Back in the Box Coloring Competition

- press release issued including CTL and Park'N Shop spokesperson
- Competition runs from August 25 to September 13
- coloring forms delivered and refilled for all superstores; newspaper ad with coloring forms posted in-store to enhance publicity

(3) Ongoing News Bureau

- media list updated for beauty, lifestyle and health, food and dining, family, parenting and kids
- menu suggestions and angles to media provided

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

GENERAL COMMENTS

The electoral authority of Venezuela rescheduled the date for the regional elections for October 31 while the opposition is threatening with not going to elections because they don't trust the electoral system used during the Presidential referendum this past August. In these new elections, authorities of 26 state government offices, 337 mayor offices and a large number of seats in congress will be elected. The opposition has control over some strategic states and the absence of them in these coming elections would give a free access to those positions to the current government of Chavez.

In Ecuador, pollution experts are preparing to begin a second phase of inspections in the Ecuadorian Amazon as part of a lawsuit for environmental damages filed against U.S. multinational Texaco. Some 30,000 tenant farmers and Indians filed the suit in October, accusing Texaco of polluting their environs during the 20 years it operated in the Amazon, where the company handed over its claims to state-run Ecopetrol in 1990. The company says it has already cleaned up the pollution it caused in the Amazon jungle. Inhabitants of the region say Texaco's drilling in the Amazon has damaged the environment and caused the proliferation of cancer, skin infections and miscarriages, among other ailments.

MARKET SITUATION

Moderate volumes of California stone fruit are available in Venezuela as four containers with plums, nectarines and peaches arrived on August 27 in excellent conditions. However, the California stone fruits that are available in the different supermarkets are not in great shape, especially plums - some nectarines have fungus on their surface and a brown core. However, sales have improved during this period and some supermarket personnel believe that in-store sampling promotions have helped. Importers have reported that the containers imported during this period will be the last arriving to Venezuela during this season as they have been informed by shippers that the season is coming to an end. However, delays in granting import permits by the Venezuelan agricultural authorities persist for all imported fruits. Venezuelan peaches and plums continue to be available in all points of sale in rather good conditions and in high volumes.

IN COLOMBIA, California stone fruits continue to arrive without any restrictions and large volumes can be found in wholesale markets and in supermarket chains. The quality of the fruit during this period has not been as perfect as during the previous reporting period, especially because plums have been rather soft and some peaches have brown cores. Importers are feeling that the season is almost finished in California and plan smaller volumes in the coming weeks as they are worried about quality of late fruit.

In Ecuador, California stone fruit volumes are at high levels, especially in the different supermarkets of Quito and Guayaquil. In-store sampling promotions have been well received by customers and importers have been supportive in providing the product to the stores where sampling promotions are being conducted. Peruvian peaches are back in this market, mostly in street markets at medium range prices. Fruit stores and municipal markets are still buying California stone fruits but in lower quantities than supermarkets as they feel that the price is high for their customers. At this time of the season, Peruvian peaches are a strong competitor for California.

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

California Tree Fruit	Grade	Size/Count	Wholesale Price US\$	Retail Price US\$
Peach	CWM	60-50		4.12
NECTARINE	CWM	60		4.51
PLUM	CWM	72-80		3.44
Other	Origin	Size/Count	Wholesale Price US\$	Retail Price US\$
KiwiFruit	Chile	N/A	13.23	2.45
Peach	Colo	N/A	17.52	1.42

CURRENT ACTIVITY VENEZUELA US\$1.00 = Bolivars1,920

California Tree Fruit	Grade	Size/ Count	Wholesale Price US\$	Retail Price US\$
PEACH	CWM	60-64		N/A
NECTARINE	USM	60-64		2.79-3.88
PLUM	CWM	40-45-70		2.88-4.51
Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Melocotón	Venez	5.5-Kg. Box	3.70-4.44	1.12-1.59
Peach	Venez	30-Kg. Box	9.25-22.22	0.72-1.25
Plums	Venez	5-Kg. Box	5.55	1.74-1.84
Apple	Chile	19-Kg box	20.37-24.07	1.10-1.92
Grape	Calif	8.2-Kg. Box	27.77-31.48	4.62-6.10
Strawberry	Venez	4-Kg. Box	4.44	0.99-2.51
Packham's	Chile	18-Kg box	20.37-25.92	1.84-2.22
Kiwifruit	Chile	10-Kg. Box	14.81-22.22	2.64-3.81
Mango/a	Venez	30-Kg. Box	5.55	0.72-0.83

CURRENT ACTIVITY ECUADOR US\$1.00 = 25,000 Sucre

California Tree Fruit	Grade	Size/ Count	Wholesale Price US\$	Retail Price US\$
PEACH	CWM	64		2.28-2.53
NECTARINE	CWM	42		2.28-2.80
PLUM	CWM	65		2.39-2.50
Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Durazno	Peru	150	13.00	1.00

COMPETITION

Venezuela - The only competition for California stone fruits are Venezuelan peaches and plums at a lower price and with good quality. However, the sugar level is very low and the acid predominates in these local varieties. Volumes are high.

Colombia - Only a few Colombian peaches compete with California stone fruits, but the local season of peaches is almost finished.

Ecuador - California stone fruits are widespread among supermarkets, municipal markets and fruit stores, and the only competition is represented by Peruvian peaches which compete more in fruit stores, municipal markets and street markets. However, both fruits are sharing the space in all of these points of sale.

QUALITY

Venezuela - California stone fruits have been in lower quality conditions than during the last period with plums being too soft and nectarines with some fungus and brown core. Venezuelan stone fruits are in good conditions and much harder than California stone fruits. However, this is a variety trait and should not be a comparison point with California stone fruits as even when ripen these peaches continue to be hard with a touch of acid flavor.

Colombia - California stone fruits have been rather soft during this period and this has not helped sales in the different points of sale. The next shipments are expected to improve this situation.

Ecuador

Good overall quality of California stone fruits.

ARRIVALS

VENEZUELA - Four containers with peaches, plums and nectarines from California arrived during this period.

Colombia - No precise amounts could be obtained from the different importers. However, they did mention that they planned to continue

with imports of California stone fruits until the end of September or even early October provided that there is product still available.

Ecuador - Two containers with California peaches, nectarines and plums arrived during this period.

PROMOTION ACTIVITIES

VENEZUELA

Date	City	Chain	Stores	Days
August 19 – 22,	Caracas	Plaza's	8	32
August 19 – 22,	Caracas	Excelsior Gama	2	8
August 19 – 22,	Caracas	Luvebras	2	8
August 26 – 29,	Caracas	Plaza's	8	32
August 26 – 29,	Caracas	Excelsior Gama	6	24
August 26 – 29,	Caracas	Luvebras	2	8

Colombia

Fecha	Ciudad	Cadena	Tiendas	Días
August 17 – 21	Bogotá -	Olimpica	5	25
August 17 – 21	Bogotá -	Pomona	5	25
August 17 – 21	Bogotá -	Cafam	4	20
August 24 – September 4	Bogotá -	Éxito	4	40
August 24 – September 4	Bogotá -	Ley	3	30
August 24 – September 4	Bogotá -	Carrefour	4	40
August 24 – September 4	Bogotá -	Surtifruver de la Sabana	3	30
August 26 – 31	Bogotá -	Carulla Vivero	14	70

CTFA radio advertising, carried out during the month of August, has already been completed for the season in this market.

Ecuador

Fecha	Ciudad	Cadena	Tiendas	Días
August 23 – Sept 5	Quito -	Santa María	5	70
August 13 – 26,	Quito -	Supermaxi	5	70
August 23 – 29,	Quito -	Mi Comisariato	2	14

UPCOMING PROMOTIONS

Venezuela - In-store sampling promotions scheduled for September have been cancelled due to the early finish of the season this year.

Colombia - Only in-store sampling promotions that will finish on September 4 will be carried out.

Ecuador - In-store sampling promotions scheduled for September have been cancelled due to the early finish of the season this year.

TRADER FEEDBACK

VENEZUELA - Even though there are concerns about delays in obtaining import permits, importers are pleased they were able to import California stone fruits this year despite of all of the political uncertainty and economic difficulties of the countries. Some importers complained about the quality of California plums and nectarines that they received during this period.

COLOMBIA - There have been complaints that the quality of California stone fruits was not as good during this period with reports of low pressure in plums and peaches. However, they are planning to continue with the season until the end of September if the product is still available in good conditions. Some of the smaller importers increased their import volumes of California stone fruits as new distribution channels were found for these fruits in small supermarkets and grocery stores. One of the largest supermarket chains of the country will have its 99th anniversary next week and will celebrate with special 30% discounts in the produce area.

ECUADOR - One of the largest chains in Ecuador was so pleased with the results of CTFA in-store sampling they requested it be extended a week.

MERCHANDISING / TECHNICAL ACTIVITIES

VENEZUELA

Action	# of Times	Sector	Company
Merchandising	1	Imps & Whls	Representaciones Dole
Merchandising	1	Imps & Whls	Vidinter
Merchandising	1	Imps & Whls	Friosa
Merchandising	1	Imps & Whls	Interamericana de Frutas
Merchandising	1	Supermarkets	Central Madeirense Los Próceres.
Merchandising	1	Supermarkets	Excelsior Gama Santa Eduvigis
Merchandising	1	Supermarkets	Plaza's La Lagunita
Merchandising	1	Supermarkets	Luvebras Santa Mónica
Merchandising	2	Street Vendors Street markets	Puestos del Mercado Popular de Quinta Crespo
Merchandising	2	Street Vendors Street Markets	Buhoneros del centro de la ciudad.

Colombia

Action	# of Times	Sector	Companies
Merchandising	1	Imps & Whls	The first Fruits
Merchandising	1	Imps & Whls	Imporfenix
Merchandising	1	Imps & Whls	Gadco
Merchandising	1	Supermarkets	Carulla Vivero
Merchandising	1	Supermarkets	Exito

Technical Seminars and Workshops

City	Date/Time	Company	Attendees
Bogotá	Wednesday 28/07/04	Surtifruber de la Sabana	33
Bogotá	Thursday 29/07/04	Exito	16
Bogotá	Thursday 29/07/04	Pomona	19
Bogotá	Friday 30/07/04	Central de Abastos	35
Bogotá	Saturday 31/07/04	Vigomez	4
Cali	Monday 02/08/04	Ley	7
Cali	Monday 02/08/04	Éxito	13
Cali	Tuesday 03/08/04	Frutícola de Colombia	5
Cali	Tuesday 03/08/04	Imporfeni	15
Cali	Wednesday 04/08/04	Vigomez	11
Cali	Wednesday 04/08/04	La 14	10
Medellín	Thursday 05/08/04	Ley	13
Medellín	Thursday 05/08/04	Pomona	9
Medellín	Friday 06/08/04	Vigomez	7
Medellín	Friday 06/08/04	Éxito	12
Cartagena	Monday 09/08/04	Olimpica	10
Cartagena	Monday 09/08/04	Carulla	17
Barranquilla	Tuesday 10/08/04	Éxito	12
Barranquilla	Tuesday 10/08/04	Vigomez	15
Barranquilla	Wednesday 11/08/04	Carulla	6
Barranquilla	Wednesday 11/08/04	Olimpica	10

Ecuador

Action	# of Times	Sector	Companies
Merchandising	1	Imps & Whls	Mercado Mayorista.
Merchandising	1	Imps & Whls	Rueda y Salinas.

Merchandising	2	Supermarkets	Santa Maria
Merchandising	2	Supermarkets	Mi Comisariato
Merchandising	2	Supermarkets	Supermaxi
Merchandising	2	Street Vendors Street Markets	Mercado Municipal Ofelia. Mercado Municipal Santa Clara.
Merchandising	2	Fruit Stores	Frutería Portugal. Frutería América.

Technical Seminars

City	Date/Time	Company	Attendees
QUITO	16/07/04	Supermaxi	18
	16/07/04	Supermaxi DC	15
	17/07/04	Supermaxi	16
	17/07/04	Rueda & Rueda	10
	17/07/04	Mercado Inaquito	14
	19/07/04	Santa María	11
	19/07/04	Santa María	9
GUAYAQUIL	20/07/04	Supermaxi	16
	20/07/04	Supermaxi	13
	20/07/04	Frutera del Litoral	11
	21/07/04	Transmariner	4
	21/07/04	Permanbau	9
	22/07/04	Basesur	11
	22/07/04	Santa Isabel	15

New Zealand
Sue Knowles Ltd.

GENERAL COMMENTS

New Zealand is now into Spring and temperatures are warming up! Retail demand for the fruit has been great. Delays with shipment arrivals have been an issue this season and continue to affect promotional programs. Some importers have reported delay of 3 – 5 days for arrival of fruit and have had to allow for this in their planning.

The NZ \$ has weakened over the last two weeks to US\$ 1.00 – NZ\$0.64.

MARKET SITUATION

The supply of stone fruit has really shortened in the last two weeks as there is not much around. What fruit is here is generally good quality and overall demand is good. All markets have reported very good demand for the fruit. With the shortening supply the price has lifted especially for larger sizes and good quality fruit. We now have excellent sized fruit in the market with good colour and good flavour. I have heard of some mealy fruit, but this appears to be isolated to peaches. The overall season has not been great for peaches. Whereas last season we saw very good volumes of late season fruit arriving, this year this does not appear to have happened. Most promotions now are with plums, pluots and yellow nectarines.

The number of retail promotions has greatly reduced particularly in the northern region and retail prices seem to have evened out to NZ \$4.99 - \$6.99 /kg. We are seeing a good range of plum and pluot varieties still in the market. These are eating particularly well.

Both Wellington and the South Island have been continuing to promote the fruit. They have reported to me that their own promotional activity has helped keep pleasing volumes of fruit moving through the markets.

Our merchandisers completed store reports last week and all mentioned a great improvement in the quality of fruit at retail. The display size had also increased and the larger fruit looked very inviting for shoppers.

CURRENT ACTIVITY Exchange Rate US\$1.00 = NZ\$ 0.64

California Tree Fruit	Grade	Size/ Count	Wholesale Price US\$	Retail Price US\$
PEACH	CWM	48 64		\$2.26 - \$3.17
NECTARINE	CWM	56 64		\$2.26 - 5.95
PLUMS	CWM	55 60 65		\$2.26

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Grapes	Cali		\$2.00 - \$ 2.10	\$2.72 - \$3.63
Oranges	Aussi	72/18k	\$0.72	\$1.39
Oranges	NZ	Sm/lrg	\$0.31 - \$0.63	\$1.35
Mandarin	Aust		\$0.90 - \$1.09	\$1.80
Mandarin	NZ	Sm/lrg	\$0.90 - \$1.60	\$1.80
Apples	NZ	100 ct	NA	\$1.13- \$1.43
kiwifruit	NZ	-	\$0.40 - \$0.54	\$1.35 - 1.55

COMPETITION

Over the last two weeks there has been a marked decline in the promotions with our summer fruit, especially in the Auckland region. The main competition now is California grapes. Retailers have identified that grapes are probably one of their most important lines in-store and are promoting heavily. The early season grape quality has not been good. Over the last two weeks we have started to see stronger varieties like Red Globes and mid season Thompson grapes have arrived in the market. The result has been a marked improvement of quality at retail and sales have improved.

To a smaller extent Citrus, both New Zealand and Australian and NZ kiwifruit are also competitors to Californian summer fruit. The gold kiwifruit (which is still relatively new) has been promoted a lot more this season than I have ever seen. All fruit available at this moment are either imported or from storage.

The price war on bananas caused by an oversupply of bananas in the market also seems to have leveled out and prices are returning to usual levels. Most of the importers feel that the very low prices of bananas earlier in the season definitely had an impact on the sales of all fruit over the winter and California summer fruit.

QUALITY

Sales have been very good. General appearance and colour of the fruit is excellent and eating quality continues to be very good. Most varieties are sweet and juicy. The only problem variety I have seen has been Simka, in Auckland. The fruit was browning in the middle. Overall this season we have not seen any internal browning and the eating experience has been far better than any year I have ever purchased the fruit.

Sales of pluots have also been very good this year. The quality and eating experience has been better than ever. These hybrid plums

have also been promoted this season by every chain. At the beginning of the season David Miller and myself suggested to importers that trying these plums would be a good opportunity to increase sales. It is pleasing to see we have been successful.

Plums: I believe offers the New Zealand market good opportunities for growth

Varieties in the market: Friars, Black Fire, Joanna Red, Rosemary, Simka, Dappled Dandy Pluots, Flavour Rich Pluots

Peaches: There are not a lot of peaches in the market. Importers have generally expressed their frustration with the peach quality. The fruit looks great on arrival, but generally ripens mealy and soft. Some shipments have also arrived soft and mealy. There were only two varieties sited in the market over the last two weeks. Both Foodstuffs Christchurch and Wellington have stopped stocking peaches. Most of the fruit in New Zealand is being sold from Auckland.

Varieties in the market: Ryan Sun, Early O'Henry.

Nectarines: All importers have mentioned an improvement in quality. The fruit have excellent size and colour and looks great at retail. Demand is also good so fruit is being sold quickly. Generally we have not experience any mealiness and the fruit is sweet and juicy. MGS Wellington and Freshmax Auckland were between shipments when we made our visits. Both were waiting for delayed arrivals

Varieties in the market: Summer Red, August Red, August Pearl, August Fire

ARRIVALS

Industrial issues in California continue to impact arrivals. The season is also shortening and arrivals have been reducing. There are no white fleshed fruit left in the market and very few peaches. Arrivals have generally been made up of yellow nectarines and plums.

PROMOTION ACTIVITIES

The last two weeks have seen the last of our promotions coming to an end. We have cancelled any planned activity in September due to the shortening season

FRUIT WORLD DISPLAY COMPETITION

This ran for two weeks and completed on 22 August. We judged the best three displays last week and awarded prizes. We also rewarded two loyal shoppers with Petrol Vouchers.

The competition was a great success. All 12 Auckland stores participated. The stores stocked a fantastic selection of all summer fruit in the market. All had white and yellow fleshed fruit nectarines and peaches and 2 – three plum varieties.

The fruit world buyer said sales we definitely increased. Though not sure by how much he had trouble getting enough fruit from the market to keep up with the demand.

Foodstuffs South Island Pit Popper Promotion.

This week we promoted the Pit Poppers as a give away for shoppers who purchased 6 pieces of California summer fruit. This Promotion was South Island Wide. We supplied POS to show shoppers how to use the poppers. The buyers reported good sales of the fruit and good demand for the Poppers. One store said he was going through half a box a day. Foodstuffs also used the photos we supplied of the popper in the mailer, that is distributed South Island wide. They also used their in-store radio to promote the Pit Popper.

In-store Demonstrations

We had organized a small number of Pluot demonstrations this week. But delayed arrivals and a breakdown in communication meant that we cancelled three out of the 5 demos.

TRADER FEEDBACK

Some are frustrated with having to dump large volumes of fruit. Others are reasonably happy with how the last two weeks have been. Most have reported they have a shortage of fruit and sales have been good when they have supply. The value has also improved so generally feedback has been good over the last fortnight.

There is a general frustration with the arrival delays. Most are factoring in 3 – 5 days extra to allow for delays when organising promotions.

Malaysia
Lieu Marketing

GENERAL COMMENTS

Malaysia's economy surged by 8% in the second quarter of this year, beating all expectations, and prompting Bank Negara to predict growth for 2004 to reach 6.5%. The Q2 performance, together with the 7.6% growth in the first quarter meant that the average growth rate for the first half of the year was 7.8%. Bank Negara governor Tan Sri Dr Zeti Akhtar Aziz said growth was driven by private sector demand and buoyant external demand.

Dairy Farm Giant Retail Sdn Bhd opened its 7th Cold Storage outlet and its first in the southern part of peninsula Malaysia in Johor Baru last week. They expect this new 21,000sq ft outlet, which cost them RM2mil (USD540k), to break even in the first year of operations and make a profit in the following year. There are plans to open more outlets in the southern region as Giant feels that the prospects of the supermarket sector are good. Presently, the best Cold Storage outlet is in Bangsar, KL, followed by the outlet at KLCC.

MARKET SITUATION

California summer fruits have received good response from both the consumer and the trade this season. There is a good demand for the fruits and it is encouraging to note that in the case of California nectarines, there was improved consumer acceptance.

As the season for California peaches and nectarines is ending, there is a challenge of obtaining a consistent supply to cater the market demand. Importers are not certain of the supply continuity and have problems meeting the strong demands for the fruit from the retailers. They are also more careful when it comes to California peaches as the fruit is less durable and there is a higher risk involved in carrying California peaches. This is the main reason why it is now more difficult to find California peaches in the market.

Feedback from the trade is that California nectarines have gained awareness and market share during this season. It is encouraging to report that apart from the hypermarkets and high-end supermarkets, small and medium-scale supermarkets have started carrying California nectarines. Importers and wholesalers are very happy with the quality of California nectarines that they have been receiving and some of these importers are still importing California nectarines due to the improved demand. To further increase the awareness of California nectarines as well as California peaches, Pit Poppers were

used to promote the fruits with prominent in-store displays. By having our temporary demonstrators to sample California peaches and nectarines as well as demonstrate the convenience of using the pit-poppers, consumers generally increased their purchases to obtain more premiums so that they will have more fun eating their California peaches and nectarines.

California plums presently dominate the Malaysian plum market. We are able to find quite a number of California plums variety in the market. Most of the supermarkets are presently carrying at least 2 varieties of California plums with some of the bigger supermarkets having as many as 4-5 varieties.

The CTFA display contest has started with a major supermarket chain as well as with a major hypermarket chain, in conjunction with long Independence Day weekend. These two retail giants have used the CTFA POS materials to decorate displays as their outlets are competing among themselves to be the grand prizewinners in the two categories. This will actually help in building the awareness as the prominent displays helps to highlight the fruit to the consumers and establish the brand, as well as encourage repeat purchase.

A CTFA blood donation/ health check campaign in co-operation with the National Blood Bank and the National University Hospital went well. Good response from the locations including universities,



shopping complexes and major private companies. CTFA POS materials were used to decorate the booth location and plums were sampled. To further educate on the health benefits, leaflets were distributed to the donors after their health check.

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		0.40-0.65/pc.
Nectarine	CWM	56 / 2 lyr		0.35-0.60/pc.
Nectarine SW	CWM	25lb		
Plum	CWM	28lb		0.80-0.90/lb
Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Plum	China	2.27lb	6.50-7.80	0.68-0.80/lb
Peaches & Nectarines	China	900g Punnet	2.02/900g	2.70/900g
Apple	WA, China	130-150pc. 28pc.	18.9-21.62 7.4-7.80	0.33-0.65/pc. 0.18-0.20/pc.
Grape	Australia	4.5lb	5.5-7.30	0.72-0.85/lb
Kiwifruit	Chile	140pc.	15.0-18.0	0.13-0.18/pc.

COMPETITION

Although the Chinese peaches, nectarines and plums are the direct competition, they do not have a good presence in the market and are only available at selected stores.

QUALITY

The trade is pleased with the quality of California nectarines as the fruit has good taste and aroma. Importers informed that the quality of California peaches was not as good as California nectarines. There was also feedback on California plums that the plums they received were soft. Some California plums were already decayed or moldy upon receipt.

ARRIVALS

The supply of California peaches and nectarines was inconsistent and having moderate arrivals. Although there were more arrivals of California plums, the quality of late was a concern of the importers at large.

PROMOTION ACTIVITIES

CTFA promotions were done as planned when the supermarkets were able to source the California summer fruits. California peaches and nectarines were included in more promotions this season. Pit Poppers were successfully used as incentives to encourage markets to promote more California peaches and nectarines and helped build awareness and increase the consumption.

Date	Chain	#	Type	Commodity
September	Giant	5	Promotion	Nectarines
		4	Demo	
12 th – 31 st August 04	Fajar (Kamunting)	1	Promotion Demo	Plums with multiple varieties
20 th – 31 st Aug	Fajar (DU)	1	Promotion Demo	Nectarines, Plums w/ multiple varieties
13 th – 31 st Aug	Fajar Superstore (Summit)	1	Promotion Demo	Nectarines, Plums w/ multiple varieties
21 st Aug – 5 th Sep 04	Fajar (Melaka)	1	Promotion Demo	Nectarines, Plums w/ multiple varieties
1–15 Sep	Fajar (Melaka)	1	Promotion Demo	Nectarines, Plums w/ multiple varieties
28 th Aug -- 12 th Sep	Fajar (Taiping)	1	Promo-demo	Plums w/ ++varieties
28 th Aug -- 12 th Sep	The Store (Nation-wide)	3	Promotion Demo	Nectarines, Plums w/ multiple varieties
		5		
14 th -- 29 th Aug	The Store (Melaka)	1	Promotion Demo	Nectarines, Plums w/ multiple varieties
14 th -- 31 st Aug	Bintang (Selayang)	1	Promotion Demo	Nectarines, Plums w/ multiple varieties
18 th -- 31 st Aug	Makro	8	Promotion Demo	Peaches, Nectarines & Plums
13 th Aug -- 2 nd Sep	Xtra Supercenter	4	Promotion Demo	Peaches & Nectarines
26 th Aug -- 2 nd Sep	Tesco	5	Promotion Demo	Peaches, Nectarines & Plums
13 th -- 31 st Aug	Sogo	1	Promotion Demo	Nectarines, Plums w/ multiple varieties
21 st Aug -- 12 th Sep	Carrefour	8	Promotion Demo	Nectarines, Plums w/ multiple varieties
20 th Aug -- 2 nd Sep	Isetan	2	Promotion Demo	Nectarines, Plums w/ multiple varieties
27 th Aug -- 16 th Sep	Cosmart (Penang)	1	Promotion Demo	Plums with multiple varieties
27 th Aug -- 12 th Sep	Suiwah Group (Penang)	4	Promotion Demo	Plums with multiple varieties
21 st Aug -- 5 th Sep	Gama (Penang)	1	Promotion Demo	Plums with multiple varieties
28 th Aug -- 19 th Sep	Fajar (Prai)	1	Promotion Demo	Plums with multiple varieties
27 th Aug -- 10 th Sep	Superkinta (Ipoh)	1	Promotion Demo	Plums with multiple varieties
4 th -- 18 th Sep	Farmer-Link Sdn Bhd	3	Promotion Demo	Plums with multiple varieties
6 th Aug -- 5 th Sep	SenyumSuper (Melaka Raya)	1	Promotion Demo	Plums with multiple varieties
6 th Aug --	SenyumHyper (Bt)	1	Promotion	Plums with multiple

5th Sep	Berendam)		Demo	varieties
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TRADER FEEDBACK

Importers responded with confidence that California nectarines will further establish its foothold in Malaysia after a successful season. Consumer awareness and preference for California nectarines have increased and importers hope that California peaches will enjoy the same improvement in the near future too. The quality of California plums was not at its normal high standards and the importers and wholesalers hope that it will improve in the coming shipments.

MERCHANDISING / TECHNICAL ACTIVITIES

Action	#	Sector	Comments
Trade Merchandising	30 /wk	Importers/Wholesaler /Supermarket Retailers	Be more aggressive to promote California Summer Fruits to compete with the Chinese.

FEATURE SECTION -

The planned California summer fruits promotions in September will only be carried out if the supermarkets are able to obtain fruit.

Singapore Lieu Marketing

GENERAL COMMENTS

Export of Singapore made goods shot up a strong 17.6 per cent in July from a year earlier, continuing the strong double-digit growth of the past few months. Pharmaceuticals were the biggest boost to a generally strong trade performance, which surged by more than 50% from July 2003.

In another report on Singapore, analysts said that the unemployment rate is likely to fall below 4 per cent due to new manufacturing investments and increased hiring in service industries. Firms hired more workers in the second quarter, pushing employment to a near two-year high, but the jobless rate held at 4.5 per cent because more people who had lost their jobs while the economy was soft returned to the job market.

MARKET SITUATION

During this reporting period, three full container loads of peaches, nectarines, plums, prunes with another six mixed loads of Summer Fruits were imported. Amongst the recent arrivals were seven varieties of California plums that included some IS plums. While most of the imported fruits were Cal Mat grade, there were some Kelsey plums of USM grades. Importers reported that they have committed more fruits scheduled for arrival in the next few weeks of September. Most of them have requested CTFA support to continue in store sampling with retailers so as to support their importation and assist in more movement of their stocks.

In the retail scene, major retail chains like NTUC and Cold Storage were selling three or more varieties of peaches/nectarines, plums and prunes. Other than the promotional support from CTFA that is on going, some supermarkets have advertised California Summer Fruits with our logo on their own in their weekly press advertisement. At the traditional wet market retail vendor's outlets, merchandisers audited over 70 per cent of the retailers handling two or more varieties of Summer Fruits.

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

California Tree Fruit	Grade	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach SW	CWM	40-44/2lyr		0.76- 1.09/
Peach SW	CWM	18 1lyr		2.12/
Nectarine SW	CWM	56 v/f		0.51 - 0.61/
Plum	CWM	30 / 55		0.15-0.33/
Kelsey Plum	USM	55		0.21/each
Prune	CWM	100		4.79/ kg

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
White peach	China	900g X 10 punnet	18.45	2.36/900g
White peach	China	48 (4 x12 punnet)	15.15	2.36 (4pcs)
Prune	China	5 kg	4.24	1.82 / kg
Grapes	USA	8.6 kg	20.36	3.56 / kg
Strawberry	Canada	9 kg	82.73	12.12 / kg

COMPETITION

Chinese white peaches and prunes were the direct competition with California Summer Fruits. According to retailers, consumers still prefer to buy California Summer fruits even at higher prices because of the better good eating quality. Other Asian pears have entered the market with volumes building up in the last one week.

QUALITY

The overall quality for most plums and prunes that arrived in the last two weeks has good to above average quality. However, reports on decay and moldy peaches in selected boxes were reported. Some SW nectarines have black spots and ripened very quickly on display.

ARRIVALS

Heavy volume arrival was reported in the last two weeks with seven varieties of plums with SW California peaches, nectarines and prunes arrived in three full container loads and another six mixed loads with other fruits.

MERCHANDISING / TECHNICAL ACTIVITIES

Action	# of Times	Sector	Comments
Trade Merchandising	30 per week	Import/ wholesale/Sup retail	Activity on going
Retail Merchandising	50 per week	Retail from vendors	POS display set up

FEATURE SECTION –

September Promotional Plans

Two in store sampling promotion have been confirmed at the time of this report. SW peaches/nectarines, plums and prunes will be promoted at two retail chains involving 39 stores.

Analysis of Key Competition

China peaches, donut peaches, nectarines have in competition since the beginning of the season. However, most of the time, the Chinese fruits were competing on price even though their packaging has shown improvement over the last season. Most consumers are aware of the different in quality between California and Chinese fruits. So far the competition was still no real threat to movement on California Summer Fruits.

Thailand
Lieu Marketing

GENERAL COMMENTS

The Finance Ministry has cut the 2004 economic growth forecast to between 6.5 and 7 per cent in the wake of disappointing first-quarter gross-domestic-product growth and the record high oil price. This is the second time in the year that the ministry has lowered its growth forecast. It is in line with a forecast by the Bank of Thailand (BOT) and the National Economic and Social Development Board (NESDB). Given the continue rise in oil price, analysts predicted that Thailand would experience a trade deficit of around US\$600 million to \$1.4 billion, compared with a \$1.4 billion surplus last year.

Inflation this year is expected to stay in the 2.5-3.1 per cent range, compared with 1.8 per cent in 2003. Under its new forecast, the ministry expects Thai exports this year to grow by between 18.6 and 20.3 per cent on year, while imports will increase by 27.2 to 27.9 percent. The ministry expects the baht to average around 40.4 to the dollar this year, compared with Bt39.7 in its previous forecast.

MARKET SITUATION

There were more California Summer Fruits in the market during this reporting period. Trade visits revealed that there were four plum varieties, SW peaches and nectarines and prunes. The SW peaches were mainly in large size count, which attracted most Thai consumers. All varieties were reported to have good to average quality. Various ranges of wholesale and retail prices depending on fruit quality were noted from different suppliers and retailers such as supermarkets and hypermarkets.

The Chinese peaches remained as the direct competition in the market with their very low prices. When compared with California peaches, the Chinese peaches were about 180% lower in retail price. Hmmm, new math again no doubt...

CURRENT ACTIVITY Exchange Rate US\$1.00 = Baht 40

California Tree Fruit	Grade	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach	CWM	18-15		2.47-3.75
Nectarine	CWM	55		3.75-7.47
Black Plum	CWM	50		2.47-6.37
Red Plum	CWM	55		2.47-6.37
Prune	CWM	100		7.47-8.22

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach	China	20	6.25-7.5	0.97-1.25
Langan	Thailand	10kg	3.75-7.5	0.87-1.25
Cherry	USA	10kg	45.0-70.0	12.50-16.25
Grape	USA	8.5kg	30.0-45.0	3.75-8.73

COMPETITION

Besides Chinese peaches that are in direct competition, other types of local Thai fruits have flooded the market. Other imported fruits available included grapes, pears, apples, cherries and etc.

QUALITY

The overall quality of California Summer Fruits from recent imports was reported as good to above average for most varieties.

UPCOMING PROMOTIONS

The following in-store promotions are planned for September:

Date	City	Chain	Stores	Days
Aug 25 – Sep 5	Bangkok	Foodland	5	12
Sep 3-12	Bangkok	Jusco	5	10
Sep 3-12	Bangkok	Big C	5	10
Sep 6-15	Bangkok	The Mall	5	10

FEATURE SECTION –

Analysis of Key Competition in Market

The key competition for California Summer Fruits is in its high retail prices. With the current economic condition and the high retail oil prices, consumers are concern about their cost of living. Most of the middle to higher income consumers, especially the more educated consumers knows the health benefit of the fruits they buy. They are more willing to pay whatever they perceived as good for them. While those in the middle to lower income level, which consists a higher percentage of consumers, they are more sensitive to their spending. Most of them perceived California Summer Fruits to be high price fruit.

More in store sampling promotion will help to address and over come this consumer constraint with sampling and consumer education through nutrition leaflets and eating ripe fruits to enjoy California summer fruits will be one of the main objectives for our promotions.

CAM Region

Grupo PM S.A. de C.V.

GENERAL COMMENTS

Central America Vice ministers are getting ready for the beginning of the first stage of the negotiation process between CAM Region and the European Union. The meeting for signing the Free Trade Agreement will take place in Brussels, Belgium, in late September-mid October. This process will start with a presentation by the Central America delegation; this presentation will show the status of the customs integration of the region.

Panama is in the middle of the government change. Last trimester figures show a increase on the exports of services and goods, growing a 11.9% and 21.4% each. Beside this, the fruit market grew at 13.7%, due specifically pineapples and melons.

Costa Rica went through a national transporters strike that negatively affected exports and imports. The main transportation routs were closed, bringing as a result the national lack of products. After some days of negotiations the situation normalized and resolved.

MARKET SITUATION

California peaches, plums and nectarines were in the market with good volumes. While peaches and plums have not presented any problems for traders, nectarines showed a significant increase in prices to the detriment of import volumes.

One problem that importers had to deal with in Costa Rica was the arrival delay of the fruit containers to the warehouses, affecting the presence of the fruit in the Supermarkets, giving more display space to Spanish fruits.

It is important to mention that even when the importers can buy local fruit at lower prices than imported fruit, they prefer imported fruit

because of the homogeneity of the products on color, sizes and flavor.

CURRENT ACTIVITY THROUGHOUT THE REGION

California Tree Fruit	Grade	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach	CWM	50-84 vf		0.62-1.70/lb
Nectarine	CWM	56-72 vf		0.62-1.70/lb
Plum	CWM	40-70 vf		0.62-1.70/lb

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach	SP, CR, GT	38-110	13.80-20.00	0.62-1.70/lb
Nectarine	SP	48-70	16.00-20.00	0.80-1.70/lb
Plum	GT, CR, SP	55-120	19.00-28.85	0.45-1.70/lb
Apples	CH, WA, GT	80-150	24.00-37.64	0.41-1.36/lb
Pears	CA,SP,GT,AR	80-135	26.34-35.00	0.62-1.72/lb
Kiwifruit	CH	22-33	18.00-24.00	1.23-2.65/lb
Grapes	CA, CH	18-35.2	24.00-35.00	1.13-1.65/lb
S-berries	CR, GT, CL	10 lbs	7.00-29.00	0.92-2.00/lb
Tangerine	CH	64 vf	19.44	0.62-1.36/lb
Orange	CA	56 vf	22.96	0.47/lb
Pluot	CA	65 vf	24.00	1.48/lb

COMPETITION

Local peaches and plums were the key competition as such fruits were available in Guatemala and El Salvador but not in Costa Rica. These fruit were found mainly in the traditional sector, such as in public markets and street stalls. Few supermarkets handled this origin. The quality offered by such fruit is not good or average. In Guatemala and El Salvador local peaches and plums have good color and flavor but in the other countries the fruit is extremely small with lack of color and taste.

The other important competitor for California Summer Fruit® was Spain. This origin entered into the market in a strong way gaining around the 20% of fruit stone imports. This fruit is present in supermarkets, offering good quality, good color and good taste, nevertheless it is important to mention that this origin presents short shell life.

QUALITY

California Summer Fruit® has been evaluated as having good quality in general. Any problems on the reception port have happened and at all the points of sale, the fruit has not presented any quality problem, such as ripening, color, lack of taste, etc.

ARRIVALS

According to importers, two containers are expected to arrive during the next days. These containers will cover the demand for the next weeks and depending on this and future prices, future sales will be effectuated.

UPCOMING PROMOTIONS

Date	City	Chain	Stores	Type
September 1-15		Paiz	5	Promo
September 1-15		MasxMenos	11	Ads, Promo
September 1-15		Colonia	3	Promo
September 1-15		Automercados	2	Promo
September 1-15		Perimercados	2	Promo
September 1-15		Econosuper	1	Demo

September 1-15	SuperSelectos	2	Ads, Demo
September 1-15	Super 99	2	Demo

TRADER FEEDBACK

Importers are still planning future sales, during the next days future imports are expected. Nectarines, specifically, are expected to decrease on their prices. Some importers mentioned that the felt that California nectarines had a 50% price increase, if this does not stop, the imports are going to be negatively impacted.

MERCHANDISING / TECHNICAL ACTIVITIES

Action	# of Times	Sector	Comments
Merchandising	250	S-rmkts, Trd'l	POS and gathering market information.

FEATURE SECTION -

Mainly the competition has centered in two different origins in two specific moments. On one hand local product has been competing mainly at the traditional sector, and only sporadically at the modern sector, supermarkets, with out having a significant impact on California Summer Fruits® sales.

On the other hand, Spain is one origin that entered to the market in a strong way and attacking all the markets. This origin entered through two of the leading regional importers, covering Panama and Costa Rica. This origin focused mainly in the modern sector, impacting on a 20% to CTFA sales. It is important to mention that this impact was only during August which was the strongest month for Spanish fruit.

Japan

J. Brain Inc.

GENERAL COMMENTS

There has been the opposition between the banks that wanted to ask for the support from the government Industry Revival Organization and Daiei that planned to revive by themselves over the way of reviving Daiei. A 6% sales decline during August in Daiei stores was announced on September 1st and this report will make the banks take the severe action to address this issue. Request of support to Governmental Industry Revival Organization from the banks will be expected to be made in early September.

MARKET SITUATION

Peaches and watermelon are quickly approaching the end of their season. Pear, grapes, fig, apples and the other autumn fruits are starting to appear in the market instead. The quality of autumn fruits are reported to be good due to the continued hot weather, however the size is reported to be smaller due to the less rainfall.

Summerwhite nectarines that have recently been promoted were highly evaluated among the participating stores due to the good sales results and the product attributes.

CURRENT ACTIVITY Exchange Rate US\$1.00 = ¥ 109

California Tree Fruit	Grade	Size/ Count	Wholesale Price US\$	Retail Price US\$
Nect sw	CWM	20-24		1.10-1.19

Other fruit	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peaches	JPN	5kG	11.55-31.78	1.83/pc
Pear	JPN	10KG	16.37-24	0.96-1.44/pc
Kyoho	JPN	1KG	6.35-6.74	2.73/pc

Watermelon	JPN	16KG	28.89-31.78	4.40/cut
G Kiwifruit	NZ	1KG	4.00	0.90/pc
Plum	JPN	700g	2.22-2.41	7.15/6pc
Nectarine	JPN	5KG	19.26-28.89	2.56/pc
Prune	JPN	700g	2.88-3.85	5.32/9pc

COMPETITION

Despite the fact that competition with peaches was still high, the promotion of California Summerwhite was considered successful as sales results were reported to be good and most participated stores highly evaluated the quality.

QUALITY

Quality of Summerwhite arrived on Aug.18th was reported to be good. Upon arrival the fruit were hard and they became soft enough to eat in 2-3 days at room temperature.

PROMOTION ACTIVITIES

Date	City	Chain	Stores	Type
Aug.21,	Kanto	Kasumi	4	4
Aug 21,22	Kanto	Daiei	14	28
Aug21,22	Nagoya	SSV	1	2
Aug 21,22	Nagoya	A Coop	1	2
Aug 21,22	Nagoya	U Coop	3	6
Aug 21,22	Nagoya	Kohbohya	1	2
Aug 21,22	Nagoya	Apita	2	4
Aug 21,22	Nagoya	Nafuko	1	2
Aug 21,22	Nagoya	Food Center	2	2
Aug 22	Kanto	Kasumi	5	5
"	Nagoya	Nafuko	5	5
"	"	U Store	8	8
Aug 28	Kanto	Kasumi	3	3
Aug 29	Kanto	Kasumi	6	6
Total			56	79

TRADER FEEDBACK

Participating stores highly evaluated the quality and appreciated the good sales results helped by promotional support. Some stores have already asked the importers that they would plan to sell California nectarine for the longer period next summer. Importers also felt that they will be able to buy more fruits next season due to the positive responses and evaluations among their customers.

MERCHANDISING / TECHNICAL ACTIVITIES

Arrangements for the in-store demonstrations were made by contacting an importer who nominated the participating retailers for demo support. Other contacts were made to two other importers who had intended to bring in more fruit. Ultimately they were not able to go forward with their plans.

Prior to the demonstration, Summerwhite poster was arranged to deliver to the participating stores as well as the nectarine technical handling guide sheet.

Promotion pictures of the first in-store demonstration this season were gathered by contacting the demonstration companies.

FEATURE SECTION -

Competition is primarily with local peaches rather than local nectarines. Store buyers are the most afraid of committing sales space away from local peaches because they are familiar with peaches. However, this situation is starting to change since there are now some reasonable number of store buyers who were glad to handle California Summerwhite even during the local peach season. This is because they started to experience the same good sales volume from Summerwhite as peaches given the fruit are gaining popularity among consumers.

The Philippines

Lieu Marketing

GENERAL COMMENTS

The National Economic and Development Authority (NEDA) expects the recent round of price increases for petroleum products, as well as rising food prices due to recent typhoons to cause August inflation to hit a range of 6.3% to 6.6%. NEDA earlier estimated inflation for August to hit 6.1%-6.3% due largely to higher oil prices in recent months. Since the beginning of 2004, the price of gasoline has increased nine times, and diesel eight times so far.

Government figures showed that Inflation rate for July was 6%. Year-to-date inflation in July registered 4.3%. The government earlier said inflationary pressures last month came mainly from higher transport fares as well as the rise in food prices.

For August, food prices are also expected to have contributed to inflationary pressures. While typhoons Marce and Nina did not directly hit the Philippines, they brought monsoon rains that caused heavy rains and floods in Luzon, which damaged crops.

MARKET SITUATION

The CTFA in country merchandiser met with key importers who are importing California Summer Fruits and informed them on our supermarket sampling promotions. They were relieved that learn CTFA are helping them to educate consumers and to help them move the fruits they imported.

One importer requested us to support them with sampling demonstration on their California peaches as they were holding high inventory and competition faced by China peaches that was believed to be brought in by a parallel importer from Hong Kong or Shenzhen. Early this season the government agency (Bureau of Plant and Industries) banned the importation of China peaches for unknown reasons that prompted and encourage more imports of California peaches into the market. (Good timing!)

Meanwhile another importer was very excited to inform us of their coming shipment on large sizes of California Plums, Nectarines and Peaches which is scheduled for arrival in mid-September. The importer is asking for our assistance to promote the fruits in the supermarket.

CURRENT ACTIVITY Exchange Rate US\$1.00 = PHP 55

California Tree Fruit	Grade	Size/ Count	Wholesale Price US\$	Retail Price US\$
Peach SW	CWM	48 lyr		1.45-2.14/lb.
Nectarine SW	CWM	56 vf		1.71-1.97/lb.
Plum	CWM	60-74 vf		1.28-1.98/lb.
Prune	CWM	110		2.56/lb.

Other	Origin	Size/ Count	Wholesale Price US\$	Retail Price US\$
Saturn Peach	WA			2.62/pc
Persimmons	NZ			0.57-0.95/lb.
Cherries	USA			5.91/lb.
Grapefruit	Africa			1.13-1.28/pc
Grapes	CA			1.63-2.23/lb.

COMPETITION

Currently, China peaches are in direct competition with California peaches. However, owing to the lower quality and taste of China

peaches, sales were reported as slow as compared to California peaches.

QUALITY

Most of the plums were still good but there are some from the earlier shipments starting to become soft. The peaches were in good quality except for the nectarines. The nectarines usually have darkening of the flesh not from the seed but near the skin even the fruit is still firm.

ARRIVALS

There was a limited amount of California Summer Fruit that arrived in a mixed load since traders will usually include 1 to 3 pallets together with grapes. These are intended for the Pricemart supermarket promotion.

PROMOTIONS

All promotions so far have gone very well and exceeded the store produce supervisors' expectation. They were surprised how the consumers loved California Summer Fruits. The supermarkets wanted us to conduct another promotion in October this year for they like how we educate and introduce the fruits to the consumers.

There are two supermarket chains (Rustans and Shopwise) and total of 5 outlets currently having California Sampling Promotions. These supermarkets were very excited to participate and they admire the Point of Sale Materials used in the displays.

Another importer who supplies Pricemart has a scheduled shipment of plums coming by the first week of September. The Pricemart in-store promotion was delayed for more than a week because of the delay in the shipment of the fruits.

From feedback it appears that a lot of consumers had mistaken nectarines, peaches and red plums to be apples during our sampling promotions. The produce supervisors were so amazed how we educated the consumers because for many consumers this is the first time they have seen a fresh peach or heard of nectarines and plums. Apparently, Filipinos are only used to eating canned yellow peaches that's why they were so surprised to see fresh SW peaches. Consumers are also educated on the difference between nectarines and peaches. For the importers they are happy that the consumers were educated and got a chance to sample even they don't buy.

There was also a newspaper advertisement run about California Summer Fruits, the ad contains recipes using them. Another ad is scheduled to be run the second week of September.

Date	Chain	#	Type	Commodity	Sales
August 27 to Sept 5	Shopwise	2	Demo	Plum/Prune, Peach SW, Nect SW	Good
August 27 to Sept 5	Rustans	3	Demo	Plum/Prune, Peach SW, Nect SW	Very Good

UPCOMING PROMOTIONS

Date	City	Chain	Stores	Type
September 3 to 17, 2004	Manila	Pricemart	4	Sampling Demo

TRADER FEEDBACK

The traders mentioned that the export price for peaches, nectarines and plums quoted by US exporters are higher and availability low. They said the price is no longer reasonable for importation and it's already towards the end of the season.

SPS Issues

David Miller, CTFA staff

GENERAL COMMENTS

In all it has been a fairly good year for dealing with Sanitary Phyto-Sanitary, SPS, issues. The Japan Export program, for the first time, is showing a return on investment since about eight times the volume of 2003 was shipped this year. Are we at push point yet? It is tough to say but from this report we see that traders in Japan are starting to see the benefit of selling nectarines and prunes. We are still awaiting word from Japan on additional varieties of prunes and hope that issue will be resolved prior to next season.

Another recent gain is that since our meeting in Canberra this August, Australia's Bio-security has initiated an Insect Risk Analysis (IRA) for peaches, plums, nectarines and apricots. While this process will take a few years to finish, at least we have finally got them to start the IRA.

A trouble spot continues to be New Zealand where far too many loads are still being fumigated upon arrival. Shippers need to be vigilant about sending loads from orchards where preventative strategies are employed and packing facilities that understand the entry requirements for each customer. It is the shipper responsibility to provide a clean load to all receiver markets – the Phyto inspection is only a quick check, not a guarantee. Otherwise we all pay the price with expensive procedures being mandated by the receiving nation when we don't police ourselves.

China has continued to not respond to our overtures to gain entry for plums and nectarines. It is hoped that APHIS will be able to get them back to the bargaining table for these fruit but it looks as though the US Trade Representatives office may need to apply pressure through the WTO. Hopefully a trip that is being organized for more Chinese SPS officials this October will help show them the folly in their concerns about fire blight in plums and nectarines. This trip may also provide an opportunity for them to learn more about the controls put in place by this industry to prevent pests from being shipped abroad.

BAD NEWS, There has been another Oriental Fruit Fly find in the Los Angeles Airport area so all loads now using that port must follow strict guidelines for preventing possible quarantine contamination of loads transported through that area. Please check with your county inspectors for details prior to shipping through the area.